

Key Figures

	31.12.2010
Performance 1.1.2010 - 31.12.2010 *	10.3%
Performance since inception *	12.3%
Net asset value, in CHF mn	107.1
Units issued	953'755
NAV per unit, in CHF	112.25
Volatility (since inception)	32.7%
Distribution	0.00
Total Expense Ratio **	1.5%
Portfolio Turnover Rate **	80.7%
Number of holdings	18

* Historical performance is no guarantee for future returns

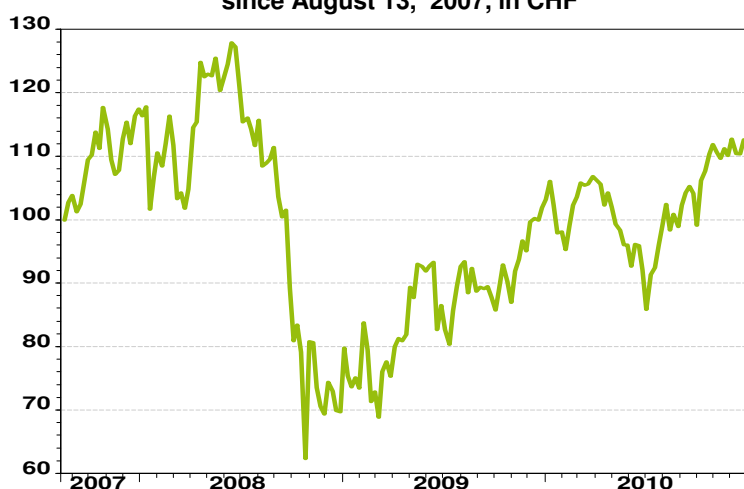
** Definitions s. text boxes p. 3

Fund description

BZ Agro is an equity fund investing in companies which produce, convert, transport or distribute agricultural products. The Fund does not invest directly in commodities or commodity derivatives.

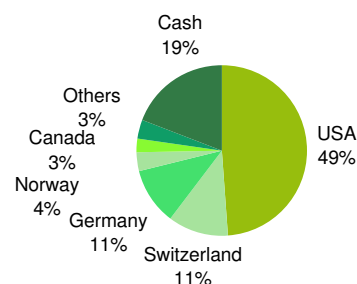
The principal investment objective of BZ Agro is long term capital appreciation. Investment decisions are based upon fundamental analysis of companies.

Development of net asset value (NAV) since August 13, 2007, in CHF

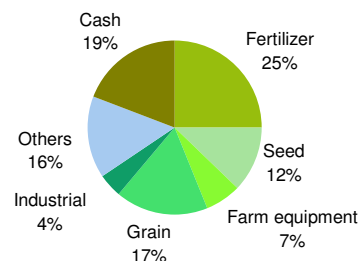


Source: BZ Fund Management

Geographic allocation



Allocation by sector

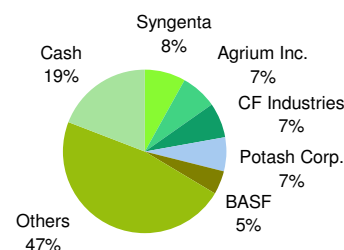


Monthly performance* (in %) and net asset value

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2008	-7.6	3.1	-6.4	13.9	3.6	-2.0	-4.6	-3.3	-19.0	-11.9	-2.8	-7.7	-39.0
2009	3.8	-2.1	3.4	12.2	8.7	-7.6	6.1	-1.5	-0.4	-1.4	9.2	7.0	41.9
2010	-5.6	5.5	4.1	-4.2	-5.0	-8.9	10.3	1.8	2.5	10.5	-1.1	2.0	10.3
Since inception													12.3
										2007	2008	2009	2010
Net asset value (in CHF mn)										94.9	65.8	99.8	107.1
NAV per unit, in CHF										117.4	71.7	101.7	112.3

* including distributions

Portfolio structure



Report of the fund manager

Last year, the agricultural sector was more determined than ever due to extreme climatic conditions:

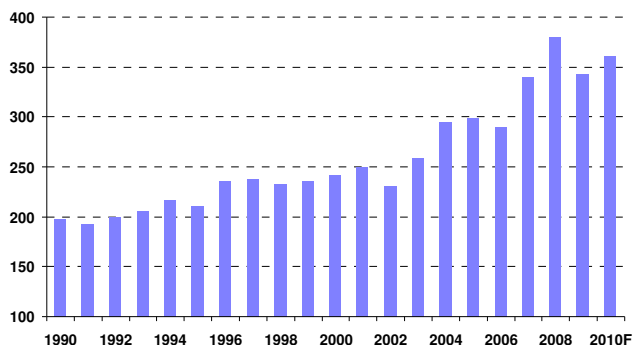
- Q1: China is experiencing the worst drought in decades. According to statistics of 17 March 2010 43.486 million hectares of the total harvest fell victim to the drought.
- Q2: Floods in Central Europe. Drought in Russia is becoming apparent.
- Q3: Takeover speculations increasingly define the sector performance. US\$ 40 billion offer from BHP to the address of Potash. Flood disaster in Pakistan.
- Q4: Alarming data from the USDA with massive reduction in yield and total crop size estimates.

