Seize the day: Why Swiss small and mid-cap equities demand immediate attention

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CFA Charterholder

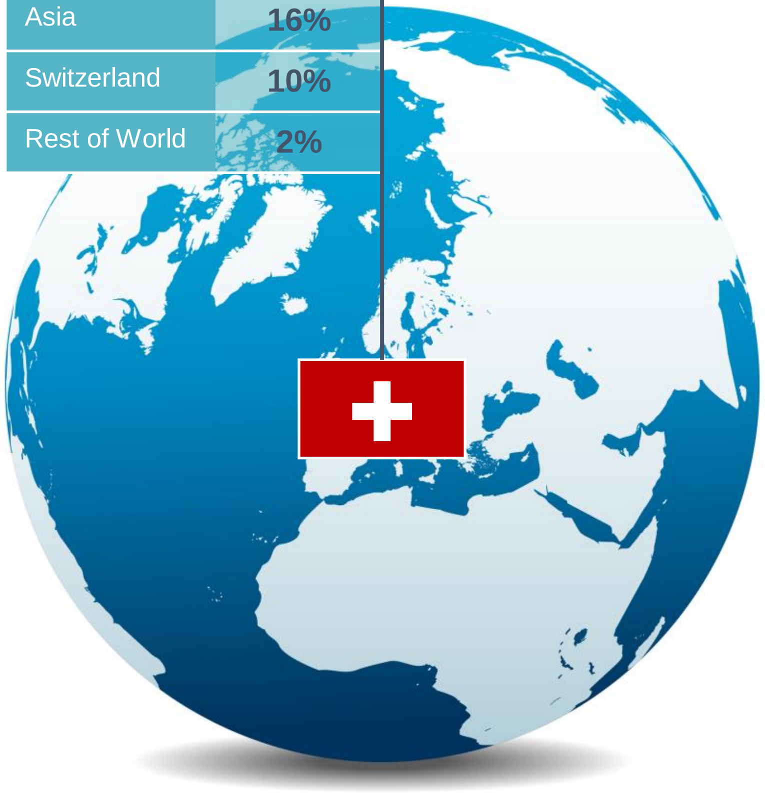
September 2023

A local market with a global footprint

- **Swissness** – a limited domestic market means Swiss companies must by highly competitive and innovative to succeed internationally
- Strong currency and political stability - efficient market economy
- Swiss companies have geographically diversified revenues. In the small and mid-cap sector, **90% of revenue is generated from outside Switzerland**
- Swiss small and mid-caps (unlike larger companies) relatively less covered by analysts, creating opportunities for active managers to identify potentially mispriced stocks

Small and mid-cap revenue split by region[1]

Europe incl. UK	**48%**
USA	**24%**
Asia	**16%**
Switzerland	**10%**
Rest of World	**2%**



Source: Mirabaud Asset Management, as of 30 April 2023.

MIRABAUD ASSET MANAGEMENT

Our approach to Swiss small and mid-cap investing

People	▪ 3 senior managers allow to map the entire universe ▪ 23 years average industry tenure with unique network and knowledge base ▪ ESG CFA certified PMs with ambition to foster best practice
Philosophy	▪ Strong DNA with passion for compounding businesses ▪ We believe that fundamentals drive stock prices long-term ▪ Companies are organisms time-intensive to understand and follow
Process	▪ Our style is GARP (growth at reasonable price) or CARP ▪ We buy into underappreciated growth and derated value stocks ▪ We are size agnostic but keep an eye on liquidity, ca. 25% in small caps
Product	▪ High conviction, actively managed portfolio with 40-50 stocks ▪ UCITS structure for international investors ▪ Clear soft- and hard-close limits to protect investors

Fully integrated ESG and active ownership

People

Collaboration across teams

Access to specialist experience and skill

Equity Teams

UK Equity

European Equity

Global Equity

GEM Equity

Investment Team

Daniele Scilingo
Head of Swiss Equities

Thomas Jäger
Senior Portfolio Manager

Jan Widmer
Senior Portfolio Manager

Support

Head of Investments

Chief Economist

Risk Management

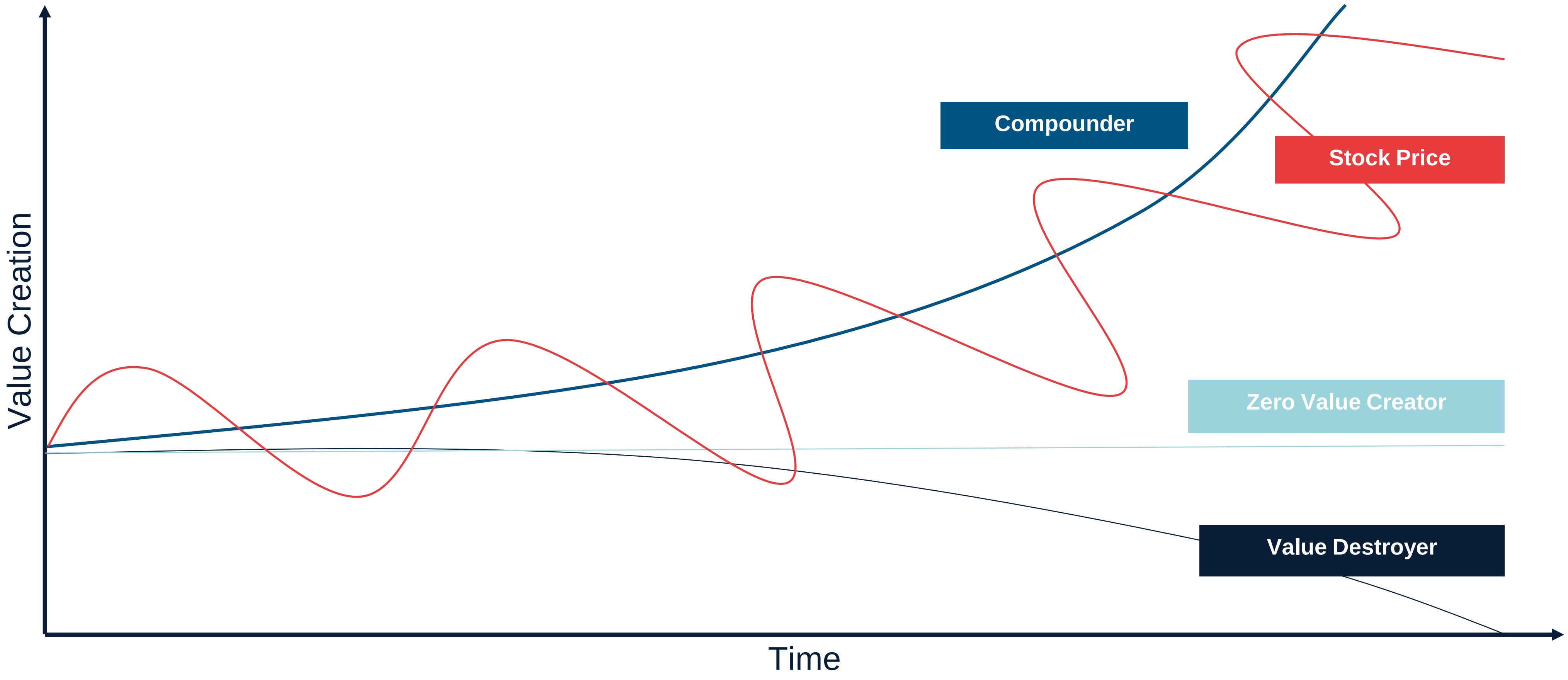
SRI Team

Dealing Team

Philosophy and Process

Core belief: Share price follows earnings growth

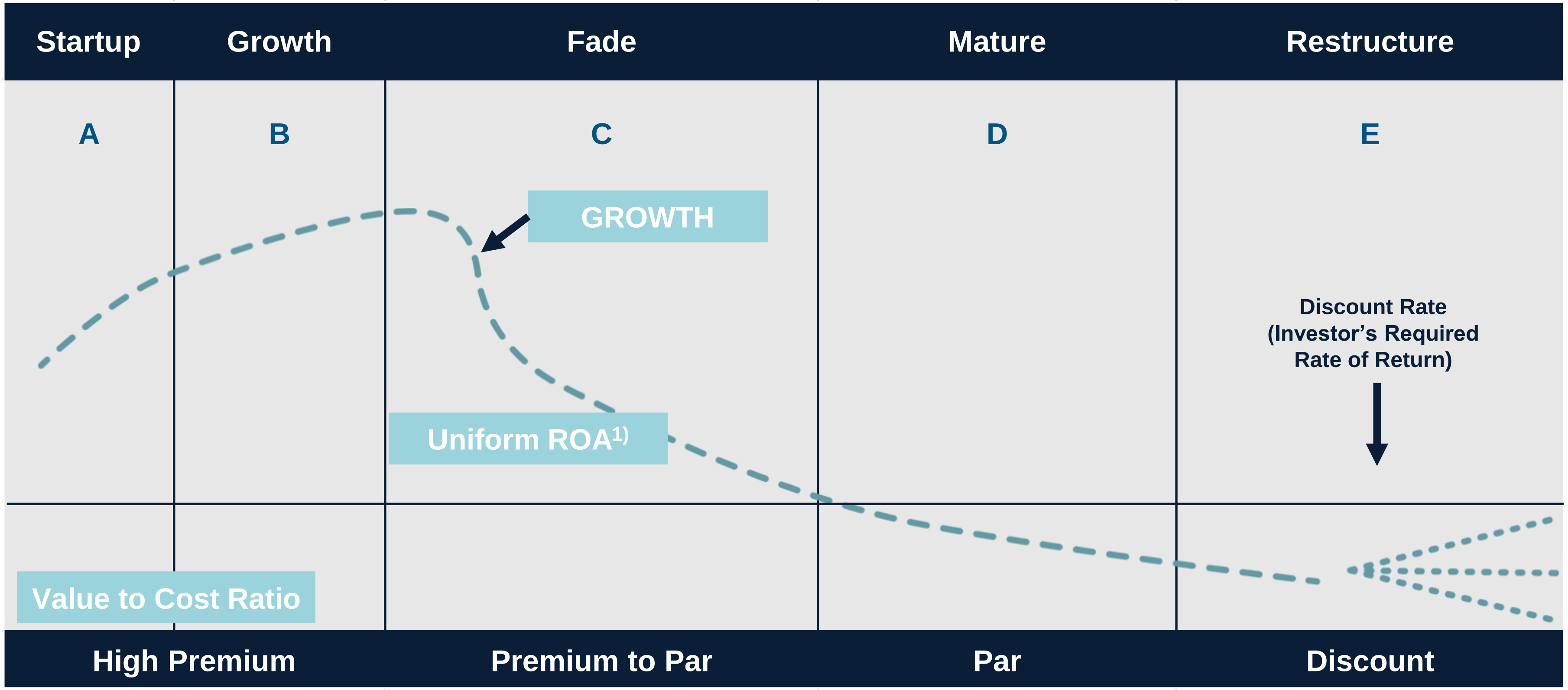
Eventually prices converge to reflect intrinsic value



