Monthly report — August 2024

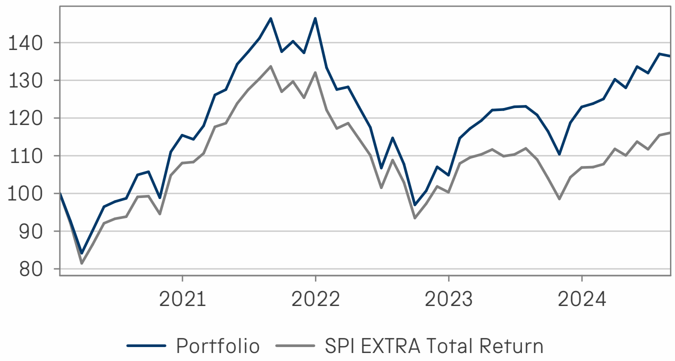
IFS Independent Financial Services

Marketing Communication — IFS Swiss Small & Mid Cap Equity Fund -X-

Investment policy

The IFS Swiss Small & Mid Cap Equity Fund combines our best investment ideas in the area of Swiss Small & Midcaps. We take an active approach with the aim of achieving a sustainable outperformance to the benchmark (SPI Extra).The sub-fund is actively managed with a reference to a benchmark mentioned in this document. The sub-fund seeks to outperform it over the recommended holding period. The sub-fund does not exactly replicate its reference index (benchmark) and may therefore deviate significantly from it. Therefore, the performance of the sub-fund may differ from that of the benchmark index.

Performance (in %)



Past performance is no indication for future results. The performance figures do not include commissions and costs which arise at subscription and redemption of units. The investment may rise or fall in value and in certain cases all of the capital may be lost. Investment risks vary among the various investment instruments. Investments in foreign currencies inherit foreign exchange volatility.

General information

Date of issue	31.01.20
Managed by IFS since	31.01.20
Reference currency	CHF
Registration	CH, DE, LI
Custodian	Bank J. Safra Sarasin AG, Basel
Management company	LLB Swiss Investment AG, Zürich
Investment manager	IFS Independent Financial Services AG, Luzern
Total expense ratio from 31.12.23	0.27%
Management fee p.a.	0.00%
Dealing frequency	Daily, 12:00 o'clock
Distribution	Reinvesting
ISIN	CH0515155189
Valor (Switzerland)	51515518

Return and risk metrics

Past performance does not predict future returns.

	Portfolio	SPI EXTRA Total Return
Volatility since inception p.a.	17.69%	16.16%
Sharpe ratio since inception	0.34	0.14
Worst drawdown since inception	-36.64%	-32.54%
Performance YTD	10.95%	8.62%
Performance 2023	17.25%	6.53%
Performance 2022	-28.39%	-24.02%
Performance 2021	26.82%	22.19%
Performance 2020	15.45%	8.06%
Performance since 31.01.2020	36.40%	16.10%
Performance since 31.01.2020 p.a.	7.00%	3.31%

Current figures as of 31.08.2024

NAV per unit	CHF	134.34
Total assets	CHF	93.47 Mio.

Performance (in %)

Past performance does not predict future returns.

Year		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2024	Fonds	0.72%	1.00%	4.16%	-1.73%	4.39%	-1.27%	3.83%	-0.44%	-	-	-	-	10.95%
	Index	0.09%	0.74%	3.74%	-1.54%	3.32%	-1.78%	3.33%	0.57%	-	-	-	-	8.62%
2023	Fonds	9.35%	2.22%	1.80%	2.34%	0.14%	0.59%	0.07%	-1.84%	-3.61%	-5.19%	7.56%	3.52%	17.25%
	Index	7.59%	1.47%	0.76%	1.17%	-1.58%	0.42%	1.44%	-2.63%	-4.57%	-5.26%	5.82%	2.49%	6.53%
2022	Fonds	-8.92%	-4.33%	0.53%	-4.18%	-4.38%	-9.16%	7.46%	-6.04%	-10.03%	3.85%	6.29%	-2.05%	-28.39%
	Index	-7.50%	-4.01%	1.19%	-3.51%	-3.80%	-7.81%	7.21%	-5.43%	-9.17%	4.07%	4.69%	-1.50%	-24.02%
2021	Fonds	-0.94%	3.14%	6.93%	1.13%	5.28%	2.43%	2.63%	3.69%	-5.99%	2.00%	-2.18%	6.64%	26.82%
	Index	0.25%	2.12%	6.36%	0.82%	4.42%	2.92%	2.30%	2.49%	-5.00%	2.12%	-3.30%	5.30%	22.19%
2020	Fonds	-	-7.31%	-9.20%	7.18%	6.96%	1.39%	0.90%	6.30%	0.78%	-6.51%	12.29%	3.99%	15.45%
	Index	-	-7.91%	-11.53%	6.17%	6.47%	1.30%	0.59%	5.59%	0.18%	-4.73%	10.82%	3.10%	8.06%

