

# Pension, investment and cost regulations Zugerberg Vested Benefits Foundation

January 2024 edition

# Contents

## Pension provision regulations

- Art. 1 Designations and definitions.....4
- Art. 2 Purpose of the Foundation .....5
- Art. 3 Contents of the pension regulations.....5
- Art. 4 Bodies and representatives .....5
- Art. 5 Contracting Party account relationship .....5
- Art. 6 Investments.....6
- Art. 7 Duty to provide information.....6
- Art. 8 Ordinary closure of the savings account for vested pension benefits.....7
- Art. 9 Death benefit.....7
- Art. 10 Dormant pension assets.....8
- Art. 11 Early termination and payout .....8
- Art. 12 Orientation of the benefit.....9
- Art. 13 Pledge and assignment .....9
- Art. 14 Promotion of home ownership .....9
- Art. 15 Divorce.....10
- Art. 16 Self-employment .....11
- Art. 17 Fees .....11
- Art. 18 Central body Pillar 2.....11
- Art. 19 Tax-reporting obligation .....11
- Art. 20 Administration of justice.....11
- Art. 21 Gaps in the regulations and amendments to the regulations .....12
- Art. 22 Place of jurisdiction.....12
- Art. 23 Entry into force .....12

**Investment regulations**

Art. 1 Purpose.....13  
Art. 2 Principles of investment .....13  
Art. 3 Principles for the management of investments.....13  
Art. 4 Investments in general .....14  
Art. 5 Extended investments.....15  
Art. 6 Permitted extended investments and category limits.....15  
Art. 7 Accounting principles .....15  
Art. 8 Asset management mandate and stock exchange orders.....16  
Art. 9 Shareholder voting rights .....16  
Art. 10 Reporting and control .....17  
Art. 11 Gaps in the regulations and amendments to the regulations .....17  
Art. 12 Entry into force .....17

**Cost regulations**

Art. 1 Purpose.....18  
Art. 2 Services subject to a charge.....18  
Art. 3 Fees for asset management mandate.....18  
Art. 4 Extraordinary costs.....19  
Art. 5 Charging of fees.....19  
Art. 5<sup>bis</sup> Retrocessions .....19  
Art. 6 Gaps in the regulations and amendments to the regulations.....19  
Art. 7 Entry into force.....19

The English version of these rules is for information purposes only. In the event of a dispute, the German version is authoritative.

## Pension provision regulations

Based on Art. 5 para. 2 of the Foundation Charter of the Zugerberg Vested Benefits Foundation, the Board of Trustees issues the following Pension Regulations:

### Art. 1 Designations and definitions

<sup>1</sup> The following terms and definitions are used in these regulations:

BVG	Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans of 25 June 1982
BVV2	Regulation on Occupational Retirement, Survivors' and Disability Pension Plans of 18. April 1984
BVV3	Ordinance on the Tax Deductibility of Contributions to Recognised Forms of Pension Provision of 13 November 1985
Reg. partnership	Persons with civil status "in a registered partnership" pursuant to the Federal Act on the Registered Partnership of Same-Sex Couples of 18 June 2004
Savings account for vested pension benefits	Every contracting party has a savings account for vested pension benefits
FZG	Federal Act on Vested Benefits in Occupational Retirement, Survivors' and Disability Pension Plans of 17 December 1993
FZV	Regulation on Vested Benefits in Occupational Retirement, Survivors' and Disability Pension Plans of 3 October 1994
Foundation	Zugerberg Vested Benefits Foundation
Board of Trustees	Supreme body of the Foundation
US persons	Persons with nationality, domicile and/or correspondence address or tax liability in the USA
Contracting Party	Entitled person and/or the authorised representative
WEFG	Home Ownership Promotion Act of 3 October 1994
WEFV	Regulation on the Promotion of Home Ownership with Funds from Occupational Pension Plans of 3 October 1994
Securities investment solution	The assets are invested in securities

<sup>2</sup> All regulatory provisions are independent of gender. As far as possible, gender-neutral terms are used in the following, otherwise male terms also apply to women and vice versa.

<sup>3</sup> Persons with civil status "in a registered partnership" have equal status to married couples. This concerns, among other things, benefits to surviving dependants, the division of termination benefits in the event of dissolution of the partnership as well as the requirement of consent to the payment of benefits in cash.