Core belief: Build deep company knowledge

A company is an ever-evolving organism

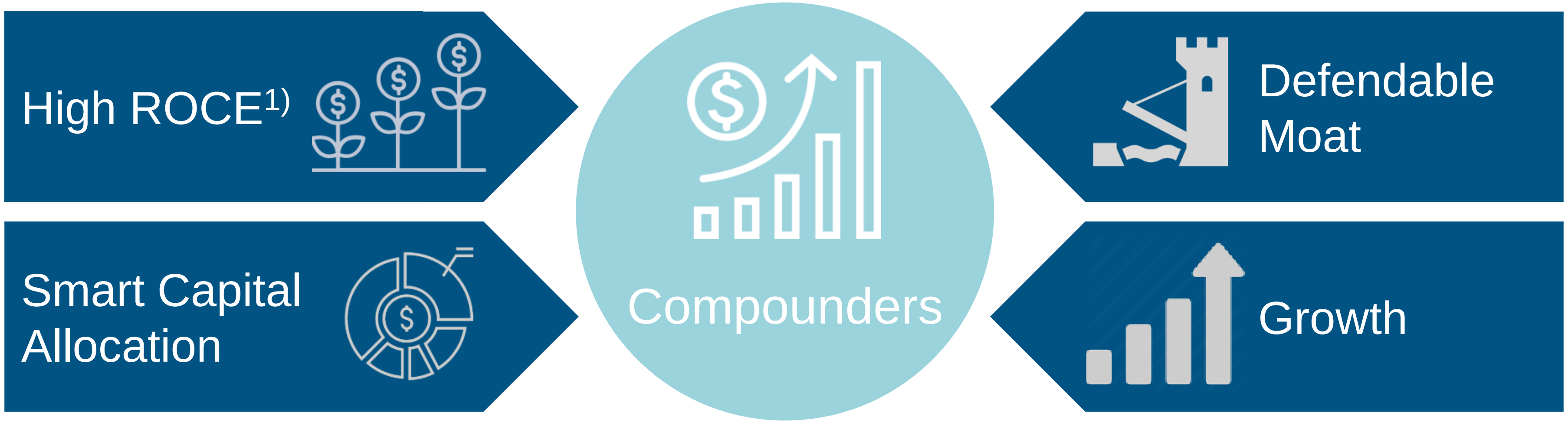
Capital Deployment and Corporate Life Cycle from the investor's perspective



1) Uniform ROA: Return on Assets

Source: Mirabaud Asset Management / Valens Research, as of 30 June 2022.

Core belief: Sustainable profitable growth = compound effect



We focus our energy on identifying compounders

[1)] ROCE: Return on Capital Employed

Our approach to investing

Our core beliefs shape what we do and how we do it

Bottom-up

- We approach investments like business owners
- We are passionate stock pickers

Patience

- We invest with a long-term investment horizon
- Our preferred holding period is eternity

Discipline

- Our process focuses on extracting the optimal added value
- We filter noise and have the courage to say no

Investment process, integrated ESG

From universe screening to portfolio construction

Idea Generation	Analysis & Valuation	Portfolio Construction	Voting & Engagement
1	2	3	4
▪ Mapping of Swiss Universe ▪ Apply ESG exclusions[1] ▪ Close relationship with companies	▪ Combination of proprietary and traditional tools ▪ ESG integration[2] to assess quality and sustainability of business model	▪ High conviction ▪ Quality ▪ Long-term upside potential	▪ ESG voting ▪ Ongoing engagement to support and encourage best practice
~190 SPIEX stocks	~120 Swiss stock universe	~40-50 Stocks	

Continuous Risk Management

SPIEX is the SPI EXTRA® Total Return

1. Exclusions: manufacturers of controversial weapons, tobacco and thermal coal mining. Further exclusions apply on gambling, thermal coal production, and adult entertainment and companies with severe controversies (rated D+, D and D- on Inrate).
2. Integration: Top down approach by excluding lowest rated companies and bottom-up approach to assess quality and sustainability of the business model. We use third party providers: Inrate, Sustainalytics, Trucost and CDP

Fundamental analysis

Identifying great companies with proprietary score

Quantitative criteria	Qualitative criteria
▪ Financial accounting data ▪ Sustainability of returns ▪ Return on investments ▪ Growth opportunities	▪ Quality of Management ▪ Moat ▪ Risks ▪ ESG assessment

Compounding Score

Valuation

Assess the long-term upside potential of each business model

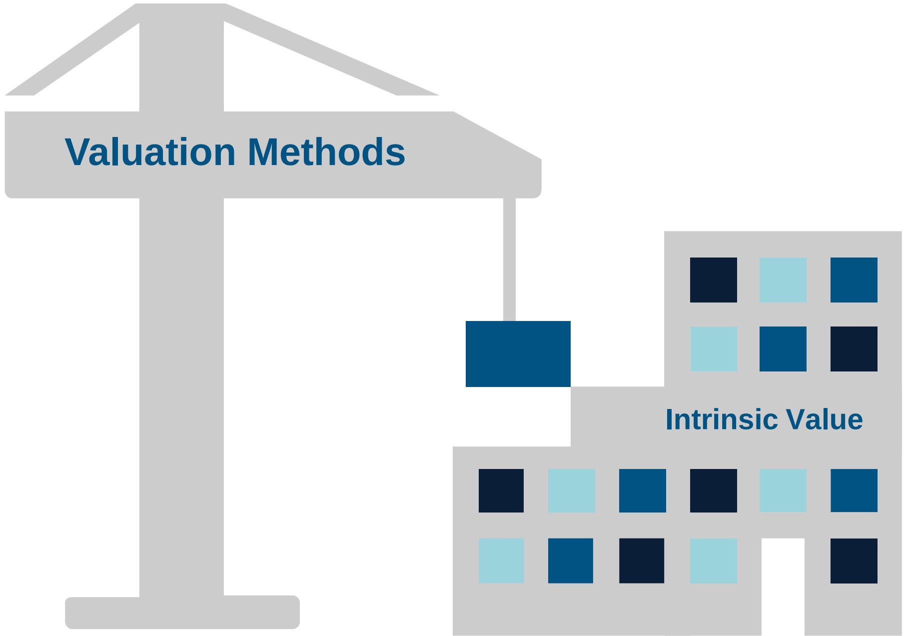
Growth and returns | **Quality / Sustainability** | **Risks**

