Inside
BNP Paribas Investment Partners

For professional investors

JUNE 2010

Could decoupling really happen this time?

CONTENTS

After an unending winter of wild volatility on markets worldwide, could we be seeing a divergence between developed and emerging economies? Uncertainties continue to loom large in Europe. US growth, though mild, is coming back, and emerging markets by and large continue their tiger-like progress. There's now a hope that, if governments don't strangle growth by overloading their austerity packages, and if China gets its currency and real estate equations right – then the global recovery could be sustainable. That said, the recovery is without question two-speed. As William de Vijlder highlights in our interview with him, the balance of recovery and growth has flipped strongly in favour of emerging markets, with their lower indebtedness and positive demographics. This offers investors exciting investment opportunities – as discussed in our articles on Asian convertible bonds and emerging market bonds. And in an asset management world that has grown ever more complex in seeking out innovative investment solutions, you may also find refreshing our article on how to benefit from the world's largest, most liquid market – currencies.
As always, please do not hesitate to call our client relationship managers for any further information you may want.

Completed on 11 June 2010

Martin Theisinger
Regional Head of Distribution Sales

BNP PARIBAS
INVESTMENT PARTNERS

News

NEW CIO, EQUITY AT BNP PARIBAS ASSET MANAGEMENT

We are delighted to announce the appointment of Michael Gordon as CIO, Equity of BNP Paribas Asset Management (BNPP AM). Michael has extensive knowledge of equities, a strong track record and a wealth of international expertise. This appointment helps strengthen BNPP AM's equity management capabilities and underlines its aim to provide its clients with strong investment returns.

Michael joins us from Fidelity Investments International, where his last position was Global Head of Institutional Investment. His previous positions at Fidelity include Acting Head of Fixed Income, Global Chief Investment Officer and Asian Chief Investment Officer. Prior to Fidelity, Michael worked for various investment firms, including Schroder Investment Management Australia and Wardley Investment Services International Ltd.

NEWS FROM OUR PARTNERS

A number of our Partners that used to be part of Fortis Investments have changed, or are about to change, name as a result of the merger with BNP Paribas Investment Partners.

Old name	New name	Expertise	Location
	Already effective		
Fortis Haitong Investment Management	HFT Investment Management Co., Ltd	Chinese investment solutions	Shanghai
PT. Fortis Investments	PT. BNP Paribas Investment Partners	Indonesian investment solutions	Jakarta
	Name change in process pending legal approval		
KIT Fortis Investments	TKB BNP Paribas Investment Partners	Russian investment solutions	St. Petersburg
Fortis Investments India	BNP Paribas Investment Partners India	Indian investment solutions	Mumbai

ARNHEM INVESTMENT MANAGEMENT

The newest investment partner within BNPP IP is the Sydney based Australian Equities boutique fund manager, Arnhem Investment Management (Arnhem). Previously known as Fortis Investment Partners, the company rebranded to Arnhem Investment Partners on 17 May. The investment team at Arnhem has been managing Australian Equities since 2000 and currently manages around AUD 5 billion across its three Australian Equity capabilities. Its investment style has a bias towards industries and companies with above average long term growth prospects. Arnhem's industry approach to investment is based on the belief that superior long term equity performance is driven by above-average, sustainable earnings growth. The strategy therefore revolves around identifying companies that have strong positions in structurally attractive, higher growth industries. With nine investment professionals averaging 17 years of industry experience, Arnhem has an experienced and well-resourced team. The three senior members of the team – George Clapham, Neil Boyd-Clark & Mark Nathan - have been managing the Australian Equity capability together since its inception in 2000.

BRAZIL PARTNER'S GROWTH MATCHES MARKET STRENGTH

BNP Paribas Asset Management Brasil Ltda becomes a Partner in its own right. BNP Paribas Asset Management Brasil Ltda has maintained steady, robust growth in one of the world's fastest emerging economies since 1998, demonstrating the sustainability of BNPP IP's development model even through times when other foreign asset managers decided to quit Brazil.

BNPP AM Brasil now has over EUR 11 billion in AUM and is number 10 in Brazil – quite an achievement in a mutual fund industry – the world's 6th largest, ahead of the UK and Japan – with over 300 local asset managers. The BNPP AM Brasil/FI Brazil merger builds and expands on FI Brazil's position as a leading Latam equity manager and from its expertise in multimercados – hedge funds.

The company's main client base includes financial institutions, international corporates, public/private pension funds and insurance companies. Importantly, 30-40% of its total AUM is in off-shore funds, with strong-growing sales in major centres such as Korea and Japan.

News

CHANGE OF ADDRESS FOR WILLIAM'S WORLD

William De Vijlder – the CIO of our Partners and Alternative Investment capabilities – regularly writes about his views on the global economy and other issues in his "William's World" blog, which we publish on our internet site in English, French and Dutch.

As a result of the merger of the BNP Paribas Investment Partners and Fortis Investments websites, you can now find William's World at the following addresses.

English: http://williamdevijlder.bnpparibas-ip.com/english/
French: http://williamdevijlder.bnpparibas-ip.com/francais/
Dutch: http://williamdevijlder.bnpparibas-ip.com/nederlands/

BNP PARIBAS INVESTMENT PARTNERS ANNOUNCES Q1 RESULTS

BNP Paribas Investment Partners recently announced its results for the first quarter. Highlights included:

- assets under management rose to EUR 542 billion as at the end of March 2010, up from EUR 530 billion at the end of 2009
- pre-tax net income of EUR 139.2 million for the first quarter
- strong contributions from joint ventures.

STANDARD & POOR'S AA FUND MANAGEMENT RATING

Equities
Fortis L Fund OBAM Equity World
Fortis L Fund Opportunities USA

Convertible Bonds
Fortis L Fund Best Selection Convertible Europe

Fixed Income
Parvest Euro Bond
Parvest Euro Medium Term Bond

STANDARD & POOR'S A FUND MANAGEMENT RATING

Equities
Fortis L Fund Equity Best Selection Euro
Fortis L Fund Equity Best Selection Europe
Fortis L Fund Equity Best Selection World
Fortis L Fund Equity Finance World
Fortis L Fund Equity High Dividend World
Fortis L Fund Equity Small Cap Europe
Fortis L Fund Equity Small Cap USA
Fortis L Fund Equity Telecom Europe
Fortis L Fund Equity World Emerging
Fortis L Fund Green Future
Fortis L Fund Real Estate Securities World

Convertible bond funds
Fortis L Fund Bond Convertible World

Fixed Income
Fortis L Fund Bond Asia ex-Japan
Parvest Euro Corporate Bond

Absolute Return
Fortis L Fund Absolute Return Balanced
Fortis L Fund Absolute Return Growth
Fortis L Fund Absolute Return Stability

The ratings of the funds mentioned apply to all share classes. As per the end of May 2010, BNP Paribas Investment Partners has 22 funds which have a rating by S&P Fund Research (5 are rated 'AA' and 17 'A'). All these funds (Fortis L Funds and Parvest) are SICAV compartments, established under Luxembourg law. Go to www.funds-sp.com for more information (category Fund Management Ratings).

Nathalie Benatia
Strategist - BNPP AM

ECONOMIC OUTLOOK

No springtime for Goldilocks

In recent weeks, investors have focused first on the 'Greek crisis', then on the European sovereign debt in general, while overlooking some rather encouraging indicators from the US and emerging markets, as well as upgrades in growth forecasts. And yet, the European authorities' announcement on May 9th of an exceptional stabilisation and support plan theoretically resolved liquidity issues. Indeed, the sums that the EU and IMF are prepared to release (EUR 750 billion in all) would be more than enough to cover the funding needs of 'peripheral'' countries if they were unable to tap the markets. Meanwhile, national parliaments quickly passed the laws necessary for implementing the European Financial Stability Fund, which made the plan more credible. And the ECB's decision to buy up public debt limits the risks of new speculative attacks. In spite of all this, higher-risk markets are having a hard time rebounding, volatility is still high compared to levels seen prior to late April, and the euro is still in the doldrums. Assuming that the plan is credible and that investors are now convinced that it is credible, the markets, in our view, are pricing in **government solvency risk that is more structural in nature**, a direct consequence of the fiscal stimulus plans set up in 2009 and the recession. And such solvency issues do not concern just the eurozone.

Against this backdrop, **macroeconomic concerns are likely to move back to the forefront**, given the hit to growth that will come from the rebalancing of public finances to be implemented in 2010 in some countries and almost all countries by 2011. Given the duration of budget procedures and electoral calendars in some countries (e.g., Japan and the US), countries that are not under direct pressure from the markets (unlike Greece, Portugal and Spain) are unlikely to take steps to reign in deficits. In its latest Economic Outlook, and even while calling on countries to undertake 'credible consolidation plans', the OECD states that 'stimulus measures already decided must be implemented fully'. Steps have already been taken towards greater fiscal responsibility (in France and Germany, in particular) or will be by this summer (UK). The shift to a less expansionary policy will thus occur against a backdrop of potentially disappointing economic data, given that the phase of economic acceleration linked to the industrial cycle should give way to continued positive, but modest, growth. This will mean only a slow improvement in employment, leaving the jobless rate at a high level (9% in 2010 and 8.8% in 2011 in the OECD, vs. less than 6% before the recession).

We reiterate our core scenario of slower growth in Western countries in the coming quarters, with a sustainable, albeit moderate, recovery. However, the risk of something worse than a mere slowdown (i.e., a double-dip recession) has probably increased in recent weeks. A race to rein in public deficits would be very harmful to the economy, and European interbank market pressures could penalise credit if they persist and get worse. This is happening against a backdrop of a persistent decline in core inflation (which has hit new lows of less than 1% recently in both Europe and the US), which is reviving deflation fears. While we do not see this as the most likely scenario, recent market concerns remind us that a Japanese-style scenario cannot be completely ruled out for European and American economies. A double-dip recession would be especially problematic, as neither central banks nor governments would be able to deal with it. Monetary policies are already highly accommodating, and new fiscal stimulus is impossible, given already excessive debt levels. Again, this very pessimistic outlook is not our core scenario but perception is there and the markets will have to live in an environment of uncertainty and volatility over the next few months- an environment that is very different from the perfect world of Goldilocks, and one that does not appear to favour a sustained return of risk appetite.

Emiel van den Heiligenberg
Product CIO, Asset Allocation

INSIGHT

Emerging market equities: short-term neutral against long-term positive

The Global Balanced Solutions team have been long-term bulls on emerging markets, and this has been reflected both in our strategic and tactical allocation. Many years ago, we advocated adding emerging market exposure to core portfolios. This enabled the investor to take advantage of the diversification benefits of the asset class as well as the higher expected return. Since 2006, emerging market equities have represented 25% of the equity exposure of our core portfolios – a significantly higher exposure relative to the benchmarks and to our competitors – and this has paid off handsomely.

