

all data as of 30.09.2014

Portfolio & Market Environment

Although some political issues have started to lighten up a bit in September, uncertainty persists. Be it the cautious macro outlook in Europe as a result of the tensions with and sanctions against Russia, the fears of rising interest rates in the US or the danger of an escalation in China.

Accordingly some investors have taken the opportunity to take some profits and reduce their equity exposures. SaraSelect faced a setback of -3.27% in September and was behind benchmark (-1.72%). With a positive year-to-date performance of +2.99% after three quarters, SaraSelect is behind the benchmark by -6.85%. The valuation discount of the portfolio against benchmark (based on EV/EBITDA multiples) has risen to remarkable 30%!

The biggest positive performance contributions in September came from Daetwyler (+3.54%), CFT (+3.41%) and Ascom (+2.68%). Also Schweiter and Tamedia belonged to the winners. The biggest negative contributors were the heavyweights Bossard (-11.72%), Bell (-9.60%) and Bucher (-8.89%). Further set-backs were Huber+Suhner (-7.46%), Bobst (-5.37%) and Phoenix Mecano (-5.38%). Especially the cyclical values were more affected and experienced bigger setbacks.

The segment development has slightly changed as well. The long-time neglected blue chips with their defensive character rose as the only segment by +2.10% in September. The liquid mid cap index SMIM lost -1.29% and the small caps had slightly smaller loses of -0.80%.

Many investors will have to reassess their equity positions after the bumpy start into the last quarter of the year. So far, well performing companies with very aggressive leverage (i.e. Aryzta with a P/E ratio of 48x, CHF 3.7bn intangible assets compared to an total equity of only CHF 2.7bn and slow organic growth of 2.1%) will have to get in the focus of investors. The time has come to consider cheaply valued companies with solid balance sheets.

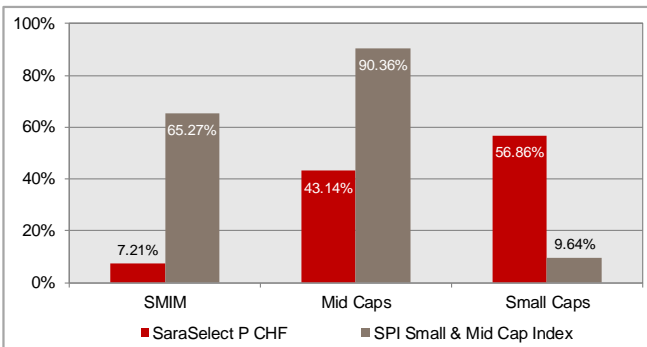
Noticed...

Which risks of the globally active, structurally growing company are priced into today's Bossard share price? Taking an expected free cash flow of CHF 45mn for 2014 and capital costs of 8%, the market only applies a free cash flow growth of 2.5% to legitimize the today's share price. The company itself is expecting a revenue growth of 6 to 8% (incl. the CHF 140mn order from Tesla) for the next couple of years, which should translate into an even higher free cash flow growth of almost 10%. Therefore the current weakness has to be seen as a clear buying opportunity into a very attractively positioned company, valued at an appealing P/E ratio of 11x. Additionally, Bossard is now listed as a mid cap company reflecting the increased liquidity of the shares.

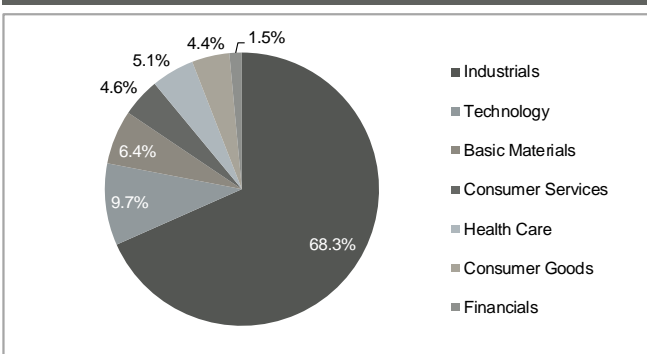
One should not follow events through the eyes, but with his head. On the stock market it is often even better to close the eyes.