Dynamics of Industry

ESG | FCF[1] Generation

Disruption | Business Risks

Earnings Powers Valuation | Profitability | Innovation Potential

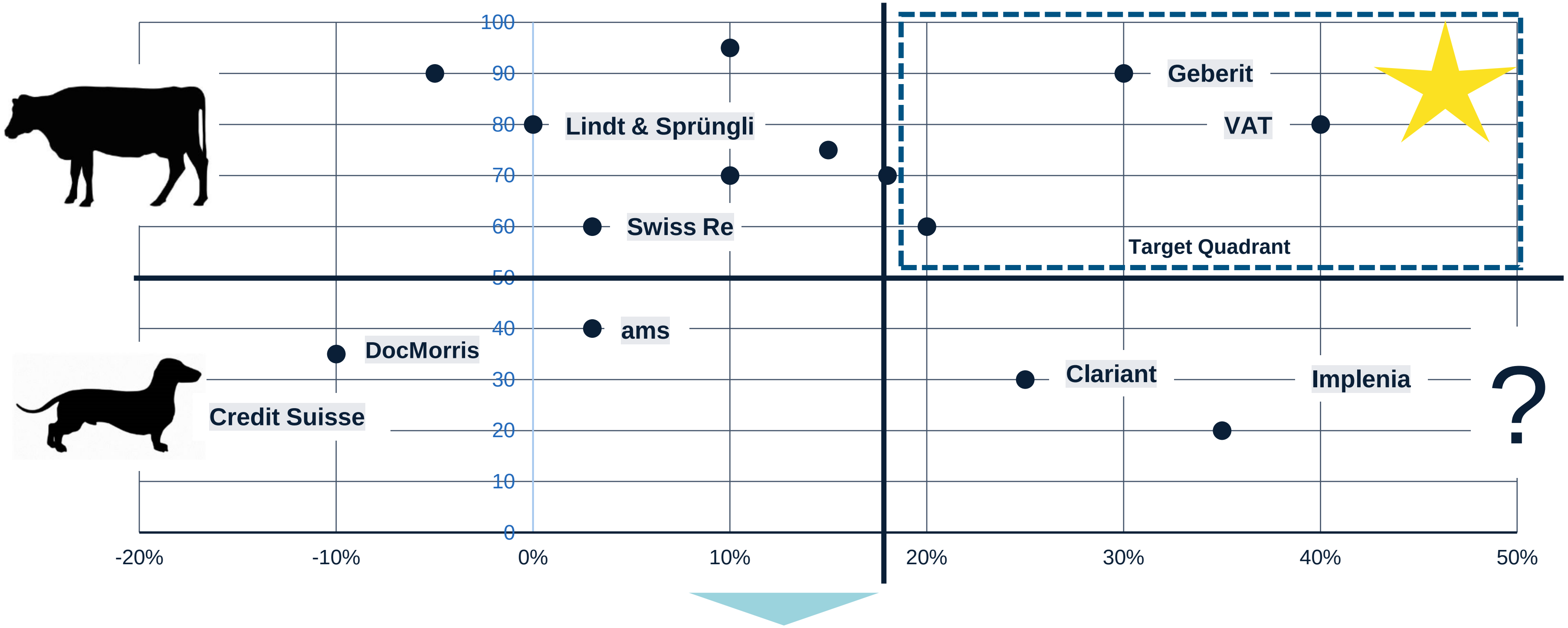


[1] FCF: Free Cash Flow

How it all comes together

Compounding power and upside to intrinsic value

Compounding Score vs Long-term Upside



Stock selection

Source: Mirabaud Asset Management, as of 17 October 2022.

Portfolio construction (1/2)

Investment guidelines

Bottom-up stock selection – High conviction portfolio

Compliance & Guidelines

- UCITS Structure
  - Maximum limit for a single equity of 10% of the fund’s total assets
  - The total value of positions of over 5% may not exceed 40% of the fund’s total assets

Diversification

- Exposure
  - Diversify Investment drivers
  - ~75% Mid Caps
  - ~25% Small Caps

Risk

- Liquidity
  - Sizing driven by Liquidity considerations

High-Conviction Portfolio Construction Strategy

Portfolio construction (2/2)

High conviction portfolio combining growth & value

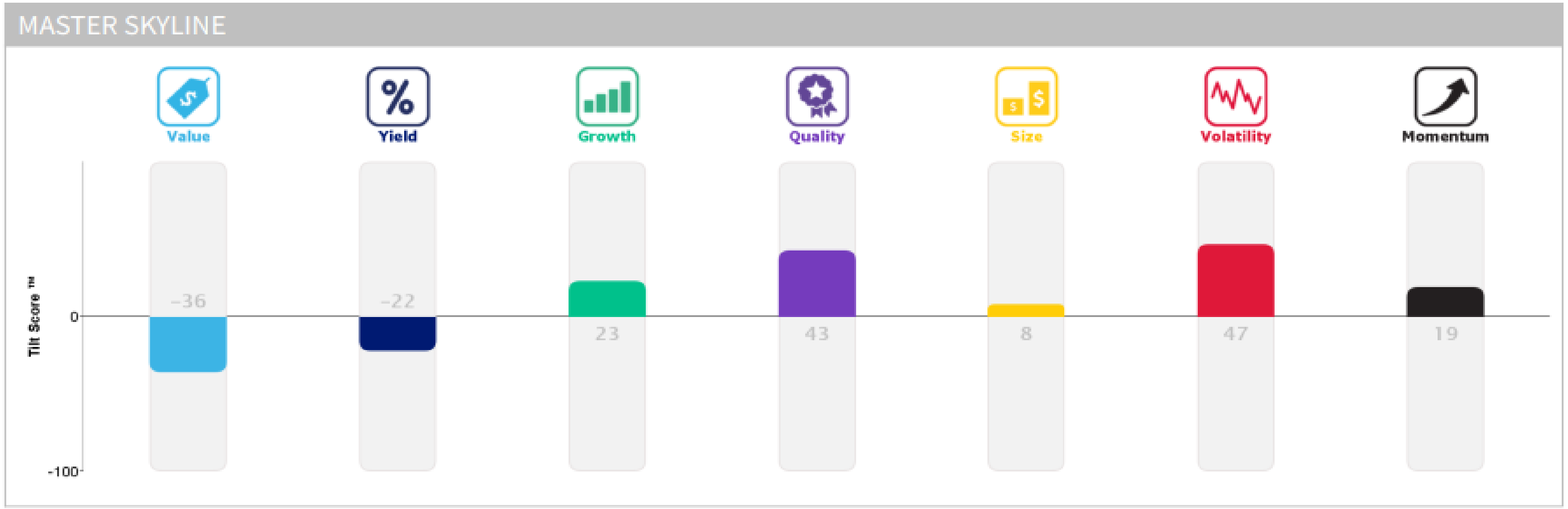
Buy Discipline

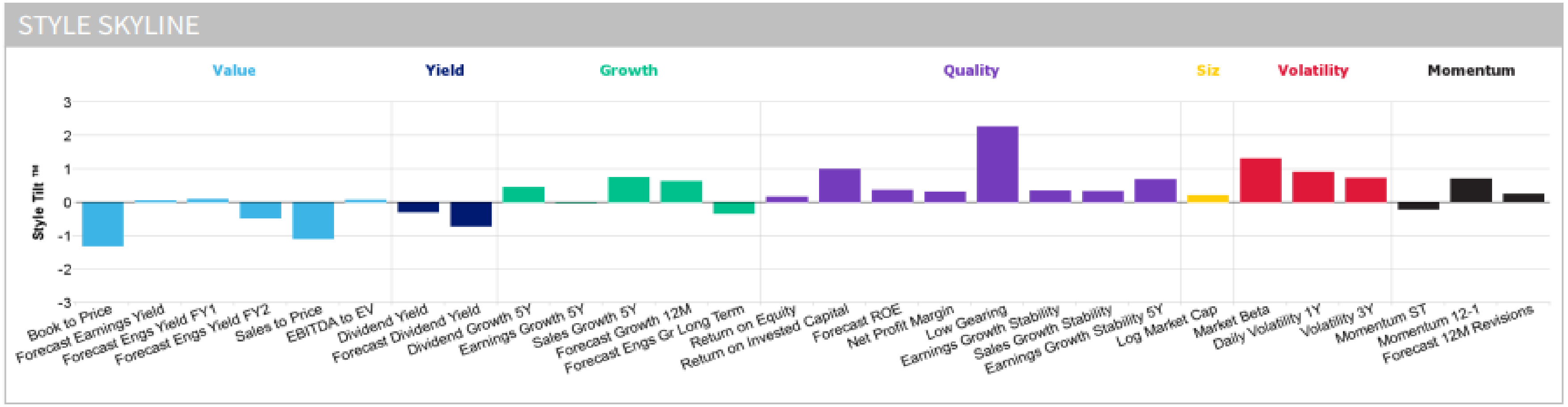
- Attractive mid- to long-term upside potential due to company specific compounding characteristics
- Favourable risk/reward profile of the investment case
- Diversifying investment drivers within the portfolio

Sell Discipline

- Company loses its compounding qualities – innovation, leadership, change in strategy
- Issues on accounting or ESG emerge that alter the risk profile
- Price overshoots intrinsic value significantly
- New investment opportunity with similar drivers and more attractive risk/reward profile

Style exposure – where we find the compounders





Fund = Mirabaud – Swiss Small and Mid. Benchmark = SPI EXTRA® Index; Sources: Mirabaud Asset Management and Style Analytics, as of 31 July 2023.
The Fund is actively managed. SPI EXTRA® is indicated in the Prospectus as the Fund's benchmark and is shown for comparison purposes only, without implying any particular constraints to the Fund's investments. Further information on the benchmark are outlined in the Fund's Prospectus and the SIX disclaimer below. **Past performance is not indicative or a guarantee of future returns. Performance figures do not take into account subscription and redemption fees and costs.**

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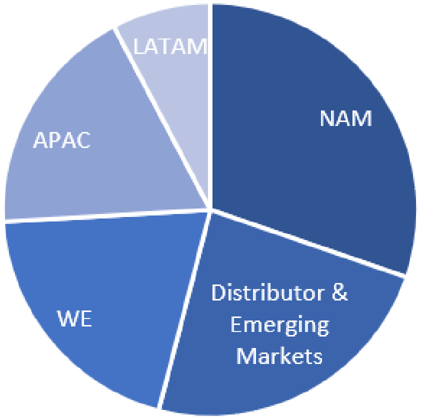
Compounder example

Straumann Group AG

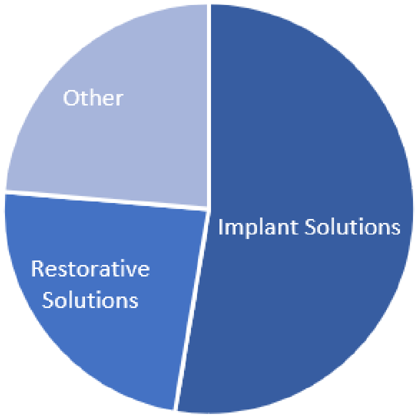
Leading provider of tooth replacement and orthodontic solutions. Straumann develops, manufactures and markets dental implants, instruments, orthodontic aligners, biomaterials and digital solutions for tooth replacement treatments.

