

Equity Management

PROJECTED RESULTS AND VALUATIONS

Earnings forecasts: Further downward revisions

- Over the past month, downward revisions of 2011 and 2012 profits continued in all regions, and particularly in the eurozone.
- We are maintaining our 2012 forecasts unchanged, still below consensus expectations.

Equity market valuations are rising. Extremely low levels must be seen in context

- Europe, like the United States, has implicitly weak growth over the long term, at a level below the valuations of 2003-2007.

OTHER FACTORS

Cash and banks: Withdrawals slow from U.S. and European equity funds

- Sharp slowdown in financial transactions, few mergers & acquisitions (Sony Corp / Sony Ericsson Mobile). British group G4S pulled out of the deal to buy ISS.

Chart analysis: Markets are resilient, but worries persist for 2012

- The markets are resilient and are re-joining the long-term moving averages, though they will struggle to break through them.
- Meanwhile, the long-term momentum is worsening and confirms that we are still in a bear market.

OUTLOOK

Outlook: A long, hard road ahead

- The financial markets had glimpsed a possible solution to the European debt crisis, until the hesitations of local governments reminded the markets of the hard political reality—and its corollary, uncertainty. For European governance, the road ahead will be long and hard, and the resolution of the crisis now depends on the peoples' acceptance of the solutions (from austerity policies to greater European integration).
- At the same time, the economic outlook isn't getting better. From confidence shock to austerity policies and tighter credit, all are risk factors for our 2012 earnings forecasts. These are partially offset by still strong demand from emerging markets, especially for consumer goods, and by a strong balance sheet position for

most European companies. We still anticipate 2012 earnings for the eurozone far below market forecasts, as well as zero growth in profits for the United States.

- Risk aversion indicators, in extreme positions last month, recovered somewhat and point to a relative reprieve.
- Just like our unchanged earnings forecasts, our 12-month market targets are unaltered. We have slightly reduced our 3-month expectations, in anticipation of slightly more chaotic circumstances in the coming weeks, and disappointments ahead for year-end corporate earnings.
- Our forecasts thus remain very modest, favouring Asia and the United States over Europe.

A WORD ABOUT THE INVESTMENT STRATEGY

- We are maintaining a defensive profile for our portfolios, with an emphasis on energy and technology. Our emerging markets exposures are oriented more towards consumption (luxury) than investment (less industry and basic materials). Lastly, we are adopting greater caution vis-à-vis the financial sector.

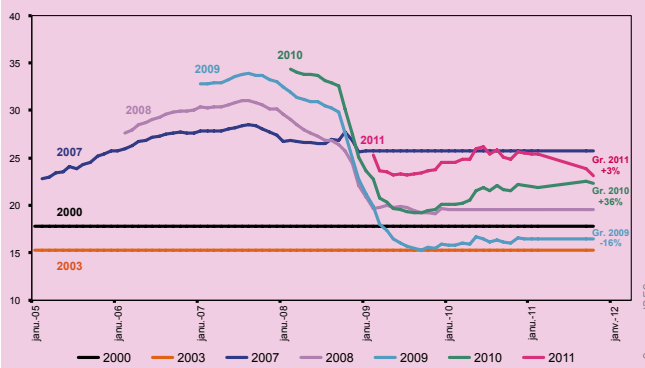
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Performance of the main indices since the start of the year

	15/11/11	Var. 2011 en euros
DJ Euro Stoxx 50	2254	-19,29 %
SBF 250	2271	-18,89 %
CAC 40	3049	-19,86 %
FTSE 100 (UK)	5517	-6,26 %
S&P 500	1258	-0,78 %
Nasdaq	2686	0,45 %
Topix (Japan)	731	-14,97 %

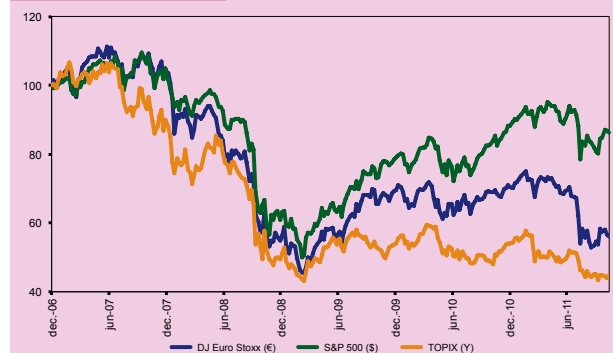
Source: Databstream

Profits forecast by the consensus on Euro Stoxx



Source: IBES

Performances of international stock market indices in local currency



Source: Databstream