

# **EDMOND DE ROTHSCHILD FUND**

Société d'Investissement à Capital Variable  
Annual Report and Audited Financial  
Statements as at  
March 31, 2011



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## DIRECTORS AND ADMINISTRATION

### PROMOTER

LA COMPAGNIE FINANCIERE EDMOND DE  
ROTHSCHILD BANQUE  
47, rue du Faubourg Saint-Honoré  
F-75008 Paris

### BOARD OF DIRECTORS

#### *CHAIRMAN OF THE BOARD*

M. Marc Samuel, Deputy General Manager,  
La Compagnie Financière Edmond de Rothschild Banque,  
47, rue du Faubourg Saint-Honoré  
F-75008 Paris

#### *DIRECTORS*

M. Philippe Couvrecelle, Chairman of the Executive Board,  
Edmond de Rothschild Asset Management S.A.S.,  
47, rue du Faubourg Saint-Honoré  
F-75008 Paris

M. Christophe Boulanger, General Manager,  
Edmond de Rothschild Asset Management S.A.S.  
47, rue du Faubourg Saint-Honoré  
F-75008 Paris

M. Guillaume Poli, President of the Executive Committee,  
EDRIM Gestion  
47, rue du Faubourg Saint-Honoré  
F-75008 Paris

M. Pierre-Marie Valenne,  
Vice-Chairman of the Management Committee,  
Banque Privée Edmond de Rothschild Europe  
20, boulevard Emmanuel Servais  
L-2535 Luxembourg

M. Geoffroy Linard de Guertechin,  
Vice-Chairman of the Management Committee,  
Banque Privée Edmond de Rothschild Europe  
20, boulevard Emmanuel Servais  
L-2535 Luxembourg

### REGISTERED OFFICE

20, boulevard Emmanuel Servais  
L-2535 Luxembourg

### CONDUCTING PERSONS

M. Benoît Durand,  
Head of Client Service,  
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47, rue du Faubourg Saint-Honoré  
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M. Stanislas Kervyn  
EDRIA  
20, boulevard Emmanuel Servais  
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### CUSTODIAN BANK, REGISTRAR AND TRANSFER AGENT, DOMICILIARY AGENT, CENTRAL ADMINISTRATION, PAYING AGENT

Banque Privée Edmond de Rothschild Europe  
20, boulevard Emmanuel Servais  
L-2535 Luxembourg

### AUDITOR

PricewaterhouseCoopers S.à r.l.  
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### INVESTMENT MANAGERS

Edmond de Rothschild Asset Management S.A.S.  
47, rue du Faubourg Saint-Honoré  
F-75008 Paris

EDRIM Gestion  
47, rue du Faubourg Saint-Honoré  
F-75008 Paris

### LEGAL ADVISER

Elvinger, Hoss & Prussen  
2, place Winston Churchill B.P. 425  
L-2014 Luxembourg

**DIRECTORS AND ADMINISTRATION (continued)**

**DISTRIBUTORS – GROUP**

LA COMPAGNIE FINANCIERE  
EDMOND DE ROTHSCHILD BANQUE  
47, rue du Faubourg Saint-Honoré  
F-75008 Paris

BANQUE PRIVEE EDMOND DE ROTHSCHILD S.A.  
18, rue de Hesse  
CH-1204 Genève  
And all banks or financial professionals related to or  
affiliated with those companies.

**LOCAL AGENTS**

In Germany (paying and information agent)

Marcard, Stein GmbH & Co KG  
Ballindamm 36  
D-20095 Hamburg

In Switzerland (paying agent and legal representative)

Banque Privée Edmond de Rothschild S.A.  
18, rue de Hesse  
CH-1204 Geneva

In Spain (information agent)

Banque Privée Edmond de Rothschild Europe  
Sucursal in Spain  
C/Orfila, 8  
E-28010 Madrid

## INFORMATION TO THE SHAREHOLDERS

All information concerning the SICAV is published in newspapers designated by the Board of Directors and, if required by law, in the Memorial, the official gazette of Luxembourg, and deposited with the Registrar of the Luxembourg District Court.

The articles of incorporation have been deposited with the Registrar of the Luxembourg District Court, where they are available for inspection and where copies may be obtained.

The issue and redemption prices of shares of each Sub-Fund are made public at the registered office of the SICAV, where the annual and semi-annual reports may be obtained.

Investors residing in Germany can receive free of charge from the German Payments and Information Office the

prospectus, the articles of association of the investment company and the most recent report on activities and, insofar as subsequently published, also the latest semi-annual report, as well as requesting the net asset value per share, the current issue, exchange and redemption prices of the shares and all other financial information about the SICAV which is available to the shareholders from the registered office of the investment company.

The issue and redemption prices of the shares of each Sub-Fund as well as other communications to the shareholders are published in the "Börsen-Zeitung".

Subscriptions cannot be received on the basis of this financial report. Subscriptions are valid only if made on the basis of the current prospectus, supplemented by the latest annual report and the most recent semi-annual report if published thereafter.

## NET ASSET VALUE PER SHARE

The net asset value of the shares of each Sub-Fund is calculated on each bank working day in Luxembourg.

Further to the notice to the shareholders dated December 1, 2006 :

When preparing the audited annual report and unaudited half-year report, if the last day of the financial year and six-month period is not a bank working day in Luxembourg, the net asset value of the last bank working day of the year and six-month period will be replaced by a

net asset value calculated on the last day of the period concerned." has been amended so as to read as follows:

If the 30th September and/or the 31st March are not bank working days in Luxembourg, then, for the purpose of the SICAV financial reporting and statements, a net asset value per share will be calculated for each Sub-Fund as at these dates, provided that such net asset value will not be used for the purposes of subscription, redemption and conversion.

### INFORMATION TO THE SHAREHOLDERS IN SWITZERLAND (Unaudited)

Banque Privée Edmond de Rothschild S.A., Geneva, was authorised by the Swiss Federal Banking Commission as Swiss representative of the SICAV and acts also as paying agent.

The prospectus, the simplified prospectus, the articles of incorporation, the annual and semi-annual reports of the

SICAV, as well as the list of the purchases and sales which the SICAV has undertaken during the financial year, may be obtained, on simple request and free of charge, at the head office of the Swiss representative, Banque Privée Edmond de Rothschild S.A., 18, rue de Hesse, CH-1204 Geneva.

### INFORMATION TO THE INVESTORS IN SWITZERLAND (Unaudited)

The Total Expense Ratio (TER) as at March 31, 2011 for each Sub-Fund is calculated in accordance with the recommendations of the S.F.A., approved by the FINMA and is including under the statistical information of each Sub-Fund.

#### **TER (Total Expense Ratio)**

The Total Expense Ratio (TER) represents the ratio of the total expenses, except transactions fees, annually supported by the Fund for each Sub-Fund.

The TER should be calculated as follow :

$$\text{TER} = \frac{\text{Total charges of the Sub-Fund's}}{\text{Average net asset value of the Sub-Fund}}$$
$$\text{Average net asset value of the Sub-Fund} = \frac{\text{Amount of net assets over the year}}{\text{Observation's number}}$$

#### **PTR (Portfolio Turnover Rate)**

As an indicator of the relevance of the additional costs incurred by the Fund at the time of the purchase or sale of

investments, the internationally recognized PTR is disclosed, in accordance with the standard method below:

$$\text{PTR} = \frac{(\text{amount 1} - \text{amount 2})}{\text{average net wealth of the SICAV}} \times 100$$

Amount 1 = Total securities transactions = X + Y

Purchase of securities = X

Sale of securities = Y

Amount 2 = Total transactions involving Sub-Fund shares = S + T

Issues of Sub-Fund shares = S

Redemption of Sub-Fund shares = T

#### **Information concerning state retrocessions and fees**

This information is detailed in the section "statistical information", specifically under " Reimbursements and trailer fees information " of each Sub-Fund ending on March 31, 2011.

**INFORMATION TO THE INVESTORS IN SWITZERLAND (Unaudited) (continued)****Performances of the Sub-Funds distributed in Switzerland:**

Sub-Funds	Classes of Shares	Date of launch	N.A.V. as at	2011	2010	2009
			03.31.11	in %	in %	in %
EDMOND DE ROTHSCHILD FUND - EURO SHORT TERM	A	03.23.01	-	-	(1.24)	2.64
EDMOND DE ROTHSCHILD FUND - EURO SHORT TERM	D	08.27.01	-	-	-	2.60
EDMOND DE ROTHSCHILD FUND - EURO GOVERNMENT BONDS MID TERM	A	03.22.01	203.46	(1.18)	1.84	7.89
EDMOND DE ROTHSCHILD FUND - EURO GOVERNMENT BONDS LONG TERM	A	03.22.01	219.97	(0.77)	6.43	6.50
EDMOND DE ROTHSCHILD FUND - EURO CORPORATE BONDS SHORT TERM	A	03.19.01	183.18	(0.04)	0.96	3.38
EDMOND DE ROTHSCHILD FUND - EURO CORPORATE BONDS MID TERM	A	02.26.01	217.94	0.66	11.39	1.33
EDMOND DE ROTHSCHILD FUND - EUROPEAN CONVERTIBLE BONDS	A	03.06.01	220.46	5.57	29.06	(8.50)
EDMOND DE ROTHSCHILD FUND - EUROPEAN CONVERTIBLE BONDS	D	11.30.01	-	-	28.29	(9.05)
EDMOND DE ROTHSCHILD FUND - EUROPE MID CAPS	A	01.16.02	-	-	60.33	(49.11)
EDMOND DE ROTHSCHILD FUND - EUROPE MID CAPS	D	11.20.03	-	-	59.17	(49.48)
EDMOND DE ROTHSCHILD FUND - EUROPE VALUE	A	05.14.01	177.16	3.96	39.49	(28.38)
EDMOND DE ROTHSCHILD FUND - EUROPE VALUE	D	07.10.01	-	-	38.46	(28.92)
EDMOND DE ROTHSCHILD FUND - ASIA EX-JAPAN VALUE	A	04.05.01	-	-	62.63	(43.95)
EDMOND DE ROTHSCHILD FUND - ASIA EX-JAPAN VALUE	D	02.28.02	-	-	-	(38.05)

\* Performances are historical and are not necessarily an indication of present or future results, they do not include redemption or subscription's commissions and fees.

## REPORT ON THE ACTIVITIES OF THE SICAV \*

The 2010/2011 financial year was characterised by a strong recovery in global growth driven by emerging countries. The emerging countries surprised by regaining a momentum exceeding their pre-crisis potential whereas the developed countries continued to experience moderate growth rates.

The central banks of developed countries kept interest rates low in order to help the economies overcome the crisis. Accordingly, in the United States, the FED maintained the Fed Funds rate at 0-0.25% while in the eurozone, the ECB kept its key rates at 1%.

In the eurozone, concerns over Greece's ability to repay its loans emerged at the beginning of 2010. The result was a sharp deterioration in Greek loans in the market. This concern was transmitted, to a lesser extent, to peripheral countries (Spain, Italy, Portugal and Ireland). These concerns caused investors to turn primarily to German government bonds. German government bond yields fell significantly dragging down, albeit to a lesser extent, the government bond yields of "core" European countries. As a result, peripheral countries' yield curves deviated significantly from the yield curves of "core" European countries. With the downtrend in yields experienced by German government bonds, the yield curve flattened. In June, the rating agency Moody's downgraded the rating for Greece, which therefore joined the BB+ rating issued in April by Standard & Poor's. This downgrade resulted in forced sales by investors unable to hold bonds with a rating of less than BBB in their portfolio. Investors therefore turned to purchasing 15-30 year German government bonds, accentuating the yield curve flattening trend in Germany and "core" European countries. This trend accelerated in August. The tables below show the main yield curves for the eurozone at the beginning of the financial year and end-August.

Eurozone yield curves at 31 March 2010

	2 years	5 years	7 years	10 years	20 years
Germany	0.96%	2.14%	2.61%	3.09%	3.72%
France	1.11%	2.27%	2.86%	3.42%	3.93%
Austria	1.18%	2.46%	3.01%	3.46%	3.94%
Spain	1.40%	2.82%	3.26%	3.82%	4.42%
Italy	1.35%	2.70%	3.20%	3.98%	4.64%
Portugal	1.69%	3.28%	3.78%	4.22%	-
Ireland	1.66%	-	-	4.48%	-
Greece	5.12%	6.11%	6.36%	6.53%	-

Eurozone yield curves at 31 August 2010

	2 years	5 years	7 years	10 years	20 years
Germany	0.59%	1.20%	1.68%	2.12%	2.61%
France	0.67%	1.54%	1.93%	2.47%	2.92%
Austria	0.77%	1.63%	2.15%	2.54%	2.87%
Spain	2.10%	3.13%	3.61%	4.05%	4.63%
Italy	1.75%	2.67%	3.32%	3.83%	4.52%
Portugal	3.29%	4.14%	4.79%	5.45%	-
Ireland	3.37%	-	-	5.68%	-
Greece	11.23%	12.02%	11.77%	11.35%	-

On the positive side, the European sovereign debt crisis forced eurozone countries to implement fairly ambitious budget consolidation programmes. The plans that were put in place had only a temporary effect on the markets. The successive rating downgrades of Spain (end of September) and then Ireland (beginning of October) added to the uncertainty regarding the adequacy of the measures announced. Ireland's announcement of the bailout of its banking system, which was going to cost € 48.5 billion, was the catalyst for the markets to sell Irish debt. This situation spread to other peripheral countries, firstly Portugal and then Spain and Italy to a lesser extent. Against this backdrop, German debt suffered in the market, dragging in its wake the debt of "core" European countries, the result of the likely sharing of the eurozone's sovereign risk and the rise in US yields.

## Eurozone yield curves at 31 December 2010

	2 years	5 years	7 years	10 years	20 years
Germany	0.86%	1.84%	2.52%	2.96%	3.47%
France	0.96%	2.14%	2.66%	3.36%	3.81%
Austria	1.37%	2.60%	2.97%	3.51%	3.75%
Spain	3.46%	4.76%	4.98%	5.45%	5.91%
Italy	2.88%	3.88%	4.37%	4.82%	5.30%
Portugal	4.26%	5.69%	6.25%	6.60%	-
Ireland	5.19%	-	-	9.06%	-
Greece	12.24%	13.47%	13.64%	12.47%	-

In the first quarter of 2011, the ECB informed the markets that it remained very vigilant regarding inflation and that it intended to raise its key rates in April. This was due to the sharp rise in oil prices on the back of global growth and the halt of oil deliveries from Libya following airstrikes by western countries on Libya in order to avoid the massacre of a population wanting more freedom. There followed a rise in yields on all the yield curves of “core” European countries. In the case of peripheral countries, Portugal’s debt was downgraded to BBB- in March. There was a further deterioration in Irish and Greek debt, while the spreads of Spain and Italy vs. Germany tightened.

## Eurozone yield curves at 31 Mar 2011

	2 years	5 years	7 years	10 years	20 years
Germany	1.79%	2.67%	3.02%	3.35%	3.84%
France	1.82%	2.94%	3.25%	3.71%	4.11%
Austria	2.13%	3.13%	3.39%	3.80%	4.06%
Spain	3.17%	4.45%	4.87%	5.30%	5.89%
Italy	2.50%	3.88%	4.34%	4.82%	5.44%
Portugal	8.78%	9.62%	9.02%	8.41%	-
Ireland	9.87%	11.00%	-	10.22%	-
Greece	15.76%	14.39%	13.07%	12.84%	-

A comparison of the yield curves at the beginning and end of the financial year shows that yields rose during our financial year as a result of the accelerated rise in yields that we saw during Q1 2011. Peripheral countries can be split into two groups: firstly, Italy and Spain which have not needed aid from the ECB or IMF, and secondly Greece, Ireland and Portugal which need aid from the ECB and IMF. This is illustrated in the table below:

## Change in yields between 31/03/2010 and 31/03/2011

	2 years	5 years	7 years	10 years	20 years
Germany	0.83	0.53	0.41	0.26	0.12
France	0.71	0.67	0.39	0.29	0.18
Austria	0.95	0.67	0.38	0.34	0.12
Spain	1.59	1.63	1.61	1.48	1.47
Italy	1.15	1.19	1.14	0.84	0.81
Portugal	7.09	6.34	5.24	4.19	
Ireland	8.21			5.74	
Greece	10.64	8.28	6.71	6.31	

In the credit market, the beginning of the financial year was marked by a tightening of credit spreads. As from mid-April, the market tightened and credit spreads started to increase again in the wake of the tensions in the eurozone’s peripheral countries. The tensions continued until July, causing the average spread to increase from 80bp to 140bp. With tensions subsiding in the eurozone and driven by good economic figures, credit spreads tightened significantly until August. Then in parallel with the rise in yields, credit spreads tightened slightly until the end of the financial year.

