RIC Continental European Equity Fund

Performance Review

	Three Months %	Year to Date %	One Year %[1]	Three Years %	Five Years %	Ten Years %	Fifteen Years %	Since Inception %[2]
RIC Continental European Equity Fund (€ Gross of Fees)	-21.2	-19.5	-12.8	-1.9	-5.8	1.3	6.2	6.6
RIC Continental European Equity Fund (€ Net of Class A Fees)	-21.4	-20.1	-13.6	-2.8	-6.6	0.3	5.2	5.5
RIC Continental Europe Equity Fund Benchmark (€)[3]	-19.7	-17.8	-13.1	-2.8	-5.3	1.7	5.7	6.0
Morningstar Median Manager (€)[4]	-19.0	-18.3	-12.7	-2.5	-6.2	0.1	4.5	4.7
Quartile Ranking	4	4	3	3	3	2	2	2
Fund Size € 442m								

[1] Returns greater than one year are annualised.
[2] Inception date 29/03/1996
[3] Prior to 1st April 2011 the benchmark was FTSE World Europe ex UK (Net), prior to 1st January 2009 it was gross of withholding tax, total return. The benchmark is currently the Russell Developed Europe ex UK Large Cap Net Index.
[4] Morningstar Offshore & International Equity Europe Ex UK Universe

Market Performance

Overview

It was a very poor quarter for European equities as the Russell Developed Europe ex UK Large Cap Net Index fell by 19.7%. The eurozone debt crisis refused to abate, and the problems facing Greece threatened to engulf several other European economies, including Italy and even the French banks. With the notable exception of ‘safe haven’ Switzerland, it was an extremely weak quarter for every major European market. Germany’s Dax index lost 25% of its value – its biggest fall since 2002. Europe’s biggest economy suffered amid signs that growth has slowed sharply and from fears it may be presented with a sizable bill for bailing out Greece. Banks came under selling pressure, especially in France. France’s AAA credit rating was called into question, as the market speculated that the cost of potential bailouts for Spain and Italy would add to the country’s large budget deficit. Owing to Greek debt exposure, shares in Société Générale fell by 51%, its biggest quarterly loss ever, while BNP Paribas fell by over 40%. The problems, however, weren’t confined to the banking sector. More than half of large European companies that reported profits in July fell short of market expectations, making it the most disappointing European earnings season since 2005. There was disappointing earnings news from, among others, Carlsberg, Nestle, Holcim, Heineken and UBS.

Fund Performance

Performance History(1)

(1) Performance is quoted gross of management fees.

Key Drivers

The Fund lagged the benchmark during the period, as its marginal cyclical tilt and bias towards smaller-cap stocks proved unfavourable in the risk-averse environment. However, the Fund remains ahead over longer time-periods such as three years where it has gained 0.9% p.a.

At the manager level, the outperformance of THS and Liontrust was insufficient enough to offset the underperformance of Metropole and Dimensional.

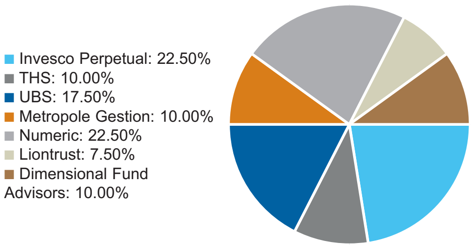
From a sector perspective, both stock allocation and stock picking within the materials sector was the major laggard on performance, notably among chemicals and metals & mining holdings.

