AIBE
ESG: State of the Art

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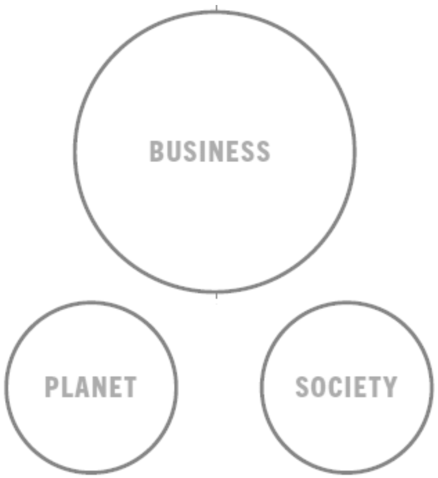
MARCH 2023, MILANO

From shareholder value to systemic value

1980

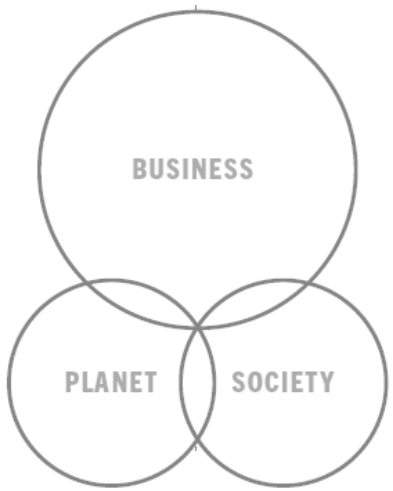
The era of shareholder value



The Earth and society are secondary to profits

2000

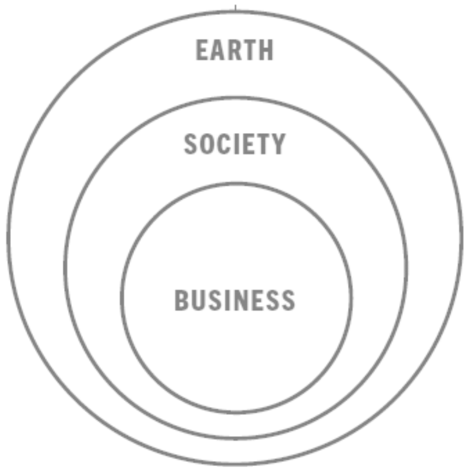
Creating shared value



Company Corporate Social Responsibility emerges with realisation that business spillovers onto broader society can no longer be ignored

2020

The era of systematic value



A new system of value creation.
Business operates within boundaries

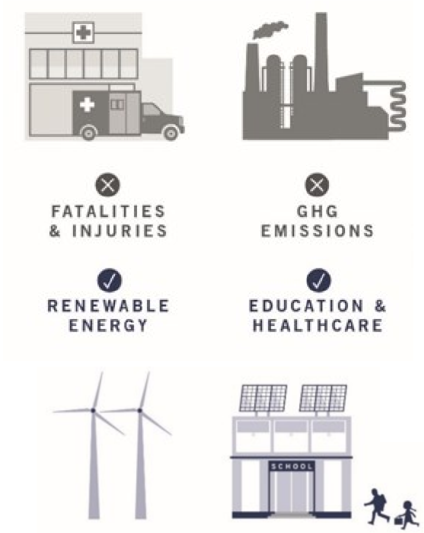
For illustrative purposes only

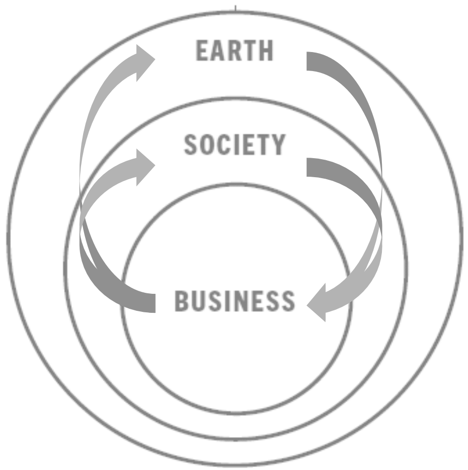
The connection between Environmental and Social risks and impacts

1

IMPACT

How **economic activities** impact the **environment and the society**





2

SUSTAINABILITY RISKS

How the **environment and social issues** impact **economic activities**

3

GOVERNANCE OF ECONOMIC ACTORS

Facilitates our understanding of how these actors address their (1) **impact** and (2) **Sustainability risks** and their **strategies to mitigate the negative and foster the positive**

GHG stands for Greenhouse Gas
For illustrative purposes only

1805

Ambitions for European Banks

As a firm, responsibility starts with what we do with our own assets

As an investor, our biggest impact lies in how we manage assets on behalf of our clients

