# INSINGER DE BEAUFORT MANAGER SELECTION SICAV
(Société d'Investissement à Capital Variable)

## Annual Report and Audited Financial Statements
## For the year ended December 31, 2009

R.C.S. Luxembourg: B-75 761

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# Management, Administration and Independent Auditor

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# General Information

The annual general meeting of shareholders of INSINGER DE BEAUFORT MANAGER SELECTION SICAV (the "SICAV" or the "Company") is held at the registered office of the Company or at such other place in Luxembourg on the last Wednesday of the month of April of each year at 11.30 a.m. If this is not a bank business day in Luxembourg, it will be held on the next bank business day.

Notifications of all general meetings will be published in the "Mémorial, Recueil des Sociétés et Associations" of Luxembourg (the "Mémorial") and in at least one Luxembourg newspaper as far as this is required by Luxembourg law. The notification shall be sent to the holders of registered shares by mail, in accordance with Luxembourg Law, at least eight days prior to the meeting at their addresses in the register of shareholders. The Board of Directors may decide at its sole discretion to publish the notification in any other newspaper.

Such notices will include the agenda and specify the time and place of the meeting, the conditions of admission and will refer to the requirements of Luxembourg law with regard to the necessary quorum and majorities required for the meeting.

The requirements as to attendance, quorum and majorities at all general meetings will be those laid down in Articles 67 and 67-1 of the law of 10th August, 1915 (as amended) of the Grand Duchy of Luxembourg and in the Company's Articles of Incorporation.

Each entire share is entitled to one vote. Fractions of shares however participate in the distribution of dividends (if any) or in the distribution of the liquidation proceeds.

The Annual Reports and the Audited Financial Statements will be published within 4 months after the end of the financial year and the unaudited semi-annual reports shall be published within 2 months after the end of the relevant period. The reports include separate information on each of the Sub-Funds as well as combined information on all of the Sub-Funds. The reports are available at the registered office of the Company during normal business hours. The financial year-end of the Company is December 31 of each year.

A detailed schedule of portfolio movements for each Sub-Fund is available free of charge upon request at the registered office of the SICAV.

The Net Asset Values and the issue, conversion and redemption prices of the shares in any Sub-Fund shall be made public and available at the registered office of the Company. Shares of all the Sub-Funds, as and when issued, shall be listed on the Luxembourg Stock Exchange.

Under current legislation and practice, shareholders are not subject to any capital gains, income, withholding, inheritance or other taxes in Luxembourg (except for shareholders domiciled, resident or having a permanent establishment in Luxembourg and for certain former residents of Luxembourg owning more than 10% of the share capital of the Company).

Potential investors should consult their professional advisers on the possible tax or other consequences of buying, holding, converting, transferring or selling any of the shares under the laws of their countries of citizenship, residence or domicile.

The Company is out of the scope of the EU Savings Directive.

The annual reports can be obtained, free of charge, at the offices of the Investment Manager or can be downloaded, free of charge, from the website of the Investment Manager under the following link:

http://www.insinger.com/nl/beleggingsfondsen/page00215-IdB-Multi-Manager-fondsen.html

# General Information (continued)

**Expense Ratio**

The expense ratio of each Sub-Fund is calculated by dividing the total expenses by the average Net Asset Value of each Sub-Fund. The average Net Asset Value as at December 31, 2009 is calculated by averaging the Net Asset Value of each Valuation of each Sub-Fund during 2009. The calculation of the expense ratio of the underlying funds is based on available information of the funds.

**Insinger de Beaufort Multi-Manager Equity**
The average Net Asset Value for the year ended December 31, 2009 is USD 74,245,035. The expense ratios as at December 31, 2009 are as follows (percentages are expressed per annum):
- excluding expense ratio of the underlying funds: 1.45%
- including expense ratio of the underlying funds: 2.88%

All above expense ratios exclude the performance fees in the underlying funds as these are not yet known and difficult to estimate.

**Insinger de Beaufort Multi-Manager Balanced**
The average Net Asset Value for the year ended December 31, 2009 is USD 42,432,231. The expense ratios as at December 31, 2009 are as follows (percentages are expressed per annum):
- excluding expense ratio of the underlying funds: 1.40%
- including expense ratio of the underlying funds: 2.81%

All above expense ratios exclude the performance fees in the underlying funds as these are not yet known and difficult to estimate.

# Market Synopsis

**Macro Review**

After a fluctuating start, during the fourth quarter of 2009, equity markets managed to reach new annual peaks towards the end of the year. This had all the earmarks of being a traditional 'January rally', since this usually starts (other than the name would indicate) during the second half of December. Ultimately, 2009 thus still turned out to be an excellent year for equities, in spite of an unusually poor start. The strong end to 2009 was still unable to prevent the first decade of the new century from being the worst decade for equity investments in the past two centuries!

On 1 November 2009, the economist Nouriel Roubini (famous for his prediction of the credit crisis) published an article entitled 'Mother of all carry trades faces an inevitable bust'. In his view, the strong rally seen in risky investments (equities, oil, raw materials, high-yield bonds and everything involving emerging countries) is the 'mother of all carry trades', and can't possibly end well at all. A 'carry trade' is an investment construction that is applied by professional speculators, such as some hedge funds or bank traders who act on behalf of their own bank. The speculator borrows an amount in a currency with a low interest rate, and then invests these funds in another investment which he expects to yield a higher return. These loans used to be taken out primarily in Japanese yen, but in the past year, the U.S. dollar was more popular due to the Fed's extremely low interest rates. This is seen as an important cause of the decreases in the value of the dollar. With carry trades, an extremely high return may be earned on a minimum amount of equity capital, provided of course all goes well. There are no concrete figures on the size of the carry trade segment; the larger investment banks are the only ones who would be able to create a reliable estimate, and they are not broadcasting this information since their own interests in this area are too substantial.

In Roubini's opinion, the prices of investments involving emerging countries and raw materials have already increased too much. The well-known raw materials devotee Jim Rogers (who once managed funds for the renowned George Soros) however does not believe that there is a speculative hype occurring in raw materials and emerging countries. He rebukes this theory, saying instead that the increases seen in 2009 are the result of major corrections occurring in 2008, and as such, 2009 was merely a good recovery year, not one characterised by speculative hype. Even more important is the observation that these increases in price are actually based on something. It cannot be denied that emerging countries are working hard to secure a position for themselves in the world in a way that we have not witnessed before. The share of emerging countries rose from 21% of the global GDP in 1998 to 31% in 2008, which means that, as a group, it had surpassed the U.S. (with 25% of global GDP in 2008). For years now, these countries have seen the occurrence of a structural bull market, whereas the stock markets in the developed part of the world (the West and Japan) are characterised by a structural bear market.

In our opinion, the market developments in 2009 may therefore not be attributed to carry trades, although these undoubtedly played a role in events. We feel it is vastly more interesting that the 'speculation' is occurring in tangible goods, such as raw materials and gold. When someone buys a share, they are actually also buying something tangible: not only part of that company's assets, but also part of the profits and the dividend. It does not appear strange to us that investors are willing to sell paper currency such as the dollar in order to invest in something tangible such as raw materials, gold or shares in a company. In order to combat the effects of the credit crisis, governments in the West have overloaded themselves with debt, the interest on which they are only capable of paying if it remains low. Investors are justified in worrying about the creditworthiness of governments and this is why buying tangible goods that have as little as possible to do with the government is rational, be these raw materials, gold or shares. After all, Iceland has actually already fallen, Dubai had to be rescued by Abu Dhabi and the creditworthiness of Greece is now being called into serious doubt. Which country is next?

