

Swiss Life Funds (LUX)

Multi Asset Balanced

Legal entity identifier: 549300R4FDYZZ8HUD175

ISIN: LU0367332680, LU1749126451, LU2083923529

Summary

This sub-fund falls within the scope of Article 8 under the Sustainable Finance Disclosure Regulation (SFDR) of the EU. The sub-fund promotes environmental and social characteristics but does not have as its objective a sustainable investment.

The sub-fund seeks to achieve an ESG positive tilt by investing at least at 90% of assets (excluding cash) in funds that have the Socially Responsible Funds (SRI) label or an equivalent label in Europe.

The sub-fund does not use indicators other than ESG labels of the funds that it invests in.

The sub-fund seeks to engage with portfolio companies on material ESG issues, through voting rights and dialogue with management, and may discontinue investment if progress proves unsatisfactory.

Please refer to the bottom of the document for a French and German translation of this summary.¹⁾

1) The English version of this summary is the legally binding version whereas the French and German summaries are translations only.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

The sub-fund promotes environmental and social characteristics through its investment in funds which have obtained the French ISR label or funds with an equivalent label in Europe.

The French Label ISR (Investissement Socialement Responsable) is an external recognition for identifying responsible investment funds. Created and supported by the French Finance Ministry, the objective of the Label is to increase the visibility of ESG products among investors in France and Europe.

The Label requires multiple criteria, including the monitoring of tangible extra-financial KPIs on the Environmental, Social, Human Rights and Governance dimensions. Funds also have to demonstrate that they offer a significant improvement of their ESG profile compared to a reference universe that reflects their investment strategy. This significant improvement can be achieved through the exclusion of 20% of the initial reference universe, or through a significantly better average ESG rating.

After the initial audit by a third-party organization, a fund can retain the label for three years (with an annual control).

Investment strategy

The sub-fund manages its portfolio of investments according to the Swiss Life Asset Managers' Responsible Investment Policy and Swiss Life Asset Managers' Transparency Code, and follows the following investment strategy:

ESG significant approach: The sub-fund seeks to achieve an ESG positive tilt by investing at least 90% of assets (excluding cash) in funds that have the Label ISR or an equivalent label in Europe.

Regulatory, normative and sectoral exclusions: Exclusions of the sub-fund are applied on the level of the target funds. Those exclusion rules are considering regulatory, normative and sectoral aspects.

The sub-fund makes indirect investments in underlying companies, therefore does not hold any voting rights and/or does not seek direct engagement with the underlying companies.

Active ownership The portfolio manager of the sub-fund seeks to engage with portfolio companies on material ESG issues, through dialogue with management and voting rights, and may discontinue investment if progress proves unsatisfactory.

The sub-fund's binding elements are:

- minimum 90% of assets (excluding cash) invested in funds which have obtained the French ISR label or funds with an equivalent label in Europe.

Policy to assess good governance practices of the investee companies: The sub-fund assesses good governance practice on the level of the target funds. Target funds managed by Swiss Life Asset Managers are following the good governance approach of Swiss Life Asset Managers. Furthermore, the governance practice of the fund manufacturers of external target funds is assessed during the fund due diligence.

Proportion of investments

The sub-fund must be invested at least at 90% of assets (except cash) and at least at 80% of assets (including cash) in funds that have the Socially Responsible Funds (SRI) label or an equivalent label in Europe. The sub-fund is allowed to invest the remainder of its NAV in remaining investments, such as cash equivalents, direct investments issuers that do not systematically integrate E/S characteristics, investments in other UCITS/UCIs and/or derivative instruments.

Monitoring of environmental or social characteristics

The internal control procedures which aim to ensure compliance by the portfolio with the ESG requirements are implemented by several departments: portfolio management, risk department, internal control. The latter two departments are independent – they report hierarchically to a member of the board of directors of Swiss Life Funds (LUX) who does not have an operational management function. The independent nature of these departments ensures the impartiality of the controls that are carried out.

There are three levels of internal controls:

Level 1 controls: The ESG investment constraints are checked before each trade from the portfolio management in our core system.

Level 2 controls: The risk department in charge of monitoring ESG investment constraints carries out daily post-trade controls to ensure that the sub-fund is compliant with all restrictions.

Level 3 controls: The internal control department ensures that the above-mentioned tasks are carried out properly. To do so, internal control conducts random checks to ensure that:

- The ESG investment constraints have been configured correctly in the compliance manager tool,
- The ESG investment constraints have been monitored correctly by the local risk management teams,
- The departments involved in carrying out the level 1 controls have developed and complied with the procedure for carrying out these controls.

