

Investment Regulations

Valid from 1 January 2023

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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 managers 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 To implement the investment strategy via the FoF, the Foundation has commissioned ASV to:
 - Set up an FoF so that API can transfer the investment assets to the FoF and have them managed by it;
 - Purchase FoF units and issue instructions for redemptions in consultation with management for the purpose of allocating the available funds;
 - Ensure periodic reports on the investment results so that meaningful management-related information is available to the responsible bodies;
 - Assist with liquidity planning.

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 units 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 and investment plan.
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.

3.2. Management

1. Is responsible for planning, monitoring and optimising liquidity. This is carried out in coordination with ASV where required.
2. Supports the Board of Trustees in organising and monitoring the investment activities.
3. Performs periodic risk capacity analyses in cooperation with the occupational pensions actuary.
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 reports annually to the Board of Trustees on this matter.

3.4. Asset managers of the FoF

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.

3.4.1. Reporting requirements

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

3.4.2. Responsibility for objectives and evaluation criteria

3.4.2.1. 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	Treasury service (ASV) together with contracted third parties	Board of Trustees/management	<ul style="list-style-type: none"> • Custody account statements • Account statements
Quarterly	Asset manager of the FoF/ASV	Board of Trustees/management	Monitoring and information on investment activities, incl. compliance monitoring for the FoF
Annually	Board of Trustees	Insured persons	<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 71a and Article 71b BVG, Article 49a (2) (b) BVV 2)

6.1. Obligation to participate in general meetings

(Article 71a (1) BVG)

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 71a (1) BVG.

The voting obligation pursuant to Article 71a (1) BVG refers to an obligation to participate, i.e. the Foundation must vote “yes”, “no” or “abstain”.

In this respect,

- 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 on an annual basis (Article 71a (1) (a) BVG).
- 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 71a (1) (b) BVG) or principles concerning the organisation of the compensation committee (Article 71a (1) (b) BVG).
- 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 71a (1) (c) BVG).

6.2. Responsibilities

(Article 71a (4) BVG, 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 management 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 management, which 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 management 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) and Article 71a (2) to (4) BVG)

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).

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 71b BVG)

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 71b (1) BVG).

For this purpose, the Board of Trustees shall provide regular information on how shareholder rights are exercised at general meetings with regard to Article 71a (1) BVG 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 71b (2) BVG).

6.5. Penalties

Any breach of the obligations to actively exercise shareholder rights in accordance with the statutory provisions (Article 71a BVG) as well as the disclosure obligations (Article 71b BVG) by members of the committees or employees of the Foundation against their better judgement is a punishable offence (Article 76 (1) (h) and (2) BVG).

7. Final provisions

These regulations shall enter into force as of 1 January 2023 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).

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

API	Allianz Pension Invest – Semi-Autonomous Collective Occupational Pension Foundation
ASV	Allianz Suisse Versicherungs-Gesellschaft AG = Allianz Suisse Insurance Company Ltd
ASL	Allianz Suisse Lebensversicherungs-Gesellschaft AG = Allianz Suisse Life 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
SAA	Strategic asset allocation
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.