

# Leonardo Invest MIURA

Long - Short: Absolute Return

LEONARDO INVEST (L.I.) MIURA:  
Establishment date: November 16th, 2009  
ISIN code: Part B: LU0462973347  
Part I: LU0462973008

JULY 31<sup>ST</sup>, 2010

## MANAGEMENT POLICY

July saw a considerable rebound in the equity markets, particularly including a 6.6% rise in the EUROSTOXX 50. Aside from the half-year earnings, which are very good overall, the rise was mainly driven by financial stocks, which "passed" their stress tests. The results of these tests show that the European financial sector appears to be more solid than estimated and is likely to continue to finance economic activity, even if there is another significant slowdown. This is quite reassuring as the latest figures published show that the global economy is slowing down, particularly in the major western countries, including the US and Europe, but also, and to a lesser degree, in some emerging countries, for example China. At this stage, even if the financial crisis is perhaps behind us, visibility of the future of global growth in 2011 and 2012 is very poor.

In this environment of good half-year profits and the easing of financial risk assessment, MIURA reported a monthly rise of 130bp. Although our net exposure remained relatively low throughout the month (beta-adjusted net exposure of between +2% and +5%), it was our stock-picking that performed much better overall, after a disappointing June. The main contributors include the rebound of our telecom stocks France Telecom (+12% in July) and Telefonica (+14%), the advertising sector's (WPP and AEGIS) outperformance of the construction sector and the strong resilience of the Casino stock.

On the negative side, the performance of Sanofi and Unilever was disappointing, although the fall of the Unilever stock was more than offset by our hedges on beverages and food. In terms of adjustments, we increased our exposure to the automotive sector (Peugeot in particular, but also Daimler to a lesser degree) whose excellent results point to attractive valuation levels even in very cautious economic scenarios.

In the next few weeks we will be maintaining a fairly cautious approach (beta-adjusted net exposure of 3.0%). The half-year earnings confirm that, for some sectors, the valuations are really very low and already factor in negative economic scenarios. Nevertheless, the economic slowdown is underway and expectations for 2011 remain high, which could create a lot more volatility in the weeks to come. Although we have slightly increased our net exposure (+3.0% vs. +0.6%), economic visibility is limited and we must therefore try to build our performance on picking the right stocks rather than the direction of the equity market.

Cyril FREU  
Mathieu PICARD

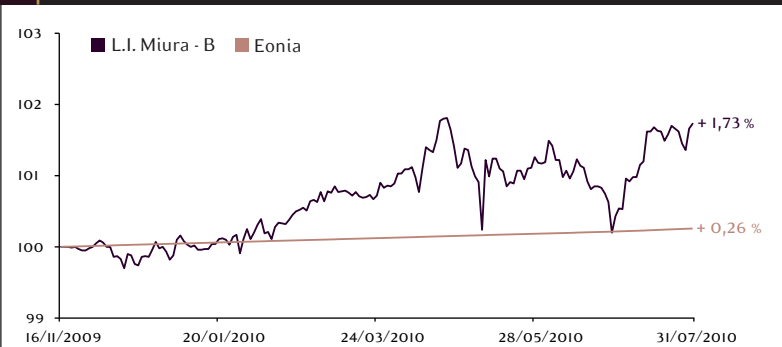
L.I. MIURA Classe B's performance	+ 1,85 %
EONIA's performance	+ 0,21 %
EUROSTOXX 50's performance	- 7,50 %
NAV Part B	101,73 €
NAV Part I	102,34 €
Net Assets L.I. MIURA	140,1 M€

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

## MAIN CHARACTERISTICS

Gross exposure: 95 %	Number of longs: 20
Net exposure: 5,3 %	Number of shorts: 12
L.I. MIURA's volatility over 3 months: 3,4 %	Eurostoxx 50's volatility over 3 months: 34,8 %
Net exposure adjusted for the beta: 3,0 %	

## PERFORMANCE SINCE INCEPTION



## MAIN LONGS

	FRANCE TELECOM	6,5%
	CASINO GUICHARD	5,7%
	SANOFI-AVENTIS	5,7%
	UNILEVER	5,2%
	WPP	4,4%

## MAIN SHORTS (SECTORS)

CONSTRUCTION	6,9%
BEVERAGE INDUSTRY	5,9%
CATERING - LEISURE	5,6%
BEVERAGE INDUSTRY	5,0%
BEVERAGE INDUSTRY	2,9%

## EXPOSURE BY SEGMENT

