



EuroPerformance-EDHEC European Rankings

Alpha League Table

EuroPerformance/EDHEC

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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, which is applied in turn to each European country and then followed by an overall rankings list, evaluates all asset management firms in the country being studied in terms of their Equity Management and their ability to deliver Alpha. For the beginning of its second season, the Alpha League Table focuses on France. Like the earlier series, this new table will be distributed widely to asset management professionals throughout Europe.

Summary

p1
The reference rankings in Europe

p2
Results of the top 25

p3
Independent companies dominate the ALT

p8
Interview: ODDO Mr Pruvost & Mr Bert

p11-13
EuroPerformance Analysis ODDO Asset Management

p14-15
Alpha League Table Methodology

As an absolute arithmetic magnitude that does not depend on any category, alpha levels are easily comparable. This quality has enabled us to create the first European ranking for asset management companies based on the intensity of alpha: the Alpha League Table. Following our initial series, which focused on France, Italy, Spain, Switzerland and the UK, we are now launching the 2007 season with a presentation of asset management in France.

The Alpha League Table, which is based on the capacity of asset management companies to generate outperformance on their equity funds, was welcomed by financial professionals across Europe. The emphasis on alpha is important for the asset management industry. While passive management is seeing its market share increase each year, it is becoming more and more difficult to promote active management under the current rankings. A study published by EDHEC¹ shows that almost all existing ranking tables fail to measure the alpha of the funds being ranked. This reality, although surprising when one considers the popularity of the Greek character, both in the academic literature and in the industry itself, has a number of causes.

Traditional rankings usually attribute scores to funds by comparing them against indices or average performances

according to a particular class. Such indices or classes do not reflect the risks taken by asset managers and cannot therefore determine the funds' benchmarks, which in turn means they are unable to calculate the associated alpha.

It is in response to this major inadequacy that the EuroPerformance-EDHEC Style Rating places alpha at the heart of its scoring methodology.



The Alpha League Table compares asset management companies on the basis of their capacity to deliver positive alphas. The table's leading companies are the best providers of alpha, i.e., those that offer a good compromise between the value and frequency of the alphas produced.

This second ranking for France reveals considerable stability in the production of alpha, with 17 of the 25 ranked companies appearing for the second time. This confirms that the alpha being produced is the result of

a management process that is more to do with the talent of the asset managers than with the configuration of the markets. The top spot goes to a non-specialist, ODDO Asset Management, with second place taken by a subsidiary of the HSBC Group, HSBC Private Bank France. The third podium position goes to Martin Maurel Gestion, an asset management branch of Banque Martin Maurel, a specialist in wealth management. An analysis of the results shows that alpha remains the domain of the specialists, even in the major French networks, where it is the specialist subsidiaries that reveal the greatest capacity to generate alpha.

The Alpha League Table also serves as a label that enables the 25 companies ranked to promote their expertise.

It is our ambition that this analysis will become the primary reference in the ranking of asset management companies.

Wishing you a pleasant read,

Frédéric Picard,
CEO, EuroPerformance (Fininfo Group)
Noël Amenc,
PhD, Professor of Finance, Director of the EDHEC Risk and Asset Management Research Centre

	Alpha Frequency	Average Alpha
France	29.9%	3.0%
Europe	35.6%	2.6%

Source: Style Analytics – data as of 31 December 2006

1 - "Rating the Ratings", N. Amenc and V. Le Sourd, EDHEC Risk and Asset Management Research Centre, 2005.

Results of the top 25

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. All companies approved by the regulatory authorities in the relevant zone are eligible. To be considered in the rankings, at least 2/3 of the company's investment product range must be analysed. There must be at least six equity funds analysed by the EuroPerformance-EDHEC Style Rating. These are divided into at least four different categories of analysis.

The alpha intensity is calculated every month using two indicators:

- The **average alpha**, which corresponds to the average of the positive alphas for the 4 or 5 star funds in the Style Ratings.
- The **frequency of alpha**, which is expressed by the number of funds with a strictly positive alpha (4 and 5 stars 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 retained for the final rankings.

Name of Company	Alpha Frequency	Average Alpha	Final Score	Ranking
ODDO ASSET MANAGEMENT	51.4%	3.2%	1.6%	1
HSBC PRIVATE BANK FRANCE	41.7%	3.4%	1.4%	2
MARTIN MAUREL GESTION	28.3%	4.6%	1.4%	3
EDMOND DE ROTHSCHILD ASSET MANAGEMENT SA	47.3%	2.7%	1.3%	4
COMGEST SA	43.6%	3.0%	1.3%	5
PALATINE ASSET MANAGEMENT	30.7%	4.4%	1.3%	6
FINANCIERE ATLAS	30.3%	5.1%	1.2%	7
MMA FINANCE	44.5%	2.8%	1.2%	8
AXA INVESTMENT MANAGERS	32.8%	3.7%	1.2%	9
CCR GESTION	34.6%	3.2%	1.2%	10
HALBIS CAPITAL MANAGEMENT (FRANCE)	13.6%	8.7%	1.1%	11
BFT GESTION SA	27.1%	4.1%	1.1%	12
AVIVA GESTION D'ACTIFS	31.5%	2.9%	0.9%	13
CM CIC ASSET MANAGEMENT	34.7%	2.5%	0.9%	14
CARDIF GESTION D'ACTIFS	42.1%	2.1%	0.9%	15
BNP PARIBAS ASSET MANAGEMENT	33.4%	2.4%	0.8%	16
IXIS ASSET MANAGEMENT	22.0%	3.5%	0.8%	17
NATEXIS ASSET MANAGEMENT	20.6%	3.5%	0.7%	18
STATE STREET GLOBAL ADVISORS FRANCE SA	57.5%	1.2%	0.7%	19
ETOILE GESTION	25.3%	2.7%	0.7%	20
LAZARD FRERES GESTION	34.2%	1.8%	0.6%	21
AGF ASSET MANAGEMENT	20.6%	2.9%	0.6%	22
MEESCHAERT ASSET MANAGEMENT	15.6%	2.7%	0.5%	23
GENERALI FINANCES	16.7%	4.5%	0.5%	24
GESTION PRIVEE INDOSUEZ	19.3%	2.5%	0.5%	25

Independent companies dominate the Alpha League Table

Fifty companies were considered for the second Alpha League Table in France². Only the top 25 were selected, based on the number of funds analysed and the regularity with which alpha is created.

