

## Arfina Selection Swiss Small & Mid Cap ESG Fund - M

ISIN: CH1101348683

### Investment objective

The Fund seeks to achieve long-term capital appreciation by investing in a diversified portfolio of equities of small and mid-cap companies domiciled in Switzerland or exercising the predominant part of their economic activity in Switzerland.

### Investment policy

Arfina is committed to an active investment approach with a focus on bottom-up stock selection. Investment decisions are based on fundamental company analysis. Our investment philosophy is to identify undervalued, high-quality companies with sustainable development properties. We invest in companies taking into account the economic cycle and industry-specific factors, with a long-term time horizon. Due to our investment philosophy, we are flexible with regard to "style investing".

### Market comment

#### The month in brief

Latest economic data confirms the different speeds of the US and European economies: US GDP rose unexpectedly strongly again in the fourth quarter, and the purchasing managers' indices even suggest an acceleration in the current quarter. In Europe, on the other hand, they point to stabilization at a low level at best. The Fed has indicated that an interest rate cut as early as March is unlikely, thus dampening hopes of a rapid turnaround in monetary policy. The stock market started the new year very cautiously. The performance divergence of equities in our universe was very pronounced, which is evidence of a certain nervousness, as this development was not caused by company-specific news. The SPI Extra gained just 0.1% in January, while the Arfina Swiss Small & Mid Cap ESG Fund lost 0.2%.

#### Holcim: The big surprise

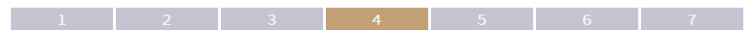
Holcim's announcement to spin off its North American business and aim for a full US listing of the new entity in the first half of 2025, with each Holcim shareholder receiving additional shares in the new company, was the biggest surprise of the month. We follow the developments of Holcim very closely, but such an announcement was not expected. In our view, this is a great move as the transaction will unlock significant value for Holcim shareholders. To implement the accelerated strategy in the rapidly growing US construction market (due to infrastructure programs, reshoring and the recovery of the residential real estate market), a locally focused organization as well as management and board with American know-how are essential. This transaction also aims to generate added value for shareholders "in the not too distant future" through a higher valuation on the stock exchange for the spun-off North American business. The transaction is driven by the logic that the main competitors in the USA (including Carlisle, Eagle Materials, Martin Marietta and Vulcan) currently enjoy a significantly higher valuation than Holcim. However, we are also convinced that the "remaining Holcim" remains an attractive investment. The main issue here is the decarbonization of cement production, the EU's Green Deal, where Holcim has a leading position and is able to demand significantly higher prices with its more sustainable products. Another advantage is that the business in Europe (56% of sales after spin-off), Latin America (19%, with very high margins) and Asia and the Middle East (25%) is no longer overshadowed by the American business and is therefore receiving an even stronger focus from management.

We have determined a value of CHF 86 for the Holcim share at the time of the spin-off. Based on a peer comparison (EV/EBIT 2023), we calculate a fair value of CHF 44.00 per share for Holcim North America, whereby we have applied a somewhat cautious calculation (peer multiple - 10%). For "Holcim excluding North America", our analysis yields CHF 42.00 per share (here we have applied the current EV/EBITDA for Holcim as a whole).

Even though the market reaction has been modest so far, we are firmly convinced that the share will reach our calculated price target over time and with the publication of further shareholder-friendly news, such as a dividend increase and a further share buyback program.

