



Swiss Discovery Fund

Investing in Swiss entrepreneurs &
their companies

July 2010



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Disclaimer

Past performance is not a guide to future performance. Performance data do not take account of the commissions and costs incurred on the issue and redemption of units.

The prospectus of the fund, the simplified prospectus as well as the annual and semi-annual reports, may be obtained free of charge upon request to the fund management company:

CACEIS Fastnet (Suisse) SA, Chemin de Precossy 7-9, 1260 Nyon.



Swiss Discovery Fund

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Swiss Discovery invests in high potential Swiss businesses

- A **Swiss registered** equity fund
- Investing in Swiss entrepreneurs & their companies
- Using primary research & rational tests to assess underlying value
- And an **independent & proactive approach** to company management

- Objectives:

Our aim is to achieve a 15% return per annum over the medium-term

150%/50% flexible strategy optimizes risk/return over market cycles

- A **unique access** to Swiss entrepreneurs and a concentrated portfolio should deliver the performance over time



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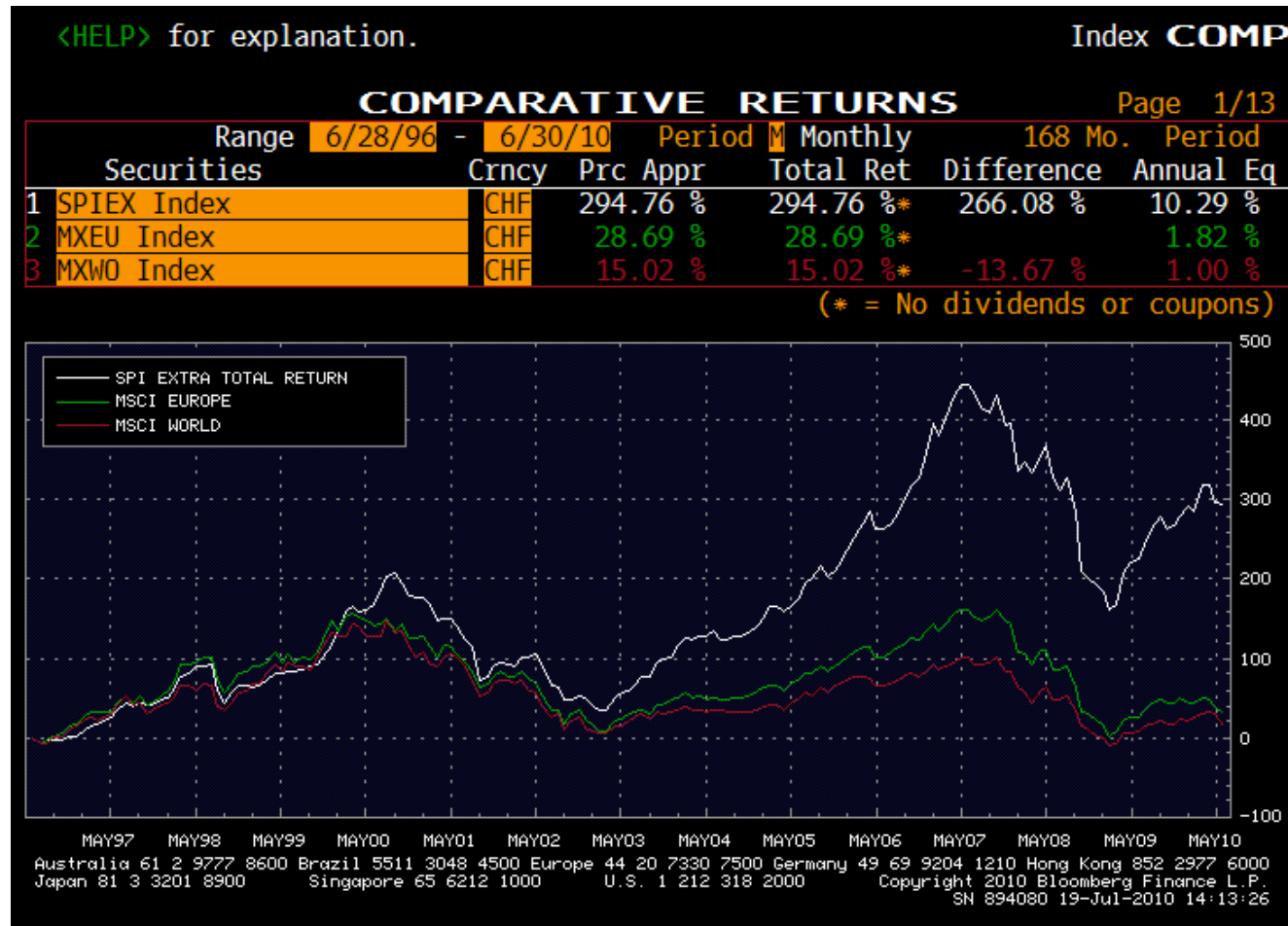
An expert in Swiss entrepreneurs

