



AA+
10/2008

Product Profile

<i>Fund Name</i>	LuxTopic - Aktien Europa
<i>ISIN</i>	LU0165251116
<i>Investment universe</i>	European Equities Large Caps
<i>Benchmark</i>	100% DJ Euro Stoxx 50 Price
<i>Base Currency</i>	EUR
<i>Earnings</i>	Distribution
<i>Inception date</i>	25.06.2003
<i>Fund Volume</i>	EUR 28.10 m as 30.09.2008
<i>Management Fee</i>	0.9 % p.a.
<i>TER</i>	2.09 % p.a. (per 30.06.2007)
<i>Fund Manager</i>	DJE Kapital AG (Advisor Beer Management GmbH)
<i>Company</i>	DJE Investment S.A.
<i>Internet</i>	www.dje.de

Investor's Profile

<i>Investment horizon</i>	medium- to long-term (3–5 years)
<i>Risk classification</i>	medium (less than benchmark-oriented equity product)
<i>Return expectations</i>	fund is geared to the equity market in the long term, but with low volatility
<i>Loss Tolerance</i>	short-term losses are possible

TELOS Comment

The *LuxTopic - Aktien Europa* is managed using a well-structured investment process, based on a quantitative approach focused on the Dow Jones Euro Stoxx 50 blue chip price index. The fund management seeks to outperform the index in the long term, subject to below-average volatility, with risk-adjusted performance being given top priority.

The first stage of the investment process involves quantitative selection conducted using a technical selection model devoid of any subjective influences. Individual performance periods are weighted, thereby ranking the 50 stocks listed in the Dow Jones Euro Stoxx 50 price index. Stocks with the highest positive price momentum are selected. Stocks with negative momentum are excluded. *LuxTopic - Aktien Europa* has no specific investment style. The fund management is not benchmark-orientated. The decision on the equities to include in the fund is based on the mathematical model and the resultant ranking. No programme trading takes place and the fund management acts as the ultimate decision-maker, so fund management is active and rule-based. The second stage of the investment process is dominated by option strategies. Index put options are purchased for hedging purposes, in order to reduce market risk. This hedging strategy generates cash even in falling markets. Some of the hedging costs are

met by writing covered call options. According to the fund manager, the fund combines the advantages of an index-tracking investment with active risk management. Any price losses in falling markets are mitigated by buying put options and writing call options, with the resultant premium. At the same time, low volatility is normally achieved. Equity risk management comes principally from diversification and sector spread. The delta of options is always calculated.

Despite the small size of the team, its members offer a range of qualifications and professional experience. The fund manager *Robert Beer* has extensive expertise in the field of option strategies. Amongst other things, he has trained major banks on this topic for a number of years and has been involved in the development of the derivative software.

In the past, the fund has significantly outperformed the index, at a volatility below benchmark. The approach outperformed the index in 2007 and 2008, in particular in rising and falling equity markets. Over a continuous period of one year, the Sharpe ratio has varied significantly. However, viewed over the longer term, the ratio has been consistently positive.

LuxTopic - Aktien Europa is rated **AA+**.



AA+
10/2008

Investment Process

The *LuxTopic - Aktien Europa* is advised by *Beer Management GmbH*. The investment company and cooperation partner is DJE Investment S.A., a subsidiary of DJE Kapital AG registered in Pullach. A total of 3 staff from *Beer Management GmbH* are involved in the investment process. The fund manager and owner of the company, *Robert Beer*, is responsible for recommending investments.

The investment philosophy of *LuxTopic - Aktien Europa* is based on the fundamental concept that equities produce the highest return over the long term. *LuxTopic - Aktien Europa* invests in high net worth and high profit European blue chips, with the emphasis on high profit companies that report consistently high earnings. The fund manager is less interested in how these are valued on the stock market. The fund seeks to outperform the benchmark subject to low volatility.

