



SwissLife
Asset Managers

Investor Day 2018 Swiss Life Asset Managers

Stefan Mächler, Group CIO
Zurich, 29 November 2018



Key messages Swiss Life Asset Managers

Where we are today

- **We are a leading institutional asset manager**
 - Top 3 institutional asset manager in Switzerland¹⁾
 - # 1 asset manager in European real estate²⁾
 - > 1 750 employees (> 80% in real estate)
 - Strong ALM investment expertise for pension schemes and insurance companies

What we will do

- **Captive clients (PAM / Proprietary Insurance Asset Manager)**
 - We are leveraging pronounced ALM expertise and benefiting from scalability
- **Third-party clients (TPAM / Third-Party Asset Manager)**
 - We are further strengthening our proven real estate and securities platform
 - We are expanding distribution and harmonising the client experience

What we will achieve with Swiss Life 2021

- We have **ambitious financial targets for Swiss Life 2021**

– TPAM AuM	CHF 100 bn
– Total income	CHF 950-970 m
– Segment result	CHF 340-360 m
– TPAM cost / income ratio	~75%
- We aim for AuM growth above expected European market growth at global industry profitability^{3),4)}

1) IPE Survey 2017 Top 400 Asset Managers in Europe 2) PropertyEU Top 100 Investors, 2015, 2016, 2017 3) PriceWaterhouseCoopers: Asset & Wealth Management Revolution: Embracing Exponential Change 4) The Boston Consulting Group: Global Asset Management 2018: The Digital Metamorphosis

Expect successful completion of Swiss Life 2018 with strong performance and growth

Strong performance and business expansion

- Proven investment capabilities and **resilient investment income** even in a low interest rate environment
- **Diversification of asset classes** into equities, multi-asset, infrastructure and loans
- Existing business set-up allows leveraging of **Mayfair Capital** and **BEOS acquisitions**

Faster growth than market

- **Double-digit AuM growth** (%) exceeds European asset management industry growth¹⁾
- Swiss Life AST (# 7) **fastest growing** top 10 **investment foundation** in Switzerland
- **Share of wallet** increase exemplifies quality of the platform and product offering
- **Large scale real estate transactions** highlight skills (full value chain) & financial (risk) capacity

Expect to successfully deliver on Swiss Life 2018

Swiss Life 2018 financial targets

- | | |
|-----------------------------|---------------|
| • Third-party clients (AuM) | CHF 50 bn |
| • Total income | CHF 640-660 m |
| • Segment result | +30-40% |

FY 2017

CHF 61 bn
CHF 689 m
+37% ²⁾

Current assessment

Exceeded	✓
Ahead	✓
Ahead	✓

1) The Boston Consulting Group: Global Asset Management 2016: Doubling Down on Data; The Boston Consulting Group: Global Asset Management 2017: The Innovator's Advantage; The Boston Consulting Group: Global Asset Management 2018: The Digital Metamorphosis 2) Compared to FY 2014

Swiss Life Asset Managers grows faster than the European market at industry profitability level

Industry growth¹⁾ and cost / income ratio²⁾

USD tn, CAGR in %	2004		2016		2025 E
North America	19.9	7%	46.9	5%	71.2
Europe	12.9	5%	21.9	6%	35.7
Asia-Pacific	3.9	10%	12.1	10%	29.6
Middle East / Africa	0.0	n.a.	0.7	10%	1.6
Latin America	0.6	15%	3.3	9%	7.3
Global industry cost / income ratio		~65%			

Swiss Life growth

CHF bn, CAGR in %	2014		2016		2021 P
TPAM	33.7	21%	49.6	15%	100.0
SL AM cost / income ratio by 2021: 60-65% (TPAM ~75%)					

Comments

- Investments in asset management products are sizeable and expected to **grow substantially** until 2025
- Europe is an attractive market** due to its size despite lower growth rates than other markets
- Historically, the industry has proved to be **profitable** and remained at a similar cost / income ratio level even during periods of margin compression
- Swiss Life Asset Managers** expects to grow significantly above market in the third-party business
- Profitability measured by **cost / income ratio** for overall Swiss Life Asset Managers estimated at or **below** the current **global industry average**

