



APRIL 2009

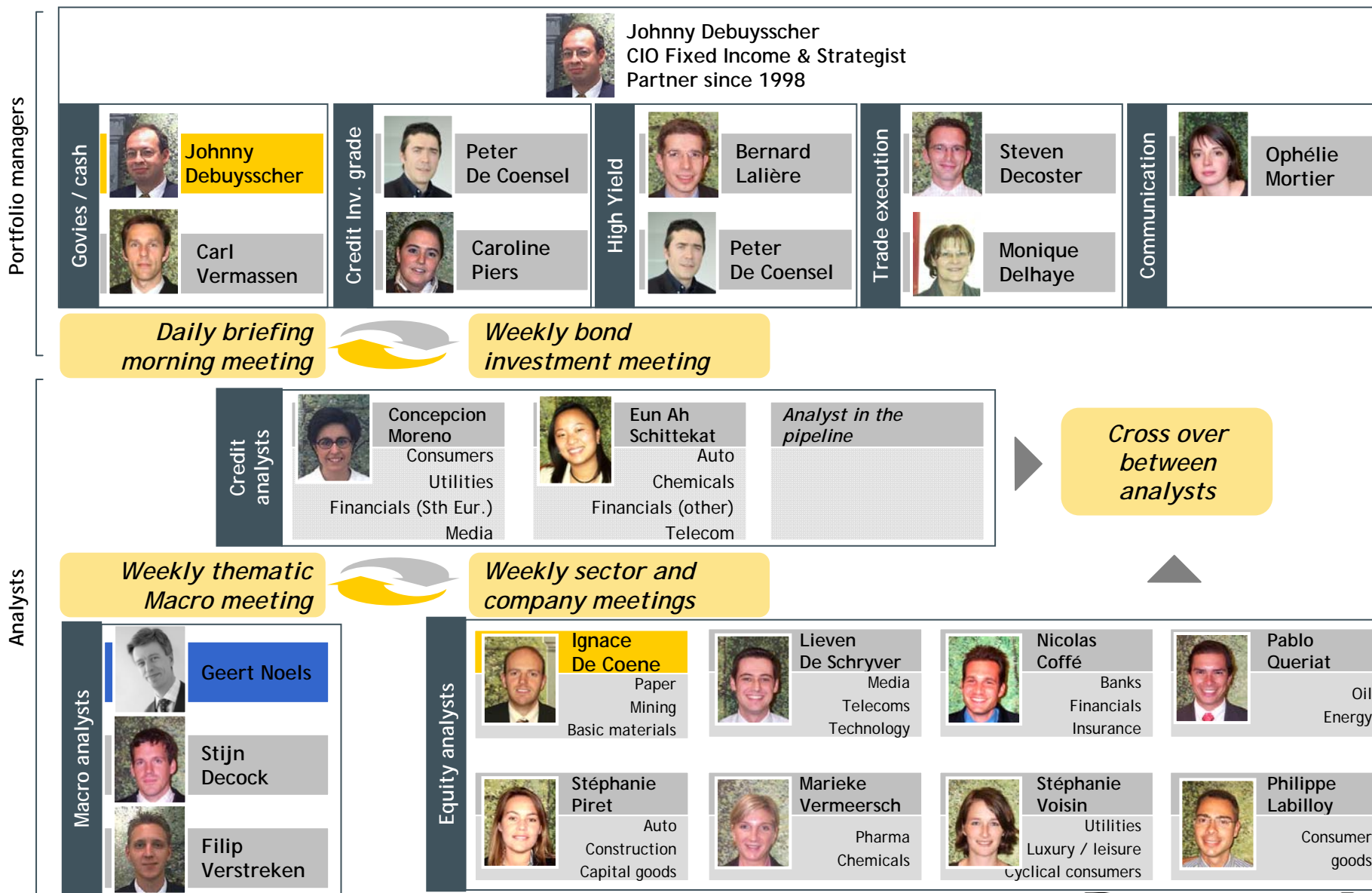
Petercam L Bonds Government Sustainable

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## ▪ Investment Team

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- Sustainability research
- Portfolio analysis
- Key figures & Statistics
- Technical details & Contact info

# Investment team - Leveraging on core expertise - Cross fertilisation



## Investment team

Experienced management team, supported by all the core competence center

**Johnny Debuysscher**  
Partner, Portfolio Manager  
22 years of experience



- Studied economics (macro-economics/econometrics) at the Catholic University of Louvain (U.C.L.)
- Employed at Petercam since 1986 as an economist, bond analyst, and bond portfolio manager
- Became a partner in Petercam in 1998



