WEISSHORN

ASSET MANAGEMENT SA

DIVIDEND SELECTION SWITZERLAND UCITS LUX

Current market environment

- Yields on 5-year Swiss bonds have fallen back towards zero (black line on the graph). The return gap between bonds and equities (gross of tax) has continued to widen as central banks have lowered their interest rates.

- For investors looking for income, dividends generated by shares can be an attractive option.

Swiss Market Index Dividend Yield (red, excluding capital gains) vs Swiss 5-Year Bond Yield (black)

Source: Bloomberg

Swiss dividends vs Swiss bonds

- **Dividends do come with higher volatility, however, and require an investment horizon of at least five years.**

- Although volatility is higher with respect to bonds, the risk-adjusted return measured by the Sharpe ratio (profitability metric adjusted to risk) is more attractive for a Dividend strategy over the medium term.

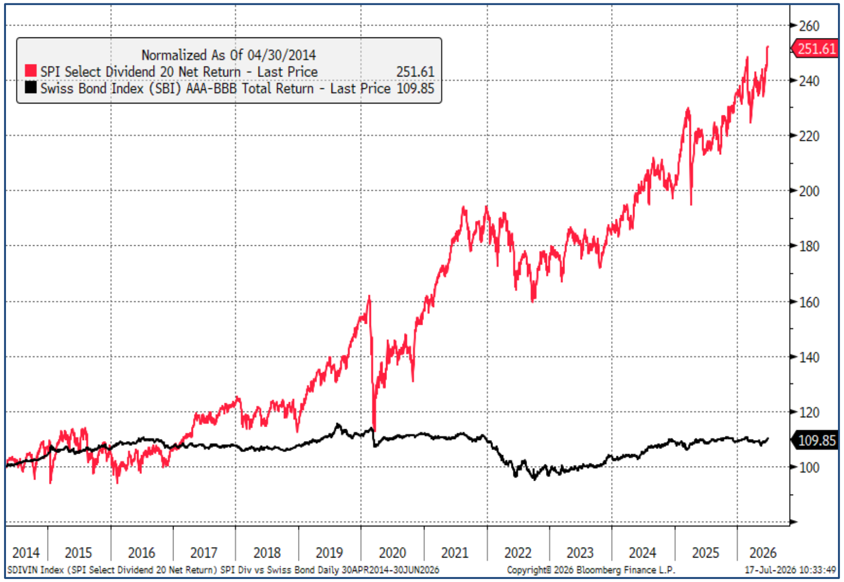
- Over time, dividend-paying stocks can offer both capital appreciation and a steady income stream, making them a compelling choice for portfolios.

Volatility and Sharpe Ratio

Higher Volatility	
5 Year annualized Volatility	
Swiss Bond Index	**4.45**
SPI Select Dividend 20	**13.92**
BUT	
Higher return-risk tradeoff	
5 Year annualized Sharpe Ratio	
Swiss Bond Index	**0.12**
SPI Select Dividend 20	**0.86**

Source: Bloomberg

SPI Select Dividend 20 (red, net of tax) vs Swiss Bond Index (black)



Source: Bloomberg

Compounding effect

- During market downturns, dividends serve as a cushion, helping to offset losses.
- Over the long term, the compounding effect of reinvested dividends can significantly boost total returns.
- The chart compares the performance of the Swiss Market Index without dividends (black line) and the Swiss Market Index including dividends gross of tax (red line).

Swiss Market Index Total Return (red) vs Swiss Market Index Price Return (black)

Source: Bloomberg

Why are dividends a good long-term strategy?

- **Intrinsic value**: dividends generate cash flows, creating inherent value for investors.

- **Drawdown buffer**: dividends can help mitigate drawdowns, as the yield increases when the stock price falls, making the stock more attractive.

- **Indicator of success**: dividends often reflect a successful business model and a company's ability to generate sustainable cash flows through sound financial management.

- **Inflation hedge**: dividends grow in line with nominal cash flows, helping to preserve their purchasing power compared to fixed-income alternatives. As such, dividends can act as a hedge against inflation.

- **Defensive characteristics**: historically, high-dividend stocks have performed well during market downturns, offering a cautious approach to adding a defensive exposure while diversifying equity portfolios.

- **Compounding effect: dividends have a powerful compounding effect, which can account for approximately 50% of total long-term shareholder returns.**

Why are dividends a good long-term strategy?

Higher Yield	
Dividend Yield	
Swiss Performance Index	3.04%
SPI Select Dividend 20	4.05%

Less Expensive	
12 Month Forward PE	
Swiss Performance Index	18.5x
SPI Select Dividend 20	15.6x

Same endebtness	
Net debt to EBITDA	
Swiss Performance Index	1.27
SPI Select Dividend 20	1.35

