



EuroPerformance-EDHEC European Rankings

Alpha League Table

EuroPerformance / EDHEC

Free subscription: smacaire@fininfo.fr

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France

The reference rankings in Europe

The Alpha League Table is the first European ranking of asset management firms based on an accurate measure of risk-adjusted performance.

The Alpha League Table ranks all asset management firms in the country being studied (each European country is studied in turn) on their equity management and on their ability to deliver alpha. To inaugurate its third season, the Alpha League Table looks at France. Like the earlier series, this new table will be distributed widely to asset management professionals throughout Europe

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Methodology

EuroPerformance and EDHEC have created the Alpha League Table, the first set of rankings in Europe to measure the intensity of the alpha produced by asset management firms. Industry professionals have responded with interest to this new performance measure.

Companies are ranked using the EuroPerformance-EDHEC style rating. Drawing on state-of-the-art research in finance, the style rating—with its accurate assessment of risk-adjusted performance (alpha) as well as its consideration of both performance persistence and the risk of extreme loss—makes for an accurate source of information for drawing up the rankings.

Alpha results are comparable as they are expressed in arithmetic magnitudes. The Alpha League Table ranks asset management firms on their ability to deliver positive alpha. The highest-ranking performers in the Alpha League Table are the best providers of alpha—that is, the firms offering the best combination of alpha value and frequency.



This third edition of the Alpha League Table France shows that the alpha generated by the twenty-five asset management firms in the rankings fell from 2.98% in 2006 to 2.50% in 2007. This edition confirms a drop in alpha on France funds, although compared to the other investment zones (2.43%) it is still among the highest.

HSBC Private Bank France, second in 2007, takes the top spot in 2008. The firm, which handles the private banking activities of HSBC France, has a greater frequency of funds generating outperformance than it did last year. Like those of the holder of the 2008 top spot, the results of MMA Finance, which comes in second, are synonymous with soundness

and homogeneity over time. State Street, third in these rankings and noticed for its high frequency last year, confirms yet again its good results, with higher alpha, in particular.

The Alpha League Table is also a label that allows the top twenty-five French firms to promote their investment acumen. Our ambition is for the Alpha League Table to become the standard for ranking investment management firms.

We wish you enjoyable reading.

Frédéric Picard,
CEO, EuroPerformance

Noël Amenc,
PhD, Professor of Finance,
Director of the EDHEC Risk and
Asset Management Research
Centre

	Alpha Frequency	Average Alpha
France	27.60%	2.50%
Europe	36.79%	2.55%

Source: Style Analytics - Dec 2007

Results of the top 25

Name of Company	Alpha Frequency	Average Alpha	Final Score	Ranking
HSBC PRIVATE BANK	53.26%	2.89%	1.52%	1
MMA FINANCE	50.00%	2.87%	1.43%	2
STATE STREET GLOBAL ADVISORS FRANCE SA	53.30%	2.52%	1.30%	3
ECOFI INVESTISSEMENTS	25.67%	5.77%	1.27%	4
CARMIGNAC GESTION	65.56%	1.65%	1.07%	5
COMGEST SA	40.70%	2.58%	1.05%	6
METROPOLE GESTION	17.06%	5.56%	0.96%	7
ODDO ASSET MANAGEMENT	39.84%	2.32%	0.94%	8
AXA INVESTMENT MANAGERS	37.80%	2.32%	0.83%	9
LA COMPAGNIE 1818 GESTION	22.30%	4.08%	0.82%	10
PALATINE ASSET MANAGEMENT	29.10%	2.93%	0.80%	11
NATIXIS ASSET MANAGEMENT	19.03%	4.01%	0.69%	12
BNP PARIBAS ASSET MANAGEMENT	27.11%	2.20%	0.59%	13
CREDIT AGRICOLE ASSET MANAGEMENT	30.54%	1.90%	0.59%	14
EDMOND DE ROTHSCHILD ASSET MANAGEMENT SA	30.11%	1.88%	0.58%	15
CARDIF ASSET MANAGEMENT	33.33%	1.79%	0.56%	16
MARTIN MAUREL GESTION	22.87%	2.57%	0.53%	17
FEDERIS GESTION D'ACTIFS	28.17%	1.90%	0.53%	18
AGF ASSET MANAGEMENT	23.62%	1.98%	0.48%	19
GROUPAMA ASSET MANAGEMENT	29.35%	1.58%	0.47%	20
MEESCHAERT ASSET MANAGEMENT	8.79%	5.53%	0.45%	21
ROTHSCHILD & CIE GESTION	15.63%	2.97%	0.41%	22
LA BANQUE POSTALE ASSET MANAGEMENT	31.44%	1.15%	0.37%	23
AVIVA GESTION D'ACTIFS	15.93%	2.39%	0.37%	24
SOCIETE GENERALE ASSET MANAGEMENT	14.39%	2.24%	0.32%	25

Source : Alpha League Table EuroPerformance / EDHEC France 2008

The final score "alpha intensity"

The Alpha League Table is a ranking system based on a measure of alpha intensity (performance measure that has been adjusted for the risks actually taken) for all active equity management in the selected asset management companies. The EuroPerformance-EDHEC style ratings are used to spotlight the firms that generate alpha.

