BNP PARIBAS
INVESTMENT PARTNERS

MONTHLY REPORT

BNP Paribas L1 Bond Best Selection World Emerging November 2011

Performance overview

		PERFORMANCE							RISK		
		Cumulative				Annualized			Monthly annualized		
		One Mth	Three Mth	Year to date	One Year	Two Years	Three Years		Volatility	tracking error	Info. Ratio
		31/10/11 30/11/11	31/08/11 30/11/11	31/12/10 30/11/11	30/11/10 30/11/11	30/11/09 30/11/11	28/11/08 30/11/11	27/05/98 30/11/11	27/05/98 - 30/11/11		
BNP PARIBAS L1 Bond Best Selection World Emerging (Classic)	GROSS USD	- 4.35 %	- 7.24 %	- 8.40 %	- 8.21 %	6.12 %	18.31 %	12.79 %	17.37 %	-	-
JPM EMBI Global Composite Gross Return Index (v)		- 0.59 %	- 0.47 %	7.20 %	6.84 %	9.77 %	18.35 %	10.34 %	10.86 %	9.97 %	0.25

36 months, 60 months and since inception data include figures for the former ABN AMRO Emerging Markets Bond Fund

Market review

- Global: Confidence among US consumers and producers improved in November, but actual consumer spending and durable goods orders were less positive. Job growth remained modest, but a sharp drop in the labour force led to lower registered unemployment. House prices remained under downward pressure. Some leading indicators in the eurozone stabilised, but at low levels. Falling retail sales, industrial production and new orders, and rising unemployment indicated that the eurozone was on the brink of a recession. In emerging markets, most attention went to leading indicators in China, which fell significantly, although real data held up better.

- US bonds benefited from the weak equity performance: yields fell by 11bp to 2.07%. As investors feared that Germany could face higher costs to save the euro, yields on German bunds rose by 17bp. Risk spreads on sovereign bonds increased, most notably for Italy and Spain, but also for Belgium and France. Hopes for a far-reaching deal at the 9-10 December EU summit caused spreads to ease at the end of the month. Inflation stabilised in the eurozone, but fell in the US and China. The ECB surprised with a 25bp rate cut at the first policy meeting led by new president Draghi. The US Federal Reserve is weighing the options for another round of quantitative easing, while the Bank of England actually went ahead with further measures. China's central bank cut the reserve ratio for the biggest banks by 50bp to 21% to support economic growth.

- EM Local Currency Debt: November was another turbulent month in Emerging Markets local currency debt as volatility coming from Europe continued to weigh on sentiment; the market lost October's gains and returned to levels seen at the end of September. Despite a partial recovery after the 25th November, the JP Morgan GBI-EM GD lost 3.41% over the month. Emerging currencies depreciated across the board with INR, PLN and BRL as the biggest losers. The bonds component, which has maintained stable performance of late, lost only 0.45% in November.

- **Emerging markets external debt** sold off last month, led by Eastern European assets. Investor sentiment has been depressed with light positions and valuations remaining attractive. The EMBI Global Diversified index was down 0.9% in November but rebounded nicely into the last week. EM sovereign spreads have been volatile as a result of collateral damage from Europe, widening by 26 bps over the month.

Fund performance

- In November the fund underperformed by 376 bps amidst renewed volatility in markets globally and more collateral damage coming from the developed world. All emerging debt sub asset classes (corporate, FX, local rates and external debt) sold off simultaneously. In October, we had covered our short positions in Eastern Europe and moved closer to neutral so the fund did not benefit from the sell-off in this region in November. Also detracting from returns was our overweight position in high quality, high yield corporate names.

