

RIC Continental European Equity Fund

Performance Review

***Due to an Irish bank holiday on 31st October 2011, month end fund prices have been adjusted using the benchmark performance on that day.**

	One Month %	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)	8.3	-10.2	-12.8	-8.5	6.5	-4.8	1.6	6.7	7.1
RIC Continental European Equity Fund (€ Net of Class A Fees)	8.3	-10.4	-13.5	-9.4	5.6	-5.6	0.6	5.7	6.0
RIC Continental Europe Equity Fund Benchmark (€) ³	8.1	-9.7	-11.1	-8.5	5.2	-4.4	2.0	6.2	6.5
Morningstar Median Manager (€) ⁴	8.9	-8.6	-11.1	-7.3	6.0	-5.0	0.4	4.6	5.0
Quartile Ranking	3	4	4	4	3	3	2	2	2
Fund Size € 486m									

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 buoyant month for European equities, many of which enjoyed their biggest monthly gains in over two years. In response to an agreement on the sovereign-debt crisis reached by eurozone leaders, the Russell Developed Europe ex UK Large Cap Net Index gained 8.1%. The need for prompt action was underlined by a run on Dexia, a Franco-Belgian bank. Its shares plunged after Moody's placed it on review for a possible downgrade. Dexia holds €21bn in sovereign debt issue by Greece, Italy and other troubled eurozone borrowers. It wasn't the only European bank to come under pressure though. Deutsche Bank warned its profits would fall short of expectations, saying it would take a €250m impairment charge on its Greek sovereign-debt holdings. While equity markets celebrated the sovereign debt deal, flagging economic growth still causes apprehension. The OECD lowered its 2011 GDP growth estimates for the eurozone from 2% to 1.6% and the 2012 estimate from 2% to 0.3%. October also brought worrying evidence that market volatility and economic uncertainty were hurting European companies. The continent's second-biggest carmaker, PSA Peugeot Citroen, announced its second profit warning this year. Fellow French carmaker Renault is also planning temporary work stoppages.

Fund Performance

Performance History(1)



(1) Performance is quoted gross of management fees.

Key Drivers

The Fund performed broadly in line with its benchmark, but remains ahead over longer time-periods such as two and three years where it has gained 2.1% p.a and 1.4% p.a. respectively. At the sector level, positive stock selection among financials was offset by positions within the health care sector. Metropole finished the best-performing manager after benefiting from positions which detracted during the risk off environment during the third-quarter as risk aversion eased over the month. In contrast, thematic growth manager THS's stock picks among energy pared gains.

