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SWISS HELVETIA FUND INC  
Form N-CSRS  
September 08, 2003

As filed with the Securities and Exchange Commission on September 8, 2003

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT  
INVESTMENT COMPANIES

Investment Company Act file number 811-05128

THE SWISS HELVETIA FUND, INC.  
1270 Avenue of the Americas, Suite 400  
New York, New York 10020  
1-888-SWISS-00

Rodolphe E. Hottinger, President  
Hottinger et Cie  
3 Place des Bergues  
C.P. 395  
CH-1201 Geneva  
Switzerland

Date of fiscal year end: DECEMBER 31, 2003

Date of reporting period: JUNE 30, 2003

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. REPORTS TO STOCKHOLDERS.

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T H E S W I S S H E L V E T I A F U N D , I N C .

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DIRECTORS AND OFFICERS

Paul Hottinguer  
CHAIRMAN  
Eric R. Gabus+  
VICE CHAIRMAN (NON OFFICER)  
Paul R. Brenner, Esq.  
DIRECTOR  
Alexandre de Takacsy  
DIRECTOR  
Claude Frey  
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Baron Hottinger  
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Didier Pineau-Valencienne\*  
DIRECTOR  
Stephen K. West, Esq.\*  
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Samuel B. Witt III, Esq.\*\*  
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VICE PRESIDENT  
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VICE PRESIDENT  
SECRETARY  
Leslie K. Klenk  
ASSISTANT SECRETARY  
Frederick Skillin  
ASSISTANT TREASURER  
Dawn L. Taylor  
ASSISTANT TREASURER

THE INVESTMENT ADVISOR

The Swiss Helvetia Fund, Inc.  
Hottinger Capital Corp., which  
Group.

The Hottinger Group dates back to  
was formed in Paris in 1786 and  
private banking firms. The Ho  
under the control of the Hottin  
generations. It has offices in Ne  
Toronto, Geneva, Vienna, London,

EXECUTIVE OFFICES

The Swiss Helvetia Fund, Inc.  
1270 Avenue of the Americas, Suit  
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1-888-SWISS-00 (1-888-794-7700)  
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\*Audit Committee member           +Governance Committee Chairman  
\*\*Audit Committee chairman

INVESTMENT ADVISOR

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ADMINISTRATOR

Forum Administrative Services, LLC

CUSTODIAN

Swiss American Securities Inc.

TRANSFER AGENT

PFPC Inc.  
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(800) 331-1710

LEGAL COUNSEL

Stroock & Stroock & Lavan LLP

INDEPENDENT AUDITORS

Deloitte & Touche LLP

THE FUND

The Swiss Helvetia Fund, Inc.  
closed-end investment company  
long-term capital appreciation t  
and equity-linked securities of  
listed on the New York Stock E  
"SWZ," is managed by Hottinger Ca

The Fund has earned the Lipper  
number one among Western Europea  
year performance for the period  
2001, 2000, 1999, and 1998. Th  
recognized for its top one year  
category for the year 2000.  
Morningstar's overall rating of  
2003. Of course, past performanc  
results. See pages 4 and 5 for mo

Net Asset Value is calculated d  
Time). The most recent calculat  
1-888-SWISS-00 or by accessing ou  
Value is also published in BARRO  
THE WALL STREET JOURNAL and the  
YORK TIMES.

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## LETTER TO STOCKHOLDERS

### GLOBAL MARKET REVIEW AND ECONOMIC CONSIDERATIONS

In the second quarter of this year, the world markets improved with the ease in geopolitical tensions. Major equity markets have rallied nearly 25% from the lows reached in mid-March.

Some of the most important events of this past quarter have included the official end of the war in Iraq, the spread and control of SARS, and the passing of tax legislation in the U.S.

The virus SARS has impacted the overall economy but mainly the performance of Asian markets in April and May. Once the epidemic was officially declared under control, Asian markets rallied strongly. Asia is expected to experience the highest level of GDP growth this year with an average of 5.3%, reflecting in part the massive influence of China where growth is anticipated to be 7.3%.

Congress passed the third largest tax cut in U.S. history. The legislation is putting additional cash into the hands of consumers and will make equity investments much more attractive by reducing tax on both dividends and long term capital gains to 15%.

In Europe, there has not been a significant one-time event. However due to stagnant growth in the first quarter and an anemic second quarter, the European Central Bank (ECB) has continued to cut its growth forecast

for the region with a further r  
for 2003. The UK's 2003 GDP growth  
as well from a range of 2.5% -  
2.5%.

### COMMENTS ON GLOBAL STOCK MARKET PERFORMANCE

Liquidity conditions have b  
markets during the first two quar  
aggregates have grown rapidly sin  
especially in the U.S. The  
short-term rates again in June t  
deflation. The Federal Reserve  
consider buying back Treasuries  
the economy with even more l  
interest rates in June dropping  
last meeting on June 13th, the  
decided to leave the target rang  
unchanged at 0.0% - 0.75%.

This backdrop allowed a sha  
premiums resulting in strong perf  
most of the riskier assets, and  
biggest winners in the stock ma  
stock prices had previously  
potential bankruptcy. On the oth  
shown rapid sales growth duri  
economic activity, saw the pric  
expand dramatically. All of this  
performance of the NASDAQ Composi

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T H E S W I S S H E L V E T I A F U N D , I N C .

