

European Quality Fund

- Portfolio update for 2012 -



3-Year
★★★★★

5-Year
★★★★★


10-Year
★★★★★

2012 (EUR, %)	Performance	Risk
European Quality Fund	+20.1	12.8
MSCI Europe Net	+17.3	14.7
Outperformance	+2.8	

European Quality Fund


About the fund

Investment focus




European Quality Fund was launched in 1995 and is a long-only fund investing in large and medium-sized European companies. The investment universe of the fund is comprised by stocks included in MSCI Europe. The fund is focused on western European companies and therefore has no exposure to the so called PIIGS countries.

Performance objectives



European Quality Fund has two benchmarks: to, over any given 36 month period generate a positive return and to outperform the European benchmark index (MSCI Europe) over any given 12 month period. In addition, the fund's risk, as measured by standard deviation, should be lower than the corresponding risk measure for the benchmark index, MSCI Europe.

Investment model



The fund invests in European companies with a stable profit growth, i.e. companies that the portfolio managers estimate have the ability to maintain profit levels even during a recession. The portfolio is highly concentrated, with 20-33 holdings. The investment perspective is long-term in the sense that there is no short-term trading. As the portfolio managers allocates with individual stocks potential in mind, as opposed to relative weights in different indices, the fund performance may differ substantially from the market performance.