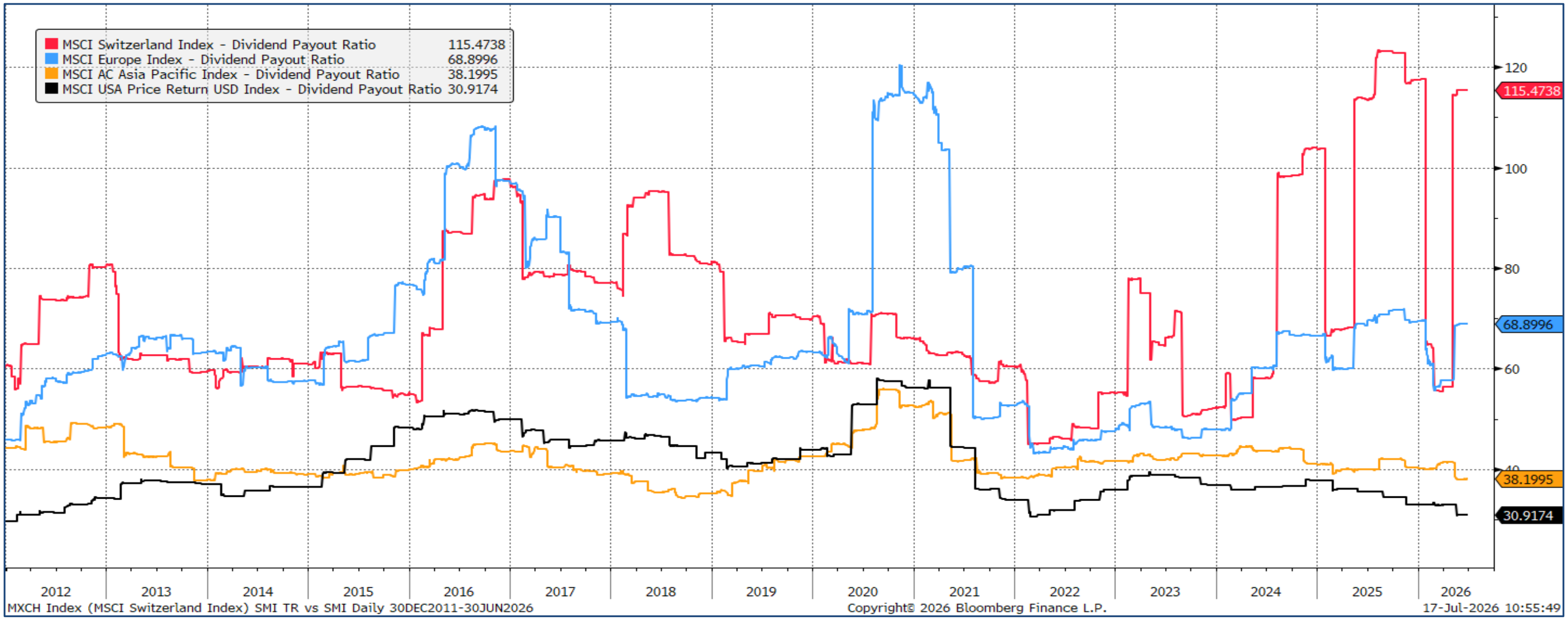
More Volatile	
5 Year annualized Volatility	
Swiss Performance Index	12.56
SPI Select Dividend 20	13.92

Source: Bloomberg

What are we looking for?

- Running a dividend strategy demands discipline and commitment in portfolio management:
  - Quality stocks with long term dividend track record.
  - Expanding business models with strong balance sheets (growing cash flows, dividend growth potential).
- To sustainably increase dividend payments, companies must achieve consistent growth.
- True sustainability comes from investments that remain profitable over the long run.

Dividend payout policy across regions



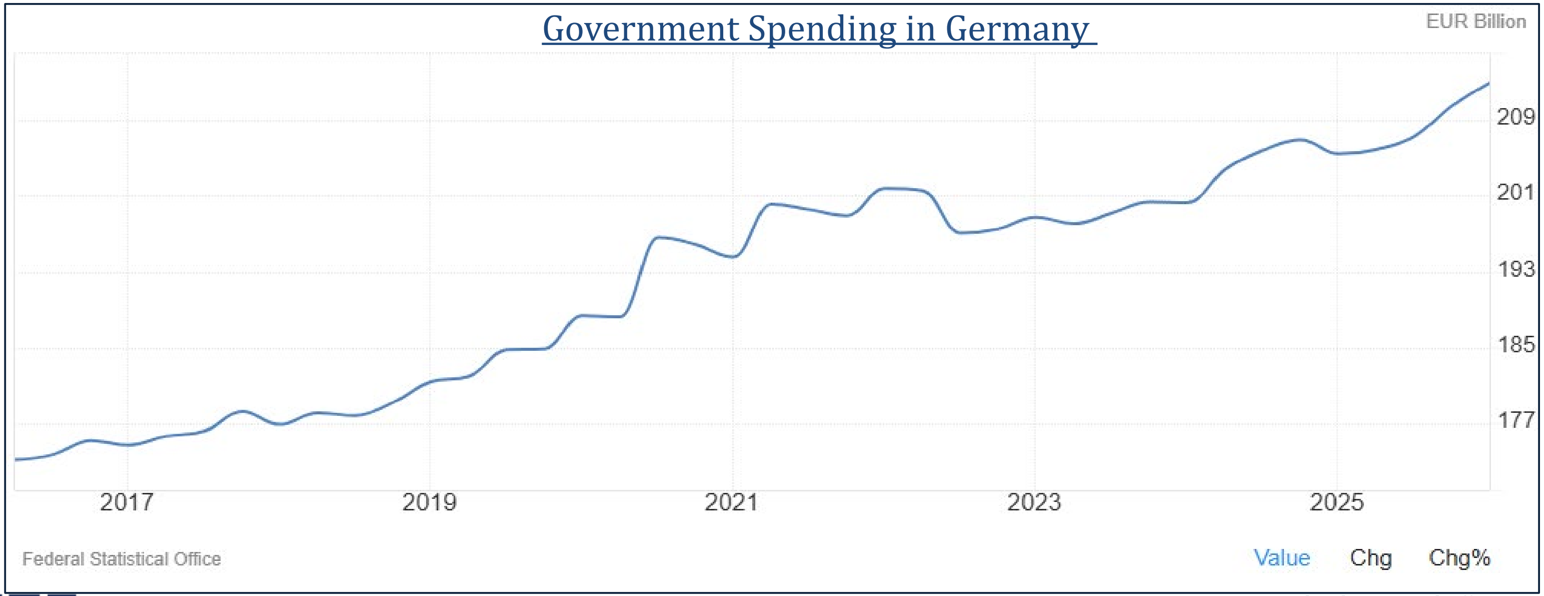
Source: Bloomberg

Why CHF?

