

# When there's a lot at stake, only the best is good enough

Excellent prospects for pension funds  
and institutional investors



# Optimal safety and performance

Would you like to invest pension fund assets and client assets in sound and secure vehicles while benefiting from the talent and expertise of top asset managers? We have some interesting opportunities to offer you. We are one of Switzerland's most innovative investment foundations, and have launched pioneering investment groups for you over the past years.

Many institutional investors have depended on Zurich Invest Ltd. and the independent Zurich investment foundation for years. No wonder: their highly regarded investment professionals have made a name for themselves by repeatedly outperforming the benchmarks. There is more to them than just results though. Clients entrust their money to them first and foremost because they are able to trust them as fiduciaries in every respect.

With over 22 billion Swiss francs in assets under management, the Zurich Investment Foundation is the country's largest non-bank investment foundation and thus a major player in the Swiss institutional investor market. The three investment platforms managed by Zurich Invest Ltd. – the Zurich Investment Foundation, Zurich Invest Institutional Funds (ZIF) and Zurich Invest Luxem-

bourg (ZILUX) – provide both traditional and alternative investment solutions for pension funds and institutional investors at attractive terms. Zurich Invest Ltd. works together with successful external portfolio managers who were selected because of the clearly structured, independent asset management process they employ. The goal is to recruit the most suitable portfolio and asset manager for each asset class.

The investments of the Vita Joint Foundation, Zurich's own pension fund in Switzerland, and of many other pension funds affiliated with the Zurich Investment Foundation are managed by Zurich Invest Ltd. This wholly-owned subsidiary of Zurich Insurance Company Ltd. is a licensed fund management company supervised by FINMA, the Swiss Financial Market Supervisory Authority.

## Customer groups

### Pension funds

- Autonomous pension funds
- Vita Joint Foundation/Vita Invest/Vita Select
- Pension Fund of the Zurich Insurance Group

