

all data as of 31.05.2014

Portfolio & Market Environment

„Sell in May and go away“ did not work in 2014. Despite the Ukraine crisis and some anemic global economic data equity markets had another impressive advance. Thanks to the potential European QE program in June and a dramatically rising M&A activity, markets finished the month again in record territory, despite some initial setbacks. SaraSelect finished the month with its first loss since June 2013 with a negative performance of -0.65%. The benchmark however continued to surge and posted a gain of +1.67%. Therefore, we fell behind the index on a ytd comparison with a lag of 1.17%.

The biggest positive performance contributions in May came from Schaffner (+8.44%) as well as from our portfolio heavy-weights Bucher (+3.58%), Phoenix Mecano (+2.49%) and Daetwyler (+2.09%) The biggest jump did again Publigroupe (+14.96%). A nice support with 9.76% was also given by Komax, which had first seen a slight sell-off after the general assembly. After a strong April Adval Tech (-7.20%) was not able to keep the pace. More negative contributors were from Bossard (-6.53%), LEM (-5.18%) and Also (-5.18%)

The small caps remained the strongest segment of the Swiss stock exchange in May. The rise of +3.24% was stronger than in previous months. The blue chips (+2.87%) and also the liquid mid caps SMIM (+1.60%) faced some setbacks after a strong month start. The outperformance of small caps over the last couple of months is still decreasing the valuation gap to large caps.

After the first quarter publications and the general assembly season the trading volumes have clearly decreased. New impulses will arise again this week when the ECB will inform about its next steps on the capital markets.

Noticed...

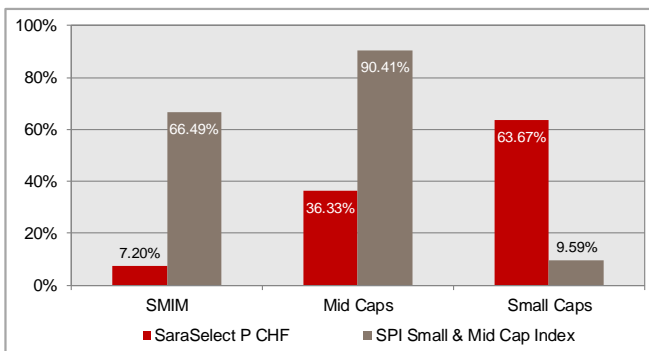
Schaffner managed to regain some lost investor confidence after the first half year 2013/14 publication of an impressive 14.5% growth to CHF 102.6 mn in sales accompanied by nicely improving margins (4.8%). Thanks to the almost total reduction of the long term investor “Alpine Select”, the free-float is now at 90% and therefore the relevant free-float adjusted market cap is reaching CHF 160 mn.

This should attract further investors, especially because the product offering is enjoying a cyclical and structural increased market demand. In combination with the upcoming investor day, with a P/E multiple for 2014 of 15x the growth company Schaffner is commanding a 20% discount to the broad market, representing a compelling investment case.

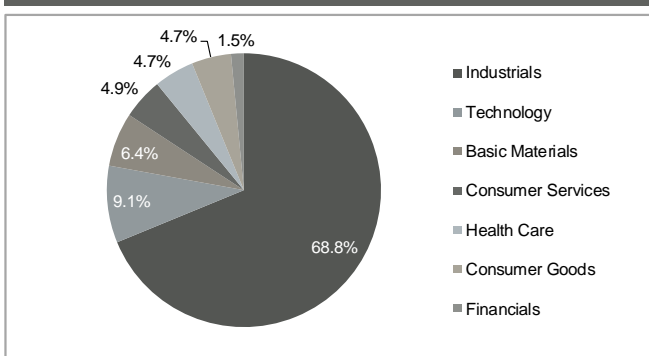
Government's view of economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it.

