



Portfolio and Performance Review The Swiss Helvetia Fund, Inc.

Date: June 23, 2016

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Fund Manager

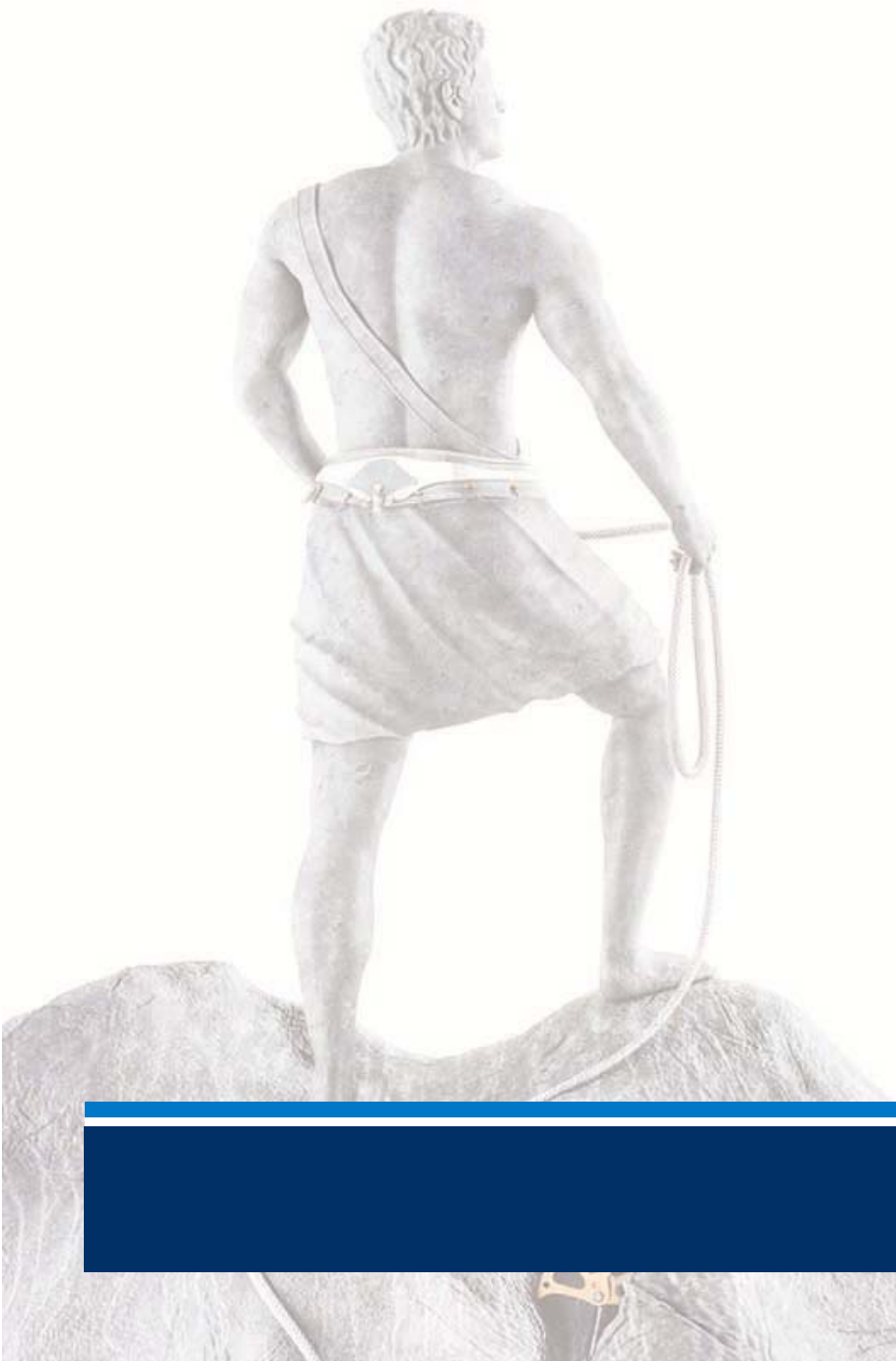


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November 2014 | For professional investors only. This material is not suitable for retail clients

Agenda

- The case for Swiss equities
- Why consider The Swiss Helvetia Fund, Inc.
- Performance
- Portfolio positioning
- Outlook



The case for Swiss equities



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Swiss stocks leading in global competitiveness

Very high percentage of Swiss index members are global leaders

Name	Global rank within market	Market
Nestle	1	Food
Novartis	2	Drugs
Roche	1	Diagnostics
UBS	1	Wealth management
ABB	2	Power transmission / distribution
Richemont	1	Jewelry
Syngenta	1	Crop protection
Swiss Re	2	Reinsurance
LafargeHolcim	1	Cement
Givaudan	1	Flavours / fragrance
Adecco	1	Staffing
Swatch	1	Watches
SGS	1	Inspection / testing

At points over the past few years, approx. 2/3 of large caps in the Swiss Market Index (“SMI”) have been ranked first or second within their markets on a global basis.¹

Approximately 40% of Swiss mid caps, too.

¹ Source: Schroder research and company websites, Forbes 2014, EvaluateMedTech October 2014, BloombergNews 17.7.2014, Chemweek 23.8.2013, GlobalCement 9.12.2013, Leffingwell 15.5.2015, Staffingindustry 16.10.2013, Reuters 19.5.2015. The views and forecasts contained herein are those of the Schroders Swiss Equities team based on information that they believe to be reliable.

How is global leadership of Swiss stocks possible?

