

zMonthly August 17

Sabre-rattling

International stock markets had a roaring start to the month under review. Supported by the weaker Swiss franc, the Swiss bourse climbed to new intra-year highs in the first week of August. The sabre-rattling between US President Donald Trump and North Korea's dictator Kim Jong Un put an end to the party mood and pushed markets into negative territory. The markets moved sideways for the rest of the month, whereby any price drops were quickly recouped again as investors followed the standard "buy the dip" pattern. The eagerly awaited meeting of central bankers at the Jackson Hole symposium did not produce anything new as far as current monetary policy is concerned. Investors had expected more from the Fed's Chair Janet Yellen, and therefore penalised the US dollar. The reporting season was in full swing in August. The telecom provider Sunrise delighted investors with strong half-year results and an increase in its earnings guidance for the current financial year. The asset manager GAM also beat market expectations. The company now seems to have got through the worst, with growth in net new money and a reversal of the weak trend in performance fees. Komax reported an impressive rate of organic growth of almost 10%, while its operating performance was disappointing. Net profit decreased by nearly one fifth. Generally speaking, disappointing half-year results were punished by substantial falls in the company share price. Examples include Kudelski, Huber+Suhner, Emmi and Implenia, none of which feature in the fund. The fund retreated by 0.6% (SPI Extra -0.7%).

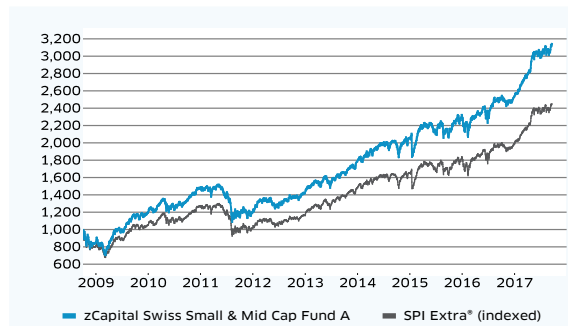
u-blox removed from the portfolio

There was very little portfolio activity. We participated in the placement of Forbo's own shares. We scaled back our holding in Sika further, as the shares are no longer part of our benchmark. We also sold off our remaining position in u-blox.

Focus on politics

Once the reporting season is over, market developments are likely to be dictated by monetary policy and geopolitical themes. In Europe, for example, speculation will continue as to when the ECB will start to normalise its monetary policy. Eventually President Draghi will have to provide some clarity, however. America needs to approve a budget before the end of September in order to avoid a government shutdown. This will give rise to animated discussions between Congress and President Trump in the coming weeks, especially since the president wants to raise money to build the wall along the Mexican border. We therefore expect increasing volatility on stock markets. In addition, statistics show that September is historically the weakest months for stock markets. A potential setback may well create buying opportunities for selected stocks.

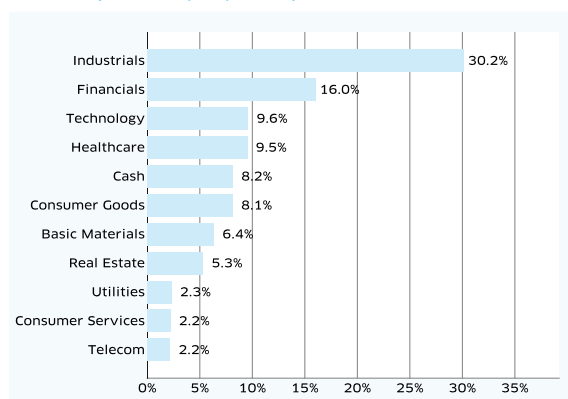
Performance since Launch (as of 19/09/2017)



Performance (as of 19/09/2017)

MTD (Fund / Benchmark)	2.6% / 2.6%
YTD	24.1% / 23.1%
1 year	25.9% / 24.4%
3 years p.a.	15.8% / 14.4%
5 years p.a.	17.9% / 16.6%
Since launch p.a.	13.7% / 10.6%

Sectors (as of 19/09/2017)



Largest Positions (as of 19/09/2017)

1	Kühne + Nagel	6.0%
2	Partners Group	5.6%
3	Lindt & Sprüngli	5.5%
4	Schindler	5.5%
5	Sonova	5.0%
6	Clariant	4.5%
7	Logitech	4.1%
8	Baloise	3.7%
9	VAT Group	2.7%
10	Straumann	2.5%
11	PSP Swiss Property	2.4%
12	Georg Fischer	2.3%
13	Sunrise	2.2%
14	Komax	2.0%
15	ams	1.9%

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 19/09/2017)

Net Asset Value	CHF 3,143.04 per Share A
Total Assets	CHF 940 m
Investment Exposure	91.8%
Number of Companies	57

Statistics 3 Years (as of 19/09/2017)

Volatility Fund / Index p.a.	13.0% / 13.3%
Tracking Error	1.6%
Information Ratio	0.9

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	LB(Swiss) Investment AG, Zurich / Bank Julius Baer & Co. Ltd., Zurich
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 31/05/2017	1.50%
Soft Closing	The investment strategy of the Fund is capacity constrained. Therefore, the Fund is currently closed for new investors.
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

Monthly Performance (as of 19/09/2017)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2008	Fund										-11.0%*	-3.1%	-0.9%	-14.5%*
	SPI Extra®										-13.6%*	-3.8%	-2.0%	-18.5%*
2009	Fund	-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%
2010	Fund	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%
2011	Fund	-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%
2012	Fund	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%
2013	Fund	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%
2014	Fund	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%
2015	Fund	-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%
2016	Fund	-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%
2017	Fund	2.5%	4.4%	2.7%	5.5%	3.1%	-1.0%	2.7%	-0.6%	2.6%				24.1%
	SPI Extra®	2.1%	4.6%	2.8%	5.9%	2.6%	-1.0%	2.3%	-0.7%	2.6%				23.1%

* since Launch date (6 October 2008)