



# Portfolio and Performance Review The Swiss Helvetia Fund, Inc.

Presentation to the Annual Meeting of Stockholders

October 2024

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Stefan Frischknecht, CFA

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Portfolio Manager

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Performance

# Performance Q3 2024 and YTD September 2024

## Net asset value (NAV) and price performance in USD

### Net asset value

Performance in USD %	YTD 2024 (Jan-Sep)		2023	1 year	3 years p.a.	5 years p.a.
NAV The Swiss Helvetia Fund, Inc. (SWZ)	+10.09%	+9.09%	+16.92%	+20.61%	+5.42%	+8.36%
Swiss Performance Index, SPI	+10.77%	+8.55%	+16.54%	+22.41%	+6.09%	+9.41
<b>Difference NAV</b>	<b>-0.68%</b>	<b>+0.54%</b>	<b>+0.38%</b>	<b>-1.80%</b>	<b>-0.67%</b>	<b>-1.05%</b>

### Share price

Performance in USD %	YTD 2024 (Jan-Sep)		2023	1 year	3 years p.a.	5 years p.a.
Share price SWZ	+14.35%	+12.51%	+15.48%	+24.72%	+6.22%	+9.37%
Swiss Performance Index, SPI	+10.77%	+8.55%	+16.54%	+22.41%	+6.09%	+9.41
<b>Difference</b>	<b>+3.58%</b>	<b>+3.96%</b>	<b>-1.06%</b>	<b>+2.31%</b>	<b>+0.13%</b>	<b>-0.04</b>

Source: Bloomberg, U.S. Bank Global Fund Services, Data as of 30 September 2024.

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. The value of an investment can go down as well as up and is not guaranteed. The return may increase or decrease as a result of currency fluctuations.

# Performance comment

## Driving factors for relative performance of NAV

### 12 month period ended Sep 30, 2024

- Equity markets have been strong over the past 12 months
- The strength of the Swiss franc also boosted performance, helping Swiss equity investments
- Stock picking was a significant positive factor (+1.1%), with main contributions coming from financials, industrials and technology. However, negative sector allocation was a drag (-1.1%).
- Applying moderate leverage in Q4 2023 was beneficial. No leverage was applied in 2024.
- For the first time in a few years, illiquid private equity investments (a legacy from the former investment advisor) had a meaningful positive impact

### Recent 3 year and 5 year period:

As investment advisor, Schrodgers' investment philosophy in Swiss equities builds on three style biases: **Quality, Valuation** and **smaller capitalization**.

Small & medium sized companies, which have been an overweight compared to the benchmark, underperformed since 2018 as shown in the chart on the right hand side. This had a negative impact leading to a moderate underperformance.

We clearly stick to our investment approach of focusing on high quality, valuation and smaller capitalization.

We believe we are more likely to find mispriced stocks in small and medium sized stocks that have less observers than within closely followed large caps. 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.

Source: Bloomberg, U.S. Bank Global Fund Services, Data as of 30 September 2024.

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Source: LSEG Datastream / Fathom Consulting

# Performance breakdown – 1 year

## Driving factors behind relative performance

- NAV total return -1.80% behind benchmark SPI. Gross performance from listed equities is neutral with positive impact from stock picking and negative sector allocation.

	Impact on relative performance	Comment
Listed equities	+0.0%	Strong stock picking in financials and industrial, but not in materials; more or less outweighed by negative allocation effects from underweights in industrials and materials
Private equity	+0.2%	Positive contribution from Aravis, and Spineart
Cash	-0.2%	Minimal impact due to low cash position
Leverage	+0.3%	Positive impact from leverage in Q4 2023, no leverage in 2024
Expenses	-1.6%	Total estimated expenses
Other	-0.5%	Currency, timing and other (rounding)
NAV return difference	-1.8%	

Source: Schroders, BlackRock Solutions Aladdin Explore, U.S. Bank Global Fund Services, Data as of 30 September 2024.

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# Top 10 contributors and detractors – stock

The Swiss Helvetia Fund, Inc.

12 Months to 30 September 2024

Contributors	Portfolio average weight	Active average weight	Absolute portfolio total return	Relative <sup>1</sup> return	Total effect
R&S Group Holding	0.9	+0.9	99.1	59.9	+0.8
Swissquote Gp Hldg	1.3	+1.1	84.6	71.5	+0.6
Accelleron Industr	0.8	+0.6	88.4	75.3	+0.4
Sandoz Group Ag	1.9	+1.1	46.9	33.9	+0.3
VZ	1.0	+0.9	44.7	31.7	+0.2
Comet Holdings	0.6	+0.5	63.7	50.7	+0.2
Galderma Group Ag	0.8	+0.7	22.8	9.8	+0.2
Logitech International	1.3	+0.5	21.3	8.3	+0.2
Sfs Group Ag	1.2	+1.1	34.7	21.7	+0.2
Partners Group	2.8	+1.1	26.6	13.6	+0.2

Detractors	Portfolio average weight	Active average weight	Absolute portfolio total return	Relative <sup>1</sup> return	Total effect
ABB	1.6	-2.8	52.5	39.4	-0.9
Holcim Ltd	0.0	-2.6	0.0	32.5	-0.7
Ams-Osram Ag	0.8	+0.7	-40.8	-62.1	-0.5
Swiss Re	0.0	-2.0	0.0	18.6	-0.3
Sig Group Ag	1.6	+1.2	-14.6	-27.6	-0.3
Swatch	1.4	+0.9	-16.4	-32.4	-0.3
Tecan Group	1.7	+1.4	-9.1	-22.1	-0.2
BKW	1.7	+1.5	-2.7	-15.7	-0.2
Schindler	0.0	-0.9	0.0	25.6	-0.2
Aryzta	2.0	+1.9	3.4	-9.6	-0.1

Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. The value of an investment can go down as well as up and is not guaranteed. The return may increase or decrease as a result of currency fluctuations.

