

Investor Day 2021 Swiss Life Asset Managers

Stefan Mächler, Group CIO
Zurich, 25 November 2021

Asset Managers strongly raising its ambitions with TPAM becoming the main business driver

Top European asset manager with strong position in real assets

- **Attractive investment solutions** supported by strong investment performance, meeting client demands in a persistent low yielding investment environment
- Skin in the game with own portfolio tested **risk-based (ALM) investments** and **co-investment approach** of insurance balance sheet (PAM) with third-party clients (TPAM) providing unique market access
- **Leading institutional real assets¹⁾ manager** at the forefront of forward-thinking industry developments and promising investment opportunities
- Proven track record of **profitable organic** and **inorganic growth**

Key priorities of Swiss Life 2024

- Leverage the pronounced **ALM expertise** via PAM and benefit from **scalability**
- Strengthen the **positions in securities, infrastructure and real estate**
- Embed **ESG into our DNA** and pursue a **CO₂ reduction path** for our real estate portfolio
- Concentrate on **delivery excellence** driving process **optimisation** and **digitisation**
- Raising **ambitions** for the segment result and cash remittance to Holding by 2024
 - Increase **segment result** to CHF 460-490 m
 - Grow **cash remittance** to CHF 750-800 m (cumulative 2022-2024)

1) Real estate AuM of CHF 82.8 bn and infra equity AuM of CHF 4.5 bn as per 30.09.2021

Attractive USPs and unique positioning enabled profitable growth path





Attractive USPs to clients ...

- **Trustworthiness** of the advice provided, exemplified by the **investment performance**
- **Unique investment opportunities** driven by market access and **co-investment strategy**
- Commitment to fully **implement ESG** in the business
- **Relentless delivery excellence** operating market leading IT platforms

... lead to a strong and unique positioning ...

- Leading **institutional asset manager** with a **top 3 position in Switzerland¹⁾**
- Top European²⁾ **real estate asset manager** with a strong focus on ESG and a committed CO₂ reduction path
- Strong **investment performance** with > 60% of funds/mandates ahead of 3-year benchmark/target performance
- Proven ALM investment expertise for **pension schemes** and **insurance companies**
- Broad **European presence** with fund / portfolio management expertise in key markets (CH, FR, DE, UK, Nordics³⁾ & LUX)

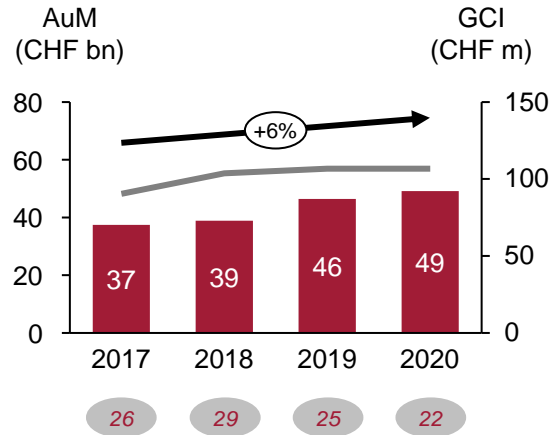
... resulting in successful implementation of Swiss Life 2021

Swiss Life 2021 financial targets		FY 2020	Current assessment
• TPAM AuM FY 2021:	CHF 100 bn	CHF 92 bn	Ahead 
• Total income ⁴⁾ FY 2021:	CHF 950-970 m	CHF 936 m	Ahead 
• Segment result FY 2021:	CHF 340-360 m	CHF 345 m	Ahead 
• TPAM cost / income ratio:	~75%	79% ⁵⁾	Challenging 

1) #3 IPE Survey Top 500 Asset Managers 2021 2) #1 Property EU Top 100 Investors 2015, 2016, 2017, 2019 and INREV Fund Manager Survey #1 2020, #2 2021 3) Acquisition of NRP Real Estate; expected to close Nov. 2021 4) Total income = commission and other net income 5) 76% excl. accelerated amortisation of customer relationship assets

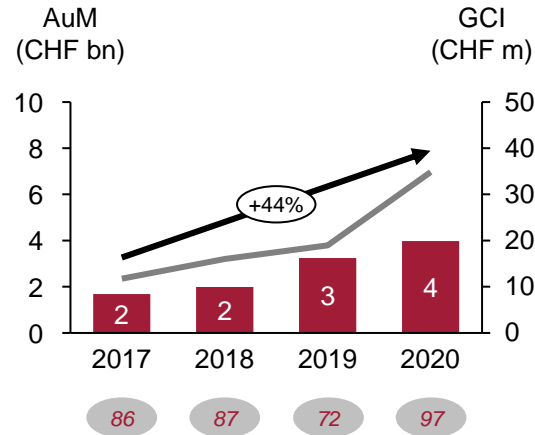
Strong TPAM track record with shift to higher-margin business and sticky assets