OWN ASSETS

1 BALANCE SHEET

2 EMPLOYEE ENGAGEMENT

3 DIRECT ENVIRONMENTAL IMPACT

4 PHILANTHROPY

5 ADVOCACY & PARTNERSHIPS

CLIENT ASSETS

6 ESG INTEGRATION

7 PRODUCTS & SOLUTIONS

8 ACTIVE OWNERSHIP

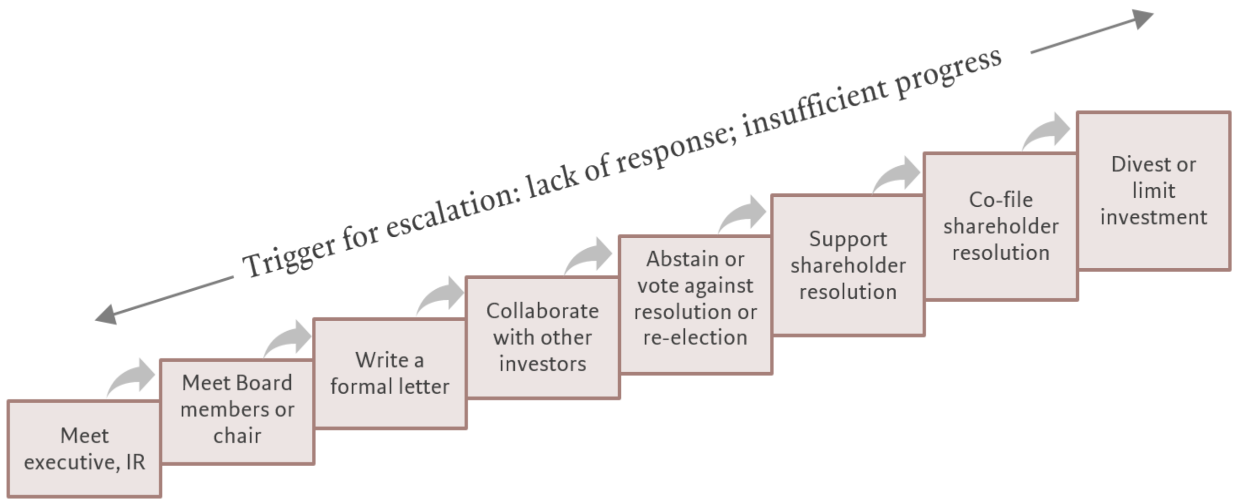
9 CLIENT DISCLOSURE

10 RESEARCH & THOUGHT-LEADERSHIP

Active Ownership

Active ownership means actively exercising your rights as a shareholder.
The two main ways to do this are engaging in dialogue with companies and voting at shareholder meetings.

- An AGM can be the starting point of an engagement dialogue
- Voting can be used as an escalation strategy to incentivise progress on engagement objectives
- Coordinated voting and engagement activities guide the establishment of a structured approach to interacting with companies across investment teams.



2.

Glossaries & Disclaimers

Glossary of financial terms (1/4)

1M, 3M, 6M, 12M: Respectively, 1-Month, 3-Month, 6-Month and 12-Month

1st lien: Secured debt having a first priority claim for repayment. Indicates layering of capital for secured 1st lien financing, high yield corporate debt used in leveraged buyouts, acquisition financing, or project finance. 1st lien notes rank above 2nd and 3rd lien notes.

1Y: 1 Year

2nd lien: Secured debt having a second priority claim for repayment. Indicates layering of capital for secured 2nd lien financing, high yield corporate debt used in leveraged buyouts, acquisition financing, or project finance. 2nd lien notes rank behind 1st lien notes, and ahead of 3rd lien notes.

3rd lien: Secured debt having a third priority claim for repayment. Indicates layering of capital for secured third lien financing, high yield corporate debt used in leveraged buyouts, acquisition financing, or project finance. 3rd lien notes rank behind 1st and 2nd lien notes.

Activated: For exotic options, condition when met which activates the Option or the Payout (Kick In, Kick In at the end, Lock In, One Touch).

Alternative Currency: Currency in which the Investment Currency can be converted into under a certain scenario.

American Barrier: An option can be activated or de-activated if the Barrier is touched at any time during the lifetime of the option.

American style Option: With the American-style feature, the contract terms allow the option to be exercised at any point during the contract period.

Asset backed bond: Claim for repayment is backed by a specific set of underlying assets. Reflects bonds that are secured by assets which are legally separated from a borrower's other assets.

ATM (At the Money): A Put or Call option with an exercise price close or equal to the underlying security's current market value.

Basing process/accumulation is a term used by technical analysts that refers to a consolidation in the price of a security, usually after a downtrend, before it begins its bullish phase. The resulting price pattern looks flat, or slightly rounded.

Bearish/bullish divergences on indicators (RSI, Stochastic, MACD…): Oscillators are most useful and issue their most valid trading signals when their readings diverge from prices. A bullish divergence occurs when prices fall to a new low while an oscillator fails to reach a new low. This situation demonstrates that bears are losing power, and that bulls are ready to control the market again—often a bullish divergence marks the end of a downtrend. Bearish divergences signify potential downtrends when prices rally to a new high while the oscillator refuses to reach a new peak. In this situation, bulls are losing their grip on the market, prices are rising only as a result of inertia, and the bears are ready to take control again.

Bearish/Bullish engulfing: Used in Technical Analysis, to identify a reversal in the trading pattern. A small white body is contained within the following large black candlestick (bearish). If a small black body is contained within the following large white candlestick this is a bullish signal.

Bearish: Expecting a price fall.

BoC: Bank of Canada, central bank of Canada

BoE: Bank of England, central bank of the United Kingdom

BoJ: Bank of Japan, central bank of Japan

Bollinger Bands: Developed by John Bollinger, a band is defined using the Standard Deviation from a simple Moving Average. Used to identify low / high volatility periods.

bonds: A certificate of debt issued by a government or corporation with the promise to pay back the principal amount as well as interest by a specified future date.

Broken Support / Resistance: Indicator which points to a potential further downside / upside correction when broken.

Bullish: Expecting a price rise.

Call Option: The buyer of a Call option has the right, but no obligation to purchase the Underlying at the Strike price. In exchange of this right, the buyer must pay a premium. The seller of a Call has an obligation to sell the Underlying at the Strike price if the buyer wants to exercise his right. The seller receives a premium in exchange of the carried risk.

Candlesticks: Candlestick charts originated in Japan in the 1700s. A Japanese man named Homma discovered that, while there was a link between price and the supply and demand of rice, the markets were strongly influenced by the emotions of traders. Just like a bar chart, a daily candlestick shows the market's open, high, low, and close price for the day. The candlestick has a wide part, which is called the "real body." This real body represents the price range between the open and close of that day's trading. When the real body is filled in or black, it means the close was lower than the open. If the real body is empty, it means the close was higher than the open. Just above and below the real body are the "shadows" or "wicks." The shadows show the high and low prices of that day's trading. If the upper shadow on a down candle is short, it indicates that the open that day was near the high of the day.

