



Swiss Precision
Asset Management

INVESTORS LETTER
General Market Comment
8-2018

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Dear Investor,

I would like to highlight how the **past** and **the current** 'Bull Markets' have unfolded and how it might continue. I would also like to show how the **Lapis Top 25 Dividend Yield Fund** and the other **Lapis Indexes** are able to take advantage of this.

We are currently in the **9th year** of the current Bull Market. These patterns, against all the contrary comments, are very similar. Sir John Templeton has commented as follows:

'Bull markets are born on pessimism, grown on skepticism, mature on optimism, and die on euphoria'

Bull Markets usually occur in three phases:

Initial phase - start of the 'Bull Market' - 1/3 of the performance

The initial phase shows a market evidencing disbelief and doubts of the economic system and unfolding of the final powerful sales orders of desperation. The power of sales order starts to decrease and 'brave' orders begin to appear resulting in more buying than sales orders in the market place. The commencement of the **new born bull market** begins usually with Small Caps and the Very large Caps as the first choice for investment. This first phase of the recovery lasts between 6 to 18 months and produces about 1/3 of the Bull Market performance

Mature phase - continuation of the 'Bull Market' - 1/3 of the performance

The mature phase is where we are at present. It is the longest one and produces the best results for the 'hottest themes' such as the Technology, Biotech or Natural Resources etc sector as an example. The general market is doing well but disbelief in the recovery of the market continues to persist. Market participants still hold back with a lot of cash and enjoy only a part of the entire performance of the Bull Market.

Acceleration and final maturation phase - continuation of the Bull Market - 1/3 of the performance

During this phase of the Bull Market the fears about the danger of the market disappear and the pain of the last Bear Market would usually be forgotten. The market will accelerate significantly during a relatively short period of time with liquid large caps, that are well known to the public, to be the primary beneficiary.

Bull markets have historically only 'died' due to the following two reasons:

- 1) Inversion of the yield curve
- 2) Increased acceleration of the value of companies away from any logic

We believe that the current bull market will 'die' in a similar way to the previous ones.

Summary

As mentioned we are at the **middle/end point of the second phase** of the current Bull Market. Market participants are still worried about well known 'concerns' such as for example the Crises of the Turkish Lira (very much contained to specific companies) and 'Trade War' which in the context of global trade volume is small.

During the next 12 to 24 months we expect to enter the third and powerful phase of this current Bull Market. Historically the **very large liquid companies** are the financial assets most invested in and which will take most advantage of it. The Lapis Top 25 Dividend Yield Fund and our indexes are mostly invested in these well known large liquid companies.

We will also provide a report on the performance of our three indexes during the Q4-2018 investor letter. I am happy to reveal that our funds/indexes have begun to outperform most of the world indexes during Q3-2018.

Sincerely,

Andreas Wueger
CEO

Lugano, 21st August 2018