

# Swisscanto (LU) Portfolio Fund Sustainable Balance (CHF) Education Initiative Swiss Cantonal Banks

Mixed | distributing | September 2024 - Marketing Material

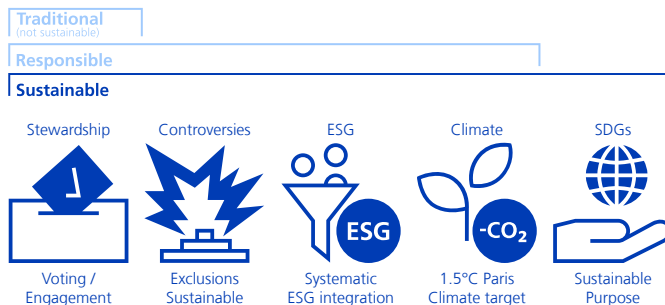
## Fund Description

The investment objective of the sub-fund is to achieve capital gains and returns over the long term. The fund invests worldwide in bonds, money market instruments and equities. The focus is on companies that make a significant contribution to achieving the UN's Sustainable Development Goals with their products and services (sustainable purpose investing). A minimum of 35% and a maximum of 75% of the assets are invested in fixed or variable-interest debt securities, and a minimum of 25% and a maximum of 65% of the assets are invested in equity securities from issuers worldwide.

Every year, 2% of the net fund assets of the share class are donated to UNICEF Switzerland for the "Education Cannot Wait" aid project. In addition, a reduced all-in fee is charged for this share class.

## Product line and sustainability approaches in use

When selecting investments, the product lines and sustainability approaches illustrated below and described in the "Explanations regarding product lines and sustainability approaches" are used.



Note:  
- Light-coloured product lines and approaches are not applicable to the assets in question.  
- Exclusions based on SVVK-ASIR are applied in all three product lines (Traditional (non-sustainable), Responsible and Sustainable).

## Swisscanto Sustainability Rating

high **A** B C D E F G low

## Profile/Suitability

This product is suitable for investors who

- have at least a medium-term investment horizon.
- focus on ecological and social sustainability and in this connection would like to build on the earnings from bonds and at the same time profit from stock price gains.
- support the philanthropic purpose of the share class.
- are prepared to accept fluctuations in market rates.

## Risk Indicator

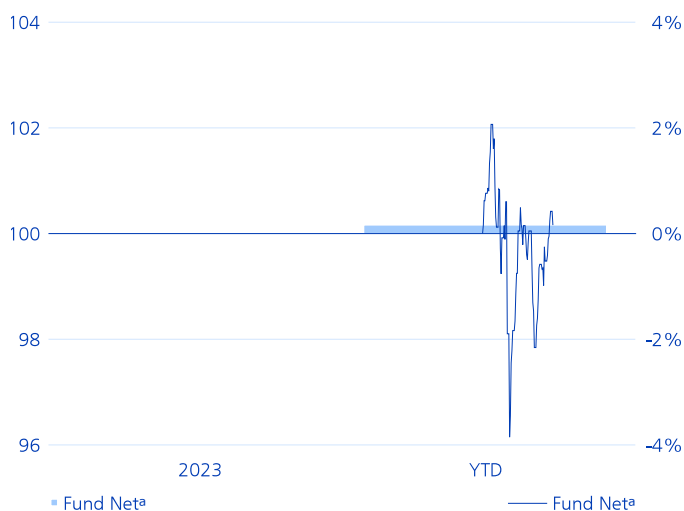
low 1 2 **3** 4 5 6 7 high

## Fund Facts

NAV per Share (30.09.2024)	CHF 99.84
52-Week High (12.07.2024)	CHF 101.74
52-Week Low (05.08.2024)	CHF 95.84
Fund Domicile	Luxembourg
Share Class Currency	CHF
Fund Currency	CHF
Accounting Year End	31.03.
Security Number	135526688
ISIN-Number	LU2825509388
Bloomberg	SWLSBEI LX
Share Class Launch Date	24.06.2024
Inception Date Fund	30.11.2001
Start Performance Calculation	01.07.2024
Share Class Volume (million)	CHF 12.91
Fund Volume (million)	CHF 353.47
Shares Outstanding	129'296.870
SFDR	Article 9
Flat Fee p.a.	0.45%
Donation p.a.	2.00%
Swinging Single Pricing	Yes
Management Company	Swisscanto Asset Management International S.A., Luxembourg
Portfolio Management	Zürcher Kantonalbank
Custodian Bank	CACEIS BANK SA

# Performance

## Indexed Performance and Performance in %<sup>1</sup>



## Performance in %<sup>2</sup>

Since	1m	3m	1yr	3yrs p.a.	5yrs p.a.	Start p.a.
Fund Net <sup>a</sup>	0.11	0.16	n.a.	n.a.	n.a.	n.a.
Fund Gross <sup>b</sup>	0.15	0.29	n.a.	n.a.	n.a.	n.a.

