

## Optimisation and expansion of the BVG-Mix product range

*The BVG-Mix investment groups are in strong demand from our customers, as reflected in the sharp increase in total assets of more than CHF 1 billion. The composition (strategic asset allocation) of the current BVG-Mix assets will be optimised for the future environment and the offering expanded to meet new customer needs through the inclusion of the following investment groups:*

- » *BVG-Mix 75 (equity exposure under BVV2 exceeded)*
- » *Liquid alternative investment strategies (CHF hedged)*

### **Optimisation of current BVG-Mix investment groups**

The composition of the BVG-Mix investment groups will be adjusted as part of the optimisation of the strategic asset allocation (SAA) with effect from 31 October 2018 for the following reasons:

- The reduction in interest rates has come to an end and the economic cycle is at an advanced stage.
- New asset classes are available to the BVG-Mix assets as part of the investment foundation.
- The planned changes reflect what has already been implemented in a similar manner to optimise existing Swiss Life Asset Managers institutional mandates.

The key changes to the SAA are as follows:

- The bond component will be reduced by 5%
- The investment universe will be changed to reduce the share of CHF bonds and to increase the component of short-term global corporate bonds (CHF hedged) and emerging market corporate bonds in hard currencies (CHF hedged) in order to profit from higher yields to maturity
- Because of these reallocations, the duration of bond investments will be reduced by about 20% in order to lower interest rate risks
- Overall, the real estate component remains unchanged, but it will now be divided into “Swiss real estate” and “foreign real estate”.
- A quota of 5% is being introduced for alternative investments, which is being covered with the new “Liquid Alternative Investment Strategies (CHF hedged)” investment group in order to optimise the risk/return profile

- Overall, there were no changes to the equity component. The proven “Equity Protect” strategies will continue to be used tactically.

### **Launch of the “BVG-Mix 75” investment group with a higher equity component**

In order to offer investors with a long-term investment horizon and corresponding risk tolerance a new attractive investment solution, the offering will be expanded as at 31 October 2018 to include an additional BVG-Mix investment group with a strategic equity component of 75%. The investment group can be used as part of 3a or 1e solutions and offers investors the opportunity to exploit the long-term return potential of the equity markets even more.

### **Launch of “Liquid Alternative Investment Strategies (CHF hedged)” investment group**

Liquid alternative investment strategies, such as “Multi Asset Risk Premium Strategies”, which aim to achieve stable returns with as little correlation to the returns on traditional asset classes as possible, offer investors an optimal investment solution in the current environment. For this reason, the new “Liquid Alternative Investment Strategies (CHF hedged)” investment group will be launched as part of the optimisation of the SAA of the BVG-Mix investment groups on 31 October 2018 and will be used there within the quota for “alternative investments”.

## Key data for the investment group BVG-Mix 75 (equity exposure under BVV2 exceeded)

Base currency	CHF
Launch date	31 October 2018
Tranches	I
Swiss security no. / ISIN	43583002 / CH0435830028
Direct charge at investment group level	0,03%
Indirectly through the use of investment groups	0,66%
<b>Expected TER</b> <small>KGAST</small>	<b>0,69%</b>
Initial issue price	100.-
Deadline	14.00 p.m.
Subscriptions/redemptions	daily
Calculation of net asset value	daily (D+1)
Settlement method	forward pricing
Valuta	3 working days following allocation of mandate (D+3)
Issuing/redemption commission	none
Distribution policy	accumulating
Reference index	Customized Benchmark
Asset Management	Albert Rusch, Swiss Life Asset Management AG, Zurich
Accounting	Northern Trust
Publication of prices	Bloomberg: ASSL / Internet: <a href="http://www.swisslife.ch/anlagestiftung">www.swisslife.ch/anlagestiftung</a>

## Investment guidelines

- The investment group's assets are invested in the permitted investment categories in accordance with the legal restrictions applicable to debtors, companies, real estate and investment categories, with the exception of the increased equity exposure (non-compliance with the relevant category restriction). The strategic equity component is 75%.
- The following bandwidths apply to the investment group:

	BVG-Mix 75	
	Min	Max
Liquid assets	0%	10%
Bonds CHF	0%	15%
Bonds foreign currency (CHF hedged)	5%	25%
<b>Total nominal values</b> (incl. liquid assets)	<b>5%</b>	<b>35%</b>
Equities Switzerland	25%	50%
Foreign equities	25%	50%
<b>Total equities</b>	<b>55%</b>	<b>85%</b>
Real estate Switzerland	2%	10%
Real estate foreign	0%	5%
<b>Total real estate</b>	<b>2%</b>	<b>10%</b>
<b>Alternative investments</b>	<b>2%</b>	<b>8%</b>
<b>Foreign currencies</b> (without FX hedging)	<b>15%</b>	<b>30%</b>
- Investment style: active
- The bonds have an average rating of at least "BBB".
- Alternative investments in the form of broadly diversified collective investments are only permitted if they have been launched by an investment foundation or are supervised by FINMA or an equivalent foreign supervisory authority.
- The investment group can invest 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 an investment foundation, or supervised by FINMA or approved by FINMA for distribution in Switzerland. Fund of funds products are also permitted, provided they do not, in turn, include any fund of funds products. This restriction does not apply to the investments in item 5. The collective investments must comply with these investment guidelines.
- The circle of investors in the investment group is restricted to employee benefits institutions with tax-qualified provisions domiciled in Switzerland and employee benefits institutions with 1e pension plans domiciled in Switzerland.

The general provisions of the investment guidelines also apply. The investment guidelines and the prospectus are available at [www.swisslife.ch/anlagestiftung](http://www.swisslife.ch/anlagestiftung).

## Key data for the investment group Liquid alternative investment strategies (CHF hedged)

Base currency	CHF	
Launch date	31 October 2018	
Tranches	I	PM*
Swiss security no. / ISIN	43583003 / CH0435830036	43583004 / CH0435830044
Direct charge at investment group level indirectly through the use of inst. Funds	0,35%	0,00%
<b>Expected TER</b> <small>KGAST</small>	<b>0,40%</b> <b>0,75%</b>	<b>0,40%</b> <b>0,40%</b>
Initial issue price	100.-	100.-
Deadline	14.30 p.m.	
Subscriptions/redemptions	daily	
Calculation of net asset value	daily (D+1)	
Settlement method	forward pricing	
Valuta	3 working days following allocation of mandate (D+3)	
Issuing/redemption commission	none	
Distribution policy	accumulating	
Reference index	none Benchmark	
Asset Management	Tatjana Xenia Puhan, Swiss Life Asset Management AG, Zürich	
Accounting	Northern Trust	
Publication of prices	Bloomberg: ASSL / Internet: www.swisslife.ch/anlagestiftung	

\*Acquisition of this tranche is only possible within the context of a special agreement with Swiss Life Asset Managers.

### Investment guidelines

- The investment group invests in a multi-asset portfolio that aims to use short positions to eliminate the systematic risk of long positions in every asset class in the portfolio and generating a positive return by deploying a series of different risk-premium strategies. The investments are not made directly but by way of the “Swiss Life Funds (LUX) Multi Asset Risk Premia” target fund. Foreign currency risks are at least 90% hedged against Swiss francs at the level of the target fund.
- The risk-premium strategies are implemented directly within the target fund or by way of total return swaps, with investments made at any time in at least ten different risk-premium strategies. The direct investments can be made in the form of equities, fixed-income securities or derivatives. When total return swaps are used, the underlying portfolio mirrors the returns on baskets of non-discretionary, rule-based, publicly accessible risk-premium indices. The risk-premium strategies deployed within the various asset classes comprise:
  - Carry strategies, whose aim is to generate value from assets expected to deliver higher returns than other assets with weaker returns;
  - Momentum strategies, whose aim is to generate value from assets expected to continue to develop similarly (positively or negatively) over a period in the future; and
  - Value strategies, whose aim is to exploit the trend for

assets that are relatively more cost-effective to develop better than assets that are relatively more expensive; as well as

- Other risk-premium strategies such as volatility strategies, mean reversion, liquidity, yield curve strategies and hedge arbitrage.

risk-premium strategies possible for the investment group	Equities	Interest	Loans	Currencies	Commodities
Momentum	•	•	•	•	•
Mean reversion	•	•		•	•
Value	•	•	•	•	•
Carry	•	•	•	•	•
Quality	•				
Growth	•				
Size	•				
Volatility	•	•	•	•	•
Low Volatility	•				
Liquidity					•
M&A arbitrage	•				
Implicit dividends	•				
Yield curve		•			
Hedge arbitrage				•	

