

zMonthly May 23

Artificial intelligence in the spotlight

Global equity markets were initially trading in a narrow range. Both the US Federal Reserve and the European Central Bank continued to raise interest rates as expected. However, Fed Chairman Jerome Powell indicated at the press conference that the likelihood of a pause in the rate hike cycle had increased. Growth in the US has stalled, reviving fears of a recession. The government-orchestrated takeover of First Republic Bank by JPMorgan showed that the banking crisis is not over. Political wrangling over the US debt ceiling added to the unease. Treasury Secretary Janet Yellen warned of a possible government default. However, the prospect that both chambers of the US Congress would approve the bill to suspend the debt ceiling boosted market confidence and various stock indices reached new year highs in the second half of the month. Towards the end of the reporting period, the topic of artificial intelligence (AI) led to a rally in the technology sector. This was triggered by a massive increase in sales forecasts by US high-performance chip developer Nvidia. LEM posted a good full-year result despite shortages in its supply chain. The electronic components manufacturer continues to benefit from the decarbonisation and electrification trends. The medical device company Ypsomed impressed the market with good growth prospects. The company submitted its net-zero targets to the Science Based Targets initiative (SBTi). The fund was down 0.9% in May.

Hardly any portfolio adjustments

There were hardly any portfolio adjustments in May. We slightly increased the positions in Gurit, SGS and Galenica. We took some profits in Swisscom and Roche.

China slow to recover from pandemic

After the abrupt lifting of all Covid measures in December 2022, markets were betting on a rapid recovery of the Chinese economy this year. These hopes are being dashed. In discussions with company representatives, we hear almost unanimously that expectations have not been met so far. Many Chinese companies are reluctant to place large orders, and consumers are reluctant to spend because sentiment is weak and youth unemployment is close to 20%. In addition, almost three-quarters of Chinese households are reported to be over-indebted. The property market is unlikely to be an engine of growth in the future, with large numbers of empty homes and falling prices. Moreover, many provincial governments and cities are financially strapped. This leaves only the little hope of a stimulus from the central government in Beijing. Despite the lower growth forecasts, China remains an important market for many Swiss companies. We will continue to monitor the situation closely, but are cautious about investing in companies with an above-average share of sales in China.

Performance since Launch (as of 31/05/2023)



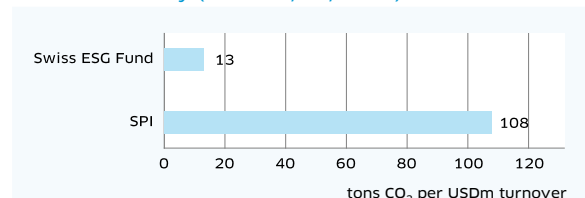
Performance (as of 31/05/2023)

MTD	-0.9%
YTD	7.6%
1 year	0.5%
Since launch p.a.	2.4%

ESG Key Figures (as of 31/05/2023)

MSCI ESG Rating	AA
RepRisk Rating	AA
zRating (Fund / SPI)	68 / 67
Estimated global warming Fund	<1.5°C
Companies which contribute positively to the UN SDGs (Fund / SPI)	81% / 59%

Carbon Intensity (as of 31/05/2023)



Largest Positions (as of 31/05/2023)

1	Roche	9.7%
2	ABB	5.8%
3	Zurich Insurance Group	4.5%
4	Givaudan	3.9%
5	Swiss Re	3.5%
6	Sonova	3.1%
7	Schindler	3.0%
8	SGS	3.0%
9	Temenos	3.0%
10	Logitech	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.

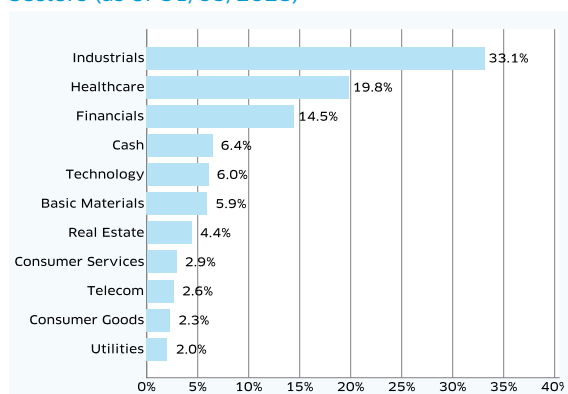
Impact of zCapital

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 31/05/2023)

Net Asset Value	CHF 1,045.53 per Share A
Total Assets	CHF 20 m
Investment Exposure	93.6%
Number of Companies	33

Sectors (as of 31/05/2023)



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
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) 30/11/2022	1.42%
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 31/05/2023)

	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%								7.6%

* since Launch date (29 January 2021)

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