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Tracker Dynamic on «ZKB Favourite Stocks 2022»

December 2021

The Favourite Swiss stocks 2022

The new Tracker Certificate Dynamic combines ten Swiss equities with the most promising outlook according to the Research of Zürcher Kantonalbank. With this base composition, the aim is to achieve an above-average performance compared to the overall market. The portfolio is reviewed after 6 months - should Zürcher Kantonalbank's Research modify the composition of the annual favourites, the basket composition and weighting can be adjusted accordingly. With the tracker certificates on the annual favourites, a cumulative outperformance of 14.54%, as of 20 December 2021, against the SPI® Index has been achieved since 2015.

The year 2021 was dominated by the economic recovery. The vaccinations against Covid 19 and the affirmation of the central banks to continue their loose monetary policy ultimately also led to a further recovery on the stock markets. Despite the catch-up, the Swiss equity market will, in our view, continue to offer attractive investment opportunities in 2022. This is because many Swiss equities have not yet made up for their "Corona dip". Other stocks that have already performed well in recent months may continue to benefit from the the possible pursuance of the economic upturn.

The new basket in detail

The ten selected shares - five large caps (Alcon, Logitech, Nestlé, Novartis and SGS) and five small and mid caps (Ascom, Helvetia, Mobilezone, SoftwareONE and Zehnder) - are included in the basket in the initial fixing period at 12.50% (large caps and Helvetia) and 6.25% (small and mid caps). In relation to the market capitalisation, small and mid-sized companies are thus weighted relatively higher in the basket. Especially in positive market phases, this results in higher earnings momentum and greater price gain potential.

One of the favourites among the large caps is **Alcon**, due to its transformation initiated in 2016. **Logitech** is benefiting from the ongoing pandemic and the trend towards home offices. **Nestlé** remains agile, with strong growth and margins. **Novartis** is characterised above all by a high and sustainable dividend yield, and **SGS** is the market leader in the TIC market (testing, inspection, certification). Among the small and mid caps, **Ascom** is benefiting from the digitalisation trends in the healthcare sector. **Helvetia** stands out thanks to good operational development. **Mobilezone** continues to drive its online expansion. **SoftwareONE** benefits from the digital transformation and **Zehnder** from energy-efficient buildings. At the time of the issue, all stocks were rated "overweight" by ZKB Research. There are no distributions to the investor. The net dividends distributed by the underlying is reinvested into the structured product.

- **Tracker Certificate Dynamic on «ZKB Favourite Stocks 2022»**
- **Diversification due to combination of large, mid & small caps**
- **Net dividends are reinvested**
- **Title selection by Zürcher Kantonalbank's research**

Key data

ZKB Tracker Certificate

Underlying	Basket "ZKB Favorite Stocks 2022"
Currency	CHF
Trading Units	1 structured product or multiples thereof
Issue Price	CHF 100.00
Subscription Period	until 18 January 2022, 4.00 p.m. CET
Initial Fixing	19 until 21 January 2022
Settlement	28 January 2022
Final Fixing	18 until 20 January 2023
Redemption	27 January 2023
CH Sec Code	113 974 642

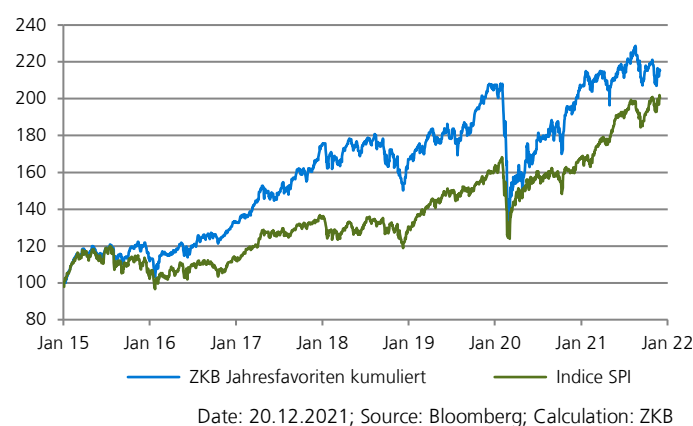
ZKB Favorite Stocks 2022

Underlying	Weight	Bloomberg Ticker
Alcon	12.50%	ALC SE
Helvetia	12.50%	HELN SE
Logitech	12.50%	LOGN SE
Nestlé	12.50%	NESN SE
Novartis	12.50%	NOVN SE
SGS	12.50%	SGSN SE
Ascom	6.25%	ASCN SE
Mobilezone	6.25%	MOZN SE
SoftwareONE	6.25%	SWON SE
Zehnder	6.25%	ZEHN SE