Portfolio activity

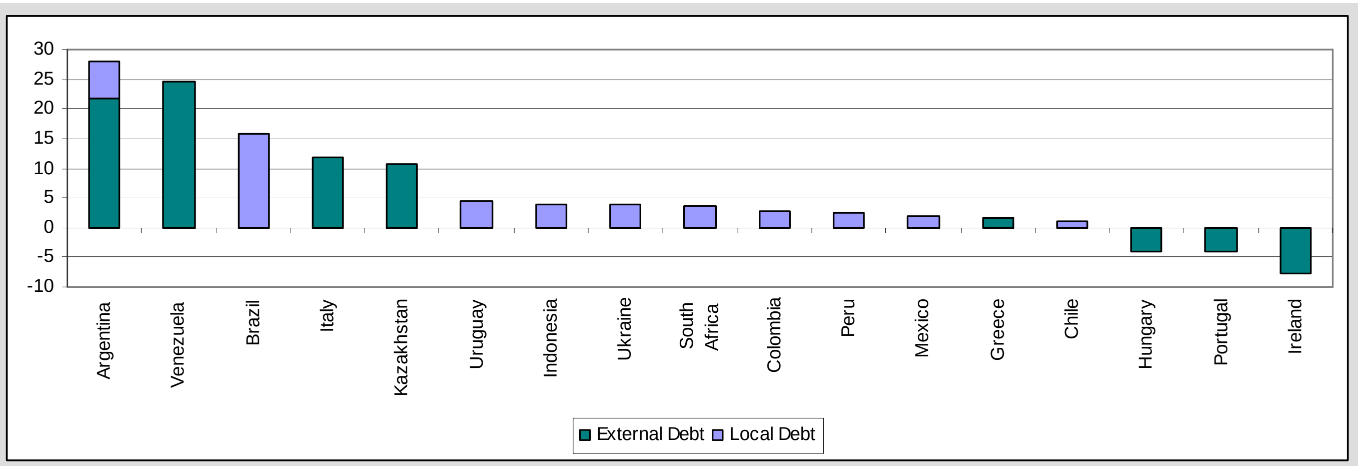
- Last month's events challenged our views so we delved deeper into our qualitative process to assess whether we were getting the wrong signals. Our investment process is based on the analysis of a multiple scenario environment, assigning weightings to each factor. We do not consider a central scenario but many drivers with their near term strength and velocity, to be able to adjust to the moving parts. The output of our different factors remained sensibly the same during November, so we adjusted at the margin and sat through the volatility.
- We maintained our core conviction positioning from October; overweight Latin America and Asia and neutral/underweight in Emerging Europe.

Outlook & positioning

- We believe that market concerns about tail risks are well founded but probably overly pessimistic. Forceful and concerted policy action is helping market sentiment, by way of reducing funding risks and supporting growth. The G7, China, Brazil acted last week and more policy measures will follow. The Fed, ECB, BoE, SNB, BoJ, BoC reduced by 50bp the rate of their Dollar swap lines. In China, the PBoC cut its reserve requirement ratio by 50bp and has a lot of room to ease further. The Brazilian government announced a series of tax cuts (counter-cyclical measures are possible because the fiscal position is strong), and the central bank is in a rate cuting cycle. We see this series of measures, announced in a short span, as significant enough to allay some of the downside risks to growth. There are expectations as well that the ECB will associate with the IMF to help reduce the liquidity crisis in Italy and Spain. If it does materialise in the near future, this will be another important catalyst for a market rally. Tactically we see the most value in external debt and blue-chip corporate debt, and remain strategically positive on local debt.

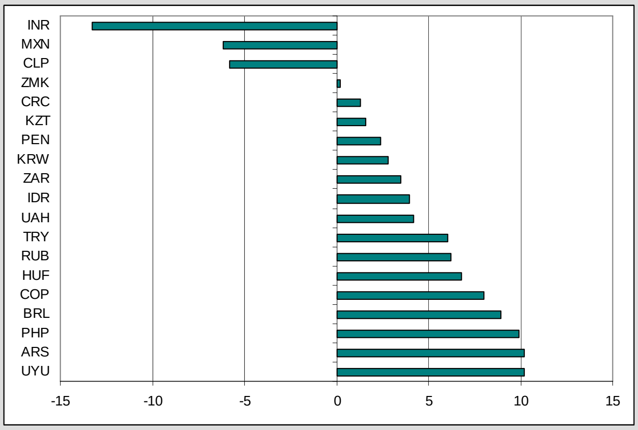
Additional information

Country exposure at month end (%)

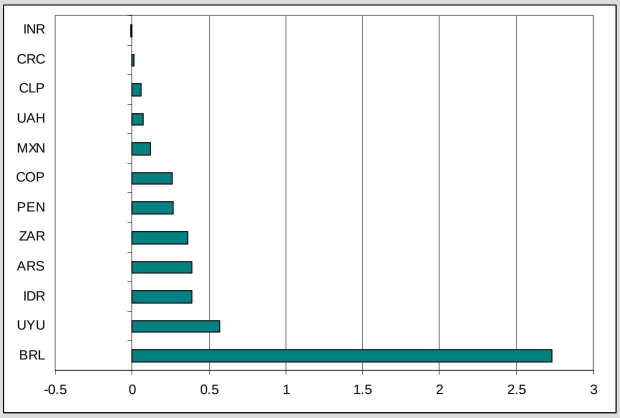


Source: BNPP IP

EM FX exp. absolute (%)



EM Duration relative to benchmark (years)



Source: BNPP IP

Statistics

	Fund	Benchmark	Rating	
YTM	11.48%	5.73%	AAA	0.10%
Current Yield	10.81%	6.71%	AA	0.00%
Duration	2.00	6.86	A	4.48%
Coupon	10.59	7.35	BBB	22.03%
Average Rating	BB	BB+	BB	8.49%
Average Life	8.20	12.16	B	40.11%
Corporate Exposure	38.00%	19.00%	<CCC	15.24%
			NR	4.23%