**Carl Vermassen**  
Portfolio manager  
15 years of experience

- Obtained a Master in Applied Economic Sciences, section Finance at UFSIA (University of Antwerp)
- Assistant Manager in the Fixed Income department at Petercam from 1993 till 1995
- Joined the Bank Nagelmackers in 1996 until 2005, he started as Head of the Fixed Income trading room and was portfolio manager of euro fixed income funds & mandates until 2002.
- He became Head of the Fund Management of Bank Nagelmackers in 2002 till 2005.
- Started his own company in Feb 2005 till Feb 2007
- Joined Petercam in March 2007 and became portfolio manager in December 2007
- Joined the fixed income team in the course of December 2008.
- Responsibilities : Money market funds and government bonds

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- Investment Team

- **Fund highlights**

- Investment objectives
- Benchmark & Investment Guidelines
- Investment process
- Why invest in Petercam L Bonds Government Sustainable?

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## Fund highlights - Investment objectives



## Fund highlights - Benchmark & Investment Guidelines

<b>Benchmark</b>	JP Morgan EMU Government Bond
<b>Duration</b>	No deviation by more than 10% from the benchmark, exceptionally 20%
<b>Targets</b> <i>before costs on a 3-year rolling period*</i>	<ul style="list-style-type: none"><li>▪ Excess return min. 0.20%</li><li>▪ Tracking volatility max. 1.00%</li><li>▪ Information ratio min. 0.33</li></ul>

*\* targets, bond team can deviate according to market circumstances*

## Fund highlights - Investment process

### Investment process - a 6 step approach

ISR screening	Fundamental research	Valuation	Market anticipation	Portfolio construction	Follow up
<ul style="list-style-type: none"><li>▪ Quantitative screening on 5 domains</li><li>▪ Scoring of each country</li><li>▪ Selection of the top countries</li></ul>	<ul style="list-style-type: none"><li>▪ Economic growth, inflation</li><li>▪ Evolution of interest rates</li><li>▪ Valuation of stock, bond and forex markets</li><li>▪ Investment themes to pursue</li><li>▪ Asset allocation</li></ul>	<ul style="list-style-type: none"><li>▪ Fundamental analysis</li><li>▪ Use of Models - Regression, ratios, ...</li><li>▪ Relative and absolute valuation</li></ul>	<ul style="list-style-type: none"><li>▪ Analysis of past data</li><li>▪ Anticipation of future trends</li></ul>	<ul style="list-style-type: none"><li>▪ Choice of duration</li><li>▪ Positioning on the Yield curve</li><li>▪ Credit allocation</li></ul>	<ul style="list-style-type: none"><li>▪ Trading</li><li>▪ Risk management</li><li>▪ Performance measurement</li><li>▪ Reporting</li></ul>

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## Sustainable research - What is sustainable ?

### Very controversial

- One can argue about each criterion

### Consensus among opinion makers

- We have opted for a model that analyses each country in 5 main domains and uses widely accepted indicators

### Variables that can be influenced by a country

- Biodiversity for example is important for the environment, but depends highly on the location and climate of a country, factors that a country can not change.

## Sustainable research - Sustainability model

### Screening on 5 domains

<b>Transparency and democratic values</b>	Corruption, freedom of press, crimes, military budget, development aid, women's rights...
<b>Environment</b>	Ecological footprint, CO2 emissions... <i>avoid variables related to geographical structure of the country (biodiversity)</i>
<b>Population, healthcare and wealth distribution</b>	Income distribution, poverty, unemployment, health expenditure...
<b>Education</b>	Investments in education, participation in different grades, performance...
<b>Economy</b>	Growth, inflation (=tax on the poor)...