ODDO Asset Management takes the top spot with an alpha frequency rate of 51.4% and average alpha of 3.2%, making a final rating of 1.6. The company is a fully-owned subsidiary of the group ODDO & Cie. It is the largest independent financial company in France, offering services on the capital markets, consultancy services (to issuing companies and family-owned companies in particular) and asset management and private wealth management services to institutional investors and companies.

Second place goes to **HSBC Private Bank France**, the entity that covers the private banking activities of HSBC France. With a frequency of 41.7% and average alpha of 4.6%, HSBC Private Bank France received a final rating of 1.4.

Martin Maurel Gestion finished in third place. This subsidiary of Banque Martin Maurel specialises in wealth management. Its alpha frequency is just above 28%, with an average figure of 4.6%, leaving the final rating at 1.4.

Most of the top ten places are awarded to independent companies. The various asset management companies divide up the lion's share with more than six of them receiving an honourable mention. **EDRAM**, an asset management subsidiary of Compagnie Financière Edmond de Rothschild, takes fourth place with an alpha frequency of 47.3% and average alpha of 2.7%. The portfolio management company **Comgest** is ranked fifth with a frequency figure of 43.6% and average alpha of 3%.

Behind Banque Martin Maurel, the second wealth management bank in these rankings is Banque Palatine, whose asset management branch, **Palatine Asset Management**, ensures its place in the top 10. Banque Palatine, which is a subsidiary of the Caisse d'Épargne group and the Italian Sanpaolo IMI group, takes sixth place with an alpha frequency figure of 30.7% and average alpha of 4.4%.

The insurance sector is represented in the top ten by **MMA Finance** and **AXA Investment Managers**, 8th and 9th respectively, while **Financière Atlas** and **CCR Gestion** take the 7th and 10th positions.

The lower half of the table is partly occupied by banking networks, with HSBC France – through its asset management firm **Halbis Capital Management (France)** – in 11th place, CIC (**CM-CIC AM**), which, like last year, holds the top spot among the French networks just ahead of **BNP Paribas Asset Management** (16th), **IXIS Asset Management** (17th) and **Natexis Asset Management** (18th), which is a subsidiary of Natixis, the leading French asset management company.

For the whole of the equities market, the proportion of funds that deliver significant alpha is around 30%. This frequency measure provides investors with the probability that a fund will deliver a performance that is superior to the remuneration that might be normally expected from the risks to which the portfolio is exposed. In this context, the result produced by **State Street Global Advisors (France)**, with an alpha frequency of 57.5%, is particularly remarkable. A special mention is awarded to this company for showing the highest level of frequency on the market and in this particular ranking. With an average alpha rate of 1.2%, State Street receives a score of 0.7 and is ranked 19th overall.

Two asset management companies are also present in the second half of the table: **Lazard Frères Gestion** (21st) and **Meeschaert Asset Management** (23rd).

It is also worth noting the strong presence of certain insurance companies: **Aviva Gestion d'Actifs** (13th), **Cardif Gestion d'Actifs** (15th), **AGF Asset Management** (22nd) and **Generali Finances** (24th).

Following on from BNP and CIC, the major French networks are represented through their specialist subsidiaries, such as **BFT Gestion** (12th) or **Gestion Privée Indosuez** (25th) for Crédit Agricole. **Etoile Gestion** (20th), a Crédit du Nord subsidiary, represents Société Générale.

In broader terms – and this comes as no surprise – the ranking includes a majority of asset management firms from the leading French and European networks (7 networks + 3 specialists). Independent companies or firms belonging to private banks took a total of 9 places, while insurance companies are also present with six honourable mentions.

The table shows that without a doubt alpha in France remains the domain of the specialists, even in groups, where it is the specialist branches that achieve considerable outperformance on a regular basis.

2 - Only companies that have had more than 2/3 of the funds in their product range analysed and which have been ranked by the EuroPerformance-EDHEC Style Rating are eligible for the Alpha League Table. Furthermore, they must have a minimum of six funds that cover at least four categories of analysis (see methodology on page 15).

Independent companies dominate the Alpha League Table

Stability of the ranking

17 of the 25 companies selected according to the quality of their active management were already present in the previous ranking. The new entrants are: ODDO, which takes first place; COMGEST in the 5th spot; BFT; CCR Gestion; and Meeschaert. Three insurance companies make it into the top 25: MMA Gestion, Cardif Gestion and AGF.

Developments in the ranking methods used have proved fatal for three companies: Financière de l'Echiquier (less than 55% of funds analysed – 66% required); Fortis France (present in only three categories) and Compagnie 1818 (less than six funds analysed). The other companies not to have made it into this year's ranking posted results in 2006 that no longer enable them to reach the top 25: SINOPIA, OFI, CPR Gestion, Federis Gestion and Groupama Asset Management.