### Institutions

### Private clients

- Restricted pension plan
- Investment products
- Unit linked life insurance

## Zurich Invest Ltd.

### Zurich Investment Foundation

### Institutional investment funds (Zurich Invest Fund and Zurich Invest Luxembourg)

Optimal economies of scale

# Clear added value for institutional investors

|  |  |  |
|--|--|--|
| <p><b>Independent</b></p> <ul style="list-style-type: none"> <li>• Zurich Invest Ltd. selects best-in-class asset managers in the market without conflicts of interest.</li> <li>• Zurich Invest Ltd. audits the asset managers on-site at least annually.</li> </ul>  | <p><b>Transparent</b></p> <ul style="list-style-type: none"> <li>• An investment committee consolidates the performance analyses and carries out corresponding assessments ever month.</li> <li>• An in-depth qualitative analysis takes place quarterly.</li> <li>• Complete transparency with performance and cost reporting.</li> <li>• Tailored investment reports on the asset category and overall portfolio levels (detailed performance analysis).</li> </ul>  |  |
| <p><b>Attractive</b></p> <ul style="list-style-type: none"> <li>• Wide range of investment solutions.</li> <li>• Asset structuring, advice, implementation: everything from a single source.</li> <li>• Strategic asset allocation (SAA).</li> <li>• Implementation using the Zurich Investment Foundation's investment solutions.</li> </ul>  | <p><b>Institutional</b></p> <ul style="list-style-type: none"> <li>• BVV 2 and ASV compliant mandates for pension and vested benefits plans as well as joint and multi-employer foundations.</li> <li>• Mandates for other institutional market participants (family offices, corporates, holding companies, etc.).</li> </ul>   |  |
| <p><b>Structured</b></p> <ul style="list-style-type: none"> <li>• Asset classes and vehicles customized for the needs of Swiss pension funds.</li> <li>• Solutions structured to optimize taxes, investor participation and operational efficiency.</li> <li>• Zurich Invest Ltd. sets up dedicated structures with dedicated investment guidelines and presents them to the relevant supervisory authorities for prior approval.</li> </ul> | <p><b>Cost structure</b></p> <ul style="list-style-type: none"> <li>• Total costs of our investment groups are calculated in accordance with guidelines for calculating and publishing the operating expense ratio TER KGAST for the asset allocation groups of KGAST members. The Total Expense Ratio (TER) amount is charged directly to the investment vehicles. This metric can be viewed in the annual report posted on our website at any time.</li> </ul> <p><b>The following cost factors are included in the TER:</b></p> <ul style="list-style-type: none"> <li>• Investment consulting (manager selection, investment controlling)</li> <li>• Global custody (no separate custody fees)</li> <li>• Fund platform/fund management</li> <li>• Implementation of CHF hedging for individual investment groups</li> <li>• Macroeconomic studies and opinions on request</li> <li>• Portfolio manager remuneration</li> <li>• Audit costs, supervisory fees</li> </ul> |  |
| <p><b>Cost conscious</b></p> <ul style="list-style-type: none"> <li>• Since we handle such a large volume of institutional business, our business partners give us significant discounts that we pass on to our clients through attractive fees.</li> <li>• Tax optimized</li> </ul>   | <p><b>Experienced</b></p> <ul style="list-style-type: none"> <li>• Extensive expertise to better respond to market fluctuations.</li> <li>• Seasoned partners know how to better handle market ups and downs through proactive decision making.</li> </ul>   | <p><b>Secure</b></p> <ul style="list-style-type: none"> <li>• Zurich Invest Ltd. meets the highest governance, compliance and security standards (Zurich Group, Zurich Switzerland).</li> <li>• All collective investment schemes are subject to oversight: The investment foundations are regulated by the Occupational Pension Supervisory Commission (OPSC); funds are regulated by the Financial Market</li> </ul> |

**Zurich Investment Foundation supports its investors as they endeavour to be active and responsible as well as facilitating sustainability in their investments.**

- Consideration of ESG criteria
- Regular monitoring
- Impact Investing
- High CO<sub>2</sub> reduction targets for the entire Group

# Well designed for the current environment: the broad offering of the Zurich Investment Foundation

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Investing occupational pension plan assets is a demanding business that requires meeting individual needs. The Zurich Investment Foundation offers 2<sup>nd</sup>-pillar pension funds, a broad range of contemporary solutions for uncomplicated and effective investment of their pension assets. The offering is designed around investment groups for active, passive and alternative investments.

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## Our asset allocation groups

|                         |
|-------------------------|
| Equities                |
| Bonds                   |
| Alternative investments |
| Balanced portfolios     |
| Real estate             |

## Optimized investing

The Zurich Investment Foundation represents the interests of investors vis-à-vis the hired asset managers for the individual asset allocation groups and regarding all other important matters (custodial bank, fund management company etc.). Tax-related matters are particularly sensitive.

In this regard, using institutional investment funds, for example rather than direct mandates has distinct advantages, as institutional investment funds are not subject to value added tax and are not required to pay any federal sales tax on securities transactions. The investments held by these funds conform with BVV 2 regulations and the Investment Foundation Ordinance (ASV) and are FATCA compliant and optimized for US withholding tax.

## Broad offering affording many opportunities

The array of different Zurich Investment Foundation investment groups enables pension funds to implement their investment strategies in an efficient and targeted fashion, with risk profile adapted strategies or targeted selection from our offering of asset allocation groups.

The array spans BVV 2 compliant strategy funds and special investments like real estate, private equity, infrastructure, insurance linked strategies (ILS), senior loans and hedge funds. We invite you to explore details in an informative personal consultation to facilitate your decision making.

