Geneva 17 10 2010

MANAGEMENT REPORT on 15 10 2010

The main facts and trends since 30 06 2010 are:

➢ In accordance with our forecast contrary to the general consensus (cf. our management report on 30 06 2010) growth in the USA and in Europe has markedly slowed.

➢ The risks of the banking system continue to be transferred to the States and therefore to private individuals (Ireland).

➢ The shockwave of the 2008 crisis has triggered a currency war caused by significant money creation and a rise in protectionism.

➢ The share and bond markets have been very volatile.

Fundamentally:

➢ The adjustments necessary to correct the States' excessive debt, the mass of toxic assets in the banks' balance sheets and the imbalance in the world economy are far from over.

➢ Very careful selection of custodian establishments and their managers remains essential.

➢ With our management strategy we keep away from collective investments, UNIT TRUSTS, MUTUAL FUNDS, STRUCTURED PRODUCTS, <u>unless the management is controlled</u>.
We continue to invest directly in shares and bonds to ensure our clients with **transparency - security - performance.**

STRATEGY FOR 3rd QUARTER 2010

Concerning the share market we have:

➢ Conserved a very cautious strategy: The proportion of shares in the portfolios is below 50%, even for dynamic portfolios.

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

➢ Continued to implement our niche strategy for values:

- for which we can carry out a detailed internal analysis.

- which make most of their profits in emerging countries in order to make the most of the growth in these countries and at the same time benefitting from the security provided by European accounting standards.

Concerning the bond market we have:

➢ Globally maintained the weighting.

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

➢ Conserved the long-term bonds only if the dividend is indexed to the rates.

➢ Maintained the maturity of our investments stable following the one-year extension implemented in the 2nd quarter.

PERFORMANCE ON 15 10 2010

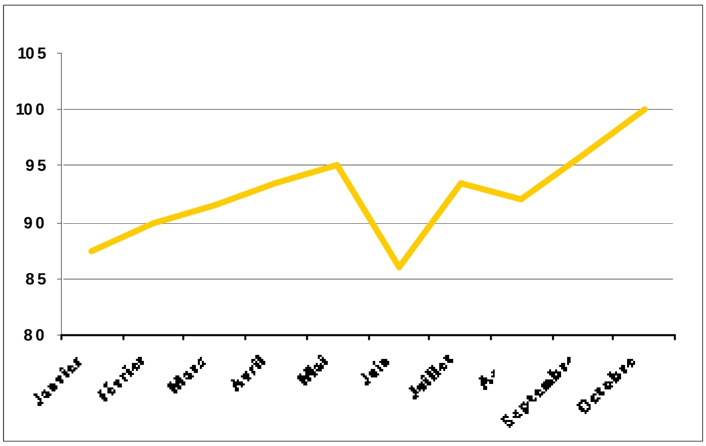
Portfolios	
100% Bonds	50% Bonds
+ 5.6%	+ 5.8%

CAC 40 on 15 10 2010: **- 3%**

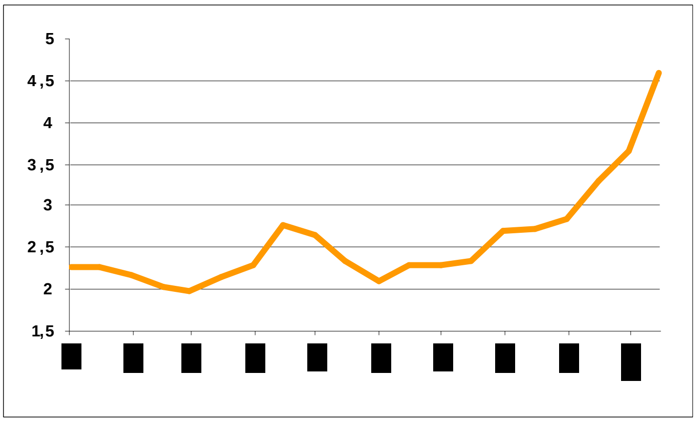
Our best performances, dividends included

(Since 01 01 2010 or since purchase in the course of the year)

Bond : WENDEL 2014 + 17,7 %



Share : MEMSCAP + 110.5%



The entire short is conserved on 15 10 2010

PROSPECTS

Macro economy

Since the crisis, the creation of money by the central banks has been colossal.
The increase in the currencies of the emerging countries and China is significant.
The risk of inflation must therefore be very closely monitored.

EUROPE

➢ The restrictive budgetary policies and a lower distribution of credit by the banks will lastingly influence growth.

➢ Weak growth for several years is highly probable.

USA

➢ In the present state of affairs, weak growth for several years is highly probable.
But the elections on November 2nd may have a considerable impact on the United State's economic policy.

EMERGING COUNTRIES

Their growth will remain strong, and the USA and Europe will benefit less and less.
It can be noted that countries with surplus liquid assets are turning away from investments in the West, with the exception of acquiring transferable technologies, historic brands and the control of strategic positions.
Productive investments circulate more and more between emerging countries, which will penalize the USA and Europe.

Share market

➢ Volatility should be high

➢ The elections on November 2nd may have a significant impact on the values.
The current creation of money may sustain the share market by an influx of liquid assets.

Bond market

➢ The risk of deterioration of the debt notes of the States, including France, is high.

➢ In accordance with our forecasts since 01 01 2010, the debts of healthy companies are less prone to deteriorations than the debts of the indebt States and we will therefore continue to invest in company bonds rather than state bonds.

STRATEGY 2ND QUARTER 2010

Bonds: our selection on 15 10 2010

Bonds	Maturity date	Return on invested capital in relation to value on 31 03
ORCO CV	2013	Bond trading operation
ALCATEL	04 2014	5.5%
EUROPCAR	05 2014	7.3%
HEIDELBERG CEMENT	10 2014	5.6%
TP NATIXIS	12 2014	7.4%
TP CIC	12 2014	8.8%
TP LB	12 2014	9.4%
WENDEL	09 2015	5.2%
HEIDELBERG CEMENT	12 2015	5.7%
TP SANOFI AVENTIS	12 2015	9.3%
RALLYE	11 2016	5.9%
BOMBARDIER	11 2016	5.9%
HEIDELBERG	01 2017	6.6%
BP CAISSE D'EPARGNE	PERPETUAL CALL 2015	8.7%
INTESA SAN PAOLO	PERPETUAL CALL 2016	9.0%

From a point of view **security**, an investment in our niche bonds remains **appropriate**.
The **capital security / return on capital** ratio remains high for our 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 should be implemented.

Conclusion:

Globally, the macro economic prospects oblige us to retain our methods:

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

Next report: 31 December 2010