If internal control identifies anomalies, it issues recommendations with the aim of correcting them and then ensures these recommendations are implemented.

Methodologies

SRI funds (or funds with an equivalent label in Europe)

Before the sub-fund invests into a target fund, the target fund undergoes a due diligence conducted by the portfolio manager. The due diligence process includes a check if a fund has an ISR label or an equivalent label in Europe. The respective information to perform the necessary checks is sourced from the internal or external fund providers itself or from fund data providers such as Morningstar.

PAI

The sub-fund considers principal adverse impacts on sustainability factors, and intends to mitigate its negative impact by limiting overall exposure to funds which are not addressing the PAIs, through their labeled investment strategy.

The PAI score is derived from a proprietary model that translate each individual mandatory PAI indicators value into a score based on its severity (PAI indicators value are provided by external data vendors). All individual PAI indicators scores are then summed up to constitute the issuer PAI score. As per our methodology, the lower the resulting score, the better.

For more information, please refer to the “Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors” and the Management Company’s responsible investment policy available on the Management Company’s website, which defines the process implemented to consider PAIs.

Data sources and processing

As part of its ESG analysis of issuers, the portfolio manager relies on internal and external data sources to attain each of the E/S characteristics promoted.

KPI	Data sources used to attain each of the environmental or social characteristics promoted	Measures taken to ensure data quality	Data processing	Proportion of data that are estimated
<p>Minimum 90% of assets (excluding cash) invested in SRI funds or funds with an equivalent label in Europe</p>	<ul style="list-style-type: none"> • Morningstar • Fund Providers 	<p>The validation of the data is conducted by a committee in charge of the listing of the external funds which could be invested in our funds. The participants of this meeting are the portfolio management, risk and compliance teams. It is conducted on a regular basis.</p>	<p>Data is taken as it is from Morningstar or from the fund providers and fed into our portfolio management and risk system by our Data Service team.</p>	<p>none</p>
<p>PAI Score (for target funds managed by Swiss Life Asset Managers)</p>	<p>MSCI ESG</p>	<p>The data from MSCI is fed via file transfer protocol (ftp) transfer. Before the data is stored in our portfolio and risk management systems, broad data quality checks are conducted. Several automated checks ensure good data quality in terms of format, mapping and consistency on a daily basis.</p>	<p>Data is taken as it is and fed into the proprietary Principal Adverse Impacts (PAI) scoring model to derive the PAI Score</p>	<p>none</p>
<p>Exclusions</p>	<p>Exclusions of the sub-fund are addressed on the level of the target funds. The underlying funds managed by management companies outside the Swiss Life Group have their own methodologies for taking exclusions into account. An analysis of these methodologies, both quantitative and qualitative, is carried out by Swiss Life Asset Managers in order to ensure that the approaches are consistent.</p>			

Limitations to methodologies and data

To determine the extra-financial quality of the securities in the portfolios, the sub-fund relies on various sources of data. The main methodological limitations can be summarized as follows:

SRI funds (or funds with an equivalent label in Europe)

- Missing, delayed or deficient disclosure by fund providers with respect to the SRI label (or equivalent label in Europe). This limitation is mitigated by holding a regular external funds listing committee (data quality, various data sources, review and validation of portfolio management, risk and compliance teams).

PAI (on target fund level, for target funds managed by Swiss Life Asset Managers)

- The PAI score is not adjusted by sector, and may therefore generate significant biases in favour of, or against, certain sectors.
- Some of the underlying data is not available, which means that all issuers are not assessed with the same level of initial raw information.

The portfolio manager mitigates the risk of having the attainment of the E/S characteristics affected by the limitations above, by giving priority to the selection of funds with an SRI approach compatible with its own philosophy.

Due diligence

Direct investments: The portfolio manager conducts due diligence reviews of all internal and external data on an ongoing basis, and continuously assesses if new data providers can improve the analysis and models.

Indirect investments: The underlying funds managed by management companies outside the Swiss Life Group have their own methodologies for taking ESG criteria into account. An analysis of these methodologies, both quantitative and qualitative, is carried out by Swiss Life Asset Managers in order to ensure that the approaches are consistent.

Engagement policies

Swiss Life Asset Managers has an overarching engagement and voting activities approach which does not target any fund or product specifically, but rather investee companies.

Designated reference benchmark

The sub-fund uses a variety of ways to assess its environmental and/or social performance, but does not use a reference benchmark to assess the environmental and/or social characteristics it promotes.

