

Risk profile (SRRI) <sup>1)</sup>

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## Credit Suisse (Lux) Small and Mid Cap Alpha Long/Short Fund

a subfund of CS Investment Funds 2 - Class BH USD

### Investment policy

The CS (Lux) Small and Mid Cap Alpha Long/Short Fund aims to generate absolute positive returns by exploiting the inefficiencies of the small and mid-cap markets in Europe with a focus on German speaking countries. The portfolio managers buy the equities they think will perform best, while at the same time selling stocks in companies that, in their views, will underperform the market. The objective is to create a portfolio that has lower volatility, less correlation with the equity markets and a better risk-adjusted performance than a long-only fund.

### Fund facts

#### Fund manager

Credit Suisse Asset Management (Schweiz) AG

**Fund manager since** 26.07.2010

**Location** Zurich

**Management company** Credit Suisse Fund Management S.A.

**Fund domicile** Luxembourg

**Fund currency** EUR

**Close of financial year** 31. May

**Total net assets (in millions)** 283,20

**Inception date** 26.07.2010

**Management fee p.a.** 1,60%

**Ongoing charge** 1,96%

**Subscription <sup>3)</sup>** Weekly

**Redemption <sup>3)</sup>** Weekly

**Performance fee in % with Highwatermark** 20,00

**Benchmark (BM)** CS AllHedge Long/Short Equity (04/14)

**Swinging single pricing (SSP) <sup>5)</sup>** Yes

**Unit class** Category BH (capital growth)

**Unit class currency** USD

**ISIN number** LU0526495444

**Bloomberg ticker** CSSMLRU LX

**Net Asset Value** 180,87

**Net Asset Value** 180,87

<sup>5)</sup> For more details, please refer to the relevant chapter "Net Asset Value" of the Fund's prospectus.

### Fund statistics

	3 years	5 years
Annualised volatility in %	6,77	8,58
Sharpe ratio	0,50	0,66

### Fund Exposures

Total gross exposure	177,83
Long exposure	89,45
Short exposure	-88,38
Net exposure	1,07
Number of long positions	89,00
Number of short positions	63,00

### Market Cap <sup>4)</sup>

	Long (%)	Short (%)
Large Cap	16,13	33,83
Mid Cap	52,86	48,20
Small Cap	20,45	6,34

### Top 2 long transactions

Buy	DAIMLER TRUCK HOLDING i 21
Buy	COMPUGROUP MEDICAL SE
Sell	K & S
Sell	CANCOM IT SYSTEME

### Top 2 short transactions

Short	UNICREDIT reg
Short	BARRY CALLEBAUT reg
Cover	HENKEL pref
Cover	NOVARTIS reg

<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 current or future performance. The performance data does not take into account the commissions and costs incurred on the issue and redemption of fund units.

<sup>3)</sup> Subscription frequency: weekly, 5bd notice, Redemption frequency: weekly, 10bd notice

<sup>4)</sup> Classification: Small Cap up to EUR 1.5 bn market cap, Mid Cap between EUR 1.5bn and EUR 15bn and the above EUR 15bn Large Cap.

Asset Allocation presented on this page may change over time.

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



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

	1 month	3 months	YTD	1 year	3 years	5 years
Fund	-0,35	-3,17	-3,84	-5,68	13,72	38,99
Benchmark	-1,52	-3,31	-4,70	-6,27	23,78	35,21