Source: Schroders, FactSet. <sup>1</sup>vs. Switzerland: SPI

The accounting data used by FactSet is un-audited, therefore any subsequent cleaning of data will not be reflected in FactSet.

The sectors, securities, regions and countries shown above are for illustrative purposes only and are not to be viewed as a recommendation to buy or sell.



Positioning



# Top 10 holdings by absolute weight

The Swiss Helvetia Fund, Inc.

As at 30 September 2024

Stock		Portfolio weight (%)	Benchmark <sup>1</sup> weight (%)	Active weight (%)	
1	Nestle	Consumer Staples	12.6	13.9	-1.2
2	Novartis	Health Care	12.3	12.4	0.0
3	Roche	Health Care	10.3	12.4	-2.1
4	Comp.Fin.Richemont	Consumer Discretionary	5.3	4.5	+0.8
5	Zurich Insurance	Financials	4.2	4.6	-0.5
6	Ubs Group Ag	Financials	2.7	5.2	-2.5
7	Partners Group	Financials	2.7	1.8	+0.9
8	ABB	Industrials	2.6	4.9	-2.3
9	Sika	Materials	2.1	2.8	-0.7
10	Sandoz Group Ag	Health Care	2.1	0.9	+1.1
Total			56.9	<b>63.4</b>	

Source: Schroders, FactSet. <sup>1</sup>Switzerland: SPI.

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# Stock positions – Top 10 and Bottom 10

The Swiss Helvetia Fund, Inc.

As at 30 September 2024

	Portfolio (%)	Benchmark <sup>1</sup> (%)	Underweight	Overweight	3M change
Aryzta	1.7	0.1		1.6%	-0.2
R&S Group Holding	1.5	0.0		1.5%	0.3
Galderma Group Ag	1.7	0.4		1.3%	-0.1
Sig Group Ag	1.7	0.4		1.3%	0.2
Sfs Group Ag	1.4	0.2		1.2%	0.1
Tecan Group	1.4	0.2		1.2%	-0.1
BKW	1.4	0.2		1.2%	-0.3
Sandoz Group Ag	2.1	0.9		1.1%	-0.3
Swissquote Gp Hldg	1.3	0.2		1.1%	-0.2
Partners Group	2.7	1.8		0.9%	0.1
Sgs Sa	--	0.9	-0.9%		-0.1
Schindler	--	0.9	-0.9%		-0.1
Geberit Ag	--	1.1	-1.1%		0.0
Nestle	12.6	13.9	-1.2%		-0.8
Lindt & Spruengli	--	1.4	-1.4%		0.0
Roche	10.3	12.4	-2.1%		-0.3
Swiss Re	--	2.1	-2.1%		-0.1
ABB	2.6	4.9	-2.3%		1.2
Ubs Group Ag	2.7	5.2	-2.5%		0.1
Holcim Ltd	--	2.8	-2.8%		-0.1

Source: Schroders, FactSet. <sup>1</sup>Switzerland: SPI.

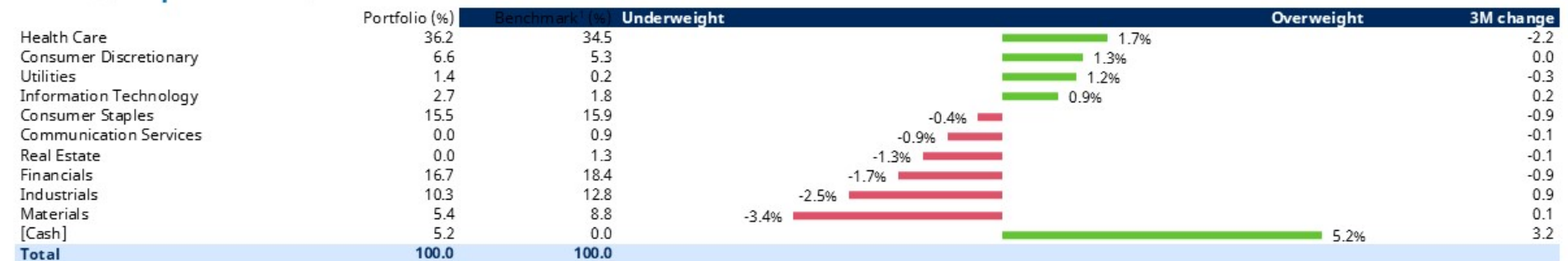
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# Sector positions

The Swiss Helvetia Fund, Inc.

As at 30 September 2024



Source: Schroders, FactSet. <sup>1</sup>Switzerland: SPI

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# Largest purchases and sales

The Swiss Helvetia Fund, Inc.