It seems as though the gigantic injections of financial support from governments and central banks are yielding results: the West is showing tentative signs of economic recovery. Even American consumers, who are still weighed down heavily by the housing crisis, are starting to show signs of life. Not only have consumers succeeded in starting to save again (currently about 4% of GDP, a figure which was approaching zero for many years), retail sales are also beginning to show careful annual growth. However, the question remains what will happen to all this growth and savings when the government support evaporates. This support cannot actually be withdrawn until unemployment decreases, and this appears to have only just reached its peak. Many companies reported encouraging profit figures for the third quarter of 2009. The reason for these 'pleasant surprises' however seems to lie mostly in cost savings (read: dismissals); very few are due to a growth in sales. Although claims are being made left and right that the recession is over, in scientific terms, this is not yet the case. Most of the Western economies are still showing negative growth rates on an annual basis.

**Bonds**

Given the enormous government deficits and sharply rising government debt, interest rates will have to remain low for quite some time yet. The most important central banks are fully aware of this. This means that we can expect very little change in short-term interest rates during the coming year. The European (German) interest on 10-year government bonds once again cautiously declined over the last few months, and is currently hovering at just over 3%. In other words, this rate is barely above the crisis-level rate of one year ago. When examined over a longer timeframe, long-term interest rates still demonstrate a decreasing trend. It is however true that long rates are currently at the bottom of the trend channel, meaning that a substantial increase is possible without breaking the down trend. The improvement in the global economy combined with the deterioration of the creditworthiness of governments gives us cause to become 'bearish' enough on government bonds to advise clients to shorten the duration of their bond portfolios in order to limit any possible price decreases resulting from rising interest rates. The best corporate bonds enjoy a higher credit rating than the government debt of a country such as Greece, and thus also trade at a lower effective rate of return. Under the present circumstances however, our preference continues to lie with good corporate bonds above government bonds.

# Market Synopsis (continued)

**Equities**

The most prominent feature of the year 2009 was the cyclical rally which occurred following the bottom reached in early March. This rally appears to continue for the short term, however the normal progression in this type of situation is that the rally will lose steam, and the market will slowly start focusing more on less cyclical shares with stable cash flow development. The recovery in the markets has already led to a considerable rise in valuations. If the markets continue to increase further, it is not unlikely that a major correction will occur during the coming year in which primarily those investments which have increased the most will be hit the hardest. However, under the equity markets lies a fortification in the form of extremely low global interest rates, whereby investors will often earn higher income from equity dividends that they would from bond coupons.

Should a considerable correction occur in the markets for raw materials and in emerging countries, this presents a potential opportunity to expand interests in these types of investments. The bull market in emerging countries and in raw materials appears to be intact, which means that these markets will most likely be the fastest to recover. In addition, the technology sector continues to do well, and there are good reasons for this. Technology companies generally carry very little debt, they sell a great deal in emerging countries where growth is still high, and profit from the low dollar. Additionally, the sector had already suffered for an entire decade from low investment levels, yet these now appear to be improving. Insider buying is also reviving in this sector.

**Commodities**

As was the case three months ago, gold was the most talked-about investment within the Alternatives category. The gold price naturally benefited from the exchange rate of the dollar, which had been falling until mid-December. After all, the prices of all raw materials are quoted in dollars. However, during the last three months of the year, investors in Euros also profited from their investment in gold. As was mentioned previously, gold benefits from its tangible nature and the fact that it is the only real money in a world dominated by paper currency, the interest rates for which governments and central banks try to keep as low as possible, with all of the dangers of future inflation this entails. Gold is difficult to value since it does not pay out an interest coupon or dividend. This makes it impossible to say where the current gold rally will end. However, when corrected for inflation, gold has not yet reached the peaks it experienced around 1980. What applies to gold also applies to most raw materials, although agricultural products are lagging behind metals.

# Review of the Sub-funds

**Insinger de Beaufort Multi-Manager Equity**

The NAV of Insinger de Beaufort Multi-Manager Equity – Class A increased from USD 73.93 at the beginning of 2009 to USD 98.57 as at 31 December. This translated in a return of 33.33% for the year 2009. The Class C (euro) of the Fund increased from EUR 49.01 at the beginning of 2009 to EUR 63.90 as at 31 December. This translated in a return of 30.38%.

Despite a tough start of the year, 2009 turned out to be a very positive year for global equity markets. The better part of 2009 was characterized by a strong recovery from dramatic year 2008. As investor appetite for risk started to increase the recovery was predominantly led by the more risky securities such as higher beta, more cyclical equity sectors and stocks and on a regional level by the emerging countries. Within the developed equity markets Europe outperformed both US and Japan.

Also the absolute performance of IdB MM Equity was benefited strongly by the strong recovery in global equity markets, in relative terms the fund benefited from its regional positioning (overweight in Asia & emerging markets and Europe, underweight in USA and Japan) but was negatively impacted by the relative conservative positioning of most of the underlying managers' portfolios. In 2009 we made a few changes to the regional breakdown of the portfolio. We reduced our exposure to the US slightly and increased the allocation to Europe. We also slightly reduced our relatively high exposure to emerging markets, still leaving an overweight position to the region in the portfolio.

The results of our US equity managers in 2009 was mixed. AXA Rosenberg lagged the index. Its quant driven models were unable to keep up with the rapidly changing market environment and therefore missed out on a big part of the cyclical rally of the past year. Although we were disappointed with the fund's 2009 result, we decided not the sell the fund completely. However we are monitoring the fund closely in the coming period. Wellington US Equity Research fund however, performed well in 2009. Its natural tilt towards growth-oriented stocks helped the fund to outperform the MSCI USA index.

Alex Roepers, manager of the concentrated specialist US equity portfolio Cambrian Fund, had an excellent year. In USD terms the fund rose by some 62% where the MSCI USA index increased by 26%. Towards the end of the second quarter we added Janus US Twenty Fund to the portfolio. This fund is managed by Ron Sachs at specialist growth house Janus Capital Management. The fund usually has a relatively high beta and holds a concentrated number of positions.

Although in absolute terms our European managers benefited from the 2009 recovery, in relative terms most of them were unable to outperform their benchmarks in 2009. This is exactly the opposite of what happened last year, when they suffered from the 2008 global economic crisis, but in relative terms managed to produce good results. Their cautious view and conservative positioning helped them in 2008 but hurt them slightly in 2009. In October we started adding Cazenove European fund to our European equity portfolio. The fund is managed by Chris Rice since its inception. Cazenove European should be perceived as a core European fund, which has a slight (large cap) growth tilt. Rice is known for his strong macro views which can from time to time be contrarian. His track record is very good and we believe his experience can add value to our European equity portfolio. Rod Marsden, who is responsible for managing JO Hambro Continental European Fund, did not manage to outperform the MSCI Europe ex- UK index, but only by a very small margin. Compared to his peers he weathered the combined 2008 and 2009 storms well. Crispin Odey, who runs the Odey Pan European Fund, has exhibited a more volatile performance pattern compared to core European fund managers. In 2008 he kept up extremely well and he continued to do so in the first three quarters of 2009. In October however, he made a few changes to his portfolio that turned against him and this led to an underperformance in the fourth quarter. His long-term track record is still very much in tact and the extent to which Odey has managed to protect capital in 2008 was much higher than the past year's underperformance. Cambrian Europe, the European version of the abovementioned Cambrian Fund, also recovered very well in 2009 and largely outperformed the MSCI Europe index. Ennismore European Smaller companies had a disappointing year where it failed in benefiting from the strong recovery in equity markets. We have slowly started to build down the position in this fund. The Board of Directors of Genus 15 Fund Limited has decided to liquidate the fund and therefore our holding was sold in October and November.

