



SARASIN

Global Snapshot Monthly

June 2010



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Use high volatility to realise excess returns

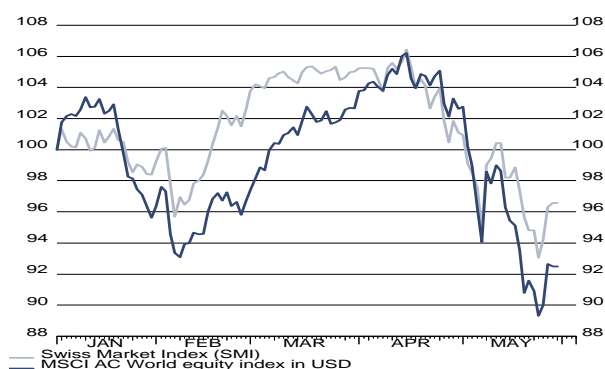
We remain cautious on equities due to the money market tensions and the global slowdown expected by us in the second half of 2010. That said, the opportunities and risks for the equity markets are more balanced following the sharp correction in May. We therefore terminated the hedging strategy for the equity portfolios, which we implemented a month ago due to the high risks, at a substantial profit at the end of May. The sharp fluctuations on the financial markets currently offer attractive opportunities to realise excess returns with option strategies.

Review: Major turbulences on the financial markets

The escalation of the euro debt crisis, new financial market regulations, as well as the rising level of uncertainty associated with the tensions on the money markets, caused serious turbulences in the financial markets in May. Aside from the strong depreciation of the euro, which lost more than 10% of its value against the US dollar within a few weeks, just about every risk asset diminished in value. The equity markets, in particular, were hit hard by the rise in risk aversion and corrected by 10%-20%.

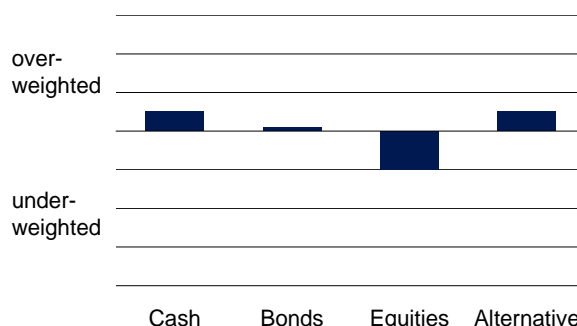
will do their utmost to stave off a new credit crunch and we believe their attempts will meet with success. Nonetheless, the financial market uncertainty is likely to cloud business sentiment as well. The initial indicators for the regional purchasing managers' indices in the USA already point to a small setback in May. As these turbulences coincide with the peak in the economic cycle expected by us in Q2 2010, the slowdown in growth forecast by us could accelerate.

Sharp equity market correction in May



Source: Datastream

Asset allocation: Higher weighting for alternative assets



Source: Sarasin

Macro outlook: Weaker growth rates are imminent

The positive macro data were upstaged in May by the turbulences in the financial markets. Above all, the tense situation on the money markets should be taken seriously. The USD money market interest rate doubled within a few days and warns of a new credit crunch, just as it did when investment bank Lehman Brothers filed for bankruptcy in autumn 2008. Although the money market well is nowhere near dry, the Lehman example teaches us that it is often just a matter of hours or days before serious implications ensue. We expect the central banks

Equity strategy: Cyclical bull market is over

The cyclical bull market, which began in March 2009, came to an abrupt end at the end of April. As we do not anticipate a «Lehman 2.0» event and do not believe the economy is likely to relapse into another recession, we do not anticipate an extended bear market. The current level of heightened risk aversion on the financial markets should subside and lead to a recovery rally. However, this recovery is likely to be short-lived because the equity markets – despite strong corporate earnings growth – will be increasingly burdened by forward-looking growth concerns. Hence, we are sticking to our defensive position, both in terms of our regional and our sector strategy.

Investment Policy Private Banking

Nevertheless, we have used the very strong correction in the emerging stock markets to build up individual positions.