Manager Review

Manager	Approach / Process	Excess Return	Russell Analysis
Invesco Perpetual	Stock selection, mix of quality, growth and valuation	-1.5%	Invesco's pragmatic positioning and stock picking, notably among undervalued quality stocks, underperformed during October. An overweight position within the health care sector was the main negative contributor; holding Roche proved the most detrimental after the world's biggest maker of cancer drugs reported quarterly sales slumped 14.5%, falling short of estimates as sales of its key drugs also trailed expectations. Elsewhere, Invesco's stock picking within the industrials and energy sectors was detrimental to returns.
THS	Growth At a Reasonable Price	-3.2%	Thematic growth manager THS underperformed during the month, but remains ahead of the benchmark over longer standard time periods such as three years where it has gained 1.1% p.a. The manager's stock selection in energy stocks was the prominent negative driver on returns, notably among oil gas & consumable fuels (North Energy) and Energy Equipment & Services. Elsewhere, stock selection among consumer staples stocks had a negative impact, specifically holding Dutch food products such as CSM, which slumped after reporting second-half earnings fell short of expectations.
UBS	Growth / Momentum	1.4%	UBS finished ahead of the benchmark over the month, adding to its strong one-year performance where it has gained 4.1% p.a. Performance was driven by an underweight to and stock selection within financials (commercial banks) and industrials (machinery) drove returns into positive territory. The manager is optimistic and continues to favour stocks that it believes are fundamentally sound and that possess good growth prospects, notably within cyclical consumer stocks. It believes that there are improving opportunities in more defensive growth areas, such as health care where the manager has increased exposure over the month.
Metropole Gestion	Value-oriented stock selection	3.7%	Metropole's valuation-driven holdings in the financials and industrials sectors contributed to returns during the month. In a reversal to the third-quarter, holding commercial banks was beneficial as risk-aversion declined after the region's leaders struck a deal to enact measures to contain the sovereign debt crisis following months of negotiations. In the latter, exposure to Adecco contributed; after the world's largest temporary-staffing company signed a 600 million-euro revolving credit facility to refinance debt.
Numeric	Multi-factor quantitative model	-0.6%	Numeric finished behind the benchmark during the month. Whilst the manager's multi-factor stock picking among financials (notably commercial banks) added to performance, gains were pared by its stock selection among industrials. Holding Meyer Burger Technology was the most detrimental, as the maker of solar-panel equipment said it will halt output at a Swiss unit amid "increased uncertainties" within the industry. However, the manager remains well ahead over longer time periods, such as two years where it has gained 2.9% p.a.
Liontrust	Quality of earnings / earnings surprise	1.5%	Liontrust's outperformance added to its strong three year performance where it has gained 10.0% p.a. Its focus on companies that possess robust cashflow characteristics in the energy and industrials sectors was the main driver of returns. In the former, exposure to Lundin Petroleum had the largest positive impact as the Swedish oil company jumped after Statoil (subsidiary of Lundin) doubled its estimate for a North Sea discovery.
Dimensional Fund Advisors	Deep Value	1.9%	Deep value manager DFA's process proved favourable to the market environment during October. An overweight to and stock selection among financials was a notable positive, specifically among insurers. Holding AXA added the most value; the stock gained after saying it was fully committed to delivering its mid-term earnings targets and its balance sheet was "robust" despite the current market environment. Elsewhere, an underweight position to and stock selection within consumer staples and health care stocks benefited.

Fund Statistics

Manager Weights	Characteristics	Fund	Benchmark
<ul style="list-style-type: none"> ■ Invesco Perpetual: 22.50% ■ THS: 10.00% ■ UBS: 17.50% ■ Metropole Gestion: 10.00% ■ Numeric: 22.50% ■ Liontrust: 7.50% ■ Dimensional Fund Advisors: 10.00% 	Sector Deviation	8.35	--
	Market Cap Weighted Nlog	-0.60	--
	Price/Earnings (excl negative earnings)	9.36	9.76
	Dividend Yield	4.39	4.45
	Price to Book	1.13	1.19
	EPS Growth (1 Year)	17.52	14.53
	Tracking Error	Fund	Average Manager
One Year	2.3	5.6	
Three Years	2.8	5.9	
Five Years	2.6	5.6	

Fund Analysis

Sector Exposure ¹	Fund %	Benchmark %	Sector Returns
Consumer Discretionary	11.2	9.8	13.6
Consumer Staples	7.1	10.7	4.8
Energy	9.3	11.0	13.7
Financials	20.7	19.0	6.8
Health Care	12.4	11.3	1.8
Industrials	19.1	13.6	10.1
Information Technology	3.8	4.3	12.3
Materials	7.7	9.0	13.6
Telecommunication Services	5.7	6.1	4.7
Utilities	3.0	5.1	1.6

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

Top Ten Holdings

Company Name	Fund %	Benchmark %	Country	Sector
Novartis AG	3.8	2.9	Switzerland	Health Care
Roche Holding AG	2.7	2.3	Switzerland	Health Care
ING Groep NV	2.0	0.7	Netherlands	Financials
Total SA	2.0	2.3	France	Energy
Nestle SA	1.9	3.7	Switzerland	Consumer Staples
BNP Paribas	1.9	1.0	France	Financials
Allianz AG	1.7	1.0	Germany	Financials
Zurich Financial Services AG	1.3	0.7	Switzerland	Financials
Sanofi-Aventis	1.3	1.6	France	Health Care
Vivendi Universal SA	1.2	0.6	France	Telecommunication Services

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