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SWISS HELVETIA FUND INC

Form N-CSR

March 08, 2004

As filed with the Securities and Exchange Commission on March 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: JANUARY 31, 2003 THROUGH DECEMBER 31, 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. REPORT TO STOCKHOLDERS.

THE SWISS HELVETIA FUND, INC.

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Directors and Officers

|  |   |
|--|---|
| Paul Hottinguer<br>CHAIRMAN                    | Samuel B. Witt III, Esq.**<br>DIRECTOR                        |
| Eric R. Gabus +<br>VICE CHAIRMAN (NON OFFICER) | Rodolphe E. Hottinger<br>PRESIDENT<br>CHIEF EXECUTIVE OFFICER |
| Paul R. Brenner, Esq.<br>DIRECTOR              | Rudolf S. Millisits<br>SENIOR VICE PRESIDENT<br>TREASURER     |
| Alexandre de Takacsy<br>DIRECTOR               | Philippe R. Comby<br>VICE PRESIDENT                           |
| Claude Frey<br>DIRECTOR                        | Edward J. Veilleux<br>VICE PRESIDENT<br>SECRETARY             |
| Baron Hottinger<br>DIRECTOR                    | Leslie K. Klenk<br>ASSISTANT SECRETARY                        |
| Claude Mosseri-Marlio<br>DIRECTOR              | Frederick Skillin<br>ASSISTANT TREASURER                      |
| Didier Pineau-Valencienne*<br>DIRECTOR         |   |
| Stephen K. West, Esq.*<br>DIRECTOR             |   |

-----  
\*Audit Committee Member      +Governance Committee Chairman  
\*\*Audit Committee Chairman

INVESTMENT ADVISOR  
Hottinger Capital Corp.  
1270 Avenue of the Americas, Suite 400  
New York, New York 10020  
(212) 332-7930

ADMINISTRATOR  
Forum Administrative Services, LLC

CUSTODIAN  
Swiss American Securities Inc.

TRANSFER AGENT  
American Stock Transfer & Trust  
59 Maiden Lane  
Plaza Level  
New York, NY 10038  
(800) 937-5449

LEGAL COUNSEL  
Stroock & Stroock & Lavan LLP

INDEPENDENT AUDITORS  
Deloitte & Touche LLP

The Investment Advisor

The Swiss Helvetia Fund, Inc. (the "Fund") is managed by Hottinger Capital

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Corp., which belongs to the Hottinger Group.

The Hottinger Group dates back to Banque Hottinguer, which was formed in Paris in 1786 and is one of Europe's oldest private banking firms. The Hottinger Group has remained under the control of the Hottinger family through seven generations. It has offices in New York, Zurich, Luxembourg, Toronto, Geneva, Vienna, London, and the Bahamas.

### EXECUTIVE OFFICES

The Swiss Helvetia Fund, Inc.  
1270 Avenue of the Americas, Suite 400  
New York, New York 10020  
1-888-SWISS-00 (1-888-794-7700)  
(212) 332-2760

### FOR INQUIRIES AND REPORTS:

1-888-SWISS-00 (1-888-794-7700)  
Fax (212) 332-7931  
email: swz@swz.com

### WEBSITE ADDRESS

<http://www.swz.com>

### The Fund

The Swiss Helvetia Fund, Inc. is a non-diversified, closed-end investment company whose objective is to seek long-term capital appreciation through investment in equity and equity-linked securities of Swiss companies. The Fund, listed on the New York Stock Exchange under the symbol "SWZ," is managed by Hottinger Capital Corp.

The Fund has earned the Lipper, Inc. award for ranking number one among Western European closed-end funds in ten year performance for the periods ended December 31, 2002, 2001, 2000, 1999, and 1998. The Fund had previously been recognized for its top one year performance in the same category for the year 2000. The Fund also maintained Morningstar's overall rating of four stars as of December 31, 2003. Of course, past performance is no guarantee of future results. See page 4 for more information.

Net Asset Value is calculated daily by 6:15 P.M. (Eastern Time). The most recent calculation is available by calling 1-888-SWISS-00 or by accessing our Website. Weekly Net Asset Value is also published in BARRON'S, the Monday edition of THE WALL STREET JOURNAL and the Sunday Edition of THE NEW YORK TIMES.

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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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### Letter to Stockholders

#### GLOBAL STOCK MARKET PERFORMANCE

The year under review was indeed a good one for stock markets across the world. 2003 was one of the best examples of markets "climbing a wall of worries". It all looked bleak at the beginning of the year with the prospect of major geopolitical risks materializing, recession in business spending continuing and deflation becoming more of a reality. However, the concerted actions of the central banks were able to stop price erosion and preserve the strength in U.S. consumer spending and keep Chinese economic growth on its path.

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While emerging markets were star performers due to an increase in investors' risk appetite in the context of very favorable liquidity conditions, the more mature markets, such as Germany and Spain, had very good performance as well. Although Switzerland and the United Kingdom did not perform as strongly in their own currencies, when their returns are measured in U.S. dollar terms their performance was admirable. The Swiss market appreciation of 36.47% (in U.S. dollar terms), as measured by the Swiss Performance Index (SPI), significantly outperformed the Dow Jones Industrial Average return of 28.28% and the Standard & Poor's 500 Index return of 28.67%.

### SWISS ECONOMIC NOTES

On December 12, 2003, the Swiss National Bank (SNB) announced at a press conference that it would leave the target range for the 3-month Libor unchanged at 0.00% - 0.75% and that, for the time being, the rate would be kept at around 0.25%. The ten-year spot interest rate on Confederation bonds increased from 2.58% at the beginning of the year to 2.97% by the end of December. Most of the increase happened between June and the beginning of September. The last quarter, however, was flat. Even though the signs of an economic recovery in Switzerland are present, a sustained upswing is not yet assured. At the same time, inflation potential is low. For these reasons, the SNB maintained its expansionary monetary policy.

The real Gross Domestic Product (GDP) at the end of the third quarter decreased by 0.7% in comparison to last year. However, it exceeded the two previous quarters. Third quarter GDP grew by 1.0% led by higher exports (+5.2% over the prior quarter) thanks to more favorable exchange rate conditions. In addition, equipment investment rose slightly following a long phase of decline (+4.5% over the prior quarter) and consumer spending increased (+1.5%). Leading economic indicators set a new two-year record in November, suggesting a continuing positive trend for the GDP.

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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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Letter to Stockholders (continued)

There is, however, some concern regarding consumption in Switzerland. The unemployment rate hit a six-year high in December at 4.1% (at the beginning of the year the rate was at 3.5%). The SNB believes that unemployment should fall and consumer spending should increase following improvement in the economic situation. It is expecting exports to continue to develop favorably and investment in equipment to experience a robust increase. On average, it expects a moderate decline in economic activity in the current year with growth in the economy of slightly over 1.5%.

On the inflation side, if monetary policy remains unchanged, average annual inflation is likely to amount to 0.4% in the coming year, 1.0% in 2005 and 2.3% in 2006. The SNB's opinion is that price stability can be maintained by tightening monetary policy at a later point in time.

### SWISS NEWS

On December 2, 2003, the Swiss parliament voted to add banking secrecy to the constitution. Switzerland has had a banking secrecy law since 1935. However, adding financial privacy to the constitution would strengthen the law against efforts by some European Union members to abolish it. With banking secrecy in the constitution, parliament would lose the power to repeal the secrecy law.

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This is good news for the Swiss financial industry, as it will assure further guarantee of the confidentiality of domestic and foreign private clients. Before it is part of the constitution, it has to be approved by the upper house and then by a majority vote in a popular referendum.

### SWISS MARKET REVIEW AND FUND PERFORMANCE FOR THE YEAR

In the first quarter of the year Management kept a high level of cash due to the strength of the Swiss currency and the geopolitical risks. The market reached a bottom in March. After a loss of -22% from the beginning of the year through March 12th, the SPI rallied sharply, gaining back 20% in seven days, mainly on short covering in a limited number of financial stocks. This volatility made the Fund lag the benchmark for the first half of the year. For the rest of the year, the Fund's investment strategy was to concentrate on stock picking, trying to find undervalued stocks in turnaround situations. The strategy allowed the Fund to regain a positive relative performance, finishing the year with a 22.54% return in local currency, 0.48% better than the SPI.

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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)

The Fund maintained, for the year ended December 31, 2003, an overall rating of four stars from Morningstar.\* The Fund also received Lipper, Inc.'s top ranking for Western European closed-end funds in ten-year performance for the period ended December 31, 2002.\*\* Past performance is no guarantee of future results.

\* Morningstar is an independent fund performance monitor. Its ratings reflect historic risk-adjusted performance and may change monthly. Its ratings of one (low) and five (high) stars are based on a fund's three- and five-year average annual total returns with fee adjustments, and a risk factor that reflects fund performance relative to three-month Treasury Bill monthly returns. Only 33% of the funds in an investment category may receive four or five stars. As of 12/31/03, there were 12 funds in the Fund's asset category rated by Morningstar.

\*\* Lipper, Inc. is an independent fund performance monitor. As of 12/31/02, there were 9 funds in the Lipper Western European closed-end funds category, which is comprised of funds that concentrate their investments in equity securities whose primary trading markets or operations are in the Western European region or a single country within this region.

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

|                               | 2003   | 2002    | 2001    | 2000   | 1999   |
|-------------------------------|--------|---------|---------|--------|--------|
| SWISS HELVETIA FUND           | 22.54% | -20.40% | -22.91% | 14.06% | 14.70% |
| Swiss Performance Index (SPI) | 22.06% | -25.95% | -22.03% | 11.91% | 11.69% |
| Swiss Market Index (SMI)      | 18.51% | -27.84% | -21.11% | 7.47%  | 5.71%  |

Switzerland iShares2

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|   |        |         |         |        |        |
|---|--------|---------|---------|--------|--------|
| (Formerly called Webs Switzerland)          | 19.14% | -26.23% | -23.12% | 7.75%  | 12.22% |
| CS Equity Swiss Blue Chips <sup>3, 7</sup>  | 18.13% | -28.75% | -22.12% | 10.97% | 7.57%  |
| UBS Equity Inv. Switzerland <sup>4, 7</sup> | 18.14% | -26.02% | -22.04% | 7.42%  | 6.43%  |
| Pictet Valsuisse <sup>5, 7</sup>            | 20.10% | -27.93% | -22.35% | 7.34%  | 9.38%  |
| Saraswiss (Bank Sarasin) <sup>6, 7</sup>    | 19.64% | -28.51% | -24.45% | 9.72%  | 7.10%  |

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 CUMULATIVE  
 PERFORMANCE  
 12/31/96 -  
 12/31/03  
 -----

|  |        |
|--|--------|
| SWISS HELVETIA FUND  | 75.07% |
| Swiss Performance Index (SPI)  | 57.70% |
| Swiss Market Index (SMI)   | 39.20% |
| Switzerland iShares <sup>2</sup><br>(Formerly called Webs Switzerland) | 34.92% |
| CS Equity Swiss Blue Chips <sup>3, 7</sup>                             | 42.90% |
| UBS Equity Inv. Switzerland <sup>4, 7</sup>                            | 36.96% |
| Pictet Valsuisse <sup>5, 7</sup>                                       | 36.40% |
| Saraswiss (Bank Sarasin) <sup>6, 7</sup>                               | 33.41% |

SOURCES: BLOOMBERG, MANAGEMENT COMPANIES' WEBSITES, INVESTMENT COMPANY CAPITAL CORP., AND CITIGROUP GTS.

