

Schroders



Portfolio and Performance Review The Swiss Helvetia Fund, Inc.

Presentation to the Annual General Meeting
Stefan Frischknecht, Fund Manager

September 2022

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Performance

Performance Q2 2022 and YTD 2022

NAV and price performance in USD

Net asset value

Performance in USD %	YTD 2022 (Jan-Aug)	3 months	1 year	3 years p.a.	5 years p.a.
NAV (US GAAP) as per quarterly filings	-21.15%	-6.84%	-18.50%	4.10%	4.32%
Swiss Performance Index, SPI	-20.15%	-7.75%	-17.53%	5.63%	6.29%
Difference NAV	-1.0%	+0.91%	-0.97%	-1.53%	-1.97%

Share price

Performance in USD %	YTD 2022 (Jan-Aug)	3 months	1 year	3 years p.a.	5 years p.a.
Share price SWZ	-21.93%	-10.08%	-19.71%	4.03%	3.35%
Swiss Performance Index, SPI	-20.15%	-7.75%	-17.53%	5.63%	6.29%
Difference	-1.78%	-2.33%	-2.18%	-1.60%	-2.94%

Source: Schroders, fund performance as published on website (www.swzfund.com); August 31, 2022.

Performance shown represents past performance. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown.

Performance comment

Driving factors for relative performance of NAV

Recent 3 year and 5 year period:

Relative performance has lagged the benchmark due to style:

Our investment philosophy in Swiss equities builds on three style biases: Quality, Value and smaller capitalization.

- Quality, especially balance sheet strength and lower debt/equity ratios have tended to outperform. This has helped, however the two other factors have been much more dominant.
- Value: there have been numerous empirical studies that have supported the argument that value stocks outperform the general market. We acknowledge that the past 5 years approx. have been dominated by growth; the MSCI Switzerland Growth has outperformed its Value counterpart by almost 12% in local currency (CHF) over the past 5 years. We do not see this as a sign of a breakdown of previously observed factor returns, but rather as a good starting point to emphasize value as there is a large catch-up potential currently.
- Small & medium sized companies: we believe it is more likely to find mis-priced stocks in this market segment that has less observers than to spot them among closely followed large cap companies. Furthermore, we think a small or medium sized company, often acting in a niche, has more room to outgrow the market, which also helps it to outperform the benchmark index. However, over the past 5 years, the index for Swiss Small & Medium Sized stocks (SPI EXTRA Total Return) has underperformed the Swiss Performance Index, SPI by 17.5% in local currency (CHF).
- Furthermore, illiquid privately held investments that were entered into by our predecessors, and which cannot be exited, have also acted as a drag on performance.

YTD

- While our value bias has been a positive, small & medium sized companies have underperformed.
- The individual effects have led to a NAV performance more or less in line with benchmark, and to -1.0% after costs
- Outperformance over last 3 months give us confidence that we are well positioned.
- We have been using our new line of credit in July and August with a positive contribution to relative performance

Source: Schroders, fund performance as published on website (www.swzfund.com), Bloomberg for index performance, August 31, 2022; year-to-date performance as at August 31, 2022. Performance shown represents past performance. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown.

Performance attribution – stock level

Top & Bottom 10 contributions to relative performance YTD 2022

Top ten public stock contributions (USD)

	Total effect %
Sika (Under)	+0.4
Givaudan (Under)	+0.3
Aryzta (Over)	+0.3
Straumann (Under)	+0.3
Lonza (Under)	+0.3
Credit Suisse (Under)	+0.2
Bkw (Over)	+0.2
Sig Group (Over)	+0.2
Zurich Insurance (Over)	+0.1
Alcon (Under)	+0.1

Bottom ten public stock contributions (USD)

	Total effect %
Ams-Osram (Over)	-0.6
Swissquote (Over)	-0.5
Logitech (Over)	-0.5
Partners Group (Over)	-0.2
Comet (Over)	-0.2
Holcim (Under)	-0.2
Belimo (Over)	-0.2
Polypeptide (Over)	-0.1
Novartis (Under)	-0.1
Tecan Group (Over)	-0.1

Source: Schroders, Aladdin Explore, August 31, 2022; "over" means overweight; "under" means underweight compared to Swiss Performance Index; "zero" means no position.



Portfolio positioning

Portfolio positioning

As per August 31, 2022

Top ten holdings absolute

	Absolute weight
Nestlé	21.5%
Roche	12.9%
Novartis	10.6%
Richemont	5.0%
Zurich Insurance	4.4%
Partners Group	3.0%
UBS	2.3%
Logitech	2.3%
Swiss Life	1.9%
SIG Combibloc	1.9%
Total	65.8%