### Sustainability model and scoring

- Model developed & regularly updated by macroeconomist Stijn Decock
- Relevant indicators for each domain and criterion
- Comparable statistics from reputable sources :  
*Worldbank, OECD, CIA Country Reports, WWF, Transparency International, ...*
- For each criterion : bring data to a figure between 0 and 100, based on its relative position versus other countries
- Country sustainability score = weighted average of the scoring on each criterion; each country gets a score out of 100 points

## Sustainable research - Investment committee and responsibilities

### *2 external experts*

### *2 Petercam members*

<b>Bart Haeck</b>	<b>Jan Schaerlaekens</b>	<b>Stijn Decock</b>	<b>Sarah Puylaert</b>
<ul style="list-style-type: none"><li>▪ Head of foreign and domestic political desk for De Tijd, studied laws at University of Ghent</li><li>▪ Special interest in international law</li><li>▪ <i>(former) active member of Broederlijk Delen</i></li></ul>	<ul style="list-style-type: none"><li>▪ Environmental specialist for research department SP-A</li><li>▪ Studied bio-engineer at UCL, PhD in soil conservation</li><li>▪ <i>(former) active member in environmental and social organizations</i></li></ul>	<ul style="list-style-type: none"><li>▪ Macro-economist for Petercam</li><li>▪ Studied economics in Leuven (<i>specialization public &amp; envir. economics</i>)</li><li>▪ Former journalist for De Tijd</li><li>▪ <i>(former) active member in envir. organizations</i></li></ul>	<ul style="list-style-type: none"><li>▪ Fund analyst and SRI investments at Petercam</li><li>▪ Studied commercial engineering at the University of Antwerp</li><li>▪ <i>World traveler</i></li></ul>

### *Responsibilities :*

- Define the weights attributed to each criterion
- Define minimum global sustainability score needed to include a country in the fund
- Discuss about important events (eg participation in wars, elections...), which could lead to the exclusion of a country

## Sustainable research - Ranking from our database

### Country ranking 2008

Rank	Country	Points
1	Denmark	78.18
2	Sweden	76,93
3	Switzerland	73,02
4	Iceland	72,71
5	Norway	72, 67
6	Netherlands	68,79
7	New Zealand	68,51
8	Austria	68.50
9	Finland	68,38
10	Luxembourg	65,25

Rank	Country	Points
11	Germany	64,72
12	Belgium	63,02
13	Ireland	62,14
14	Canada	61,79
15	United Kingdom	61,52
16	France	61,00
17	Australia	60,49
18	Japan	59,60
19	Korea	58,56
20	Spain	56,97

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  - Summary characteristics
  - Breakdown by maturity
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- Key figures & Statistics
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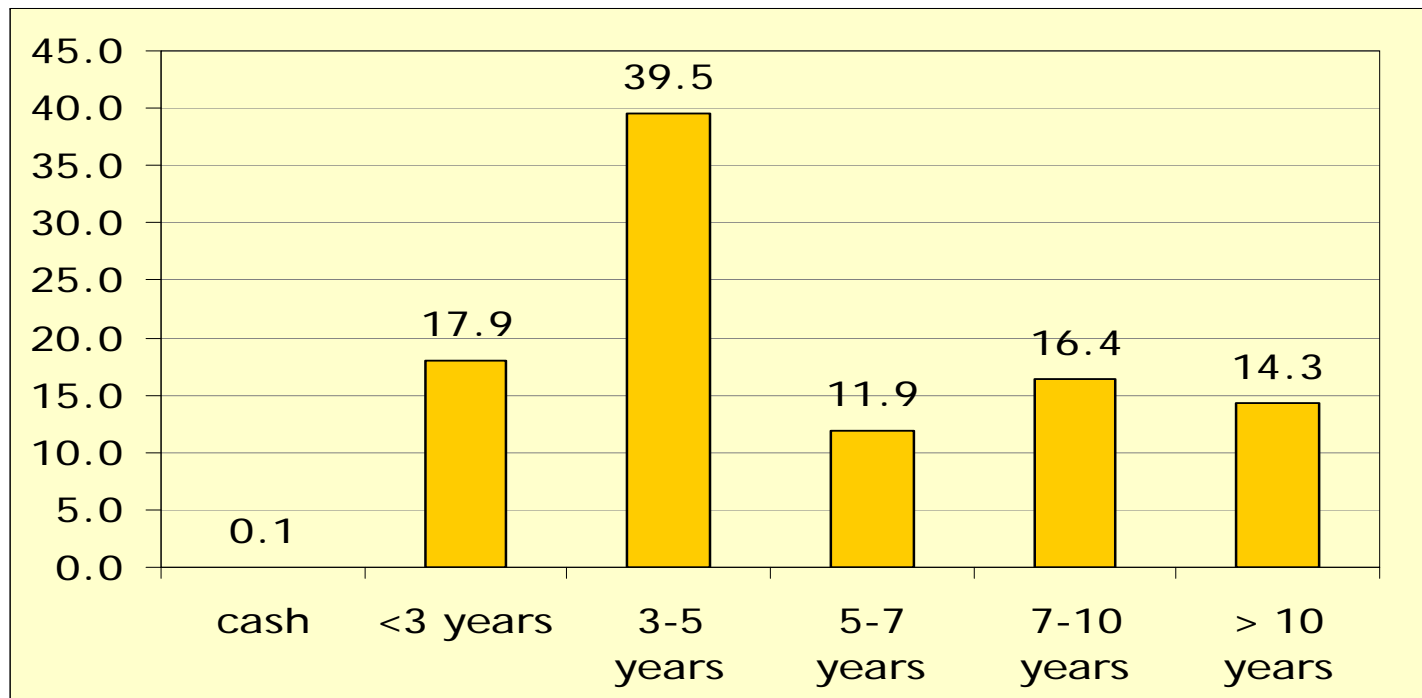
## Portfolio analysis - Summary characteristics

