

Peer Group:

European Mainstream incl UK
Equities

Fund Manager/Adviser:

Thomas Kieselstein (since January 2006)

Location:

Frankfurt

Launch Date:

December 1998

Fund Size (July 2007):

€149m

Group Contact No:

+49 180 30 40 500

Website:

www.postbank.de

S&P ID Number:

GA979772

Share class screened:

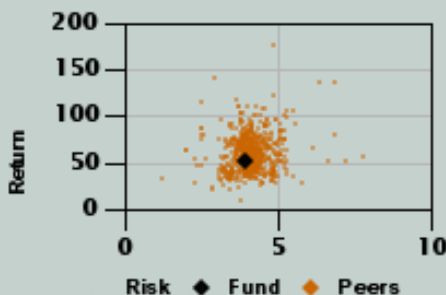
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INVESTMENT STYLE

	Value	Blend	Growth
Large-Cap			
Mid-Cap			
Small-Cap			

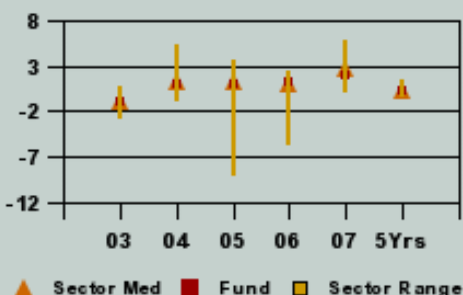
RISK RETURN (STD DEVIATION) OVER 5 YEARS



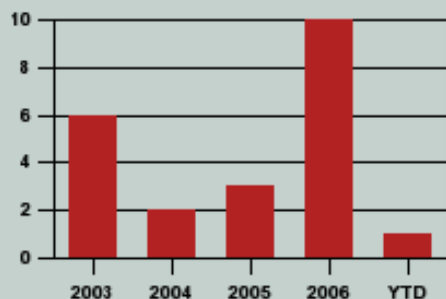
3 YEAR RISK CHARACTERISTICS

Maximum Drawdown (%)	Low	-3.9
Volatility	Medium	8.3
Correlation	High	0.9
Beta	Medium	1.0

SHARPE RATIO VS PEER GROUP



CALENDAR YEAR DECILE RANKS



Decile ranking in discrete annual periods. 1st decile shown as rank 10, 2nd decile as rank 9, etc. to 10th decile as Rank 1.

Further information on S&P's fund coverage can be found at www.funds.standardandpoors.com
Performance Data Source - © 2007 Morningstar, Inc. All Rights Reserved. All statistical data on this report has been run to 29/06/2007 on NAV to NAV basis, with gross income reinvested, in euro.

STANDARD & POOR'S OPINION (AUGUST 2007)

This European equity mandate has been run since January 2006 by Union PanAgora, a Frankfurt-based asset management company that specialises in quantitative fund management. It is run on the 'minimum risk' strategy, which aims to provide 5-10% returns annually with lower than average market volatility, unconstrained by any benchmark. This is a relatively new strategy for the group, which has a longer record on relative return products.

The equity team responsible for European strategies is led by Thomas Kieselstein, who has over 12 years' experience in quantitative fund management. Whilst portfolio construction on this fund differs from the core products, the investment methodology is identical (entirely quant-driven). The disciplined process revolves around a multi-factor stock selection model that combines value, earnings, sentiment and macroeconomic factors to forecast

excess returns for a universe of 1,500 stocks. The optimisation process then looks at stock specific correlations to minimise aggregated risks, constructing a portfolio with a lower than market beta.

Performance data is limited but a composite back record shows returns that fulfill objectives and outperformance of the reference index used for performance analysis (the Stoxx 600 Total Return index).

The team has had considerable success with its more established strategies, managing over €13bn. The firm is committed to further expansion, and whilst it intends to limit the marketing demands on Kieselstein's time, we suspect he will have a role to play there. Overall, the fund achieves an S&P A rating.

FACT FILE

Group: Deutsche Postbank Privat Investment Kapitalanlagegesellschaft mbH is the German investment management company of Deutsche Postbank AG. The company was founded in 1998 and provides investment funds for retail and institutional clients.

Team: Thomas Kieselstein's nine-strong Frankfurt team is responsible for European equity products. They share a common platform for research and strategy development with the PanAgora team in Boston.

Fund Manager: Thomas Kieselstein has 12 years' investment experience, focused on quantitative approaches to portfolio management.

Style: The model selects stocks based on four broad criteria: value, earnings, sentiment and macroeconomic factors. Constructed without regard to any benchmark, the portfolio tends to have a growth tilt.

Performance: Over the five years to 29/06/2007, the fund has returned 51.2%, compared with 58.0% for the sector median and 74.9% for the index, ranking 442/683.

FUND MANAGER & TEAM

Postbank Privat Investment appointed Union PanAgora to run this fund in January 2006. Union PanAgora is a joint venture between Union Asset Management and Boston-based quant specialists PanAgora, whose quantitative approach has been running successfully since 1985. CIO and CEO Andreas Sauer oversees the group's investment teams in Frankfurt, which comprise six fixed income portfolio managers, nine on equities and one on tactical asset allocation. They are responsible for 89 mandates and over €13bn in assets covering three broad strategies - relative return, absolute return and hedge funds. The equity team is led by Thomas Kieselstein. There is a common platform for research and strategy development shared with Boston, giving a pooled resource of more than 40 quant specialists.