## EDMOND DE ROTHSCHILD FUND

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### **EDMOND DE ROTHSCHILD FUND - EURO SHORT TERM**

The fund was closed on 15/07/2010.

### **EDMOND DE ROTHSCHILD FUND - EURO GOVERNMENT BONDS MID TERM**

At the start of the year, duration was close to 2.8. We maintained this level during the financial year. At the end of the year, duration was close to 2.75.

Geographic breakdown: 88.8% France; 1.9% Italy; 1.5% Austria; 1.5% Spain.

Cash accounts for almost 6% of the portfolio.

### **EDMOND DE ROTHSCHILD FUND - EURO GOVERNMENT BONDS LONG TERM**

At the start of the year, duration was close to 6. We gradually reduced this level. At the end of the year, duration was close to 5.7.

Geographic breakdown: 52.8% France; 21.3% Austria; 21% Italy.

Cash accounts for almost 3% of the portfolio.

### **EDMOND DE ROTHSCHILD FUND - EURO CORPORATE BONDS SHORT TERM**

The fund's duration is around 0.39.

The main sectors are: Telecoms with 17.4%, auto with 15.6% and banking with 14.7%.

The main geographical exposures are the United States with 21.71%, France with 23.91% and Germany with 17.78%.

### **EDMOND DE ROTHSCHILD FUND - EURO CORPORATE BONDS MID TERM**

The fund's duration is around 3.9.

The main sectors are: non-cyclical consumption with 14%, banking with 13% and cyclical consumption with 12.6%.

The main geographical exposures are France with 28.54%, the United Kingdom with 14.51% and Italy with 12.90%.

### **EDMOND DE ROTHSCHILD FUND - EUROPEAN CONVERTIBLE BONDS**

In March 2010, our European convertible bond fund reacted better than its equity sensitivity, which averaged out at around 35% over the month, reflecting the slight tightening of credit spreads, as well as the stock selection. The convertible bond market was prolific, with over USD 10 billion of new issues globally, including USD 4 billion in Europe. We took part in the new issues by Gecina (BBB- rating, 35% premium for 2.125% coupon and a maturity of 5 1/2 years) and even Vedanta (BB+ rating, 37.5% premium for 4% coupon and a maturity of 7 years). However, spring was marked by the Greek crisis, with the market becoming uncertain, compounded by the German government's slow response to validate the bailout plan. Indeed, the German Chancellor Angela Merkel contributed towards the climate of uncertainty surrounding the plan, delaying her decision as long as possible due to the upcoming elections, since the issue of assistance for Greece was highly unpopular within the Federal State. At the height of the tensions, the Greek sovereign bond reached a yield to maturity of around 18% over two years. Suspicions soon spread to the European nations facing similar refinancing problems, and particularly Ireland, Portugal and Spain. The downgrading of Portugal and Spain (shortly after the rating agency Standard & Poors announced that Greece was non-investment grade) contributed to a climate of uncertainty taking shape across these regions. However, at that time, our fund effectively cushioned the downturn on the European equities markets thanks to its convex profile. Certain Portuguese stocks were affected by widening credit spreads, but we are still confident about these positions, which all concerned relatively low risk investment grade issuers. The fund's yield represented around 2.5%, with an equity sensitivity of almost 30%.

Faced with equities markets falling sharply, the eurozone member states rapidly took strong decisions to shore up the single currency. Indeed, Europe's main leaders decided to set up a EUR 750 billion bailout plan with the IMF for the States facing refinancing difficulties. In return, the struggling countries had to announce austerity plans enabling them to bring their deficits back down to levels close to the stability pact's limits. Unfortunately, investors remained focused on European sovereign debt, whereas macroeconomic results proved reassuring in terms of the recovery for industrial activity in the eurozone. More specifically, the publication of higher-than-expected industrial orders in Germany paved the way for a bullish rally for around 10 days, with the Euro Stoxx 50 returning to its level from early May. In this more positive environment, we took part in Mobimo Holding's issue. The equities markets were down again during the second half of June, on the back of macroeconomic figures coming in lower than forecast in the US (existing home sales, ISM). The third quarter was relatively calm, with the upturn on equities gaining pace in September. The publication of stress tests for the European Union's main banks was positively welcomed by investors. Out of the 91 banks taking the test, only seven failed. Nevertheless, this reassuring result was expected by the various financial players to a great extent. For their part, company earnings figures were quite remarkable, with a positive surprise rate of over 2 (up until now, 49% of companies have announced figures 5% higher than the consensus, versus 24% for 5% lower). In addition, 38% of companies revised their forecasts upwards for the second half of the year, compared with 14% downwards, whereas most investors were expecting the recovery to slow down over this period. The end of the quarter saw a bullish return for new issues: Artémis/PPR kicked things off with an issue for almost EUR 700 million, receiving a very warm welcome from investors. Then, Parpublica, the financial structure owned by the Portuguese State, decided to monetise its interest in Galp. Lastly, Club Med brought things to a close with a small EUR 80 million issue. Following the equities rally, we took our profits on the strong delta positions in order to reposition ourselves on convertibles closer to their bond floor.

October was marked by a number of macroeconomic developments. In Europe, Spain was hit by its rating being downgraded by Moody's, although this move was expected by the market. However, the situation was quite worrying in Ireland, before the total figure for rescuing Anglo Irish Bank seemed to stabilise at around EUR 30 billion, in line with expectations. Lastly, Portugal also represented a major cause for concern, with the decision to delay the vote on the 2011 budget, revealing the ruling coalition's weak position. Optimism, generated by third-quarter company earnings and the reassuring macroeconomic figures from the US, gave way to fears of Irish, Portuguese and Spanish debt defaults. The plan to bail out the Irish State mapped out by the European Union and the International Monetary Fund was not enough to appease investors. The interest rate spread between Spanish, Portuguese and Italian debt compared with the 5-year German rate climbed from 143 bp to 320 bp, from 292 bp to 422 bp and from 115 bp to 207 bp respectively, hitting record levels compared with those seen in the 2000s. Nevertheless, we remained confident that the eurozone would be able to get its public finances back in order. We found the equities market still highly attractive, while the euro's depreciation (down 6.5% against the US dollar over the month) gave European export firms a boost. We subscribed for three new issues in November: Technip 0.5% 2016 (petroleum infrastructures), Hera 1.75% 2013 (company linked to utilities) and Silic 2.5% 2017 (real estate). Moreover, two of them are Investment Grade rated: Technip and Hera.

On the whole, convertibles continued to climb and we capitalised on the levels reached by some of them to take our profits, including Technip 0% 2016, which rose 10 points since being issued in early November to reach around 42% implied volatility. We also took our profits on Atos for the same reasons. We will wait to see whether the convertibles become attractive again in terms of their valuations, and whether or not their acquisition of STS will increase their profitability. We also sold our position on Autonomy, capitalising on the stock's bounce. We further strengthened our position on Rhodia 2014, offering a highly convex profile and a yield of around 4%. Despite its high premium, we believe that the stock has major upside potential. We also increased our exposure on Cap Gemini 2012 in order to further strengthen the portfolio's convexity. Overall, we reduced the equity sensitivity to 37%, compared with 40% one month earlier, because we started to see that prices were clearly rising for part of the bond pool: the Atos convertible was trading with 47% implied volatility, versus a realised volatility of 33%. Similarly, the Aegis, Cap Gemini, Technip and Celesio 2014 convertibles seemed expensive. We primarily took our profits or scaled back our exposure on this part of the bond pool. We took part in the Pierre et Vacances issue, which came out with a 4% coupon, a 25% conversion premium and a maturity of 2015. Géophysique capitalised on the interest among investors to carry out a convertible bond issue maturing in 2016, looking to refinance part of its high-yield bonds. We further strengthened our position in Lukoil, which looks set to benefit from rising oil prices and offers an alternative source of supplies compared with countries in the Maghreb region and the Middle East in general. Overall, company earnings exceeded our expectations. This was the case for instance with Alcatel, which positively surprised all investors. We took our profits on Neopost, CGG Veritas and Altran.

The tsunami and nuclear scare in Japan did not have any significant impact on the convertibles market in March. The portfolio increased by over 1%, compared with a drop of around 1.5% for the equities market. We benefited from having no positions at all on Parpublica, with this issuer's rating downgraded twice by S&P, currently standing at BB. The exchangeable Banco Espirito-Banco Bradesco bond gained more than 5 points, buoyed by several positive factors: ADR's imminent listing on the Bradesco shares (increase in the stock's liquidity) and the bond's forthcoming convertibility.

### EDMOND DE ROTHSCHILD FUND - EUROPE MID CAPS

The year started rather mixed as markets rose during the first three weeks on upbeat company results for the first quarter of 2010. But the trend foundered on worries over refinancing Greece's debt and downgrades on Spain and Portugal. Mid caps continued to outperform large caps in April; this may be attributed to the sector automatically being underweight banks and insurance and its higher earnings growth.

May was dominated by the reactions of euro zone leaders to ballooning government deficits.

The EU unveiled a EUR 750bn rescue plan for troubled countries and Southern European governments and the UK introduced austerity measures. Worries that continental European growth was at risk quite naturally spread to currency markets. The euro rapidly hit a low of 1.22 vs the USD while volatility exploded and markets fell.

The more markedly cyclical nature of mid caps exposed them to the downward trend on the market. Only US dollar-sensitive stocks managed to buck the trend.

Markets were flat in June. There were two economic and financial headlines:

- Moves by Europe's leading countries to reduce deficits. France, the UK and Germany promised to cut government spending, thereby triggering worries over Europe's economic recovery. The weaker euro however provided support for export stocks.
- Fears of an economic slowdown in China that might throw the global recovery off course. Worries of a double dip resurfaced and weighed on financial markets at the end of the month.

All these events resulted in higher risk aversion and significantly lower yields on long-dated US Treasuries.

Companies remained positive even so and some forecasted further growth in operations.

More flexibility in establishing the renminbi's level should boost the competitive edge of certain European stocks.

European mid cap stocks maintained their lead on the market.

July was eventually the second best month of the year after March. The rebound in the banking sector was mainly due to (i) good stress test results carried out on European banks and (ii) lower liquidity requirements set out in the new Basel III rules. Banks as a result should not need to raise as much capital. Less risk in Europe and company results that generally beat estimates helped the euro return to the USD 1.30 mark last seen at the beginning of May.

The fund was wound up on July 15 2010.

Between March 31 2010 and July 15 2010 the fund returned -6.03%, compared to a fall of 3.75% for the DJ Stoxx Small 200 index.

### EDMOND DE ROTHSCHILD FUND - EUROPE VALUE

The beginning of the fund's financial year coincided with the start of the euro zone's sovereign crisis. Greece's problems led to its European partners and the IMF establishing a rescue plan and lending it €110 billion over three years. (The loan's maturity date was extended later during the year). While this monetary union crisis was serious, at least it led to the establishment of a European Financial Stability Facility, with commitments for some €750 billion. The fund was also intended to contribute during the financial year to Ireland and Portugal, whose long term interest rates were soaring, given their budgetary situation. The member state crisis also prompted drastic austerity programmes, less than a year after a raft of budgetary kick-start projects had been initiated during the world crisis. Accordingly, France, Spain, the United Kingdom, Germany and Italy, all proceeded to slash budgets and hike taxes (raising VAT, imposing special taxes on banks, nuclear power and oil companies). Despite this troubled macroeconomic environment, growth (particularly in Germany) held up well, and corporate reports were generally positive.

Particularly noteworthy was the vitality of the luxury goods sector (with record business levels posted for LVMH, Swatch and Burberry), automobiles (especially premium brands such as BMW and Daimler) and their suppliers (Valeo, GKN and Nokian), as well as the technology sector (Infineon, SAP and ASML).

The major disappointments were Nokia, which had to part company with its CEO and adopt Windows 7 Mobile OS, Philips (with a variety of profits warnings arising from its TV division, and despite its strong emerging market sales), the banks (with a flurry of rights issues, and downgrades to long term profitability targets), as well as retailing in the United Kingdom (with profits warnings from Dixons and Home Retail).

## EDMOND DE ROTHSCHILD FUND

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The M&A cycle also recovered during the financial year with a raft of takeover bids launched, notably SAP's on the US company Sybase, Telefonica, buying out Portugal Telecom's stake in Vivo, BASF's offer for Cognis, Reckitt Benckiser's for SSL International, and LVMH's takeover of Bulgari. Major business reorganisations were also carried out at Deutsche Telekom, which sold its US subsidiary, T-Mobile, to AT&T for some \$39 billion (subject to a green light from US regulatory authorities).

Within the portfolio, we sold a number of cyclical positions which had reached their price targets (BMW, Thyssenkrupp and BASF), as well as Nokia, which turned out to be a disappointment. The line in BP was also sold in the wake of the oil spill in the Gulf of Mexico. The portfolio has repositioned on stocks with good visibility and high dividends (buying Centrica, BAT, Compass and Teliasonera), and we have established positions in discounted cyclicals (Zurich Financial and Lufthansa).

EDR Europe Value posted a performance of 4.48% for the financial year.

### EDMOND DE ROTHSCHILD FUND – ASIA EX-JAPAN VALUE

Asian markets went down over the considered period (April 1st 2010 to July 15th 2010) in USD terms. The situation remained challenging in China in particular. Numerous measures aiming at controlling prices and speculation in the property market were added recently to the first batch of measures taken end of last year. New measures included an increase in pre-deposit, a limitation to credit usage and a confiscation by the Central State of valuable pieces of land which would be used for public residential projects instead of private ones. As the property market is a good indicator of liquidity available in the system, such measures can be considered as a monetary tightening attempt, even if interest rates remained unchanged. Such measures are unlikely to create a hard landing in China, we remain confident in the robustness of the economy and its domestic consumption in particular.

The announced change in benchmark calculation for setting the Yuan's level has triggered a mild appreciation against the USD of +0.7% over the period but that's didn't attract much extra flow to the equity market, the tightening process kept investors away. A deterioration in the USA and Europe economies could trigger some turnaround in the chinese policy, but so far no evidences. Our overweight stance in the fund on China has impacted the performance although we think China is becoming more and more attractive from a valuation point of view. We also think that such tightening decided earlier will provide good basis for future sustainable and balanced growth.

Commodity stocks were the big winners over the period, although they already had a great rally last year. We took the view of being cautious on hard commodities and focused our investments on soft commodities, mostly agricultural related raw materials.

In comparison to China, India offered a more transparent profile over the period, inflation was not a major issue yet and the government seemed to be heading into the right direction by, among other things, deciding to accelerate the privatization process of assets in order to support the deficit. Should such measures be implemented without delays, India should enjoy further upside. Main swing factor remains the oil price, above USD100 per barrel, we would have to be much more cautious as a slowdown in investments and consumption would be inevitable.

Indonesia has remained a top market for the fund. The government and the Central Bank have announced a series of measures aiming at protecting the sustainability of growth in coming 10 years. Among other things, they have decided to curb speculation on monetary bills and are forcing investors to take a longer term view, not just come play the currency appreciation and high rates. Those bills called SBIs have now to be held at least for a month. We have maintained our exposure in the fund to several large capitalisations like Astra International and United Tractors.

The underperformance of the fund vs its benchmark over the period can be explained by 3 factors: 1) Overweight position in China which has not paid off yet. 2) We missed partially the strong liquidity rally in Korea, market extremely volatile and difficult to predict over short period of time from a domestic liquidity point of view 3) Our cautious stance on commodities was probably too conservative but we don't feel like chasing the sector at current level, we remain concerned about the sustainability of the global economy recovery.

Luxembourg, June 29, 2011

\* Indications and comparisons are historical and are not necessarily an indication of future results.



