Swisscanto (LU) Bond Fund Vision Responsible EUR AA

Swisscanto by Zürcher Kantonalbank

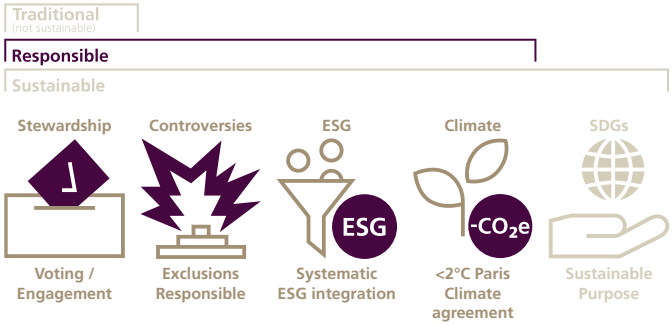
Bonds | distributing | February 2024

Fund Description

The fund dynamically invests in government and corporate bonds in EUR. The interest rate risk is actively adjusted over the entire interest rate curve according to the current market environment. The focus is on investment-grade bonds. At times, investments can be made in bonds with lower ratings, debtors from emerging countries and convertible bonds. The investment policy and benchmark were amended on 14 July 2017.

Product line and sustainability approaches in use

When selecting investments, the product lines and sustainability approaches illustrated below and described in the "Explanations regarding product lines and sustainability approaches" are used.



Note:
- Greyed-out product lines and approaches are not applicable to the assets in question.
- Exclusions based on SVVK-ASIR are applied in all three product lines (Traditional (non-sustainable), Responsible and Sustainable).

Swisscanto Sustainability Rating

high **A** B C D E F G low

Profile/Suitability

This product is suitable for investors who
- have at least a medium-term investment horizon.
- wish to cover all investment opportunities of the bond market in EUR with one solution.
- wish to entrust the active adjustment of the interest rate and credit risks to a specialist.
- have the necessary risk tolerance towards the interest rate and credit risks of the asset class.

Risk Indicator

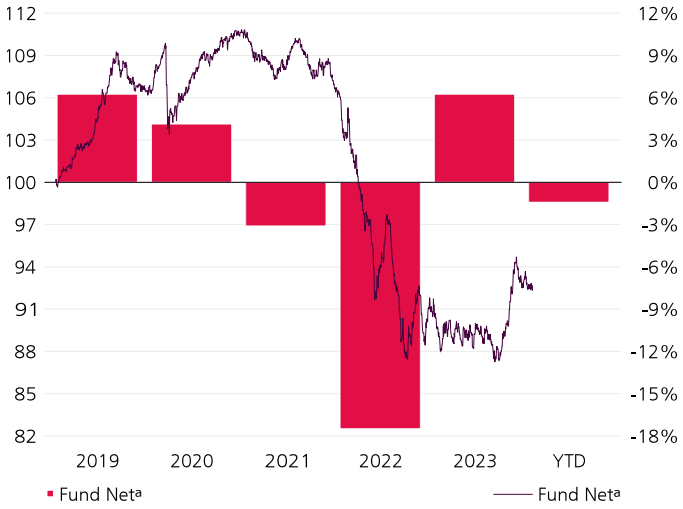
low 1 2 **3** 4 5 6 7 high

Fund Facts

NAV per Share (29.02.2024)	EUR 61.30
52-Week High (27.12.2023)	EUR 62.65
52-Week Low (03.10.2023)	EUR 57.71
Fund Domicile	Luxembourg
Share Class Currency	EUR
Fund Currency	EUR
Accounting Year End	31.01.
Security Number	1363644
ISIN-Number	LU0141248459
Bloomberg	SWCBXEU LX
Share Class Launch Date	02.03.1992
Inception Date Fund	02.03.1992
Start Performance Calculation	01.04.1992
Strategy change	14.07.2017
Change in sustainability policy	05.10.2020
Share Class Volume (million)	EUR 50.96
Fund Volume (million)	EUR 143.23
Shares Outstanding	831'307.924
Last distribution (23.05.2023)	EUR 0.45
Benchmark	Bloomberg Euro Aggregate Bond Index
SFDR	Article 8
Flat-Rate Management Fee p.a.	0.75%
Flat Fee p.a.	0.95%
Total Expense Ratio p.a.	1.00%
Swinging Single Pricing	Yes
Management Company	Swisscanto Asset Management International S.A., Luxembourg
Portfolio Management	Zürcher Kantonalbank
Custodian Bank	CACEIS Investor Services Bank S.A.