Pierre Cloux

- Born in Switzerland in 1955
- Commercial studies in Lausanne & Swiss Banking School Diploma
- Long work experience in the financial industry as credit & loan officer and investment advisor in New York, London, Zurich & Geneva
- In 2007, is teaming up with Dominicé & Co to launch the Swiss Discovery Fund after a 20-year experience advising top-tier UK & European institutions on Swiss equities with LODH, CSFB, Schrodgers/Citigroup and Cheuvreux **lately building up and running the Berenberg Swiss Equity team.**



Swiss Small & Mid Caps versus World Equities





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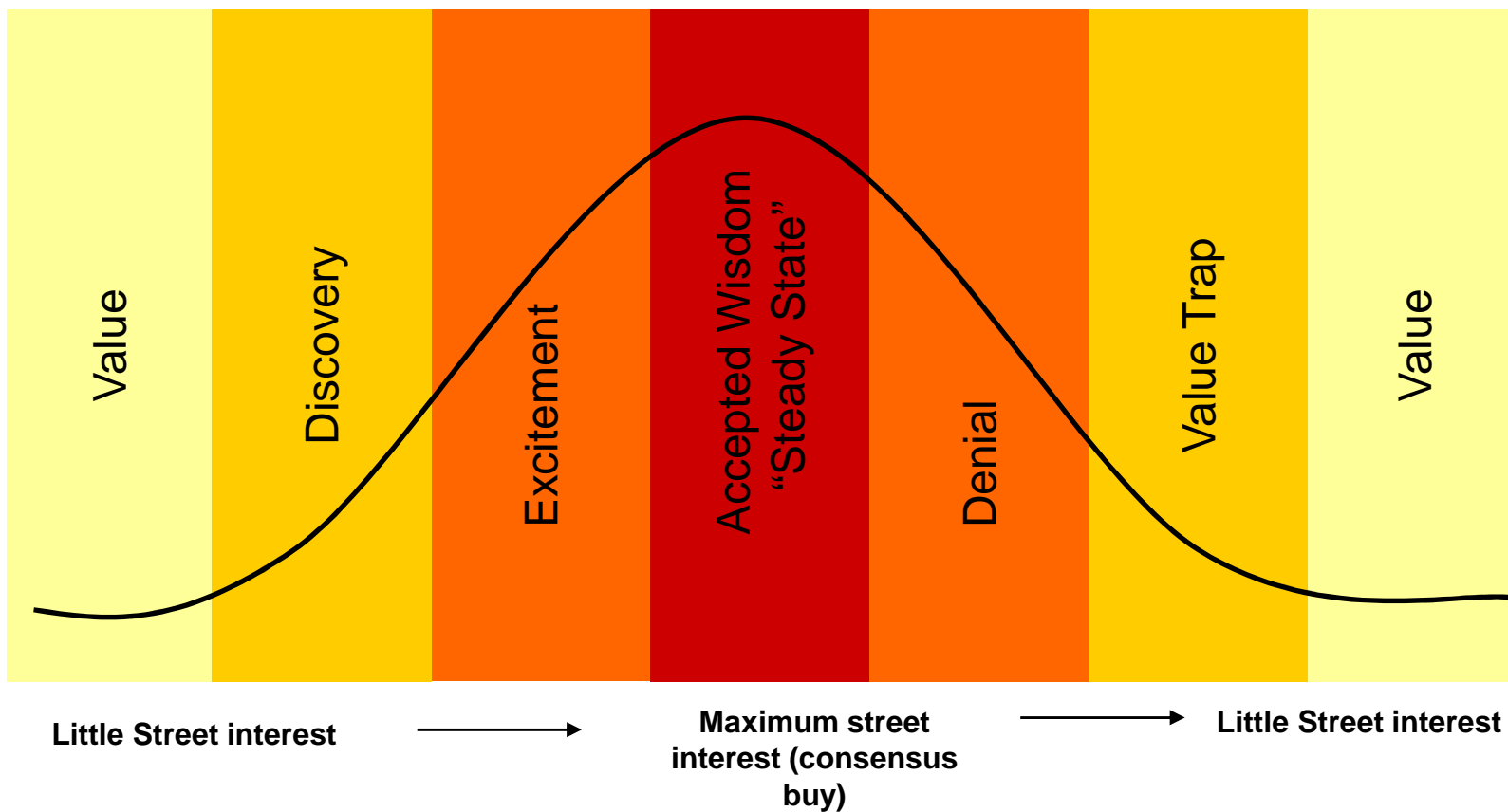
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We use performance enhancing methodologies

