



**Investment Regulations for
Pensionskasse Alcan Schweiz
and
Ergänzungskasse Alcan Schweiz**

Valid from 1st January 2009

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I. General provisions

Art. 1 Scope and purpose

- 1 These Investment Regulations apply to Pensionskasse Alcan Schweiz and Ergänzungskasse Alcan Schweiz (hereafter called Pensionskasse). The regulations will take effect by resolution of each of the relevant Boards of Trustees.
- 2 The Investment Regulations establish the organisation and execution of asset investments. They therefore have a binding effect on all those organs, persons and external companies entrusted with the organisation, execution and control of the investment activity. They supplement and refine the applicable statutory regulations, the deeds of foundation and the regulations of the foundations.

Art. 2 Investment aims

- 1 The purpose of the investment policy is to ensure that the beneficiary aims are fulfilled, i.e. to ensure that the insured benefit provisions are put into practice at the required time, taking account of the chosen financing plan. This assurance is evaluated with due consideration to all the assets and liabilities of the Pensionskasse, subject to the actual financial position and the structure and anticipated changes to the pool of people covered by the insurance. Every attempt must be made to distribute the risk appropriately by spreading the investments between various investment categories, regions and business sectors. The investment risks need to be monitored continuously.
- 2 It must be possible to provide the active insured individuals with the promised benefits in accordance with the regulations in the event of old age, death or disability. In the case of the pension claimants, the focus is on the guarantee of continuing pensions for the benefit in question. An equalisation reserve is to be developed to secure this guarantee.
- 3 The second priority must be to reduce the cost of the benefits or to increase the insured benefits for the benefit of the active insured individuals and the affiliated employers, and to make a regular adjustment to the current pensions for the pension claimants. This would be made possible by surpluses from the returns on capital.
- 4 An asset/liability study will be carried out periodically – i.e. at intervals of three to five years – to monitor the investment strategy. This interval can also be reduced in the event of major changes to the structure of those insured or the benefits regulations.

Art. 3 Minimum necessary yield

- 1 The average asset performance (direct returns plus the change in value) must be at least high enough so that, when added to the defined contributions, it will be able to guarantee the regulatory benefits.
- 2 A technical interest rate at a current level of 3.5% will be used to define the benefit plan for both the active insured individuals and the pensioners.
- 3 The increase in the life expectancy of the insured individuals is putting the price up for the lifelong delivery of current and future pensioners. This results in annual costs of about 0.6% of the benefits capital for the active insured individuals and pensioners, and will have to be financed from the yield on assets.

- 4 The management costs of administering for the insured individuals are currently financed from the yields on assets – just like the asset administration costs. The total costs of administration are in the order of 0.4% of the assets.
- 5 This produces a required minimum long-term return of 4.5% on the benefits capital. However, the required performance on the assets also depends on the level of cover in accordance with Art. 44 BVV2 (the Swiss ordinance on occupational benefits for old age, survivors and the disabled) and thus varies from year to year. At a level of cover of under 100%, it lies above 4.5%, while it is under 4.5% when the level of cover is over 100%. This is because, technically, only the benefits capital needs to be interest-bearing.

Art. 4 Investment risks and risk tolerance

- 1 The Pensionskasse is financed in the capital cover process. The level of assets must therefore always be at least as high as the sum of the benefits capital of the active insured individuals, the benefits capital of the pensioners and the technical reserves (known together as the “actuarially necessary benefits capital”).
- 2 The relationship between the available assets and the actuarially necessary benefits capital produces the level of cover. If the level of cover is over 100%, value fluctuation reserves are available. If the target value of these value fluctuation reserves is exceeded, free funds are also available.
- 3 A statistical relationship exists between the anticipated yield on an investment and the amount by which they fluctuate. A higher yield is only possible if higher fluctuations are also acceptable.
- 4 The short-term investment risk lies in the fact that the fluctuations in the yield on investment may lead to a shortfall, i.e. to a level of cover of under 100%. The Pensionskasse’s challenging target yield means that fluctuations in the annual returns must be taken into account. In principle, therefore, a shortfall cannot be excluded.
- 5 On the other hand, the long-term investment risk lies in the fact that the shortfall in investment returns makes it impossible to build up the necessary value fluctuation reserves or (therefore) any means of financing the additional benefits.
- 6 The target value of the value fluctuation reserves must be defined in such a way that a shortfall can be avoided within the next three years with a probability of 95%. The factoring method, which produces a set proportion of reserves for each investment category, should be used for ease of management. These proportions are set out in the separate regulations governing reserves.

