

#### Named portfolio manager(s):

Ivan Nyssen (since September 1998)

Peer group: Global Mainstream Equities

Location: Brussels

Launch date: September 1998

Fund size (June 2010): US\$209m, €169m

Contact group: +352 2605 9730 or

www.capitalatwork.com

Further information on S&P's fund coverage can be found at [www.FundsInsights.com](http://www.FundsInsights.com)



Report date August 2010

#### Investment style

	Value	Blend	Growth
Large-Cap			
Mid-Cap			
Small-Cap			

#### Performance statistics

Three years

Fund	-34.2%
Standard & Poor's peer median	-30.2%
Index**	-26.3%
Fund rank	2876/4406
Volatility adjusted ranking	1440/4406

Note: returns are cumulative

#### Three-year risk characteristics

Maximum drawdown (%)	-29.0
Volatility	30.3
Correlation	1.0
Beta	1.3

#### Calendar year decile ranks



Decile ranking in discrete annual periods. First decile shown as rank 10, second decile as rank nine, with tenth decile as rank one.

Performance Data Source - © 2010 Lipper Inc. All Rights Reserved. All statistical data on this report has been run to 31/05/2010 on NAV to NAV basis, with gross income reinvested, in US Dollars.

#### Standard & Poor's opinion (June 2010)

Fund manager Ivan Nyssen heads a relatively small team of two further equity portfolio manager/analysts and three analysts covering global equity and debt markets. The team recently lost its Asia portfolio manager. A replacement analyst is expected to join the group in September 2010, but in the meantime this area will be covered on a quantitative basis. This portfolio has, however, historically held almost all of its assets in Europe and the US so the impact here is limited.

The team covers the investment universe through monitoring of newsflow and external research, as well as direct company contact and screening, which is conducted by all. Nyssen himself will conduct some of his own research but primarily takes the best ideas from his colleagues as building blocks for this portfolio. He will suggest ideas to colleagues and challenge their assumptions, looking particularly for stocks that generate significant free-cashflow, have cash on the balance sheet, good visibility in terms of growth and have cheap valuations. This tends to lead him towards mature companies.

Portfolio construction is bottom-up, with little attention paid to the benchmark or peer relative positioning. The manager moves towards whichever areas of the market are showing the most potential and as such the portfolio can show significant deviations relative to the MSCI World index.

After a period of weak relative returns, performance against the peer group has improved recently and this, together with the consistent application of the approach, allows the retention of the S&P AA rating.

#### Fund manager & team

CapitalatWork manages a total of €3.8bn. Nyssen heads the team of three equity fund managers and three full-time analysts.

The analysts cover the equity and debt issues of companies. Each analyst covers two industries and is responsible for idea generation and for recommending stocks for the portfolio. All stocks are valued according to the same methodology based on a proprietary model. Main members are:

Ivan Nyssen - CIO - economics (RUCA Antwerpen), started his career with Lehman Brothers in 1987, moving to CapitalatWork in 1994. He is the chief strategist.

Dominique Marchese - fund manager - mathematics (Catholic University of Louvain-la-Neuve), started his investment career in 1993, working with Banque Paribas, Banque Deway and CBC Banque before joining CapitalatWork in 2002. He manages European equity funds.

Paul Smets - MBA (Katholieke Universiteit Leuven), started his career in 1988 at Generale Bank and joined CapitalatWork in 1994. He heads the research team.

#### Management style

The fund is managed in a bottom-up, value style regardless of the benchmark MSCI World index. It invests in companies that are undervalued on a free cashflow (FCF) yield basis and have fallen from favour.

Ideas are generated through multiple sources of information and the investment universe is unconstrained. Candidates undergo fundamental analysis, with visibility of cashflow and quality of management acting as the main qualitative criteria. This results in internal forecasts of FCF and growth, which drive the proprietary valuation model.

Intrinsic value is determined through the conservative DCF analysis, with market implied growth, FCF/EV and FCF/equity also being important.

Positions are built gradually, seldom rising above 5%. Diversification is ensured by holding at least 30 stocks from seven sectors.

