



Portfolio and Performance Review The Swiss Helvetia Fund, Inc.

Presentation to the Annual General Meeting
Stefan Frischknecht, Fund Manager

September 11, 2020

Agenda

- 01 Performance
- 02 Portfolio positioning
- 03 Outlook
- 04 Case for Swiss equities



Performance

Performance

NAV and price performance in USD

Net asset value

Performance in USD % Based on Net Asset Value	YTD 2020	1 year	3 years p.a.	5 years p.a.
SWZ	2.06%	9.32%	6.12%	5.55%
Swiss Performance Index, SPI	2.46%	11.48%	8.39%	7.74%
Difference NAV	-0.40 %	-2.16%	-2.27%	-2.19%

Share price

Performance in USD % Based on Market Price	YTD 2020	1 year	3 years p.a.	5 years p.a.
SWZ	-1.53%	5.85%	3.45%	5.05%
Swiss Performance Index, SPI	2.46%	11.48%	8.39%	7.74%
Difference	-3.99%	-5.63%	-4.94%	-2.69%

Source: Schroders, fund performance as published on website (www.swzfund.com); July 31, 2020; year-to-date performance as at July 31, 2020.

Performance shown represents past performance. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown.

Performance comment

Driving factors for relative performance of NAV

Since July 1, 2014:

Since Schroders took over as Fund adviser, relative performance is behind benchmark:

- From start, there was a negative impact from private equity / venture investments of the predecessor
- Our style bias towards 'value' rather than growth met headwinds, mainly over the past couple of years (value variant of MSCI Switzerland underperformed the 'growth' counterpart by approx. 3.5%)
- 2019 has been a strong year for equity markets, and the cash held at the end of 2018 (after the tender offer in a volatile December month) represented a drag on relative performance
- Furthermore, 2019 was a 'large cap year'; being underweight the index heavyweights was not helpful

Last 12 months

- Stock picking was positive, +3.0 %
- However, headwinds from style bias (overweight value as well as small & mid caps) could not be compensated
- After costs, performance was -4.8% behind benchmark

Year to date

- Stock picking was an additional positive of +1.6%
- YTD relative performance after fees: -0.4%
- Small & mid cap overweight was a headwind (they the SPI by -2.8%)

^y
Source: Schroders, fund performance as published on website (www.swzfund.com), Bloomberg for index performance, July 31, 2020; year-to-date performance as at July 31, 2020. Performance shown represents past performance. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown.

Performance attribution – stock level

Top & Bottom 10 contributions to relative performance YTD 2020

Top ten stock contributions (USD)

		Total effect %
Logitech	(over)	1.3
Tecan	(over)	0.7
VZ Holding	(over)	0.5
Swiss Re	(under)	0.5
BKW	(over)	0.4
LafargeHolcim	(zero)	0.3
Dufry	(zero)	0.2
Adecco	(zero)	0.2
SIG Combibloc	(over)	0.2
Galenica	(over)	0.2

Bottom ten stock contributions (USD)

		Total effect %
Lonza	(zero)	-1.3
Spineart	(over)	-1.1
Swiss Life	(over)	-0.7
Aryzta	(over)	-0.6
Givaudan	(zero)	-0.5
Swatch (Reg.)	(over)	-0.5
Nestlé	(under)	-0.4
Helvetia	(over)	-0.3
Richemont	(over)	-0.3
Sulzer	(over)	-0.2

Source: Schroders, FactSet, July 31, 2020; "over" means overweight; "under" means underweight compared to Swiss Performance Index; "zero" means no position.

Performance attribution – stock level

Top & Bottom 10 contributions to relative performance 1 year

Top ten stock contributions (USD)

		Total effect %
Logitech	(over)	1.5
Tecan	(over)	0.7
VZ Holding	(over)	0.6
SIG Combibloc	(over)	0.4
BKW	(over)	0.4
Swiss Re	(under)	0.3
Implenia	(over)	0.3
ams	(under)	0.2
Novartis	(under)	0.2
Swatch (Bearer)	(zero)	0.2

Bottom ten stock contributions (USD)

		Total effect %
Lonza	(zero)	-1.2
Spineart	(over)	-1.1
Swatch (Reg.)	(over)	-0.8
Swiss Life	(over)	-0.8
Givaudan	(zero)	-0.6
Aryzta	(over)	-0.4
Roche	(under)	-0.4
Sika	(under)	-0.3
Richemont	(over)	-0.3
Helvetia	(over)	-0.3

Source: Schroders, FactSet, July 31, 2020; "over" means overweight; "under" means underweight compared to Swiss Performance Index; "zero" means no position.



Portfolio positioning

Portfolio positioning

As per July 31, 2020

Top ten holdings absolute

Name	Absolute weight
Nestlé	18.1%
Roche	13.8%
Novartis	12.2%
Zurich Insurance	4.1%
Logitech	3.8%
Richemont	3.1%
Swiss Life	2.6%
ABB	2.3%
Tecan	2.1%
Partners Group	2.0%
Total	64.1%

