



Geneva 04 10 2011

MANAGEMENT REPORT on 30 09 2011

The main facts and trends since 30 06 2011 are:

- In January, contrary to the consensus, we announced a slowdown. The consensus has now acknowledged the slowdown.
- However our indicators show that the catastrophic management of the debt crisis by the politicians in the USA and Europe has caused a shock to company and consumer confidence resulting in a descent into recession.
- Companies are already reacting strongly in order to reduce their costs and minimise the decrease in their profits.

Fundamentally:

- As we have been saying for 2 years, the financial system is not yet stabilised.
- In Europe we confirm our conviction that Greece, Portugal and Ireland will default on their debts. The probability that these countries abandon the Euro is high.
- With our management strategy we:
 - Remain fiercely away from opaque investments.
 - Continue to select with extreme severity our custodian establishments.

This in order to ensure our clients **transparency security and performance**



STRATEGY FOR 3rd QUARTER 2011

Concerning the share market we have:

- Conserved a very cautious strategy as following sales during the 2nd quarter the number of positions remains very low.
- Continued to implement our medium term niche strategy for special situations.

Concerning the bond market we have:

- Continued to implement our niche strategy on high-return bonds of target medium and large companies.
- However, company bonds have suffered a major drop resulting from selling flows unrelated to the fundamentals.



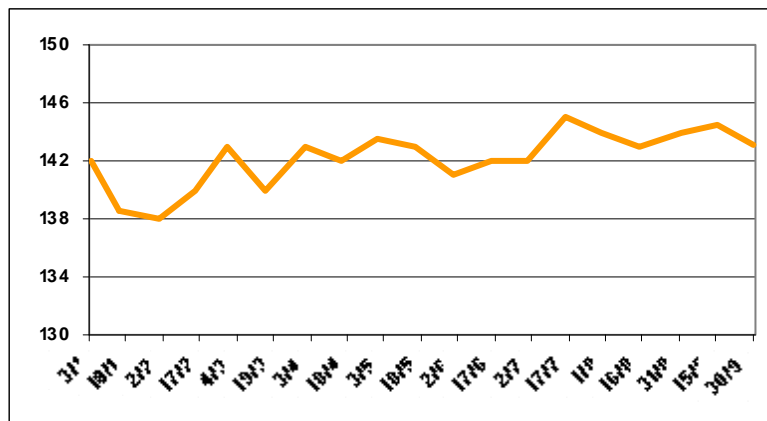
PERFORMANCE ON 30 09 2011

Our management, over performs the markets

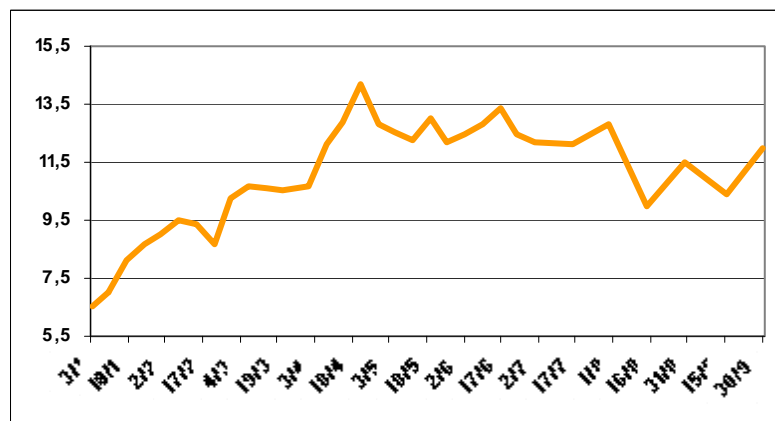
Portfolio 100% bonds	Portfolio 50% bonds
↓ - 5.4%	↓ - 10.3%
Bond index € ↓ - 8.8%	Eurostock 50: ↓ - 22.7%

Our best performances on 30 09 2011 dividends included

Bonds: TP CIC ↑ + 4.5%



Shares : AFONE ↑ + 88%





PROSPECTS

Macro economy

We consider that we are already in recession. We do not know if the recession will be short (6 months) or long (3 to 5 years).

Fundamentally:

For 40 years through deregulation:

- The finance industry has become overdeveloped.
- A gigantic debt bubble has been created by the states and individuals.

We are entering a new era in which:

- The debt bubble must decrease.
- The finance industry will return to its original size in the economic process.

This will result in:

- Less funding for companies and consumers.
- A general depreciation of the prices of all assets including properties, except for very high inflation.
- Weak growth for several years.

Share market

- A short recession seems to be integrated in the current share values.
- Certain values are low but if the recession is long an additional major decrease will occur.

Bond market

- We have been repeating for 2 years: The debts of healthy companies are and will remain of better quality than the debts of the states as the company balance sheets are of better quality than the state budgets.
- Company bonds are clearly at very low values: These values are an opportunity to buy.



STRATEGY FOR 4th QUARTER 2011

The macro economic prospects oblige us to retain our methods:

- Minimum 50% company bonds
- Very cautious niche strategy for shares.

BONDS:

The capital security / return on capital ratio is 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.

Our main positions on 30 09 2011

Bonds	Maturity date	Return on invested capital in relation to value on 30 09
HEIDELBERG CEMENT	10 2014	6.7%
TP CIC	12 2014	8.8%
TP LB	12 2014	9%
RALLYE	01 2015	7.1%
FIAT	02 2015	9.8%
TP SANOFI AVENTIS	12 2015	9.1%
ALCATEL	01 2016	10.8%
BP CAISSE D'EPARGNE	PERPETUAL CALL 2015	11%
DEUTSCHE BANK	PERPETUAL CALL 2015	9%
HERTZ	07 2015	8.9%
EUROPCAR	04 2018	14.2%
PICARD	10 2018	9.8%
LAFARGE	12 2019	8.1%
ORCO CV		Bond trading operations

SHARES

Our main positions on 30 09 2011

AFONE	GET
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Next report: 31 December 2011