

# Annual Report 2006.

**Investment Fund under Luxembourg Law**

**Audited annual report as of 31 December 2006**

Living Planet Fund

Living Planet Fund – Equity



# Audited annual report as of 31 December 2006

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## Sales restrictions

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

# Management and Administration

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## 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

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

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

*Mario Cueni*, Member (until 3 May 2006)  
Managing Director, UBS AG, Basel and Zurich

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

*Dirk Spiegel*, Member (since 27 April 2006)  
Executive Director, UBS AG, Basel and Zurich

\* 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**

*Representative 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)

### **Sale in Germany**

*Representative 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

### **Sale in Switzerland**

*Representative*

First Independent Fund Services,  
Klausstrasse 33, CH-8008 Zurich

*Paying Agent*

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

The sales prospectus and the simplified prospectuses, management regulations, annual and semiannual 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

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Living Planet Fund offers 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 open-ended 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.

## Report of the Portfolio Manager, UBS AG

Global equity markets enjoyed this fourth strong year in succession against most expectations and we would highlight some general global themes. Key among these were the record levels of M&A activity that dominated the markets. Record free cashflow yields at the corporate level allowed many companies to acquire across all sectors, and this was massively supportive of equity markets. At the same time, private equity companies were active, lending further support, and in the energy and materials fields, flows into dedicated new funds added further impetus.

During 2006, the Fund outperformed its Benchmark the MSCI World (r) net of fees. Positive contribution came from the Innovator segment in the portfolio, whereas the Leader contributed negatively. On a stock level, most positive contribution came from overweights in Abengoa, Vestas, Solarworld and Oracle. Negative contributors were overweights in Dell, Nitto Denko and Headwaters.

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## Report of the Portfolio Manager, Bank Sarasin & Cie AG, for its managed assets in the Living Planet Fund

The portfolio only attained a reasonable size in mid-year with inflows of EUR 2.5 million. These assets were immediately invested in a well-diversified portfolio. As at the end of December 2006, the Fund volume was around EUR 4.3 million.

The **65 positions** held have portfolio weightings of between 1% and 3% depending on the market capitalisation and upside potential of each company. We are careful to ensure that oil and gas companies are never among the ten largest positions.

The **currency structure** is as follows: 37% in USD, 25% in EUR, 10% each in GBP and CHF, and about 6% each in Scandinavian currencies, CAD and JPY. The portfolio is thus considerably overweighted in EUR in comparison to the benchmark (MSCI World – benchmark weighting is 17%), as well as in CHF (benchmark 3%) and the Scandinavian currencies (benchmark 2%). Compared to the benchmark, USD (48%) and JPY (11%) are underweight; the weighting of GBP (11%) is neutral.

**Sector allocation:** 25% is invested in the financials sector, about 16% in industrials, 13% in technology, 11% in healthcare, 10% in energy and about 8% each in defensive and cyclical consumer stocks, with another 3% each in utilities, materials and telecoms. We have considerable overweight vis-à-vis the benchmark in the industrials and technology sectors. The two underweights in utilities and materials are based on sustainability criteria.

Given the high energy prices, some companies have been included in the portfolio which are appropriate for the area of clean energy / energy efficiency / economical use of energy, for example, ABB, Sulzer, Wärtsilä, Canadian National Railway, Novozymes, Toyota, Vestas, Q-Cells, Solarworld and Saipem.

We cannot make any statements about (relative) performance as we do not know the Net Asset Value for the Fund.

## Outlook

Driven by excellent corporate results and solid economic data, the stock markets got off to a strong start in 2007. This upward trend went on until late February. During the final two days of February, global equity markets, starting with China, plummeted, more or less reversing the year-to-date gains. Along with the sudden drop in share prices in China, the re-emergence of fears about the growth of the US economy and major geopolitical risks were the main reasons for this reversal. In addition, former US Federal Reserve Chairman Alan Greenspan sees some risk of the US economy going into recession. The actual trigger for the price setbacks was the nervous reaction of investors to the falling prices in Shanghai. For some time now, there has been speculation about whether the current bull market, which has lasted more than four years, might soon come to an end. For this reason, the plummeting prices have led investors to pull out of the equity markets, at least temporarily. Fundamentally, however, nothing has changed: conditions remain favourable. Economic growth is currently slowing as expected but is projected to pick up again in the second half of this year. Interest rates are currently low and inflation is under control. We do not see the sharp price falls as a trend reversal, but as a healthy correction, opening up welcome entry opportunities for investors.

