

Leonardo Invest Eurose

Absolute Return Defensive

EUROSE FR:
Establishment date: November 17th, 2000
ISIN code: FR0007051040

LEONARDO INVEST (L.I.) EUROSE:
Establishment date: September 27th, 2007
ISIN code: Part A: LU0284394235
Part I: LU0284394151

JUNE 30TH, 2010

MANAGEMENT POLICY

June revealed investors' schizophrenia regarding the theme of the global economic recovery. Initially relieved by the determined speeches of Europeans on the reduction of their public deficits, investors now fear that these policies will destroy future economic growth. For the moment, the euro zone's sovereign debt crisis appears to have calmed down due to ECB and government intervention, even though tensions persist, mainly on Greek, Spanish and Portuguese debts. France is not immune from these tensions since French Treasury bond yields have deteriorated compared with the yield on German government securities (20 bp for the 10-year maturity) despite the announcement of a plan to reduce the deficits.

However, this more favourable climate has enabled several issuers to make a renewed call on the primary market. As a result, Eurose was able to subscribe to the Peugeot and Rémy Cointreau issues, with respective durations of 5 and 6 years for yields of 5.75% and 5.60%. The fund also subscribed to the HeidelbergCement bond maturing in December 2015 and offering a yield slightly below 7%. HeidelbergCement is the world's fourth largest building materials group, generating around 50% of its sales in emerging countries and making substantial progress in terms of debt reduction and liquidity after a challenging year in 2009. On the other hand, the position in inflation-indexed bonds was again reduced and now represents only 5.5% of assets vs. 10.6% at the beginning of the year. These sales are justified given the prospect of weak European inflation in the short-term and the good performance of these securities.

The fund's equity component was maintained at a level close to 13.50% of assets but again made a negative contribution to performance in June. Despite declining 0.37% in the past month, Eurose's net asset value has increased by 0.78% since the beginning of the year.

The debt reduction process which western countries have embarked upon is a long-term job. In addition to the cyclical recovery under way, it is likely to result in sustainably weak and non-inflationary European growth. This outlook is conducive to bond investments which represent the core of the Eurose portfolio. At the same time, the low valuation of defensive stocks and their high yield make their presence essential for a moderate portfolio component.

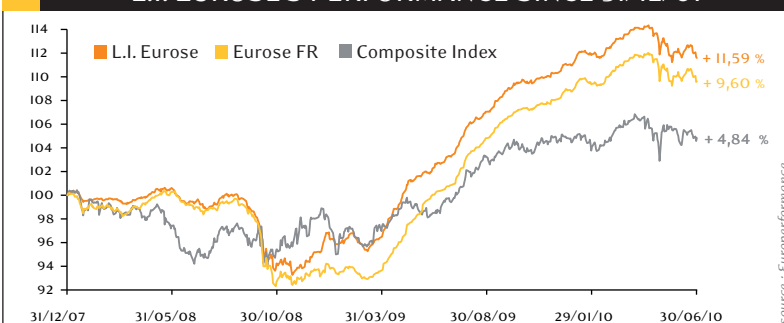
Jean-Charles MERIAUX
Philippe CHAMPIGNEULLE

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

L.I. Eurose part A's performance	+ 0,58 %
Performance FR 2006: 4,56% / 2007: 2,04% / 2008: - 6,86% / 2009: +16,77% / 2010: +0,78%	
Composite Index**s performance	- 0,66 %
* Composite Index: 80 % Euro-MTS Global - 20 % DJ Euro Stoxx 50	
NAV L.I. Eurose part A	112,24 €
Net Assets Eurose	L.I. 285,3 M€
	FR 797,3 M€

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

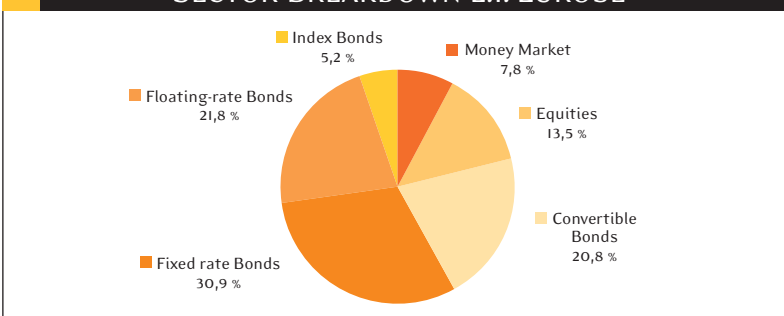
L.I. EUROSE'S PERFORMANCE SINCE 31/12/07



EUROSE FR'S PERFORMANCE SINCE 31/12/03



SECTOR BREAKDOWN L.I. EUROSE



ACTUARIAL DATA L.I. EUROSE

Average yield: 3,4 %	Average sensitivity: 1,9 %
Average maturity: 4 years & 10 months	Bonds and similar: 78,7 %

RISK INDICATORS L.I. EUROSE

	1 YEAR ROLLING	2 YEARS	SINCE 27/09/07
TRACKING ERROR*	2,96 %	3,90 %	3,37 %
PORTFOLIO VOLATILITY	2,96 %	3,84 %	3,28 %

* is a measure of the risk, with which the performance of a fund is diverging from its benchmark.