Prospectus for the Senior Secured Loans (CHF hedged) investment group

Investment group in the "alternative investments" category in accordance with Art. 53, cl. 3c BVV2
Compared to traditional investment groups, the investment group may have increased risk.

Swiss Life Investment Foundation

Contents

In case of doubt, the German version shall take precedence.

1 General information

The "Swiss Life Investment Foundation" is a foundation set up in 2001 in accordance with Art. 80 ff. of the Swiss Civil Code and Art. 53g ff. of the BVG by the former Swiss Life Insurance and Pension Company, now Swiss Life Ltd.

The Swiss Life Investment Foundation, based in Zurich, is subject to the supervisory oversight commission for the occupational pension system (OAK BV). The Swiss Life Investment Foundation is designed for tax-exempt occupational benefits institutions domiciled in Switzerland. Its purpose is the collective investment and management of the pension assets entrusted to it by investors.

The Swiss Life Investment Foundation is a member of KGAST (Conference of Managers of Investment Foundations), which obligates its members to meet high quality standards and comprehensive transparency requirements. The highest governing body of investment foundations, the general meeting of investors, provides all investors with the opportunity to exercise direct influence. The Swiss Life Investment Foundation is comprised of several investment groups that invest in various asset classes, such as equities, bonds, BVG mixes and real estate.

This prospectus is for the Senior Secured Loans (CHF hedged) investment group. This investment group is part of the "alternative investment" category in accordance with Art. 53, cl. 3c BVV2

2 Investment concept

2.1 Asset class

The Senior Secured Loans (CHF hedged) investment group of the Swiss Life Investment Foundation primarily invests in senior secured loans. Senior secured loans, also called bank loans, are priority claims against companies that have a sub-investment grade or no rating. They are not registered and they are not traded on an exchange. Trading takes place over the counter on the secondary market between institutional investors. The coupons of senior secured loans consist of an interest component and a credit risk component. The interest component is variable and linked to a base rate. The amount of the risk premium depends on the debtor's risk profile.

2.2 Investment objective

The investment policy aims to achieve long-term capital growth while also diversifying risk. The primary investment objective is to earn income from investments in senior secured loans with minimal price volatility and a low interest rate duration. The investment group also seeks a broad diversification of risk by company and sector.

2.3 Investment guidelines

1. The investment group's assets are mainly invested in unsubordinated senior secured loans of companies in developed countries (OECD member states).
2. A maximum of up to 15% may also be held in other debt instruments or debentures issued by public and private debtors (e.g. high yield bonds), subordinated senior secured loans, collateral loan obligations and equities that result from the conversion of an investment in senior secured loans, whereby this restriction does not apply to investments in debt instruments issued by governments and government-affiliated debtors that are considered cash equivalents (a term of not more than three months). Equities that result from the conversion of an investment in senior secured loans often do not fulfil the criterion of being listed on a stock exchange or traded another regulated market open to the public. These assets must therefore be sold in a timely manner.
3. The investments pursuant to cl. 1 and 2 are subject to the following bandwidths:
   - North America: 50%–100%
   - Europe (excl. Switzerland): 0%–60%
   - Switzerland: 0%–10%
   - Asia Pacific: 0%–10%
   - Other: 0%–10%
4. In the interests of the investors, the investment group may, in justified exceptional cases, temporarily invest its assets in cash, cash equivalents and money market instruments.
5. Foreign currency risks are at least 90% hedged against Swiss francs.
6. No derivatives are used at the investment group level. Any derivatives (including for currency hedging) are used solely at the target fund level.