# Independent Auditor's Report

Annual Report as of 31 December 2006

To the Unitholders of  
**Living Planet Fund**

We have audited the accompanying financial statements of Living Planet Fund, which comprise the statement of net assets and the statement of investments in securities and other net assets as at 31 December 2006 and the statement of operations 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.

## **Board of Directors of the Management Company's responsibility for the financial statements**

The Board of Directors of the Management Company 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.

## **Auditor's responsibility**

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 Auditor's judgment, 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 Auditor 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 Management Company, 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, these financial statements give a true and fair view of the financial position of Living Planet Fund as of 31 December 2006, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

## **Other matters**

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.

Luxembourg, 10 April 2007

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

Jean-Robert Lentz

# Living Planet Fund – Equity

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## Three-year comparison

Date	ISIN	31.12.2006	31.12.2005	31.12.2004
Net assets in EUR		25 578 904.14	16 214 799.56	11 784 183.79
<b>Class A</b>	<b>LU0169371266</b>			
Units outstanding		6 128.1730	6 768.1870	4 402.2610
Net asset value per unit in EUR		140.14	132.02	110.11
<b>Class B</b>	<b>LU0169371779</b>			
Units outstanding		17 324.4000	11 455.4000	10 182.4000
Net asset value per unit in EUR		1 426.89	1 337.47	1 109.70

## Structure of the Securities Portfolio

Geographical Breakdown as a % of net assets	
United States	43.52
United Kingdom	10.90
Switzerland	7.17
Germany	6.98
Japan	6.74
Spain	4.35
France	4.34
Netherlands	4.27
Italy	2.18
Denmark	1.77
Canada	1.26
Finland	1.24
Norway	1.02
Sweden	0.89
Hong Kong	0.58
Ireland	0.48
Isle of Man	0.40
Australia	0.34
Brazil	0.31
India	0.25
<b>Total</b>	<b>98.99</b>

Economic Breakdown as a % of net assets	
Banks & credit institutions	15.67
Telecommunications	8.06
Finance & holding companies	6.72
Insurance	6.63
Pharmaceuticals, cosmetics & medical products	6.59
Petroleum	5.69
Energy & water supply	5.28
Electronics & semiconductors	4.50
Retail trade, department stores	4.21
Vehicles	3.94
Building industry & materials	3.22
Biotechnology	3.18
Internet, software & IT services	3.03
Chemicals	2.92
Electrical devices & components	2.85
Computer hardware & network equipment providers	2.51
Healthcare & social services	1.95
Environmental services & recycling	1.76
Miscellaneous consumer goods	1.75
Traffic & transportation	1.65
Graphic design, publishing & media	1.49
Food & soft drinks	1.47
Forestry, paper & pulp products	0.93
Real estate	0.72
Agriculture & fishery	0.58
Mechanical engineering & industrial equipment	0.49
Rubber & tyres	0.42
Textiles, garments & leather goods	0.35
Miscellaneous services	0.26
Lodging, catering & leisure	0.14
Miscellaneous unclassified companies	0.03
<b>Total</b>	<b>98.99</b>

## Statement of Net Assets

	EUR
<b>Assets</b>	<b>31.12.2006</b>
Investments in securities, cost	23 104 557.53
Investments in securities, unrealized appreciation (depreciation)	2 216 948.33
Total investments in securities (Note 1)	25 321 505.86
Cash at banks, deposits on demand and deposit accounts	79 126.94
Time deposits and fiduciary deposits	282 839.28
Interest receivable on liquid assets	393.46
Receivable on dividends	12 974.99
<b>Total Assets</b>	<b>25 696 840.53</b>
<b>Liabilities</b>	
Bank overdraft	-530.18
Interest payable on bank overdraft	-1 110.45
Payable on redemptions	-70 500.00
Provisions for global service fee (Note 2)	-35 141.20
Provisions for taxe d'abonnement (Note 3)	-719.23
Provisions for other taxes	-9 935.33
Total provisions	-45 795.76
<b>Total Liabilities</b>	<b>-117 936.39</b>
<b>Net assets at the end of the financial year</b>	<b>25 578 904.14</b>

