

Investment foundations

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Investment foundations (*Anlagestiftungen*) occupy a special place in the Swiss pension system. They are foundations that pool the assets of pension funds for collective investment. Only tax-exempt institutions of occupational provision may invest in them. Each foundation offers several investment groups, comparable to the sub-funds of an investment fund, which invest in Swiss bonds, foreign equities, Swiss real estate, mortgages, infrastructure or mixed portfolios. The investor holds claims in the investment group, valued at net asset value, and participates in the governance of the foundation through the investors' meeting.¹

The first investment foundations appeared in the 1960s. They were created by banks, insurers and pension fund organisations to give small and medium-sized funds access to diversified portfolios, in particular to Swiss real estate, which small funds could not acquire directly in sufficient diversification. For several decades, investment foundations operated without specific statutory regulation, on the basis of general foundation law and the practice of the supervisory authority.² The structural reform of occupational provision changed this by adding provisions on investment foundations to the BVG. The Federal Council supplemented them with the Ordinance on Investment Foundations (ASV) of 10 June 2011, which entered into force on 1 January 2012.³

Under the ASV, investment foundations are supervised by the OAK BV. The ordinance governs their organisation, the composition of their boards, the rights of investors, the delegation of management and the investment rules applicable to each investment group. In principle, the investment rules of the BVV 2 apply by analogy, although real estate and certain other groups may deviate in their concentration when the prospectus discloses this. The prospectus requirement and the approval of new investment groups that hold real estate or alternative investments bring investment

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foundations close to the regime of collective investment schemes, without making them subject to FINMA.⁴

The sector has grown considerably since the ASV entered into force. Dozens of foundations now manage assets exceeding a hundred billion francs, with real estate groups among the largest. Many of the most important foundations are based in Zurich. Basel institutions participate in the market as sponsors and investors, and insurers and banks with a presence in Basel have operated their own investment foundations. Status to be verified.⁵ For a pension fund of a medium-sized Basel employer, an investment foundation is often the simplest way to hold Swiss residential real estate, because the foundation's units can be acquired and redeemed without the transaction costs and management burden of direct ownership.

1 Notes

1. On investment foundations as pension institutions for collective investment open only to tax-exempt institutions of occupational provision (Art. 53g–53k BVG) and the structure of investment groups, see the federal legislation and the publications of KGAST (Conference of Managing Directors of Investment Foundations). To be verified. ↩
2. On the origins of Swiss investment foundations in the 1960s and their development before statutory regulation, see the publications of KGAST and the literature on Swiss pension fund investment. Founding dates of the first foundations to be verified. ↩
3. Ordinance on Investment Foundations of 10 June 2011 (ASV, SR 831.403.2), in force 1 January 2012, on the organisation, investment rules and supervision of investment foundations by the OAK BV. To be verified. ↩
4. On the investment rules of investment foundations (Art. 26–30 ASV), the prospectus requirement for real estate and certain other investment groups (Art. 37 ASV) and supervision by the OAK BV, see the ordinance. To be verified. ↩

5. On the number of investment foundations, their total assets and the share of real estate investment groups, see the statistics published by KGAST and the OAK BV. On investment foundations sponsored by Basel banks and insurers, see their prospectuses and annual reports. Figures and individual foundations to be verified. ↩

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