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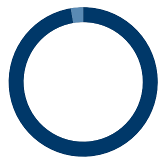
Largest positions

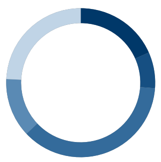
Sandoz	5.6%
Straumann	4.8%
Schindler N	4.8%
SIG Combibloc	4.7%
Roche	4.3%

Asset allocation



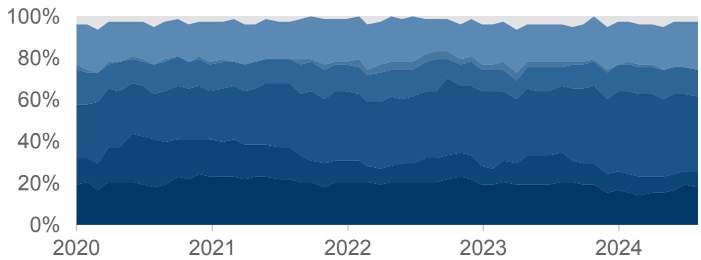
- Equities 97.3%
- Cash 2.7%

Asset class breakdown



- Technology 17.9%
- Financials 7.6%
- Industry 35.8%
- Consumer goods 12.5%
- Utilities 0.0%
- Healthcare 23.6%

Historical sector breakdown



- Technology
- Financials
- Industry
- Consumer goods
- Utilities
- Healthcare

Manager Update

After a surprisingly calm first half of the year, market activity became turbulent in August. At 38.6%, the VIX index reached its highest level since October 2020. The uncertainty was mainly triggered by the Bank of Japan's surprising decision to raise the key interest rate and weak labour market and purchasing managers' data from the US. However, further data sets over the course of the month did not confirm this gloomy picture in the US, which is why the situation on the markets brightened again relatively quickly. Macro data in Europe also showed little momentum. Germany remains in a phase of stagnation, while the peripheral European countries are showing a little more movement. In Switzerland, consumer confidence is gradually improving again. Overall, the SPI Extra gained +0.57%. Due to some negative half-yearly reports from portfolio companies, the fund closed slightly down at -0.5%. The results of Tecan and Mobilezone in particular disappointed the market.
Tecan had to announce a decline in sales of 11.6% and the EBITDA margin of 14.5% was also disappointing. The weakness was attributed to a persistently difficult environment in China and the subdued investment climate among major pharmaceutical customers. However, CEO Achim von Leoprechting emphasised that the underlying drivers for Tecan's business are intact and that the delayed orders will materialise sooner or later.
Mobilezone also disappointed the market by adjusting its forecast to the lower end of the EBIT range of CHF 68 - 75 million. Customer growth in the MVNO (Mobile Virtual Network Operator) segment also lost some of its momentum due to the increasing price war. However, with a price/earnings ratio of 11x and a dividend yield of 6.8%, the share is now very attractively valued.
Positive momentum came primarily from Siegfried and Straumann. Siegfried was able to grow by a further 2% and further improve its margins despite the loss of coronavirus sales. The stock market honoured the good results and Siegfried shares rose by +9%. Straumann's results were also well received. Investors particularly welcomed the news that the highly competitive and loss-making B2C aligner business is to be sold. In terms of business momentum, Asia once again stood out, where Straumann grew by almost 34% in the second quarter.
According to Jerome Powell, the US Federal Reserve will make its first interest rate cut in September, as the US labour market has now eased considerably. At the longer end of the yield curve, yields have already fallen by more than 1% in both Europe and the US. The property markets in particular should benefit from this easing. In Germany, building permits have now fallen back to the 2010/2011 level (-21.1% in H1 24), and a revival of the market is only a matter of time given the acute housing shortage. The situation is different in China, where vacancy rates can cover current demand for more than two years. To counteract prolonged deflation, the government is likely to announce further stimulus programmes. We remain neutrally positioned in the fund as long as there are no signs of a significant economic upturn in Europe.

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