

zMonthly December 23

Prospects of interest rate cuts boost markets

Following the previous month's gains, the positive sentiment continued in December. The publication of better-than-expected US employment data was not enough to dampen equity markets. Towards the middle of the month, central banks took centre stage. It was the US Federal Reserve which sent markets into euphoria with a U-turn. Fed Chairman Jerome Powell signalled that the hiking cycle was over and that rate cuts were being considered for 2024. Investors are now expecting a soft landing for the economy and reckon that diminishing inflationary pressure is reason enough to cut rates. Shares in sensor and lighting manufacturer AMS-Osram rose sharply after a successful capital increase. Ascom was forced to lower its sales and margin forecasts for 2023 due to project delays. Leonteq and Pierer Mobility, which are both not represented in the portfolio, also had to revise their profit expectations sharply downwards before the end of the year. Overall, 2023 was a year of mostly positive headlines. The MSCI World Index gained 10.8% in CHF over the year. This strong performance was mainly driven by the "Magnificent Seven" technology stocks in the US. The Swiss equity market was unable to keep pace due to its defensive weighting and the strength of the Swiss franc. The fund gained 5.0% over the year (SPI Extra +6.5%).

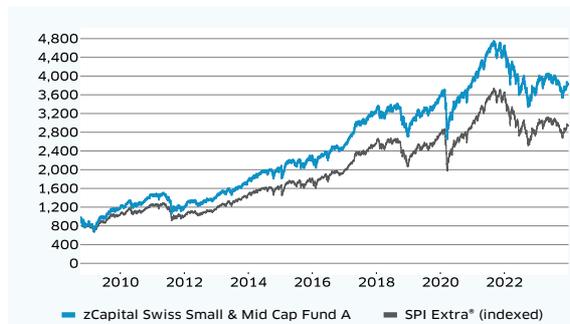
Minor portfolio adjustments

We made only minor adjustments to the portfolio in December. We bought shares in Swatch Group, Bachem, Gurit and Clariant and were sellers in BKW, VZ Holding and Komax.

A year of unknowns

Since the end of October, equity markets have been anticipating a dream scenario of full employment, moderate economic growth, lower energy prices, subdued inflation and falling interest rates. We doubt that this near-perfect stock market world will materialise in the new year. Discussions with managers give us a more nuanced picture of the real economy. Concerns are growing about the marked strength of the Swiss franc, the shortage of skilled labour, rising wages, falling order intake and price pressure. We therefore expect a mixed reporting season with a number of negative surprises on the earnings front. In addition, the outlook for future business development is likely to be rather subdued. Politics is also a big unknown. In particular, the US presidential election in November will keep equity markets very busy. In the fund, however, we can continue to focus primarily on the fundamental factors of the individual companies.

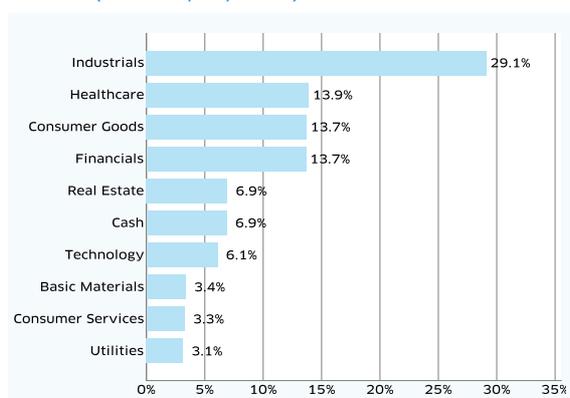
Performance since Launch (as of 29/12/2023)



Performance (as of 29/12/2023)

MTD (Fund / Benchmark)	2.1% / 2.5%
YTD	5.0% / 6.5%
1 year	4.0% / 5.5%
3 years p.a.	-0.6% / -0.5%
5 years p.a.	6.8% / 6.9%
10 years p.a.	8.1% / 7.2%
Since launch p.a.	9.3% / 7.5%

Sectors (as of 29/12/2023)



Largest Positions (as of 29/12/2023)

1	Lindt & Sprüngli	6.4%
2	Schindler	4.9%
3	SGS	4.6%
4	Julius Baer	4.0%
5	Swatch	3.9%
6	Straumann	3.6%
7	Baloise	3.5%
8	PSP Swiss Property	3.2%
9	VAT Group	3.2%
10	Roche	3.2%
11	Sandoz Group	2.9%
12	Temenos	2.5%
13	Galenica	2.5%
14	SIG Group	2.3%
15	Barry Callebaut	2.1%

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 29/12/2023)

Net Asset Value	CHF 3,831.58 per Share A
Total Assets	CHF 938 m
Investment Exposure	93.1%
Number of Companies	65

Statistics 3 Years (as of 29/12/2023)

Volatility Fund / Index p.a.	14.6% / 15.7%
Tracking Error	2.0%
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 / 0.25% 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 29/12/2023)

	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%	5.0%
SPI Extra®	22.2%	-24.0%	6.5%

* since Launch date (6 October 2008)

Monthly Performance (as of 29/12/2023)

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%	-4.8%	4.8%	2.1%	5.0%
SPI Extra®	7.6%	1.5%	0.8%	1.2%	-1.6%	0.4%	1.4%	-2.6%	-4.6%	-5.3%	5.8%	2.5%	6.5%

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