

Annual Report 2008.

Investment Fund under Luxembourg Law

Audited annual report as of 31 December 2008

Living Planet Fund

Living Planet Fund – Equity

Audited annual report as of 31 December 2008

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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.,
33A, avenue J.F. Kennedy,
P.O. Box 91, L-2010 Luxembourg
R.C.S. 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

Eric G. Sarasin, Member
CEO of the Private & Institutional Clients
Switzerland Division,
Bank Sarasin & Cie AG, Basel

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

Andreas Giel, Member (until 11 February 2008)
Associate Director, UBS Fund Services
(Luxembourg) S.A., Luxembourg

Michaela Imwinkelried, Member (since 6 May 2008)
Executive Director, UBS Fund Services
(Luxembourg) S.A., Luxembourg

Matteo Perrotta, Member
Executive Director, UBS AG, Basel and Zurich

Dirk Spiegel, Member
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

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

Custodian Bank, main paying agent and sales agent

UBS (Luxembourg) S.A.,
33A, avenue J.F. Kennedy,
P.O. Box 2, L-2010 Luxembourg

Administrative agent

UBS Fund Services (Luxembourg) S.A.,
33A, avenue J.F. Kennedy,
P.O. Box 91, L-2010 Luxembourg

Independent Auditors of the Fund and the Management Company

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

Sale in Germany

Paying and information agent
UBS Deutschland AG, Stephanstrasse 14–16,
D-60313 Frankfurt am Main

Representative in Switzerland

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

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

Representative in the Republic of Austria

Representative in the Republic of Austria
Erste Bank der oesterreichischen Sparkassen AG,
Habsburgerstrasse 2, A-1010 Vienna

Sale in France

Units of this Fund may be sold in this country.

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

Features of the Fund

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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 “Mémorial” (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 units of the Fund 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 units of the Fund 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.

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

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Living Planet Fund

Review

The two major themes taking centre stage in 2008 were record levels for energy and raw material prices as well as a financial sector going through a severe crisis. While the latter is the after effect of a boom and bust situation in the US housing market, the former seems to be the result of an increasing demand for oil and raw materials from emerging countries like China and India coupled with a speculative demand primarily from Hedge Funds. While prices for energy products and raw materials have normalised, i.e. massively corrected in the second half of 2008, the financial crisis has gone from bad to worse. The slowdown in construction activity in the United States, but increasingly also Europe, especially in United Kingdom, Ireland and Spain has negatively affected a wide range of construction related stocks.

With regard to the themes of the Living Planet Fund, Healthcare and Sustainable Mobility had the best performance this year. Water and Knowledge Society contributed positively to the performance in relative terms. Clean Energy and Efficiency performed well for most of the year, but ultimately came under severe pressure, as energy prices fell sharply and the credit crisis worsened. Sustainable Consumption on the other hand underperformed, as especially organic food producers and retailers disappointed. There are positive signs that demand for organic food is rising and is increasingly finding its way onto shelves of traditional retailers in the United States, e.g. Wal-Mart.

In a very challenging and volatile market environment equities had their weakest year in decades. The Living Planet Fund ended the year with minus 43.0%, while the MSCI World Index in euro was down minus 38.9% in the same period of time.

Outlook

The investment year 2009 brings new risks, but also offers unique opportunities. The deepest recession since decades will depress sentiment in the coming months. Corporate earnings are expected to drop sharply and default rates are likely to increase. This flood of negative news reports will offer investors some exceptional investment opportunities. To begin with, we expect a rally in corporate bonds, which are inexpensive in historical comparison. The easing credit crunch should then also spur on the equity markets, which are likely to record significant gains during the year.

After equity markets experienced their worst year in decades, they should finally start to pick up in 2009. For the moment however, the downside risks are still dominant, as the global recession triggered by the credit crunch will inevitably lead to steep falls in corporate profits. According to our estimates, equity markets have a fair but not a cheap valuation. A reversal of the economic cycle, coupled with a fall-off in volatility, will encourage investors to purchase equities again. We see most potential for US and Swiss equities. We are sticking to our defensive sector strategy at the beginning of the year. However, we see good entry opportunities in a number of cyclical equities that have a solid business model and rely only to a small extent on external financing.