Thomas Kieselstein - engineering & finance (Karlsruhe University), CFA, has focused on quantitative portfolio management since starting his career at Dresdner Bank in 1994.

PORTFOLIO CHARACTERISTICS

No. of holdings	89
Turnover ratio (%)	N/A
% in top 10	31

TOP 10 HOLDINGS (01/07/07)

	%
Enel	3.3
ENI	3.3
Koninklijke KPN NV	3.2
RWE	3.2
Solvay	3.2
Belgacom	3.1
National Grid	3.1
Snam Rete Gas	3.1
Next	2.9
Danske Bank	2.8

* In top 10 holdings a year ago

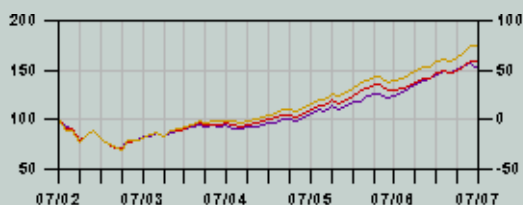
ALLOCATION BREAKDOWN (01/07/07)

	Fund %
Consumer Discretionary	11
Consumer Staples	7
Energy	6
Financials	23
Industrials	2
Materials	6
Utilities	22
Healthcare	9
Technology	-
Telecoms	14
Other	-
Cash	-

PERFORMANCE STATISTICS

	3 Years	5 Years
Fund	60.7%	51.2%
Standard & Poor's Peer Median	66.6%	58.0%
Index**	76.0%	74.9%
Fund Rank	588/871	442/683
Standard Deviation	8.3	-
Relative Standard Deviation	1.0	-
Volatility Adjusted Ranking	486/871	-

CUMULATIVE PERFORMANCE



— S&P Europe 350 EUR! — Fund
— Europe Mainstream inc UK

Ucits III permits net fund exposure to be less or greater than 100%.

DEUTSCHE POSTBANK EUROPEAN AKTIEN

Peer Group: European Mainstream incl UK Equities



MANAGEMENT STYLE

- The portfolio, constructed without reference to any benchmark, aims to provide a 5-10% total return pa over a three to five year cycle with lower than average volatility.
- The stock selection process is quant-driven. The investment universe comprises 1,500 stocks with sufficient data flow and liquidity (IPOs, emerging Europe and micro-caps are excluded). A statistical process improves data purity and standardises company accounts. The model compares stocks using 15 factors, grouped into the categories valuation, efficiency/quality, earnings estimates, sentiment and macroeconomics. A weighted linear

combination of factor returns gives a total projected return for each stock.

- An optimiser drives portfolio construction, evaluating stock correlations to maximise potential return whilst minimising volatility. Specific country weighting limits are applied to avoid regional concentration. Individual position weightings are determined by stock specific characteristics including liquidity. The resultant portfolio beta ranges from 0.5 to 0.8.
- The model and optimiser, run daily, list suggested transactions. Program trading occurs weekly, causing turnover to be around 160% pa.

PORTFOLIO REVIEW

At review, the portfolio numbered 89 holdings, with a top 10 concentration of 31%. The largest absolute individual position was ENI, at 3.3%, whilst the largest active risk position was Solvay (3.2%). Three of the top ten stocks, in terms of active risk, were Italian (SNAM, ENEL and Unipol), whilst stocks such as BP, Total and Vodafone were zero weighted.

and mega-caps. Style analysis revealed no specific tilt, although dividend yield (value) and sales/income (growth) emerged as prominent criteria. The portfolio beta, at 0.8, was slightly higher than usual but below market, and the unconstrained nature of construction was confirmed by a tracking error of 9% relative to the S&P benchmark.

The model's stock choices resulted in a specific tilt to mid caps (particularly €1bn-5bn market capitalisations) and away from large

Stock selection led to a clear underweight to financials, industrials and IT, whilst telecoms and utilities were very overweight, together comprising 36% of the fund.

PERFORMANCE ANALYSIS (JULY 2007)

Union PanAgora took the fund over in January 2006. Whilst the fund is constructed without reference to benchmark, performance data is provided not only in absolute terms but also relative to the Stoxx 600 Total Return Index. Over the first 15 months to end-March 2007, the fund returned nearly 30%, 9% in excess of benchmark (gross). However, this was wiped out by a poor Q2 and at the end of that period the fund lay 1.8% behind its own benchmark on a 12-month view. Nevertheless, the composite record shows annual outperformance of benchmark (with a

very strong 2004), fulfilling the fund's specific performance targets.

The "minimum risk" strategy, which results in a portfolio beta below that of the market, expects to outperform in bear markets but fare less well in bull markets, but there is insufficient track record to assess its actual performance over a cycle. Whilst the stock selection process is common to all mandates, this unconstrained portfolio construction strategy is newer.

DISCRETE PERFORMANCE (CALENDAR YEARS)

	2003		2004		2005		2006		YTD 29/06/2007	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	12.8	381/760	6.0	696/851	21.6	706/899	24.7	51/935	3.4	932/952
Index**	15.5		11.9		26.6		20.0		10.4	
Median	12.8		9.4		24.7		18.1		8.7	

** S&P Europe 350 EUR

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