

zMonthly May 23

Artificial intelligence in the spotlight

Global equity markets were initially trading in a narrow range. Both the US Federal Reserve and the European Central Bank continued to raise interest rates as expected. However, Fed Chairman Jerome Powell indicated at the press conference that the likelihood of a pause in the rate hike cycle had increased. Growth in the US has stalled, reviving fears of a recession. The government-orchestrated takeover of First Republic Bank by JPMorgan showed that the banking crisis is not over. Political wrangling over the US debt ceiling added to the unease. Treasury Secretary Janet Yellen warned of a possible government default. However, the prospect that both chambers of the US Congress would approve the bill to suspend the debt ceiling boosted market confidence and various stock indices reached new year highs in the second half of the month. Towards the end of the reporting period, the topic of artificial intelligence (AI) led to a rally in the technology sector. This was triggered by a massive increase in sales forecasts by US high-performance chip developer Nvidia. In our universe, semiconductor suppliers VAT Group, Comet and Inficon also benefited from the AI enthusiasm and posted significant price gains. Private bank Julius Baer reported lower-than-expected money inflows in the first four months of the year, weighing on its share price. The fund lost 1.5% in May (SPI Extra -1.6%).

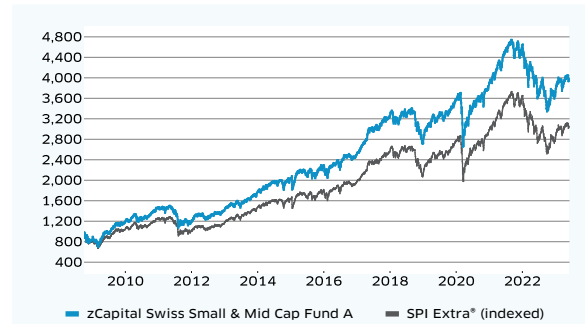
Minor adjustments to the Fund

We made only minor adjustments to the fund in May. We added to Galenica, SGS, DKSH and U-Blox, while we slightly reduced the positions in EMS-Chemie, Bystronic and BKW.

China slow to recover from pandemic

After the abrupt lifting of all Covid measures in December 2022, markets were betting on a rapid recovery of the Chinese economy this year. These hopes are being dashed. In discussions with company representatives, we hear almost unanimously that expectations have not been met so far. Many Chinese companies are reluctant to place large orders, and consumers are reluctant to spend because sentiment is weak and youth unemployment is close to 20%. In addition, almost three-quarters of Chinese households are reported to be over-indebted. The property market is unlikely to be an engine of growth in the future, with large numbers of empty homes and falling prices. Moreover, many provincial governments and cities are financially strapped. This leaves only the little hope of a stimulus from the central government in Beijing. Despite the lower growth forecasts, China remains an important market for many Swiss companies. We will continue to monitor the situation closely, but are cautious about investing in companies with an above-average share of sales in China.

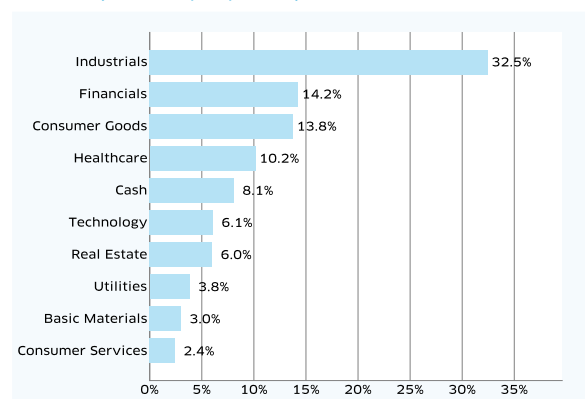
Performance since Launch (as of 31/05/2023)



Performance (as of 31/05/2023)

MTD (Fund / Benchmark)	-1.5% / -1.6%
YTD	8.1% / 9.5%
1 year	-1.1% / -0.2%
3 years p.a.	5.6% / 6.1%
5 years p.a.	4.0% / 3.3%
10 years p.a.	9.7% / 8.8%
Since launch p.a.	9.9% / 8.0%

Sectors (as of 31/05/2023)



Largest Positions (as of 31/05/2023)

1	Lindt & Sprüngli	5.8%
2	Julius Baer	4.7%
3	SGS	4.5%
4	Kühne + Nagel	4.5%
5	Swatch	4.0%
6	Schindler	3.8%
7	Baloise	3.6%
8	Temenos	3.3%
9	Straumann	3.3%
10	Roche	3.0%
11	VAT Group	3.0%
12	BKW	3.0%
13	SIG Group	2.7%
14	PSP Swiss Property	2.6%
15	Barry Callebaut	2.2%

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 31/05/2023)

Net Asset Value	CHF 3,943.04 per Share A
Total Assets	CHF 980 m
Investment Exposure	91.9%
Number of Companies	64

Statistics 3 Years (as of 31/05/2023)

Volatility Fund / Index p.a.	14.9% / 16.1%
Tracking Error	2.0%
Information Ratio	-0.3

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 30/11/2022	1.51%
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 31/05/2023)

	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	2023
Fund	19.0%	-21.1%	8.1%
SPI Extra®	22.2%	-24.0%	9.5%

* since Launch date (6 October 2008)

Monthly Performance (as of 31/05/2023)

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Fund	6.5%	1.4%	0.2%	1.4%	-1.5%								8.1%
SPI Extra®	7.6%	1.5%	0.8%	1.2%	-1.6%								9.5%

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