AMIRAL GESTION

Sextant Autour du Monde

MANAGEMENT REPORT – 3RD QUARTER 2011

MANAGEMENT COMMENTARY

Since the start of the year, Sextant Autour Du Monde has fallen 24.69% versus a 15.65% decline in its benchmark index, the MSCI World in euro terms. All our investment themes suffered fairly uniformly from the recent market correction. This weak differentiation in stockmarket performance reflects the high risk aversion caused by the financial crisis that is currently buffeting Western economies.

The root cause of this crisis is the over-indebtedness of Western countries. In Europe, Greece's bankruptcy and the mistrust adversely affecting all the sovereign debts of the southern euro-zone countries have precipitated the banking system to the brink of the abyss. In the United States, household deleveraging is fuelling deflationary pressures that the Fed has not succeeded in arresting despite unprecedented money creation. Now, this is precisely the scenario that confirms our investment strategy. The Autour Du Monde fund is concentrated on emerging countries that have reasonable debt levels and still have very robust growth. More than 11% of the portfolio is invested in gold mining companies which profit from the rise in gold prices fuelled by the sovereign debt crisis. Lastly, our investments in France are concentrated on innovative businesses that are little impacted by the macroeconomic environment.

So why such a decline in the portfolio? Emerging markets were adversely affected by anti-inflationary policies, especially in China and India where the cycles of interest-rate hikes have lasted longer than we had imagined. In India, inflation has proved very resilient, leading the country's central bank to raise its policy rate further to 8.25% in September. In China, the government is still determined to curb an incipient real estate bubble and stabilize an overheating credit market resulting from the 2009 stimulus policy. These two economies are already slowing down, but unlike in the major Western powers this is a moderate slowdown, of a cyclical nature and brought about by restrictive monetary policies designed to control inflation and credit bubbles. Their growth potential remains intact and in the event of an excessively sharp slowdown the monetary authorities are bound to use the room for manoeuvre restored by more than a year of interest-rate hikes. We therefore remain very confident in the potential of our Indian and Chinese companies, whose valuations have reached historically low levels. In India, we are still mainly exposed to the infrastructure sector. In China, we give priority to consumer companies such as the luxury watch retailer **Oriental Watch**, whose market capitalization is equal to the value of its watch stocks, mainly Rolexes. Note, too, the valuation of **Shanda Games** which sells for 3 times earnings (ex cash) for a company growing at 5% to 10% annually.

The gold mining stocks did not fulfil their promise despite the rise in gold prices and the sovereign debt crisis dragging on in Europe. These companies have never been as cheap relative to gold prices. And yet we remain convinced that the Western democracies will continue to combat the deleveraging, which is now mandatory, of their governments and their consumers by policies of zero real interest rates and money creation. The euro and the dollar will therefore continue to depreciate against gold, which will gradually regain its status as the currency of last resort.

We remain cautious and weakly exposed (3.6% of the portfolio) to base metals due to the economic slowdown underway in China and doubts concerning the growth rate in the United States. On the other hand, we maintain a significant exposure to the energy sector (12.9% of the portfolio), since we believe its correction has already largely factored in a scenario of a fall in oil prices. Our oil companies currently factor in an oil price ranging between $60 and $70, a level that we do not think is sustainable in the long run.

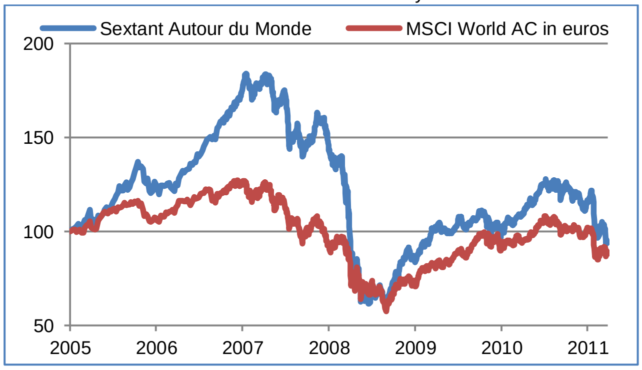
We therefore remain very confident in our investment strategy. The French companies in the portfolio, such as **Gameloft** and **1000mercis**, continue to post very good operating performances. We consider that the valuations reached by all our investments are excessively low and provide Autour Du Monde with high potential for price appreciation, although the portfolio is bound to remain volatile due to the regions and sectors on which it is positioned (emerging countries, commodities, French small caps).