The intensity of alpha is calculated every month using two indicators:

- The average alpha, which corresponds to the average of the positive alpha for the **++++** or **+++++** funds in the style ratings.

- The frequency of alpha, which is expressed by the number of funds with a strictly positive alpha (and in the style ratings) out of all the funds rated.

The final score, or alpha intensity, is the average of the 12 monthly scores. Only companies that have participated in the 12 monthly rankings are eligible for the final rankings.

Results of the top 25

In 2007, the alpha generated by the companies in these rankings is less than that of last year (2.50% vs. 2.98%). Likewise, frequency of alpha has dropped (from 27.6% to 29.8%). All the same, the top ten companies have put up fierce resistance, conceding but a moderate drop in their alpha while improving their frequency (40.5% vs. 38.1%).

The behaviour of small-cap stocks may account in part for the significant drop in average alpha on French stocks. These small-cap stocks, which in France have a large role in the production of alpha, fell over the second half of 2007, just as broad-based indices did.

This edition of the Alpha League Table once again gives pride of place—eight of the top ten spots—to asset management firms (either specialised firms affiliated with banks or independents whose capital is held by management).

As in previous editions, only the top twenty-five companies selected are presented. Our selection depends above all on the number of funds analysed and on persistent generation of alpha.

HSBC Private Bank France, second in 2007, takes the top spot in 2008. The firm, which handles the private banking activities of HSBC France, has a greater frequency of funds generating outperformance—53.2%—than it did last year. For the year, average alpha was 2.89%, for an overall score of 1.52. These excellent results are all the more meaningful in that alpha was produced over five investment categories.

Like those of the holder of the 2008 top spot, the results of **MMA Finance**, which comes in second, are synonymous with soundness and homogeneity over time. The firm, in eighth place last

year, has a score of 1.43 this year, the result of alpha of 2.87% and frequency of alpha of 50%. Frequency is higher than it was last year and overall alpha was stable. In addition, the firm's management expertise covers four distinct investment categories.

State Street, third in these rankings and noticed for its high frequency last year, confirms yet again its good results, with higher alpha, in particular (2.52% vs. 1.15%). Frequency is at 53.3% as opposed to 57.4% last year. The spectrum of funds producing alpha includes seven investment categories.

Fourth place belongs to a newcomer to our rankings. **Ecofi Investissements**, a subsidiary of **Crédit Coopératif**, obtains a score of 1.27. At 25.6% frequency contributes less to this score than it does to the scores of the top three, but the high alpha generated by a vehicle specialised in high return securities allows the firm to post an average outperformance ratio of 5.77%.

The rankings also spotlight independent asset managers, three of which are in the top ten. In 2008, **Carmignac** makes a noteworthy jump into fifth place in the rankings. The funds managed by the firm deliver returns higher than those of the universe in which they are invested more than 65% of the time, the greatest frequency of any company in the rankings. With average alpha of 1.65%, the overall score is 1.07.

Another firm with consistent results is **Comgest**, which is in sixth place this year after having taken fifth place the year before. Its score of 1.05 is the result of a frequency of 40.7% and alpha of 2.58%.

Thanks to noteworthy returns on an emerging Europe fund, **Métropole Gestion** generated average alpha of 5.56%. Uneven results over investment

categories mean an alpha frequency of 17%, the lowest frequency of the companies in the top ten. With a score of 0.96, **Métropole Gestion** takes seventh place.

Last year's winner, **ODDO Asset Management**, which experienced a greater than average fall in average alpha, is in eighth place this year. The proportion of its funds generating alpha fell as well. Average alpha was 2.34% and frequency 39.7%. The firm obtains a score of 0.94.

After **MMA Finance**, the second insurer in the rankings is **AXA Investment Managers**, in ninth place. Its range of alpha funds includes six categories of analysis. The alpha generated may be less than it was the year before (2.32% vs. 3.74%), but frequency has improved. The score of 0.83 comes from alpha of 2.32% and frequency of 37.8%.

With its particularly productive management of international investments, **La Compagnie 1818 – Gestion** rounds out the top ten. Like that of the other newcomers to the Alpha League Table, its frequency—22.3%—is low, but its 4.08% average alpha is well above that of the average of our top twenty-five.

