PICARD ANGST

# Q4 2024

## The Food Revolution

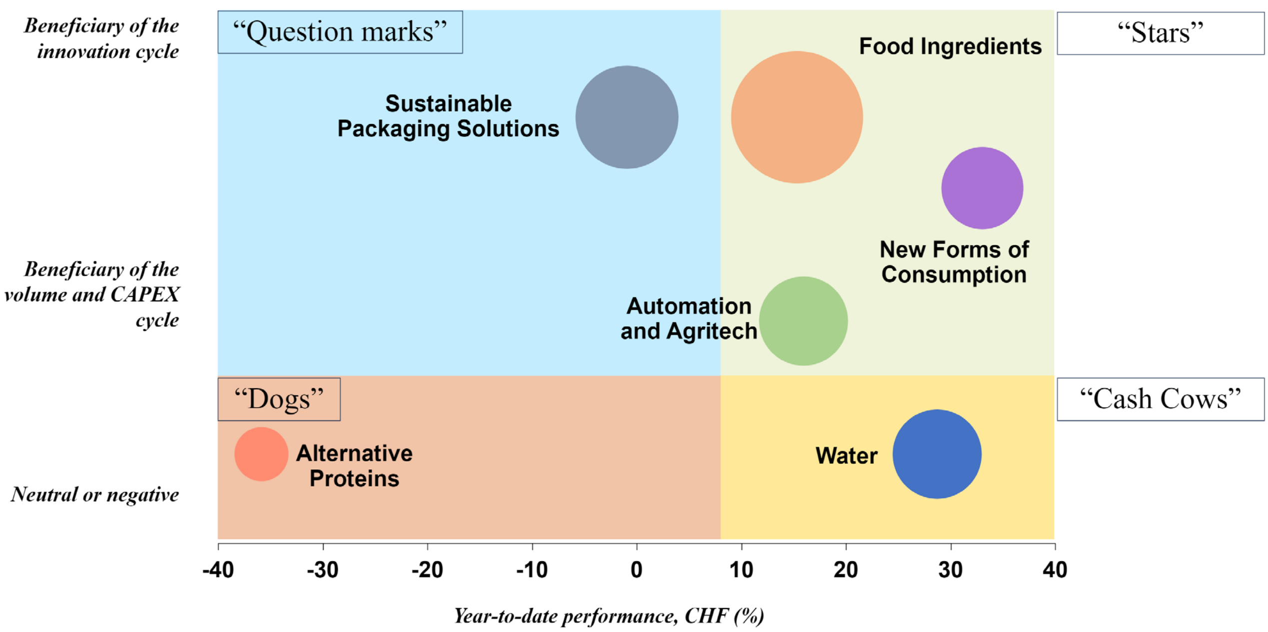
# Dear Investors,

The fourth quarter of 2024 was marked by a combination of political and economic dynamics that influenced global markets. Donald Trump's victory in the U.S. presidential election had significant implications, with U.S. stock markets rallying on investor optimism surrounding potential tax cuts and deregulation. However, this business-friendly sentiment was offset by concerns over Trump's plans for substantial import tariffs, which could drive inflation and place strain on consumer spending. Globally, central banks eased interest rates, while the Federal Reserve lowered rates in December but signaled fewer cuts in 2025 due to persistent inflation and anticipated economic changes under the new Trump administration.

**Within this volatile economic environment and following a period of strong performance in the third quarter, our portfolio remained robust in CHF and EUR terms. However, it experienced a significant decline in USD terms, primarily due to strong USD appreciation in the fourth quarter of 2024. The quarter-to-date (QTD) performance was -6.7% in USD (+7.8% in 2024), +0.3% in CHF (+16.1% in 2024), and +0.6% in EUR (+15.0% in 2024).**

In Chart 1 below, we placed the different sub-themes of our portfolio along the y axis according to their exposure to the food innovation and volume cycle as well as their 2024 performance in CHF. The size of each circle indicates its current weighting in the portfolio. As illustrated in the graph, we are still very positive on the sub-themes "Food Ingredients" and "Organic, Healthy and Functional Foods", which are among the main beneficiaries of the promising dynamics in the food industry, and therefore see their outlook improving. The "Automation and Agritech" subtheme is gaining significant momentum, fueled by emerging trends in nearshoring and the push for closer supply chain proximity.

**Chart 1: "Food Revolution" positioning by sub-theme**




Source: Picard Angst Research

The combination of being exposed to structurally growing sectors, such as sustainable packaging, automation, preventive health, and water solutions, along with a recovering specialty ingredients sector provides the "Food Revolution" fund with a unique sense of resilience – even in periods of high market volatility and during phases of economic uncertainty.

In this quarterly investor letter, we turn our focus to 2025, where four key themes—the rise of private labels, U.S. nearshoring, a rebound in M&A activity, and a focus on food safety—are set to reshape the agri-food industry.

