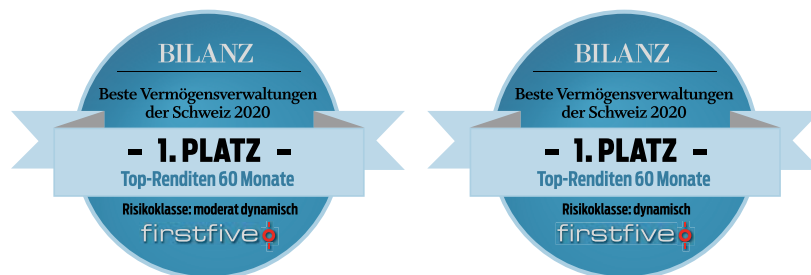


BILANZ

The Swiss business magazine

Asset Manager Rating

The winners and their best investments



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BRIGHT SPOTS IN INVESTING

Asset manager rating For the ninth time, BILANZ has set out to find the best asset managers in Switzerland, their forecasts and favourites for the new investment year.

ERICH GERBL

After the severe losses in the fourth quarter of 2018, fears of a sustained bear market on the stock markets were high. A bull market that lasted for years seemed to be followed by a much-feared downturn. The desire to pull the ripcord and exit the stock markets on a large scale became ever stronger. Resisting this fear, faithfully following one's own forecasts and not selling, required one thing above all: a good portion of courage. Those asset managers who remained invested in equities as long as possible were rewarded for their courage last year. The year 2019 will go down in financial history as one of the most profitable years. Although the trade war and Brexit unsettled investors, the Swiss reference index SMI rose by more than 30 percent thanks to a further drop in interest rates.

For the ninth time, BILANZ has chosen the country's best asset managers based on data collected by Firstfive. Those amongst the 2,500 asset managers represented in Switzerland who submitted to be measured by Firstfive already show courage and confidence in their own performance. «Bad asset managers do not participate in the rating. If their performance is poor, they shy away from transparency and do not dare to step in front of the curtain», says Matthias Hunn, Managing Director of FinGuide. The company helps private individuals in their search for suitable asset managers.

ABSOLUTE TRANSPARENCY

Firstfive ensures transparency in an industry that is very secretive when it comes to performance reporting. The participating asset managers submit genuine client portfolios. Every transaction is reported and booked by Firstfive in its own asset management system on the correct value date. The money managers must provide bank statements with the portfolios on a quarterly basis. Firstfive checks whether the transactions have resulted in the reported holdings. Since this is all processed on Firstfive's system, the evaluation is uniform and comparable. Around 100 portfolios were submitted and measured. In the industry, Excel sheets with performance data are circulated. But with these it is questionable how

Lakefield Partners takes the lead both on Sharpe ratio as well as for performance.

the data came about and what costs were calculated. The particularly informative risk-adjusted profit and loss account - i.e. what risks were taken for the profit achieved - is not what is sought. «The BILANZ rating is the only source in Switzerland where a risk-adjusted comparison is made,» says Hunn.

The rating is most meaningful over a longer period of time. Managers who have only had one happy year, but are otherwise often wrong, do not make it among the best over longer periods.

Zugerberg Finanz has delivered the most consistent performance by winning the 60-months period. Measured by the Sharpe Ratio, the Zug-based asset manager ranks second in three risk classes and has thus achieved the highest number of points during the period under review. Zugerberg is particularly strong in the more conservative strategies. **In the moderately dynamic and the dynamic strategy, Lakefield Partners is ahead in both Sharpe Ratio and performance.**

THE COURAGE TO DIFFER

Many money managers hide behind a fixed allocation of asset classes. The share of equities in balanced portfolios fluctuates there only between 45 and 55 percent. With Zugerberg the spectrum reaches from 0 to 60 percent. It is therefore even more crucial to assess the markets correctly. «They follow their own convictions and dare to swim against the current. That takes a lot of courage,» says Hunn. While some managers knit 100 different portfolios for 100 customers, Zugerberg focuses on the best possible standard strategies.

The selected shares are included in all client portfolios; the only difference is the risk profile. «They have the courage to do things differently and stand out from the crowd,» says Hunn.

