

## zMonthly June 17

### Signs of tiredness

International stock markets had a very mixed performance in June. The upward trajectory continued in the USA, even though most of the hard economic data fell short of expectations. The flattening of the US yield curve also shows that markets are increasingly calling into doubt the growth stimulus anticipated from Trump's economic policy. At its June meeting, the US Federal Reserve (Fed) raised the benchmark interest rate by 0.25%, as expected. European stock markets initially continued to build on their gains, before eventually turning negative in the last week of trading. In contrast to the USA, the macroeconomic data for Europe was quite upbeat, however. The European Central Bank (ECB) left its monetary policy unchanged for the time being, which did not trigger much response from the markets. The Swiss equity market lagged behind other stock markets up to the middle of the month, but then made up some of its initial losses. Shares in Burckhardt Compression came under pressure after the company published its annual results. The margin outlook for the new financial year was significantly lower than market expectations. Conzzeta and Bossard pre-announced strong half-year results, but the good news was not a big trigger for the stocks, as they both have already gained more than 30% year to date. For the first time this year, the fund posted a monthly loss (both fund and SPI Extra -1.0%).

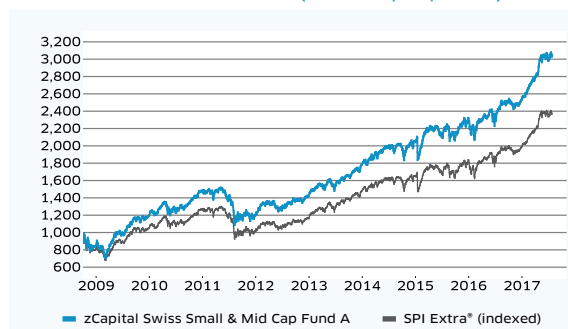
### Idorsia in the spotlight

Idorsia shares were paid out as a dividend-in-kind to Actelion shareholders in mid-June. Investors – and especially the couple Clozel, who increased their holding in the first days of trading from 4% to 23% – believe that Actelion's success story can be repeated, driving up the share price by more than 80%. We stayed on the sidelines due to valuation concerns. We have slightly increased our exposure to Schindler, Georg Fischer and Valiant, while taking profits in Sonova, Partners Group and Lindt & Sprüngli. We have sold our entire position in Lonza.

### Normalisation of monetary policy

Our meetings with industrial companies confirmed that the global economy is in a healthy state. This opinion is also becoming increasingly shared by central bankers. For example, both the US Fed and the ECB talked about potential plans for winding down their aggressive monetary policy. The Fed has said it plans to start slimming down its balance sheet towards the end of the year. The ECB is likely to announce over the course of Q4 2017 the tapering of its bond-purchasing programme. Investors have become so used to cheap money that even the smallest change could upset the markets. For this reason, a further consolidation over the summer months cannot be ruled out.

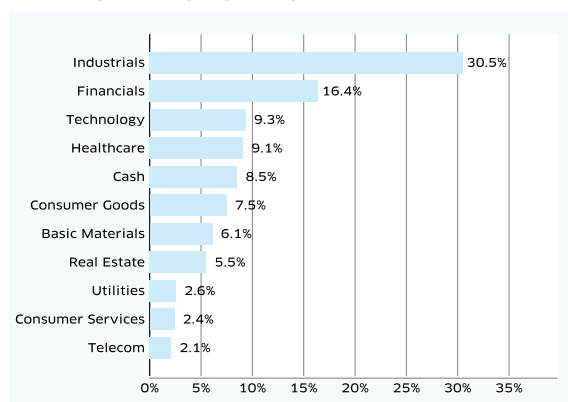
### Performance since Launch (as of 26/07/2017)



### Performance (as of 26/07/2017)

MTD (Fund / Benchmark)	1.9% / 1.3%
YTD	20.7% / 19.7%
1 year	25.7% / 23.9%
3 years p.a.	15.2% / 13.5%
5 years p.a.	18.5% / 17.1%
Since launch p.a.	13.6% / 10.4%

### Sectors (as of 26/07/2017)



### Largest Positions (as of 26/07/2017)

1	Kühne + Nagel	5.8%
2	Schindler	5.4%
3	Partners Group	5.4%
4	Lindt & Sprüngli	5.3%
5	Sonova	4.7%
6	Clariant	4.4%
7	Logitech	4.0%
8	Baloise	3.8%
9	VAT Group	2.8%
10	PSP Swiss Property	2.4%
11	Straumann	2.3%
12	Komax	2.1%
13	Georg Fischer	2.1%
14	Sunrise	2.1%
15	Sika	2.0%

## Investment Strategy

The zCapital Swiss Small & Mid Cap Fund invests in small and mid-cap Swiss equities. Its benchmark, the SPI Extra, consists of all the SPI stocks excluding the SMI shares, i.e. without the 20 largest companies. The fund's assets are well diversified across 50 to 70 companies. Our goal is to consistently exceed the benchmark by applying a long-term investment horizon of 3 to 5 years.

zCapital adopts an active investment style. Investment decisions are based on fundamental company analysis (bottom-up approach), taking into account corporate governance criteria. Macroeconomic factors are also relevant in the decision making process. Short-term investment opportunities are taken into account in order to optimize the performance of the portfolio.