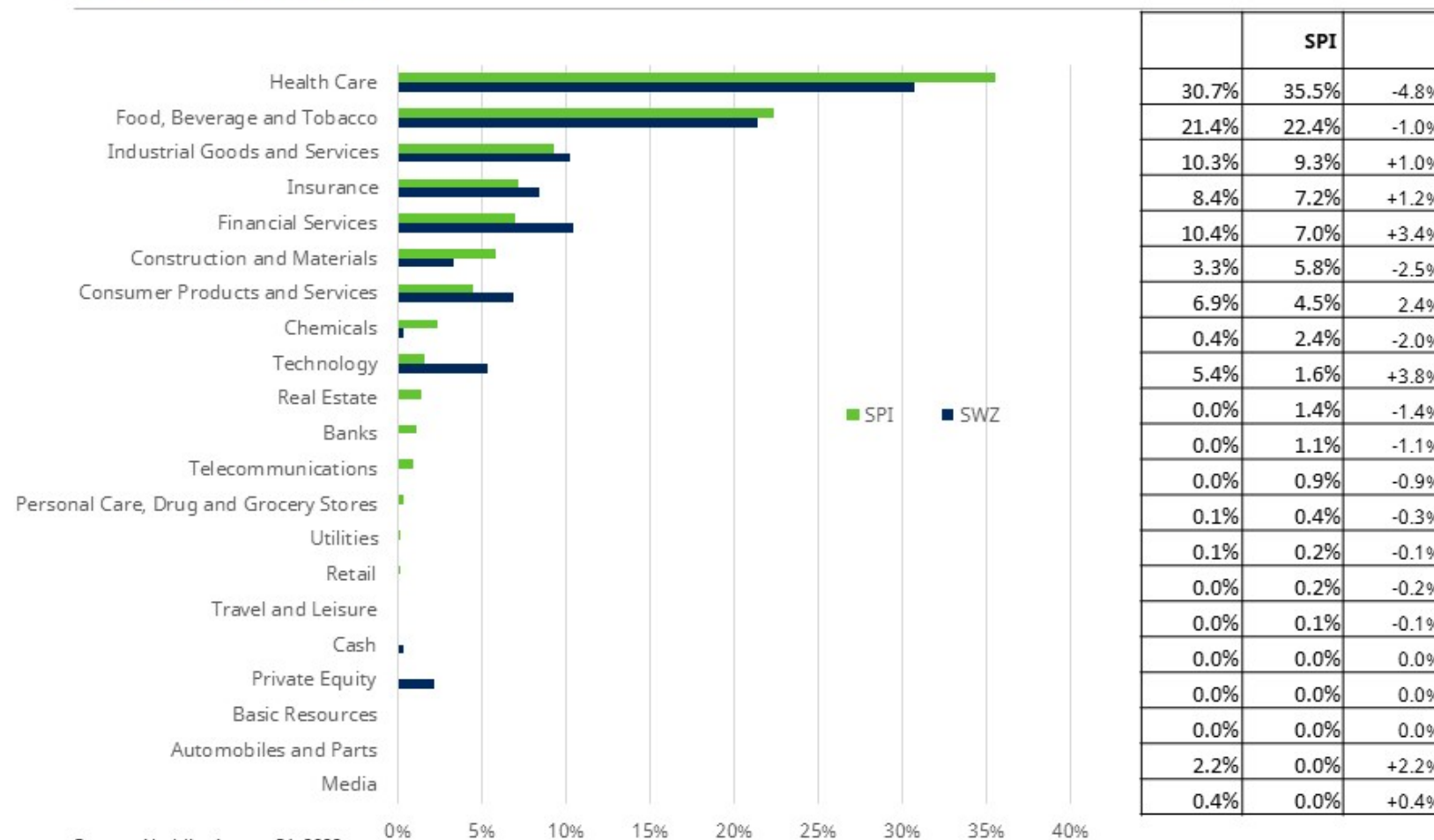
Top relative weights

	Relative weight %
Arytza	+1.8%
Logitech	+1.8%
Partners	+1.6%
Tecan	+1.4%
BKW	+1.4%
Roche	-2.3%
Alcon	-2.1%
Novartis	-1.9%
Holcim	-1.6%
Swiss Re	-1.4%

Source: Schroders, Bloomberg, August 31, 2022

Portfolio positioning

ICB classification



Source: Aladdin, August 31, 2022

Portfolio positioning

Changes in positioning year-to-date August 2022

New Positions	Increased Positions	Decreased Positions	Sold Positions
Givaudan	AMS	ABB	Alcon
Kuehne & Nagel	Arytza	Novartis	Cembra Money Bank
	Baloise	Roche	Credit Suisse
	BKW	Schindler	SGS
	Comet	SFS	
	Forbo	SIG Combibloc	
	Idorsia	Sonova	
	Logitech	Swatch	
	Lonza	Swiss Life	
	Medacta	Swissquote	
	Nestlé	UBS	
	OC Oerlikon	Zurich Insurance	
	Partners Group		
	Richemont		
	Sika		
	Straumann		
	Tecan		
	VAT		

Source: Schroders, August 31, 2022

Portfolio positioning

Select metrics regarding value, quality and small & mid caps

Portfolio characteristics

		Swiss Performance Index	Swiss Helvetia Fund
Value	P/E 2022 est	17.0X	16.7x
	P/E 2023 est	15.4x	15.1x
	Price/book	2.1x	2.9x
Quality	Net debt to equity	30.1%	4.5%
	Goodwill to equity	41.3%	37.1%
Small & Mid Caps	Small & Mid Caps weight	19.1%	30.8%

Source: Aladdin, Bloomberg, Schroders, August 31, 2022.

Portfolio positioning

Key statistical measures

Risk measures (ex private equity)

	August 31, 2022	August 31, 2021
Tracking error	2.2%	2.2%
Beta	1.01	1.03
Relative VaR (95%)	1.0%	1.0%
Volatility	18.0%	17.2%
Active share	29.5%	29.3%

Portfolio turnover

	Swiss Helvetia Fund
Turnover in % of AuM YTD August 2022	10.5% / 18.3%

Turnover calculation method:
(lesser of buys or sells) / (average AuM)
(sells) / (average AuM)






Source: Schroders, Aladdin View, August 31, 2022.



