



## Investment Regulations

# Tellco Pension solutions 3a

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Based on the Foundation Deed, the Board of Trustees passes the following

Investment Regulations:

## I **General policy**

### 1 **Purpose and scope**

- 1.1 These regulations set out the general asset management policy of Tellco Pension Solutions 1e (hereinafter referred to as the "Foundation").
- 1.2 They will be reviewed at least annually and, where appropriate, adjusted.
- 1.3 The sole focus is on the financial interests of the insured.

## 2 **Principles governing asset management**

### 2.1 **Account solution**

The Foundation's monies must be deposited in a savings account at a bank subject to the Swiss Banking Act (*Bankengesetz*). The monies must be deposited in the Foundation's name and are deemed to be the savings of individual investors.

### 2.2 **Securities solution**

The insured selects the type of investment via the retirement savings agreement. The Foundation offers the following investment opportunities:

- Standard asset management through Tellco Ltd in accordance with section 2.2.1
- Fund investments in accordance with section 2.2.2
- Bonds and time deposits in accordance with section 2.2.3
- Individual asset management

#### 2.2.1 **Standard asset management through Tellco Ltd**

Tellco Ltd offers its own investment products that comply with the Swiss Ordinance on Occupational Old Age, Survivors' and Invalidity Pension Provision (OPO 2; *Verordnung über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge, BVV 2*). The insured selects from the investment strategies offered the one that fits his/her risk profile. Investment strategies are implemented in accordance with Articles 49 to 58 of the OPO 2.

#### 2.2.2 **Fund investments**

The Foundation offers various individual investment funds. The insured creates a portfolio based on his/her personal risk profile. Only funds in the form of collective investment schemes that are supervised by the Swiss Financial Market Supervisory Authority (FINMA) or have been admitted for distribution in Switzerland by the FINMA or have been set up by Swiss investment foundations are permitted.

#### 2.2.3 **Bonds and fixed-term deposits**

The insured may invest his/her pension assets in the following bonds and time deposits: bonds with a direct or indirect federal or cantonal guarantee, Swiss mortgage bonds, medium-term notes and time deposits from banks subject to FINMA supervision; debt instruments must be denominated in Swiss francs; there are no limits on the number of individual borrowers.

- 2.2.4 Each of the insured selects and confirms at least one risk profile. The risk profile takes into account the risk appetite, risk capacity, risk awareness, investment experience and the investment horizon of the insured. A risk class is assigned to the risk profile. The insured selects an investment strategy that corresponds to the risk class assigned to their risk profile.
- 2.2.5 Based on Article 50(4) of the OPO 2, the Foundation also offers the insured an extension of the permissible investments subject to compliance with sections 2.3 to 2.5 of these Investment Regulations.
- 2.2.6 The Foundation may in principle alter the investment options and the investment strategy at any time.
- 2.2.7 Pension assets pledged in connection with financing home ownership may not be invested in securities without the consent of the pledgee. Where a pension account is closed or a part of the balance is withdrawn, namely upon request from the insured in the case of an advance withdrawal to finance home ownership, in the case of termination and cash disbursement and (without a request) in the case of payment of retirement benefits where the insured reaches retirement age and in the case of divorce where the insured is required by a judicial notice to transfer pension assets to a spouse (Article 22 of the Swiss Vested Benefits Act [VBA; *Freizügigkeitsgesetz, FZG*]), and if the insured does not request delivery of the securities or if they cannot be delivered to him/her, the Foundation will sell securities to the necessary degree in advance. The Foundation will sell the securities when the above payment is made. The proceeds of sale will be credited to the pension account to be used accordingly.
- 2.2.8 An order to invest in or dissolve a securities solution must always be placed in writing or via the electronic platform.
- 2.2.9 Investments in securities solutions may not be made until after the pension assets have been credited to the Foundation's account and it has been possible to definitively allocate them to the insured.
- 2.2.10 The insured alone bears the investment risk. Investments in securities can also result in price losses. For that reason, the Foundation recommends investing in securities only to insured individuals with a corresponding risk profile and a medium- to long-term investment horizon.
- 2.3 **Extension of investment options**
- 2.3.1 The Foundation will determine the conditions under which investment options can be extended in each case in keeping with the investment strategy selected by the insured.
- 2.3.2 If the extended investment option pursuant to section 2.2.5 is utilised, the Foundation, the adviser or the asset manager will explain the specific risks to the insured.
- 2.3.3 The Foundation will confirm in its annual financial statements pursuant to Article 50(4) of the OPO 2 that it has complied with the provisions on security and risk diversification pursuant to Article 50(1–3) of the OPO 2.

