HELVETIC TRUST

Family Office & Asset Management

Review of the Year 2005 – and what we are expecting the next six months to bring

January 2006

Dear Customers,
Dear Sir or Madam, dear Friends

We take this opportunity to thank you most cordially for the trust you have placed in us. We are delighted to be able to continue offering you our financial services in the New Year.

We approach the next twelve months with tremendous anticipation and enthusiasm. We are also pleased to present our forecasts for the coming stockmarket year.

Recent developments

In the second half of the year the Swiss Federal Banking Commission (SFBC) granted us approval to distribute our Greater China Fund. Last year this region was one of the world's economic powerhouses. We are seeing a shift in the economic weighting of markets in the direction of Asia. The world appears in awe of the development of this economic region. We think this trend has only just begun. Sooner or later, the shift will lead to an increase in the stockmarket capitalisation of this economic area. We should be delighted, in conjunction with our fund managers, to explain aspects of this investment universe in greater detail. Further information about our **Greater China Fund** is also available on our website www.helvetic-trust.ch.

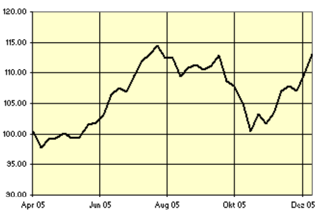

Chart Helvetic Trust Greater China Fund since its foundation

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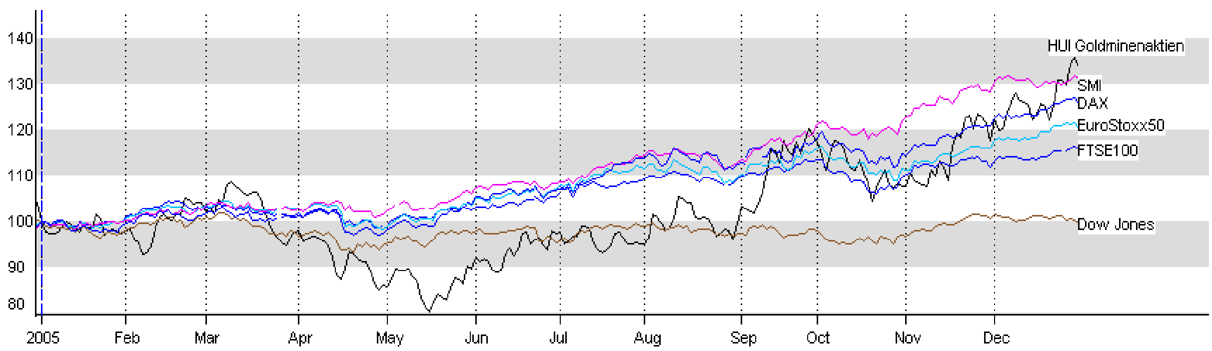
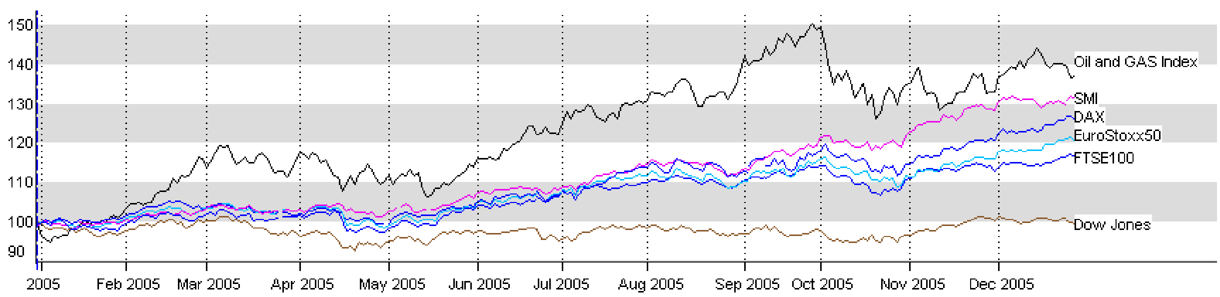
Market reviews

From the perspective of domestic investors, 2005 was an exceptionally good year for performance.

In 2005 our favoured sectors oil/energy, gold mining stocks as well as commodities were amongst the world's best-performing sectors. International capital and financial markets performed largely in line with our expectations and forecasts. As we had anticipated in July, markets underwent a correction in October, before producing a year-end rally from November onwards. Markets notched up practically their entire annual performance in November and December. Yet even the huge index rally seen since November failed to outperform our top sectors in terms of performance. The switch out of traditional indices and into oil stocks, goldmine stocks as well as commodities was timed to perfection. In CHF terms, individual sector performances (physical gold, goldmine stocks as well as oil/energy & gas stocks) were even 15% higher.

Goldmine Stocks – and Oil Service Index vis-à-vis SMI, DAX, Eurostoxx50, FTSE100 & Dow Jones in local currencies.





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Outlook 2006

We are expecting 2006 to be the year of sectors with long-term upwards trends. These are the sectors gold, oil/energy & gas, commodities (minerals, precious metals and plant raw materials). We are including these amongst our clear favourites in 2006. It is our assumption that these sectors will outperform traditional markets (indices). For this reason we are giving indices a neutral weighting.

Global economy

We are sticking to our positive business and economic assessments. The ongoing global economic recovery (USA / Eurozone) is set to further stimulate the already very substantial demand for energy and commodities of all kinds. Sooner or later, this scenario will have repercussions and produce reactions on international financial and equity markets.

