



Statement of Investment Policy

Tellco pk

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valid as of 1 January 2024



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In case of differing interpretations, the German text is authoritative.

A. Principles

1. Purpose and scope

- 1.1. This Statement of Investment Policy shall govern the goals, principles, organisation and investment procedure of the Foundation pursuant to Article 49a of the Ordinance on Occupational Old Age, Survivors' and Invalidity Pension Provision (OPO 2).
- 1.2. This Statement of Investment Policy shall be binding for all natural and legal persons entrusted with asset management.
- 1.3. This Statement of Investment Policy will be reviewed at least annually and, where appropriate, adjusted.

2. Investment objectives

- 2.1. The investment objective is to earn a commensurate return on the money, capital and real estate markets and to achieve the performance targets of the individual pension funds/compartments, taking account of their risk capacity:

PRO compartment

The expectation is to achieve the target return whilst at the same time minimising the risk of underfunding and almost excluding the risk of having to implement restructuring measures (and in particular to levy restructuring contributions).

PULSE compartment

The Board of Trustees may permit an investment strategy with a higher risk compared to the PRO compartment, giving due consideration to the total assets and liabilities, the structure and the expected growth of the portfolio of pensions in this compartment. The aim in doing so shall be to achieve a higher investment return. However, the taking on of additional investment risks also increases the risk of underfunding.

FLEX compartment

Depending upon the investment strategy chosen, the investment strategy pursued shall have either a higher or, if chosen, a lower risk than the PRO compartment. Based on past experience, the investment return should reach the target return and should be reasonable, taking account of the composition of the investment strategy fund.

INDIVIDUA compartment

Depending upon the investment strategy chosen, the strategy pursued shall have either a higher or, if chosen, a lower risk than the PRO compartment. The risk of underfunding will be correspondingly higher or lower. Based on past experience, the investment return should reach the target return and should be reasonable, taking account of the strategy chosen.

- 2.2. Targets shall be achieved by investing with due regard to risk and return and taking account of liquidity, distribution of risk, sustainability, security and return.

Liquidity: Investments must be made in such a manner that – under normal circumstances – in order to ensure that claims can be honoured at any time, they can be realised within the periods specified by the Board of Trustees (chronological staggering).

Distribution of risk: Having regard to geographical, financial and currency factors, funds must be spread out in particular over various investment categories, regions and branches of the economy.

Sustainability: Environmental (climate), social and governance (ESG) criteria are systematically considered as part of the investment and risk management process.

Security:	Security results from debtors with impeccable credit standing.
Return:	The target return must be commensurate with the respective market circumstances as resulting, depending upon the type of investment, from interest, dividends, subscription rights, bonus shares and price gains.

- 2.3. Investments must be structured, taking account of the financial circumstances and foreseeable growth prospects, in a manner that is consistent at all times with the requirements of efficient financial management.
- 2.4. Opportunities for return on the financial markets should be optimally exploited.

3. Principles governing asset management

- 3.1. The investment regulations set out in Article 71 (1) of the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (OPA) and Articles 49 to 58 of the OPO 2 shall be complied with for all investment strategies.
- 3.2. For each investment strategy, tactical ranges are permitted within which the investment strategy may be departed from in order to exploit short-term market opportunities.
- 3.3. The investment strategy, including tactical ranges, must be reviewed periodically or in the event of any extraordinary events and adjusted if necessary.
- 3.4. The Foundation focuses on the long-term financial interests of its policyholders, and its investment strategy is aimed at ensuring that these services are provided responsibly. Environmental, social and corporate governance (ESG) criteria are systematically considered in the implementation of this investment strategy and the corresponding risk management.

For direct and indirect equity investments, shareholder and voting rights are exercised both in Switzerland and abroad where possible. Details on exercising shareholder and voting rights are provided in Annex 5.

Part of the assets are invested in impact-oriented investments in the fields of environment, society and infrastructure. In particular, investments within the scope of a decarbonisation strategy are supported.

All efforts and activities in the field of sustainability are controlled continuously, and regular reporting takes place.

