

# Annual Report 2005.

**Investment Fund under Luxembourg Law**

**Audited annual report as of 31 December 2005**

Living Planet Fund

Living Planet Fund – Equity



# Audited annual report as of 31 December 2005

## Table of contents

Management and Administration	2				
Features of the Fund	4				
Independent auditor's report	5		ISIN		
Living Planet Fund – Equity	6	A/	LU0169371266	B/	LU0169371779
Notes to the Financial Statements	12				

## Sales restrictions

Units of this Fund may not be offered, sold or distributed within the United States of America.

# Management and Administration

Annual Report as of 31 December 2005

## Management Company

Living Planet Fund Management Company S.A.,  
291, route d'Arlon, L-1150 Luxembourg  
R.C. Luxembourg N° B 93 908

## Board of Directors

*André Hoffmann\**, Chairman of the Board  
Trustee, WWF – World Wide Fund for Nature, Gland  
Director, Roche Holding AG, Basel

*Gerhard Fusenig*, Member  
Managing Director, UBS AG, Basel and Zurich

*Mario Cueni*, Member  
Managing Director, UBS AG, Basel and Zurich

*Isabelle Asseray*, Member  
Director, UBS Fund Services  
(Luxembourg) S.A., Luxembourg

*Chiew Y. Chong*, Member  
Director, WWF – World Wide Fund for Nature, Gland

\* appointed Director and elected Chairman as representative of  
WWF – World Wide Fund For Nature

## Executive Board

*Jean-Paul Gennari*  
Managing Director, UBS Fund Services  
(Luxembourg) S.A., Luxembourg

*Aloyse Hemmen*  
Executive Director, UBS Fund Services  
(Luxembourg) S.A., Luxembourg

*Gilbert Schintgen*  
Executive Director, UBS Fund Services  
(Luxembourg) S.A., Luxembourg

## Portfolio Management

UBS AG, UBS Global Asset Management Zurich,  
Gessnerallee 3, CH-8098 Zurich

Bank Sarasin & Cie AG,  
Elisabethenstrasse 62, CH-4002 Basel

## Custodian Bank, main paying agent and sales agent

UBS (Luxembourg) S.A.,  
36–38, Grand-Rue, L-1660 Luxembourg

## Administrative agent

UBS Fund Services (Luxembourg) S.A.,  
291, route d'Arlon, L-1150 Luxembourg

## Independent Auditors of the Fund and the Management Company

PricewaterhouseCoopers S.à r.l.,  
Réviseur d'entreprises,  
B.P. 1443, L-1014 Luxembourg

## **Sale in France**

### *Distributor in France*

PhiTrust Finance S.A.,  
41, Rue Boissy d'Anglas, F-75008 Paris

Tel. +33 1 5535 0755

Fax +33 1 5535 0750

E-mail: [phitrust@phitrust.com](mailto:phitrust@phitrust.com)

Internet: [www.phitrust.com](http://www.phitrust.com)

The sales prospectus, management regulations, annual and semi-annual reports as well as the portfolio movements of the investment fund mentioned in this publication are available free of charge at the sales agencies and at the registered office of the Management Company.

## **Sale in Germany**

### *Distributor in Germany*

Panda Finanz Service GmbH,  
Wiesenau 53, D-60313 Frankfurt am Main

Tel. +49 6960 91840

Fax +49 6960 918418

E-mail: [info@pandafinanz.de](mailto:info@pandafinanz.de)

Internet: [www.pandafinanz.de](http://www.pandafinanz.de)

### *Paying and information agent*

UBS Deutschland AG, Stephanstrasse 14–16,  
D-60313 Frankfurt am Main

The sales prospectus, management regulations, annual and semi-annual reports as well as the portfolio movements of the investment fund mentioned in this publication are available free of charge at the sales agencies and at the registered office of the Management Company.

## **Sale in Switzerland**

### *Representative*

First Independent Fund Services,  
Stockerstrasse 38, CH-8002 Zurich

### *Paying Agent*

NPB New Private Bank Ltd.,  
Limmatquai 122, CH-8025 Zurich

The sales prospectus, management regulations, annual and semi-annual reports as well as the portfolio movements of the investment fund mentioned in this publication are available free of charge at the sales agencies and at the registered office of the Management Company.

# Features of the Fund

Annual Report as of 31 December 2005

Living Planet Fund will offer investors a range of different subfunds (umbrella construction) which invest in accordance with the investment policy described in the prospectus. The prospectus contains specific details on each subfund and will be brought up to date on the inception of each new subfund.

