

Monthly Report January 2022

Stock market Weaker
Performance Underperformance
Investments Slightly increased cash position
Outlook Higher

Markets

Already in the 19th century, Russia was considered by the progressive nation per se, UK, a backward, illiberal antipode among European nations. This cultural condescension lives on in the Western-Russian dispute of our days. Putin and his system are accused of refusing Pax Americana and thus the benevolent hegemony of Western liberal progress. Realistically, one will note: In Russia, and not only there, a post-democratic, thoroughly digitalized high-tech type of authoritarian order is emerging. This is characterized by a determined elite, reasonably satisfied apolitical majorities and a resolutely and selectively suppressed political opposition. Western Europe then faces a choice. If Western politicians can neither change nor have a lasting impact on developments in Russia, what are they likely going to do? Even with the help of the United States, the West cannot isolate Russia. The country will then only drift deeper into the Eurasian region. At the same time, Europe as a whole is facing global challenges: migration from the South, massively intensified by the consequences of climate change, the Chinese comeback, the renaissance of Islam. The Western rump continent cannot cope with these tasks alone, and certainly not against Russia. However, common ground with Russia presupposes tolerance of other forms of government that are alien to Western Europeans. There will soon be no room for British-style colonial self-righteousness.

Performance

In a weak market environment, the Net Asset Value of Formulafirst Ltd. slid by 4.23% in January 2022. The MSCI Europe lost 3.24%. The resulting underperformance of Formulafirst Ltd. compared to the MSCI Europe is 0.99 percentage points for the month of January 2022. Since the beginning of 2022, an underperformance of 0.99 percentage points has resulted.

Investments

Compared to a strong base in the prior-year quarter, **Henkel's** Adhesives business achieved organic sales growth of 7% (volume 3.6%, price 3.4%) in Q3 2021. Pricing was steadily improved throughout the year. All regions contributed to this development, with very strong or double-digit growth. In the emerging markets, growth was substantially higher than in the prior-year quarter. In the mature markets, all regions achieved very strong organic sales growth, although North America and Western Europe were negatively impacted by the decline in car production. All other business segments more than made up for this. The Helios subsidiary of **Fresenius SE** acquired two clinics from the German Red Cross near Kassel because their specializations ideally complement the clinic it operates in Marburg. Helios Spain will expand through a) greenfield projects and b) expansion of existing hospitals. Depending on the region, a broad range of services will be offered in line with demand. The results of the hospitals in Latin America are above expectations. Helios benefits from good elective procedures as well as from Covid patients. Contracts have been negotiated with private health insurers with good rates. Private patients are treated. This is also the case in Spain.

Outlook

The US economy is likely to be in transition to lower growth and lower inflation. The ISM Prices Paid Index fell sharply, while delivery times have shortened. Both the ISM New Orders Index and the backlog of orders weakened. New jobs created also came in well below expectations. While the U.S. economy is still expanding at a healthy rate, a slowdown in growth may be on the way. We hope that the Fed does not make the same mistakes as in 2018, despite strong political pressure.

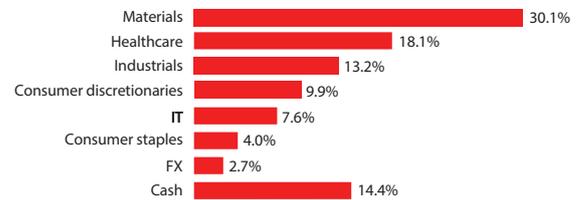
Performance as of January 31, 2022

Net Asset Value	January 2022	2022	3 years	Since inception
CHF 32.39	-4.23%	-4.23%	16.22%	4.82% p.a.

Share price development as of January 31, 2022 (indexed)



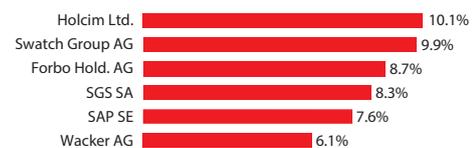
Breakdown by sectors



Country Breakdown



The largest positions



Formulafirst – investing in “smart owners”

Formulafirst: the concept

Investment idea

Experience shows that owners generally invest more successfully than employees. The Investment company Formulafirst focuses on Smart Owners as they are known. The investment universe consists of owner-managed companies in Central Europe (D-A-CH).

Owner-managed companies and those that are controlled by owner-oriented groups of investors are generally distinguished by their consistent strategy of long-term and sustainable growth. Since owner-managers have a substantial share of their wealth and, in most cases, of their working time invested in the company, their strategic business orientation includes goals such as maintaining the company's independence, a smooth transfer to the next generation as well as safeguarding and growing the company's assets. The long-term perspective, in some cases spanning several generations, is a major reason why these companies are more focused on their long-term strategic positioning rather than on the short-term maximization of returns.

Investment criteria

For owner-managed companies to be included in the investment universe of Formulafirst, the following conditions must be met: a) headquarters in Central Europe (Switzerland, Austria and Germany), b) listed on a regular stock exchange, c) minimum market capitalization of EUR 100 million, d) managed by owner-managers holding at least 15% but no more than 75% of voting rights. The universe of owner-managed companies from which the best stocks are picked by Formulafirst for investment includes the 50 such companies with the highest market capitalization.

The companies selected form the basis for Formulafirst's investments.

Investment strategy

Made up of the 50 owner-managed companies the investment universe is screened by a thorough fundamental analysis in a primarily “bottom-up” approach and the most promising stocks are identified.

Formulafirst invests in equities convertible instruments, options (managing existing positions), futures (to hedge currency and market risks) and shares of holding companies and funds. Investment exposure is 100% of company assets. The investment horizon is long-term and the selection of portfolio positions is limited to a reasonable number. The size of individual investments may not exceed 10% of the portfolio when purchased (cost). The investment style is primarily based on the “value” approach and investments are made in an anti-cyclical manner. The maximum sector weighting in the portfolio should not exceed 30%.

NAV and performance calculation

The Net Asset Value (NAV) of the Company is equal to the total assets less total liabilities of the Company (determined on the basis of International Financial Reporting Standards, consistently applied). The NAV per share is calculated by dividing the NAV by the amount of outstanding shares of the Company on the calculation day of the NAV. The monthly, year-to-date as well as the 3 year performance are calculated by dividing the actual NAV per share by the NAV per share a month ago (CHF 33.82), at the previous year end (CHF 33.82) respectively 3 years ago (CHF 27.87). The performance since inception (18 December 2002) reflects the annualized yield since 18 December 2002 till today, using a start NAV of CHF 13.-.

Smart Owners consistently outperform the market (indexed)



Company details

Company: Formulafirst Ltd., British Virgin Islands

Board of Directors: Derek P. Baudains, Paul Broxup, Markus Gresch

Investment manager: Ztrade group Ltd., Zug

Management team: Sammy Matter, Martin Treffer, Daniel Biedermann

Auditors: PricewaterhouseCoopers, Zürich

Corporate structure: Public limited company

Inception: 18.12.02

Type of stock: bearer shares

Shares outstanding: 368,787

Market capitalization: CHF 12 mn

Listing: Swiss Exchange SIX

Fees: Management fee of 1.5% p.a., Performance fee 20% current hurdle at CHF 34.24

Security number: 146 29 83

Reuters: FFI.S

Bloomberg: FFI SW Equity, FFI SW Equity NAV

Net asset value: Website daily, Wednesday/Saturday in FuW (Finanz und Wirtschaft)

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