Sextant Grand Large
Management report at end September 2009

Sextant Grand Large is a flexible fund. Its goal is to invest in equities with a special concern for capital protection. For this purpose, the fund:

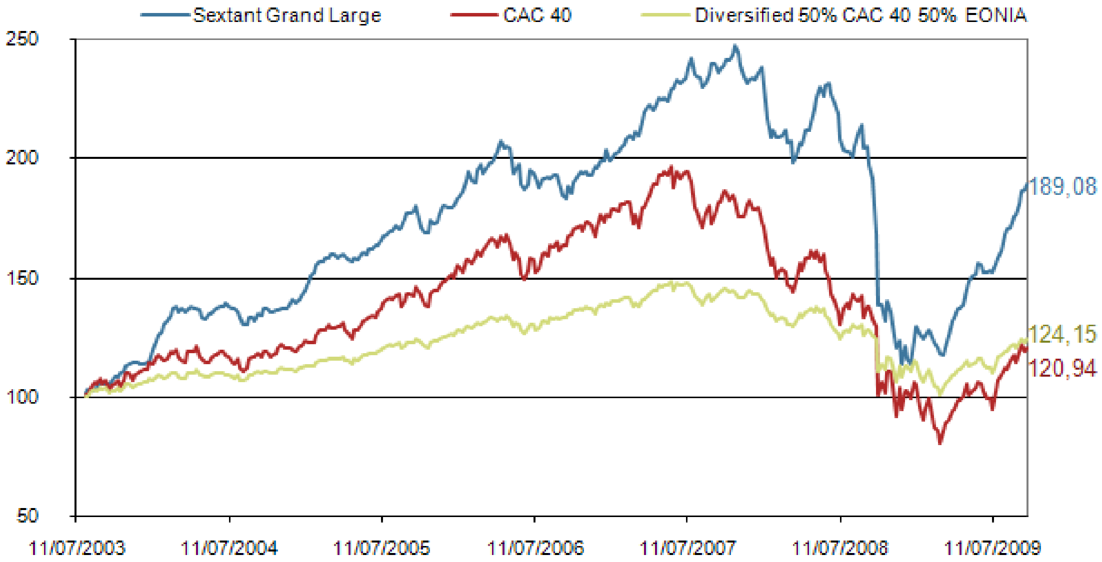
- Gives priority to investments offering a significant margin of safety: companies whose business model is sustainable, whose financial position is sound, or which own substantial tangible assets.
- Can vary the proportion of its assets invested in equities between 0% and 100%. The proportion invested depends on the investment ideas of the Amiral Gestion team, and not on macroeconomic considerations.
- Can invest in convertible bonds, gold or other UCITS due to its fund of funds status.

PERFORMANCE

The net asset value of the Sextant Grand Large fund was 15.54 million euros on 30 September 2009. The Sextant Grand Large fund posts a year-on-year decline of 1.32%, while over the same period the CAC 40 is down 8.84%, and the composite index is down 1.48%.

In the third quarter, the fund rose 22.9% compared with a performance of 21% for the CAC 40. This performance was achieved with an average proportion of 60% of assets invested in equities, the balance consisting on average of half cash and the other half convertible bonds.

Since the start of 2009, the fund posts a 57.42% rise, compared with 17.94% for the CAC 40 index and 9.84% for the composite index 50%CAC40-50%EONIA.



Note: Past performance is not necessarily a guide to the future performance of the Fund. The index is calculated excluding dividends whereas the Fund offers only units with reinvested dividends.

Five leading positions as at 30 September 2009

Name	Country	Sector
Hongguo International Holdings	China	Consumer goods
Fashion Bel Air	France	Consumer goods
Groupe Steria - 5.700% - 31-Dec-2012	France	Convertible bonds
Soitec 6.25% 09-Aug-2014	France	Convertible bonds
Passat	France	Media / Internet

Hongguo International Holdings: **Hongguo International** manufactures in two plants and sells via a network of 1000 points of sale shoes under the C.Banner brand, which is the No. 3 women's shoe brand in China. The company is valued at less than 7 times its 2009 earnings even though its brands enjoy strong recognition, it has a solid track record of 15-20% annual growth, and the industry leader, Belle International, for its part trades on 23 times earnings.

The investment in Hongguo is, moreover, protected by the company's net cash position, which represents 30% of its market capitalization, and the size of its stocks, which alone cover 70% of the enterprise value.

Passat: **Passat** is a fine story of commercial restructuring which is starting to bear fruit. This company sells a highly varied product range via 10,000 video screens in 5,000 different points of sale (hypermarkets, large and medium-sized stores) in France, Spain and the United States. Video-assisted sales of innovative products are generally benefiting from the crisis, because retail signs favour these high-margin items on their shelf space.

