

Portfolio & Market Environment

The conundrum of the next steps of the Fed lead to slightly weaker equity markets in early December, followed by impressive advances after the publication of the decision to slightly taper the monthly QE3 bond purchases. SaraSelect ended the month with a performance of +2.01% (including the distribution of CHF 10). Given the +1.83% benchmark performance in December, SaraSelect managed to close the year with an outperformance of +2.08%.

Our portfolio heavy weights Kaba (+6.64%), Sika (+6.52%), Bossard (+6.06%) and Interroll (+5.60%) had a great month and delivered the highest portfolio contributions. Big advances were realized by Logitech (+18.36%) and by Adval Tech (+9.38%). Huber+Suhner, Dottikon ES and Bobst experienced negative performances, the latter only because of a slightly reduced outlook for 2014.

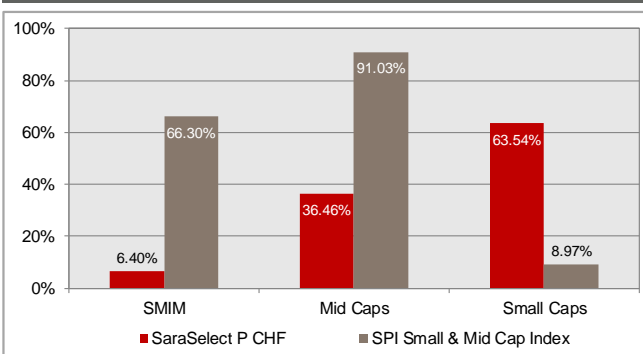
Over the course of 2013 many companies realized enormous advances. Our three top positions LEM (+45%), Daetwyler (+47%) und Bossard (+73%) did repeat the prior year performances in 2013. Komax (+95%) had the best development in the portfolio after announcing the decision of the sale of the solar division, followed by Kardex (+82%) with the successful turnaround and the disposal of the Stow division. Logitech (+81%) with the reassessment of its strategy and Ascom (+74%) with the turnaround of the Network Testing division and the sale of the ZKB stake were among the winners as well.

Amongst the losers were Publigroupe (-33%), were the transmission from print to digital is still challenging the management team. Negative performances were also realized by Airesis (-8%), CPH (-4%), Orell Füssli (-3%) and Elma Electronics (-2%).

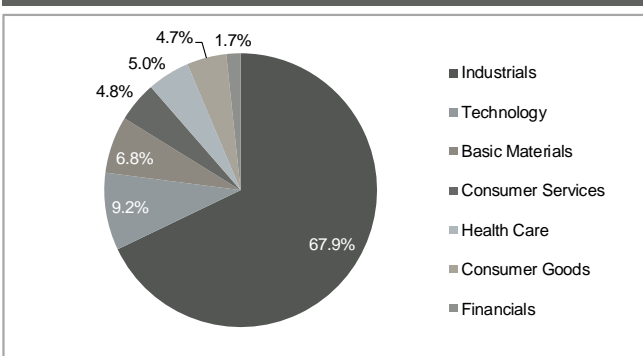
The Swiss equity market segments had very diverse developments. The SMI gained over 25% into May and was nicely ahead of the SMIM Index and was twice better than the small cap index (+11%) at this stage. During the remainder of the year the picture changed decisively. The blue chips traded a sideways and money was allocated to the SMIM and the smaller companies. At the end, the SMIM (+30%) closed the year ahead of the small caps (+25%) and the SMI (+23%).

2014 will again be dominated by politicians and their central banks. As long as interest rates cannot rise because of the large indebtedness, equity markets will attract further money due to relative valuation and the lack of alternatives. The exaggerations experienced in 2011 are the explanation for the past two good years with above average equity performances. Today's valuations hint to further potential, given their levels just slightly above historic averages.

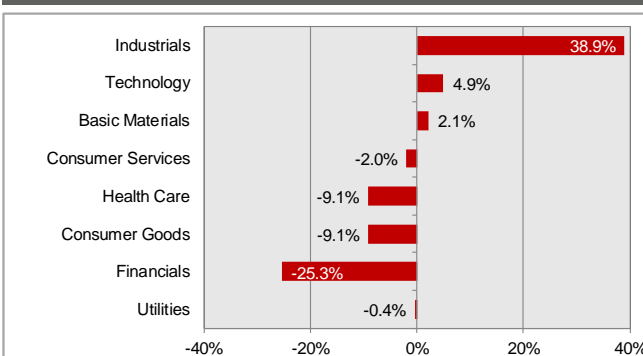
Segment Allocation



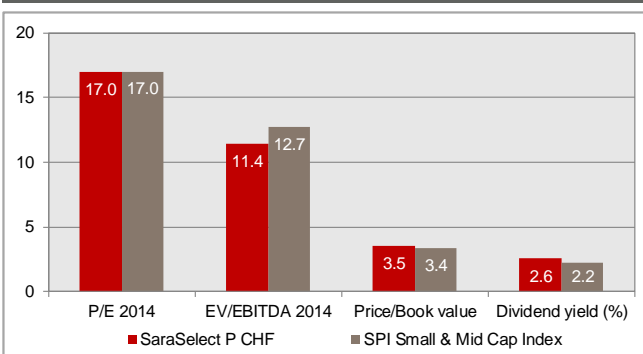
Industry Allocation



Industries relative to Benchmark



Valuation



Don't try to buy at the bottom and sell at the top. This can't be done – except by liars.

