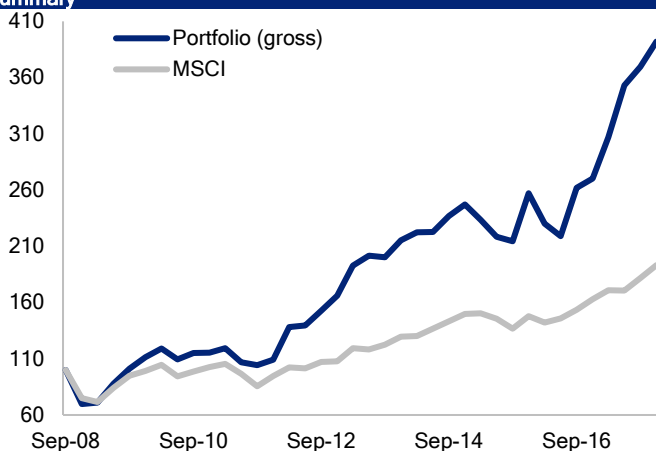


Investment strategy and rationale

The goal is to achieve sustainable, market-beating absolute returns by investing into a highly concentrated portfolio of global value stocks and bonds. I believe the portfolio benefits from a stable and patient capital base, allowing me to be contrarian and to swim against the tide. The small size of the managed funds gives me the liberty to fish in small ponds, where the big funds cannot go. I have observed that large funds have their own guidelines for investing in stocks, such as a threshold market capitalization and liquidity, among several other factors. As a result, large funds often miss out on attractive opportunities, such as in special situations and micro caps, where there are a lot of market inefficiencies. With growing assets, I will look to take full control of smaller businesses.

Summary


Management fee	0%
Performance fee	25% over a 4.00% annual hurdle
High watermark	yes
Initial investment	CHF 100,000
Additional investment	CHF 10,000
Front load	0% (a 1% stamp duty applies)
Back load	1%

Investment strategy	value / total return
Reference currency	Swiss franc (CHF)
Regulation	SRO / VQF

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Performance²

Performance ² (%)	CHF (gross)				CHF			EUR			USD		
	Q1	Q2	Q3	Q4	Gross	Net	MSCI World	Gross	Net	MSCI World	Gross	Net	MSCI World
2008				(30.3)	(30.3)	(30.3)	(25.0)	(26.2)	(26.2)	(21.9)	(26.3)	(26.3)	(22.7)
2009	1.8	23.7	15.3	9.9	59.6	57.8	32.3	60.6	57.0	32.3	64.5	60.2	36.6
2010	6.9	(8.1)	5.3	0.1	3.6	3.6	3.5	22.9	18.2	22.5	14.7	12.1	14.5
2011	3.5	(10.4)	(2.6)	4.7	(5.4)	(5.4)	(7.7)	(2.7)	(2.7)	(4.9)	(5.8)	(5.8)	(8.0)
2012	26.6	1.1	9.4	8.8	52.3	42.3	13.5	53.4	42.1	14.6	56.3	45.5	16.4
2013	16.1	4.5	(0.7)	7.6	29.6	23.2	20.6	27.6	21.7	18.3	32.9	25.6	23.6
2014	3.2	0.2	6.3	4.3	14.7	12.0	15.6	17.0	13.8	18.2	3.0	3.0	3.8
2015	(5.5)	(6.5)	(1.8)	20.0	4.1	4.1	(1.4)	15.0	12.3	9.0	3.2	3.2	(2.2)
2016	(10.5)	(4.8)	19.6	3.1	5.1	4.8	10.2	6.7	6.0	11.6	3.4	3.4	8.4
2017	13.5	15.0	4.7	6.0	45.0	34.8	18.6	32.8	25.6	8.9	51.5	39.6	24.0
Since inception (annualized)					15.9	13.1	7.4	19.7	15.9	10.7	17.7	14.5	8.8
Since inception (total)					292.0	211.4	93.2	429.7	292.1	155.5	353.6	250.0	118.4

Portfolio overview

1 Internet retail Australia public	% of portfolio EV Adj. P/E	33% <\$200m 10x	A growing and cash-gushing niche company that invested all the cash it generated from a good business into an unprofitable geography. The unprofitable business is being shut down with the full earnings benefit expected to shine through in late 2017. Owner-run, lots of cash and no debt. Strategic asset for other, larger industry players.
2 Foods Europe public	% of portfolio Market cap P/E	15% \$2bn 11x	A growing and vertically integrated company in an attractive sector benefiting from strong demand growth and supply restrictions. Unique assets and long-term oriented, shareholder-friendly management. Annual earnings growth has averaged 30% over the last 5 years.
3 Advertising China (HK) public	% of portfolio EV EBITDA Adj. capex	13% <\$500m \$120m \$ 50m	A reliable compounder with unusually good corporate governance (for China) given its controlling (and distressed) American shareholder. Over the last 10 years, the company has been growing earnings at 10% p.a. despite high cash dividends (no full reinvestment of capital). The company is sitting on >\$250m of hidden cash in the form of upfront payments/capex for future cash flows. Ideal target for any LBO fund.
4 Coal USA public	% of portfolio Adj. market cap FCF Dividend yield	13% \$2,500m \$ 500m >12%	One of the largest and lowest-cost coal miners in the U.S. Reserve life >50 years, underleveraged, run by a self-made billionaire who keeps re-investing the cash dividends (dividend yield >12%). Undergoing a restructuring to simplify the corporate structure, facilitate buybacks, and increase float. Improving price momentum.
5 Legal services Australia public	% of portfolio Market cap P/E P/BV	8% \$90m 6x 70%	A solid company that recently booked material impairments after an aggressive acquisition spree came to an end. Trading at very low multiples on a going concern basis and well below book (after impairments).

Robert Leitz

I am the sole owner and managing director of iolite Partners Ltd, a value-oriented investment firm. Before iolite, I held positions at various financial institutions, including TPG (a hedge fund), Goldman Sachs' European Special Situations Group, and KPMG Corporate Restructuring. I graduated from the University of St. Gallen (HSG), Switzerland, with a Master of Science in Business Administration and Economics, and wrote my master's thesis under the guidance of Prof. Eli Noam at Columbia University, New York.

¹MSCI All Country (DM+EM) World Index All Cap (large + mid + small + micro caps), net dividends reinvested. MSCI estimates this index covers approximately 99% of the global equity investment opportunity set and I therefore consider it a very suitable measure of the market's overall performance. Please note that an index investor would probably have to bear costs not captured in this measure, such as account and product fees.

²Presented performance up to Q1 2018 reflects my personal account. Performance from Q2 2018 onwards reflects iolite Holdings Ltd, a Swiss company. The reference currency of iolite Holdings Ltd is CHF; performance in EUR and USD is shown for informational purposes only. All numbers reflect the fee structure of iolite Holdings Ltd.

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