INSINGER DE BEAUFORT ASSET MANAGEMENT N.V.

Annual Report for
the period ended
31 December 2008

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General information

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Directors' report

Annual Review

Economic Overview

In many ways, 2008 was the worst ever year for investors. The only way to earn positive returns was with government bonds and gold; most other investments proved to be very disappointing. The MSCI World equity index dropped by more than 40%, the poorest return on record. The commodity sector that was so popular in early 2008 suffered major losses in the second half of the year, most clearly seen in the plunging oil price. Even hedge funds, which had traditionally prided themselves on the stable development of their results, had their poorest year ever. The continuous pressure from banks on hedge funds to reduce their leverage, in combination with customers who demanded the return of their money, started a downward spiral of forced sales, to which very few hedge funds appeared to be immune. The absolute low point only appeared to have been reached at the end of 2008 when investment manager Bernard Madoff confessed to having run a pyramid scheme involving tens of billions of dollars. With this scandal, the last remnant of trust in the financial world evaporated. After all, Madoff had succeeded in keeping the fraud going for decades, even though he had been a directors on the board the NASDAQ market. It is understandable that 2008 left many investors feeling disillusioned and hopeless.

Although the credit crisis had been ongoing since early 2007, it still seemed to remain relatively limited until the collapse of Lehman Brothers in mid-September 2008. The trust between banks broke down, causing the risk spreads for credit to skyrocket, and the equity markets to once again collapse. Global equities lost approximately 20% in the first 10 days of October, after which the markets appeared to create a solid bottom which was accompanied by high volumes and extremely high volatility, a sign of major panic. Markets then recovered slightly only to hit new lows again a month later, around the 20th of November. The volatility rose to a radically high level that had not been seen since the crisis years of the 1930s. The comparison with the 1930s was also drawn increasingly frequently together with questions on whether the world was entering another 'depression'.

In October and November, national banks and governments were trying to outdo one another with rescue measures for the financial sector and the economy in general. Their motivation for this was the distress evident in financial markets, but their actions were also a response to the continuous stream of bad economic news. It started to seem like the world was rushing full steam ahead towards a global recession. The U.S. still represents the heart of the problem, however other countries which had also developed housing bubbles, such as the UK, Ireland and Spain, were also facing similar problems.

In many industries, the demand seemed to drop off suddenly, particularly in the most credit-sensitive markets (homes and automobiles). On 12 October, the fifteen countries in the Eurozone agreed that they would issue guarantees for the interbank credit market, and at the same time, if necessary, would provide banks with capital, measures modelled after the UK example. Thus an important step was taken to normalise the financial markets, and the Eurozone countries were, in effect, taking over the lead from the U.S.

Amid all of the chaos, in spite of the fact that he formerly ran Goldman Sachs, the American Secretary of the Treasury Paulson seemed to lose his way more and more. In fact, Paulson appeared to struggle in his management of the TARP ('Troubled Assets Relief Program'), the USD 700 billion rescue fund that was finally approved in early October. Whereas the fund was initially intended to take over high-risk credit from the banks, it was soon hijacked for other purposes, depending on the needs present at that time. Following the example set by the Eurozone countries, from 14 October, the U.S. also started investing in the most important banks. One month later, the rescue fund programme was expanded to include capital injections for financial institutions without banking status, and the purchase of a variety of types of loans. At this point, it was already clear that USD 700 billion would not be sufficient to finance all of the rescue measures, and that this would become the concern of the new U.S. President Obama, who was elected in early November, yet would not take office until late January. In early January 2009, Obama already hinted that he was considering tax reductions and incentive plans which would be similar in size to the Fed's TARP programme. He can count on the support of the Democratic majority in Congress as well as the Senate, a situation which occurs seldom given the American voter's general preference for a 'balance of power' in Washington.

It is understandable that governments and central banks are springing into action worldwide to limit the damage and to avoid the spectre of a depression similar to that experienced in the 1930s. In this process, we expect that central banks worldwide will lower the short-term interest rates to all-time lows. The Fed has already done this by lowering the official short-term interest rate in the U.S. to just above 0%. The Fed has little to worry about when it comes to inflation, at least not in the near term; a brief period of deflation now seems almost unavoidable. The market is always concerned about the development of inflation; however we have never before experienced a situation where concerns about inflation have switched so quickly to worries about deflation. It appears that the deflationary forces which assume capital destruction in equity markets and rapid economic decline are being kept in balance by the strong actions taken by the Fed and other central banks, assuaging our concerns about the development of inflation in the short term.