Performance

Indexed Performance and Performance in %[1]



Indexed performance (left scale). Performance in percent (right scale).

Performance in %[2]

Since	1m	3m	1yr	3yrs p.a.	5yrs p.a.	10yrs p.a.
Fund Net[a]	-1.03	1.89	4.77	-5.24	-1.71	0.11
Fund Gross[b]	-0.95	2.15	5.82	-4.29	-0.72	1.08
Benchmark	-1.08	1.88	5.60	-4.62	-1.45	0.71

Annual Performance in %[1, 2]

Year	2019	2020	2021	2022	2023	YTD
Fund Net[a]	6.25	4.14	-3.10	-17.49	6.25	-1.42
Fund Gross[b]	7.32	5.19	-2.13	-16.66	7.32	-1.25
Benchmark	5.98	4.05	-2.85	-17.17	7.19	-1.40

Distribution amount in the reference currency as well as in %[1, 2]

Year	2019	2020	2021	2022	2023	YTD
Distribution	0.65	0.30	0.25	0.20	0.45	n.a.
Distribution in %	0.99	0.44	0.34	0.25	0.81	n.a.

Absolute money amounts in the reference currency of the fund and in percent.

Risk Figures

annualised/realised	1yr	3yrs	5yrs
Volatility Fund	5.18%	7.20%	6.36%
Volatility Benchmark	5.29%	7.07%	6.20%
Beta	0.96	1.01	1.01
Sharpe Ratio	0.26	-0.89	-0.33
Jensen's Alpha	-0.72%	-0.63%	-0.24%
Information Ratio	-0.96	-0.59	-0.27

Portfolio Data

	Fund	BM
Number of Positions	487	7'184
Modified Duration	6.74	6.44
Yield (without currency hedging)	3.37%	3.25%
Time to Maturity in Years	8.10	7.70
Average Coupon	2.26%	2.06%
Average Rating	A+	A+
Number of direct investments	203	n.a.
Effective Cash	1.92%	n.a.

[1] Year/period: Since start performance calculation or at the longest for the last five years/periods.

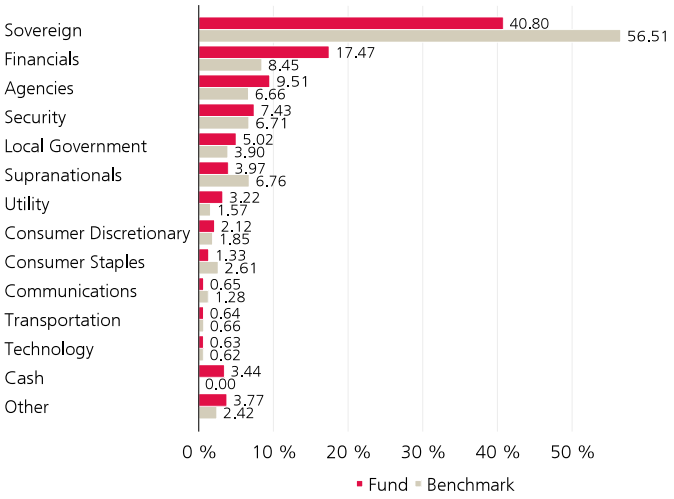
[2] Minor deviations can be caused by rounding errors.