## **Art. 2 Purpose of the Foundation**

- <sup>1</sup> The purpose of the Foundation is the preservation and further development of the vested pension benefits entrusted to it.
- <sup>2</sup> The Vested Benefits Foundation does not offer its own risk protection to cover the risks of disability and death. Upon request, it can arrange for an insurer specialising in this field and can obtain the relevant quotations at the request of the contractual partner.

## **Art. 3 Contents of the pension regulations**

These regulations govern the rights and obligations of the Contracting Party.

## **Art. 4 Bodies and representatives**

The organisational regulations govern the rights and duties of the bodies and the authorised representatives.

## **Art. 5 Contracting Party account relationship**

- <sup>1</sup> The Contracting Party must apply for the opening of a savings account for vested pension benefits.
- <sup>2</sup> The Foundation does not maintain contractual relationships with US persons (persons with nationality, domicile and/or correspondence address or tax liability in the USA).
- <sup>3</sup> For each Contracting Party, the Foundation shall open a maximum of one savings account for vested pension benefits per vested benefits case, which shall be in the name of the Contracting Party. The termination benefit may be transferred from the previous pension fund to a maximum of two vested benefit institutions.
- <sup>4</sup> Only termination benefits or vested benefits from tax-exempt pension or vested benefits institutions are paid into the savings account for vested pension benefits. Subsequent contributions are only possible if they are withdrawal benefits or pension assets of a pension fund or another vested benefits foundation or repayments pursuant to Art. 30d BVG.
- <sup>5</sup> The transferring pension and vested benefits institutions must inform the Foundation of the termination benefit or vested benefits credit as well as the BVG portion from the previous pension relationship.
- <sup>6</sup> The savings account for vested pension benefits is credited with, among other things:
  - a. Withdrawal benefits or vested benefits brought in from pension funds
  - b. Any payments from other tax-exempt institutions that serve to maintain pension protection
  - c. Interest and income from securities are credited proportionately to the pension assets in accordance with the BVG and to the other pension assets
  - d. Deposits due to divorce
  - e. Free funds of the Foundation
- <sup>7</sup> The savings account for vested pension benefits is debited with, among other things:
  - a. Transfers of vested benefit assets to other pension funds or vested benefit institutions
  - b. Remuneration of the Contracting Parties within the framework of the statutory provisions

- c. Losses from securities are debited proportionately to the pension assets in accordance with the BVG and to the other pension assets (extra-mandatory portion)
- d. Costs according to cost regulations and opening documents

## **Art. 6 Investments**

- <sup>1</sup> The Foundation invests the pension assets in securities. There is no claim for minimum returns or for capital preservation. The investment risk is borne solely by the Contracting Party.
- <sup>2</sup> Income and losses from securities savings in accordance with Art. 13 para. 5 of the Ordinance on Vested Benefits of 3 October 1994 (FZV) are divided proportionately between the retirement assets (BVG portion) and the other pension assets (extra-mandatory portion).
- <sup>3</sup> The relationship between the Contracting Party, the authorised asset manager and the Foundation is set out in writing in the document "Zugerberg Vested Benefits Foundation Affiliation Agreement". This regulates in particular the responsibilities according to BVV2 as well as the costs.
- <sup>4</sup> A change of strategy within the framework of the securities solutions offered is possible. Implementation takes place within the framework of the Foundation's ordinary investment process. The personal risk tolerance and willingness to take risks of the Contracting Party must be taken into account.
- <sup>5</sup> The Contracting Party must notify the Foundation of any changes in strategy in writing or using the appropriate forms.

## **Art. 7 Duty to provide information**

- <sup>1</sup> After opening the savings account for vested pension benefits, the Contracting Party receives a confirmation from the Foundation and, at the beginning of each year, a statement of assets showing the asset value as at 31 December.
- <sup>2</sup> The Contracting Party must notify the Foundation of any changes of address, name and marital status. If the Contracting Party is married, he/she must also inform the Foundation of the date of marriage. The Foundation declines any responsibility for the consequences of insufficient, late or incorrect information of address and personal data. Notifications to the Contracting Parties shall be deemed to be legally valid if they have been sent to the last address on file with the Foundation. The Foundation accepts no responsibility if the Contracting Party chooses the correspondence address of a third party.
- <sup>3</sup> If the Contracting Party has been awarded a life annuity as a result of divorce, he/she must inform the Foundation of this and name the pension fund of the obligated spouse.
- <sup>4</sup> All correspondence from the Contracting Party shall be addressed directly to the Foundation.