The other insurers in the rankings are **Cardif Gestion d'Actifs** (16th), **Fédéris Gestion d'Actifs** (18th), **AGF Asset Management** (19th), **Groupama Asset Management** (20th), and **Aviva Gestion d'Actifs** (24th).

Among the banks, **Palatine Asset Management** (11th), **Natixis Asset Management** (12th), and **BNP Paribas Asset Management** (13th) are joined by three other heavyweights: **Crédit Agricole Asset Management** (14th), **La Banque Postale Asset Management** (23rd), and **Société Générale Asset Management** (25th).

Results of the top 25

Among the specialists, improved results for **Meeschaert Asset Management** (21st), as well as the arrival of **Rothschild & Cie Gestion** (22nd), are to be contrasted with falling scores for **EDRAM** (15th) and **Martin Maurel Gestion** (17th), which last year came in fourth and third respectively.

Changes in the Rankings

The newcomers to the rankings, most of them specialised firms, such as Carmignac Gestion, Métropole Gestion, and La Compagnie 1818 - Gestion, go directly to the top ten. Rothschild & Cie Gestion is twenty-second.

The Crédit Coopératif subsidiary Ecofi Investissements goes straight to 4th place. Crédit Agricole Asset Management enters the rankings this year in 14th place, as well as La Banque Postale Asset Management, which comes in at 23rd place and Société Générale Asset Management at 25th. Finally, the insurers Fédéris Gestion d'Actifs and Groupama Asset Management come in at 18th and 20th respectively.

The results for 2007 no longer allow the following companies to appear in the top twenty-five: BFT Gestion, Lazard Frères Gestion, CM CIC AM, Etoile Gestion, and Generali Finances. Financière Atlas, CCR Gestion, Halbis Capital Management, and Gestion Privée Indosuez are not ranked in the Alpha League Table 2008 because they were unable to compete over the twelve months.

The biggest jump in this year's edition was by a specialised firm that had already stood out last year for its frequency of alpha. In 2007, State Street Global Advisors, in addition to maintaining its high frequency (53.8%), improved its alpha considerably. The firm moved up sixteen places in the ranking.

By contrast, three of last year's top five firms fell in the rankings. Oddo Asset Management (- 7 places) and Edmond de Rothschild Asset Management (- 11 places) post significant drops in the persistence of alpha production. Martin Maurel Gestion falls fourteen places.

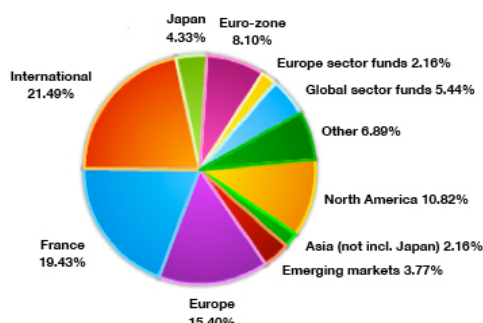
It is also possible to analyse by investment zone the alpha produced by the companies spotlighted by the Alpha League Table.

This edition confirms that the search for outperformance in the home markets of these firms has dropped off slightly, as the funds producing alpha from French securities account for only 19.4% of all funds, as opposed to 24% last year. The alpha they generate, however, although clearly lower than last year's, is still among the highest generated in any investment zone (2.34%).

Greater and greater demand for diversification, along with an expansion of offers, has driven the industry to turn towards much larger investment zones such as Europe (14.5%) and International (21.5%). In fact, good results in these zones have pushed up the average alpha of the firms at the top of our rankings.

Breakdown of four- and five-star funds by investment zone

Source: EuroPerformance - Data as of 31 December 2007



Results of the top 25

The true alpha of investment management

The Alpha League Table is based on the EuroPerformance-EDHEC style ratings, which make it possible to take into account the risks borne over three years by the funds from which average alpha and alpha frequency scores are derived. An *ex-post* statistical analysis allows the funds' true benchmark to be reconstituted by regressing their returns onto a set of indices consistent with their investment universe (the so-called return-based style analysis devised by Noble laureate William Sharpe).

Using the indices that make up the fund-specific benchmark, an unconstrained multi-index regression is carried out to extract the fund's alpha. The alpha therefore represents the additional performance obtained by the manager in comparison with the "normal" returns that correspond to the fund's exposures (beta) to each of the major risks in the equity universe: market risks and style risks (growth, value, small caps, and large caps).