The strongest progression was made by Banque Palatine (+16 places) and HSBC Private Bank France (+15 places). AXA and BNP gain 4 places, followed by Martin Maurel and Lazard Frères Gestion, with a gain of 3 places each. The upper ranks of the table show stability, with 4th place being held by Compagnie Financière Edmond de Rothschild. In contrast, State Street, Generali and Gestion Privée Indosuez fell by ten places in this year's ranking.

Although HSBC has maintained its strong presence in the table, it is CIC that occupies the first place among the French networks. AXA has preserved its rank as best-placed insurance company and, finally, in terms of the larger networks, BNP has managed to overtake the Natixis group (IXIS Asset Management and Natexis Asset Management).

Alpha League Table France: Comparative Rankings 2006/2007

Name of Company	2007	2006	Gain/loss
ODDO ASSET MANAGEMENT	1	-	-
HSBC PRIVATE BANK FRANCE	2	17	15
MARTIN MAUREL GESTION	3	6	3
EDMOND DE ROTHSCHILD ASSET MANAGEMENT SA	4	4	=
COMGEST SA	5	-	-
PALATINE ASSET MANAGEMENT	6	22	16
FINANCIERE ATLAS	7	5	-2
MMA FINANCE	8	-	-
AXA INVESTMENT MANAGERS	9	13	4
CCR GESTION	10	-	-
HALBIS CAPITAL MANAGEMENT (FRANCE)	11	8	-3
BFT GESTION SA	12	-	-
AVIVA GESTION D'ACTIFS	13	9	-4
CM CIC ASSET MANAGEMENT	14	11	-3
CARDIF GESTION D'ACTIFS	15	-	-
BNP PARIBAS ASSET MANAGEMENT	16	20	4
IXIS ASSET MANAGEMENT	17	14	-3
NATEXIS ASSET MANAGEMENT	18	18	=
STATE STREET GLOBAL ADVISORS FRANCE SA	19	7	-12
ETOILE GESTION	20	12	-8
LAZARD FRERES GESTION	21	24	3
AGF ASSET MANAGEMENT	22	-	-
MEESCHAERT ASSET MANAGEMENT	23	-	-
GENERALI FINANCES	24	10	-14
GESTION PRIVEE INDOSUEZ	25	15	-10

Source: EuroPerformance-EDHEC Alpha League Table

Independent companies dominate the Alpha League Table

The true Alpha of investment management

The Alpha League Table is based on the EuroPerformance-EDHEC Style Rating methodology, which enables the risks to which the funds have been exposed over a period of three years to be taken into account for each of the funds included in the asset management companies' average alpha and alpha frequency scores.

An ex-post statistical analysis allows the funds' true benchmark to be reconstituted by regressing their returns onto a set of indices that is consistent with their investment universe (Return-Based Style Analysis method promoted by the Nobel Prize winner William Sharpe).

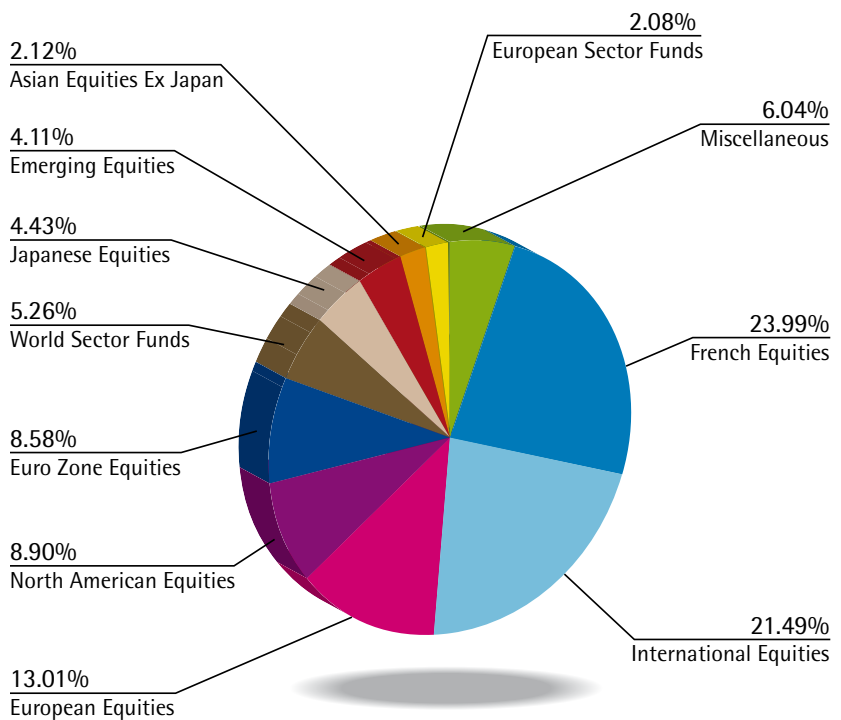
Using the indices that make up the fund-specific benchmark, an unconstrained multi-index regression is carried out to extract the fund's alpha. The alpha therefore represents the additional performance obtained by the manager in comparison with the "normal" returns that correspond to the fund's exposures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

Another way of understanding this ranking is to analyse the alpha produced by the Alpha League companies according to investment zones.

The French Equities class tops the table with almost 24% of funds generating alpha. This is followed by International Equities (21%), European Equities (13%) and North American Equities (9%). In comparison to the previous Alpha League Table, these figures represent a drop-off in the French Equities class (24% as against 46% in 2006) and a concordant and significant rise in international and

European investment. These changes would have been even greater if the geographical dimension of the sector funds had been taken into account. The requirement for companies to be present in at least four categories no doubt contributes to the diversification of the geographical zones represented, but also tends to limit the concentration of investment in French equities. However, the stability among the leading companies in the 2007 table also shows that outperformance was sought through an increased focus on the world markets.

