

Humboldt European High Yield Bonds

Class C LU0391040085

Class A1 LU0391039665 (non-distributing)

Class A2 LU0391039749 (distributing)

31 May 2010

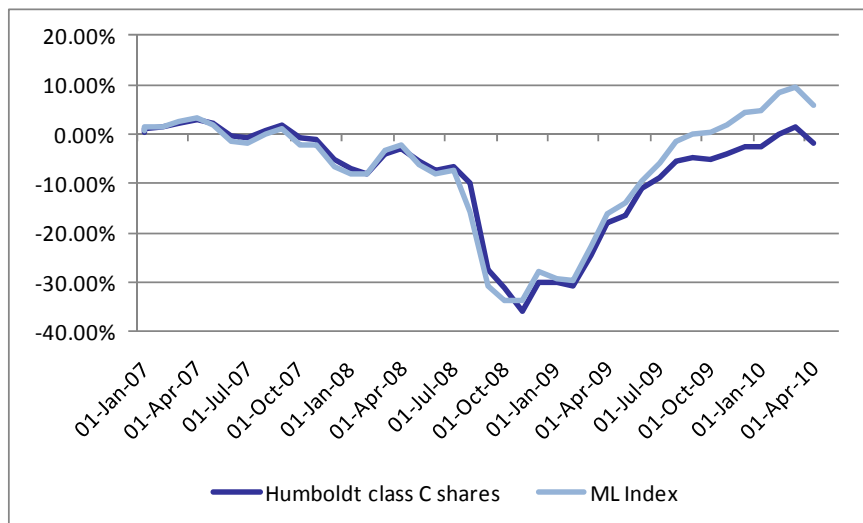
	NAV	One Month Return	YTD	Since Inception	Overall Fund Size
Fund (class C)	€96.31	-3.25%	2.19%	-1.76%	€58 m
Index*		-3.24%	3.87%	6.07%	

* ML European Ccy High Yield Constrained BB-B Rated ex sub. Financials Index

Investment Objective

The fund invests primarily in high yield bonds issued by European companies and from international issuers which have a minimum rating restriction of B- (S&P) and B3 (Moody's) or higher and are denominated in euro. Up to 3% of its net assets in bonds and securities are allowed on a level below B-/B3 if they were downgraded after the acquisition. Holdings in non-euro securities are typically hedged back into the euro utilising forward foreign exchange contracts. The fund seeks to generate a high level of income with capital appreciation potential.

Fund Performance vs ML European Ccy High Yield BB-B Rated ex Sub. Financials Constrained Index



The performance track record of this fund is heavily influenced by the change of the investment strategy to a BB-B limited fund, based on legal requirements of institutional investors who are not allowed to invest in C rated bonds.

This change was executed in early 2009 with some preparations November/December 2008.

- (1) Reference index until 31 December 2008: ML European currency HY constrained index (HPC0), from 1 January 2009: ML European currency HY constrained BB-B ex-subordinated financials index (HP4A)

Manager's Report May 2010

The Moody's global high yield default rate declined further from 9.0% end of April to 7.5% end of May. In Europe the rate has declined to 6.8% from 7.8% a month ago. Moody's expects these rates to decline further to around 2% one year from now. We are more conservative, but agree that the default rate can still fall significantly from the current level on the back of relatively strong corporate fundamentals.

With this in mind the European high yield market presents good relative value. Since the escalation of sovereign risk in Europe over a month ago spreads have risen by around 150 basis points. The spread on the Merrill Lynch European High Yield Non-Financial Constrained Index stands at 651 as of end May. From this level with a modest economic recovery expected this year there is good potential for spread tightening. However, volatility can be expected in the near term. Market liquidity and new issue activity comprise two important concerns which are unlikely to be materially diminished over the summer period.

European high yield currently presents itself as an attractive asset class on a relative basis, in particular in fixed income with the potential for government bond yields to rise in the not so distant future and investment grade corporate bonds trading near record low yields. High yield bonds are likely to cushion the effect from rising interest rates with attractive coupons and spreads offering sufficient premium.

Fund Data and Risk Analysis

Fund Data		Top 5 holdings	Risk Analysis (since inception)	Humboldt	ML Europ. Curr. HY BB-B Rating Constr. Index
Yield (excl. Cash)	8.38%	Global Crossing	Volatility	5.69%	6.94%
Duration	3.87 yrs	Iron Mountain	VaR 95%, 10 days	1.81%	
Av. Coupon Bonds	8.07%	FTI Consulting	Sharpe Ratio	-0.21	0.15
		AGCO			
		Owens Brockway			

Fund Details

Fund Name:	Humboldt Multi Invest C SICAV – European High Yield Bonds
Fund Structure:	Luxembourg SICAV
ISIN Code:	Class C LU0391040085 , class A1 LU0391039665 (non-distributing) class A2 LU0391039749 (distributing)
Bloomberg:	Class C: HUYDCC LX, class A1: HUYDAC LX, class A2 HUYDAD LX
Promoter:	Landesbank Baden-Württemberg
Fund Manager:	Pall Mall Investment Management Limited
Management Fee:	0.75% p.a.
Launch Date:	22 December 2006 (class C – not available for investments) Launch class A2: 4 March 2009 Launch class A1: 12 October 2009
Administrator:	Vontobel Management S.A.
Depositary, Registrar, Paying Agent:	RBC Dexia Investor Services Bank S.A.
Auditors:	PricewaterhouseCoopers S.a.r.l.
Financial Year End:	31 August
Valuation:	Daily
Subscription and Redemption:	Daily, Cut-off: 10 am GMT+1 RBC Dexia Investor Services Bank Luxembourg S.A. Fax: 00352 24 60 9913
Minimum initial Investment:	€20,000
Investment Management Team:	Curt Schibli, Chris Brils, Jonathan Goble, Jason Late, Oliver Chamberlain, Alvaro Mata
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