
Annual report 2002

**INSINGER
DE BEAUFORT ASSET SELECTION SICAV
LUXEMBOURG**

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Directors, Administration and Management

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General Information

The annual general meeting of shareholders of the Fund will be held at the registered office of Insinger de Beaufort Asset Selection SICAV (“the Fund”) in Luxembourg on the last Wednesday of the month of April of each year at 11 a.m., or if any such day is not a bank business day in Luxembourg, the next following bank business day in Luxembourg.

Notifications of all general meetings will be published in the “Mémorial, Recueil des Sociétés et Associations”, of Luxembourg (the “Mémorial”) in as far as this is required by Luxembourg law, in the “Luxemburger Wort” and “Het Finanzele Dagblad” and shall be sent to the holders of registered shares in accordance with the provisions of the articles of Incorporation.

The audited Annual Report will be published within four months after the financial year-end and the unaudited semi-annual reports shall be published within two months after the end of the relevant period. The reports shall include separate information on each of the sub-funds as well as combined information on all of the sub-funds. The reports shall be sent to each registered shareholder at their registered address and shall be available at the registered office of the Fund during normal business hours. The financial year-end of the Fund 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 Fund.

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 Fund. 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 25% of the share capital of the Fund).

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.

Review of the Sub-Funds

Market Synopsis – The year 2002

Economic Overview

Following a tumultuous 2001 that included a recession, the World Trade Centre terrorist attacks and unprecedented monetary easing by the US Fed, the consensus was that 2002 would be a year of economic recovery. The strength (or weakness) and sustainability of such a global economic recovery was the focus of much of 2002. Deflation, one possible consequence of a failed economic recovery, had already taken centre stage in 2001, and continued to be a major factor driving monetary and fiscal policy in 2002.

In early 2002, steep yield curves showed that investors were discounting a sharp economic recovery and interest rate hikes by the end of the year. This course of events did not materialise. On the contrary, the US Fed Funds target rate was cut to a new low of 1.25% in November 2002 after interest rates had remained unchanged for most of the year. The European Central Bank (ECB) also left their key rates unchanged until December 2002, when they too were lowered by 50 basis points to 2.75%.

Although the final figures are not yet in, it appears that US GDP grew close to 3% in 2002, significantly higher growth than in 2001, yet lower than initially expected. US industrial production also showed clear year on year improvements in 2002, ending the year 2.1% up from the previous end of year level. Yet the absolute level began declining in August 2002, and ended the year down from its mid year high. The US consumer confidence index peaked in March, and ended the year lower than previous year levels, and unemployment ended the year at an eight-year high of 6%.

This weaker than expected economic recovery in 2002 can be best understood if one distinguishes the structural problems facing the US and European economies from the more cyclical trends. By historical standards, the normal liquidity cycle sees economic growth responding to changes in interest rates. Lower interest rates stimulate economic activity by encouraging borrowing. Given the extraordinary level of interest rate cuts in 2001, the weakness of the cyclical recovery in 2002 cannot be explained by the liquidity cycle. Rather, the poor economic performance in 2002 is the legacy of the burst technology investment bubble of the late 1990s.

The usual cause of recessions is consumer retrenchment. Yet 2001-2 saw significant consumer resilience, with high levels of consumer spending and buoyant housing markets (including substantial house refinancing in the US) playing significant roles in the economic growth seen. Rather, the economic slowdown and recession of 2001 stemmed from cutbacks in corporate investment following the bubble excesses. The bursting of the tech bubble left companies (and individuals) with unprecedented levels of debt, built up as confidence had increased during the boom years. Although the year as a whole saw a clear recovery in many parts of the US economy, it became clear that overcapacity, originally most evident in the telecommunications sector, was more widely spread, and this contagion limited the willingness and ability of companies to borrow and invest. Furthermore, the inventory rebuilding that was expected to further drive economic growth turned out to be weaker than consensus expectations.

European economic data showed an even more anaemic recovery than in the US, particularly in Germany, which has been struggling with the consequences of reunification for many years, and where successive governments have been unable to introduce structural economic reform. The ECB's focus on keeping inflation in check led to far less monetary easing than in the US, with short term interest rates cut by 2% over 2001-2, compared to US cuts of 4.25% over the same period. Additionally, the euro's growth and stability pact prevented fiscal stimulus on a par with that undertaken in the US. The net result was that far more liquidity was pumped into the US economy than into that of Europe. This suggests that the economic recovery in Europe will continue to lag that of the US.

Japan's structural problems continued to surface throughout the year, and despite what seemed at times to be positive moves by authorities, little has actually been done to address the underlying issues. Persistent deflation, a practically bankrupt financial sector and a government with what seems to have little power to affect the situation all conspired to leave Japan's economy stagnating, with ever-higher levels of unemployment. Unless fundamental changes are made, Japan's structural problems will remain in place.

Currencies

Dollar weakness and euro strength were the major themes in currency markets in 2002. The dollar lost more than 15% of its value against the euro (with the euro ending the year clearly above par) and almost 10% against the yen in 2002. The euro also strengthened against the yen, where fundamental problems continue to plague the Japanese economy and consequently weaken the desire for Japanese assets.

The headwinds that have been facing the dollar for many years finally pressured the dollar down in 2002. Declining US stock markets and high interest rate differentials continued to erode the allure of US equities and money market instruments. Significant dollar inflows were required to finance the ever-increasing US current account deficit, and with demand for US assets waning, the dollar finally began to drop.

Fixed Income

Yield curves in the US and Europe, so steep at the beginning of the year, flattened as economic growth expectations declined (they steepened again with the 50 basis point cuts in the US and Europe key interest rates towards the end of the year). The US 10-year government bond yield declined by 1.3%, ending the year at 3.8%; the European benchmark yield declined by 80 basis points; even the Japanese 10 year yield, which started the year at an already low 1.4%, ended the year at a significant new low of 0.9%.

Weakness in equity markets and concerns over events in the Persian Gulf were two other factors that pushed yields lower as investors sought safe investments. US 10-year government bond yields were pushed below 4% for the first time in forty years, extending a bull market in treasuries that has lasted two decades.

Equities

Stock markets declined for the third year in a row, the first time this has happened since the Second World War. In percentage terms, some of the declines of 2002 were the worst since the onset of the bear market. The S&P 500 was down 23.36% for the year compared to a 13% decline in 2001 and a 10% decline in 2000. This brings the total three-year decline of the S&P 500 to 44%. 2002 saw the MSCI Europe down 32% and the Nikkei down 19% at a nineteen year low.

The year began with what were historically high equity valuations, with investors clearly discounting a strong V-shaped economic and earnings recovery. Despite the large equity overhang resulting from the speculative equity bubble of the late 1990's, the consensus was that demand for equities would rise and push markets higher. A muffled economic upturn and a string of poor earnings numbers and profit warnings eroded expectations of a market recovery. Additionally, the crisis of US corporate credibility arising from the Enron and WorldCom scandals, amongst others, put further downward pressure on equity markets as stocks were almost universally sold off. Markets dislike uncertainty, and in addition to the lack of visibility for the economy and corporate earnings, the threat of further terrorist attacks and the prospect of a war in Iraq provided additional uncertainties that plagued equity markets in 2002.

A series of rallies all turned out to be short lived, with markets giving up their gains following each rally. However, capitulative sell offs in July and October on high volumes seem to have provided a base off which equities may have begun a cyclical recovery as the year neared its end.

Outlook for 2003

For some time now, the Insinger de Beaufort house view has been that equity markets worldwide have hit a super-cycle top. The excesses of the late 1990's, most importantly the excessive debt levels and large equity overhang, need to be worked off over several years, and we expect that equity market returns will be muted during this consolidation period.

Within this secular sideways equity market, we expect that there will be cyclical rallies. The likelihood of such a rally occurring in 2003 (or continuing, if one believes that October 2002 saw the beginning of such a rally) remains significant. In view of the actions of the main central banks and governments, it appears likely that the global economy will strengthen in 2003. The US economy in particular is likely to strengthen, which should result in more rapidly improving US corporate profits. Expectations for and evidence of this should push markets higher. Additionally, the valuation of equity markets in comparison to bond markets appears relatively attractive, particularly in Europe.

Government bonds, which performed so well in 2002, may be in the process of ending their bull run. We are particularly cautious when it comes to US Treasuries. Rising dollar commodity prices suggest that US inflation expectations may pick up in future, which would drive long yields higher. Additionally, continued weakening of the US dollar, which remains probable, will also lower demand for US bonds. European bonds should fare better, with the anaemic economic recovery in Europe and a strengthening euro reducing fears of Eurozone inflation.