## Equities

Equities  
Switzerland Active and Passive

Equities  
Japan Active and Passive

Equities  
Europe Active and Passive

Equities  
Emerging Markets Active and Passive

Equities  
USA Active and Passive

Equities  
Global Small Cap Passive

## Bonds

Money Market  
CHF

Bonds  
CHF

Bonds  
Euro

Bonds US Corporate

Bonds  
Global Passive

Convertible Bonds  
Global

Mortgages

## Alternative investments

Infrastructure

Private Equity

Alternative Alpha and Beta

Insurance Linked  
Strategies

Senior Loans Global

## Mixed portfolios

Profiles

ZIF  
Strategy 25

Mix assets

## Real Estate

Real Estate Switzerland  
Direct and Indirect

Real Estate  
Europe Direct

Real Estate USA

Real Estate  
Global Active and Passive



# Our attractive overall solutions: Mixed portfolios for all requirements

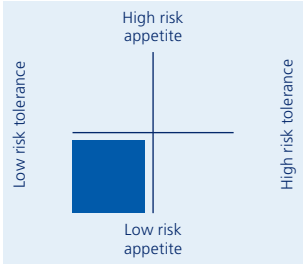
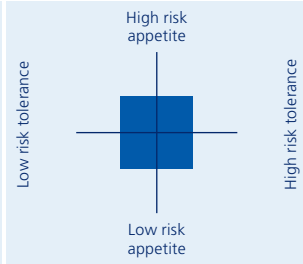
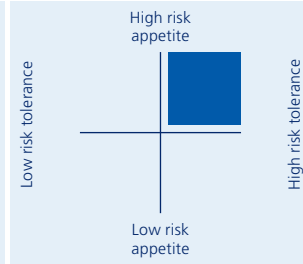
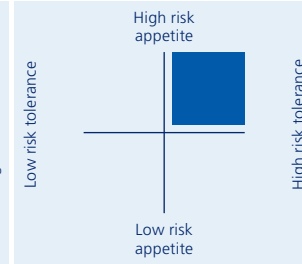
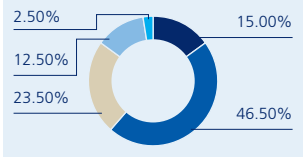
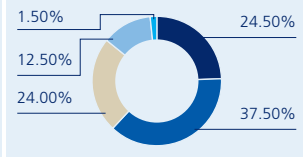
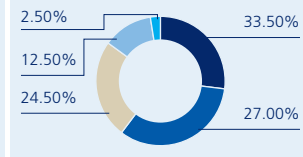
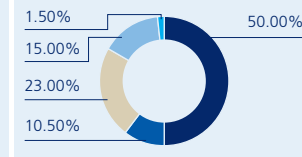
We provide solid 360 degree solutions that are tax optimized, yet uncomplicated to pension funds interested in transparent, trouble free participation in all major investment markets at attractive terms.

## Our profile.

**To minimize your effort without missing any opportunities.**

The profiles invest in Swiss and international stocks and bonds as well as in alternative investments (including real estate) in compliance with the relevant provisions of the Federal Law on Occupational Old Age, Survivors and Disability Provision (BVG/BVV 2) and the Investment Foundation Ordinance (ASV). The investment objective is long term out performance of the benchmark.

### The investor chooses the risk profile. Zurich Invest Ltd. handles the rest.

|  | Profile Defensive   | Profile Balanced  | Profile Progressive  | Profile Dynamic   |
|--|---|---|--|---|
| Target volatility reserve <sup>1</sup> | 8%  | 10%   | 12.5%  | 15%   |
| Investment policy                      | Return optimization through limited allocation in equities with low volatility      | Return enhancement through balanced allocation in equities with normal volatility   | Return maximization through increased allocation in equities with higher volatility  | Return maximization through increased allocation in equities when volatility is high  |
| Investment objective                   | Maintaining the target volatility reserve level                                     |   |  |   |
|  |  |  |  |  |
| Target allocations (SAA)               |  |  |  |  |

<sup>1</sup> The calculation is based on the value at risk approach. A probability of 95 per cent (confidence level) is assumed.