Independent Auditor's Report

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Living Planet Fund



PricewaterhouseCoopers
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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 2008 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 2008, 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, 27 April 2009

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

Marc Schernberg

Living Planet Fund – Equity

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Three-year comparison

Date	ISIN	31.12.2008	31.12.2007	31.12.2006
Net assets in EUR		18 337 923.78	31 909 772.77	25 578 904.14
Class A	LU0169371266			
Units outstanding		15 526.1980	10 658.4060	6 128.1730
Net asset value per unit in EUR		84.26	146.54	140.14
Class B	LU0169371779			
Units outstanding		19 790.1620	20 287.4000	17 324.4000
Net asset value per unit in EUR		860.51	1 495.90	1 426.89

Performance

	Currency	2008	2007	2006
Class A	EUR	-43.0%	4.6%	6.2%
Class B	EUR	-43.0%	4.9%	6.7%
Benchmark:				
MSCI World (r)	EUR	-37.6%	-1.7%	7.4%

Historical performance is no indicator of current or future performance.
The performance data does not take account of any commissions and costs charged when subscribing and redeeming units.
The performance data were not audited.

Structure of the Securities Portfolio

Geographical Breakdown as a % of net assets		Economic Breakdown as a % of net assets	
United States	18.30	Pharmaceuticals, cosmetics & medical products	17.14
Germany	15.86	Energy & water supply	15.45
Switzerland	10.40	Petroleum	7.53
United Kingdom	8.78	Building industry & materials	6.60
Denmark	7.98	Traffic & transportation	6.20
Canada	7.67	Electrical devices & components	4.96
Japan	7.14	Biotechnology	4.62
Austria	4.95	Banks & credit institutions	4.43
France	3.43	Food & soft drinks	3.22
Netherlands	2.61	Electronics & semiconductors	3.01
Norway	2.50	Insurance	2.86
Spain	2.08	Miscellaneous services	2.82
India	1.93	Computer hardware & network equipment providers	2.81
Brazil	1.71	Miscellaneous consumer goods	2.62
Sweden	1.49	Finance & holding companies	2.38
Portugal	1.18	Mechanical engineering & industrial equipment	2.07
Ireland	0.56	Internet, software & IT services	1.93
Total	98.57	Healthcare & social services	1.86
		Chemicals	1.68
		Packaging industry	1.38
		Lodging, catering & leisure	1.02
		Retail trade, department stores	0.83
		Graphic design, publishing & media	0.69
		Rubber & tyres	0.46
		Total	98.57

Statement of Net Assets

	EUR
Assets	31.12.2008
Investments in securities, cost	28 056 560.55
Investments in securities, unrealized appreciation (depreciation)	-9 980 407.45
Total investments in securities (Note 1)	18 076 153.10
Cash at banks, deposits on demand and deposit accounts	267 904.41
Receivable on subscriptions	2 450.70
Interest receivable on liquid assets	4 518.43
Receivable on dividends	21 499.75
Other receivables	324.14
Total Assets	18 372 850.53
Liabilities	
Provisions for global service fee (Note 2)	-34 337.48
Provisions for taxe d'abonnement (Note 3)	-589.27
Total provisions	-34 926.75
Total Liabilities	-34 926.75
Net assets at the end of the financial year	18 337 923.78

Statement of Operations

	EUR
Income	1.1.2008–31.12.2008
Interest on liquid assets	78 390.46
Dividends	435 518.86
Income on securities lending (Note 4)	34 974.44
Total income	548 883.76
Expenses	
Global service fee (Note 2)	-428 850.63
Taxe d'abonnement (Note 3)	-2 540.50
Interest on cash liquidity and bank overdraft	-25 949.05
Total expenses	-457 340.18
Net income (loss) on investments	91 543.58
Realized gain (loss) (Note 1)	
Realized gain (loss) on market-priced securities without options	-2 430 165.40
Total realized gain (loss) on investments	-2 430 165.40
Realized gain (loss) on foreign exchange	-26 768.45
Total realized gain (loss)	-2 456 933.85
Net realized gain (loss) of the financial year	-2 365 390.27
Changes in unrealized appreciation (depreciation) (Note 1)	
Unrealized appreciation (depreciation) on market-priced securities without options	-11 516 503.71
Total changes in unrealized appreciation (depreciation)	-11 516 503.71
Net increase (decrease) in net assets as a result of operations	-13 881 893.98

