



“Reduce your carbon footprint while making money”

Our Opinion
July 2024

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Dear Readers

The article “Reduce your carbon footprint while making money” shows how to use sustainable investments to reduce your carbon footprint and even make money doing it.

Looking for advice and support on financial matters? Our investment advisors look forward to hearing from you and will be happy to talk to you personally.

We wish you a pleasant read.
Your Advisory Team

“Reduce your carbon footprint while making money”

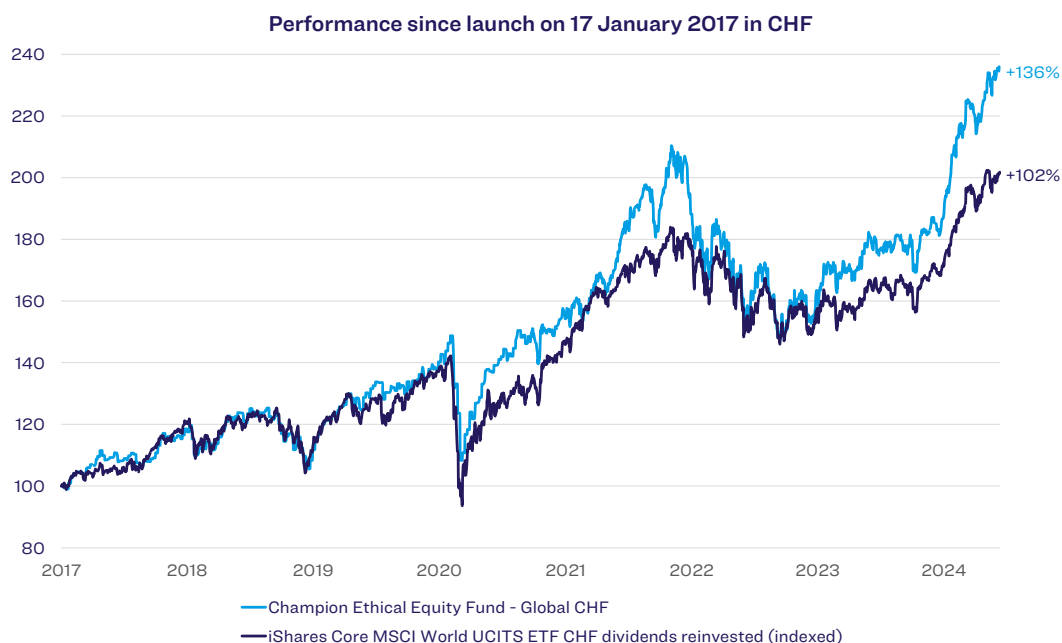
Neue Bank traffic light

-  strongly bearish
-  bearish
-  neutral
-  slightly bullish
-  bullish
-  strongly bullish

Equities

People living in the western world produce an average of about 10 metric tons of CO₂ equivalents (CO₂e is a unit of measurement used to standardise the various greenhouse gases) per person per year. To mitigate the impact of climate change, this average would have to be reduced to 2 metric tons of CO₂e, i.e. by 80% per person, by 2030. But how can we reduce our carbon footprint without complete renunciation? The familiar measures include conscious consumption, solar power, sustainable heating systems, and electromobility. But there is also another way to make a big difference – with sustainable investments. Neue Bank is a pioneer in this area and has been offering sustainable investments for many years. Our primary goal is to reduce our carbon footprint. We only consider companies that report low CO₂e emissions based on measurable data and are striving to further reduce those levels in future. The decisive factor for our approach is therefore not the company's end product, but how sustainably and resource-efficiently the product is produced. We also exclude all companies that are active in controversial business areas such as alcohol, tobacco, gambling, weapons/armaments, nuclear energy, adult entertainment, genetic engineering, oil, gas, and coal. Additionally, the companies must be among the best in environmental, social, and governance (ESG) rankings, achieving an MSCI ESG rating of A or better. Finally, the remaining companies undergo our quantitative financial analysis, of which the best 30 companies are included in the portfolio. This strategy has been implemented in our asset management since 2009 and, since the beginning of 2017, in our Champion Ethical Equity Fund – Global, for which we serve as investment advisors.

