

all data as of 31.07.2014

Portfolio & Market Environment

Political unrest and several crisis around the globe dominated the headlines in July. Financial markets seemed not to care too much about this, until the last couple of trading days. SaraSelect did not manage to escape the general negative trend and decreased -1.44% during the reporting month. With this, the fund finished behind the benchmark (-0.41%).

The biggest performance contributions for July came from the portfolio heavy-weights Interroll (+8.19%), LEM (+4.66%) and Also (+4.76%). Interroll and Also were able to put up solid numbers for the first semester, which were well received in the market. After publishing Q1 figures, Logitech (+16.02%) also advanced nicely, which was mainly the result of short-covering activity. The biggest negative contributions came from Bucher (-9.93%), Bobst (-7.12%) and Daetwyler (-5.34%). Bell faced some increased volatility as well, as they were fined with EUR 100mn in Germany for cartel issues. The shares were able to recover partially during the month, but still ending lower with a loss of 5.56% (see below).

The most liquid mid caps (SMIM) were the only segment in the Swiss market with a positive development of +0.39% in July, driven by some better than expected first semester reports. Small caps (-1.20%) as well as the blue chip segment (-1.69%) suffered losses, giving up part of their advances this year. YTD, the small cap index clearly remains ahead of the other segments.

It will be interesting to see when the current long-awaited equity market correction with noticeable set-backs in some stocks will attract new investors. Given the still large amounts of cash, the lack of real alternatives, a continuing M&A activity and the still attractive valuation differential we expect some pick-up in equities to new record levels towards the end of the year.

Noticed...

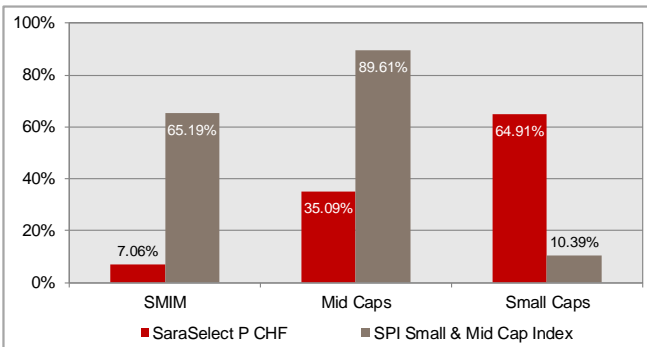
The because of illegal price-fixing agreements imposed fines of the German Bundeskartellamt on 21 sausage manufacturers seem very arbitrary at first glance. So have they maintained a sense of proportion in particular in setting fines in this case in view of the 15 small and medium-sized companies active in this sector. On the six bigger involved sausage producers the fines were also assessed on a 10% of total turnover of the mother entity, including Hertha (belonging to Nestlé) and Bell (Coop).

Unfortunately it will take some time to successfully oppose this politically motivated non-sense. Luckily, Bell (2014 EV/EBITDA 6x) has beside the broad setup very stable cash flows, which should enable the continuation of attractive future dividend payouts (2.7% yield).

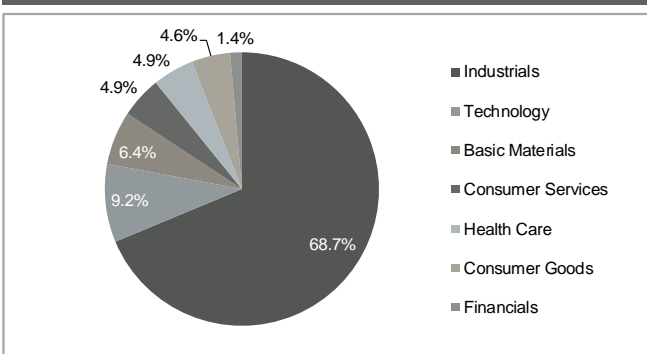
The economy depends about as much on economists as the weather does on weather forecasters.

