

zMonthly September 23

Rising interest rates weigh on equity markets

Stock markets had a mixed start to the month. In Europe, concerns about an economic slowdown weighed on sentiment. Despite the deteriorating economic outlook, the European Central Bank raised interest rates for the tenth consecutive time to a new multi-year high of 4.5%. In the US, headline inflation rose again in August on the back of higher energy prices, but core inflation fell to its lowest level in two years. Against this backdrop, the Fed's pause on interest rates came as no great surprise. However, the Fed made it clear that interest rates are likely to remain high for some time and that rate cuts are not on the cards for the time being. Somewhat unexpectedly, the Swiss National Bank (SNB) also refrained from raising interest rates, citing the current decline in inflation as the main reason. However, SNB President Thomas Jordan hinted that interest rates may not have peaked yet. In the wake of the global central bank decisions, capital market yields rose to multi-year highs in some cases, weighing on equity prices. Energy provider BKW exceeded expectations in the first half of the year and raised its full-year EBIT forecast. Turbocharger manufacturer Accelleron reported dynamic sales growth and confirmed its targets for the current financial year. Shares in insurer Baloise came under pressure following disappointing half-year results. The Fund lost 3.7% in September (SPI Extra -4.6%).

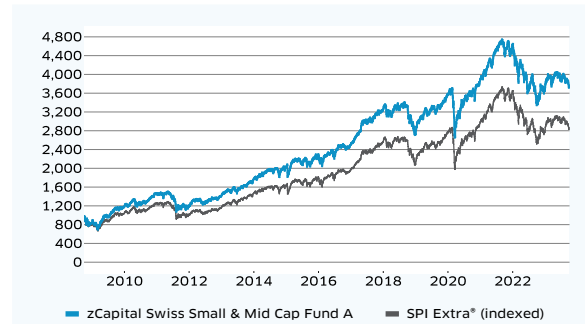
Sandoz in SPI Extra from 4 October

Generic drugmaker Sandoz will be spun off from Novartis on 4 October and is expected to have a weighting of around 5% in the small & mid-cap index SPI Extra. We increased liquidity in the fund to build positions. Julius Baer, Temenos and BKW were sold. The position in U-Blox was slightly increased.

Investors become more cautious

Since the beginning of the year, equity markets have been driven by hopes of easing inflationary pressures, a peak in interest rates and a soft landing for the economy. However, sentiment has now turned. Uncertainties such as rising oil prices and higher interest rates on 10-year government bonds are leading to a kind of buyers' strike and lower stock prices. In conversations with portfolio companies, we are sensing a growing pessimism about the economic outlook. The main problem is the lack of new orders since the summer and depleting order books in the industrial sector. If this trend does not change soon, we expect cost-cutting measures at various companies. It is becoming increasingly clear that the central banks' actions will not be without painful consequences for the economy and the equity markets. We are holding back on purchases until we have more visibility.

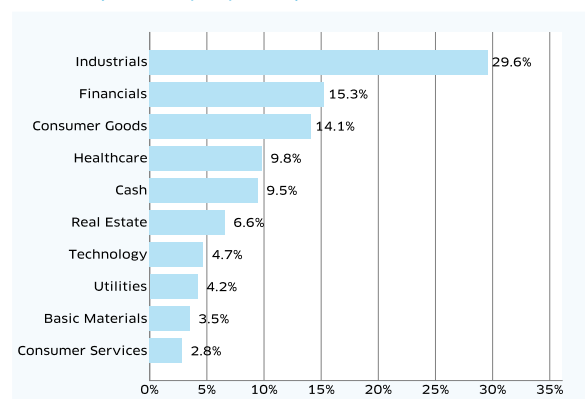
Performance since Launch (as of 29/09/2023)



Performance (as of 29/09/2023)

MTD (Fund / Benchmark)	-3.7% / -4.6%
YTD	3.2% / 3.7%
1 year	12.6% / 13.9%
3 years p.a.	1.6% / 1.8%
5 years p.a.	2.6% / 2.1%
10 years p.a.	8.7% / 7.7%
Since launch p.a.	9.4% / 7.4%

Sectors (as of 29/09/2023)



Largest Positions (as of 29/09/2023)

1	Lindt & Sprüngli	6.9%
2	Julius Baer	5.2%
3	SGS	5.0%
4	Schindler	4.3%
5	Swatch	3.9%
6	Baloise	3.6%
7	Roche	3.3%
8	Straumann	3.2%
9	BKW	3.2%
10	PSP Swiss Property	3.1%
11	SIG Group	2.8%
12	VAT Group	2.6%
13	Temenos	2.3%
14	Galenica	2.3%
15	Barry Callebaut	2.0%

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 29/09/2023)

Net Asset Value	CHF 3,764.92 per Share A
Total Assets	CHF 910 m
Investment Exposure	90.5%
Number of Companies	63

Statistics 3 Years (as of 29/09/2023)

Volatility Fund / Index p.a.	14.6% / 15.8%
Tracking Error	2.0%
Information Ratio	-0.2

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 / 0.25% in favour of the fund
Total Expense Ratio (TER) as of 31/05/2023	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 29/09/2023)

	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%	3.2%
SPI Extra®	22.2%	-24.0%	3.7%

* since Launch date (6 October 2008)

Monthly Performance (as of 29/09/2023)

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%	0.1%	1.2%	-2.1%	-3.7%				3.2%
SPI Extra®	7.6%	1.5%	0.8%	1.2%	-1.6%	0.4%	1.4%	-2.6%	-4.6%				3.7%

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