Unofficial translation of the binding version in German

zCapital

Umbrella fund under Swiss law of the type
“Securities fund”
with the subfunds

Swiss Dividend Fund
Swiss Small & Mid Cap Fund
Swiss ESG Fund

Prospectus with integrated fund contract of May 2023

The fund management company:
LLB Swiss Investment AG
Zurich

The custodian bank:
Bank Julius Baer & Co. AG
Zurich

The asset manager:
zCapital AG
Zug

The following information is not intended for natural or legal persons that are governed by the law of a country which prohibits the distribution or use of this information. Investors’ attention is expressly drawn to the risks described in the fund prospectus. Investors must be prepared and in a financial position to cope with (possibly considerable) price losses.

Contents

Part 1: Prospectus

This prospectus with integrated fund contract, the most recent key information document and the most recent annual or semi-annual report (if published after the latest annual report) serve as the basis for all unit subscriptions in the subfunds.

Only the information that is contained in the prospectus, the key information document and/or the fund contract will be deemed to be valid.

1. Information on the umbrella fund

1.1. Principal participants

Fund management company	LLB Swiss Investment AG Claridenstrasse 20 8002 Zurich
Custodian bank	Bank Julius Baer & Co. AG Bahnhofstrasse 36 8001 Zurich
Paying agent	Bank Julius Baer & Co. AG Bahnhofstrasse 36 8001 Zurich
Asset manager	zCapital AG Baarerstrasse 82 6300 Zug
External auditor	PricewaterhouseCoopers AG Birchstrasse 160 8050 Zurich
Information office in Germany	ODDO BHF Aktiengesellschaft Bockenheimer Landstraße 10 D – 60323 Frankfurt am Main

1.2. Establishment of the umbrella fund in Switzerland

The fund contract was originally drawn up by Vontobel Fonds Services AG as fund management company and submitted to the Swiss Financial Market Supervisory Authority FINMA with the agreement of RBC Investor Services Bank S.A., Esch-sur-Alzette, Zurich branch, as the custodian bank. The fund contract was first approved by FINMA on 4 October 2012. A change of fund management company and custodian bank took place on 1 December 2015. The new fund management company is LLB Swiss Investment Ldt. (formerly LB(Swiss) Investment Ltd.), Zurich, and the new custodian bank is Bank Julius Baer & Co. AG, Zurich.

The Umbrella Fund currently consists of the following subfunds:

a) Swiss Dividend Fund

b) Swiss Small & Mid Cap Fund

c) Swiss ESG Fund

Investors are entitled to participate in the assets and income of only that subfund in which they hold units. Liabilities that are attributable to an individual subfund will be borne solely by the said subfund.

In accordance with the fund contract, the fund management company is entitled to establish, liquidate or merge subfunds, subject to the consent of the custodian bank and the approval of the supervisory authority.

1.3. Term of investment fund

The Umbrella Fund and the individual sub-funds have an unlimited term.

1.4. Tax regulations relevant to the subfunds

The umbrella fund and the subfunds have no legal personality in Switzerland. They are not subject to tax on income or capital.

The Swiss federal withholding tax deducted from the subfunds' domestic income can be reclaimed in full for the corresponding subfund by the fund management company.

Income and capital gains realized outside Switzerland may be subject to the relevant withholding tax applied by the country of investment. Insofar as is possible, these taxes will be reclaimed by the fund management company on behalf of investors domiciled in Switzerland under the terms of double taxation treaties or other such agreements.

Income distributions made by the subfunds to investors domiciled in Switzerland and abroad together with any net income retained and reinvested by the subfund are subject to Swiss federal withholding tax at 35%. Capital gains are reported separately and are not subject to withholding tax.

Investors domiciled in Switzerland may reclaim the deducted withholding tax via their tax return or by submitting a separate refund application.

Investors domiciled outside Switzerland may reclaim withholding tax under the terms of any double taxation treaty between Switzerland and their country of domicile. If no such treaty exists, then the withholding tax cannot be reclaimed.

Further, both profits as well as capital gains, whether distributed or reinvested, depending on the person, which are directly or indirectly related to the units, can be partially or entirely subject to a so-called paying agent tax.

Information for investors in Germany:

The fund under Swiss law (approved by the Swiss Financial Market Supervisory Authority FINMA) qualifies as investment fund within the meaning of the German investment tax law (Investmentsteuergesetz, InvStG). For the purpose of the taxation of the investors regular reports are submitted to WM Datenservice. In addition, the relevant tax information is made available on the website of the fund management company (www.llbswiss.ch). The preparation and verification of the relevant tax information for the German investor shall be provided by the German tax advisor of the fund management company.

<u>Right to partial tax release for equity and mixed funds:</u>

In principle, the fund management company intends to ensure the formal qualification as equity resp. mixed fund for investment funds, which meet the conditions for equity resp. mixed funds within the meaning of § 2 (6 and 7) InvStG (new) due to their investment strategy, by the insertion of a wording to this effect hereafter.

The fund management company ensures that, at least 51% of the subfund's assets are invested in equities, which are admitted to the official market on a stock exchange or in another organized market or included in another organized market there and which are not units of an investment fund or REITs. Investments in other collective investment schemes are taken into consideration either in the amount of the daily published rates of the value they actually hold in equities or in the minimal amount stated in the investment requirements of these funds. German investors should therefore benefit from the bonus of a partial tax release according to § 20 (1) InvStG (new). A German tax advisor has been assigned to monitor the observance of investment restrictions and to document them in an appropriate way.

The sub-funds of this umbrella fund therefore qualify as equity fund according to § 2 (6) InvStG (new).

The daily equity ratio (according to German tax law) for the sub-funds will be published when needed on WM Datenservice.

These tax statements are based on the currently known legal situation and practice. They are subject to changes to legislation, case law, decrees and the practice of the tax authorities.

Taxation and other tax implications for investors who hold, buy or sell units in funds are defined by the tax laws in the investor's country of domicile.

Neither the Fund Management Company nor the Custodian Bank may be held responsible for individual tax consequences for investors resulting from the purchase and sale or holding of fund units. Potential investors should inform themselves about the laws and ordnances, which apply to the subscrip-tion, purchase, ownership and sale of shares or units in the place of domicile and, if applicable, seek counsel.

Tax status of the umbrella fund and subfunds:

<u>International automatic exchange of information in tax matters (automatic exchange of information)</u>

For the purposes of the automatic exchange of information in accordance with the Common Standard on Reporting and Due Diligence for Financial Account Information (CRS) of the Organisation for Economic Co-Operation And Development (OECD), the Fund qualifies as a non-reporting financial institution.

<u>FATCA:</u>

The umbrella fund respectively the subfunds are registered with the U.S. tax authorities as Registered Deemed-Compliant Foreign Financial Institutions under a Model 2 IGA pursuant to Sections 1471–1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act and associated decrees – FATCA).

The umbrella fund respectively the subfunds are neither licensed nor registered in the United States of America (USA) in conjunction with the tax considerations. The umbrella fund respectively the subfunds therefore can be classified as intransparent, which can be linked to tax consequences.

1.5. Financial year

The financial year runs from 1 December to 30 November.

1.6. Auditors

The auditing company is PricewaterhouseCoopers AG with registered office in Zurich.

<u>Address of the auditing company</u>:

PricewaterhouseCoopers AG

Birchstrasse 160
CH-8050 Zurich

1.7. Fund units

The units of all sub-funds and their unit classes are bearer units. Units will not take the form of actual certificates but will exist purely as book entries.

Pursuant to the fund contract, the fund management company is entitled to establish, liquidate or merge unit classes for each subfund at any time, subject to the consent of the custodian bank and the approval of the supervisory authority.

Currently the subfunds of the zCapital umbrella fund comprise the following unit classes:

Swiss Dividend Fund

The subfund Swiss Dividend Fund currently comprises the following unit classes which are equally suitable for all investors. The unit classes differ with regard to the fee structure, the distribution policy, the requirements for acquisition and the minimum subscription or holding required.

– “A” class: distributing class, denominated in Swiss Francs CHF (reference currency), which is at the same time the reference currency of the fund and open for all investors. No minimum investment or minimum holding is required. No retrocessions or rebates are paid in respect of the distribution of the A class.

– “ZA” class: accumulation class, denominated in Swiss Francs CHF (reference currency), which is at the same time the reference currency of the fund. This unit class is suitable for qualified investors according to art. 10 para. 3 and 3ter CISA. No retrocessions or rebates are paid in respect of the ZA class. Investments into the ZA class are subject to a minimum subscription and minimum investment amount per investor or per asset manager of CHF 3,000,000.-. The decision as to whether the requirements are met is at the discretion of the fund management company respectively the custodian bank. In justified individual cases, at the discretion of the fund management company, subparagraph a) may be disregarded without creating a legal claim for an investor.

– "M-Class": accumulation class denominated in the reference currency Swiss Franc (CHF), which is also the unit of account of the Fund. The investor circle of the "M-Class" is limited to investors who qualify as "Mandate Investors". Mandate investors" are investors who, at the time of subscription, have signed a written agreement with zCapital AG for the purpose of investing in this share class. If such a written agreement is terminated, the units of the unit class held by the investor at the time must be returned or exchanged for units of another class whose conditions are met by the investor. In the case of this unit class, the costs for the asset management of the fund are charged separately to the investor within the framework of the aforementioned written agreement. The costs of the fund management (including administration), on the other hand, are charged directly to the fund assets by means of a management fee, and the costs of the custodian bank are charged directly to the fund assets by means of a custodian bank fee. There are no regulations regarding minimum investment and minimum holding. No retrocessions and/or rebates are paid for the "M class" (retro-free class).

At the moment, there is no minimum subsequent investment amount required for both unit classes.

Unitholders may request on any dealing day to switch shares of any unit class to shares of another unit class of the same subfund based on the net asset value of the unit classes, provided that the unitholder meets the contractual requirements for participation in the requested unit class.

All unit classes are entitled to participate in the undivided assets of the subfund, which does not constitute a segregated pool of assets. This participation may be different due to specific costs of these particular unit classes or specific income distributions of these particular unit classes of a subfund. Therefore the NAV per unit may be different for each unit class of the subfund.

The individual unit classes do not constitute segregated pools of assets. Although costs are in principle charged only to the unit class for which the service in question was rendered, the possibility of a unit class being held liable for the liabilities of another unit class therefore cannot be ruled out.

The reference currency of all relevant unit classes and of the subfund itself is not necessarily the currency in which the direct or indirect investments of the subfund are denominated.

For all unit classes the risks of assets whose reference currency is not the same as the reference currency of the respective unit class of the subfund, the currency risk may be totally or partially hedged. As full hedging is not required, investment loss due to foreign-exchange market risks cannot be excluded.

The fund management company shall undertake to treat all investors in the subfund fairly. The fund management company shall not place the interests of one investor or a group of investors before the interests of another investor or investor group in the management of the liquidity risk and the redemption of units. The fund management company shall primarily take the principle of equal treatment of investors into account so that it ensures that no investor can gain an advantage through the purchase or sale of units at already known unit prices. Therefore, it shall set a daily order acceptance deadline. Subscription and redemption orders, received at the custodian bank by 3.45 pm (CET) on a bank business day (order date), will be processed based on the net asset value applicable on the next bank business day (valuation day). Therefore, the net asset value used for settlement is not yet known at the point in time when the order was issued (forward pricing). It is calculated on the valuation day based on the closing prices on the order date.

Swiss Small & Mid Cap Fund

The subfund Swiss Small & Mid Cap Fund currently comprises the following unit classes which are equally suitable for all investors. The unit classes differ with regard to the fee structure, the distribution policy, the requirements for acquisition and the minimum subscription or holding required.

- "A" class: distributing class, denominated in Swiss Francs CHF (reference currency), which is at the same time the reference currency of the fund and open for all investors. No minimum investment or minimum holding is required. No retrocessions or rebates are paid in respect of the distribution of the A class.
- "ZA" class: accumulation class, denominated in Swiss Francs CHF (reference currency), which is at the same time the reference currency of the fund. This unit class is suitable for qualified investors according to art. 10 para. 3 and 3ter CISA. No retrocessions or rebates are paid in respect of the ZA class. Investments into the ZA class are subject to a minimum subscription and minimum investment amount per investor or per asset manager of CHF 5,000,000.-. The decision as to whether the requirements are met is at the discretion of the fund management company respectively the custodian bank. In justified individual cases, at the discretion of the fund management company, subparagraph a) may be disregarded without creating a legal claim for an investor.
- "M-Class": accumulation class denominated in the reference currency Swiss Franc (CHF), which is also the unit of account of the Fund. The investor circle of the "M-Class" is limited to investors who qualify as "Mandate Investors". Mandate investors" are investors who, at the time of subscription, have signed a written agreement with zCapital AG for the purpose of investing in this share class. If such a written agreement is terminated, the units of the unit class held by the investor at the time must be returned or exchanged for units of another class whose conditions are met by the investor. In the case of this unit class, the costs for the asset management of the fund are charged separately to the investor within the framework of the aforementioned written agreement. The costs of the fund management (including administration), on the other hand, are charged directly to the fund assets by means of a management fee, and the costs of the custodian bank are charged directly to the fund assets by means of a custodian bank fee. There are no regulations regarding minimum investment and minimum holding. No retrocessions and/or rebates are paid for the "M class" (retro-free class).

At the moment there is no minimum subsequent investment amount required for both unit classes.

Unitholders may request on any dealing day to switch shares of any unit class to shares of another unit class of the same subfund based on the net asset value of the unit classes, provided that the unitholder meets the contractual requirements for participation in the requested unit class.

All unit classes are entitled to participate in the undivided assets of the subfund, which does not constitute a segregated pool of assets. This participation may be different due to specific costs of these particular unit classes or specific income distributions of these particular unit classes of a subfund. Therefore, the NAV per unit may be different for each unit class of the subfund.

The unit classes do not constitute segregated pools of assets. Although in principle costs are only charged to the unit class for which a particular service was provided, a unit class may be liable for the liabilities of another unit class in the same subfund.

The reference currency of all relevant unit classes and of the subfund itself is not necessarily the currency in which the direct or indirect investments of the subfund are denominated.

For all unit classes the risks of assets whose reference currency is not the same as the reference currency of the respective unit class of the subfund, the currency risk may be totally or partially hedged. As full hedging is not required, investment loss due to foreign-exchange market risks cannot be excluded.

The fund management company shall undertake to treat all investors in the subfund fairly. The fund management company shall not place the interests of one investor or a group of investors before the interests of another investor or investor group in the management of the liquidity risk and the redemption of units. The fund management company shall primarily take the principle of equal treatment of investors into account so that it ensures that no investor can gain an advantage through the purchase or sale of units at already known unit prices. Therefore, it shall set a daily order acceptance deadline. Subscription and redemption orders, received at the custodian bank by 3.45 pm (CET) on a bank business day (order date), will be processed based on the net asset value applicable on the next bank business day (valuation day). Therefore, the net asset value used for settlement is not yet known at the point in time when the order was issued (forward pricing). It is calculated on the valuation day based on the closing prices on the order date.

Swiss ESG Fund

The subfund Swiss ESG Fund currently comprises the following unit classes which. The unit classes differ in terms of the investor circle, the fee structure, the distribution policy, the requirements for acquisition and the minimum subscription or holding required.

– “A” class: distributing class, denominated in Swiss Francs CHF (reference currency), which is at the same time the reference currency of the fund and which is open for all investors. No minimum investment or minimum holding is required. No retrocessions or rebates are paid in respect of the distribution of the A class (retro free class).

– “ZA” class: accumulation class, denominated in Swiss Francs CHF (reference currency), which is at the same time the reference currency of the fund and which is open for qualified investors according to article 10 para. 3 and 3ter CISA. No retrocessions or rebates are paid in respect of the ZA class (retro free class). Units of the ZA class are available exclusively to investors with a minimum subscription and minimum investment amount per investor or per asset manager of CHF 3,000,000.--. The decision as to whether the requirements are met is at the discretion of the fund management company respectively the custodian bank. In justified individual cases the fund management company may at its discretion disregarded the minimum subscription and minimum investment amout without creating a legal claim for an investor.

– "M-Class": accumulation class denominated in the reference currency Swiss Franc (CHF), which is also the unit of account of the Fund. The investor circle of the "M-Class" is limited to investors who qualify as "Mandate Investors". Mandate investors" are investors who, at the time of subscription, have signed a written agreement with zCapital AG for the purpose of investing in this share class. If such a written agreement is terminated, the units of the unit class held by the investor at the time must be returned or exchanged for units of another class whose conditions are met by the investor. In the case of this unit class, the costs for the asset management of the fund are charged separately to the investor within the framework of the aforementioned written agreement. The costs of the fund management (including administration), on the other hand, are charged directly to the fund assets by means of a management fee, and the costs of the custodian bank are charged directly to the fund assets by means of a custodian bank fee. There are no regulations regarding minimum investment and minimum holding. No retrocessions and/or rebates are paid for the "M class" (retro-free class).

At the moment, there is no minimum subsequent investment amount required for both unit classes.

Unitholders may request on any dealing day to switch shares of any unit class to shares of another unit class of the same subfund based on the net asset value of the unit classes, provided that the unitholder meets the contractual requirements for participation in the requested unit class.

All unit classes are entitled to participate in the undivided assets of the subfund, which does not constitute a segregated pool of assets. This participation may be different due to specific costs of these particular unit classes or specific income distributions of these particular unit classes of a subfund. Therefore, the NAV per unit may be different for each unit class of the subfund. The assets of the subfund as a whole are liable for class-specific cost charges.

The individual unit classes do not constitute segregated pools of assets. Although costs are in principle charged only to the unit class for which the service in question was rendered, the possibility of a unit class being held liable for the liabilities of another unit class therefore cannot be ruled out.

The reference currency of all relevant unit classes and of the subfund itself is not necessarily the currency in which the direct or indirect investments of the subfund are denominated.

For all unit classes the risks of assets whose reference currency is not the same as the reference currency of the respective unit class of the subfund, the currency risk may be totally or partially hedged. As full hedging is not required, investment loss due to foreign-exchange market risks cannot be excluded.

The fund management company shall undertake to treat all investors in the subfund fairly. The fund management company shall not place the interests of one investor or a group of investors before the interests of another investor or investor group in the management of the liquidity risk and the redemption of units. The fund management company shall primarily take the principle of equal treatment of investors into account so that it ensures that no investor can gain an advantage through the purchase or sale of units at already known unit prices. Therefore, it shall set a daily order acceptance deadline. Subscription and redemption orders, received at the custodian bank by 3.45 pm (CET) on a bank business day (order date), will be processed based on the net asset value applicable on the next bank business day (valuation day). Therefore, the net asset value used for settlement is not yet known at the point in time when the order was issued (forward pricing). It is calculated on the valuation day based on the closing prices on the order date.

1.8. Listing and trading

a) Swiss Dividend Fund

The units of the A-class are admitted to trading in the secondary market of SIX Swiss Exchange (Segment Sponsored Funds / Sponsor and Market Maker is Bank Julius Bär & Co. AG). The units of the ZA Class are not listed (quoted).

b) Swiss Small & Mid Cap Fund

The units of the A-class are admitted to trading in the secondary market of SIX Swiss Exchange (Segment Sponsored Funds / Sponsor and Market Maker is Bank Julius Bär & Co. AG). The units of the ZA Class are not listed (quoted).

c) Swiss ESG Fund

The units of the A-class are admitted to trading in the secondary market of SIX Swiss Exchange (Segment Sponsored Funds / Sponsor and Market Maker is Bank Julius Bär & Co. AG). The units of the ZA Class are not listed (quoted).

1.9. Terms for the issue and redemption of fund units

Units of the subfunds respectively the unit classes are issued and redeemed on every bank business day (Monday to Friday). No issues or redemptions will take place on Swiss public holidays (Easter, Whitsun, Christmas, New Year, 1 August, etc.), or on days when the stock exchanges and markets in the main investment countries of a subfund are closed resp. 50% or more of the investments of the subfund may not be valued adequately, or under the exceptional circumstances defined in § 17 (5) of the fund contract. The fund management company and the custodian bank are entitled, to refuse applications for subscriptions at their own discretion.

Subscription and redemption orders received by the custodian bank by 3.45 p.m. CET at the latest on a given bank business day (order day, T) will be settled on the next bank business day (valuation date) on the basis of the net asset value calculated on that date. The net asset value used to settle the order is therefore not known when the order is placed (forward pricing). The net asset value is calculated on the valuation date on the basis of the closing prices on the order day. Subscription orders which arrive at the custodian bank after 3.45 p.m. CET (cut-off-time) will be handled on the following bank working day.

The issue price of units of a given class corresponds to the net asset value of that class calculated on the valuation date, plus the issuing commission. The issuing commission is defined in 1.13 below.

The redemption price of the units of a given class corresponds to the net asset value calculated on the valuation date of that class, minus the redemption commission if applicable resp. the redemption commission accruing to the subfund if applicable. The redemption commission and the redemption commission accruing to the subfund is defined in 1.13 below.

Incidental costs relating to the purchase and sale of investments (standard brokerage fees, commissions and taxes) incurred in the course of investing the amount paid in or selling a portion of investments corresponding to the redeemed unit are charged to the respective subfund's assets.

Issue and redemption prices are rounded up to the smallest unit of the reference currency of a given unit class. Payments are made one bank business day after the relevant valuation date (value date T + two days).

Units are not issued as certificates but rather exist purely as book entries.

Fractional shares are issued to the nearest 1/1,000 (three decimal places).

	Overview	**T**	**T+1**	**T+2**
1.	Subscription and redemption orders received by the custodian bank by 3.45 p.m.CET (order day)	X		
2.	Closing prices for the valuation of the net asset value	X		
3.	Calculation of the net asset value (valuation day)		X	
4.	Procession date of transaction		X	
5.	Publication of net asset value		X	
6.	Value date of transaction			X

T = Trade date and deadline for closing prices / T+1 = Valuation date

The fund management company, custodian bank and their authorized representatives in respect of distribution may reject subscription applications. They may also forbid or limit the sale, distribution and transfer of units to natural and legal persons in certain counties and/or regions.

Contribution and Redemption in kind

In the event of a subscription, every Investor may apply to make deposits into a subfund's portfolio instead of making payment in cash ("contribution in kind"), respectively in the event of a termination have assets transferred to them instead of payment in cash ("redemption in kind"). The application must be submitted together with the subscription / termination application. The fund management company is not obliged to permit contributions and redemptions in kind.

The decision on contributions and redemptions in kind lies with the fund management company alone, and it approves such transactions only if the execution of the transactions is fully in accordance with the investment policy of the respective subfund and if the interests of the other Investors are not impaired.

The details of contributions and redemptions in kind are governed by § 17.7 of the Fund Contract.

1.10. Use of income

a) Swiss Dividend Fund

The net income of the **A-class** is distributed to investors annually in Swiss francs (CHF), within four months of the close of the financial year.

The net income of the **ZA-class** and the **M-class** shall be added annually to the assets of this unit class for reinvestment (reinvestment) in Swiss francs (CHF) within four months of the end of the financial year at the latest. The fund management may also decide to reinvest the income on an interim basis. Any taxes and duties levied on the reinvestment are reserved. Furthermore, extraordinary distributions of the net income of this accumulation class in Swiss francs (CHF) to the investors are reserved.

Realized capital gains can be distributed by the fund management company or retained for reinvestment.

b) Swiss Small & Mid Cap Fund

The net income of the **A-class** is distributed to investors annually in Swiss francs (CHF), within four months of the close of the financial year.

The net income of the **ZA-class** and the **M-class** shall be added annually to the assets of this unit class for reinvestment (reinvestment) in Swiss francs (CHF) within four months of the end of the financial year at the latest. The fund management may also decide to reinvest the income on an interim basis. Any taxes and duties levied on the reinvestment are reserved. Furthermore, extraordinary distributions of the net income of this accumulation class in Swiss francs (CHF) to the investors are reserved.

Realized capital gains can be distributed by the fund management company or retained for reinvestment.

c) Swiss ESG Fund

The net income of the **A-class** is distributed to investors annually in Swiss francs (CHF), within four months of the close of the financial year.

The net income of the **ZA-class** and the **M-class** shall be added annually to the assets of this unit class for reinvestment (reinvestment) in Swiss francs (CHF) within four months of the end of the financial year at the latest. The fund management may also decide to reinvest the income on an interim basis. Any taxes and duties levied on the reinvestment are reserved. Furthermore, extraordinary distributions of the net income of this accumulation class in Swiss francs (CHF) to the investors are reserved.

Realized capital gains can be distributed by the fund management company or retained for reinvestment.

1.11. Investment objective and investment policy of the subfunds

Detailed information on the subfund's investment policy and its restrictions, as well as the permitted investment techniques and instruments (in particular derivatives and their scope) are contained in the fund contract (cf. part 2, §§ 7-15 of the fund contract).

1.11.1. Investment objective and investment policy of the subfunds

a) Swiss Dividend Fund

Investment objective

The primary investment objective of the subfund Swiss Dividend Fund is to achieve long-term capital growth by investing in an equity portfolio of companies which post or are likely to post above-average and/or rising dividend income. A sustainable investment strategy is also pursued, which is described in detail in the following investment policy.

Investment policy

The subfund invests over a long-term horizon using an active, structured selection process based on a bottom-up approach. Within this process companies with an attractive risk/return profile that offer or are expected to offer attractive dividend income and are deemed to be undervalued are identified.

The subfund's investments are not selected according to sectoral criteria; investments may focus on a limited number of economic sectors.

a) The fund management company will invest at least 90% of the subfund's assets, excluding liquid assets, in:

   aa) equity securities and rights in companies that are included in the Swiss Performance Index SPI® Total Return or that are domiciled in or carry out the bulk of their business activities in Switzerland;

   ab) derivatives (including warrants) based on the investments described in aa).

   ac) debt securities and claims, money market instruments and sight or time deposits in so far as these are considered as cash equivalent pursuant to Art. 34 (5) CISO-FINMA and within the meaning of § 12 (6) claims arising from investments set out in lit. ab denominated in a freely convertible currency.

b) The fund management company may also invest up to 10% of the subfund's assets, excluding liquid assets, in:

   ba) equity securities and rights in companies worldwide that do not meet the criteria set out in aa) but are active in Switzerland directly or through subsidiaries and are listed on an international exchange;

   bb) equity securities and rights in companies worldwide that are listed on a Swiss exchange;

   bc) convertible bonds issued by the companies described in aa) and denominated in a freely convertible currency;

   bd) money market instruments denominated in Swiss francs, issued by Swiss or foreign issuers;

   be) structured products pursuant to § 8 (1) c) of the fund contract on investments described in lit. a) and b);

   bf) derivatives (including warrants) based on the investment instruments described in ba) to bf);

   bg) units in other collective investment schemes (target funds) that invest in the instruments described in a) and ba) to bf).

c) Investments described in bg) must not account for more than 10% of total subfund assets.

d) The fund management company may also invest a maximum of 10% of the subfund assets in equity securities and rights that do not meet the criteria set out in a) and b).