Outlook

Outlook & market situation

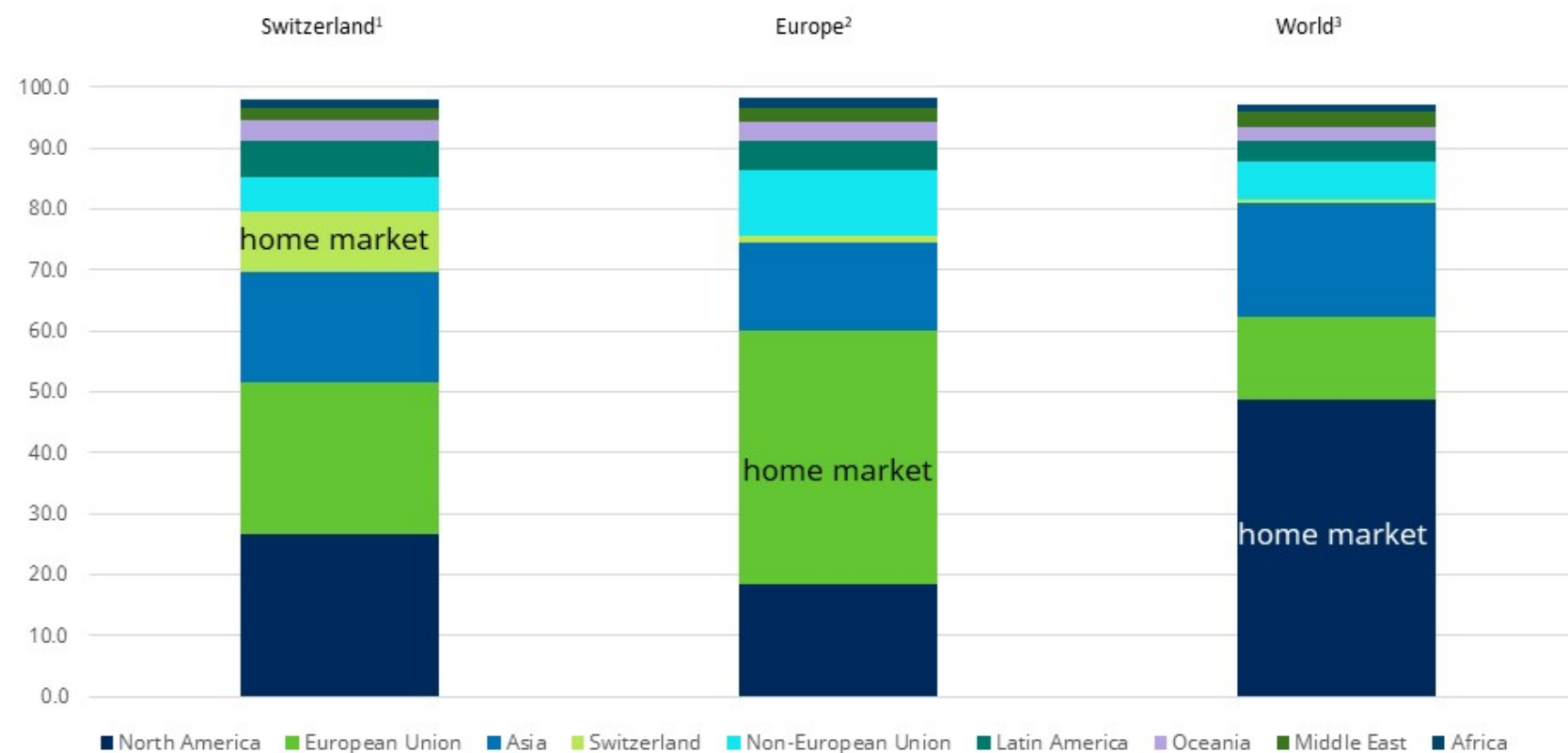
Positives and negatives

	Positives	Negatives
Global    	<ul style="list-style-type: none"> – Corporate earnings relatively resilient but with more uncertainty – Stocks offer an attractive dividend and some inflation protection – We find again a ‘normal’ number of cheap stocks, while at end of 2021 these were rare 	<ul style="list-style-type: none"> – Corporate earnings outlook more uncertain – Stagflation (risk) is not good for equities as it erodes demand and threatens margins – General exogenous risks (such as an escalation of trade or conventional wars)
Swiss 	<ul style="list-style-type: none"> – Many market leaders – Low inflation in international context – More resilient balance sheets – Swiss companies benefit from diversified global economic exposure 	<ul style="list-style-type: none"> – Worsening of EU – CH relations

Source: Schroders. Views expressed are the portfolio management team's view and not necessarily a «house view». These views are subject to change.

Swiss companies are very international

Revenues by country



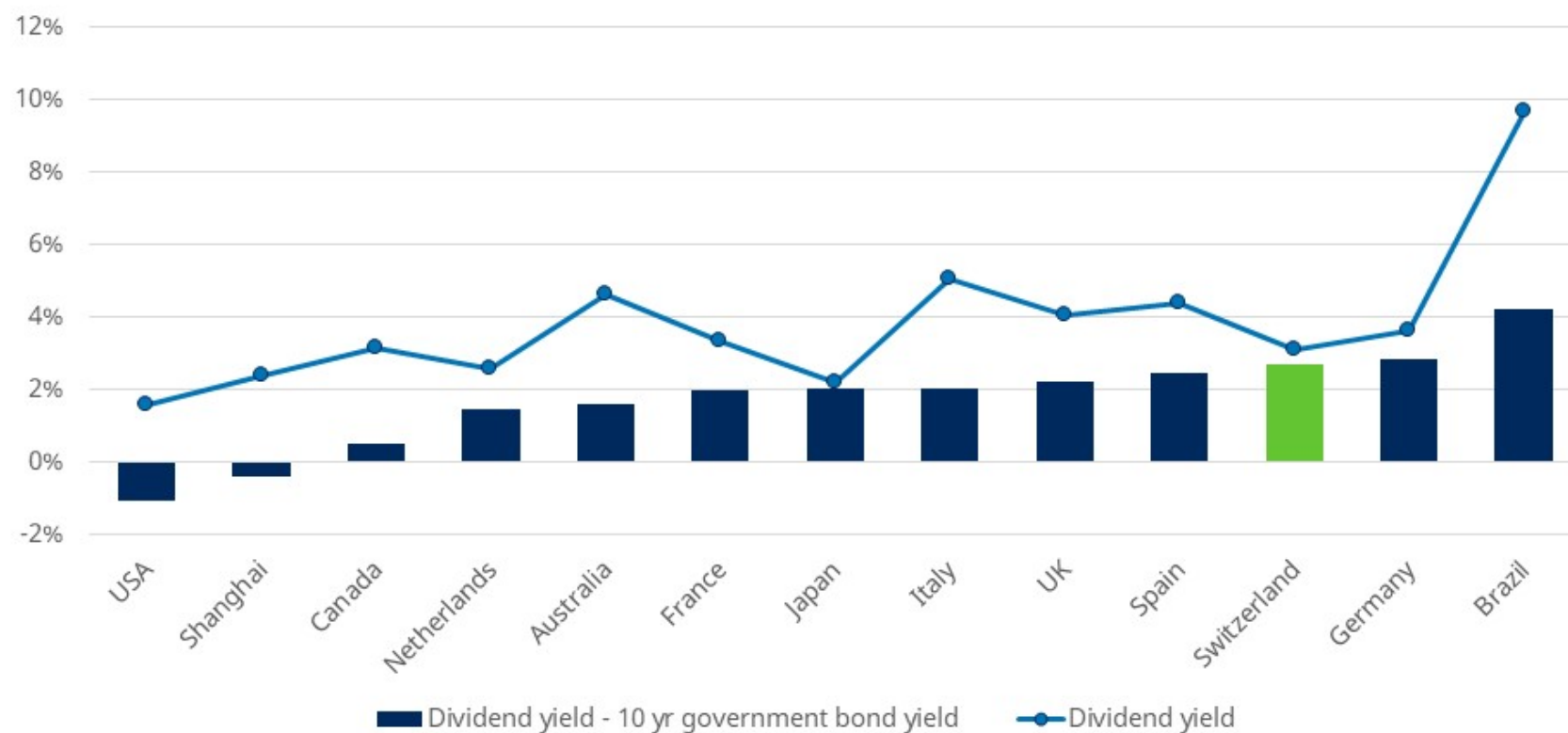
¹ Swiss Helvetia Fund; ² Schroders European Fund (GB67812001); ³ Schroder Global Enhanced Index Fund QEP (GB71659001).