### Summary characteristics

	Pcam L Bonds Government Sustainable	JP Morgan EMU	
Number of holdings	13		
Average rating	AA+	AA+	
Maturity (in years)	7.97	8.55	-6.82 %
Yield to maturity (in %)	4.27	3.07	119 bp
Modified Duration (in %)	6.02	6.11	-1.50 %
Macaulay Duration (in years)	6.26	6.33	-1.22 %

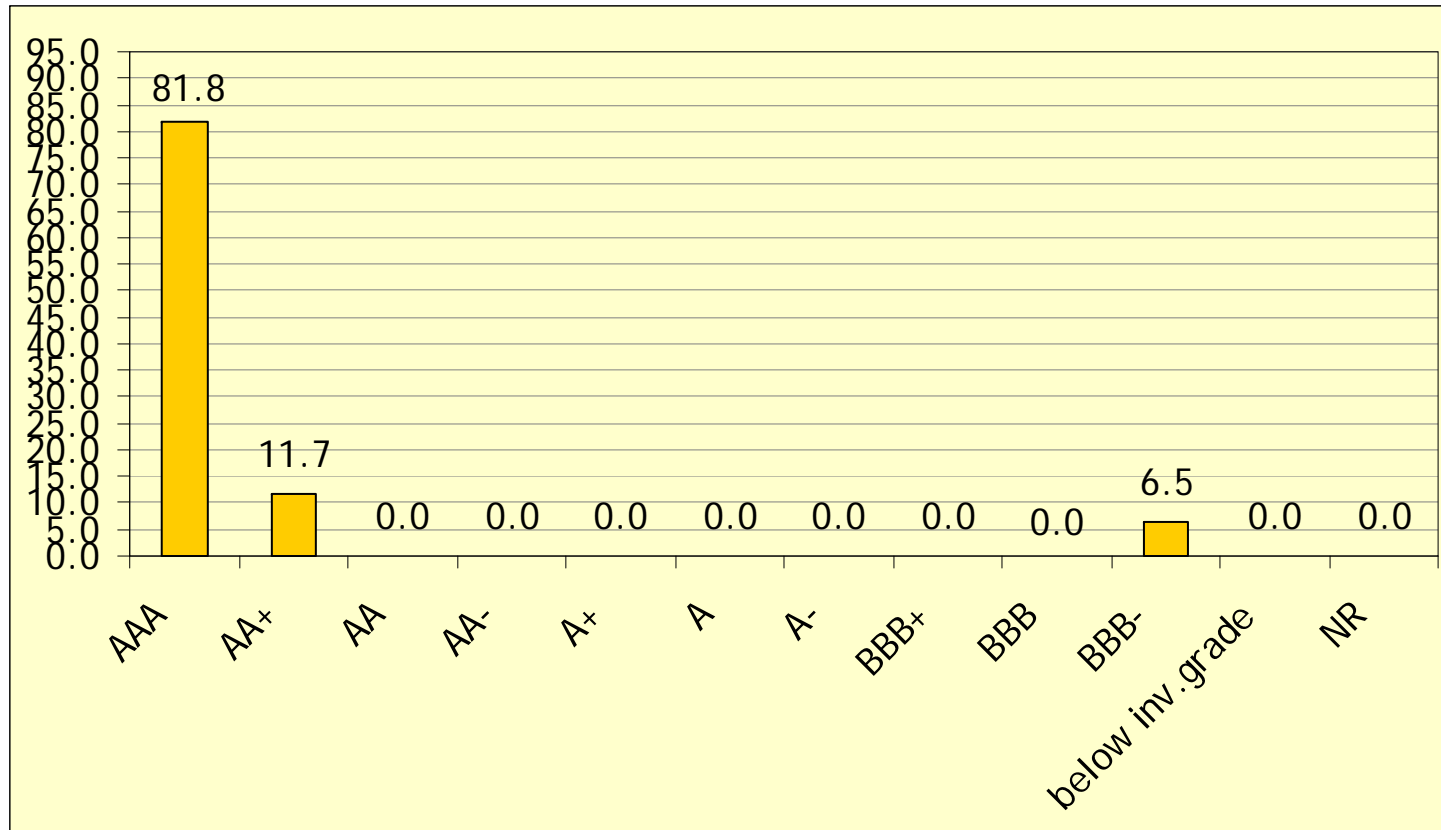
## Portfolio analysis - Breakdown by maturity

