



## LAPIS ASSET MANAGEMENT Ltd

Dear Investors,

As soon as the Festive Season has been enjoyed and the New Year has started challenging times for investors are back. We would like to address the past years performances and the outlook for the year 2016.

Our **Lapis Core Portfolio** has performed for the year **2015** as follow against our benchmark the **MSCI All Country Equity Index**:

|                                      |            |               |
|--------------------------------------|------------|---------------|
| <b>Lapis Core Portfolio TR Index</b> | <b>./.</b> | <b>6.23 %</b> |
| <b>MSCI All country Equity Index</b> | <b>./.</b> | <b>1.84 %</b> |

This underperformance is mainly due to the exposure of 25 % to the Commodity sector. This underperformance against our Benchmark is mainly due to the sharp fall of the oil price around the world. The last time that we have witnessed such a negative deviation from the benchmark was in the year 2000 when the Equity indexes outperformed sharply our index due to the sharp rise of the technology shares. Already the following year our index has recovered most of the relative losses and we where again well ahead with our investment approach.

It's very difficult to make accurate prediction about the market in general and the four main asset classes specifically. We would like to give you a few thoughts about the current situation and if it could be time for the investor to become more defensive.

During this current bull market that started in March 2009 we could hardly witnessed any outright - positive only - market expectations or trends. This is usually the clearest sign that the market is overheated and a sever correction can be expected. The other important factors are the level and trend of the interest rates. At current levels and even after 2 possibly 4 increases of the US interest rates decided by the Federal Reserve the valuation level of the stock market is still far more attractive then the investment into medium to long term US Treasury investments.

We believe that the current correction is a normal market correction that we have witnessed many times and will have to accept many times more. If you are invested into strong well diversified portfolio as the Lapis Core Portfolio it is very important to stick with the decided strategy and not to sell at a moment that could be very costly in the long run.

Andreas Wueger  
CEO Lapis Asset Management

Prof Ernesto Turnes  
Chairman Lapis Asset Management

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