

# **SUMMARY TREASURY STRATEGY Q4 2022**

**Treasury & Asset Management**  
Basel, 1 October 2022

*Public Information*

**EUROFIMA**  
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of Railroad Rolling Stock  
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## Objective

The TREASURY STRATEGY is a document produced by the Treasury & Asset Management unit with the purpose to review and guide its investment activities. The objective is to define the investment strategy for the next quarter as well as to align our investment decisions to EUROFIMA's long-term investment goals. This is a summary of the internal extended version of the TREASURY STRATEGY which contains a market overview, a performance and portfolio review as well as a section dedicated to strategy. The document is submitted to the Management Committee (i.e., the CEO and CFO) for approval each quarter end.

EUROFIMA publishes this summary of the TREASURY STRATEGY on its webpage with a focus on the portfolio overview and key risk metrics. The objective of this summary is to increase transparency in our investment activities and give an update on our progress on the topic of responsible and sustainable investment management.

## Portfolio Overview

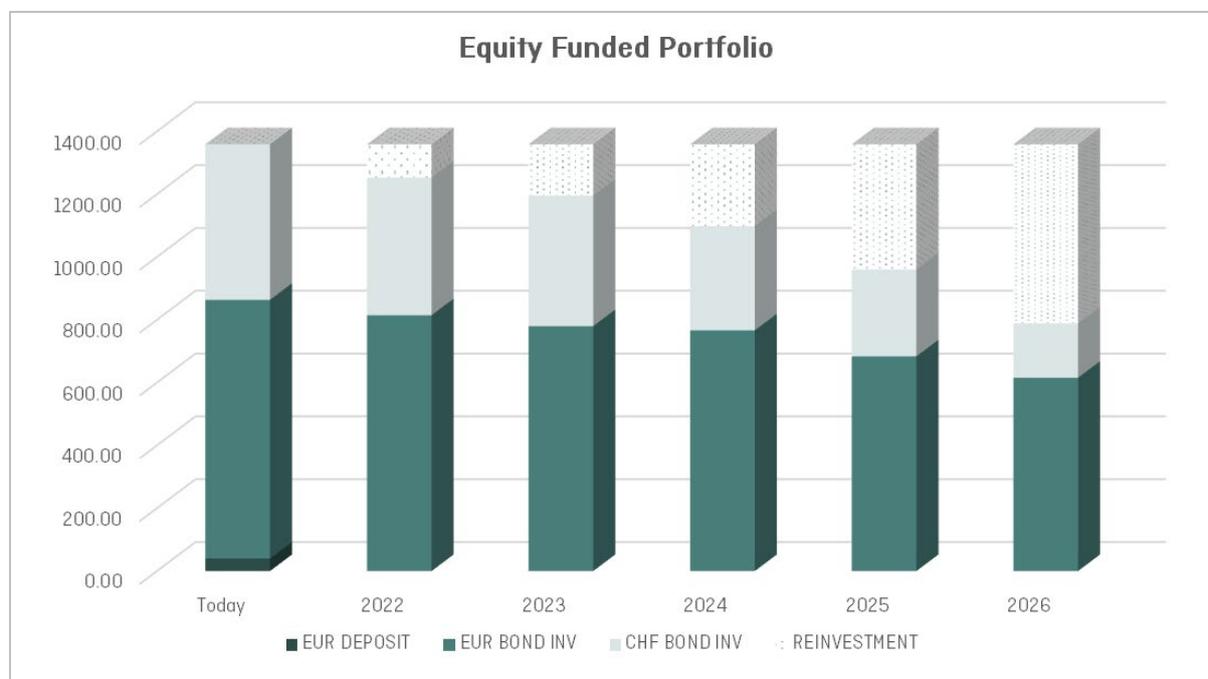
The investments managed by the Treasury & Asset Management unit are allocated into [four dedicated portfolios](#), which are defined based on the purpose and the source of funds. These portfolios are named accordingly.

Following EUROFIMA’s official signing of the United Nations-supported Principles for Responsible Investment (PRI) in January 2020, the Treasury & Asset Management unit applies Environmental, Social and Governance (ESG) integration according to the Six Principles for Responsible Investment in its investment decision process for all portfolios and for 100% of its investments. Since January 2022, EUROFIMA has stated to engage with its investee companies on the sustainability topic following the earlier approved [INVESTEE ENGAGEMENT GUIDELINES](#).

### Equity Funded Portfolio

The source of funds in the Equity Funded Portfolio is the organisation’s paid-in shareholder capital, reserves and retained profits. The investment strategy pursues a favourable long-term total return through fixed income investments, while giving particular consideration to capital preservation.