Living Planet Fund is legally established as an opened investment fund under Luxembourg law under the legal form of a collective investment fund in accordance with Part I of the Luxembourg law relating to undertakings for collective investment enacted on 20 December 2002. The management regulations ("management regulations") were deposited at the Commercial and Company Register of the District Court in Luxembourg on 9 July 2003 and are lodged with the registry of the district court and its publication in the Memorial (i.e. the Official Gazette) is made by means of a reference filing of this document with the registrar in accordance with the provisions of the law of 10 August 1915 concerning commercial companies, as amended. They were published in the Luxembourg "Mémorial" on 19 July 2003 and on 21 April 2004.

The management regulations may be changed in observance of the provisions of the relevant law. Each amendment shall be published in the "Mémorial" and, if necessary, in the official publications specified for the respective countries in which Fund units are sold. Such amendments become legally binding subsequent to their signature by the Custodian Bank and the Management Company. The consolidated version is deposited at the Commercial and Company Register of the District Court in Luxembourg for inspection.

The financial year of the Fund ends on the last day of December.

The Management Company issues two classes of units for the Living Planet Fund – Equity subfund ("subfund"):

- units of class "A", and
- units of class "B", which are reserved for institutional investors as defined from time to time by the supervisory authority in Luxembourg.

All units issued among each class will be exclusively issued in bearer form. The Management Company will not issue physical certificates. Fractions of units up to three decimal places will be issued, and fractions of units have rights to the net assets, to any dividend payments and will be booked to the securities custody account of the unitholder's choice.

The Fund has no legal personality as an investment fund. The entire assets of each subfund are the undivided property of all investors who have equal rights in proportion to the number of units which they hold. These assets are separate from the assets of the Management Company. The securities and other assets of the Fund are managed by Living Planet Fund Management Company S.A. as in-house funds in the interest and for the account of the unitholders.

The management regulations give the Management Company the authority to establish different subfunds for the Fund as well as different classes of units with specific characteristics within these subfunds. The prospectus will be updated each time a new subfund or an additional class of units is issued. The Fund is not subject to restrictions with regard to the size of its net assets, the number of units, number of subfunds and duration.

With respect to the unitholders, each subfund is regarded as being separate from the others. The assets of a subfund can only be used to offset the liabilities which the subfund concerned has assumed.

The acquisition of Fund units implies acceptance of the management regulations by the unitholders.

There is no provision in the management regulations for a meeting of the unitholders.

Only the information contained in the sales prospectus and in any of the documents referred to therein shall be deemed to be valid.

The units of the Fund are listed on the Luxembourg Stock Exchange.

The issue and redemption of units of the Living Planet Fund are subject to the regulations prevailing in the country concerned.

The annual and semi-annual reports are available free of charge to unitholders from the Living Planet Fund Management Company or from the Custodian Bank. These documents can also be downloaded from the web site [www.livingplanetfund.com](http://www.livingplanetfund.com).

No subscription may be accepted on the basis of the financial reports. Subscriptions are accepted only on the basis of the current prospectus accompanied by the latest annual report and the latest semi-annual report if available.

# Independent Auditor's report

Annual Report as of 31 December 2005

To the Unitholders of

## **Living Planet Fund**

(Investment Fund under Luxembourg Law),  
Luxembourg

We have audited the financial statements which consist of the statement of net assets, the statement of operations, the statement of changes in net assets, the statement of investments in securities and other net assets and the notes to the financial statements of Living Planet Fund for the year ended 31 December 2005. These financial statements are the responsibility of the Board of Directors of the Management Company. 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. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors of the Management Company, in preparing the financial statements, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the attached financial statements give, in conformity with the Luxembourg legal and regulatory requirements, a true and fair view of the financial position of Living Planet Fund at 31 December 2005 and of the results of its operations and changes in its net assets for the year then ended.

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

Luxembourg, 31 March 2006

PricewaterhouseCoopers S.à r.l.  
Réviseur d'entreprises  
Represented by

Jean-Robert Lentz

# Living Planet Fund – Equity

Annual Report as of 31 December 2005

## Three-year comparison

Date	ISIN	31.12.2005	31.12.2004	31.12.2003
Fund's net assets in EUR		16 214 799.56	11 784 183.79	11 626 260.16
<b>Class A</b>	<b>LU0169371266</b>			
Units outstanding		6 768.1870	4 402.2610	2 795.0000
Net asset value per unit in EUR		132.02	110.11	106.20
<b>Class B</b>	<b>LU0169371779</b>			
Units outstanding		11 455.4000	10 182.4000	10 643.4000
Net asset value per unit in EUR		1 337.47	1 109.70	1 064.46

## Report of the Portfolio Manager

Globally, investors behaved in 2005 in much the same manner as 2004. From January until December 2005, equities broadly outperformed bonds around the world. Emerging market equities provided the largest gains. Equity implied volatility stayed quite low relative to history, and spreads on emerging market debt fell, continuing a trend from mid-2004. High yield spreads, on the other hand, widened significantly after the US automakers Ford and GM were downgraded to speculative grade ratings. The flow of investment funds into alternative assets remained strong, another symptom of high risk tolerance.