Currencies
The lowering of interest rates and other incentives by the Fed in combination with the plans for tax reductions from the new President Obama appear bearish for the dollar. The currency experienced a considerable recovery during the second half of 2008, but does not appear to be capable of sustaining this. During the general panic, the currency was able to profit from its status as a reserve currency and 'safe haven' since Americans have the tendency to sell their foreign investments during periods of crisis, and then repatriate the profit in dollars. A combination of the lowering of interest rates and tax reductions usually leads to a weakening of a currency. Whether or not the dollar will also reach new lows as compared with currencies such as the Euro however remains in question since reductions in interest rates and taxes are becoming a global phenomenon.
In the coming year, it does not appear that the European economy will be able to profit from a lower Euro-dollar exchange rate, even though currency developments are always uncertain. The economic expectations for Western Europe have since become as discouraging as those for the U.S. The economy in Europe also appears to have taken a nosedive during the last few months of 2008, and it would appear that strong measures on the part of the ECB and the various governments are called for. However, Germany recently indicated that the types of rescue measures it is considering involve approximately 1% of the GNP, much lower than those seen in the U.S. and China. China is even willing to take rescue measures equal to 20% of the GNP for the next two years, and can easily afford this given the country's considerable reserves. For this reason, it is not unreasonable to expect that the Chinese economy will continue to display a higher rate of growth than economies in the West. Although the Chinese equity market underwent a major correction in 2008, as was the case in most of the developing economies, the increasing long-term trend still appears to be intact.

Fixed Income
Under the influence of the increasing pessimism regarding global economic prospects, the interest rate on U.S. government bonds decreased drastically from nearly 4% to just over 2%. The current bond yields are discounting a period of deflation. The long-term forecasts for inflation are, however, still around 2%, so on balance, these bonds do not appear to provide any yield. For this reason, U.S. government bonds do not appear to offer good value, yet due to the current uncertainty regarding the future of the economy, there is still a high demand for these bonds. As a result, it is possible that the long-term interest rate will remain low for the time being, even though it seems that it should rise rapidly once the American economy starts showing signs of recovering.

A similar development occurred in Europe, when the long-term interest rate dropped from around 4% in October to less than 3% in early December (for German government

bonds). Until recently, the interest rates on government bonds issued by Western European countries did not differ significantly from one another, however the credit crisis has changed all that. Mighty Germany is now seen as the best debtor; the other countries must pay a higher interest rate. For example, the interest rate on Dutch government bonds is more than half a percent higher, and countries such as Italy and Greece must pay a lot more for their Euros. Therefore, it appears that the smaller the country, the more pressure the extensive rescue efforts for the banking industry put on that country. The European prospects for economic growth and inflation are so mediocre that the long-term interest rate may have yet to reach its lowest point. From this point of view, government bonds may not be too expensive yet, even though the yield leaves something to be desired, assuming the European economies will not be weighted down by deflation for an extended period of time.
When interest rates on government bonds are under extreme pressure, the interest rates on corporate bonds continue to rise, under the influence of the lack of certainty about the economic future. The credit spreads for bonds issued by European companies with a reasonably good creditworthiness (BAA credit rating) have risen exponentially the last few months to approximately 6%, a level that has not been seen for decades. Bonds issued by companies with a high credit risk (the so-called 'high-yield bonds') are always risky, but the interest rates have now risen to the extremely high level of nearly 25%, implying that very significant credit losses have already been anticipated.

