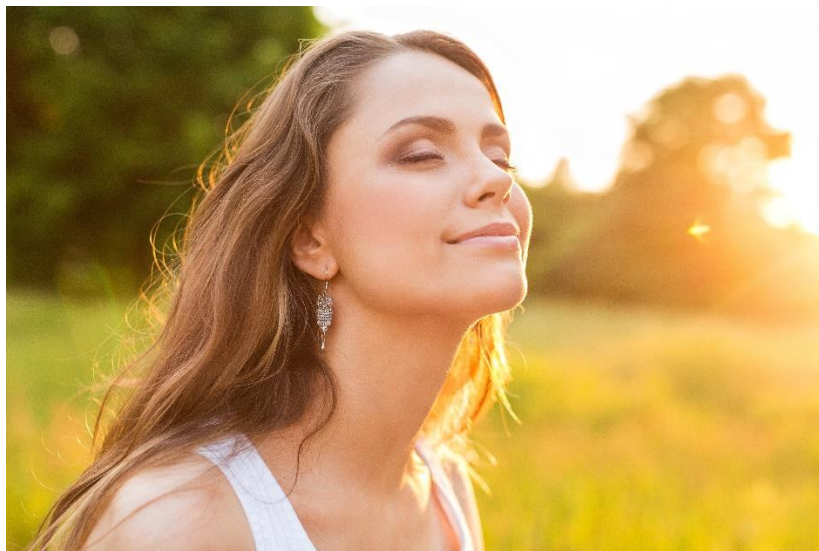




Piguet Galland & you. Introducing the HELV-ETHIC equity certificate

07 June 2017

A growing number of investors recognise the value of corporate social responsibility (CSR), and they need a top-tier investment offering that is based on this type of ethical criteria. That's why we developed the HELV-ETHIC certificate. Guy Charlet, the investment manager, tells us more.



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What are ethics?

Ethics can be defined as a three-way moral relationship linking the individual, good and others. Many of our relationships in everyday life are amoral – rather than immoral – which means that their moral value is neutral. The same is true in conventional investing, which brings together a company and a shareholder looking for profit, and that's all. But the world around us is changing, and so are the attitudes of investors, and particularly those of the younger generations. Millennials in the USA, for instance, will inherit USD 40 trillion from their parents, and many of them recognise the value of corporate social responsibility. They therefore need first-rate investment products that are based on this type of ethical criteria. Switzerland has a real competitive advantage in this area, with a number of institutions working successfully to highlight the importance of socially responsible investment.

Yet there is still the matter of determining what is right and wrong, which is where normative ethics come in. This is built around two main theories: first, utilitarianism, where the moral worth of an action is determined by the value of its impact and the number of people it brings happiness to; and second, there is the more rigorist, ethical approach, where the moral worth of an action is determined by its intention, regardless of the actual consequences.

Socially responsible investment

The financial services industry, in its approach to socially responsible investing, has been largely inspired by these two theories. According to the utilitarian theory, a company can be deemed socially responsible even if it is occasionally criticised for some of its actions, provided that it works to resolve the problem over the long term and that it offsets its errors with other actions. Underpinned by this type of utilitarian philosophy, the ESG matrix is one way of ethically assessing a company on the basis of environmental, social and governance (ESG) criteria. This sort of

Equity Certificate

- HELV-ETHIC

Initial composition

- Givaudan	9%
- Richemont	9%
- Geberit	9%
- ABB	9%
- Roche	9%
- Zurich Insurance	9%
- Julius Baer	9%
- Georg Fischer	9%
- Helvetia	9%
- Straumann	9%
- Cash	10%

Details

- Currency: CHF
- Legal form: Open-ended
- Issuer: BCV
- Management fee: 1.10%
- Subscription deadline: 16 June 2017
- Number of stocks: Initially 10
- Management type: Active
- Universe: SMI Expanded
- Dividends: Reinvested

The investment manager for the HELV-ETHIC certificate, **Guy Charlet**, CFA, is our Swiss market analyst and manager of the Piguet Actions Suisse investment fund. He holds master's degrees in economics, business administration and philosophy.

assessment is a key element of socially responsible investment. And to reflect a more ethical approach, companies can be excluded because of the sector they are in (e.g. nuclear power, tobacco, arms or agrochemicals) or because they do not meet certain standards (e.g. unacceptable working conditions or misuse of resources).

Our proposal: HELV-ETHIC

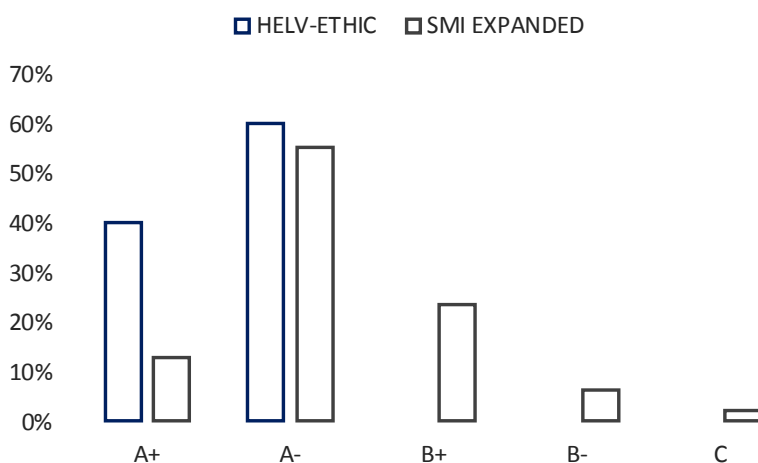
Mindful of this modern investment approach, we have created HELV-ETHIC, a certificate comprising shares in socially responsible Swiss companies that we consider to be ethically first-rate and that also offer solid growth prospects at a reasonable price. In order to encourage sustainable actions by companies and promote the intangible values of socially responsible investing, we view these investments from a long-term horizon.

To design this certificate, we chose to work with Ethos, the Swiss foundation for sustainable development, which provides ESG analyses and carbon footprint reports.

Our approach

1. We analyse the data provided and pick out the best companies in the SMI Expanded index (Swiss large and mid caps).
2. From among those companies, we then select the stocks that offer the best growth prospects at a reasonable price, and we ensure the portfolio is diversified across sectors.
3. While we exclude any truly controversial companies, we also adopt a utilitarian approach, which means that we do not systematically leave out companies involved in minor scandals, provided that they are committed to resolving the issue and have excelled in other key areas.
4. Our portfolio therefore includes companies that have been involved in mild controversies that in many cases have been resolved. If a company repeats its unethical actions or does not seek to address its problems, this is reflected in the company's ESG score, and it will be automatically left out. We only invest in companies with an A+ or A- rating; companies with a B+, B- or C rating are not included. The same procedure is followed for carbon footprint ratings, which are driven by factors relating to climate change.

ESG ratings (A+ is the highest and C the lowest)



Source: Ethos, Piguet Galland

Summary

This investment product is just one example of a socially responsible approach to investing – other approaches include activism and cause-based investing. Yet at the end of the day, ethics are a personal matter. And ethical investing, far from being restrictive, should be seen by investors as an opportunity to express their positive moral values through their investments.