Geneva 03 04 2009

MANAGEMENT REPORT on 31 03 2009

The worst crisis since 1929 for the economy, the financial system and the financial markets, is fading.

The main evolutions since our last report on 31 12 2008 are:

➔ The situation of the banking and financial system has stabilized thanks to the transfer of risks in the shape of debts to the States and thus ultimately to the citizens.

➔ The financial system has not been reformed.

➔ The economic situation continues to deteriorate, but certain of our advanced indicators are picking up again (Dry Baltic Index, industrial stock level, debt ratio...)

Lessons that must not be forgotten:

➔ The financial system remains structurally opaque.

➔No confidence must be granted to collective investments: UNIT TRUSTS, MUTUAL FUNDS, HEDGE FUNDS, STRUCTURED PRODUCTS.

➔ It is essential to very carefully select the custodian establishments where the accounts are held and the managers:
The banks and management companies have massively sold, to their clients, mutual funds partly invested in the subprime, Madoff and Hedge funds.

This cataclysm over confirms the two founding principles of our approach:

"***Demand a custodian bank among the most solid in the world.***"
None of GORDION Investor's partner banks have been affected by the crisis:
The Crédit Suisse has retained its solidity.
The Banque Cantonale de Genève, Swiss state bank has shown its exemplary solidity.

"The portfolios must only be made up of direct investments in shares and bonds."
Never a portfolio managed by Gordion Investor Services has been invested in the subprime, hedge funds, Madoff, Unit trusts or Mutual Funds.

PERFORMANCE ON 31 03 2009

The performance of the portfolios is **stable**.
Our management therefore **overperforms** the markets that had fallen by **12%** on 31 03 2009.

Bonds:

➔ The liquid assets crisis caused a general malfunctioning of the bond markets in 2008 and provoked an abnormal decrease in the bonds.

For our bond selection this tendency is currently reversing.
Our bond block has been increasing since 01 01 2009. This increase should accelerate by the end of the year.

The bond block will regain its traditional role, defensive and dynamic.

Shares:

➔ The share markets remain disrupted, volatile and still lacking in judgement.
The performance of our share block is slightly negative but is overperforming the market.

PERSPECTIVES

Our January 2009 macro scenario (economic recovery end 2009) could seem optimistic. There are more and more believers.

Financial perspectives:

The financial losses and the risks linked to toxic assets from financial institutions will be borne for a long time by the states and thus the citizens.

The financial system will not be seriously reformed therefore the systemic risks will remain (yet to a lesser extent).

Economic perspectives:

We confirm and refine our scenario:

The highly negative impact of the mass industrial clearance will be over at the end of the second quarter of 2009.
The very positive impact of the decrease in raw materials prices will occur during the second and third quarters of 2009.
The highly positive impact of the decrease in interest rates by the central banks will occur during the third quarter of 2009.
The positive impact of the governmental restart plans will be felt at the beginning of the third quarter of 2009.

Therefore recovery of growth in the second half of 2009 is probable especially from September.

Attention: the accumulated debts and the lower credit input into the economy will prevent world growth being as strong as over the last decade.

CONCLUSION

Consequences for bonds

If the bonds are conserved until redemption, which is what we advise, the return on investments will be as expected.

The value of the bonds will unavoidably rise. This increase is underway.

Conclusion:
From a **security** perspective, an investment in bonds is therefore **particularly appropriate**. The timing is excellent. The **capital security / return on capital ratio** is exceptionally favourable.

Our bond selection

Bonds	Maturity date	Return on invested capital in comparison with the value on 31 03 2009
GECINA	02 2010	12%
RALLYE	04 2011	7.5%
PERNOD RICARD	06 2013	7.2%
NEXANS	01 2013	7.1%
TP CIC	31 12 2014	9.4%
TP LB	31 12 2014	10.6%
TP NATIXIS	31 12 2014	8.5%
TP SANOFI AVENTIS	31 12 2014	10.9%
CASINO GUICHARD	PERPETUAL	11.4%

Consequences for shares:

→ The visibility will improve over the next few months.

→ Numerous portfolio shares remain below-par.
Considering the fundamentals our shares have the potential to recover significantly in the medium / long term.

Conclusion:
From a dynamic perspective in the medium term the positions of shares must be conserved, arbitrated and even reinforced, and possibly optimised by careful trading.

Next report: June 2009