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

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	-3,51	-0,35	-	-	-	-	-	-	-	-	-	-	-3,84
2021	-0,43	0,72	-0,87	0,68	0,05	0,02	1,11	0,57	-2,57	1,81	-3,30	0,70	-1,63
2020	1,24	2,79	-0,07	3,68	2,44	-2,31	1,99	0,66	2,69	-1,91	1,46	2,05	15,54
2019	5,54	1,00	-1,88	4,59	-2,37	0,65	1,83	-0,85	2,06	-1,83	1,16	0,82	10,90
2018	3,41	0,90	-4,82	2,72	1,25	0,92	2,22	0,23	-1,48	-5,99	-3,61	-3,76	-8,24
2017	2,43	-0,01	1,38	2,40	4,82	-0,56	2,85	0,66	5,52	3,13	-0,92	3,45	28,00
2016	-5,25	-2,46	1,76	0,94	0,83	-4,18	2,37	0,08	2,48	0,33	-0,96	1,93	-2,46
2015	2,18	3,43	0,35	0,62	0,03	-2,28	3,10	-5,27	-2,72	-0,19	1,61	-0,06	0,44
2014	4,51	4,03	0,64	-1,11	2,53	-1,27	-4,24	-1,09	-0,99	-2,15	1,20	0,29	2,00
2013	2,76	-0,14	-0,13	1,67	2,13	-0,54	2,15	1,58	2,66	1,53	1,15	0,77	16,66
2012	4,05	3,61	-1,24	-0,48	-4,95	-0,58	-1,72	0,36	1,51	1,30	1,38	1,36	4,35
2011	2,19	1,19	-1,67	-1,34	-1,93	0,42	-0,75	-3,74	-2,95	2,18	1,34	0,97	-4,23
2010	-	-	-	-	-	-	-	0,77	2,81	1,59	0,89	2,70	9,06

### Market commentary <sup>2)</sup>

In February, European small- and mid-caps continued their correction due to the military operations in Ukraine. Russian troops invaded Ukraine on February 24, and the Western world imposed sanctions on Russia as a result. Investors already had already disliked the high inflation figures in Europe before the recent rise of energy prices. Sanctions and possible supply interruptions further increased the risk for an energy-driven economic crisis in Europe. On a sector level, financials suffered most, in particular stocks with Russian exposure. The fund was able to avoid bigger losses due to its lowered net exposure. We lowered the net exposure even further to close to zero percent at the end of the month.

In terms of stock picking, the best contributors included potash producer K+S as well as the two renewable-energy-related stocks ITM Power and Encavis. The latter were both up as the replacement of fossil energy became more urgent with sanctions looming on Russian energy. ITM Power develops materials and technology to reduce the cost of hydrogen production, a clean alternative to fossil energy. Encavis produces power from solar and wind. K+S was up on sanctions looming on Belarussian competitor Belaruskali and ongoing high prices for potash. The worst contributors included Daimler Truck and Evotec. Commercial truck and bus manufacturer Daimler Truck entered the MDAX recently and we bought it ahead of a likely imminent entry into the DAX Index. Evotec provides drug discovery services. Its shares continued to slide after the failure of one of its pipeline candidates.

The best contributors in our short book included Azimut Holdings and Alstom. Azimut is an Italian asset gatherer, which we shorted as a beta (i.e. market) hedge, given that its earnings profile is highly dependent on performance fee driven revenues. When presenting its results at the end of January, French rail equipment provider Alstom saw its shares tumble on analysts' worries about higher financial leverage after the deal with Bombardier. Sustained cash flow generation is the key indicator for Alstom keeping its credit rating. Margins, leverage and current liquidity of the group makes us deem this a risky ride, which is why we stay cautious on the stock for the near future. The worst contributors included online broker Flatexdegiro and Vestas Wind. Flatexdegiro was up due to takeover rumors, which we find hard to believe. We rather fear a worsening number of trades in a negative market environment. Vestas's wind turbine orderbook came under investor scrutiny on discussions about the profitability of new wind projects. Increased discussion in German politics on accelerating the path of decarbonization has re-ignited investor interest in Vestas as a proxy for investing in conversion into low CO2 emission technologies, whereby Germany has extended the number of potential sites eligible for the construction of onshore wind. As this discussion hit the market, the stock rallied sharply from February 23 on, which pushed us to close the short even if worries about profitability of the orderbook persist. We expected 2022 to be the year of normalization. However, the war in Ukraine has changed a lot. Growth expectations came down and inflation expectations went up due to higher energy prices. Both

is negative for equities. We decreased the net exposure further by increasing our short book and focus on capital preservation for the moment.

