

Peak Values Ltd.

Quarterly Report 2Q/2016

Quartalsbericht 2Q/2016

Investment Report

Investment Committee



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**Performance (Balanced Portfolio)**

CCY	YTD	2015	2014	2013	2012	2011	2010	2009	2008	Ø
CHF	3.55%	-0.99%	6.14%	11.02%	7.54%	2.32%	6.89%	14.11%	-4.60%	5.30%
EUR	3.84%	10.84%	5.65%	8.61%	9.87%	2.11%	10.01%	13.31%	-3.70%	7.09%
USD	0.50%									

YTD till: 30.06.16 Performance numbers are net of fees

Comments

While the previous quarter started turbulently and ended in relative calmness, the second quarter was exactly the inverse. The reporting period was overshadowed with political uncertainties, starting with the election in Austria and the referendum in the United Kingdom.

In our previous report we argued that while the referendum results are by no means predictable, we stated that the situation may end by the Brits voting to leave the European Union but ultimately will not leave the European market. The way the pro-Brexit politicians are behaving indicates that they themselves did not expect the referendum to succeed and had not planned for the era after Brexit. It is ironic that the country that pushed for globalization since the industrial revolution is the same country that voted against it.

Many did not pose the question as to how binding the referendum would be. Unlike Switzerland, in the UK it is the Parliament that will decide and this decision is then binding. As a result we have plenty of noise with no real visibility as to how things will develop.

Having said that, for us Brexit and the Austrian vote are a manifestation of trends that are strong and have been ignored for a long while: national identity and globalization, what will happen with the British and English, how Brussels and regional governments will respond. We believe that those trends should be watched carefully as they will be the source of more uncertainties. Brexit was a manifestation of a European crisis, not a British one. We do not tend to follow politics and focus rather on fundamentals. Those trends, however, have a long-term impact on political fundamentals. We hope politicians in Europe will have the courage to address much needed reforms and act as leaders.

In our view, the world is currently recovering from the USD commodity shock that ended around February 2016. We believe that we are now in a transition period during which the world is recovering from its nominal recession. During the reporting period, the Bank of America's Merrill Lynch Global Broad Index (BoFA ML) that tracks the performance of investment grade debt publicly issued in the major domestic and Eurobond market reached an all-time low of 1.2%. With this in mind and the recovery in commodity prices, we anticipate a positive investment environment until about 2Q/2017 when we anticipate danger manifested by the



repricing of the debt market. Thus for the second half of the year, we expect a return to domestic or regional growth.

During the 2nd Quarter of 2016 we launched our new product, Peak Values L/S Market Neutral Certificate, a product that should perform well during crises. We are pleased to note that the certificate behaved exactly as planned during periods of crisis—performing positively in comparison with the EURO Stoxx 50 (NR) by 5.12% during June.

Notes related to our performance

- Performance is net to the investor, i.e. net of fees.
- While Peak Values has been established in Apr. 2013, performance numbers reflect actual results of continuously managed portfolios by our team since mentioned dates.
- Historical data on the performance of the financial service provide no guarantee of future performance.



Wertentwicklung (Ausgewogenes-Mandat)

CCY	YTD	2015	2014	2013	2012	2011	2010	2009	2008	Ø
CHF	3.55%	-0.99%	6.14%	11.02%	7.54%	2.32%	6.89%	14.11%	-4.60%	5.30%
EUR	3.84%	10.84%	5.65%	8.61%	9.87%	2.11%	10.01%	13.31%	-3.70%	7.09%
USD	0.50%									

YTD bis: 30.06.16 Performance ist netto für den Investor nach Abzug aller Gebühren

Quartalsbericht

Während das erste Quartal dieses Jahres mit einer Krise anfang, endete es ruhig. Das zweite Quartal war genau das Gegenteil; es fing ruhig an und endete sehr turbulent. Die Berichtsperiode war von diversen politischen Ereignissen überschattet. Hauptereignis war das Referendum in England.

