

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.

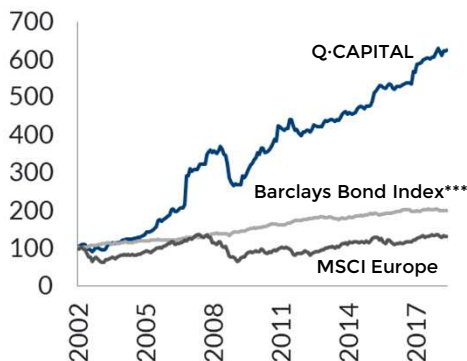
The shares are quoted on the Bern Stock Exchange (www.berne-x.com) under the ticker QCAP SW.

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 (30.06.18)	EUR 28.87
Annualized return	11.8%
Risk Manager	QC Partners
Informica Real Invest	11.6%
UCP Chemicals	7.3%
Prenzlaue Gotlandhof	6.5%
QCV Kissyo (incl loan)	3.5%
Oaks Global Opportunities Fund	3.3%

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	0.4	-0.3	-0.1	0.7	0.1	2.4	9.39%
2018	1.6	-1.7	-1.4	1.8	0.0	0.6							0.87%

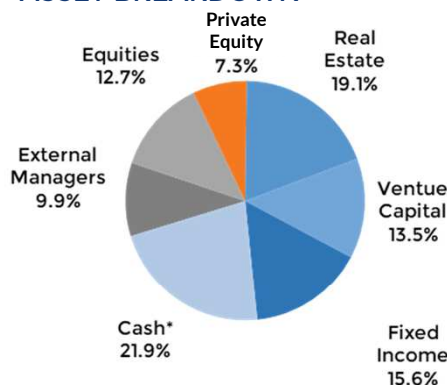
*Cash, cash equivalents and treasury shares ***Barclays Aggregate Bond Index (EUR) ****Monthly NAVs are calculated in EUR net of all fees

ADVISOR COMMENTARY

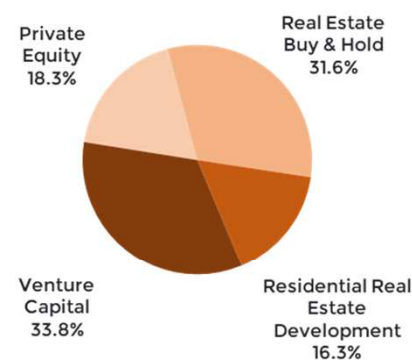
Q·Capital AG returned +0.9% net in H1 2018. The NAV (EUR) stood at EUR 28.87 per share vs EUR 28.62 as per 31 Dec 2017. The bond market declined -1.6% and equities -2.5% as per the Barclays Aggregate Bond and MSCI Europe indices, respectively.

H1 2018 proved rather challenging. Except the big technology shares most of sectors in equity markets have been substantially down. Donald Trump dictated market direction. Interest rates are on the move up, high yield bonds corrected. Crude reached USD 70+ levels (+23% YTD). Q·Capital AG still reached positive results, nearly up 1 % in H1 2018. We suffered losses on the equity- and bond-side, real estate, private equity (PE) have been positive, venture capital (QCV) has been unchanged. PE: The closing of the C-Quadrat deal has been the absolute highlight and a last small positive impact. We fully exited the position having tripled our money since 2010. UCP Chemicals achieved double digit EBITDA margins, and offers now a high dividend yield on top. We slightly revalued the position. RS: We are completing the Berlin Gotland project in H2 2018 with 95% of the flats sold. Residential housing company Informica performed excellent, yielding 6.6%. We took advantage of lower bond prices and reshuffled our bond portfolio with new additions. Ventures Capital (QCVs): We are happy with the development in KISSYO and Urban Foods – both is currently processing new funding round at significantly higher prices. In Braintribe revenues have been on the low side and funding is still tight. QCV Diversified, the portfolio for smaller opportunistic tickets, had small depreciations but still a few small high-octan-bets which could make a big difference. We saw no prospect in further development of cash burning MLU and exited.

ASSET BREAKDOWN

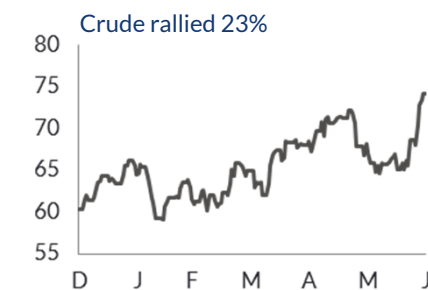
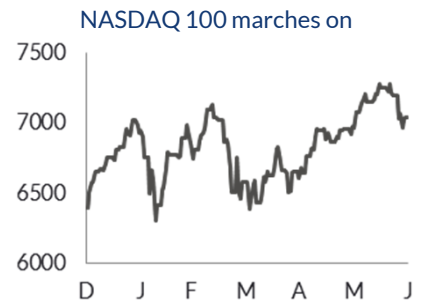
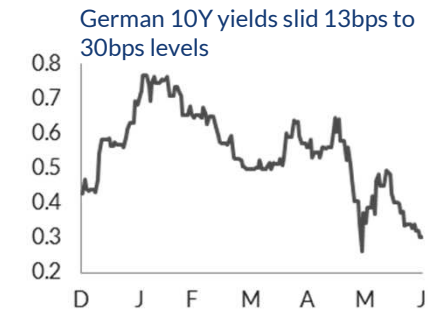
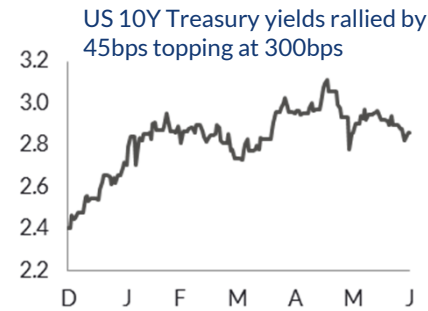


