

Monthly Performance Update

Dexia Sustainable Global Equity Fund

December 2011



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Market Comment

The year that's ended has confirmed that the recovery will be slower and more irregular than desired due to the weakness in advanced economies. In emerging economies, on the other hand, activity has slowed but does not exhibit the same degree of deterioration as noted in developed economies. The overall weak trend will continue into 2012; however, the overall rate of growth will still easily exceed the weak period of the earlier financial crises.

A promising development has been some stabilization in European bond markets, since the European Central Bank's (ECB) initiatives in early December. These changes included the decision to provide term loans of up to three years to banks at low interest rates. The access to these funds has provided support to the banking system, with some positive spill-over support to sovereign bond markets. Also positive has been the surprising resilience of the US economy, with signs of late that the recovery might be broadening with the improvement in unemployment and housing indicators. The recent moderation in Chinese inflation has also been helpful, providing the authorities with some flexibility to support growth in 2012.

Fund Comment

Contributors to relative performance in December included Amgen and Zimmer.

Amgen, an overweight holding in the Health Care sector thanks to positive 'Analyst Sentiment', 'Capital Spending Discipline' and 'Profitability' scores announced in November that it would buy back up to \$5bn in shares. On December 15th, Amgen reported that the CEO, Kevin W. Sharer, would be retiring effective May 23rd, 2012 and be succeeded by Robert Bradway, the current COO. Several brokers upgraded the stock and its target price at the end of the month, leading the stock higher.

Zimmer Holdings, an overweight position in the Health Care sector thanks to its good 'Earnings Reliability' and 'Profitability' scores traded higher on optimism that demand for replacement operations is on the rise. Zimmer surged 6.3 percent, the most in almost 11 months, after closely held rival Biomet Inc. said sales of artificial hips climbed 7% in the quarter ended November, while demand for knees gained 2%.

Positions detrimental to relative performance in December 2011 included Alcoa and Autodesk.

Alcoa, an overweight position in the Materials sector thanks to good 'Growth', 'Momentum' and 'Solvency' scores not only suffered a downgrade to Neutral by Goldman Sachs in early December but was also hit by fears over a slowing global economy and in particular, China.

Autodesk, an overweight position in the IT sector thanks to its good 'Profitability' and 'Solvency' scores, was subject to profit taking following a strong performance over the previous three months.

Performance* (as at 31st December 2011)

	Portfolio%	Benchmark**%	Value Add%
One Month	0.18	0.15	0.03
Three Months	2.35	2.00	0.35
One Year	-2.98	-5.55	2.57
Three Years p.a.	-2.12	-2.28	0.15
Five Years p.a.	-8.38	-7.39	-0.99
Since Inception p.a. Date: Nov 2002	-1.58	-0.84	-0.74

* Net returns are after fees and before taxes. ** MSCI World (net divs reinvested)

Top 10 Holdings (as at 31st December 2011)

Holding	Country	%
PepsiCo	United States	2.76
UPS	United States	2.52
Tyco	Switzerland	2.37
Exxon Mobil	United States	2.01
Amgen	United States	1.80
Nestle	Switzerland	1.74
TJX	United States	1.73
Whole Foods Market	United States	1.62
DirecTV	United States	1.58
Autodesk	United States	1.57

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.