Source: BNPP IP

Total AUM as of end of reporting date: USD 491 million

ISIN Codes:

Shares – “Classic” Class

LU0377066807 “Classic - Capitalisation”
LU0377067367 “Classic – Quarterly Distribution”

Shares – “Classic H EUR” Class

LU0377067797 “Classic H EUR – Capitalisation”
LU0377068092 "Classic H EUR Distribution"

Shares – “IH EUR” Class

LU0377068928

Shares – “UK” Class

LU0377068332

Shares – “I” Class

LU0377068688

Shares – “P” Class

LU0377069223

For more information, please contact:

Ernesto Bettoni
Investment Specialist Emerging Markets Fixed Income

Jennifer Clarke
Investment Specialist Emerging Markets Fixed Income

DISCLAIMER

On 1 September 2010, Fortis L Fund Bond Best Selection World Emerging was renamed BNP Paribas L1 Bond Best Selection World Emerging.

BNP Paribas L1 Bond Best Selection World Emerging is a compartment of the BNP Paribas L1 UCITS III Compliant SICAV registered under Luxembourg law.

The Fund referred to in this monthly report is part of a Fortis Investments GIPS (®) compliant composite whose full performance is available on request.

The investments in BNP Paribas L1 Bond Best Selection World Emerging are subject to market fluctuations and the risks inherent in investments in securities. The value of investments and the income they generate may go down as well as up and it is possible that investors will not recover their initial outlay.

This material is issued and has been prepared by BNP Paribas Asset Management S.A.S. (BNPP AM)* a member of BNP Paribas Investment Partners (BNPP IP)**.

This material is produced for information purposes only and does not constitute:

1. an offer to buy nor a solicitation to sell, nor shall it form the basis of or be relied upon in connection with any contract or commitment whatsoever or
2. any investment advice .

This material makes reference to certain financial instruments (the “Financial Instrument(s)”) authorised and regulated in its/their jurisdiction(s) of incorporation.

No action has been taken which would permit the public offering of the Financial Instrument(s) in any other jurisdiction, except as indicated in the most recent prospectus, offering document or any other information material, as applicable, of the relevant Financial Instrument(s) where such action would be required, in particular, in the United States, to US persons (as such term is defined in Regulation S of the United States Securities Act of 1933). Prior to any subscription in a country in which such Financial Instrument(s) is/are registered, investors should verify any legal constraints or restrictions there may be in connection with the subscription, purchase, possession or sale of the Financial Instrument(s).

Investors considering subscribing for the Financial Instrument(s) should read carefully the most recent prospectus, offering document or other information material and consult the Financial Instrument(s)’ most recent financial reports. The prospectus, offering document or other information of the Financial Instrument(s) are available from your local BNPP IP correspondents, if any, or from the entities marketing the Financial Instrument(s).

Opinions included in this material constitute the judgment of BNPP AM at the time specified and may be subject to change without notice. BNPP AM is not obliged to update or alter the information or opinions contained within this material. Investors should consult their own legal and tax advisors in respect of legal, accounting, domicile and tax advice prior to investing in the Financial Instrument(s) in order to make an independent determination of the suitability and consequences of an investment therein, if permitted. Please note that different types of investments, if contained within this material, involve varying degrees of risk and there can be no assurance that any specific investment may either be suitable, appropriate or profitable for a client or prospective client’s investment portfolio.

Given the economic and market risks, there can be no assurance that the Financial Instrument(s) will achieve its/their investment objectives. Returns may be affected by, amongst other things, investment strategies or objectives of the Financial Instrument(s) and material market and economic conditions, including interest rates, market terms and general market conditions. The different strategies applied to the Financial Instruments may have a significant effect on the results portrayed in this material. Past performance is not a guide to future performance and the value of the investments in Financial Instrument(s) may go down as well as up. Investors may not get back the amount they originally invested.

The performance data, as applicable, reflected in this material, do not take into account the commissions, costs incurred on the issue and redemption and taxes.

* BNPP AM is an investment manager registered with the “Autorité des marchés financiers” in France under number 96-02, a simplified joint stock company with a capital of 64,931,168 euros with its registered office at 1, boulevard Haussmann 75009 Paris, France, RCS Paris 319 378 832. www.bnpparibas-am.com.]

** “BNP Paribas Investment Partners” is the global brand name of the BNP Paribas group’s asset management services. The individual asset management entities within BNP Paribas Investment Partners if specified herein, are specified for information only and do not necessarily carry on business in your jurisdiction. For further information, please contact your locally licensed Investment Partner.