



Swiss Equity Discovery Fund

Monthly report – January 2010

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 – January 2010

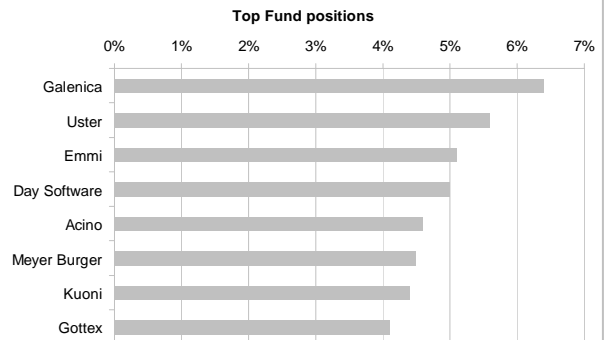
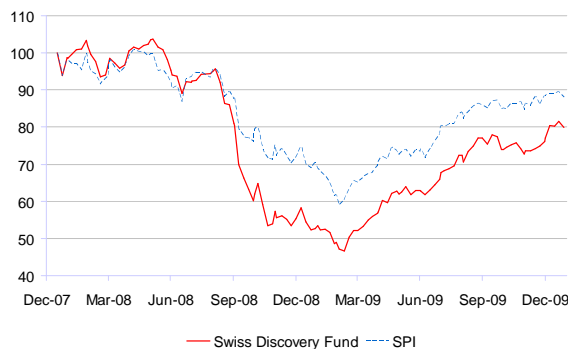
Investment policy

January was a month of "wait & see" attitude, as evidenced by low volume of stocks exchanged by the market participants. We were lucky to experience inflows in the Fund and the money is going straight into our selected companies. We still find much value, as all our investments are trading below their intrinsic value. The slide in banks stocks and our bias small & mid caps in the portfolio explains our outperformance of the past month.

Performance analysis and top fund positions

Positive performers this month were Komax, Bucher (+16.5/+11.3% - for both, sales & order intake 09 came out better than expected) and Kuoni (+13.3% - restructuring going well & current bookings are up). Besides, Daetwyler, Swatch & Acino went up more than 6 %.

Negative contributors were Petroplus (-5.4% - Valero FY09 were disappointing) and ADB Global (-2.9%).



The Swiss Discovery Fund went up 3.5 % in January to CHF 79.78 per share, while the Swiss Performance Index (SPI) lost 1.0 %

Year-to-date the fund increased by 3.5 % while the SPI was down 1.0 %.

Since inception, the fund is down 20.2 %, vs. down 12.4 % for the SPI.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2010	3.5%												3.5%
2009	-3.3%	-8.3%	6.5%	9.4%	8.6%	1.5%	7.7%	6.8%	6.4%	-4.0%	-1.6%	5.9%	39.6%
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

For the third year in a row, main equity indices went down in January. One exception was the Swiss small & mid cap index that was up 2.5 %... The results season has begun, with mostly 09 sales & order intake figures. They tend to indicate that for most industrial groups, the trough is now behind and that restocking is now taking place; however, a more serious capital investment cycle is too early to call at this point.

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