

Fundamentals of Financial Analysis in Asset Management of Bank CIC


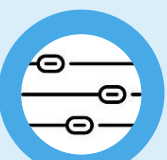


CIC

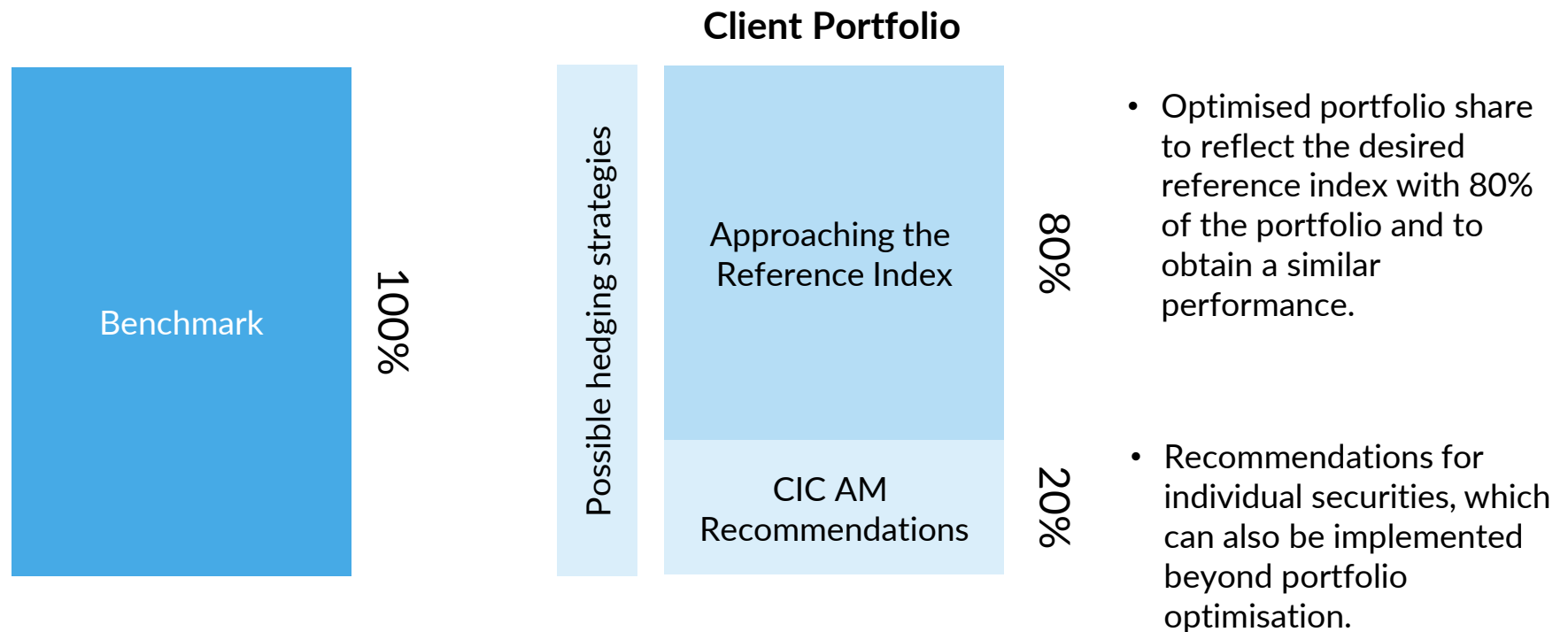
30 April 2018



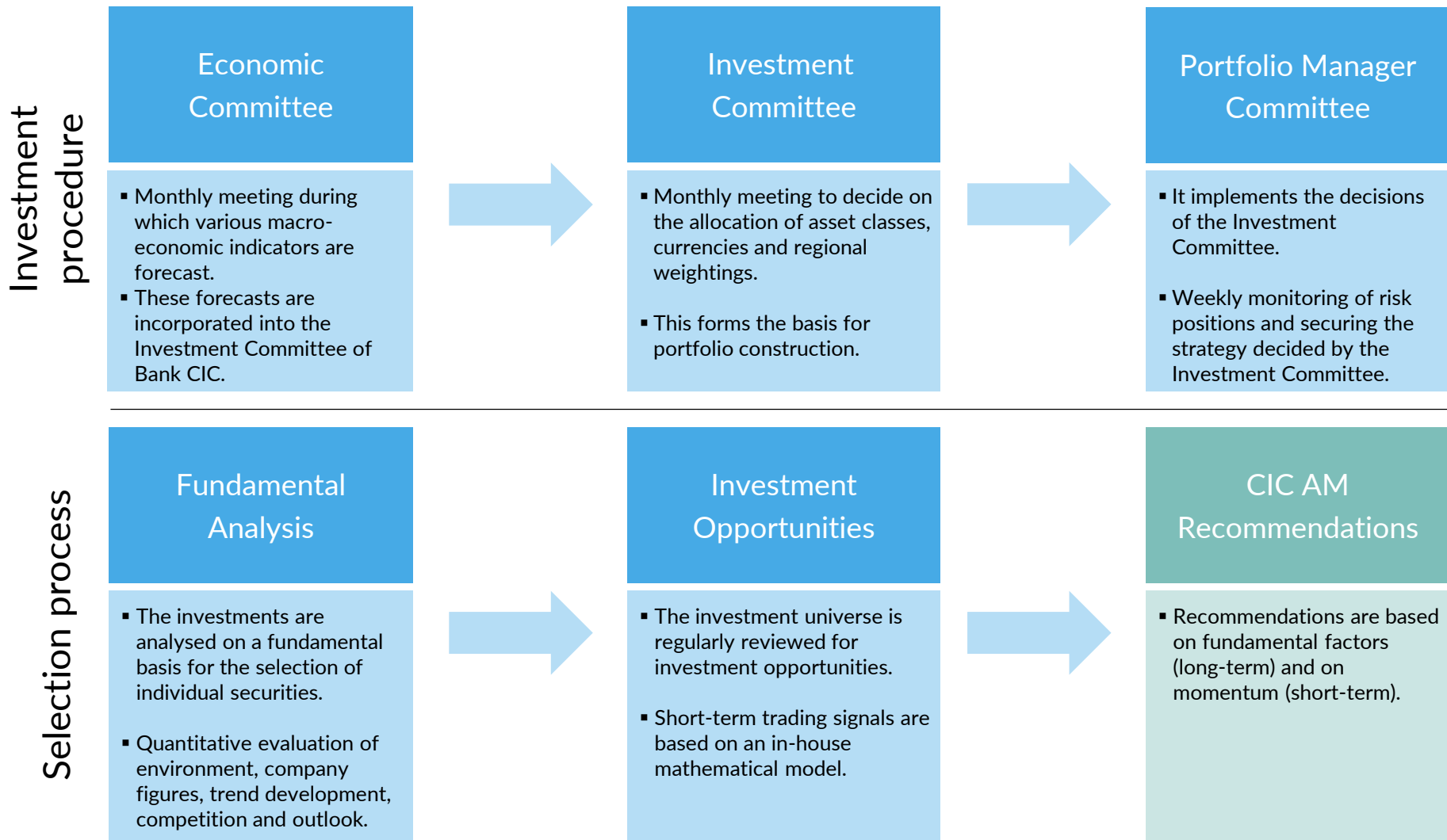
- Investment philosophy of Bank CIC
- Research in the portfolio context
- Investment processes of Bank CIC
- Detailed fundamental analysis
- Interpretation of securities recommendations
- Bond and third-party funds research
- Responsibility for investment policy and documentation
- Independence of financial analysis

Ethics, professionalism, objectivity and independence are the foundations of our investment approach.

	All financial analyses ultimately serve the benefit of the customer. Portfolio construction is determined by the client's goals and restrictions.
	The independence and objectivity of Bank CIC's investment experts is ensured by the Bank's internal control system.
	The asset management team is not remunerated on a sales/distribution basis, but on the basis of a flat fee.
	All members of the asset management team are trained professionals in their respective fields.



The list of recommendations includes securities that are part of the optimised portfolio, as well as securities for which the Asset Management makes explicit buy recommendations.



Detailed Fundamental Analysis

Environment Analysis

- This analysis evaluates the environment in which a company operates.
- Consumer confidence, currency situation or even price-earnings ratios play an important role in this context.

Basic Data

- The basic data of a company are systematically evaluated and compared with previous periods.
- For example: Dividend yields, profit margins or even book value development.