Bernard Baruch, US investor

Largest Positions

	Fund	Index
LEM Holding SA	9.17%	0.24%
Daetwyler Holding AG	8.34%	0.46%
Bossard Holding AG	7.64%	0.30%
Belimo Holding AG	5.88%	0.61%
Interroll Holding AG	5.76%	0.17%
Phoenix Mecano AG	5.40%	0.19%
Bachem Holding AG	5.10%	0.10%
Bucher Industries AG	5.88%	0.61%
Bell AG	4.63%	0.17%
Sika AG	4.60%	3.66%
Kaba Holding AG	4.39%	0.89%
Huber & Suhner AG	3.67%	0.36%
CPH Chemie & Papier Holding AG	3.64%	0.08%
ALSO Holding AG	3.18%	0.07%
Bobst Group AG	2.98%	0.13%
Total Top 15	79.27%	8.34%

Fund Profile & Key Figures

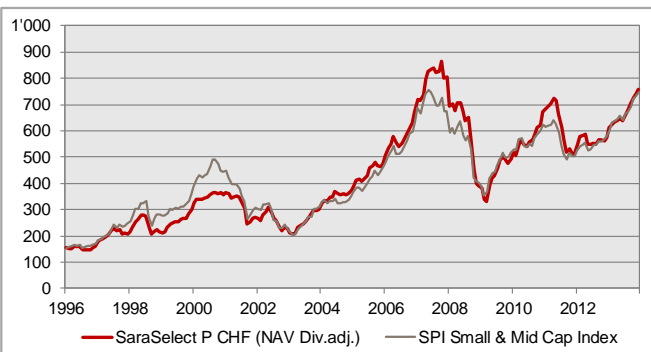
Asset Manager	VV Vermögensverwaltung AG
	Marc Possa (Dep. Peter Lehner)
Fund Mgmt Company	Sarasin Investmentfonds Ltd
Custodian Bank	Bank J. Safra Sarasin Ltd
Swiss Security No.	123406
ISIN	CH0001234068
Launch	01.02.1996
Management Fee	1.50% p.a.
Investment Style	Bottom-up stock picking
Benchmark (Index)	SPI Small & Mid Caps (SPISMC)
Fund Size	CHF 620.2mn
Net Asset Value per Unit	CHF 756.77
Hist. Volatility*	13.36% p.a.
Tracking Error*	5.54% p.a.

*Time period 3 years, monthly observation

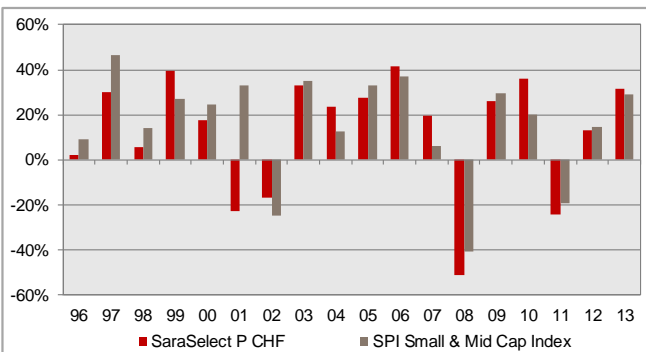
Performance Overview

	YTD	1 Month	1 Year	3 Years	5 Years	10 Years	since Launch
Fund	31.37%	2.01%	31.37%	4.00% p.a.	14.00% p.a.	9.63% p.a.	9.28% p.a.
Index	29.29%	1.83%	29.29%	6.21% p.a.	13.27% p.a.	9.16% p.a.	9.18% p.a.

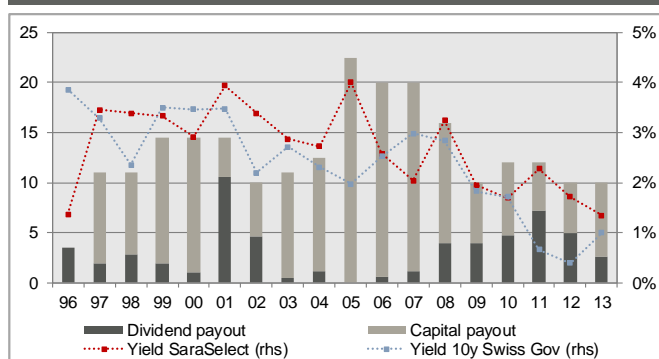
Cumulative Performance since Inception



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
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%	31.37%
	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%	29.29%
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%	1.27%	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%
2008	Fund	-13.58%	1.38%	-4.04%	4.33%	0.30%	-4.40%	-5.68%	2.15%	-11.75%	-21.34%	-11.41%	-1.79%	-51.05%
	Index	-11.98%	2.51%	-3.30%	4.63%	2.86%	-8.54%	-3.16%	3.09%	-9.44%	-19.26%	-3.82%	-1.98%	-40.89%

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