- CHF is a proven safe-haven currency, supported by Switzerland's stable economy and strong governance. The end of fiscal discipline in Germany and the uncertainty of elections in France in 2027 contribute to this trend. German government spending rose to EUR 212.9bn in Q1 2026 from EUR 210.5bn in Q4 2025, above its EUR 152.5bn average since 1991 and an all-time high.

- Since 2000 the CHF has gained more than 100% against the EUR, **outperforming all major currencies.**

- In uncertain times investors turn to the CHF. This trend is not expected to reverse anytime soon…



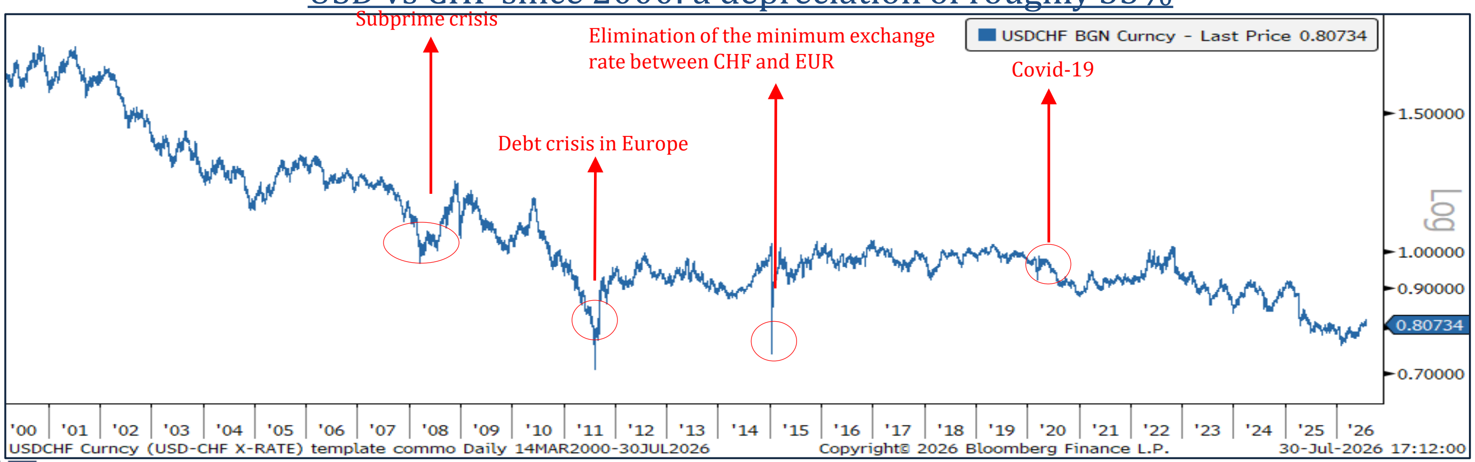
Source: Federal Statistical Office

Why CHF?

- Both the EUR and the USD have depreciated against the CHF since the EUR entered physical circulation on 01.01.2002.

EUR vs CHF since 2000: a decrease of roughly 50%

USD vs CHF since 2000: a depreciation of roughly 53%



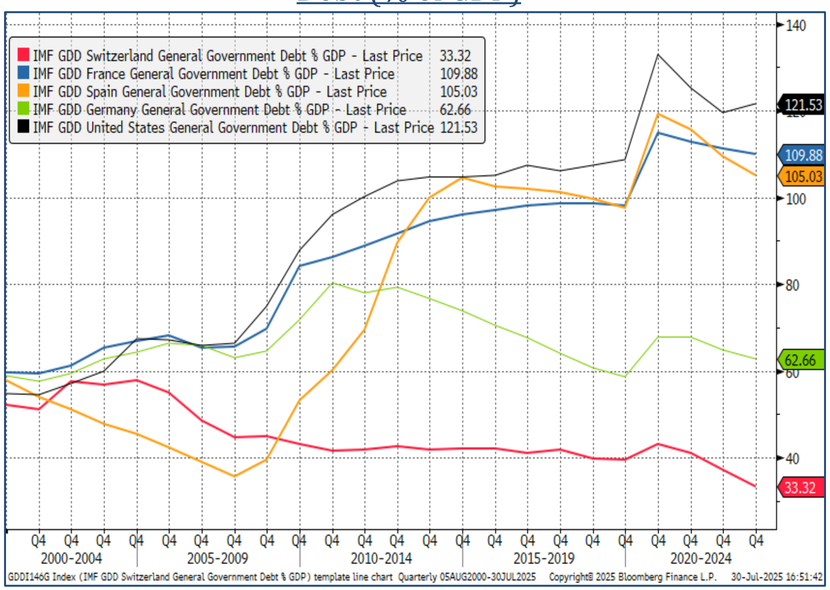
Why Switzerland?

- Swiss markets exhibit lower volatility compared to global peers, reflecting economic stability and investor confidence.

- The country maintains one of the lowest unemployment rates among advanced economies, hovering around 2.5%, supported by a strong labor market and specialized industries. Another key point is that it shows a low debt-to-GDP ratio and consistently maintains a strong fiscal balance, underscoring its disciplined public finances.

