

For a safer, healthier, and cleaner world Credit Suisse (Lux) Security Equity Fund



Security and safety – investments that will continue to pay off

Security is a basic human need. Technological innovation is omnipresent in the world today. The digitalization of society and of critical infrastructure creates an increasing need for security and protection against unauthorized access. The importance of security is a constant in today's ever-changing world.

The Credit Suisse (Lux) Security Equity Fund invests in the long-term structural growth theme of security and safety. It seeks out pure-play companies that stand to benefit most from this powerful theme.

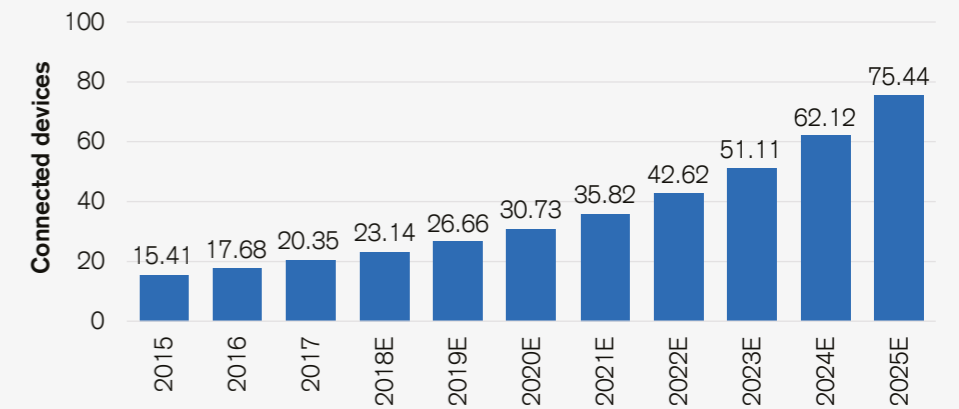
Why security and safety?

Security and safety affect us all – from governments and companies to private individuals. Our modern-day life is increasingly built around sophisticated security and safety systems. Industrial manufacturing and the transportation of people and goods rely on sensor-controlled monitoring and controls, for example in the form of airbags. Smart electronic aids and digital assistants check and steer our activities – via computers and smart-phones – in production and manufacturing, or even in monitoring our own bodies.

The enormous data volumes created by these technologies must not fall into the wrong hands. Today, smart systems are able to select information that matches our personal preferences from a massive flow of data. Higher quality standards and stricter regulations required by governments demand ever-greater investment in checks and surveillance systems. Protecting critical infrastructure such as power and water supplies will also continue to be of key importance.

All of these structural trends are opening up a large number of lucrative investment opportunities across the theme of security and safety.

Internet of Things (IoT) connected devices from 2015 to 2025
(in billions)



Source www.researchgate.net

Why now?

The high structural growth potential of the security and safety theme is not adequately reflected in current equity valuations. In the coming years, the industry will likely see more dynamic developments than we can even imagine today. People who invest now stand to benefit from this attractive and long-term growth opportunity.

The main long-term drivers behind the security and safety theme are technological innovations, the ongoing digitalization of society, growing concerns about our own health and environment, more stringent regulation, and an increased emphasis on personal security in the wake of population growth and migration.

Concrete demand for innovative security solutions can be seen, for instance, across the following five areas:

- IT security: antivirus software, network security, big data, and electronic payment authentication
- Crime prevention: access control, surveillance systems, and electronic identity protection
- Traffic safety: airbags, inspection and scanning systems at airports, and signal and brake technology
- Health protection: food safety and water purity controls, vaccines, and rapid diagnostics
- Environmental protection: inspections and certifications, waste management and recycling

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Digitalization without cybersecurity is doomed to fail. The modern world is still in the developmental phase when it comes to the security of systems and the protection of data.

Dr. Patrick Kolb
 Senior portfolio manager

How do we invest?

The Credit Suisse (Lux) Security Equity Fund invests globally in publicly listed companies that provide security- and safety-related solutions. Our pure-play approach means that we focus on companies that generate more than 50% of revenues from the provision of security- and safety-related products and services. This focus tends to result in a portfolio bias in favor of small- to mid-cap companies. As the theme develops, our exposure to larger-cap companies might increase over time.

We seek out innovative companies from around the world that are technology or product leaders in

their respective niches. Over time, these companies typically display higher growth rates than the market because their solutions are positively differentiated, the end-market opportunity is large, and they enjoy strong barriers to entry for competitors.

The fund typically invests in 40 to 60 companies that are selected through an in-depth bottom-up research process from a universe of approximately 220 pure-play companies. The maximum allocation to a stock is typically 4%.

