

## **CompAM FUND**

Société d'Investissement à Capital Variable  
(Registre de Commerce et des Sociétés  
Luxembourg N° B 92.095)

Audited Annual Report  
As at December 31, 2003

This report does not constitute an offer or invitation to subscribe or purchase shares in this Fund. Subscriptions are valid only if made on the basis of the current Prospectus, accompanied by the latest annual report and the most recent semi-annual report if published thereafter.

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**ORGANISATION OF THE SICAV**

**BOARD OF DIRECTORS**

**Chairman**

Mr. Massimo Scolari  
General Manager  
Zenit Alternative Investments S.G.R.

**Members**

Mr. Yves Bayle  
Managing Director  
IBL Investment Bank Luxembourg S.A.  
*Resigned on 19 February 2004*

*Replaced by :*

Pitro Tasca  
CIO  
Gestnord Fondi S.G.R. S.p.A.  
*Appointed on 23 March 2004*

Mr. Gabriele Bruera  
Director  
Compass Asset Management S.A.

Mr. Corrado Capacci  
Fund Manager  
Compass Asset Management S.A.

*Replaced by :*

Mr. Sylvain Imperiale  
General Manager  
IBL Investment Bank Luxembourg S.A.  
*Resigned on 19 February 2004*

Grazia Borri  
Administrateur délégué  
IBL Investment Bank Luxembourg S.A.  
*Appointed on 23 March 2004*

**REGISTERED OFFICE**

4, boulevard Royal  
L-2449 Luxembourg

**PROMOTER**

IBL Investment Bank Luxembourg S.A.  
4, boulevard Royal  
L-2449 Luxembourg

**CUSTODIAN AND PAYING AGENT, DOMICILIARY AND ADMINISTRATIVE AGENT, REGISTRAR AND TRANSFER AGENT**

IBL Investment Bank Luxembourg S.A.  
4, boulevard Royal  
L-2449 Luxembourg

**ORGANISATION OF THE SICAV (continued)**

**INVESTMENT ADVISOR**

Compass Asset Management S.A.  
61, Via San Gottardo  
6900 Massagno  
Lugano  
Switzerland

**CORRESPONDENT BANK, PAYING AGENT, NOMINEE, CENTRALIZATION AGENT AND PLACING AGENT IN ITALY**

Banca Sella SpA  
2, Via Italia  
13900 Biella  
Italy

**AUDITOR**

KPMG Audit  
31, allée Scheffer  
L-2520 Luxembourg

**LEGAL ADVISER**

Arendt & Medernach  
14, rue Erasme  
L-1468 Luxembourg

## CompAM FUND

### DIRECTOR'S REPORT

The year that we just closed had, in our judgment, a satisfactory result. It started off with turmoil in the financial markets due primarily to the impending war in Iraq, but once the war actually started things improved.

Equity markets bottomed towards mid March whilst yields continued their descent until June when government bond entered into a violent correction. During the whole year the Eurostoxx 50 returned a price appreciation of 15.68% (total return including dividends of 19.19%); yields on the 5 and 10 year German government bond moved respectively from 3.40% and 4.20% at the close of 2002 to 3.50% and 4.29% at the end of 2003, implying a modest return for European bond investors. On the currency front the Euro appreciated vis-à-vis most currencies, with the US Dollar moving from 1.04 to 1.26, the Japanese yen moving from 124.25 to 135.03, further depressing the returns for most euro-based diversified investors.

Our fund started its activity between the end of March and the mid of April with 3 sub-funds (European Equity, Bond Euro, Emerging Markets Bonds) having weekly liquidity.

In an effort to meet investor's demand at the beginning of November we switched to daily liquidity and added two new sub-funds, that for the time being are testing a different methodology of equity investment.

In order to maintain the expense ratio of the fund at a reasonable level notwithstanding the increased frequency of NAV calculation, we decided to change the administrator of the fund replacing Citco Fund Services with IBL. We wish to stress here that the reasons for changing administrator was purely based on costs and we remain grateful to all the people at Citco Fund Services for their assistance in the set-up and launch of the fund.

At the end of the year the fund was made up of 5 sub-funds, 3 focusing on equities, European Equity (EE), Europe Flexible 0/50 (EF), Europe Dynamic 0/100 (ED), and 2 on fixed income, Bond Euro (BE) and Emerging Markets Bonds (EMB). The table below illustrates the growth in assets of each sub-fund.

MONTH	EE	EMB	BE	ED	EF	TOTAL
Apr.03	8,173	10,875	3,424	-	-	22,472
May.03	8,652	11,171	4,433	-	-	24,256
Jun.03	9,188	11,988	6,588	-	-	27,764
Jul.03	9,920	12,597	7,834	-	-	30,351
Aug.03	9,869	12,810	8,066	-	-	30,745
Sep.03	10,286	12,839	8,375	-	-	31,500
Oct.03	9,258	13,509	10,932	-	-	33,699
Nov.03	9,567	13,563	13,235	2,367	2,126	40,858
Dec.03	10,927	14,886	15,471	2,541	2,434	46,259

Data in Euro /1000

The following sections review the operations for each sub-fund during the 2003. For further details please refer to the monthly letters or contact the directors.

## CompAM FUND

### DIRECTOR'S REPORT

#### CompAM FUND - EMERGING MARKETS BONDS

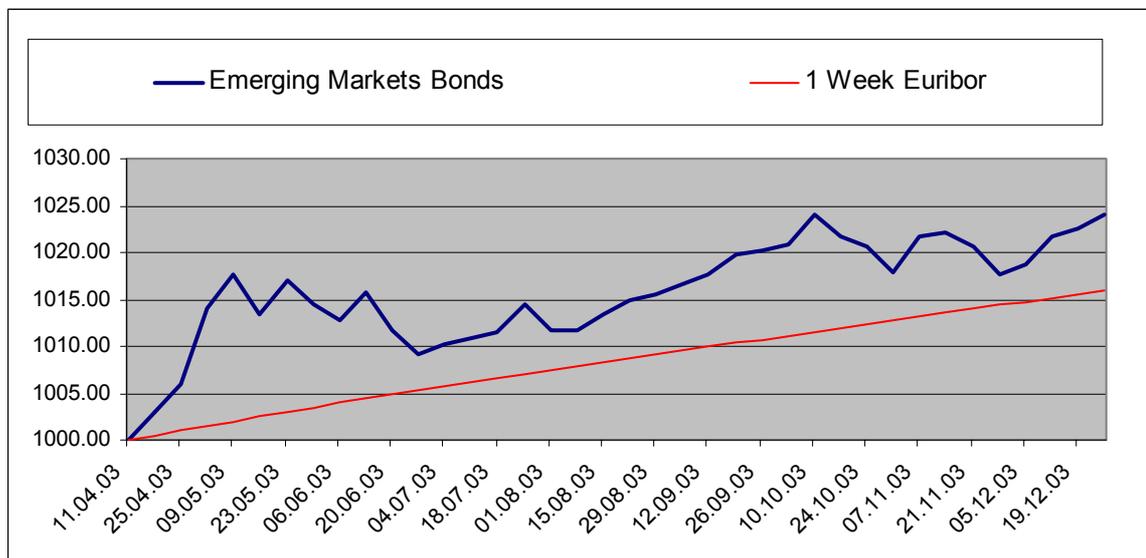
The CompAm Fund - Emerging Markets Bonds sub-fund invests in bonds issued by governments of emerging countries and supranational entities (such as World Bank and European Investment Bank) denominated either in hard currency (mainly Euro and USD) or in a local emerging market currency. Moreover the weighted average duration of portfolio holding cannot exceed at any time 24 months.

The hard currency portion weight moved in a range between 44% and 52% of total assets averaging 47.7%, while the local currency portion weight moved in a range between 21.2% and 24% of total assets averaging 22.3%. As far as portfolio duration is concerned, it averaged 1.13 months in 2003, never exceeding 1.26 years.

The purpose of the sub-fund is to consistently achieve on average yearly returns in excess of Euribor rates. From inception in April 2003 till year-end the fund returned 2.3% or 3.3% annualized.

The major contribution to performance came from the hard currency portion of portfolio that, notwithstanding the very short duration of its holdings, benefited from the strong compression of yield differentials between emerging markets and core government bond markets. Within this category the best performer was Brazil. The local currency portion of portfolio disappointed due to poor performance of Central Europe currencies. Since the inception of the fund in April 2003 the Hungarian Forint lost 7% against Euro while the Polish Zloty lost 5.5% against its old basket (made of 45% USD and 55% Euro). The yield earned on local government bonds in that period was not enough to counterbalance the currency depreciation.

The Investment Advisor, while recognizing the difficulties of achieving decent returns in an environment of historically low yield and tight credit spreads, remains constructive for year 2004 especially for the local currency portion of portfolio.



