

#### Peer Group:

European Mainstream incl UK Equities

#### Fund Manager/Adviser:

Team

#### Location:

Copenhagen

#### Launch Date:

August 1999

#### Fund Size (August 2008):

€293m

#### Group Contact No:

+352 404 030 268

#### Website:

www.carnegieam.com

#### S&P ID Number:

OS308180

#### Share class screened:

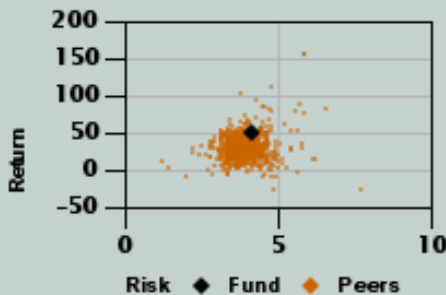
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### INVESTMENT STYLE

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

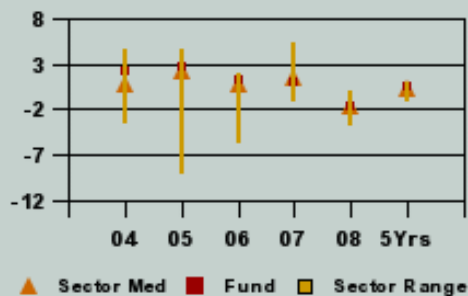
### RISK RETURN (STD DEVIATION) OVER 5 YEARS



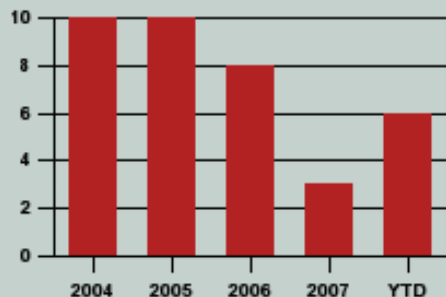
### 3 YEAR RISK CHARACTERISTICS

Maximum Drawdown (%)	Medium	-27.3
Volatility	Low	14.1
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](http://www.funds.standardandpoors.com)

All statistical data on this report has been run to 31/07/2008 on NAV to NAV basis, with gross income reinvested, in euro.

### STANDARD & POOR'S OPINION (OCTOBER 2008)

This fund is managed out of Copenhagen using a team-based approach. Lars Wincentsen leads on European equity mandates and is supported by Morten Springborg and Mattias Kolm. They have worked together for over five years and sit within the global equity team of 11 headed by Mikael Randel.

The investment approach is highly consistent and was originally developed by Randel in the late 1980s. The team develops long-term macroeconomic themes, with significant input from Randel, and uses them to guide bottom-up stock selection. Preferred stocks are high quality companies with stable business models, strong and growing free cashflow, long-term earnings visibility and proven management.

A concentrated portfolio containing around 30 holdings is constructed within broad risk guidelines.

However, Wincentsen is clearly risk-aware, particularly where managerial and stock liquidity risk are concerned.

Performance over the long term has been strong, underpinned by successfully identifying themes and strong stock selection. However, the long-term investment horizon and focus on quality can lead to volatile returns in the short term. After strong performance in 2006 the fund underperformed the peer median in 2007 as exposure to Eastern European stocks and holding Enterprise Inns in the UK offset strong stock selection in utilities.

Despite weaker performance recently, the consistent approach, which has demonstrably added value over the long term, and our regard for the highly experienced and stable team continue to support the fund's S&P AAA rating.

### FACT FILE

**Group:** Carnegie, a leading Nordic investment bank, was listed on the Swedish Stock Exchange in 2001. At 31 December 2006, employees held 7% of the shares in issue.

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

**Fund Manager:** Wincentsen is a member of the group's strategy team and researches the healthcare

sector. He is the most senior member of the three-person equity 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 31/07/2008 the fund has returned 77.9%, compared with 42.2% for the sector median and 53.4% for the index, ranking 39/1137.

