



## Finreon Emerging Markets Equity IsoPro®

30/06/2022

### Strategy

The investment universe of Finreon Sustainable Emerging Markets Equity IsoPro® includes 175 of the largest sustainable stocks of the emerging markets. Sustainability and sector representativeness is ensured by a best-in-GICS-sector approach based on sustainability rankings of Inrate.

In a first step, equal weights are applied to all positions (Iso). In a second step, the weights are optimized towards the minimum-variance portfolio (Pro). The strategy follows a quantitative approach.

The characteristics of the Finreon Sustainable Emerging Markets Equity IsoPro® strategy ensure a broad diversification. Concentration risks are explicitly avoided. The return and risk can therefore deviate from the Emerging Markets Equities NR Index (the "benchmark"). The total risk born by the investor is similar to an unhedged sustainable emerging markets equity investment in foreign currency.

### Current month

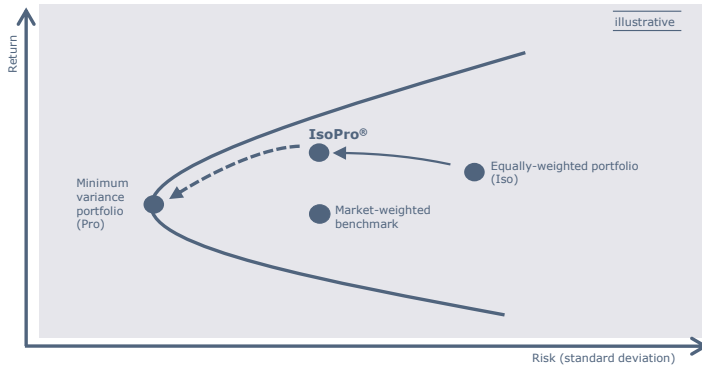
#### Comment

The Finreon Emerging Markets Equity IsoPro® strategy achieved a return of -5.6% in June and thereby outperformed the Emerging Markets Equities Benchmark, which achieved -6.6%.

The relative performance of IsoPro® is partly driven by avoiding cluster risk and thus underweighting large capitalization stocks. Stocks with low volatility and low correlations are overweighted so that the portfolio exhibits defensive characteristics. Moreover, the universe is limited to big, liquid, well tradable stocks.

	EM Equity IsoPro®	EM Equities
Return current month	-5.6%	-6.6%
Return year-to-date	-16.3%	-17.6%

### IsoPro® concept

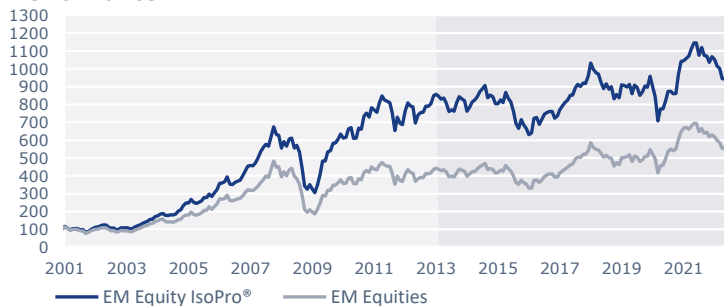


- IsoPro® combines the benefits of equal weighting (Iso) and optimization (Pro)
- Starting with an equal weighting a quantitative optimization shifts the portfolio towards the minimum-variance portfolio
- Liquidity, tradability and transaction costs of the stocks are taken into account
- The non-linear weights between minimum variance and equal weighting are calibrated to achieve a long-term volatility similar to the benchmark
- Maximum weight per single stock is 3%, the maximum deviation of weight per country is ±2% and the maximum deviation of weights per (Inrate) sector is ±2%
- Optimized and efficient weights on single stock level
- Efficient investment in sustainable stocks of the Emerging Markets

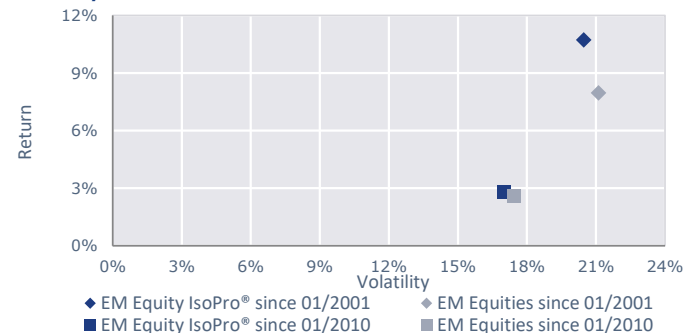
### Return / risk figures

	01/2001 - 06/2022		Since the launch of the IsoPro® concept <sup>4</sup>	
	EM Equity IsoPro®	Emerging Markets Equities	EM Equity IsoPro®	Emerging Markets Equities
Return p.a.	10.7%	8.0%	2.8%	2.6%
Volatility	20.5%	21.1%	17.0%	17.5%
Return / Volatility	0.52	0.38	0.16	0.15
Downside volatility <sup>1</sup>	13.1%	14.1%	11.4%	11.8%
Upside volatility <sup>1</sup>	16.0%	15.9%	12.6%	12.9%
Correlation <sup>2</sup>	0.98	n.a.	0.98	n.a.
Downside correlation <sup>2,3</sup>	0.96	n.a.	0.96	n.a.
Upside correlation <sup>2,3</sup>	0.95	n.a.	0.95	n.a.
Max. drawdown	-54.8%	-61.4%	-31.3%	-30.2%
Positive months	60.1%	58.1%	54.4%	54.4%

### Performance



### Return/risk



All figures are annualized.