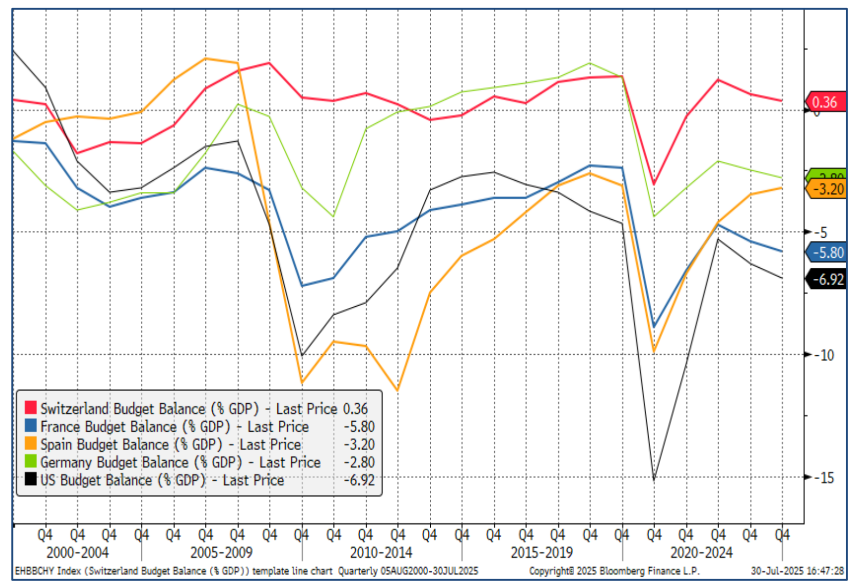
- In the charts below, Switzerland appears in red, France in blue, Spain in orange, Germany in green, and the United States in black.

Debt (% of GDP)



Source: Bloomberg

Budget Balance (% of GDP)



Source: Bloomberg

Dividend Policy

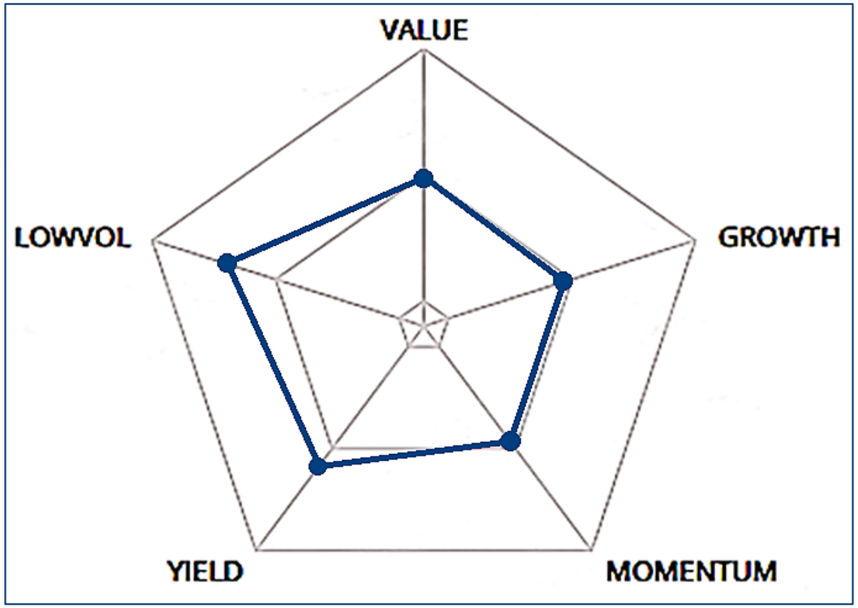
- We look for companies with a stable and growing dividend.
- We prioritize companies that can continue paying dividends even during periods of economic uncertainty.
- In the table below, years when dividends increased are marked in blue, remained the same in white, and decreased in red.

