

SWISS HELVETIA FUND INC  
Form N-30D  
March 01, 2002

A SWISS  
INVESTMENTS  
FUND

THE SWISS  
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HELVETIA  
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FUND, INC.  
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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, 2001

THE SWISS HELVETIA FUND, INC.

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Directors and Officers

Paul Hottinguer  
CHAIRMAN AND  
CHIEF EXECUTIVE OFFICER

Eric R. Gabus  
VICE CHAIRMAN (NON OFFICER)

Alexandre de Takacsy  
DIRECTOR

Claude Frey  
DIRECTOR

Baron Hottinger  
DIRECTOR

Claude Mosseri-Marlio  
DIRECTOR

Didier Pineau-Valencienne\*  
DIRECTOR

Stephen K. West, Esq.\*  
DIRECTOR

Samuel B. Witt III, Esq.\*\*

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Rodolphe E. Hottinger  
PRESIDENT AND  
CHIEF OPERATING OFFICER

Rudolf Millisits  
SENIOR VICE PRESIDENT

Philippe Comby  
VICE PRESIDENT

Sharon Kanovsky  
VICE PRESIDENT

Edward J. Veilleux  
VICE PRESIDENT AND TREASURER

Paul R. Brenner, Esq.  
SECRETARY

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\* AUDIT COMMITTEE MEMBER  
\*\* AUDIT COMMITTEE CHAIRMAN

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

ADMINISTRATOR  
Investment Company Capital Corp.

CUSTODIAN  
Swiss American Securities Inc.

TRANSFER AGENT  
PFPC Inc.  
P.O. Box 43027  
Providence, RI 02940-3027  
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LEGAL COUNSEL  
Paul R. Brenner, Esq. and  
Salans Hertzfeld Heilbronn  
Christy & Viener

INDEPENDENT AUDITORS  
Deloitte & Touche LLP

The Investment Advisor

The Fund is managed by Hottinger Capital Corp., which is 100% owned by the Hottinger Group.

The Hottinger Group dates back to Banque Hottinguer, which was formed in Paris

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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, Geneva, and the Bahamas.

### EXECUTIVE OFFICES

The Swiss Helvetia Fund, Inc.  
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<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.

Net Asset Value is calculated daily by 6:00 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.

1

THE SWISS HELVETIA FUND, INC.

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Letter to Stockholders

### REVIEW OF MACRO-ECONOMY AND FINANCIAL MARKET CONDITIONS

The strong reaction by the U.S. Federal Reserve and other Central Banks to both the September 11 events and to the further softening in the economy prevented a deflationary spiral in prices and sparked a swift rebound in stock markets during the last quarter of 2001. Historically, the very low interest rates around the world cause investors to reevaluate equities upward, factoring in "normalized earnings" such as those experienced during the last expanding economic cycle. This resulted in an increase in the price multiples investors were willing to pay for stocks and lower discount rates increasing the "present value" of future earnings.

Investors also started to shift their focus to corporate assets rather than earnings stream. They believed that companies with quality assets (which had become less expensive to carry due to lower interest rates) would generate strong acceleration in cash flow when the economy eventually rebounded. This shift also assumed that the upturn would occur relatively soon and that cost cutting would position firms to achieve a level of profitability in the next up

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cycle that would rival or exceed the profit levels achieved in the last up cycle. If these assumptions turn out to be too optimistic, markets will be vulnerable to earnings disappointments or could be hit by a rebound in short-term interest rates.

The Swiss market participated in the strong rebound experienced by most stock exchanges around the world during the last quarter, ending the year up nearly 25% from its September lows. The very sudden upswing was due to a strong recovery in the financial services sector (banks and insurance) of the Swiss Performance Index. This sector had suffered massively from the impact of the September 11th attack. However, the market quickly started to react to the positive impact of the liquidity put into the market by the different central banks and, in particular, its benefits for financial and economically sensitive stocks. In addition, there was a huge loss of capital linked to September 11th, which has provoked a massive reduction in capacity putting the insurance industry in a position to demand much higher premiums for new contracts. This new positive cycle for premiums is widely seen to be long lasting.

Currency changes had a slightly negative impact for U.S. dollar based investors. Despite a brief surge after the September 11th attack, the Swiss franc could not benefit from its status as a safe haven. The U.S. Federal Reserve Board's leadership in reinflating the economy convinced investors that growth in the U.S. economy would exceed growth in the European economies.

THE SWISS HELVETIA FUND, INC.

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 Letter to Stockholders (continued)

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GLOBAL EQUITY INDEX PERFORMANCES (12/31/00 TO 12/31/01)

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INDEX	LOCAL CURRENCY	U.S.\$ TERMS
DOW JONES INDUSTRIALS--U.S.	(5.44)%	(5.44)%
S&P 500--U.S.	(13.04)%	(13.04)%
NASDAQ COMPOSITE--U.S.	(21.05)%	(21.05)%
FTSE 100--LONDON	(16.15)%	(18.37)%
CAC 40--FRANCE	(21.97)%	(26.60)%
DAX INDEX--GERMANY	(19.79)%	(24.56)%
IBEX--SPAIN	(7.82)%	(13.29)%
MIB30--ITALY	(26.20)%	(30.59)%
AEX INDEX--AMSTERDAM	(20.52)%	(25.24)%
NIKKEI 225 INDEX--JAPAN	(23.52)%	(33.23)%

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 SPI--SWITZERLAND (22.03)% (24.84)%  
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SOURCES: BLOOMBERG, SWX, DOW JONES

CURRENCY EXCHANGE RATES--  
 NORMALIZED 2001

[GRAPHIC OMITTED]

EDGAR Representation of Data Points Used in Printed Graphic as Follows:

	EU/\$	CHF/\$
12/29/2000	1	1
1/01/2001	1.0004	0.9996
1/02/2001	0.9905	0.9921
1/03/2001	1.0158	1.0127
1/04/2001	0.9928	0.9953
1/05/2001	0.9851	0.9919
1/08/2001	0.9958	0.9992
1/09/2001	0.9993	1.002
1/10/2001	1.0061	1.0114
1/11/2001	0.9903	1.0012
1/12/2001	0.991	1.0048
1/15/2001	1.0007	1.015
1/16/2001	1	1.0139
1/17/2001	1.0074	1.0197
1/18/2001	0.9997	1.0056
1/19/2001	1.0091	1.0168
1/22/2001	1.0043	1.0127
1/23/2001	1.0074	1.0161
1/24/2001	1.0207	1.0284
1/25/2001	1.0198	1.0253
1/26/2001	1.0198	1.0248
1/29/2001	1.0278	1.0287
1/30/2001	1.0172	1.022
1/31/2001	1.0065	1.0151
2/01/2001	1.0042	1.0138
2/02/2001	1.0067	1.0208
2/05/2001	1.0056	1.0178
2/06/2001	1.0126	1.0266
2/07/2001	1.0153	1.0273
2/08/2001	1.0275	1.0372
2/09/2001	1.02	1.031
2/12/2001	1.0113	1.0264
2/13/2001	1.0238	1.036
2/14/2001	1.0269	1.0371
2/15/2001	1.0413	1.0501
2/16/2001	1.0303	1.0409
2/19/2001	1.0231	1.0355
2/20/2001	1.0343	1.045
2/21/2001	1.0358	1.0469
2/22/2001	1.043	1.0511
2/23/2001	1.0273	1.0392
2/26/2001	1.0348	1.0475
2/27/2001	1.0273	1.0418
2/28/2001	1.0207	1.0354
3/01/2001	1.0132	1.0247
3/02/2001	1.0074	1.0213
3/05/2001	1.0152	1.0258
3/06/2001	1.0096	1.0237

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3/07/2001	1.0142	1.0285
3/08/2001	1.0104	1.0246
3/09/2001	1.0106	1.0257
3/12/2001	1.0146	1.0284
3/13/2001	1.0301	1.0442
3/14/2001	1.0343	1.048
3/15/2001	1.0505	1.0639
3/16/2001	1.05	1.061
3/19/2001	1.0476	1.0587
3/20/2001	1.0366	1.0479
3/21/2001	1.0515	1.0615
3/22/2001	1.0602	1.0693
3/23/2001	1.0593	1.0681
3/26/2001	1.0515	1.0639
3/27/2001	1.0547	1.066
3/28/2001	1.0633	1.0718
3/29/2001	1.0687	1.0723
3/30/2001	1.0753	1.0818
4/02/2001	1.0722	1.0772
4/03/2001	1.0503	1.0564
4/04/2001	1.0462	1.0525
4/05/2001	1.0512	1.0577
4/06/2001	1.0426	1.05
4/09/2001	1.0513	1.0573
4/10/2001	1.0606	1.0656
4/11/2001	1.0617	1.061
4/12/2001	1.0561	1.0596
4/13/2001	1.0614	1.0634
4/16/2001	1.0603	1.0638
4/17/2001	1.067	1.0726
4/18/2001	1.067	1.0757
4/19/2001	1.0504	1.0569
4/20/2001	1.0449	1.0521
4/23/2001	1.0519	1.0592
4/24/2001	1.0542	1.0636
4/25/2001	1.0504	1.0595
4/26/2001	1.0435	1.057
4/27/2001	1.0571	1.0703
4/30/2001	1.0603	1.0756
5/01/2001	1.056	1.0715
5/02/2001	1.0546	1.0715
5/03/2001	1.0593	1.0757
5/04/2001	1.0562	1.0731
5/07/2001	1.0589	1.0751
5/08/2001	1.0652	1.0813
5/09/2001	1.0636	1.0802
5/10/2001	1.0696	1.0815
5/11/2001	1.077	1.087
5/14/2001	1.0785	1.0872
5/15/2001	1.0731	1.0826
5/16/2001	1.0676	1.0768
5/17/2001	1.0678	1.0795
5/18/2001	1.0696	1.0813
5/21/2001	1.0752	1.085
5/22/2001	1.0893	1.0971
5/23/2001	1.1003	1.1049
5/24/2001	1.1005	1.1035
5/25/2001	1.0948	1.1012
5/28/2001	1.0958	1.1031
5/29/2001	1.1019	1.1053
5/30/2001	1.1003	1.1039
5/31/2001	1.1152	1.1159