Statement of Changes in Net Assets

	EUR
	1.1.2008–31.12.2008
Net assets at the beginning of the financial year	31 909 772.77
Subscriptions	2 496 767.45
Redemptions	-2 186 722.46
Total net subscriptions (redemptions)	310 044.99
Net income (loss) on investments	91 543.58
Total realized gain (loss)	-2 456 933.85
Total changes in unrealized appreciation (depreciation)	-11 516 503.71
Net increase (decrease) in net assets as a result of operations	-13 881 893.98
Net assets at the end of the financial year	18 337 923.78

Development of the outstanding units

	1.1.2008–31.12.2008
Class A	A
Number of units outstanding at the beginning of the financial year	10 658.4060
Number of units issued	6 189.5680
Number of units redeemed	-1 321.7760
Number of units outstanding at the end of the financial year	15 526.1980
Class B	B
Number of units outstanding at the beginning of the financial year	20 287.4000
Number of units issued	1 525.7620
Number of units redeemed	-2 023.0000
Number of units outstanding at the end of the financial year	19 790.1620

Statement of Investments in Securities and other Net Assets as of 31 December 2008

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
Transferable securities and money market instruments listed on an official stock exchange			
Bearer shares			
Austria			
EUR BWT AG(BENCKISER W NPV	9 500.00	104 500.00	0.57
EUR INTERCELL AG NPV (BR)	11 000.00	240 240.00	1.31
EUR MAYR-MELNHOF KARTO NPV	5 000.00	253 650.00	1.38
EUR OEST ELEKTRIZITATS CLASS'A'NPV	9 500.00	309 320.00	1.69
Total Austria		907 710.00	4.95
Brazil			
BRL NATURA COSMETICOS COM NPV	23 000.00	134 739.16	0.73
Total Brazil		134 739.16	0.73
Canada			
CAD CANADIAN HYDRO DEVELOPERS INC COM	140 000.00	243 121.17	1.33
CAD CANADIAN PAC RY LTD COM	19 000.00	453 736.84	2.46
CAD ENCANA CORP COM	10 000.00	331 931.50	1.81
CAD STANTEC INC COM NPV	17 300.00	303 956.83	1.66
USD SUNOPTA INC COM	66 000.00	74 544.08	0.41
Total Canada		1 407 290.42	7.67
Denmark			
DKK NOVO-NORDISK AS DKK1 SER'B'	15 000.00	546 133.78	2.98
DKK NOVOZYMES A/S SER'B'DKK10	5 500.00	308 871.23	1.68
DKK ROCKWOOL INTL SER'B'DKK10	2 500.00	99 083.31	0.54
DKK VESTAS WIND SYSTEM DKK1	12 500.00	509 691.27	2.78
Total Denmark		1 463 779.59	7.98
France			
EUR ESSILOR INTL EURO.18	7 500.00	251 775.00	1.37
EUR VEOLIA ENVIRONNEME EUR5	17 000.00	377 400.00	2.06
Total France		629 175.00	3.43
Germany			
EUR FRESENIUS MED CARE NPV	9 000.00	299 790.00	1.63
EUR FUCHS PETROLUB AG NPV	4 000.00	156 360.00	0.85
EUR MANZ AUTOMATION AG NPV	1 500.00	62 625.00	0.34
EUR MASTERFLEX AG NPV	14 000.00	84 000.00	0.46
EUR Q-CELLS SE NPV	12 000.00	303 600.00	1.66
EUR RATIONAL AG NPV	3 200.00	270 080.00	1.47
EUR RHOEN-KLINIKUM AG ORD NPV	20 000.00	341 400.00	1.86
EUR ROTH & RAU AG NPV (BR)	12 000.00	178 800.00	0.98
EUR SOLARWORLD AG NPV	30 000.00	453 000.00	2.47
EUR VOSSLOH AG ORD NPV	3 500.00	278 215.00	1.52
Total Germany		2 427 870.00	13.24
Ireland			
EUR KINGSPAN GROUP ORD EURO.13(DUBLIN LISTING)	33 000.00	102 960.00	0.56
Total Ireland		102 960.00	0.56
Japan			
JPY EAST JAPAN RAILWAY NPV	125.00	683 488.17	3.73
JPY KURITA WATER INDS NPV	15 000.00	283 315.27	1.54
JPY TOKYO GAS CO NPV	95 000.00	343 033.69	1.87
Total Japan		1 309 837.13	7.14
Netherlands			
EUR REED ELSEVIER ORD EURO.07	15 000.00	126 300.00	0.69
EUR SNS REAAL GROEP NV EUR1.63	90 000.00	352 800.00	1.92
Total Netherlands		479 100.00	2.61
Norway			
NOK RENEWABLE ENERGY NOK1	25 000.00	165 668.90	0.90
NOK STATOILHYDRO ASA NOK2.50	25 000.00	292 553.30	1.60
Total Norway		458 222.20	2.50
Spain			
EUR GAMESA CORP TECNO EURO.17	30 000.00	382 200.00	2.08
Total Spain		382 200.00	2.08
Sweden			
SEK GETINGE AB SER'B'NPV	29 000.00	246 669.40	1.34
SEK GETINGE AB SER'B'NPV(FPD 01/01/2009)	3 222.00	26 746.32	0.15
Total Sweden		273 415.72	1.49