Jean-Paul Kauffmann, French journalist

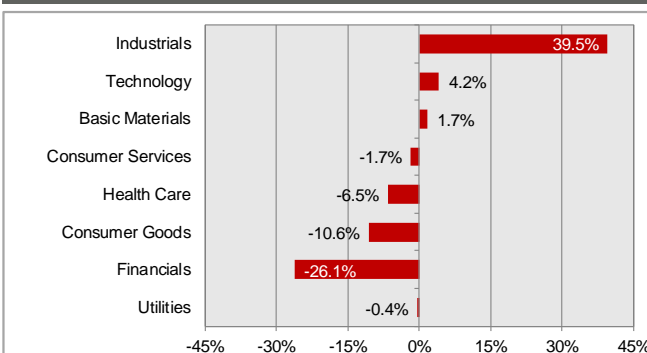
Segment Allocation



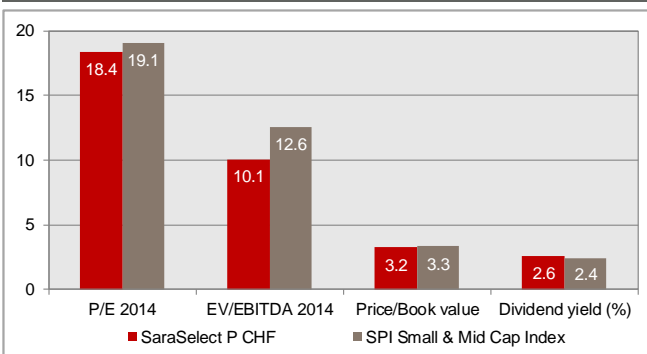
Industry Allocation



Industries relative to Benchmark



Valuation



Largest Positions

	Fund	Index
LEM Holding SA	9.31%	0.26%
Daetwyler Holding AG	7.73%	0.45%
Bossard Holding AG	7.24%	0.30%
Interroll Holding AG	6.27%	0.19%
Belimo Holding AG	5.07%	0.59%
Phoenix Mecano AG	5.06%	0.19%
Sika AG	4.89%	3.97%
Bachem Holding AG	6.27%	0.19%
Bucher Industries AG	4.67%	0.94%
Bobst Group AG	4.66%	0.17%
Bell AG	4.39%	0.17%
Kaba Holding AG	3.78%	0.89%
Huber & Suhner AG	3.51%	0.34%
CPH Chemie & Papier Holding AG	3.45%	0.09%
ALSO Holding AG	3.34%	0.08%
Total Top 15	78.24%	8.74%

Fund Profile & Key Figures

Asset Manager	VV Vermögensverwaltung AG
	Marc Possa (Deputy Pascal Marti)
Fund Mgmt Company	Sarasin Investmentfonds Ltd
Custodian Bank	Bank J. Safra Sarasin Ltd
Swiss Security No.	123406
ISIN	CH0001234068
Launch	01.02.1996
Management Fee	1.50% p.a.
Investment Style	Bottom-up stock picking
Benchmark (Index)	SPI Small & Mid Caps (SPISMC)
Fund Size	CHF 651.7mn
Net Asset Value per Unit	CHF 811.45
Hist. Volatility*	11.70% p.a.
Tracking Error*	6.03% p.a.

*Time period 3 years, monthly observation

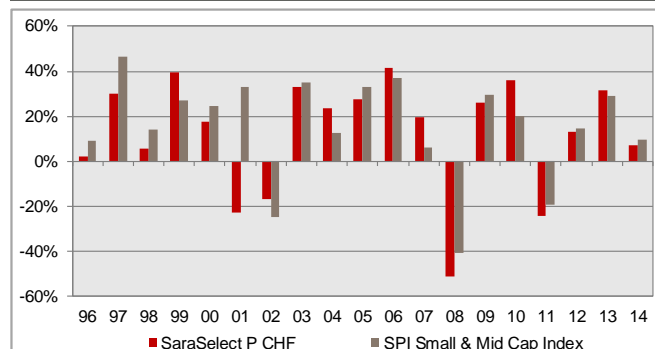
Performance Overview

	YTD	1 Month	1 Year	3 Years	5 Years	10 Years	since Launch
Fund	7.23%	-1.44%	23.77%	9.86% p.a.	12.13% p.a.	8.49% p.a.	9.39% p.a.
Index	9.49%	-0.41%	22.66%	14.17% p.a.	11.75% p.a.	9.65% p.a.	9.41% p.a.