[a] The represented net value development less all regular fund fees due. Any further costs due, which can be charged directly to the fund assets, are disclosed in the fund prospectus.

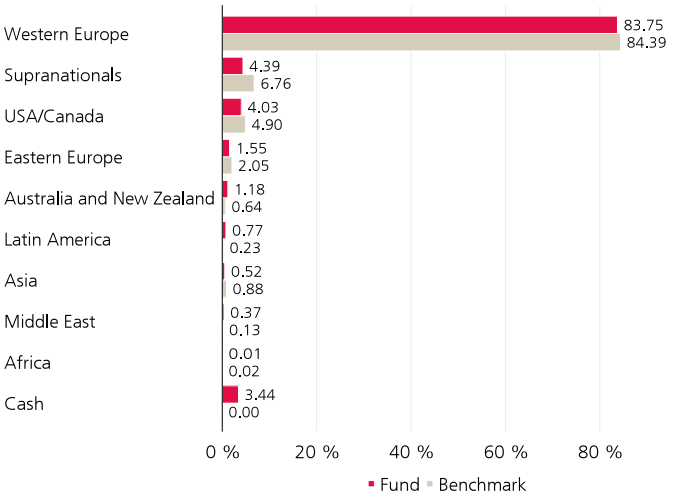
[b] The gross performance indicated before deduction of any regular fund fees incurred.

Breakdowns

Breakdown by Sectors in %

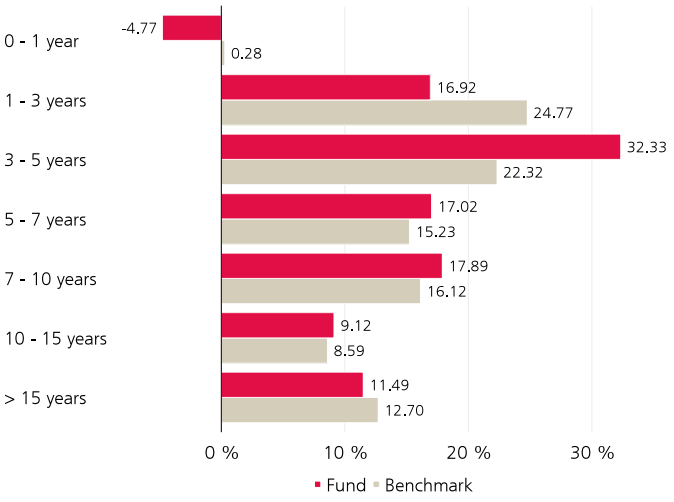


Breakdown by Regions in %



Minor deviations can be caused by rounding errors.

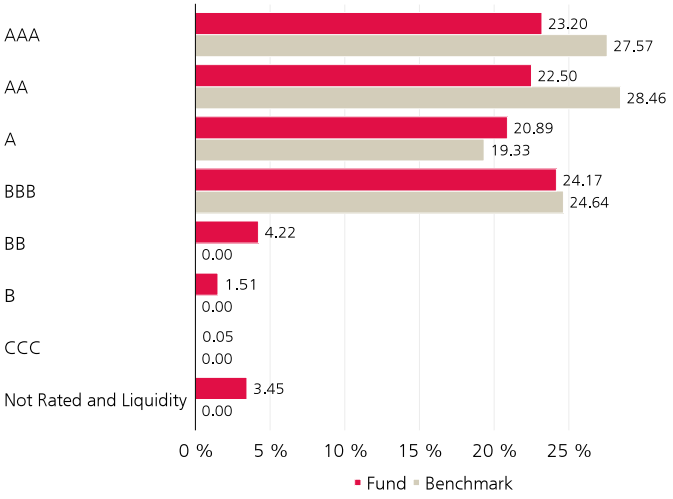
Breakdown by Maturity in %



Exposure values reflect the economic perspective. Negative values thus do not necess. result from actual short positions, but can arise due to the calc. method (such as derivatives or value diff.).

