

# ZKB MeinIndex Sustainable Emerging Markets

Reporting | CH Sec No. 13 599 733

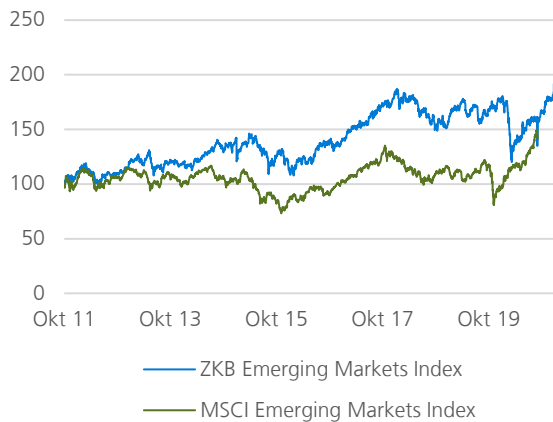
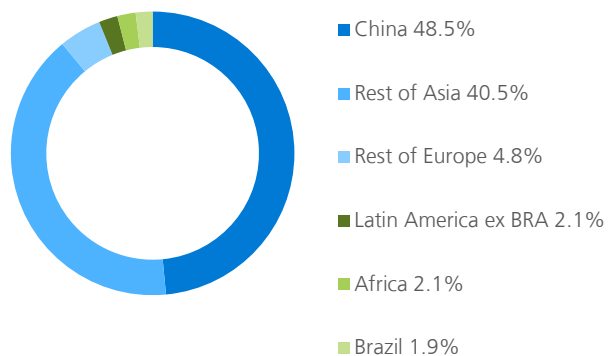
29.01.2021

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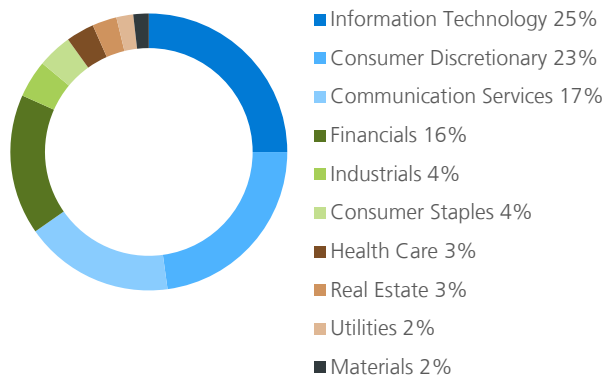
## In brief

- Systematic selection of securities out of the sustainable investment universe of Zürcher Kantonalbank
- Investment in both sustainability industry leaders and smaller companies with innovative, sustainable products (innovators)

Distribution by region as of 29.01.2021



Distribution by portfolio category as of 29.01.2021



## Performance figures ZKB MeinIndex Sustainable Emerging Markets

Absolute	Annualized
1m	7.7%
3mths	19.1%
1y	18.0%
3y	6.6%
5y	67.3%
since launch	95.3%

Year	Annual performance
2013	2.6%
2014	16.4%
2015	-11.0%
2016	11.1%
2017	30.9%
2018	-14.7%
2019	16.2%
2020	2.7%
2021 YTD	7.7%

**Emerging Markets: Tomorrow's Growth Engine**  
 Emerging Markets have become increasingly important in terms of their contribution to global GDP as well as their market capitalization. Longterm forecasts predict that by 2050, the combined GDP of the seven largest Emerging Markets (E7) will be twice as high as that of the G7 industrialized countries. The financial crisis has boosted this transformation process even further. The balance will probably continue to shift in favor of the Emerging Markets in view of the unsolved debt crisis in the eurozone and the highly unstable financial situation in the U.S.

**Growing Environmental and Social Risks**  
 Unfortunately, the high growth expectations are coupled with increasing environmental and social risks. The fast-paced growth in Emerging Markets is closing the gap between rich and poor countries, thus raising prosperity globally. Yet, at the same time the negative aspects of this development are becoming increasingly obvious as the surge in consumption of resources accelerates and the output of greenhouse gases rises, further accelerating the climate change. Moreover, population growth in Emerging Markets is likely to remain high, partly due to lack of adequate social welfare systems (world population is expected to reach 9 billion by the year 2050).

