



Portfolio and Performance Review The Swiss Helvetia Fund, Inc.

Presentation to the Annual General Meeting
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September 9, 2021

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 %	YTD 2021	H1 2021	1 year	3 years p.a.	5 years p.a.
NAV (US GAAP) as per quarterly filings	11.54%	8.50%	24.91%	14.03%	11.90%
Swiss Performance Index, SPI	13.88%	9.86%	26.51%	16.00%	13.55%
Difference NAV	-2.34%	-1.36%	-1.60%	-1.97%	-1.65%

Share price

Performance in USD %	YTD 2021	H1 2021	1 year	3 years p.a.	5 years p.a.
Share price SWZ	12.09%	12.09%	29.97%	11.04%	12.18%
Swiss Performance Index, SPI	13.88%	9.86%	26.51%	16.00%	13.55%
Difference	-1.79%	+2.23%	+3.46%	-4.96%	-1.37%

Source: Schroders, fund performance as published on website (www.swzfund.com); July 31, 2021.

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 meant headwinds, mainly over the past couple of years (value variant of MSCI Switzerland underperformed the 'growth' counterpart by approx. 3.3% p.a. since July 1, 2014)
- 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 in listed equities was positive, +1.4 %
- After costs, and with drags from cash and private equity, NAV performance was -1.6% behind benchmark
- Strong headwinds from our value bias

Source: Schroders, fund performance as published on website (www.swzfund.com), Bloomberg for index performance, July 31, 2021; year-to-date performance as at July 31, 2021. 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 2021

Top ten stock contributions (USD)

		Total effect %
Swissquote	(over)	0.3
SIG Combibloc	(over)	0.3
Richemont	(over)	0.2
Logitech	(over)	0.2
Sulzer	(over)	0.2
Swatch	(over)	0.2
Adecco	(zero)	0.1
SFS	(over)	0.1
Swiss Re	(under)	0.1
Vifor Pharma	(zero)	0.1

Bottom ten stock contributions (USD)

		Total effect %
ams	(over)	-0.3
Straumann	(zero)	-0.3
SoftwareOne	(over)	-0.3
Kühne & Nagel	(zero)	-0.3
Baloise	(over)	-0.2
Sika	(under)	-0.2
BKW	(over)	-0.2
VAT Group	(zero)	-0.2
Idorsia	(over)	-0.2
Lonza	(under)	-0.2

Source: Schroders, Aladdin Explore, July 31, 2021; “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)	1.1
Richemont	(over)	0.7
SIG Combibloc	(over)	0.6
Nestlé	(under)	0.6
Swatch	(over)	0.5
Swiss Life	(over)	0.4
Julius Baer	(over)	0.4
Swissquote	(over)	0.3
Sulzer	(over)	0.3
SFS Group	(over)	0.3

Bottom ten stock contributions (USD)

		Total effect %
Kühne & Nagel	(zero)	-0.5
Straumann	(zero)	-0.4
Sika	(under)	-0.4
SpineArt	(over)	-0.3
VAT Group	(zero)	-0.3
ams	(over)	-0.2
Credit Suisse	(under)	-0.2
SoftwareOne	(over)	-0.2
Idorsia	(over)	-0.2
Aravis	(over)	-0.2

Source: Schroders, Aladdin Explore, July 31, 2021; “over” means overweight; “under” means underweight compared to Swiss Performance Index; “zero” means no position.



Portfolio positioning

Portfolio positioning

As per July 31, 2021

Top ten holdings absolute

Name	Absolute weight
Nestlé	17.4%
Roche	12.9%
Novartis	11.3%
Richemont	4.6%
Zurich Insurance	3.9%
Logitech	2.9%
UBS	2.9%
Swiss Life	2.5%
Swatch	2.5%
SIG Combibloc	2.4%
Total	63.3%

