

Swiss Opportunity Fund

FACT SHEET October 2018 / PERFORMANCE -6.87%

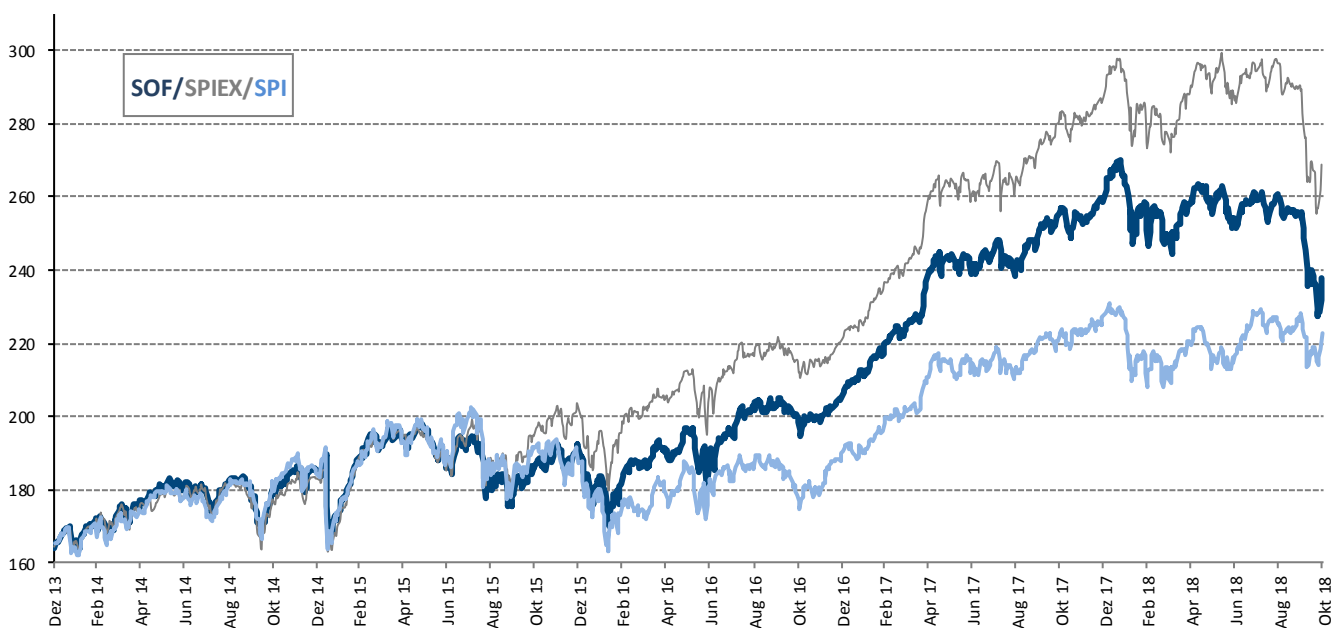
In the short term, investors can't expect much cheer from stock markets, just as we wrote in our forecast a month ago today. Looking back, our forecast from last month was actually too optimistic. Although the market had been aware of the various downside triggers, ranging from the global trade tension to rising interest rates, for months, it did a good job of ignoring them too. Perhaps fresh doubts about the fundamental strength of the world economy (in the wake of IMF warnings), or the clash between Italy and the EU over Rome's proposed budget, or a string of disappointing third-quarter earnings announcements turned out to be the last straw that led to the rout on international stock markets.

The Swiss stock market was unable to resist the market downdraft, although the broad SPI TR Index (-1.5%) held up fairly well thanks to its three defensive heavyweight stocks, all of which ended October with a positive performance. The mid and small cap segments sank much deeper into the red in comparison. The SPIEX TR Index suffered a veritable meltdown, falling 7% over the month. That only widened the year-to-date performance gap between the various segments. At the 10-month mark, the SPI TR Index is down 1.1% while the SPIEX TR Index is down 5.9%.

The performance of the Swiss Opportunity Fund also took a beating, ending the month 6.87% in the red despite a high cash allocation of more than 10%. While the fund performed better than the SPIEX TR, it lost considerable ground relative to the SPI TR Index because of the predominance of mid and small cap stocks in its portfolio. Several of the fund's positions got hammered, regardless whether they were defensive or cyclical. Vifor Pharma, Sonova, Dätwyler, Georg Fischer, Clariant and Schindler all shed about 15% of their value. It was only thanks to the large-cap exposure that the portfolio didn't suffer an even greater loss. Transaction activity during the month included purchases of Lafarge Holcim shares in anticipation of better-than-expected third-quarter results.

