

Sub-fund of Petercam B Fund, sicav under Belgian law, launched in October 1996

Last update: 30/06/2008

### Investment policy

Fixed-income securities in euro

### Investment strategy

Petercam Bonds EUR is an actively managed sub-fund in euro bonds of the highest quality (government bonds and bonds issued by supranational institutions with an AAA rating). Based on macroeconomic studies and yield curve analyses the manager adapts the duration, position on the yield curve and the country allocation of the portfolio. The objective is to outperform the JP Morgan EMU Govt. Bond index.

### Investment profile

Risk (Scale of CBFA)

0	1	2	3	4	5	6
---	---	---	---	---	---	---

Investment horizon

1 year	3 years	5 years	7 years
--------	---------	---------	---------

### Fund facts

Sub-fund size: 1617.9 m EUR

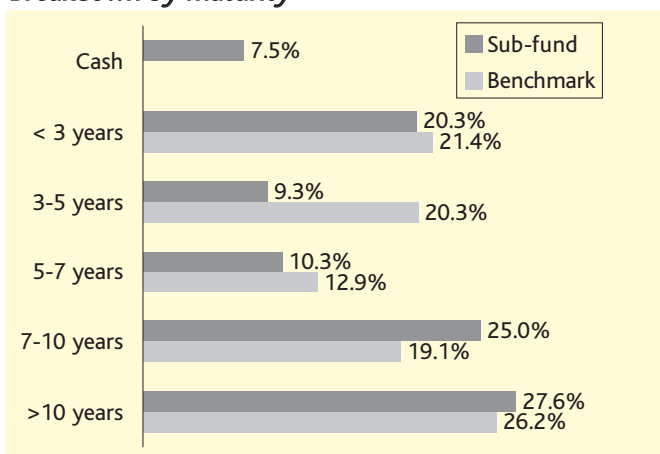
Net asset value

Accumulation share: 53.42 EUR

Income share: 42.45 EUR

Last gross dividend (28/03/08) : 1.40 EUR

### Breakdown by maturity

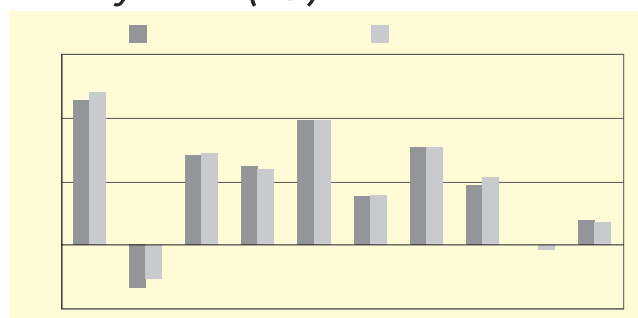


### Characteristics of the portfolio

	Sub-fund	Benchmark
Average maturity (in years)	8.89	8.89
Duration (in years)	6.44	6.39
Modified duration (in %)	6.19	6.09
Yield to maturity (in %) (1)	4.83	4.82
Average rating	AA	AA+

(1) of the bonds in the portfolio

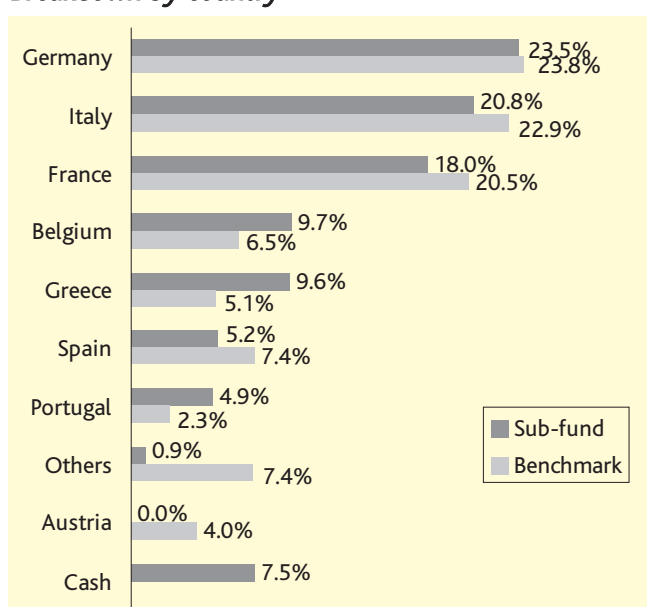
### Calendar year return (in %)



### Annualized return (in %)

	1 year	3 years	5 years	10 years	Begin
Pet. Bonds EUR	3.8	0.7	2.8	4.4	4.7
JPM EMU Govt	2.8	0.3	2.7	4.4	5.3

### Breakdown by country



### Manager's comments

The second quarter was characterised by a sharp rise of government bond yields due to the strong increase in inflation. The fund manager has been buying gradually during this period. Consequently, the duration has risen and is now slightly longer than the JP Morgan EMU Government Bond index. The fund manager bought mainly bonds with long maturities (30 year). Contrary to the 10-year yield, the yield on 30-year bonds remained almost flat in the first quarter, but started to rise as from April. Due to these recent purchases, the yield curve positioning is now almost neutral.

The net asset value of the accumulation shares declined from EUR 54.73 to 53.42 compared to a loss of 3% for the benchmark. The sub-fund declined less thanks to its shorter duration in April and May and its approximately 12% of inflation-linked bonds in the portfolio. Inflation-linked bonds significantly outperformed traditional government bonds in June.

The fund manager will continue to lengthen the duration as long as the 10-year German government bond yield is above 4.50%. Since the yield curve has flattened, he no longer has a clear preference for a particular maturity. On the contrary, he thinks all maturities offer attractive yields.