ARVEST

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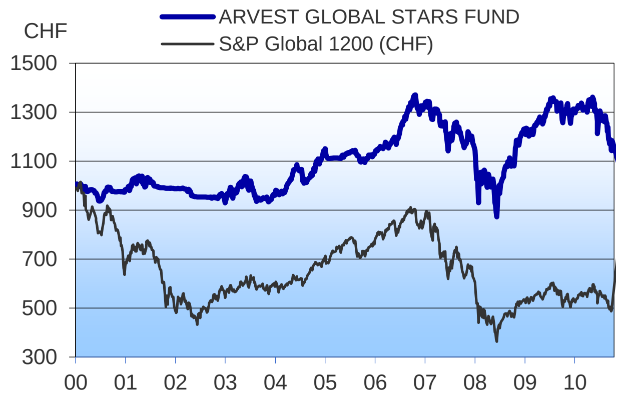
Investor Info
ARVEST Global Stars Fund

The global, actively managed stock fund

Performance from 10/04/2000 to 06/30/2011 in CHF



General market environment

The macroeconomic data show that the growth of the global economy slowed somewhat during the second quarter. The downturn in growth rates was particularly evident in the industrialized nations. The Japanese economy weakened as expected due to the negative effects of the natural catastrophes in March. In addition, no positive growth was forecast for the peripheral euro countries due to the debt crisis – if anything, you might be glad if the situation there doesn't get worse. On the other hand, signs of a slowdown in growth in the US were met with greater caution. The most important question being asked right now is whether the economic downturn is temporary or whether it could lead, in the worst case scenario, to another recession. On the stock markets, the notable optimism felt at the beginning of the year appears to have faded somewhat. As a result, stock prices in April began to sag noticeably. Internationally focused investors with CHF as their base currency were additionally impacted by the increased value of the Swiss currency and the already negative performance of the portfolio.

A look back

In the past quarter, shares of Cisco Systems and Yingli Green Energy were acquired, with no existing securities sold. Thus, the proportion of stocks in the portfolio rose from 82.7% to 87.6%.

Cisco Systems, a US-based IT firm founded in 1984 with around 71,000 employees, is by far the world's largest computer networking provider. With its products and services, the company ensures the functionality of a large part of the worldwide internet infrastructure. An estimated 2/3 of global data traffic runs over Cisco technology. I added shares of the company to the portfolio after the price of the stock fell by about 35% from its peak of USD 27 in 2010, returning to a fair valuation. There is a good chance that the price of this stock will increase, as the company is investing heavily in research and development (around USD 5 billion a year). This should allow it to maintain its technological competitive advantages (despite gloomy predictions) and continue to profit from a steady increase in data volume on the internet.

Yingli Green Energy is one of China's few large photovoltaic manufacturers, with over 11,000 employees. Because the company is vertically integrated, it can guarantee higher product quality than many European competitors thanks to its greater influence over the supply chain. Despite its Chinese roots, the company generates 82% of its sales in Europe. However, it expects the proportion of sales from both the US and China to grow significantly as early as this year. The recent decision by Germany to abandon nuclear energy should also increase its growth chances in Europe. However, because the company operates in a very strong, dynamic and highly government-subsidized market, its weight in the portfolio was kept relatively low due to its high risk profile.

At the end of the first quarter of 2011, the ARVEST Global Stars Fund underperformed its benchmark by -3.6%. The downward trend was reversed only slightly in the second quarter by 0.6% to -3% despite the overall defensive positioning of the fund. This was caused primarily by an unexpectedly sharp drop in the prices of a few securities. However, the underlying events and conditions were no surprise to us. In response, we chose not to reduce our positions. Rather, we now see the potential for recovery as greater than ever. The absolute performance of the portfolio since the beginning of the year was -9%, versus the -6% posted by the S&P global stock index. Since the launch of the fund in October 2000, it has outperformed the market by +67%.

Outlook and strategy

The ARVEST Investment Committee expects the economic recovery to continue – albeit at a slower pace than expected in the market – despite ongoing risks in the US and in Europe. China and other up-and-coming national economies are indeed in advanced stages in terms of their economic cycles. However, even there the Investment Committee expects no sharp corrections in the short term. For this reason the previous strategy will be continued with no significant adjustments.

Beyzade Han, MBA
Fund Manager

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

1. Nong Shim	4.9%
2. Total	4.4%
3. Novartis	3.9%
4. Toyota Motor Corp.	3.8%
5. China Mobile	3.7%
6. Coca Cola	3.5%
7. Ratchaburi	3.5%
8. Walgreen	3.5%
9. Huaneng Power	2.7%
10. Nestle	2.7%
Total 10 largest positions	**36.6%**

Key figures - Arvest Global Stars Fund

Inventory value per share:	CHF 1,120.37 (30.06.11)
Fund volume:	CHF 39.8 million (30.06.11)
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 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