



MONACO HEDGE SELECTION

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 July 21st 2009 by the Commission de Contrôle des Activités Financières

The complete prospectus is available to clients at any CMB branch

Type of fund: fund of funds of Alternative Investments (Hedge Funds)

Reference currency:
Euro

Recommended investment horizon:
minimum 5 years

Allotment of results: capitalized

Frequency of net asset value calculation:
weekly, published on Friday

Pricing method: closing prices as of Tuesday prior to the publication day

Minimum subscription amount:
10 000 Euro

Conditions of subscription-redemption:
with CMB, in amounts for subscriptions, in number of parts (up to 3 decimals) for redemptions. Subscriptions-redemptions will be received until Friday 10.00 am of week N on the basis of the NAV published on Friday of week N+1. Subscribed amounts will be debited to the client's account with value date Friday of week N, redemptions will be credited with value date Friday of week N+1.

Inception date: April 1st, 2005

Fund manager:
C^{ie} Monégasque de Gestion SAM
13 bd Princesse Charlotte
Principality of Monaco

Fund Manager by delegation:
Lyxor Asset Management
17, cours Valmy
92800 Puteaux

Investment advisor (operational):
Duemme Hedge SGR
Via del Lauro n° 7
20121 Milan

Depository bank:
C^{ie} Monégasque de Banque SAM
23 avenue de la Costa
Principality of Monaco

Depository bank by delegation:
Société Générale SA Paris
50, bd Haussmann
75431 Paris Cedex 09

Publication of 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

Description

Monaco Hedge Selection is a Fund of Alternative Investments funds ("Hedge Funds") established under the law of Monaco with the exclusive objective to invest in "Hedge Funds".

Investment objective

Monaco Hedge Selection aims to give access to Alternative Investments as an asset category, in order to enable a better diversification of assets within an investment strategy, as the statistical decorrelation between alternative investments and directional products, like stocks or bonds, enables to reduce the overall risk profile.

The fund of fund aims at diversifying its investments at all time, on at least six different alternative investment strategies and at least twenty different Hedge funds. It offers liquidity on a weekly basis.

Management style

The selection of the different Hedge funds is following the objective to provide the investor with diverse management styles, executed by experienced managers, selected on the Lyxor platform of funds (the Lyxor platform is a group of Hedge funds subject to a thorough, regular and ongoing risk control by Lyxor Asset Management).

Monaco Hedge Selection is managed in partnership between Lyxor Asset Management SA, Paris, who is fund manager delegate on behalf of Compagnie Monégasque de Gestion, and Duemme Hedge SGR, Milan, chosen by Compagnie Monégasque de Gestion as Trading advisor to Lyxor Asset Management.

Both companies are well-established firms in the European alternative investment fund of fund industry, respectively in France and in Italy.

Investment universe

The investment universe of the fund is defined by the funds on the Lyxor platform. All funds, which may be subject of an investment by Monaco Hedge Selection, offer weekly liquidity.

The strategies represented on the Lyxor platform and likely to be included into Monaco Hedge Selection are mainly the following: Global Macro, Forex, Convertible Arbitrage, CTA, Event Driven, Long-Short Equity, Options Arbitrage, Distressed Securities, Emerging Markets and Fixed Income Arbitrage.

A short description of these strategies is provided in the complete prospectus of Monaco Hedge Selection.

Special risk information

Potential clients should be aware that the Monaco Hedge Selection fund is a "fonds d'investissement". It is subjected to regulation as described in "Chapitre II" of the "Ordonnance Souveraine" 1.285 of September 10th, 2007, and more particularly in article 60 of the same "Ordonnance". The fund runs its investing activities in conformance with the regulations of articles 57 and 58 of the "Ordonnance Souveraine" 1.285 of September 10th, 2007. The fund is a fund of alternative investment (hedge) multi-strategy funds. Consequently, it is open for subscription to all clients.



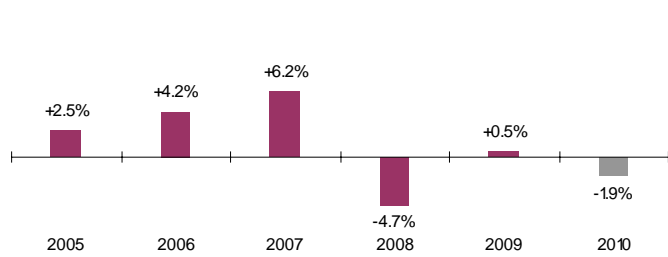


MONACO HEDGE SELECTION Monthly report

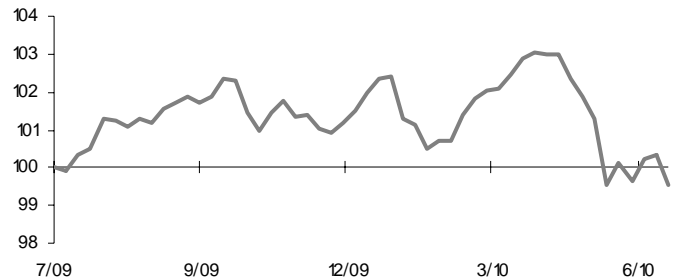
Net Asset Value as of June 29th, 2010: 10,686.82 €
 Monthly Performance: +0.0 %

Performance

Historic performance



Trailing 12 months performance (basis 100)



Past performance does not guarantee future performance. 2010 performance data is not audited.

Market strategy

Following a disappointing month in May, financial markets performed better in June, but fell back in the last week of the month, subsequent to the publication of bad Japanese growth figures. On 29 June (date of the valuation of the MHS fund of funds), the MSCI World index lost 1.2% and US markets recorded a still greater drop of 3.1% for the S&P 500.

Macro-economic indicators showed that a global recovery is under way, despite continued high unemployment figures. There was no sign of inflationary pressure and the latest auctions of short-term loans from the European Central Bank showed a lower than expected demand for liquidity from European banks.

We remain moderately positive on equity markets, although we were expecting a drop in growth forecasts for the last six months of 2010. During the last week of June, we took the opportunistic measure of reducing the weight of the Equity market neutral strategy, through the sale of the Lyxor EVA Pentangle fund. We still believe that event-driven strategies give a good risk/return ratio; thus we subscribed to the Lyxor Third Point fund. Our preference for event-driven and special-situations allocations has been justified by the current market situation, which, in the absence of marked trends, favours value-stock and stock-picking management approaches.

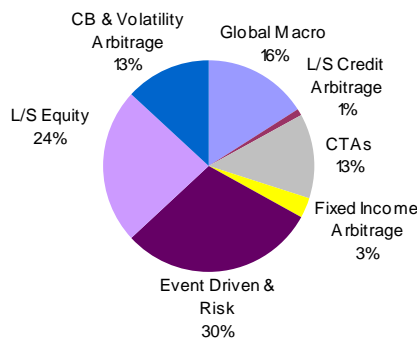
The Global Macro funds accounted for most of the performance recorded in June and we believe that the managers chosen for the Monaco Hedge Selection fund remain among the best of the Lyxor platform.

We do not expect any major changes to the portfolio in the near future, but we do intend to increase the fixed-income allocation. Indeed, once the appetite for risk has become normal, there should be trading opportunities in the sector.

Main positions

Bridgewater (Global Macro)	6.2%	Martin Currie Japan Abs. (L/S Equity)	5.3%
Canyon Value (Event Driven & Risk Arb.)	5.7%	PSAM Europe (Event Driven & Risk Arb.)	5.3%
Lazard Rathmore (CB & Volatility)	5.5%	Black Diamond (Event Driven & Risk Arb.)	5.3%

Distribution by strategy



Fund exposure