DIRECTOR'S REPORT

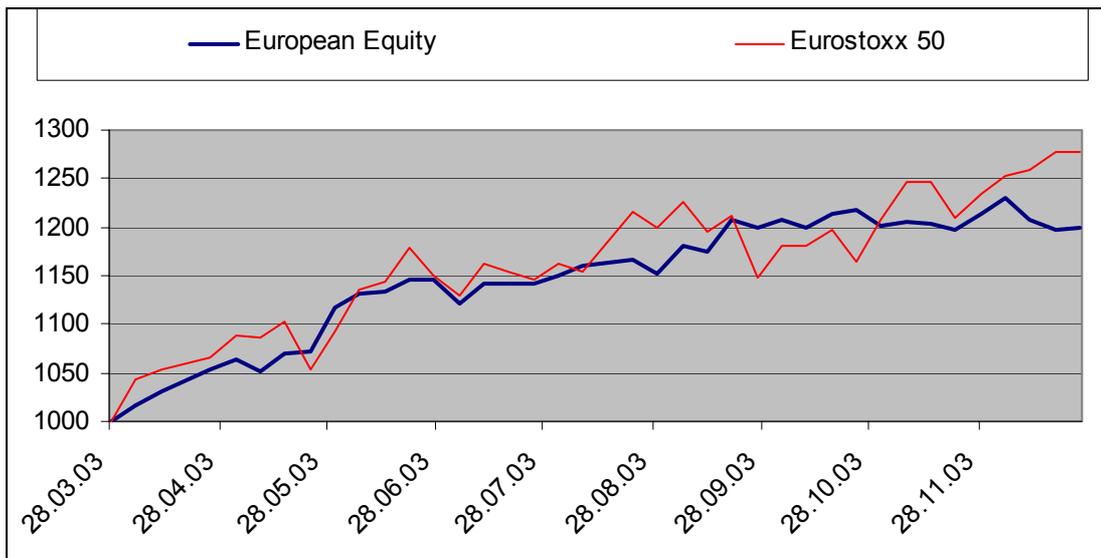
**CompAM FUND - EUROPEAN EQUITY**

The CompAM Fund - European Equity sub-fund invests primarily in equities listed or issued in the European Union with a bottom-up approach to stock selection and a portfolio risk management carried out with a discretionary hedging.

Based on the end of week data, the average exposure during the year, calculated subtracting from the value of the fund's portfolio of stocks, the underlying value of futures sold or the delta adjusted option exposure, was 88.67%. On average the portfolio was tilted towards the Communication and Financial sectors with 33.05% and 24.48% respectively (Bloomberg sectors definitions) whilst in geographical terms Italy had the lion share with an average of 51.97%

During the whole of 2003 hedging with futures and options cost the fund 8.32% of the average end of week assets (an accurate measure of the impact on the performance could be slightly different) but contributed to significantly reduce the fund's returns volatility that over the time frame considered was 1.35% against 2.48% for the Eurostoxx 50 Index (measured on weekly data not annualized). Obviously the hedging policy has not lead to good results in 2003. We like to stress here that we believe that in order to achieve a good long term return (risk adjusted), a stock picking strategy can take good advantage from the protection of at least part of the general market risks.

In terms of single stock contribution to the positive result throughout the year we highlight here Versatel, Man Group Plc, Edison, Capitalia, Cir, BNL, Ili.



DIRECTOR'S REPORT

**CompAM FUND - BOND EURO**

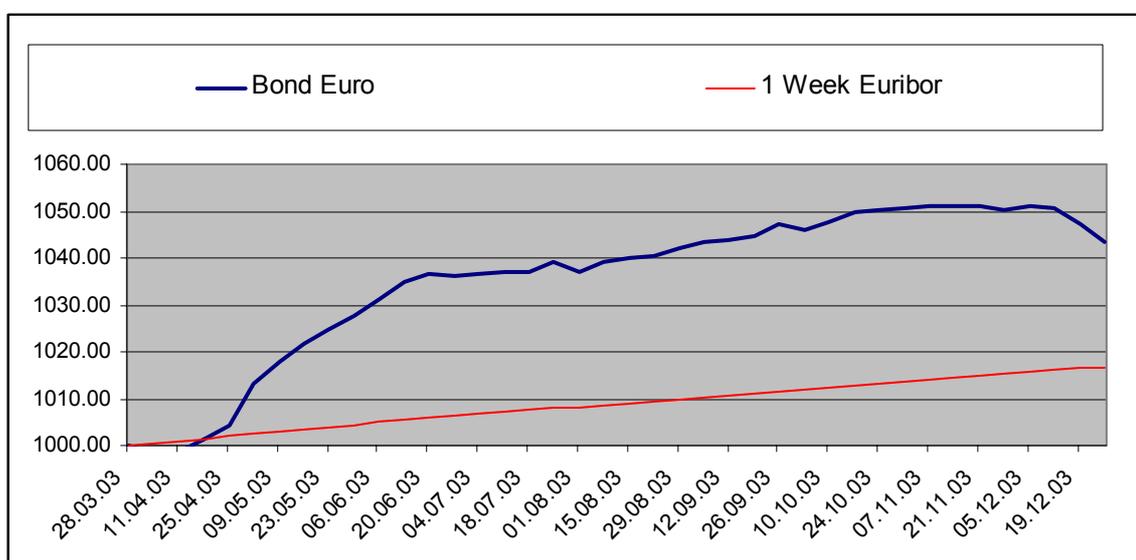
The CompAM Fund - Bond Euro sub-fund invests in corporate and government bonds with the constraint of having at least 40% of its net assets in government or AAA bonds, not more than 20% in sub-investment grade or emerging market bonds. The fund can also invest up to 10% of its net assets in equities, and it is the director's intention to exploit this facility if and only if a risk reward similar to that of a fixed income security can be achieved with a stock.

During the year the portfolio was managed primarily with the intent of minimizing the interest rate risk of the fund (i.e. keeping a low average duration, also by means of hedging with futures the unwanted excess duration) and being more proactive on the credit risk front.

It can be seen that on average during 2003 (taking the end of week data) the government and AAA section of the portfolio was 42.25% of net assets, whilst the sub-investment grade accounted for 17.42%. One key measure of the interest rate risk of the portfolio is the price value of a parallel 10 bp shift in the yields of all the bonds; during 2003 this value was on average 0.14%. The average yield to maturity of the portfolio (net of the cost of the various hedges that from time to time have been employed) was 3.74%

Notwithstanding an environment of generally low rates and narrow credit spreads we have managed to deliver a good return to our investors primarily due to the good performance of several positions in the sub-investment grade section of the portfolio such as Colt Telecom, Ahold, Fiat, Qwest, Republic of Brazil and to the spread contraction in some positions in the corporate investment grade part of the portfolio including Edison, Deutsche and France Telecom and Telecom Italia.

The only accident that we suffered during the year was the fraud on Parmalat; we had entered into a small (as usual with the sub-investment grade bonds) position after the first collapse but before that it was apparent that the fraud was as large as it has then proven to be. The direct impact of this loss (roughly 0.4%) plus the indirect effect that we suffered on several other Italian corporate bond positions lead to a mark-to-market loss in December that we are quite confident to recoup in 2004.



**DIRECTOR'S REPORT**

**CompAM FUND - EUROPE FLEXIBLE 0/50**

In November 2003 we launched the CompAM Fund - Europe Flexible 0/50 sub-fund. This fund is investing up to 50% of its assets in Equities with an approach based on market timing rather than stock selection.

The most representative stocks for each sector are bundled in baskets and a mathematical algorithm signals whether it is appropriate or not to be invested in the sector. The analysis is refreshed every week and sectors can come in or get out of the portfolio every week.

The algorithm is under a test phase insofar and is subject to a constant development with the objective of attaining good risk adjusted returns with a different, uncorrelated strategy from the other sub-funds.

**CompAM FUND - EUROPE DYNAMIC 0/100**

In November 2003 we launched the CompAM Fund - Europe Dynamic 0/100 sub-fund. This fund is investing up to 100% of its assets in Equities with an approach based on market timing rather than stock selection.

The most representative stocks for each sector are bundled in baskets and a mathematical algorithm signals whether it is appropriate or not to be invested in the sector. The analysis is refreshed every week and sectors can come in or get out of the portfolio every week.

The algorithm is under a test phase insofar and is subject to a constant development with the objective of attaining good risk adjusted returns with a different, uncorrelated strategy from the other sub-funds.

**Outlook for 2004.**

As we enter into a new year we can try to outline the investment strategy that is driving the day-to-day management of the fund.

According to various economic research centers, the worldwide economy is expected to pick up further steam in 2004. Questions might be raised with respect to the sustainability of such recovery once, likely towards the latter part of the year, the fiscal and monetary stimuli are gradually removed from the US Economy.

On the Equity markets overall valuations appear to be neither extremely cheap nor extremely expensive. Profit growth is in line with analyst forecasts. In this respect a "normal" return (in the low double digit) can be expected from the major equity indexes, but some volatility is likely given the uncertain scenarios and the continued geo-political instability.

