

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).

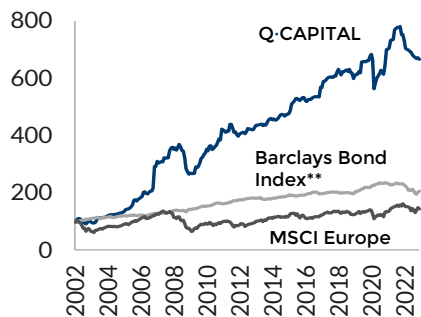
PRODUCT DETAILS

Domicile	Switzerland
External expenses	1.68% net
Success-based expenses (up to): 20% (HWM)	
Hurdle rate	3% Net-Min. Return
Investment Advisor	QINO Group Services
Website	www.qcapital.ch
ISIN	CH0017855088
WKN	1785508
SE Ticker	QCAP SW
NAV (31.12.22)	EUR 30.64
Annualized return	9.4%
Risk Manager	QC·Partners, Frankfurt

TOP HOLDINGS

Informica Real Invest	18.2%
QCV Diversified	9.9%
UCP Chemicals	9.2%

PERFORMANCE CHART



INTEREST RATES & F'CASTS

	1Q'22	4Q'22	2Q'23e
US	0.4	4.4	4.6
Euro Area	-0.5	2.0	3.3
UK	0.8	3.5	4.0
Japan	-0.1	-0.1	-0.1

Source: Morgan Stanley Research

PERFORMANCE SNAPSHOT (See appendix for full track record)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
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%
2020	1.2	-2.6	-15.4	3.8	2.6	1.4	1.4	1.8	-1.3	-0.9	5.1	8.6	3.60%
2021	0.2	0.6	3.8	0.2	0.3	4.5	0.6	0.5	-0.2	0.6	-3.6	0.0	7.51%
2022	-2.8	-3.7	-0.6	-0.3	-0.6	-0.6	-1.4	-0.7	-0.6	-0.5	0.5	-1.0	-11.60%

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

ADVISOR COMMENTARY

In the most difficult year in the last 15 years Q·Capital AG finished with a decline of 11.6% net. The NAV (EUR) stood at EUR 30.64 per share vs EUR 34.66 as per 31 Dec 2021. It was the first year in 150 years that US stocks and bonds both are down more than 10%. The world bond market declined by 12.4% while S&P and Nasdaq were down 20% and 33%, respectively. MSCI Europe or Dow Jones dominated by value stocks recovered in Q4 and closed -12% and -9%.

2022 was a year of change and challenges: the enormous multi-year fiscal and monetary policy support ended and turned into an aggressive Central Bank hiking to stem the galloping inflation. This resulted in the largest fed funds rate change in 40 years. Short-term interest rates in the US and in Europe stood at 4.5% and 2.5% in Dec'22 while they were close to ZERO in January 2022. After ten years of free money, cash and credit have become a scarce resource!

This offered a very challenging market environment for interest sensitive asset classes, e.g. growth stocks, bonds, real-estate, venture capital, private equity etc....all asset classes a well diversified pension fund owns. The EURO declined 15% versus the USD by September but ended the year at only at -6%. There was no real place to hide except shorts selling & cash.

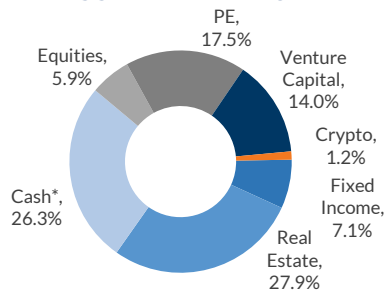
REVIEW OF THE SECOND HALF AND PERFORMANCE OF THE YEAR

The goal to stay conservative and liquid and lay the base for a rebound in 2023/24 has been followed consequently over the last 6 months. We kept cash levels high and have been more trading equity rallies via Futures and Options rather than use cash equities.