Carry (scorecard): 2-month deposit rate spread over the USD as an indicator of the carry of a given EM currency in relation to a universe of major EM currencies. Segmented into three sub-ranges of equal size.

CETA: Agreement between the EU and Canada (Comprehensive Economic and Trade Agreement)

CFETS RMB Index: China Foreign Exchange Trade System Index is a basket of 13 currencies (selected based on international trade-weights) against the Renminbi. This index is used by the PBoC to define the strength of Renminbi (RMB) against a basket of currencies..

CFTC: Commodity Futures Trading Commission

Channel: A pair of parallel Trend Lines drawn from the graph which are representing some Supports & Resistances. May be horizontal, ascending or descending.

Chart Pattern: In Technical Analysis, a chart pattern is a pattern within a graph believed to repeat in time which allows to predict future price movements. Chart patterns are used either as reversal or continuation signals.

Closed (Focus List): Trades closed or expired since the last publication.

Composite Forward: This generic product family is composed of multiple Exotic Options, which enables to Buy or Sell the Underlying at a more favourable level than the Forward rate at inception.

Consensus: A forecast based on the combined estimates of the analysts covering a public company.

Corrective wave: See Elliott Wave Theory.

Coupon: Maximum profit expressed in percentage.

Covered bond: A covered bond is an on-balance sheet obligation of the institution. Typically AAA rated, a covered bond receives the legal structure, the issuer's backing, and the pledge of quality assets, should the issuer fail make for a highly rated bond.

CPI-ATE: Consumer Price Index adjusted for tax changes and excluding energy products.

CPIF: Riksbank uses the consumer price index with a fixed interest rate, the CPIF, as its target variable for the inflation target.

CRB Index: Index, initially calculated by the Commodity Research Bureau (CRB), composed of industrial raw commodities. This index is providing an indication of the broad trend of the raw commodity space.

Cup and handle: A cup and handle is a technical chart pattern that resembles a cup and handle where the cup is in the shape of a "u" and the handle has a slight downward drift. It is considered a bullish signal extending an uptrend, and it is used to spot opportunities to go long.

DCN: Dual Currency Note, short-term investment solution aiming to generate some return by taking an FX risk.

De-activated: For exotic options, condition when met which de-activates the Option or the Payout (Knock Out, Lock Out, No Touch, Target reached, number of occurrence).

debentures: A long-term debt instrument that has no collateral other than the issuing company's general credit.

Deposit: Deposits are Structured Products with no capital protection at maturity. The investor bears the credit risk of the Deposit Taker.

Digital (Double) No Touch: A fixed payment (Payout) is paid if the market value of the underlying never touches or breaches a defined level during a specified time period.

Glossary of financial terms (2/4)

Digital European: A fixed payment (Payout) is paid if the market value of the underlying touches or breaches a defined level at the expiry of the option. **Digital One (Double) Touch**: A fixed payment (Payout) is paid if the market value of the underlying touches or breaches a defined level once during a specified time period.

Digital Option: Digital Options are used to express various market views depending on specific features. The option enables the Buyer to receive a Payout (specified amount) if the market expectations are met, against which the Buyer pays a Premium.

Discount Rate: Rate expressed in percentage which reflects the difference between the Spot rate at inception and the potential net buying price of the underlying.

Double Top / Bottom: Reversal Patterns, frequently observed at the end of the Bull market (Top) or Bear market (Bottom). The double level touched followed by the setbacks are defining a Neck Line, which provides a confirmation of the new Trend when breached: - The two peaks (Top) - opens a Bearish Trend after the Neckline is breached.- The two minima (Bottom) - opens a Bullish Trend after the Neckline is breached.

DXY: US Dollar Index

EBITDA: stands for Earning before Interests, Taxes, Depreciation and Amortization

ECB: European Central Bank, central bank of the 19 countries who adopted the Euro.

"Elliott Wave" Theory: According to Elliott Theory, we consider that markets' moves shape between optimism and pessimism in natural sequences (crowd psychology):- as impulse waves (1/3/5) - always subdivided into five sub-waves (1/2/3/4/5)- as corrective waves (2/4) - subdivided into three sub-waves (a/b/c), starting with a five-wave counter-trend impulse, a retrace, and another impulse. These waves follow a set of specific rules, and are linked to each other by target and retracement ratios based on the Fibonacci sequence. The personality of each wave is an integral part of the reflection of the mass psychology it embodies. Rules:- Wave 2 never retraces more than 100% of wave 1.- Wave 3 cannot be the shortest of the three impulse wave (1/3/5).- Wave 4 will usually not overlap the price territory of wave 1 (except of a diagonal triangle formation)."

EM: Emerging Markets

EMEA: Europe, Middle East and Africa

EPS : Earning per Share (EPS) ratio divides net earnings available to common shareholders by the average outstanding shares over a certain period of time.

EU: Europe

European Barrier (or at-the-end): An option can be activated or de-activated if the final spot or fixing on expiration date and time is at or beyond the Barrier.

European style Option: With a European-style feature, the contract terms allow the option to be exercised only on the expiration date.

EV: Enterprise Value (EV) is the total value of a company equal to its equity value, plus net debt, plus any minority interest.

Exercised: Action by the buyer to make use of the option, effectively triggering cash flows at the Strike Price.

Exotic Option: Option Call or Put with additional features (i.e. encompass all options which are not standard Call & Put).

Expiry: Date and time at which the instrument/right expires.

Fed/FOMC: Federal Reserve or Federal Open Market Committee, central bank of the United States of America

Fibonacci sequence: Fibonacci Retracement levels (23.6%, 38.2%, 76.4% & 100%).

Fiduciary / MM: Short-term cash investment with a Fixed Interest paid by the borrower.