Bond yields continue to hover near to multi year lows. The build up of the economic recovery plus the continued strong demand for commodities from developing countries (China in front) are creating some fear of inflation build-up that insofar is not reflected in most of the economic forecasts. Whether or not inflation will actually materialize, it is possible that the bond markets will anticipate higher-than-currently-forecast increases in official interest rates, leading to a decline in bond prices. In this respect, until higher yields will be available to justify the risks a low duration of the fixed income portfolios will be maintained.

Luxembourg, April 15, 2004

The Board of Directors

AUDITOR'S REPORT

To the Shareholders of  
CompAM Fund  
4, boulevard Royal  
L-2449 Luxembourg

We have audited the financial statements, which consist of the statement of net assets, the statement of operations and changes in net assets, the statement of investments and other net assets and the notes to the financial statements of CompAM Fund and of each of its sub-funds for the period from February 28, 2003 (date of incorporation) to December 31, 2003. These financial statements are the responsibility of the Board of Directors of the SICAV. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors of the SICAV in preparing the financial statements, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the attached financial statements give, in conformity with Luxembourg legal and regulatory requirements, a true and fair view of the financial position of CompAM Fund and of each of its sub-funds for the period from February 28, 2003 (date of incorporation) to December 31, 2003 and the results of their operations and changes in their net assets for the period then ended.

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. We have no observation to make concerning such information in the context of the financial statements taken as a whole.

Luxembourg, July 14, 2004

KPMG Audit  
Réviseurs d'Entreprises

  
D.G. Robertson

**STATEMENT OF NET ASSETS**

AS AT DECEMBER 31, 2003

(in EUR)

**ASSETS**

## Portfolio:

- Cost	30,667,508.51
- Net unrealised result	573,614.83
	<b>31,241,123.34</b>

## Cash &amp; other liquid assets:

- Cash at bank	10,785,676.76
- Deposits on futures	373,585.51

## Other assets:

- Formation expenses, net	69,877.72
- Receivable on investments	1,162,726.37
- Receivable on subscriptions	1,999,012.08
- Dividends and interest receivable	704,173.03
- Unrealised gain on futures contracts	83,092.40
- Unrealised gain on forward exchange contracts	243,883.55
	<b>46,663,150.76</b>

**LIABILITIES**

- Taxes and expenses payable	403,225.34
- Bank interest	196.00
	<b>403,421.34</b>

**NET ASSETS****46,259,729.42**

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
 FOR THE PERIOD FROM FEBRUARY 28, 2003 (DATE OF INCORPORATION)  
 TO DECEMBER 31, 2003  
 (in EUR)

<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	<b>0.00</b>
<b>INCOME</b>	
Dividends, net	191,717.93
Bond interest, net	779,793.35
Bank interest	78,748.25
	<u><b>1,050,259.53</b></u>
<b>EXPENSES</b>	
Fees:	
- Advisory fee	170,804.45
- Performance fee	204,374.40
- Custodian and administration fees	35,248.94
- Registrar and placing agent fees	171,996.86
Other expenses:	
- Annual tax	12,644.51
- Amortisation of formation expenses	10,552.27
- Audit and legal expenses	27,023.00
- Administration and other expenses	98,403.14
- Bank interest	19,284.43
	<u><b>750,332.00</b></u>
<b>NET RESULT ON INVESTMENTS</b>	<u><b>299,927.53</b></u>
Net realised result on:	
- Investments	1,137,728.05
- Foreign exchange	(106,191.07)
- Forward foreign exchange contracts	(11,770.52)
- Futures contracts	(415,568.40)
<b>NET REALISED RESULT</b>	<u><b>904,125.59</b></u>
Change in net unrealised appreciation on:	
- Investments	573,614.83
- Forward foreign exchange contracts	243,883.55
- Futures contracts	83,092.40
<b>NET INCREASE IN NET ASSETS AS A RESULT OF OPERATIONS</b>	<u><b>1,804,716.37</b></u>
<b>MOVEMENTS IN CAPITAL</b>	
Subscriptions of shares	47,862,207.72
Redemptions of shares	(3,407,194.67)
	<u><b>44,455,013.05</b></u>
<b>NET ASSETS AT THE END OF THE PERIOD</b>	<u><b>46,259,729.42</b></u>

The accompanying notes form an integral part of these financial statements

**STATEMENT OF NET ASSETS**

AS AT DECEMBER 31, 2003

(in EUR)

	Notes	
<b>ASSETS</b>		
Portfolio:		
- Cost		9,887,108.43
- Net unrealised result		(311,900.65)
	2c	<u>9,575,207.78</u>
Cash & other liquid assets:		
- Cash at bank		4,452,658.99
- Deposits on futures		2,983.71
Other assets:		
- Formation expenses, net	2h	17,308.33
- Receivable on subscriptions		523,247.32
- Interest receivable		371,005.15
- Unrealised gain on futures contracts	10	48,142.40
		<u>14,990,553.68</u>
<b>LIABILITIES</b>		
- Taxes and expenses payable		104,086.27
		<u>104,086.27</u>
<b>NET ASSETS</b>		<u><u>14,886,467.41</u></u>
Net asset value per share		1,023.005
Number of shares		14,551.703

The accompanying notes form an integral part of these financial statements

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
 FOR THE PERIOD FROM FEBRUARY 28, 2003 (DATE OF INCORPORATION)  
 TO DECEMBER 31, 2003  
 (in EUR)

	Notes	
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>		<b>0.00</b>
<b>INCOME</b>		
Bond interest, net		492,592.14
Bank interest		45,740.28
		<u>538,332.42</u>
<b>EXPENSES</b>		
Fees:		
- Advisory fee	5	67,544.50
- Performance fee	6	29,919.69
- Custodian and administration fees	7	12,780.84
- Registrar and placing agent fees	7, 8	68,387.50
Other expenses:		
- Annual tax	9	4,930.96
- Amortisation of formation expenses	2h	3,944.40
- Audit and legal expenses		10,017.00
- Administration and other expenses		32,897.17
- Bank interest		2,140.00
		<u>232,562.06</u>
<b>NET RESULT ON INVESTMENTS</b>		<u><b>305,770.36</b></u>
Net realised result on:		
- Investments		1,610.59
- Foreign exchange		(51,897.96)
- Forward foreign exchange contracts		(11,770.52)
- Futures contracts		293,213.24
<b>NET REALISED RESULT</b>		<u><b>536,925.71</b></u>
Change in net unrealised appreciation/(depreciation) on:		
- Investments		(311,900.65)
- Futures contracts		48,142.40
<b>NET INCREASE IN NET ASSETS AS A RESULT OF OPERATIONS</b>		<u><b>273,167.46</b></u>
<b>MOVEMENTS IN CAPITAL</b>		
Subscriptions of shares		15,730,924.25
Redemptions of shares		(1,117,624.30)
		<u><b>14,613,299.95</b></u>
<b>NET ASSETS AT THE END OF THE PERIOD</b>		<u><b>14,886,467.41</b></u>

The accompanying notes form an integral part of these financial statements

**CHANGES IN THE NUMBER OF SHARES**  
 FOR THE PERIOD FROM FEBRUARY 28, 2003 (DATE OF INCORPORATION)  
 TO DECEMBER 31, 2003

Shares outstanding at the beginning of the period	0.000
Subscriptions of shares	15,645.040
Redemptions of shares	<u>( 1,093.337)</u>
<b>Shares outstanding at the end of the period</b>	<b>14,551.703</b>

**STATISTICS**

	<b>Number of shares outstanding</b>	<b>Net assets (in EUR)</b>	<b>Net asset value per share (in EUR)</b>
<b>31.12.2003</b>	14,551.703	14,886,467.41	1,023.005

**STATEMENT OF INVESTMENTS AND OTHER NET ASSETS**

AS AT DECEMBER 31, 2003

(in EUR)