1Performance of funds is based on changes in the fund's NAV over a specified period. In each case total return is calculated assuming reinvestment of all distributions. Funds listed, other than Switzerland iShares, are not registered with the Securities and Exchange Commission. Performance and descriptive information about the funds are derived from their published investor reports and websites, which are subject to change.

2Switzerland iShares are traded on the New York Stock Exchange and invest in most of the same stocks listed in the Morgan Stanley Capital International (Switzerland) Index. These stocks represent Switzerland's largest and most established public companies, accounting for approximately 85% of the market capitalization of all of Switzerland's publicly traded stocks. Performance of iShares is calculated based upon the December 31 closing prices each year using the Swiss franc/U.S. dollar exchange rate as of noon each such date, as reported by Bloomberg. Such exchange rates were as follows: 12/31/96 = 1.35, 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 = 1.39, and 12/31/03 = 1.24.

3 This fund invests in equities issued by leading Swiss companies. Stock selection is based on economic, sector and company analyses. Preference is given to large-cap companies.

4 This fund invests primarily in major Swiss companies. Quality criteria used for determining relative weightings of companies include: strategic orientation, strength of market position, quality of management, soundness of earnings, growth potential and potential for improving shareholder value. The investment

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objective seeks to provide results that are aligned with the SPI performance.  
5 This fund invests in shares of Swiss companies listed on the Swiss Stock Exchange (SWX) and included in the SPI.  
6 This fund invests in shares of Swiss companies. It weights individual sectors relative to the SPI on the basis of their 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.

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### THE SWISS HELVETIA FUND, INC.

Letter to Stockholders (continued)

|   | Year to Date<br>December 31, 2002<br>Through<br>December 31, 2003 |
|---|---|
| PERFORMANCE                                     |   |
| Swiss Performance Index (SPI)                   | 22.06%  |
| Swiss Helvetia Fund                             |   |
| Based on Net Asset Value in Swiss Francs        | 22.54%  |
| CHANGE IN U.S. DOLLAR VS. SWISS FRANC           | -10.56%   |
| SWISS HELVETIA FUND PERFORMANCE IN U.S. DOLLARS |   |
| Based on Market Price                           | 41.76%  |
| Based on Net Asset Value                        | 37.00%  |
| S & P 500 Index                                 | 28.67%  |
| MSCI EAFE Index                                 | 38.59%  |
| Lipper European Fund Index (10 Largest)         | 36.81%  |
| Lipper European Fund Universe Average           | 37.58%  |
| Sources: Citigroup GTS and Bloomberg            |   |

SPECIFIC COMPANY NEWS GEBERIT: On December 12, 2003 the Geberit Group announced the acquisition of Mapress Holding, Germany, the leading European provider of press fitting systems and drainage solutions, mainly made of stainless steel. With this acquisition, Geberit will expand its piping systems division, broaden its geographic presence and open up further potential for improvement in its sales and profits.

SGS: On December 22, 2003 SGS announced its acquisition of Medisearch International (MSI), an international full service clinical research organization, which provides clinical development and biomedical services to life sciences companies. With this acquisition SGS is building-up its life sciences services and is establishing a presence in the North American market, both important steps for its growth strategy.

Several capital increases occurred this last quarter:

ABB: At an extraordinary meeting on November 20, 2003 shareholders approved share capital increase expected to raise about \$2.5 billion through a rights offering. Shareholders demonstrated their confidence in the company by exercising 99% of the rights.

MICRONAS: At an extraordinary meeting held on November 30, 2003 shareholders accepted a proposal to increase the share capital by 8.1 million Swiss francs

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within the next two years. The stated aim is to increase the group's strategic financial flexibility.

SGS: At an extraordinary meeting on December 9, 2003 shareholders approved a conditional share capital increase of up to 20 million Swiss francs and an authorized share capital increase of up to 10 million Swiss francs. Management's stated objective is to strengthen the company's long term financial flexibility, especially with regard to acquisitions.

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THE SWISS HELVETIA FUND, INC.

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Letter to Stockholders (continued)

### COMMENTS ON THE CURRENCY

U.S. DOLLAR: The dollar depreciated markedly against the other main currencies of the world. It fell by 20% against the euro, 10.5% against the Swiss franc, 10% against the British pound and 10% versus the yen. The trade and budget deficits have been a source of concern for some time now, but the downside move was triggered by the statements of U.S. officials showing little willingness to continue a strong dollar policy.

SWISS FRANC: The Swiss franc vs. the U.S. dollar was flat during the first half of the year and then appreciated by around 12% from the peak exchange rate of 1.4174 at the end of August to 1.2391 at the end of year. The Swiss franc weakened considerably against the euro between March and July, depreciating by 8% for the full year, a decline which considerably helped Swiss exports to Euroland.

EURO: The European Central Bank (ECB) changed its rate only one time during the year, from 2.5% to 2.0% in June. The news did not have any impact on the euro since it had been expected for a long time. With inflation steady at around 2%, there is no indication that the ECB will change policy for some time. The euro finished the year high with an exchange rate of 1.2595 against the U.S. dollar and of 1.56 against the Swiss franc.

### OUTLOOK

It is difficult to imagine a more favorable environment for stocks than the one that prevailed during the second half of 2003. As inflexion points in earnings expectations were reached, the first incremental upward revision took place. With extremely low interest rates and the threat of deflation fading away, no investment vehicle could compete against stocks. While price momentum can be expected to carry over in 2004, investors can look more closely at valuations and analysts will have a tougher time increasing earnings estimates. In the Swiss and U.S. markets, however, some segments that have performed below average, such as quality names in the large capitalization area, should outperform as investors become more risk adverse. While a flatter yield curve may slow down market performance, as long as long-term interest rates stay stable, stocks should continue to be attractive.

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THE SWISS HELVETIA FUND, INC.

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Letter to Stockholders (concluded)

STOCK REPURCHASE PROGRAM

Pursuant to authorization by its Board of Directors, 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 principal purpose of the stock repurchase program is to enhance stockholder value by increasing the Fund's net asset value per share without creating a meaningful adverse effect upon the Fund's expense ratio and realizing capital gains in order to fund the repurchases. During the period ended December 31, 2003, the Fund repurchased and retired 172,100 shares at an average price of \$10.62 per share (including brokerage commissions) and a weighted average discount of 17.20%. These repurchases, which had a total cost of \$1,827,374, resulted in an increase of \$373,246 to the Fund's net asset value. The Board has authorized the purchase of up to 500,000 shares in 2004.

Sincerely,

/s/ Paul Hottinguer  
Paul Hottinguer  
Chairman

/s/ Rodolphe Hottinger  
Rodolphe Hottinger  
President and Chief Executive Officer

December 31, 2003

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THE SWISS HELVETIA FUND, INC.

Certain Information Concerning Directors

The following tables set forth certain information about each person currently serving as a Director of the Fund, including his beneficial ownership of Common Stock of the Fund. All information presented in the tables is as of December 31, 2003. Information is presented separately with respect to Directors who have been determined to be non-interested Directors and Directors who are interested Directors under the Investment Company Act of 1940, as amended.

CLASS I INTERESTED DIRECTOR  
(TERM WILL EXPIRE IN 2004)

| NAME,<br>ADDRESS<br>& AGE | POSITION(S)<br>WITH FUND | TERM OF OFFICE<br>AND LENGTH OF<br>TIME SERVED | PRINCIPAL<br>OCCUPATION(S)<br>DURING PAST FIVE YEARS |
|---------------------------|--------------------------|--|--|
|---------------------------|--------------------------|--|--|

|               |            |               |   |
|---------------|------------|---------------|---|
| Mr. Alexandre | Director 2 | Director from | Senior Advisor to the Hottinger Group and |
|---------------|------------|---------------|---|

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de Takacsy  
Financiere  
Hottinguer  
43, rue Taitbout  
75009 Paris  
France

1987 to  
February 8, 1994  
and since  
September 17,  
1998.

President of Hottinger U.S., Inc. since April,  
1986; Vice Chairman of the Board, Director,  
President, and Secretary: Hottinger Capital  
Corp.; Retired Senior Executive: Royal  
Bank of Canada.