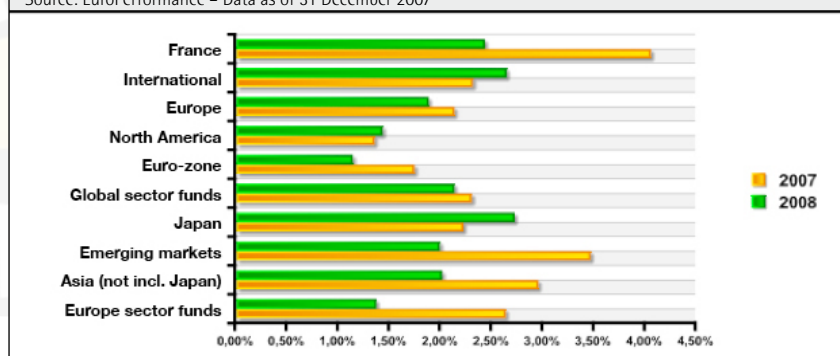
Average alpha by investment zone

In 2007 the alpha generated by French asset managers was less than in 2006. Levels of alpha dropped especially in France, but also in emerging markets, in Asia (excluding Japan), and in European sector funds.

Other investment zones, on the contrary, allowed asset managers to increase the alpha they generate. Average alpha rose for funds in International markets and in Japan.

Average Alpha by investment zone

Source: EuroPerformance - Data as of 31 December 2007



Management style of the four- and five-star investment funds by investment zone

Style-factor analysis shows that, compared to last year, there has been a clear reduction in portfolio exposure to small-cap and mid-cap stocks. These stocks, the major sources of alpha in the French, European, and euro-zone markets, likewise account for smaller shares of instruments invested in Japan.

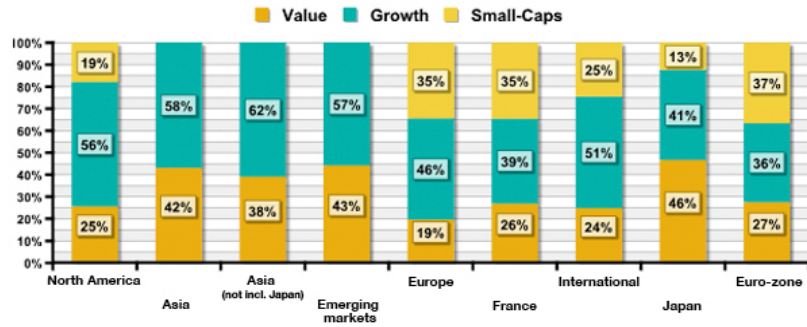
Another reason can be found in the large current falls in the stock markets, in the wake of the turbulence experienced by the shares of financial companies. As the shares of these companies make up a large share of value-type indices, 2007 has seen a tilt towards growth-style. A simple analysis of the management styles adopted since the beginning of the decade shows the significance of the change effected in 2007. Value-oriented funds and small-caps may have monopolised the top spots in

performance rankings for years, but in 2007 growth styles, driven largely by the energy and technology sectors, outperformed.

Results of the top 25

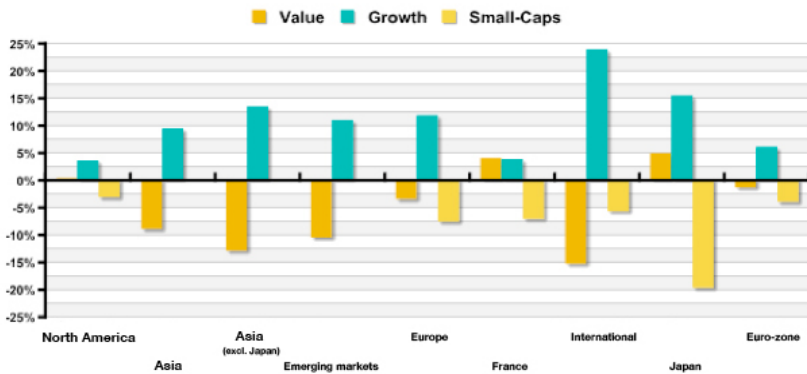
Management of 4- and 5-star funds by investment zone

Source: EuroPerformance - Data as of 31 December 2007



Delta 2006/2007 of management styles by investment zone

Source: EuroPerformance - Data as of 31 December 2007



The selected population

As of 31 December 2007, the EuroPerformance database for France included 255 accredited asset management companies (or groups of companies) operating in the equity class. They manage slightly more than 1,100 mutual funds in the equity class.

970 funds are analysed in the style ratings (85.9%).

943 funds received a score of one to five stars in the style ratings (83.5%).

Our sample covers nearly 80% of asset management in the equity class in France, coverage that, together with our methodology, provides the Alpha League Table with the representativity and robustness required of a leading rankings system.