Market Cap: CHF 21 bn

Revenue by regions



Revenue by segments



Compounder Score

- Strong management, committed Board with historical background/network
- Growth through product innovation, expansion of addressable market
- Smart, inorganic growth
- High return on capital

Value Driver

- Innovation in product range
- Geographic expansion
- Diversification into related products
- Total offer at all price points
- Margin from operating leverage in growth

Intrinsic Value

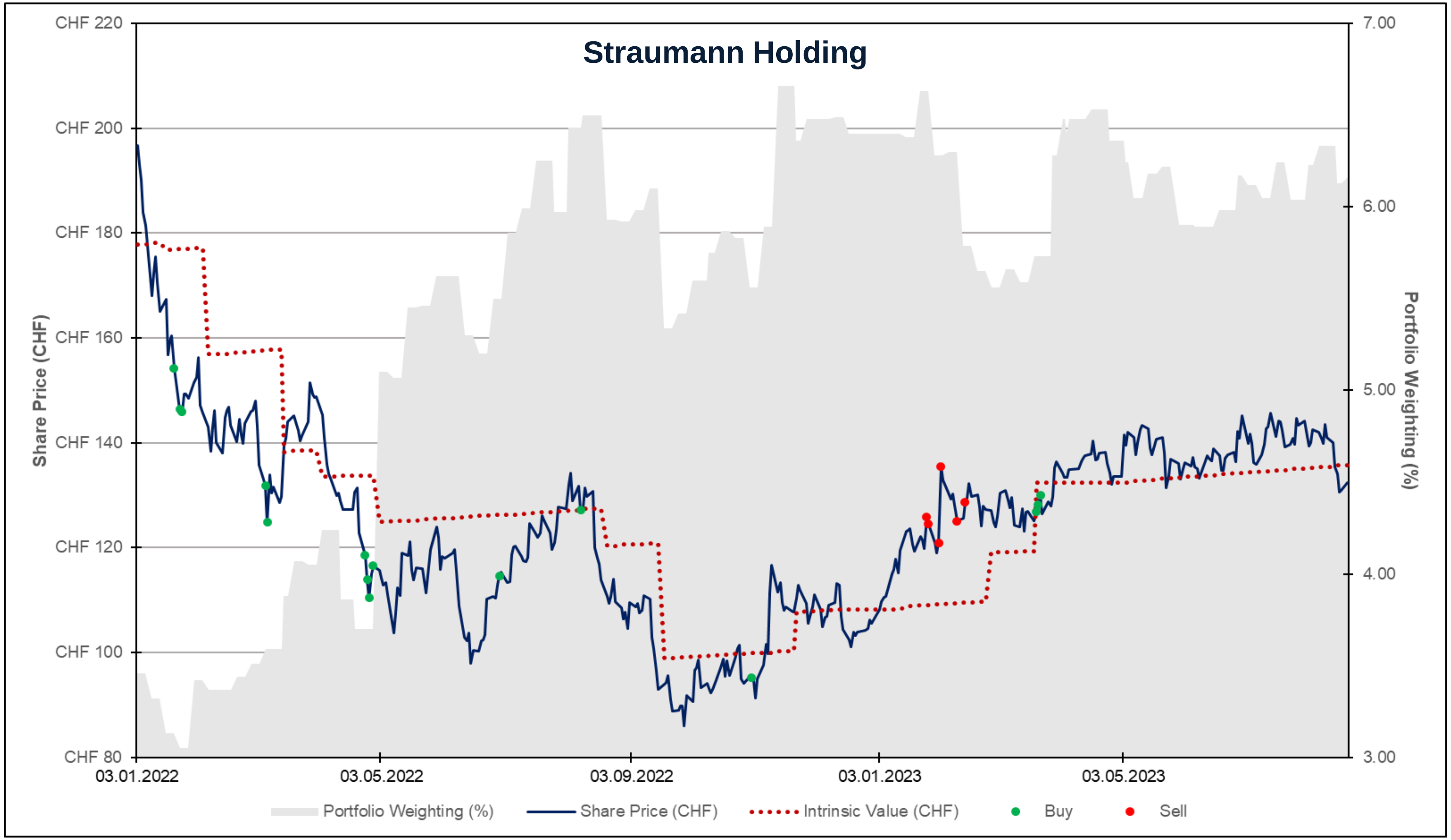
- Revenue growth 10% p.a.
- Stable EBITDA-Margin at 30%
- High return on capital (>30%)
- FCF 5yrs of 3.0 bn, 14% of market cap

Intrinsic Value in 5 Years: CHF 191
Upside Potential: +45% / 8% p.a.

Source: Mirabaud Asset Management and Straumann Group, as of 22 August 2023. Provided for illustrative purposes only and is not a recommendation to buy or sell. FCF = free cash flow. NAM = Non-Aligned Movement. WE = Western Europe. **Past or future performance is not indicative or a guarantee of future returns.**

Buy and sell discipline

Share Price as of 22 August 2023: CHF 132



Source: Mirabaud Asset Management and Bloomberg, as of 22 August 2023. Provided for illustrative purposes only and is not a recommendation to buy or sell. **Past performance is not indicative or a guarantee of future returns**

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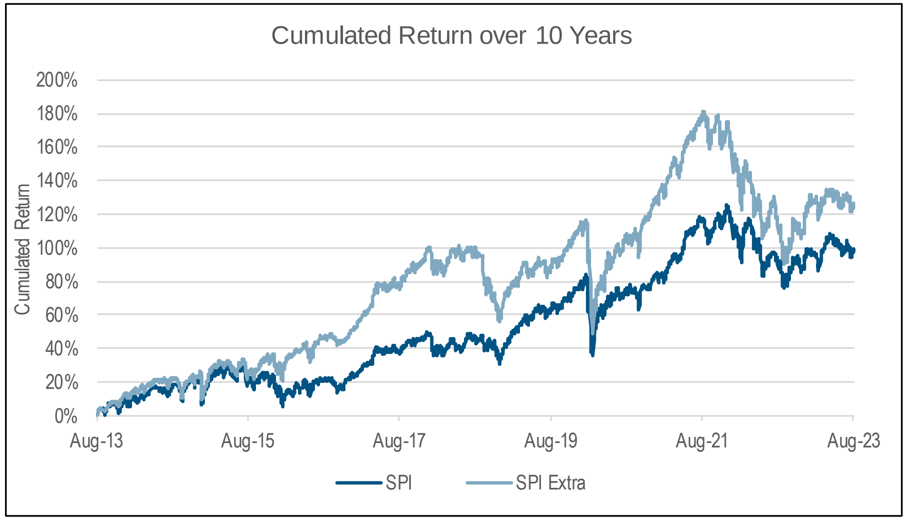
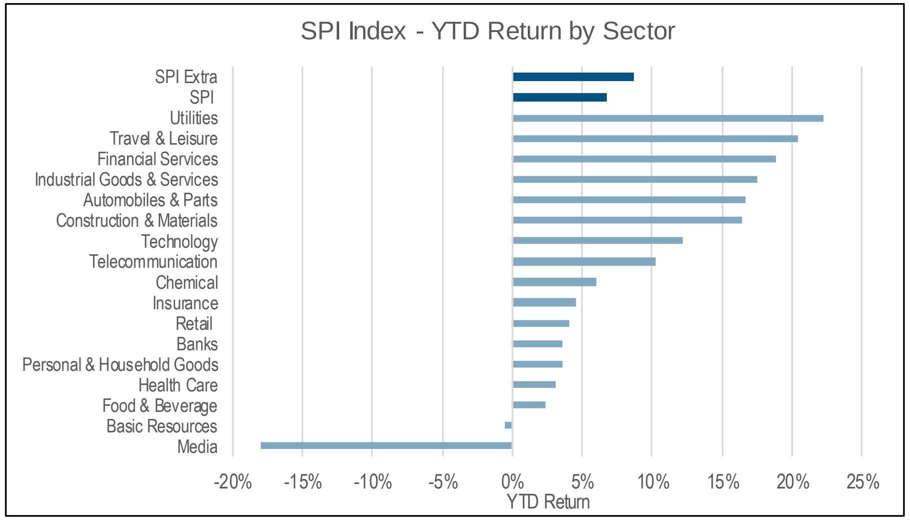
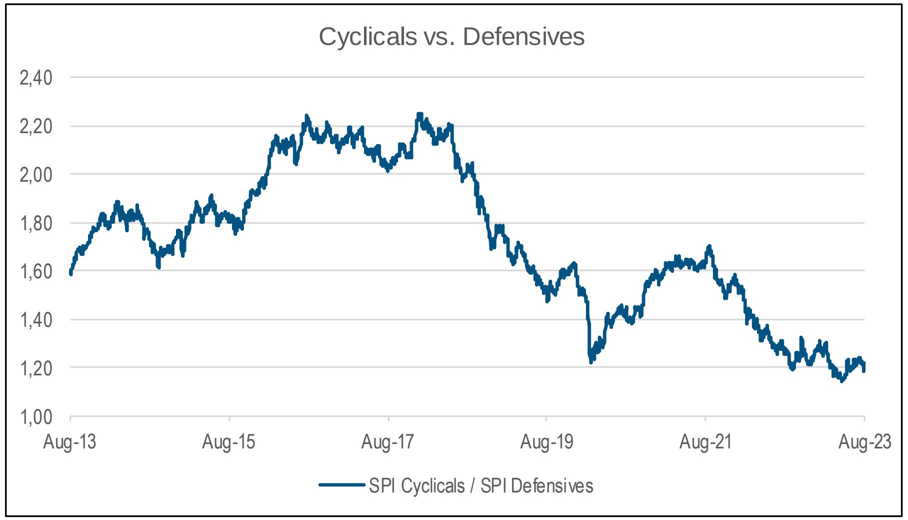
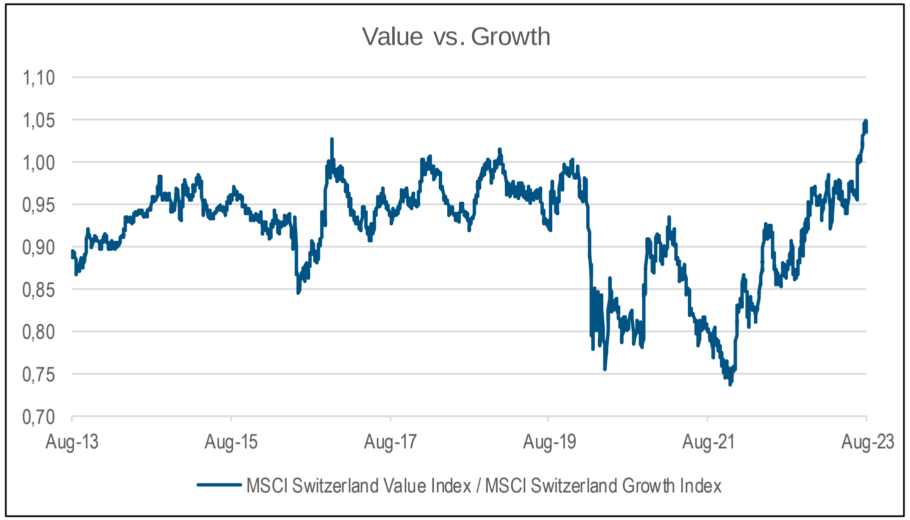
Positioning and Performance