4. Organisation of investments

- 4.1. The management structure for the pool and individual investments of the pension funds/compartments shall be as follows:
 - a) Management structure for the PRO and PULSE compartments
 - Board of Trustees
 - Specifies the strategy, ranges and target fluctuation reserve, acting on a proposal by the investment commission of the Board of Trustees
 - Investment commission of the Board of Trustees
 - Submits a proposal to the Board of Trustees concerning the strategy, ranges and target fluctuation reserve and establishes tactical asset allocation
 - Asset manager
 - Implements the tactical investment strategy
 - Investment controller
 - Monitors compliance with statutory and regulatory ranges and investment guidelines
 - b) Management structure of the FLEX compartment
 - Board of Trustees
 - Determines strategy funds and specifies their target fluctuation reserves, acting on a proposal by the investment commission of the Board of Trustees

Investment commission

Submits a proposal concerning strategy funds and their target fluctuation reserves to the Board of Trustees and monitors the fund's investment activity

Asset manager

Receives orders to purchase or sell fund units from the pension fund or its investment commission and executes them.

Investment controller

Monitors compliance with statutory and regulatory ranges and investment guidelines with reference to the fund fact sheet

c) Management structure of the individual compartment

Board of Trustees

Specifies the strategy, ranges and target fluctuation reserve, acting on a proposal by the investment commission of the pension fund

Investment commission of the pension fund

Submits a proposal to the Board of Trustees concerning the strategy, ranges and target fluctuation reserve and establishes tactical asset allocation, unless responsibility lies with the asset manager

Asset manager

Establishes tactical allocation, unless responsibility lies with the pension fund's investment commission, and implements it

Investment controller

Monitors compliance with statutory and regulatory ranges and investment guidelines.

- 4.2. Assets are invested exclusively with banks, managers of collective assets, securities dealers, fund managers and investment foundations. The asset managers or financial institutions appointed must be authorised by the Swiss Financial Market Supervisory Authority (FINMA).
- 4.3. The procedural organisation for investments is set out in Annex 2. Otherwise, the tasks, responsibilities and competences of the individual committees are regulated in organisational regulations.
- 4.4. Articles 48 et seqq. of the OPO 2 and the Code of Conduct annexed to the organisational regulations govern the integrity and loyalty of the responsible parties.
- 4.5. The exercise of shareholder rights is regulated in Annex 5.

B. Investment provisions**5. Definition of assets**

The assets comprise the sum total of the assets reported in the balance sheet of the pension fund/compartment without any loss carried forward.

6. Investment restrictions

- 6.1. Investments with an obligation to make additional contributions are not permitted pursuant to Article 50(4) OPO 2, with the exception of investments falling under Article 53(5)(c).
- 6.2. Permitted derivative financial instruments are specified in Annex 3.
- 6.3. The minimum rating for each investment category is specified in Annex 4.

7. Extension des possibilités de placement

- 7.1. Investment options may be extended as provided for under Article 50(4) of the OPO 2 insofar as compatible with the risk capacity of the pension fund/compartment.
- 7.2. In the event that investment options are extended, compliance with Article 50(4) of the OPO 2 shall be conclusively established as part of the Foundation's annual reporting process.

8. Category limits in the case of extended investment options

The following limits shall apply for the following investment categories:

Swiss real estate:	55%	of the assets
Alternative investments:	25%	of the assets
Investments in infrastructure:	15%	of the assets
Non-diversified investments:	5%	of the assets and also
	1%	of the assets for each counterparty

9. Securities lending

- 9.1. Securities may be lent to banks with a short-term rating as specified in Annex 4, with the aim of improving returns. The securities lent must be secured by collateral. Details shall be regulated in a securities lending contract.
- 9.2. The law on investment funds shall apply mutatis mutandis (Article 55(1)(a) of the Federal Act on Collective Capital Investment Schemes [SR 951.31], Article 76 of the Ordinance on Collective Capital Investment Schemes [SR 951.311], Article 1 et seqq. of the Ordinance of the Swiss Financial Market Supervisory Authority on Collective Investment Schemes [SR 951.312]).
- 9.3. The lending of securities at the time of the exercise of voting rights is prohibited.

C. Common provisions

10. Investments with the employer

- 10.1. The assets, reduced by the liabilities and accruals and deferred income, may not be invested with the employer without collateral where this is necessary in order to cover vested benefits and current pensions.
- 10.2. Unsecured investments and holdings with the employer may not exceed 5% of the assets in total.
- 10.3. Investments in real estate, more than 50% of the value of which is used by the employer for business purposes, may not exceed 5% of the assets in total.
- 10.4. Any amounts due by the employer shall accrue interest at standard market rates.