Performance Finreon Emerging Markets Equity IsoPro®: Backtesting until 01/2013, Finreon Emerging Markets Equity IsoPro® Fund Class-D since 02/2013.

1) Average negative (downside volatility) or positive (upside volatility) deviation of returns from zero.

2) Reference value is the benchmark. 3) Correlation for periods when benchmark shows negative (downside) resp. positive (upside) returns.

4) The concept IsoPro® was launched on 01/2010 with the strategy Swiss Equity IsoPro® and is now available on several equity universes.

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## Monthly returns in %

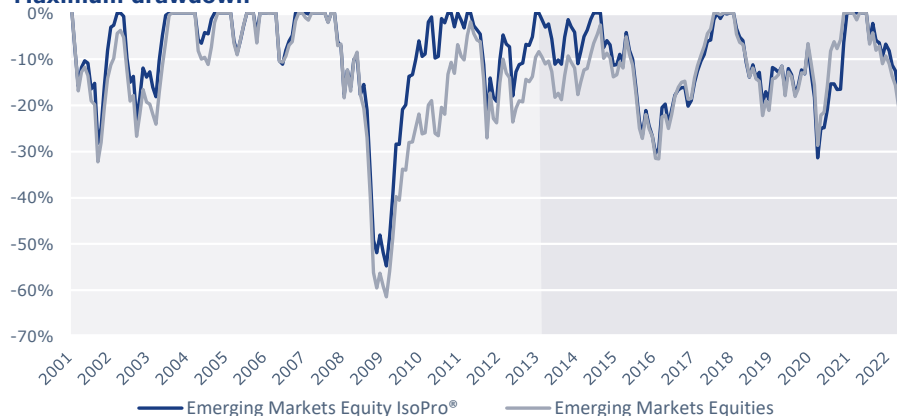
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2006	11.1	0.6	1.9	7.4	-10.3	-0.9	3.4	2.1	1.3	7.0	7.1	6.0	41.2
2007	0.5	-0.2	4.0	6.3	6.2	4.4	3.1	-2.0	9.1	9.4	-6.3	-0.9	37.7
2008	-11.4	6.5	-4.3	7.2	0.7	-9.1	2.8	-6.6	-17.3	-22.1	-5.3	7.9	-44.1
2009	-7.2	-6.1	14.3	17.7	17.7	-0.1	10.6	1.2	7.7	0.4	3.8	4.5	81.0
2010	-3.6	0.6	7.6	1.1	-9.0	0.4	9.1	-1.0	11.2	2.3	-3.0	7.3	23.2
2011	-1.6	-1.7	6.9	4.9	-2.8	-0.9	-1.0	-7.0	-13.3	11.7	-4.9	-1.1	-12.2
2012	11.1	6.0	-2.1	-0.6	-11.5	6.4	1.8	0.3	4.6	-0.3	2.0	5.5	23.7
2013	0.9	-1.4	-1.7	0.7	-3.3	-5.8	1.1	-1.1	6.6	4.0	-1.5	-1.2	-3.3
2014	-7.1	2.9	3.5	1.5	2.4	3.2	1.8	2.0	-7.5	1.7	-1.0	-4.7	-2.1
2015	0.2	2.5	-1.7	7.0	-4.0	-2.2	-6.7	-8.7	-3.9	7.3	-4.3	-2.9	-17.3
2016	-5.1	1.4	12.6	0.9	-5.4	4.0	4.1	1.4	0.6	0.1	-4.9	1.6	10.5
2017	4.8	3.0	2.5	1.5	3.2	0.3	4.7	2.2	-1.2	2.1	-0.2	4.6	30.7
2018	7.5	-3.4	-1.9	-0.8	-5.0	-3.6	3.2	-3.3	1.5	-7.6	3.0	-2.1	-12.8
2019	8.6	-0.4	-0.9	1.6	-5.7	5.5	-1.5	-4.7	2.0	4.1	-1.0	6.9	14.3
2020	-6.4	-5.9	-16.0	9.3	0.2	5.3	7.0	0.0	-1.5	0.1	12.2	7.8	8.8
2021	0.3	1.2	1.3	3.7	3.1	-0.1	-5.9	4.0	-3.8	-0.4	-3.3	3.1	2.5
2022	-1.6	-3.4	-1.3	-5.7	0.2	-5.6							-16.3

YTD: year-to-date

● Backtesting until 01/2013.

● Finreon Emerging Markets Equity IsoPro® Fund Class-D since 02/2013.