# Overview




Jann Breitenmoser
Senior Investment Manager
«The Food Revolution»
jann.breitenmoser@picardangst.com
+41 55 290 50 29

Filip Maros
Product Specialist
«The Food Revolution»
filip.maros@picardangst.com
+41 55 290 51 20

Lorena Zini
Senior Investment Manager
«The Food Revolution»
lorena.zini@picardangst.com
+41 55 290 50 17

Elad Ben-Am
Head
«The Food Revolution»
elad.ben-am@picardangst.com
+41 55 290 51 15

Boris Ivankovic
Product Specialist
«The Food Revolution»
boris.ivankovic@picardangst.com
+41 55 290 50 19

# Key Investment Themes for 2025

2024 was a pivotal period for the food and beverage industry, marked by efforts to adapt to shifting consumer preferences and market dynamics. Looking back, we correctly identified **the start of an innovation cycle**, as branded food and beverage companies, grappling with stagnant growth, sought to regain consumer interest. While we anticipated that these innovation efforts would drive higher volume growth by year-end, this outcome has yet to materialize – likely due to the rising popularity of private-label products, a topic discussed in detail under Theme #1 below. Beyond product innovation, **consumers are prioritizing value**, as food inflation continues to weigh on family budgets.

**In agriculture**, we chose to remain cautious, **steering clear of the cyclical downturn**. Farmer sentiment remains subdued, crop prices are under pressure, and these challenges are likely to persist.

As we turn our focus to 2025, four pivotal investment themes have emerged and are set to redefine the agri-food industry, influencing key areas ranging from production and innovation to consumer preferences and general market dynamics:

1. The rise of private labels, fueled by consumer demand for affordable alternatives

2. The U.S. nearshoring trend, reshaping supply chains and boosting domestic production

3. A structural rebound in M&A activity, supported by improving economic conditions and corporate balance sheets

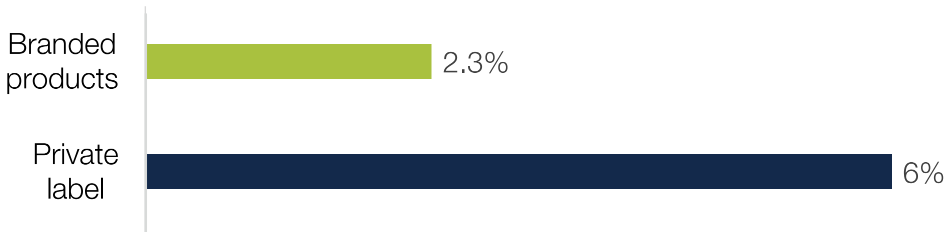
4. An intensified focus on food safety especially in the U.S., driven by potential regulatory changes

# 1 The rise of private labels, fueled by consumer demand for affordable alternatives

Interest in private label products, commonly known as store brands, is increasing significantly in the current macroeconomic environment. Although food inflation has eased, prices remain roughly **30% higher than pre-pandemic levels** and are continuing to place strain on household budgets. Additionally, post-pandemic trends have shifted consumer spending toward **eating at home** rather than dining out, further boosting demand for cost-effective options. Changing consumer perceptions, coupled with innovative product offerings, have positioned private labels as credible alternatives to branded products. These factors—affordability, evolving shopping habits, and improved product quality—are converging to create a strong catalyst for the accelerated adoption of private-label products.

According to a recent Morgan Stanley report, private label sales are expected to achieve an average annual growth rate of **6% from 2023 to 2030**, outpacing the **2.3% growth forecast for branded products**. This rapid expansion raises the question: who stands to gain or lose in this evolving landscape? Retailers with strong private label portfolios are positioned as the clear winners, benefiting from higher margins and consumer loyalty. On the other hand, branded products may face increasing competition as their historical reliance on brand superiority is challenged. They must adapt by rethinking their value propositions and invest in innovation to stay competitive.