## Statement of Operations

	EUR
<b>Income</b>	<b>1.1.2006–31.12.2006</b>
Interest on liquid assets and bank overdraft	12 621.82
Dividends	344 860.73
Income on securities lending (Note 4)	14 417.22
<b>Total income</b>	<b>371 899.77</b>
<b>Expenses</b>	
Global service fee (Note 2)	-345 758.76
Taxe d'abonnement (Note 3)	-2 727.30
<b>Total expenses</b>	<b>-348 486.06</b>
<b>Net income on investments</b>	<b>23 413.71</b>
<b>Realized gain (loss) (Note 1)</b>	
Realized gain (loss) on market-priced securities without options	1 225 964.54
Total realized gain (loss) on investments	1 225 964.54
Realized gain (loss) on foreign exchange	23 569.20
<b>Total realized gain (loss)</b>	<b>1 249 533.74</b>
<b>Net realized gain (loss) of the financial year</b>	<b>1 272 947.45</b>
<b>Changes in unrealized appreciation (depreciation) (Note 1)</b>	
Unrealized appreciation (depreciation) on market-priced securities without options	336 249.72
<b>Total changes in unrealized appreciation (depreciation)</b>	<b>336 249.72</b>
<b>Net increase (decrease) in net assets as a result of operations</b>	<b>1 609 197.17</b>

## Statement of Changes in Net Assets

	EUR
	<b>1.1.2006–31.12.2006</b>
Net assets at the beginning of the financial year	16 214 799.56
Subscriptions	9 121 350.70
Redemptions	-1 366 443.29
Total net subscriptions (redemptions)	7 754 907.41
Net income on investments	23 413.71
Total realized gain (loss)	1 249 533.74
Total changes in unrealized appreciation (depreciation)	336 249.72
Net increase (decrease) in net assets as a result of operations	1 609 197.17
<b>Net assets at the end of the financial year</b>	<b>25 578 904.14</b>

## Development of the outstanding units

	1.1.2006–31.12.2006
<b>Class</b>	<b>A</b>
Number of units outstanding at the beginning of the financial year	6 768.1870
Number of units issued	2 195.0790
Number of units redeemed	-2 835.0930
<b>Number of units outstanding at the end of the financial year</b>	<b>6 128.1730</b>
<b>Class</b>	<b>B</b>
Number of units outstanding at the beginning of the financial year	11 455.4000
Number of units issued	6 565.0000
Number of units redeemed	-696.0000
<b>Number of units outstanding at the end of the financial year</b>	<b>17 324.4000</b>

