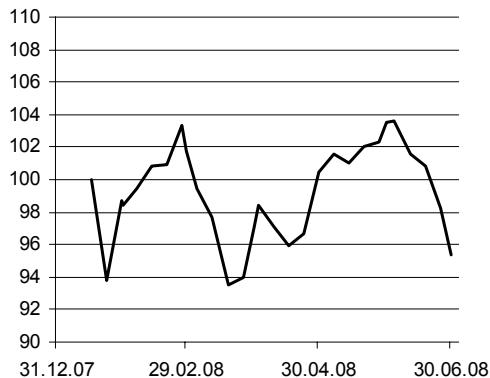




Swiss Equity Discovery Fund

Monthly report – June 2008

NET ASSET VALUE - CHF



Market review

The Swiss Discovery Fund decreased by 7.83% in June to CHF 95.40 per share.

In the same period the Swiss Performance Index (SPI) decreased by 7.55%.

From inception, the Swiss Discovery Fund is down by -3.60% relative to - 6.07% for the SPI.

Investment policy

June, after January (- 9.9 %) and March (-3.7 %) was the third significant pullback this year. We kept our cautious overall exposure of around 70 %, lifting our shorts on the futures before the end of the month. During the last week, we have added to our positions, as we reckon that the June pullback was motivated more by liquidity issues – equity & hedge funds that have big redemptions – than by fundamentals.

As a reminder, half of the companies we own in the fund have no debt and are in a net cash position; they trade below 1 ½ times book value.

Performance analysis

The positive performers for the Fund were the shorts on the futures; besides, strangely the same suspects resisted really well: Galenica, Temenos, Industrieholding Cham (see May monthly report). On the other hand, some of our picks like Gottex and Uster, both recent entrants on the Swiss market, were on free fall, in spite of their extra low valuation.

Our top 5 positions are Dufry(7.2%), Galenica (7.1%), Swatch (6.4%), Coltene (5.7%) and Industrieholding Cham (5.4%).

Outlook and strategy

On top of the high oil price, the financial crisis & weak US economy, the UBS rights issue(s) and redemptions from investment equity funds caused the big drop in June, so that the Euro foot 08 was a welcome distraction to the doom & gloom.

Volumes are very low now, but we intend to use those particularly depressed prices to do more bottom fishing in the weeks to come...

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