

Named portfolio manager(s):

Dominique Marchese (since March 2002)

Peer group: European Mainstream incl UK

Equities

Location: Brussels

Launch date: December 1997

Fund size (February 2010): €136m

Contact group: +352 2 605 9730 or

www.capitalatwork.com

Further information on S&P's fund coverage can be found at www.FundsInsights.com



Report date May 2010

Investment style

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

Performance statistics

	3 Years
Fund	-22.2%
Standard & Poor's peer median	-28.5%
Index**	-24%
Fund rank	304/1581

Note: returns are cumulative

Three-year risk characteristics

Maximum drawdown (%)	-17.2
Volatility	6
Correlation	0.9
Beta	1

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.

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Standard & Poor's opinion (April 2010)

Despite considerable upheaval at both analytical and group level at end-2008 and early 2009, the consistent team-driven process continues to deliver solid and repeatable calendar year performance. During the market turmoil (end of 2008) the group reduced the number of analysts, and was then acquired by Foyer in February 2009. This brought greater stability to the organisation through increasing the total amount of AUM while keeping the investment process unchanged.

The investment approach is relatively unique, in that it is very bottom-up and focuses on the analysis of enterprise value and free cashflow. The team of seven analysts undertake detailed DCF analysis, which is used for both equity and fixed income recommendations. Sector weightings derive from stock selection and the portfolio may exclude large sectors (currently banks are not held) as the team find it hard to analyse cashflow in banks due to a lack of visibility in the political and economic outlook. The portfolio is relatively concentrated with individual stock positions in excess of 5% in companies where the team has high conviction.

Manager Dominique Marchese has 17 years' experience and has run this fund since March 2002. He makes full and effective use of the analytical team and discusses ideas with the other four fund managers. His track record is top quartile over the past three and five years. Despite having no banks in 2009 the fund was above-median from good stock selection.

Increased stability combined with a solid manager and process enables the fund to rise one rating band to S&P AA.

Fund manager & team

Luxembourg-domiciled CapitalatWork group was acquired by Luxembourg insurance group, Foyer in February 2009. CapitalatWork was combined with Foyer's existing asset management division to form a new asset management company with assets of €3.8bn under management. Marchese is the groups' European equity specialist and is supported by one quant and five research analysts. They have sector responsibilities for European and US companies. All stocks are valued in the same way, based on a proprietary model. The assistant on the fund is Lionel Brouhier.

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.

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

Management style

The fund is managed in a highly consistent and team-driven fashion seeking to outperform the DJ Eurostoxx 50 index. A value-driven style is applied based on the analysis of enterprise value and free cashflow.

The universe of stocks is narrowed considerably through assessment of industry cashflow generation and ROCE, with around 180 European stocks being subject to detailed DCF analysis. Assumptions are generally conservative, with input from company meetings. Visibility of cashflow and management quality are important qualitative criteria.

Bottom-up stock selection based on DCF valuations, drives portfolio positioning with a minimum of seven sectors held. Large sectors, like banks, may be excluded if there is insufficient visibility to undertake analysis. Direct exposure to emerging Europe is minimal, but there is often a bias to France and Belgium.

The approach is long term and holdings are built gradually, with high conviction holdings limited to 5-6%. Turnover is often within the same holdings based on valuations. The portfolio is diversified through 40-60 holdings.

Occasionally covered calls are written when close to target price. The fund is run fully invested.

EUROPEAN EQUITIES AT WORK

Sub-fund of Luxembourg domiciled Sicav - Part 1

Fund owner: Capitalatwork

Fund manager: CapitalatWork

STANDARD
& POOR'S



Portfolio & performance analysis (February 2010)