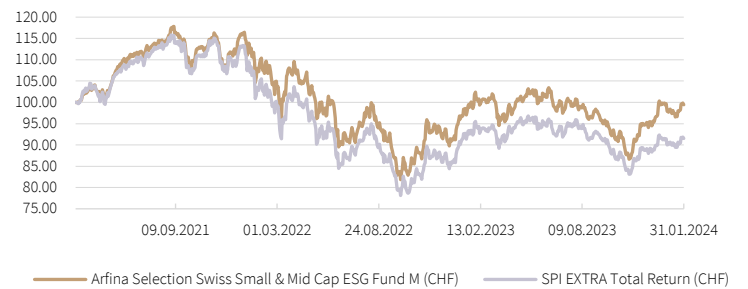
### Risk level\*

Low risk ← Typically lower rewards → Higher risk  
Typically higher rewards



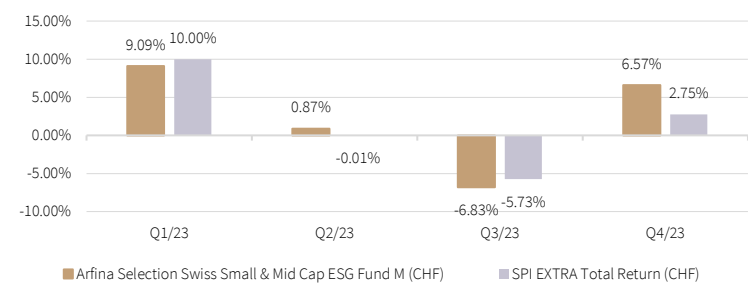
\* as per current BIB dated 20.01.2023

### Indexed Performance



Data source: PVB Pernet von Ballmoos

### Quarterly Performance



### Performance % in CHF

	Arfina Selection cumulative	SPI Extra cumulative
YTD	-0.20%	0.09%
1 month	-0.20%	0.09%
3 months	13.03%	8.56%
1 year	0.95%	-0.89%
3 years	n.a.	n.a.
5 years	n.a.	n.a.
Since inception (22.03.2021)	-0.53%	-8.50%

### Arfina Selection (yearly)

2023	9.27%
2022	-21.25%
2021	(as from 22.03.2021) 15.83%
2020	-
2019	-

Past performance is shown net of fees and commissions. Past performance is not a reliable indicator of future performance. Investors may lose their invested capital.

### Technical information

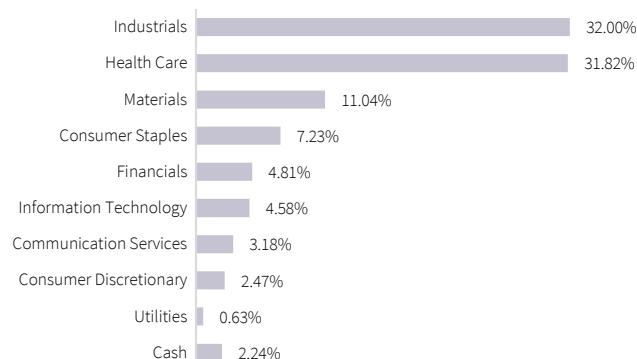
NAV CHF	99.18	Dividend	reinvested
AuM (CHF mio.)	31.03	in the benchmark (SPIEX)	90.54%
Volatility p.a.*	17.91%	in the ESG index (SPIT)	87.82%
# of positions	43		

\* as per current BIB dated 20.01.2023

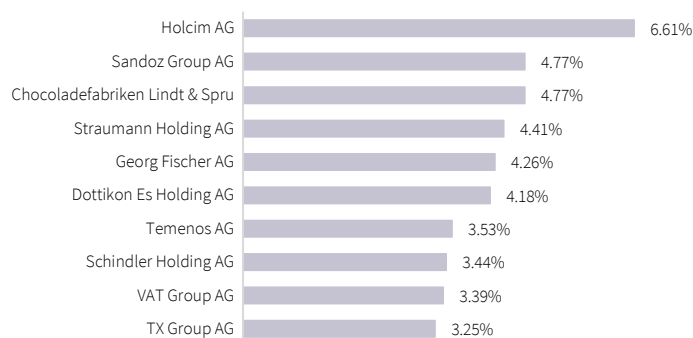
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### Sector breakdown



### Top 10 equities



### Monthly development

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024	Share class M	-0.20%	-	-	-	-	-	-	-	-	-	-	-	-0.20%
	SPIEX Index	0.09%	-	-	-	-	-	-	-	-	-	-	-	0.09%

### Annual performance

	2021*	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Share class M	15.83%	-21.25%	9.27%	-	-	-	-	-	-	-	-	-	-
SPIEX Index	12.93%	-24.02%	6.53%	-	-	-	-	-	-	-	-	-	-

\* Since inception (22.03.2021)

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