

Pictet Vested  
Benefits Foundation  
(2nd Pillar)

# 2nd Pillar



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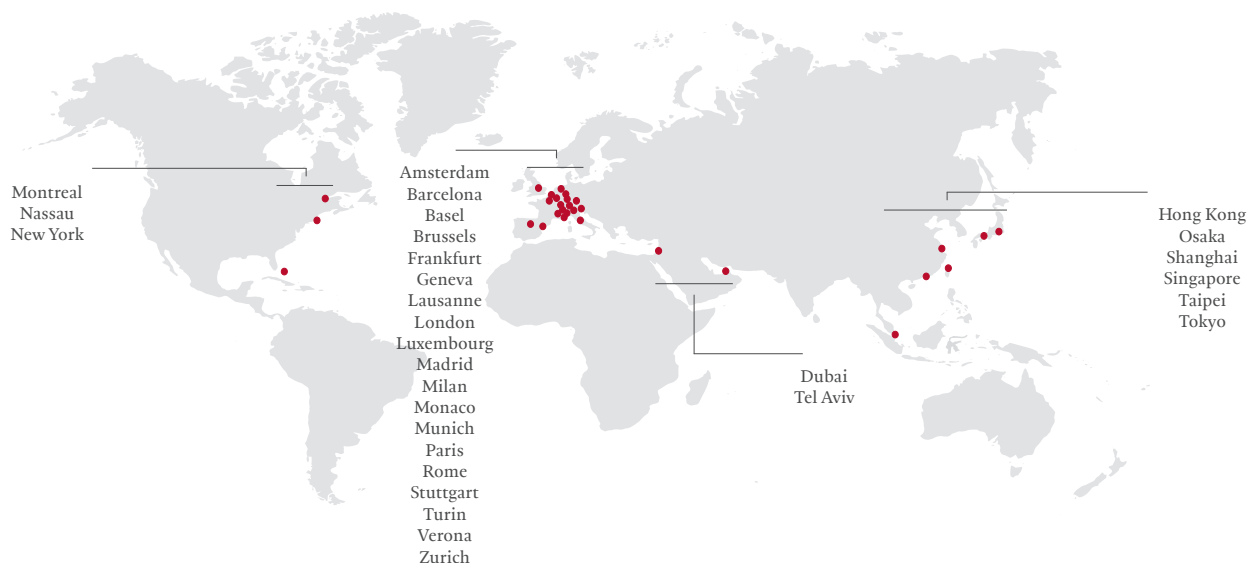
# The Pictet Group

The Pictet Group offers a comprehensive range of services to exacting private clients and prestigious institutions throughout the world: private wealth management, institutional asset management, administration, management and distribution of investment funds, global custody and family office services.

Founded in Geneva in 1805, Pictet is today one of Europe's leading independent wealth and asset managers, with more than CHF 608 billion in assets under management and custody at 31 December 2022. The Pictet Group is owned and managed by seven partners with principles of ownership and succession that have remained unchanged since foundation.

These principles encourage a spirit of collegial management and entrepreneurship, a long-term vision and commitment by the Partners as well as a prudent risk management policy. This policy is expressed in a high liquidity coverage ratio which reflects our conservative balance sheet policies. Furthermore, the Group's equity is well in excess of the Swiss legal requirements, among the most stringent in the world.

The Pictet Group is present on the world's major financial markets and thus able to provide its banking services throughout the world.



# Pictet Vested Benefits Foundation (2nd Pillar)

## CHARACTERISTICS

The Pictet Vested Benefits Foundation (2<sup>nd</sup> Pillar) is a bank foundation that enjoys the special tax exemptions for 2nd Pillar pension schemes in Switzerland.

The Foundation was created on 1 January 1989 for the purpose of managing individuals' vested pension capital accrued under the so-called 2nd Pillar of the Swiss pension system. The net assets of the Foundation are made up of the assets allocated to the different investment portfolios, each one independent and non-consolidated with respect to the others, as well as of the non-invested assets of pension-fund members.

The Foundation lets you pool your vested benefits capital and invest it across different portfolios, offering the following advantages:

