Monthly report — September 2024

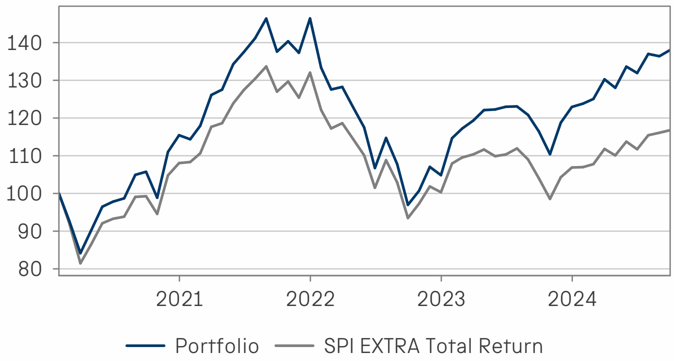
IFS Independent Financial Services

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.	17.53%	16.01%
Sharpe ratio since inception	0.35	0.14
Worst drawdown since inception	-36.64%	-32.54%
Performance YTD	12.28%	9.26%
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	38.04%	16.78%
Performance since 31.01.2020 p.a.	7.15%	3.38%

Current figures as of 30.09.2024

NAV per unit	CHF	135.96
Total assets	CHF	95.60 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%	1.21%	-	-	-	12.28%
	Index	0.09%	0.74%	3.74%	-1.54%	3.32%	-1.78%	3.33%	0.57%	0.58%	-	-	-	9.26%
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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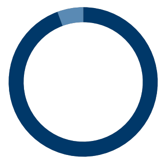
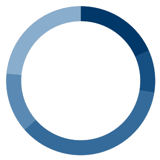
Largest positions

Sandoz	5.2%
Straumann	5.2%
Schindler N	4.9%
SIG Combibloc	4.8%
Roche	3.9%

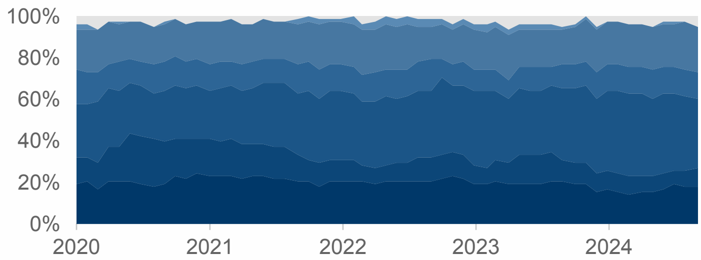
Asset allocation



Asset class breakdown



Historical sector breakdown



Manager Update

In September, the equity markets experienced a mixture of volatility and positive momentum. At the beginning of the month, weak labour market data from the US led to fears of recession and correspondingly poor market sentiment. US consumer confidence, as measured by the Conference Board Index, also deteriorated noticeably. Boosted by a 50 basis point interest rate cut by the Federal Reserve, the markets recovered significantly in the second half of the month. In addition, the Chinese government announced extensive support measures which provided an additional tailwind for global stock markets. Overall, most indices continued to rise, including the SPI Extra, which gained +0.58%. The fund also performed well, achieving a return of +1.15%.

The positions Also Holding, Straumann and SIG Combibloc made particularly positive contributions to performance. Straumann benefited from the news on the Chinese economic stimulus packages, as China is now the fastest-growing market for the Basel-based company. There was no news worth mentioning at SIG, but the market seems to be slowly recognizing that the share is significantly undervalued at the current level.

Positions in Aryzta, Roche and Sandoz developed negatively. Roche published further data on the acquired GLP-1 pipeline candidates. The high number of side effects in particular caused concern in the market, which put a damper on the GLP-1 euphoria at Roche. However, it must be remembered that these were very small studies with no focus on dosing optimization. It is to be expected that Roche will better understand and reduce the side effect profile over time. We continue to believe that Roche's pipeline is undervalued overall.

Sandoz held an investor day at the beginning of the month at which it outlined its growth and efficiency plans for the coming years. Investors had hoped for more, particularly with regard to the entry into the generic GLP-1 market. The announcement to enter the market step by step and to gain experience first led to the share price falling by -5.4% over the course of the month. However, we see sufficient growth and margin potential for Sandoz even without GLP-1 and are holding on to the position.

We increased our stake in SGS in September. We are impressed by the new management team under CEO Geraldine Picaud and have confidence that she will significantly improve SGS's growth profile. On the other hand, we have slightly reduced cyclical industrial companies such as Georg Fischer, SFS and Bossard and increased the fund's cash ratio.

The widespread expectation of an economic recovery at the beginning of the year has not yet been fulfilled. The European automotive industry in particular is suffering, as illustrated by the profit warnings from Forvia, VW and Stellantis. There are also hardly any signs of a sustainable recovery in the construction sector. With regard to China, we are skeptical as to whether the measures announced will be sufficient to solve the country's structural problems. In recent quarters, the US consumer in particular has proved to be a strong pillar of growth. However, there are increasing signs that high interest rates are leaving their mark and the labor market is becoming more fragile. In combination with the geopolitical uncertainties, we therefore believe it makes sense to take a more defensive approach to the fund's risk profile in the coming months in order to benefit from possible corrections.