

COMPANY INFORMATION

Q Capital AG (www.qcapital.ch) is a listed Swiss holding company aiming to generate a sustainable long-term capital appreciation with a target return of 7-12% p.a. It invests in private and public equities, bonds, real estate, currencies and in other managers. It is not restricted by a defined investment strategy. Base currency is EUR.

The shares are quoted on the Bern Stock Exchange (www.berne-x.com) under the ticker QCAP SW.

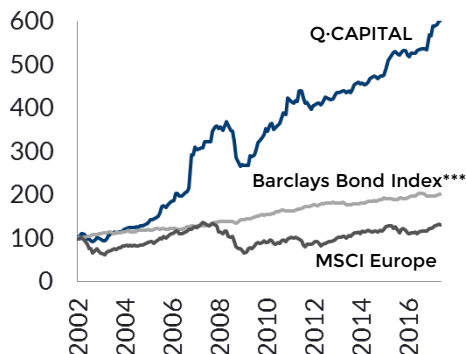
Q Capital is part of the Q-ADVISERS GROUP network (www.q-advisers.com).

PRODUCT DETAILS

Domicile	Switzerland
External expenses	1.68% net
Success-based expenses (up to)	20% (High Water Mark)
Hurdle rate	5% Net-Min. Return
Investment Advisor	QIMA Ltd
Website	www.qcapital.ch
ISIN	CH0017855088
WKN	1785508
SE Ticker	QCAP SW
NAV (30.06.17)	EUR 27.77
Annualized return	12.3%
Risk Manager	Rodex Risk Advisers

C-Quadrat AG	21.4%
Informica Real Invest	11.5%
Prenzlauer Gotlandhof	9.7%
UCP Chemicals	6.3%
QCV Diversified	4.3%

PERFORMANCE CHART



PERFORMANCE TABLE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2003	-3.5	-2.8	0.3	2.9	9.1	4.2	0.9	1.4	-0.5	1.5	-0.4	2.6	16.26%
2004	2.8	1.4	1.2	-0.0	0.1	1.0	0.4	-0.3	2.8	0.6	0.5	1.8	13.10%
2005	2.3	4.7	1.0	0.5	2.4	2.6	4.5	9.7	1.5	-2.6	3.2	2.0	36.26%
2006	2.4	1.4	8.3	0.6	-3.0	-0.5	2.7	1.7	0.6	4.4	35.4	0.1	62.20%
2007	6.1	-1.8	1.0	0.6	-0.2	4.6	-0.2	0.0	0.3	7.5	2.6	1.1	23.16%
2008	-2.1	1.5	-2.2	2.6	3.1	-2.3	-3.4	-0.8	-6.9	-11.4	-4.0	-3.2	-26.24%
2009	1.5	-0.8	0.2	5.1	3.2	-0.9	1.8	4.2	5.0	1.4	2.6	1.8	27.77%
2010	4.0	-1.7	4.9	0.3	-3.6	1.0	1.6	1.4	3.0	3.1	-1.1	10.0	24.68%
2011	-0.6	-0.9	-1.2	1.3	-0.3	5.9	-0.1	-3.3	-3.2	0.4	-2.2	-1.5	-5.95%
2012	2.2	0.4	0.8	0.0	-1.2	1.8	2.6	-0.3	-0.3	-0.4	0.1	2.1	8.12%
2013	1.5	-0.0	0.3	0.3	0.2	-1.1	1.0	-0.7	1.8	2.1	1.0	0.4	7.15%
2014	-1.1	0.8	-1.2	0.5	0.9	1.7	1.1	0.5	-0.6	-0.9	1.3	0.2	3.31%
2015	0.4	2.5	4.4	1.1	1.2	1.4	0.2	-1.0	-0.5	1.2	0.9	-0.2	12.04%
2016	-2.0	-0.5	1.3	0.1	0.0	1.0	0.5	0.4	0.0	0.0	-0.2	6.4	6.72%
2017	-0.3	3.8	0.1	0.7	1.1	0.4							6.00%

*Cash, cash equivalents and treasury shares ***Barclays Aggregate Bond Index (EUR) ***Monthly NAVs are calculated in EUR net of all fees

ADVISOR COMMENTARY

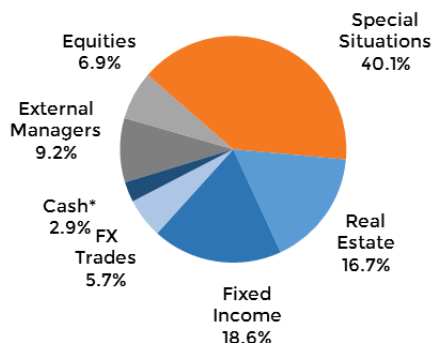
Q Capital AG returned +6.00% net in H1 2017. The NAV (EUR) stood at EUR 27.77 per share vs EUR 26.20 as per 31 Dec 2016. The bond market returned +2.28% and equities +5.76% as per the Barclays Aggregate Bond and MSCI Europe indices, respectively.