Bond strategy: CHF interest rates hit a record low

Brisk demand for safe havens has led long-term interest rates sharply lower amid fears of national bankruptcies. In Switzerland, 10-year interest rates are at an interim record low of less than 1.50%. This level does not offer any further yield potential. On the contrary, investors should expect a countermovement as soon as risk aversion drops. Still, the slowdown in growth in H2 2010 and falling inflation rates should give bonds some support in the medium term. We believe long-term USD and GBP bonds offer the most potential.

Currencies: Euro crisis remains the dominant theme

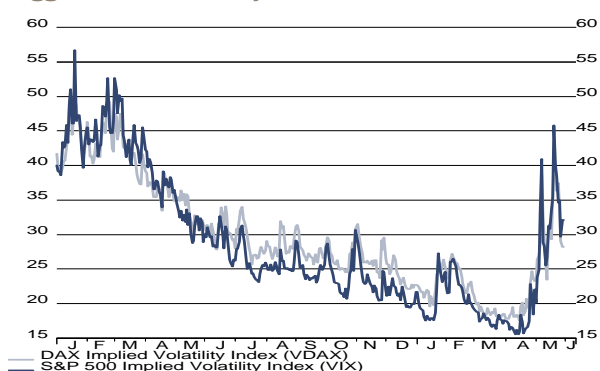
Although a countermovement is feasible in the short term with the high short selling activity, the euro is likely to continue to depreciate until the end of the year. The lacklustre cyclical outlook, together with the expansive monetary policy, suggests the depreciation trend of the euro will persist. Despite the massive purchases of the euro already made, the Swiss National Bank (SNB) will continue to intervene in the market while at the same time allowing a gradual devaluation. The US dollar as well as the British pound should continue to profit from the euro's weakness.

Alternative investments: Interesting return enhancement opportunities

The rise in risk aversion has hit commodities as well as real estate assets. Since we expect the situation to ease, we are maintaining our positions for the time being. There are interesting opportunities for total return products, which should generate a significant excess return

against the money market interest rate, given their low correlation to equities. Accordingly, our currency product has also posted big gains in recent weeks.

Biggest rise in volatility since March 2009



Source: Datastream

Asset allocation: Temporary recovery expected

Following the significant correction in the equity markets, we expect to see at least a temporary recovery. We have therefore terminated our hedging strategy and purchased several equity positions as part of a tactical rebalancing. Overall, however, we remain slightly underweight in equities. We have reduced our money market positions and used the high level of volatility to buy attractive products in the alternative assets category. We are maintaining our bond positions, despite the low interest rate level. In light of the expected slowdown in growth in H2 2010, we do not expect a major sell-off in bonds. Furthermore, if – contrary to our expectations – the financial markets were to continue to experience major turbulences, high-quality bonds would act as a very useful stabilising force within the portfolio.

Philipp E. Bärtschi, CFA

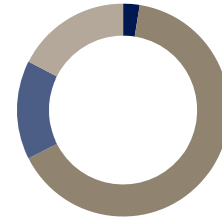
Attractiveness of different asset classes

Asset class	Switz.	Euroland	UK	USA	Japan	Emerging
Cash	+					
Currencies	=	=	=	=	=	=
Equities	-	=	+	=	-	-
Bonds	=	-	+	+	=	=
		Total return	Real estate	Commodities		
Alternative assets	+	+	-		+	

Source: Sarasin

Asset Allocation <defensive>

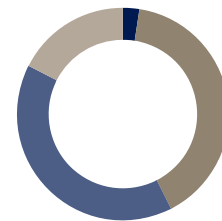
Asset Class	CHF	EUR	USD	GBP
Cash	2.5	2.5	2.5	2.5
Bonds	65.0	65.0	65.0	65.0
Home	50.0	65.0	65.0	65.0
World	15.0	0.0	0.0	0.0
Equities	15.0	15.0	15.0	15.0
Home	10.0	10.0	7.5	10.0
World	5.0	5.0	7.5	5.0
Developed Markets	3.5	3.5	6.0	3.5
Emerging Markets	1.5	1.5	1.5	1.5
Alternative Assets	17.5	17.5	17.5	17.5
Return of SAA (1985-2009)	5.4%	7.5%	8.3%	8.6%
Risk of SAA (1985-2009)	4.5%	4.6%	4.7%	5.1%



