Swiss Opportunity Fund

FACT SHEET / PERFORMANCE 1.61%

Unbridled optimism about the economy, a breakthrough in the Brexit negotiations and the passage of Trump's tax reform were the triggers that led stocks higher during the final month of the year. Additional support came from the interest rate front, where the US Fed announced another rate hike, while reiterating that it would continue to normalize its monetary policy in homeopathic doses. A similar message was heard from the ECB. And so a very good investment year ended with plenty of optimism and with little regard for geopolitical risks. For investors, the only fly in the soup seems to be the lofty valuations of some stocks. In December profit-taking weighed on several high flyers, whereas long-shunned companies in the midst of a transition began to attract more interest.

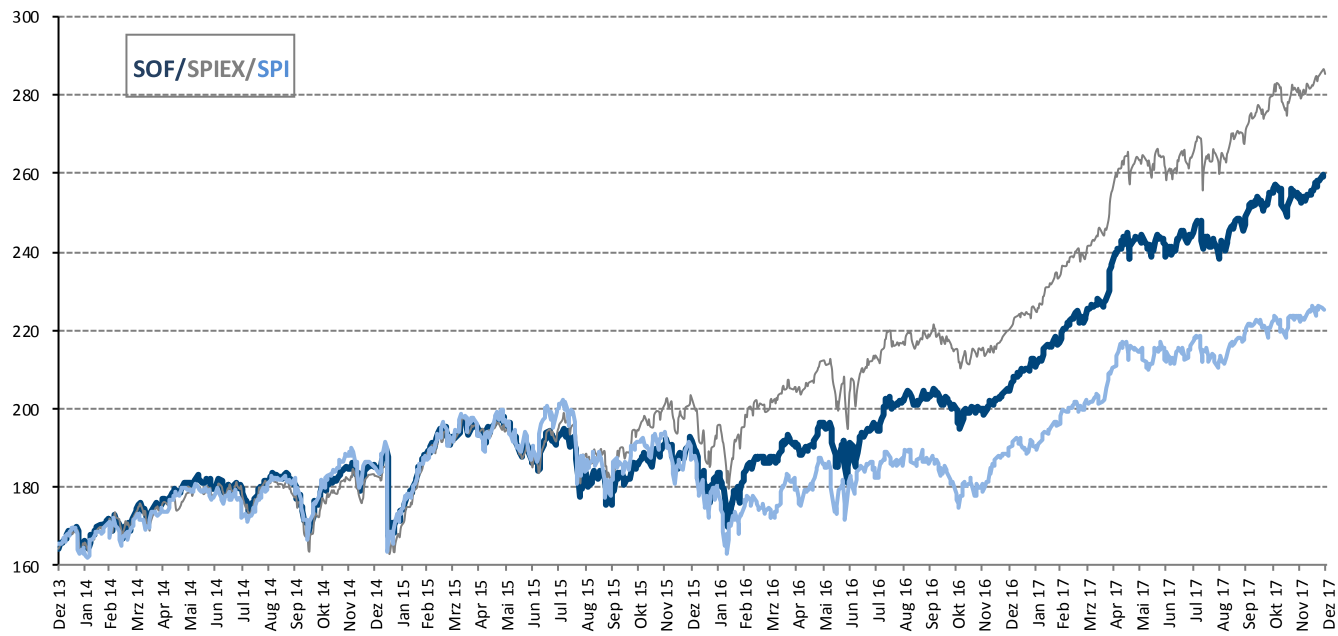
The SPI rose +0.76% in December, less than the SPIEX (+1.5%). That was consistent with the overall pattern for the year. SME stocks did lose some of their outperformance momentum versus blue chips, but there was still an obvious performance gap at year-end. Mid-cap stocks have clearly become more expensive, whereas the performance of small caps was firmly supported by underlying earnings growth. Meanwhile the valuation of the SMI has hardly moved – the blue-chip index still has room to climb! Looking at individual sectors, cyclicals were the strongest performers in December, commodities and car manufacturers in particular, as well as banks (interest rate expectations). Tech stocks were hit by uncertainty about future growth at Apple and other bellwethers.

The Swiss Opportunity Fund closed the month with a gain of +1.7% and beat both benchmarks. Aryzta was a top performer (+17.3%) as its months-long sell-off was halted by increasing confidence in the company's turnaround. Other performance drivers were Swatch (+11%, improved market fundamentals), Swissquote (good client growth in FX business), Dätwyler (broker upgrades) and SPS (sector-wide recovery). Portfolio performance was diminished by growth worries at ams (-7.4%), a bout of consolidation at Meyer Burger (-6.25%) and continued selling in Sonova (-2.36%). The good market position, considerable market potential and new products keep us positive on the hearing aid manufacturer.

There were no big changes to the portfolio. A small position in Landis & Gyr stemming from its IPO was closed after an interview with management did not inspire much confidence. We also reduced our overweight in Clariant somewhat after its strong performance, although we still see upside potential for the stock. Conversely, we took advantage of Valora's poor performance (rights issue) and added to our existing position. We also increased our holdings of Dufry shares, as we believe the fears regarding HNA's interest are overblown.

