



Swiss Precision
Asset Management

INVESTORS LETTER Q4 2017

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 Index’ for the nine months of 2017. They are part of most of our client’s investment strategies:

	Performance YTD	Performance Q3-2017
<u>Lapis Core Portfolio TR Index – USD</u>	6.83 %	3.03 %

Underlying Indexes

MSCI All Country Index	17.64 %	5.30 %
UBS Bloomberg CMCI Composite TR Index	1.21 %	5.56 %
FTSE EPRA/NAREIT Global Index	7.22 %	1.84 %
USD Government 3 – 5 Years Term Index	1.56 %	./ 0.60 %

<u>Lapis Top 25 Dividend Yield TR Index - USD</u>	17.96 %	7.44 %
<u>Lapis MidCap 50 Dividend Yield TR Index – USD</u>	11.64 %	3.89 %

Benchmark

MSCI All Country World Index	17.64 %	5.30%
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Market comments about Q3-2017

Q3-2017 was once again a very good quarter for the equity market. Commodity prices have recovered substantially due to the improved oil prices. The **Lapis Top 25 Dividend Yield TR Index** has outperformed the **MSCI All Country World Index** by 32 basis points up to the third quarter 2017 and by 2.14 % for the last quarter. The outperformance of value companies versus the growth companies is now happening the second year in a row.

As we have described in our previous ‘News Letter’, value stocks outperform growth stocks most of the times. We expect this trend to continue most importantly during volatile periods, which eventually will happen.

Market outlook

We have the privilege to talk to our clients on a daily basis. Most of our clients are somehow surprised as well as fearful about this continued increase in the general stock market. Many market participants are expecting a sharp correction in the near term.

Although we can never exclude normal market corrections, which can be 10 % or more at any time, we believe that we are still in the positive cycle of the bull market. We tend to ignore these normal corrections because they are almost impossible to predict.

We believe this current bull market will eventually 'die' at a complete fearless behavior of the market participants. As mentioned before we are still experiencing many uncertainties, which triggers a very cautious behavior of many market participants.

If our expectation of a continuing good performance of the stock market will not be realized we believe that our sound and stable companies that are included in our **Lapis Top 25 Dividend Yield Fund** and in the **Lapis Core Portfolio** would be much more resilient during negative market conditions than the general stock market.

Andreas Wueger
CEO

Lugano, 11th October 2017