

SWITZERLAND

FIGURE 34: SRI IN SWITZERLAND
DECEMBER 31ST, 2005



Source: Eurosif

KEY FEATURES OF SRI IN SWITZERLAND

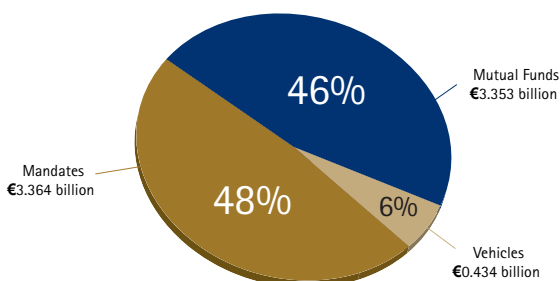
Switzerland is one of the leading countries for SRI in Europe. Swiss banks were among the first to offer SRI and to develop expertise, including the first sustainability index. The Swiss Federal Council has been encouraging public pension funds and reserve funds to implement sustainable investment strategies since 1999.

More than €7.45 billion of SRI assets are managed by investment companies in Switzerland.⁴⁶ Swiss SRI assets amount to 0.3% of the total Swiss investments market for local and foreign investors' securities deposited in Swiss investment companies and banks.⁴⁷ Even though assets managed abroad have not been counted as being part of national SRI assets in this survey, it should be mentioned that Swiss investment companies manage more than €30 billion of SRI investments in Britain and the US.

SRI mandates add up to more than €3.5 billion.

Swiss SRI mutual funds⁴⁸ comprise volumes of more than €3.3 billion. SRI mutual funds made up 2.3% of the Swiss fund-market.⁴⁹

FIGURE 35: SRI ASSETS MANAGED IN SWITZERLAND: MORE THAN €7.4 BILLION



Source: Forum Nachhaltige Geldanlagen, Eurosif

46. In addition the AHV Ausgleichsfonds holds more than €1.4 billion in SRI-assets. But the AHV-assets are managed in Great Britain and are therefore not included in this calculation.

47. See Swiss National Bank online statistics: Volume of securities managed and deposited in Swiss banks by the end of 2005 – 4.3 billion Swiss Francs.

48. There are two common types of mutual funds in Germany, Switzerland and Austria. The so-called «Publikumsfonds» is open to retail investors and institutional investors. Retail investors usually hold the majority in these «Publikumsfonds». But the exact percentage of institutional versus retail investments in «Publikumsfonds» is unknown, as banks in Germany and Switzerland do not collect data on this aspect. A second type of mutual fund is the «Spezialfonds» which is a kind of mandate for several institutional investors. These «Spezialfonds» are treated as mandates in this report.

49. See Swiss National Bank online statistics: Volume of Swiss mutual fund assets by the end of 2005 – 219.5 billion Swiss Francs.

MAIN PRACTICES

The most popular investment strategy among Swiss SRI Investors is the Best-in-class approach. About 73% of the managed assets are invested according to **Best-in-class** principles. **Ethical exclusions** is practised on more than 57% of the SRI assets.

More than two thirds of the participating companies and banks use Engagement strategies. About 64% of the capital of Swiss SRI mutual funds is involved in **Engagement** and voting processes concerning corporate governance (40%) as well as SEE issues (64%). More than 58% of the SRI capital managed in mandates is used for Engagement purposes. However, Engagement currently focuses on corporate governance issues (58%), rather than on the broader SRI agenda (24%).

Engagement on SEE issues is practised with 43% of the total volume of Swiss SRI in both funds and mandates.

Financial analysis integrating SEE aspects is being used for 27% of the SRI capital managed in Switzerland. However this strategy a rather unknown field for asset managers and investors in German-speaking countries. It is therefore very likely that asset managers have variable understanding of this strategy.

More than 11% is invested according to **pioneer-screening** methods.

Who are the main investors?

Public pension funds and reserve funds are the most prominent SRI investors in Switzerland. Almost 80% of the Swiss investment companies in the SRI segment carry out investments for these clients. The second largest client group are NGOs and foundations, followed by corporate

or occupational pension funds. And finally churches and insurance companies are clients for more than 50% of Swiss SRI investment companies.

What do SRI fund managers and service providers offer?

Most Swiss Investment Companies draw upon external CG/SEE research providers for their SRI management. Internal analysts and asset managers are frequently involved in the execution of SRI strategies. Furthermore 50% of the SRI providers established internal SRI/Ethical committees.

MARKET EVOLUTION SINCE 2003

What is the growth rate of AUM?

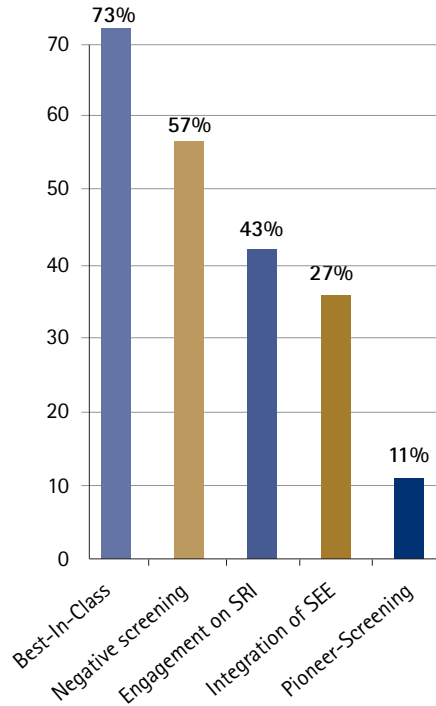
By the end of 2002 the total volume of socially responsible investments in Switzerland came to €2.15 billion. Since then the market has grown rapidly and, even without taking into account the assets by the AHV public pension fund, it more than doubled. Swiss SRI mutual funds have gained more than 160% since 2002, while the average Swiss fund grew by 69% since the end of 2002.⁵⁰

SRI mandates almost tripled from €1.34 billion at the end of 2002 to more than €3.5 billion.

MARKET PREDICTIONS: 3 YEARS FROM NOW

Public pension funds and banks will contribute to a continuous high growth of Swiss SRI. Political guidelines have been formulated to encourage public pension funds to take up SRI investment strategies. The AHV public pension fund responded and responsibly invested more than €1.4 billion (the assets are managed in London). Other public pension funds may follow. Beyond that, private SRI investments are gaining in importance and volume. The Swiss SRI market will probably exceed the €10 billion mark in 2009.

FIGURE 36: SRI INVESTMENT STRATEGIES AS PERCENTAGE OF TOTAL SRI AUM IN SWITZERLAND, DECEMBER 31ST 2005



Source: Forum Nachhaltige Geldanlagen, Eurosif

50. See Swiss National Bank online statistics: Total Volume of funds in 2002 – 130 billion Swiss Francs.