Securities (incl. money market)



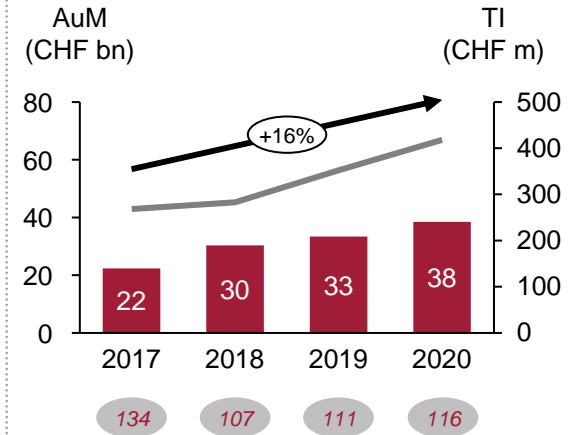
- Leveraged **PAM's expertise** to develop **innovative services and products** (e.g. senior secured loans)
- Supported clients with **risk-based investment philosophy** and **experience**

Infrastructure



- Formed a **compelling infrastructure team**
- **Increased investment size** enabling lead role in consortium
- Increased **expertise in renewable / clean energy** infrastructure via Fontavis
- Launched **infrastructure debt fund**

Real estate (incl. project development)



- Launched **European real estate products** and executed **large real estate transactions** in all Swiss Life markets
- Expanded **project development** business
- Progressed with implementation of real estate **IT platform** across Europe

— Gross commission income (GCI) / Total income (TI) ■ AuM CAGR: $\frac{GCI}{TI}$ *bps* Gross margin calculation method: GCI or TI / \emptyset AuM

Swiss Life 2024 actions based on investment management skills, ESG and stringent execution

Swiss Life 2024 divisional priorities

Build on PAM investment performance

- Continue **ALM / investment experience** and **business success** in PAM
- Leverage **investment know-how** and foster **TPAM offering**

Strengthen positions in securities, infrastructure and real estate

- **Securities:** Strengthen **attractiveness of product range**
- **Infrastructure:** **Consolidate** strengths, competencies, **know-how** and **develop innovative solutions**
- **Real estate:** Further enhance **client propositions** and drive **expansion** into **attractive growth markets**

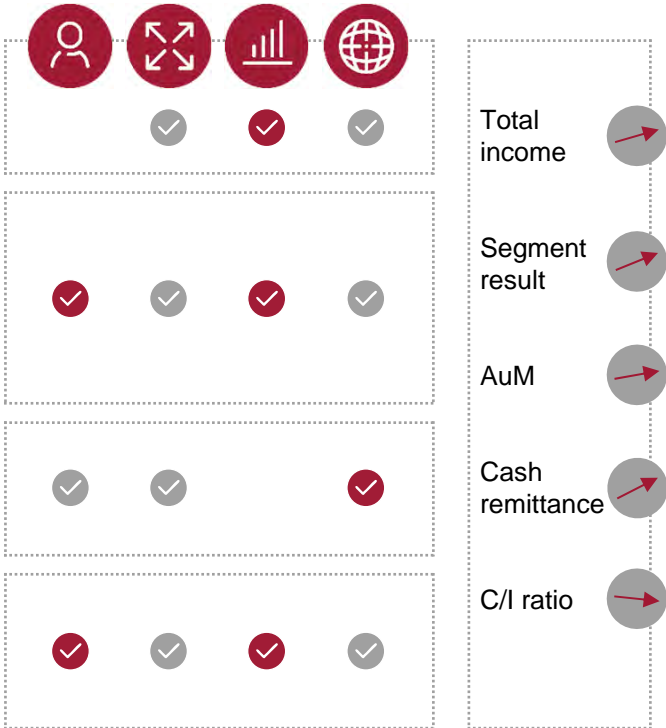
Be a competitive ESG asset manager

- Further **anchor sustainability (ESG)** in **products, services** and **processes** until part of our **DNA**
- Commit to a **CO₂ reduction path** for the real estate portfolio

Relentlessly work on efficiency

- Further **consolidate IT platforms** and **harmonise structures** and **processes** to improve efficiency
- Annual cash expenditures of **CHF 20-30 m for project portfolio**, mainly IT-related