The fund management company may also hold appropriate liquid assets in the investment currencies of the subfund.

Sustainability in asset management

Sustainability goals:
ESG factors are to be taken into account in the financial analysis of companies, thereby adopting a holistic approach. Therefore, sector-specific ESG factors are included in regards of the opportunity and risk profiles of companies, whereby the medium to long-term risk/return profiles of the companies can be better assessed. For existing investments, active engagement & voting to promote sustainable aspects is also perceived.
Sustainability approaches applied:
The sustainability approaches described below are applied to the entire sub-fund without taking into account bank deposits and call and time deposits, as these investments do not offer the possibility of including ESG factors. **a) ESG-Integration** Companies are systematically assessed for environmental, social and governance (ESG) aspects using an ESG integration approach as part of the fundamental financial analysis. The structured ESG assessment process includes quantitative and qualitative analyses. The process is supported by the proprietary ESG Monitor, which incorporates data from the external rating agencies Inrate (www.inrate.com), ISS (www.issgovernance.com), MSCI (www.msci.com), RepRisk (www.reprisk.com) and Glassdoor (www.glassdoor.com) as well as our own collected data. The ESG Monitor makes it possible to identify a company's strengths and weaknesses in the area of ESG. The following aspects are analysed in detail: - **Employer ratings**: With the employer ratings from Glassdoor, Indeed (ch.indeed.com) and/or Kununu (www.kununu.com), company ratings from current or former employees can be taken into account. This information provides insight into the company culture and can highlight any issues. - **Employee metrics**: From the key personnel figures available on the workforce, one tries to identify risks or opportunities. Above all, employee satisfaction is a key factor. - **CO2 emissions**: With data from ISS or direct questioning of the companies, the CO2 emissions of a company are analysed. In addition, the company's activities to reduce emissions are examined. - **Corporate governance assessments**: In addition to the company's own analyses, Inrate's assessments are taken into account. This includes a large number of data points in the area of corporate governance. A key criterion is the remuneration and composition of the Board of Directors. - **Reputational risks**: With data primarily from RepRisk, companies are systematically checked for ESG risks. Numerous sources are continuously monitored globally in order to detect violations of human rights, competition laws and environmental protection, for example. **b) Exclusions** The Fund follows the exclusion recommendations of the **SVVK-ASIR** (Swiss Association for Responsible Investments). Investments in manufacturers of controversial weapons are thus excluded. The excluded companies from the arms sector are those whose products violate Swiss laws and internationally recognised conventions, namely the **Ottawa and Oslo Conventions** as

well as the **international Nuclear Non-Proliferation Treaty**. These agreements, ratified by Switzerland, prohibit the development, production, stockpiling and distribution of cluster munitions, anti-personnel mines and nuclear weapons. Further information on the SVVK-ASIR can be found on its website https://www.svvk-asir.ch/ueber-uns/. This exclusion is respected at all times.

In addition, companies that generate **more than 10% of their turnover** from the **production of coal-fired electricity** or **coal mining** are not considered. Data from the external provider ISS is used as the basis for this assessment. In case of missing ISS data, alternative verification procedures are carried out and it is verified whether this exclusion is complied with (e.g. by means of interviews with the management of the companies or information in their sustainability and annual reports). Up to 10% of the companies may subsequently exceed this turnover limit. In the case of these companies, clarifications are made as to whether there are intentions on the part of the management to reduce this share of turnover again and bring it below the exclusion limit. In the absence of such intentions on the part of management, the investment is sold.

c) Engagement & Voting

In terms of **engagement**, portfolio management aims to **make contact with the portfolio companies** and raise shareholder concerns. Relevant ESG aspects are addressed in dialogue with the management or the board of directors, and in some cases also through requests to speak or agenda items at general meetings. The companies are to be motivated to act sustainably. The portfolio management does not follow a uniform agenda, but addresses the currently relevant topics individually for each company. In addition to strategic points, the following sustainability aspects are addressed most frequently:

- **Sustainable entrepreneurship**: Sustainability should be anchored in the company at the highest level and be part of the strategy. Particular attention is paid to CO2 emissions and the impact of corporate activities on the United Nations' sustainability goals.

- **Corporate governance**: Good corporate governance includes the principle of "one share - one vote", the absence of any restrictions on voting rights and registration, an independent and diverse board of directors, a balanced compensation model and a transparent information policy.

- **Decarbonisation strategy**: Companies are required to set ambitious net-zero targets and implement them consistently.

- **Publication of ESG data**: Transparency and accountability of companies' activities in ESG areas will be ensured through the publication of environmental and social data. Companies are encouraged to publish more data.

Voting rights are **exercised** systematically **across all companies**. Voting recommendations and corporate governance analyses by Inrate and ISS as well as analyses by internal investment specialists are available as information tools. On this basis, votes are exercised according to the longer-term interests of the company and the shareholders. Among other things, the same topics and objectives are pursued as in the aforementioned engagement. Further requirements for the "Exercise of voting and participation rights in Swiss public companies" are contained in the following guideline:
https://www.zcapital.ch/fileadmin/zcapital/documents/Abstimmungsrichtlinien.pdf .

d) Investments in units of other collective investment schemes (target funds)

If investments are made in target funds that exclusively apply "exclusion" or "ESG integration" as a sustainability approach, these do not qualify as target funds with a sustainability reference. In principle, target funds without a sustainability reference are not permitted. However, due to the lack of corresponding index funds with sustainability reference, up to a maximum of 10% of the fund assets may be invested in index funds without sustainability reference.

Further information on the environmental or social characteristics can be found in the annex "Pre-contractual Information pursuant to EU Regulation SFDR".
Relevant sustainability risks
The subfund applies ESG criteria in its investment strategy from one or more external ESG data providers, which may be incomplete, incorrect, different or unavailable. Therefore, there is a risk that a security or issuer may be incorrectly assessed and wrongly included in or excluded from the subfund's portfolio. The use of ESG criteria may influence the performance of the subfund and therefore the subfund may perform differently compared to similar funds where such criteria are not applied. If the investment policy of an ESG fund specifies exclusion criteria on an ESG basis, this may result in this subfund refraining from buying certain securities even if a purchase would be advantageous or selling securities on the basis of their ESG characteristics even if this could be disadvantageous. This subfund is based on a sustainable approach, for which there are no uniform standards and which may be subjective. The lack of common or harmonised definitions and labels integrating ESG and sustainability criteria may lead to different interpretations and approaches in setting and meeting ESG targets. Therefore, comparability between different sustainable products can be difficult.
Classification and information of the fund according to the European Sustainable Finance Disclosure Regulation 2019/2088 (SFDR – Sustainable Finance Disclosure Regulation):
The fund qualifies as a product according to **article 8** of the European Sustainable Finance Disclosure Regulation 2019/2088. In the medium to longer term, the asset manager assumes that broadly diversified, sustainable investments will achieve a return comparable to that of traditional investments. However, no guarantee can be given in this regard. The principle of "avoidance of significant adverse impacts" only applies to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining part of this financial product do not take into account the EU criteria for environmentally sustainable economic activities. The asset management does not invest in this sub-fund based on the criterion "environmentally sustainable economic activities" in accordance with the EU taxonomy, which is why no corresponding minimum quota has been defined for such investments.

b) Swiss Small & Mid Cap Fund

Investment objective

The primary investment objective of the Swiss Small & Mid Cap Fund subfund is to achieve above-average long-term growth in value by investing in an equity portfolio of Swiss small and mid cap companies. A sustainable investment strategy is also pursued, which is described in detail in the following investment policy.

Investment policy

The subfund invests over a long-term horizon using an active, structured selection process based on a bottom-up approach. Within the process companies with an attractive risk/return profile that are deemed to be undervalued are identified.

The subfund's investments are not selected according to sector criteria; they may focus on a small number of economic sectors.

a) The fund management company will invest at least 90% of the subfund's assets, excluding liquid assets, in:

  aa) equity securities and rights in small and mid cap companies that have their head office or carry out the bulk of their business activities in Switzerland;

  ab) derivatives (including warrants) based on the instruments described in aa);

  ac) debt securities and claims, money market instruments and sight or time deposits in so far as these are considered as cash equivalent pursuant to Art. 34 (5) CISO-FINMA and within the meaning of § 12 (6) claims arising from investments set out in lit. ab denominated in a freely convertible currency.

  "Small and mid caps" are defined as companies that are currently listed on the SPI EXTRA® or have an equivalent capitalization.

b) The fund management company may also invest up to 10% of the subfund's assets, excluding liquid assets, in:

  ba) equity securities and rights in companies worldwide that do not meet the criteria set out in aa) but are active in Switzerland directly or through subsidiaries and are listed on an international exchange;

  bb) equity securities and rights in small and mid cap companies worldwide that are listed on a Swiss exchange;

  bc) equity securities as described in aa) in small and mid cap companies that have their head office or carry out the bulk of their business activities in Switzerland and are not traded on an exchange or on a regulated market but meet the following conditions: (i) the counterparty is a regulated financial intermediary, specialized in such types of transactions, and (ii) the OTC-equity securities and rights are tradeable on a daily basis. In addition they must be possible to reliably and verifiably valued („OTC-securities");

  bd) convertible bonds issued by the companies described in aa) and denominated in a freely convertible currency;

  be) money market instruments denominated in Swiss francs, issued by Swiss or foreign issuers;

  bf) structured products pursuant to §8 (1) c) of the fund contract on investments described in lit. a) and b);

  bg) derivatives (including warrants) based on the investment instruments described in ba) to bf);

bh) units in other collective investment schemes (target funds) that invest in the instruments described in a) and ba) to bg).

c) The instruments described in bc) must not exceed 10% of total subfund assets; the value of any individual OTC security must not exceed 5% of subfund assets on the purchase date.

d) The investments described in bh) may not exceed 10% of subfund assets.

e) The fund management company may also invest a maximum of 10% of subfund assets in equity securities and rights that do not meet the criteria set out in a) and b) and are quoted on any stock exchange worldwide.

The fund management company may also hold appropriate liquid assets in the investment currencies of the subfund.

<u>Sustainability in asset management</u>

Sustainability goals:
ESG factors are to be taken into account in the financial analysis of companies, thereby adopting a holistic approach. Therefore, sector-specific ESG factors are included in regards of the opportunity and risk profiles of companies, whereby the medium to long-term risk/return profiles of the companies can be better assessed. For existing investments, active engagement & voting to promote sustainable aspects is also perceived.
Sustainability approaches applied:
The sustainability approaches described below are applied to the entire sub-fund without taking into account bank deposits and call and time deposits, as these investments do not offer the possibility of including ESG factors. **<u>a) ESG-Integration</u>** Companies are systematically assessed for environmental, social and governance (ESG) aspects using an ESG integration approach as part of the fundamental financial analysis. The structured ESG assessment process includes quantitative and qualitative analyses. The process is supported by the proprietary ESG Monitor, which incorporates data from the external rating agencies Inrate (www.inrate.com), ISS (www.issgovernance.com), MSCI (www.msci.com), RepRisk (www.reprisk.com) and Glassdoor (www.glassdoor.com) as well as our own collected data. The ESG Monitor makes it possible to identify a company's strengths and weaknesses in the area of ESG. The following aspects are analysed in detail: - **Employer ratings**: With the employer ratings from Glassdoor, Indeed (ch.indeed.com) and/or Kununu (www.kununu.com), company ratings from current or former employees can be taken into account. This information provides insight into the company culture and can highlight any issues. - **Employee metrics**: From the key personnel figures available on the workforce, one tries to identify risks or opportunities. Above all, employee satisfaction is a key factor. - **CO2 emissions**: With data from ISS or direct questioning of the companies, the CO2 emissions of a company are analysed. In addition, the company's activities to reduce emissions are examined. - **Corporate governance assessments**: In addition to the company's own analyses, Inrate's assessments are taken into account. This includes a large number of data points in the area of corporate governance. A key criterion is the remuneration and composition of the Board of Directors. - **Reputational risks**: With data primarily from RepRisk, companies are systematically checked

for ESG risks. Numerous sources are continuously monitored globally in order to detect violations of human rights, competition laws and environmental protection, for example.

b) Exclusions

The Fund follows the exclusion recommendations of the **SVVK-ASIR** (Swiss Association for Responsible Investments). Investments in manufacturers of controversial weapons are thus excluded. The excluded companies from the arms sector are those whose products violate Swiss laws and internationally recognised conventions, namely the **Ottawa and Oslo Conventions** as well as the **international Nuclear Non-Proliferation Treaty**. These agreements, ratified by Switzerland, prohibit the development, production, stockpiling and distribution of cluster munitions, anti-personnel mines and nuclear weapons. Further information on the SVVK-ASIR can be found on its website https://www.svvk-asir.ch/ueber-uns/. This exclusion is respected at all times.

In addition, companies that generate **more than 10% of their turnover** from the **production of coal-fired electricity** or **coal mining** are not considered. Data from the external provider ISS is used as the basis for this assessment. In case of missing ISS data, alternative verification procedures are carried out and it is verified whether this exclusion is complied with (e.g. by means of interviews with the management of the companies or information in their sustainability and annual reports). Up to 10% of the companies may subsequently exceed this turnover limit. In the case of these companies, clarifications are made as to whether there are intentions on the part of the management to reduce this share of turnover again and bring it below the exclusion limit. In the absence of such intentions on the part of management, the investment is sold.

c) Engagement & Voting

In terms of **engagement**, portfolio management aims to **make contact with the portfolio companies** and raise shareholder concerns. Relevant ESG aspects are addressed in dialogue with the management or the board of directors, and in some cases also through requests to speak or agenda items at general meetings. The companies are to be motivated to act sustainably. The portfolio management does not follow a uniform agenda, but addresses the currently relevant topics individually for each company. In addition to strategic points, the following sustainability aspects are addressed most frequently:

- **Sustainable entrepreneurship**: Sustainability should be anchored in the company at the highest level and be part of the strategy. Particular attention is paid to CO2 emissions and the impact of corporate activities on the United Nations' sustainability goals.

- **Corporate governance**: Good corporate governance includes the principle of "one share - one vote", the absence of any restrictions on voting rights and registration, an independent and diverse board of directors, a balanced compensation model and a transparent information policy.

- **Decarbonisation strategy**: Companies are required to set ambitious net-zero targets and implement them consistently.

- **Publication of ESG data**: Transparency and accountability of companies' activities in ESG areas will be ensured through the publication of environmental and social data. Companies are encouraged to publish more data.

Voting rights are **exercised** systematically **across all companies**. Voting recommendations and corporate governance analyses by Inrate and ISS as well as analyses by internal investment specialists are available as information tools. On this basis, votes are exercised according to the longer-term interests of the company and the shareholders. Among other things, the same topics and objectives are pursued as in the aforementioned engagement. Further requirements for the "Exercise of voting and participation rights in Swiss public companies" are contained in the following guideline:
https://www.zcapital.ch/fileadmin/zcapital/documents/Abstimmungsrichtlinien.pdf .

d) Investments in units of other collective investment schemes (target funds)

If investments are made in target funds that exclusively apply "exclusion" or "ESG integration" as a sustainability approach, these do not qualify as target funds with a sustainability reference. In principle, target funds without a sustainability reference are not permitted. However, due to the lack of corresponding index funds with sustainability reference, up to a maximum of 10% of the fund assets may be invested in index funds without sustainability reference.

Further information on the environmental or social characteristics can be found in the annex "Pre-contractual Information pursuant to EU Regulation SFDR".

Relevant sustainability risks

The subfund applies ESG criteria in its investment strategy from one or more external ESG data providers, which may be incomplete, incorrect, different or unavailable. Therefore, there is a risk that a security or issuer may be incorrectly assessed and wrongly included in or excluded from the subfund's portfolio.

The use of ESG criteria may influence the performance of the subfund and therefore the subfund may perform differently compared to similar funds where such criteria are not applied.

If the investment policy of an ESG fund specifies exclusion criteria on an ESG basis, this may result in this subfund refraining from buying certain securities even if a purchase would be advantageous or selling securities on the basis of their ESG characteristics even if this could be disadvantageous.

This subfund is based on a sustainable approach, for which there are no uniform standards and which may be subjective. The lack of common or harmonised definitions and labels integrating ESG and sustainability criteria may lead to different interpretations and approaches in setting and meeting ESG targets. Therefore, comparability between different sustainable products can be difficult.

Classification and information of the fund according to the European Sustainable Finance Disclosure Regulation 2019/2088 (SFDR – Sustainable Finance Disclosure Regulation):

The fund qualifies as a product according to **article 8** of the European Sustainable Finance Disclosure Regulation 2019/2088.

In the medium to longer term, the asset manager assumes that broadly diversified, sustainable investments will achieve a return comparable to that of traditional investments. However, no guarantee can be given in this regard.

The principle of "avoidance of significant adverse impacts" only applies to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining part of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

The asset management does not invest in this sub-fund based on the criterion "environmentally sustainable economic activities" in accordance with the EU taxonomy, which is why no corresponding minimum quota has been defined for such investments.

c) Swiss ESG Fund

Investment objective

The primary investment objective of the Swiss ESG Fund subfund is to achieve above-average long-term growth in value by investing in an equity portfolio of Swiss companies, while taking ESG aspects into account. A sustainable investment strategy is also pursued, which is described in detail in the following investment policy.

Investment policy

The subfund invests over a long-term horizon using an active, structured selection process based on a bottom-up approach. Within the process companies with an attractive risk/return profile that are deemed to be undervalued and which qualify as companies with a sustainable business profile are identified.

The subfund's investments are not selected according to sector criteria; they may focus on a small number of economic sectors.

a) While considering the sustainability approach as defined above, the fund management company will invest at least 90% of the subfund's assets, excluding liquid assets, in:

  aa) equity securities and rights in companies that are part of the Swiss Performance Index SPI® Total Return or that have their head office or carry out the bulk of their business activities in Switzerland;

  ab) derivatives (including warrants) based on the instruments described in aa);

  ac) debt securities and claims, money market instruments and sight or time deposits in so far as these are considered as cash equivalent pursuant to Art. 34 (5) CISO-FINMA and within the meaning of § 12 (6) claims arising from investments set out in lit. ab denominated in a freely convertible currency.

b) The fund management company may also invest up to 10% of the subfund's assets, excluding liquid assets, in:

  ba) equity securities and rights in companies worldwide that do not meet the criteria set out in aa) but are active in Switzerland directly or through subsidiaries and are listed on an international exchange;

  bb) equity securities and rights in companies worldwide that are listed on a Swiss exchange;

  bc) convertible bonds issued by the companies described in aa) and denominated in a freely convertible currency;

  bd) money market instruments denominated in Swiss francs, issued by Swiss or foreign issuers;

  be) structured products pursuant to §8 (1) c) of the fund contract on investments described in lit. a) and b);

  bf) derivatives (including warrants) based on the investment instruments described in ba) to bf);

  bg) units in other collective investment schemes (target funds) that invest in the instruments described in a) and ba) to bf).

c) The investments described in bg) may not exceed 10% of subfund assets.

d) The fund management company may also invest a maximum of 10% of subfund assets in equity securities and rights that do not meet the criteria set out in a) and b) and are quoted on any stock exchange worldwide.

The fund management company may also hold appropriate liquid assets in the investment currencies of the subfund.

Sustainability in asset management

Sustainability goals:
The portfolio should consist of companies that have a convincing sustainability profile. Preference will be given to companies that are in line with the **Paris climate goals** and the **United Nations' sustainability goals**.
Sustainability approaches applied:
The sustainability approaches described below are applied to the entire sub-fund without taking into account bank deposits and call and time deposits, as these investments do not offer the possibility of including ESG factors. **a) ESG-Integration** Companies are systematically assessed for environmental, social and governance (ESG) aspects using an ESG integration approach as part of the fundamental financial analysis. The structured ESG assessment process includes quantitative and qualitative analyses. The process is supported by the proprietary ESG Monitor, which incorporates data from the external rating agencies Inrate (www.inrate.com), ISS (www.issgovernance.com), MSCI (www.msci.com), RepRisk (www.reprisk.com) and Glassdoor (www.glassdoor.com) as well as our own collected data. The ESG Monitor makes it possible to identify a company's strengths and weaknesses in the area of ESG. The following aspects are analysed in detail: - **Employer ratings**: With the employer ratings from Glassdoor, Indeed (ch.indeed.com) and/or Kununu (www.kununu.com), company ratings from current or former employees can be taken into account. This information provides insight into the company culture and can highlight any issues. - **Employee metrics**: From the key personnel figures available on the workforce, one tries to identify risks or opportunities. Above all, employee satisfaction is a key factor. - **CO2 emissions**: With data from ISS or direct questioning of the companies, the CO2 emissions of a company are analysed. In addition, the company's activities to reduce emissions are examined. - **Corporate governance assessments**: In addition to the company's own analyses, Inrate's assessments are taken into account. This includes a large number of data points in the area of corporate governance. A key criterion is the remuneration and composition of the Board of Directors. - **Reputational risks**: With data primarily from RepRisk, companies are systematically checked for ESG risks. Numerous sources are continuously monitored globally in order to detect violations of human rights, competition laws and environmental protection, for example. **b) Exclusions** The Fund follows the exclusion recommendations of the **SVVK-ASIR** (Swiss Association for Responsible Investments). Investments in manufacturers of controversial weapons are thus excluded. The excluded companies from the arms sector are those whose products violate Swiss laws and internationally recognised conventions, namely the **Ottawa and Oslo Conventions** as well as the **international Nuclear Non-Proliferation Treaty**. These agreements, ratified by Switzerland, prohibit the development, production, stockpiling and distribution of cluster munitions, anti-personnel mines and nuclear weapons. Further information on the SVVK-ASIR can be found on its website https://www.svvk-asir.ch/ueber-uns/. This exclusion is respected at all times. In addition, companies that significantly violate the principles of the **UN Global Compact** are not included in the fund portfolio. The decision as to whether a company violates the UN Global Compact is based on RepRisk's "Violator Flag". According to RepRisk, a company classified as a

"violator" has significant and credible exposure to ESG risk incidents related to one or more of the ten UN Global Compact principles. More information on the UN Global Compact can be found on its website https://www.unglobalcompact.org/. Up to 10% of companies may subsequently violate this exclusion. These companies will be investigated to determine whether management intends to reinstate compliance with the Principles. In the absence of such intentions on the part of management, the investment is sold.

Finally, companies that generate **more than 5% of their turnover** from the produ**ction of nuclear or coal-fired power, coal mining, fracking, oil sands, tobacco, pornography, gambling, revenge goods or civilian weapons** are excluded. This assessment is based on data from the external provider ISS. If ISS data is missing, alternative audit procedures are carried out and it is verified whether this exclusion is complied with (e.g. by means of discussions with the management of the companies or information in their sustainability and annual reports). Up to 10% of the companies may subsequently exceed this turnover limit. In the case of these companies, clarifications are made as to whether there are intentions on the part of the management to reduce this share of turnover again and bring it below the exclusion limit. In the absence of such intentions on the part of management, the investment is sold.

c) Positive screening

The fund portfolio meets the Paris climate targets (global warming below 2° Celsius). At least 80% of the investments directly meet the Paris climate targets (global warming below 2° Celsius); the remaining 20% may exceed the targets for individual investments. Overall, however, the fund portfolio meets the Paris climate targets. This assessment is based on data from the external provider ISS. For up to 10% of the investments, corresponding ISS data may be missing. In such cases, the fund collects its own data (e.g. through discussions with the management of the companies, information from their sustainability reports, current activities) and, based on this, assesses whether the Paris climate targets are met.

The fund portfolio contributes positively to the achievement of the United Nations Sustainable Development Goals (UN SDGs). At least 80% of the investments contribute "positively" or "neutrally" to the achievement of the United Nations Sustainable Development Goals (UN SDGs). The remaining 20% may have a negative impact on these sustainability goals, but the fund portfolio as a whole shows a positive contribution. This assessment is based on data from the external provider ISS, which rates the companies in this respect on a scale of +10 (positive contribution to the UN SDGs) to -10 (negative contribution to the UN SDGs). For up to 10% of the facilities, corresponding ISS data may be missing. In such cases, own data is collected (e.g. through interviews with the management of the companies, information from their sustainability reports, current activities) and based on this, the impact of these companies on the UN SDGs is assessed.

d) Engagement & Voting

In terms of **engagement**, portfolio management aims to **make contact with the portfolio companies** and raise shareholder concerns. Relevant ESG aspects are addressed in dialogue with the management or the board of directors, and in some cases also through requests to speak or agenda items at general meetings. The companies are to be motivated to act sustainably. The portfolio management does not follow a uniform agenda, but addresses the currently relevant topics individually for each company. In addition to strategic points, the following sustainability aspects are addressed most frequently:

- **Sustainable entrepreneurship**: Sustainability should be anchored in the company at the highest level and be part of the strategy. Particular attention is paid to CO2 emissions and the impact of corporate activities on the United Nations' sustainability goals.

- **Corporate governance**: Good corporate governance includes the principle of "one share - one vote", the absence of any restrictions on voting rights and registration, an independent and diverse board of directors, a balanced compensation model and a transparent information policy.

- **Decarbonisation strategy**: Companies are required to set ambitious net-zero targets and implement them consistently.

- **Publication of ESG data**: Transparency and accountability of companies' activities in ESG areas will be ensured through the publication of environmental and social data. Companies are encouraged to publish more data.

Voting rights are **exercised** systematically **across all companies**. Voting recommendations and corporate governance analyses by Inrate and ISS as well as analyses by internal investment specialists are available as information tools. On this basis, votes are exercised according to the longer-term interests of the company and the shareholders. Among other things, the same topics and objectives are pursued as in the aforementioned engagement. Further requirements for the "Exercise of voting and participation rights in Swiss public companies" are contained in the following guideline:
https://www.zcapital.ch/fileadmin/zcapital/documents/Abstimmungsrichtlinien.pdf .

e) Investments in units of other collective investment schemes (target funds)
If investments are made in target funds that exclusively apply "exclusion" or "ESG integration" as a sustainability approach, these do not qualify as target funds with a sustainability reference. In addition, for the fulfilment of the sustainability reference, the target funds must take into account the indicators on the most significant adverse impacts on sustainability factors within the meaning of the SFDR. Target funds without sustainability reference are not permitted.

Further information on the environmental or social characteristics can be found in the annex "Pre-contractual Information pursuant to EU Regulation SFDR".

Relevant sustainability risks

The subfund applies ESG criteria in its investment strategy from one or more external ESG data providers, which may be incomplete, incorrect, different or unavailable. Therefore, there is a risk that a security or issuer may be incorrectly assessed and wrongly included in or excluded from the subfund's portfolio.

The use of ESG criteria may influence the performance of the subfund and therefore the subfund may perform differently compared to similar funds where such criteria are not applied.

If the investment policy of an ESG fund specifies exclusion criteria on an ESG basis, this may result in this subfund refraining from buying certain securities even if a purchase would be advantageous or selling securities on the basis of their ESG characteristics even if this could be disadvantageous.

