

zMonthly May 22

Inflation weighs on consumer confidence

Equity markets embarked on a rollercoaster ride following the US Federal Reserve's Meeting in May. Investors initially seemed relieved by Fed chief Jerome Powell's statement that a rate hike of 75 basis points would not be up for discussion at the next gathering. However, fears about a more aggressive tightening of monetary policy rapidly regained the upper hand and culminated in a significant correction on several stock exchanges. The malaise was exacerbated by a temporary jump in 10-year US Treasury yields to over 3%. There was no easing on the inflation front, either. US inflation continued to gain breadth, reaching an uncomfortably high figure of 8.3% in April. This is starting to hit consumer sentiment, with negative newsflow from multiple US retailers evidencing the impact of rising fuel and food prices. Further headwinds were caused by the ongoing war in Ukraine and attendant surge in commodity and energy costs, together with the strict lockdown in China, which made supply-chain issues even more acute. Against this backdrop, the global equity index recorded falling prices for seven weeks in a row before a technical countermovement set in towards the end of the month. Food multinational Nestlé likewise came under heavy pressure in the wake of the sell-off in a number of US consumer stocks. Roche released disappointing study data on a potential new drug for the treatment of lung cancer, prompting a sharp fall in the share price of the pharmaceutical company. The fund lost 3.5% in May (SPI -4.4%).

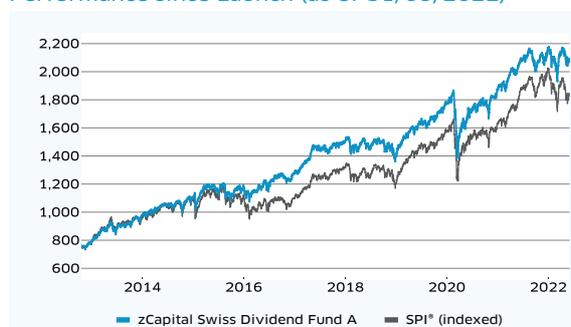
Portfolio adjustments

Following hefty corrections, we increased our holdings in Roche and Nestlé in the month under review. We also added to our holdings in Swiss Re, Julius Bär, Givaudan and VAT Group. On the other hand, our exposure to Novartis, Burkhälter, Zurich Insurance Group and St. Galler Kantonalbank was reduced.

Further profit warnings likely

The fundamental situation on world markets has continued to deteriorate. We are therefore not surprised by the fact that profit warnings have been emanating from various sectors, although we are taken startled by the scale of the squeeze on margins. Further forecast adjustments in the corporate sector ahead of the first-half numbers could put pressure on market sentiment. Shares have already priced in some of the negative news, while analyst earnings forecasts are probably still too high in a majority cases. Investors will therefore require strong nerves in the coming period. While the countermovement could continue for some time, it is unlikely to be worth chasing after rising share prices, in our view.

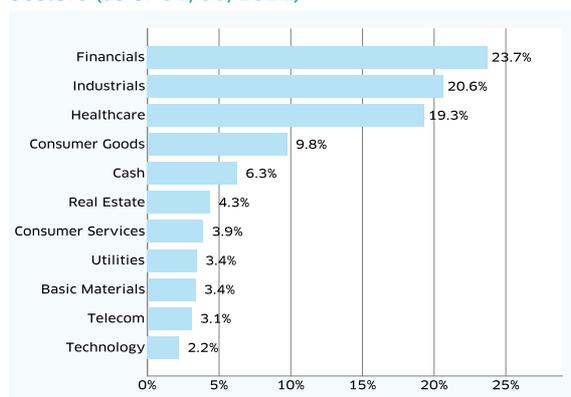
Performance since Launch (as of 31/05/2022)



Performance (as of 31/05/2022)

MTD (Fund / Benchmark)	-3.5% / -4.4%
YTD	-3.9% / -9.3%
1 year	1.8% / 1.7%
3 years p.a.	9.3% / 8.9%
5 years p.a.	7.2% / 7.8%
Since launch p.a.	11.0% / 9.5%

Sectors (as of 31/05/2022)



Largest Positions (as of 31/05/2022)

1	Nestle	9.7%
2	Roche	9.6%
3	Novartis	9.6%
4	Zurich Insurance Group	5.0%
5	ABB	4.5%
6	Holcim	3.1%
7	Swisscom	3.0%
8	Julius Baer	2.9%
9	BKW	2.8%
10	Swiss Life	2.6%
11	SGS	2.5%
12	Burkhälter	2.4%
13	DKSH	2.3%
14	PSP Swiss Property	2.2%
15	Logitech	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 31/05/2022)

Net Asset Value	CHF 2,071.31 per Share A
Total Assets	CHF 446 m
Investment Exposure	93.7%
Number of Companies	33

Statistics 3 Years (as of 31/05/2022)

Volatility Fund p.a.	14.5%
Beta (current)	0.8
Dividend yield of invested companies *	3.6%
Large caps in percentage of portfolio	56.9%

* 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 31/05/2022.

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 31/05/2022)

	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%	-1.8%	2.9%	1.3%	-3.5%								-3.9%

* since Launch date (22 October 2012)

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