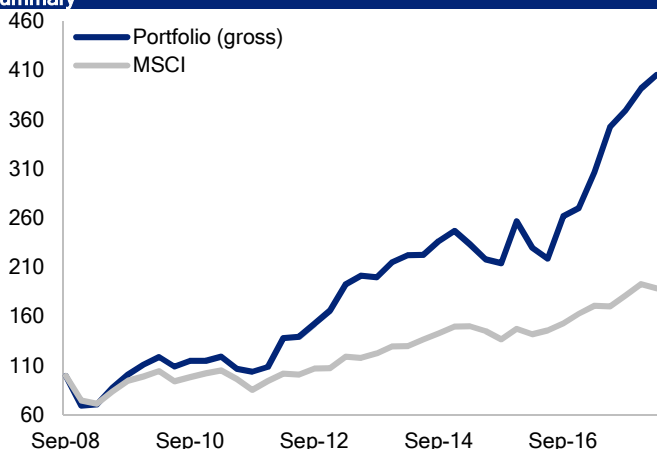


Investment strategy and rationale

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% 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)

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Performance

Performance (%)	CHF (gross)				Gross	CHF Net	MSCI World	EUR			USD		
	Q1	Q2	Q3	Q4				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
2018	3.5				3.5	2.9	(2.3)	3.1	2.6	(3.2)	5.8	4.6	(0.9)
Since inception (annualized)					15.9	13.0	6.9	19.6	15.8	10.0	17.9	14.6	8.5
Since inception (total)					305.8	220.5	88.8	446.0	302.1	147.2	379.9	266.0	116.5

Portfolio overview

1 Internet retail	% of portfolio	23%	A growing and cash-gushing niche company. Owner-run, lots of cash, and no debt. A compounding with platform benefits and strategic value to larger industry players.
Australia public	EV	<\$200m	
	Adj FCF	c.10x	
2 Foods	% of portfolio	21%	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.
Europe public	Market cap	<\$3bn	
	Adj FCF	c.10x	
3 Coal	% of portfolio	14%	One of the largest and lower-cost miners in the U.S. Reserve life >50 years, underleveraged, run by a self-made billionaire who keeps re-investing his dividends
Australia public	Adj. market cap	<\$2.5bn	
	EV/FCF	<8x	(dividend yield >12%). Undergoing a restructuring to facilitate buybacks and increase float.
	Dividend yield	>12%	
4 Advertising	% of portfolio	10%	A great 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 hidden cash in the form of upfront payments/capex for future cash flows. An ideal target for any LBO fund.
China (HK) public	EV	<\$500m	
	EBITDA	c.\$120m	
	Adj capex	c.\$ 50m	
5 Legal services	% of portfolio	9%	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).
Australia public	Market cap	<\$200m	
	P/E	<7x	
	P/BV	<70%	

Robert Leitz

I am the sole owner and managing director of iolite Partners, a value-oriented investment firm. Before iolite, I held positions at various financial institutions, including TPG Credit (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.

MSCI 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.

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