Our long-term bull scenario for emerging markets is based upon the following considerations:

- Growth prospects: The growth prospects of emerging markets remain excellent on a medium to long term. Long-term GDP growth expectations for emerging markets stand at 6.5% against 2.5% for developed markets. We expect the growth differentials to remain wide, and to translate into higher stock returns as well
- Demographics: Emerging markets account for 84% of the world population[1]. Population growth is expected to continue, albeit at a slower pace (with the notable exception of Russia), which will support growth. A growing middle class in emerging markets is also a boon for domestic demand
- Healthy balance sheets: Emerging markets came out of the crisis relatively unscathed. The financial sector was healthy, having avoided excessive leverage. After the series of crises in the nineties, governments enacted fiscal discipline and reduced external debt. With lower deficits, lower debt to GDP levels and improving sovereign credit ratings, emerging market balance sheets are healthier relative to developed markets
- Commodities: Emerging markets have a large share in the total reserves of a number of crucial commodities (e.g., more than 65% of oil reserves[2]). Growth in emerging markets will impact commodities prices, which will have a positive effect. The access to commodities is a strong advantage as there will be increasing competition for resources
- Liquidity: Institutional as well as retail and private clients have discovered the asset class, as can be seen from the massive inflows. The market breadth has improved, and large volumes of IPO's have come to market
- Volatility: Historically, the volatility of EM returns has been considerably higher than that of developed market returns. In the last 10 years, this differential has narrowed. This has positive consequences for the risk premium investors will attach to emerging markets

Within our Tactical Asset Allocation, we have been overweight on emerging market equities for a while, but decided to move to neutral towards the end of May. As mentioned above, we remain long-term bulls, but certain short-term indicators have turned less positive for the asset class. The qualitative factors we use to establish our overall view on the asset class remain broadly positive, whereas certain qualitative factors turned negative. Among these, the recent underperformance of emerging market equities relative to developed markets is a negative factor, showing that risk appetite has abated. Seasonality turns negative for the asset class in June, which is another negative factor. Moreover, we are slightly more worried about emerging market fundamentals, especially some sparks of inflationary pressures in India and Brazil and the start of tightening measures in China.

Extensive academic research has been undertaken on seasonal patterns in equity returns. The 'January effect' is a well-researched and documented example of this. Seasonal patterns are incorporated in our scorecards to support the regional equity allocation investment decisions. Our seasonality decisions have been built by analysing monthly return data of the MSCI EM since January 1988, where we check the statistical significance of the patterns as well as their persistence, by doing robustness checks. It emerged from this that June has a negative seasonality pattern, leading to a change in our assessment.

1 Source: S&P Global Stock Markets Factbook, 2010

2 Source: World Bank 'Global Commodities Markets Report'

Seasonality overview of emerging equities against developed markets

	MSCI WORLD	EM vs DEV WORLD
JAN	POSITIVE	POSITIVE
FEB	-	POSITIVE
MAR	POSITIVE	-
APR	POSITIVE	-
MAY	-	-
JUN	NEGATIVE	NEGATIVE
JUL	-	NEGATIVE
AUG	NEGATIVE	NEGATIVE
SEP	STRONG NEGATIVE	NEGATIVE
OCT	NEGATIVE	NEGATIVE
NOV	POSITIVE	NEGATIVE
DEC	STRONG POSITIVE	POSITIVE

Source: BNPP IP

ASSET ALLOCATION

Asset allocation as of end May

Equities: We moved from underweight equities to **neutral** in early May. Following the market correction, our tactical indicators, both the moving average and sentiment indicator, turned more positive. The 'all in' move of the ECB package to calm a jittery market was another factor in our decision. We also closed our long-standing overweight in emerging market (EM) equities at the end of the month, as momentum and seasonality have turned negative for the asset class. Monetary tightening is another risk. But we remain bullish on EM fundamentals in the long term, which is reflected in our overweight on local EM debt. On a regional level, we are overweight Japanese equities, neutral EM equities, and underweight US and European equities.

Small-cap equities: We have kept our **overweight** in small caps. Interest rates, liquidity and risk appetite are positives for this asset class. However, valuations are becoming stretched in our view. Furthermore, banks' reluctance to lend could also hamper growth of small and medium-sized companies.

Investment-grade corporate bonds: We are **neutral** on this asset class. Falling default rates and improving company earnings are positive for this asset class, while the economic cycle is neutral in our view. However, given the massive narrowing of credits spreads in 2009, we think the period of outperformance by investment-grade corporate bonds is behind us.

High yield bonds: We are **overweight** high yield. For us, the outlook for the economic cycle is neutral at present, but the outlook for company profits is more positive. Primary and secondary market conditions for high yield bonds have improved, in our view. Prices have risen, but we think yields are still attractive and offer investors ample compensation for current and projected defaults.

Inflation-linked bonds: We closed our overweight on inflation-linked bonds as seasonality turned negative for the asset class.

Emerging markets bonds: We consider the asset class structurally attractive: the aggregate current accounts of emerging countries are in surplus, external and public debt ratios are falling and currency reserves are relatively high. We **overweight local currency** emerging debt. We expect it to outperform foreign currency debt since yields in local currencies are higher, and we see room for currency gains on the back of improving economic fundamentals and the outlook for monetary policy.

Convertible bonds: The asymmetric characteristics of this asset class – upside potential from the equity option and a floor from the bond option – should be positive in a tactical trading environment. Furthermore, the option part of convertibles could become more valuable if equity volatility increases. Finally, our positive view on credits and small caps also argues in favour of convertibles. However, we have stuck to our **neutral** stance as convertibles usually outperform against a backdrop of new cheap issuance, which is not something we are currently seeing.

Real estate securities: We are sticking to an **overweight in Asia, a neutral stance on the US and an underweight in Europe**. Asia's economy is going through a V-shaped recovery, which should be good for real estate, in our view. We expect the recovery in Europe to lag that in the US; rental yields and refinancing costs remain negative in both regions.

Commodities: We moved to an **overweight** position on commodities from neutral, as the asset class corrected due to risk aversion and high inventories, thus providing an attractive entry level, in our view. We are positive on commodities in the long term as we believe demand from emerging markets and limited supply coming to market should drive the asset class.

Asset Allocation Scorecard

	--	-	=	+	++
EQUITIES			✓		
US Equities		✓			
European Equities		✓			
Japanese Equities				✓	
Emerging Equities			✓		
BONDS			✓		
Government Bonds	✓				
Inflation linked			✓		
Corporate Bonds			✓		
High yield Bonds				✓	
Emerging Bonds				✓	
REAL ESTATE		✓			
ABSOLUTE RETURN			✓		
CONVERTIBLE BONDS			✓		
COMMODITIES				✓	

MODEL PORTFOLIOS

Model portfolios overview on 31 May, 2010

	Conservative		Stability		Balanced		Growth		High Growth	
	Bench	Portf.	Bench	Portf.	Bench	Portf.	Bench	Portf.	Bench	Portf.
EQUITIES			20.0%	20.0%	41.5%	41.5%	60.0%	60.0%	90.0%	90.0%
European LC			6.0%	3.5%	12.0%	9.5%	18.0%	15.5%	27.0%	24.57%
European SC			2.0%	3.8%	4.0%	5.8%	4.0%	5.8%	6.0%	7.80%
US LC			4.0%	3.3%	8.0%	7.3%	12.0%	11.3%	20.0%	19.38%
US SC			1.0%	1.1%	1.5%	1.6%	2.0%	2.1%	3.0%	3.00%
JAPAN			2.0%	3.3%	4.0%	5.3%	6.0%	7.3%	10.0%	11.25%
Global Emerging Markets			5.0%	5.0%	12.0%	12.0%	18.0%	18.0%	24.0%	24.00%
Asian Emerging			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.00%
REAL ESTATE			2.0%	1.3%	3.0%	2.3%	3.0%	2.3%	6.0%	5.14%
European Real Estate			1.0%	0.3%	1.0%	0.3%	1.0%	0.3%	2.0%	1.11%
US Real Estate			1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	2.0%	2.03%
Asian Real Estate			0.0%	0.0%	1.0%	1.0%	1.0%	1.0%	2.0%	2.00%
BONDS	74.0%	74.0%	61.0%	60.9%	39.5%	39.4%	24.0%	23.9%		
International Bonds*	17.0%	11.8%	21.0%	15.7%	9.0%	3.73%	3.0%	0.0%		
JPM EMU	10.2%	7.1%	12.6%	9.4%	5.4%	2.2%	1.8%	0.0%		
JPM WORLD EX EMU	6.8%	4.7%	8.4%	6.3%	3.6%	1.5%	1.2%	0.0%		
Euro Credit Bonds**	20.0%	20.0%	16.0%	16.1%	9.5%	9.6%	6.0%	6.1%		
EURO CORP BONDS	12.0%	12.0%	9.6%	9.6%	5.7%	5.7%	3.6%	3.6%		
EUR. COLL. BONDS	8.0%	8.0%	6.4%	6.5%	3.8%	3.9%	2.4%	2.5%		
Euro Inflation Linked	17.0%	17.0%	14.0%	14.0%	10.0%	10.0%	6.0%	3.7%		
US Corporate Bonds	9.0%	9.0%	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%		
High Yield (Euro)	4.0%	6.3%	4.0%	6.2%	7.0%	9.2%	7.0%	9.2%		
High Yield (US)	1.0%	1.0%	1.0%	1.0%	2.0%	2.0%	2.0%	2.0%		
Emerging Bonds USD	2.4%	2.4%	0.8%	0.8%	0.8%	0.8%	0.0%	0.0%		
Emerging Bonds Local Ccy	3.6%	6.5%	1.2%	4.1%	1.2%	4.1%	0.0%	2.9%		
GLOBAL CONVERTIBLE BONDS	12.0%	12.0%	4.0%	3.9%	4.0%	3.9%	4.0%	3.9%		
COMMODITIES			1.0%	1.9%	2.0%	2.9%	3.0%	3.9%	4.0%	4.85%
ABSOLUTE RETURN	14.0%	14.0%	12.0%	11.9%	10.0%	9.9%	6.0%	5.9%		
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

* International bonds = 60% Eurobias
** Euro Credit Bonds (60% corporate bias and 40% collateralized)

William de Vijlder
CIO Partners and Alternative Investments

IN DEPTH

A two-speed world: emerging markets leave developed nations in their dust

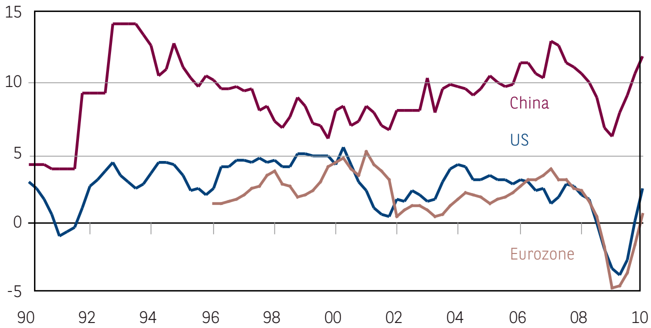
Equity markets have disappointed so far this year: developed equities were down by 7.6% to the end of May, while emerging market equities lost 6.4%. Bond markets fared better: yields fell in the US and the eurozone, but risk spreads on issues by peripheral eurozone countries and on corporate bonds rose amid sometimes great volatility. In our outlook for 2010[1], we had expected a better start to the year, but we were also cautious on the second half. We saw the unwinding of extremely loose monetary policies as a key risk, but fiscal policy instead turned out to be the dominant factor. With the second half of 2010 about to start, it is a good time to ask William De Vijlder (WDV), CIO Partners & Alternative Investments of BNP Paribas Investment Partners, about the prospects at this point. The questions are by Joost van Leenders (JvL), investment specialist - allocation & strategy.

JvL: In our outlook for 2010, we had forecasted a recovery for global growth, but only a modest one given the depth of the recession. Does this view still hold?

WDV: It depends on the region you are looking at. For us, the main theme for the second half is the two-speed nature of the global recovery. On the higher-speed side are the emerging market economies in Latin America and, most notably, Asia. In contrast with developments after previous recessions, these countries have taken the lead in the global recovery. Growth in these regions should be much higher than in the developed economies. Among the lower-speed developed economies, a distinction should be made between the US on the one hand and the eurozone and Japan on the other. The consensus among economists is that the US will grow at a satisfactory 3% this year. Growth in the eurozone and Japan will be significantly lower. In the US, the recovery has broadened from one focused on inventory rebuilding and related industrial production to include the labour market, the services sector and even to consumption. But mind you, 3% growth after a severe recession is sub-par by US standards. The housing market in the US is still fragile and it remains to be seen whether it can stay afloat without government support. High unemployment should keep wages under downward pressure, so US consumers, who also have to pay down debts, cannot spend freely. Growth in the eurozone is still coming mainly from exports. Here, consumers have stayed extremely cautious as unemployment has risen further. Going forward, eurozone growth is likely to be held back by strong fiscal restraint.