Art. 5 Target yield

- 1 The Pensionskasse aims to produce a return of more than the minimum yield on the investment assets so that an adequate value fluctuation reserve can be safeguarded, in addition to the financing required to cover the benefits provisions.
- 2 The target return on the assets changes from year to year, depending on the fund’s level of cover, in a similar manner to the minimum necessary performance on the assets. This figure stands at 6% for the Pensionskasse at present.

II. Investment strategy

Art. 6 Distribution of assets to investment categories

- 1 In order for the Pensionskasse to be able to achieve its target returns within the specified risk tolerance, it distributes its assets between various investment categories. This diversification enables the investment risk to be reduced because the results of the individual categories are independent of each other and are subject to different cycles, and therefore compensate to some extent for each other.
- 2 The strategic distribution of the assets is set out in Section VII. The Pensionskasse does not make direct investments in any investment categories that are not listed there.
- 3 Section VII also lists bandwidths per investment category; these define the permitted deviations from the strategy. If any of these bandwidths are exceeded, there is a strict requirement to undertake an adjustment of the allocation, as described in Art. 12.
- 4 Investments can also be made in the investment categories mentioned by using derivative financial instruments. Currency hedging is exclusively carried out through derivative instruments. The Investment Committee regulates the use of derivatives in the mandate instructions to the Portfolio Manager, with due regard to the statutory government regulations applicable in Switzerland (Art. 56a BVV2).

Art. 7 Avoidance of risk concentrations

- 1 No more than 10% of the total assets may be invested in receivables on a fixed sum of money with an individual debtor (bank credits, bond issues, mortgage titles, mortgage certificates, etc.).
- 2 No more than 5% of the total assets may be invested in a single business interest (shares, participation certificate, participation paper or other such securities).
- 3 No more than 5% of the total assets may be invested in individual properties.
- 4 Direct investments in real estate may be made up to a maximum of 30% of its current market value in exceptional cases.
- 5 None of the securities of the affiliated employers may be held in direct mandates.

Art. 8 Currency hedging

- 1 The Pensionskasse holds a high proportion of foreign asset investments in order to improve diversification. The resulting currency exposure is hedged separately in order to reduce the investment risk, since the Pensionskasse does not expect to achieve any additional yield by taking risks with foreign currencies in the longer term.
- 2 The level of hedging for the individual currencies is set out in Section VII.

- 3 If the currency exposure for collective investments is not precisely known, the currency exposure of the corresponding reference investment index (the “benchmark”) can be used as an alternative basis for hedging.
- 4 The nominal currency of the individual titles (shares, bonds, etc.) contained in the mandate, collective investment vehicle or benchmark is assumed with regard to currency exposure.
- 5 Currency hedging is undertaken solely via derivative financial instruments and within the framework of an “overlay strategy”. Information from the central deposit of securities is used to help consolidate the currency exposure across all investment categories, and to arrange the appropriate currency futures transactions (fixed date sales against the Swiss Franc). The required contracts will be adjusted as necessary, but at intervals of at least once a month.
- 6 Currency hedging is undertaken within the framework of a special asset management contract.

Art. 9 Risk/Return budget for the strategy

- 1 The risk/return profile of the current strategy is described in Section VII. The anticipated performance on the total assets lies above the minimum required yield on the actuarially necessary benefits capital.
- 2 If insufficient equalisation reserves are available, or if a shortfall should even occur in the cover, the risk capacity of the Pensionskasse is reduced. In such cases, the Board of Trustees has a duty to examine the investment strategy. However, the use of any fixed mechanism to control the investment strategy on the basis of the level of cover would be expressly excluded.