Supported Group strategic actions & KPIs



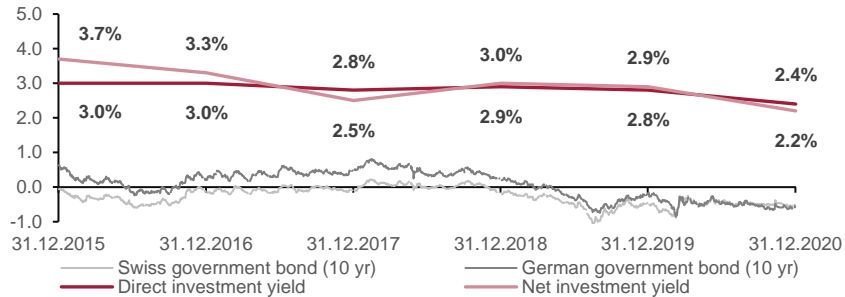
Customer relationships
 Advisory power
 Operational scalability
 Sustainability

Direct impact
 Indirect impact
 CAGR 2020-2024

PAM with its liability-driven investment performance is a catalyst for TPAM growth, ...

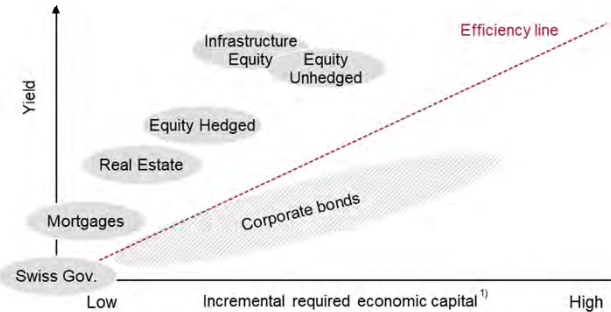
Resilience of investment income despite low interest rates

Yield development, IFRS basis



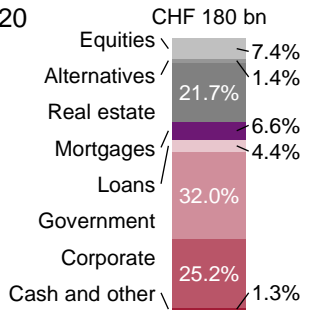
Long-term ALM expertise for insurance balance sheet

Swiss portfolio, marginal investment



Continued capital-efficient investments

PAM portfolio
FY 2020



Reinvestment focus:
Continued focus on capital-efficient investments

- Equity type
- Real estate
- Mortgages (CH)
- Senior secured loans

Key strengths PAM

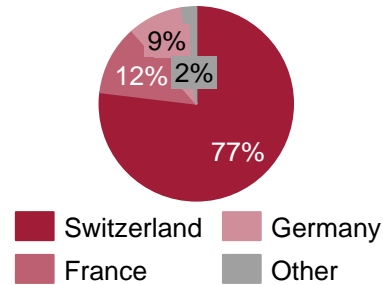
- Continued **disciplined ALM** leads to **narrow duration gap**
- Exemplary **asset protection** driven by **asset allocation and selection**
- **Strong investment performance** despite **low rate environment**
- Proven **expertise in capital-efficient asset classes**
- **Efficient cash management**
- **Cost effective** operation and execution due to **optimised set up**
- Overall, **resilient returns / margins and high capital efficiency** for the benefit of policy and shareholders

1) Based on internal economic model

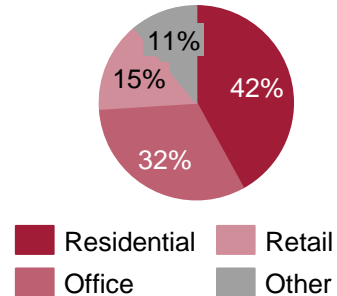
... especially for real estate due to unique insights and access to the market