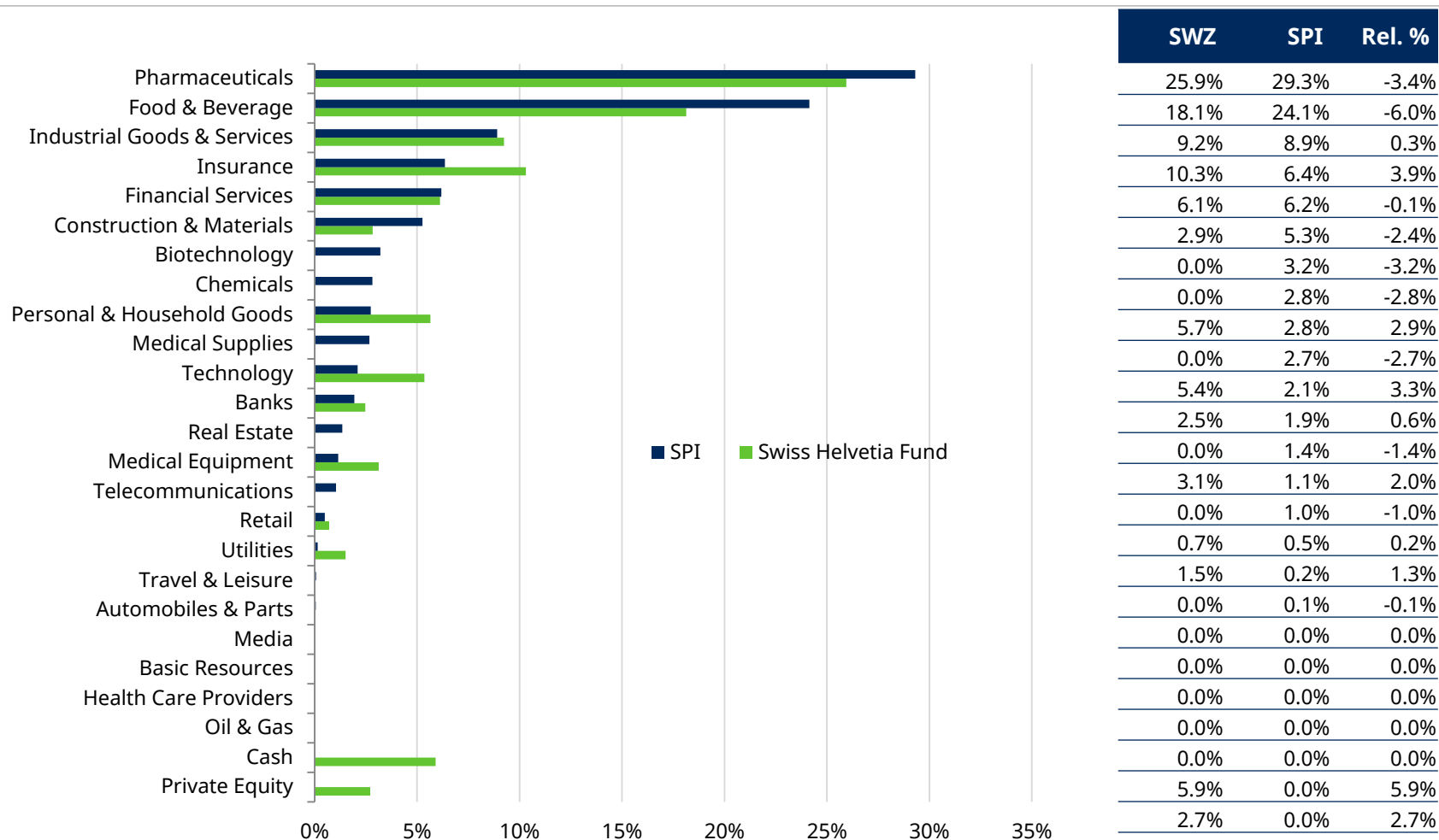
Top relative weights

Name	Relative weight %
Logitech	+3.0%
Swiss Life	+1.9%
Tecan	+1.8%
VZ Holding	+1.6%
Swatch (Reg.)	+1.6%
Nestlé	-4.2%
Lonza	-3.0%
Givaudan	-2.1%
Alcon	-1.9%
Roche	-1.8%

Source: Schroders, JP Morgan, Bloomberg, July 31, 2020

Portfolio positioning

ICB classification



Source: Schroders, JP Morgan, Bloomberg, July 31, 2020

Portfolio positioning

Changes in positioning in YTD 2020

HY 2020

New Positions	Increased Positions	Decreased Positions	Sold Positions
ams	ABB	Cembra Money Bank	Aryzta
Geberit	Helvetia	Credit Suisse	Bucher
SGS	Nestlé	Julius Baer	Feintool
SoftwareOne	Partners Group	Sulzer	Implenia
Swiss Re	Swiss Life	UBS	Kuros
	Zurich Insurance		Sunrise

July 2020

New Positions	Increased Positions	Decreased Positions	Sold Positions
Stadler Rail	Geberit		

Source: Schroders, July 31, 2020.

Portfolio positioning

Key statistical measures

Risk measures (ex private equity)

Swiss Helvetia Fund	July 31, 2020	July 31, 2019
Tracking error	2.4%	2.4%
Beta	0.97	0.89
Relative VaR (95%)	1.1%	1.1%
Volatility	20.2%	11.1%
Active share	32.3%	37.6%

Portfolio turnover

Swiss Helvetia Fund	
Turnover in % of AuM Q2 2020	3% / 6%
Turnover in % of AuM HY 2020	13% / 16%

Turnover calculation method:
 (lesser of buys or sells) / (average AuM)
 (sells) / (average AuM)

Source: Schroders, Aladdin View, July 31, 2020.