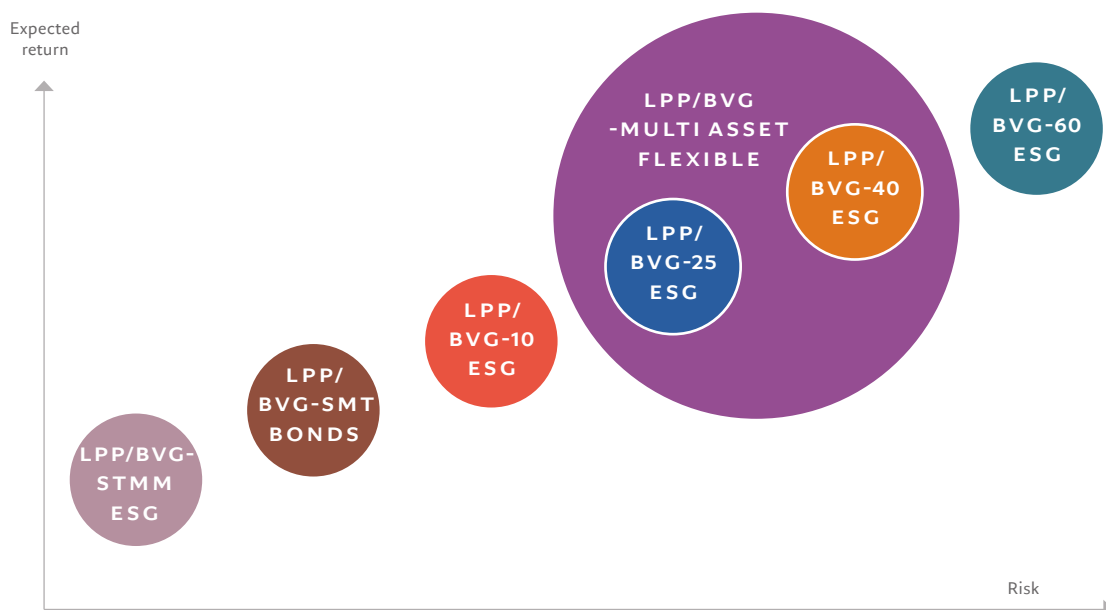
- lower fees;
- greater opportunity for diversification (thanks to larger sums available);
- less overall risk.

## A CHOICE OF PORTFOLIOS FOR EVERY PROFILE

The Pictet Vested Benefits Foundation (2<sup>nd</sup> Pillar) lets you choose the best investment strategy or combination of strategies to achieve your financial goals. You can choose to invest in one or more of the investment portfolios and the amounts you wish to invest in each. You can also decide not to invest all or part of your pension assets during certain periods.

In order to choose the portfolio or allocation that best matches your personal situation, you first need to determine two variables: your risk tolerance (meaning your capacity to accept fluctuations in the value of your investment) on the one hand, and your investment horizon (the length of time you expect to invest your assets) on the other. This horizon depends on your future goals (to purchase residential property, to become self-employed, etc.) and regulations on mandatory pension coverage.

FIGURE 1  
A choice of portfolios to build your allocation

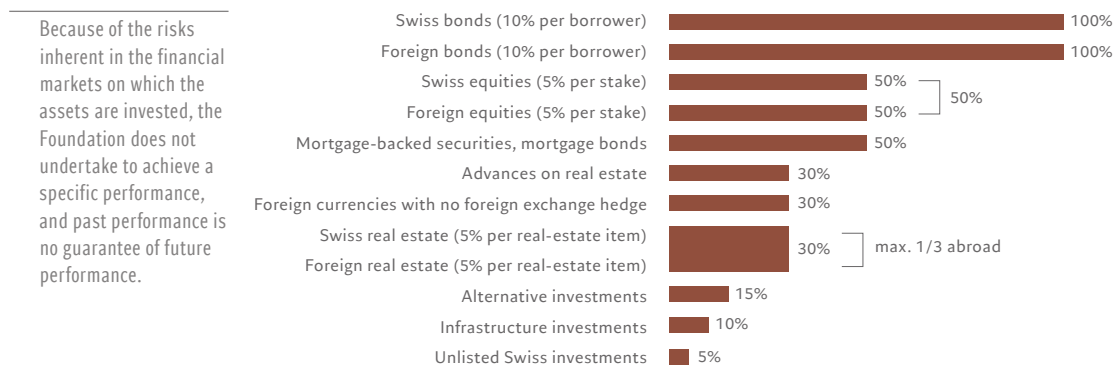


If you are willing to incur risks, you might prefer to choose a portfolio with a higher percentage of equities. You could achieve potentially greater capital appreciation, provided that you are able to withstand potentially higher fluctuations from one year to another. In this case, you need to bear two things in mind: a large equities allocation could cause the value of your capital to fall in the short term; on the other hand, the longer your time horizon, the less risk there is of your capital depreciating.

Figure 1 shows which portfolio(s) might best meet your investment goals.