Final Spot: Last Spot level used before the Expiry by the Buyer of the Option to decide if the Option is exercised or not.

Fixing: Observation made as a reference during the lifetime of the option to determine if an exercise will occur or not (with a potential specific frequency).

Forward: Agreement between two counterparties to Buy one currency and Sell a second currency at a specified price for a future delivery date.

FX: Foreign Exchange

G10: Group of 10 main economies

GDP: Is a monetary measure of the market value of goods and services produced in a period (quarterly, or yearly).

Growth (scorecard): Monthly growth-related indicators. The higher the indicator, the better it is for the growth outlook and the currency, between +1 and -1 this is neutral.

Head and Shoulder: Formation ahead of a Reversal Pattern from a Bullish or Bearish Trend (composed by a Left Shoulder, a Head, and a Right Shoulder). Used to confirm and estimate a probable extension of the subsequent move from the Neckline. The expected move is estimated in taking the vertical distance from the peak of the Head to the neckline and applying the same distance from the Neckline after the Right Shoulder is completed.

HKMA: Hong Kong Monetary Authority, central bank of Hong Kong

Ichimoku: Ichimoku Kinko Hyo equilibrium analysis is based on a moving average concept that enables to generate a pattern of signals (26 days in the past and 26 days in the future) with the current price. Used to identify short-term Momentum, long-term trends and Price Target.

Idiosyncratic factors (scorecard): This indicator is used to highlight significant threats or opportunities not captured by other indicators. A typical example is political risk, which is difficult to measure but can have a major impact on the currency.

Impulsive wave: See Elliott Wave Theory.

Inflation (scorecard): Annual change in headline inflation. An indicator that signals a risk of high inflation is deemed negative for the value of the currency. Between +1 and -1 as being neutral for a currency.

Investment Currency: Currency in which the deposit is denominated.

ITM (In the Money): Describes a Call option whose Strike price is lower than the current value of the underlying, or a Put option whose Strike price is higher than the current value of the underlying.

JGB: Japan Government Bonds

Junior subordinated: Unsecured claim for repayment that ranks behind other subordinated debt.

Keepwell Arrangement: A contract between two companies in which the first company agrees to ensure that its subsidiary maintains minimum financial standards to protect a future deal between the subsidiary and the second company.

Key reversal pattern: A one-day reversal that comes up when a market obtains a new high/low, preferably an instant high/low, called an uptrend, and then reverses to close the trade at or close to the low/high, called a downtrend, of the price bar. The meaning is that the market has had an extreme intraday sentiment change and a reversal is likely to occur.

Knock In (or Kick In) / Knock Out (or Kick Out): Kick/Knock In: Level which will activate the option or structured product if touched or breached. Kick/Knock Out: Level which will de-activate the option or structured product if touched or breached.

Knock Out: Level that will de-activate the option if touched or breached.

Last Price: Last observed Spot level.

Limit Price: Is the level which will trigger the execution of a Limit Order when reached and filled.

Loan: Amount borrowed at a defined rate for a fixed maturity.

Lock-In: The lock-in feature, if a predefined condition is met, allows locking a minimum redemption for a structured product.

LONG: Being exposed to the upside movement of the underlying. Or for Option when it is purchased.

Lower Band: Lower Trend Line of the Channel (see Channel).

MACD Indicator: Moving Average Convergence/Divergence is an Indicator of the change in the Underlying price trend. Used to define changes in the strength, direction, momentum and duration of a trend. Depends on three time constants of the three exponential moving averages (difference between time a and b, and the signal line which averages series of time c). Parameters are usually in number of days (commonly 12 (a), 26 (b) and 9 (c) days). A bar graph is showing the divergence between the two lines. When the (a) crosses (b), the histogram shows 0 (crosses above the zero line is a change from negative to positive MACD which is interpreted as bullish, but less momentum vs. a signal line crossover). Short-term set-up also used is (5, 35, 5 days).

MAS: Monetary Authority of Singapore, central bank of Singapore

Glossary of financial terms (3/4)

MoM: Month-on-Month, a comparison of a data point to data for the same time period a month previously.

Momentum: The rate of price change (ROC) between two closing prices (commonly between Today's close and 10 days ago). A simple moving average (commonly 5 days) is shown as a second line. Used to define Buy Signal (when Momentum line crosses above the Moving Average, or Sell signal (Momentum crosses below Moving Average).

Mortgage-backed: A security, generally issued or guaranteed by a federal agency, that is backed by a pool of mortgages.

Moving Average: Average of a defined initial subset prices (commonly on 50 days, 100 days, 200 days) connected by a line. Used to define short-term fluctuations and/or longer-term trends as the market assumes that prices at extremes tend to revert to the mean price. Can be simple or exponential.

NAFTA: North American Free Trade Agreement

Neckline: See Double Top / Bottom.

NEER: Nominal Effective Exchange Rate

New (Focus List): New initiated trades since the last publication

NIIP: Net International Investment Portfolio

Norges Bank: Central bank of Norway

OIS: Overnight Index Swap

OPEC: Organization of the Petroleum Exporting Countries, intergovernmental organization composed of 14 countries (oil producers).

Open (Focus List): Ongoing trades not yet matured.

Option: A currency option is a contract that grants the buyer the right, but not the obligation, to buy or sell a specified currency at a specified exchange rate on (European style) or before (American style) a specified date. For this right, the buyer pays a premium.

Oscillator: In Technical Analysis, Indicator oscillating within a band (above or below a center line, or between levels). Used to discover the Overbought / Oversold opportunities (common Oscillator: MACD, RSI, ROC).

OTC: Product not listed and traded on a regulated exchange.

OTM (Out of the Money): Describes a Call option whose Strike price is higher than the current value of the underlying, or a Put option whose Strike price is lower than the current value of the underlying.