## The advantages: Risk managed, adaptable, diversified

- The profiles are appropriate for any market environment due to their diversification.
- The investments are managed using tactical asset allocation ranges. Reaction to market situations is possible at any time without exceeding the risk parameters.
- Less expertise and work is required on the part of the decision making board or committee, as only individual risk appetite and tolerance have to be determined.
- Economies of scale: Smaller pension assets enjoy broad diversification in a manner not possible with individual investments.
- OAK-approved, BVV 2 and ASV-compliant vehicles (with the exception of Profile Dynamic with regard to investment category limitation specified in BVV 2).
- Weekly review of tactical asset allocation ranges.
- Quarterly review of strategic asset allocation and of the volatility reserve.
- Alternative investments and real estate can be utilized to expand the traditional investment universe and diversify risks more broadly.

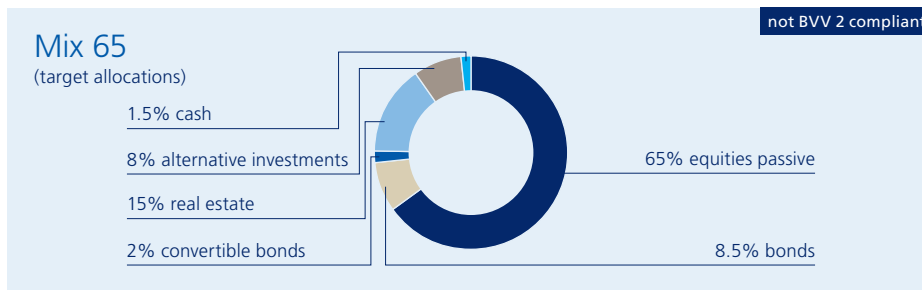
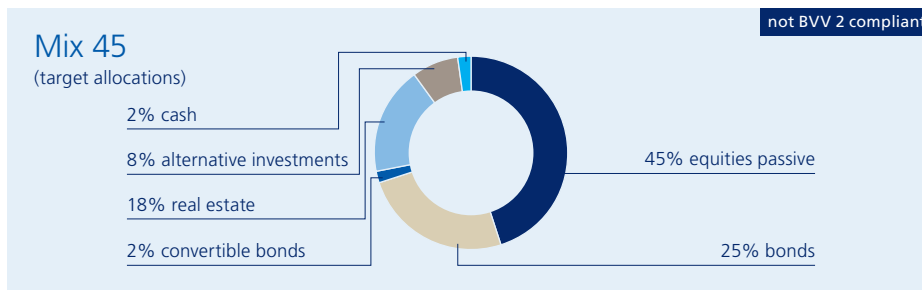
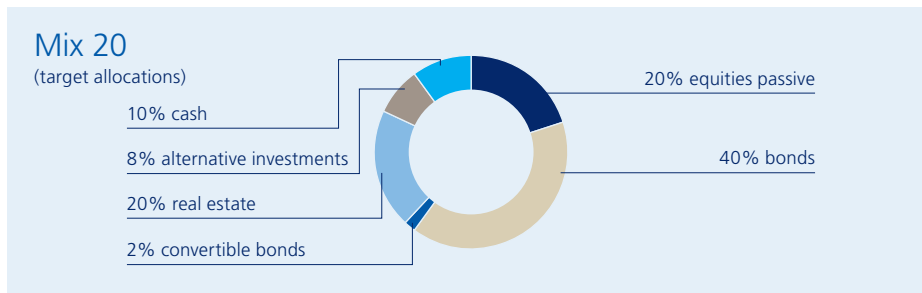
## Our Mix assets.

### Diversified and cost-efficient participation in the investment market.

The Mix assets invest in Swiss and international stocks and bonds as well as in alternative investments (including real estate) in compliance with the provisions of the Federal Law on Occupational Old Age, Survivors and Disability Provision (BVG/BVV 2) and the Investment Foundation Ordinance (ASV).