1) PriceWaterhouseCoopers: Asset & Wealth Management Revolution: Embracing Exponential Change, 2017 2) The Boston Consulting Group: Global Asset Management 2018: The Digital Metamorphosis

Leveraging the captive asset management capabilities key for further growth

Products / services

- **TPAM credibility** due to PAM investment know-how
- **Diversification** of TPAM product offering
- High **maturity level** of the **real estate business**
- **Growth of investment foundation (AST)** in Switzerland

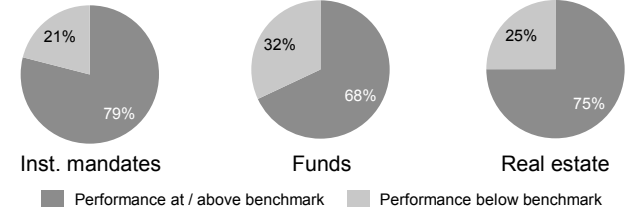
Platform

- Success / visibility of real estate **attracts talents**
- **Integrated securities IT platform** across locations
- **Simplification** of operating structure



Performance

- PAM investment / ALM results
- TPAM performance (3-year)¹⁾:

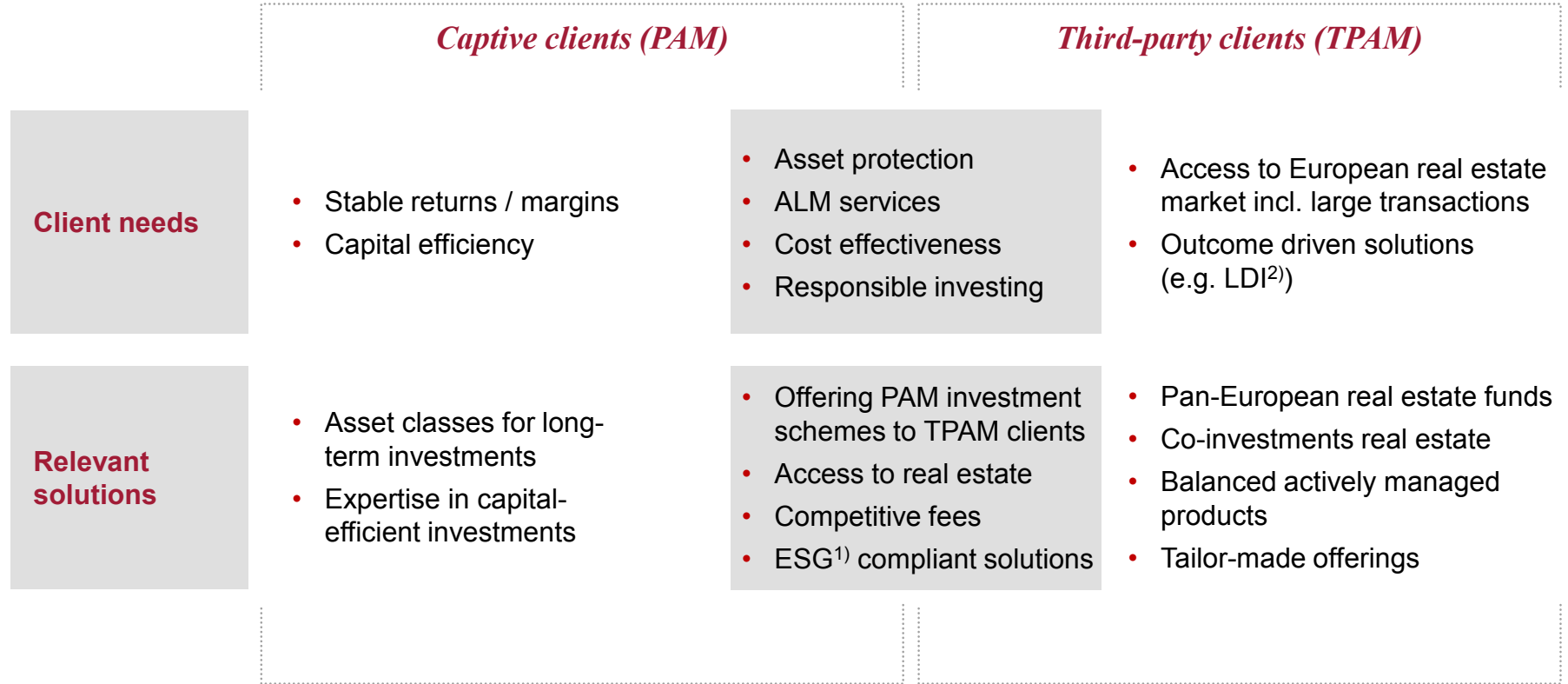


Distribution

- Development from a Swiss asset manager into a **European asset manager**
- **Investment expertise** in close proximity to client domicile
- Ability to increase **share of wallet** with existing clients

1) Volume weighted as of September 2018 and June 2018 for real estate

We put client needs at the centre of our attention and provide relevant solutions



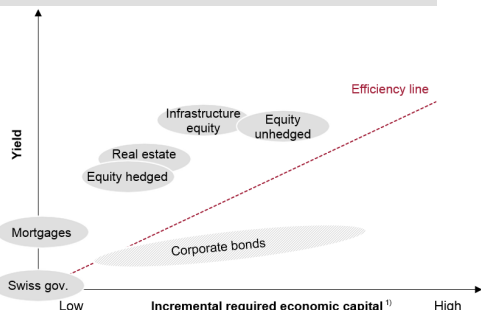
1) ESG = Environmental, Social, Governance 2) Liability driven investments

We offer captive clients a resilient investment performance despite low interest rates

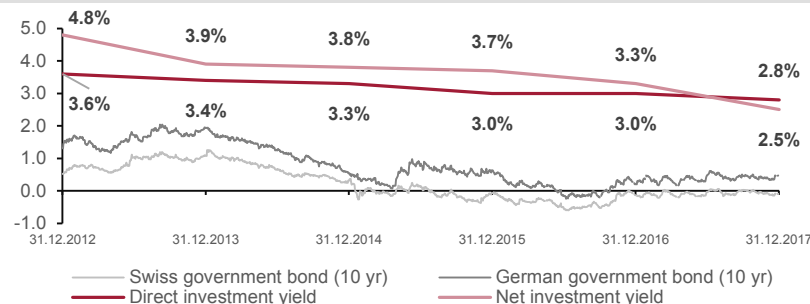
Captive clients
(PAM)