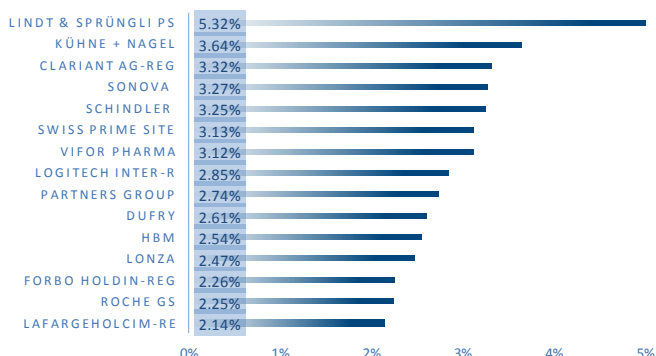
After October's hefty sell-off, what can we expect for the remainder of the year? You don't need to be a prophet to foresee that the recent increase in volatility will not be going away anytime soon – there is too much uncertainty hanging over financial markets – but we think it is too early to speak of a bear market with the economy still firing on all cylinders. Looking ahead at the next few weeks, we expect at least a technical recovery and for now are viewing the market's latest gyrations as a correction of previously overextended valuations.

NET-PERFORMANCE SINCE 1.1.2014 (VS SPIEX AND SPI)



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LARGEST POSITIONS

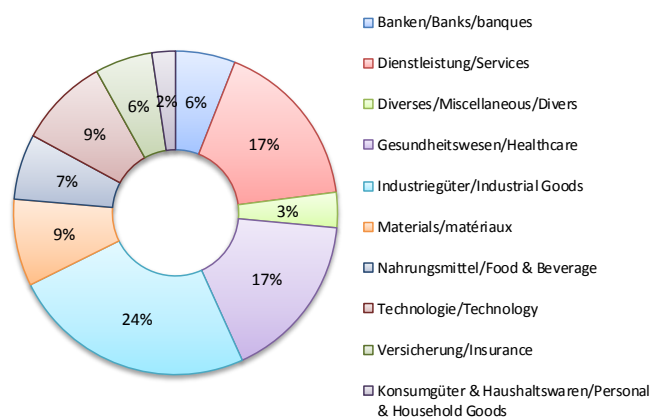


PERFORMANCE

Performance	SOF	SPIEX	Difference	SPI	Difference
October	-6.87%	-7.16%	0.29%	-1.53%	-5.34%
2018 YTD	-7.56%	-5.93%	-1.63%	-1.10%	-6.46%
2017	26.40%	29.73%	-3.33%	19.90%	6.50%
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%	11.37%	1.37%	13.00%	-0.26%

Performance	SOF	SPIEX	Difference	SPI	Difference
12 months	-7.20%	-4.60%	-2.60%	0.30%	-7.50%
3 yrs p.a.	8.60%	11.40%	-2.80%	5.20%	3.40%
5 yrs p.a.	8.10%	11.10%	-3.00%	6.30%	1.80%
10 yrs p.a.	8.70%	10.90%	-2.20%	7.70%	1.00%

ALLOCATION BY SECTORS



STATISTICS

over 3 years	SOF	SPIEX	SOF vs SPI	SPI
Risk Ratio p.a.	12.30	14.60	12.30	12.50
Tracking Error	4.90		5.90	
Information ratio	-0.45		0.11	
Alpha	-0.40		1.40	
Sharpe Ratio	0.52	0.59	0.52	0.46

FUND FACTS

Fund Domicile	Switzerland
Investment Manager	Santro Invest SA, Pfäffikon/SZ
Custodian Bank	Bank J. Safra Sarasin AG, Basle
Administrator	LLB 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

Total Net Asset Value	CHF mn	65.37
Degree of Investment		89.21%
Net Asset Value per share	CHF	237.77
Last dividend payout	12.03.13	gross 0.92
	18.03.15	gross 1.6
	21.03.18	gross 1.2

COSTS

Management Fee	1.25% p.a.
Performance Fee	10% of the OP vs SPIEX
Redemption Fee	None
Total Expense Ratio (TER)	1.41% p.a. (as per 31.12.2017)

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.

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