Swiss market - performance YTD









Source: Mirabaud Asset Management as of 31 August 2023. **Performance figures do not take into account subscription and redemption fees and costs. Indices are not available for direct investment.** Definitions as follow: Swiss Performance Index (SPI), The SPI Extra® is a stock index which tracks mid-cap and small-cap companies primarily listed in Switzerland. Only SPI EXTRA® is indicated in the Prospectus as the Fund's benchmark and is shown for comparative purposes only. Other indices' data are used for informative purposes only.

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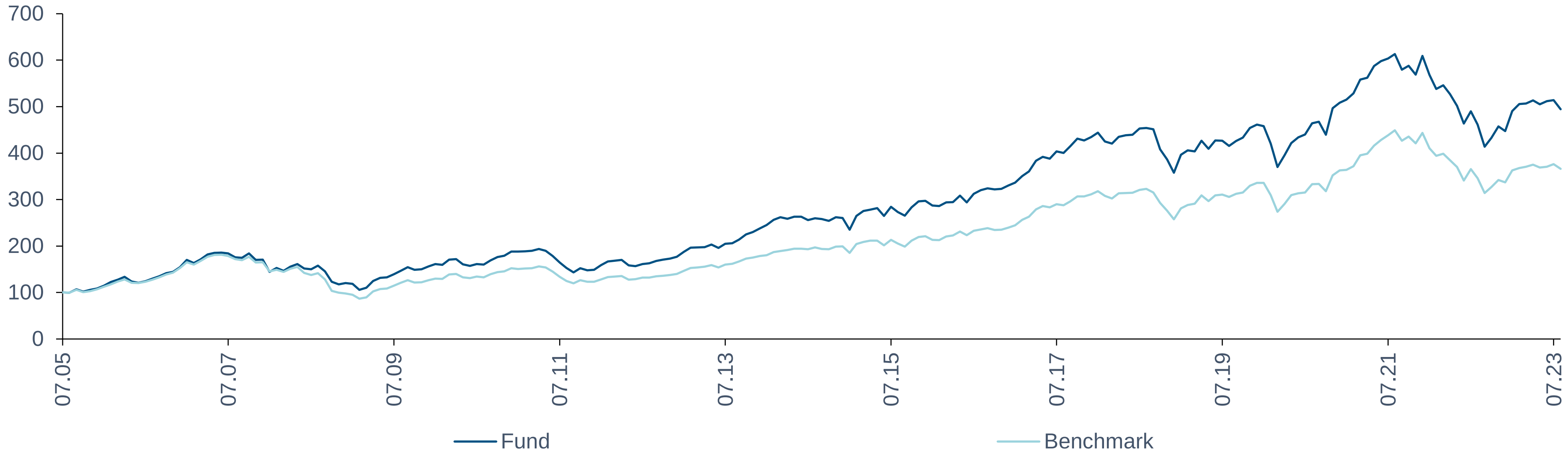
Fund performance



Annual Performance (%)	2018	2019	2020	2021	2022	YTD 2023
Mirabaud - Equities Swiss Small and Mid I cap. CHF	-17.64	29.00	10.10	19.88	-26.59	10.58
SPI EXTRA® TR	-17.23	30.42	8.07	22.19	-24.02	8.64

Source: Mirabaud Asset Management as of 31 August 2023. **Past performance is not indicative or a guarantee of future returns. Performance figures do not take into account subscription and redemption fees and costs. Indices are not available for direct investment.** Definitions as follow: Swiss Performance Index (SPI); The SPI Extra® (SPIEX) is a stock index which tracks mid-cap and small-cap companies primarily listed in Switzerland. Incepted 19 August 2005. SPI EXTRA® is indicated in the Prospectus as the Fund's benchmark and is shown for comparison purposes only. **SIX Disclaimer:** SIX Index AG is the source of SPI EXTRA® Index. SIX Swiss Exchange has not been involved in any way in the creation of any reported information and does not give any warranty and excludes any liability whatsoever (whether in negligence or otherwise) - including without limitation for the accuracy, adequateness, correctness. timeliness, and fitness for any purpose - with respect to any reported information or in relation to any errors, omissions or interruptions in the SPI EXTRA® Index or its data. Any dissemination or further distribution of any such information pertaining to SIX Swiss Exchange is prohibited.

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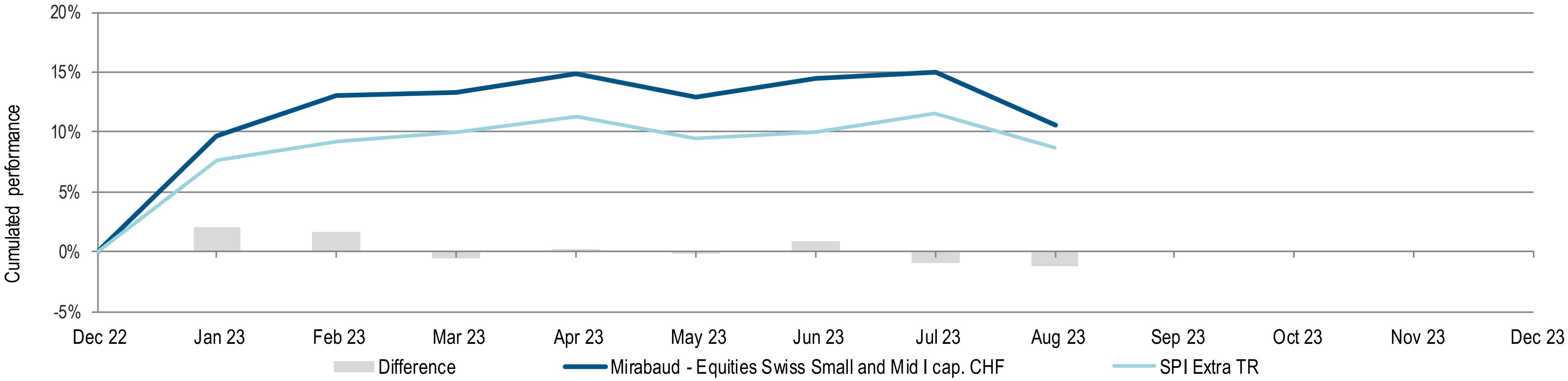
Performance 2023



Monthly performance

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2023
Mirabaud - Equities Swiss Small and Mid I cap. CHF	9.69%	3.07%	0.21%	1.37%	-1.62%	1.30%	0.45%	-3.82%					10.58%
SPI Extra TR	7.59%	1.47%	0.76%	1.17%	-1.58%	0.42%	1.44%	-2.63%					8.64%
Difference	2.10%	1.60%	-0.55%	0.20%	-0.04%	0.88%	-0.99%	-1.19%					1.94%

Quarterly performance

2023	Q1	Q2	Q3	Q4
Mirabaud - Equities Swiss Small and Mid I cap. CHF	13.28%	1.03%	-3.39%	
SPI Extra TR	10.00%	-0.01%	-1.22%	
Difference	3.28%	1.04%	-2.17%	

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What went right/ wrong - YTD

RIGHT

- Strong stock selection effect in Health Care, Industrials and IT
- Exposure to growth stocks like Temenos, Straumann and Swissquote
- Stock-specific stories (Kühne & Nagel, SoftwareOne)
- No exposure to Real Estate

WRONG

- Share price consolidation in Cembra, Implenia
- Stock-specific setbacks (Idorsia)

This information is provided for illustrative purposes and is not to be construed as advice or a recommendation to purchase or sell any stocks mentioned. Source: Mirabaud Asset Management and SIX Swiss Exchange, as of 31 July 2023.

