

## zMonthly February 18

### Markets troubled by interest rate anxiety

Global equity markets underwent an abrupt correction in early February. On two separate trading days, the Dow Jones plunged more than a thousand points. One important catalyst for the market turbulence was an unexpected jump in average hourly earnings in the US. This led to an increase in inflation expectations, and US Treasury yields rose significantly. Some of the losses were regained in the second half of the month, a trend led by the US stock market, but volatility persisted. Although fears of higher interest rates made investors jittery, the lasting positive economic outlook prevented further setbacks. IT and telecommunications service provider Also was able to achieve higher-than-expected turnover and net profits. At the same time, it increased its medium-term objectives, a move welcomed by investors. Swiss Re's stock soared on reports that Japanese company SoftBank might take a minority stake in the company. Nestlé disappointed investors with feeble organic sales growth. The food giant is dragging its feet, especially in the US, its most important single market. In February, the fund suffered losses of 3.0% (SPI -4.5%).

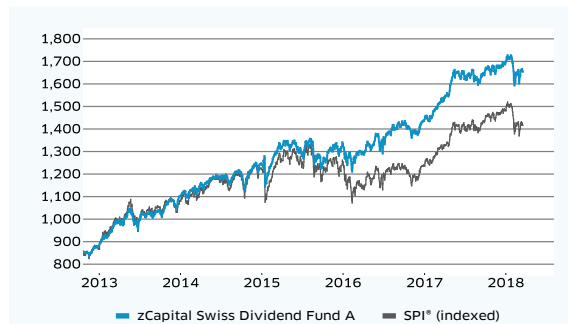
### Burkhalter position closed

In the reporting month, we increased our existing positions in Nestlé, EMS-Chemie, Schweiter, Novartis and ABB. By contrast, we took profits on Sunrise, Swiss Re, Swisscom and VAT Group. We sold all of our Burkhalter stock.

### A return to normal?

Markets are showing residual nervousness after the recent series of intermittently large losses. Although a degree of normality has been re-established, the future course of the market is unclear. The healthy global economy and rising corporate earnings are sources of support. One risk factor is that interest rates might increase too quickly, so investors will be watching wage and inflation figures very carefully in the months to come. In addition, US politics are adding fuel to an economy already near its full productive capacity in the form of tax breaks and a massive infrastructure programme. This could prompt the Fed to unwind its monetary policy more quickly than anticipated. If the 10-year Treasury yield rises above 3%, it is likely to put pressure on stock prices. In the coming weeks we will be reviewing a slew of annual reports, as well as various IPO candidates set to enrich the Swiss investment landscape.

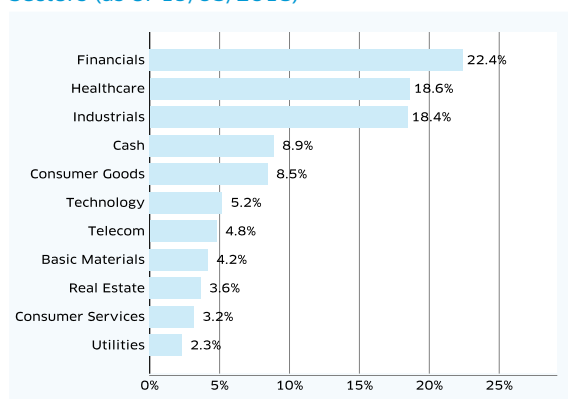
### Performance since Launch (as of 19/03/2018)



### Performance (as of 19/03/2018)

MTD (Fund / Benchmark)	0.7% / 0.2%
YTD	-2.0% / -4.4%
1 year	7.8% / 6.6%
3 years p.a.	7.5% / 3.4%
5 years p.a.	10.9% / 7.3%
Since launch p.a.	12.9% / 9.7%

### Sectors (as of 19/03/2018)



### Largest Positions (as of 19/03/2018)

1	Novartis	9.4%
2	Roche	9.1%
3	Nestle	8.4%
4	ABB	4.2%
5	Swiss Re	3.9%
6	Zurich Insurance Group	3.6%
7	Logitech	3.4%
8	VAT Group	3.2%
9	Partners Group	3.0%
10	Givaudan	2.8%
11	Swisscom	2.8%
12	Adecco	2.4%
13	GAM	2.1%
14	Schweiter Technologies	2.1%
15	PSP Swiss Property	2.0%

## Investment Strategy

The zCapital Swiss Dividend Fund invests in Swiss equities with attractive dividends and follows an active investment approach. Stock selection is based on a proprietary dividend analysis tool combined with fundamental research. Corporate governance risks are thereby taken into consideration. The fund invests in 25 to 40 shares from the universe of the SPI (Swiss Performance Index). Around half of the fund's assets is invested in blue chips, and the other half in small and mid caps.

zCapital adopts an active investment style. The stock selection is based on a combination of fundamental company analysis and a proprietary dividend analysis tool. Systematic risks of dividend shares are examined, corporate governance is assessed and investment opportunities are identified.

## Portfolio Structure (as of 19/03/2018)

<b>Net Asset Value</b>	CHF 1,653.77 per Share A
<b>Total Assets</b>	CHF 428 m
<b>Investment Exposure</b>	91.1%
<b>Number of Companies</b>	35

## Statistics 3 Years (as of 19/03/2018)

<b>Volatility Fund p.a.</b>	10.9%
<b>Beta (current)</b>	0.8
<b>Dividend yield of invested companies *</b>	3.5%
<b>Large caps in percentage of portfolio</b>	47.7%

\* 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 28/02/2018.

## Termsheet

<b>Fund-Name</b>	zCapital Swiss Dividend Fund (Class A)
<b>Asset Manager</b>	zCapital AG, Zug
<b>Swiss Security Number / ISIN</b>	19466655 / CH0194666555
<b>Price Publications</b>	www.zcapital.ch, www.swissfunddata.ch, www.fundinfo.com
<b>Bloomberg / Reuters</b>	ZCAPDIV SW Equity / 19466655.S
<b>Benchmark</b>	Swiss Performance Index SPI®
<b>Morningstar-Rating</b>	★★★★★
<b>Minimum Investment / Reference Currency</b>	No minimum investment required / CHF
<b>Fund Type / Distribution</b>	Swiss Securities Fund / Authorized for public distribution in Switzerland and Germany
<b>Management Fee (incl. Fund Management and Custodian Fees)</b>	1% p.a.
<b>Issue Fee / Redemption Fee</b>	None
<b>Total Expense Ratio (TER) as of 31/05/2017</b>	1.01%
<b>Fund Management Company / Custodian Bank</b>	LB(Swiss) Investment AG, Zurich / Bank Julius Baer & Co. Ltd., Zurich
<b>Subscriptions and Redemptions</b>	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.
<b>Auditor</b>	PricewaterhouseCoopers AG, Zurich

## Monthly Performance (as of 19/03/2018)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2012</b>										-0.9%*	1.6%	1.5%	2.2%*
<b>2013</b>	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%
<b>2014</b>	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%
<b>2015</b>	-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%
<b>2016</b>	-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%
<b>2017</b>	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%
<b>2018</b>	0.4%	-3.0%	0.7%										-2.0%

\* since Launch date (22 October 2012)