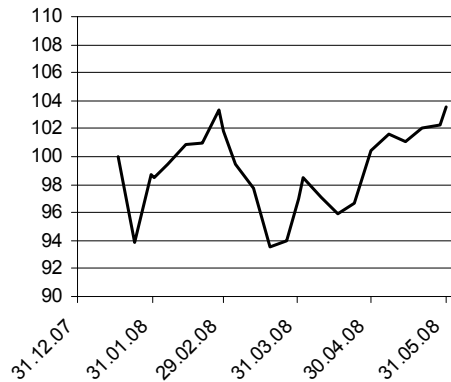




Swiss Equity Discovery Fund

Monthly report – May 2008

NET ASSET VALUE - CHF



Market review

The Swiss Discovery Fund increased by + 3.06% in May to CHF 103.51 per share.

In the same period the Swiss Performance Index (SPI) went up by + 0.62 %.

From inception, the Swiss Discovery Fund is up by + 5.14 % relative to + 2.34 % for the SPI.

Investment policy

In May, we continued to apply the cautious approach we took last month with an overall exposure varying between 72 to 80%. Besides, we neither initiated new, nor sold any existing investments. The Fund still owns 21 companies. We did some top slicing though, after the good run of some of the Fund's investments.

Performance analysis

The positive performers for the Fund were plenty this month: Galenica, Temenos (still great outlook), Industrieholding Cham and last, but not least, our new entrant Schweizerhall (+25% since entry!) thanks to the approval of a generic for Plavix, a Sanofi-Aventis blockbuster. On the other hand, some of our picks like Gottex and Uster, both recent entrants on the Swiss market, are still stagnant, in spite of their extra low valuation. Emmi was under pressure, due to a milk strike that gets Mr. Market all emotional, but it has very little consequence for the profitability of the group..

Our top 5 positions are Swatch, Dufry, Galenica, Uster and Gottex.

Outlook and strategy

We expect volume to remain low as dividends are being paid and the reporting season is coming to an end; there'll be more action on the football pitches the next few weeks...

We have been fortunate that UBS huge (questionable!) rights issue has dragged down the SMI Index while we were partly short of it. We will remain cautious overall, taking some profits and buying on dips; however, most of our investments still have great upside potential.

As the Swiss Discovery Fund tries to avoid techno/cyclical companies, it keeps a relative defensive nature oriented to the medium to long term; it should continue to resist and perform well in this not-so-clear financial/economic environment. *Pierre Cloux, Investment Advisor*

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 CHF Libor with HWM, no front load

Valor : 3571707; ISIN: CH0035717070; Bloomberg: SWEQDIS SW