	TAA	SAA
Cash	2.5	0.0
Bonds	65.0	65.0
Equities	15.0	20.0
Alternative	17.5	15.0

Asset Allocation <balanced>

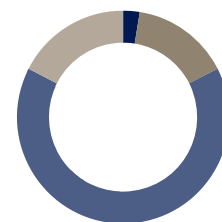
Asset Class	CHF	EUR	USD	GBP
Cash	2.5	2.5	2.5	2.5
Bonds	40.0	40.0	40.0	40.0
Home	27.5	40.0	40.0	40.0
World	12.5	0.0	0.0	0.0
Equities	40.0	40.0	40.0	40.0
Home	22.5	22.5	20.0	22.5
World	17.5	17.5	20.0	17.5
Developed Markets	13.0	13.0	15.5	13.0
Emerging Markets	4.5	4.5	4.5	4.5
Alternative Assets	17.5	17.5	17.5	17.5
Return of SAA (1985-2009)	6.6%	8.0%	9.1%	9.0%
Risk of SAA (1985-2009)	8.5%	8.5%	7.9%	8.3%



	TAA	SAA
Cash	2.5	0.0
Bonds	40.0	40.0
Equities	40.0	45.0
Alternative	17.5	15.0

Asset Allocation <dynamic>

Asset Class	CHF	EUR	USD	GBP
Cash	2.5	2.5	2.5	2.5
Bonds	15.0	15.0	15.0	15.0
Home	10.0	15.0	15.0	15.0
World	5.0	0.0	0.0	0.0
Equities	65.0	65.0	65.0	65.0
Home	35.0	35.0	32.5	35.0
World	30.0	30.0	32.5	30.0
Developed Markets	23.0	23.0	25.5	23.0
Emerging Markets	7.0	7.0	7.0	7.0
Alternative Assets	17.5	17.5	17.5	17.5
Return of SAA (1985-2009)	7.6%	8.2%	9.6%	9.2%
Risk of SAA (1985-2009)	12.9%	12.9%	11.8%	12.0%



	TAA	SAA
Cash	2.5	0.0
Bonds	15.0	15.0
Equities	65.0	70.0
Alternative	17.5	15.0

TAA = Tactical Asset Allocation; short term strategy based on return/risk expectations
 SAA = Strategic Asset Allocation; long term strategy based on investment profiles



SARASIN

Will there be any
energy
left for the next
generation?

To qualify for inclusion in a Sarasin sustainability portfolio, companies in sectors such as automobile manufacture must meet stricter requirements than firms in less polluting industries such as telecommunications. Sarasin takes a differentiated approach when analyzing individual companies.

Combined with 20 years of experience in sustainability analysis, this provides a solid foundation for collective success.

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Hewlett Packard

Technology Hardware & Equipment

Strong quarterly results, as well as the upgrading of earnings forecast for the current financial year, underscore HP's leading position. Growth prospects for the global PC market have recently been revised upwards again. With a market share of just under 20%, HP is clear number 1 in the PC market. Because of the high operating leverage, HP should benefit more than most from an improving market environment.

Strong quarterly figures – improved outlook

In mid-May Hewlett Packard (HP) published its second quarter results (fiscal year ends on 31. October). The company once again beat market expectations. The improvement in profitability was particularly surprising, with sales rising 13% yoy to USD 30.8 billion and a higher than average increase in both operating profit (+25% to USD 2.9 billion) and net profit (+28% to USD 2.2 billion). While HP's main rival, Dell, is struggling with ongoing problems, HP is managing to consistently improve its operating performance from one quarter to the next. Although only modest, even the 1% sales rise in the Software division was a positive surprise. Given the excellent business performance, HP has upgraded its net profit forecast for the current year.

PC market growing – HP defends its market position

After the growth outlook for the global PC market was already revised significantly upwards at the start of May (from 12% to 20% for 2010), it was raised once again at the end of May. The independent market research agency Gartner now predicts global PC growth of 22%, or 377 million PCs, for 2010. With a market share of 19.7% in 2009, HP was able to successfully defend its leading position in the PC market over the no. 2 Acer (13.6%), and the no. 3 Dell (13.3%). Given the high operating leverage, the company benefits disproportionately from rising sales volume. In our opinion, the improved market outlook, together with HP's dominant market position, should mean that the company will manage to excel even the higher guidance set for the current financial year.

