

THE
Futuremover

WINTER 2022

Swiss banking with a mission
Globalance



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2021, 2022, 2023

Using Crises as Opportunities

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Our Meal Plan for Tomorrow

PODCAST

More about this issue's contents in the podcast by Board member Christina Kehl:

[globalbalance.com/
zukunftbeweger-christina-kehl](https://globalbalance.com/zukunftbeweger-christina-kehl)



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Crises Are What We Make of Them



Not so long ago, in 2006, a documentary film by Al Gore was released titled "Inconvenient Truth". While most of us were using the term climate change at the time, he was already talking about a climate crisis. It is amazing how quickly events can change our perception and attitude. Because today we know how quickly the climate will change if we do nothing about it.

But that's not all: we are sadly currently plagued by a few "extra" crises. While we have learned to live with Covid and take the climate crisis with all its side effects seriously, new crises are already waiting for us in the form of energy shortages, global food insecurity and rising inflation. One or two steps out of our comfort zone are inevitable – progress cannot be made without change and renewal. But crisis means change and change always also includes opportunities. It is not for nothing that the Greek word *krisis* denotes the turning point of a dangerous situation and that the Chinese character for crisis is composed of the two elements risk and opportunity.

In this issue of the Futuremover magazine, we want to take a closer look at these opportunities. Why are crises also useful? What do the solutions for tomorrow's energy supply and food security look like? Which companies are taking advantage of these opportunities? Let us take you on an exciting journey with our magazine and see what we can learn from crises.

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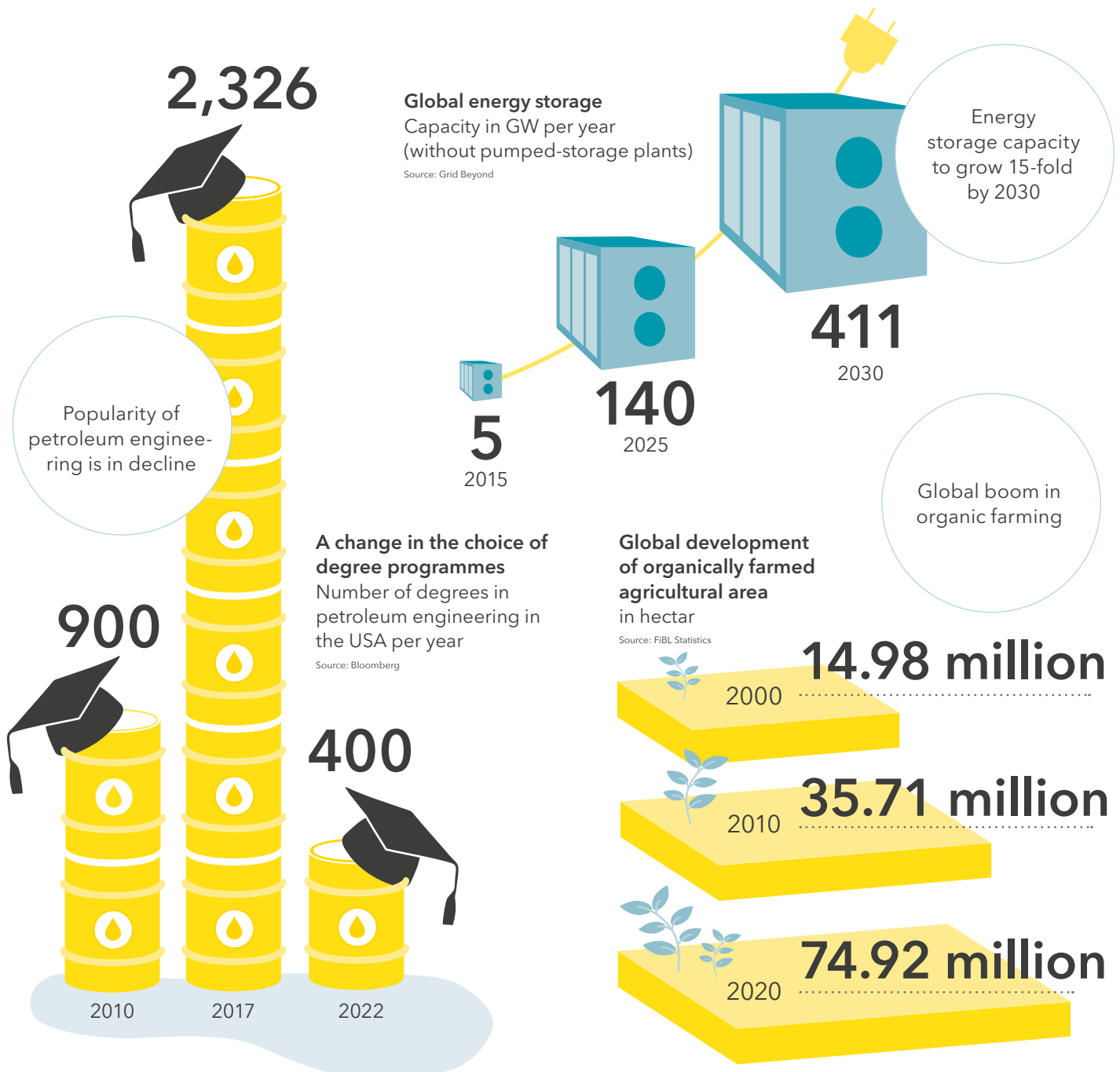
The solutions we seek are just outside our comfort zone.

A handwritten signature in black ink, which appears to read 'Reto Ringger'.

Reto Ringger
Founder and CEO

Developments Driven by Crises

OPPORTUNITIES THAT GIVE US A REASON TO THINK POSITIVE – Our mission today is ensuring the secure and sustainable energy and food supply of tomorrow. The crises in these areas are more topical than ever, but some current developments are already showing the right direction we should be moving towards. A cross-section in figures.



