



## LAPIS ASSET MANAGEMENT Ltd

Dear Investors,

We would like to highlight the results achieved of our two main investment indexes of the first quarter 2016. They are part of most of our client's investment strategies:

	31.12.2015	31.03.2016	Result
<b><u>Lapis Core Portfolio TR Index</u></b>	322.59	329.78	2.23%
<u>Underlying Indexes</u>			
MSCI All Country Index	753.52	756.42	0.38%
UBS Bloomberg CMCI Composite TR Index	751.04	755.66	0.61%
FTSE EPRA/NAREIT Global Dividend Index	4'261.52	4'493.03	5.43%
Barclays Euro Govn Bond 5 yr Term Index	336.83	345.24	2.21%
<b><u>Lapis Top 25 Dividend Yield TR Index</u></b>	103.87	106.25	2.38%
<u>Benchmark</u>			
S&P 500 TR Index	3'821.60	3'873.11	1.38%

### Market comment about Q1-2016

The last quarter was an eventful and an above average volatile period. A lot of investors have reduced their equity portion in January / beginning of February. Their argument was of especially difficult economic and market conditions that have not been seen for a long period of time.

A lot of participants continue to forget that the market is volatile by its nature and driven by supply and demand of capital flowing into the different asset classes.

This period shows again the importance for investors to define a clear investment strategy and invest into high quality assets for the long term. Emotionally driven decision can be very costly.

### Market conditions

The current interest rate environment offers very low or negative interest rates for investment grade fixed income products. This is especially important because they are the biggest 'competitor' against equity investments.

We at Lapis Asset Management fully recognize these current macro-economic challenges. The big question eventually will be what will happen after this negative interest environment. This is almost impossible to answer with any accuracy.

In the meantime the investor continues to look for alternative opportunities.

What we have learned over the years is that globally positioned well-financed companies are very adaptable. They are the most likely asset class to come out 'un-scattered' if an unpredictable major event would happen like BREXIT, major default of a country etc. This cannot be said about currencies or even investment grade bonds (Government or Corporate bonds) that could suffer important losses that cannot be recovered at all.

Therefore taking into consideration the non-attractiveness of the bond market we believe that equities or hard assets in general are probably the safest investment at present for the medium to long-term investor. There is a good possibility of getting a positive return for 2016 during this US election year that historically has produced above average returns.

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