## LETTER TO STOCKHOLDERS (CONTINUED)

### SWISS ECONOMIC NOTES

The SNB continues to pursue an expansionary monetary policy with, as noted above, a fluctuation range of the 3-month Libor, unchanged at 0.0% - 0.75%. The yield on the ten year Confederation bond decreased from 2.41% in the middle of May to 2.24% in the middle of June. While it was a small decrease in comparison with other countries, the yields are

historically very low. (In the U.  
3.16% resulted in the lowest yield

Regarding other economic no  
positive. The 2003 GDP growth  
Swiss Business Economists' Cons  
0.7% to zero. Expectations for  
downwards with the BEC

### PEER GROUP/INDICES PERFORMANCE COMPARISON IN SWISS FRANCS 1

|                     | TOTAL RETURN<br>YEAR TO DATE |                      |                      |                      | TOTAL |
|---------------------|------------------------------|----------------------|----------------------|----------------------|-------|
|                     | AS OF<br>6/30/03             | TOTAL RETURN<br>2002 | TOTAL RETURN<br>2001 | TOTAL RETURN<br>2000 |       |
| Swiss Helvetia Fund | 3.90%                        | -20.40%              | -22.91%              | 14.06%               | 1     |

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|  |       |         |         |        |   |
|--|-------|---------|---------|--------|---|
| Swiss Performance Index (SPI)                              | 5.92% | -25.95% | -22.03% | 11.91% | 1 |
| Swiss Market Index (SMI)                                   | 3.95% | -27.84% | -21.11% | 7.47%  | 5 |
| Switzerland iShares2 (Formerly called<br>Webs Switzerland) | 3.17% | -26.23% | -23.12% | 7.75%  | 1 |
| CS Equity Swiss Blue Chips3, 7                             | 4.74% | -28.75% | -22.12% | 10.97% | 7 |
| UBS Equity Inv. Switzerland4, 7                            | 4.15% | -26.02% | -22.04% | 7.42%  | 6 |
| Pictet Valsuisse5, 7                                       | 4.45% | -27.93% | -22.35% | 7.34%  | 9 |
| Saraswiss (Bank Sarasin)6, 7                               | 5.10% | -28.51% | -24.45% | 9.72%  | 7 |

|  | TOTAL RETURN<br>1997 | CUMULATIVE<br>PERFORMANCE<br>12/31/96 -<br>6/30/03 |
|--|----------------------|--|
| Swiss Helvetia Fund  | 53.99%               | 48.44%   |
| Swiss Performance Index (SPI)                              | 55.19%               | 36.85%   |
| Swiss Market Index (SMI)                                   | 58.93%               | 22.10%   |
| Switzerland iShares2 (Formerly called<br>Webs Switzerland) | 47.79%               | 16.84%   |
| CS Equity Swiss Blue Chips3, 7                             | 59.90%               | 26.70%   |
| UBS Equity Inv. Switzerland4, 7                            | 55.94%               | 20.74%   |
| Pictet Valsuisse5, 7                                       | 55.65%               | 18.62%   |
| Saraswiss (Bank Sarasin)6, 7                               | 53.57%               | 17.20%   |

SOURCES : BLOOMBERG, MANAGEMENT COMPANIES' WEBSITES, INVESTMENT COMPANY CAPITAL CORP., AND FORUM  
1 PERFORMANCE OF FUNDS IS BASED ON CHANGES IN THE FUND'S NAV OVER A SPECIFIED PERIOD. IN  
CALCULATED ASSUMING REINVESTMENT OF ALL DISTRIBUTIONS. FUNDS LISTED, OTHER THAN SWITZERLAND ISHAR  
THE SECURITIES AND EXCHANGE COMMISSION. PERFORMANCE AND DESCRIPTIVE INFORMATION ABOUT THE F  
PUBLISHED INVESTOR REPORTS AND WEBSITES, WHICH ARE SUBJECT TO CHANGE.

2 SWITZERLAND ISHARES ARE TRADED ON THE NEW YORK STOCK EXCHANGE AND INVEST IN MOST OF THE SAME  
STANLEY CAPITAL INTERNATIONAL (SWITZERLAND) INDEX. THESE STOCKS REPRESENT SWITZERLAND'S LARGEST  
COMPANIES, ACCOUNTING FOR APPROXIMATELY 85% OF THE MARKET CAPITALIZATION OF ALL OF SWITZERLAN  
PERFORMANCE OF ISHARES IS CALCULATED BASED UPON THE DECEMBER 31 CLOSING PRICES EACH YEAR USING  
EXCHANGE RATE AS OF NOON EACH SUCH DATE, AS REPORTED BY BLOOMBERG. SUCH EXCHANGE RATES WERE A  
12/31/97 = 1.46, 12/31/98 = 1.38, 12/31/99 = 1.60, 12/31/00 = 1.61, 12/31/01 = 1.67, 12/31/02  
3 THIS FUND INVESTS IN EQUITIES ISSUED BY LEADING SWISS COMPANIES. STOCK SELECTION IS BASED ON E  
ANALYSES. PREFERENCE IS GIVEN TO LARGE-CAP COMPANIES.

4 THIS FUND INVESTS PRIMARILY IN MAJOR SWISS COMPANIES. QUALITY CRITERIA USED FOR DETERMINI  
COMPANIES INCLUDE: STRATEGIC ORIENTATION, STRENGTH OF MARKET POSITION, QUALITY OF MANAGEMENT, SO  
POTENTIAL AND POTENTIAL FOR IMPROVING SHAREHOLDER VALUE. THE INVESTMENT OBJECTIVE SEEKS TO PROVI  
WITH THE SPI PERFORMANCE.

5 THIS FUND INVESTS IN SHARES OF SWISS COMPANIES LISTED ON THE SWISS STOCK EXCHANGE (SWX) AND INC

6 THIS FUND INVESTS IN SHARES OF SWISS COMPANIES. IT WEIGHTS INDIVIDUAL SECTORS RELATIVE TO TH  
EXPECTED RELATIVE PERFORMANCE. IT FOCUSES ON LIQUID BLUE-CHIP STOCKS.

7 THESE FUNDS ARE NOT AVAILABLE FOR U.S. RESIDENTS OR CITIZENS.

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

T H E S W I S S H E L V E T I A F U N D , I N C .

LETTER TO STOCKHOLDERS (CONTINUED)

forecasting growth of 1.2% compared to a previous forecast of 1.6%.

June leading indicators worsened marginally by 0.6% to 42.2% and the Swiss unemployment rate pointed upwards to 3.8% in June from 3.6% for May.

The Consumer Price Index rose 0.5% for the year with higher prices for beverages and food offsetting declining costs for energy and leisure activities. This result is an easing on deflationary pressures. What does generate concern, however, is the anemic consumer spending in the face of a weak job market.