Currency	Nominal	Description	Cost	Market Value	% of Net Assets
<b>Transferable securities admitted to an official Stock Exchange, Bonds</b>					
EUR	150,253	ARGENTINA 23/05/2049 7.5%	37,563.00	36,436.23	0.24%
EUR	150,000	BRAZIL 30/09/2004 11.125%	157,980.00	158,227.50	1.06%
EUR	100,000	BRAZIL 02/04/2009 11.5%	107,663.00	114,395.00	0.77%
EUR	275,000	BRAZIL 17/11/2006 12%	294,248.00	314,270.00	2.11%
EUR	306,775	BRAZIL 26/02/2007 8%	261,430.00	319,046.16	2.14%
EUR	300,000	COLOMBIA 20/10/2005 11.25%	325,155.00	332,640.00	2.23%
EUR	102,258	CROATIA 16/07/2004 6.125%	105,867.00	104,058.13	0.70%
EUR	723,040	MEXICO 16/07/2004 8.375%	763,691.00	744,333.17	5.00%
EUR	542,279	MEXICO 20/02/2007 9.125%	616,795.00	619,581.20	4.16%
EUR	455,000	ROMANIA 10/11/2005 11.5%	524,717.00	518,176.75	3.48%
EUR	945,890	RUSSIA 25/03/2004 9%	987,380.00	958,895.99	6.44%
EUR	664,679	RUSSIA 31/03/2005 9.375%	719,593.16	709,545.30	4.77%
EUR	150,000	SOUTH AFRICA 16/05/2013 5.25%	148,980.00	144,600.00	0.97%
EUR	102,258	TURKEY 20/04/2006 7%	89,432.00	105,760.73	0.71%
EUR	350,000	UKRAINE 15/03/2007 10%	250,361.00	248,151.59	1.67%
EUR	100,000	VENEZUELA 05/03/2008 11%	102,730.00	105,400.00	0.71%
HUF	121,000,000	HUNGARY 12/10/2004 8.5%	459,290.38	451,916.97	3.04%
HUF	168,000,000	HUNGARY 12/04/2004 9%	649,691.00	634,766.60	4.26%
HUF	40,000,000	HUNGARY 12/05/2005 9.25%	172,896.00	150,102.68	1.01%
MXN	2,000,000	MEXICO 02/12/2004 10.5%	159,255.00	147,094.18	0.99%
MXN	4,500,000	MEXICO 02/09/2004 14%	421,905.00	335,226.23	2.25%
MXN	1,500,000	MEXICO 22/01/2004 14%	136,902.00	106,607.92	0.72%
PLN	2,500,000	EURO BK REC & DEV 23/02/2004 9.625%	587,399.00	533,759.22	3.59%
PLN	1,230,000	POLAND 21/04/2004 0%	274,556.00	257,013.75	1.73%
PLN	2,500,000	POLAND 12/12/2004 0%	520,959.89	504,368.72	3.39%
USD	300,000	NIZHNIY NOVGOROD REGION 24/07/2005 8.75%	309,256.00	258,220.71	1.73%
USD	100,000	PERU 15/01/2008 9.125%	101,166.00	93,255.30	0.63%
USD	300,000	RUSSIA 03/04/2005 8.75%	189,133.00	169,394.68	1.14%
USD	150,000	VENEZUELA 18/06/2007 9.125%	121,261.00	122,673.00	0.82%
ZAR	1,000,000	SOUTH AFRICA 28/02/2005 12%	121,078.00	123,066.69	0.82%
<b>Total transferable securities admitted to an official Stock Exchange, Bonds</b>			<b>9,718,333.43</b>	<b>9,420,984.40</b>	<b>63.28%</b>
<b>Other transferable securities, Bonds</b>					
USD	200,000	RUSSIA 14/05/2006 3%	168,775.00	154,223.38	1.04%
<b>Total other transferable securities, Bonds</b>			<b>168,775.00</b>	<b>154,223.38</b>	<b>1.04%</b>
<b>Total Investments</b>			<b>9,887,108.43</b>	<b>9,575,207.78</b>	<b>64.32%</b>
<b>Other Net Assets</b>				<b>5,311,259.63</b>	<b>35.68%</b>
<b>Total Net Assets</b>				<b>14,886,467.41</b>	<b>100.00%</b>

The accompanying notes form an integral part of these financial statements

**ECONOMIC CLASSIFICATION OF INVESTMENTS**

AS AT DECEMBER 31, 2003

(in %)

<b>Branch of business</b>	<b>% of net assets</b>
Government bonds	60.73
Bonds issued by supranational institutions	<u>3.59</u>
<b>Total</b>	<b><u><u>64.32</u></u></b>

**GEOGRAPHIC CLASSIFICATION OF INVESTMENTS**

AS AT DECEMBER 31, 2003

(in %)

<b>Countries</b>	<b>% of net assets</b>
Russia	16.79
Mexico	13.12
Hungary	8.31
Brazil	6.08
Poland	5.12
Supranational	3.59
Romania	3.48
Colombia	2.23
South Africa	1.79
Venezuela	1.53
Turkey	0.71
Croatia	0.70
Peru	0.63
Argentina	<u>0.24</u>
<b>Total</b>	<b><u><u>64.32</u></u></b>

**STATEMENT OF NET ASSETS**  
AS AT DECEMBER 31, 2003  
(in EUR)

	<b>Notes</b>	
<b>ASSETS</b>		
Portfolio:		
- Cost		8,110,389.28
- Net unrealised result		1,070,937.04
	2c	<b>9,181,326.32</b>
Cash & other liquid assets:		
- Cash at bank		449,664.22
- Deposits on futures		343,808.10
Other assets:		
- Formation expenses, net	2h	20,577.33
- Receivable on subscriptions		1,047,038.66
- Dividends and interest receivable		4,844.09
- Unrealised gain on futures contracts	10	44,400.00
- Unrealised gain on forward exchange contracts	11	60,537.39
		<b>11,152,196.11</b>
<b>LIABILITIES</b>		
- Taxes and expenses payable		224,705.83
- Bank interest		196.00
		<b>224,901.83</b>
<b>NET ASSETS</b>		<b>10,927,294.28</b>
Net asset value per share		1,203.134
Number of shares		9,082.360

The accompanying notes form an integral part of these financial statements

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
 FOR THE PERIOD FROM FEBRUARY 28, 2003 (DATE OF INCORPORATION)  
 TO DECEMBER 31, 2003  
 (in EUR)

	Notes	
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>		<b>0.00</b>
<b>INCOME</b>		
Dividends, net		120,434.93
Bank interest		7,652.14
		<u>128,087.07</u>
<b>EXPENSES</b>		
Fees:		
- Advisory fee	5	68,901.42
- Performance fee	6	158,166.62
- Custodian and administration fees	7	9,668.52
- Registrar and placing agent fees	7, 8	68,813.42
Other expenses:		
- Annual tax	9	3,741.85
- Amortisation of formation expenses	2h	3,539.40
- Audit and legal expenses		10,987.00
- Administration and other expenses		43,321.86
- Bank interest		15,358.42
		<u>382,498.51</u>
<b>NET RESULT ON INVESTMENTS</b>		<u><b>(254,411.44)</b></u>
Net realised result on:		
- Investments		1,223,948.33
- Foreign exchange		(21,640.85)
- Futures contracts		(718,651.64)
<b>NET REALISED RESULT</b>		<u><b>229,244.40</b></u>
Change in net unrealised appreciation/(depreciation) on:		
- Investments		1,070,937.04
- Forward foreign exchange contracts		60,537.39
- Futures contracts		44,400.00
<b>NET INCREASE IN NET ASSETS AS A RESULT OF OPERATIONS</b>		<u><b>1,405,118.83</b></u>
<b>MOVEMENTS IN CAPITAL</b>		
Subscriptions of shares		11,186,119.54
Redemptions of shares		(1,663,944.09)
		<u><b>9,522,175.45</b></u>
<b>NET ASSETS AT THE END OF THE PERIOD</b>		<u><u><b>10,927,294.28</b></u></u>

The accompanying notes form an integral part of these financial statements

**CHANGES IN THE NUMBER OF SHARES**  
 FOR THE PERIOD FROM FEBRUARY 28, 2003 (DATE OF INCORPORATION)  
 TO DECEMBER 31, 2003

Shares outstanding at the beginning of the period	0.000
Subscriptions of shares	10,477.576
Redemptions of shares	<u>(1,395.216)</u>
<b>Shares outstanding at the end of the period</b>	<b>9,082.360</b>

**STATISTICS**

	<b>Number of shares outstanding</b>	<b>Net assets (in EUR)</b>	<b>Net asset value per share (in EUR)</b>
<b>31.12.2003</b>	9,082.360	10,927,294.28	1,203.134

**STATEMENT OF INVESTMENTS AND OTHER NET ASSETS**

AS AT DECEMBER 31, 2003

(in EUR)