## Annual Performance in %<sup>1,2</sup>

Year	2019	2020	2021	2022	2023	YTD
Fund Net <sup>a</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	0.16
Fund Gross <sup>b</sup>	n.a.	n.a.	n.a.	n.a.	n.a.	0.29

## Donation to UNICEF Switzerland/ Education Cannot Wait at the end of the financial year 2024

Donation in CHF million	n.a.
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## Risk Figures

No risk figures shall be made available if the product was launched less than 1 year ago.

## Portfolio Data

	Fund
Number of Positions	626
Modified Duration	5.02
Yield (without currency hedging)	2.78%
Time to Maturity in Years	6.13
Average Coupon	2.20%

<sup>1</sup> Year/period: Since start performance calculation or at the longest for the last five years/periods.

<sup>2</sup> Minor deviations can be caused by rounding errors.

<sup>a</sup> The represented net value development less all regular fund fees due. Any further costs due, which can be charged directly to the fund assets, are disclosed in the fund prospectus.

The net performance shown is after the payment of donations.

<sup>b</sup> The gross performance indicated before deduction of any regular fund fees incurred.

# Breakdowns

## Largest Positions in %

	Fund
Roche Holding AG	2.29
Novartis AG	2.17
Nestlé SA	2.12
Microsoft Corp	1.42
NVIDIA Corp	1.34
Apple Inc	1.26
Zurich Insurance Group AG	1.13
ABB Ltd	1.07
Alphabet Inc	0.91
Amazon.com Inc	0.86

## Breakdown by Asset Category in %

	Fund
Money Market	7.07
Bonds	41.23
Swiss Equities	20.99
Foreign Equities Developed Countries	24.92
Equities Emerging Markets	5.78

Minor deviations can be caused by rounding errors.

## Allocation by Asset Class and Region in %

	Europe	Switz.	N. Am.	Pac. EM	Other	Total
Money Market	4.9	0.3	0.7	1.3	0.0	7.1
Bonds	19.6	3.1	12.9	5.7	0.0	41.2
Equity	2.8	21.0	19.1	8.8	n.a.	51.7
Other	n.a.	n.a.	n.a.	n.a.	-0.1	-0.1
<b>Total</b>	<b>27.2</b>	<b>24.4</b>	<b>32.7</b>	<b>15.7</b>	<b>-0.1</b>	<b>100.0</b>

Exposure values reflect the economic perspective. Negative values thus do not necess. result from actual short positions, but can arise due to the calc. method (such as derivatives or value diff.).

Minor deviations can be caused by rounding errors.

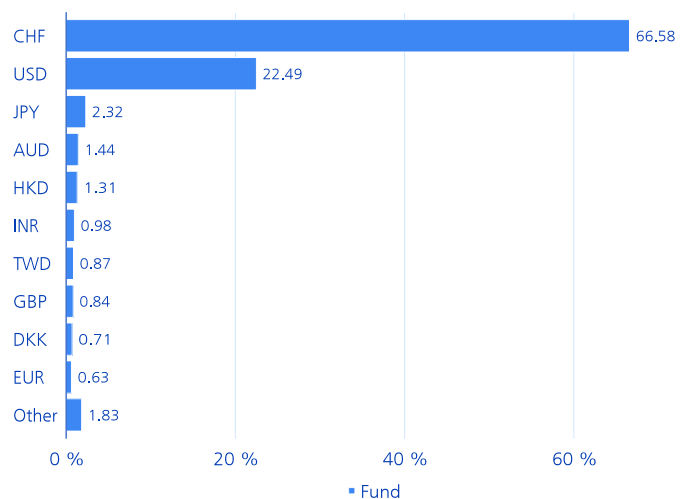
## Largest Issuers in %

	Fund
Canadian Imperial Bank of Commerce	1.37
Deutsche Bahn AG	1.28
NatWest Group PLC	1.18
Bank of Nova Scotia	1.09
Andina de Fomento Corp	1.05
Citigroup Inc	1.04
BNP Paribas SA	1.02
Akademiska Hus AB	1.00
Royal Bank of Canada	0.97
Lloyds Banking Group PLC	0.90

## Sales Breakdown by SDGs in %

	Fund
SDG 1: No poverty	1.61
SDG 2: Zero hunger	0.70
SDG 3: Good health and well-being	17.09
SDG 4: Quality education	0.95
SDG 5: Gender equality	0.29
SDG 6: Clean water and sanitation	0.86
SDG 7: Affordable and clean energy	8.12
SDG 8: Decent work and economic growth	6.98
SDG 9: Industry, innovation and infrastructure	8.78
SDG 11: Sustainable cities and communities	5.63
SDG 12: Responsible consumption and production	0.78
SDG 14: Life below water	0.78
SDG 15: Life on land	0.49
SDG 17: Partnerships for the goals	0.68

