

all data as of 28.02.2014

Portfolio & Market Environment

The friendly market environment remained in February. Despite remaining negative comments, the equity markets continued their advances. After the very strong start into the year, SaraSelect was able to further increase by +0.57% in February, this against a benchmark performance of +4.05%. On a year-to-date base, the fund is now 1.52% behind the index.

The biggest positive performance contributors were our portfolio heavy-weights Sika (+8.57%), Bobst (+6.50%), Kaba (+5.67%) and Interroll (+4.11%). Also very impressive gains posted Temenos (+21.76%), EMS-Chemie (+8.74%) and Galenica (+8.09%) with full year results above expectations. A negative development showed Sulzer (-9.06%), Schaffner (-7.29%) and Belimo (-4.84%).

Some signs of a slowdown of the US economic recovery lead to a temporary pause on global stock markets. But quickly the focus turned from lower growth expectations to expectations of a reduced tapering activity by the fed and therefore fueled markets again. That's why beside some earnings-release related turbulences on single stock level equity markets not surprisingly continued their advances due to a lack of alternatives.

After over proportional gains the last couple of months, the Swiss small cap index with a performance of +2.12% was not able to keep pace with the other segments. The SMI (+4.15%) and the SMIM (+4.72%) were clearly leading in February. Although, from a valuation point of view (on a P/E or EV/EBITDA base) small caps still look very favorable.

Noticed...

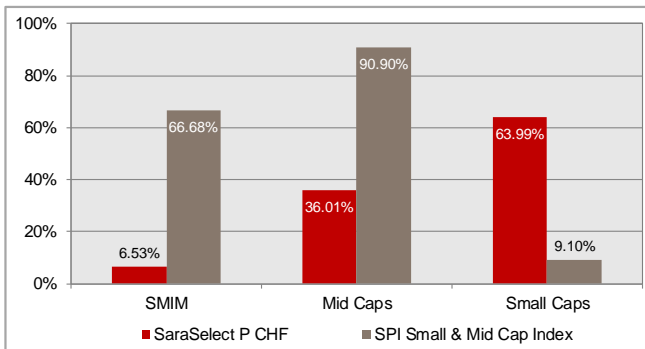
The long expected asset value adjustment of CPH (Chemie Papier Holding) was finally communicated. The impairment due to a weaker market environment is mostly on the only three year old paper machine (PM7) and will have the following consequences for the group. Firstly, yearly depreciation charges will be reduced by CHF 20mn and should lead to a positive net profit in 2014 and onwards. Secondly, the very low P/B ratio of 0.4x rises to almost 0.9x, explaining the historical missing willingness of investors to value the company massively higher.

Beside lower energy prices and especially a better pricing environment of news and magazine paper, the company will also need lower feedstock prices to sustainably increase the profitability in the future. CPH has thanks to the CHF 470mn investment into the new PM7 the lowest marginal costs. This will eventually ensure their survival in a market that today is characterized by still existing over capacities of around 1.5mn tons in Europe alone.

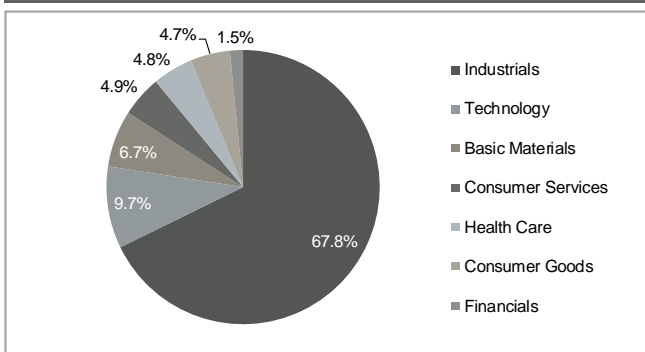
Not the news make the prices, the prices make the news.

