



Geneva 10 01 2013

MANAGEMENT REPORT on 31 12 2012

The main facts and trends since 30 09 2012 are:

- The brutal slowdown of the European economy that we announced has happened.
- The structural defects of the Eurozone have not been corrected, but a European governance is progressing slowly. However the best part remains to be done.
- The ECB continues to reassure and thus decrease the pressure of the financial markets on the most fragile (Greece, Portugal, Spain), or non-serious (France) European states.

Fundamentally:

- As we have been saying for 3 years, the financial system has not yet been stabilised.
- The burden due to the mountain of debts of the States is weighing down and will continue to weigh down strongly on the quality of life and the heritage of Europeans.
Example: The aid and guarantees granted by France to Greece represent approximately one year of income tax from private individuals.
- With our management strategy we:
 - Continue to select with extreme severity our custodian establishments.
 - Remain fiercely away from opaque investments.
 - Persist in our niche strategy.
 - Recommend less penalising tax structures for the management of liquid assets: Life insurance, Capitalisation contract, Family holdings.

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



STRATEGY FOR 4th QUARTER 2012

Concerning the share market we have:

- Persisted with our very cautious strategy.
- Continued to implement our medium term niche strategy for special situations.
- Retained our positions.

Concerning the bond market we have:

- Maintained the strong weighting of bonds in the portfolios
- Continued to implement our niche strategy on bonds of medium and large companies, targeting high-return bonds.
- Retained our positions despite a considerable rise consistent with our forecasts, which enabled us to gather very significant added value.



PERFORMANCE ON 31 12 2012

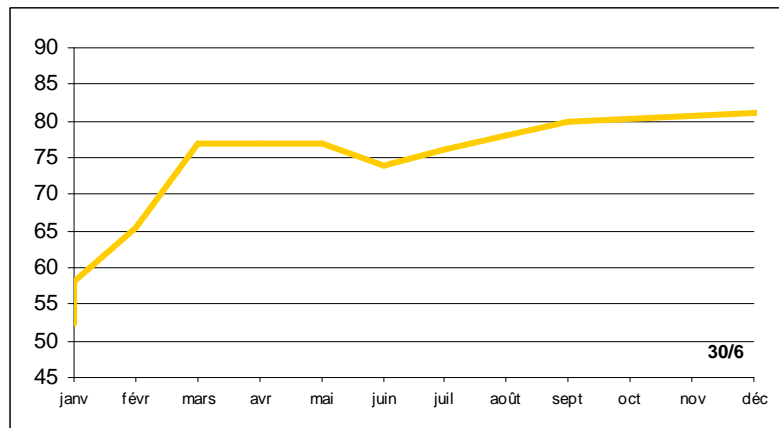
Our management:

- Our share selection markedly underperformed the share markets (which is very rare).
- Our bond selection strongly overperformed the bond market.

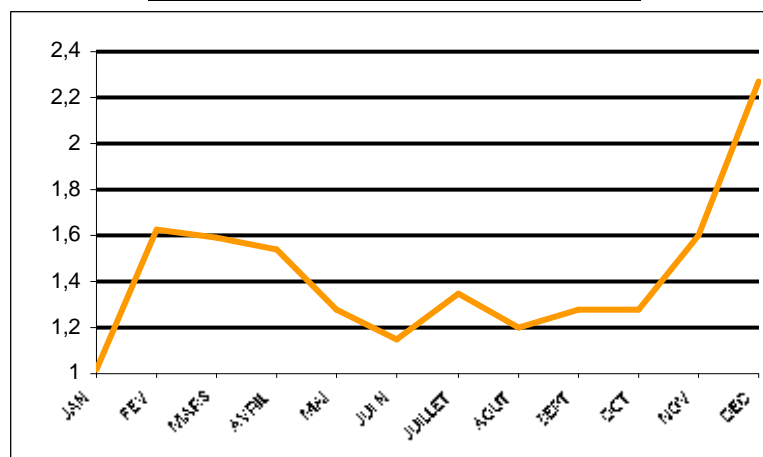
Portfolio 100% bonds	Portfolio 50% bonds
+ 15.7%	+ 5.8%
Bond index € 9.8 + %	Benchmark: + 12.3%

Our best performances on 31 12 2012 dividends included

Bonds: EURPCAR 2018 **+81%**



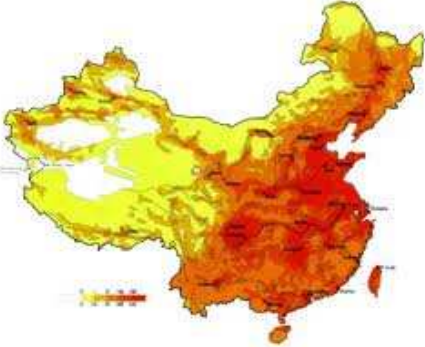



Shares: MEMSCAP **+ 120%**



PROSPECTS

Macro economy

The consensus considers that the world economy is beginning a new growth cycle.

<p style="text-align: center;">CHINA</p> 	<ul style="list-style-type: none"> - The consensus is convinced that growth in China is picking up again and will be the locomotive of world growth - Our opinion is that this restart is <u>an illusion</u> as it can only be short term. Unavoidably Chinese growth will decrease to 5% in around 2016 against 7.5% at present. Furthermore there is a risk of a sharp slowdown.
<p style="text-align: center;">UNITED STATES</p> 	<ul style="list-style-type: none"> - We maintain our conviction (cf. report 2011) that a powerful re-industrialisation cycle is in progress in the USA. - The question is: Will this re-industrialisation produce enough wealth to reimburse the excessive debts of the USA? Our conviction is <u>probably yes.</u>
<p style="text-align: center;">EUROPE</p> 	<ul style="list-style-type: none"> - The upgrade of the Eurozone is in progress but Europe will be the last to benefit from a major re-industrialisation cycle.
<p style="text-align: center;">AFRIQUA</p> 	<ul style="list-style-type: none"> - Africa is at the start of a Kondratiev-type growth wave, which is a powerful and very long term growth cycle.



STRATEGY FOR 1st QUARTER 2013

Share market

- The consensus is suddenly favourable to shares. However, we remain cautious and consider that great selectivity is necessary, which justifies maintaining a niche strategy.

Bond market

- We have been repeating for 3 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 at buying rates, **even if the historical purchase opportunity that we highlighted at the start of 2012 is behind us.**

We retain our discipline as even if the systemic risks are decreasing it is necessary to remain very cautious:

- Minimum 50% company bonds.
- Niche strategy for shares.



OUR MAIN POSITIONS ON 31 12 2012

BONDS:

The **capital security / return on capital ratio** is high for our selection.
If conserved until their maturity date (except for bankruptcy of the issuer) bonds ensure a specific yield that is known in advance.

Bonds	Maturity date	Return on invested capital in relation to value on 30 09
TP LB	12 2015	7.8%
TP SANOFI AVENTIS	12 2015	7.6%
ALCATEL	01 2016	8.2%
BP CAISSE D'EPARGNE	PERPETUAL CALL 2015	7.9%
DEUTSCHE BANK	PERPETUAL CALL 2015	7.4%
INTESA SAN PAOLO	PERPETUAL CALL 2016	8.2%
EUROPCAR	04 2018	11.3%
PAGES JAUNES	06 2018	9.4%
LEVI STRAUSS	05 2018	6.5%
FIAT	07 2018	7%
PICARD	10 2018	6.7%

SHARES

AFONE	VALLOUREC
MEMSCAP	ST DUPONT

Next report: 31 March 2013