

# Antidilution provision for the securities investment groups of the Swiss Life Investment Foundation

October 2024



## *Issuing and redemption commissions in favour of the investment groups prevent performance dilution*

To protect the interests of its investors, the Swiss Life Investment Foundation applies an antidilution provision to subscriptions and redemptions of entitlements in securities investment groups.

### **Why can the performance of an investment group be diluted?**

The investment groups invest in their own investment groups and target funds (hereinafter “investments”). Buying and selling these investments entail costs that are charged to the investment group. These costs lead to a lower performance for the investment group. When such costs are incurred as a result of investors subscribing or redeeming entitlements, this effect is referred to as performance dilution. This impacts all investors, including existing ones.

### **How issuing and redemption commissions work**

Issuing and redemption commissions prevent the performance from being diluted by charging the costs of buying and selling investments to the investors causing them. To this end, the issue or redemption price of units is adjusted as follows based on the net asset value (NAV) of the respective investment group:

- Issue price: for subscriptions, the issue price is increased by the costs incurred.
- Redemption price: for redemptions, the redemption price is reduced by the costs incurred.

These commissions are credited to the investment group. Thanks to this mechanism (referred to as “antidilution provision”), subscribing and redeeming investors bear the costs they incur, meaning there is no negative performance impact for the investment group. All investors subscribing or redeeming on the same day buy entitlements at the same issue price and receive redemptions at the same redemption price, respectively.

### **Why does the Swiss Life Investment Foundation use issuing and redemption commissions?**

The Swiss Life Investment Foundation aims to protect the interests of all its customers, which also means

<sup>1</sup> This information relates to securities investment groups. For the sake of simplicity, the term “investment groups” is used.

ensuring appropriate antidilution provisions are in place. Issuing and redemption commissions achieve the following goals:

- Subscribing and redeeming investors bear the transaction costs themselves; existing investors are not charged any costs.
- The investment group is protected against performance dilution resulting from subscriptions and redemptions.
- Investors are protected against performance dilution for the entire time they hold entitlements in an investment group.

#### What does “flow netting” mean?

The Swiss Life Investment Foundation applies “flow netting”. This means that subscriptions and redemptions of an investment group are offset against each other on every valuation day. The commission is only calculated on the net amount and the resulting costs are charged exclusively to the investors causing them:

<i>Situation</i>	<i>Net amount</i>	<i>Subscribing investors</i>	<i>Redeeming investors</i>
Subscriptions only	Subscription surplus	Issuing commission charged	No charge
Redemptions only	Redemption surplus	No charge	Redemption commission charged
Subscriptions = redemptions	Zero	No charge	No charge
Subscriptions > redemptions	Subscription surplus	Issuing commission charged on a pro rata basis	No charge
Redemptions > subscriptions	Redemption surplus	No charge	Redemption commission charged on pro rata basis

The NAV will apply for investors who do not incur any costs. As a result, the amount of the issuing and redemption commission actually charged may vary from day to day.

#### How is the amount of the issuing and redemption commission determined and updated?

The amount of the issuing and redemption commission is determined by considering the costs of buying and selling investments. If these costs change, the amount of the commission will also be adjusted. Continuous cost monitoring and defined adjustment pro-

cesses ensure there are appropriate antidilution provisions in place at all times.

The amount of the applicable issuing and redemption commissions can be found in the “Overview of conditions” at [www.swisslife.ch/investmentfoundation](http://www.swisslife.ch/investmentfoundation), “Legal documents”.

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All documents which form the legal basis for any investment decision can be obtained free of charge from the Swiss Life Investment Foundation, c/o Swiss Life Ltd, General-Guisan-Quai 40, 8002 Zurich, tel. 043 547 71 11 and at [www.swisslife.ch/investmentfoundation](http://www.swisslife.ch/investmentfoundation). “Swiss Life Asset Managers” is the brand name for the asset management activities of the Swiss Life Group.

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