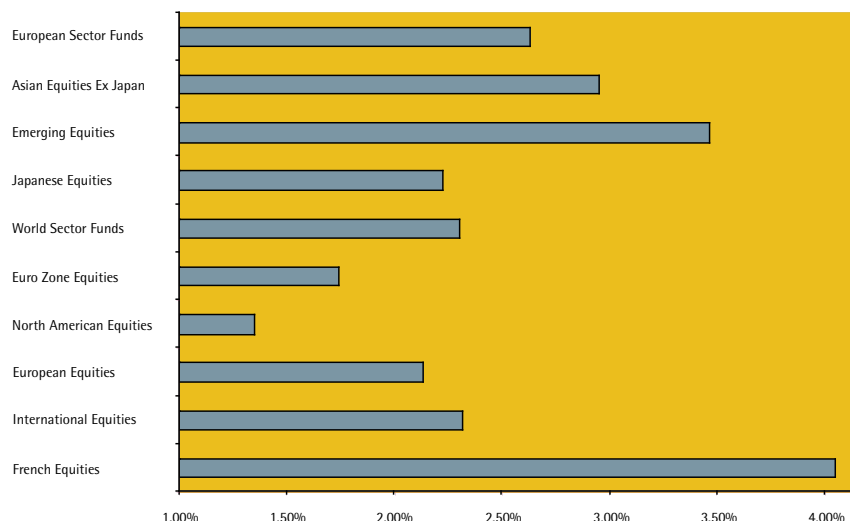
Distribution of alpha funds according to investment zone



Source: EuroPerformance - Data as of 31/12/06

Independent companies dominate the Alpha League Table

Average alpha according to investment zone



Source: EuroPerformance - Data as of 31/12/06

This distribution according to investment zones is also a reflection of the companies' expertise. While all companies may have at least one fund in French equities, the management of foreign equities in a given country or investment zone is generally the domain of the larger networks, which offer extensive product ranges covering all zones. BNP Paribas is now well ranked thanks to good results in its North American, Japanese and international funds. Specialised firms can also offer excellent performance on international markets, as is the case for Comgest (5th), which makes it into the ranking without any alpha fund in France, but with good results on the Asian and emerging markets. State Street also offers a wide range of alpha funds in Europe and internationally, without a single fund invested in France. In contrast, companies like Martin Maurel Gestion, Financière Atlas, AGF Asset Management and Aviva Gestion d'Actifs are characterised by their capacity to generate regular alpha from their French investments.

The selected population

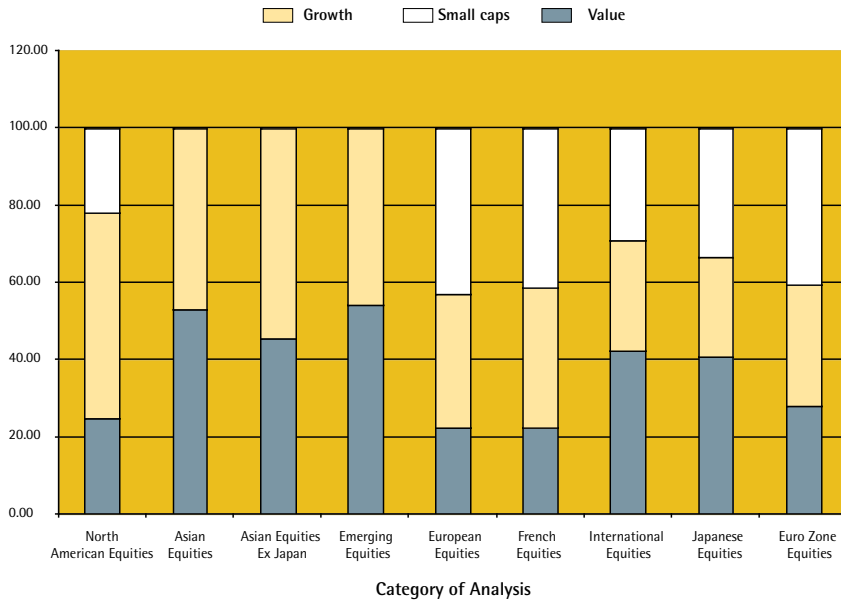
The EuroPerformance database for France shows 166 officially approved asset management companies (or groups of companies) operating in the equity class (as of 31 December 2006 - date on which the calculations were made). These entities manage a little over 1,100 mutual funds in the equity class.

- 895 funds are analysed in the Style Rating (81%)
- 877 funds receive a score of 1 to 5 stars in the Style Rating (79.5%)

The sample used covers almost 80% of active management in the equities class in France, which, together with the methods used, provides the Alpha League Table with the representativity and robustness required for a leading ranking table.

Independent companies dominate the Alpha League Table

Management style of alpha funds according to investment zone



Source: EuroPerformance - Data as of 31/12/06

The analysis of exposure to style factors reveals considerable sensitivity to small and mid caps in the Euro Zone, France and Europe, with more of an emphasis on large caps in Asia, North America and the International Zone.

Our second French-based ranking confirms the information acquired from the first: alpha on the European markets is quite sensitive to small caps, while on the more distant markets asset managers seek alpha through investment in large caps.

Alpha remains the domain of the specialists, notwithstanding a methodology that is now more demanding. Four of the top five companies – the exception being the HSBC subsidiary, HSBC Private Bank France – are independent structures that target high wealth individuals or institutional investors. This expertise no longer depends on knowledge of the French market, but extends to all markets worldwide.