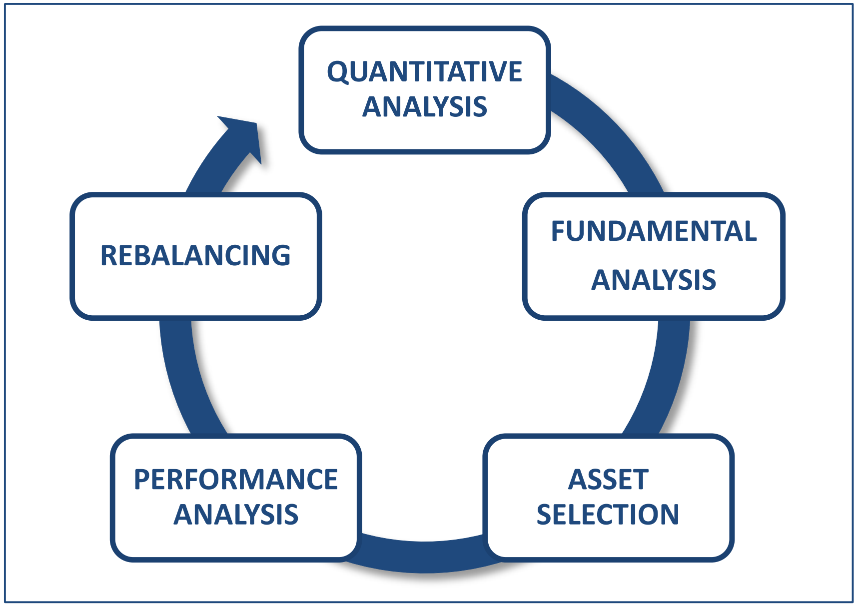
Name	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
BANQUE CANTONALE VAUDOIS-REG	0.0	0.2	0.3	0.5	0.7	4.7	3.0	3.1	3.2	3.2	3.2	3.2	3.2	3.3	3.3	3.3	3.5	3.6	3.6	3.7	3.8	4.3	4.4
CIE FINANCIERE RICHEMO-A REG	0.5	0.6	1.6	1.7	2.1	1.2	0.3	0.4	0.5	0.6	1.0	1.4	1.6	1.7	1.8	1.9	2.0	1.0	2.0	3.3	3.5	2.8	3.0
EMMI AG-REG	0.0	0.0	1.6	2.6	2.6	2.6	2.6	3.0	3.4	3.4	3.6	3.8	3.8	4.9	5.9	10.0	9.0	12.0	13.0	14.0	14.5	15.5	16.5
FLUGHAFEN ZURICH AG-REG	0.0	0.0	0.0	0.2	0.6	0.9	1.0	1.5	1.4	1.9	1.9	2.0	2.7	6.2	6.4	6.5	6.9	0.0	0.0	0.0	3.5	5.3	5.7
GALENICA AG	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7	1.7	1.8	1.8	2.1	2.2	2.2	2.3
GIVAUDAN-REG	7.7	14.5	15.4	16.6	17.8	18.4	9.4	20.6	21.5	22.0	36.0	47.0	50.0	54.0	56.0	58.0	60.0	62.0	64.0	66.0	67.0	68.0	70.0
HELVETIA BALOISE HOLDING AG	0.4	0.7	1.1	1.8	2.7	5.0	2.7	2.9	3.2	3.2	3.4	3.5	3.6	3.8	4.2	4.6	4.8	5.0	5.0	5.5	5.9	6.3	6.7
HOLCIM LTD	0.8	1.0	1.1	1.4	1.7	2.9	0.0	1.4	1.4	1.0	1.1	1.2	1.2	1.5	2.0	2.0	2.0	2.0	2.0	2.2	2.5	2.8	3.1
KUEHNE + NAGEL INTL AG-REG	0.6	0.7	0.9	1.1	1.5	4.4	2.3	2.3	4.3	3.9	3.5	5.9	7.0	5.0	5.5	5.8	6.0	4.0	4.5	10.0	14.0	10.0	8.3
NESTLE SA-REG	0.7	0.7	0.8	0.9	1.0	1.2	1.4	1.6	1.9	2.0	2.1	2.2	2.2	2.3	2.3	2.4	2.5	2.7	2.8	2.8	3.0	3.0	3.1
NOVARTIS AG-REG	1.0	1.0	1.1	1.2	1.4	1.6	2.0	2.1	2.2	2.3	2.3	2.5	2.6	2.7	2.8	2.8	2.9	3.0	3.0	3.1	3.2	3.3	3.5
PARTNERS GROUP HOLDING AG	0.0	0.0	0.0	0.0	2.7	4.3	4.3	4.5	5.0	5.5	6.3	7.3	8.5	10.5	15.0	19.0	22.0	25.5	27.5	33.0	37.0	39.0	42.0
ROCHE HOLDING AG	1.5	1.7	2.0	2.5	3.4	4.6	5.0	6.0	6.6	6.8	7.4	7.8	8.0	8.1	8.2	8.3	8.7	9.0	9.1	9.3	9.5	9.6	9.7
SGS SA-REG	0.3	0.4	0.5	2.0	0.8	1.4	2.0	2.4	2.6	2.6	2.3	2.6	2.7	2.7	2.8	3.0	3.1	3.2	3.2	3.2	3.2	3.2	3.2
SWISS LIFE HOLDING AG-REG	0.0	0.0	4.0	5.0	7.0	17.0	5.0	2.4	4.5	4.5	4.5	5.5	6.5	8.5	11.0	13.5	16.5	20.0	21.0	25.0	30.0	33.0	35.0
SWISS PRIME SITE-REG	1.9	2.3	2.4	2.7	3.0	3.3	3.3	3.4	3.4	3.5	3.5	3.5	3.6	3.7	3.7	3.8	3.8	3.8	3.4	3.4	3.4	3.4	3.5
SWISSCOM AG-REG	19.9	12.9	13.9	15.9	17.0	20.0	19.0	20.0	21.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0
ZURICH INSURANCE GROUP AG	1.0	2.5	4.0	7.0	11.0	15.0	11.0	16.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	18.0	19.0	20.0	20.0	22.0	24.0	26.0	28.0
ENEL SPA	0.3	0.6	0.5	0.6	0.4	0.4	0.4	0.3	0.3	0.2	0.2	0.1	0.1	0.2	0.2	0.2	0.3	0.3	0.4	0.4	0.4	0.4	0.5
ENI SPA	0.8	0.8	1.4	1.3	1.3	1.4	1.2	1.0	1.0	1.1	1.1	1.1	1.0	0.8	0.8	0.8	0.8	0.6	0.7	0.9	0.9	1.0	1.0
FDJ UNITED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.9	1.2	1.4	1.8	2.1
IBERDROLA SA	0.0	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.2	0.3	0.2	0.3	0.1	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.5	0.5
TOTALENERGIES SE	1.0	1.8	1.5	1.7	2.0	2.2	2.3	2.3	1.1	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	1.7	1.5	3.1	3.3

Source: Bloomberg

Portfolio monitoring

- Primarily Swiss companies, with a small portion of European firms to provide diversification.
- Monitoring of dividend policy changes.
- Expected dividend growth rate.
- Assessment of earnings quality: high earnings predictability.
- Cash flow statement analysis.





Source: Weisshorn

Pitfalls to avoid

- A high dividend yield does not always translate into high shareholder returns.

- Screening on dividend yield alone is dangerous: a high yield is not always a sign of financial health or of a sustainable business model.

- A high dividend yield could sometimes be a sign of weakness in the business model and upcoming troubles. The market anticipates a future dividend cut and is selling the security ahead of the announcement.

