ARVEST

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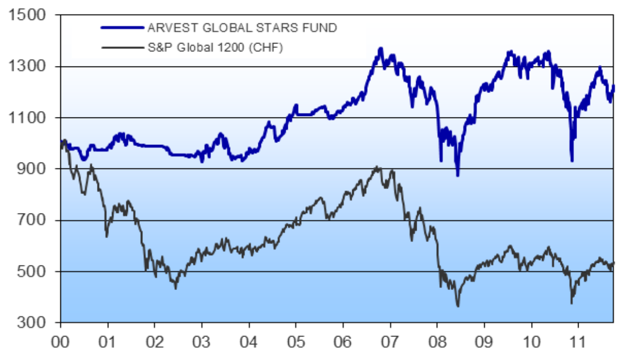
Investor Info
ARVEST Global Stars Fund

The actively managed global equity fund

Performance 04.10.00 to 29.06.12 in CHF



General market environment

Although the victory of the conservative party, Nea Dimokratia, in the Greek elections brought relief to the financial markets, this barely lasted longer than an ice cream in the blazing midday sun. Even if Greece's problems were not caused by mistaken policies, they can no longer be put right again by new, better political decisions. A new government will also be confronted with the same problem that, since joining the euro area, competitiveness has suffered due to the significant increase in unit labour costs. As an external devaluation of the currency is not possible in the case of Greece, this loss of competitiveness can only occur over the medium-term through an internal conflict-prone devaluation.

However, something more than just a Greek solution is required in order to normalise the financial markets. Meanwhile most market observers agree that the European financial crisis, which is placing an increasing burden on the real economy, can only be solved, at least partially, by a pan-European banking system. At the same time, this step would result in the introduction of a fiscal union in the eurozone that is being demanded by the financial markets. This would reduce the risk that teetering candidates such as Spain and Italy will enter into the same stormy waters as Greece and Portugal. Whereas Europe is mainly dominated by negative headlines, the information flow to the USA is more heterogeneous. However, whereas the US economy seems to be losing impetus again, there are also bright spots that give reason for somewhat more hope. The US real estate market, where the fundamentals of recent months are indicating a bottoming out of the construction industry, is particularly worthy of mention in this connection.

Review of the Fund

Huaneng Power is one of the larger independent electricity producers in China. Following my initial investment in the company in 2009, I continued to increase the holding up to the end of 2010. The average purchase price was some USD 23.15. The company was interesting due to its defensive character and the high dividends. The shares were sold at the end of June at a price of USD 29. In addition, a dividend of some USD 2 per share was paid on average during the total holding period, resulting in a total yield of over 30%.

The Uni-President holding was also sold, which was bought cheaply in March 2011 at a price of HKD 3.74. Uni-President is one of the leading

Chinese food manufacturers with a focus on tea beverages, fruit juices and instant noodles. As the products are mainly placed in the low- and mid-end markets, I invested in this company to benefit from the increase in domestic purchasing power. An excellent return of over 80% was generated on the sale of the shares at an average price of HKD 6.87. However, for the sake of completeness, it is worth mentioning at this point that a similar investment was made in Chaoda Modern Agriculture. To date, the latter investment has proved to be extremely unprofitable and trading in the share continues to be suspended. We are continually monitoring the situation.
The increase in the Vallourec holding in the last quarter (market leader in the premium seamless pipe segment for the energy sector) has also not proved to be worthwhile. The share was acquired, as are many fund investments, on the basis of an investment horizon of over three years.

The Fund recorded a negative performance of 2.3% in the last quarter. The benchmark index, the S&P 1200, performed slightly better in the same period at a negative 1%. The ARVEST Global Stars Fund still has outperformed this index by 68.8% since its launch.

Outlook

Most of the stock exchanges, especially the Southern European exchanges, continue to record very sharp falls due to the economic problems being experienced by various national economies. The withdrawal of Greece from the Eurozone has already been factored into the markets for the most part. On the other hand, a possible collapse of the currency union is hitherto not yet anticipated by the markets. The Investment Committee shares this opinion and is also not expecting the euro to collapse. However, the risk of a global economic downturn has increased, which is why most commodity prices have decreased. However, the Investment Committee is not expecting a sustained fall in prices, as the global economy is still on a growth path, albeit a precarious one, despite the European problems. A too strong decline in China's economic output could also be successfully combated by interest rate reductions and stimulation packages.
Successful inasmuch as the Chinese state, in contrast to other countries, has also the room for manoeuvre required to achieve this in an emergency without having to obtain foreign help.

On behalf of the Invest Committee
Beyzade Han, MBA
Fund Manager

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

1.	Toyota Motor Corp.	4.4%
2.	Novartis	4.3%
3.	GD Electric Power	3.8%
4.	Lukoil Oil Company	3.6%
5.	China Mobile	3.3%
6.	Vallourec	3.2%
7.	Vale	3.1%
8.	Gazprom	3.1%
9.	Nestle	3.0%
10.	Total	3.0%
Total 10 largest positions		**34.8%**

Key figures ARVEST Global Stars Fund

Inventory value per share:	CHF 1,144.71 (29/06/12)
Fund volume:	CHF 37.7 million (29/06/12)
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:	max. 5%
Auxiliary costs:	0.5% for issue and repurchase (in favour of the Fund)
Repurchase commission	None
Sales:	Sales only in Switzerland

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