Currency	Quantity/ Nominal	Description	Cost	Market Value	% of Net Assets
<b><u>Transferable securities admitted to an official Stock Exchange</u></b>					
<b><u>Equities</u></b>					
EUR	3,000	AMB GENERALI HOLDING AG	168,316.00	182,640.00	1.67%
EUR	4,500	ANTENA 3 TELEVISION	125,866.94	157,230.00	1.44%
EUR	5,000	AUTOROUTES DU SUD DE LA FRANCE	132,646.00	133,000.00	1.22%
EUR	15,000	AUTOSTRADA TORINO-MILANO SPA	174,232.56	173,850.00	1.59%
EUR	20,000	AUTOSTRADA SPA	242,815.00	278,200.00	2.55%
EUR	36,000	BANCA ANTONVENETA SPA	510,501.02	531,000.00	4.86%
EUR	300,000	CIR SPA	319,874.00	444,000.00	4.06%
EUR	30,000	DEUTSCHE TELEKOM AG-REG	396,528.15	436,200.00	3.99%
EUR	70,000	ERG SPA	259,786.00	301,000.00	2.75%
EUR	20,000	FORTIS	315,717.75	318,800.00	2.92%
EUR	20,000	FRANCE TELECOM SA	425,178.79	453,200.00	4.15%
EUR	10,000	GRANITIFIANDRE SPA	69,467.70	68,900.00	0.63%
EUR	60,000	HELLENIC EXCHANGES SA	321,082.00	392,400.00	3.59%
EUR	250,000	HERA SPA	312,500.00	310,250.00	2.84%
EUR	60,000	IFI-ISTITUTO FINANZIARIO IND	270,000.00	405,600.00	3.71%
EUR	400,000	JAZZTEL PLC	153,205.00	136,000.00	1.24%
EUR	50,000	KONINKLIJKE KPN NV	323,869.02	306,000.00	2.80%
EUR	15,000	MEDIOBANCA SPA	133,813.65	129,000.00	1.18%
EUR	120,000	NAVIGAZIONE MONTANARI SPA	156,354.00	188,400.00	1.72%
EUR	300,000	PIRELLI & C.	200,800.50	242,100.00	2.22%
EUR	6,000	RENAULT SA	294,603.00	328,200.00	3.00%
EUR	30,000	SAECO INTERNATIONAL GROUP	109,434.67	108,000.00	0.99%
EUR	350,000	SEAT PAGINE GIALLE SPA-RNC	219,686.00	255,150.00	2.33%
EUR	200,000	SNAM RETE GAS	641,228.00	672,000.00	6.16%
EUR	400,000	TELECOM ITALIA-RNC	613,788.00	646,000.00	5.91%
EUR	180,000	VERSATEL TELECOM INTL NV	232,719.50	311,400.00	2.85%
GBP	30,000	MAN GROUP PLC	455,307.43	620,808.12	5.68%
GBP	250,000	MMO2 PLC	197,903.00	272,657.00	2.50%
<b><u>Total Equities</u></b>			<b>7,777,223.68</b>	<b>8,801,985.12</b>	<b>80.55%</b>
<b><u>Bonds</u></b>					
EUR	1,112,000	WORLDCOM INC 15/05/2008 6.75%	294,735.60	322,591.20	2.95%
<b><u>Options on index</u></b>					
EUR	50	MIB/0204/PUT /26.500	38,430.00	56,750.00	0.52%
<b>Total transferable securities admitted to an official Stock Exchange</b>			<b>8,110,389.28</b>	<b>9,181,326.32</b>	<b>84.02%</b>
<b>Total Investments</b>			<b>8,110,389.28</b>	<b>9,181,326.32</b>	<b>84.02%</b>
<b>Other Net Assets</b>				<b>1,745,967.96</b>	<b>15.98%</b>
<b>Total Net Assets</b>				<b>10,927,294.28</b>	<b>100.00%</b>

The accompanying notes form an integral part of these financial statements

**ECONOMIC CLASSIFICATION OF INVESTMENTS**

AS AT DECEMBER 31, 2003

(in %)

<b>Branch of business</b>	<b>% of net assets</b>
Telecommunication	27.83
Holding and finance companies	15.67
Banks and other credit institutions	12.55
Energy and water supply	9.00
Transportation	7.08
Road vehicles	3.00
Oil	2.75
Graphic and publishing industry	2.33
Insurance	1.67
Miscellaneous consumer goods	0.99
Chemistry	0.63
Options on index	0.52
<b>Total</b>	<b>84.02</b>

**GEOGRAPHIC CLASSIFICATION OF INVESTMENTS**

AS AT DECEMBER 31, 2003

(in %)

<b>Countries</b>	<b>% of net assets</b>
Italy	44.02
United Kingdom	9.42
France	8.37
Germany	5.66
The Netherlands	5.65
Greece	3.59
United States of America	2.95
Belgium	2.92
Spain	1.44
<b>Total</b>	<b>84.02</b>

**STATEMENT OF NET ASSETS**

AS AT DECEMBER 31, 2003

(in EUR)

	Notes	
<b>ASSETS</b>		
Portfolio:		
- Cost		11,431,446.75
- Net unrealised result		(202,140.76)
	2c	<u>11,229,305.99</u>
Cash & other liquid assets:		
- Cash at bank		3,688,981.88
- Deposits on futures		26,793.70
Other assets:		
- Formation expenses, net	2h	18,754.33
- Receivable on subscriptions		100,301.43
- Interest receivable		296,924.88
- Unrealised gain on forward exchange contracts	11	183,346.16
		<u>15,544,408.37</u>
<b>LIABILITIES</b>		
- Unrealised loss on futures contracts	10	9,450.00
- Taxes and expenses payable		64,299.84
		<u>73,749.84</u>
<b>NET ASSETS</b>		<u><u>15,470,658.53</u></u>
Net asset value per share		1,042.643
Number of shares		14,837.918

The accompanying notes form an integral part of these financial statements

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
 FOR THE PERIOD FROM FEBRUARY 28, 2003 (DATE OF INCORPORATION)  
 TO DECEMBER 31, 2003  
 (in EUR)

	Notes	
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>		<b>0.00</b>
<b>INCOME</b>		
Dividends, net		71,283.00
Bond interest, net		281,767.12
Bank interest		20,176.42
		<u>373,226.54</u>
<b>EXPENSES</b>		
Fees:		
- Advisory fee	5	29,004.03
- Performance fee	6	16,288.09
- Custodian and administration fees	7	10,976.83
- Registrar and placing agent fees	7, 8	30,049.03
Other expenses:		
- Annual tax	9	3,651.08
- Amortisation of formation expenses	2h	2,705.40
- Audit and legal expenses		6,019.00
- Administration and other expenses		21,542.51
- Bank interest		1,786.00
		<u>122,021.97</u>
<b>NET RESULT ON INVESTMENTS</b>		<u>251,204.57</u>
Net realised result on:		
- Investments		(37,150.68)
- Foreign exchange		(32,652.26)
- Futures contracts		9,870.00
<b>NET REALISED RESULT</b>		<u>191,271.63</u>
Change in net unrealised appreciation/(depreciation) on:		
- Investments		(202,140.76)
- Forward foreign exchange contracts		183,346.16
- Futures contracts		(9,450.00)
<b>NET INCREASE IN NET ASSETS AS A RESULT OF OPERATIONS</b>		<u>163,027.03</u>
<b>MOVEMENTS IN CAPITAL</b>		
Subscriptions of shares		15,933,257.78
Redemptions of shares		(625,626.28)
		<u>15,307,631.50</u>
<b>NET ASSETS AT THE END OF THE PERIOD</b>		<u>15,470,658.53</u>

The accompanying notes form an integral part of these financial statements

**CHANGES IN THE NUMBER OF SHARES**  
 FOR THE PERIOD FROM FEBRUARY 28, 2003 (DATE OF INCORPORATION)  
 TO DECEMBER 31, 2003

Shares outstanding at the beginning of the period	0.000
Subscriptions of shares	15,413.272
Redemptions of shares	<u>(575.354)</u>
<b>Shares outstanding at the end of the period</b>	<b>14,837.918</b>

**STATISTICS**

	<b>Number of shares outstanding</b>	<b>Net assets (in EUR)</b>	<b>Net asset value per share (in EUR)</b>
<b>31.12.2003</b>	14,837.918	15,470,658.53	1,042.643

**STATEMENT OF INVESTMENTS AND OTHER NET ASSETS**

AS AT DECEMBER 31, 2003

(in EUR)