1 "Back from the brink – but what now? An investment outlook for 2010"; December 2009

GDP (% yoy)



Source: Bloomberg, Datastream, BNPP AM: - 10 June 2010

"Mind you, 3% growth after a severe recession is sub-par by US standards"

JvL: In the financial crisis, central banks did everything to prevent a depression, including cutting interest rates to zero, or close to zero, and took a whole range of unorthodox policy measures. Most of these measures have been terminated. Is it already time for central banks to start raising interest rates?

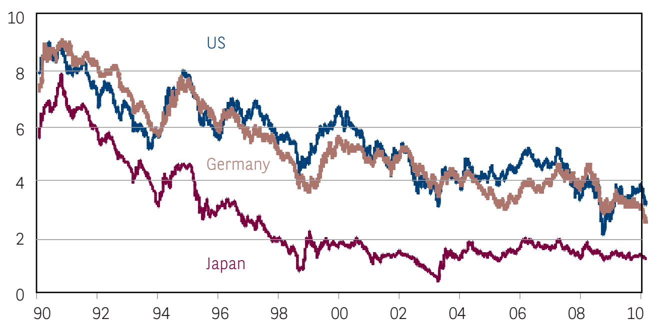
WDV: Monetary policy trends are likely to reflect the central theme of a two-speed world as well. Several emerging markets have already started tightening monetary policy. China has mostly relied on so-called administrative measures, but others such as India and Brazil have actually hiked interest rates. We expect such tightening to continue in most emerging markets to prevent a possible outbreak of inflation. A side effect of this tightening is that the currencies of these countries should appreciate. Higher rates attract capital inflows. The situation is quite different in the US, the UK, the eurozone and Japan. We don't expect any rate hikes in these countries this year. Inflation in the US is relatively low and under control and there is therefore no reason to hike rates there in the coming months. The same goes for the UK, where the Bank of England is likely to take a wait-and-see stance. In the eurozone, the European Central Bank faces sluggish growth as a result of fiscal austerity and can therefore stay on the sidelines. Thus, official interest rates in these areas should remain at the current, extremely low, post-recession levels.

"Emerging markets have already started tightening; the situation is quite different elsewhere"

JvL: What about long-term bond yields? Governments must issue huge amounts of bonds to finance their deficits. This must put upward pressure on yields?

WDV: Yes, but this supply of new issues is only one part of the equation. Large supply indeed has the potential to push up yields. On the other hand, there is still uncertainty in the markets about the strength and sustainability of the global recovery. Thus investors continue to look for less risky assets. We think that demand and supply will be roughly balanced. Low short-term interest rates also provide a strong anchor for bond yields, keeping them down. Yield curves are already extremely steep. And we don't think that bond investors should have to fear inflation for the time being. At the same time, we do not see much room for yields to drop further. For that to happen, the developed economies would have to move into a sort of Japan-style (deflation) scenario, which is not what we expect. The global recovery is simply too broad and too strong for that. Of course the risk of higher yields is bigger in the US than in the eurozone. As a result, we don't foresee strong trends in bond yields either way. However, we do expect continued volatility.

10-year government bond yield (%)



Source: Datastream, BNPP AM: - 10 June 2010

JvL: Equities on the whole are currently significantly lower than at the start of the year. Will their performance improve in the second half?

WDV: The performance of equities is typically driven by four factors. Profit growth will likely continue in the second half of the year, but should slow from the frantic pace of the first half. Accordingly, you can expect analysts to increase their earnings forecasts at a slower pace. We see this as a negative factor for equity investors. Secondly, extremely low and accommodative monetary policy should remain a positive. The third factor is valuation. Cyclically adjusted price/earning ratios are slightly above their long-term averages. These ratios do not provide a compelling case to buy equities, but they are also not a reason to stay away from this asset class. The fourth factor could be the dominant one for the rest of the year. This concerns the risk appetite of investors, or the psychological part of investing. Crucially, this hinges on investor perceptions of the prospects for the recovery and of the credibility of fiscal policy. Looking at these four factors, we see equity markets broadly moving sideways in the second half. But given all the uncertainties surrounding the outlook and fiscal policy, we also expect volatility to remain high. Thus, in our view, making investments in the second half of the year will be all about correctly timing your – mainly tactical – trades.

JvL: Are there any specific countries that investors should aim for? Or any countries they should avoid? What is your view on Chinese equities?

WDV: Among developed equities, the US stands out in a positive way. The combination of an economic recovery, strong earnings growth and relatively attractive valuations should support US equities. We would be underweight the eurozone for obvious reasons: lower economic and profit growth. We have just reduced our overweight in Japan to neutral. Our tactical indicators gave out negative signals and political risk has increased with the recent resignation of the prime minister. Within emerging markets, we like the cyclical economies of South Korea and Taiwan, although political risk in South Korea has obviously increased. We have recently upgraded Brazil and Russia since we foresee strong earnings growth. Specifically for Russia, we think that the drop in crude oil prices has come to an end, which should be positive. On China, we would like to warn investors that this market can show very strong swings to the upside and to the downside. Currently we see opposing forces at work. Growth is strong, which should be positive, but the prospect of further monetary tightening and fears of a property bubble have dominated the market. At the end of May, the Chinese equity market had dropped into bear market territory (after a larger than 20% decline - JvL). Still, it has done better than Spain and Greece, but worse than Italy or Portugal. We have become more positive on Chinese equities for three reasons. The strong selloff there has obviously improved valuations. Furthermore, less positive macroeconomic data may remove fears of the Chinese economy overheating and thus of further monetary tightening. And finally, many investors have relatively large holdings of cash, which they could shift into equities, supporting equity prices.

"We have become more positive on Chinese equities"

JvL: Corporate bonds, and especially high-yield, did well last year. Do you think there is still value to be had in this asset class?

WDV: It should be obvious that the bulk of the strong performance is behind us. But we see no reason to turn negative on corporate bonds. It is telling that during the equity sell-off in May corporate bonds strongly outperformed equities. We regard the outlook for corporate bonds as mildly positive. The global economy is still recovering, company profits are rising, company balance sheets have improved and default numbers are falling. However, the risks from a global slowdown later this year or early next year and renewed stress in the banking sector and in the financial markets are still substantial. We have taken profits on our overweight in investment-grade bonds. Given the narrowing of the spreads on these bonds, we don't think the risk-reward trade-off is all that appealing anymore. We remain overweight high-yield. We think that the carry on these bonds is still attractive despite the risks.

Elizabeth Para
Investment Specialist, Overlay Asset Management

IN DEPTH

Currency markets a liquid source of alpha and diversification

As investors seek out new sources of return, uncorrelated with the assets they already hold, opportunities in currency markets stand out among alternative asset classes. Currency strategies can demonstrably deliver alpha which is low correlated with other major asset classes. They are also easy to understand and extremely liquid, relative to other alternative strategies.

Investors can exploit the natural inefficiencies of currency markets to generate returns

Not all currency transactions are motivated by profit. Currency markets often reflect the secondary impact of decisions regarding other assets. For example, when a US corporation decides to buy equipment from Germany, it sells US dollars and buys euros, but not because it believes the euro is about to appreciate versus the dollar. Or when a global equity manager decides to decrease his exposure to the US stock market and re-invest the proceeds in the Canadian stock market, it's probably not because he has a negative view on the US dollar, but he will still need to sell US dollars and buy Canadian dollars.

These real money flows, which are not aimed at maximising profits in currency markets, create inefficiencies. Compare that to equity or bond markets, where every transaction's aim is to profit, creating a highly efficient, competitive market in which to generate alpha. On the other hand, there are plenty of people who buy or sell currencies without taking a view on whether they're transacting at a good level, or whether they're likely to make or lose money on that currency transaction in the long run.

Currency strategies designed to exploit these inefficiencies in currency markets can deliver consistent alpha to investors.

Currency markets and funds are highly liquid compared to other alternative strategies

Currency markets are the largest, most liquid markets in the world, with daily turnover of USD 3.2 trillion a day. In consequence, transaction costs in a currency strategy are very low, there are few constraints on going long or short of freely traded currencies, and you can exit your position (or divest from a currency fund) when you need to. With such a liquid market, currency managers can also afford to be much more transparent about their processes and positions. And because the market and instruments are simple and straightforward, one needn't invest in complex instruments or structured products in order to generate alpha.

Currency strategies exhibit low correlation with traditional and other alternative strategies

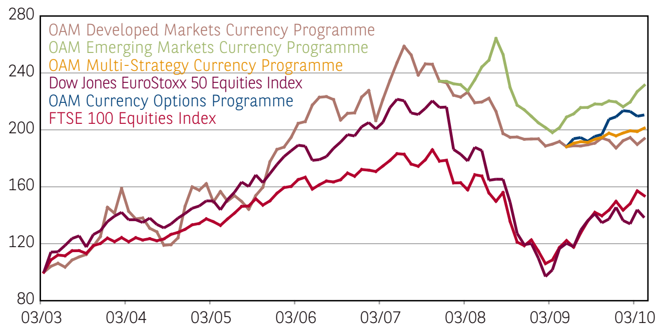
Over the long term, currency strategies exhibit low correlation to other asset classes, both traditional ones like bonds and equities, and other alternatives. Over the long term, the correlations between OAM's developed markets currency programme and other asset classes were as follows:

Correlation between Various Asset Classes and OAM Developed Markets Currency Alpha Programme: April 2003 - Mar 2010

FTSE 100 UK Equities Index[1]	20%	FTSE Gilts Index[1]	-9%
EuroSTOXX 50 Equities Index[1]	22%	Citi World Government Bond Index (local currency returns)[1]	-16%
MSCI World (local currency) Equity Index[1]	22%	CSFB Tremont Hedge Fund Index[2]	29%

The chart below depicts the returns from Overlay Asset Management's currency programmes versus the realised returns of the FTSE 100 UK Equities and EuroSTOXX 50 Equities indices, to illustrate this point. The currency strategies outperformed most developed market equity indices over the crisis period. This is mainly because they were absolute return strategies, so the manager was able to maintain a constant or even reduced risk level during the crisis, whereas beta strategies reflect market volatility. This is a strong argument for investment in absolute return strategies in general, not just currency strategies.

OAM Net Currency Strategies Returns vs. EU & UK



Source: Bloomberg for indexes returns, OAM for net strategies returns: - April 2010

As a result of the low correlation of currency strategies with bond and equity markets, such strategies provide an additional source of return as well as a meaningful diversification, thereby improving the portfolio's information ratio. Currency markets lend themselves well to alpha generation, and since they are the world's largest, most liquid market, investors can be confident of their ability to liquidate positions (or divest from a fund) when they need to.

1 Source: Bloomberg

2 Source: CSFB Tremont

Ernesto Bettoni
Investment Specialist, Emerging Markets Fixed Income

IN FOCUS

Emerging market bonds: Strong fundamentals and favourable technicals

2010 has seen the long-term trend of inflows into emerging markets (EM) bonds continue – even outdoing 2005, the previous record year. Despite the volatility of risky assets and currencies resulting from the eurozone crisis, technicals still strongly support emerging local bonds. International investors have stepped up their regional and FX diversification over the year, while local investors have provided a strong bid during the global turmoil. The favourable prospects for local currencies and the long-term convergence of interest rates remain valid arguments.

Resilient asset class

EM bonds are now one of the most resilient of risky asset classes, due to emerging economies' solid fundamentals and maturing financial markets. The risk-adjusted returns of EM local debt have outperformed all other major asset classes since inception[1]. This doesn't make emerging bonds immune to high volatility in global financial markets, as flight to quality often runs alongside increased correlations. EM local bonds posted a return of -4.34% in May, but 95% of this was due to the depreciation of EM currencies against the USD, not by a sell-off of local bonds. Remarkably, for the third week of May (the year's worst week so far for risky assets), Emerging Portfolio Fund Research (EPFR) reported positive inflows into EM local debt funds – further evidence of these markets' technical strength. Local bonds yields barely changed in May because local investors were still providing a strong bid and the investments pipeline from foreign buyers remained heavy.