**2.4 Permissible extensions of investment options**

Where the strategy has been documented in writing and, in addition, an agreement has been concluded between an adviser or asset manager on the one hand and the Foundation on the other hand, the following extended investment options are available subject to compliance with the principles of diversification.

**2.4.1 Investments in diversified foreign currencies:**

An expansion of investments in foreign currencies to a maximum of 70% is permitted.

**2.4.2 Investments in shares, similar securities and other holdings:**

Where investments in shares are increased to 100%, investments may only be made in collective investment schemes or listed investment companies whose net asset value (NAV) is calculated regularly. Diversified certificates are limited to a maximum of 10% of the pension assets.

**2.4.3 Investments in real estate:**

Investments in real estate must be made through collective investment schemes or listed investment companies whose NAV is calculated regularly.

**2.4.4 Alternative investments without an obligation to make additional contributions:**

These include, among others, hedge funds, investments in commodities, investments in infrastructure, private equity and other similar investments. Alternative investments must be made through collective investment schemes or listed investment companies, whose market value or NAV is calculated regularly. Investments in non-diversified collective investment schemes (for example gold ETFs) are limited to a maximum of 5% of the client's capital.

**2.4.5 Investment in a single borrower:**

A total of 100% of the pension assets may be placed with a bank as liquid assets.

**2.5 Category limits in the case of extended investment options**

For the investment of existing pension assets, the following limits apply in the case of the individual categories of extended investment options pursuant to sections 2.3 and 2.4: investments in holdings in accordance with Article 53(1)(d) of the OPO 2 may not exceed 5% of the total assets per company.

|                                                                        |      |
|------------------------------------------------------------------------|------|
| Investments in foreign currencies                                      | 70%  |
| Investments in shares, similar securities and other holdings           | 100% |
| Investments in real estate, where a maximum of one-third may be abroad | 50%  |
| Alternative investments                                                | 30%  |
| Non-diversified assets per fund                                        | 5%   |
| Individual limit for liquid assets held at a partner bank              | 100% |

### 3 **Provisions regarding integrity and loyalty**

The provisions regarding integrity and loyalty are set out in Appendix 3.

## II **Organisation**

### 4 **Board of Trustees**

The Board of Trustees is responsible, in particular, for:

- a) defining investment strategies;
- b) adopting the Investment Regulations;
- c) Selecting the asset managers;
- d) Conclusion of agreements with asset managers and custodians
- e) ongoing supervision of asset managers;
- f) monitoring annual performance;
- g) monitoring changes in assets, in particular as concerns achievement of investment strategies;
- h) Adopting risk-control instruments and procedures;
- i) checking the fulfilment of the disclosure obligation in accordance with Article 48I of the OPO 2.

### 5 **Management**

The management is responsible, in particular, for:

- a) approving the investment strategy selected by the insured person or making a counter-proposal;
- b) concluding agreements with asset managers and the custodian;
- c) monitoring compliance with statutory requirements and those set forth in the regulations;
- d) ensuring that appropriate reports are prepared for the Board of Trustees;
- e) obtaining an annual written declaration on personal pecuniary benefits and interests (Article 48I of the OPO 2) from all persons and institutions that are involved in asset management.