Equity markets

Our scenario means we will be concentrating predominantly on commodity stocks (gold, oil, energy, gas, soft commodities), and will build up these sectors in our portfolios during market downturns. The tremendous economic growth seen in the Asia region (China / India) is leading to a long trend, that is to say, to enormous demand for commodities of all kinds. Against the backdrop of the economic upturn, in 2006 we will focus more on investments in individual sectors. In our view, the composition of traditional equity indices makes these less attractive. Instead, we will use judicious short-term sector rotations to secure additional performance. **In 2006 we will keep a clear focus on commodity sectors of all kinds.**

Swiss euqities

The pharmaceutical stocks favoured by us, Roche and Novartis, have become rather pricey when compared directly with globally traded pharmaceutical stocks. However, their focus and positioning within the sector justify a higher market valuation, at least in the shorter term. We continue to favour Roche shares over those in Novartis. The SMI owed a significant proportion of its fantastic performance in 2005 to the three blue chips Roche, Novartis and Nestlé. Against the backdrop of our scenario, the relatively high weighting of insurance and financial stocks and the comparatively "expensive" big three mean that the SMI as a whole is unlikely to post an exceptionally strong performance in 2006.

Currencies

Within our trend allocation, getting the timing of the US dollar right is becoming an increasingly important factor. We will be investing a great deal of time monitoring the temperature of the US currency. We are expecting the US dollar to weaken in 2006. In view of its relative strength in recent months, in conjunction with the economic framework conditions, we have eased away from our original forecast mark of 1.05 by mid 2006. Our forecast for mid 2006 now lies at 1.15, which still represents a weakening of approx. -15% relative to the current figure. We will rigorously hedge the US dollar above 1.31, as we are expecting this to weaken significantly in future. China's efforts to decouple itself from the US dollar continue to nourish speculation about an as-yet unspecified alternative currency (currency basket) vis-à-vis the US dollar. The Japanese currency YEN appears to be a rather more interesting prospect. We are expecting a strong to very strong YEN relative the CHF, euro and vis-à-vis the US dollar. We also see interesting alternatives in the currencies Can$, Aus$ as well as in the New Zealand dollar.

Asia

Investments within the Asia region are absolutely essential. As a consequence of our view of the outlook for the YEN, we recommend moderate profit-taking in Japan on good stockmarket days, keeping these profits in the currency YEN. Equities within the greater China region represent an essential element of every portfolio in 2006. This will enable investors to participate in the booming Asian market. With our **Helvetic Trust Greater China Fund** we have created an ideal performance-oriented investment fund, managed by one of the very best fund managers for this region.

Trend allocation

In the first quarter of 2006 we are adding the following sectors to the long trends (oil/energy & gas, goldmine stocks as well as commodities) which we have already described in detail. These are the sectors US biotech, semiconductors as well as the US pharmaceutical sector. In Europe we will be concentrating on the sectors technology and telecoms during the first quarter of 2006. We are covering all sectors with ETFs, while at the same time strengthening specific sectors with liquid blue chips from these sectors.

Oil & energy stocks In our view, oil prices are set to continue rising. Demand for black gold shows no sign of easing in the short term. Renewable energies are simply not available at present. By the time these can be realised, traditional refineries will be able to earn a great deal more money. The only energy source theoretically capable of meeting the huge and continuously growing demand for energy is nuclear power. However, this remains controversial and is subject to political vagaries. As a result, it cannot be expected to present serious alternative to fossil fuel any time soon. We include this sector amongst the core sectors.

Gold Investments in goldmine stocks proved extremely rewarding for investors in 2005. 2006 could prove to be the year for goldmine stocks par excellence. The sector has yet to price in the strong rise in gold prices (from 438 to 508 per ounce). The enormous consolidation and takeover trend has not yet been properly registered by the market. From the present perspective, we are expecting investments in this sector to show the greatest profit potential.

Commodities Mining stocks, uranium and precious metals are all part of our portfolio this year. Demand for these basic raw materials appears insatiable. The prices of processed raw materials still fail properly to reflect the enormous efforts which are invested in their production. Prices can consequently be expected to rise over the course of the next few years. In addition to the already-mentioned commodities, we are keeping a close eye on the following raw materials in 2006. Attention should be kept focused above all on plant-based raw materials (wheat, sugar, maize and cacao). The majority of these have hit fifteen-year lows. We will take substantial interests in plant-based raw materials in 2006. As a new asset class, we are adding wood to our portfolio in the form of an investment fund.

Interest rates & bonds On the interest rate front, rates are likely to continue edging upwards in 2006. We favour investments in equities over those in bonds. In the case of portfolios with a fixed inclusion of bonds, we will be concentrating (in addition to the basic currency) on the currencies Canadian dollar, Australian dollar as well as the New Zealand dollar. The duration lies in the middle range at 3 to 5 years.

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About ourselves We take this opportunity to refer to our homepage www.helvetic-trust.ch where you will be able to find the latest net asset value data for our Greater China Fund as well as further news relating to Helvetic Trust.

We are looking forward to a very exciting 2006. This year, once again, it should be possible to generate good results with our favoured sectors using the tried and trusted maxim buy and hold. In our view, the greatest challenge will come from the US currency. At the same time, however, our trend allocation means we will be able to respond quickly and efficiently to shifting circumstances. If events on stockmarkets come thick and fast, we may resort to drawing up a special flyer in order to keep you fully informed about our thoughts and actions even during periods of stockmarket turbulence.

You may rest assured that we will not shy away from facing up to the market challenges in 2006 in order to secure the optimum result for you. We will do all we can to support you personally with all the knowledge and expertise at our disposal. We will advise and accompany you, and thus provide you with an exceptional service that meets all your needs.

We thank you most cordially for the trust you have placed in us, and remain

Yours sincerely

Dr. Georges Bindschedler   Kaspar Grob   Domenic Parli

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