Overbought: Indicator which points to a potential downside correction.

Oversold: Indicator which points to a potential upside correction.

Oz: The ounce (Oz) is a unit of imperial measure, now commonly used to measure the mass (weight, in common parlance) of precious metals. One troy ounce is defined as exactly 31.1034768 grams.

P.A.: Per annum

Pass thru certificate: A debt instrument that reflects an interest in a mortgage pool. Monthly payments of principal and interest are passed from debtor to investor through an intermediary.

Payout or Digital: The Payout is a fixed amount agreed in advance to be exchanged between two counterparties if a defined event occurs.

PB: Price-to-Book (PB) ratio divides a company's share price to its book value which is defined as its net assets

PE: Price-to-earnings (PE) ratio and is measure of the share price relative to a company's profit per share over a specific period of time (usually a year).

Perf.: Performance

Pivot level: Used to determine whether an Accumulation or Decumulation will occur for a specific Fixing.

PM: Precious Metals

PMI: Purchasing Manager Index

PMLN: Precious Metal Linked Note, short-term investment solution aiming to generate some return by taking a risk on Precious Metals.

PPP: Purchasing Power Parity

Premium: The Premium of an option is the price paid by the Buyer of the option to the Seller of the option. Generally, it is paid at inception (upfront). An option Strategy is said to be zero upfront premium when the sum of received Premiums is equivalent to the sum of paid Premiums.

PRR (Product Risk Ranking): The PRR (Product Risk Ranking) is a measure that categorizes the intrinsic risk of a financial instrument in 5 levels (from 1 = Very Low Risk to 5 = Very High Risk). The methodology we use to compute the PRR considers the risk of the underlying asset class, the risk derived from the specificities of the instrument but also the risk derived from the market conditions.

Pullback : A pullback is a technical analysis term used frequently when a stock "pulls" back to a resistance and/or support line, usually after a breakout has occurred. Pullbacks can be in an uptrend or downtrend and can pull back upwards or downwards. Pullbacks frequently become a new support or resistance line for the new trend as well.

Put Option: The buyer of a Put option has the right, but no obligation to Sell the Underlying at the Strike price. In exchange of this right, the buyer must pay a premium. The seller of a Put has an obligation to Buy the Underlying at the Strike price if the buyer wants to exercise his right. The seller receives a Premium in exchange of the carried risk.

Q1, Q2, Q3, Q4: Q1 stands for First Quarter, Q2 for Second Quarter, Q3 for Third Quarter, Q4 for Fourth Quarter

QE: Quantitative easing

QoQ: Quarter-on-Quarter, a comparison of a data point to data for the same time period a quarter previously.

Ratio: Proportion used to define the exchanged amount at the Expiry. Strategies with Ratio are asymmetrical; usually the Ratio (or leverage) applies when the exchange occurs at an unfavourable level compared to prevailing market price.

RBA: Reserve Bank of Australia, Australia's central bank

RBNZ: Reserve Bank of New Zealand, New Zealand's central bank

REER: Real Effective Exchange Rate

Reference Currency: Currency in which the portfolio is measured.

Relative Strength Index (RSI): Relative Strength Index is an Indicator developed by J. Welles Wilder to measure the velocity of an

Underlying price movement to identify an overbought/oversold condition (counting up and down days from close to close). It is helping to define a potential turning point to take entry/exit decision:- RSI <30 indicated an oversold market - Buy Signal when indicator crosses 30 from below- RSI value > 70 indicates an overbought market - Sell Signal when indicator crosses 70 from above

Resistance Line: A Resistance Trend Line is defined when the Underlying declines at Resistance pivot points. Used to define entry/exit points.

Resistance: Level believed to predict trend interruption which might prompt an increase of selling activity.

Retracement Ratio: Percentage retracement based on extreme values seen on a chart. Used as a guide to define support & resistances and as a potential signal for short-term reversal before the trend continues.

Retracement: Based on the observation that after a period of trend in one direction, price tends to retrace a portion (percentage) of the previous trend, before resuming to the original direction. Countertrend moves are believed to fail at certain predictable levels calculated from a number sequence (23.6%, 38.2%, 50%, 76.4% & 100%). A trend is expected to continue if the 50% retracement is exceeded.

Reversal Pattern: Pattern which indicates a trend reversal if a defined level is breached (see Double Top or Double Bottom).

Riksbank: Central bank of Sweden

Score (scorecard): A currency score, is obtained by taking an equally-weighted average of all scorecard input.

ROE: Return on Equity (ROE) is the measure of a company's annual return (net income) divided by the value of its total shareholders' equity.

pledged assets over the unsecured debt creditors.

secured: Claim for repayment is secured by assets and will have priority before unsecured debt. In the event of a default, the creditor(s) of a secured bond has a priority claim to the **Senior non preferred**: Bail-in eligible senior non-preferred debt that ranks between senior preferred bonds and existing Tier 2 subordinated debt. Issued by European financial institutions (e.g., BNP Paribas SA).

Glossary of financial terms (4/4)

Senior preferred: Non bail-in eligible senior preferred debt that ranks between senior preferred bonds and existing Tier 2 subordinated debt. Issued by European financial institutions (e.g., BNP Paribas SA).

Senior secured: A bond for which the issuer has set aside assets or collateral to ensure timely interest and principal payments. Senior Secured takes priority over other secured debt of the issuer.

Senior subordinated: Ranks lower in priority than senior debt when dividends are paid or assets are distributed in liquidation or bankruptcy but ranks higher than junior subordinated debt.

Senior unsecured: A bond that has priority over other bonds in claiming assets and dividends. Senior Unsecured is also a debt obligation with no collateral, backed only b y the debtor's creditworthiness.

SHORT: Being exposed the the downside movement of the underlying. Or for Option when it is sold.

