

PARVEST US DOLLAR BOND

30/09/2008

Classic Share

INVESTMENT OBJECTIVE

The sub-fund seeks to maximise returns over the medium term by investing in highly-rated government and corporate bonds denominated in US dollars and issued by high quality issuers at the time of their acquisition. The interest rate outlook, derived from in-house research, sets the exposure to US Dollar bonds. The manager then selects fixed income securities which appear attractive to obtain this exposure. Modified duration between 0.5 and 8.

MANAGEMENT COMMENT AS AT 30/09/2008

- Explanation of performance over the period

The fund underperformed its benchmark in the third quarter. Treasury yields fell sharply and the yield curve steepened as investors sought safe-haven in Treasuries amid worsening credit conditions. Our holding of TIPS and short-dated, high-quality credit in the portfolio penalised us as investors preferred liquid nominal Treasuries.

- Main investment decisions

The portfolio started the quarter with a modest duration underweight on the view that the FOMC was unlikely to lower rates given rising inflation concerns. However, the portfolio's duration was switched to modest overweight in September due to worsening financial conditions, expectation for further deleveraging, and dampened growth outlook. The portfolio maintained an overweight in long-dated TIPS given their cheap valuation and on the view that increased fiscal spending and increased nominal Treasury supply would benefit breakeven.

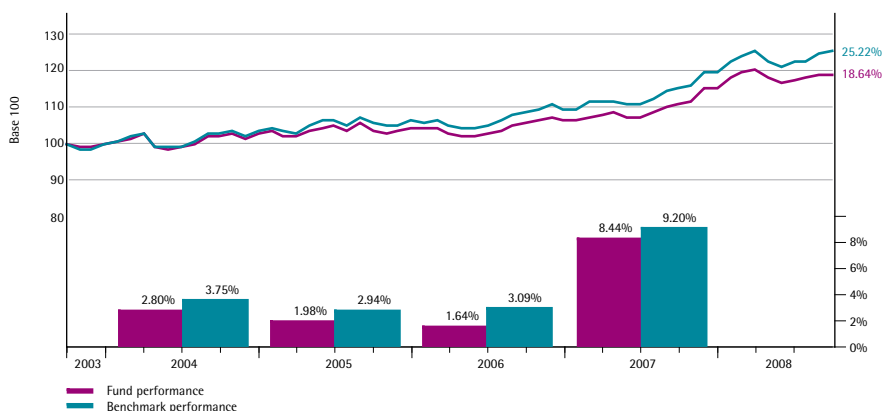
- Portfolio perspectives

Entering October, we expect the difficult funding conditions to weaken the US macro outlook in coming quarters, requiring further responses from monetary and fiscal authorities. Thus, the portfolio maintains a modest overweight in duration, long-dated TIPS, and a yield curve steepening position.

PERFORMANCES AS AT 30/09/2008

Cumulative (%)	USD		EUR	
	Fund	Benchmark	Fund	Benchmark
1 month	-0.17	0.60	4.63	5.44
3 months	1.18	2.39	13.49	14.85
Year to date	3.12	4.69	7.34	8.97
1 year	7.09	9.01	8.42	10.37
3 years	14.35	18.74	-1.84	1.92
5 years	18.64	25.22	-1.64	3.82
Since inception (30/03/1990)	185.08	271.02	145.58	219.61
Annualised (%)				
3 years	4.57	5.89	-0.62	0.64
5 years	3.47	4.60	-0.33	0.75
Since inception (30/03/1990)	5.82	7.34	4.97	6.48

CUMULATIVE AND ANNUAL PERFORMANCE (USD)


 Bonds/Americas
 Government/Corporate bonds

RISK SCALE (1=LOW ; 5=HIGH)

3

Recommended investment horizon : Minimum three years

FUND MANAGER

Cedric Scholtes (Fischer Francis Trees & Watts)

BENCHMARK

JP Morgan US Traded (RI)