11. Securing of claims against the employer by collateral

Claims against the employer must be secured by collateral. The following may be used as collateral:

- a) A guarantee issued by the federal government, a canton, a municipality or a bank subject to the Federal Act on Banks and Savings Banks. The guarantee must be made out to the pension fund and must be irrevocable and non-transferable;
- b) Real property charges up to two thirds of the market value. Real property charges on real estate owned by the employer, more than 50% of the value of which is used by it for business purposes, may not be provided as collateral.

12. Duty to report unsecured funds invested with the employer

If it is planned to reinvest any funds with the employer without any collateral, unless it is beyond doubt that they may be invested in this manner, a report concerning this new investment, including sufficient reasons, must be submitted in advance to the supervisory authority and the auditor must be informed concerning this report without undue delay.

13. Fluctuation reserves

A fluctuation reserve shall be established or dissolved for each investment strategy at the level of the pension fund (FLEX and INDIVIDUA compartments) or the compartment (PRO and PULSE compartments) in order to offset value fluctuations by investments.

The target size of the fluctuation reserve shall be calculated according to risk-based approaches on the value of investments and shall be dependent in principle on the following factors:

- Amount of the target return
- Investment strategy
- Historical return from the investment strategy (anticipated return)
- Historical volatility (risk)
- Scope for charging restructuring contributions

14. Valuation rules

- 14.1. Accounting and valuation principles shall be those set forth by the Swiss Accounting and Reporting Recommendations Committee (Swiss GAAP FER 26).
- 14.2. Investments shall be valued in accordance with market values on the reference date. If a market value cannot be obtained, the figure shall be based on industry-standard valuations. This shall be the case in particular for:
 - Direct investments in real estate : Valuation according to the DCF method (DCF), in exceptional cases at cost less identifiable value adjustments
 - Construction projects : Valuation according to the percentage of completion method (POC), in exceptional cases at cost less identifiable value adjustments

- Mortgages and loans: Valuation at nominal value less identifiable value adjustments
- Infrastructure investments and Alternative investments Valuation at nominal value less net asset value (NAV)

D. Concluding provisions

15. Amendments

The Board of Trustees may amend or supplement this Statement of Investment Policy at any time, provided it gives due consideration to the statutory provisions. The amended regulations must be submitted to the supervisory authority for information purposes.

16. Entry into force

- 16.1. This Statement of Investment Policy was approved by the Board of Trustees on 15 December 2023 and will enter into force on 1 January 2024. It supersedes the previous investment regulations that were approved by the Board of Trustees on 9 February 2022 and which entered into force on 1 January 2022.

15 December 2023

Tellico pk
Board of Trustees

In case of differing interpretations, the German text is authoritative.

ANNEX 1

Investment strategies for the PRO and PULSE compartments, valid as of 1 January 2024

Category Benchmark	PRO		PULSE	
	Strategy	Ranges	Strategy	Ranges
Money market and time deposits Three-month SARON (SRFXON3)	6%	1% – 30%	5%	1% – 20%
National and foreign CHF bonds Swiss Bond Index TR AAA-BBB ESG (SBESGT)	7%	0% – 15%	20%	0% – 35%
Global bonds in foreign currencies Customized Barclays Global Aggregate Index in CHF ESG (I38460CH)	4%	0% – 10%	5%	0% – 15%
Global bonds in foreign currencies, hedged Customized Barclays Global Aggregate Index hedged in CHF ESG (H38460CH)	4%	0% – 10%	0%	0% – 0%
Mortgages Three-month SARON (min. 0) + 50bps p.a.	4%	0% – 10%	0%	0% – 0%
Swiss equities Swiss Performance Index ESG Weighted (SPIEWT)	12%	0% – 18%	25%	0% – 30%
Global equities MSCI World ACWI ESG Screened (in CHF; NU722376)	16%	0% – 24%	20%	0% – 30%
Swiss real estate 1/3 KGAST-Immo Index (WUPIIMM) + 2/3 cash flow yield	27%	10% – 35%*	25%	0% – 35%*
Infrastructure investments (unleveraged) FTSE Global Core Infra 50/50 Net Tax Index hedged to USD (FGCICUHN)	6%	0% – 10%	0%	0% – 0%
Hedge funds Fund-of-Funds (HFRIFOF)	4%	0% – 8%	0%	0% – 0%
Private debt (including Swiss loans) S&P Leveraged Loan Total Return Index (SPBDAL)	6%	0% – 10%	0%	0% – 0%
Private equity MSCI AC World hedged to USD (M1CXADB) + 200 bp p.a.	4%	0% – 8%	0%	0% – 0%
Opportunistic Three-month SARON	0%	0% – 3%**	0%	0% – 0%
Target fluctuation reserves	14.10		17.70	

* in consideration of Article 50 (4) OPO 2

** The upper range applies at cost: therefore, breaches of the upper range as a result of positive performance figures are permitted.