Equities
In our opinion, the developments seen over the last few months continue to indicate that the equity markets are still creating an important bottom. After the low points reached on 10 October, many equities and indices reached even lower levels (particularly around 20 November and 20 January), however the subsequent bottoms developed with lower volumes and would therefore seem less reliable. In December and January, the markets also experienced several so-called 'breadth thrusts', whereby the number of rising equities or the volume of rising equities (measured over a short period) increases significantly, and reaches a high level. This is usually a harbinger of an improving market. The volatility is still extremely high, but has decreased compared to the levels seen in early October. This too is a positive sign. Other positive factors include the extremely high pessimism among investors, the drastic decrease in margin debt (debt on investment portfolios), the strong increase in insider buying (the purchase of equities in a company by its own board members), the large quantity of liquidities in money market funds and the negative profit expectations on the part of analysts (surprisingly enough, usually also a sign of a 'bullish' market). Naturally, it is also essential for central banks and governments worldwide to be very active in lowering interest rates, and increasing liquidity in the system, which should ultimately

lead to economic recovery. One hopeful development is that not only has the interest rate been dropping over the last several weeks, but the interest spreads also appear to have peaked.
On the other hand, hedge funds could remain under pressure in this environment. Hedge funds in particular, which often invest using borrowed money, were mostly forced into the role of seller over the last few months, not only because of investors cashing out, but also due to banks limiting their credit facilities or even withdrawing them entirely. The pressure to sell caused by these funds appeared to have reached its peak in the fourth quarter since they had to raise liquidity by year end. Preliminary estimates indicate that during the fourth quarter of 2008, hedge funds were facing net outflows of USD 170 billion. However, this figure was kept in check by the limits the funds imposed on clients who were trying to exit. This is why the net outflows in the first quarter of 2009 may very well be higher still (estimates are around USD 250 billion). As was mentioned previously, these hedge funds outflows are also being counteracted by a great many positive factors. An important factor is that not only have the valuations of equities dropped to low levels, but the market dynamic is in the process of improving. For this reason, the market appears to be capable of experiencing a 'cyclical rally' in the next few months, whereby equities could increase substantially percentage-wise since these increases are measured on the basis of the recent low bottom. This type of cyclical rally is a normal phenomenon in a bear market, yet is often part of the process involved in the creation of a bottom. A rally like this will normally persist for several months, and can generate dozens of percentage points in profit on prices. However, it is also not unusual for the market to then suffer some degree of relapse once it appears that the economic recovery will take longer than expected. Whereas we consider a short-term rally likely, our long-term expectations for the equities market are mediocre. The ultimate solution for the current problems lies in reducing the debt positions of consumers and companies. In practice, these processes demand a great deal of time, often many years. The valuation of the equities markets will remain under pressure for a long time as a result. In the short to medium term, however, a shift from investments in government bonds to more high-risk investments such as corporate bonds and equities should be considered given the likelihood of a bear-market rally.

Main developments

The negative investment sentiment made it an extremely difficult year for all our distribution efforts, with most of our distribution channels experiencing net outflows.

We did book some success however, with a couple of new institutional mandates and the groups activities in South Africa, which we support, continued to experience significant inflows.

In the first quarter of 2008, we launched a new Socially Responsible Investment fund, having built up experience in this field in our multi manager department over the last couple of years.

In the latter part of the year, BNP Paribas took a controlling interest in the IdB Group. As part of the BNP group, IdB Asset Management sees opportunities in tapping into the BNP
distribution network and products, and from benefitting from their wealth of experience in areas such as risk management.

Risk Management

An important part of our governance structure are our risk management processes. As a financial institution we are constantly evaluating the potential risks that underlie our business and how to mitigate these risks. We have processes in place to control and monitor risks and members of the executive management are responsible for ensuring that risks and controls are addressed in each of their areas of operations. Particular attention is paid to :

Market and Portfolio Risk : although we have no market positions in our own name, it is vital for us to manage Market and Portfolio Risk within all the portfolios that we manage on behalf of our clients. As such, management of market and portfolio risks is an integral part of our investment processes.

Operational Risk : it is essential for us to have an adequate administrative organisation and system of internal controls in place. All our processes and controls are documented in our Bwise risk management system, and are regularly monitored to ensure the effective working of the controls, particularly those in high risk areas.

Legal & Compliance Risk : the regulatory environment in which we operate is continually changing with existing legislation being regularly updated or new laws being implemented. Greater emphasis is being placed by regulators on the integrity risks, particularly in respect of customer due diligence and transparency. A Legal & Compliance team is responsible for reviewing all changes in the legal and compliance environment and implementing these changes within our products, policies and processes.