Currency	Quantity/ Nominal	Description	Cost	Market Value	% of Net Assets
<b><u>Transferable securities admitted to an official Stock Exchange</u></b>					
<b><u>Equities</u></b>					
EUR	100,000	SNAM RETE GAS	327,153.00	336,000.00	2.17%
<b><u>Bonds</u></b>					
EUR	160,000	ALCATEL SA 07/12/2006 8.5%	167,230.00	173,328.00	1.12%
EUR	200,000	ALSTOM 26/07/2006 5%	168,315.00	170,800.00	1.10%
EUR	100,000	BRAZIL 02/04/2009 11.5%	110,213.00	114,395.00	0.74%
EUR	600,000	CIR INTERNATIONAL SA 10/01/2011 6.375%	595,428.00	585,240.00	3.78%
EUR	80,000	COLT TELECOM GROUP PLC 15/12/2009 7.625%	52,430.00	78,276.00	0.51%
EUR	150,000	DEUTSCHE TELEKOM INT FIN 11/07/2006 6.375%	159,720.00	160,200.00	1.04%
EUR	115,000	DEUTSCHE TELEKOM INT FIN 29/05/2007 7.5%	127,013.00	128,512.50	0.83%
EUR	500,000	EDISON SPA 20/07/2007 7.625%	544,430.00	556,675.00	3.60%
EUR	350,000	EUROPEAN INVESTMENT BANK 05/11/2026 0%	106,640.00	108,360.00	0.70%
EUR	350,000	EUROPEAN INVESTMENT BANK 15/02/2007 5.75%	377,225.00	377,055.00	2.44%
EUR	600,000	EUROPEAN INVESTMENT BANK 15/04/2004 5.25%	616,593.00	605,220.00	3.91%
EUR	450,000	EUROPEAN INVESTMENT BANK 15/04/2005 3.875%	462,225.00	458,572.50	2.96%
EUR	290,000	EUROPEAN INVESTMENT BANK 15/04/2006 4.875%	306,328.00	303,122.50	1.96%
EUR	1,000,000	EUROPEAN INVESTMENT BANK 15/10/2005 3.5%	1,012,860.00	1,015,850.00	6.57%
EUR	200,000	FRANCE 25/07/2012 3%	222,569.00	222,463.53	1.44%
EUR	125,000	FRANCE TELECOM 10/11/2005 6.125%	132,168.00	131,881.25	0.85%
EUR	800,000	GERMANY 12/05/2005 6.875%	858,289.00	847,160.00	5.48%
EUR	1,600,000	GERMANY 15/07/2004 6.75%	1,669,003.00	1,638,144.00	10.59%
EUR	257,378	JAZZTEL PLC 30/10/2012 12%	163,997.26	164,078.47	1.06%
EUR	200,000	KONINKLIJKE AHOLD NV 09/05/2008 5.875%	150,030.00	197,660.00	1.28%
EUR	100,000	MUNICH RE FINANCE BV 21/06/2023 6.75%	102,702.00	110,995.00	0.72%
EUR	200,000	OTE PLC 05/08/2013 5%	199,172.00	197,590.00	1.28%
EUR	450,000	PARMALAT FINANCE CORP BV 29/09/2010 6.125%	228,477.50	86,625.00	0.56%
EUR	200,000	SAFILO CAPITAL INTL SA 15/05/2013 9.625%	176,030.00	170,380.00	1.09%
EUR	130,000	TELECOM ITALIA SPA 01/02/2012 6.25%	133,410.00	141,362.00	0.91%
EUR	300,000	UNICREDITAL BANK IRELAND 19/12/2008 2.5%	300,030.00	302,373.00	1.95%
EUR	281,000	VENTAGLIO INTERNATIONAL 15/05/2005 7.125%	267,947.00	248,685.00	1.61%
EUR	100,000	WORLDCOM INC 15/05/2008 6.75%	26,030.00	29,010.00	0.19%
GBP	250,000	ABERDEEN ASSET MGT 14/01/2007 5.875%	326,035.95	324,001.50	2.09%
HUF	40,000,000	HUNGARY 12/04/2004 9%	153,792.00	151,134.90	0.98%
HUF	25,000,000	HUNGARY 12/10/2004 8.5%	95,937.90	93,371.27	0.59%
USD	400,000	EUROPEAN INVESTMENT BANK 20/12/2007 4.5%	381,656.00	333,654.68	2.16%
USD	550,000	FIAT FINANCE LUX LTD SA 09/01/2007 3.25%	461,629.00	432,420.34	2.80%
USD	200,000	NIZHNIY NOVGOROD REG ION 03/04/2005 8.75%	121,016.00	112,929.80	0.73%
USD	150,000	OLD MUTUAL CAP FUNDING PERPETUAL 8%	127,722.14	121,779.75	0.79%
<b>Total Bonds</b>			<b>11,104,293.75</b>	<b>10,893,305.99</b>	<b>70.41%</b>
<b>Total transferable securities admitted to an official Stock Exchange</b>			<b>11,431,446.75</b>	<b>11,229,305.99</b>	<b>72.58%</b>
<b>Total Investments</b>			<b>11,431,446.75</b>	<b>11,229,305.99</b>	<b>72.58%</b>
<b>Other Net Assets</b>				<b>4,241,352.54</b>	<b>27.42%</b>
<b>Total Net Assets</b>				<b>15,470,658.53</b>	<b>100.00%</b>

The accompanying notes form an integral part of these financial statements

**ECONOMIC CLASSIFICATION OF INVESTMENTS**

AS AT DECEMBER 31, 2003

(in %)

<b>Branch of business</b>	<b>% of net assets</b>
Bonds issued by supranational institutions	20.70
Government bonds	20.55
Holding and finance companies	10.82
Telecommunication	5.92
Energy and water supply	5.77
Banks and other credit institutions	4.04
Miscellaneous	2.40
Retail trade	1.28
Electrotechnical and electronic industry	1.10
<b>Total</b>	<b><u>72.58</u></b>

**GEOGRAPHIC CLASSIFICATION OF INVESTMENTS**

AS AT DECEMBER 31, 2003

(in %)

<b>Countries</b>	<b>% of net assets</b>
Supranational	20.70
Germany	16.07
Luxembourg	9.28
Italy	6.68
United Kingdom	4.94
France	4.51
The Netherlands	4.43
Ireland	1.95
Hungary	1.57
Jersey	0.79
Brazil	0.74
Russia	0.73
United States of America	0.19
<b>Total</b>	<b><u>72.58</u></b>

**STATEMENT OF NET ASSETS**

AS AT DECEMBER 31, 2003

(in EUR)

	<b>Notes</b>	
<b>ASSETS</b>		
Portfolio:		
- Cost		994,769.08
- Net unrealised result		(3,002.33)
	2c	<u>991,766.75</u>
Cash & other liquid assets:		
- Cash at bank		938,814.14
Other assets:		
- Formation expenses, net	2h	6,620.60
- Receivable on investments		221,486.05
- Receivable on subscriptions		247,943.25
- Dividends and interest receivable		31,398.91
		<u>2,438,029.70</u>
<b>LIABILITIES</b>		
- Taxes and expenses payable		3,998.55
		<u>3,998.55</u>
<b>NET ASSETS</b>		
		<u><u>2,434,031.15</u></u>
Net asset value per share		991.810
Number of shares		2,454.131

The accompanying notes form an integral part of these financial statements

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
 FOR THE PERIOD FROM FEBRUARY 28, 2003 (DATE OF INCORPORATION)  
 TO DECEMBER 31, 2003  
 (in EUR)

	Notes	
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>		<b>0.00</b>
<b>INCOME</b>		
Bond interest, net		5,434.09
Bank interest		2,344.42
		<u>7,778.51</u>
<b>EXPENSES</b>		
Fees:		
- Advisory fee	5	2,163.75
- Custodian and administration fees	7	865.51
- Registrar and placing agent fees	7, 8	1,875.25
Other expenses:		
- Annual tax	9	149.73
- Amortisation of formation expenses	2h	179.80
- Administration and other expenses		320.80
- Bank interest		0.01
		<u>5,554.85</u>
<b>NET RESULT ON INVESTMENTS</b>		<u>2,223.66</u>
Net realised result on:		
- Investments		(14,862.25)
<b>NET REALISED RESULT</b>		<u>(12,638.59)</u>
Change in net unrealised depreciation on:		
- Investments		(3,002.33)
<b>NET DECREASE IN NET ASSETS AS A RESULT OF OPERATIONS</b>		<u>(15,640.92)</u>
<b>MOVEMENTS IN CAPITAL</b>		
Subscriptions of shares		2,449,672.07
		<u>2,449,672.07</u>
<b>NET ASSETS AT THE END OF THE PERIOD</b>		<u>2,434,031.15</u>

The accompanying notes form an integral part of these financial statements

**CHANGES IN THE NUMBER OF SHARES**  
 FOR THE PERIOD FROM FEBRUARY 28, 2003 (DATE OF INCORPORATION)  
 TO DECEMBER 31, 2003

Shares outstanding at the beginning of the period	0.000
Subscriptions of shares	2,454.131
Redemptions of shares	<u>(0.000)</u>
<b>Shares outstanding at the end of the period</b>	<b>2,454.131</b>

**STATISTICS**

	<b>Number of shares outstanding</b>	<b>Net assets (in EUR)</b>	<b>Net asset value per share (in EUR)</b>
<b>31.12.2003</b>	2,454.131	2,434,031.15	991.810

**STATEMENT OF INVESTMENTS AND OTHER NET ASSETS**

AS AT DECEMBER 31, 2003

(in EUR)

Currency	Nominal	Description	Cost	Market Value	% of Net Assets
<b>Transferable securities admitted to an official Stock Exchange, Bonds</b>					
EUR	325,000	EUROPEAN INVESTMENT BANK 15/04/2004 5.25%	328,959.25	327,827.50	13.47%
EUR	325,000	EUROPEAN INVESTMENT BANK 15/04/2005 3.875%	331,383.75	331,191.25	13.61%
EUR	325,000	GERMANY 15/07/2004 6.75%	334,426.08	332,748.00	13.67%
<b>Total transferable securities admitted to an official Stock Exchange, Bonds</b>			<u>994,769.08</u>	<u>991,766.75</u>	<u>40.75%</u>
<b>Total Investments</b>			<u>994,769.08</u>	<u>991,766.75</u>	<u>40.75%</u>
<b>Other Net Assets</b>				<u>1,442,264.40</u>	<u>59.25%</u>
<b>Total Net Assets</b>				<u><u>2,434,031.15</u></u>	<u>100.00%</u>