Year to date to 30 September 2024

Purchases	Sector	Issuer	Active weight <sup>1</sup> 31/12/2023	Active weight <sup>1</sup> 30/09/2024	Active weight <sup>1</sup> change	Comments
Galderma Group Ag	Health Care	Galderma Group Ag	0.0	+1.3	+1.3	New position; Participation in IPO of high quality dermatology company
Straumann	Health Care	Straumann Hldg	-1.0	0.0	+1.0	After stock weakness and negative reaction to Q1 result, we upped to neutral
Novartis	Health Care	Novartis Ag	-0.6	0.0	+0.6	Not active; Solely market movements
ABB	Industrials	Abb Ltd	-2.8	-2.3	+0.5	After stock weakness, we decreased our underweight
R&S Group Holding	Industrials	R&S Group Holding	+1.0	+1.5	+0.5	New position; Leading provider of power products (transformers, switches, ...)
Sales	Sector	Issuer	Active weight <sup>1</sup> 31/12/2023	Active weight <sup>1</sup> 30/09/2024	Active weight <sup>1</sup> change	Comments
Nestle	Consumer Staples	Nestle Sa	+0.5	-1.2	-1.7	Decrease in order to fund the quarterly distribution and expenses
Forbo Hldgs	Industrials	Forbo Hldgs Ag	+0.8	-0.1	-0.8	Decrease in order to fund the quarterly distribution and expenses
Baloise Holding	Financials	Baloise Holding Ag	+1.1	+0.3	-0.8	Partial profit taking after the positive reaction to the lifting of voting right restrictions
Alcon Ag	Health Care	Alcon Ag	-0.1	-0.8	-0.7	Partial profit taking as well as funding of the quarterly distribution and expenses
DKSH	Industrials	Dksh Holding Ag	+1.0	+0.3	-0.7	Partial profit taking as well as funding of the quarterly distribution and expenses

Source: Schroders, FactSet. <sup>1</sup>vs. Switzerland: SPI

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# Portfolio positioning

The Swiss Helvetia Fund, Inc.

## Portfolio characteristics

		Swiss Helvetia Fund	Swiss Performance Index
Valuation	P/E FY1	19.4x	19.0x
	P/E FY2	16.8x	16.7x
	Price/book FY1	3.5x	3.3x
Quality	Net Debt to Equity	28.2%	44.0%
	Net Debt to EBITDA	1.1x	1.7x

## Risk measures (ex private equity)

	September 30, 2024	September 30, 2024
Tracking error	1.8%	1.5%
Active share	31.2%	27.7%

Source: BlockRock Solutions Aladdin, Sparcs, data as of 30 September 2024.



Outlook



# Outlook

## Soft landing as the base scenario

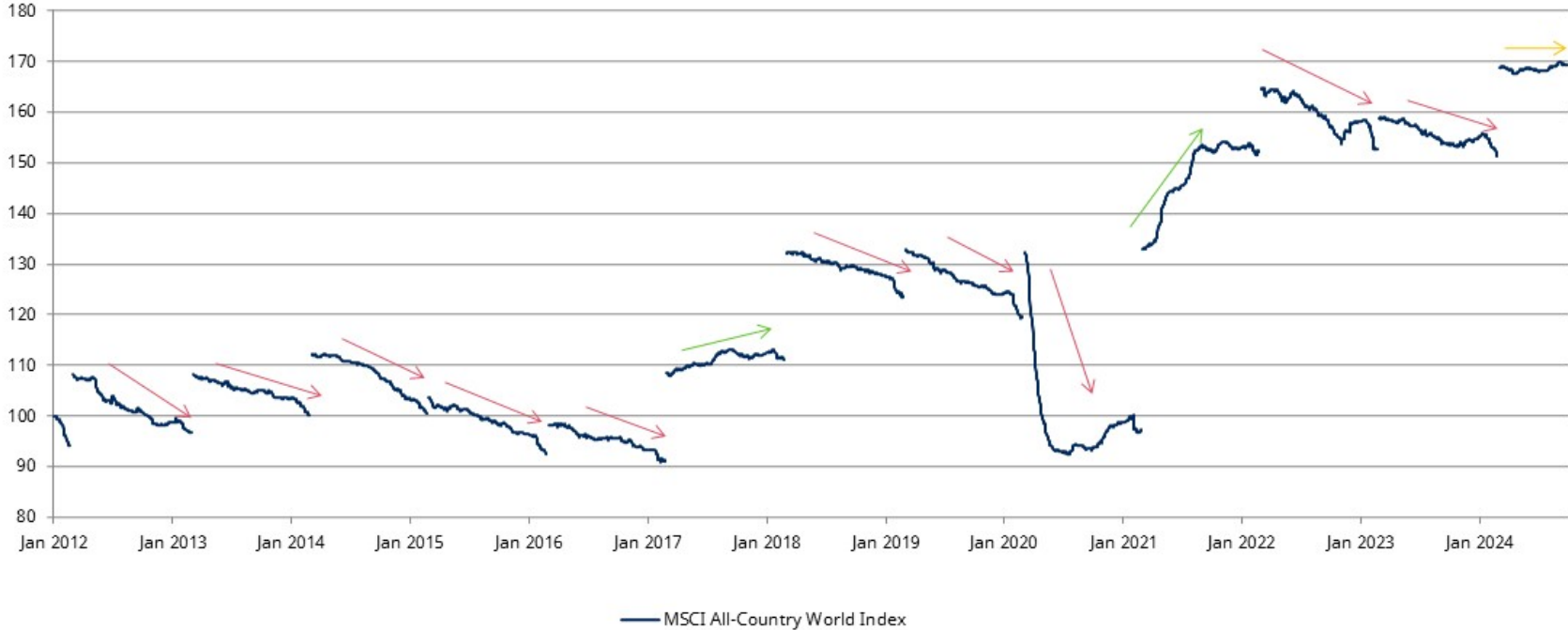
- Schroders expects **global growth** to come in at 2.7% for both 2024 and 2025.
- In **the US**, the Federal Reserve has started cutting rates. From our perspective, concerns about an imminent US recession might seem exaggerated as the economy is currently remaining rather robust.
  - Labour market conditions have moved into better balance. Taken alongside further disinflation and improving credit availability, this should serve to sustain solid household consumption.
- In **Switzerland**, the State Secretariat of Economic Affairs (SECO) expects the Swiss economy to grow at a below-average rate of 1.2% in 2024, followed by a normalization in 2025 of 1.6%.
  - In September, the Swiss National Bank took the decision to lower interest rates to 1.0%. Further cuts can be expected as domestic inflation is within the target zone and a further strengthening of the CHF is to be avoided as global economies are continuing cutting rates.
- **Swiss equities**, which generate on average between 80-90% of their revenue abroad, benefit from the more positive growth environment.
  - Many Swiss companies expressed optimism regarding the demand outlook for the second half of 2024.
  - However, as visibility on the timing of the recovery is still limited for many companies, this could lead to short-term volatility.
- We intend to **stick to our long-term investment approach** and focus on high-quality companies with sound balance sheets and reasonable

