Geneva 31 03 2010

MANAGEMENT REPORT on 31 03 2010

The main facts and trends since 01 01 2010 have been:

As we forecast in our report on 31 12 2009:

➢ The problem of the Western states with the greatest debts has been the main concern for the financial markets.

➢ The Greek crisis has shown the weakness of Western states with significant debts.

➢ The economic activity has continued to increase slowly during the first quarter.

➢The risks linked to the banking system remain under control. The measures to decrease the risks are progressing very slowly.

➢ The share and bond markets have been very volatile.

Lessons that must not be forgotten:

➢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 the financial institutions is a sword of Damocles.

➢ It remains essential to be very careful in the choice of custodian establishments where the 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 1st QUARTER 2010

Share market we have:

➢ Globally adopted a very cautious strategy as the proportion of shares in the portfolio was below 50% even for dynamic portfolios.

➢ Continued to implement our niche strategy for blue chip.

➢ Invested part of the liquidities from the profits made in the last quarter in 2009 in major defensive or low value securities (EDF, VIVENDI, ARCELOR).

Bond market we have:

➢ Globally increased the proportion of bonds in the portfolios.

➢ Continued to implement our niche strategy on the bonds of medium and large companies.

➢ Conserved the long-term bonds only if the dividend is indexed to the rates. So if the rates increase the dividend with increase and the value will not decrease.

➢ Continued our investments in terms below 5 years.

PERFORMANCE ON 31 03 2010

Portfolios	
100% Bonds	**50% Bonds**
5.1%	**5.6%**

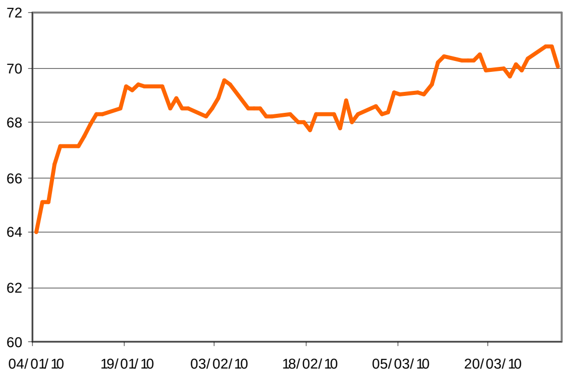
Our management therefore very strongly **overperforms** the markets on 31 03 2010:

Bond	**1.1 %**
Share	**1.5 %**

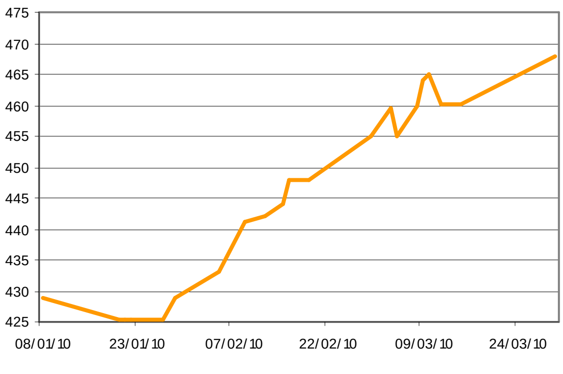
Our best performances in the first quarter 2010 dividend included

Bonds

CASINO PERP: + 10.5%

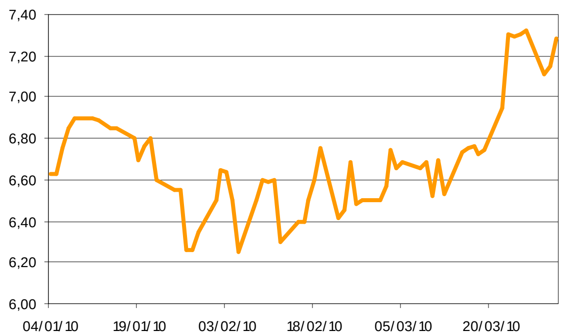


TP SANOFI: + 11.3%

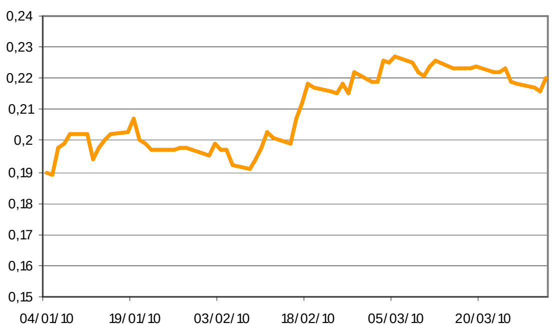


Shares

AFONE: + 9.5%



GET BS: + 23.5%



PROSPECTS

Macro economy:

- Our advanced indicators "in the field" confirm the continuation of slow growth.

But it is important not to become too optimistic as:

- Numerous uncertainties remain on the impact of stopping the restart plans at the end of the year and thus the durability of the growth.

- The debts of the developed countries will continue to worry the financial markets and may lead to recessive austerity measures being set up.

- The banks will continue to limit the amount of credit distributed.

- The balance sheets of the banks and financial institutions are durably weakened by the toxic assets contained therein.

- The risk of inflation may lead to an increase in the long rates.

Our work hypothesis is therefore weak growth of which the durability remains to be confirmed in the second half of the year.

Share market:

- The volatility should be high

- The flow of liquidities from the bond markets should concern shares and thus maintain the values.

- Visibility remains low.

- The evaluation ratios do not show an overall sub-evaluation of the share market therefore its potential to increase seems limited.

Bond market:

- The significant risk of the deterioration of the states' debt notes may significantly disrupt the bond market and lead to an increase in long rates.

- An upward trend of the short and long rates is unavoidable.

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

STRATEGY 2nd QUARTER 2010

Bonds: our selection on 31 03 2010

Bonds	Maturity date	Return on invested capital in relation to value on 31 03
STERIA	12 2012	4.4%
RHODIA	12 2013	4.6%
ORCO CV	2013	Bond trading operation
TP NATIXIS	12 2014	7.8%
TP CIC	12 2014	9.1%
TP LB	12 2014	10.3%
HEIDELBERG CEMENT	10 2014	6.4%
WENDEL	11 2014	6.4%
TP SANOFI AVENTIS	12 2015	9.3%
BP CAISSE D'EPARGNE	PERPETUAL CALL 2015	8.8%
CASINO GUICHARD	PERPETUAL	6.4%

Conclusion:

From a **security** perspective, an investment in our niche bonds remains **appropriate**.
The **capital security / return on capital** ratio remains high for our selection of bonds for which the maturity dates have been brought forward.
The purchase of bonds, if they are conserved until the maturity date, ensures (except for bankruptcy of the issuer) a known yield.

Shares:

➔ As we cannot assume that the market will be clearly bullish, we consider that only a stock picking strategy must continue to be implemented.

➔From a cautious perspective our profits will be more rapid considering the risk of volatility and of a chaotic market.

Conclusion:

The level of the share markets in the face of the weak economic prospects imposes the preservation of our niche strategy creator of value.
Cautiously, we conserve a proportion of shares below 50% even in dynamic portfolios.

Next report: 30 June 2010

We have the pleasure to inform you of the recruitment of Mrs Sabrina CORNIC as Executive Assistant. You can therefore contact Mme CORNIC for any questions which do not directly concern the management of portfolios.