The investment process is based on a technical selection system that identifies stocks with both positive and negative momentum. For this purpose, an equity portfolio is created, which is closely orientated to the composition of the Dow Jones Euro Stoxx 50 price index. Stocks with positive momentum are overweighted. In this way, the portfolio is composed of equal weightings of up to 35 stocks from the ranking. According to the fund manager, the approach may be described as a momentum strategy. The market risks arising within the portfolio are reduced during a second stage of active risk management, through

Quality Management

Fund performance is regularly compared against the benchmark and peer group results. Attribution analyses are also conducted. The portfolio composition is continuously monitored. Monitoring of adherence to investment

Team

LuxTopic - Aktien Europa has been managed by *Robert Beer* since its launch. *Robert Beer* is the owner of *Beer Management GmbH* and has been involved in the financial markets for 26 years. The three-person investment team is made up entirely of well-qualified employees, who have on average 28 years of investment experience.

the use of options. Index put options are purchased for hedging purposes, while call options on the equities in the portfolio (covered calls) are written, in order to reduce the hedging costs via the associated premium earnings. Participation in rising equity markets is sought via the use of call options. The call options are deeply out-of-the-money. The active risk management produces lower long-term volatility, and in times of crisis in particular, lower risk than the index investment.

As a rule, the entire investment process takes place within a fixed cycle. Only stocks that would be sold again at the end of the cycle are held. The level of investment in equities is consistently very high. Quite specifically, no internal limits (e.g. maximum country or sector allocation) are set. There is a model portfolio, which is managed in real-time and is continuously monitored. In addition, a number of different model portfolios are maintained for research purposes.

The risk management system applied by DJE enables comprehensive risk control and automated monitoring of the investment restrictions, and consequently helps to ensure a more efficient and better automated overall portfolio management process.

Exclusively internal research is conducted and is primarily quantitative. The fund manager's investment decisions are run through the electronic control system before being executed. The order process is methodical and virtually fully automated.

restrictions is fully automated and integrated into the order process. Broker price and execution quality is reviewed regularly.

All the investment team members have access to the technical model. *Robert Beer* has clear views regarding the desirable qualifications of prospective new employees. In addition to their basic salary, they all receive a variable bonus based on the profits of the company as a whole.



Investment Characteristics

<i>Important external factors</i>	<i>Important control factors</i>
Economic environment	Sector weighting
Sector development	Asset selection
Liquidity	Securities lending
Equity market (level)	Country allocation
Equity market (volatility)	

Product History

Monthly Returns

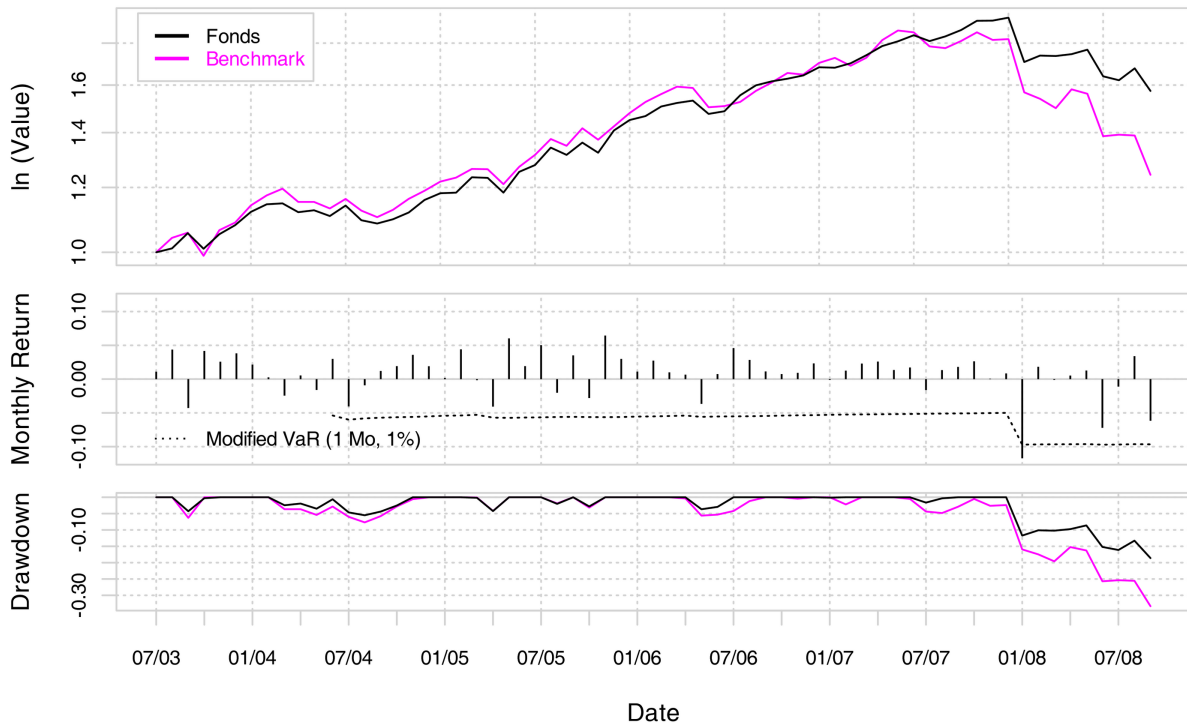
	2003	2004	2005	2006	2007	2008
Jan	-	2.1	0.2	1.1	-0.1	-11.7
Feb	-	0.3	4.4	2.7	1.3	1.8
Mar	-	-2.4	-0.2	1.0	2.3	-0.1
Apr	-	0.5	-4.1	0.7	2.6	0.5
May	-	-1.6	6.0	-3.7	1.3	1.3
Jun	-	3.0	1.9	0.7	1.7	-7.2
Jul	1.1	-4.0	5.0	4.6	-1.6	-1.1
Aug	4.4	-0.9	-2.0	2.8	1.3	3.4
Sep	-4.3	1.2	3.5	1.1	1.8	-6.2
Oct	4.2	1.9	-2.8	0.7	2.6	-
Nov	2.6	3.6	6.4	0.9	0.1	-
Dec	3.8	1.9	3.0	2.3	0.8	-
Fund	12.0	5.4	22.9	16.0	15.0	-18.6
Benchmark	14.1	6.9	21.3	15.1	6.9	-31.7