Solid balance sheet and acquisitions

HP has a solid balance sheet. Its debt/equity ratio has been reduced from 45.8% in 2008 to 39.1% end of October 2009. At the same time its cash holdings rose by 31% yoy to USD 13.3 billion. The acquisition of Palm for

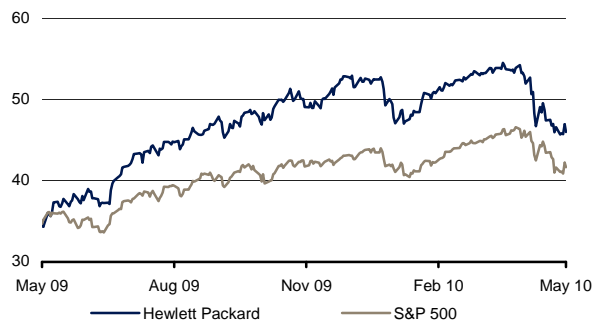
USD 1.2 billion at the end of April is another milestone in the group's expansion into new market segments.

Attractive valuation

All the key valuation ratios (P/E, EV/EBITDA, EV/EBIT, EV/Sales, P/B) currently show a discount of 10% - 20% versus the main rivals. The strong quarterly results, the upgraded outlook and HP's leading position in the PC market do not justify such a low valuation.

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Share Price Performance (USD) Price (USD) 46.01



Source: Datastream

Valuation Metrics

Data as of 28.05.2010	2009A	2010E	2011E
P/E	12.0	10.2	9.3
EPS growth (%)	6.4	16.6	10.5
EV/Sales	1.0	0.9	0.8
Div. Yield (%)	0.7	0.7	0.7

Source: Datastream

Equities

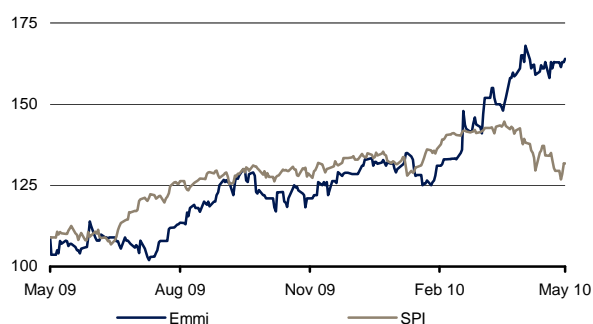
Emmi

Food Beverage & Tobacco

Valuation Metrics

Data as of 28.05.2010	2009A	2010E	2011E
P/E	11.7	10.9	10.3
EPS growth (%)	28.3	7.0	5.2
EV/Sales	0.5	0.4	0.4
Div. Yield (%)	1.8	1.9	2.0

Share Price Performance (CHF) Price (CHF) 164.00



Source: Datastream

The strategy of Switzerland's leading milk processor Emmi is based on three main pillars: strengthening its position in its home market, international expansion and cost management. Emmi has major ambitions abroad, and in five to seven years time expects to generate the same sales as in Switzerland (2009: 74%). Given the very challenging consumer environment, Emmi has managed to post a surprisingly solid result for FY 2009. Net profit on sales of CHF 2.6 billion rose 16.4% to CHF 75 million. The Group's star product is «Caffè Latte», which we expect to record substantial growth once again in 2010. Emmi has an attractive valuation. Despite the latest price rise, the shares are still only trading at an estimated book value of CHF 161 at y/e 2010. This is exceptionally low for a consumer goods company. At the same time the value of the «Emmi» brand is not factored into the book value, as with most consumer goods companies.