Annual investment in in-vitro meat
global, in millions of dollars per year

Source: Good Food Institute

6
2016

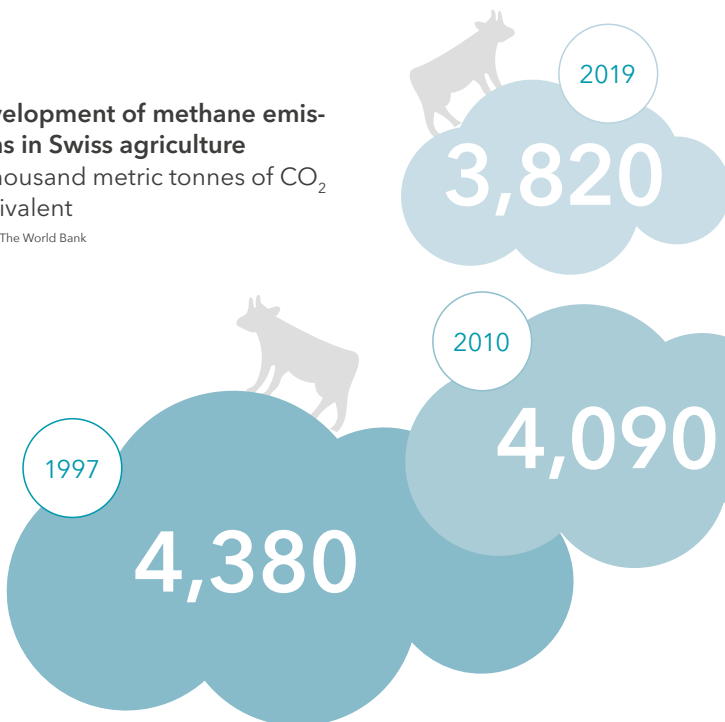
61
2019

Investment in
in-vitro meat
moving to
the fast lane

1,376
2021

**Development of methane emis-
sions in Swiss agriculture**
in thousand metric tonnes of CO₂
equivalent

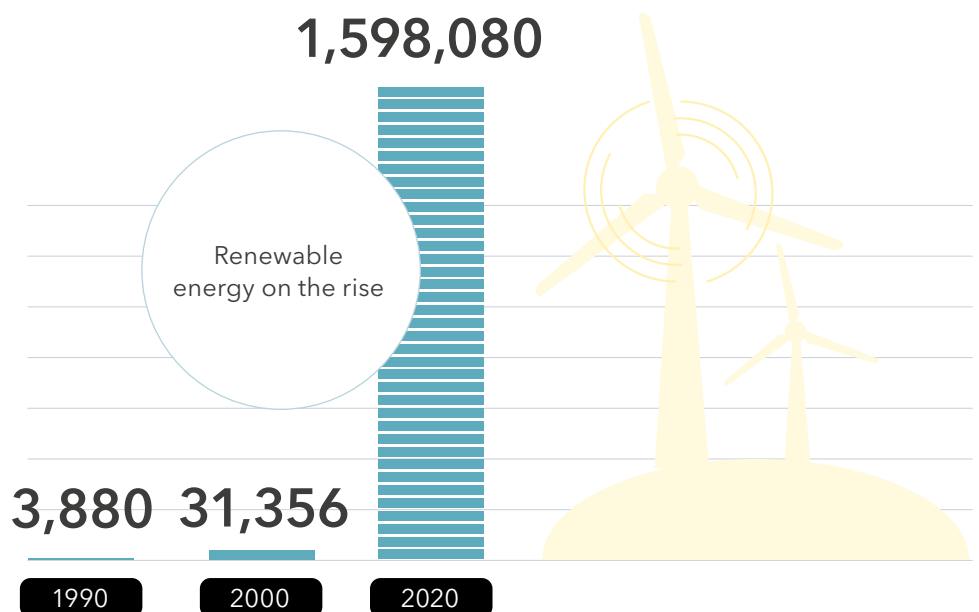
Source: The World Bank



Rethinking
Swiss agriculture -
decreasing livestock
farming and thus methane
emissions. Meat consumption
in Switzerland is
decreasing (approx.
64.4 kg per capita in 1980
to 47.3 kg per capita
in 2020).

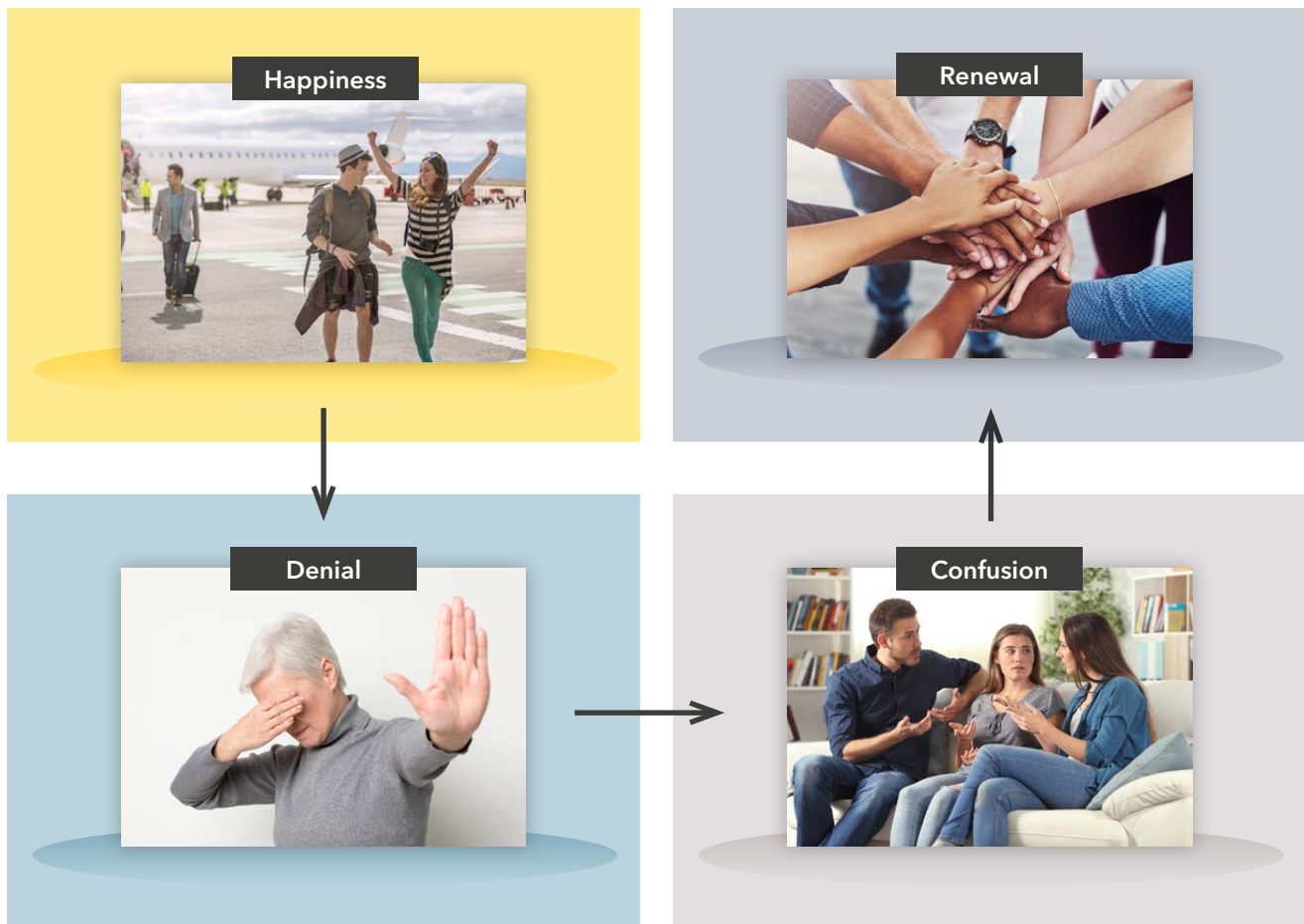
**Development of renewable
energy production from wind**
global, in GWh per year

Source: IEA



Renewable
energy on the rise

How We Move Through Crises



HOW WE COPE WITH CRISES – We encounter crises time and time again throughout our lives. Sometimes out of the blue, sometimes with plenty of forewarning. The “4 Rooms of Change” model explains our behaviour in crisis situations and which changes we go through in the four rooms.

