

# Continental European Equity Fund

## Performance Review

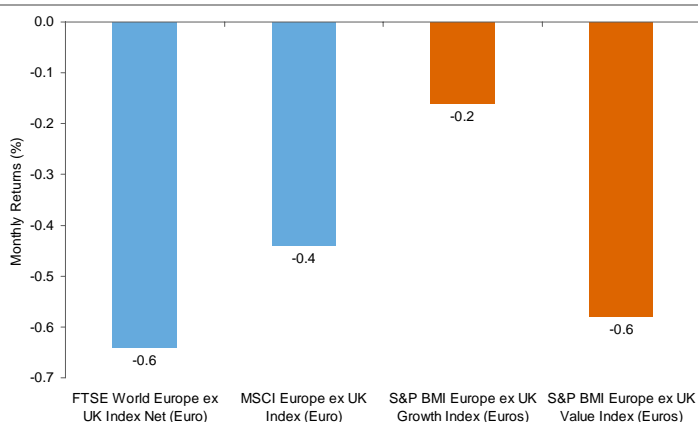
	One Month %	Three Months %	Year to Date %	One Year % <sup>1</sup>	Three Years %	Five Years %	Ten Years %	Since Inception % <sup>2</sup>
Continental European Equity Fund (USD) Gross of fees	-2.6	-6.8	-8.0	59.1	-9.1	2.2	2.1	7.9
FTSE World Europe ex-UK Index (USD) <sup>3</sup>	-2.4	-7.9	-8.7	58.7	-7.8	3.2	2.3	7.5
Continental European Equity Fund (RAND) Gross of fees	-1.1	-3.9	-4.2	21.4	-7.5	8.1	4.0	13.2
FTSE World Europe ex-UK Index (RAND)	-0.9	-5.0	-5.0	21.1	-6.2	9.1	4.2	12.7

<sup>1</sup> Returns greater than one year are annualised.

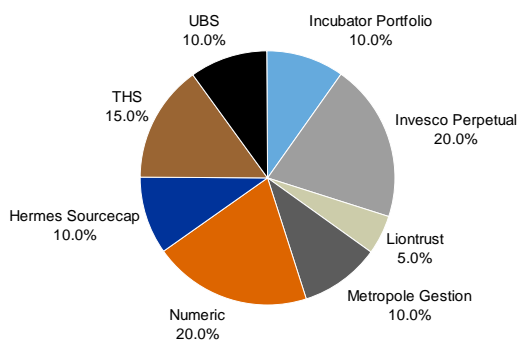
<sup>2</sup> Inception date 05/03/96. Performance is measured from 01/04/96. In order to enable accurate peer relative and total return benchmark relative performance comparisons, performance is calculated from the first full month following inception.

<sup>3</sup> Prior to 1st January 2009, benchmark was gross of withholding tax, total return. Benchmark currently net of withholding tax.

## Fund Highlights and Portfolio Management Activity



- The FTSE World Europe ex UK Index finished the month down 0.6% in euro terms as the markets saw predominantly negative economic data. European debt worries - most notably within Greece - continued to weigh on financial markets and the euro, dragging the single currency to its weakest level in eight months or more relative to its major counterparts. However, some optimism was restored as investors speculated that the EU will help prevent member countries from defaulting on their debt. Meanwhile economic sentiment in the eurozone fell for the first time in nearly a year, a sign that the recovery from the recession may have lost momentum. Market style indicators showed that growth stocks continued to outperform value while large-caps outperformed small-caps.
- The Fund performed broadly in line with its benchmark as notable underperformance from THS was offset by strong performance elsewhere.
- THS' holdings based on its 'Clean Energy' investment theme were the main detractors from performance during the month. Notably, its position in silicon solar PV cell manufacturer Q-Cells contributed negatively as the company reported preliminary losses for 2009.
- Liontrust was the best-performing manager. Its stock selection proved strongly positive during the month as its preference for companies which possess robust cashflows was rewarded. Stock selection in the industrials and financials sectors was the main driver of outperformance.



As at 28/02/2010

## Monthly Manager Performance

Manager	Approach / Process	*Manager Performance	Russell Analysis
Hermes Sourcecap	Growth-oriented, accelerating income and cashflow	++	Sourcecap's preference for companies which it believes offer good growth prospects, accelerating income and cashflows was rewarded. Both sector positioning and stock selection proved positive, although the latter drove performance. Holdings in the consumer services and industrial sectors were the main drivers of returns.

## Monthly Manager Performance (continued)

Manager	Approach / Process	*Manager Performance	Russell Analysis
Incubator Portfolio	Allocation to new products	-	Deep-value manager DFA struggled in an environment that continued to favour growth stocks. Its stock selection in the consumer goods sector was the main detractor from performance. Its overweight to weak-performing car manufacturer Daimler was particularly negative as the company reported a net loss in 2009 and withheld its year-end dividend.
Invesco Perpetual	Stock selection, mix of quality, growth and valuation	Flat	The manager gained from its strong stock selection in the financials sector during the month. The manager prefers financial stocks which it believes possess 'quality' characteristics, are attractively valued and offer good growth potential. However, gains were offset by its selection in the industrials and consumer goods sectors.
Liontrust	Quality of earnings / earnings surprise	++	Liontrust continued its strong year-to-date performance into February. Its selection in the industrials, financials and oil & gas sectors proved strongly positive during the month.
Metropole Gestion	Value-oriented stock selection	-	Metropole's stock selection in the consumer-oriented sectors hindered performance in February. Its valuation-driven overweight to underperforming cyclical stocks Air France and Peugeot were notable detractors.
Numeric	Multi-factor quantitative model	Flat	Quant manager Numeric's stock selection in the telecoms and technology sectors positively contributed. However, its selection in the industrials, consumer services and materials sectors offset these gains. An underweight to strong-performing food manufacturer Nestle was particularly negative as the company reported expectation beating profits.
THS	Growth At a Reasonable Price	--	Thematic growth manager THS underperformed, mainly due to its 'Clean Energy' investment theme. Stocks held as part of its 'German Property' theme also hindered returns.
UBS	Growth / Momentum	-	The manager's overweight to small to mid-cap industrials stocks, which it believes offers good growth prospects, detracted from performance. Within this sector, its overweight to solar energy company Centrotherm Photovoltaics was particularly negative as it reported revenue below analyst expectations.

*Manager Attribution Key	Relative Performance vs Fund Benchmark
++	>1.0%
+	0.3% to 1.0%
Flat	-0.3% to 0.3%
-	-1.0% to -0.3%
--	<-1.0%

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