**Figure 1: Average annual sales growth from 2023 to 2030**



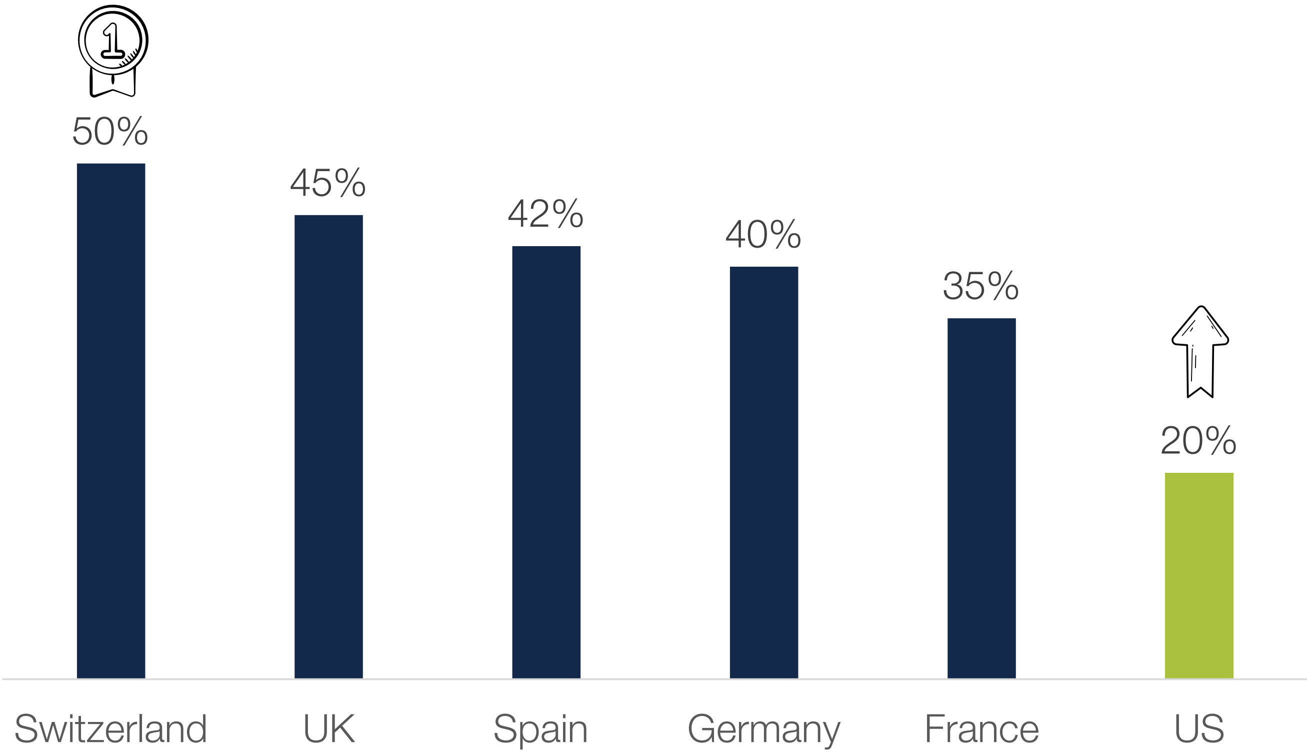

Source: Morgan Stanley, Picard Angst Research

**Figure 2: Examples of private label and branded products from Swiss retailer Migros**


Source: Migros, Picard Angst Research

Western Europe is the leader in private label adoption, driven by strong consumer trust in store brands and the dominance of discount retailers. Notably, **Switzerland boasts the highest penetration globally at 50%**, fueled by leading players such as Coop and Migros. The **UK follows closely behind at around 45%**, while **Germany stands at 40%**, led by discounters such as Aldi and Lidl. Case in point, 80% of Aldi's portfolio consists of private label products, underscoring its central role in this trend. North America lags Europe with around **20% private label penetration**, though it is gaining momentum. This creates a sizable opportunity for growth, driven by a catch-up effect as retailers innovate and expand their private label offerings.

**Figure 3: Private label penetration per key country**




Source: Private Label Manufacturers Association, The Wall Street Journal, Picard Angst Research

## How is the «Food Revolution» Fund exposed to this theme?

Firstly, the «Food Revolution» Fund is not invested in large, branded food corporations such as Nestlé, Danone, or Unilever. To meet changing consumer expectations, **these established food brands must innovate**. **The primary beneficiaries of this trend are specialty ingredients companies**, which serve as outsourced research and development departments for food and beverage manufacturers. These ingredients companies are typically exposed to both private label and branded products, putting them in a position to benefit in two ways, i.e. from the growing penetration of private labels and the increased innovation efforts from national brands striving to remain competitive in this evolving landscape.

Secondly, we target companies actively engaged in the private label sector, such as the Canadian co-manufacturer **SunOpta**, which collaborates with leading retailers to develop and produce store brand products. The company focuses on categories such as plant-based beverages, nutritional drinks, and healthy snacks, aligning with our overarching Food Revolution theme.

Finally, as retailers stand to benefit from increased private label adoption, we have added two U.S.-based grocery retailers specia-lizing in natural, organic, and healthy food options to our pipeline and continue to actively seek additional investment opportunities.

## 2 The U.S. nearshoring trend, reshaping supply chains and boosting domestic production

The U.S. agri-food supply chain is increasingly shifting toward nearshoring – the process of relocating production closer to home. This trend is driven by several factors, including an increase in geopolitical uncertainties, a growing desire to reduce dependency on distant regions, and the **potential financial implications of trade policies**, particularly the **tariff threats** from President-Trump. Simultaneously, Trump's proposed **immigration policies**, which aim to tighten border controls, could have profound consequences for the U.S. agri-food sector, which **relies heavily on immigrant workers** to sustain operations.

**Together, these dynamics underscore the urgent need for greater investment in automation.**

Advances in automation and robotics are making U.S.-based production facilities more competitive, even in the face of higher labor costs. By adopting automation in farming, processing, and packaging, U.S. agri-food companies can maintain cost efficiency while bringing more production back to domestic shores. Furthermore, nearshoring will increase the demand for cold storage, warehousing, and food distribution infrastructure within the U.S., presenting additional opportunities for growth and innovation in those sectors.