This subfund is based on a sustainable approach, for which there are no uniform standards and which may be subjective. The lack of common or harmonised definitions and labels integrating ESG and sustainability criteria may lead to different interpretations and approaches in setting and meeting ESG targets. Therefore, comparability between different sustainable products can be difficult.

Classification and information of the fund according to the European Sustainable Finance Disclosure Regulation 2019/2088 (SFDR – Sustainable Finance Disclosure Regulation):

The fund qualifies as a product according to **article 8** of the European Sustainable Finance Disclosure Regulation 2019/2088.

In the medium to longer term, the asset manager assumes that broadly diversified, sustainable investments will achieve a return comparable to that of traditional investments. However, no guarantee can be given in this regard.

The principle of "avoidance of significant adverse impacts" only applies to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining part of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

The asset management does not invest in this sub-fund based on the criterion "environmentally sustainable economic activities" in accordance with the EU taxonomy, which is why no corresponding minimum quota has been defined for such investments.

1.11.2. Investment restrictions applicable to the subfunds

The following investment restrictions in particular apply to the subfunds:

Up to a maximum of 10% of each subfund's assets may be invested in securities and money market instruments, including derivatives and structured products, issued by the same issuer. The total value of securities and money market instruments of issuers in which over 5% of the subfund's assets are invested may not exceed 40% of the relevant subfund's assets.

The fund management company may invest up to a maximum of 20% of the subfund assets in sight and time deposits with the same bank. This limit includes both liquid assets pursuant to § 9 of the fund contract as well as investments in bank assets pursuant to § 8.

OTC transactions with the same counterparty are limited to 5% of the subfund's assets. If the counterparty is a bank domiciled in Switzerland or in an EU Member State or another country with supervision equivalent to that in Switzerland, the limit is increased to 10% of the relevant subfund's assets.

Investments in, deposits with and debt securities from the same issuer or borrower may not exceed 20% of total subfund assets.

The fund management company may invest up to 35% of the subfunds' assets in securities or money market instruments issued by the same issuer, provided these are issued or guaranteed by an OECD state or public authority or by a public international organization to which Switzerland or an EU Member State belongs.

Under the license granted by FINMA, up to 100% of the subfunds' assets may be invested in securities or money market instruments from the same issuer, provided these are issued or guaranteed by an OECD state or public authority or by a public international organization to which Switzerland or an EU Member State belongs. In this case, the respective subfund must invest in securities or money market instruments from at least six different issues; no more than 30% of the subfund assets may be invested in securities or money market instruments from the same issue.

The following are authorized issuers and guarantors: OECD member states, the European Union (EU), the Council of Europe, the European Social Fund, the International Bank for Reconstruction and Development (the World Bank), International Finance Corporation (IFC), the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the International Monetary Fund, the European stabilisation mechanism fund, the European Financial Stability Facility, the European Investment Bank, the Nordic Investment Bank, the European Bank for Reconstruction and Development and Eurofima.

<u>Investment restrictions for the fund management company</u>

In accordance with Art. 84 para. 2 CISO, the supervisory authority has authorized the fund management company to increase the limit regarding the restriction of participation in a single issuer from 10% pursuant to Art. 84 para. 1 CISO to 20% for funds or subfunds with an investment policy focus on a "narrow market". The detailed provisions in this regard are set out in § 15 para. 13 of the fund contract. Only the sub-fund "**Swiss Small & Mid Cap Fund**" has a focus on a "narrow market" due to its investment policy and is therefore allocated to the investment segment "**Swiss Small & Mid Cap Companies**".

Detailed information on the subfund's investment restrictions are contained in the fund contract (cf. part 2, § 15 of the fund contract).

1.11.3. Management of Collateral

Permitted types of collateral:

Assets received as collateral as part of investment techniques or OTC transactions must satisfy the following requirements:

- they are highly liquid and traded on a regulated market or multilateral trading facility with transparentpricing;
- they can be sold quickly at a price that is close to its pre-sale valuation;
- they are valued on at least a daily basis. Assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
- they should be issued by an entity that is independent from the counterparty or by a company that does not belong to nor is dependent on the counterparty's group;
- Issuer credit quality of collateral received should be of high quality.

Required level of collateralization

The required level of collateralisation is fulfilled by the following obligations and requirements in the management of collateral:

- collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the collateral exposure to a given issuer does not exceed 20% of its net asset value. Deviation from this rule is permitted if the collateral is issued or guaranteed by an OECD country, a public-law entity from the OECD, or by an international public-law organization to which Switzerland or a member state of the European Union belongs. or the approval conditions set out in Article 83 paragraph 2 CISO are met. If collateral is provided by more than one counterparty, an aggregate perspective must be ensured;
- the fund management company or its agents must be able to obtain power of disposal over, and authority to dispose of the collateral received at any time in the event of default by the counterparty, without involving the counterparty or obtaining its consent; assets received as collateral will be booked into a safe custody account with the custodian bank in the name of the fund management company with reference to the fund;
- the fund management company or its agents may not re-lend, re-pledge, sell or reinvest collateral pledged or transferred to them or use it as part of a repurchase transaction or to hedge obligations arising from derivative financial instruments. If a counterparty fails to perform its obligations in a timely manner, the fund management company decides on the realization of the collateral to indemnify the collective investment scheme;
- if the fund management company receives collateral for at least 30% of a fund‘s assets, it must ensure that the liquidity risks can be captured and monitored appropriately. Regular stress tests must be carried out that take account of both normal and exceptional liquidity conditions. The controls carried out must be documented;
- the fund management company and its agents must be in a position to attribute any uncovered claims remaining after the realization of collateral to the securities funds whose assets were the subject of the underlying transactions.

Determination of security margins

The fund management company and its agents provide for appropriate security margins.

The risks involved in the management of the collateral are taken into account in the risk management process. These are namely operational risks, liquidity risks and counterparty risks.

1.11.4. Use of derivatives

The fund management company may use derivatives. However, even under extreme market circumstances the use of derivatives must not result in a deviation from the investment objectives or change the character of the subfunds. Commitment Approach I is used to assess risk.

Collective investment schemes may only use derivatives for currency hedging purposes. Collective investment schemes are not authorized to hedge against market, interest rate and credit risk, where the risks can be clearly defined and calculated.

Only basic forms of derivatives may be used, i.e. call or put options, swaps and futures and forward transactions, as described in more detail in the fund contract (s. § 12 of the fund contract), provided the underlying securities are permitted as investments under the fund contract. Derivative transactions may be concluded on a stock exchange or another regulated market open to the public or as OTC transactions. In addition to market risk, derivatives and structured products are also subject to counterparty risk, i.e. the risk that the contracting party may not be able to meet its obligations and therefore may cause a financial loss.

Even under extraordinary market circumstances, these instruments must not be used to leverage the subfund's assets or for short sales.

a) Swiss Dividend Fund

Commitment Approach I will be applied to the assessment of risk for the Swiss Divided Fund subfund.

b) Swiss Small & Mid Cap Fund

Commitment Approach I will be applied to the assessment of risk for the Swiss Small & Mid Cap Fund subfund.

c) Swiss ESG Fund

Commitment Approach I will be applied to the assessment of risk for the Swiss ESG Fund subfund.

The fund contract contains detailed information about each subfund's investment policy and restrictions and the permitted investment techniques and instruments (in particular with regard to derivatives and their use) (cf. part 2, §§ 7-15 of the fund contract).

1.12. Net Asset Value

The net asset value of a unit of a given class of a subfund is determined by the market value of the relevant unit class on the market value of the subfund's assets, less all the subfund's liabilities, which are attributable to the unit class in question, divided by the number of units in the respective unit class in circulation. It will be rounded up to the smallest unit of the reference currency of a given unit class.

1.13. Fees and incidental costs

1.13.1. Fees and incidental costs charged to the fund's assets (excerpt from § 19 of the fund contract):

a) Swiss Dividend Fund

Management fee accruing to the fund management company

– A class	maximum 1.00% p.a.
– ZA class	maximum 0.75% p.a.
– M class	maximum 0.10% p.a.

In the case of the "A class" and "ZA class", the fee is used for management (including fund administration), asset management and, if applicable, for distribution activities relating to the subfund. For the "M" share class, on the other hand, the fee is only used for management (including fund administration) by the fund management company.

Custodian bank fee

– A class	maximum 0.10% p.a.
– ZA class	maximum 0.10% p.a.
– M class	maximum 0.10% p.a.

The fee covers the tasks of the Custodian Bank such as the safekeeping of the fund assets, the handling of payment transactions, and the performance of the other tasks listed under § 4 of the Fund Contract.

No commission is charged to the subfund for the payment of the annual income to the investors.

b) Swiss Small & Mid Cap Fund

Management fee accruing to the fund management company

– A class	maximum 1.50% p.a.
– ZA class	maximum 1.00% p.a.
– M class	maximum 0.10% p.a.

In the case of the "A class" and "ZA class", the fee is used for management (including fund administration), asset management and, if applicable, for distribution activities relating to the subfund. For the "M" share class, on the other hand, the fee is only used for management (including fund administration) by the fund management company.

Custodian bank fee

– A class	maximum 0.10% p.a.
– ZA class	maximum 0.10% p.a.
– M class	maximum 0.10% p.a.

The fee covers the tasks of the Custodian Bank such as the safekeeping of the fund assets, the handling of payment transactions, and the performance of the other tasks listed under § 4 of the Fund Contract.

No commission is charged to the subfund for the payment of the annual income to the investors.

c) Swiss ESG Fund

Management fee accruing to the fund management company

– A class	maximum 1.25% p.a.
– ZA class	maximum 0.90% p.a.
– M class	maximum 0.10% p.a.

In the case of the "A class" and "ZA class", the fee is used for management (including fund administration), asset management and, if applicable, for distribution activities relating to the subfund. For the "M" share class, on the other hand, the fee is only used for management (including fund administration) by the fund management company.

Custodian bank fee

– A class	maximum 0.10% p.a.
– ZA class	maximum 0.10% p.a.
– M class	maximum 0.10% p.a.

The fee covers the tasks of the Custodian Bank such as the safekeeping of the fund assets, the handling of payment transactions, and the performance of the other tasks listed under § 4 of the Fund Contract.

No commission is charged to the subfund for the payment of the annual income to the investors.

In addition, the sub-funds may be charged the other fees and incidental costs listed in § 19 of the fund contract.

The rates actually applied per sub-fund are shown in the annual and semi-annual reports.

1.13.2. Total expense ratio (TER) and portfolio turnover rate (PTR)

The coefficient of the total costs charged to the fund assets on an ongoing basis (total expense ratio, TER) was:

a) Swiss Dividend Fund

Reference date	**«A-Class»**	**«ZA-Class»**	**«M-Class»**
30.11.2020	1.01%	0.76%	n/a
30.11.2021	1.00%	0.75%	n/a
30.11.2022	1.01%	0.76%	n/a

b) Swiss Small & Mid Cap Fund

Reference date	**«A-Class»**	**«ZA-Class»**	**«M-Class»**
30.11.2020	1.50%	1.00%	n/a
30.11.2021	1.49%	1.00%	n/a
30.11.2022	1.51%	1.01%	n/a

c) Swiss ESG Fund

Reference date	**«A-Class»**	**«ZA-Class»**	**«M-Class»**
30.11.2021	1.31%	097%	n/a
30.11.2022	1.42%	1.07%	n/a

1.13.3. Payment of retrocessions and discounts

The fund management company, its agents and the custodian bank pay neither retrocessions for distribution and intermediation of fund units, nor discounts to reduce the fees and costs charged to the subfunds and incurred by the investor.

1.13.4. Fees and incidental costs charged to the investor (excerpt from § 18 of the fund contract)

a) Swiss Dividend Fund

Issuing commission accruing to the fund management company, custodian bank and/or distributors in Switzerland and abroad:

– A class	none*
– ZA class	none*
– M class	none*

Redemption commission accruing to the fund management company, custodian bank and/or distributors in Switzerland and abroad:

– A class	none*
– ZA class	none*
– M class	none*

*) *No issuing or redemption charges are applied for changing between the subfunds of this umbrella fund.*

Incidental costs (redemption charges) accruing to the subfund assets in connection with the sale of investments (§ 17.2 of the Fund Contract).

– A class	none**
– ZA class	none**
– M class	none**

**) *Incidental costs (redemption charges), charged to the investor on the redemption of units as well as on the change between the subfunds of this umbrella fund in favour of the net assets of the respective subfund, from which the investor retires, incurred by the subfund in connection with the sale of a portion of investments corresponding to the redeemed units (cf. § 17 Clause 2). The above mentioned incidental costs will be charged at the same rate to all investors of a subfund. The charging of these incidental costs shall not apply if the fund management company permits payment (redemption in kind) in investments instead of cash in accordance with § 17 Clause 7. No issuing or redemption charges are applied for changing between the shareclasses within a subfund of this umbrella fund.*

b) Swiss Small & Mid Cap Fund

Issuing commission accruing to the fund management company, custodian bank and/or distributors in Switzerland and abroad:

- A class	none*
- ZA class	none*
- M class	none*

Redemption commission accruing to the fund management company, custodian bank and/or distributors in Switzerland and abroad:

- A class	none*
- ZA class	none*
- M class	none*

*) *No issuing or redemption charges are applied for changing between the subfunds of this umbrella fund.*

Incidental costs (redemption charges) accruing to the subfund assets in connection with the sale of investments (§ 17.2 of the Fund Contract)

- A class	0.25%**
- ZA class	0.25%**
- M class	0.25%**

**) *Incidental costs (redemption charges), charged to the investor on the redemption of units as well as on the change between the subfunds of this umbrella fund in favour of the net assets of the respective subfund, from which the investor retires, incurred by the subfund in connection with the sale of a portion of investments corresponding to the redeemed units (cf. § 17 Clause 2). The above mentioned incidental costs will be charged at the same rate to all investors of a subfund. The charging of these incidental costs shall not apply if the fund management company permits payment (redemption in kind) in investments instead of cash in accordance with § 17 Clause 7. No issuing or redemption charges are applied for changing between the shareclasses within a subfund of this umbrella fund.*

c) Swiss ESG Fund

Issuing commission accruing to the fund management company, custodian bank and/or distributors in Switzerland and abroad:
distributors in Switzerland and abroad:

- A class	none*
- ZA class	none*
- M class	none*

Redemption commission accruing to the fund management company, custodian bank and/or distributors in Switzerland and abroad:

distributors in Switzerland and abroad:

- A class	none*
- ZA class	none*
- M class	none*

*) *No issuing or redemption charges are applied for changing between the subfunds of this umbrella fund.*

Incidental costs (redemption charges) accruing to the subfund assets in connection with the sale of investments (§ 17.2 of the Fund Contract).

- A class	none**

- ZA class	none**
- M class	none**

***) Incidental costs (redemption charges), charged to the investor on the redemption of units as well as on the change between the subfunds of this umbrella fund in favour of the net assets of the respective subfund, from which the investor retires, incurred by the subfund in connection with the sale of a portion of investments corresponding to the redeemed units (cf. § 17 Clause 2). The above mentioned incidental costs will be charged at the same rate to all investors of a subfund. The charging of these incidental costs shall not apply if the fund management company permits payment (redemption in kind) in investments instead of cash in accordance with § 17 Clause 7. No issuing or redemption charges are applied for changing between the shareclasses within a subfund of this umbrella fund.*

1.13.5. Commission sharing agreements and soft commissions

Neither the fund management company nor the asset manager has concluded commission sharing agreements for the zCapital umbrella fund.

Neither the fund management company nor the asset manager has concluded agreements in respect of soft commissions for the zCapital umbrella fund.

1.13.6. Investments in related collective investment schemes

No issuing and redemption commissions are charged in the case of investments in other collective investment schemes that are managed directly or indirectly by the Fund Management Company itself or a company with which it is related by virtue of common management or control or by way of a significant direct or indirect interest.

1.14. Availability of fund documents and reports

The prospectus with integrated fund contract, the corresponding key information documents and the annual and semi-annual reports can be obtained free of charge from the fund management company, the custodian bank and all distributors.

1.15. Legal form of the investment fund

zCapital is an umbrella fund in contractual form under Swiss law of the type “Securities fund” pursuant to the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA).

The subfunds are based upon a collective investment agreement (fund contract), under which the fund management company undertakes to provide the investor with a stake in the corresponding subfund in proportion to the units acquired by the investor and to manage the subfund at its own discretion and for its own account in accordance with the provisions of the law and the fund contract. The custodian bank, is party to the fund contract in accordance with the tasks conferred on it by law and the fund contract.

1.16. Significant Risks

The following risk disclosures describe certain risk factors that may be associated with an investment in the relevant subfund. These risk warnings should be considered by investors before investing in a subfund. The following risk information is not intended to be a comprehensive description of all risks associated with an investment in the respective subfund.

The performance of the units depends on the investment policy as well as on the market development of the individual investments of the respective subfund and cannot be determined in advance. In this context, it should be noted that the value of the units may rise or fall at any time compared to the issue price. There can be no guarantee that the investor will get back the capital invested.

General Risk Factors

General Risks

The value of the investments is based on the respective market value. Depending on the general stock market trend and the performance of the securities held in a subfund, the net asset value may fluctuate considerably. There is no guarantee that the respective investment objective of the subfunds will be achieved or that the investor will get back all the capital he has invested, achieve a certain return or be able to return the units to the fund management company at a certain price. Past performance is not a guide to future investment performance.

Market Risk

Market risk is a general risk associated with all investments. A deterioration in market conditions or general uncertainty in the economic markets may result in a decline in the market value of existing or potential investments or increased illiquidity of investments. Such declines or illiquidity could result in losses and reduced investment opportunities for a subfund, prevent the subfund from successfully achieving its investment objective, or require investments to be sold at a loss while adverse market conditions prevail. Causes of market risks may include, in particular, political uncertainties, currency export restrictions, changes in laws and fiscal framework conditions, economic factors and changes in investor confidence or behaviour.

Currency Risk

If the respective subfund holds assets denominated in foreign currency(ies), it is exposed to a direct currency risk (insofar as foreign currency positions are not hedged). Falling exchange rates lead to a reduction in the value of the foreign currency investments. Conversely, the foreign exchange market also offers opportunities for profits. In addition to direct currency risks, there are also indirect currency risks. Internationally active companies are more or less dependent on exchange rate developments, which can also indirectly affect the price development of investments.

Liquidity

In the case of financial instruments, there is the risk that a market is illiquid at times. This may mean that instruments cannot be traded at the desired time and/or in the desired quantity and/or at the expected price. Phased illiquid financial markets combined with high redemption requests may mean that the fund management may not be able to make the redemptions within the time period specified in the fund contract and/or without a significant impairment of the net asset value of the subfund. In addition, financial instruments listed on a stock exchange may be delisted in exceptional cases. The liquidity risk is limited insofar as investments in relatively liquid instruments and markets are predominantly sought for the subfunds.

Counterparty Risk

Counterparty risk is the probability of insolvency of the debtor, a counterparty to a pending transaction or the issuer or guarantor of a security, derivative or structured product. The risk of banks with which funds are placed must also be taken into account. The occurrence of the insolvency of such a party results in the partial or total loss of the amount of the investment subject to the risk of this party. One measure of the creditworthiness of a counterparty is its rating by rating agencies. In addition, a sub-fund is exposed to the risk that an expected payment or delivery of assets is not made or is not made on time. Market practices with regard to the settlement of transactions and the safekeeping of assets can lead to increased risks.

Economic Risk

This is the risk of price losses resulting from the fact that economic developments are not or not correctly taken into account when making investment decisions and that securities are therefore invested at the wrong time or held in an unfavourable economic phase.

Settlement Risk

This is the risk of loss of the respective sub-fund because a concluded transaction is not fulfilled as expected because a counterparty does not pay or deliver, or that losses may occur due to errors in the operational area within the framework of the settlement of a transaction.

Operational Risk

Operational risks are risks in administration, trade settlement, delivery of financial instruments (settlement) and their safekeeping as well as valuation. Such administrative risks can arise from disruptions in processes due to crises, disasters or human error.

Specific Risk Factors

Investments in equities

The share price may be affected by many factors at the individual company level as well as by general economic and political developments, including trends in economic growth, inflation and interest rates, corporate earnings reports, demographic trends and catastrophes. The risks associated with investing in equities and equity-related securities include, but are not limited to, major market price fluctuations, negative information about issuers or markets and the subordinated status of equities to debt securities of the same issuer.

Small & Mid Caps

There are certain risks associated with investing in companies with small market capitalisations and in securities of small and medium-sized companies. The market prices of such securities may be more volatile than those of large companies, not least because of lower liquidity. Because small and medium-sized companies typically have fewer shares outstanding than larger companies, it may be more difficult to buy and sell significant amounts of shares without affecting market prices. There is usually less publicly available information about these companies than about large companies. The smaller capitalisation of such firms and the fact that small firms may have smaller product lines and command a smaller market share than larger firms may make them more sensitive to fluctuations in the economic cycle. In addition, in exceptional cases, shares of smaller companies listed on a stock exchange may be delisted or market making may be discontinued in the case of OTC securities.

OTC Securities

OTC securities are traded regularly, but not on a regulated market. The information, reporting and offer obligations that apply to co-listed securities do not apply to them. In this respect, the market formation takes place in an environment in which transparency and protective provisions under stock exchange law for shareholders, especially small shareholders, are largely absent. The risk of exploitation of their position and an information advantage by shareholders with knowledge of the internal processes of the company and an unfavourable development for small shareholders in the case of takeovers is significantly greater than in the case of listed securities.

Risk of Interest Rate Change

The value of the fixed income securities held by the subfunds will change in response to changes in interest rates. The value of fixed income securities generally increases when interest rates fall and decreases when interest rates rise. Fixed income securities with higher interest rate sensitivity and longer maturities are generally subject to greater fluctuations in value as a result of changes in interest rates.

Credit Risk

Fixed income securities are subject to the risk of the inability of the issuer or a guarantor to make principal and/or interest payments on its obligations. Issuers that have a higher credit risk typically offer higher yields for this additional risk. Changes in the financial condition of an issuer or guarantor, changes in economic and political circumstances generally or changes in economic and political circumstances affecting a particular issuer or guarantor are factors that may have an adverse effect on the credit quality of an issuer or guarantor.

Concentration Risk

A subfund's strategy of investing in a limited number of factors, markets, sectors or assets may increase the volatility of the subfund's investment performance relative to funds that invest in a larger number of factors, markets, sectors or assets. If the factors, markets, sectors or assets in which a Sub-Fund invests perform poorly, the subfund could incur greater losses than if it had invested in a larger number of factors, markets, sectors or assets.

The Investment Manager aims to create a broadly diversified portfolio. At times, however, it retains the right to invest to a greater extent in individual promising companies and to focus investments on individual countries and sectors. This investment behaviour can increase the risk of loss if such investments do not fulfil the expectations placed in them.

Derivative Risk

Through the possible use of derivatives in pursuit of the investment objective or to hedge the investment fund's assets, the investment fund assumes additional risks which depend on the characteristics of both the respective derivative and the underlying asset.

Investments in Structured Products / Certificates

The subfunds may invest in certificates. Their value is usually linked to the underlying stocks of the certificates. Certificates do not entitle the holder to the underlying. They do not represent any claim and in the event of a loss the investor has no claim against the company of the underlying. Investors in certificates are exposed to counterparty risk. If the issuer becomes insolvent, investors can only sue the issuer as creditor and may lose their entire investment even if the underlying performs as expected. There is no guarantee that certificates can be traded on the secondary market or whether such a market is liquid or illiquid. Not all Certificates are traded on any exchange or traded on any other market open to the public. It may be difficult to obtain pricing information and the liquidity and market prices of the Certificates may be adversely affected as a result.

Investments into Target Funds

In the case of investments in target funds, the same costs may be incurred both at the level of the subfund and at the level of the target fund. Where applicable, foreign target funds do not have to be authorised for distribution in Switzerland and may not be subject to an equivalent level of regulation and supervision in their country of origin that offers a comparable level of protection. A subfund may only achieve its investment objective if an underlying fund also achieves its investment objective. The performance of units or shares of a target fund is largely dependent on the performance of the respective asset manager, whereby neither the fund management company nor the asset manager appointed for a sub-fund has direct control over the management of the investments in a target fund. The value of the units or shares held in a target fund may, depending on the investments in which the target fund invests, be influenced by further risks to which the investing subfund is consequently also exposed. Investing in units or shares of a target fund involves the risk that the redemption of units or shares may be subject to restrictions, which may make investments in target funds less liquid than other types of investments.

The current risk profile of the investment fund is presented in the respective key information document.

1.17. Liquidity Risk Management

The fund management company shall ensure appropriate liquidity risk management. The fund management company shall assess the liquidity of the investment funds or subfunds for which it is responsible at least quarterly under various scenarios and document these.

Liquidity risk is the risk that an investment fund or subfund may not be able to sell or liquidate an asset at the quoted price or fair market value. Reduced liquidity in the trading of the assets held may have an adverse effect on the ability of the investment fund or subfund to meet redemption requests or to cover liquidity requirements in response to a specific economic event in a timely manner.

The fund management monitors this liquidity risk by assessing the liquidity of the assets held in the investment fund in relation to the fund assets. A liquidity ratio has been defined for each investment fund, which reflects the expected minimum liquidity. The fund management monitors compliance with this liquidity ratio and has defined procedures in the event that it is not met.

Depending on the asset, liquidity is assessed on the basis of a quantitative or qualitative analysis. In the case of exchange-traded securities such as equities, a quantitative approach is used in which liquidity is assessed on the basis of historical trading volumes. In the case of non-exchange-traded securities and bonds, the fund management pursues a qualitative approach, whereby various criteria such as the remaining term to maturity, the credit rating, the share of an issue held, the country of domicile or the currency are used to assess liquidity.

In monitoring liquidity risks, the fund management also uses the results of various calculated scenarios. In doing so, changed conditions on the asset side of the fund or the sub-asset are simulated by worsening the liquidity in the assets. At the same time, possible changes on the liabilities side of the fund or the sub-fund are also taken into account by assuming higher net redemptions of unit certificates.

2. Information on the fund management company

2.1. General Information on the fund management company

LLB Swiss Investment Ltd., Zurich is responsible for the management of the fund. The fund management company, which is domiciled in Zurich, has been active in the fund business since its formation as an Aktiengesellschaft (public limited company) in 1995.

2.2. Further Information on the fund management company

The fund management company has managed a total of 60 collective investment schemes in Switzerland, with assets under management amounting to approximately CHF 5.2 billion on 31 December 2022.

Apart from the representation of foreign collective investment schemes, the fund management company does not provide any other services pursuant to Art. 34 FINIG as of the date of this prospectus.

