

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 equity, bonds, loans, 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 network (www.q-advisers.com).

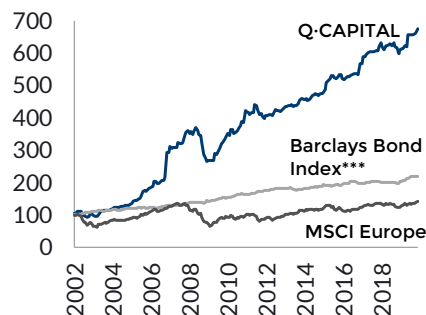
PRODUCT DETAILS

Domicile	Switzerland
External expenses	1.68% net
Success-based expenses (up to)	20% (HWM)
Hurdle rate	5% Net-Min. Return
Investment Advisor	QINO Group Services
Website	www.qcapital.ch
ISIN	CH0017855088
WKN	1785508
SE Ticker	QCAP SW
NAV (31.12.19)	EUR 31.12
Annualized return	11.2%
Risk Manager	QC·Partners, Frankfurt

TOP HOLDINGS

Informica Real Invest	14.6%
UCP Chemicals	8.7%
QCV Diversified	5.1%

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	0.4	-0.9	1.1	-1.7	-0.4	-2.9	-3.63%
2019	1.7	0.7	0.2	1.3	-0.6	6.0	0.3	-0.1	-0.1	0.6	0.0	2.1	12.84%

*Cash, cash equivalents and treasury shares | **including 3rd party managed Equity Funds | ***Barclays Aggregate Bond Index (EUR) | NB: Monthly NAVs are calculated in EUR net of all fees

ADVISOR COMMENTARY

Q·Capital AG returned +12.84% net in 2019. The NAV (EUR) stood at EUR 31.12 per share vs 27.58 as per 31 Dec 2018. The bond market increased by 8.7% while equities gained 20.0% as per the Barclays Aggregate Bond and MSCI Europe indices, respectively.

It's been a great year to be invested! 2019 showed that uncertainty doesn't have to be the enemy of investors but to navigate this prolonged political uncertainty amid a late cycle economic backdrop will be no easy task. After sideways Q3 with some bumps in the road (trade talks and the deteriorating macro), Q4 was remarkable as the flood of central bank liquidity lifted all boats. We also saw two significant risks avoided: US-China phase 1 deal agreed and Brexit scenario finally clarified.

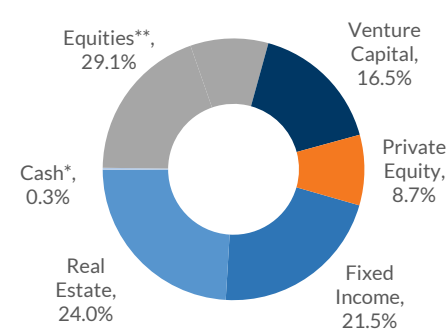
Q·Capital finished the year 2019 with a satisfying result led by nearly all asset classes. In equities we profited from our key themes: Russian undervalued blue chips, amicable Brexit scenario agreed (UK real estate) and further strength of well-known US consumer and tech names. Flattish DO&CO was a surprise, but we continue to believe in its future organic growth.

The fixed income portfolio has grown to 20 names and comprises of a good mix of bonds with sector and country-wide diversification. It provides a stable coupon income, which more than covers our company operational costs. Most holdings finished the year with high teens returns.

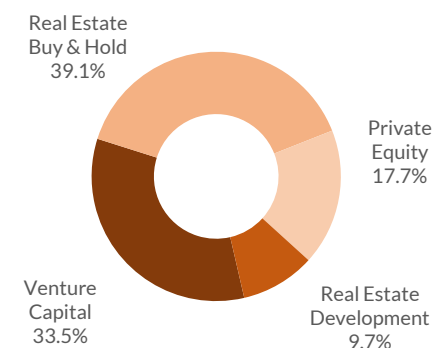
Within Real Estate, Informica continues to be a firm performer by optimizing its current portfolio of 16 properties yielding ca. 6.5%. UCP Chemicals performs above plan with improved 14% EBITDA margin and 7% DY.