In addition to our own risk management processes, as part of the Insinger de Beaufort (“IdB”) group we also “plug in” to the group’s (and from 2009 onwards, the BNP

Group) risk management processes and policies. We have access to the group's risk management department which supplies us with support and tools to ensure that risk management is adequately executed in a consistent manner throughout the IdB group. Overlaying this process the IdB group's Internal Audit department independently monitors the ongoing adequacy and execution of our processes and controls. They report their findings both to us and to the IdB Group's Audit Committee, which oversees the group's risk management and control systems on behalf of the group's supervisory board.

We can confirm that we have written procedures of the administrative organisation and internal controls that comply with the requirements of the Wet financieel toezicht" ("Wft") and related legislation.

During the course of the year we reviewed various aspects of the administrative organisation and internal controls. This review indicated nothing that could conclude that the written procedures of the administrative organisation and internal controls as required by article 121 of the Besluit gedragstoezicht financiële ondernemingen" ("Bgfo") did not comply with the requirements of the Bgfo and the related legislation. There was also no indication that the administrative organisation and system of internal controls did not function effectively or in accordance with the written procedures.

Results

Gross income declined to €11.9 million from €25.6 million. The significant decline in gross income was as a result of a decline in our assets under management (due to declining markets and net outflows) the the fact that we received no performance fees during the year. The past year showed a net outflow of new assets under management of €195 million. Our total assets under management amounted to € 1,248 million as at 31 December 2008 compared to €1,917 million as at 31 December 2007.

Strategy & Outlook
We believe that 2009 will be an extremely challenging year as we expect markets to remain under pressure. However our new association with the BNP Group can lead to exciting possibilities which we will investigate during the course of the year.

We will continue to assess our products for relevance in these new market conditions and we have plans to launch two new multi manager “profile” funds under our Luxembourg umbrella.

Amsterdam, 29 april 2009

Directors

J.J. Human
G.R. Ester
P.D. Yeo
D.H. Williams
P.G. Sieradzki resigned 14 January 2009

Supervisory board

P.G. Sieradzki appointed 14 January 2009
R.Mooij appointed 14 January 2009

Profit and loss account
for the period ended 31 December 2008

	Notes		2008 EURO		2007 EURO
Income					
Net interest income			1,868,588		2,048,831
Commission and management fee income	1		10,100,890		23,573,167
			11,969,478		**25,621,998**
Expenses					
Salaries, pension and social security expenses	2	3,515,309		6,839,577	
Other expenses	3	5,230,818		4,590,701	
			8,746,127		11,430,278
			3,223,351		**14,191,720**
Result on ordinary activities before taxation			3,223,351		14,191,720
Taxation on ordinary activities			(821,955)		(3,618,888)
Result after taxation			**2,401,396**		**10,572,832**

Balance sheet
as at December 2008
(before result appropriation)

	Notes		2008 EURO		2007 EURO
Assets					
Current assets					
Receivable from related parties	4	47,780,164		52,437,666	
Loans and advances to customers	5	47,902		86,546	
Receivables and accrued income	6	1,926,351		2,907,002	
			49,754,417		**55,431,214**
Shareholder's equity and liabilities					
Shareholder's equity					
Issued and paid-up share capital	7	70,000		70,000	
Other reserves		40,784,695		30,211,863	
Result for the period		2,401,396		10,572,832	
			43,256,091		**40,854,695**
Current liabilities					
Taxes and social securities		821,955		3,618,888	
Other liabilities	8	2,319,754		10,047,807	
Liabilities to related parties	9	3,356,617		909,824	
			6,498,326		**14,576,519**
			49,754,417		**55,431,214**

Statement of changes in equity
for the period ended 31 December 2008

	Share Capital	Other Reserves	Result for the year	Total
Balance as at 1 January 2007	70,000	18,869,314	11,342,549	30,281,863
Appropriation of the result of prior year		11,342,549	(11,342,549)	0
Net profit			10,572,832	10,572,832
Balance as at 31 December 2007	**70,000**	**30,211,863**	**10,572,832**	**40,854,695**
Balance as at 1 January 2008	70,000	30,211,863	10,572,832	40,854,695
Appropriation of the result of prior year		10,572,832	(10,572,832)	0
Net profit			2,401,396	2,401,396
Balance as at 31 December 2008	**70,000**	**40,784,695**	**2,401,396**	**43,256,091**