## Audit report

To the Shareholders of  
**EDMOND DE ROTHSCHILD FUND**

We have audited the accompanying financial statements of EDMOND DE ROTHSCHILD FUND and of each of its sub-funds, which comprise the statement of net assets and the statement of investments in securities and other net assets as at March 31, 2011 and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

### **Responsibility of the Board of Directors of the SICAV for the financial statements**

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements and for such internal control as the Board of Directors of the SICAV determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Responsibility of the "Réviseur d'entreprises agréé"**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of

the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of EDMOND DE ROTHSCHILD FUND and of each of its sub-funds as of March 31, 2011, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

### **Other matters**

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

Luxembourg, June 29, 2011

PricewaterhouseCoopers S.à r.l.  
Represented by

Christophe Pittie

**COMBINED STATEMENT OF NET ASSETS**March 31, 2011  
(in EUR)**ASSETS**

Portfolio:	
- Cost	45,836,652.00
- Net unrealised result	2,350,789.51
	<b>48,187,441.51</b>
Cash:	
- Cash at sight	1,619,229.75
Other assets:	
- Interest receivable	383,365.34
- Dividend receivable	9,502.09
- Unrealised gain on forward foreign exchange contracts	242,218.69
	<b>50,441,757.38</b>

**LIABILITIES**

Bank overdraft:	
- Cash at sight	238,644.43
Other liabilities:	
- Taxes and expenses payable	199,381.58
- Unrealised loss on forward foreign exchange contracts	196,724.39
- Other	113,676.22
	<b>748,426.62</b>

**NET ASSETS** **49,693,330.76**

**COMBINED STATEMENT OF OPERATIONS**

Year ended March 31, 2011

(in EUR)

**INCOME**

Income from investments:	
- Dividends, net	422,480.16
- Bond interest, net	1,581,406.77
Other income	298.19
	<b>2,004,185.12</b>

**EXPENSES**

Bank interest, net	3,475.26
Fees:	
- Management fee	631,300.15
- Custodian fee and safekeeping charges	117,893.91
Other expenses:	
- Annual tax	25,812.46
- Audit and legal fees	71,092.11
- Administration and other expenses	349,833.49
	<b>1,199,407.38</b>

**NET OPERATING RESULT** **804,777.74**

Net realised result on:	
- Sales of investments	4,095,028.64
- Foreign exchange	(444,961.90)

**NET REALISED RESULT** **4,454,844.48**

Change in net unrealised appreciation/(depreciation) on:	
- Investments	(4,146,599.96)
- Forward foreign exchange contracts	87,068.74

**NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS** **395,313.26**

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

Period from April 1, 2010 to July 15, 2010  
(in EUR)

<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>		<b>119,886.66</b>
<b>EXPENSES</b>		
Other expenses:		
- Annual tax	(see notes)	1.92
- Audit and legal fees		36.59
- Administration and other expenses	(see notes)	223.63
		<b>262.14</b>
<b>NET OPERATING RESULT</b>		<b>(262.14)</b>
Net realised result on:		
- Sales of investments	(see notes)	(2,112.54)
<b>NET REALISED RESULT</b>		<b>(2,374.68)</b>
Change in net unrealised appreciation/(depreciation) on:		
- Investments		556.96
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>		<b>(1,817.72)</b>
<b>MOVEMENTS IN CAPITAL</b>		
Subscriptions of shares		31,499.99
Redemptions of shares		(149,568.93)
		<b>(118,068.94)</b>
<b>NET ASSETS AT THE END OF THE PERIOD</b>		<b>0.00</b>

**REIMBURSEMENTS AND TRAILER FEES INFORMATION**

**Annual Management Fee (see notes)**

Period 04.01.10 - 07.15.10

Class A

Fee actually paid 0% p.a.

Maximum fee foreseen in the prospectus 0.30% p.a.

Rebates for the marketing of the Sub-Fund (state fee) to distributors and wealth managers in Switzerland are paid from the management fee.

**STATISTICAL INFORMATION**

Period from April 1, 2010 to July 15, 2010

**SHARES**

	<b>Class A</b>
Shares outstanding at the beginning of the period	682.5341
Subscriptions of shares	181.8601
Redemptions of shares	(864.3942)
<b>Shares outstanding at the end of the period</b>	<b>0.0000</b>

**NET ASSET VALUE PER SHARE**

	EUR
Highest	175.66 04.01.10
Lowest	171.20 07.14.10
<b>At the end of the period</b>	<b>171.24**</b> 07.15.10

**CHANGES IN THE NUMBER OF SHARES,  
OF NET ASSETS AND  
OF NET ASSET VALUE PER SHARE**

Date	Share Class	Number of shares outstanding	Net Assets	Ccy	Net asset value per share
03.31.09	Class A	1,455.2255	258,829.86	EUR	177.86
03.31.09	Class D	765.4397	133,388.22	EUR	174.26
03.31.10	Class A	682.5341	119,886.66	EUR	175.66
** 01.05.10	Class D	10.8628	1,877.19	EUR	172.81
** 07.15.10	Class A	444.8812	76,173.76	EUR	171.24

\*\* last valuation

**STATEMENT OF NET ASSETS**

March 31, 2011  
(in EUR)

**ASSETS**

Portfolio:	(see notes)	
- Cost		5,231,182.75
- Net unrealised result		(109,730.25)
		<b>5,121,452.50</b>
Cash:		
- Cash at sight		301,135.26
Other assets:		
- Interest receivable		76,880.50
		<b>5,499,468.26</b>

**LIABILITIES**

Other liabilities:		
- Taxes and expenses payable		17,050.75
- Other		15,783.27
		<b>32,834.02</b>

**NET ASSETS** **5,466,634.24**

**CLASS A**

**Net asset value per share** **203.46**  
**Shares outstanding** **26,867.8911**

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

Year ended March 31, 2011

(in EUR)

<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>		<b>4,960,954.96</b>
<b>INCOME</b>		
Income from investments:		
- Bond interest, net		176,337.46
		<b>176,337.46</b>
<b>EXPENSES</b>		
Fees:		
- Management fee	(see notes)	36,281.24
- Custodian fee and safekeeping charges	(see notes)	12,167.46
Other expenses:		
- Annual tax	(see notes)	3,154.68
- Audit and legal fees		5,721.40
- Administration and other expenses	(see notes)	38,506.77
		<b>95,831.55</b>
<b>NET OPERATING RESULT</b>		<b>80,505.91</b>
Net realised result on:		
- Sales of investments	(see notes)	(34,725.66)
<b>NET REALISED RESULT</b>		<b>45,780.25</b>
Change in net unrealised appreciation/(depreciation) on:		
- Investments		(152,851.24)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>		<b>(107,070.99)</b>
<b>MOVEMENTS IN CAPITAL</b>		
Subscriptions of shares		5,308,708.03
Redemptions of shares		(4,695,957.76)
		<b>612,750.27</b>
<b>NET ASSETS AT THE END OF THE YEAR</b>		<b>5,466,634.24</b>

**TER (Total Expense Ratio) and PTR (Portfolio Turnover Rate)**

	<b>Class A</b>
TER (Total Expenses Ratio)	1.58%
PTR (Portfolio Turnover Rate)	(106.12%)

**REIMBURSEMENTS AND TRAILER FEES INFORMATION****Annual Management Fee (see notes)**

Period 04.01.10 - 03.31.11

Class A

Fee actually paid 0.60% p.a.

Maximum fee foreseen in the prospectus 0.60% p.a.

Rebates for the marketing of the Sub-Fund (state fee) to distributors and wealth managers in Switzerland are paid from the management fee.

**STATISTICAL INFORMATION**

Year ended March 31, 2011

**SHARES**

	<b>Class A</b>
Shares outstanding at the beginning of the year	24,092.3044
Subscriptions of shares	25,546.5410
Redemptions of shares	(22,770.9543)
<b>Shares outstanding at the end of the year</b>	<b>26,867.8911</b>

**NET ASSET VALUE PER SHARE**

	EUR
Highest	209.84 09.01.10
Lowest	203.46 03.31.11
<b>At the end of the year</b>	<b>203.46</b>

**CHANGES IN THE NUMBER OF SHARES,  
OF NET ASSETS AND  
OF NET ASSET VALUE PER SHARE**

Date	Share Class	Number of shares outstanding	Net Assets	Ccy	Net asset value per share
03.31.09	Class A	7,486.7836	1,513,642.61	EUR	202.18
03.31.10	Class A	24,092.3044	4,960,954.96	EUR	205.91
03.31.11	Class A	26,867.8911	5,466,634.24	EUR	203.46

**STATEMENT OF INVESTMENTS IN SECURITIES  
AND OTHER NET ASSETS**

March 31, 2011

(in EUR)

Face Value	Description	Ccy	Cost	Value per security	Market value (See notes)	% of net assets
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET</b>						
<b>BONDS</b>						
<b>AUSTRIA</b>						
80,000	AUSTRIA 5% 01.15.02 - 07.15.12	EUR	83,448.24	104.295	83,436.00	1.53
	<b>TOTAL AUSTRIA</b>		<b>83,448.24</b>		<b>83,436.00</b>	<b>1.53</b>
<b>FRANCE</b>						
180,000	FRANCE BTAN 4.5% 06.26.07 - 07.12.12	EUR	191,875.45	103.680	186,624.00	3.41
120,000	FRANCE BTAN 4.5% 07.12.08 - 07.12.13	EUR	131,260.00	105.485	126,582.00	2.32
800,000	FRANCE BTAN 2.5% 01.26.10 - 01.15.15	EUR	808,375.00	99.750	798,000.00	14.60
800,000	FRANCE BTAN 3% 06.23.09 - 07.12.14	EUR	834,389.00	101.960	815,680.00	14.92
50,000	FRANCE BTAN 3.75% 01.23.07 - 01.12.12	EUR	52,188.36	101.945	50,972.50	0.93
1,100,000	FRANCE BTAN 2% 07.12.09 - 07.12.15	EUR	1,115,937.00	97.070	1,067,770.00	19.53
400,000	FRANCE BTAN 3.75% 01.22.08 - 01.12.13	EUR	426,066.00	103.345	413,380.00	7.56
380,000	FRANCE OAT 4.75% 09.10.02 - 10.25.12	EUR	412,084.50	104.630	397,594.00	7.27
800,000	FRANCE OAT 4% 09.07.04 - 10.25.14	EUR	862,660.00	105.155	841,240.00	15.39
80,000	FRANCE OAT - PPMT 0% 10.25.02 - 10.25.12	EUR	63,911.84	97.090	77,672.00	1.42
80,000.00	FRANCE OAT - STRIP IPMT 0% 03.31.92 - 04.25.12	EUR	65,203.76	98.260	78,608.00	1.44
	<b>TOTAL FRANCE</b>		<b>4,963,950.91</b>		<b>4,854,122.50</b>	<b>88.79</b>
<b>ITALY</b>						
100,000	ITALY BUONI DEL TESORO POLIENNALI 5% 11.01.01 - 02.01.12	EUR	104,530.00	102.630	102,630.00	1.88
	<b>TOTAL ITALY</b>		<b>104,530.00</b>		<b>102,630.00</b>	<b>1.88</b>

The notes are an integral part of these financial statements

## BOND SUB-FUNDS

Face Value	Description	Ccy	Cost	Value per security	Market value (See notes)	% of net assets
	<b>SPAIN</b>					
80,000	SPAIN 3.9% 01.16.07 - 10.31.12	EUR	79,253.60	101.580	81,264.00	1.49
	<b>TOTAL SPAIN</b>		<b>79,253.60</b>		<b>81,264.00</b>	<b>1.49</b>
	<b>TOTAL BONDS</b>		<b>5,231,182.75</b>		<b>5,121,452.50</b>	<b>93.69</b>
	<b>TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET</b>		<b>5,231,182.75</b>		<b>5,121,452.50</b>	<b>93.69</b>
	<b>TOTAL INVESTMENTS IN SECURITIES</b>		<b>5,231,182.75</b>		<b>5,121,452.50</b>	<b>93.69</b>
	Cash				301,135.26	5.51
	Other assets and liabilities				44,046.48	0.80
	<b>TOTAL NET ASSETS</b>				<b>5,466,634.24</b>	<b>100.00</b>

The notes are an integral part of these financial statements

**GEOGRAPHICAL CLASSIFICATION  
OF THE INVESTMENTS IN SECURITIES**

March 31, 2011

(in %)

<b>COUNTRIES</b>	<b>% of net assets</b>
France	88.79
Italy	1.88
Austria	1.53
Spain	1.49
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>93.69</b>
Other assets/liabilities and liquid assets	6.31
<b>NET ASSETS</b>	<b>100.00</b>

**ECONOMIC CLASSIFICATION  
OF THE INVESTMENTS IN SECURITIES**

March 31, 2011

(in %)

<b>ECONOMIC SECTORS</b>	<b>% of net assets</b>
Government bonds	93.69
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>93.69</b>
Other assets/liabilities and liquid assets	6.31
<b>NET ASSETS</b>	<b>100.00</b>

**STATEMENT OF NET ASSETS**

March 31, 2011  
(in EUR)

**ASSETS**

Portfolio:	(see notes)	
- Cost		190,037.54
- Net unrealised result		1,892.46
		<b>191,930.00</b>
Cash:		
- Cash at sight		6,770.91
Other assets:		
- Interest receivable		3,738.15
		<b>202,439.06</b>

**LIABILITIES**

Other liabilities:		
- Taxes and expenses payable		64.76
- Other		614.62
		<b>679.38</b>

**NET ASSETS** **201,759.68**

**CLASS A**

Net asset value per share	<b>219.97</b>
Shares outstanding	<b>917.2311</b>

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

Year ended March 31, 2011

(in EUR)

<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>		<b>282,679.13</b>
<b>INCOME</b>		
Income from investments:		
- Bond interest, net		10,209.04
		<b>10,209.04</b>
<b>EXPENSES</b>		
Fees:		
- Custodian fee and safekeeping charges	(see notes)	1.62
Other expenses:		
- Annual tax	(see notes)	135.95
- Audit and legal fees		286.41
- Administration and other expenses	(see notes)	1,935.38
		<b>2,359.36</b>
<b>NET OPERATING RESULT</b>		<b>7,849.68</b>
Net realised result on:		
- Sales of investments	(see notes)	2,596.34
<b>NET REALISED RESULT</b>		<b>10,446.02</b>
Change in net unrealised appreciation/(depreciation) on:		
- Investments		(12,325.80)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>		<b>(1,879.78)</b>
<b>MOVEMENTS IN CAPITAL</b>		
Subscriptions of shares		61,304.08
Redemptions of shares		(140,343.75)
		<b>(79,039.67)</b>
<b>NET ASSETS AT THE END OF THE YEAR</b>		<b>201,759.68</b>

**TER (Total Expense Ratio) and PTR (Portfolio Turnover Rate)**

	<b>Class A</b>
TER (Total Expenses Ratio)	0.84%
PTR (Portfolio Turnover Rate)	(30.00%)

**REIMBURSEMENTS AND TRAILER FEES INFORMATION**

**Annual Management Fee (see notes)**

Period 04.01.10 - 03.31.11

Class A

Fee actually paid 0% p.a.

Maximum fee foreseen in the prospectus 0.60% p.a.

Rebates for the marketing of the Sub-Fund (state fee) to distributors and wealth managers in Switzerland are paid from the management fee.

**STATISTICAL INFORMATION**

Year ended March 31, 2011

**SHARES**

	<b>Class A</b>
Shares outstanding at the beginning of the year	1,275.0944
Subscriptions of shares	269.1251
Redemptions of shares	(626.9884)
<b>Shares outstanding at the end of the year</b>	<b>917.2311</b>

**NET ASSET VALUE PER SHARE**

EUR

Highest	232.54 09.01.10
Lowest	219.74 03.09.11
<b>At the end of the year</b>	<b>219.97</b>

**CHANGES IN THE NUMBER OF SHARES,  
OF NET ASSETS AND  
OF NET ASSET VALUE PER SHARE**

Date	Share Class	Number of shares outstanding	Net Assets	Ccy	Net asset value per share
03.31.09	Class A	1,406.7474	293,009.26	EUR	208.29
03.31.10	Class A	1,275.0944	282,679.13	EUR	221.69
03.31.11	Class A	917.2311	201,759.68	EUR	219.97

**STATEMENT OF INVESTMENTS IN SECURITIES  
AND OTHER NET ASSETS**

March 31, 2011

(in EUR)

Face Value	Description	Ccy	Cost	Value per security	Market value (See notes)	% of net assets
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET</b>						
<b>BONDS</b>						
<b>AUSTRIA</b>						
40,000	AUSTRIA - SERIES 2 4.65% 01.20.03 - 01.15.18	EUR	41,664.40	107.545	43,018.00	21.32
<b>TOTAL AUSTRIA</b>			<b>41,664.40</b>		<b>43,018.00</b>	<b>21.32</b>
<b>FRANCE</b>						
10,000	FRANCE OAT 5% 02.06.01 - 10.25.16	EUR	10,751.40	109.865	10,986.50	5.45
30,000	FRANCE OAT 4.25% 04.25.03 - 04.25.19	EUR	29,453.85	105.315	31,594.50	15.66
25,000	FRANCE OAT 2.5% 10.12.10 - 10.25.20	EUR	23,646.45	90.400	22,600.00	11.20
20,000	FRANCE OAT 3.75% 01.09.07 - 04.25.17	EUR	19,196.00	103.235	20,647.00	10.23
20,000	FRANCE OAT 3.5% 02.08.05 - 04.25.15	EUR	20,341.60	103.200	20,640.00	10.23
<b>TOTAL FRANCE</b>			<b>103,389.30</b>		<b>106,468.00</b>	<b>52.77</b>
<b>ITALY</b>						
40,000	ITALY BUONI DEL TESORO POLIENNALI 5.25% 02.01.02 - 08.01.17	EUR	44,983.84	106.110	42,444.00	21.04
<b>TOTAL ITALY</b>			<b>44,983.84</b>		<b>42,444.00</b>	<b>21.04</b>
<b>TOTAL BONDS</b>			<b>190,037.54</b>		<b>191,930.00</b>	<b>95.13</b>
<b>TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET</b>			<b>190,037.54</b>		<b>191,930.00</b>	<b>95.13</b>
<b>TOTAL INVESTMENTS IN SECURITIES</b>			<b>190,037.54</b>		<b>191,930.00</b>	<b>95.13</b>
Cash					6,770.91	3.36
Other assets and liabilities					3,058.77	1.51
<b>TOTAL NET ASSETS</b>					<b>201,759.68</b>	<b>100.00</b>