Breakdown by maturity



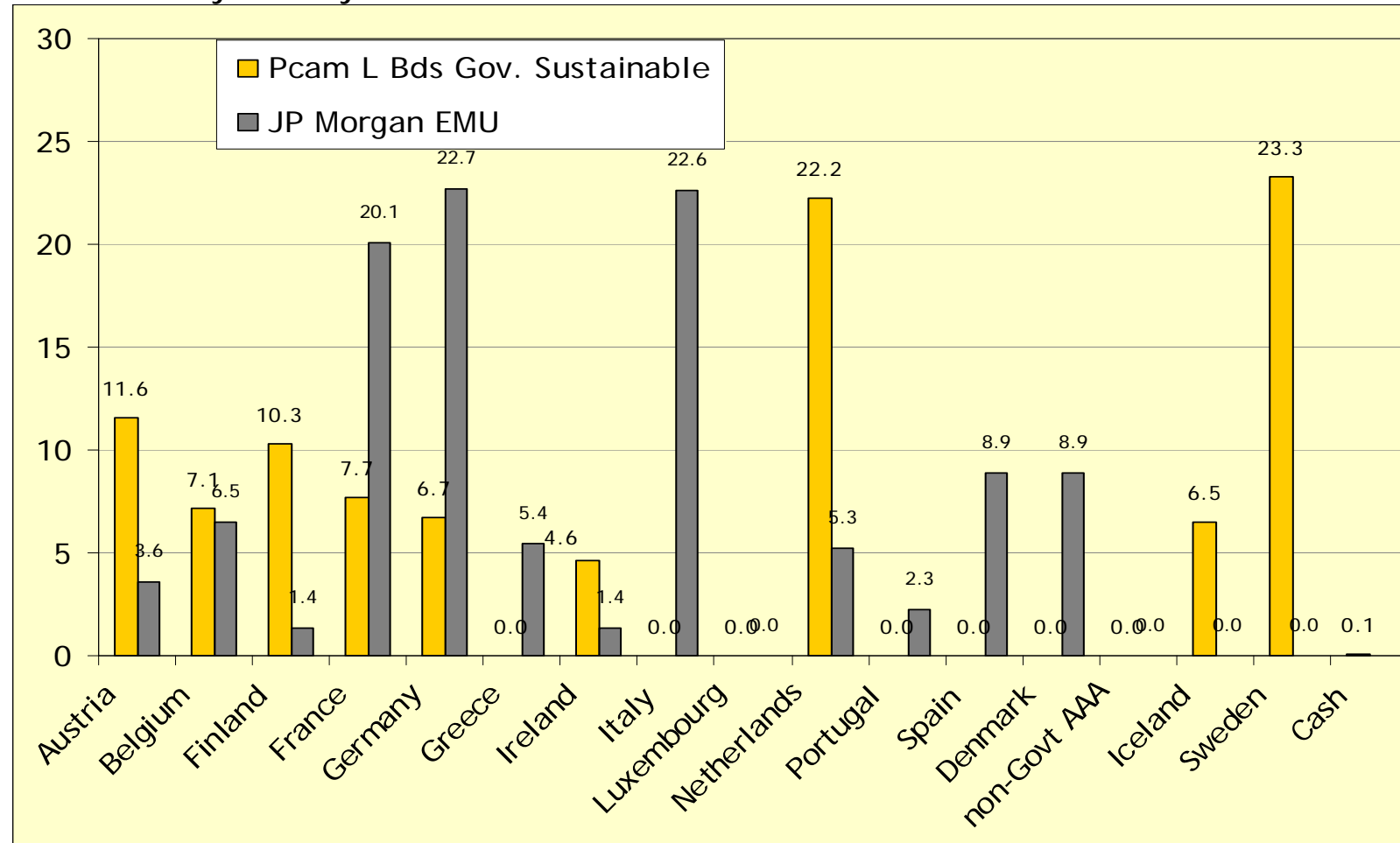
## Portfolio analysis - Breakdown by rating