This year global equity market performance was positive again. The Japanese equity market had a strong comeback in 2005 with the financial sector leading the way and the US market lagged global market evolution. Consolidation was a major driver in the telecom, energy, healthcare and financial sector. The largest merger was Procter & Gamble and Gillette with a total value USD 61 bn.

The energy and materials sector delivered the strongest performance on the back of increasing oil and commodity prices. Telecommunication was the worst performing sector despite the strong cash flow generation.

The portfolio underperformed the benchmark MSCI World due to the negative contribution of the innovators, the underweight in energy and the overweight in telecoms. The USD underweight also penalized portfolio performance. Overall stock selection was positive. In the energy sector, the strong stock selection reduced the impact of the underweight. In the consumer discretionary sector Toyota Motor, Johnson Controls, Philips and Office Depot contributed very positively. The overweights in France Telecom and Vodafone penalized portfolio performance whereas Telenor glided with a very positive contribution.

## Structure of the Securities Portfolio

Geographical Breakdown as a % of net assets	
United States	47.51
United Kingdom	10.81
Japan	8.94
Switzerland	5.88
Netherlands	4.90
Germany	4.89
Spain	4.08
France	2.21
Italy	2.08
Norway	1.98
Finland	1.57
Sweden	1.16
Canada	1.05
Belgium	0.58
Isle of Man	0.56
Singapore	0.45
China	0.42
Austria	0.23
<b>Total</b>	<b>99.30</b>

Economic Breakdown as a % of net assets	
Banks & credit institutions	16.20
Telecommunications	8.77
Pharmaceuticals, cosmetics & medical products	7.53
Finance & holding companies	6.78
Petroleum	6.16
Insurance	5.33
Electronics & semiconductors	5.20
Energy & water supply	4.34
Vehicles	4.06
Retail trade, department stores	3.58
Computer hardware & network equipment providers	3.43
Chemicals	3.40
Internet, software & IT services	3.13
Biotechnology	3.10
Healthcare & social services	2.80
Miscellaneous consumer goods	2.50
Environmental services & recycling	2.16
Graphic design, publishing & media	1.81
Building industry & materials	1.71
Traffic & transportation	1.58
Forestry, paper & pulp products	1.44
Electrical devices & components	1.13
Food & soft drinks	1.03
Real Estate	0.85
Rubber & tyres	0.62
Miscellaneous services	0.43
Packaging industry	0.23
<b>Total</b>	<b>99.30</b>

## Statement of Net Assets

	EUR
	31.12.2005
<b>Assets</b>	
Investments in securities, cost	14 221 626.30
Investments in securities, unrealized appreciation (depreciation)	1 880 698.61
Total investments in securities (Note 1)	16 102 324.91
Cash at banks, deposits on demand and deposit accounts	140 691.02
Interest receivable on liquid assets	258.01
Receivable on dividends	12 990.64
<b>Total Assets</b>	<b>16 256 264.58</b>
<b>Liabilities</b>	
Provisions for global service fee (Note 2)	-40 975.67
Provisions for taxe d'abonnement (Note 3)	-489.35
Total provisions	-41 465.02
<b>Total Liabilities</b>	<b>-41 465.02</b>
<b>Net assets at the end of the financial year</b>	<b>16 214 799.56</b>

## Statement of Operations

	EUR
	1.1.2005–31.12.2005
<b>Income</b>	
Net interest on liquid assets and bank overdraft	3 366.64
Dividends	218 229.82
Income on securities lending (Note 4)	11 479.52
<b>Total income</b>	<b>233 075.98</b>
<b>Expenses</b>	
Global service fee (Note 2)	-209 141.38
Taxe d'abonnement (Note 3)	-1 668.22
Other commissions and fees (Note 2)	-9 973.05
<b>Total expenses</b>	<b>-220 782.65</b>
<b>Net income on investments</b>	<b>12 293.33</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	1 092 655.72
Realized gain (loss) on forward foreign exchange contracts	46.44
Total realized gain (loss) on investments	1 092 702.16
Realized gain (loss) on foreign exchange	-3 327.72
<b>Total realized gain (loss)</b>	<b>1 089 374.44</b>
<b>Net realized gain (loss) of the financial year</b>	<b>1 101 667.77</b>
<b>Changes in unrealized appreciation (depreciation)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	1 377 905.17
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>1 377 905.17</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>2 479 572.94</b>