The notes are an integral part of these financial statements

**GEOGRAPHICAL CLASSIFICATION  
OF THE INVESTMENTS IN SECURITIES**

March 31, 2011

(in %)

<b>COUNTRIES</b>	<b>% of net assets</b>
France	52.77
Austria	21.32
Italy	21.04
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>95.13</b>
Other assets/liabilities and liquid assets	4.87
<b>NET ASSETS</b>	<b>100.00</b>

**ECONOMIC CLASSIFICATION  
OF THE INVESTMENTS IN SECURITIES**

March 31, 2011

(in %)

<b>ECONOMIC SECTORS</b>	<b>% of net assets</b>
Government bonds	95.13
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>95.13</b>
Other assets/liabilities and liquid assets	4.87
<b>NET ASSETS</b>	<b>100.00</b>

**STATEMENT OF NET ASSETS**

March 31, 2011  
(in EUR)

**ASSETS**

Portfolio:	(see notes)	
- Cost		1,821,828.44
- Net unrealised result		(27,163.44)
		<b>1,794,665.00</b>
Cash:		
- Cash at sight		276,549.37
Other assets:		
- Interest receivable		44,616.89
		<b>2,115,831.26</b>

**LIABILITIES**

Other liabilities:		
- Taxes and expenses payable		3,731.66
- Other		1,278.33
		<b>5,009.99</b>

**NET ASSETS** **2,110,821.27**

**CLASS A**

Net asset value per share	<b>183.18</b>
Shares outstanding	<b>11,523.0146</b>

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

Year ended March 31, 2011

(in EUR)

<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>		<b>2,257,619.73</b>
<b>INCOME</b>		
Income from investments:		
- Bond interest, net		91,157.40
		<b>91,157.40</b>
<b>EXPENSES</b>		
Fees:		
- Management fee	(see notes)	8,649.94
- Custodian fee and safekeeping charges	(see notes)	1,321.14
Other expenses:		
- Annual tax	(see notes)	214.72
- Audit and legal fees		3,078.23
- Administration and other expenses	(see notes)	11,592.83
		<b>24,856.86</b>
<b>NET OPERATING RESULT</b>		<b>66,300.54</b>
Net realised result on:		
- Sales of investments	(see notes)	(66,071.83)
<b>NET REALISED RESULT</b>		<b>228.71</b>
Change in net unrealised appreciation/(depreciation) on:		
- Investments		(1,332.26)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>		<b>(1,103.55)</b>
<b>MOVEMENTS IN CAPITAL</b>		
Subscriptions of shares		4,948.02
Redemptions of shares		(150,642.93)
		<b>(145,694.91)</b>
<b>NET ASSETS AT THE END OF THE YEAR</b>		<b>2,110,821.27</b>

**TER (Total Expense Ratio) and PTR (Portfolio Turnover Rate)**

	<b>Class A</b>
TER (Total Expenses Ratio)	1.15%
PTR (Portfolio Turnover Rate)	225.21%

**REIMBURSEMENTS AND TRAILER FEES INFORMATION**

**Annual Management Fee (see notes)**

Period 04.01.10 - 03.31.11

Class A

Fee actually paid 0.40% p.a.

Maximum fee foreseen in the prospectus 0.40% p.a.

Rebates for the marketing of the Sub-Fund (state fee) to distributors and wealth managers in Switzerland are paid from the management fee.

**STATISTICAL INFORMATION**

Year ended March 31, 2011

**SHARES**

	<b>Class A</b>
Shares outstanding at the beginning of the year	12,318.9025
Subscriptions of shares	27.0000
Redemptions of shares	(822.8879)
<b>Shares outstanding at the end of the year</b>	<b>11,523.0146</b>

**NET ASSET VALUE PER SHARE**

EUR

Highest	183.34 04.09.10
Lowest	182.81 07.19.10
<b>At the end of the year</b>	<b>183.18</b>

**CHANGES IN THE NUMBER OF SHARES,  
OF NET ASSETS AND  
OF NET ASSET VALUE PER SHARE**

Date	Share Class	Number of shares outstanding	Net Assets	Ccy	Net asset value per share
03.31.09	Class A	25,281.0635	4,588,817.77	EUR	181.51
03.31.10	Class A	12,318.9025	2,257,619.73	EUR	183.26
03.31.11	Class A	11,523.0146	2,110,821.27	EUR	183.18

**STATEMENT OF INVESTMENTS IN SECURITIES  
AND OTHER NET ASSETS**

March 31, 2011

(in EUR)

Face Value	Description	Ccy	Cost	Value per security	Market value (See notes)	% of net assets
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET</b>						
<b>BONDS</b>						
<b>AUSTRALIA</b>						
50,000	TELSTRA CORPORATION LIMITED EMTN 6.375% 06.29.01 - 06.29.11	EUR	51,459.00	101.120	50,560.00	2.40
	<b>TOTAL AUSTRALIA</b>		<b>51,459.00</b>		<b>50,560.00</b>	<b>2.40</b>
<b>BELGIUM</b>						
50,000	BELGACOM SA EMTN 4.125% 11.23.06 - 11.23.11	EUR	51,134.00	101.555	50,777.50	2.41
	<b>TOTAL BELGIUM</b>		<b>51,134.00</b>		<b>50,777.50</b>	<b>2.41</b>
<b>FRANCE</b>						
50,000	AIR LIQUIDE FINANCE EMTN 5.25% 12.28.01 - 12.28.11	EUR	51,966.50	102.680	51,340.00	2.42
50,000	BANQUE PSA FINANCE EMTN 3.625% 10.01.09 - 10.14.11	EUR	50,692.50	100.892	50,446.00	2.39
50,000	CASINO GUICHARD PERRACHON EMTN 4.75% 07.21.04 - 07.21.11	EUR	51,433.50	100.935	50,467.50	2.39
50,000	COMPAGNIE DE SAINT-GOBAIN SA 4.25% 05.31.06 - 05.31.11	EUR	51,153.00	100.460	50,230.00	2.38
50,000	CREDIT AGRICOLE SA LONDON EMTN REGS 4.875% 04.08.08 - 04.08.11	EUR	51,547.50	100.035	50,017.50	2.37
50,000	KLEPIERRE SA 4.625% 07.15.04 - 07.15.11	EUR	51,455.00	100.780	50,390.00	2.39
50,000	RCI BANQUE SA FRN EMTN INDEXE SUR RATING 4% 09.16.09 - 10.21.11	EUR	50,930.00	101.105	50,552.50	2.39
50,000	SCHNEIDER ELECTRIC SA FRN EMTN 1.206% 07.17.06 - 07.18.11	EUR	50,110.00	100.015	50,007.50	2.37
50,000	UNIBAIL RODAMCO SE EMTN 4% 10.29.04 - 10.29.11	EUR	51,135.00	101.245	50,622.50	2.40
50,000	VIVENDI SA 3.875% 02.15.05 - 02.15.12	EUR	51,018.00	101.610	50,805.00	2.41
	<b>TOTAL FRANCE</b>		<b>511,441.00</b>		<b>504,878.50</b>	<b>23.91</b>
<b>GERMANY</b>						
50,000	BASF SE 4% 04.21.06 - 04.21.11	EUR	51,222.94	100.140	50,070.00	2.37
50,000	DAIMLER INTERNATIONAL FINANCE BV EMTN 7.75% 03.26.09 - 03.26.12	EUR	52,855.00	105.331	52,665.50	2.50
50,000	DEUTSCHE TELEKOM INTERNATIONAL FINANCE NV EUR - STEP CPN 7.125% 07.11.01 - 07.11.11	EUR	52,463.00	101.505	50,752.50	2.40
50,000	MERCK FINANCIAL SERVICES GMBH EMTN 2.125% 03.24.10 - 03.26.12	EUR	50,181.50	100.180	50,090.00	2.37
50,000	METRO AG EMTN 3.625% 06.24.09 - 06.24.11	EUR	51,005.00	100.480	50,240.00	2.38
50,000	VOLKSWAGEN INTERNATIONAL FINANCE NV EMTN 5.625% 02.09.09 - 02.09.12	EUR	51,640.00	103.040	51,520.00	2.44

The notes are an integral part of these financial statements

## BOND SUB-FUNDS

Face Value	Description	Ccy	Cost	Value per security	Market value (See notes)	% of net assets
70,000	VOLKSWAGEN INTERNATIONAL FINANCE NV EMTN 5.25% 04.01.09 - 04.01.11	EUR	72,515.00	100.015	70,010.50	3.32
	<b>TOTAL GERMANY</b>		<b>381,882.44</b>		<b>375,348.50</b>	<b>17.78</b>
	<b>ITALY</b>					
50,000	TELECOM ITALIA SPA EMTN 6.25% 02.01.02 - 02.01.12	EUR	52,091.50	103.365	51,682.50	2.45
	<b>TOTAL ITALY</b>		<b>52,091.50</b>		<b>51,682.50</b>	<b>2.45</b>
	<b>JAPAN</b>					
50,000	TOYOTA CREDIT CANADA INC EMTN 3.875% 09.26.06 - 10.05.11	EUR	51,186.50	100.985	50,492.50	2.39
	<b>TOTAL JAPAN</b>		<b>51,186.50</b>		<b>50,492.50</b>	<b>2.39</b>
	<b>NETHERLANDS</b>					
50,000	CEZ FINANCE BV 4.625% 06.08.04 - 06.08.11	EUR	50,985.00	100.565	50,282.50	2.38
50,000	KONINKLIJKE KPN NV EMTN 4.5% 07.21.04 - 07.21.11	EUR	51,309.00	100.880	50,440.00	2.39
	<b>TOTAL NETHERLANDS</b>		<b>102,294.00</b>		<b>100,722.50</b>	<b>4.77</b>
	<b>POLAND</b>					
50,000	TPSA EUROFINANCE FRANCE SA 4.625% 07.05.04 - 07.05.11	EUR	51,113.00	100.745	50,372.50	2.39
	<b>TOTAL POLAND</b>		<b>51,113.00</b>		<b>50,372.50</b>	<b>2.39</b>
	<b>SWITZERLAND</b>					
50,000	ABB INTERNATIONAL FINANCE LTD EMTN 6.5% 11.24.03 - 11.30.11	EUR	52,551.50	103.095	51,547.50	2.44
	<b>TOTAL SWITZERLAND</b>		<b>52,551.50</b>		<b>51,547.50</b>	<b>2.44</b>
	<b>UNITED KINGDOM</b>					
50,000	LLOYDS TSB BANK PLC EMTN 4.375% 04.17.09 - 04.19.11	EUR	51,295.00	100.126	50,063.00	2.37
	<b>TOTAL UNITED KINGDOM</b>		<b>51,295.00</b>		<b>50,063.00</b>	<b>2.37</b>
	<b>UNITED STATES OF AMERICA</b>					
50,000	CATERPILLAR INTERNATIONAL FINANCE LTD EMTN 5.25% 05.09.08 - 05.09.11	EUR	51,657.00	100.400	50,200.00	2.38
50,000	GE CAPITAL EUROPEAN FUNDING EMTN 3.375% 02.08.05 - 02.08.12	EUR	50,766.00	101.275	50,637.50	2.40
50,000	JOHN DEERE BANK SA EMTN 6% 06.23.08 - 06.23.11	EUR	52,190.00	101.000	50,500.00	2.39
50,000	JPMORGAN CHASE & CO 6% 08.01.08 - 08.01.11	EUR	52,098.00	101.510	50,755.00	2.40
50,000	KRAFT FOODS INC 5.75% 03.20.08 - 03.20.12	EUR	51,850.00	103.385	51,692.50	2.45
50,000	MERRILL LYNCH & CO INC EMTN 4.2% 10.31.06 - 10.31.11	EUR	50,997.00	101.320	50,660.00	2.40
50,000	MORGAN STANLEY EMTN 4.375% 01.16.07 - 02.10.12	EUR	51,201.00	101.885	50,942.50	2.41
50,000	PHILIP MORRIS INTERNATIONAL INC 5.625% 09.04.08 - 09.06.11	EUR	51,585.50	101.690	50,845.00	2.41

The notes are an integral part of these financial statements

## BOND SUB-FUNDS

Face Value	Description	Ccy	Cost	Value per security	Market value (See notes)	% of net assets
50,000	VERIZON WIRELESS CAPITAL 7.625% 12.18.08 - 12.19.11	EUR	53,036.00	103.975	51,987.50	2.47
	<b>TOTAL UNITED STATES OF AMERICA</b>		<b>465,380.50</b>		<b>458,220.00</b>	<b>21.71</b>
	<b>TOTAL BONDS</b>		<b>1,821,828.44</b>		<b>1,794,665.00</b>	<b>85.02</b>
	<b>TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET</b>		<b>1,821,828.44</b>		<b>1,794,665.00</b>	<b>85.02</b>
	<b>TOTAL INVESTMENTS IN SECURITIES</b>		<b>1,821,828.44</b>		<b>1,794,665.00</b>	<b>85.02</b>
	Cash				276,549.37	13.10
	Other assets and liabilities				39,606.90	1.88
	<b>TOTAL NET ASSETS</b>				<b>2,110,821.27</b>	<b>100.00</b>

The notes are an integral part of these financial statements

**GEOGRAPHICAL CLASSIFICATION  
OF THE INVESTMENTS IN SECURITIES**

March 31, 2011

(in %)

<b>COUNTRIES</b>	<b>% of net assets</b>
France	23.91
United States of America	21.71
Germany	17.78
Netherlands	4.77
Italy	2.45
Switzerland	2.44
Belgium	2.41
Australia	2.40
Poland	2.39
Japan	2.39
United Kingdom	2.37
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>85.02</b>
Other assets/liabilities and liquid assets	14.98
<b>NET ASSETS</b>	<b>100.00</b>

**ECONOMIC CLASSIFICATION  
OF THE INVESTMENTS IN SECURITIES**  
March 31, 2011  
(in %)

<b>ECONOMIC SECTORS</b>	<b>% of net assets</b>
Holding and finance companies	37.05
Data transmission	12.06
Banks and other credit institutions	7.14
Real estate companies	4.79
Retail trade	4.77
Other	2.47
Foodstuffs and non-alcoholic drinks	2.45
Tobacco and alcohol	2.41
Internet and software services	2.39
Building and building materials	2.38
Electrotechnical and electronic industry	2.37
Pharmaceutical and cosmetics industry	2.37
Chemicals	2.37
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>85.02</b>
Other assets/liabilities and liquid assets	14.98
<b>NET ASSETS</b>	<b>100.00</b>

**STATEMENT OF NET ASSETS**

March 31, 2011  
(in EUR)

**ASSETS**

Portfolio:	(see notes)	
- Cost		2,539,769.58
- Net unrealised result		(27,195.91)
		<b>2,512,573.67</b>
Cash:		
- Cash at sight		27,226.30
Other assets:		
- Interest receivable		55,624.97
		<b>2,595,424.94</b>

**LIABILITIES**

Other liabilities:		
- Taxes and expenses payable		1,824.93
- Other		6,864.04
		<b>8,688.97</b>

**NET ASSETS** **2,586,735.97**

**CLASS A**

Net asset value per share	<b>217.94</b>
Shares outstanding	<b>11,869.1899</b>

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

Year ended March 31, 2011

(in EUR)

<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>		<b>3,071,732.28</b>
<b>INCOME</b>		
Income from investments:		
- Bond interest, net		135,470.21
		<b>135,470.21</b>
<b>EXPENSES</b>		
Bank interest, net		29.41
Fees:		
- Custodian fee and safekeeping charges	(see notes)	35.38
Other expenses:		
- Annual tax	(see notes)	1,482.58
- Audit and legal fees		3,728.62
- Administration and other expenses	(see notes)	22,911.27
		<b>28,187.26</b>
<b>NET OPERATING RESULT</b>		<b>107,282.95</b>
Net realised result on:		
- Sales of investments	(see notes)	36,615.62
<b>NET REALISED RESULT</b>		<b>143,898.57</b>
Change in net unrealised appreciation/(depreciation) on:		
- Investments		(131,298.60)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>		<b>12,599.97</b>
<b>MOVEMENTS IN CAPITAL</b>		
Subscriptions of shares		1,770,075.12
Redemptions of shares		(2,267,671.40)
		<b>(497,596.28)</b>
<b>NET ASSETS AT THE END OF THE YEAR</b>		<b>2,586,735.97</b>

**TER (Total Expense Ratio) and PTR (Portfolio Turnover Rate)**

	<b>Class A</b>
TER (Total Expenses Ratio)	0.92%
PTR (Portfolio Turnover Rate)	(45.12%)

**REIMBURSEMENTS AND TRAILER FEES INFORMATION**

**Annual Management Fee (see notes)**

Period 04.01.10 - 03.31.11

Class A

Fee actually paid 0% p.a.