In most cases, we find ourselves in a crisis when we have misinterpreted or even completely disregarded the sometimes subtle, sometimes very clear warning signs. The energy crisis is a topical example, a relationship crisis a personal one or the Cuban Missile Crisis a historical one. The climate crisis is an example of a crisis that has been building for a long time.

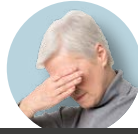
According to business psychologist Claes Janssen, when we are faced with difficult times we always enter the Change House, which is divided into four different rooms. These rooms represent the different emotional states that we go through one after the other. We are also experiencing this sequence in the current crises – although some people are in different rooms at the moment.

Come with us on a tour through the Four Rooms of Change.



Happiness

Room of Happiness – Some 30, 40 years ago, climate change was not a big issue. Energy was relatively cheap, meat was served up several times a week and free goods were used relentlessly by the economy. Terms such as scarcity of resources, groundwater pollution or carbon footprint were still foreign to most of us. A large number of people are in the phase of happiness and their well-known comfort zone: the situation could hardly be any better and people go on as if they have not a care in the world.



Denial

Room of Denial – Our happiness is upset – we are starting to hear early cautionary voices. The first problems, discontentment and challenges crop up. Rather than risk having to step out of our comfort zone, we play down or deny the problems. Taking our example: the negative impact of global warming is highlighted by the UN Intergovernmental Panel on Climate Change and initial recommendations for action are proposed, but the economy, governments and society are failing to respond to these warnings.



Confusion

Room of Confusion – When the excuses run out and the problems take on a certain magnitude, denying the crisis simply stops being an option. Taking the climate crisis as an example: heatwaves, floods and other severe weather extremes increase rapidly, forcing us to face up to the challenges. The status quo cannot be maintained. Now uncertainty, accusations, proposed solutions, new ideas, but also conflicts collide to create a cacophony of voices. Politicians, regulators, society, companies, NGOs and other stakeholders – they all have their own ideas of what to do. Interests and perceptions diverge and it is almost impossible to reach commonly agreed solutions. This is the room we are currently in as far as the climate crisis is concerned. It will probably take a few more years before we have developed solutions that have a chance of finding majority acceptance and can move into the Room of Renewal.



Renewal

Room of Renewal – We have passed the low point of the crisis. Solutions are in sight and the various stakeholders are joining forces. The crisis therefore turns into an opportunity. New sustainable mindsets are developed and implemented in terms of content and technology. Businesses become more careful and considerate in the way in which they operate and pay fair prices for resources.

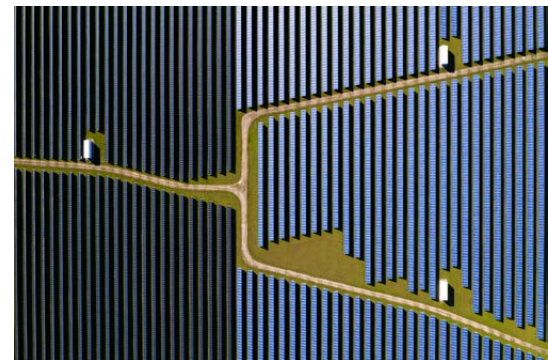
THE GLOBALANCE VIEW

The financial markets also move through these Four Rooms of Change when faced with crises. In the tradition of swarm intelligence, they send important economic signals long before individual players or politicians become willing to recognise emerging crises as such. Market signals are early warning indicators to recognise crises and early all-clear indicators to signal their end.

Globalance is itself the result of successful renewal: the 2008 financial crisis was an existential one for many; and Swiss banks had a hard time acknowledging the end of banking secrecy. The crisis opened the opportunity to found a new bank with a new concept. It is easier to plan something new on a blank sheet of paper and then implement it quickly without any losses due to friction than to change or improve what already exists. This is not only true for the financial industry, but is also evident in the automotive industry, for example.



Photos: iStock



How Can We Manage the Energy Transition?

ENERGY (IN)SECURITY – What was barely an issue a few months ago is on everyone's mind today: our dependence on fossil fuels and the slow and reluctant expansion of renewable energy sources. How the course can be reset.

We have already experienced quite a few energy transitions through history. From traditional biomass to coal and oil, and then nuclear power. The change to an environmentally-friendly energy system based on renewable energy sources sounds feasible in principle. In light of recent developments, the only question is: How quickly?

We Don't Have Time to Take Our Time
20 years ago, fossil fuels accounted for 87 percent of total consumption. In 2022, it is still 83 percent.

Canadian energy professor and author Vaclav Smil never tires of pointing out this reality. Which is why he asks himself: "How are we supposed to get to zero within the next 30 years?" This is

the crucial question with regard to the ambitious net zero targets. According to Smil, we should not spread calculated optimism nor succumb to apocalyptic pessimism.

But the pace of this transition should be picked up, especially in light of advancing climate change. This is because global warming depends on our carbon emissions, 85 to 90 percent of which still come from burning fossil fuels. A rise of global temperatures of more than 2 °C would already have devastating consequences: food insecurity, water scarcity, poverty, extreme weather events or effects on human health.

However, the transition to a sustainable energy system will be very challenging, as a much bigger change is required than the planned policy currently envisages.

Are Subsidies Slowing the Energy Transition Down?

63 percent of the G20's public energy financing from 2019 to 2020 went to fossil fuels.

According to an analysis by the OECD and the International Energy Agency (IEA), subsidies even almost doubled in 2021. In 2022, the Group

Subsidies for fossil fuels almost doubled from 2021 to 2022.

of Twenty most important industrialised countries also significantly increased their financing activities – Russia's invasion of Ukraine has further exacerbated the situation in the short term. Despite recent progress in renewable energy sources, these subsidies are slowing down the pace of the energy transition.

It Takes More than Just a Few Wind Turbines

Since the start of the war in Ukraine, the EU has generated more wind and solar power than ever before.

The fact is: the price of solar power has fallen by 80 percent in the last 10 years. Solar energy reached the kind of low prices in 2020 that experts like Ramez Naam would not have expected before 2035. So it is becoming increasingly cheaper to build solar power plants than it is to build power plants that burn fossil fuels.

However, the solution will not lie in simply replacing everything we have so far generated with coal and gas with wind and solar power. The simplest explanation for this claim is the fact that our electricity demand will reach new dimensions in the future – for example, through heat generation or transport. In addition to political will and social acceptance, technical solutions such as Power-to-X, demand side management or smart grid are needed for energy storage, control and conversion. A more efficient use of the surplus power produced will be an indispensable requirement of the energy management of the future.