### How is the «Food Revolution» Fund exposed to this theme?

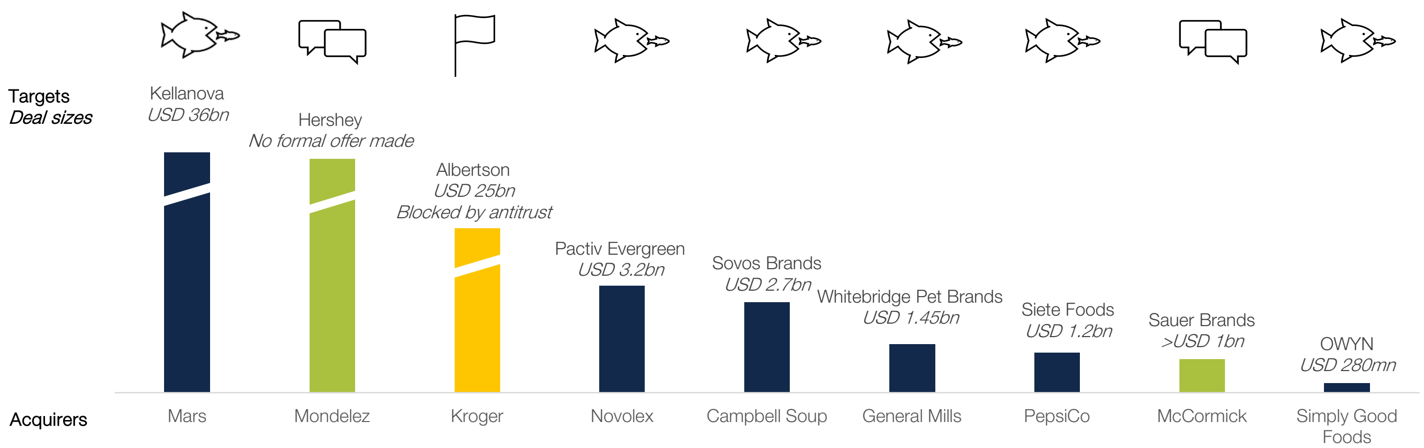
The «Food Revolution» Fund invests in companies specializing in automation and supply chain efficiency – key drivers of a reshaped agri-food supply chain. For example, **Lindsay Corporation**'s advanced irrigation technologies help farmers increase yields and optimize the use of resources. **JBT Corporation** provides cutting-edge food processing systems, including robotic automation and integrated packaging technologies, enabling manufacturers to maintain high levels of productivity despite rising domestic labor costs. Similarly, **Zebra Technologies** offers solutions that streamline operations and enhance efficiency in warehouses and distribution centers.

3

## A structural rebound in M&A activity, supported by improving economic conditions and corporate balance sheets

According to ION Analytics, global M&A activity hit a decade low in 2023. However, 2024 has seen a revival, with M&A volume rising to USD 3.4 trillion – an 8% increase compared to the previous year. Notable deals include Mars' USD 36 billion acquisition of Kellanova, Campbell Soup's USD 2.7 billion purchase of Sovos Brands, and PepsiCo's planned USD 1.2 billion acquisition of Siete Foods. **We anticipate further acceleration in M&A activity in 2025, driven by lower interest rates, stronger balance sheets, companies' pursuit of growth, and the removal of U.S. election-related uncertainty.**

**Figure 4: Selected M&A deals/talks that occurred in 2024**




Source: Picard Angst Research

Focusing on the Food Digitalization sub-theme of our investment strategy, many companies have reached a turning point. After previously being focused solely on driving topline growth at all costs, these companies are now balancing revenue expansion with a stronger emphasis on profitability and free cash flow generation. This shift, coupled with a **new sense of market rationality**—causing these players **to divest underperforming businesses or monetize strong ones**—has strengthened their balance sheets, enabling them to refocus on M&A opportunities.

As discussed above, the growth of branded food products has stalled, and Nestlé exemplifies this trend. The sudden departure of CEO Mark Schneider was partly attributed to the company's disappointing organic topline growth over several quarters. In this context, it is plausible that **branded food companies may increasingly turn to inorganic growth strategies** to regain their momentum.

### How is the «Food Revolution» Fund exposed to this theme?

The «Food Revolution» Fund is positioned to benefit from the rebound in M&A activity in two ways. Firstly, we are invested in tech-driven food delivery players, for which several M&A scenarios have recently been outlined. Notably, we initiated a position in UK-based **Deliveroo**, which, given its smaller size, is more likely to be an acquiree than an acquirer.

Secondly, our portfolio includes several companies that could be attractive targets for large, branded food companies seeking to "buy growth". The convenient nutrition category stands out, with U.S.-based **Bellring** and **Simply Good Foods** fitting this profile particularly well. Another example is the Canadian vitamins and supplements player **Jamieson Wellness**, which also aligns with this trend.

## 4 An intensified focus on food safety especially in the U.S., driven by potential regulatory changes

The organization *Make America Healthy Again* advocates for a greater focus on improving public health in the U.S. One of its key priorities is the **elimination of harmful chemicals and toxins from the nation's food, water, and air**. Achieving this goal begins with the implementation of comprehensive testing and monitoring systems. It will also require significant investments in new technologies to address challenges such as microplastics (PFAS) found in water.

Additionally, the nomination of Mr. Robert F. Kennedy Junior as Secretary of the Department of Health and Human Services has triggered some uncertainty as to how food ingredients will be regulated. There is growing support for a **crackdown on artificial dyes made from petroleum**, which are often present in brightly colored beverages, snacks, cereals, and candies commonly consumed by children. These efforts could present interesting reformulation opportunities for specialty ingredient suppliers.

