

All data as of 31.01.2020

**Portfolio & Market Environment**

In January the stock markets were influenced by hopes of economic improvements and the break-out of the coronavirus. The overall market (SPI) went up by 0.26%. The small caps advanced by 1.87% and mid caps by -0.44%. The large caps achieved a performance of 0.10%. The big overweight of industrial companies in the fund meant that it went down by -4.40%. It underperformed the benchmark (-0.22%).

The monthly performance of the SaraSelect portfolio was significantly influenced by the following holdings. The largest positive contributions were made by Bachem (62 bp), Adecco (25 bp), Orell Füssli (18 bp), LEM (16 bp) and not being in Dufry (14 bp). Performance was negatively impacted by Bossard (-97 bp), Interroll (-59 bp) and Belimo (-40 bp). Should the fears around the coronavirus disappear, accumulated investments would be released, which would have a positive effect on economic growth and share prices.

**Noticed... Dufry**

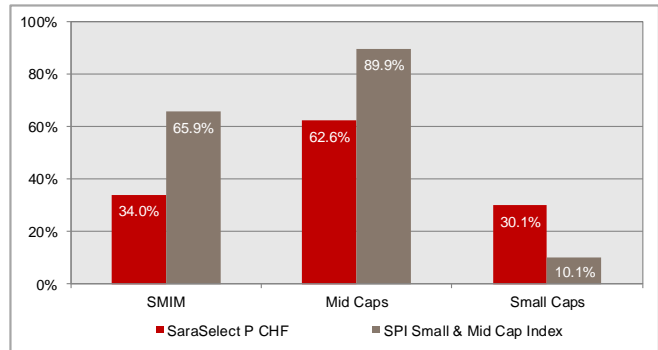
With a price decline of over 14%, Dufry shares were among the worst performers of the SPI Index in the still young 2020. Even from a 14-year perspective, the share is one of the clear losers, as it only achieved a barely positive annual return vs. 8.5% of the Small & Mid Cap Index. Dufry is the clear market leader in the oligopolistically positioned travel retail market. The company was able to achieve this market position mainly thanks to major acquisitions (World Duty Free, Nuance, etc.), which, however, brought the company's balance sheet to the edge of what was reasonable. CHF 3.3 bn net debt and corresponding interest payments of over CHF 200 mn, a negative tangible equity and a net debt/EBITDA of still 3.2x after 5.5x only 4 years ago. An analysis of the business model quickly shows that the gross margin can no longer be increased from the current level of 60%, while sales expenses (mainly rents) have simultaneously risen from 20% to well over 30% within the last 14 years thanks to the dynamic development of airports. As a result, the EBIT margin has halved from almost 10% to less than 5%. Only the management and the Board of Directors seem to have benefited from the massively increased leverage and thus risk as the remuneration of the Chairman of the Board of Directors has always oscillated around CHF 5 million over the last few years, while that of the CEO came in between CHF 6.5-8 million p.a.

With a P/E ratio of almost 31.5x, the valuation does not appear favorable either; the currently rampant coronavirus will cause short-term free cash flows to fall sharply, thus legitimizing further price declines. Therefore, a much stronger financial involvement of the management and board would be desirable. Such asymmetries of interest are a thing of the past, which is why the shares are not in the SaraSelect portfolio.

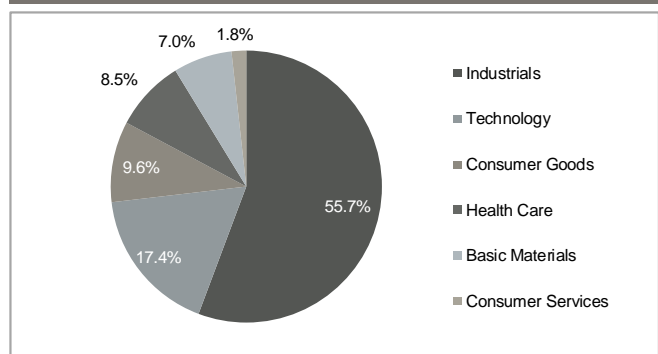
**It is not the news that makes the prices, but the prices that make the news.**

