

zMonthly December 24

Turbulence over the Fed's interest rate outlook

The US and some European stock markets continued to rise at the beginning of the month, setting new records. By contrast, the Swiss stock market failed to pick up speed and remained more or less flat. Even the interest rate cut by the Swiss National Bank did not help. Contrary to expectations, the SNB made a substantial cut of half a percentage point, citing a decline in inflationary pressures. Investors reacted much more strongly to the meeting of the US Federal Reserve. It was not so much the rate cut of 25 basis points that caused uncertainty, but the outlook. Only two more rate cuts are expected before the end of 2025. Previously, market participants had anticipated three rate cuts. In the aftermath of the Fed meeting, US equity markets suffered their biggest one-day loss since the turmoil in early August and the year-end rally failed to materialise. At its investor day, Swiss Re presented an optimistic outlook for the coming year, which was well received by investors. The reinsurer continues to benefit from a favourable pricing environment due to the large number of natural disasters in recent years. SGS intends to significantly expand its sustainability services in the area of climate protection. In addition to concrete measures for the reduction of greenhouse gas emissions, the company also targets to support clients in the fulfilment of increasing regulatory requirements. Over the past calendar year, the MSCI World Index gained 29% in CHF terms. This impressive performance was again largely driven by the "Magnificent Seven" stocks in the US. The Swiss equity market was held back by the weak performance of some of the index heavyweights. The fund increased by 5.1% year-on-year.

Little change in the portfolio

During the month we sold a small remaining position in Komax. We also reduced our position in Romande Energie and made small purchases in Novartis, Logitech and Huber+Suhner.

Trump 2.0 creates uncertainty

On 20 January 2025, Donald Trump will be sworn in for a second term as President of the United States. Since his election in early November, expectations of his 'America First' policies have soared. However, Trump's economic plans are full of contradictions and his protectionist agenda will tend to have inflationary side effects. As a result, 10-year US Treasury yields rose 40 basis points to 4.6% in December and the US dollar is trending higher. These facts are unlikely to leave equity markets untouched. In particular, the overheated US equity market could face a challenging start to the new year, in line with the adage "buy the rumour, sell the fact". This could mark a turning point for the significant relative underperformance of European equities. We will continue to focus on our fundamental research work in the year ahead.

Performance since Launch (as of 30/12/2024)



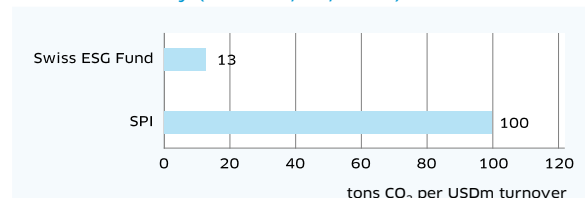
Performance (as of 30/12/2024)

MTD	-0.9%
YTD	5.1%
1 year	5.1%
3 years p.a.	-1.5%
Since launch p.a.	3.7%

ESG Key Figures (as of 30/12/2024)

MSCI ESG Rating	AA
RepRisk Rating	A
zRating (Fund / SPI)	70 / 67
Estimated global warming Fund	<1.5°C
Companies which contribute positively to the UN SDGs (Fund / SPI)	82% / 63%

Carbon Intensity (as of 30/12/2024)



Largest Positions (as of 30/12/2024)

1	Roche	9.1%
2	Novartis	7.4%
3	ABB	6.3%
4	Zurich Insurance Group	6.2%
5	Lonza	4.2%
6	Givaudan	3.9%
7	Swiss Re	3.8%
8	SGS	3.5%
9	Geberit	3.3%
10	Swisscom	3.0%

Investment Strategy

The zCapital Swiss ESG Fund invests in Swiss equities which zCapital believes qualify as sustainable companies and have an attractive risk and return profile. The fund's assets are invested in a concentrated portfolio of 25 to 35 stocks from the SPI (Swiss Performance Index) universe. In addition to ESG integration, companies which violate social and environmental criteria are excluded. The sustainability of companies is also promoted through engagement and voting. zCapital invests with a long-term horizon and pursues an active selection process.

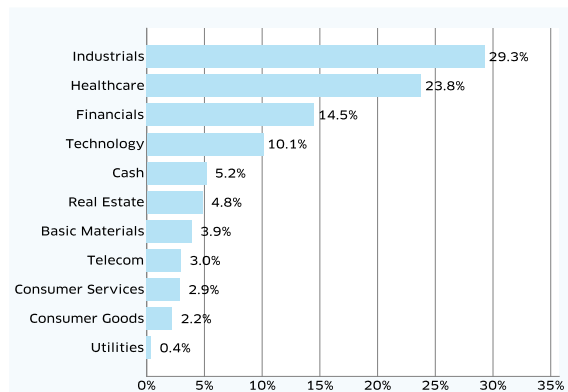
Impact of zCapital

zCapital plants each year 100 trees for every million Swiss francs of assets under management in the zCapital Swiss ESG Fund. In cooperation with myclimate, it is ensured that the trees are cared for in the long term. The project combines nature and climate protection with the creation of new sources of income for small farmers.

Portfolio Structure (as of 30/12/2024)

Net Asset Value	CHF 1,129.47 per Share A
Total Assets	CHF 33 m
Investment Exposure	94.8%
Number of Companies	32

Sectors (as of 30/12/2024)



Termsheet

Fund-Name	Swiss ESG Fund (Class A)
Asset Manager	zCapital AG, Zug
Swiss Security Number / ISIN	59273267 / CH0592732678
Price Publications	www.zcapital.ch, www.swissfunddata.ch, www.fundinfo.com
Bloomberg / Reuters	ZCAPESG SW Equity / 59273267.S
Morningstar-Rating	★★★
Minimum Investment / Reference Currency	No minimum investment required / CHF
Fund Type / Distribution	Swiss Securities Fund / Authorized for public distribution in Switzerland and Germany
Management Fee (incl. Fund Management and Custodian Fees)	1.25%
Issue Fee / Redemption Fee	none
Total Expense Ratio (TER) 31/05/2024	1.37%
Fund Management Company / Custodian Bank	LLB Swiss Investment AG, Zurich / Bank Julius Baer & Co. Ltd., Zurich
Subscriptions and Redemptions	On each bank working day at Net Asset Value (NAV). 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.
Auditor	PricewaterhouseCoopers AG, Zurich

Monthly Performance (as of 30/12/2024)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2021		-0.9%	6.4%	1.2%	3.6%	4.2%	3.2%	2.0%	-6.1%	1.5%	-0.3%	4.5%	20.6%*
2022	-6.5%	-3.4%	1.6%	-1.1%	-3.8%	-6.9%	4.4%	-3.5%	-5.9%	4.4%	3.0%	-1.6%	-18.5%
2023	5.7%	-0.3%	0.2%	2.8%	-0.9%	0.1%	1.0%	-1.1%	-1.5%	-4.0%	5.6%	3.6%	11.4%
2024	-1.0%	2.1%	4.3%	-2.9%	4.8%	-0.3%	3.6%	-0.2%	0.3%	-4.1%	-0.4%	-0.9%	5.1%

* since Launch date (29 January 2021)

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