This approach has enabled us to significantly outperform the benchmark:



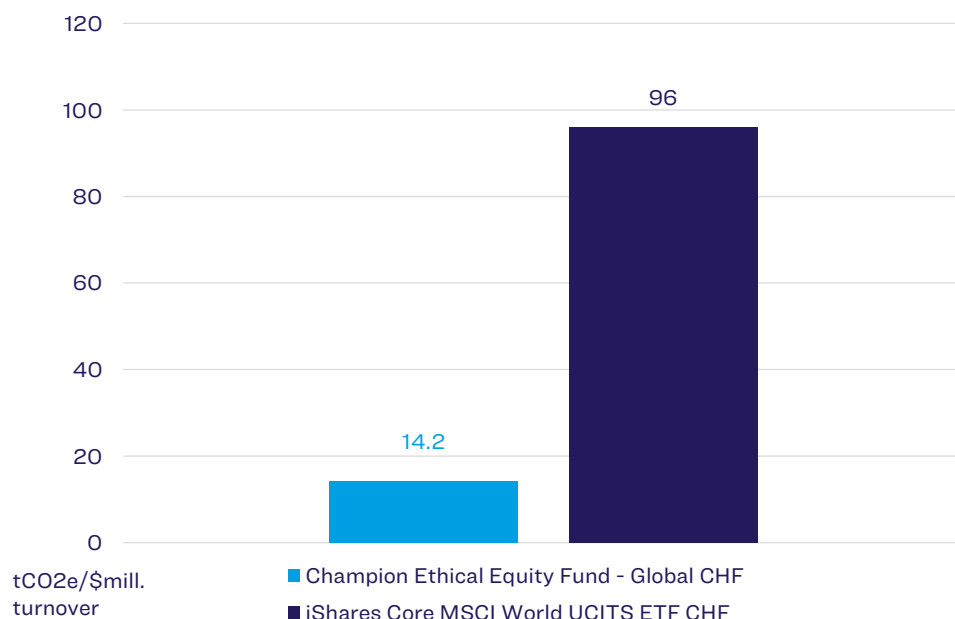
Source: Bloomberg and Neue Bank AG

With a cumulative return of 136%, the fund outperformed the benchmark by 34%, corresponding to an annual return of 12.2% in CHF.

The fund also ranks among the best when compared with the peer group.

On Morningstar, the fund is among the top 10 in its category (Global Growth Equities) and is rated with the maximum of 5 stars. But what about the fund's sustainability? Can the fund significantly reduce its carbon footprint compared to the benchmark? The CO₂e emissions caused by the companies in the fund can be evaluated using measurable data. For this purpose, we work with a leading provider of ESG data (MSCI ESG Research). The following chart shows the emissions in tons of CO₂e per million USD in turnover of the fund compared to the benchmark.

CO₂e emissions as of 31 May 2024



Source: MSCI ESG Research and Neue Bank AG

As the chart shows, the fund has a carbon footprint that is 85% lower than the market as a whole, so it already meets the target mentioned at the beginning of this article, namely a reduction of emissions by 80% by 2030. The fund also has the highest ESG rating of AAA. This means that with Neue Bank's sustainable investment, you can already make a personal contribution to climate change today and even make "good" money at the same time. For more information, please contact our investment advisors.

Economy

The economic data published in the United States paints a mixed picture. Retail sales were unexpectedly weak, and the high key interest rates are becoming increasingly noticeable in the construction sector. Sentiment among construction companies as well as housing starts and building permits have once again fallen sharply. The most recently published purchasing managers' indices show that the US economy is nevertheless in a much better position than other regions: the US has been a positive surprise here, while the Eurozone has disappointed. The index for the industrial sector in the Eurozone fell from 47.3 to 45.6, still well below the growth threshold of 50. Despite the decline in the manufacturing sector, the purchasing managers' index for the economy as a whole – manufacturing and services – signalled moderate growth for the fourth time in a row. The economic outlook remains subdued on both sides of the Atlantic.