## Statement of Investments in Securities and other Net Assets as of 31 December 2006

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>Australia</b>			
AUD WESTPAC BKG CORP NPV	6 000.00	86 934.22	0.34
<b>Total Australia</b>		<b>86 934.22</b>	<b>0.34</b>
<b>Canada</b>			
CAD CANADIAN HYDRO DEVELOPERS INC COM	31 800.00	123 302.96	0.48
CAD CANADIAN NATL RY CO COM	1 600.00	52 206.79	0.20
CAD ENCANA CORP COM	1 000.00	34 968.75	0.14
CAD ROYAL BK CDA MONTREAL QUE COM	1 800.00	65 102.09	0.25
CAD SUNOPTA INC COM	4 100.00	27 413.26	0.11
USD SUNOPTA INC COM	2 900.00	19 353.13	0.08
<b>Total Canada</b>		<b>322 346.98</b>	<b>1.26</b>
<b>Denmark</b>			
DKK NOVO-NORDISK AS DKK2 SER'B'	800.00	50 493.26	0.20
DKK NOVOZYMES A/S SER'B'DKK10	1 000.00	65 195.87	0.25
DKK VESTAS WIND SYSTEM DKK1	10 500.00	336 291.95	1.32
<b>Total Denmark</b>		<b>451 981.08</b>	<b>1.77</b>
<b>Finland</b>			
EUR NOKIA OYJ EURO.06	16 329.00	252 772.92	0.98
EUR WARTSILA OYJ ABP SER'B'EUR3.50	1 600.00	65 296.00	0.26
<b>Total Finland</b>		<b>318 068.92</b>	<b>1.24</b>
<b>France</b>			
EUR AXA EUR2.29	8 703.00	266 921.01	1.04
EUR BNP PARIBAS EUR2	700.00	57 855.00	0.23
EUR CREDIT AGRICOLE SA EUR3	5 027.00	160 160.22	0.63
EUR EDF ENERGIES NOUVELLES SA	1 500.00	60 165.00	0.24
EUR ESSILOR INTL EURO.35	400.00	32 580.00	0.13
EUR FRANCE TELECOM EUR4	16 198.00	339 348.10	1.32
EUR LVMH MOET HENNESSY EURO.30	700.00	55 965.00	0.22
EUR SCHNEIDER ELECTRIC EUR8	790.00	66 439.00	0.26
EUR VEOLIA ENVIRONNEME EUR5	1 200.00	70 080.00	0.27
<b>Total France</b>		<b>1 109 513.33</b>	<b>4.34</b>
<b>Germany</b>			
EUR CENTROTEC SUSTAIN NPV	4 561.00	109 464.00	0.43
EUR IKB DT INDUSTRIEBK ORD NPV	4 131.00	121 988.43	0.48
EUR MASTERFLEX AG NPV	4 711.00	108 353.00	0.42
EUR METRO AG ORD NPV	3 602.00	174 012.62	0.68
EUR PETROTEC AG	10 800.00	178 200.00	0.70
EUR Q-CELLS AG NPV	6 478.00	220 575.90	0.86
EUR SAP AG ORD NPV	1 440.00	57 974.40	0.23
EUR SOLARWORLD AG NPV	6 379.00	303 640.40	1.18
EUR WACKER CHEMIE AG NPV(BR)	1 500.00	147 870.00	0.58
<b>Total Germany</b>		<b>1 422 078.75</b>	<b>5.56</b>
<b>Hong Kong</b>			
HKD CHAODA MODERN AGRI HKD0.10	302 000.00	147 532.96	0.58
<b>Total Hong Kong</b>		<b>147 532.96</b>	<b>0.58</b>
<b>Ireland</b>			
EUR DEPPA BANK PLC ORD EURO.30	9 091.00	123 273.96	0.48
<b>Total Ireland</b>		<b>123 273.96</b>	<b>0.48</b>
<b>Isle of Man</b>			
GBP TRADING EMISSIONS ORD GBP0.01	52 554.00	103 351.37	0.40
<b>Total Isle of Man</b>		<b>103 351.37</b>	<b>0.40</b>
<b>Italy</b>			
EUR ENI EUR1	10 388.00	264 686.24	1.03
EUR SAIPEM EUR1	1 700.00	33 590.30	0.13
EUR SANPAOLO IMI SPA EUR2.88	14 772.00	259 987.20	1.02
<b>Total Italy</b>		<b>558 263.74</b>	<b>2.18</b>
<b>Japan</b>			
JPY CANON INC NPV	2 000.00	85 283.10	0.33
JPY EAST JAPAN RAILWAY NPV	27.00	136 612.07	0.53
JPY HONDA MOTOR CO NPV	6 000.00	179 476.38	0.70
JPY MITSUBI FUDOSAN CO NPV	10 000.00	184 886.13	0.72
JPY MITSUBI SUMITOMO IN NPV	20 000.00	165 729.25	0.65
JPY NITTO DENKO CORP NPV	3 600.00	136 554.79	0.53