Breakdown by rating



## Portfolio analysis - Breakdown by country

Breakdown by country

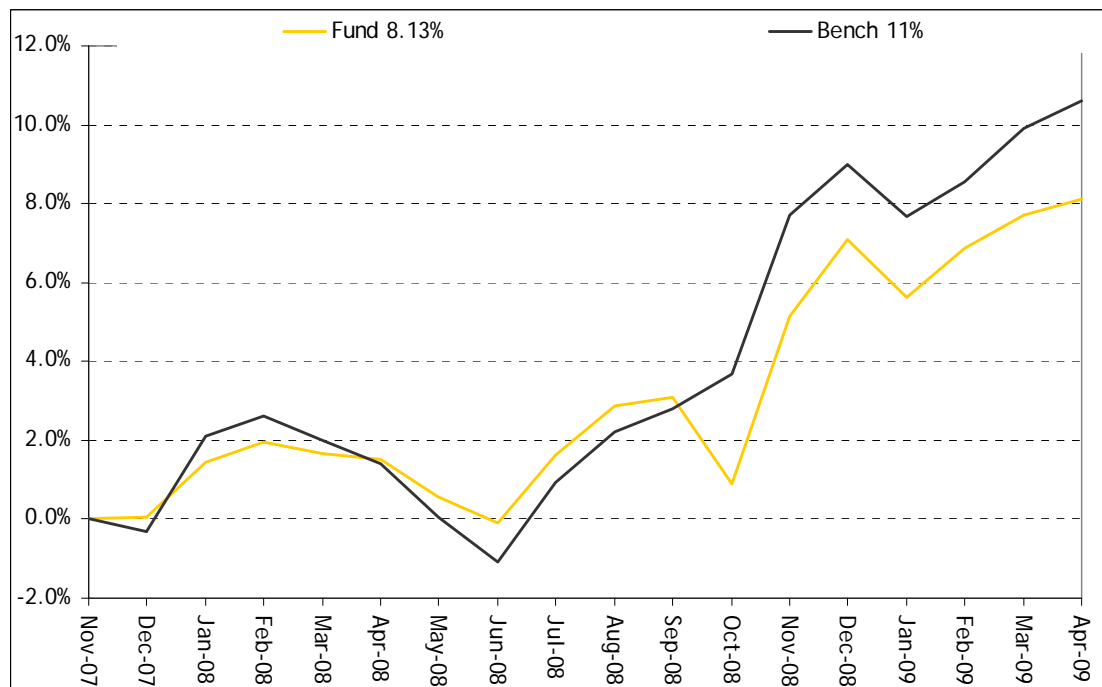


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- **Key figures & Statistics**
  - Evolution of NAV
  - Calendar year return
  - Conclusion : our strengths
- Technical details & Contact info

## Key figures & Statistics - Evolution of NAV

### Evolution of NAV



	Fund	
Launch	Dec. 2007	
NAV cap.	1081.32	€
NAV dis.	1032.59	€
Total net assets	90.2	mio €

## Key figures & Statistics - Performance

### Calendar year return

	Fund	Benchmark
2007 - 1m	0.05%	-0.33%
2008	7.04%	9.37%
2009 ytd	0.97%	1.49%
2009 Apr	0.39%	0.66%

## Key figures & Statistics - Conclusion: our strengths

*SRI  
screening*

Sustainable country selection : research conducted by our macroeconomist & validated by investment committee with independent experts

*Macro  
economic  
analysis*

Duration

Yield curve  
positioning

Country  
selection

*Bond  
selection*

Individual selection (e.g.  
linked to the liquidity)

Opportunities on the  
primary market in  
relation to the positions  
in the portfolio

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- Market outlook
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- **Technical details & Contact info**

## Technical details

ISIN code cap (B)	LU0336683502
ISIN code dis (A)	LU0336683411
ISIN code cap (F)	LU0336683767
Initial charge	Petercam : 1% Other institutions : max. 3%
Management fee	0.30%
TER 2008 (cl.F)	0.46
Custodian	Banque de Luxembourg
Valuation time	Daily
Registered for sale	Belgium, France, Luxembourg

## Contact info

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# PETERCAM

Institutional Asset Management



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