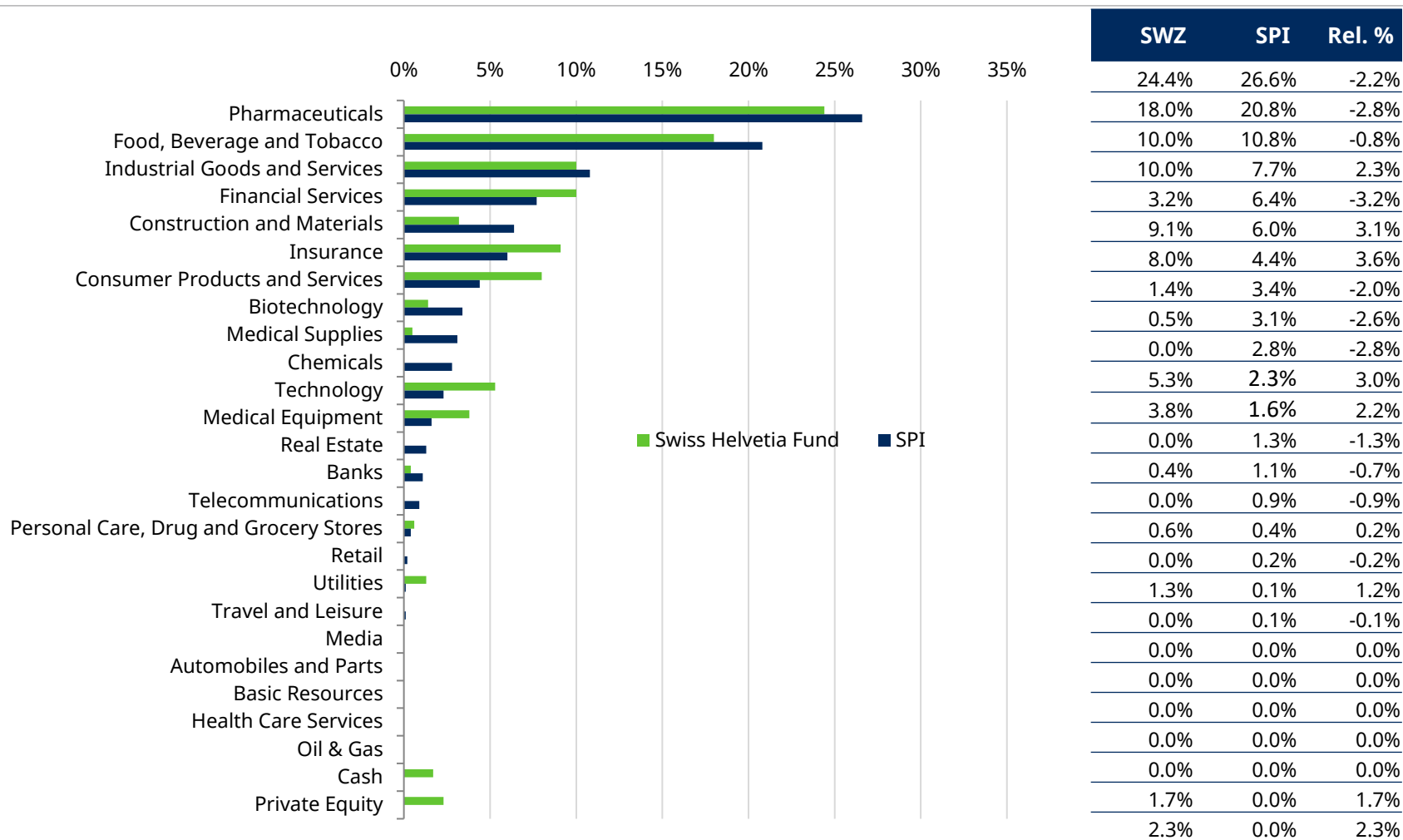
Top relative weights

Name	Relative weight %
Logitech	+1.9%
SIG Combibloc	+1.9%
Swatch	+1.8%
Tecan	+1.7%
Swiss Life	+1.7%
Lonza	-2.2%
Givaudan	-2.1%
Holcim	-1.7%
Sika	-1.5%
Alcon	-1.4%

Source: Schroders, JP Morgan, Bloomberg, July 31, 2021

Portfolio positioning

ICB classification



Source: Schroders, JP Morgan, Bloomberg, July 31, 2021

Portfolio positioning

Changes in positioning in H1 2021

HY 2021

New Positions	Increased Positions	Decreased Positions	Sold Positions
Aryzta	ams	ABB	DKSH
OC Oerlikon	Credit Suisse	Baloise	Sensirion
Polypeptide	Nestlé	BKW	Ixodes
	SIG Combibloc	Cembra	
	Swissquote	Geberit	
	UBS	Helvetia	
	Zurich Insurance	Julius Baer	
		Logitech	
		Novartis	
		Partners Group	
		SFS	
		Swiss Life	
		SwissRe	

Source: Schroders, July 31, 2021.

Portfolio positioning

Still overweight quality and small & mid caps

Portfolio characteristics

		Swiss Performance Index	Swiss Helvetia Fund
Value	P/E 2021 est	26.3X	21.9x
	P/E 2022 est	23.4x	20.1x
	Price/book	6.5x	5.5x
Quality	Net debt to equity	32.4%	0.5%
	Goodwill to equity	42.0%	35.8%
Small & Mid Caps	Small & Mid Caps weight	21.4%	30.1%

Source: Bloomberg consensus estimates, Schroders, July 31, 2021.

Portfolio positioning

Key statistical measures

Risk measures (ex private equity)

Swiss Helvetia Fund	July 31, 2021	July 31, 2020
Tracking error	2.2%	2.4%
Beta	1.03	0.97
Relative VaR (95%)	1.0%	1.1%
Volatility	18.0%	20.2%
Active share	29.3%	32.3%

Portfolio turnover

Swiss Helvetia Fund	
Turnover in % of AuM Q2 2021	5% / 9%
Turnover in % of AuM HY 2021	10% / 16%

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

Source: Schroders, Aladdin View, July 31, 2021.