Difference from 100% is due to cash holdings and unmatched geographies

Source: Schroders, August 31, 2022.

Investment outlook

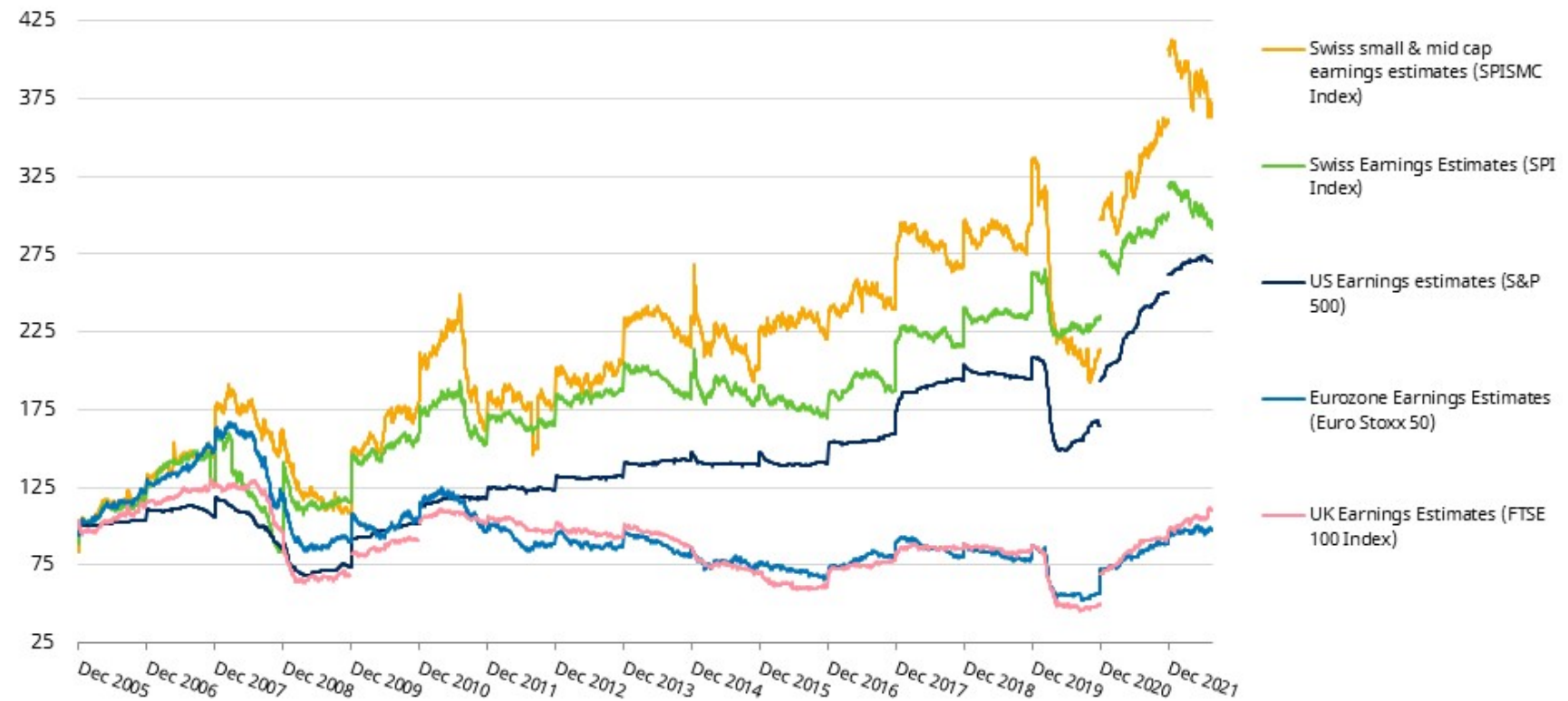
Global comparison of dividend yield versus government bond yield



Source: Schroders, Bloomberg, July 31, 2022

Investment outlook

Global comparison of earnings expectations



Source: Schroders, Bloomberg, August 26, 2022; all earnings converted into USD.













Case for Switzerland

Why are Swiss equities attractive?

- The Swiss stock market has a large proportion of global market leaders (not only among large corporations), with competitive advantages
- High innovation rate
- Global diversification helps in the current environment of synchronized growth
- Generally strong ESG performance and absence of “sin stocks”
- Swiss companies remained competitive despite the historic appreciation of the Swiss franc
- The difference between dividend yield and 10 year government bond yield stands out

Source: Schroders. Views expressed are the portfolio management team's view and not necessarily a «house view». These views are subject to change.

