



## The fund as of 31.03.2015

NAV (CHF)	563.10
Net assets (CHF m)	871.0
Units outstanding	1'546'650
Valorennummer	832'821

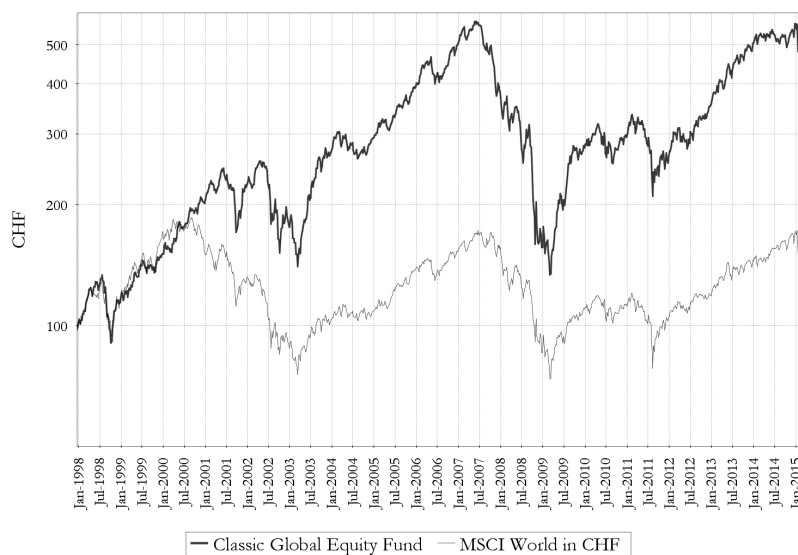
## Investment Objective

The fund is designed for long-term investors. Because equities can drop 30% in value, one's investment horizon should be at least seven years so that one can wait for a recovery.

## Investment Policy

The fund invests mainly in equities worldwide, primarily in Western Europe and North America, using the value style. Investments must satisfy demanding criteria and are chosen in a thorough and disciplined fundamental analysis oriented towards the long term.

Net asset value per unit 16.12.1997 – 31.03.2015



## Investment Risks

Because the fund is concentrated on relatively few (but thoroughly analyzed) investments and may invest up to 15% of its assets in securities of a single issuer, its performance may differ substantially from the performance of the Swiss stock market and of other stock markets in which it is invested.

Dear Investors

The Classic Global Equity Fund ended the first quarter practically unchanged with a gain of +0.1%, while the world's stock markets rose 0.4%, as measured by the MSCI World Index in CHF. The number of units outstanding rose only marginally.

### SNB, ECB and the oil price as market movers

The most striking event for Swiss franc investors was the abandonment of the euro lower bound of CHF 1.20 on January 15. The Swiss National Bank (SNB) took this surprising step because it feared unsustainable pressure on the franc once the European Central Bank (ECB) flooded the Eurozone with liquidity in a "Quantitative Easing" program, as it had signaled it would do.

Immediately after the SNB's announcement equity portfolios denominated in francs lost 15%. The losses on the many internationally active Swiss firms were as high as the translation losses on foreign stocks. But by the end of the quarter the dollar had already made up its losses against the Swiss currency, as the strong growth of the American economy raised the expectation of higher interest rates, thereby attracting capital. At the same time, low interest rates and the

cheap euro – a godsend for European exporters – made an economic recovery there look much more certain. Accordingly, the European stock markets did that which almost no-one had expected of them, they went up strongly.

The oil price, too, continued to move the stock markets. At the moment, oversupply is facing rather weak demand. Moreover, the fighting between Sunnis and Shiites in the Middle East led to some very large price swings of both oil prices and oil related stocks, with both recovering from their lows during the quarter.

### Winners and losers

As a group, the companies that are heavily dependent on the European economy added 1.6%-points to the fund's performance. Of these the standout – and also the fund's largest winner of the quarter – was **Randstad**, the Dutch temporary employment agency, with 0.9%-points. **TF1**, **Adecco** and **Altran** together contributed the difference.

With 0.9%-points **Petrofac** delivered the second largest contribution to performance – this after having caused the greatest losses in the fourth quarter of 2014 and having become completely undervalued. The company makes its money mostly

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with the construction of production and refining plants in the Middle East, the economics of which are determined less by the oil price than by the quantities handled or the margins for refined products.