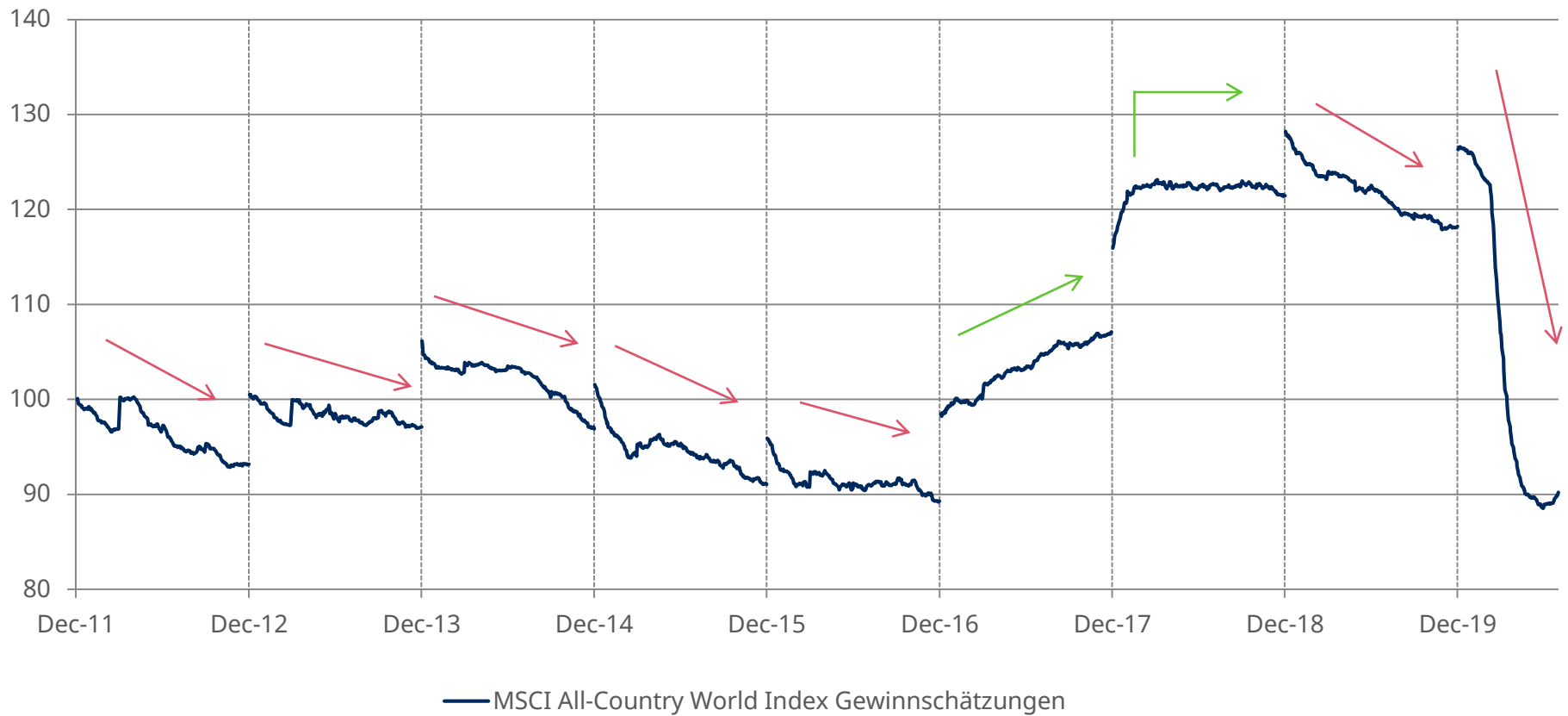


Outlook

Outlook

Earnings expectations

Consensus EPS development – MSCI World

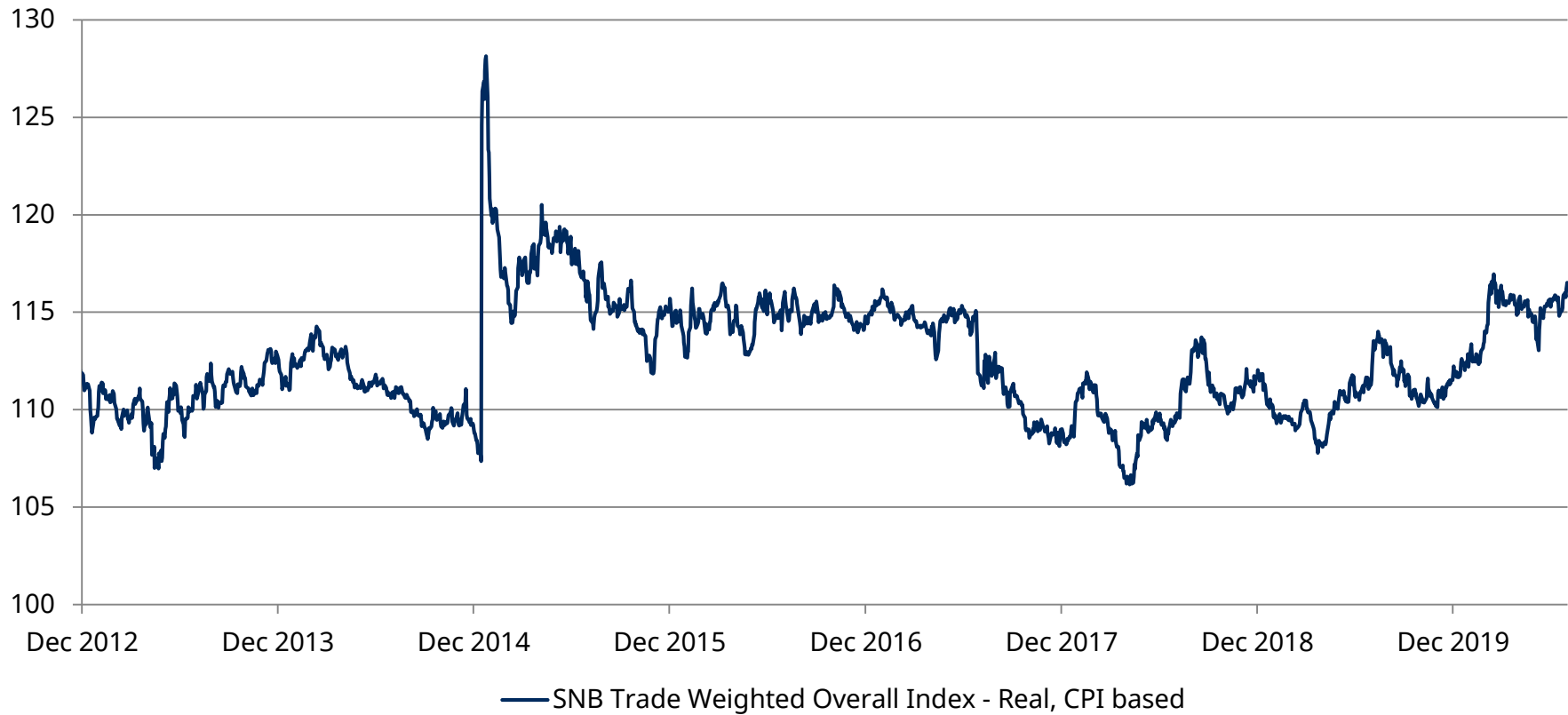


Source: Bloomberg, July 31, 2020

Investment outlook

Swiss franc development

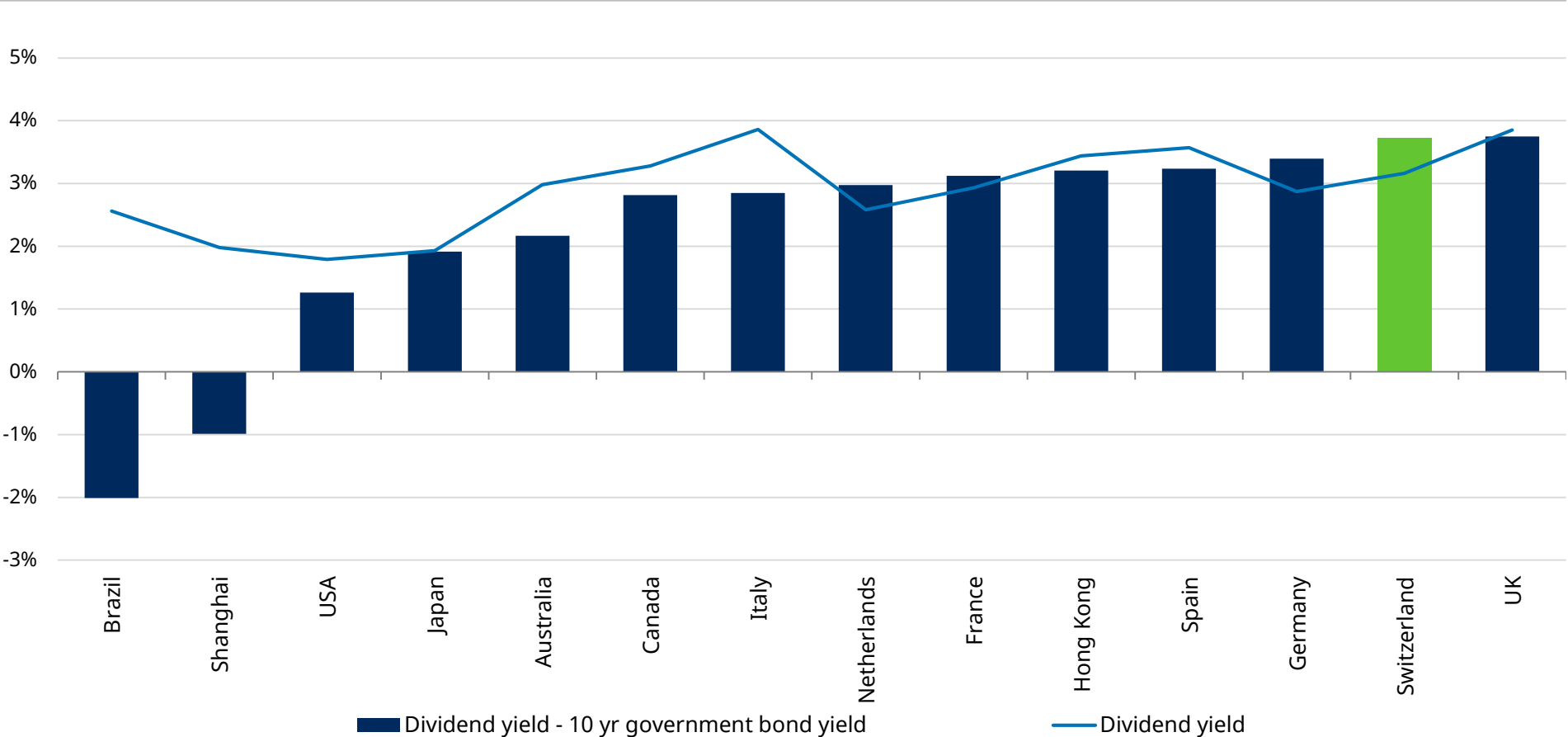
Trade weighted exchange rate index – real, CPI-based