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
JPY NTT DOCOMO NPV	117.00	139 991.58	0.55
JPY SOMPO JAPAN INS NPV	9 000.00	83 341.96	0.33
JPY SUMITOMO MITSUI FG NPV	28.00	217 408.27	0.85
JPY TOYOTA MOTOR CORP NPV	7 800.00	395 153.52	1.55
<b>Total Japan</b>		<b>1 724 437.05</b>	<b>6.74</b>
<b>Netherlands</b>			
EUR AEGON NV	13 892.00	200 600.48	0.78
EUR ASML HOLDING NV EURO.02	7 779.00	146 556.36	0.57
EUR KONINKLIJKE NUMICO NV	1 600.00	65 200.00	0.25
EUR PHILIPS ELEC(KON) EURO.20	5 336.00	152 449.52	0.60
EUR STMICROELECTRONICS EUR1.04	10 645.00	149 775.15	0.59
<b>Total Netherlands</b>		<b>714 581.51</b>	<b>2.79</b>
<b>Norway</b>			
NOK STATOIL ASA NOK2.50	12 900.00	259 637.91	1.02
<b>Total Norway</b>		<b>259 637.91</b>	<b>1.02</b>
<b>Spain</b>			
EUR ABENGOA EURO.25	9 370.00	260 579.70	1.02
EUR GAMESA CORP TECNO EURO.17	11 115.00	231 747.75	0.91
EUR RED ELECTRICA DE E EUR2	5 428.00	176 355.72	0.69
EUR TELEFONICA SA EUR1	4 000.00	64 480.00	0.25
<b>Total Spain</b>		<b>733 163.17</b>	<b>2.87</b>
<b>Sweden</b>			
SEK ERICSSON(LM)TEL SER'B' NPV	58 000.00	177 724.40	0.70
SEK SKANSKA AB SER'B' NPV	3 300.00	49 370.97	0.19
<b>Total Sweden</b>		<b>227 095.37</b>	<b>0.89</b>
<b>United Kingdom</b>			
GBP AVIVA ORD GBP0.25	8 900.00	108 581.64	0.42
GBP BARCLAYS ORD GBP0.25	27 744.00	300 598.29	1.18
GBP BG GROUP ORD GBP0.10	4 600.00	47 313.56	0.18
GBP BIFFA ORD GBP0.10	1 600.00	7 290.43	0.03
GBP BP ORD USD0.25	33 093.00	278 738.26	1.09
GBP ITV ORD GBP0.10	82 538.00	130 466.23	0.51
GBP KINGFISHER ORD GBP0.157142857	47 015.00	166 425.33	0.65
GBP MISYS ORD GBP0.01	44 864.00	143 995.42	0.56
GBP PRUDENTIAL ORD GBP0.05	20 952.00	217 524.30	0.85
GBP REED ELSEVIER ORD GBP0.125	16 517.00	137 404.64	0.54
GBP ROYAL BK SCOT GRP ORD GBP0.25	15 315.00	453 021.57	1.77
GBP ROYAL DUTCH SHELL 'A'SHS EURO.07 (UK LIST)	8 023.00	212 554.15	0.83
GBP SEVERN TRENT ORD GBP0.9789	1 066.00	23 257.83	0.09
GBP TESCO ORD GBP0.05	11 000.00	66 039.81	0.26
GBP VODAFONE GROUP ORD USD0.11428571	235 290.00	494 145.09	1.94
<b>Total United Kingdom</b>		<b>2 787 356.55</b>	<b>10.90</b>
<b>United States</b>			
USD 3M CO COM	6 600.00	390 048.91	1.52
USD ADOBE SYS INC COM	2 800.00	87 313.54	0.34
USD AIR PRODS & CHEMS INC COM	3 810.00	203 061.31	0.79
USD AMERICAN INTL GROUP INC COM	5 300.00	288 020.32	1.13
USD AMERICAN PWR CONVERSION CORP COM	4 900.00	113 670.04	0.44
USD AMGEN INC COM	1 200.00	62 163.58	0.24
USD AT&T INC COM	10 900.00	295 510.56	1.16
USD AVON PRODS INC COM	5 300.00	132 796.42	0.52
USD BANK OF AMERICA CORPORATION COM	11 350.00	459 543.09	1.80
USD BAXTER INTL INC COM	4 200.00	147 755.66	0.58
USD BORG WARNER INC COM	3 000.00	134 273.69	0.52
USD BRISTOL MYERS SQUIBB CO COM	11 350.00	226 543.81	0.89
USD CISCO SYS INC COM	5 200.00	107 773.86	0.42
USD CITIGROUP INC COM	14 500.00	612 482.46	2.40
USD CORPORATE EXECUTIVE BRD CO COM	1 000.00	66 507.41	0.26
USD CREE INC COM	4 900.00	64 359.76	0.25
USD CSX CORP COM	8 900.00	232 379.33	0.91
USD DELL INC COM	10 600.00	201 686.57	0.79
USD DOW JONES & CO INC COM	2 900.00	83 570.32	0.33
USD EBAY INC COM	7 600.00	173 307.55	0.68
USD ECOLAB INC COM	4 300.00	147 393.17	0.58
USD ENERGY CONVERSION DEVICES INC COM	4 700.00	121 113.26	0.47
USD GENENTECH INC COM NEW	1 100.00	67 677.55	0.26
USD GENZYME CORP COM USD0.01	3 300.00	154 107.61	0.60
USD GILEAD SCIENCES INC COM	3 500.00	172 339.13	0.67
USD GREEN MTN COFFEE ROASTERS INC COM	3 100.00	115 734.27	0.45
USD HEADWATERS INC COM	14 000.00	254 381.37	0.99
USD HEWLETT PACKARD CO COM	2 850.00	89 024.00	0.35
USD HOME DEPOT INC COM	7 700.00	234 506.50	0.92
USD INTEL CORP COM	24 600.00	377 772.73	1.48
USD INTERNATIONAL BUSINESS MACHS COM	3 300.00	243 123.65	0.95
USD INTERNATIONAL RECTIFIER CORP COM	4 300.00	125 642.89	0.49
USD JOHNSON & JOHNSON COM	6 500.00	325 431.31	1.27
USD JOHNSON CTLS INC COM	4 600.00	299 724.72	1.17
USD KIMBERLY CLARK CORP COM	4 600.00	237 037.88	0.93
USD MASCO CORP COM	8 600.00	194 806.81	0.76
USD MCGRAW HILL COS INC COM	3 100.00	159 907.48	0.63