Address of the fund management company:
LLB Swiss Investment AG
Claridenstrasse 20
8002 Zurich
www.llbswiss.ch

2.3. Management

Board of Directors:

Natalie Flatz, chairman, at the same time member of the executive board of the Liechtensteinische Landesbank AG, Vaduz

Bruno Schranz, Vice President, at the same time head of the department „Fund Services“ of Liechtensteinische Landesbank AG, Vaduz

Markus Fuchs

Executive Board:

Dominik Rutishauser

Ferdinand Buholzer

2.4. Subscribed and paid-in capital

As at 31 December 2022, the subscribed share capital of the fund management company amounted to CHF 8 million.

The share capital is divided into registered shares and has been paid up in full.

The shares of the fund management company are held 100% by Liechtensteinische Landesbank AG, Vaduz

The fund management company has covered the professional liability risks, which result from the management of investment assets and could result from the professional negligence of its bodies or employees, through equity capital amounting to at least 0.125 percent of the value of the portfolio of all managed investment funds, where this amount is reviewed and adjusted annually.

2.5. Delegation of investment decisions and other tasks

Investment decisions for the subfunds have been delegated to zCapital AG, Zug.

Address of the investment manager:
zCapital AG
Baarerstrasse 82
CH-6300 Zug

Delegation of other taks

The operation and maintenance of the IT infrastructure, including data storage, has been transferred to Liechtensteinische Landesbank AG in Vaduz, Liechtenstein.

The operation and provision, including data storage, of the integrated software solution used by the fund management company for the areas of "investment accounting" and "investment controlling/reporting" has been transferred to Frankfurter Bankgesellschaft (Schweiz) AG in Zurich.

No other sub-tasks pursuant to Articles 14 and 35 FINIG have been transferred.

2.6. Exercising membership and creditors' rights

The fund management company exercises membership and creditor rights associated with the investments of the subfunds it manages independently and exclusively in the interests of the investors. The fund management company will give relevant information on request.

The fund management company is advised by zCapital AG. The advice provided and membership and creditor rights exercised are based on the principles stipulated by the fund management company.

The exercise of membership rights encompasses exercising voting rights and active engagement with a view to improving corporate governance. Active engagement is understood to mean active and constructive dialogue with the companies in which the subfunds of zCapital are invested or plan to invest.

In the medium to long-term, voting and active engagement should contribute to improved corporate governance, inter alia.

3. Information on the custodian bank

3.1. General information on the custodian bank

Bank Julius Baer & Co. Ltd, with registered office in Zurich, is the custodian bank.

The custodian bank is a wholly owned subsidiary of Julius Baer Group AG The beginnings of Julius Baer Group AG date back to 1890. It operates today as a Swiss *Aktiengesellschaft* (public limited company) with registered office in Zurich.

3.2. Further information on the custodian bank

The custodian bank is primarily active in asset management and investment consultancy and is specialized in securities, currency and precious metals trading.

The custodian bank may charge third-party and central securities depositories in Switzerland or abroad with safekeeping the fund's assets, provided that such a decision is consistent with effective custody.

In respect of financial instruments, such transfer may be made only to regulated third-party custodians and central securities depositories. This does not apply to mandatory safekeeping at a location where the transfer of safekeeping to regulated third-party custodians and central securities depositories is not possible, in particular owing to mandatory legal provisions or to the particular arrangements for the investment product in question.

The use of third-party and central securities depositories means that the fund management company no longer has sole ownership of the deposited securities, but only co-ownership instead. Moreover, if the third-party and central securities depositories are not supervised, they are unlikely to meet the organizational requirements placed on Swiss banks.

The custodian bank is liable for any losses caused by its agents, unless the custodian bank is able to demonstrate that it has exercised all due diligence in selecting, instructing and monitoring third parties.

Appropriate organization and procedures shall ensure that conflicts of interest between the Custodian and the investors as well as between the Custodian and any third party and central securities depositories in Switzerland and abroad which may be involved by the Custodian are avoided.

The custodian bank is registered with the U.S. tax authorities as a Participating Foreign Financial Institution (PFFI) pursuant to Sections 1471–1474 of the U.S. Internal Revenue Code (FATCA).

<u>Address of the custodian bank:</u>
Bank Julius Baer & Co. AG
Bahnhofstrasse 36
CH-8001 Zurich

4. Information on third parties

4.1. Paying agent

The paying agent is the custodian bank (see section 3).

The required information for unit holders (prospectus, fund contract, key investor document, annual and semi-annual report, issuing and redemption prices) is available at no charge along with other information and documents at the paying agent in Switzerland.

4.2. Distributors

The following institution has been mandated with distribution activities in relation to the sub-funds:

zCapital AG, Zug (see section 2.5).

The fund management company may appoint further distributors at any time.

4.3. Additional information about the sale of units in Germany

The following information is directed at potential buyers of the subfunds in the Federal Republic of Germany, in that it more precisely lays out and expands the prospectus with regard to sales in the Federal Republic of Germany:

Information Office

The information office in the Federal Republic of Germany is the
ODDO BHF Aktiengesellschaft
Bockenheimer Landstraße 10
D – 60323 Frankfurt am Main

Redemption and Exchange Orders, Payments

Investors in Germany can submit their redemption and exchange orders at their institution maintaining the custody account in Germany. This institution will forward the orders to be handled at the custodian bank of the fund or request the redemption in its own name to be credited to the account of the investor.

Fund distributions, redemption revenues and other payments to the investor in Germany also go through the institution maintaining the custody account in Germany. It will credit the payments to the account of the investor.

Information

Copies of the sales prospectus, key information document, fund contract, annual and semi-annual report, issuing and redemption prices (as well as possible exchange prices) are available at not charge from the information office.

Price Publications and Other Notifications

The issuing and redemption prices as well as all other legally required notifications to the investor are published in the Internet at www.swissfunddata.ch.

In the following cases, the information for the investors in Germany is required using a durable medium under § 167 KAGB in German or in a language customarily used in the sphere of international finance (§ 298 paragraph 2 KAGB):

- Suspension of the redemption of investment fund units respectively the subfunds.
- Termination of the administration of the investment fund or its handling.
- Changes or amendments of the contract terms and conditions, which cannot be reconciled with the previous investment principles, affect important investor rights or concern fees and reimbursements, which can be taken from the special investment assets, including background information about the changes or amendments as well as the investor rights in a clear and understandable way; when doing so, notification must also be provided on how and where this information can be obtained.
- The merger of investment funds in the form of merger information, which must be prepared in accordance with article 43 of the guideline 2009/65/EG.
- The conversion of an investment fund into a feeder fund or changes of a master fund in the form of information, which must be prepared in accordance with article 64 of the guideline 2009/65/EG.

Amendments to the Fund Contract, any change of fund management company and/or custodian bank; and the liquidation of the investment fund respectively the subfunds will be published by the fund management company in the publication media as stated in ciph 5.2 of this prospectus and in the Federal Republic of Germany in the electronic Federal Gazette. This also applies for further important information, related to the issue and redemption of units (such as the suspension of redemption of units).

4.4. Delegation of investment decisions and other tasks

Investment decisions for the subfunds have been delegated to zCapital AG ("asset manager"), Zug.

The asset manager holds a license as manager of collective assets and as such is subject to supervision in Switzerland by the Swiss Financial Market Supervisory Authority FINMA.

zCapital AG was founded in March 2008 and is an independent asset manager with its head office in Zug, Switzerland. The company is active as an asset manager for institutional clients. It consists of a team with com-plementary know-how and many years of experience in the field of Swiss equities.

The exact details of the contract are laid down in an asset management agreement between the fund management company and the investment manager.

The investment manager is not a company affiliated with the fund management company so that to this extent no conflict of interest is present. However, conflicts of interest can arise when the investment manager is also working in the same function for other investment funds or other third parties as an investment manager or investment advisor, and in this function implements a comparable investment strategy. According to the investment management contract between the fund management company and the investment manager, the investment manager is required handle such conflicts of interest in an appropriate way.

Delegation of other taks

The operation and maintenance of the IT infrastructure, including data storage, has been transferred to Liechtensteinische Landesbank AG in Vaduz/Liechtenstein, a banking institution approved by the Liechtenstein supervisory authority FMA. As the sole shareholder of the fund management company, Liechtensteinische Landesbank AG has a professional IT infrastructure with many years of technical experience and a high level of competence. The exact execution of the order is governed by a contract concluded between the fund management company LLB Swiss Investment AG and Liechtensteinische Landesbank AG.

The operation and provision, including data storage, of the integrated software solution used by the fund management company for "Investment Accounting" and "Investment Controlling/Reporting" has been transferred to Frankfurter Bankgesellschaft (Schweiz) AG in Zurich, a bank licensed by the Swiss supervisory authority FINMA. Frankfurter Bankgesellschaft (Schweiz) AG has been providing this service since 2010 and is distinguished by its special expertise in the operation of this investment management tool. The exact execution of the assignment is governed by a contract concluded between the fund management company LLB Swiss Investment Ltd. and Frankfurter Bankgesellschaft (Schweiz) AG.

5. Further information

5.1. Useful information

5.1.1. Swiss Dividend Fund

Swiss securities number	A class	19466655
	ZA class	19994459
	M class	127116622
ISIN	A class	CH0194666555
	ZA class	CH0199944593
	M class	CH1271166220
FATCA-GIIN	742UGG.99999.SL.756	
Accounting currency	Swiss franc (CHF)	
Reference currency of the shareclasses	A-class: Swiss franc (CHF) ZA-class: Swiss franc (CHF) M-class: Swiss franc (CHF)	

5.1.2. Swiss Small & Mid Cap Fund

Swiss securities number	A class ZA class M class	4534164 22475680 127116623
ISIN	A class ZA class M class	CH0045341648 CH0224756806 CH1271166238
FATCA-GIIN	L81GR4.99999.SL.756	
Accounting currency	Swiss franc (CHF)	
Reference currency of the shareclasses	A-class: Swiss franc (CHF) ZA-class: Swiss franc (CHF) M-class: Swiss franc (CHF)	

5.1.3. Swiss ESG Fund

Swiss securities number	A class ZA class M class	59273267 59273268 127116624
ISIN	A class ZA class M class	CH0592732678 CH0592732686 CH1271166246
FATCA-GIIN	JE8BZY.99999.SL.756	
Accounting currency	Swiss franc (CHF)	
Reference currency of the shareclasses	A-class: Swiss franc (CHF) ZA-class: Swiss franc (CHF) M-class: Swiss franc (CHF)	

5.2. Publication of official notices and informations by the umbrella fund and subfunds

Further information on the umbrella fund and the subfunds can be found in the most recent annual or semi-annual report. Up-to-date information can also be viewed online at www.llbswiss.ch.

In the event of an amendment to the fund contract, a change of fund management company or of custodian bank, as well the dissolution of the subfunds, the corresponding notice will be published by the fund management company on the Swiss Fund Data AG website (www.swissfunddata.ch).

Prices are published for all unit classes of each subfund daily (except on days when the subfunds are closed for subscriptions and redemptions) on the electronic platform of Swiss Fund Data (www.swissfunddata.ch). In addition the fund management company may decide to publish prices in other media, like newspapers, journals or electronic media and price information systems.

Additional information about the investment limits of the risk management of the investment fund, the risk management methods and the latest risk developments and yields of the most important categories of assets is available at no charge when requested in writing from the fund management company as well as the German information office.

The fund management company also regularly publishes the following information:

- Immediate information about changes in the liability of the custodian on the Internet at www.llbswiss.ch;
- the percentage of the assets of the sub-funds that are difficult to liquidate and for which special regulations therefore apply, in the annual report;
- And new rules about liquidity management of the AIF, in the annual report;
- The current risk profile of the sub-funds and the risk management processes used for this purpose, in the fund prospectus;
- The current risk profile of the subfunds in the respective key information document.

5.3. Sales restrictions

With respect to the issue and redemption of units of the subfunds outside Switzerland, the regulations valid in the country in question apply.

a) A distribution license is present for the following countries:

- Switzerland
- Germany

b) Shares in sub-funds may not be offered, sold or delivered to the USA or US persons (as defined under Regulation S of the US Securities Act of 1933 and/or Rule 4.7 of the US Commodity Futures Trading Commission, in the respective valid versions).

The Fund Management Company and the Custodian Bank may prohibit or restrict the sale, brokerage or transfer of units vis-à-vis natural persons or legal entities in certain countries and territories

5.4. Legal system, jurisdiction, assertion of rights

Legal disputes arising in conjunction with the investment in the subfunds are subject to Swiss law. To assert their rights, investors may appeal to a court of law in Switzerland or, if such is available, seek a dispute settlement procedure alternatively. The courts holding jurisdiction at the head offices of the fund management company are responsible for settling legal disputes related to the fund. The enforcement of judgments is oriented to the Swiss federal law on debt collection and insolvency. Judgments from Swiss courts can be enforced against the fund management company without prior recognition.

6. Further investment informationen

6.1. Historic performance

Performance of the last three Calender Years or the period specified

a) Swiss Dividend Fund

Period	**"A-Class"**	**"ZA-Class"**	**"M-Class"**
31.12.2019 – 31.12.2020	5.68%	5.95%	n/a
31.12.2020 – 31.12.2021	15.26%	15.56%	n/a
31.12.2021 – 31.12.2022	-7.85%	-7.66%	n/a

b) Swiss Small & Mid Cap Fund

Period	**"A-Class"**	**"ZA-Class"**	**"M-Class"**
31.12.2019 – 31.12.2020	9.19%	9.73%	n/a
31.12.2020 – 31.12.2021	18.99%	19.58%	n/a
31.12.2021 – 31.12.2022	-21.07%	-20.67%	n/a

c) **Swiss ESG Fund**

Period	**"A-Class"**	**"ZA-Class"**	**"M-Class"**
29.01.2021 – 31.12.2021	20.59%	20.97%	n/a
31.12.2021 – 31.12.2022	-18.46%	-18.17%	n/a

6.2. Typical investor profile / Definition of target market within the meaning of MiFID II

The definition of the target markets of the subfunds can be found in the respective key information document in the section „What is the type of the product?". This key information document has been set up pursuant to the guidelines of the delegated regulation 2017/653 of the EU Commission resp. in addition to the relevant fund documents in accordance with Swiss law. The current key information document of the subfunds and their shareclasses are available on the website www.llbswiss.ch. For Retail Clients of the EU resp. EEA countries this key information document together with the present prospectus with integrated fund contract as well as the last annual and semi-annual reports (if published after the last annual report) are the basis for any subscriptions.

6.2.1. Swiss Dividend Fund

The Swiss Dividend Fund subfund is suitable for investors with a long-term investment horizon who wish to invest in a broadly diversified stock portfolio with an emphasis on above-average and/or rising dividend income as well as on the integration of ESG aspects in the fundamental analysis. Investors can accept greater fluctuations and a longer-lasting decline in the net asset value of the fund units. They are familiar with the main risks of an equity investment. The subfund is not suitable for investors who are looking for a speculative investment or who want or need to dispose of the invested capital at short notice. The investors must not be dependent on the realisation of the investment to a specific date.

6.2.2. Swiss Small & Mid Cap Fund

The Swiss Small & Mid Cap subfund is suitable for investors with a long-term investment horizon who wish to invest in a broadly diversified equity portfolio of Swiss small and mid caps, aim for growth of the invested capital and attach importance to the integration of ESG aspects in the fundamental analysis. Investors can accept greater fluctuations and a longer-lasting decline in the net asset value of the fund units. They are familiar with the main risks of an equity investment. The subfund is not suitable for investors who are looking for a speculative investment or who want or need to dispose of the invested capital at short notice. The investors must not be dependent on the realisation of the investment to a specific date. Investments in small & mid caps are secondary investments in which only a limited portion of the investment assets is to be invested.

6.2.3. Swiss ESG Fund

The Swiss ESG Fund subfund is suitable for investors with a long-term investment horizon who wish to invest in a broadly diversified equity portfolio, seek growth of the invested capital and attach importance to the consideration of ESG criteria. Investors can accept greater fluctuations and a longer-lasting decline in the net asset value of the fund units. They are familiar with the main risks of an equity investment. The subfund is not suitable for investors who are looking for a speculative investment or who want or need to dispose of the invested capital at short notice. The investors must not be dependent on the realisation of the investment on a specific date.

7. Detailed rules

All further information on the umbrella fund and subfunds, such as the method used for the valuation the subfunds' assets, a list of all fees and incidental costs charged to the investor and the subfunds, and the appropriation of net income, can be found in detail in the Fund Contract.

Part 2: Fund contract

I. Principles

§ 1 Fund name, name and registered office of the fund management company, custodian bank and asset manager

1. zCapital is a contractual umbrella fund of the type "Securities fund" (the "umbrella fund") in accordance with Articles 25 et seq., 53 et seq. and 92 et seq. of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA). The umbrella fund contains the following subfunds:

   a) Swiss Dividend Fund

   b) Swiss Small & Mid Cap Fund

   c) Swiss ESG Fund

2. The fund management company LLB Swiss Investment AG, Zurich.
3. The custodian bank is Bank Julius Baer & Co. AG.
4. The asset manager is zCapital AG, Zug.

II. Rights and obligations of the contracting parties

§ 2 Fund contract

The legal relationship between the investor[1] and the fund management company and the custodian bank is governed by this fund contract and the legislation applicable to collective investment schemes.

§ 3 Fund management company

1. The fund management company manages the subfunds at its own discretion and in its own name, but for the account of the investors. In particular, the fund management company is responsible for decisions pertaining to the issue of units, investments and the valuation thereof. The fund management company calculates the net asset value of each subfund and also determines issue and redemption prices and income distributions. The fund management company exercises all rights associated with the umbrella fund and the subfunds.
2. The fund management company and its agents are subject to the duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests of the investors. They implement the organizational measures necessary for proper management. They shall account for the collective investment schemes or subfunds they manage, hold and represent and provide information on all fees and costs charged directly or indirectly to investors and on compensation received from third parties, in particular commissions, rebates or other pecuniary advantages.
3. The fund management company may delegate investment decisions as well as specific tasks,to third parties provided that this is in the interests of efficient management. The fund management company shall only engage persons who have the necessary skills, knowledge and experience for this activity and who have the required licenses. It shall carefully instruct and supervise the third parties involved.

   Investment decisions may only transferred to asset managers that are subject to necessary license.

   Investment decisions may not be transferred to the custodian bank or to other companies whose interests could conflict with those of the fund management company or the investors.

   The fund management company shall remain responsible for the fulfilment of its supervisory duties and shall safeguard the interests of the investors when delegating tasks. The fund management company shall be liable for the actions of persons to whom it has delegated tasks as for its own actions.

[1] In the interest of readability, this document does not differentiate between masculine and feminine word forms (e.g. he or she, his or her, etc.). Any gender-specific word forms are deemed to refer to both sexes.

4. The fund management company may with the consent of the custodian bank submit a change to the present fund contract to the supervisory authority for approval (cf. § 26) and may also establish additional subfunds with the approval of the supervisory authority.

5. The fund management company may merge the individual subfunds with other subfunds or with other investment funds in accordance with § 24 and may dissolve the individual subfunds pursuant to § 25.

6. The fund management company is entitled to receive the fees stipulated in §§ 18 and 19. It is also entitled to be released from the liabilities assumed in the proper execution of its tasks and to be reimbursed for expenses incurred in connection with such liabilities.

§ 4 Custodian bank

1. The custodian bank is responsible for the safekeeping of the subfund assets. It handles the issue and redemption of fund units as well as payments on behalf of the subfunds.

2. The custodian bank and its agents are subject to the duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests of the investors. They implement the organizational measures necessary for proper management. They shall account for the collective investment schemes or subfunds they manage, hold and represent and provide information on all fees and costs charged directly or indirectly to investors and on compensation received from third parties, in particular commissions, rebates or other pecuniary advantages.

3. The custodian bank is responsible for managing the subfunds' accounts and custody accounts, but may not access the assets independently.

4. For transactions involving the subfunds' assets, the custodian bank undertakes to transfer the countervalue within the usual timeframes. The custodian bank will inform the fund management if the countervalue is not transferred within the usual timeframes and will require the counterparty to provide a replacement for the assets where possible.

5. The custodian bank manages the requisite records and accounts so as to always be able to identify the assets held in custody for the individual investment funds and subfunds.

   The custodian bank verifies and records any assets owned by the fund management company that cannot be taken into custody.

6. The custodian bank may delegate the safekeeping of the subfund's assets to third-party custodians and central securities depositories in Switzerland or abroad, provided that such a decision is consistent with effective custody. The custodian bank evaluates and monitors the selected third-party custodians and central securities depositories for compliance with the following requirements:

   a) a suitable operating structure, financial guarantees and the technical expertise required to manage the type and complex nature of the assets in custody;

   b) regular audits, which ensure that the financial instruments are in the agent's possession;

   c) the assets received from the custodian bank are held in such a way as to be clearly identifiable at any time as subfund assets when the custodian carries out regular inventory checks;

   d) respecting the custody obligations applicable to the custodian bank with reference to the delegated duties and avoiding conflicts of interest.

   The custodian bank is liable for any losses caused by its agents, unless the custodian bank is able to demonstrate that it has exercised all due diligence in selecting, instructing and monitoring third parties. The prospectus contains information about the risks associated with delegating safekeeping duties to third-party custodians and central securities depositories.

   Financial instruments may only be transferred to third-party custodians and central securities depositories that are subject to regulatory supervision. This provision does not apply to the compulsory safekeeping of assets in a location that precludes the assets being transferred to regulated third-party custodians and central securities depositories, for example due to statutory requirements or the modalities of the investment product. The prospectus must indicate if any assets are held in custody by third-party custodians and central securities depositories that are not subject to regulatory supervision.

7. The custodian bank ensures that the fund management company complies with the law and the fund contract. It verifies that the calculation of the net asset value and the issue and redemption prices of the units and the investment decisions comply with statutory requirements and the fund contract, and that the income is appropriated in accordance with the fund contract. The custodian bank is not responsible for the investments selected by the fund management company in accordance with the investment rules.

8. The custodian bank is entitled to receive the fees stipulated in §§ 18 and 19. It is also entitled to be released from the liabilities assumed in the proper execution of its tasks, and to be reimbursed for expenses incurred in connection with such liabilities.

9. The custodian bank is not responsible for the safekeeping of the assets of the target funds in which the fund invests, unless this task has been delegated to it.

§ 5 The investor

1. There are no restrictions in terms of investor eligibility.

   The restrictions set out in § 6 (4) may apply to certain investment classes.

   The fund management company, together with the custodian bank, ensures that the investors adhere to the defined investor eligibility requirements.

2. On concluding the contract and making a payment in cash, the investor acquires a claim against the fund management company in respect of a participation in the assets and income of a subfund of the umbrella fund. At the request of the investor, with the fund management company's consent, payments in kind pursuant to § 17 (7) may also be accepted. The investor's claim is evidenced in the form of fund units.

3. Investors are only entitled to participate in the assets and income of the subfund in which they hold units. Liabilities that are attributable to an individual subfund will be borne solely by the said subfund.

4. Investors are only required to pay for unit subscriptions in their chosen subfund. Investors may not be held personally liable for the liabilities of the umbrella fund or the subfund.

5. Investors may at any time request that the fund management company supply them with details of how the net asset value per unit is calculated. If investors express an interest in more detailed information about specific business transactions effected by the fund management company, such as the exercising of membership and creditors' rights or on risk management or on contribution or redemption in kind, the fund management company must provide the relevant information. Investors are entitled to submit an application to the court having jurisdiction in the domicile of the fund management company requesting that the external auditors, or another expert, investigate and report on any matters requiring further clarification.

6. As a general rule, investors may terminate the fund contract at any time and demand that their share in the subfund concerned be paid out in cash. Instead of payment in cash, a redemption in kind may be made at the request of the investor and with the consent of the fund management company in accordance with the provisions of § 17 Clause 7.

7. If requested, the investors are obliged to provide the fund management company and/or the custodian bank and their agents with proof that they comply with or still comply with the statutory or contractual requirements for participation in a given subfund or in a unit class. In addition, they must immediately notify the fund management company, the custodian bank and its agents if they no longer meet these requirements.

8. A subfund or a unit class may be subject to a "soft closing", whereby investors may not subscribe to units if, in the opinion of the fund management company, the closing is necessary to protect the interests of existing investors. The soft closing applies in relation to a subfund or a unit class to new subscriptions or switches into a subfund or the unit class, but not to redemptions, transfers or

switches out of a subfund or a unit class. A subfund or a class of units may be subject to a soft closing without notice to investors.

9. The fund management company in conjunction with the custodian bank must make an enforced redemption of an investor's units at the current redemption price if:

   a) the redemption is necessary to safeguard the reputation of the financial market, specifically to combat money laundering;

   b) the investor no longer meets the statutory or contractual requirements for participation in a subfund or a unit class.

10. The fund management company in conjunction with the custodian bank may also make an enforced redemption of an investor's units at the current redemption price if:

   a) the investor's participation in a subfund could be detrimental to the economic interests of the other investors, in particular if the participation could create tax disadvantages for the umbrella fund or a subfund in Switzerland or abroad;

   b) the investor has acquired or holds their units in violation of provisions of applicable legislation in Switzerland or abroad, of the present fund contract or the prospectus;

   c) there is a detrimental impact on the economic interests of the investors, in particular in cases where individual investors use systematic subscriptions and immediate redemptions to achieve a pecuniary gain by exploiting the time differences between the setting of the closing prices and the valuation of the fund's assets (market timing).

§ 6 Units and unit classes

1. The fund management company may establish different unit classes and may also merge or dissolve unit classes for each subfund at any time subject to the consent of the custodian bank and the approval of the supervisory authority. All unit classes embody an entitlement to a share in the undivided assets of the subfund concerned, which are not segmented. The share may vary due to class-specific costs or distributions or class-specific income and the individual classes within a subfund may therefore have different net asset values per unit. Class-specific costs are charged to the subfund's assets.

2. Details of the creation, dissolution or merger of unit classes will be published in the official publication. Only mergers are considered a change to the fund contract pursuant to § 26.

3. The subfund unit classes may vary in terms of cost structure, reference currency, currency hedging, income distribution or reinvestment policy, the minimum investment and investor eligibility.

   Fees and costs are only charged to the unit class for which the respective service is performed. Payments and costs that cannot be unequivocally allocated to one particular unit class will be charged to the individual unit classes on a pro rata basis in relation to their share of the subfund's assets.

4. The subfunds of the zCapital umbrella fund currently comprise the following unit classes:

   Swiss Dividend Fund

   The subfund Swiss Dividend Fund currently comprises the following unit classes which are equally suitable for all investors.

   The unit classes differ with regard to the fee structure, the distribution policy, the requirements for acquisition and the minimum subscription or holding required.

   - "A" class: distributing class, denominated in Swiss Francs CHF (reference currency), which is at the same time the reference currency of the fund and open for all investors. No minimum investment or minimum holding is required. No retrocessions or rebates are paid in respect of the distribution of the A class.

