

GENERAL INFORMATION

Net asset value on 25/06/2010: 3,382.68 USD / 2,751.49 €

ISIN Code (P class): LU0152377916

Legal structure: Luxembourg SICAV

Classification: Global Equities

Inception date: February 2nd, 1998

Inception date of P class: February 2nd, 1998

Valuation frequency: Weekly

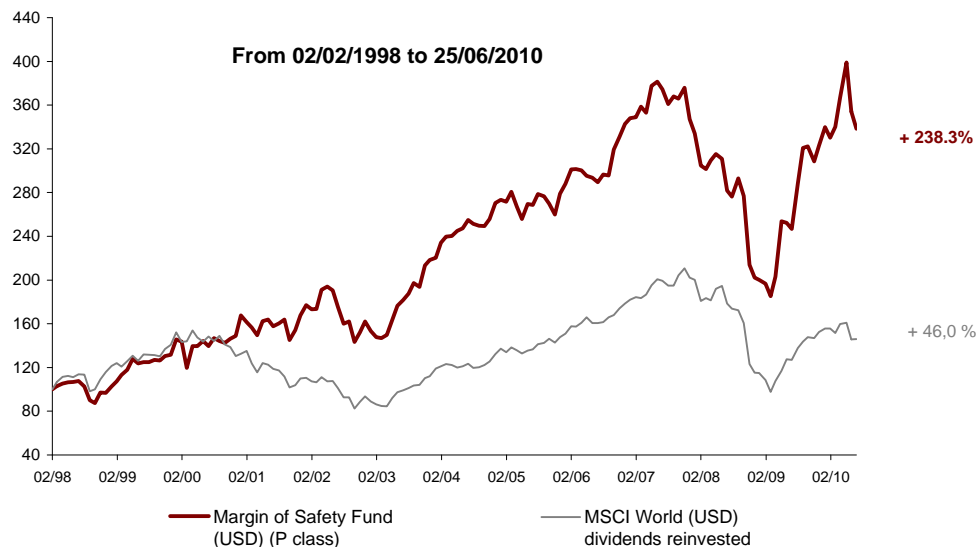
Currency denomination: USD / EUR

Minimum subscription: 1,500 USD / 1,500 EUR

Recommended holding period: Over 5 years

Custodian: CACEIS Bank Luxembourg

CUMULATIVE RETURNS SINCE INCEPTION



TOTAL ANNUAL RETURNS

	Margin of Safety Fund (USD) (P class)	MSCI World (USD) dividends reinvested	MSCI World (USD) price index
1998*	2.5 %	21.4 %	17.4 %
1999	42.0 %	25.3 %	23.6 %
2000	15.1 %	- 12.9 %	- 14.0 %
2001	5.7 %	- 16.5 %	- 17.8 %
2002	- 13.4 %	- 19.5 %	- 21.1 %
2003	43.8 %	33.8 %	30.8 %
2004	23.9 %	15.2 %	12.8 %
2005	5.3 %	10.0 %	7.6 %
2006	20.9 %	20.7 %	18.0 %
2007	- 4.0 %	9.6 %	7.1 %
2008	- 40.1 %	- 42.7 %	- 44.3 %
2009	69.9 %	35.6 %	31.6 %
2010**	- 0.5 %	- 6.3 %	- 7.6 %
CAR***	10.3 %	3.1 %	0.8 %

* Fund's inception on February 2nd, 1998

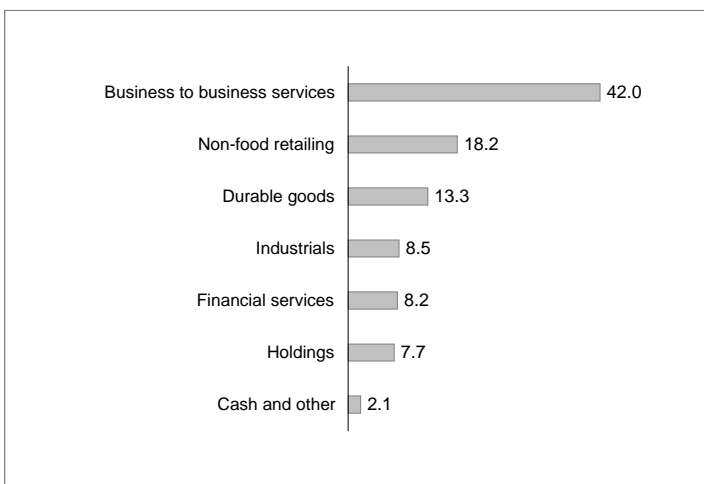
** On June 25th, 2010

*** Compound Annual Return since inception

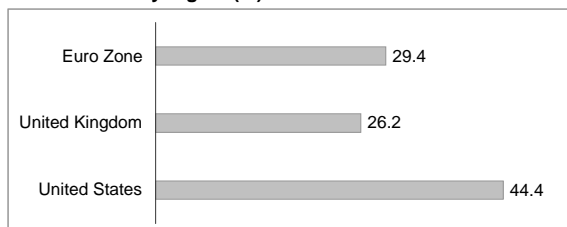
Performances: source Pastel & Associés. The MSCI World performance has been provided herein for information only. It should be reminded that the investment manager's goal is to generate an absolute return over the long term while allowing for significant deviations from major stock indices.