Signal (Bearish/Bullish): Indicator when crossed/reached which indicates a Buy (Bullish) or Sell (Bearish) Signal.

SNB: Swiss National Bank, central bank of Switzerland

Spot: The price at which the currency is currently trading on the market.

Stochastic: A stochastic oscillator is a momentum indicator comparing a particular closing price of a security to a range of its prices over a certain period of time. The sensitivity of the oscillator to market movements is reducible by adjusting that time period or by taking a moving average of the result. It is used to generate overbought and oversold trading signals, utilizing a 0–100 bounded range of values.

Stop Loss: Order to Buy or Sell the Underlying once a specified price has been reached. When the Stop Loss price is reached, it is generally executed at the next available price (which can be different from the initial specified price).A Buy Stop Loss is entered at a level above the current price, a Sell Stop Loss is entered at a level below the current price.

Strike: The price at which an option can be Exercised.

Subordinated: Unsecured claim for repayment that ranks behind senior subordinated and ahead of junior subordinated debt. Indicates a note with a lower priority than other securities when dividends are paid or assets are distributed in liquidation or bankruptcy.

Support Line: A Support Trend Line is defined when the Underlying rebounds at Support pivot points. Used to define entry/exit points.

Support: Level believed to predict trend interruption which might prompt an increase of buying activity.

Synthetic Risk and Reward Indicator (SRRI): The Synthetic Risk and Reward Indicator is used to indicate the level of risk of a fund by providing a number from 1 to 7. This risk is assigned because of the price variations resulting from its currency and the nature of the fund's investments and strategy. The risk category shown is based on historical data and may not be a reliable indication for the future risk profile of the Share Class. It is not a target or a guarantee and may change over time. The lowest category does not mean a risk-free investment. The fund offers no capital guarantee or asset protection measures. The fund may be exposed to the different risks which are not adequately captured by the synthetic risk and reward indicator and may negatively impact its value.

Target Price: In Technical Analysis, past price movements are used to extrapolate future market trends and define Target price to enter/close positions.

Technical Analysis: Study of price graphs of underlying that aim at discovering pattern that are likely to repeat themselves, in order to try to predict future price movements.

Technical Indicator: Historical mathematical calculation on various indicators (price, volume, open interest).

Tenor: Length of the investment/strategy.

Trade (scorecard): We use an openness index, based on the sum of imports and exports divided by GDP, as a way to assess the exposure of an economy to global economic trends.

Trend Line : A Trend Line can be drawn between a minimum of three points. To be qualified as a Trend Line, a line can be drawn from two points but has to be tested (the third point at least).

Triangle: Triangles are pattern derived from a contraction in the price range and converging Trend Lines (shape of a Triangle). There are three categories: - Ascending (from an uptrend, often Bullish if coupled with an increase of volume) - market expected to increase by the same amount of the widest section of the Triangle.- Descending (from a downtrend, often Bearish if coupled with an increase of volume) - market expected to decrease by the same amount of the widest section of the Triangle.- Symmetrical are continuation patterns without clear direction derived form a trend, but when the Triangle is broken, it usually trigger a big move together with big volume compared to the indecisive days before the breakout. Usually wait for a one-day closing price above or below the Trend Line before entering into the market.

UK: United Kingdom

Upside/downside breakout: An Upside Breakout occurs when the price breaks out through the top of a trading range marked by horizontal boundary lines across the highs and lows. This pattern indicates that prices may rise explosively over a period of days or weeks as a sharp uptrend appears. A breakout from a longer and narrower trading range makes for a stronger and more reliable BULLISH signal. Conversely, a bearish Downside Breakout is observed when prices break out below the lower boundary.

unsecured: Claim for repayment that ranks behind senior unsecured and ahead of junior subordinated debt. Indicates the obligation is not backed by any collateral.

Upper Band: Higher Trend Line of the Channel (see Channel).

US: United States

Valuation (scorecard): The deviation of the real effective exchange rate from its 10-year average as a measure of the under- or overvaluation of a currency. More than 10% above the currency is overvalued, 10% below means a currency is undervalued, else neutral.

Volatility: A measure of the expected price variation of an asset over a given period (implicit volatility). Square root of the price variance (historic volatility).

V spike: A spike is a sudden and large move in the price of an asset—either up or down, but more often when describing up-moves. Technical analysts use the occurrence of spikes to help make trading decisions. For instance, if the spike was accompanied by increasing or decreasing volume

Vulnerability (scorecard) : Current account balance as a percentage of GDP and the ratio of short-term external debt to FX reserves as an indication of how vulnerable a currency is to external shocks. Either an elevated current account surplus or a large FX reserve is necessary to signal external buffers are strong.

Wave: See Elliott Wave Theory.

Wedge: Wedge patterns are chart patterns similar to symmetrical triangle patterns in that they feature trading that initially takes place over a wide price range and then narrows in range as trading continues. However, unlike symmetrical triangles, wedge patterns are reversal signals and have a strong bias towards being either bullish – for falling wedges – or bearish – for rising wedges.

Y: Respectively, 1Y (1-Year), or YoY (Year-on-Year)

YCC: Yield Curve Control

Yield: Return expressed in percentage.

YoY: Year-on-Year, a comparison of a data point to data for the same time period a year previously.

YTD: Year-to-date, this measures the most recent set of data to a similar one at the beginning of the calendar year.

Glossary of main risks

Commodity risk: The value of commodity linked instruments may fluctuate substantially due to changes in supply and demand and/or due to political, economic and market events.

Concentration risk: identifying the risk in a portfolio arising from a concentration to a single asset, counterparty, sector or country.

Counterparty / issuer risk: Risk to lose part or all of an investment due to insolvency of the issuer of the financial instrument. This risk is particularly relevant for structured products, derivatives and certain ETFs (Exchange traded Funds).