## **Art. 8 Ordinary closure of the savings account for vested pension benefits**

- <sup>1</sup> The retirement benefit can be paid to the Contracting Party at the earliest 5 years before or at the latest 5 years after the normal retirement age pursuant to Art. 13 para. 1 BVG.
- <sup>2</sup> A lump-sum withdrawal may only be made to married Contracting Parties/Contracting Parties living in a registered partnership if the spouse/registered partner consents in writing. The formalities listed under Art. 11<sup>3</sup> apply.

## **Art. 9 Death benefit**

- <sup>1</sup> If the Contracting Party dies, the vested benefits capital shall be deemed to be a lump-sum death benefit and shall be paid to the following persons in the following order, irrespective of the right of inheritance:
  - a. the spouse or the surviving registered partner and the orphans in accordance with Art. 20 BVG,
  - b. the natural persons who have been supported to a considerable extent by the Contracting Party or the person who has lived with the Contracting Party continuously for the last five years up to his death or who is responsible for the maintenance of one or more joint children,
  - c. the children of the Contracting Party who do not meet the requirements of Art. 20 BVG,
  - d. the parents,
  - e. the siblings,
  - f. the other legal heirs, to the exclusion of the community.
- <sup>2</sup> The Contracting Party has the right to expand the group of persons pursuant to para. 1 let. a to include those pursuant to para. 1 let. b and to specify their entitlements in more detail.
- <sup>2bis</sup> In the pension agreement, the Contracting Party may designate the beneficiaries in accordance with para. 1 let. b or, in their absence, in accordance with para. 1 let. c, d and e or, in their absence, in accordance with para. 1 let. f and specify their entitlements in more detail.
- <sup>3</sup> Persons pursuant to para. 1 let. b must be notified to the Foundation in writing during their lifetime using the form provided for this purpose. After the death of the Contracting Party, the person who cohabited with the Contracting Party in accordance with para. 1(b) must provide the Foundation with written proof of the uninterrupted cohabitation during the last five years.
- <sup>4</sup> The dissolution of the civil partnership must be notified to the Foundation immediately.
- <sup>5</sup> Unless the Contracting Party has notified the Foundation in writing of a different distribution, several beneficiaries of the individual categories pursuant to para. 1 let. a - f are always entitled to claims among themselves in equal shares per head.
- <sup>6</sup> If the Foundation has not been informed by the Contracting Party of the existence of a life partner, the Foundation shall assume that no life partner exists. Furthermore, the Foundation is not obliged to actively search for the life partner. This also applies to the natural persons who have been supported to a considerable extent by the Contracting Party, as well as to persons who are responsible for the maintenance of a joint child.
- <sup>7</sup> The Contracting Party must notify the Foundation of all changes and clarifications to the beneficiary order during his or her lifetime. Only testamentary declarations of the deceased Contracting Party with express reference to the occupational pension scheme are also taken into account by the Foundation.

- <sup>8</sup> If an entitled person has caused the death of the Contracting Party wilfully, there is no entitlement to death benefits. In this case, the capital shall accrue to the next beneficiaries in accordance with para. 1.
- <sup>9</sup> If, at the time of payment of a death benefit, the Foundation has no knowledge of a circumstance that leads to an exclusion of the entitlement to benefits in accordance with para. 8, the unjustified beneficiary must immediately repay the benefit to the Foundation. In this case, the Foundation may wait with the death benefit to the next beneficiaries pursuant to para. 8 until the reimbursement to the Foundation has been made. If the refund is only partial, the benefit shall be paid to the next beneficiaries to the extent of the refund actually received.
- <sup>10</sup> If criminal proceedings have been initiated against the beneficiary or if criminal proceedings are pending which, in the event of a conviction, would lead to an exclusion of the beneficiary, the Foundation may wait with the payment of a death benefit until the final and absolute conclusion of the proceedings.
- <sup>11</sup> If benefits are paid later on the basis of paras. 9 and 10, no interest or default interest shall be due thereon.

## **Art. 10 Dormant pension assets**

- <sup>1</sup> If the Foundation does not have clear instructions from the Contracting Party for the payout at the time the pension assets fall due, or if the Foundation does not clearly know the beneficiaries or cannot reach them, the assets shall remain invested with the Foundation within the framework of the selected investment strategy until further notice.