PERFORMANCE COMMENTARY AND SWISS MARKET REVIEW

Swiss Stock market behavior was quite hectic this year. The SPI reached a low point in March, dropping 20% in local currency and rallying back 18% in five days, mainly on short covering in a limited number of financial stocks. In a self-feeding process, the rise of the stock market improved the capital base of companies, allowing a reevaluation of their stocks. In this type of volatility and sharp counter trend rally, the active management of the fund underperformed the Index.

In addition, the Fund is less concentrated than the Index in the five largest stocks of the SPI, which penalized its relative performance since the beginning of the year, even though it reduced its volatility. The Fund's cumulative performance is superior to its Swiss peers and its benchmark. As of June 30, 2003, the Fund

maintained an overall rating Morningstar\*. The Fund also received ranking for Western European closed-end performance for the period ended 6/30/03. PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

While technology and financials were performing well in the global market, defensive industries failed to attract attention causing the Swiss market to underperform well as U.S. markets. As an example, companies such as Givaudan and Nestle, have shown strong performance for the year.

Regarding the pharmaceutical industry, valuation, unlike that of the broader market, was again. The principal reasons we were worried about competition from generic drugs, control by local government, and improvement in the late-stage drug pipeline. Industry players, and the weakness of the industry performed in line with the SPI, Net Asset Value keep up, posting a flat year-to-date return.

\*MORNINGSTAR IS AN INDEPENDENT RATING AGENCY. ITS RATINGS REFLECT HISTORIC RISK-ADJUSTED RETURNS CHANGE MONTHLY. ITS RATINGS OF FUND STARS ARE BASED ON A FUND'S THREE YEAR ANNUAL TOTAL RETURNS WITH FEE ADJUSTMENT THAT REFLECTS FUND PERFORMANCE AGAINST A TREASURY BILL MONTHLY RETURNS. INVESTMENT CATEGORY MAY RECEIVE A RATING AS OF 6/30/03, THERE WERE 13 FUNDS IN THE WESTERN EUROPEAN CLOSED-END FUNDS CATEGORY RATED BY MORNINGSTAR.

\*\* LIPPER, INC. IS AN INDEPENDENT RATING AGENCY. AS OF 6/30/03, THERE WERE 9 FUNDS IN THE EUROPEAN CLOSED-END FUNDS CATEGORY RATED BY LIPPER. FUNDS THAT CONCENTRATE THEIR INVESTMENT IN SECURITIES WHOSE PRIMARY TRADING IS IN THE WESTERN EUROPEAN REGION ARE RATED IN THIS REGION.

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LETTER TO STOCKHOLDERS (CONTINUED)

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|  | YEAR TO DATE<br>DECEMBER 30,<br>2002 THROUGH<br>JUNE 30, 2003 |
|--|---|
| PERFORMANCE                                      |   |
| Swiss Performance Index (SPI)                    | 5.92%   |
| Swiss Helvetia Fund                              |   |
| Based on Net Asset Value in Swiss Francs         | 3.90%   |
| CHANGE IN U. S. DOLLAR VS. SWISS FRANC           | -2.04%  |
| SWISS HELVETIA FUND PERFORMANCE IN U. S. DOLLARS |   |
| Based on Market Price                            | 9.77%   |
| Based on Net Asset Value                         | 6.06%   |
| S & P 500 Index                                  | 11.75%  |
| MSCI EAFE Index                                  | 9.47%   |
| Lipper European Fund Index (10 Largest)          | 10.38%  |
| Lipper European Fund Universe Average            | 10.18%  |

SOURCES: FORUM FINANCIAL GROUP AND BLOOMBERG

SPECIFIC COMPANY NEWS

CREDIT SUISSE: CS is continually reshaping Winterthur's portfolio. It recently sold Churchill in the UK to the Royal Bank of Scotland Group and its insurance operations in Italy to Unipol. The sale of Churchill, which will involve the repayment of debt to CS, will strengthen Winterthur's consolidated European solvency ratio. Furthermore, this transaction will result in a significant capital gain expected to be realized in the third quarter of 2003.

NESTLE: The Federal Trade Commission (FTC) has cleared a merger between Nestle's ice cream company and Dreyer's. Since the combined ice cream business would have a dominant share of about 60% of the U.S. super-premium ice cream market, with the potential for reduced competition and

increased prices, the FTC imposed conditions that were agreed on the merger, which should be completed by the end of the year.

ROCHE: In May, Genentech released its second quarter results for Avastin, a drug developed by Roche. Although Avastin was developed by Roche, Roche licensed the rights for all countries outside Europe while Genentech has retained the rights to the product in the U.S. Since this announcement, Roche's stock price has increased by 90%, while Genentech's stock price has declined. Roche is positive since Roche owns 50% of Genentech.

NOVARTIS: In its last annual report, Novartis stated that it was going to begin to report its financial results in U.S. dollars. It noted that an increasing proportion of its sales are generated in U.S. dollars and that this move would facilitate comparison with other pharmaceutical companies in America, competitors.

FURTHER COMPANY NEWS: Swiss insurance companies are pushing for Swiss government approval to increase the interest rate on group life policies to 3.5%.

COMMENTS ON THE CURRENCY

SWISS FRANC: The Swiss franc declined from mid-May to mid-June. The Swiss franc has perspectives and lower interest rates. The Swiss franc however, has been stable during the first quarter, and is expected to remain stable.

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LETTER TO STOCKHOLDERS (CONCLUDED)

increased significantly in comparison to the U.S. dollar during the end of the second quarter, leaving a flat year-to-date return.

EURO: On June 5th, the ECB decided to decrease its rate from 2.5% to 2.0%. Since the market had been expecting the decrease for a long time, the news did not have any important impact on the currency.

U.S. DOLLAR: The dollar keeps decreasing in comparison with European currencies (down 2.9% against the euro and 3.4% against the pound). The uncertain economic outlook, low interest rates and the increasing trade deficit have contributed to this decline.

shares in 2003. During the period, the Fund repurchased and retired 8 million shares at a price of \$9.82 per share (including commissions) and a weighted average discount of 10%. The total cost of the repurchases, which had a total cost of \$78,656,000, resulted in an increase of \$168,921 to the Fund's net assets.