The assets of the six portfolios are invested within the limits laid down by the Swiss Federal Implementing Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (OPP2/BVV2). These investment limits are as follows:

FIGURE 2  
OPP2/BVV2 investment limits



# Investments in line with our values

FIGURE 3  
Approach to responsible investment



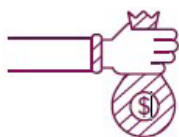
## EXCLUSIONS

Screen investments based on company conduct or products and services considered controversial



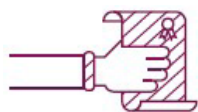
## SUSTAINABILITY THEMES

Construct themes benefiting from social and environmental trends



## PHILANTHROPY

Consider private initiatives, for the public good, focusing on social or environmental outcomes without financial returns



## BEST-IN-CLASS

Select top companies within each sector using ESG criteria



## IMPACT INVESTING

Intentionally seek and actively measure environmental and social impact, with financial return

The LPP/BVG-Short-Term Money Market ESG, LPP/BVG-10 ESG, LPP/BVG-25 ESG, LPP/BVG-40 ESG and LPP/BVG-60 ESG portfolios will be managed in accordance with the principles of sustainable development. Most of the assets will be invested in securities whose issuers are deemed to comply with environmental, social and governance (ESG) criteria.

Responsible Investing covers a broad investment landscape: from environmental, social and governance (ESG) integration – where ESG factors are included in traditional financial analysis – to Impact Investing, where meeting a goal with social benefits is prioritized ahead of financial returns.

The objective of integrating these principles into the investment process is to:

- generate superior long-term risk-adjusted performance;
- influence the actions of management teams through dialogue and/or the exercise of voting rights;
- induce positive social and environmental effects.



# Investment profiles

## **PRESERVATION:**

### **LPP/BVG-SHORT-TERM MONEY MARKET ESG**

You seek a stable return and want to preserve the value of your investment, while taking into account environmental, social and governance (ESG) criteria.

If so, the LPP/BVG-Short-Term Money Market ESG portfolio is for you. This portfolio:

- may invest only in money market instruments and highly rated short-term bonds;
- invests only in securities denominated in Swiss francs or hedged against currency risk;
- focuses on capital preservation;
- has the lowest risk factor of all portfolios.

## **SECURITY:**

### **LPP/BVG-SHORT-MID TERM BONDS**

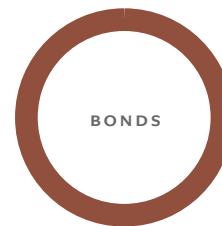
You attach considerable importance to preserving your capital and to security. You want to avoid major price fluctuations and, as such, are ready to forego higher returns for additional security.

THE LPP/BVG-Short-Mid Term Bonds portfolio:

- may invest only in bonds, and the average residual maturity of the portfolio may not exceed three years;
- is particularly geared towards preserving capital; seeks to earn a reasonable return;
- is relatively low-risk.



- 100% in money market instrument and bonds with short maturities



- 100% Short- and mid-term bonds

**DEFENSIVE:  
LPP/BVG-10 ESG**

You seek an attractive performance but want to limit the risk of depreciation in the amount of your capital. You are thus willing to accept some price fluctuations, but to a limited extent.

The LPP/BVG-10 ESG portfolio:

- may invest in all asset classes authorised by OPP2. The equity portion of the portfolio must comprise between 5% and 15% of the total assets;
- limits the chances of the capital decreasing during difficult times;
- seeks to earn a moderate return over time;
- has the lowest risk profile of the five balanced portfolios.

**GROWTH:  
LPP/BVG-25 ESG**

You want to diversify your investments and can readily accept price fluctuations. You expect a higher performance than the LPP/BVG-10 ESG portfolio and are thus willing to incur higher risks.

The LPP/BVG-25 ESG portfolio:

- may invest in all asset classes authorised by OPP2. The equity portion of the portfolio must comprise between 15% and 35% of the total assets;
- offers attractive diversification;
- seeks to earn attractive returns over time;
- has a higher risk profile than the LPP/BVG-10 ESG portfolio as 25% of the portfolio on average is invested in equities.



- 75% Bonds
- 10% Equities
- 15% Misc<sup>1</sup>



- 60% Bonds
- 25% Equities
- 15% Misc<sup>1</sup>

<sup>1</sup> Real estate, alternative investments and precious metals

**FLEXIBILITY:  
LPP/BVG-MULTI ASSET FLEXIBLE**

You are looking for a portfolio that seeks to earn an absolute return in all market conditions thanks to diversification and greater flexibility in asset allocation whilst following strict risk management. You do not want to invest only in traditional asset classes and are willing to accept price fluctuations, but to a limited degree.

The LPP/BVG-Multi Asset Flexible portfolio:

- may invest in all OPP2-authorized asset classes and seeks to earn an absolute return of 3% over the ICE LIBOR CHF overnight rate over a market cycle (3 to 5 years);
- targets average volatility of 5%, which must not exceed 8%;
- seeks to achieve steady capital appreciation over the long term;
- involves a moderate degree of risk, given that particular attention is paid to keeping volatility under control.

