

all data as of 31.08.2014

Portfolio & Market Environment

This year's first semester earnings reports are coming to an end. We have seen slightly more negative than positive surprises, often caused by currency effects. For the first time in almost two years SaraSelect recorded a second consecutive month with a negative performance in August, closing -0.70% lower than the month before. On the other hand, the benchmark, which was carried by some strong financials such as Swiss Life, Baloise and Partners Group, was able to gain another +2.08%. Year-to-date, the gap to the index has therefore widened to 5.29%

The biggest positive performance contributions in August came from Huber+Suhner (+10.22%) as well as from the portfolio heavyweights Bossard (+6.13%) and Bobst (+3.30%). Strong gains were also posted by Temenos (+8.90%), Kardex (+8.63%) and Galencia (+6.10%), which did not profit too much from a solid half year report, but more from the announcement of the reorganization into two more stand-alone divisions. The biggest negative contributors came from the heavyweights Phoenix Mecano (-11.18%), Daetwyler (-4.94%) and LEM (-4.19%). The set-back in Phoenix was due to a difficult first semester, which was influenced by some one-off costs and a slowing momentum in their key markets.

During the last month, small caps (+0.72%) were behind the more liquid segments due to the weak development of Phoenix and Cosmo. Overall, the blue chips (+2.98%) had the best performance thanks to strong gains of the heavyweights Nestlé and Novartis, ahead of the liquid mid cap index SMIM (+2.74%).

The geo-political uncertainties and renewed speculations about the coming interest rate strategy of the Fed on the occasion of the annual meeting in Jackson Hole led to a temporary stock market correction. But as experienced several times during the last couple of years, lower prices attracted new buyers quickly, due to the lack of real alternatives to real assets, i.e. equities. As global interest rates have further declined, we do not see that situation changing anytime soon, this at the price of a higher volatility.

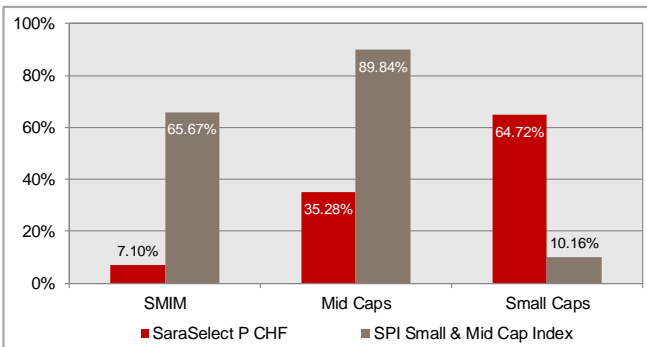
Noticed...

Mario Draghi's comments confirming the long awaited, soon to be introduced QE at the ECB to fight deflation and a slumping European growth had their positive effects on equity markets, forcing most of them to trade at record highs again. The needed structural reforms and a meaningful policy of austerity will be replaced by the more popular policy of cheap money and system reflation efforts, which should sooner or later favor the relative attractiveness and valuation of real assets, i.e. equities.

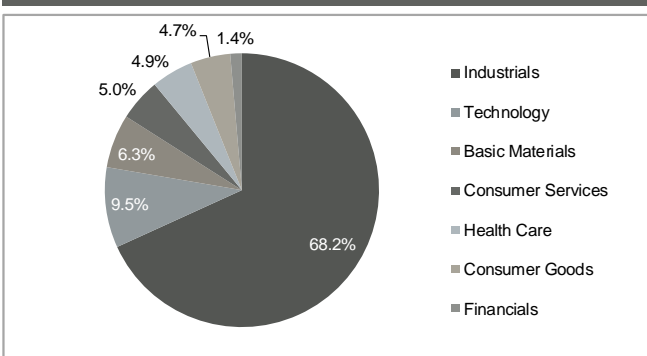
Investing should be more like watching paint dry or watching grass grow. If you want excitement, take \$800 and go to Las Vegas.

