

Portfolio & Market Environment

Just a month ago, wide-spread macro fears lead to bigger equity market sell-offs. After reassuring comments of central banks and the continuation of lower trending interest rates equity markets rapidly regained momentum. The Swiss equity market currently trades at year high levels and the US market even advanced to record highs again. After four consecutive negative months, SaraSelect enjoyed an advance of 2%, slightly behind benchmark (+2.91%).

The biggest contributions in November came from our heavy weights Bobst (+9.92%), Bossard (+7.40%), Sika (+7.23%) and Lem (+5.40%). Swatch (+9.41%) also had nice advances after lagging behind the market this year. The negative perception caused by the Apple Watch as well as the unrest in Hong Kong was far offset by the broad setup of the company, the new Sistem51-Platform and through the improving currency situation. We initiated a small position in the first half of the month. Kaba and Schaffner also managed to break out of their side-way trends and to rise by more than 8%. The biggest negative contributions came from the heavy-weight Daetwyler (-3.78%) and Huber+Suhner (-3.37%).

The year-end rally has already started and the seasonal strength of the smaller companies is still ahead of us. In the current low interest environment it remains very difficult to find adequate alternatives to equities.

Noticed...

What do commodity markets with their huge recent sell-offs tell us? Are they pointing to a longer lasting growth deceleration with deflationary tendencies? Or is it only a temporary effect of a geopolitical fight of the western countries and the Saudi's against Putin?

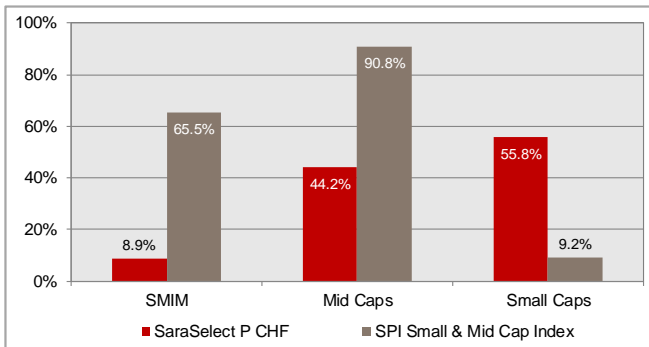
One thing is certain, that the politically motivated low interest rates lead to a tremendous market distortion. Lindt & Sprüngli for instance has locked-in a CHF 1bn financing for 60bp for an average of 6 years, acquiring an EBIT of CHF 65mn through the take-over of Russell Stover, which brings an immediate increase of earnings per shares of +13% (without any other synergies). Normally, such big acquisitions are only possible once because of balance sheets limitations. Hence their impact on future valuations should not be overestimated.

Strategic meaningful, complementing acquisitions should therefore continue. The temptation of prioritizing aggressive growth over solid balance sheets (reasonable equity ratio) rises (see Arysza). In stormy times cash and tangible equity become the ultimate survival factor, the opportunistic anglo-saxon M&A culture mutate to a danger for inherently good business models.

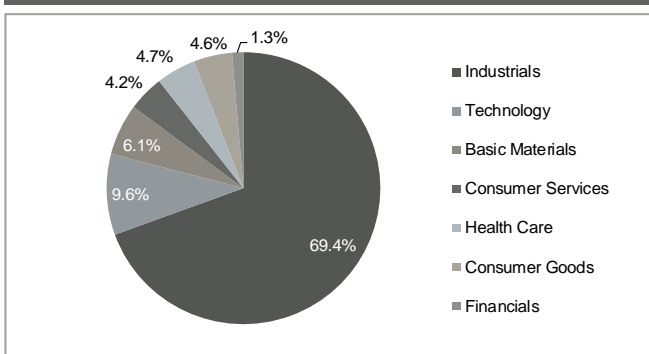
If you don't feel comfortable owning something for 10 years, then don't own it for 10 minutes.