Description	Quantity/ Nominal	Valuation in EUR Unrealized gain (loss) on Futures/ Options/Forward Exchange Contracts/ Swaps (Note 1)	as a % of net assets
Switzerland			
CHF SYNTHES INC CHF0.001	2 500.00	225 414.03	1.23
Total Switzerland		225 414.03	1.23
United Kingdom			
GBP AVIVA ORD GBPO.25	130 000.00	524 397.86	2.86
GBP BG GROUP ORD GBPO.10	36 000.00	356 342.31	1.94
GBP HALMA ORD GBPO.10	110 000.00	230 393.74	1.26
GBP HSBC HLDGS ORD USD0.50(UK REG)	67 000.00	458 760.21	2.50
GBP TEG GROUP PLC ORD GBPO.05	75 000.00	39 562.56	0.22
Total United Kingdom		1 609 456.68	8.78
United States			
USD BAXTER INTL INC COM	13 500.00	520 459.70	2.84
USD GILEAD SCIENCES INC COM	16 500.00	607 035.72	3.31
USD INTERNATIONAL BUSINESS MACHS COM	8 500.00	514 628.97	2.81
USD ITRON INC COM	7 000.00	320 981.26	1.75
USD NALCO HOLDING COMPANY COM	22 000.00	182 640.91	1.00
USD QUEST DIAGNOSTICS INC COM	11 500.00	429 455.77	2.34
USD STARBUCKS CORP COM	27 500.00	187 151.54	1.02
USD STRAYER ED INC COM	1 600.00	246 794.00	1.35
USD UNITED NAT FOODS INC COM	15 000.00	192 295.24	1.05
USD WHOLE FOODS MKT INC COM	22 500.00	152 800.26	0.83
Total United States		3 354 243.37	18.30
Total Bearer shares		15 165 413.30	82.69
Participation certificates			
Switzerland			
CHF LINDT & SPRUENGLI PTG CERT CHF10	300.00	397 431.64	2.17
Total Switzerland		397 431.64	2.17
Total Participation certificates		397 431.64	2.17
Preference shares			
Germany			
EUR DRAEGERWERK KGAA NON-VTG PRF NPV	5 400.00	141 480.00	0.77
EUR HENKEL AG&CO. KGAA NON-VTG PRF NPV	15 000.00	338 850.00	1.85
Total Germany		480 330.00	2.62
Total Preference shares		480 330.00	2.62
Registered shares			
Portugal			
EUR EDP ENERGIAS PORTU EUR1 (REGD)	80 000.00	215 600.00	1.18
Total Portugal		215 600.00	1.18
Switzerland			
CHF ABB LTD CHF2.50(REGD)	38 000.00	400 162.29	2.18
CHF GEBERIT CHF0.10(REGD) (POST SUBD)	5 500.00	420 446.18	2.29
CHF SCHULTHESS GROUP CHF0.2 (REGD)(POST SUBD)	5 000.00	141 939.87	0.77
CHF SONOVA HOLDING AG	7 500.00	321 899.35	1.76
Total Switzerland		1 284 447.69	7.00
Total Registered shares		1 500 047.69	8.18
Depository receipts			
Brazil			
USD BANCO ITAU HLDG FINANCIERA S A SP ADR 500 PFD	21 500.00	179 418.01	0.98
Total Brazil		179 418.01	0.98
India			
USD INFOSYS TECHNOLOGIES LTD SPONSORED ADR	20 000.00	353 512.46	1.93
Total India		353 512.46	1.93
Total Depository receipts		532 930.47	2.91
Total Transferable securities and money market instruments listed on an official stock exchange		18 076 153.10	98.57
Total investments in securities		18 076 153.10	98.57
Cash at banks, deposits on demand and deposit accounts and other liquid assets		267 904.41	1.46
Other assets and liabilities		-6 133.73	-0.03
Total net assets		18 337 923.78	100.00