III. Putting the investment strategy into practice

Art. 10 Principles

- 1 The Pensionskasse invests its assets in accordance with the investment strategy set out in Section VII. Within the investment strategy, the first concern will be for yields that conform to the market, together with low asset management costs.
- 2 The Pensionskasse will award at least one management contract for each investment category.
- 3 Specific implementation principles exist for individual investment categories. These are described in Section V.
- 4 The selection and supervision of the Portfolio Manager is undertaken on the basis of objective criteria.
- 5 In general, external Portfolio Managers will be used, with the exception of the direct real estate and mortgages areas, which are partly or exclusively entrusted to internal offices.

Art. 11 Active and passive asset management

- 1 Passive asset management means that the reference investment index (benchmark) is emulated as closely as possible. In the case of active asset management, on the other hand, deviations are consciously undertaken from the composition of the benchmark.
- 2 Passive asset management is preferred as a general principle, as a result of the lower costs.
- 3 Active asset management is used in those areas where there is a high probability that a positive contribution can be anticipated, with due regard for the higher costs, or where a purely passive form of management would not be possible.
- 4 The responsibility for the decision about which areas implement active or passive asset management systems will rest with the Investment Committee.

Art. 12 Procedure in the event of a deviation from the investment strategy

- 1 The effective composition of the assets may deviate from the strategic distribution of assets. The possible reasons for this are that:
 - The values, and therefore the ratios, of the various investment categories, change at a different rate;
 - Tactical shifts in weighting may be undertaken on the basis of risk analyses;
 - It may be impossible to enact investments or divestments in illiquid investment segments in the short term.
- 2 If a bandwidth is overshoot or undershot at the end of the month, a rebalancing action will be undertaken for the benefit or at the cost of the neutral strategy weighting. The Management Board will take account of the market conditions and the properties of the products that are being used, with the aim of producing a more cost-efficient rebalancing process at the appropriate time.

- 3 In certain, well-justified cases, the Investment Committee can override the rebalancing regulations. The Investment Committee must then report upon this action to the Board of Trustees.

Art. 13 Investments with the employer

- 1 It is a basic principle that the Pensionskasse may not hold any securities in one of its affiliated companies or its subsidiaries. Such securities are only permitted as part of a passive, external asset management mandate or an external collective investment vehicle, as long as the possibility of any influence on buying or selling decisions in the individual titles by responsible individuals at the Pensionskasse or the employer can be excluded.
- 2 Any balances held by the employer must be restricted to the minimum necessary for the payment process.

IV. The investment organisation

Art. 14 Principles

- 1 The organs of the Pensionskasse act independently and with a focus on the interest of the active insured individuals and the pension claimants when they carry out their functions.
- 2 The fiduciary duty of care is the overriding principle in the handling of benefits funds entrusted to the Pensionskasse.
- 3 Market-based criteria are the only principles upon which the external specialists and companies are selected. The selection procedure is based on the competitive principle. The aim is to find the most suitable provider for the component functions to be assigned.
- 4 The various Pensionskasse stakeholders (e.g. management bodies, insured individuals, pensioners, employers, supervisory authorities, auditors and experts in occupational benefits) must be informed quickly, truthfully, regularly and appropriately to the level in question about the business activities being undertaken in the investment area.
- 5 The “Strategy setting”, “Implementation” and “Monitoring” areas will be clearly separated, and will not be undertaken by the same person.
- 6 The decision-making processes will be structured according to objective criteria, and documented in a way that is open to scrutiny.
- 7 When the investment strategy is being implemented and contracts are being awarded, every effort will be made to achieve the best possible relationship between the benefits to the Pensionskasse and the costs of fulfilling the contract.