VC also showed a mixed bag of results – "Kissyo" continued with its pragmatic strategy and generated sales of nearly EUR 4mn. Braintribe was a low point but we are actively working on a solution with a new investor. We continue to engage in the longevity theme with additional investments into ATAI Life Sciences, which is our most successful VC holding so far.

ASSET BREAKDOWN



PRIVATE EQUITY HOLDINGS



ADVISOR OUTLOOK

In 2020 we expect moderate economic growth, subdued inflation, and fluid political dynamics to be supportive for risk assets. If the global economy reaccelerates, equities should rise, although higher starting valuations might limit the extent of the upside. Interest rates are likely to remain depressed with central banks keen to provide support and ensure that inflation moves higher. A low rate world implies that equities offer attractive excess returns (risk premia). Lastly, it certainly won't be a quiet year with US elections coming up.

MAJOR HOLDINGS AND CHANGES IN H2 2019

Cash & equivalents / USD (0.3% from -0.7%) Portfolio remains fully invested however we redistributed some of the private loans exposure into equities. The net long USD exposure stands at 11.2% long.

Bonds and Private Loans (30.3% from 22.0%) US 10Y Treasury yields slumped to a low of 1.45% in late summer but then recovered towards the YE on the back of softer Fed tone. The fixed income portfolio has grown to 20 names and now holds a good mix of bonds with solid sector-wide diversification. The Bonds rallied strongly in 2019 as the portfolio posted a solid total return of nearly 20%. We added exposure to Russian RE (**Raven 2026**, YTM 9.7%), Greek industrials (**Ellaktor 2024**, YTM 5.3%), Ukrainian renewables (**DTEK 2024**, YTM 8.3%), Mexican Oil&Gas (**PEMEX 2030**, YTM 5.8%), **Bank of Moscow** (YTM 9.6%), Ukrainian steel producer **Metinvest 2029** (YTM 7.3%) and Norwegian marine cargo **Ocean Yield** YTM 8.3%. We took solid profits in **Kernel** and **VTB Perpetual**. Current portfolio generates ca 170bps (as % NAV) of coupon income per year. Average portfolio YTM stands at 7.9% with average maturity of 5.5 years. Three private loans totalling over EUR 2.3m were fully repaid with interest.

Equities (including External Managers 9.6 % | Equities 19.5 %) (29.1% from 24.4%) 2019 ended on a strong note as clouds cleared over two major market risks: US China trade deal and Brexit. We continued to ride the theme of undervalued Russian blue chips with solid dividend yields (**Gazprom**, **Norilsk**, **Sberbank**). We traded further strength of the US economy via well known Consumer and Technology names (**Tesla**, **Microsoft**, **Netflix**, **Lululemon**, **Uber**). The agreement on the Brexit deal was wind under the wings for our UK real estate holdings (**Rightmove**, **Persimmon**). **DO & CO** remains our long term holding – now looking to grow 30% organically after withdrawal from the LSG bidding process. We hold an opportunistic position in Norwegian salmon producer **Bakkafrost**.

Third party managers moved strongly with the rallying markets in 2019. **Petrus** (+43%) shined as one of its top holdings was taken out via Commerzbank. **Mozart One** (+18%) and **Oaks Global Opps Fund** (+13%) also contributed solid returns.

Main Private Shareholdings (49.1% 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.

UCP Chemicals AG (8.7%, board seat for Q·Capital AG, 7.3% of the company). Company performs above the planned targets. While the top line remained stable, profitability improved as a result of high margin product focus coupled with strong cost basis control. 9M EBTIDA margin reached 14% while 9M net profit margin stood at a high 7.3%. On top the company will pay a 9% dividend in mid-2020.