### How is the «Food Revolution» Fund exposed to this theme?

Specialty ingredient companies such as **Givaudan, IFF, and Symrise** play a pivotal role in making food products safer. For years, they have focused on reducing or eliminating unhealthy components such as salt, sugar, and fat. Givaudan, for example, reports that two-thirds of its portfolio supports healthier food and beverage offerings. As RFK Jr. advocates for the reduction of „chemicals in food," this shift is poised to benefit ingredients suppliers. Replacing inexpensive artificial ingredients with natural alternatives could offer value-accretion opportunities for these companies.

Additionally, the Swiss company **SGS** contributes to food and water safety through its extensive testing, inspection, and certification services. Another noteworthy player in this space is **NX Filtration**, a Dutch leader in advanced membrane technology. NX Filtration enhances water safety with innovative and sustainable purification solutions that address critical challenges in providing clean water for consumption and industrial use.

As we move into 2025, the «Food Revolution» Fund **remains strategically positioned to capitalize on transformative trends reshaping the global food and beverage industry**. From the growing adoption of private labels to the nearshoring of supply chains, a structural rebound in M&A activity, and an intensified focus on food safety, these themes align with our commitment to identifying sustainable, long-term growth opportunities.

By investing in innovative ingredient suppliers, tech-driven automation providers, and companies addressing critical challenges in food and water safety, the fund aims to generate value while supporting healthier, more resilient food systems. With these **foundational shifts underway**, we believe our portfolio is well-suited to navigate the evolving landscape and **deliver strong returns for our investors in the years to come**.


# Comments on the sub-themes

# Automation and Agritech

**The Automation and Agritech sub-theme capitalizes on the trend toward a more sustainable and efficient food production system.**

**The sub-portfolio was the second-best performer in the fourth quarter, mainly driven by JBT Corporation and once again the German machinery company GEA. Upstream agriculture has remained subdued, but global farmer sentiment indicators have started to show some initial signs of recovery.**

**JBT Corporation**, a leading global machinery player in FoodTech and automated systems, was the top-performing company in this sub-theme. During the quarter, the company secured all remaining regulatory clearances required to finalize its proposed acquisition of Marel. Additionally, JBT reported strong third-quarter 2024 results, exceeding consensus expectations and indicating an ongoing recovery in the poultry market, with further improvements expected in 2025.

**GEA**, a leading global player in food and beverage equipment, continued to deliver a strong performance in the quarter. The company had pre-announced robust third-quarter 2024 results in October and raised its full-year EBITDA margin guidance to 15.4-15.6%, up from the previous 14.9-15.2%, exceeding consensus expectations.

**Krones**, a global leader in machinery and systems for bottling and packaging, was the weakest performer in the past quarter. The share price came under pressure following the U.S. election, primarily due to fears of potential tariffs that could impact Krones' machinery exports to the U.S. Fundamentally, the company remains well-positioned, reporting solid quarterly results and reaffirming its 2024 guidance. It stated that, despite challenging overall economic conditions, customer willingness to invest in the beverage industry remains strong. Krones continues to anticipate a robust book-to-bill ratio exceeding 1 for the full year 2024.

# Alternative Proteins

**The Alternative Proteins sub-theme explores new sources for meeting the increasing demand for proteins. The sub-portfolio recorded a negative performance contribution over the past quarter.**

This sub-theme now consists of three positions. In addition to Agronomics, which is part of the «Disruptors-Baskets», we added Bunge and Mowi to the portfolio over the course of the past quarter.

**Bunge** is the world's leading company in oilseed processing and a prominent producer and supplier of specialty plant-based oils, fats, and proteins. It holds a strong global position, particularly in the United States, Brazil, and Europe, supported by a robust origination and distribution network in South America. Bunge is currently in the process of merging with Viterra, a leading, fully integrated global agriculture network that connects producers and consumers to supply sustainable, traceable, and quality-controlled agricultural products worldwide. The merged company is expected to generate significant synergies, leveraging highly complementary asset footprints that are strategically positioned to link the world's largest production regions with the fastest-growing consumption markets. Management is confident the deal will close by the end of the first quarter of 2025, pending all regulatory approvals.

We also added **Mowi** to the portfolio. As one of the largest seafood companies globally and the world's largest producer of Atlantic salmon, Mowi holds a market share of approximately 20%. The company is poised to benefit from the growing trend toward healthy living, which is driving an increase in demand for sustainable proteins. Mowi anticipates that the demand for salmon will continue to outpace supply growth. Over the next five years, the company projects annual revenue growth of 7-8%, reaching EUR 8.5 billion by 2029, up from EUR 5.5 billion in 2023. Additionally, Mowi is making significant investments in post-smolt and smart farming technologies to enhance fish health and improve survival rates.

# Sustainable Packaging Solutions

**Sustainable Packaging Solutions was the second weakest sub-theme over the past quarter.**

While Elopak's performance contribution remained broadly flat, Crown Holdings and SIG Group were the main detractors, reversing some of the strong gains achieved in the third quarter of 2024.

