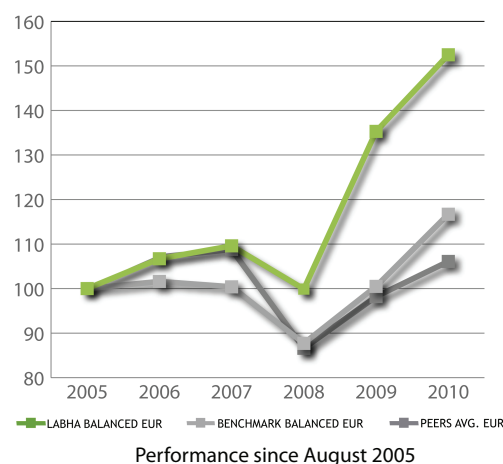
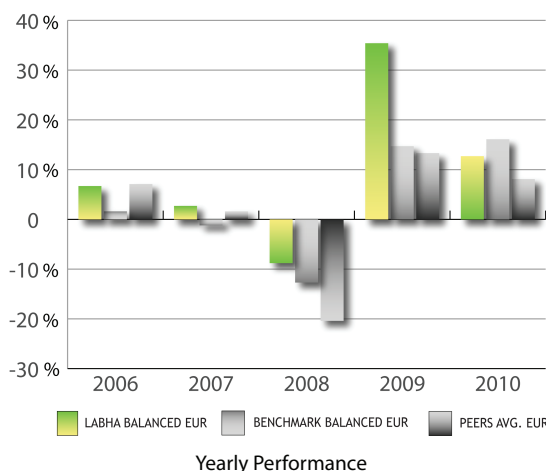


Quarterly Report

Q4 / 2010

The fourth quarter of 2010 was excellent for equity investors but less so for those who had bought bonds earlier in the year. We had increased our exposure to equities in the third quarter when markets were weak and kept bond exposure below average. When increasing the equity exposure we concentrated on specific companies which we believe have better growth prospects and solid balance sheets. Once again the focus on stock picking and rebalancing of our client portfolios has had a positive influence both on performance and volatility. We believe that regularly rebalancing is especially important in extremely volatile markets such as those of the past three years.

Our clients had an excellent 2010 and have a performance of + 12.7%. This compares with a performance of 8.1% from our peers. This performance was driven to a large extent by shares such as Kali & Salz, Royal Dutch Shell, Thyssen Krupp, Coca Cola, Lindt & Sprungli and Siemens as well as exposure to the agricultural commodities which have performed very well.



The performance depicted above is the average of performance achieved for EUR balanced portfolios managed by LABHA. Past performance is not necessarily a guide to future expectations. Benchmark: 50% MSCI World Equity in EUR (Net) und 50% J.P. Morgan Global Aggregate Bond Index in EUR. Peers: Balanced Strategy Funds quoted in EUR (Data source: Bloomberg).

Till the fourth quarter of 2010 investors were reluctant to buy equities. They preferred to buy the bonds of companies even when they looked very expensive in comparison to the same company's shares. In the third quarter of 2010, we were encouraging our clients to buy shares like Coca Cola (up 13% + 3% dividend yield) and Royal Dutch Shell (up 11.45% + 5% dividend yield). These are companies with an excellent international presence and growth prospects as well as large and consistent cash flows and they were trading at low valuations. Additionally, they were paying dividends with yields higher than that of the 5 year government bonds of their respective countries and have solid balance sheets. We felt that the combination of all these factors made the probability that these shares would turn out to be good investments very high. We are very pleased with the result and believe that stock picking will be a key factor in 2011 as the initial asset allocation and rebalancing phase gives way to more specific performance considerations.

As we begin a new year we would like to take this opportunity to wish all of our clients and their families a very happy, healthy and prosperous 2011. We thank you very much for the trust you have placed in us and the very positive feedback we have received from you. We look forward to working with you to continue to build on the foundation set over the past few years.