

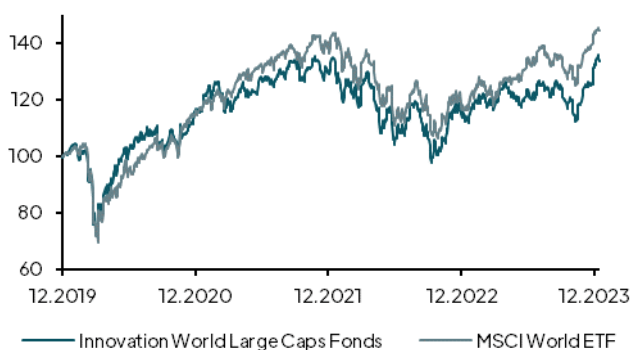
Annual report 2023

Within Serafin Asset Management, the Innovation Hub is responsible for developing innovation-focused models and conducting innovation analyses, which serve as the basis for the Innovation World Large Caps Fund. Advanced models are used to quantitatively measure the innovation efficiency and innovative strength of companies. In a second step, a detailed qualitative analysis of the innovators is carried out concerning their future viability and coverage of relevant market and technology trends. During portfolio construction, around 30 to 40 stocks are selected using our fundamental analysis.

Stocks with a market capitalization of more than USD 5 billion from the world's developed markets are included in the stock selection process. The financial and utility sectors are excluded.

Since its launch in December 2019, the Innovation World Large Caps Fund has gained around 7.5% annually in USD terms. The comparable MSCI World ETF, with a significantly larger proportion of American stocks, has gained just over 9.5% in the same period (Fig. 1).

Fig. 1: Performance since launch (indexed as of 17th Dec. 2019)



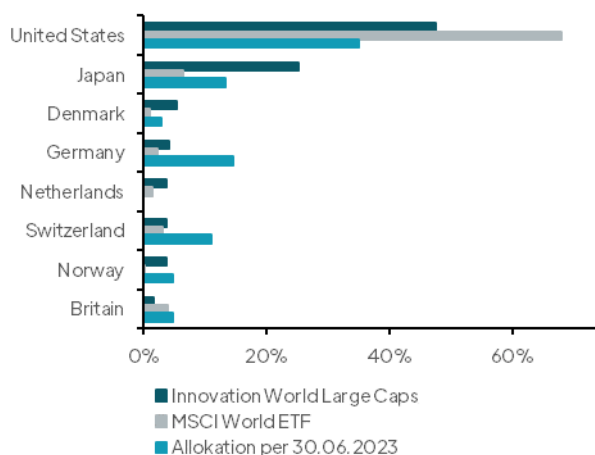
Source: Serafin, Bloomberg

The global equity market is heavily dominated by US stocks, which account for almost 70% of its weighting.

The Innovation World Large Caps Fund is broadly diversified in terms of sector allocation. The sectors often associated with innovation, such as healthcare, communications, and technology, also receive a great deal of attention here. However, energy stocks and basic materials are also part of the portfolio. In terms of countries, the proportion of America is significantly lower in favor of Germany, Japan, and Switzerland. This is because innovation is not only practiced in America (Fig. 2).

Please note the important information at the end of the document

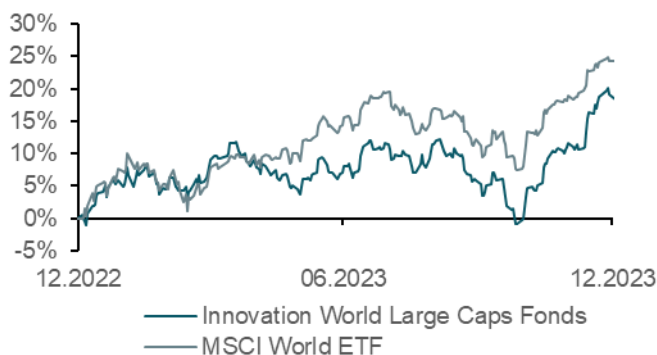
Fig. 2: Country breakdown



Source: Serafin, Bloomberg

The overweight in Japanese equities accounted for a significant proportion of performance in the second half of 2023. However, the sector overweight in healthcare stocks also performed very well. Since the reassessment of the portfolio in the middle of the year, the fund has slightly outperformed the MSCI World ETF for the first time in its history. This was although Nvidia Corporation was not included in the portfolio for valuation reasons.

Fig. 3: Performance comparison YTD



Source: Serafin, Bloomberg

The portfolio is attractively positioned in terms of valuations and offers great potential for attractive returns in an environment of declining key interest rates on the part of central banks. The portfolio is also characterized by high quality in terms of sales and earnings growth as well as the EBIT margins of the individual stocks, which underlines the potential for the coming year.

We would like to thank our investors for the trust they have placed in us and wish them a successful investment year in 2024.

Your Serafin Asset Management Team

Portfolio Management



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