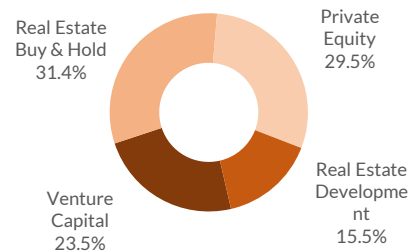
With active trading strategies equities lost us very little over the year (detracted ca. 2.5 % of the portfolio), despite a crash in growth stocks not seen since 2007. The 4th quarter result was even positive. Our bond exposure detracted 4%, mainly due to Russian bonds. In the Private Equity space results of our bigger holdings UCP and JCT have been surprisingly good (flat performance) while Venture Capital was the worst asset class losing us ca 4.5 %: The investment-darling of the last years faced one of the toughest financing market conditions in decades with plummeting valuations and unsuccessful funding rounds. We were successful in selling smaller lots at good prices and depreciated nearly all other holdings substantially. We went out of Crypto in spring.

With effects of 2021 reaching into 2022 "Real Estate Investments" contributed positively (ca. 2%) in 2022. Looking ahead, our residential project in Ljubljana is awaiting the hand-over approval in Q1'23. Informica is well financed, managed to sell projects in 2022 and paid a dividend. In Q REAL we stopped investments but continue to proceed with its high-end projects where demand seems weaker but still there. We have not re-valued Q REAL up despite major progress.

ASSET BREAKDOWN



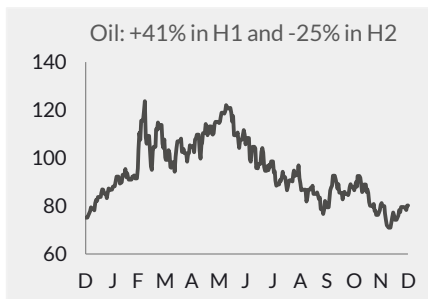
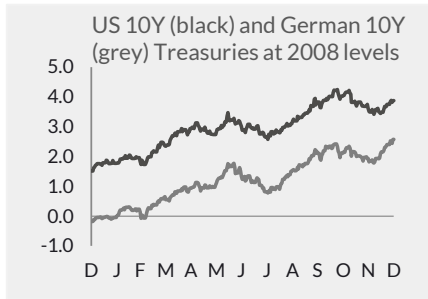
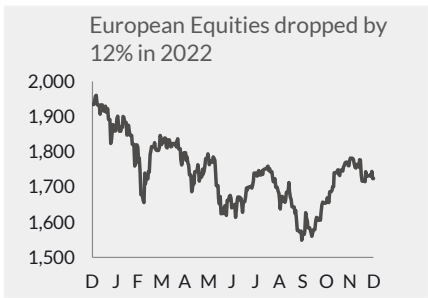
PRIVATE EQUITY HOLDINGS



ADVISOR OUTLOOK

Corporate earnings will be the true reality check in 2023. A mild recession in 2023 is our base case scenario on the back of tighter financial conditions and the loss of purchasing power for households. Inflation should moderate as the economy slows, the labour market weakens and supply chain pressures ease. Equities should bottom in Q1 offering some great entry points for quality businesses, similarly to what we witnessed in 2009 after the great financial crisis. We will be cautious in Venture Capital, Real Estate and Private Equity. Credit seems very attractive and bond yields should top in Q2. A new field of investment will be Renewable Energy where we spent a lot of time in H2 and bought in a consortium an option for the first two photovoltaic projects in Italy. More to come here.

MAJOR HOLDINGS AND CHANGES IN H2 2022



Cash & equivalents (26.3% from 30.2%) We maintained the historically elevated levels of cash levels. We also found it prudent to securitize nearly 11% of the cash in short term US Treasuries and German T-Bills. We timed well the USD rally and neutralized our exposure close to the top of the market. Nearly all treasury shares of Q CAPITAL AG were sold.

Bonds & Private Loans (7.1% from 8.2%) We sold the **DO&CO Convertible** and increased our **Piraeus 2029** (12.5% yield) holding, which traded very steadily. We continue to price the Russian bank exposure at close to ZERO levels, despite higher traded levels in the markets. **Kernel 2024** was able to service its coupon. One third of the private loans have been repaid further strengthening our cash balances.

