

New Capital Swiss Select Equity Fund

Quarterly Commentary | As of 31 March 2024



Market overview

The year had a slow start with January basically unchanged. Later throughout the quarter the market gained momentum. Probably the most important driver for growing optimism were inflation numbers, showing sharp declines in growth rates throughout Europe. Specifically in Switzerland, inflation is now down to 1.0% which gave the Swiss National Bank (SNB) enough room to cut rates for the first time in this cycle and consensus expectations are for two more 25bp cuts later this year.

During the many company meetings, be it at broker conferences, or at company full year analyst conferences, we got the impression that, while the first half of the year will see final supply chain normalizations and cost pressures from salary inflation, the second half is becoming more optimistic. So we're not surprised to see positive moves in the stock market.

Fund performance and positioning

The New Capital Swiss Select Equity Fund returned 4.92%, slightly better than the benchmark index SPI Extra, which added 4.61%. The largest companies we hold were the largest contributors to this result. It paid off that we added to large cap names from the SMI, thus basically outside our benchmark.

Lonza quickly regained confidence with solid full year numbers. Shortly after that, the company raised its midterm targets after the acquisition of large capacities in the US from Roche. Lonza is a leading contract development and manufacturing organization (CDMO) for biologics. The whole CDMO sector is expected to grow by double digits over the coming years. With production of modern drugs becoming more challenging, especially when ramping up to larger scale, more and more pharma companies are outsourcing these challenges to the specialists, that we know as CDMOs.

The second large contributor was once again Holcim. The world leader in cement and concrete keeps delivering solid results on every line. The large portfolio changes since CEO and Chairman Jan Jenisch took over have changed the profit and loss structure and changed a business model. The latest announcement to spin off the US business next year added more optimism, not least on the multiple, that US investors might be willing to attach to this regionally focused business which could be a major beneficiary from the infrastructure programmes.

We also profited from further solid momentum in the semi space with our position in Comet, which we already wrote a lot about in the last quarters. The same is true for Ypsomed, a leading producer of autoinjectors and injection pens. This stock has built on all time highs and keeps us busy rebalancing the position to keep risks under control.

On the other side, the largest burden came from a relatively small position – amsOsram had to announce the cancellation of their largest program for the future, the micro LED screens that had been planned to appear in the Apple watch from 2026 on. More than a billion had been invested in a 8 inch semi fab in Malaysia and today it's very unclear how to use these capacities, who could potentially buy it and whether the technologies developed should be kept, further developed, sold or just given up.

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	New Capital Swiss Select Equity Fund	Swiss Performance Extra Index	Difference
1 Month	+3.68%	+3.74%	-0.06%
3 Months	+4.92%	+4.61%	+0.31%
6 Months	+6.95%	+7.49%	-0.54%
YTD	+4.92%	+4.61%	+0.31%
1 Year	+0.57%	+1.32%	-0.75%
3 Years	-10.74%	-4.98%	-5.76%
5 Years	+15.24%	+30.97%	-15.73%
10 Years	+62.87%	+79.49%	-16.62%
Since Inception Annualised	+5.26%	+6.32%	-1.06%
Since Inception (13/03/2014)	+67.37%	+85.01%	-17.64%

Past performance is not a guide to the future. The value of your investments and the income from them may fall as well as rise as a result of market as well as currency fluctuations and you may not get back the full amount invested. Fund performance is net of fees and representative of the CHF I ACC Share Class and shows a maximum of five previous calendar years and current year to date (computed on a NAV to NAV basis). Where share class inception begins prior to the five previous years the chart has been re based to 100. Where the Fund has fewer than five full years of performance, returns are shown from the inception date. Source: EFG Asset Management, Bloomberg. As at 31 March 2024.

Outlook

As Purchasing Managers' Indexes have come off their lows, cyclical names have shown decent upside this year so far. Considering industrials make up 10% of the large cap index SMI or the broad SPI, but 30% of the SPI Extra, we're optimistic for the universe that the Fund is investing in.

MARKETING COMMUNICATION

For professional clients, qualified investors and accredited investors only. The value of investments and the income derived from them can fall as well as rise, your capital is at risk. Note: Past performance is not a guide to the future. Returns may increase or decrease as a result of currency fluctuations.

All sources: EFG Asset Management (UK) Limited ("EFGAM"), Factset, Bloomberg, Morningstar as at end of the month. Any other sources as applicable.

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More complete information on the fund can be found in the relevant memorandum and articles of association, prospectus, key information document, the addenda, the supplements and the most recent audited annual report and the most recent semi-annual report. These documents constitute the sole binding basis for the

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Switzerland: from the Swiss representative, CACEIS (Switzerland) SA, Route de Signy 35, CH-1260 Nyon 2 and the paying agent, EFG Bank SA, 24 Quai du Seujet, CH-1211, Geneva 2, Switzerland.

Italy: from the Italian paying agent, All funds Bank S.A.U., Milan Branch, Via Santa Margherita, 7 – 20121, Milan, Italy

Germany: from the German Facility Agent, FE fundinfo (Luxembourg) S.a.r.l. 6 Boulevard des Lumières, Belvaux 4369 Luxembourg

Austria, France, Luxembourg, the Netherlands, Portugal, Spain and Sweden: from the European Facility Service provider, FE fundinfo with registered address 6 Boulevard des Lumières, Belvaux, 4369 Luxembourg

Cyprus: from the Cypriot Paying Agent Eurobank Cyprus Ltd, 41 Makariou Avenue, 1065, Nicosia, Cyprus

Greece: from the Greek Paying Agent, Eurobank S.A., 8 Othonos Street, 10557 Athens, Greece

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Contact us:

Park House
116 Park Street
London
W1K 6AP
UK

+44 (0)20 7491 9111
enquiries@newcapital.com

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