It would be difficult to manage an individual securities account for each customer at Zugerberg simply because of the size of the company. For around 20,000 clients (including those in the second and third pillar), 2.5 billion francs are invested. There are two main people behind Zugerberg: Timo Dainese founded the money manager 20 years ago and is the entrepreneur; Maurice Pedergnana has been on board since 2009 and, as head of the investment committee and chief economist, is responsible for investment decisions and performance.

The winning asset managers reveal three of their favourites each. The question is whether investors should venture into the stock markets in general at the moment. In most cases, the outlook for the still young stock market year is «cautiously optimistic». «The probability of a recession is very low. Our leading indicators are currently signalling a bottom formation of the cyclical economic trough», says Erich Pfister, head of Oddo BHF Switzerland. Since summer 2018, he has been responsible for expanding the business in Switzerland at the Franco-German asset manager. Oddo BHF is known as an asset manager for family entrepreneurs and has been ahead of the competition in the ranking for the 36-month period.

MORE TURBULENT TIMES

Pfister forecasts a good year for equities overall. However, compared to 2019, significantly higher fluctuations are to be expected. «Geopolitical risks such as the Iran conflict or the coronavirus will continue to weigh on the markets. However, we see setbacks as an opportunity to buy,» said Pfister. The fact that money keeps flowing back to the stock markets, is due to the ongoing plant emergency. Risk-averse investors such as pension funds are increasingly being forced out of the negative-yielding bonds on the stock markets. This will not change so quickly, because in the absence of inflation and less exhilarating growth rates, rising interest rates are not in sight. «The central banks continue to provide the markets with generous amounts of liquidity,» says Pfister. At least until the

The best asset managers in Switzerland

The performances over one, three and five years.

The top 3 asset managers over 12 months

| Asset manager | Risk class | Return In % | Return ranking | Risk in % | Risk ranking | Sharpe ratio | Sharpe ranking | Points | Points total |
|---------------|--------------|-------------|----------------|-----------|--------------|--------------|----------------|--------|---------------|
| Tareno AG | Conservative | 15,6085 | 2 | 3,9295 | 6 | 4.1591 | 1 | 33.333 | 99.999 |
| Tareno AG | Balanced | 22,1669 | 1 | 5,8822 | 4 | 3.8934 | 1 | 33.333 | 99.999 |
| Tareno AG | Dynamic | 27,9929 | 2 | 11,4863 | 3 | 2.5010 | 1 | 33.333 | 99.999 |
| | | | | | | | | | 99.999 |

| | | | | | | | | | |
|----------------------------|------------------|---------|---|--------|----|--------|---|--------|---------------|
| Milesi Asset Management AG | Conservative | 12,4548 | 4 | 3,7984 | 5 | 3.4725 | 2 | 27.830 | 85.121 |
| Milesi Asset Management AG | Moderate dynamic | 26,5332 | 1 | 8,3542 | 5 | 3.264 | 2 | 29.761 | 85.121 |
| Milesi Asset Management AG | Balanced | 21,4829 | 2 | 6,9096 | 11 | 3.2155 | 2 | 27.529 | 85.121 |
| | | | | | | | | | 85.121 |

| | | | | | | | | | |
|-----------------------|------------------|---------|---|--------|----|--------|---|--------|---------------|
| Lakefield Partners AG | Moderate dynamic | 31,5713 | 1 | 10,958 | 15 | 2.9482 | 3 | 26.882 | 76.059 |
| Lakefield Partners AG | Balanced | 15,6749 | 5 | 6,6507 | 9 | 2.4674 | 3 | 21.124 | 76.059 |
| Lakefield Partners AG | Dynamic | 30,2715 | 1 | 14,731 | 14 | 2.1048 | 2 | 28.052 | 76.059 |
| | | | | | | | | | 76.059 |

The top 3 asset managers over 36 months

| Asset manager | Risk class | Return In % | Return ranking | Risk in % | Risk ranking | Sharpe ratio | Sharpe ranking | Points | Points total |
|---------------------|------------------|-------------|----------------|-----------|--------------|--------------|----------------|--------|---------------|
| ODDO BHF Trust GmbH | Dynamic | 36,2936 | 2 | 9,8024 | 3 | 1.1831 | 1 | 33.333 | 86.089 |
| ODDO BHF Trust GmbH | Balanced | 17,2946 | 3 | 6,8439 | 8 | 0.9039 | 3 | 27.644 | 86.089 |
| ODDO BHF Trust GmbH | Moderate dynamic | 38,5300 | 2 | 10,9433 | 20 | 1.1149 | 2 | 25.112 | 86.089 |
| | | | | | | | | | 86.089 |