### FUND MANAGER & TEAM

Carnegie's European equity team comprises Wincentsen, Springborg and Kolm. 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 and 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	27
Turnover ratio (%)	N/A
% in top 10	58

## TOP 10 HOLDINGS (01/08/08)

	%
UniCredit	7.5
EDF	6.2
Nestlé *	6.0
Fred. Olsen Energy	5.9
Telefonica	5.9
British American Tobacco *	5.7
Synthes	5.3
Gazprom	5.1
Mobile Telesystems	5.1
Siemens	4.9

\* In top 10 holdings a year ago

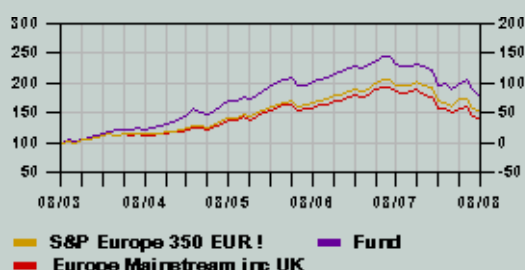
## ALLOCATION BREAKDOWN (01/08/08)

	Fund %
Consumer discretionary	0.0
Consumer staples	18.0
Energy	11.0
Financials	12.0
Industrials	15.0
Materials	12.0
Healthcare	12.0
Information technology	0.0
Telecoms	8.0
Utilities	11.0
Other	0.0
Cash	1.0

## PERFORMANCE STATISTICS

	3 Years	5 Years
Fund	5.6%	77.9%
Standard & Poor's Peer Median	3.2%	42.2%
Index**	8.6%	53.4%
Fund Rank	518/1405	39/1137
Standard Deviation	14.1	-
Relative Standard Deviation	1.0	-
Volatility Adjusted Ranking	518/1405	-

## CUMULATIVE PERFORMANCE



# CARNEGIE EUROPE 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.

The key driver of performance is stock selection, which is guided by broad top-down themes, often reflecting structural change, such as infrastructure, demographic change, oils, utilities etc.

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.

Portfolio 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 the higher quality cash-generating companies.

Cash is normally below 3%, but may reach to 10%. Currency positions are not hedged.

## PORTFOLIO REVIEW

Reflecting the low turnover approach very little had changed in the 12 months since our last review. At review, the fund was invested in 27 stocks compared to 26 at last review.

In terms of themes the fund was positioned similarly to Carnegie's Worldwide fund, which invests globally. However, this fund was overweight in telecoms, in contrast to the Worldwide fund which was significantly underweight. This difference was accounted for by the Worldwide fund's ability to invest in

Japan Tobacco, which was the preferred defensive play.

Reflecting the manager's awareness of the deteriorating economic backdrop, banks were significantly underweight with BBVA and RBS both sold out of in 2007 and Allied Irish early in 2008. Defensive utilities were favoured. The fund held positions in EDF for its exposure to nuclear power and E.ON. Energy continued to be played through Gazprom, despite the increased political risk as a result of the conflict in Georgia.

## PERFORMANCE ANALYSIS (JULY 2008)

This fund has an extremely impressive track record over the long term, reflecting the highly consistent application of the team's highly collegial and focused bottom-up investment approach. Over the long term the fund has comfortably outperformed the peer median and is top-quartile over five years to end-July 2008. However, over three years performance is weaker, although still ahead of the sector median as a result of underperformance in 2007.

Success in 2006 came from strong stock selection - Centrica, Gazprom and Enterprise

Inns - plus a range of financials including Allied Irish Banks and RBS.

In 2007, however, performance suffered from the fund's exposure to emerging European names, which underperformed and offset strong returns from utilities, EDF and E.ON and mining group 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.

### DISCRETE PERFORMANCE (CALENDAR YEARS)

	2004		2005		2006		2007		YTD 31/07/2008	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	25.4	9/1188	33.9	63/1333	21.6	351/1505	-1.4	1219/1702	-20.4	945/1873
Index**	11.9		26.6		20.0		3.5		-20.1	
Median	9.7		24.7		18.5		0.9		-20.4	

\*\* S&P Europe 350 EUR

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