

zMonthly December 18

US politics spoils festive spirit

At the beginning of the month, the equity markets reacted with relief to the preliminary settlement of the US-Chinese trade dispute, with the imposition of new tariffs on 1 January set to be suspended for 90 days. The markets then took their first hit with the arrest of the CFO of Huawei. Disappointing economic data from China prompted renewed fears that the economy would slow down quicker than previously expected, triggering a sell-off which lasted until Christmas. Market participants were rattled when Fed Chair Jerome Powell announced that interest rates would likely be raised by two increments in 2019, despite hopes that it might suspend interest rate hikes. The final straw came when US President Donald Trump openly criticised the Fed's monetary policy, blaming it for economic headwinds. It was only in the last days of trading that a significant counter-trend set in. Companies also hit the headlines in December, with Implenia and Autoneum – two names not included in the portfolio – revising their forecasts downwards again within just a matter of months. Selling pressure was widespread. Inficon and Georg Fischer were among the few names to end the month in positive territory. December became one of the worst stock market months since the fund was launched (Fund -5.8%, SPI Extra -6.7%). As a result of the sharp correction that set in at the beginning of October, the fund posted an annual performance of -14.4% (SPI Extra -17.2%), making this its weakest year since 2011.

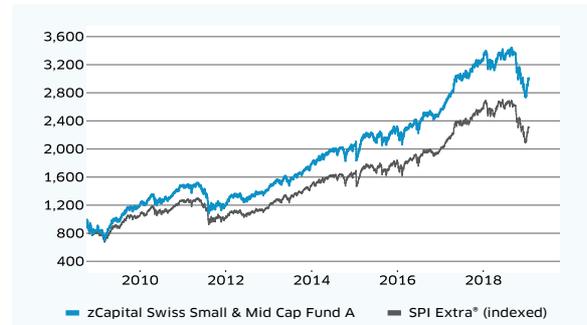
Portfolio adjustments

Redemptions were largely covered by our high cash reserves. We took profits on defensive equities such as Lindt, PSP Swiss Property, BKW and Sunrise, but increased our exposure to Galenica, Vontobel, Partners Group, Temenos and Logitech.

Signs of capitulation

The mood on equity markets has seen a complete reversal. The first signs of capitulation are visible, with falling oil prices, rising gold prices and higher volatility. It seems clear from the turbulence around Christmas that investors are on edge. Equity markets start off the new year with great uncertainty. Donald Trump's unconventional presidency has reached new extremes with his verbal attack on the central bank and the White House in chaos. The unresolved trade dispute with China is slowing down the real economy and will have negative consequences for corporate earnings. We believe that a significant slowdown in global growth has been anticipated in the meantime. In further phases of weakness, we will increase positions gradually.

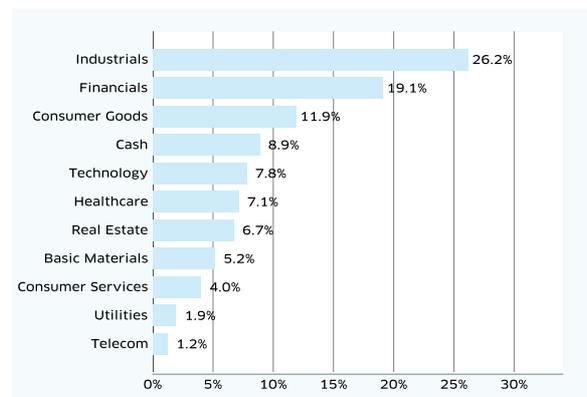
Performance since Launch (as of 23/01/2019)



Performance (as of 23/01/2019)

MTD (Fund / Benchmark)	7.7% / 8.2%
YTD	7.7% / 8.2%
1 year	-11.4% / -14.0%
3 years p.a.	11.3% / 10.4%
5 years p.a.	10.5% / 8.8%
10 years p.a.	14.0% / 11.7%
Since launch p.a.	11.3% / 8.5%

Sectors (as of 23/01/2019)



Largest Positions (as of 23/01/2019)

1	Partners Group	6.5%
2	Schindler	6.4%
3	Lindt & Sprüngli	5.8%
4	Baloise	4.7%
5	Logitech	3.8%
6	Straumann	3.4%
7	Kühne + Nagel	3.1%
8	Temenos	2.9%
9	Barry Callebaut	2.8%
10	EMS-Chemie	2.7%
11	PSP Swiss Property	2.7%
12	Clariant	2.5%
13	Flughafen Zürich	2.3%
14	Sonova	2.3%
15	Helvetia	2.2%

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 23/01/2019)

Net Asset Value	CHF 3,004.96 per Share A
Total Assets	CHF 805 m
Investment Exposure	91.1%
Number of Companies	56

Statistics 3 Years (as of 23/01/2019)

Volatility Fund / Index p.a.	11.8% / 12.2%
Tracking Error	1.6%
Information Ratio	0.5

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 / 0.4% in favour of the fund
Total Expense Ratio (TER) as of 30/11/2017	1.51%
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

Yearly Performance (as of 23/01/2019)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fund	-14.5%	40.2%	23.4%	-18.4%	17.8%	26.0%	15.2%	12.8%	9.3%	29.0%	-14.4%	7.7%
SPI Extra®	-18.5%	29.6%	20.1%	-19.1%	13.9%	27.7%	11.4%	11.0%	8.5%	29.7%	-17.2%	8.2%

Monthly Performance (as of 23/01/2019)

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Fund	7.7%												7.7%
SPI Extra®	8.2%												8.2%