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
USD MEDTRONIC INC COM	7 000.00	284 055.66	1.11
USD MELLON FINL CORP COM	11 450.00	365 993.63	1.43
USD MILLER HERMAN INC COM	1 300.00	35 845.75	0.14
USD MOTOROLA INC COM	10 800.00	168 390.40	0.66
USD NISOURCE INC COM	8 900.00	162 658.78	0.64
USD OFFICE DEPOT INC COM	4 500.00	130 258.22	0.51
USD OSI PHARMACEUTICALS INC COM	6 700.00	177 731.77	0.69
USD PAYCHEX INC COM	1 300.00	38 980.78	0.15
USD PROCTER & GAMBLE CO COM	6 450.00	314 368.11	1.23
USD RED HAT INC COM	10 200.00	177 909.23	0.70
USD SCHLUMBERGER COM USD0.01	1 250.00	59 871.84	0.23
USD SLM CORP COM	1 700.00	62 874.15	0.25
USD STARBUCKS CORP COM	1 350.00	36 262.09	0.14
USD STERICYCLE INC COM	3 400.00	194 668.79	0.76
USD STRAYER ED INC COM	550.00	44 232.74	0.17
USD SUNOCO INC COM	3 000.00	141 872.37	0.55
USD SYMANTEC CORP COM	12 900.00	203 969.97	0.80
USD TEXAS INSTRS INC COM	2 250.00	49 141.17	0.19
USD UNITED NAT FOODS INC COM	5 400.00	147 095.89	0.58
USD UNITEDHEALTH GROUP INC COM	7 700.00	313 745.88	1.23
USD VCA ANTECH INC COM	5 800.00	141 585.71	0.55
USD WELLS FARGO & CO NEW COM	3 200.00	86 294.32	0.34
USD WHOLE FOODS MKT INC COM	3 700.00	131 680.88	0.51
USD ZIMMER HLDGS INC COM	4 400.00	261 534.14	1.02
<b>Total United States</b>		<b>11 133 514.79</b>	<b>43.52</b>
<b>Total Bearer shares</b>		<b>22 223 131.66</b>	<b>86.88</b>
<b>Bonus shares</b>			
<b>Switzerland</b>			
CHF ROCHE HLDGS AG GENUSSSCHEINE NPV	1 901.00	258 044.78	1.01
<b>Total Switzerland</b>		<b>258 044.78</b>	<b>1.01</b>
<b>Total Bonus shares</b>		<b>258 044.78</b>	<b>1.01</b>
<b>Participation certificates</b>			
<b>Switzerland</b>			
CHF LINDT & SPRUENGLI PTG CERT CHF10	25.00	46 717.47	0.18
<b>Total Switzerland</b>		<b>46 717.47</b>	<b>0.18</b>
<b>Total Participation certificates</b>		<b>46 717.47</b>	<b>0.18</b>
<b>Other shares</b>			
<b>Netherlands</b>			
EUR ING GROEP NV CVA EURO.24	11 233.00	377 316.47	1.48
<b>Total Netherlands</b>		<b>377 316.47</b>	<b>1.48</b>
<b>Total Other shares</b>		<b>377 316.47</b>	<b>1.48</b>
<b>Registered shares</b>			
<b>Germany</b>			
EUR ALLIANZ SE NPV(REGD)(VINKULIERT)	2 354.00	364 305.04	1.42
<b>Total Germany</b>		<b>364 305.04</b>	<b>1.42</b>
<b>Spain</b>			
EUR BCO SANT CENT HISP EURO.50(REGD)	24 534.00	346 910.76	1.35
EUR INDITEX EURO.15	800.00	32 648.00	0.13
<b>Total Spain</b>		<b>379 558.76</b>	<b>1.48</b>
<b>Switzerland</b>			
CHF ABB LTD CHF2.50(REGD)	6 700.00	90 946.87	0.36
CHF CREDIT SUISSE GRP CHF0.50(REGD)	5 227.00	276 826.97	1.08
CHF GIVAUDAN AG CHF10	65.00	45 549.54	0.18
CHF HOLCIM CHF2(REGD)	2 503.00	173 690.29	0.68
CHF NOVARTIS AG CHF0.50(REGD)	3 129.00	136 556.82	0.53
CHF PHONAK HOLDING CHF0.05 (REGD)	3 701.00	223 024.38	0.87
CHF PRECIOUS WOODS HLD CHF50(REGD)	1 360.00	73 505.47	0.29
CHF SPEEDEL HLDG AG CHF2 (REGD)	958.00	97 009.58	0.38
CHF SULZER AG CHF0.03(REGD)	70.00	60 316.48	0.24
CHF UBS AG CHF0.1 (POST SUBDIVISION)	7 638.00	351 371.26	1.37
<b>Total Switzerland</b>		<b>1 528 797.66</b>	<b>5.98</b>
<b>Total Registered shares</b>		<b>2 272 661.46</b>	<b>8.88</b>