The asset classes Infrastructure, Hedge Funds, Private Debt, Private Equity and Opportunistic are hedged in CHF.

Investment strategy fund for FLEX compartment
As of 1 January 2024

Fund category	Tellco Classic – Strategy 10 ISIN CH0450199770		Tellco Classic – Strategy 25 ISIN CH0450201261		Tellco Classic – Strategy 45 ISIN CH0450201329	
	Strategy	Ranges	Strategy	Ranges	Strategy	Ranges
Money market and time deposits	7%	0 – 10%	6%	0 – 10%	6%	0 – 10%
National and foreign CHF bonds	28%	20 – 40%	23%	15 – 30%	13%	5 – 20%
Global bonds in foreign currencies	6%	0 – 10%	10%	5 – 15%	4%	0 – 10%
Global bonds in foreign currencies, hedged	28%	20 – 40%	12%	5 – 20%	10%	5 – 20%
Loans and mortgages	0%	0 – 10%	0%	0 – 10%	0%	0 – 10%
Swiss equities	5%	0 – 10%	11%	6 – 16%	22%	15 – 30%
Global equities	5%	0 – 10%	15%	10 – 20%	25%	15 – 30%
Swiss real estate	14%	9 – 19%*	13%	8 – 18%	10%	5 – 15%*
Global real estate hedged	7%	0 – 10%	10%	5 – 15%	10%	5 – 15%
Target fluctuation reserves	10,60%		15,50%		22,50%	

ANNEX 2

Procedural organisation for investments

Upon request by the Investment Commission of the Board of Trustees, or for the INDIVIDUA compartment upon request by the Investment Commission of the pension fund, the Board of Trustees decides each year or as often as is required by the circumstances concerning the strategy, any ranges as well as the target fluctuation reserves.

The asset manager establishes tactical allocation, unless responsibility lies with the pension fund's Investment Commission or unless investment occurs exclusively via a strategy fund, as is the case for the FLEX compartment, and implements it. The asset manager is responsible for compliance with the investment guidelines laid down by Article 71(1) OPA and Articles 49–58 OPO 2. He/she submits performance reports to the Board of Trustees at least every quarter. He/she also submits asset and account statements to the Board of Trustees at least every year and to the Investment Controller at least every quarter.

The Investment Controller periodically monitors compliance with statutory and regulatory ranges and investment guidelines. He/she reports to the Investment Commission of the Board of Trustees at least every quarter and to the Board of Trustees or the Investment Commission of the pension fund at least every year. In consultation with the Board of Trustees, he/she carries out specific checks and is available to the Board of Trustees and the Investment Commission in an advisory capacity. If the Investment Commission or the Board of Trustees identifies any need for action on the basis of reports, they engage in discussions with the asset manager or issue the necessary instructions.

The Board of Trustees exercises supervision or, for the INDIVIDUA compartment, general oversight over asset management. It regularly checks the performance of the asset manager. At least every three years it also examines the medium and long-term alignment between the investment of assets and the obligations of the Foundation and commissions ALM studies for this purpose. The management supports the Board of Trustees in performing its tasks and is responsible for providing appropriate information regularly to insured persons.

ANNEX 3**Permitted derivative financial instruments**

The following derivative instruments and strategies are permitted:

Money market and time deposits

- Long currency
- Short currency (for hedging purposes)
(including up to 12 months forward)

Equities

- Long call (covered basis)
- Long put (for hedging purposes)
- Short call (covered basis)
- Short put (covered basis)
or combinations thereof
- Short Index Future (for hedging purposes)
- Long Index Future (covered basis)
- Short currency (for hedging purposes)

Bonds

- Short Bond futures on government bonds (for hedging and duration distribution purposes)
- Long Bond futures on government bonds (covered basis)
- Fixed payer swap (for hedging and duration management)
- Fixed receiver swap (covered)
- Short currency (for hedging purposes)

ANNEX 4
S&P minimum rating

Money market and time deposits	A
Domestic and foreign bonds in CHF	Investment Grade
Global bonds	Investment Grade
Loan (public corporations)	A
OTC transactions	A
Account balance	A (other than the settlement account with the custodian)

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.