This sustained demand for EM bonds links directly to their economies' stronger fundamentals. As economic reforms continue to support fundamentals and local emerging markets deepen, so the asset class will grow, its technicals remaining strong. Today, emerging economies' debt-to-GDP ratios are much lower than in the developed world: among the 20 least leveraged economies, 19 are emerging markets[2]. The highest leveraged economies are mostly eurozone peripheral states and emerging countries in Eastern Europe. The medium-term trend still favours emerging markets. The IMF forecast in February that developed world debt will increase over the next four years to 114% of GDP – about three times higher than the 35% forecast for emerging nations, which are thus well positioned to enjoy relatively strong growth and an improving risk profile.

1 December 2001

2 Source: ING, directional economics

3 Source Bank of International Settlements, September 2009

EM debt levels very stable

Institutional investors in north Europe, the Middle East and Asia have been increasing their allocation to emerging local debt. But globally, most investors remain heavily underinvested in this asset class segment. Local debt markets represent about 14% of global local fixed income markets[3] (including the US Treasury bond market), while fixed income portfolio allocations to local debt are far lower than 14%. This is quickly changing. Bank of International Settlements data show that, as of September 2009, emerging fixed income markets reached an all-time high of USD 9.3 trillion of outstanding debt (80% of it denominated in local currencies). Despite this tremendous growth, overall EM debt levels have remained very stable, underlining that the asset class expansion is mainly linked to market development rather than to increased leverage. Most of the asset class growth has come from local debt markets, which is the healthiest form of financing for EM governments, as it prevents currency mismatching and limits reliance on foreign funding sources.

An interesting time to invest

We believe this is an interesting time to invest in EM local debt. Despite periods of temporary risk aversion, we expect the appreciation trend in EM vs. G3 currencies to continue, given their stronger fundamentals and economic growth potential. EM currencies should do well against the US dollar and the euro in 2010 as global imbalances remain, with emerging countries still in surplus (strong balance of payments dynamics) while the developed world is mired in severe current account deficits. Low leverage levels and a moderate global recovery should continue to support EM currencies. Also, most developed world countries have launched non-supportive currency policies and the eurozone remains in turmoil. We have a strategic overweight in growth currencies, tactically hedging exposures as necessary.

There are also opportunities in local rates. Local yield curves are already pricing in expectations for tough interest rates hikes over H2 2010. But global recovery is a lengthy process and global risks persist, so some EM central banks seem more willing to let their currencies appreciate to combat inflation, rather than increase their interest rates sharply and hurt growth prospects. Central banks may become even more dovish given continuing uncertainties in the eurozone, meaning that carry in the short part of the curves is very compelling in several emerging countries. We expect local debt markets to outperform in 2010 as a result both of higher carry and FX appreciation.

IN FOCUS

Fortis L Fund Bond World Emerging Local

Fortis L Fund Bond World Emerging Local* is our flagship local emerging debt fund. We spoke to its manager, Sergio Trigo Paz, to find out more about it.

How would you summarise the fund?

Fortis L Fund Bond World Emerging Local is a long-term, actively-managed strategy, offering potential for high carry, total return and diversification. The fund invests in bonds denominated in local emerging currencies, with daily liquidity and no cash lock. We manage it according to a disciplined risk-control framework which is geared to specific local emerging market bonds and currencies.

What is your investment philosophy?

We believe that in emerging market fixed income, a top-down market consensus approach leaves investments exposed to shifts in sentiment triggered by country-specific events and inside information. However, while a pure bottom-up approach may lead to good local market decisions, these are often washed out by developed market "tsunamis" and major investment flows in and out of local markets. We believe that the best approach lies at the crossing point of global drivers and local idiosyncratic understanding. Ignoring either of these can result in a misunderstanding of the relevant risk / return / liquidity variables. Consequently, our investment process is a combination of global driver analysis, local on-the-ground market intelligence and fundamental research.

How does your investment process work?

Our global driver analysis allows us to identify current market drivers, establish and simulate portfolios' ex-ante behaviour to different scenarios, assign probabilities and timeframes, optimise risk allocation and create a portfolio of global hedges. Our local network of on-the-ground asset managers performs fundamental analysis, cross-checking market consensus with local sentiment, building their own convictions and analysing potential risks and events that could lead to shifts in consensus. Each portfolio manager in the team is responsible for the fundamental coverage of a specific region. We assign risk budgets on a monthly basis to interest rates and FX based on our global and fundamental analysis. Two specialist portfolio managers are responsible for security selection in FX and interest rates, which is derived from their assessment of valuations and catalysts. Our research process is a team effort and maximises the team's collective capability (positions are open to challenge) in this particularly extensive and diverse asset class.

How is the fund positioned at the moment?

After a strong rally in March when the fund benefited from its exposure to emerging FX and the weakness of the euro, in April we positioned it more defensively, taking profits on our FX exposures and hedging some positions before the Greek downgrade. The fund remains underweight in low-yielding countries relative to high-yielders (such as Indonesia) and is underweight in Eastern Europe in general. We are overweight in Latin America.

How is the investment team structured?

The fund is managed by three portfolio managers who are all specialists in local emerging debt: as CIO of our Emerging Market Fixed Income investment centre, I oversee Raphaël Maréchal (interest rates) and Laurent Develay (currencies). We are supported by another six emerging market and Asian fixed income specialists to support our decision making. For example, Swee Leong, one of our portfolio managers in Singapore, contributes with research coverage for Asian rates and currencies.

* Fortis L Fund Bond World Emerging Local is a Compartment of the Fortis L Fund UCITS III Compliant SICAV registered under the Luxembourg law.

Fortis L Fund Bond World Emerging Local

Sergio Trigo Paz
Head of Emerging Fixed Income

Raphaël Marechal
Fund Manager

Laurent Develay
Fund Manager

Inception:	10/05/2006
Currency:	USD
Management fee: **Classic:** **I:**	 1.50% 0.60%
Total Expense Ratio (31/12/08): **Classic:** **I:**	 1.75% 0.75%
ISIN Codes: **Cap:** **Dis:** **Instit:**	 LU0251280011 LU0251280102 LU0251280367
Registration:	Austria, Belgium, Chile, Czech Republic, Denmark, Finland, France, Germany, Greece, Hong Kong, Italy, Ireland, Liechtenstein, Luxembourg, Macao, Netherlands, Norway, Peru, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, Taiwan, UK
Legal Form:	Compartment of the Fortis L Fund UCITS III Compliant SICAV
Nationality:	Luxembourg fund
NAV calculation agent:	Fastnet Lux SA
Risk indicators: **Risk class:** **Fund volatility 52 weeks:** **Advised Horizon:** **Investor profile:**	 2 on a scale of 0-6 9.99% 8 years Dynamic

The investments in Fortis L Fund Bond World Emerging Local 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.

For professional investors

Grace Chung
Fund Manager

IN FOCUS

Asian convertible bonds: until now, a source of strong, consistent return

The Asian convertible bond (CB) market, with a current market capitalisation of about USD 55 billion, has more than doubled over the past 14 years, an average growth rate of about 7% a year. As such, it far outstrips worldwide convertible bond growth of about 0.6% a year over the same period[1], making it consistently very much the 'sweet spot' in this marketplace.

Asian convertible bonds are a growing, well-diversified market. The key issuers are corporates from India and Greater China (about 28% of the market each), where Greater China is defined as corporates listed in Hong Kong and Singapore with operations on mainland China, as well as companies based in Hong Kong and Taiwan. In the wider context of emerging markets, Asian convertible bonds are the only CB market of any significant size within BRIC, Brazil and Russia having less than 10 issues in total.

Most Asian CB issues are denominated in US dollars, but there is also an increasing number of RMB-denominated convertibles issued by corporates in mainland China. Property, commodities and energy are the dominant issuing sectors.

Key drivers are two-fold

The benchmark is the UBS Convertible Asia ex-Japan (USD), which posted a +5.5% return in the year to the end of April 2010. This compares favourably with the MSCI Asia Far East ex-Japan (+3%) and the JPM Asian Credit Index (+4.9%)[2].

Of course, convertible bonds are a hybrid security – a corporate bond plus an equity option – so the key drivers are always two-fold: credit spread and the underlyings performance. The recent performance of Asian CBs has largely come from credit spread contraction, thanks to the thriving Asian economies and improving balance sheets among corporates. As the delta (equity exposure) of the convertibles remains low (at about 30%), equity contribution is fairly small.

Optimising a mixed portfolio

There are studies that examine how Asian convertible bonds work as part of a bond portfolio and an equity portfolio, looking back over a time horizon between 1994 and 2009, and therefore capturing the effects of at least two boom and bust cycles.

These data show that the efficient frontier is optimised in a portfolio blend of 40% Asian government bonds and 60% Asian CBs. Excess return over cash in USD improved from 1.65% if 100% in Asian governments to 1.9% in the optimised portfolio. However, volatility increased from 7% to 10%[3].

Similarly, the efficient frontier is optimised when an equity portfolio is a blend of 50% Asian equity with 50% Asian CBs. As Asian CBs are a valid proxy of Asian equities but with much lower volatility, excess return improved from 0.5% for 100% in Asian equities to 1.4% return, and volatility was reduced from 27% to only 19%[3].

So Asian convertible bonds can be a powerful tool to enhance the risk return profile from both Asian bonds and Asian equity.

They provide a better cushion

As to how the rest of 2010 is looking, with continued uncertainties surrounding the eurozone sovereign debt crisis and only tentative US recovery, equity markets could remain flat or even head south. Indeed, the recent sell-offs stemming from the euro crisis have hit all assets classes, including Asian equities, Asian fixed income, and even Asian convertibles.
However, the same sell-offs have resulted in the convertible bond market offering a much higher yield, close to 4%, with carries close to 2% coupon. So in fact the higher bond floor has provided a better cushion to convertible bond investors in fending off market woes.

IN FOCUS

Parvest Asian Convertible Bond

Launched in January 1995, Parvest Asian Convertible Bond* has the longest history of all Asian convertible bonds. Inside talks to the fund manager, Grace Chung.

Can you describe the fund for us?

We estimate Parvest Asian Convertible Bond's credit quality ranges from AAA to B, with an average portfolio quality rating currently between BBB and BB. With between 40 and 60 issuers, both this and the average quality rating are reflected in the benchmark. As of 30 April, the fund size was USD 333.7 million (about 90% of the issues are USD-denominated). As most of the issues have a 3-year put option, the average duration is about 2.5 years.

What is your investment environment and how do you narrow it down?

In Asian CBs, many issuers are good blue-chip corporates in the region. As the market practice is to have non-rated convertibles, we do our own credit analysis and ratings. For this fund, the level of risk is contained as we don't invest below B quality, or if we have doubts over the issuer's balance sheet or management integrity.

There are over 220 issues in the market, but our investment universe has three criteria – a minimum issue of USD 80 million; at least two market makers to ensure market liquidity; and the issuer satisfying our gearing ratio and history checks. This yields about 120 issues and then we deploy our top-down and bottom-up investment processes.

What's different about your investment process and management style?

We believe our top-down, bottom-up investment process is unique in this market. Our investment style is based on a philosophy of taking full advantage of convertibles' convexity, though a security's growth is not limited by the convexity. Our sector top-down view helps us identify short and medium-term growth trends and prospects, which we blend with our bottom-up analysis of the underlying equity, issuer credit and convertible bond elements, i.e., volatility, put option and bond floor level.

In terms of resources, we can complement our strategic and sector analyses with the research-based opinions of our Asian equity team (Hong Kong-based, with 16 portfolio managers and analysts) and Asian credit team (Singapore; 11 portfolio managers and analysts).