European Quality Fund

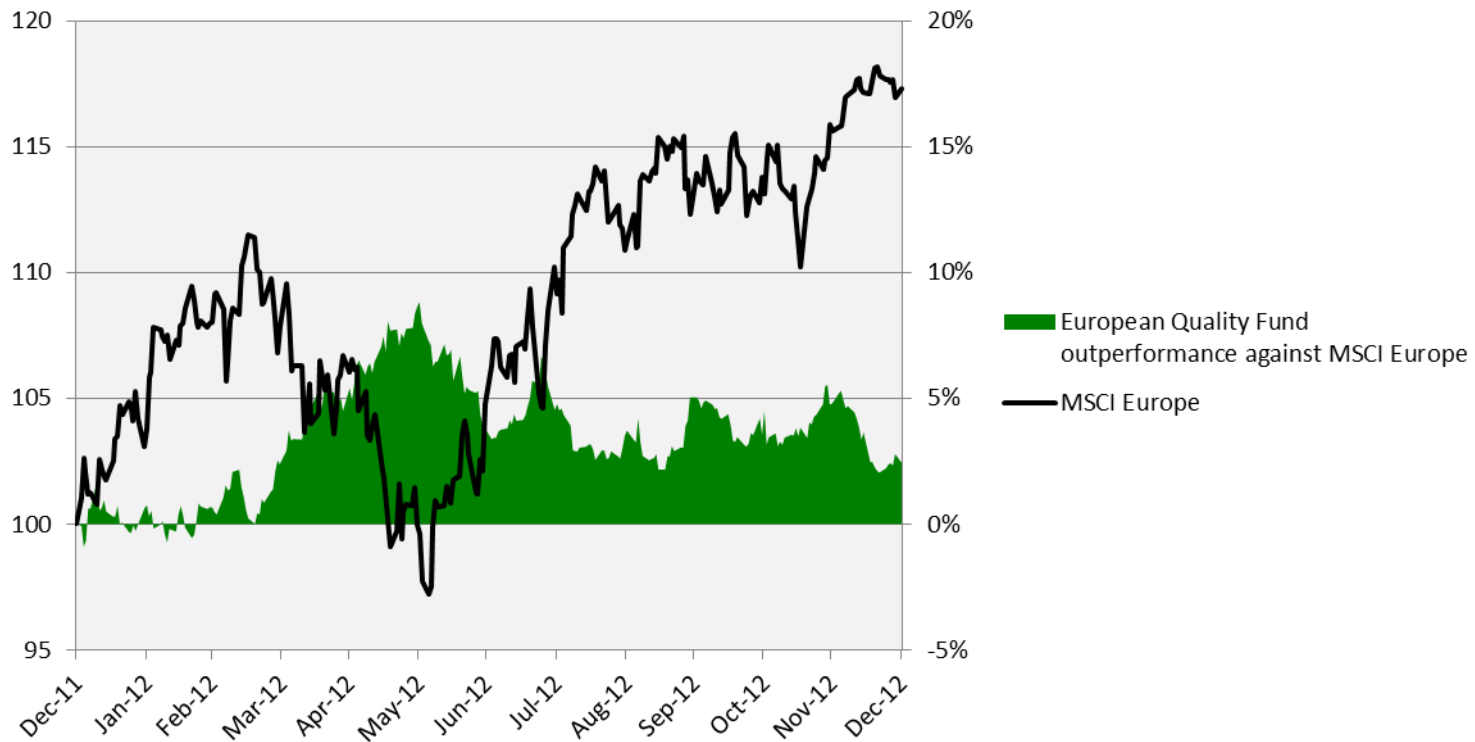
Performance and events during the year



European Quality Fund

- ❖ The fund outperformed MSCI Europe by 2.8% during 2012. The excess return reached its peak May 31 at 8.8%.

European Quality Fund and MSCI Europe Net (EUR)