Switzerland offers an attractive business environment

Country/Economy	Rank (out of 140)
Switzerland	1
Singapore	2
United States	3
Germany	4
Netherlands	5
Japan	6
Hong Kong SAR	7
Finland	8
Sweden	9
United Kingdom	10

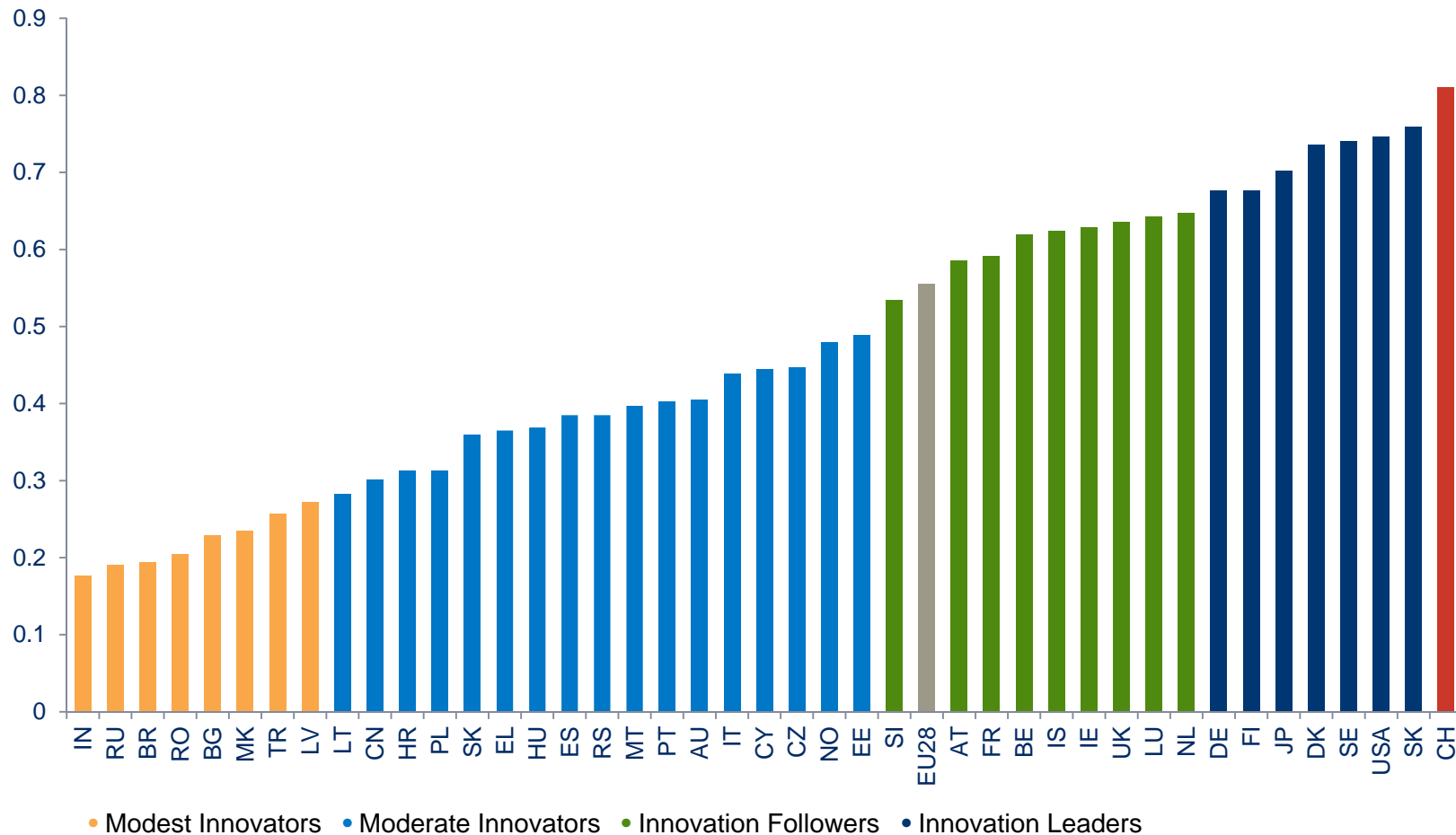
The World Economic Forum has been looking into drivers of competitiveness and prosperity in 140 economies. Amongst others, the following help explain the strong position of Switzerland:

- innovation
- infrastructure
- education
- labor market efficiency
- macroeconomic environment
- business sophistication

Source: World Economic Forum, Global Competitiveness Report 2015-16, rank out of 140 economies. See also: <http://www.prosperity.com>
The Legatum Institute, a London based think tank, on November 2, 2015, published its annual global prosperity index. Switzerland ranked number 2 based on 89 variables split into 8 subindexes (economy, entrepreneurship & opportunity, governance, education, health, safety & security, personal freedom, and social capital).

Swiss companies are innovation leaders

Leading innovation score driven by high per capita patent fillings

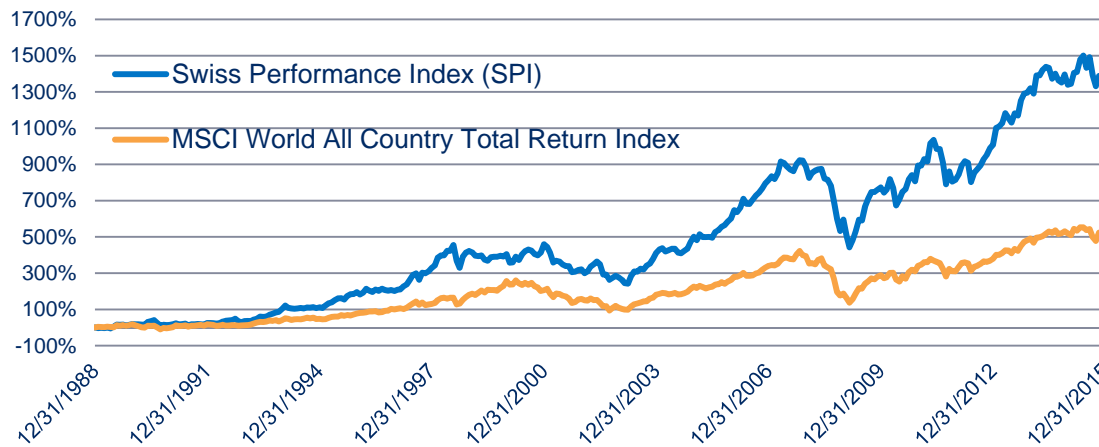


Source: Innovation Union Scoreboard 2015 (EU)