## Statement of Changes in Net Assets

	EUR
	<b>1.1.2005–31.12.2005</b>
Net assets at the beginning of the financial year	11 784 183.79
Subscriptions	1 952 350.93
Redemptions	-1 308.10
Total net subscriptions (redemptions)	1 951 042.83
Net income on investments	12 293.33
Total realized gain (loss)	1 089 374.44
Total changes in unrealized appreciation (depreciation)	1 377 905.17
Net increase (decrease) in net assets as a result of operations	2 479 572.94
<b>Net assets at the end of the financial year</b>	<b>16 214 799.56</b>

## Development of the outstanding units

	1.1.2005–31.12.2005
<b>Class</b>	<b>A</b>
Number of units outstanding at the beginning of the financial year	4 402.2610
Number of units issued	2 375.9260
Number of units redeemed	-10.0000
<b>Number of units outstanding at the end of the financial year</b>	<b>6 768.1870</b>
<b>Class</b>	<b>B</b>
Number of units outstanding at the beginning of the financial year	10 182.4000
Number of units issued	1 273.0000
Number of units redeemed	0.0000
<b>Number of units outstanding at the end of the financial year</b>	<b>11 455.4000</b>

## Statement of Investments in Securities and other Net Assets as of 31 December 2005

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
<b>Transferable securities and money market instruments listed on an official stock exchange</b>			
<b>Bearer shares</b>			
<b>Austria</b>			
EUR MAYR-MELNHOF KARTON AG	320.00	37 760.00	0.23
<b>Total Austria</b>		<b>37 760.00</b>	<b>0.23</b>
<b>Belgium</b>			
EUR FORTIS SA/NV	3 470.00	93 516.50	0.58
<b>Total Belgium</b>		<b>93 516.50</b>	<b>0.58</b>
<b>Bermudas</b>			
SGD BIO-TREAT TECHNOLOGY LTD	118 000.00	67 381.96	0.42
<b>Total Bermudas</b>		<b>67 381.96</b>	<b>0.42</b>
<b>Canada</b>			
CAD CANADIAN HYDRO DEVELOPERS INC	16 200.00	68 543.87	0.43
USD QLT INC	9 000.00	48 526.98	0.30
CAD ZENON ENVIRONMENTAL INC	4 300.00	52 490.35	0.32
<b>Total Canada</b>		<b>169 561.20</b>	<b>1.05</b>
<b>Finland</b>			
EUR NOKIA OYJ	16 500.00	254 925.00	1.57
<b>Total Finland</b>		<b>254 925.00</b>	<b>1.57</b>
<b>France</b>			
EUR FRANCE TELECOM SA	11 948.00	250 788.52	1.55
EUR SANOFI AVENTIS SA	1 453.00	107 522.00	0.66
<b>Total France</b>		<b>358 310.52</b>	<b>2.21</b>
<b>Germany</b>			
EUR HENKEL KGAA	1 140.00	89 535.60	0.55
EUR MASTERFLEX AG	3 730.00	100 710.00	0.62
EUR METRO AG	2 980.00	121 584.00	0.75
EUR SOLARWORLD AG	1 500.00	168 000.00	1.04
EUR TECHEM AG	1 840.00	69 736.00	0.43
<b>Total Germany</b>		<b>549 565.60</b>	<b>3.39</b>
<b>Isle of Man</b>			
GBP TRADING EMISSIONS PLC	42 000.00	90 622.22	0.56
<b>Total Isle of Man</b>		<b>90 622.22</b>	<b>0.56</b>
<b>Italy</b>			
EUR ENI SPA	8 700.00	203 841.00	1.26
EUR UNICREDITO ITALIANO SPA	22 800.00	132 696.00	0.82
<b>Total Italy</b>		<b>336 537.00</b>	<b>2.08</b>
<b>Japan</b>			
JPY CANON INC	1 900.00	94 165.96	0.58
JPY EAST JAPAN RAILWAY CO	21.00	122 329.55	0.75
JPY HONDA MOTOR CO LTD	2 100.00	101 513.92	0.63
JPY KAO CORP	5 000.00	113 487.58	0.70
JPY MITSUI FUDOSAN CO LTD	8 000.00	137 621.64	0.85
JPY NITTO DENKO CORP	3 200.00	211 230.55	1.30
JPY NTT DOCOMO INC	89.00	115 067.78	0.71
JPY ROHM CO LTD	900.00	82 939.31	0.51
JPY SOMPO JAPAN INSURANCE INC	9 000.00	103 108.49	0.64
JPY SUMITOMO MITSUI FINANCIAL GROUP INC	19.00	170 590.50	1.05
JPY TOYOTA MOTOR CORP	4 500.00	197 813.16	1.22
<b>Total Japan</b>		<b>1 449 868.44</b>	<b>8.94</b>
<b>Netherlands</b>			
EUR ABN AMRO HOLDING NV	10 200.00	225 318.00	1.39
EUR AEGON NV	13 950.00	191 812.50	1.18
EUR ROYAL PHILIPS ELECTRONICS NV	6 500.00	170 625.00	1.05
<b>Total Netherlands</b>		<b>587 755.50</b>	<b>3.62</b>
<b>Norway</b>			
NOK STATOIL ASA	8 000.00	155 251.74	0.96
NOK TELENOR ASA	20 000.00	165 894.00	1.02
<b>Total Norway</b>		<b>321 145.74</b>	<b>1.98</b>

