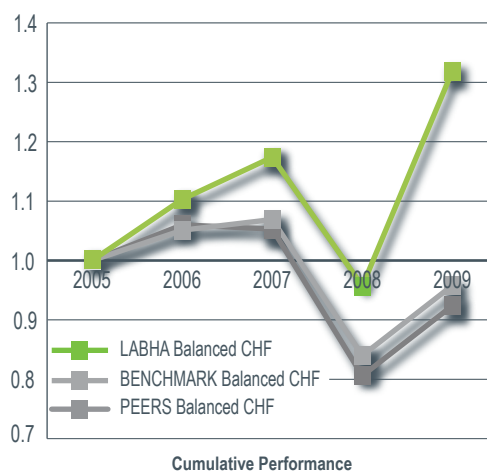
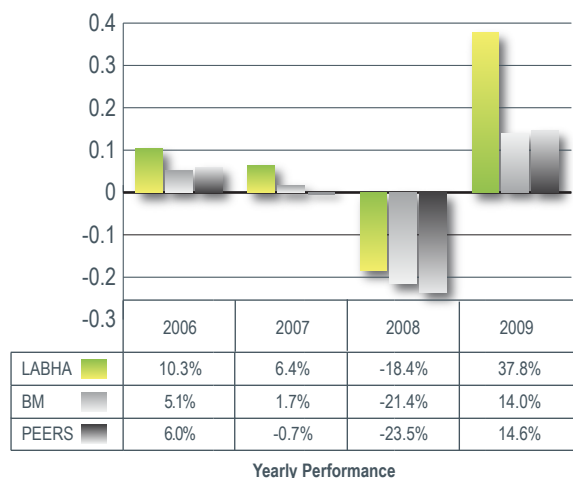


QUARTER REPORT

Q4 / 2009

The fourth quarter of 2009 though not as strong as the third quarter, turned out to be far better than most market participants were expecting. US unemployment figures and ISM numbers showed further improvement and economic indicators in Europe looked encouraging as well. Emerging markets proved to be the strongest markets once again as economies in India, China and most Asian countries grew more than expected and showed no signs of slowing. Third quarter results were better than expected across most regions and sectors and some top line improvement was starting to show. As a result CEO commentary and forecasts though still cautious sounded a lot more optimistic. Commodity markets remained choppy but oil and copper maintained their strength throughout the quarter. Natural gas received strong support from weather conditions and made a very sharp move higher gaining 30% from its lows in less than a month. Gold had a solid quarter as purchases of Gold from the IMF by Central banks of India and other countries supported the view that fiat money was not to be relied on and that gold was the substitute store of value. The dollar remained weak for most of the quarter but made a sharp move higher in December. However this has not yet had a negative impact on the prices of commodities or the levels of stock markets.

Our clients had a good quarter (plus 2.8% in the balanced strategy) versus the benchmark (1.2%) and our peers (1.8%) driven mostly by stock picking. Stocks like K+S, SanofiAventis, Syngenta, Gazprom and CVS Caremark performed twice to five times better than the markets. ETFs with exposure to agricultural commodities, gold and natural gas further advanced performance.



The performance depicted above is the average of performance achieved for CHF balanced portfolios managed by LABHA. Past performance is not necessarily a guide to future expectations. Benchmark: 50% MSCI World Equity Index in CHF (net) and 50% J.P. Morgan Global Aggregate Bond Index in CHF. Peers: Balanced Strategy Funds quoted in CHF (Data source: Bloomberg).

We are very pleased with this performance as it was achieved in a difficult environment and involved decision making that often flew in the face of the consensus. Often the most difficult part of managing a portfolio is to stick with your decisions even when you are in the minority and short term performance is moving against you. This is something that we have achieved with substantial success in 2009 and hope to be able to continue in 2010.

In 2009 almost every region and sector rallied globally as disaster was averted and a re-rating tide raised all boats. However in 2010 we are expecting a much more moderate performance for equity markets. Volatility should also rise considerably. One major cause could be an increase in sovereign debt yield brought on by a change in market perception of risks associated with such debt. The other major factor which could influence all markets is inflation. This is a topic that has faded into the background in 2009 but we believe will have significant impact in 2010. We expect a return to higher levels of inflation than desired or priced in by economists, central banks and markets.

We have positioned our portfolio accordingly and look forward to a very interesting and rewarding 2010. We wish all our clients a very happy, healthy and prosperous 2010.

Gillian Hollenstein