Source: Swiss National Bank, December 2000 = 100, July 31, 2020

Investment outlook

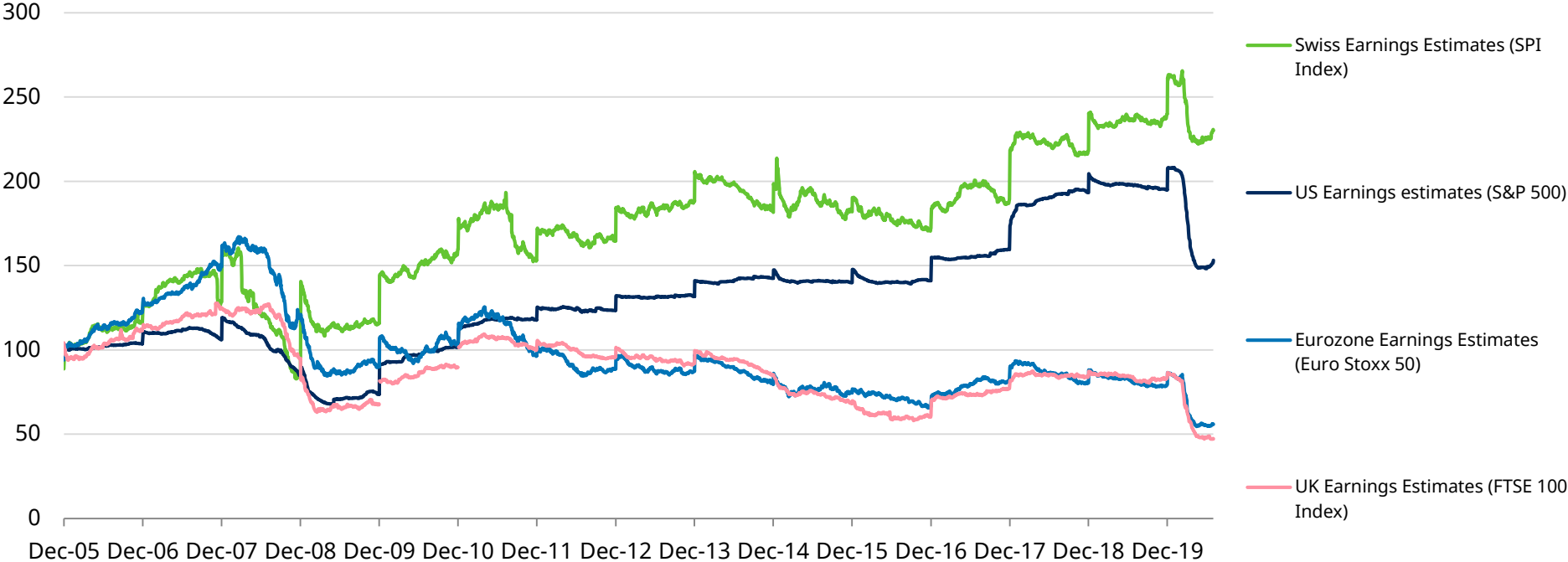
Global comparison of dividend yield versus government bond yield



Source: Schroders, Bloomberg, July 31, 2020.

Investment outlook


Global comparison of earnings expectations



Source: Schroders, Bloomberg, July 31, 2020; all earnings converted into USD.

Outlook & market situation

Coronavirus driving major uncertainty

	Positives	Negatives
Global 	<ul style="list-style-type: none">- Unprecedented central bank interventions- Governments attempt to save economy- Compared to low / negative interest rates, stocks offer an attractive dividend- Macroeconomic data improving (global, US & European economic surprise indices)	<ul style="list-style-type: none">- Global GDP ex China will only start to grow earliest Q2- Some sectors might take much longer to recover- Trade war, US elections, Brexit, ItalExit, etc. are risks that might come into focus again
Swiss 	<ul style="list-style-type: none">- Many market leaders with superior growth potential- Trade (Baltic Dry Index) recovered sharply- More resilient balance sheets	<ul style="list-style-type: none">- Comeback of "Big Government"

Source: Schroders, 30 June 2020



Case for Switzerland

Why are Swiss equities attractive?

- The Swiss stock market has a large proportion of global market leaders (not only among large corporations), with competitive advantage
- High innovation rate
- Global diversification helps in the current environment of synchronized growth
- Generally strong ESG performance and absence of “sin stocks”
- Swiss companies remained competitive despite the historic appreciation of the Swiss franc
- The difference between dividend yield and 10 year government bond yield stands out

Source: Schroders. Views expressed are the portfolio management team's view and not necessarily a «house view». These views are subject to change.

Switzerland offers an attractive business environment

Rank	Economy	Score ¹	Diff. from 2018 ²	
			Rank	Score
1	Singapore	84.8	+1	+1.3
2	United States	83.7	-1	-2.0
3	Hong Kong SAR	83.1	+4	+0.9
4	Netherlands	82.4	+2	—
5	Switzerland	82.3	-1	-0.3
6	Japan	82.3	-1	-0.2
7	Germany	81.8	-4	-1.0
8	Sweden	81.2	+1	-0.4
9	United Kingdom	81.2	-1	-0.8
10	Denmark	81.2	—	+0.6

