



## MONACO PATRIMOINE SÉCURITÉ EURO FUND UNDER MONACO LAW

Adjustment of the complete prospectus in accordance with the regulations of the Loi 1.339 as of September 7th, 2007 and of the Ordonnance Souveraine 1.285 of September 10th, 2007, approved as of November 24th, 2008 by the Commission de Contrôle des Activités Financières

The complete prospectus is available to clients at any CMB branch

Type of fund:  
balanced fund: European equities and bonds

Equity weighting:  
between 15% and 35%

Reference currency:  
Euro

Recommended Investment horizon:  
minimum 2 to 3 years

Allotment of results:  
capitalized

Frequency of net asset value calculation:  
daily

Pricing method:  
closing prices

Conditions of subscription/redemption:  
with CMB, valued at the day's close as calculated on the following day for orders placed until 11.00 am

Inception date:  
June 19<sup>th</sup>, 1998

Fund manager:  
C<sup>ie</sup> Monégasque de Gestion SAM  
13 bd Princesse Charlotte  
Principality of Monaco

Depository bank:  
C<sup>ie</sup> Monégasque de Banque SAM  
23 avenue de la Costa  
Principality of Monaco

Publication of the Net Asset Value:  
in the "Journal Officiel de Monaco" and posted in the head office of CMB and its branches.

The Net Asset Value of our funds is published and updated on a regular basis on our web page [www.cmb.mc](http://www.cmb.mc)

### Description

The fund is a balanced product which invests in European stocks and bonds. It is denominated in Euro. The fund manager may invest part of the portfolio in money market products or in other mutual funds.

### Investment objective

The fund is suitable for clients looking for a diversified exposure to European bond and equity markets. The maximum weight for equities is 35%. It is a financial instrument in which the client may invest part of his assets, with a recommended investment horizon of at least 2 to 3 years.

The objective is to generate capital gains in the medium term. In the case where an investment for a shorter time horizon is considered, the client should be informed about the levels of volatility and risk inherent to stock and bond markets in the short run.

### Management style

The fund is managed actively.

Its objective is to generate capital gains in the medium term and to provide an optimal diversification in order to reduce risks.

Depending on market conditions, the exposure in stocks may vary between 15 and 35% of assets.

**Stocks:** The first step in the creation of the portfolio consists in an investment strategy which is split between an analysis of economic conditions and a detailed analysis of the markets, in order to define investment opportunities on a geographic and on a sector level.

The second step consists in the selection of individual stocks, depending on their valuation, on their financial strength and on their long-term growth outlook.

**Bonds:** The bond portfolio is set up based on an investment strategy which encompasses the analysis of economic conditions, bond markets and yield curves.

The outlook for rates leads the fund manager to position the bond part in line with the expected evolution of the yield curve.

The major part of the portfolio is invested in European government bonds, as well as in Supranational issues denominated in Euro.

An investment in corporate bonds is possible for a limited part of the portfolio, if the yield pick-up is interesting.

The fund is taking advantage of the cooperation with well known financial intermediaries and institutions to access top information on the global economic outlook as well as on the identified corporate issuers and their businesses.

### Investment universe

The fund invests in the major market places of European countries. The bond positions are concentrated in European currencies.





## MONACO PATRIMOINE SECURITE EURO Monthly report

Net Asset Value as of January 29th, 2010:  
Monthly Performance:

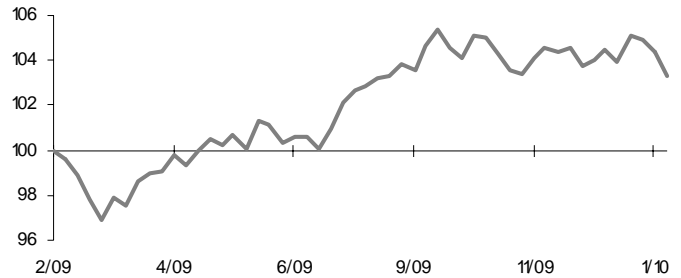
1,275.15 €  
-0.4 %

### Performance

Historic performance



Trailing 12 months performance (basis 100)



Past performance does not guarantee future performance. 2009 performance data is not audited.

### Market strategy

Equity markets underwent a correction in January, with the S&P500 losing -3.7%, the Eurostoxx300 -4.7% and Topix -0.7%. The global economic situation remained uncertain. Macro-economic data published in Western economies was generally poor, especially as regards employment. In addition, fears relating to the fragile economic situation in Greece, and its sovereign debt, weighed on the indices. Equity prices also felt the effects of the measures taken by China to curb its growth, especially in relation to credit levels.

In this context, the proportion of assets invested in equities was reduced, whilst using options to maintain a high level of protection. With regard to geographical allocation, the overweighting of Chinese and US equities has been extended. At a sector level, the fund is still under-weighted in the Financial and Consumer Cyclical sectors, while a stronger position has been maintained in the Healthcare and Industrials sectors, particularly in those business niches which will benefit from public spending introduced by the Obama government (alternative energies, infrastructures, computerisation of the healthcare sector).

The portfolio's exposure to interest rates remains unchanged, at a neutral level of around 4%. With regard to geographical allocation the fund has steered clear of peripheral Euro countries. Furthermore, the position in the rates curve remained unchanged and the strategy towards a flattening of the yields curve was maintained. On the forex side, the short NZD against MXN and NOK position was extended and also supplemented by a position against CAD. The strategy betting on a rising NOK with a long NOK versus CAD and CHF position, initiated in October was retained. In addition, a position betting on a rising Japanese Yen to provide extra hedging for higher risk assets was continued.

### Main positions

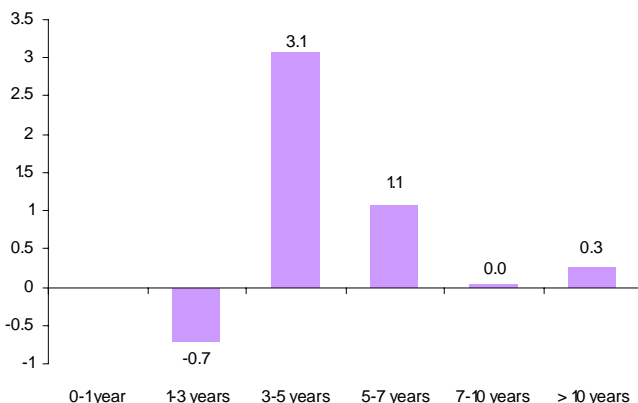
**Bonds:**

France 4% 2013 .....	14.0%
France 3.0% 2015 .....	13.5%
Germany 4.5% 2013 .....	5.7%

**Equities:**

Total (France) .....	2.4%
Siemens (Germany) .....	2.1%
Telefonica (Spain) .....	2.1%

Modified duration distribution of bonds



Sector distribution of equities

