

Portfolio & Market Environment

Corresponding to the full investment year 2014, equity markets in December once again were strongly related to central banks actions. The postponed ECB decision on increasing its interventions hit the markets temporarily and therefore erased hopes for a year-end rally. The performance of SaraSelect for the reporting month was -1.21%, which was behind benchmark (+0.30%). Over a difficult year with heavy market distortions, SaraSelect finished with a performance of +3.47%.

The biggest contributions in December came from our heavy-weights Bell (+11.27%), Daetwyler (+8.96%), Phoenix Mecano (+7.29%) and Bossard (+4.59%). The biggest negative contributions came from the heavy-weights Sika (-20.17%), Bobst (-16.52%) and Interroll (-7.81%). Following the change in ownership of Sika, which led to a quality downgrading due to unsolved corporate governance issues, we have reduced our position.

In 2014, our top holdings Lem (+11.46%), Daetwyler (+5.20%), Bossard (+8.45%) and Interroll (+8.98%) showed as expected a solid performance. Bobst (+29.14%), Schweiter (+22.39%) and Tamedia (+21.81%) also had very positive developments. On the other hand, Phoenix Mecano (-13.42%), Gurit (-13.40%) and Galenica (-10.34%) had a weak year and performed clearly negative. On a relative perspective versus benchmark, the main driver behind the under-performance was our non-consideration of several well-priced companies with a high index weight, such as Actelion, Swiss Life, Lonza, Sonova or Lindt & Sprüngli.

In January, the short-term direction of the stock markets will be mainly influenced by the central bank actions and by some opportunity trading. The upcoming reporting season with updated company outlooks will attract investors focus again. The often neglected smaller companies will draw more interest and should see higher trading volumes leading to higher prices as well, enabling them to close some of the valuation gaps to the more liquid stocks.

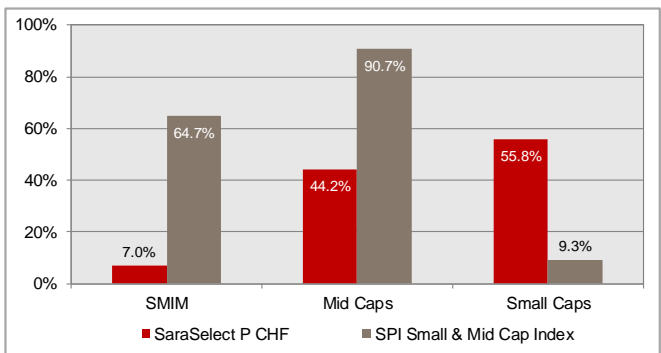
Noticed...

The Sika case (sale to Saint Gobain) was an impressive demonstration to the broad public as well as to the financial industry, showing that wealth and its management always come with responsibility. The actively selected companies and their managements need to be given the required time to forge and implement strategies successfully, which then will yield the expected value added. The often mentioned Sika spirit was the result of over 100 years of lived responsibility leading to higher productivity and a better corporate profitability. A successful franchise has been put at risk because of the partial sale without the involvement of the company's management and its minority shareholders. The outcome how minority shareholders can participate in future returns is far from visible and will be the result of Saint Gobains deliberately taken actions.

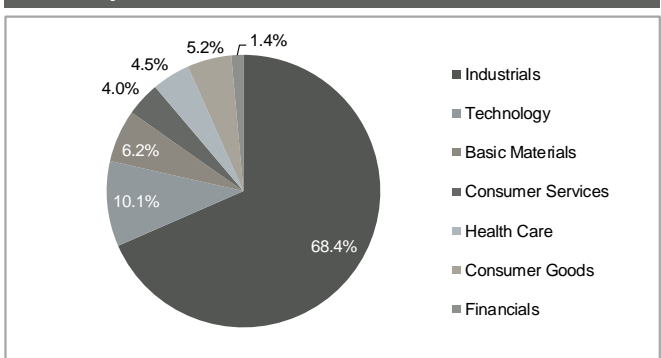
It is of fundamental importance to learn more every year than the year before.