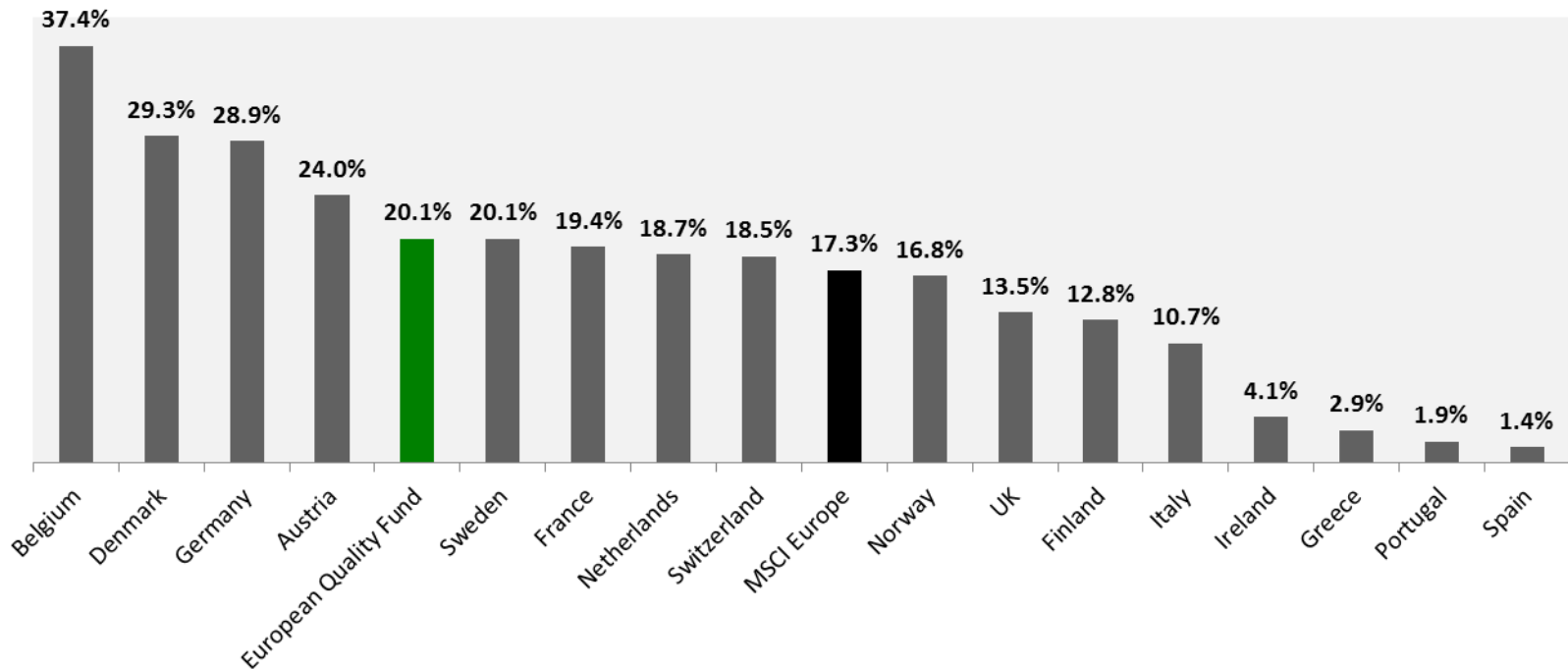


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- ❖ "Our quality countries"* performed – UK excepted – better than index and significantly better than the PIIGS.

*Denmark, Germany, Sweden, France, Netherlands, Switzerland and UK

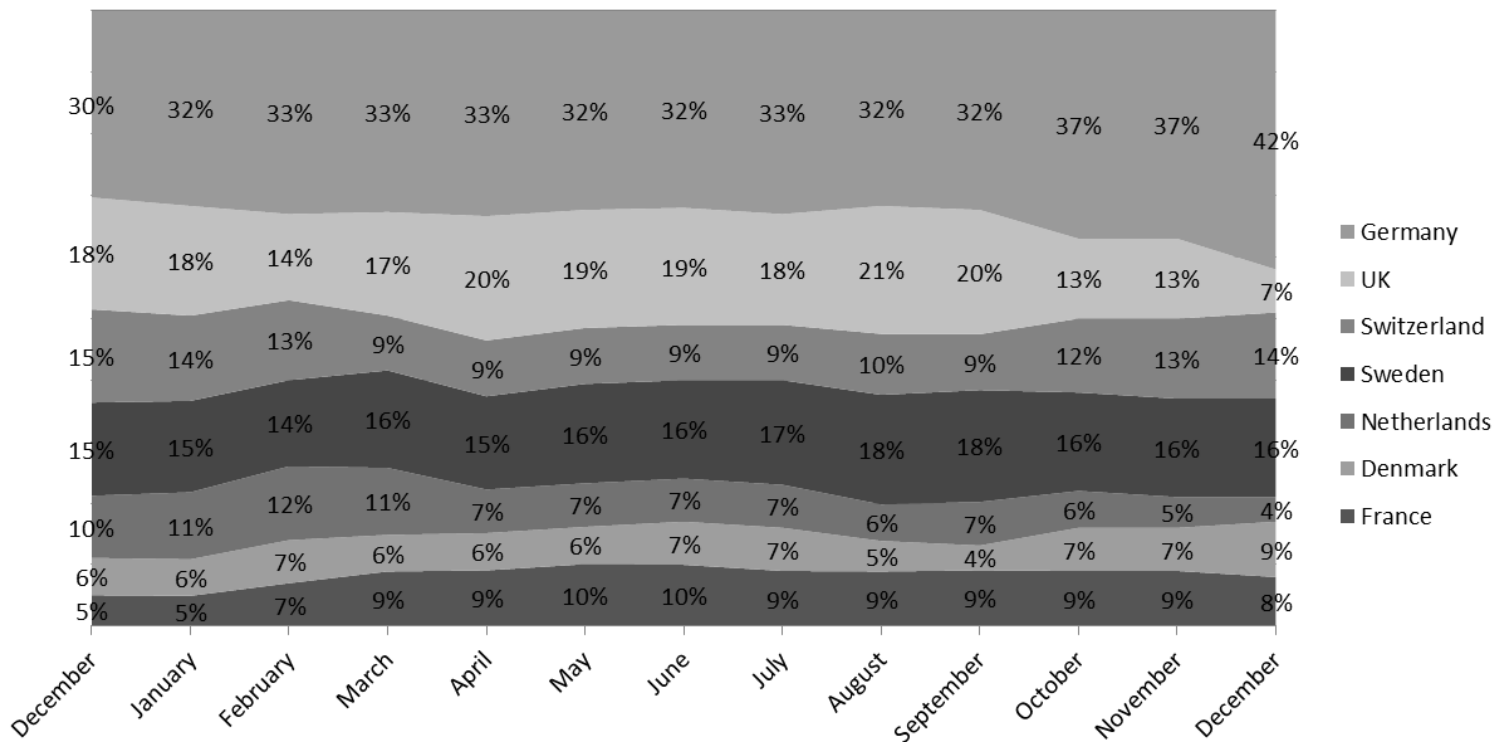
MSCI country indices with dividends (EUR)



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- ❖ We were consistently overweight Germany and Sweden; UK was consistently underweight.

