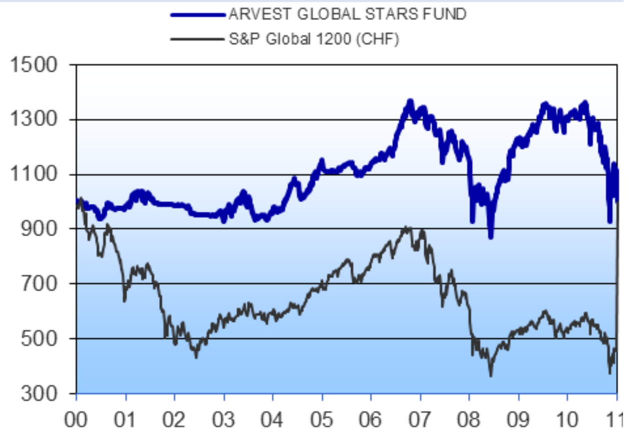
ARVEST

October 2011 | Issue No. 79

Investor Info
ARVEST Global Stars Fund

The global stock fund with active management

Performance from 10/04/2000 to 09/30/2011 in CHF



General market environment

The most recent recession in the USA began, according to the NBER[1] in December 2007 and ended in mid-2009 following massive currency and fiscal policy measures. Until mid-2008[2], which, as we now know, represented the middle of the crisis, most market participants were still so optimistic that all signs of recession were ignored, or at best interpreted as minor slowdowns in growth. Only after the middle of 2008 could reality no longer be denied, and stock market prices collapsed across the board. Before this collapse, the optimism of many market participants was based on an extrapolation of the extremely positive market growth since early 2003. Today, on the other hand, we are faced with a different situation. Most investors today still feel the panic of the stock market crash of 2009, so it is not surprising that market participants are much more sensitive to negative trends today. Initial signs of slowing growth have already led to a 20% drop in stock prices worldwide over the past two months. In comparison, stock prices dropped fully 40% after the dot-com bubble burst in 2000. We can therefore assume that current stock pricing already incorporates a certain level of pessimism, but not yet, certainly, the worst-case scenario of a new dramatic financial crisis like that of 2008/2009. In the case that the developed industrial countries will merely be faced with a minor recession, current market valuations offer interesting buying opportunities under careful selection conditions.

[1] National Bureau of Economic Research
[2] The NBER first acknowledged the start of the recession in hindsight on 12/01/2008.

A look back

Over the past quarter, the ARVEST Global Stars Fund portfolio underwent various adjustments to reflect ARVEST's anticyclical investment approach. Primarily defensive stocks (Coca Cola, Colgate-Palmolive, part of China Mobile, Telstra, Ricoh) were sold. We took advantage of market participants' risk aversion to purchase undervalued cyclical stocks from emerging countries (Gazprom, Vale SA, Micron Technology, Samsung).

Vale SA is likely as well known to most investors as Gazprom, in which the fund had already invested from 2008 to 2009. Vale currently has

100,000 employees and is the largest iron ore producer in the world. In addition to iron ore, the company produces nickel, copper, gold, silver and fertilizer. Because the company's business is highly dependent on trends in the global economy, the share price had shown significant correction based on recent growing uncertainties. However, we believe that despite short- to medium-term dangers for global economic growth, the trend towards intensive demand for raw materials in emerging countries seeking higher living standards will continue. The long-term conditions for a broad-based raw materials supplier like Vale therefore remain positive, which is why I chose to buy this stock.

Despite this regrouping into more cyclically oriented investments, ARVEST Global Stars Fund maintains primarily defensive positioning. The financial sector will stay also in the future significantly underrepresented in the portfolio, for example.

For Q3 2011, the fund registered a small relative outperformance of +4.9% compared with the global stock index. Absolute performance since the start of the year registered -14.5% at end-September 2011, while the S&P 1200 global stock index was at -16.4%. With its defensive positioning, the fund performance should have been less negative. However, overall performance this year was unexpectedly heavily impacted by the natural catastrophe in Japan and the bad performance of a few Chinese stocks. Nevertheless, we assume that the valuation of these shares will normalize again.

Outlook and strategy

As mentioned in earlier publications, the ARVEST investment committee expects an economic slowdown that will likely lead to a slight recession. We do not expect upheavals comparable to those in 2008/2009, however. An orderly restructuring of the Greek debt is already anticipated by the markets, and should not lead to the type of chaotic circumstances that the Lehman Brothers collapse incurred. A decrease in the global growth rate could also have the positive effect of countering inflationary pressures that are currently rising, with particular impact on developing economies. This reduces the likelihood of interest rate increases by central banks, which generally have a negative effect on economic growth and financial markets.

Beyzade Han, MBA
Fund Manager

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

1.	Nong Shim	4.9%
2.	Novartis	4.5%
3.	Total	4.3%
4.	Toyota Motor Corp.	4.0%
5.	Walgreen	3.4%
6.	Gazprom	3.3%
7.	China Mobile	3.1%
8.	Takeda Pharmaceutical	3.0%
9.	Nestle	3.0%
10.	GD Electric Power	2.9%
Total 10 largest positions		**36.4%**

Key figures - ARVEST Global Stars Fund

Inventory value per share:	CHF 1,052.42 (09/30/11)
Fund volume:	CHF 34.3 million (09/30/11)
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 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 favor of the fund)
Repurchase commission:	None
Sales:	Sales only in Switzerland

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