



## The actively managed global equity fund

### Performance 04.10.00 to 31.12.14 in CHF



### General market environment

The unexpected sharp decline in prices on the international oil markets caused a huge surprise. Although economists had correctly predicted that the demand for oil would increase less steeply in a weaker global economy, hardly anyone had anticipated that the oil producing countries would not respond to this situation by reducing supply as they had done in the past.

Why the oil producing countries failed to or did not want to reach an agreement remains unclear. However, it is likely that, besides economic reasons (combating competitors), political reasons could also have played a role.

Whereas the oil producing countries have to contend with significantly reduced revenues in this new price environment, low energy prices

are very positive for most of the importing countries. For example, the Ifo Institute now expects that the growth rate of the German economy will be higher by 0.25% in 2015.

How lower oil prices will affect the US economy is still unclear. Although the USA as an oil importer should also benefit from the lower quoted prices, it has also become a relevant oil producer in recent years. However, in contrast to other oil producers, production costs are so high that shale oil extraction should become considerably less profitable at the current quoted oil prices. Therefore, the US oil boom could soon be over again.

The ARVEST Investment Committee is assuming that the energy and raw materials supply shortfall, which was primarily caused by strong economic growth in China, has been overcome in the meantime. However, we do not expect that prices will again be subject to any further significant correction. In concrete terms, we are assuming that quoted oil prices will be significantly above USD 50 over the medium-term.

### Review of the Fund

Only two transactions were executed at ARVEST Global Stars during the entire last quarter.

After I started in the third quarter 2014 to reduce sub-positions held in the industrial group, Shanghai Electric (see Investor Info No. 95), I continued this in the fourth quarter 2014. A pleasing profit was again generated of 77% in local currency on the sale of a further 1.2 million shares. The total profit amounted to 84% in CHF.

The second transaction also involved a position reduction. The long-term investment strategy of ARVEST Global Stars can be very clearly seen in the transaction history of Toyota. The shareholding in Toyota was built up over a period of 4 years: October 2007 (price 6,050), April 2008 (price 4,850), April 2009 (price 3,660), February 2010 (price 3,450), October 2010 (price 2,900). The build-up phase was followed by a three year holding period. There was therefore a period of about seven years between the purchase of the first positions and the sale of shares, whereby the position was also reduced on a staggered basis in the same way as it was built up. The first sales order was issued in August 2013 (price 6,250), further sales orders followed in November 2014 (price 6,200) and December 2014 (price 7,300). This resulted in the successful reduction of 63% of the positions built up to 2010.

## Outlook

As mentioned above, the ARVEST Investment Committee sees opportunities in the oil price reduction for the positive development of the global economy. While we are assuming that the underlying conditions will remain favorable for the US economy and therefore also for the US dollar, we see a higher upside potential over the next few years for corporate earnings in Europe, emerging countries and Japan than in the USA, which should also be reflected in increasing stock market prices. The Investment Committee is expecting that in 2015 equities are again the most interesting

asset class, whereby the geographical allocation will be decisive for investment performance due to the significant valuation differences within the equity markets.

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

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

1.	China Mobile	6.6%
2.	Cisco Systems	5.2%
3.	Gazprom	4.7%
4.	Toyota Motor Corp.	4.7%
5.	Takeda Pharmaceutical	4.6%
6.	Shanghai Electric Group	4.5%
7.	Banco Santander	4.5%
8.	Venture Corporation	4.4%
9.	Roche	4.3%
10.	Nestle	4.0%
<b>Total 10 largest positions</b>		<b>47.5%</b>

### Key figures - ARVEST Global Stars Fund

Inventory value per share:	CHF 1,337.01 (31/12/14)
Fund volume:	CHF 21.1 million (31/12/14)
Securities number:	1,125,057
Fund domicile:	Switzerland
Fund management:	ARVEST Funds AG
Depository bank:	Swissquote Bank SA
Accounting currency:	CHF (Swiss francs)
Issue/repurchase:	weekly
Management fees:	1.2% p.a.
Profit sharing:	10%, provided that previous impairments were offset relative to the high watermark
Escrow fees:	0.15% p.a.
Issue commission:	max. 5%
Auxiliary costs:	0.5% for issue and repurchase (in favor 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](http://www.arvest.ch)

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