Andre Kostolany, US investor

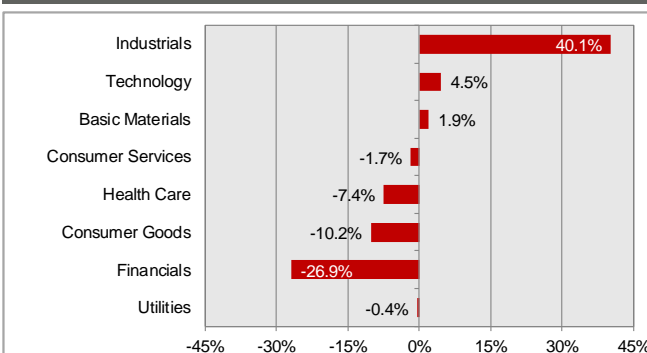
Segment Allocation



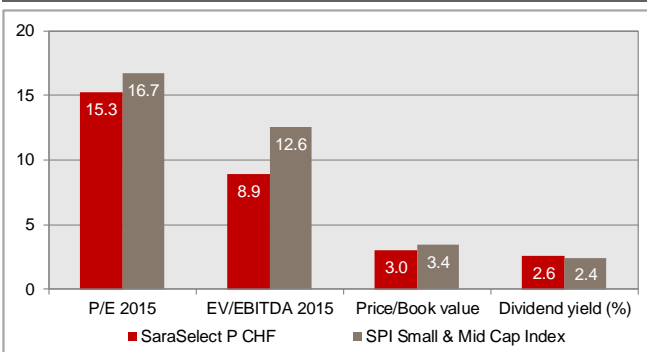
Industry Allocation



Industries relative to Benchmark



Valuation



Largest Positions

	Fund	Index
LEM Holding SA	9.09%	0.24%
Daetwyler Holding AG	7.97%	0.47%
Bossard Holding AG	7.10%	0.29%
Interroll Holding AG	5.97%	0.19%
Belimo Holding AG	5.18%	0.57%
Bachem Holding AG	5.02%	0.11%
Bobst Group AG	4.81%	0.16%
Sika AG	5.97%	0.19%
Phoenix Mecano AG	4.46%	0.15%
Bucher Industries AG	4.40%	0.81%
Bell AG	4.23%	0.15%
Huber & Suhner AG	3.79%	0.35%
CPH Chemie & Papier Holding AG	3.51%	0.08%
ALSO Holding AG	3.41%	0.08%
Kaba Holding AG	3.37%	0.89%
Total Top 15	77.13%	8.32%

Fund Profile & Key Figures

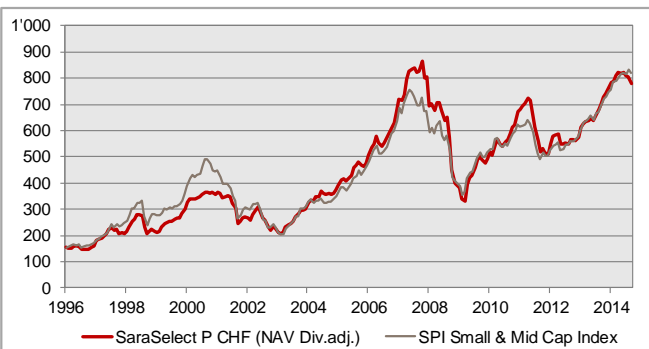
Asset Manager	VV Vermögensverwaltung AG
	Marc Possa (Deputy Pascal Marti)
Fund Mgmt Company	Sarasin Investmentfonds Ltd
Custodian Bank	Bank J. Safra Sarasin Ltd
Swiss Security No.	123406
ISIN	CH0001234068
Launch	01.02.1996
Management Fee	1.50% p.a.
Investment Style	Bottom-up stock picking
Benchmark (Index)	SPI Small & Mid Caps (SPISMC)
Fund Size	CHF 619.8mn
Net Asset Value per Unit	CHF 779.36
Hist. Volatility*	9.48% p.a.
Tracking Error*	5.98% p.a.

*Time period 3 years, monthly observation

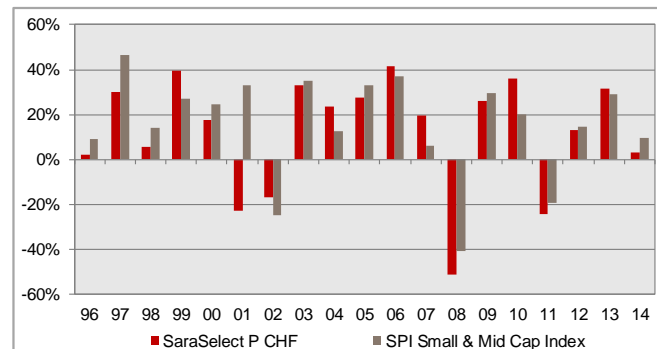
Performance Overview

	YTD	1 Month	1 Year	3 Years	5 Years	10 Years	since Launch
Fund	2.99%	-3.27%	10.85%	14.49% p.a.	9.23% p.a.	8.02% p.a.	9.07% p.a.
Index	9.84%	-1.72%	18.37%	18.70% p.a.	9.62% p.a.	9.56% p.a.	9.34% p.a.

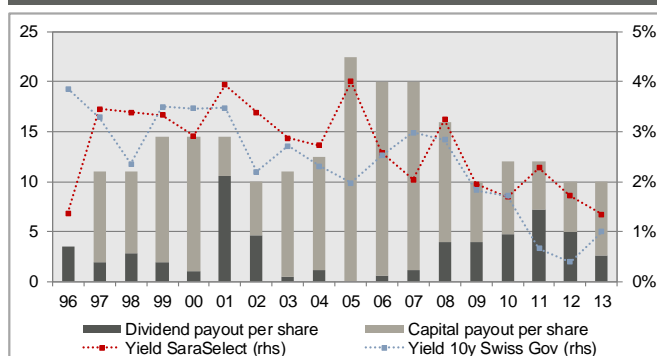
Cumulative Performance since Inception



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%				2.99%
	Index	1.42%	4.05%	0.52%	1.30%	1.67%	0.63%	-0.41%	2.08%	-1.72%				9.84%
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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