Art. 15 Organs

- 1 The management bodies active in the asset investment area comprise the following organs:
 - Board of Trustees
 - Investment Committee
 - Managing Director

Art. 16 Board of Trustees

- 1 The Board of Trustees is the highest decision-making and monitoring organ.
- 2 Its main functions and competences in the asset investment area are as follows:
 - Establishing and periodically checking the fundamental principles of the organisation
 - Establishing the target results and risk tolerance
 - Establishing and revising the investment strategy
 - Designating the Chairman of the Investment Committee, the Members of the Investment Committee and the Managing Director of the Pensionskasse
 - Investment and divestment rights with regard to real estate
 - Issuing directives relating to mortgages

- Preparing and approving the annual financial statement
- Choosing the experts for occupational benefits and the auditor
- Overall monitoring

Art. 17 Investment Committee

- 1 The Investment Committee is elected by the Board of Trustees of Pensionskasse Alcan Schweiz. The period of office of the members of the Investment Committee matches that of the Board of Trustees of Pensionskasse Alcan Schweiz.
- 2 The Investment Committee is made up of internal and external experts in investment matters. The majority of the Investment Committee members must be covered by the Pensionskasse's insurance provision.
- 3 The tasks of the Investment Committee are as follows:
 - Responsibility for the proper implementation of the investment strategy
 - Competence for the tactical adjustment of weighting within the pre-defined bandwidths
 - Decisions about whether the strategy should be implemented by active or passive asset investments for a defined investment area
 - Selection, instruction and monitoring of external agents for asset investments
 - Instruction and monitoring of the internally-managed asset investments
 - Approval of the annual real estate budget
 - Monitoring the movements in the financial and capital markets with a view to drawing the necessary conclusions for the investment strategy and tactics
 - Formulation of proposals to the Boards of Trustees and ongoing provision of information to the Boards of Trustees about the investment activity

Art. 18 Managing Director

- 1 The Managing Director reports directly to the Board of Trustees of Pensionskasse Alcan Schweiz. He is responsible to the Boards of Trustees for providing proper fund management, according to the statutory directives, the associated ordinances and the applicable regulations.
- 2 The functions of the Managing Director are as follows:
 - Deciding upon all matters that are not reserved to the Boards of Trustees or the Investment Committee
 - Liquidity planning and liquidity monitoring
 - Responsibility for internally-managed asset investments
 - Financial accounting and reporting
 - Co-ordination with all the service providers and Portfolio Managers
 - Checking adherence to the bandwidths in line with the applicable investment strategy, and awarding contracts for rebalancing according to Art. 12 if necessary, including the provision of advice to the members of the Investment Committee

- Preparing for meetings of the Board of Trustees and the Investment Committee, including sending out all the necessary decision-making bases in good time (normally at least one week before the meeting)
- Informing the Investment Committee about the performance of the external and internal asset investments and/or passing on the information from the external Portfolio Managers
- Advising the Investment Committee, particularly with regard to aspects that are specific to benefits

Art. 19 Portfolio Manager

- 1 The asset management function for the securities is delegated to Portfolio Managers who are competent to carry out this task and organised in such a way that they can ensure adherence to the Pension Fund Governance principles (Section VI).
- 2 The use of collective investment vehicles is also permitted if they offer financial advantages and are provided by able external Portfolio Managers.
- 3 The Portfolio Managers administer the proportion of the assets allocated to them within their management mandate for a specific segment and/or as part of the prospectuses of collective investment vehicles. The following aspects must be contractually controlled:
 - Investment goals and general directives
 - Permissible investment categories and restrictions with regard to the investments and use of derivatives
 - The benchmark and time frame used to evaluate the performance
 - Anticipated long-term yield and maximum risk tolerance
 - Fee structure and level
 - Reporting
 - Risk control
- 4 The Portfolio Managers report to the Investment Committee via the Managing Director.