Short calls on fully valued portfolio holdings may be implemented to profit from periods of high volatility or as an additional sell discipline. Derivatives can also be used to limit the overall market exposure.

Non-euro currency exposure is capped to 50% and US dollar exposure may be partially hedged. The fund is run fully invested.

# CONTRARIAN EQUITIESATWORK

Sub-fund of Luxembourg domiciled Sicav - Part 1

Fund owner: CapitalatWork

Fund manager: CapitalatWork

## Portfolio & performance analysis (June 2010)

Over the past 12 months the main change to portfolio positioning has been an increased exposure to IT. This sector had a negligible weighting in the fund a year ago but has now been built up to 17%. Screening for stocks offering high cash relative to debt on their balance sheets highlighted a number of stocks in this area, many of which also offered low valuation levels. Stocks including Apple, Cisco and Intel all entered the fund, with the result that the weighting to the US market increased significantly at the expense of Europe. At the sector level the main reductions were seen in consumer discretionary and industrials, with the fund continuing to have limited exposure to financials.

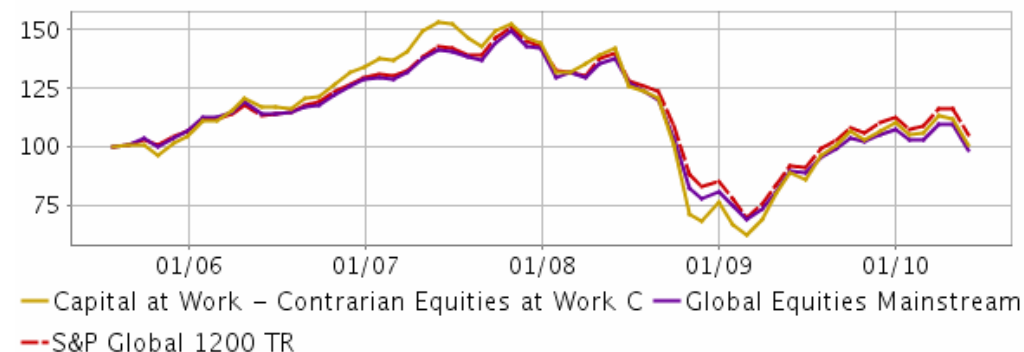
More recently these positions have been scaled back with calls sold on some holdings as they reached intrinsic value. With regard to options exposure, in late 2009 and early 2010 a put spread strategy was also implemented (Euro Stoxx 50 and S&P 500) as volatility levels reduced and valuations looked less attractive.

After a couple of calendar years of weak relative performance, 2009 saw strong relative returns as the market rallied. The overweight to consumer discretionary was positive and stock returns were strong in IT where names such as Apple and Cisco moved up close to their target prices. Other successes included LVMH and Siemens. Adding the put spread to the portfolio also added some value.

In 2008 too much cyclical exposure (media in particular) and two companies with short-term funding requirements (RHD and LVS) hurt. Nyssen also removed the short index positions (put spreads) too early.

In 2007, the fund suffered by being out of materials and energy and having a bias towards consumers. Substantial outperformance in 2006 came from a range of names, including Siemens, Vinci, Lafarge, ArcelorMittal and Schneider. The bias to Europe and the low weighting in Japan also helped. Underperformance in 2005 largely resulted from being too early to underweight resources.

## Cumulative performance



## Discrete performance (calendar years)

	2006		2007		2008		2009		YTD 31/05/2010	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	28.3	330/3341	7.2	2872/4037	-47.1	3798/5075	44.9	712/6066	-8.6	3522/6642
Index**	21.5		10.2		-40.1		31.7		-6.6	
Median	20.7		10.5		-43.2		33.2		-8.4	

\*\* S&P Global 1200 (Industry)

Fund benchmark: MSCI World index

## Share class information

	Initial charge	Exit charge	Annual charge	Expense ratio	Lump sum	Savings plan	ISIN
C	3.00%	-	1.00%	1.38%	€1m	-	LU0090697987
Registered for sale	Belgium, France, Luxembourg, Netherlands, Spain, Switzerland						