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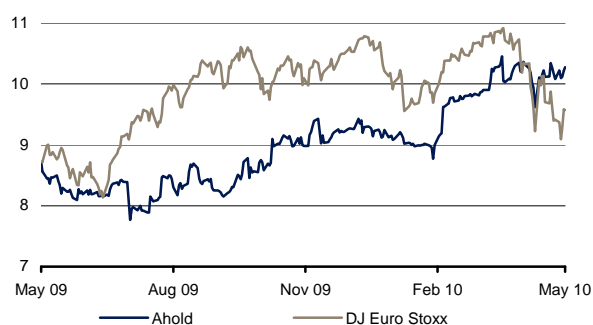
Ahold

Food & Staples Retailing

Valuation Metrics

Data as of 28.05.2010	2009A	2010E	2011E
P/E	12.1	10.9	9.9
EPS growth (%)	14.9	10.6	10.6
EV/Sales	0.4	0.4	0.3
Div. Yield (%)	2.6	2.9	3.3

Share Price Performance (EUR) Price (EUR) 10.28



Source: Datastream

Ahold is one of the world's biggest food retailers with a focus on the USA and Europe, which account for 60% and 40% of profits, respectively. Given the economic downturn, an efficiency and value enhancement programme implemented previously by the firm, with a shift towards lower price segments, has already had a positive impact. This is likely to continue due to the current lack of consumer confidence. Although Ahold has outperformed the benchmark since the start of the year, we still anticipate relative strength going forward. The shares are also undervalued. On estimated 2011 P/E and EV/EBITDA, the shares are trading at a discount of more than 10% compared with the peer group. In fact, the shares deserve a premium given the high single-digit percentage EPS growth and the higher than average operating margin. A debt-free balance sheet, transparent risks and rising dividends are also positive arguments for investing in this solid Consumer Staples stock.

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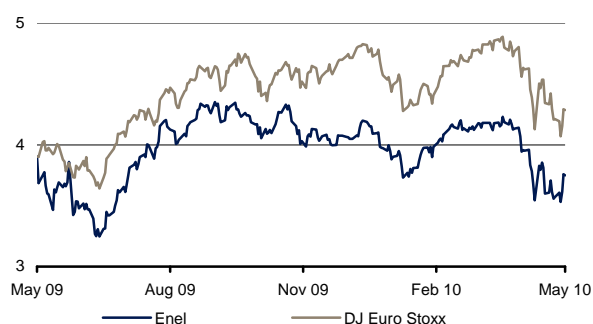
Enel

Utilities

Valuation Metrics

Data as of 28.05.2010	2009A	2010E	2011E
P/E	6.6	8.3	8.2
EPS growth (%)	-18.6	-21.1	2.2
EV/Sales	1.6	1.4	1.4
Div. Yield (%)	6.7	7.2	7.5

Share Price Performance (EUR) Price (EUR) 3.75



Source: Datastream

Enel is Europe's fourth biggest utility company by market capitalisation and the second biggest player measured by installed power station capacity. The company's earnings prospects are relatively resilient thanks to its significant exposure to countries where electricity prices are high, such as Italy and Spain. However, its shares have been rocked by the latest turbulence triggered by soaring national debt, particularly in southern Europe. The current valuation discount of 30% compared with the peer group based on estimated 2011E P/E and EV/EBITDA ratios is too high, however. Necessary divestments have been put in train to help support the cashflow. In addition, the shares are only trading at their book value (main rivals: P/B 1.8x). In addition to having one of the highest dividend yields in the sector (7%), we think Enel's risk/return profile is attractive. The dividend due for payout at the end of June should also attract investors. We give Enel a Buy rating.

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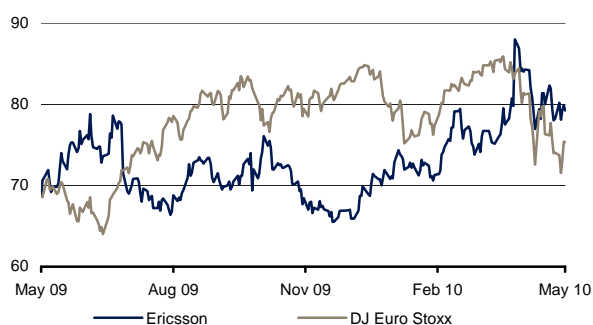
Ericsson

Technology Hardware & Equipment

Valuation Metrics

Data as of 28.05.2010	2009A	2010E	2011E
P/E	15.6	14.7	12.4
EPS growth (%)	-9.4	6.1	18.3
EV/Sales	0.8	1.0	0.9
Div. Yield (%)	2.5	2.7	3.0