Maximum fee foreseen in the prospectus 0.80% p.a.

Rebates for the marketing of the Sub-Fund (state fee) to distributors and wealth managers in Switzerland are paid from the management fee.

**STATISTICAL INFORMATION**

Year ended March 31, 2011

**SHARES**

	<b>Class A</b>
Shares outstanding at the beginning of the year	14,188.6570
Subscriptions of shares	8,073.5587
Redemptions of shares	(10,393.0258)
<b>Shares outstanding at the end of the year</b>	<b>11,869.1899</b>

**NET ASSET VALUE PER SHARE**

	EUR
Highest	222.59 08.25.10
Lowest	216.18 05.10.10
<b>At the end of the year</b>	<b>217.94</b>

**CHANGES IN THE NUMBER OF SHARES,  
OF NET ASSETS AND  
OF NET ASSET VALUE PER SHARE**

Date	Share Class	Number of shares outstanding	Net Assets	Ccy	Net asset value per share
03.31.09	Class A	9,470.5887	1,840,654.91	EUR	194.35
03.31.10	Class A	14,188.6570	3,071,732.28	EUR	216.49
03.31.11	Class A	11,869.1899	2,586,735.97	EUR	217.94

## BOND SUB-FUNDS

**STATEMENT OF INVESTMENTS IN SECURITIES  
AND OTHER NET ASSETS**

March 31, 2011

(in EUR)

Face Value	Description	Ccy	Cost	Value per security	Market value (See notes)	% of net assets
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET</b>						
<b>BONDS</b>						
<b>BELGIUM</b>						
50,000	ANHEUSER-BUSCH INBEV NV EMTN 4% 04.26.10 - 04.26.18	EUR	50,374.50	99.995	49,997.50	1.93
55,000	DEXIA CREDIT LOCAL DE FRANCE EMTN 5.375% 07.21.09 - 07.21.14	EUR	54,876.70	102.540	56,397.00	2.18
	<b>TOTAL BELGIUM</b>		<b>105,251.20</b>		<b>106,394.50</b>	<b>4.11</b>
<b>CZECH REPUBLIC</b>						
50,000	CEZ AS EMTN 5.75% 05.26.09 - 05.26.15	EUR	50,030.50	107.820	53,910.00	2.08
	<b>TOTAL CZECH REPUBLIC</b>		<b>50,030.50</b>		<b>53,910.00</b>	<b>2.08</b>
<b>DENMARK</b>						
50,000	CARLSBERG AS EMTN 3.375% 10.13.10 - 10.13.17	EUR	49,840.00	95.135	47,567.50	1.84
	<b>TOTAL DENMARK</b>		<b>49,840.00</b>		<b>47,567.50</b>	<b>1.84</b>
<b>FRANCE</b>						
50,000	ALSTOM 4% 09.23.09 - 09.23.14	EUR	50,573.00	101.452	50,726.00	1.96
50,000	ARKEMA 4% 10.25.10 - 10.25.17	EUR	49,675.00	96.990	48,495.00	1.87
50,000	BOUYGUES 3.641% 10.29.10 - 10.29.19	EUR	48,508.00	95.005	47,502.50	1.84
50,000	CASINO GUICHARD PERRACHON EMTN 6.375% 04.04.08 - 04.04.13	EUR	49,976.00	106.505	53,252.50	2.06
59,001	CREDIT AGRICOLE SA SERIES TSR 5.1% 06.05.02 - 06.05.12	EUR	61,695.63	101.980	60,169.22	2.33
50,000	EDENRED SA EMTN 3.625% 10.06.10 - 10.06.17	EUR	49,705.25	94.540	47,270.00	1.83
50,000	MICHELIN LUXEMBOURG SCS EMTN 8.625% 04.24.09 - 04.24.14	EUR	59,598.00	114.595	57,297.50	2.22
50,000	PPR SA 3.75% 04.08.10 - 04.08.15	EUR	50,714.20	100.085	50,042.50	1.93
50,000	RCI BANQUE SA EMTN 5.25% 05.27.08 - 05.27.11	EUR	49,922.00	100.535	50,267.50	1.94
50,000	RCI BANQUE SA EMTN 3.25% 01.17.11 - 01.17.14	EUR	49,882.50	98.695	49,347.50	1.91
59,001	SAINT GOBAIN NEDERLAND BV 5% 06.22.04 - 04.25.14	EUR	58,699.50	104.795	61,830.10	2.39
60,000	SODEXO EMTN 6.25% 01.30.09 - 01.30.15	EUR	64,834.00	109.520	65,712.00	2.54
50,000	THALES EMTN 2.75% 10.19.10 - 10.19.16	EUR	49,775.00	93.640	46,820.00	1.81
50,000	VIVENDI 4% 03.31.10 - 03.31.17	EUR	50,446.50	98.715	49,357.50	1.91
	<b>TOTAL FRANCE</b>		<b>744,004.58</b>		<b>738,089.82</b>	<b>28.54</b>

The notes are an integral part of these financial statements

## BOND SUB-FUNDS

Face Value	Description	Ccy	Cost	Value per security	Market value (See notes)	% of net assets
<b>GERMANY</b>						
47,000	DEUTSCHE BANK AG STEP EMTN 1.878% 01.16.04 - 01.16.14	EUR	46,760.77	98.500	46,295.00	1.79
60,000	DEUTSCHE TELEKOM INTERNATIONAL FINANCE BV EMTN 6% 01.20.09 - 01.20.17	EUR	65,979.50	111.065	66,639.00	2.57
31,000	MERCK FINANCIAL SERVICES GMBH EMTN 3.375% 03.24.10 - 03.24.15	EUR	31,028.39	99.730	30,916.30	1.20
50,000	METRO AG EMTN 5.75% 07.14.09 - 07.14.14	EUR	50,518.34	107.360	53,680.00	2.08
	<b>TOTAL GERMANY</b>		<b>194,287.00</b>		<b>197,530.30</b>	<b>7.64</b>
<b>IRELAND</b>						
50,000	LEASEPLAN FINANCE NV EMTN 3.75% 03.18.10 - 03.18.13	EUR	50,077.50	100.545	50,272.50	1.94
	<b>TOTAL IRELAND</b>		<b>50,077.50</b>		<b>50,272.50</b>	<b>1.94</b>
<b>ITALY</b>						
60,000	FINMECCANICA FINANCE SA EMTN 5.75% 12.12.03 - 12.12.18	EUR	64,555.60	106.070	63,642.00	2.46
50,000	ITALCEMENTI FABBRICHE RIUNITE CEMENTO SPA EMTN 5.375% 03.19.10 - 03.19.20	EUR	49,713.85	95.160	47,580.00	1.84
100,000	ITALY BUONI DEL TESORO POLIENNALI 4.25% 04.15.08 - 04.15.13	EUR	105,634.00	102.860	102,860.00	3.98
50,000	LOTTOMATICA SPA 5.375% 12.03.09 - 12.05.16	EUR	51,674.50	100.055	50,027.50	1.93
60,000	TELECOM ITALIA SPA 8.25% 03.19.09 - 03.21.16	EUR	70,135.05	116.010	69,606.00	2.69
	<b>TOTAL ITALY</b>		<b>341,713.00</b>		<b>333,715.50</b>	<b>12.90</b>
<b>LUXEMBOURG</b>						
50,000	ARCELORMITTAL SA 4.625% 11.18.10 - 11.17.17	EUR	49,758.50	99.229	49,614.50	1.92
	<b>TOTAL LUXEMBOURG</b>		<b>49,758.50</b>		<b>49,614.50</b>	<b>1.92</b>
<b>NETHERLANDS</b>						
50,000	AEGON GLOBAL INSTITUTIONAL MARKETS PLC EMTN 4.25% 01.23.07 - 01.23.12	EUR	49,913.00	101.380	50,690.00	1.96
50,000	AKZO NOBEL NV 4.25% 06.13.03 - 06.14.11	EUR	51,327.00	100.565	50,282.50	1.94
60,000	KONINKLIJKE KPN NV EMTN 4.75% 11.13.06 - 01.17.17	EUR	61,450.00	103.925	62,355.00	2.41
	<b>TOTAL NETHERLANDS</b>		<b>162,690.00</b>		<b>163,327.50</b>	<b>6.31</b>
<b>SPAIN</b>						
50,000	GAS NATURAL FINANCE BV EMTN 5.25% 07.09.09 - 07.09.14	EUR	49,998.15	103.445	51,722.50	2.00
50,000	TELEFONICA EMISIONES SA EMTN 3.406% 03.24.10 - 03.24.15	EUR	50,100.00	98.255	49,127.50	1.90
	<b>TOTAL SPAIN</b>		<b>100,098.15</b>		<b>100,850.00</b>	<b>3.90</b>
<b>SWITZERLAND</b>						
50,000	BAT INTERNATIONAL FINANCE PLC EMTN 5.875% 03.12.08 - 03.12.15	EUR	49,851.00	108.545	54,272.50	2.10
	<b>TOTAL SWITZERLAND</b>		<b>49,851.00</b>		<b>54,272.50</b>	<b>2.10</b>
<b>UNITED KINGDOM</b>						
87,000	BARCLAYS BANK PLC EMTN 5.25% 05.27.09 - 05.27.14	EUR	86,924.26	104.895	91,258.65	3.52
50,000	IMPERIAL TOBACCO FINANCE PLC EMTN 8.375% 02.17.09 - 02.17.16	EUR	61,904.50	118.455	59,227.50	2.29

The notes are an integral part of these financial statements

## BOND SUB-FUNDS

Face Value	Description	Ccy	Cost	Value per security	Market value (See notes)	% of net assets
50,000	LLOYDS TSB BANK PLC EMTN 6.375% 06.19.09 - 06.17.16	EUR	55,228.50	106.355	53,177.50	2.06
60,000	SABMILLER PLC EMTN 4.5% 07.17.09 - 01.20.15	EUR	60,982.00	103.155	61,893.00	2.39
56,000	THAMES WATER UTILITIES CAYMAN FINANCE LTD EMTN 3.25% 11.09.10 - 11.09.16	EUR	56,051.84	96.815	54,216.40	2.10
50,000	WPP GROUP PLC EMTN 6.625% 05.12.08 - 05.12.16	EUR	55,618.40	111.235	55,617.50	2.15
	<b>TOTAL UNITED KINGDOM</b>		<b>376,709.50</b>		<b>375,390.55</b>	<b>14.51</b>
	<b>UNITED STATES OF AMERICA</b>					
50,000	BANK OF AMERICA CORP 7% 06.10.09 - 06.15.16	EUR	55,603.50	109.810	54,905.00	2.12
60,000	CITIGROUP INC EMTN 7.375% 08.04.09 - 09.04.19	EUR	66,155.80	113.750	68,250.00	2.64
56,000	GE CAPITAL EUROPEAN FUNDING EMTN 4.25% 03.01.10 - 03.01.17	EUR	55,874.32	100.475	56,266.00	2.18
50,000	KRAFT FOODS INC EMTN 6.25% 03.20.08 - 03.20.15	EUR	57,834.00	109.735	54,867.50	2.12
30,000	LEHMAN BROTHERS HOLDINGS INC FRN EMTN - IN DEFAULT OF PAYMENT 5.218% 11.09.04 - 11.09.09	EUR	29,991.03	24.500	7,350.00	0.28
	<b>TOTAL UNITED STATES OF AMERICA</b>		<b>265,458.65</b>		<b>241,638.50</b>	<b>9.34</b>
	<b>TOTAL BONDS</b>		<b>2,539,769.58</b>		<b>2,512,573.67</b>	<b>97.13</b>
	<b>TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET</b>		<b>2,539,769.58</b>		<b>2,512,573.67</b>	<b>97.13</b>
	<b>TOTAL INVESTMENTS IN SECURITIES</b>		<b>2,539,769.58</b>		<b>2,512,573.67</b>	<b>97.13</b>
	Cash				27,226.30	1.05
	Other assets and liabilities				46,936.00	1.82
	<b>TOTAL NET ASSETS</b>				<b>2,586,735.97</b>	<b>100.00</b>

The notes are an integral part of these financial statements

**GEOGRAPHICAL CLASSIFICATION  
OF THE INVESTMENTS IN SECURITIES**

March 31, 2011

(in %)

<b>COUNTRIES</b>	<b>% of net assets</b>
France	28.54
United Kingdom	14.51
Italy	12.90
United States of America	9.34
Germany	7.64
Netherlands	6.31
Belgium	4.11
Spain	3.90
Switzerland	2.10
Czech Republic	2.08
Ireland	1.94
Luxembourg	1.92
Denmark	1.84
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>97.13</b>
Other assets/liabilities and liquid assets	2.87
<b>NET ASSETS</b>	<b>100.00</b>

**ECONOMIC CLASSIFICATION  
OF THE INVESTMENTS IN SECURITIES**  
March 31, 2011  
(in %)

<b>ECONOMIC SECTORS</b>	<b>% of net assets</b>
Holding and finance companies	25.76
Banks and other credit institutions	16.64
Other	7.00
Building and building materials	6.07
Retail trade	6.07
Data transmission	4.31
Energy and public utilities	4.18
Government bonds	3.98
Hotels, restaurants and leisure	3.84
Chemicals	3.81
Tobacco and alcohol	3.77
Graphic industry and publishing houses	2.69
Foodstuffs and non-alcoholic drinks	2.12
Electrotechnical and electronic industry	1.96
Mining industry	1.92
Aeronautical and astronomical industry	1.81
Pharmaceutical and cosmetics industry	1.20
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>97.13</b>
Other assets/liabilities and liquid assets	2.87
<b>NET ASSETS</b>	<b>100.00</b>

**STATEMENT OF NET ASSETS**

March 31, 2011

(in EUR)

**ASSETS**

Portfolio:	(see notes)	
- Cost		26,039,314.81
- Net unrealised result		1,606,080.09
		<b>27,645,394.90</b>
Cash:		
- Cash at sight		812,683.23
Other assets:		
- Interest receivable		202,504.83
- Unrealised gain on forward foreign exchange contracts	(see notes)	242,218.69
		<b>28,902,801.65</b>

**LIABILITIES**

Other liabilities:		
- Taxes and expenses payable		118,659.20
- Unrealised loss on forward foreign exchange contracts	(see notes)	196,724.39
- Other		63,099.84
		<b>378,483.43</b>

**NET ASSETS** **28,524,318.22**

**CLASS A**

Net asset value per share	220.46
Shares outstanding	<b>129,384.9465</b>

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

Year ended March 31, 2011

(in EUR)

<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>		<b>47,909,799.99</b>
<b>INCOME</b>		
Income from investments:		
- Bond interest, net		1,168,232.66
Other income		298.19
		<b>1,168,530.85</b>
<b>EXPENSES</b>		
Bank interest, net		2,691.67
Fees:		
- Management fee	(see notes)	394,882.80
- Custodian fee and safekeeping charges	(see notes)	65,901.80
Other expenses:		
- Annual tax	(see notes)	14,960.08
- Audit and legal fees		41,817.91
- Administration and other expenses	(see notes)	172,286.70
		<b>692,540.96</b>
<b>NET OPERATING RESULT</b>		<b>475,989.89</b>
Net realised result on:		
- Sales of investments	(see notes)	3,137,289.08
- Foreign exchange		(434,305.53)
<b>NET REALISED RESULT</b>		<b>3,178,973.44</b>
Change in net unrealised appreciation/(depreciation) on:		
- Investments		(2,944,426.25)
- Forward foreign exchange contracts		87,068.74
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>		<b>321,615.93</b>
<b>MOVEMENTS IN CAPITAL</b>		
Subscriptions of shares		6,951,691.83
Redemptions of shares		(26,658,789.53)
		<b>(19,707,097.70)</b>
<b>NET ASSETS AT THE END OF THE YEAR</b>		<b>28,524,318.22</b>

**TER (Total Expense Ratio) and PTR (Portfolio Turnover Rate)**

	<b>Class A</b>
TER (Total Expenses Ratio)	2.11%
PTR (Portfolio Turnover Rate)	122.30%

**REIMBURSEMENTS AND TRAILER FEES INFORMATION****Annual Management Fee (see notes)**

Period 04.01.10 - 03.31.11

Class A

Fee actually paid 1.20% p.a.

Maximum fee foreseen in the prospectus 1.20% p.a.

Period 04.01.10 - 06.28.10

Class D

Fee actually paid 1.80% p.a.