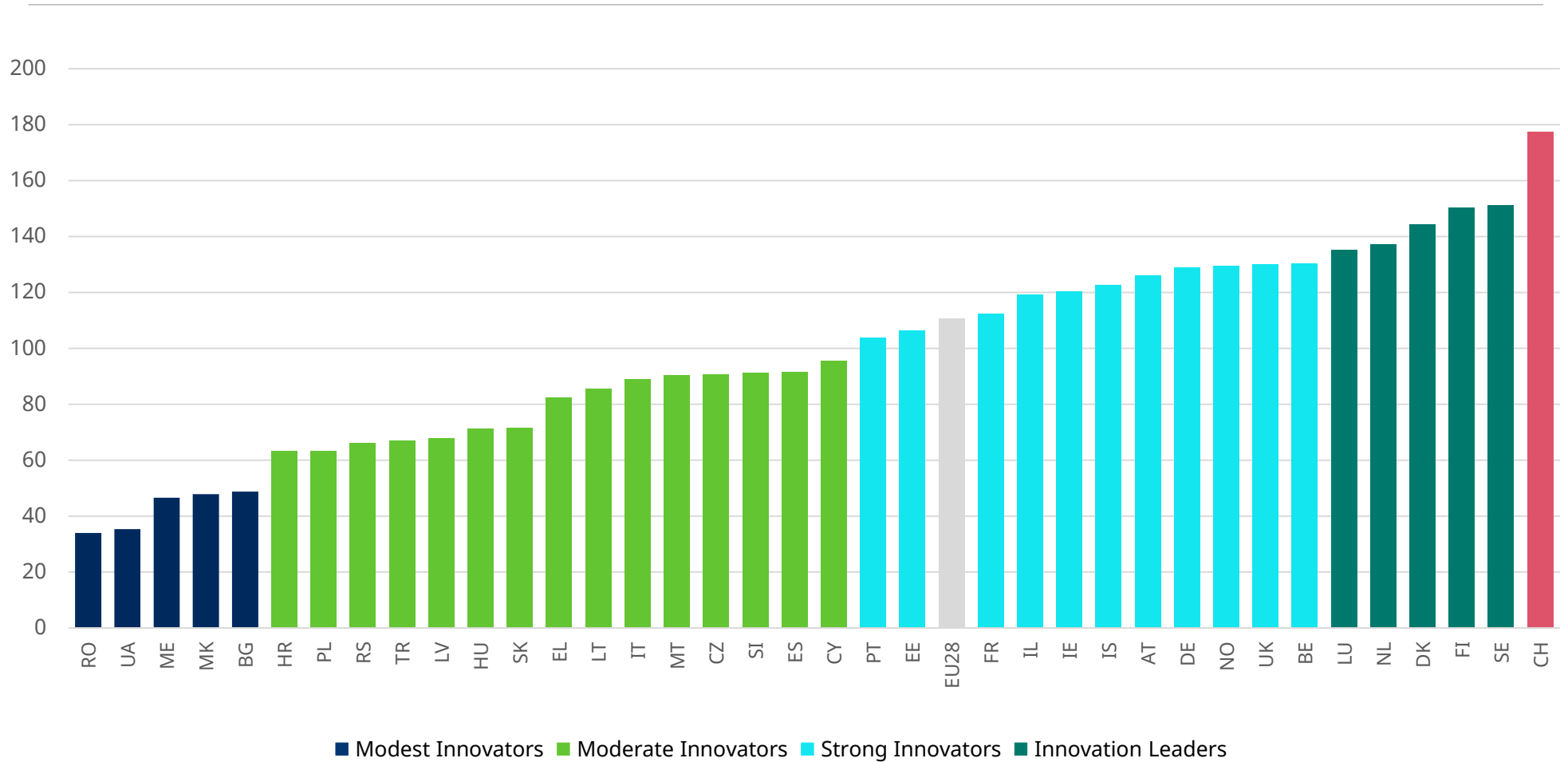
The World Economic Forum has been looking into drivers of competitiveness and prosperity in 137 economies. Amongst others, the following help explain the strong position of Switzerland:

- Innovation
- Infrastructure
- education
- labor market efficiency
- macroeconomic environment
- business sophistication

Switzerland has been ranked within the top 5 over the last 15 years.

Source: World Economic Forum, Global Competitiveness Report 2019, rank out of 141 economies. See also: <http://www.prosperity.com/rankings>: The Legatum Institute, a London based think tank published its annual global prosperity index, where Switzerland ranked number 3 based on 104 variables split into 9 sub indices (economic quality, business environment, governance, education, health, safety & security, personal freedom, social capital and natural environment).