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6/01/2001	1.1123	1.1142
6/04/2001	1.1147	1.1142
6/05/2001	1.1039	1.1027
6/06/2001	1.1119	1.1135
6/07/2001	1.1079	1.1117
6/08/2001	1.1084	1.1129
6/11/2001	1.1191	1.1205
6/12/2001	1.1045	1.11
6/13/2001	1.1022	1.1092
6/14/2001	1.0931	1.0987
6/15/2001	1.0949	1.1019
6/18/2001	1.0951	1.1037
6/19/2001	1.1039	1.1108
6/20/2001	1.103	1.1073
6/21/2001	1.1031	1.1034
6/22/2001	1.0992	1.1004
6/25/2001	1.0973	1.0979
6/26/2001	1.0917	1.0949
6/27/2001	1.0965	1.0962
6/28/2001	1.1167	1.1174
6/29/2001	1.1104	1.1123
7/02/2001	1.1119	1.1142
7/03/2001	1.1112	1.1142
7/04/2001	1.1139	1.1158
7/05/2001	1.1271	1.1285
7/06/2001	1.1122	1.1128
7/09/2001	1.1091	1.114
7/10/2001	1.1026	1.1042
7/11/2001	1.0977	1.097
7/12/2001	1.1044	1.0992
7/13/2001	1.103	1.0982
7/16/2001	1.1062	1.0999
7/17/2001	1.0968	1.0881
7/18/2001	1.0792	1.0687
7/19/2001	1.0826	1.0722
7/20/2001	1.0822	1.0716
7/23/2001	1.0848	1.0759
7/24/2001	1.0787	1.0696
7/25/2001	1.0697	1.0635
7/26/2001	1.0741	1.0675
7/27/2001	1.0744	1.0677
7/30/2001	1.0784	1.072
7/31/2001	1.0756	1.0716
8/01/2001	1.07	1.0631
8/02/2001	1.0669	1.0608
8/03/2001	1.0659	1.0595
8/06/2001	1.0697	1.0615
8/07/2001	1.0741	1.066
8/08/2001	1.0708	1.0607
8/09/2001	1.0565	1.0484
8/10/2001	1.0552	1.0516
8/13/2001	1.0515	1.0508
8/14/2001	1.0437	1.0418
8/15/2001	1.0314	1.0314
8/16/2001	1.0342	1.0348
8/17/2001	1.0267	1.0282
8/20/2001	1.0309	1.0306
8/21/2001	1.0267	1.0266
8/22/2001	1.0309	1.0325
8/23/2001	1.0302	1.0312
8/24/2001	1.0312	1.0333
8/27/2001	1.0342	1.0348

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8/28/2001	1.0326	1.032
8/29/2001	1.0372	1.0362
8/30/2001	1.029	1.0268
8/31/2001	1.0333	1.0315
9/03/2001	1.0388	1.037
9/04/2001	1.0605	1.0567
9/05/2001	1.0634	1.0589
9/06/2001	1.0525	1.0477
9/07/2001	1.0388	1.0385
9/10/2001	1.0498	1.0481
9/11/2001	1.0324	1.0195
9/12/2001	1.0398	1.0303
9/13/2001	1.0348	1.0228
9/14/2001	1.0239	1.0068
9/17/2001	1.0195	0.9958
9/18/2001	1.0168	0.9914
9/19/2001	1.0173	0.9897
9/20/2001	1.0162	0.9841
9/21/2001	1.0304	0.9801
9/24/2001	1.0279	0.9914
9/25/2001	1.0216	0.9855
9/26/2001	1.0212	0.9927
9/27/2001	1.0266	1.0009
9/28/2001	1.0343	1.0058
10/01/2001	1.0275	1.0032
10/02/2001	1.0259	1.0051
10/03/2001	1.0308	1.0071
10/04/2001	1.0271	1.0062
10/05/2001	1.0266	1.0032
10/08/2001	1.0241	0.9981
10/09/2001	1.0323	1.0087
10/10/2001	1.0348	1.0099
10/11/2001	1.0448	1.0209
10/12/2001	1.0342	1.0091
10/15/2001	1.0368	1.0093
10/16/2001	1.0378	1.0145
10/17/2001	1.0433	1.0171
10/18/2001	1.0438	1.0164
10/19/2001	1.0484	1.0195
10/22/2001	1.0568	1.0295
10/23/2001	1.0586	1.0303
10/24/2001	1.0542	1.0279
10/25/2001	1.0562	1.0261
10/26/2001	1.0557	1.0248
10/29/2001	1.0412	1.0104
10/30/2001	1.0421	1.0083
10/31/2001	1.0469	1.014
11/01/2001	1.0445	1.0123
11/02/2001	1.0443	1.0115
11/05/2001	1.0501	1.0179
11/06/2001	1.0537	1.0215
11/07/2001	1.0503	1.0155
11/08/2001	1.0564	1.0184
11/09/2001	1.0546	1.0172
11/12/2001	1.0549	1.0169
11/13/2001	1.07	1.0367
11/14/2001	1.0685	1.0333
11/15/2001	1.0692	1.0312
11/16/2001	1.066	1.0291
11/19/2001	1.0724	1.0301
11/20/2001	1.0673	1.0235
11/21/2001	1.073	1.0273

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11/22/2001	1.0738	1.031
11/23/2001	1.0737	1.0342
11/26/2001	1.0709	1.0327
11/27/2001	1.0671	1.0286
11/28/2001	1.062	1.0219
11/29/2001	1.0622	1.0275
11/30/2001	1.0517	1.0189
12/03/2001	1.0579	1.0274
12/04/2001	1.0585	1.0261
12/05/2001	1.0612	1.0299
12/06/2001	1.0529	1.0225
12/07/2001	1.059	1.029
12/10/2001	1.0584	1.0324
12/11/2001	1.0562	1.0264
12/12/2001	1.0492	1.0195
12/13/2001	1.0549	1.0249
12/14/2001	1.0429	1.0112
12/17/2001	1.045	1.0135
12/18/2001	1.0429	1.013
12/19/2001	1.0471	1.0174
12/20/2001	1.0474	1.0125
12/21/2001	1.0602	1.0253
12/24/2001	1.0749	1.0512
12/25/2001	1.0728	1.0486
12/26/2001	1.0704	1.0471
12/27/2001	1.0677	1.0415
12/28/2001	1.0646	1.0382
12/31/2001	1.0598	1.0305

THE SWISS HELVETIA FUND PERFORMANCE:

Management had adopted a very cautious approach before September 11th and had concentrated on the lowest risk available (companies with volatility in line with or lower than the market rather than companies with high risk/return profile). Even though the interest rate environment is very supportive for equity prices, the economic situation suggests that there is still overcapacity in the economy. Many companies have yet to downsize their operations to put them more in line with the type of economic recovery we may have. Therefore, while capital markets are easier to tap due to the reduction in risk premium for corporate bonds over treasuries, it may be very difficult for players with weak balance sheets to generate the cash flow needed to maintain their current level of operations. More bankruptcies are expected in the maturing economies of the world. Rating agencies are expected to be quicker and more proactive in adjusting their "investment grades" in order to protect investors. This can be expected to eliminate opportunities for weak companies to get financing.

Management's cautious stance in redeploying cash has somewhat limited upside in the Fund's performance during the last quarter of 2001. However this was partially offset by good stock selection. All in all, the Fund performed in line with the Swiss Performance Index during the quarter and underperformed the index by less than 1% for the year. As far as the entire year is concerned, the Fund was penalized by its exposure to the mid and small capitalization sectors of the Swiss market and, particularly, the lack of trading volume in the stocks in these sectors. All through the year, Management reduced the breadth of its exposure to the sector, concentrating on compa-

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Letter to Stockholders (continued)

nies with high earnings visibility and excellent balance sheets and companies that were most able to expand growth opportunities, consolidate their competitive position and quickly adapt their cost structure to current economic conditions. Management is confident that, at this stage in the market, performance will be driven by stock picking, as the diminishing dynamic of lower interest rates will cause investors to be much more selective. Concentration on stock selection and valuation should also reduce the risk of being penalized by wrong market timing.

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SWISS EQUITY INDEX PERFORMANCES (12/31/00 TO 12/31/01)

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INDEX	LOCAL CURRENCY	U.S.\$ TERMS
SPI INDEX	(22.03)%	(23.85)%
SWISS HELVETIA NAV	(22.91)%	(24.94)%
SWISS HELVETIA MARKET PRICE	(20.25)%	(22.10)%

SWISS ECONOMY

The Swiss economy has been producing mixed signals. While still unclear, these signals could mark the end of the recent decline, or perhaps the beginning of the end of this process.

On the negative side, the index of leading economic indicators published by the Swiss Federal Institute of Technology (ETH) fell to minus 1.28 in November, the lowest level since August 1996. The Institute said that the index signaled a growth slowdown until mid-2002. Moreover, unemployment rose to 2.4% in December, from 1.7% in September. Unemployment is expected to increase over the next few months, potentially reaching 3% by UBS estimates. This expectation is reinforced by indications that finished goods inventories rose again in November according to an ETH monthly business survey.

In contrast, the business confidence indicator rebounded slightly in October and November, as did exports. Moreover, the Purchasing Managers' Index (PMI) showed new strength in December. At 43.8, the PMI index is higher than it has been in six months, though still below the critical 50-point threshold. More recent PMI sub-index data suggests businesses whittled down some of their inventory buildup in December. In addition, retail sales increased for six months straight through November.