Attribution - YTD by sector

31.12.2022- 31.08.2023

	Port. Average Weight (%)	Bench. Average Weight (%)	Allocation Effect (%)	Selection Effect (%)	Interaction Effect (%)	**Transaction Effect (%)**	Total Effect (%)
Total	**100.00**	**100.00**	**0.67**	**2.53**	**0.34**	**0.31**	**3.80**
Communication Services	0.00	0.24	0.09	0.00	0.00	0.00	0.09
Consumer Discretionary	4.73	5.70	0.24	0.47	-0.09	0.00	0.62
Consumer Staples	10.18	11.22	-0.01	-0.43	0.02	0.05	-0.38
Financials	21.97	15.84	-0.01	-0.83	-0.22	-0.02	-1.07
Health Care	13.89	15.98	0.23	2.55	-0.46	0.08	2.35
Industrials	27.10	30.89	-0.14	-0.22	0.09	0.15	-0.11
Information Technology	12.79	6.47	0.36	1.02	0.98	0.00	2.36
Materials	4.86	6.07	-0.01	0.22	-0.05	0.05	0.19
Real Estate	0.00	6.46	0.24	0.00	0.00	0.00	0.24
Utilities	0.64	1.12	-0.05	-0.25	0.08	0.00	-0.22
[Cash and Other]	3.84	0.00	-0.27	0.00	0.00	0.00	-0.27

Source: Mirabaud Asset Management and Bloomberg as of 31 August 2023. **Past performance is not indicative or a guarantee of future returns. Performance figures do not take into account subscription and redemption fees and costs. Indices are not available for direct investment.** This information is provided for illustrative purposes and is not to be construed as advice or a recommendation to purchase or sell any stocks mentioned. Portfolio = Mirabaud - Equities Swiss Small and Mid I cap. CHF; Benchmark = SPI Extra® Index

10 Best and worst performers YTD

31.12.2022- 31.08.2023

	Average Weight (%)		Return (%)		Best and Worst Performers
	Portfolio	Benchmark	Portfolio	Benchmark	Total Effect (%)
10 Highest					
ROCHE HOLDING-BR		2.83		-21.24	1.00
TEMENOS AG-REG	4.69	1.52	40.07	39.83	0.93
SWISSQUOTE G-REG	2.69	0.66	33.32	32.83	0.60
SGS SA-REG		4.22		-4.13	0.55
MEDMIX AG	1.49	0.17	50.65	51.77	0.53
KUEHNE & NAGEL-R	4.34	2.98	27.70	17.65	0.43
INFICON-REG	1.83	0.56	40.10	41.12	0.39
ASCOM HOLDIN-REG	1.22	0.11	48.60	48.60	0.38
STRAUMANN HLDG-R	6.16	4.95	28.38	27.38	0.35
BB BIOTECH -REG		0.88		-22.88	0.33
10 Lowest					
FLUGHAFEN ZU-REG		1.08		29.25	-0.21
SIEGFRIED HO-REG		0.96		30.93	-0.22
ARBONIA AG	0.69	0.20	-20.94	-25.94	-0.23
BALOISE HOL-REG	4.32	2.15	-0.64	0.16	-0.24
HELVETIA HOL-REG		1.43		28.67	-0.29
HBM HLTHCR-I	1.79		-8.39		-0.31
IMPLENIA AG-REG	1.72	0.17	-15.95	-16.63	-0.38
ADECCO GROUP AG		1.80		32.53	-0.46
IDORSIA LTD	0.87	0.37	-64.02	-63.86	-0.49
CEMBRA MONEY BAN	4.72	0.72	-12.86	-13.17	-0.90

Source: Mirabaud Asset Management and Bloomberg as of 31 August 2023. **Past performance is not indicative or a guarantee of future returns. Performance figures do not take into account subscription and redemption fees and costs. Indices are not available for direct investment.** This information is provided for illustrative purposes and is not to be construed as advice or a recommendation to purchase or sell any stocks mentioned. Portfolio = Mirabaud - Equities Swiss Small and Mid I cap. CHF; Benchmark = SPI Extra® Index.

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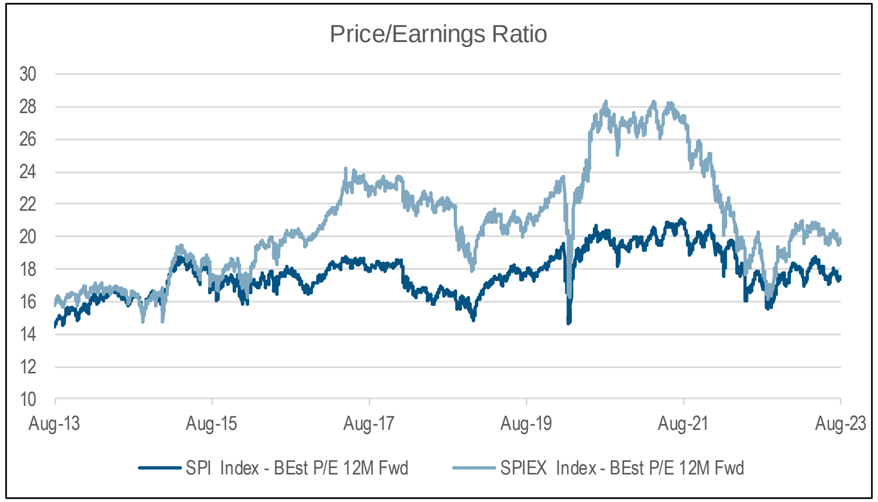
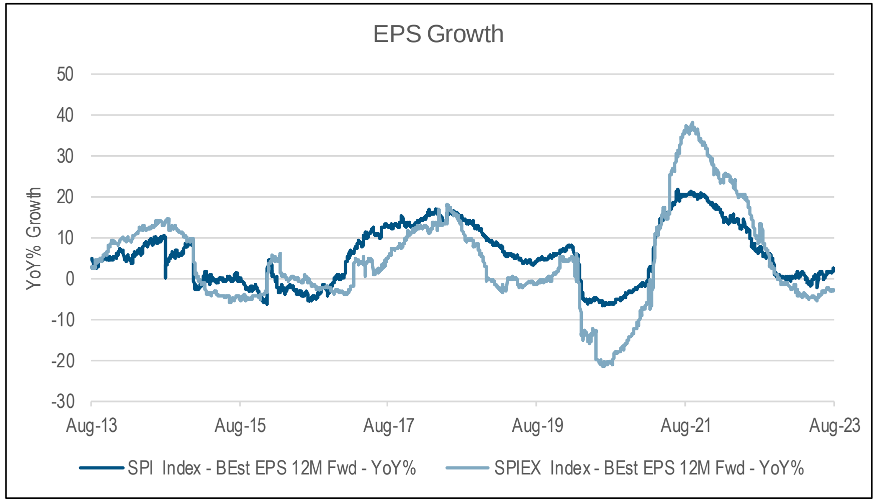
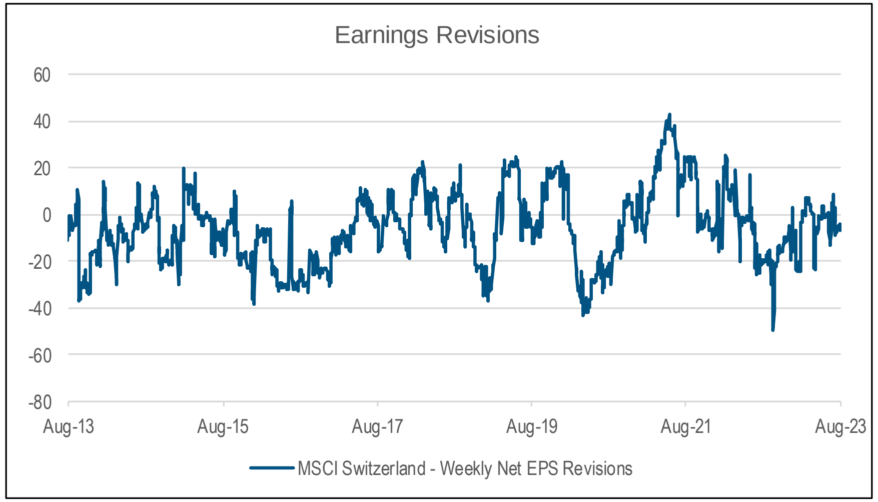
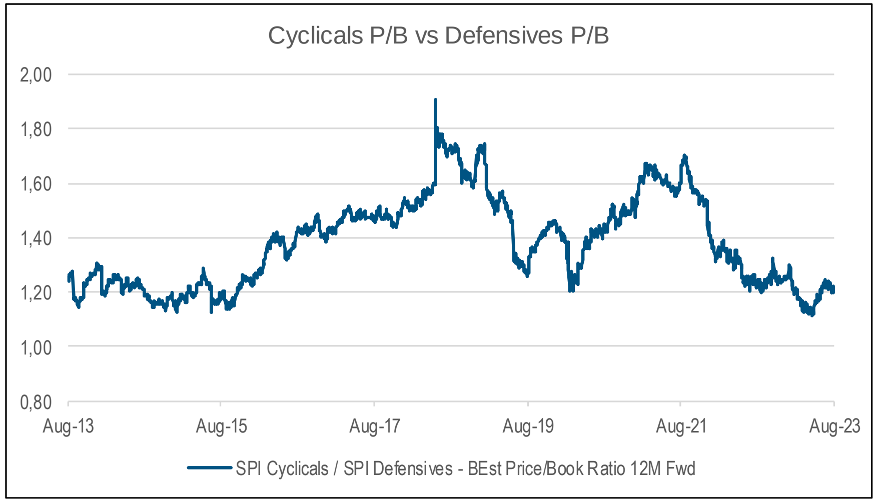
Outlook