<i>Statistics per end of Sep 08</i>	<i>1 year</i>	<i>2 years</i>	<i>3 years</i>	<i>5 years</i>	<i>7 years</i>	<i>10 years</i>
<i>Performance (annualised)</i>	-15.74%	-1.34%	4.96%	9.27%	-	-
<i>Volatility (annualised)</i>	15.91%	12.21%	11.58%	10.85%	-	-
<i>Sharpe-Ratio</i>	-1.24	-0.44	0.08	0.49	-	-
<i>Best monthly result</i>	3.40%	3.40%	6.44%	6.44%	-	-
<i>Worst monthly result</i>	-11.72%	-11.72%	-11.72%	-11.72%	-	-
<i>Median of monthly results</i>	0.29%	1.09%	1.12%	1.23%	-	-
<i>Best 12-month result</i>		17.67%	23.82%	29.52%	-	-
<i>Worst 12 month result</i>		-15.74%	-15.74%	-15.74%	-	-
<i>Median of 12-month results</i>		-0.23%	14.74%	15.51%	-	-
<i>Maximum loss period</i>	9 M	9 M	9 M	9 M	-	-
<i>Maximum loss</i>	-18.62%	-18.62%	-18.62%	-18.62%	-	-

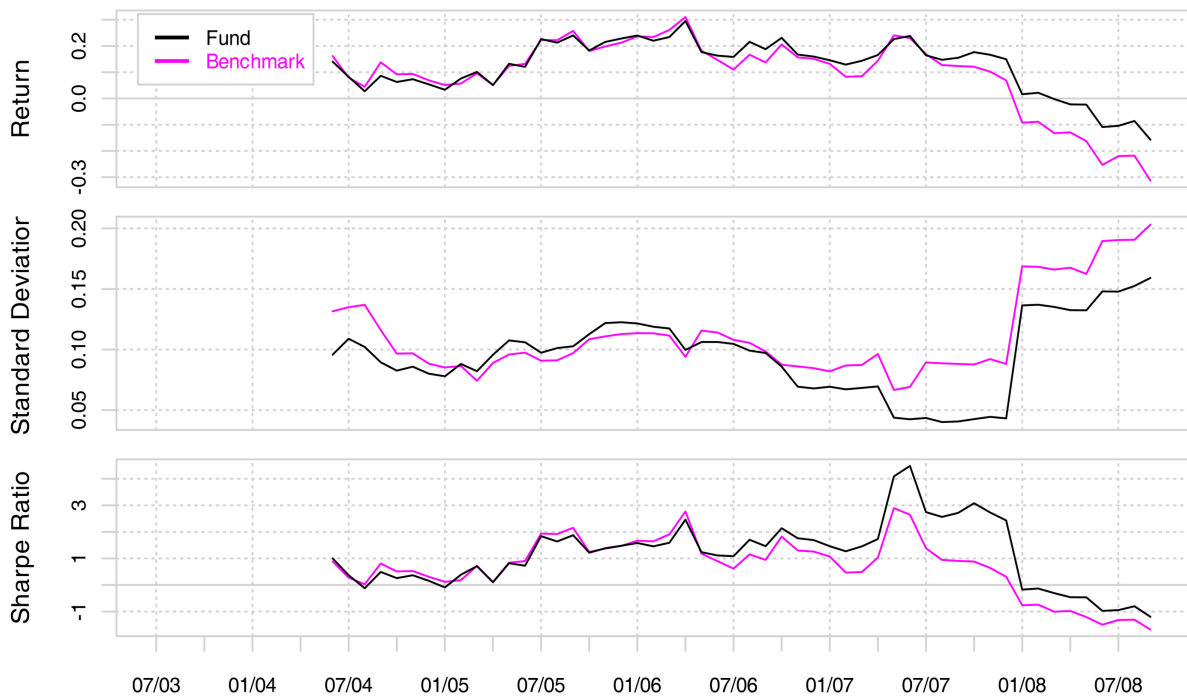
Fund vs. Benchmark (trailing 36 Months)