Lastly, we have initiated new investments in South Korea to profit from the extraordinary discounts on preference shares. The **LG H&H preference** share trades at an 80% discount to the ordinary share for no valid reason. This discount enables us to buy an exceptional growth company, the Korean leader in cosmetics, household products and beverages, at less than 6 times earnings.

PERFORMANCE

	Sextant Autour du Monde	MSCI World AC in euros
1 year	-12.92%	-6.87%
3 years	-15.72%	-0.44%
5 years	-24.93%	-21.75%
2011	-24.69%	-15.65%
2010	21.30%	18.39%
2009	59.20%	28.04%
2008	-62.95%	-40.99%
2007	23.90%	-0.84%
2006	24.48%	6.57%
2005*	13.33%	10.53%

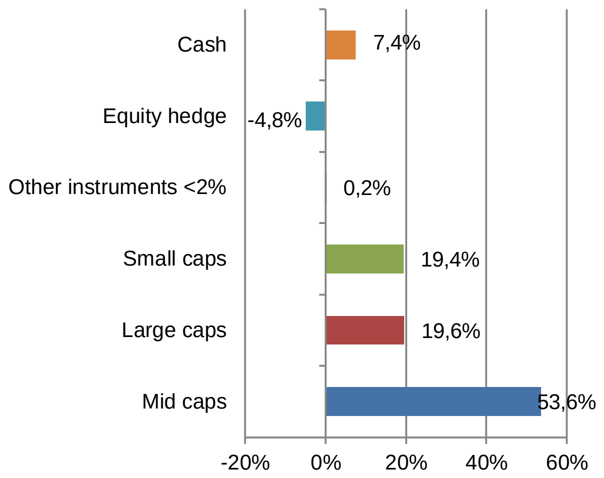
* Sextant Autour du Monde was launched on 8 July 2005



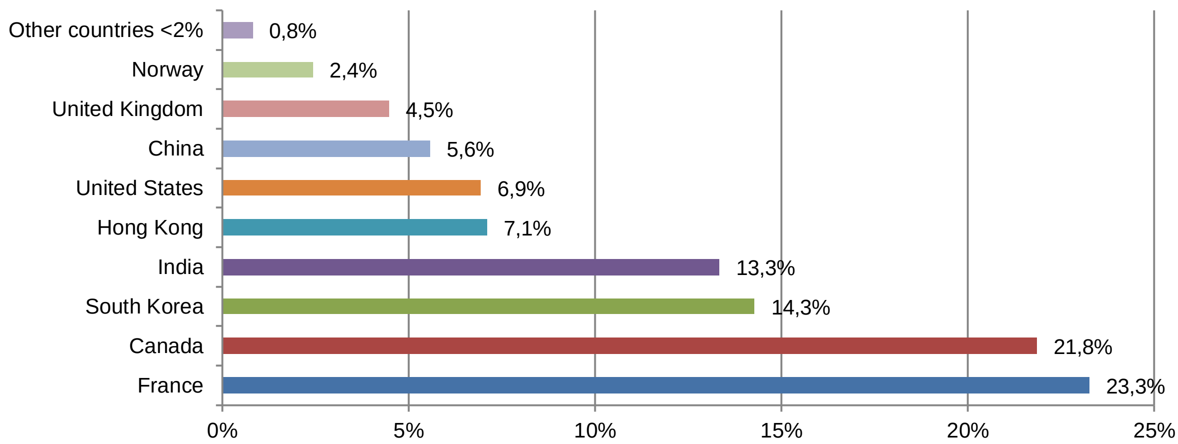
Note: Past performance is not necessarily a guide to the future results of the Fund; performance may vary over time.

Name	% of net assets	Country	Sector
LG H&H Pref	9.10%	South Korea	Consumer goods
Gameloft	6.32%	France	Media / Internet
Bellatrix	5.62%	Canada	Energy
1000Mercis	5.40%	France	Media / Internet
Shanda Games	5.16%	China	Media / Internet
IDFC	4.95%	India	Finance
Kesa	4.15%	United Kingdom	Retailing
Oeneo bond	3.97%	France	Food processing
Bear Creek	3.90%	Canada	Gold/Silver
Google	3.43%	United States	Media / Internet

Asset Allocation



Geographic allocation of invested assets



Sector allocation of invested assets