Insinger de Beaufort European Bond

Investment Policy

During 2002 the Net Asset Value of the Insinger European Bond Class A increased from EUR 115.03 to EUR 124.41, Class B increased from USD 142.12 to USD 154.05 and Class C increased from GBP 66.07 to GBP 73.12. Both the fund's duration policy and its modest exposure to high quality corporate bonds contributed to this positive result. In terms of currencies the fund was underweight in UK Pound Sterling against the Euro and this also contributed to the slight outperformance. The benchmark, the JP Morgan European Government Bond Index increased from 328.047 to 357.037.

During 2002 the markets for bonds and equities were strongly influenced by an uncertain economic recovery and growing geopolitical turbulence. Giants WorldCom and Tyco experienced further problems and announced drastic restructurings. Quest and United Airlines were also adversely affected. The widely expected economic recovery for 2002 was weaker than expected. The threat of a second gulf war with Iraq and the turmoil in Venezuela pushed the oil price higher and will likely feed through to higher inflation. Another indicator of possible increasing inflation expectation is the rising gold price. Furthermore, 2002 saw Japan unable to take the measures required to tackle the structural problems that continue to face the country. In Europe economic growth was also slow, although consumer confidence in Europe remained relatively high. As a result of the economic backdrop the Government budget deficits of many countries increased. The long awaited rate cut of the European Central Bank was finally seen in December, following a US Federal Reserve rate cut of fifty basis points in November.

Although the stimulative monetary policy provided the market with liquidity, the corporate sector continued to hold back on new investments. The consumer, too, grew more cautious. The corporate sector continues to deal with the overcapacity resulting from the excessive investment boom of the late 1990s, and consumer demand may be finally waning after remaining resilient for so long. As a result inflation trended lower in 2002.

The above-mentioned course of events put downward pressure on government bond yields: the American 10-year Government bond yield declined from 5.05% to 3.82% at the end of December; the European 10-year interest rate declined from 5.00% to 4.20%, and the Japanese interest rates declined from 1.368% to 0.909%. Yield curves declined in almost every economic bloc: in other words interest rates declined throughout the maturity spectrum. The Euro was the strongest major currency during 2002. The Euro increased in value against the US dollar from 0.8903 to 1.0504, a rise of almost 18%. The Euro also strengthened against the Japanese yen from 117.13 to 124.71.

Results

During 2002 the Insinger European Bond Fund delivered a return of 8.15%, 8.39% and 10.67% respectively across the share classes A, B and C, in their base currency being EUR, USD and GBP whereas the JP Morgan European Government Bond Index returned 8.84%. The relative underweighting in duration contributed negatively to the return. However, the successful security selection policy for bonds compensated for a large part of the losses related to the duration underweight. In May profit was taken on many of the corporate bonds before equity markets deteriorated. On currencies, the manager overweighted the Euro versus the UK Pound Sterling – this was an important contributor to the funds outperformance.

Outlook

We believe that equity markets are in the midst of a super cycle top. The enormous debt levels of both the consumer and the corporate sector will take time to unwind. New investments within the corporate sector will likely be modest and accompanied by capacity decreases, given that current capacity utilisation is at historically low levels. That consumer confidence and spending continue to be relatively robust is a hopeful sign for an economic revival. But herein lies a threat to the economic rebound: a break in consumer confidence could put corporate profits under further pressure. This being said, there could be a period of strong economic activity as inventories, now at historically low levels, are replenished. This could also potentially lead to inflation pressures, but we do not foresee higher structural inflation in the coming period. On the other hand, we also believe that bond yields are unlikely to drop significantly, even though a strong Euro is a deflationary force for the European economies.

In terms of currencies we believe that the euro could further appreciate against other major currencies. The manager will therefore overweight the Euro in the portfolio against the Pound Sterling and other European currencies.

Given the high expected volatility in the equity market and the macro economic outlook, the percentage of corporate bonds in the portfolio will be between 0-20%. The current percentage for corporate bonds in the portfolio is under 10% and the manager is considering raising this to 10%. The year 2003 should be a stable bond year with a positive return.

Insinger de Beaufort Global Select LX

Investment policy

2002 saw equity markets decline for the third year in a row, the first time this has happened since the Second World War. The year began with what were historically high equity valuations, with investors in the US and Europe clearly discounting a strong V-shaped economic and earnings recovery. Yet a muffled economic upturn and a string of poor earnings numbers and profit warnings eroded expectations of a market recovery.

Furthermore, the crisis of US corporate credibility arising from the Enron and WorldCom scandals, amongst others, put further downward pressure on equity markets as stocks were almost universally sold off. Markets dislike uncertainty, and in addition to the lack of visibility for the economy and corporate earnings, the threat of further terrorist attacks and the prospect of a war in Iraq provided further uncertainties that plagued equity markets in 2002. US, European and Japanese equity markets all ended the year significantly lower.

The fund remained almost fully invested throughout the year, during which time there were significant withdrawals from the fund. Despite some moves to position the fund more defensively, it remained positioned for a cyclical earnings recovery that disappointed.

Results

In 2002 the intrinsic value of the shares Insinger de Beaufort Global Select LX fell from USD 74.57 to USD 53.83. This 27.8% drop compared unfavourably to that of the benchmark, the MSCI World Index, which fell 20.8% during the year (expressed in US dollars). This underperformance can be partially attributed to overweight exposure to those sectors that performed poorly as the economic recovery disappointed. During the period under review, the highest level in the fund shares was USD 75.53, while they reached a low of USD 48.49.

Outlook

The intention was to close the fund down in the second half of 2002, but this was postponed as regulatory approval was delayed. This fund should be closed down in the first half of 2003.

Insinger de Beaufort Global Balanced Fund

Investment Policy

In the year under review, global equity markets were characterized by a wave of U.S. corporate scandals, continued unwinding of excess capacity, weaker corporate profits, and high geopolitical uncertainty. This resulted in a significant blow to consumer confidence, which unleashed further volatility. October saw capitulative sell offs in major equity indices followed by a sharp rebound off the lows. Equities produced negative returns for the third consecutive year, the first time this has happened since the Second World War. The moderate economic growth in 2002 was mainly driven by a continued boom in the property markets and resilient consumer spending.

Global policy makers reacted by aggressively lowering interest rates, particularly in the US, where the fed adopted a hyper-accommodative monetary policy stance. 2002 saw US interest rates being cut by a further 50 basis points. Even the rigid European Central Bank which has traditionally focused on inflation rather than economic activity responded by cutting interest rates by a robust 50 points. The year also saw the start of the most expansionary US fiscal policy in several decades.

Government bond markets were driven by events in equity markets as investors sought the safe haven of government issues. This forced ten year treasury yields below 4% in the U.S, the lowest level seen since the early 1960's. Higher quality corporate bonds had another year of double digit positive returns. Lower grade issues suffered a drag on effect from the equity markets, causing the yield spread to widen and remain historically high.

The latter part of the fourth quarter saw the start of a decline in the US-Dollar, possibly marking the end of a seven year Dollar bull run, as investors turned to higher yielding currencies, and to gold.

Within the backdrop of a fragile world economy, a weak corporate profit outlook, and persistent uncertainty looming, the Insinger de Beaufort Global Balanced Fund remained underweight equities and relatively overweight bonds during most of the year. Exposure to the tech and telecom sectors were reduced early on in the year. The fund maintained its top holdings in Microsoft, Royal Dutch Petroleum, Pfizer, General Electric and Glaxosmithkline plc. The fund also maintained an underweight position in the US-Dollar for the majority of the year.

Results

The intrinsic value of the shares of the Insinger de Beaufort Global Balanced Fund fell in 2002 from USD 75.02 to USD 69.16. This -7.81% fall compared unfavorably to that of its benchmark, 50% MSCI World Index, and 50% JP Morgan Global Bond Index, which fell -1.81% over the period (expressed in USD).

Outlook

There are still considerable headwinds facing the corporate sector as North American and European companies try to repair their balance sheets, as cash flow is used to pay down high levels of debt. Geopolitical tensions are forcing oil prices higher, which in turn dampen growth prospects.

However stock markets have priced in a considerable amount of bad news. Given the outlook for modest economic growth for 2003, and provided that some sort of earnings recovery is achieved through the aggressive and painful cost cutting exercises over the past two years, we expect to see the post bubble recovery path continuing, and the October sell offs may well have marked an intermediate bottom in many markets.

