



Swiss Equity Discovery Fund

Monthly report – November 2009

Profile

Base currency:	CHF
NAV calculation:	Weekly
Liquidity:	Weekly
Mgmt & admin. fee:	1.5% p.a.
Performance fee:	10% over hurdle rate CHF 6 months Libor
Incorporation:	Switzerland
Administrator:	Caceis Fastnet (Suisse) SA, Nyon
Custodian:	Swissquote Banque SA, Gland
Valor / ISIN:	3571707 / CH0035717070
Bloomberg:	SWEQDIS SW
Restrictions:	Not for distribution in the US or to US persons
Front load:	None

The Swiss Discovery Fund is an open-end Swiss registered equity fund, investing in Swiss companies whose value is misunderstood / mispriced by the market.

Using primary research and own valuation metrics, the fund aims to return 15% over the medium to long-term with a concentrated portfolio of between 20 to 30 companies and a low turnover.

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

Comment – November 2009

Investment policy

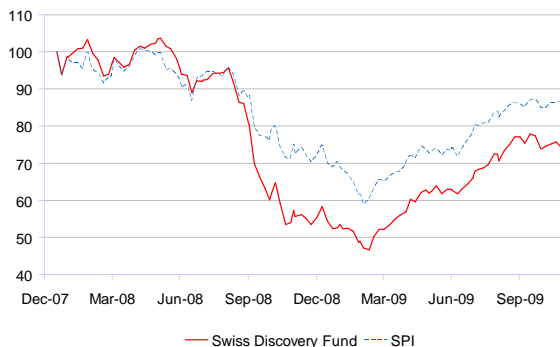
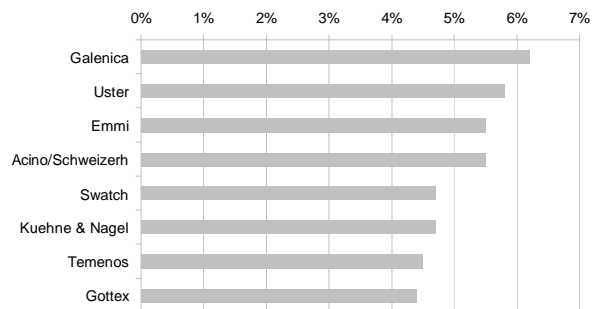
In line with October, the month of November saw some more consolidation, as Mr. Market needed a pause after the intoxicating spring/summer rally. It is understandable as news on the macro front, the Dubai situation among others, is troubling. However, even after the described rebound, valuations are still reasonable and we have inflows in the Fund. Recently, we have added two small companies – 3S, one of the world's leading manufacturers of solar-module equipment and Day Software, a leader in software web content management.

Performance analysis and top fund positions

Positive performers this month were Xstrata (+17% - on a potential USD 3bn share buyback & positive news on copper), Day Software, together with others like Kuehne & Nagel, Swatch, Temenos, all up around 4 %.

Negative contributors were Petroplus (restructuring announced), Gottex (negative broker comment), Acino and Lifewatch, losing between 10 to 14%.

Top Fund positions



The Swiss Discovery Fund decreased by 1.6% in November to CHF 72.80 per share, while the Swiss Performance Index (SPI) lost 0.3%.

Year-to-date the fund increased by 31.8% while the SPI was up 18.0%.

Since inception, the fund is down 27.2%, vs. down 15.2% for the SPI.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2009	-3.3%	-8.3%	6.5%	9.4%	8.6%	1.5%	7.7%	6.8%	6.4%	-4.0%	-1.6%		31.8%
2008		3.4%	-4.7%	3.5%	3.1%	-7.8%	-3.1%	2.8%	-14.7%	-23.5%	-7.6%	-3.6%	-44.8%

Outlook and strategy

Despite the macro news, as we have mentioned it many times here, the low interest rates environment is a strong incentive to invest in equities (or gold, for those who like it!). We are invested in companies whose intrinsic value is much more than what their present stock price indicates; we are comfortable to invest more if and when we have inflows.

The Swiss Discovery Fund may experience lower returns than the market in the short term. We are convinced that it will do well over mid to long term, due to its disciplined approach to fundamental valuation and over-exposure to defensive sectors.

Pierre Cloux, Investment Advisor