Bonds

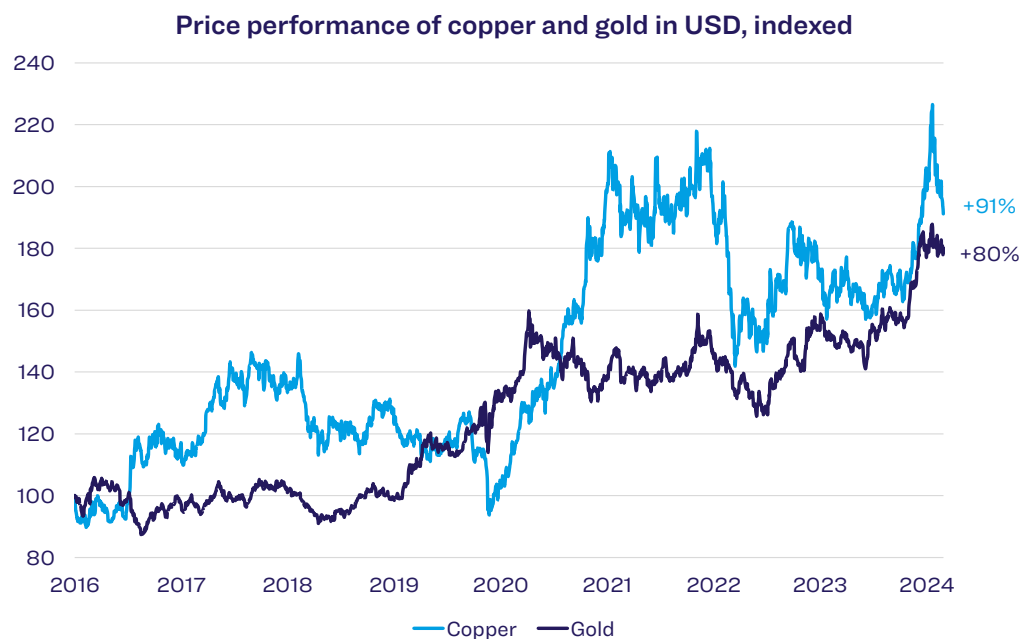
Following the poor performance of French President Emmanuel Macron's party in the European elections, Macron announced the dissolution of the National Assembly. In the run-off election on 7 July, the Rassemblement National (RN) under party leader Marine Le Pen could secure an absolute majority in parliament. Fears of a possible lurch to the right have caused yield premiums on 10-year French government bonds to rise compared to their German counterparts. The uncertainty will persist until the election results are known. If the RN actually emerges victorious, this could drive yields on French government bonds even higher in the short term, given that the outcome could unsettle investors, at least temporarily.

Currencies

While the US Federal Reserve (Fed) is still holding off on its first interest rate cut, the Swiss National Bank (SNB) has already lowered its key rate for the second time this year. In our opinion, the SNB's further interest rate cut was aimed at weakening the Swiss franc after it had appreciated significantly since the end of May. The move has been successful for the time being, and the CHF has depreciated against the major currencies. Investors have withdrawn money from the Swiss franc as the interest rate differential to other currencies has widened again. However, if the other central banks follow suit with interest rate cuts in the second half of the year, this effect could fizzle out again and the CHF could gain strength.

Alternative investments

Investors are looking enthusiastically at the ever-rising price of gold. In the shadow of that precious metal, however, most people overlook the fact that there is another metal whose growth in value has outperformed that of gold in recent years: copper.



Source: Bloomberg and Neue Bank AG

Although copper is – at least in chemical terms – a precious metal like gold, investments in the reddish-brown metal are a rarity. Copper is a versatile and highly conductive metal and plays a key role in the development and operation of renewable energy technologies. From solar modules and electric motors to wind turbines, copper is an essential component that enables the efficient generation, transmission, and storage of clean energy. Because of its importance in the energy transition, demand for copper is unlikely to diminish in future, which in turn should drive up the price even further.

PRIMUS–ETHICS

With the PRIMUS-ETHIK asset management mandate, we give investors the opportunity to incorporate environmental and social considerations into their investment decisions alongside financial aspects. We invest your assets in ethically and morally sound companies and apply professional approaches to their implementation. Scientific studies prove the positive effects of sustainability on economic success. Neue Bank AG’s client advisors will be happy to show you the special features of this asset management solution in a personal meeting.