Age 74

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NAME, ADDRESS & AGE  
SHARES AND DOLLAR RANGE OF COMMON STOCK BENEFICIALLY OWNED AT DEC. 31, 20031  
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Mr. Alexandre  
de Takacsy  
Financiere  
Hottinguer  
43, rue Taitbout  
75009 Paris  
France

700  
\$1-\$10,000

Age 74

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CLASS I NON-INTERESTED DIRECTOR  
(TERM WILL EXPIRE IN 2004)  
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| NAME, ADDRESS & AGE   | POSITION(S) WITH FUND   | TERM OF OFFICE AND LENGTH OF TIME SERVED | PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS  |
|---|---|--|---|
| Mr. Claude W. Frey<br>Clos 108<br>2012 Auvornier<br>Switzerland<br><br>Age 60 | Director;<br>Member of<br>Nominating<br>Committee from<br>1996 to 2002,<br>and the<br>Governance/<br>Nominating<br>Committee since<br>2002. | Director since<br>1995. (Neuchatel)      | President of the Swiss Police Academy<br>from 1996 to 2003; Member of the Swiss<br>Parliament from 1979 to 2003; Parliamentary<br>Assembly of the Council of Europe<br>(Strasbourg) from 1996 to 2004 and Executive Board<br>of the "North-South Centre" (Lisbon) since<br>1999; President of the National Committee for<br>Foreign Affairs from 2001 to 2003 (Vice President<br>from 1999 to 2001); Chairman of the Board:<br>Federation of Swiss Food Industries (Berne)<br>from 1991 to 2001; Association of Swiss<br>Chocolate Manufacturers (Berne) from<br>1991 to 2000; Swiss Association of Biscuits and<br>Sugar Confectioners Industries (Berne) from 1999<br>to 2000; Vice Chairman of the Board:<br>Federation of Swiss Employers' Association (Zurich)<br>from 1997 to 2001. |

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NAME, ADDRESS & AGE  
SHARES AND DOLLAR RANGE OF COMMON STOCK BENEFICIALLY OWNED AT DEC. 31, 20031  
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ADDRESS COMMON STOCK  
& AGE BENEFICIALLY  
OWNED AT  
DEC. 31, 20031

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Mr. Claude 1,815  
W. Frey \$10,001-\$50,000  
Clos 108  
2012 Auvernier  
Switzerland

Age 60

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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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Certain Information Concerning Directors (continued)

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CLASS I NON-INTERESTED DIRECTOR  
(TERM WILL EXPIRE IN 2004)

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| NAME,<br>ADDRESS<br>& AGE   | POSITION(S)<br>WITH FUND  | TERM OF OFFICE<br>AND LENGTH OF<br>TIME SERVED | PRINCIPAL<br>OCCUPATION(S)<br>DURING PAST FIVE YEARS  |
|---|---|--|---|
| Mr. Eric R. Gabus<br>St. Dominique<br>1815 Clarens<br>Switzerland<br><br>Age 76 | Director; Vice Chairman (Non-Officer) since 1994;<br>Chairman of the Nominating Committee from 1987 to 2002, the Governance/ Nominating Committee since 2002, and Member of the Litigation Committee from 2001 to 2003. | Director since 1987.                           | Chairman of the Board: Societe Neuchateloise Presse since 1999; L'Express Communication (Neuchatel) from 1983 to 2002; Vice Chairman of Board: Fondation Denis de Rougemont pour l'Europe, Geneva since 1980. |

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| NAME,<br>ADDRESS<br>& AGE | SHARES AND DOLLAR<br>RANGE OF<br>COMMON STOCK<br>BENEFICIALLY<br>OWNED AT<br>DEC. 31, 20031 |
|---------------------------|---|
|---------------------------|---|

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Mr. Eric R. Gabus 1,000  
 St. Dominique \$10,001-\$50,000  
 1815 Clarens  
 Switzerland

Age 76

CLASS II INTERESTED DIRECTORS  
 (TERM WILL EXPIRE IN 2005)

| NAME,<br>ADDRESS<br>& AGE  | POSITION(S)<br>WITH FUND   | TERM OF OFFICE<br>AND LENGTH OF<br>TIME SERVED | PRINCIPAL<br>OCCUPATION(S)<br>DURING PAST FIVE YEARS  |
|--|--|--|---|
| The Baron<br>Hottinger<br>Hottinger et Cie<br>Dreikonigstrasse<br>55<br>8027 Zurich<br>Switzerland<br><br>Age 69 | Director <sup>2</sup> ; Chairman<br>of the Board<br>Directors and Chief<br>Executive Officer<br>from 1987 to 1989. | Director since<br>1987.                        | General Partner: Hottinger et Cie (Zurich)<br>President: Conseil de Surveillance Credit<br>Suisse/Hottinguer (Paris), Sofibus (Paris) (real<br>estate); Vice President and Director: Financier<br>Hottinguer (holding company); Administrator:<br>Hottinger U.S., Inc. (USA), Hottinguer Gestion<br>(Luxembourg) (investment advisor) until December<br>1989; Auditor: Didot Bottin, Financiere Provence<br>Participations (FPP) (venture capital); Managi<br>Director: Intercom (holding company), Sofides (real<br>estate); Vice President: Gaspee (real estate);<br>Chairman of the Board and Director: Hottinger<br>Capital Corp. |

| NAME,<br>ADDRESS<br>& AGE  | SHARES AND DOLLAR<br>RANGE OF<br>COMMON STOCK<br>BENEFICIALLY<br>OWNED AT<br>DEC. 31, 20031 |
|--|---|
| The Baron<br>Hottinger<br>Hottinger et Cie<br>Dreikonigstrasse<br>55<br>8027 Zurich<br>Switzerland<br><br>Age 69 | 248,834 3<br>over \$100,000   |

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|  |  |                               |  |
|--|--|-------------------------------|--|
| Mr. Paul R. Brenner Esq.<br>25 Moore Road<br>Bronxville, New York<br>10708 | Director 2; Secretary from 1987 to 2002. | Director since December 2002. | Of Counsel: Salans since July 1996; Attorney-at-Law since June 1993; Fund from 1994 to 2002. |
|--|--|-------------------------------|--|

Age 61

| NAME,<br>ADDRESS<br>& AGE | SHARES AND DOLLAR<br>RANGE OF<br>COMMON STOCK<br>BENEFICIALLY<br>OWNED AT<br>DEC. 31, 20031 |
|---------------------------|---|
|---------------------------|---|

|  |                         |
|--|-------------------------|
| Mr. Paul R. Brenner Esq.<br>25 Moore Road<br>Bronxville, New York<br>10708 | 8,734<br>over \$100,000 |
|--|-------------------------|

Age 61

9

THE SWISS HELVETIA FUND, INC.

Certain Information Concerning Directors (continued)

CLASS II NON-INTERESTED DIRECTOR  
(TERM WILL EXPIRE IN 2005)

| NAME,<br>ADDRESS<br>& AGE   | POSITION(S)<br>WITH FUND   | TERM OF OFFICE<br>AND LENGTH OF<br>TIME SERVED   | PRINCIPAL<br>OCCUPATION(S)<br>DURING PAST FIVE YEARS   |
|---|--|--|--|
| Mr. Didier Pineau-Valencienne<br>c/o Schneider Electric SA<br>64 Rue de Miromesnil<br>75008 Paris<br>France | Director; Member of the Audit Committee since 1999, the Litigation Committee from 2001 to 2003, and the Governance/ Nominating Committee since 2002. | Director since 1999. (industrial conglomerate) since 1999; Chairman of the Board and CEO: Schneider Electric SA (industrial conglomerate) from 1981 until February 1999; Chairman: AFEP from 1999 to 2001; Vice Chairman: Credit Suisse First Boston (Europe) Limited (investment banking) from 1999 to 2002; Senior Advisor: CSFB since 2002; Partner, SAGARD Private Equity Partners (France). | Honorary Chairman: Schneider Electric SA (industrial conglomerate) since 1999; Chairman of the Board and CEO: Schneider Electric SA (industrial conglomerate) from 1981 until February 1999; Chairman: AFEP from 1999 to 2001; Vice Chairman: Credit Suisse First Boston (Europe) Limited (investment banking) from 1999 to 2002; Senior Advisor: CSFB since 2002; Partner, SAGARD Private Equity Partners (France). |

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Age 72

-----  
 NAME, ADDRESS & AGE  
 SHARES AND DOLLAR RANGE OF COMMON STOCK BENEFICIALLY OWNED AT DEC. 31, 20031  
 -----

Mr. Didier Pineau-Valencienne  
 c/o Schneider Electric SA  
 64 Rue de Miromesnil  
 75008 Paris France

2,303  
 \$10,001- \$50,000

Age 72

-----  
 Samuel B. Witt, III, Esq. Stateside Associates, Inc. 2300 Clarendon Blvd. Suite 407 Arlington, Virginia 22201-3367  
 Director; Chairman of the Audit Committee since 1993, the Litigation Committee from 2001 to 2003, and Member of the Governance/ Nominating Committee since 2002.  
 Director since 1987. Senior Vice President and General Counsel: S Associates, Inc. since August 1993; Samuel B. Witt, III, Attorney-at-Law, since August 1993. T

Age 68

-----  
 NAME, ADDRESS & AGE  
 SHARES AND DOLLAR RANGE OF COMMON STOCK BENEFICIALLY OWNED AT DEC. 31, 20031  
 -----

Samuel B. Witt, III, Esq. Stateside Associates, Inc. 2300 Clarendon Blvd. Suite 407 Arlington, Virginia 22201-3367

2,958  
 \$10,001-\$50,000

Age 68

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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 .

Certain Information Concerning Directors (continued)

CLASS III INTERESTED DIRECTOR  
(TERM WILL EXPIRE IN 2006)

| NAME,<br>ADDRESS<br>& AGE  | POSITION(S)<br>WITH FUND   | TERM OF OFFICE<br>AND LENGTH OF<br>TIME SERVED                         | PRINCIPAL<br>OCCUPATION(S)<br>DURING PAST FIVE YEARS  |
|--|--|--|---|
| Mr. Paul Hottinguer<br>Hottinguer et Cie<br>Dreikonigstrasse<br>55<br>8027 Zurich<br>Switzerland<br><br>Age 61 | Director <sup>2</sup> ; Chairman<br>of the Board of<br>Directors since<br>Chief Executive<br>Officer from 1989 to<br>2002. | Director since<br>1987. President;<br>1989;<br>Provence Participations | General Partner: Hottinguer et Cie (Zurich);<br>Gaspee (real estate) since 1992; Financiere Co<br>Hottinguer (holding company) since 1990; Financ<br>Participations (venture capital firm) since<br>1990; AXA International Obligation (finance) si<br>1996; Hottinguer Gestion (Luxembourg) (i<br>advisor) from 1991 to 1998; Managing Director<br>Intercom (holding company) since 1984; Vice<br>Chairman of the Board, Director and Member<br>Investment Committee: Hottinguer Capital Corp;<br>Administrator: Investissement Hottinguer SA<br>since 1989; Finaxa (finance) since 1982; Permanen<br>Representative: Credit Suisse Hottinguer to Proven<br>International (publicly held French mutual fund);<br>Credit Suisse Hottinguer to PPC; Credit Suisse<br>Hottinguer to Croissance Britannia (investment<br>fund); Credit Suisse Hottinguer to Harwanne<br>Allemagne. |

| NAME,<br>ADDRESS<br>& AGE  | SHARES AND DOLLAR<br>RANGE OF<br>COMMON STOCK<br>BENEFICIALLY<br>OWNED AT<br>DEC. 31, 20031 |
|--|---|
| Mr. Paul Hottinguer<br>Hottinguer et Cie<br>Dreikonigstrasse<br>55<br>8027 Zurich<br>Switzerland<br><br>Age 61 | 248,834 3<br>over \$100,000   |

THE SWISS HELVETIA FUND, INC.