What have the main performance drivers been in recent months?

In 2010 to date, our preferred sectors have been agricultural, oil & gas, energy, metals, property, and Indian utilities – so mainly cyclicals, which have not disappointed us. Our overweight on the gaming sector (from Q4 2009) suffered early in the year and our underweight on shipping resulted in performance lagging the benchmark (+2.9% return vs. +5.5% respectively, as at 30 April), so the fund has to catch up in Q3 and Q4. But the fund has outperformed over one year, three years and since inception.

What are your expectations for the next six months?

I don't believe we will see a repeat of the 2008 sell-offs. The current market turmoil relates to the eurozone sovereign debt issue and, as neither a country nor a major economic-political system can go down overnight, the worst-case scenario is likely to be a slow weakening. As such, the region with the strongest prospects is probably Asia. Even so, disturbance from elsewhere may occasionally affect market sentiment, so we recommend clients invest in relatively defensive asset classes while keeping the upside potential within scope – as in the Asian convertible market.

* Parvest Asian Convertible Bond is a compartment/Subfund of the PARVEST UCITS III Compliant SICAV registered under the Luxembourg law.

1 Source: BoAML, 1994 to 2009

2 Source: Bloomberg, 2010, year to end April

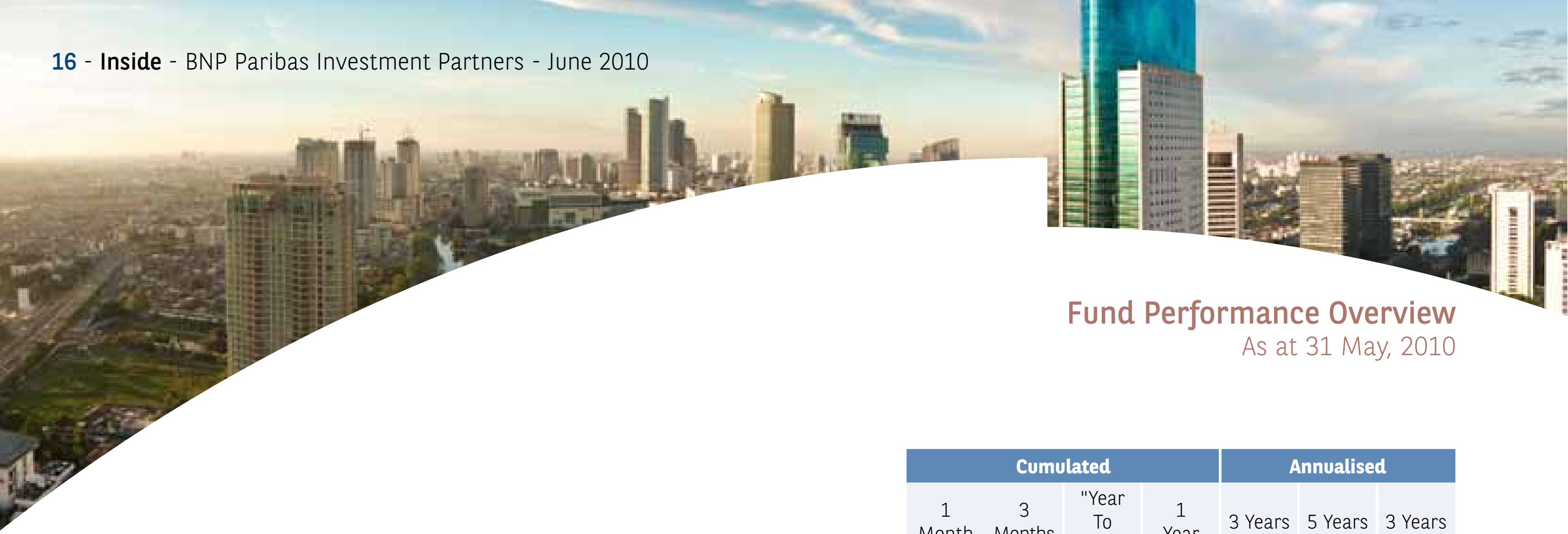
3 Source: BNPP IP, 1994 to 2009

Parvest Asian Convertible Bond

Grace Chung
Fund Manager

Benchmark:	UBS Convertible Asia Ex Japan
Legal opening date:	25/09/98
ISIN Code (classic share):	LU0095613583 (capitalisation) LU0095613823 (distribution)
Assets of the sub-funds:	USD 333.70 million (as at 30/04/10)
Entry costs:	Max. 5%
Withdrawal costs:	None unless in the case of a sizeable withdrawal, a max. of 1% (accruing to the fund)
Legal form:	Subfund of the PARVEST UCITS III Compliant SICAV registered under the Luxembourg Law
Currency:	USD
Class of risk (0 to 6):	5
Placement horizon:	4 years minimum

The investments in Parvest Asian Convertible Bond 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.



Fund Performance Overview

As at 31 May, 2010

			Cumulated				Annualised		
			1 Month Perf	3 Months Perf	"Year To Date" Perf	1 Year Perf	3 Years Perf	5 Years Perf	3 Years Vol
FIXED INCOME									
EUROPE									
PARVEST ENHANCED EONIA 6 MONTHS	LU0325598166	EUR	-0.05%	0.12%	0.35%	0.87%	-	-	-
EONIA Euro Overnight Index Average			*0.03%*	*0.09%*	*0.14%*	*0.38%*			
PARVEST ENHANCED EONIA 1 YEAR	LU0325601648	EUR	-0.07%	0.17%	0.38%	0.90%	-	-	-
EONIA Euro Overnight Index Average			*0.03%*	*0.09%*	*0.14%*	*0.38%*			
PARVEST ENHANCED EONIA	LU0180174582	EUR	-0.10%	0.53%	0.59%	7.48%	2.97%	2.75%	2.88%
EONIA Euro Overnight Index Average			*0.03%*	*0.09%*	*0.14%*	*0.38%*	*2.41%*	*2.60%*	*0.50%*
PARVEST EURO GOVERNMENT BOND	LU0111548326	EUR	1.85%	1.45%	3.20%	7.70%	6.44%	3.48%	3.93%
JP MORGAN GBI EMU			*1.50%*	*1.51%*	*3.19%*	*7.48%*	*6.61%*	*3.90%*	*3.87%*
PARVEST EURO INFLATION-LINKED BOND	LU0190304583	EUR	0.72%	1.90%	1.38%	6.08%	5.05%	2.51%	5.71%
Merrill Lynch EMU Direct Govt Inflation Linked			*0.24%*	*2.09%*	*1.54%*	*6.39%*	*5.65%*	*3.17%*	*5.58%*
PARVEST EURO SHORT TERM BOND	LU0212175227	EUR	0.52%	0.30%	1.03%	3.33%	4.66%	3.13%	1.47%
Barclays Euro-Aggregate 1-3 Y Total Return Unhedged			*0.28%*	*0.42%*	*1.42%*	*4.20%*	*5.28%*	*3.75%*	*1.39%*
PARVEST EURO MEDIUM TERM BOND	LU0086914362	EUR	1.10%	1.05%	2.99%	8.87%	6.59%	3.85%	2.73%
Barclays Euro-Aggregate 3-5 Y Total Return Unhedged			*0.69%*	*1.19%*	*2.99%*	*8.09%*	*6.76%*	*4.16%*	*2.51%*
PARVEST EURO BOND	LU0075938133	EUR	1.42%	1.78%	3.98%	11.06%	6.95%	3.79%	3.38%
Barclays Euro-Aggregate Total Return Unhedged			*0.91%*	*1.39%*	*3.27%*	*8.94%*	*6.26%*	*3.78%*	*3.16%*
PARVEST EUROPEAN BOND	LU0031525370	EUR	2.15%	3.58%	5.60%	11.32%	5.71%	3.11%	3.78%
JPM GBI EUROPEAN INDEX Total Return Unhedged			*1.80%*	*3.42%*	*5.08%*	*9.14%*	*6.13%*	*3.67%*	*3.53%*
PARVEST EURO CORPORATE BOND	LU0131210360	EUR	-0.65%	0.80%	3.40%	15.09%	4.07%	2.26%	4.78%
Barclays Euro-Aggregate: Corporates Total Return Unhedged			*-0.54%*	*1.06%*	*3.30%*	*14.11%*	*4.82%*	*3.15%*	*4.90%*
FORTIS L FUND Bond Corporate High Yield Euro	LU0161744247	EUR	-4.48%	1.27%	3.38%	27.09%	0.50%	3.95%	17.69%
Barclays Euro High Yield ex Financials 3% Issuer Constraint Gross Return Index			*-3.64%*	*1.52%*	*4.16%*	*32.65%*	*4.08%*	*6.34%*	*19.34%*
NORTH AMERICA									
FORTIS L Fund Bond USD	LU0061749734	USD	0.45%	1.34%	3.27%	9.02%	6.53%	4.58%	6.40%
Barclays US Aggregate Gross Return Index			*0.84%*	*1.77%*	*3.71%*	*8.42%*	*7.03%*	*5.24%*	*4.87%*
PARVEST US HIGH YIELD BOND	LU0111549480	USD	-3.30%	1.53%	2.01%	21.05%	3.10%	5.32%	13.95%
Merrill U.S. High Yield - Master II Constrained			*-2.93%*	*1.58%*	*3.05%*	*23.15%*	*3.94%*	*6.21%*	*14.84%*
ASIA/PACIFIC									
FORTIS L Fund Bond USD	LU0377063028	USD	-1.01%	3.62%	4.98%	19.99%	3.21%	4.79%	12.76%
HSBC Asian US Dollar Bond Gross Return Index			*-0.28%*	*2.40%*	*4.15%*	*16.39%*	*8.12%*	*7.31%*	*10.91%*

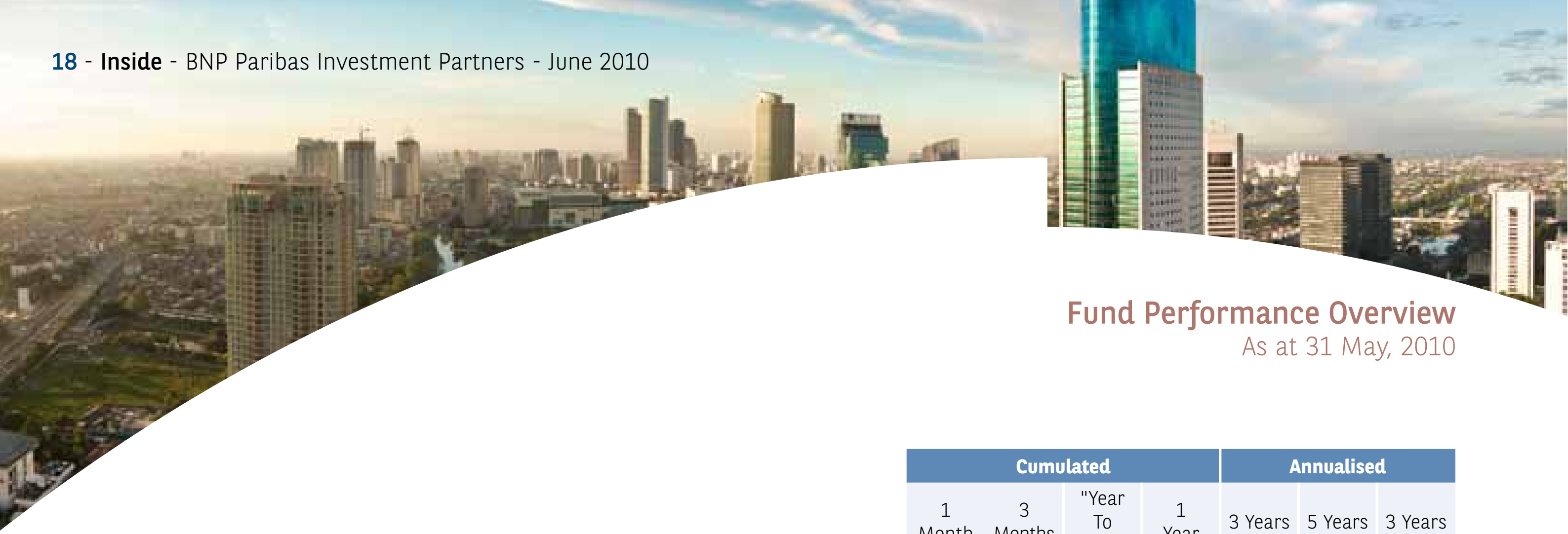
Parvest and Fortis LF sub-funds: Performance of the Classic share class (net of fees)
Benchmark: Performance, net dividend reinvested (except for the Parvest STEP 90 Euro sub-fund, which has a price index)
Source: Performance: BNPP AM/Fortis Investments
Past performance is not a guide to future performance
* in compliance with Markets in Financial Instruments Directive (MiFID), we are unable to show any performance figures for this fund as it is less than 12 months old.

