

Leonardo Invest DNCA Evolutif

Absolute Return Dynamic

JUNE 30TH, 2010

DNCA EVOLUTIF FR:
Establishment date: October 16th, 2000
ISIN code: FR0007050190

LEONARDO INVEST (L.I.) DNCA EVOLUTIF:
Establishment date: July 24th, 2007
ISIN code: Part A: LU0284394664
Part B: LU0284394821
Part I: LU0284394581

MANAGEMENT POLICY

White line ...

For a few weeks, apart from convictionless rebounds dictated by the Coué method, the financial markets appear to be having increasingly strong doubts about the strength of the economic recovery. It has to be said that the news is not good ...

Debt reduction yes, but perhaps not at an accelerated pace, since in that case, the white line could be crossed ...

In the space of a few weeks, we have gone from stimulus plan to austerity plan. One after the other, all the countries have adopted this stance, fuelling alarmist speeches recalling that the crisis of the 1930s was the result of a balanced budget policy.

In reality, the problem stems from the fact that it is necessary to reduce two debts at once: private sector debt (which has already started) and public sector debt which, at the height of the crisis, served to thwart the recession but which is now at an intolerable level. Clearly, we need to acknowledge that the multitude of austerity plans added to the impossibility for the private sector to take on new debt will tend to have a negative effect on growth... This seems obvious:

- China, which seemed to be the emerging country leader, has sent us a slightly less optimistic message regarding its growth and the risks influencing the potential bursting of the Chinese property bubble. In any case, it seems obvious, here again, that the strong growth in emerging countries will not be linear and that a few hiccups will occur, but when?

- Confidence indicators in the United States are below expectations and most probably reflect the US consumer's determination to continue to reduce debt. In two years, the US consumer has gone from a net debt to disposable income ratio of 135 to 125. Given that the historic average is around 90, we can see that the debt reduction path is still long.

- Meanwhile, speeches by companies on their activity are fairly reassuring. However, the crucial factor will be the level of new orders after the summer and, in this case, we can legitimately have a few doubts.

Under these circumstances, we did not consider it appropriate to increase the equity component. Admittedly, valuations seem really very attractive, but analysts' forecasts for 2011 appear unrealistic. We prefer to wait for the downgrades which are likely to occur after the summer before considering a substantial increase in the equity component. This amounts to 58% of the portfolio. We took advantage of the rise in the market to reduce some cyclical positions such as Ahold and Adidas. We also reduced our exposure to financial stocks (Dexia and Axa) due to the regulatory uncertainty weighing on the sector. Regarding the fixed income segment, we continued to refocus it on issuers with a shorter maturity (3-4 years) while at the same time being selective regarding the quality of their balance sheet.

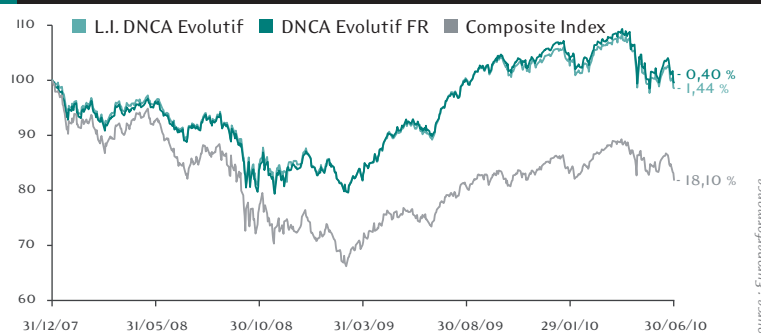
Xavier DELAYE
Augustin PICQUENDAR

BOTH PORTFOLIOS (L.I. AND FR) HAVE THE SAME PHILOSOPHY AND SAME HOLDINGS

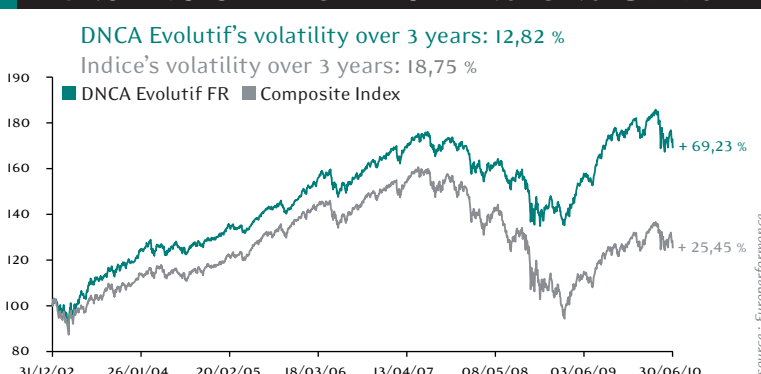
L.I. DNCA Evolutif part B's performance	- 5,58 %
Performances FR 2006: 11,62% / 2007: 3,0% / 2008: - 15,0% / 2009: +24,1% / 2010: -5,54%	
Composite Index**s performance	- 3,05 %
* Composite Index: 40 % CAC 40 - 30 % Euro MTS 3-5 years - 30 % MSCI World	
NAV L.I. DNCA Evolutif part B	98,47 €
Net Assets DNCA Evolutif	L.I. 41,0 M€
	FR 550,9 M€

The performance data features represents past performance, which is no guarantee of future results.

L.I. DNCA EVOLUTIF'S PERFORMANCE SINCE 31/12/07



DNCA EVOLUTIF FR'S PERFORMANCE SINCE 31/12/02



TOP 10 HOLDINGS L.I. DNCA EVOLUTIF

FRANCE TELECOM	GDF SUEZ
SANOFI-AVENTIS	CNP
ROYAL DUTCH SHELL	UNILEVER
VIVENDI	CARREFOUR
TOTAL	CASINO GUICHARD

SECTOR BREAKDOWN L.I. DNCA EVOLUTIF

