

Peer Group:

European Mainstream incl UK Equities

Fund Manager/Adviser:

Team

Location:

Copenhagen

Launch Date: August 1999

Fund Size (February 2009):

€150m

Group Contact No:

+352 404 030 268

Website:

www.carnegieam.com

S&P ID Number: OS308180

Share class screened:

Ord



INVESTMENT STYLE

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

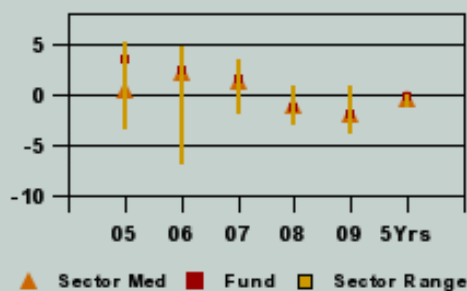
RISK RETURN (STD DEVIATION) OVER 5 YEARS



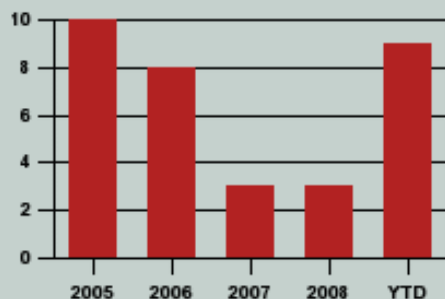
3 YEAR RISK CHARACTERISTICS

Maximum Drawdown (%)	High	-51.9
Volatility	Medium	17.6
Correlation	High	0.9
Beta	Medium	1.0

SHARPE RATIO VS PEER GROUP



CALENDAR YEAR DECILE RANKS



Decile ranking in discrete annual periods. 1st decile shown as rank 10, 2nd decile as rank 9, etc. to 10th decile as Rank 1.

Please see page 2 for required research analyst certification disclosure.

Further information on S&P's fund coverage can be found at

www.funds.standardandpoors.com

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STANDARD & POOR'S OPINION (APRIL 2009)

In November, the Swedish National Debt Office took over shares in Carnegie Investment Bank posted as collateral for a loan from the Swedish government. In February, Altor Fund III (65%) and Bure Equity AB (35%) were announced as the new (prospective) owners and the deal was due to be finalised 31 March. We do not anticipate that this will affect the asset management operations and, at the time of review, nothing had changed.

Carnegie European Equity Fund is managed in a very solid, disciplined process, developed by CIO Mikael Randel in the 1980s and applied to all products managed by the group. The approach develops long-term macroeconomic themes and uses them to guide stock selection.

While the whole team is arguably involved in generating potential ideas for the fund, Lars

Wincentsen (19 years' experience) is the lead on this and other European equity products, backed by Morten Springborg and Mattias Kolm.

The fund's strong long-term track record has been eroded by two consecutive bottom-quartile years: the fund remains comfortably top quartile over five years cumulatively, but is close to fourth quartile over three years. In 2007, stock disappointments and speed of deterioration in UK economy were the main detractors; in 2008 the main problems were materials and Eastern Europe.

The process appears to produce greater volatility of returns in Europe than in the global mandate because it is not always possible to implement the global themes to the fullest extent in a more restricted geographical remit. As a result the rating has been reduced to S&P AA.

FACT FILE

Group: Part of Carnegie Investment Bank, Carnegie Asset Management is based in Copenhagen. Healthcare funds are managed from Stockholm and single-country Scandinavian funds are run from regional offices.

Team: Wincentsen, Springborg and Kolm are members of Carnegie's Copenhagen-based global equity team of 11 and focus on European long-only products.

Fund Manager: Wincentsen is a member of the group's strategy team and researches the healthcare sector. With nearly 20 years' investment experience,

he is the most senior member of the team working on this fund.

Style: A long-term, bottom-up approach with an absolute return orientation, focusing on high-quality companies with strong free cashflow. Focused portfolio based on themes rather than index considerations.

Performance: Over the five years to 30/01/2009, the fund has returned 2.1%, compared with -13.8% for the sector median and -5.2% for the index, ranking 111/1069.

FUND MANAGER & TEAM

Carnegie's European equity team (a sub-set of the 11-strong global equities team headed by Mikael Randel) comprises Wincentsen, Springborg and Kolm. They manage around €5bn globally and €500m in Europe. The team is responsible for managing a number of European long-only mandates and each member of the team has specific regional and sector research responsibilities. Stock ideas are discussed daily and then formally at the weekly global stockpicking meeting. Whenever appropriate, decisions are implemented across the range of funds.

Lars Wincentsen - diploma in business administration (Copenhagen Business School), worked as a portfolio manager at Danske Capital for eight years, before joining Carnegie in 1998.

Morten Springborg - MSc economics (Copenhagen University), MA investment & corporate finance (Exeter University), joined Carnegie in 1999 as an experienced fund manager through his work at Alfred Berg and Danske Capital.

Mattias Kolm - MSc economics (Lund University), financial studies (Stockholm School of Economics), began his career in the finance department of Svedala Industri, working on cashflow hedging. He moved to SEB Enskilda Bank as a portfolio manager in 2000 and joined Carnegie in 2002.