| | | | | | | | | | |
|----------------------------|------------------|---------|---|--------|---|--------|---|--------|---------------|
| Milesi Asset Management AG | Moderate dynamic | 40,2831 | 1 | 8,5609 | 9 | 1.4799 | 1 | 33.333 | 80.937 |
| Milesi Asset Management AG | Conservative | 12,837 | 3 | 4,8221 | 3 | 1.0022 | 3 | 25.184 | 80.937 |
| Milesi Asset Management AG | Moderate dynamic | 23,5701 | 4 | 8,071 | 5 | 0.9954 | 3 | 22.420 | 80.937 |
| | | | | | | | | | 80.937 |

| | | | | | | | | | |
|---------------------|------------------|---------|---|--------|----|--------|---|--------|---------------|
| ZUGERBERG FINANZ AG | Balanced | 16,9024 | 3 | 6,3917 | 5 | 0.9494 | 2 | 29.036 | 77.156 |
| ZUGERBERG FINANZ AG | Conservative | 16,2048 | 2 | 5,3258 | 5 | 1.1 | 2 | 27.641 | 77.156 |
| ZUGERBERG FINANZ AG | Moderate dynamic | 23,0818 | 4 | 8,6812 | 10 | 0.9092 | 4 | 20.479 | 77.156 |
| | | | | | | | | | 77.156 |

The top 3 asset managers over 60 months

| Asset manager | Risk class | Return In % | Return ranking | Risk in % | Risk ranking | Sharpe ratio | Sharpe ranking | Points | Points total |
|---------------------|------------------|-------------|----------------|-----------|--------------|--------------|----------------|--------|---------------|
| ZUGERBERG FINANZ AG | Conservative | 23,7254 | 1 | 7,417 | 3 | 0.6877 | 2 | 30.856 | 82.741 |
| ZUGERBERG FINANZ AG | Balanced | 24,2609 | 2 | 8,6047 | 4 | 0.6032 | 2 | 28.810 | 82.741 |
| ZUGERBERG FINANZ AG | Moderate dynamic | 38,1894 | 2 | 10,7224 | 6 | 0.6933 | 2 | 23.075 | 82.741 |
| | | | | | | | | | 82.741 |

| | | | | | | | | | |
|-----------------------|------------------|---------|---|---------|----|--------|---|--------|---------------|
| Lakefield Partners AG | Moderate dynamic | 52.403 | 1 | 9.5291 | 2 | 1.0015 | 1 | 33.333 | 77.145 |
| Lakefield Partners AG | Dynamic | 73.9302 | 1 | 14.1099 | 11 | 0.8828 | 1 | 33.333 | 77.145 |
| Lakefield Partners AG | Balanced | 5.0511 | 3 | 7.9374 | 1 | 0.2194 | 3 | 10.479 | 77.145 |
| | | | | | | | | | 77.145 |

| | | | | | | | | | |
|---------------------|--------------|---------|---|---------|----|--------|---|--------|---------------|
| ODDO BHF Trust GmbH | Balanced | 36,4738 | 1 | 10,2705 | 21 | 0.6979 | 1 | 33.333 | 76.235 |
| ODDO BHF Trust GmbH | Dynamic | 39,6388 | 3 | 11,3357 | 2 | 0.6754 | 2 | 25.502 | 76.235 |
| ODDO BHF Trust GmbH | Conservative | 13,3090 | 4 | 8,4607 | 13 | 0.3878 | 4 | 17.400 | 76.235 |
| | | | | | | | | | 76.235 |

Methodology

The asset manager rating is based on a continuous evaluation of existing client portfolios by Firstfive AG. For BILANZ, data from more than 100 portfolios were evaluated. Decisive for the ranking is the performance in relation to the risk taken - also called the Sharpe Ratio. This shows how many times the risk exposure was earned. The risk is measured by the fluctuations in value of the portfolio. Risk adjusting of the returns makes a fair comparison of performance possible.

In four risk categories a list of best performers is created. As a rule, money managers buy higher profit potential with a higher risk for losses. The risk classification of the accounts is based on real price fluctuations of the underlying investments.

