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# Tracker Certificate on a Luxury Basket

May 2024

## Investment opportunity in the luxury sector

The ZKB Tracker Certificate on a Luxury Basket comprises the shares of 16 companies that offer their products in the premium and luxury segment. The shares are equally weighted at 6.25% each. The certificate has a maturity of three years.

The total market for luxury goods is estimated to have grown to EUR 1.5 trillion in 2023, hitting a new record, according to Bain & Company. However, after the two exceptional years of 2021 and 2022, which were characterised by the catch-up effect following the coronavirus pandemic, the industry will have to adjust to lower growth rates. Nevertheless, Bain & Company expects annual growth rates of 4% to 8% until 2030.

The ZKB tracker certificate gives investors easy and efficient access to the global luxury goods market by participating in the performance of an underlying basket of equities. The selection consists of corporates offering clothing, accessories, jewellery, watches and sports cars in the luxury segment. The companies are mainly based in France and Italy, but sell their products to customers worldwide.

## In a nutshell

- Issue price CHF 100.00
- Net dividends are reinvested
- 3 years tenor
- Static Basket

## Key Data

Underlying	Equity Basket on Luxury Stocks
Currency	CHF
Trading unit	1 Structured Product
Issue Price	CHF 100.00
Subscription period	16. May 2024
Initial Fixing Date	16 to 17 May 2024
Issue Date	24 May 2024
Final Fixing Date	13 to 14 May 2027
Redemption Date	24 May 2027
Valor	121 825 234
Symbol	LUXBAZ

## Stock Selection

Equity	Weight	Domicile
Brunello Cucinelli	6.25%	Italy
Burberry Group	6.25%	UK
Christian Dior	6.25%	France
Cie Financière Richemont	6.25%	Switzerland
Estée Lauder Companies	6.25%	US
Ferrari	6.25%	Italy
Hermes International	6.25%	France
Hugo Boss AG	6.25%	Germany
Kering SA	6.25%	France
LVMH	6.25%	France
Moncler	6.25%	Italy
Porsche AG	6.25%	Germany
Prada	6.25%	Italy
Salvatore Ferragamo	6.25%	Italy
Swatch Group	6.25%	Switzerland
Zegna	6.25%	Italy

### **Brunello Cucinelli**

Italian designer Brunello Cucinelli founded the company named after him in 1978, initially specialising in high-quality cashmere knitwear. Today, the label offers a wide range of clothing and accessories for men and women, mainly made in Italy. The company has been listed on the Milan Stock Exchange in 2012.

### **Burberry Group**

British textile merchant Thomas Burberry opened his first shop in 1865, selling the gabardine fabric he had invented. Burberry became famous for the development of the trench coat, originally designed for the British military, and the now trademarked Burberry check. Burberry has been a supplier to the British Royal Family since 1955.

### **Christian Dior**

French fashion designer Christian Dior is one of the best-known exponents of haute couture, a term protected in France. Dior founded the company in 1946 and, along with Coco Chanel and Yves Saint Laurent, played a key role in establishing Paris as a fashion capital. French billionaire Bernard Arnault owns a majority stake in Christian Dior through his holding company Groupe Arnault. Arnault, who according to Forbes is leading the list of the world's richest people in 2024, also heads the luxury goods group LVMH.

### **Compagnie Financière Richemont**

The Swiss company emerged from the South African holding company Rembrandt Group and was founded in 1988. Richemont owns various luxury brands within jewellery, watches and fashion. These include Cartier jewellery, IWC and Baume & Mercier watches and Montblanc pens. The company also owns the jeweller Van Cleef & Arples.

### **Estée Lauder Company**

Estée Lauder made her first skincare products at home and sold them in New York beauty salons. In 1947, customer demand earned Lauder a contract with luxury department store Saks Fifth Avenue. Today, the group is one of the world's leading cosmetics companies, selling over thirty brands in addition to Estée Lauder products, including Clinique and MAC Cosmetics, as well as a range of fragrances.

### **Ferrari**

The Italian car manufacturer was founded in 1947 by Enzo Ferrari, a successful racing driver himself with the Scuderia Ferrari from 1929 to 1938. The company initially produced racing cars for motorsport before conquering the luxury car market. Ferrari is managed by the holding company Exor, which is owned by the Italian business family Agnelli. Scuderia Ferrari is the most successful Formula 1 team in the world to this date.