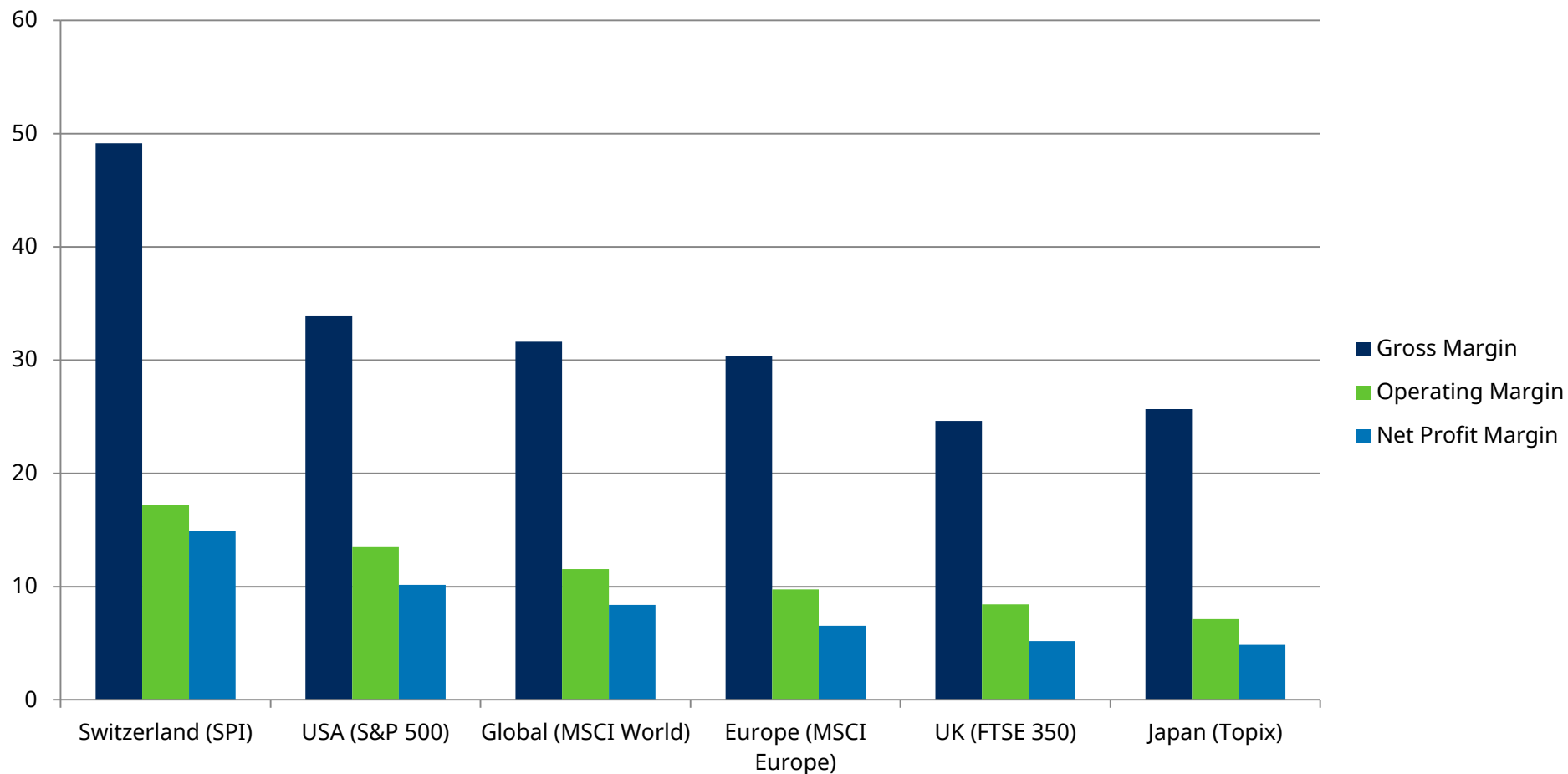
Switzerland is an innovation leader



Source: European Innovation Scoreboard 2020

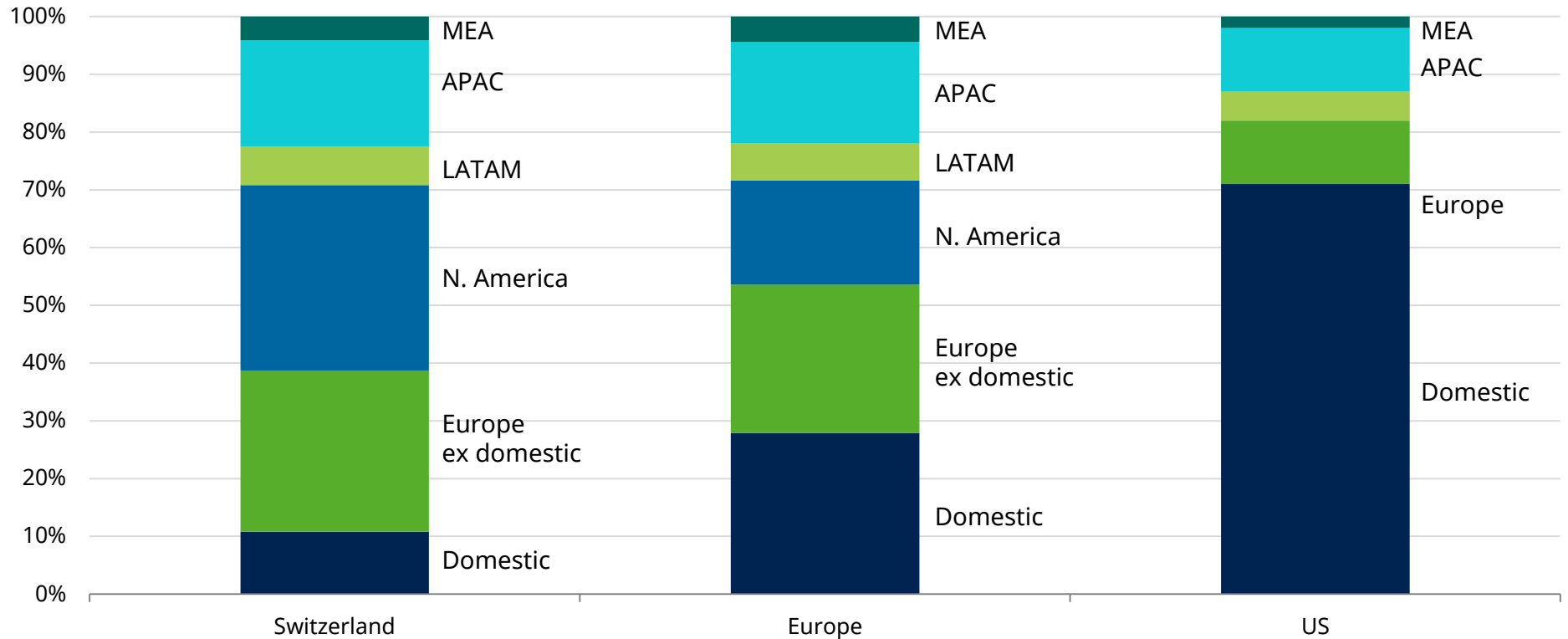
Global leadership results in high profitability

Swiss company leadership transforms into margins



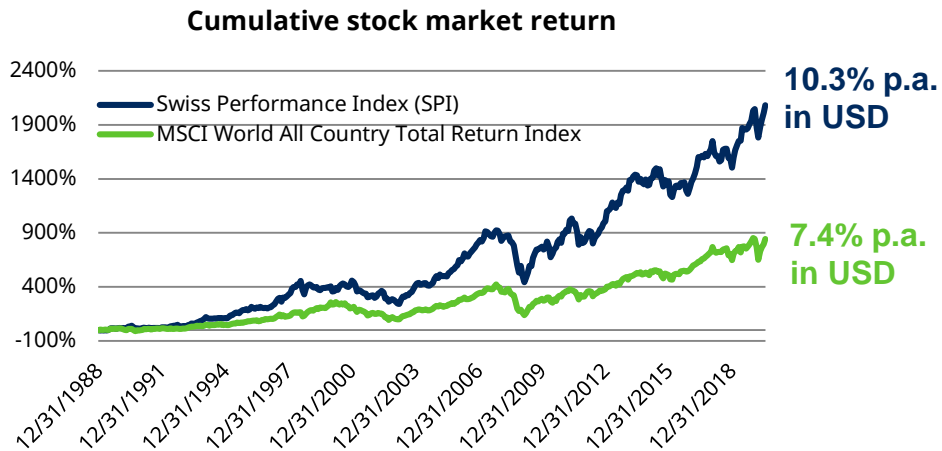
Source: Schroders, Bloomberg, December 31, 2019.

Swiss companies are very international



Source: Morgan Stanley, June 13, 2017.

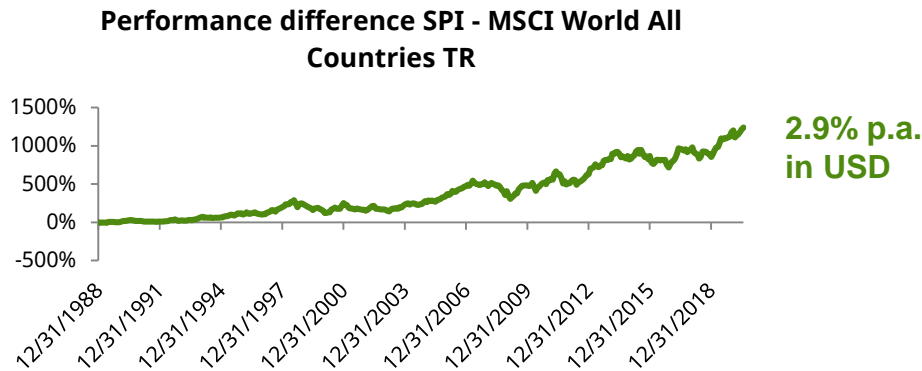
Long term outperformance of Swiss equities



Long-term reasons to invest

Long-term historic outperformance due to:

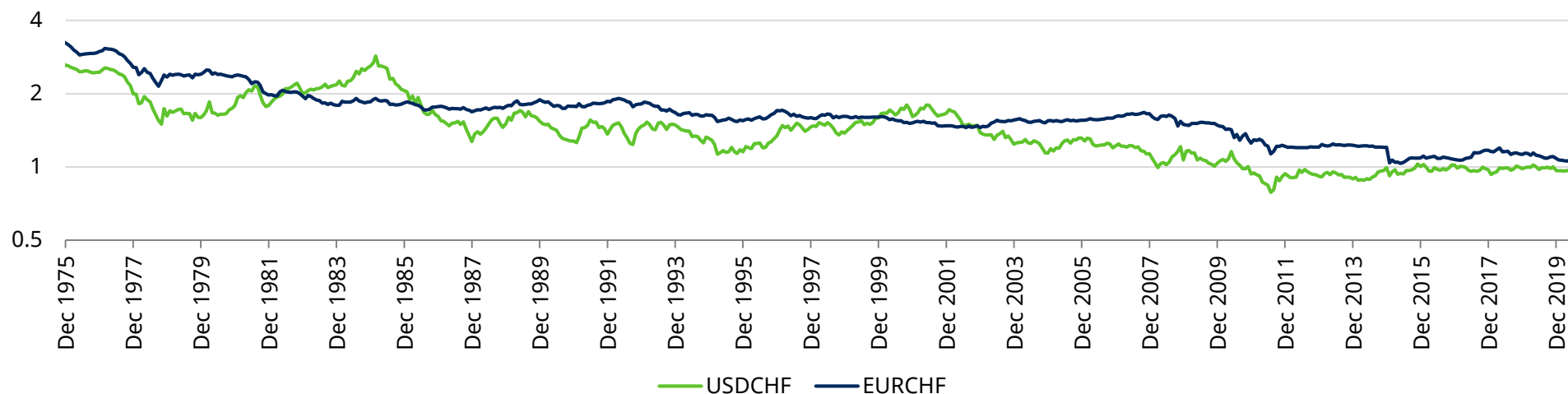
- Many global leaders
- Balanced geographical diversification
- High innovation rate
- Highly skilled and productive labour force
- High profit margins
- Political system (stability, taxes, labour law)
- Quality infrastructure
- Low debt (at companies and government)
- Strong CHF seen as asset, not disadvantage



Source: Schroders, July 31, 2020. All data in USD. Views expressed are the portfolio management team's view and not necessarily a «house view». These views are subject to change. Performance shown represents past performance. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown.

