

zMonthly January 22

Interest rate fears weigh on stock markets

The first week of January provided a taste of the turbulence in store for investors. The publication of the Fed's December meeting minutes was the trigger for the malaise on global equity markets. The minutes showed that central bank members are increasingly worried about inflation and that monetary policy could consequently be tightened more quickly than previously communicated. Capital market interest rates rose significantly in response, while equity markets saw markedly higher volatility. There was no let-up on the inflation front, with eurozone consumer prices rising by 5%. Meanwhile, the inflation rate in the US reached 7% – its highest level since June 1982. The Fed's January meeting confirmed the decision to depart from the previously relaxed monetary stance. Equity markets remained under pressure on fears of a larger-than-expected number of interest rate hikes in 2022. Fed Chair Jerome Powell did not rule out the prospect of turning the screw of interest rates at each of the central bank's upcoming meetings. This led to a sector rotation and a significant fall in the price of expensive growth stocks. In Switzerland's case, this primarily affected last year's winners such as Givaudan, Lonza, Sika, Geberit, Straumann and VAT Group. By contrast, insurers, banks and real estate stocks outperformed the market. Product testing company SGS met its targets for the 2021 financial year and cited the prospect of a further improvement in margins. The fund lost 2.7% in January (SPI -5.7%).

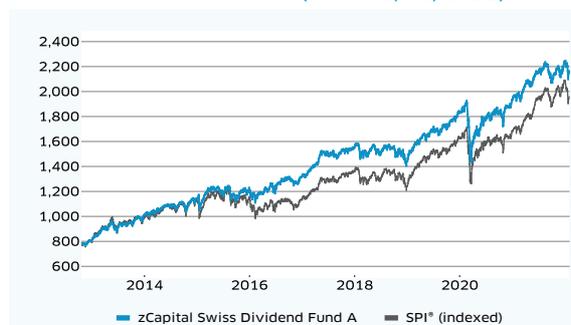
Portfolio adjustments

We took profits on Givaudan, ABB, Swiss Life and Swiss Re during the month. We took advantage of the lower price of SGS to increase the position.

Starting signal for the fight against inflation

With economic growth of 6.9% in the fourth quarter coupled with high inflation and full employment, the growing threat of a wage-price spiral is increasingly spooking politicians in the US. The key question is why the Fed has underestimated inflation and so far done nothing to address it. Consequently, the monetary tightening process could turn out to be more severe than expected – hence the Fed's move to obtain maximum flexibility at its last meeting. The message from Jerome Powell was clear: Main Street, not Wall Street! The battle against rising prices is the priority, because high inflation hits the vast bulk of the population. For many market participants previously reliant on the "Fed put" (i.e. the belief that the Fed would always rush to the rescue of the stock market in the event of a major correction), the news came as a surprise. The mood on the stock market is worsening as a result. After a long-functioning "buy the dip" strategy, we could now be in for a temporary change of tack to "sell the rally".

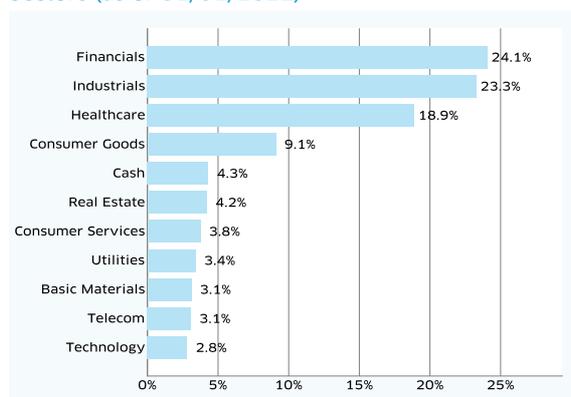
Performance since Launch (as of 31/01/2022)



Performance (as of 31/01/2022)

MTD (Fund / Benchmark)	-2.7% / -5.7%
YTD	-2.7% / -5.7%
1 year	12.4% / 17.6%
3 years p.a.	12.4% / 13.8%
5 years p.a.	10.3% / 11.3%
Since launch p.a.	11.5% / 10.4%

Sectors (as of 31/01/2022)



Largest Positions (as of 31/01/2022)

1	Novartis	9.7%
2	Roche	9.1%
3	Nestle	9.1%
4	Zurich Insurance Group	5.1%
5	ABB	5.0%
6	Swiss Life	3.4%
7	Holcim	3.3%
8	Swisscom	3.1%
9	Logitech	2.8%
10	BKW	2.7%
11	SGS	2.7%
12	DKSH	2.4%
13	Baloise	2.3%
14	Burkhalter	2.2%
15	PSP Swiss Property	2.2%