Cash flow statement

Cash flows from operating activities	2008 EURO	2007 EURO
Net profit	2,401,396	10,572,832
Adjustment for:		
Taxation	821,955	3,618,888
Net cash inflow from operating activities before changes in operating assets and liabilities	3,223,351	14,191,720
Decrease/(Increase) in operating assets:		
Receivable from related parties	(125,988)	152,526
Loans and advances to customers	38,644	10,775
Other assets	980,651	5,212,533
(Decrease)/Increase in operating liabilities:		
Liabilities to related parties	2,446,793	(5,371,416)
Other liabilities	(7,728,053)	(701,948)
Net cash inflow/outflow from operating activities before payment of taxation	(1,164,602)	13,494,190
Taxation paid	(3,618,888)	(3,882,349)
Net cash inflow/outflow from operating activities after payment of taxation	(4,783,490)	9,611,841
Net increase/decrease in cash and cash equivalents	(4,783,490)	9,611,841
Cash and cash equivalents at beginning of year	52,414,396	42,802,555
Net increase/decrease in cash and cash equivalents	(4,783,490)	9,611,841
Cash and cash equivalents at the end of year	47,630,906	52,414,396

Summary of significant accounting policies

for the period ended 31 December 2008

General

Insinger de Beaufort Asset Management N.V. ("the N.V.") is a 100% subsidiary of Bank Insinger de Beaufort N.V., Amsterdam. The ultimate holding company is Insinger de Beaufort Holdings S.A., Luxembourg. The annual accounts of the N.V. are included in the consolidated annual accounts of Insinger de Beaufort Holdings S.A., Luxembourg.

The activities of Insinger de Beaufort Asset Management N.V. are not significantly impacted by seasonal influences.

Accounting policies

The annual accounts were prepared in accordance with the statutory provisions of Title 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The annual accounts are denominated in euros.

Basis of valuation of assets and liabilities

General information

Unless stated otherwise, assets and liabilities have been stated at nominal value.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Resulting gains or losses are recognised in the profit and loss account.

Receivables and accrued income

Receivables are valued against face value after deduction of provisions for bad debts.
This item has a period shorter than one year.

Basis for determination of results

General

Income and expenses are recorded in the year to which they relate.

Fees and commissions

Revenue from the various services the Company performs is recognised when the following criteria are met: persuasive evidence of an arrangement exists, the services have been rendered, the fee or commission is fixed or determinable and collectability is reasonably assured.

Foreign exchange

Income and expenses are translated at the rate of exchange ruling at the date of the transaction.

Employee benefits

The parent company, Bank Insinger de Beaufort N.V., has only defined contribution plans. A defined contribution plan is a pension plan under which the parent company pays fixed contributions into a separate entity. The parent company has no legal or constructive obligations to pay further contributions once the contributions have been paid.

Taxation

The tax charge is calculated on the profit before taxes for the year under review in accordance with ruling tax legislation. The N.V. forms part of the fiscal unit headed by Insinger de Beaufort Holding B.V. As a member of the fiscal unit headed by Insinger de Beaufort Holding B.V., the N.V. is severally liable for the tax liability of the fiscal unit.

Cash flow statement

The cash flow statement has been drawn up in accordance with the indirect method, making a distinction between cash flows from operating, investment and financing activities.

Cash flows in foreign currency are converted at the average exchange rates during the financial year. With regard to cash flow from operations, the net profit is adjusted for income and expenses that did not result in receipts and payments in the same financial year and for changes in provisions and accrued and deferred items (other assets, accrued assets, other debts and accrued liabilities).

Cash and cash equivalents consist of cash, deposits at the Dutch Central Bank, deposits at other banks and with Bank Insinger de Beaufort N.V.

Accounting estimates

Insinger de Beaufort Asset Management N.V. makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated. No significant changes have occurred compared to 2007.

