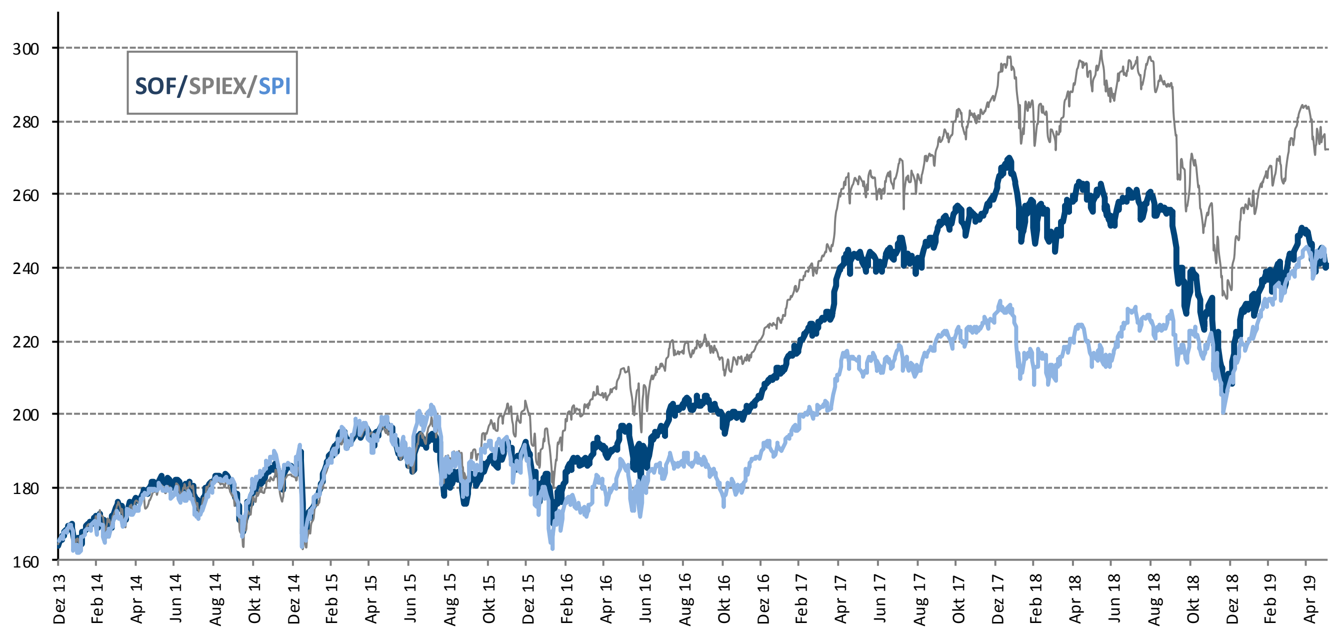
Swiss Opportunity Fund

FACT SHEET MAY 2019 / PERFORMANCE -3.61%

Despite all the storm fronts around the world, stock markets delivered double-digit gains during the first four months of the year to the end of April. And then they reversed direction in early May. Suddenly US-Sino trade talks seemed to be going nowhere – President Trump not only increased existing tariffs on Chinese imports, he threatened to slap tariffs on all Chinese exports to the US, thus taxing the US buyers of those goods. The general confidence that the two sides would reach an agreement suddenly turned to fear that they would only harden their stance. Just as we've witnessed with Brexit, which is still up in the air two months after the first official deadline for leaving the EU has passed, and which claimed another victim when Prime Minister May announced she was resigning. Meanwhile, global economic data is still mixed, which pushed interest rates even lower. Industrial recession versus solid consumption seems to be the verdict. The situation remains fragile. Fortunately, the reporting season was fairly good and fears of an overwhelming right-wing populist victory in Europe's parliamentary elections proved to be unfounded. But that didn't prevent stock markets from suddenly getting the jitters. Global stock indexes shed between 3% and 6% of their value in May, with one exception: the dividend-adjusted SMI retreated only -1.8%, thanks to the two index heavyweights Novartis (+3,5%) and Nestlé (+1.5%). The SPI backtracked 1.62% in May while the SPIEX came under a lot more pressure, losing 3.94% over the month. This time even some of the market's "darlings" in the mid-cap segment were dumped. The Swiss Opportunity Fund (-3.61%) was unable to shrug off the negative environment although it did beat the SPIEX. Looking at sector performance, cyclical industrials were the big losers after having been marked up during the preceding months on expectations of an economic recovery in H2 2019. Banks dropped in unison with interest rates. Some stocks experienced a steep sell-off. Technology lost its luster and sent ams (-22.7%) and SFS (-15.3%) tumbling, along with Logitech (-8.2%). Weaker global manufacturing output, especially in the auto sector, pressured the stocks of companies such as OC Oerlikon (-17.7%), Sulzer (-12.1%), Daetwyler (-12%), Georg Fischer (-14.2%) and Autoneum (-7.3%) that are sensitive to changes in the economy. Swatch (-16%), which is quite sensitive to economic developments in China, also came under heavy selling pressure. A handful of stocks ended the month with a positive performance, most of which were in the healthcare sector (HBM +9%; Vifor +5.2%). Sonova (+8.6%) stood out. Management said business was buoyant thanks to the good market uptake of its new products and it gave a positive outlook. Telecom stocks also ended the month in positive territory (Sunrise +2.8%).

