

# CS (Lux) Europe Equity Absolute Return Fund

a subfund of CS Investment Funds 2 - Class UBH CHF

## Investment policy

This Equity Fund invests long and short in European equities using a fundamental, bottom-up investment approach. The aim is to achieve positive absolute returns irrespective of the market environment and to maintain a low correlation to general equity markets. With a broadly diversified portfolio and a low market exposure, volatility is likely to be lower than in traditional equity funds.

## Fund facts

### Fund managers

Felix Meier, Jan Berg, Gianfranco Iafigliola

<b>Location</b>	Zürich
<b>Fund domicile</b>	Luxembourg
<b>Fund currency</b>	EUR
<b>Close of financial year</b>	31. May
<b>Total net assets (in millions)</b>	14.88
<b>Inception date</b>	14.07.2016
<b>Management fee in % p.a.</b>	1.00
<b>TER without performance fee (05.2018) in %</b>	1.54
<b>Performance fee in % with Highwatermark</b>	15.00
<b>Swinging single pricing (SSP) <sup>3)</sup></b>	Yes

<b>Unit Class</b>	<b>Category UBH (capital growth)</b>
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<b>Unit class currency</b>	CHF
<b>ISIN number</b>	LU1358778592
<b>Bloomberg ticker</b>	CSEEUHC LX
<b>Net Asset Value</b>	94.77

<sup>3)</sup> For more details, please refer to the relevant chapter "Net Asset Value" of the Fund's prospectus.

## Fund Statistics

	<b>1 year</b>	<b>3 years</b>
Annualized volatility in %	6.20	6.16
Sharpe ratio	-1.88	-0.18

## Fund Exposures

Total gross exposure	176.28
Long exposure	85.54
Short exposure	-90.75
Net exposure	-5.21
Number of long positions	52.00
Number of short positions	66.00

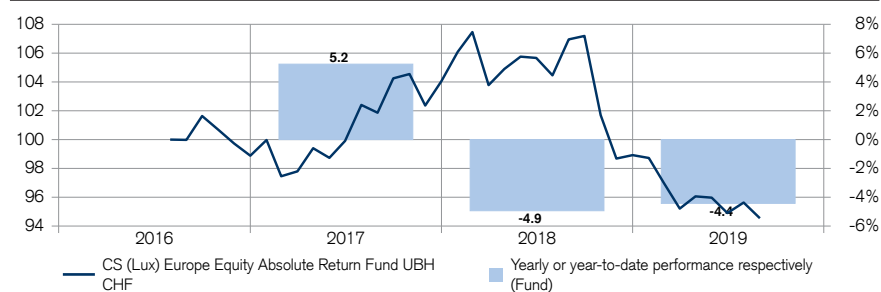
## Top 2 long transactions

Buy	EVOTEC OAI
Buy	UNICREDIT reg
Sell	SUNRISE COMMUNICATIONS GROUP
Sell	DANONE 0.167%/16-031120

## Top 2 short transactions

Short	POSTE ITALIANE
Short	FIAT INVESTMENTS CHRYSLER a
Cover	POSTE ITALIANE
Cover	FIAT INVESTMENTS CHRYSLER a

## Net performance in CHF (rebased to 100) and yearly performance <sup>2)</sup>



## Net performance in CHF <sup>2)</sup>

	<b>1 month</b>	<b>3 months</b>	<b>YTD</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>
Fund	-1.14	-1.49	-4.43	-11.60	-5.44	-

## Historical monthly performance in % <sup>2)</sup>

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	-0.20	-1.72	-1.87	0.89	-0.09	-1.11	0.77	-1.14	-	-	-	-	-4.43
2018	1.95	1.30	-3.43	1.08	0.82	-0.08	-1.14	2.39	0.22	-5.13	-2.96	0.24	-4.94
2017	1.10	-2.51	0.35	1.64	-0.67	1.19	2.50	-0.53	2.34	0.29	-2.09	1.66	5.24
2016	-	-	-	-	-	-	0.24	-0.02	1.66	-0.94	-0.94	-0.85	-

