

# Investor Info

News from ARVEST  
Funds AG

## ARVEST GLOBAL STARS FUND *The global equity fund with active management*

Volume 9, issue no. 2  
April 2009

Quarterly report by the fund manager  
Beyzade Han

### Performance 03/10/00 to 31/03/09 in CHF



### General market environment

The crisis has a tight hold on the real economy. Unemployment figures and budget deficits are increasing, while company profits are melting away like ice in the sun. The effect is particularly bad for companies producing goods whose purchase is not really necessary, or can be put off until later. For time immemorial, people have prepared themselves for harder times: Once upon a time, food was stored for the winter; nowadays we hold onto our cars for a couple of years longer. It is no coincidence that this is precisely where several economic stimulus packages are being aimed. Germany's bonus payment for scrapping old cars, for example, attempts to stimulate new car sales, which are dependent on the economic cycle (and the US is perhaps soon to follow suit).

Great hopes are being placed in the monetary and fiscal policies of governments and central banks worldwide, and the opinion now prevails that the measures will have a positive effect on

economic activity, strangled by the crisis, in the second half of the year.

However, a little scepticism continues to be advisable regarding the tempo of economic recovery. After all, the global economy is currently in the midst of one of the most drastic recessions since the Second World War. Even if the stimulus measures prove to be successful, they don't come free of charge. On the one hand, budget deficits worldwide are increasing rapidly, which means higher taxes for everybody in the mid to long term. On the other, the risk of money-volume-driven inflation has increased markedly (see also my monthly report from March regarding this).

### Review

There has been a certain amount of regrouping of the ARVEST Global Stars portfolio since the beginning of the year. With a market share of 35%, Vale do Rio Doce is one of the largest exporters of iron ore in the world (Rio Tinto: 25%, BHP 20%). Based on tactical market considerations, I recently resold the shares bought in December 2008, making a profit of almost 30%. On account of our less pessimistic appraisal of Russian companies, I bought shares in Gazprom and Sberbank in January. I had already resold Gazprom last October at a profit of around 50% within one month, as I considered the massive increase in price within a few weeks to be exaggerated. After buying back the shares in January, it was once again possible to achieve a positive performance of 17% with this title by the end of March. Sberbank is the largest bank in Russia, with a market share of over 30%, and has a large network of branches throughout the country. An investment appeared to make sense here, as although its share price had similarly been decimated by the general punishment of the finance sector worldwide, the bank has a lower

risk profile because it is run conservatively and is financed practically entirely from customer deposits. Hence, the bank is largely independent of the interbank market, which is still not functioning correctly. So far, the share has lost 11%, exchange rate adjusted, by the end of March. However, I am confident of also being able to achieve a positive performance with this title.

ARVEST Global Stars had investments in a total of 42 shares at the end of March. The quarterly performance was -4.5%. This means that the fund once again outperformed its benchmark: S&P Global 1200 recorded a performance of -6.7% over the same period. Since its launch, the ARVEST Global Stars has outperformed its benchmark by a proud 55%. The fund continues to be awarded the maximum of five stars by the Morningstar rating company.

### Outlook and strategy

Despite the price recoveries on the stock markets, the ARVEST investment committee remains cautious and is not expecting any sustained trend reversal. In fact, the price recoveries are proof of the continued high volatility.

Now that the pressure of inflation has relented during the course of the economic crisis, we again foresee significant dangers in this regard in the future. This time, however, the investment committee expects the inflation to be mainly monetary-driven and not demand-induced, as the economic crisis will probably not be overcome so quickly.

A serious change within the existing economic system could be associated with a pronounced devaluation of the USD. This risk has increased noticeably in recent quarters. As a precaution, USD exposure in the ARVEST Global Stars has largely been hedged against the Swiss Franc, as the costs of this hedging were extremely low on account of the small difference in interest between the two currencies.

In order to achieve a better performance relative to the market, it is of primary

importance that one doesn't simply agree with the prevailing market opinion. The ARVEST investment committee has successfully proven in the past that, given active asset management, independent considerations and fast decision-making processes, added value can be created for investors and clients.

April 2009, Beyzade Han

### The ten largest share positions

(in % of the total fund volume)

1. Novartis	4.8%
2. Walgreen	4.3%
3. Barrick Gold Corp	4.3%
4. Nong Shim	3.4%
5. Samsung	3.4%
6. Nokia	3.1%
7. Total	3.0%
8. Home Depot	3.0%
9. Glaxosmithkline	2.8%
10. 3M Company	2.7%
<b>Total 10 largest positions</b>	<b>34.8%</b>

### Key figures - Arvest Global Stars Fund

Inventory value per share:	CHF 949.95 (31/03/09)
Fund volume:	CHF 20.7 million (31/03/09)
Securities number:	1,125,057
Fund domicile:	Switzerland
Fund management:	ARVEST Funds AG
Depositary bank:	ARVEST Privatbank AG
Accounting currency:	CHF (Swiss francs)
Issue/repurchase:	On any bank working day
Management fees:	0.80 % p.a.
Profit sharing:	10% of the annual net asset growth. Any losses must first be compensated before any further profit sharing can take place.
Escrow fees:	0.15 % p.a.
Issue commission:	2 %
Auxiliary costs:	1 % for issue and repurchase (in favour of the fund)
Repurchase commission:	None
Sales:	Sales only in Switzerland

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