Inflation remains contained, with expectations for 2002 hovering near 1.2%, allowing the Central Bank some flexibility in monetary policy. Fourth quarter inflation was even lower, largely due to a decrease in oil prices.

Export volume stabilized in the fourth quarter after a precipitous drop in the third quarter. Imports were down 13.3% year-over-year in November, shifting the trade balance substantially. It is unclear at this point how the fourth quarter import and export figures were impacted by the events of September 11th, and what the long term results will be.

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4

THE SWISS HELVETIA FUND, INC.

Letter to Stockholders (continued)

The relative strength of the Swiss franc certainly was a major factor in fourth quarter trade patterns. The Swiss economy is dependent on exports and quite sensitive to potential currency movements and to potential regulatory impediments as foreign governments address security concerns regarding their trade practices.

While these mixed signals alone do not suggest an imminent recovery, they do represent a departure from the previously steady stream of negative news about the Swiss economy. Consensus expectations of real GDP growth remain at 1.1% for 2002.

SPI SUBSECTOR RETURNS (12/31/00 TO 12/31/01)	
Utilities	4.7%
Food	(5.1)
Banks	(7.5)
Building	(13.6)
Miscellaneous Services	(20.1)
Chemicals	(20.2)
Services	(21.1)
Industrials	(22.6)
Machinery	(36.7)
Insurance	(38.6)
Retailers	(44.6)
Miscellaneous Industrials	(46.1)
Electronics	(49.2)
Transports	(71.4)

SPI RETURNS BY MARKET CAP

[GRAPHIC OMITTED]

EDGAR Representation of Data Points Used in Printed Graphic as Follows:

SPI                      SPI                      SPI                      SWISS

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	SMALL COMPANIES -	MIDDLE COMPANIES -	LARGE COMPANIES -	PERFORMANCE INDEX SPI -
	26.1%	32.6%	19.9%	22%
December	1	1	1	1
January	1.014	1.003	0.987	0.99
February	0.982	0.949	0.945	0.947
March	0.919	0.886	0.879	0.881
April	0.918	0.89	0.902	0.901
May	0.928	0.891	0.927	0.922
June	0.913	0.844	0.898	0.891
July	0.865	0.775	0.853	0.842
August	0.83	0.73	0.821	0.808
September	0.715	0.577	0.753	0.727
October	0.708	0.61	0.76	0.736
November	0.727	0.656	0.778	0.758
December	0.739	0.674	0.801	0.78

STRATEGY

Overall, Management will continue to focus on quality stocks that have a certain degree of sensitivity to the economic cycle and a reasonable valuation. Particular attention will be paid to the market assumptions that are built into stock prices, as investors have, to a certain extent, already anticipated economic recovery. A large pool of liquidity is providing market support. However, because operating margins could remain at current depressed levels for quite a while, stock selection will concentrate mainly on companies that have good track records at managing down cycles and generating strong cash flows. In times of economic uncertainty cash flow tends to be critical mainly for dividends and interest payments. In addition, the presence of strong cash flow allows a guaranteed

THE SWISS HELVETIA FUND, INC.

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Letter to Stockholders (continued)

source of funding growth by internal resources. Strong cash positions on balance sheets also open opportunities for companies with histories of promoting shareholder value. On the one hand it gives management the possibility to gain market share or improve product offerings by buying competitors. On the other hand it can offer some support to the share price if management decides to buy back shares, reduce the nominal value of shares or increase dividend payments. In the current environment of low asset returns a high dividend, the fixed element of total return, is especially important and tends to be a driver for out performance.

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THE SWISS HELVETIA FUND -- PORTFOLIO HOLDINGS PER INDUSTRY  
AS OF DECEMBER 31, 2001  
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Pharmaceuticals	28.84%
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Food & Luxury Goods	14.58

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Banks	14.55
Electrical Engineering & Electronics	12.18
Insurance	5.06
Chemicals	4.42
Building Contractors and Materials	4.12
Telecommunications	3.35
Biotechnology	3.01
Miscellaneous Services	2.45
Machinery	1.21
Transportation	1.06
Miscellaneous Industries	0.80
Retailers	0.60
Miscellaneous Medical Services	0.51
Other Assets in Excess of Liabilities	3.26
Total	100.00%

CORPORATE ACTIVITY HIGHLIGHTS DURING THE 4TH QUARTER

NESTLE: The Federal Trade Commission approved Nestle's acquisition of Ralston Purina for \$10.3 billion financed primarily out of equity. Nestle will retain its AAA rating. Combined with Nestle's \$3.7 billion (sales) pet care business, Ralston's \$2.7 billion will make the combined company a leader in the industry. Combined annual savings of \$260 million are expected to be fully achieved by the end of 2003.

ROCHE: Roche has announced a tender offer for the Japanese firm Chugai. Once completed, the combined operations will lift Roche from the 32nd place in the Japanese market to the top five, with a total Japanese sales force of 1,400. The cash deal will be financed with 80% debt. Roche will acquire 50.1% of Chugai before merging the two firms, which should be completed by the end of 2002 assuming approval by Japanese authorities. Roche will be among the first European companies to break into this sector in Japan, which has a rapidly growing elderly population. Recently, however, the annual growth rate of the Japanese pharmaceutical industry has lagged most other nations, at a 3% pace.

SWISS RE: Before the events of September 11th, the reinsurance firm planned to raise \$2.6 billion in capital through an equity offering. However, the transaction was not consummated before September 11th. After the event, Swiss Re increased the scope of the

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THE SWISS HELVETIA FUND, INC.

Letter to Stockholders (continued)

offering, raising \$3.3 billion from the sale of equities and convertible bonds in a market more receptive to securities in the insurance industry. The capital was raised primarily to finance the acquisition of Lincoln National Corp. for \$2 billion in cash to bolster Swiss Re's life reinsurance business. In fiscal 2000, Lincoln Re reported premiums of \$1.4 billion and invested assets totaling \$4.3 billion.

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THE SWISS HELVETIA FUND--TEN LARGEST HOLDINGS (IN U.S. DOLLARS)  
AS OF DECEMBER 31, 2001

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	COST	MARKET VALUE	% OF TOTAL NET ASSETS
1. Novartis AG	\$ 21,636,239	\$ 57,122,198	18.17%
2. Nestle Ltd.	12,427,540	44,154,013	14.04
3. Roche Holdings Ltd.	10,193,328	33,559,291	10.67
4. UBS Ltd.	8,162,640	21,964,931	6.98
5. Credit Suisse Group	8,942,685	19,751,989	6.28
6. Logitech International SA	9,888,046	13,543,926	4.31
7. Holcim Ltd.	11,910,457	12,942,878	4.12
8. Swiss Reinsurance Company	3,688,682	12,175,826	3.87
9. Lonza AG	10,477,549	11,571,764	3.68
10. Swisscom AG	10,137,064	10,532,658	3.35
Total	\$107,464,230	\$237,319,474	75.47%

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## SWISS ECONOMIC OUTLOOK

Management considers a further Swiss interest rate cut likely in the first quarter of 2002. Recent evidence indicates that the Swiss economy has followed the cyclical patterns of the now weakening euro-zone. Switzerland's nearly flat real GDP growth of 0.1% from the second to the third quarters was sustained only by private consumption, as foreign trade and investment contracted for two consecutive quarters. That, combined with expectations of low inflation, suggests the Swiss Central Bank will likely lower rates again to avoid, or at least moderate, a potential recession.

## CURRENCY

Despite the aggressive U.S. Federal Reserve Board's ("Fed") decisions to reduce interest rates, the U.S. economy may rebound very gradually or endure some false starts. There is no pent-up demand and the savings rate of the U.S.

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consumer, while being slowly restored, is still very low. As a result, private spending will not help the economy a great deal. On the positive side, while the Fed may have finished lowering rates, at least for the present, fiscal policy in the U.S. will likely maintain the process of bringing the economy back to life. This, in turn, could put a cap on the U.S. dollar, a situation that will be greatly influenced at least in the short run by the pace of the recovery in Europe and the speed with which the Japanese economy stabilizes.

Japan's Ministry of Finance has adopted a weak yen policy as a remedy for economic growth, but this policy is facing harsh criticism from China and the other Asian countries. In Europe, a weak currency is a comfortable way of delaying structural reform that would improve competitiveness and drive growth through increased exports

7

THE SWISS HELVETIA FUND, INC.

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Letter to Stockholders (continued)

to the U.S. On the other hand the United States will have to attract more and more foreign capital to finance its current account deficit. It should be able to do this as long as Japanese and European assets produce relatively low returns and fail to adapt quickly to fluctuations in the economic cycles. However, unless U.S. domestic demand is reduced, at some point the need to recycle the U.S. dollars generated by the ballooning U.S. current account deficit will open the door for a much weaker U.S. currency.

### ECONOMY

European economies will most likely lag the U.S. economy. This would be mainly due to constraints that limit the ability for fiscal policy to spur activity but also because the European Central Bank has a less accommodative policy stance than the U.S. Federal Reserve. The case for both European and Swiss equities rests largely on relative valuation with prices at an average multiple of around 17 times trailing earnings.

### INTEREST RATES

Information technology and integrated global supply chain management have made international borders more porous for financial and economic forces that were previously geographically isolated. Capital is rapidly shifted to the most efficient or lowest cost nations. Manufacturers increasingly produce on a sufficient scale to serve the entire world market, and price competition simultaneously occurs globally. With increasingly intense price competition in both input and output markets, the net effect of globalization could reduce corporate pricing power and dampen corporate earnings. Decreased pricing power could help contain inflation, which could stabilize long-term interest rates and lower the risk premium for debt.