KEY FIGURES - USD

Net asset value

NAV (Capitalisation) 373.30

max 2008 382.66

min 2008 362.42

NAV (Distribution) 117.87

Assets of the sub-fund (mln) 229.24

Last dividend (24/06/08) 4.20

C/D CODES

	C code	D code
ISIN	LU0012182399	LU0012182126
BLOOMBERG	PUK3724 LX	PUU3723 LX
CUSIP	L7573K 51 8	L7573L 49 0

MODIFIED DURATION

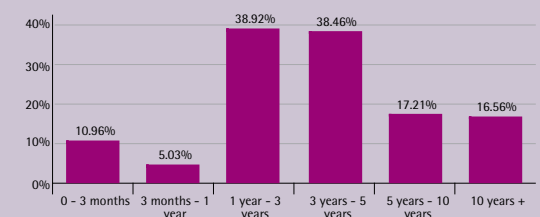
Fund 5.00

Benchmark 5.32

PERCENTAGE OF UNDER INVESTMENT GRADE BONDS

0.00

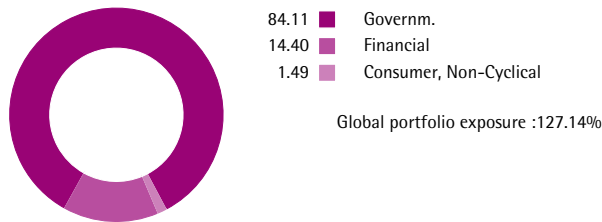
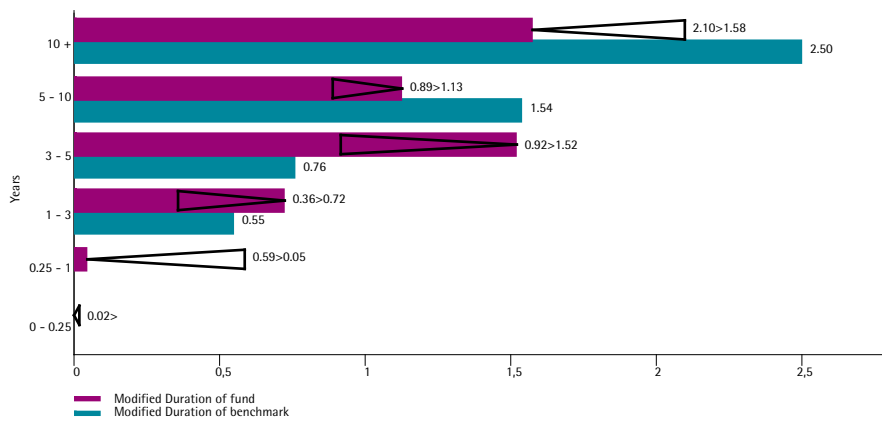
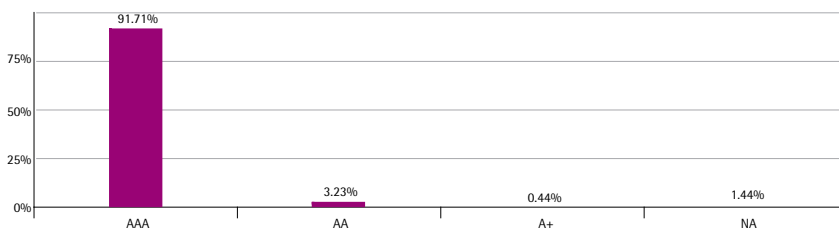
EXPOSURE BY MATURITY (DERIVATIVES INCLUDED)



WEIGHTED MODIFIED DURATION OF MAIN HOLDING (%)

US T.NOTES (5YR) ECH. 12/08 31/12/2...	0.90	Government.
AMERIQUE 0% 15/02/2021	0.82	Government.
US TREASURY 6.25 15/08/2023	0.59	Government.
United States Treasury Note/Bond 3.13...	0.40	Government.
AMERIQUE T-BILL 4.75 15/08/2017	0.30	Government.
US TREASURY 8.88 15/08/2017	0.29	Government.
US T.NOTES (2YR) ECH. 12/08 31/12/2...	0.27	Government.
US T.NOTES (10YR) 12/08 31/12/2008	0.26	Government.
US TREASURY 8.13 15/08/2021	0.26	Government.
US TREASURY 8.13 15/08/2019	0.22	Government.

Total number of positions : 46

BREAKDOWN BY ECONOMIC SECTOR (%)

CONTRIBUTION TO SENSITIVITY BY MATURITY (30/09/08 ; 29/08/08)

BREAKDOWN BY ISSUE RATING* (EXCLUDING FUNDS)


* or long term issuer if not known

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Risk analysis (over 3 years)

Volatility	3.54%
Tracking error	1.00%
Information Ratio	-1.31
Sharpe ratio	-0.09
Alpha	-0.82%
Bêta	0.92
R ²	0.92
Duration	4.05

CHARACTERISTICS

Inception date	March 27, 1990
Base currency	USD
Legal form	Sub-fund of Parvest, an umbrella fund established under Luxembourg law

FUND PARTICULARS
Subscription fees (1)

A max. of 5% (payable to the intermediary)

Minimum investment

Classic Category: 1 share

Entrance fees (1)

None

Switch commission (1)

A max. of 2% (payable to the intermediary)

Exit fees

None unless in the case of a sizeable withdrawal, a max. of 1% (accruing to the fund)

Maximum Management fees

- Classic Category: 0.75% / year
 - Classic Hedged: 0.75% / year
 - Institutions Category: 0.30% / year
 with a minimum investment of EUR 3 million on the sub-fund or EUR 10 million on Parvest as a whole

NAV calculation date

Daily (D+1)

Dealing deadline

Day D before 3pm (Luxembourg time)

Execution

Placed at unknown NAV (D=Day of of NAV)

Settlement and delivery

Account credited/debited D+4

Promoter

BNP Paribas

Management company

Fischer Francis Trees & Watts

Custodian

BNP Paribas Securities Services, Luxembourg branch
 (1) for the Classic and Institutions categories of shares