Notes to the Financial Statements

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Living Planet Fund

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 per 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 of the Management Company 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 of the Management Company 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 of Directors of the Management Company.
- Securities and other investments listed on a stock exchange are valued at the last known price. If the same security or investment is quoted on several stock exchanges, the last known price on the stock exchange that represents the major market for this security will apply. In the case of securities and other investments where the trade on the stock market is thin but which are traded between securities dealers on a secondary market using usual market price formation methods, the Fund can use the prices on this secondary market as the basis for their valuation of these securities and investments. Securities and other investments that are not listed on a stock exchange, but which are traded on another regulated market which is recognized, open to the public and operating regularly, are valued at the last known price on this market.
- Units of UCITS authorised according to Directive 85/611/EEC and/or other assimilated UCI will be valued at the last known net asset value for such shares or units as of the relevant Valuation Day.

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

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

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

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

d) Valuation of forward foreign exchange contracts

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

e) Valuation of financial futures contracts

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

f) Conversion of foreign currencies

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

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

g) Accounting of securities' portfolio transactions

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

h) Receivable on securities sales,

Payable on securities purchases

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

i) Income recognition

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

Note 2 – Global service fee

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

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

The effective Global service fee for the unit class Living Planet Fund – Equity A was reduced to 1.56% for the year 2008.

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 units 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.

The market value of the securities lent on 31 December 2008 was:

Living Planet Fund	Securities Lending
– Equity	11 310 557.13 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 – Soft commission arrangements

During the period from 1 January 2008 until 31 December 2008, no “soft commission arrangements” were entered into on behalf of Living Planet Fund and “soft dollar commissions” amount to nil.

Note 7 – Total Expense Ratio (TER)

This ratio was calculated in accordance with the Swiss Funds Association’s (SFA) “Guidelines on the calculation and disclosure of the TER and PTR” in the current version 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	1.70%*
– Equity B	1.66%

* The effective Global service fee for the unit class Living Planet Fund – Equity A was reduced to 1.56% for the year 2008.

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

Note 8 – Portfolio Turnover Rate (PTR)

This ratio was calculated in accordance with the Swiss Funds Association’s (SFA) “Guidelines on the calculation and disclosure of the TER and PTR” in the current version. 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	61.76%

Note 9 – 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 units of the Fund 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 units of the Fund 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.