The asset allocation varies within the specified bandwidths and is flexibly adapted to the respective market conditions. The investment objective is to outperform the benchmark in the long term.

## The fund profile options



## The advantages: Diversified and transparent

- Efficient overall investment solution
- Asset allocation adapted to market conditions
- Designed for the needs of pension funds
- Attractive terms

# The modular system employed by the Zurich Investment Foundation provides the building blocks for your individual portfolio

## Target allocations

|  | Example<br>ZAST Profile Defensive | Example<br>ZAST Mix 65 |
|--|-----------------------------------|------------------------|
| <b>Bonds</b>   |                                   |                        |
| Bonds CHF Domestic   | 16.50%                            | 3.50%                  |
| Bonds CHF Domestic SDC   | 3.00%                             | –                      |
| Bonds CHF Foreign  | 9.00%                             | 3.00%                  |
| Corporate Bonds Euro (hedged)  | 7.00%                             | 2.00%                  |
| Corporate Bonds USD (hedged)   | 7.00%                             | –                      |
| Convertible Bonds Global   | 4.00%                             | 2.00%                  |
| <b>Equities<sup>1</sup></b>  |                                   |                        |
| Equity Switzerland   | 5.00%                             | 25.00%                 |
| Equity Europe  | 3.50%                             | 8.00%                  |
| Equity USA   | 4.50%                             | 15.00%                 |
| Equity Japan   | 1.00%                             | 5.00%                  |
| Equity Emerging Markets  | 1.00%                             | 8.00%                  |
| Equity Global Small Cap  | –                                 | 4.00%                  |
| <b>Real estate</b>   |                                   |                        |
| Real Estate Switzerland Residential + Real Estate Switzerland Commercial | 19.50%                            | 15.00%                 |
| Real Estate Switzerland Indirect   | 2.00%                             | –                      |
| Real Estate Global Indirect Passive                                      | 2.00%                             | –                      |
| <b>Alternative investments</b>   |                                   |                        |
| Alternative Alpha (CHF hedged)   | 3.75%                             | –                      |
| Alternative Beta (CHF hedged)  | 3.75%                             | –                      |
| Gold (CHF hedged)  | –                                 | 5.00%                  |
| Senior Loans Global (CHF hedged)   | 5.00%                             | 3.00%                  |
| <b>Cash</b>  |                                   |                        |
|  | 2.50%                             | 1.50%                  |
| <b>Portfolio total</b>   | <b>100.00%</b>                    | <b>100.00%</b>         |

<sup>1</sup> Equity management: active in Profile Defensive/Passive in the case of Mix 65 (not BVV 2 compliant)

The modular system utilized by the Zurich Investment Foundation makes optimal investment solutions possible for any pension funds interested in determining the asset allocation of their investments themselves.

As a pension fund, you define your individual investment strategy: together with the experts at Zurich Invest Ltd. (ZIAG), you analyze the current situation of your pension fund. Taking account of the age structure, the age development, risk capacity, ALM studies, the assessments of pension fund experts and your investment ruled, you determine the optimal strategic asset allocation (SAA) and the investment bandwidths. The strategy you choose is then simply and inexpensively implemented using the building blocks provided by the Zurich Investment Foundation. In addition, you can adjust your allocation on an ongoing basis in line with shifting market conditions.

Two sample portfolios are shown on the left. We employ the modular building blocks to professionally implement your individual investment strategy.