Art. 20 Global Custody and securities accounts

- 1 The Pensionskasse has delegated the following functions as part of a contract with the Global Custodian:
 - Centralised custody of securities for all Portfolio Managers, together with their consolidation, including accounts
 - Performance measurement and performance analysis with the appropriate reporting function (at least every 1/4-year)
 - Calculation of the various risk coefficients
 - Depiction of Asset Allocation and comparison with the statutory requirements
 - Reclamation of tax deducted at source and capital gains tax
 - Settlement of stamp duty for mandates or collective investment vehicles that can not be directly settled by the Portfolio Manager

- Securities lending (in accordance with a specific contract)
 - Over-the-counter derivatives for the execution and management of the currency hedging function
- 2 The Global Custodian reports to the Investment Committee via the Managing Director.

Art. 21 Real estate management and accounts

- 1 The real estate management function is carried out by one or more external companies. A contract exists between Pensionskasse Alcan Schweiz and the Real Estate Manager. The main tasks for the Real Estate Manager are specified as follows:
- Administering the Pensionskasse's properties, in particular
 - The rental business
 - Monitoring the condition of the properties and initiating the necessary maintenance work, repairs and renovations
 - Bookkeeping and accounts in relation to the properties
 - Proposing the annual budget, including a rolling 5-year plan
 - Providing advice on all business, legal and constructional matters
 - Representing the Pensionskasse to government offices and the authorities
 - Monitoring the rent policy and implementing any changes
 - Arranging and tracking the insurance required on properties
- 2 The Real Estate Manager reports to the Managing Director.
- 3 The Real Estate Managers have the competence to award contracts of up to CHF10,000 under the approved budget. Contracts worth more than this sum must be approved by the Managing Director. At least two quotations must be put before the Managing Director for any contracts worth more than CHF20,000.
- 4 The Managing Director has the competence to exceed the approved budget by a maximum of CHF250,000 in well-founded cases. The Investment Committee is responsible for higher amounts.

Art. 22 Property valuation

- 1 The Pensionskasse will commission a specialist external company with the annual assessment of the real estate portfolio.
- 2 Normally, the individual properties would be subject to an on-site inspection every four years and any necessary investments or adjustments to the rent would be reviewed. This means that the assumptions for about a quarter of the properties would be specifically reviewed every year, and that the same assessment would be made for the other properties in the intervening years, with due regard to the rolling budget.

Art. 23 Mortgage administration

- 1 The mortgage administration and accounts functions are carried out internally by the Pensionskasse in accordance with the directives issued by the Board of Trustees in relation to mortgage loans.
- 2 The evaluation of the mortgaged assets will be undertaken by the Mortgage Manager, using evaluation software that is updated at least once a year, or by a professional evaluation assessment.

V. Investment categories

Art. 24 Bonds and other face value investments

- 1 Bonds are face value investments. This category covers bonds in CHF and foreign currencies, as well as cash at call held by the employer and short-term cash investments.
- 2 The risks associated with this investment category lie in the credit risk (the credit-worthiness of the debtor may fall, or the debtor may even become insolvent), in the interest-rate risk (the general level of interest may move upwards or downwards, which would result in temporary accounting losses/profits because of the change in the market value), in the inflation risk and (in the case of foreign currency bonds) in the currency risk.
- 3 In the bonds sector, asset management mandates are awarded to external Portfolio Managers, or collective investment vehicles managed by these external Portfolio Managers are employed. Terms of reference are pre-defined with regard to credit-worthiness, life spans and the investment universe.
- 4 One or more money market funds will be used for short-term cash investments in order to reduce the counterparty risk in comparison with a fixed deposit investment or a current account with a bank.

Art. 25 Inflation-linked bonds

- 1 Inflation-linked loans (inflation-linked bonds or ILBs) are also face value investments. In contrast with the bonds mentioned under Art. 24, however, the coupon corresponds to a real portion (which lies under the interest rate for "normal" bonds) and a portion that is linked to inflation. ILBs are especially attractive when inflation lies above the expectations of the market, and less attractive when inflation fails to reach the level anticipated by the market.
- 2 Inflation-linked loans are mainly issued by countries, but not (so far) by Switzerland. The risks associated with this investment category lie in the credit risk, the interest-rate risk and the currency risk.
- 3 An asset management mandate with an external Portfolio Manager, or a collective investment vehicle managed by the external Portfolio Managers is employed for the ILB.