Certain Information Concerning Directors (continued)

CLASS III NON-INTERESTED DIRECTORS  
(TERM WILL EXPIRE IN 2006)

| NAME,<br>ADDRESS<br>& AGE   | POSITION(S)<br>WITH FUND   | TERM OF OFFICE<br>AND LENGTH OF<br>TIME SERVED | PRINCIPAL<br>OCCUPATION(S)<br>DURING PAST FIVE YEARS   |
|---|--|--|--|
| Mr. Claude Mosseri-Marlio<br>6 bis rue du Cloitre Notre-Dame<br>75004 Paris<br>France<br><br>Age 73 | Director; Member of the Nominating Committee since 1993 and the Governance/ Nominating Committee since 2002. | Director since 1993.                           | E.B.R.D. - European Bank for Reconstruction; Senior Advisor: TAM Program (Around Management) since 1999; Financial Consultant, portfolio management since 1995; Professor, Schiller University, Paris since 1995; Professor, American Business School, Paris since 1995; Guest Lecturer, Kelley School of Business, Indiana University, since 1998; Guest Lecturer, School of Business, Temple University, since 1998; Visiting Professor, Tyumen State Institute of Management, Tyumen, Russia, since 2000. |

| NAME,<br>ADDRESS<br>& AGE   | SHARES AND DOLLAR<br>RANGE OF<br>COMMON STOCK<br>BENEFICIALLY<br>OWNED AT<br>DEC. 31, 20031 |
|---|---|
| Mr. Claude Mosseri-Marlio<br>6 bis rue du Cloitre Notre-Dame<br>75004 Paris<br>France<br><br>Age 73 | 6,992<br>\$50,001-\$100,000   |

| NAME,<br>ADDRESS<br>& AGE | POSITION(S)<br>WITH FUND | TERM OF OFFICE<br>AND LENGTH OF<br>TIME SERVED | PRINCIPAL<br>OCCUPATION(S)<br>DURING PAST FIVE YEARS |
|---------------------------|--------------------------|--|--|
|---------------------------|--------------------------|--|--|



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Stephen K. West, Director; Member of Director since Of Counsel: Sullivan & Cromwell since 1997.  
 Esq. the Audit 1995.  
 Sullivan & Committee since  
 Cromwell 1996, the Litigation  
 125 Broad Street Committee from  
 New York, New 2001 to 2003, and the  
 York 10004 Governance/  
 Nominating  
 Age 75 Committee since  
 2002.

-----  
 NAME, SHARES AND DOLLAR  
 ADDRESS RANGE OF  
 & AGE COMMON STOCK  
 BENEFICIALLY  
 OWNED AT  
 DEC. 31, 20031  
 -----

Stephen K. West, 19,217  
 Esq. over \$100,000  
 Sullivan &  
 Cromwell  
 125 Broad Street  
 New York, New  
 York 10004  
 Age 75

THE SWISS HELVETIA FUND, INC.

Certain Information Concerning Executive Officers

The following table sets forth certain information about each person currently serving as an Executive Officer of the Fund, including his beneficial ownership of Common Stock of the Fund. All information presented in the table is as of December 31, 2003.

EXECUTIVE OFFICERS

-----  
 NAME, POSITION(S)  
 ADDRESS WITH FUND  
 & AGE  
 -----

Mr. Rodolphe E. Hottinger2 President and

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

Chief Executive  
 Officer

Age 47

NAME,  
 ADDRESS  
 & AGE

PRINCIPAL  
 OCCUPATION(S)  
 DURING PAST FIVE YEARS

Mr. Rodolphe E. Hottinger2  
 Hottinger et Cie  
 3 Place des Bergues  
 C.P. 395  
 CH-1201 Geneva  
 Switzerland

Managing Partner: Hottinger et Cie (Zurich) since 1987; President:  
 (investment company) since 2000; Hottinger & Co. Ltd, UK (invest  
 NV (investment company) since 1990; Vice Chairman of the Board, Dir  
 Member of Investment Committee: Hottinger Capital Corp. ("HCC"  
 Hottinger Paris.

Age 47

NAME,  
 ADDRESS  
 & AGE

SHARES AND DOLLAR  
 RANGE OF  
 COMMON STOCK  
 BENEFICIALLY  
 OWNED AT  
 DEC. 31, 20031

Mr. Rodolphe E. Hottinger2  
 Hottinger et Cie  
 3 Place des Bergues  
 C.P. 395  
 CH-1201 Geneva  
 Switzerland

265,181 3  
 Over \$100,000

Age 47

NAME,  
 ADDRESS  
 & AGE

POSITION(S)  
 WITH FUND

Mr. Rudolf S. Millisits2  
 Hottinger Capital Corp.  
 1270 Avenue of the  
 Americas Suite 400  
 New York, New York  
 10020

Senior Vice  
 President,  
 Treasurer and  
 Chief Financial  
 Officer

Age 46

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NAME,  
ADDRESS  
& AGE

PRINCIPAL  
OCCUPATION(S)  
DURING PAST FIVE YEARS

Mr. Rudolf S. Millisits<sup>2</sup>  
Hottinger Capital Corp.  
1270 Avenue of the  
Americas Suite 400  
New York, New York  
10020

Director: HCC since December 2000; Chief Operating Officer: HCC since September 1994; Assistant Secretary: HCC since August 1995; Executive Secretary: HCC since September 1994 and Assistant Secretary since August 1995; U.S., Inc. since September 1994 and Assistant Secretary since August 1995.

Age 46

NAME,  
ADDRESS  
& AGE

SHARES AND DOLLAR  
RANGE OF  
COMMON STOCK  
BENEFICIALLY  
OWNED AT  
DEC. 31, 20031

Mr. Rudolf S. Millisits<sup>2</sup> 7,035  
Hottinger Capital Corp. \$50,001-\$100,000  
1270 Avenue of the  
Americas Suite 400  
New York, New York  
10020

Age 46

NAME,  
ADDRESS  
& AGE

POSITION(S)  
WITH FUND

Mr. Philippe R. Comby<sup>2</sup>  
Hottinger Capital Corp.  
1270 Avenue of the  
Americas Suite 400  
New York, New York  
10020

Vice President

Age 37

NAME,  
ADDRESS  
& AGE

PRINCIPAL  
OCCUPATION(S)  
DURING PAST FIVE YEARS

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Mr. Philippe R. Comby2  
 Hottinger Capital Corp.  
 1270 Avenue of the  
 Americas Suite 400  
 New York, New York  
 10020

Senior Vice President: HCC since 2002; First Vice President: HCC  
 HCC from 1996 to 1998 and Hottinger U.S., Inc since 1  
 Member of Investment Committee: HCC since

Age 37

-----  
 NAME, ADDRESS & AGE                      SHARES AND DOLLAR RANGE OF COMMON STOCK BENEFICIALLY OWNED AT DEC. 31, 20031  
 -----

Mr. Philippe R. Comby2                      2,500  
 Hottinger Capital Corp.                      \$10,001-\$50,000  
 1270 Avenue of the  
 Americas Suite 400  
 New York, New York  
 10020

Age 37

-----  
 NAME, ADDRESS & AGE                      POSITION(S) WITH FUND  
 -----

Mr. Edward J. Veilleux2                      Vice President  
 EJV Financial Services LLC                      and Secretary  
 5 Brook Farm Court  
 Hunt Valley, MD 21030

Age 60

-----  
 NAME, ADDRESS & AGE                      PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS  
 -----

Mr. Edward J. Veilleux2                      President EJV Financial Services LLC (Investment Company Consulti  
 EJV Financial Services LLC                      Deutsche Asset Management from 1999 to 2002; Principal: BT Alex.  
 5 Brook Farm Court                      1999; Executive Vice President, Investment Company Capital Corp.  
 Hunt Valley, MD 21030                      Shared Return Fund from 2000 to 2003.

Age 60

-----  
 SHARES AND DOLLAR  
 -----

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| NAME,<br>ADDRESS<br>& AGE | RANGE OF<br>COMMON STOCK<br>BENEFICIALLY<br>OWNED AT<br>DEC. 31, 20031 |
|---------------------------|--|
|---------------------------|--|

---

Mr. Edward J. Veilleux2                      1,054  
EJV Financial Services LLC \$10,001-\$50,000  
5 Brook Farm Court  
Hunt Valley, MD 21030

Age 60

---

- 1 All Directors and Executive Officers as a group (14 persons) owned 319,489 shares which constitutes approximately 1.3% of the outstanding Common Stock of the Fund. Share numbers in this Annual Report have been rounded to the nearest whole share.
- 2 Indicates "Interested Person," as defined in the Investment Company Act of 1940, as amended (the "1940 Act"). Paul Hottinguer and The Baron Hottinger are brothers and Rodolphe E. Hottinger is the son of The Baron. Paul Hottinguer, The Baron Hottinger, and Rodolphe E. Hottinger are "Interested Persons" because of their affiliation with Hottinger et Cie (Zurich) and Hottinger U.S., Inc., controlling persons of HCC, the Fund's Investment Advisor. Alexandre de Takacsy is an "Interested Person" because of his affiliation with HCC. Paul R. Brenner is an "Interested Person" because he served as Counsel to the Fund, Counsel to HCC and of Counsel to Salans, which served as General Counsel for the Fund during the prior two years. In addition, Rodolphe E. Hottinger, Rudolf S. Millisits, Philippe R. Comby, and Edward J. Veilleux are considered "Interested Persons" because each is an officer of the Fund.
- 3 Hottinger et Cie (Zurich), a partnership, owns 126,382 shares of the Fund, HCC owns 113,788 shares of the Fund, and Hottinger Treuhand AG owns 8,664 shares of the Fund. Paul Hottinguer, The Baron Hottinger, and Rodolphe E. Hottinger are controlling partners of Hottinger et Cie (Zurich) and controlling stockholders and directors of HCC and Hottinger Treuhand AG and therefore share voting and investment power over the 248,834 shares of the Fund owned by Hottinger et Cie (Zurich), HCC, and Hottinger Treuhand AG. In addition, Rodolphe E. Hottinger and his children directly own 16,347 shares of the Fund.