## Maximum drawdown

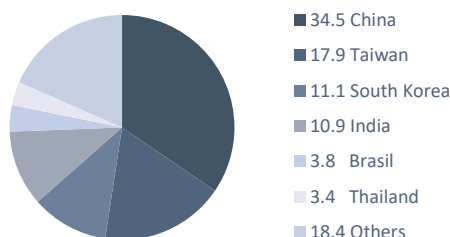


## Top 10 positions in %

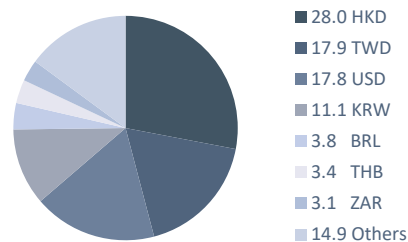
Finreon IsoPro®	
Infosys	2.36
Reliance Industries	2.22
Dr.Reddy'S Labs.	2.17
Wipro	2.09
Icici Bk.Adr	1.89
Quanta Computer	1.22
Alibaba Group Holding Adr 1:8	1.15
Jd Com Adr	1.10
Chunghwa Telecom	1.08
Emirates Telecom.	1.07

## Current portfolio characteristics

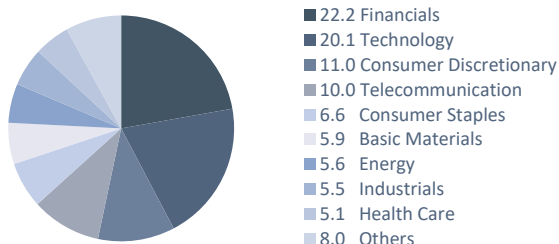
### Countries in %



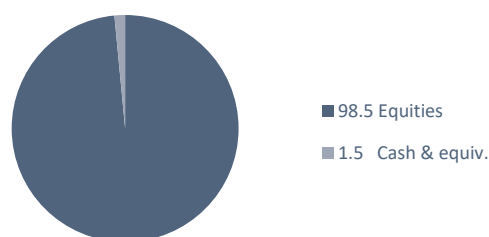
### Currencies in %



### Sectors in %



### Asset classes in %



Performance Finreon Emerging Markets Equity IsoPro®: Backtesting until 01/2013, Finreon Emerging Markets Equity IsoPro® Fund Class-D since 02/2013.

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## Investment opportunities

The Finreon Emerging Markets Equity IsoPro® strategy can be accessed by qualified investors through both investment mandates and collective investment schemes. Please contact us for further information about our mandate solutions. Information about the fund and the individual share classes can be found below:

Fund			
Investment advisor	Finreon Ltd, St.Gallen	Marketing licence	Switzerland
Investment manager	Credit Suisse Ltd, Zurich	Benchmark	Emerging Markets Equities NR
Fund management	CS Funds Ltd, Zurich	Fund AuM	USD 25.22709117m
Custody bank	Credit Suisse Ltd, Zurich	Liquidity and remarks	daily; physical equity investment, no sec lending, no leverage/short-selling (Comm 1 / BVV 2)
Structure	Fund according to Swiss Law, FINMA-regulated		

Share classes	Class-A	Class-C	Class-I0	Class-I1	Class-I2	Class-D
Conditions	-	> CHF 0.5 Mio.	Institutional investors/Discr. mandate agreement <sup>1)</sup>	> CHF 5m	> CHF 10m	Discr. mandate agreement and ~ > CHF 25m <sup>2)</sup>
ISIN	CH0200879374	CH0552963404	CH0596084357	CH0200884168	CH0343985195	CH0200881537
Valor	20087937	55296340	59608435	20088416	34398519	20088153
Bloomberg	FINEMEA SW	-	FIMEIIU SW	-	-	FINEMED SW
Currency	USD	USD	USD	USD	USD	USD
Subscription currency	USD and CHF	USD and CHF	USD and CHF	USD and CHF	USD and CHF	USD and CHF
Distribution policy	accumulating	accumulating	accumulating	accumulating	accumulating	accumulating
Management fee p.a.	1.25%	0.85%	0.85%	0.55%	0.45%	to be agreed individually
Inception date	05/02/2013	14/08/2020	19/02/2021	-	-	15/01/2013
NAV	958.82	1028.49	805.27	-	-	958.82

1) The investor must have concluded a discretionary mandate agreement or similar written agreement, or has to be an investor according to Art. 10 Abs. 3 und 3ter KAG.

2) The investor must have concluded a discretionary mandate agreement or a similar written agreement with the fund administrator or with Credit Suisse Ltd., Zurich, or must invest via a financial intermediary, who has concluded a partnership agreement with the fund administrator or with Credit Suisse Ltd., Zurich. Additionally, the investor must have concluded an advisory agreement with Finreon Ltd.. The acquisition of the Class-D must be explicitly permitted in the contracts.

## SVVK-ASIR Compatibility / Exercise of Voting Rights by ISS

Finreon funds do not invest in companies involved in the development or manufacture of nuclear weapons, biological and chemical weapons, anti-personnel mines and cluster munitions. We are guided by the exclusion list of the Swiss Association for Responsible Investment (SVVK - ASIR). Voting rights are exercised systematically, following the recommendations of the voting rights advisor Institutional Shareholder Services (ISS).

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