Jensen alpha	0.01
Beta	0.67
R^2	0.77
Annualized Alpha	0.07
Correlation	0.88
Tracking Error	0.07
Active Premium	0.09
Information Ratio	1.19
Treynor Ratio	0.01

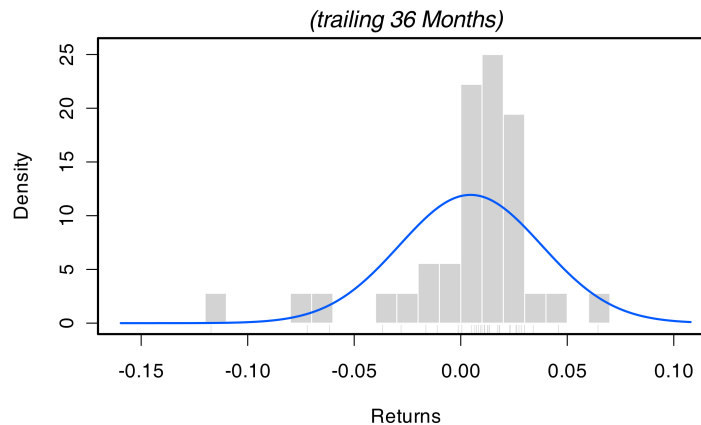
Performance



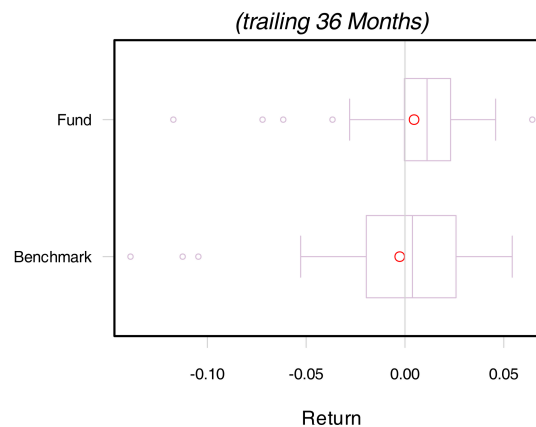
Rolling 12-Month Performance (annualised)



Histogram of monthly Returns



Boxplot of monthly Returns



Explanations

TELOS Rating Scale

- AAA The fund complies with highest quality standards
- AA The fund complies with very high quality standards
- A The fund complies with high quality standards
- N The fund does currently not comply with the TELOS quality standards
- + / - further differentiate within a rating level

The **Product Profile** contains general information on the fund, the investment firm, and the responsible fund manager.