PAM real estate portfolio

Breakdown by country
FY 2020

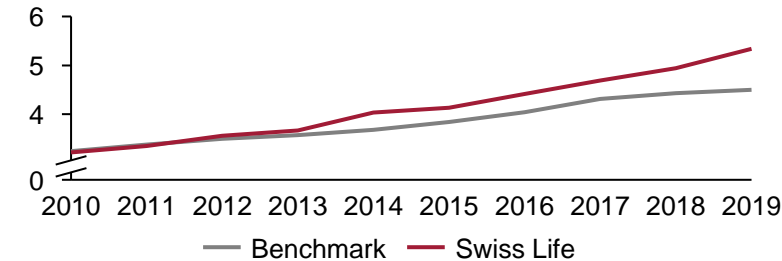


Breakdown by type
FY 2020

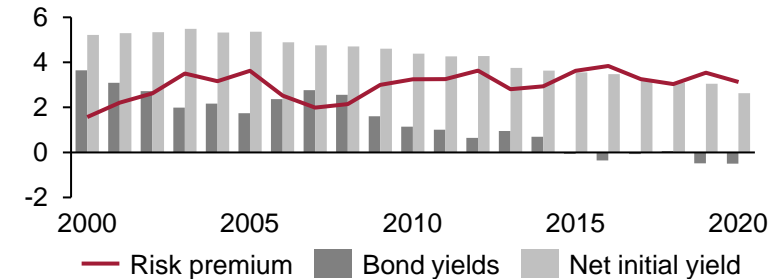


Active management impact and risk premiums

Market value/m² development vs. benchmark in CH¹⁾
CHF thousand



Swiss real estate risk premiums^{2),3)}
In %



Key strengths PAM real estate

- Real estate portfolio with **high location, asset and tenant quality**
- **Stable rental income** covers insurance cash flow needs and is **capital efficient** under SST
- **Higher valuation gains** (37 bps p.a.¹⁾) and **lower operations and maintenance cost** (10 bps p.a.¹⁾) due to **active management and repositioning of individual properties**
- **Low vacancy rates** of 4.2% (Q3 21) and **strong rent collection** of 98% (YTD 2021)
- **Attractive risk premium for real estate investments**

1) Wüest Partner: Benchmark of ~2 000 properties owned by investment foundations and pension funds 2) Vs. CH 10-year government bond 3) Wüest Partner and SNB

Push for profitable growth in all asset classes, ...

Securities (incl. money market)



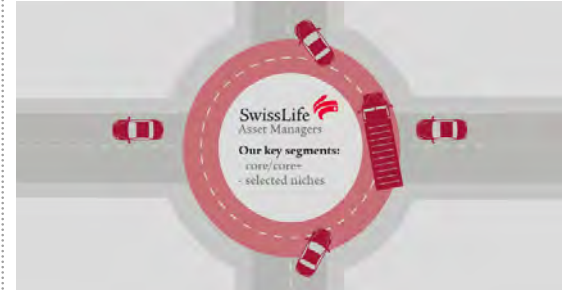
- Keep **strong product shelf in fixed income** including **successful money market** offering
- **Defensive equity funds** remain cornerstone of product shelf, however with **clearer positioning** of individual funds
- Introduction of **thematic equity funds** and addition of **funds suitable for retail clients** (wholesale channel)

Infrastructure



- Exploit **synergies** and capture new **opportunities** arising from **combining** advantages of **infrastructure & real estate** (expand value chain of property owners)
- Offer **attractive risk / return investment strategies** and **market access** to a promising market for additional client segments with different risk profiles (e.g. offering dedicated renewable exposure)

Real estate (incl. project development)



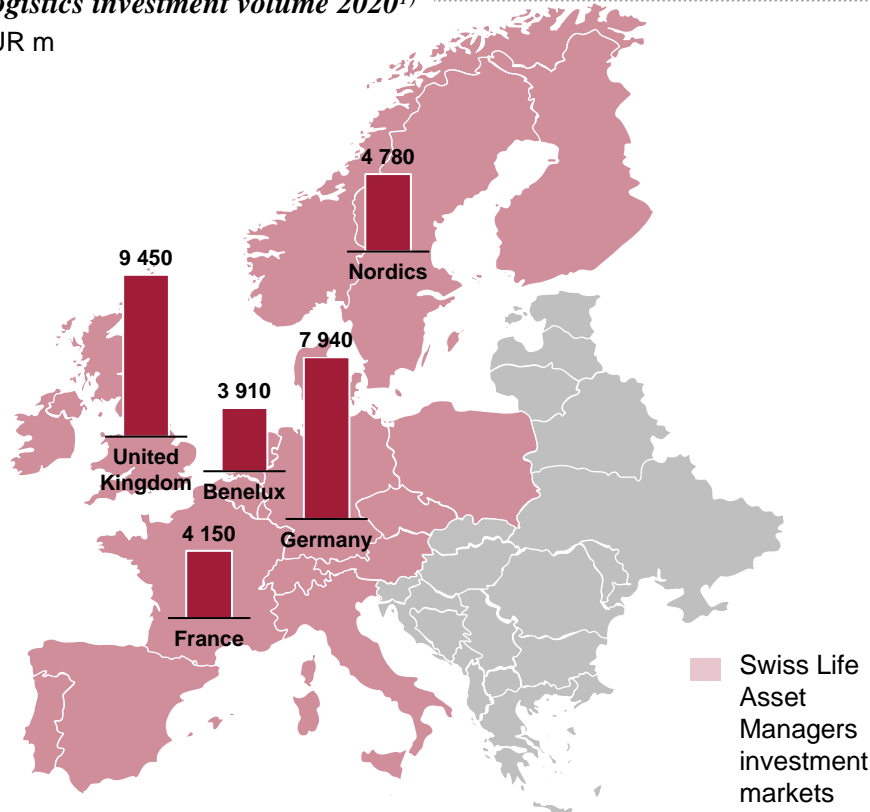
- Further strengthen our position as real estate **gateway to Europe** for institutional investors
- Broaden product offering towards **value adding niches** (e.g. mortgage fund)
- **Increase project development activities** on the back of **well filled pipeline** to generate income and also serve as properties feeder for our real estate funds