Fund Performance Overview
As at 31 May, 2010

			Cumulated				Annualised		
			1 Month Perf	3 Months Perf	"Year To Date" Perf	1 Year Perf	3 Years Perf	5 Years Perf	3 Years Vol
EMERGING MARKETS									
FORTIS L Fund Bond World Emerging	LU0081707894	USD	-2.37%	0.39%	1.18%	20.65%	2.06%	5.86%	17.86%
JPM EMBI Global Diversified Composite Gross Return Index			*-1.50%*	*1.78%*	*3.55%*	*17.85%*	*6.88%*	*8.12%*	*13.00%*
FORTIS L FUND Bond Best Selection World Emerging	LU0377066807	USD	-6.61%	-3.74%	-1.73%	21.25%	-6.58%	2.61%	23.62%
JPM EMBI Global Composite Gross Return Index			*-1.58%*	*1.48%*	*3.30%*	*17.10%*	*6.81%*	*8.11%*	*12.51%*
FORTIS L FUND Bond World Emerging Local	LU0251280011	USD	-4.86%	1.77%	1.74%	12.83%	5.88%	-	15.81%
JPM GBI EM Global Diversified Gross Return Index			*-4.34%*	*1.06%*	*2.45%*	*15.89%*	*8.70%*		*15.49%*
FORTIS L FUND Bond Europe Emerging	LU0088340327	EUR	-0.91%	1.07%	4.37%	19.66%	3.73%	3.37%	10.51%
50% JPM Euro EMBI Global Div. Europe (RI) + 50% ML GBI Emerging Europe (RI)			*-1.65%*	*1.54%*	*5.74%*	*19.99%*	*6.06%*	*5.56%*	*8.17%*
GLOBAL									
FORTIS L FUND Bond World	LU0132149724	EUR	5.77%	7.15%	12.57%	18.80%	9.23%	3.45%	8.03%
Barclays Global Aggregate Gross Return Index			*6.66%*	*8.67%*	*14.80%*	*19.79%*	*12.55%*	*5.94%*	*9.06%*
PARVEST GLOBAL CORPORATE BOND	LU0282388437	USD	-1.19%	0.74%	2.63%	15.11%	-	-	-
50% BARCLAYS US AGGREG. CORP./50% BARCLAYS EUR AGGREGATE CORP.			*-0.57%*	*1.29%*	*3.39%*	*15.32%*			
FORTIS L FUND Bond High Yield World	LU0377069652	EUR	-4.00%	1.06%	1.42%	20.11%	0.86%	2.72%	15.64%
Merrill Lynch Global High Yield Constrained (Hedged in EUR) Gross Return Index			*-3.93%*	*1.64%*	*3.70%*	*31.80%*	5.09%	6.15%	*17.86%*
PARVEST GLOBAL INFLATION-LINKED BOND	LU0249332619	EUR	0.25%	2.77%	2.33%	8.51%	5.31%	-	7.22%
Barclays World Government Inflation			*0.19%*	*2.73%*	*2.75%*	*8.78%*	*6.03%*		*7.16%*

			Annualised						
			1 Month Perf	3 Months Perf	"Year To Date" Perf	1 Year Perf	3 Years Perf	5 Years Perf	3 Years Vol
MONEY MARKET									
LIQUIDITY FUND									
BNP PARIBAS INSTICASH EUR	LU0167237543	EUR	0.09%	0.08%	0.08%	0.17%	2.23%	2.25%	0.49%
EONIA Euro Overnight Index Average			*0.34%*	*0.34%*	*0.34%*	*0.38%*	*2.41%*	*2.60%*	*0.50%*
BNP PARIBAS INSTICASH USD	LU0167238863	USD	0.08%	0.08%	0.09%	0.08%	1.83%	2.76%	0.50%
FEDERAL FUNDS EFFECTIVE RATE			*0.20%*	*0.18%*	*0.16%*	*0.15%*	*1.72%*	*2.95%*	*0.55%*

Parvest and Fortis LF sub-funds: Performance of the Classic share class (net of fees)
Benchmark: Performance, net dividend reinvested (except for the Parvest STEP 90 Euro sub-fund, which has a price index)
Source: Performance: BNPP AM/Fortis Investments
Past performance is not a guide to future performance
* in compliance with Markets in Financial Instruments Directive (MiFID), we are unable to show any performance figures for this fund as it is less than 12 months old.



Fund Performance Overview
As at 31 May, 2010

			Cumulated				Annualised		
			1 Month	3 Months	"Year To Date"	1 Year	3 Years	5 Years	3 Years
			Perf	Perf	Perf	Perf	Perf	Perf	Vol
MULTI ASSETS & ALTERNATIVE STRATEGIES									
SUSTAINABLE INVESTMENT SOLUTIONS									
EQUITIES									
PARVEST EUROPE SUSTAINABLE DEVELOPMENT	LU0212189012	EUR	-5.98%	-0.72%	-5.09%	13.99%	-11.10%	-	19.96%
FTSE Eurofirst 300 Net Return Index Unhedged			*-4.64%*	*1.39%*	*-2.04%*	*20.32%*	*-11.34%*		*20.28%*
PARVEST ENVIRONMENTAL OPPORTUNITIES	LU0406802339	EUR	-5.27%	5.03%	2.49%	23.92%	-6.33%	-	24.42%
MSCI World Small Cap US			*-2.05%*	*12.46%*	*18.06%*	*48.03%*	*-5.65%*		*22.43%*
FORTIS L FUND Green Tigers	LU0374654613	EUR	-4.04%	6.09%	2.94%	25.55%	-	-	-
75% MSCI AC Asia Pacific ex Japan (NR) + 25% MSCI Japan (NR)			*-2.53%*	*7.96%*	*10.53%*	*35.27%*			
STRATEGY EUROPE SRI									
FORTIS L FUND Strategy Balanced SRI Europe	LU0087046354	EUR	-2.48%	0.68%	-0.66%	9.96%	-5.44%	0.64%	10.19%
50% Barclays Euro-Aggregate 500MM (RI) + 50% MSCI Europe (NR)			*-1.96%*	*1.39%*	*0.77%*	*14.83%*	*-2.81%*	*2.73%*	*10.43%*
ASSET ALLOCATION									
STRATEGY									
FORTIS L FUND Strategy Balanced World	LU0132151118	EUR	-3.73%	1.62%	1.09%	15.02%	-6.87%	-0.65%	12.85%
41.5% Equity/3% R.E./39.5% Bonds/4% Convertibles/2% Commodity/10% Cash			*-3.50%*	*1.45%*	*1.21%*	*16.41%*	*-1.54%*	*3.00%*	*11.55%*
ABSOLUTE RETURN									
FIXED INCOME									
FORTIS L FUND V150	LU0377061162	EUR	0.17%	0.04%	0.17%	0.25%	-	-	-
Daily Capitalized Eonia Index (RI)			*0.03%*	*0.09%*	*0.14%*	*0.39%*			
FORTIS L FUND V350	LU0429159980	EUR	NA*	NA*	NA*	-	-	-	-
Daily Capitalized Eonia Index (RI)									
PARVEST ABSOLUTE RETURN EUROPEAN BOND	LU0265292713	EUR	0.34%	0.63%	0.59%	8.37%	2.35%	-	5.13%
Without benchmark									
PARVEST CORPORATE BOND OPPORTUNITIES	LU0099625146	EUR	-0.69%	3.52%	6.49%	26.23%	-8.20%	-3.44%	13.35%
Merrill EMU Corporates (1-3 Y)			*-0.30%*	*0.45%*	*1.88%*	*7.89%*	*5.01%*	*4.15%*	*1.20%*

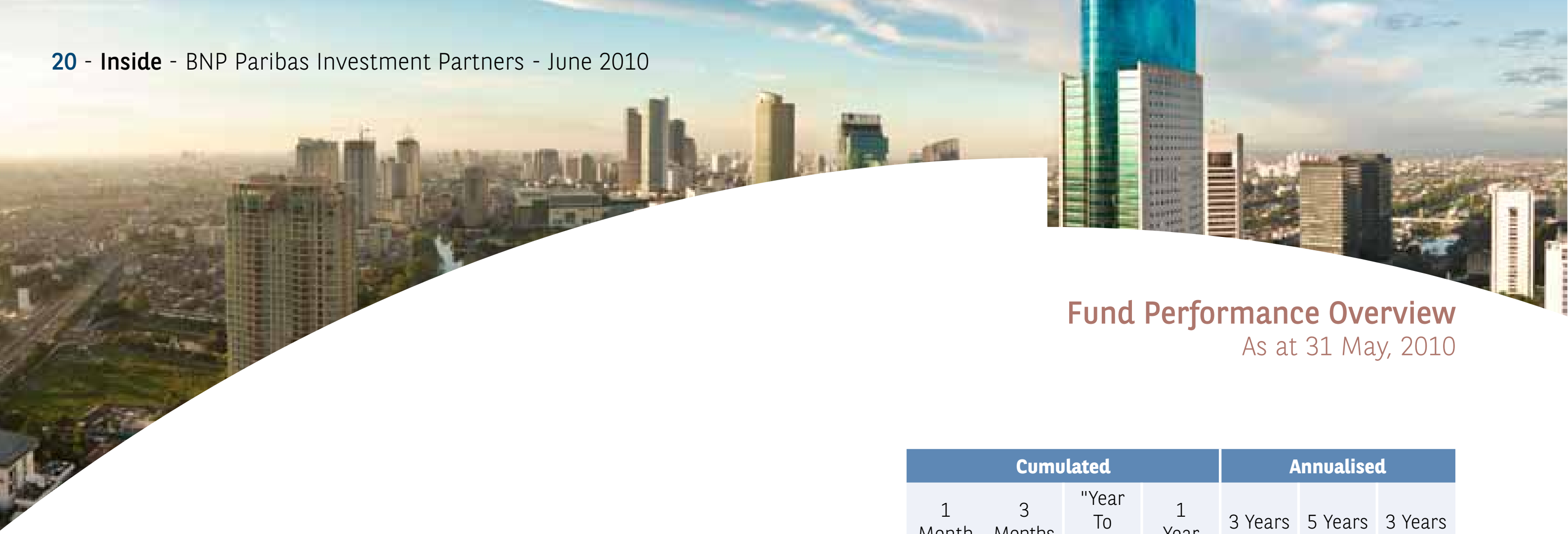
Parvest and Fortis LF sub-funds: Performance of the Classic share class (net of fees)
Benchmark: Performance, net dividend reinvested (except for the Parvest STEP 90 Euro sub-fund, which has a price index)
Source: Performance: BNPP AM/Fortis Investments
Past performance is not a guide to future performance
* in compliance with Markets in Financial Instruments Directive (MiFID), we are unable to show any performance figures for this fund as it is less than 12 months old.