   - "ZA" class: Accumulation class denominated in the reference currency Swiss franc (CHF), which is also the Fund's unit of account. This class is particularly suitable for qualified investors pursuant to Art. 10 para. 3 and 3ter CISA. No retrocessions and/or rebates are paid on the "ZA Class" (retro-free class). The prerequisite for an investment in the "ZA class" is a minimum subscription and a minimum holding per investor or per asset manager of CHF 3,000,000. The fund management company or the custodian bank shall be responsible for assessing whether the minimum subscription and minimum holding requirements have been met. In justified individual cases, the minimum subscription and minimum holding may be deviated from at the discretion of the fund management, without this constituting a legal claim for an investor.

- "M-Class": accumulation class denominated in the reference currency Swiss Franc (CHF), which is also the unit of account of the Fund. The investor circle of the "M-Class" is limited to investors who qualify as "Mandate Investors". Mandate investors" are investors who, at the time of subscription, have signed a written agreement with zCapital AG for the purpose of investing in this share class. If such a written agreement is terminated, the units of the unit class held by the investor at the time must be returned or exchanged for units of another class whose conditions are met by the investor. In the case of this unit class, the costs for the asset management of the fund are charged separately to the investor within the framework of the aforementioned written agreement. The costs of the fund management (including administration), on the other hand, are charged directly to the fund assets by means of a management fee, and the costs of the custodian bank are charged directly to the fund assets by means of a custodian bank fee. There are no regulations regarding minimum investment and minimum holding. No retrocessions and/or rebates are paid for the "M class" (retro-free class).

Swiss Small & Mid Cap Fund

The subfund Swiss Small & Mid Cap Fund currently comprises the following unit classes which are equally suitable for all investors.

The unit classes differ with regard to the fee structure, the distribution policy, the requirements for acquisition and the minimum subscription or holding required.

- "A" class: distributing class, denominated in Swiss Francs CHF (reference currency), which is at the same time the reference currency of the fund and open for all investors. No minimum investment or minimum holding is required. No retrocessions or rebates are paid in respect of the distribution of the A class.
- "ZA" Accumulation class denominated in the reference currency Swiss franc (CHF), which is also the Fund's unit of account. This class is particularly suitable for qualified investors pursuant to Art. 10 para. 3 and 3ter CISA. No retrocessions and/or rebates are paid for the "ZA Class" (retro-free class). The prerequisite for an investment in the "ZA-Class" is a minimum subscription and a minimum holding per investor or per asset manager of CHF 5,000,000. The fund management or custodian bank is responsible for assessing whether the minimum subscription and minimum holding requirements are met. In justified individual cases, the fund management may, at its discretion, deviate from the minimum subscription and minimum holding requirements without this constituting a legal claim for an investor.
- "M-Class": accumulation class denominated in the reference currency Swiss Franc (CHF), which is also the unit of account of the Fund. The investor circle of the "M-Class" is limited to investors who qualify as "Mandate Investors". Mandate investors" are investors who, at the time of subscription, have signed a written agreement with zCapital AG for the purpose of investing in this share class. If such a written agreement is terminated, the units of the unit class held by the investor at the time must be returned or exchanged for units of another class whose conditions are met by the investor. In the case of this unit class, the costs for the asset management of the fund are charged separately to the investor within the framework of the aforementioned written agreement. The costs of the fund management (including administration), on the other hand, are charged directly to the fund assets by means of a management fee, and the costs of the custodian bank are charged directly to the fund assets by means of a custodian bank fee. There are no regulations regarding minimum investment and minimum holding. No retrocessions and/or rebates are paid for the "M class" (retro-free class).

Swiss ESG Fund

The subfund Swiss ESG Fund currently comprises the following unit classes which. The unit classes differ in terms of the investor circle, the fee structure, the distribution policy, the requirements for acquisition and the minimum subscription or holding required.

- "A" class: distributing class, denominated in Swiss Francs CHF (reference currency), which is at the same time the reference currency of the fund and which is open for all investors. No minimum investment or minimum holding is required. No retrocessions or rebates are paid in respect of the distribution of the A class (retro free class).
- "ZA" class: accumulation class, denominated in Swiss Francs CHF (reference currency), which is at the same time the reference currency of the fund and which is open for qualified investors according to article 10 para. 3 and 3ter CISA. No retrocessions or rebates are paid in respect of the ZA class (retro free class). Units of the ZA class are available exclusively to investors with a minimum subscription and minimum investment per investor or per asset manager of CHF 3,000,000.--. The decision as to whether the requirements are met is at the discretion of the fund management company respectively the custodian bank. In justified individual cases, at the discretion of the fund management company, subparagraph a) may be disregarded without creating a legal claim for an investor.
- "M-Class": accumulation class denominated in the reference currency Swiss Franc (CHF), which is also the unit of account of the Fund. The investor circle of the "M-Class" is limited to investors who qualify as "Mandate Investors". Mandate investors" are investors who, at the time of subscription, have signed a written agreement with zCapital AG for the purpose of investing in this share class. If such a written agreement is terminated, the units of the unit class held by the investor at the time must be returned or exchanged for units of another class whose conditions are met by the investor. In the case of this unit class, the costs for the asset management of the fund are charged separately to the investor within the framework of the aforementioned written agreement. The costs of the fund management (including administration), on the other hand, are charged directly to the fund assets by means of a management fee, and the costs of the custodian bank are charged directly to the fund assets by means of a custodian bank fee. There are no regulations regarding minimum investment and minimum holding. No retrocessions and/or rebates are paid for the "M class" (retro-free class).

5. Units are not issued as certificates but rather exist purely as book entries. Investors are not entitled to demand the delivery of a registered or bearer unit certificate.
6. The fund management company and custodian bank are obliged to require investors who no longer meet the eligibility criteria for a given unit class to redeem their units within 30 calendar days pursuant to § 17, to transfer them to an individual who does meet the eligibility requirements or to convert the units into another class for which they are eligible. If the investor fails to comply with this demand, the fund management company and custodian bank must make an enforced switch to another unit class of the respective subfund or, if that is not feasible, enforce the redemption of the affected units in accordance with § 5 (9).

III. Investment policy guidelines

A Investment principles

§ 7 Compliance with investment rules

1. When selecting individual investments for each subfund, the fund management company must adhere to the principle of balanced risk diversification and must observe the percentage limits defined below. These percentages relate to the assets of the individual subfunds at market value and must be adhered to at all times. The individual subfunds must comply with the investment restrictions no later than six months after the expiry of the subscription period (launch).
2. If the limits are exceeded as a result of changes in the market, the investments must be restored to the permitted level within a reasonable period, taking due account of the investors' interests. If the limits relating to derivatives set out in § 12 are exceeded due to a change in the delta, this is to be rectified within three bank business days, taking due account of the investors' interests.

§ 8 Investment policy

1. In accordance with the specific investment policy of each subfund, the fund management company may use the assets of the individual subfunds to make the following investments. The risks involved in these investments must be disclosed in the prospectus:

    a) Securities, i.e. securities issued in large quantities and non-securitized rights with the same function (uncertified securities) that are traded on a stock exchange or another market open to the public, and that embody participation rights or claims or the right to acquire such securities and uncertified securities by way of subscription or exchange, for example warrants;

    Investments in securities from new issues are only permitted if the terms of issue include admission to a stock exchange or another regulated market open to the public. If they have not been admitted to a stock exchange or another regulated market open to the public within one year of acquisition, the securities must be sold within one month or included under the restriction set down in § 8 (1) g).

    OTC transactions are permitted only if (i) the counterparty is a regulated financial intermediary specializing in such transactions; and (ii) the OTC derivatives can be traded daily. In addition, it must be possible for them to be valued in a reliable and transparent manner.

    b) Derivatives, if (i) the underlying securities are securities pursuant to § 8 (1) a), derivatives pursuant to § 8 (1) b), structured products pursuant to § 8 (1) c), units in collective investment schemes pursuant to § 8 (1) d), money market instruments pursuant to § 8 (1) e), financial indices, interest rates, exchange rates, credits or currencies and (ii) the underlying securities are permitted as investments under the fund contract. Derivatives are traded on a stock exchange or another regulated market open to the public or are traded OTC.

    OTC transactions are only permitted if (i) the counterparty is a regulated financial intermediary specializing in such transactions, and (ii) the OTC derivatives can be traded daily or returned to the issuer at any time. It must also be possible to value the OTC transactions in a reliable and transparent manner. Derivatives may be used pursuant to § 12.

    c) Structured products, if (i) the underlying securities are securities as described in a), derivatives as described in b), structured products as described in c), units in collective investment schemes as described in d), money market instruments as described in e), financial indices, interest rates, exchange rates, credits or currencies, and (ii) the underlying securities are permitted as investments under the fund contract. Structured products are traded on a stock exchange or another regulated market open to the public, or are traded OTC;

    OTC transactions are only permitted if (i) the counterparty is a regulated financial intermediary specializing in such transactions, and (ii) the OTC products can be traded daily or returned to the issuer at any time. It must also be possible to value the OTC transactions in a reliable and transparent manner.

d) Units in other collective investment schemes (target funds), provided that (i) the fund documents restrict investments in other target funds to a total of 10%; (ii) the target funds are subject to provisions equivalent to those pertaining to securities funds in respect of the purpose, organization, investment policy, investor protection, risk diversification, asset segregation, borrowing, lending, short-selling of securities and money market instruments, the issuing and redemption of fund units and the content of the semi-annual and annual reports; and (iii) the target funds are authorized as collective investment schemes in their country of domicile and are subject to national supervision offering investor protection equivalent to Swiss regulatory supervision and international administrative assistance is guaranteed.

   The fund management company may invest a maximum of 10% of fund assets in units in target funds that do not comply with the EU Directive on UCITS but are equivalent to a UCITS or Swiss securities fund as defined in Article 53 of the Swiss Federal Act on Collective Investment Schemes (CISA).

   Subject to § 19, the fund management company may acquire units in target funds that are managed directly or indirectly by the fund management company itself or a related company by virtue of a common management or control or a material direct or indirect stake.

e) Money market instruments, provided that these are liquid, can be readily valued and are traded on an exchange or other regulated market open to the public; money market instruments which are not traded on an exchange or other regulated market open to the public may be acquired only if the issue or the issuer is subject to statutory creditor and investor protection and if the money market instruments are issued or guaranteed by issuers pursuant to Article 74 (2) of the Swiss Ordinance on Collective Investment Schemes.

f) Sight or time deposits with terms to maturity not exceeding twelve months with banks domiciled in Switzerland or in an EU Member State or in another country provided that the bank is subject to national supervision that is equivalent to the supervision in Switzerland.

g) Investments other than those specified in § 8 (1) a) to f) up to a maximum of 10% of the subfund assets. The following are not permitted: (i) investments in precious metals, precious metals certificates, commodities and commodity certificates and (ii) all short selling.

2. Short-term liquid investments as defined in § 8 (1) e) and f) may be denominated in any freely convertible currency, insofar as no diverging provisions have been made for the individual subfunds in this regard..

3. Investment objective and investment policy of the individual subfunds:

3.1 Swiss Dividend Fund

Investment objective

The primary investment objective of the subfund Swiss Dividend Fund is to achieve long-term capital growth by investing in an equity portfolio of companies which have posted or are likely to post above-average and/or rising dividend income. A sustainable investment strategy is also pursued, which is described in detail in the following investment policy.

Investment policy

a) The fund management company will invest at least 90% of the subfund's assets, excluding liquid assets, in:

   aa) equity securities and rights in companies that are either included in the market index named in the prospectus or are domiciled in or carry out the bulk of their business activities in Switzerland;

   ab) derivatives (including warrants) based on the investments described in aa);

   ac) debt securities and claims, money market instruments and sight or time deposits in so far as these are considered as cash equivalent pursuant to Art. 34 (5) CISO-FINMA and within the meaning of § 12 (6) claims arising from investments set out in lit. ab denominated in a freely convertible currency.

b) The fund management company may also invest up to 10% of the subfund's assets, excluding liquid assets, in:

   ba) equity securities and rights in companies worldwide that do not meet the criteria set out in (3.1) aa) but are active in Switzerland directly or through subsidiaries and are listed on an international exchange;

   bb) equity securities and rights of companies worldwide which are listed on a Swiss exchange;

   bc) convertible bonds issued by the companies listed in (3) (1) aa) and denominated in a freely convertible currency;

   bd) money market instruments denominated in Swiss francs, issued by Swiss or foreign issuers;

   be) structured products pursuant to §8 (1) c) on investments pursuant to (3.1) a) und b)

   bf) derivatives (including warrants) based on the investments described in (3.1) ba) to bf);

   bh) units in other collective investment schemes (target funds) that invest in the instruments described in (3) (1) a) and (3) (1) ba) to bf).

c) The investment instruments described in (3.1) bg) may not exceed 10% of total subfund assets.

d) The fund management company may also invest a maximum of 10% of the subfund assets in equity securities and rights that do not meet the criteria set out in (3) (1) a) and b).

e) Subject to the provisions of § 19 (8), the fund management company may acquire units in other collective investment schemes that are managed directly or indirectly by the fund management company itself or a related company by virtue of common management or control or a direct or indirect stake (“related target funds”).

<u>Sustainability in asset management</u>

ESG factors should be taken into account in the financial analysis of companies, thereby adopting a holistic approach. Therefore, sector-specific ESG factors are included in the inclusion of the opportunity and risk profiles of companies, whereby the medium to long-term risk/return profiles of the companies can be better assessed. For existing investments, active engagement & voting to promote sustainable aspects is also perceived.

The sustainability approaches described below are applied to the entire sub-fund without taking into account bank deposits as well as call and time deposits, as these investments lack the corresponding possibility of including ESG factors.

a) ESG integration
The companies are also systematically assessed for environmental, social and governance (ESG) aspects using the ESG integration approach as part of the fundamental financial analysis. The structured ESG assessment process includes quantitative and qualitative analyses. The process is supported by the proprietary ESG Monitor, which incorporates data from the external rating agencies Inrate, ISS, MSCI, RepRisk and Glass-door as well as our own data. The ESG Monitor enables the strengths and weaknesses of a company in the area of ESG to be identified. The following aspects are analysed in detail:

- **Employer ratings**
- **Employee key figures**
- **CO2 emissions**
- **Corporate governance ratings**
- **Reputational risks**

b) Exclusions
The fund follows the recommendations for exclusion of the **SVVK-ASIR** (Swiss Association for Responsible Investments). This excludes investments in manufacturers of controversial weapons. This exclusion is adhered to at all times.

In addition, companies that generate **more than 10% of their turnover** from the **production of coal-fired electricity** or **coal mining** are not considered. This assessment is based on data from the external provider ISS. In the absence of ISS data, alternative audit procedures are performed to verify compliance with this exclusion. Up to 10% of the companies may subsequently exceed this turnover limit. For these companies, clarifications are made as to whether there are intentions on the part of management to reduce this share of turnover again and bring it below the exclusion limit. In the absence of such intentions on the part of the management, the investment will be sold.

c) Engagement & Voting
In terms of **engagement**, portfolio management aims to **make contact with the portfolio companies** and to raise shareholder concerns. Relevant ESG aspects are addressed in dialogue with the management or the board of directors, and in some cases also through requests to speak or agenda items at general meetings. The companies are to be motivated to act sustainably. The portfolio management does not follow a uniform agenda, but addresses the currently relevant topics individually for each company. In addition to strategic points, the following sustainability aspects are addressed most frequently:

- **Sustainable entrepreneurship**
- **Corporate governance**
- **Decarbonisation strategy**
- **Publication of ESG data**

Voting rights are exercised systematically **across all companies**. Voting recommendations and corporate governance analyses by Inrate and ISS as well as analyses by in-house investment specialists are available as information instruments. On this basis, votes are exercised according to the longer-term interests of the company and the shareholders. Among other things, the same themes and objectives are pursued as in the aforementioned engagement.

d) Investments in units of other collective investment schemes (target funds)
If investments are made in target funds that exclusively apply "exclusion" or "ESG integration" as a sustainability approach, these do not qualify as target funds with a sustainability reference. In principle, target funds without a sustainability reference are not permitted. However, due to the lack of corresponding index funds with a sustainability reference, up to a maximum of 10% of the fund assets may be invested in index funds without a sustainability reference.

A more comprehensive description of these ESG approaches can be found in the prospectus.

3.2 Swiss Small & Mid Cap Fund

Investment objective

The investment objective of the subfund Swiss Small & Mid Cap Fund is principally to achieve above-average long-term growth in value by investing in an equity portfolio of small and mid caps in Switzerland. A sustainable investment strategy is also pursued, which is described in detail in the following investment policy.

Investment policy

a) The fund management company will invest at least 90% of the subfund's assets, excluding liquid assets, in:

 aa) equity securities and rights in small and mid cap companies that have their head office or carry out the bulk of their business activities in Switzerland;

 ab) derivatives (including warrants) based on investments as described in (3.2) aa);

 ac) debt securities and claims, money market instruments and sight or time deposits in so far as these are considered as cash equivalent pursuant to Art. 34 (5) CISO-FINMA and within the meaning of § 12 (6) claims arising from investments set out in lit. ab denominated in a freely convertible currency..

 "Small and mid caps" are defined as companies that, on the basis of their market capitalization, belong to the small and mid cap segment of a representative index. The prospectus contains further information.

b) The fund management company may also invest up to 10% of the subfund, excluding liquid assets, in:

 ba) equity securities and rights in companies worldwide that do not meet the criteria set out in (3) (2) aa) but are active in Switzerland directly or through subsidiaries and are listed on an international exchange;

 bb) equity securities and rights in small and mid cap companies worldwide that are listed on a Swiss exchange;

 bc) equity securities and rights in small and mid cap companies that have their head office or carry out the bulk of their business activities in Switzerland and are not traded on an exchange or on a regulated market but meet the following conditions: (i) the counterparty is a regulated financial intermediary, specialized in such types of transactions, and (ii) the OTC-equity securities and rights are tradeable on a daily basis. In addition they must be possible to reliably and verifiably valued („OTC-securities");

 bd) convertible bonds issued by companies as pursuant to (3) (2) aa) and denominated in a freely convertible currency;

 be) money market instruments denominated in Swiss francs, issued by Swiss or foreign issuers;

 bf) structured products pursuant to §8 (1) c) on investments as described in (3.2) a) and b);

 bg) derivatives (including warrants) based on the investments described in (3.2) ba) to bf);

 bh) units in other collective investment schemes (target funds) that invest in the instruments described in (3) (2) a) and ba) to bg).

c) The instruments described in (3.2) bc) must not exceed 10% of the subfund's assets; the value of any individual OTC transaction must not exceed 5% of fund assets on the purchase date

d) The investments described in (3.2) bh) must not exceed 10% of the subfund's assets.

e) The fund management company may also invest a maximum of 10% of the subfund assets in equity securities and rights that do not meet the conditions set out in (3) (2) a) and (b) and are quoted on any stock exchange worldwide.

f) Subject to the provisions of § 19 (8), the fund management company may acquire units in other collective investment schemes that are managed directly or indirectly by the fund management company itself or a related company by virtue of common management or control or a direct or indirect stake ("related target funds").

<u>Sustainability in asset management</u>

ESG factors should be taken into account in the financial analysis of companies, thereby adopting a holistic approach. Therefore, sector-specific ESG factors are included in the inclusion of the opportunity and risk profiles of companies, whereby the medium to long-term risk/return profiles of the companies can be better assessed. For existing investments, active engagement & voting to promote sustainable aspects is also perceived.

The sustainability approaches described below are applied to the entire sub-fund without taking into account bank deposits as well as call and time deposits, as these investments lack the corresponding possibility of including ESG factors.

a) ESG integration

The companies are also systematically assessed for environmental, social and governance (ESG) aspects using the ESG integration approach as part of the fundamental financial analysis. The structured ESG assessment process includes quantitative and qualitative analyses. The process is supported by the proprietary ESG Monitor, which incorporates data from the external rating agencies Inrate, ISS, MSCI, RepRisk and Glass-door as well as our own data. The ESG Monitor enables the strengths and weaknesses of a company in the area of ESG to be identified. The following aspects are analysed in detail:

- **Employer ratings**
- **Employee key figures**
- **CO2 emissions**
- **Corporate governance ratings**
- **Reputational risks**

b) Exclusions

The fund follows the recommendations for exclusion of the **SVVK-ASIR** (Swiss Association for Responsible Investments). This excludes investments in manufacturers of controversial weapons. This exclusion is adhered to at all times.

In addition, companies that generate **more than 10% of their turnover** from the **production of coal-fired electricity** or **coal mining** are not considered. This assessment is based on data from the external provider ISS. In the absence of ISS data, alternative audit procedures are performed to verify compliance with this exclusion. Up to 10% of the companies may subsequently exceed this turnover limit. For these companies, clarifications are made as to whether there are intentions on the part of management to reduce this share of turnover again and bring it below the exclusion limit. In the absence of such intentions on the part of the management, the investment will be sold.

c) Engagement & Voting

In terms of **engagement**, portfolio management aims to **make contact with the portfolio companies** and to raise shareholder concerns. Relevant ESG aspects are addressed in dialogue with the management or the board of directors, and in some cases also through requests to speak or agenda items at general meetings. The companies are to be motivated to act sustainably. The portfolio management does not follow a uniform agenda, but addresses the currently relevant topics individually for each company. In addition to strategic points, the following sustainability aspects are addressed most frequently:

- **Sustainable entrepreneurship**
- **Corporate governance**
- **Decarbonisation strategy**
- **Publication of ESG data**

Voting rights are exercised systematically **across all companies**. Voting recommendations and corporate governance analyses by Inrate and ISS as well as analyses by in-house investment specialists are available as information instruments. On this basis, votes are exercised according to the longer-term interests of the company and the shareholders. Among other things, the same themes and objectives are pursued as in the aforementioned engagement.

d) Investments in units of other collective investment schemes (target funds)

If investments are made in target funds that exclusively apply "exclusion" or "ESG integration" as a sustainability approach, these do not qualify as target funds with a sustainability reference. In principle, target funds without a sustainability reference are not permitted. However, due to the lack of corresponding index funds with a sustainability reference, up to a maximum of 10% of the fund assets may be invested in index funds without a sustainability reference.

A more comprehensive description of these ESG approaches can be found in the prospectus.

3.3 Swiss ESG Fund

Investment objective

The primary investment objective of the Swiss ESG Fund subfund is to achieve above-average long-term growth in value by investing in an equity portfolio of Swiss companies, while taking ESG aspects into account. A sustainable investment strategy is also pursued, which is described in detail in the following investment policy.

Investment policy

The subfund invests over a long-term horizon using an active, structured selection process based on a bottom-up approach. Within the process companies with an attractive risk/return profile that are deemed to be undervalued and which qualify as companies with a sustainable business profile are identified.

The subfund's investments are not selected according to sector criteria; they may focus on a small number of economic sectors.

a) While considering the sustainability approach as defined above, the fund management company will invest at least 90% of the subfund's assets, excluding liquid assets, in:

   aa) equity securities and rights in companies that are part of the Swiss Performance Index SPI® Total Return or that have their head office or carry out the bulk of their business activities in Switzerland;

   ab) derivatives (including warrants) based on the instruments described in (3.3) lit. aa);

   ac) debt securities and claims, money market instruments and sight or time deposits in so far as these are considered as cash equivalent pursuant to Art. 34 (5) CISO-FINMA and within the meaning of § 12 (6) claims arising from investments set out in (3.3) lit. ab) above denominated in a freely convertible currency.

b) The fund management company may also invest up to 10% of the subfund's assets, excluding liquid assets, in:

   ba) equity securities and rights in companies worldwide that do not meet the criteria set out in (3.3) lit. aa) above, but are active in Switzerland directly or through subsidiaries and are listed on an international exchange;

   bb) equity securities and rights in companies worldwide that are listed on a Swiss exchange;

   bc) convertible bonds issued by the companies described in (3.3) lit. aa) above and denominated in a freely convertible currency;

   bd) money market instruments denominated in Swiss francs, issued by Swiss or foreign issuers;

   be) structured products pursuant to §8 (1) c) of the fund contract on investments described in (3.3) lit. a) and b);

bf) derivatives (including warrants) based on the investment instruments described in (3.3) lit. ba) to bf);

bg) units in other collective investment schemes (target funds) that invest in the instruments described in (3.3) lit. a) and (3.3) lit. ba) to bf) above.

c) The investments described in (3.3) lit. bg) above may not exceed 10% of subfund assets.

d) The fund management company may also invest a maximum of 10% of subfund assets in equity securities and rights that do not meet the criteria set out in (3.3) lit. a) and b) and are quoted on any stock exchange worldwide.

e) Subject to the provisions of § 19 (8), the fund management company may acquire units in other collective investment schemes that are managed directly or indirectly by the fund management company itself or a related company by virtue of common management or control or a direct or indirect stake ("related target funds").

Sustainability in asset management

The portfolio should consist of companies that have a convincing sustainability profile. Preference is given to companies that are in line with the Paris climate goals and the sustainability goals of the United Nations.

The sustainability approaches described below are applied to the entire sub-fund without taking into account bank deposits and call and time deposits, as these investments do not offer the possibility of including ESG factors.

a) ESG integration

The companies are also systematically assessed for environmental, social and governance (ESG) aspects using the ESG integration approach as part of the fundamental financial analysis. The structured ESG assessment process includes quantitative and qualitative analyses. The process is supported by the proprietary ESG Monitor, which incorporates data from the external rating agencies Inrate, ISS, MSCI, RepRisk and Glass-door, as well as data collected in-house. The ESG Monitor enables the strengths and weaknesses of a company in the area of ESG to be identified. The following aspects are analysed in detail:

- **Employer ratings**
- **Employee key figures**
- **CO2 emissions**
- **Corporate governance ratings**
- **Reputational risks**

b) Exclusions

The Fund follows the exclusion recommendations of the **SVVK-ASIR** (Swiss Association for Responsible Investment). This excludes investments in manufacturers of controversial weapons. This exclusion is adhered to at all times.

In addition, companies that significantly violate the principles of the **UN Global Compact** are not included in the fund portfolio. The decision as to whether a company violates the UN Global Compact is based on RepRisk's "Vi-olator Flag". Up to 10% of the companies may subsequently violate this exclusion. In the case of these companies, clarifications are made as to whether there are intentions on the part of the management to ensure that these principles are adhered to again. In the absence of such intentions on the part of management, the investment is disposed of.

Finally, companies that generate **more than 5% of their turnover** from the production of **nuclear or coal-fired power, coal mining, fracking, oil sands, tobacco, pornography, gambling, armaments or civilian weapons** are excluded. This assessment is based on data from the external provider ISS. If ISS data is missing, alternative audit procedures are carried out to verify whether this exclusion is complied with. Up to 10% of the companies may subsequently exceed this turnover limit. For these companies, clarifications are made as to whether there are intentions on the part of management to reduce this share of turnover again and bring it below the exclusion limit. In the absence of such intentions on the part of the management, the investment is sold.

c) Positive screening

The fund portfolio meets the Paris climate targets (global warming below 2° Celsius). At least 80% of the investments directly meet the Paris climate targets (global warming below 2° Celsius); the remaining 20% may exceed the targets for individual investments. Overall, however, the fund portfolio meets the Paris climate targets. This assessment is based on data from the external provider ISS. For up to 10% of the investments, corresponding ISS data may be missing. In such cases, the fund collects its own data and, based on this, assesses whether the Paris climate targets are met.