- Investment cycle – early on !
- Investment process – 3 steps
- Investment approach – 3 types of investment
- Portfolio construction & risk management
- Where are we now ?
- How to subscribe ?



Investment cycle – early on !



Courtesy of Thierry Serero



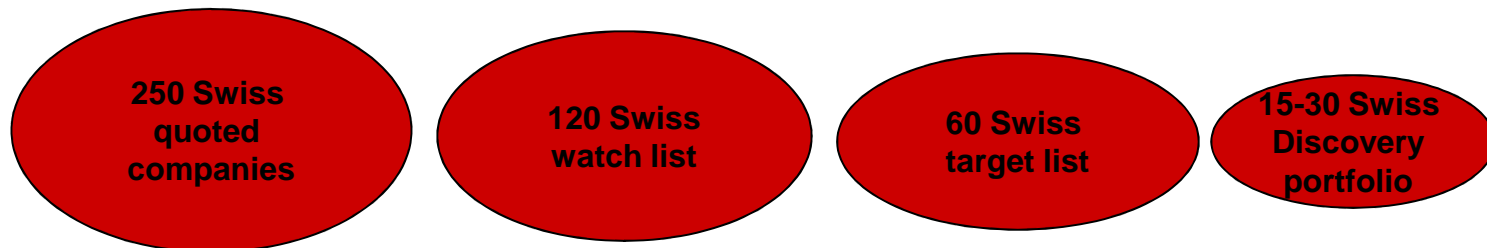
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Investment process – 3 steps

1st step – screening and researching

- Data screening, company websites, brokers, financial press



2nd step - visiting

- Close direct contact with entrepreneurs – 50% time dedicated to visits and interviews
- **Investors in the Swiss Discovery Fund are welcome to join !**
- “Blend science with art” – adequate balance of hard with soft facts



Investment process – 3 steps (continued)

3rd step – crunching

- **Relevant**, well-tried metrics used for assessment:

1. Moderate Price/Real Net Asset Value
2. Capitalisation rate for growth stocks
3. « Owner earnings »/Inv. Capital or Ent. Value
4. Asset turn & Working capital efficiency ratios
5. Balance sheet strength