Leadership has led to long-term outperformance

Swiss equities significantly outperformed global stocks for over 25 years

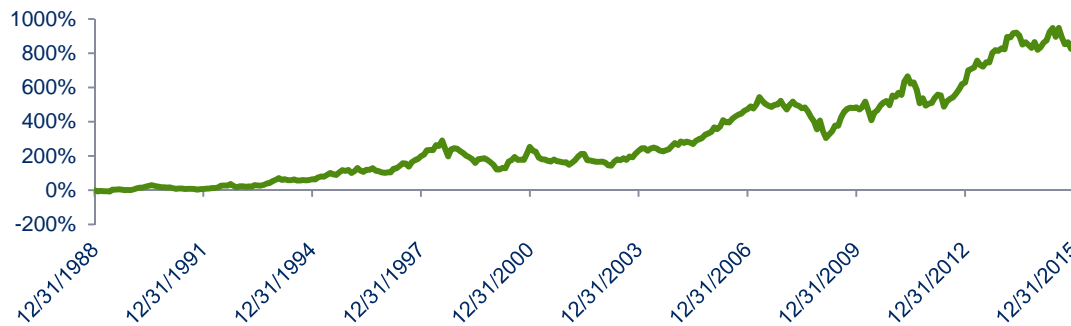
Cumulative stock market return



Swiss Equities: 10.5% p.a. in USD

MSCI World All Country Total Return Index: 6.9% p.a. in USD

Performance difference SPI - MSCI World All Countries TR

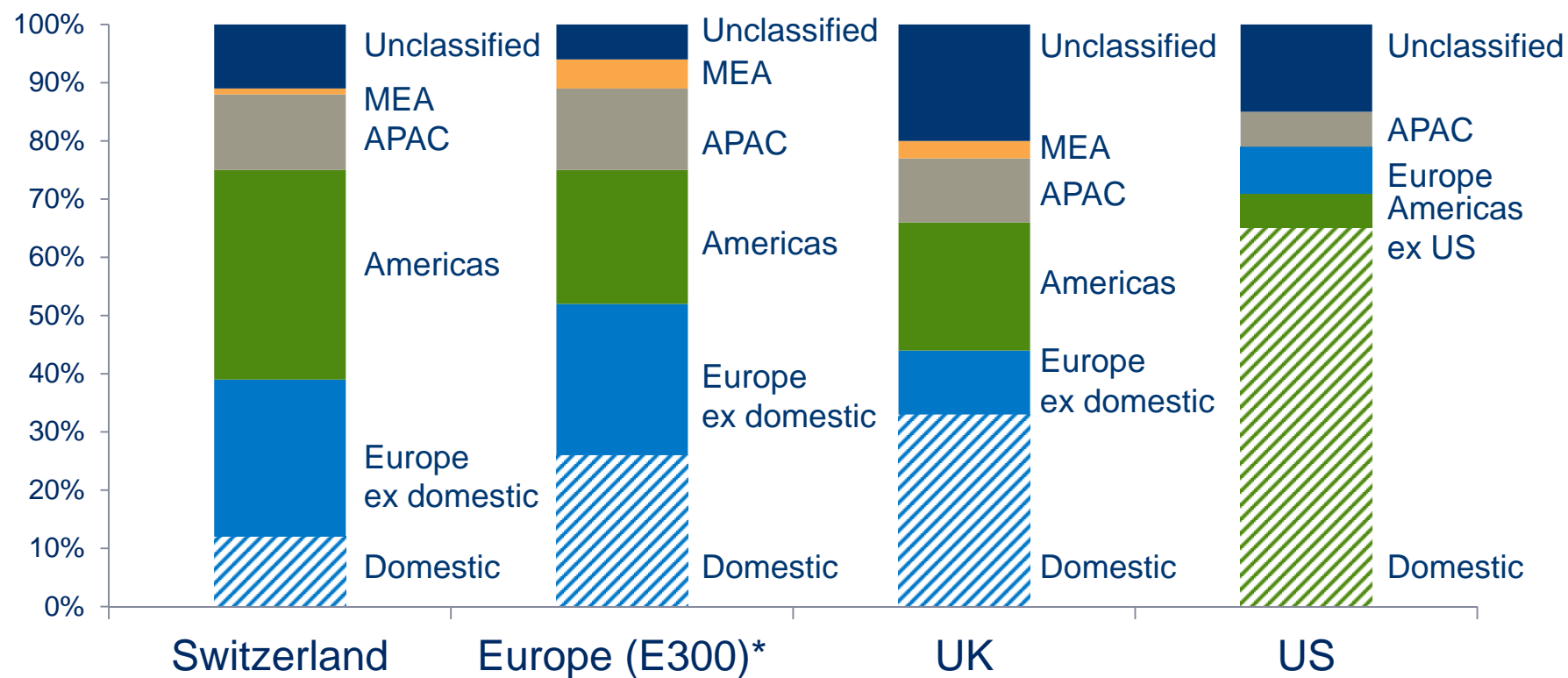


Performance difference: 3.6% p.a.

Source: Bloomberg, performance in USD as of December 31, 2015. Performance shown is past performance which is no guarantee of future results.

Swiss companies are geographically diversified

Swiss companies' regional sales exposure



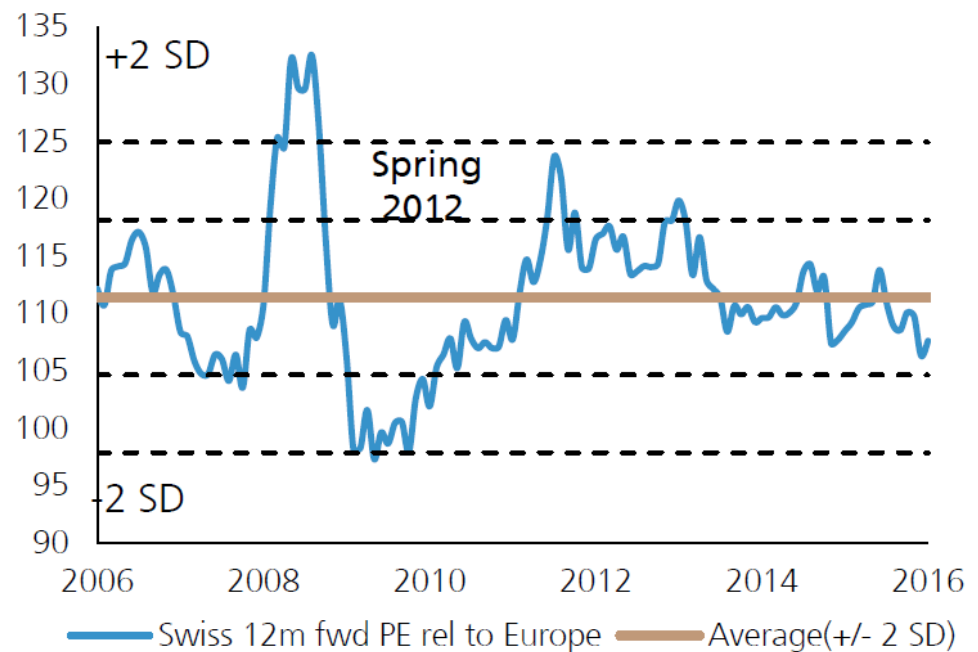
Source: HSBC, July 3, 2014; *UBS February 10, 2015, data based on averages.