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
<b>Singapore</b>			
SGD HYFLUX LTD	51 500.00	72 207.71	0.45
<b>Total Singapore</b>		<b>72 207.71</b>	<b>0.45</b>
<b>Spain</b>			
EUR ABENGOA SA	15 800.00	196 078.00	1.21
EUR ENAGAS SA	7 070.00	111 706.00	0.69
EUR GAMESA CORPORACION TECNOLOGICA SA	10 000.00	123 600.00	0.76
<b>Total Spain</b>		<b>431 384.00</b>	<b>2.66</b>
<b>Sweden</b>			
SEK ELECTROLUX AB-B	4 300.00	94 587.88	0.59
SEK SVENSKA CELLULOSA SCA AB-B	2 930.00	92 698.14	0.57
<b>Total Sweden</b>		<b>187 286.02</b>	<b>1.16</b>
<b>United Kingdom</b>			
GBP BARCLAYS PLC	23 515.00	209 111.01	1.29
GBP BP PLC	27 800.00	250 452.95	1.54
GBP KINGFISHER PLC	41 200.00	142 263.71	0.88
GBP MISYS PLC	30 900.00	107 372.38	0.66
GBP PRUDENTIAL PLC	20 900.00	167 301.44	1.03
GBP REED ELSEVIER PLC	13 700.00	108 868.92	0.67
GBP ROYAL BANK OF SCOTLAND GROUP PLC	7 900.00	201 787.80	1.24
GBP ROYAL DUTCH SHELL PLC-A	6 017.00	155 091.96	0.96
GBP TESCO PLC	20 000.00	96 494.87	0.60
GBP VODAFONE GROUP PLC	172 110.00	314 369.59	1.94
<b>Total United Kingdom</b>		<b>1 753 114.63</b>	<b>10.81</b>
<b>United States</b>			
USD 3M CO	5 200.00	341 655.72	2.11
USD AIR PRODUCTS & CHEMICALS INC	3 210.00	161 078.29	0.99
USD AMERICAN POWER CONVERSION CORP	4 100.00	76 469.84	0.47
USD AMERICAN SUPERCONDUCTOR CORP	15 900.00	106 085.37	0.65
USD AMYLIN PHARMACEUTICALS INC	2 800.00	94 761.56	0.58
USD APPLIED MATERIALS INC	10 500.00	159 696.49	0.98
USD AT&T INC	10 000.00	207 621.55	1.28
USD AVON PRODUCTS INC	4 100.00	99 237.00	0.61
USD BANK OF AMERICA CORP	7 600.00	297 350.68	1.83
USD BAXTER INTERNATIONAL INC	3 500.00	111 716.33	0.69
USD BORG WARNER INC	1 800.00	92 521.72	0.57
USD BRISTOL MYERS SQUIBB CO	14 450.00	281 514.98	1.74
USD CITIGROUP INC	13 500.00	555 427.92	3.42
USD CREE INC	4 100.00	87 731.76	0.54
USD CSX CORP	3 100.00	133 429.70	0.82
USD DELL INC	14 200.00	361 034.29	2.23
USD DOW JONES & CO INC	2 500.00	75 219.36	0.46
USD ECOLAB INC	5 800.00	178 344.28	1.10
USD GREEN MOUNTAIN COFFEE ROASTERS INC	2 400.00	82 607.77	0.51
USD HEADWATERS INC	7 100.00	213 322.03	1.32
USD INTERMAGNETICS GENERAL CORP	6 950.00	187 957.27	1.16
USD INTERNATIONAL BUSINESS MACHINES CORP	2 800.00	195 125.26	1.20
USD INTERNATIONAL RECTIFIER CORP	2 200.00	59 497.27	0.37
USD JOHNSON & JOHNSON	6 300.00	320 995.29	1.98
USD JOHNSON CONTROLS INC	4 300.00	265 790.34	1.64
USD KIMBERLY-CLARK CORP	2 800.00	141 596.37	0.87
USD MARTEK BIOSCIENCES CORP	3 400.00	70 937.22	0.44
USD MCGRAW-HILL COMPANIES INC	2 500.00	109 427.32	0.67
USD MEDTRONIC INC	1 700.00	82 971.47	0.51
USD MELLON FINANCIAL CORP	12 650.00	367 311.69	2.27
USD MOTOROLA INC	5 900.00	112 993.09	0.70
USD MYLAN LABORATORIES INC	3 650.00	61 764.23	0.38
USD NISOURCE INC	7 800.00	137 940.74	0.85
USD OFFICE DEPOT INC	8 300.00	220 948.67	1.36
USD ORACLE CORP	23 400.00	242 222.88	1.49
USD OSI PHARMACEUTICALS INC	5 500.00	130 744.78	0.81
USD PHARMION CORP	6 200.00	93 403.42	0.58
USD PROCTER & GAMBLE CO	2 500.00	122 673.90	0.76
USD STERICYCLE INCORPORATED	1 700.00	84 859.48	0.52
USD SUNOCO INC	2 500.00	166 122.67	1.02
USD SYMANTEC CORP	10 600.00	157 263.36	0.97
USD UNITED NATURAL FOODS INC	3 800.00	85 049.38	0.52
USD UNITEDHEALTH GROUP INC	6 700.00	352 963.42	2.18
USD VCA ANTECH INC	4 200.00	100 411.17	0.62
USD ZIMMER HOLDINGS INC	2 100.00	120 066.13	0.74
<b>Total United States</b>		<b>7 707 863.46</b>	<b>47.51</b>
<b>Total Bearer shares</b>		<b>14 468 805.50</b>	<b>89.22</b>

