

All data as of 31.12.2018

### Portfolio & Market Environment

The ceasefire in the trade dispute between the USA and China as well as the statements of the FED chief after the last interest rate hike were received negatively by the market and led to a water fall decline. The overall market (SPI) lost 6.74% in the reporting period. The small caps lost 4.93% and mid caps even lost 6.54%. The large caps were also hammered down by 6.83%. The overweighting of small caps in the fund meant that it lost 5.35%. It performed better than the benchmark, which lost 6.36%. On an annual basis, the fund lost 21.42% and underperformed the benchmark, which declined 16.40%.

The monthly performance of the SaraSelect portfolio was mainly driven by the following holdings. The largest positive contributions came from not being invested in Kühne + Nagel (34 bp), Baloise (24 bp), Dufry (20 bp), Swiss Life (20 bp) as well as our overweight in Lindt & Sprüngli (33 bp). The performance was negatively influenced by Interroll (-76 bp), Bossard (-54 bp), Daetwyler (-43 bp), Bachem (-42 bp), Bobst (-40bp) and Gurit (-33 bp). After the worst stock market year since the financial crisis (2008), the market is expected to bottom out in the first half of 2019. We expect double-digit performance growth in 2019.

### Noticed... EMS

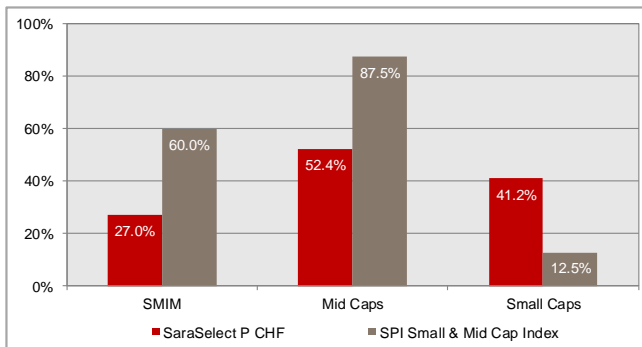
The fact that even a quality stock like EMS cannot escape the market turbulence became particularly clear in the month of December, when the stock alone lost 13% following a downgrade of an analyst. Once again, the trigger was to be found in the weakness of the automotive industry. After Autoneum had to issue the 2<sup>nd</sup> profit warning within a short time, EMS was also affected, although the problems here are not home-made, as with Autoneum. Unfortunately, at the moment everything that has to do with automotive is thrown into the same pot and punished.

However, EMS is not a simple supplier to the automotive industry, but has established itself over the last few years as a reliable system provider that replaces metal components with plastic and thus makes a significant contribution to weight reduction in the automotive sector. Thus, EMS with its products is an irreplaceable technology partner for car manufacturers. These customer benefits are offset by strong EBIT margins north of 25%. After the price decline (-26% in 2018) EMS can be bought with a P/E 2019E of 21.0X cheap. In addition, the company pursues a shareholder-friendly dividend policy and distributes every Swiss franc that is not required for operations. All these factors will be reflected in a higher share price going forward.

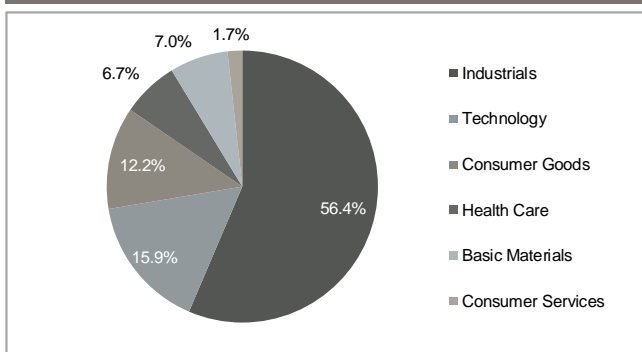
Three things drive people crazy. Love, jealousy and the study of stock prices.