Interview

ODDO

Didier PRUVOST
Director of Investments



Louis BERT
Head of Equity Investments



Strategic orientations

What strategic orientations do you favour in your choice of stocks? Are the strategic orientations characteristic of investment management in your asset management company (large caps, small caps, sector, etc.)?

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

One of the specific characteristics of the equity investments at Oddo AM is the richness of the offering and the skills proposed to our clients. Our range covers 23 open equity funds and includes:

- A broad range of funds drawn from a dynamic fundamental approach, with notably:
 - Funds focused on certain sectors of activity (Oddo Real Estate, Biosphere and Oddo Biotech in the health sector) or on growth themes (Oddo Targets & Leaders to benefit

from consolidation operations in Europe, Oddo Return Stocks, Oddo Generation to take advantage of the profitability, dynamism and management rigour of family companies)

- Flexible and reactive funds (Oddo Europe ProActive, for which the rate of exposure to equities varies from 0 to 100% according to the evolution of the market)
- Small and mid-cap funds (Oddo Future, Oddo Euro Future, Oddo Europe Mid Cap, Oddo US Mid Cap), an area in which Oddo AM's expertise has been recognised through numerous awards in the last 10 years

- A quantitative range (Oddo France Active Index, Oddo Europe Active Index, Oddo USA Active Index): constrained active investment oriented towards large-cap stocks on the basis of a quantitative process which allows for steady

outperformance from the fund over time with controlled risk (tracking error below 4%)

- A range of multi-manager funds (SMG Value, SMG Growth, SMG USA, SMG Japan, SMG Emerging Markets)

In spite of the differences in the themes and the approaches chosen, all of these funds benefit from numerous shared features in their strategic approaches, notably the absence of any strong management biases. In addition, each fund is managed by dedicated teams of analysts-managers who continually share their know-how and analyses and implement strong convictions in their management.

As a result of this considerable diversity, and in order to favour the performance of our funds, we adapt our strategic orientations

Interview

to the specific characteristics of Oddo AM's equity management. As such, the management team for the Oddo Europe ProActive fund chose the following breakdown for the portfolio at the beginning of 2007: 60% large-caps, 20% small and mid-caps, 20% cash and cash equivalents.

As another example, we remain persuaded that European small and mid-caps will continue to offer excellent prospects in 2007 despite their recent appreciation, and we are convinced that the wave of consolidation in Europe presents real opportunities for funds like Oddo Targets & Leaders (which is increasing the proportion of "Leaders" in the portfolio from 35% to 40% in 2007), or Oddo Return Stocks.

On the other hand, these strategic orientations are applied in a less significant way to the quantitative range, because the latter is based on a quantitative process for constructing and optimising the portfolios (small and large-cap stocks).

Our strategic orientations therefore correspond to the different sources of alpha that our funds seek to capture over time, apart from in the quantitative range.

Do you have any rules regarding exposure to a sector, capitalisation or on styles?

As a result of the diversity of our offering, the rules on exposure vary significantly from one fund to the next, in order to be perfectly adapted to each investment management approach.

As such, the Oddo Europe ProActive fund has an equity exposure that varies from 0% to 100% depending on the market conditions, while the funds in the Active Index range have an equity exposure of 100%. We also observe considerable differences with regard to the capitalisations: large-caps represent 75% of the Oddo Return Stocks fund, 60% of Oddo Europe ProActive and 0% of Oddo Future.

Do your investments tend to be more bottom-up or top-down?

All our equity funds include a bottom-up approach, which is the most widespread approach within our broad range of themed equity funds.

As a complement, some funds combine both approaches, such as Oddo Targets & Leaders, which adopts:

- The top-down approach to anticipate future consolidation movements and specifically identify the breakdown of the portfolio between Targets (currently 60%) and Leaders (currently 40%)
- The bottom-up approach to identify all the opportunities in each category in order to fine-tune the timing of the intervention and calibrate our investments as well as possible.

On top of this, diversified investment management favours the top-down approach in selecting investments.

Therefore, as we can see, the investment management process is defined by the management team so as to be perfectly adapted to the specific characteristics of the fund.

Generating alpha

Do you carry out stock picking?

Stock picking is unquestionably the main source of our funds' alpha for all of the funds in our equity range (fundamental investment and quantitative investment). As such, the expertise of our management teams, their knowledge of their investment universe and the stocks that make up those universes, the exactness of the stock picking and risk management process and their strong convictions allow stock picking to generate alpha for the whole range.

Do you seek to take advantage of market momentum?

Within our range, only the quantitative investment products (Oddo France Active Index, Oddo Europe Active Index, Oddo USA Active Index) structurally seek to take advantage of market momentum, which is one of the dimensions evaluated by the model.

Do you practice tactical allocation?

The various fundamental investment teams on our funds practice tactical allocation to a very limited extent, in order eventually to adapt to an evolution in the markets or in our strategy. Nonetheless, tactical allocation only represents a marginal source of alpha.

Interview

Controlling and managing risks

Do you have specific tools at your disposal? Do you track the potential extreme losses of your portfolios?

The managers are able to avail of appropriate computerised tools for the different types of investment management. These are linked into the central portfolio database and the external financial data feeds (Bloomberg, S&P, Reuters, Fininfo, GL Trade, IBES, Datastream, Holt, Worldscope):

- Sophisticated simulation tools and pricing tools (in Excel) to analyse interest rate and arbitrage portfolios

- Quantitative equity analyses using the Factset server

- Optimisation and market risk management through the Northfield and Gauss systems.

