



Investment principles



General principles

The Board of Trustees of the IST Investment Foundations (IST, IST2, IST3) is issuing these investment principles and the investment guidelines on the basis of Art. 12 para. 4 of the Foundation's Statutes. The provisions detailed under "General principles" are supplementary and subsidiary to the corresponding investment guidelines of the individual investment groups, with the exception of Art. 12 of the general principles, and may be amended by the Board of Trustees without prior notice. Amendments are communicated to investors in an appropriate form.

1. ASSET MANAGEMENT

The institutions entrusted with the asset management of the investment groups are subject to the supervision of FINMA or other comparable state supervision, and the investment foundation itself is subject to Article 53g BVG/LPP. The Board of Trustees Committees "Traditional Investments" and "Alternative Investments & Real Estate" formulate a general investment policy for the attention of the Board of Trustees; they monitor the activities of the mandate holders for the individual investment groups within the framework of the investment guidelines issued by the Board of Trustees and ensure compliance with the required publication obligations.

2. INVESTMENT PRINCIPLE

The specific purpose of the pension assets calls for an investment policy geared to security, return and liquidity. This requires the prudent selection and regular monitoring of investments as well as an appropriate distribution of risk.

3. REGULATORY FRAMEWORK

The initial capital and assets of the investment groups are subject to the statutory and supervisory principles and guidelines for capital investment by pension schemes as contained in the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (BVG/LPP), as well as to the associated Ordinance (BVV 2 / OPP 2), the Ordinance on Investment Foundations (ASV / OFP) and the directives of the supervisory authority. The restrictions placed on individual investment categories (Art. 55 BVV 2 / OPP 2) apply only to balanced portfolios.

4. RATING

Where average or minimum ratings are set, these refer to ratings of one of the leading rating agencies (Standard & Poors, Moody's, and Fitch). If the ratings of the agencies differ, the lowest applies. In the absence of a rating from the above-named agencies or index providers, the rating given by a

first-class bank or an implicit rating may serve as a basis. Investments which fall below the rating must be sold within 3 months, with due regard to the general market situation.

5. DERIVATIVE INSTRUMENTS

Under Art. 56a BVV 2/OPP 2, the use of derivative financial instruments in the investment groups is only permitted if they are used to hedge market, currency or interest rate risks. Derivative instruments (including financial futures) may also be used in order to increase the exposure of positions instead of purchasing physical assets. A simple, transparent relationship must exist between the underlying and the derivative. The use of complex, non-transparent structures is not permitted.

6. ESG/EXCLUSIONS

The Board of Trustees may set exclusion criteria based on risk considerations for the investment groups on the level of countries, sectors or companies. The exclusion list is published on the website.

7. LEVERAGE

Taking out loans is as a rule not permitted in the investment groups. It is solely permitted to take out a short-term loan for technical reasons.

8. SECURITIES LENDING

IST has entered into securities lending agreements with the custodian bank Lombard Odier & Cie, Geneva, in accordance with the applicable provisions of the law and the regulations. The Collective Investment Schemes Act (CISA) and its implementing provisions must be complied with. The custodian bank acts as an agent. IST does not engage in securities lending if the likely returns are not proportionate to the risk assumed and no appropriate compensation is provided.

9. COLLECTIVE INVESTMENT SCHEMES

In addition to direct investments, the investment groups may also invest in collective investment schemes based on Art. 30 ASV/ OFP, provided they are compatible with the investment guidelines of the investment group in question.

10. LIQUID ASSETS

The investment groups are permitted to hold liquid assets and money market investments with a term to maturity not exceeding 12 months and a minimum issuer rating of A-1 (S&P) or P1 (Moody's). Investments are denominated in CHF or in the currencies in which the investments of the respective investment group are made.

11. CURRENCY HEDGING AND VALUATION

Unless the investment guidelines state otherwise, the investment groups are not currency-hedged. For purposes of calculating the NAV, underlying assets denominated in a currency other than the base currency of the investment group are translated into that base currency at the exchange rates prevailing on the valuation date.

12. DEPARTURE FROM THE INVESTMENT GUIDELINES

If circumstances urgently require, it is permitted in the interests of investors to depart temporarily from the investment guidelines subject to consultation with the Chairman of the Board of Trustees. Any such departures must be approved by the Board of Trustees and the reasons set out in the annual report.

13. ENTRY INTO FORCE

The investment principles were approved by the Board of Trustees on 29 April 2021 and replace the investment principles of 21 August 2014.

In the event of disputes, the original German version – also available from IST – shall be authoritative.



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