**Creating Added Value Through Sustainable Companies**  
 In order to encounter the problematic effects described above, it is vital that especially companies in Emerging Markets actively strive to uncouple their resource consumption from their economic growth, for instance through more efficient and sustainable production processes. This will gain them an additional competitive edge. In a first step, the ZKB Sustainability Research Team examines the sustainability of all companies qualifying for ZKB MeinIndex Sustainability Emerging Markets. The Team applies a multi-level monitoring procedure encompassing comprehensive and rigorous exclusion criteria as well as quantitative and qualitative environmental, social, and governance criteria. In addition, the respective companies must fulfill one of the following three criteria: inclusion in the MSCI EMMA (ex energy, ex mining), Emerging Markets companies not included in the MSCI EMMA, or companies with a predominant share of sales in Emerging Markets.

**ZKB MeinIndex Sustainability Emerging Markets**  
 In a second step, companies from ZKB's sustainable investment universe are chosen for the ZKB MeinIndex Sustainability Emerging Markets based on their attractiveness as determined by the quantitative ZKB equity selection model.

**Allocation to Homogeneous Country Groups**  
 Starting point for the equity selection is the allocation of all Emerging Market shares that are considered sustainable to homogeneous country groups:

- Europe
- Africa
- Brazil
- Latin America ex Brazil
- China
- India
- Asia ex China and ex India

The idea behind this allocation is to compare equities with similar risk/return characteristics. For instance, the markets of Europe (including the heavyweight Russia), Africa (with South Africa) and Brazil export energy and materials and are thus strongly driven by the development of commodity markets. In contrast, the exporting countries in the rest of Asia, including the high-tech countries Korea and Taiwan, are primarily subject to general global economic development. China and India, in turn, are large and broadly diversified economies whose structures resemble those of industrialized countries more closely. In addition to those distinguished characteristics, the individual Emerging Markets strongly differ in terms of their stages of development.

ZKB MeinIndex Sustainability Emerging Markets attempts to take these structural differences into account through its country allocation.

**Quantitative Approach to Equity Selection**  
 After the allocation to homogeneous groups of countries, the attractiveness of individual equities is determined by means of a quantitative model. The use of a quant model enables to systematically manage the large, heterogeneous and broadly diversified universe of Emerging Markets despite all structural differences.

**Key data ZKB MeinIndex Sustainable Emerging Markets**

CH Sec No.	13 599 733
Bloomberg Symbol	ZKBIEMMA

**Open End ZKB Tracker Certificates**

CH Sec No.	ISIN	Symbol	Tranche
10 716 476	CH0107164763	TREMMO	Retail
10 716 477	CH0107164771	TREMMI	Institutionell

**Contact**

Sales Structured Products  
 Zürcher Kantonalbank  
 P.O. Box, 8010 Zürich  
 Phone: +41 (0)44 293 66 65  
 E-Mail: [derivate@zkb.ch](mailto:derivate@zkb.ch)