The intention was to close the fund down in the second half of 2002, but this was postponed as regulatory approval was delayed. This fund should be closed down in the first half of 2003.

Insinger de Beaufort European Opportunity Fund

Investment policy

2002 saw equity markets decline for the third year in a row, the first time this has happened since the Second World War. The year began with what were historically high equity valuations, with investors in the US and Europe clearly discounting a strong V-shaped economic and earnings recovery. Yet a muffled economic upturn and a string of poor earnings numbers and profit warnings eroded expectations of a market recovery.

Furthermore, the crisis of US corporate credibility arising from the Enron and WorldCom scandals, amongst others, put further downward pressure on equity markets as stocks were almost universally sold off. Markets dislike uncertainty, and in addition to the lack of visibility for the economy and corporate earnings, the threat of further terrorist attacks and the prospect of a war in Iraq provided further uncertainties that plagued equity markets in 2002. US, European and Japanese equity markets all ended the year significantly lower.

The fund remained almost fully invested throughout the year, during which time there were significant withdrawals from the fund. Despite some moves to position the fund more defensively, it remained positioned for a cyclical earnings recovery that disappointed.

Results

In 2002 the intrinsic value of the shares Insinger de Beaufort European Opportunity Fund fell from EUR 80.42 to EUR 46.11. This 42.66% drop compared unfavourably with the MSCI Europe Index, which fell 32.97% during the year (expressed in euros). This underperformance can be partially attributed to the fund's overweight exposure to small and mid cap tech companies. The technology sector under performed the broad market in 2002. During the period under review, the highest level in the fund shares was EUR 80.93, while they reached a low of EUR 41.16.

Outlook

The intention was to close the fund down in the second half of 2002, but this was postponed as regulatory approval was delayed. This fund should be closed down in the first quarter of 2003.

Insinger de Beaufort Global Bond LX

Investment Policy

During the reporting year 2002 the Net Asset Value of Insinger Global Bond LX increased from USD 86.42 to USD 100.28. Both the fund's duration policy and its modest exposure to high quality corporate bonds contributed to this positive result. In terms of currencies the fund had an underweight in both the Japanese Yen and the US Dollar against the Euro. All positions contributed positively to the result. The benchmark, the JP Morgan Global Government Bond Index increased from 241.409 to 287.877.

During 2002 the markets for bonds and equities were strongly influenced by an uncertain economic recovery and growing geopolitical turbulence. Giants WorldCom and Tyco experienced further problems and announced drastic restructurings. Quest and United Airlines were also adversely affected. The widely expected economic recovery for 2002 was weaker than expected. The threat of a second gulf war with Iraq and the turmoil in Venezuela pushed the oil price higher and will likely feed through to higher inflation. Another indicator of possible increasing inflation expectation is the rising gold price. Furthermore, 2002 saw Japan unable to take the measures required to tackle the structural problems that continue to face the country. In Europe economic growth was also slow, although consumer confidence in Europe remained relatively high. As a result of the economic backdrop the Government budget deficits of many countries increased. The long awaited rate cut of the European Central Bank was finally seen in December, following a US Federal Reserve rate cut of fifty basis points in November.

Although the stimulative monetary policy provided the market with liquidity, the corporate sector continued to hold back on new investments. The consumer, too, grew more cautious. The corporate sector continues to deal with the overcapacity resulting from the excessive investment boom of the late 1990s, and consumer demand may be finally waning after remaining resilient for so long. As a result inflation trended lower in 2002.

The above-mentioned course of events put downward pressure on government bond yields: the American 10-year Government bond yield declined from 5.05% to 3.82% at the end of December; the European 10-year interest rate declined from 5.00% to 4.20%, and the Japanese interest rate declined from 1.368% to 0.909%. Yield curves declined in almost every economic bloc: in other words interest rates declined throughout the maturity spectrum. The Euro was the strongest major currency during 2002. The Euro increased in value against the US Dollar from 0.8903 to 1.0504, a rise of almost 18%. The Euro also strengthened against the Japanese Yen from 117.13 to 124.71.

Results

During 2002 Insinger de Beaufort Global Bond LX returned 16.04 % whereas the JP Morgan Global Government Bond Index returned 19.25%. The relative underweight of Japanese bonds and the relative duration underweight compared to the index contributed negatively to the result. However, the successful selection policy for bonds compensated for part of the duration related underperformance. In May profit was taken on many of the corporate bonds before equity markets deteriorated. In terms of currencies, the manager overweighted the euro versus the US Dollar and the Japanese Yen and this contributed positively to the funds performance. The majority of the underperformance came from the underweight allocation to Japan, which delivered attractive returns for the year. However, we still believe that the 10-year yield of 1% does not compensate an investor for the risk of a large capital loss that would occur if the economy showed signs of a recovery (and hence inflation). Therefore we have decided not to change our policy on the Japanese market.

Outlook

We believe that equity markets are in the midst of a super cycle top. The enormous debt levels of both the consumer and the corporate sector will take time to unwind. New investments within the corporate sector will likely be modest and accompanied by capacity decreases, given that current capacity utilisation is at historically low levels. That consumer confidence and spending continue to be relatively robust is a hopeful sign for an economic revival. But herein lies a threat to the economic rebound: a break in consumer confidence could put corporate profits under further pressure. This being said, there could be a period of strong economic activity as inventories, now at historically low levels, are replenished. This could also potentially lead to inflation pressures, but we do not foresee higher structural inflation in the coming period. On the other hand, we also believe that bond yields are unlikely to drop significantly, even though a strong Euro is a deflationary force for the European economies.

In terms of currencies we believe that the Euro could further appreciate against other major currencies. The manager will therefore overweight the Euro in the portfolio against Japanese Yen and US Dollar.

Given the high expected volatility in the equity market and the macro economic outlook, the percentage of corporate bonds in the portfolio will be between 0-20%. The current weight of corporate bonds in the portfolio is under 10% and the manager is considering raising this to 10%. The year 2003 should be a stable bond year with a positive return.

The intention was to have merged this sub-fund with another sub-fund of the SICAV, the Insinger de Beaufort European Bond B Class, during the second half of 2002, but this was postponed as regulatory approval was delayed. We now expect this merger to take place in the first half of 2003.

Insinger de Beaufort Euro High Yield LX

Investment Policy

In 2002 the Net Asset Value of Insinger de Beaufort Euro High Yield LX increased from EUR 81.48 to EUR 82.15, leading to a positive return of 0.82%. In comparison, the benchmark, the Merrill Lynch European Currency High Yield Index returned a negative 8.1%. The relative out-performance was a result of the tactical underweight in telecom and technology related bonds, as well as the general overweight to higher rated bonds throughout 2002.

2002 saw spreads reaching new highs as a worse than expected economic recovery and continued corporate problems drove up yields. Yet the last few months of 2002 saw a clear tightening of spreads. The return of investors to this asset class was seen not only in this tightening but also in the primary market (market for new issues) as several new issues were brought to the market and were mostly oversubscribed. This is a clear indication that the appetite for this asset class is returning. Furthermore, default rates stabilised and the expected default rate for 2003 declined as the macro economic situation showed signs of stabilising. The rating agencies downgraded many companies, resulting in many fallen angels (former investment grade bonds) in the high yield segment. The hunt for poorly financed companies and companies with weak market positions or business plans was also seen in 2002. The end result was that there was a significant cleansing of the high yield sector in 2002, with those companies left being in relatively healthy financial positions and in the hands of experienced management.

Results

The Insinger de Beaufort Euro High Yield LX outperformed the Merrill Lynch European Currency High Yield Index in 2002. The fund had a positive return of 0.82% whereas the index lost 8.1%. A large part of the outperformance was the result of the extreme underweight allocation to the Technology sector and no exposure to the Telecom sector during the year. Almost all other sectors outperformed these two sectors. Bond selection also contributed to the outperformance. Bonds such as Crown Cork and Seal returned more than 10%, and Levi's and Tyco were also good performers. The new bond Antargaz returned more than 4% and Hurst (auto trader) was sold for a significant profit. The relative high quality bonds in the portfolio outperformed their lower rated counterparts of the index.

Outlook

The outlook for 2003 is positive with both fundamentals and technicals favourable. Insinger believes that 2002 could be a turn around year for this asset class. A set of very weak economic figures, accounting scandals, a probable war in Iraq and volatile and declining equity markets have all already been discounted by this market. Furthermore, the companies that were experiencing financial problems have for the most part defaulted, and the remaining companies are relatively well financed and have experienced management. Investor risk appetite for this asset class also appears to be growing. The conclusion is that this asset class is likely to offer the investor an attractive risk/reward payoff, and that 2003 will be a positive year for the Euro High Yield LX fund.

