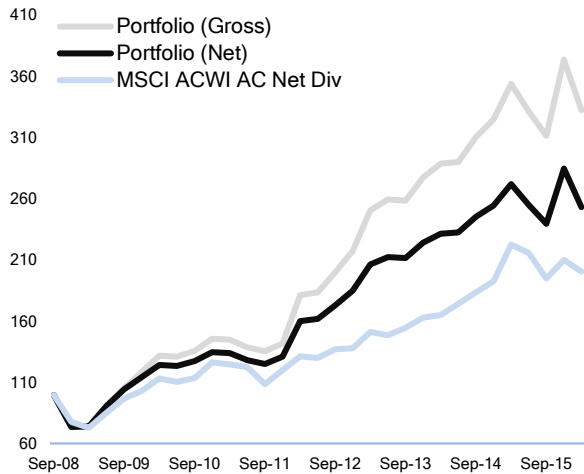
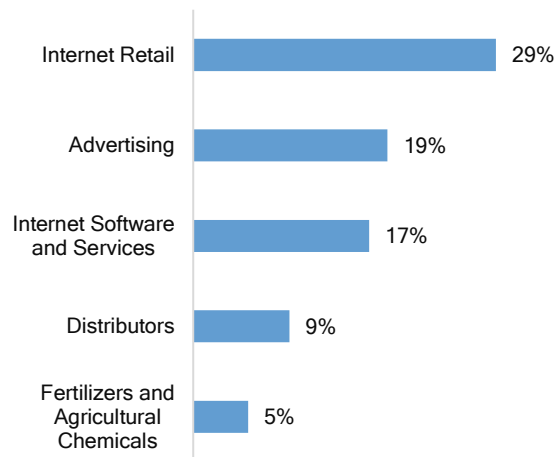


		Performance (net of fees)	EUR ¹	Index ²
Inception Date:	01 October 2008	Quarter	-11.1	-4.4
Portfolio Style:	Value / Total Return	Last Twelve Months	-6.9	-9.8
Manager:	Robert Leitz	Since inception (annualized)	13.2	9.7
		Since inception (cumulative)	153.3	100.9

Performance in EUR



Top 5 Positions



Portfolio Review

This quarter's performance was unsatisfying as measured by market prices and essentially erased all the gains of 2015. However – except for a painful 50% drop of the largest position (29% as of year-end 2015) – the portfolio was actually up in a very soft market.

The drop in the portfolio's largest position corresponded with the end of a major lock-up period as well as some troubling events at the company itself. This is an investment in what was once Israel's largest IT start-up, after it had fallen on hard times and looked cheap in the aftermath. Valued at around \$2 billion just three years ago, it's now trading at an enterprise value of less than \$150 million. Through a transformative transaction in late 2015, it should see revenue growth of 50% as well as solid cash generation in 2016. I believe it could generate \$50 million in annual free cash flow going forward. Unfortunately, there are serious issues with current management: notably a lack of credibility, a track record of horrendous capital allocation (as only recently became truly visible), and an overhead structure that no longer fits the size of the business.

In early April, I flew down to the company's headquarters in Tel Aviv to meet the chairman of the board, management and major shareholders (among them the original founder of the business, an impressive serial entrepreneur who still has a large stake). The goal of my meetings was to remove the CEO and CFO to give way to new leadership and a leaner structure. Looking at the changed nature of the business, there are a few obvious strategic and structural steps to be taken. In the undesirable case the CEO and CFO decide to sit it out (and they benefit from the loyal support of a staggered board), I will continue to push for a change as I firmly believe it will require new leadership to realize the company's potential and to re-gain the trust of the markets. Sixty percent of the shares are in the hands of five business-savvy shareholders. Their stakes are currently hugely undervalued based on the company's potential, giving them little incentive to sell out and strong incentive to support changes.

My trip to Israel was tremendously insightful on many levels and my half-year letter will focus on the lessons learned.

The other two large portfolio holdings did really well operationally, with growth in net income of +654% (revenue growth of 21%) and 17%, respectively. Both are quality assets (compounders) with long growth runways that are trading at significant discounts to my intrinsic value estimates.

¹Net returns: no leverage, after all costs (no management fee, 25% performance fee for returns greater than 4% p.a., high watermark)

²MSCI All Country (DM+EM) World Index All Cap (large+mid+small+micro caps), net dividends reinvested

PERFORMANCE & BENCHMARKING

%	in EUR							in USD		
	Q1 Net	Q2 Net	Q3 Net	Q4 Net	Portfolio Gross	Portfolio Net	MSCI ACWI AC Net Div ²	Portfolio Gross	Portfolio Net	MSCI ACWI AC Net Div ²
2008	-	-	-	-26.2	-26.2	-26.2	-21.9	-26.3	-26.3	-22.7
2009	0.7	22.6	14.7	9.5	60.6	55.0	32.3	64.5	58.0	36.6
2010	8.8	-0.7	3.2	5.7	22.9	17.8	22.5	14.7	11.8	14.5
2011	-0.5	-4.3	-2.3	4.6	-2.7	-2.7	-4.9	-5.8	-6.7	-8.0
2012	22.1	1.2	6.8	6.9	53.4	41.1	14.6	56.3	45.9	16.4
2013	11.7	2.8	-0.3	5.8	27.6	21.2	18.3	32.9	25.2	23.6
2014	3.3	0.5	5.5	3.7	17.0	13.6	18.2	3.0	2.3	3.8
2015	6.9	-6.3	-6.0	18.8	15.0	11.9	9.0	3.2	3.2	-2.2
2016	-11.1				-11.1	-11.1	-4.4	-6.8	-6.8	0.3
Annualized					17.4	13.2	9.7	14.1	11.0	6.7
Total Since Inception					232.4	153.3	100.9	169.8	118.4	62.9

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Net returns: no leverage, after all costs (no management fee, 25% performance fee for returns greater than 4% p.a., high watermark)
Index: MSCI All Country World Index All Capitalizations with net dividends reinvested

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