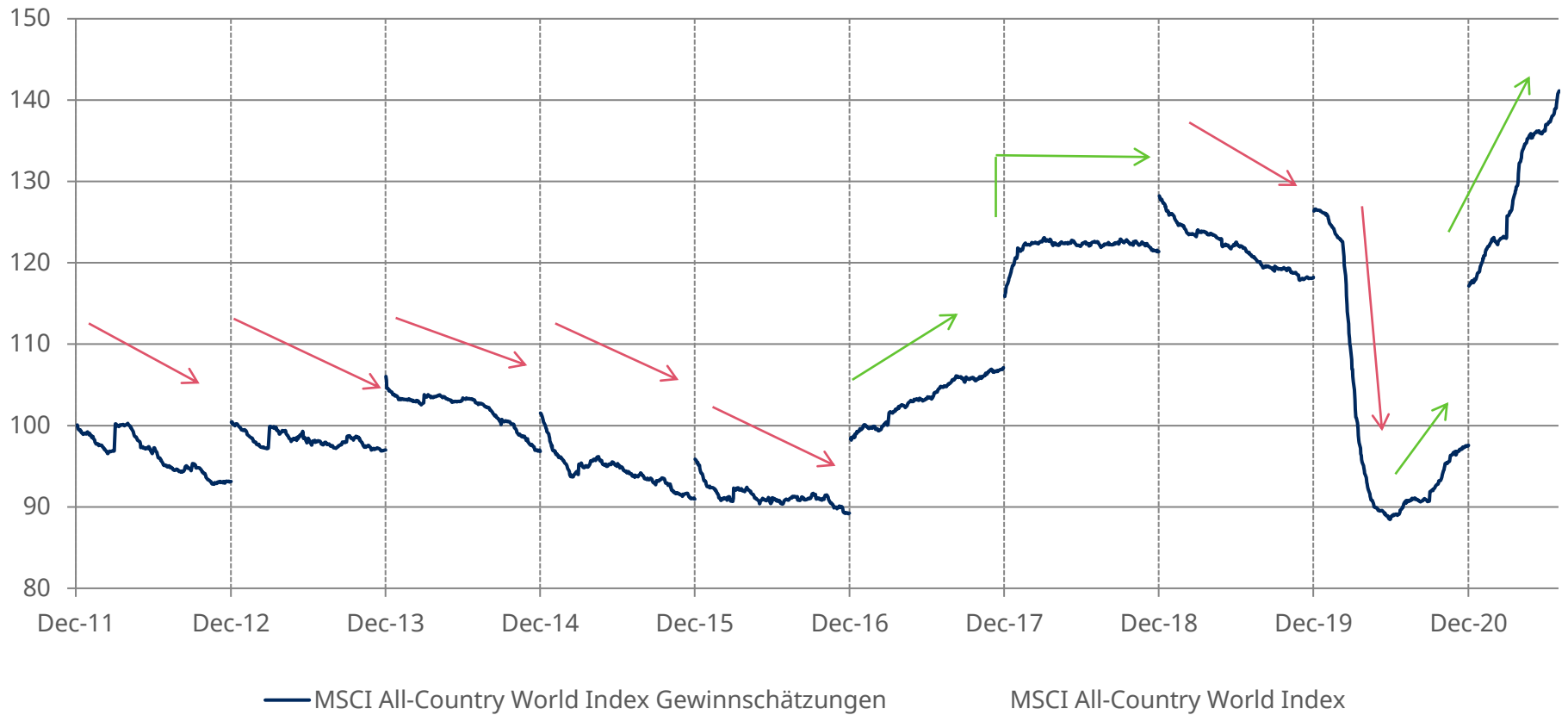


Outlook

Outlook

Earnings expectations

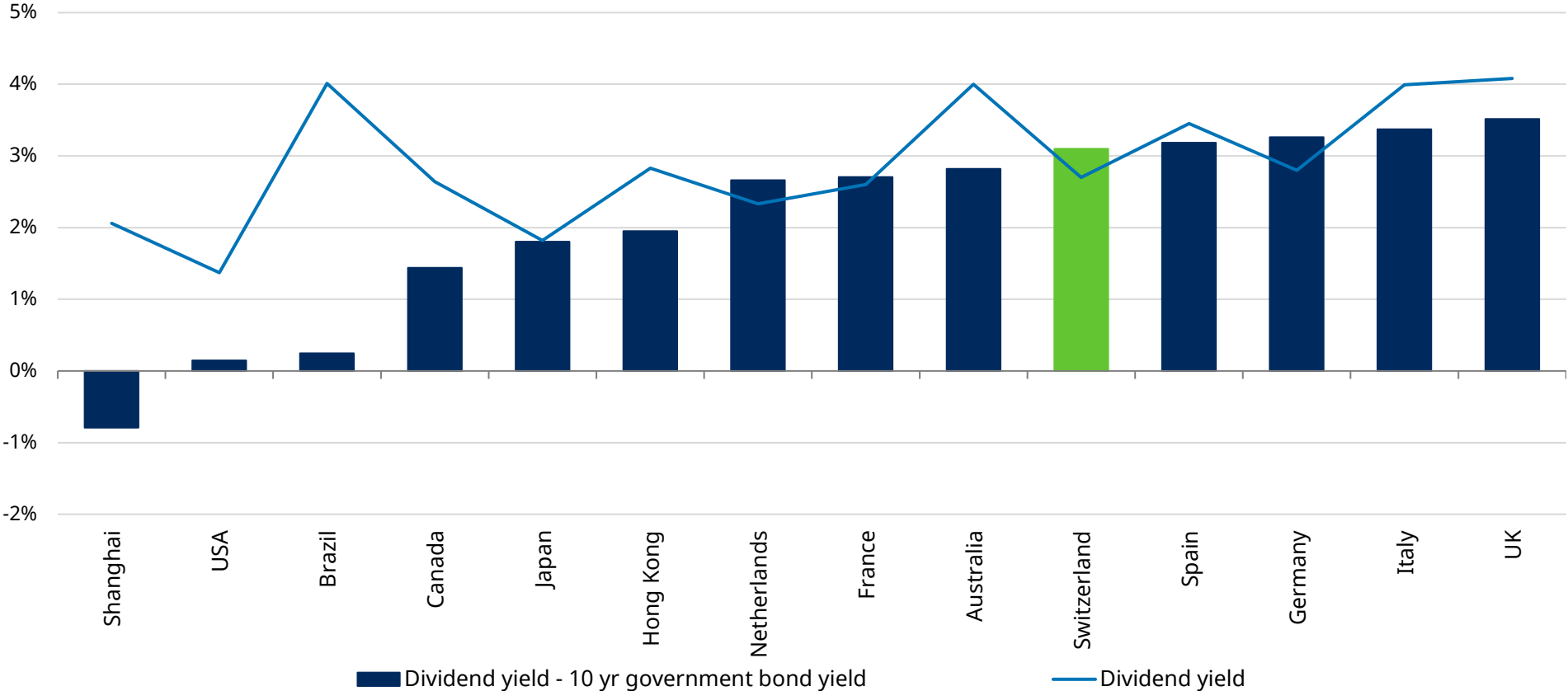
Consensus EPS development – MSCI World



Source: Bloomberg, July 31, 2021.