## ZKB MeinIndex Sustainable Emerging Markets Components as of 29.01.2021

Underlying	Currency	Portfolio category	Weight as of 29.01.2021
3SBio Inc	HKD	Health Care	0.74%
Agile Group Holdings Ltd	HKD	Real Estate	0.64%
Alibaba Group Holding Ltd	USD	Consumer Discretionary	8.98%
ANTA Sports Products Ltd	HKD	Consumer Discretionary	1.62%
B3 SA - Brasil Bolsa Balcao	BRL	Financials	0.75%
Baidu Inc	USD	Communication Services	1.61%
Banco Santander Brasil SA	BRL	Financials	0.65%
Chailease Holding Co Ltd	TWD	Financials	0.87%
Richter Gedeon Nyrt	HUF	Health Care	1.67%
China Aoyuan Group Ltd	HKD	Real Estate	0.52%
China Lesso Group Holdings Ltd	HKD	Industrials	0.91%
China Life Insurance Co Ltd	HKD	Financials	0.69%
China Longyuan Power Group Cor	HKD	Utilities	1.45%
China Merchants Bank Co Ltd	HKD	Financials	3.35%
China Pacific Insurance Group	HKD	Financials	0.65%
China Resources Cement Holding	HKD	Materials	1.24%
Cia Energetica de Minas Gerais	BRL	Utilities	0.52%
Cyfrowy Polsat SA	PLN	Communication Services	1.01%
Delta Electronics Inc	TWD	Information Technology	0.80%
Far East Horizon Ltd	HKD	Financials	1.21%
Fuyao Glass Industry Group Co	HKD	Consumer Discretionary	3.12%
Gruma SAB de CV	MXN	Consumer Staples	0.78%
Grupo Bimbo SAB de CV	MXN	Consumer Staples	0.70%
Grupo Financiero Banorte SAB d	MXN	Financials	0.66%
Haitian International Holdings	HKD	Industrials	0.90%
Hankook Tire & Technology Co L	KRW	Consumer Discretionary	0.79%
Hyundai Mobis Co Ltd	KRW	Consumer Discretionary	0.97%
International Container Termin	PHP	Industrials	0.77%
JD.com Inc	USD	Consumer Discretionary	2.04%
KB Financial Group Inc	KRW	Financials	0.78%
KWG Group Holdings Ltd	HKD	Real Estate	0.78%
Lenovo Group Ltd	HKD	Information Technology	1.18%
LG Electronics Inc	KRW	Consumer Discretionary	1.18%
LG Household & Health Care Ltd	KRW	Consumer Staples	0.83%
Lite-On Technology Corp	TWD	Information Technology	0.99%
Minth Group Ltd	HKD	Consumer Discretionary	0.69%
MultiChoice Group	ZAr	Communication Services	0.73%
Nestle Malaysia Bhd	MYR	Consumer Staples	0.29%
Nien Made Enterprise Co Ltd	TWD	Consumer Discretionary	0.73%
PLDT Inc	PHP	Communication Services	0.87%
Polymetal International PLC	RUB	Materials	0.56%
Ace Hardware Indonesia Tbk PT	IDR	Consumer Discretionary	0.57%
Telkom Indonesia Persero Tbk P	IDR	Communication Services	1.35%
Samsung Electronics Co Ltd	KRW	Information Technology	7.06%
Samsung Electronics Co Ltd	KRW	Information Technology	1.44%
Sanlam Ltd	ZAr	Financials	0.79%
Sberbank of Russia PJSC	RUB	Financials	1.59%
Shandong Weigao Group Medical	HKD	Health Care	0.52%
Sinotruk Hong Kong Ltd	HKD	Industrials	1.20%
SK Hynix Inc	KRW	Information Technology	0.84%
Taiwan Semiconductor Manufactu	TWD	Information Technology	10.81%
TAL Education Group	USD	Consumer Discretionary	1.16%
Tencent Holdings Ltd	HKD	Communication Services	11.28%
People's Insurance Co Group of	HKD	Financials	1.37%

<b>Underlying</b>	<b>Currency</b>	<b>Portfolio category</b>	<b>Weight as of 29.01.2021</b>
Siam Commercial Bank PCL/The	THB	Financials	1.64%
Tingyi Cayman Islands Holding	HKD	Consumer Staples	0.78%
Top Glove Corp Bhd	MYR	Health Care	0.36%
Uni-President China Holdings L	HKD	Consumer Staples	0.66%
United Microelectronics Corp	TWD	Information Technology	1.21%
Vipshop Holdings Ltd	USD	Consumer Discretionary	0.96%
Vodacom Group Ltd	ZAR	Communication Services	0.58%
Westports Holdings Bhd	MYR	Industrials	0.58%
Xinyi Solar Holdings Ltd	HKD	Information Technology	0.67%
Yuanta Financial Holding Co Lt	TWD	Financials	1.40%
Yuexiu Property Co Ltd	HKD	Real Estate	0.91%

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