QC·VENTURES (QCV)*

OCV kissyo (3.6%) fresh five premiumfood GmbH ended the fiscal year 2018/2019 only slightly below their ambitious plan of EUR 4mn in revenues. The KISSYO brand gained considerable traction this past year and more than doubled turnover reaching EUR 1.7mn mark. With new product lines and a strong sales team, fresh five is expecting a breakthrough next year and is now transforming from a start-up into a well-established organization.

QCV Life Sciences (1.7%) strong performance is driven by the outstanding development of its single asset, ATAI Life Sciences AG. ATAI has managed to raise significant funds from renowned investors in the Biotech space and its portfolio companies developed some state-of-the-art potential treatments of different mental health disorders. We added to the position.

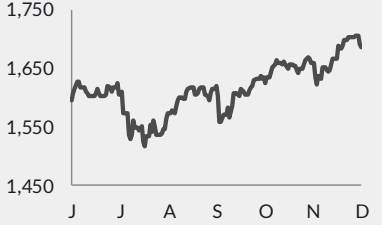
QCV Braintribe (1.1%) Managers and shareholders have been reorganizing the company's operations and financing over months. In December, the CLA-Holders signed a Term sheet to support a proposed financing transaction with a new potential investor. As part of the proposed deal, QCV and its investors would be paid back part of their investment in cash – with the remaining part converted into equity of the company.

Real Estate Investments & Developments

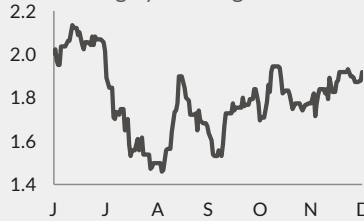
Informica Real Invest AG (14.6%, board seat for Q·Capital AG; 14.0% of the company) sold 2 land plots in Leipzig and Ragow with a realized profit of EUR 1.75m. The company also bought 1 fully rented property. Informica currently holds 16 properties with a total of 444 units with an aggregate area of 36.872 m², split 60/40 between residential and commercial use. We continue to price the position with a 25% discount to the last available NAV.

Listed Real Estate (5.8%). We added a position in RE trust **URW** (7.7% FY) to the existing holding in **UBM** (4.6% DY). Both solid prospects with stable dividend income flow. We sold **Warimpex** largely flat.

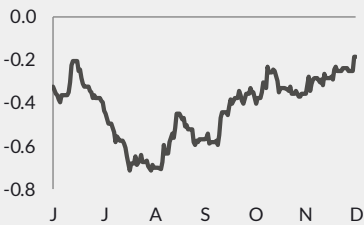
European Equities gained 5.8% in H2 2019



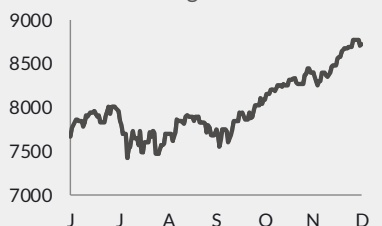
US 10Y Treasuries were volatile but largely unchanged in H2



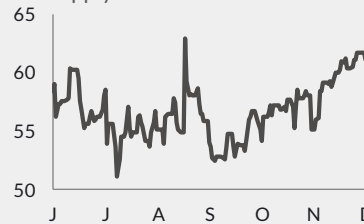
German 10Y hit a low of -0.7% in late summer but then recovered



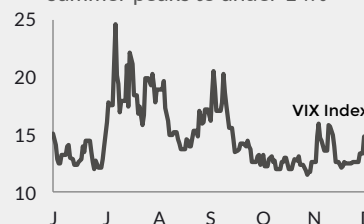
NASDAQ 100 continued to bounce and gained 14% in H2!



Crude remained strong on OPEC supply cuts & US-Iranian tensions



„Risk” nearly halved from mid summer peaks to under 14%



*SPVs of QC·VENTURES