Further strengthen **direct sales to institutional clients**, sustain **indirect sales to retail clients** (wholesale) and strengthen **access to investors** in the **Nordics & Asia**

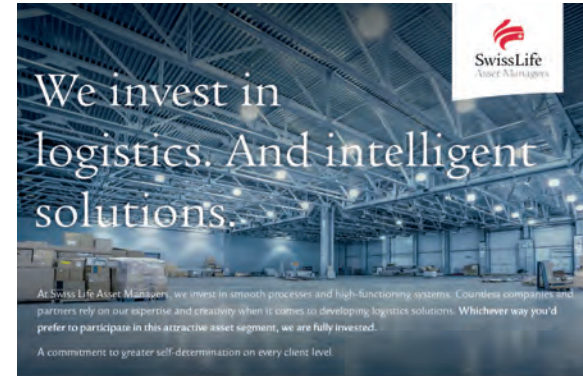
... supported by our geographic presence and logistics expertise

Logistics investment volume 2020¹⁾

EUR m



Swiss Life Asset Managers logistics expertise



- **Strong logistics know-how** via BEOS (industrial and small box logistics), BEOS Logistics (premier big box logistics developer) and Swiss Life Asset Managers (Nordic) AS²⁾ with currently CHF ~8.2 bn AuM and the ambition to substantially **exploit the market opportunities**
- **Control of full value chain:** Sourcing, development, letting, transaction, portfolio management and funds – fuelling own pipeline
- **On-site presence** at the most important **key logistics spots** in Europe and further **expansion planned to cover white spots**

1) Source: BNP Paribas Real Estate 2) Newly established Swiss Life Asset Managers (Nordic) AS via acquisition of real estate business of Ness, Risan & Partners

Solid development in responsible investments ...



Fiduciary duty

<p>90%</p> <p>90% of all assets under management are in scope of ESG integration strategy</p>	<p>194 t¹⁾</p> <p>194 t carbon intensity of Swiss Life government bonds²⁾ (Benchmark: 339 t)</p>	<p>145 t³⁾</p> <p>145 t carbon intensity of Swiss Life corporate bonds⁴⁾ (Benchmark: 243 t)</p>	<p>A+</p> <p>A+ accredited in the Strategy & Governance module of PRI</p>
<p>14</p> <p>14 FTEs are fully dedicated to ESG and in addition supported by 70 ambassadors</p>	<p>18 out of 22</p> <p>18 out of 22 submitted real estate vehicles were Green Star rated by GRESB</p>	<p>2 out of 2</p> <p>2 out of 2 infrastructure funds scored 4 and 5 stars and one in its first GRESB rating</p>	

Intergenerational responsibility

<p>0 CHF</p> <p>0 CHF are invested in companies deriving more than 10% of their revenue from thermal coal</p>	<p>CHF 2 bn</p> <p>CHF 2 bn are to be invested in green bonds by 2023</p>
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Active stewardship

<p>>70</p> <p>In 2021 YTD, over 70 ESG engagements were initiated among our infrastructure assets</p>	<p>310</p> <p>Participated in 310 AGMs in 2020</p>
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<https://www.swisslife-am.com/rireport>

1) Tons CO₂ / USD m GDP 2) Coverage ratio: 100% 3) Tons CO₂ / USD m sales 4) Coverage ratio: 82%

... and commitment to an ambitious decarbonisation path for PAM direct real estate

Path to net-zero

PAM's current real estate portfolio CO₂ intensity consistent with Paris Climate Agreement