Japan did not participate in the 2009 rally as strongly as the other developed regions and therefore the contribution of our Japanese equity fund managers was only marginal. In relative terms however both our Japanese managers Andrew Rose (Schroder Tokyo) and Alex Roepers and his Japan analysts (Cambrian Asia) managed to outperform the MSCI Japan index. Schroder Tokyo rose by almost 10%, thereby outperforming the benchmark by 3%. And Cambrian Asia outperformed by some 1.5%.

Our Asia ex-Japan portfolio exhibited very strong returns on an absolute basis, but from a relative perspective our managers Angus Tulloch (First State), Hugh Young (Aberdeen) and Martin Lau (First State Asian Equity Plus) underperformed their benchmarks. Cautiousness led them to substantially outperform in 2008 but also hurt them in 2009 as they did not fully benefit from the cyclical rally in their region. We are however happy to maintain our weights in these managers, as they still have very good long term track records and from a risk perspective we prefer to hold very disciplined and experienced managers in a region that moves so quickly.

Our core emerging markets holding is Nevsky Global Emerging Markets (formally known as Traditional Funds PLC – Global Emerging Markets), managed by Martin Taylor and his large team of emerging markets specialists analysts/fund managers. The emerging markets rallied very strongly in 2009. In euro terms they gained over 74%. The Nevsky team produced similar results.

# Review of the Sub-funds (continued)

Within the opportunity segment of the portfolio we hold Sanlam Global Best Ideas Fund. Partially due to its large allocation to emerging markets, the fund performed very well in 2009 and gained almost 75% in euro terms.

**Outlook & Strategy**
We still believe that the 2008 legacy is not yet completely resolved and that the process of reducing debt positions of consumers and companies should still take some time. However, we also believe there will be good opportunities for equity investors in 2010. We will continue to actively allocate our assets amongst the regions available and monitor the developments in the regional markets very closely. On an individual manager level we believe the portfolio is well positioned for the coming year. We will continue to monitor the markets and allocate our assets to a combination of managers that we believe is well suited given market circumstances.

# Review of the Sub-funds (continued)

**Insinger de Beaufort Multi-Manager Balanced**

The NAV of Insinger de Beaufort Multi-Manager Balanced – Class A increased from USD 91.77 at the beginning of 2009 to USD 107.71 as at 31 December. This translated in a return of 17.37% for the year 2009. The Class B (GBP) increased from GBP 87.86 to GBP 98.84 and Class C (euro) increased from EUR 70.76 at the beginning of 2009 to EUR 82.20 as at 31 December. This translated in a return of 12.50% for Class B and 16.17% for Class C.

In 2009 we have made active changes to the portfolio's overall asset allocation. The major shift in the portfolios during 2009 was a further reduction of the allocation to alternative investments and an increase in the fixed income weights. We have also increased our equity allocation. Although hedge funds performed well in the bear market of 2001-2003, in the 2008 bear market their performance was quite disappointing. It also appeared that the correlation of most of the hedge funds with traditional asset classes (mostly equities) was higher than originally anticipated.

**Equity Funds**
Despite a tough start of the year, 2009 turned out to be a very positive year for global equity markets. The better part of 2009 was characterized by a strong recovery from dramatic year 2008. As investor appetite for risk started to increase the recovery was predominantly led by the more risky securities such as higher beta, more cyclical equity sectors and stocks and on a regional level by the emerging countries. Within the developed equity markets Europe outperformed both US and Japan.

Also the absolute performance of the equity portfolio within IdB MM Balanced benefited strongly by the strong recovery in global equity markets, in relative terms the equity portfolio benefited from its regional positioning (overweight in Asia & emerging markets and Europe, underweight in USA and Japan) but was negatively impacted by the relative conservative positioning of most of the underlying equity managers' portfolios. In 2009 we made a few changes to the regional breakdown of the equity portfolio. We reduced our allocation to Europe and increased the weight in the US.

The results of our US equity managers in 2009 was mixed. AXA Rosenberg lagged the index. Its quant driven models were unable to keep up with the rapidly changing market environment and therefore missed out on a big part of the cyclical rally of the past year. Although we were disappointed with the fund's 2009 result, we decided not the sell the fund completely. However we are monitoring the fund closely in the coming period. Wellington US Equity Research fund however, performed well in 2009. Its natural tilt towards growth-oriented stocks helped the fund to outperform the MSCI USA index.

Alex Roepers, manager of the concentrated specialist US equity portfolio Cambrian Fund, had an excellent year. In USD terms the fund rose by some 62% where the MSCI USA index increased by 26%. Towards the end of the second quarter we added Janus US Twenty Fund to the portfolio. This fund is managed by Ron Sachs at specialist growth house Janus Capital Management. The fund usually has a relatively high beta and holds a concentrated number of positions.

Although in absolute terms our European managers benefited from the 2009 recovery, in relative terms most of them were unable to outperform their benchmarks in 2009. This is exactly the opposite of what happened last year, when they suffered from the 2008 global economic crisis, but in relative terms managed to produce good results. Their cautious view and conservative positioning helped them in 2008 but hurt them slightly in 2009. In October we started adding Cazenove European fund to our European equity portfolio. The fund is managed by Chris Rice since its inception. Cazenove European should be perceived as a core European fund, which has a slight (large cap) growth tilt. Rice is known for his strong macro views which can from time to time be contrarian. His track record is very good and we believe his experience can add value to our European equity portfolio. Rod Marsden, who is responsible for managing JO Hambro Continental European Fund, did not manage to outperform the MSCI Europe ex- UK index, but only by a very small margin. Compared to his peers he weathered the combined 2008 and 2009 storms well. Crispin Odey, who runs the Odey Pan European Fund, has exhibited a more volatile performance pattern compared to core European fund managers. In 2008 he kept up extremely well and he continued to do so in the first three quarters of 2009. In October however, he made a few changes to his portfolio that turned against him and this led to an underperformance in the fourth quarter. His long-term track record is still very much in tact and the extent to which Odey has managed to protect capital in 2008 was much higher than the past year's underperformance. Cambrian Europe, the European version of the abovementioned Cambrian Fund, also recovered very well in 2009 and largely outperformed the MSCI Europe index. Ennismore European Smaller companies had a disappointing year where it failed in benefiting from the strong recovery in equity markets. The defensive IdB Equity Income Fund also enjoyed a recovery along with improvement of the European equity markets. However the hedging efforts detracted from the return and therefore the fund performed below expectations in 2009.

