

ZKB MeinIndex Sustainable Pacific

Reporting | CH Sec No. 18 392 554

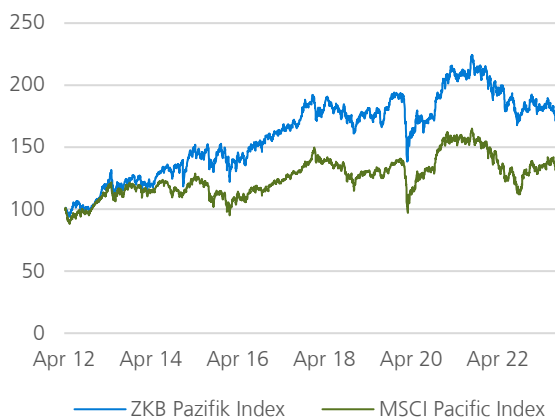
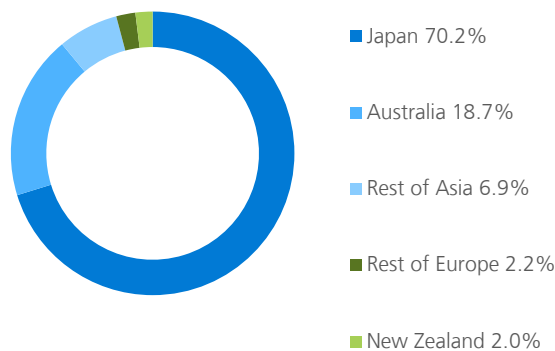
31.08.2023

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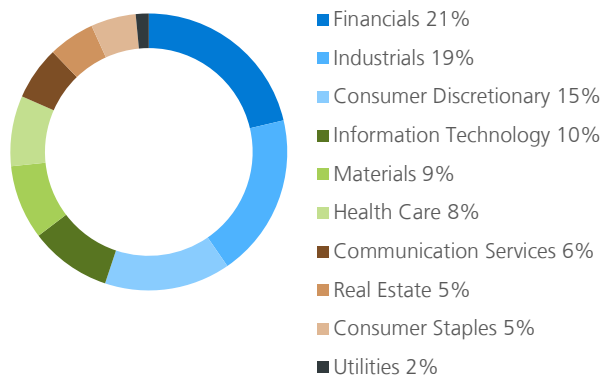
In brief

- 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 31.08.2023



Distribution by portfolio category as of 31.08.2023



Performance figures ZKB MeinIndex Sustainable Pacific

Absolute	Annualized	
1m	-3.7%	
3mths	-2.9%	
1y	-6.0%	
3y	3.6%	1.2%
5y	-0.9%	-0.2%
since launch	76.1%	6.7%

Annual performance	
2015	9.2%
2016	4.5%
2017	18.0%
2018	-11.8%
2019	17.5%
2020	2.3%
2021	8.4%
2022	-14.8%
2023 YTD	-2.5%

Pacific: Good resistance in the crisis

Compared internationally the pacific region shows relatively good resistance to the crisis, but is also affected by the general uncertainty (primarily by the euro crisis) and by the weakening of the global economy. The individual countries though do not show the same picture.

Countries' specifics

The country group Pacific includes the following five heterogeneous countries: Japan, Australia, Hong Kong, Singapore and New Zealand. In Japan the state reconstructions after last year's catastrophe will stimulate GDP growth in 2012. For the first time in 30 years Japan's trade balance showed a deficit in 2011 primarily due to higher energy imports caused by the shutdown of almost all of the 54 nuclear plants that produced close to one third of Japan's electricity. Thanks to reconstruction and private investments especially in equipment and real estate growth prospects are good. Australia's situation is completely different: The country made it relatively save through the financial crisis, the real estate market is in good state and the commodity export is booming due to rising demand from emerging markets. The Australian financial sector makes up a substantial part of the index and banks are defensively positioned with their focus on the national market. The real estate sector shows less signs of overheating than other regions. Hong Kong, the gate to main land china, has different core areas. Within the last 20 years the city state has converted to a services economy: Finance, services, logistics, consulting services, trade and tourism are the main industries. Singapore, known as the Asian Switzerland, is already very developed. The country focuses on research and development as well as firstclass products, but highly depends on exports. New Zealand's main activities lie in agricultural products such as milk, meat and woollen products. In respect to growth in the Pacific Area, the country plays only a small role however.

Creating added value through sustainable companies

Before the earth quake and the tsunami which lead to the atomic catastrophe in Fukushima the Japanese government was planning to increase the percentage of nuclear energy to 30% to 50%. The current aim though is the reduction of nuclear energy in favour of alternative energy. Besides the reorganisation of the energy supply, the Japanese industry is in hard competition with other Asian countries and has to solve governance problems in companies.

Japanese companies are considered leading in ecological aspects (i.e. energy efficiency or renewable energies) and thus could profit in the global market. The commodity boom in Australia has social and ecological consequences that have to be observed closely. From a sustainable perspective better is the defensive finance sector that also offers various opportunities and has a high standard in the integration of sustainability in the Pacific Area. For Hong Kong's companies the main challenges lie in governance from a sustainable perspective.

