



**Swiss Precision**  
Asset Management

## **INVESTORS LETTER Q3 2018**

Lapis Asset Management Ltd

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Dear Investor,

We are pleased to present the results of our 'Multi Asset Index' and our 'Dividend Yield Equity Indexes' for the second quarter 2018. **Furthermore, we have introduced our new Index 'Lapis Global Brands 50 Dividend Yield Index'**. We believe that we are offering again a compelling and transparent theme which will have a long-term a positive risk reward performance pattern. All our indexes are part of most of our client's investment strategies:

	Performance 2018	Performance Q2 2018
<b><u>Lapis Core Portfolio TR Index – USD</u></b>	<b>0.52 %</b>	<b>1.98 %</b>

Underlying Indexes

MSCI All Country Index	- 0.12 %	- 0.83 %
UBS Bloomberg CMCI Composite TR Index	1.91 %	0.16 %
FTSE EPRA/NAREIT Global Index	0.91 %	- 4.30 %
USD Government 3 – 5 Years Term Index	- 0.75 %	- 0.74 %

<b>Lapis Top 25 Dividend Yield TR Index - USD</b>	<b>- 6.18 %</b>	<b>- 0.72 %</b>
<b>Lapis MidCap 50 Dividend Yield TR Index - USD</b>	<b>- 3.58 %</b>	<b>1.14 %</b>
<b>Lapis Global Brands 50 Dividend Yield TR Index- USD</b>	<b>- 2.81 %</b>	<b>- 1.56 %</b>

Benchmark

MSCI All Country World Index	- 0.12 %	- 0.83 %
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**Market comments about Q2-2018**

In Q2-2018 the equity market entered into a volatile but non-eventful period. The **Lapis Top 25 Dividend Yield TR Index** has outperformed the **MSCI All Country World Index** by 0.11 %, the **Lapis MidCap 50 Dividend Yield TR Index** by 1.97 % and the **Lapis Global Brands 50 Dividend Yield TR Index** has underperformed by 0.73 % during the second quarter 2018. Since the beginning of June we have noticed a rotation out of the technology sector into more traditional large caps where we are mostly invested. This trend has already continued during the first few days of July 2018.

## Market outlook

We expect the trend of rotating out of the technology sector into the more traditional companies to continue due to the strong discrepancy over the valuation between these sectors and the important outperformance of the Nasdaq over a long period of time.

The current 'Trade War' between the US and the rest of the world looks important in terms of figures published by the medias but are still small in terms of World GDP (2017 World GDP: 80'683 billion USD) . We don't believe that any decision maker will have any interest in derailing the current positive growth path of the world economies.

We continue to believe in a strong equity market during this year and well into 2019 which is an election year in the US. During election years Politicians tend to take **no** important decisions that could jeopardize their chance of reelection.

We feel very comfortable about our current holdings in our indexes which are cheaply valued against the main market and also about the current status of the Equity market.

Andreas Wueger  
CEO

Lugano, 5th July 2018