

Investor Info

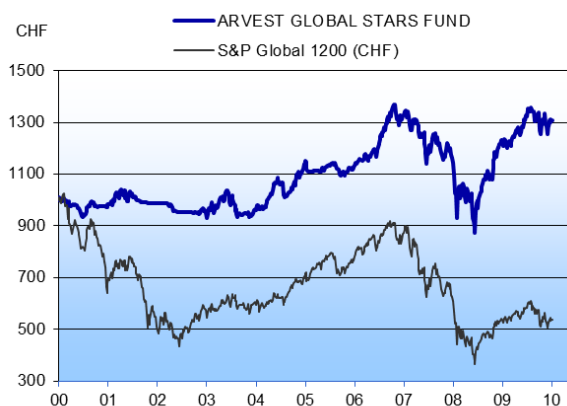
News from
ARVEST Funds AG

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 9/30/2010 in CHF



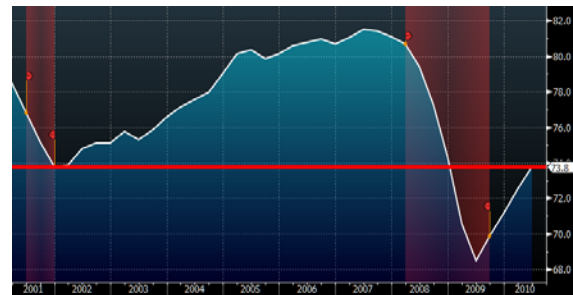
General market environment



Last month, the National Bureau of Economic Research (NBER) officially declared the end of the recession in the US retroactively as of June 2009. But although the US overcame the recession 15

months ago, unemployment remains very high at 9.6% currently. This is primarily due to the fact that the last recession was one of the most severe since the end of the Second World War, not only because it lasted with a duration of 18 months longer than all the others, but also because such a sharp downturn in economic activity had never been seen in past recessions. For example, in June 2009, US industrial capacity utilization was at a post-war record low of just around 68.5%. It's now back to, most recently, 74.7%. In comparison, the

lowest utilization rate the recession before last in 2001 was 73.8%. Despite its recovery since June 2009, the US economy still finds itself at a level comparable to the typical lowest of lows of earlier recessions (see chart below).



Graphic: US capacity utilization 2001-2010

This is in line with the analysis of Richard C. Koo, Chief Economist at Bank Nomura. Koo believes that the economic recovery since June 2009 has merely neutralized the negative effects associated with the collapse of Lehman Brothers.

A look back

The past quarter saw a few shifts in the ARVEST Global Stars Fund portfolio, including the purchase of new equities in Vestas Wind Systems and Applied Materials and the complete divestment of Richemont Luxury.

Vestas Wind Systems has been mass-producing wind turbines since 1980. With over 35,000 turbines in 63 countries and a market share of over 20%, the Danish firm has since become the world's largest manufacturer of wind turbines. Its stock had long been completely overvalued due to the euphoria surrounding alternative energies. At its peak,

the price of the stock reached DKK 700 with a P/E ratio of 50. After a recent drop of about 70%, I decided to purchase this stock based on its now fair valuation and the very positive growth opportunities offered by environmentally-friendly wind energy both now and in the future.

Silicon Valley-based Applied Materials, with around 15,000 employees, is the world's largest manufacturer and provider of products and services in the semiconductor industry. This stock was purchased primarily on the expectation that the company will profit from the thawing of a recession-based investment freeze in the semiconductor industry. Secondly, the company generates 2/3 of its sales in the attractive Asian markets.

Not much needs to be said about Richemont. Most of you should already be familiar with the Swiss luxury goods producer, with its well-known brands like Cartier or Montblanc. After acquiring the stock for the first time in 2008 and buying additional shares at the low point of the recession in April 2009, I was able to generate a 28% profit from the sale of the stock.

Since the beginning of the year, ARVEST Global Stars has shown positive performance, growing by 4.3%. By contrast, its benchmark index, the S&P 1200, fell 4.4% during the same period. Our active investment strategy allowed us to generate a relative outperformance of 8.7%. Since its launch in 2000, the fund's relative outperformance has been around 77.6%. I am very pleased with this development, especially since the fund will celebrate its tenth anniversary on October 4, 2010!

Outlook and strategy

As mentioned in the last edition of Investor Info, the ARVEST Investment Committee continues to assume that growth in industrialized nations will remain weak over the coming quarters. The official announcement of the end of the recession in the US has had zero impact on this estimation. On the other hand, many analysts have high expectations for cyclical

corporate earnings performance, which, should they fail to materialize, could lead to disappointment and negatively impact the market.

Until further notice, the risk profile of ARVEST Global Stars will remain at the current constructive but defensive level. In the event of a significant downturn in stock prices, an adjustment will be considered.

October 2010, Beyzade Han

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

1. Novartis	4.1%
2. Total	3.5%
3. Nong Shim	3.5%
4. Barrick Gold Corp.	3.4%
5. Ratchaburi	3.4%
6. Toyota Motor Corp.	3.2%
7. Walgreen	3.1%
8. Nokia	3.1%
9. Ricoh	3.0%
10. Coca Cola	2.9%
Total 10 largest positions	33.2%

Key figures - Arvest Global Stars Fund

Inventory value per share:	CHF 1'251.07 (30.09.10)
Fund volume:	CHF 31.7 million (30.09.10)
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

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