Sincerely,

/s/ PAUL HOTTINGUER

Paul Hottinguer  
CHAIRMAN

/s/ RODOLPHE HOTTINGER

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## OUTLOOK

The world markets improved in the second quarter, with a focus on technology and financial sectors. The Swiss Market should see a larger number of stocks participating in the upside move if the global economic recovery strengthens and the deflationary forces are successfully kept at bay by the Federal Reserve and U.S. government tax stimulus. These circumstances should provide the Fund with more investment opportunities.

Rodolphe Hottinger  
PRESIDENT AND CHIEF EXECUTIVE OFFICER

June 30, 2003

## STOCK REPURCHASE PROGRAM

Pursuant to authorization by the Board, the Fund began open market purchases of its common stock on the New York Stock Exchange in 1999 and has continued purchases in each subsequent year. The Board has authorized the purchase of up to 500,000

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T H E S W I S S H E L V E T I A F U N D , I N C .

## REVIEW OF OPERATIONS

Trading Activity for the six months ended June 30, 2003 involved changes in the following positions:

### NEW INVESTMENTS BY THE FUND

Actelion Ltd.  
Adecco SA  
Charles Voegele Holding AG  
Logitech International SA  
Serono SA

### ADDITIONS TO EXISTING INVESTMENTS

Converium Holding AG  
Credit Suisse Group  
Kuehne & Nagel International AG  
Phonak Holding AG  
SGS Societe Generale de Surveillance Holding SA  
Swiss Life Holding  
The Swatch Group AG  
Zurich Financial Services AG

### SECURITIES DISPOSED OF

Baloise Holding AG  
Givaudan SA  
Holcim Ltd.  
Komax Holding AG  
Lonza Group AG  
Schindler Holding AG  
Swiss Reinsurance Company  
Syngenta AG  
Unaxis Holding AG

### REDUCTIONS IN EXISTING INVESTMENTS

Berna Biotech AG  
Micronas Semiconductor Holding AG  
Novartis AG  
Roche Holding AG

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SCHEDULE OF INVESTMENTS (UNAUDITED)

| No. of<br>Shares       | Security   | Value               |
|------------------------|--|---------------------|
| COMMON STOCKS - 90.11% |  |                     |
| BANKS - 8.08%          |  |                     |
| 435,000                | UBS AG2<br>REGISTERED SHARES<br>Largest Swiss bank. It offers<br>consumer, business and construction<br>loans, mortgages, mutual funds, export<br>and structured finance and securities<br>brokerage services, advises on mergers and<br>acquisitions, invests pension funds<br>and sponsors credit cards.<br>(Cost \$7,578,949) | \$24,197,889        |
|                        |  | -----<br>24,197,889 |
| BIOTECHNOLOGY - 5.51%  |  |                     |
| 186,000                | ACTELION LTD.1,2<br>REGISTERED SHARES<br>Pharmaceutical company that develops and<br>markets synthetic small-molecule drugs against<br>diseases related to the endothelium. The Company's<br>drugs, Veletri and Tracleer, are used in the treatment<br>of heart and pulmonary conditions.<br>(Cost \$12,911,748)                 | 12,385,811          |
| 64,940                 | BERNA BIOTECH AG1<br>REGISTERED SHARES<br>Produces vaccines for influenza,<br>hepatitis, travel and general immunization.<br>(Cost \$988,305)  | 604,071             |
| 6,000                  | SERONO SA<br>BEARER SHARES<br>Develops and markets biotechnology<br>products.<br>(Cost \$3,105,561)  | 3,525,894           |
|                        |  | -----<br>16,515,776 |
| No. of<br>Shares       | Security   | Value               |
| CHEMICALS - 1.76%      |  |                     |
| 16,783                 | SIKA AG<br>BEARER SHARES<br>Leading producer of construction chemicals.<br>(Cost \$4,237,473)  | \$5,259,594         |



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|  |            |
|--|------------|
|  | -----      |
|  | 5,259,594  |
| CONSTRUCTION - 0.25%   |            |
| 2,468 GEBERIT AG   |            |
| REGISTERED SHARES  | 759,777    |
| Manufactures and supplies water supply pipes and fittings, installation systems, drainage and flushing systems such as visible cisterns, and other sanitary systems for the commercial and residential construction markets. |            |
| (Cost \$666,597)   |            |
|  | -----      |
|  | 759,777    |
| ELECTRICAL ENGINEERING & ELECTRONICS - 8.26%   |            |
| 4,055 BELIMO HOLDING AG  |            |
| REGISTERED SHARES  | 1,155,535  |
| World market leader in damper and volume control actuators for ventilation and air-conditioning equipment.   |            |
| (Cost \$1,259,329)   |            |
| 280,000 LOGITECH INTERNATIONAL SA1,2   |            |
| REGISTERED SHARES  | 10,500,904 |
| Manufactures personal computer input devices, as well as producing trackballs, desktop publishing programs and related software.   |            |
| (Cost \$9,448,733)   |            |

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SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

| No. of<br>Shares                                   | Security   | Value       |
|--|--|-------------|
| -----  |  |             |
| COMMON STOCKS - (CONTINUED)                        |  |             |
| ELECTRICAL ENGINEERING & ELECTRONICS - (CONTINUED) |  |             |
| 312,269  | PHONAK HOLDING AG1   |             |
|  | REGISTERED SHARES  | \$3,999,754 |
|  | Designs and produces wireless analog and digital hearing aids, transmitters, remote controls, microphones and receivers for use in wireless communications within broadcasting and sports. |             |
|  | (Cost \$3,028,857)   |             |
| 5,400  | SAIA-BURGESS ELECTRONICS HOLDING AG  |             |
|  | REGISTERED SHARES  | 1,510,908   |