The fund portfolio contributes positively to the achievement of the United Nations Sustainable Development Goals (UN SDGs). At least 80% of the investments contribute "positively" or "neutrally" to the achievement of the United Nations Sustainable Development Goals (UN SDGs). The remaining 20% may have a negative impact on these sustainability goals, but the fund portfolio as a whole shows a positive contribution. This assessment is based on data from the external provider ISS, which rates the companies on a scale of +10 (positive contribution to the UN SDGs) to -10 (negative contribution to the UN SDGs). For up to 10% of the facilities, corresponding ISS data may be missing. In such cases, own data is collected and based on this, the impact of these companies on the UN SDGs is assessed.

d) Engagement & Voting

In terms of **engagement**, portfolio management aims to **make contact with the portfolio companies** and to raise shareholder concerns. Relevant ESG aspects are addressed in dialogue with the management or the board of directors, and in some cases also through requests to speak or agenda items at general meetings. The companies are to be motivated to act sustainably. The portfolio management does not follow a uniform agenda, but addresses the currently relevant topics individually for each company. In addition to strategic points, the following sustainability aspects are addressed most frequently:

- **Sustainable entrepreneurship**
- **Corporate governance**
- **Decarbonisation strategy**
- **Publication of ESG data**

Voting rights are exercised systematically **across all companies**. Voting recommendations and corporate governance analyses by Inrate and ISS as well as analyses by in-house investment specialists are available as information instruments. On this basis, votes are exercised according to the longer-term interests of the company and the shareholders. Among other things, the same topics and objectives are pursued as in the aforementioned engagement.

e) Investments in units of other collective investment schemes (target funds).

If investments are made in target funds that exclusively apply "exclusion" or "ESG integration" as a sustainability approach, these do not qualify as target funds with a sustainability reference. In addition, the target funds must take into account the indicators on the most significant adverse impacts on sustainability factors within the meaning of the SFDR in order to fulfil the sustainability reference. Target funds without a sustainability reference are not permitted.

A more comprehensive description of these ESG approaches can be found in the prospectus.

4. The fund management company shall ensure appropriate liquidity management for all subfunds. The details are disclosed in the prospectus.

§ 9 Liquid assets

The fund management company may also hold adequate liquid assets for each subfund in the accounting currency of the subfund concerned and in any other permitted investment currency. Liquid assets comprise bank deposits on demand or with maturities of up to twelve months.

B Investment techniques and instruments

§ 10 Securities lending

The fund management company will not engage in any securities lending transactions for the account of the subfunds.

§ 11 Repurchase agreements

The fund management company will not conclude securities repurchase agreements for the account of the subfunds.

§ 12 Derivatives

1. The fund management company may use derivatives. The fund management company will ensure that even under extreme market circumstances, the financial effect of using of derivatives does not result in a deviation from the investment objectives set out in the fund contract, the prospectus and the key information documents, and does not change the nature of the subfund. Furthermore, the securities underlying the derivatives must be permitted as investments under this fund contract.

   In connection with collective investment schemes, derivatives may be used only for currency hedging purposes, with the exception of the hedging of market, interest rate and credit risks in the case of collective investment schemes for which the risks can be determined and measured unequivocally.

2. Commitment Approach I is used to assess risk. Taking into account the necessary coverage set out in this paragraph, the use of derivatives does not result in a leverage effect on the subfunds' assets, nor does it correspond to short selling.

3. Only basic types of derivative may be used. These comprise:

   a) Call or put options the expiration value of which is linearly dependent on the positive or negative difference between the market value of the underlying and the strike price and is zero if the difference is preceded by the opposite sign (+ or -).

   b) Swaps for which payments have a linear and path-independent relationship with the value of the underlying asset or an absolute amount.

   c) Future and forward transactions where the value has a linear relationship with the value of the underlying.

4. The financial effect of the derivatives is similar to either a sale (exposure-reducing derivative) or a purchase (exposure-increasing derivative) of an underlying security.

5.

   a) In the case of exposure-reducing derivatives, the associated obligations must be covered at all times by the assets underlying the derivative, subject to the provisions of § 12 b) and d).

   b) Investments other than the underlyings may be used to hedge exposure-reducing derivatives that are linked to an index which:

      - is calculated by an independent external body;

      - is representative of the investments used for hedging purposes;

      - has a sufficient correlation to these investments.

   c) The fund management company must have unrestricted access to the underlyings or investments at all times.

   d) The delta can be used to weight an exposure-reducing derivative when calculating the corresponding underlyings.

6. In the case of exposure-increasing derivatives, the notional exposure of a derivative position must at all times be covered by liquid assets pursuant to Art. 34 para. 5 CISO-FINMA. In the case of futures, options, forwards , swaps and forwards, the underlying equivalent is determined in accordance with Annex 1 CISO-FINMA.

7. When netting derivative positions, the Fund Management Company must comply with the following rules:

   a) Counter positions in derivatives based on the same underlying as well as counter positions in derivatives and in investments in the same underlying may be netted, irrespective of the maturity date of the derivatives, provided that the derivative transaction was concluded with the sole purpose of eliminating the risks associated with the derivatives or investments acquired, no material risks are disregarded in the process, and the conversion amount of the derivatives is determined pursuant to Art. 35 CISO-FINMA.

   b) If the derivatives in hedging transactions do not relate to the same underlying as the asset that is to be hedged, for netting to be permitted a further condition must be met in addition to the rules set out under a) above, namely that the derivative transactions may not be based on an investment strategy that serves to generate profit. Furthermore, the derivative must result in a demonstrable reduction in risk, the risks of the derivative must be balanced out, the derivatives, underlyings, or assets that are to be netted must relate to the same class of financial instruments, and the hedging strategy must remain effective even under exceptional market conditions.

   c) Derivatives that are used solely for currency hedging purposes and do not result in leverage or contain additional market risks may be netted when calculating the overall exposure arising from derivatives without having to meet the requirements set out under b) above.

   d) Covered hedging transactions by interest derivatives are permitted. Convertible bonds do not have to be taken into account when calculating the overall exposure to derivatives.

8. The fund management company may use both standardized and non-standardized derivatives. It can conclude transactions in derivative financial instruments on an exchange or another regulated market open to the public or in OTC (over-the-counter) trading.

9.

   a) The fund management company may only conclude OTC transactions with regulated financial intermediaries specializing in OTC transactions that are able to execute the transaction properly. If the counterparty is not the custodian bank, the counterparty or guarantor must have a high credit rating.

   b) It must be possible reliably and verifiably to value an OTC derivative on a daily basis and to sell, liquidate or close out the derivative at market value at any time.

   c) If no market price is available for an OTC-traded derivative, it must be possible to determine the price at any time using appropriate valuation model that is recognized in practice, based on the market value of the underlyings from which the derivative was derived.Before concluding a contract for such a derivative, specific offers must, in principle, be obtained from at least two counterparties and the contract concluded with the counterparty providing the most favorable offer, in terms of price. Deviations from this principle are permitted for reasons relating to risk diversification, or where other parts of the contract such as credit rating or the range of services offered by the counterparty render another offer more advantageous overall for the investors. Furthermore, and by way of exception, the requirement to obtain offers from at least two potential counterparties may be dispensed with if this is in the investors' best interests. The reasons for doing so must be clearly documented, as must the conclusion of the contract and pricing..

   d) As part of OTC transactions, the Fund Management Company and its agents may only accept collateral that satisfies the requirements set down in Art. 51 CISO-FINMA. The issuer of the collateral must have a high credit rating, and the collateral may not be issued by the counterparty or by a company that belongs to or is dependent on the counterparty's group. The collateral must be highly liquid, traded at a transparent price on an exchange or other regulated market open to the public, and must be valued at least on each trading day. In managing the collateral, the Fund Management Company and its agents must comply with the duties and requirements under Art. 52 CISO-FINMA. In particular, they must diversify the collateral appropriately in terms of countries, markets, and issuers. Appropriate diversification of issuers is deemed to have been achieved if the collateral of a single issuer held does not correspond to more than 20% of the net asset value. Deviation from this rule is permitted for publicly guaranteed or issued investments pursuant to Art. 83 CISO. The Fund Management Company and its agents must further be able to obtain power of disposal over, and authority to dispose of, the collateral received at any time in the event of default by the counterparty, without involving the counterparty or obtaining its consent. The collateral received must be kept at the Custodian Bank. The collateral received may be held in safekeeping by a supervised third-party custodian on behalf of the Fund Management Company provided that ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.

10. In complying with the statutory and contractual restrictions (maximum and minimum limits), derivatives must be factored in accordance with the legislation on collective investment schemes.

11. The prospectus contains further information on:
    - the importance of derivatives as part of the investment strategy;
    - the effect of the use of derivatives on the risk profile of the subfunds;
    - the counterparty risk associated with derivatives;
    - the collateral strategy.

§ 13 Taking up and extending loans

1. The fund management company may not grant loans for the account of the subfunds.
2. The fund management company may borrow the equivalent of up to 10% of the net assets for each subfund on a temporary basis. The maximum repayment term is 3 months.

§ 14 Encumbrance of the fund's assets

1. No more than 25% of the net assets of any subfund may be pledged or ownership thereof transferred as collateral by the fund management company.
2. The subfunds' assets may not be encumbered with guarantees.

C Restrictions on investment
§ 15 Risk distribution

Investment restrictions concerning the subfunds

1. The rules on risk diversification include the following:
   a) Investments pursuant to § 8, with the exception of index-based derivatives, provided the index is sufficiently diversified, is representative of the market it relates to and is published in an appropriate manner;
   b) liquid assets pursuant to § 9;
   c) claims against counterparties arising from OTC transactions.

   The rules on risk diversification apply to each subfund individually.
2. Companies that are part of a group in accordance with international accounting rules are deemed to be a single issuer.
3. The fund management company may invest up to a maximum of 10% of the total assets of a subfund, including derivatives and structured products, in securities and money market instruments issued by the same issuer. The total value of the securities and money market instruments of issuers in which more than 5% of the total assets of a subfund are invested may not exceed 40% of the given subfund, subject to the provisions of § 15 (4) and (5).
4. The fund management company may invest up to a maximum of 20% of the assets of a subfund in sight and term deposits with the same bank. This limit comprises both liquid assets pursuant to § 9 and investments in bank deposits pursuant to § 8.

5. The fund management company may invest up to a maximum of 5% of the assets of a subfund in OTC transactions with the same counterparty. If the counterparty is a bank domiciled in Switzerland or in an EU Member State or another country with supervision equivalent to that in Switzerland, the limit is increased to 10% of a subfund's assets.

   If claims arising from OTC transactions are hedged by securities in the form of liquid assets pursuant to Art. 50 to 55 CISO-FINMA, the claims are not taken into account when calculating counterparty risk.

6. Investments, deposits and claims pursuant to § 15 (3) to (5) that are issued by the same issuer or borrower may not exceed 20% of the total subfund assets, with the exception of the higher limits set out in § 15 (11) and (12).

7. Total investments in the same group of companies pursuant to § 15 (3) may not exceed 20% of a subfund's assets, with the exception of the higher limits set out in § 15 (11) and (12).

8. The fund management company may invest a maximum of 10% of the assets of a subfund in units of the same target fund.

9. The fund management company may acquire as subfund assets up to a maximum of 10% of the non-voting equity and debt instruments and/or money market instruments from the same issuer and a maximum of 25% of the units (shares) in other collective investment schemes.

   These restrictions do not apply if the gross amount of the debt instruments, money market instruments or the units of other collective investment schemes cannot be calculated at the time of the acquisition.

10. The restrictions in § 15 (9) and (13) do not apply to securities and money market instruments that are issued or guaranteed by an OECD state or public authority or by a public international organization to which Switzerland or an EU Member State belongs.

11. The 10% limit referred to in (3) increases to 35% if the securities or money market instruments are issued or guaranteed by an OECD state or public authority or by a public international organization to which Switzerland or an EU Member State belongs. The aforementioned securities or money market instruments will not be taken into account in the application of the 40% limit pursuant to § 15 (3). However, the individual limits specified in paragraphs 3 and 5 may not be added together with the existing limit of 35%.

12. The limit in § 15 (3) is increased from 10% to 100% if the securities or money market instruments are issued or guaranteed by an OECD state or public authority or by an international organization to which Switzerland or an EU Member State belongs. In this case, the fund assets of the subfunds concerned must be invested in securities or money market instruments from at least six different issues; no more than 30% of a subfund assets may be invested in securities or money market instruments from the same issue. The aforementioned securities or money market instruments will not be taken into account in the application of the 40% limit pursuant to § 15 (3).

    The aforementioned authorized issuers and guarantors are: OECD member states, the European Union (EU), the Council of Europe, the European Social Fund,, the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), the Inter-American Development Bank (IADB), the Asian Development Bank (ADB), the African Development Bank (AfDB), the International Monetary Fund, the European stabilisation mechanism fund, the European Financial Stability Facility, the European Investment Bank (EIB), the Nordic Investment Bank and the European Bank for Reconstruction and Development and Eurofima.

<u>Investment restrictions concerning the fund management company</u>

13. Basic regulation

The fund management company may not acquire any equity securities that in total represent more than 10% of the voting rights or that allow it to exercise a significant influence on the management of an issuer ("basic rule").

Exemption

In deviation from the basic regulation above, the fund management may apply the following limits to funds or subfunds with an investment policy focus on equity securities in "Swiss small & mid cap companies" or "gold mining companies worldwide".

Investment segment: "Swiss Small & Mid Cap Companies".

For funds or subfunds with an investment policy focus on equity securities in "Swiss small & mid cap companies" (as defined by SIX Swiss Exchange AG as well as all unlisted Swiss companies), the fund management company may not acquire more than 20% of the equity securities of an issuer from this investment segment, consolidated across all funds or subfunds with this investment policy focus, whereby the exercise of voting rights is limited to a maximum of 17%.

For all other issuers that are not allocated to the investment segment "Swiss Small & Mid Cap Companies", the basic regulation above applies.

Investment Segment: "Gold Mining Companies Worldwide

For funds or subfunds with an investment policy focus on equity securities in "Gold Mining Companies Worldwide", the fund management may not acquire more than 20% of the equity securities of an issuer from this investment segment, consolidated across all funds or subfunds with this investment policy focus, whereby the exercise of voting rights is limited to a maximum of 17% in total.

For all other issuers which are not allocated to the investment segment "Gold mining companies worldwide", the basic regulation above applies.

Investment segment: "Others

For all funds or subfunds that have an investment policy focus neither on equity securities in "Swiss small & mid cap companies" (as defined by SIX Swiss Exchange AG as well as all unlisted Swiss companies) nor on equity securities in "gold mining companies worldwide", the fund management company may not acquire equity securities of issuers from these two investment segments that account for more than 6% of the voting rights in total.

For all other issuers that are not allocated to either of the two investment segments "Swiss Small & Mid Cap Companies" and "Gold Mining Companies Worldwide", the basic rule above applies.

<u>Maximum limit per issuer (cumulative at fund management level)</u>

Irrespective of the above rules, the fund management company may under no circumstances hold or exercise more than 20% of the equity securities or 17% of the voting rights of an issuer, cumulated across all funds or subfunds managed by it and across all investment segments.

<u>Classification of the subfunds</u>

a) Swiss Dividend Fund

Due to its investment policy, this sub-fund has been allocated to the "**Other**" investment segment. The classification of the sub-fund may be adjusted in the event of changing circumstances.

b) Swiss Small & Mid Cap Fund

Based on its investment policy, this sub-fund has been allocated to the "**Swiss Small & Mid Cap Companies**" investment segment. The classification of the sub-fund may be adjusted in the event of changing circumstances.

c) Swiss ESG Fund

Based on its investment policy, this sub-fund has been allocated to the "**Other**" investment segment. The classification of the sub-fund may be adjusted in the event of changing circumstances.

IV. Calculation of the net asset value and issue and redemption of units

§ 16 Calculation of the net asset value

1. The net asset value of each subfund and the share of the net assets attributable to the individual classes are calculated in the subfund's accounting currency at market value as at financial year-end and for each day on which units are issued or redeemed in reference currency of the individual classes. The assets of a subfund will not be calculated on days when the stock exchanges and markets in the main investment countries of the subfund concerned are closed (e.g. bank and stock exchange holidays).

2. Securities traded on a stock exchange or another regulated market open to the public are valued at the current prices paid on the main market. Other investments or investments for which no current market value is available are valued at the price that would probably be obtained in a diligent sale at the time of the valuation. In such cases, the fund management company will use appropriate and recognized valuation models and principles to determine the market value.

3. Open-ended collective investment schemes are valued at their redemption price or net asset value. If they are regularly traded on a stock exchange or another regulated market open to the public, the fund management company may value such funds in accordance with § 16 (2).

4. The value of money market instruments that are not traded on a stock exchange or another regulated market open to the public is determined as follows: the valuation rate of these investments is adjusted in line with the redemption price, based on the net purchase price with a constant investment yield. If there are significant changes in market conditions, the valuation basis for the individual investments will be adjusted in line with the new market yields. If there is no current market price in such instances, the calculations are as a rule based on the valuation of money market instruments with the same characteristics (quality and domicile of the issuer, issuing currency, term to maturity).

5. Bank deposits are valued on the basis of the amount due plus accrued interest. If there are significant changes in market conditions or the credit rating, the valuation rate for time deposits will be adjusted in line with the new conditions.

6. The net asset value of a unit of a given class of a subfund is determined by the proportion of the subfund's assets as valued at the market value attributable to the given unit class, minus any subfund liabilities that are attributed to the given unit class, divided by the number of units of the given class in circulation. It will be rounded up to the smallest unit of the of the reference currency of a given unit class.

7. The share of the market value of the net assets of a subfund (subfund assets minus liabilities) attributable to the respective unit classes is determined for the first time at the initial issue of more than one class of units (if this occurs simultaneously) or the initial issue of an additional unit class. The calculation is made on the basis of the assets accruing to the subfund concerned for each unit class. The percentage will be recalculated in the following instances:

   a) the issue and redemption of units;

   b) on the cut-off date for distributions or reinvestment provided that (i) such distributions or reinvestments only apply to individual unit classes (distributing or reinvestment classes) or (ii) there are variations in the distributions or reinvestments for each unit class, expressed as a percentage of net asset value or (iii) different commissions or costs apply to distributions or reinvestment for individual unit classes, expressed as a percentage of the income distributed or reinvested;

   c) when the net asset value is calculated, as part of the allocation of liabilities (including due or accrued costs and commissions) to the individual unit classes, if the class liabilities vary when expressed as a percentage of net asset value, specifically where (i) different commission rates are applied to the different unit classes or (ii) class-specific costs are charged;

   d) when the net asset value is calculated, as part of the allocation of income or capital gains to the individual unit classes, if the income or capital gains stem from transactions made solely in the interests of one unit class or in the interests of several unit classes but the income or capital gains are disproportionate to the share of the net assets accounted for by the unit class(es).

§ 17 Issue and redemption of units

1. Subscription and redemption orders for units are accepted up to a certain cut-off time specified in the prospectus on the day the orders are placed. The definitive price of the units for the issues and redemptions is determined at the earliest on the bank business day following the day the order is placed (valuation date). This is referred to as forward pricing. The details are set down in the prospectus.

2. The unit issue and redemption prices are based on the net asset value per unit calculated on the valuation date on the basis of the closing prices from the previous day as defined in § 16. In the case of unit issues, an issuing commission may be added to the net asset value pursuant to § 18 and in the case of unit redemptions, a redemption commission and/or redemption charges may be deducted from the net asset value pursuant to § 18.

   Incidental costs associated with the purchase and sale of investments (standard brokerage charges, fees and taxes) and incurred by a subfund in connection with the investment of the amount paid in, or with the sale of that portion of investments corresponding to the redeemed unit(s), are charged to the assets of the corresponding subfund.

3. The fund management company may suspend the issue of units of all unit classes of a subfund at any time and may reject applications for the subscription or switching of units.

4. In exceptional cases, the fund management company may temporarily defer unit redemptions for all the unit classes of a subfund in the interests of all investors:

   a) if a market which is the basis for valuing a significant proportion of the assets of a subfund concerned is closed, or if trading on the market is restricted or suspended;

   b) in the event of a political, economic, military, financial or other emergency;

   c) if, owing to exchange controls or restrictions on other asset transfers, a subfund is no longer able to execute transactions;

   d) in the event of large-scale redemptions of units of a subfund that could significantly affect the interests of the remaining investors in the subfund.

5. The fund management company will immediately inform the external auditors and the supervisory authority of any decision to suspend redemptions. It will also notify the investors in an appropriate manner.

6. No subfund units will be issued while unit redemptions for the subfund are suspended in accordance with § 17 (4) (a) to (c).

   Contribution and Redemption in kind

7. In the event of a subscription, every Investor may apply to make deposits into a subfund's portfolio instead of making payment in cash ("contribution in kind"), respectively in the event of a termination have assets transferred to them instead of payment in cash ("redemption in kind"). The application must be submitted together with the subscription / termination. The Fund Management Company is not obliged to permit contributions and redemptions in kind.

   The decision on contributions and redemptions in kind lies with the Fund Management Company alone, and it approves such transactions only if the execution of the transactions is fully in accordance with the investment policy of the respective subfund and if the interests of the other Investors are not impaired.

   The costs entailed in connection with contributions or redemptions in kind may not be charged to a subfund assets.

   In the event of contributions or redemptions in kind, the fund management company draws up a report containing information on the individual assets that have been transferred, the market price of these assets on the transfer date, the number of units issued or redeemed in return, and cash payments made to cover peak equalization. For every contribution or redemption in kind, the custodian bank verifies that the fund management company has complied with its duty of loyalty, and also checks the valuation of the assets transferred and the units issued or redeemed as of the relevant date. Should it have any reservations or complaints, the custodian bank must report these to the audit firm without delay.

Transactions relating to contributions and redemptions in kind must be disclosed in the annual report.

V. Fees and incidental costs

§ 18 Fees and incidental costs charged to the investor

1. No commissions are charged to the investors on the (i) issue or (ii) redemption of units respectively on the changing between the subfunds of this umbrella fund.
2. On redemption of units as well as on the changing between the subfunds of this umbrella fund, investors may be charged incidental costs (redemption charges) incurred by the subfund in connection with the sale of a portion of investments corresponding to the redeemed units (vgl. § 17 Ziff. 2). accruing to the subfund assets, from which the investor retires. The rate applied (max. 0.4% of the subfund's net asset value or the respective share class. The current rate is stated in the prospectus and the key investor information and is charged in full to all investors. The above mentioned incidental costs will be charged at the same rate to all investors of a subfund.
3. No issuing or redemption charges are applied for changing between the shareclasses within a subfund of this umbrella fund.
4. For payment of the liquidation proceeds in the event of the dissolution of the umbrella fund or a subfund, the custodian bank may charge unitholders a commission of 0.50% of the net asset value of his units.
5. Redemption charges are not levied in the case of redemption of kind.

§ 19 Fees and incidental costs charged to the subfund's assets

1. Swiss Dividend Fund

   a) The fund management company will charge a pro rata fee to the subfund's assets for the administration, asset management and distribution of the Swiss Dividend Fund subfund each time that the net asset value is calculated. The fee is payable at the end of each month (management fee incl. distribution fee).

   The management fee for the Swiss Dividend Fund subfund is:

   – A class maximum 1.0% p.a.

   – ZA class maximum 0.75% p.a.

   – M class maximum 0.10% p.a.

   This fee for the "M-Class" only includes the fee for the management (incl. fund administration) of the unit class by the fund management company.

   The rate of the management fee actually charged is stated in the annual and semi-annual reports.

   b. The custodian bank will charge a pro rata fee to the subfund's assets for safekeeping the assets of the Swiss Dividend Fund subfund, handling the subfund's payment transactions and performing of the other tasks of the custodian bank listed under § 4 each time that the net asset value is calculated. The fee is payable at the end of each month (custodian bank fee).

The custodian bank fee for the Swiss Dividend Fund subfund is:

– A class	maximum 0.10% p.a.
– ZA class	maximum 0.10% p.a.
– M class	maximum 0.10% p.a.

The rate of the custodian bank fee actually charged shall be stated in the annual and semi-annual reports.

2. Swiss Small & Mid Cap Fund

a) The fund management company will charge a pro rata fee to the subfund's assets for the administration, asset management and distribution of the Swiss Small & Mid Cap Fund subfund each time that the net asset value is calculated. The fee is payable at the end of each month (management fee incl. distribution fee).

The management fee for the Swiss Small & Mid Cap Fund subfund is:

– A class	maximum 1.50% p.a.
– ZA class	maximum 1.00% p.a.
– M class	maximum 0.10% p.a.

This fee for the "M-Class" only includes the fee for the management (incl. fund administration) of the unit class by the fund management company.

The rate of the management fee actually charged is stated in the annual and semi-annual reports.

b. The custodian bank will charge a pro rata fee to the subfund's assets for safekeeping the assets of the Swiss Small & Mid Cap Fund subfund, handling the subfund's payment transactions and performing of the other tasks of the custodian bank listed under § 4 each time that the net asset value is calculated. The fee is payable at the end of each quarter (custodian bank fee).

The custodian bank fee for the Swiss Small & Mid Cap Fund subfund is:

– A class	maximum 0.10% p.a.
– ZA class	maximum 0.10% p.a.
– M class	maximum 0.10% p.a.

The rate of the custodian bank fee actually charged shall be stated in the annual and semi-annual reports.

3. Swiss ESG Fund

a) The fund management company will charge a pro rata fee to the subfund's assets for the administration, asset management and distribution of the Swiss ESG Fund subfund each time that the net asset value is calculated. The fee is payable at the end of each month (management fee incl. distribution fee).

The management fee for the Swiss ESG Fund subfund is:

– A class	maximum 1.25% p.a.
– ZA class	maximum 0.90% p.a.
– M class	maximum 0.10% p.a.

This fee for the "M-Class" only includes the fee for the management (incl. fund administration) of the unit class by the fund management company.

The rate of the management fee actually charged is stated in the annual and semi-annual reports.

b. The custodian bank will charge a pro rata fee to the subfund's assets for safekeeping the assets of the Swiss ESG Fund subfund, handling the subfund's payment transactions and performing of the other tasks of the custodian bank listed under § 4 each time that the net asset value is calculated. The fee is payable at the end of each month (custodian bank fee).

The custodian bank fee for the Swiss ESG Fund subfund is:

– A class	maximum 0.10% p.a.
– ZA class	maximum 0.10% p.a.
– M class	maximum 0.10% p.a.

The rate of the custodian bank fee actually charged shall be stated in the annual and semi-annual reports.