The accompanying notes form an integral part of these financial statements

**ECONOMIC CLASSIFICATION OF INVESTMENTS**

AS AT DECEMBER 31, 2003

(in %)

<b>Branch of business</b>	<b>% of net assets</b>
Bonds issued by supranational institutions	27.08
Government bonds	<u>13.67</u>
<b>Total</b>	<u><u>40.75</u></u>

**GEOGRAPHIC CLASSIFICATION OF INVESTMENTS**

AS AT DECEMBER 31, 2003

(in %)

<b>Countries</b>	<b>% of net assets</b>
Supranational	27.08
Germany	<u>13.67</u>
<b>Total</b>	<u><u>40.75</u></u>

**STATEMENT OF NET ASSETS**

AS AT DECEMBER 31, 2003

(in EUR)

	<b>Notes</b>	
<b>ASSETS</b>		
Portfolio:		
- Cost		243,794.97
- Net unrealised result		19,721.53
	2c	<u>263,516.50</u>
Cash & other liquid assets:		
- Cash at bank		1,255,557.53
Other assets:		
- Formation expenses, net	2h	6,617.13
- Receivable on investments		941,240.32
- Receivable on subscriptions		80,481.42
		<u>2,547,412.90</u>
<b>LIABILITIES</b>		
- Taxes and expenses payable		6,134.85
		<u>6,134.85</u>
<b>NET ASSETS</b>		<u><u>2,541,278.05</u></u>
Net asset value per share		986.808
Number of shares		2,575.250

The accompanying notes form an integral part of these financial statements

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
 FOR THE PERIOD FROM FEBRUARY 28, 2003 (DATE OF INCORPORATION)  
 TO DECEMBER 31, 2003  
 (in EUR)

	Notes	
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>		<b>0.00</b>
<b>INCOME</b>		
Bank interest		2,834.99
		<u>2,834.99</u>
<b>EXPENSES</b>		
Fees:		
- Advisory fee	5	3,190.75
- Custodian and administration fees	7	957.24
- Registrar and placing agent fees	7, 8	2,871.66
Other expenses:		
- Annual tax	9	170.89
- Amortisation of formation expenses	2h	183.27
- Administration and other expenses		320.80
		<u>7,694.61</u>
<b>NET RESULT ON INVESTMENTS</b>		<u><b>(4,859.62)</b></u>
Net realised result on:		
- Investments		(35,817.94)
<b>NET REALISED RESULT</b>		<u><b>(40,677.56)</b></u>
Change in net unrealised appreciation on:		
- Investments		19,721.53
<b>NET DECREASE IN NET ASSETS AS A RESULT OF OPERATIONS</b>		<u><b>(20,956.03)</b></u>
<b>MOVEMENTS IN CAPITAL</b>		
Subscriptions of shares		2,562,234.08
		<u>2,562,234.08</u>
<b>NET ASSETS AT THE END OF THE PERIOD</b>		<u><b>2,541,278.05</b></u>

The accompanying notes form an integral part of these financial statements

**CHANGES IN THE NUMBER OF SHARES**  
 FOR THE PERIOD FROM FEBRUARY 28, 2003 (DATE OF INCORPORATION)  
 TO DECEMBER 31, 2003

Shares outstanding at the beginning of the period	0.000
Subscriptions of shares	2,575.250
Redemptions of shares	<u>(0.000)</u>
<b>Shares outstanding at the end of the period</b>	<b>2,575.250</b>

**STATISTICS**

	<b>Number of shares outstanding</b>	<b>Net assets (in EUR)</b>	<b>Net asset value per share (in EUR)</b>
<b>31.12.2003</b>	2,575.250	2,541,278.05	986.808

**STATEMENT OF INVESTMENTS AND OTHER NET ASSETS**

AS AT DECEMBER 31, 2003

(in EUR)

Currency	Quantity	Description	Cost	Market Value	% of Net Assets
<b><u>Transferable securities admitted to an official Stock Exchange, Equities</u></b>					
EUR	350	AIR LIQUIDE	47,148.33	49,000.00	1.93%
EUR	1,150	BASF AG	48,601.10	51,462.50	2.03%
EUR	1,500	DAIMLERCHRYSLER AG-REG	49,332.68	55,650.00	2.19%
EUR	1,300	ROYAL DUTCH PETROLEUM	49,574.58	54,340.00	2.14%
EUR	360	TOTAL SA	49,138.28	53,064.00	2.09%
<b>Total transferable securities admitted to an official Stock Exchange, Equities</b>			<b>243,794.97</b>	<b>263,516.50</b>	<b>10.38%</b>
<b>Total Investments</b>			<b>243,794.97</b>	<b>263,516.50</b>	<b>10.38%</b>
<b>Other Net Assets</b>				<b>2,277,761.55</b>	<b>89.62%</b>
<b>Total Net Assets</b>				<b>2,541,278.05</b>	<b>100.00%</b>

The accompanying notes form an integral part of these financial statements

**ECONOMIC CLASSIFICATION OF INVESTMENTS**

AS AT DECEMBER 31, 2003

(in %)

<b>Branch of business</b>	<b>% of net assets</b>
Oil	4.23
Chemistry	3.96
Road vehicles	2.19
<b>Total</b>	<b>10.38</b>

**GEOGRAPHIC CLASSIFICATION OF INVESTMENTS**

AS AT DECEMBER 31, 2003

(in %)

<b>Countries</b>	<b>% of net assets</b>
Germany	4.23
France	3.96
The Netherlands	2.19
<b>Total</b>	<b>10.38</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT DECEMBER 31, 2003

**1. GENERAL**

CompAM FUND (the "SICAV") is an investment company organized under the Laws of the Grand Duchy of Luxembourg as a "Société d'Investissement à Capital Variable" with separate Sub-Funds (each of them hereinafter referred to as a "Sub-Fund").

The SICAV has been incorporated on February 28, 2003 for an unlimited period of time and is governed by the law of August 10, 1915 on commercial companies, as amended, and by the Part I of the law of March 30, 1988 on undertakings for collective investment. At an extraordinary general meeting held on March 23, 2004, the shareholders have approved necessary modifications to the articles of incorporation of the SICAV with a view of submitting the SICAV to Part I of the law of December 20, 2002 on undertakings for collective investments. The prospectus is currently being modified.

The registered office is established at 4, boulevard Royal L-2449 Luxembourg. The SICAV is recorded at the "Registre de Commerce et des Sociétés" with the District Court of Luxembourg under the number B 92.095. The Articles are published in the "Memorial C., Recueil des Sociétés et Associations" (the "Mémorial") of April 4, 2003 and have been filed with the Chancery of the District Court of Luxembourg together with the "Notice légale" on the issue and sale of shares.

As of December 31, 2003, the SICAV is offering shares of the following Sub-Funds:

		Launched on
- CompAM FUND - Emerging Markets Bonds	denominated in Euro (EUR)	11/04/2003
- CompAM FUND - European Equity	denominated in Euro (EUR)	04/04/2003
- CompAM FUND - Bond Euro	denominated in Euro (EUR)	04/04/2003
- CompAM FUND - Europe Flexible 0/50	denominated in Euro (EUR)	10/11/2003
- CompAM FUND - Europe Dynamic 0/100	denominated in Euro (EUR)	10/11/2003

As from November 1, 2003, the net asset value is calculated on a daily basis. Formerly the net asset value was calculated on a weekly basis.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*a) Presentation of financial statements*

The financial statements are prepared in accordance with Luxembourg regulations relating to undertakings for collective investment.

*b) Combined financial statements*

The combined statement of net assets and statement of operations and changes in net assets are expressed in EUR.

*c) Valuation of the investments in securities*

Securities listed or traded on an official stock exchange or any other regulated market operating regularly, recognised and open to the public are valued at the last quotation known in Luxembourg on the Valuation Date.

If those securities are traded on several markets, they are valued on the basis of the last price known on the market considered to be the main market for trading this security. If the last known price is not representative, the valuation is based on the probable realisation value estimated by the Directors with prudence and in good faith.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

AS AT DECEMBER 31, 2003

Securities not listed or traded on a stock exchange or any other regulated market, operating regularly, recognised and open to the public are assessed on the basis of the probable realisation value estimated with prudence and in good faith

*d) Valuation of futures and options*

Futures and options are valued by reference to the last available closing price on the relevant market. For the futures, the market prices used are the futures exchange settlement prices.