### EQUITY MARKETS

Companies with growing earnings and product innovation in this environment could be rewarded with high valuations. While competition may grow fiercer and more responsive, the blurring of international boundaries creates growth

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opportunities that were previously unavailable. Industry leaders and upstart innovators can more readily capture a share of the entire global market and are not limited to domestic growth prospects. Moreover, with more tightly integrated global markets for both production and consumption, national economic cycles will be increasingly affected by international conditions. The result will likely be more synchronized economic cycles among the world's major economies. On the one hand, this makes geographical diversification a more difficult task for portfolio managers. On the other hand, this potentially creates more diversification opportunities inside a single geographic market, since investment managers increasingly tend to do their asset allo-

8

THE SWISS HELVETIA FUND, INC.

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Letter to Stockholders (concluded)

cations by sectors as opposed to geographically. This last element is expected to be particularly visible once the euro currency is introduced. Management believes a fair number of Swiss companies have the requisite traits to succeed in such an environment, being truly global and innovative. Swiss companies are forced to expand internationally early in their history because they are limited by a small domestic market. In addition, the high cost of labor and the decentralization of production have stimulated a focus on research and development in order to create higher value added goods and services.

After an extremely difficult and volatile year in 2001, the prospects for 2002 are better now that the systemic risk of global deflation seems to have been avoided. Equity returns should revert to historical averages and restructuring, cost cutting and acquisitions should be drivers for performance. The downside risk is limited by continued low short term interest rates.

### STOCK REPURCHASE PROGRAM

During the full year 2001, the Fund repurchased and retired 463,600 shares of its common stock at an average repurchase price of \$13.39 at a weighted average discount of 17.81%. These repurchases have enhanced stockholders value by \$1,327,945. During the same period, the discount rate was between 12.95% and 19.76% finishing the year at 16.29%.

### FUND EXPENSES

We were disappointed to see the Fund's expense ratio rise to 1.39% during 2001. While this remains below the average of 1.56% for other U.S. closed-end funds investing in European securities, it is considerably higher than the prior four years when the Fund's ratio did not exceed 1.17%. The increase was primarily attributable to two factors. First, the ratio is calculated by dividing the Fund's expenses by its average net assets. While the Fund's assets declined due to the adverse markets in 2001, its fixed expenses did not. Secondly, the Fund experienced significant additional expenses this year as a result of a stockholder's unsuccessful proxy contest for the election of directors last May and the defense of an ongoing lawsuit against the Fund and its directors and termination of the management contract. We are hopeful that the Fund will not have additional expenses in the upcoming year and that its expenses will return to more normal levels in 2002.

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Sincerely,

/S/ SIGNATURE  
 Paul Hottinguer  
 CHAIRMAN AND CHIEF EXECUTIVE OFFICER

/S/ SIGNATURE  
 Rodolphe Hottinger  
 PRESIDENT AND CHIEF OPERATING OFFICER  
 December 31, 2001

9

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, 2001. 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 1940 Act.

CLASS II NON-INTERESTED DIRECTORS  
 (NOMINEES FOR TERM EXPIRING IN 2005)

NAME, ADDRESS & AGE	POSITION(S) WITH FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS	OTHER DI BY DIREC
Mr. Didier Pineau- Valencienne c/o Schneider Electric, S.A. 64 Rue de Miromesnil 75008 Paris France  Age 70	Director since 1999; Member of the Audit Committee and Discount Committee since 1999 and the Litigation Committee since 2001.	Director since 1999. Term of office will expire in 2002	Honorary Chairman: Schneider Electric since 1999; Chairman of the Board and CEO: Schneider SA (industrial conglomerate) from 1981 until February 1999; Chairman: AFEP from 1999 to 2001; Vice Chairman, Credit Suisse First Boston (Europe) Limited since February 1, 1999; Chairman of the Board and CEO: Ceca SA (specialty chemicals) (1968 to 1974); Managing Director, Petrochemicals Division:	Honorary Elect Direct (insuran 1992, E Inc. (Fe February (Formerl (chemic 1997, Co d'I Particip 1997, Fo

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Rhone-Poulenc SA (chemicals) since (France)  
 (1974 to 1980); General Manager: Banque Parisienne pour L'Industry (French Bank) (1958 to 1968); Director: AON (France) since 2000; Fleury Michon (France) since 2001; AFEP (France) since 1999; AXA Financial (insurance) since February 1992, Equitable Companies Inc. (insurance) since February 1992, Bankers Trust New York Corp. 1992 to March 1995, Aventis, SA (Formerly Rhone-Poulenc SA) (chemicals) since January 1997, Sema Group PLC (Great Britain) (computers) from March 1990 to June 2001, Compagnie Generale d'Industrie et de Participations (CGIP) since 1997, Foundation de France since 1998 to 2001, Banque Paribas from May 1990 to 1998, AXA-SA (insurance) from April 1990 to January 1997; Member: Supervisory Board of AXA-UAP (France) (insurance) from 1998 to March 2001, LaGardere (France) (holding company) since 1998; ADNRE (France) since 2000; Member: Advisory Board, Booz Allen & Hamilton (USA) since 1997; Whirlpool Corp. from 1992 to 1996; Member of Trustees: IASC since 2000.

10

THE SWISS HELVETIA FUND, INC.

Certain Information Concerning Directors (continued)

CLASS II NON-INTERESTED DIRECTORS  
 (NOMINEES FOR TERM EXPIRING IN 2005)

NAME, ADDRESS & AGE	POSITION(S) WITH FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS	OTHER DI BY DIREC
Samuel B. Witt, III, Esq.	Director since 1987; Chairman of	Director since 1987. Term of	Senior Vice President and General Counsel: Stateside Associates,	Member, Virginia

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Stateside Associates, Inc. 2300 Clarendon Blvd. Suite 407 Arlington, Virginia 22201-3367

Age 66

the Audit Committee, Chairman of the Discount Committee and Chairman of the Litigation Committee since 1993, 1999 and 2001, respectively.

office will expire in 2002

Inc. since August 1993; Samuel B. Witt, III, Attorney-at-Law, since August 1993; Partner: Womble Carlyle Sandridge & Rice from June 1989 to August 1993; Assistant Secretary: Fortune Technologies, Inc. from 1990 to December 1993; Trustee: The Williamsburg Investment Trust since 1989; Member, Board of Visitors: Virginia Military Institute since July 1994; President: Virginia Military Institute Board of Visitors since August 2001; Director and Secretary: Stateside Associates, Inc. since 1989 and Global Energy Management Company, Inc. since 1991; Director: Decision Point Marketing, Inc. from 1990 to 1996, U.S. Games from October 1994 to September 1996 and Grossman's Inc. from December 1996 to April 1997; Vice President and Special Counsel: R.J.R. Nabisco, Inc. from June 1988 to June 1989; Vice President and Associate General Counsel: R.J.R. Nabisco, Inc. from February 1988 to June 1988; Associate General Counsel: R.J.R. Nabisco, Inc. from November 1986 to June 1988; Vice-President, General Counsel and Secretary: R.J. Reynolds Tobacco Company from August 1981 to November 1986.

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THE SWISS HELVETIA FUND, INC.

Certain Information Concerning Directors (continued)

CLASS III NON-INTERESTED DIRECTORS  
(TERM WILL EXPIRE IN 2003)

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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	OTHER DI BY DIREC
Mr. Claude Mosseri-Marlio 6 bis rue du Cloitre Notre-Dame 75004 Paris France  Age 71	Director since 1993; Member of the Nominating Committee since 1993.	Director since 1993. Term of office will expire in 2003.	E.B.R.D.--European Bank for Reconstruction and Development; Senior Advisor: TAM Program (Turn Around Management) since 1999; Director: Generali Investments (France) since 1999; Guest Lecturer: Harvard Business School since 1995; Guest Professor: Yanok MBA Summer Program, Lampang, Thailand in 2000; Financial Consultant, portfolio management since 1982; Managing Director: Winthrop Laboratories from 1979 to 1982; Managing Director--Europe, Middle East, Africa--Mallinckrodt, Inc. from 1975 to 1978.	Direc Investmen

CLASS III NON-INTERESTED DIRECTORS  
(TERM WILL EXPIRE IN 2003)

NAME, ADDRESS & AGE	POSITION(S) WITH FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS	OTHER DI BY DIREC
Stephen K. West, Esq. Sullivan & Cromwell 125 Broad Street New York, New York 10004  Age 73	Director since 1995; Member of the Audit Committee, Discount Committee and the Litigation Committee since 1996, 1999 and 2001, respectively.	Director since 1995. Term of office will expire in 2003	Partner: Sullivan & Cromwell from 1964 through 1996; Of Counsel: Sullivan & Cromwell since 1997. Director, First ING Insurance Company of New York from 1983 to 2001; Winthrop Focus Funds from 1988 to 1997; ING America Holdings, Inc. (insurance & broker dealer holding company) from 1988 to 1998.	Director: portfol AMVESCA Manag Dresd Strategi s

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THE SWISS HELVETIA FUND, INC.

Certain Information Concerning Directors (continued)

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

NAME, ADDRESS & AGE	POSITION(S) WITH FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS	OTHER DI BY DIREC
<p>Mr. Claude W. Frey Clos 108 2012 Auvernier Switzerland</p> <p>Age 58</p>	<p>Director since 1995; Member of Nominating Committee since 1996.</p>	<p>Director since 1995. Term of office will expire in 2004.</p>	<p>President of the Swiss Parliament (1994-1995); Swiss Police Academy (Neuchatel) since 1996; and Steering Committee of InterNutrition (Zurich) since 2000; Member of the Swiss Parliament since 1979; Parliamentary Assembly of the Council of Europe (Strasbourg) since 1996 and Executive Board of the "North-South Centre" (Lisbon) since 1999; President of the National Committee for Foreign Affairs since 2001; Vice President of the National Committee for Foreign Affairs (1999-2001); Chairman of the Board: Federation of Swiss Food Industries (Berne) (1991-2001); Association of Swiss Chocolate Manufacturers (Berne) (1991-2000); Swiss Association of Biscuits and Sugar Confectioners Industries (Berne) (1991-2000); Director: Federation of Swiss Employers' Association (Zurich) (1995-1996); Vice Chairman of the Board: Federation of Swiss Employers' Association (Zurich) (1997-2001); Member of the Board: Infra 2000 (Marin) since 1996; Chairman of the Board: Berun Frais SA (Maria) since 2002; Member of the Board.</p>	<p>Member o 2000 (M Berun Fra 20 (Crans-Mo Presiden Committee (Zuric</p>

THE SWISS HELVETIA FUND, INC.