Luxembourg, April 15th, 2003

The Board of Directors

Auditor's Report

To the Shareholders of
Insinger de Beaufort Asset Selection Sicav:

We have audited the financial statements, which consist of the statement of net assets, the statement of changes in net assets, the schedule of investments and the notes to the financial statements of Insinger de Beaufort Asset Selection SICAV (the "Fund") and each of its sub-funds for the year end December 31, 2002. These financial statements are the responsibility of the Board of Directors of the Fund. 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 Fund in preparing the financial statements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the attached financial statements described above give, in conformity with Luxembourg legal and regulatory requirements, a true and fair view of the financial position of Insinger de Beaufort Asset Selection SICAV and each of its sub-funds as of December 31, 2002 and the results of their operations and changes in their 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.

Ernst & Young
Société Anonyme
Réviseur d'entreprises

A. Lockwood

Luxembourg, April 15th, 2003

Statement of Net Assets as at December 31, 2002

	Insinger de Beaufort European Bond (in EUR)	Insinger de Beaufort Global Select LX (in USD)	Insinger de Beaufort Global Balanced Fund (in USD)	Insinger de Beaufort European Opportunity Fund (in EUR)
Assets				
Investments in Securities at cost	34,615,290	2,627,469	1,675,311	966,236
Unrealised Appreciation / (Depreciation)	1,033,410	(939,335)	(427,340)	(452,820)
Investment in securities at market value	35,648,700	1,688,134	1,247,971	513,416
Cash at bank	2,337,912	140,178	283,771	49,202
Amounts receivable on subscriptions	850,893	0	0	0
Unrealised gains on Forward Exchange Contracts (note 7)	0	0	0	0
Interest and dividend receivable (net)	983,786	335	16,210	1,408
	39,821,291	1,828,647	1,547,952	564,026
Liabilities				
Amounts payable on redemptions	467,241	6,302	0	0
Unrealised loss on Forward Exchange Contracts (note 7)	6,976	0	0	0
Advisory Commissions payable (note 5)	90,209	7,005	5,070	2,136
Taxes and Expenses Payable (note 3)	29,835	22,875	19,134	22,630
	594,261	36,182	24,204	24,766
Total net assets	39,227,030	1,792,465	1,523,748	539,260
Number of shares outstanding :				
Number of shares outstanding :	310,883.474	33,298.936	22,031.759	11,694.986
- "A" shares	278,540.134			
- "B" shares	27,278.382			
- "C" shares	5,064.958			
Net Asset Value per Share :		53.83	69.16	46.11
- "A" shares	124.41			
- "B" shares EUR equiv.	146.83			
- "C" shares EUR equiv.	112.20			

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

Statement of Net Assets as at December 31, 2002 (continued)

	Insinger de Beaufort Global Bond LX (in USD)	Insinger de Beaufort Euro High Yield LX (in EUR)	Total (in EUR)
Assets			
Investments in Securities at cost	1,248,909	10,731,223	51,604,105
Unrealised Appreciation / (Depreciation)	215,431	(227,711)	(744,380)
Investments in securities at market value	1,464,340	10,503,512	50,859,725
Cash at Bank	700,547	708,447	4,167,327
Amounts receivable on subscriptions	0	5,188	856,082
Unrealised gains on Forward Exchange Contracts (note 7)	0	98,518	98,518
Interest and dividend receivable (net)	28,235	329,801	1,357,673
	2,193,122	11,645,466	57,339,325
Liabilities			
Amounts payable on redemptions	0	74,034	547,282
Unrealised loss on Forward Exchange Contracts (note 7)	0	0	6,976
Advisory Commissions payable (note 5)	5,285	35,227	144,117
Taxes and Expenses Payable (note 3)	20,314	20,885	132,752
	25,599	130,146	831,127
Total net assets	2,167,523	11,515,320	56,508,198
Number of shares outstanding :	21,615,296	140,174,012	
- "A" shares			
- "B" shares			
- "C" shares			
Net Asset Value per Share :	100.28	82.15	
- "A" shares			
- "B" shares Eur equiv.			
- "C" shares Eur equiv.			

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

Statement Of Changes In Net Assets For The Year Ended December 31, 2002

	Insinger de Beaufort European Bond (in EUR)	Insinger de Beaufort Global Select LX (in USD)	Insinger de Beaufort Global Balanced Fund (in USD)	Insinger de Beaufort European Opportunity Fund (in EUR)
Net assets at the beginning of the year	28,578,575	10,149,598	3,952,614	4,105,007
Income				
Dividends, net of taxes	0	55,121	12,154	36,906
Interest on Bonds, net	1,619,007	0	96,753	0
Bank interest	27,219	5,562	1,228	950
Other income	0	13	113	9
	1,646,226	60,696	110,248	37,865
Expenses				
Advisory commission (note 5)	325,294	87,065	35,381	37,019
Depository Bank commission	38,700	6,965	3,527	3,459
Domiciliation, Administrative and Transfer Agent fees	33,811	33,193	26,499	31,501
Audit fees, printing and publication expenses	47,714	22,602	19,588	24,074
Subscription tax (note 6)	17,782	702	0	2,209
Bank charges and correspondent fees	2,414	10,750	2,250	5,506
Bank Interest	1,510	13,360	4,856	3,902
Other charges (legal, directors,...)	10,313	18,601	18,270	19,210
	477,538	193,238	110,371	126,880
Net income (loss) from Investments	1,168,688	(132,542)	(123)	(89,015)
Net realised profit (loss) on sale of Investments	55,705	(2,002,078)	(319,640)	(2,605,182)
Net realised profit (loss) on sale of forward foreign exchange contracts	(702,034)	0	0	0
Net realised profit (loss) on foreign exchange	(63,054)	181,849	18,611	(47,259)
Net realised profit (loss)	459,305	(1,952,771)	(301,152)	(2,741,456)
Change in net Unrealised appreciation (depreciation) on :				
-investments	1,404,327	227,418	28,180	1,314,359
-forward foreign exchange contracts	(46,880)	0	0	0
Net increase(decrease) in net assets as a result of operations	1,816,752	(1,725,353)	(272,972)	(1,427,097)

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

Statement Of Changes In Net Assets For The Year Ended December 31, 2002
(continued)

	Insinger de Beaufort European Bond (in EUR)	Insinger de Beaufort Global Select LX (in USD)	Insinger de Beaufort Global Balanced Fund (in USD)	Insinger de Beaufort European Opportunity Fund (in EUR)
Movements in capital				
Issue of shares	20,675,800	48,303	46,320	49,244
Redemption of shares	(11,844,097)	(6,680,083)	(2,202,214)	(2,187,894)
	8,831,703	(6,631,780)	(2,155,894)	(2,138,650)
Net assets at the end of the year	39,227,030	1,792,465	1,523,748	539,260

Statement Of Changes In Net Assets For The Year Ended December 31, 2002
(continued)

	Insinger de Beaufort Global Bond LX (in USD)	Insinger de Beaufort Euro High Yield LX (in EUR)	Total (in EUR)
Net assets at the beginning of the year	2,898,968	14,089,691	65,886,459
Income			
Dividends, net of taxes	0	0	101,026
Interest on Bonds, net	92,374	1,046,610	2,845,876
Bank interest	337	15,716	50,677
Other income	4	0	133
	92,715	1,062,326	2,997,712
Expenses			
Advisory commission (note 5)	23,303	157,663	658,890
Depository Bank commission	3,819	13,084	68,884
Domiciliation, Administrative and Transfer agent fees	23,010	35,890	180,027
Audit fees, printing and publication expenses	18,606	22,564	152,297
Subscription tax (note 6)	1,696	9,014	31,292
Bank charges and correspondent fees	2,050	2,550	24,814
Bank Interest	202	0	22,966
Other charges (legal, directors,...)	16,388	11,831	92,115
	89,074	252,596	1,231,285
Net income (loss) from Investments	3,641	809,730	1,766,427
Net realised profit (loss) on sale of Investments	(23,854)	(2,604,913)	(7,389,970)
Net realised profit (loss) on sale of forward foreign exchange contracts	(20,327)	348,236	(373,172)
Net realised profit (loss) on foreign exchange	45,636	(72,870)	51,373
Net realised profit (loss)	5,096	(1,519,817)	(5,945,342)
Change in net Unrealised appreciation (depreciation) on :			
-investments	324,666	1,375,758	4,647,496
-forward foreign exchange contracts	1,196	177,439	131,699
Net increase(decrease) in net assets as a result of operations	330,958	33,380	(1,166,147)

