

Investor Info

News from
ARVEST Funds AG

ARVEST GLOBAL STARS FUND

The global stock fund with active management

Volume 10, Issue 1
January 2010

Quarterly Report from Fund Manager
Beyzade Han

Performance from 10/03/00 to 12/31/09 in CHF



General market environment



As usual, the final weeks of the past year were marked by the hustle and bustle of the holiday season. As consumers stormed the shopping centers, analysts were busy trying to formulate predictions for future economic developments based on the purchasing behavior of the shoppers. Statistics aside, the sheer endless masses that filled the shopping malls gave the impression that the economic crisis had long been overcome. Developments on the global stock markets conveyed a similar picture, the only difference being that anticipatory buying on the world securities markets began as early as in March. This was due in part to news from the US that most financial institutions had repaid

government bailout funds from the TARP program.

The fact that the government continues to provide extensive assistance to financial institutions in the form of nearly interest-free loans, government guarantees (especially Fannie Mae and Freddie Mac) and through the transfer of risk to so-called bad banks is damaging to the overall positive picture and consequently receives less and less mention.

Although according to estimates by the ARVEST Investment Committee the overall economic picture is less rosy than many have hoped, it is safe to say that the financial system has in the past year restabilized at least to the point where it can tolerate a negative event like the Dubai crisis without serious distortion (at least for the time being). However, despite seemingly normal credit terms, there remain no signs of self-sustaining recovery in the real economy without government intervention.

A look back

ARVEST Global Stars finished the year with a positive performance of +23.7%. While in 2008 the fund's investment level varied from 50% at the beginning of the year to 85% at the end of the year due to the ARVEST Investment Committee's initially conservative stance, in 2009 it fell within a narrower range from about 80% to 87%.

Despite the notably higher rate of stock investments, at no point in the past year was ARVEST Global Stars exposed to full market risk. Besides its cash level, the fund's

consistent focus on solidly financed value stocks and sector-based asset allocation also kept its volatility well below that of the market. The fund's annual performance was therefore within the scope of the World Stock Index.

It might sound like a repeat of last year, but in 2009, as in 2008, ARVEST Global Stars was once again awarded the maximum five-stars rating by Morningstar. The fund also remained ranked in Morningstar's lowest risk category – "low" – along with only eight of the 238 comparable stock funds. Over a three-year period, ARVEST Global Stars remains in first place among its comparison group and is at the same time the only fund that was able to generate positive returns.

Outlook and strategy

For 2010, the ARVEST Investment Committee shares the market consensus that expects continued real economic growth in the US and Europe. Nevertheless, in terms of the level of growth, we remain extremely skeptical, as the upcoming growth cycle will likely be shorter and/or weaker than previous cycles. Although financing terms for the overall economy should continue to improve in 2010, extraordinarily favorable terms like those seen before the crisis are not likely to return anytime soon. Weak growth expected in Western economic regions in the coming year will likely be insufficient for stimulating further sharp increases in stock prices. Even if the interest environment remains favorable for now due to continued low inflationary expectations for stocks (which can lead to ongoing speculative price increases), the Investment Committee no longer considers stock markets "inexpensive" as a whole. Although higher growth rates are still expected in Asia compared to the West in 2010, the risk of bubble formation (such as in the Chinese real estate market) cannot be overlooked.

For the stock markets, the new year promises to be not unlike a treacherous walk

through a minefield. I look forward to this challenge and am confident in our ability to generate added value for you in the new year through active management.

January 2010, Beyzade Han

The 10 largest stock positions (as a % of total fund assets)

1. Novartis	4.5%
2. Walgreen	3.9%
3. Ratchaburi Elec.	3.4%
4. Barrick Gold	3.4%
5. Coca Cola	3.3%
6. Nong Shim	3.1%
7. Siam Cement	3.0%
8. Nokia	3.0%
9. 3M Company	3.0%
10. Thai Union Frozen	2.9%
Total 10 largest positions	33.3%

Arvest Global Stars Fund Key Figures

Net asset value per share:	CHF 1,209.05 (12/31/09)
Fund assets:	CHF 29.0 million (12/31/09)
Securities No.:	1,125,057
Fund domicile:	Switzerland
Fund administrator:	ARVEST Funds AG
Custodian bank:	ARVEST Privatbank AG
Currency:	CHF (Swiss francs)
Issue/redemption:	Any bank working day
Administration fees:	1.2% per year
Profit sharing:	10% of annual net asset growth All losses must first be compensated for before profits can be distributed.
Custodian fees:	0.15% per year
Dividend commission:	2%
Additional fees:	1% upon issue and redemption (in favor of the fund)
Redemption commission:	None
Sale:	Sale in Switzerland only

ARVEST Funds AG

Churerstrasse 82 CH-8808 Pfäffikon SZ
 Tel. +41 (0)55 415 65 90 Fax +41 (0)55 415 65 99
 funds@arvest.ch www.arvest.ch