Key Performance Indicator in Equities World CHF¹

	30.06.2024	2023	2022	2021	2020	2019
PRIMUS-ETHICS Equities World	28.73%	11.37%	-30.09%	32.10%	11.50%	30.07%
Benchmark	17.78%	7.24%	-22.63%	21.89%	12.09%	24.76%

¹ Past performance is not an indicator of future performance and offers no guarantee of success in the future. The presentation of performance is gross without taking into account your individual tax liability. The net performance is lower due to fees. You can also find Our Opinion on our website: www.neuebankag.li S.E.& O.

Market data

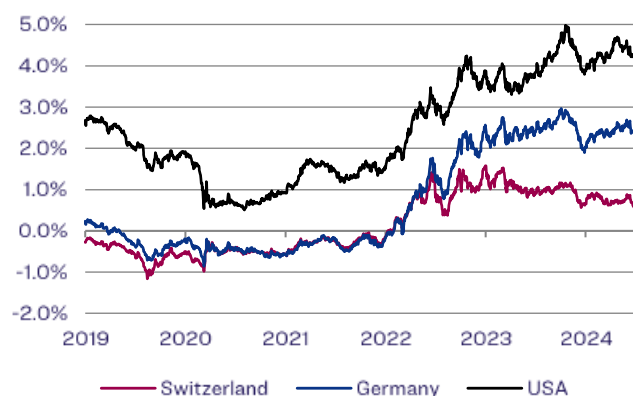
Stock market (indexed)



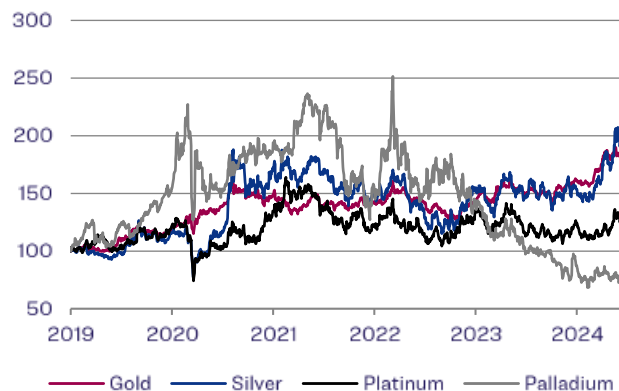
EUR/CHF and USD/CHF



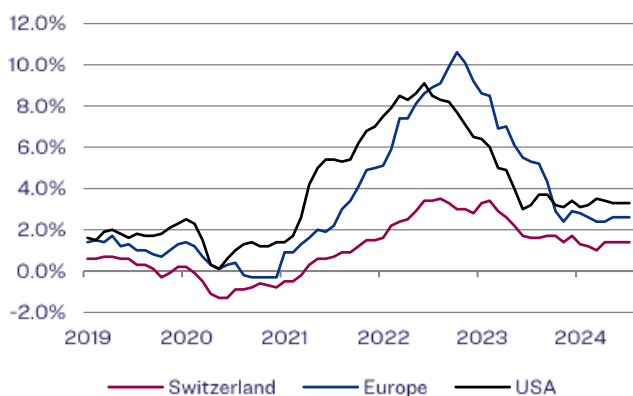
10-year government bond yield



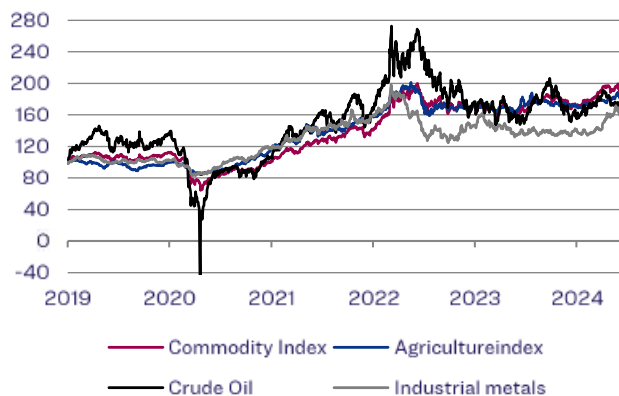
Precious metals (indexed)



Inflation rate



Raw materials (indexed)



The price developments are shown over 5 years.

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