A pioneering spirit is also still called for. The Swiss start-up Insolight, for instance, could solve several problems using innovative solar cells. The space-saving solar modules are mounted

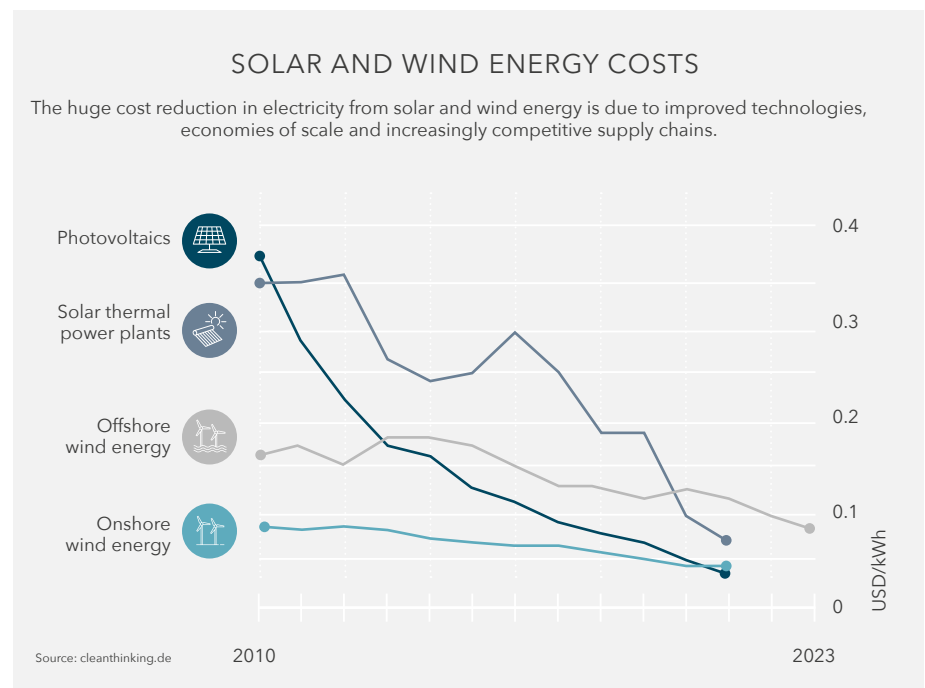
over agricultural areas, serve as shading systems and hail protection, and simultaneously generate electricity. 25 percent of continental electricity consumption could be covered if just one percent of European agricultural land was equipped with agrivoltaics.

100 Percent Renewable Energy Sources – All a Question of Price?

An energy system based 100 percent on renewable energy sources has now become the scientific mainstream. Professor Christian Breyer of LUT University in Finland recognises a rapidly growing number of researchers who believe this much cheaper scenario will be feasible by 2050. According to

Brian V. Mathiesen from Aalborg University, new investments in fossil fuels must now be stopped so that we can focus on creating smart energy systems.

The capital and financial markets also play a key role here. This is because the capital costs for building the low-carbon infrastructure are already several percentage points lower than for a coal-fired power plant, for example. This justifiably raises hopes that the energy transition will succeed by 2050.



THE GLOBALANCE VIEW

The climate crisis is becoming increasingly relevant to the financial market: from a risk perspective, it is important to avoid sectors or companies that contribute significantly to the climate problem or are dependent on fossil fuels. These sectors are increasingly coming under political, social and economic pressure. We will not achieve the necessary transformation with just marginal adjustments. Regulatory changes that are obviously necessary must come from politics, while companies must also commit to universal, binding measures. What we need are subsidies for clean technologies instead of lobbying and misguided support. Globalance focuses on promising companies that develop innovative products or services in the areas of energy efficiency, renewable energy infrastructure, smart energy distribution and storage, among others.

Innovative Solutions for Our World of Tomorrow

DIGITISATION AND URBANISATION

Trimble Inc.

USA

Trimble is an industrial technology company that connects the digital and physical worlds through positioning, connectivity and data analytics. Its products and services are key components for precision farming. The purpose of precision agriculture is to reduce the use of resources such as fertiliser or water by using technological tools to improve the quality, productivity and sustainability of the agricultural industry. With over 1,000 unique patents under its belt, Trimble is transforming industries such as agriculture, construction and transportation. According to the company, its in-house technologies can achieve an efficiency increase of between 25 to 50 percent compared to conventional solutions and avoid 7 million tonnes of greenhouse gas emissions a year.

1.8°C 53 100%

WHAT ARE FUTUREMOVERS?

Futuremovers are companies that successfully respond to worldwide megatrends and develop solutions for global challenges.

They use future-oriented concepts to replace outdated business models and at the same time achieve a positive footprint. They are building smart megacities, enabling the energy revolution, making use of the potentials of the circular economy or developing sustainable mobility platforms.

CONSUMER SOCIETY

Sprouts Farmers Market Inc.

USA

Sprouts opened its first organic shop with farm-fresh produce and other healthy food at affordable prices in 2002. Already then, the company founders had realised that healthy eating would be more than just a trend and would lead to a more conscious lifestyle throughout society. Today, 31,000 employees work for Sprouts in 370 locations in more than 23 states, generating annual sales growth of between 5% and 10%. The world's third largest organic supermarket chain operates very effectively, which is confirmed by the 25% return on equity and the current attractive valuation (2023 price-earnings ratio 12x)

1.7°C 57 100%



Climate and Energy

Companies that develop innovative products and services to do with efficiency, storage and distribution in the renewable energy sector.



Scarcity of Resources

Companies that contribute to resource efficiency, circular economy and sustainability in the fields of agriculture and biodiversity with their products and services.



Consumer Society

Companies that are driving the transformation into a compatible consumer society in the areas of lifestyle, leisure, luxury and consumption in old age.

CLIMATE AND ENERGY

SolarEdge Technologies Inc.

ISRAEL

Founded in 2006, the company has established itself as one of the world's leading suppliers of smart energy technology. The company is famous for its ability to come up with innovation on an impressively regular basis. The latest stroke of genius to come from the company is "SolarEdge Home", which is a smart energy system that enables homeowners to not only control the generation, but also the consumption and storage of solar energy in real time using an app. A single SolarEdge inverter is used to generate photovoltaic energy and control battery storage. This creates a "round-the-clock energy ecosystem" that automatically adapts to changing needs thanks to learning algorithms.



Digitisation

Companies that drive the digital, automated and data-driven revolution of business and society.



Urbanisation

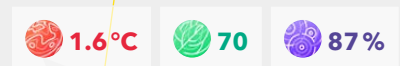
Companies that support the spread of urban lifestyles with their innovations. This may be the growth of cities, developing the infrastructure in rural regions to be on a par with urban standards and through altered social behaviour in rural areas.

SCARCITY OF RESOURCES

Sims Limited

AUSTRALIA

It takes a lot of momentum to get the circular economy merry-go-round going. But the Australian company Sims, currently the largest listed metal and electronics recycling company, certainly delivers. The company buys, processes and sells recycled metals and offers comprehensive solutions for the disposal of electronic consumer goods. There is also huge potential in the rapidly growing demand for cloud recycling – as more than two million tonnes of servers and racks are replaced every year by companies such as Amazon, Microsoft, etc.



WARMING
POTENTIAL



GLOBALANCE
FOOTPRINT®



MEGATREND
EXPOSURE

* Disclaimer on the cover

A Crisis Is the Beginning of Something New



CRISES – THERE ARE SO MANY. The term is currently appearing at an inflationary rate. Some crises threaten us all, others affect smaller groups, some just one individual.

By Dr Christoph-Friedrich von Braun

Crises are not easy to handle. They always involve complex systems (companies, families, transport networks, economic structures, value hierarchies, arms races). Simple systems do not have crises. My car radio, for example, or my left knee have never had a crisis, but do occasionally have a malfunction or develop some condition.