*John Maynard Keynes*

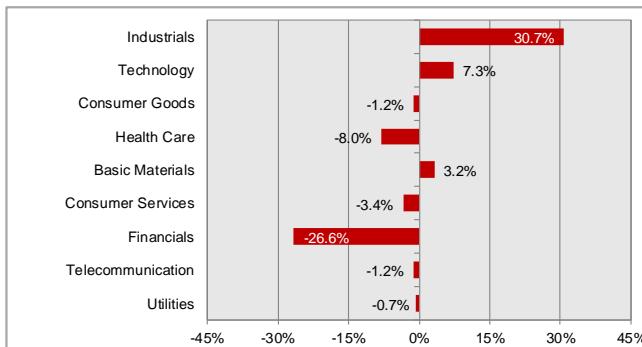
### Segment Allocation



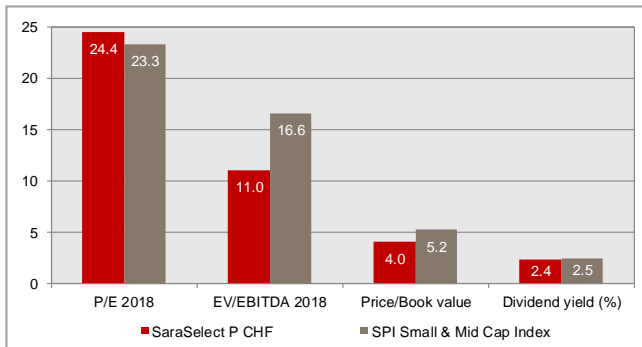
### Industry Allocation



### Industries relative to Benchmark



### Valuations



### Largest Positions

	Fund	Index
ALSO Holding AG	6.95%	0.29%
Bell Food Group AG	6.14%	0.27%
LEM Holding SA	6.10%	0.27%
Sika AG	6.05%	0.00%
Bossard Holding AG	5.09%	0.37%
Bachem Holding AG	4.78%	0.23%
Bobst Group SA	4.75%	0.24%
Belimo Holding AG	4.65%	0.91%
CPH Chemie & Papier Holding AG	4.01%	0.09%
Interroll Holding AG	3.93%	0.50%
Daetwyler Holding AG	3.84%	0.48%
Phoenix Mecano AG	3.65%	0.14%
Logitech International SA	3.30%	2.61%
Chocoladefabriken Lindt & Spru	3.21%	3.01%
Huber + Suhner AG	3.02%	0.38%
<b>Total Top 15</b>	<b>69.47%</b>	<b>9.78%</b>

### Fund Profile & Key Figures

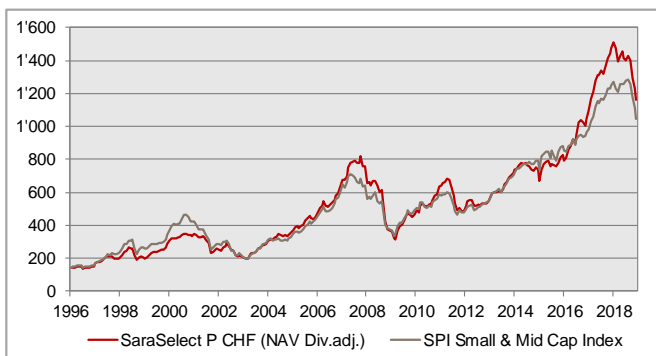
Asset Manager	VV Vermögensverwaltung AG
Fund Mgmt. Company	Marc Possa (Deputy Thomas Buri)
Custodian	J. Safra Sarasin Investmentfonds AG
	Bank J. Safra Sarasin AG
Swiss Security No.	123406
ISIN	CH0001234068
Launch	01.02.1996
Management Fee	1.50% p.a.
Investment Style	Bottom-up Stock Picking
Benchmark (Index)	SPI Small & Mid Caps (SPISMC)
Fund Size	CHF 618.1 mn
Net Asset Value per Unit	CHF 1'162.62
Hist. Volatility*	13.18% p.a.
Tracking Error*	6.27% p.a.