# STANDARD & POOR'S



## Portfolio characteristics (1 June 2010)

No. of holdings	50
Turnover ratio (%)	N/A
% in top 10	48

## Asset allocation

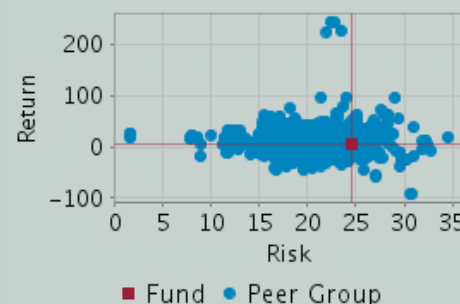
	%
Conglomerates and Ind Cies	5.0
Consumer discretionary	26.0
Consumer staples	3.0
Financials	3.0
Healthcare	5.0
Industrials	22.0
Oil & gas	5.0
Technology	17.0
Telecoms	3.0
Utilities	9.0
Others	2.0

## Top 10 holdings

	%
Vinci *	5.9
Siemens *	5.7
News Corp	5.4
Comcast *	5.1
GBL *	4.9
Schneider *	4.9
E.On	4.7
Grupo Televisa *	4.3
Apple *	3.8
GDF Suez	3.8

\* In top 10 holdings a year ago

## Risk return (standard deviation) over five years



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## Symbols and definitions

### Long-only fund ratings

**AAA** The fund demonstrates the highest standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

**AA** The fund demonstrates very high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

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### Fund-of-hedge-funds ratings

**AAA** The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

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### Absolute return fund ratings

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### Specialist fund ratings

**AAA** The fund demonstrates the highest standards of quality based on its investment process and management's consistency of performance relative to its own objectives.

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### All fund ratings

**Not Rated (NR)** Funds designated as Not Rated currently do not meet the requisite performance standards and/or the minimum qualitative criteria to achieve a fund rating.

**Under Review (UR)** Ratings are placed Under Review when significant management changes occur at the fund manager or fund management team level and Standard & Poor's Fund Services has not had the opportunity yet to evaluate their impact on the qualitative appraisal.

**(New)** Signifies where a major event has occurred for which there is no fund-specific track record available. This includes: funds recently launched, the implementation of a new investment process or mandate and may include structural changes within a fund team.

**Tenure Review (TR)** The fund manager/team involved in the management of the fund does not currently have the minimum 12 months relevant investment management experience required to be eligible to be considered for a rating.

**Long-term fund management rating** The fund has been rated in the A/AA/AAA fund rating band for five consecutive years or more, and continues to hold a rating.

### Bond fund volatility ratings

The bond fund volatility rating is our current opinion of a fund's sensitivity to changing market conditions. Volatility ratings evaluate the fund's sensitivity to interest rate movement, credit risk, investment diversification or concentration, liquidity, leverage and other factors. For V1-V4 categories, risk is considered relative to a portfolio composed of government securities and denominated in the base currency of the fund.

**V1** Bond funds that possess low sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within one to three years, and denominated in the base currency of the fund. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising the highest quality fixed income instruments with an average maturity of 12 months or less. Within this category, certain funds are designated with a plus sign (+), indicating extremely low sensitivity to changing market conditions.

**V2** Bond funds that possess low to moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within three to seven years, and denominated in the base currency of the fund.

**V3** Bond funds that possess moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within seven to 10 years, and denominated in the base currency of the fund.

**V4** Bond funds that possess moderate to high sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing beyond 10 years and denominated in the base currency of the fund.

**V5** Bond funds that possess high sensitivity to changing market conditions. These funds may be exposed to a variety of significant risks including high concentration risks, high leverage, and investments in complex structured and/or less liquid securities.

**V6** Bond funds that possess the highest sensitivity to changing market conditions. These funds include those with highly speculative investment strategies with multiple forms of significant risks, with little or no diversification benefits.

### Absolute return fund N ratings

The N rating is Standard & Poor's indication of a fund's potential capital stability in normal markets. It is a qualitative rating but is based on annualised weekly downside deviation. N1 is the most stable and N9 the least.