Swiss Equity Market Valuation versus other Indexes

Swiss P/E ratio higher than European, but not an outlier

Country	Index	P/E est. 2016
Switzerland	SMI	16.6
UK	FTSE 100	16.5
France	CAC 40	14.4
Germany	DAX	12.5
Spain	IBEX 35	13.7
Italy	FTSE MIB	14.7
Netherlands	AEX	16.8
Europe	STOXX 600	15.5
US	S&P 500	17.4
Japan	NIKKEI	16.1
Brazil	IBOV	13.3

Swiss PE rel Europe



Source: Thomson Datastream, UBS European Equity Strategy

Source: Bloomberg as at May 19, 2016; Thomson Datastream, UBS as at April 13, 2016. P/E = price to earnings ratio.

A marble statue of a man, likely a hero or deity, standing on a rock. He is seen from the back, wearing a loincloth and a sash. He holds a rope in his right hand. The background is a plain, light color.

Why Consider The Swiss Helvetia Fund, Inc.

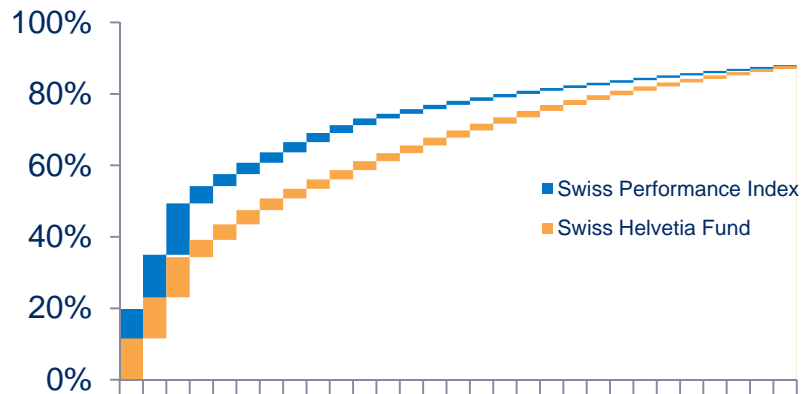


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The Swiss Helvetia Fund, Inc.

Why invest in Swiss equities through a closed-end fund?

- Allows US investors access to the fund management team's capabilities
- The fund has better diversification compared to the Swiss Performance Index (SPI)
- A closed-end fund allows a longer-term investment horizon (not managed based on future in/outflows)
- Currently the fund trades at a discount to NAV



Portfolio weight	SWZ	SPI
Top 3 positions	34%	49%
Top 5 positions	43%	58%
Top 10 positions	59%	71%

Source: Schroders, Bloomberg, March 31, 2016. Views expressed reflect those of the portfolio management team as of today's date and do not necessarily reflect the views of Schroders. These views may change.



Performance

FY 2015 and YTD 2016



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Performance FY 2015 and YTD 2016

NAV and share price performance in USD

Net Asset Value

Performance in USD %	FY 2015	Q1 2016	Apr-May 16	YTD 16
NAV (US GAAP) as per quarterly filings	2.96%	-3.50%	1.85%	-1.71%
SWZ NAV as published*	2.89%	-3.73%	1.85%	-1.95%
Swiss Performance Index, SPI	2.58%	-5.58%	3.18%	-2.58%
Difference NAV as per quarterly filings	+0.38%	+2.08%	-1.33%	+0.87%

* published on website, Bloomberg, etc.

Share Price

Performance in USD %	FY 2015	Q1 2016	Apr-May 16	YTD 16
Share price SWZ	1.41%	-3.60%	1.67%	-1.99%
Swiss Performance Index, SPI	2.58%	-5.58%	3.18%	-2.58%
Difference	-1.17%	+1.98%	-1.51%	+0.59%

Source: Schroders, Citi and JPM for fund performance, Bloomberg for Index performance; year-to-date performance as at May 31, 2016. Past performance is no guarantee of future results.

Performance commentary

Driving factors behind relative performance

- **Relative performance for Q1 and for Jan-May (YTD) has been positive:**

 - small & mid cap overweight was positive as they outperformed the overall market

 - performance contribution from Kuros (former direct private equity investment): approx. 1% (YTD)

- **Relative performance in April & May has been negative:**

 - small & mid cap overweight was a minor negative as they underperformed the overall market

 - stock selection was negative due to:

 - underweight in pharma, as Roche and Novartis recovered from Q1 underperformance

 - zero weights in Zurich Insurance and ABB

 - overweight in Swatch, which suffered from weak watch market data



Portfolio positioning



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Portfolio positioning

As of 31 May 2016

Top ten holdings - absolute basis

Name	Absolute weight
Novartis	12.5%
Roche	11.8%
Nestlé	11.2%
Lindt & Sprüngli (Reg.)	4.4%
Syngenta	4.1%
UBS	3.2%
Richemont	2.9%
Burckhardt Compression	2.7%
Logitech	2.5%
Belimo	2.5%
Total	57.8%