Swiss market - earnings and valuation









Source: Mirabaud Asset Management and SIX Swiss Exchange, as of 31 August 2023. **Past performance is not indicative or a guarantee of future returns. Performance figures do not take into account subscription and redemption fees and costs. Indices are not available for direct investment**. Only SPI EXTRA® is indicated in the Prospectus as the Fund's benchmark and is shown for comparative purposes only. Other indices' data are used for informative purposes only.

Investment conclusion

Agility and adaptability to widely disperse scenarios needed in 2023

Opportunities

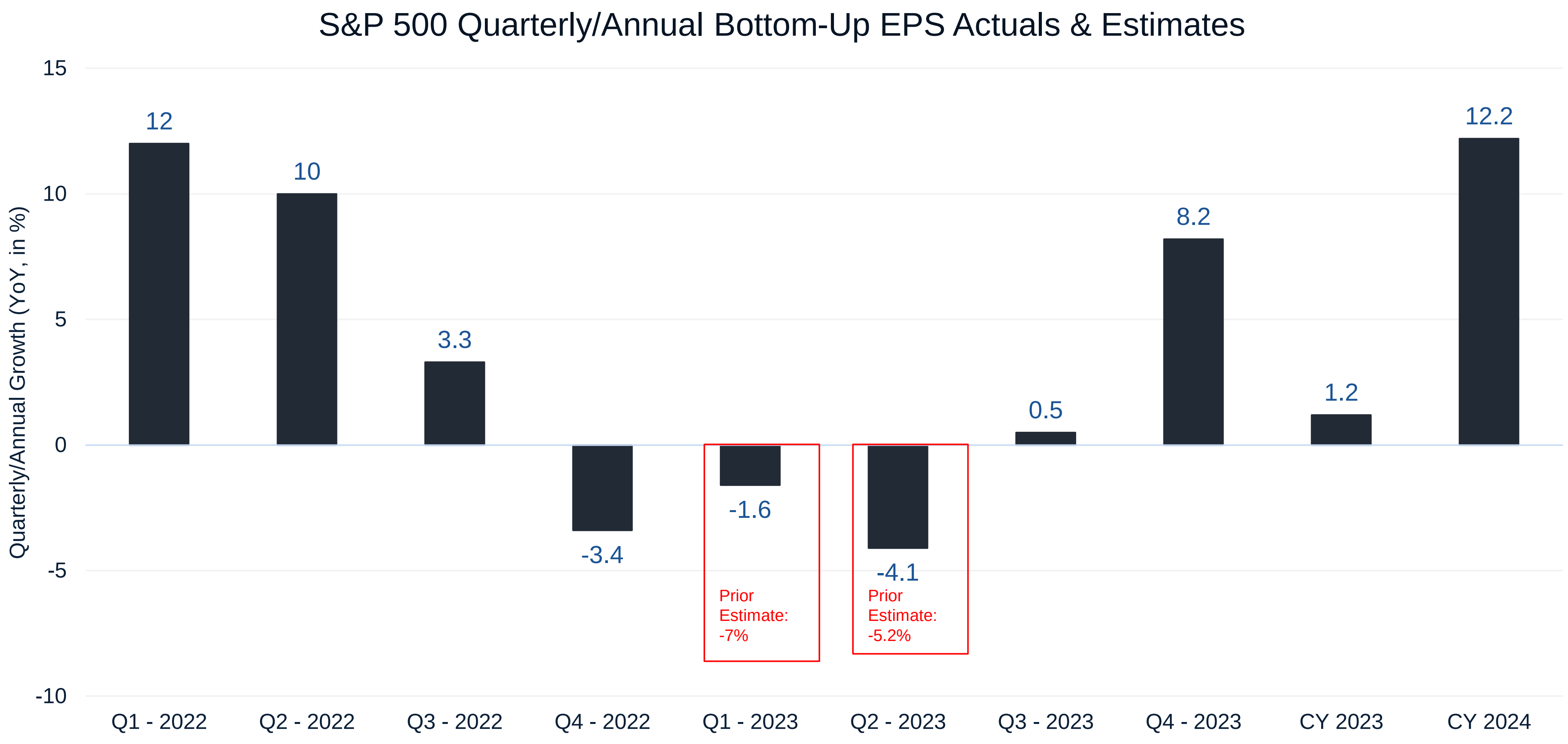
1. Re-opening of China below expectations fails to ignite growth. Further stimulus measures to come?
2. Higher for longer from interest rates to inflation has been quickly digested by markets, pause is the new cut
3. Earnings projections for 2023 are stabilising, can a sharp earnings recession be avoided?
4. Aggressive destocking has pressured volumes in H1-23, is there a restocking cycle looming?

Risks

1. Squeeze of consumers could lead to a demand strike as excess savings are being used up
2. Central banks resorption of liquidity with tapering and rate hikes has no precedent, could something break?
3. Increase in volatility due to lack of visibility and aggressive repositioning of computerised strategies
4. Earnings projected flat and slightly increasing 2023, with risk to the downside in a hard recession

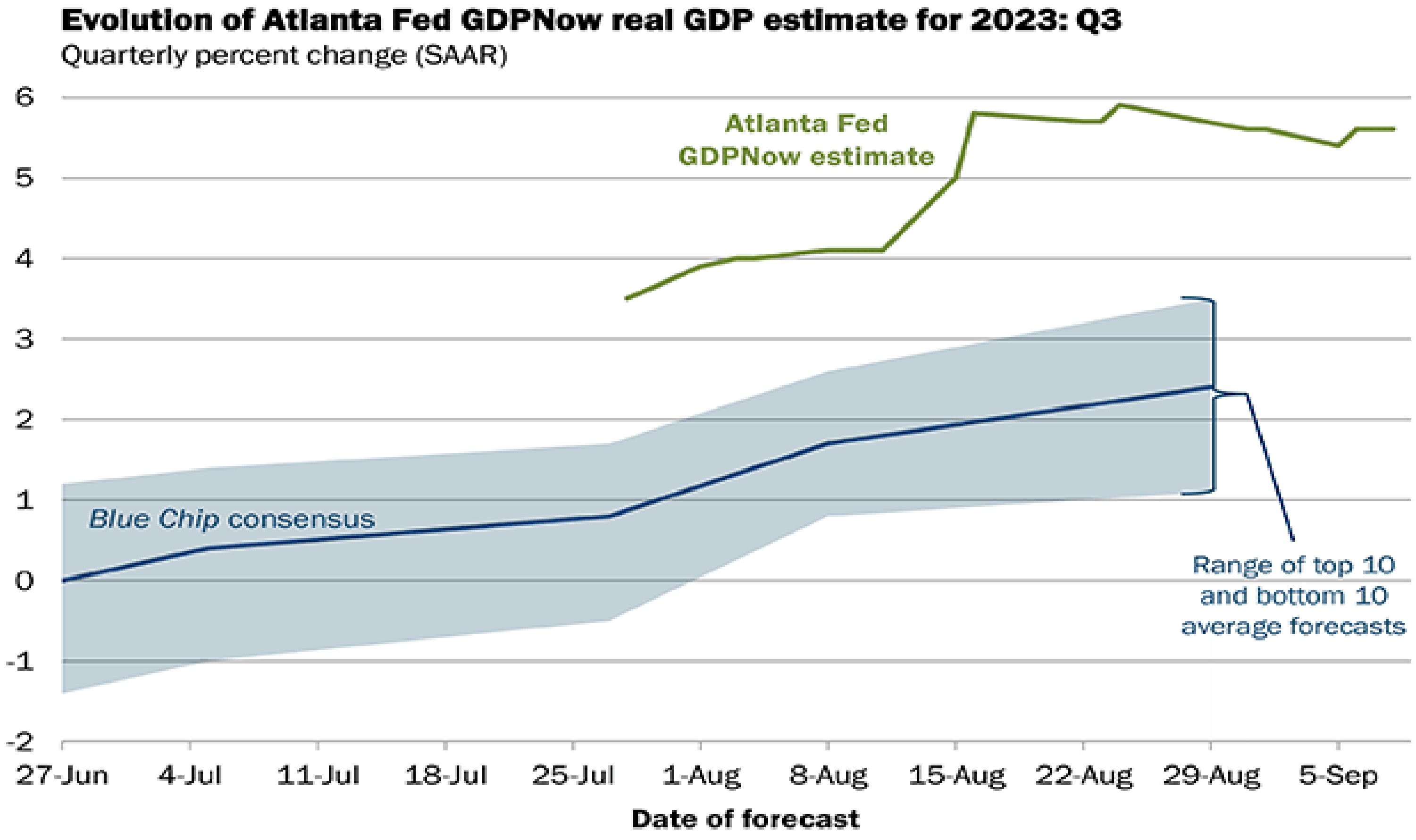
Source: Mirabaud Asset Management, August 2023.