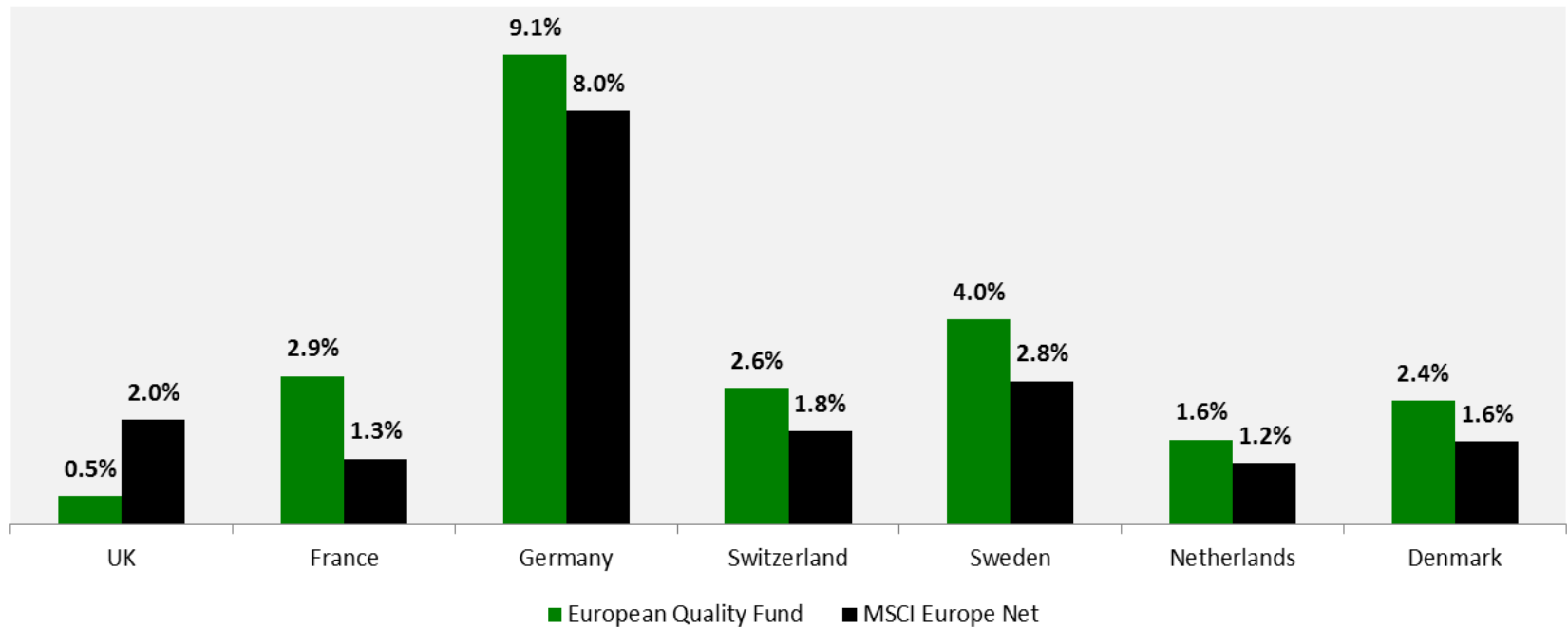
Asset allocation per market during 2012



European Quality Fund

- ❖ In every relevant market – UK excepted – our active investment approach contributed positively to the fund's performance compared to a passive exposure (index) to the market.
 - ❖ The contributions by the indices were calculated with the weights in the European Quality Fund, not by respective index weight. This helped to conclude whether our active investment approach in the respective markets created value compared to a same-sized passive exposure (index.)