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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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Review of Operations

Trading Activity for 2003 involved changes in the following positions:

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NEW INVESTMENTS BY THE FUND

---

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ABB Ltd.  
Actelion Ltd.  
Adecco SA  
Charles Voegele Holding AG  
Galenica Holding AG  
Holcim Ltd. - Registered  
Kaba Holdings AG  
Kudelski SA  
Logitech International SA  
Temenos Group AG

-----  
ADDITIONS TO EXISTING INVESTMENTS  
-----

Converium Holding AG  
Geberit AG  
Phonak Holding AG  
Swiss Reinsurance Company

-----  
SECURITIES DISPOSED OF  
-----

Baloise Holding AG  
Berna Biotech AG  
Givaudan SA  
Holcim Ltd. - Bearer  
Komax Holding AG  
Lonza Group AG  
Saia-Burgess Electronics AG  
Schindler Holding AG  
Swiss Life Holding  
The Swatch Group AG  
Zurich Financial Services AG

-----  
REDUCTIONS IN EXISTING INVESTMENTS  
-----

Belimo Holding AG  
Credit Suisse Group  
Kuehne & Nagel International AG  
Micronas Semiconductor Holding AG  
Novartis AG  
Roche Holding AG  
SGS Societe Generale de Surveillance  
    Holding SA  
Syngenta AG  
Unaxis Holding AG

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| No. of<br>Shares       | Security   | Value               |
|------------------------|--|---------------------|
| -----                  |  |                     |
| COMMON STOCKS - 97.92% |  |                     |
| BANKS - 12.14%         |  |                     |
| 410,000                | CREDIT SUISSE GROUP2<br>REGISTERED SHARES<br>A global operating financial group.<br>(Cost \$11,508,471)  | \$ 15,001,011       |
| 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<br>and acquisitions, invests pension funds<br>and sponsors credit cards.<br>(Cost \$7,578,949) | 29,791,389          |
|                        |  | -----<br>44,792,400 |
| BIOTECHNOLOGY - 3.71%  |  |                     |
| 126,873                | ACTELION LTD.1,2<br>REGISTERED SHARES<br>Pharmaceutical company that develops<br>and markets synthetic small-molecule<br>drugs against diseases related to the<br>endothelium. The Company's drugs,<br>Veletri and Tracleer, are used in<br>the treatment of heart and pulmonary<br>conditions.<br>(Cost \$8,547,615)            | 13,695,206          |
|                        |  | -----<br>13,695,206 |
| CHEMICALS - 5.06%      |  |                     |
| 16,783                 | SIKA AG<br>BEARER SHARES<br>Leading producer of construction<br>chemicals.<br>(Cost \$4,237,473)   | \$ 7,246,511        |
| 170,000                | SYNGENTA AG<br>REGISTERED SHARES<br>Produces herbicides, insecticides<br>and fungicides, and seeds for field crops,<br>vegetables, and flowers.<br>(Cost \$10,688,759)   | 11,450,172          |
|                        |  | -----<br>18,696,683 |

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CONSTRUCTION - 4.23%

|        |  |            |
|--------|--|------------|
| 26,011 | <p>GEBERIT AG2<br/>REGISTERED SHARES<br/>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.<br/>(Cost \$9,866,934)</p> | 12,787,296 |
| 60,000 | <p>HOLCIM LTD.<br/>REGISTERED SHARES<br/>Produces and markets various building materials, in addition to providing consulting and engineering services in all areas of the cement manufacturing process.<br/>(Cost \$2,587,410)</p>  | 2,794,421  |
|        |  | 15,581,717 |

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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

December 31, 2003

| No. of<br>Shares            | Security  | Value        |
|-----------------------------|---|--------------|
| -----                       |   |              |
| COMMON STOCKS - (CONTINUED) |   |              |
| FOOD & BEVERAGES - 14.75%   |   |              |
| 300                         | <p>LINDT &amp; SPRUNGLI AG<br/>REGISTERED SHARES<br/>Major manufacturer of premium Swiss chocolates.<br/>(Cost \$1,196,399)</p> | \$ 2,680,412 |
| 207,000                     | <p>NESTLE AG2<br/>REGISTERED SHARES<br/>Largest food and beverage processing company in the world.<br/>(Cost \$12,427,540)</p>  | 51,718,617   |
|                             |   | 54,399,029   |
| HEALTH CARE - 29.47%        |   |              |
| 1,315,000                   | <p>NOVARTIS AG2<br/>REGISTERED SHARES<br/>One of the leading manufacturers of pharmaceutical and</p>                            | 59,702,648   |



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|                                     |  |                      |
|-------------------------------------|--|----------------------|
|                                     | nutrition products.<br>(Cost \$16,301,451)   |                      |
| 306,409                             | PHONAK HOLDING AG<br>REGISTERED SHARES<br>Designs and produces wireless analog and digital hearing aids, transmitters, remote controls, microphones and receivers for use in wireless communications within broadcasting and sports.<br>(Cost \$3,226,748) | 6,689,341            |
| 420,000                             | ROCHE HOLDING AG2<br>DIVIDENDS RIGHTS CERTIFICATES<br>Worldwide pharmaceutical company.<br>(Cost \$8,467,363)  | 42,365,070           |
|                                     |  | -----<br>108,757,059 |
| INDUSTRIAL GOODS & SERVICES- 14.06% |  |                      |
| 3,274,725                           | ABB LTD.1,2<br>REGISTERED SHARES<br>The holding company for ABB Group which is one of the largest electrical engineering firms in the world.<br>(Cost \$13,260,020)  | \$ 16,602,002        |
| 254,000                             | ADECCO SA2<br>REGISTERED SHARES<br>Leading personnel and temporary employment company.<br>(Cost \$9,106,761)   | 16,327,471           |
| 2,055                               | BELIMO HOLDING AG<br>REGISTERED SHARES<br>World market leader in damper and volume control actuators for ventilation and air-conditioning equipment.<br>(Cost \$450,523)   | 819,175              |
| 4,500                               | KABA HOLDINGS AG<br>BEARER SHARES<br>Provides mechanical and electronic security systems.<br>(Cost \$809,667)  | 909,642              |
| 53,000                              | KUEHNE & NAGEL INTERNATIONAL AG<br>REGISTERED SHARES<br>Operates sea freight, land and rail transportation businesses and warehousing and distribution facilities.<br>(Cost \$2,734,725)   | 6,728,118            |

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Schedule of Investments

December 31, 2003

| No. of<br>Shares                            | Security   | Value         |
|---|--|---------------|
| <hr style="border-top: 1px dashed black;"/> |  |               |
| COMMON STOCKS - (CONTINUED)                 |  |               |
| INDUSTRIAL GOODS & SERVICES - (CONTINUED)   |  |               |
| 16,698                                      | SGS SOCIETE GENERALE DE<br>SURVEILLANCE HOLDING SA<br>REGISTERED SHARES<br>Provides a variety of industrial<br>inspection, analysis, testing and<br>verification services worldwide.<br>(Cost \$4,295,869)   | \$ 10,477,177 |
|   |  | 51,863,585    |
| INSURANCE - 4.48%                           |  |               |
| 218,342                                     | CONVERIUM HOLDING AG<br>REGISTERED SHARES<br>Offers reinsurance services worldwide.<br>Provides accident and health,<br>automobile, aviation and space, credit and<br>surety, general third party liability,<br>engineering, e-commerce, intellectual<br>property, life, marine, professional liability<br>and property, and catastrophe insurance.<br>(Cost \$10,196,857) | 11,607,832    |
| 72,924                                      | SWISS REINSURANCE COMPANY<br>REGISTERED SHARES<br>Second largest reinsurance company<br>in the world.<br>(Cost \$4,326,225)  | 4,923,513     |
|   |  | 16,531,345    |
| RETAILERS - 3.97%                           |  |               |
| 173,208                                     | CHARLES VOEGELE HOLDING AG1<br>BEARER SHARES<br>Family apparel retailer which focuses<br>on the value-for-money segment of the<br>market. Operates retail stores in<br>Switzerland, Germany, Austria, and the<br>Benelux region.<br>(Cost \$6,704,300)   | \$ 11,050,019 |
| 24,767                                      | GALENICA HOLDING AG<br>REGISTERED SHARES<br>Manufactures and distributes prescription<br>and over-the-counter drugs, toiletries and<br>hygiene products.<br>(Cost \$3,158,881)   | 3,604,657     |
|   |  | 14,654,676    |

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TECHNOLOGY - 6.05%

|         |   |            |
|---------|---|------------|
| 121,000 | KUDELSKI SA1<br>BEARER SHARES<br>Designs, produces, and distributes<br>equipment under the 'Nagra' brand name<br>for professional data display in audio<br>and visual applications.<br>(Cost \$3,568,795)             | 3,996,644  |
| 302,000 | LOGITECH INTERNATIONAL SA1,2<br>REGISTERED SHARES<br>Manufactures personal computer input<br>devices, as well as producing trackballs,<br>desktop publishing programs and related<br>software.<br>(Cost \$10,951,030) | 13,064,079 |

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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

December 31, 2003

| No. of<br>Shares            | Security   | Value        |
|-----------------------------|--|--------------|
| COMMON STOCKS - (CONCLUDED) |  |              |
| TECHNOLOGY - (CONTINUED)    |  |              |
| 49,180                      | MICRONAS SEMICONDUCTOR HOLDING AG1<br>REGISTERED SHARES<br>Develops and manufactures a wide range<br>of semiconductors and modules used<br>by the automotive and consumer goods<br>industries.<br>(Cost \$1,059,179)   | \$ 2,105,584 |
| 163,540                     | TEMENOS GROUP AG1<br>REGISTERED SHARES<br>Provides integrated software for the banking<br>sector. Develops, distributes,<br>implements, and supports its<br>process-oriented real-time enterprise<br>software designed for the management of<br>administrative tasks in Europe,<br>North America, Asia, and the Middle East.<br>(Cost \$1,112,255) | 1,176,880    |
| 14,002                      | UNAXIS HOLDING AG<br>REGISTERED SHARES<br>Provider of systems and IT services,<br>including semiconductors, data storage   | \$ 1,984,112 |

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and displays, as well as surface  
technology and space applications.  
(Cost \$1,527,346)

|   |                |
|---|----------------|
|   | 22,327,299     |
| TOTAL COMMON STOCKS<br>(Cost \$169,897,545) | \$ 361,298,999 |
| OTHER ASSETS IN EXCESS OF LIABILITIES       | 7,686,647      |
| NET ASSETS                                  | \$ 368,985,646 |

-----  
1 Non-income producing security.  
2 One of the ten largest portfolio holdings.  
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 .