Interview

HSBC Private Bank France

Jean-Michel Starck

Deputy Director
Investment Manager



HSBC Private Bank 

What are your strategic orientations?

What strategic orientations do you favour in your choice of stocks?

For investments in equities we combine a sector approach after macro strategic analysis by Louvre Gestion and stock picking based on strong convictions. For multi-management we pick managers or UCITS rather than stocks. We seek management by type, which by nature makes for greater than average active bets. Methodical assembly then allows alpha generation of greater regularity.

Are these strategic orientations characteristic of investment management in your firm?

Equity investment and multi-management operate within a framework defined by an investment committee that also oversees fixed-income management. The goal of this committee is to create a common strategic view, and it makes it possible to share perspectives and experience.

Do your orientations correspond to a source of alpha that you favour?

In equity investment, Louvre Gestion's expertise is in France and Europe, including the emerging European economies, and in mid caps and large caps. In multi-management, we try to identify perennial sources of performance in the funds we pick. To that end, it is indispensable to spot competitive advantages and to distinguish skill from luck.

Do you have rules for sector, capitalisation, or style exposure?

The traditional value/growth dichotomy has seemed less obvious to us of late, but each fund has a well defined style, and the range includes some thematic funds as well: emerging Europe funds, defensive funds, sustainable growth funds, insurance, and so on. Multi-management oversees exposure to sectors, market capitalisations, and styles. We prefer taking several active positions of moderate size to concentrating risks in a limited number of risk factors. This method improves our information ratio.

Is your investment management more bottom-up or top-down?

For equity investments, it is more bottom-up, with stress on fundamental analysis and knowledge of the companies. Multi-management combines a bottom-up (the picking of managers) and top-down approach.

What techniques do you use to generate alpha?

Do you do stock picking?

It is the method of choice and the expertise of our equities management. We meet many companies over the year, and we rely on strong fundamental convictions when getting in or getting out. Multi-management doesn't involve stock picking. That is the dominion of the fund managers we pick. So multi-management involves fund picking.

Do you attempt to profit from market momentum?

Momentum figures in our decisions. But all the same it is important never to lose sight of the pricing dimension.

Interview

Do you practice tactical allocation?

Not so much for investment in equities: management is free and decorrelated, and as far as possible unconstrained by the short term. Multi-management allocates tactically, largely through futures. Over the course of the day this makes it possible to take initiatives that funds wouldn't authorise and it modifies our exposure without affecting the managers we have picked for our portfolios.

How do you measure and manage the risks of your portfolios?

Do you use specific techniques?

Equity investment management is gradually putting into place investment tracking tools: scoring, portfolio risk analysis. Multi-management looks at exposures to identified risk factors. It is worth noting that the relative influence of the risk factors changes over time. Sector and style factors used to be preponderant. In the last few years, the importance of the style factor has decreased, while that of the market capitalisation factor has increased.

Do you track the potential extreme losses of your portfolios?

Yes, we use the Cornish-Fisher expansion to calculate VaR.

Do you use specific techniques such as limiting the number of positions in your portfolio to manage your risks?

For equity investments, the number of positions varies between 40 and 120 from portfolio to portfolio. Multi-management attempts to concentrate its portfolios around its main convictions. We avoid distributing portfolios to an excessive number of managers.



EuroPerformance Analysis

HSBC PRIVATE BANK FRANCE

HSBC Private Bank France is the trade name for the private wealth management business of the French subsidiary of HSBC, which is involved in the sector on a worldwide scale. HSBC has 6,500 employees and is present in 37 countries; as of 30 June 2007 it had US \$442 billion of assets under management.

Its local asset management subsidiary takes the top spot in the 2008 Alpha League Table France with a score of 1.52. This score is accounted for in part by average alpha, which comes to 2.89%, and in part by the share of its funds that generate alpha. This "frequency" of alpha comes to 53% for HSBC Private Bank. This firm manages twelve alpha-generating funds in five fund categories, including International, North America, Europe, and France, as well as some themed funds.

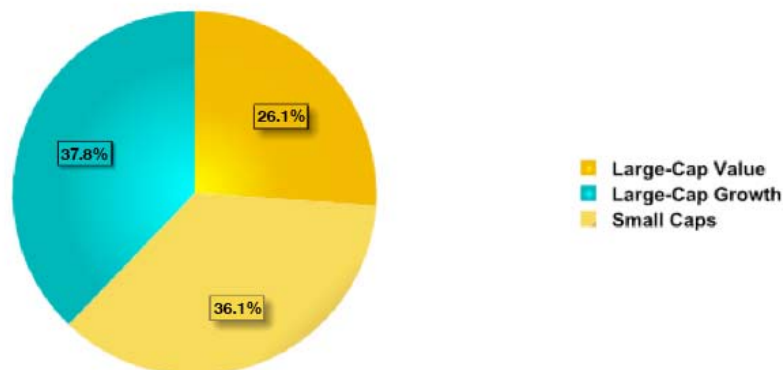
We have chosen to present the OPA Monde fund, an international fund created in June 1998. The aim of the fund, which invests in companies that are likely to undergo reorganisations or are likely targets for takeovers, is to outperform the MSCI World index over a horizon of five years.