Crises have four main characteristics: they are unexpected (Enron), create uncertainty (transport collapse), pose a serious threat (Lehman Brothers), and signal that the existing system (CO₂ concentrations in the atmosphere) is approaching its stress limits.

Even though there are crises of natural origin (air traffic after volcanic eruption), the majority by far are man-made.

Why a Crisis Arises

Crises arise when subtle warning signs are not seen or are misinterpreted. The actual reason may be quite innocuous. The Arab Spring, for example, came down to a Tunisian market trader's kiosk being seized by a policeman. Or there are wrong reactions or no response at all to the signs. A painfully contemporary example would be the recent European, in particular German, view of Russia as a trustworthy energy supplier.

Despite their complexity, we are not helpless in the face of crises. In principle, most of them can be overcome with the correct action. The term "crisis intervention" is used quite often in these contexts, especially in psychological emergencies (loss of a relative, experiences of violence), but also in numerous other areas (NATO Response Force). The intervention aims to rapidly contain the crisis and differs from therapy, which is usually a long-term solution.

In individual cases it is often difficult to do the right thing. You may do something wrong, panic or even freeze and

not be able to act. Feeling helpless is common. There are three conceivable scenarios when people find themselves confronted by crises:



Disaster is averted by successfully resolving the crisis (a compromised dyke is reinforced and/or raised).



You fail in **your efforts** (Prime Minister Chamberlain's futile attempt to avert world war in 1938: "Peace for our time") and disaster occurs.



You **do nothing** ("Repent! The end is nigh.") or can't do anything (imminent asteroid impact) and prepare yourself, as best you can, for the disaster and the time afterwards (panic buying, fleeing, resignation, fatalism, calculated optimism).

Which intervention you opt for or can opt for depends on the circumstances. One important trait all crises share is the speed in which they progress. Some impending disasters have a long lead time that can span decades (climate collapse) and therefore give you the time to make corrections. The most important thing is to use this time. Other crises leave just a few months (famine) for a solution. And others are measured in microseconds, so you can at best react instinctively (the tyre you've been driving bald over the last year or so bursts in a bend at 90 km/h). There is no time to think about it.

Some Crises Have a Long Lead Time

A successful intervention is one that keeps what is already there and strengthens instead of changing it. That can often be sufficient and work well, depending on the situation. It is also easier for people to accept because it allows you to adapt to the new situation with small changes (additional staff, budget cuts, austerity appeals, subsidies, product improvements ...), but nothing has to be fundamentally questioned. Almost all COVID-19 measures by Western governments, for example, were aimed at socio-economic preservation, i.e. to continue normal life for their citizens, the economy and the country as best they could. Special assistance, appeals, vaccinations and the various guidelines issued were to at least maintain the appearance of normality.

This suits the instinctive preferences of most of the population. Very few people like fundamental change. As far as the existing structures, freedoms, basic assumptions and values are concerned, they prefer that everything stay the same.

If Change We Must, Then as Little as Possible, Please

One major hurdle for any crisis management is the backlash from those people expected to be affected against preventive measures. They often refuse any action to protect them, even though the extent of this would be far less painful than if the disaster were to be allowed to run rampant ("No new power line over my property!").

Is There a Flip Side to the Crisis?

On a positive note, it must be acknowledged that a crisis also creates new freedom. Gradual decline very rarely does. Only the crisis, the impending disaster, the collapse of the known and established allows for fundamental reflection (impending bankruptcy, invasion of Ukraine, the decisive school exam) and opens up perspectives for new opportunities. It releases tremendous forces, frees the mind and actions from the outdated and entrenched, allows the old to be shelved away in the annals of history and allows new and more progressive approaches to be tackled instead. For example, only when the COVID-19 pandemic made it unviable for millions of people to go to

”

You can't prepare for everything, but you have to be prepared for anything.

Unknown

the office, did we open our eyes to new ways of organising work. Such transformations rarely happen on their own.

In fact, we could even ask ourselves whether a large part of human progress may not have been and will not continue to be due to the regular occurrence of such "liberating" crises. It may well be that without the crises that hit our Stone Age ancestors, we would never have left our caves. Maybe without the disasters (the ice ages) we wouldn't even have got into those caves. The question of whether we have to live with crises is therefore easy to answer: Yes, we have to. We cannot do without them.

**DR CHRISTOPH-FRIEDRICH
VON BRAUN**
GLOBALANCE BANK AG
BOARD OF DIRECTORS

What technologies does society need? What do companies need? These are questions that Dr Christoph-Friedrich von Braun deals with on a daily basis as a consultant for companies, organisations and governments in the field of innovation, research and technology management and as a lecturer at various universities, including MIT in Boston. The father of seven children is the author of various publications such as "The Innovation War".

Our Meal Plan



Photo: iStock

for Tomorrow

FEELING FULL AND PROTECTING OUR PLANET – Not a utopia, but a realistic goal, as solutions to combat world hunger and for zero-emission food production show.

According to the UN World Food Programme (WFP), 50 million people worldwide are affected by famine. The Ukraine war, fragile supply chains and the climate crisis are further exacerbating this situation. In the middle of the year, for example, India imposed a ban on wheat exports to compensate for crop losses caused by the heatwave – a warning sign of food insecurity due to climatic change. At the same time, food systems cause up to a third of greenhouse gas emissions and consume about 70 percent of freshwater. This shows that the entire food sector needs to undergo serious transformation, because with the world population predicted to rise to 10 billion people by 2050, the demand for food is increasing while the available resources are becoming scarcer.

Why Alternatives Make Sense

For a long time, meat was considered indispensable by many, but today there is a growing awareness that livestock farming is particularly resource-intensive and causes significantly more emissions than the cultivation of plant-based food. For example, up to 20 kilos of feed have to be produced for one kilo of beef. In addition, the methane emitted by animals heats up the atmosphere more than 20 times as much as CO₂.

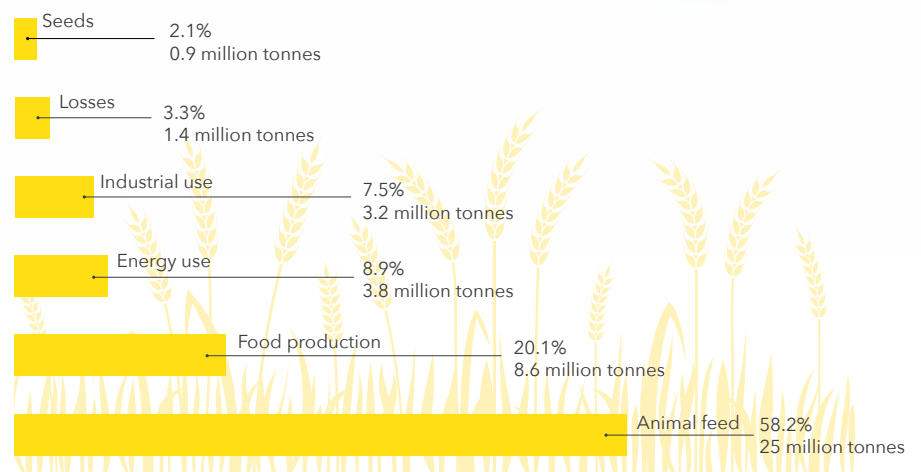
Climate-Smart Plants Offer Better Yield

According to the FAO, enough calories are produced to feed the entire world's population. However, the lack of infrastructure in some countries means that isolated communities cannot be supplied with the food they need. This means that solving the problem is not only about actual food, but also building infrastructures and secure supply chains.