Minor deviations can be caused by rounding errors.

Breakdown by Credit Rating in %



Minor deviations can be caused by rounding errors.

Largest Issuers in %

	Fund	BM
Republic of Italy	10.03	12.03
French Republic	8.17	13.24
Kingdom of Spain	8.04	7.84
République Fédérale d'Allemagne	7.36	10.24
Republic of Austria	3.00	1.95
Intesa Sanpaolo SpA	2.21	0.18
UniCredit SpA	2.16	0.15
Kingdom of the Netherlands	2.09	2.41
International Development Association	1.69	0.09
UBS Group AG	1.59	0.26

Explanations regarding product lines and sustainability approaches

Product lines
The sustainability product range comprises two product lines in which different sustainability approaches are applied. The «Responsible» product line includes as standard the application of further exclusions, systematic ESG analysis as an integral part of the investment process and a reduction in the CO_2e intensity of the investments. In addition to the aforementioned approaches, the «Sustainable» product line includes the application of even more extensive exclusions and also invests in SDG leader or ESG leader (Sustainable Purpose). The exclusions based on SVVK-ASIR are applied in all product lines (including for assets that are not sustainably managed). These mainly include manufacturers of banned weapons and may also include states in addition to companies.

Stewardship - Voting / Engagement
As a shareholder, we actively engage in continuous dialogue with the companies management. This takes place in accordance with the engagement guidelines of Zürcher Kantonalbank's asset management. Among other things, companies are required to formulate ambitious greenhouse gas reduction targets, implement them consistently and report on them transparently. Our engagement activities and guidelines are published on https://www.zkb.ch/en/home/asset-management/sustainability/investment-stewardship.html. Our voting guidelines are based on Swiss and international corporate governance principles and on the United Nations Principles for Responsible Investment (UN PRI). The threshold for exercising voting rights in foreign markets is CHF 5 million per share position. For Swiss shares, we vote across the board. More information on our voting behaviour can be viewed at: https://www.swisscanto.com/voting

Controversies - Exclusions Responsible
Application of further exclusion criteria - in addition to the exclusions based on SVVK-ASIR - in order to reduce sustainability risks and with the aim of not investing in securities with business models that are critical from a sustainability perspective. The exclusion criteria apply to companies associated with the extraction of coal (excluding metal production; >5% revenue)*, coal reserves (excluding metal production)*, production of weapons and ammunition, manufacture of military hardware (>5% revenue), production of pornography, exploitative child labour and/or UN Global Compact violations (excluding green and sustainability bonds, if applicable). Violations of the UN Global Compact principles revealed by our screening are examined in closer detail by our analysts. As part of the engagement, we seek dialogue and encourage companies to change their behaviour. If no change occurs within a reasonable period of time, existing systems must be sold. *Excluding green and sustainability bonds

ESG - Systematic ESG integration
The systematic analysis of ESG criteria forms an integral component of the active investment process, with the aim of identifying risks and opportunities based on ESG trends at an early stage. ESG criteria supplement the pure financial analysis and lead to more informed investment decisions.

Climate - <2°C Paris Climate agreement
In accordance with the Paris Climate Agreement, the investment activity of the portfolio is aimed at reducing the CO_2e intensity of the investments by at least 4% per year. The investment strategy target is based on the CO_2e intensity of the investment universe at the end of 2019.

SDGs - Sustainable Purpose
The "Sustainable Purpose" approach focuses on returns through investments in companies and countries with societal benefits (SDG leaders). SDG leaders use their investment power to provide environmentally and socially responsible products and services. In this way, they contribute to the fulfilment of one or more UN Sustainable Development Goals (UN SDGs). For diversification purposes, a best-in-class approach can also be used to invest in securities that are rated above average in terms of ESG criteria (ESG leaders).

Note:
- Greyed-out product lines and approaches are not applicable to the assets in question.
- Exclusions based on SVVK-ASIR are applied in all three product lines (Traditional (non-sustainable), Responsible and Sustainable).