## **Art. 11 Early termination and payout**

- <sup>1</sup> An early transfer of the pension assets is permissible if the Contracting Party uses the pension assets for a transfer to a pension fund or a vested benefits institution. If the Contracting Party joins a new pension fund, the pension assets must be transferred to the new pension fund in order to maintain the pension protection.  
Partial transfers are permitted if they represent an advance withdrawal for home ownership promotion or divorce.
- <sup>2</sup> An early cash payment is permissible if:
- a. the Contracting Party leaves Switzerland permanently. Art. 25f FZG remains reserved.
  - b. the Contracting Party is self-employed and is no longer subject to the compulsory occupational pension scheme.
  - c. the Contracting Party receives a full disability pension from the Federal Disability Insurance (IV) and the disability risk is not additionally insured.
- <sup>3</sup> A cash payment is only permissible if the following formalities are complied with or submitted:
- a. A proof of marital status for unmarried Contracting Parties. In addition, the Foundation may request notarisation or other proof of handwritten signature from all Contracting Parties.
  - b. The written consent of the spouse / registered partner with an officially certified signature in the case of Contracting Parties who are married or living in a registered partnership. As an alternative to an officially certified signature, the signature can be made directly at the Foundation's office as



well as at the asset manager's office in the presence of an employee and under identification by means of an official identification document. If consent cannot be obtained or is refused without good cause, the Contracting Party may apply to the court.

- c. A copy of the divorce decree in the case of divorced Contracting Parties.
  - d. The court certificate of dissolution in the case of dissolved registered partnerships.
  - e. A copy of the complete family record book for widowed Contracting Parties
  - f. Proof of civil status for Contracting Parties residing abroad.
  - g. The Foundation reserves the right to request further certificates insofar as this appears necessary for the clarification of the facts asserted.
- <sup>4</sup> Closures or partial closures of the savings account for vested pension benefits shall be effected by law and without express revocation of the Contracting Party's investment mandate in the following cases:
- a. In the event of pledge realisation as a result of pledging pursuant to Art. 30b BVG.
  - b. In the event of a court order as a result of divorce.
- <sup>5</sup> The Foundation may terminate the affiliation contract for good cause with a notice period of three months. If, after expiry of the notice period, the Contracting Party fails to provide information on which savings account for vested pension benefits and with which pension institution or pension fund or private account the transfer should be made, the Foundation may remove the account from the securities solution and maintain the credit balance with 100% liquidity until the new account details are received.
- <sup>6</sup> In justified cases, the Foundation may sell the securities investments acquired by the Contracting Party on behalf of the Contracting Party in a manner that safeguards their interests.
- <sup>7</sup> Savings accounts for vested pension benefits that do not have an account balance or portfolio of securities one year after opening or withdrawal of funds may be balanced by the Foundation without prior notice.

## **Art. 12 Orientation of the benefit**

The benefit is due upon receipt of all forms and information necessary for payment. With the savings account for vested pension benefits in the form of the investment-linked savings solution (securities savings), the amount of the vested pension benefits corresponds to the current value of the investment.

## **Art. 13 Pledge and assignment**

The vested pension benefits or the benefit entitlement that is not due can neither be pledged nor assigned. Art. 13 (promotion of home ownership) and Art. 14 (divorce) remain reserved.

## **Art. 14 Promotion of home ownership**

- <sup>1</sup> The Contracting Party may pledge his or her entitlements to the pension fund for the purpose of promoting home ownership for his or her own use as well as make direct advance withdrawals.
- <sup>2</sup> An early withdrawal or a pledge of the funds is possible up to 3 years before the regular OASI age. At the same time, repayment of an advance withdrawal is also mandatory in the event of a sale by this date.

- <sup>3</sup> In the case of Contracting Parties who are married or living in a registered partnership, the written consent – by means of an officially certified signature – of the partners is absolutely mandatory. As an alternative to an officially certified signature, the signature can be made directly at the Foundation's office as well as at the asset manager's office in the presence of an employee and under identification by means of an official identification document. Proof of marital status is mandatory for unmarried Contracting Parties.
- <sup>4</sup> If consent cannot be obtained or is refused without good cause, the Contracting Party may apply to the court.
- <sup>5</sup> An early withdrawal is only possible every five years.
- <sup>6</sup> The amount available for early withdrawal or pledging is basically equal to the vested benefit credit. If the Contracting Party has already passed the age of 50, the vested benefit credit will be limited either to the amount shown at age 50 or to half of the existing vested benefit credit, whichever is greater. Partial withdrawals are possible.
- <sup>7</sup> Otherwise, the Federal Act and Regulation on the Promotion of Home Ownership with Funds from Occupational Pension Plans apply.