The agricultural sector remained uneven and volatile until mid-year, characterized by major setbacks and price reductions. The reasons were partly macro-economic (European debt crisis, Greece), partly sector-specific (low crop prices) and some were company specific. For example, the Norwegian fertilizer producer Yara came under pressure in the second quarter due to the agreement of Ukraine with Russia on cheaper gas prices. The U.S. seed and crop protection manufacturer Monsanto, due to disappointing quarterly results and reduced earnings expectations in the first half of 2010, lost almost 50% of its value. Swiss rival Syngenta, in the wake of Monsanto, fell almost 20% during the first six months. Fertilizer producers, such as Agrium, Mosaic and Potash, were suffering until mid-year under the low prices for agricultural base products, such as phosphate or urea, and correspondingly reduced earnings outlook.

The tide turned dramatically in summer of 2010 almost instantaneously. Prices for corn, wheat and soybeans started to rise again in early June. Extreme weather conditions across the globe pushed the prices of grain higher. Severe droughts in many parts of China and Russia and massive flooding in Central Europe, Pakistan and Canada each played a role in impacting price developments in the agricultural sector and the share prices of agribusiness companies. In August, the US\$40 billion bid by Australian mining giant BHP for Canadian Potash Corp. revived takeover speculations in the sector. Potash shares shot up 30% virtually overnight, with corresponding positive impact on most competitors in the fertilizer sector. We used this development to take some profits and to make some reallocations in the portfolio and to increase the cash position even further. This translates into a performance of +10.3% (compared to MSCI World +1.5%) in Swiss franc.

The WASDE (World Agriculture Supply and Demand Estimates) published by the U.S. Department of Agriculture (USDA) in October were alarming and pointed to a further aggravation of the lack of supply situation. Prices of agricultural soft commodities continued to rise significantly, based on further tightening/shortage of major grains.

US farm income, in USD bln ^F Forecast



Just in time for three-year anniversary of BZ Agro, the Fund received a 5-star rating from Morningstar. This award was based on the best performance over the last three years among the European funds in the category "Natural Resources".

Outlook 2011

The world population is currently growing at 1.2% pa, resulting in a steady increase on the demand side. According to FAO (Food and Agriculture Organization) additional arable land, mainly because of progressive urbanization and climatic factors, is currently growing at far slower pace (only some 0.2%). The higher the prices for agricultural products, the more attractive it is for farmers to increase production. Some governments have long recognized this and act accordingly. Should export restrictions, as in Russia in summer 2010, be considered by other nations, this would have further price increases for "soft commodities" as a consequence.

As emerging economies consume more protein rich food, efficient and sustainable agriculture is more in demand than ever. "Economies of scale" will also become increasingly important in modern agriculture: In the immediate future, in regions such as Canada, South America or Russia, with the help of international investors, more gigantic farms are being created (e.g., corporate farms) to manage hundreds of thousands of acres in a highly efficient manner.

Genetic modifications of seeds also have their place, where the benefit outweighs the risk. The latest efforts are increasingly in the direction of biological solutions. Because of rising demand and scarce supply for basic agricultural products, we assume that farmers' income will increase significantly in the coming years. This in turn is crucial for their willingness to invest in farm machinery and equipment, fertilizers, seed and crop protection products.

In December 2010 BZ Bank established the BZ Equity Fund in Luxembourg, a SICAV with the three subfunds, BZ Equity Fund – Agro, BZ Equity Fund – Infra and BZ Equity Fund – Senior. It is planned to transfer the three existing BZ funds (BZ Agro Aktienfonds, BZ Infra Aktienfonds, and BZ Senior Aktienfonds) into the new Luxembourg funds in the first quarter 2011.

Summary of significant accounting policies

Calculation of the net asset value

The net asset value is calculated by dividing the overall net assets of the Fund by the number of units in circulation.