## Sample portfolio: ZAST Profile Progressive: Strategic asset allocation and asset managers

### Money market and bonds

Bonds CHF Domestic & Bonds CHF Domestic SDC: DWS: 19.50%

Bonds CHF Foreign: DWS: 9.00%

Corporate Bonds Euro (hedged): DWS, HSBC Global Asset Management: 7.00%

Corporate Bonds USD (hedged): PGIM Fixed Income: 7.00%

Convertible Bonds Global: Advent Capital Management: 4.00%

### Equities

Equity Switzerland: DWS, Schroders: 5.00%

Equity Europe: J. P. Morgan Asset Management: 3.50%

Equity USA: Fisher Investments: 4.50%

Equity Japan: Nomura Asset Management: 1.00%

Equity Emerging Markets: Wellington Management, Fisher Investments: 1.00%

### Real estate

Real Estate Switzerland Residential & Real Estate Switzerland Commercial: Zurich Invest Ltd: 19.50%

Real Estate Switzerland Indirect: Banque Cantonale Vaudoise (BCV): 2.00%

Real Estate Global Passive: DWS: 2.00%

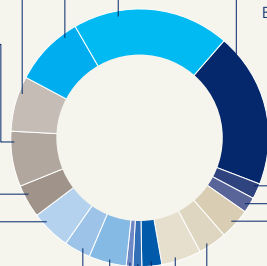
### Alternative investments

Alternative Alpha (CHF hedged): GAM International Management: 3.75%

Alternative Beta (CHF hedged): GAM International Management: 3.75%

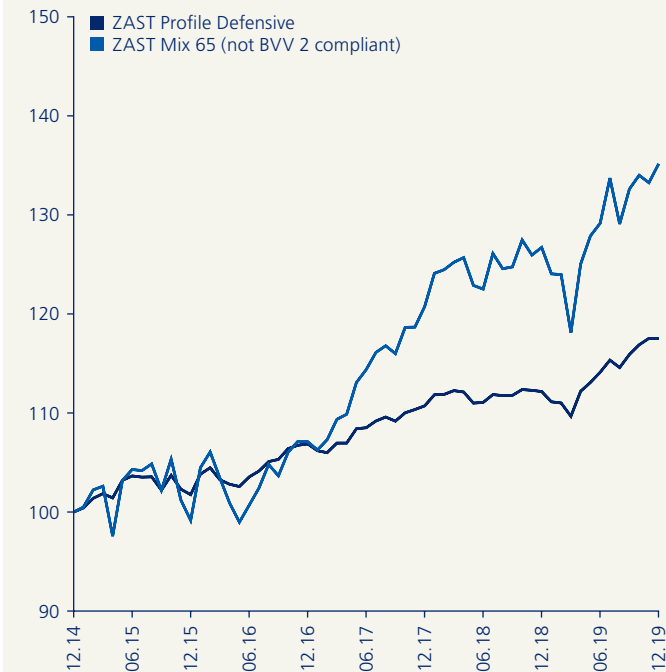
Senior Loans Global (CHF hedged): Guggenheim Partners Inv. Management: 5.00%

Cash: 2.50%

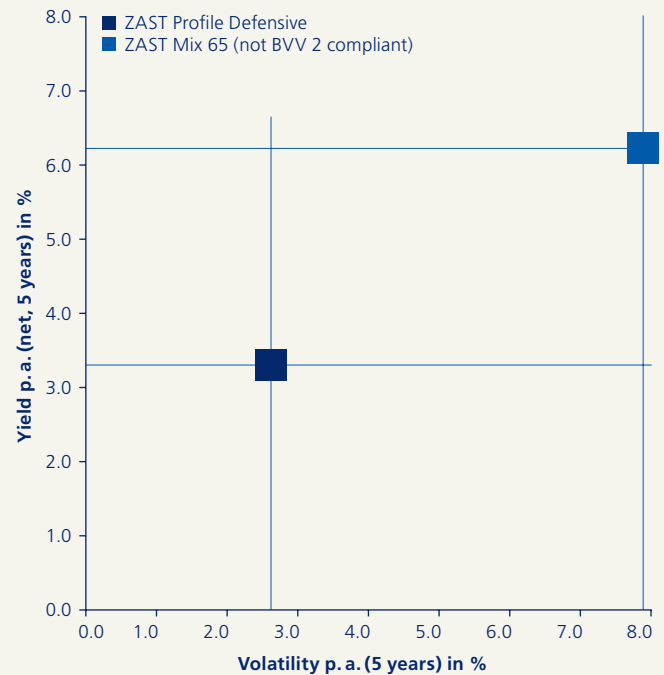




## Historic returns on the sample portfolios



## Risk return analysis



## Our services

### Rebalancing

We perform rebalancing in line with your specified strategic asset allocation (SAA), observing the defined ranges.

