



MANAGEMENT REPORT - 3RD QUARTER 2011

MANAGEMENT COMMENTARY

Your Sextant PEA fund achieved a performance of -17.68% in the third quarter. It remains focused on French small and mid caps, which account for more than 70% of the portfolio. At 30 September 2011, the cash position had been increased to 7% and the fund no longer had any hedges, which were unwound in mid-August.

The half-year earnings were satisfactory for the leading positions in the fund with the exception of **Vet’Affaires** and **Kesa** which disappointed and were severely punished during the quarter with a 40% decline.

A single stock is in positive territory, **Kinepolis**, which rose 8% as a result of its share buyback and the strength of its business, cinema operation.

We made a few adjustments by selling **Delachaux**, **Benetton** and **Boiron**. We lightened up on **Tessi** and **TGS**. The steep fall of industrial companies provided us with a window of opportunity to buy **Jacquet Metal Service**, **Immsi**, **Renault** and the **Italcementi preferred share** at valuations which offer a substantial margin of safety. We also initiated a position in **Parrot** and added to our positions in **Kesa**, whose share price by no means factors in the value of its main asset, Darty.

Jacquet Metal, resulting from the merger between Jacquet and IMS, is a specialty steels distributor that we have been following since 2004. The halving of the share price this summer enabled us to enter for less than the value of the inventories and warehouses, a ratio which historically is a good entry point in the stock. The likely contraction in volumes and prices over the coming months will not prevent Eric Jacquet from completing the restructuring of the former IMS and strengthening its positions.

Renault has returned to valuations close to the lows of 2009. In the meantime, the carmaker has restored a significant cash position, partly through the sale of its Volvo B shares. The discount on the stake in Nissan is at present such that it means the Renault, Samsung Motor and Dacia makes are negatively valued by about 30 euros per share, which is completely unprecedented.

Parrot is a Parisian company specialized on the frontier between Bluetooth, acoustic, vocal and optical technologies. Its best known product is the hands-free kit, pre-installed or not, allowing car drivers to telephone and be connected. The company is growing and highly profitable, and recently devoted part of its cash holdings to two acquisitions in its core business. After the fall in the share price this summer, the available cash position still represents almost half the market capitalization, making the valuation, at less than 8x earnings, even more attractive.

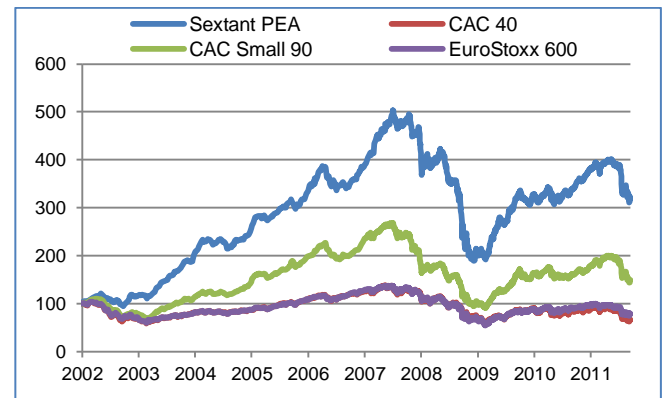
At the end of this gruelling quarter, the three leading companies were **1000mercis**, **Gameloft** and **Trilogiq**, all leaders in their respective markets and which have certain points in common, namely, they experienced robust growth in the 2009 recession and have a substantial cash position on the balance sheet.

The valuations of Sextant PEA offer a significant margin of safety and large upside potential.

PERFORMANCE

	Sextant PEA	CAC 40	CAC Small 90	DJ Stoxx 600
2011	-14.75%	-21.62%	-13.25%	-17.99%
2010	18.25%	-3.35%	10.91%	8.63%
2009	61.80%	22.33%	58.69%	27.99%
2008	-58.36%	-42.68%	-54.17%	-45.60%
2007	21.71%	1.31%	-4.91%	-0.17%
2006	19.92%	17.53%	16.40%	17.81%
2005	31.41%	23.40%	38.57%	23.51%
2004	29.99%	7.40%	28.07%	9.47%
2003	63.99%	16.12%	37.53%	13.68%
2002*	14.72%	-31.13%	-21.27%	-30.50%

* Sextant PEA was launched on 18 January 2002.