Financial markets are brimming with optimism about the global economy as they enter the new year. We expect markets will have less tailwind to propel them forward this year. Rising commodity prices and labor costs could become an increasing drag on the positive trend in corporate earnings, speed up the interest rate cycle and put a damper on the currently high valuation levels. Geopolitical risks have hardly been heeded, but they have not gone away either. So, while the basic scenario remains positive, there are several factors that could spoil the party. We therefore expect volatility to increase. In such an environment, prudent stock selection and flexible cash management are important to ensure good portfolio returns.

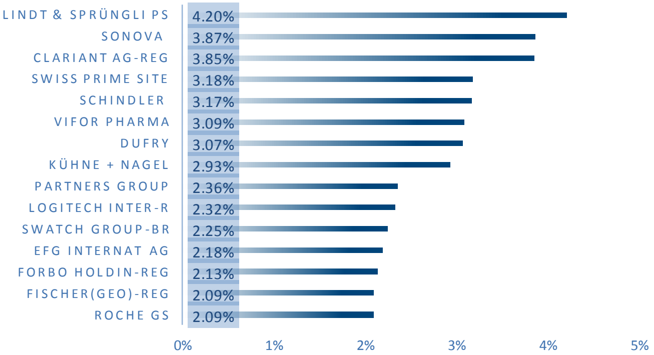
NET-PERFORMANCE SINCE 1.1.2014 (VS SPIEX AND SPI)



December 2017

Swiss Opportunity Fund

LARGEST POSITIONS

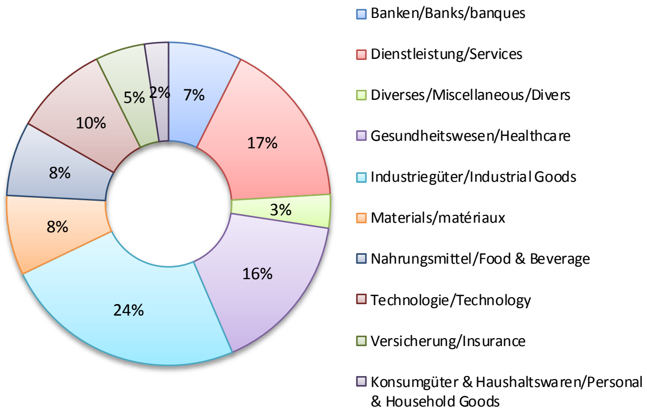


PERFORMANCE

Performance	SOF	SPIEX	Difference	SPI	Difference
December	1.61%	1.50%	0.11%	0.72%	0.89%
2017 YTD	26.40%	29.73%	-3.33%	19.92%	6.48%
2016	6.56%	8.50%	-1.94%	-1.41%	7.97%
2015	4.57%	11.01%	-6.44%	2.68%	1.89%
2014	12.74%			13.00%	-0.26%
2013	21.45%			24.60%	-3.15%

Performance	SOF	SPIEX	Difference	SPI	Difference
12 months	26.40%	29.73%	-3.33%	19.92%	6.48%
3 yrs p.a.	12.09%	16.04%	-3.95%	6.67%	5.42%
5 yrs p.a.	14.04%	17.31%	-3.27%	11.32%	2.72%
10 yrs p.a.	6.05%	6.53%	-0.48%	4.50%	1.55%

ALLOCATION BY SECTORS



STATISTICS

over 3 years	SOF	SPIEX	SOF vs SPI	SPI
Risk Ratio p.a.	12.38	14.74	12.38	12.68
Tracking Error	5.05		5.60	
Information ratio	-0.43		0.23	
Alpha	-0.14		2.03	
Sharpe Ratio	0.62	0.66	0.62	0.50

Total Net Asset Value		CHF mn	70.8
Degree of Investment			95.70%
Net Asset Value per share		CHF	258.44
Last dividend payout	22.03.10	gross	0.6
	12.03.13	gross	0.92
	18.03.15	gross	1.6

FUND FACTS

Fund Domicile	Switzerland
Investment Manager	Santro Invest SA, Pfäffikon/SZ
Custodian Bank	Bank J. Safra Sarasin AG, Basle
Administrator	LB(Swiss) Investment AG, Zurich
Date of Inception	July 1, 2005
Fund Currency	CHF
Reporting Period	Calendar Year
Issuance / Redemption	Daily
Swiss Sec. Number / ISIN	2.177.802 / CH0021778029

COSTS

Management Fee	1.25% p.a
Performance Fee	10% of the OP vs SPIEX
Redemption Fee	None
Total Expense Ratio (TER)	1.39% p.a. (as per 30.06.2017)

FUND DESCRIPTION

The Swiss Opportunity Fund is an actively managed Swiss equity fund. Over the cycle around 2/3 of the fund will be invested in medium or smaller sized companies that are either located in Switzerland or foreign companies whose shares are only listed in the Swiss equity market and are not part of the SMI (Swiss Market Index). Therefore, we chose the SPIEX (SPI without SMI stocks) as benchmark. Depending on the economic cycle and individual company valuations, the structure of the portfolio can deviate substantially from the index. If we expect a weak economy we might overweight defensive stocks greatly, in an expected upswing we will strongly increase the weightings of the cyclical companies, in particular small caps. We generally prefer to invest in companies with a convincing management team, sound balance sheet and a strong position in their markets. Their strategy should enable the company to generate a long-term sustainable economic value added (EVA). As the outcome of this we expect to achieve a better total return together with a lower risk rate compared to the benchmark.