



## LAPIS ASSET MANAGEMENT Ltd

Dear Investor,

We would like to highlight the results achieved for our main investment indexes for the second quarter 2016. These form part of the majority of our client's investment strategies:

	31.03.2016	30.06.2016	Result
<b><u>Lapis Core Portfolio TR Index</u></b>	<b>329.78</b>	<b>345.29</b>	<b>4.70%</b>
<u>Underlying Indexes</u>			
MSCI All Country Index	756.42	756.39	-0.01%
UBS Bloomberg CMCI Composite TR Index	755.66	850.55	12.56%
FTSE EPRA/NAREIT Global Dividend Index	4493.03	4661.24	3.74%
Barclays Euro Govn Bond 5 yr Term Index	345.24	349.37	1.20%
<b><u>Lapis Top 25 Dividend Yield (TR) Index</u></b>	<b>104.11</b>	<b>108.40</b>	<b>4.12%</b>
<b><u>Lapis Top 25 Dividend Yield (PR) Index</u></b>	<b>102.38</b>	<b>105.13</b>	<b>2.69%</b>
<u>Benchmark</u>			
MSCI All Country Index	756.42	756.39	-0.01%

### **Market comment about Q2-2016**

The last quarter was very eventful. The unexpected majority vote for BREXIT has now happened. Even the most prominent forecasters got it totally wrong.

As mentioned in our last quarterly 'Lapis News Letter' these events happen and it won't be the last one. Therefore it is very important to invest into world class hard assets possibly with global reach. These assets are the best protection against permanent losses that can have a long lasting affect on client's savings and/or future retirement plans.

As highlighted in our last news letter, these conventional 'low risk' assets such as investment grade bonds or cash held in different currencies can have unexpected risks that could lead to permanent losses. This was recently evidenced by non-UK investors after the BREXIT vote who held GBP fixed income assets or cash in GBP. The GBP has now lost over 10 % against the other major currencies like the USD, EUR or CHF. There is no evidence to support that a currency has to recover. Similar events can happen to other 'strong' currencies or creditors over night.

Strong and even reasonably priced hard asset like 'Equities, Real Estate or Commodities' undergo periods of high volatility on the world markets. This goes against our human instinct that prefers security and predictably. BUT these assets will over time give the investor their value back and continue to grow. This is in stark contrast to NON hard assets that can lose their values for good.

Our asset allocation model 'Lapis Core Portfolio (TR) Index' and our equity investment 'Lapis Top 25 Dividend Yield Indexes' have performed very well this year.

Investors who want to optimize their assets and secure a real return performance over the long term are strongly advised to overcome this short term volatility fear by remaining with very strong hard assets.

### **Market conditions**

The market has witnessed a strong recovery rally after the BREXIT shock. Central Banks came immediately to the 'rescue' and offered more loans to the financial system.

This behavior of printing more and more money is very addictive and seems to work at least in the short term.

Whatever the outcome of these extraordinary times might bring it is advisable to invest in companies or assets that have maintained and or increased their values over a very long time.

Andreas Wueger  
CEO Lapis Asset Management

Prof Ernesto Turnes  
Chairman Lapis Asset Management

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