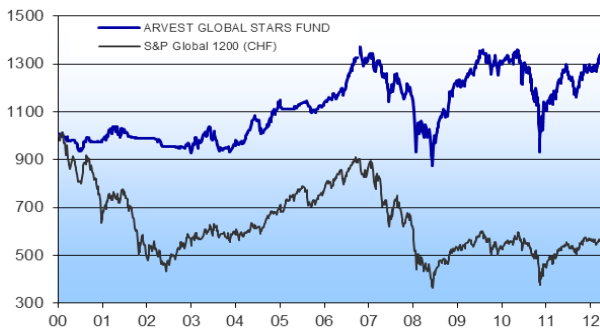




## The actively managed global equity fund

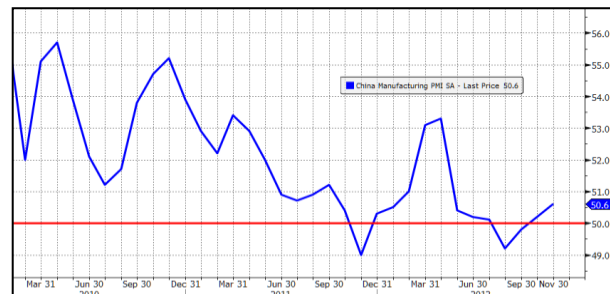
### Performance 10/04/00 to 12/31/12 in CHF



### General market environment

Despite the risks associated with the so-called “fiscal cliff” in the US, the markets appear to be reacting more calmly than the media reporting on the situation. This has not often been the case since the onset of the financial crisis. However, the fact that the markets are exhibiting less fear than normal is probably based on the experiences of the last several years. In light of the dramatic events of the past (with the looming threat of a collapse of the Western economic system similar to that of the Soviet one), a US-specific problem such as this one, which could be solved at any time through a compromise between the Democrats and Republicans, seems less terrifying. A solution appears realistic, as neither the current administration nor the opposition stands to benefit from a breakdown in negotiations. Glimmers of a solution to the European problem are also starting to appear on the horizon. The European Central Bank’s

announcement that it will use all available means to defend the euro has sparked renewed trust in the common currency. This creates the right environment for the European economic zone to climb back out of the recession more quickly. But don’t get me wrong: monetary policy alone will certainly not be enough to sustainably combat the recession. Even in Asia, the news is largely positive. While just a few quarters ago it was



still completely unclear whether the Chinese economy was headed for a hard landing, positive signs (see for example the above China PMI graph) are now beginning to increase, raising hopes that economic growth will regain its momentum with the help of state economic measures.

### Fund review

In the past quarter, we sold all our shares in Nongshim and People’s Food, among others. I had previously purchased the now-sold shares of Nongshim back in May 2012 at a price of KRW 215,000. Later, when the price of the stock began to skyrocket, I used that opportunity to sell off the position at KRW

279,000, or 30% above the original purchase price.

Shares of **People's Food**, on the other hand, were held longer. The now-sold shares had been purchased in two phases, once in May 2009 and again in March 2010. Our patience with this stock paid off. By selling these shares, we were able to generate a gain on our investment of over 77% (adjusted for currency and including dividend earnings).

We began purchasing shares of **Shanghai Electric** back in Q4 2011 (see Investor Info, Issue 82). However, I did not acquire as many shares as I would have liked given my limited buying order. In the past quarter I finally had the opportunity to purchase additional shares. Other new stocks purchased included **Tesco** (the world's third-largest retail chain based in the UK), **Wilmar** (the largest vertically integrated Asian agricultural company), **Geox** (Italian manufacturer of breathable shoes) and **Microsoft**.

The ARVEST Global Stars fund ended the last year with a positive performance of +12.4%. Its benchmark index, the S&P 1200 performed slightly worse during the same period (in CHF) at +10.7%. Since its launch in October 2000, the fund has shown a relative outperformance of +78.2% and an absolute performance of +34.4%. I am especially pleased to report that thanks to the good performance nearly all of our investors, regardless of the time of their investment, are now in the profit zone.

## Outlook

Based on improving conditions, the ARVEST Investment Committee is optimistic about the future. Global economic conditions should continue to stabilize even further versus 2012. However, we remain cautious given the many acute problems that persist. The recent positive performance of the stock market is not the sole indicator of what is happening in the real economy. Many of these higher stock

prices are certainly attributable to the unconventional low interest rate policies of the

central banks. For this reason alone, we have not entirely succumbed to the euphoria surrounding market expectations for 2013.

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	4.2%
3.	GD Electric Power	4.0%
4.	Vale SA	3.8%
5.	Shanghai Electric Group	3.8%
6.	Lukoil Oil Company	3.7%
7.	Vallourec	3.5%
8.	Gazprom	3.3%
9.	Walgreen	3.1%
10.	China Mobile	3.0%
<b>Total 10 largest positions</b>		<b>36.8%</b>

### Key figures - ARVEST Global Stars Fund

Inventory value per share:	CHF 1,256.85 (12/31/12)
Fund volume:	CHF 41.9 million (12/31/12)
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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