Maximum fee foreseen in the prospectus 1.80% p.a.

Rebates for the marketing of the Sub-Fund (state fee) to distributors and wealth managers in Switzerland are paid from the management fee.

**STATISTICAL INFORMATION**

Year ended March 31, 2011

**SHARES**

	<b>Class A</b>	<b>Class D</b>
Shares outstanding at the beginning of the year	218,047.9747	12,053.0379
Subscriptions of shares	38,245.5184	662.1674
Redemptions of shares	(126,908.5466)	(12,715.2053)
<b>Shares outstanding at the end of the year</b>	<b>129,384.9465</b>	<b>0.0000</b>

**NET ASSET VALUE PER SHARE**

	EUR	EUR
Highest	220.46 03.31.11	199.61 04.16.10
Lowest	188.61 05.26.10	177.88 05.26.10
<b>At the end of the year</b>	<b>220.46</b>	<b>183.58** 06.28.10</b>

**CHANGES IN THE NUMBER OF SHARES,  
OF NET ASSETS AND  
OF NET ASSET VALUE PER SHARE**

Date	Share Class	Number of shares outstanding	Net Assets	Ccy	Net asset value per share
03.31.09	Class A	231,860.2495	37,514,697.97	EUR	161.80
03.31.09	Class D	2,442.8575	375,362.60	EUR	153.66
03.31.10	Class A	218,047.9747	45,533,788.03	EUR	208.82
03.31.10	Class D	12,053.0379	2,376,011.96	EUR	197.13
03.31.11	Class A	129,384.9465	28,524,318.22	EUR	220.46
** 06.28.10	Class D	5,996.3500	1,100,805.27	EUR	183.58

\*\* last valuation

## BOND SUB-FUNDS

**STATEMENT OF INVESTMENTS IN SECURITIES  
AND OTHER NET ASSETS**

March 31, 2011

(in EUR)

Face Value	Description	Ccy	Cost	Value per security	Market value (See notes)	% of net assets
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET</b>						
<b>BONDS</b>						
<b>BELGIUM</b>						
1,750,000	FORTIS BANQUE SA FRN CONV PERPETUAL 3.024% 12.19.07	EUR	484,200.09	62.805	1,099,087.50	3.85
	<b>TOTAL BELGIUM</b>		<b>484,200.09</b>		<b>1,099,087.50</b>	<b>3.85</b>
<b>CAYMAN ISLANDS</b>						
1,500,000	BES FINANCE LTD CONV INTO BANCO BRADESCO SA 1.625% 04.15.10 - 04.15.13	USD	1,117,419.44	99.150	1,049,834.90	3.68
	<b>TOTAL CAYMAN ISLANDS</b>		<b>1,117,419.44</b>		<b>1,049,834.90</b>	<b>3.68</b>
<b>FRANCE</b>						
24,767	AIR FRANCE - KLM CONV 2.75% 04.22.05 - 04.01.20	EUR	556,982.76	21.626	535,611.14	1.88
45,129.00	AIR FRANCE KLM CONV 4.97% 06.26.09 - 04.01.15	EUR	612,093.94	15.459	697,649.21	2.45
387,515.00	ALCATEL LUCENT SA CONV 5% 09.10.09 - 01.01.15	EUR	1,461,908.54	4.736	1,835,271.04	6.43
9,591	ARTEMIS CONSEIL SA CONV 4.25% 10.28.09 - 01.01.15	EUR	511,173.79	58.704	563,030.06	1.97
45,470	CAP GEMINI SA CONV 1% 06.24.05 - 01.01.12	EUR	2,027,339.61	45.803	2,082,662.41	7.31
6,813.00	CIE GENERALE DES ETABLISSEMENTS MICHELIN SA CONV 0% 03.21.07 - 01.01.17	EUR	745,166.62	113.685	774,535.91	2.72
13,807.00	EURAZEO CONV INTO DANONE 6.25% 06.10.09 - 06.10.14	EUR	747,003.84	59.084	815,772.79	2.86
2,939.00	GECINA SA CONV 2.125% 04.09.10 - 01.01.16	EUR	326,468.11	122.585	360,277.32	1.26
20,166.00	INGENICO CONV 2.75% 03.11.11 - 01.01.17	EUR	837,654.63	43.547	878,168.80	3.08
19,398.00	PEUGEOT SA CONV 4.45% 07.01.09 - 01.01.16	EUR	488,571.81	33.230	644,595.54	2.26
4,116.00	PIERRE ET VACANCES CONV 4% 02.02.11 - 10.01.15	EUR	321,416.93	79.709	328,082.24	1.15
24,188.00	RHODIA SA CONV 0.5% 04.27.07 - 01.01.14	EUR	1,172,681.75	49.370	1,194,161.56	4.19
3,320.00	SOCIETE IMMOBILIERE DE LOCATION POUR L'INDUSTRIE ET LE COMMERCE CV 2.5% 11.16.10 - 01.01.17	EUR	409,885.01	122.180	405,637.60	1.42
	<b>TOTAL FRANCE</b>		<b>10,218,347.34</b>		<b>11,115,455.62</b>	<b>38.98</b>
<b>GERMANY</b>						
2,500,000	KREDITANSTALT FUER WIEDERAUFBAU CONV 3.25% 05.27.08 - 06.27.13	EUR	2,590,212.08	103.898	2,597,450.00	9.10
400,000	Q-CELLS INTERNATIONAL FINANCE BV CONV 5.75% 05.26.09 - 05.26.14	EUR	399,868.69	84.535	338,140.00	1.19
1,200,000	SALZGITTER AG CONV 1.125% 10.06.09 - 10.06.16	EUR	1,217,327.25	102.167	1,226,004.00	4.30

The notes are an integral part of these financial statements

## BOND SUB-FUNDS

Face Value	Description	Ccy	Cost	Value per security	Market value (See notes)	% of net assets
7,274.00	TUI AG CONV 2.75% 03.24.11 - 03.24.16	EUR	434,066.96	56.963	414,348.86	1.45
	<b>TOTAL GERMANY</b>		<b>4,641,474.98</b>		<b>4,575,942.86</b>	<b>16.04</b>
	<b>HUNGARY</b>					
700,000	MNV MAGYAR NEMZETI VAGYONKEZELO ZRT CONV GEDEON RICHTER PLC 4.4% 09.25.09 - 09.25.14	EUR	719,833.97	97.106	679,742.00	2.38
	<b>TOTAL HUNGARY</b>		<b>719,833.97</b>		<b>679,742.00</b>	<b>2.38</b>
	<b>LUXEMBOURG</b>					
50,211.00	ARCELORMITTAL SA CONV 7.25% 04.01.09 - 04.01.14	EUR	1,477,256.10	31.173	1,565,227.50	5.49
1,000,000	ESPIRITO SANTO FINANCIAL GROUP SA STEP CONV - REG-S 5.05% 11.15.05 - 11.15.25	EUR	665,262.70	68.629	686,290.00	2.41
1,000,000	TMK BONDS SA CONV 5.25% 02.11.10 - 02.11.15	USD	805,079.26	116.511	822,439.50	2.88
	<b>TOTAL LUXEMBOURG</b>		<b>2,947,598.06</b>		<b>3,073,957.00</b>	<b>10.78</b>
	<b>NETHERLANDS</b>					
100,000	ASM INTERNATIONAL NV CONV 6.5% 11.06.09 - 11.06.14	EUR	100,016.67	177.968	177,967.50	0.62
	<b>TOTAL NETHERLANDS</b>		<b>100,016.67</b>		<b>177,967.50</b>	<b>0.62</b>
	<b>PORTUGAL</b>					
800,000	CONTROLINVESTE INTL FINANCE CONV INTO PORTUGAL TELECOM SGPS 3% 01.28.10 - 01.28.15	EUR	820,897.42	91.353	730,824.00	2.56
	<b>TOTAL PORTUGAL</b>		<b>820,897.42</b>		<b>730,824.00</b>	<b>2.56</b>
	<b>RUSSIA</b>					
300,000	LUKOIL INTERNATIONAL FINANCE BV CV REGS-S 2.625% 12.16.10 - 06.16.15	USD	262,065.85	123.370	261,256.95	0.92
	<b>TOTAL RUSSIA</b>		<b>262,065.85</b>		<b>261,256.95</b>	<b>0.92</b>
	<b>SOUTH AFRICA</b>					
800,000	ANGLOGOLD ASHANTI HOLDINGS LTD CONV 3.5% 05.22.09 - 05.22.14	USD	652,628.82	123.033	694,782.11	2.44
	<b>TOTAL SOUTH AFRICA</b>		<b>652,628.82</b>		<b>694,782.11</b>	<b>2.44</b>
	<b>SPAIN</b>					
500,000	FOMENTO DE CONSTRUCCIONES Y CONTRATAS SA CONV 6.5% 10.30.09 - 10.30.14	EUR	487,685.35	97.394	486,970.00	1.71
	<b>TOTAL SPAIN</b>		<b>487,685.35</b>		<b>486,970.00</b>	<b>1.71</b>
	<b>SWEDEN</b>					
1,300,000	INDUSTRIVAERDEN AB CONV 1.875% 01.27.11 - 02.27.17	EUR	1,311,150.00	101.811	1,323,543.00	4.64
	<b>TOTAL SWEDEN</b>		<b>1,311,150.00</b>		<b>1,323,543.00</b>	<b>4.64</b>
	<b>SWITZERLAND</b>					
650,000	RENEWABLE ENERGY CORP AS CONV 6.5% 10.13.09 - 06.04.14	EUR	615,765.50	98.013	637,084.50	2.23
	<b>TOTAL SWITZERLAND</b>		<b>615,765.50</b>		<b>637,084.50</b>	<b>2.23</b>

The notes are an integral part of these financial statements

## BOND SUB-FUNDS

Face Value	Description	Ccy	Cost	Value per security	Market value (See notes)	% of net assets
<b>UNITED KINGDOM</b>						
1,100,000	INTERNATIONAL POWER FINANCE III LTD CONV 4.75% 06.05.08 - 06.05.15	EUR	1,195,637.94	111.033	1,221,363.00	4.28
<b>TOTAL UNITED KINGDOM</b>			<b>1,195,637.94</b>		<b>1,221,363.00</b>	<b>4.28</b>
<b>TOTAL BONDS</b>			<b>25,574,721.43</b>		<b>27,127,810.94</b>	<b>95.11</b>
<b>TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET</b>			<b>25,574,721.43</b>		<b>27,127,810.94</b>	<b>95.11</b>
<b>OTHER TRANSFERABLE SECURITIES</b>						
<b>BONDS</b>						
<b>CYPRUS</b>						
600,000	SEADRILL LIMITED CONV 3.375% 10.27.10 - 10.27.17	USD	464,593.38	122.206	517,583.96	1.81
<b>TOTAL CYPRUS</b>			<b>464,593.38</b>		<b>517,583.96</b>	<b>1.81</b>
<b>TOTAL BONDS</b>			<b>464,593.38</b>		<b>517,583.96</b>	<b>1.81</b>
<b>TOTAL OTHER TRANSFERABLE SECURITIES</b>			<b>464,593.38</b>		<b>517,583.96</b>	<b>1.81</b>
<b>TOTAL INVESTMENTS IN SECURITIES</b>			<b>26,039,314.81</b>		<b>27,645,394.90</b>	<b>96.92</b>
Cash					812,683.23	2.85
Other assets and liabilities					66,240.09	0.23
<b>TOTAL NET ASSETS</b>					<b>28,524,318.22</b>	<b>100.00</b>

The notes are an integral part of these financial statements

**GEOGRAPHICAL CLASSIFICATION  
OF THE INVESTMENTS IN SECURITIES**

March 31, 2011

(in %)

<b>COUNTRIES</b>	<b>% of net assets</b>
France	38.98
Germany	16.04
Luxembourg	10.78
Sweden	4.64
United Kingdom	4.28
Belgium	3.85
Cayman Islands	3.68
Portugal	2.56
South Africa	2.44
Hungary	2.38
Switzerland	2.23
Cyprus	1.81
Spain	1.71
Russia	0.92
Netherlands	0.62
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>96.92</b>
Other assets/liabilities and liquid assets	3.08
<b>NET ASSETS</b>	<b>100.00</b>

**ECONOMIC CLASSIFICATION  
OF THE INVESTMENTS IN SECURITIES**  
March 31, 2011  
(in %)

<b>ECONOMIC SECTORS</b>	<b>% of net assets</b>
Holding and finance companies	20.70
Banks and other credit institutions	19.04
Data transmission	8.99
Internet and software services	7.31
Mining industry	5.49
Transportation	4.33
Other	4.28
Chemicals	4.19
Electronics and semiconductors	3.70
Road vehicles	3.41
Mortgage & funding institutions MBA	2.88
Rubber and tyres	2.72
Real estate companies	2.68
Energy and public utilities	2.23
Oil	1.81
Building and building materials	1.71
Hotels, restaurants and leisure	1.45
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>96.92</b>
Other assets/liabilities and liquid assets	3.08
<b>NET ASSETS</b>	<b>100.00</b>

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

Period from April 1, 2010 to July 15, 2010  
(in EUR)

<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>		<b>990,194.31</b>
<b>INCOME</b>		
Income from investments:		
- Dividends, net		8,804.66
		<b>8,804.66</b>
<b>EXPENSES</b>		
Bank interest, net		5.42
Fees:		
- Management fee	(see notes)	4,131.17
- Custodian fee and safekeeping charges	(see notes)	820.62
Other expenses:		
- Annual tax	(see notes)	110.88
- Audit and legal fees		259.04
- Administration and other expenses	(see notes)	4,665.91
		<b>9,993.04</b>
<b>NET OPERATING RESULT</b>		<b>(1,188.38)</b>
Net realised result on:		
- Sales of investments	(see notes)	156,952.68
- Foreign exchange		(1,479.62)
<b>NET REALISED RESULT</b>		<b>154,284.68</b>
Change in net unrealised appreciation/(depreciation) on:		
- Investments		(211,112.20)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>		<b>(56,827.52)</b>
<b>MOVEMENTS IN CAPITAL</b>		
Subscriptions of shares		10,052.18
Redemptions of shares		(943,418.97)
		<b>(933,366.79)</b>
<b>NET ASSETS AT THE END OF THE PERIOD</b>		<b>0.00</b>

**REIMBURSEMENTS AND TRAILER FEES INFORMATION****Annual Management Fee (see notes)**

Period 04.01.10 - 07.15.10

Class A

Fee actually paid 1.50% p.a.

Maximum fee foreseen in the prospectus 1.75% p.a.

Class D

Fee actually paid 2.25% p.a.

Maximum fee foreseen in the prospectus 2.50% p.a.

Rebates for the marketing of the Sub-Fund (state fee) to distributors and wealth managers in Switzerland are paid from the management fee.

**STATISTICAL INFORMATION**

Period from April 1, 2010 to July 15, 2010

**SHARES**

	<b>Class A</b>	<b>Class D</b>
Shares outstanding at the beginning of the period	8,342.0919	142.0059
Subscriptions of shares	330.3720	0.0000
Redemptions of shares	(8,672.4639)	(142.0059)
<b>Shares outstanding at the end of the period</b>	<b>0.0000</b>	<b>0.0000</b>

**NET ASSET VALUE PER SHARE**

	EUR	EUR
Highest	119.95 04.16.10	204.20 04.16.10
Lowest	102.27 05.26.10	173.97 05.26.10
<b>At the end of the period</b>	<b>108.43** 07.15.10</b>	<b>188.12** 06.28.10</b>

**CHANGES IN THE NUMBER OF SHARES,  
 OF NET ASSETS AND  
 OF NET ASSET VALUE PER SHARE**

Date	Share Class	Number of shares outstanding	Net Assets	Ccy	Net asset value per share
03.31.09	Class A	18,028.4157	1,297,060.55	EUR	71.95
03.31.09	Class D	172.1993	21,253.22	EUR	123.42
03.31.10	Class A	8,342.0919	962,297.45	EUR	115.36
03.31.10	Class D	142.0059	27,896.86	EUR	196.45
** 07.15.10	Class A	8,140.4899	882,695.86	EUR	108.43
** 06.28.10	Class D	142.0059	26,714.26	EUR	188.12

\*\* last valuation

**STATEMENT OF NET ASSETS**

March 31, 2011

(in EUR)

**ASSETS**

Portfolio:	(see notes)	
- Cost		10,014,518.88
- Net unrealised result		906,906.56
		<b>10,921,425.44</b>

Cash:		
- Cash at sight		194,864.68

Other assets:		
- Dividend receivable		9,502.09
		<b>11,125,792.21</b>

**LIABILITIES**

Bank overdraft:		
- Cash at sight		238,644.43

Other liabilities:		
- Taxes and expenses payable		58,050.28
- Other		26,036.12
		<b>322,730.83</b>

<b>NET ASSETS</b>		<b>10,803,061.38</b>
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**CLASS A**

Net asset value per share		177.29
Shares outstanding		<b>60,933.8627</b>

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

Year ended March 31, 2011

(in EUR)

<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>		<b>12,643,640.71</b>
<b>INCOME</b>		
Income from investments:		
- Dividends, net		392,430.82
		<b>392,430.82</b>
<b>EXPENSES</b>		
Bank interest, net		725.16
Fees:		
- Management fee	(see notes)	173,925.93
- Custodian fee and safekeeping charges	(see notes)	34,944.22
Other expenses:		
- Annual tax	(see notes)	5,407.91
- Audit and legal fees		15,292.10
- Administration and other expenses	(see notes)	60,182.00
		<b>290,477.32</b>
<b>NET OPERATING RESULT</b>		<b>101,953.50</b>
Net realised result on:		
- Sales of investments	(see notes)	512,019.90
- Foreign exchange		5,666.13
<b>NET REALISED RESULT</b>		<b>619,639.53</b>
Change in net unrealised appreciation/(depreciation) on:		
- Investments		(177,972.55)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>		<b>441,666.98</b>
<b>MOVEMENTS IN CAPITAL</b>		
Subscriptions of shares		1,296,514.78
Redemptions of shares		(3,578,761.09)
		<b>(2,282,246.31)</b>
<b>NET ASSETS AT THE END OF THE YEAR</b>		<b>10,803,061.38</b>

**TER (Total Expense Ratio) and PTR (Portfolio Turnover Rate)**

	<b>Class A</b>
TER (Total Expenses Ratio)	2.50%
PTR (Portfolio Turnover Rate)	(0.90%)

**REIMBURSEMENTS AND TRAILER FEES INFORMATION****Annual Management Fee (see notes)**

Period 04.01.10 - 03.31.11

Class A

Fee actually paid 1.50% p.a.