Portfolio rebalancing is performed as necessary based on contributions and distributions. Shifts in the portfolio allocation are monitored throughout the entire period of investment. The allocation is reset to the target values when the defined ranges are exceeded. The monitoring criteria are defined for the individual mandate. Maintaining a disciplined countercyclical investment policy keeps your portfolio aligned with the strategy and risk tolerances of your occupational pension fund at all times while minimizing transaction costs.

### Reporting

You receive regular reporting on the changes in your portfolio assets:

- Your individual portfolio report.
- Performance calculations, processes and key figures computed by Zurich Invest Ltd. are GIPS compliant.
- You will regularly receive our e-mail newsletter providing up-to-date information on how your occupational pension plan assets are invested.
- The following information is provided on our website ([www.zurichinvest.ch](http://www.zurichinvest.ch)):
  - weekly price publication
  - monthly performance report for all investment categories utilized by the Zurich Investment Foundation
  - Semi-annual real estate report
  - Fact sheets on all investment groups
  - Publications on current investment topics
  - Annual report

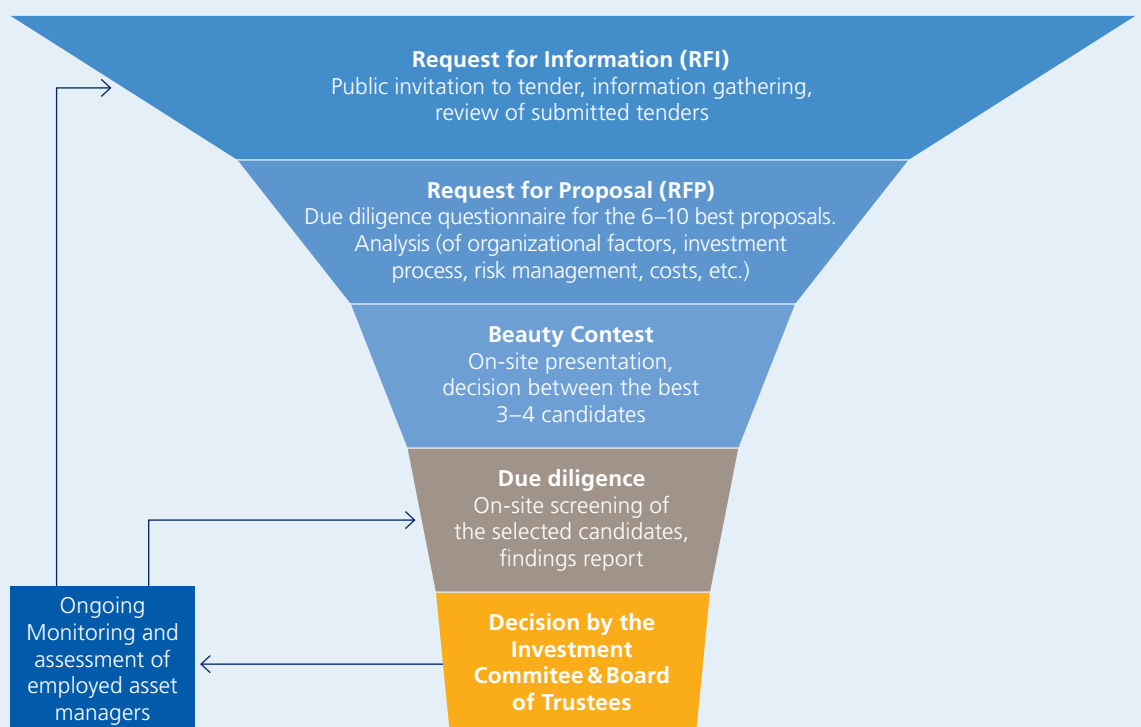
# Becoming best-in-class is an uphill battle, but the view from the top is outstanding

Here we reveal how Zurich Invest Ltd. achieves above-average long-term success: it's thanks to our diligence in planning and executing our investment management process.

