



## 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 June 30th, 2010:  
Monthly Performance:

1,295.74 €  
-0.6 %

### Performance

Historic performance



Trailing 12 months performance (basis 100)



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

### Market strategy

Stock market investors remained nervous over the world in the wake of various factors, notably on account of austerity plans and fiscal consolidation measures adopted by most G20 countries. At the same time, confidence in the soundness of western banks remained moderate and uncertainties concerning growth in China and also, disappointing consumer confidence data in the United States did not justify hopes of strong renewed global growth.

In this context, equity indices recorded negative performances, with the Eurostoxx 300 down 1.38%, the S&P 500 down 5.4% and the Topix down over 4%. As regards interest rates, we saw a return of the flight-to-quality movement, with a 10 bp drop in interest rates of 5-year German government bonds and a 32 bp drop in 5-year US government bonds.

In this context, the proportion of assets invested in equities was maintained at a neutral level at around 25%, whilst nevertheless using options to maintain hedging. From a geographical allocation point of view, over-weighting in Chinese and US equities to the detriment of the euro zone continued. The portfolio's modified duration remains unchanged, at about 4%. With regard to geographical allocation the fund steered clear of peripheral Euro countries. Furthermore, the position in the rates curve remained unchanged and the strategy to play a flattening of the curve was maintained.

On the forex side, the short AUD positions against MXN, GBP and CAD were maintained. Short EUR positions against USD and JPY were taken back up. Finally, a new long TRY position against CZK was adopted.

### Main positions

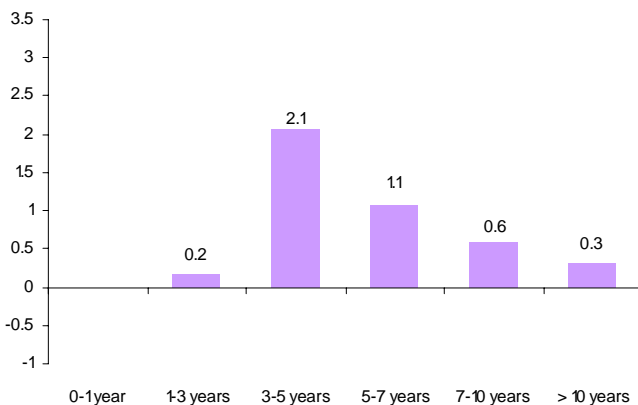
#### Bonds:

France 3% 2015 .....	14.6%
France 4.0% 2013 .....	14.4%
Germany 4.5% 2013 .....	6.1%

#### Equities:

Total (France) .....	1.3%
Telefonica (Spain) .....	0.9%
Sanofi-Aventis (France) .....	0.9%

### Modified duration distribution of bonds



### Sector distribution of equities