## **Art. 15 Divorce**

- <sup>1</sup> In the event of divorce or the dissolution of a registered partnership, the competent Swiss court may determine that part of the pension assets acquired by the Contracting Party during the period of the marriage or registered partnership be transferred to the pension or vested benefits institution of his/her spouse or registered partner and be offset against claims under divorce law securing the pension.
- <sup>2</sup> This benefit is transferred by the Foundation to the pension or vested benefits institution of the entitled spouse or registered partner in accordance with the court ruling. The Foundation cannot pay out a divorce pension.
- <sup>3</sup> Only judgements of Swiss courts are recognised for the settlement of pension claims against the Foundation.
- <sup>4</sup> The Foundation is only required to accept a termination benefit or lifelong pension shares pursuant to Art. 124a para. 2 ZGB on behalf of an entitled Contracting Party if the Contracting Party cannot make a benefit-effective purchase into his or her pension scheme. The modalities of the transfer of an awarded pension portion to the Foundation are governed by Art. 19j FZV.
- <sup>5</sup> Upon request, the Foundation shall prepare and submit to the competent court the calculation of the termination benefit to be divided in the event of divorce or judicial dissolution of a registered partnership. The Foundation is bound by the final court decision.
- <sup>6</sup> Until proof is provided that the pension claims of the entitled spouse have been satisfied, the Foundation reserves the right to request supplementary documents to verify the facts. As long as these are not available, it may suspend or reject any request for payment by the Contracting Party.

- <sup>7</sup> The termination benefit to be transferred is debited to the obligated spouse's pension or vested benefits institution in the ratio of the retirement assets pursuant to Art. 15 BVG to the other pension assets. This applies mutatis mutandis to the transfer of a life annuity pursuant to Art. 124a ZGB.

### **Art. 16 Self-employment**

A cash payment for a self-employed person can only be claimed at the time of commencement of the self-employed activity or within one year after commencement of the self-employed activity. This also applies if the self-employed person is voluntarily not affiliated to a 2nd pillar.

### **Art. 17 Fees**

The Foundation reserves the right to change its fees at any time. The current cost regulations shall be made known to the Contracting Parties in an appropriate manner.

### **Art. 18 Central body Pillar 2**

- <sup>1</sup> If the Foundation does not have clear instructions from the Contracting Party for the payment at the time of maturity or if it does not clearly know the beneficiaries, these assets will be reported to the central body Pillar 2 but will remain with the Foundation until further notice.
- <sup>2</sup> After 10 years as of the normal retirement age (Art. 13 BVG), credit balances from savings accounts for vested pension benefits must be transferred to the BVG Guarantee Fund.

### **Art. 19 Tax-reporting obligation**

- <sup>1</sup> The Foundation must report the payment of vested benefit assets to the tax authorities if required to do so by law or by official federal or cantonal orders. In the event of an objection to this notification, the withholding tax determined by the tax authority will be deducted.
- <sup>2</sup> If the Contracting Party is resident abroad at the time of the request for dissolution, the Foundation deducts the withholding tax directly from the vested benefit assets to be paid out.
- <sup>3</sup> The Foundation complies with Swiss documentation and information requirements. Any additional documentation or reporting obligations imposed by foreign authorities relate exclusively to the respective Contracting Parties, for which the Foundation is not liable and does not offer any service.

### **Art. 20 Administration of justice**

**Liability:** The Foundation shall not be liable to the Contracting Parties for the consequences of the Contracting Parties' failure to comply with the legal, contractual and regulatory obligations.

**Duty of care:** The Foundation undertakes to perform all administrative acts in connection with the pension relationship to the best of its knowledge and belief, i.e. with the same diligence that it is accustomed to apply in its own affairs. Apart from this duty of care, the Foundation cannot accept any responsibility.

### **Art. 21 Gaps in the regulations and amendments to the regulations**

Insofar as these regulations do not contain any provisions for special circumstances, the Board of Trustees shall make a provision in accordance with the purpose of the Foundation. The Board of Trustees may decide to amend the pension fund regulations at any time.

### **Art. 22 Place of jurisdiction**

The place of jurisdiction for disputes concerning the interpretation of these regulations is the Swiss registered office or domicile of the defendant as well as the domicile of the Contracting Party. The Foundation is based in the Canton of Zug.