valuation. Source: Schroders, 30 September 2024. Views expressed are the portfolio management team's view and not necessarily a «house view». These views are subject to change.

# Outlook & market situation

Earnings estimates tend to be too high at the beginning of the year

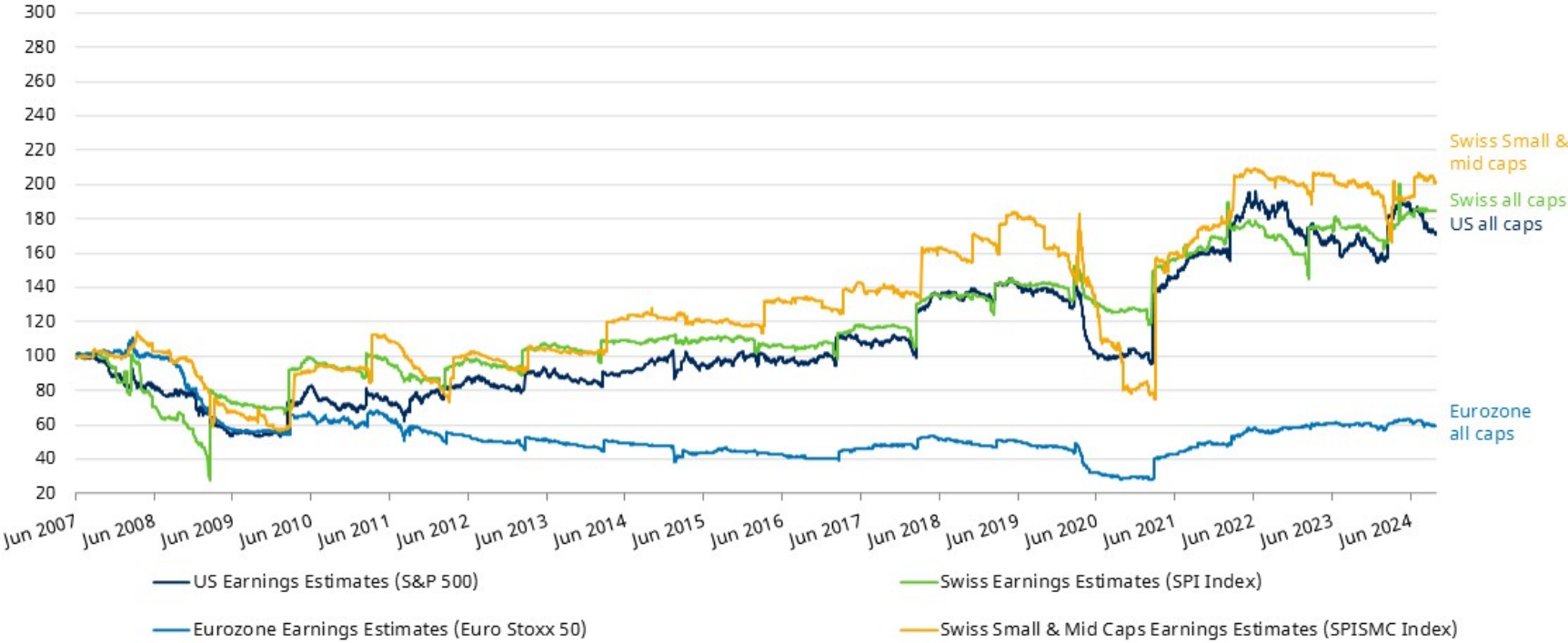
Consensus EPS development – MSCI World



Source: Bloomberg, 30 September 2024. In USD, rebased as of 02 January 2012.