## Breakdown by Currency in %



# Explanations regarding product lines and sustainability approaches

## Product lines

The sustainability product range comprises two product lines in which different sustainability approaches are applied. The «Responsible» product line includes as standard the application of further exclusions, systematic ESG analysis as an integral part of the investment process and a reduction in the CO<sub>2</sub>e intensity of the investments. In addition to the aforementioned approaches, the «Sustainable» product line includes the application of even more extensive exclusions and also invests in SDG leader or ESG leader (Sustainable Purpose). The exclusions based on SVVK-ASIR are applied in all product lines (including for assets that are not sustainably managed). These mainly include manufacturers of banned weapons and may also include states in addition to companies.

## Stewardship - Voting / Engagement



As a shareholder, we actively engage in continuous dialogue with the companies management. This takes place in accordance with the engagement guidelines of Zürcher Kantonalbank's asset management. Among other things, companies are required to formulate ambitious greenhouse gas reduction targets, implement them consistently and report on them transparently. Our engagement activities and guidelines are published on <https://www.zkb.ch/en/home/asset-management/sustainability/investment-stewardship.html>. Our voting guidelines are based on Swiss and international corporate governance principles and on the United Nations Principles for Responsible Investment (UN PRI). The threshold for exercising voting rights in our foreign voting markets is CHF 5 million for Swiss domiciled funds and CHF 2 million for Luxemburg domiciled funds per share position. More information on our voting behaviour can be viewed at: <https://www.swisscanto.com/voting>

## Controversies - Exclusions Sustainable



The application of extensive exclusion criteria is an integral part of the asset manager's Sustainable approach. In terms of companies, exclusion criteria - in addition to the exclusions based on SVVK-ASIR - cover the extraction of uranium, natural gas\* or oil\*, the operation of fossil fuel power stations (>5% revenue)\*, the extraction of coal (excluding metal production)\*, coal reserves\*, the manufacture of nuclear reactors\*, the production of weapons and ammunition, military hardware, automobiles\* (justified exceptions possible) and aircraft\*, airlines\* and cruise ship operators\*, the operation of nuclear power plants\*, the release of GMOs\* and human medicine in the field of genetic engineering, non-sustainable fishing\* and fish farming\*, non-sustainable forestry\*, intensive livestock farming, the production of tobacco and smoking goods, the production of alcohol (>5% revenue), the production of pornography, gambling (>5% revenue), exploitative child labour, non-certified palm oil (<50% RSPO) and UN Global Compact violations. In terms of states, extensive exclusion criteria are likewise in addition to possible exclusions based on SVVK-ASIR - states with a low degree of democracy and freedom (classified as "not free" in the Freedom in the World reports published annually by Freedom House Washington, DC) or a high degree of corruption (CPI score <35 according to the Corruption Perceptions Index (CPI) of Transparency International), which apply capital punishment, increase the share of nuclear energy (total share >50%)\*, have a high military budget of >4% of gross domestic product and have not ratified the Paris Climate Agreement\*, the Nuclear Non-Proliferation Treaty (NPT) and/or the Convention on Biological Diversity (CBD)\*. When drawing up the exclusion list, socio-economic risk dimensions such as money laundering and corruption are also taken into account. \*Excluding green and sustainability bonds

## ESG - Systematic ESG integration



The systematic analysis of ESG criteria forms an integral component of the active investment process, with the aim of identifying risks and opportunities based on ESG trends at an early stage. ESG criteria supplement the pure financial analysis and lead to more informed investment decisions.

## Climate - 1.5°C Paris Climate target



In accordance with the Paris Climate Agreement, the investment activity of the portfolio is aimed at reducing the CO<sub>2</sub>e intensity of the investments by at least 7.5% per year. The investment strategy target is based on the CO<sub>2</sub>e intensity of the investment universe at the end of 2019.

## SDGs - Sustainable Purpose



The "Sustainable Purpose" approach focuses on returns through investments in companies and countries with social benefits (SDG leaders). SDG leaders use their investment power to create environmentally and socially responsible products and services. In doing so, they contribute to the fulfillment of one or more of the UN's Sustainable Development Goals (UN SDGs). For diversification purposes, a best-in-class approach can also be used to invest in securities that are considered to have above-average positive ESG criteria (ESG leaders).

### Note:

- Light-coloured product lines and approaches are not applicable to the assets in question.
- Exclusions based on SVVK-ASIR are applied in all three product lines (Traditional (non-sustainable), Responsible and Sustainable).

## Further information

Further, supplementary product-specific explanations regarding the sustainability approaches applied can be found in the relevant legal documents at [products.swisscanto.com](https://products.swisscanto.com).