Statement Of Changes In Net Assets For The Year Ended December 31, 2002
(continued)

	Insinger de Beaufort Global Bond LX (in USD)	Insinger de Beaufort Euro High Yield LX (in EUR)	Total (in EUR)
Movements in Capital			
Issue of shares	79,357	1,567,419	22,458,287
Redemption of shares	(1,141,760)	(4,175,170)	(27,761,162)
	(1,062,403)	(2,607,751)	(5,302,875)
Currency translation			(2,909,239)
Net assets at the end of the year	2,167,523	11,515,320	56,508,198

Changes in the Number of Shares during the Year Ended December 31, 2002

	Insinger de Beaufort European Bond			Insinger de Beaufort Global Select LX
	"A" shares	"B" shares	"C" shares	
Number of shares in issue at the beginning of the year	178,477.700	45,082.979	7,830.360	136,103.380
Number of shares issued	169,411.702	3,068.855	337.070	699.526
Number of shares redeemed	(69,349.268)	(20,873.452)	(3,102.472)	(103,503.970)
Number of shares in issue at the end of the year	278,540.134	27,278.382	5,064.958	33,298.936

	Insinger de Beaufort Global Balanced Fund	Insinger de Beaufort European Opportunity Fund	Insinger de Beaufort Global Bond LX	Insinger de Beaufort Euro High Yield LX
Number of shares in issue at the beginning of the year	52,690.283	51,044.089	33,545.685	172,929.054
Number of shares issued	631.480	968.717	863.351	20,248.474
Number of shares redeemed	(31,290.004)	(40,317.820)	(12,793.740)	(53,003.520)
Number of shares in issue at the end of the year	22,031.759	11,694.986	21,615.296	140,174.008

Statistics

	Insinger de Beaufort European Bond (in EUR)	Insinger de Beaufort Global Select LX (in USD)	Insinger de Beaufort Global Balanced Fund (in USD)
Total net assets as at December 31, 2002	39,227,030	1,792,465	1,523,748
Net asset value per share as at December 31, 2002		53.83	69.16
- "A" shares	124.41		
- "B" shares	146.83		
- "C" shares	112.20		
Total net assets as at December 31, 2001	28,578,575	10,149,598	3,952,614
Net asset value per share as at December 31, 2001		74.57	75.02
- "A" shares	115.03		
- "B" shares	159.77		
- "C" shares	108.04		
Total net assets as at December 31, 2000	* 25,743,503	18,772,088	6,196,890
Net asset value per share as at December 31, 2000		108.61	86.16
- "A" shares	* 104.65		
- "B" shares	* 139.46		
- "C" shares	* 96.10		

	Insinger de Beaufort European Opportunity Fund (in EUR)	Insinger de Beaufort Global Bond LX (in USD)	Insinger de Beaufort Euro High Yield LX (in EUR)
Total net assets as at December 31, 2002	539,260	2,167,523	11,515,320
Net asset value per share as at December 31, 2002	46.11	100.28	82.15
- "A" shares			
- "B" shares			
- "C" shares			
Total net assets as at December 31, 2001	4,105,007	2,898,968	14,089,691
Net asset value per share as at December 31, 2001	80.42	86.42	81.48
- "A" shares			
- "B" shares			
- "C" shares			
Total net assets as at December 31, 2000	* 8,888,402	6,097,595	13,669,865
Net asset value per share as at December 31, 2000	* 110.65	90.27	87.40

- "A" shares
- "B" shares
- "C" shares



* These figures are the USD pre-conversion figures

**INSINGER DE BEAUFORT
EUROPEAN BOND**

SCHEDULE OF INVESTMENTS AS AT DECEMBER 31, 2002 (IN EUR)

Description	Quantity/ Face Value	Currency	Acquisition cost	Market Value (note 2)	% net assets
Transferable securities admitted to an official stock exchange listing					
BONDS					
Austria					
Rep Austria 5.5% 0110	1,000,000	EUR	1,038,600	1,093,860	2.79
Belgium					
Belgium 8% 0315	870,000	EUR	1,075,233	1,153,716	2.94
Germany					
Deutschland rep 4.125% 0708	1,460,000	EUR	1,417,368	1,498,821	3.82
Deutschland rep 4.5% 0807	2,500,000	EUR	2,572,500	2,615,150	6.67
Bayer Hypo Verbk 5.625% 0110	1,000,000	EUR	1,033,900	1,055,960	2.69
Kredit Wiederauf 4.75% 0807	2,000,000	EUR	2,079,200	2,105,460	5.37
			7,102,968	7,275,391	18.55
Spain					
Spanish Gov't 4.95% 2005	1,950,000	EUR	2,024,685	2,048,319	5.22
Spanish Gov't 5.15% 2009	1,730,000	EUR	1,741,181	1,861,480	4.75
			3,765,866	3,909,799	9.97
Finland					
Finnish Gov't 5.375% 2013	1,000,000	EUR	996,660	1,090,170	2.78
Finnish Gov't 5.75% 2011	4,300,000	EUR	4,484,373	4,785,900	14.72
			5,481,033	5,876,070	17.50
Great Britain					
UK Treasury 5.75% 2009	1,000,000	GBP	1,730,599	1,668,970	4.25
UK Treasury 8% 2015	725,000	GBP	1,562,330	1,499,513	3.82
UK Treasury 7.5% 2006	500,000	GBP	968,574	861,607	2.20
UK Treasury 5% 2012	480,000	GBP	796,322	771,268	1.97
			5,057,825	4,801,358	12.24
Netherlands					
Netherlands Gov't 3.75% 2009	2,700,000	EUR	2,508,030	2,692,224	6.86
Netherlands Gov't 5.5% 2010	3,300,000	EUR	3,527,690	3,617,790	9.22
Netherlands Gov't 5% 2011	1,170,000	EUR	1,165,905	1,241,218	3.16
ING Verzekering 6.25% 2021	1,360,000	EUR	1,377,525	1,397,468	3.56
			8,579,150	8,948,700	22.80

**INSINGER DE BEAUFORT
EUROPEAN BOND**

SCHEDULE OF INVESTMENTS AS AT DECEMBER 31, 2002 (IN EUR)

Description	Quantity/ Face Value	Currency	Acquisition cost	Market Value (note 2)	% net assets
Transferable securities admitted to an official stock exchange listing					
Sweden					
Sweden Gov't 6% 2005	12,000,000	SEK	1,350,155	1,374,375	3.50
Sweden Gov't 6.75% 2014	9,500,000	SEK	1,164,460	1,215,431	3.10
			<u>2,514,615</u>	<u>2,589,806</u>	<u>6.60</u>
Total Investments			<u>34,615,290</u>	<u>35,648,700</u>	<u>93.39</u>

**INSINGER DE BEAUFORT
EUROPEAN BOND**

**GEOGRAPHIC DIVISION OF INVESTMENTS AS AT DECEMBER 31,
2002**

(Expressed as a percentage of net assets)	%
Austria	2.79
Finland	17.50
Germany	18.55
Great Britain	12.24
Netherlands	22.80
Belgium	2.94
Spain	9.97
Sweden	6.60
	<u>93.39</u>

ECONOMIC DIVISION OF INVESTMENTS AS AT DECEMBER 31, 2002

(Expressed as a percentage of net assets)	%
Bank and Financial Institutions	11.62
States, Provinces and Municipalities	81.77
	<u>93.39</u>

**INSINGER DE BEAUFORT
GLOBAL SELECT LX**

SCHEDULE OF INVESTMENTS AS AT DECEMBER 31, 2002 (IN USD)

Description	Quantity/ Face Value	Acquisition cost	Market Value (note 2)	% net assets
A. Transferable securities admitted to an official stock exchange listing				
SHARES				
Belgium				
Melexis NV	9,240	94,551	57,101	3.19
Switzerland				
Leica Geosystems AG	1,000	97,454	53,484	2.98
Roche Holdings AG – Genuss schein	1,365	122,525	95,055	5.30
Swiss Re- Reg	850	85,047	55,720	3.11
		305,026	204,259	11.39
France				
Air Liquide	450	62,259	59,348	3.31
Netherlands				
Philips Electronics NV	2,800	80,328	49,060	2.74
Ing Groep N.V	4,830	163,579	81,792	4.56
		243,907	130,852	7.30
Great Britain				
Diageo PLC	5,198	64,920	56,489	3.15
Vodafone Group PLC	20,754	60,070	37,841	2.11
Rentokil Initial PLC	27,850	85,767	98,645	5.50
Lloyds TSB PLC	9,235	94,311	66,313	3.70
Glaxosmithkline PLC	12	0	230	0.01
		305,068	259,518	14.47
Ireland				
CRH PLC	66	0	814	0.05
Sweden				
Trelleborg AB-B shs	9,375	72,953	76,055	4.24