Certain Information Concerning Directors (continued)

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

NAME, ADDRESS & AGE	POSITION(S) WITH FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS	OTHER DI BY DIREC
Mr. Eric R. Gabus St. Dominique 1815 Clarens Switzerland  Age 74	Director since 1987; Vice Chairman (Non-Officer) since 1994; Chairman of the Nominating Committee since 1987 and Member of the Discount Committee and Litigation Committee since 2000 and 2001, respectively.	Director since 1987. Term of office will expire in 2004.	Chairman of the Board: Societe Neuchateloise de Presse since 1999, L'Express Communication (Neuchatel) since 1983, Vice Chairman of the Board: Fondation Denis de Rougemont pour l'Europe, Geneva since 1980; Board Member: Pro C.I.C.R (International Red Cross) Neuchatel since 1986; Deputy Chairman of the Board: Credit Suisse First Boston from 1982 to 1986; General Manager: Nestle S.A., Vevey from 1969 to 1982; Manager: Banque Paribas from 1955 to 1969.	Chairm Societe Presse si Communic since 198 the Boar de Rougem Geneva Membe (Interna Neucha

THE SWISS HELVETIA FUND, INC.

Certain Information Concerning Directors (continued)

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CLASS II INTERESTED DIRECTORS  
(NOMINEES FOR TERM EXPIRING IN 2005)

NAME, ADDRESS & AGE	POSITION(S) WITH FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS	OTHER DI BY DIREC
<p>The Baron Hottinger Hottinger et Cie Dreikonigstrasse 55 8027 Zurich Switzerland</p> <p>Age 67</p>	<p>Director 2 since 1987, Chairman of the Board of Directors and Chief Executive Officer from 1987 to 1989.</p>	<p>Director since 1987. Term of office will expire in 2005.</p>	<p>General Partner: Hottinger et Cie (Zurich); President: Conseil de Surveillance Credit Suisse/Hottinguer (Paris), Sofibus (Paris) (real estate); Vice President and Director: Financiere Hottinguer (holding company); Member: Conseil de Surveillance AXA; Administrator: Investissement Provence S.A. (holding company), AXA, AXA Assurances IARD, AXA Courtage IARD, AXA Courtage VIE, AXA Assurances Vie, AXA France Assurances, Alpha Assurances Vie, Finaxa, Hottinger International Fund--"U.S. Growth Fund" (publicly-held Luxembourg mutual fund), ECU Invest (publicly-held Luxembourg mutual fund), Hottinguer International Asset Management (Luxembourg), Hottinger US (USA), Hottinguer Gestion (Luxembourg) (investment advisor) until December 1998; Director: Donaldson, Lufkin &amp; Jenrette, Inc. (NY) until 2000; Auditor: Didot Bottin, Financiere Provence de Participations (FPP) (venture capital); Managing Director: Intercom (holding company), Sofides (real estate); Permanent Representative: AXA to AXA Millesime; Vice President: Gaspee (real estate); Member of the Board: Conseil de Surveillance of EMBA N.V. (holding company); Chairman of the Board and Director: Hottinger Capital Corp.</p>	<p>Direc Hotti company) de Su Ad Investi S.A. (h AXA, AXA AXA Co Cour Assuranc Assu Assuran Hotting Fund--" (publicl mutual (publicl mutual Inter Managem Hotti Managing (holding (real e the Bo Surveill (holding of the B Hotting</p>

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15

THE SWISS HELVETIA FUND, INC.

Certain Information Concerning Directors (continued)

CLASS III INTERESTED DIRECTOR (TERM WILL EXPIRE IN 2003)				
NAME, ADDRESS & AGE	POSITION(S) WITH FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS	OTHER D BY DIREC
<p>Mr. Paul Hottinguer Hottinguer et Cie Dreikonigstrasse 55 8027 Zurich Switzerland</p> <p>Age 59</p>	<p>Director 2 since 1987; Chairman of the Board of Directors and Chief Executive Officer since 1989.</p>	<p>Director since 1987. Term of office will expire in 2003</p>	<p>General Partner: Hottinguer et Cie (Zurich); President: Gaspee (real estate) since 1992, Financiere Hottinguer (holding company) since 1990, Financiere Provence Participations (venture capital firm) since 1990, Drouot Securite since 1986, Hottinguer Gestion (Luxembourg) (investment advisor) from 1991 to 1998, Hottinguer International Fund--"U.S. Growth Fund" (publicly held Luxembourg mutual fund) until 1997; Member: Conseil de Surveillance Credit Suisse Hottinguer since 1997; Societe pour le Financement de Bureaux et d'Usines Sofibus (real estate) since 1982; Managing Director: Intercom (holding company) since 1984; Administrator: Investissement Hottinguer S.A. since 1989, Finaxa (Compagnie Financiere Drouot) since 1982, Alpha Assurances-Vie (insurance) from 1992 to 1998; Permanent Representative: Credit Suisse Hottinguer to Provence International (publicly held French mutual fund), Credit Suisse Hottinguer to PPC, Credit Suisse Hottinguer to Croissance Britannia (investment fund), Credit Suisse Hottinguer to Harwanne Allemagne; Member of the Board of Directors: Norwich Union (insurance), Conseil de Surveillance of Emba NV</p>	<p>Director since 198 de Sur Suisse 1997; Financem d'Usin estat Managing (holdin 1984; Investis S.A. si (Compa Drouot) of the B Norwich Conseil Emba company) the Boa Hotting</p>

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(investment company); Vice  
Chairman of the Board, Director  
and Member of Investment  
Committee: Hottinger Capital  
Corp.

16

THE SWISS HELVETIA FUND, INC.

Certain Information Concerning Directors (concluded)

CLASS I INTERESTED DIRECTOR (TERM WILL EXPIRE IN 2004)				
NAME, ADDRESS & AGE	POSITION(S) WITH FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS	OTHER D BY DIREC
Mr. Alexandre de Takacsy Financiere Hottinguer 43, rue Taitbout 75009 Paris France  Age 72	Director 2 from 1987 to February 8, 1994 and since September 17, 1998.	Director since 1987. Term of office expires in 2004.	Senior Advisor to the Hottinger Group and President of Hottinger U.S., Inc. since April, 1986; Vice Chairman of the Board, President and Secretary, Hottinger Capital Corp.; Retired Senior Executive; Royal Bank of Canada.	Vice Chai Hotting

- 1 ALL DIRECTORS AS A GROUP (9 PERSONS) OWNED 297,091 SHARES WHICH CONSTITUTES APPROXIMATELY 1.1% 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. PAUL HOTTINGUER AND THE BARON HOTTINGER ARE "INTERESTED PERSONS" BECAUSE OF THEIR AFFILIATION WITH HOTTINGER ET CIE (ZURICH) AND HOTTINGER U.S., INC., CONTROLLING PERSONS OF HOTTINGER CAPITAL CORP. ("HCC"), THE FUND'S INVESTMENT ADVISOR; AND ALEXANDRE DE TAKACSY IS AN "INTERESTED PERSON" BECAUSE OF HIS AFFILIATION WITH HCC.

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3 HOTTINGER ET CIE (ZURICH), A PARTNERSHIP, OWNS 151,134 SHARES OF THE FUND, HOTTINGER CAPITAL CORP., THE FUND'S INVESTMENT ADVISOR, OWNS 102,234 SHARES OF THE FUND, HOTTINGER FINANZ AG OWNS 5,247 SHARES OF THE FUND AND HOTTINGER TREUHAND AG OWNS 4,684 SHARES OF THE FUND. PAUL HOTTINGUER AND THE BARON HOTTINGER ARE BROTHERS. PAUL HOTTINGUER AND THE BARON HOTTINGER ARE CONTROLLING PARTNERS OF HOTTINGER ET CIE (ZURICH) AND CONTROLLING SHAREHOLDERS AND DIRECTORS OF HOTTINGER CAPITAL CORP., HOTTINGER FINANZ AG AND HOTTINGER TREUHAND AG AND THEREFORE SHARE VOTING AND INVESTMENT POWER OVER THE 263,299 SHARES OF THE FUND OWNED BY HOTTINGER ET CIE (ZURICH), HOTTINGER CAPITAL CORP., HOTTINGER FINANZ AG AND HOTTINGER TREUHAND AG.

17

THE SWISS HELVETIA FUND, INC.