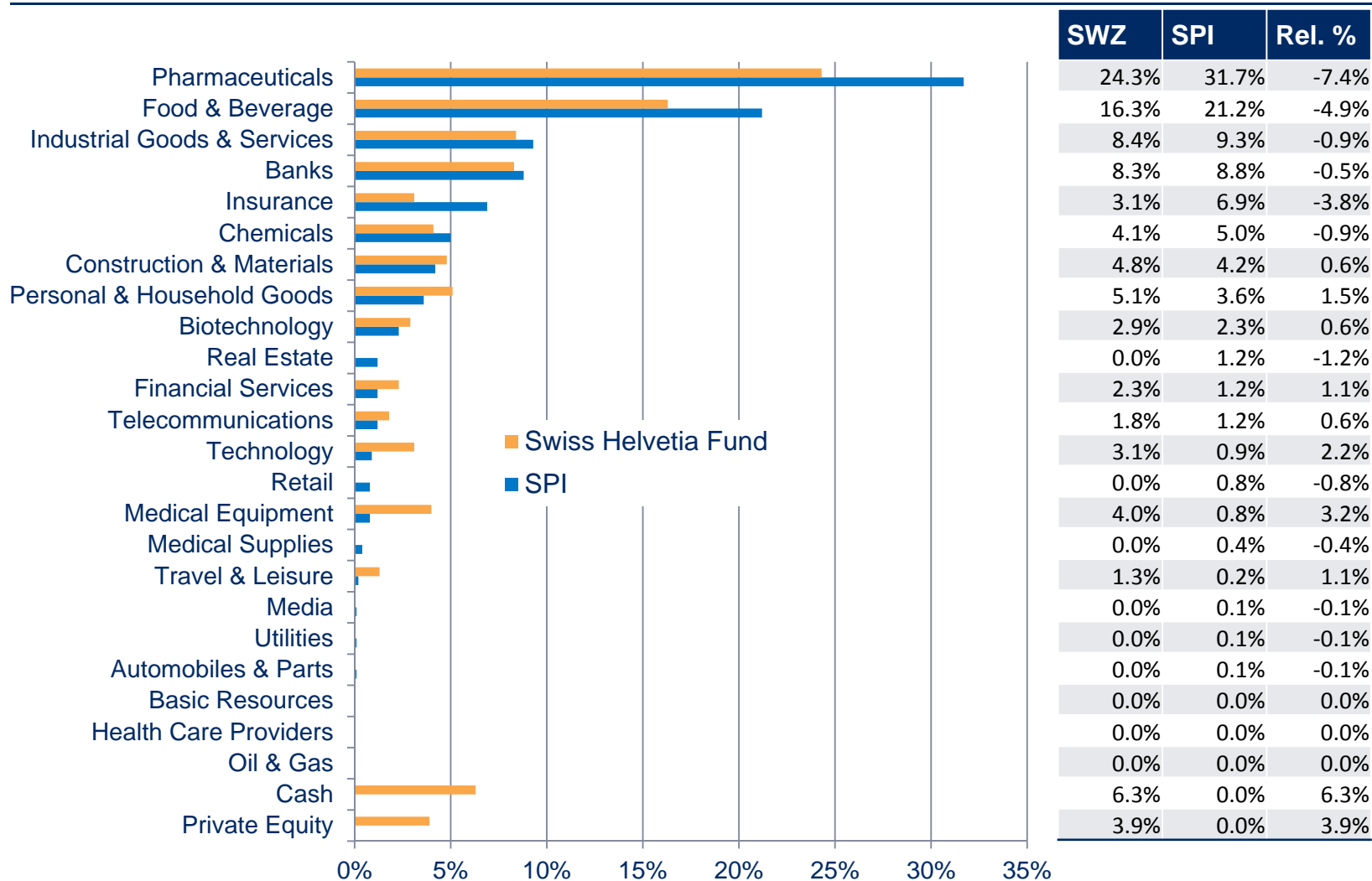
Top holdings - relative basis

Name	Relative weight
Lindt & Sprüngli (Reg.)	+3.7%
Burckhardt Compression	+2.6%
Belimo	+2.4%
Logitech	+2.3%
Swatch (Reg.)	+2.0%
Nestlé	-8.1%
Novartis	-4.0%
ABB	-3.5%
Roche	-3.4%
Zurich Insurance	-3.0%

Source: Schroders, JP Morgan, Bloomberg, May 31, 2016

Portfolio positioning

ICB classification



Source: Schroders, JP Morgan, Bloomberg, May 31, 2016

Portfolio positioning

Changes in positioning Q1 2016 and 31.03.16 – 30.05.2016

New Positions	Increased Positions	Decreased Positions	Sold Positions
Julius Baer	Aryzta	Actelion	Adecco
Swiss Re	Cembra Money Bank	Belimo	
Valiant	Credit Suisse	Bucher Industries	
	Sunrise	DKSH	
	Syngenta	Dufry	
	UBS	Evolva	
		Implenia	
		Kuros Biosciences	
		Lonza	
		Nestlé	
		OC Oerlikon	
		Lindt & Spruengli Reg.	
		Credit Suisse	
		UBS	
		Basilea	
		Kuros	
	Syngenta	Lonza	Evolva
	Valiant	Belimo	Dufry
	DKSH	Implenia	Leonteq
VAT	Sunrise	Gategroup	

Source: Schroders, May 31, 2016; names in blue coloured text relate to portfolio actions in Q1 2016, in orange to the months of April and May 2016