ZKB MeinIndex Sustainability Pacific

After the sustainability analysis, companies from ZKB's sustainable investment universe are chosen for the ZKB MeinIndex Sustainability Pacific based on their attractiveness as determined by the quantitative ZKB equity selection model.

Allocation by sectors

Besides selected titles from the MSCI Pacific Index the sustainable investment universe consists of further sustainable companies in the Pacific Area that fulfil certain minimum requirements regarding market capitalization and trading volume. Starting point for the equity selection is the segmentation of all shares from the Pacific Area that are considered sustainable to sectors. Since all companies from the energy and mining sector have been excluded by the sustainability filter the universe consists of the following sectors:

- Utilities
- Materials (ex Mining)
- Industrials
- Consumer Discretionary
- Consumer Staples
- Health Care
- Financials
- Information Technology
- Telecommunication Services

The idea behind this segmentation is to compare equities with similar risk/return characteristics. In the sector layer the biggest part of the index can be found in the finance sector, followed by stocks from the industrial sector and by consumer discretionary goods stocks. Geographically seen, Japanese stocks currently dominate the index adding up to more than half of the index. The universe is completed by stocks from Hong Kong, Singapore and New Zealand which play a secondary role though.

Key data ZKB MeinIndex Sustainable Pacific

CH Sec No.	18 392 554
Bloomberg Symbol	ZKBIPAZI

Open End ZKB Tracker Certificates

CH Sec No.	ISIN	Symbol	Tranche
10 716 606	CH0107166065	TRPAZO	Retail

Contact

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

ZKB MeinIndex Sustainable Pacific Components as of 31.08.2023

Underlying	Currency	Portfolio category	Weight as of 31.08.2023
Advantest Corp	JPY	Information Technology	1.98%
Asahi Kasei Corp	JPY	Materials	1.17%
Astellas Pharma Inc	JPY	Health Care	2.63%
Aurizon Holdings Ltd	AUD	Industrials	2.34%
Bandai Namco Holdings Inc	JPY	Consumer Discretionary	1.49%
BOC Hong Kong Holdings Ltd	HKD	Financials	1.60%
Brambles Ltd	AUD	Industrials	1.64%
Bridgestone Corp	JPY	Consumer Discretionary	2.99%
Canon Inc	JPY	Information Technology	0.57%
CK Asset Holdings Ltd	HKD	Real Estate	0.74%
CSL Ltd	AUD	Health Care	1.26%
FANUC Corp	JPY	Industrials	3.05%
FUJIFILM Holdings Corp	JPY	Information Technology	0.98%
Hoya Corp	JPY	Health Care	0.64%
James Hardie Industries PLC	AUD	Materials	2.18%
Kubota Corp	JPY	Industrials	2.88%
MEIJI Holdings Co Ltd	JPY	Consumer Staples	1.73%
Meridian Energy Ltd	NZD	Utilities	1.51%
Mitsubishi Estate Co Ltd	JPY	Real Estate	0.56%
Mitsui Chemicals Inc	JPY	Materials	2.78%
Mizuho Financial Group Inc	JPY	Financials	1.09%
MS&AD Insurance Group Holdings	JPY	Financials	2.93%
National Australia Bank Ltd	AUD	Financials	1.51%
NGK Insulators Ltd	JPY	Industrials	0.49%
NIDEC CORP	JPY	Industrials	0.35%
Nintendo Co Ltd	JPY	Communication Services	0.44%
Olympus Corp	JPY	Health Care	2.25%
Omron Corp	JPY	Information Technology	1.94%
QBE Insurance Group Ltd	AUD	Financials	1.59%
REA Group Ltd	AUD	Communication Services	2.04%
Scentre Group	AUD	Real Estate	1.22%
Secom Co Ltd	JPY	Industrials	2.83%
SEEK Ltd	AUD	Communication Services	0.73%
Sekisui Chemical Co Ltd	JPY	Consumer Discretionary	1.66%
Sekisui House Ltd	JPY	Consumer Discretionary	2.74%
Shiseido Co Ltd	JPY	Consumer Staples	0.96%
SoftBank Corp	JPY	Communication Services	0.53%
Sompo Holdings Inc	JPY	Financials	1.72%
Sony Group Corp	JPY	Consumer Discretionary	4.44%
Sumitomo Chemical Co Ltd	JPY	Materials	2.55%
Sumitomo Mitsui Financial Grou	JPY	Financials	3.98%
Sun Hung Kai Properties Ltd	HKD	Real Estate	2.38%
Taisei Corp	JPY	Industrials	0.67%
Takeda Pharmaceutical Co Ltd	JPY	Health Care	1.45%
Techtronic Industries Co Ltd	HKD	Industrials	2.19%
Telstra Group Ltd	AUD	Communication Services	2.50%
Tokio Marine Holdings Inc	JPY	Financials	3.53%
Tokyo Electron Ltd	JPY	Information Technology	3.64%
TOPPAN INC	JPY	Industrials	2.63%
Unicharm Corp	JPY	Consumer Staples	2.57%
Vicinity Ltd	AUD	Real Estate	0.50%
Westpac Banking Corp	AUD	Financials	3.39%
Xero Ltd	AUD	Information Technology	0.44%
Yamaha Corp	JPY	Consumer Discretionary	1.40%

Underlying

Currency

Portfolio category

Weight as of 31.08.2023

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