Peter Ustinov, brit. actor and writer

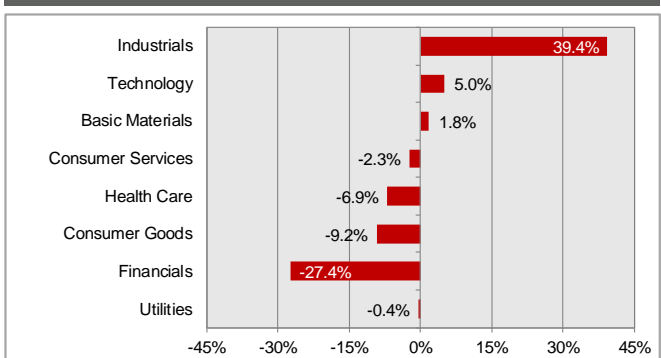
Segment Allocation



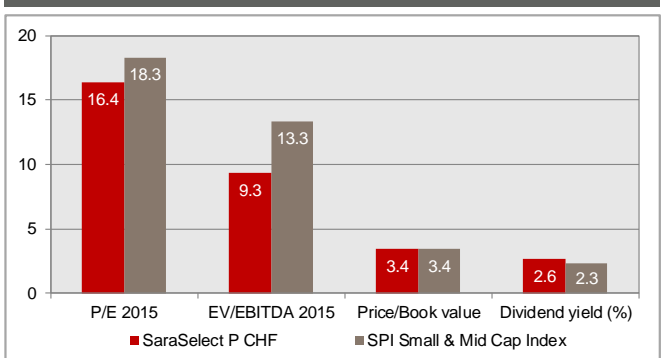
Industry Allocation



Industries relative to Benchmark



Valuation



Largest Positions

	Fund	Index
LEM Holding SA	9.67%	0.24%
Daetwyler Holding AG	8.54%	0.46%
Bossard Holding AG	8.29%	0.31%
Interroll Holding AG	6.06%	0.18%
Bell AG	5.08%	0.17%
Belimo Holding AG	5.08%	0.55%
Bucher Industries AG	4.94%	0.85%
Phoenix Mecano AG	4.84%	0.18%
Bobst Group AG	4.73%	0.15%
Bachem Holding AG	4.61%	0.11%
Huber & Suhner AG	4.11%	0.35%
CPH Chemie & Papier Holding AG	3.50%	0.07%
ALSO Holding AG	3.45%	0.07%
Sika AG	3.29%	3.26%
Schaffner Holding AG	3.15%	0.08%
Total Top 15	79.36%	7.02%

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 579.2mn
Net Asset Value per Unit	CHF 773.21
Hist. Volatility*	9.09% p.a.
Tracking Error*	5.81% p.a.

*Time period 3 years, monthly observation

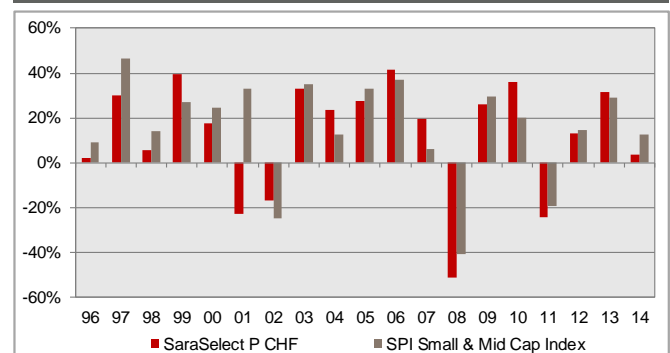
Performance Overview

	YTD	1 Month	1 Year	3 Years	5 Years	10 Years	since Launch
Fund	3.47%	-1.21%	3.47%	15.36% p.a.	9.61% p.a.	7.71% p.a.	8.97% p.a.
Index	12.85%	0.30%	12.85%	18.67% p.a.	10.17% p.a.	9.18% p.a.	9.37% p.a.

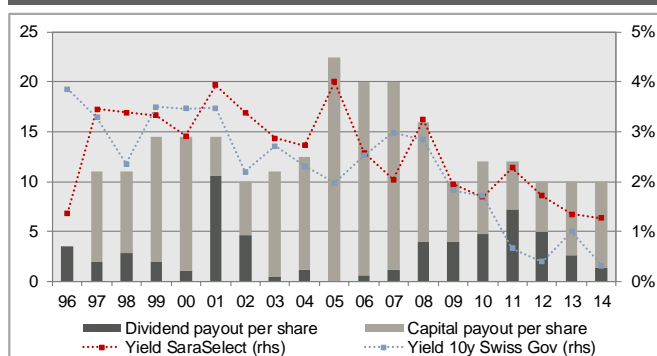
Cumulative Performance since Inception



Yearly Performance since Inception



Distributions per share



Year	Dividend	Capital Gain*	Total
2014	1.40	8.60	10.00
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

*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%	-0.70%	-3.27%	-0.29%	2.00%	-1.21%	3.47%
	Index	1.42%	4.05%	0.52%	1.30%	1.67%	0.63%	-0.41%	2.08%	-1.72%	-0.46%	2.91%	0.30%	12.85%
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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