

SWITZERLAND

Switzerland is one of the leading countries for SRI in Europe and has been particularly dynamic since the 2006 survey. Swiss banks were among the first to offer SRI and to develop expertise, including the first sustainability index.

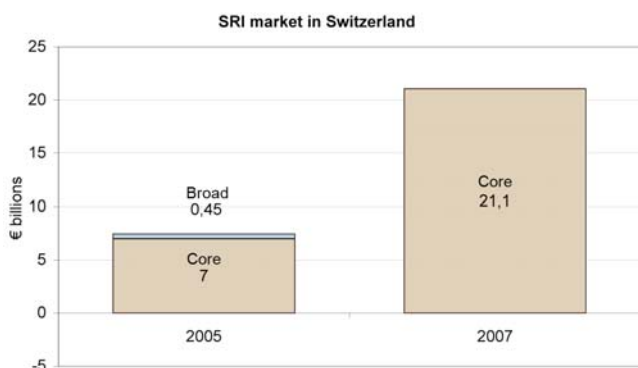
In the last years, there have been numerous releases of SRI products such as funds and certificates focusing on themes such as water, climate change and renewable energy / mobility. The positive performance of SRI products as well as the increased awareness around environmental issues (such as climate change) and better and more pro-active marketing strategies for SRI products have driven solid growth in SRI assets.

An interesting finding in this year's SRI study is the fact that Swiss private investors overtook institutional investors for the first time regarding their share of SRI investments.

KEY FEATURES OF SRI

In Switzerland, the size of the total SRI management market¹ represents €21.1 billion as of the end of 2007. Core SRI represents 100% of the total SRI market as shown in Figure 1.

FIGURE 1

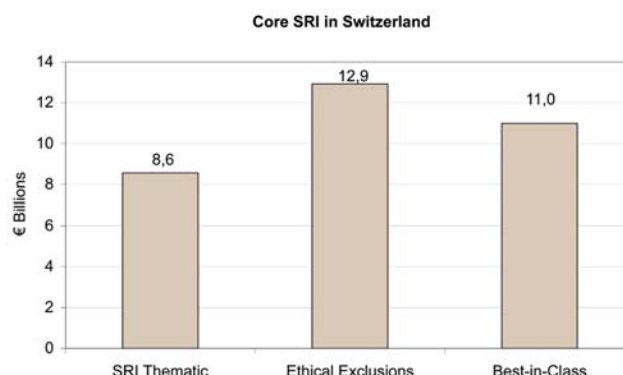


Sources: onValues, Eurosif, Forum Nachhaltige Geldanlagen

Core SRI Market

Within Core SRI, the most popular investment strategy is ethical exclusions as illustrated in Figure 2. About €12.9 billion of managed assets are invested according to ethical exclusion, in most cases used in combination with some sort of positive screening. Best-in-Class is the second most favoured strategy with €11 billion assets. Noteworthy is the importance of SRI thematic funds which account for €8.6 billion and which have experienced tremendous growth since 2005. The most favoured themes are water, climate change and renewable energy.

FIGURE 2



Sources: onValues, Eurosif, Forum Nachhaltige Geldanlagen

In terms of Broad SRI strategies, engagement is the strategy most used by Swiss financial providers, representing €1.9 billion of assets. Engagement is always used in conjunction with Core strategies; this is the reason why the total Broad SRI amounts to zero, to avoid double counting. While integration beyond their Core SRI assets is not really practiced by the Swiss financial providers, a few large Swiss pension funds are beginning to integrate ESG issues into their traditional financial analysis.

Who are the main investors?

Retail and institutional investors are almost equally split in Switzerland as shown in Figure 3. Interestingly retail investors, which represented a minority in our last survey, have now the largest share of investments with 53% of the SRI assets, overtaking institutional investors. High Net Worth Individual investors are showing an increasing interest for sustainable investments and are important drivers of this increase on the retail side.

FIGURE 3



Sources: onValues, Eurosif, Forum Nachhaltige Geldanlagen

¹ The data presented here was collected from asset managers only and does not cover institutional investors such as pension funds managing their own assets.

What do SRI fund managers and service providers offer?

In Switzerland, investment funds are the most important investments vehicles with approximately €11.6 billion (55%). Mandates make up €8.6 billion (41%). Structured products account for approximately € 718 million (3%).

In terms of asset allocation, SRI assets in Switzerland are principally invested in equities (83%), followed by fixed income (11%), monetary funds and private equity.

MARKET EVOLUTION

By the end of 2005 the total volume of SRI assets amounted to €7.45 billion in Switzerland. The market has grown rapidly, almost tripling in the last two years (+183%, CAGR: 68%) to reach €21.1 billion. This growth is well beyond that of the mainstream Swiss market² and one of the fastest in Europe in terms of SRI.

According to Swiss fund data, assets managed by Swiss fund providers (excluding discretionary mandates) was estimated at 668.8 billion CHF at the end of 2007 (€412.7 billion), suggesting a market share for the Swiss SRI management market of 2.8%.

MARKET PREDICTIONS

While the volume of SRI investments has risen steadily over the last years, the current negative performance of the stock market does effect the Swiss SRI market as SRI assets are mostly invested in equities.

Still, it is conceivable that in the coming three years the private SRI investments will continue to gain in importance and volume.

On the regulatory front, there are no immediate legislative steps planned that are designed to affect the SRI market positively. In any case, investors currently benefit from a positive regulatory environment for different themes in SRI like renewable energies. Therefore, this regulation has an indirect positive effect on SRI assets.

The above section is based on data kindly provided by onValues (www.onvalues.ch) and analysis conducted by the German SIF (Forum Nachhaltige Geldanlagen) and Eurosif.

FIGURE 4



Sources: Forum Nachhaltige Geldanlagen, onValues, Eurosif,

² Assets managed by Swiss fund providers grew 2.8% in 2007, according to Swiss fund data. www.swissfunddata.ch