

zMonthly December 24

Turbulence over the Fed's interest rate outlook

The US and some European stock markets continued to rise at the beginning of the month, setting new records. By contrast, the Swiss stock market failed to pick up speed and remained more or less flat. Even the interest rate cut by the Swiss National Bank did not help. Contrary to expectations, the SNB made a substantial cut of half a percentage point, citing a decline in inflationary pressures. Investors reacted much more strongly to the meeting of the US Federal Reserve. It was not so much the rate cut of 25 basis points that caused uncertainty, but the outlook. Only two more rate cuts are expected before the end of 2025. Previously, market participants had anticipated three rate cuts. In the aftermath of the Fed meeting, US equity markets suffered their biggest one-day loss since the turmoil in early August and the year-end rally failed to materialise. Companies not held in the fund made headlines. SoftwareOne, an IT services provider whose share price hit an all-time low in December, is set to acquire its Norwegian rival Crayon. Derivatives specialist Leonteq has been hit by tough measures from the Swiss Financial Market Supervisory Authority FINMA, which is confiscating millions in profits. This has led to an adjustment in Leonteq's annual guidance. Over the past calendar year, the MSCI World Index gained 29% in CHF terms. This impressive performance was again largely driven by the "Magnificent Seven" stocks in the US. The Swiss equity market was held back by the weak performance of some of the index heavyweights. The fund rose 5.8% year-on-year (SPI Extra +3.8%).

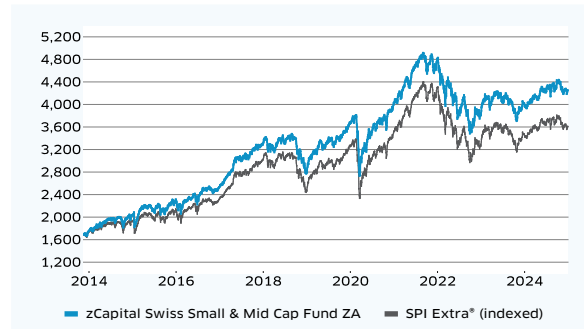
Minor adjustments to the fund

We made only minor adjustments to the fund in December. We bought Clariant, SGS and BKW. On the other hand, we reduced the weighting of Ypsomed and exited ams-OSRAM completely.

Trump 2.0 creates uncertainty

On 20 January 2025, Donald Trump will be sworn in for a second term as President of the United States. Since his election in early November, expectations of his 'America First' policies have soared. However, Trump's economic plans are full of contradictions and his protectionist agenda will tend to have inflationary side effects. As a result, 10-year US Treasury yields rose 40 basis points to 4.6% in December and the US dollar is trending higher. These facts are unlikely to leave equity markets untouched. In particular, the overheated US equity market could face a challenging start to the new year, in line with the adage "buy the rumour, sell the fact". This could mark a turning point for the significant relative underperformance of European equities. We will continue to focus on our fundamental research work in the year ahead.

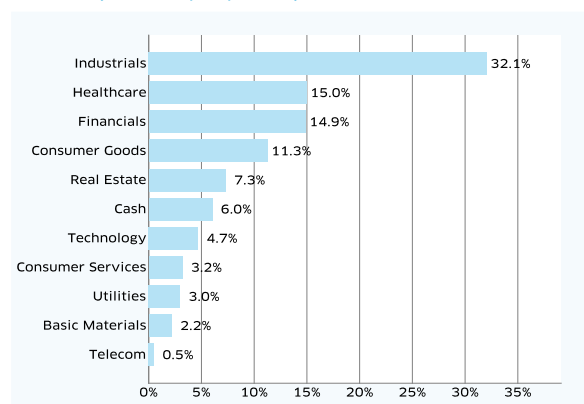
Performance since Launch (as of 30/12/2024)



Performance (as of 30/12/2024)

MTD (Fund / Benchmark)	-0.4% / -0.8%
YTD	5.8% / 3.8%
1 year	5.8% / 3.8%
3 years p.a.	-4.0% / -5.6%
5 years p.a.	3.1% / 2.1%
10 years p.a.	7.6% / 6.5%
Since launch p.a.	8.6% / 7.0%