## Sustainability approaches

The sustainability approaches apply to all assets or to a substantial part of the assets. Detailed information on this can be found in the prospectus, fund agreement or investment guidelines.

## CO<sub>2</sub>e

CO<sub>2</sub>e equivalents (CO<sub>2</sub>e) are a measure to standardise the climate impact of the greenhouse gases carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O) and fluorinated greenhouse gases (CFCs). All of these gases remain in the atmosphere for different lengths of time and do not contribute equally to the greenhouse effect.

## ESG

ESG stands for the aspects of environment (E), social (S) and governance (G).

## SVVK-ASIR

The Swiss Association for Responsible Investments (SVVK) is an association of institutional investors and was founded in 2015. The association provides services to its members so that they can focus their investment decisions on the environment, society and the economy.

## Swisscanto Sustainability Rating

The proprietary Swisscanto Sustainability Rating provides information on the current sustainability level of the portfolio. It is calculated from the values of the collective assets and individual securities contained in the portfolio and is divided into seven sustainability classes from A (highest level) to G (lowest level). To calculate the rating, companies and countries are assessed on the 4 pillars of our sustainability research: controversial areas of business (controversy), sustainable corporate governance (ESG), greenhouse gas emissions (climate) and impact of products on the environment and society (Sustainable Purpose). The Swisscanto Sustainability Rating is recalculated once per quarter end.

# Comments to the Fund

## Target Investor Group - Term

All Investors

## Target Investor Group - Description

Units in the Education Initiative Swiss Cantonal Banks class are offered to all investors and can, in principle, be offered by all distributors. A flat-rate administrative fee is charged to the fund's assets and any earnings are distributed.

## Flat Fee (FF)

The AIF is used to compensate the fund management company and fund administration, asset management and - if compensated - the distribution of the fund as well as the custodian bank for the services it provides.

## Swinging Single Pricing (SSP)

Upward or downward correction in the net asset value pertinent for the calculation of the issue and redemption prices depending on whether issues or redemptions of units predominate. The correction (swing factor) is based on the size of the costs incurred by the investment fund in adjusting the portfolio in line with the asset inflows/outflows (neutralises the costs incurred by the investment fund in adjusting the portfolio in line with asset inflows/outflows). The (gross/net) performance shown may contain a swing-price adjustment.

## Explanation of general risks

Investment involves risks, especially with regard to fluctuations in value and return. Investments in foreign currencies are subject to exchange rate fluctuations. Custody and counterparty risks represent further significant risks. We hereby refer to the detailed description of various risks which are included in the prospectus.

## Risk Indicator

The historical data used to calculate the risk and return category cannot be used as a reliable indication of the future risk profile. The reported risk and return category may well be subject to change. The lowest risk category cannot be compared with a risk-free investment. There is no capital guarantee or capital protection. The risk of capital loss is borne by the investor.

## SDG Sales contributions

Sales (in %) of issuers in the portfolio that contribute positively to the achievement of one or more of the 17 UN Sustainable Development Goals (SDGs), weighted by portfolio allocation. If an issuer's product or service contributes to more than one goal, sales are allocated accordingly.

## Breakdown Allocations

Allocation refers to invested fund capital adjusted to 100%. Minor deviations can be caused by rounding errors. The weighting of the money market may include the synthetic exposure from the equity hedging strategy.

## Modified Duration

The modified duration indicates by how many percent the price of a bond changes if the market interest rate changes by one percentage point.

## Time to Maturity in Years

The maturity of a money market instrument or bond is determined based on the earliest possible redemption date. The average maturity of an investment fund is determined by the weighted mean of the maturities of the individual securities from the time of valuation to redemption.

## Yield (without currency hedging)

The yield refers to the duration-weighted yield on the portfolio in local currency. No currency hedging is taken into account.

## Average Coupon

To calculate the average coupon, the coupons are weighted according to the current outstanding volume of invested bonds.

## SFDR

Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector (SFDR).

## ISO Certification

Asset Management at Zürcher Kantonalbank is ISO 9001 certified. The ISO 9001 certification guarantees that the authorised user has a management system that meets the requirements of a suitable and recognised standard and has been successfully certified/assessed by the Swiss Association for Quality and Management Systems (SQS).

## Further Specific Explanations

The donation goes to UNICEF Switzerland for the "Education Cannot Wait" aid project. This is a global fund under the administration of UNICEF with the aim of providing all children and young people affected by crisis with access to education and thereby promoting the UN's Sustainable Development Goal SDG4 (Education).

## Disclaimer

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Every investment involves risks, especially in terms of fluctuations in value and return. Past performance and returns are no guarantee of future investment success. The performance data have been calculated without taking account of the costs and commissions charged at the time of the issue and redemption of units.

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