ARVEST

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Investor Info
ARVEST Global Stars Fund

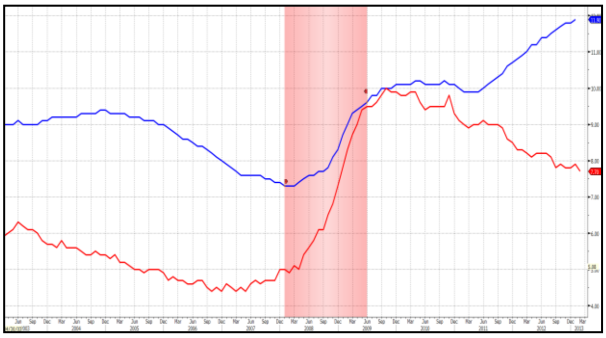
The actively managed global equity fund

Performance 04.10.00 to 29.03.13 in CHF

General market environment

The strong stock market performance in the USA is still primarily attributable to the continuing central bank policy of cheap money and the fiscal policy. The actual real economy is lagging behind. Although the US economy is growing in contrast to the European economy and the unemployment rate is gradually falling, this growth is based on a significantly higher level of new borrowings than is the case in Europe. Even the automatic spending cuts are unlikely to change this debt problem. There is a risk that the US economic growth has been hardly self-sustaining until now and the stock market has priced in more positive aspects regarding future economic developments than is justified by this.

The situation in two-tier Europe with countries that are still growing and countries that are still or again in recession is not much easier. Two-speed Europe has not yet found a blueprint for reducing on a sustained basis the high centrifugal forces that continue to exist at the economic level. However, despite the events in Cyprus, the market players as a whole are more



Legend: Unemployment rate in the eurozone (blue) and USA (red) over 10 years

confident that the eurozone and therefore also the euro will not break apart. This is in line with our assessment.

Review of the Fund

Various transactions were executed in the past quarter. In the financial sector the entire shareholdings in Swiss Re und Münchener Rück were sold, whereas shares in Banco Santander were acquired for the first time. The shareholding in **Swiss Re** was built up in three tranches in August 2007, March and June 2008. A small overall profit, including dividend payments, of about 5% was generated on the complete liquidation in the shareholding. The exposure to Swiss Re has therefore not really paid off given the holding period of over five years and the risk incurred. The situation is different in the case of **Münchener Rück**. The shareholding was also acquired in three tranches, namely in February, March 2007 and October 2010. A profit of some 49% was generated on the sale of the shares. Half of the profit is attributable to the high level of dividend payments.

As is well known**, Banco Santander** has been suffering from the economic crisis in Spain. The shares of the company have been under considerable selling pressure for some time. However, the bank generates its profits not only in Spain. Due to the language proximity the bank also has a very strong presence in Latin America, where over half of its profits is generated. The geographical diversification should help it to overcome the economic stormy times in Spain, which is why I have decided to purchase the share which is admittedly not without risk. However, exposure to the financial sector has further decreased on an overall basis. The already low allocation decreased in the past quarter from 8% to a current level of only 5% despite the Banco Santander purchase. On the other hand, exposure to gold mine companies was further increased through the purchase of initial positions in **Barrick Gold** and **Newmont Mining**. In the past many gold mine shares have underperformed due to the lack of transparency regarding production costs. Following the significant price losses incurred in the past I consider reinvestment in this sector as an attractive opportunity, whereby I can imagine that the total allocation to gold mines could increase to up to 10% of the portfolio (currently approx. 7%). This investment strategy should be executed gradually and on a diversified basis.

Furthermore, the shareholdings in **Novartis** and **Walgreen** were sold at a profit, while new initial shareholdings were purchased in **Alcoa**, an American aluminium producer.

Outlook

As already mentioned, the general stock market performance in the past cannot be solely explained by real economic developments. It is partly attributable to measures taken to manage the crisis and which are still in force. The ARVEST Investment Committee is assuming that some markets have already priced in many positive aspects and the potential for correction has become greater in the event of any unpleasant surprises. This starting position is a strong argument for shifting investments from the USA to Europe and the emerging markets, where market assessments are more favourable. The Investment Committee still does not intend to generally reduce the equity allocation, as long as there are hardly any alternatives to investing in equities due to the low interest rate environment.

On behalf of the Investment Committee
Beyzade Han, MBA
Fund manager

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

1.	Toyota Motor Corp.	4.9%
2.	GD Electric Power	4.2%
3.	Vallourec	3.7%
4.	Lukoil Oil Company	3.6%
5.	Total	3.5%
6.	Gazprom	3.5%
7.	Shanghai Electric Group	3.5%
8.	Nestle	3.2%
9.	Vale	3.1%
10.	Roche	3.1%
Total 10 largest positions		**36.3%**

Key figures - ARVEST Global Stars Fund

Inventory value per share:	CHF 1'321.89 (29/03/13)
Fund volume:	CHF 43.5 Mio. (29/03/13)
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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