Our two cruise lines, **Norwegian Cruise Line** and **Carnival** continued their good run from the fourth quarter and together added 1.0%-point to performance. The attractions of a rational, concentrated industry are evident: the handful of players is moving capacity from the Caribbean, where prices have been under pressure, to other markets, where demand is rising.

The positions in % of net asset value	%
EFG International	3.1
Adecco	1.8
Vontobel Holding	1.6
<b>Switzerland</b>	<b>6.5</b>
Bilfinger	3.3
Wincor Nixdorf	3.0
Leoni	3.0
Software AG	1.8
<b>Germany</b>	<b>11.1</b>
Altran Technologies	4.0
Vivendi	3.7
Société Télévision Française 1	2.8
Coface	0.9
<b>France</b>	<b>11.4</b>
Randstad Holding	4.9
<b>Netherlands</b>	<b>4.9</b>
Agfa-Gevaert	2.2
<b>Belgium</b>	<b>2.2</b>
Unipol Gruppo Finanziario	0.6
<b>Italy</b>	<b>0.6</b>
Rella Holding	1.7
<b>Denmark</b>	<b>1.7</b>
Aker Solutions	2.2
Akastor	0.6
<b>Norway</b>	<b>2.8</b>
Kingfisher	3.8
Millennium & Copthorne Hotels	1.8
<b>United Kingdom</b>	<b>5.6</b>
Petrofac	4.1
<b>Jersey</b>	<b>4.1</b>
CRH	5.1
<b>Ireland</b>	<b>5.1</b>
Microsoft	5.0
DirecTV	4.9
Rent-A-Center	4.6
Kelly Services	3.3
Hewlett-Packard	2.2
<b>USA</b>	<b>20.0</b>
Norwegian Cruise Line Holdings	6.6
<b>Bermuda</b>	<b>6.6</b>
Carnival Corp	5.4
<b>Panama</b>	<b>5.4</b>
<b>Total Portfolio</b>	<b>88.0</b>
Deposits with banks and other assets	12.0
<b>Total</b>	<b>100.0</b>

The biggest losers were US stocks. **Rent-A-Center** (-1.6%-points) underestimated the extent to which the mobile phones it was newly offering would be stolen. Moreover, the upswing in the USA has not yet improved the situation of the clients as much as hoped. While **Microsoft** and **Hewlett-Packard** (together -1.4%-points) expect the strong dollar to depress sales, they are also dealing with company-specific problems. The strengthening of the franc was the single most important performance factor for the fund, costing 6.3%-points (EUR -4.6%-points, GBP -0.7%-points, USD -0.7%-points).

### No new stocks in the portfolio

Although we have been working on a number of interesting projects, no new stocks made it into the portfolio during the quarter. Some of the ideas turned out not to be undervalued enough, others' business models appeared too risky after a closer look. We did add a bit to the position in **Bilfinger**. We sold all of our shares in **Cisco** and **Teleperformance**, as they had reached their intrinsic values. We were sellers of **Hewlett-Packard** for as long as the price lay above the fair value.

### We remain positive

While the major stock markets (other than the Swiss one) have been rising for three years, they are not over- but only fairly valued. Over time they should therefore continue to rise with corporate earnings, resp. value added, but in the short term anything can happen. The global economy's problems, such as the crises in Greece and the Ukraine as well as the weak growth in many European and emerging markets, are well known and reflected in the share prices. An end to the cheap money in the US is also not a worry, as it has been well flagged and higher interest rates are a danger for stocks only if they are directed at an overheating economy. We certainly do not have that yet. If we should run into liquidity problems in the corporate bonds markets, because everyone is trying to sell at the same time, then the national banks on both sides of the Atlantic stand ready to intervene. In the last years they have gotten very experienced at that.

While it has become harder to find massively undervalued stocks of high quality, it should remain possible, as it was last year. Moreover, on average our portfolio remains roughly 19% undervalued relative to the intrinsic values of our holdings. We are therefore optimistic that we ought to be able to earn a satisfactory return in the medium term.

We thank all investors in the Classic Global Equity Fund for their trust.

With kind Regards



**BRAUN, VON WYSS & MÜLLER**  
Value Investing

Tel. +423 232 37 39; info@classicfund.li; www.classicfund.li

All relevant documents such as prospectus, KIID, articles of association as well as the annual and interim reports, may be obtained free of charge from the Fund Management Company or the Swiss Representative LB(Swiss) Investment AG, Zürich.  
Fund domicile: Liechtenstein, Swiss paying agent: Bank Linth LLB AG, Uznach.