**Elopak**, a leading global supplier of carton packaging and filling equipment, continues to show strong momentum, posting all-time-high quarterly revenues in 3Q24. Due to the sustained demand for Elopak's solutions, management also announced during the past quarter that it will double production capacity in the U.S. The construction of the first plant is progressing as planned and is expected to begin production in H1 2025.

Crown Holdings, as well as SIG Group, recorded the weakest share price performance over the past quarter. The negative performance can be attributed to investors taking profits after both companies experienced strong upward share price movements in 3Q24.

**Crown Holdings**, a leading supplier of packaging products, such as aluminum cans for food, beverages, and other consumer goods, reported strong quarterly results, beating consensus EPS expectations by 10%. The company also raised its FY24 guidance, stating that the quarterly results in each of its global beverage can businesses exceeded original expectations.

**SIG Group** published a solid set of 3Q24 results, in line with expectations and reiterating its FY24 guidance. Organic growth remained strong at 4.6%, with margins standing at 25%. The company is demonstrating its strong business resilience, supported by its global footprint, exposure to high-growth emerging markets, and differentiated technology offerings.

Over the past quarter, we divested our small position in **Carbios**, a French company specializing in enzyme-based processes for breaking down plastic.

# Food Safety and Clean Label

**The Food Safety and Clean Label sub-theme supports innovations around water, food and feed ingredients. The fund's largest sub-portfolio was the weakest contributor to quarterly performance, driven by a notable reversal in performance from most of our holdings in the ingredients space.**

**Tate & Lyle**, a company specializing in high-value specialty ingredients and solutions, emerged as the top-performing ingredients company within this sub-theme. The company reported strong quarterly results, highlighting an encouraging return to volume growth of +6%, alongside continued robust profit growth and solid cash generation. Furthermore, in November, Tate & Lyle announced the successful completion of its acquisition of CP Kelco, creating a leading global specialty food and beverage solutions business.

**Badger Meter**, the leader in smart water innovation, also made a positive contribution to performance. While the quarterly results came in slightly below consensus expectations, the company demonstrated strong business resilience, achieving 12% sales growth, record operating profit margins, and robust cash flow generation.

**DSM-Firmenich**, **Novonesis**, **Symrise**, and **Givaudan** all moved in tandem, dragging performance downward in the past quarter. The negative share price movements were less a result of quarterly earnings, which remained robust for all the companies mentioned, and were more due to investor concerns that inflationary pressures may persist amid potential tariff wars between the US and several countries across the globe.

In the past quarter, we added the Swiss company **SGS** to our portfolio. SGS is the world's leading testing, inspection, and certification company, and is poised to benefit from structural expansion driven by tighter legislation and growing expectations for safety, health, and well-being. Furthermore, SGS stands to gain from new opportunities arising from nearshoring and enhanced supply chain proximity.

# Organic, Healthy, and Functional Food

**The sub-theme Organic, Healthy, and Functional Food was the standout contributor to the fund's quarterly performance. A significant number of our positions in this sub-portfolio fall within the „Disruptors basket," which tends to exhibit considerable volatility from one quarter to the next. Despite this, the fundamental trends within this sub-theme are encouraging, with all of our invested companies anticipating further growth in 2025.**

**Chromadex**, a global bioscience company dedicated to healthy aging, was the strongest contributor to performance. The company reported its best quarter to date, achieving a 31% year-on-year (yoy) revenue increase and a strong gross margin of 63.5%. FY24 guidance was also strong, with management expecting 15% yoy revenue growth, driven by continued expansion in its e-commerce business and established partnerships. We took profits and divested our position in Chromadex on December 9, following a 75% increase in its share price over the past quarter.

**BellRing Brands**, a growing leader in the global convenient nutrition category offering ready-to-drink shakes and protein powder products, made a very strong contribution to performance in the past quarter. The quarterly results exceeded market expectations, showing strong sales growth of 18%. The Premier Protein brand achieved all-time highs in household penetration and total distribution points, while also seeing significant market share gains in both shakes and powders. Additionally, management issued confident guidance for FY25, anticipating sales growth in the range of 12% to 16%, with adjusted EBITDA growth between 5% and 11%.

In the past quarter, we added **Glanbia**, an Irish multinational nutrition company that offers sports nutrition and lifestyle products for health-conscious consumers, to the portfolio. Glanbia is well-positioned to capitalize on the high-protein growth trends, has balance sheet optionality, and is on a path toward reducing operational complexity.

We divested our small position in **Celsius**, a global beverage company and maker of premium lifestyle energy drinks, as its top-line organic growth remains muted with no signs of improvement yet.

# New Forms of Consumption

**The New Forms of Consumption sub-theme concentrates on the digitalization of food retail. The sub-portfolio was the third-best contributor to performance in the last quarter, mainly driven by DoorDash and Zebra Technologies.**

**DoorDash**, the leading online food ordering and delivery service in the US, was the top performer in this sub-theme. The company reported strong 3Q24 results, with total orders up 18% yoy and revenue increasing by 25% yoy. Adjusted EBITDA reached an all-time high, and the company posted a positive net income for the first time. The 4Q24 guidance exceeded expectations, driven by steady growth in the restaurant business and continued strong expansion in new verticals. After a strong share price movement in 2024, we took profits and divested our position in DoorDash in December.