**INSINGER DE BEAUFORT
GLOBAL SELECT LX**

SCHEDULE OF INVESTMENTS AS AT DECEMBER 31, 2002 (IN USD)

Description	Quantity/ Face Value	Acquisition cost	Market Value (note 2)	% net assets
United States				
AOL Time Warner Inc.	7,540	221,777	98,774	5.51
EMC Corp/ Mass	5,955	298,668	36,564	2.04
Ishares MSCI Japan	14,000	118,884	97,300	5.43
Johnson & Johnson	2,280	107,608	122,459	6.83
Oracle Corp	7,020	187,517	75,816	4.23
Pfizer Inc	2,920	95,094	89,264	4.98
SBC Communications Inc	2,450	105,720	66,419	3.71
Safeway Inc	2,405	102,145	56,181	3.13
Taiwan Semiconductor – SP ADR	4,862	71,872	34,277	1.91
Target Corp	2,160	81,054	64,800	3.62
Wells Fargo & Co	2,000	86,096	93,740	5.23
		1,476,435	835,594	46.62
Total Shares		2,560,199	1,623,541	90.57
B. Other Transferable Securities				
Asia				
Asiaworld Online BVI	178,760	0	0	0
Luxembourg				
Insinger de Beaufort Multi Manager Japan	299.52	29,536	27,127	1.51
Insinger de Beaufort Multi Manager Asia Ex Japan	377.34	37,734	37,466	2.09
		67,270	64,593	3.60
Total other Transferable Securities		67,270	64,593	3.60
Total Investments		2,627,469	1,688,134	94.17

**INSINGER DE BEAUFORT
GLOBAL SELECT LX**

**GEOGRAPHIC DIVISION OF INVESTMENTS AS AT DECEMBER 31,
2002**

(Expressed as a percentage of net assets)	%
Belgium	3.19
Switzerland	11.39
France	3.31
Netherlands	7.30
Great Britain	14.47
Ireland	0.05
Sweden	4.24
United States	46.62
Luxembourg	3.60
	<hr/>
	94.17

ECONOMIC DIVISION OF INVESTMENTS AS AT DECEMBER 31, 2002

(Expressed as a percentage of net assets)	%
Telecommunications, Multimedia	11.33
Banks and Financial Institutions	16.60
Pharmaceuticals and Cosmetics	17.12
Food, Retail and Distilleries	15.40
Engineering, Construction and Building materials	0.05
Computer and Semiconductors	14.11
Diversified Manufactures	10.53
Investment Funds	9.03
	<hr/>
	94.17

**INSINGER DE BEAUFORT
GLOBAL BALANCED FUND**

SCHEDULE OF INVESTMENTS AS AT DECEMBER 31, 2002 (IN USD)

Description	Quantity/ Face Value	Acquisition cost	Market Value (note 2)	% net assets
Transferable securities admitted to an official stock exchange listing				
SHARES				
Spain				
Telefonica S.A.	4,003	108,720	35,825	2.35
Finland				
Nokia OYJ	2,300	88,055	36,559	2.40
France				
Lagardere SCA	900	91,210	36,553	2.40
Carrefour Supermarche	600	32,573	26,711	1.75
		123,783	63,264	4.15
The Netherlands				
Royal Dutch Petroleum	1,400	82,387	61,620	4.04
Philips Electronics NV	2,000	77,500	35,043	2.30
Ing Groep N.V	1,500	44,247	25,401	1.67
Koninklijke Ahold N.V.	2,500	83,387	31,738	2.08
		287,521	153,802	10.09
Great Britain				
Vodafone Airtouch	99	0	181	0.01
Lloyds TSB PLC	4,972	62,235	35,702	2.34
Glaxosmithkline PLC	2,500	59,790	47,978	3.15
		122,025	83,861	5.50
United States				
Citigroup Inc	1,000	41,152	35,190	2.31
The Walt Disney Co.	2,000	55,961	32,620	2.14
General Electric Co	2,100	94,974	53,235	3.49
Microsoft Corp	1,200	102,330	62,040	4.07
Pfizer Inc.	1,800	68,066	55,026	3.61
		362,483	238,111	15.62
Total Shares		1,092,587	611,422	40.11

**INSINGER DE BEAUFORT
GLOBAL BALANCED FUND**

SCHEDULE OF INVESTMENTS AS AT DECEMBER 31, 2002 (IN USD)

Description	Quantity/ Face Value	Currency	Acquisition cost	Market Value (note 2)	% net assets
BONDS					
Germany					
Deutschland Rep. 5.25% 2008	100,000	EUR	114,809	113,442	7.44
Italy					
BTPS 4.75% 2005	100,000	EUR	88,332	109,490	7.19
The Netherlands					
Netherland Gov't 5% 2011	100,000	EUR	83,625	111,306	7.30
Great Britain					
UK Treasury 7.25% 2007	40,000	GBP	72,947	73,142	4.80
United States					
Gen. Motors Accept Corp 7.75% 2010	100,000	USD	104,049	104,969	6.89
US Treasury 5.875% 2004	115,000	USD	118,962	124,200	8.15
			223,011	229,169	15.04
Total Bonds			582,724	636,549	41.77
Total Investments			1,675,311	1,247,971	81.88

**INSINGER DE BEAUFORT
GLOBAL BALANCED FUND**

GEOGRAPHIC DIVISION OF INVESTMENTS AS AT DECEMBER 31, 2002

(Expressed as a percentage of net assets)

	%
Germany	7.44
Great Britain	10.30
United States	30.66
Spain	2.35
Finland	2.40
France	4.15
Netherlands	17.39
Italy	7.19
	<u>81.88</u>

ECONOMIC DIVISION OF INVESTMENTS AS AT DECEMBER 31, 2002

(Expressed as a percentage of net assets)

	%
States, Provinces and Municipalities	34.88
Telecommunications, Computers	13.37
Banks and Financial Institutions	13.21
Pharmaceuticals and cosmetics	6.76
Food and Distilleries	3.83
Pretroleum Industry	4.04
Electrical supply and appliances	5.79
	<u>81.88</u>

**INSINGER DE BEAUFORT
EUROPEAN OPPORTUNITY FUND**

SCHEDULE OF INVESTMENTS AS AT DECEMBER 31, 2002 (IN
EURO)

Description	Quantity/ Face Value	Acquisition cost	Market Value (note 2)	% net assets
Transferable securities admitted to an official stock exchange listing				
SHARES				
Switzerland				
Leica Geosystems AG	600	59,520	30,586	5.67
Swiss Re- Reg	400	42,608	24,992	4.63
Logitech Intl Reg	500	10,987	14,208	2.63
		113,115	69,786	12.93
Belgium				
UCB SA	700	28,084	21,000	3.89
Spain				
Telefonica S.A.	3,000	54,368	25,590	4.75
Finland				
Nokian Renkaat	900	32,046	30,591	5.67
Nokia OYJ	1,400	70,073	21,210	3.93
		102,119	51,801	9.60
France				
Aventis SA	400	33,777	20,720	3.84
Ireland				
CRH PLC	2,008	40,331	23,594	4.38
Jurys Doyle Hotel Group Plc	3,000	27,001	21,600	4.01
		67,332	45,194	8.39
Sweden				
Trelleborg AB-B shs	3,000	27,109	23,196	4.30
Carnegie (D) & Co AB	4,000	57,800	24,567	4.56
		84,909	47,763	8.86
Great Britain				
Lloyds TSB Groupe Plc	2,803	31,007	19,183	3.56
Glaxosmithkline PLC	24	0	439	0.08

**INSINGER DE BEAUFORT
EUROPEAN OPPORTUNITY FUND**

**SCHEDULE OF INVESTMENTS AS AT DECEMBER 31, 2002 (IN
EURO)**

Description	Quantity/ Face value	Acquisition cost	Market Value (note 2)	% net assets
The Netherlands				
Royal Dutch Petroleum	500	23,345	20,975	3.89
Philips Electronics NV	1,400	52,126	23,380	4.34
STMicroelectronics NV	1,400	59,580	26,152	4.85
Aegon NV	61	0	748	0.14
Koninklijke Ahold NV	1,600	45,189	19,360	3.59
Be Semiconductor Industries	5,000	94,449	21,250	3.94
CSM - CVA	500	11,033	9,990	1.85
OCE NV	1,400	11,149	14,700	2.73
ICT Automatisering	2,800	34,375	19,040	3.53
Nutreco Holding NV	1,337	48,342	23,785	4.41
Numico NV	900	10,914	10,800	2.00
Vedior NV – CVA	4,000	61,023	21,760	4.04
		451,525	211,940	39.31
Total Investments		966,236	513,416	95.21