Share Price Performance (SEK) Price (SEK) 79.25



Source: Datastream

Ericsson surprised investors in Q1 2010 with lower-than-expected sales but higher profitability. The group's core business (Networks, Service, Multimedia) posted impressive results while its two JVs, Sony Ericsson and ST-Ericsson, continued to lag expectations. With a ~40% market share (wireless infrastructure), Ericsson is in the best position going forward to profit from the enormous growth in data traffic driven by smartphones and tablet PCs. For modernization of networks & business support systems, Ericsson sets high standards with regard to quality, efficiency and customer value. Over the last five years, the percentage of group revenue generated by recurring service business has improved from 27% to 35%. Ericsson's global presence has also expanded, with 24% of revenue now generated in China and North America (+33% YoY). We anticipate a pickup in demand in 2010 and expect to see a further increase in operating margins (EBITA 2009: 14%), as has been the trend since 2008.

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Bonds

Allianz

Key credit metrics

	1Q10	1Q09	1Q08
Solvency ratio	168%	159%	150%
P&C combined ratio	100.4%	98.7%	95.4%
Life cost-income ratio	95.8%	97.3%	96.1%
AM cost-income ratio	58.2%	70.5%	67.0%

Spread development (ASW, in bp)



Sources: Bloomberg, Merrill Lynch, Company reports

Allianz (Aa3s/AAs) reported sound 1Q10 results, with net income rising from €424m in 1Q09 to €1'588m, leading to an annualised ROE of 14.6%. Quarterly revenues increased by 10.3% yoy and operating profit by 20.4%. Life's revenues were up by 18% thanks to lower impairment losses and a jump in statutory premiums, while Asset Management recorded an impressive 33.5% growth in AuM (to over €1'000bn), which translated into a 120.9% increase in operating profit. This largely offset the natural catastrophe-related claims of €555m that affected the Property & Casualty segment. Allianz remains a solid credit, with strong underlying fundamental, a comfortable 168% solvency ratio and a robust capitalization (shareholder equity up 8.2%). Exposure to PIGS sovereign debt is manageable (less than 4% of total investment). We recommend the senior bond 4% Nov-16 in EUR, or the subordinated 6.5% Jan-15 for more risk-taker investors.

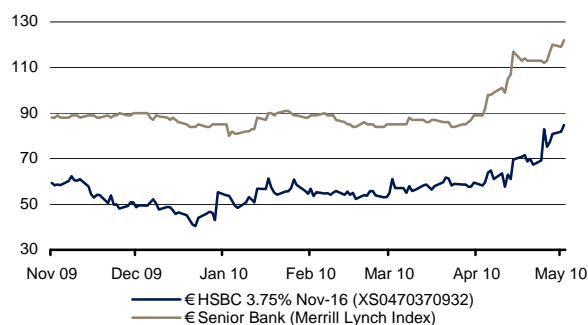
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HSBC

Key credit metrics

	2009	2008	2007
Tier 1 ratio	10.8	8.3	9.3
Total capital ratio	13.7	11.4	13.6
Reserves / Loans	10.5%	9.8%	7.0%
Net Interest Margin	5.2%	6.3%	6.4%

Spread development (ASW, in bp)



Sources: Bloomberg, Merrill Lynch, Company reports

In May 2010, HSBC (Aa2/AA) published a broadly positive interim management statement about its 1Q10 performance, indicating that underlying earnings were well ahead of 1Q09, thanks mainly to lower than expected impairments. All segments and regions showed good results, with Asia continuing to drive growth and US business returning to profit for the first time since 2Q07. Without any state support, HSBC remains one of the strongest banks in the crisis, continuously reporting solid capital ratios. In particular, Tier 1 ratio rose further to a very comfortable 11.1% from 10.8% at YE09 and the loan-to-deposit ratio of less than 80% is one of the best of any European banks. Added to an excellent strategy and a quite diversified profile, this makes HSBC a sound credit and one of the best positioned banks to meet new and more stringent regulatory requirement. We recommend the senior bond 3.75% Nov-16 in EUR.