**Zebra Technologies** also delivered a solid performance in the past quarter, with sales and EPS surpassing consensus expectations. These results were fueled by a robust pipeline and retailers' accelerated efforts to move forward with large deals. Management, once again revised its FY24 guidance, now forecasting sales growth of approximately 8%, up from the previously projected range of 4-7%. The company highlighted that signs of recovery are better than expected across all of its end markets, and not just among retailers.

**Delivery Hero**, the German based delivery platform, was the main detractor of performance within this sub-portfolio. Its Glovo unit in Spain transitioned from a freelance model to an employment-based model for its delivery riders, aiming to mitigate legal uncertainties. This change resulted in an estimated negative impact of approximately EUR 100 million on adjusted EBITDA. Meanwhile, Taiwan's Fair Trade Commission blocked Uber's planned acquisition of Delivery Hero's Foodpanda business, citing anti-competitive concerns. On a positive note, Delivery Hero successfully listed its Talabat business on the Dubai Financial Market, raising approximately USD 2.0 billion

During the quarter, we added **Deliveroo**, a leading London-based delivery service, to the portfolio.

# Factsheet

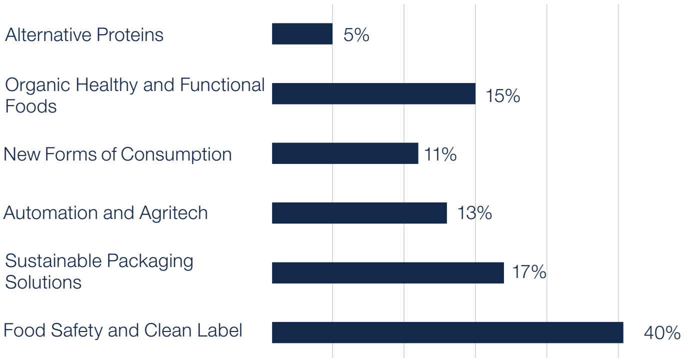
## Key Information

| | |
|---|---|
| Domicile | Luxembourg |
| Asset Class | Equity |
| Legal Class | UCITS V |
| Currency | CHF, EUR, USD |
| Currency Hedge | No |
| Dividend | accumulating |

## Fund Facts

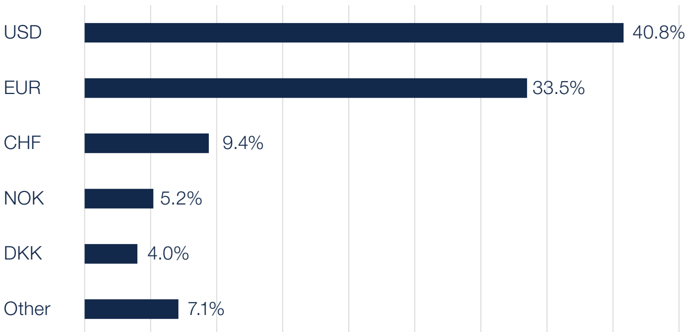
| | |
|---|---|
| Liquidity | Daily |
| Launch Date | 30th April 2021 |
| Fund administration | FundPartner Solutions (Europe) S.A. |
| Custodian | Pictet & Cie (Europe) S.A., Succursale de Luxembourg |
| Investment Manager | Picard Angst AG |
| Auditor | Deloitte Audit |
| Registred | LU, DE, UK, CH, FR |

## Breakdown by Sub-Themes




Source: Bloomberg / Picard Angst

## Breakdown by Currency




Source: Bloomberg

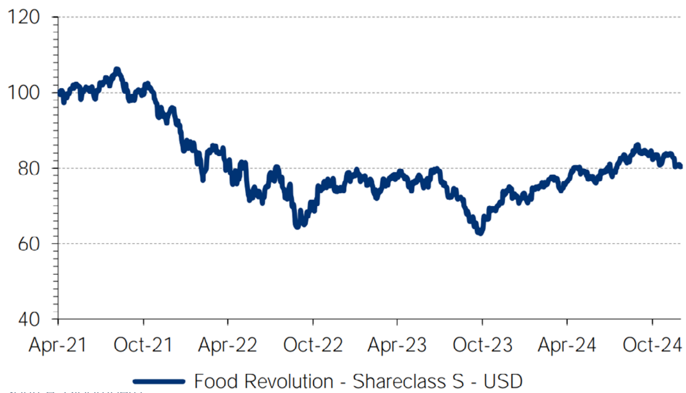
## Data as of 31.12.2024

| | |
|---|---|
| AuM USD M | 62.69 |
| # Positions | 40 |

## Subscriptions & Redemptions

| | |
|---|---|
| Cut-off | Daily 14:00 (CET) |
| Subscription | T+2 |
| Redemption | T+3 |