70+

Achieved GRESB scores (CH and FR only) between 72 and 77

Enhanced CAPEX

Accelerating CAPEX¹⁾ to CHF ~2.0 bn until 2030

Energy-efficiency solutions

Competence centre

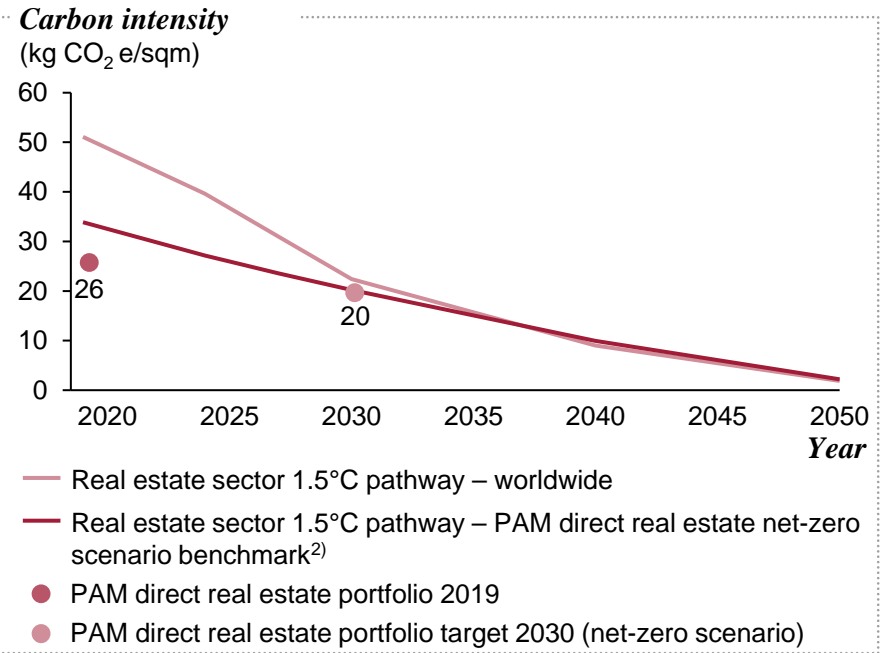
Accelerate decarbonisation of properties by building in-house energy efficiency expertise

Technologies

Investments in solar power, low-carbon heating, cooling, ventilation and e-mobility

Capture value

Unlock financial benefits for owners, tenants and Swiss Life Asset Managers



Swiss Life commits to **reduce the CO₂ intensity of its direct real estate portfolio by 20% by 2030³⁾**.
 With this, Swiss Life is acting in alignment with the targets of the Paris Climate Agreement.

1) Cumulative 2) Country and asset type weightings according to PAM direct real estate portfolio 3) Compared to 2019

Griesheim development: New energy-efficient city district to be built



Energy-efficiency solutions – a natural business field



Usage

Mixed usage: light industrial, storage, logistics, production, office, data centre, laboratory, institutes, coworking space, craftsmen yards, event locations, gastronomy, etc.



Power

Combination of area distribution grid (provided by Stromkontor Griesheim) and self-generated photovoltaic power



Heating & cooling (incl. network for distribution)

Heat-pump system using excess heat from data centres and usage of river for re-cooling (planned carbon neutral)



Mobility

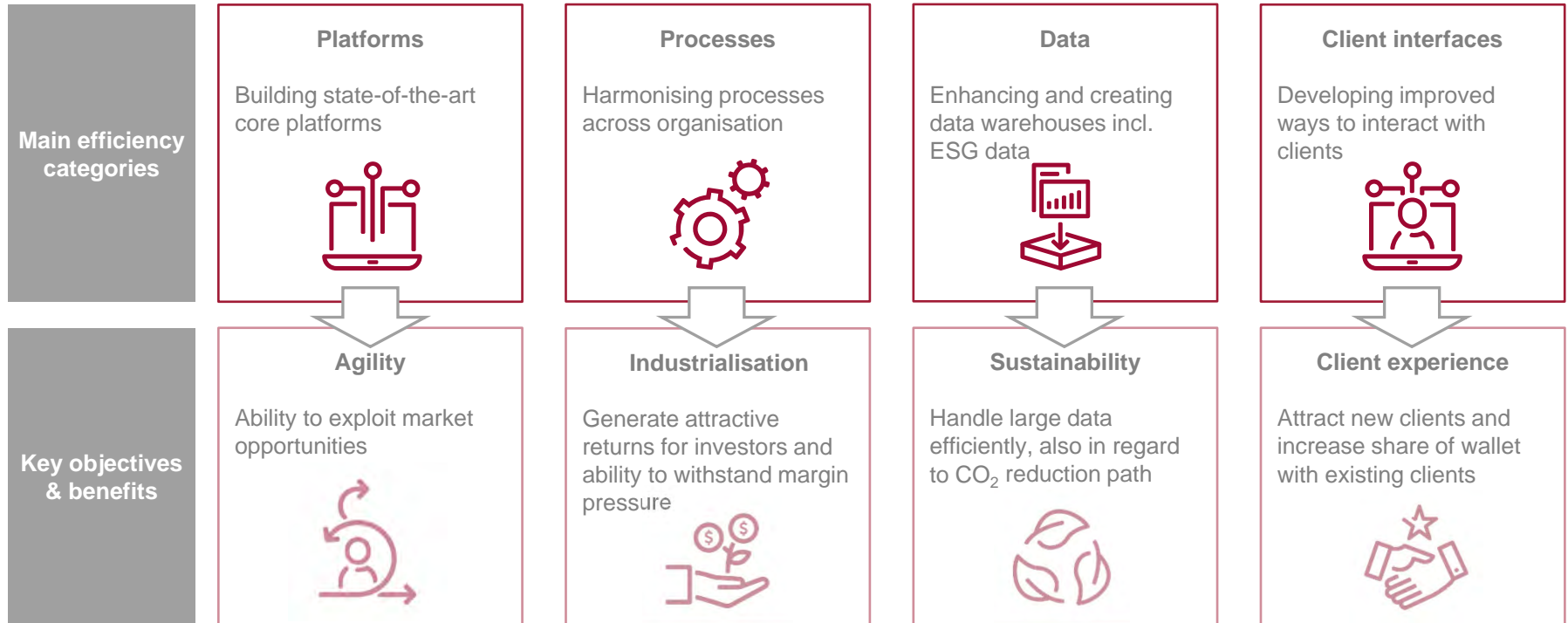
Measures to reduce car traffic (access to public transportation, bus shuttle, car and bike sharing, bicycle path) and public / private fast-charging stations for electric cars