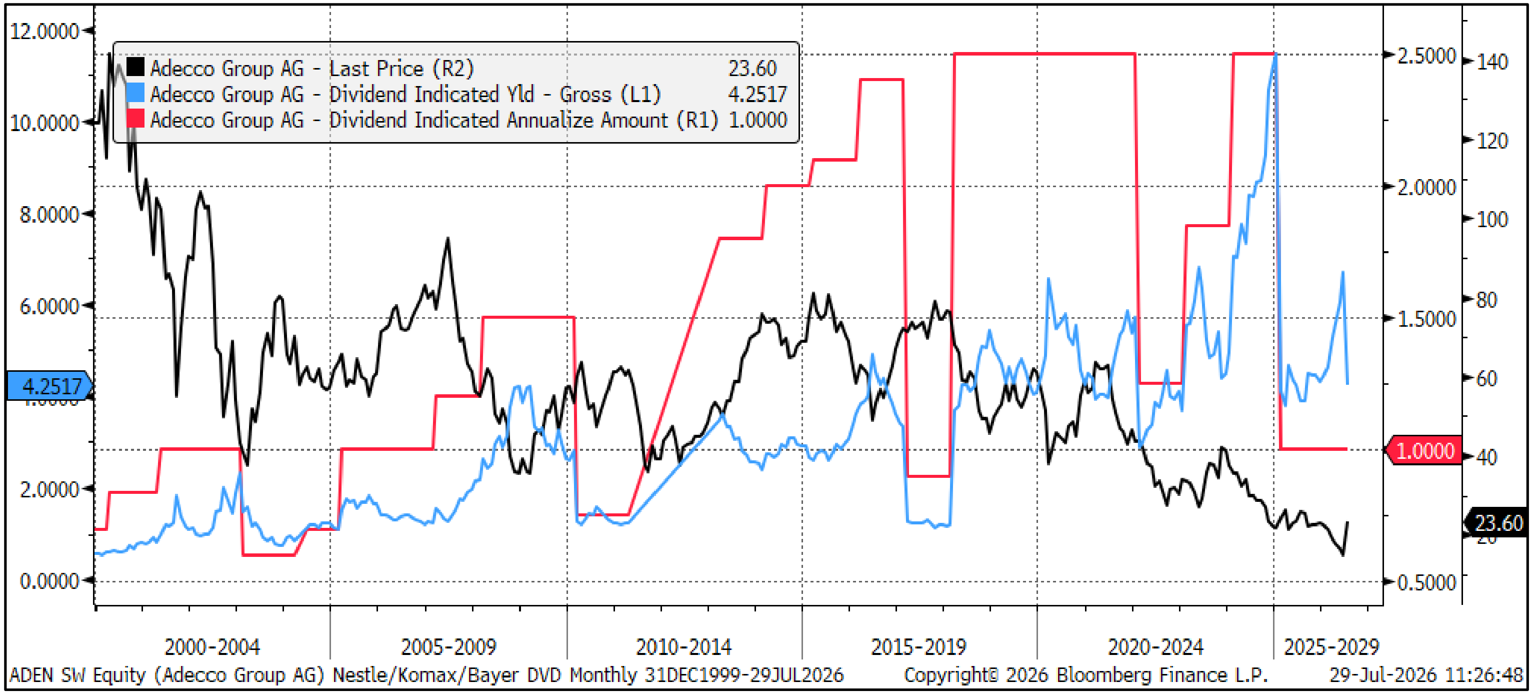
- A high dividend yield may signal a lack of reinvestment opportunities. The company returns money to shareholders because it has a cash surplus and no investment opportunities. If this persists, strong cash generation attracts competitors and margins erode. If the company does not reinvest, it has no future.

- **All of this means active management is essential in a high quality dividend strategy. Identify the pitfalls and position for long term sustainable investment strategy.**

What we want to avoid

- High dividends are sometimes not sustainable: example of Adecco.
- As the graph shows, Adecco's dividend per share (in red) has been particularly volatile over the years, alternating between significant increases and sharp declines.
- Frequent or unpredictable variations may reflect sensitivity to economic cycles, dependence on annual results, or a lack of a clearly defined dividend policy.