## Market commentary

Positioning of the fund compared to July has not materially changed. With net exposure at -5% at the end of August and a cash and cash equivalent position of 9%, it was an uphill struggle against a market moving 2.2% upwards. August saw market dynamics following many of the trends identified at the beginning of the year, i.e. weak development on PMIs, downward revision of real GDP growth with Sweden the biggest negative swing, and estimations of interest rates signaling a dovish stance by central banks. There are plenty of data points which point to a "late cycle" and thus imply a recessionary environment which is not encouraging for small- and mid-cap companies. The fund is positioned with a net short in industrials, materials, and financials with focus on quality growth and quality value (high FCF yield stocks with solid balance sheets) in information technology and health care. The last dovish move by central bankers has hit the fund on insurance groups although our names carry a high solvency ratio and decent dividend cover. Our positioning with long and short quality/lower quality names was successful despite the overall sector being under pressure, as seen from the contributions from short positions in Aegon and Admiral, and a long position in FincoBank.

With the sharpest bond sell-offs since January 4th, we start September asking ourselves if we will ever see bond yields going beyond 4% again. With regard to this major issue, we also expect more turbulence owing to the news flow around the US-China trade dispute, US tariff threats against the EU, Brexit, and the political upheaval in Hong Kong. Hopes for the V-shaped recovery in the second half of 2019 as assumed by the market are vanishing. Below-average net exposure and focus on structural long-term plays in the small- and mid-cap space represent our best answer for investors with a half-decent investment horizon.

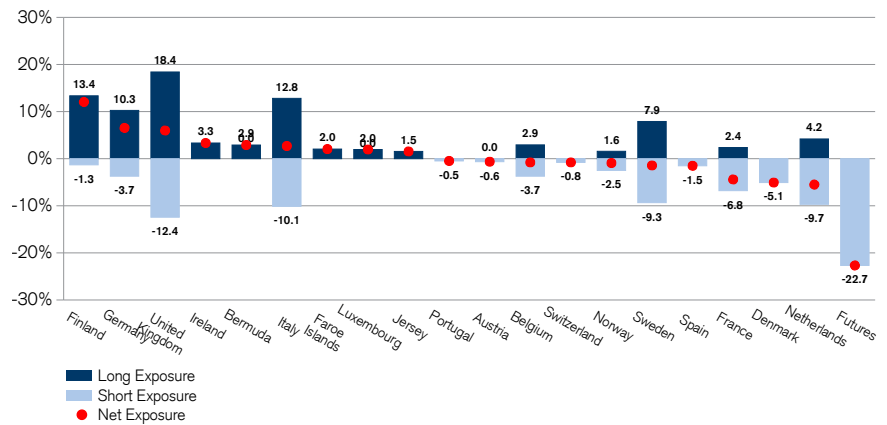
<sup>1)</sup> The calculation of the risk indicator is based on the CESR/10-673 Directive. The risk indicator is based on historic and partly simulated data; it cannot be used to predict future developments. The classification of the Fund may change in future and does not represent a guarantee. A classification into category 1 is not a risk-free investment either.

<sup>2)</sup> Historical performance indications and financial market scenarios are not reliable indicators of future performance. The performance data do not take into account the commissions and costs incurred on the issue and redemption of fund units.

## Countries in %

	Long	Short	Net
Austria	0.00	-0.64	-0.64
Belgium	2.93	-3.72	-0.79
Bermuda	2.90	0.00	2.90
Denmark	-	-5.07	-5.07
Faroe Islands	2.04	-	2.04
Finland	13.35	-1.31	12.04
France	2.37	-6.79	-4.41
Germany	10.25	-3.72	6.53
Ireland	3.33	-	3.33
Italy	12.81	-10.12	2.69
Jersey	1.54	-	1.54
Luxembourg	1.95	0.00	1.95
Netherlands	4.19	-9.69	-5.50
Norway	1.57	-2.49	-0.92
Portugal	-	-0.48	-0.48
Spain	-	-1.51	-1.51
Sweden	7.90	-9.34	-1.44
Switzerland	-	-0.79	-0.79
United Kingdom	18.41	-12.43	5.98
Futures	-	-22.67	-22.67