*André Kostolany*

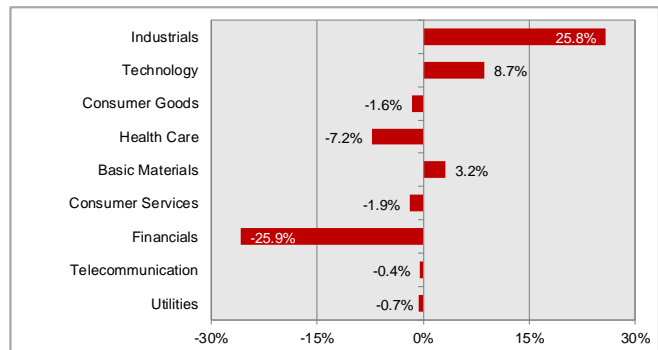
**Segment Allocation**



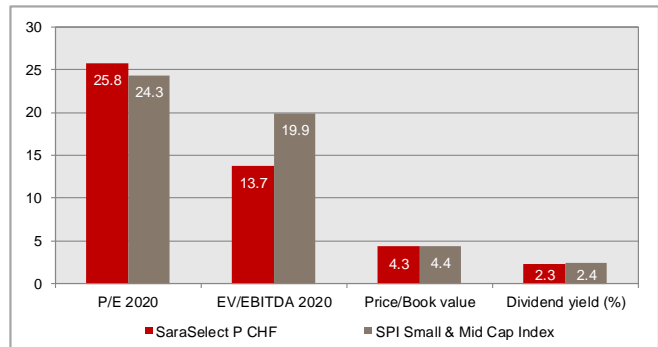
**Industry Allocation**



**Industries relative to Benchmark**




**Valuations**



### Largest Positions

	Fund	Index
ALSO Holding AG	8.44%	0.34%
LEM Holding SA	7.31%	0.25%
Sika AG	7.24%	0.00%
Belimo Holding AG	6.58%	1.13%
Bachem Holding AG	6.49%	0.28%
Daetwyler Holding AG	4.60%	0.49%
Interroll Holding AG	4.39%	0.50%
Bossard Holding AG	4.38%	0.32%
Bell Food Group AG	4.35%	0.21%
Logitech International SA	3.98%	2.58%
Chocoladefabriken Lindt & Spru	3.65%	2.88%
Gurit Holding AG	3.47%	0.18%
CPH Chemie & Papier Holding AG	3.31%	0.02%
Huber + Suhner AG	3.30%	0.38%
Bobst Group SA	3.15%	0.15%
<b>Total Top 15</b>	<b>74.65%</b>	<b>9.71%</b>

### Fund Profile & Key Figures

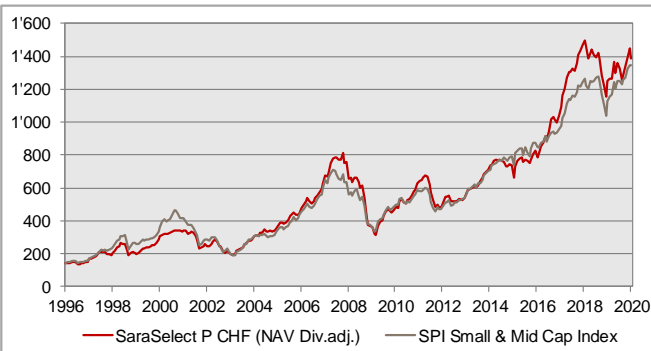
Asset Manager	VV Vermögensverwaltung AG
Fund Mgmt. Company	Marc Possa (Deputy Thomas Buri)
Custodian	J. Safra Sarasin Investmentfonds AG
	Bank J. Safra Sarasin AG
Swiss Security No.	123406
ISIN	CH0001234068
Launch	01.02.1996
Management Fee	1.50% p.a.
Investment Style	Bottom-up Stock Picking
Benchmark (Index)	SPI Small & Mid Caps (SPISMC)
	
Fund Size	CHF 718.1 mn
Net Asset Value per Unit	CHF 1'387.46
Hist. Volatility*	14.06% p.a.
Tracking Error*	6.29% p.a.

\*Time period 3 years, monthly observations

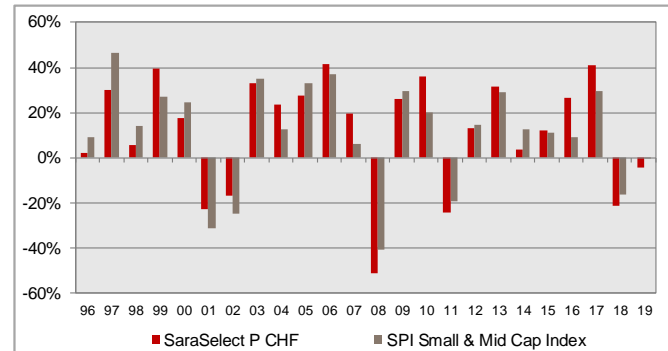
### Performance Overview

	YTD	1 Month	1 Year	3 Years	5 Years	10 Years	since Launch
Fund	-4.40%	-4.40%	11.03%	8.27% p.a.	15.82% p.a.	11.05% p.a.	9.87% p.a.
Index	-0.22%	-0.22%	19.21%	11.25% p.a.	12.84% p.a.	10.41% p.a.	9.71% p.a.

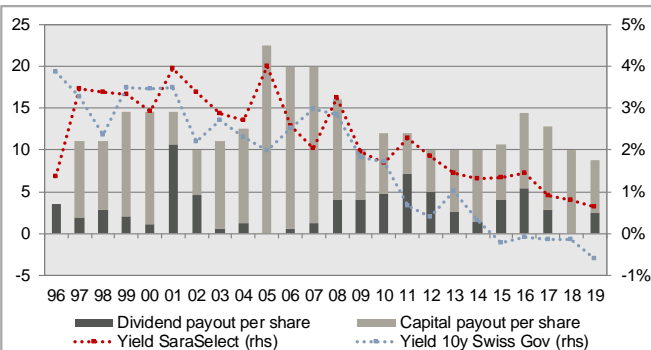
### Cumulative Performance since Inception



### Yearly Performance since Inception



### Distribution per Share



Year	Dividend	Capital Gain*	Total
2019	2.40	6.40	8.80
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

\*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
2020	Fund	-4.40%												-4.40%
	Index	-0.22%												-0.22%
2019	Fund	8.17%	1.05%	0.21%	7.86%	-5.07%	4.94%	-2.66%	-5.15%	2.33%	4.44%	4.06%	3.96%	25.63%
	Index	8.77%	2.46%	1.01%	6.20%	-3.22%	4.01%	0.00%	-1.71%	2.50%	1.25%	4.22%	1.57%	29.96%
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%

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