

Portfolio & Market Environment

A further increased liquidity because of record high dividend payments, rising share buy-back activity and a climbing number of M&A deals are shaping the global equity market environment. The reflation efforts of the central banks bear fruits. Geopolitical tensions play a minor role, they only slow down a pending reasonable allocation shift to equities which still offer attractive relative valuations. In June, SaraSelect's gain of +0.67% reached benchmark level (+0.63%).

The biggest performance contributions for the first semester came from Bobst (+53.53%) as well as from the portfolio heavy-weights Bucher (+20.30%), Daetwyler (+11.05%) and LEM (+10.17%). The biggest advance had Publigroupe (+140.16%). A meaningful contribution also came from Sika (+16.21%), which profited from its global presence and the structural trend towards qualitative buildings. Negative developments had Sulzer (-11.16%) after the sale of Metco and changes across the management as well as Logitech (-5.71%) and Galenica (-1.96%).

The small caps (+1.61%) remained the strongest segment and ended the half year with an advance of impressive +18.21%. With a negative June performance blue chips and the most liquid mid caps continued to underperform. The outperformance of Small Caps, mainly due to the advances of Leonteq, Cosmo and Conzetta, has significantly reduced the valuation discount to the larger companies over the last quarters.

The today beginning reporting season should not materially change the picture and will therefore not endanger the continuation of higher equity markets. To further profit from low interest rates, many smaller companies caught the opportunity to refinance themselves, which will improve their future financial results and therefore bolster earnings growth.

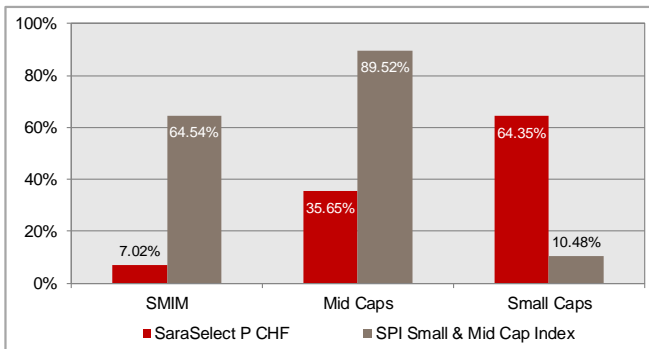
Noticed...

The in the field of very accurate current measurement positioned LEM belongs to the SaraSelect core portfolio for many years and has had an average yearly performance (incl. dividends) of more than 38% over the last decade. The valuation of the debt free company with a P/E of 18x has remained attractive despite this impressive outperformance, given an equity ratio of 65% and an above average operating margin of 22.7%. All major investments for the lean setup (new production site in Bulgaria) were done and the vital R&D spending is expensed through the P&L statement. The dividend yield of almost 5% over the last 5 years completes the very attractive offering.

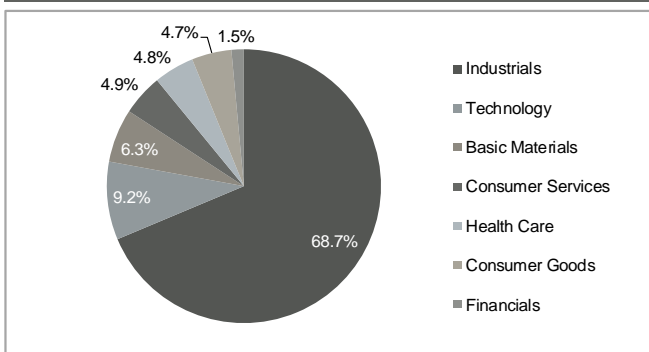
Bull markets are born on pessimism, grow on skepticism, mature on optimism, and die on euphoria.