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts (Note 1)	as a % of net assets
<b>Depository receipts</b>			
<b>Brazil</b>			
USD BANCO ITAU HLDG FINANCIERA S A SP ADR 500 PFD	2 900.00	79 501.76	0.31
<b>Total Brazil</b>		<b>79 501.76</b>	<b>0.31</b>
<b>India</b>			
USD INFOSYS TECHNOLOGIES LTD SPONSORED ADR	1 550.00	64 132.26	0.25
<b>Total India</b>		<b>64 132.26</b>	<b>0.25</b>
<b>Total Depository receipts</b>		<b>143 634.02</b>	<b>0.56</b>
<b>Total Transferable securities and money market instruments listed on an official stock exchange</b>		<b>25 321 505.86</b>	<b>98.99</b>
<b>Total investments in securities</b>		<b>25 321 505.86</b>	<b>98.99</b>
<b>Time deposits and fiduciary deposits</b>		<b>282 839.28</b>	<b>1.11</b>
<b>Cash at banks, deposits on demand and deposit accounts and other liquid assets</b>		<b>79 126.94</b>	<b>0.31</b>
<b>Bank overdraft and other short-term liabilities</b>		<b>-530.18</b>	<b>0.00</b>
<b>Other assets and liabilities</b>		<b>-104 037.76</b>	<b>-0.41</b>
<b>Total net assets</b>		<b>25 578 904.14</b>	<b>100.00</b>

# Notes to the Financial Statements

Annual Report as of 31 December 2006

## Note 1 – Summary of 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.
- 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:

<b>Living Planet Fund</b>	<b>Global service fee</b>
– 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 or shares 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 2006 was:

Living Planet Fund	Securities Lending
– Equity	7 904 063.38 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 and PTR" issued by the Swiss Funds Association SFA on 25 January 2006 and expresses the sum of all costs and commissions charged on an ongoing basis to the net assets (operating expenses) taken retrospectively as a percentage of the net assets.

TER for the last 12 months:

Living Planet Fund	Total Expense Ratio (TER)
– Equity A	2.11%
– Equity B	1.61%

Transaction costs and any other costs incurred in connection with currency hedging are not included in the TER.

**Note 7 – Portfolio Turnover Rate (PTR)**

This key ratio was calculated in accordance with the Swiss Funds Association's (SFA) "Guidelines on the calculation and disclosure of the TER and PTR" dated 25 January 2006. The PTR is considered an indicator of the relevance of the additional costs incurred when buying and selling investments. It shows how many security transactions occurred as a result of voluntary investment shifts in relation to the average net assets. Transactions that resulted from uncontrollable subscriptions and redemptions are not included in this rate.

PTR for the last 12 months:

Living Planet Fund	Portfolio Turnover Rate (PTR)
– Equity	85.65%

**Note 8 – 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.