

Investment Regulations

(In accordance with the decision of the Board of Trustees of 17 May 2022)

Valid from 1 December 2022

Contents

1. Principles	2
2. General investment guidelines	3
3. Duties and authorities	4
4. Monitoring and reporting	6
5. Governance.....	7
6. Exercising shareholder rights	8
7. Financial Market Infrastructure Act/Ordinance (FinMIA/FinMIO).....	9
8. Final provisions	10
Appendix 1: Specifications for asset management.....	11
Appendix 2: Fluctuation reserves (Article 48e BVV 2)	13
Appendix 3: List of abbreviations.....	14

1. Principles

- 1.1 Pursuant to the statutory requirements (Article 51a (2) (m) and (n) BVG, Article 49a (1) and (2) BVV 2), these Investment Regulations set out the objectives, principles, guidelines, duties and authorities that apply with regard to the management of the assets of the Allianz Pension Invest Semi-Autonomous Collective Occupational Pension Foundation (hereinafter referred to as “the Foundation”).
- 1.2 All functional titles in these Investment Regulations refer to people of both genders.
- 1.3 The sole focus in managing the Foundation’s assets is on the interests of the beneficiaries.
- 1.4 The term “asset manager” used in these Investment Regulations refers to the internal asset manager as well as to external asset managers pursuant to Article 48f (4) BVV 2 or to financial service providers pursuant to Article 2 FinIA.
- 1.5 All persons entrusted with operational management and the management of the assets shall comply with Article 48f BVV 2 (including Articles 48h-I BVV 2 and Article 51b BVG) (integrity and loyalty of the responsible persons).
- 1.6 In managing the assets of the Foundation, it shall be ensured that the financial equilibrium of the Foundation can be reinforced over the long term. In the event of underfunding, the highest governing body shall work together with the occupational pensions actuary to verify the measures to restore financial equilibrium pursuant to Article 65d BVG.
- 1.7 The assets are to be managed in such a way that
 - the promised benefits can be paid out at any time by the relevant deadline;
 - the risk capacity as per the investment policy can be adhered to, thus ensuring the nominal security of the promised benefits; and
 - within the framework of the risk capacity, the total return (current income plus any value adjustments) is maximised, meaning that the greatest possible contribution can be made towards preserving the real value of the promised pension benefits over the long term.
- 1.8 In particular, the Foundation’s risk capacity is dependent on the financial situation, the structure and the stability of the group of beneficiaries.
- 1.9 Investments
 - are made via an FoF,
 - with the investments within the FoF being spread across different asset classes, markets, currencies, industries and sectors
 - and aimed at generating a total return customary for the market.
- 1.10 The Foundation has the following means at its disposal to implement the investment strategy via the FoF:
 - It has commissioned Allianz Suisse Insurance Company Ltd to set up an FoF so that API can transfer the investment assets to the FoF and have them managed by it.
 - A level-appropriate management information concept, which ensures that meaningful management-related information is available to the responsible bodies.
 - Planning and monitoring tools, in particular a liquidity plan and periodic analyses of the investment results and the risk capacity.

2. General investment guidelines

- 2.1 All statutory investment regulations and provisions, in particular those under the BVG, BVV 2, FinMIA and FinMIO as well as the directives and recommendations issued by the responsible authorities, shall be complied with at all times. In expanding the scope of assets in which the Foundation may invest pursuant to Article 50 (4) BVV 2, the requisite justifications for this expansion must be given.
- 2.2 Pursuant to the statutory requirements, the Foundation enacts these investment guidelines, which are tailored to its specific needs, in particular as regards its risk capacity. These investment guidelines provide detailed information on the asset allocation that is to be targeted by the Foundation over the long term (strategic asset allocation, SAA).
- 2.3 In determining this SAA, the Foundation's risk capacity as per the investment policy as well as the long-term risk/return characteristics of the various asset classes must be taken into consideration.
- 2.4 The SAA shall be reviewed and, if necessary, adjusted periodically or as required by extraordinary events. In doing so, it should be ensured that the way the assets are invested is compatible with the medium to long-term obligations of the Foundation (Article 51a (2) (n) BVG). The applicable SAA is set out in **Appendix 1**. The corresponding guidelines and limits always refer to the market values.
- 2.5 The SAA is implemented via the FoF. The subscription and redemption of FoF shares has been delegated to ASV, with the coordination of operational liquidity management being carried out by ASV in consultation with management. Operational liquidity held outside the FoF is not part of the SAA.