**INSINGER DE BEAUFORT
EUROPEAN OPPORTUNITY FUND**

GEOGRAPHIC DIVISION OF INVESTMENTS AS AT DECEMBER 31, 2002

(Expressed as a percentage of net assets)	%
Switzerland	12.93
Belgium	3.89
Spain	4.75
Finland	9.60
France	3.84
Netherlands	39.31
Great Britain	3.64
Ireland	8.39
Sweden	8.86
	<u>95.21</u>

ECONOMIC DIVISION OF INVESTMENTS AS AT DECEMBER 31, 2002

(Expressed as a percentage of net assets)	%
Telecommunications and Multimedia	14.35
Banks and Financial Institutions	12.89
Pharmaceuticals, Cosmetics and Optical	7.81
Food, Retail and Distilleries	9.85
Miscellaneous	8.05
Engineering, Manufactures diversified	20.24
Office equipment, Computers, Semiconductors	22.02
	<u>95.21</u>

**INSINGER DE BEAUFORT
GLOBAL BOND LX**

SCHEDULE OF INVESTMENTS AS AT DECEMBER 31, 2002 (IN USD)

Description	Quantity/ Face Value	Currency	Acquisition cost	Market Value (note 2)	% net assets
Transferable securities admitted to an official stock exchange listing					
BONDS					
Spain					
Spanish Gov't 5.15% 2009	130,000	EUR	118,846	146,762	6.77
Finland					
RFGB	125,000	EUR	111,215	142,976	6.60
Great Britain					
UK Treasury 5.75% 2009	65,000	GBP	110,554	113,820	5.25
UK Treasury 5% 2012	65,000	GBP	96,171	109,581	5.06
			206,725	223,401	10.31
New Zealand					
New Zealand 8% 2006	60,000	NZD	38,082	33,820	1.56
Italy					
BTPS 4.25% 2009	112,000	EUR	93,018	119,802	5.53
Sweden					
Sweden Gov't 6% 2005	500,000	SEK	49,635	60,083	2.77
Sweden Govt 6.75% 2014	450,000	SEK	48,667	60,406	2.79
			98,302	120,489	5.56
Netherlands					
Netherlands Gov't 5.5% 2010	50,000	EUR	54,527	57,512	2.65
Netherlands Gov't 5.25% 2008	135,000	EUR	120,714	153,254	7.07
Netherlands Gov't 3.75% 2009	140,000	EUR	113,741	146,465	6.76
			288,982	357,231	16.48
United States					
US Treasury 5.375% 2031	50,000	USD	47,750	54,750	2.53
US Treasury 5.5% 2008	235,000	USD	245,989	265,109	12.23
			293,739	319,859	14.76
Total Investments			1,248,909	1,464,340	67.57

**INSINGER DE BEAUFORT
GLOBAL BOND LX**

GEOGRAPHIC DIVISION OF INVESTMENTS AS AT DECEMBER 31, 2002

(Expressed as a percentage of net assets)

	%
Spain	6.77
Finland	6.60
Great Britain	10.31
Italy	5.53
Netherlands	16.48
United States	14.76
Sweden	5.56
New Zealand	1.56
	<u>67.57</u>

ECONOMIC DIVISION OF INVESTMENTS AS AT DECEMBER 31, 2002

(Expressed as a percentage of net assets)

	%
States, Provinces and Municipalities	<u>67.57</u>

**INSINGER DE BEAUFORT
EURO HIGH YIELD LX**

SCHEDULE OF INVESTMENTS AS AT DECEMBER 31, 2002 (IN EURO)

Description	Quantity/ Face Value	Currency	Acquisition cost	Market Value (note 2)	% net assets
Transferable securities admitted to an official stock exchange listing					
Germany					
Kronos Intl. Inc. 8.875% 2009	500,000	EUR	507,500	505,000	4.39
Ireland					
MDP Acquisitions 10.125% 2012	1,000,000	EUR	1,000,000	1,045,000	9.07
Luxembourg					
Antargaz Finance 10% 2011	450,000	EUR	455,000	472,500	4.10
Tyco 5.5% 2008	600,000	EUR	483,000	514,500	4.47
Kloeckner Pentap 9.375% 2012	500,000	EUR	515,416	517,500	4.49
			1,453,416	1,504,500	13.06
The Netherlands					
Kappa Beheer 10.625% 2009	500,000	EUR	512,250	532,500	4.62
Great Britain					
Carlton Communications 5.625% 2009	350,000	GBP	475,059	475,312	4.13
United Biscuits 10.625% 2011	450,000	EUR	462,000	510,750	4.44
British Airways 10.875% 2008	350,000	GBP	566,751	504,851	4.38
Hurst Group PLC 11.125% 2008	400,000	GBP	653,643	641,422	5.57
			2,157,453	2,132,335	18.52
France					
Crown Cork Seal 6% 2004	1,100,000	EUR	740,000	951,500	8.26
United States					
Xerox Corp 9.75% 2009	650,000	EUR	601,612	581,750	5.05
Huntsman ICI Chemicals 10.125% 2009	500,000	EUR	395,000	385,000	3.34
Chesapeake corp 10.375% 2011	350,000	GBP	589,869	553,188	4.80
Buhrman 12.25% 2009	850,000	USD	958,939	753,431	6.54
Fresenius 7.875% 2011	500,000	USD	573,684	463,448	4.02
Levi Strauss 11.625% 2008	650,000	EUR	648,375	624,000	5.42
			3,767,479	3,360,817	29.17
Channel Islands					
Credit Linked 7.03% 2025	500,000	GBP	593,125	471,860	4.10
Total Investments			10,731,223	10,503,512	91.19

**INSINGER DE BEAUFORT
EURO HIGH YIELD LX**

GEOGRAPHIC DIVISION OF INVESTMENTS AS AT DECEMBER 31, 2002

(Expressed as a percentage of net assets)	%
Germany	4.39
Ireland	9.07
Luxembourg	13.06
Netherlands	4.62
Great Britain	18.52
France	8.26
United States	29.17
Channel Islands	4.10
	<u>91.19</u>

ECONOMIC DIVISION OF INVESTMENTS AS AT DECEMBER 31, 2002

(Expressed as a percentage of net assets)	%
Office Equipment and supplies	11.59
Telecommunications and Multimedia	9.70
Medical products	4.02
Chemicals, Paper, Plastic manufacturing	29.90
Food and Retails	4.44
Manufacture diversified	13.99
Miscellaneous	17.55
	<u>91.19</u>

Notes to the Financial Statements as at December 31, 2002

1 - Organisation

Insinger de Beaufort Asset Selection SICAV (the “Fund”) 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). The Fund was incorporated in Luxembourg on February 23, 1996 for an unlimited period. Its Articles of Incorporation were published in the “Mémorial, Recueil des Sociétés et Associations”, of Luxembourg, on April 1, 1996.

The Fund is registered with the “Registre de Commerce”, Luxembourg under number B-53.934.

The objective of the Fund is to provide investors with a choice of sub-funds investing in a wide range of transferable securities on a worldwide 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 at any one time create additional sub-funds whose investment objectives may differ from the then existing sub-funds as well as issue, within each sub-fund, two or more classes of shares.

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

At December 31, 2002 the Fund included six active sub-funds :

Insinger de Beaufort Asset Selection SICAV-Insinger de Beaufort European Bond (expressed in EUR)

(The net asset value per share of the A Class is expressed in EUR, the B Class in USD and the C Class in GBP, but the subscription price may be paid in EUR, USD or GBP).

This sub-fund seeks stable long-term capital growth consistent with the opportunities available in the European capital markets. It is not the sub-fund’s objective to produce a high level of income.

Three classes of shares have been created in this sub-fund so as to enable investors with different currency profiles access to the same underlying portfolio. The “A” shares (non USD-hedged shares), the “B” shares (USD-hedged shares) and the “C” shares (GBP-hedged shares) aim to achieve the investment objective of long-term capital growth. All three share classes are invested in the same underlying portfolio of securities, the only difference being the application of hedging techniques on “B” and “C” class shares in order to minimise the impact of fluctuations in the USD and GBP rates of exchange.

