

All data as of 31.10.2018

Portfolio & Market Environment

On the equity markets the combination of rising US yields, reduced growth prospects and geopolitical risks has led to a temporary sell-off in equities. The overall market (SPI) lost 1.59% in the reporting period. The small caps were hammered down by 5.82% and mid caps even lost 6.78%. The large caps recorded a decline of only 0.72%. The overweighting of small caps in the fund led to a setback of 7.52%. It performed worse than the benchmark, which lost 6.67%.

The monthly relative performance of the SaraSelect portfolio was mainly driven by the following holdings. The largest positive contributions came from not or only little being invested in Sonova (63 bp), Temenos (49 bp), Schindler (45 bp), Kühne + Nagel (32 bp), Clariant (30 bp) and Vifor (22 bp). The performance was negatively influenced by Bossard (-91 bp), Daetwyler (-84 bp), Phoenix Mecano (-67 bp), Sika (-57 bp), Schaffner (-57 bp) and Also (-46 bp).

Global economic growth remains stable, even if consolidation is at high level. Therefore, we do not believe that the bull market is already over and do expect a year-end rally.

Noticed... Aryzta capital increase

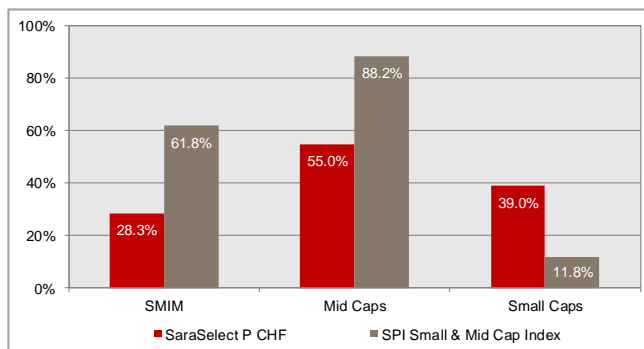
On 1 November 2018 Aryzta's management publishes the details of the planned capital increase. In order to get the EUR 800mn, 900mn new shares will be issued at CHF 1.--, almost 10x more than the existing 93mn shares, leading to a huge dilution of all those existing shareholders who are not willing or capable to participate. All this even-though the chairman and management had excluded a capital increase until very recent. This is unfortunately the proof of Aryzta's high dependency of the lending banks. An insufficient corporate governance, which had allowed the former management team (CEO and CFO) to accumulated almost CHF 100mn total compensation within only few years. This because of wrongly set incentives (based on adjusted EPS) that had led to many not-integrated acquisitions and a tremendous rise in debt.

There are only losers beside the banks who should get a fee of almost CHF 65mn (~6.3%). With that Aryzta is a further excellent example of the importance of alignment of interests between managements and shareholders. This accident would not have happened with a long-term oriented anchor shareholder.

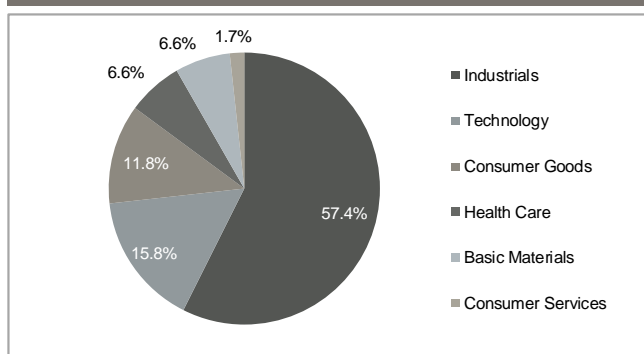
Price is what you pay, value is what you get.

Warren Buffet

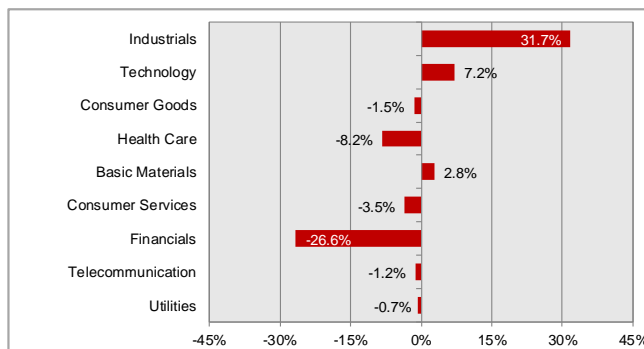
Segment Allocation



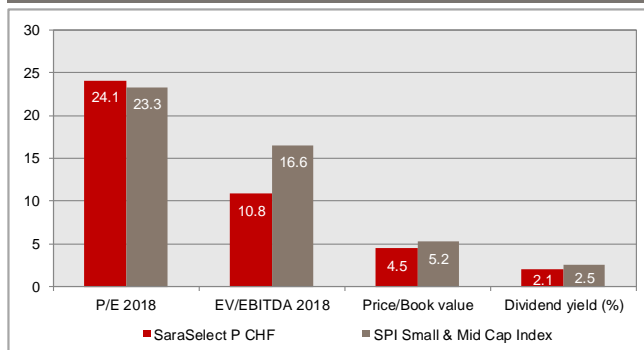
Industry Allocation



Industries relative to Benchmark




Valuations



Largest Positions

	Fund	Index
ALSO Holding AG	6.25%	0.29%
LEM Holding SA	5.89%	0.27%
Bell Food Group AG	5.58%	0.27%
Sika AG	5.50%	0.00%
Bossard Holding AG	5.25%	0.37%
Belimo Holding AG	4.67%	0.91%
Bobst Group SA	4.65%	0.24%
Interroll Holding AG	4.43%	0.50%
Bachem Holding AG	4.35%	0.23%
Daetwyler Holding AG	4.13%	0.48%
CPH Chemie & Papier Holding AG	3.69%	0.09%
Logitech International SA	3.49%	2.61%
Phoenix Mecano AG	3.47%	0.14%
Chocoladefabriken Lindt & Spru	3.21%	3.01%
Huber + Suhner AG	2.79%	0.38%
Total Top 15	67.37%	9.78%