Ronald Reagan, former US president

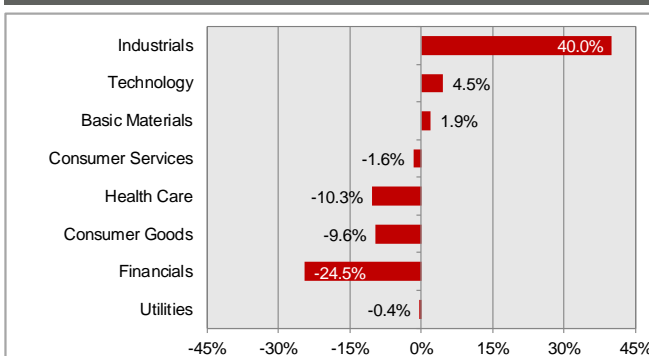
Segment Allocation



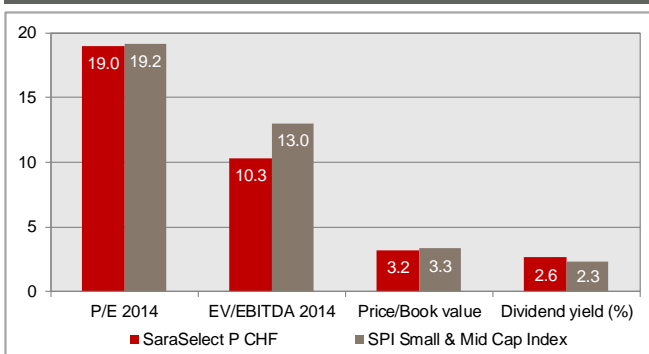
Industry Allocation



Industries relative to Benchmark



Valuation



Largest Positions

	Fund	Index
Daetwyler Holding AG	8.56%	0.49%
LEM Holding SA	8.32%	0.22%
Bossard Holding AG	7.61%	0.31%
Interroll Holding AG	6.04%	0.17%
Phoenix Mecano AG	5.26%	0.18%
Bucher Industries AG	5.06%	0.98%
Belimo Holding AG	5.05%	0.55%
Sika AG	6.04%	0.17%
Bachem Holding AG	4.76%	0.09%
Bobst Group AG	4.65%	0.16%
Bell AG	4.54%	0.17%
Kaba Holding AG	3.96%	0.80%
Huber & Suhner AG	3.64%	0.34%
CPH Chemie & Papier Holding AG	3.37%	0.08%
ALSO Holding AG	2.88%	0.06%
Total Top 15	78.51%	8.42%

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 661.6mn
Net Asset Value per Unit	CHF 817.83
Hist. Volatility*	13.45% p.a.
Tracking Error*	6.04% p.a.

*Time period 3 years, monthly observation

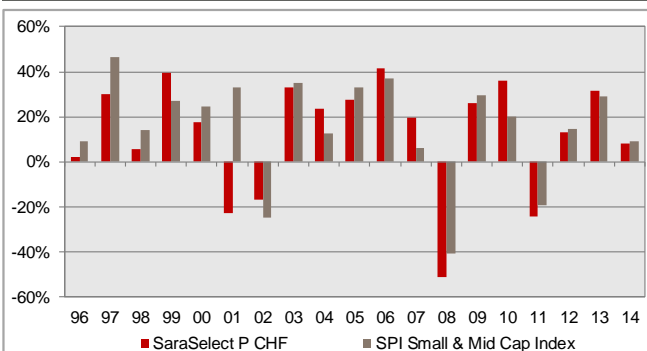
Performance Overview

	YTD	1 Month	1 Year	3 Years	5 Years	10 Years	since Launch
Fund	8.07%	-0.65%	26.59%	4.59% p.a.	14.16% p.a.	8.88% p.a.	9.53% p.a.
Index	9.24%	1.67%	23.49%	8.99% p.a.	13.14% p.a.	9.31% p.a.	9.49% p.a.

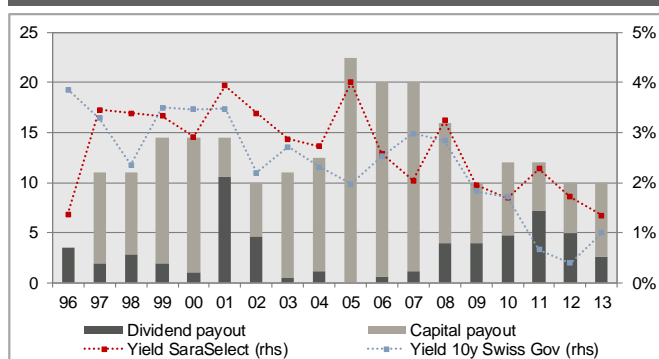
Cumulative Performance since Inception



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%								8.07%
	Index	1.42%	4.05%	0.52%	1.30%	1.67%								9.24%
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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