In unserem letzten Bericht, meinten wir, dass die Engländer möglicherweise einen Exit aus der Europäischen Union zustimmen würden, allerdings werden sie nie aus dem europäischen Markt austreten. Die Ereignisse nach dem Referendum deuten darauf hin, dass die pro-Brexit Politiker selber das Resultat nicht erwartet haben und dem zufolge keinen Plan für diesen Fall schmiedeten. Die Ironie ist, dass das Land das die Globalisierung eingeführt und vorangetrieben hat, seit der industriellen Revolution vor knapp zwei Jahrhunderten, jetzt gegen diese stimmte.

Sehr wenige haben sich die Frage gestellt: wie die Politiker das Referendum verwirklichen wollen? Im Gegensatz zu der Schweiz, sind die Politiker in England nicht verpflichtet das Referendum umzusetzen, denn die Entscheidungsmacht liegt beim Parlament. Somit haben wir zur Zeit viel Lärm und sehr wenige konkrete Hinweise über die weitere Entwicklung.

Das Referendum in England und die Wahl in Österreich sind für uns eine Manifestation von diversen starken unbeachteten Strömungen; Nationale Identität und Globalisierung, British und Englisch sowie die Spannungen zwischen Brüssel und der lokalen Politik. Wir sind der Meinung, dass diese Strömungen aufmerksam beobachtet werden müssen, da sie ernsthaft zu weiteren Unruhen führen könnten. Aus unserer Sicht ist Brexit eine EU Krise und nicht eine lokale Englische. Normalerweise schenken wir politischen Entwicklungen keine grosse Beachtung, allerdings die o.g. Strömungen könnten die Fundamente der jetzigen politischen Situation verändern. Wir hoffen, dass die Politiker in der EU endlich zur Einsicht kommen, den Mut haben die bitter notwendigen Reformen ernsthaft anzupacken und durchzuführen.

Zur Zeit erholt sich die Weltwirtschaft aus dem Commodity USD schock, der im Februar dieses Jahres endete. Der Index der Bank of America Merrill Lynch Global Broad (BOFA ML), welcher die Entwicklung der Investment Grade der öffentlichen Schulden verfolgt, erreichte ein historisches Tief von 1.2%. Dies verbunden mit der Erholung der Commodity-Preise, stimmt uns positiv bis zum zweiten Quartal 2017. Ab diesem Zeitpunkt, erwarten wir eine Preisanpassung des



Schuldenmarktes. In der zweiten Hälfte dieses Jahres ist Wachstum in den lokalen und regionalen Märkten zu erwarten.

Während des zweiten Quartals, lancierten wir unser Produkt, Peak Values L/S Market Neutral Zertifikat, das Produkt bestätigte seine hervorragende Performanz während Krisen. Wir sind froh darüber, dass unser Produkt sich so verhalten hat wie vorgesehen in dem es sich, im Monat Juni, um 5.12% besser entwickelt hat als das EURO Stoxx 50 (NR).

Kommentar zur Entwicklung der Performance

- Performance ist netto für den Investor nach Abzug aller Gebühren.
- Peak Values wurde im April 2013 gegründet, die Wertentwicklung entspricht aktuellen Zahlen welche von unseren Mitgliedern des Portfolio Management seit Beginn erwirtschaftet wurden.
- Die historische Entwicklung der Performance stellt keine Garantie für die zukünftige Entwicklung der Portfolios dar.



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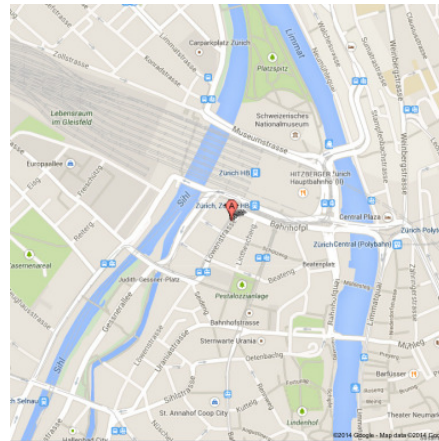
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