VALUE
GROWTH
CASH FLOW
FINANCE
CREDIT RISK

- Reconciling facts and figures

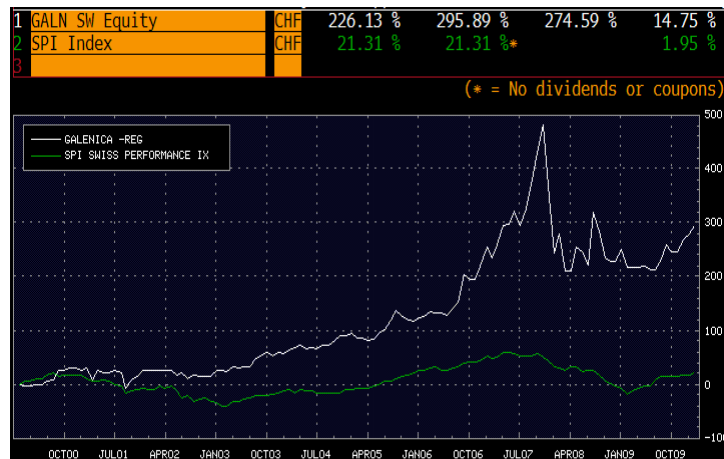
**« Good fortune is what happens when opportunity meets
with planning »**

Thomas Edison



Investment approach – The growth misunderstood & mispriced – “the bargain”

- Galenica





Investment approach – “the special situation”

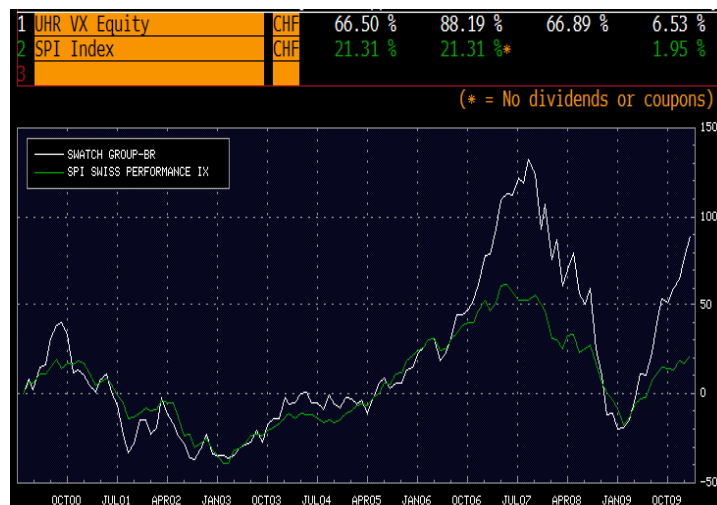
- Addax Petroleum





Investment approach – The relatively unpopular large company – “the unloved”

- Swatch Group





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Portfolio construction & risk management

- **“Bottom up”** approach, but **aware of themes**
- Aiming to hold **15 to 30 companies**
- Relative **low portfolio turnover** due to medium-term horizon
- Application of Dominicé & Co' s proven quantitative models
- 150/50 flexible strategy to optimize risk / return with minimum 70% invested in underlying



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Where are we now ?