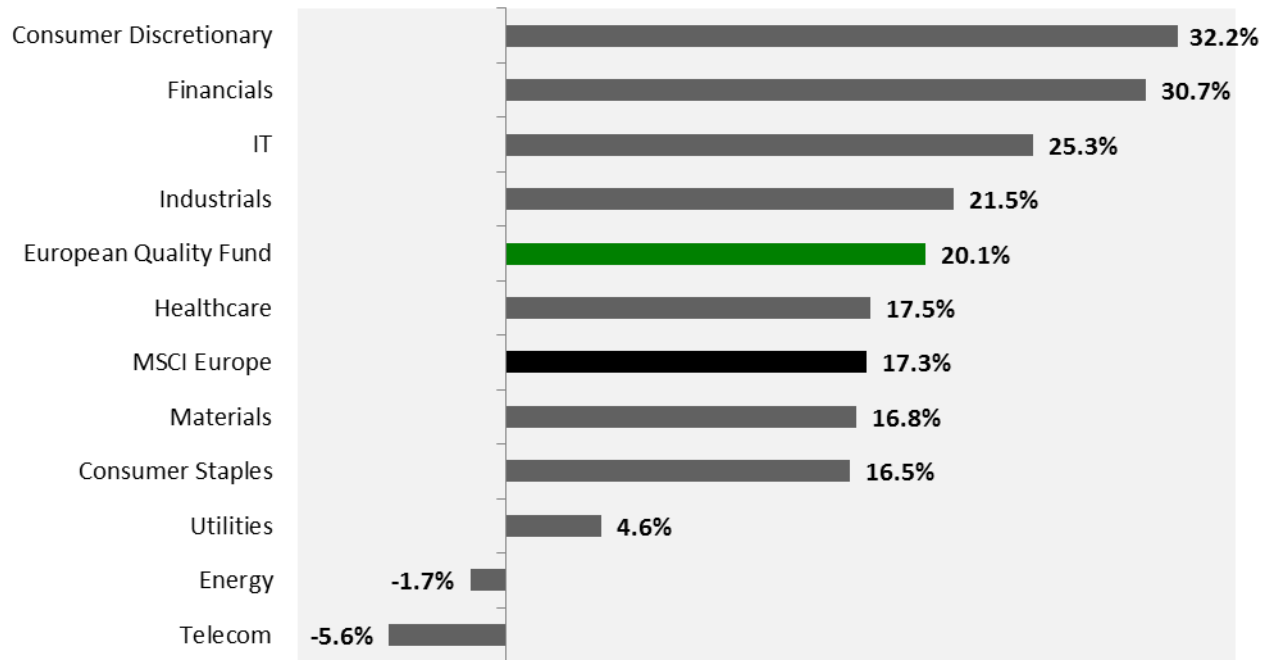
Total performance contribution per country



European Quality Fund

- ❖ Healthcare and Industrials – where we were heavily overweight – both performed better than MSCI Europe. Furthermore, we had no exposure to the three worst performing sectors during the year*.

MSCI sector indices with dividends (EUR)

