

**Portfolio & Market Environment**

The US shutdown was the dominating topic for financial markets in October. After resolving the main political differences for the moment, markets were trending rapidly higher again. The SaraSelect fund had an advance of +3.48%, just below benchmark with a strong performance of +4.06%. Year to date, SaraSelect is +1.44% above the index.

Our portfolio heavy-weights Bachem (+23.52%), LEM (+5.43%), Bucher (+8.65%) and Sika (+8.54%) delivered the biggest positive performance contributions. But also Dottikon ES (+19.74%), Logitech (+16.71%) and Schaffner (+11.23%) posted strong gains. The latter profited of an accelerated reduction of the Alpine Select stake to below 10% from originally over 20%. Amongst the few losers, Publigroupe (-8.58%) and Adval Tech (-5.14%) were the weakest positions in the portfolio.

The weak start into the month related to the US government shutdown was followed by a strong recovery of global stock markets by the middle of October. The low historical average performances of September and October were not replicated this year. On the contrary, a positive September was followed by an even stronger October. The still moderate valuations coupled with low interest rates have led to rising volumes and in the lack of bigger sellers to an earlier start of the year-end rally.

The valuation premium of the liquid SMIM companies against small caps has come down from 70% but is still at a demanding 55%, clearly indicating to an outperformance potential for the smaller companies.

**Noticed...**

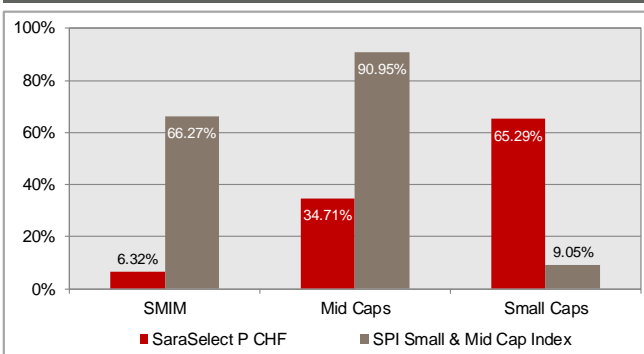
Following this year's Ascom investors day end of October Zurich Cantonalbank (ZKB) finally sold their 9.67mn shares equaling 26.86% in Ascom to undisclosed Swiss and foreign institutional investors for a price of CHF 12.60 per share.

After the successful operating turnaround accompanied by today's board & management and the placement of the ZKB stake, we as a long-term oriented shareholder look forward to the pending renewal of the board. President Anttila can look back on a decade of significant changes which he has had to manage. Thanks to the increase in free float, the new shareholders will be in a position to take up their responsibilities and accompany Ascom in a prosperous future.

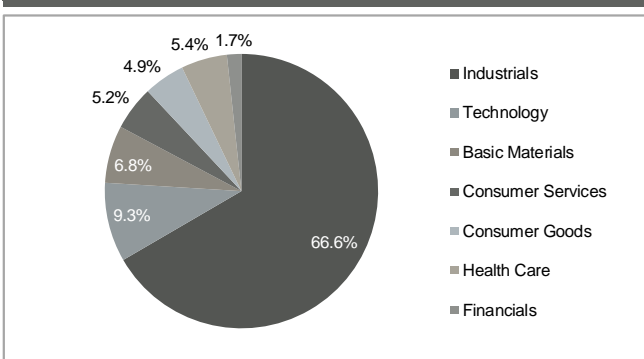
To contract new debts is not the way to pay old ones.