Long-term ALM expertise for insurance BS

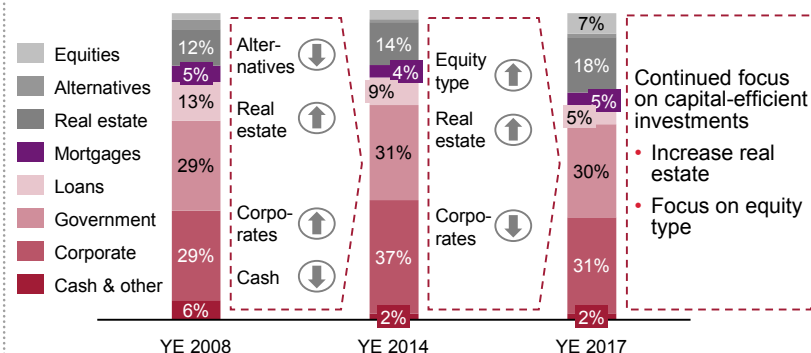
Swiss portfolio,
marginal investment



Resilience of investment income despite low interest rates



Continued capital-efficient investments



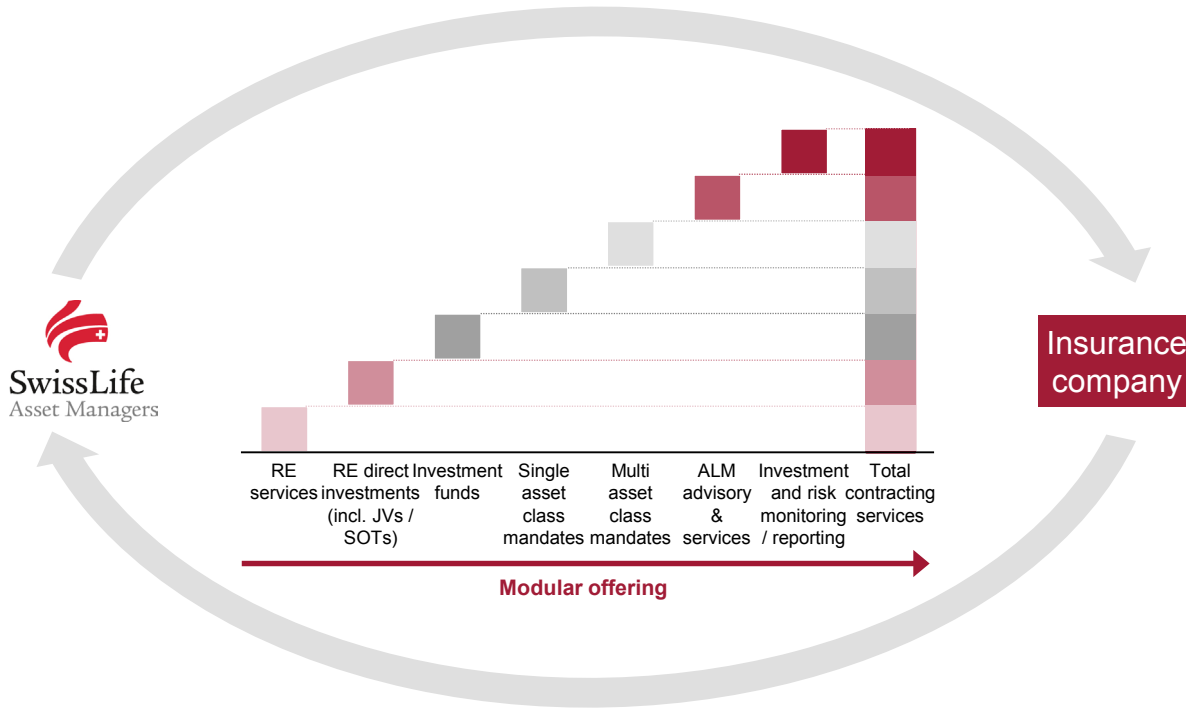
Additional strengths

- Low cash holdings due to **efficient cash management**
- Large real estate business with **competent access to European real estate market** at competitive prices
- **Negligible impairments / defaults** in fixed income
- **Competitive fees**, especially in Swiss BVG business
- **SST expertise** as basis for additional TPAM business

We are a preferred partner for outsourcing the investment function

Third-party clients
(TPAM)

Total contracting services – modular outsourcing offering



Example for a health insurer

Outsourced services

- Securities asset management mandate
- ALM advisory and services
- Investment and risk monitoring / reporting

Total contracting service concept

- Possible from a regulatory perspective
- Provides a win-win situation
- Allows the partners to focus on their core business

Project development is an important pillar for our real estate business

In a nutshell

- Project development constitutes an important value driver with solid fee income and investment returns for Swiss Life Asset Managers
- Business includes both **development-to-sell and to-hold** objects
- **Ambition to grow** project development activity to generate
 - Development profits
 - Transaction fees
 - Other fees
- Continuous **renewal of project pipeline** for own balance sheet and third-party clients through land purchases