Statement of Assets and Liabilities

December 31, 2003

ASSETS:

|  |  |
|--|--|
| Investments, at value (cost \$169,897,545) ..... |  |
| Collateral received on securities loaned .....   |  |
| Cash .....                                       |  |
| Foreign currency (cost \$3,322,412) .....        |  |
| Tax reclaims receivable .....                    |  |
| Prepaid expenses and other .....                 |  |
| Total assets .....                               |  |

LIABILITIES:

|                                      |  |
|--------------------------------------|--|
| Payable for securities loaned .....  |  |
| Advisory fees payable (Note 2) ..... |  |
| Accrued expenses and other .....     |  |
| Total liabilities .....              |  |

Net assets .....

COMPOSITION OF NET ASSETS:

|                        |  |
|------------------------|--|
| Paid in capital .....  |  |
| Distributable earnings |  |

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|   |             |
|---|-------------|
| Undistributed net investment income .....                           | 2,594,895   |
| Accumulated net realized gain from investment transactions .....    | 2,089,028   |
| Net unrealized appreciation on investments and foreign currency ... | 191,983,247 |

Total distributable earnings .....

Net assets .....

NET ASSET VALUE PER SHARE:

(\$368,985,646 / 24,098,318 shares outstanding) .....

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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 .

Statement of Operations

December 31, 2003

Investment Income:

|  |
|--|
| Dividends (less foreign taxes withheld of \$643,736) ..... |
| 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 .....

Expenses in excess of net investment income .....

REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY:

|  |
|--|
| Net realized gain from:                                  |
| Investment transactions .....                            |
| Foreign currency transactions .....                      |
| Net change in unrealized appreciation/depreciation from: |

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|  |       |
|--|-------|
| Investment transactions .....  |       |
| Foreign currency translations .....  |       |
| Net Realized and Unrealized Gain (Loss) on Investments and Foreign Currency .... | ----- |
| NET INCREASE IN NET ASSETS FROM OPERATIONS .....                                 | ===== |

-----  
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 .

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#### Statement of Changes in Net Assets

|   | FOR THE YEARS ENDED |
|---|---------------------|
|   | 2003                |
| -----   |                     |
| Increase (Decrease) in Net Assets:  |                     |
| OPERATIONS:   |                     |
| Expenses in excess of net investment income .....                                     | \$ (224,573)        |
| Net realized gain (loss) from:  |                     |
| Investment transactions .....   | 15,418,356          |
| Foreign currency transactions .....   | 6,289,626           |
| Net change in unrealized appreciation/depreciation from:                              |                     |
| Investments .....   | 84,616,279          |
| Foreign currency .....  | (3,997,843)         |
|   | -----               |
| Net increase (decrease) in net assets from operations .....                           | 102,101,845         |
|   | -----               |
| DISTRIBUTIONS TO STOCKHOLDERS FROM:   |                     |
| Net investment income and net realized gains from foreign currency transactions ..... | (3,470,158)         |
| In excess of net investment income .....  | -                   |
| Net realized capital gains .....  | (13,579,287)        |
|   | -----               |
| Total distributions to stockholders .....   | (17,049,445)        |
|   | -----               |
| CAPITAL SHARE TRANSACTIONS:   |                     |
| Value of shares issued in reinvestment of dividends and distributions                 | 5,961,904           |
| Value of shares repurchased through stock buyback .....                               | (1,827,374)         |
|   | -----               |
| Total increase (decrease) from capital share transactions .....                       | 4,134,530           |
|   | -----               |
| Total increase (decrease) in net assets .....   | 89,186,930          |

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NET ASSETS:

|   |                |
|---|----------------|
| Beginning of period .....   | 279,798,716    |
| End of period (including undistributed net investment income<br>of \$2,594,895 and \$0, respectively) ..... | \$ 368,985,646 |

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 .

FINANCIAL HIGHLIGHTS

|   | FOR THE YEARS ENDED DECEMBER 31, |          |          |      |
|---|----------------------------------|----------|----------|------|
|   | 2003                             | 2002     | 2001     | 2000 |
| <b>PER SHARE OPERATING PERFORMANCE:</b>   |                                  |          |          |      |
| Net asset value at beginning of period .....  | \$ 11.82                         | \$ 13.16 | \$ 17.92 |      |
| <b>INCOME FROM INVESTMENT OPERATIONS:</b>   |                                  |          |          |      |
| Net investment income (expenses in excess<br>of income) .....   | (0.01)                           | (0.02)   | (0.03)   |      |
| Net realized and unrealized gain (loss)<br>on investments <sup>2</sup> .....                            | 4.24                             | (0.71)   | (4.34)   |      |
| Total from investment operations .....  | 4.23                             | (0.73)   | (4.37)   |      |
| Gain from capital share repurchases .....   | 0.02                             | 0.02     | 0.06     |      |
| Capital charge resulting from the issuance<br>of fund shares .....                                      | (0.06)                           | -        | (0.14)   |      |
| <b>LESS DISTRIBUTIONS:</b>  |                                  |          |          |      |
| Dividends from net investment income and net realized<br>gains from foreign currency transactions ..... | (0.14)                           | (0.06)   | -        |      |
| Dividends in excess of net investment income .....  | -                                | (0.01)   | -        |      |
| Distributions from net realized capital gains .....   | (0.56)                           | (0.56)   | (0.31)   |      |
| Total distributions .....   | (0.70)                           | (0.63)   | (0.31)   |      |
| Net asset value at end of period .....  | \$ 15.31                         | \$ 11.82 | \$ 13.16 |      |
| Market value per share at end of period .....   | \$ 12.92                         | \$ 9.64  | \$ 11.00 |      |
| <b>TOTAL INVESTMENT RETURN<sup>3</sup>:</b>   |                                  |          |          |      |
| Based on market value per share .....   | 41.76%                           | (4.46)%  | (22.10)% |      |
| Based on net asset value per share .....  | 37.00%                           | (6.92)%  | (24.94)% |      |

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### RATIOS TO AVERAGE NET ASSETS:

|   |         |         |                    |
|---|---------|---------|--------------------|
| Expenses .....  | 1.30%   | 1.31%   | 1.39% <sup>4</sup> |
| Net investment income (expenses in excess<br>of income) ..... | (0.07)% | (0.14)% | (0.23)%            |

### SUPPLEMENTAL DATA:

|  |            |            |            |
|--|------------|------------|------------|
| Net assets at end of period (000s) .....       | \$ 368,986 | \$ 279,799 | \$ 314,436 |
| Average net assets during period (000's) ..... | \$ 306,563 | \$ 308,018 | \$ 341,806 |
| Stockholders of record <sup>5</sup> .....      | 964        | 1,001      | 1,067      |
| Portfolio turnover rate .....                  | 89%        | 83%        | 32%        |

1 Less than \$.01 per share.

2 Includes net realized currency gain (loss).

3 Total investment return based on market value differs from total investment return based on net asset value due to changes in the relationship between the Fund's market price and its net asset value per share.

4 The increase in the Fund's expense ratio was attributable to extraordinary expenses in connection with a stockholder's proxy contest for the election of directors and termination of the management contract and defense against a lawsuit against the Fund and its directors plus the impact of a decline in the Fund's net assets.

5 Not audited by Deloitte & Touche LLP.

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 .

### Notes to Financial Statements

#### 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.



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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 December 31, 2003, there were no fair valued securities.

### C. SECURITIES TRANSACTIONS AND INVESTMENT INCOME

Securities transactions are recorded on the trade date. Realized gains and losses are determined by comparing the proceeds of a sale or the cost of a purchase with a specific offsetting transaction.

Dividend income, net of any foreign taxes withheld, is recorded on the ex-dividend date. Interest income, including amortization of premiums and accretion of discounts, is accrued daily. Estimated expenses are also accrued daily.

The Fund records Swiss withholding tax as an expense, net of any amount receivable from Swiss tax authorities in accordance with the tax treaty between the United States and Switzerland.

### D. DISTRIBUTIONS

The Fund pays dividends annually to the extent it has any net investment income and net realized gains from foreign currency transactions and makes distributions of any net realized capital gains to the extent they exceed any capital loss carryforwards. The Fund determines the size and nature of these distributions in accordance with provisions of the Internal Revenue Code. Distributions may be paid either in cash or in stock with an option to take cash. The Fund records dividends and distributions on its books on the ex-dividend date.

### E. FEDERAL INCOME TAXES

The Fund's policy is to continue to comply with the requirements of the Internal Revenue Code that are applicable to regulated investment companies and to distribute all its taxable income to its stockholders. Therefore, no federal income tax provision is required.

### F. SECURITIES LENDING

The Fund may lend securities to financial institutions. The Fund retains beneficial ownership of the securities it has loaned and continues to receive amounts equivalent to the dividends paid on these securities and to participate in any changes in their market value. For the initial transaction, the Fund requires the borrowers of the securities to establish collateral with the Fund in the form of cash and/or government securities equal to 105% of the value of the securities loaned.

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THE SWISS HELVETIA FUND, INC.

Notes to Financial Statements (continued)

Subsequent to the initial transaction, the Fund requires the borrowers to maintain collateral with the Fund equal to 100% of the value of the securities

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loaned. The Fund receives fees as compensation for lending its securities. Either the Fund or the borrower may terminate the securities loan at any time. At December 31, 2003, securities valued at \$4,325,850 were on loan to borrowers. For collateral, the Fund received U.S. government securities valued at \$4,436,250. Income generated from the program amounted to \$36,118 for the fiscal year ended December 31, 2003.

### G. FOREIGN CURRENCY TRANSLATION

The Fund maintains its accounting records in U.S. dollars. The Fund determines the U.S. dollar value of foreign currency denominated assets, liabilities and transactions by using prevailing exchange rates. In valuing assets and liabilities, the Fund uses the prevailing exchange rate on the valuation date. In valuing securities transactions, the receipt of income and the payment of expenses, the Fund uses the prevailing exchange rate on the transaction date.

Net realized and unrealized gains and losses on foreign currency translations shown on the Fund's financial statements result from the sale of foreign currencies, from currency gains or losses realized between the trade and settlement dates on securities transactions, and from the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid.

When calculating realized and unrealized gains or losses on investments in equity securities, the Fund does not separate the gain or loss attributable to changes in the foreign currency price of the security from the gain or loss attributable to the change in the U.S. dollar value of the foreign currency.

### H. ESTIMATES

In preparing its financial statements in conformity with accounting principles generally accepted in the United States, management makes estimates and assumptions. Actual results may be different.