PORTFOLIO STRUCTURE

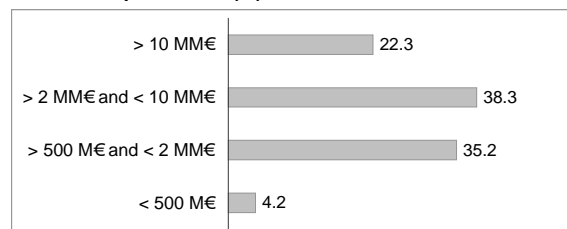
Industry breakdown (%)



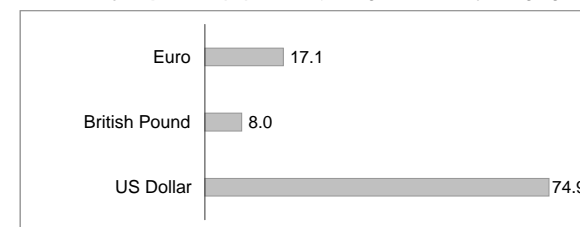
Breakdown by region (%)



Market Capitalisation (%)



Currency exposure (%) after adjusting for currency hedging



This document is for information only and is not intended as an offer or solicitation for the purchase or sale of shares of the Margin of Safety Fund or any other security. Past performance is no guarantee of future results.

INVESTMENT PROCESS

Margin of Safety Fund is an open-ended mutual fund invested primarily in publicly-traded international equities (US, UK and Continental Europe). It is managed with the twin goal of achieving a positive long term return while minimizing the risk of permanent loss of invested capital. Its investment methodology, developed and time tested by its manager, Pastel & Associés, is based on an original process combining an independent research effort, tightly concentrated portfolios and a "long-term owner approach" in valuing and investing in public companies. The fund's foreign currency exposure has been managed through forward currency sales, from the viewpoint of a US\$ based investor. However, rather than implementing a systematic, 100% hedging program, Pastel & Associés has opted for a more "pragmatic" approach with hedging ratios generally fluctuating, according to exchange rate levels, between 25-75%.

MAJOR PORTFOLIO POSITIONS

Best Buy US Non-food retailing	<i>Market Capitalisation: \$14,286M - Revenues: \$49,694M - Net Income: \$1,317M</i> Best Buy is the leading consumer electronics' retailer in the US, where it operates a network of 1 200 specialized stores. These currently generate 75% of the group's turnover. Additionally, Best Buy holds strong positions in the European mobile phone retail sector through The Carphone Warehouse and The Phone House' brands.
Charles Schwab US Financial services	<i>Market Capitalisation: \$16,924M - Revenues: \$4,193M - Net Income: \$787M</i> The Charles Schwab group provides brokerage and portfolio management and administration services to private investors as well as to Independent Financial Advisors. The group operates a multi-channel distribution network including internet, telephone and over 300 agencies. It currently holds the leading market share among Independent Advisors in North-america. Its revenues consist of portfolio management and administration fees (45%), brokerage commissions (21%), net interest income (29%) and others (5%).
Cintas Corp US Business to business services	<i>Market Capitalisation: \$3,664M - Revenues: \$3,775M - Net Income: \$226M</i> Cintas Corp. is the North American leader of uniform rental services market with 35% of market share. The company's operations are made up of two divisions. The larger one (73% of revenues) provides rental services of uniform, garment, mats, shop towels, as well as restroom and hygiene products. The other division (27% of revenues) provides direct sales of uniform and related items, first aid, safety and fire protection products and services, as well as document management services and branded promotional products.
Lowe's US Non-food retailing	<i>Market Capitalisation: \$29,184M - Revenues: \$47,220M - Net Income: \$1,783M</i> Lowe's is the world's second largest home improvement retailer. Its client base is made up of Do-It-Yourself individuals as well as professionals. It is operating essentially in the US through 1,710 stores.
Premier Farnell UK Business to business services	<i>Market Capitalisation: £803M - Revenues: £795M - Net Income: £38M</i> Premier Farnell is one of the world's leading B-to-B distributors of electronic, electromechanical and industrial products, Its customer base consists primarily of Research & Development as well as Design and Maintenance engineers. The group generates 49% of its revenues in the North america where it is the leading player under the Newark brand-name, 26% in the UK and 25% in the rest of the world.
Randstad Netherlands Business to business services	<i>Market Capitalisation: €5,506M - Revenues: €12,400M - Net Income: €68M</i> Dutch group Randstad is the second largest temporary staffing company worldwide, after Adecco, in terms of total revenues. Over the last year, it derived 77% of its revenues from Continental Europe, 6% from the UK, 12% from North america and 5% from the rest of the World (mainly Asia).
Uponor Finland Durable goods	<i>Market Capitalisation: €853M - Revenues: €734M - Net Income: €17M</i> Uponor is a Finnish manufacturer of plastic pipes for residential and commercial building markets. The group provides plumbing and indoor climate systems in Europe (66% of sales) and in North America (15% of sales). Uponor is also a prominent supplier of pipe systems for the utility infrastructures in the Nordic countries (19% of sales).

Market Capitalisation as of June 30th, 2010 - Revenues and net income as of latest fiscal year-end.

*The stocks sampled here represent some of the main investment positions of your Fund. However, the foregoing paragraphs are not meant to provide a comprehensive description of all the stocks making up the Fund's portfolio. The figures presented herein have been adjusted by Pastel & Associés according to its own methodology and may therefore differ significantly from those published by other sources. The foregoing comments and data are not intended as an offer or solicitation for the purchase or sale of shares of the Margin of Safety Fund or any other security. Past performance is no guarantee of future results.