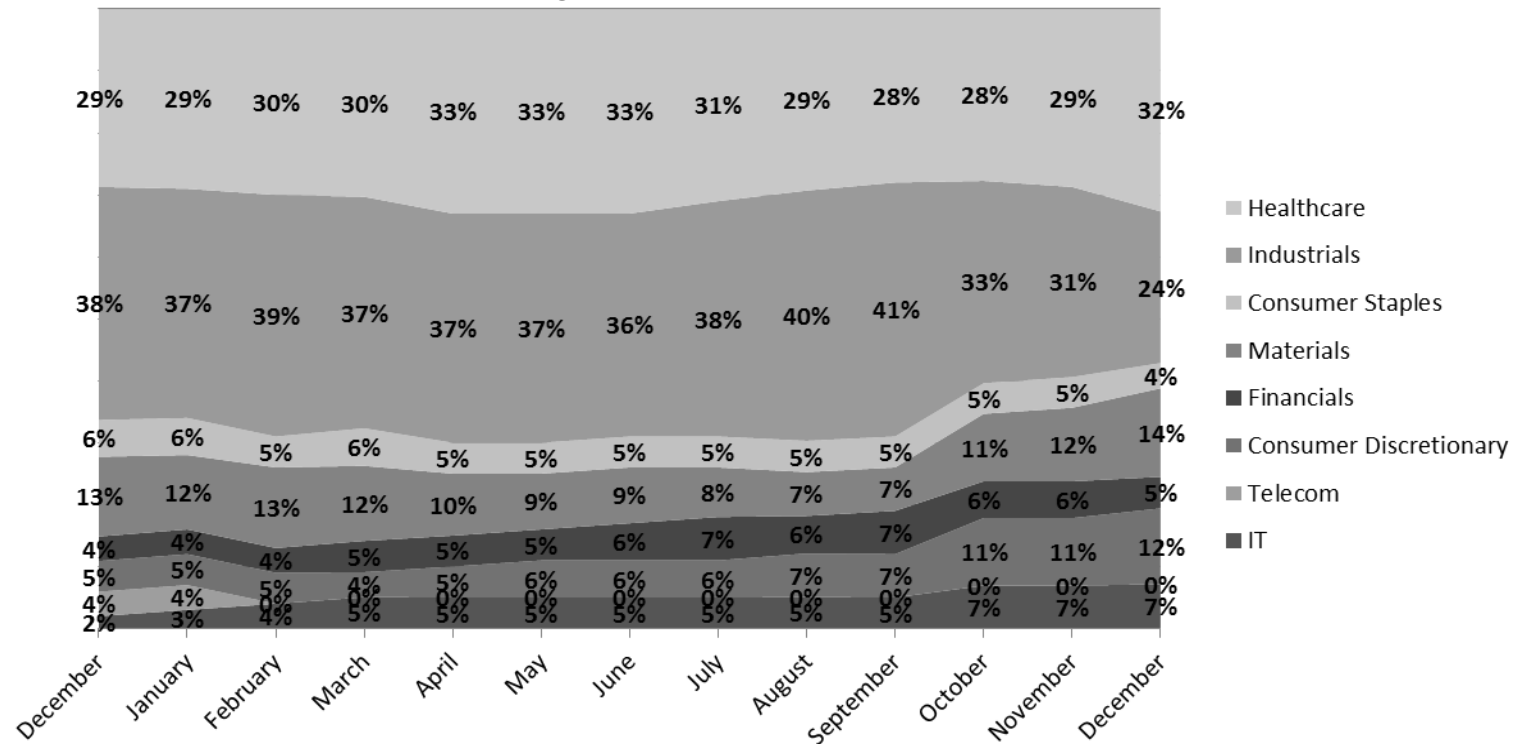


*Telecom was divested in February

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- ❖ Healthcare and Industrials were our two most overweight sectors during 2012, while Telecom, Utilities and Energy were heavily underweight or not represented at all. We are consistently underweight Financials.

