

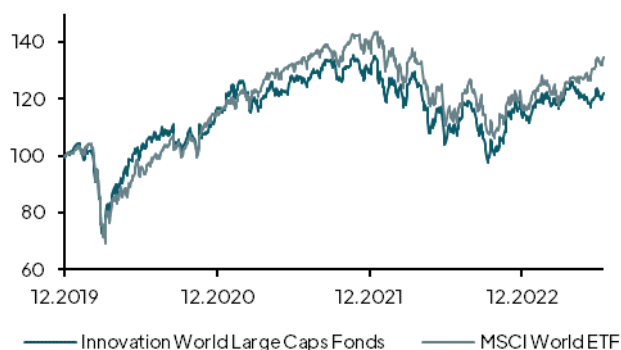
Half-Year Report 2023

The Innovation Hub is responsible for the development of innovation-focused models and the execution of innovation analyses within Sera-fin Asset Management. Advanced models are used to quantitatively measure the innovation efficiency and innovative strength of companies. In the second step, a qualitative detailed analysis of the innovators is carried out with regard to their future viability and coverage of relevant market and technology trends. During the portfolio construction, around 30 to 40 stocks are selected using the company's own fundamental analysis.

Stocks with a market capitalization of more than USD 5 billion from the world's developed markets are taken into account in the stock selection. The financial and utility sectors are excluded.

Since its launch in December 2019, the Innovation World Large Caps fund has gained around 6% annually in USD terms. The comparable MSCI World ETF, with a significantly larger share of American stocks, has gained just under 9% over the same period (Fig. 1).

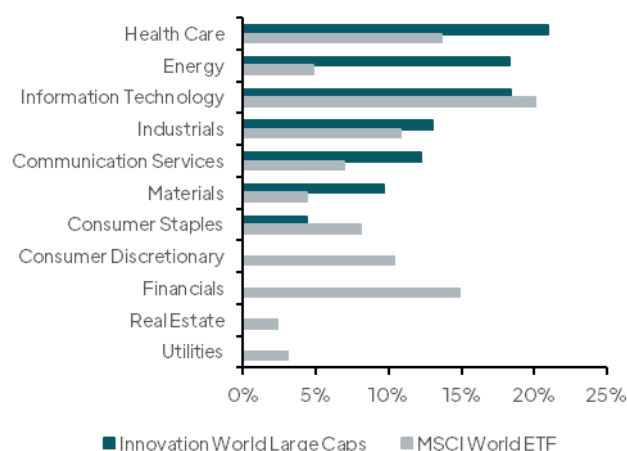
Fig. 1: Performance since launch (indexed as of 17.12.2019)



Source: Serafin, Bloomberg

The fund is broadly diversified in terms of sectors. The sectors often associated with innovation, such as healthcare, communications, and technology, enjoy considerable attention. However, energy stocks and basic materials are also part of the portfolio (Fig.2). In terms of countries, the share of America in favor of Germany, Japan, and Switzerland is significantly lower than in comparable global ETFs.

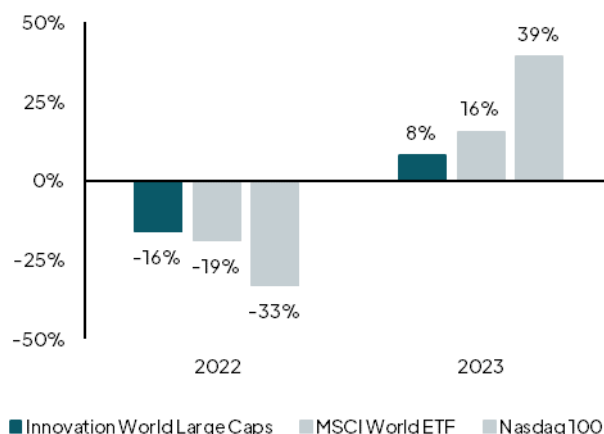
Fig. 2: Sector breakdown



Source: Serafin, Bloomberg

Global equity markets were driven by a small number of large-cap US stocks in H1 2023. However, in view of inflationary tendencies and fears of a recession, the broad market trended only slightly better during this period and has not yet fully recovered from the losses of 2022 (Fig. 3).

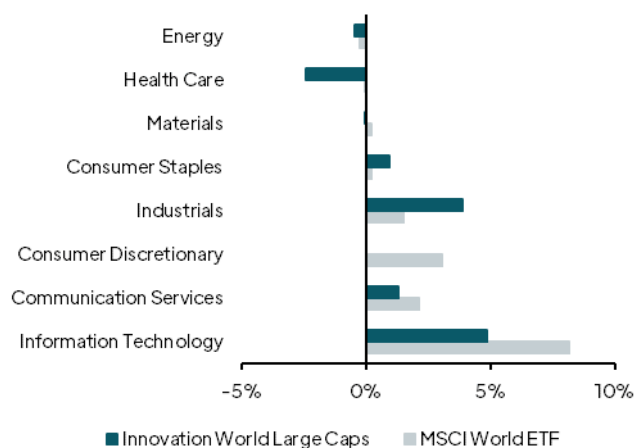
Fig. 3: Performance comparison



Source: Serafin, Bloomberg

Global energy stocks close H1 2023 in negative territory, while the healthcare sector closes held. These two heavily weighted sectors in the fund have left their mark and are responsible for the underperformance against the MSCI World ETF. However, the investments in the big caps Apple, Microsoft, and Alphabet, which are popular everywhere, have ensured that the fund can nevertheless close the first six months of 2023 with around +8% (Fig. 4).

Fig. 4: Sector performance in the 1st half of 2023



Source: Serafin, Bloomberg

Going into H2 2023, we reassessed innovation efficiency in the defined universe and started the implementation with the top 35 scores. American equities will remain underweighted relative to the benchmark, mainly in favor of Japanese equities. The healthcare sector will continue to have the largest holding, while technology stocks will rise to become the second largest sector, mainly at the expense of energy stocks.

We would like to thank our investors for the trust they have placed in us.

Your Serafin Asset Management Team

Portfolio Management



Patrick Hofer



Christian Bader

Contact us for more information:

Sales Switzerland:

Serafin Asset Management AG

Bahnhofstrasse 29

CH-6300 Zug

T +41 41 726 71 71

Sales Germany:

Serafin Asset Management GmbH

Börsenstrasse 13-15

DE-60313 Frankfurt am Main

T +49 69 950 647 140

www.serafin-am.com

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