#### Overview existing Equity Funded Portfolio Investments<sup>1</sup>:

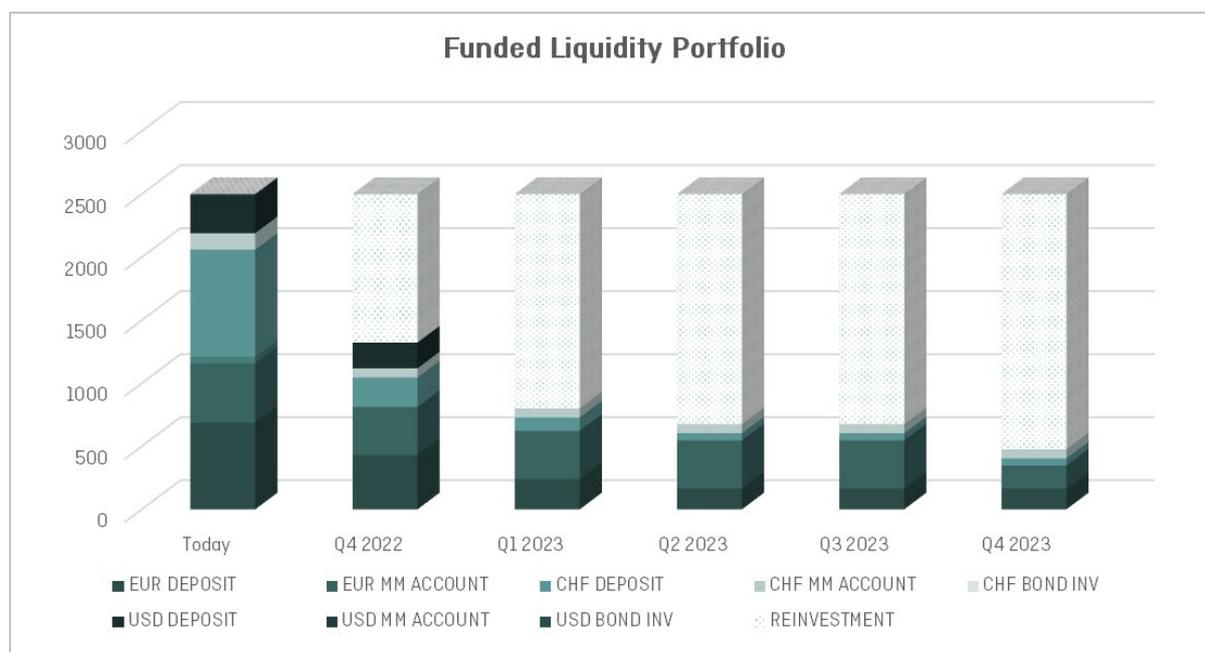


<sup>1</sup> Year figures show year end, data as of September 21<sup>st</sup>, 2022

## Funded Liquidity Portfolio

The Funded Liquidity Portfolio is funded by borrowing in the money and capital markets. The investment strategy is to ensure EUROFIMA's liquidity at any given time and to fulfil requirements set by external credit rating agencies or internally.

### Overview existing Funded Liquidity Portfolio Investments<sup>2</sup>:



## Margining Portfolio

The Margining Portfolio is comprised of cash received or placed as collateral against the market values of all derivative instruments under Credit Support Annex (CSA) agreements. The investment or funding strategy aims to efficiently manage this collateral. The portfolio is invested in short-term EUR denominated deposits.

## Warehousing Portfolio

The funds in the Warehousing Portfolio are raised in the money and capital markets. The investment strategy for this portfolio, which acts as a temporary storage of funds to facilitate Equipment Financing Contracts (EFC), is dependent on the disbursement to railways. The portfolio is invested in short-term EUR denominated deposits.

<sup>2</sup> Quarter figures show quarter end, data as of September 21<sup>st</sup>, 2022

## Investment Strategy

The overarching investment strategy of the Treasury & Asset Management unit is to achieve the portfolio objectives within a pre-defined risk budget with respect to liquidity, financial and ESG risks according to our [TREASURY POLICY](#). The key metrics relevant for steering the portfolios are shown in the table below. Treasury & Asset Management unit's investment activities follow a three-dimensional approach, which incorporates interest rate risk targets, credit risk targets and ESG score targets. The unit's processes and operations are specified in the PORTFOLIO GUIDELINES.

### Strategy for Duration, Risk-weighted Assets and ESG Scoring:

	General Limit	EQF		FL		MARG	
		Target <sup>3</sup>	<i>Current</i>	Target <sup>3</sup>	<i>Current</i>	Target <sup>3</sup>	<i>Current</i> <sup>4</sup>
<b>Modified Duration</b>	<b>max 2.50%</b>	5.20%	<i>5.11%</i>	0.25%	<i>0.21%</i>	N/A	-
<b>Risk-weighted Assets</b>	<b>max EUR 700m</b>	EUR 275m (Ø18%)	<i>EUR 265m (Ø17.1%)</i>	EUR 400m (Ø16%)	<i>EUR 382m (Ø15.8%)</i>	N/A	-
<b>ESG Scoring<sup>5</sup></b>	<b>max 23.0</b>	below 20.0	<i>20.1</i>	below 20.0	<i>22.9</i>	N/A	-

Concerning the end of Q4 2022 targets for EQF, we keep the duration target below the lower band of the long-term metrics at 5.2% because of limited investment needs. The risk-weighted assets value for end of Q4 2022 is targeted to stay at around EUR 275m which is within the general limits set by the Board of Directors. In FL, we target again a weighted of 0.25% which is below the range of the long-term target. We will keep our risk-weighted asset targets unchanged in FL. Due to net payer situation in MARG, risk metrics remain undefined for Q4. In terms of the ESG scoring, we reduce our ESG target targets from 23.0 to 20.0 for EQF and FL portfolio to comply with our long-term target limit.

<sup>3</sup> Target for end of Q4 2022

<sup>4</sup> Figures are as of September 21<sup>st</sup>, 2022, when EUROFIMA is net payer of collateral. No investments are made in the MARG portfolio

<sup>5</sup> Figures represent weighted-average Sustainalytics scores, most of non-rated investments are mapped to the respective government

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