Sectors (as of 30/12/2024)



Largest Positions (as of 30/12/2024)

1	Lindt & Sprüngli	5.6%
2	SGS	5.3%
3	Schindler	4.9%
4	Baloise	4.2%
5	Julius Baer	3.8%
6	Sandoz Group	3.7%
7	Straumann	3.4%
8	PSP Swiss Property	3.1%
9	Roche	3.0%
10	VAT Group	2.9%
11	Galderma Group	2.7%
12	Swatch Group	2.6%
13	Temenos	2.6%
14	Swiss Prime Site	2.5%
15	Galenica	2.4%

Investment Strategy

The zCapital Swiss Small & Mid Cap Fund invests in Swiss small and mid-cap stocks and measures itself against the SPI Extra® (all SPI® stocks without SMI® or without the 20 largest securities). The fund assets are invested in a broadly diversified portfolio of 50 to 70 companies. zCapital strives to consistently exceed the benchmark return with a long-term, active investment style. Investment decisions are based on fundamental company analyses, considering and assessing corporate governance and other key ESG aspects. Macroeconomic factors are also included in the decision-making process.

Portfolio Structure (as of 30/12/2024)

Net Asset Value	CHF 4,249.63 per Share ZA
Total Assets	CHF 1034 m
Investment Exposure	94.0%
Number of Companies	62

Statistics 3 Years (as of 30/12/2024)

Volatility Fund / Index p.a.	14.1% / 15.3%
Tracking Error	1.8%
Information Ratio	0.9

Termsheet

Fund-Name	zCapital Swiss Small & Mid Cap Fund (Class ZA)
Asset Manager	zCapital AG, Zug
Swiss Security Number / ISIN	22475680 / CH0224756806
Price Publications	www.swissfunddata.ch, www.fundinfo.com
Bloomberg / Reuters	ZCAPSZA SW Equity / 22475680.S
Benchmark	SPI Extra® (Swiss small & mid cap equities)
Morningstar-Rating	★★★★★
Fund Type / Distribution	Swiss Securities Fund / Authorized for public distribution in Switzerland and Germany
Fund Management Company / Custodian Bank	LLB Swiss Investment AG, Zürich / Bank Julius Bär & Co. AG, Zürich
Management Fee (incl. Fund Management and Custodian Fees)	1% p.a.
Issue Fee / Redemption Fee	None / 0.25% in favour of the fund
Total Expense Ratio (TER) as of 31/05/2024	1.00%
Requirements	Minimum initial subscription and minimum investment amount of CHF 5 m
Subscriptions and Redemptions	On each bank working day at Net Asset Value (NAV). The investor shall always notify zCapital via an e-mail sent to info@zcapital.ch, what amount or what number of fund units it wishes to subscribe to, by means of which channel. Subscriptions and redemptions which are placed with the Custodian Bank by 3.45pm CET on a bank business day (Order Day), are processed on the next bank working day (Valuation Day) based on the Order Day's closing price.
Auditor	PricewaterhouseCoopers AG, Zurich

Yearly Performance (as of 30/12/2024)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund	3.3%*	16.4%	13.4%	9.8%	29.6%	-14.0%	29.4%	9.7%	19.6%	-20.7%	5.6%	5.8%
SPI Extra®	2.2%*	11.4%	11.0%	8.5%	29.7%	-17.2%	30.4%	8.1%	22.2%	-24.0%	6.5%	3.8%

* since Launch date (15 November 2013)

Monthly Performance (as of 30/12/2024)

2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Fund	-0.0%	0.4%	3.5%	-1.2%	3.5%	-1.2%	3.2%	0.8%	0.8%	-3.4%	-0.1%	-0.4%	5.8%
SPI Extra®	0.1%	0.7%	3.7%	-1.5%	3.3%	-1.8%	3.3%	0.6%	0.6%	-4.0%	-0.2%	-0.8%	3.8%

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