Investment outlook

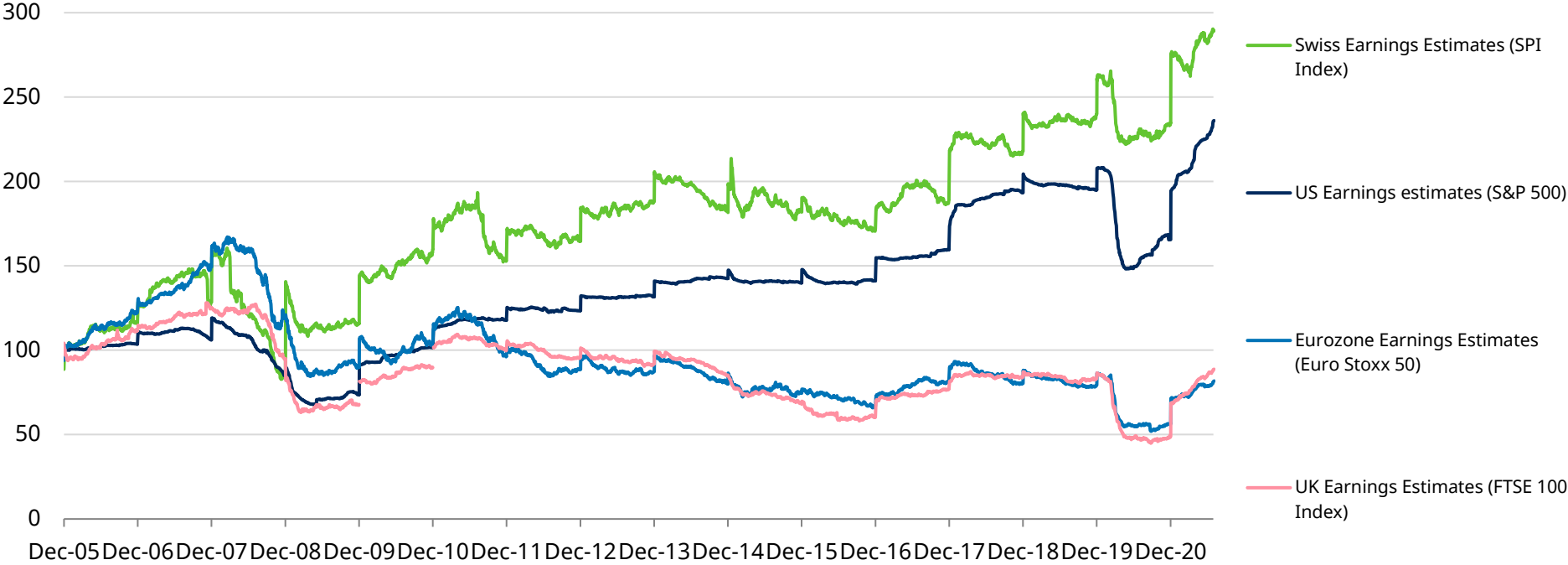
Global comparison of dividend yield versus government bond yield



Source: Schroders, Bloomberg, July 31, 2021.

Investment outlook



Global comparison of earnings expectations



Source: Schroders, Bloomberg, July 31, 2021; all earnings converted into USD.

Outlook & market situation

Coronavirus driving major uncertainty

	Positives	Negatives
Global 	<ul style="list-style-type: none"> – Unprecedented fiscal and monetary policies – Strong corporate earnings show adaptability of firms to operate with Covid restrictions – Compared to low / negative interest rates, stocks offer an attractive dividend – Fed seems to have managed taper communication well this time 	<ul style="list-style-type: none"> – Will China slow-down impact global economy? – Virus variants might impact consumer – Supply chain constraints and labour shortages impact economic cycle – Inflation surges seen as temporary, but tapering expected in the near future – General exogenous risks (such as trade wars, Brexit, ItalExit, etc.) still present
Swiss 	<ul style="list-style-type: none"> – Many market leaders – More resilient balance sheets – Highly international sales profile of Swiss companies to benefit from global economic recovery 	<ul style="list-style-type: none"> – Negotiations with the EU regarding a renewed trade accord have been terminated

Source: Schroders, 31 July 2021.