Country risk: Country risk should be considered when investing in a foreign country and in particular in emerging markets. E.g., investment in the shares of a foreign company which is subject to nationalization or the inability to repatriate proceeds of an investment due to capital controls.

Credit and default risk: A decline in the financial health of an issuer of a fixed income security can lead to an inability or unwillingness to repay a bond or meet a contractual obligation (interest or principal repayment). This causes the value of its bonds to fall or become worthless.

Currency /exchange rate risk: Where the reference currency is different from the currency of the investment, foreign exchange rate movements will directly impact (positively or negatively) the value/price or income of the holdings. Funds which try to hedge to a reference currency can mitigate the direct impact of currency movements but cannot completely isolate the indirect effect of foreign exchange movements. When investing in Structured Product, investors may benefit from an embedded hedge of the underlying currency risk called Quanto.

Derivatives risk: The use of certain derivatives could result in the portfolio having a greater or more volatile exposure to the underlying assets and an increased exposure to counterparty risk. This may expose the portfolio to larger gains or losses associated with market movements or in relation to a trade counterparty being unable to meet their obligations.

Economic risk: The economic cycle and macroeconomic situation of a country, a region or the global economy can have a significant influence on prices of financial instruments.

Emerging market risk: There is a greater risk associated with emerging markets; liquidity may be less reliable and price volatility may be higher than that experienced in more developed economies which may result in sudden and large falls in value. Emerging markets have less sophisticated rules regarding clearing and settlement of transactions and investors' protection.

High yield bond risk: Portfolio with high exposures to non-investment grade debt instruments (S&P/Moody's Credit Rating: BB+ and below) have a higher exposure to Credit and Default risk.

Inflation risk: Inflation risk should be considered in particular when investing in emerging markets or fixed rate investments. Inflation is defined as the rate at which prices increase in an economy. Inflation may cause a currency to depreciate and reduce the real returns of investments and financial instruments.

Interest rate risk: Changes in interest rates will usually result in the values of bonds and other debt instruments moving in the opposite direction (e.g., a rise in interest rates likely leads to fall in bond prices). The longer the maturity of the bond (which is the time when its principal is due to be reimbursed) the higher the interest rate risk. This is the commonly referred to as duration risk.

Liquidity risk: When market conditions are unusual or a market is characterized by particularly low volumes, the portfolio may encounter difficulties in valuing and/or trading some of its assets. For Funds there might be liquidity constraints where subscriptions and redemptions are not available daily or where lockups apply , meaning that investors are subject to market risk during interim pricing periods and may not be able to access funds on short notice. For Structured Products, liquidity risk could materialize before maturity as investors may have difficulties selling the product on the secondary market. The investor may receive less than his initial investment if the product is sold on the secondary market (in case of unfavorable evolution of the parameters impacting the product market value).

Market risk: Financial instruments are subject to price fluctuation/volatility and to political and economic risks which may have significant impact on the financial instrument/portfolio's performance.

Political risk: Countries where political leadership is either unstable or where it exerts a very strong influence on markets and business practices may be subject to greater volatility. Political risk may include potential for currency controls which would disrupt the financial markets within that country.

Reinvestment risk: The risk that coupons from a bond will not be reinvested at the same interest rate as when the bond was issued. This risk is related to the fluctuations of interest rates, where an increase in interest rates will be positive for the investor and a decrease unfavorable.

Risks linked to costs/charges: All investments incur various charges whether the investment return are positive or negative. When investment return are very low or negative, these charges can significantly impact the overall return.

Smaller Company Risk: Securities of smaller companies may be less liquid than larger companies. Securities of smaller companies may be more price volatile and involve greater risk.

Company Specific Risk: Company-specific risk (or unsystematic risk) is specific to an individual company. For example, the stock market or the share prices of comparable companies may rise yet certain company-specific news can have a negative influence on the share price.

This company-specific news can include negative events such as strikes, management crises and poor annual results as well as positive news such as the winning of a major order, innovative products and a favorable market outlook. Extraordinary events within a company may affect the fluctuation in the share price (volatility) and cannot be foreseen.

Source: SIX Swiss Exchange

Special Risks in Securities Trading: Please always refer to the following publication of the Swiss Banking Association

Funds:

- Before investing, please always read the relevant Fund documentation (e.g., prospectus, simplified prospectus and any available key investor information document ("KIIDs")) containing information about the Fund and its specific risks. These documents can be obtained free of charge upon request.

Structured Products:

- The value of structured products may depend not only on the performance of the underlying asset, but also on the credit rating of the issuer. The investor is exposed to the risk of insolvency of the issuer/guarantor (counterparty).
- Before investing, please always read the relevant product documentation (issuance program, final terms/term sheet, prospectus, simplified prospectus) containing information about the product, the prospects for profits and losses and the risks.
- Structured products are not collective investment schemes within the meaning of the Swiss Federal Act on Collective Investment Schemes (CISA) and are therefore not subject to the regulation of the CISA or the supervision of the Swiss Financial Market Supervision Authority FINMA.

This glossary does not describe all risks inherent to investments in financial instruments, but it only provides basic information about what we perceive to be the most relevant and material risks. You should never enter into any investment transaction if you don't understand all the risks related to the specific transaction and its impact on your portfolio.

Other Risk Warnings

Market Risk

The value of shares and the income from them can go down as well as up and you may get back less than the amount invested. The value and income of the securities or financial instruments mentioned in this document are based on rates from the customary sources of financial information and may fluctuate. The market value may vary on the basis of economic, financial or political changes, the remaining term, market conditions, the volatility and solvency of the issuer or the benchmark issuer.

Issuer Risk

Issuer risk denotes the negative effects of a decline in the issuer's financial standing on the repayment value of the structured product and/or its price in the secondary market. In the event of the insolvency of the issuer, repayment may not be made at the end of the term, which would mean the total loss of the capital invested. If the issuer's financial standing deteriorates during the term of the product, the price of the product in the secondary market may fall, and a sale before the end of the term could lead to a partial or even total loss of the capital invested. Even products with capital protection are exposed to issuer risk. The issuer's financial standing is thus extremely important.