### **Art. 23 Entry into force**

These regulations shall enter into force on 1 January 2024 and replace the previous regulations dated 1 January 2022.

## Investment regulations

Based on Art. 5 para. 2 of the Foundation Charter of the Zugerberg Vested Benefits Foundation, the Board of Trustees issues the following Investment Regulations:

### Art. 1 Purpose

<sup>1</sup> These regulations govern the principles to be observed in the asset management of the pension assets.

### Art. 2 Principles of investment

<sup>1</sup> The Foundation is responsible for the lawful management of the pension assets in accordance with BVG, BVV2, FZG and FZV.

<sup>2</sup> The Foundation offers BVG-compliant investment solutions developed in cooperation with contractual partners.

<sup>3</sup> The Foundation shall provide at least one custodian bank and one asset manager. They can be replaced by the Foundation at any time for important reasons.

<sup>4</sup> Costs and compensation for the management of the investments shall be in accordance with the opening documents and the cost regulations.

### Art. 3 Principles for the management of investments

<sup>1</sup> Liquidity: It must be possible to pay out the promised benefits on time at any time.

<sup>2</sup> Security: The investment strategy offered by the Foundation or the asset manager is consistent with the risk tolerance and risk appetite of the Contracting Party. Otherwise, the application for vested benefits will be rejected in the interests of the Contracting Party. The review shall be conducted in accordance with recognised principles.

<sup>3</sup> Diversification: The principles of risk diversification shall be observed at all times and compliance therewith shall be conclusively justified or demonstrated. In principle, the following distribution principles apply:

- a. Bonds shall be appropriately distributed according to sector, region and maturity.
- b. Shares shall be appropriately distributed according to sector and region.
- c. Real estate investments shall be distributed appropriately by region and type of use, whereby direct acquisition is prohibited.
- d. Alternative investments shall be used appropriately in the context of overall risk diversification and may only be invested in liquid, easily tradable investments.

<sup>4</sup> Investment risk/profitability: The Contracting Party assumes sole responsibility for the performance of their investments. Price losses can also result from investing in securities. The Foundation therefore only recommends investments in securities to Contracting Parties with an appropriate risk profile and a medium to long-term investment horizon. The Foundation accepts no liability for the risk profile specified by the Contracting Party.

## Art. 4 Investments in general

- <sup>1</sup> For all investment options made available to the Contracting Parties, the Board of Trustees shall ensure that the investment regulations pursuant to Art. 71 para. 1 BVG, Art. 49 - 58 BVV2 and Art. 19 - 19a FZV are complied with.
- <sup>2</sup> The granting of loans to the founder is not permitted.
- <sup>3</sup> In the case of shares in collective capital investments, the debtor risk is generally the risk of the underlying assets on which the collective capital investment is based and not the domicile of the collective capital investment.
- <sup>4</sup> Based on Art. 50 para. 4 BVV2, the Foundation also offers the Contracting Party an extension of the permissible investments in compliance with Art. 5 - 6 of these Regulations.
- <sup>5</sup> The pension assets of the Contracting Parties are generally invested:
  - a. In BVV2-compliant collective investment schemes that are subject to FINMA supervision or are authorised by FINMA for distribution in Switzerland or that were launched by Swiss investment foundations (Art. 19a para. 3 lit. b FZV).
  - b. In the direct investments specified below within the framework of an asset management contract within the meaning of Art. 19a para. 3 lit. c FZV:
    - i. Receivables that are denominated in a fixed amount of money: postal cheque and bank balances, money market investments with a term of up to 12 months, medium-term notes, bonds, including those with conversion or option rights, collateralised bonds, Swiss mortgage-backed securities, debt acknowledgements from Swiss public-law corporations, surrender values from collective insurance contracts, in the case of investments geared to a common, broadly diversified and widely used bond index: the claims contained in the index.
    - ii. Shares, participation and dividend-right certificates and similar securities and participations as well as cooperative share certificates; participations in companies are permitted if they are listed on a stock exchange or traded on another regulated market open to the public.
    - iii. Participations in companies by means of collective investments within the meaning of Art. 19a para. 3 lit. b FZV whose sole business purpose is the acquisition and sale as well as renting and leasing of their own land and real estate (real estate companies); real estate and mortgage commitments are also only permitted in the form of collective investments. The direct acquisition of real estate or the granting of mortgage loans is not permitted.
    - iv. Investments in infrastructures
    - v. Alternative investments without additional payment liabilities; such as hedge funds, commodities and precious metals, private equity, insurance-linked securities.
    - vi. Structured products may be freely used for offsetting against the respective quota if they properly fulfil the requirements applicable to the respective investment category and, in addition, the retention of the risk character of the investment category is ensured even in the worst case.
    - vii. Derivative instruments within the meaning of the authorisation pursuant to Art. 56a BVV2 under the following conditions:

1. No positions/commitments without cover are permitted, i.e. the necessary liquidity must be available at all times for commitment-increasing positions or the corresponding underlying assets for commitment-reducing positions;
2. Only derivatives derived from the underlying assets permitted in these Regulations may be used;
3. The instruments used must have sufficient market liquidity (daily tradability) and an investment grade status of the counterparty.

## **Art. 5 Extended investments**

- <sup>1</sup> The basis for expanding the investment options is determined by the Foundation in accordance with the investment strategy chosen by the Contracting Party.
- <sup>2</sup> The Foundation, the advisor or the asset manager shall draw the Contracting Party's attention to the specific risks if the option of extension pursuant to Art. 4 para. 4 of these Investment Regulations is taken up, inform him/her about the investments and provide advice.
- <sup>3</sup> The Foundation states in its annual financial statement pursuant to Art. 50 para. 4 BVV2 that the provisions regarding security and risk distribution pursuant to Art. 50 para. 1 - 3 BVV2 are complied with.

## **Art. 6 Permitted extended investments and category limits**

The following extended investment options are possible, subject to compliance with the principles of diversification, if the strategy as well as the risk tolerance of the Contracting Party have been ensured and recorded in writing and, in addition, a contract has been concluded between the advisor or asset manager and the Foundation:

- <sup>1</sup> Investments in foreign currencies: Investments in foreign currencies are permitted up to a maximum value of 60%.
- <sup>2</sup> Investments in shares, similar securities and other participations: Investments in shares, similar securities and other participations are permitted up to a maximum value of 80%.
- <sup>3</sup> Investments in real estate: Investments in real estate are permitted up to a maximum value of 50%; of this, a maximum of one third abroad.
- <sup>4</sup> Alternative investments without additional payment liability: Alternative investments without additional payment liability include hedge funds, insurance-linked securities, investments in commodities and precious metals, private equity and similar investments. Alternative investments without additional payment liability are permitted up to a maximum value of 30%.

## **Art. 7 Accounting principles**

Cash and cash equivalents, time deposits and receivables are recognised at nominal value, all other investment categories at fair value. Exceptions are to be approved by the Board of Trustees.

## **Art. 8 Asset management mandate and stock exchange orders**

- <sup>1</sup> The Contracting Party grants the asset manager authorised by the Foundation an asset management mandate with the Foundation.
- <sup>2</sup> The Foundation shall grant the authorised asset manager a corresponding mandate with the custodian bank.
- <sup>3</sup> Stock exchange orders are exclusively processed by the Foundation's authorised asset manager.
- <sup>4</sup> The asset manager places his stock exchange orders for the investment directly with the Contracting Party's custodian bank.
- <sup>5</sup> Sufficient liquidity for the debiting of the fees must always remain in the account of the Contracting Party.

## **Art. 9 Shareholder voting rights**

### Exercise of voting rights

- <sup>1</sup> The Board of Trustees decides on the procedure for exercising voting rights and defines the concrete exercise of voting rights.
- <sup>2</sup> As a rule, there is no direct presence at the general meetings. The services of independent proxies may be used for the specific exercise of voting rights.
- <sup>3</sup> Implementation may be delegated to an investment committee, a voting committee or an external voting advisor within the framework of these requirements.
- <sup>4</sup> The voting and option rights of directly held shares in Swiss companies listed in Switzerland or abroad are systematically exercised in the interests of the Contracting Parties. Voting rights may also be exercised on agenda items which the pension fund is not obliged to exercise under the legal framework.
- <sup>5</sup> Securities lending is not permitted if it makes it impossible to exercise voting rights.

### Voting behaviour

- <sup>1</sup> For the assessment of the applications, the Foundation is guided by the long-term interests of the shareholders. The focus is on the lasting prosperity of the Foundation.
- <sup>2</sup> The interests of the Contracting Parties shall be deemed to be safeguarded if voting or elections are held primarily in the long-term financial interests of the company's shareholders. Care is taken to maximise the enterprise value of the company concerned in the long term. The decision-makers are therefore guided by the principles of return, security, liquidity and sustainability when exercising voting rights (Art. 71 BVG: Principles of asset management).
- <sup>3</sup> The voting rights shall be exercised in the interests of the Board of Directors if the proposals do not conflict with the interests of the Contracting Parties and, in particular, observe a long-term investment horizon.