Examples of real estate project development



Berlin, Adlershof

- ~62 300 sqm, office
- Completion: 2019



Cologne, Reiterstaffel

- ~45 000 sqm, 495 apartments
- Completion: 2018

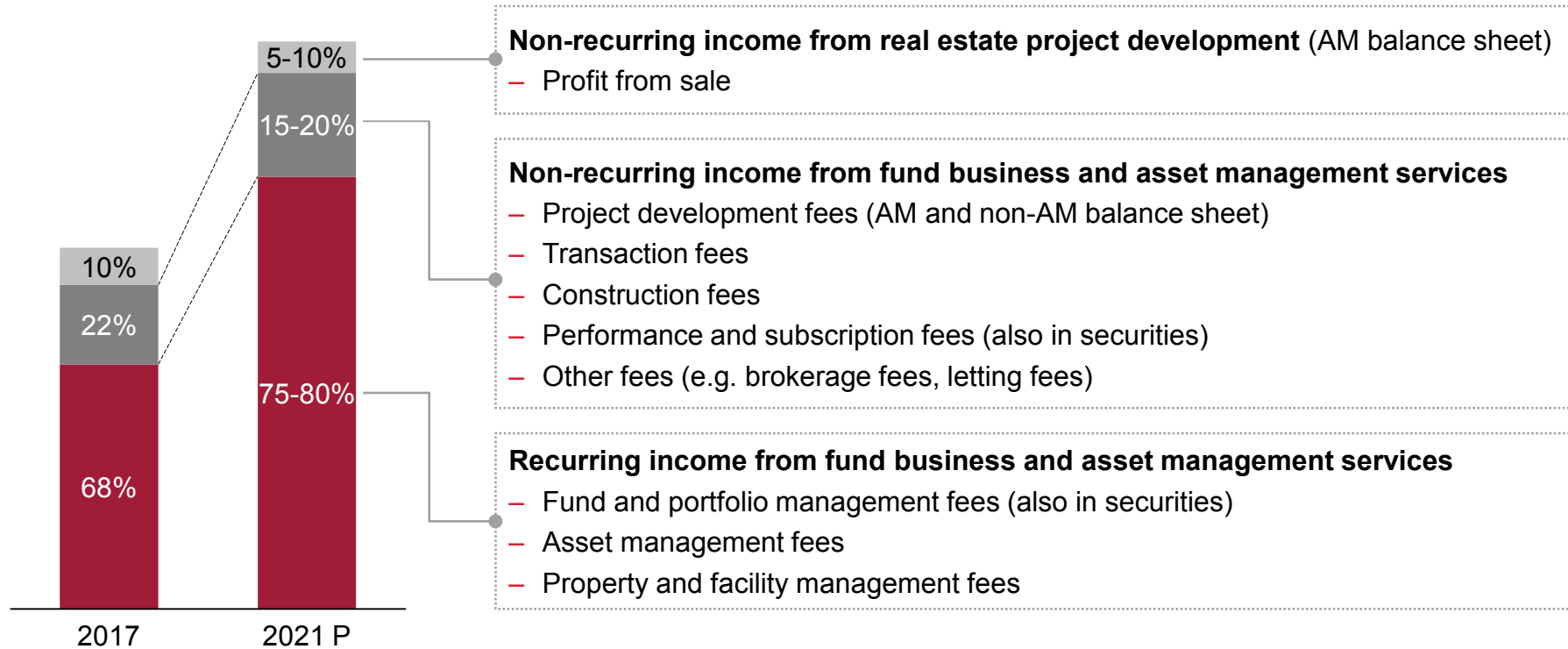


Berlin, Dock 100

- ~86 000 sqm, business park (office, warehousing, production)
- Completion: 2018

Total income quality expected to increase, however non-recurring fees remain important

Based on TPAM total income



Initiatives to further leverage our strengths

Focus on preferred segments

- Expanding **captive** and **third-party distribution**
- Launching **real estate access** for **international clients**
- Implementing and reporting of **sustainability¹⁾** related activities

Promote attractive propositions

- Ongoing implementation of **ALM driven asset allocation**
- Leveraging of **PAM expertise** for the benefit of third-party clients
- Delivering **risk-based investment philosophy** and products