Fund Performance Overview

As at 31 May, 2010

			Cumulated				Annualised		
			1 Month	3 Months	"Year To Date"	1 Year	3 Years	5 Years	3 Years
			Perf	Perf	Perf	Perf	Perf	Perf	Vol
ASSET ALLOCATION									
FORTIS L FUND Absolute Return Stability	LU0161138671	EUR	-0.53%	0.35%	0.55%	1.79%	-0.01%	1.58%	1.70%
Daily Capitalized Eonia Index (RI)			*0.03%*	*0.09%*	*0.14%*	*0.39%*	*2.42%*	*2.60%*	*0.51%*
FORTIS L FUND Absolute Return Balanced	LU0161139562	EUR	-0.97%	0.97%	1.44%	3.82%	-1.11%	1.11%	3.10%
Daily Capitalized Eonia Index (RI)			*0.03%*	*0.09%*	*0.14%*	*0.39%*	*2.42%*	*2.60%*	*0.51%*
FORTIS L FUND Absolute Return Growth	LU0161140149	EUR	-1.78%	2.09%	3.08%	7.65%	-1.57%	1.58%	4.97%
Daily Capitalized Eonia Index (RI)			*0.03%*	*0.09%*	*0.14%*	*0.39%*	*2.42%*	*2.60%*	*0.51%*
PARVEST ABSOLUTE RETURN MULTI ASSETS 4	LU0347701749	EUR	0.69%	0.87%	1.11%	2.14%	-	-	-
Without benchmark									
CONVERTIBLES									
PARVEST EUROPEAN CONVERTIBLE BOND	LU0086913042	EUR	-4.76%	-2.10%	-2.72%	13.05%	-5.40%	1.74%	14.10%
UBS Convertible European Focus			*-3.58%*	*-0.32%*	*-0.08%*	*14.99%*	*-5.55%*	*2.31%*	*15.50%*
PARVEST ASIAN CONVERTIBLE BOND	LU0095613583	USD	-6.46%	-2.54%	-3.77%	9.90%	4.84%	8.66%	19.09%
UBS Convertible Asia ex Japan			*-5.41%*	*-1.22%*	*-0.17%*	*12.15%*	*4.55%*	*8.34%*	*19.58%*
FORTIS L FUND Bond Convertible World	LU0194604442	EUR	-4.98%	-0.81%	-1.02%	15.16%	-4.04%	2.16%	15.07%
UBS Convertible Global Focus Vanilla (Hedged in EUR) Gross Return Index			*-4.47%*	*-0.92%*	*-0.90%*	*14.17%*	*-3.41%*	*2.60%*	*13.74%*
COMMODITIES									
PARVEST AGRICULTURE	LU0363509208	EUR	-5.36%	-10.86%	-16.42%	-18.41%	-8.30%	-	25.17%
50% DJ UBS Agriculture Subindex; 50% S&P GSCI Agriculture & Livestock			*-5.45%*	*-10.14%*	*-15.06%*	*-16.28%*	*-7.81%*		*25.16%*
FORTIS L FUND Commodity World	LU0225185429	USD	-7.10%	-5.73%	-9.13%	0.21%	-4.59%	-	28.37%
Dow Jones UBS Commodity Gross Return Index			*-6.92%*	*-6.29%*	*-9.89%*	*0.47%*	*-6.71%*		*28.96%*
VOLATILITY									
FORTIS L FUND Volatility World	LU0424553773	EUR	0.87%	0.32%	1.12%	4.30%	-	-	-
Daily Capitalized Eonia Index			*0.03%*	*0.09%*	*0.14%*	*0.39%*			
PROTECTED									
STEP									
PARVEST STEP 90 EURO	LU0154361405	EUR	-0.61%	-0.42%	-2.77%	3.60%	1.77%	5.56%	5.88%
Euro Stoxx 50			*-7.33%*	*-4.33%*	*-11.96%*	*6.49%*	*-16.67%*	*-3.23%*	*22.39%*
Parworld Emerging STEP 80 (Euro)	LU0336981518	EUR	-1.83%	-1.05%	-3.86%	1.95%	-	-	-
MSCI EM (Emerging Markets)			*-9.18%*	*-1.02%*	*-6.37%*	*19.71%*			

Parvest and Fortis LF sub-funds: Performance of the Classic share class (net of fees)
Benchmark: Performance, net dividend reinvested (except for the Parvest STEP 90 Euro sub-fund, which has a price index)
Source: Performance: BNPP AM/Fortis Investments
Past performance is not a guide to future performance
* in compliance with Markets in Financial Instruments Directive (MiFID), we are unable to show any performance figures for this fund as it is less than 12 months old.



Fund Performance Overview
As at 31 May, 2010

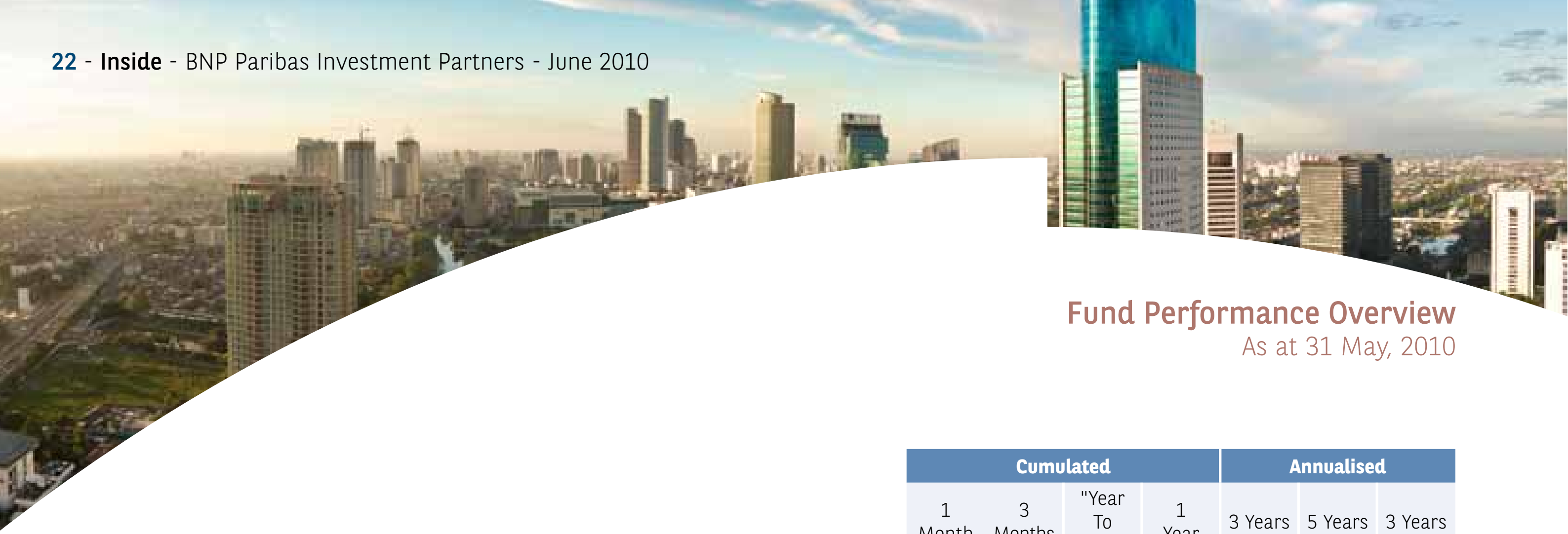
			Cumulated				Annualised		
			1 Month	3 Months	"Year To Date"	1 Year	3 Years	5 Years	3 Years
			Perf	Perf	Perf	Perf	Perf	Perf	Vol
EQUITIES									
EUROPE									
EURO									
FORTIS L FUND Equity Best Selection Euro	LU0090548479	EUR	-4.91%	0.07%	-5.65%	16.29%	-12.11%	0.62%	21.01%
MSCI EMU Net Return Index			*-5.87%*	*-0.98%*	*-7.37%*	*12.69%*	*-13.78%*	*0.47%*	*22.86%*
PAN-EUROPE									
PARVEST EUROPE DIVIDEND	LU0111491469	EUR	-5.09%	-2.68%	-6.70%	11.50%	-12.96%	-0.40%	18.20%
MSCI Europe			*-4.83%*	*1.19%*	*-1.89%*	*20.31%*	*-12.15%*	*0.82%*	*20.34%*
FORTIS L FUND Equity Growth Europe	LU0375761581	EUR	-4.47%	2.64%	-1.39%	22.16%	-9.80%	2.43%	19.20%
MSCI Europe Net Return Index			*-4.83%*	*1.19%*	*-1.89%*	*20.43%*	*-12.16%*	*0.82%*	*20.63%*
FORTIS L FUND Equity Best Selection Europe	LU0191755619	EUR	-4.60%	2.06%	-1.91%	20.20%	-11.43%	-0.04%	18.79%
MSCI Europe Net Return Index			*-4.83%*	*1.19%*	*-1.89%*	*20.43%*	*-11.30%*	*1.14%*	*20.38%*
PARVEST EUROPE FLEXIBLE EQUITIES	LU0360646680	EUR	NA*	NA*	NA*	-	-	-	-
Without benchmark									
PARVEST EUROPE MID CAP	LU0066794719	EUR	-6.52%	1.25%	0.03%	23.33%	-13.23%	1.72%	23.05%
STOXX MID 200			*-5.63%*	*4.14%*	*2.97%*	*28.42%*	*-11.66%*	*3.43%*	*23.60%*
NORTH AMERICA									
PARVEST USA	LU0012181318	USD	-7.19%	-0.06%	-3.08%	8.89%	-10.06%	-0.67%	21.15%
S&P 500			*-8.05%*	*-1.03%*	*-1.74%*	*20.25%*	*-9.32%*	*-0.32%*	*20.28%*
FORTIS L FUND Equity Growth USA	LU0377078216	USD	-7.78%	-1.85%	-3.20%	18.31%	-0.48%	3.54%	20.12%
Russell 1000 Growth Gross Return Index			*-7.63%*	*-1.20%*	*-2.26%*	*21.59%*	*-6.64%*	*1.66%*	*19.85%*
FORTIS L FUND Equity Best Selection USA	LU0092590669	USD	-8.22%	-2.66%	-3.48%	15.64%	-10.67%	-0.74%	21.41%
MSCI USA Net Return Index			*-8.12%*	*-1.13%*	*-1.75%*	*20.26%*	*-9.13%*	*-0.14%*	*20.57%*
FORTIS L FUND Equity High Dividend USA	LU0377083059	USD	-6.69%	0.38%	0.17%	19.31%	-	-	-
S&P/Citigroup High Income Equity North America Net Return Index			*-7.13%*	*-0.24%*	*-0.87%*	*26.01%*			
FORTIS L FUND Opportunities USA	LU0377124267	USD	-5.17%	-0.74%	-3.75%	2.43%	1.38%	9.12%	24.98%
S&P 500 Composite Net Return Index			*-8.05%*	*-1.03%*	*-1.74%*	*20.25%*	*-10.04%*	*-1.33%*	*20.89%*
PARVEST US MID CAP	LU0154245756	USD	-8.39%	0.31%	1.34%	38.42%	-4.39%	-	26.60%
Russell MIDCAP Index			*-7.35%*	*2.93%*	*4.46%*	*33.93%*	*-6.92%*		*24.96%*
ASIA/PACIFIC									
JAPAN									
PARVEST JAPAN	LU0012181748	JPY	-10.92%	-0.14%	-0.03%	0.48%	-21.96%	-5.79%	27.45%
Japan Nikkei 300			*-10.87%*	*-2.16%*	*-3.85%*	*-2.04%*	*-20.38%*	*-3.99%*	*22.82%*

Parvest and Fortis LF sub-funds: Performance of the Classic share class (net of fees)
Benchmark: Performance, net dividend reinvested (except for the Parvest STEP 90 Euro sub-fund, which has a price index)
Source: Performance: BNPP AM/Fortis Investments
Past performance is not a guide to future performance
* in compliance with Markets in Financial Instruments Directive (MiFID), we are unable to show any performance figures for this fund as it is less than 12 months old.

