

Information sheet on the Asset Liability Management module

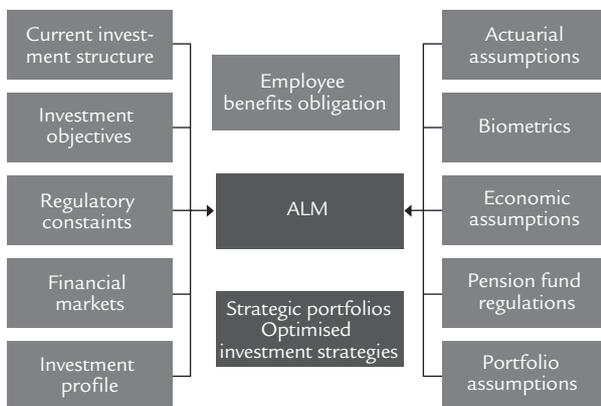


Your benefits.

An analysis of your pension fund’s assets and liabilities forms the basis of the Asset Liability Management (ALM). Using the central key figures that have been identified, it is then possible to put together an investment strategy which, with a high probability, guarantees the medium to long-term coverage of the pension fund obligations by the assets available. This means that the financial situation of the employee benefits institution becomes more transparent to the Board of Trustees and, at the same time, it provides a decision-making basis for the future investment strategy.

The results of the study enable the Board of Trustees to come to a decision on the initial asset allocation, and allow them to look at the existing asset allocation critically and improve it if necessary.

Relevant factors that influence the ALM study.



If the analysis confirms that the strategy being used is correct, there is no need for a new definition of the strategic asset allocation. In the opposite case, we will recommend a new strategic asset allocation for you. Significant changes in the obligations of a pension fund (mergers, partial liquidation, etc.), that have been introduced during the past few years and which have had a considerable impact on risk capacity and yield targets, could make a modification of the strategic asset allocation necessary.

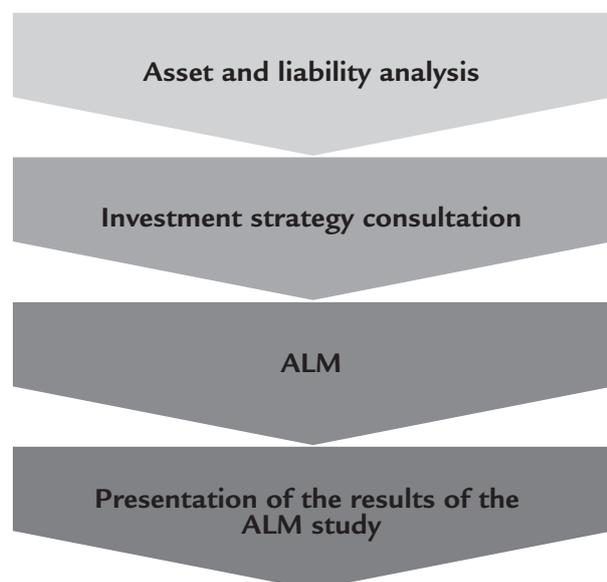
Swiss Life Asset Management as your partner.

As one of the leading institutional asset management companies in Switzerland, Swiss Life Asset Management provides attractive and innovative solutions based on above-average long-term investment performance and best-of-class client service.

- As a subsidiary of the Swiss Life Group, Swiss Life Asset Management is part of an organisation that can look back on almost 150 years of asset management experience. We have been offering our services to institutional investors (pension funds) since 1985.
- With around CHF 100bn in total assets under management, Swiss Life Asset Management is the fourth-largest institutional asset manager in Switzerland.
- Swiss Life Asset Management has increased its share of assets under management for third parties over the past four years, by strongly expanding its institutional client base.
- Focusing exclusively on the needs of institutional investors in the long-term savings and pensions market, Swiss Life Asset Management, as part of the largest life insurance company in Switzerland, has substantial know-how in the management of pension fund assets tailored to their liabilities.
- Swiss Life Asset Management believes that active management with a long-term focus adds value by exploiting market inefficiencies. Our structured, consistent and disciplined investment process holds the key to long-term performance.

What we offer.

Our ALM services are based on the following steps:



Asset and liability analysis.

In an initial phase, a careful analysis of pension fund-specific data is made. In the asset and liability analysis we calculate the following results for you:

- The current funding level and technical risk capacity
- Target yield and acceptable yield
- Comparison of the position of the current portfolio and the curve with other possible and efficient portfolios

Investment strategy consultation.

The information gained from the analysis is incorporated into the investment strategy consultation which consists of:

- Evaluation of the reference portfolio – taking into consideration the technical risk capacity, the target yield and the efficient portfolios
- Recommendation for the strategic asset allocation as suggested by the proposed reference portfolio.
- Definition of a benchmark
- Individual recommendation for adjustments to the portfolio

Based on the strategic asset allocation you also receive the following information:

- Anticipated future development of the funding level
- Probability of failure
- Necessary fluctuation reserves and remaining free funds

ALM study.

The findings for the ALM analysis and investment strategy consulting are incorporated directly into the ALM study. If required, different scenarios are taken into account in the report, which could take the following form:

- Annual increase in the current retirement pensions by an individually defined percentage rate (e.g. provision of cost of living adjustment)
- Switching the reserving basis for current retirement pensions
- A one-off strengthening of mathematical reserves using free funds.

Presentation of the results of the ALM study.

The results of the ALM study are analysed and presented on-site during the presentation (Board of Trustees, Investment Committee), enabling a more personal in-depth investment strategy consultation.

Advantages for you.

- Based on a structured procedural model you define an investment strategy that exactly corresponds to the specific situation of your employee benefits institution.
- The efficient reference portfolio, which has been tailored to your employee benefits institution's needs, is based on the required target yield, the risk capacity, the key figures available and the probable future development of the optimised investments.
- The strategic asset allocation defined by the ALM study assures with a high degree of probability that the obligations of the pension fund will be covered by the available assets in the medium and long term.
- You are aware of the probabilities of deviation and of the required fluctuation reserves. In this way you acquire total transparency regarding the risk capacity of your pension fund.