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Investor Info
ARVEST Global Stars Fund

The actively managed global equity fund

Performance 04.10.00 bis 31.12.13 in CHF

General market environment

The positive reaction of the financial markets to the tapering announced by the Fed surprised some investors. After the equity markets rose over a protracted period, fanned in particular by a loose monetary policy of the Fed, the conclusion was drawn that a reduction in the expansive monetary policy, as was still feared in the summer, would have an adverse impact on the markets. The opposite occurred. The equity markets reacted by posting price gains. Either it was feared that the economy would be slowed down more sharply by the Fed or, this time, the good assessment of the US economy by the Fed was taken at face value. The bond markets hardly reacted at all and yields at the long end of the US interest rate curve continued to remain at the low level of 2.9%. It is to be expected that the financial markets will also react in future less to the tapering but rather to interest rate decisions and changes in the interest rate forecasts of the central bank, which are not anticipated to occur for the time being. Even the USD hardly benefited from the Fed announcement. Its external value remained unchanged on a trade-weighted basis.

Review of the Fund

The portfolio of the ARVEST Global Stars Fund was not realigned in the past quarter. A realignment is only required if the ARVEST Investment Committee identifies fundamental changes in the market and economic environment. The tapering announced in the USA is in fact so modest that significant portfolio adjustments are therefore not necessary.
At a geographical level the shifting of investments towards Europe, which is still favourable in terms of valuations, was continued. The Europe exposure increased from 30% to a current level of 37% during the past quarter. On the other hand, the Asia exposure (excluding Japan) fell significantly from 31% to 19%. However, the latter change is not a result of a shift in opinion. The ARVEST Investment Committee is still convinced that both Asia and Europe offer better investment opportunities compared to the USA. The reduction in the Asia exposure is mainly attributable to the decision made by our fund company to change the custodian bank, which was completed by the turn of the year. As securities are transferred

from one bank to another on a change of custodian bank, some Asian stocks, which could not be transferred, had to be reduced.

ARVEST Global Stars ended the past year with a positive performance of +6.6%. Over the same period the performance of the S&P 1200 as the benchmark index was significantly better at +19.4%. The reason for this underperformance was, in retrospect, the too early alignment to the Energy and Materials sectors in addition to the exposure to gold mining companies. These two sectors always benefit from an upswing in the economy, as this is always accompanied by increased consumption of energy and raw materials. However, the recovery in the global economy has not yet reached a level that could have the effect of driving up prices in the commodity markets. However, we will also maintain in future our overweighting in both sectors, as we are convinced that our investors will sooner or later benefit from this strategic portfolio alignment of the ARVEST Global Stars Fund.

Since its launch in October 2000 the Fund has outperformed the S&P Global Equity Index by +76.2% in relative terms and recorded an absolute performance of +43.3%.

Outlook

The ARVEST Investment Committee expects that the real economic trends in the most important national economies will continue to strengthen worldwide in 2014. We consider the probability of a recession, especially in the USA, as negligible. However, it would be too easy to conclude that the equities markets should also be able to benefit in 2014 from this positive development. Relevant market corrections may well be caused by other factors as well. In any event, the past extremely positive developments in the equity markets combined with the meanwhile high profit expectations for companies has increased the risk of price corrections. The higher the expectations of investors, the more difficult it will be to meet them and the greater the disappointment could be. 2014 could be a difficult stock exchange trading year, especially for North America, due to high valuations and profit expectations. However, from a global perspective, there is some evidence to suggest that it will also be worthwhile in 2014 to invest primarily in equities despite the various risks.

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

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

1.	Gazprom	6.4%
2.	Shanghai Electric Group	5.8%
3.	Total	4.8%
4.	Roche	4.7%
5.	Lukoil Oil Company	4.5%
6.	Vallourec	4.5%
7.	Toyota Motor Corp.	4.4%
8.	China Mobile	4.2%
9.	Vale	4.2%
10.	Nestle	4.0%
Total 10 largest positions		**47.5%**

Key figures - Arvest Global Stars Fund

Inventory value per share:	CHF 1,327.92 (31.12.13)
Fund volume:	CHF 26.0 Mio. (31.12.13)
Securities number:	1,125,057
Fund domicile:	Switzerland
Fund management:	ARVEST Funds AG
Depositary bank:	Swissquote Bank SA
Accounting currency:	CHF (Swiss francs)
Issue/repurchase:	weekly
Management fees:	1.2% p.a.
Profit sharing:	10% if any previous losses against the High Watermark were compensated.
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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