- **Steria convertible bond**

We bought this bond in the spring when it was offering an annualized 17% return over three years. This return seemed to us completely abnormal in light of the capability of this IT services company to repay its debt taken on to finance the acquisition of a competitor, Xansa, in 2007.

Steria's first-half results showed a resilience of its business even better than what we had expected. Logically, the yield on our convertible bond fell throughout the quarter due to a narrowing of yield spreads and a rise in the share price until a far more reasonable level of 7% was reached.

- **Soitec 6.25% convertible bond**

The process developed by Soitec allows a reduction in energy losses in the chips used in microcomputers and mobile phones. The sector is very capital-intensive and new capacity investments are financed by regular calls for funds. Notably thanks to the firm's leading client AMD, the market is recovering rapidly in PC and LED applications, so that we expect sales to double by 2012. The share experienced a sharp rating downgrade like in 2003, followed by a powerful rebound from which the convertible bond profited greatly.

Positions lightened up:

- **Entreparticuliers.com**: The company paid a first dividend of €1.1 during the quarter, which will soon be followed in October by another dividend of the same amount, and this has reduced the weight of this position in the fund by 20%. We also lightened up our position, taking advantage of the share's good reaction to these announcements.

- **OL Groupe**: Following the share's rebound since the start of year, we lightened up on the position during the quarter, since the negative balance of player transfers in the past two years has burned up most of the cash raised in the IPO. However, the asset value is still far higher than the share price and the stadium project is still as promising.

Movements and arbitraging

We initiated positions in:

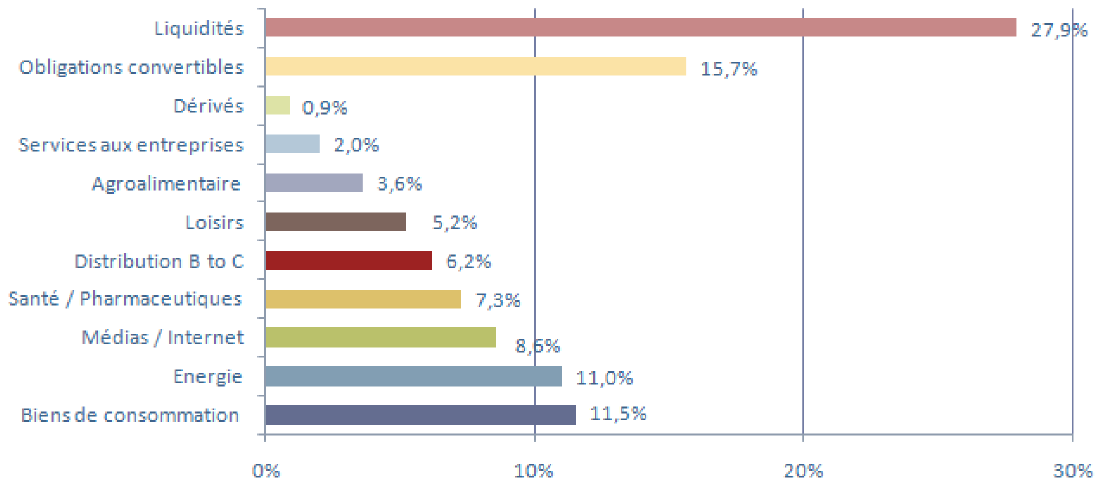
- **Sucrière de Pithiviers**

This company is a beet sugar producer. The capitalization is practically covered (80%) by cash holdings and the company benefits from prices that, although declining, are nevertheless guaranteed by the European Union for several more years. Very significant upside potential would materialize if world prices were to exceed the guaranteed prices. This prospect is becoming more realistic as consumption increases in emerging countries and with a rising climate hazard, especially in India.

- **Pharmagest**

This company produces management software for pharmacies and healthcare institutions. It is very well managed, and grows its business through a combination of organic and external growth. Its increasingly recurring revenues and the barriers to entry in its core business, in which it has a very large market share (exceeding 40%) make it a good investment for the Grand Large fund.

Sector allocation of assets



The future is unpredictable, and caution is essential:

Cash: 27.9% of the portfolio versus 19.6% on 30 June.

We continued to reduce our exposure to equities, profiting from the ongoing market rebound in the third quarter. Note, too, that the companies in the portfolio have very sound balance sheets, often with cash holdings representing a large fraction of their market capitalization.

Convertible bonds: 16% of the portfolio versus 22% on 30 June.

The start of 2009 was an extremely favourable period for investment in convertible bonds. Now, this asset class had been extremely neglected from the fourth quarter of 2008 by institutional investors and arbitragers, a phenomenon that we had also experienced in 2003. We were therefore able to invest in securities offering us annualized returns of around 20% over three or four years.

Throughout the second and third quarters, market normality was restored in this asset class, as the securities came back to rates of return more in line with their real risk level. The convertible bonds began to be sold at the end of the quarter.