In parts of Africa and Asia, there is also a lack of agricultural development. Combined with severe climatic changes, crop yields will become increasingly sparse. Bill Gates points out in an essay that food production can be increased with the cultivation of "climate-smart" plants and the use of forecasting models. He is therefore calling for more investment in research and development.

GRAIN USE IN GERMANY FOR 2020/2021

The figures refer to the 2020/21 financial year and to the grain value, i.e. the weight of unprocessed grain.



Source: German Federal Information Centre for Agriculture, BLE

Disruption on the Food Market?

In their scenarios, futures researchers from the RethinkX think tank predict a decline in the production volumes of the American beef and dairy industry, including the supply market, by almost 90 percent by 2035. Already now, though, there are alternative solutions stimulating this market. Companies like Aleph Farms, for example, produce slaughter-free rib eye steaks using 3D bio-printing and beef cells. The Swiss company Planted Foods offers meat alternatives made from 100 percent natural ingredients and saves half the water consumption and two thirds of the carbon emissions compared to conventional production. And the Berlin start-up Formo is already planning its market launch with its first microbial cheese products in 2023. The Boston Consulting Group estimates that sales of alternative (plant, cultured, microbial) proteins will grow from USD 40 billion today to USD 290 billion in 2035.

THE GLOBALANCE VIEW

RethinkX' radical predictions in the text point the way. Other studies also show that traditional food companies who are not producing or even looking into the topic of alternative proteins could soon come under pressure on the stock market. If alternative proteins become more and more popular, this will lead to a loss of market share and thus to falling stock prices. The focus on sustainable concepts and alternatives is an absolute must according to our futuremover philosophy, because they are replacing those tired, outdated business models. That is why we are impressed by models like smart agriculture: smart technologies for reducing emissions, decreasing fertiliser use, improving resource efficiency and for targeted management.

Challenges and Opportunities for 2023

"In the Middle of a New Era"

Inflation is digging its heels in despite exceptionally tight monetary policy. How do you see this developing?

Inflation rates have reached a first cyclical high in the USA. The weakening of the global economy will have a dampening effect on prices in the near future. Nevertheless, strong inflationary forces are still at work as a result of large central banks creating money unchecked in recent years. Structurally, there is also a threat of an increase in factors that will drive prices in the future (energy shortage, demographic effects, deglobalisation). Inflation rates of 4 to 6% are therefore not unrealistic in the next few years. Due to misguided ECB policies, the eurozone in particular is under the threat of high inflation becoming structurally entrenched.

The elephant in the room is a global recession – are we heading for a soft or hard landing?

The signs of a global economic decline cannot be ignored. Large parts of Europe are at risk of a recession, also as a result of severe energy price shocks. China, the former driver of growth, is

showing worrying weakness, which is further exacerbated by dirigiste policies. The US is also drifting towards a recession as the Federal Reserve seriously tightens the monetary reins. Due to this synchronous slowdown, a global hard landing cannot be ruled out for the time being. However, a situation of "rolling downturns" that proceed with varying intensity globally is more likely.

Rising interest rates have led to a significant valuation correction for almost all asset types – stocks, bonds, real estate, precious metals, etc. Is the worst over now?

On the valuation side, the biggest damage has indeed already been done, at least in the liquid asset classes. On the other hand, real estate and private equity are likely to continue to be corrected with a time lag in 2023. Poor (or negative) returns are also to be expected in the coming years for the bond markets. The stock markets, on the other hand, could become more attractive again from 2023 onwards, at significantly reduced valuation levels. However, more gradual reductions in equities are to be expected before that, in response to rising recession and profit risks.

The topic of "energy security" is certain to become a real megatrend in the coming years, offering a multitude of attractive investment opportunities.

Dr Heinz-Werner Rapp



The last 20 years have been marked by globalisation and technological innovation, which clearly worked to the benefit of consumers. Are we at the beginning of a new era? If so, what are the consequences?

The new era has already begun, but it will not be a positive one in many respects. The long phase of globalisation is being replaced by a new regime of partial deglobalisation as a result of acute geopolitical conflicts and divides. The strategic rivalry between the USA and China is likely to intensify with an increasingly negative impact on the global economy. There is an increasing threat of blocs (re-)formation in the global economy ("Cold War 2.0"), with the emergence of a pro-Western on the one side and a China-centric hemisphere on the other. For consumers and investors, this environment will be significantly more difficult than the previous 30 years of intensive globalisation. Nevertheless, new technologies will also have a very strong influence during this phase.

Let us shift our view to the future. Every crisis is always a great opportunity at the same time: where do you see the greatest investment opportunities in the coming years? Some food for thought: Energy crisis and dependence on fossil energy and a few OPEC countries. The starting signal for the energy transition?

The topic of "energy security" is certain to become a real megatrend in the coming years, offering a multitude of attractive investment opportunities. All types of alternative energy generation will be the focus, but they will not be able to solve the global energy problem. Out of necessity, the "old" sectors (oil, gas, coal, nuclear power) will therefore still have to be considered for quite some time.

2022 summer of the century: climate change – the biggest investment opportunity of the next 30 years?

The pressure for a climate-friendly energy transition is growing tremendously, yet politicians in many countries are still not acting with the necessary urgency and conviction. Investors should nevertheless keep a close eye on the topic of "alternative energies", as both huge progress and major disruptions can be expected here in the coming years.

Dependence on raw materials – how attractive will the circular economy and recovery become?

If it wasn't clear to politicians and market participants before today that "green" technologies such as e-mobility, wind power or photovoltaics are also highly dependent on raw materials, then it should be now. We are talking here about copper, nickel or palladium, but also lithium, cobalt and, with increasing relevance, "rare-earth elements". Many of these areas are dominated by China or Russia, which creates new strategic dependencies. Rapid progress in the recycling or substitution of "strategic raw materials" is absolutely imperative for Western countries if they do not want to be slowed down or even blocked from developing and implementing new technologies.

Will deglobalisation be cushioned by technological innovation and the trend towards decentralised business models (3D printing, smart grid, etc.)?

The geopolitical environment is leading to a relocation of globally distributed production sites ("reshoring"), but is also accelerating the trend towards more decentralised business models. Supply chains can be simplified and transport distances shortened on the basis of new technologies. Innovative 3D printing processes could help to move production processes from factories in other countries directly to the point of sale. However, such possibilities can only be used very selectively. Nevertheless, investors should keep an eye on corresponding technologies, innovations and business models.

DR HEINZ-WERNER RAPP

Dr Rapp is a member of the Management Board and Chief Investment Officer at FERI AG in Bad Homburg, where he is responsible for all the FERI Group's investment activities. He is also the founder and head of the FERI Cognitive Finance Institute, which acts as a strategic research centre for the FERI Group. Dr Rapp is the author of numerous articles, book contributions and studies on topics relevant to the capital markets. Dr Rapp is also an advisor to the Globalance Investment Committee.