Earnings expectations - S&P 500



Sources: FactSet, Goldman Sachs Global Investment Research, as of 11 September 2023.

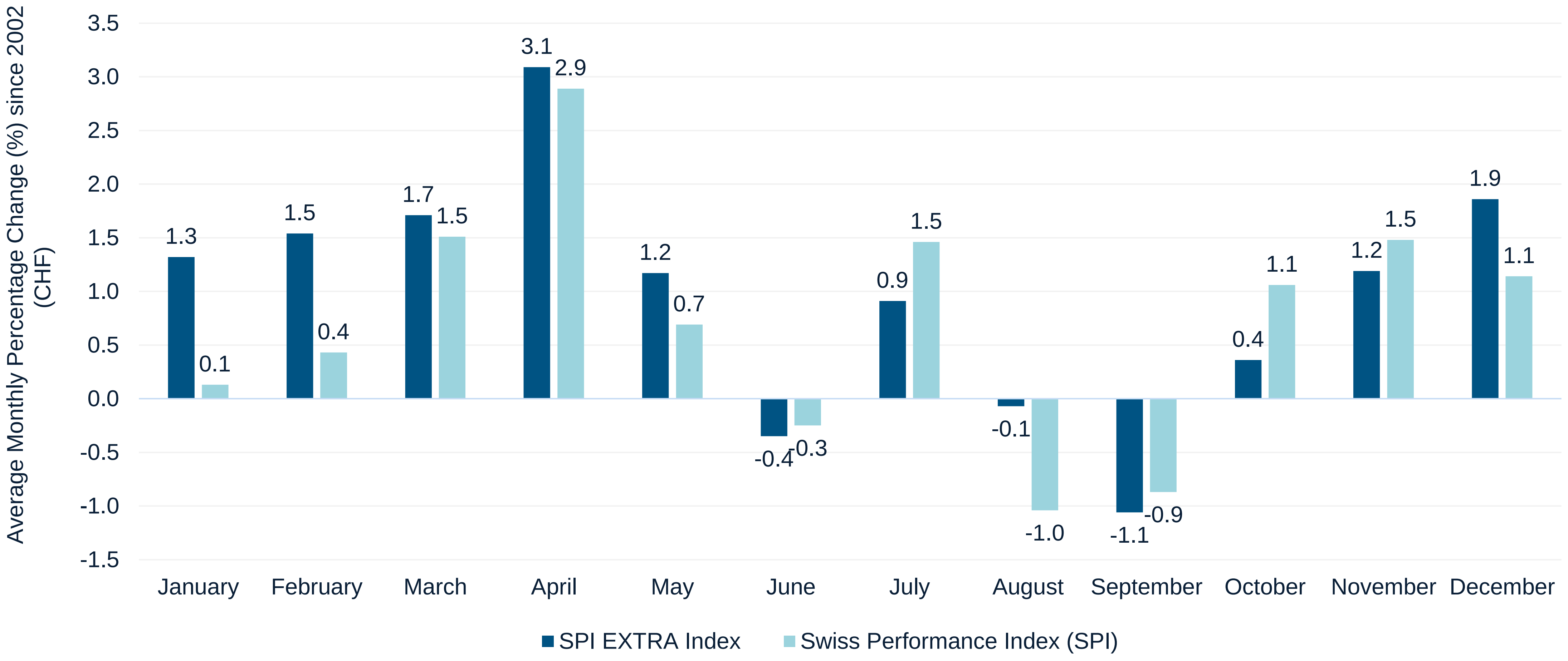
Atlanta Fed - GDP Tracker



Sources: *Blue Chip Economic Indicators* and *Blue Chip Financial Forecasts*
Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the *Blue Chip* survey.

Sources: Federal Reserve Bank of Atlanta, as of 11 September 2023.

Market seasonality - Swiss market



Sources: Mirabaud Asset Management and Bloomberg, as of 31 July 2023. Provided in CHF. SPI EXTRA® is indicated in the Prospectus as the Fund’s benchmark and is shown for comparison purposes only.

Appendix

Sustainable investing

Our approach

Sustainable investing

- Integrated ESG
- Proxy Voting
- Engagement
- Verify ESG Rating

Climate Change

- Identify low carbon businesses
- Foster GHG[1] reduction of high carbon businesses

Create and protect value

- "ESG Premium"
- Mitigate ESG risks
- Foster best practices

1. Greenhouse Gas

Active Swiss Equity experience

CHF 1.2bn across mandates and funds

Fund	Inception	Lead PM	Strategy	AUM (31.08.2023)	Benchmark*
Mirabaud - Equities Swiss Small and Mid	23/02/2004	Daniele Scilingo	Small & Mid	CHF 344.0m	SPI Extra®
Mirabaud Fund (CH) – Equities Swiss Small and Mid	02/05/2023	Daniele Scilingo	Small & Mid	CHF 435.6m	SPI Extra®
Mirabaud Fund (CH) - Swiss Equities	31/08/1995	Thomas Jäger	Large / All	CHF 30.0m	SPI
Mandates	-	Team	-	CHF 445.4m	SPI / SPI Extra®

Source: Mirabaud Asset Management, as of 31 August 2023. *For comparative purposes only.

UCITS Fund

Mirabaud – Equities Swiss Small and Mid

Share Classes	ISIN
A cap. CHF	LU0636969866
I cap. CHF	LU0636979667
D cap. GBP	LU1084154795
I cap. EUR	LU1115429026
I dist. CHF	LU1425341424
D cap. CHF	LU1425341697
D dist. CHF	LU1425341770
N cap. CHF	LU1708484974
N cap. EUR	LU1708484628
N dist. CHF	LU1708485195

Launch date: 19 August 2005

Benchmark: SPI EXTRA® Index

Domicile: Luxembourg

Management fee (Institutional): 0.75%

Management fee (Retail): 1.50%

Source: Mirabaud Asset Management, August 2023. Information provided for Mirabaud - Equities Swiss Small and Mid, a Luxembourg-domiciled UCITS fund, authorized for offering in Switzerland

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Swiss Structure

Mirabaud Fund (CH) – Equities Swiss Small and Mid

Share Classes	ISIN
A cap. CHF	CH1264586004
I cap. CHF	CH1264586020
N cap. CHF	CH1264586046
Z cap. CHF	CH1264586061
Z1 cap. CHF	CH1264586087

Launch date:	2 May 2023
Benchmark:	SPI EXTRA® Index
Domicile:	Switzerland
Management fee (Institutional):	0.75%
Management fee (Retail):	1.50%

Source: Mirabaud Asset Management, August 2023. Information provider for Mirabaud Fund (CH) - Equities Swiss Small and Mid, a Swiss-domiciled fund qualifying as “other fund for traditional investments”; not registered for distribution in any country, except for Switzerland.

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Swiss Equities Team

Daniele Scilingo

Head of Swiss Equities

Daniele Scilingo, Head of Swiss Equities, joined Mirabaud Asset Management in 2020. He joins from Nanos Investment AG, the firm he founded in 2017, where he advised family offices and High Net Worth Individuals on concentrated Swiss quality stock portfolios.

With three decades of investment experience, Scilingo spent 15 years at Pictet Asset Management in Zurich and London. As a director he successfully led the build-up and expansion of the Swiss Equities franchise in Zurich. In London, he expanded his experience into European and global equities as well as international business management. Prior to Pictet, Scilingo also spent a decade at Vontobel as a sell-side analyst for Swiss equities.

Daniele Scilingo is a CFA Charterholder.

Thomas Jäger

Senior Swiss Equities Portfolio Manager

Thomas Jäger joined Mirabaud Asset Management in 2017 as Senior Portfolio Manager. Prior to this he worked as an equity buy-side analyst at St. Galler Kantonalbank and managed the Swiss equity fund "SGKB Aktien Schweiz". Before this, Thomas worked as a portfolio manager for mixed asset management mandates at St.Galler Kantonalbank.

Thomas Jäger studied general management at the university of applied sciences in St. Gallen and completed various further training programs (CIIA, Swiss financial planner with professional license).

Jan Widmer

Senior Swiss Equities Portfolio Manager

Jan Widmer, joined Mirabaud Asset Management in 2022 and he has over 17 years' experience in the financial sector industry. Jan spent the last ten years at St.Galler Kantonalbank, successfully managing their Swiss Equity Fund, since 2017.

Jan Widmer holds a Master's degree in advanced studies in corporate finance and corporate banking at the ZHAW. He is a Certified International Investment Analyst (CIIA).

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