3. Duties and authorities

As regards the management of the Foundation's assets, the management organisation includes the following levels:

1. Board of Trustees
2. Management of the Foundation
3. Asset managers of the FoF

3.1. Board of Trustees

1. Has overall responsibility pursuant to Article 51a BVG for managing the assets of the Foundation and performs the non-transferable and irrevocable duties pursuant to Article 51a (2) BVG.
2. Defines the principles and objectives for managing the assets of the Foundation in line with the regulations contained in Article 51a (2) (m) BVG and Articles 50, 51 and 52 BVV 2.
3. Approves the SAA.
4. Is responsible for providing a coherent analysis of any expansions to the scope of investments pursuant to Article 50 (4) BVV 2 in the annual report.
5. Reviews the SAA periodically or as required by extraordinary events pursuant to Article 50 (2) BVV 2.
6. Checks that the SAA is properly implemented and that the investment regulations are complied with.
7. Adopts amendments to the SAA.
8. Based on the SAA and the investment results, makes decisions regarding the size, creation and release of fluctuation reserves.
9. Monitors the liquidity plan drawn up by management.
10. Monitors compliance with the requirements concerning conflicts of interest (Article 48h BVV 2) and the granting of pecuniary benefits (Article 48k BVV 2).
11. Monitors adherence to the disclosure obligations pursuant to Article 48l BVV 2.
12. Monitors the asset managers, investment activities and investment results and initiates corrective measures where required.
13. Monitors the liquidity and investment plan drawn up by the Managing Director.

3.2. Management

1. Is responsible for planning, monitoring and optimising liquidity.
2. Supports the Board of Trustees in organising and monitoring the investment activities.
3. Is responsible for allocating the available funds for the purchase of FoF units and issuing instructions for redemptions as required in coordination with ASV.
4. Monitors compliance with the statutory provisions and requirements and those of the Pension Rules with respect to the investment activities.
5. Each year requests a written declaration regarding personal pecuniary benefits (Article 48l (2) BVV 2) from all persons and institutions entrusted with the management and investment of assets, and reports to the Board of Trustees on this matter.
6. Is the point of contact for ASV regarding treasury services and the FoF.
7. Prepares the meetings of the Board of Trustees.
8. Is responsible for the administrative implementation of the statutory provisions and requirements and those of the Pension Rules with regard to the exercise of the Foundation's shareholder rights pursuant to point 6 and Appendix 4, points 10 and 11, and regularly reports to the Board of Trustees on this matter.

3.4. Asset managers

3.4.1. Main duties and authorities

Only those persons and institutions fulfilling the requirements pursuant to Article 48f (2) (incl. Articles 48h-l) and (4) and, if applicable, (5) BVV 2 shall be entrusted with the management of the FoF.

3.4.2. Reporting requirements

ASV shall report to the Board of Trustees on a quarterly basis on the performance of the investments. For this purpose, it shall draw up a report and provide a verbal report if required.

3.4.3. Responsibility for objectives and evaluation criteria

3.4.3.1. Principles for termination

The management of the investments via the FoF shall be terminated:

1. Immediately in the case of serious breaches of the investment guidelines for the FoF.
2. In the event of consistently unsatisfactory investment results.
3. If there are fundamental changes at the asset manager of the FoF in terms of the organisational structure, personnel or investment techniques which would call into question the continuation of the duties.

4. Monitoring and reporting

1. Investments and the way they are managed must be monitored on an ongoing basis. Reporting is carried out periodically and at the appropriate level with regard to the various content to be monitored; this ensures that the responsible bodies have access to meaningful information.
2. This reporting must ensure that the individual authority levels are informed in such a way that they can exercise the management responsibilities assigned to them.
3. The following information concept applies with regard to the organisation of investments:

When	Who	For whom	What
Quarterly	Contracted third parties	Management	<ul style="list-style-type: none"> • Custody account statements • Compliance monitoring
Quarterly	Management	Board of Trustees	Compliance monitoring
Quarterly	ASV	Board of Trustees	Monitoring and information on investment activities
Annually	Board of Trustees	Beneficiaries	<ul style="list-style-type: none"> • Information about the past financial year (annual financial statements, auditor's report) • The Foundation's voting behaviour at general meetings

5. Governance

5.1. General information

All persons involved with the fund's administration, management or internal or external asset management must fulfil the following requirements:

5.2. Integrity and loyalty (Article 51b BVG / Article 48h BVV 2)

They must:

- have a good reputation and be able give a guarantee of irreproachable business activity;
- fulfil their fiduciary duty of care and safeguard the interests of the Foundation's insured persons in their activities;
- maintain confidentiality;
- confirm in writing that they have acknowledged these governance rules.