Other

Includes telco (fibre-optic network), installations with open protocol, streetlights, etc.

Relentless efficiency efforts with investments of CHF 20-30 m per annum in the project portfolio

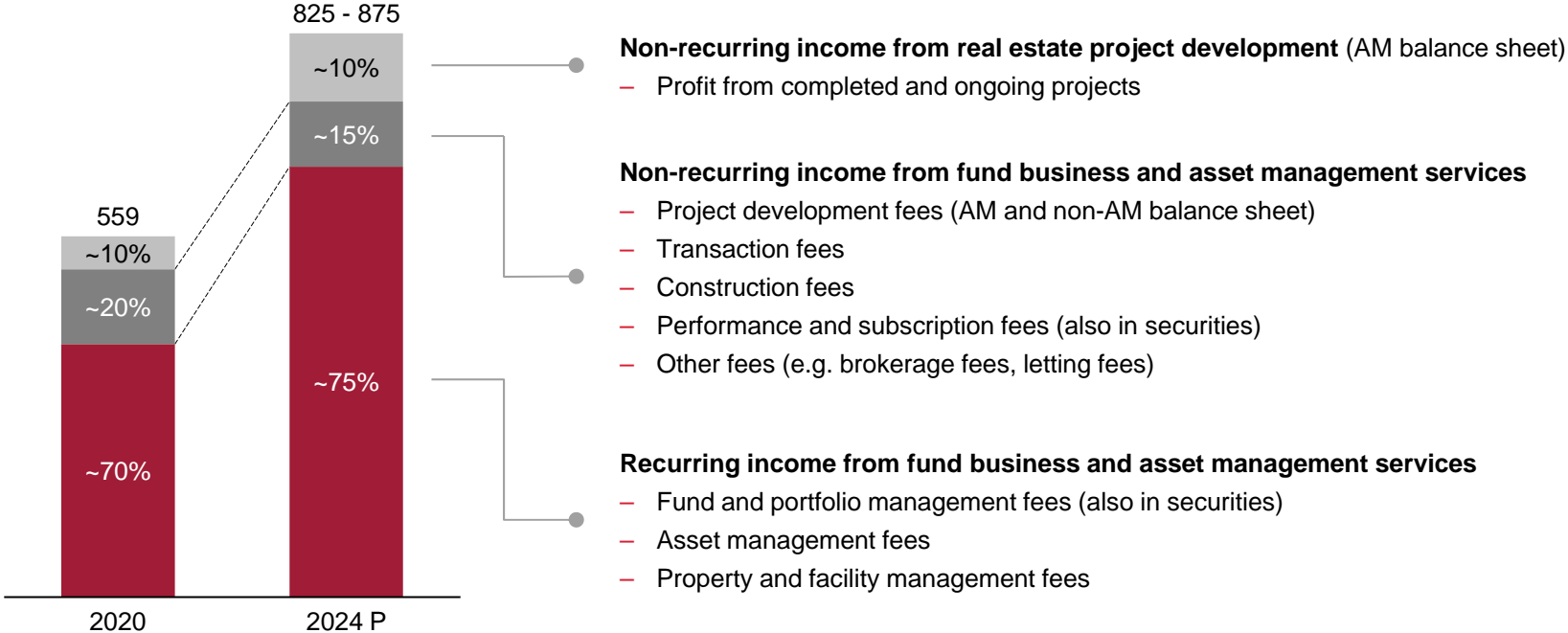


Focus on **efficiency** in order to **manage** increasing regulatory **complexity**, shifting **product demand**, strategic need for **service consistency** / effectiveness and **pressure on margins**