Japan did not participate in the 2009 rally as strongly as the other developed regions and therefore the contribution of our Japanese equity fund managers was only marginal. In relative terms however our Japanese managers Andrew Rose (Schroder Tokyo) managed to outperform the MSCI Japan index. Schroder Tokyo rose by almost 10%, thereby outperforming the benchmark by 3%.

Our Asia ex-Japan portfolio exhibited very strong returns on an absolute basis, but from a relative perspective our managers Angus Tulloch ( First State) and Hugh Young (Aberdeen) underperformed their benchmarks. Cautiousness led them to substantially outperform in 2008 but also hurt them in 2009 as they did not fully benefit from the cyclical rally in their region. We are however happy to maintain our weights in these managers, as they still have very good long term track records and from a risk perspective we prefer to hold very disciplined and experienced managers in a region that moves so quickly. We did sell our position in Martin Lau's First State Asian Equity Plus as this holding in IdB MM Balanced was too small to add value to the portfolio.

# Review of the Sub-funds (continued)

Our core emerging markets holding is Nevsky Global Emerging Markets (formally known as Traditional Funds PLC – Global Emerging Markets), managed by Martin Taylor and his large team of emerging markets specialists analysts/fund managers. The emerging markets rallied very strongly in 2009. In euro terms they gained over 74%. The Nevsky team produced similar results.

Within the opportunity segment of the portfolio we hold Sanlam Global Best Ideas Fund. Partially due to its large allocation to emerging markets, the fund performed very well in 2009 and gained almost 75% in euro terms.

**Fixed Income Funds**
Within the fixed income portfolio we introduced dedicated exposure to corporate and high yield debt. For the years immediately before 2009, we had maintained low exposure to corporate bond markets give the low yields available. We argued that the narrow spreads (the extra yield a company pays compared to the risk free government yield) earned in most parts of the credit markets did not justify the additional risk taken on. Yet following the implosion of credit markets in September and October last year, corporate bond spreads rose rapidly as global markets priced in the possibility of a 1930's style depression. Spreads rose to levels never before seen, making investment grade credit attractive even under a scenario of very high downgrades and defaults. High yield bonds also offered very attractive yields, with spreads pricing in never before seen levels of defaults.

In this environment we chose to make allocations to investment grade corporate bonds and also introduced a small allocation to high yield bonds in the portfolio. For investment grade bonds we added BlueBay Investment Grade Bond Fund, which is managed by one of Europe's largest specialists credit teams. We also chose Standard Life European Corporate Bond fund, run by Craig MacDonald. This fund also has a very solid track record, and complements our holding in BlueBay Investment Grade Bond Fund well by having a slightly higher beta. Both investments have performed well for the portfolio since they were introduced. For the high yield position we chose BlueBay's High Yield Bond, managed by Anthony Robertson. The BlueBay High Yield Bond fund however, was sold in September after a six-month holding period because we made an asset allocation decision to take profit on the position and reduce the risk within the bond portfolio slightly.

Our US fixed income fund Pimco Total Return performed well in 2009 by gaining 8,63 (converted into euro's). Our core European (government) bond fund Multiple Managers European Bond had a less favourable year. The fund rose by only 2.2% due to a unfavourably timed cut in duration. We reduced our allocation to MM European Bond and in March we introduced Parvest Euro Government Bond Fund to the fixed income portfolio of IdB MM Balanced. This pure government bond fund is managed by the large and experienced fixed income team led by Patrick Barbe. By selecting dedicated government bond managers and corporate bond managers we have the ability to actively control the allocation to corporate versus government bonds.

**Absolute Return Funds**
Of the Absolute Return portfolio within IdB MM Balanced a large portion is invested in the two sub-funds of the Absolute Return Strategy SICAV, which invests in specialist absolute return investment managers. In the history of hedge funds, 2008 was definitely the worst year ever and it was difficult to predict what would happen in 2009. Although we were unhappy with the 2008 results we were happy that the Absolute Return Strategy SICAV - Market Neutral Class B and Absolute Return Strategy SICAV - Directional Managers Class B had hardly any exposure to managers that raised gates and that the managers were also able to avoid the big fraud cases such as Madoff. Nevertheless 2009 also proved to be a difficult year for their underlying managers Absolute Return Strategy SICAV - Market Neutral Class B rose by 5.85% and Absolute Return Strategy SICAV - Directional Managers Class B by 4.72% in 2009.

Rodinia Fund Limited, the international long/short fund managed by Atlantic Investment's Alex Roepers returned a disappointing 6%. Particularly the shortbook detracted from the 2009 results.

IdB Alchemy N.V, which invests (both long and short) in European stock markets enjoyed a recovery along with improvements in general markets in the latter part of the year. The long portfolio delivered good results. However, the hedges detracted from overall performance. The fund ended the year 21.31% higher. The Board of Directors of Genus 15 Fund Limited has decided to liquidate the fund and therefore our holding was sold in October and November.

In the 2009 environment of improving equity and credit markets, convertibles, due to their hybrid nature, benefited from spread tightening and capital appreciation and the IdB Global Convertible Fund returned 33.62%. IdB Real Estate Equity Fund rose by an impressive 37% by benefiting from unusually large pricing distortions within the real estate sector. The EPRA Europe index rose by 29% in the year 2009.

# Review of the Sub-funds (continued)

**Outlook & Strategy**
We still believe that the 2008 legacy is not yet completely resolved and that the process of reducing debt positions of consumers and companies should still take some time. However, we also believe there will be good opportunities for investors in 2010 and we expect to continue to from time to time make active changes to the tactical asset allocation of the Fund. We will continue to actively allocate our assets amongst the asset classes available and monitor the developments in the regional markets very closely. On an individual manager level we believe the portfolio is well positioned for the coming year. We will continue to monitor the markets and allocate our assets to a combination of managers that we believe is well suited given market circumstances.

Luxembourg, April 19, 2010
The Board of Directors

# Independent Auditor's Report

To the Shareholders of
Insinger de Beaufort Manager Selection SICAV
69, route d'Esch
L-1470 Luxembourg

Following our appointment by the Annual General Meeting of the Shareholders dated April 29, 2009 we have audited the accompanying financial statements of Insinger de Beaufort Manager Selection SICAV (the 'SICAV') and of each of its Sub-Funds, which comprise the statement of net assets and the schedule of investments as at December 31, 2009 and the statement of changes in net assets for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

**Responsibility of the Board of Directors of the SICAV for the financial statements**

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Responsibility of the "Réviseur d'Entreprises"**

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 as adopted by the "Institut des Réviseurs d'Entreprises." Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgement of the "Réviseur d'Entreprises", including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'Entreprises" considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of Insinger de Beaufort Manager Selection SICAV and of each of its Sub-Funds as at December 31, 2009 and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

**Other Matter**

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. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