unknown

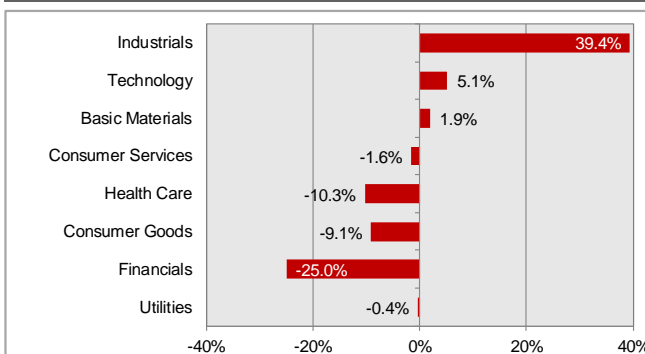
Segment Allocation



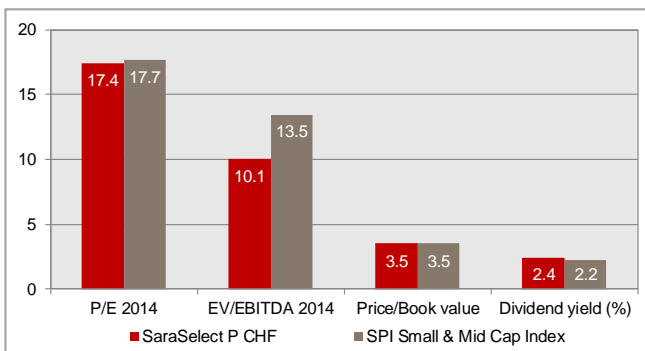
Industry Allocation



Industries relative to Benchmark



Valuation



Largest Positions

	Fund	Index
LEM Holding SA	8.68%	0.23%
Daetwyler Holding AG	8.23%	0.47%
Bossard Holding AG	7.50%	0.30%
Interroll Holding AG	6.14%	0.18%
Phoenix Mecano AG	5.24%	0.18%
Belimo Holding AG	5.14%	0.56%
Bucher Industries AG	4.74%	0.91%
Bachem Holding AG	6.14%	0.18%
Bell AG	4.52%	0.17%
Sika AG	4.44%	3.55%
Kaba Holding AG	4.18%	0.85%
Bobst Group AG	3.84%	0.14%
Huber & Suhner AG	3.81%	0.36%
CPH Chemie & Papier Holding AG	3.46%	0.08%
ALSO Holding AG	3.00%	0.07%
Total Top 15	77.67%	8.14%

Fund Profile & Key Figures

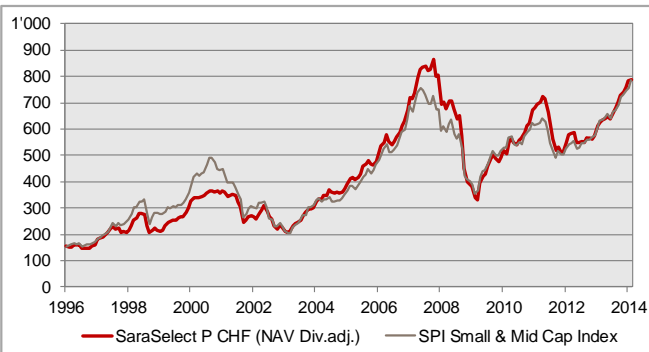
Asset Manager	VV Vermögensverwaltung AG
	Marc Possa (Dep. Peter Lehner)
Fund Mgmt Company	Sarasin Investmentfonds Ltd
Custodian Bank	Bank J. Safra Sarasin Ltd
Swiss Security No.	123406
ISIN	CH0001234068
Launch	01.02.1996
Management Fee	1.50% p.a.
Investment Style	Bottom-up stock picking
Benchmark (Index)	SPI Small & Mid Caps (SPISMC)
Fund Size	CHF 657.5mn
Net Asset Value per Unit	CHF 787.04
Hist. Volatility*	13.45% p.a.
Tracking Error*	5.74% p.a.

*Time period 3 years, monthly observation

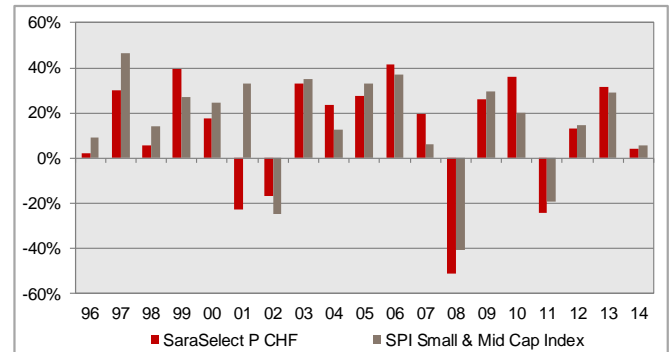
Performance Overview

	YTD	1 Month	1 Year	3 Years	5 Years	10 Years	since Launch
Fund	4.00%	0.57%	25.43%	4.31% p.a.	18.23% p.a.	8.97% p.a.	9.43% p.a.
Index	5.52%	4.05%	24.86%	8.20% p.a.	17.19% p.a.	8.82% p.a.	9.42% p.a.

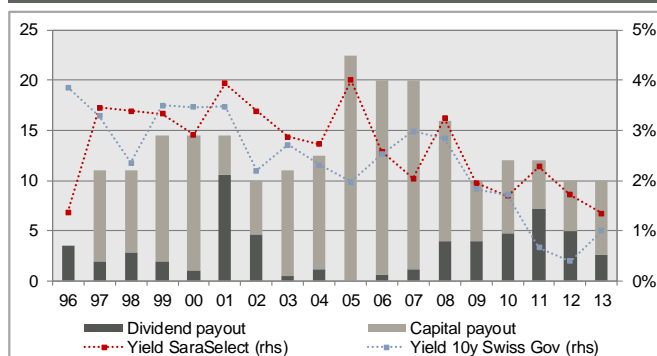
Cumulative Performance since Inception



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%											4.00%
	Index	1.42%	4.05%											5.52%
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%

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