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

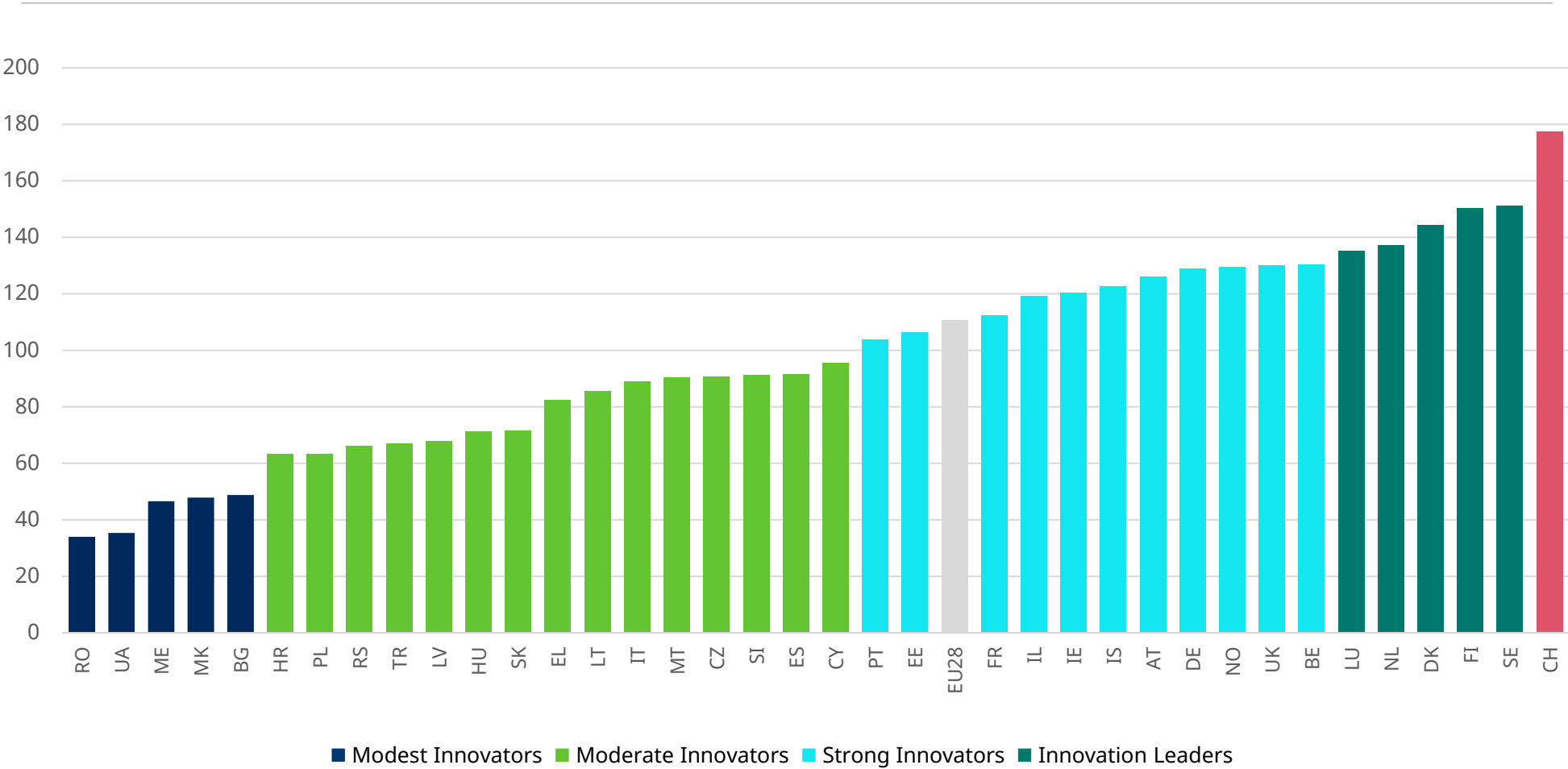
The World Economic Forum has been looking into drivers of competitiveness and prosperity in 137 economies. Amongst others, the following help explain the strong position of Switzerland:

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

Switzerland has been ranked within the top 5 economies 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).