Art. 26 Mortgages

- 1 Mortgages are face value investments. The award of mortgages is made in accordance with directives issued separately by the Board of Trustees. Only properties in Switzerland are used as securities, and only CHF mortgages are offered. According to the directives currently in force, only variable mortgages will be granted. In principle, however, fixed mortgages would also be permitted.
- 2 Mortgages are associated in particular with a credit risk, together with an inflation risk, though this is limited, since the mortgage rate can be adjusted at regular intervals. In addition, fixed-rate mortgages are also associated with an interest-rate risk, together with a somewhat higher inflation risk compared with variable mortgages.

- 3 An internally-appointed Portfolio Manager reporting to the Managing Director is responsible for the award and supervision of mortgages. Decisions about the applicable rates of interest will be made by the Investment Committee.

Art. 27 Real estate

- 1 The real estate investments belong to the material assets category. The performance on real estate investments is made up of net rental returns and the change in the value of the properties. Real estate provides good protection against inflation in the longer term.
- 2 The results and risks are normally higher in the case of real estate than for bonds, but lower than for shares (with the exception of quoted real estate businesses, which may react in a similar way to shares in the short term). Foreign real estate is associated with an additional foreign currency risk.
- 3 Directly-held real estate in residential, business or industrial use in Switzerland, real estate funds or real estate businesses with Swiss and/or foreign real estate in the portfolio and real estate trusts are all permitted. While indirect investments traded on the stock exchange contribute less to diversification, they are usually easier to administer and to trade.
- 4 The real estate investments should reduce the fluctuation risk of the overall portfolio, without causing a penalty in the target yield. Due regard must be paid to producing the best possible cost/benefit ratio when the strategy is being put into practice. Directly-held real estate should be located in the greater Zurich area for reasons of synergy and cost. Investments in other regions of Switzerland and/or abroad are implemented through collective investment vehicles.
- 5 Decisions about the use of indirect investment vehicles are made by the Investment Committee. The annual real estate budget for directly-held real estate is approved by the Investment Committee. The Board of Trustees is responsible for purchases, sales and the more major renovation projects in directly-held real estate.
- 6 Management of the directly-held real estate portfolio is undertaken via one or more external management companies. The annual evaluation exercise is carried out by one or more external evaluation experts. Wherever possible, internal experts will be instructed to supervise new construction and renovation projects in directly-held real estate.

Art. 28 Shares

- 1 Shares are material asset investments. They provide a means of participating in the real gain in productivity of the economy and offer good protection against inflation.
- 2 Their performance usually lies above that of bonds and real estate, but may be subject to powerful fluctuations. The risk can be reduced by distributing the investments between various sectors, different regions of the world and individual titles. Share investments are therefore enacted world-wide, and not mainly in Switzerland (the SMI index concentrates on a few companies and sectors).
- 3 Securities traded on a public stock exchange are permitted
- 4 Asset management mandates are awarded to external Portfolio Managers, or collective investment vehicles managed by these external Portfolio Managers are employed. Terms of reference are pre-defined with regard to the investment universe and the investment style. The external Portfolio Managers will be monitored by the Investment Committee.