What to Look for in a Green Label

Sustainable products have become a big seller – in all sectors. Green labels wherever you look: food, textiles, cosmetics. Sustainable investments have also entered the mainstream. But not everything that hides behind the green label is actually green. So, how can we safely navigate through the sustainability jungle without falling into the greenwashing trap?



Do Sustainable Investments Generate Returns?

Over the last 10 years, sustainable investments have performed better than traditional ones. The chart below shows the price development of the MSCI World (grey) broad world equity index compared to the MSCI World SRI (top

25 percent of sustainable companies; green). Expressed in figures, the MSCI World SRI clearly outperforms the world equity index by around 25 percent.



Looking back over the past 12 months, sustainable indices have also kept pace with the world equity index. The war in Europe and the associated energy crisis triggered a short-term revival of fossil fuels on the stock markets, a development from which sustainable

indices did not benefit. However, renewable energies such as wind and solar also increased in value as market participants were made aware of the urgent need for an energy transition.



A Proliferation of Sustainability Ratings

Sustainable investments have become an integral part of the financial world. In addition to pension funds and insurance companies, more and more private investors are now also thinking twice about in what companies and sectors they invest their money. The boom in these financial products has been huge in recent years, which has led to a proliferation of labels that is even difficult for professionals to navigate. The main problem is that there is no universal definition of sustainability. So it is measured and labelled to suit agendas rather than environmental concerns, which often leads to inconsistencies, omissions and ambiguities. For example, political lobbying is watering down the taxonomy by having nuclear energy and natural gas now also rated as "green". The frequently applied "best in class" approach also does not provide an absolute view of things in its conventional form, but also brings companies from less sustainable sectors into the portfolio – the best of the worst, so to speak. ESG ratings can also cause confusion, as they only make risk statements about companies and each rating agency follows its own approach, thus arriving at completely different assessments of the same company (see chart on page 19). The subjective weighting of the criteria can lead to a company being rated differently.

However, the "confusion", especially with ESG ratings, is not all bad: they can be used purposefully as long as we know the specifics of their methods. If applied in this way, they are helpful in



Investment in Transformation or in Leaders?

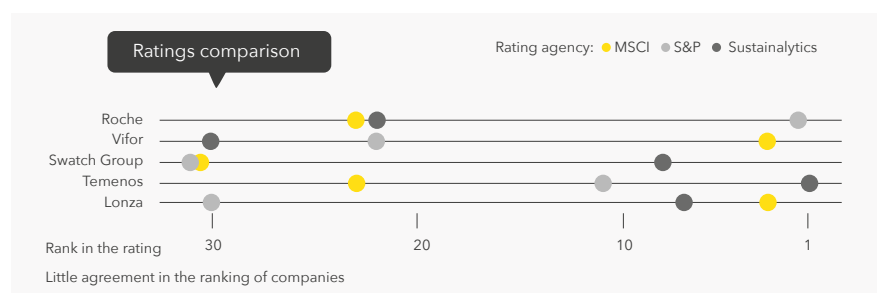
Even though both approaches have something to be said for them, we favour investing in leaders – or in our words: in “futuremovers”. Companies organised in this way offer more return potential through a strong strategic focus on promising solutions and technologies.

However, we do not understand “leaders” in the old familiar sense of excluding companies from less sustainable sectors. With the aforementioned “best in class” approach, which selects the “best” company from each sector in terms of sustainability, you also bring an increased rating risk into the portfolio along with companies from sectors such as oil or mining. New legislation, future environmental taxes or the technological disruption of outdated business models may have a negative impact on these assets in the future.

As an investor, you should not invest in the successes of the past, but in the future. This future will belong to companies that successfully respond to global megatrends and develop solutions for global challenges such as urbanisation, digitisation or scarcity of resources. They are replacing outdated business models and at the same time achieving a positive footprint using innovative concepts. These may be large companies on the one hand, but are also increasingly medium-sized, dynamic companies with a focused strategy.

Of course, we also need a transformation of companies that are still “sitting” on old technologies, especially as these often hold large market shares at present. Transforming these companies will have a significant effect. However, certain conditions must be met for this: the company must pursue serious and verifiable goals, they must be consistently and strictly implemented, and the market must recognise its new position. Transformation therefore tends to be less interesting for investors because success is associated with greater uncertainty. But companies and assets can quickly seem enticing as an investment under the pretext of transformation. So investors need to look very carefully to ensure that they are not being “greenwashed”.

assessing an investment’s risks. However, if you want to achieve a positive impact for the future with an investment, you should not use ESG ratings as the sole criterion when choosing stocks. They are not suitable for identifying companies that make a special contribution to solving a specific problem such as climate change. This requires a tailor-made approach, like the one we use at Globalance with our footprint method.



THE SUSTAINABILITY CHECK

Five questions for your bank

If you want to make sure that you have invested your money sustainably, ask your bank advisor the following questions:

- ✓ What percentage of your total investments are sustainable?
- ✓ Why do you continue to offer predominantly non-sustainable investments?

- ✓ Which Swiss companies have no place in a sustainable fund?
- ✓ Is the sustainability of investments also disclosed in the investment report?
- ✓ Are the bonuses of the management linked to the bank’s sustainability goals?

Trimble – How Agriculture 4.0 Works

TECHNOLOGIES FOR A THRIVING AGRICULTURAL FUTURE – Agriculture faces a number of challenges – security of supply, climate protection and scarcity of resources. To overcome these challenges, companies like Trimble are needed to bring the necessary innovations to the market.



David Hertig
Founding Partner and
Head of Investment

30 percent of both global energy consumption and global CO₂ emissions are attributable to food production (including food transport) today. Although the loss of biodiversity is a major problem of our time, pesticide use has also increased by 80 percent between 1990 and 2017. And as if these numbers were not challenging enough, there will be nearly 10 billion people to feed in 30 years' time.

The proposed solutions are many and multifaceted, ranging from avoiding and recycling food waste to plant-based substitutes for animal products and the further development of current agricultural practices. More efficient and high-tech farming is summarised under the term "precision agriculture" and aims to radically save resources such as water, energy and consumables.

A key company in this area is Trimble Inc. Founded in 1978, the Californian company is a leading provider of high-precision satellite navigation today. Trimble develops and combines positioning technology, mobile communications and software for the agriculture, transport and construction sectors.

Today, 630,000 square kilometres of agricultural land are already farmed with Trimble technology worldwide, which is almost twice the area of Germany. Farmers can use Trimble's automatic guidance and steering systems, water management programmes and cloud-based data management to achieve efficiency improvements of up to 50 percent and avoid a total of 7 million tonnes of greenhouse gas emissions a year.

15%

Trimble invests 15% of its revenue in research and development.



Trimble employs nearly 12,000 people in more than 35 countries.