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
<b>Other shares</b>			
<b>Netherlands</b>			
EUR ING GROEP NV-CVA	7 060.00	206 858.00	1.28
<b>Total Netherlands</b>		<b>206 858.00</b>	<b>1.28</b>
<b>Total Other shares</b>		<b>206 858.00</b>	<b>1.28</b>
<b>Registered shares</b>			
<b>Germany</b>			
EUR ALLIANZ AG	1 900.00	243 086.00	1.50
<b>Total Germany</b>		<b>243 086.00</b>	<b>1.50</b>
<b>Spain</b>			
EUR BANCO SANTANDER CENTRAL HISPANO SA	20 700.00	230 805.00	1.42
<b>Total Spain</b>		<b>230 805.00</b>	<b>1.42</b>
<b>Switzerland</b>			
CHF ACTELION LTD	970.00	67 824.40	0.42
CHF CREDIT SUISSE GROUP	5 520.00	237 902.27	1.47
CHF HOLCIM LTD	1 410.00	81 175.85	0.50
CHF NOVARTIS AG	1 588.00	70 534.06	0.44
CHF PRECIOUS WOODS HOLDING LTD	1 300.00	99 093.78	0.61
CHF SWISS REINSURANCE COMPANY	2 580.00	159 653.88	0.98
CHF UBS AG	2 940.00	236 586.17	1.46
<b>Total Switzerland</b>		<b>952 770.41</b>	<b>5.88</b>
<b>Total Registered shares</b>		<b>1 426 661.41</b>	<b>8.80</b>
<b>Total Transferable securities and money market instruments listed on an official stock exchange</b>		<b>16 102 324.91</b>	<b>99.30</b>
<b>Total investments in securities</b>		<b>16 102 324.91</b>	<b>99.30</b>
<b>Cash at banks, deposits on demand and deposit accounts and other liquid assets</b>		<b>140 691.02</b>	<b>0.87</b>
<b>Other assets and liabilities</b>		<b>-28 216.37</b>	<b>-0.17</b>
<b>Total net assets</b>		<b>16 214 799.56</b>	<b>100.00</b>

# Notes to the Financial Statements

Annual Report as of 31 December 2005

## Note 1 – Summary of most significant accounting policies

### a) Calculation of the net asset value

The net asset value and the issue and redemption price per unit of any subfund or of any class of units are expressed in the reference currency of the subfund or class concerned and are calculated every working day by dividing the overall net assets of the subfund or class of units by the number of units in circulation in this subfund or class.