4. The custodian bank does not charge the subfunds any commission for the payment of the annual income to the investors.

5. The fund management company and the custodian bank are also entitled to receive reimbursements for the following costs incurred in the course of executing the fund contract:

a) Costs for the purchase and sale of investments, namely customary brokerage fees, commissions, taxes and levies, as well as costs for the inspection and maintenance of quality standards for physical investments.

b) fees paid to the supervisory authority for creating, changing, liquidating, or merging the umbrella-fund respectively the subfunds;

c) annual fee paid to the supervisory authority;

c) fees paid to the auditor for the annual audit and certificates pertaining to creating, changing, liquidating or merging the fund;

e) fees paid to legal and tax advisors in relation to creating, changing, liquidating or merging the fund or activities intended to protect the interests of the fund and investors;

f) costs associated with publishing the fund's net asset value and all costs of notices to investors, including translation costs but excluding notices pertaining to mistakes made by the fund management company;

g) the cost of printing legal documents and the annual and semi-annual fund reports;

h) the cost of registering the fund with a foreign supervisory authority, including commissions charged by the foreign supervisory authority, translation costs and remuneration paid to the authorized representative or paying agent in that country;

i) costs incurred when exercising the fund's voting and creditor rights, including fees paid to external advisors;

j) costs and fees associated with intellectual property and usage rights registered to the fund;

k) all costs incurred by the fund management company, the asset manager of collective investment schemes or the custodian bank in the course of taking extraordinary measures to protect investors' interests.

6. These costs according ciph 5 prov. a will be offset directly against the stated acquisition or saleable value.

7. The fund management company and its agents shall neither pay retrocessions to compensate for the distribution activity of fund units nor discounts to reduce the fees and costs attributable to the investor and charged to the umbrella fund or the subfund.

8. If the fund management company acquires units in other collective investment schemes that are managed directly or indirectly by the fund management company itself or a related company by virtue of common management or control or a direct or indirect stake ("related target funds"), the subfund may not be charged issuing or redemption commission for the related target funds.

9. Fees and incidential charges may only be charged to the subfund for which the specific service is performed. Costs that cannot be unequivocally allocated to a subfund are charged to the individual subfunds on a pro rata basis in relation to their share of the fund's assets.

VI. Financial statements and audits

§ 20 Financial statements

1. The accounting currencies of the individual subfunds are as follows:
   - **a) Swiss Dividend Fund:** Swiss franc (CHF)
   - **b) Swiss Small & Mid Cap Fund:** Swiss franc (CHF)
   - **c) Swiss ESG Fund:** Swiss franc (CHF)
2. The financial year runs from 1 December to 30 November.
3. The fund management company will publish an audited annual report for the umbrella fund and subfunds within four months of the financial year-end.
4. The fund management company will publish a semi-annual report for the umbrella fund and subfunds within two months of the end of the first half of the financial year.
5. The investor's right to information in accordance with § 5 (5) applies notwithstanding.

§ 21 Audit

The external auditors verify that the fund management company and the custodian bank have complied with statutory requirements and the code of conduct of Asset Management Association Switzerland (AMAS) as they may apply. The annual report shall contain a short report by the external auditors on the published annual financial statements.

VII. Appropriation of net income

§ 22

1. The annual net income from reinvesting unit classes is added to the subfund assets for reinvestment within four months of the close of the financial year in the reference currency of the respective share class, subject to any taxes and duty charged on the reinvestment. The Fund Management Company may make additional interim reinvestments from the income. Notwithstanding the above, the subfund may make one-off distributions of net income from reinvestment classes in the reference currency of the respective share class.
2. Annual net income from the subfund's distributing classes will be paid to investors no later than within four months of the close of the financial year in the reference currency of the respective share class. The fund management company may also make additional interim distributions from the income for distributing unit classes.

   Up to 30% of net income from a unit class may be carried forward. The subfund may waive the distribution and carry forward all net income provided that:

   - the net income from the current financial year and the income from collective investment schemes or unit classes carried forward from previous years does not exceed 1% of the net asset value of the collective investment scheme or unit class, and
   - the net income from the current financial year and the income from collective investment schemes or unit classes carried forward from previous years does not exceed one unit of the accounting currency of the collective investment scheme or the reference currency of the respective unit class.
3. Capital gains realized on the sale of assets and rights may be distributed by the fund management company or retained for the purpose of reinvestment.

VIII. Publication of official notices by the umbrella fund and subfunds

§ 23

1. The official publication of the umbrella fund and/or subfund is the online publication indicated in the prospectus. Notice of a change to the official publication will be published in the official publication.
2. The official publication will publish the following information: summaries of material amendments to the fund contract, indicating the offices from which the amended contract may be obtained free of charge; a change in the fund management company and/or custodian bank; the creation, winding-up or merger of unit classes, and liquidation of the umbrella fund or the individual subfunds. Amendments that are required by law and do not affect the rights of investors or are of an exclusively formal nature may be exempted from the duty of publication subject to approval by the supervisory authority.
3. Each time that units are issued or redeemed, the fund management company will publish the issue and the redemption prices or the net asset value for each subfund with a footnote "excluding commissions" for all unit classes on the electronic platform of Swiss Fund Data AG (www.swissfunddata.ch). The prices are published at least twice a month. The prospectus contains details of the weeks and days on which the prices will be published. In addition the prices may be published in newspapers, magazines electronic media or price information systems as defined by the management company.
4. The prospectus with integrated fund contract, the key information documents and the latest annual and semi-annual reports may be obtained free of charge from the fund management company, the custodian bank and all distributors.

IX. Restructuring and dissolution

§ 24 Mergers

1. Subject to approval by the custodian bank, the fund management company may merge individual subfunds with other subfunds or other investment funds by transferring the current assets and liabilities of the subfund(s) or fund(s) to be merged to the acquiring subfund or fund. The investors of the subfund(s) or fund(s) being acquired will receive the corresponding number of units in the acquiring subfund or fund. The subfund or fund(s) being acquired is (are) terminated without liquidation when the merger takes place, and the fund contract of the acquiring subfund or fund also applies to the subfund(s) or fund(s) being acquired.
2. Subfunds and funds may only be merged if:
   a) the fund contracts contain provisions for a merger;
   b) the funds are managed by the same fund management company;
   c) the relevant fund contracts contain identical provisions regarding:
      – the investment policy, investment techniques, risk diversification, and investment risk;
      – the appropriation of net income and capital gains realized from the sale of assets and rights;
      – the type, amount and calculation of all fees, the issue and redemption commission together with the incidental costs for the purchase and sale of the investments (brokerage fees, charges and duties) that may be charged to the fund's assets or to the investors;
      – redemption conditions;
      – the contract duration and the conditions of dissolution;
   d) the valuation of the fund assets, the calculation of the exchange ratio and the transfer of the assets of the funds or subfunds takes place on the same day;
   e) the merger does not generate any costs for the funds, subfunds or investors.

   The provisions of Article 19 (5) b),d) and e) apply notwithstanding.

3. If the merger is likely to take more than one day, the supervisory authority may approve limited deferment of repayment in respect of the units of the funds or subfunds involved.

4. The fund management company must submit the proposed merger together with the merger schedule to the supervisory authority for review at least one month before the planned publication of the intended changes to the fund contract. The merger schedule must contain information on the reasons for the merger, the investment policies of the funds or subfunds involve, any differences between the acquiring fund or subfund and the fund(s) or subfund(s) being acquired, the calculation of the exchange ratio, any differences with regard to fees and any tax implications for the funds or subfunds, and a statement from the statutory external auditors.

5. The fund management company must publish details of the proposed changes to the fund contract pursuant to § 23 (2) and the proposed merger and timing together with the merger schedule at least two months before the planned merger date in the official publication of the funds or subfunds in question. The notice must state that investors are entitled to lodge objections to the proposed changes to the fund contract with the supervisory authority within 30 days of the most recent publication or request redemption of their units in cash.

6. The external auditors must verify that the merger is carried out correctly and provide an execution report to the fund management company and the supervisory authority.

7. The fund management company must inform the supervisory authority that the merger has been completed and publish a notice to this effect immediately, together with a statement from the external auditors confirming the exchange ratio and that the merger has been executed correctly in the official publication of the subfunds or funds concerned.

8. The fund management company must make reference to the merger in the next annual report of the acquiring sub-fund or fund and in its semi-annual report if published prior to the annual report. Unless the merger falls on the final day of the normal financial year, an audited closing statement must be produced for the sub-fund or fund being acquired.

§ 25 Terms of the subfunds and dissolution

1. The subfunds of the umbrella fund have been established for an indefinite period.

2. The fund management company or custodian bank may dissolve the individual subfunds or all subfunds by terminating the fund contract without notice.

3. The individual subfunds may be dissolved by order of the supervisory authority, for example if a sub-fund does not have assets of at least CHF 5 million (or the equivalent) no later than one year after its launch, or a longer period specified by the supervisory authority at the request of the custodian bank and the fund management company.

4. The fund management company will immediately inform the supervisory authority that the fund has been dissolved and publish a notice to this effect in the official publication.

5. Upon termination of the fund contract, the fund management company may liquidate the affected subfunds forthwith. If the supervisory authority has ordered the dissolution of a subfund, it must be liquidated immediately. The custodian bank is responsible for paying the liquidation proceeds to the investors. If the liquidation process is protracted, payments may be made in installments. The fund management company must obtain authorization from the supervisory authority before making the final payment.

X. Amendment of the fund contract, change of fund management company or custodian bank

§ 26

If any amendments are made to this fund contract, or in the event of a proposed merger of unit classes or change of fund management company or custodian bank, the investors must lodge objections with the supervisory authority within 30 days after the corresponding publication. In the publication, the fund management company must inform the Investors about which amendments to the fund contract are covered by FINMA's verification and check for compliance with the law. In the event of amendment change to the fund contract (including merger of unit classes), investors may also request redemption of their units in cash subject to the contractual period of notice. Exceptions in this regard are cases pursuant to § 23 (2) that have been exempted from the duty to publish with the approval of the supervisory authority.

XI. Applicable law, place of jurisdiction

§ 27

1. The umbrella fund and the individual subfunds are subject to Swiss law, in particular the Swiss Federal Act on Collective Investment Schemes of 23 June 2006, the Ordinance on Collective Investment Schemes of 22 November 2006 and the FINMA Ordinance on Collective Investment Schemes of 27 August 2014.

   The place of jurisdiction is the town in which the fund management company has its registered office.

2. The German version is binding for the interpretation of the fund contract.
3. This fund contract takes effect on May 23, 2023.
4. The present fund contract replaces the fund contract dated April 26, 2023.
5. When approving the fund contract, FINMA verifies all of the provisions of the Fund Contract and ensures their compliance with the law.

This fund contract was approved by FINMA on May 16, 2023.

The fund management company:

LLB Swiss Investment AG

The custodian bank:

Bank Julius Baer & Co. AG

Annex: **Pre-contractual information according to EU regulation SFDR**

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name:
zCapital Swiss Dividend Fund

Legal entity identifier:
506700783401L449AA88

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

No reference value has been named in order to achieve the environmental or social characteristics advertised with the fund. Instead, the approaches described below, "ESG integration", "exclusion principle" and "engagement & voting", are taken into account.

a) <u>ESG integration</u>

Companies are systematically screened for environmental, social and governance (ESG) aspects as part of the fundamental financial analysis using the ESG integration approach. The structured ESG assessment process includes quantitative and qualitative analyses. The process is supported by the **proprietary ESG Monitor**, which incorporates data from the external rating agencies Inrate (www.inrate.com), ISS (www.issgovernance.com), MSCI (www.msci.com), RepRisk (www.reprisk.com) and Glassdoor (www.glassdoor.com) as well as our own data. The ESG Monitor makes it possible to identify a company's **strengths and weaknesses in the area of ESG**. The following aspects are analysed in detail:

- **Employer ratings**: With the employer ratings from Glassdoor, Indeed (ch.indeed.com) and/or Kununu (www.kununu.com), company ratings from active or former employees can be taken into account. This information provides an insight into the company culture and can highlight any problems.
- **Employee metrics**: From the key personnel data available on the workforce, one tries to identify risks or opportunities. Above all, employee satisfaction is an important factor.
- **CO2 emissions**: The CO2 emissions of a company are analysed using data from ISS or direct surveys of the companies. In addition, the company's activities to reduce emissions are examined.
- **Corporate governance assessments**: In addition to the company's own analyses, Inrate's assessments are taken into account. This includes a large number of data points in the area of corporate governance. A key criterion is the remuneration and composition of the Board of Directors.
- **Reputational risks**: With data primarily from RepRisk, companies are systematically checked for ESG risks. Numerous sources are continuously monitored globally in order to detect violations of human rights, competition laws and environmental protection, for example.

b) Exclusion principle

The fund follows the recommendations for exclusion of the **SVVK-ASIR** (Swiss Association for Responsible Investment). Investments in manufacturers of controversial weapons are thus excluded. The excluded companies from the arms sector are those whose products violate Swiss laws and internationally recognised conventions, namely the **Ottawa and Oslo Conventions** and the **international Nuclear Non-Proliferation Treaty**. These agreements, ratified by Switzerland, prohibit the development, production, stockpiling and distribution of cluster munitions, anti-personnel mines and nuclear weapons. Further information on the SVVK-ASIR can be found on its website https://www.svvk-asir.ch/ueber-uns/. This exclusion is respected at all times.

In addition, companies that generate **more than 10% of their turnover** from the production of **coal electricity or coal mining** are not considered. This assessment is based on data from the external provider ISS. In the absence of ISS data, alternative audit procedures are performed to verify compliance with this exclusion (e.g. through interviews with the companies' management or information in their sustainability and annual reports). Up to 10% of the companies may subsequently exceed this turnover limit. In the case of these companies, clarifications are made as to whether there are intentions on the part of the management to reduce this share of turnover again and bring it below the exclusion limit. In the absence of such intentions on the part of management, the investment is sold.

c) Engagement & Voting

In terms of **engagement**, portfolio management aims to make **contact with the portfolio companies** and raise shareholder concerns. Relevant ESG aspects are addressed in dialogue with the management or the board of directors, and in some cases also through requests to speak or agenda items at general meetings. The aim is to motivate companies to act in a sustainable manner. The portfolio management does not follow a uniform agenda, but addresses the currently relevant topics individually for each company. In addition to strategic points, the following sustainability aspects are addressed most frequently:

- **Sustainable entrepreneurship**: Sustainability should be anchored in the company at the highest level and be part of the strategy. Particular attention is paid to CO2 emissions and the impact of corporate activities on the United Nations' sustainability goals.
- **Corporate governance**: Good corporate governance includes the principle of "one share - one vote", the absence of any restrictions on voting rights and registration, an independent and diverse board of directors, a balanced compensation model and a transparent information policy.
- **Decarbonisation strategy**: Companies are encouraged to set ambitious net-zero targets and implement them consistently.
- **Publication of ESG data**: Transparency and accountability of companies' activities in ESG areas will be ensured through the publication of environmental and social data. The companies are encouraged to increase the publication of data.

Voting rights are exercised systematically **across all companies**. Voting recommendations and corporate governance analyses by Inrate and ISS as well as analyses by internal investment specialists are available as information tools. On this basis, votes are exercised according to the longer-term interests of the company and the shareholders. Among other things, the same topics and objectives are pursued as in the aforementioned engagement. Further requirements for the "Exercise of voting and participation rights in Swiss public companies" are contained in the following guideline: https://www.zcapital.ch/fileadmin/zcapital/documents/Abstimmungsrichtlinien.pdf.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

In addition to the consideration of the aforementioned environmental and social characteristics in the investment decision process, the following sustainability indicators must be met:

- *Portfolio management follows the **SVVK-ASIR** exclusion recommendations, which excludes investments in manufacturers of controversial weapons.*
- *Companies that generate **more than 10% of sales** from the production of **coal-fired electricity or coal mining** are not considered.*
- ***Gender diversity in management and supervisory bodies**: The gender benchmark applicable in Switzerland of at least 30% women on the Board of Directors and at least 20% women on the Executive Board is aimed for.*

The portfolio manager's semi-annual sustainability report, which is available on the zCapital website (https://www.zcapital.ch/en/sustainability-approach), reports on the achievement of these sustainability indicators.

Does this financial product consider principal adverse impacts on sustainability factors?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

☒ Yes

☐ No

The following sustainability factors are taken into account in portfolio management:

- **Gender diversity in the management and control bodies**: In addition to our own analyses, the zRatings of Inrate are taken into account. The gender benchmark in Switzerland of at least 30% women on the Board of Directors and at least 20% women on the Executive Board is strived for and promoted through engagement/voting.
- **Engagement in controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)**: The Fund follows the recommendations on exclusion of the SVVK-ASIR.

The portfolio manager's semi-annual sustainability report, which is available on the zCapital website (*https://www.zcapital.ch/en/sustainability-approach*), reports on the achievement of these sustainability factors.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow?

The investment objective of the Swiss Dividend Fund sub-fund is primarily to achieve long-term capital growth by investing in a portfolio of equities of companies that have or are likely to have above-average and/or increasing dividend yields. The companies are either included in the market index mentioned in the Prospectus or have their registered office or the majority of their economic activity in Switzerland.

The sub-fund makes investments with a long-term investment horizon within the framework of a structured active selection process that follows the "bottom up" approach. It identifies companies that have an attractive risk and return profile, have or can be expected to have attractive dividend yields and can be considered undervalued.

The sub-fund's investments are not selected according to sectoral criteria; they may focus on a few economic sectors in each case.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

In order to fulfil the advertised environmental or social objectives, the portfolio management applies the aforementioned sustainability approaches. The ***following binding elements*** *apply to the selection of investments:*

- *The portfolio management follows the recommendations for the* ***exclusion*** *of the* ***SVVK-ASIR****. Investments in manufacturers of controversial weapons are thus excluded. The excluded companies from the arms sector are those whose products violate Swiss laws and internationally recognised conventions, namely the* ***Ottawa and Oslo Conventions*** *and the* ***international Nuclear Non-Proliferation Treaty****. These agreements, ratified by Switzerland, prohibit the development, production, stockpiling and distribution of cluster munitions, anti-personnel mines and nuclear weapons.*
- *Companies that generate* ***more than 10% of their turnover*** *from the production of* ***coal-fired electricity*** *or* ***coal mining*** *are not taken into account.*

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

There is no binding minimum rate that would limit the scope of the investments considered.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The portfolio management is convinced that functioning control mechanisms and strong shareholder rights reduce investment risk. Therefore, it attaches great importance to the analysis of corporate governance. For this work, the ***zRating from Inrate*** *is used to support our own analyses.*

The zRating assesses the corporate governance of listed Swiss companies. The rating takes into account a large number of quantitative and qualitative criteria. The rating can range from 0 to 100 points. The higher the score, the better the quality of corporate governance.

The following topics, among others, are analysed and taken into account:

- Shareholders and capital structure

- Shareholders' participation rights

- Composition of the board of directors

- Compensation and participation models of the board of directors/executive board

- Sustainability and information policy

Portfolio management deliberately does not require a minimum rating, but does include the above criteria in its overall assessment of a company. However, the portfolio manager's semi-annual sustainability report, which is available on the zCapital website (https://www.zcapital.ch/en/sustainability-approach), reports on the achievement of these sustainability factors.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

At least 90% of the sub-fund's assets, excluding bank deposits and call and time deposits, meet all of the aforementioned environmental and social characteristics of the fund (in **chart #1** below). The fund does not hold any "sustainable investments" as defined by the SFDR, which is why only environmental or social characteristics are pursued with the fund (in the following **chart #1B**).

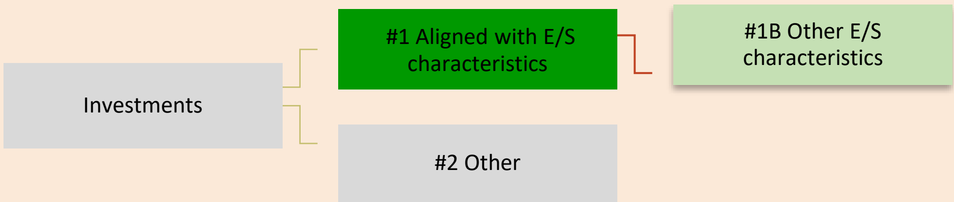
Finally, the sub-fund may invest up to a maximum of 10% of the fund assets in investments that cannot fully meet the aforementioned sustainability criteria due to their investment character. For this reason, these are grouped together as "Other investments", which are not geared to either ecological or social characteristics (in the following **chart #2**). These companies temporarily violate the exclusion principle of not generating more than 10% of sales with the production of coal-fired power and coal

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

mining. In the case of these companies, clarifications are made as to whether there are intentions on the part of the management to reduce this share of turnover again and bring it below the exclusion limit. Without such intentions on the part of the management, the investment will be sold. In addition, these companies must comply with the recommendations for exclusion of the **SVVK-ASIR** as minimum requirements.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

*As a matter of principle, **no derivatives with a strategic objective** are used in this fund and thus also not for the promotion of ecological or social characteristics.*



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

This **fund does not make sustainable investments**. The fund invests in investments that promote certain environmental and social characteristics.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emission and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy*[1]?**

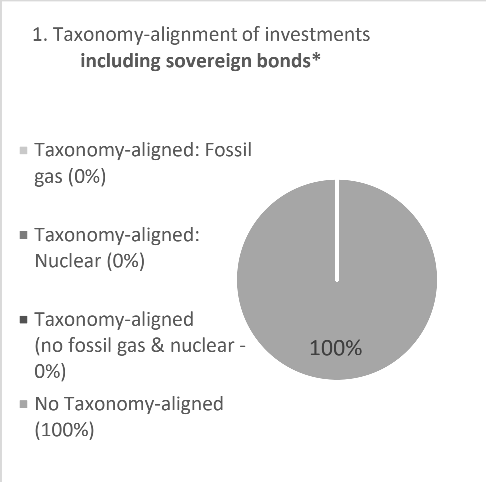
- [ ] Yes:
  - [ ] In fossil gas
  - [ ] In nuclear energy
- [x] No

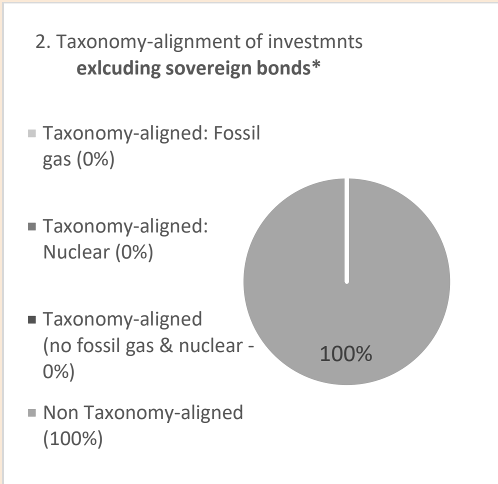
[1] Activities related to fossil gas and/or nuclear energy only comply with the EU taxonomy if they contribute to climate change mitigation ("climate change mitigation") and do not significantly affect the objectives of the EU Taxonomy - see explanation in the left margin. The full criteria for economic activities related to fossil gas and nuclear energy that comply with the EU taxonomy are set out in Commission Delegated Regulation (EU) 2022/1214.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all investments of the financial product including sovereign bonds, while the second chart graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





* *For the purposes of these charts, the term "sovereign bonds" includes all risk positions vis-à-vis sovereigns.*

What is the minimum share of investments in transitional and enabling activities?

No minimum percentage of investment in transitional and enabling activities is foreseen.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

In the section "*What is the asset allocation planned for this financial product?*", the investments classified in *"#2 Other investments*" are described.

These investments fulfil the **minimum protection** by always complying with certain conventions and standards (Ottawa Anti-Personnel Mines Convention, Nuclear Non-Proliferation Treaty, controversial weapons according to SVVK-ASIR).

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index was **determined** as a reference value.

Where can I find more product specific information online?

More product-specific information can be found on the website: www.llbswiss.ch. For the "Private Label Funds" in the subchapter "Fund Documentation" you will find further product-specific information under the heading "Sustainability Related Disclosure".

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name:
zCapital Swiss Small & Mid Cap Fund

Legal entity identifier:
506700RMOBK202UKQW45

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

No reference value has been named in order to achieve the environmental or social characteristics advertised with the fund. Instead, the approaches described below, "ESG integration", "exclusion principle" and "engagement & voting", are taken into account.

a) <u>ESG integration</u>

Companies are systematically screened for environmental, social and governance (ESG) aspects as part of the fundamental financial analysis using the ESG integration approach. The structured ESG assessment process includes quantitative and qualitative analyses. The process is supported by the **proprietary ESG Monitor**, which incorporates data from the external rating agencies Inrate (www.inrate.com), ISS (www.issgovernance.com), MSCI (www.msci.com), RepRisk (www.reprisk.com) and Glassdoor (www.glassdoor.com) as well as our own data. The ESG Monitor makes it possible to identify a company's **strengths and weaknesses in the area of ESG**. The following aspects are analysed in detail:

- **Employer ratings**: With the employer ratings from Glassdoor, Indeed (ch.indeed.com) and/or Kununu (www.kununu.com), company ratings from active or former employees can be taken into account. This information provides an insight into the company culture and can highlight any problems.
- **Employee metrics**: From the key personnel data available on the workforce, one tries to identify risks or opportunities. Above all, employee satisfaction is an important factor.
- **CO2 emissions**: The CO2 emissions of a company are analysed using data from ISS or direct surveys of the companies. In addition, the company's activities to reduce emissions are examined.
- **Corporate governance assessments**: In addition to the company's own analyses, Inrate's assessments are taken into account. This includes a large number of data points in the area of corporate governance. A key criterion is the remuneration and composition of the Board of Directors.
- **Reputational risks**: With data primarily from RepRisk, companies are systematically checked for ESG risks. Numerous sources are continuously monitored globally in order to detect violations of human rights, competition laws and environmental protection, for example.

b) Exclusion principle

The fund follows the recommendations for exclusion of the **SVVK-ASIR** (Swiss Association for Responsible Investment). Investments in manufacturers of controversial weapons are thus excluded. The excluded companies from the arms sector are those whose products violate Swiss laws and internationally recognised conventions, namely the **Ottawa and Oslo Conventions** and the **international Nuclear Non-Proliferation Treaty**. These agreements, ratified by Switzerland, prohibit the development, production, stockpiling and distribution of cluster munitions, anti-personnel mines and nuclear weapons. Further information on the SVVK-ASIR can be found on its website https://www.svvk-asir.ch/ueber-uns/. This exclusion is respected at all times.