# Outlook & Market Situation

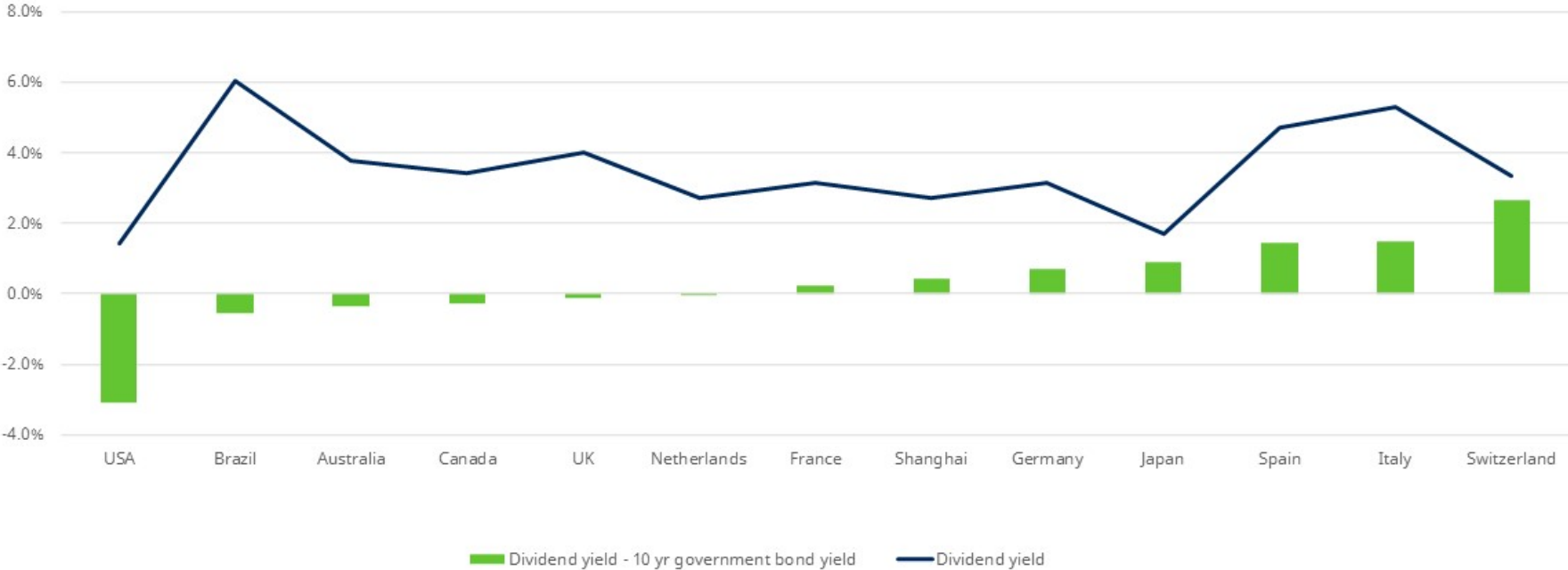
Swiss equities offer strong earnings growth on a global comparison



Source: Schroders, Bloomberg, 30 September 2024; all earnings converted into CHF.

# Dividend yield versus government bond yield

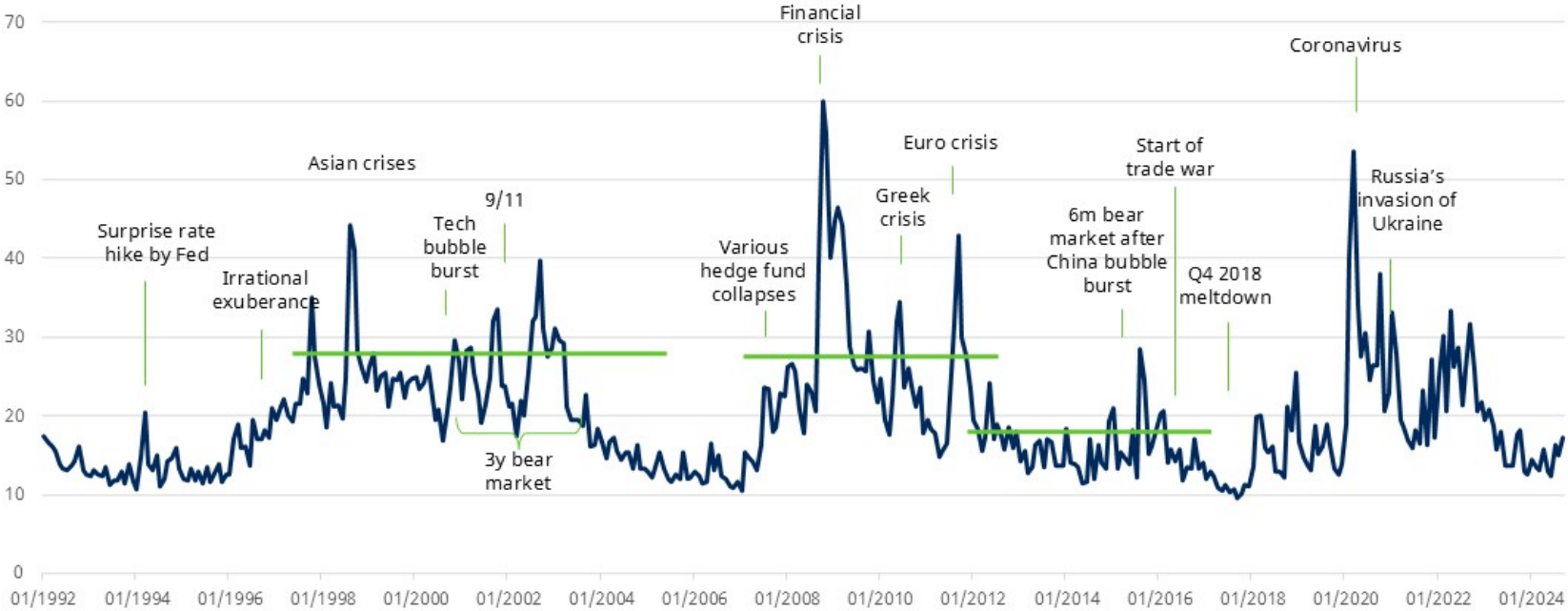
Swiss equities offer attractive dividend yields versus government bond yields



