

Swiss Life Asset Managers Luxembourg

Remuneration Policy

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Remuneration Policy

1. General disposition

Swiss Life Asset Managers Luxembourg (“SLAM LUX”) is a management company within the meaning of Article 101(2) of the Luxembourg law of 17 December 2010 on undertakings for collective investment, and an alternative investment fund manager pursuant to Article 5(2) of the Luxembourg law of 12 July 2013 on alternative investment fund managers.

Therefore, SLAM LUX is subject to the applicable regulatory provisions governing the establishment of remuneration systems as defined under:

- The UCITS Directive 2014/91/EU (“UCITS V”), the ESMA Guidelines on sound remuneration policies under the UCITS Directive (ESMA/2016/575), dated 14 October 2016,
- The Alternative Investment Fund Managers Directive 2011/61/EU (“AIFMD”), transposed into the Luxembourg AIFM Law dated 12 July 2013, as amended from time to time, the ESMA Guidelines on sound remuneration policies under the AIFMD (ESMA/2013/232), dated 03 July 2013 and as amended on 14 October 2016 (ESMA/2016/579),
- The final report of the ESMA Guidelines on sound remuneration policies under the UCITS Directive and AIFMD (ESMA/2016/411), dating from 31 March 2016 (the “Guidelines”).

The present remuneration policy (“Policy”) of SLAM LUX is aligned with and based on its ultimate parent’s compensation policy, Swiss Life Holding AG (the “Group Compensation Policy”), as well as the Guideline Asset Managers Remuneration Principles (AM 5.3) (the “Guideline Asset Managers”). In the context of managing undertakings for collective investment on transferable securities (“UCITS”) and alternative investment funds (“AIFs”) (jointly hereafter referred to as the “Funds”), the Policy sets out principles applicable to the remunerations of its identified staff which are considered as follows (“identified staff”) of Swiss Life Asset Managers Luxembourg, its subsidiaries or branches:

- senior management,
- risk takers,
- control functions ,
- any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on the risk profiles of the management company or of the Funds that they manage,
- staff engaged in front office tasks and distribution at SLAM LUX or its subsidiaries or branches.

The Policy is consistent with the application of the provisions of the European and Luxemburgish laws and regulations related to remuneration and corporate governance. The following principles are applied in such a way and to such an extent that is appropriate to the size, internal organization and type, scope and complexity of SLAM LUX, taking into account the affiliation to Swiss Life Group.

2. Philosophy

The policy is consistent with, and promotes, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the Funds managed nor impair compliance with SLAM LUX's duty to act in the best interest of the Funds and its investors. It is in accordance with the business strategy, objectives, values and interests of SLAM LUX and the Funds that it manages and of the investors in such Funds, and includes measures to avoid conflicts of interest.

The Policy aims at combining remuneration with solid and effective risk management, supports the performance culture defined by the business strategy and forms part of the employment and personnel policy. It is tuned to the business strategy, the targets, the values and the interests of SLAM LUX and Swiss Life Asset Managers and of the assets it manages and includes measures to avoid conflicts of interests. The aim is to retain qualified employees and recruit new, highly skilled staff. The compensation system is to be in line with the market environment and must be competitive.

3. Remuneration structure overview

The policy and practice includes a fixed compensation, a variable compensation based on achievement of the annual objectives, which is generally paid in cash and possibly in shares and, if applicable, as deferred compensation in cash, and a long-term variable compensation component in the form of an equity compensation plan, as well as contributions to occupational provisions and risk insurance and other benefits. Fixed and variable components of total compensation are appropriately balanced and allow the possibility to pay no variable compensation component.

a. Fixed remuneration

The basic salary is determined according to the employee's function and skill set, and is annually re-assessed and adjusted if appropriate. Salary comparison studies and recognized job evaluation systems are used to check appropriateness and to ensure internal and external comparability. The fixed component of the remuneration shall represent a substantial high proportion of the total remuneration allowing SLAM LUX to operate a fully flexible bonus policy.

b. Variable remuneration

The variable bonus in cash and potential participation in the equity compensation plan of Swiss Life Group is based on achievement of the annual objectives. It is determined on the basis of the actual performance of individuals or teams (performance-linked payment) in relation to the objectives set and Swiss Life Group's annual results. As SLAM LUX operates a fully flexible bonus policy, variable compensation may decrease as a result of negative performance but may also go down to zero in some cases.