Maximum fee foreseen in the prospectus 1.75% p.a.

Period 04.01.10 - 06.28.10

Class D

Fee actually paid 2.25% p.a.

Maximum fee foreseen in the prospectus 2.50% p.a.

Rebates for the marketing of the Sub-Fund (state fee) to distributors and wealth managers in Switzerland are paid from the management fee.

**STATISTICAL INFORMATION**

Year ended March 31, 2011

**SHARES**

	<b>Class A</b>	<b>Class D</b>
Shares outstanding at the beginning of the year	73,244.9699	993.1449
Subscriptions of shares	8,666.9821	6.8127
Redemptions of shares	(20,978.0893)	(999.9576)
<b>Shares outstanding at the end of the year</b>	<b>60,933.8627</b>	<b>0.0000</b>

**NET ASSET VALUE PER SHARE**

	EUR	EUR
Highest	183.78 02.17.11	166.92 04.16.10
Lowest	152.52 05.26.10	146.53 05.26.10
<b>At the end of the year</b>	<b>177.29</b>	<b>154.86** 06.28.10</b>

**CHANGES IN THE NUMBER OF SHARES,  
 OF NET ASSETS AND  
 OF NET ASSET VALUE PER SHARE**

Date	Share Class	Number of shares outstanding	Net Assets	Ccy	Net asset value per share
03.31.09	Class A	70,912.8819	8,662,728.08	EUR	122.16
03.31.09	Class D	1,438.5676	170,287.95	EUR	118.37
03.31.10	Class A	73,244.9699	12,480,873.26	EUR	170.40
03.31.10	Class D	993.1449	162,767.45	EUR	163.89
03.31.11	Class A	60,933.8627	10,803,061.38	EUR	177.29
** 06.28.10	Class D	999.9576	154,852.98	EUR	154.86

**STATEMENT OF INVESTMENTS IN SECURITIES  
AND OTHER NET ASSETS**

March 31, 2011

(in EUR)

Quantity	Description	Ccy	Cost	Value per security	Market value (See notes)	% of net assets
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET</b>						
<b>EQUITIES</b>						
<b>FINLAND</b>						
13,210	FORTUM CORP	EUR	221,539.86	23.960	316,511.60	2.93
5,950	METSO CORP	EUR	99,008.72	37.940	225,743.00	2.09
19,780	SAMPO PLC -A-	EUR	230,102.72	22.510	445,247.80	4.12
	<b>TOTAL FINLAND</b>		<b>550,651.30</b>		<b>987,502.40</b>	<b>9.14</b>
<b>FRANCE</b>						
7,458	CIE DE SAINT-GOBAIN SA	EUR	197,187.47	43.205	322,222.89	2.98
18,680	FRANCE TELECOM SA	EUR	346,560.55	15.810	295,330.80	2.73
12,922	GDF SUEZ	EUR	461,548.09	28.750	371,507.50	3.44
2,820	MOBISTAR SA	EUR	143,696.42	48.920	137,954.40	1.28
6,502	SANOFI AVENTIS	EUR	361,145.25	49.475	321,686.45	2.98
5,460	TOTAL SA	EUR	276,712.53	42.955	234,534.30	2.17
	<b>TOTAL FRANCE</b>		<b>1,786,850.31</b>		<b>1,683,236.34</b>	<b>15.58</b>
<b>GERMANY</b>						
3,120	ALLIANZ SE - REG SHS	EUR	365,320.08	99.030	308,973.60	2.86
17,260	DEUTSCHE LUFTHANSA AG - REG SHS	EUR	273,753.79	14.955	258,123.30	2.39
28,360	DEUTSCHE TELEKOM AG - REG SHS	EUR	294,218.89	10.870	308,273.20	2.85
14,050	E.ON AG	EUR	397,239.83	21.550	302,777.50	2.80
6,090	METRO AG	EUR	195,697.15	48.280	294,025.20	2.72
2,317	MUENCHENER RUECKVERSICHER AG - REG SHS	EUR	223,468.32	111.000	257,187.00	2.38
12,580	SAP AG	EUR	432,878.75	43.200	543,456.00	5.04
	<b>TOTAL GERMANY</b>		<b>2,182,576.81</b>		<b>2,272,815.80</b>	<b>21.04</b>
<b>ITALY</b>						
21,409	ATLANTIA SPA	EUR	360,166.93	16.170	346,183.53	3.20
14,120	ENI SPA	EUR	289,234.94	17.330	244,699.60	2.27
67,900	SNAM RETE GAS SPA	EUR	215,041.49	3.966	269,291.40	2.49
82,412	TRASMISSIONE ELETTRICITA RETE NAZIONALE SPA	EUR	208,477.83	3.378	278,387.74	2.58
	<b>TOTAL ITALY</b>		<b>1,072,921.19</b>		<b>1,138,562.27</b>	<b>10.54</b>
<b>NETHERLANDS</b>						
33,800	AHOLD NV	EUR	335,815.92	9.468	320,018.40	2.96
11,030	HEINEKEN NV	EUR	331,163.04	38.555	425,261.65	3.94
32,300	KONINKLIJKE KPN NV	EUR	303,363.73	12.020	388,246.00	3.59
	<b>TOTAL NETHERLANDS</b>		<b>970,342.69</b>		<b>1,133,526.05</b>	<b>10.49</b>
<b>SOUTH AFRICA</b>						
10,130	BRITISH AMERICAN TOBACCO PLC	GBP	286,509.96	25.020	288,161.16	2.67
	<b>TOTAL SOUTH AFRICA</b>		<b>286,509.96</b>		<b>288,161.16</b>	<b>2.67</b>
<b>SWEDEN</b>						
46,400	SVENSKA CELLULOSA SCA AB -B-	SEK	446,767.72	101.600	527,337.24	4.89

The notes are an integral part of these financial statements

## SHARE SUB-FUNDS

Quantity	Description	Ccy	Cost	Value per security	Market value (See notes)	% of net assets
53,200	TELIASONERA AB	SEK	271,780.03	54.550	324,625.88	3.00
	<b>TOTAL SWEDEN</b>		<b>718,547.75</b>		<b>851,963.12</b>	<b>7.89</b>
	<b>SWITZERLAND</b>					
10,100	ABB LTD - REG SHS	CHF	104,648.27	22.060	171,680.49	1.59
7,180	NESTLE SA - REG SHS (CHF)	CHF	187,464.11	52.650	291,284.17	2.70
8,150	NOVARTIS AG - REG SHS	CHF	280,534.06	49.820	312,863.86	2.89
1,280	ZURICH FINANCIAL SERVICES - REG SHS	CHF	237,314.74	257.100	253,574.81	2.35
	<b>TOTAL SWITZERLAND</b>		<b>809,961.18</b>		<b>1,029,403.33</b>	<b>9.53</b>
	<b>UNITED KINGDOM</b>					
15,888	ROYAL DUTCH SHELL PLC -A-	EUR	352,022.43	25.645	407,447.76	3.77
6,880	ASTRAZENECA PLC	GBP	201,905.44	28.630	223,948.67	2.07
69,400	CENTRICA PLC	GBP	270,414.22	3.253	256,674.21	2.38
26,550	COMPASS GROUP PLC	GBP	181,724.52	5.605	169,191.61	1.57
23,600	GLAXOSMITHKLINE PLC	GBP	390,975.14	11.895	319,164.91	2.95
72,800	HOME RETAIL GROUP PLC	GBP	239,080.94	1.931	159,827.81	1.48
	<b>TOTAL UNITED KINGDOM</b>		<b>1,636,122.69</b>		<b>1,536,254.97</b>	<b>14.22</b>
	<b>TOTAL EQUITIES</b>		<b>10,014,483.88</b>		<b>10,921,425.44</b>	<b>101.10</b>
	<b>TOTAL TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ADMITTED TO AN OFFICIAL STOCK EXCHANGE OR DEALT IN ON ANOTHER REGULATED MARKET</b>		<b>10,014,483.88</b>		<b>10,921,425.44</b>	<b>101.10</b>
	<b>OTHER TRANSFERABLE SECURITIES</b>					
	<b>EQUITIES</b>					
	<b>UNITED KINGDOM</b>					
17,588	DAT ROYAL DUTCH SHELL PLC STOCK DIVIDEND 2011	EUR	35.00	0.000	0.00	0.00
	<b>TOTAL UNITED KINGDOM</b>		<b>35.00</b>		<b>0.00</b>	<b>0.00</b>
	<b>TOTAL EQUITIES</b>		<b>35.00</b>		<b>0.00</b>	<b>0.00</b>
	<b>TOTAL OTHER TRANSFERABLE SECURITIES</b>		<b>35.00</b>		<b>0.00</b>	<b>0.00</b>
	<b>TOTAL INVESTMENTS IN SECURITIES</b>		<b>10,014,518.88</b>		<b>10,921,425.44</b>	<b>101.10</b>
	Cash				(43,779.75)	(0.41)
	Other assets and liabilities				(74,584.31)	(0.69)
	<b>TOTAL NET ASSETS</b>				<b>10,803,061.38</b>	<b>100.00</b>

**GEOGRAPHICAL CLASSIFICATION  
OF THE INVESTMENTS IN SECURITIES**

March 31, 2011

(in %)

<b>COUNTRIES</b>	<b>% of net assets</b>
Germany	21.04
France	15.58
United Kingdom	14.22
Italy	10.54
Netherlands	10.49
Switzerland	9.53
Finland	9.14
Sweden	7.89
South Africa	2.67
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>101.10</b>
Other assets/liabilities and liquid assets	(1.10)
<b>NET ASSETS</b>	<b>100.00</b>

**ECONOMIC CLASSIFICATION  
OF THE INVESTMENTS IN SECURITIES**  
March 31, 2011  
(in %)

<b>ECONOMIC SECTORS</b>	<b>% of net assets</b>
Data transmission	13.45
Insurance	11.71
Energy and public utilities	11.20
Oil	11.14
Pharmaceutical and cosmetics industry	10.89
Tobacco and alcohol	6.61
Retail trade	5.68
Transportation	5.59
Internet and software services	5.04
Paper and timber	4.89
Building and building materials	2.98
Foodstuffs and non-alcoholic drinks	2.70
Electronics and semiconductors	2.49
Machinery and apparatus construction	2.09
Electrotechnical and electronic industry	1.59
Hotels, restaurants and leisure	1.57
Holding and finance companies	1.48
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>101.10</b>
Other assets/liabilities and liquid assets	(1.10)
<b>NET ASSETS</b>	<b>100.00</b>

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

Period from April 1, 2010 to July 15, 2010  
(in USD)

<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>		<b>4,478,546.78</b>
<b>INCOME</b>		
Income from investments:		
- Dividends, net		27,051.95
		<b>27,051.95</b>
<b>EXPENSES</b>		
Bank interest, net		30.05
Fees:		
- Management fee	(see notes)	17,099.93
- Custodian fee and safekeeping charges	(see notes)	3,440.18
Other expenses:		
- Annual tax	(see notes)	437.70
- Audit and legal fees		1,110.12
- Administration and other expenses	(see notes)	47,787.63
		<b>69,905.61</b>
<b>NET OPERATING RESULT</b>		<b>(42,853.66)</b>
Net realised result on:		
- Sales of investments	(see notes)	448,811.97
- Foreign exchange		(18,900.21)
<b>NET REALISED RESULT</b>		<b>387,058.10</b>
Change in net unrealised appreciation/(depreciation) on:		
- Investments		(656,843.21)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>		<b>(269,785.11)</b>
<b>MOVEMENTS IN CAPITAL</b>		
Subscriptions of shares		4,423.47
Redemptions of shares		(4,213,185.14)
		<b>(4,208,761.67)</b>
<b>NET ASSETS AT THE END OF THE PERIOD</b>		<b>0.00</b>

**REIMBURSEMENTS AND TRAILER FEES INFORMATION****Annual Management Fee (see notes)**

Period 04.01.10 - 07.15.10

Class A

Fee actually paid 1.50% p.a.

Maximum fee foreseen in the prospectus 1.75% p.a.

Class D

Fee actually paid 2.25% p.a.

Maximum fee foreseen in the prospectus 2.50% p.a.

Rebates for the marketing of the Sub-Fund (state fee) to distributors and wealth managers in Switzerland are paid from the management fee.

**STATISTICAL INFORMATION**

Period from April 1, 2010 to July 15, 2010

**SHARES**

	<b>Class A</b>
Shares outstanding at the beginning of the period	10,297.2461
Subscriptions of shares	11.0000
Redemptions of shares	(10,308.2461)
<b>Shares outstanding at the end of the period</b>	<b>0.0000</b>

**NET ASSET VALUE PER SHARE**

USD

Highest	450.68 04.15.10
Lowest	381.48 05.25.10
<b>At the end of the period</b>	<b>404.64** 07.15.10</b>

**CHANGES IN THE NUMBER OF SHARES,  
 OF NET ASSETS AND  
 OF NET ASSET VALUE PER SHARE**

Date	Share Class	Number of shares outstanding	Net Assets	Ccy	Net asset value per share
03.31.09	Class A	9,956.0930	2,662,575.71	USD	267.43
03.31.09	Class D	4.0000	693.24	USD	173.31
03.31.10	Class A	10,297.2461	4,478,546.78	USD	434.93
** 11.12.09	Class D	4.0000	1,084.76	USD	271.19
** 07.15.10	Class A	9,327.0870	3,774,078.44	USD	404.64

\*\* last valuation

**NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2011

**GENERAL**

EDMOND DE ROTHSCHILD FUND ("the SICAV") is an investment company with variable capital (Société d'Investissement à Capital Variable) with multiple Sub-Funds under Luxembourg law. It was set up for an unlimited duration in Luxembourg on June 15, 2000, in accordance with the law of March 30, 1988 (Part I) on Undertakings for Collective Investment in Transferable Securities and the law of August 10, 1915 on commercial companies. From December 30, 2005, the SICAV is registered on the official list of Undertakings for Collective Investment in Transferable Securities in accordance with Part I of the law of December 20, 2002.

The articles of incorporation of the SICAV were published in the official gazette of Luxembourg (Memorial C, Recueil des Sociétés et Associations) on August 3, 2000 and amended by an Extraordinary General Meeting held on October 4, 2000 and subsequently by an Extraordinary General Meeting held on December 31, 2003. The consolidated articles of incorporation were published in the Memorial on January 28, 2004.

The articles of incorporation were amended for the last time by an Extraordinary General Meeting held on December 30, 2005 and published in the Memorial on January 25, 2006.

The SICAV is registered in the Luxembourg Trade Register under the number B 76441.

EDMOND DE ROTHSCHILD FUND is an umbrella SICAV, which means that it is comprised of several Sub-Funds each of which represents a separate pool of assets and liabilities and each with a distinct investment policy.

This structure offers investors the advantage of being able to choose between the various Sub-Funds and then switch from one Sub-Fund to another at will.