7. Investment style: active
8. The investment group may hold senior secured loans and assets pursuant to cl. 2 above from at least 50 different debtors, provided there is an appropriate distribution across various industrial sectors.
9. A maximum of 5% of the investment group's assets may be invested in senior secured loans or assets pursuant to cl. 2 above issued by the same debtor, with the exception of debt instruments issued by governments and government-affiliated debtors.
10. A maximum of 25% of the investment group's assets may be invested in senior secured loans or assets pursuant to cl. 2 in the same industrial sector; this restriction does not apply to investments in debt instruments issued by governments and government-affiliated debtors.
11. The individual positions must have a rating of between "Baa1" and "B3" from Moody's or between "BBB+" and "B-" from Standard & Poor's at the time of their acquisition. The investment group may also hold positions that have been downgraded after acquisition to less than "B3" according to Moody's or "B-" according to Standard & Poor's, provided this is in the investors' interests. This restriction does not apply to debt instruments issued by governments and government-affiliated debtors that have a higher rating. In the case of different ratings according to Standard & Poor's and Moody's that are more than two rating levels apart, the lower of the two ratings shall apply. The active acquisition of positions that have a rating of less than "B-" according to Standard & Poor's or lower than "B3" according to Moody's is not permitted. Positions issued by debtors that do not have a rating from Standard & Poor's or Moody's may be acquired on the basis of an internal credit analysis of the asset manager, provided this is in the investors' interests.
12. The investment group generally invests exclusively in collective investments. This is subject, as a rule, to an individual limit of 20%, with the exception of collective investment instruments launched by a Swiss investment foundation, or supervised by FINMA or approved by FINMA for distribution in Switzerland. In addition, the share of a foreign collective investment may be more than 20% of the investment group's assets, provided this investment is approved by a foreign supervisory authority that has concluded a collaboration and information exchange agreement with FINMA (Art. 120, cl. 2e CISA). Fund of funds products are also permitted, provided they do not, in turn, include any fund of funds products. The collective investments must comply with these investment guidelines.

3 Asset selection procedure

As part of the asset selection, the portfolio manager (at the target fund level) conducts an analysis that, among other things, takes account of the following criteria:
- Corporate strategy
- Historical performance of the company
- Financial ratios of the company, with a focus on financial stability (capital structure, cash flows, interest burden, debt level, etc.)
- Analysis of the industry (or industries)
- Quality of the management and an analysis of the ownership structure
- Diversification of revenue by customers, regions and sectors

Only the senior secured loans of debtors whose quality is assessed to be suitable are used.

4 Organisation

4.1 General Meeting of Investors

The highest governing body of the foundation is the General Meeting of Investors, which comprises representatives of all investors. The General Meeting of Investors meets when required by the foundation regulations, but at least once per year.

For the duties and powers of the General Meeting of Investors, please see the Articles of Association and the foundation regulations of the Swiss Life Investment Foundation.

4.2 Board of Trustees

The Board of Trustees is the highest executive body. It has all the duties which are not expressly within the remit of the General Meeting of Investors, the statutory auditors or the supervisory authority. The Board of Trustees represents the foundation to external parties. It defines the investment strategy and the investment guidelines. The Board of Trustees comprises a minimum of five expert members who must be natural persons. The Swiss Life Investment Foundation is entitled to nominate a minority of the members of the Board of Trustees, including the chairman. The other members of the Board of Trustees are to be elected by the General Meeting of Investors. A maximum of one third of Board of Trustee members may be involved in operational management, administration or asset management at the foundation.

4.3 Management Board

The Management Board of the Swiss Life Investment Foundation is responsible for the day-to-day business of the foundation within the framework of the Articles of Association, the foundation regulations, the investment guidelines and any other special regulations, directives and ordinances issued by the Board of Trustees. It also executes performance controlling and coordinates cooperation with the auditor and the supervisory authority.

4.4 Portfolio manager

Portfolio and asset management for the investment group have been delegated to Swiss Life Asset Management Ltd. Swiss Life Asset Management Ltd is responsible for the investments and management of the investment group's assets.

4.5 Statutory auditor

PricewaterhouseCoopers AG (PwC), Zurich branch, has been appointed statutory auditor for the present and until further notice. The statutory auditor reviews whether the Management Board has complied with the provisions of the investment guidelines, the regulations and the Articles of Association. It also verifies the value of contributions in kind.

4.6 Custodian bank and administrator

The custodian bank for the investment group is UBS Switzerland AG. The administrator is Northern Trust (Switzerland) AG.

5 Issue and redemption of claims

5.1 Issue of claims

Investors are, as a general rule, entitled to acquire as many claims as they wish within the framework set by the foundation regulations and in accordance with their own investment guidelines.

Claims are acquired through the issue of new claims by the foundation. Free trading in claims is not permitted.

Claims are issued by means of a subscription notice submitted up to two bank working days before the trade date (see the definition of "trade date" in section 5.5 below).

The subscription notice must be submitted to the Swiss Life Investment Foundation in writing by the deadline specified above. Subscription notices submitted to the Swiss Life Investment Foundation after this deadline will automatically be postponed until the next issue date.