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Man Convertibles Japan EUR

Investment Strategy

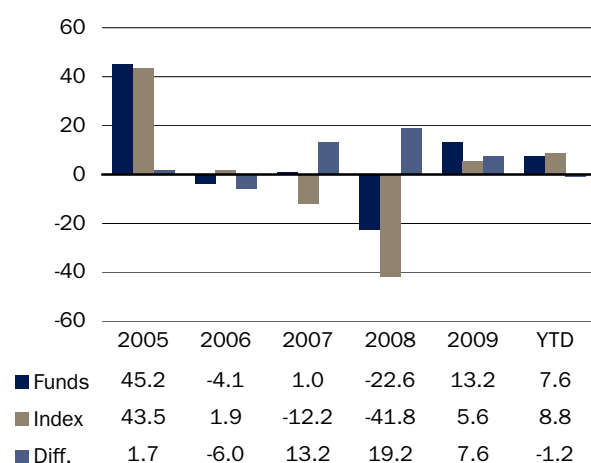
The Man Convertibles Japan Bond Fund invests in Japanese convertibles. It is actively managed and aims to outperform its benchmark consistently, using trend following timing signals in order to manage the portfolio's delta (market timing). The delta is typically between 0.2 and 0.5, making it a conventional convertible bond fund.

Portfolio Split

The portfolio contains roughly 30 - 50 convertible bonds. The weighting in each holding is limited to 10% maximum. 70% of the fund's currencies are always hedged back to EUR, while the remaining 30% can be invested in Japanese Yen.

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Performance (%)



Source: Datastream

Current Fund Data and Information as of 30.04.10

Share price	1252.26
Fund size in millions (share class)	85
Domicile	Luxembourg
Mgmt. Company / Portfolio Mgmt.	Man
ISIN	LU0063949068
Swiss Sec. No.	426'954
Currency	EUR
EU Tax Directive Status	in scope tax
Launch date	07.08.1997
Management Fee, p.a. (%)	1.50
TER, p.a. (%)	1.76
Dividend payment date	-
Payment 2009	keine
Reference index	TOPIX

Source: Datastream, Lipper

Past performance does not guarantee future returns. The performance shown does not take account of any commissions and costs charged when subscribing and redeeming units.

Legal Representatives in Switzerland

Man Investments (CH) AG, Etzelstrasse 27, CH-8808 Pfäffikon SZ

Paying Agent

RBC Dexia Investor Services Bank S.A., Zurich Branch, Badenerstrasse 565, PO Box 101, CH-8066 Zürich

The prospectus, simplified prospectus as well as the annual and semi-annual reports are available free of charge from:

Man Investments (CH) AG, Etzelstrasse 27, CH-8808 Pfäffikon SZ

Sarasin Currency Opportunities Fund (EUR) B

Investment Strategy

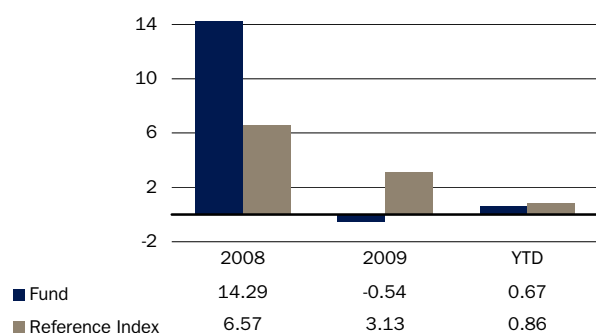
The investment objective of Sarasin Currency Opportunities Fund (EUR) is to achieve long-term capital appreciation by taking advantage of exchange-rate fluctuations. The fund's investment decisions are triggered by the buy and sell signals of a trading model that is based on technical and quantitative analyses.

Portfolio Split

The fund implements its trading strategies through foreign exchange spot and forward transactions and invests at least 66.6% of its assets in deposits, time deposits, money market instruments, short-dated bonds and other fixed and floating rate securities (including zero bonds) in different currencies.

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Performance (%)



Current Fund Data and Information as of 30.04.10

Share price	114.66
Fund size in millions	59.74
Domicile	Luxembourg
Portfolio Management	Bank Sarasin & Co. Ltd, Basel
ISIN	LU0288929424
Swiss Sec. No.	2 950 701
Currency	EUR
EU Tax Directive Status	In scope
Launch date	14 December 2007
Management Fee, p.a. (%)	1.50 + Performance fee
TER, p.a. (%)	1.96
Dividend payment date	Accumulating
Reference Index	EUR Libor + 2% p.a.