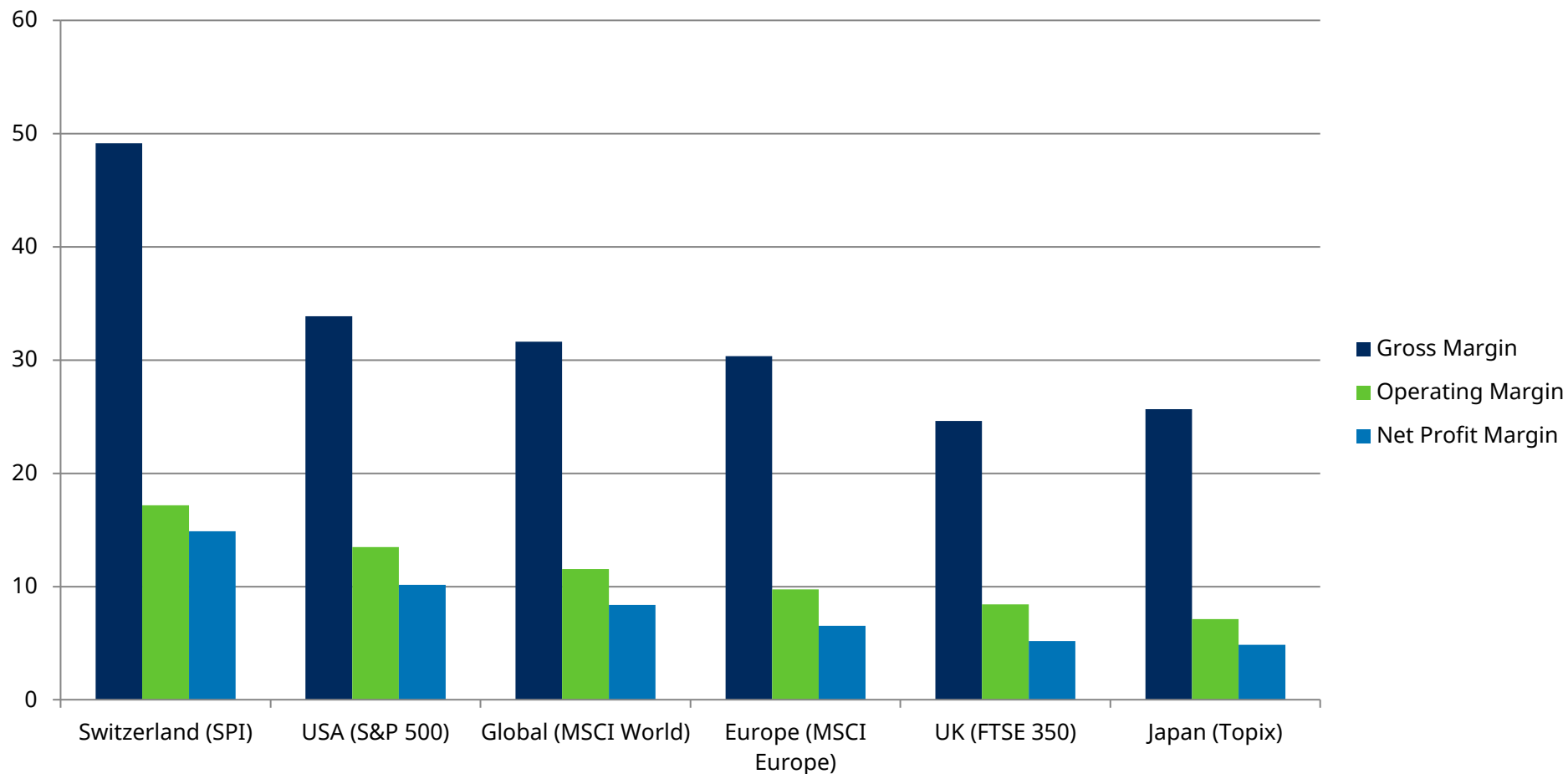
Switzerland is an innovation leader



Source: European Innovation Scoreboard 2020

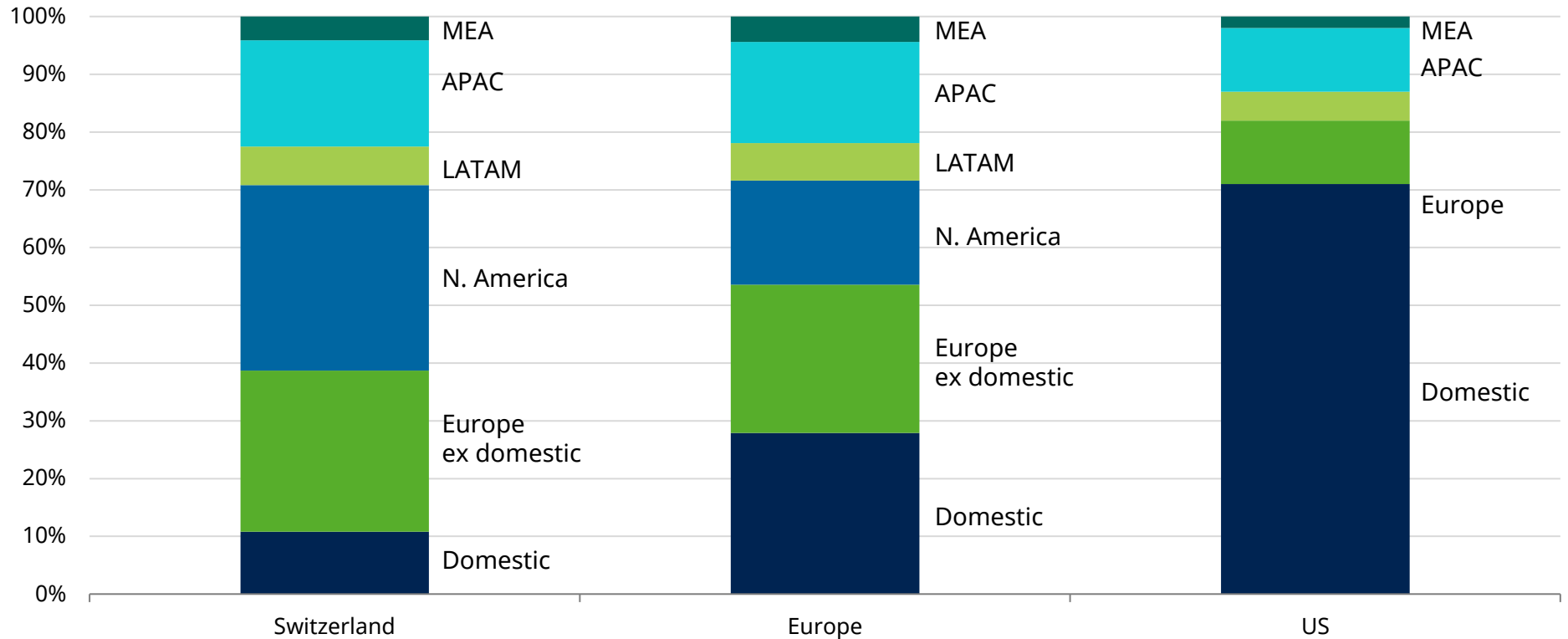
Global leadership results in high profitability

Swiss company leadership transforms into margins



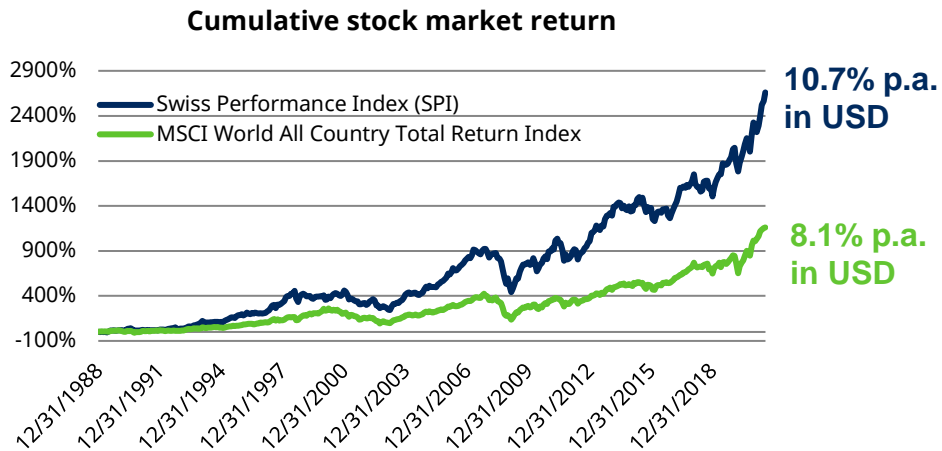
Source: Schroders, Bloomberg, December 31, 2019.

Swiss companies are very international



Source: Morgan Stanley, June 13, 2017.