Sir John Templeton, US investor

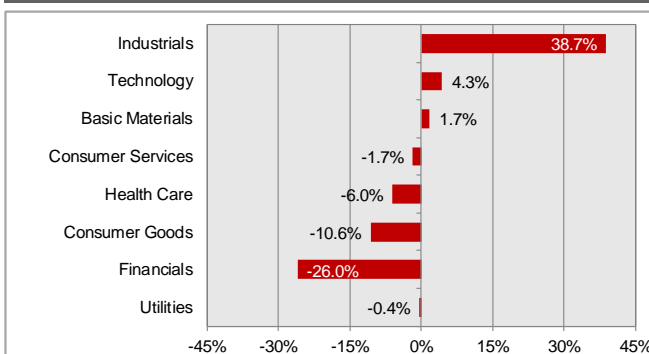
Segment Allocation



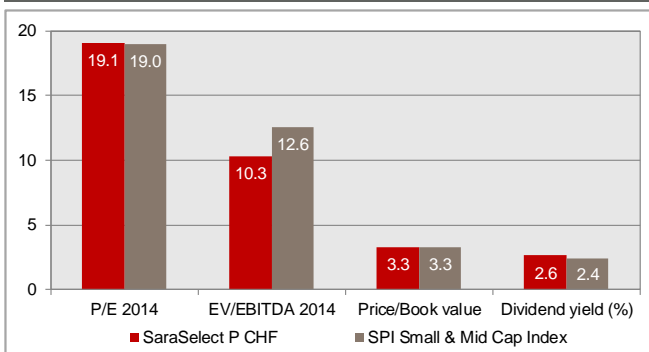
Industry Allocation



Industries relative to Benchmark



Valuation



Largest Positions

	Fund	Index
LEM Holding SA	9.26%	0.26%
Daetwyler Holding AG	8.05%	0.49%
Bossard Holding AG	7.11%	0.30%
Interroll Holding AG	5.78%	0.18%
Bucher Industries AG	5.20%	1.07%
Phoenix Mecano AG	5.10%	0.19%
Belimo Holding AG	5.03%	0.58%
Bobst Group AG	5.78%	0.18%
Sika AG	4.94%	4.12%
Bachem Holding AG	4.82%	0.10%
Bell AG	4.59%	0.18%
Kaba Holding AG	3.98%	0.88%
Huber & Suhner AG	3.58%	0.35%
CPH Chemie & Papier Holding AG	3.44%	0.08%
ALSO Holding AG	3.30%	0.08%
Total Top 15	79.12%	9.04%

Fund Profile & Key Figures

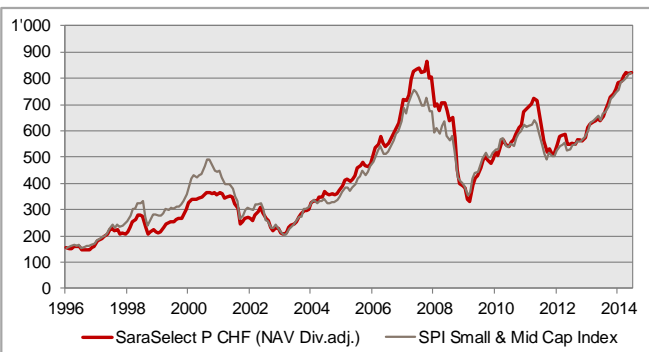
Asset Manager	VV Vermögensverwaltung AG
	Marc Possa (Deputy Pascal Marti)
Fund Mgmt Company	Sarasin Investmentfonds Ltd
Custodian Bank	Bank J. Safra Sarasin Ltd
Swiss Security No.	123406
ISIN	CH0001234068
Launch	01.02.1996
Management Fee	1.50% p.a.
Investment Style	Bottom-up stock picking
Benchmark (Index)	SPI Small & Mid Caps (SPISMC)
Fund Size	CHF 661.2mn
Net Asset Value per Unit	CHF 823.31
Hist. Volatility*	12.72% p.a.
Tracking Error*	6.02% p.a.

*Time period 3 years, monthly observation

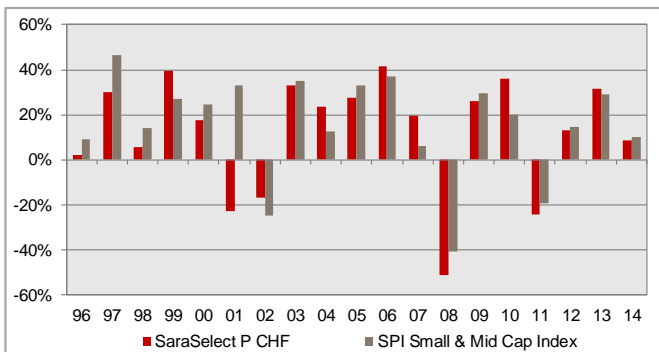
Performance Overview

	YTD	1 Month	1 Year	3 Years	5 Years	10 Years	since Launch
Fund	8.79%	0.67%	28.84%	7.35% p.a.	13.94% p.a.	8.41% p.a.	9.52% p.a.
Index	9.93%	0.63%	28.39%	11.37% p.a.	13.03% p.a.	9.11% p.a.	9.48% p.a.

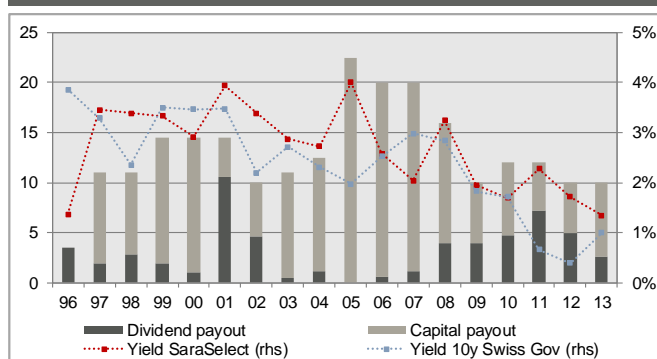
Cumulative Performance since Inception



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%	3.13%	1.42%	-0.65%	0.67%							8.79%
	Index	1.42%	4.05%	0.52%	1.30%	1.67%	0.63%							9.93%
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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