Switzerland offers an attractive business environment

			Score	
01	Denmark		100.00	↗ 2
02	Switzerland		98.92	↙ 1
03	Singapore		98.11	↗ 2
04	Sweden		97.71	↙ 2
05	Hong Kong SAR		94.89	↗ 2
06	Netherlands		94.29	↙ 2
07	Taiwan, China		93.13	↗ 1
08	Finland		93.04	↗ 3
09	Norway		92.96	↙ 3
10	USA		89.88	-

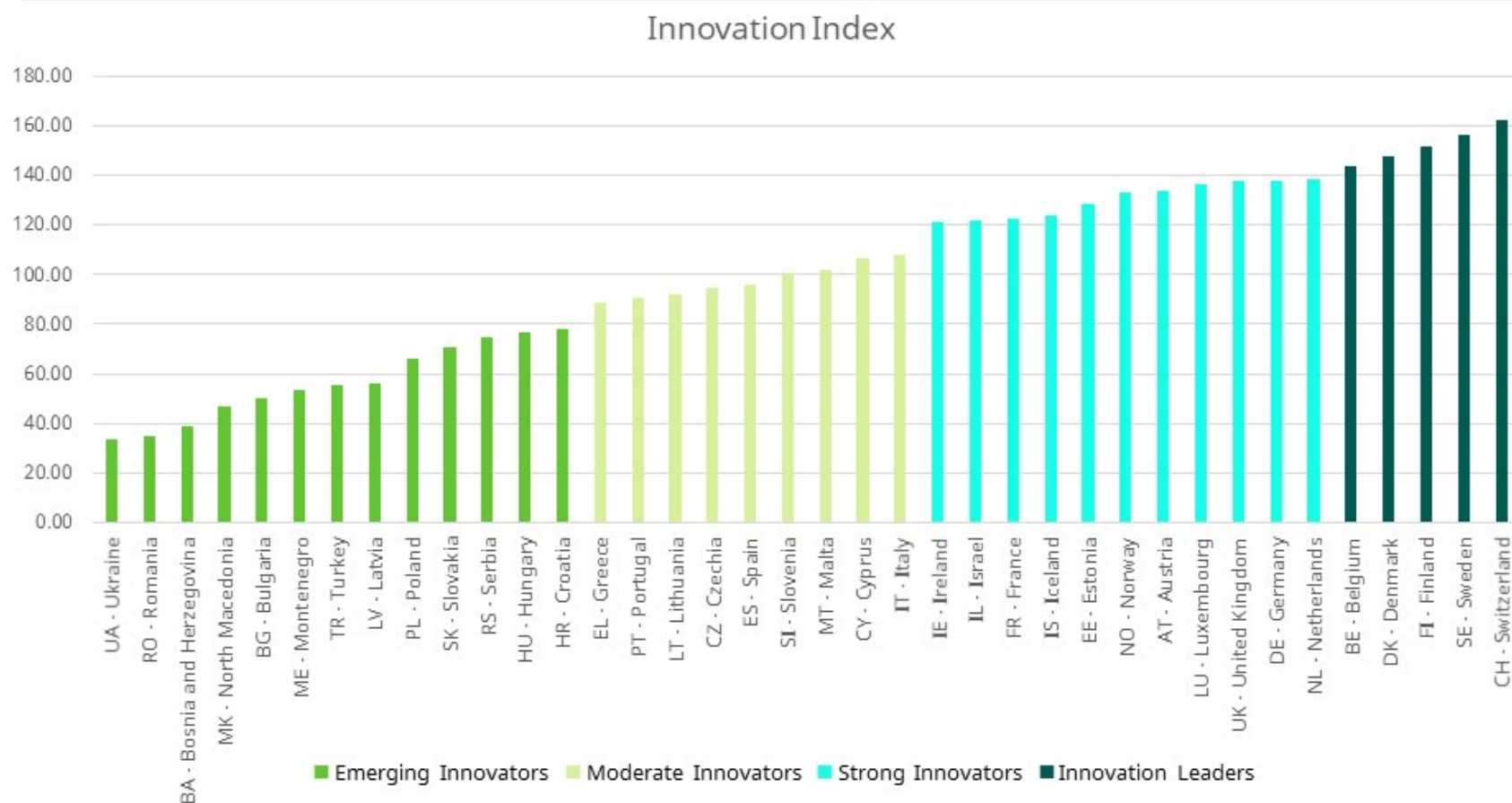
The International Institute for Management Development has been looking into drivers of competitiveness and prosperity in 63 economies. Amongst others, the following help explain the strong position of Switzerland:

- Domestic economy
- Infrastructure
- Governance efficiency
- Productivity & business efficiency
- Labor market
- Tax policy

Switzerland has been ranked within the top 4 economies over the last 5 years.

Source: International Institute for Management Development (IMD), World Competitiveness Ranking 2022, rank out of 63 economies