Source: Schroders, Bloomberg, 30 September 2024.

# Volatility

Volatility is below historical averages



Source: Schroders, Bloomberg, 30 September 2024.

# Trade weighted currency index

Swiss franc in real terms more stable than one would expect

Trade weighted currency index – real, CPI-based



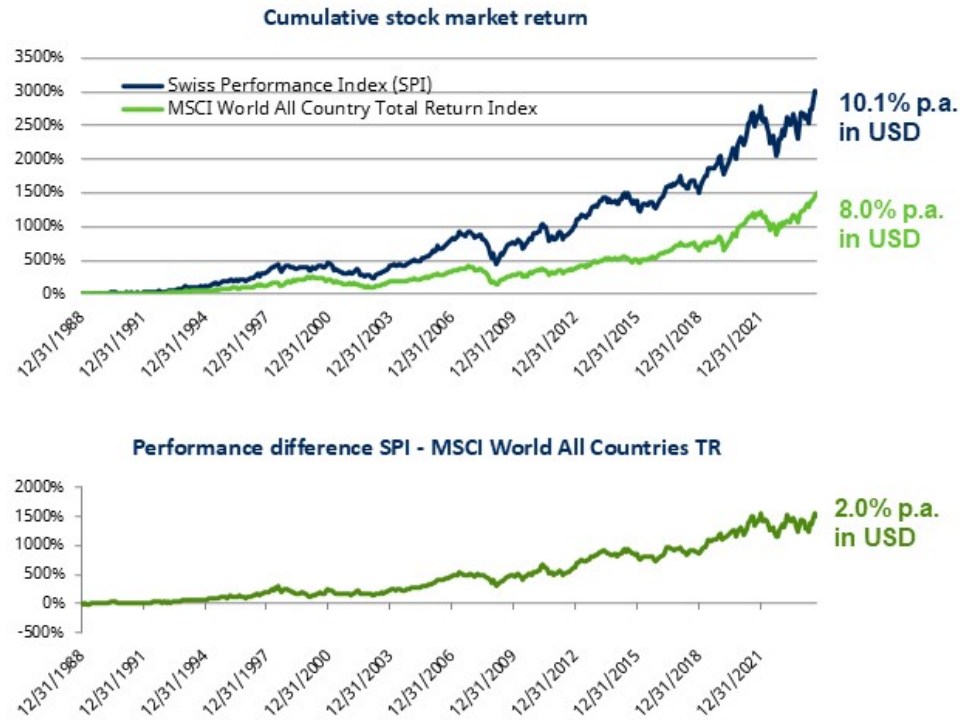
Source: Swiss Nationalbank, December 2000 = 100, 30 September 2024.





Case for Swiss Equities

# 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, September 30, 2024. 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. and current performance may be higher or lower than the performance shown

# Switzerland offers an attractive business environment

Switzerland ranks in the top three of 64 economies regarding global competitiveness

## World competitiveness ranking

1	Denmark
2	Ireland
3	Switzerland
4	Singapore
5	Netherlands
6	Taiwan, China
7	Hong Kong SAR
8	Sweden
9	USA
10	UAE
11	Finland
12	Qatar
13	Belgium
14	Norway
15	Canada

The International Institute for Management Development has been looking into drivers of competitiveness and prosperity in 64 economies. Amongst others, the following help explain the strong position of Switzerland:

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

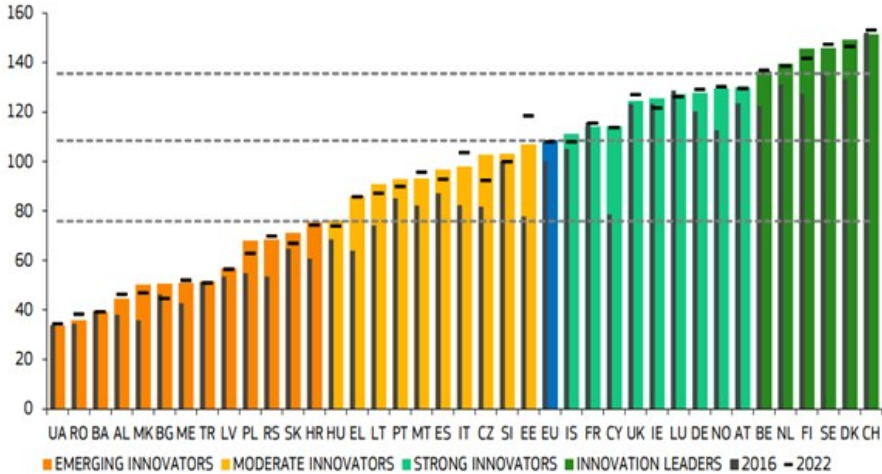
Switzerland has been ranked within the top 4 economies over the last 6 years.