5.2 Issue price

Claims are issued at the net asset value valid at the issue date. The equivalent value of the issue price must generally be paid in cash. With the agreement of the Investment Foundation, it may also be provided as a contribution in kind.

5.3 Redemption of claims

Claims are sold through the redemption of existing claims by the foundation. Free trading in claims is not permitted.

Redemptions are generally made once per month. Claims are redeemed by means of a redemption notice submitted up to five bank working days before the trading day. The redemption notice must be submitted to the Swiss Life Investment Foundation in writing by the deadline specified above.

Investors whose redemption volume exceeds CHF 5 million shall (in deviation from the above provision) be obliged to provide 30 (calendar) days' notice before the trading date of their redemption notice.

Redemption notices received by the Swiss Life Investment Foundation after the deadlines specified in cl. 2 and 3 shall automatically be postponed until the next redemption date.

If the amount of the redemption for a specific redemption date exceeds 4% of the investment group's assets, the Management Board can, at its discretion and in the best interests of current investors, reduce or postpone the redemption. In doing so, it must adhere to the principle of the equal treatment of investors.

In extraordinary circumstances, the Board of Trustees can postpone the redemption of claims in all or individual investment groups. In such a case it informs all investors concerned. In justified cases, claims can be assigned among investors, subject to the prior consent of the Management Board. The postponement may not be for more than two years. The investment group will be liquidated after two years.

5.4 Redemption price

The redemption price of each claim is the net asset value on the date of redemption.

5.5 Issue and redemption dates

Claims are issued and redeemed monthly, generally on the last bank working date of the month (trading date).

5.6 Settlement

Subscriptions are settled within 10 bank working days of the relevant trading date. Redemptions are settled within 22 bank working days of the relevant trading date.

5.7 Contributions in kind

The Management Board may allow an investor to make a contribution in kind for the investment rather than a cash payment. A contribution in kind is only permitted if the senior secured loans or debt instruments that are contributed are consistent with the investment policy and the investment guidelines and do not affect the interests of the other investors.

6 Net asset value

The authoritative net asset value of the portfolio is the consolidated value of the assets held in the portfolio, less the total amount of consolidated liabilities and provisions. The net asset value of the portfolio is calculated monthly for the last bank working day, with the exception of Swiss public holidays and days on which the stock exchanges and markets in the investment group's main investment countries are closed. The basis of the calculation are the liquid assets held at the investment group level, taking account of any fees and withholding tax as well as the valuations of the investments. The net asset value is calculated monthly.

7 Fee structure

The following costs and expenses result in a reduction of the returns that can be achieved on the claims by investors.

7.1 Management fees

Management and administration costs for the management and administration of the foundation and the investment group are charged to the investment group and deducted from the fund's net assets. The fees are charged at the level of the investment group (according to the fees and costs agreement) and/or at the level of the target fund used. The total expense ratio (TER) of the investment group is:

Standard tranche:	0.76% (indicative)
PM tranche [1]:	0.51% (indicative)

[1] Only available to investors who have concluded an asset management contract or another remunerated financial services contract with Swiss Life Asset Management Ltd or another Swiss Life Group company.

7.2 Performance fee

There are no return-based fees.

7.3 Other costs and expenses

In addition to the above fees, there may be additional costs, expenses and taxes at the investment group level and in the underlying target investments. The actual costs of the target fund are included in the annual report for the investment foundation.

7.4 Issuing commission

There will be no issuing commission.

7.5 Redemption commission

There will be no redemption commission.

8 Risk information

The price at which claims are redeemed depends on, among other things, the future performance of the investment group's investments. If the performance is unfavourable, investors risk losing some or all of their invested capital. Because of its special focus, it is recommended that the investment group be used solely for diversification purposes.

Investments in senior secured loans entail the following risks in particular:

8.1 Risks in connection with the credit quality of the debtor

The investment group primarily invests in senior secured loans issued by debtors who have a sub-investment grade or no rating. Compared to investment grade debtors, these debtors have a much higher likelihood of defaulting. Investors must therefore expect individual instruments to default and therefore reduce the returns of the investment group. In some years, this can lead to a negative return for the investment group.

8.2 Interest rate change risks

Rising interest rates generally lead to losses in value on fixed income instruments; by contrast, falling interest rates generally lead to increases in value on fixed income instruments. In the case of variable-rate instruments, such as senior secured loans, the fluctuations in value as a result of interest rate changes are generally lower. However, investors in the investment group can still experience losses in value as a result of interest rate changes.