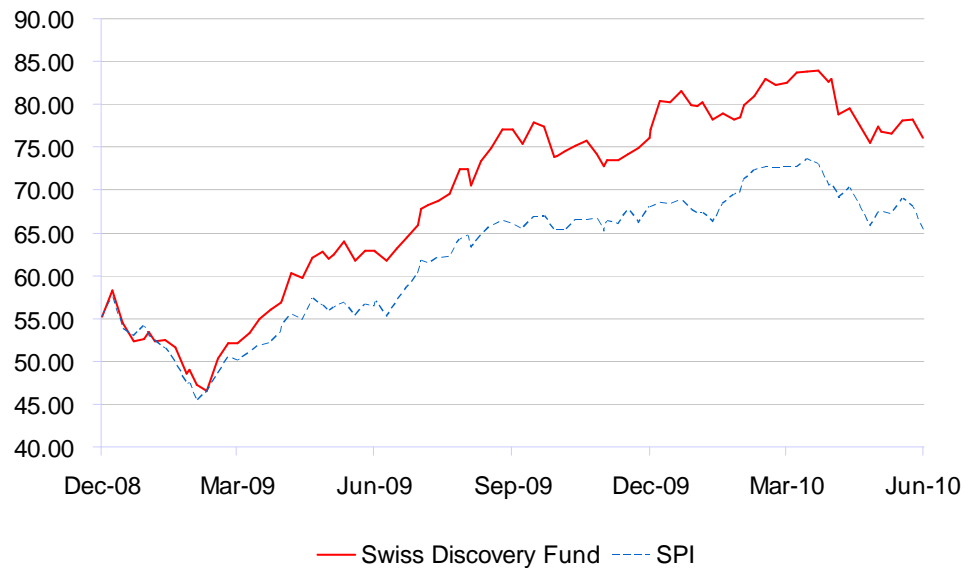
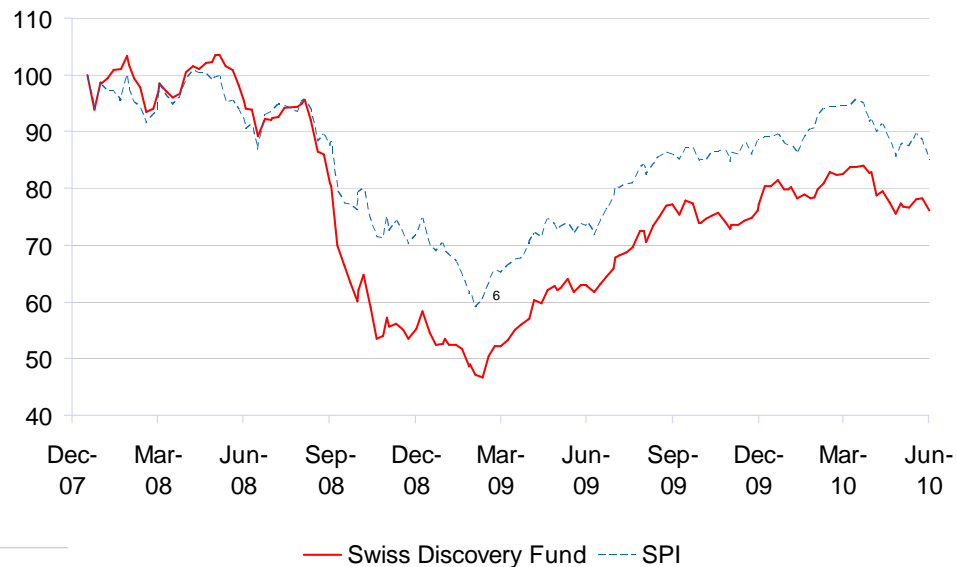
- We are **invested in 26 Swiss companies** in sectors across the board
- We are convinced to do well over time due to a **disciplined approach to fundamental valuation**
- **Most companies** in the Fund have **NO debt**
- Our top positions above 4 % of the Fund are: **Galenica, Emmi, Kuoni, Uster Tech, Day Software, Daetwyler, Winterthur Tech & Meyer Burger**. They collectively account for 40 % of the Fund
- In 2009, the Fund went up by 39.6 %; year-to-date, as of June 30, 2010, the Fund is down 1.3 %

« **I am still learning.** »

Michelangelo



Performance since inception



Performance since 2009



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How to subscribe ?

Investors can subscribe to the Swiss Discovery Fund from any bank

No minimal investment

Launched on January 17, 2008

Key data :

Base currency:	CHF
NAV calculation:	Weekly
Liquidity:	Weekly
(subscriptions & redemptions should be announced at the latest at 3 p.m. (CET) on Tuesday for Thursday NAV, delivery against payment Thursday + 3)	
Management & 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
Auditors:	PriceWaterhouseCoopers
Valor / ISIN:	3571707 / CH0035717070
Restrictions:	Not for distribution in the US or to US persons
Front load:	None