Where subfunds have various classes or series of units, the net asset value of a unit must be calculated per class or series. To this end, the net assets of the subfund attributable to that class or series are divided by the total units of that subfund in circulation or managed separately.

### b) Valuation principles

- Based on the net acquisition price and by keeping the calculated investment return constant, the value of money market instruments, having a residual maturity which does not exceed 12 months, is successively adjusted to the redemption price thereof. In the event of material changes in market conditions, the valuation basis is adjusted on the new market yields.
- Debt securities are valued at the last known price (i.e. closing prices or if such do not reflect reasonable market value in the opinion of the Board of Directors the last available prices at the time of valuation), if they are listed on an official stock exchange. If the same security is listed on several stock exchanges, the last known price on the stock exchange that represents the major market for this security will apply.
- Debt securities and other securities are valued at the last known price on this market, if they are not listed on an official stock exchange, but traded on another regulated market, which is recognized, open to the public and operating regularly.
- Time deposits with an original maturity exceeding 30 days can be valued at their respective rate of return, provided the corresponding agreement between the credit institution holding the time deposits and the Fund stipulates that these time deposits may be called at any time and that, if called for repayment, their cash value corresponds to this rate of return.

- Any cash in hand or on deposit, notes payable on demand, bills and accounts receivable, prepaid expenses, cash dividends, interests declared or accrued as aforesaid and not yet received shall be valued at their full nominal value, unless in any case the same is unlikely to be paid or received in full, in which case the Board of Directors may value these assets with a discount he may consider appropriate to reflect the true value thereof. Liquid funds are valued at their nominal value plus any accrued interest.
- The value of swaps is calculated by the counterpart to the swap transactions, according to a method based on market value and recognised by the Board and verified by the Company's auditor.
- Securities and other investments listed on a stock exchange are valued at the last known price. If the same security or investment is quoted on several stock exchanges, the last known price on the stock exchange that represents the major market for this security will apply. In the case of securities and other investments where the trade on the stock market is thin but which are traded between securities dealers on a secondary market using usual market price formation methods, the Fund can use the prices on this secondary market as the basis for their valuation of these securities and investments. Securities and other investments that are not listed on a stock exchange, but which are traded on another regulated market which is recognized, open to the public and operating regularly, are valued at the last known price on this market.
- Units of UCITS authorised according to Directive 85/611/EEC and/or other assimilated UCI will be valued at the last known net asset value for such shares or units as of the relevant Valuation Day.

The Management Company is authorized to apply other generally recognized and auditable valuation criteria in order to achieve an appropriate valuation of the net assets if, due to extraordinary circumstances, a valuation in accordance with the above-mentioned regulations proves to be unfeasible or inaccurate.

In the case of extraordinary circumstances, additional valuations, which will affect the prices of the units to be subsequently issued or redeemed, may be carried out within one day.

### c) Net realized gain (loss) on sales of securities

The realized gains or losses on the sales of securities are calculated on the basis of the average cost of the securities sold.

*d) Valuation of forward foreign exchange contracts*

The unrealized gain (loss) of outstanding forward foreign exchange contracts is valued on the basis of the forward exchange rates prevailing at valuation date.

*e) Valuation of financial futures contracts*

Financial futures contracts are valued based on the latest available published price applicable on the valuation date. Realized gains and losses and the changes in unrealized gains and losses are recorded in the statement of operations. The realized gains and losses are calculated in accordance with the FIFO method, i.e. the first contracts acquired are regarded as the first to be sold.

*f) Conversion of foreign currencies*

Bank accounts, other net assets and the valuation of the investments in securities held denominated in currencies other than the reference currency of the different subfunds are converted at the mid closing spot rates on the valuation date. Income and expenses denominated in currencies other than the currency of the different subfunds are converted at the mid closing spot rates at payment date. Gain or loss on foreign exchange is included in the statement of operations.

The cost of securities denominated in currencies other than the reference currency of the different subfunds is converted at the mid closing spot rate prevailing on the day of acquisition.

*g) Accounting of securities' portfolio transactions*

The securities' portfolio transactions are accounted for the bank business day following the transaction dates.

*h) Receivable on securities sales,**Payable on securities purchases*

The account "Receivables on securities sales" can also include receivables from foreign currency transactions. The account "Payables on securities purchases" can also include payables from foreign currency transactions.

*i) Income recognition*

Dividends, net of withholding taxes, are recognized as income on the date upon which the relevant securities are first listed as "ex-dividend". Interest income is accrued on a daily basis.