The EuroPerformance-EDHEC analysis makes it possible to compare the fund and a reconstituted benchmark. We did a return-based style analysis (Sharpe 1992) of the last 156 weekly returns of the fund and of the associated indices. As the fund was potentially invested anywhere in the world, we used broad-based indices covering this investment universe. Analysis of the last three years shows exposure to growth stocks (37.8%), to small-cap stocks (36.1%), and to value

stocks (26.1%), which sets the fund apart from its benchmark, as the MSCI World, by design, has an extremely stable 50/50 split between exposures to growth and value and has no exposure whatsoever to small caps.

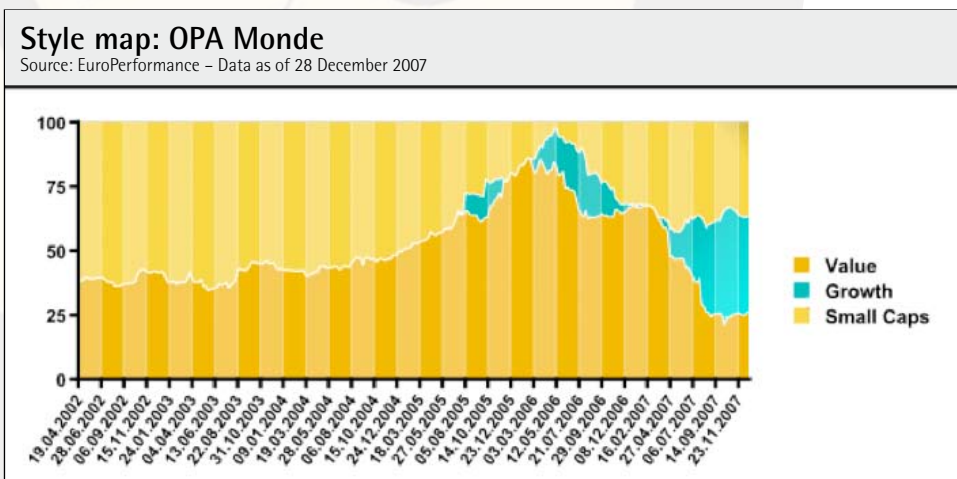
Exposure to style factors: OPA Monde

Source: EuroPerformance - Data as of 31 December 2007

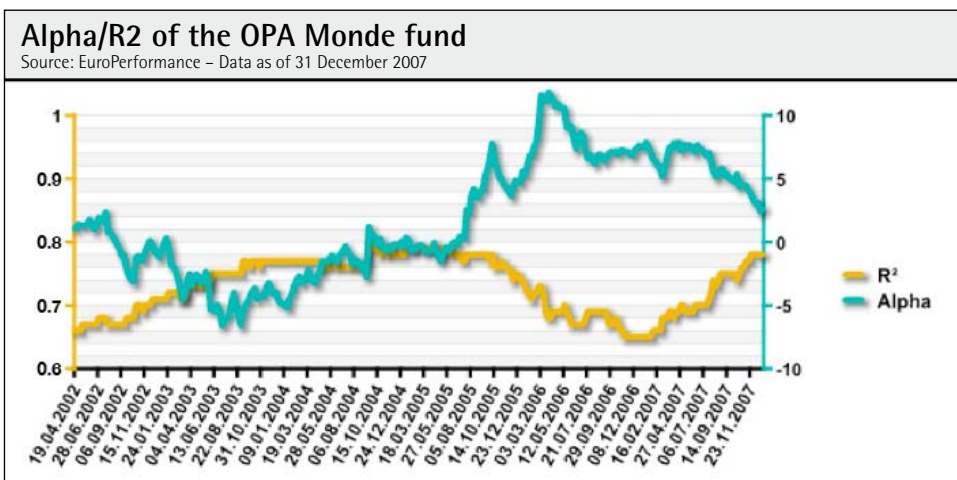


EuroPerformance Analysis

Analysis over a long period shows exposure to small- and mid-cap stocks greater than 50% before a shift to value. Since the first half of 2007, the figures speak for a shift in exposure from value to growth.