Manager Review

Manager	Approach / Process	Excess Return	Russell Analysis
Invesco Perpetual	Stock selection, mix of quality, growth and valuation	0.7%	Invesco's overweight to and stock selection in the health care sector was the main positive contributor for the manager's outperformance. The manager believes its holdings in this sector possess good defensive growth characteristics and will continue to outperform, notably during times of continued uncertainty. Exposure to Roche proved the most beneficial as the drug maker raised its full-year earnings target for 2011. Elsewhere, Invesco's stock picking within the industrials and information technology sectors went rewarded. The manager remains bullish and believes that its holdings offer quality characteristics and are oversold.
THS	Growth At a Reasonable Price	1.2%	Thematic growth manager THS built on its strong year-to-date performance during the quarter. Its underweight to and effective stock picking within the industrials and materials sectors was the key driver of positive returns. In the former, a zero weight to machinery holdings (Volvo, Vallourec) benefited, whilst a zero weight to mining stocks in the latter was rewarded. Elsewhere, stock picking among financials also added to performance; an overweight to real estate (ANF-Immobilier) and an underweight position among capital markets predominantly contributed.
UBS	Growth / Momentum	0.8%	UBS finished ahead of the benchmark over the quarter, as the manager's holdings within the industrials sector added the most to performance, specifically a zero weight to the machinery industry. Elsewhere, an underweight to the materials sector contributed. The manager remains bullish and believes that there are improving opportunities in these sectors. It continues to favour stocks that it believes are fundamentally sound and that possess good growth prospects.
Metropole Gestion	Value-oriented stock selection	-8.2%	Metropole's valuation-driven holdings in the financials and industrials sectors detracted from returns during the quarter. In the former, holding BNP Paribas proved detrimental as French banks tumbled on concerns about their financial solidity and a possible downgrade of France's sovereign debt rating. In industrials, the manager's positioning among airlines detracted, notably its overweight to Air France, where the manager believes the company is undervalued and is set to benefit from increasing air traffic in the long-term.
Numeric	Multi-factor quantitative model	-0.7%	Quant manager Numeric benefited from its overweight to the defensive health care and utility sectors as well as stock selection within telecoms. The manager's overweight to pharmaceutical company Novartis was a notable positive. However, this was offset by its stock selection within the worst-performing materials sector, where its overweight to and stock selection within chemicals detracted from performance. However, the manager remains well ahead over longer time periods, such as two years where it has gained 2.4% p.a.
Liontrust	Quality of earnings / earnings surprise	1.1%	Liontrust's outperformance added to its strong two year performance where it has gained 9.8% p.a. Its focus on companies that possess robust cashflow characteristics in the financials and energy sectors was the main driver of returns. A zero weight to French and Italian commercial banks, notably BNP Paribas, proved the most beneficial. In addition, holding Bolsas & Mercados Espanoles among diversified financial services also contributed after the operator of stock market and financial systems in Spain outperformed the broader weaker market, after reporting costs fell by 7.8% in the first half of the year.
Dimensional Fund Advisors	Deep Value	-7.2%	Deep value manager DFA's process lagged the benchmark over the quarter. An overweight to underperforming German and French automobiles, such as Daimler and Renault, had the largest negative impact on performance as the European debt impasse led a selloff among Europe's leading carmakers. Elsewhere, an overweight position to and negative stock picking within financials proved detrimental. Holding Société Générale proved the most detrimental as it fell in Paris after paring its global growth outlook and French banks continued to decline.

Fund Statistics

Manager Weights



Characteristics	Fund	Benchmark
Sector Deviation	7.25	--
Market Cap Weighted Nlog	-0.55	--
Price/Earnings (excl negative earnings)	12.23	12.11
Dividend Yield	3.43	3.51
Price to Book	1.43	1.51
EPS Growth (1 Year)	20.81	21.73
Tracking Error	**Fund**	**Average Manager**
One Year	2.4	5.1
Three Years	2.8	6.2
Five Years	2.6	5.5

Fund Analysis

Sector Exposure[1]	Fund %	Benchmark %	Sector Returns
Consumer Discretionary	10.8	9.2	-23.6
Consumer Staples	6.9	11.3	-8.5
Energy	8.0	10.7	-12.7
Financials	21.1	19.0	-27.5
Health Care	13.9	12.3	-6.3
Industrials	19.0	13.4	-26.3
Information Technology	3.5	4.2	-18.7
Materials	7.5	8.0	-28.5
Telecommunication Services	6.3	6.4	-11.0
Utilities	2.9	5.5	-18.1

[1] Sector Weights may not sum to 100% due to rounding.

Top Ten Holdings

Company Name	Fund %	Benchmark %	Country	Sector
Novartis AG	4.3	3.3	Switzerland	Health Care
Roche Holding AG	3.5	2.6	Switzerland	Health Care
Allianz AG	2.1	1.0	Germany	Financials
ING Groep NV	2.0	0.6	Netherlands	Financials
BNP Paribas	1.9	1.0	France	Financials
Nestle SA	1.7	4.1	Switzerland	Consumer Staples
Total SA	1.5	2.2	France	Energy
Zurich Financial Services AG	1.4	0.7	Switzerland	Financials
Vivendi Universal SA	1.3	0.6	France	Telecommunication Services
Bayer AG	1.3	1.0	Germany	Health Care

Russell Investments