Ernst & Young S.A.
Société Anonyme
Réviseur d'entreprises

Kerry NICHOL
Luxembourg, April 19, 2010

# Statement of Net Assets
# as at December 31, 2009

| | Note | Insinger de Beaufort Multi-Manager Equity USD | Insinger de Beaufort Multi-Manager Balanced USD | Total USD |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Investments in securities at market value | (2) | 81,836,284 | 44,396,434 | 126,232,718 |
| Cash at bank | | 4,423,356 | 1,256,963 | 5,680,319 |
| Amounts receivable on subscriptions | | 5,615,440 | 13,943 | 5,629,383 |
| Unrealised profit on forward foreign exchange contracts | (7) | - | 2,865 | 2,865 |
| **TOTAL ASSETS** | | **91,875,080** | **45,670,205** | **137,545,285** |
| | | | | |
| **LIABILITIES** | | | | |
| Amounts payable on purchase of investments | | 2,097,615 | - | 2,097,615 |
| Amounts payable on redemptions | | 145,035 | 96,714 | 241,749 |
| Management fee payable | (5) | 210,939 | 92,044 | 302,983 |
| Taxes and expenses payable | (3) | 65,264 | 44,641 | 109,905 |
| **TOTAL LIABILITIES** | | **2,518,853** | **233,399** | **2,752,252** |
| **TOTAL NET ASSETS** | | **89,356,227** | **45,436,806** | **134,793,033** |
| | | | | |
| **Net Asset Value per share** | | | | |
| "A" shares (USD) | | 98.57 | 107.71 | |
| "B" shares (GBP) | | - | 98.84 | |
| "C" shares (EUR) | | 63.90 | 82.20 | |
| | | | | |
| **Number of shares outstanding** | | | | |
| "A" shares (USD) | | 73,713.27 | 65,471.58 | |
| "B" shares (GBP) | | - | 7,840.61 | |
| "C" shares (EUR) | | 891,179.64 | 313,382.62 | |

The accompanying notes form an integral part of these financial statements.

# Statement of Changes in Net Assets for the year ended December 31, 2009

| | Note | Insinger de Beaufort Multi-Manager Equity USD | Insinger de Beaufort Multi-Manager Balanced USD | Total USD |
|---|---|---|---|---|
| **NET ASSETS AT THE BEGINNING OF THE YEAR** | | **68,312,019** | **43,706,051** | **112,018,070** |
| **INCOME** | | | | |
| Dividends, net | (2) | 140,139 | 231,420 | 371,559 |
| **TOTAL INCOME** | | **140,139** | **231,420** | **371,559** |
| **EXPENSES** | | | | |
| Management fee | (5) | 741,382 | 339,437 | 1,080,819 |
| Depositary bank commission | | 56,943 | 34,052 | 90,995 |
| Domiciliation, administration and transfer agent fees | | 169,420 | 149,860 | 319,280 |
| Audit fees, printing and publishing expenses | | 52,484 | 38,949 | 91,433 |
| Taxe d'abonnement | (6) | 32,649 | 12,446 | 45,095 |
| Bank charges | | 4,576 | 9,727 | 14,303 |
| Bank interest | | 76 | 4,862 | 4,938 |
| Other charges | | 15,352 | 10,295 | 25,647 |
| **TOTAL EXPENSES** | | **1,072,882** | **599,628** | **1,672,510** |
| **NET INCOME / (LOSS) FROM INVESTMENTS** | | **(932,743)** | **(368,208)** | **(1,300,951)** |
| Net realised profit / (loss) on sale of investments | (2) | (4,406,596) | (1,793,573) | (6,200,169) |
| Net realised profit / (loss) on forward foreign exchange | (2) | - | 423,261 | 423,261 |
| Net realised profit / (loss) on foreign exchange | (2) | (172,140) | (361,996) | (534,136) |
| **NET REALISED PROFIT / (LOSS)** | | **(5,511,479)** | **(2,100,516)** | **(7,611,995)** |
| Change in net unrealised appreciation / (depreciation) on: | | | | |
| - investments | | 27,238,766 | 9,403,476 | 36,642,242 |
| - forward foreign exchange contracts | | - | (76,876) | (76,876) |
| **NET INCREASE / (DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS** | | **21,727,287** | **7,226,084** | **28,953,371** |
| **EVOLUTION OF THE CAPITAL** | | | | |
| Issue of shares | | 16,451,748 | 1,406,496 | 17,858,244 |
| Redemption of shares | | (17,134,827) | (6,901,825) | (24,036,652) |
| **NET ASSETS AT THE END OF THE YEAR** | | **89,356,227** | **45,436,806** | **134,793,033** |

The accompanying notes form an integral part of these financial statements.

# Changes in the Number of Shares for the year ended December 31, 2009

| | Insinger de Beaufort Multi-Manager Equity | Insinger de Beaufort Multi-Manager Balanced |
|---|---|---|
| **USD** | | |
| **"A" shares** | | |
| Number of shares outstanding at the beginning of the year | 73,602.65 | 77,084.08 |
| Number of shares issued | 6,024.17 | 1,065.21 |
| Number of shares redeemed | (5,913.55) | (12,677.71) |
| Number of shares outstanding at the end of the year | 73,713.27 | 65,471.58 |
| **GBP** | | |
| **"B" shares** | | |
| Number of shares outstanding at the beginning of the year | - | 9,222.58 |
| Number of shares issued | - | 267.80 |
| Number of shares redeemed | - | (1,649.77) |
| Number of shares outstanding at the end of the year | - | 7,840.61 |
| **EUR** | | |
| **"C" shares** | | |
| Number of shares outstanding at the beginning of the year | 909,998.58 | 355,519.13 |
| Number of shares issued | 202,366.67 | 11,760.48 |
| Number of shares redeemed | (221,185.61) | (53,896.99) |
| Number of shares outstanding at the end of the year | 891,179.64 | 313,382.62 |

# Statistics

| | Insinger de Beaufort Multi-Manager Equity USD | Insinger de Beaufort Multi-Manager Balanced USD |
|---|---|---|
| **Total Net Asset Value** | | |
| December 31, 2009 | 89,356,227 | 45,436,806 |
| December 31, 2008 | 68,312,019 | 43,706,051 |
| December 31, 2007 | 133,615,869 | 108,755,338 |
| **Net asset value per share at the end of the year** | | |
| **December 31, 2009** | | |
| "A" shares (USD) | 98.57 | 107.71 |
| "B" shares (GBP) | - | 98.84 |
| "C" shares (EUR) | 63.90 | 82.20 |
| **December 31, 2008** | | |
| "A" shares (USD) | 73.93 | 91.77 |
| "B" shares (GBP) | - | 87.86 |
| "C" shares (EUR) | 49.01 | 70.76 |
| **December 31, 2007** | | |
| "A" shares (USD) | 132.03 | 131.65 |
| "B" shares (GBP) | - | 110.78 |
| "C" shares (EUR) | 83.87 | 100.02 |