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Develops and produces switches, motors and programmable control devices. Products are mainly used in the automobile, heating and air conditioning and telecommunications industries.  
(Cost \$1,485,298)

|                              |   |              |
|------------------------------|---|--------------|
| 83,682                       | THE SWATCH GROUP AG<br>BEARER SHARES<br>Manufactures watches, watch components, jewelry, miniature batteries, LCD displays and scoreboards. The company produces watches under the brand name of Breguet, Blancpain, Jaquet Droz, Omega, Longines, Rado, Tissot, Certina and Swatch.<br>(Cost \$6,413,259)  | 7,583,305    |
|                              |   | 24,750,406   |
| No. of<br>Shares             | Security  | Value        |
| FINANCIAL SERVICES - 4.34%   |   |              |
| 494,000                      | CREDIT SUISSE GROUP2<br>REGISTERED SHARES<br>A global operating financial group.<br>(Cost \$13,525,583)   | \$13,001,440 |
|                              |   | 13,001,440   |
| FOOD & LUXURY GOODS - 14.93% |   |              |
| 300                          | LINDT & SPRUNGLI AG<br>REGISTERED SHARES<br>Major manufacturer of premium Swiss chocolates.<br>(Cost \$1,196,399)   | 1,987,745    |
| 207,000                      | NESTLE AG2<br>REGISTERED SHARES<br>Largest food and beverage processing company in the world.<br>(Cost \$12,427,540)  | 42,712,709   |
|                              |   | 44,700,454   |
| INSURANCE - 8.63%            |   |              |
| 243,530                      | CONVERIUM HOLDING AG2<br>REGISTERED SHARES<br>Offers reinsurance services worldwide. Provides accident and health, automobile, aviation and space, credit and surety, general third party liability, engineering, e-commerce, intellectual property, life, marine, professional liability and property, and catastrophe insurance.<br>(Cost \$11,634,713) | 11,236,665   |

## T H E S W I S S H E L V E T I A F U N D , I N C .

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SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

| No. of<br>Shares               | Security   | Value               |
|--------------------------------|--|---------------------|
| -----                          |  |                     |
| COMMON STOCKS - (CONTINUED)    |  |                     |
| INSURANCE - (CONTINUED)        |  |                     |
| 105,000                        | SWISS LIFE HOLDING <sup>1,2</sup><br>REGISTERED SHARES<br>Provides life insurance, institutional<br>investment management, and private<br>banking services.<br>(Cost \$10,864,804)                                       | \$10,639,142        |
| 33,195                         | ZURICH FINANCIAL SERVICES AG<br>REGISTERED SHARES<br>Offers property, accident, health,<br>automobile, liability, financial risk and<br>life insurance and retirement products.<br>(Cost \$3,155,023)                    | 3,957,767           |
|                                |  | -----<br>25,833,574 |
| MISCELLANEOUS SERVICES - 7.07% |  |                     |
| 165,000                        | ADECCO SA<br>REGISTERED SHARES<br>Leading personnel and temporary<br>employment company.<br>(Cost \$4,970,631)   | 6,797,091           |
| 36,823                         | SGS SOCIETE GENERALE DE SURVEILLANCE<br>HOLDING SA <sup>2</sup><br>REGISTERED SHARES<br>Provides a variety of industrial<br>inspection, analysis, testing and<br>verification services worldwide.<br>(Cost \$11,100,340) | 14,380,693          |
|                                |  | -----<br>21,177,784 |
| -----                          |  |                     |
| No. of<br>Shares               | Security   | Value               |
| -----                          |  |                     |
| PHARMACEUTICALS - 28.37%       |  |                     |
| 1,315,000                      | NOVARTIS AG <sup>2</sup><br>REGISTERED SHARES  | \$52,034,993        |

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One of the leading manufacturers  
of pharmaceutical and  
nutrition products.  
(Cost \$16,301,451)

|         |   |            |
|---------|---|------------|
| 420,000 | ROCHE HOLDING AG2<br>DIVEDENDS RIGHTS CERTIFICATES<br>Worldwide pharmaceutical company.<br>(Cost \$8,467,363) | 32,944,520 |
|         |   | -----      |
|         |   | 84,979,513 |

RETAIL - 0.79%

|        |   |           |
|--------|---|-----------|
| 73,300 | CHARLES VOEGELE HOLDING AG1<br>BEARER SHARES<br>Family apparel retailer which focuses on<br>the value-for-money segment of the market.<br>Operates retail stores in Switzerland, Germany,<br>Austria, and the Benelux region.<br>(Cost \$2,151,854) | 2,381,012 |
|        |   | -----     |
|        |   | 2,381,012 |

TECHNOLOGY - 0.46%

|        |  |           |
|--------|--|-----------|
| 68,593 | MICRONAS SEMICONDUCTOR HOLDING AG1<br>REGISTERED SHARES<br>Develops and manufactures a wide<br>range of semiconductors and modules<br>used by the automotive and consumer<br>goods industries.<br>(Cost \$1,486,445) | 1,382,443 |
|        |  | -----     |
|        |  | 1,382,443 |

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T H E S W I S S H E L V E T I A F U N D , I N C .

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONCLUDED)

| No. of<br>Shares | Security | Value |
|------------------|----------|-------|
|------------------|----------|-------|

COMMON STOCKS - (CONCLUDED)

TRANSPORTATION - 1.66%

|        |  |              |
|--------|--|--------------|
| 67,611 | KUEHNE & NAGEL INTERNATIONAL AG<br>REGISTERED SHARES<br>Operates sea freight, land and rail<br>transportation businesses and<br>warehousing and distribution facilities.<br>(Cost \$3,548,676) | \$ 4,966,442 |
|        |  | -----        |
|        |  | 4,966,442    |

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|  |               |
|--|---------------|
| TOTAL COMMON STOCKS (COST \$151,954,931) | \$269,906,104 |
| OTHER ASSETS IN EXCESS OF LIABILITIES    | 29,625,053    |
|  | -----         |
| NET ASSETS                               | \$299,531,157 |
|  | =====         |

-----  
1 Non-income producing security.  
2 One of the ten largest portfolio holdings.  
See Notes to the Financial Statements.