Portfolio positioning

Moderate value tilt, high balance sheet quality, clear small & mid cap bias

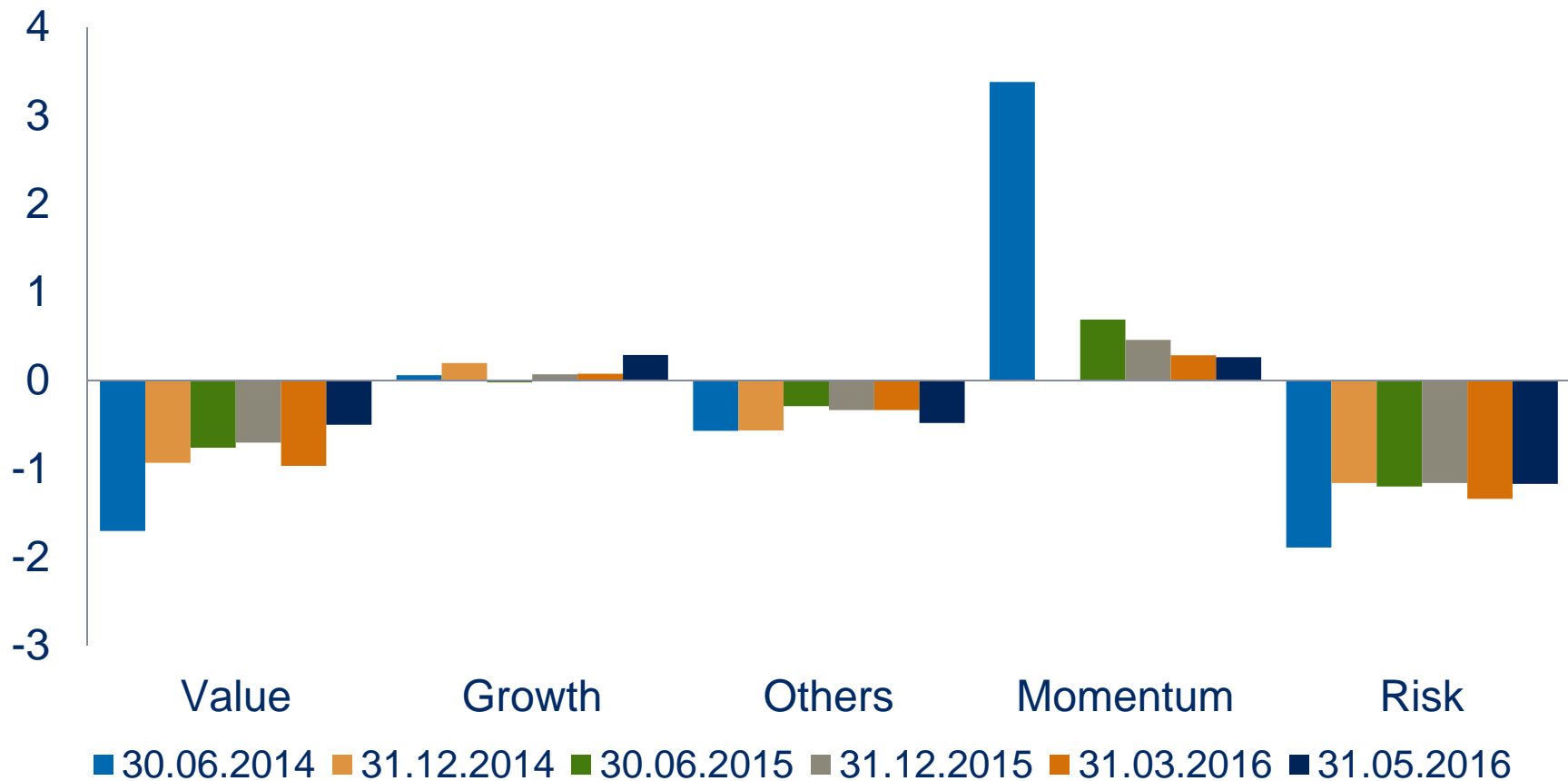
Portfolio characteristics

	Swiss Performance Index	Swiss Helvetia Fund
P/E 2016e	19.5x	19.1x
P/E 2017e	17.1x	17.2x
P/B	4.4x	4.5x
Net debt / EBITDA	74.8%	13.1%
Goodwill / equity	37.5%	32.7%
Small & Mid Cap wgt	17.3%	38.3%

Source: Bloomberg consensus estimates, Schroders, May 31, 2016

Portfolio positioning

Development of characteristics using StyleResearch



Source: Schroders Prism Report as from 30.06.14 – 31.05.2016, numbers show "standard tilt", i.e. a statistically normalized measure for the Fund relative to benchmark

Portfolio positioning

Key statistical measures

Risk measures (ex private equity)

Swiss Helvetia Fund	31.05.2016	31.03.2016
Tracking error	3.1%	3.1%
Beta	0.88	0.93
Relative VaR (95%)	1.5%	1.4%
Volatility	11.7%	11.6%
Active share	44.8%	42.9%

Portfolio turnover

	Swiss Helvetia Fund
Turnover in % of AuM Q1 2016	12%
Turnover in % of AuM YTD 2016	18%

Turnover calculation method: (Buys + Sells) / (average AuM);
periods of less than 12 months are not annualised

Source: Schroders, Charles River, Prism, May 31, 2016

A grayscale photograph of a classical statue of a man, likely a philosopher or leader, standing on a rock. He is seen from the back, looking towards the right. He has a muscular build and is wearing a simple, draped garment around his waist. He holds a rope in his right hand, which is coiled on the rock. The background is a plain, light color.