# Insinger de Beaufort Multi-Manager Equity

## Schedule of Investments as at December 31, 2009

(Expressed in USD)

| Description | Quantity | Currency | Average Cost | Fair Value | % net assets |
|---|---|---|---|---|---|
| **Transferable securities admitted to an official stock exchange listing** | | | | | |
| **Investments Funds** | | | | | |
| **Asia Ex Japan Equity** | | | | | |
| Aberdeen Global - Asia Pacific Fund - Class A2 Acc | 21,068 | USD | 744,004 | 1,147,172 | 1.29 |
| First State Investments Icvc - Asia Pacific Fund - Class A | 146,438 | GBP | 1,430,453 | 1,306,044 | 1.46 |
| First State Investments Icvc - Asia Pacific Leaders Fund - Class A | 489,238 | GBP | 1,858,494 | 2,306,181 | 2.58 |
| | | | **4,032,951** | **4,759,397** | **5.33** |
| **Emerging Markets Equity** | | | | | |
| Nevsky Global Emerging Markets | 156,790 | USD | 4,042,477 | 6,926,967 | 7.75 |
| | | | **4,042,477** | **6,926,967** | **7.75** |
| **Equity Long Short** | | | | | |
| Ennismore Europe Smaller Companies Cl. | 27,133 | GBP | 2,604,426 | 2,137,819 | 2.39 |
| | | | **2,604,426** | **2,137,819** | **2.39** |
| **Europe Ex UK Equity** | | | | | |
| Jo Hambro Capital Management Umbrella Fund Plc - Continental European Fund | 5,507,526 | EUR | 10,016,143 | 14,012,022 | 15.68 |
| | | | **10,016,143** | **14,012,022** | **15.68** |
| **Ireland** | | | | | |
| Janus Cap/Us Twenty Fd/Acc.-A- | 86,207 | USD | 1,000,000 | 1,059,483 | 1.18 |
| | | | **1,000,000** | **1,059,483** | **1.18** |
| **Japan Equity** | | | | | |
| Schroder Tokyo Fund - Class Acc | 1,940,266 | GBP | 5,524,129 | 4,890,180 | 5.47 |
| | | | **5,524,129** | **4,890,180** | **5.47** |
| **Other** | | | | | |
| Sanlam Global Best Ideas | 860,400 | USD | 1,871,900 | 1,481,093 | 1.66 |
| | | | **1,871,900** | **1,481,093** | **1.66** |
| **Pan European Equity** | | | | | |
| Odey Investment Fund Plc - Pan European Fund | 44,976 | EUR | 9,581,236 | 12,331,458 | 13.80 |
| | | | **9,581,236** | **12,331,458** | **13.80** |
| **US Equity** | | | | | |
| Axa Rosenberg Equity Alpha Trust - US Equity Alpha Fund - Class B | 1,260,472 | USD | 13,808,367 | 11,823,229 | 13.23 |
| Wellington Management Portfolios Luxembourg - US Equity Research B | 347,085 | USD | 11,988,856 | 10,905,408 | 12.21 |
| | | | **25,797,223** | **22,728,637** | **25.44** |
| **Total - Investments Funds** | | | **64,470,485** | **70,327,056** | **78.70** |
| **Total - Transferable securities admitted to an official stock exchange listing** | | | **64,470,485** | **70,327,056** | **78.70** |

The accompanying notes form an integral part of these financial statements.

# Insinger de Beaufort Multi-Manager Equity

## Schedule of Investments (continued)
## as at December 31, 2009

(Expressed in USD)

| Description | Quantity | Currency | Average Cost | Fair Value | % net assets |
|---|---|---|---|---|---|
| **Other transferable securities** | | | | | |
| **Investments Funds** | | | | | |
| **European Ex UK Equity** | | | | | |
| Cambrian Europe / Eur S1 12/06 | 22,691 | EUR | 3,010,325 | 2,291,863 | 2.57 |
| | | | **3,010,325** | **2,291,863** | **2.57** |
| **Great Britain** | | | | | |
| Cazenove European Acc -B- | 459,944 | GBP | 3,082,905 | 3,149,506 | 3.52 |
| | | | **3,082,905** | **3,149,506** | **3.52** |
| **Other** | | | | | |
| Cambrian Asia Ltd Jpy Class | 28,847 | JPY | 2,447,618 | 1,694,510 | 1.90 |
| Cambrian Fd Ltd Class A S. 59 | 1,900 | USD | 1,454,241 | 1,147,011 | 1.28 |
| | | | **3,901,859** | **2,841,521** | **3.18** |
| **US Equity** | | | | | |
| Cambrian Fund Ltd - Class A Series 1 | 4,985 | USD | 2,820,214 | 3,226,338 | 3.61 |
| | | | **2,820,214** | **3,226,338** | **3.61** |
| **Total - Investments Funds** | | | **12,815,303** | **11,509,228** | **12.88** |
| **Total - Other transferable securities** | | | **12,815,303** | **11,509,228** | **12.88** |
| **Total Investment Portfolio** | | | **77,285,788** | **81,836,284** | **91.58** |

The accompanying notes form an integral part of these financial statements.

# Insinger de Beaufort Multi-Manager Balanced

## Schedule of Investments
## as at December 31, 2009

(Expressed in USD)

| Description | Quantity | Currency | Average Cost | Fair Value | % net assets |
|---|---|---|---|---|---|
| **Transferable securities admitted to an official stock exchange listing** | | | | | |
| **Investments Funds** | | | | | |
| **Asia Ex Japan Equity** | | | | | |
| Aberdeen Global - Asia Pacific Fund - Class A2 Acc | 8,502 | USD | 187,357 | 462,947 | 1.02 |
| First State Investments Icvc - Asia Pacific Leaders Fund - Class A | 140,461 | GBP | 684,335 | 662,109 | 1.46 |
| | | | **871,692** | **1,125,056** | **2.48** |
| **Convertible Bonds** | | | | | |
| Insinger De Beaufort Global Convertible Fund | 10,817 | EUR | 558,972 | 659,860 | 1.45 |
| | | | **558,972** | **659,860** | **1.45** |
| **Directional Managers** | | | | | |
| Absolute Return Strategy Sicav - Directional Managers - Class B | 21,265 | EUR | 3,127,043 | 3,177,961 | 6.99 |
| | | | **3,127,043** | **3,177,961** | **6.99** |
| **Emerging Markets Equity** | | | | | |
| Nevsky Global Emerging Markets | 31,701 | USD | 577,837 | 1,400,552 | 3.08 |
| | | | **577,837** | **1,400,552** | **3.08** |
| **Equity Long Short** | | | | | |
| Ennismore Europe Smaller Companies Cl. | 7,189 | GBP | 689,990 | 566,372 | 1.25 |
| Insinger De Beaufort Alchemy Nv | 60,972 | EUR | 2,255,905 | 2,048,672 | 4.51 |
| | | | **2,945,895** | **2,615,044** | **5.76** |
| **Equity Market Neutral** | | | | | |
| Absolute Return Strategy Sicav - Market Neutral Class B | 9,837 | EUR | 1,357,264 | 1,328,379 | 2.92 |
| | | | **1,357,264** | **1,328,379** | **2.92** |
| **Europe Ex UK Equity** | | | | | |
| Insinger De Beaufort Equity Income Fund - Class D | 119,710 | EUR | 6,649,180 | 6,981,615 | 15.37 |
| Jo Hambro Capital Management Umbrella Fund Plc - Continental European Fund | 7,535 | EUR | 23,613 | 19,170 | 0.04 |
| | | | **6,672,793** | **7,000,785** | **15.41** |
| **Ireland** | | | | | |
| Janus Cap/Us Twenty Fd/Acc.-A- | 64,655 | USD | 750,000 | 794,612 | 1.75 |
| | | | **750,000** | **794,612** | **1.75** |
| **Japan Equity** | | | | | |
| Schroder Tokyo Fund - Class Acc | 405,157 | GBP | 1,244,041 | 1,021,144 | 2.25 |
| | | | **1,244,041** | **1,021,144** | **2.25** |
| **Luxembourg** | | | | | |
| Bluebay Investment Grade Bond | 12,871 | EUR | 1,952,445 | 2,394,973 | 5.27 |
| Parvest-Class-Euro Gvt Bd/Cap | 11,549 | EUR | 4,578,163 | 4,984,953 | 10.97 |
| Standard Life Inv Gl Eur Corp-A- | 50,505 | EUR | 883,800 | 888,166 | 1.96 |
| | | | **7,414,408** | **8,268,092** | **18.20** |

The accompanying notes form an integral part of these financial statements.