Art. 29 Alternative investments

- 1 The term “alternative investments” is taken to mean all those investments that can not be assigned to any of the previous categories.
- 2 In principle, investments in commodities, hedge funds of funds and private equity, which are described briefly in the following paragraphs, are all permitted. The investments in the individual sub-categories should be diversified over a broad range and there must be no reserve liability.
- 3 **Commodities** are investments in raw materials such as mineral oil, gas, precious and industrial metals, farmed products (coffee, cocoa, wheat) etc. These investments are transacted via instruments traded on the stock markets (futures).
- 4 The long-term yield from commodities is partly produced by the anticipated increase in the price of the raw materials, and partly from the “roll-returns” (where futures deals with a long term have a lower price than those with a short term, known as “backwardation”).
- 5 Investments in commodities are made through an asset management mandate with external Portfolio Managers, or collective investment vehicles managed by these external Portfolio Managers.
- 6 **Hedge funds** (HF) are collective investments that follow a very active strategy. The risk lies in the quality of the individual managers and the major reduction in liquidity compared to all other investments.
- 7 The anticipated yield from hedge funds is essentially dependent on the strategy being used. The Pensionskasse expects the use of these investments to result in an improvement in the risk/result profile of the overall portfolio, as well as an additional degree of diversification. The investment vehicle used in this case should therefore follow a complementary strategy in comparison to the traditional portfolio.
- 8 Investments are only permitted in hedge funds of funds, since it would be impossible for the Investment Committee to monitor individual HFs properly. This also takes better account of the diversification aspect.
- 9 The Investment Committee will bring in a qualified and specialised professional consultant to help select the hedge fund of funds.
- 10 **Private equities** (PE) are shares in businesses that are mostly relatively young and are not quoted on the stock markets. They may be located in Switzerland or abroad
- 11 Their anticipated long-term performance lies above that of quoted shares. As well as the usual risks associated with shares, however, Private Equities also demonstrate a marked risk of illiquidity.
- 12 Since PEs, like HFs, also require specialised professional expertise, permission is restricted to investments in collective investment vehicles diversified across several businesses, and a qualified and specialised professional consultant will be brought in to choose appropriate investments.

VI. Pension Fund Governance

Art. 30 ASIP Charter

- 1 The Pensionskasse is a member of the Swiss association of pension funds, ASIP, and therefore has a duty to adhere to the ASIP Charter, issued in 2008.
- 2 The ASIP Charter and its associated directives are issued to all the members of the Board of Trustees, to the Investment Committee and to all the members of the Pensionskasse. They must confirm their adherence to the provisions relevant to them in a written annual declaration.
- 3 External agents must confirm when they conclude the contract, or by request, that they are familiar with the ASIP Charter and that they can ensure adherence to the principles of that charter.
- 4 The results of the annual confirmations will be submitted to the President of the Board of Trustees and the Auditor.

Art. 31 Material benefits

- 1 Those responsible for the Pensionskasse do not gain any material benefits from the activities they carry out on behalf of the Pensionskasse, beyond their ordinary remuneration.
- 2 Small gifts are allowed, as long as they adhere to the following conditions:
 - One-off gift worth no more than CHF200 per item and CHF 2,000 per year and business partner, up to a maximum of 5,000 in total.
 - Invitations to events where the advantages to the Pensionskasse are at the forefront, such as professional seminars. Such events are restricted to a maximum of two days, do not extend to a person accompanying the invitee and must be reachable by car or by public transport.
- 3 Invitations that exceed the limits according to Para. 2 per event or per year may be permissible, as long as they have been approved in advance by the President of the Board of Trustees or the Investment Committee.
- 4 Pecuniary advantages in the form of cash benefits (credit notes, emoluments) are not permitted. Neither are kick-backs, retrocessions or other similar payments that are not based on a written agreement with the Board of Trustees, nor invitations with no apparent business purpose, e.g. to concerts, exhibitions, etc.
- 5 In the case of prohibited pecuniary advantages, the Pensionskasse has a duty to reclaim the improperly-obtained cash value immediately, and it is entitled to initiate sanctions such as a warning or, in certain cases, the termination of the employment relationship or contract, filing a charge of misappropriation of assets.

Art. 32 Trading activities of the people involved in the asset management system

- 1 This article applies to people who take decisions on behalf of the Pensionskasse to buy or sell investment vehicles, or who are informed about such decisions before they are settled.

- 6 These individuals may not use their position to obtain personal pecuniary advantages. “Front running” and “Parallel running” are both forbidden. A holding period of 1 day before and after the relevant transaction is made on behalf of the Pensionskasse therefore applies to personal transactions involving the same investment vehicles, or those derived from them (other classes of funds, derivatives, other title category (names / owners)).