CHF appreciation is nothing new

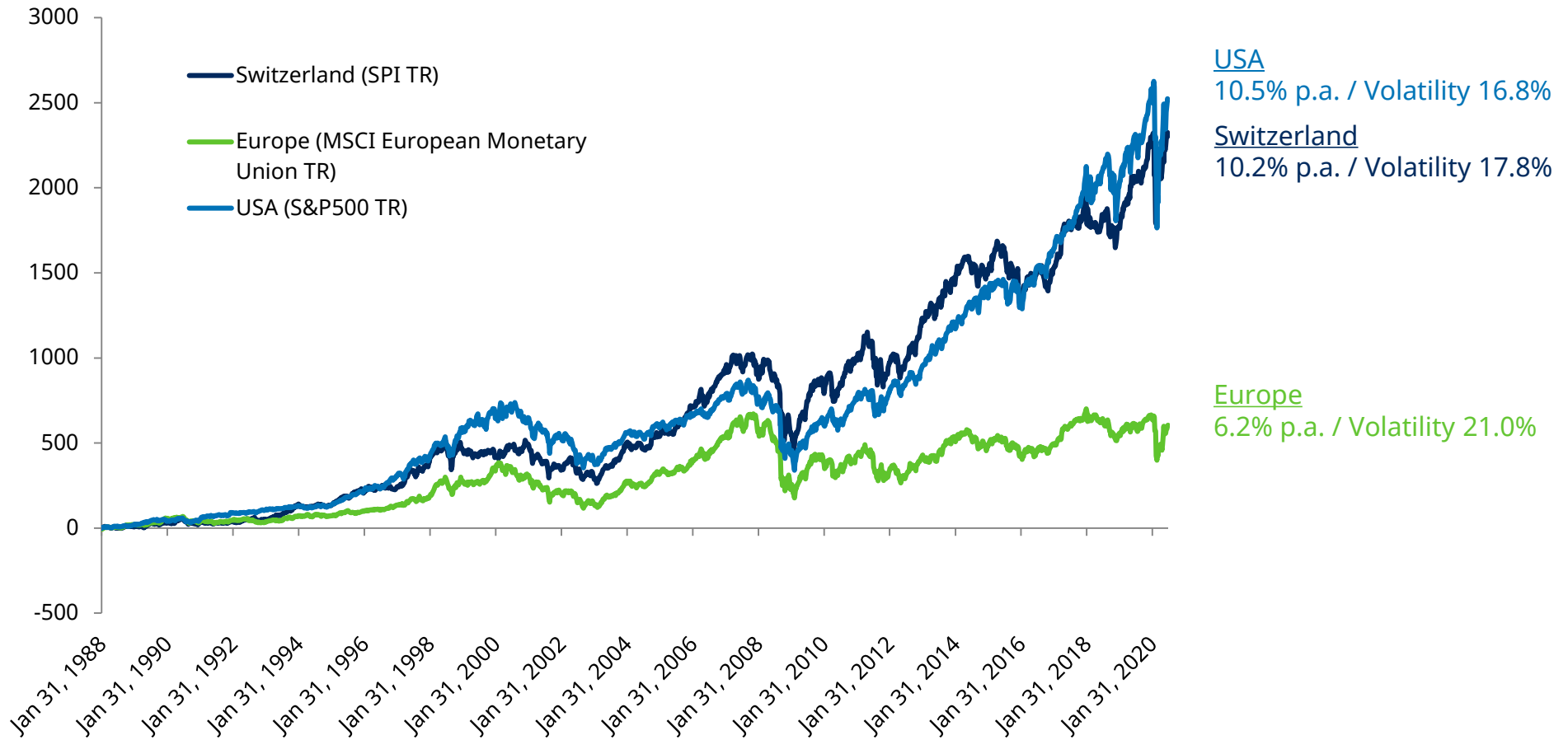
- Swiss companies are used to an appreciating Swiss Franc.
 - High efficiency and strong focus on productivity gains
 - High innovation rate
 - Market leaders in their respective niches
 - Global production footprint provides a substantial natural hedge
 - Solid balance sheets
- Sharp moves in exchanges rate such as happened in 2011 and 2015 had short term impacts but were successfully absorbed after 1-2 years in terms of margin recovery



Source: Schroders, Bloomberg, July 31, 2020. Views expressed are the portfolio management team's view and not necessarily a «house view». These views are subject to change.

Swiss Equity Market

Attractive risk / return profile compared to Europe



Source: Bloomberg, July 31, 2020, all data in USD.