Decent economic growth and moderate inflation pressures have helped the performance of equity and bond markets. Especially in Europe, markets were off to a decent start of the year. Money flows left the “post-Trump” inflated commodity stories as crude plummeted while Tech and Financials benefited. Fed raised rates twice this year and markets are pricing in another hike in September.

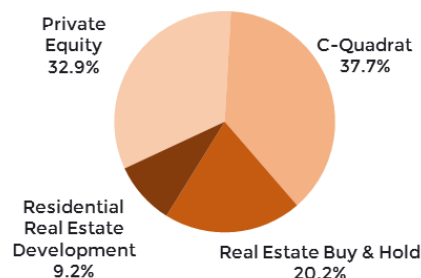
Q Capital returned +6.0% in H1 2017, very uncorrelated with the markets. A large chunk of our profits was realized through the sale of our Private Equity stake in KTM in February but we also made good money in the long-term holdings of Amrest and selected Airlines/Airports (Lufthansa, Fraport). Fixed Income portfolio was reshuffled as yields declined following a huge rally (f.ex. Raiffeisen). We added some High Yield Ukrainian exposure. We reshaped the C2 deal, which is now gaining regulatory approval and should finally close by year end. We topped up our stake in UCP Chemicals and now hold nearly 7% of the company. UCP is very profitable now and pays good dividends.

In real estate, we are celebrating the topping out of the Berlin project with 70% of the flats contractually sold. Informica (residential) continues to optimize its portfolio and will again return capital this summer. Kissyo, our investment in a fast-growing organic frozen yoghurt company develops very well. Oaks fund continues to perform driven by its exposure in Pakistan and Vietnam. On the PE side, MLU (25% stake) is our weak spot. The company is still not profitable and burns cash. We adjusted the value through a small write-off.

ASSET BREAKDOWN

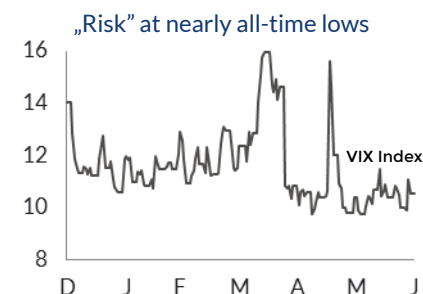
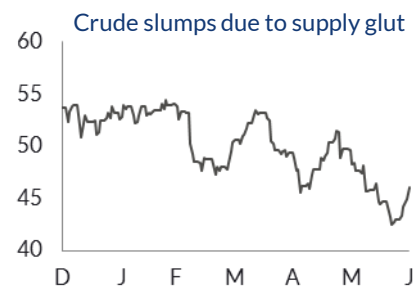
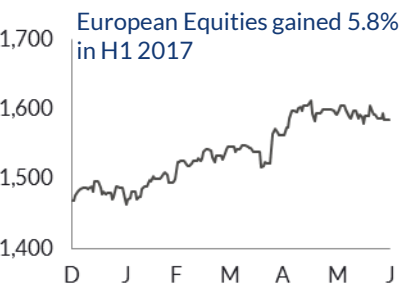


MAIN SHAREHOLDINGS



ADVISOR OUTLOOK

As global growth firms up and the risk of deflation is disappearing, central banks are taking the opportunity to move further towards a gradual normalization of monetary policy. The ECB recently judged risks to the Eurozone economy as broadly balanced and removed any reference to lower interest rates. This paves the way for scale back or full exit of the QE next year. The environment should continue to be supportive for risk assets. Second half of the year should bring conclusion to the C2 deal and significant progress of Prenzlauer Gotlandhof project in Berlin.