Make customer relationships more rewarding

- Transforming **client needs** into attractive products / solutions
- Increasing **visibility of securities business** in the market by promoting successful propositions
- Multiplying the success with existing clients by additional sales efforts to attract **new clients**

Improve productivity

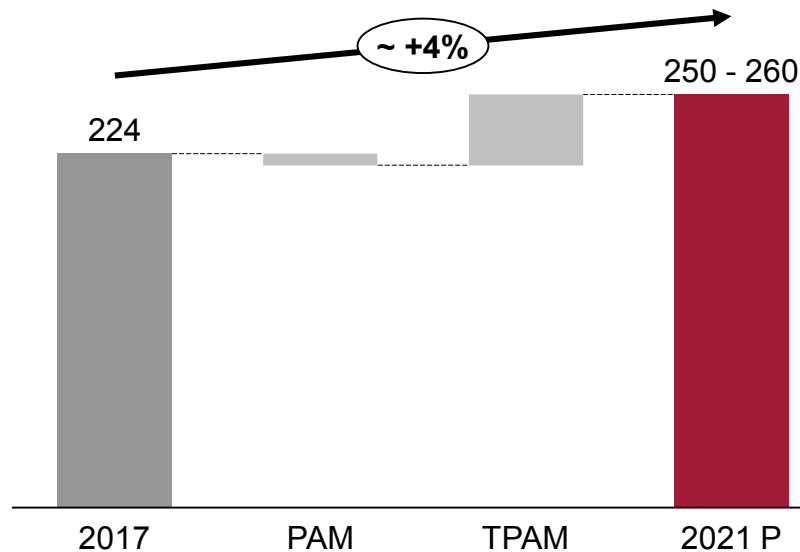
- Increasing alignment and automation of **real estate IT platform**
- Continuing **operating model** adjustments
- Improving efficiency by **larger volume funds / transactions**

1) E.g. ESG, incl. PRI signatory and GRESB membership

Significant AuM growth in TPAM based on a strong product portfolio and targeted initiatives