Valuation principles

- Securities, derivatives and other investments listed on a stock exchange are valued at the last available market prices. If the same security or investment is quoted on several stock exchanges, the last available listing on the stock exchange that represents the major market for this security will apply.
- In the case of securities, derivatives 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 company can use the prices on this secondary market as the basis for their valuation of these securities, derivatives and other investments.
- In the case of money market instruments, the valuation price is gradually adjusted to the redemption price starting from the net acquisition price, while at the same time maintaining the return based on this price. If market conditions change substantially, the valuation principles for the individual investments are adjusted to the new market returns.
- Time and fiduciary deposits are valued at their nominal value plus accrued interest.

The management company is authorised to apply other generally recognised and auditable valuation criteria in good faith in order to achieve an appropriate valuation of the net asset value if, due to extraordinary circumstances, a valuation in accordance with the aforementioned regulations proves to be unfeasible or inaccurate. In the event of extraordinary circumstances, additional valuations, which will affect the prices of the shares to be subsequently issued or redeemed, may be carried out within one day.

Flat rate fee and Total Expense Ratio

Flat rate fee

The Fund pays a yearly flat rate fee of 1.5% calculated on the average net asset value. Out of the above mentioned yearly flat rate fee, the management company pays for all the costs incurred in connection with administration, portfolio management and safekeeping of the Fund's assets as well as their sale. The Fund will additionally bear all costs of transactions (broker's normal commission, fees, taxes, etc.) connected with administration of the fund assets.

Total Expense Ratio (TER)

This ratio was calculated in accordance with the "Guidelines on the calculation and publication of the TER and PTR" issued by the Swiss Funds Association SFA on May 16, 2008 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. Transaction costs and any other costs incurred in connection with currency hedging are not included in the TER.

Portfolio Turnover Rate (PTR)

This key ratio was calculated in accordance with the Swiss Funds Association's (SFA) "Guidelines on the calculation and disclosure of the TER and PTR" dated May 16, 2008. 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.

Important disclosures according to art. 89 KAG

The specific tasks of accounting and the calculation of net asset value have been delegated to BZ Bank Aktiengesellschaft.

On December 31, 2010, Joseph Manko handed over to Eric Bonvin the position as head of BZ Fund Management Aktiengesellschaft and left the Company.

Statement of net assets (all values in CHF)

	per 31.12.2009	per 31.12.2010
Due from banks	2'749'099.44	20'621'503.29
Securities	96'879'883.84	86'239'080.52
Other assets	157'145.64	200'880.51
Gross assets	99'786'128.92	107'061'464.32
Liabilities	0.00	0.00
Net assets	99'786'128.92	107'061'464.32
Net assets per unit	101.74	112.25

Change in units

	1.1. - 31.12.2009	1.1. - 31.12.2010
Units issued, beginning of period	918'194	980'821
Issue of units	231'444	117'604
Redemption of units	-168'817	-144'670
Units issued, end of period	980'821	953'755

Profit and loss statement

	1.1. - 31.12.2009	1.1. - 31.12.2010
Income from securities	1'332'186.00	1'235'563.85
Interest income	9'763.42	25'264.24
Income due to issue of units	-131'078.61	-105'456.00
Management fee	-1'228'498.77	-1'497'427.51
Income due to redemption of units	122'749.20	105'857.97
Net investment income	105'121.24	-236'197.45
Realized capital gains and losses	-930'097.07	1'189'857.69
Realized Income	-824'975.83	953'660.24
Unrealized capital gains and losses	28'628'264.93	8'724'714.16
Net income	27'803'289.10	9'678'374.40

Change in net assets

	1.1. - 31.12.2009	1.1. - 31.12.2010
Net assets, beginning of period	65'812'962.01	99'786'128.92
Distribution	0.00	0.00
Net increase from issuance and redemption	6'169'877.81	-2'403'039.00
Net income	27'803'289.10	9'678'374.40
Net assets, end of period	99'786'128.92	107'061'464.32

Allocation of result

	1.1. - 31.12.2009	1.1. - 31.12.2010
Net income	105'121.24	-236'197.45
Balance carried forward from previous year	-941'243.07	-836'121.83
Available for distribution	-836'121.83	-1'072'319.28
Result earmarked for distribution	0.00	0.00
Balance carried forward	-836'121.83	-1'072'319.28

Currency rates (as of December 30, 2010)