External asset managers may not be represented in the highest governing body of the pension fund.

5.3. Conclusion of legal business (Article 51c BVG / Article 48h and 48i BVV 2)

Legal business must be concluded in line with standard market conditions and it must be possible to terminate it five years after it is concluded and with no detrimental effects for the Foundation. If significant new business is to be done with related persons, competing offers must be obtained. The tender process must be structured transparently.

5.4. Personal account transactions (Article 48j BVV 2)

Provided that the pension fund's investments are not completely invested in collective investment schemes, they may not trade in the same securities as the pension fund if this would be detrimental to the latter and they may not carry out any previous, parallel or immediately subsequent, concurrent personal account transactions (front/parallel/after running). The custody account may not be restructured unless it is in the economic interest of the pension fund to do so.

5.5. Compensation and granting of pecuniary benefits (Article 48k BVV 2)

Their compensation must be definitively governed by a written agreement, in which it must be possible to clearly determine this compensation. Additional pecuniary benefits they receive in connection with the performance of their activities for the pension fund must be paid to the pension fund in full.

Minor payments and common occasional gifts do not have to be disclosed or passed on to the pension fund. Details in this respect can be found in the Rules of Conduct for the Responsible Persons.

5.6. Disclosure obligations (Article 51c (2) BVG / Article 48l BVV 2)

They must disclose their interests on an annual basis to the highest governing body, to whom they must also submit an annual written declaration confirming that they have passed on all pecuniary benefits pursuant to Article 48k BVV 2. If they or any persons related to them carry out any legal business with the pension fund, this must be disclosed to the auditors as part of the annual audit. The same applies to legal business with enrolled employers.

6. Exercising shareholder rights

(Article 95 (3) (a) BV, Article 49a (2) (b) BVV 2, VegüV¹)

6.1. Obligation to participate in general meetings

(Article 22 (1) VegüV)

As a shareholder, the Foundation exercises its voting rights (“shareholder rights”) at all general meetings of Swiss stock companies that are listed in Switzerland or abroad in all the cases specified in Article 22 (1) VegüV.

The voting obligation pursuant to Article 22 (1) VegüV refers to an obligation to participate, i.e. the Foundation must vote “yes”, “no” or “abstain”.

In this respect,

- on an annual basis it elects the chair of the board of directors and the members of the board of directors and the compensation committee as well as the independent proxy (Article 22 (1) (1) VegüV). Any provisions to the contrary must be based on the articles of association (Article 12 (2) (7) VegüV).
- it votes on all provisions of the articles of association that by law must be submitted to the general meeting for vote, i.e. with regard to employment contracts and all compensation paid to the board of directors, management and the advisory board (Article 22 (1) (2) VegüV) or principles concerning the organisation of the compensation committee or the transfer of management (Article 12 (1) (3) and (2) (4) VegüV).
- it votes annually and on an individual basis on the permissible direct and indirect compensation (monetary value/value of benefits in kind) paid to the board of directors, management and the advisory board (Article 22 (1) (3) and Article 18 and Article 21 (3) VegüV).

6.2. Responsibilities

(Article 49a (2) (b) BVV 2)

The Board of Trustees shall exercise its shareholder rights within the scope of the above-mentioned principles. It may delegate this authority to a committee or another Foundation body, provided that its supervisory obligations and rights of responsibility are not breached.

The Managing Director shall ensure that the Foundation is entered in the share register as a registered shareholder and that it participates in general meetings/the independent proxies are instructed accordingly. It shall regularly report to the Board of Trustees on the Foundation’s voting behaviour.

The duty to formally exercise voting rights may be transferred to the Managing Director, who shall consult the Board of Trustees as required (see Section 6.3). In all cases, the Board of Trustees has a right to request information at any time on the exercise of shareholder rights by the Foundation.