### NOTE 2-FEES AND TRANSACTIONS WITH AFFILIATES

Hottinger Capital Corp. ("HCC"), which is owned jointly by Hottinger U.S., Inc. and Hottinger & Cie (Zurich), is the Fund's advisor (the "Advisor"). The Fund pays the Advisor an annual fee based on its month-end net assets which is calculated and paid monthly at the following annual rates: 1.00% of the first \$60 million, 0.90% of the next \$40 million, 0.80% of the next \$100 million, 0.70% of the next \$100 million, 0.65% of the next \$100 million, 0.60% of the next \$100 million, 0.55% of the next \$100 million, and 0.50% of such assets in excess of \$600 million. For the year ended December 31, 2003, the Fund paid the Advisor \$2,509,363 in investment advisory fees. The Fund paid Hottinger & Cie \$154,406 in brokerage commissions for the year ended December 31, 2003.

The Fund and the Advisor have agreed to share certain common expenses subject to review and allocation by the Audit Committee (the "Committee") of the Board. The Committee's allocations are based on its determination of the relative benefits the Fund and the Advisor derive from the expenditures. During 2003, the Committee allocated \$20,624 of expenses incurred in connection with publicizing the Fund as follows: \$10,312 to the Fund and \$10,312 to the Advisor.

Certain officers and directors of the Fund are also officers or directors of HCC, Hottinger U.S. Inc., Hottinger & Cie (Zurich) and/or Citigroup Global Transaction Services and its various affiliates (collectively "Citigroup"). These persons are not paid by the Fund for serving in these capacities.

### NOTE 3-OTHER FEES

Citigroup provides certain administration and portfolio accounting services to the Fund.

American Stock Transfer & Trust Company is the Fund's transfer agent. The Fund

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pays the transfer agent an annual fee which is accrued daily and paid monthly.

Swiss American Securities Inc. is the Fund's U.S. custodian. Credit Suisse First Boston is the Fund's Swiss sub-custodian. The Fund pays the custodian and sub-custodian an annual fee.

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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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#### Notes to Financial Statements (continued)

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 \$16,000 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 \$17,600. 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 4-CAPITAL SHARE TRANSACTIONS

The Fund is authorized to issue up to 50 million shares of capital stock. HCC owned 113,788 of the 24,098,318 shares outstanding on December 31, 2003. Transactions in capital shares were as follows:

|                            | For the Year Ended<br>December 31, 2003 |                 | For the Year Ended<br>December 31, 2002 |               |
|----------------------------|---|-----------------|---|---------------|
|                            | Shares                                  | Amount          | Shares                                  | Amount        |
| Dividends                  |   |                 |   |               |
| Reinvested                 | 597,409                                 | \$5,961,904 (a) | -                                       | -             |
| Repurchased                | (172,100)                               | (1,827,374)     | (219,700)                               | ( 2,361,886)  |
| Net increase<br>(decrease) | 425,309                                 | \$4,134,530     | (219,700)                               | \$(2,361,886) |
|                            | =====                                   | =====           | =====                                   | =====         |

(a) REPRESENTS SHARES ISSUED TO STOCKHOLDERS WHO DID NOT ELECT CASH IN CONJUNCTION WITH A CAPITAL GAINS DISTRIBUTION OF \$0.541 PER SHARE PAID JANUARY 14, 2003 TO STOCKHOLDERS OF RECORD ON DECEMBER 19, 2002.

#### NOTE 5-FEDERAL INCOME TAX AND INVESTMENT TRANSACTIONS

At December 31, 2003, accumulated net investment income and accumulated net realized gain (loss) from investments and foreign currency transactions have been adjusted for current period permanent book/tax differences which arose principally from differing book/tax treatments of foreign currency transactions.

| Accumulated<br>Undistributed Net<br>Investment Income | Accumulated<br>Undistributed Net<br>Realized Gain |
|---|---|
| \$6,289,626   | \$(6,289,626)                                     |

At December 31, 2003, the net unrealized appreciation from investments for those

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securities having an excess of value over cost (based on cost of \$170,447,162 for federal income tax purposes) was \$190,851,837. The difference between book basis and tax-basis unrealized appreciation is attributable primarily to the tax deferral of losses on wash sales.

Income and capital gain distributions are determined in accordance with federal income tax regulations, which may differ from generally accepted accounting principles.

The tax character of distributions paid during 2003 and 2002 was as follows (see page 28 for details):

|   | 2003<br>---- | 2002<br>---- |
|---|--------------|--------------|
| Ordinary income                               | \$ 3,470,158 | \$ 1,532,859 |
| Short-term capital gains                      | \$ 7,301,790 | \$ 162,657   |
| Long-term capital gains (Pre May 6)           | \$ 3,265,207 | \$ 1,289,517 |
| Long-long-term capital gains (Qualified 5 YR) | \$ 2,349,718 | \$11,890,319 |
| Long-term capital Gains (Post May 5)          | \$ 662,572   | -            |

At December 31, 2003, the components of distributable earnings on a tax basis were as follows:

|  |               |
|--|---------------|
| Ordinary income (includes currency gains and short-term capital gains) | \$4,477,031   |
| Long-term capital gains  | \$ 756,507    |
| Unrealized appreciation  | \$190,851,837 |

The aggregate cost of purchases and proceeds from sales of investments, other than short-term obligations, for the year ended December 31, 2003, were \$268,863,108 and \$243,427,567, respectively.

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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 .

Notes to Financial Statements (concluded)

### NOTE 6-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 principal purpose of the stock repurchase program is to enhance stockholder value by increasing the Fund's net asset value per share without creating a meaningful adverse effect upon the Fund's expense ratio and realizing capital gains in order to fund the repurchases. The Board has authorized the purchase of up to 500,000 shares in 2004. During the period ended December 31, 2003, the Fund repurchased and retired 172,100 shares at an average price of \$10.62 per share (including brokerage commissions) and a weighted average discount of 17.20%. These repurchases, which had a total cost of \$1,827,374, resulted in an increase of \$373,246 to the Fund's net asset value.

### NOTE 7-LITIGATION

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On April 2, 2001 and May 8, 2001, two complaints were filed in purported class actions on behalf of stockholders of the Fund, in the Court of Chancery of the State of Delaware, against the Fund, each of its directors and HCC, the Fund's Investment Advisor (collectively, the "defendants"). The complaints in these cases, entitled KIMBERLY KAHN V. PAUL HOTTINGUER ET AL. and CHARLES MILLER V. PAUL HOTTINGUER ET AL., have been voluntarily dismissed by plaintiffs with prejudice pursuant to a settlement agreement that was approved by the Delaware Chancery Court on June 4, 2003. In the opinion of management, the terms of the settlement did not have a material adverse effect on the financial statements of the Fund.

### NOTE 8-PROXY VOTING GUIDELINES (UNAUDITED)

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available, without charge, by calling 1-888-SWISS-00.

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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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### Independent Auditors' Report

To the Board of Directors and Stockholders of  
The Swiss Helvetia Fund, Inc.:

We have audited the accompanying statement of assets and liabilities of The Swiss Helvetia Fund, Inc., including the schedule of investments, as of December 31, 2003, and the related statements of operations for the year then ended and of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2003, by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provided a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of The Swiss Helvetia Fund, Inc. as of December 31, 2003, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP  
Philadelphia, Pennsylvania  
February 13, 2004

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

Additional Information (Unaudited)

This report is sent to the stockholders of The Swiss Helvetia Fund, Inc. for their information. It is not a prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in this report.

CODE OF ETHICS

The Board of Directors of the Fund and the Advisor have Adopted Codes of Ethics pursuant to provisions of the Investment Company Act of 1940 (the "Codes"). The Codes apply to the personal investing activities of various individuals including directors and officers of the Fund and designated officers, directors and employees of the Advisor. The provisions of the Codes place restrictions on individuals who are involved in managing the Fund's portfolio, who help execute the portfolio manager's decisions or who come into possession of contemporaneous information concerning the investment activities of the Fund.

The fundamental principle of the Codes is that the individuals covered by the Codes have a fiduciary responsibility to the Fund and its stockholders. They are therefore required at all times to place the interests of the Fund and the stockholders first and to conduct all personal securities transactions in a manner so as to avoid any actual or potential conflict of interest or abuse of their position of trust.

Portfolio managers and other individuals with knowledge of Fund investment activities are prohibited from purchasing or selling a security during a blackout period of 30 calendar days before and after the date on which the Fund effects a trade in the same or a similar security. They are also prohibited from engaging in short term trading of Swiss equity or equity linked securities. Additionally, the Fund's portfolio managers are prohibited from participating in any initial public offering or private placement of Swiss equity and equity linked securities and other covered individuals must obtain prior clearance before doing so.

Any individual who violates the provisions of the Codes is required to reverse the transaction and to turn over any resulting profits to the Fund. The Fund and the Advisor have adopted compliance procedures and have appointed compliance officers to ensure that all covered individuals comply with the Codes.

DISTRIBUTIONS

The following information summarizes all distributions declared by the Fund during the year ended December 31, 2003.

| Distribution            | Record Date | Payable Date | Amount  |
|-------------------------|-------------|--------------|---------|
| -----                   | ----        | ----         | -----   |
| Long-term Capital Gains | 6/4/03      | 6/13/03      | \$0.135 |
| Income                  | 12/15/03    | 12/29/03     | \$0.447 |
| Long-Term Capital Gains | 12/15/03    | 12/29/03     | \$0.125 |
|                         |             |              | -----   |
| Total Distributions     |             |              | \$0.707 |
|                         |             |              | =====   |

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The Fund has elected to pass through \$.02671 per share to its stockholders as a credit for taxes paid to Switzerland during its fiscal year ended December 31, 2003.

The Fund designates 24.09% of its income distribution for the qualified dividend rate (QDI) as defined in Section 1(h)(11) of the Internal Revenue Code.

Tax Information For the Year Ended December 31, 2003 (Unaudited)

The amounts may differ from those elsewhere in this report because of differences between tax and financial reporting requirements. The Fund's distributions to stockholders of long-term capital gains included \$3,265,207 in connection with the distribution paid June 13, 2003 to stockholders of record on June 4, 2003, and \$3,012,290 in connection with the distribution paid December 29, 2003 to stockholders of record on December 11, 2003.

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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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Dividend Reinvestment Plan (Unaudited)

### THE PLAN

The Fund's Dividend Reinvestment Plan (the "Plan") offers a convenient way for you to reinvest your capital gains distributions and ordinary income dividends in additional shares of the Fund.

Some of the Plan features are:

- o Once you enroll in the Plan, all of your future distributions and dividends payable in whole or in part in cash will be automatically reinvested in Fund shares.
- o You will receive shares valued at the lower of the Fund's net asset value or the Fund's market price as described below. The entire amount of your distribution or dividend will be reinvested automatically in additional Fund shares. For any balance that is insufficient to purchase full shares of the Fund, your account will be credited with fractional shares.
- o Your shares will be held in an account with the Plan agent. You will be sent regular statements for your records.
- o You may terminate participation in the Plan at any time.

