



Geneva 10 01 2015

MANAGEMENT REPORT on 31 12 2014

The main facts and trends since 30 06 2014 are:

- Europe: growth is slow and France is becoming the zone's Achilles heel.
- USA: growth is satisfactory and the situation is getting better; the budget and trade deficits are significantly decreasing. However, the medium term growth potential is much lower than before the crisis, and the situation is fragile.
- China: growth has stabilized but the trend is structurally bearish.
- Japan: economic failure is obvious.

All these elements are consistent with our forecasts in our previous reports.

Fundamentally:

- The debts of developed countries are continuing to increase. The central banks are organising the low-cost refinancing of this debt with very low interest rates. In exchange, they demand the abolition of the welfare state, which will strongly penalize a large proportion of the population. However, there is no proof that this strategy will boost growth.
- The viability of the eurozone and the Euro as they stand today is not guaranteed.
- With our management strategy we:
 - Continue to select with extreme severity our custodian establishments.
 - Remain fiercely away from opaque investments and collective investments.
 - Persist in our niche strategy.
 - Recommend less penalizing tax structures: Life insurance, Capitalisation contract, Family holdings.
 - Recommend purchasing gold.

In order to ensure our clients **transparency, security and performance.**



STRATEGY FOR 2nd SEMESTER 2014

Concerning the share market, we have:

- Persisted with our very cautious strategy
- Continued to implement our medium term niche strategy for special situations
- Retained our positions, and purchased DEUTSCHE WOHNEN

Concerning the bond market, we have:

- Maintained the strong weighting of bonds in the portfolios
- Continued to implement our niche strategy on high-return bonds of medium and large companies
- Sold PICARD 9% 2018 and BPCE 9%, yielding very significant profits
- Purchased QUICK 2019, RAIFFEISEN 2021, and WIND 2021
- Increased the average maturity, given the risk of deflation, to yield high returns over a longer period



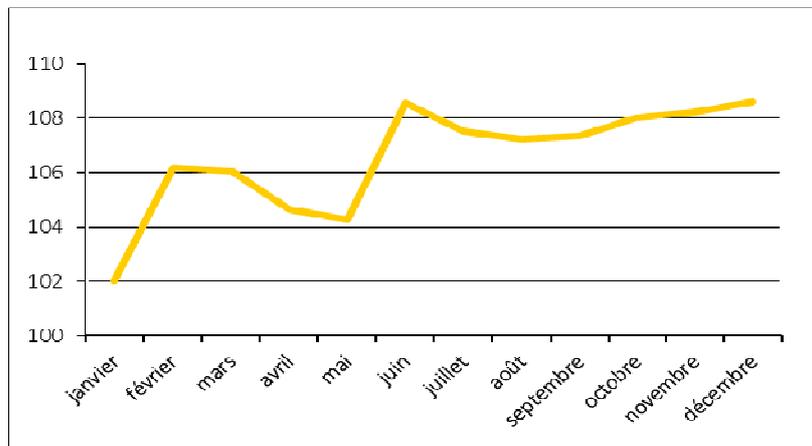
PERFORMANCE ON 31 12 2014

- The performance of our share selection was equivalent to the share market.
- Our bond selection strongly overperformed the bond market.

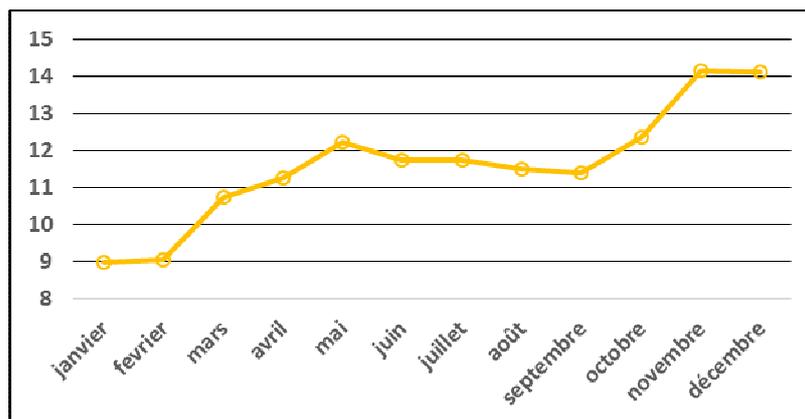
Portfolio 100% bonds	Portfolio 70% bonds
+ 6.5%	+ 5.4 %
Bond index € 3.9 %	Benchmark: + 2.9%

Our best performances on 31 12 2014 dividends included

Bonds: CEGEDIM 6.75% 01 04 2020 XS0906984272 **+11.9%**



Shares: ORANGE **+ 56 %**





STRATEGY FOR 1st SEMESTER

Share market

➤ The share markets are driven by the central banks' liquid assets, which is fundamentally unhealthy.

The prospects regarding macro-economic growth and growth in company earnings do not justify the current levels of valuation. There is a high risk of correction.

We thus remain extremely cautious and continue to focus on niche positions.

Bond market

➤ We have been repeating for 5 years: the debts of healthy companies are and will remain of better quality than the debts of the states as the company balance sheets are of better quality than the state budgets.

➤ Company bonds are clearly at buying rates, **even if the historical purchase opportunity that we highlighted at the start of 2012 is behind us.**
We expect a decrease in the return of this type of asset but the risk / return ratio remains the best for liquid assets.

GLOBALLY

We retain our discipline, as the macro-economic visibility is poor:

- Minimum 70% company bonds
- Niche strategy for shares



Our main positions on 30 12 2014

BONDS

The **capital security / return on capital ratio** is high for our selection.
If conserved until their maturity date (except for bankruptcy of the issuer) bonds ensure a specific yield that is known in advance.

Bonds	Maturity date	Return on invested capital in relation to value on 31 12 14
TP LB	12 2015 VARIABLE	5.2%
TP SANOFI AVENTIS	12 2015 VARIABLE	4.3%
EUROPCAR	04 2018	7.5%
PAGES JAUNES	06 2018	9.7%
QUICK	04 2019	6.7%
CMA CGM	04 2019	7.4%
CEGEDIM	04 2020	4.9%
EIRCOM	05 2020	7.3%
RAIFFEISEN	05 2021	7.8%
WIND	04 2021	7.6%
ALTICE	05 2022	7.1%

ACTIONS

AFONE	MEMSCAP
AIR LIQUIDE	ORANGE
DEUTSCHE WOHNEN	ST DUPONT

Next report: 30 June 2015