Fund Performance Overview
As at 31 May, 2010

			Cumulated				Annualised		
			1 Month	3 Months	"Year To Date"	1 Year	3 Years	5 Years	3 Years
			Perf	Perf	Perf	Perf	Perf	Perf	Vol
PACIFIC									
PARVEST AUSTRALIA	LU0111482476	AUD	-7.82%	-3.57%	-5.84%	31.14%	-5.64%	8.27%	20.11%
ASX 300			*-7.54%*	*-3.55%*	*-7.64%*	*20.72%*	*-7.25%*	*6.04%*	*18.84%*
FORTIS L FUND Equity Pacific ex-Japan	LU0230103136	EUR	-4.46%	6.58%	4.47%	33.88%	-0.11%	-	26.61%
MSCI AC Pacific ex Japan Net Return Index			*-3.51%*	*7.70%*	*7.36%*	*39.69%*	*0.20%*		*25.94%*
FORTIS L FUND Equity High Dividend Pacific	LU0377081350	EUR	-3.24%	10.02%	14.77%	44.33%	-1.18%	-	20.98%
S&P/Citigroup High Income Equity Asia Pacific Net Return Index			*-5.68%*	*3.77%*	*8.64%*	*36.39%*	*-3.74%*		*21.04%*
EMERGING MARKETS									
GLOBAL									
FORTIS L FUND Equity World Emerging	LU0081707118	USD	-9.64%	-1.22%	-8.69%	18.89%	-7.85%	8.77%	38.70%
MSCI Emerging Markets Net Return Index			*-8.80%*	*-0.24%*	*-5.47%*	*22.39%*	*-0.75%*	*13.65%*	*33.49%*
REGIONS/THEMES									
FORTIS L FUND Equity Europe Emerging	LU0088339741	EUR	-5.47%	8.67%	8.00%	45.94%	-8.72%	8.52%	36.57%
MSCI EM Europe 10/40 Net Return Index			*-5.29%*	*9.37%*	*10.20%*	*46.32%*	*-5.82%*	*10.72%*	*36.54%*
FORTIS L FUND Equity Asia Emerging	LU0377072284	USD	-9.39%	0.47%	-7.87%	13.33%	-	-	-
MSCI EM Asia Net Return Index			*-8.60%*	*0.77%*	*-5.22%*	*20.67%*			
PARVEST BRIC	LU0230662891	USD	-8.80%	-2.62%	-8.96%	14.20%	-0.97%	-	37.96%
MSCI BRIC Composite			*-8.80%*	*-1.53%*	*-6.41%*	*19.17%*	*2.02%*		*38.50%*
PARVEST LATIN AMERICA	LU0075933415	USD	-9.22%	-3.58%	-9.38%	26.39%	0.61%	20.57%	35.41%
MSCI EM LATIN AMERICA 10/40			*-8.10%*	*-1.66%*	*-6.37%*	*30.52%*	*3.24%*	*22.31%*	*34.01%*
SINGLE COUNTRIES									
PARVEST BRAZIL	LU0265266980	USD	-10.09%	-5.09%	-12.01%	23.89%	3.13%	-	39.01%
MSCI BRAZIL 10/40			*-9.67%*	*-3.37%*	*-10.21%*	*27.99%*	*6.12%*		*39.38%*
FORTIS L FUND Equity Russia	LU0269742168	EUR	-5.35%	9.40%	17.52%	55.66%	-1.23%	-	42.75%
MSCI Russia 10/40 Net Return Index			*-3.76%*	*9.34%*	*15.17%*	*46.62%*	*0.71%*		*42.93%*
FORTIS L FUND Equity Turkey	LU0212963259	EUR	-6.09%	17.85%	12.98%	71.15%	-1.37%	14.65%	46.65%
MSCI Turkey 10/40 Net Return Index			*-4.62%*	*19.46%*	*14.04%*	*73.56%*	*1.06%*	*13.17%*	*48.01%*
FORTIS L FUND Equity China	LU0076717171	USD	-5.25%	-0.98%	-8.24%	8.66%	-5.07%	9.21%	36.59%
FTSE MPF China Gross Return Index			*-4.66%*	*0.15%*	*-6.39%*	*13.27%*	*1.59%*	*10.97%*	*33.51%*
FORTIS L FUND Equity India	LU0377088363	USD	-7.17%	4.05%	-0.42%	23.23%	2.36%	-	40.62%
MSCI India 10/40 Net Return Index			*-8.23%*	*2.24%*	*-1.68%*	*26.34%*	*2.65%*		*43.80%*
FORTIS L FUND Equity Indonesia	LU0291299674	USD	-8.63%	8.71%	10.37%	62.79%	12.68%	-	47.72%
Jakarta SE Composite Price Index			*-7.52%*	*11.63%*	*13.47%*	*63.64%*	*8.89%*		*42.98%*

Parvest and Fortis LF sub-funds: Performance of the Classic share class (net of fees)
Benchmark: Performance, net dividend reinvested (except for the Parvest STEP 90 Euro sub-fund, which has a price index)
Source: Performance: BNPP AM/Fortis Investments
Past performance is not a guide to future performance
* in compliance with Markets in Financial Instruments Directive (MiFID), we are unable to show any performance figures for this fund as it is less than 12 months old.



Fund Performance Overview
As at 31 May, 2010

			Cumulated				Annualised		
			1 Month Perf	3 Months Perf	"Year To Date" Perf	1 Year Perf	3 Years Perf	5 Years Perf	3 Years Vol
GLOBAL									
FORTIS L FUND Equity Best Selection World	LU0086352696	EUR	-2.92%	6.02%	7.26%	24.55%	-11.11%	-0.20%	17.85%
MSCI World Net Return Index			*-2.46%*	*6.32%*	*8.67%*	*30.20%*	*-7.23%*	*1.48%*	*18.46%*
FORTIS L FUND OBAM Equity World	LU0185157681	EUR	-8.61%	-0.52%	-1.89%	16.57%	-15.68%	1.28%	34.25%
MSCI World Net Return Index			*-2.46%*	*6.32%*	*8.67%*	*30.45%*	*-8.01%*	*0.97%*	*18.28%*
FORTIS L FUND Opportunities World	LU0120291793	EUR	-2.53%	8.63%	7.72%	26.78%	-4.20%	5.46%	19.33%
MSCI AC World Net Return Index			*-2.49%*	*6.70%*	*8.69%*	*31.49%*	*-7.02%*	*2.01%*	*18.94%*
FORTIS L FUND Equity High Dividend World	LU0377085773	EUR	-6.33%	-1.10%	-2.89%	15.99%	-13.65%	-2.07%	18.54%
S&P/Citigroup High Income Equity World (Hedged in EUR) Net Return Index			*-6.82%*	*-1.98%*	*-3.89%*	*19.89%*	*-12.04%*	*-0.98%*	*20.98%*
PARVEST NEXT GENERATION	LU0283576725	EUR	-3.65%	4.09%	2.51%	13.02%	-10.30%	1.60%	21.55%
MSCI The World Index			*-2.02%*	*6.81%*	*9.17%*	*30.85%*	*-7.86%*	*1.06%*	*18.14%*
SECTOR									
FORTIS L FUND Equity Biotechnology World	LU0086351706	EUR	-4.57%	4.80%	15.14%	31.19%	-4.76%	0.68%	21.17%
Nasdaq Biotechnology Price Index			*-3.99%*	*5.48%*	*15.54%*	*37.47%*	*3.05%*	*5.00%*	*20.39%*
FORTIS L FUND Equity Energy World	LU0080608945	EUR	-6.69%	1.67%	2.39%	12.29%	-3.67%	8.23%	28.31%
MSCI World Energy 10/40 Net Return Index			*-5.37%*	*3.78%*	*3.57%*	*16.01%*	*-4.32%*	*6.63%*	*22.17%*
FORTIS L FUND Equity Finance World	LU0076549012	EUR	-4.10%	4.29%	6.71%	27.52%	-24.54%	-8.56%	34.55%
MSCI World Financials Net Return Index			*-4.15%*	*5.32%*	*7.27%*	*27.52%*	*-19.47%*	*-6.05%*	*28.99%*
FORTIS L FUND Equity Health Care World	LU0074280149	EUR	-0.70%	0.31%	4.29%	26.96%	-4.84%	-1.48%	13.65%
MSCI World Health Care 10/40 Net Return Index			*-0.61%*	*0.45%*	*4.90%*	*27.57%*	*-3.65%*	*0.20%*	*14.33%*
FORTIS L FUND Equity Telecom World	LU0074280495	EUR	1.58%	5.41%	3.75%	23.13%	-7.65%	2.72%	14.81%
MSCI World Telecommunication Services 10/40 Net Return Index			*0.77%*	*5.28%*	*3.63%*	*23.48%*	*-7.35%*	*2.34%*	*15.85%*
FORTIS L FUND Equity Technology World	LU0076273605	EUR	-1.97%	9.96%	10.89%	37.49%	-2.79%	1.15%	22.16%
MSCI World Information Technology 10/40 Net Return Index			*-2.12%*	*9.45%*	*11.21%*	*41.53%*	*-1.55%*	*2.60%*	*22.60%*
FORTIS L FUND Equity Utilities World	LU0103371943	EUR	-0.56%	2.30%	-0.83%	11.46%	-11.26%	1.56%	17.69%
MSCI World Utilities Net Return Index			*-0.53%*	*3.61%*	*2.15%*	*15.49%*	*-8.15%*	*3.39%*	*14.67%*
LISTED REAL ESTATE									
FORTIS L FUND Real Estate Securities Europe	LU0153635098	EUR	-7.22%	-3.85%	-6.68%	32.22%	-24.09%	-5.97%	31.48%
FTSE EPRA NAREIT Europe (25% UK Capped) 8/32 Net Return Index			*-5.34%*	*-2.52%*	*-3.87%*	*26.09%*	*-21.20%*	*-3.88%*	*26.44%*

Parvest and Fortis LF sub-funds: Performance of the Classic share class (net of fees)
Benchmark: Performance, net dividend reinvested (except for the Parvest STEP 90 Euro sub-fund, which has a price index)
Source: Performance: BNPP AM/Fortis Investments
Past performance is not a guide to future performance
* in compliance with Markets in Financial Instruments Directive (MiFID), we are unable to show any performance figures for this fund as it is less than 12 months old.

• Publisher: Philippe Marchessaux
• Editor in Chief: Anthony Finan
• Deputy Editor: Maryelle Ouvrard
• Graphic design: Studio BNPP IP
• Translations: Tectrad, CPW Willemetz

BNP PARIBAS
INVESTMENT PARTNERS

www.bnpparibas-ip.com

A global presence

Europe
Austria
Belgium
France
Germany
Greece
Italy
Luxembourg
Portugal
Spain
Switzerland
The Netherlands
UK

North America
USA
Canada

LatAm
Argentina
Brazil
Chile
Colombia
Mexico
Uruguay

Asia-Pacific
Australia
Brunei
China
Hong Kong
India
Indonesia
Japan
Malaysia
Singapore
South Korea
Taiwan

Nordics
Denmark
Finland
Norway
Sweden

EERMEAT
Czech Republic
Bahrain
Hungary
Kuwait
Morocco
Poland
Russia/CIS
Saudi Arabia
Turkey
UAE

Office addresses can be found in the About Us section of www.bnpparibas-ip.com.

14, rue Bergère - 75009 Paris - France

BNP Paribas Asset Management - Simplified joint-stock company with a capital of 64 931 168euros - Registered office: 1, Boulevard Haussmann 75009 Paris - RCS Paris 319 378 832 - Design: Studio BNPP IP - P1006042