8.3 Risks arising from restricted liquidity

Senior secured loans are traded over the counter on the secondary market and not on a stock exchange. They are usually traded by institutional investors. Compared to traditional corporate bonds, the liquidity of senior secured loans is lower. This can lead to a higher bid-ask spread and thus to a lower sales price. In an extreme scenario, the liquidity can be severely restricted, as a result of which it may not be possible to sell individual senior secured loans, or this may only be possible at a significant discount. For this reason, it is possible that the liquidity of the investment group may be restricted and it may be necessary to postpone the redemption of claims.

8.4 Risks in connection with the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (approval of high yield bonds)

Investors are responsible for obtaining approval from the relevant corporate body (e.g. board of trustees, investment committee, etc.) for the use of high yield bonds with respect to risk capacity and ensuring that they do not jeopardise the purpose of the pension fund, and for defining corresponding principles with respect to the investment principle, risk/return ratio, correlation with the overall portfolio, investment forms, valuation principles, liquidity and costs.

8.5 Risks in connection with the valuation of the underlying assets

Because senior secured loans are not traded on a stock market, the valuations of the senior secured loans are based largely on price indicators by market participants provided by external providers. As a result, the net asset value of the investment group may deviate from the effective intrinsic value or the value of the proceeds.

8.6 Legal risks

The Senior Secured Loans (CHF hedged) investment group offered by the Swiss Life Investment Foundation invests in senior secured loans to which Swiss law does not apply and whose jurisdiction is outside Switzerland. As a result, the rights and obligations of the Senior Secured Loans investment group offered by the Swiss Life Investment Foundation may deviate from the standards that apply in Switzerland. In particular, the associated level of investor protection may be weaker than for comparable investments under Swiss law and with jurisdiction in Switzerland.

8.7 Political risks

It is possible that investments in the Senior Secured Loans (CHF hedged) investment group offered by the Swiss Life Investment Foundation may be subject to political risks, e.g. risks as a result of nationalisations, expropriations, confiscatory taxes, devaluations of currencies, foreign exchange controls, social or political instability, military conflicts or government restrictions.

8.8 Tax risks

There is a risk that future, unforeseeable tax consequences in individual countries and country-specific regulations will have a negative impact on the returns of the Senior Secured Loans investment group. The tax burden may already be known when the investment is made and consciously accepted as part of the investment decision, or it may become clear over the course of the investment as a result of changes in the relevant domestic or foreign legislation and/or taxation. Neither the Swiss Life Investment Foundation nor the asset manager is liable for any tax consequences.

9 Taxes

Because its income and assets are intended solely for occupational pensions, the investment foundation is exempted from direct federal, cantonal and municipal taxes (Art. 80, cl. 2 of the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans of 25 June 1982 [BVG] in conjunction with Art. 23, cl. 1d of the Federal Act on the Harmonisation of Direct Taxation at Cantonal and Communal Levels of 14 December 1990 [DTHA]).

10 Further information

Investment category
Senior secured loans (Art. 53, cl. 3c BVV 2). The Senior Secured Loans (CHF hedged) investment group is considered a collective investment (Art. 56 BVV 2).

Swiss security number
Senior Secured Loans (CHF hedged) investment group:

Standard tranche:	51 215 713
PM tranche [1]:	51 215 723

[1] Only available to investors who have concluded an asset management contract or another remunerated financial services contract with Swiss Life Asset Management Ltd or another Swiss Life Group company.

Accounting year
1 October to 30 September

Unit of account
Swiss franc (CHF)

Distribution policy
The investment group's net income is generally reinvested annually. The Board of Trustees can decide to distribute net income to investors in proportion to the number of claims they own.

Investor information/publications
Investors can find information about the investment group's performance and the audited financial statements in the investment group's annual report dated 30 September. The annual report will be available on the foundation's website from the end of December (www.swisslife.ch/investmentfoundation). Other investor information (such as monthly factsheet, the foundation regulations, the investment guidelines and the annual and quarterly reports) can also be found on the website.

Amendments and entry into force
Amendments to the prospectus are requested by the Management Board and approved by the Board of Trustees. The amended prospectus is immediately sent to all investors in the investment group in a suitable manner.

This prospectus enters into force on 31 January 2020.

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01.2020