In addition to the Internal Control function (which carries out a second level check in relation to the manager), Risk Control also performs a check that is independent from the managers:

- Correlations with the major stock market indices (S&P, MSCI, JP Morgan, etc.)

- Risk/return indicators: historical mean return, volatility, Sharpe ratio, information ratio, Sortino ratio and beta.

- Monitoring ex-ante and ex-post tracking errors

- Monitoring exchange rate risk including currency hedging and the degree of exchange rate exposure of each of the underlying funds

- Breakdown of the portfolio (types of strategy, geographic allocation) in comparison with the theoretical portfolio: check on the differential

- Historical Value at Risk to 95%

In terms of tools, the internal control teams can use tools that were developed internally and specialised software (e.g. LatentZero) to carry out checks on order execution (e.g. respect of procedures, compliance with regulatory and statutory investment limitations, pre-assignment, quality of execution, audit trails and monitoring of breaches).

Do you have specific techniques for managing your risks, like for example limiting the number of positions in your portfolios?

Each investment management team avails of specific techniques to optimise risk, like for example:

- Optimisation of the number of positions in the portfolio in order to reach the desired level of diversification and reactivity. As such, Oddo Future is made up of a maximum of 50 positions (with 80% of the assets in 30 positions), while Oddo France Active Index has around 70 positions.

- Sector diversification, to avoid the fund being overexposed to a specific stock or sector. The Oddo Return Stocks team ensures that the weighting of each sector remains below 20%.

- For the active quantitative range, the systematic checks and analysis of the specific risk relating to stock picking allow us to obtain a tracking error of under 4%.

In addition, risk management is completed by Oddo Asset Management's Internal Control team, which reports directly to the board of directors. This team is independent from the operational management and support functions. The team is made up of three people and its main missions are the following:

- Compliance with management policies: checks on regulatory and statutory investment limitations and ensuring that investment management complies with commitments made to the clients.

- Risk control: checks on Oddo AM's internal limits; control over operational risk.

- Procedures: suggestions for new procedures, assistance in drawing them up, ensuring their application is respected.

- Control over order execution: pre-assignment, quality of execution, ranking of authorised brokers, audit trail.

- Accounting and financial information, verification of the information communicated to the clients, relevance and updating.

EuroPerformance Analysis

ODDO Asset Management

ODDO Asset Management is a subsidiary of ODDO & Cie. It has a staff of 750, manages more than 100 mutual funds and has assets under management of more than €20bn. ODDO is present in France, Spain and the United States.

ODDO Asset Management is the group's asset management branch, with a focus on providing financial management services to third parties through its wide range of dedicated investment products, which are open to the public, as well as discretionary mandates. The company's business offer is based on an extensive range of publicly available funds: bonds, alternative investment, diversification, index-based management and theme-based management.

ODDO Asset Management takes the top spot in the 2007 Alpha League Table France with average alpha of 3.2%, obtained from nine actively managed funds. This range of alpha funds covers the following markets: North America, emerging markets, Europe, international, the environment sector and French securities.

The full range is as follows:

- ODDO Mid Cap (FR0000988669),
- Multi-Manager Emerging (FR0000992000)
- ODDO Europe Mid Cap (FR0000974149)
- Multi-Manager Value (FR0000988081)
- ODDO Future (FR0000989899)
- ODDO Generation (FR0000029928)
- GAP 8 yr (FR0000446692)
- ODDO Euro Future (FR0000990095)
- Biosphere (FR0010074146)

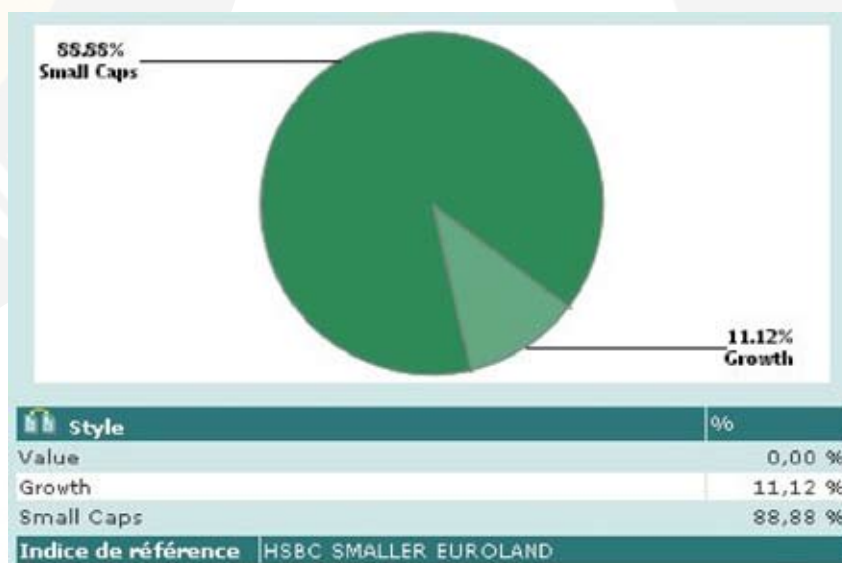
It includes four funds with a high sensitivity to small caps, three funds of funds, one sector-based fund and one fund made up of French securities.

The three small cap funds in Europe are managed by P. Riegis and S. Maillard and the US fund is managed by Philip H. Perelmuter. Jacques Tebeka, together with M. Agache, manages the funds of funds and the piloted actively managed fund, while the ODDO Generation fund is managed by L. Bert and the Biosphere fund by L. Mazzoni.