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Review of Operations

Trading activity for 2001 involved changes in the following positions:

### NEW INVESTMENTS BY THE FUND

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Berna Biotech AG  
Converium Holding AG  
Daetwyler Holding Inc.  
Holcim Ltd.  
Kaba Holding AG  
Kuehne & Nagel International Ltd.  
Lonza AG  
Straumann Holding AG  
Swisscom AG

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### ADDITIONS TO EXISTING INVESTMENTS

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Compagnie Financiere Richemont AG  
Credit Suisse Group  
Disetronic Holding Ltd.  
Gurit-Heberlein AG  
Huber & Suhner AG  
Kudelski SA  
Logitech International SA  
Saia-Burgess Electronics Holding AG  
Schindler Holding AG  
Swiss Reinsurance Company  
Tecan Group, Ltd.  
Vontobel Holding AG

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### SECURITIES DISPOSED OF

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ABB Ltd.  
Actelion Ltd.  
Ascom Holding AG

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Bachem AG  
 Banque Cantonale Vaudoise  
 Charles Voegele Holding AG  
 Clariant Ltd.  
 Helvetia Patria Holding  
 Leica Geosystems AG  
 Micronas Semiconductor Holding AG  
 Mikron Holding AG  
 Oz Holding  
 Phoenix Mecano AG  
 SGS Societe Generale de Surveillance Holding SA  
 Sulzer AG  
 Swiss Life  
 Swisslog Holding AG  
 Unilabs SA  
 Zurich Allied

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 REDUCTIONS IN EXISTING INVESTMENTS  
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Adecco SA  
 Bank Sarasin & Co.  
 Compagnie Financiere Richemont AG  
 Credit Suisse Group  
 Gurit-Heberlein AG  
 Huber & Suhner AG  
 Julius Baer Holdings AG  
 Komax Holding AG  
 Kudelski SA  
 Logitech International SA  
 Nestle Ltd.  
 Novartis AG  
 Phonak Holding Ltd.  
 Roche Holdings Ltd.  
 Schaffner Holding Ltd.  
 Serono SA  
 Swiss Reinsurance Company  
 Tecan Group, Ltd.  
 The Swatch Group, Ltd.  
 Vontobel Holding AG

18

THE SWISS HELVETIA FUND, INC.

-----  
 Schedule of Investments December 31, 2001

No. of Shares	Security	Value	Percent of Net Assets
-----			
	COMMON STOCKS --		96.74%
	BANKS --		14.55%



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60,000	HOLCIM LTD. 2 REGISTERED SHARES	12,942,878	4.12
	Produces and markets various building materials, in addition to providing consulting and engineering services in all areas of the cement manufacturing process. (Cost \$11,910,457)		
		-----	-----
		12,942,878	4.12
CHEMICALS -- 4.42%			
2,250	GURIT-HEBERLEIN AG BEARER SHARES	1,776,031	0.56
	European market leader for wind screen bonding systems, ski based and optically pure thermoplastic sheeting for the auto industry. (Cost \$2,223,639)		

19

THE SWISS HELVETIA FUND, INC.

Schedule of Investments (continued) December 31, 2001

No. of Shares	Security	Value	Percent of Net Assets
-----			
COMMON STOCKS -- (CONTINUED)			
CHEMICALS -- (CONTINUED)			
17,700	LONZA AG 2 REGISTERED SHARES	\$ 11,571,764	3.68%
	Produces chemicals, plastics, and energy. (Cost \$10,477,549)		
2,523	SIKA FINANZ LTD. BEARER SHARES	562,491	0.18
	Leading producer of construction chemicals. (Cost \$614,614)		
		-----	-----
		13,910,286	4.42
ELECTRICAL ENGINEERING & ELECTRONICS -- 12.18%			
4,055	BELIMO AUTOMATION AG REGISTERED SHARES	1,294,981	0.41
	World market leader in damper and volume control actuators for		

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ventilation and air conditioning  
equipment. (Cost \$1,259,329)

No. of Shares	Security	Value	Percent of Net Assets
7,810	DISETRONIC HOLDING LTD. REGISTERED SHARES Develops, manufactures and markets infusion (insulin pumps) and injection systems. (Cost \$6,350,462)	6,489,510	2.06
16,749	KABA HOLDING AG REGISTERED SHARES Provides mechanical and electronic security systems. (Cost \$4,129,823)	4,137,798	1.32
-----			
ELECTRICAL ENGINEERING & ELECTRONICS -- (CONTINUED)			
44,000	KUDELSKI SA 1 BEARER SHARES Designs, produces and distributes equipment under the 'Nagra' brand name for professional data display in audio and video applications. (Cost \$2,772,596)	\$ 2,571,704	0.82%
370,000	LOGITECH INTERNATIONAL SA 1,2 REGISTERED SHARES Manufactures personal computer input devices, as well as producing trackballs, desktop publishing programs and related software. (Cost \$9,888,046)	13,543,926	4.31
25,800	PHONAK HOLDING LTD. 1 REGISTERED SHARES Designs and produces wireless analog and digital hearing aids and miniaturized voice communications systems. (Cost \$778,742)	590,745	0.19
5,400	SAIA-BURGESS ELECTRONICS HOLDING AG REGISTERED SHARES Develops and produces switches, motors and programmable control devices. The company's products are mainly used in the automobile, heating & air conditioning and telecommunications industries. (Cost \$1,485,298)	1,561,822	0.50
5,263	SCHAFFNER HOLDING LTD. REGISTERED SHARES Develops, manufactures and markets	1,205,074	0.38

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electrical components and test  
equipment in the area of EMC  
(Electro Magnetic Compatibility).  
(Cost \$1,469,991)

20

THE SWISS HELVETIA FUND, INC.

Schedule of Investments (continued)

December 31, 2001

No. of Shares	Security	Value	Percent of Net Assets
COMMON STOCKS -- (CONTINUED)			
ELECTRICAL ENGINEERING & ELECTRONICS -- (CONTINUED)			
89,076	TECAN GROUP, LTD. REGISTERED SHARES Manufactures and distributes components and complete solutions for the automation of laboratory processes. (Cost \$4,876,777)	\$ 5,904,049	1.88%
11,000	THE SWATCH GROUP, LTD. 1 BEARER SHARES Manufactures watches, watch components and microelectronics. Produces machine tools for scientific, medical and industrial use. (Cost \$673,362)	989,244	0.31
		-----	-----
		38,288,853	12.18
FOOD & LUXURY GOODS -- 14.58%			
300	LINDT & SPRUNGLI AG REGISTERED SHARES Major manufacturer of premium Swiss chocolates. (Cost \$1,196,399)	1,699,205	0.54
207,000	NESTLE LTD. 2 REGISTERED SHARES Largest food and beverage processing company in the world. (Cost \$12,427,540)	44,154,013	14.04
		-----	-----
		45,853,218	14.58
INSURANCE -- 5.06%			

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No. of Shares	Security	Value	Percent of Net Assets
30,000	BALOISE HOLDING AG REGISTERED SHARES Medium-sized insurer active in all sectors of insurance. (Cost \$151,739)	2,765,727	0.88
-----			
INSURANCE -- (CONTINUED)			
20,000	CONVERIUM HOLDING AG 1 Provides life and non-life reinsurance worldwide. (Cost \$975,282)	\$ 972,523	0.31%
121,000	SCHWEIZERISCHE RUCKVERSICHERUNGS- GESELLSCHAFT (SWISS REINSURANCE COMPANY) 2 REGISTERED SHARES Second largest reinsurance company in the world. (Cost \$3,688,682)	12,175,826	3.87
		-----	-----
		15,914,076	5.06
MACHINERY -- 1.21%			
2,650	SCHINDLER HOLDING AG REGISTERED SHARES One of the world's largest elevator companies and a leading Swiss machinery enterprise. (Cost \$3,510,746)	3,816,281	1.21
		-----	-----
		3,816,281	1.21
MISCELLANEOUS INDUSTRIES -- 0.80%			
750	DAETWYLER HOLDING INC. BEARER SHARES Manufactures cable, rubber and plastic products, steel tubing, pharmaceutical packaging and industrial components. (Cost \$1,249,175)	1,056,128	0.34
12,465	HUBER & SUHNER AG REGISTERED SHARES Manufactures a wide range of products, extending from cables for energy and electrical transmission to special products such as rubber. (Cost \$843,797)	833,704	0.27

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21

THE SWISS HELVETIA FUND, INC.

Schedule of Investments (continued) December 31, 2001

No. of Shares	Security	Value	Percent of Net Assets
-----			
COMMON STOCKS -- (CONTINUED)			
MISCELLANEOUS INDUSTRIES -- (CONTINUED)			
11,025	KOMAX HOLDING AG REGISTERED SHARES Seller of wire processing machines. Most important markets are the car, household appliance, telecommunications and electronics industries. (Cost \$415,378)	\$ 584,598	0.19%
		-----	-----
		2,474,430	0.80
MISCELLANEOUS MEDICAL SERVICES -- 0.51%			
546	GALENICA HOLDING LTD. Manufactures and distributes prescription and over-the-counter drugs, toiletries and hygiene products. (Cost \$490,462)	493,492	0.16
14,500	STRAUMANN HOLDING AG REGISTERED SHARES Develops, produces and sells surgical implants and instruments for dental medicine, jaw and face surgery worldwide. (Cost \$1,077,230)	1,100,868	0.35
		-----	-----
		1,594,360	0.51
MISCELLANEOUS SERVICES -- 2.45%			
49,500	ADECCO SA BEARER SHARES Leading personnel and temporary employment company. (Cost \$1,471,056)	2,691,838	0.85
270,000	COMPAGNIE FINANCIERE RICHEMONT AG 1 BEARER SHARES Investment company with principal interests in luxury goods and tobacco. (Cost \$3,309,623)	5,018,981	1.60
		-----	-----
		7,710,819	2.45

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No. of Shares	Security	Value	Percent of Net Assets
PHARMACEUTICALS -- 28.84%			
1,580,000	NOVARTIS AG 2 REGISTERED SHARES Life science group created by the consolidation of Sandoz and Ciba-Geigy. Manufactures health care products for use in a broad range of medical fields, as well as agricultural products. The second largest pharmaceutical entity in the world. (Cost \$21,636,239)	\$ 57,122,198	18.17%
470,000	ROCHE HOLDINGS LTD. 2 DIVIDEND RIGHTS CERTIFICATES Worldwide pharmaceutical company. (Cost \$10,193,328)	33,559,291	10.67
		-----	-----
		90,681,489	28.84
RETAILERS -- 0.60%			
1,900	JELMOLI HOLDING AG BEARER SHARES Operates a network of retail/service outlets throughout Switzerland, including local dry cleaners, auto body shops, opticians, interior decorators, travel agencies, restaurants, pharmacies and retailers. (Cost \$1,405,703)	1,889,009	0.60
		-----	-----
		1,889,009	0.60
TELECOMMUNICATIONS -- 3.35%			
38,000	SWISSCOM AG 2 REGISTERED SHARES Operates public telecommunication networks and offers network application services. (Cost \$10,137,064)	10,532,658	3.35
		-----	-----
		10,532,658	3.35