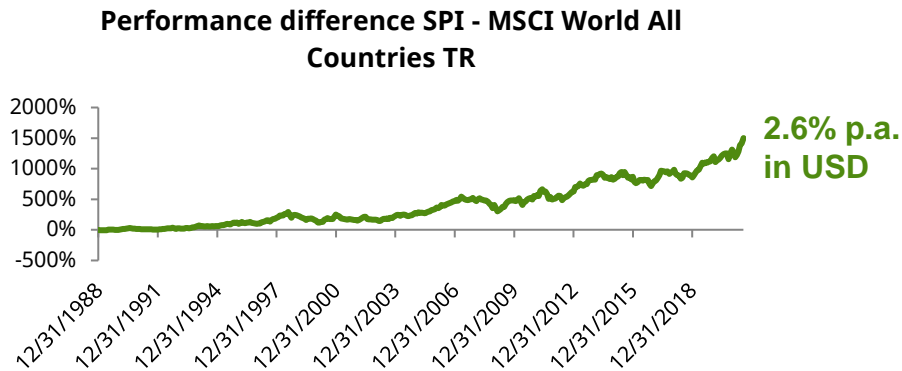
Long term outperformance of Swiss equities



Long-term reasons to invest

Long-term historic outperformance due to:

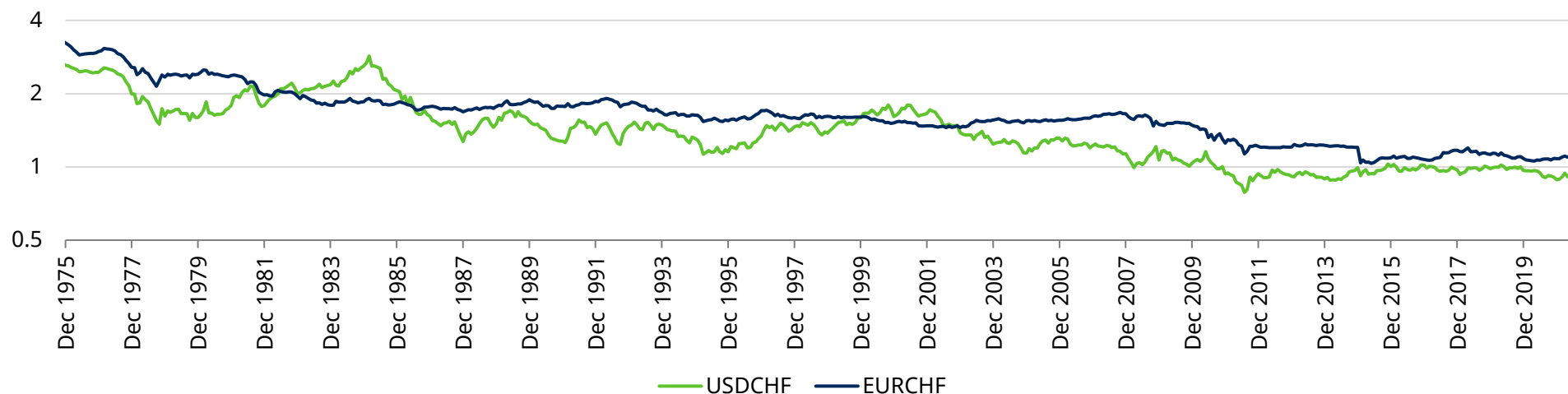
- Many global leaders
- Balanced geographical diversification
- High innovation rate
- Highly skilled and productive labour force
- High profit margins
- Political system (stability, taxes, labour law)
- Quality infrastructure
- Low debt (at companies and government)
- Strong CHF seen as asset, not disadvantage



Source: Schroders, July 31, 2021. 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

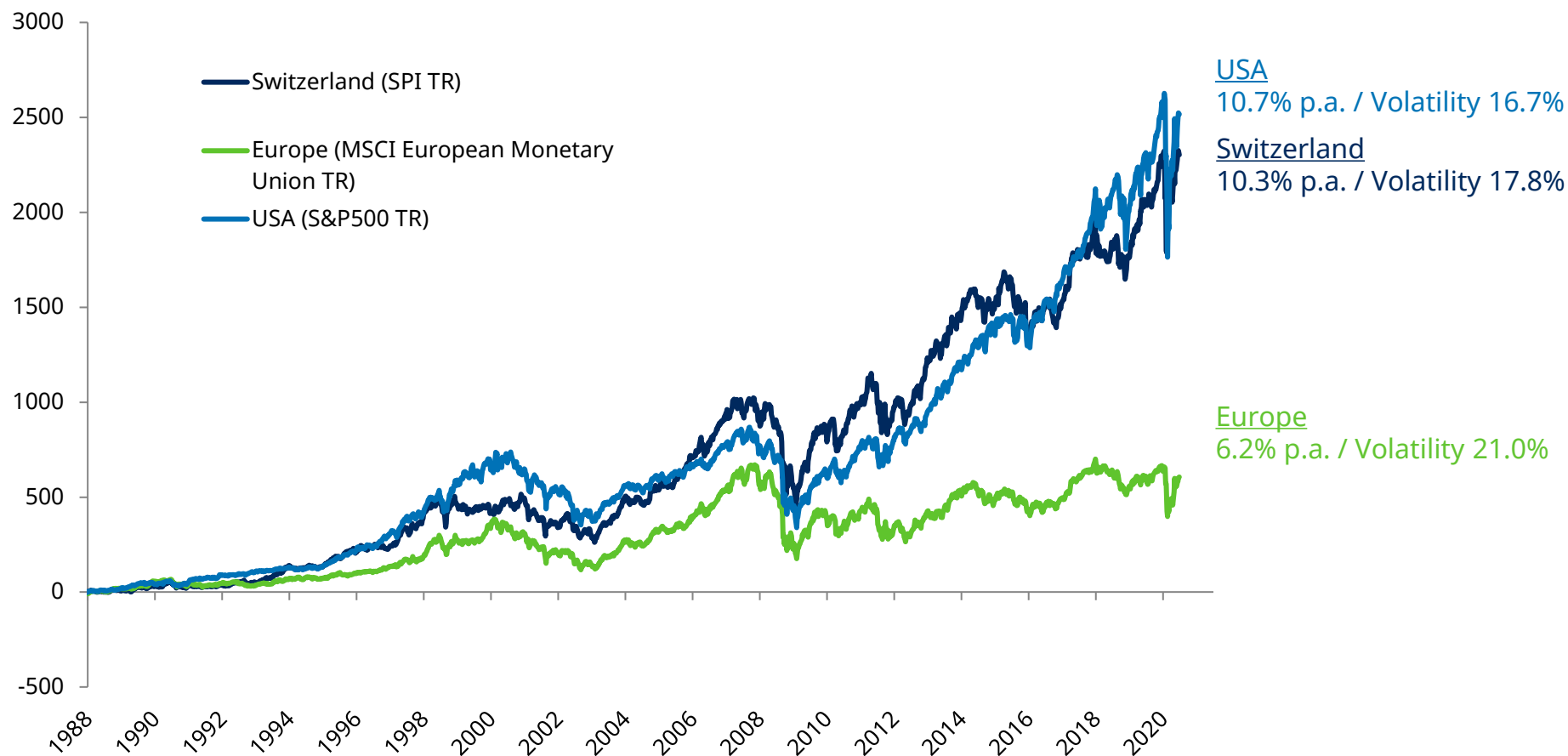
- Swiss companies are used to an appreciating Swiss Franc.
 - High efficiency and strong focus on productivity gains
 - High innovation rate
 - Market leaders in their respective niches
 - Global production footprint provides a substantial natural hedge
 - Solid balance sheets
- Sharp moves in exchange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