Insinger de Beaufort Asset Selection SICAV- Insinger de Beaufort Global Select LX (expressed in USD)

This sub-fund seeks to achieve long-term capital growth by investing in international equities which the Investment Adviser believes to offer exceptional growth opportunities at attractive relative prices. Under certain circumstances, at the discretion of the Investment Adviser, the sub-fund may hedge (part of) its positions.

Notes to the Financial Statements as at December 31, 2002 (continued)

*Insinger de Beaufort Asset Selection SICAV- Insinger de Beaufort Global Balanced Fund
(expressed in USD)*

This sub-fund seeks stable long-term capital growth and a degree of capital preservation by investing in a diversified portfolio of international equity and fixed income securities.

*Insinger de Beaufort Asset Selection SICAV-Insinger de Beaufort European Opportunity Fund
(expressed in EUR)*

This sub-fund seeks to maximize capital gains by investing in European large cap stocks. The Investment Adviser of the sub-fund aims to reach this goal by identifying companies that can achieve superior profit-growth in the long term. Dividend yield is of secondary importance.

*Insinger de Beaufort Asset Selection SICAV-Insinger de Beaufort Global Bond LX
(expressed in USD)*

This sub-fund seeks to achieve long term capital growth by investing in international fixed income securities. The Investment Adviser will conduct thorough analyses of economic trends, inflation, credit and the resulting direction of interest rates and exchange rates in the major economies worldwide.

Under certain circumstances the sub-fund may hedge (part of) its non-US Dollar market exposure through currency futures, currency options or currency forward contracts with the objective to preserve the US Dollar value and within the limits set out in the prospectus.

*Insinger de Beaufort Asset Selection SICAV-Insinger de Beaufort Euro High Yield LX
(expressed in EUR)*

This sub-fund's objective is to maximise returns by investing mainly in debt securities issued by corporates offering a yield higher than of comparable government bond issues.

It invests in major OECD currencies; exposure will be hedged back into EURO with the objective to preserve the EURO value of the portfolio. Such hedging is subject to the limitations as set out in the prospectus.

Notes to the Financial Statements as at December 31, 2002 (continued)

2-Significant accounting principles

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

a) Valuation of investments

Transferable securities which are admitted to 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 official exchange listing or dealt in on another regulated market and transferable securities admitted to 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.

The investments were valued for the purposes of the 2002 Financial Statements on December 31, 2002 on the basis of exchange rates in effect on December 31, 2002 and the last available prices on December 31, 2002.

b) Net realised profit (loss) on sale of investments

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

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 of December 31, 2002. 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 exchange rate used as at December 31 2002 : 1 USD = 0.953107 EUR

The various items of the combined statement of net assets and the combined statement of changes in net assets of the Fund as at December 31, 2002 are equal to the total sum of the corresponding items of the financial statements of each sub-fund translated into EUR at the exchange rate ruling as at December 31, 2002.

d) Cost of investment securities

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.

e) Forward foreign exchange contracts

Outstanding forward foreign exchange contracts are valued on the basis of forward foreign exchange rates prevailing at the relevant valuation date and the resulting unrealised profits or losses are included in the combined statement of

changes in net assets. Realised profits and losses on matured forward foreign exchange contracts are also included in the combined statement of changes in net assets.

f) Formation expenses

Formation expenses are amortized in equal parts in respect of each sub-fund over the first five financial years.

Notes to the Financial Statements as at December 31, 2002 (continued)

3 - Taxes and expenses payable

	Insinger de Beaufort European Bond <u>(in EUR)</u>	Insinger de Beaufort Global Select LX <u>(in USD)</u>	Insinger de Beaufort Global Balanced <u>(in USD)</u>
Subscription tax	4,510	247	182
Depository bank commission, domiciliation and administration fees	17,320	8,940	7,210
Audit fees, printing and publication expenses	7,259	7,174	5,142
Other charges	746	6,514	6,600
	<u>29,835</u>	<u>22,875</u>	<u>19,134</u>

	Insinger de Beaufort European Opportunity <u>(in EUR)</u>	Insinger de Beaufort Global Bond LX <u>(in USD)</u>	Insinger de Beaufort Euro High Yield LX <u>(in EUR)</u>
Subscription tax	71	264	1,341
Depository bank commission, domiciliation and administration fees	8,152	7,023	9,157
Audit fees, printing and publication expenses	6,422	6,396	7,905
Other charges	7,985	6,631	2,482
	<u>22,630</u>	<u>20,314</u>	<u>20,885</u>

4 - Commission on subscription and redemption of the fund's shares

The shares of Insinger de Beaufort Asset Selection SICAV are issued at a subscription price equal to the net asset value per share of the relevant sub-fund plus a maximum loading of 5% in favour of the Investment Adviser.

The redemption price of the Fund's shares corresponds to the net asset value per share of the relevant sub-fund. No redemption fee is levied.

5 - Advisory commission

Under the terms of an agreement dated February 23, 1996 which has been amended on June 26, 1997, January 14, 1998, May 25, 1998, October 20, 1998 and November 21, 1998, Insinger de Beaufort Asset Management N.V., Amsterdam has been appointed as the Investment Adviser to advise the Directors of the Fund on the management of its securities portfolios. The agreement shall remain in force for an unlimited period and it may be terminated by either party at any time upon one month notice.

As remuneration for its services, the Investment Adviser receives from the Fund an annual commission at the maximum annual rate of 1%, 1.50%, 1.25%, 1.50%, 1%, and 1.25% for Insinger de Beaufort European Bond, Insinger de Beaufort Global Select LX, Insinger de Beaufort Global Balanced Fund, Insinger de Beaufort European Opportunity Fund, Insinger de Beaufort Global Bond LX and Insinger de Beaufort Euro High Yield LX respectively applicable on the average net assets of the relevant sub-fund.

Notes to the Financial Statements as at December 31, 2002 (continued)

In order to provide an incentive to the Investment Adviser, the Fund will pay an additional performance commission of 20% of the amount by which the increase of the net asset value Insinger de Beaufort Global Select LX and Insinger de Beaufort European Opportunity sub-funds exceeds the MSCI AC World Index and MSCI Europe Index respectively. This calculation is based on the net asset figures before deduction of the accrued performance commission and is adjusted for any proceeds from sales, or amounts paid out for redemptions of the sub-fund's shares. This performance commission will be paid monthly in arrears. Any negative performance for the month will be carried forward to the following months to offset any positive performance in that subsequent period.

6 - Subscription tax

Under current law and practice, the Fund is not liable to any Luxembourg income tax, nor are dividends paid by the Fund liable to any Luxembourg withholding tax. However, the Fund is liable in Luxembourg to a subscription tax of 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 subscription tax is paid on the assets held by the Fund in other UCITS already subject to that tax in Luxembourg.

7 - Forward foreign exchange contracts

- As at December 31, 2002, the Insinger de Beaufort European Bond had entered into the following outstanding forward foreign exchange contracts :

	Sales		Purchases	Maturity	Unrealised Appreciation/ (depreciation)
All Classes GBP	2,000,000	EUR	3,125,000	13/02/2003	59,639
All Classes SEK	23,000,000	EUR	2,527,750	13/02/2003	8,025
					67,664
B Class USD	1,000,000	EUR	980,248	18/02/2003	25,237
B Class USD	2,000,000	EUR	1,949,128	18/02/2003	39,128
B Class EUR	3,956,480	USD	4,000,000	18/02/2003	(136,632)
					(72,267)
C Class GBP	100,000	EUR	155,231	18/02/2003	1,985
C Class GBP	150,000	EUR	233,463	18/02/2003	3,594
C Class EUR	544,324	GBP	350,000	18/02/2003	(7,952)
					(2,373)

The unrealised loss on these forward foreign exchange contracts as at December 31, 2002 amounted to EUR 6,976 and is included in the combined statement of net assets.

Notes to the Financial Statements as at December 31, 2002 (continued)

- As at December 31, 2002, the Insinger de Beaufort Euro High Yield LX Fund had entered into the following outstanding forward foreign exchange contracts :

	Sales		Purchases	Maturity	Unrealised Appreciation/ (depreciation)
USD	1,250,000	EUR	1,240,079	13/02/2003	46,542
GBP	1,650,000	EUR	2,578,125	13/02/2003	49,205
GBP	200,000	EUR	309,310	13/02/2003	2,771
					EUR 98,518

The unrealised gain on these forward foreign exchange contracts as at December 31, 2002 amounted to EUR 98,518 and is included in the combined statement of net assets.