Trend Analysis

- The trend analysis collects and systematically evaluates the development of the company figures over a 5-year period.
- Profit, sales, profitability and debt development are analysed.

Sector Analysis

- The company to be analysed is tested in a competitive comparison.
- Several competing companies are compared with the analysed company.

Projection

- The projection of the company figures are an essential part of this analysis.
- The outlook for profit margins, return on equity, growth forecasts for the sector and debt play a central role in this context.

The above partial analyses result in a final evaluation. The evaluation can apply to selling, underweight, neutral, overweight or buying.

The recommendations of Bank CIC are to be interpreted as follows:

- For a «**Sell**» analysis result, the financial analyst expects a significantly worse development compared against the reference index within a time-frame of 6-12 months.
- For an «**Underweight**» analysis result, the financial analyst expects a worse to near-market development compared against the reference index within a time-frame of 6-12 months.
- With a «**Neutral**» analysis result, the financial analyst expects the stock to develop within the framework of the reference index.
- The «**Overweight**» analysis result means that the financial analyst expects a near-market to better development, compared against the reference index within a time-frame of 6-12 months.
- For a «**Buy**» analysis result, the financial analyst expects a significantly better performance compared against the reference index. The buy recommendations are generally valid for a 6-12 month period.

The estimates given on the previous page are based on a regular market environment. This means, no exogenous price impacts and securities with historically normal average fluctuation ranges (volatility).

The recommendations may temporarily deviate from these in the event of an extraordinary market environment and/or special security-specific risks.

The following factors may result in the securities recommendations deviating significantly from the forecasts (non-exhaustive list):

- Mergers and acquisitions
- Currency fluctuations
- Regulatory changes
- Changes in demand and supply

- Bond analysis is based on secondary research. Bank CIC prepares interest rate forecasts and duration recommendations for the most relevant bond markets within the framework of the Economics Committee meeting.
- Bond analysis is based on an ongoing assessment of basic data and market expectations. The analysis is quantitative and qualitative. The bond analyst takes the market situation and the issuer's analysis into account. Furthermore, his recommendation must also take into account the monetary policy developments of the central banks.
- Bank CIC always rates bonds according to the worst ratings of the three rating agencies Moody's, Fitch and S&P or, if not available, the three largest commercial banks in Switzerland (Credit Suisse, UBS and ZKB). Recommendations are only issued in the area of investment grade ratings debtors (AAA - BBB-).
- Fund research is based on a process that follows the best-in-class approach. The third-party fund analyst selects the best available funds in the given segments, regions and asset classes with a medium to long-term perspective.

- The findings and analyses derived from the investment process are applied in the Bank's investment policy.
- These findings are published weekly in «CIC Weekly Markets». This document is available to the public on the Internet at cic.ch.
- The findings and forecasts for the various asset classes are published quarterly in «CIC perspectives».
- The Head of Asset Management (Chief Investment Officer) is responsible for the investment policy of Bank CIC.

- The client's requirements and the management of client portfolios are at the heart of Bank CIC's investment advisory and asset management services.
- Organisational and instructional measures ensure the independence and objectivity of the analysts and departments involved.
- The analysts and the additional involved Bank CIC departments are not remunerated on a commission basis. They act independently of capital market interests.
- Staff members of the Asset Management department may not purchase analysed securities (securities and non-certificated securities, including derivatives) for their own account, immediately prior to the recommendation or during the evaluation process.

Disclaimer



This document is for informational purposes and for use by the recipient only. The conditions contained therein are merely indicative and are subject to change by Bank CIC (Switzerland) Ltd. at any time and without prior notice. This document constitutes neither an offer in the legal sense nor an invitation nor a recommendation of Bank CIC (Switzerland) Ltd.. Bank CIC (Switzerland) Ltd. accepts no liability for the completeness and reliability of this document and disclaims any liability for direct or indirect damage or consequential damage which may arise in connection with the use of this document. This document and copies thereof may not be sent, imported or distributed to the United States nor to US persons (as defined in Regulation S of the US Securities Act of 1933, as amended). This also applies to other legal systems which regard such actions as a violation of their legal system. This document may not be reproduced in whole or in part without the written consent of Bank CIC (Switzerland) Ltd..



Your flexible bank