Energy: 11% of the portfolio

We sold **Petrobank** following a very fine performance to focus on companies that offer us the greatest margin of safety: **Maurel et Prom** and **Detnor**, which have a positive cash position and whose common feature is the ownership of an exploration portfolio that is not only promising but overlooked by the market, **Fred Olsen Energy** and **Noble** in petroleum services, which have very high earnings visibility for the coming years and low valuations.

Internet: 3%

We sold our **AdPepper** shares following their sharp rise on the stock exchange since the start of year, and this despite a lacklustre operating performance. Cash holdings still cover the market capitalization, but the company has not yet proved that it could earn money. As we mentioned earlier, we also lightened up our position in **entreparticuliers.com**.

Derivatives:

11% of the securities held in Sextant Grand Large have dollar-denominated operations. To cover half of this passive exposure we invested 1% of the portfolio in a euro/dollar reverse certificate of maturity December 2009. The maximum potential loss is limited to the premium invested.

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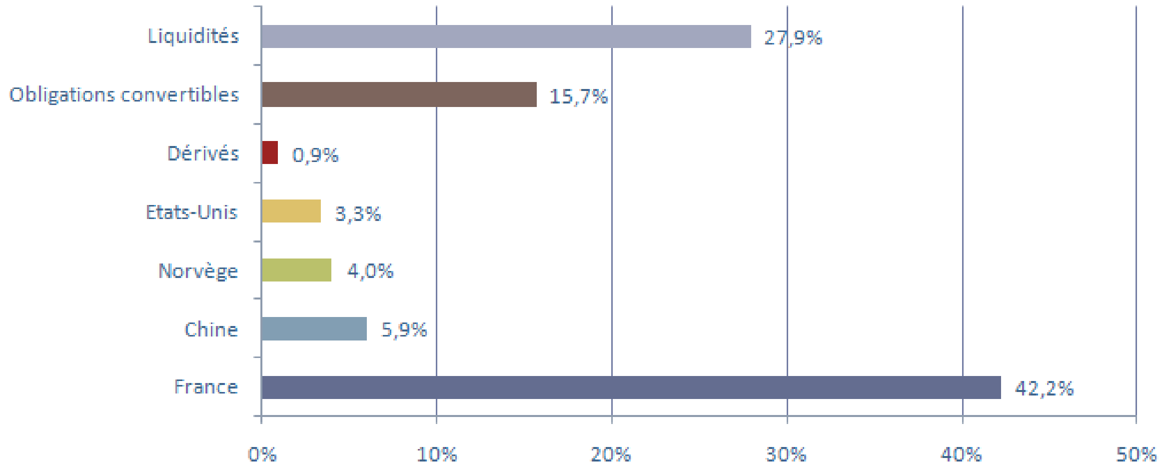
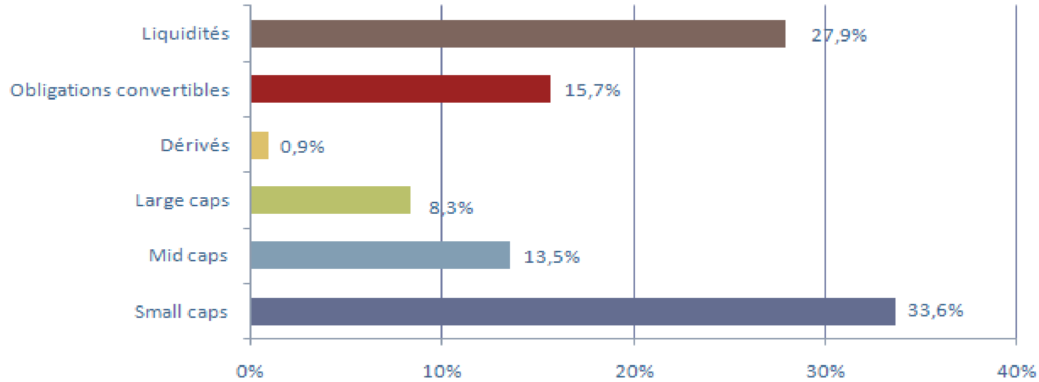
Geographic allocation of assets



Our geographic allocation is the result of our individual stock picks. It did not change greatly over the period.

Allocation by market capitalization



Sextant Grand Large still has a heavy weighting in small and mid caps. This contrarian choice is based on very attractive valuations. The fund's small size is an advantage for investing in the smallest caps with no capacity constraint.

Prospects

The fund continues to be managed very conservatively, with a high proportion in cash. We continue to profit from the stockmarket turmoil of a few months ago to purchase companies that have remained heavily undervalued in the rebound, in Asia and France. We remain extremely strict regarding the valuations of the companies held in the fund.