Quantitative and qualitative performance is also always assessed on the basis of the competencies required

for the function held, such as professional expertise, entrepreneurship, task fulfilment, cooperation and leadership. The percentage weighting between the individual and/or team performance and the share in the business line's success depends on the position and responsibilities of the function holder.

The share in the success is measured using quantitative Group objectives (Key Performance Indicators or "KPIs"). The main KPIs, besides the key figures relating to annual profit, return on equity and solvency, are the savings of the administration costs the risk and fee result and the profitability of the new business.

The share in the company's success is measured using quantitative Group targets (Key Performance Indicators, KPIs), which are defined in advance for the following three years as part of medium-term planning. The main KPIs for the medium-term planning are, besides the annual profit, payout capacity, the planned cost savings, the risk and fee result, new business profitability, the return on equity and solvency (Swiss Solvency Test, SST). In order to avoid conduct aimed at the short-term achievement of key indicators with a higher weighting, the individual KPIs are not mechanically weighted in advance. Their individual weighting is determined at the end of each financial year by the Board of Directors of Swiss Life Group as a whole on the basis of a proposal by Swiss Life Group's Compensation Committee taking all developments into account and consideration (discretionary decision).

Personal performance based on the specified quantitative and qualitative objectives is assessed annually in the employee appraisal procedure implemented throughout Swiss Life Group (Group Performance System or "GPS"). Two (2) assessment elements / models are used for determining objectives and evaluating performance:

- the Group Objectives Model ("GOM") relating to qualitative and quantitative objectives; and
- the Group Competency Model ("GCM") for measuring and assessing individual competencies and behaviour, including the compliance with regulations.

For persons responsible for control functions, the quantitative objectives are set in such a way that performance is not linked to the result of the monitored business unit, specific products or transactions.

In order to be eligible for participating in any variable compensation, a certain GPS target achievement, together with a contract of employment for which notice has neither been given nor received as at the end of the financial year, a regular monthly salary and a level of employment of at least fifty percent (50%).

In particular, SLAM LUX shall be able to withhold bonuses entirely or partly when performance criteria are not met by the individual concerned, the business unit concerned or SLAM LUX seen as a whole. SLAM LUX shall also be able to withhold bonuses where its situation deteriorates significantly, in particular where it can no longer be presumed that it can or will continue to be able to carry out its business as a going concern.

As a matter of principle, no guaranteed variable remuneration is paid. In extraordinary circumstances and only in the context of hiring new staff, an exception to the rule may be made. In any case, such guaranteed variable remuneration is limited to the first year of engagement.

Payments relating to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure.

4. Governance

The Policy complies with the proportionality principle as provided by the Guidelines, and therefore has been conceived in a way and to an extent that it is appropriate to size and internal organization as well as the nature, scope and complexity of SLAM LUX` s activities.

Therefore the Board of Directors of SLAM LUX (the “Board of SLAM LUX”) establishes the general principles of the policy in conjunction with Swiss Life Asset Managers Human Resources. In its supervisory function and in accordance with the Group Compensation Policy and the Guideline Asset Managers, it oversees the remuneration of the identified staff.

The Board of SLAM LUX is also responsible for approving and maintaining the policy, overseeing its implementation and for reviewing it at least annually.

The Compliance Function of SLAM LUX is responsible for keeping the policy up-to-date, including by recommending, after consulting with Swiss Life Asset Managers Human Resources and Swiss Life Asset Managers Legal & Compliance, any required changes to the Board of SLAM LUX. This Policy will be reviewed on a yearly basis by the Compliance Officer of SLAM LUX and given for approval by the Board of SLAM LUX.

No dedicated Compensation Committee has been established at the level of SLAM LUX, as the Swiss Life Group Compensation Committee also covers SLAM LUX.

As a result, this remuneration policy is not primarily controlled by the Managing Director or other Senior Managers.

5. Disclosure

Investors can find more details at:

https://www.swisslife-am.com/en/company/about_us/portrait.html

<https://www.swisslife.com/en/home/about-us/corporate-governance/compensation-policy.html>

In addition, they may request free of charge additional information by writing to:

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