Corporate news flow will dwindle until July when the next reporting season starts. Macro data and political headlines will drive markets in the meantime. It appears that many investors have now changed their minds and think the glass is half empty. They point out that international trade friction is beginning to have a tangible impact on the economy and corporate profits. The latter impact is reflected in declining capex and the guarded statements company executives are making about the outlook. Household consumption is currently the main pillar of growth in the economy. Consumer confidence remains high thanks to wage growth and capital gains. If the stock market flounders more, it'd also have a negative wealth effect and could cool demand on top of that. Can we continue to rely on the central bankers or will the market adage, "Sell in May and go away" ring true this year? We are anticipating more turbulent times ahead.

NET-PERFORMANCE SINCE 1.1.2014 (VS SPIEX AND SPI)



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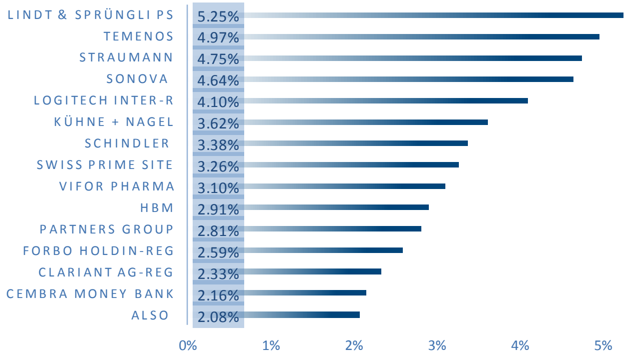
LARGEST POSITIONS

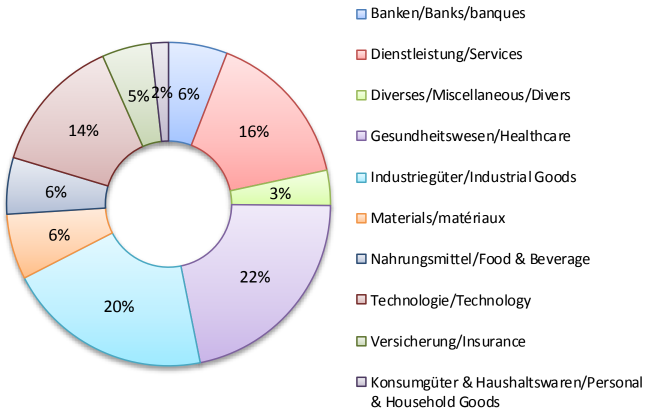


PERFORMANCE

Performance	SOF	SPIEX	Difference	SPI	Difference
May	-3.61%	-3.94%	0.33%	-1.62%	-1.99%
2019 YTD	13.99%	15.15%	-1.16%	17.40%	-3.41%
2018	-18.40%	-17.23%	-1.17%	-8.57%	-9.83%
2017	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%

Performance	SOF	SPIEX	Difference	SPI	Difference
12 months	-5.74%	-5.51%	-0.23%	13.60%	-19.34%
3 yrs p.a.	7.14%	8.64%	-1.50%	9.10%	-1.96%
5 yrs p.a.	6.12%	8.81%	-2.69%	6.20%	-0.08%
10 yrs p.a.	9.30%	10.70%	-1.40%	9.60%	-0.30%

ALLOCATION BY SECTORS



STATISTICS

over 3 years	SOF	SPIEX	SOF vs SPI	SPI
Risk Ratio p.a.	12.60	14.80	12.60	12.70
Tracking Error	4.80		5.90	
Information ratio	-0.44		0.01	
Alpha	-0.50		0.70	
Sharpe Ratio	0.50	0.57	0.50	0.49

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	62.5
Degree of Investment			93.08%
Net Asset Value per share		CHF	240.42
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)	1.43% p.a. (as per 31.12.2018)

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.