\*Time period 3 years, monthly observations

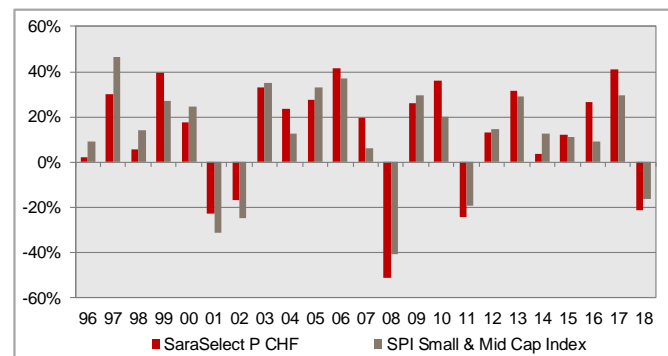
### Performance Overview

	YTD	1 Month	1 Year	3 Years	5 Years	10 Years	since Launch
Fund	-21.42%	-5.35%	-21.42%	11.91% p.a.	10.19% p.a.	12.08% p.a.	9.48% p.a.
Index	-16.40%	-6.36%	-16.40%	5.73% p.a.	8.17% p.a.	10.69% p.a.	8.96% p.a.

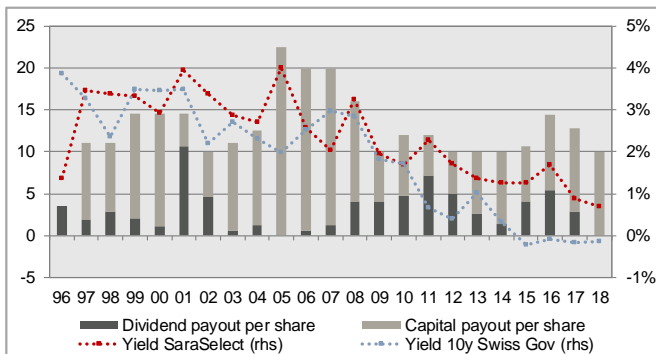
### Cumulative Performance since Inception



### Yearly Performance since Inception



### Distribution per Share



Year	Dividend	Capital Gain*	Total
2018	0.00	10.00	10.00
2017	2.80	10.00	12.80
2016	5.40	9.05	14.45
2015	4.00	6.70	10.70
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

\*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
2018	Fund	2.04%	-2.32%	-5.26%	2.40%	1.70%	-2.54%	-1.02%	1.94%	-2.22%	-7.52%	-5.04%	-5.35%	-21.42%
	Index	1.81%	-3.03%	-2.03%	3.95%	-0.14%	0.31%	1.79%	0.60%	-2.29%	-6.67%	-5.06%	-6.36%	-16.40%
2017	Fund	4.91%	6.25%	3.36%	5.97%	2.41%	0.26%	1.69%	-1.33%	3.82%	3.30%	1.86%	2.66%	41.06%
	Index	2.11%	4.78%	2.76%	5.70%	2.91%	-0.99%	2.44%	-0.79%	2.51%	3.67%	-0.35%	1.78%	29.71%
2016	Fund	-4.55%	2.84%	5.78%	2.20%	4.94%	-2.76%	6.00%	7.46%	1.47%	-1.01%	-2.12%	4.28%	26.48%
	Index	-3.63%	-0.08%	3.56%	0.75%	4.00%	-3.77%	4.08%	1.66%	1.05%	-1.52%	0.54%	2.41%	9.01%
2015	Fund	-9.53%	9.96%	4.55%	1.78%	0.80%	-3.68%	1.93%	-1.01%	-1.59%	3.14%	4.50%	1.83%	12.01%
	Index	-7.00%	10.46%	1.98%	1.29%	0.08%	-4.72%	5.96%	-3.87%	-3.08%	6.46%	3.61%	0.75%	11.01%
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%	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%

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