Notes

		2008 EURO		2007 EURO
1 Commission and management fee income		**10,100,890**		**23,573,167**
Included under the line commission and management fee income are management fees, commissions received and paid, upfront fees and performance fees				
2 Salaries, pension and social security expenses		**3,515,309**		**6,839,577**
Salaries	3,153,968		6,533,517	
Social security expenses	191,441		165,203	
Pension costs	169,900		140,857	
	3,515,309		**6,839,577**	

This relates to recharged personnel costs. An amount of EUR 1,677,925 (2007: EUR 5,442,146) relates to directors of which is variable EUR 306,700 (2007: EUR 3,974,000).

		2008 EURO		2007 EURO
3 Other expenses		**5,230,818**		**4,590,701**
Recharges [1]	3,902,077		3,134,807	
Information suppliers	483,222		469,397	
Communication & travel	345,585		309,670	
Bad debts	5,604		-	
Other	494,330		676,827	
	5,230,818		**4,590,701**	

1) This relates to recharged expenses from the parent company Bank Insinger de Beaufort N.V. for various services received.

		2008 EURO		2007 EURO
4 Receivable from related parties				
This relates to the following items:		**47,780,164**		**52,437,666**
Bank Insinger de Beaufort N.V.	47,780,164		52,431,050	
Insinger Finance (Pty) Limited	-		6,616	
	47,780,164		**52,437,666**	
5 Loans and advances to customers		**47,902**		**86,546**

This amount comprises two loans to business partners with no interest. As security for this credit facility future income flow is pledged.

		2008 EURO		2007 EURO
6 Receivables and accrued income		**1,926,351**		**2,907,002**

This relates primarily to debtors and receivables from investment management. The remaining term is less than one year.

Notes

	2008 EURO	2007 EURO
7 Shareholder's equity		
Issued and paid-up share capital	**70,000**	**70,000**

The authorised capital of EUR 350,000 consists of 350 shares with a nominal value of EUR 1,000

The issued and paid up share capital amounts to EUR 70,000 and consists of 70 shares with a nominal value of EUR 1,000

Notes

		2008		2007
		EURO		EURO
8 Other liabilities		**2,319,754**		**10,047,807**
This item includes accrued expenses and deferred income. The remaining term is less than one year.				
9 Liabilities to related parties		**3,356,617**		**909,824**
The breakdown of this item is as follows:				
Bank Insinger de Beaufort N.V.	3,260,572		894,651	
Bank Insinger de Beaufort UK Branch	93,097		-	
Insinger de Beaufort Investments (S.A.) (Pty)	2,948		15,173	
	3,356,617		**909,824**	

Notes

10 Related-party transactions

Insinger de Beaufort Asset Management N.V. is controlled by Bank Insinger de Beaufort N.V. which owns 100% of the ordinary shares. A number of banking transactions are entered into with related parties in the normal course of business.

The outstanding balances with related parties are separately disclosed in the balance sheet.

11 Employees

Insinger de Beaufort Asset Management N.V. has no employees. A group company has recharged the total personnel costs of 28 FTEs (2007: 28).

12 Contingent liabilities

As a member of the fiscal unity headed by Insinger de Beaufort Holding B.V., the N.V. is severally liable for the tax liability of the fiscal unity.

Amsterdam, 29 April 2009

Directors

J.J. Human
P.G. Sieradzki (resigned 14 January 2009)
G.R. Ester
P.D. Yeo
D.H. Williams

Other information

Appropriation of the result

Article 16 of the articles of association states

" 1. All profit as revealed in the adopted annual accounts is at the disposal of the general meeting.
2. The company is entitled to allocate payments to shareholders and other beneficiaries from the profit available for distribution only insofar as shareholders' equity exceeds the paid-up and called-up portion of the share capital augmented by statutorily retainable reserves. No distribution of profit can be made to the company itself on shares held by the company itself.
3. The general meeting is entitled, with due regard to the provisions laid down in paragraph 2 of this article and to Article 2:105 of the Civil Code, to make one or more interim dividends available for distribution.
4. Profit distribution takes place after the adoption of the annual accounts showing that such appropriation is permissible. "

The proposed appropriation of the result for 2008 result is as follows:

Net profit 2008	2,401,396
Dividend paid	-
Addition to the other reserves	**2,401,396**

Auditor's report

The auditor's report can be found on the next page.