The Foundation does not need to directly attend or intervene in general meetings if its independent proxy is able to do so. The Managing Director shall ensure that the independent proxy receives instructions in good time concerning the Foundation’s voting behaviour with regard to the proposed agenda items.

6.3. Principles and guidelines

(Article 71 (1) BVG and Article 22 VegüV)

The Foundation shall always exercise its shareholder rights in the interests of the insured persons. This is ensured if its voting behaviour is commensurate with the sustainable development of the Foundation with regard to Article 71 (1) BVG.

The shareholder rights may be exercised in accordance with the proposals of the board of directors provided that this is in the interests of the insured persons (see above).

¹ Ordinance Against Excessive Compensation in Listed Stock Companies of 20 November 2013

In order to arrive at a consensus as to how its shareholder rights are to be exercised, the Foundation may take into account analyses and voting recommendations from voting right advisors or corporate governance experts; the interests of the insured persons must be taken into consideration here.

6.4. Reporting (Article 23 VegüV)

The Board of Trustees shall ensure that the insured persons are notified of the Foundation's voting behaviour at least once a year; this information may also be provided via the Internet (Article 23 (1) VegüV).

For this purpose, the Board of Trustees shall provide regular information on how shareholder rights are exercised at general meetings with regard to Article 22 (1) VegüV and agenda items pursuant to Section 6.1. Any deviations from the proposals of the board of directors and any abstentions from voting shall be appropriately documented (Article 23 (2) VegüV). This reporting obligation shall also apply to indirectly held shares in collective investment schemes or single-investor funds, where these are subject to VegüV.

6.5. Indirectly held shares (collective investment schemes)²

If a collective investment scheme holds shares that do not, however, grant the Foundation any shareholder rights, these rights shall not be exercised.

If the collective investment scheme holds shares and allows the Foundation to participate in voting at general meetings on a binding basis, i.e. by instructing the independent proxy, the provisions of Sections 6.1 to 6.4 shall also apply with respect to exercising shareholder rights for these collective investment schemes.

If a Foundation is able to express a voting preference to the collective investment scheme, the Board of Trustees shall decide to what extent it makes use of this option.

6.6. Sanctions

Any breach of the obligations to actively exercise shareholder rights in accordance with the statutory provisions (Article 22 VegüV) as well as the disclosure obligations (Article 23 VegüV) by members of the committees or members of the Foundation against their better judgement is a punishable offence (Article 25 VegüV).

7. Financial Market Infrastructure Act/Ordinance (FinMIA/FinMIO)

The following applies to derivatives in the Foundation's direct holdings:

The Board of Trustees states the following in implementation of Article 113 (1) FinMIO:

When trading derivatives that are subject to FinMIA/FinMIO³ (Article 2 (c) and Article 94 (3) FinMIA, Article 80 and Article 84 FinMIO), compliance with the trading rules pursuant to Article 93ff FinMIA must be ensured. Management regularly reviews whether the Foundation has reached the threshold pursuant to Article 88 (2) FinMIO.

Provided that their real execution is guaranteed, transactions for the exchange of currencies, such as currency forwards and currency swaps, which the Foundation concludes directly with a financial services provider as counterparty are only subject to the reporting duty pursuant to Article 84 FinMIO and Article 104 ff. FinMIA. If the financial service provider is the larger financial counterparty pursuant to Article 104 (2) (b) FinMIA, the financial service provider shall assume the reporting duty in accordance with the law.

² Please refer to Article 94 (3) (a) BV and the Additional Report of the Federal Office of Justice dated 8 October 2013 on the draft VegüV, page 12.

³ Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of 19 June 2015, SR 958.1, and Ordinance on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of 25 November 2015, SR 958.11.

8. Final provisions

These regulations shall enter into force as of 1 December 2022 subject to approval by the responsible bodies.