PORTFOLIO CHARACTERISTICS

No. of holdings	25
Turnover ratio (%)	N/A
% in top 10	53

TOP 10 HOLDINGS (01/02/09)

	%
British American Tobacco	7.5
Synthes	6.4
Nestlé	6.1
Roche Holding Genussscheine	5.9
Diageo	4.9
Fred. Olsen Energy	4.7
Novo Nordisk B	4.7
E.ON	4.5
Syngenta (registered)	4.5
Electricité de France	4.2

* In top 10 holdings a year ago

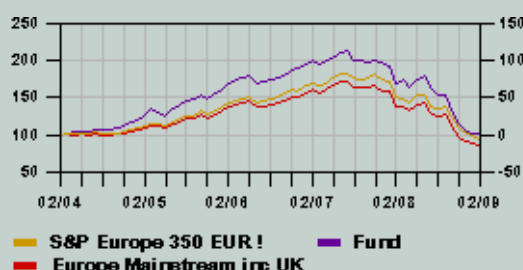
ALLOCATION BREAKDOWN (01/02/09)

	Fund %
Cash	2.6
Consumer discretionary	0.0
Consumer staples	22.2
Energy	7.3
Financials	9.6
Healthcare	19.6
Industrials	14.1
Information technology	0.0
Materials	13.1
Other	0.0
Telecoms	2.9
Utilities	8.6

PERFORMANCE STATISTICS

	3 Years	5 Years
Fund	-40.1%	2.1%
Standard & Poor's Peer Median	-37.0%	-13.8%
Index**	-33.7%	-5.2%
Fund Rank	983/1362	111/1069
Standard Deviation	17.6	-
Relative Standard Deviation	1.0	-
Volatility Adjusted Ranking	920/1362	-

CUMULATIVE PERFORMANCE



CARNEGIE EUROPEAN EQUITY FUND

Peer Group: European Mainstream incl UK Equities



MANAGEMENT STYLE

- The team targets absolute returns. The MSCI Europe index acts as a performance benchmark, but has virtually no role in the portfolio construction process.
- Portfolio construction is driven by stock selection, guided by broad top-down themes, often reflecting structural change, such as infrastructure, demographic change, oils and utilities. As a result deviation from the index may be significant.
- Stock selection within these themes focuses on companies generating strong free cashflow - adjusted for option and pension liabilities - solid balance sheets and high-quality management.

- The team actively monitors 60-70 stocks, of which 25-30 are held, with the rest forming a reserve list. Stocks are usually admitted to the portfolio on a one in, one out basis. Turnover tends to be modest, reflecting three- to five-year investment horizons.
- Risk is controlled through common sense diversification and stock-specific risk through in-depth knowledge of the companies held.
- In addition, the portfolio has a relatively defensive core, in which 30% to 50% of its assets are kept in higher-quality cash-generating companies.
- Cash is normally below 3%, but may reach 10%. Currency is unhedged.

PORTFOLIO REVIEW

The fund's size has fallen from €293m to €150m and mostly reflects performance; redemptions have been largely limited to 2009.

There have been more changes than usual to the portfolio, reflecting the more volatile markets. While the total number of holdings had changed little (from 27 to 25) this included the sale of two top 10 positions. Overall, Lars Wincentzen was aiming to find robust defensives in anticipation of a long recession.

In terms of sectors the manager had reduced the previous overweight in telecoms (to -5%), through selling Telefónica and MTS, while financials had moved further underweight (from -7% to -10%). The major overweights were in consumer staples (BAT, Nestlé Diageo) and materials, although this was because of Peter Hambro Mining (a play on gold), Syngenta (more agriculture than materials) and Rio Tinto (now sold).

Defensive utilities were also favoured (EDF for its exposure to nuclear power and E.ON). Gazprom is still held, despite the political risk.

PERFORMANCE ANALYSIS (FEBRUARY 2009)

Over recent years the fund's formerly impressive track record has been eroded by two disappointing years: it remains comfortably top quartile over five years cumulatively, but is close to fourth quartile over three years.

Success in 2006 came from strong stock selection - Centrica, Gazprom and Enterprise Inns - plus a range of financials including Allied Irish Bank and RBS.

In 2007, performance suffered from the fund's exposure to emerging Europe, which offset strong returns from utilities, EDF and E.ON, DISCRETE PERFORMANCE (CALENDAR YEARS)

and mining, Rio Tinto. In the UK the fund also held Enterprise Inns, which underperformed due to the impact of the downturn in the UK economy and the negative effects of the smoking ban in UK pubs.

In 2008, Eastern Europe continued to be a problem, together with materials: cement a favourite for a number of years was hard hit and Rio Tinto was one of the worst-performing stocks. Selling banks (UBS, RBS and Allied Irish) early helped mitigate some of the underperformance.

	2005		2006		2007		2008		YTD 30/01/2009	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	33.9	59/1207	21.6	315/1365	-1.4	1111/1551	-46.9	1325/1707	-0.8	335/1731
Index**	26.6		20.0		3.5		-42.2		-4.3	
Median	24.7		18.5		0.9		-43.8		-2.8	

** S&P Europe 350 EUR

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