We have chosen to present the ODDO Euro Future fund, created in September 1985. It is invested primarily in the Euro zone with an emphasis on French stocks. Its reference index is the HSBC Smaller Euroland Index. The fund's performance has been positive for the last three years with an annualised return of more than 24%.

In order to determine the fund's mid-to long-term benchmark, we carried out a Return-Based Style Analysis (Sharpe 1992) on the last 156 returns of the fund and its associated indices. Because the fund is invested in the Euro zone, we included the Euro Equities indices that cover the fund's investment universe. An analysis of the last three years confirms the small caps orientation, with an exposure to the Growth style of 11.1% and an exposure to the small caps style factors of 88.9%.

ODDO Euro Future: Exposure to style factors



Source: EuroPerformance - Style Analytics (www.styleanalytics.com) as of 31/12/06

EuroPerformance Analysis

ODDO Asset Management

A long-term analysis reveals considerable stability in the styles.

Over the last three years, the fund achieved an annual performance of 24%, a figure which is close to its benchmark of 22.6%. Alpha of 4.2% places this fund among the best in its category. A historical analysis reveals a regularity in the production of alpha that is linked to the high stability of the coefficient used to determine the multi-factor regressions, thereby confirming the consistency of the fund's style.

This consistent outperformance since 2003 is not the result of excessive risk-taking, as confirmed by the level of volatility (11%), which is identical to that of the benchmark. The volatility measure is not sufficient, however, to assess the portfolio risks. This is why the analysis also takes extreme risk into account. The Value-at-Risk on the weekly returns shows a potential loss of 4.6% on its 99% threshold – this is almost identical to that of the benchmark (4.9%).

ODDO Euro Future: Fund vs. reconstituted benchmark



Source: EuroPerformance - Style Analytics (www.styleanalytics.com) as of 31/12/06

Having measured the alpha and associated risks, it is then the turn of the fund's regularity and persistence. Persistence is measured using a gain frequency on weekly returns. Over the last three years, the frequency is calculated as 52%; in other words, the fund outperformed the benchmark 81 times over the last 156 weeks. Persistence is a measure of the manager's capacity to repeat his performances from one week to the next. It is necessary to detect a correlation between the excess

returns of week T and week T-1. This serial correlation is measured using the Hurst coefficient. For ODDO Euro Future, the value of this coefficient is 50. It is considered that a value of 50 or greater indicates the presence of a momentum and that there is persistence.

These excellent results obtained by ODDO Euro Future merit a score of 5*H. Since January 2002, this fund has obtained a score of 5 stars.

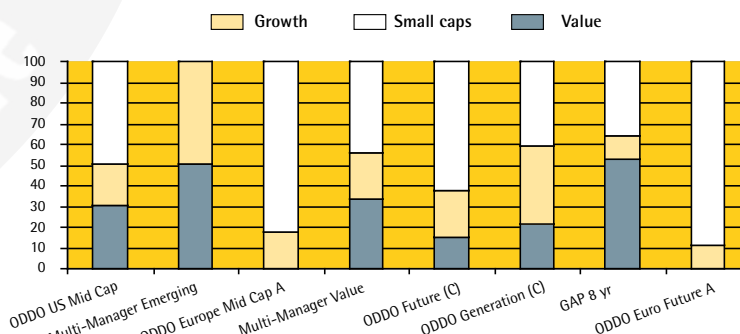
ODDO Euro Future: Elements used to calculate the rating

Fiche		Historique Rendements		Benchmarks	
Elements constitutifs du rating					
Indicateur	Fonds				
Alpha	4,16 %				
Var 99%	4,64 %				
R*	0,78				
Fréquence de gain	51,92 %				
Exposant de Hurst	0,50				
Rating	ODDO00h				

Source: EuroPerformance - Style Analytics (www.styleanalytics.com) as of 31/12/06

The management approach is active, with a tracking error of 5.4%. The asset manager's bets are highly successful, as indicated by the positive level of the information ratio.

ODDO Asset Management: Management styles



Source: EuroPerformance - data as of 31/12/06

EuroPerformance Analysis

ODDO Asset Management

Of the nine funds selected in ALT 2007, exposure to the style factor "small caps" is around 50%, with the exception of the fund of funds, which is focused on emerging countries. This sensitivity is the result of a management process that incorporates a mixed quantitative and qualitative approach and aims to exploit market opportunities as best as possible by optimising the risk/return profile.

Ratings for the nine funds

ISIN Code Title Category of Analysis	FR0000029928 ODDO Generation (C) French Equities	FR0000446692 GAP 8 yr International Equities	FR0000990095 ODDO Euro Future A Euro Zone Equities	FR0010074146 Biosphere B World Sector Funds
Rating	+++	++++	+++++h	R
Alpha	-0.79	0.83	4.16	-2.25
R ²	0.77	0.71	0.78	0.59
Gain Frequency	46.79	46.79	51.92	50
Hurst Exponent	0.46	0.45	0.5	0.5
99% VaR	3.86	3.73	4.64	3.94
Annualised return	15.24	15.06	24.24	8.54

ISIN Code Title Category of Analysis	FR0000988669 ODDO US Mid Cap North American Equities	FR0000992000 Multi-Manager Emerging Emerging Equities	FR0000974149 ODDO Europe Mid Cap A European Equities	FR0000988081 Multi-Manager Value European Equities	FR0000989899 ODDO Future (C) French Equities
Rating	+++++h	++++	++++	+++	+++++h
Alpha	1.59	0.47	3.28	-0.87	8.17
R ²	0.79	0.8	0.77	0.8	0.78
Gain Frequency	55.13	41.67	43.59	41.67	51.28
Hurst Exponent	0.54	0.4	0.42	0.48	0.54
99% VaR	4.63	5.5	5.11	3.31	4.82
Annualised return	12.08	22.08	25.46	18.09	25.11

Alpha League Table methodology

Alpha League Table 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 4 and 5*, 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 Sharpe³.