# Insinger de Beaufort Multi-Manager Balanced

## Schedule of Investments (continued)
## as at December 31, 2009

(Expressed in USD)

| Description | Quantity | Currency | Average Cost | Fair Value | % net assets |
|---|---|---|---|---|---|
| **Other** | | | | | |
| Sanlam Global Best Ideas | 575,910 | USD | 1,257,985 | 991,372 | 2.18 |
| | | | **1,257,985** | **991,372** | **2.18** |
| **Pan European Equity** | | | | | |
| Odey Investment Fund Plc - Pan European Fund | 1,775 | EUR | 497,368 | 486,622 | 1.07 |
| | | | **497,368** | **486,622** | **1.07** |
| **Real Estate Equity** | | | | | |
| Insinger De Beaufort Real Estate Equity Fund - Class C | 7,953 | EUR | 883,356 | 1,293,466 | 2.85 |
| | | | **883,356** | **1,293,466** | **2.85** |
| **US Equity** | | | | | |
| Axa Rosenberg Equity Alpha Trust - US Equity Alpha Fund - Class B | 346,584 | USD | 3,798,667 | 3,250,958 | 7.15 |
| Multiple Managers Sicav / European Bond "A" | 22,688 | EUR | 3,782,560 | 4,887,266 | 10.76 |
| Wellington Management Portfolios Luxembourg - US Equity Research B | 79,729 | USD | 2,901,568 | 2,505,072 | 5.51 |
| | | | **10,482,795** | **10,643,296** | **23.42** |
| **US Fixed Income** | | | | | |
| Pimco Total Return Bond Fund Class Acc | 83,029 | USD | 1,249,031 | 1,738,627 | 3.83 |
| | | | **1,249,031** | **1,738,627** | **3.83** |
| **Total - Investments Funds** | | | **39,890,480** | **42,544,868** | **93.64** |
| **Total - Transferable securities admitted to an official stock exchange listing** | | | **39,890,480** | **42,544,868** | **93.64** |
| **Other transferable securities** | | | | | |
| **Investments Funds** | | | | | |
| **Global Equity Ex US** | | | | | |
| Rodinia Fund Ltd - Usd Class A Series 1 | 13,289 | USD | 1,328,948 | 1,212,931 | 2.67 |
| | | | **1,328,948** | **1,212,931** | **2.67** |
| **Other** | | | | | |
| Cambrian Fund Ltd - Class A Series 1 | 987 | USD | 407,309 | 638,635 | 1.40 |
| | | | **407,309** | **638,635** | **1.40** |
| **Total - Investments Funds** | | | **1,736,257** | **1,851,566** | **4.07** |
| **Total - Other transferable securities** | | | **1,736,257** | **1,851,566** | **4.07** |
| **Total Investment Portfolio** | | | **41,626,737** | **44,396,434** | **97.71** |

The accompanying notes form an integral part of these financial statements.

# Notes to the Financial Statements
# For the year ended December 31, 2009

## 1 - Organisation

INSINGER DE BEAUFORT MANAGER SELECTION SICAV is an investment company organised as a Société Anonyme under the laws of the Grand Duchy of Luxembourg and qualifies as a "Société d'Investissement à Capital Variable" (SICAV) pursuant to Part II of the Luxembourg Law of December 20, 2002 on Collective Investment Undertakings. Accordingly the Company does not comply with the European Community Council Directive in Undertakings for Collective Investment in Transferable Securities. The SICAV was incorporated in Luxembourg on May 17, 2000 for an unlimited period. The Articles of Incorporation of the SICAV, as lastly amended on September 1, 2005, were published in the "Mémorial, Recueil des Sociétés et Associations", of Luxembourg. The SICAV is registered with the "Registre de Commerce et des Sociétés", Luxembourg under number B-75.761.

The Articles of Incorporation of the SICAV and a notice required by Luxembourg law in respect of the issue and sale of shares by the SICAV are on file with the "Registre de Commerce et des Sociétés" of Luxembourg.

The objective of the SICAV is to provide investors with a choice of sub-funds investing in a wide range of securities or other legally acceptable assets on a world-wide basis and featuring a diverse array of investment objectives, including capital growth and income, whilst retaining the administrative advantages of one single corporate entity.

The Board of Directors may create at any moment additional sub-funds and/or classes provided that the rights and duties of the shareholders of the existing sub-funds and/or classes will not be modified by such creation. In such case, the prospectus will be up-dated and if different classes are issued within a sub-fund, the details of each class will be described in the Appendix relating to the relevant sub-fund.

Any shareholder may request the conversion of all or part of his/her shares of any sub-fund and/or class into shares of any other existing sub-fund and/or class.

At December 31, 2009 the SICAV comprised two active sub-funds (each a "Sub-Fund" or collectively the "Sub-Funds").

**Insinger de Beaufort Manager Selection SICAV-Insinger de Beaufort Multi-Manager Equity (expressed in USD)**

The Net Asset Value per share is expressed for each class in the reference currency of this class but the subscription and redemption may be paid in USD, EUR and GBP, based on the exchange rates applicable on the relevant Valuation Day.

The aim of the Sub-Fund is to achieve absolute returns from investment opportunities offered in equity and bond markets. The term "absolute" shall express the aim of the Sub-Fund to achieve portfolio performance with a reduced dependency on the fluctuations in the financial markets. Under no circumstances shall "absolute" be considered as a guarantee for the future performance of the Sub-Fund's investments.

Two classes of shares have been created in the Sub-Fund to enable investors with different currency profiles to access the same underlying portfolio. The "A" class shares (USD) and the "C" class shares (EUR) aim to achieve the investment objective of long term capital growth.

The shares will be fully exposed in fluctuations in the USD exchange rate relative to the major currencies in which the Sub-Fund is invested.

**Insinger de Beaufort Manager Selection SICAV-Insinger de Beaufort Multi-Manager Balanced (expressed in USD)**

The Net Asset Value per share is expressed for each class in the reference currency of this class but the subscription and redemption may be paid in USD, EUR and GBP, based on the exchange rates applicable on the relevant Valuation Day.

The aim of the Sub-Fund is to achieve absolute returns from investment opportunities offered in equity and bond markets. The term "absolute" shall express the aim of the Sub-Fund to achieve portfolio performance with a reduced dependency on the fluctuations in the financial markets. Under no circumstances shall "absolute" be considered as a guarantee for the future performance of the Sub-Fund's investments.

Three classes of shares have been created in the Sub-Fund to enable investors with different currency profiles to access the same underlying portfolio. The "A" class shares (USD), the "B" class shares (GBP) and the "C" class shares (EUR) aim to achieve the investment objective of long term capital growth.