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T H E S W I S S H E L V E T I A F U N D , I N C .  
-----

### STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)

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#### ASSETS:

Investments, at value (cost \$151,954,931)  
Cash  
Foreign currency (Swiss francs) (cost \$27,918,908)  
Interest receivable  
Tax reclaims receivable  
Prepaid expenses and other

Total assets

#### LIABILITIES:

Advisory fees payable (Note 2)  
Accrued expenses and other

Total liabilities

Net assets

#### COMPOSITION OF NET ASSETS:

Paid in capital  
Undistributed net investment income  
Accumulated net realized gain from investment transactions  
Net unrealized appreciation on investments and foreign currencies

Net assets

#### NET ASSET VALUE PER SHARE:

(\$299,531,157 / 24,186,718 shares outstanding)

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See Notes to the Financial Statements.

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T H E S W I S S H E L V E T I A F U N D , I N C .  
-----

STATEMENT OF OPERATIONS (UNAUDITED)

FOR THE SIX

-----  
Investment Income:

Dividends (less foreign taxes withheld of \$639,655)  
Interest  
Securities Lending Income

Total income

EXPENSES:

Investment advisory fees (Note 2)  
Professional fees  
Directors' fees & expenses  
Administration fees  
Custody fees  
Printing and shareholder reports  
Accounting fees  
Transfer agent fees  
Miscellaneous

Total expenses

Net investment income

REALIZED AND UNREALIZED GAIN ON INVESTMENTS AND FOREIGN CURRENCIES:

Net realized gain from:

Investment transactions  
Foreign currency transactions

Net change in unrealized appreciation/depreciation from:

Investments  
Foreign currencies

Net Realized and Unrealized Gain on Investments  
and Foreign Currencies

NET INCREASE IN NET ASSETS FROM OPERATIONS

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See Notes to the Financial Statements.

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T H E S W I S S H E L V E T I A F U N D , I N C .

STATEMENT OF CHANGES IN NET ASSETS

FOR THE  
SIX MONTHS ENDED  
JUNE 30, 2003 1

INCREASE (DECREASE) IN NET ASSETS:

OPERATIONS:

|   |              |
|---|--------------|
| Net investment (expenses in excess of) income   | \$ 1,786,523 |
| Net realized gain from:   |              |
| Investment transactions   | 3,253,546    |
| Foreign currency transactions   | 5,730,358    |
| Net change in unrealized appreciation/depreciation on<br>investments and foreign currencies | 7,087,641    |
|   | -----        |
| Net increase (decrease) in net assets from operations                                       | 17,858,068   |
|   | -----        |

DISTRIBUTIONS TO SHAREHOLDERS FROM:

|                                     |             |
|-------------------------------------|-------------|
| Net investment income               | -           |
| In excess of net investment income  | -           |
| Net realized capital gains          | (3,265,207) |
|                                     | -----       |
| Total distributions to shareholders | (3,265,207) |
|                                     | -----       |

CAPITAL SHARE TRANSACTIONS:

|   |           |
|---|-----------|
| Value of shares issued in reinvestment of dividends and distributions | 5,961,907 |
| Value of shares repurchased   | (822,327) |
|   | -----     |
| Total increase (decrease) from capital share transactions             | 5,139,580 |
|   | -----     |

|   |            |
|---|------------|
| Total increase (decrease) in net assets | 19,732,441 |
|---|------------|

NET ASSETS:

|   |                |
|---|----------------|
| Beginning of period   | 279,798,716    |
|   | -----          |
| End of period (including undistributed net investment income of<br>\$1,786,523 and \$0, respectively) | \$ 299,531,157 |
|   | =====          |

1 Unaudited.

See Notes to the Financial Statements.

T H E S W I S S H E L V E T I A F U N D , I N C .