### **Hermès International**

Thierry Hermès opened his first shop in Paris in 1837, where the professional saddler made and sold high-quality horse harnesses. Over time, the range expanded to include bags, belts and watches. One of its best-known products is the Kelly bag, named after US actress Grace Kelly, who was photographed carrying the bag in 1956 and made the company famous.

### **Hugo Boss**

After taking over his parents' textile business in Metzingen, Germany, Hugo Ferdinand Boss began producing windbreakers and workwear in his own factory in 1924. In 1953, the company produced its first men's suit under the Boss brand. In the 1980s, many Hollywood stars were dressed by Hugo Boss, including the stars of the US television series Miami Vice, Don Johnson and Philip Michael Thomas. The company has been selling its products through factory outlets since 1972. This evolved into the Outletcity Metzingen, where more than 500 premium brands sell their goods today.

### **Kering**

Founded in 1963 by François Pinault, the Paris-based company was originally active in the timber and furniture trade. In the 1990s, Kering began to focus more on retail and eventually entered the luxury segment with the acquisition of the Italian design house Gucci. Today, the group also owns brands such as Saint Laurent and Bottega Veneta.

## **LVMH**

The French luxury goods group was founded in 1987 through the merger of the traditional brands Louis Vuitton and Moët Hennessy. The international leader in the luxury goods sector holds the rights to 75 brands, including Louis Vuitton (fashion and leather goods), Rimowa (luggage), Tiffany & Co. (jewellery), Moët & Chandon (champagne) and Hennessy (cognac). In addition, LVMH owns the cosmetics chain Sephora and the French daily newspaper Le Parisien. The conglomerate is headed by Bernard Arnault, who also has a majority stake in Christian Dior.

## **Moncler**

The fashion label with French roots is best known today for its high-priced down jackets. However, the company produced its first down anoraks for miners working in the Alps. René Ramillon founded Moncler in 1952, choosing the name in reference to his home village of Monestier-de-Clermont. In the fifties, Moncler equipped various mountain expeditions with down sleeping bags and functional clothing. Over time, the company, which is now Italian-owned, has evolved from a manufacturer of equipment for professional alpinists to a fashion and lifestyle brand.

## **Porsche AG**

The German car company was founded by engineer Ferdinand Porsche, who set up his own construction business in Stuttgart in 1931. At the heart of the brand is the Porsche 911 sports car, which was launched in 1964 and continues to be developed. The eighth and latest generation of the model was launched in 2019. Shares in Porsche AG, which is part of the Volkswagen Group, have been tradable on the stock exchange since the IPO in September 2022.

## **Prada**

Brothers Mario and Martino Prada opened their business in Milan in 1913 under the name "Fratelli Prada", initially specialising in leather goods. The company became internationally successful when Miuccia Prada, Mario Prada's granddaughter, joined the business in 1978 and launched the first fashion collection in the late 1980s. She still works as Prada's chief designer, while her husband Patrizio Bertelli runs the group.

## **Salvatore Ferragamo**

Italian shoe designer Salvatore Ferragamo first made a mark in the American movie industry, dressing numerous actresses and actors in the 1920s. In 1927, he returned to Italy and opened a women's shoe store in Florence, where he designed creations for Audrey Hepburn and Marilyn Monroe. In addition to clothing and handbags, Salvatore Ferragamo today produces silk accessories such as scarves and ties. The company has been listed on the Milan Stock Exchange since 2011.

## **Swatch Group**

The corporate was formed in 1983 by the merger of two Swiss watch manufacturers, ASUAG (Allgemeine Schweizerische Uhrenindustrie) and SSIH (Société Suisse de l'Industrie Horlogère). The two companies had to declare bankruptcy after the low-cost competition from Asia drove the Swiss watch industry into crisis. Today, Swatch Group offers watches at all price levels. Its prestige brands include Omega and Breguet.

## **Zegna**

In 1910, Ermenegildo Zegna founded the Lanificio Zegna weaving mill, which produced high-quality fabrics. To this day, the Milan-based company specialises exclusively in menswear. In addition to suits, the range includes shirts, shoes and other accessories. Zegna shares have been listed on the New York Stock Exchange since 2021.

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