Average alpha of 2.61%, generated recurrently, allows the manager to post annualised performance of 11.38% over three years, as opposed to 10.05% for the reconstituted benchmark. The coefficient of determination of the multi-factor regression comes to 78% and thus indicates the stability of the fund's style.



EuroPerformance Analysis

The outperformance generated by OPA Monde is not the result of comparatively excessive risk-taking. The volatility of the fund, measured at 11.43%, is slightly less than that of its style benchmark (11.69%). Volatility alone, however, is not a full measure of portfolio risks. For this reason, the analysis also takes into account extreme risk. At a threshold of 99%, Value-at-Risk on the weekly returns shows a potential loss of 4.41% (4.22% for the benchmark).

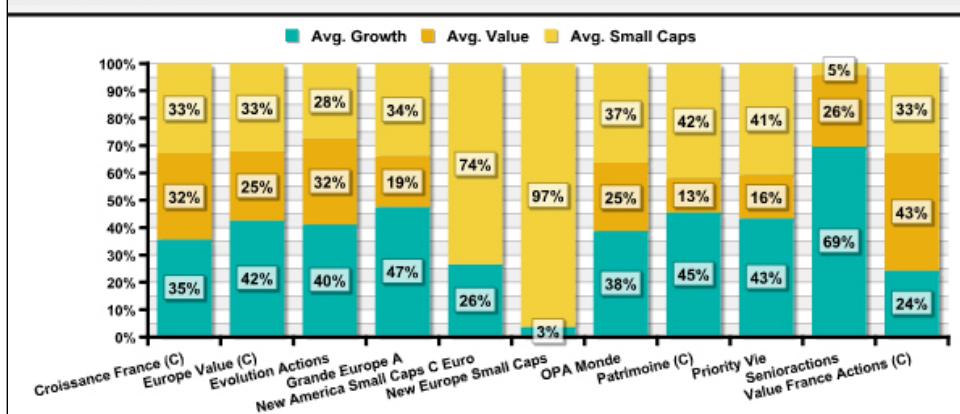
With measurements of alpha and of risks taken, we turn to the regularity and persistence of the fund's outperformance. Persistence is measured using a gain frequency on weekly returns. Over the last three years, this frequency is 50.64%. In other words, over the last 156 weeks, the fund outperformed its benchmark one week out of two. Persistence is a measure of the manager's ability to come up with excess returns week after week. The idea is to detect any

correlation between the excess returns of week t and those of week t-1. The Hurst coefficient is used to measure this serial correlation. For OPA Monde, the value of this coefficient is 61. It is our view that any value greater than 50 is an indication of momentum and persistence.

With these excellent results, OPA Monde earns **++++**.

Style management of HSBC Private Bank France funds

Source: EuroPerformance - Data as of 31 December 2007



Alpha League Table methodology

Methodology

For the first time in Europe, a ranking methodology provides a clear distinction between the talent behind the active management (alpha) and the other elements of performance that are linked to the market (beta).

The Alpha League Table, which is compiled using the Style Rating developed by EuroPerformance and EDHEC, with scores of **++++** and **+++++**, is the first European ranking system that rewards asset management companies on the basis of their capacity to generate alpha from their equity funds.

Alpha at the heart of management evaluation

At a time when passive management is growing considerably, it appears essential for the asset management industry and investors to be able to identify those talented active managers who are capable of providing their clients with an outperformance (alpha) that extends beyond the returns naturally generated by a fund's long-term exposure to market risks and different investment styles (beta).

When calculating alpha – the outperformance obtained by the asset managers above and beyond the "normal" returns achieved through exposure to market risks and investment styles – one must presume that a fund's risk exposure (beta) is determined precisely. The benchmark representing the risks actually taken by an asset manager is determined by analysing the fund's returns using a Return-Based Style Analysis, the method developed by Nobel Prize winner William Sharpe¹.

Presentation of the Alpha League Table

The Alpha League Table provides a ranking of the best asset management companies in Europe on a quarterly basis. The table focuses each year on four European zones in particular: France, Italy and Spain, Switzerland and finally, the UK. This year's tables will again be divided up into four quarters.

The ranking is designed using a score based on the alpha intensity of each asset management company.



The Alpha League Table score: alpha intensity

The objective of the Alpha League Table is to allow asset management firms to be ranked according to their capacity to generate alpha frequently: alpha intensity.

Alpha intensity is the product of two indicators calculated using information from the Europerformance-EDHEC Style Rating:

- The alpha frequency in the investment product range, which is determined according to the number of funds with strictly positive alpha (**++++** or **+++++** in the Style Rating) out of all of a given company's rated funds;

- The average alpha, which corresponds to the average percentage of alpha of the funds with strictly positive alpha (**++++** or **+++++** in the Style Rating).