MAIN PRIVATE HOLDINGS



ADVISOR OUTLOOK

Levels in equity markets are only supported by high flying technology shares but otherwise are already in correction mode. Politics is quite unpredictable at the moment especially with current risks in Europe. Increased interest levels and wider credit spreads are already impacting the valuations and markets show higher volatility. We are not bearish yet but closely monitor the markets for any signs of reversal. We focus on direct investments.



MAJOR HOLDINGS AND CHANGES IN H1 2018

Cash & equivalents / USD (21.9% from -0.1%) Portfolio cash levels increased significantly in H1 2018 following the closing of the C2 deal (more on that below) The net long USD exposure stands at 4.5% long. Treasury shares were sold to existing investors.

Bonds and Private Loans (15.6% from 15.2%) As US Treasury yields rallied towards 3% levels, most bond prices declined, on average 4.3%. We enhanced the portfolio with new holdings in gold-exposed **Polyus 2023** (YTM 5.7%) and **Petropavlovsk 2022** (YTM 12.3%) as well as added some Argentinian **Adecoagro 2027** (YTM 8.7%) and Belarussian Retail **EuroTorg 2022** (9.0%). Holdings in **Nostrum O&G 2025** (YTM 9.6%), **Teva 2028** (YTM 6.5%) and **Georgia Capital 2024** (YTM 7.4%) were also added. Within sovereigns, we added **Ecuador 2028** (YTM 10.5%) to the existing holding in **Ukraine 2032** (9.1%) and took profits on Greek GGBs. Average portfolio YTM stands at 8.5% with average maturity of 5.5 years.

On the private side, Hauptstrasse Loan was extended and a new 8% loan to Kissyo granted.

Equities Long (12.7% from 14.0%). 2018 proved rather challenging, so we had and have there have relatively low weightings. We profited in **Facebook**, **Netflix** and **Microsoft**. Otherwise we have been stopped out in severe market corrections in February. We continue to hold our long term favourite **Amrest** and its competitor **McDonald's**.

MAIN PRIVATE SHAREHOLDINGS (39.9% 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.

UCP Chemicals AG (7.3%, board seat for Q·Capital AG, 6.9% of the company). Financial performance of UCP has been steadily improving with 17% jump in revenue (EUR 69m) and double digit EBTIDA margins of 12.4%. 2018 is shaping up to be successful with 4M revenue growth of nearly 7%. Company also pays a EUR 0.14 dividend for last year. We value them at 1.75 now (PE 7, 8% Dividend Yield: no value for the Methanol Project).

Venture Capital

QCV Urban Foods (2.2%) is our investment in the food area offering a B2B distribution platform for urban and trendy new beverages and snacks in Austria. The company was further capitalized to fund investments in Brooklyn Gin.

QCV Braintribe (2.4%) our smart data platform “Tribefire” providing big data technology finished the FY with a EUR 12.1m revenue and 13% EBTIDA margin. The company is currently completing a ambitious funding round of ca. ambitious USD 4m to allow for further growth in US and UK. It see this all as very ambitious targets.

QCV kissyo (3.5%) sales grew over 50% reaching EUR 1,2m. The demeter line Schrozberger is performing very well (>100% yoy) alongside the core KISSYO brand. The team grew with new sales people. Company just launched a process to raise nearly EUR 1.8m to support the relaunch of KISSYO. We expect to close the deal in August.

QCV MLU (0.7% from 3.7%) We managed to agree on the final but sadly painful exit from this investment selling the holding to an outside investor. Depreciation has happened in 2017 results. We have a small stake now in the acquirers JTC (Sensory Systems) (1.5%).

Pomegranate Investment (1.2%) was marked down following the withdrawal of the US from the JCPOA agreement, which worsened the sentiment and led the OTC prices of the investment even lower.

Real Estate Investments & Developments

Informica Real Invest AG (11.6%, board seat for Q·Capital AG; 15.3% of the company) holds 15 properties with a total area of 40.512 m² or 445 units (368 residential + 77 commercial) yielding a solid 6.63%. NAV should have grown nearly 6,5 % last year.

“Prenzlauer Gotlandhof Berlin” (6.5%, 12.5% of the company). The project is approaching its finish according to plan. More than 95% of the 136 residential units have been sold and legally contracted. We expect the full exit from the investment in H1 2019.

INVESTMENTS IN OTHER MANAGERS (9.9% FROM 10.1%)

Mixed performance from the fund holdings. **Mozart One** struggled and declined 3% while **Oaks Global Opps Fund** finished H1 largely flat. We deployed new capital to **Magna MENA Fund** managed by Stefan Boettcher who already showed demonstrable success within the area in the Oaks fund.