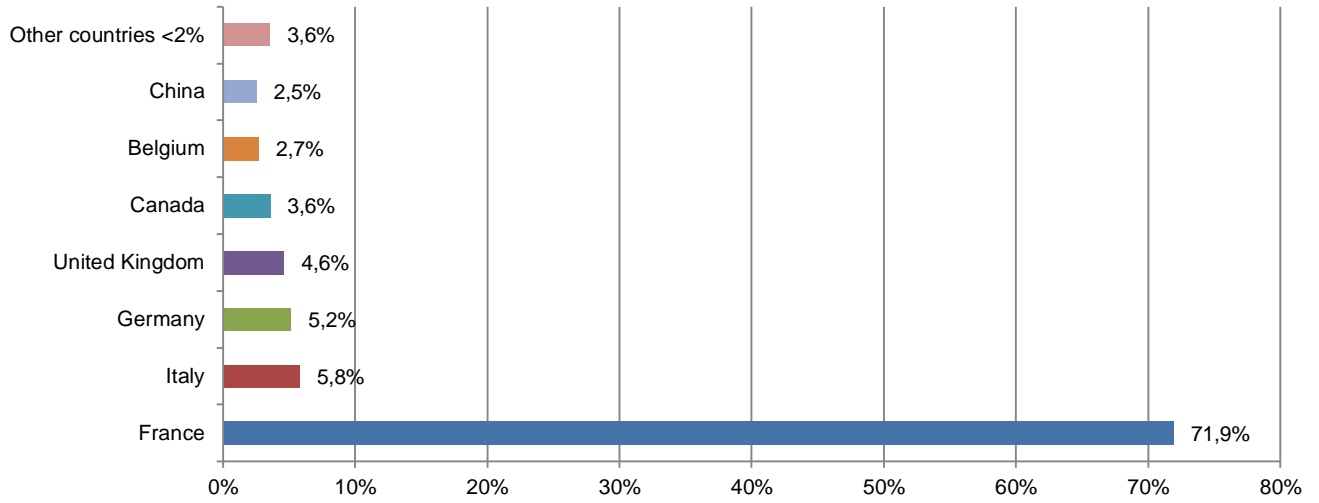
Note: Past performance is not necessarily a guide to the future results of the Fund; performance may vary over time.

MAIN INVESTMENTS

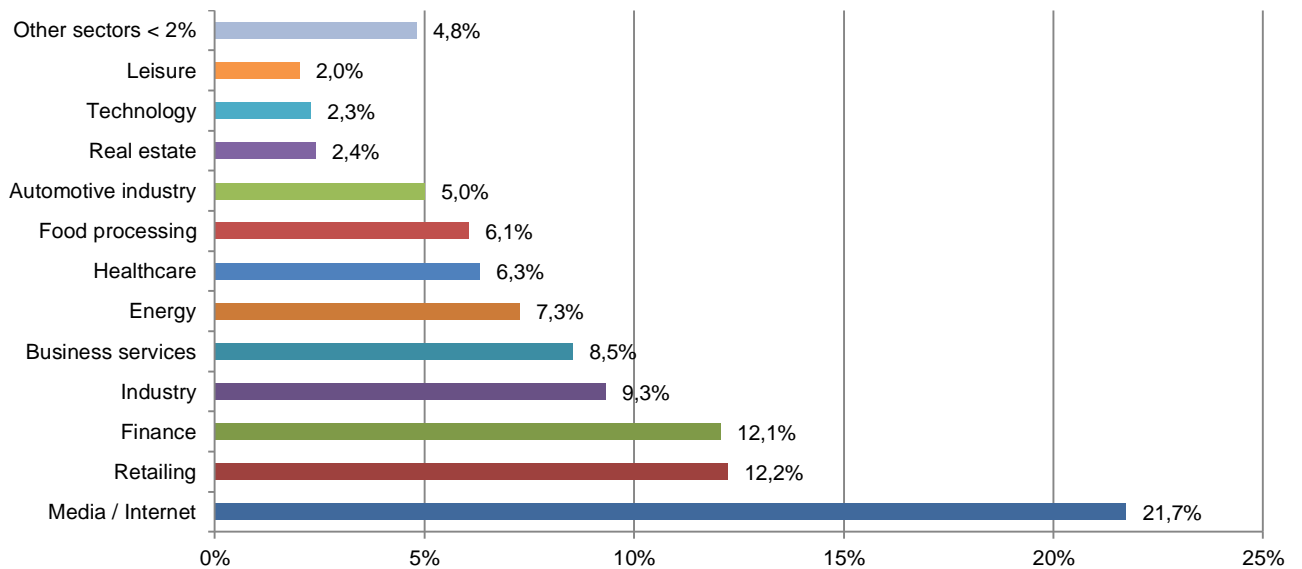
Name	Country	Sector
1000Mercis	France	Media / Internet
Gameloft	France	Media / Internet
Trilogiq	France	Industry
Kesa	United Kingdom	Retailing
Francotyp	Germany	Business services
Stallergènes	France	Healthcare
Oeneo bond	France	Food processing
Bellatrix	Canada	Energy
Jacquet Metal Service	France	Retailing
Akka Technologies	France	Business services



GEOGRAPHIC ALLOCATION OF INVESTED ASSETS



SECTOR ALLOCATION OF INVESTED ASSETS



ALLOCATION BY MARKET CAPITALIZATION