The following are answers to frequently asked questions about the Plan.

### HOW DO I ENROLL IN THE PLAN?

If you are holding certificates for your shares, contact American Stock Transfer & Trust Company (AST) at the address shown below. If your shares are held in a brokerage account, contact your broker. Not all brokerage firms permit their clients to participate in dividend reinvestment plans such as the Plan and, even if your brokerage firm does permit participation, you may not be able to transfer your Plan shares to another broker who does not permit participation. Your brokerage firm will be able to advise you about its policies.

### HOW DOES THE PLAN WORK?

Any dividends or distributions you receive will be reinvested in shares of the Fund. The number of shares credited to your Plan account as a result of the reinvestment will depend upon the relationship between the Fund's market price and its net asset value per share on the record date of the distribution or

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dividend, as described below:

- o If the net asset value is greater than the market price (the Fund is trading at a discount), AST as Plan Agent, will buy Fund shares for your account on the open market on the New York Stock Exchange or elsewhere. Your dividends or distributions will be reinvested at the average price AST pays for those purchases.
- o If the net asset value is equal to the market price (the Fund is trading at parity), the Fund will issue for your account new shares at net asset value.
- o If the net asset value is less than but within 95% of the market price (the Fund is trading at a premium of less than 5%), the Fund will issue for your account new shares at net asset value.
- o If the net asset value is less than 95% of the market price (the Fund is trading at a premium of 5% or more), the Fund will issue for your account new shares at 95% of the market price.

If AST begins to buy Fund shares for your account at a discount to net asset value but, during the course of the purchases, the Fund's market price increases to a level above the net asset value, AST will complete its purchases, even though the result may be that the average price paid for the purchases exceeds net asset value.

WILL THE ENTIRE AMOUNT OF MY DISTRIBUTION OR DIVIDEND BE REINVESTED?

The entire amount of your distribution or dividend will be reinvested in additional Fund shares. If a balance remains after the purchase of whole shares, your account will be credited with any fractional shares (rounded to three decimal places) necessary to complete the reinvestment.

HOW CAN I SELL MY SHARES?

You can sell any or all of the shares in your Plan account by contacting AST. AST charges \$15 for the transaction plus \$.10 per share for this service. You can also withdraw your shares from your Plan account and sell them through your broker.

DOES PARTICIPATION IN THE PLAN CHANGE THE TAX STATUS OF MY DISTRIBUTIONS OR DIVIDENDS?

No. The distributions and dividends are paid in cash and their taxability is the same as it would be if you received the cash. It is only after the payment that AST reinvests the cash for your account.

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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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Dividend Reinvestment Plan (Unaudited) (concluded)

CAN I GET CERTIFICATES FOR THE SHARES IN THE PLAN?

AST will issue certificates for whole shares upon your request. Certificates for fractional shares will not be issued.

IS THERE ANY CHARGE TO PARTICIPATE IN THE PLAN?

There is no charge to participate in the Plan. You will, however, pay a pro rata share of brokerage commissions incurred with respect to AST's open market purchases of shares for your Plan account.

HOW CAN I DISCONTINUE MY PARTICIPATION IN THE PLAN?

Contact your broker or AST in writing. If your shares are in a Plan account, AST



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will send you a certificate for your whole shares and a check for any fractional shares.

WHERE CAN I DIRECT MY QUESTIONS AND CORRESPONDENCE? Contact your broker, or contact AST as follows:

BY MAIL:

American Stock Transfer and Trust  
Company  
PO Box 922  
Wall Street Station  
New York, NY 10269-0560

THROUGH THE INTERNET:

WWW.AMSTOCK.COM

THROUGH AST'S AUTOMATED VOICE RESPONSE

SYSTEM:

1-888-556-0425

AST will furnish you with a copy of the Terms and Conditions of the Plan without charge.

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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.  
1270 Avenue of the Americas  
Suite 400  
New York, NY 10020  
1-888-SWISS-00  
(212) 332-2760  
<http://www.swz.com>

ANNUAL REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2003

### ITEM 2. CODE OF ETHICS

As of the end of the period, December 31, 2003, the Swiss Helvetia Fund, Inc. has adopted a code of ethics, as defined in Item 2 of Form N-CSR, that applies to its President and Treasurer. A copy of the code of ethics is filed as an

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exhibit to this Form N-CSR.

### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The registrant's Board has determined that Samuel B. Witt, III, Stephen K. West and Didier Pineau-Valencienne are "audit committee financial experts" and that each such member is "independent" for purposes of this Item.

### ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES - SWISS HELVETIA FUND

(a) The aggregate fees billed for each of the last two fiscal years (the "Reporting Periods") for professional services rendered by the Registrant's principal accountant for the audit of the Registrant's annual financial statements, or services that are normally provided by the principal accountant in connection with the statutory and regulatory filings or engagements for the Reporting Periods, were \$35,000 in 2002 and \$34,500 in 2003.

(b) There were no audit-related fees billed to the Registrant in the Reporting Periods for assurance and related services rendered by the principal accountant that were reasonably related to the performance of the audit of the Registrant's financial statements and are not reported under paragraph (a) of this Item 4.

There were no fees billed in the Reporting Periods for assurance and related services rendered by the principal accountant to the Registrant's investment adviser and any entity controlling, controlled by or under common control with the investment adviser that provides ongoing services to the Registrant (collectively the "investment adviser") that are reasonably related to the performance of the audit of the Registrant's financial statements, are not reported under paragraph (a) of this Item 4 and were required to be pre-approved by the audit committee as described in paragraph (e)(1) of this Item 4.

(c) The aggregate fees billed in the Reporting Periods for professional services rendered by the principal accountant to the Registrant for tax compliance, tax advice and tax planning ("Tax Services") were \$1,000 in 2002 and \$0 in 2003. These services consisted of review or preparation of U.S. federal, state, local and excise tax returns.

(d) The aggregate fees billed in the Reporting Periods for products and services provided by the principal accountant to the Registrant, other than the services reported in paragraphs (a) through (c) of this Item, were \$0 in 2002 and \$17,600 in 2003. These services related to work performed for internal control consulting services.

(e) (1) The Registrant's Audit Committee pre-approves the principal accountant's engagements for audit and non-audit services to the Registrant and non-audit services to the investment adviser on a case-by-case basis as required. Pre-approval considerations include whether the proposed services are compatible with maintaining the principal accountant's independence.

(e) (2) No services included in (b) - (d) above were approved pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

(f) None.

(g) The aggregate non-audit fees billed by the principal accountant for services rendered to the Registrant for the Reporting Periods were \$1,000 in 2002 and \$17,600 in 2003. There were no fees billed in each of the Reporting Periods for non-audit services rendered by the principal accountant to the investment adviser.

(h) The Registrant's Audit Committee has considered whether the provision of any

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non-audit services rendered to the investment adviser which were not pre-approved (not requiring pre-approval) is compatible with maintaining the principal accountant's independence.

### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS

Not Applicable.

### ITEM 6. [RESERVED]

### ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The Registrant has delegated voting of proxies in respect of portfolio holdings to its investment adviser, Hottinger Capital Corp. (the "Advisor"), to vote the Registrant's proxies in accordance with Advisor's proxy voting guidelines and procedures. The Advisor has adopted proxy voting guidelines (the "Voting Guidelines") that provide as follows:

- o The Advisor votes proxies in respect of a client's securities in the client's best economic interests and without regard to the interests of the Advisor or any other client of the Advisor.
- o Unless the Advisor's Proxy Voting Committee (the "Committee") otherwise determines (and documents the basis for its decision) or as otherwise provided below, the Advisor votes proxies in a manner consistent with the Voting Guidelines.
- o To avoid material conflicts of interest, the Advisor applies the Voting Guidelines in an objective and consistent manner across client accounts. Where a material conflict of interest has been identified and the matter is covered by the Voting Guidelines, the Committee votes in accordance with the Voting Guidelines. Where a conflict of interest has been identified and the matter is not covered by the Voting Guidelines, the Advisor will disclose the conflict and the Committee's determination of the manner in which to vote to the Fund's Audit Committee.
- o The Advisor also may determine not to vote proxies in respect of securities of any issuer if it determines that it would be in the client's overall best interests not to vote.

The Advisor's Voting Guidelines address how it will vote proxies on particular types of matters such as the election for directors, adoption of option plans and anti-takeover proposals. For example, the Advisor generally will:

- o support management in most elections for directors, unless the board gives evidence of acting contrary to the best economic interests of shareholders;
- o support option plans, if it believes that they provide for their administration by disinterested parties and provide incentive to directors, managers and other employees by aligning their economic interests with those of the shareholders while limiting the transfer of wealth out of the company; and
- o oppose anti-takeover proposals unless they are structured in such a way that they give shareholders the ultimate decision on any proposal or

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offer.

ITEM 8. [RESERVED]

ITEM 9. CONTROLS AND PROCEDURES

(a) The registrant's President and Treasurer have concluded that the registrant's disclosure controls and procedures (as defined in rule 30a-3(c) under the Act) are effective in design and operation and are sufficient to form the basis of the certifications required by Rule 30a-(2) under the Act, based on their evaluation of these disclosure controls and procedures within 90 days of the filing date of this report on Form N-CSR.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in rule 30a-3(d) under the Act), or the internal control over financial reporting of its service providers during the last fiscal half year (the registrant's second half year in the case of an annual report) that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 10. EXHIBITS.

(a) (1) A copy of the Code of Ethics (Exhibit filed herewith).

(a) (2) Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Exhibit filed herewith).

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

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934 AND THE INVESTMENT COMPANY ACT OF 1940, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED.

REGISTRANT SWISS HELVETIA FUND, INC.

BY /S/ RUDOLF S. MILLISITS

\_\_\_\_\_  
RUDOLF S. MILLISITS, TREASURER

DATE February 27, 2004

\_\_\_\_\_  
PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934 AND THE INVESTMENT COMPANY ACT OF 1940, THIS REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES AND ON THE DATES INDICATED.

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BY /S/ RODOLPHE E. HOTTINGER  
\_\_\_\_\_  
RODOLPHE E. HOTTINGER, PRESIDENT

DATE February 23, 2004  
\_\_\_\_\_

BY /S/ RUDOLF S. MILLISITS  
\_\_\_\_\_  
RUDOLF S. MILLISITS, TREASURER

DATE February 27, 2004  
\_\_\_\_\_