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FINANCIAL HIGHLIGHTS

|   | FOR THE<br>SIX MONTHS<br>ENDED<br>JUNE 30,<br>2003 |           | FOR THE YEARS ENDED<br>2002 |           | 2001      |           | 2000      |           |
|---|--|-----------|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Per Share Operating Performance:</b>                             |  |           |                             |           |           |           |           |           |
| Net asset value at beginning of period                              | \$ 11.82   | \$ 13.16  | \$ 17.92                    | \$ 17.92  | \$ 17.92  | \$ 17.92  | \$ 17.92  | \$ 17.92  |
| <b>INCOME FROM INVESTMENT OPERATIONS:</b>                           |  |           |                             |           |           |           |           |           |
| Net investment income (expenses in excess of income)                | 0.07   | (0.02)    | (0.03)                      | (0.03)    | (0.03)    | (0.03)    | (0.03)    | (0.03)    |
| Net realized and unrealized gain (loss) on investments <sup>3</sup> | 0.68   | (0.71)    | (4.34)                      | (4.34)    | (4.34)    | (4.34)    | (4.34)    | (4.34)    |
| Total from investment operations                                    | 0.75   | (0.73)    | (4.37)                      | (4.37)    | (4.37)    | (4.37)    | (4.37)    | (4.37)    |
| Gain from capital share repurchases                                 | 0.01   | 0.02      | 0.06                        | 0.06      | 0.06      | 0.06      | 0.06      | 0.06      |
| Capital charge resulting from the issuance of fund shares           | (0.06)   | -         | (0.14)                      | (0.14)    | (0.14)    | (0.14)    | (0.14)    | (0.14)    |
| <b>LESS DISTRIBUTIONS:</b>  |  |           |                             |           |           |           |           |           |
| Dividends from net investment income                                | -  | (0.06)    | -                           | -         | -         | -         | -         | -         |
| Dividends in excess of net investment income                        | -  | (0.01)    | -                           | -         | -         | -         | -         | -         |
| Distributions from net realized capital gains                       | (0.14)   | (0.56)    | (0.31)                      | (0.31)    | (0.31)    | (0.31)    | (0.31)    | (0.31)    |
| Total distributions   | (0.14)   | (0.63)    | (0.31)                      | (0.31)    | (0.31)    | (0.31)    | (0.31)    | (0.31)    |
| Net asset value at end of period                                    | \$ 12.38   | \$ 11.82  | \$ 13.16                    | \$ 13.16  | \$ 13.16  | \$ 13.16  | \$ 13.16  | \$ 13.16  |
| Market value per share at end of period                             | \$ 10.45   | \$ 9.64   | \$ 11.00                    | \$ 11.00  | \$ 11.00  | \$ 11.00  | \$ 11.00  | \$ 11.00  |
| <b>TOTAL INVESTMENT RETURN<sup>4</sup>:</b>                         |  |           |                             |           |           |           |           |           |
| Based on market value per share                                     | 9.77%  | (4.46)%   | (22.10)%                    | (22.10)%  | (22.10)%  | (22.10)%  | (22.10)%  | (22.10)%  |
| Based on net asset value per share                                  | 6.06%  | (6.92)%   | (24.94)%                    | (24.94)%  | (24.94)%  | (24.94)%  | (24.94)%  | (24.94)%  |
| <b>RATIOS TO AVERAGE NET ASSETS:</b>                                |  |           |                             |           |           |           |           |           |
| Expenses  | 1.37% <sup>6</sup>                                 | 1.31%     | 1.39% <sup>5</sup>          | 1.39%     | 1.39%     | 1.39%     | 1.39%     | 1.39%     |
| Net investment income (expenses in excess of income)                | 1.24% <sup>6</sup>                                 | (0.14)%   | (0.23)%                     | (0.23)%   | (0.23)%   | (0.23)%   | (0.23)%   | (0.23)%   |
| <b>SUPPLEMENTAL DATA:</b>   |  |           |                             |           |           |           |           |           |
| Net assets at end of period (000s)                                  | \$299,531  | \$279,799 | \$314,436                   | \$314,436 | \$314,436 | \$314,436 | \$314,436 | \$314,436 |
| Average net assets during period (000's)                            | \$284,098  | \$308,018 | \$341,806                   | \$341,806 | \$341,806 | \$341,806 | \$341,806 | \$341,806 |
| Shareholders of record <sup>7</sup>                                 | 977  | 1,001     | 1,067                       | 1,067     | 1,067     | 1,067     | 1,067     | 1,067     |
| Portfolio turnover rate   | 63%  | 83%       | 32%                         | 32%       | 32%       | 32%       | 32%       | 32%       |

1 Unaudited.

2 Less than \$.01 per share.

3 Includes net realized currency gain (loss).

4 Total investment return based on market value differs from total investment return based on net changes in the relationship between the Fund's market price and its net asset value per share. been restated to reflect subsequent changes to dividend reinvestment calculations.

5 The increase in the Fund's expense ratio was attributable to extraordinary expenses in connecti



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proxy contest for the election of directors and termination of the management contract and defeasance against the Fund and its directors plus the impact of a decline in the Fund's net assets.  
6 Annualized.  
7 Not audited by Deloitte & Touche LLP.  
See Notes to the Financial Statements.

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### THE SWISS HELVETIA FUND, INC.

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#### NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

##### NOTE 1—ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

###### A. ORGANIZATION

The Swiss Helvetia Fund, Inc. (the "Fund") is registered under the Investment Company Act of 1940, as amended, (the "Act"), as a non-diversified, closed-end investment management company. The Fund is organized as a corporation under the laws of the State of Delaware.

The investment objective of the Fund is to seek long-term growth of capital through investment in equity and equity-linked securities of Swiss companies.

###### B. VALUATION OF SECURITIES

The Fund values its investments at market value.

When valuing listed equity securities, the Fund uses the last sale price prior to the calculation of the Fund's net asset value. When valuing equity securities that are not listed or that are listed but have not traded, the Fund uses the mean between the bid and asked prices for that day.

When valuing fixed income securities, the Fund uses the last bid price prior to the calculation of the Fund's net asset value. If a current bid price is not available, the Fund uses the mean between the latest quoted bid and asked prices. When valuing fixed income securities that mature within sixty days, the Fund uses amortized cost.

It is the responsibility of the Fund's Board of Directors (the "Board") to establish fair valuation procedures. When valuing securities for which market quotations are not readily available or for which the market quotations that are available are considered unreliable, the Fund determines a fair value in good faith in accordance with these procedures. The Fund may use these procedures to establish the fair value of securities when, for example, a significant event occurs between the time the market closes and the time the Fund values its investments. After consideration of various factors, the Fund may value the securities at their last reported price or at some other value. On June 30, 2003, there were no fair valued

proceeds of a sale or the cost of an offsetting transaction.

Dividend income, net of any foreign tax, is recorded on the ex-dividend date. Amortization of premiums and accretion of discounts is accrued daily. Estimated expenses

The Fund records Swiss withholding tax on any amount receivable from Switzerland in accordance with the tax treaty between the United States and Switzerland.

###### D. DISTRIBUTIONS

The Fund pays dividends annually based on net investment income and makes distributions of realized capital gains to the extent of net loss carryforwards. The Fund determines the timing of these distributions in accordance with the Internal Revenue Code. Distributions may be made in cash or in stock with an option to reinvest. The Fund records dividends and distributions on the ex-dividend date.

###### E. FEDERAL INCOME TAXES

The Fund's policy is to conform to the requirements of the Internal Revenue Code applicable to regulated investment companies. The Fund distributes all its taxable income to its shareholders. Therefore, no federal income tax

###### F. SECURITIES LENDING

The Fund may lend securities to other investment companies. The Fund retains beneficial ownership of securities loaned and continues to receive dividends paid on these securities. Changes in their market value are passed on to the borrowers of the securities to maintain the value of the Fund in the form of cash and/or securities. The Fund receives fees as compensation for the loan. Either the Fund or the borrower may terminate the loan at any time. On June 30, 2003,



T H E S W I S S H E L V E T I A F U N D , I N C .

NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (CONCLUDED)

The Fund pays each director who is not an interested person (as such term is defined in the Act) of the Fund, its Advisor or Forum Administrative Services, LLC approximately \$15,000 per annum in compensation, except for the Chairmen of the Audit Committee and the Governance Committee, who the Fund pays an annual fee of approximately \$16,500. In addition, the Fund pays each disinterested director \$750 for each directors' meeting attended and \$750 for each committee meeting attended, if it is held separately. In addition, the Fund reimburses directors who are not employees of or affiliated with the Advisor for out-of-pocket expenses incurred in conjunction with attendance at meetings.

NOTE 6--STOCK REPURCHASE PROGRAM  
Pursuant to authorization by the market purchases of its common Exchange in 1999 and has con subsequent year. The Board has au to 500,000 shares in 2003. Durin 2003, the Fund repurchased and average price of \$9.82 per s commissions) and a weighted av These repurchases, which had a resulted in an increase of \$168, value.

NOTE 4--CAPITAL SHARE TRANSACTIONS

The Fund is authorized to issue up to 50 million shares of capital stock. HCC owned 113,788 of the 24,186,718 shares outstanding on June 30, 2003. Transactions in capital shares were as follows:

|                            | For the Period Ended<br>JUNE 30, 2003 |              | For the Year Ended<br>DECEMBER 31, 2002 |                |
|----------------------------|---------------------------------------|--------------|---|----------------|
|                            | SHARES                                | AMOUNT       | SHARES                                  | AMOUNT         |
| Dividends                  |                                       |              |   |                |
| Reinvested                 | 597,409                               | \$ 5,961,907 | -                                       | \$ -           |
| Repurchased                | (83,700)                              | (822,327)    | (219,700)                               | (2,361,886)    |
| Net increase<br>(decrease) | 513,709                               | \$ 5,139,580 | (219,700)                               | \$ (2,361,886) |

NOTE 7--LITIGATION

On April 2, 2001 and May 8, 2001, in purported class actions on be Fund, in the Court of Chancery against the Fund, each of its di Investment Advisor (collectively complaints in these cases, enti Hottinguer et al. and Charles Mi al., have been voluntarily dis prejudice pursuant to a settl approved by the Delaware Chanc the opinion of management, the t not have a material adverse statements of the Fund.

NOTE 5--INVESTMENT TRANSACTIONS

The aggregate cost of purchases and proceeds from sales of investments, other than short-term obligations, for the period ended June 30, 2003, were \$165,869,316 and \$148,182,935, respectively.

At June 30, 2003, the net unrealized appreciation from investments for those securities having an excess of value over cost was \$120,216,993 and the net unrealized depreciation from investments for those securities having an excess of cost over value was \$2,265,820.

T H E S W I S S H E L V E T I A F U N D , I N C .

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 PROXY RESULTS

At the Annual Meeting of Stockholders held on May 22, 2003, shares were voted as follows on the proposal presented to the Stockholders to elect three Class III Directors to serve for a three year term and until their successors are elected and qualified:

|                       | For        | Authority<br>Withheld |
|-----------------------|------------|-----------------------|
|                       | -----      | -----                 |
| Paul Hottinguer       | 17,904,538 | 1,550,406             |
| Claude Mosseri-Marlio | 17,889,098 | 1,565,846             |
| Stephen K. West, Esq. | 17,894,106 | 1,560,838             |

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T H E S W I S S H E L V E T I A F U N D , I N C .

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 PRIVACY POLICY

The Swiss Helvetia Fund, Inc. believes that the privacy of its stockholders is extremely important. We are firmly committed to protecting any personal and financial information you provide to us. When you provide us personal information, we use it only to develop and deliver products and services that you request. For example, we may disclose information to affiliates and service providers who work with us. We will also use or disclose your personal information if required by or in conformity with legal or regulatory requirements. We require our officers, affiliates and service providers to maintain appropriate safeguards to ensure the security of your non-public personal information. Otherwise, we do not disclose any information about current or former stockholders.

LIMITS OF USE OF PERSONAL INFORMATION

We limit the use, collection and retention of stockholder information to what we believe is necessary to provide personal financial service and related products. We collect information about our stockholders from sources such as account and other forms as well as from telephone, website and other communications. Access to this information is limited to only those people who require that information to service your account.

ACCURACY OF PERSONAL INFORMATION  
 We strive to keep your personal accurate. If our records are please notify us immediately 1-888-794-7700.

CHANGES TO OUR POLICIES

If you have any questions about or contact Mr. Rudolf Millisits at our discretion, change this Pri we make material changes we will these changes.

Sincerely,  
 The Swiss Helvetia Fund, Inc.

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A SWISS  
INVESTMENTS  
FUND

THE SWISS  
-----  
HELVETIA  
-----  
FUND, INC.  
-----  
WWW.SWZ.COM

THE SWISS HELVETIA FUND, INC.

EXECUTIVE OFFICES  
The Swiss Helvetia Fund, Inc.  
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SEMI-ANNUAL  
REPORT  
For the  
Six Months Ended  
June 30, 2003

ITEM 2. CODE OF ETHICS.  
Not applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.  
Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.  
Not applicable.

ITEM 5. [RESERVED]

ITEM 6. [RESERVED]

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END  
MANAGEMENT INVESTMENT COMPANIES.  
Not applicable.

ITEM 8. [RESERVED]

ITEM 9. CONTROLS AND PROCEDURES

(a) - The certifying officers, whose certifications are included herewith, have evaluated the registrant's disclosure controls and procedures within 90 days of the filing date of this report. In their opinion, based on their evaluation, the registrant's disclosure controls and procedures are adequately designed, and are operating effectively to ensure, that material information relating to the registrant, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which this report is being prepared. Further, in their opinion, the registrant's disclosure controls and procedures are adequately designed, and are operating effectively to ensure that information required to be disclosed by the registrant in the reports it files or submits under the Securities Exchange Act of 1934 is

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recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b) - There were no significant changes in the registrant's internal controls or in other factors that could significantly affect these controls subsequent to the date of their most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

### ITEM 10. EXHIBITS.

(a) Not applicable.

(b) Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Exhibit filed herewith).

(c) Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Exhibit filed herewith).