Equities (5.9% from 1.3%) Volatility remained high and we approached the market only with tactical, sectorial exposures and always applied strict stop loss policy as market jumps proved to be only bear market rallies. We were successful in directional derivative trades either via **futures** (NDX, SPX, DAX) or **index options** (Long Calls or Put Spreads), which proved more effective to quickly navigate the changing market conditions. In Q4 we deployed capital into **Banks** (Erste, ING, UCG), which should thrive in higher interest rate environment. We made a small investment in Long Term Investment Fund (Global Value).

Crypto (1.2%) We hold long-term exposure to crypto via **Blockchain Capital Fund** (100% invested) and **Scytale Horizon II** (50% invested). We removed all cash holdings from Kraken as a safety move following the FTX debacle. Both funds we wrote down.

Main Private Shareholdings

Private Equity: 17.5%, Venture Capital: 14%, Real Estate: 27.9%

This section has always been the main driver of the portfolio performance. We have either substantial holdings and/or strong board positions in the companies

UCP Chemicals AG (9.2%, board seat for Q·Capital AG, 7.3% of the company). UCP Group Management and board worked hard to face the political Russian crisis in 2022. Surprisingly the lack of competition and decline in raw material prices resulted in high margins. 9M Revenue of EUR 76m (+26% YoY), 13.4m 9M EBITDA (+73% YoY) and 9M Net profit of EUR 8.1m. One should however not forget that this is also propelled by the artificial strength of the Russian Ruble which lately suffered under the sanction of the oil price cap. The company reshaped its corporate structures and is working on a dividend release scheme, which would be a major success if completed. Consequently, we decided to keep the position at the level from the beginning of the year (PE 2.5) Please see RUB/EUR chart on the left.

QCV Diversified (9.9%). Our venture investments gathered under the Diversified umbrella have faced the toughest funding market in over a decade as valuations have plummeted and funding rounds proved very difficult to close. This led the team to mark down significantly nearly all VC holdings to levels, which we deem conservative and appropriate at current stage of the market. All funds have been marked down to 25 % below NAV.

JCT Analytics (2.1%). The company did well in 2022 and managed to secure convertible debt financing. JCT's core business – gas sampling – generated nearly EUR 10m in revenues with EUR 1.3m EBTIDA. The company got a new strategic shareholder, did some successful small M&A and is currently exploring a new opportunities in China. We own 7.5% in the company.

REAL ESTATE (27.9%)

Q-BELL (4.8%) Our residential development project in Ljubljana reached another level with satisfactory sales progress and one tower being essentially finished and sold. We expect to receive the hand-over approval in Q1'23. Once approved, the payments for the sold flats will be released to Bellevue, which in turn should be able to return full capital employed to its shareholders. This development allows us to re-price our position by another 10%.

Q-REAL (3.1%) We focused on advancing and marketing both the 400m2 chalet in Kirchberg near Kitzbuehl (Tyrol – construction started in summer) as well as the luxury apartments at the Wörthersee in Carinthia - construction permissions granted and works will begin in Spring 23. The sale of the two projects and talks with some interested parties are underway. Due to the market situation, Q Real refrained from acquiring new projects in H2.

Informica Real Invest AG (18.3%, board seat; 15.3% stake) has slowed down new activities and concentrated on current projects. One of three projects for sale could be still closed. Some of the projects will have bigger difficulties in the next two years but the majority seems running smoothly, like the residential portfolio (507 residential units, totalling 46,245 m² of rented space). Informica also paid a EUR 0.4 per share dividend, company's 2021 NAV stood at EUR 4.75 and we adjust it with 15% discount. The company is well financed. The addition of Jasmin Schwab to management, daughter of the founder, has been important step. Q Group companies own close to 40% of Informica.

APPENDIX: FULL Q·CAPITAL PERFORMANCE TRACK RECORD

	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%
2020	1.2	-2.6	-15.4	3.8	2.6	1.4	1.4	1.8	-1.3	-0.9	5.1	8.6	3.60%
2021	0.2	0.6	3.8	0.2	0.3	4.5	0.6	0.5	-0.2	0.6	-3.6	0.0	7.51%
2022	-2.8	-3.7	-0.6	-0.3	-0.6	-0.6	-1.4	-0.7	-0.6	-0.5	0.5	-1.0	-11.60%