All share classes shall be invested in the same underlying portfolio of securities the only difference being the application of hedging techniques on "B" (GBP) and "C" (EUR) class shares in order to minimise the impact of fluctuations in the USD rate of exchange.

# Notes to the Financial Statements (continued)
# For the year ended December 31, 2009

## 1 - Organisation (continued)

The shares will be fully exposed to fluctuations in the USD exchange rate relative to the major currencies in which the Sub-Fund is invested.

## 2 - Significant accounting policies

The financial statements have been prepared in conformity with legal and regulatory requirements in Luxembourg applicable to investments funds, including the following significant accounting policies:

### a) Valuation of investments

Transferable securities which are admitted to an official exchange listing or dealt in on another regulated market are valued on the basis of the last available price prevailing on the valuation date, and where appropriate at the middle market price. If securities are listed on several stock exchanges or markets, the price on the principal market will be applied.

Transferable securities not admitted to an official exchange listing or dealt in on another regulated market and transferable securities admitted to an official exchange listing or dealt in on another regulated market for which the available price is not representative are valued on the basis of their reasonably foreseeable sales price determined with prudence and good faith by the Board of Directors.

Units/shares of open-ended Undertakings for Collective Investment are valued at their latest available Net Asset Value. If, since the last Valuation Day there has been a material movement in the quotations on the markets on which a substantial portion of the investments of the SICAV attributable to a particular Sub-Fund is listed or dealt in, the Board of Directors may, in order to safeguard the interests of the shareholders and the SICAV, cancel the first valuation and carry out a second valuation.

The valuations at year-end for all investments were made using the latest prices available on December 31, 2009.

### b) Net realised profit (loss) on sales of investments

The net realised profit or loss on sales of investments is determined on the basis of the average cost of investments.

### c) Foreign currencies

Assets and liabilities expressed in currencies other than the Sub-Fund's currency are translated into the Sub-Fund's currency at the exchange rates prevailing as at each valuation date. Income and expenses in currencies other than the Sub-Fund's currency are translated into the Sub-Fund's currency at the exchange rates prevailing at the transaction date.

Principal closing exchange rates used as at December 31, 2009 are:

| | | |
|---|---|---|
| 1 USD = | 0.693746 | EUR |
| 1 USD = | 0.619751 | GBP |
| 1 USD = | 92.164964 | JPY |

The various items of the total statement of net assets and the total statement of changes in net assets of the SICAV as at December 31, 2009 are equal to the total sum of the corresponding items of the financial statements of each Sub-Fund translated into USD, where applicable, at the exchange rate ruling as at December 31, 2009.

### d) Cost of investment securities

The cost of investment securities expressed in currencies other than the Sub-Fund's currency is translated into the Sub-Fund's currency at the exchange rate applicable at the purchase date.

# Notes to the Financial Statements (continued)
For the year ended December 31, 2009

## 2 - Significant accounting policies (continued)

### e) Forward foreign exchange contracts

Outstanding forward foreign exchange contracts are valued on the basis of forward exchange rates prevailing at the relevant valuation date and the resulting unrealised profits or losses are included in the statement of changes in net assets. Realised profits and losses on matured forward foreign exchange contracts are also included in the statement of changes in net assets.

### f) Income

Dividends are recognized on an ex-dividend basis, net of withholding taxes in the country of origin. Interest is recognized on an accrual basis.

### g) Advance on investments

Payments made prior to the year end to acquire investments in advance of the calculation of the Underlying fund's net asset value per share/unit are recorded as 'Advance on investments' in the Statement of Net Assets.

## 3 - Taxes and expenses payable

| | **Insinger de Beaufort Multi-Manager Equity USD** | **Insinger de Beaufort Multi-Manager Balanced USD** |
|---|---|---|
| Taxe d'abonnement (Note 6) | 9,675 | 3,106 |
| Depositary bank commission, domiciliation, administration and transfer agent fees | 34,996 | 28,940 |
| Audit fees, printing and publication expenses | 20,593 | 12,595 |
| | **65,264** | **44,641** |

## 4 - Commission on subscription and redemption of the Sub-Funds' shares

A sales charge with a maximum of 5% of the applicable Net Asset Value may be charged in favour of the Investment Manager who shall be responsible for rewarding intermediaries for the distribution of the Sub-Fund shares.

The redemption price of the Sub-Funds' shares corresponds to the Net Asset Value per share of the relevant Sub-Fund. No redemption fee is levied.

## 5 - Management fees

Pursuant to an agreement dated May 17, 2000, INSINGER DE BEAUFORT ASSET MANAGEMENT N.V., Amsterdam has been appointed as Investment Manager. The agreement between the SICAV and the Investment Manager makes provision for it to remain in force for an unlimited period and that it may be terminated by either party at any time upon one month notice.

As remuneration for its services, the Investment Manager receives from the SICAV an annual fee at the maximum annual rate of 1.50% for Insinger de Beaufort Multi-Manager Equity and Insinger de Beaufort Multi-Manager Balanced applicable on the average net assets of these Sub-Funds. The management fee is payable monthly.

Actual management fees during the year ended December 31, 2009 were charged at 0.8% p.a. for Insinger de Beaufort Multi-Manager Balanced and at 1% p.a. for Insinger de Beaufort Multi-Manager Equity.

The Investment Manager does not receive any performance fee.

The Investment Manager receives management fees and performance fees for investments in other funds managed by Insinger de Beaufort Asset Management N.V., or its affiliates.

# Notes to the Financial Statements (continued)
# For the year ended December 31, 2009

## 5 - Management fees (continued)

**Rebates**

In addition to the management fee, the Investment Manager receives rebates from the underlying funds in which the Sub-Funds invest. These rebates are not refunded to the Sub-Funds. The amount received for Insinger de Beaufort Multi-Manager Balanced is EUR 49,017 and for Insinger de Beaufort Multi-Manager Equity EUR 232,888.

## 6 - Taxation

Under current law and practice, the SICAV is not liable to any Luxembourg income tax, nor are dividends paid by the SICAV liable to any Luxembourg withholding tax.

However, the Sub-Funds are liable in Luxembourg to an annual tax (“taxe d’abonnement”) of at present 0.05% per annum of its net assets, such tax being payable quarterly and calculated on the basis of the net assets of all Sub-Funds at the end of the relevant quarter.

No such tax is paid on the assets held by the SICAV in other UCITS already subject to that tax in Luxembourg.

Interest and dividend income, and gains on securities, may be subject to non-recoverable withholding taxes deducted at source in the countries of origin.

## 7 - Forward foreign exchange contracts

As at December 31, 2009, Insinger de Beaufort Multi-Manager Balanced had entered into the following outstanding forward foreign exchange contracts:

| | Purchase | | Sales | Maturity Date | Net unrealised profit/(loss) (in USD) |
|---|---|---|---|---|---|
| EUR | 2,230,063 | USD | 3,350,000 | 2/26/2010 | (135,452) |
| GBP | 350,812 | EUR | 385,000 | 2/26/2010 | 10,974 |
| GBP | 68,568 | USD | 113,000 | 2/26/2010 | (2,385) |
| USD | 3,228,870 | EUR | 2,150,000 | 2/26/2010 | 129,728 |
| | | | | **TOTAL** | **2,865** |

## 8 - Dividends

It is not the policy of the SICAV to distribute dividends.