

Investor Info

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ARVEST Funds AG

ARVEST GLOBAL STARS FUND *The global stock fund with active management*

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Quarterly Report from Fund Manager
Beyzade Han

Performance from 03/10/00 to 30/09/09 in CHF



General market environment



For most market participants, the world economy is still in a recovery phase. Consequently, the bulls are dominating the marketplace. It's not hard to imagine that this optimistic outlook is accompanied by a worsening job market, long known to be one of the lagging indicators of a change in the economy. Overall, record-low interest rates coupled with a lack of inflationary pressure create an ideal environment for rising stock prices, as these conditions allow government measures for combating an economic crisis to actually be implemented. Traditional demand stimulus programs, much beloved by governments in their various forms (such as cash for clunkers programs), during an inflationary phase would only boost rising prices even further. That isn't to say that implementing these measures in phases without inflationary pressure makes sense (see my monthly report

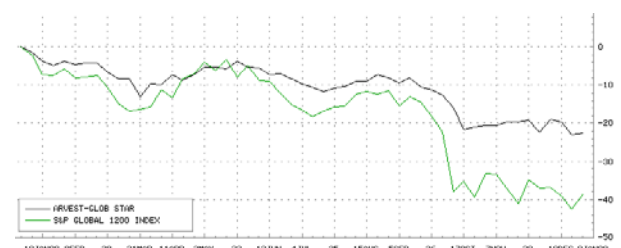
from February 2008). They merely appear not quite as obviously absurd.

In an irony of the times, contrary to numerous Western economic experts, it was a former senior member of the Chinese Communist Party elite, Chen Siwei, who described the cause of the crisis in the simplest terms: "The US spends tomorrow's money today. We Chinese spend today's money tomorrow."

The ARVEST Investment Committee remains of the position that the causes of the current crisis cannot be sustainably resolved through consumption stimulus programs or low interest rates alone. Symptomatic measures like those currently being adopted can, at best, help alleviate the unpleasant secondary effects of necessary global economic adjustment processes – this, however, at the expense of future generations.

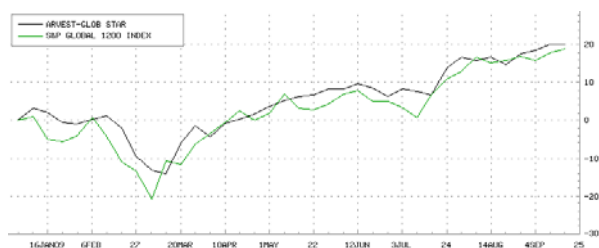
A look back

The stock market rebound that began on March 9, 2009, continued last quarter. The ARVEST Global Stars Fund was able to profit significantly from this positive development. The above chart shows that the fund has performed excellently versus its benchmark index since its inception. The two charts below illustrate why this has been the case. The first chart shows the percentage performance of the ARVEST Global Stars Fund in 2008:



The fund (black line) was defensively positioned at the beginning of 2008 due to pessimistic economic expectations. As expected, in its downward trend, it performed less poorly than its benchmark index, the S&P 1200 global stock market index (green line).

In return for reduced market risk, defensively positioned funds always perform worse than the market during phases in which prices are rising. The next chart shows the performance of ARVEST Global Stars versus its benchmark index for the current year 2009:



The chart shows that, in contrast with other defensively positioned funds, the fund managed to perform at least equally as well as the overall market. This is because the fund, thanks to its dynamic investment strategy, was oriented toward a possible recovery on the global markets at the right time. An inflexible fund with a rigid risk profile could have performed better only in upswing or only in downturn phases – but not in both phases equally.

As a result, from beginning of the year to September 30, 2009, ARVEST Global Stars was able to generate 21.5% growth, relatively outperforming its benchmark index by 2.1%. Since its inception in 2000, the fund has outperformed its benchmark index by +69.7%. Rating agency Morningstar has once again awarded the fund a maximum score of five stars.

Outlook and strategy

As mentioned above, record-low interest rates without inflationary pressure offer an ideal environment for the stock market. Securities rise in value, but only legitimately and sustainably, when real economic development can meet the expectations that are always

reflected in prices. The Investment Committee remains skeptical in this regard. The risk profile of the fund will thus remain below that of the global stock market for the time being.

October 2009, Beyzade Han

The ten largest share positions (in % of the total fund volume)

1. Novartis	4.2%
2. Walgreen	4.1%
3. Nokia	3.5%
4. Nong Shim	3.2%
5. Coca Cola	3.1%
6. Siam Cement	2.9%
7. 3M Company	2.7%
8. Glaxosmithkline	2.5%
9. Hoya Corp	2.4%
10. Total	2.4%
Total 10 largest positions	31.0%

Key figures - Arvest Global Stars Fund

Inventory value per share:	CHF 1,187.59 (30/09/09)
Fund volume:	CHF 28.4 million (30/09/09)
Securities number:	1,125,057
Fund domicile:	Switzerland
Fund management:	ARVEST Funds AG
Depository bank:	ARVEST Privatbank AG
Accounting currency:	CHF (Swiss francs)
Issue/repurchase:	On any bank working day
Management fees:	1.2% 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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