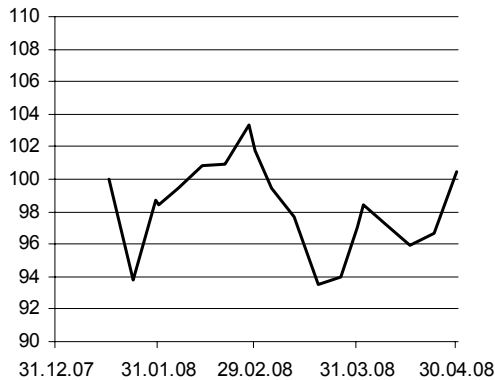




# Swiss Equity Discovery Fund

Monthly report – April 2008

## NET ASSET VALUE - CHF



## Market review

The Swiss Discovery Fund increased by 3.55% in April to CHF 100.44 per share.

In the same period the Swiss Performance Index (SPI) went up by 5.59%.

From inception, the Swiss Discovery Fund is up by 2.02 % relative to plus 0.98 % for the SPI.

## Investment policy

April saw a partial recovery after a most difficult March. We remained cautious with an overall exposure between 73% and 80% during the period under review. We started a new investment in Schweizerhall – a mispriced growth company in generics – and sold our UBS position; the dilution coming from the second rights issue – not necessary in this magnitude in our view – destroys most of the upside we estimated through our disciplined valuation approach.

## Performance analysis

The positive performers for the fund over the period were again Dufry, Coltene (new name for Medisize), Temenos and Kardex (both good FY 07 results and outlook). On the other hand, unsurprisingly financial holdings Swissquote and Gottex contributed negatively. Our top 5 positions are Dufry, Swatch, Uster, Galenica and Coltene.

## Outlook and strategy

With his bounce back from his moody lows of last January and March and the reporting season well advanced, with generally good results, Mr. Market is a bit more of an optimist these days...However, outlook coming from industrial companies after Q1 is a bit more cautious !

We are entering the slower season in a net cash position to take advantage of potential dips during the Summer months. The combination financial crisis/weak US economy/low dollar is not over; it affects Swiss companies as well, but we expect the Swiss Discovery Fund to resist in this environment due to its low valuation and defensive nature.

The Swiss Discovery Fund is an open-end Swiss registered equity fund, investing in Swiss companies whose value is misunderstood/mispriced by the market. The Fund aims to return 15 % over the medium term with a concentrated selection of between 15 to 30 companies and a low portfolio turnover.

The fund can optimize return, by a flexible strategy of reducing exposure to 50 %, respectively increase it to 150 %, by means of futures.

1.5 % management fee, 10 % performance fee over 6-month Sfr. Libor with HWM, no front load  
Valor : 3571707; ISIN: CH0035717070; Bloomberg: SWEQDIS SW