Fund Profile & Key Figures

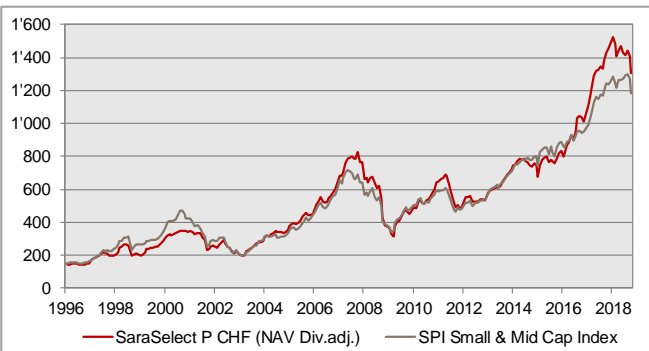
Asset Manager	VV Vermögensverwaltung AG
	Marc Possa (Deputy Thomas Buri)
Fund Mgmt. Company	J. Safra Sarasin Investmentfonds AG
Custodian	Bank J. Safra Sarasin AG
Swiss Security No.	123406
ISIN	CH0001234068
Launch	01.02.1996
Management Fee	1.50% p.a.
Investment Style	Bottom-up Stock Picking
Benchmark (Index)	SPI Small & Mid Caps (SPISMC)
	
Fund Size	CHF 644.3 mn
Net Asset Value per Unit	CHF 1'304.00
Hist. Volatility*	12.24% p.a.
Tracking Error*	6.27% p.a.

*Time period 3 years, monthly observations

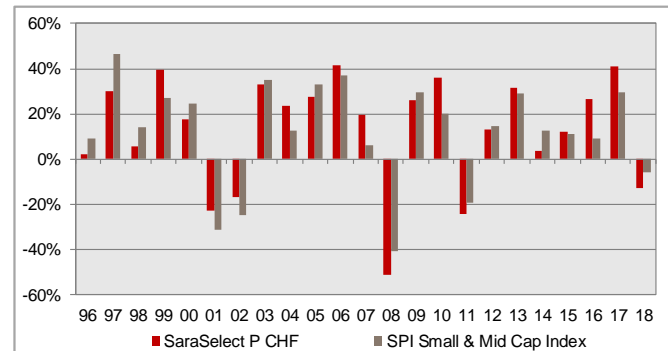
Performance Overview

	YTD	1 Month	1 Year	3 Years	5 Years	10 Years	since Launch
Fund	-12.56%	-7.52%	-8.57%	18.39% p.a.	13.46% p.a.	11.72% p.a.	10.07% p.a.
Index	-5.97%	-6.67%	-4.63%	11.53% p.a.	11.51% p.a.	11.34% p.a.	9.59% p.a.

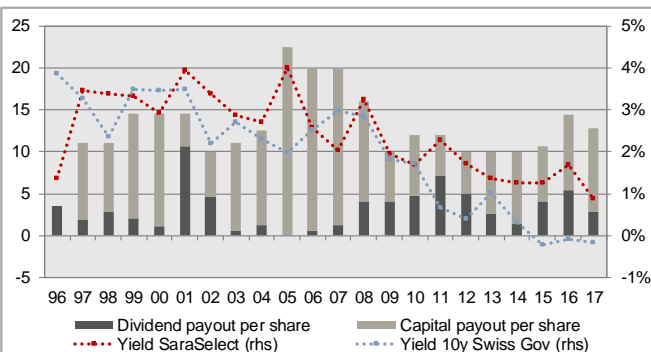
Cumulative Performance since Inception



Yearly Performance since Inception



Distribution per Share



Year	Dividend	Capital Gain*	Total
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
2008	4.00	12.00	16.00
2007	1.20	18.80	20.00

*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
2018	Fund	2.04%	-2.32%	-5.26%	2.40%	1.70%	-2.54%	-1.02%	1.94%	-2.22%	-7.52%			-12.56%
	Index	1.81%	-3.03%	-2.03%	3.95%	-0.14%	0.31%	1.79%	0.60%	-2.29%	-6.67%			-5.97%
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%
2014	Fund	3.41%	0.57%	3.13%	1.42%	-0.65%	0.67%	-1.44%	-0.70%	-3.27%	-0.29%	2.00%	-1.21%	3.47%
	Index	1.42%	4.05%	0.52%	1.30%	1.67%	0.63%	-0.41%	2.08%	-1.72%	-0.46%	2.91%	0.30%	12.85%
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%	31.37%
	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%	29.29%

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