The Alpha League Table alpha intensity score is the product of the alpha frequency and average alpha figures.

Example:

If company X has an alpha frequency score of 30%, i.e., 3 funds out of 10 have received a score of **++++** or **+++++**, and an average alpha (>0) score of 4%, then its final rating will be: $4\% \times 0.30 = 1.2\%$.

Similarly, if the company has a frequency figure of 50% and average alpha of 3%, its final score will be: $3\% \times 0.50 = 1.5\%$.

Winners' circle

Each month, a ranking on the basis of this final score is established. Only those companies that have participated in the 12 monthly rankings are included in the annual one.

This year, the relevant calculations cover the period from January to December 2007.

In the final winners' circle, the companies are ranked according to the average of their 12 monthly scores.

Asset management firms included in the Alpha League Table

The companies included in the ranking must meet two criteria:

- Eligibility in the market under analysis
- All officially recognised asset management companies in the relevant zone are eligible for the Alpha League Table.

1 - "Asset Allocation: Management Style and Performance Measurement", W.F. Sharpe, *Journal of Portfolio Management*, Vol 18, winter 1992, pp. 7-19.

Alpha League Table methodology

This year, foreign companies with no commercial activity are excluded. However, all managed and marketed funds in officially recognised companies are included, regardless of the fund's country of domicile. When a company delegates the management of a fund to another company, the fund is considered as part of the secondary company for the purposes of the ranking.

- **Statistics criteria**

Because the table represents an assessment based on a company's equity product range, only companies for whom at least 2/3 of this range has been analysed under the EuroPerformance-EDHEC Style Rating are included.

Companies that meet the above criteria must have at least 6 rated funds under the EuroPerformance-EDHEC Style Rating in order to qualify for the Alpha League Table. These must be divided into a minimum of four categories of analysis.

Funds included in the final score

Equity funds are eligible for the Alpha League Table, on condition that they have been included in the EuroPerformance database and have been rated under the Style Rating, the scoring system developed by EuroPerformance and EDHEC. For this to be the case, they must have been in existence for at least three years, must have provided returns for the full calculation period (156 weeks) with no more than two failures to do so, and must not belong to any of the following categories:

- Gold and raw materials
- Real estate
- ETFs and all index-managed mutual funds

Style Rating

The EuroPerformance-EDHEC Style Rating is based on three criteria:

- Risk-adjusted performance (alpha)
- Potential for extreme loss (Value-at-Risk)
- Performance persistence

This scoring system incorporates the most advanced technical and conceptual research. It measures the quality of active management and then awards a score of **+** to **+++++**.

The **+** and **++** categories contain funds that on average do not outperform their management objectives. The **+++** category represents funds whose performance is close to the returns achieved on the market in which they invest. **++++** or **+++++** are awarded to funds that generate outperformance for the period under analysis. This is the product of management decisions: stock picking and/or market timing. Some of these high-performance funds offer significant gain frequency, indicating persistent outperformance. They are awarded the maximum score of **+++++** or **+++++h**, where the "h" symbolises the regularity with which they appear in the excess returns category.

EuroPerformance & EDHEC

The philosophy of the EDHEC Risk and Asset Management Research Centre is that research should be useful for business.

On the basis of research work relating to performance measurement and mutual fund ratings, and having observed the inadequacies of the existing ratings systems, EDHEC began to collaborate with EuroPerformance in 2002.


Combining the state of the art in financial research and business know-how, EuroPerformance and EDHEC developed a European fund rating method based on Alpha, the EuroPerformance-EDHEC Style Rating, a genuine analytical referential database whose calculations are used as a basis for the Alpha League Table.



EDHEC is one of the leading French and European business schools. It ranked 12th in the Financial Times Masters in Management rankings in 2007. The EDHEC Risk and Asset Management Research Centre, with its 34 professors, engineers and research associates, is the leading European research centre in asset management.



EuroPerformance is a fund analysis company. Specialised in data collection, EuroPerformance has developed tools with considerable value-added in the areas of performance and risk analysis through a broad referential database of European funds. EuroPerformance's professional vocation is collecting, checking, classifying, extracting and broadcasting data for investors, asset management companies, investment advisors and press. This activity is completed by providing reporting tools, such as software solutions.



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All the calculations in the Alpha League Table rankings are drawn from "Style Analytics", a tool for measuring alpha and, more generally, the performance and risks of European funds. **www.styleanalytics.com: get connected!**

EuroPerformance:

Mrs Muriel Morvan, Head of Sales, EuroPerformance

mmorvan@fininfo.fr

Tel: +33 (0)1 53 00 01 32 - Fax: +33 (0)1 53 00 04 47

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