For the evaluation «Asset Manager of the Year», the results from three risk classes are combined based on the Sharpe Ratio using a points system. The best Sharpe Ratio is awarded 33.33 points and is the benchmark for the following places. These are awarded points according to the percentage of the top result achieved. The winner is the asset management company with the highest total score. The winner must show outstanding performance in three different investment strategies.

US presidential elections in November, the traffic lights on the markets are green, according to the expert.

Basel-based asset manager Bruno Milesi, second for the 12-month period, has often correctly predicted the future. He expects an average to good equity year with gains in the higher single-digit percentage range.

Lakefield Partners has its hopes on the power of consumption. «Certainly, the current growth cycle is one of the most sustained and oldest ever. It is also one of the slowest and most resilient. If employment levels are maintained, consumption will continue to drive earnings,» predicts Bruno Verstraete of Lakefield Partners. According to the Zurich-based administrator, fears of a global coronavirus pandemic will not have any long-term impact on economic growth. At the same time, Verstraete says investors should keep a close eye on the US primary elections, as they could be the start of major profit taking.

Timo Dainese, CEO of Zugerberg, also believes that the year will be positive for equities. Like Lakefield, Zugerberg also sees consumption as a driving force. «People are consuming more and more, and there are always more people consuming. Consumption is a pillar of the upswing,» says Dainese. According to Dainese, the potential of the Swiss stock market is reflected in the dividend yield. He wonders whether the current yield of just under 3 percent is in line with the market or whether it should be 2 or 1.5 percent. «If the yield falls to this level, this means massive upside potential for equities.»

Oddo BHF focuses on mega-trends such as digitalization, automation and the aging population. Companies that are active in these areas are much less exposed to cyclical fluctuations. It is mainly high-yielding companies that are protecting themselves from their competitors that migrate to the depots. «Such companies hold their own better in a rough environment,» says Erich Pfister. Schneider Electric, Relx and Texas Instruments are his three tips.

MEGATRENDS AND DIVIDENDS

With a megatrend and a dividend strategy, the asset manager Tareno entered the race and made it to the top of the rankings in the shortest period of 12 months with a Sharpe ratio of more than 4. Tareno is an asset manager from Basel. Their 34 employees manage a total of 2.5 billion Swiss francs. Only 40 percent of the clients come from Switzerland. Sybille Wyss is Chief Investment Officer and Deputy CEO of Tareno. She considers water to be a megatrend that could allow profits to continue to gush into the portfolios. Climate change, population growth and urbanization are the main drivers. The world's second largest water company, Veolia Environment, is one of her favorites. Veolia is also among the dividend mandates of Tareno. According to Sybille Wyss, dividend stocks remain in demand - regardless of the market environment. If the mood on the stock markets turns, «experience shows that investors prefer stable dividends,» says Wyss. Although she expects stronger fluctuations in 2020, she nevertheless forecasts a good year for equities.

Managers who remained fully invested in shares in 2019 were rewarded for their courage.

Awards from Lakefield Partners in Bilanz's asset manager rating

Five first places in the last 5 years:

| | Rank | Risk Category | Timeframe |
|------|------|--------------------|----------------|
| 2020 | 1 | «Moderate dynamic» | over 60 months |
| | 1 | «Dynamic» | over 60 months |
| | 3 | «Balanced» | over 60 months |
| 2019 | 1 | «Dynamic» | over 60 months |
| | 3 | «Balanced» | over 60 months |
| 2018 | 1 | «Moderate dynamic» | over 36 months |
| 2017 | 1 | «Moderate dynamic» | over 36 months |
| | 2 | «Conservative» | over 36 months |
| 2016 | 1 | «Conservative» | over 36 months |

Public funds for investors managed by Lakefield Partners

| Investment class | Fund Name | ISIN |
|------------------|--|--------------|
| Equities | Lakefield Swiss Large Cap Equity | LU1441982045 |
| | Lakefield Swiss Mid & Small Cap Equity | LU1441977045 |
| | Lakefield Dynamic World Equity | LU1225541801 |
| | Lakefield Swiss Equity Risk-Controlled | CH0435113698 |
| Fixed income | Lakefield Dynamic Global Bond | LU1225540076 |
| Multi asset | Lakefield Dynamic Global Core | LU0618382104 |
| Alternatives | Lakefield Swiss Equity long/short | LU1543686478 |



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FINMA-regulated asset manager
that supports private and institutional
investors in achieving their
investment objectives.