

# Monthly Performance Update

## Dexia Sustainable Global Equity Fund



CERTIFIED BY RIAA

### June 2010

### Market Comment

The recent strains in equity and credit markets create constraints for the global recovery. Nevertheless, these pressures do not derail the view of a "sustained but uneven" global recovery. A crucial element in this view is that global growth is being driven far more by Asia, with the US delivering 3% to 3½% growth over the course of 2010. China's economy will continue to grow rapidly this year and next but at a slower pace relative to recent history. Moreover, the major central banks will not tighten monetary policy aggressively. The ongoing monetary stimulus will continue to provide support against the problems of poor credit availability and budget uncertainty in many industrial countries.

### Fund Comment

Three contributors to performance in June included General Electric, Wells Fargo and JPMorgan Chase.

General Electric, an overweight position in the Industrials sector based on its Valuation and Operating Efficiency scores, announced that although it had abandoned its \$25 billion sales target for energy-saving products it would double its investment in clean technology research and development.

Wells Fargo, a non-holding in the Financials sector due to its poor Capital Spending Discipline score, may face \$1.38 billion in annual lost revenue from a proposed cap on "swipe" fees.

JPMorgan Chase, another non-holding in the Financials sector due to its poor Valuation score, may also face lost revenue from a cap on "swipe" fees. Further, the CEO stated that company is unlikely to increase its dividend this year.

Three positions detrimental to returns in June 2010 were Autodesk, Nucor Corp and Walgreen.

The overweight position in Autodesk based on its good Solvency, Profitability and Analyst Sentiment scores underperformed during the month despite the company raising its second quarter outlook. The IT sector company stated that it is pleased with global demand levels as consumers continue to switch from its 2D to the higher priced 3D drafting and design products.

Nucor, an overweight position in the Materials sector thanks to its good Growth Potential and Earnings Reliability scores, suffered on the back of a faltering global recovery, particularly that of China. Steel consumption in China accounts for almost 50% of world steel output and there were the first signs during June that the Chinese economy may cool later in the year. Nevertheless, the company announced that its operating rates at its plants may "inch up" this year. The plants already run at 75% of capacity compared to an industrial average of 73%.

Walgreen, an overweight position in the Consumer Staples sector thanks to its good Earnings Reliability and Solvency scores, said third-quarter profits declined 11 percent as the company remodeled stores to spur sales growth.

### Performance\* (as at 30th June 2010)

	Portfolio%	Benchmark**%	Value Add%
One Month	-4.29	-4.10	-0.19
Three Months	-5.69	-5.10	-0.59
One Year	5.53	5.48	0.05
Two Years	-6.61	-6.05	-0.57
Three Years	-12.18	-11.37	-0.81
Four Years	-7.79	-6.83	-0.95
Five Years	-2.75	-2.00	-0.75

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

### Top 10 Holdings (as at 30th June 2010)

Holding	Country	%
Procter & Gamble	United States	2.11
Tyco International	Switzerland	1.83
VISA	United States	1.67
Synopsys	United States	1.65
UPS	United States	1.65
Nucor	United States	1.64
Nestle	Switzerland	1.61
eBay	United States	1.57
Autodesk	United States	1.47
Amgen	United States	1.40

### 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.