ANNEX 5

Exercise of shareholder rights

I Voting obligation

1. The Foundation must exercise the voting right at the company's annual general meeting for the listed Swiss shares held directly by it for motions that have been announced.
2. The voting obligation applies to the following agenda items at the annual general meeting:
 - Election of the members of the Board of Directors, the Chairman of the Board of Directors, the members of the remuneration committee and the independent proxy
 - Statutory provisions in accordance with Article 626(2) of the Swiss Code of Obligations;
 - Statutory provisions and votes in accordance with the provisions of Articles 732–735d of the Swiss Code of Obligations
3. The Foundation must vote in the long-term interests of its policyholders.
4. The lending of securities on the date of the exercise of voting rights is prohibited. Voting rights must be exercised.
5. It may abstain from voting if this is in the interest of its policyholders.
6. In the case of indirectly held equity investments, voting rights are exercised by the respective investment company. As far as possible, the Foundation aims to ensure that shareholder votes for indirectly held equity investments are exercised in the long-term interest of the policyholders.

II Principles of the interests of the policyholders

7. The long-term interests of the policyholders are deemed safeguarded if the voting behaviour serves the ongoing development of the pension fund and is sustainable.
 - healthy financial growth is to be considered more important than a substantial dividend (long-term internal financing of the public limited company);
 - the sustainable financing of the company using equity is to be considered more important than the reimbursement of capital contributions.
 - Consideration of ESG aspects when voting on the respective agenda items.
8. As a result, when exercising the voting rights, the Foundation focuses on the principles of returns, security, liquidity and sustainability.

III Disclosure duty

9. The Foundation must report to its policyholders at least once a year in a consolidated report on how it fulfilled its voting obligation. Interests are disclosed in the annual financial statement and on the Foundation's website.
10. If the Foundation does not follow the motions put forward by the Board of Directors or if it abstains from voting, it must provide detailed reasons for its voting behaviour in the report.

IV Implementation

11. Implementation can – within the context of these requirements – be transferred to a third party (voting rights committee, investment commission, portfolio manager, external voting rights consultant, etc.). In general, the decision is made not to participate in the annual general meetings directly. The services of independent proxies can be used to exercise voting rights in specific cases.

ANNEX 6**Individual limits under Arts. 54, 54a and 54b OPO2****I Limit on individual borrowers (Art. 54 OPO)**

1. No more than 10% of total assets may be invested in the following fixed-amount debt instruments with a single borrower:
 - a) Post office and bank account balances
 - b) Money market investments with a term of up to 12 months
 - c) Medium-term notes
 - d) Bonds, including those carrying conversion or option rights
 - e) Secured bonds
 - f) Swiss mortgage titles
 - g) Acknowledgements of debt from Swiss public-sector entities
 - h) Surrender values from collective insurance contracts
 - i) In the case of investments tracking a common, broadly diversified and popular bond index: the debt instruments contained in the index.
2. The ceiling set out in the above section may be exceeded in the case of the following debt instruments:
 - a) Amounts due from the Swiss Confederation
 - b) Amounts due from Swiss mortgage bond (*Pfandbrief*) institutions
 - c) Amounts due from collective insurance contracts held by the pension fund with an insurance company headquartered in Switzerland or Liechtenstein
 - d) Amounts due from cantons or municipalities, where such claims exist as a result of circumstances under pension law that are not fully funded, such as gaps in cover, the assumption of debt for cost-of-living allowances, or additional funding for wage increases.
3. The above sections also apply to derivatives such as structured products or certificates.

II Limit on individual company participations (Art. 54a OPO2)

Investments in participations in companies, such as equities and participation certificates, similar securities such as profit certificates, as well as cooperative share certificates: participations in companies and similar securities are permitted providing they are listed on a stock exchange or traded on another regulated market that is open to the public. They may not exceed 5% of total assets per company.

III Limit on investments in individual properties and borrowing against those properties (Art. 54b OPO2)

Investments in real estate, whether in sole or co-ownership, including buildings subject to building rights and building land, may not exceed 5% of total assets per property.

A loan may be taken out up to a maximum of 30% of the market value of a single property for the purposes of temporary borrowing by a pension fund.

An investment fund that offers different investment strategies under one pension plan may not borrow against real estate