Outlook

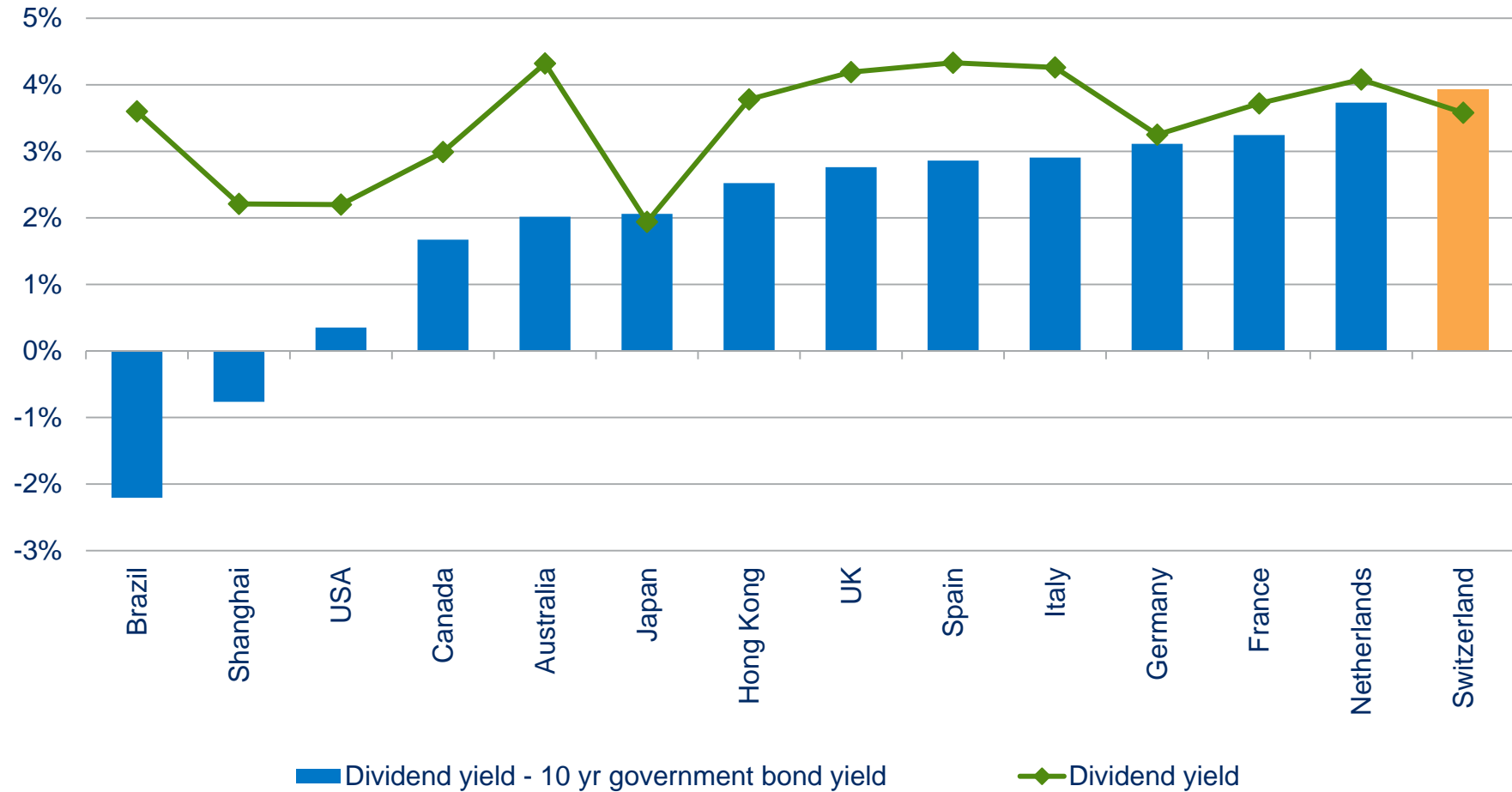
Investment Outlook

- Global stock market valuations have become more expensive since 2010
- But equity markets are likely to benefit further from attractive / increasing dividends
- Swiss spread of dividend yield vs. 10 year government bond yield highest among major stock markets
- Swiss stocks have also delivered superior earnings growth
- We believe that Swiss equities will be among the best performing equity markets in the long-term
 - global leaders of industry
 - long-term evidence of superior earnings growth (which is likely to persist)
 - in spite of strong Swiss franc (despite making news headlines in 2015, it is rather “business as usual”)
- Simultaneously, investors should be aware of shorter-term risks/volatility (due to politics, central banks, economic data, contagion from other asset classes, global tensions etc.)

Views expressed reflect those of the portfolio management team as of today's date and do not necessarily reflect the views of Schroders. These views are subject to change.

Investment Outlook

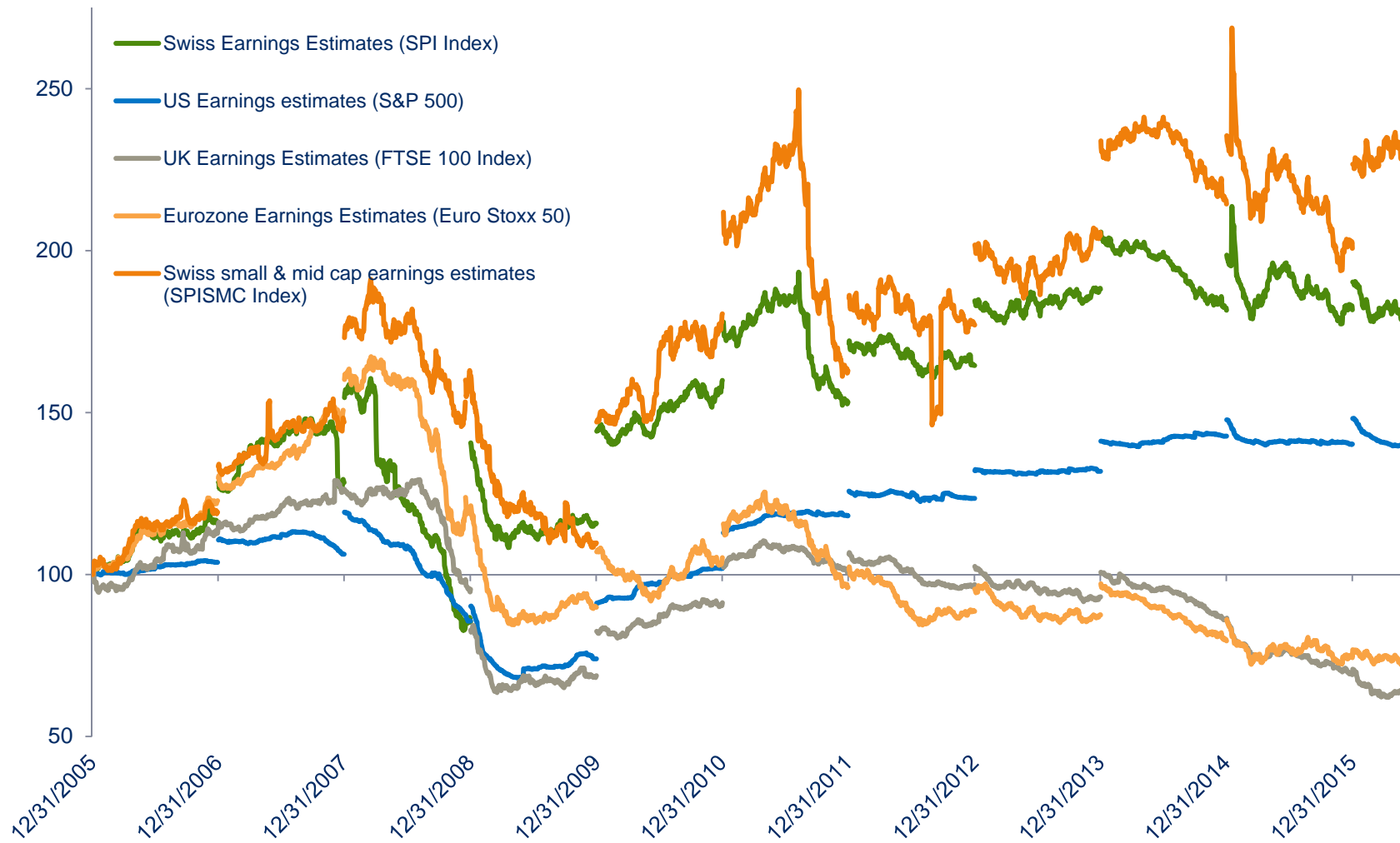
Global comparison of dividend yield versus government bond yield