Further information
Further, supplementary product-specific explanations regarding the sustainability approaches applied can be found in the relevant legal documents at products.swisscanto.com.

Sustainability approaches
The sustainability approaches apply to all assets or to a substantial part of the assets. Detailed information on this can be found in the prospectus, fund agreement or investment guidelines.

CO_2e
CO_2e equivalents (CO_2e) are a measure to standardise the climate impact of the greenhouse gases carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O) and fluorinated greenhouse gases (CFCs). All of these gases remain in the atmosphere for different lengths of time and do not contribute equally to the greenhouse effect.

ESG
ESG stands for the aspects of environment (E), social (S) and governance (G).

SVVK-ASIR
The Swiss Association for Responsible Investments (SVVK) is an association of institutional investors and was founded in 2015. The association provides services to its members so that they can focus their investment decisions on the environment, society and the economy.

Swisscanto Sustainability Rating
The proprietary Swisscanto Sustainability Rating provides information on the current sustainability level of the portfolio. It is calculated from the values of the collective assets and individual securities contained in the portfolio and is divided into seven sustainability classes from A (highest level) to G (lowest level). To calculate the rating, companies and countries are assessed on the 4 pillars of our sustainability research: controversial areas of business (controversy), sustainable corporate governance (ESG), greenhouse gas emissions (climate) and impact of products on the environment and society (Sustainable Purpose). The Swisscanto Sustainability Rating is recalculated once per quarter end.

Comments to the Fund

Target Investor Group - Term
All Investors

Target Investor Group - Description
A class is offered to all investors. The second letter «A» indicates that the class distributes profits. A flat rate administrative fee is charged.

Flat Fee (FF)
The AIF is used to compensate the fund management company and fund administration, asset management and - if compensated - the distribution of the fund as well as the custodian bank for the services it provides.

Flat-Rate Management Fee (FMF)
The FMF is used for asset management and, where compensated, the sale of the fund. The FMF is a component of the FF.

Total Expense Ratio (TER)
The TER refers to the commissions regularly charged to the fund assets (operating expenses) and is expressed as a percentage of the fund's assets. The figure quoted relates to the level of the TER in the past financial year and does not guarantee that the level will be similar in the future.

Swinging Single Pricing (SSP)
Upward or downward correction in the net asset value pertinent for the calculation of the issue and redemption prices depending on whether issues or redemptions of units predominate. The correction (swing factor) is based on the size of the costs incurred by the investment fund in adjusting the portfolio in line with the asset inflows/outflows (neutralises the costs incurred by the investment fund in adjusting the portfolio in line with asset inflows/outflows). The (gross/net) performance shown may contain a swing-price adjustment.

Benchmark comparison
This is just a benchmark comparison. The fund's performance does not depend on the benchmark, particularly in terms of the portfolio composition.

Explanation of general risks
Investment involves risks, especially with regard to fluctuations in value and return. Investments in foreign currencies are subject to exchange rate fluctuations. Custody and counterparty risks represent further significant risks. We hereby refer to the detailed description of various risks which are included in the prospectus.

Risk Indicator
The historical data used to calculate the risk and return category cannot be used as a reliable indication of the future risk profile. The reported risk and return category may well be subject to change. The lowest risk category cannot be compared with a risk-free investment. There is no capital guarantee or capital protection. The risk of capital loss is borne by the investor.

Breakdown Allocations
Allocation refers to invested fund capital adjusted to 100%. Minor deviations can be caused by rounding errors. The weighting of the money market may include the synthetic exposure from the equity hedging strategy.

Volatility
Volatility is a statistical measure of risk which indicates the extent to which the absolute return on an investment or a portfolio fluctuates on average around its mean value in the course of a year.