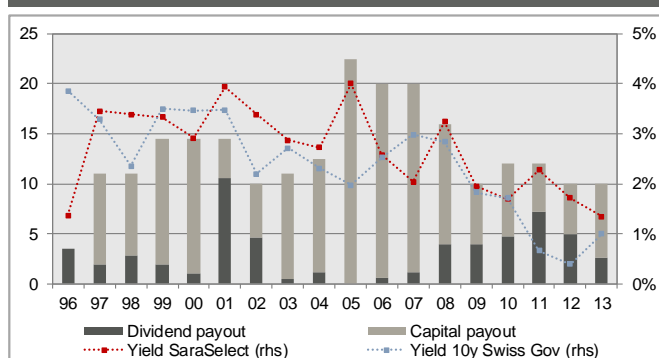
Cumulative Performance since Inception



Yearly Performance since Inception



Distributions



Year	Dividend	Capital Gain*	Total
2013	2.60	7.40	10.00
2012	5.00	5.00	10.00
2011	7.20	4.80	12.00
2010	4.80	7.20	12.00
2009	4.00	6.00	10.00
2008	4.00	12.00	16.00
2007	1.20	18.80	20.00
2006	0.60	19.40	20.00
2005	0.00	22.50	22.50
2004	1.20	11.30	12.50

*Not subject to income tax for private investors domiciled in Switzerland

Monthly Performance

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2014	Fund	3.41%	0.57%	3.13%	1.42%	-0.65%	0.67%	-1.44%						7.23%
	Index	1.42%	4.05%	0.52%	1.30%	1.67%	0.63%	-0.41%						9.49%
2013	Fund	6.21%	2.56%	1.10%	0.51%	1.32%	-1.09%	2.60%	4.26%	2.86%	3.48%	1.98%	2.01%	35.45%
	Index	4.68%	4.38%	0.90%	1.35%	2.36%	-3.21%	4.25%	0.97%	2.96%	4.06%	1.70%	1.83%	31.13%
2012	Fund	7.50%	5.59%	0.84%	0.59%	-6.47%	0.14%	0.91%	-0.88%	2.90%	-0.04%	-0.99%	2.84%	12.98%
	Index	4.19%	3.76%	0.73%	1.50%	-5.88%	0.98%	3.03%	0.09%	2.23%	0.58%	1.58%	1.27%	14.59%
2011	Fund	1.51%	1.54%	1.25%	2.91%	-1.08%	-6.91%	-8.06%	-8.32%	-7.45%	2.80%	-3.49%	-0.99%	-24.21%
	Index	-1.08%	0.91%	0.28%	2.53%	-1.49%	-5.70%	-7.56%	-6.66%	-4.36%	5.73%	-2.87%	0.12%	-19.11%
2010	Fund	4.61%	-1.94%	8.48%	2.83%	-3.34%	-1.12%	3.16%	1.29%	3.59%	5.02%	1.26%	8.02%	35.99%
	Index	2.57%	-0.63%	7.71%	0.50%	-4.95%	-1.19%	2.40%	-1.10%	4.81%	3.19%	1.27%	4.45%	20.06%
2009	Fund	-2.24%	-11.31%	-2.41%	18.43%	7.13%	1.61%	6.81%	6.58%	2.73%	-2.06%	-2.88%	3.79%	25.93%
	Index	-2.89%	-8.32%	2.74%	14.33%	5.06%	1.12%	5.46%	5.56%	4.62%	-3.81%	0.50%	3.65%	29.65%

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