## Allocation by Country in %

	Long	Short	Net
Switzerland	1,55	-5,22	-3,66
Germany	60,41	-59,61	0,81
Austria	0,24	-0,51	-0,27
Belgium	1,48	-0,13	1,35
Denmark	0,49	-0,74	-0,25
Spain	0,94	-1,36	-0,42
Finland	2,80	-0,14	2,66
France	3,47	-3,72	-0,26
United Kingdom	2,97	-4,28	-1,31
Ireland	-	-1,56	-1,56
Italy	8,30	-5,73	2,56
Luxembourg	2,28	-2,43	-0,15
Norway	-	-0,23	-0,23
Netherlands	3,60	-2,05	1,55
Poland	-	-0,03	-0,03
Portugal	0,91	-0,02	0,89
Sweden	0,01	-0,62	-0,61

## Allocation by Sector in %

	Long	Short	Net
Communication Services	7,65	-7,91	-0,27
Consumer Discretionary	8,54	-6,79	1,75
Consumer Staples	1,61	-3,62	-2,00
Energy	1,42	-0,62	0,79
Financials	8,76	-15,34	-6,58
Health Care	12,79	-5,92	6,87
Industrials	26,78	-20,85	5,93
Information Technology	9,77	-8,39	1,37
Materials	6,39	-9,82	-3,43
Real Estate	3,45	-7,48	-4,03
Utilities	2,29	-1,63	0,66

## Contact

### CREDIT SUISSE AG

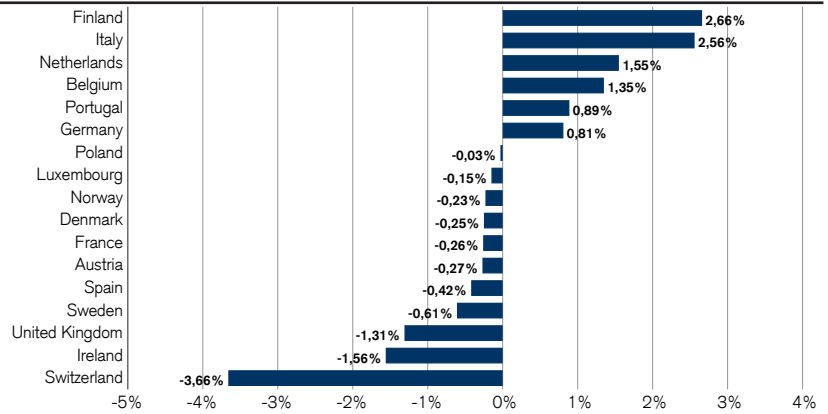
Sucursal en España

Calle Ayala 42

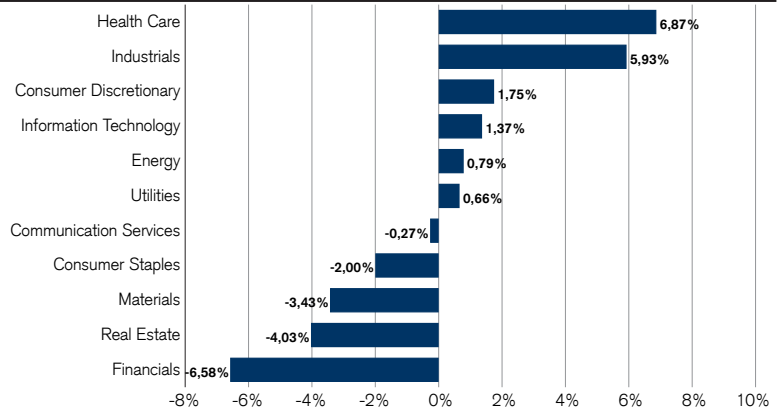
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## Net Exposure Countries



## Net Exposure Sectors



## 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 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.
- Counterparty risk: Bankruptcy or insolvency of the Fund's derivative counterparties may lead to payment or delivery default. The Subfund will endeavor to mitigate this risk by the receipt of financial collateral given as guarantees.
- 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.
- Sustainability risks: Sustainability risks are environmental, social or governance events or conditions can have a material negative effect on the return, depending on the relevant sector, industry and company exposure.
- The Fund's use of leverage may lead to an amplified reaction to market movements, i.e. increase the volatility of the Fund and may amount to a more substantial loss than in unleveraged products.

The product's investment objectives, risks, charges and expenses, as well as more complete information about the product, are provided in the prospectus (or relevant offering document), which should be read carefully before investing.

Data sources as of February 28, 2022: Credit Suisse, otherwise specified.

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\*Legal entity, from which the full offering documentation, the key investor information document (KIID), the fund rules, as well as the annual and bi-annual reports, if any, may be obtained free of charge.