Source: Bank Sarasin & Co. Ltd

Past performance does not guarantee future returns. The performance shown does not take account of any commissions and costs charged when subscribing and redeeming units.

Legal Representatives in Switzerland

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Paying Agent

Bank Sarasin & Co. Ltd, Elisabethenstrasse 62, CH-4002 Basel

The prospectus, simplified prospectus as well as the annual and semi-annual reports are available free of charge from:

Sarasin Investmentfonds SICAV, January 2010

Swiss Franc Boosted Floored Floater: Minimum coupon of 1.25% p.a.

Investment idea

Swiss franc interest rates remain at historical lows. The short-term money market interest rate such as the 3-month CHF LIBOR interest rate is currently a mere 0.10% p.a. And the picture doesn't look much different for longer-dated maturities: yields on 3-year and 10-year government bonds are at a record low of about 0.35% and 1.5% p.a. respectively. What can investors do in this situation? Opt for another currency like the euro? Perhaps, but EUR interest rates, in particular, are not that much more attractive – and the current, very volatile EUR/CHF exchange rate (see chart below) clearly points to the related currency risk: if the euro were to give up just a tiny portion of its value to the Swiss franc, the small interest rate advantage would soon be lost.

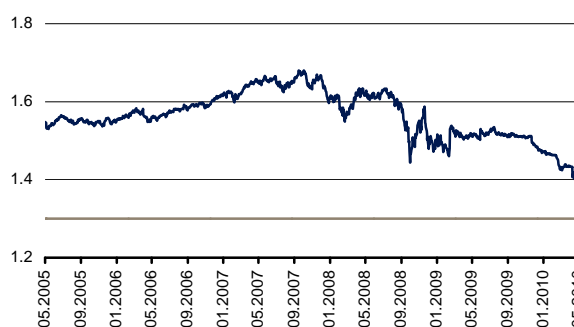
Investment instrument

The Swiss Franc Boosted Floored Floater offers investors a way out of this predicament. This floater with its 3-year term to maturity provides an attractive minimum coupon (floor) of 1.25% p.a. (indicative purposes only). If short-term interest rates increase, the investor profits from a higher coupon, which is calculated on the basis of the CHF 3-month LIBOR + 0.20% p.a. This floating-rate note therefore also «protects» the investor against rising short-term interest rates.

Disclaimer

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Historical EUR/CHF exchange rate



Source: Bloomberg

These attractive conditions are «financed» by the possibility that the issuer at maturity will repay the nominal value of CHF 1,000 in EUR (and not in CHF) at an indicative fixed price of CHF/EUR 1.30 (current: CHF/EUR 1.43). If the exchange rate were to drop below this level, any euros thus obtained would then be exchanged into CHF at an exchange rate loss – in this case, the price of the floater would be «below par». This product suits investors who expect the EUR/CHF exchange rate to be above 1.30 in three years' time. Furthermore, as with all bond investments, the investor should view the risk that the issuer could default on his obligation in a positive light.

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Abbreviations

A	actual value
abs.ch	absolute change
ASW	asset swap spread
avg.	average
bn	billion
bp	basis points
corp.	corporate
CPI	Consumer Price Index
Div. yield or DY	dividend yield
E	estimate
EBIT	earnings before interest and taxes
EPS	earnings per share
EV/EBITDA	enterprise value to earnings before interest, taxes, depreciation and amortisation
excl.	excluding
FY	financial year
GAAP	Generally Accepted Accounting Principles
GDP	gross domestic product
GNP	gross national product
gov.	government
m	million
M&A	Mergers & Acquisitions
mavg	moving average
MV/revenues	market value to revenues
N.A.	not available
p.a.	per annum
P/B	price-to-book ratio
P/E	price-to-earnings ratio
R&D	Research & Development
R.H. Scale	right hand scale
ROE	return on equity
SAA	Strategic Asset Allocation, long term strategy based on investment profiles
TAA	Tactical Asset Allocation; short term strategy based on return/risk expectations
vs.	versus
yoy	year over year

Disclosure

The analyst holds a participation in the company Emmi. This may create a potential conflict of interests.

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