Investment Strategy

The zCapital Swiss Dividend Fund invests in Swiss equities that pay an attractive, reliable dividend or where dividend income is expected to grow. The fund invests in 30 to 40 companies from the universe of the SPI® (Swiss Performance Index). Around half of the fund assets is invested in blue chips and the other half in second-line stocks. zCapital pursues a long-term, active investment style. The stock selection is based on a combination of fundamental company analyses with a proprietary dividend analysis tool. Key ESG aspects and macroeconomic factors are also included in the decision-making process.

Portfolio Structure (as of 31/01/2022)

Net Asset Value	CHF 2,164.47 per Share A
Total Assets	CHF 466 m
Investment Exposure	95.7%
Number of Companies	33

Statistics 3 Years (as of 31/01/2022)

Volatility Fund p.a.	13.8%
Beta (current)	0.9
Dividend yield of invested companies *	3.3%
Large caps in percentage of portfolio	58.2%

* This figure includes the weighted future dividend yields from the companies invested in, as estimated by zCapital. It does not provide any indication of the final level of dividend that will be paid out by the "zCapital Swiss Dividend Fund". As of 31/01/2022.

Termsheet

Fund-Name	zCapital Swiss Dividend Fund (Class A)
Asset Manager	zCapital AG, Zug
Swiss Security Number / ISIN	19466655 / CH0194666555
Price Publications	www.zcapital.ch, www.swissfunddata.ch, www.fundinfo.com
Bloomberg / Reuters	ZCAPDIV SW Equity / 19466655.S
Benchmark	Swiss Performance Index SPI®
Morningstar-Rating	★★
Minimum Investment / Reference Currency	No minimum investment required / CHF
Fund Type / Distribution	Swiss Securities Fund / Authorized for public distribution in Switzerland and Germany
Management Fee (incl. Fund Management and Custodian Fees)	1% p.a.
Issue Fee / Redemption Fee	None
Total Expense Ratio (TER) as of 30/11/2021	1.00%
Fund Management Company / Custodian Bank	LLB Swiss Investment AG, Zürich / Bank Julius Bär & Co. AG, Zürich
Subscriptions and Redemptions	On each bank working day at Net Asset Value (NAV). Subscriptions and redemptions which are placed with the Custodian Bank by 3.45 pm CET on a bank business day (Order Day), are processed on the next bank working day (Valuation Day) based on the Order Day's closing price.
Auditor	PricewaterhouseCoopers AG, Zurich

Monthly Performance (as of 31/01/2022)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2012										-0.9%*	1.6%	1.5%	2.2%*
2013	4.9%	4.3%	3.2%	2.2%	0.2%	-2.1%	1.9%	-0.3%	2.8%	3.4%	1.2%	1.7%	25.8%
2014	0.5%	2.7%	1.5%	1.0%	1.6%	-0.5%	0.1%	1.6%	0.8%	-0.1%	2.9%	-0.1%	12.7%
2015	-3.0%	6.9%	2.3%	0.8%	0.6%	-4.2%	5.2%	-4.8%	-2.7%	4.6%	2.2%	-0.2%	7.3%
2016	-2.8%	-1.6%	1.8%	1.8%	3.9%	-1.1%	2.0%	1.9%	0.7%	-2.0%	-0.3%	3.5%	7.8%
2017	0.8%	3.3%	3.0%	3.7%	3.3%	-1.5%	1.4%	-1.8%	2.4%	0.9%	0.6%	0.3%	17.5%
2018	0.4%	-3.0%	-0.0%	2.9%	-3.3%	0.9%	3.1%	-0.1%	-0.3%	-1.3%	-0.8%	-5.5%	-7.0%
2019	6.2%	3.4%	1.5%	3.7%	-1.3%	3.1%	0.4%	0.4%	2.0%	1.3%	1.9%	1.8%	27.1%
2020	0.7%	-6.9%	-6.4%	5.2%	3.0%	2.3%	-0.5%	2.9%	0.2%	-5.1%	8.5%	2.8%	5.7%
2021	-0.3%	-0.1%	6.2%	0.4%	2.5%	2.3%	1.3%	1.5%	-5.4%	2.4%	-0.8%	4.9%	15.3%
2022	-2.7%												-2.7%

* since Launch date (22 October 2012)

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