Source: International Institute for Management Development (IMD), World Competitiveness Ranking 2023, rank out of 64 economies

# Switzerland is an innovation leader

## Switzerland is the most innovative country in Europe

### Switzerland as the innovation leader



### Strong education- & environment-related indicators

Switzerland has the highest performance in six indicators:

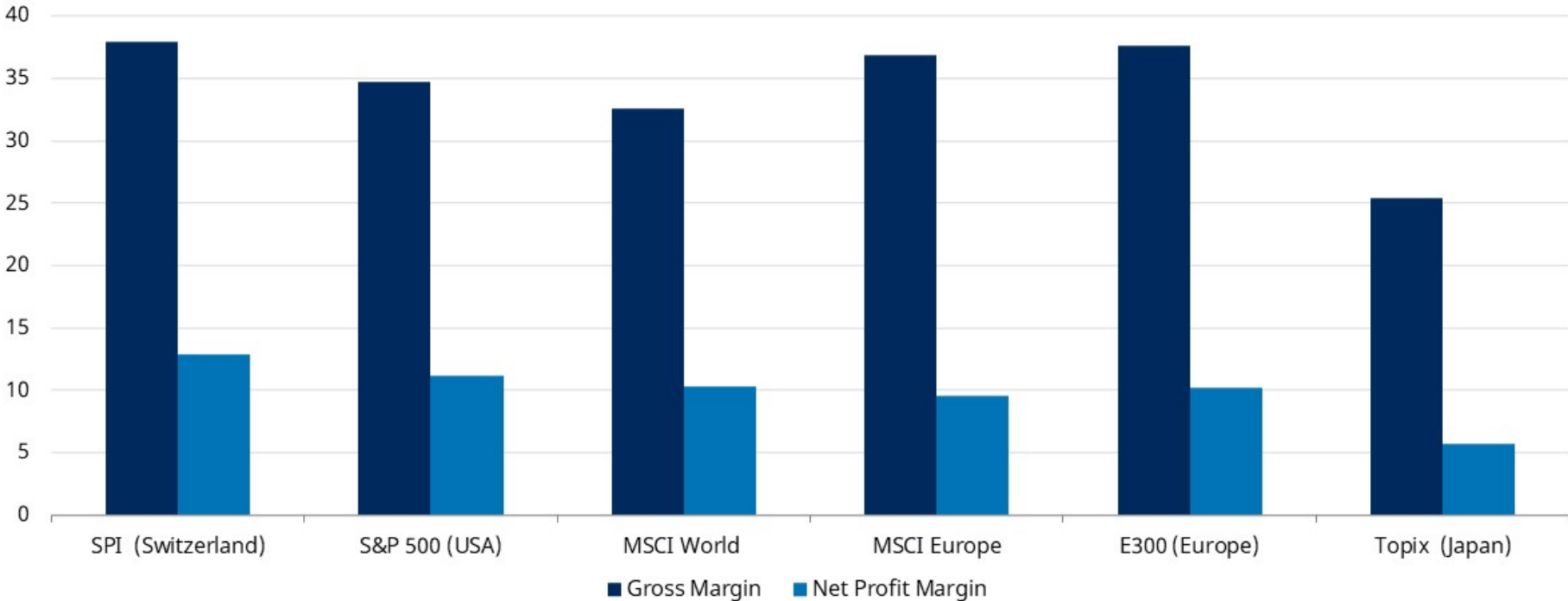
- New doctorate graduates
- International scientific co-publications
- Foreign doctorate students
- Public-private co-publications
- Resource productivity
- Air emissions by fine particulates

Source: European Innovation Scoreboard 2023.

All performance scores are relative to that of the EU in 2016. Coloured columns show countries performance in 2023, using the most recent data for 32 indicators. The horizontal hyphens show performance in 2022, using the next most recent data. Grey columns show countries performance in 2016. The dashed lines show the threshold values between the performance groups, where the threshold values of 70%, 100%, and 125%, when using the latest 2023 data, have been adjusted upward by multiplying with 1.085 to reflect the performance increase of the EU between 2016 and 2023 as the graph shows performance scores relative to the EU in 2015.