Art. 33 Conflicts of interest

- 1 Any vested interests that could affect independence will be disclosed to the relevant decision-making committee in each case. The same duty of disclosure also applies to any external parties if they are involved in the decision-making processes of the Pensionskasse.
- 2 The duty of disclosure applies to all those with responsibilities for trading in investment vehicles, or who know about these transactions, all those who take part in the selection of business partners, all those who make decisions about the purchase or sale of real estate, and all those who undertake supervisory activities.
- 3 If any conflicts of interest are notified, the relevant decision-making committee will instigate effective measures. This may lead to the affected person staying out of the relevant transaction, or to the exclusion of a business partner from the current quotation process or to the resignation or release of the affected person from his/her function.

Art. 34 Exercising the shareholders' rights

- 1 The voting rights are exercised systematically in the case of direct participations in businesses based in Switzerland. This approach is not possible for businesses based outside Switzerland for cost reasons. It is also not usually possible to use the voting rights in the collective investment vehicles.
- 2 In exercising the voting rights, the Management Board relies upon the latest best-practice rules of conduct with regard to corporate governance. A discussion about voting behaviour in individual cases can be requested at any time by application from a member of the Board of Trustees, the Investment Committee or the Management Board. The Management Board can block titles temporarily from exposure so that the voting right can be exercised.

VII. Strategic distribution of assets and risk profile

Art. 35 Pensionskasse Alcan Schweiz

Investment categories	SAA	Bandwidths for TAA
Nominal values	30%	
Liquidity	4%	0 – 15%
Swiss Franc bonds	6%	4 – 8%
Foreign currency bonds	8%	6 – 10%
Inflation-linked bonds (ILB)	5%	3 – 7%
Mortgages	7%	n/a
Material assets	60%	
Real estate in Switzerland	20%	n/a
Real estate in other countries	5%	3 – 7%
World-wide shares	35%	33 – 37%
Alternative investments	10%	
Hedge fund of funds	5%	3 – 7%
Raw materials	5%	3 – 7%
Private equities	0%	n/a

The main currencies are partially hedged in CHF to reduce the foreign currency risk. The following rules apply:

Hedging the currency risks in	SAA	Bandwidths
USD	50.0%	25 - 75%
EURO	50.0%	25 - 75%
GBP	50.0%	25 - 75%
JPY	50.0%	25 - 75%
CAD	50.0%	25 - 75%
AUD	50.0%	25 - 75%

Risk/Return budget for the investment strategy

According to the scenarios and models of the ALM study carried out in August 2008, the investment strategy has the following risk/results profile

Risk/Return Budget	Strategy
Expected returns (ECOFIN market scenario)	5.0%
Expected volatility (ECOFIN market scenario)	6.8%

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Investment categories	SAA	Bandwidths for TAA
Nominal values	30%	
Liquidity	7%	0 – 15%
Swiss Franc bonds	15%	12 – 18%
Foreign currency bonds	8%	6 – 10%
Material assets	65%	
Real estate in Switzerland	25%	n/a
Real estate in other countries	20%	18 – 22%
World-wide shares	20%	18 – 22%
Alternative investments	5%	
Raw materials	5%	3 – 7%

The main currencies are partially hedged in CHF to reduce the foreign currency risk. The following rules apply:

Hedging the currency risks in	SAA	Bandwidths
USD	50.0%	0 - 75%
EURO	50.0%	0 - 75%

VIII. Final provisions

Art. 37 Date of effectiveness

- 1 These Investment Regulations supersede the previous Investment Regulations, 2005 Version.
- 2 These Investment Regulations come into effect retrospectively as of 1st January 2009, in accordance with the resolution of the Board of Trustees of Pensionskasse Alcan Schweiz dated 5th June 2009 in accordance with the resolution of the Board of Trustees of Ergänzungskasse Alcan Schweiz dated 5th June 2009.
- 3 These regulations can be amended within the parameters of the statutory directives at any time by the Boards of Trustees.