George Washington, 1st President of the United States

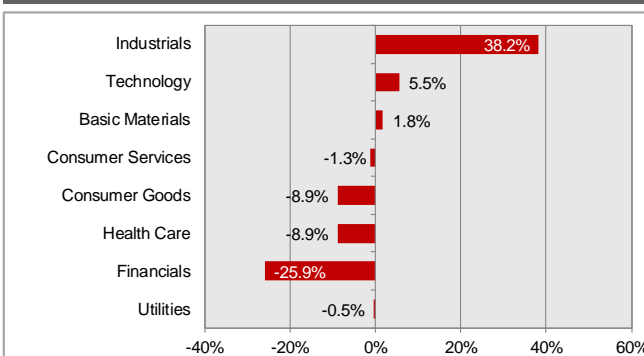
**Segment Allocation**



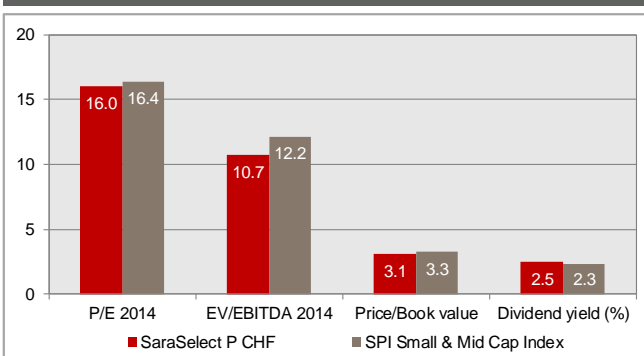
**Industry Allocation**



**Industries relative to Benchmark**



**Valuation**



### Largest Positions

	Fund	Index
LEM Holding SA	8.87%	0.24%
Daetwyler Holding AG	7.92%	0.44%
Bossard Holding AG	7.14%	0.28%
Belimo Holding AG	5.95%	0.60%
Bachem Holding AG	5.47%	0.11%
Phoenix Mecano AG	5.41%	0.20%
Interroll Holding AG	5.32%	0.15%
Bucher Industries AG	5.95%	0.60%
Bell AG	4.74%	0.17%
Sika AG	4.14%	3.42%
Kaba Holding AG	4.09%	0.82%
Huber & Suhner AG	3.86%	0.40%
CPH Chemie & Papier Holding AG	3.69%	0.09%
ALSO Holding AG	3.04%	0.07%
Bobst Group AG	3.03%	0.14%
<b>Total Top 15</b>	<b>77.45%</b>	<b>8.06%</b>

### Fund Profile & Key Figures

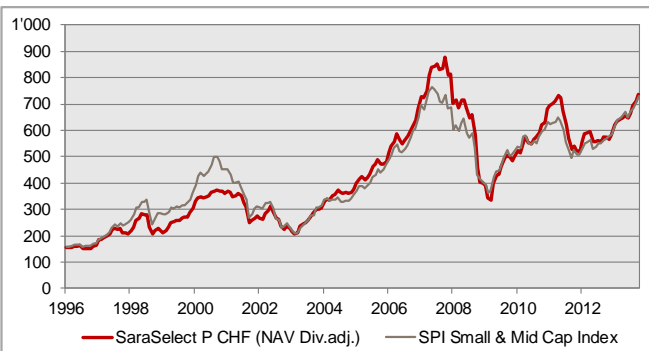
Asset Manager	VV Vermögensverwaltung AG
	Marc Possa (Dep. Peter Lehner)
Fund Mgmt Company	Sarasin Investmentfonds Ltd
Custodian Bank	Bank J. Safra Sarasin Ltd
Swiss Security No.	123406
ISIN	CH0001234068
Launch	01.02.1996
Management Fee	1.50% p.a.
Investment Style	Bottom-up stock picking
Benchmark (Index)	SPI Small & Mid Caps (SPISMC)
Fund Size	CHF 621.8mn
Net Asset Value per Unit	CHF 737.49
Hist. Volatility*	14.03% p.a.
Tracking Error*	5.94% p.a.

\*Time period 3 years, monthly observation

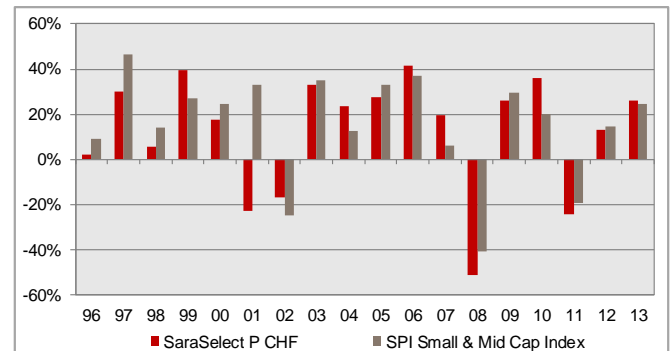
### Performance Overview

Fund	YTD	1 Month	1 Year	3 Years	5 Years	10 Years	since Launch
SaraSelect P CHF	26.29%	3.48%	28.59%	5.75% p.a.	10.01% p.a.	9.46% p.a.	9.13% p.a.
Index	24.85%	4.06%	28.43%	6.96% p.a.	11.17% p.a.	9.07% p.a.	9.05% p.a.

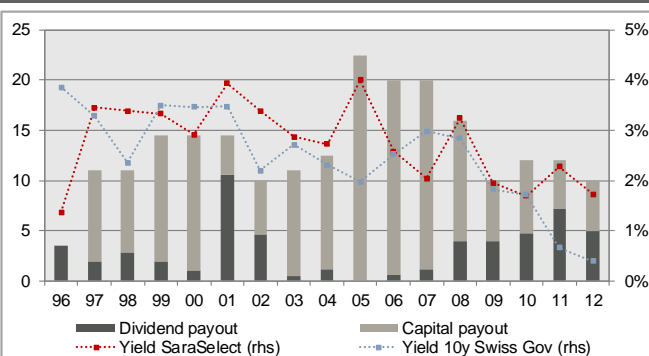
### Cumulative Performance since Inception



### Yearly Performance since Inception



### Distributions



Year	Dividend	Capital Gain*	Total
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
2003	0.50	10.50	11.00

\*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
2013	Fund	6.21%	2.56%	1.10%	0.51%	1.32%	-1.09%	2.60%	4.26%	2.86%	3.48%			26.29%
	Index	4.68%	4.38%	0.90%	1.35%	2.36%	-3.21%	4.25%	0.97%	2.96%	4.06%			24.85%
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%
2008	Fund	-13.58%	1.38%	-4.04%	4.33%	0.30%	-4.40%	-5.68%	2.15%	-11.75%	-21.34%	-11.41%	-1.79%	-51.05%
	Index	-11.98%	2.51%	-3.30%	4.63%	2.86%	-8.54%	-3.16%	3.09%	-9.44%	-19.26%	-3.82%	-1.98%	-40.89%