14.5 billion

market capitalisation



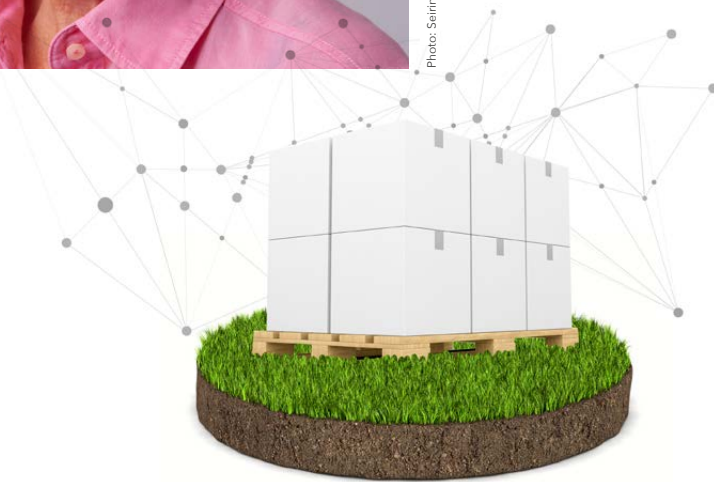
* Disclaimer on the cover



Beatriz Schreib

Founder and Managing Director of MateriaBona. Former President of the Gönnerverein Schweizer Tafel Zürich. Previously worked for seven years as a self-employed agent for Spanish gluten-free foods in Switzerland.

Photo: Seiring, Kusnacht



... as an entrepreneur

How important is sustainability at MateriaBona?

MateriaBona's goal is to facilitate the provision of brand-new consumer goods that cannot be sold to social organisations. In this way, MateriaBona is doing something good for society, sustainability and environmental protection.

If I were to found another start-up ...

Then it would be a company with machines that suck up greenhouse gases underground and convert them into oxygen.

*Never give up!
Fight for your ideas!*

... when investing

What is important for you, when investing?

I invest in businesses that don't have any negative impact on the environment and are so sustainable that our children can benefit from them.

What would you change if you were to become queen of the financial markets?

As queen, I would only allow financial institutions with sustainable and social policies and establish a regulator that would set clear criteria against greenwashing.

... as founder

What is your most valuable experience as founder and managing director of MateriaBona?

You have to have a good business partner with skills you don't have yourself and a large network of friends and acquaintances.

... personally

Are you optimistic or pessimistic about the future?

As an optimistic person, I believe in people's common sense. What is worrying, is world politics.

What do you think the world will look like in 50 years?

Much greener.

What else would you like to achieve?

For MateriaBona to become a project known throughout Switzerland.

Inspiring and Promising Entrepreneurs

WHY WE NEED INNOVATIVE ENTREPRENEURS – New, young companies are sprouting up all over the place – and that’s a good thing. We need a pioneering spirit and determination more than ever in these challenging times. In the following we introduce you to a tasty little start-up – in the truest sense of the word.

Global meat production has more than quadrupled in the last 50 years. Today, 14.5 percent of global greenhouse gas emissions are attributable to agricultural livestock farming alone. But in addition to greenhouse gases, the consequences of excessive meat production include land and water degradation, loss of biodiversity, deforestation and

intensive energy consumption. A change in our eating habits and new approaches to solutions seem unavoidable – fortunately, we are seeing a change in mindset. The number of vegans, vegetarians or flexitarians has skyrocketed up in recent years, especially among millennials. More and more consumers are looking for ways to re-

duce their food’s environmental footprint.

A lot has happened since the American company Impossible Foods first made a plant-based burger available to the general public in 2016. On the one hand, big companies like Nestlé are jumping on the growing trend, and on the other hand, countless new companies have sprung up around the topic of “meat substitutes”. The global market for plant-based foods is booming and is estimated to reach more than USD 160 billion by 2030.

PLANTED FOODS AG

This lucrative growth market has also drawn the attention of a young Swiss company. The Planted Foods AG start-up was founded in 2019 as an ETH Zurich spin-off and produces meat from alternative proteins such as peas, oats and sunflowers using its innovative biostructuring approach. The company put the scalability of production at the centre of its efforts right from the start and is now, after three years, the fastest growing alternative protein company in Europe. In September 2022, Planted Foods secured fresh investor funding of CHF 70 million with which it seeks to speed up its international growth even more and expand its product range. But in addition to its impressive financial development, the business model also makes an important impact contribution. Producing meatless alternatives uses half as much water and saves two thirds of the carbon emissions compared to conventional production.



THE JOURNEY FROM PLANTED FOODS TO THE PLATE ...

Founded
in summer
2019

Over
170 employees
in
6 countries

All products made
with
100% natural
ingredients and no
additives

**100%
Swiss
hydropower**
for production and
offices

**1,023,510
chickens**
already saved
through sale of the
products (rising)

planted.chicken
produces
74% less CO₂
equivalents compared
to chicken and 46%
less water.

planted.pulled
produces
81% less CO₂
equivalents compared
to real pork and 43%
less water.

THE GLOBALANCE VIEW

Alternative proteins are and will remain a multi-billion growth market. However, former stock market darlings such as Beyond Meat and Oatley have recently had to contend with sharply falling turnover figures and bitter price setbacks. A wake-up call for the players: “alternative” will not suffice as the only customer promise. In addition to distribution, at least four key criteria are needed for success:

1. Taste – many providers did not invest enough in this and put customers off.
 2. Price – must not be higher than for conventional meat.
 3. Health – fillers and emulsifiers are sales killers.
 4. Raw material prices – strategic management of suppliers (keyword inflation)
- Companies that get to grips with this have huge potential.

Source: Planted Foods AG

Responsible Entrepreneurship: How B Corporations Are Shaping the Future



The world-famous economist Milton Friedman, one of the visionaries behind neoliberalism, argued that a company's only social responsibility is to increase its profits.

A counter thesis, which defines corporate responsibility more broadly, is represented by the globally rapidly growing "B Corp" movement. B Corp has been measuring and auditing companies since 2006 on the basis of various criteria, such as the impact of their activities on the environment, society, employees and customers. Around 5,000 certified B Corporations from 155 sectors and more than 70 countries have joined in this movement to date, including companies such as Patagonia, The Guardian and Globalance. B Corp's audits are rigorous and relentlessly expose greenwashing. Only the best make it into the exclusive circle.



As the first certified bank in Switzerland, the re-certification process confirmed Globalance's leadership, its long-standing commitment to fulfilling its mission and continuously improving its positive impact on all stakeholders.

Jonathan Normand, CEO B Lab Switzerland

Globalance – One of the Companies with the Highest B Corp Score

Globalance was audited by B Corp again this year and certified for the third time. Globalance has been a B Corp since 2015 – the first bank in Switzerland at that time. This year, Globalance was able to achieve an even better result despite stricter audit requirements. The very high overall score of 111.9 achieved by Globalance compares well with other companies; the median score for ordinary businesses is currently 50.9.

The global B Corp community, which now also includes companies such as Nespresso, Danone or Illy, wants to break away from the traditional mentality of "profit maximisation at any price" to add the stakeholder approach as a central consideration in corporate governance. In this approach, the most important stakeholders affected by a company's activities are actively taken into account. B Corporations even commit to anchoring this forward-looking philosophy in their Articles of Association. This creates a global alliance of companies working together for a responsible future for the economy. The companies participating in this "alliance" earn the privilege of being able to write the word "sustainable" in their company profile with a clear conscience.

111.9
Globalance overall score

50.9
Median score
for ordinary
businesses

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