Source: Bloomberg, as at May 31, 2016

Investment Outlook

Global comparison of earnings expectations

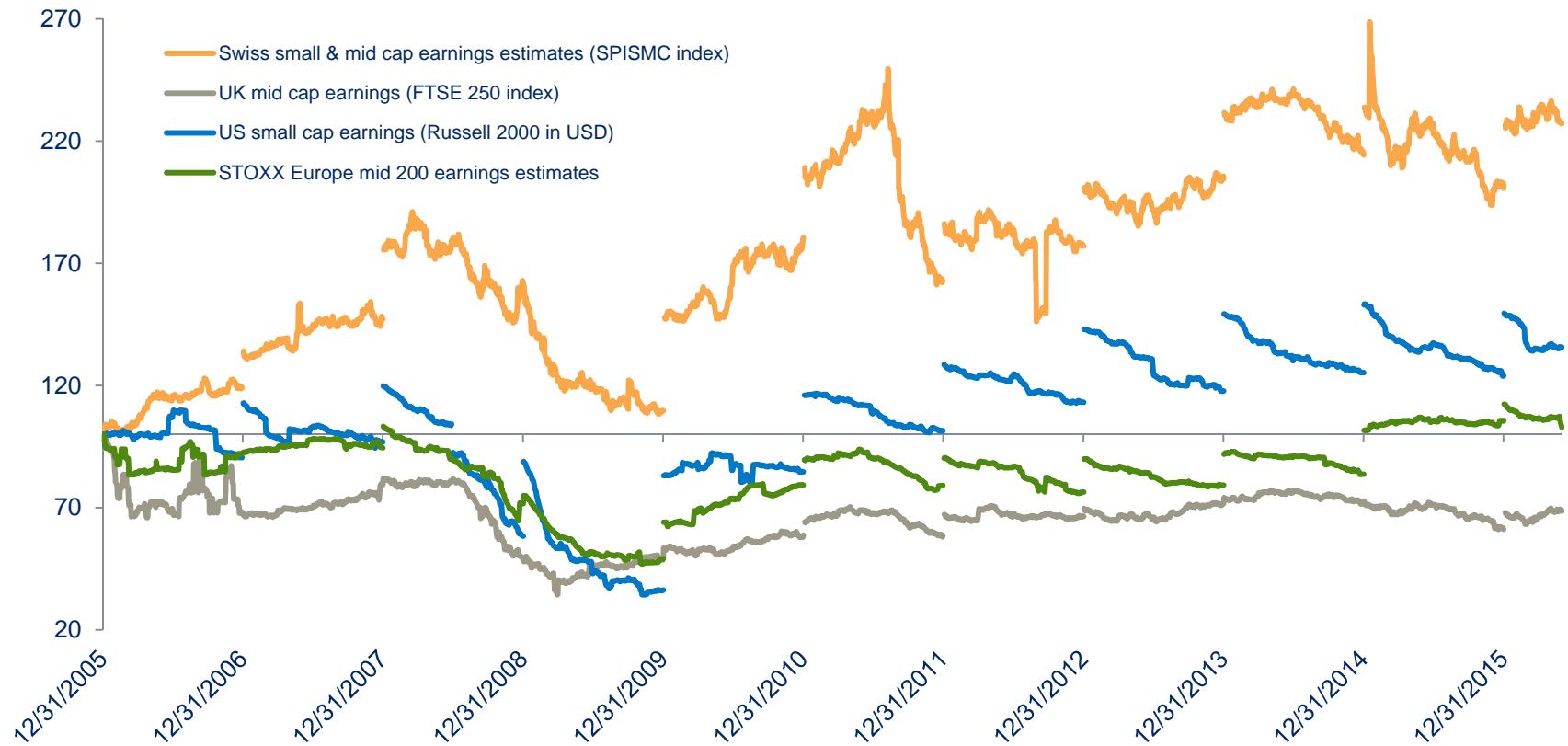


Source: Bloomberg; as at May 31, 2016, all earnings converted into US dollars

Investment Outlook

Swiss small & mid caps versus other small & mid cap indices

- Swiss small & mid caps look strong compared with other small & mid cap markets



Source: Bloomberg: as at May 31, 2016, all earnings converted into US dollars

Conclusion



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Conclusion

- Swiss-listed companies are often global leaders
- Their level of internationalization makes them less dependent on domestic economy (they can outgrow the Swiss economy, which is solid but mature)
- Swiss equities have a history of outperformance versus global and European equities
- They are highly attractive from a long-term total return perspective
- The Fund is currently a way to invest in Swiss stocks at a discount
- Schrodgers has a proven philosophy, process and track record for Swiss equities

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Important Information

The Fund is a closed-end investment product. Common shares of the Fund are only available for purchase/sale on the NYSE at the current market price. An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

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The returns presented represent past performance and are not necessarily representative of future returns, which may vary. The value of investments can fall as well as rise as a result of market or currency movements.

All investments, domestic and foreign, involve risks, including the risk of possible loss of principal. The market value of a fund's portfolio may decline as a result of a number of factors, including adverse economic and market conditions, prospects of stocks in the portfolio, changing interest rates, and real or perceived adverse competitive industry conditions. Investing overseas involves special risks including among others risks related to political or economic instability, foreign currency (such as exchange, valuation, and fluctuation) risk, market entry or exit restrictions, illiquidity, and taxation. The Swiss securities markets have substantially less trading volume than the U.S. securities markets. Additionally, the capitalization of the Swiss securities markets is highly concentrated. Securities of some companies located in Switzerland will be less liquid and more volatile than securities of comparable U.S. companies. This combination of lower volume and greater concentration in the Swiss securities markets may create a risk of greater price volatility than in the U.S. securities markets.

The views and forecasts contained herein are those of the Schroders Swiss Equities team and are subject to change. The information and opinions contained in this document have been obtained from sources we consider to be reliable. No responsibility can be accepted for errors of facts obtained from third parties. Reliance should not be placed on the views and information in the document when taking individual investment and/or strategic decisions.

Definitions: Active share represents the proportion of stock holdings in the fund that is different from the composition found in the benchmark. Beta measures the sensitivity of the fund to the movements of its benchmark. Volatility is measured by Standard deviation, which is the risk or volatility of an investment's return over a particular time period; the greater the number, the greater the risk. Tracking error is the difference between the price behavior of a position or a portfolio and the price behavior of a benchmark. VaR is Value at Risk, a widely used risk measure of the risk of loss on a specific portfolio of financial exposures.

For more information, visit www.swzfund.com

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