Adecco share price and dividend per share vs dividend yield

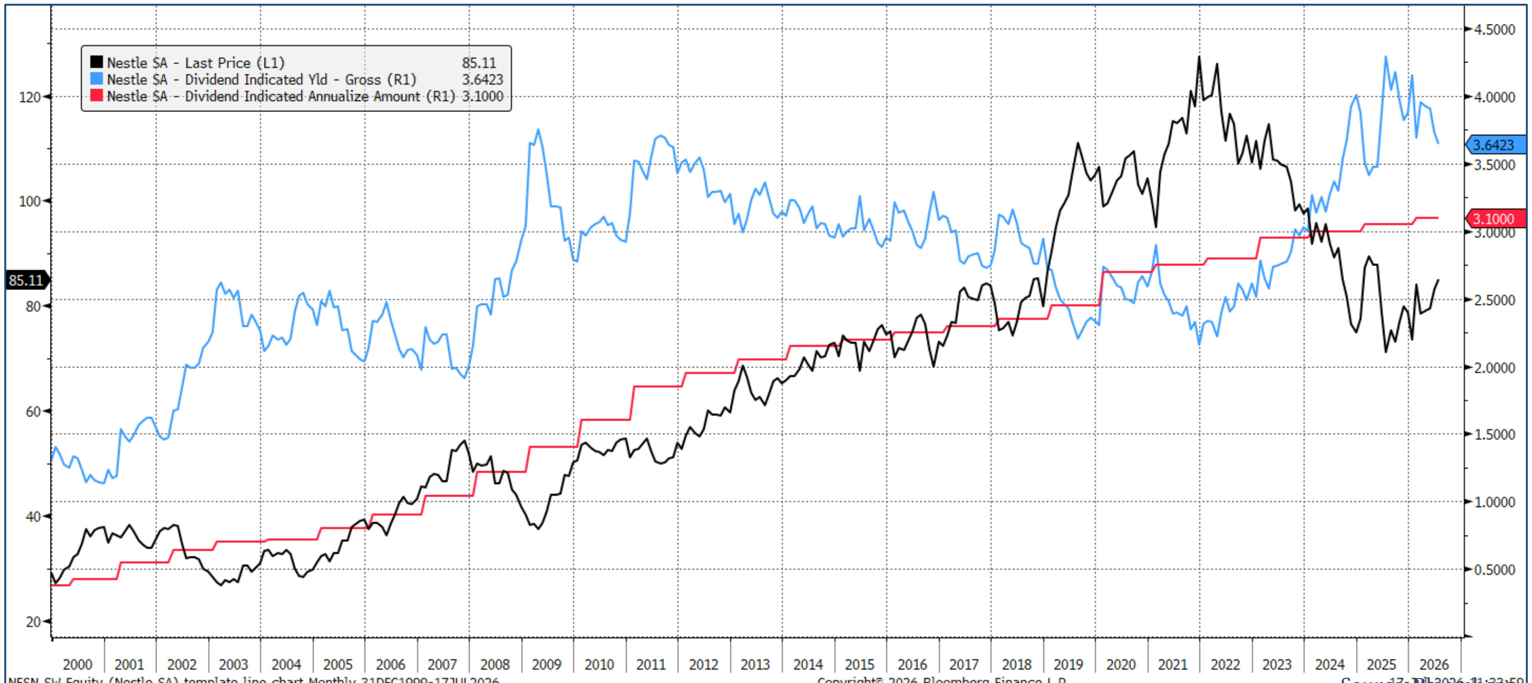


Source: Bloomberg

What we like

- Regular dividend increase: example of Nestlé in 2005-2025.
- 20-year regular dividend increase (red line). Share price increase (black line).
- Dividend yield (blue line).

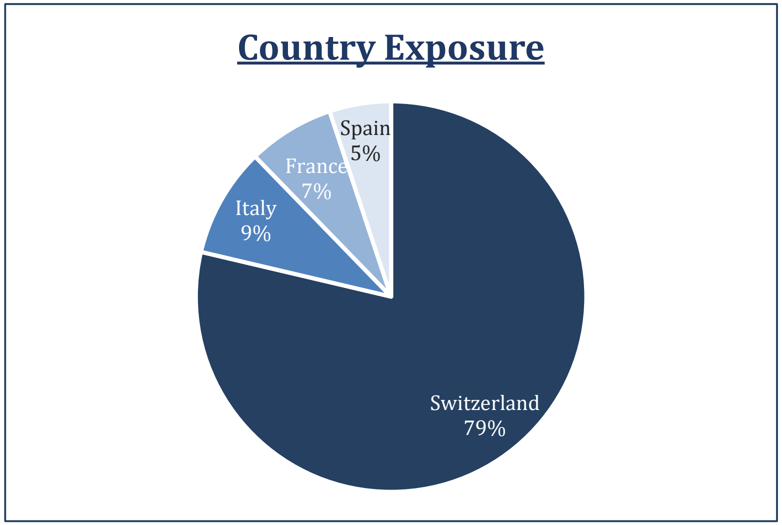
Nestlé share price and dividend per share vs dividend yield

