

Investor Info

News from
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 10/03/2000 to 03/31/2010 in CHF



General market environment



According to Heraclitus, you can't step into the same river twice. What the Greek philosopher was trying to say was that all things in life are in a permanent state of change. How true! Today, the stock markets serve as a barometer for measuring the intensity of this change precisely in the form of price fluctuations and volatility. Hardly a single relevant change occurs in real life that is not reflected in the stock markets.

For example, the recent health care reform act passed in the US, which will introduce European-style universal health insurance

coverage, triggered price changes in numerous securities. The losers in this scenario were the insurance companies, who in the future will no longer be able to deny coverage to new customers with costly preexisting conditions, among other changes. On the winners' side stood companies in the pharmaceutical industry, whose products will likely enjoy higher demand as 32 million more Americans become insured.

While these somewhat contradictory price changes within the health care industry may lead one to infer a differentiated point of view among of investors, projections for 2011 in many other sectors are already calling for price levels as high as those before the crisis. This is unjustified in my opinion, as problems have not been permanently corrected but merely directly or indirectly transferred to the government.

Just like Heraclitus' theory, one could say the financial market never stays the same: Sometimes it reacts rationally, as in the case of the health care reform act mentioned above, and other times past positive performance is again over-euphorically linearly extrapolated into the future. At least one thing is certain: the ambivalent behavior of the financial market is not going to change anytime soon.

A look back

Last quarter, several securities transactions were conducted, primarily in the Asian region:

Thai Union Frozen is Thailand's largest processor of seafood and the world's second largest processor of tuna. After purchasing shares in Thai Union Frozen for the fund in 2007 at around THB 23.50, in 2008 I was able to capitalize on market pessimism and acquire additional shares at an even lower price of approximately THB 19.00. All shares in the company were resold in January and February at prices ranging from THB 34.00 to 35.50.

Since 2007, the fund has been invested in shares of Toyota, which has proved to be a disadvantage considering its overall performance. However, despite current problems with its brake technology, Toyota is generally a producer of high-quality vehicles and will remain a technology leader in the automobile industry. Based on the long-term investment horizon of the ARVEST Global Stars Fund, I have used the temporary flow of negative news about the company to scale up our acquisition of Toyota shares significantly.

Shiseido is an internationally active Japanese manufacturer of cosmetics and hair care products in the luxury segment and one of the world's oldest companies in the industry. I have invested in shares of this company based on its continuously expanding market share in China as well as its opportunity to profit from a possible increase in the value of the renminbi.

ARVEST Global Stars ended the last quarter with a positive performance of +5.7%, outperforming its benchmark, the S&P Global 1200, by 1.5% in spite of ARVEST Global Stars' lower exposure to market risk.

Outlook and strategy

Stock markets rebounded sharply in the last twelve months. Nevertheless, the ARVEST Investment Committee does not expect past price rallies to continue at the same pace. This would require not only the sustainable stabilization of the financial sector but robust growth in the real economy as well. This

remains unlikely, particularly after a recession triggered by the financial market.

Strong growth prospects will continue to exist primarily in the Asian region, barring any extraordinary disruptions. The geographic distribution of ARVEST Global Stars assets has been adjusted in the last several months. Asia (including Japan) now accounts for 40.7% of investments followed by Europe (34.7%) and the Americas (24.5%).

April 2010, Beyzade Han

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

1. Novartis	4.1%
2. Toyota Motor Corp.	3.8%
3. Walgreen	3.7%
4. Nokia	3.4%
5. Ratchaburi	3.4%
6. Barrick Gold Corp.	3.1%
7. Coca Cola	2.9%
8. 3M Company	2.8%
9. Nong Shim	2.8%
10. Ricoh	2.7%
Total 10 grösste Positionen	32.7%

Key figures - Arvest Global Stars Fund

Inventory value per share:	CHF 1'278.33 (31/03/10)
Fund volume:	CHF 31.6 Mio. (31/03/10)
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:	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

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