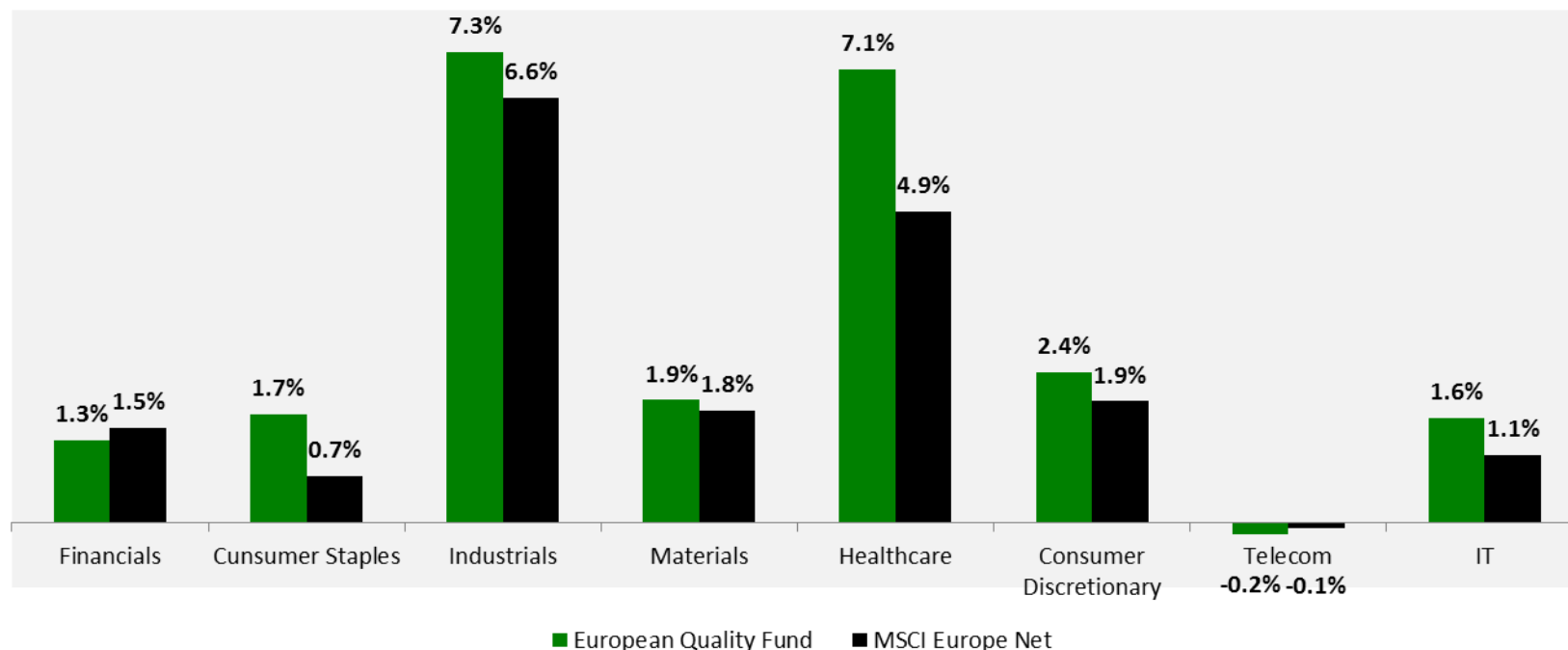
Asset allocation per sector during 2012



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- ❖ Within Financials and Telecom, our active investment approach contributed negatively to the accumulated performance when compared to a passive exposure. The exposure to Telecom only lasted a little more than a month and the exposure to Financials was mainly caused by our position in Svenska Handelsbanken. Within all other sectors, our active approach made a positive contribution to the overall performance. The positions in Consumer Staples, Healthcare and IT proved to be the most successful relative a passive exposure.
 - ❖ The contributions by the indicies were calculated with the weights in the European Quality Fund, not by respective index weight. This helped to conclude whether our active investment approach in the respective sectors created value compared to a same-sized passive exposure (index.)