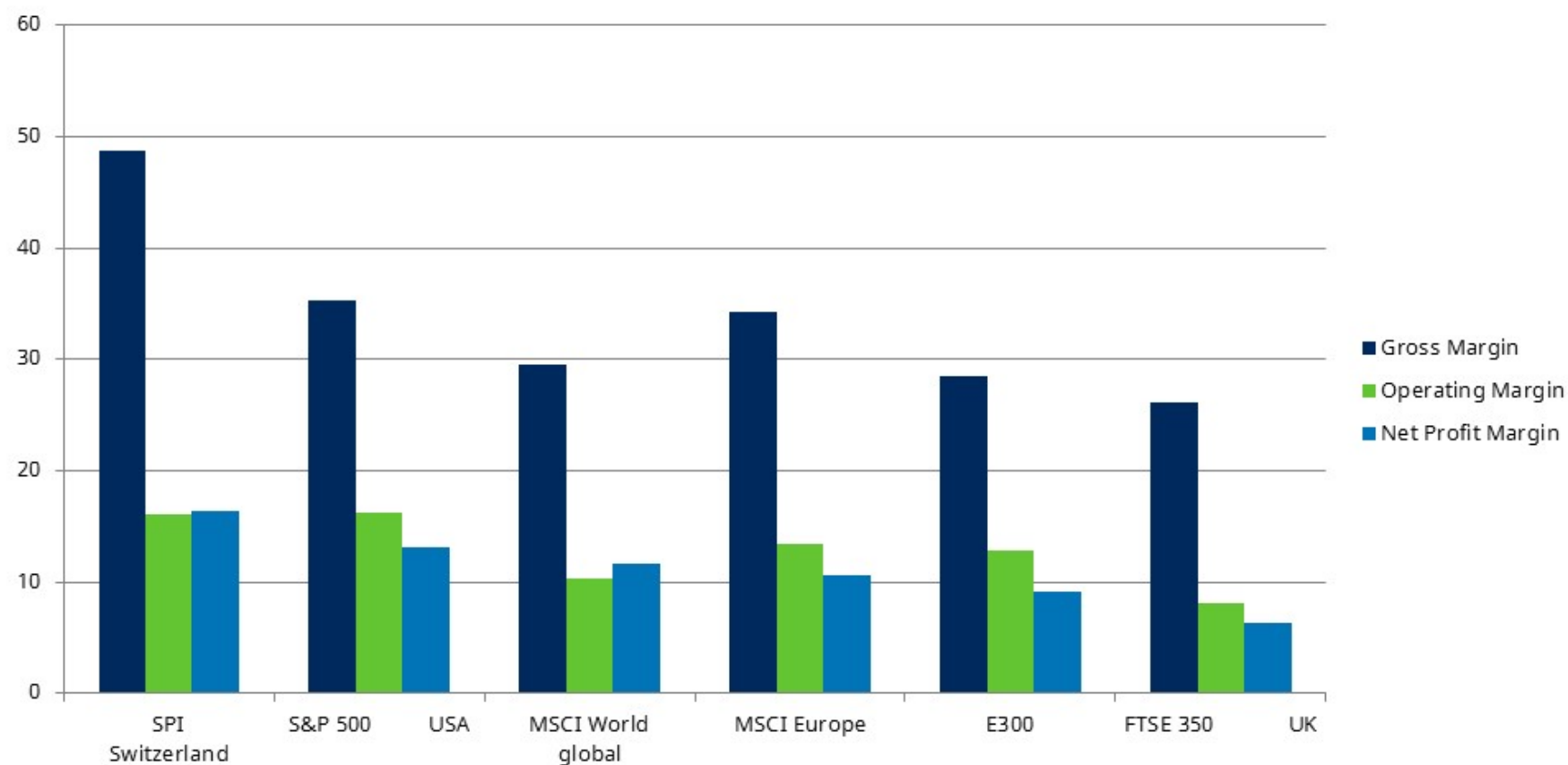
Switzerland is an innovation leader



Source: European Innovation Scoreboard 2021

Global leadership results in high profitability

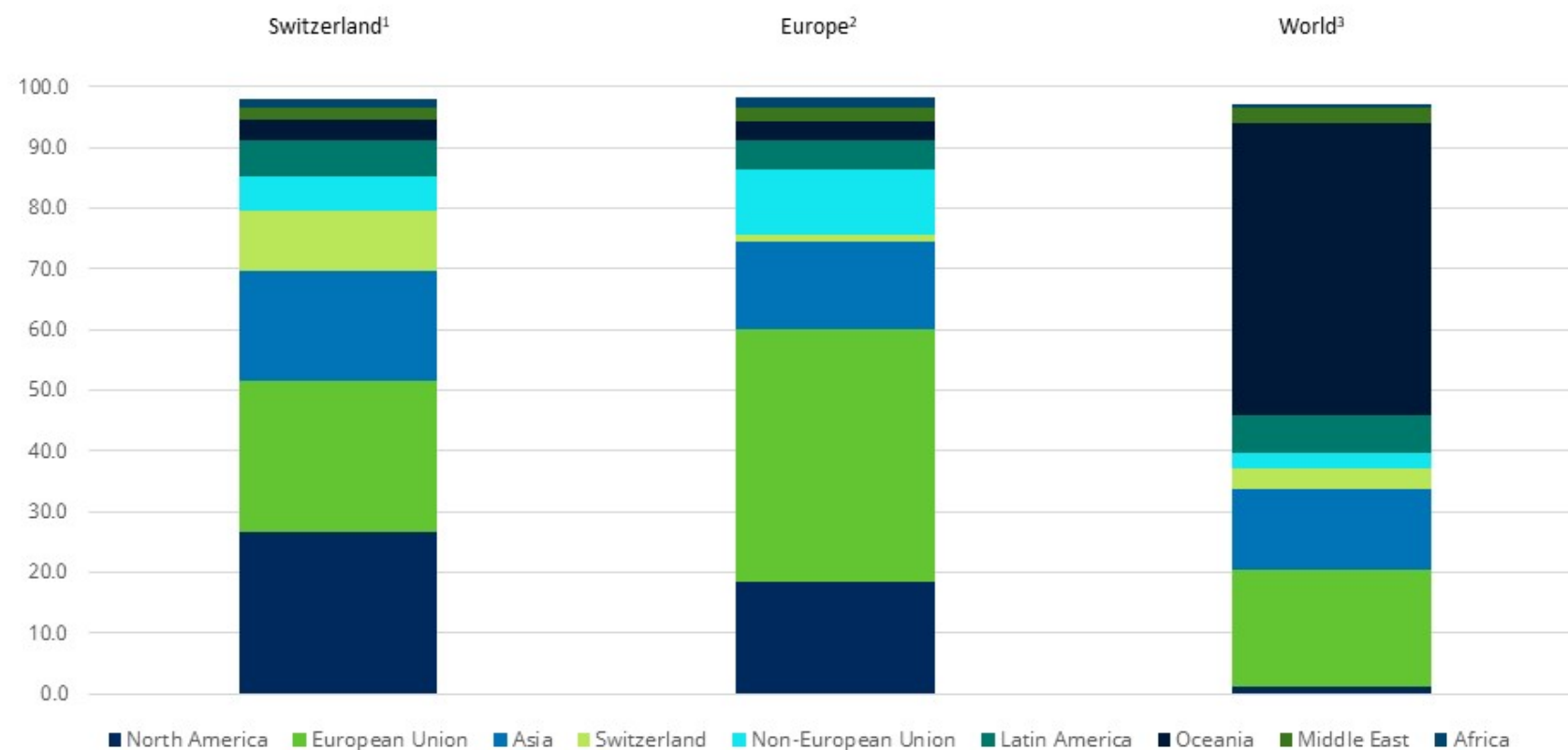
Swiss company leadership transforms into margins



Source: Schroders, Bloomberg, December 31, 2021.

Swiss companies are very international

Revenues by country



Source: Schroders, August 31, 2022. Country/ Regional revenue distribution is represented by the following funds, which with the exception of the Swiss Helvetia Fund, Inc are not available to US investors: ¹ Swiss Helvetia Fund; ² Schroders European Fund (GB67812001); ³ Schroder Global Enhanced Index Fund QEP (GB71659001).