Additional documentation and information: The periodic reporting of Swiss Life Funds (LUX) as well as its prospectus (including the SFDR precontractual appendices) are available from Swiss Life Asset Managers Luxembourg. This information is sent within one week on the shareholder's written request to Swiss Life Investor Service, Swiss Life Asset Managers Luxembourg, 4a rue Albert Borschette L-1246 Luxembourg, Grand Duchy of Luxembourg; by email to info@swisslife-am.com, or by telephone on +352 267 585 0. These contact details can also be used to request further information if necessary.

Résumé

Le présent compartiment relève du champ d'application de l'article 8 du règlement de l'UE sur la publication d'informations en matière de durabilité dans le secteur des services financiers (SFDR). Il promeut les caractéristiques environnementales et sociales, mais n'a pas pour objectif un investissement durable.

Le compartiment vise à atteindre une inclinaison positive ESG en investissant au moins 90% de l'actif (hors liquidités) dans des fonds labellisés ISR (investissement socialement responsable) ou dotés d'un label équivalent en Europe.

Le compartiment n'utilise pas d'indicateurs autres que les labels ESG des fonds dans lesquels il investit.

Le compartiment vise le dialogue avec les sociétés en portefeuille sur des questions ESG majeures, à travers des droits de vote et un dialogue avec la direction. Il peut cesser l'investissement si la progression s'avère insatisfaisante.

Veuillez vous reporter à la fin du document pour une version française et allemande du présent résumé.¹⁾

1) La version anglaise du présent résumé est la version juridiquement contraignante, alors que les résumés français et allemand ne sont que des traductions.

Zusammenfassung

Dieser Teilfonds fällt in den Anwendungsbereich von Artikel 8 der Sustainable Finance Disclosure Regulation (SFDR) der EU. Der Teilfonds fördert ökologische und soziale Eigenschaften, verfolgt jedoch nicht das Ziel einer nachhaltigen Anlage.

Der Teilfonds strebt eine ESG-positive Ausrichtung an, indem er mindestens 90% der Vermögenswerte (ohne Cash) in Fonds investiert, die SRI-Label oder ein gleichwertiges Label in Europa tragen.

Der Teilfonds verwendet ausser den ESG-Labels der Fonds, in die er investiert, keine Indikatoren.

Der Teilfonds strebt über die Stimmrechtsausübung und den Dialog mit dem Management eine Zusammenarbeit mit Portfoliogesellschaften in wesentlichen ESG-Themen an und kann Investitionen einstellen, wenn die Fortschritte nicht zufriedenstellend ausfallen.

Eine französische und eine deutsche Übersetzung dieser Zusammenfassung finden Sie am Ende des Dokuments.¹⁾

1) Die englische Version dieser Zusammenfassung ist rechtlich verbindlich, bei der französischen und der deutschen Version handelt es sich lediglich um Übersetzungen.

Review of disclosures

As required by Article 12 of the SFDR, please find below the explanation of the amendments brought to the website disclosures, published in accordance with Article 10 of the SFDR:

Date	Explanations of amendments
10.03.2021	Initial document created.
01.01.2023	Update following the entry into force of the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in precontractual documents, on websites and in periodic reports.
5 May 2023	Update to bring the website disclosures in line with the prospectus of Swiss Life Funds (LUX) and pre-contractual disclosures of Commission Delegated Regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, as amended, of Swiss Life Funds (LUX) – Multi Asset Balanced.
8 January 2024	Update to bring the website disclosures in line with the latest prospectus of Swiss Life Funds (LUX) and pre-contractual disclosures of Commission Delegated Regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, as amended, of Swiss Life Funds (LUX) – Multi Asset Balanced.

This is a regulatory document to meet the requirements of the Article 10 of the Sustainable Finance Disclosure Regulation (REGULATION (EU) 2019/2088 - SFDR) of the EU and not a marketing document. This document was produced with the greatest of care and to the best knowledge and belief. The information provided in this document reflects the actual information on the sub-fund of Swiss Life Funds (LUX). The information contained herein is exclusively intended for SFDR disclosure purposes, and should not be considered as an investment advice, investment recommendation, or a solicitation to buy or sell shares of Swiss Life Funds (LUX). Prior to any subscription, investors should obtain and carefully read the detailed information on the investment fund contained in all the regulatory documentation for each fund (in particular prospectus, articles of association, periodic reports, PRIIPS KIDs), which serve as the sole applicable legal basis for the purchase of fund shares. More information is available at www.swisslife-am.com. Source: Swiss Life Asset Managers / ©2022. All rights reserved. Customer Service: info@swisslife-am.com.