Total performance contribution per sector



European Quality Fund

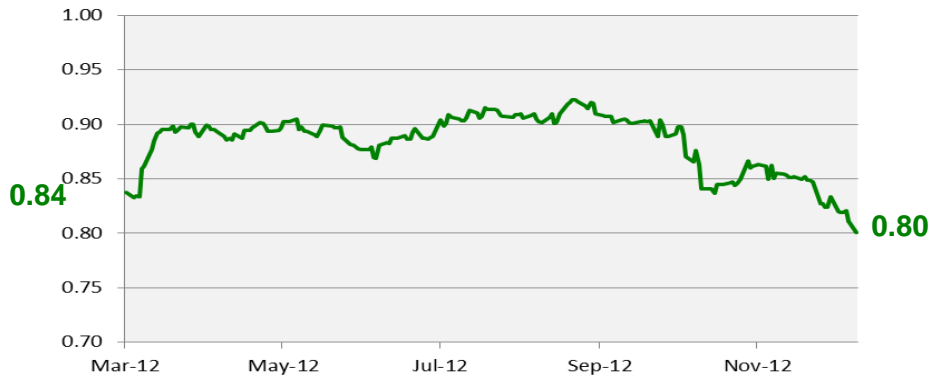
Portfolio as of 2012-12-31

Company	Country	Industry	Share of fund	2012		
				Average share	Performance, EUR	Contribution
Fresenius	Germany	Healthcare	7.2%	6.4%	20.8%	1.2%
SAP	Germany	IT	7.1%	5.0%	42.2%	1.6%
Volkswagen	Germany	Consumer Discretionary	7.0%	2.3%	43.7%	1.1%
Elekta	Sweden	Healthcare	6.6%	5.1%	36.0%	1.7%
Rolls Royce	UK	Industrials	6.5%	5.4%	20.9%	0.9%
Adidas	Germany	Consumer Discretionary	4.8%	4.6%	30.9%	1.3%
SGS	Switzerland	Industrials	4.7%	4.7%	28.1%	1.2%
Linde	Germany	Materials	4.7%	6.7%	14.9%	1.0%
Getinge	Sweden	Healthcare	4.7%	4.8%	28.9%	1.3%
Syngenta	Switzerland	Materials	4.6%	0.9%	30.3%	0.1%
Coloplast	Denmark	Healthcare	4.4%	0.8%	52.8%	0.3%
Bureau Veritas	France	Industrials	4.3%	4.6%	41.6%	1.7%
BASF	Germany	Materials	4.3%	2.7%	30.5%	0.8%
Novo Nordisk	Denmark	Healthcare	4.2%	5.5%	34.8%	2.0%
Svenska Handelsbanken	Sweden	Financials	4.2%	4.2%	32.2%	1.1%
Henkel	Germany	Consumer Staples	3.9%	4.9%	35.3%	1.7%
Vopak	Netherlands	Industrials	3.8%	4.5%	27.8%	1.2%
Schindler	Switzerland	Industrials	3.7%	4.4%	21.3%	0.8%
Essilor	France	Healthcare	3.4%	3.7%	34.0%	1.1%
Barclays	UK	Financials	0.4%	0.3%	49.1%	0.1%
Allianz	Germany	Financials	0.4%	0.3%	38.3%	0.1%
Deutsche Bank	Germany	Financials	0.3%	0.2%	16.8%	0.0%

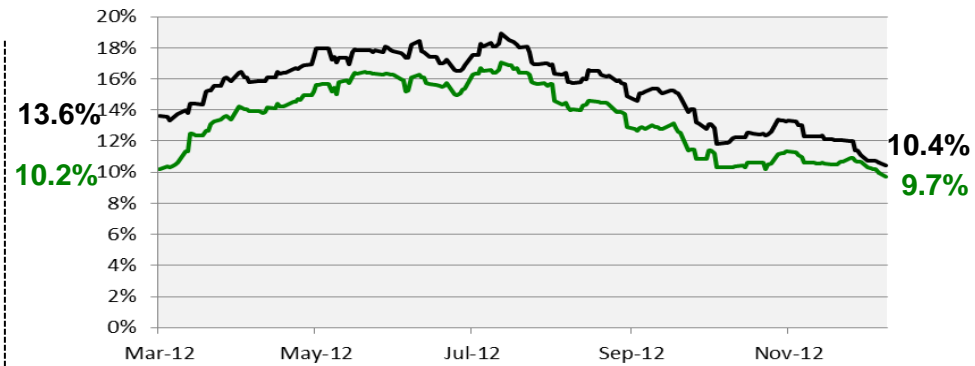
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Risk analysis

Correlation with MSCI Europe*, 60 days rolling



Standard deviation*, 60 days rolling



Beta against MSCI Europe*, 60 days rolling



Tracking error against MSCI Europe*, 60 days rolling



*2012 data. All figures concerns European Quality Fund.

European Quality Fund

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