Currency Risk

Exchange rates may have a positive or negative effect on the value, the price or the income of the securities or the related investments mentioned in this document.

Real Estate Risk

Investments in property can be affected by the general performance of the property sector. In particular, changing interest rates can affect the value of properties in which a property company invests as well as the mortgages or loans related to the property investments. This document contains financial information on real estate. An investment in real estate, in view of its peculiar nature and volatility, entails a significant risk of losing all or part of the investment. An investment in real estate is normally highly illiquid, as it is usually not listed, does not have the benefit of an organized market, and is subject to limitations on transferability. An investment in real estate involves an irrevocable financial commitment of several years' duration. The addressees of this document understand the risks inherent to investments in real estate and that such investments are suitable only for sophisticated investors who understand and accept the risks and are in a position to sustain total loss of their investment at any time. Investing in private equity real estate can involve a higher degree of risk, as such investment are generally less regulated than mutual funds and less liquid. Furthermore, the investment can also be affected by a counterparty risk: the insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the investment to financial loss.

Simulation Risk

Hypothetical performance results have many inherent limitations, some of which are described below. Unlike an actual performance record, simulated results do not represent actual trading. No representation is being made that any multi managed account or pool will or is likely to achieve a composite performance record similar to what has been shown. There are frequently sharp differences between hypothetical performance results and actual results subsequently achieved.

One of the limitations of hypothetical performance results are they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. For example, the ability to withstand losses or to adhere to a particular trading program in spite of trading losses is material points which can also adversely affect actual trading results. Another inherent limitation on these results is that allocation decisions reflected in the performance record were not made under actual market conditions and, therefore, cannot completely account for the impact of financial risk in actual trading. Any forecasts or projections, are not guaranteed and the value of investments and any income from them, may go down as well up and you may not get back the full amount invested.

Derivative and Leverage Risks

Investing in derivative instruments or leveraging an investment could potentially lead to a high degree of financial risk. A movement in the price of an underlying security, investment, interest rate or benchmark may result in proportionally larger movement in the price of the derivative instrument or investment and losses may in certain circumstances exceed the cost of the investment. In addition, there is a potential risk of default by a counterparty and the risk that that these products may not be liquid.

SFDR disclosure & Sustainability risks

Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial sector (the "SFDR") provides for certain transparency requirements regarding the integration of sustainability risks into investment decisions, the consideration of adverse sustainability impacts and the disclosure of Environment, Social, and Governance ("ESG") and sustainability-related information for certain financial products.

Sustainability risk
The risk arising from any environmental, social or governance events or conditions that, were they to occur, could cause a material negative impact on the value of the investment. Specific ESG/sustainability risks will vary for each compartment and asset class, and include but are not limited to the following:

Transition Risk
The risk posed by the exposure to issuers that may potentially be negatively affected by the transition to a low carbon economy due to their involvement in exploration, production, processing, trading and sale of fossil fuels, or their dependency upon carbon intensive materials, processes, products and services. Transition risk may result from several factors, including rising costs and/or limitation of greenhouse gas emissions, energy-efficiency requirements, reduction in fossil fuel demand or shift to alternative energy sources, due to policy, regulatory, technological and market demand changes. Transition risks may negatively affect the value of investments by impairing assets or revenues, or by increasing liabilities, capital expenditures, operating and financing costs.

Physical Risk
The risk posed by the exposure to issuers that may potentially be negatively affected by the physical impacts of climate change. Physical risk includes acute risks arising from extreme weather events such as storms, floods, droughts, fires or heatwaves, and chronic risks arising from gradual changes in the climate, such as changing rainfall patterns, rising sea levels, ocean acidification, and biodiversity loss. Physical risks may negatively affect the value of investments by impairing assets, productivity or revenues, or by increasing liabilities, capital expenditures, operating and financing costs.

Environmental Risk
The risk posed by the exposure to issuers that may potentially be causing or affected by environmental degradation and/or depletion of natural resources. Environmental risk may result from air pollution, water pollution, waste generation, depletion of freshwater and marine resources, loss of biodiversity or damages to ecosystems. Environmental risks may negatively affect the value of investments by impairing assets, productivity or revenues, or by increasing liabilities, capital expenditures, operating and financing costs.

Social Risk
The risk posed by the exposure to issuers that may potentially be negatively affected by social factors such as poor labor standards, human rights violations, damages to public health, data privacy breaches, or increased inequalities. Social risks may negatively affect the value of investments by impairing assets, productivity or revenues, or by increasing liabilities, capital expenditures, operating and financing costs.

Governance Risk
The risk posed by the exposure to issuers that may potentially be negatively affected by weak governance structures. For companies, governance risk may result from malfunctioning boards, inadequate remuneration structures, abuses of minority shareholders or bondholders' rights, deficient controls, aggressive tax planning and accounting practices, or lack of business ethics. For countries, governance risk may include governmental instability, bribery and corruption, privacy breaches and lack of judicial independence. Governance risk may negatively affect the value of investments due to poor strategic decisions, conflicts of interest, reputational damages, increased liabilities or loss of investor confidence.

Our investments take into account Sustainability Risks, by integrating in the investment process Environmental Social and Corporate Governance (ESG) factors, based on proprietary and third-party research, to evaluate both investment risks and opportunities.

Consequent impacts to the occurrence of Sustainability Risks can be many and varied according to a specific risk, region or asset class. Generally, when a Sustainability Risk occurs for an asset, there will be a negative impact and potentially a partial or total loss of its value. However, the integration of Sustainability Risks analysis should mitigate the impact of such risks on the value of the investments and could help enhance long-term risk adjusted returns for investors.

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