## Performance in USD

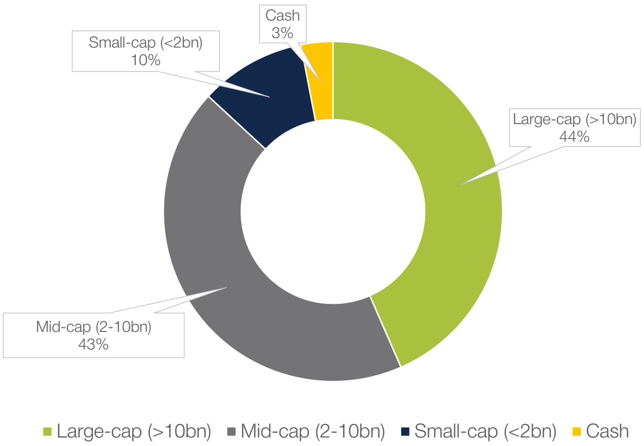



Source: Bloomberg

## Performance in %

| Since | 1 Month | 3 Months | 2024 YTD | 1 Year | 2 Years | Since inception |
|---|---|---|---|---|---|---|
| USD | -4.0% | -6.7% | 7.8% | 7.8% | 8.3% | -19.5% |
| CHF | -1.2% | 0.3% | 16.1% | 16.1% | 6.1% | -20.1% |
| EUR | -2.1% | 0.6% | 15.0% | 15.0% | 11.6% | -6.5% |

## Portfolio Structure

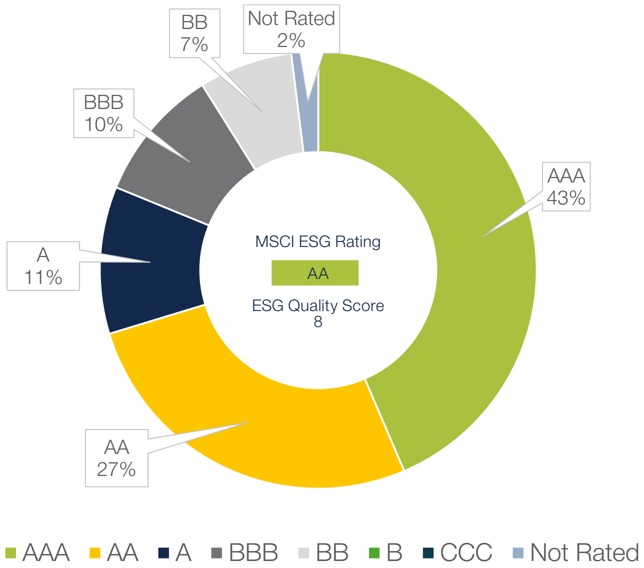



Source: Bloomberg

## Top 10 Holdings in the Portfolio

| ISSUER | WEIGHT | ESG RATING |
|---|---|---|
| GEA Group AG | 4.58% | AAA |
| Veralto Corp | 4.39% | AAA |
| Xylem Inc/NY | 4.38% | AAA |
| Krones AG | 4.30% | BBB |
| Kerry Group PLC | 4.24% | AAA |
| Huhtamaki Oyi | 4.12% | A |
| Novonesis (Novozymes) B | 3.97% | AAA |
| Symrise AG | 3.90% | AA |
| SIG Group AG | 3.54% | AAA |
| Zebra Technologies Corp | 3.44% | A |

## Portfolio ESG Coverage by Market Value: 98%



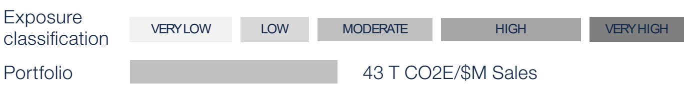

Source: MSCI Picard Angst Data Center

## ESG Score, Impact Revenue & Temperature


AAA best,
CCC worst

Source: MSCI Picard Angst Data Center

## Carbon Footprint




Legal information

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# Glossary

### ESG Rating

Designed to measure a company's resilience to long-term, industry material enviromental, social and governance (ESG ) risks. ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC).

### Impact revenue

Represents revenue exposure to Sustainable Impact Solutions which reflects the extent to which company revenue is exposed to products and services that help solve the world's major social and environmental challenges. It is calculated as a weighted average, using portfolio weights and each issuer's percent of revenue generated from Sustainable Impact Solutions. The impact revenue is classified in the following categories: negligible (<=1%), low (>1% bis <= 5%), moderate (>5% bis <=10%), high (>1 0% bis <= 20%) und very high (>20%).

### Temperature

Implied temperature rise provides an indication of how the portfolio aligns to global climate targets and is based on the MSCI ESG Research methodology.

### ESG Quality Score

Measures the ability of underlying holdings to manage key medium to long term risks and opportunities arising from environmental, social, and governance factors. It is based on MSCI ESG Ratings and is measured on a scale of 0 to 10 (worst to best). The distribution of scores is based on the universe of approximately 28,000 funds included in MSCI ESG Fund Metrics.

### Carbon Footprint

It is based on MSCI CarbonMetrics, and is calculated as the portfolio weighted average of issuer carbon intensity. At the issuer level, Carbon Intensity is the ratio of annual scope 1 and 2 carbon emissions to annual revenue. Carbon Risk is categorized as Very Low (0 to <15), Low (15 to <70), Moderate (70 to <25 0), High (250 to <525), and Very High (>=525).

Source: MSCI ESG Platform

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