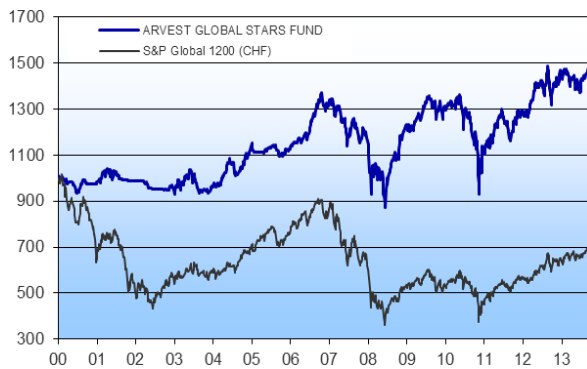




The actively managed global equity fund

Performance 04.10.00 to 30.06.14 in CHF



General market environment

Market confidence has increased again over recent months. This trend was also not affected by the recent surprisingly poor economic output figures in the USA. The most recent estimates for the first quarter show that the US economy shrank at the beginning of the year by 2.9% on an annualised basis. However, as the downturn is mainly attributable to weather-related factors and the economic outlook is still positive, market participants have rightly not panicked. This attitude is based on the general perception that the future, and not the past, is traded on the stock exchange.

The conflict in Ukraine also resulted in only short-term aggravation on the markets. Even though the conflict has not yet been resolved, the view that both Russia and the West are

not interested in any new proxy war in Ukraine seems to be hardening due to the economic ties.

The reaction of the financial markets to the events mentioned shows that the majority of investors still consider the risk of a market correction as being fairly low in the near term, particularly as the Southern European periphery countries are showing signs of recovery. Only developments in China are giving cause for concern, as it is not clear whether greater problems could manifest themselves in the real estate sector as a result of the economic slowdown.

The calmness of the market participants is generally welcome, as it can contribute to reduce the irrationality exhibited by the financial markets. However, whether the current calmness and confidence regarding future stock market trends can actually be rationally justified given the massive unconventional measures still being taken by the central banks is a different issue.

Review of the Fund

Only four relevant transactions were executed in the entire past quarter, whereby positions were reduced in each case.

I invested in **Banco Santander**, the Spanish bank, in March 2013 (see Investor Info April 2013, issue no. 89 for the reason), at a time when the majority of investors had very little interest in the company. Following the purchase dividends were always paid in the form of shares for tax purposes. As the stock has performed very well since then with an overall performance of 48%, I decided in April to further reduce the holding in the stock. The stock is no longer cheap at the current price level. However, the dividend yield of over 6% is still very attractive and is likely to appeal to other investors in the current interest rate environment. However, the share should not be seen as an alternative to bond investments.

As was the case with Banco Santander I built up a larger position in the American aluminium producer, **Alcoa**, in March 2013. Following an initial partial sale in March 2014 I sold further positions in May 2014 realising an overall profit of 56% with the last partial sale.

In addition, sub-positions in **Total** and **Nestlé** were also sold at a considerable profit on the basis of rebalancing considerations.

The share ratio in the ARVEST Global Stars Fund decreased in the past quarter from 94% to the current level of 91% due to these partial sales.

Outlook

The outlook of the ARVEST Investment Committee also remains constructive for the equity markets for the coming months, not least because of the lack of alternatives, whereby the geographical allocation will be crucial for the future performance. In view of the high valuations in the USA it is recommended that investments in this region are gradually reduced in favour of other regions. Asia, amongst others, is one of the more at-

tractive regions, as the ARVEST Investment Committee does not expect an economic collapse or any other serious turmoil despite the economic slowdown in China

On behalf of the Investment Committee

Beyzade Han, MBA

Fund manager

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

1.	Gazprom	7.0%
2.	Shanghai Electric Group	7.0%
3.	Toyota Motor Corp.	4.7%
4.	Lukoil Oil Company	4.6%
5.	China Mobile	4.3%
6.	Banco Santander	4.2%
7.	Takeda Pharmaceutical	4.1%
8.	Vallourec	4.0%
9.	Vale	3.8%
10.	Roche	3.8%
Total 10 largest positions		47.5%

Key figures ARVEST Global Stars Fund

Portfolio value per share:	CHF 1'357.84 (30/06/14)
Fund volume:	CHF 23.8 million (30/06/14)
Securities number:	1,125,057
Fund domicile:	Switzerland
Fund management:	ARVEST Funds AG
Custodian bank:	Swissquote Bank SA
Accounting currency:	CHF (Swiss francs)
Issue/repurchase:	Weekly
Management fees:	1.2% p.a.
Profit sharing:	10%, if previous losses were offset against the high-water mark
Custody fees:	0.15% p.a.
Issue commission:	max. 5%
Ancillary costs:	0.5% 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

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