EUR	1 = CHF	1.24351
SEK	1 = CHF	0.13865
NOK	1 = CHF	0.15900
USD	1 = CHF	0.93710
BRL	1 = CHF	0.56238
CAD	1 = CHF	0.93635

Inventory of securities as of December 31, 2010

Company	Currency	Holding as of Jan 1, 2010	Purchases	Sales	Holding as of Dec 31, 2010	Price as of Dec 30, 2010	Value (in CHF)	Share (in %)
Switzerland							11'933'300.00	11.1%
Bucher Industries	CHF	24'726	0	-24'726	0	-	0.00	0.0%
Lonza	CHF	0	71'000	-26'000	45'000	74.95	3'372'750.00	3.1%
SGS	CHF	2'891	0	-2'891	0	-	0.00	0.0%
Syngenta	CHF	33'400	18'400	-20'500	31'300	273.50	8'560'550.00	8.0%
Germany							11'885'916.24	11.1%
BASF	EUR	72'400	20'600	-23'000	70'000	59.70	5'196'628.29	4.9%
Bayer	EUR	57'500	9'500	-37'000	30'000	55.30	2'062'983.09	1.9%
GEA Group	EUR	189'000	0	-17'000	172'000	21.63	4'626'304.86	4.3%
Canada							2'753'618.08	2.6%
Viterra	CAD	205'000	115'000	0	320'000	9.19	2'753'618.08	2.6%
USA							52'445'668.32	49.0%
AGCO Corporation	USD	144'000	30'000	-69'000	105'000	50.77	4'995'539.54	4.7%
Agrium	USD	85'000	20'000	-15'000	90'000	91.68	7'732'199.52	7.2%
Archer-Daniels-Midland	USD	149'200	30'000	-9'200	170'000	29.90	4'763'279.30	4.4%
Bunge	USD	73'700	0	-13'700	60'000	65.19	3'665'372.94	3.4%
CF Industries	USD	0	112'500	-55'000	57'500	136.67	7'364'223.78	6.9%
CNH	USD	137'100	0	-137'100	0	-	0.00	0.0%
Deere	USD	84'200	0	-54'200	30'000	83.30	2'341'812.90	2.2%
Du Pont De Nemours	USD	117'300	0	-12'300	105'000	49.69	4'889'272.40	4.6%
Monsanto	USD	38'000	142'000	-110'000	70'000	69.72	4'573'422.84	4.3%
Mosaic	USD	107'500	6'000	-43'500	70'000	75.83	4'974'220.50	4.6%
Potash Corp	USD	41'400	42'600	-34'000	50'000	152.52	7'146'324.60	6.7%
Others							7'220'577.88	6.7%
Yara International	NOK	125'000	10'000	-65'000	70'000	337.50	3'756'276.06	3.5%
ALL America Latina Logistica	BRL	847'000	0	-847'000	0	-	0.00	0.0%
Black Earth Farming	SEK	942'900	0	0	942'900	26.50	3'464'301.82	3.2%
Total securities							86'239'080.52	80.5%
Due from banks							20'621'503.29	19.3%
Other assets							200'880.51	0.2%
Liabilities							0.00	0.0%
Net assets as of December 31, 2010							107'061'464.32	100.0%

Organisation

Fund management company

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8832 Wilen
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Custodian bank

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www.bzbank.ch

Funds manager

Joseph Manko/Flakron Sylejmani

General information

Fund category	Securities fund
Fund domicile	Switzerland
Issuances / redemptions	daily
Currency	CHF
Financial year-end	December 31
Distribution	yearly
Issuance / redemption commission	max. 2%
Flat rate fee	1.5% p.a.
ISIN	CH0032793868
Valoren-Number	3'279'386

Publication of NAV

NZZ, Le Temps
Bloomberg: BZAGEQT SW
Reuters: BZBANK
www.swissfunddata.ch
www.bzfund.ch

ABRIDGED REPORT OF THE AUDITOR ACCORDING TO THE SWISS COLLECTIVE INVESTMENT SCHEMES ACT

As legally recognized auditors according to the Swiss Collective Investment Schemes Act, we have audited the annual report of BZ Agro Aktienfonds consisting of the annual financial statements and further details as mentioned in Art. 89 para. 1 letter a – h for the year ended December 31, 2010.

Board of Directors' Responsibility

The Board of Directors of the fund management company is responsible for the preparation of the financial statements in accordance with the requirements of the Swiss Collective Investment Schemes Act. The Board of Directors of the fund management company is further responsible for 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 Swiss law and Swiss Auditing Standards. Those standards require that we 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 the internal control system relevant to the entity's preparation 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, 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, the annual report for the year ended December 31, 2009 complies with the Swiss Collective Investment Schemes Act, the corresponding ordinances as well as the prospectus with integrated fund contract.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 127 CISA and article 11 AOA) and that there are no circumstances incompatible with our independence.

Deloitte AG

Rolf Schönauer
Licensed Audit Expert

Roland Loup
Licensed Audit Expert
Auditor in charge

January 19, 2011