

All data as of 31.05.2019

Portfolio & Market Environment

At the beginning of May it looked as if a comprehensive trade agreement between China and the USA was about to be concluded. On the contrary, the conflict has escalated and is a far-off solution. This was poison for the stock market. The overall market (SPI) lost 1.62% in the reporting period. The small caps dropped by 3.35% and mid caps by 3.20%. The large caps achieved a performance of -1.24%. The overweight of small caps in the fund meant that it lost 5.07%. It underperformed the benchmark, which declined by 3.22%.

The monthly performance of the SaraSelect portfolio was significantly influenced by the following holdings. The largest positive contributions were made by not being invested in Adecco (28 bp), Clariant (24 bp), Swatch (21 bp), Kühne + Nagel (18 bp) and Dufry (17 bp). Performance was negatively impacted by Bobst (-55 bp), Bossard (-52 bp), Daetwyler (-45 bp) and Lem (-36 bp) and not holding Sonova (-34 bp). Although Trump will meet Xi Jinping at the G20 summit in Japan at the end of June, the stock markets will continue to react very volatile to news from the two camps without any trading agreement.

Noticed... Record-high risk premium

With over 6.6% the actual risk premium is almost at the record level. It represents the yield pick-up equity investors need to see in order to invest in more volatile equities compared to less fluctuating bond investments. The average of the last decades was around 3.5%. Today's level is favored by the record low 10-yr Swiss government bond yield being negative at -0.48%.

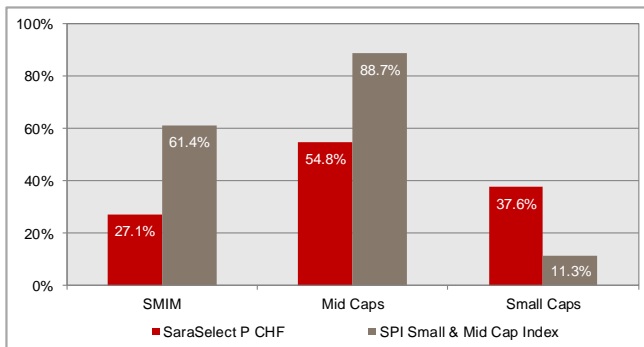
The relevant question is more, assuming a 10-year horizon, whether it makes sense to lock-in -0.5% negative yield-to-maturity just to have less volatility of the portfolio. The price at which lower volatility comes is insofar disturbing, because the probability of much higher total returns is much higher applying a 10-year horizon to equity investments.

Excellently managed and well positioned companies will always adapt and strive for opportunities and value added, creating benefits for all stakeholders, including its shareholders. From this point of view, one should nicely overweight the relatively cheaper equities against bonds, resulting in a much more attractive total return at the expense of some higher short-term volatility. On top, future inflation-protection is much better achieved, given the flexibility and price increase pass-on rate of companies.

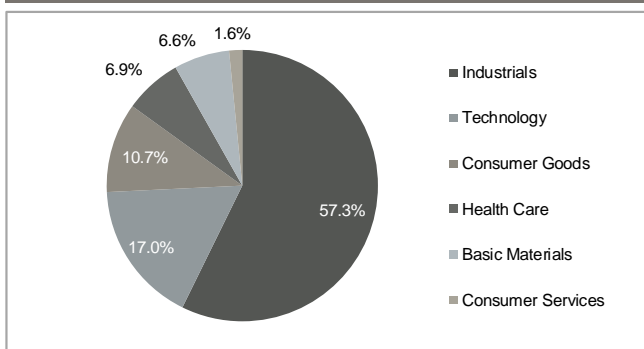
When thinking of the ability, the ability suffers.