Appendix 1: Specifications for asset management

1. Long-term strategy

Asset class	Definition	Weighting
Liquidity	Cash holdings	2%
Swiss bonds (CHF)	CHF-denominated bonds including convertible and warrant bonds, private placements and other obligations of borrowers with an investment grade rating, with a focus on public-sector and private borrowers as well as Pfandbrief issuers.	10%
Corporate bonds in USD, foreign currencies hedged against CHF	USD-denominated bonds including convertible and warrant bonds, private placements and other obligations of borrowers, with a focus on corporate bonds. Foreign currency risks are hedged against CHF as far as possible.	18%
Emerging market bonds, foreign currencies hedged against CHF	Generally, bonds denominated in USD and EUR or other currencies of countries not classified as emerging markets, including convertible and warrant bonds, private placements and other obligations of borrowers issued by issuers in emerging markets. Classification as an emerging market is based in each case on one or multiple internationally recognised standards. Foreign currency risks are hedged against CHF as far as possible.	12.5%
Swiss equities	Shares, convertible and warrant bonds, option rights and other equity securities of companies listed on a Swiss stock exchange.	17.5%
Foreign equities	Shares, convertible and warrant bonds, option rights and other equity securities of companies, the majority of which are not primarily listed on a Swiss stock exchange.	17.5%
Swiss real estate	Residential buildings and properties used for commercial purposes throughout Switzerland.	22.5%
Alternative investments	Investments within the asset classes shown above that cannot be allocated to an asset class pursuant to Article 53 (1) (a) to (d ^{ter}) BVV 2	0%

The SAA is fundamentally approved with permissible ranges of plus 5 and minus 5 percentage points per asset class, with no negative positions allowed. The weightings refer to the market values of the assets in the FoF.

In order to verify the BVV 2 maximum limits, the assets are assigned to the relevant asset classes pursuant to Article 53 BVV 2.

Other alternative investments are all investments that cannot be allocated to an asset class pursuant to Article 53 (1) (a) to (d^{ter}) BVV 2, in particular debt securities pursuant to Article 53 (3) (e.g. senior secured loans, collective real estate investment schemes with a long-term loan-to-value ratio of over 50% of the market value, etc.)

Other alternative investments are permitted subject to compliance with the above investment restrictions and may not exceed 5% of the FoF.

In managing the assets, if a maximum limit is exceeded pursuant to Articles 53 (1) to (4), 54, 54a, 54b (1), 55, 56, 56a (1) and (5), and 57 (2) and (3) BVV 2, this must be coherently explained in the notes to the annual financial statements pursuant to Article 50 (4) BVV 2, taking into consideration the principles in Article 50 (1) to (3) BVV 2.

2. Use of derivative instruments

Derivatives in the Foundation's direct holdings:

No derivatives are held directly.

Derivatives within collective investment schemes:

The holding of derivatives in collective investment schemes that are used within the FoF is permitted within the scope of the applicable legal requirements.

3. Securities lending

Securities lending in the Foundation's direct holdings:

No direct securities lending is carried out.

Securities lending within collective investment schemes:

Securities lending in collective investment schemes that are used within the FoF is permitted within the scope of the applicable legal requirements.

4. Repurchase agreements

Repurchase agreements in the Foundation's direct holdings:

No direct repurchase agreements are used.

Repurchase agreements within collective investment schemes:

The use of repurchase agreements in collective investment schemes that are used within the FoF is permitted within the scope of the applicable legal requirements.

5. Asset management costs (Article 48a (1) BVV 2)

Asset management costs are presented pursuant to Article 48a BVV 2 in accordance with the directive OAK BV W-02/2013 "Statement of asset management costs".

6. Valuation principles

All assets must be valued at market values as at the balance sheet date. The prices to be used are those determined by the custodians. Furthermore, the provisions of Article 48 BVV 2 and Swiss GAAP ARR No. 26 (3) shall apply.

Appendix 2: Fluctuation reserves (Article 48e BVV 2)

The fluctuation reserves are governed in the regulations on provisions.

Appendix 3: List of abbreviations

ASV	Allianz Suisse Versicherungs-Gesellschaft AG = Allianz Suisse Insurance Company Ltd
BSV	Bundesamt für Sozialversicherungen = Federal Social Insurance Office
BVG	Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge = Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans
BVV 2	Verordnung über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge = Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans
FinMIA	Financial Market Infrastructure Act
FinMIO	Financial Market Infrastructure Ordinance
FoF	Fund of funds
SMIC	Swiss Market Index (reinvested)
SPI	Swiss Performance Index
OTC	Over the counter: if derivatives are not traded on the exchange, they are referred to as OTC transactions.
VegüV	Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften = Ordinance Against Excessive Compensation in Listed Stock Companies