Further TPAM quality improvement as 2024 initiatives lead to growing recurring income

Based on TPAM total income

CHF m



TPAM cost / income ratio: 79%¹⁾ 70-75%²⁾

Non-recurring income from real estate project development (AM balance sheet)

- Profit from completed and ongoing projects

Non-recurring income from fund business and asset management services

- Project development fees (AM and non-AM balance sheet)
- Transaction fees
- Construction fees
- Performance and subscription fees (also in securities)
- Other fees (e.g. brokerage fees, letting fees)

Recurring income from fund business and asset management services

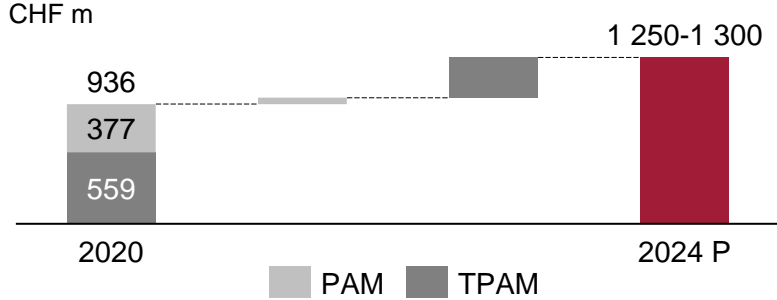
- Fund and portfolio management fees (also in securities)
- Asset management fees
- Property and facility management fees

1) 76% excl. accelerated amortisation of customer relationship assets 2) Excl. Livit and real estate project development

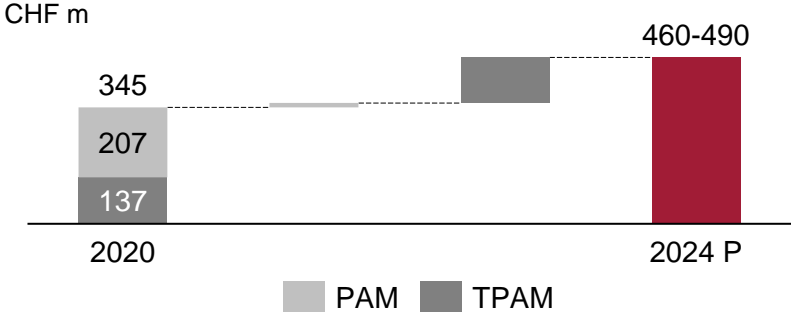


Ambitious Swiss Life 2024 targets backed by further TPAM growth

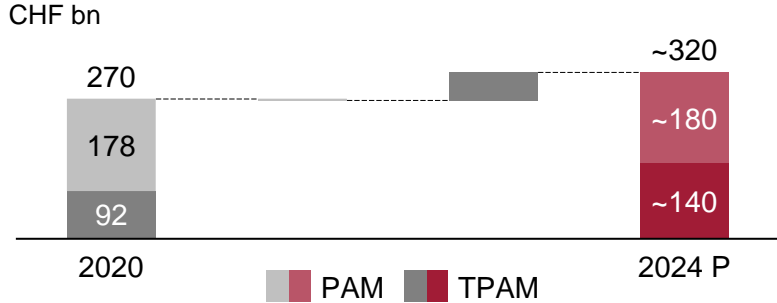
Total income to be further increased



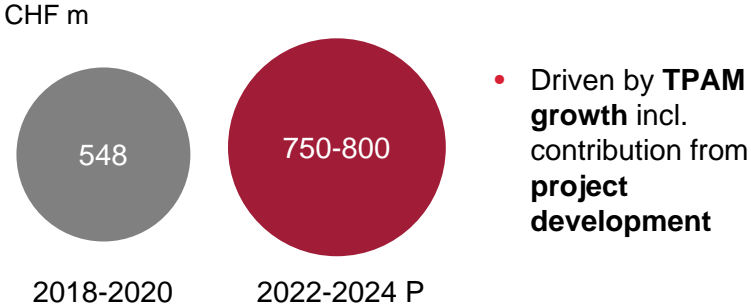
Strong growth of segment result



TPAM AuM to grow to about CHF 140 bn



Cash remittance driven by TPAM



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Contact details and financial calendar

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Financial calendar

Full-year results 2021	01 March 2022
Annual General Meeting 2022	22 April 2022
Interim statement Q1 2022	11 May 2022
Half-year results 2022	17 August 2022

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*We enable people to lead
a self-determined life.*