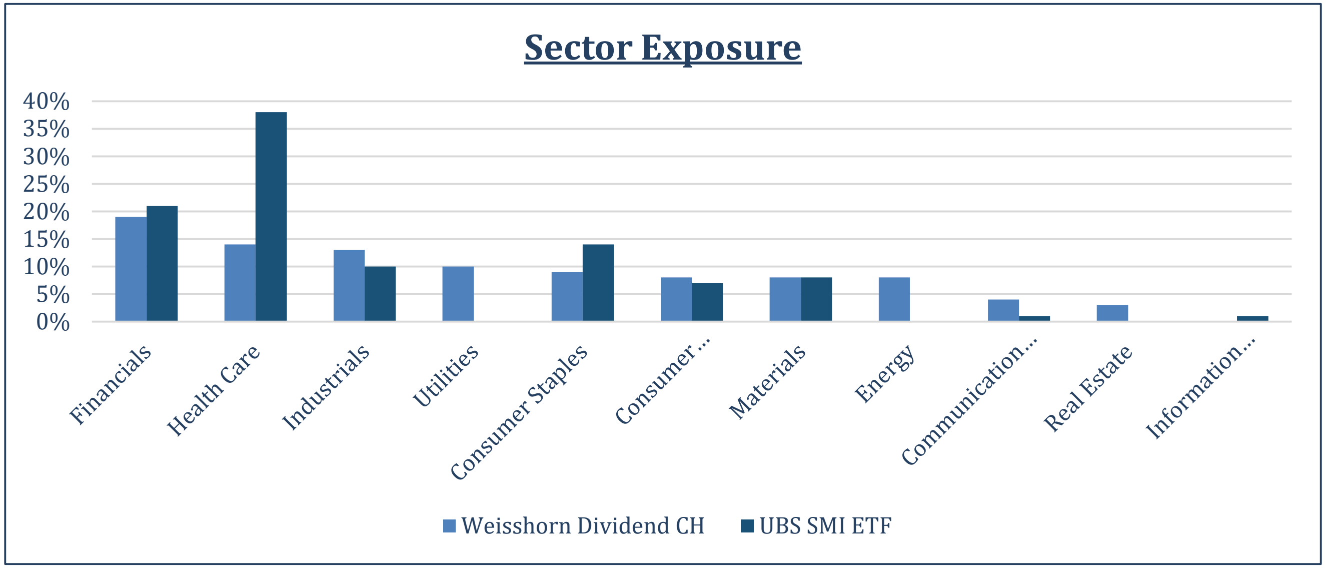


Source: Bloomberg

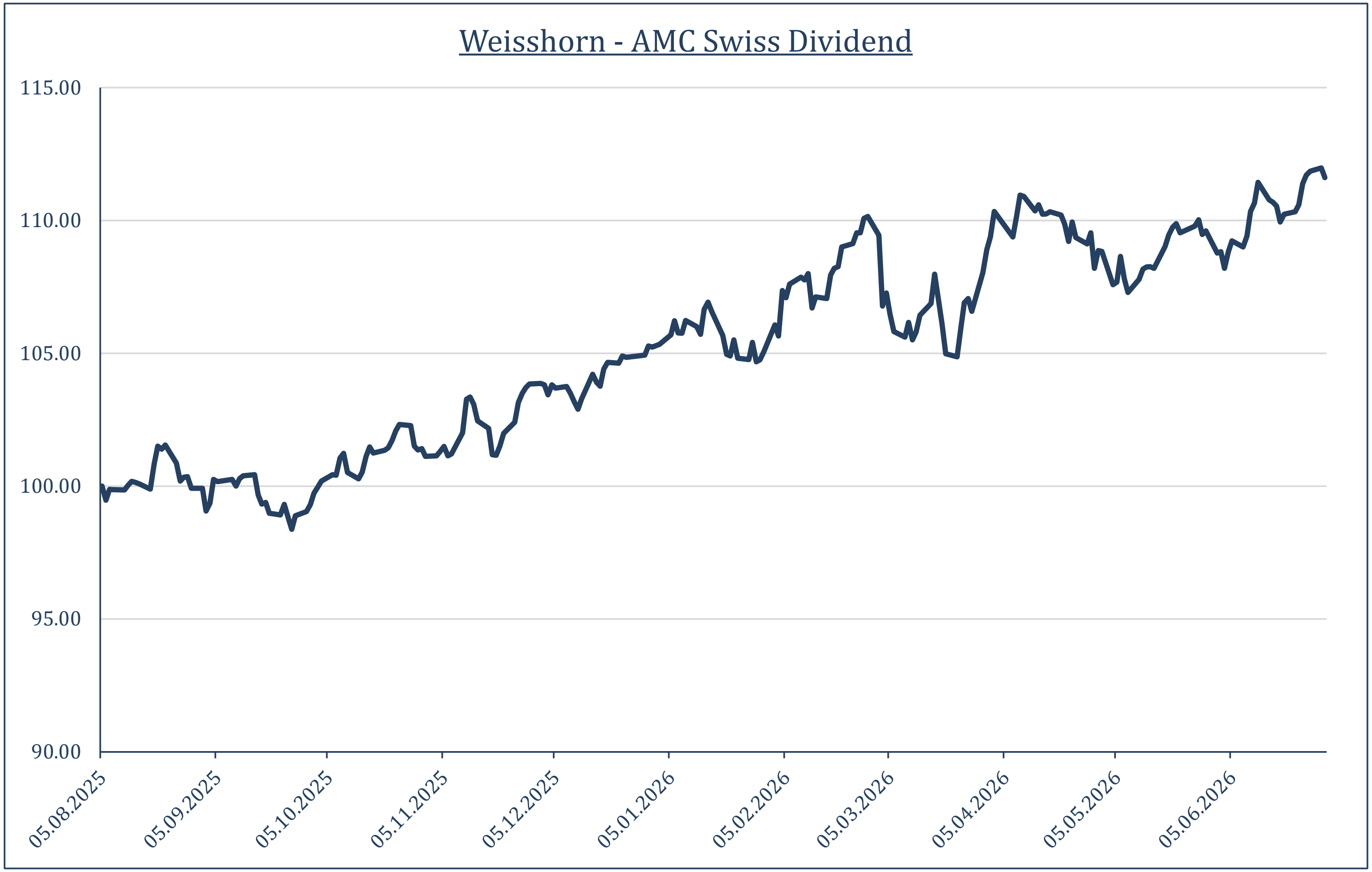
Portfolio details

	Weisshorn Dividend Selection Switzerland	Swiss Market Index
Average PE	22.87	22.70
Average P/CF	12.62	16.55
Average ROE	17.22	23.16
Dividend Yield - Last 12 Months	**3.60%**	**2.78%**
Dividend Yield - Estimated 12 Months	**4.05%**	**2.98%**
Total Debt / Total Equity	122.98	169.18
Average Market Cap (bn. CHF)	135.00	151.00
Nb of stocks	23	20





Performance since inception



Contacts

Weisshorn Asset Management SA
7, rue des Alpes
CH – 1211 Genève 1

Tel.: +41 22 316 03 30
Fax: +41 22 310 31 18
www.weisshorn-am.com

Disclaimer

This document is made available exclusively to clients of Weisshorn Asset Management under discretionary portfolio management who have expressly requested to receive such information and documents (such as analysis, research, report, commentary and/or fact sheet). It shall not be communicated to any third party.

The information and opinions (including positioning) contained on this document are for information purposes only and is not a solicitation, offer or recommendation to sell or acquire any securities, effect any transaction or to enter into any legal relations. More particularly, no information, document or opinions (including positioning) provided on this website regarding services or products shall constitute or be construed as an offer or solicitation to sell or acquire securities or other instruments in any jurisdiction where such offer or solicitation is prohibited by law or in which the person making an offer or solicitation is not licensed or registered to do so or to any person to whom such offer or solicitation is contradictory to local law or regulation. Any such prohibited offer or solicitation is void and Weisshorn Asset Management will disregard any communication received in respect thereof.

Past performance should not be taken as an indication or guarantee of current or future performance, and no representation or warranty, express or implied, is made regarding future performance. Clients are urged to be assisted by professionals to assess the possibilities and risks associated with any financial operation before making any investment or other decisions.