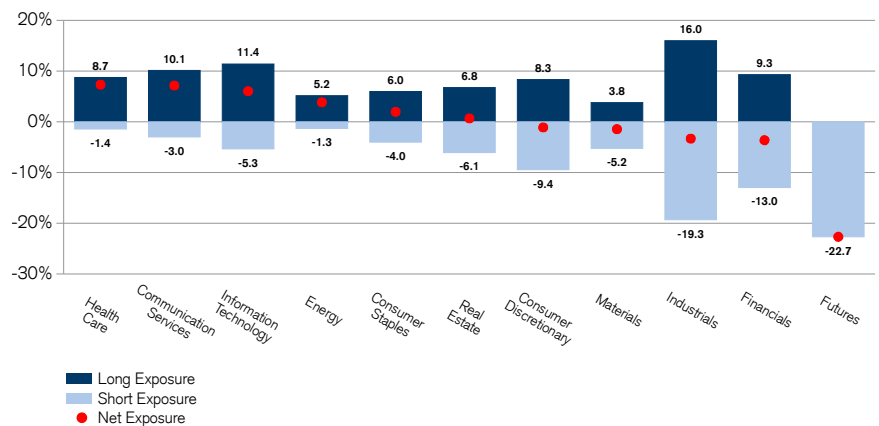
## Country Exposure



## Sectors in %

	Long	Short	Net
Communication Services	10.13	-2.98	7.15
Consumer Discretionary	8.33	-9.44	-1.11
Consumer Staples	5.97	-4.01	1.96
Energy	5.15	-1.31	3.84
Financials	9.30	-12.96	-3.63
Health Care	8.74	-1.42	7.32
Industrials	15.99	-19.31	-3.32
Information Technology	11.39	-5.34	6.04
Materials	3.78	-5.23	-1.45
Real Estate	6.75	-6.07	0.67
Futures	-	-22.67	-22.67

## Sector Exposure



## Potential risks

The Fund's risk and reward profile does not reflect the risk inherent in future circumstances that differ from what the Fund has experienced in the recent past. This includes the following events which are rare but can have a large impact.

- Credit risk: Issuers of assets held by the Fund may not pay income or repay capital when due. The Fund's investments generally have low credit risk.
- Liquidity risk: Assets cannot necessarily be sold at limited cost in an adequately short timeframe. The Fund's investments may be prone to limited liquidity. The Fund will endeavor to mitigate this risk by various measures. In addition, short selling of securities may expose the Fund to particular liquidity risk.
- Counterparty risk: Bankruptcy or insolvency of the Fund's derivative counterparties may lead to payment or delivery default.
- Operational risk: Deficient processes, technical failures or catastrophic events may cause losses.
- Political and Legal risks: Investments are exposed to changes of rules and standards applied by a specific country. This includes restrictions on currency convertibility, the imposing of taxes or controls on transactions, the limitations of property rights or other legal risks.

This section is not exhaustive, for more risks, please refer to the Prospectus.

## Contact

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Data sources: Credit Suisse, otherwise specified.

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CS (Lux) Europe Equity Absolute Return Fund UBH CHF: This fund is domiciled in Luxembourg. The representative in Switzerland is Credit Suisse Funds AG, Zurich. The paying agent in Switzerland is Credit Suisse (Schweiz) AG, Zurich. The prospectus, the simplified prospectus and/or the Key Investor Information Document (KIID) and the annual and half-yearly reports may be obtained free of charge from the representative or from any branch of Credit Suisse AG in Switzerland.

### Important information for investors in Spain

The fund CS (Lux) Europe Equity Absolute Return Fund UBH CHF is registered at the Comisión Nacional del Mercado de Valores for distribution in Spain by registered distributors. The prospectus, the key investor information document or the document replacing it in the home country of the fund, the management regulations or bylaws and the annual and/or semi-annual reports are available free of charge from registered distributors, such as Credit Suisse International, Sucursal en España and/or Credit Suisse AG, Sucursal en España, with registered office at calle Ayala 42, 28001 Madrid, España. Investors should carefully read and analyze the mentioned documents, if necessary with the help of a professional advisor. In Spain, this material is distributed by CS AG, Sucursal en España.

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