Long term outperformance of Swiss equities



Long-term reasons to invest

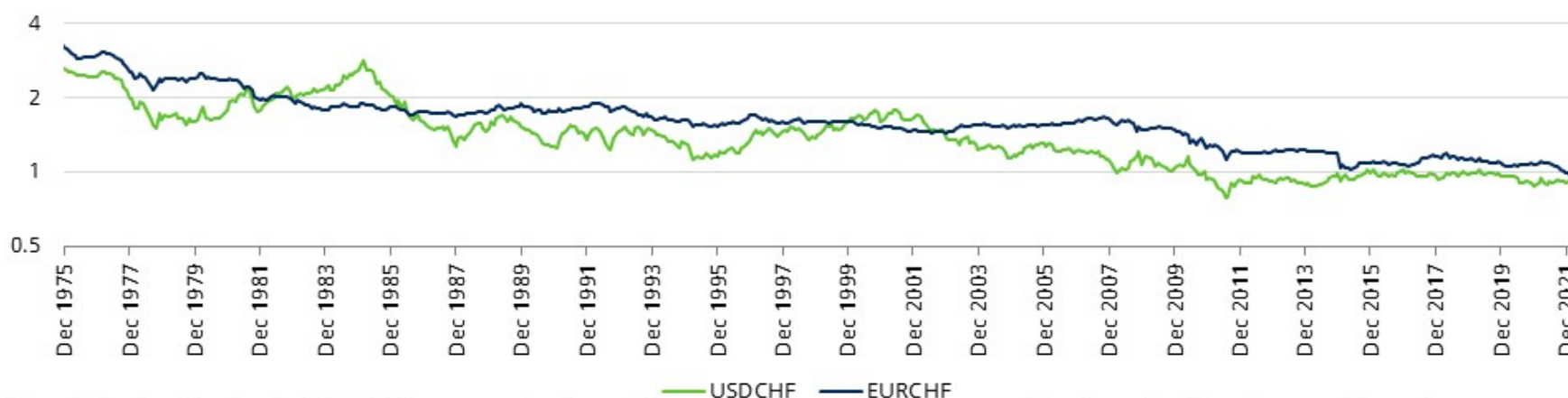
Long-term historic outperformance due to:

- Many global leaders
- Balanced geographical diversification
- High innovation rate
- Highly skilled and productive labour force
- High profit margins
- Political system (stability, taxes, labour law)
- Quality infrastructure
- Low debt (at companies and government)
- Strong CHF seen as asset, not disadvantage

Source: Schroders, July 31, 2022. All data in USD. Views expressed are the portfolio management team's view and not necessarily a «house view». These views are subject to change. Performance shown represents past performance. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown.

CHF appreciation is nothing new

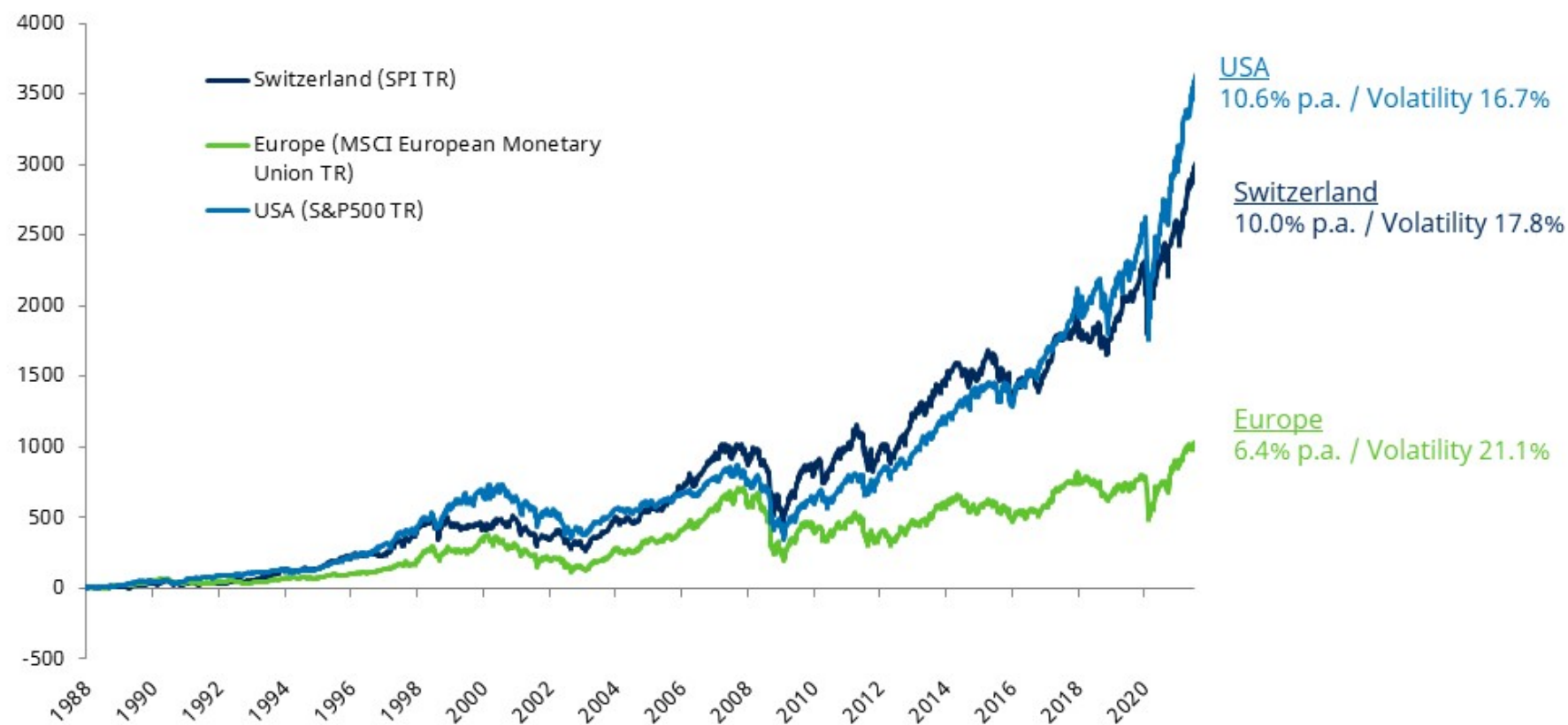
- Swiss companies are used to an appreciating Swiss Franc.
 - High efficiency and strong focus on productivity gains
 - High innovation rate
 - Market leaders in their respective niches
 - Global production footprint provides a substantial natural hedge
 - Solid balance sheets
- Sharp moves in exchange rate (as happened in 2011 and 2015) had short term impacts that were successfully absorbed after 1-2 years in terms of margin recovery



Source: Schroders, Bloomberg, July 31, 2022. Views expressed are the portfolio management team's view and not necessarily a «house view». These views are subject to change.