Warren Buffett, US investor

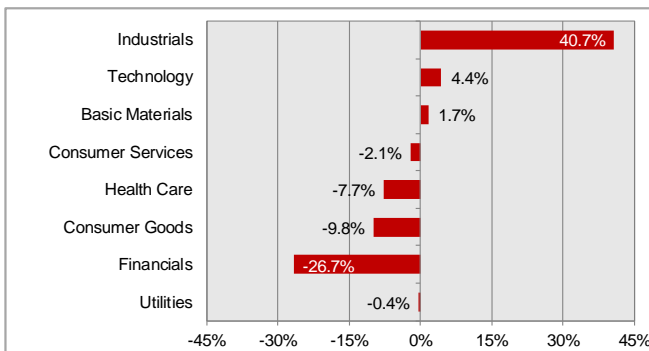
Segment Allocation



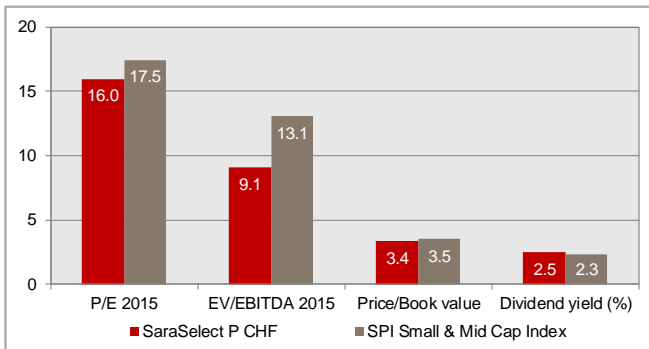
Industry Allocation



Industries relative to Benchmark



Valuation



Largest Positions

	Fund	Index
LEM Holding SA	9.41%	0.25%
Bossard Holding AG	7.26%	0.29%
Daetwyler Holding AG	7.19%	0.43%
Interroll Holding AG	6.03%	0.19%
Sika AG	5.20%	4.15%
Bobst Group AG	5.16%	0.17%
Belimo Holding AG	5.03%	0.56%
Bachem Holding AG	4.59%	0.19%
Bucher Industries AG	4.48%	0.81%
Bell AG	4.21%	0.15%
Phoenix Mecano AG	4.11%	0.14%
Huber & Suhner AG	3.66%	0.34%
CPH Chemie & Papier Holding AG	3.38%	0.08%
Kaba Holding AG	3.29%	0.98%
ALSO Holding AG	3.18%	0.07%
Total Top 15	76.19%	8.72%

Fund Profile & Key Figures

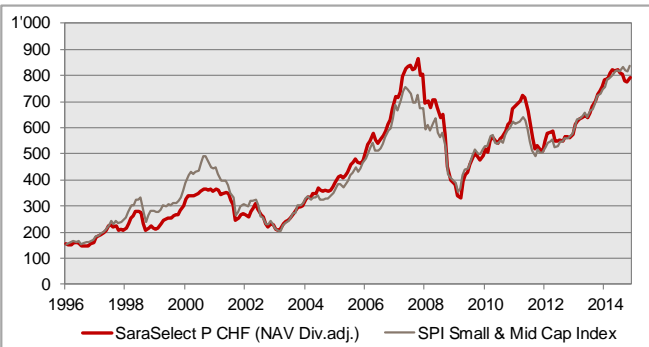
Asset Manager	VV Vermögensverwaltung AG
	Marc Possa (Deputy Pascal Marti)
Fund Mgmt Company	Sarasin Investmentfonds Ltd
Custodian Bank	Bank J. Safra Sarasin Ltd
Swiss Security No.	123406
ISIN	CH0001234068
Launch	01.02.1996
Management Fee	1.50% p.a.
Investment Style	Bottom-up stock picking
Benchmark (Index)	SPI Small & Mid Caps (SPISMC)
Fund Size	CHF 637.0mn
Net Asset Value per Unit	CHF 792.65
Hist. Volatility*	9.07% p.a.
Tracking Error*	5.78% p.a.

*Time period 3 years, monthly observation

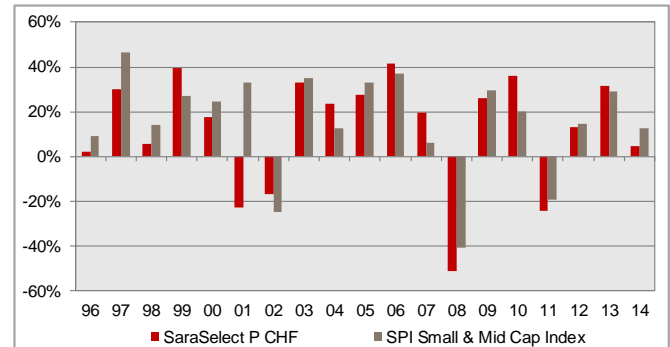
Performance Overview

Fund	YTD	1 Month	1 Year	3 Years	5 Years	10 Years	since Launch
Fund	4.74%	2.00%	6.84%	15.44% p.a.	10.70% p.a.	8.23% p.a.	9.08% p.a.
Index	12.52%	2.91%	14.58%	18.60% p.a.	10.90% p.a.	9.55% p.a.	9.39% p.a.

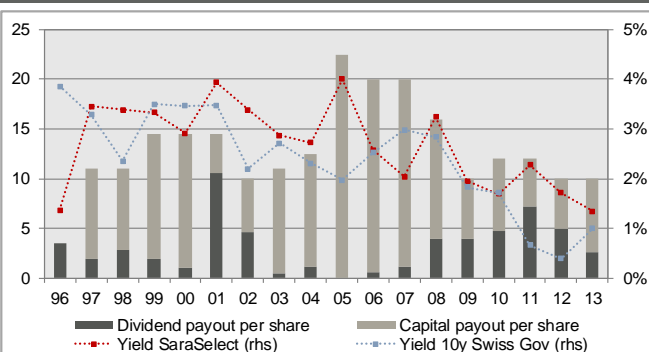
Cumulative Performance since Inception



Yearly Performance since Inception



Distributions per share



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%	-0.70%	-3.27%	-0.29%	2.00%		4.74%
	Index	1.42%	4.05%	0.52%	1.30%	1.67%	0.63%	-0.41%	2.08%	-1.72%	-0.46%	2.91%		12.52%
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%

Disclaimer: While VV Vermögensverwaltung AG has made every effort to ensure that the information on this document is correct at the time of publication, VV Vermögensverwaltung AG can make no representation or warranty (including liability to third parties) either expressly or by implication as to the accuracy, reliability or completeness of the said information. Past performance does not guarantee future returns. The performance shown does not take account of any commissions and costs charged when subscribing and redeeming units. The prospectus including management regulations of the Fund, the simplified prospectuses as well as the annual and semi-annual reports are available free of charge from the custodian bank (Bank J. Safra Sarasin Ltd, Elisabethenstrasse 62, P.O. Box, CH-4002 Basel, Switzerland) or the fund manager (Sarasin Investmentfonds Ltd, Wallstrasse 9, CH-4002 Basel, Switzerland).