Geneva 10 07 2010

MANAGEMENT REPORT on 30 06 2010

The main facts and trends since 31 03 2010 are:

➢ The debt crisis has led to a major change in the European states' budget policies, with lastingly restrictive policies being put in place.

➢ The economic activity has continued to grow slowly but the uncertainties concerning the durability of this recovery in Europe and worldwide have increased.

➢ The risks linked to the banking system remain very high.

➢ The share markets have strongly decreased.

➢ The bonds markets have been very volatile.

Fundamentally:

➢The international financial system remains potentially prone to violent crises. The excessive debt of the states and the toxic assets in the balance sheets of the banks and financial institutions are a sword of Damocles.

➢ It remains essential to be very careful in the choice of custodian establishments where accounts are held and the managers.

➢With our management strategy we keep away from collective investments, Unit Trusts, Mutual Funds, Hedge funds, structured products and we continue to invest directly in shares and bonds to provide our clients with **transparency - security - performance.**

STRATEGY FOR 2nd QUARTER 2010

Concerning the share market we have:

➢ Adopted a very cautious strategy as the proportion of shares in the portfolios was below 50%, even for dynamic portfolios

➢ Limited trading operations as they are too risky in a context of extreme volatility and false technical signals.

➢ Continued to implement our niche strategy for blue chip.

➢ Sold defensive values (EDF, Arkema) and started buying European values that make most of their turnover in emerging countries (CFAO, Bourbon), in order to make the most of the growth of the emerging countries so as to benefit from benefiting from the security provided by the accounting standards of European companies.

Concerning the bond market we have:

➢ On the whole increased the proportion of bonds in the portfolios.

➢ Continued to implement our niche strategy on medium and large company bonds.

➢Conserved the long-term bonds only if dividend is indexed to the long term rates. So if the rates increase, the dividend will increase.

➢ Extended the maturity of our investments by a year as we anticipate lastingly low rates.

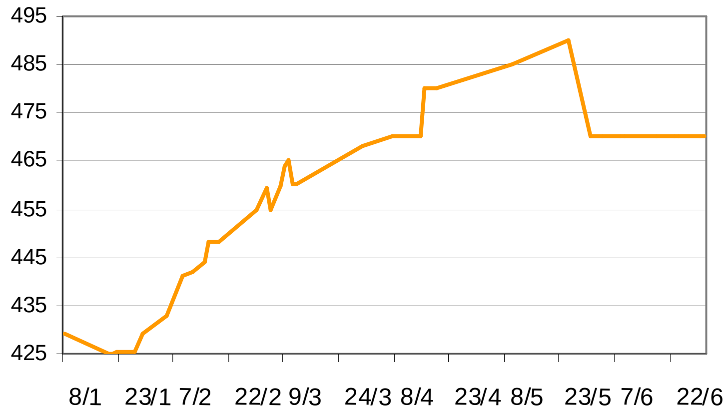
PERFORMANCE ON 30 06 2010

Portfolios	
100% Bonds	50% Bonds
+ 1%	- 5.9%

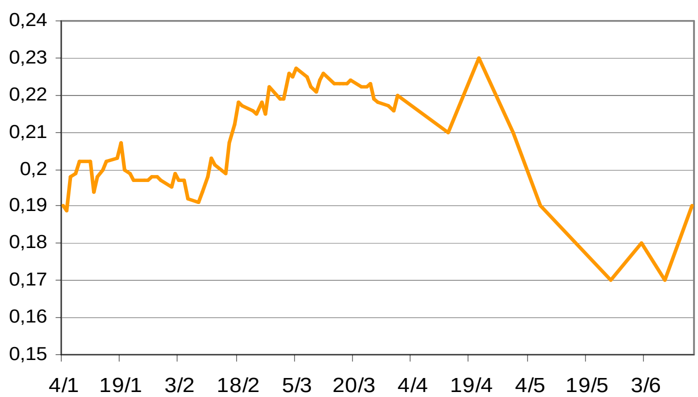
CAC 40 on 30 06 2010: **- 14.5%**

Our best performances in the second quarter 2010 dividend included

Bond: TP SANOFI + 10.5%



Share: GET BS + 5.5%



Total sale of short at 0.19 €

PROSPECTS

Macro economy

The long-term consequences of the crisis in 2008 are beginning to emerge.

EUROPE

- The budgetary policies will have a lasting negative effect on growth.

- The allocation of credit by the banks will be lastingly lower than before 2008.

- There is a very high risk of extremely weak growth for a number of years, except if a very significant fall in the Euro (only adjustment variable) enables a boost in exports.

USA

- The risk of a new fall in the house market and growth is high.
The USA will no longer be the driving force of world growth.

EMERGING COUNTRIES

Their growth will remain strong, but the USA and Europe will benefit less and less.

Share market

- Volatility should be high

- The risk of a return to a bearish tendency remains high.

Bond market

- The risk of deterioration of the debt notes of the states, including France, is high.

- The debts of healthy companies will be less prone to the deteriorations than the debts of the States in debt and so we will continue to invest in company bonds rather than state bonds.

STRATEGY 2ND HALF 2010

Bonds: our selection on 30 06 2010

Bonds	Maturity date	Return on invested capital in relation to value on 31 06
RHODIA	12 2013	5.9%
ORCO CV	2013	Bond trading operation
ALCATEL	04 2014	5.7%
HEIDELBERG CEMENT	10 2014	6.7%
WENDEL	11 2014	6.4%
TP NATIXIS	12 2014	7.7%
TP CIC	12 2014	9.1%
TP LB	12 2014	9.9%
WENDEL	09 2015	7.5%
HEIDELBERG CEMENT	12 2015	7.2%
TP SANOFI AVENTIS	12 2015	9.3%
BOMBARDIER	11 2016	6.4%
BP CAISSE D'EPARGNE	PERPETUAL CALL 2015	9.5%
CASINO GUICHARD	PERPETUAL	6.6%

From a point of view **security**, investment in our niche bonds remains **appropriate**.
The **capital security / return on capital** ratio remains high for our bond selection.
If they are conserved until the maturity date, the purchase of bonds ensures (except for bankruptcy of the issuer) a specific yield that is known in advance.

Shares:

➔ As it cannot be assumed that the market will be bullish, we consider that only a medium-term stock picking strategy must be implemented.

Conclusion:

The weak macro economic prospects oblige us to retain our methods:

- Minimum 50% bonds
- Niche strategy on bonds and shares markets.

Next report: 30 September 2010

We would like to remind you that for any questions you may have that do not directly concern the management of portfolios you may contact our Executive assistant, Mrs Sabrina CORNIC.