The **Investor's Profile** enables the investor to quickly match his or her expectations with the "official" classification of the product by the investment firm.

The **TELOS Comment** section summarises the main insights of the rating and constitutes an important supplement to the rating grade. The subsequent sections contain descriptive information on the investment process, the quality management, and the responsible team.

The **Investment Characteristics** lists – from the point of view of the fund management – the most important external determinants influencing the performance of the fund, as well as the essential factors employed for its control.

The **Product History** presents – by means of graphs and tables – the development of the fund in comparison with the money market and a benchmark (where appropriate) in respect of performance and risk criteria. All calculations are based on month-end data. Fund data and benchmark data are provided by the investment firm.



AA+
10/2008

The *performance* of the fund is calculated based on re-invested prices: profit distributions are being invested in new shares of the fund immediately. Thereby, the performance of distributing and nondistributing funds is mutually comparable. This approach corresponds to the “BVI method” of performance calculation, advocated by the association of the German investment fund industry. If the fund management is guided by a *benchmark*, the performance of the latter is shown as well. Otherwise, a suitable comparative index is chosen for illustration purposes – in agreement with the investment firm.

The *Sharpe Ratio* provides information about the “excess return” of the fund with regard to a risk free financial investment – here represented by the money market – as a proportion of the total risk taken. The risk free rate used in this report is 4%, and the *volatility* is the annualised standard deviation of the monthly returns.

The *median of monthly results* is characterised by the fact that half of all monthly returns occurring in the observed period are either at least or at most as large as this value. As a result, this measure is less sensitive to “outlier results” than, for instance, the mean (average) value of monthly returns. In an analogous way, the *median of 12-month results* should be interpreted. The *longest loss period* is the number of months needed by the fund in order to recover losses by reaching or exceeding a level that had been achieved previously in the period under consideration. If this level could not be reached again, the end of the period is used. Accordingly, the *maximum loss amount* is the largest loss which the fund suffered in the period under consideration – starting from the highest value reached earlier during this period.

Jensen Alpha measures the beta-risk-adjusted (cf. beta) outperformance of the fund versus the benchmark and is calculated using monthly returns. A positive value indicates the generation of added-value by the fund's management.

Beta is a measure of the fund's market risk exposure. A Beta larger (smaller) than one indicates that the fund will be more (less) volatile than the benchmark.

R^2 is the square of the correlation coefficient (cf. correlation). It is the measure of the quality of a linear fit on the fund's vs. the market's returns. It ranges between 0 (bad fit) and 1 (good fit).

Correlation is a measure of how the fund and the market move in relation to each other. Correlation ranges between -1 and +1. The extreme values i.e. -1/+1 indicate that the fund and the market always move in lockstep, for -1 in opposite directions, for +1 in the same direction. 0 indicates there is no clear relationship.

The *tracking error* is the standard deviation of differences between fund and benchmark returns. The lower the tracking error, the more closely the portfolio follows the index.

Active Premium or excess return measures the Out/Underperformance of a fund vs. its benchmark.

The *Information Ratio* is the active Premium divided by the tracking error. The higher the information ratio, the higher the active premium of the fund, given the same level of risk.

The *Treynor Ratio* is the active premium divided by beta. The Treynor ratio is a beta-risk-adjusted measure of excess return.

All rights reserved. The current version of this report can be obtained from our website www.telos-rating.de. This rating report is based on facts and information taken from sources believed reliable, but we cannot warrant their accuracy and/or completeness. TELOS GmbH accepts no liability for any loss or damage arising from errors or matters of opinion expressed. Neither the presented figures nor the actual historical performance permit future predictions. Ratings and views presented are subject to revision and should not solely be relied upon for investment decisions. The Fund rating is no offer or recommendation or request to buy, sell or hold the product(s) being discussed in this publication. The current version of this report may be obtained from our [website](http://www.telos-rating.de).



AA+
10/2008

LuxTopic - Aktien Europa

Contact

TELOS GmbH
Kirchgasse 2
D-65185 Wiesbaden
www.telos-rating.de

Telephone : +49-611-9742-100
Fax : +49-611-9742-200
E-Mail: tfr@telos-rating.de