As at March 31, 2011, the SICAV includes the following Sub-Funds:

**Bond Sub-Funds**

*Government Bond Sub-Funds*

- EDMOND DE ROTHSCHILD FUND - EURO GOVERNMENT BONDS MID TERM
- EDMOND DE ROTHSCHILD FUND - EURO GOVERNMENT BONDS LONG TERM

*Corporate Bond Sub-Funds*

- EDMOND DE ROTHSCHILD FUND - EURO CORPORATE BONDS SHORT TERM
- EDMOND DE ROTHSCHILD FUND - EURO CORPORATE BONDS MID TERM

*Convertible Bond Sub-Fund*

- EDMOND DE ROTHSCHILD FUND - EUROPEAN CONVERTIBLE BONDS

**Share Sub-Funds**

- EDMOND DE ROTHSCHILD FUND - EUROPE VALUE

The following Sub-Funds have been closed during the year:

- EDMOND DE ROTHSCHILD FUND - EURO SHORT TERM (closed on July 15, 2010)
- EDMOND DE ROTHSCHILD FUND - EUROPE MID CAPS (closed on July 15, 2010)
- EDMOND DE ROTHSCHILD FUND - ASIA EX-JAPAN VALUE (closed on July 15, 2010)

The main objective of the SICAV is to preserve the capital in real terms and ensure the growth of its assets. Obviously, no guarantee is given that this objective will be achieved.

The SICAV intends to achieve this objective by the active management of the Sub-Funds, which can be broken down into five categories. The first category deals primarily with short-term transferable securities and money market instruments. The second category concentrates exclusively on bonds. The third category concerns exclusively stocks and shares. The fourth category invests both in international bonds and equities. Lastly, the fifth category offers specifically profiled investments in terms of risk/returns or a combination of both in the makeup of its portfolio. Generally speaking, the Sub-Funds' portfolios consist of transferable securities, without restriction or limitation as to industrial, economic or geographical diversification, unless otherwise specifically defined in the investment policy of each Sub-Fund offered.

Shares are issued in registered form for each Sub-Fund. Fractions of shares are issued with four decimal places.

The Board of Directors of the SICAV also decided to merge the class D shares with the class A shares with effect on June 28, 2010. This decision is due to the fact that only very few shareholders hold class D shares which might entail additional fees for them.

### **GENERAL (continued)**

The class D shares was reserved to distributors especially approved by the SICAV subscribing on behalf of their own clients or on their own behalf whereas the class A shares is reserved to individuals and legal entities.

As a consequence of such merger, the shareholders currently holding class D shares have received class A shares.

The overall fees charged to class A shares are lower than the fees charged to class D shares.

The exchange ratio between the class A shares and the class D shares was based on the net asset values of the classes of shares concerned calculated on the effective date of the merger.

The merger became effective on 28 June 2010.

As at March 31, 2011, the SICAV uses the technique of co-management.

To ensure effective management, the Board of Directors may decide to manage all or part of the assets of one or more Sub-Funds with other Sub-Funds in the SICAV (technique of pooling) or to co-manage all or part of the assets, except for a cash reserve, if necessary, of one or more Sub-Funds in EDMOND DE ROTHSCHILD FUND with assets of other Luxembourg investment funds or of one or more sub-funds of other Luxembourg investment funds (hereinafter called "Party(ies) to co-managed assets") for which the SICAV's Custodian was appointed the custodian bank. These assets are managed in accordance with the respective investment policy of the Parties to co-managed assets, each of which pursue identical or comparable objectives. Parties to co-managed assets only participate in co-managed assets as stipulated in their respective prospectus and in accordance with their respective investment restrictions.

Each Party to co-managed assets participates in co-managed assets in proportion to the assets contributed thereto by it. Assets are allocated to each Party to co-managed assets in proportion to its contribution to co-managed assets. The entitlements of each Party to co-managed assets apply to each line of investment in the aforesaid co-managed assets.

The aforementioned co-managed assets are formed by the transfer of cash or, if necessary, other assets from each Party participating in the co-managed assets. Thereafter, the Board of Directors may regularly make subsequent transfers to co-managed assets. The assets can also be transferred back to a Party to co-managed assets for an amount not exceeding the participation of the said Party to co-managed assets.

Dividends, interest and other distributions deriving from income generated by co-managed assets accrue to the Parties to co-managed assets in proportion to their respective investments. Such income may be kept by the Party to co-managed assets or reinvested in the co-managed assets.

All charges and expenses incurred in respect of co-managed assets are applied to these assets. Such charges and expenses are allocated to each Party to co-managed assets in proportion to its respective entitlement in the co-managed assets.

In the case of infringement of investment restrictions affecting a Sub-Fund of the SICAV, when such a Sub-Fund takes part in co-management and even though the manager has complied with the investment restrictions applicable to the co-managed assets in question, the Board of Directors of the SICAV shall ask the manager to reduce the investment in question proportionally to the participation of the Sub-Fund concerned in the co-managed assets or, if necessary, reduce its participation in the co-managed assets so that investment restrictions for the Sub-Fund are observed.

When the SICAV is liquidated or when the Board of Directors of the SICAV decides - without prior notice - to withdraw the participation of the SICAV or a Sub-Fund of the SICAV from co-managed assets, the co-managed assets are allocated to Parties to co-managed assets proportionally to their respective participation in the co-managed assets.

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Luxembourg regulations relating to undertakings for collective investment funds and reflect the following policies:

*a) Combined financial statements*

The various positions of the combined financial statements of the SICAV are equal to the sum of the various corresponding positions in the financial statements of each Sub-Fund and are expressed in euros (EUR). Bank accounts, other net assets/(liabilities), the value of the portfolio securities, the income and fees that are expressed in a currency other than EUR were converted to EUR at the exchange rates prevailing on March 31, 2011.

*b) Valuation of investments in securities*

All securities listed on an official stock exchange or on any other regulated market, operating regularly,

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

recognised and open to the public are valued at the last price known in Luxembourg on the valuation day and, if the security is traded on several markets, on the basis of the last known price on the main market of this security. If the last known price is not representative, the valuation is based on the fair value at which it is expected it can be sold, as determined with prudence and in good faith by the Board of Directors.

Unlisted securities or securities not traded on a stock exchange or any other regulated market, operating regularly, recognised and open to the public, are valued based on the fair value at which it is expected they can be sold, as determined with prudence and in good faith by the Board of Directors.

The value of money market instruments with a remaining maturity of 90 days or less are valued by the amortised cost method, which approximates market values. At maturity the difference with the purchase price is disclosed under interest on bonds.

Shares or units of undertakings for collective investment are valued on the basis of their last available net asset value.

### c) *Net realised gain or loss on the sales of investments*

Realised gains or losses on sales of investments are calculated on the basis of average cost of investments sold.

### d) *Conversion of foreign currencies*

The accounts of the Sub-Funds are kept in the following currencies:

Sub-Fund	Ccy
EDMOND DE ROTHSCHILD FUND - EURO SHORT TERM (closed on July 15, 2010)	EUR
EDMOND DE ROTHSCHILD FUND - EURO GOVERNMENT BONDS MID TERM	EUR
EDMOND DE ROTHSCHILD FUND - EURO GOVERNMENT BONDS LONG TERM	EUR
EDMOND DE ROTHSCHILD FUND - EURO CORPORATE BONDS SHORT TERM	EUR
EDMOND DE ROTHSCHILD FUND - EURO CORPORATE BONDS MID TERM	EUR
EDMOND DE ROTHSCHILD FUND - EUROPEAN CONVERTIBLE BONDS	EUR
EDMOND DE ROTHSCHILD FUND - EUROPE MID CAPS (closed on July 15, 2010)	EUR
EDMOND DE ROTHSCHILD FUND - EUROPE VALUE	EUR
EDMOND DE ROTHSCHILD FUND - ASIA EX-JAPAN VALUE (closed on July 15, 2010)	USD

The financial statements of the Sub-Funds are expressed in the above-mentioned currencies. Bank accounts, other net assets/(liabilities) as well as the valuation value of the portfolio securities that are expressed in a currency other than the currency of the Sub-Fund were converted to the applicable currency at the exchange rates prevailing on March 31, 2011. Income and fees in currencies other than the currency of the Sub-Fund were converted to the applicable currency at the exchange rates prevailing on the transaction date.

### e) *Cost of investments in securities*

The cost of investments in securities in currencies other than the currency of the Sub-Fund is converted to the currency of the Sub-Fund at the exchange rate prevailing on the purchase date.

The combined cost of investments in securities for the SICAV is equal to the sum of the cost of investments in securities of each Sub-Fund converted to EUR at the exchange rate prevailing on March 31, 2011.

### f) *Valuation of forward foreign exchange contracts*

Unmatured forward foreign exchange contracts are valued by reference to the forward exchange rate prevailing on the remaining life of the contract. The resulting unrealised profit or loss is recorded in the statement of changes in net assets.

### g) *Valuation of futures and options contracts*

Futures contracts and options are valued based on their closing price the previous day on the market concerned. The resulting unrealised profit or loss is booked in the statement of changes in net assets.

### h) *Formation expenses*

If a new Sub-Fund is created in the future, the preliminary and incorporation expenses of this Sub-Fund will, in principle, be borne by this Sub-Fund exclusively and amortised over a 5 year period, as of the aforesaid Sub-Fund launching date.

As of March 31, 2011, the formation expenses were amortised.

## EXCHANGE RATES AS AT MARCH 31, 2011

1 THB	=	0.023323	EUR
1 USD	=	0.70589	EUR
1 HKD	=	0.090649	EUR
1 SGD	=	0.560186	EUR
1 MYR	=	0.233244	EUR
1 GBP	=	1.136943	EUR

**EXCHANGE RATES AS AT  
MARCH 31, 2011 (continued)**

1	NOK	=	0.126970	EUR
1	SEK	=	0.111860	EUR
1	TWD	=	0.023978	EUR
1	IDR	=	0.0000811	EUR
1	CHF	=	0.770538	EUR
1	JPY	=	0.008539	EUR
1	KRW	=	0.000644	EUR

**FEES ON THE ISSUE AND REDEMPTION  
OF THE SICAV'S SHARES**

There are no subscription fees during the initial subscription period. Concerning current subscriptions, shares are issued at a price corresponding to the net asset value per share plus a sales charge of a maximum of 4.5% of the net asset value per share as follows: a maximum of 4% is paid to approve distributors and 0.5% maximum is paid to the Investment Manager of the Sub-Fund concerned.

Any shareholder may at any time make a request to redeem all or part of their shares, accompanied by the certificates, if any, issued by the SICAV.

The shares redeemed by the SICAV are cancelled. The redemption price is equal to the net asset value per share determined on the applicable valuation day and no redemption fee is charged.

Any shareholder may ask to convert all or part of their shares into shares of the same category of another Sub-Fund, at a price equal to the respective net asset value of the shares of the relevant Sub-Funds, less a conversion fee of a maximum of 0.5% of the net asset value of the Sub-Fund redeemed paid to the approved distributors. No such fee is charged in the case of a conversion from one "short-term" Sub-Fund to another "short-term" Sub-Fund.

Requests for the conversion of shares from one category into another category in another Sub-Fund are permitted only as described below:

To	A	I
From		
A	Yes	No
I	No	Yes

In the case where an investor would subscribe to or hold shares of a category to which the said investor does not fulfil the conditions, the Board of Directors would effect an exchange, without fees, of the said shares for shares of a suitable category.

**MANAGEMENT AND  
ADMINISTRATION FEES**

The Board of Directors of the SICAV is responsible for the SICAV's management and the control of its operations as well as determining and implementing its investment policy.

The Board of Directors has decided to delegate, under its responsibility, the management of the assets of the SICAV to the following Investment Managers:

**EDMOND DE ROTHSCHILD ASSET MANAGEMENT S.A.S.** is in charge of the management of the assets of the following Sub-Funds :

- EDMOND DE ROTHSCHILD FUND - EUROPEAN CONVERTIBLE BONDS
- EDMOND DE ROTHSCHILD FUND - EUROPE MID CAPS (closed on July 15, 2010)
- EDMOND DE ROTHSCHILD FUND - EUROPE VALUE
- EDMOND DE ROTHSCHILD FUND - ASIA EX-JAPAN VALUE (closed on July 15, 2010)

**EDRIM Gestion** is in charge as Investment Manager of the assets of the following Sub-Funds:

- EDMOND DE ROTHSCHILD FUND - EURO SHORT TERM (closed on July 15, 2010)
- EDMOND DE ROTHSCHILD FUND - EURO GOVERNMENT BONDS MID TERM
- EDMOND DE ROTHSCHILD FUND - EURO GOVERNMENT BONDS LONG TERM
- EDMOND DE ROTHSCHILD FUND - EURO CORPORATE BONDS SHORT TERM
- EDMOND DE ROTHSCHILD FUND - EURO CORPORATE BONDS MID TERM

A management and administration fee is levied on the assets of the SICAV. This fee is composed of fees due:

- to the investment managers;
- to the approved distributors for their administrative assistance services to investors (such as services related to the making available of information concerning the SICAV to investors and services related to subscriptions, conversions and redemptions);

### MANAGEMENT AND ADMINISTRATION FEES (continued)

Management and administration fee (as % of quarterly average net asset value in each Sub-Fund): Max rates 0.90%.

	A	D (merged on 06/28/10)
<b>Monetary Sub-Funds</b>		
Euro Short Term	0.00%	-
<b>Dynamic Monetary Sub-Funds</b>		
Euro Corporate Bonds Short Term	0.40%	-
<b>Bond and World Balanced Sub-Funds</b>		
Euro Government Bonds Mid Term	0.60%	-
Euro Government Bonds Long Term	0.60%	-
<b>Corporate Bond Sub-Funds</b>		
Euro Corporate Bonds Mid Term	0.80%	-
<b>High Yield, Convertible and Emerging Market Bond Sub-Funds</b>		
European Convertible Bonds	1.20%	1.80%
<b>Equity Sub-Funds</b>		
Europe Mid Caps	1.75%	2.50%
Europe Value	1.75%	2.50%
Asia ex-Japan Value	1.75%	2.50%

Entry fee paid to manager (as % of net asset value per share subscribed): Max 0.50%

Entry fee paid to distributor (as % of net asset value per share subscribed): Max 4%.

Conversion fee paid to distributor (as % of net asset value of the sub-Fund redeemed): Max 0.50%

### CUSTODIAN FEE

Banque Privée Edmond de Rothschild Europe has been appointed Custodian of the SICAV's assets under the terms of an agreement of unlimited duration.

Fees and costs of the Custodian are charged to the Company in conformity with normal practice in Luxembourg. Such fees will be calculated quarterly on the

basis of the average net assets of the Company during each quarter.

The custodian fees are calculated based on the followings:

- for Short Term Sub-Funds: 0.15% p.a on total net assets
- for Bonds Sub-Funds: 0.20% p.a on total net assets  
Except: CORPORATE BOND SHORT TERM: 0.06% p.a on total net assets
- for Equity Sub-Funds: 0.30% p.a on total net assets  
Except for the 3 following Sub-Funds until December 31, 2009: Euro Short Term, Euro Government Bonds Long Term and Euro Corporate Bonds Mid Term:

It has been decided by the Board of July 7<sup>th</sup> 2008 that the Custodian, Registrar and Administrative Agent fees will be half of what they used to be from 1 August 2008 to 31 March 2009.

### ANNUAL TAX

Under the prevailing laws and regulations, the SICAV is subject in Luxembourg to a tax ("taxe d'abonnement") representing 0.05% of the net asset value with the exception of the "short-term" Sub-Fund, which benefits from a reduced rate of 0.01%.

This tax is payable quarterly and calculated on the basis of the net assets of the SICAV at the end of each quarter to which the tax relates.

The rate of the annual tax is reduced to 0.00% on the value of the assets represented by shares or units in other undertakings for collective investment whose shares or units have already been subject to the "taxe d'abonnement".

### STATEMENT OF CHANGES IN THE PORTFOLIO FOR THE YEAR ENDED MARCH 31, 2011

A copy of the statement of changes in the portfolio of each Sub-Fund may be obtained free of charge from the registered office of the SICAV as well as from the German Payment and Information Office.

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**FORWARD FOREIGN EXCHANGE CONTRACTS**

As at March 31, 2011, the following forward foreign exchange contract(s) was (were) outstanding:

**EDMOND DE ROTHSCHILD FUND - EUROPEAN CONVERTIBLE BONDS**

	Sale		Purchase	Maturity
USD	3,400,000.00	EUR	2,611,306.96	11.18.11
USD	3,100,000.00	EUR	2,224,039.72	05.13.11
USD	1,100,000.00	EUR	788,700.08	05.13.11
EUR	2,611,306.96	USD	3,400,000.00	11.18.11

The net unrealised result on the outstanding forward foreign exchange contract(s) on currencies as at March 31, 2011 for EDMOND DE ROTHSCHILD FUND - EUROPEAN CONVERTIBLE BONDS amounts to EUR 45,494.30 and is included in the statement of net assets of the Sub-Fund.