Source: Schroders, Bloomberg, July 31, 2021. 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, 2021, all data in USD.

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Swiss Equity Market

World's Top 10 Countries by Market Cap

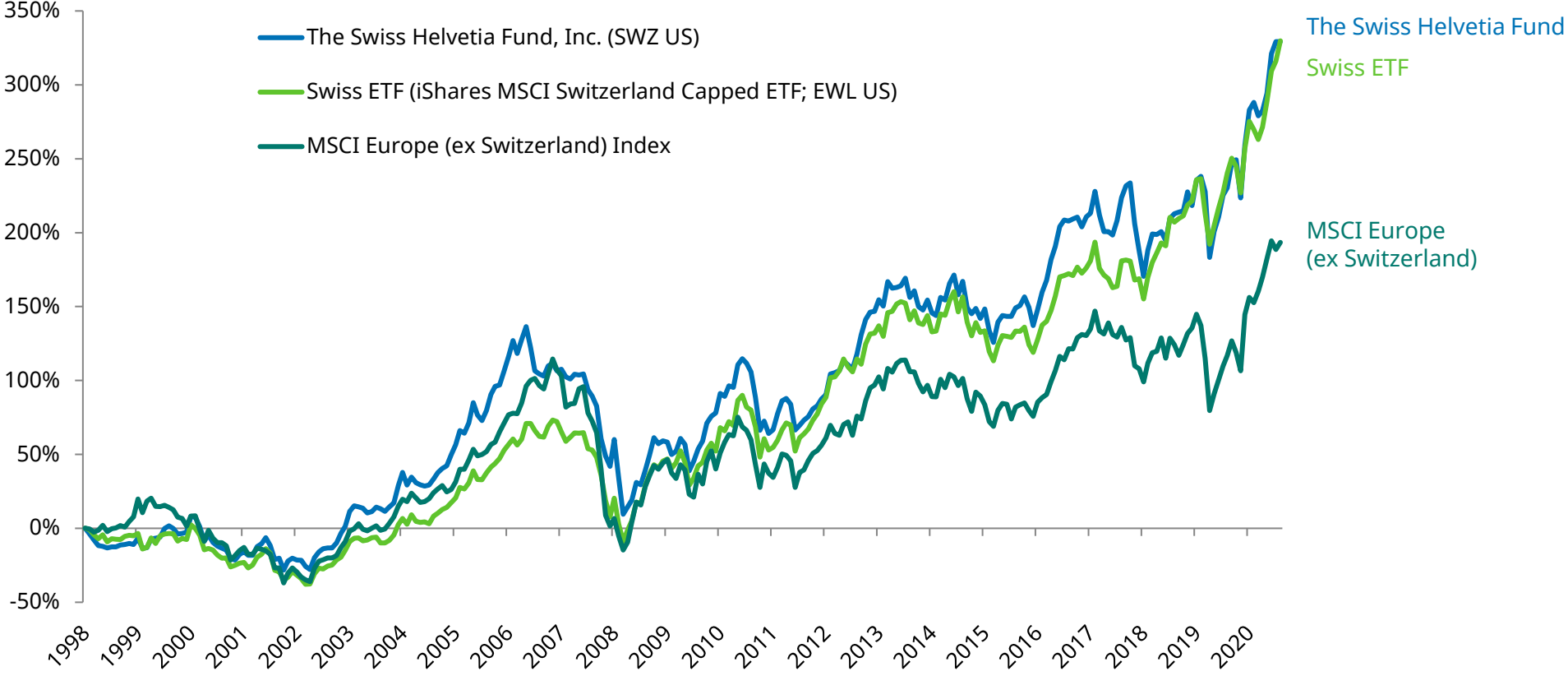
Rank	Market	Mkt Cap (US\$ trillion)
1	USA**	33.9
2	China	12.2
3	Japan	6.7
4	Hong Kong	6.1
5	France	5.4
6	United Kingdom*	3.6
7	Canada	2.6
8	India	2.6
9	Saudi Arabia	2.4
10	Germany	2.3
11	Korea	2.2
12	Switzerland	2.0
	Top 10	78.8
	World	83.5

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

* Most recent year: 2014; ** Most recent year: 2019

Performance of The Swiss Helvetia Fund

Compared to ETF and European Index since introduction of the EURO



Source: Schroders, Bloomberg July 31, 2021.
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Important information

The Fund is a closed-end investment product. Common stock of the Fund is only available for purchase/sale on the NYSE at the then 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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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.

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Definitions: Active share represents the proportion of stock holdings in the Fund that is different from the properties 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 or volatility. 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.

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