**DYNAMIC:  
LPP/BVG-40 ESG**

You want to invest your capital more aggressively in order to earn potentially higher performance for the risks involved. You can accept any degree of price volatility.

The LPP/BVG-40 ESG portfolio:

- may invest in all asset classes authorized by OPP2. The equity portion of the portfolio must comprise between 30% and 50% of the total assets;
- seeks to achieve substantial capital appreciation in the long term;
- offers high performance prospects;
- has a significant risk profile.

LPP/BVG-60 ESG

You are looking to maximize the performance of your investment and are prepared to take significant risks, whilst being able to assume all price fluctuations during the term of your investment. In this case, the BVG/LPP-60 ESG portfolio meets your needs. This portfolio:

- may invest in all asset classes authorized by OPP2. The equity portion of the portfolio must comprise between 45% and 75% of the total assets;
- seeks to achieve substantial capital appreciation in the long term;
- offers higher performance prospects than the other portfolios;
- has the highest risk factor of all portfolios.



- Bonds<sup>2</sup>
- Equities<sup>2</sup>
- Misc<sup>1,2</sup>



- 45% Bonds
- 40% Equities
- 15% Misc<sup>1</sup>

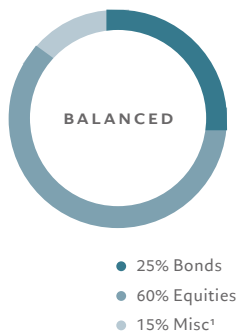
<sup>1</sup> Real estate, alternative investments and precious metals

<sup>2</sup> Weightings subject to fluctuation, depending on the portfolio manager's investment choices, within the limits allowed under OPP2.

**OFFENSIVE:  
LPP/BVG-60 ESG**

You are looking to maximize the performance of your investment and are prepared to take significant risks, whilst being able to assume all price fluctuations during the term of your investment. In this case, the BVG/LPP-60 ESG portfolio meets your needs. This portfolio:

- may invest in all asset classes authorized by OPP2. The equity portion of the portfolio must comprise between 45% and 75% of the total assets;
- seeks to achieve substantial capital appreciation in the long term;
- offers higher performance prospects than the other portfolios;
- has the highest risk factor of all portfolios.



<sup>1</sup> Real estate, alternative investments and precious metals

# Frequently asked questions

## HOW ARE ASSETS INVESTED?

In your capacity as a pension-fund member, you have an inalienable right to a portion of the assets in the Foundation, represented in the form of shares in the respective portfolios.

When a member subscribes to shares in a portfolio, the shares are issued on the day following receipt of the payment.

The subscription price is the net asset value of one share as calculated two business days following the value date of the amount credited to the account.

## HOW TO CHANGE (SWITCH) YOUR ALLOCATION?

You are free to switch the allocation of your capital between the different investment portfolios at any time as your goals, personal circumstances or the financial markets dictate. You may also choose not to invest all or part of your assets at times. Your instructions must be sent in writing to the Foundation, which will make the change on the day following receipt of these instructions.

## WHEN IS THE PENSION CAPITAL PAID OUT?

Your vested pension capital will be distributed to you when you reach the normal AVS retirement age (Art. 13(1) LPP/BVG). Should you die before reaching this age, the capital will be paid out to your designated beneficiary(ies).

You may, however, request that your assets be paid out five years before (at the earliest) or five years after (at the latest) the said retirement age.

## UNDER WHAT CONDITIONS CAN I WITHDRAW MY PENSION CAPITAL?

As a member of the pension fund, you may request the Foundation to redeem your shares (subject to your spouse's or civil partner's consent, if applicable), if:

- you become self-employed and are no longer subject to mandatory occupational pension coverage;
- you use your capital to purchase residential property in accordance with the provisions of Swiss law and relevant ordinances regarding the encouragement of home ownership using retirement funds;
- you use the capital to repurchase benefits from a tax-exempt pension scheme, or for another recognised form of pension coverage;
- you leave Switzerland for good;
- you become entitled to the federal disability pension from the Federal Disability Insurance Fund.

## HOW ARE ASSETS DIVESTED FROM THE FOUNDATION?

If you fulfil the conditions of Articles 9 and 10 of the Foundation's regulations, you may request in writing to have your shares redeemed.

The redemption price is the net asset value of one share as calculated two business days following receipt of the redemption request.

## Contacts

If you wish to track the net asset values of the portfolios and the performances on a regular basis, please go to the “Pension Planning” page of our Internet site [pictet.com](http://pictet.com)

If you would like more information about the Pictet Vested Benefits Foundation (2nd Pillar), please do not hesitate to contact us:

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