## Portfolio Structure (as of 26/07/2017)

<b>Net Asset Value</b>	CHF 3,055.39 per Share A
<b>Total Assets</b>	CHF 915 m
<b>Investment Exposure</b>	91.5%
<b>Number of Companies</b>	58

## Statistics 3 Years (as of 26/07/2017)

<b>Volatility Fund / Index p.a.</b>	13.0% / 13.3%
<b>Tracking Error</b>	1.6%
<b>Information Ratio</b>	1.1

## Termsheet

<b>Fund-Name</b>	zCapital Swiss Small & Mid Cap Fund (Class A)
<b>Asset Manager</b>	zCapital AG, Zug
<b>Swiss Security Number / ISIN</b>	4534164 / CH0045341648
<b>Price Publications</b>	www.zcapital.ch, www.swissfunddata.ch, www.fundinfo.com
<b>Bloomberg / Reuters</b>	ZCAPSWI SW Equity / 4534164.S
<b>Benchmark</b>	SPI Extra® (Swiss small & mid cap equities)
<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>Fund Management Company / Custodian Bank</b>	LB(Swiss) Investment AG, Zurich / Bank Julius Baer & Co. Ltd., Zurich
<b>Management Fee (incl. Fund Management and Custodian Fees)</b>	1.5% p.a., of which 0.1% donated to charities which engage in "Children and Education"
<b>Issue Fee / Redemption Fee</b>	None / 0.4% in favour of the fund
<b>Total Expense Ratio (TER) as of 30/11/2016</b>	1.51%
<b>Soft Closing</b>	The investment strategy of the Fund is capacity constrained. Therefore, the Fund is currently closed for new investors.
<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 26/07/2017)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2008</b>	<b>Fund</b>										-11.0%*	-3.1%	-0.9%	-14.5%*
	SPI Extra®										-13.6%*	-3.8%	-2.0%	-18.5%*
<b>2009</b>	<b>Fund</b>	-2.3%	-8.8%	6.0%	16.3%	5.3%	1.6%	6.1%	5.4%	4.7%	-3.2%	1.3%	4.1%	40.2%
	SPI Extra®	-2.9%	-8.3%	2.7%	14.3%	5.1%	1.1%	5.5%	5.6%	4.6%	-3.8%	0.5%	3.7%	29.6%
<b>2010</b>	<b>Fund</b>	3.0%	-0.1%	7.4%	-0.4%	-4.5%	-0.9%	3.1%	-0.2%	5.1%	3.4%	1.4%	4.4%	23.4%
	SPI Extra®	2.6%	-0.6%	7.7%	0.5%	-5.0%	-1.2%	2.4%	-1.1%	4.8%	3.2%	1.3%	4.4%	20.1%
<b>2011</b>	<b>Fund</b>	-1.0%	1.3%	0.3%	2.3%	-2.0%	-5.2%	-7.4%	-5.4%	-4.6%	5.0%	-2.9%	0.2%	-18.4%
	SPI Extra®	-1.1%	0.9%	0.3%	2.5%	-1.5%	-5.7%	-7.6%	-6.7%	-4.3%	5.7%	-2.9%	0.1%	-19.1%
<b>2012</b>	<b>Fund</b>	6.1%	4.7%	0.9%	1.2%	-6.3%	0.3%	3.2%	0.6%	2.1%	0.9%	1.6%	1.6%	17.8%
	SPI Extra®	4.0%	4.0%	0.8%	1.1%	-6.0%	0.8%	2.6%	0.1%	2.1%	0.8%	1.6%	1.5%	13.9%
<b>2013</b>	<b>Fund</b>	4.5%	4.1%	0.6%	0.4%	2.1%	-3.9%	3.8%	1.3%	2.9%	3.6%	2.1%	2.2%	26.0%
	SPI Extra®	4.7%	4.3%	0.7%	0.9%	2.4%	-3.3%	4.1%	0.9%	3.0%	3.8%	1.4%	1.9%	27.7%
<b>2014</b>	<b>Fund</b>	1.4%	3.7%	1.9%	1.3%	1.9%	0.3%	-0.2%	1.9%	-1.1%	-0.3%	2.6%	0.9%	15.2%
	SPI Extra®	0.9%	3.8%	1.1%	1.2%	1.5%	-0.2%	-0.4%	2.1%	-1.7%	-0.5%	2.9%	0.3%	11.4%
<b>2015</b>	<b>Fund</b>	-6.2%	10.3%	2.3%	1.0%	0.7%	-5.0%	6.1%	-3.9%	-2.2%	5.5%	4.2%	0.6%	12.8%
	SPI Extra®	-7.0%	10.5%	2.0%	1.3%	0.1%	-4.7%	6.0%	-3.9%	-3.1%	6.5%	3.6%	0.7%	11.0%
<b>2016</b>	<b>Fund</b>	-3.3%	-0.0%	3.2%	0.6%	3.9%	-2.9%	4.2%	1.7%	1.1%	-1.1%	0.2%	1.7%	9.3%
	SPI Extra®	-3.6%	-0.1%	3.6%	0.9%	3.9%	-3.4%	4.1%	1.3%	1.1%	-1.6%	0.1%	2.1%	8.5%
<b>2017</b>	<b>Fund</b>	2.5%	4.4%	2.7%	5.5%	3.1%	-1.0%	1.9%						20.7%
	SPI Extra®	2.1%	4.6%	2.8%	5.9%	2.6%	-1.0%	1.3%						19.7%

\* since Launch date (6 October 2008)