Beta
Indicates the relative fluctuation range of a stock compared to the market as a whole. It measures the sensitivity of the stock in terms of fluctuations in its price compared to the market as a whole. If the value is between 0 and 1, the price change is below that of the market. If the beta is greater than 1, the price change of the stock is higher than that of the market on average. If it is less than 0, this describes a movement in the price of the stock counter to market trends. At 0, there is no apparent relationship.

Sharpe Ratio
The Sharpe ratio is a performance measure which indicates the risk-adjusted excess return (difference between the portfolio return and the risk-free return) compared to the investment risk incurred (volatility).

Jensen's Alpha
Jensen's alpha measures the additional return achieved versus a comparable passive investment (i.e. an investment with the same market risk or beta). Jensen's alpha is used to assess the performance of a portfolio manager. It differs from the relative – or excess – return, which is not risk-adjusted.

Information Ratio
The information ratio shows the relationship between under/overperformance and tracking error. It indicates how much more or less return was achieved per unit of active risk incurred or the extent to which the active risk paid off in the form of a higher return.

Modified Duration
The modified duration indicates by how many percent the price of a bond changes if the market interest rate changes by one percentage point.

Effective Cash
Under cash, we report the total effective liquidity of all bank accounts as a percentage. Cash in foreign currencies is converted into the fund currency and added.

Direct Investment
Unter Under number of direct investments (directly held investments), we report the total of all individual investments without the individual positions of the Swisscanto target funds.

Yield (without currency hedging)
The yield refers to the duration-weighted yield on the portfolio in local currency. No currency hedging is taken into account.

Average Coupon
To calculate the average coupon, the coupons are weighted according to the current outstanding volume of invested bonds.

SFDR
Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector (SFDR).

ISO Certification
Asset Management at Zürcher Kantonalbank is ISO 9001 certified. The ISO 9001 certification guarantees that the authorised user has a management system that meets the requirements of a suitable and recognised standard and has been successfully certified/assessed by the Swiss Association for Quality and Management Systems (SQS).

Further Specific Explanations
The investment policy and benchmark were amended on 14 July 2017. The investment universe was previously restricted to bonds with a minimum rating of AA-. The historical benchmark JP Morgan GBI EMU AAA-A, however, included bonds up to and with a single A rating.

Disclaimer
This document is for information and promotional purposes only, is intended for distribution in Switzerland, and is not addressed to persons in other countries or to any person who by domicile or nationality is prohibited to receive such information according to applicable law.

Every investment involves risks, especially in terms of fluctuations in value and return. Past performance and returns are no guarantee of future investment success. The performance data have been calculated without taking account of the costs and commissions charged at the time of the issue and redemption of units.

Swisscanto and Zürcher Kantonalbank have taken all reasonable care in the preparation of this document. However, Swisscanto and Zürcher Kantonalbank do not provide any guarantee with regard to the correctness or completeness of the information the document contains and waive any liability for losses arising from its use. This document is neither an offer to conclude a contract nor an invitation to provide an offer for bank products and services. It does not constitute an offer or a recommendation for the subscription or redemption or for the acquisition, holding or sale of financial instruments. The recipient, if need be with the assistance of a consultant, is recommended to assess the information in consideration of their personal situation with regard to legal, regulatory, tax and other consequences that might be invoked. This document is not a prospectus or a basic information sheet.

The products and services described in this document are not available to US persons in accordance with the applicable regulations.

The fund is an undertaking for collective investment in transferable securities (UCITS) within the meaning of the EU Directive 2009/65/EC, which is subject to oversight from the Luxembourg Supervisory Authority (CSSF). The current fund documents (sales prospectus, contractual terms, key information document and annual/half-yearly reports) can be obtained free of charge from swisscanto.com, the Swiss representative, Swisscanto Fund Management Company Ltd., Bahnhofstrasse 9, CH-8001 Zurich, and the distributors of Swisscanto Fund Management Company Ltd. in Switzerland, via which fund units can be subscribed or redeemed. Paying agent in Switzerland: Zürcher Kantonalbank, Bahnhofstrasse 9, 8001 Zurich.