

**Swisscanto (LU) Equity Fund Green Invest Emerging Markets B****October 2008 | Edition Luxembourg**

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Quarter report**1. Market review**

The credit crisis that had started in the US housing market finally developed into an international financial crisis in the third quarter, with repercussions on the global economy. In the first half of 2008, investors were still afraid of rising inflation rates and only recognised the deflationary effects of a credit crisis at a late stage. In the meantime, "Japan anxiety" is spreading. The interest rates for government bonds are falling, the risk mark-ups for corporate bonds reached new peaks, banks are hardly prepared to grant loans any more and profit expectations must be lowered. The closed credit market and the high level of debt in the financial sector are forcing a rigorous reduction of positions, accordingly leading to falling market prices in all risk-prone asset classes. In this environment, the world equity market lost 16% in value in USD, which is reduced to 5% in EUR thanks to the stronger USD. The biggest losers were those that had profited from rising inflation, such as oil producers, utilities and also the capital goods industry. Naturally enough, less cyclical sectors, such as household products, foodstuffs or pharmaceuticals, did better. In general, American equities (-1% in CHF) suffered less than European ones did. Emerging markets, such as Latin America or Asia ex Japan, were the great losers. Large cap growth stocks once again outperformed the overall market.

2. Performance review

Since its launch, the fund has significantly outpaced the benchmark. Water and power suppliers in Brazil and Indonesia have contributed positively to the performance. Companies from the renewable energies sector made a negative contribution to the performance. Investors sold equities from this sector because they were afraid that the increased costs for borrowed capital could lead to a slowdown of growth in renewable energies. Currency effects also had a negative effect on the performance. Thus, for example, the Brazilian currency was devalued in relation to the USD.

Note concerning performance

Past performance is no indication of future performance and does not guarantee success in the future. The performance data assume that any dividends will be reinvested and do not take account of commission and costs charged for issuing and redemption of units. The calculation is performed in the fund's currency of account USD. Returns in other currencies may rise or fall as a result of currency fluctuations.

3. Outlook

An end of the credit crisis is not in sight. Companies' profit-making strength will decrease outside of the real estate sector and the financial industry, too. Heavily indebted companies should thus continue to be avoided. In the medium term, those companies will profit which are, on the one hand, soundly financed and, on the other hand, profiting from long-term growth trends, such as for renewable energies. The higher economic growth in the emerging markets will have a positive effect on the profit development of the companies based there.

Opportunities/risks

All investments involve risk, especially with regard to fluctuations in value and returns. In addition, investments in foreign currencies are subject to exchange rate fluctuations. The risks are described in detail in the sales prospectus.

Additional important notes All information published here is solely for your information and does not constitute investment advice or any other recommendation. While we have carefully researched and compiled the contents, Swisscanto cannot assume warranty for the correctness, completeness and timeliness of the information provided. The sole binding basis for the acquisition of units/shares in Swisscanto investment funds are the respective sales prospectuses and reports on activities.

Important notes for Austria Luxembourg: The sales prospectus, simplified sales prospectus, contractual conditions and the most recent annual or semi-annual report may be obtained free of charge from Banque et Caisse d'Epargne de l'Etat, Luxembourg, 1, place de Metz, L-2954 Luxembourg.

Note concerning TER: The Total Expense Ratio (TER) refers to the commission continuously charged to the fund's assets (operating expenses) and is expressed as a percentage of the fund's assets. The figure quoted relates to the amount of the TER in the past financial year or half-year and does not guarantee that the figure will be similar in the future.