- The target fund can use derivative financial instruments for the purpose of hedging and investing, including OTC derivatives such as listed futures, options and foreign currency transactions.
- In particular, total return swaps may be deployed to implement the risk-premium strategy at the level of the target fund. Total return swaps may comprise underlyings such as financial indices, equities, corporate bonds, interest rate products, government bonds, currencies, commodities, futures and options. Investments in such instruments are typically undertaken to increase the cost-efficiency of the portfolio's market exposure.
- With the use of derivatives at the level of the target fund, the investment group can achieve leverage of up to 750% of the net assets. Investments that impose an additional payment obligation on the investment group are not permissible.
- A maximum of 10% of the assets can be invested with the same debtor, and a maximum of 5% with the same company.
- In addition to sight and time deposits at first-class banks, the investment group and/or target fund may hold money market investments and money market funds for liquidity management or to collateralise the derivatives. Where there is a lack of investment opportunity, the investment group may invest in Swiss franc debt securities of debtors based in Switzerland, with a term or remaining term of up to 12 months. A minimum requirement for acquisition is an "A" rating and the average rating quality must be at least "A+". Rating quality is assessed using ratings from Standard & Poor's or Moody's.

The general provisions of the investment guidelines also apply. The investment guidelines are available at [www.swisslife.ch/anlagestiftung](http://www.swisslife.ch/anlagestiftung).

## Overview of the strategic asset allocation of BVG-Mix investment groups

Effective as of 31.10.2018

### Strategic asset allocation BVG-Mix investment groups

Investment categories	BVG-Mix 15	BVG-Mix 25	BVG-Mix 35	BVG-Mix 45	BVG-Mix 75
Liquid assets	2%	2%	2%	2%	2%
Mortgages Switzerland	13%	-	-	-	-
Bonds CHF	19%	25%	21%	17%	0%
Bonds foreign currency (CHF hedged)	28%	28%	24%	20%	13%
<b>Total nominal values (incl. liquid assets)</b>	<b>62%</b>	<b>55%</b>	<b>47%</b>	<b>39%</b>	<b>15%</b>
Equities Switzerland	8%	13%	18%	23%	38%
Foreign equities	7%	12%	17%	22%	37%
<b>Total equities</b>	<b>15%</b>	<b>25%</b>	<b>35%</b>	<b>45%</b>	<b>75%</b>
Real estate Switzerland	15%	13%	11%	9%	5%
Real estate foreign	3%	2%	2%	2%	-
<b>Total real estate</b>	<b>18%</b>	<b>15%</b>	<b>13%</b>	<b>11%</b>	<b>5%</b>
Alternative investments	5%	5%	5%	5%	5%
<b>Alternative investments</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Minimum average rating of bonds</b>	<b>BBB+</b>	<b>BBB+</b>	<b>BBB+</b>	<b>BBB+</b>	<b>BBB</b>
<b>Indicative TER (SAA weighting)</b>	<b>0.60%</b>	<b>0.60%</b>	<b>0.62%</b>	<b>0.64%</b>	<b>0.69%</b>

## Five good reasons for our BVG-Mix investment groups

- In accordance with the "Swiss Life Best Select Invest Plus®" approach, the best-qualified asset managers are selected for the securities investment groups and monitored by an independent investment controller
- All investments in foreign-currency bonds are strategically hedged against the Swiss franc
- In the area of Swiss real estate, NAV-based investment groups are used. Such investment groups are not subject to premium discounts as in the case of listed Swiss real estate funds
- The equity investment groups that are used are structured in accordance with best institutional practice (core-satellite approach) and with the use of risk-controlled "Equity Protect" strategies
- High credibility, as the employee benefits foundations for Swiss Life staff invest in the same investment groups as the BVG-Mix assets

### Disclaimer

This publication is not intended as a solicitation or recommendation to buy or sell investment instruments but only serves to provide information. All documents which form the legal basis for any investment decision can be obtained free of charge from the Swiss Life Investment Foundation, P.O. Box 8022, Zurich, tel. 043 284 79 79. The circle of investors is limited to 2nd and 3a pillar institutions and other tax-exempt institutions domiciled in Switzerland set up for the purposes of occupational provisions and persons who administer collective investments for such institutions, are supervised by the Swiss Financial Market Supervisory Authority and exclusively invest funds for these institutions with the foundation. By way of derogation, the circle of investors in the BVG-Mix 75 investment group is restricted to employee benefits institutions with tax-qualified provisions domiciled in Switzerland and employee benefits institutions with 1e pension plans domiciled in Switzerland.

Zurich, October 2018