*e) Net realised gain or loss on sales of investments*

Realised gains or losses on sales of investments are calculated on the basis of the average cost of the investments sold.

*f) Conversion of foreign currencies for each Sub-Fund*

Cash at bank, other net assets as well as the market value of the investment portfolio in currencies other than the reference currency of the Sub-Fund are converted into the reference currency of the Sub-Fund at the year-end.

Income and expenses in currencies other than the currency of the Sub-Fund are converted into the currency of the Sub-Fund at the exchange rate prevailing at the payment date.

Resulting realised and unrealised foreign exchange gains and losses are included in the statement of operations and changes in net assets.

*g) Cost of investments in securities*

Cost of investments in securities in currencies other than Sub-Fund currency is converted into Sub-Fund currency at the exchange rate applicable at purchase date.

*h) Formation expenses*

Formation and preliminary expenses are amortised on a straight-line basis over a period of 5 years.

*i) Income*

Dividends are credited to income on the date upon which the relevant securities are first listed as 'ex dividend'. Interest income is accrued on a daily basis.

*j) Forward foreign exchange contracts*

Forward foreign exchange contracts are valued at the forward rate applicable at the statement of net assets date for the remaining period until maturity.

Appreciation or depreciation resulting from forward foreign exchange contracts are included in the statement of operations and changes in net assets under "Net realised result on forward foreign exchange contracts" and under "Change in net unrealised appreciation/(depreciation) on forward foreign exchange contracts".

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
AS AT DECEMBER 31, 2003

**3. EXCHANGE RATES**

The exchange rates used for the conversion into EUR of assets and liabilities as at December 31, 2003 are as follows:

1 EUR =	1.560793	CHF	1 EUR =	4.703900	PLN
1 EUR =	0.706015	GBP	1 EUR =	49.903935	THB
1 EUR =	262.812089	HUF	1 EUR =	1.259446	USD
1 EUR =	1,501.270901	KRW	1 EUR =	8.418200	ZAR
1 EUR =	14.140600	MXN			

**4. COMMISSIONS ON ISSUE OF SICAV'S SHARES**

Shares of each Sub-Fund are issued at a price corresponding to the net asset value per share to which a sales charge of up to 3% may be added.

Shareholders may ask to convert all or part of their shares into shares of another Sub-Fund (hereinafter "target Sub-Fund") at a price corresponding to the net asset value per share of the relevant Sub-Fund without conversion fee for registered shares and for bearer shares.

A shareholder of any Sub-Fund is entitled, at any time, to have its shares repurchased by the SICAV, at its request, at the net asset value per share of the relevant Sub-Fund.

**5. INVESTMENT ADVISORY FEE**

An investment advisory fee is payable to the Investment Advisor in compensation for its services. Such fee is set at the annual rate described below, payable monthly and calculated on the average of the net assets of the relevant Sub-Fund for the relevant month:

CompAM FUND - Emerging Markets Bonds	0.75%
CompAM FUND - European Equity	1.00%
CompAM FUND - Bond Euro	0.50%
CompAM FUND - Europe Flexible 0/50	0.75%
CompAM FUND - Europe Dynamic 0/100	1.00%

**6. PERFORMANCE FEE**

In addition, the Investment Advisor is entitled to receive an annual performance fee. The annual performance fee represents 10% of the annual positive performance of the Net Asset Value per share of the relevant Sub-Fund. The amount of the performance fee as calculated on a daily basis will be withdrawn on a daily basis from the relevant Sub-Fund's assets and accrued in view of the payment at the end of the Fund's accounting year of such performance fee. In case of a redemption of shares on which a performance fee is accrued, such performance fee will be deemed realised and becomes payable immediately. The daily accruals of the performance fee are aggregated in order to determine a positive or negative end-result. If the end-result at the end of the Fund's accounting year is negative, no performance fee will be paid, except for that fee occurring and paid in relation to redemptions. A negative end-result will however not be brought forward from one accounting year to another. The performance fee accrued on each Valuation Day will equal:

## CompAM FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

AS AT DECEMBER 31, 2003

$N \times 10\% \times (NAV1 - NAV2)$

Where:

- N = the number of shares in issue on the relevant Valuation Day.  
NAV1 = the Net Asset Value per share on the relevant Valuation Day (Net Asset Value prior to the accrual of a performance fee).  
NAV2 = the Net Asset Value per share on the preceding Valuation Day (Net Asset Value after the accrual of any performance fee on that date).

The accrued performance fees as at December 31, 2003 are as follows:

	Amount in EUR
CompAM FUND - Emerging Markets Bonds	29,919.69
CompAM FUND - European Equity	158,166.62
CompAM FUND - Bond Euro	16,288.09
CompAM FUND - Europe Flexible 0/50	-
CompAM FUND - Europe Dynamic 0/100	-
<b>Total:</b>	<b>204,374.40</b>

#### **7. CUSTODIAN, PAYING, DOMICILIARY, ADMINISTRATIVE, REGISTRAR AND TRANSFER AGENT FEE**

The Custodian, Paying, Domiciliary, Administrative, Registrar and Transfer Agent is entitled to receive out of the assets of each Sub-Fund a fee calculated in accordance with customary banking practice in Luxembourg as a percentage per annum of the average quarterly Net Asset Value thereof during the relevant quarter and payable quarterly in arrears, subject to a minimum of EUR 25,000 per annum. In addition the Custodian, Paying, Domiciliary, Administrative, Registrar and Transfer Agent are entitled to be reimbursed by the Fund for its reasonable out-of-pocket expenses and disbursements and for the charges of any correspondents.

#### **8. CORRESPONDENT BANK AND CENTRALISATION AGENT FEE**

In Italy, the Correspondent Bank shall receive for their services an annual fee out of the assets of the Fund of 0.10% and the Centralization Agent shall receive an annual fee out of the assets of the Fund of 0.19%. Such fees shall be payable quarterly and calculated on the average Net Asset Value of shares of each Sub-Fund subscribed through the Correspondent Bank and the Centralization Agent in Italy during the relevant quarter.

#### **9. TAXE D'ABONNEMENT**

Under the prevailing laws and regulations, the Company is subject in Luxembourg to a tax ("taxe d'abonnement") at the annual rate of 0.05%, payable quarterly and calculated on the basis of its net assets at the end of each quarter.

**CompAM FUND**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
AS AT DECEMBER 31, 2003

**10. FUTURES CONTRACTS**

As at December 31, 2003, the following futures contracts and the corresponding unrealised results are outstanding:

**EMERGING MARKETS BONDS**

	Number of contracts	Denomination	Currency	Market value EUR	Unrealised gain/ (loss) EUR
Long	19	EURO FX CURR FUTURE	USD	2,381,460.00	51,292.40
Short	5	EURO BOBL	EUR	(552,650.00)	<u>(3,150.00)</u>
					<u>48,142.40</u>

**EUROPEAN EQUITY**

	Number of contracts	Denomination	Currency	Market value EUR	Unrealised gain/ (loss) EUR
Short	10	DAX INDEX FUTURE	EUR	(998,750.00)	(22,500.00)
Short	20	MIB30 INDEX FUTURE	EUR	(2,682,700.00)	<u>66,900.00</u>
					<u>44,400.00</u>

**BOND EURO**

	Number of contracts	Denomination	Currency	Market value EUR	Unrealised loss EUR
Short	15	EURO BOBL	EUR	(1,657,950.00)	(9,450.00)

**11. FORWARD FOREIGN EXCHANGE CONTRACTS**

As at December 31, 2003, the following forward foreign exchange contracts and the corresponding unrealised results are outstanding:

**EUROPEAN EQUITY**

Currency	Purchases	Currency	Sales	Maturity	Unrealised gain EUR
EUR	184,631.85	USD	207,000.00	08/04/2004	19,826.60
EUR	405,336.56	USD	458,000.00	08/04/2004	<u>40,710.79</u>
					<u>60,537.39</u>

**CompAM FUND****NOTES TO THE FINANCIAL STATEMENTS (continued)**

AS AT DECEMBER 31, 2003

**BOND EURO**

Currency	Purchases	Currency	Sales	Maturity	Unrealised gain EUR
EUR	173,650.38	USD	196,200.00	08/04/2004	17,440.93
EUR	393,591.41	USD	425,000.00	08/04/2004	55,187.99
EUR	295,842.22	USD	333,000.00	08/04/2004	30,723.58
EUR	104,725.06	USD	113,700.00	08/04/2004	14,193.58
EUR	84,120.56	USD	93,500.00	08/04/2004	9,677.79
EUR	256,025.81	USD	292,000.00	08/04/2004	23,557.62
EUR	180,153.26	USD	191,232.69	08/04/2004	27,878.10
EUR	158,793.68	GBP	111,100.00	08/04/2004	2,091.26
EUR	175,375.81	GBP	122,500.00	08/04/2004	2,595.31
					<u>183,346.16</u>