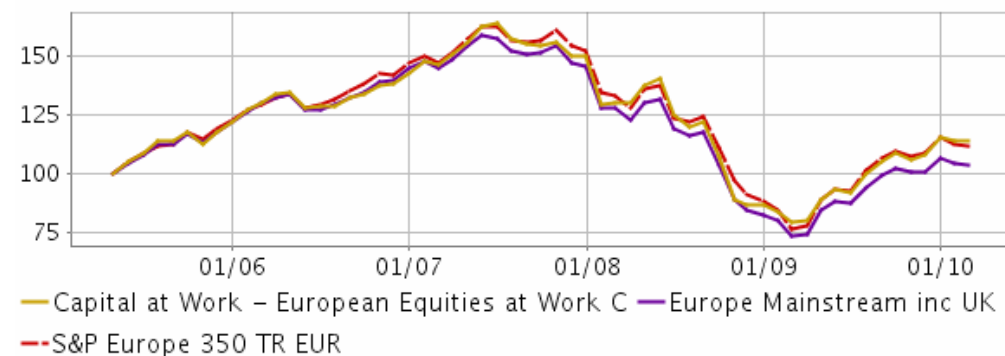
In the difficult economic environment of 2009, the team focused on a number of security-specific stocks that had good visibility of cashflow. As a result, they avoided banks due to poor visibility and concerns about the regulatory environment. Insurance is underweight due to the need for greater capital. The team increased healthcare stocks such as Novartis and Roche, which are believed to be under less pressure from patent expiry than many competitors. Within the top 10 many current names were in the portfolio 12 months ago. For example Vinci and GBL were the top two holdings in 2009. Vinci remains favoured on cashflow grounds while GBL is considered an undervalued holding company at a large discount to its sum of parts. Following the swift market rebound, the team has been taking profits in a number of stocks including L'Oreal. It was purchased in the second quarter of 2009 and was sold later in the year following the market revaluation of the company.

Marchese took over the fund as manager in March 2002 and has delivered a solid record. The fund is ranked top quartile cumulatively over both the past three and five years to end January 2010. Most of the fund's alpha has come from stock selection. In addition some added value has come from writing covered calls and his use of index futures to protect against sharp downturns in the market.

In 2008 the underweight to financials, particularly in the UK, added value while rotating out of cyclicals (Lafarge, St Gobain, Schneider) into defensives (Eutelsat, Dassault Systemes, GDF Suez) provided a significant contribution. The fund also gained from its holdings in the oil & gas sector in H1, although these performed less well in H2. Writing covered calls added around 100-150bps and buying index puts helped.

In 2009 the fund outperformed both the index and the peer group despite holding no banks. Stock selection was key and winners included amongst others L'Oreal, BHP, Vinci and Lafarge.

Cumulative performance



Portfolio characteristics

No. of holdings	40
Turnover ratio (%)	N/A
% in top 10	52

Asset allocation (01/02/10)

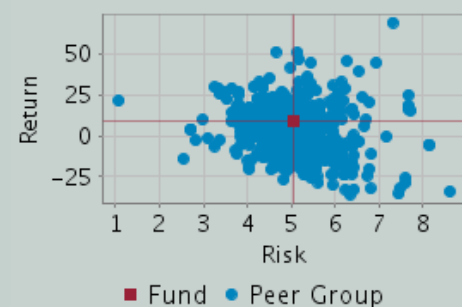
	%
Cash	1.2
Consumer discretionary	17.5
Consumer staples	9.7
Energy	12.8
Industrials	18.7
Materials	11.4
Other	11.2
Telecoms	7.2
Utilities	10.3

Top 10 holdings (01/02/10)

	%
Vinci *	8.0
GBL *	6.0
Siemens *	5.7
Total *	5.2
Novartis	5.0
ENI *	4.7
Carlsberg	4.4
Eutelsat Communications *	4.3
GDF Suez *	4.3
E.On	4.2

* In top 10 holdings a year ago

Risk return (standard deviation) over five years



Discrete performance (calendar years)

	2006		2007		2008		2009		YTD 26/02/2010	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	17.1	850/1307	5	278/1548	-42.1	604/1836	32.8	650/2056	-1.6	385/2133
Index**	20		3.5		-42.2		31.2		-3.2	
Median	18.6		0.8		-43.5		29.8		-3.1	

** S&P Europe 350 EUR

Fund benchmark: DJ Europe Stoxx50

Share class information

	Initial charge	Exit charge	Annual charge	Expense ratio	Lump sum	Savings plan	ISIN
C	3.00		1.00	2.12			LU0078275129
Registered for sale		Belgium, France, Italy, Luxembourg, Netherlands, Spain, Switzerland					

STANDARD & POOR'S

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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.

A The fund demonstrates 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.

Fund-of-Hedge-Fund 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.

AA The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

A The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

Absolute Return Fund 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.

AA The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

A The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

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.

AA

The fund demonstrates very high standards of quality based on its investment process and management's consistency of performance relative to its own objectives.

A

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

All Fund Ratings

NR Funds designated as NR (Not Rated) currently do not meet the requisite performance standards and/or the minimum qualitative criteria.

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

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 comprised of 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 comprised of 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.