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Schedule of Investments (continued)

December 31, 2001

No. of Shares	Security	Value	Percent of Net Assets
-----			
COMMON STOCKS -- (CONCLUDED)			
TRANSPORTATION -- 1.06%			
66,200	KUEHNE & NAGEL INTERNATIONAL LTD. Operates sea freight, land and rail transportation businesses and warehousing and distribution facilities. (Cost \$3,446,629)	\$ 3,350,687	1.06%
		-----	-----
		3,350,687	1.06
	TOTAL COMMON STOCKS (Cost \$163,080,264) 3	\$304,191,826	96.74%
	OTHER ASSETS IN EXCESS OF LIABILITIES	10,244,000	3.26
		-----	-----
	NET ASSETS	\$314,435,826	100.00%
		=====	=====

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1 NON-INCOME PRODUCING SECURITY.  
2 ONE OF THE TEN LARGEST PORTFOLIO HOLDINGS.  
3 AGGREGATE COST FOR FEDERAL TAX PURPOSES IS \$163,564,287.  
DESCRIPTIONS OF THE COMPANIES HAVE NOT BEEN AUDITED BY DELOITTE & TOUCHE LLP.  
SEE NOTES TO THE FINANCIAL STATEMENTS.

23

THE SWISS HELVETIA FUND, INC.

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Statement of Assets and Liabilities

December 31, 2001

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ASSETS:

Investments, at value (cost \$163,080,264) .....  
Cash .....  
Foreign currency (cost \$7,002,027) .....  
Dividend and interest receivable .....  
Tax reclaims receivable .....  
Prepaid expenses and other .....  
  
Total assets .....

LIABILITIES:

Payable for securities purchased .....  
Advisory fees payable .....  
Accrued audit and legal fees .....  
Custody fees payable .....  
Administration fees payable .....  
Transfer agent fees payable .....  
Accounting fees payable .....  
Accrued expenses and other .....  
  
Total liabilities .....

Net assets .....

COMPOSITION OF NET ASSETS:

Paid-in capital .....  
Undistributed net investment income .....  
Accumulated net realized gain from investment transactions .....  
Net unrealized appreciation on investments and foreign currencies  
140,952,741  
  
Net assets .....

NET ASSET VALUE PER SHARE:

(\$314,435,826 / 23,892,709 shares outstanding) .....

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SEE NOTES TO THE FINANCIAL STATEMENTS.

THE SWISS HELVETIA FUND, INC.

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Statement of Operations

For the Year Ended December 31, 2001

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ASSETS:

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INVESTMENT INCOME:

Dividends (less foreign taxes withheld of \$506,888) .....  
 Interest .....  
 Securities lending income .....  
  
 Total income .....

EXPENSES:

Investment advisory fees .....  
 Professional fees .....  
 Directors' fees .....  
 Administration fees .....  
 Custody fees .....  
 Printing and shareholder reports .....  
 Accounting fees .....  
 Franchise taxes .....  
 Transfer agent fees .....  
 Miscellaneous .....  
  
 Total expenses .....

Expenses in excess of investment income .....

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

Net realized gain (loss) from:  
 Investment transactions .....  
 Foreign currency transactions .....  
 Net change in unrealized appreciation/depreciation on investments and foreign currencies .  
  
 Net Realized and Unrealized Loss on Investments and Foreign Currencies .....

NET DECREASE IN NET ASSETS FROM OPERATIONS .....

-----  
 SEE NOTES TO THE FINANCIAL STATEMENTS.

THE SWISS HELVETIA FUND, INC.  
 -----

Statements of Changes in Net Assets

For the Years Ended

-----  
 2001  
 -----

INCREASE (DECREASE) IN NET ASSETS:

OPERATIONS:

Net investment (expenses in excess of) income ..... \$ (793,778)  
 Net realized gain from investment and  
 foreign currency transactions ..... 6,224,569

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Net change in unrealized appreciation/depreciation on investments and foreign currencies .....	(109,534,341)
Net increase (decrease) in net assets from operations .....	(104,103,550)
DISTRIBUTIONS TO SHAREHOLDERS FROM:	
Net realized capital gains .....	(7,360,963)
Total distributions to shareholders .....	(7,360,963)
CAPITAL SHARE TRANSACTIONS:	
Value of shares issued in reinvestment of dividends .....	16,795,124
Value of shares repurchased through stock buyback .....	(6,209,492)
Total increase (decrease) from capital share transactions .....	10,585,632
Total decrease in net assets .....	(100,878,881)
NET ASSETS:	
Beginning of year .....	415,314,707
End of year (including undistributed net investment income of \$1,532,859 and \$0, respectively) .....	\$ 314,435,826

SEE NOTES TO THE FINANCIAL STATEMENTS.

26

THE SWISS HELVETIA FUND, INC.

Financial Highlights

	For the Years Ended Dec		
	2001	2000	1999
PER SHARE OPERATING PERFORMANCE:			
Net asset value at beginning of year .....	\$ 17.92	\$ 17.52	\$ 19.07
INCOME FROM INVESTMENT OPERATIONS:			
Net investment income (expenses in excess of income) ..	(0.03)	0.00 <sup>2</sup>	0.01
Net realized and unrealized gain (loss) on investments <sup>3</sup>	(4.34)	1.68	(0.60)
Total from investment operations .....	(4.37)	1.68	(0.59)
Gain from capital share repurchases .....	0.06	0.21	0.12
Capital charge resulting from the issuance of fund shares .....	(0.14)	(0.12)	--
LESS DISTRIBUTIONS:			
Dividends from net investment income .....	--	--	(0.03)
Distributions from net realized capital gains .....	(0.31)	(1.37)	(1.05)

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Total distributions .....	(0.31)	(1.37)	(1.08)
	-----	-----	-----
Net asset value at end of year .....	\$ 13.16	\$ 17.92	\$ 17.52
	=====	=====	=====
Market value per share, end of year .....	\$ 11.00	\$ 14.50	\$ 13.81
	=====	=====	=====
TOTAL INVESTMENT RETURN: 4			
Based on market value per share .....	(22.10)%	15.06%	(7.06)%
Based on net asset value per share .....	(24.94)%	12.11%	(1.09)%
RATIOS TO AVERAGE NET ASSETS:			
Expenses .....	1.39% 5	1.16%	1.11%
Net investment income (expenses in excess of income) ..	(0.23)%	0.01%	0.05%
SUPPLEMENTAL DATA:			
Net assets at end of year (000) .....	\$314,436	\$415,315	\$416,599
Average net assets during period (000) .....	\$341,806	\$422,426	\$428,072
Shareholders of record 6 .....	1,067	1,125	1,230
Portfolio turnover rate .....	32%	25%	14%

1 PER SHARE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 1997 HAVE BEEN RESTATED TO REFLECT 2:1 STOCK SPLIT EFFECTIVE OCTOBER 16, 1998.

2 LESS THAN \$0.01 PER SHARE.

3 INCLUDES NET REALIZED CURRENCY GAIN (LOSS).

4 TOTAL INVESTMENT RETURN BASED ON MARKET VALUE DIFFERS FROM TOTAL INVESTMENT RETURN BASED ON NET ASSET VALUE DUE TO CHANGES IN THE RELATIONSHIP BETWEEN THE FUND'S MARKET PRICE AND ITS NET ASSET VALUE PER SHARE. RETURNS FROM 1998 AND 1997 HAVE BEEN RESTATED TO REFLECT SUBSEQUENT CHANGES TO DIVIDEND REINVESTMENT CALCULATIONS.

5 THE INCREASE IN THE FUND'S EXPENSE RATIO WAS ATTRIBUTABLE TO EXTRAORDINARY EXPENSES IN 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.

6 NOT AUDITED BY DELOITTE & TOUCHE LLP.

SEE NOTES TO THE FINANCIAL STATEMENTS.

27

THE SWISS HELVETIA FUND, INC.

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 (the 'Act'), as amended, 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

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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.

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 under procedures established by and under the general supervision of the Fund's Board of Directors. 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, 2001, 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 annual dividends from its net investment income and makes annual distributions of any net realized capital gains to the extent they exceed capital loss carryforwards, if any. 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 shareholders. 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. The Fund requires the borrowers of the securities to maintain collateral with the Fund in the form of cash and/or government securities equal to 102% of the value of the securities loaned. The Fund receives fees as compensation for lending its securities. Either the Fund or the borrower may terminate the securities loan.

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THE SWISS HELVETIA FUND, INC.

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Notes to Financial Statements (continued)

## 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 translation shown on the Fund's financial statements result from the sale of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and 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 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 the amount in excess of \$600 million. The Fund paid Hottinger & Cie \$44,468 in brokerage commissions for the year ended December 31, 2001.

The Fund and the Advisor have agreed to share certain common expenses subject to review and allocation by the Audit Committee of the Fund's board of directors. The Committee's allocations are based on its determination of the relative benefits the Fund and the Advisor derive from the expenditures. During 2001, the Committee allocated expenses incurred in connection with publicizing the Fund and various expenses incurred in connection with a stockholder's unsuccessful proxy contest last May for the election of directors and termination of the management contract as follows:

Expense	Fund	Advisor	Total
-----	----	-----	-----
Marketing	\$6,698	\$5,877	\$12,575
Stockholder Meeting	\$366,575	\$104,747	\$471,322

Investment Company Capital Corp. ('ICCC') is the Fund's Administrator. The Fund pays the Administrator an annual fee based on its average daily net assets which is calculated daily and paid monthly at the following annual rates: 0.10% of the first \$250 million, 0.05% of the next \$250 million and 0.03% of the amount over

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\$500 million.