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Swiss Equity Market

World's Top 10 Countries by Market Cap

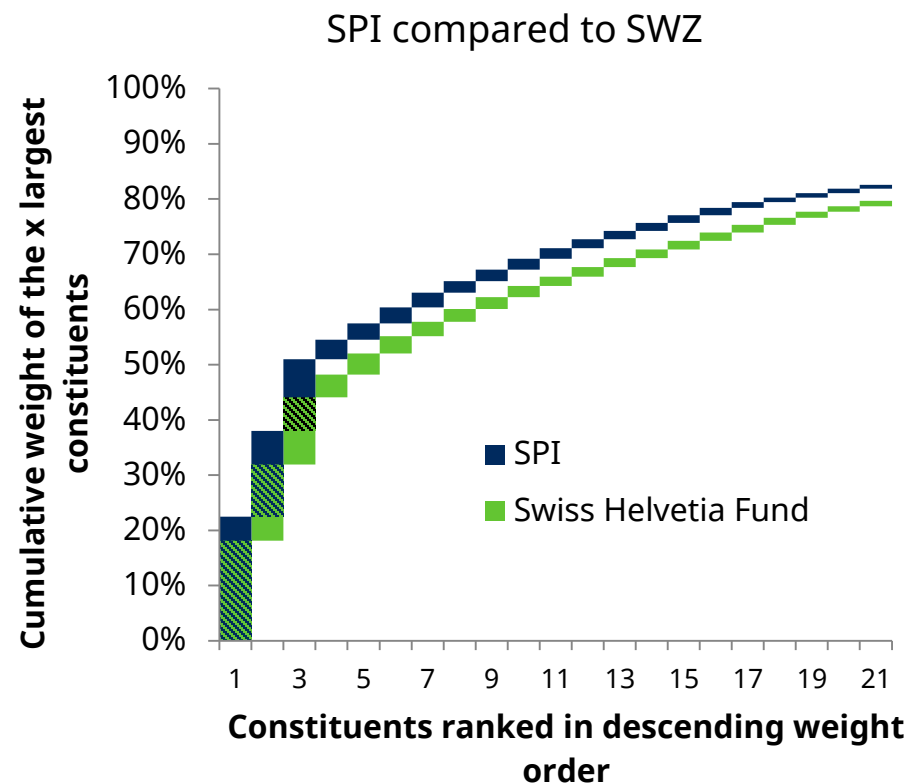
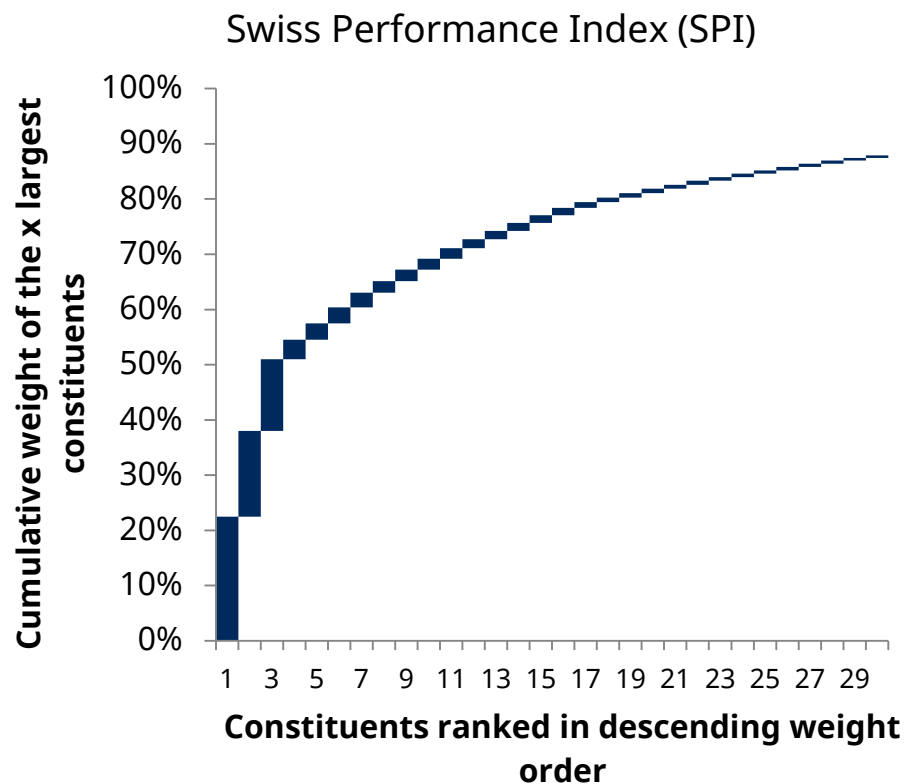
Rank	Market	Mkt Cap (US\$ trillion)
1	USA	30.4
2	China	8.5
3	Japan	6.2
4	Hong Kong	4.9
5	Saudi Arabia	2.4
6	France	2.4
7	India	2.2
8	Germany	2.1
9	Canada	1.9
10	United Kingdom*	1.9
11	Switzerland	1.8
	Top 10	62.9
	World	68.7

Source: Bloomberg, World Bank, July 31, 2020.

*Most recent year: 2008.

Swiss Equity Market

High concentration in Swiss Performance Index

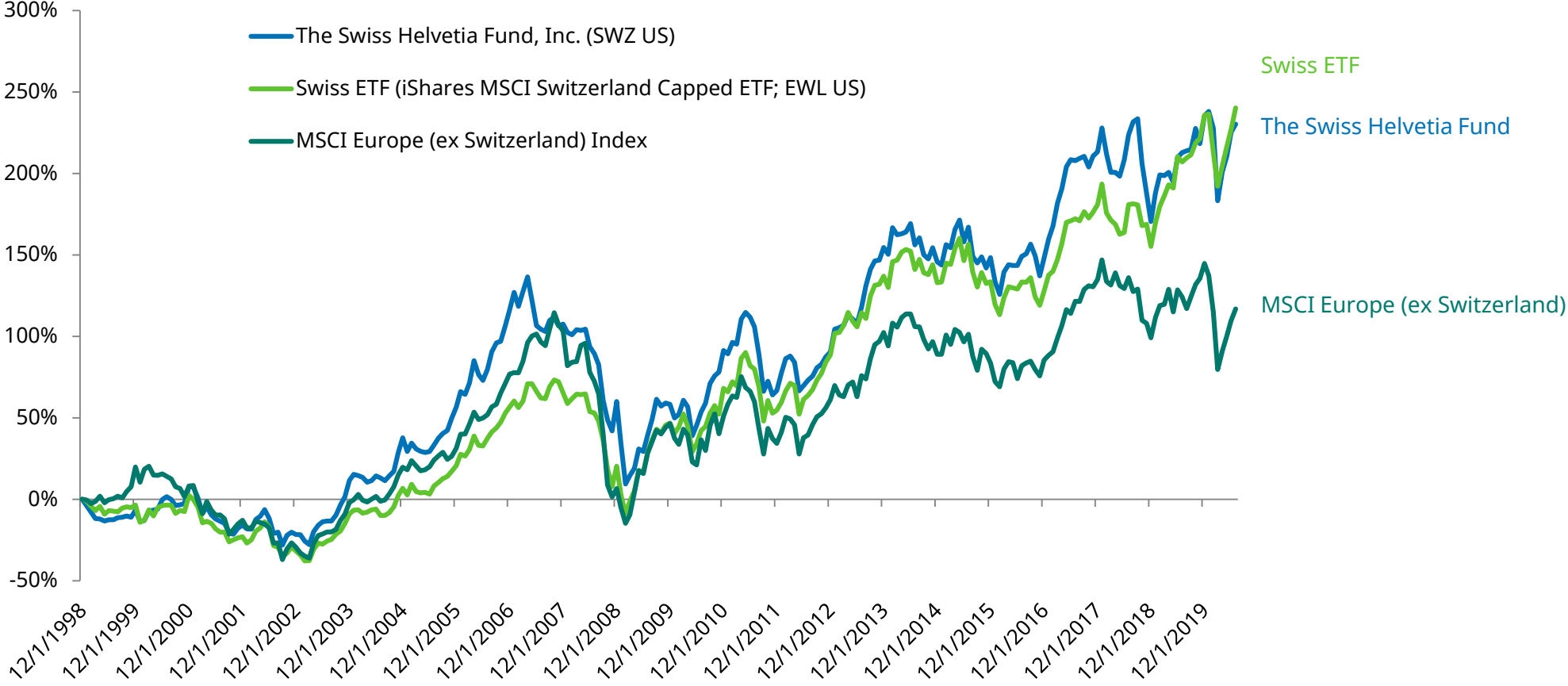


- The Swiss Performance Index's composition is inefficient and highly concentrated
- The Swiss Helvetia Fund takes advantage of diversification benefits

Source: Bloomberg, Schroders, July 31, 2020.

Performance of The Swiss Helvetia Fund

Compared to ETF and European Index since introduction of the EURO



Source: Schroders, Bloomberg July 31, 2020.

Performance shown represents past performance. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown.

Important information

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