Karl Farkas

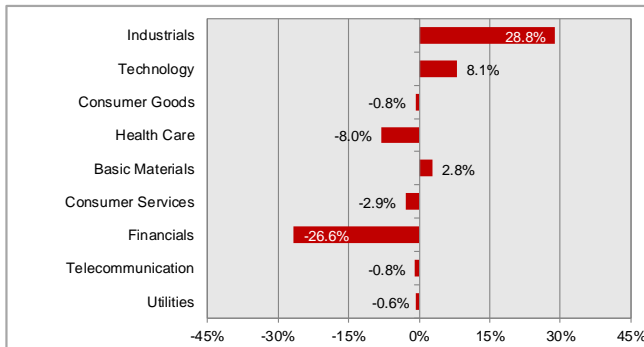
Segment Allocation



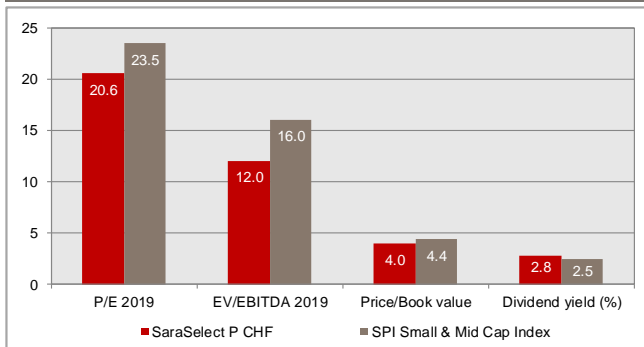
Industry Allocation



Industries relative to Benchmark




Valuations



Largest Positions

	Fund	Index
ALSO Holding AG	7.28%	0.29%
LEM Holding SA	6.92%	0.29%
Sika AG	6.49%	1.23%
Belimo Holding AG	5.56%	0.96%
Bell Food Group AG	5.33%	0.23%
Interroll Holding AG	5.17%	0.53%
Bachem Holding AG	4.92%	0.24%
Bossard Holding AG	4.84%	0.33%
Bobst Group SA	3.93%	0.20%
Daetwyler Holding AG	3.83%	0.45%
Huber + Suhner AG	3.69%	0.41%
CPH Chemie & Papier Holding AG	3.65%	0.08%
Logitech International SA	3.51%	2.51%
Bucher Industries AG	3.18%	0.84%
Chocoladefabriken Lindt & Spru	3.10%	2.65%
Total Top 15	71.39%	11.23%

Fund Profile & Key Figures

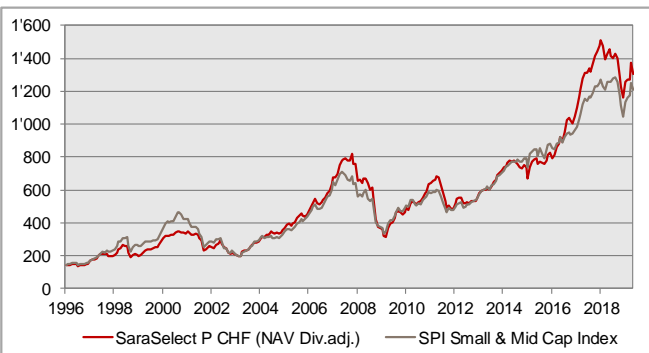
Asset Manager	VV Vermögensverwaltung AG
	Marc Possa (Deputy Thomas Buri)
Fund Mgmt. Company	J. Safra Sarasin Investmentfonds AG
Custodian	Bank J. Safra Sarasin AG
Swiss Security No.	123406
ISIN	CH0001234068
Launch	01.02.1996
Management Fee	1.50% p.a.
Investment Style	Bottom-up Stock Picking
Benchmark (Index)	SPI Small & Mid Caps (SPISMC)
	
Fund Size	CHF 688.8 mn
Net Asset Value per Unit	CHF 1'303.99
Hist. Volatility*	13.90% p.a.
Tracking Error*	6.09% p.a.

*Time period 3 years, monthly observations

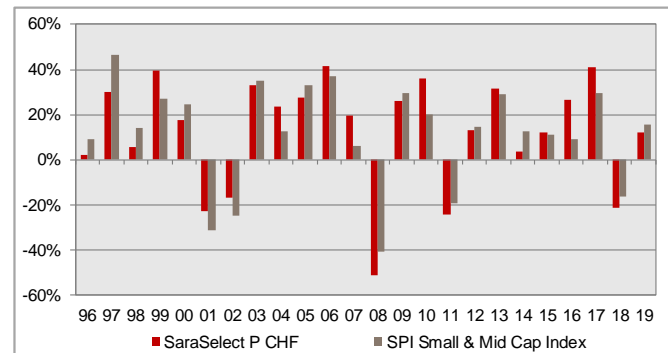
Performance Overview

	YTD	1 Month	1 Year	3 Years	5 Years	10 Years	since Launch
Fund	12.16%	-5.07%	-10.37%	12.19% p.a.	11.01% p.a.	12.57% p.a.	9.84% p.a.
Index	15.71%	-3.22%	-3.65%	9.39% p.a.	9.42% p.a.	11.26% p.a.	9.47% p.a.

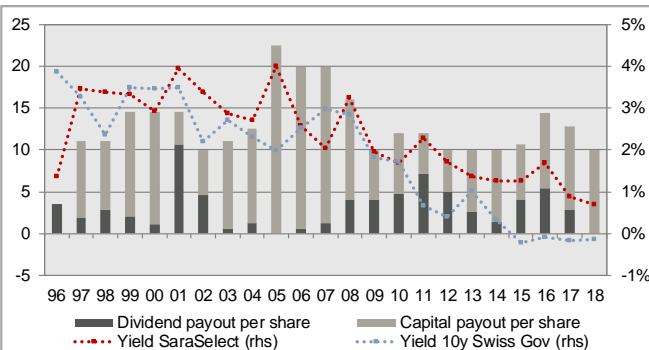
Cumulative Performance since Inception



Yearly Performance since Inception



Distribution per Share



Year	Dividend	Capital Gain*	Total
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
2008	4.00	12.00	16.00

*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
2019	Fund	8.17%	1.05%	0.21%	7.86%	-5.07%								12.16%
	Index	8.77%	2.46%	1.01%	6.20%	-3.22%								15.71%
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%
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%

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