MAJOR HOLDINGS AND CHANGES IN H1 2017

Cash / USD (2.9% from -7.4%) Portfolio cash levels increased largely due to profit taking within the equity and fixed income portfolios. The net long USD exposure stands at 2.9% long. Treasury shares holding stands at 3.8% with the view to increase it up to 10% via share buyback as per recent AGM resolution. Details will follow.

Bonds and Private Loans (18.6% from 20.1%) A mild reshuffle within our fixed income exposure. We took 50%+ profits in **Raiffeisen 2023** (YTM 2.7%). We also sold the remaining position in **Saudi Arabia 2046** and bought the new **Russia 2027** (YTM 4.3%) Eurobond, first issue since sanctions were introduced. We added well performing Ukrainian **Kernel 2022** (YTM 6.8%) as well as **MHP 2024** (YTM 7.4%). We are particularly pleased with our **10YR Greek bond**, which advanced 15% YTD with yields returning to levels unseen in 8 years.

Equities Long (6.9% from 16.8%) We were systematically scaling back our long equity exposures as markets were reaching new highs. We took profits on the positions, which performed best post-Trump i.e. Banks (**UniCredit**, **Sberbank**, **Raiffeisen**), Insurance (**Swiss Re**, **Uniqua**) and Commodity (**Norilsk Nickel**). We also replaced the long-time **DO & CO** position with direct airline exposure (**AirFrance**, **Lufthansa**, **Fraport**). We gradually built our exposure in **Amrest** (+27% YTD), which successfully executes its ambitious Pan European M&A strategy. Romanian **Medlife** (+36% YTD) also added meaningfully.

MAIN SHAREHOLDINGS (40.1% of NAV)

This section has always been the main driver of the portfolio performance. We have either substantial holdings and/or strong positions in the companies, partly with specific board seats or management control rights. Position should be around 40% of the portfolio.

C-Quadrat (21.4%, board seat for Q Capital AG, 2.3% of the company). The transaction took a new shape and the buyer is now seeking all regulatory approvals, which should be in place by year-end. Meanwhile, EUR 3.71m loan stays in place and is collateralized with ca 2/3 of our position in the company (placed in escrow). We continue to price the position at a comfortable discount to the transaction price to remain conservative. Meanwhile we pocketed EUR 1.5 dividend in May.

Private Equity & Markets

KTM Industries (ex 6.1%) was a meaningful contributor to the performance as we managed to sell the whole position in mid-February around a time of a private placement. We realized a solid 170% profit on the holding within less than 2 years since the initial purchase.

QCV Diversified (4.3% from 2.0%) Q Capital increased its stake in QCV Diversified on the back of the increased deal-flow, which is currently being implemented.

UCP Chemicals (6.3% from 3.5%) We increased our holding in UCP via two private transactions in H1 2017 and feel particularly comfortable with the operation. Despite continuously challenging macroeconomy, the company managed to grow its EBITDA (EUR 6.8m, +11% YoY) and the net result (EUR 1.8m, +15% YoY) in 2016. The strategy remains to further increase the focus on its profitable core segments in combination with a set of activities to further enhance efficiency and productivity. We also like the 60%+ bigger dividend pay-out recommended by the board.

Real Estate Investments & Developments

Informica Real Invest AG (11.5%, board seat for Q Capital AG; 15.3% of the company) currently owns 16 properties with a total area of 39.694 m² or 437 units yielding a solid 6.6%. In H1, the firm grew its Leipzig portfolio (25.1% stake) by 2 properties and sold 1 with a good profit. Later this summer, the company will return EUR 30c as capital repayment for 2016. We value the position at a 25% discount to the last available NAV as per Dec 2016.

„Prenzlauer Gotlandhof Berlin“ (5.2%, 12.5% of the company). The project progresses according to plan. The 4th floor construction has just finished and we are celebrating the topping out early July. On the sales front 94 out of 136 flats already sold and legally contracted. Two houses are yet to enter the market and we should be selling them with a price increase in Autumn. The investment consists of equity of 12.5% of the project and a loan of EUR 1m at 4.95% interest (to be repaid in mid-July 2017).

INVESTMENTS IN OTHER MANAGERS (9.2% FROM 6.6%)

Solid performance from all fund holdings. **Mozart One** returned a respectable 30% capitalizing mostly on its largest Austrian holdings while **Oaks Global Opps Fund** made over 15% searching for Alpha in Vietnam, Pakistan and Brazil. We redeemed **Duet EME Fund** in full as the fund closed down. We also reclassified our Iranian **Pomegranate** as a fund now.