## Disclosure

- <sup>1</sup> The voting behaviour is disclosed once a year in a summary report to the Contracting Parties.
- <sup>2</sup> Rejections or abstentions are mentioned in detail.

## **Art. 10 Reporting and control**

- <sup>1</sup> The Board of Trustees shall periodically, at least semi-annually, receive an overall evaluation from the custodian banks and the management, which contains the performance and investment details per savings account for vested pension benefits.
- <sup>2</sup> The Board of Trustees shall ensure that the investment strategies agreed with the Contracting Parties are complied with and that the corresponding investment guidelines are periodically reviewed. Furthermore, the Foundation regularly reviews the performance, costs and service quality of the persons/institutions entrusted with asset management.
- <sup>3</sup> The Foundation determines the price suppliers (e.g. Telekurs, Fides, etc.) for the securities account valuation and the BVV2 evaluation of the client securities accounts.

## **Art. 11 Gaps in the regulations and amendments to the regulations**

Insofar as these regulations do not contain any provisions for special circumstances, the Board of Trustees shall make a provision in accordance with the purpose of the Foundation. The Board of Trustees may decide to amend the investment regulations at any time.

## **Art. 12 Entry into force**

These regulations shall enter into force on 1 January 2022.

## Cost regulations

Based on Art. 5 para. 2 of the Foundation Charter of the Zugerberg Vested Benefits Foundation, the Board of Trustees issues the following cost regulations:

### Art. 1 Purpose

These cost regulations govern the reimbursement of expenses arising from the contractual relationship.

### Art. 2 Services subject to a charge

The Foundation charges the following fees for the following services:

Contract conclusion costs for deposits	3.00%
Annual administration fee	1.25%

Bank, stamp and custody fees of the respective custodian bank are added, as well as fund and transaction fees, if applicable.

The breakdown of all costs is performed once a year in accordance with the statutory transparency requirements and is audited by the auditors.

Promotion of home ownership	
Advance withdrawal per case	Free of charge
Pledge per case	Free of charge
Move abroad	
Transaction processing per account (without advice/guidance)	Free of charge

### Art. 3 Fees for asset management mandate

The total fees incurred (asset management, foundation administration, brokerage fees and custody fees) for asset management mandates with partner banks can be debited directly from the Contracting Party's savings account for vested pension benefits by the mandated bank. The Foundation may be indemnified directly by the bank in such cases. The fee structure is disclosed to the client when the mandate is signed.

**Art. 4 Extraordinary costs**

If additional, proven costs are incurred by the Foundation (or external parties), e.g. expenses in connection with the lump-sum death benefit or with transfers of vested benefit assets abroad, the Contracting Party must be informed of this in advance. The costs are borne by the Contracting Party or the beneficiaries. The costs incurred are debited directly to the savings account for vested pension benefits or, in the case of balancing, to the Contracting Party's credit balance.

**Art. 5 Charging of fees**

- <sup>1</sup> Any contract conclusion costs are debited when the vested benefits are booked.
- <sup>2</sup> Administration fees are charged quarterly to the savings account for vested pension benefits.
- <sup>3</sup> In the event of a withdrawal from the Foundation, the fees shall be charged pro rata temporis, namely upon effective withdrawal from the Foundation.
- <sup>4</sup> Any contract conclusion costs are calculated on the basis of the vested benefits brought in.
- <sup>5</sup> The calculation basis for the ongoing administration fee is the respective market value of the vested benefit assets.

**Art. 5<sup>bis</sup> Retrocessions**

Unless otherwise agreed in writing and the expenses are in reasonable proportion to the retrocessions, retrocessions that are refunded to the Foundation in addition to its regulatory expense allowances shall be credited to the Contracting Party.

**Art. 6 Gaps in the regulations and amendments to the regulations**

Insofar as these regulations do not contain any provisions for special circumstances, the Board of Trustees shall make a provision in accordance with the purpose of the Foundation. The Board of Trustees may decide to amend the cost regulations at any time. The current cost regulations shall be made known to the Contracting Parties in written form.

**Art. 7 Entry into force**

These regulations shall enter into force on 8 June 2021.