

Monthly Performance Update

Dexia Sustainable Global Equity Fund



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December 2009

Market Comment

The US Federal Reserve maintained a target range for the funds rate of 0-0.25% at its December meeting and repeated that conditions "are likely to warrant exceptionally low levels of the federal funds rate for an extended period". However, the Statement also upgraded its assessment of current activity and outlook particularly in both labour and financial markets.

The European Central Bank is expected to move cautiously towards policy normalisation over the course of 2010. The focus on sovereign credit issues within the euro zone, however, illustrates the lack of fiscal discipline in some "non-core" economies.

The Bank of England (BoE) left the bank rate on hold at 0.5% and continued with its £200bn programme of asset purchases. Despite better than expected November unemployment figures, the BoE has not ruled out taking more stimulus measures if required to get the economy moving again.

Deflationary forces are threatening Japan's economy once again. The new government is resorting to the familiar tactics of fiscal stimulus and badgering the BoJ to ease monetary policy in order to stimulate the economy.

Fund Comment

The top three contributors to performance in December included General Electric (Industrials sector), Nucor Corp (Materials sector) and Yahoo (IT sector). A non-holding in General Electric contributed positively to relative performance as GE announced a challenging, but improving environment with flat industrial profit forecast for 2010. GE was not included in the portfolio based on sub-par 'Financial Strength', 'Operating Efficiency' and 'Valuation' quant scores. Nucor Corp, an overweight based on its good 'Valuation' and 'Earnings Reliability' quant scores, stated that fourth-quarter results will be "break-even to slightly positive" after losses in each of the previous three periods. Yahoo, an overweight position based on its good 'Leverage/Liquidity' quant score, profited from investors' positive view on high-growth technology stocks.

Three positions detrimental to performance were Brookfield Properties (Financial sector), Procter & Gamble (Consumer Staples sector) and Nvidia (IT sector). An overweight position in Brookfield Properties based on its good 'Valuation' and 'Capital Spending Discipline' quant scores, underperformed its peers as continuing unemployment reduced demand for apartments, offices and retail space. Procter & Gamble, an overweight holding based on its good 'Profitability' quant score, forecast continued revenue and margin pressure. Finally, a non-holding in Nvidia due to its sub-par 'Profitability' and 'Leverage/Liquidity' quant scores, surged after Intel Corp. stated that it's running behind in developing its Larrabee graphics processor.

Performance* (as at 31st December 2009)

	Portfolio%	Benchmark**%	Value Add%
One Month	4.17	3.61	0.56
Three Months	2.69	2.13	0.56
One Year	3.45	0.77	2.67
Two Years	-12.47	-13.31	0.85
Three Years	-10.07	-9.73	-0.33
Four Years	-5.15	-4.79	-0.37
Five Years	-1.14	-0.78	-0.36

* Before Fees and Taxes ** MSCI World (net divs reinvested)

Top 10 Holdings (as at 31st December 2009)

Holding	Country	%
Procter & Gamble	United States	2.98
Google	United States	1.91
Cisco Systems	United States	1.83
PepsiCo	United States	1.73
Texas Instruments	United States	1.40
CH Robinson Worldwide	United States	1.37
Grainger	United States	1.32
Manpower	United States	1.31
Amgen	United States	1.25
Banco Santander	Spain	1.22

Fund Information

Style	Core / Neutral
Benchmark	MSCI World (net dividends reinvested) in A\$
NAV Calculation	Daily
Currency Risk	Unhedged

Dexia AM's sustainable management philosophy seeks to generate outperformance from two distinct sources. The first source is derived from identifying risks and opportunities linked to social, environmental and governance issues that are often out of the scope of traditional financial analysis but which can have a significant impact on long-term performance.

The second source results from detailed quantitative analysis of the sustainable universe coupled with a risk controlled portfolio construction process. Sector, region and style biases in the portfolio are minimised to ensure stock specific factors drive portfolio performance rather than predetermined investment themes.

Ausbil Dexia Limited, Level 23, 207 Kent Street, Sydney NSW 2000 T: 02 9259 0200 F: 02 9259 0222 W: www.ausbil.com.au

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