

zMonthly October 17

Record setting continues

The record high on the international stock markets persisted in the month of October. During the course of the month, the US and Swiss stock exchanges recorded new all-time highs. This development was partly due to positive economic figures. The fact that the global economic engine is functioning remarkably well at the moment was confirmed by the latest report from the International Monetary Fund (IMF). The IMF was particularly optimistic as regards developed countries and revised its global growth forecast upwards for the current and coming year. Investors eagerly awaited the results of the monthly meeting of the ECB Governing Council. The announcement that total monthly bond purchases would be halved from January 2018 and that this policy would be extended until at least the end of September 2018 was no surprise and left the markets largely unimpressed. The third-quarter reports resulted in a great deal more movement on the Swiss Stock Exchange. Guidance increases were rewarded with share price gains for ams, Temenos and Straumann. On the other hand, GAM and Logitech retreated despite strong figures. Newcomer Landis+Gyr was unable to convince investors with its first reporting. Unexpectedly high warranty expenses resulted in a dive in the share price. The two logistics companies Kühne + Nagel and Panalpina showed strong growth in volumes, but this was not reflected in margins, which was not appreciated by investors. In October, the fund increased by 3.2% (SPI Extra +3.7%).

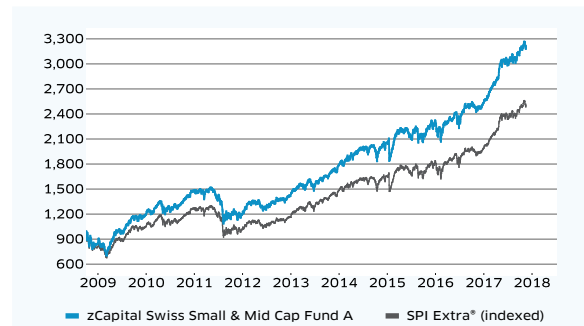
Another placement of VAT stock

After Partners Group placed a further tranche of vacuum valve manufacturer VAT, private equity investors have now withdrawn almost completely. We took advantage of the opportunity and were able to further increase our position at a discount. We have also added to our holdings in ams, GAM, PSP Swiss Property and Zurich Airport. We took profits in Sika, DKSH and Temenos.

Broad economic upswing

The global confidence in an economic upswing has spilled over to Switzerland. This was reflected in the Purchasing Managers' Index and in the KOF economic barometer, which both reached their highest levels since 2010 during October. The euro continued to gain against the Swiss franc and was quoted at over CHF 1.16. In the course of the year, the above developments were reflected in climbing share prices, particularly in the case of cyclical stocks. The generous monetary policy of central banks is more and more difficult to understand in the light of the synchronous global upswing. As long as the European Central Bank continues to boost market liquidity and interest rates are not increased, it is also highly unlikely that the Swiss National Bank will be able to make any adjustments with regard to interest rates. In the US, however, markets are expecting a further interest rate hike in December. Apart from valuations, there is thus currently little reason for stock prices to drop.

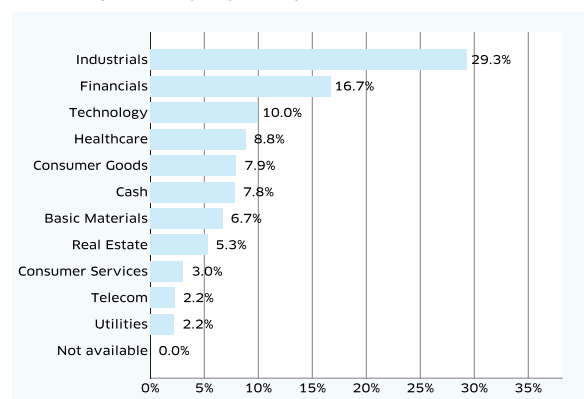
Performance since Launch (as of 16/11/2017)



Performance (as of 16/11/2017)

MTD (Fund / Benchmark)	-0.8% / -1.2%
YTD	27.1% / 26.5%
1 year	30.7% / 30.6%
3 years p.a.	17.3% / 16.0%
5 years p.a.	19.2% / 18.0%
Since launch p.a.	13.8% / 10.7%

Sectors (as of 16/11/2017)



Largest Positions (as of 16/11/2017)

1	Kühne + Nagel	5.7%
2	Schindler	5.7%
3	Partners Group	5.5%
4	Lindt & Sprüngli	5.1%
5	Clariant	4.8%
6	Sonova	4.0%
7	Logitech	3.8%
8	Baloise	3.5%
9	Straumann	2.8%
10	VAT Group	2.8%
11	PSP Swiss Property	2.4%
12	ams	2.4%
13	Georg Fischer	2.4%
14	Sunrise	2.2%
15	Komax	2.1%

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 16/11/2017)

Net Asset Value	CHF 3,217.89 per Share A
Total Assets	CHF 961 m
Investment Exposure	92.2%
Number of Companies	57

Statistics 3 Years (as of 16/11/2017)

Volatility Fund / Index p.a.	12.8% / 13.1%
Tracking Error	1.6%
Information Ratio	0.8

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 16/11/2017)

		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%	3.2%	-0.8%		27.1%
	SPI Extra®	2.1%	4.6%	2.8%	5.9%	2.6%	-1.0%	2.3%	-0.7%	2.8%	3.7%	-1.2%		26.5%

* since Launch date (6 October 2008)