ICCC is the Fund's accounting agent. The Fund pays the accounting agent an annual fee based on its average daily net assets which is calculated daily and paid monthly. PFPC Inc. is the Fund's transfer agent. The Fund pays the transfer agent a per account fee which is accrued daily and paid monthly.

Certain officers and directors of the Fund are also officers or directors of HCC, Hottinger U.S. Inc., Hottinger & Cie (Zurich) and/or ICC. These persons are not paid by the Fund for serving in these capacities.

### NOTE 3--OTHER FEES

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.

The Fund pays each director who is not affiliated with the Fund, its investment advisor or administrator approximately \$15,000 per annum in compensation, except for the Chairman of the Audit Committee, who the Fund pays an annual fee of approximately \$16,500. In addition, the Fund pays each unaffiliated

29

### THE SWISS HELVETIA FUND, INC.

#### Notes to Financial Statements (continued)

director \$750 for each attended directors' meeting and \$750 for each committee meeting attended, if it is held separately, and reimbursement for out-of-pocket expenses in conjunction with attendance at meetings.

The Fund compensates each Director who is a non-interested Director and who is a member of the Discount or Litigation Committees of the Board for his work on the committees on an hourly basis at the rate of \$300, less the \$750 meeting fee otherwise payable to committee members for each meeting attended.

### NOTE 4--CAPITAL SHARE TRANSACTIONS

The Fund is authorized to issue up to 50 million shares of capital stock. HCC owned 102,234 of the 23,892,709 shares outstanding on December 31, 2001. Transactions in capital shares were as follows:

	For the Year Ended December 31, 2001		For the Year Ended December 31, 2000	
	Shares	Amount	Shares	Amount
Dividend				
Reinvestments	1,177,572	\$16,795,124	858,504	\$ 12,126,372
Repurchased	(463,600)	(6,209,492)	(1,462,500)	(20,832,970)
	-----	-----	-----	-----
Net increase (decrease)	713,972	\$10,585,632	(603,996)	\$ (8,706,598)
	=====	=====	=====	=====

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

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At December 31, 2001, capital contributions, accumulated undistributed 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.

Undistributed NII	Undistributed Net Realized Gain/ Loss	Paid-in Capital
-----	-----	-----
\$2,326,637	\$(2,326,637)	\$--

At December 31, 2001, the net unrealized appreciation from investments for those securities having an excess of value over cost and net unrealized depreciation from investments for those securities having an excess of cost over value (based on cost for federal income tax purposes) was \$142,272,884 and \$1,645,345, respectively. 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 GAAP.

Distributions during the year ended December 31, 2001 were characterized as follows for tax purposes:

Long-term capital gains	\$7,360,963
-------------------------	-------------

At December 31, 2001, the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income	\$1,695,514
Long-term capital gains	\$344,779
Unrealized appreciation/(depreciation)	\$140,627,539

The aggregate cost of purchases and proceeds from sales of investments, other than short-term obligations, for the year ended December 31, 2001, were \$104,612,444 and \$111,511,469, respectively.

NOTE 6--STOCK REPURCHASE PROGRAM

Pursuant to authorization by the Board of Directors, the Fund began open market purchases of its common stock on the New York Stock Exchange in 1999 and continued purchases in 2000 and 2001. The Board has authorized the purchase of up to one million shares in 2002. During the year ended December 31, 2001 the Fund repurchased and retired 463,600 shares at an average price of \$13.39 per share (including broker commissions) and a weighted average discount of 17.81%. The total cost of these repurchases was \$6,209,492.

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### NOTE 7--LITIGATION

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 by individuals claiming to be Fund stockholders against the Fund, each of its Directors and Hottinger Capital Corp., the Fund's Investment Advisor (collectively, the "defendants"). The complaints in these cases, entitled Kimberly Kahn vs. Paul Hottinguer et al. and Charles Miller vs. Paul Hottinguer et al., allege that the defendants have: (A) breached fiduciary duties to stockholders and violated Section 109(a) of the Delaware General Corporation Law by adopting amendments to the Fund's Bylaws requiring a vote of 75% of the Fund's outstanding shares to alter, amend or repeal the Bylaws or to adopt other bylaws; (B) breached fiduciary duties to stockholders by adopting amendments to the Fund's Bylaws requiring nominees for election as directors to satisfy certain qualifications; and (C) breached fiduciary and contractual duties through the manner in which the Fund effected a capital gains distribution in December 2000. The complaints seek as relief among other things: (i) a declaration that the defendants have breached their fiduciary duties to stockholders and that the amendments to the Bylaws are null and void; (ii) an injunction in connection with any meeting of stockholders preventing the defendants from enforcing the Bylaw amendments; and (iii) certain unspecified damages. The defendants believe that the allegations relating to the Bylaws have been mooted by the board's decision to put those Bylaws to a vote of stockholders at the Fund's 2002 annual meeting and have moved to dismiss the capital gains distribution claims because they believe that they fail to state a claim upon which relief can be granted.

31

THE SWISS HELVETIA FUND, INC.

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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 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, 2001, and the related statement of operations for the year then ended, the statements 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

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disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2001, by correspondence with the custodian and brokers. 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 provides 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, 2001, 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  
New York, New York  
February 8, 2002

32

THE SWISS HELVETIA FUND, INC.

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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 of Ethics 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 of Ethics 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

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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, 2001.

Domestic Ordinary Income	--
Foreign Source Income	--
	-----
Total Ordinary Income	--
	=====
	-----
Long-Term Capital Gains	\$0.307
	-----
Total Distributions	\$0.307
	=====

The Fund's long-term capital gain distributions of \$0.307 per share are all taxable at the 20% capital gains rate.

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### Tax Information (Unaudited) For the Tax Year Ended December 31, 2001

The amounts may differ from those elsewhere in this report because of differences between tax and financial reporting requirements.

The Fund's distributions to shareholders included \$7,360,963 from long-term capital gains, all of which is taxable at the 20% capital gains rate.

33

THE SWISS HELVETIA FUND, INC.

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### Dividend Reinvestment Plan (Unaudited)

#### THE PLAN

The Swiss Helvetia Fund's (the "Fund") Dividend Reinvestment Plan offers you a convenient way to invest your income dividends and capital gains distributions in additional shares of the Fund's common stock thereby increasing your holdings of the Fund's shares. Participation in the Plan does not alter the normal federal, state and local income tax consequences associated with income

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dividends and capital gains distributions.

The Plan is designed to allow all stockholders an opportunity to participate. Some of the Plan features are:

1. Dividend reinvestment automatically increases the number of shares you own.
2. Dividends and distributions are reinvested in additional shares at the lower of net asset value or market price.
3. Shares purchased through the Plan are recorded in your account providing protection against theft or destruction of share certificates.
4. You may terminate your Plan account at any time.

Not all brokerage firms holding shares in brokerage accounts permit participation in dividend reinvestment plans such as the Plan, and even if your brokerage firm does permit such participation, you may not be able to transfer such shares to another broker who does not permit such participation. You are encouraged to contact your brokerage firm to determine any restrictions upon participation.

### HOW DO I ENROLL IN THE PLAN?

To participate in the Fund's Dividend Reinvestment Plan, please contact your broker or PFPC, Inc.

To start the Plan with a specific dividend, please forward the required form to your broker or PFPC 10 days prior to the record date for that dividend or distribution.

### HOW DOES THE PLAN WORK?

When a dividend or distribution is declared, non-participants in the Plan will receive cash. Plan participants will receive the equivalent in shares of the Fund valued at the lower of the market price or net asset value as described below.

1. Whenever net asset value is equal to or less than market price by no more than 5% at the time of valuation, you will be issued shares at net asset value.
2. If the net asset value is less than 95% of the market price on the valuation date, you will be issued shares at 95% of the market price of shares.
3. If net asset value exceeds the market price of shares on the valuation date, PFPC, as agent for the participants, will buy shares on the open market on the New York Stock Exchange or elsewhere, for your account.

If, before PFPC has completed its purchase, the market price exceeds the net asset value of shares, the average per share purchase price paid by PFPC may exceed the net asset value of shares, resulting in the acquisition of fewer shares than if the dividend or distribution had been paid in shares issued by the Fund.

### WILL THE ENTIRE AMOUNT OF MY DISTRIBUTION BE REINVESTED?

As a Plan participant, the entire amount of your distribution will be reinvested. For any balance that is insufficient to purchase a whole share, the amount will be credited to your account in fractional shares.

### WILL STOCK CERTIFICATES BE ISSUED FOR TRANSACTIONS IN THE PLAN?

You will be issued a stock certificate upon request.

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IS THERE ANY CHARGE TO PARTICIPATE IN THE PLAN?

There is no charge to participants for reinvesting dividends or distributions. PFPC's fee for handling the reinvestment of dividends and distributions will be paid by the Fund. There will be no brokerage charge to stockholders for shares issued directly by the Fund as a result of dividends or distributions payable either in stock or cash. Each participant, however, will pay a pro rata share of brokerage commissions incurred with respect to PFPC's open market purchases in connection with the reinvestment of dividends or distributions.

HOW CAN I DISCONTINUE MY PARTICIPATION IN THE PLAN?

You may terminate your account under the Plan by notifying your broker or PFPC in writing. Upon termination, you will receive a certificate for the number of shares held in the Plan.

WHERE CAN I DIRECT MY QUESTIONS AND CORRESPONDENCE?

Questions and correspondence concerning the Plan should be directed to:

PFPC Inc.  
P.O. Box 43027  
Providence, RI 02940-3027  
1-800-331-1710