Before we invest your money, we devote plenty of time to painstakingly selecting asset allocations and portfolio managers. Our selection criteria include experience, expertise and past performance. Also, every candidate must have a special feel for the highly complex processes in the financial markets. That is often what separates the "good" from the "best in class".

In other words: Zurich Invest Ltd. identifies the most promising products and the most suitable partners for each asset class, employing a clearly structured, independent portfolio management process with a proven track record of impressive results. That's the secret to our success. Here is a brief overview of how the whole thing works in practice.

The best partners are selected through an asset manager selection process ...



**How our investment management process works**

The philosophy of Zurich Invest Ltd. is simple but well thought out and reliable. In large part, the philosophy is oriented around optimal asset manager selection, whose results undergo ongoing review. This is key to achieving our ambitious goal of outperforming the benchmark indices.

**Phase one: Precise needs analysis**

Detailed demand and market trend analysis studying long-term potential within an asset allocation category. New trends can thus be identified and incorporated accordingly into planning.

**Phase two: Manager selection**

A structured selection process adapted to the respective asset class is then employed to select the most suitable asset manager. Thanks to its independence, Zurich Invest Ltd. can search for the optimal partner without any conflicts of interest.

**Phase three: Implementation**

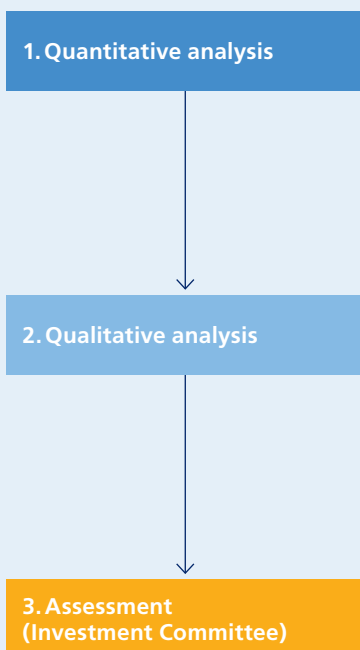
In this phase the goal is specific, professional implementation of the mandate in cooperation with the respective partners. For most mandates, tax optimized investment forms exist. With mandates with institutional funds under Swiss law, no value added tax is incurred on manager costs, nor is stamp tax due.

**Risk and performance monitoring**

In investment controlling, we set our main focus on detailed performance analyses across various timescales as well as high quality risk management. Aside from compliance with investment guidelines, possible operational risks at the selected fund management companies are continuously reviewed.

... and we monitor these thoroughly on an ongoing basis

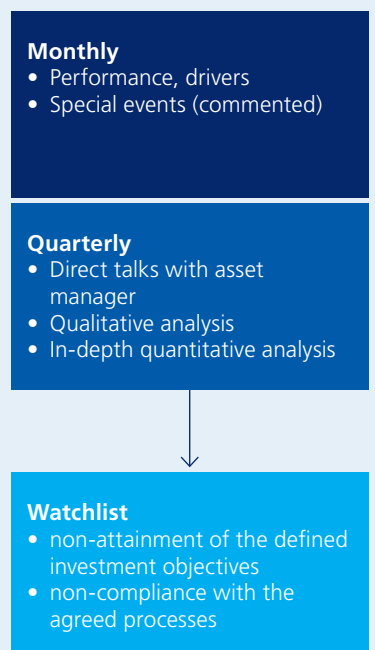
**Process**



**Criteria**



**Regular review**



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