Swiss Equity Market

Attractive risk / return profile compared to Europe



Source: Bloomberg, July 31, 2022, all data in USD.

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Swiss Equity Market

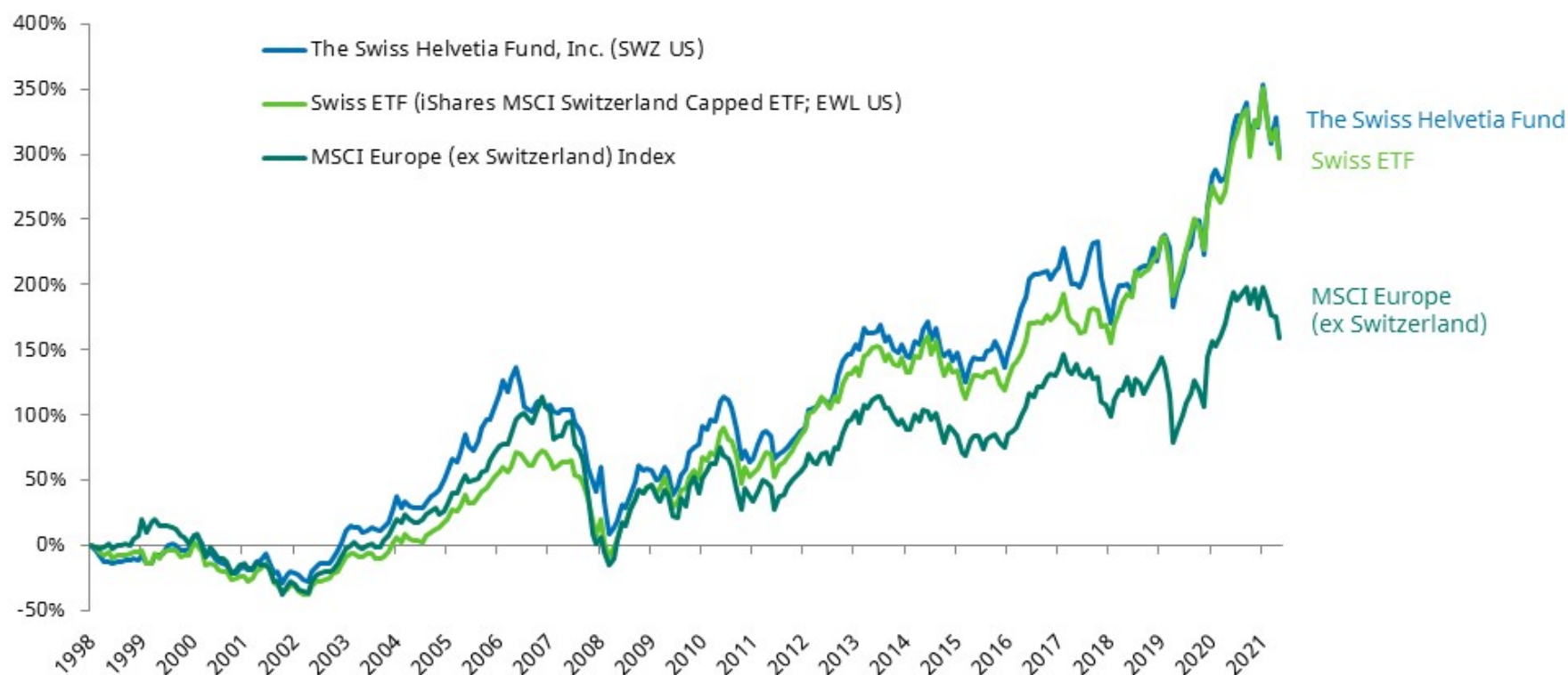
World's Top Countries by Market Cap

		Mkt Cap (US\$ trillion)
1	USA	40.7
2	China	12.2
3	Japan	6.7
4	Hong Kong	6.1
5	France	5.4
6	United Kingdom	3.6
7	Canada	2.6
8	India	2.6
9	Saudi Arabia	2.4
10	Germany	2.3
11	Korea	2.2
12	Switzerland	2.0
	Top 10	78.8
	World	83.5

Source: Bloomberg, World Bank, December 31, 2020.

Performance of The Swiss Helvetia Fund

Compared to ETF and European Index since introduction of the EURO



Source: Schroders, Bloomberg July 31, 2022.

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Important information

The Fund is a closed-end investment product. Common stock of the Fund is only available for purchase/sale on the NYSE at the then current market price. An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

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All investments, domestic and foreign, involve risks, including the risk of possible loss of principal. The market value of a fund's portfolio may decline as a result of a number of factors, including adverse economic and market conditions, prospects of stocks in the portfolio, changing interest rates, and real or perceived adverse competitive industry conditions. Investing overseas involves special risks including among others risks related to political or economic instability, foreign currency (such as exchange, valuation, and fluctuation) risk, market entry or exit restrictions, illiquidity, and taxation. The Swiss securities markets have substantially less trading volume than the U.S. securities markets. Additionally, the capitalization of the Swiss securities markets is highly concentrated. Securities of some companies located in Switzerland will be less liquid and more volatile than securities of comparable U.S. companies. This combination of lower volume and greater concentration in the Swiss securities markets may create a risk of greater price volatility than in the U.S. securities markets.

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Definitions: Active share represents the proportion of stock holdings in the Fund that is different from the properties found in the benchmark. Beta measures the sensitivity of the Fund to the movements of its benchmark. Volatility is measured by Standard deviation, which is the risk or volatility of an investment's return over a particular time period; the greater the number, the greater the risk or volatility. Tracking error is the difference between the price behavior of a position or a portfolio and the price behavior of a benchmark. VaR is Value at Risk, a widely used risk measure of the risk of loss on a specific portfolio of financial exposures.

For more information, visit www.swzfund.com