Presentation of the Alpha League Table

The ALT 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 (4 or 5 stars 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 (4 or 5 stars in the Style Rating).

The ALT 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 4 or 5 stars, 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 of January 2006 to December 2006.

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

Asset management firms included in the ALT

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.

3 - "Asset Allocation: Management Style and Performance Measurement", W.F. Sharpe, *Journal of Portfolio Management*, Vol 18, winter 1992, pp7-19.

Alpha League Table methodology

This year, foreign companies with no commercial activity in France 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 1 to 5 stars.

The 1- and 2-star categories contain funds that on average do not outperform their management objectives. The 3-star category represents funds whose performance is close to the returns achieved on the market in which they invest. 4 or 5 stars 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 5 stars or 5*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.

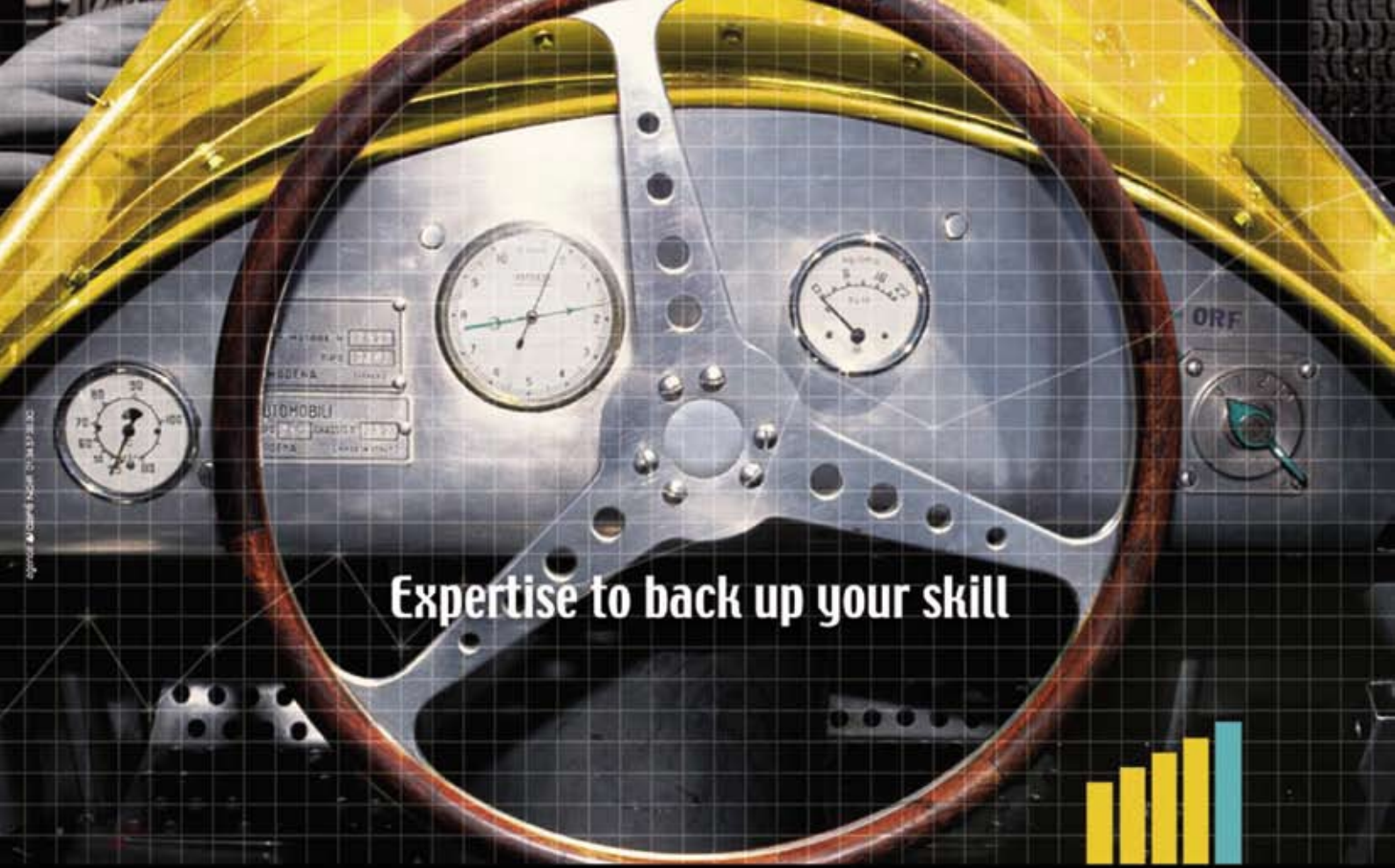
Combining the state of the art in financial research and business know-how, EuroPerformance and EDHEC developed a European fund rating method based on Alpha, the EuroPerformance-EDHEC Style Rating, a genuine analytical referential database whose calculations are used as a basis for the Alpha League Table.



EDHEC is one of the leading French and European business schools. It ranked 7th in the Financial Times Masters in Management rankings in 2006. The EDHEC Risk and Asset Management Research Centre, with its 33 professors, engineers and research associates, is the leading European research centre in asset management.



EuroPerformance, a fund analysis company, is a subsidiary of the FININFO group, the leading French financial information 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.



Expertise to back up your skill

Style Analytics

EUROPERFORMANCE

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!**

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