

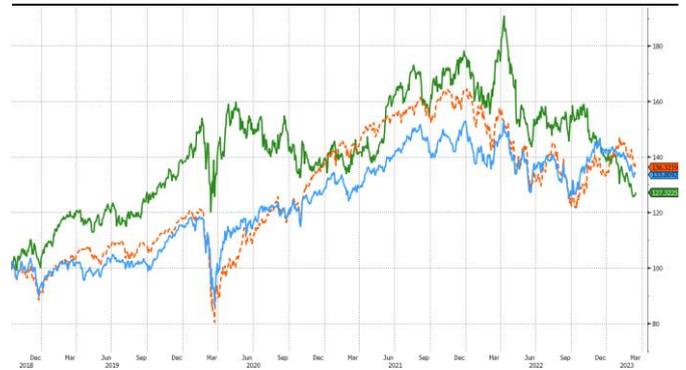
TRANSACTION RATIONALES

Purchases / Increases

Roche: Adding to our positions in this defensive high-quality stock

In our style neutral strategies we add to our initial positions in Roche after the large scale underperformance since mid-october 2022. Roche is an innovation powerhouse with a clear strategy to replenish its drugs pipeline through in-house development supported by a large R&D budget (16Bn\$ p.a., number 1 worldwide), as opposed to its peers that rely on M&A. Also in contradiction to most its peers, the company has continued to invest meaningfully in its manufacturing base, which gives it full flexibility to produce its drugs in-house when the value-add is superior (complex biologics) or when the time to market matters, while outsourcing the ones that are easier to make. Despite large investments to support the capabilities of its franchise, Roche has best of breed profitability thanks to its scale, to a focus on a few research areas where it has strong knowledge and to a high efficiency in drug development, manufacturing, and distribution. After the further decline in the stock price over the past few weeks this AA-rated high-quality name offers a dividend yield of 3.7% trades well below fair value, according to our model.

5-year chart: ROG vs. the MSCI World and the Sector



Source: Bloomberg
Total return in USD
Data range: 16.03.2018 – 16.03.2023
Note: past performance is not a reliable indicator of future results

Sales / Reductions

JP Morgan: Taking profit in the remaining position

After trimming in early 2022 the positions, that we had bought in June of 2020, we are now exiting the remaining holdings in the Focused Equity Strategy with a nice profit. Clearly, JP Morgan is in a comparatively stronger position than other banks. Not surprisingly, it has performed substantially better than the US-Banking Sector since the collapse of Silicon Valley Bank (SVB). However, the recent developments in the sector and financial markets clearly represent a headwind for them as well. Furthermore, the risk of contagion has further risen as the troubles at Credit Suisse and First Republic Bank show.

5-year chart: JP Morgan vs. the MSCI World and the Sector



Source: Bloomberg
Total return in USD
Data range: 16.03.2018 – 16.03.2023
Note: past performance is not a reliable indicator of future results

Therefore, we take profit and reallocate the sales proceeds to Roche as a more defensive alternative that is not exposed to the risks facing the banking sector.

With kind regards,

Emerald Wealth Partners AG, Investment Office

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