### 6 **Insured person**

The insured person:

- a) selects his/her personal investment strategy from the investment strategies offered taking his/her ability and willingness to take risks into account;
- b) records the selected investment strategy using the strategy sheet and signs this strategy sheet. by doing so, the insured person confirms that he/she has been informed of the opportunities and risks associated with the investment strategies and capital markets;
- c) reviews his/her risk on a regular basis (at least every five years) and sends the corresponding information to the Foundation.

## 7 **Auditors**

The auditor audits the investments. Its tasks are determined by Article 52c of the Swiss Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (OPA; *Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge, BVG*) and the recommendations of EXPERTsuisse. In particular, it checks whether:

- a) the investments comply with the statutory provisions and those set forth in the regulations;
- b) the precautions to ensure loyalty in an investment context have been taken and compliance with the loyalty duties is monitored sufficiently by the Board of Trustees;
- c) Article 51c of the OPA (Legal transactions with associates) has been adhered to.

## 8 **Administration and management**

The administration and management is responsible for:

- a) managing the investments for each investment strategy in the banking system;
- b) entering the investments and income in the financial accounts;
- c) payment processing;
- d) due and proper storage of the securities documents for the period specified by law.

## 9 **Asset managers**

The Foundation only entrusts the investment and management of pension assets to persons and institutions authorised and organised such that they can guarantee compliance with the provisions of Articles 48f and 48g of the OPO 2. The Board of Trustees decides on whether to accredit an asset manager.

The tasks of the asset managers are:

- a) Implementing these investment regulations and asset allocation in accordance with the instructions of the insured or the Foundation;
- b) Monitoring of the statutory framework conditions and those set forth in the regulations
- c) submitting monthly reports to the Board of Trustees;
- d) monitoring the custodian.

## III **Controlling**

### 10 **Principles governing securities investments and controlling**

10.1 For all investment strategies, the Board of Trustees shall ensure that the investment regulations in accordance with Articles 49 to 58 of the OPO 2 are complied with at all times and reviewed at regular intervals.

10.2 The Foundation monitors the mandates on a quarterly basis. The Board of Trustees may delegate its monitoring duties to an external investment controller.

10.3 The asset accounting department checks the custodian's statements against its own portfolio on a quarterly basis.

### 11 **Valuation rules within the context of reporting**

Asset valuation is based on the principles set out in Standard 26 of the Swiss Accounting and Reporting Recommendations (Swiss GAAP FER 26) and is described in Appendix 2.

12 **Remuneration system for external asset managers**

The asset management costs are to be invoiced in relation to the assets under management.

The asset managers are to be subjected to a contractual obligation to transfer to the Foundation, immediately and without prior request, all pecuniary benefits (retrocession fees, finder's fees, portfolio maintenance commission, etc.) that they or their employees receive from third parties (in particular banks, fund distributors, etc.) in connection with the performance of their asset management duties.

IV **Concluding provisions**

13 **Entry into force and amendment**

These Investment Regulations were approved by the Board of Trustees on 12 April 2023 and will enter into force on 1 May 2023. They replace all previous versions of the Investment Regulations.

Schwyz, 12 April 2023

Tellco Pension solutions 3a  
Board of Trustees



Daniel Greber  
Chairman



Daniel Gresch  
Member



## Appendix

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### Minimum S&P rating

In accordance with the resolution passed by the Board of Trustees of 19 January 2018, the following minimum S&P ratings are permissible:

|                                 |                                                    |
|---------------------------------|----------------------------------------------------|
| Money market                    | A                                                  |
| CHF bonds domestic and foreign  | Investment grade                                   |
| Global bonds                    | Investment grade                                   |
| Loans to public-sector entities | A                                                  |
| OTC transactions                | A                                                  |
| Account balances                | A (exception: settlement accounts with custodians) |

Where there is no rating for a counterparty or borrower, the risk classification of Moody's or Fitch applies.

In the absence of such a rating, the risk classification of the relevant custodian applies.