**Note 2 – Global service fee**

The Fund pays a monthly "global service fee" calculated on the average net asset value of the subfund as shown in the table below:

Living Planet Fund	Global service fee
– Equity A	2.04% p.a
– Equity B	1.56% p.a

This global service fee is used to pay the Management Company, the Administrative Agent, the Custodian Bank, the Portfolio Managers and the Distributors.

It also covers all the costs incurred by the Fund and the subfunds relating to the establishment expenses, the auditor, notary, printing, translation and publication fees with the exception of the following:

- All taxes which are levied on the assets and the income of the Fund, particularly the "taxe d'abonnement",
- customary brokerage fees and commissions which are charged by other banks and brokers for securities transactions and similar transactions, and
- costs for extraordinary measures carried out in the interests of unitholders, particularly arranging expert opinions and dealing with legal proceedings, etc.

The Management Fee may be used in part to pay remunerations (trailer fees) for distribution activities concerning the Funds and asset managers.

In addition, reimbursements may be made to institutional investors, which, from a commercial perspective, hold Shares of the Funds for third parties.

All costs which can be allocated accurately to individual subfunds will be charged to these subfunds. If costs pertain to several or all subfunds, however, these costs will be charged to the subfunds concerned in proportion to their relative net asset values.

**Note 3 – Taxe d'abonnement**

Under the terms of the relevant provisions of the legislation of the Grand Duchy of Luxembourg and according to administrative practice, the assets of the Fund are not subject to any Luxembourg withholding, income, capital gains or wealth taxes. However, the Fund's assets are subject to a so-called "taxe d'abonnement" (subscription tax) of 0.05% p.a. on its total net assets. The "taxe d'abonnement" is payable quarterly and is calculated on the basis of the Fund's net assets at the end of the quarter concerned. If any subfund or any class of unit of a subfund is reserved to institutional investors, the "taxe d'abonnement" is reduced to 0.01% p.a. on total net assets of that specific subfund or class.

The "taxe d'abonnement" is waived for that part of the Fund assets invested in units of other undertakings for collective investment that have already paid the "taxe d'abonnement" in accordance with the statutory provisions of Luxembourg law.

**Note 4 – Securities Lending**

The Fund may also lend portions of its securities portfolio to third parties. In general, lendings may only be effected via recognized clearing houses such as Clearstream International or Euroclear, or through the intermediary of prime financial institutions that specialize in such activities and in the modus specified by them. Such transactions may not be entered into for longer than 30 days, however. If the loan exceeds 50% of the securities portfolio of the corresponding subfund, it may only be effected on condition that termination of the loan contract is possible immediately.

The market value of the securities lent on 31 December 2005 was:

Living Planet Fund	Securities Lending
– Equity	3 329 999.76 EUR

**Note 5 – Income distribution**

In accordance with the management regulations, once the annual accounts are closed the Management Company will decide whether and to what extent distributions are to be paid out by each subfund and particularly by each class of units. The payment of distributions must not result in the net assets of the Fund falling below the minimum amount of assets prescribed by law. If a distribution is made, payment will

be effected no later than four months after the end of the financial year.

The Management Company is authorized to pay interim dividends and to suspend the payment of distributions.

Distributions are made upon submission of the relevant coupons. The method of payment is determined by the Management Company.

**Note 6 – Total Expense Ratio (TER)**

This ratio was calculated in accordance with the "Guidelines on the calculation and publication of the TER" issued by the Swiss Funds Association SFA on 13 June 2003 and expresses the sum of all costs and commissions charged on an ongoing basis to the Fund's net assets (operating expenses) taken retrospectively as a percentage of the Fund's net assets.

TER for the last 12 months:\*

Living Planet Fund	Total Expense Ratio (TER)
– Equity A	2.16%
– Equity B	1.64%

\* This ratio has not been audited by the auditors.

**Note 7 – Applicable law, place of performance and authoritative language**

The Luxembourg District Court is the place of performance for all legal disputes between the unitholders, the Management Company, the Administrative Agent and the Custodian Bank. Luxembourg law applies. However, in matters concerning the claims of investors from other countries, the Management Company and/or the Custodian Bank can elect to make themselves and the Fund subject to the jurisdiction of the countries in which the Fund units were bought and sold.

The English version of these financial statements is the authoritative version and only this version was audited by the auditors. However, in the case of units sold to investors from the other countries in which Fund units can be bought and sold, the Management Company and the Custodian Bank may recognize approved translations (i.e. approved by the Management Company and the Custodian Bank) into the languages concerned as binding upon themselves and the Fund.