# Global leadership results in high profitability

Market leadership positions for many Swiss companies transform into high margins

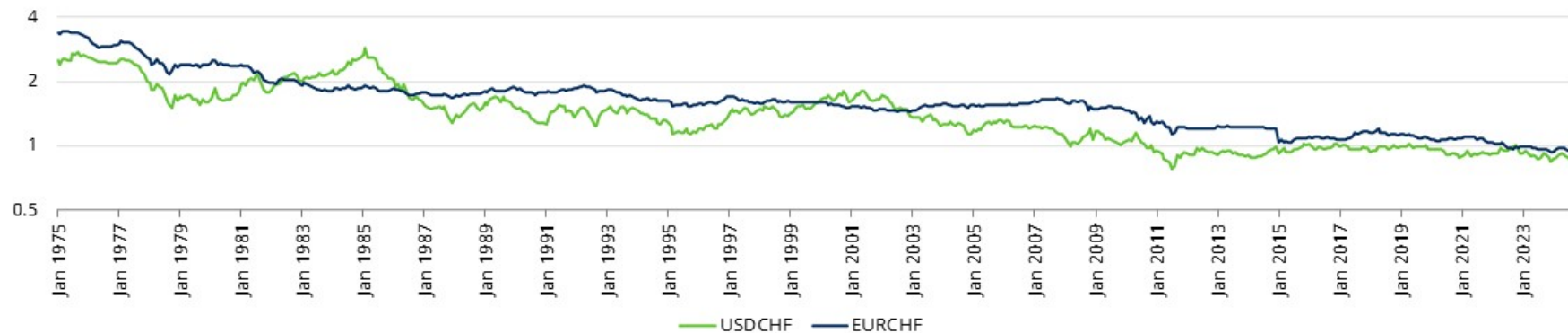


Source: Schroders, Bloomberg, 31 December 2022.

# CHF appreciation is nothing new

Swiss franc strength in nominal terms / more stable in real terms (due to low inflation)

- 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

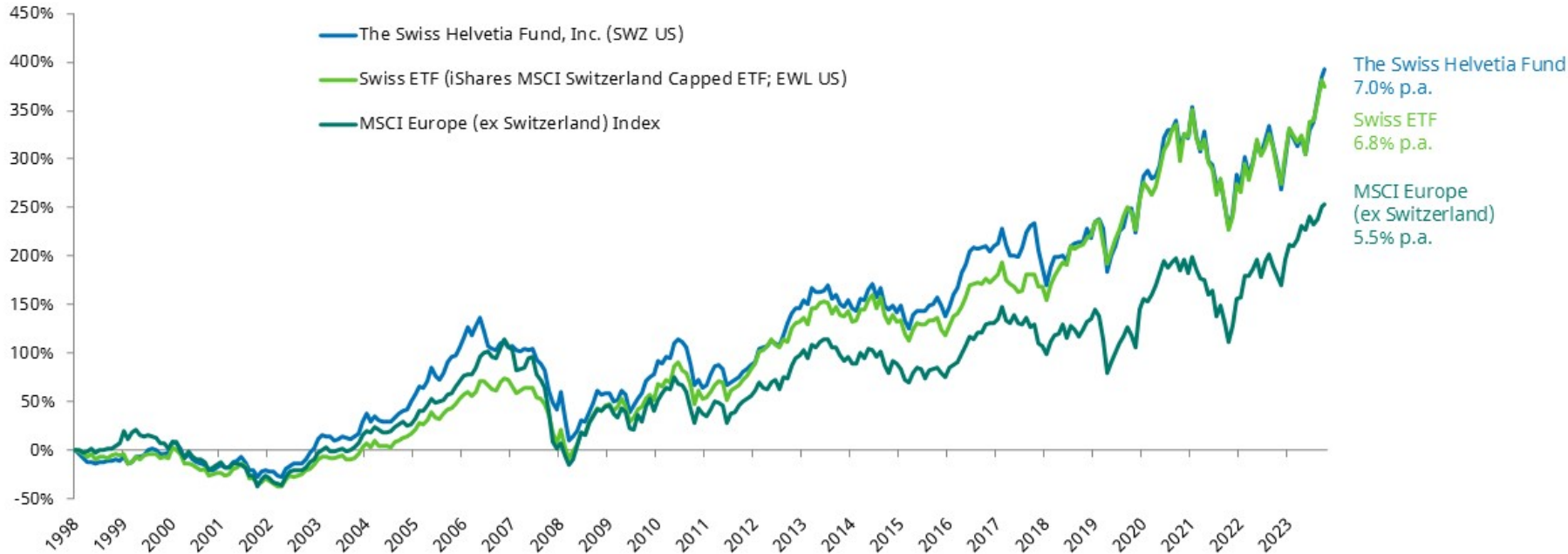


Source: Schroders, Bloomberg, September 30, 2024. Views expressed are the portfolio management team's view and not necessarily a «house view». These views are subject to change.



# Performance of The Swiss Helvetia Fund

Compared to ETF and European Index since introduction of the EURO



Source: Bloomberg, September 30, 2024, all data in USD.  
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



Disclaimer

# Important information

**The Swiss Helvetia Fund, Inc. (the "Fund") is a closed-end investment company registered in the United States with the Securities and Exchange Commission. Common stock of the Fund is only available for purchase/sale on the NYSE (SWZ) 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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**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. VaRis Value at Risk, a widely used risk measure of the risk of loss on a specific portfolio of financial exposures.

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Thank you

Schroder Investment Management (Switzerland) AG  
Central 2  
CH-8001 Zurich

[info-sim@schroders.com](mailto:info-sim@schroders.com)

[schroders.ch](http://schroders.ch)