zMonthly June 22

Swiss National Bank surprises the markets

High inflation and central bank decisions were the predominant themes on financial markets in June. The eurozone inflation rate once again came in significantly above expectations, reaching a record high of 8.1%. In the US, meanwhile, consumer prices continued to rise across the board in May and at 8.6% showed their highest rate since December 1981. Investors reacted nervously, causing global equity markets to tumble. Against this backdrop, leading central banks were compelled to ramp up their normalisation of monetary policy. The ECB, for instance, intends to raise its key interest rates by at least 0.25% in July. The US central bank has likewise had a rethink, with the Fed announcing a rate rise of 0.75% - its biggest hike in interest rates since 1994. The move illustrates that tackling inflation has become the US central bank's top priority. The biggest surprise, however, was the 0.5% rate hike on the part of the Swiss National Bank. This shows just how seriously the Swiss monetary authorities are taking their mandate for price stability. The steps taken on the monetary policy front kindled fears of a recession among investors and put equity markets under pressure. The SPI Extra, Switzerland's small and mid-cap index, saw one of its worst monthly performance since the fund was launched in the autumn of 2008. Firms including Interroll, Ems-Chemie and Autoneum announced profit warnings for the first half of the year. Virtually all these companies cited the problematic supply-chain situation as well as the negative ramifications of the lockdowns in China. In June, the fund lost 7.6% (SPI Extra -7.8%).

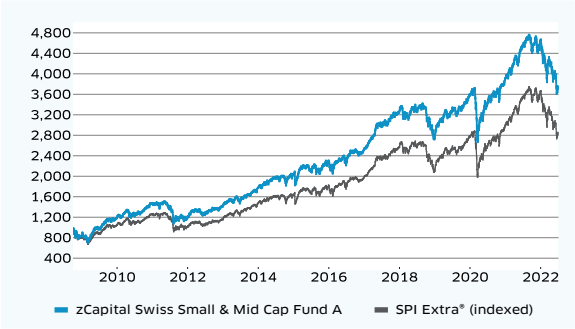
Ypsomed added to the portfolio

A capital increase at medical technology firm Ypsomed presented an opportunity to build up a new position. The main attraction here is the firm's profitable growth in pens and auto-injectors; however, we can also see the first glimmers of light for its currently loss-making insulin pumps. At the same time, we reduced our positions in Cembra Money Bank, Vontobel, Baloise and Sonova.

Focus on half-year reporting

An eventful reporting season lies ahead of us. After developing in line with expectations in the first three months, the business situation for most companies deteriorated significantly in the second quarter. We will be paying particularly close attention to the outlook for the second half of the year, as investors need some guidance in these uncertain times. Companies which downgrade their forecasts or fail to issue any at all due to lack of visibility are consequently likely to be avoided by investors. By contrast, firms with impressive results and good visibility regarding the second half could potentially see a significant share price recovery. Thin trading volumes during the holiday season could spark additional volatility in individual stocks, which would create opportunities.

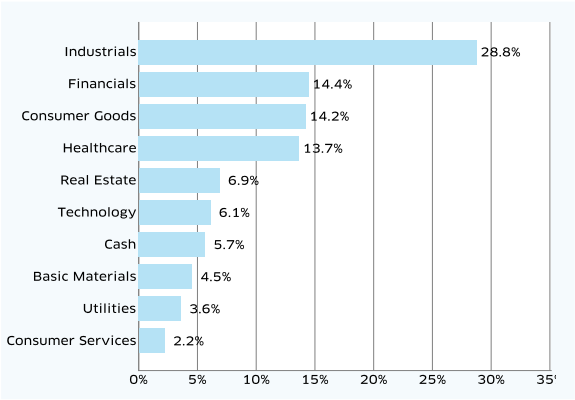
Performance since Launch (as of 30/06/2022)



Performance (as of 30/06/2022)

MTD (Fund / Benchmark)	-7.6% / -7.8%
YTD	-20.3% / -23.1%
1 year	-18.5% / -20.4%
3 years p.a.	4.0% / 3.3%
5 years p.a.	4.4% / 3.8%
10 years p.a.	11.3% / 10.2%
Since launch p.a.	10.1% / 7.9%

Sectors (as of 30/06/2022)



Largest Positions (as of 30/06/2022)

1	Lindt & Sprüngli	6.7%
2	Sonova	5.2%
3	Kühne + Nagel	4.6%
4	Julius Baer	4.6%
5	Baloise	4.0%
6	Schindler	3.8%
7	Straumann	3.2%
8	Swatch	3.2%
9	Barry Callebaut	3.1%
10	Temenos	3.1%
11	PSP Swiss Property	2.9%
12	BKW	2.8%
13	Clariant	2.6%
14	SIG Group	2.6%
15	VAT Group	2.2%

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Investment Strategy

The zCapital Swiss Small & Mid Cap Fund invests in Swiss small and mid-cap stocks and measures itself against the SPI Extra® (all SPI® stocks without SMI® or without the 20 largest securities). The fund assets are invested in a broadly diversified portfolio of 50 to 70 companies. zCapital strives to consistently exceed the benchmark return with a long-term, active investment style. Investment decisions are based on fundamental company analyses, considering and assessing corporate governance and other key ESG aspects. Macroeconomic factors are also included in the decision-making process.

Portfolio Structure (as of 30/06/2022)

Net Asset Value	CHF 3,698.82 per Share A
Total Assets	CHF 886 m
Investment Exposure	94.3%
Number of Companies	63

Statistics 3 Years (as of 30/06/2022)

Volatility Fund / Index p.a.	16.8% / 18.0%
Tracking Error	2.2%
Information Ratio	0.1

Termsheet

Fund-Name	zCapital Swiss Small & Mid Cap Fund (Class A)
Asset Manager	zCapital AG, Zug
Swiss Security Number / ISIN	4534164 / CH0045341648
Price Publications	www.zcapital.ch, www.swissfunddata.ch, www.fundinfo.com
Bloomberg / Reuters	ZCAPSWI SW Equity / 4534164.S
Benchmark	SPI Extra® (Swiss small & mid cap equities)
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
Fund Management Company / Custodian Bank	LLB Swiss Investment AG, Zürich / Bank Julius Bär & Co. AG, Zürich
Management Fee (incl. Fund Management and Custodian Fees)	1.5% p.a., of which 0.1% donated to charities which engage in "Children and Education"
Issue Fee / Redemption Fee	None / 0.4% in favour of the fund
Total Expense Ratio (TER) as of 30/11/2021	1.49%
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

Yearly Performance (as of 30/06/2022)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fund	-14.5%*	40.2%	23.4%	-18.4%	17.8%	26.0%	15.2%	12.8%	9.3%	29.0%	-14.4%	28.7%	9.2%
SPI Extra®	-18.5%*	29.6%	20.1%	-19.1%	13.9%	27.7%	11.4%	11.0%	8.5%	29.7%	-17.2%	30.4%	8.1%

	2021	2022
Fund	19.0%	-20.3%
SPI Extra®	22.2%	-23.1%

* since Launch date (6 October 2008)

Monthly Performance (as of 30/06/2022)

2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Fund	-6.0%	-4.1%	1.4%	-2.5%	-3.2%	-7.6%							-20.3%
SPI Extra®	-7.5%	-4.0%	1.2%	-3.5%	-3.8%	-7.8%							-23.1%

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