Review "ZKB Favourite Stocks 2021"

The cumulative outperformance of the ZKB Jahresfavoriten after costs vs. the SPI® Index since 2015 amounts to 14.54%. Compared to 100.84% in the SPI® Index, investors could achieve a performance of 115.38% with the ZKB Favourite Stocks

Cumulative development of the „ZKB Favourite Stocks“ vs. SPI® Index until 21.12.2021



Overview of the selected stocks

Alcon

Alcon Inc. manufactures eye care products. The company manufactures and markets vitreoretinal and cataract surgery products, contact lenses and refractive technology products. Alcon serves the medical industry worldwide. The company has gone through a profound transformation in recent years.

Helvetia

Helvetia is a medium-sized all-lines insurer with similarly large earnings pillars in non-life and life insurance. In addition to its home market of Switzerland, its geographical business is also firmly anchored in the foreign markets of Germany, Spain and Italy. The Caser acquisition in Spain in 2020 has developed positively.

Logitech

Logitech produces PC input devices. The company produces computer mice that help users move the cursor quickly on the screen, scroll balls, game controls, keyboards, PC video cameras & multimedia speakers. Logitech sells its products worldwide.

Viewing the stock as a "pandemic play" falls short - the company shows a balance sheet with net liquidity, a high degree of variability on the cost side and a sustainable increase in end markets due to the pandemic.

Nestlé

Nestlé S.A. is a multinational food company that manufactures and distributes a variety of food products. The company's product range includes milk, chocolate, confectionery, table water, coffee, coffee creamers, spices and pet food.

The group transformation has laid the foundation for a return to sustainable organic. The highest margin areas of coffee, petcare and nutrition account for 61% of sales (vs. 44% in 2010). Furthermore, share buybacks and a steadily increasing dividend speak for the stock.

Novartis

Novartis is the world's number two in the pharmaceuticals business after its local rival Roche. The established markets account for about ¾ of sales and the emerging markets for ¼. As part of its strategic focus on a pure pharmaceuticals business, the company will consist of only two divisions from 2Q19: Innovative Medicines and Sandoz (biosimilars and complex generics). Unlike Roche, Novartis underperformed by about 25%. The company shows a moderate valuation within the sector and a high and sustainable dividend yield compared to other "defensive" stocks.

SGS

SGS is the world's leading product testing company, focusing on testing, inspection and certification. SGS serves a wide range of industries and operates in most regions of the world.

Ascom

Ascom is an international solution provider with comprehensive technology know-how in mission-critical wireless communication. The company focuses on the area of wireless solutions (high-end, customer-specific on-site communication solutions). Ascom is headquartered in Switzerland, operates through subsidiaries in 18 countries and employs around 1,300 people worldwide. Ascom should benefit from a digitalisation push, especially in the healthcare sector.

Mobilezone

Mobilezone Holding AG sells mobile phones. The company distributes its products through its own retail shops, in department stores and shopping centres. In addition to an attractive dividend policy, there online segment offers the possibility of expansion.

SoftwareONE

SoftwareONE is a leading global software and IT service provider. As a software and cloud reseller and enterprise software consultant in the B2B ("business-to-business") segment, SoftwareONE helps customers to manage and organise their software licences and to digitally transform to the cloud. Its own platform PyraCloud is used to create transparency about software licences and contracts. The digitalisation of workflows into the cloud should lead to a digitalisation push from which SoftwareONE should benefit.

Zehnder

Zehnder Group AG develops and produces a wide range of products and systems for heating and cooling, comfort heating and cooling, comfort indoor ventilation and indoor air purification. The company sells its products to the construction industry. The trend towards higher energy efficiency in buildings is providing a significant tailwind. Zehnder also has a strong balance sheet with high net liquidity, which allows for acquisitions and share buybacks.

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