Our global approach, with a focus on five high-growth areas



Transportation safety
 ~ 15%
 of portfolio



Crime prevention
 ~ 20%
 of portfolio



Health protection
 ~ 20%
 of portfolio



Environmental protection
 ~ 20%
 of portfolio



IT security
 ~ 25%
 of portfolio

Our investment universe

Global equity universe
 ~ 40,000
 listed companies worldwide

Investable universe
 ~ 220
 pure-play stocks

Portfolio construction
 ~ 40–60
 stocks

Stock selection is based on three rules:

1

In the first step, we screen the global equity universe of around **40,000** listed companies worldwide to identify those active in the security and safety sector.

2

After a careful analysis, supported by internal and external research, discussions with analysts, and regular company visits, we get to an investable universe of around **220** stocks. We apply the pure-play criterion that at least 50% of the companies' revenues should be related to security and safety.

3

A concentrated, high-conviction portfolio of typically **40 to 60** stocks is built based on a bottom-up approach driven by fundamental research. Material ESG¹ factors are identified and incorporated into security analysis and are periodically monitored and reviewed.

¹ ESG stands for environmental (E), social (S), and governance (G). More information about sustainable investing is available at credit-suisse.com/am/esg. For further information about our Sustainable Investing Policy, please visit credit-suisse.com/esg.

Fund details



The Credit Suisse (Lux) Security Equity Fund offers investors targeted access to specialized companies at the cutting edge of technology in the fast-growing sector of security and safety. Digitalization, big data, and regulation are the major drivers of growth.

Key facts

Fund domicile	Luxembourg	Benchmark	MSCI World ESG Leaders (NR) ²
Management company	Credit Suisse Fund Management S.A.	Inception date	02.05.2013 ³
Portfolio manager	Dr. Patrick Kolb	Subscriptions/redemptions	Daily, with cut-off at 15:00 CET
Fund currency	USD	Sales charge	Max. 5.00%
Currency-hedged share classes	EUR, CHF		

Share class	Valor no.	ISIN	Effective management fee p.a. ⁴	Minimum investment	Distribution
USD B	21007211	LU0909471251	1.60%	None	Accumulating
USD A	35598218	LU1561147585	1.60%	None	Distributing
USD IB	22331370	LU0971623524	0.90%	USD 500,000	Accumulating
USD UB	26377044	LU1144416432	1.00%	None	Accumulating
USD UA	35537817	LU1557207195	1.00%	None	Distributing
USD EB ⁵	23899296	LU1042675485	0.90%	None	Accumulating
EUR A	49556206	LU2042518436	1.60%	None	Distributing
EUR BH	21007214	LU0909472069	1.60%	None	Accumulating
EUR AH	36100119	LU1584043118	1.60%	None	Distributing
EUR IBH	37394161	LU1644458793	0.90%	EUR 500,000	Accumulating
EUR UBH	26377058	LU1144416606	1.00%	None	Accumulating
EUR EBH ⁵	35916500	LU1575200081	0.90%	None	Accumulating
EUR MBH ⁵	38460440	LU1692472852	0.70%	EUR 25,000,000	Accumulating
CHF BH	21007212	LU0909471681	1.60%	None	Accumulating
CHF IBH	33386661	LU1457602594	0.90%	CHF 500,000	Accumulating
CHF UBH	26377045	LU1144416515	1.00%	None	Accumulating
CHF EBH ⁵	43836358	LU1886389292	0.90%	None	Accumulating

² While this index is officially designated as the fund's benchmark, it is not applied as such during the investment process and the fund portfolio need not bear any resemblance to it. From August 1 2019 MSCI World ESG Leaders (NR) before MSCI World (NR)

³ The fund was originally launched on 19.10.2006 as a FCP (fonds commun de placement).

⁴ Management fee as of 30.09.2021. The fee may change at any time without prior notice to investors. For the maximum management fee, please refer to the fund's prospectus.

⁵ For qualified investors only.

For more information about the methodology, please visit luxflag.org.

This product undertakes investments that explicitly assess and integrate the sustainability characteristics of companies in the investment process.

Information about the product's investment objectives, risks, charges, and expenses, as well as more complete information about the product, is provided in the prospectus (or relevant offering document), which should be read carefully before investing.

Risks

- The investor may lose part or all of the invested amount.
- Focus on security and safety companies can lead to significant sector/regional exposure.
- A slowdown in the global economy could impact the security and safety sector.
- Liquidity risk (exposure to small caps).
- Equity markets can be volatile in the short term.
- Due to the possibility of increased exposure to emerging markets, the fund may be affected by political and economic risks in these countries.

By 2025, approximately
463 exabytes
of data will be generated
worldwide every day.

Source Visual Capitalist, *How much data is generated each day?*, April 2019

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