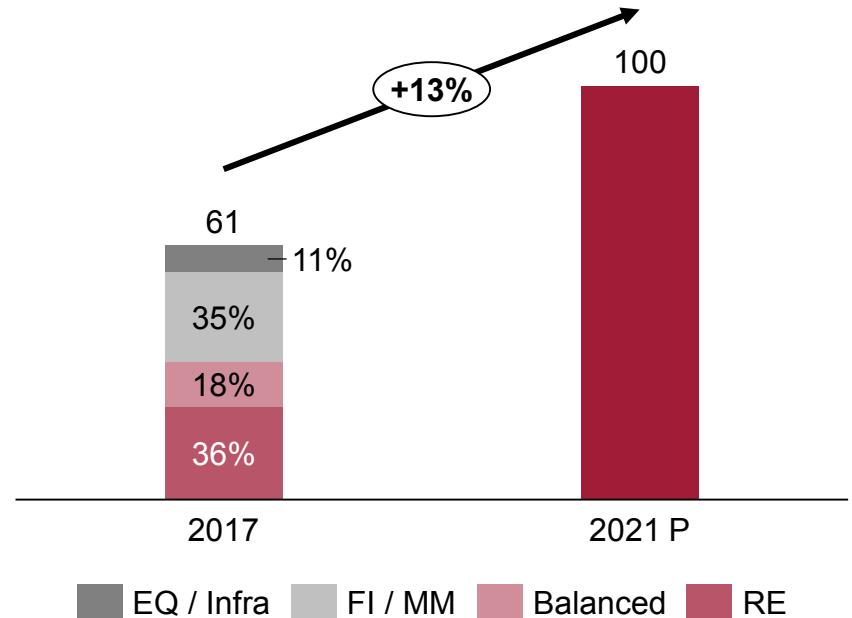
Total AuM development

CHF bn, CAGR in %



TPAM AuM development

CHF bn, CAGR in %

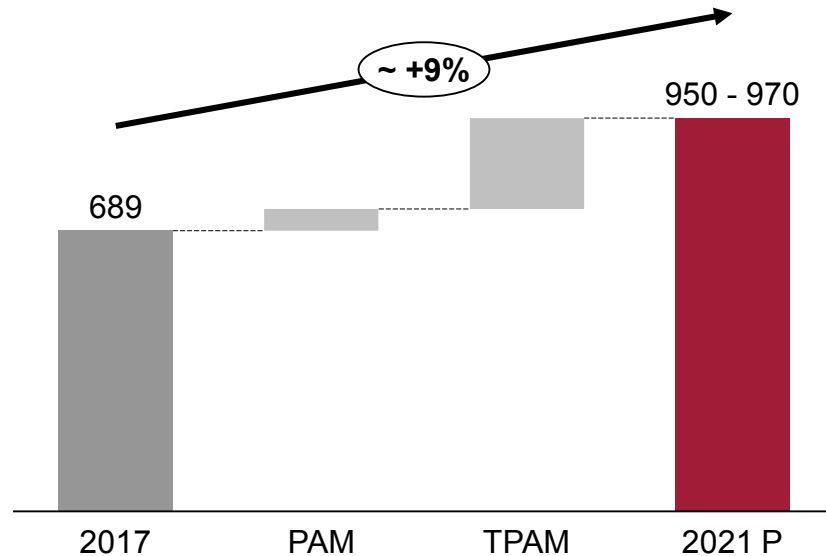


Note: BEOS included in targets

Focus on higher margin products and economies of scale drives TPAM profitability increase

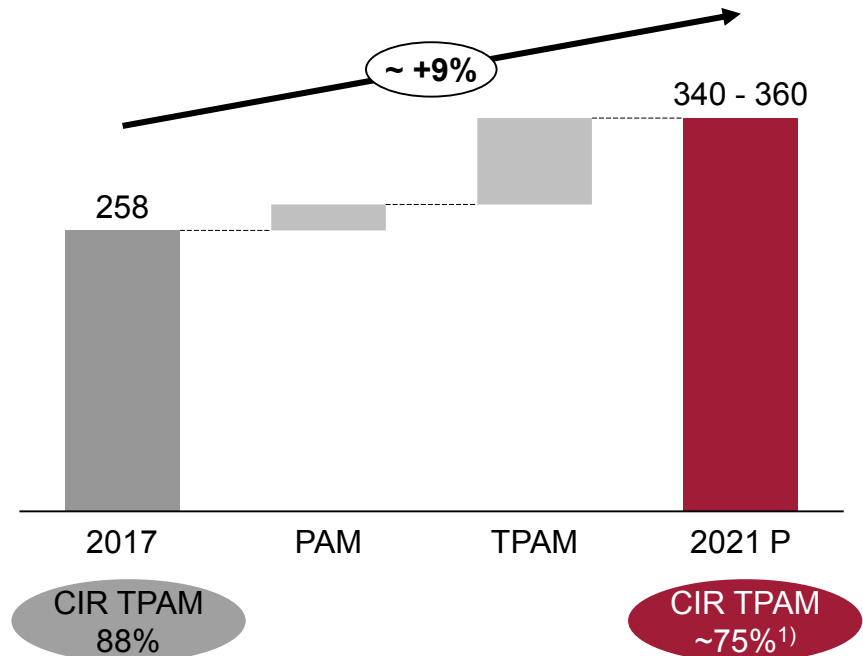
Total income development

CHF m, CAGR in %



Segment result development

CHF m, CAGR in %



1) Excl. Livit

Note: BEOS and Livit Facility Management Services consolidated and included in targets

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Contact details and financial calendar

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Financial calendar

Full-year results 2018	26 February 2019
Annual General Meeting 2019	30 April 2019
Interim statement Q1 2019	9 May 2019
Half-year results 2019	13 August 2019

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