Paul A. Samuelson, American economist

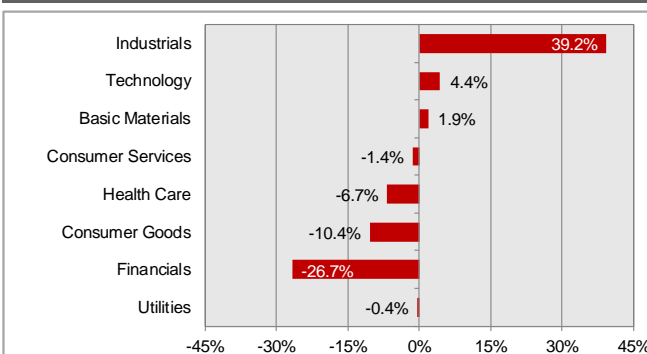
Segment Allocation



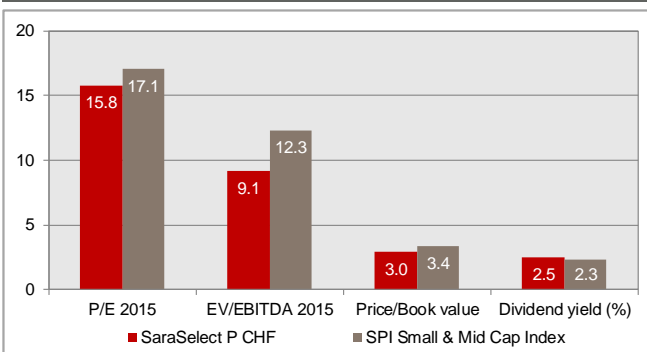
Industry Allocation



Industries relative to Benchmark



Valuation



Largest Positions

	Fund	Index
LEM Holding SA	8.96%	0.24%
Bossard Holding AG	7.73%	0.31%
Daetwyler Holding AG	7.39%	0.44%
Interroll Holding AG	5.76%	0.18%
Belimo Holding AG	5.02%	0.57%
Bobst Group AG	4.87%	0.17%
Bachem Holding AG	4.86%	0.10%
Sika AG	5.76%	0.18%
Bucher Industries AG	4.70%	0.93%
Phoenix Mecano AG	4.53%	0.16%
Bell AG	4.49%	0.16%
Huber & Suhner AG	3.88%	0.37%
Kaba Holding AG	3.60%	0.90%
CPH Chemie & Papier Holding AG	3.39%	0.08%
ALSO Holding AG	3.26%	0.07%
Total Top 15	77.29%	8.55%

Fund Profile & Key Figures

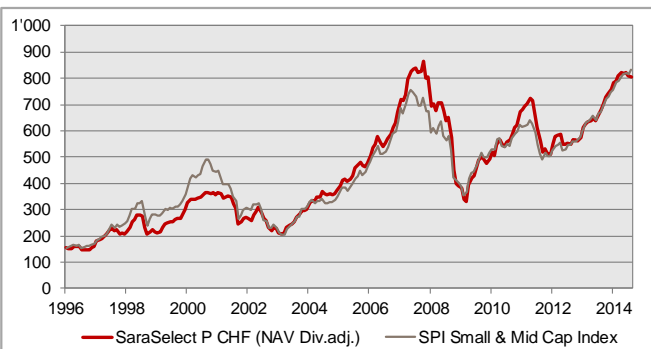
Asset Manager	VV Vermögensverwaltung AG
	Marc Possa (Deputy Pascal Marti)
Fund Mgmt Company	Sarasin Investmentfonds Ltd
Custodian Bank	Bank J. Safra Sarasin Ltd
Swiss Security No.	123406
ISIN	CH0001234068
Launch	01.02.1996
Management Fee	1.50% p.a.
Investment Style	Bottom-up stock picking
Benchmark (Index)	SPI Small & Mid Caps (SPISMC)
Fund Size	CHF 645.0mn
Net Asset Value per Unit	CHF 805.74
Hist. Volatility*	10.41% p.a.
Tracking Error*	6.15% p.a.

*Time period 3 years, monthly observation

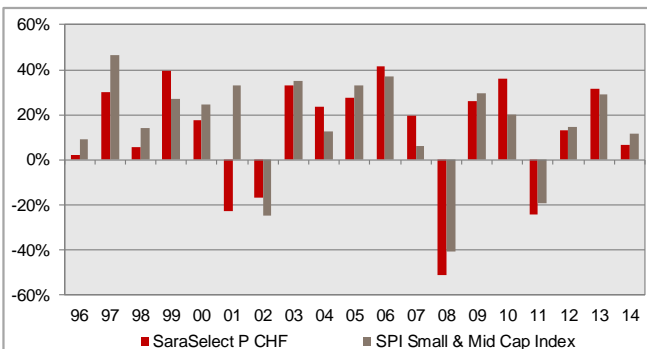
Performance Overview

	YTD	1 Month	1 Year	3 Years	5 Years	10 Years	since Launch
Fund	6.47%	-0.70%	17.88%	12.82% p.a.	10.55% p.a.	8.54% p.a.	9.30% p.a.
Index	11.76%	2.08%	24.00%	17.63% p.a.	11.00% p.a.	9.95% p.a.	9.49% p.a.

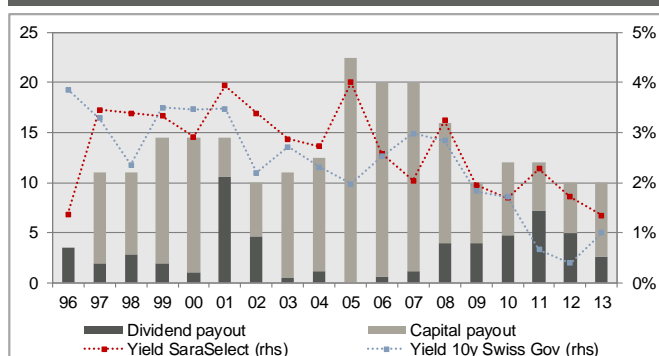
Cumulative Performance since Inception



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%					6.47%
	Index	1.42%	4.05%	0.52%	1.30%	1.67%	0.63%	-0.41%	2.08%					11.76%
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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