In addition, companies that generate **more than 10% of their turnover** from the production of **coal electricity or coal mining** are not considered. This assessment is based on data from the external provider ISS. In the absence of ISS data, alternative audit procedures are performed to verify compliance with this exclusion (e.g. through interviews with the companies' management or information in their sustainability and annual reports). Up to 10% of the companies may subsequently exceed this turnover limit. In the case of these companies, clarifications are made as to whether there are intentions on the part of the management to reduce this share of turnover again and bring it below the exclusion limit. In the absence of such intentions on the part of management, the investment is sold.

c) Engagement & Voting

In terms of **engagement**, portfolio management aims to make **contact with the portfolio companies** and raise shareholder concerns. Relevant ESG aspects are addressed in dialogue with the management or the board of directors, and in some cases also through requests to speak or agenda items at general meetings. The aim is to motivate companies to act in a sustainable manner. The portfolio management does not follow a uniform agenda, but addresses the currently relevant topics individually for each company. In addition to strategic points, the following sustainability aspects are addressed most frequently:

- **Sustainable entrepreneurship**: Sustainability should be anchored in the company at the highest level and be part of the strategy. Particular attention is paid to CO2 emissions and the impact of corporate activities on the United Nations' sustainability goals.
- **Corporate governance**: Good corporate governance includes the principle of "one share - one vote", the absence of any restrictions on voting rights and registration, an independent and diverse board of directors, a balanced compensation model and a transparent information policy.
- **Decarbonisation strategy**: Companies are encouraged to set ambitious net-zero targets and implement them consistently.
- **Publication of ESG data**: Transparency and accountability of companies' activities in ESG areas will be ensured through the publication of environmental and social data. The companies are encouraged to increase the publication of data.

Voting rights are exercised systematically **across all companies**. Voting recommendations and corporate governance analyses by Inrate and ISS as well as analyses by internal investment specialists are available as information tools. On this basis, votes are exercised according to the longer-term interests of the company and the shareholders. Among other things, the same topics and objectives are pursued as in the aforementioned engagement. Further requirements for the "Exercise of voting and participation rights in Swiss public companies" are contained in the following guideline: https://www.zcapital.ch/fileadmin/zcapital/documents/Abstimmungsrichtlinien.pdf.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

In addition to the consideration of the aforementioned environmental and social characteristics in the investment decision process, the following sustainability indicators must be met:

- *Portfolio management follows the **SVVK-ASIR** exclusion recommendations, which excludes investments in manufacturers of controversial weapons.*
- *Companies that generate **more than 10% of sales** from the production of **coal-fired electricity or coal mining** are not considered.*
- ***Gender diversity in management and supervisory bodies**: The gender benchmark applicable in Switzerland of at least 30% women on the Board of Directors and at least 20% women on the Executive Board is aimed for.*

The portfolio manager's semi-annual sustainability report, which is available on the zCapital website (https://www.zcapital.ch/en/sustainability-approach), reports on the achievement of these sustainability indicators.

Does this financial product consider principal adverse impacts on sustainability factors?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

☒ Yes

☐ No

The following sustainability factors are taken into account in portfolio management:

- **Gender diversity in the management and control bodies**: In addition to our own analyses, the zRatings of Inrate are taken into account. The gender benchmark in Switzerland of at least 30% women on the Board of Directors and at least 20% women on the Executive Board is strived for and promoted through engagement/voting.
- **Engagement in controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)**: The Fund follows the recommendations on exclusion of the SVVK-ASIR.

The portfolio manager's semi-annual sustainability report, which is available on the zCapital website (*https://www.zcapital.ch/en/sustainability-approach*), reports on the achievement of these sustainability factors.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow?

The investment objective of the Swiss Small & Mid Cap Fund is primarily to achieve long-term above-average capital growth by investing in a portfolio of shares of small and medium-sized companies (small & mid caps) from Switzerland. The companies are either included in the market index mentioned in the Prospectus or have their registered office or the majority of their economic activity in Switzerland.

The sub-fund makes investments with a long-term investment horizon within the framework of a structured active selection process that follows the "bottom up" approach. Companies are identified that have an attractive risk and return profile or can be considered undervalued.

The sub-fund's investments are not selected according to sectoral criteria; they may focus on a few economic sectors in each case..

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

In order to fulfil the advertised environmental or social objectives, the portfolio management applies the aforementioned sustainability approaches. The ***following binding elements*** *apply to the selection of investments:*

- *The portfolio management follows the recommendations for the* ***exclusion*** *of the* ***SVVK-ASIR****. Investments in manufacturers of controversial weapons are thus excluded. The excluded companies from the arms sector are those whose products violate Swiss laws and internationally recognised conventions, namely the* ***Ottawa and Oslo Conventions*** *and the* ***international Nuclear Non-Proliferation Treaty****. These agreements, ratified by Switzerland, prohibit the development, production, stockpiling and distribution of cluster munitions, anti-personnel mines and nuclear weapons.*
- *Companies that generate* ***more than 10% of their turnover*** *from the production of* ***coal-fired electricity*** *or* ***coal mining*** *are not taken into account.*

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

There is no binding minimum rate that would limit the scope of the investments considered.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What is the policy to assess good governance practices of the investee companies?

The portfolio management is convinced that functioning control mechanisms and strong shareholder rights reduce investment risk. Therefore, it attaches great importance to the analysis of corporate governance. For this work, the ***zRating from Inrate*** *is used to support our own analyses.*

The zRating assesses the corporate governance of listed Swiss companies. The rating takes into account a large number of quantitative and qualitative criteria. The rating can range from 0 to 100 points. The higher the score, the better the quality of corporate governance.

The following topics, among others, are analysed and taken into account:

- Shareholders and capital structure

- Shareholders' participation rights

- Composition of the board of directors

- Compensation and participation models of the board of directors/executive board

- Sustainability and information policy

Portfolio management deliberately does not require a minimum rating, but does include the above criteria in its overall assessment of a company. However, the portfolio manager's semi-annual sustainability report, which is available on the zCapital website (https://www.zcapital.ch/en/sustainability-approach), reports on the achievement of these sustainability factors.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

At least 90% of the sub-fund's assets, excluding bank deposits and call and time deposits, meet all of the aforementioned environmental and social characteristics of the fund (in **chart #1** below). The fund does not hold any "sustainable investments" as defined by the SFDR, which is why only environmental or social characteristics are pursued with the fund (in the following **chart #1B**).

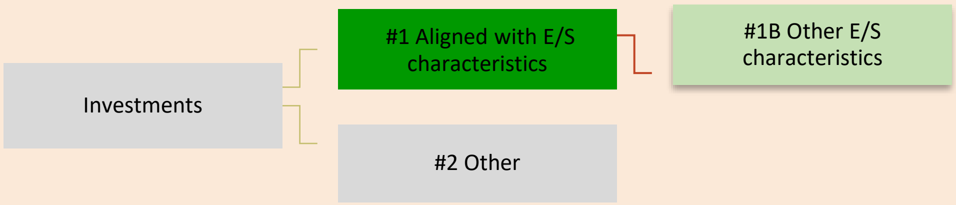
Finally, the sub-fund may invest up to a maximum of 10% of the fund assets in investments that cannot fully meet the aforementioned sustainability criteria due to their investment character. For this reason, these are grouped together as "Other investments", which are not geared to either ecological or social characteristics (in the following **chart #2**). These companies temporarily violate the exclusion principle of not generating more than 10% of sales with the production of coal-fired power and coal

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

mining. In the case of these companies, clarifications are made as to whether there are intentions on the part of the management to reduce this share of turnover again and bring it below the exclusion limit. Without such intentions on the part of the management, the investment will be sold. In addition, these companies must comply with the recommendations for exclusion of the **SVVK-ASIR** as minimum requirements.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

*As a matter of principle, **no derivatives with a strategic objective** are used in this fund and thus also not for the promotion of ecological or social characteristics.*



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emission and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

This **fund does not make sustainable investments**. The fund invests in investments that promote certain environmental and social characteristics.

***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy*[1]?**

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

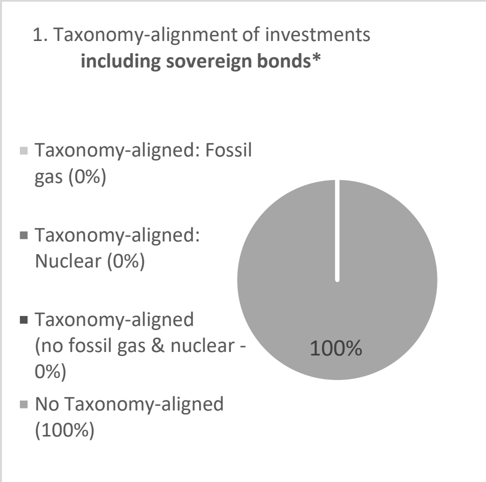
☒ No

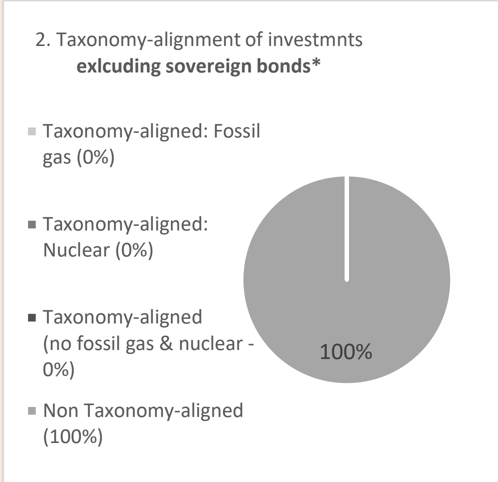
[1] Activities related to fossil gas and/or nuclear energy only comply with the EU taxonomy if they contribute to climate change mitigation ("climate change mitigation") and do not significantly affect the objectives of the EU Taxonomy - see explanation in the left margin. The full criteria for economic activities related to fossil gas and nuclear energy that comply with the EU taxonomy are set out in Commission Delegated Regulation (EU) 2022/1214.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all investments of the financial product including sovereign bonds, while the second chart graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





* *For the purposes of these charts, the term "sovereign bonds" includes all risk positions vis-à-vis sovereigns.*

What is the minimum share of investments in transitional and enabling activities?

No minimum percentage of investment in transitional and enabling activities is foreseen.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

In the section "*What is the asset allocation planned for this financial product?*", the investments classified in *"#2 Other investments*" are described.

These investments fulfil the **minimum protection** by always complying with certain conventions and standards (Ottawa Anti-Personnel Mines Convention, Nuclear Non-Proliferation Treaty, controversial weapons according to SVVK-ASIR).

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index was **determined** as a reference value.

Where can I find more product specific information online?

More product-specific information can be found on the website: www.llbswiss.ch. For the "Private Label Funds" in the subchapter "Fund Documentation" you will find further product-specific information under the heading "Sustainability Related Disclosure".

Annex: Pre-contractual information according to EU Regulation SFDR

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name:
zCapital Swiss ESG Fund

Legal entity identifier:
50670071MT30S2470D23

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a **minimum proportion of 80% of sustainable investments**
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

No reference value has been named to achieve the environmental or social characteristics advertised with the fund. Instead, the approaches described below, "ESG Integration", "Exclusions", "Positive Screening" and "Engagement & Voting" are taken into account.

a) <u>ESG integration</u>

Companies are systematically screened for environmental, social and governance (ESG) aspects as part of the fundamental financial analysis using the ESG integration approach. The structured ESG assessment process includes quantitative and qualitative analyses. The process is supported by the **proprietary ESG Monitor**, which incorporates data from the external rating agencies Inrate (www.inrate.com), ISS (www.issgovernance.com), MSCI (www.msci.com), RepRisk (www.reprisk.com) and Glassdoor (www.glassdoor.com) as well as our own data. The ESG Monitor makes it possible to identify a company's **strengths and weaknesses in the area of ESG**. The following aspects are analysed in detail:

- **Employer ratings**: With the employer ratings from Glassdoor, Indeed (ch.indeed.com) and/or Kununu (www.kununu.com), company ratings from active or former employees can be taken into account. This information provides an insight into the company culture and can highlight any problems.
- **Employee metrics**: From the key personnel data available on the workforce, one tries to identify risks or opportunities. Above all, employee satisfaction is an important factor.
- **CO2 emissions**: The CO2 emissions of a company are analysed using data from ISS or direct surveys of the companies. In addition, the company's activities to reduce emissions are examined.
- **Corporate governance assessments**: In addition to the company's own analyses, Inrate's assessments are taken into account. This includes a large number of data points in the area of corporate governance. A key criterion is the remuneration and composition of the Board of Directors.
- **Reputational risks**: With data primarily from RepRisk, companies are systematically checked for ESG risks. Numerous sources are continuously monitored globally in order to detect violations of human rights, competition laws and environmental protection, for example.

b) Exclusion principle

The fund follows the recommendations for exclusion of the **SVVK-ASIR** (Swiss Association for Responsible Investment). Investments in manufacturers of controversial weapons are thus excluded. The excluded companies from the arms sector are those whose products violate Swiss laws and internationally recognised conventions, namely the **Ottawa and Oslo Conventions** and the **international Nuclear Non-Proliferation Treaty**. These agreements, ratified by Switzerland, prohibit the development, production, stockpiling and distribution of cluster munitions, anti-personnel mines and nuclear weapons. Further information on the SVVK-ASIR can be found on its website https://www.svvk-asir.ch/ueber-uns/. This exclusion is respected at all times.

In addition, companies that significantly violate the principles of the **UN Global Compact** are not considered by the fund. The decision on whether a company violates the UN Global Compact is based on RepRisk's "Violator Flag". According to RepRisk, a company classified as a "violator" has a significant and credible exposure to ESG risk incidents related to one or more of the ten UN Global Compact Principles. Further information on the UN Global Compact can be found on its website https://www.unglobalcompact.org/. Up to 10% of the companies may subsequently violate this exclusion. In the case of these companies, clarifications are made as to whether there are intentions on the part of the management to ensure that these principles are again observed. Without such intentions on the part of the management, the investment will be sold.

Finally, companies that generate **more than 5% of their turnover** from the production of **nuclear or coal-fired power, coal mining, fracking, oil sands, tobacco, pornography, gambling, armaments or civilian weapons** are also excluded. The turnover shares used for the exclusions are based on data from ISS. This assessment is based on data from the external provider ISS. If ISS data is missing, alternative verification procedures are carried out and it is verified whether this exclusion is complied with (e.g. by means of discussions with the management of the companies or information in their sustainability and annual reports). Up to 10% of the companies may subsequently exceed this turnover limit. In the case of these companies, clarifications are made as to whether there are intentions on the part of the management to reduce this share of turnover again and bring it below the exclusion limit. In the absence of such intentions on the part of the management, the investment is sold.

c) Positive screening

The fund portfolio meets the Paris climate targets (global warming below 2° Celsius). At least 80% of the investments directly meet the Paris climate targets (global warming below 2° Celsius); the remaining 20% may exceed the targets for individual investments. Overall, however, the fund portfolio meets the Paris climate targets. This assessment is based on data from the external provider ISS. For up to 10% of the investments, corresponding ISS data may be missing. In such cases, the fund collects its own data (e.g. through discussions with the management of the companies, information from their sustainability reports, current activities) and, based on this, assesses whether the Paris climate targets are met.

The fund portfolio contributes positively to the achievement of the United Nations Sustainable Development Goals (UN SDGs). At least 80% of the investments contribute "positively" or "neutrally" to the achievement of the United Nations Sustainable Development Goals (UN SDGs). The remaining 20% can have a negative impact on these sustainability goals, but the fund portfolio as a whole shows a positive contribution. This assessment is based on data from the external provider ISS, which rates the companies on a scale of +10 (positive contribution to the UN SDGs) to -10 (negative contribution to the UN SDGs). For up to 10% of the facilities, corresponding ISS data may be missing. In such cases, own data is collected (e.g. through interviews with the management of the companies, information from their sustainability reports, current activities) and based on this, the impact of these companies on the UN SDGs is assessed.

c) Engagement & Voting

In terms of **engagement**, portfolio management aims to make **contact with the portfolio companies** and raise shareholder concerns. Relevant ESG aspects are addressed in dialogue with the management or the board of directors, and in some cases also through requests to speak or agenda items at general meetings. The aim is to motivate companies to act in a sustainable manner. The portfolio management does not follow a uniform agenda, but addresses the currently relevant topics individually for each company. In addition to strategic points, the following sustainability aspects are addressed most frequently:

- **Sustainable entrepreneurship**: Sustainability should be anchored in the company at the highest level and be part of the strategy. Particular attention is paid to CO2 emissions and the impact of corporate activities on the United Nations' sustainability goals.
- **Corporate governance**: Good corporate governance includes the principle of "one share - one vote", the absence of any restrictions on voting rights and registration, an independent and diverse board of directors, a balanced compensation model and a transparent information policy.
- **Decarbonisation strategy**: Companies are encouraged to set ambitious net-zero targets and implement them consistently.
- **Publication of ESG data**: Transparency and accountability of companies' activities in ESG areas will be ensured through the publication of environmental and social data. The companies are encouraged to increase the publication of data.

Voting rights are exercised systematically **across all companies**. Voting recommendations and corporate governance analyses by Inrate and ISS as well as analyses by internal investment specialists are available as information tools. On this basis, votes are exercised according to the longer-term interests of the company and the shareholders. Among other things, the same topics and objectives are pursued as in the aforementioned engagement. Further requirements for the "Exercise of voting and participation rights in Swiss public companies" are contained in the following guideline: https://www.zcapital.ch/fileadmin/zcapital/documents/Abstimmungsrichtlinien.pdf.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

In addition to the consideration of the aforementioned environmental and social characteristics in the investment decision process, the following sustainability indicators must be met:

- *The portfolio management follows the recommendations on the **exclusion** of the **SVVK-ASIR**, whereby investments in manufacturers of controversial weapons are excluded.*
- *Companies that significantly violate the principles of the **UN Global Compact** are not considered by the fund.*
- *Companies that generate **more than 5% of sales** from the production of **nuclear or coal-fired power, coal mining, fracking, oil sands, tobacco, pornography, gambling, armaments or civilian weapons** are excluded.*
- ***Gender diversity in the management and supervisory bodies**: The gender benchmark applicable in Switzerland of at least 30% women on the board of directors and at least 20% women on the executive board is aimed for.*
- *The fund portfolio meets the **Paris climate targets** (global warming below 2° Celsius).*
- *The fund portfolio contributes positively to the achievement of the **United Nations Sustainable Development Goals (UN SDGs)**.*

The portfolio manager's semi-annual sustainability report, which is available on the zCapital website (https://www.zcapital.ch/en/sustainability-approach), reports on the achievement of these sustainability indicators.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

*The fund portfolio meets the **Paris climate targets** (global warming below 2° Celsius).*

*In addition, the fund portfolio contributes positively to the achievement of the **United Nations Sustainable Development Goals (UN SDGs)**.*

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

*By meeting the **Paris climate targets** and contributing positively to the achievement of the **UN SDGs**, as well as complying with the various exclusion criteria mentioned above, the fund portfolio as a whole ensures that no significant harm is done to any of the environmental or social sustainable investment objectives.*

How have the indicators for adverse impacts on sustainability factors been taken into account?

The following indicators are taken into account:

Sustainability factors	***Requirements***
Scope 1 greenhouse gas emissions Scope 2 greenhouse gas emissions Scope 3 greenhouse gas emissions Greenhouse gas emissions Total	*The fund's investments overall meet the Paris climate targets (global warming below 2° Celsius)*
CO2 footprint	
Greenhouse gas emission intensity of the companies in which investments are made	
Exposure to companies active in the fossil fuel sector	*No investments in companies that generate more than 5% of turnover from the production of coal-fired power, coal mining, fracking or oil sands*
Share of energy consumption and generation from non-renewable energy sources	*By means of engagement/voting, corresponding measures are demanded from the companies*
Violations of the UNGC Principles and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises	*No investment in companies where there are significant violations of the United Nations Global Compact Principles.*
Gender diversity in the management and control bodies	*The corporate governance assessments considered in the ESG integration process include the composition of the Board of Directors as a key criterion. Gender diversity is promoted through engagement/voting.*
Engagement in controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)	*Exclusion principle according to the SVVK-ASIR recommendation list*

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Investments are not made in companies that significantly violate the principles of the ***UN Global Compact****. The decision as to whether a company violates the UN Global Compact is based on RepRisk's "Violator Flag".*

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The *"do no significant harm"* principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes

☐ No

See previous tabular presentation under "*How were the indicators for adverse effects on sustainability factors taken into account?".*

The portfolio manager's semi-annual sustainability report, which is available on the zCapital website (*https://www.zcapital.ch/en/sustainability-approach*), reports on the achievement of these sustainability factors.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow?

The investment objective of the Swiss ESG Fund sub-fund is primarily to achieve long-term capital growth through investments in the Swiss equity market, taking ESG aspects into account.

The sub-fund makes investments with a long-term investment horizon within the framework of a structured active selection process that follows the "bottom up" approach. Companies are identified that have an attractive risk and return profile, qualify as sustainable companies and can be considered undervalued.

The sub-fund's investments are not selected according to sectoral criteria; they may focus on a few economic sectors in each case.

Asset allocation describes the share of investments in specific assets.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

In order to fulfil the advertised environmental or social objectives, the portfolio management applies the aforementioned sustainability approaches. The ***following binding elements*** *apply to the selection of investments:*

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- *The portfolio management follows the recommendations for the* ***exclusion*** *of the* ***SVVK-ASIR****. Investments in manufacturers of controversial weapons are thus excluded. The excluded companies from the arms sector are those whose products violate Swiss laws and internationally recognised conventions, namely the* ***Ottawa and Oslo Conventions*** *and the* ***international Nuclear Non-Proliferation Treaty****. These agreements, ratified by Switzerland, prohibit the development, production, stockpiling and distribution of cluster munitions, anti-personnel mines and nuclear weapons.*
- *In addition, the fund does not take into account companies that massively violate the principles of the* ***UN Global Compact****.*
- *Companies that generate* ***more than 5% of their turnover*** *from the production of* ***nuclear or coal-fired power, coal mining, fracking, oil sands, tobacco, pornography, gambling, armaments or civilian weapons*** *are excluded.*
- *The fund portfolio meets the* ***Paris climate targets*** *(global warming below 2° Celsius).*
- *The fund portfolio contributes positively to the achievement of the* ***United Nations Sustainable Development Goals (UN SDGs)****.*

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

There is no binding minimum rate that would limit the scope of the investments considered.

What is the policy to assess good governance practices of the investee companies?

Good corporate governance practices are assessed through compliance with the 10 principles of the ***UN Global Compact****. The Fund does not invest in companies that materially violate these principles.*

What is the asset allocation planned for this financial product?

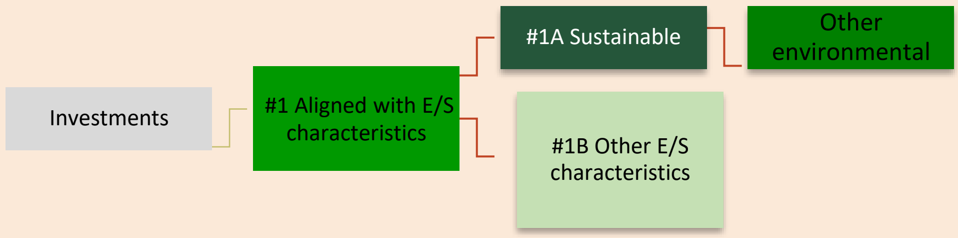
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The **entire sub-fund**, excluding bank deposits and call and time deposits, is subject to the ESG integration approach and complies with the recommendations on the exclusion of the SIAIR. In addition, the portfolio management aims to engage and vote with all companies. Thus, the entire sub-fund promotes corresponding **ecological and social characteristics** (in the following **chart #1B**).

At least 80% of the sub-fund's assets, not including bank deposits and call and time deposits, are also classified as "sustainable investments" as defined by the SFDR, which pursue ecological goals (in the following **chart #1A**). These investments or companies directly meet the **Paris climate targets** (global warming below 2° Celsius).

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product**?**

As a matter of principle, ***no derivatives with a strategic objective*** *are used in this fund and thus also not for the promotion of ecological or social characteristics.*



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

To comply with the EU taxonomy, the criteria for **fossil gas** include emission limits and conversion to renewable energy or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management requirements.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

This fund does **not make sustainable investments** that are **compliant with the EU taxonomy**.

The Fund invests in investments that promote certain environmental and social characteristics and holds a defined minimum level of **sustainable investments as defined by the EU regulation SFDR**.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

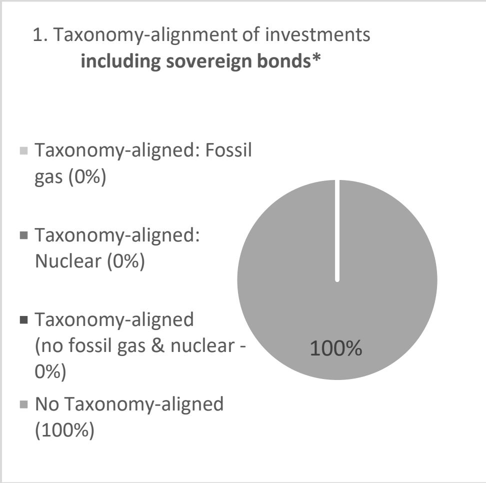
☒ No

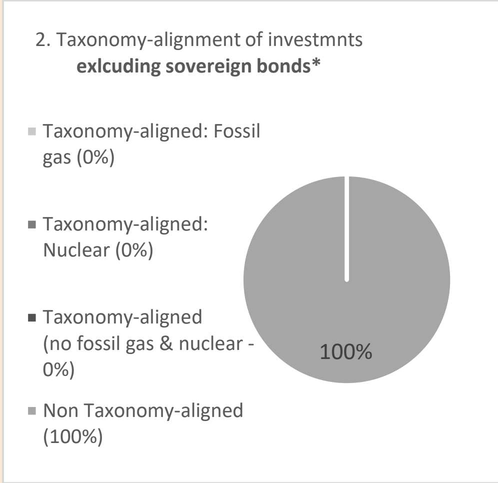
[1] Activities related to fossil gas and/or nuclear energy only comply with the EU taxonomy if they contribute to climate change mitigation ("climate change mitigation") and do not significantly affect the objectives of the EU Taxonomy - see explanation in the left margin. The full criteria for economic activities related to fossil gas and nuclear energy that comply with the EU taxonomy are set out in Commission Delegated Regulation (EU) 2022/1214.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all investments of the financial product including sovereign bonds, while the second chart graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





* *For the purposes of these charts, the term "sovereign bonds" includes all risk positions vis-à-vis sovereigns.*

What is the minimum share of investments in transitional and enabling activities?

No minimum percentage of investment in transitional and enabling activities is foreseen.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The fund invests in companies that meet the **Paris climate targets**. The **minimum quota is 80%** of the fund's assets.

What is the minimum share of socially sustainable investments?

No such **minimum percentage** is defined.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

There are **no investments** in the sub-fund classified as "#2 Other investments".

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index was **determined** as a reference value.

Where can I find more product specific information online?

More product-specific information can be found on the website: www.llbswiss.ch. For the "Private Label Funds" in the subchapter "Fund Documentation" you will find further product-specific information under the heading "Sustainability Related Disclosure".