Schwyz, 12 April 2023

## Appendix 2

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### Valuation principles

- 1 Account balances and money market investments are valued at nominal value.
- 2 Bonds, equities and units in collective investments are measured at the market value prevailing on the applicable reference date, while medium-term notes are measured at par value or lower. The prices calculated by custodians apply.
- 3 Currencies are measured at the market value prevailing on the applicable reference date. The prices calculated by custodians apply.
- 4 Loans are measured at par value, recognising any necessary impairment losses.
- 5 Alternative investments are disclosed at the last available net asset value as calculated in accordance with recognised industry standards, allowing for any cash flows arising in the intervening period. This may lead to delays in valuations of around three months.

Schwyz, 12 April 2023

## Appendix 3

### Provisions regarding integrity and loyalty

#### 1 **Scope**

The provisions hereinafter set forth apply to the Board of Trustees and all individuals/institutions appointed by the Foundation.

#### 2 **Rules to be applied**

The following provisions are based on the statutory provisions regarding integrity and loyalty in asset management (Article 51b of the OPA and Articles 48f to 48l of the OPO 2).

#### 3 **General information**

The Board of Trustees ensures that all responsible persons are informed of the guidelines regarding integrity and loyalty and monitors compliance with these provisions. External persons/institutions entrusted with asset management responsibilities must meet all requirements specified in Article 48 of the OPO 2.

#### 4 **Pecuniary benefits**

The form of compensation for all persons/institutions appointed must be clearly determinable and set out in a written contract. In principle, all pecuniary benefits which exceed the agreed amount of compensation must be delivered to the Foundation. Persons/institutions may not accept any invitations, gifts or other pecuniary benefits that they would not have received if they had not been appointed to the position concerned. The following exceptions apply:

- a) Occasional gifts: occasional gifts are defined as one-time gifts amounting to no more than CHF 200.00 per gift and amounting to no more than CHF 2,000.00 per year.
- b) Invitations: Invitations to events that are predominantly to the benefit of the Foundation, for example specialist seminars, provided that they do not take place more than once a month. Permissible events are generally limited to one-day events only. The event may not be attended by companions, and it must be possible to travel to the event venue by car or public transport. A social event can take place after the event, either at midday or in the evening.

It is not permitted to accept personal pecuniary benefits in the form of cash payments, vouchers, discounts, etc., exceeding CHF 50.00 in value.

#### 5 **Restriction on trading activities by individuals involved in asset management**

Individuals are deemed to be involved in asset management if they make decisions on purchasing or selling investments on behalf of the Foundation or are informed about such decisions. These individuals are not permitted to carry out any identical own-account transactions made prior to (front running), parallel to (parallel running) or immediately after (after running) carrying out trading orders for the Foundation. Any such transactions which are carried out via third parties in order to circumvent these provisions will be treated as own-account transactions.

6 **Churning**

Excessive trading in an account of the Foundation without a reason as to why this is in the Foundation's economic interests is prohibited.

7 **Disclosing interests**

All individuals subject to these provisions are obliged to disclose all interests which could affect their independence in the performance of their duties. These interests should be disclosed as soon as possible and at the very latest before completing a transaction, casting a vote or appointing an employee. Individuals with any interest which could affect their independence must withdraw from making any decision (including all preparation, advisory or monitoring work involved).

8 **Annual statements**

The Board of Trustees requires an annual statement from every individual involved, to be submitted in writing. In the statement, individuals shall confirm that they are aware of the provisions regarding loyalty, that they have not accepted any undue pecuniary benefits, that they have not engaged in any prohibited own-account transactions and that no conflicts of interest exist which have not already been disclosed.

9 **Disciplinary action**

Disciplinary action will be taken in respect of any breaches. The Board of Trustees will take any reasonable action that may be required in the event of breaches of the provisions governing integrity and loyalty, ranging from reprimands or warnings through to termination of the contractual relationship. Any disciplinary action taken is without prejudice to the right to initiate criminal prosecutions.

Schwyz, 12 April 2023