

Continental European Equity Fund

Performance Review

	One Month %	Three Months %	Year to Date %	One ¹ Year %	Three Years %	Five Years %	Ten Years %	Since ² Inception %
RIC Continental European Equity Fund (Euro Net of Class A Fees)	-12.7	-13.3	-29.5	-31.5	-3.0	6.8	3.9	7.6
RIC Continental European Equity Fund (Euro Net of Class B Fees)	-12.7	-13.5	-30.0	-32.1	-3.9	5.8	2.9	2.1 ³
RIC Continental European Equity Fund (Euro Gross of Fees)	-12.6	-13.1	-29.0	-30.9	-2.2	7.7	4.9	8.7
FTSE World Europe ex-UK Index (Euro)	-10.9	-10.8	-27.4	-28.8	-0.2	9.0	4.4	8.3
Morningstar Median Manager (Euro) ⁴	-11.3	-11.8	-28.2	-29.9	-2.1	6.9	3.5	6.7
Fund Size Euro 1,045 million								

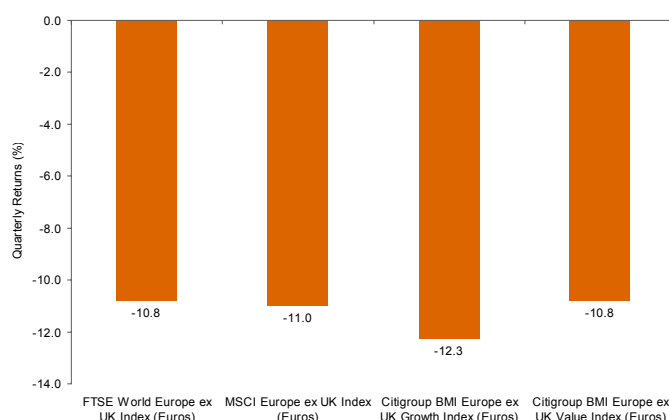
¹ Returns greater than one year are annualised.

² Inception date 05/03/1996. Performance is measured from 01/04/1996. In order to make peer relevant and total return benchmark relative performance comparisons, performance is calculated from the first full month following inception. Prior to the inception of the euro, performance is measured in Deutschmarks. Inception date Class B 19/01/1998.

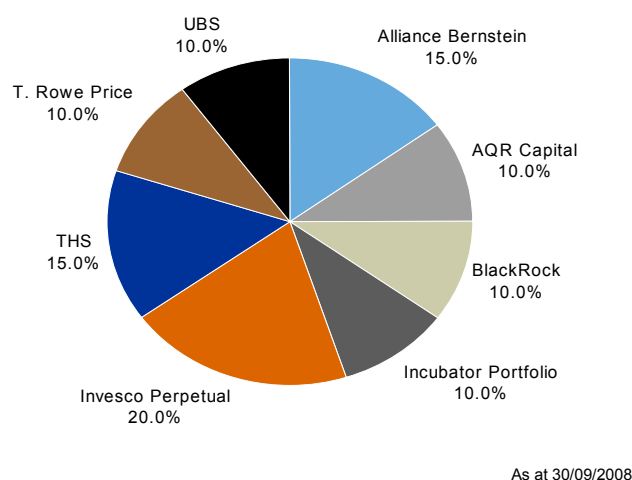
³ Inception date Class B 19/01/1998.

⁴ Morningstar Offshore & International Median Universe: Equity Europe Excluding UK

Fund Highlights and Portfolio Management Activity



• The FTSE World Europe ex UK Index declined by 10.8% during the quarter in what was an unprecedented period for world equity markets. Following modest gains in August, markets plummeted in September. This was due to a number of extraordinary and historic events such as the bankruptcy of Lehman Brothers, the part-nationalisation of the banking group Fortis and US congress's rejection of a \$700bn financials bailout plan. Evidently, several financial stocks endured severe sell-offs. However, the financials sector outperformed. The resilience of stocks believed to be well positioned to weather the market turmoil, such as the French bank BNP Paribas, positively contributed. The more cyclical sectors, in particular materials and oil & gas, were amongst the worst-performing due to a fall in commodity prices brought on by weakening demand and slowing economic growth. The defensive telecommunications and health care sectors performed well as investors sought protection from the turbulent market.



- The Fund underperformed its benchmark in what was a particularly volatile quarter. The market conditions proved especially difficult for quant manager AQR and growth-oriented manager's UBS and T. Rowe Price.
- In the stock portion of AQR's stock, country and currency portfolio, performance was hindered by the manager's stock selection in the industrials and consumer goods sector. In AQR's currency portfolio, carry and momentum signals detracted the most.
- UBS's overweight to the materials and oil & gas sectors drove underperformance. The manager has been reducing its overweight to these sectors due to concerns about the sustainability of commodity prices in view of their strong performance. Stock selection in the industrials and consumer goods sector detracted further. UBS is seeking companies with the ability to improve profit margins and that have exposure to emerging market growth.

Quarterly Manager Performance

Manager	Approach / Process	*Manager Performance	Russell Analysis
Alliance Bernstein	Value-oriented stock selection	-	The manager's overweight to the underperforming materials sector and its exposure to specific stocks, such as the aluminium metal supplier Norsk Hydro which reported lower profits, detracted from performance. Bernstein bought the stock in expectation that aluminium price will benefit from supply constraints, driven by emerging economies such as China.

Quarterly Manager Performance (continued)

Manager	Approach / Process	*Manager Performance	Russell Analysis
AQR Capital	Quantitative stock, country and currency selection	--	In the stock portion of AQR's stock, country and currency portfolio, stock selection in the industrials and consumer goods sectors hindered performance. Its overweight to the mining equipment maker Outotec was a key detractor as the company experienced a fall in profits.
BlackRock	Market - oriented with growth bias	++	Stock selection in the consumer services and materials sector drove outperformance. In the consumer services sector, its overweight to German health care company Celesio boosted performance following an announcement of increased pharmacy funding in the UK. BlackRock favours this stock due to its strong franchise and attractive valuation. The manager also favours the health care sector for its defensive characteristics.
Incubator Portfolio	Allocation to new products	-	The incubator portfolio marginally underperformed as Liontrust's holdings in the industrials and consumer goods sectors detracted. Its overweight to the underperforming mining equipment maker Outotec was particularly negative. Liontrust holds Outotec because of its ability to generate cash and its continued growth into Asia. During the quarter, Sourcecap was added to the incubator portfolio. The manager focuses on accelerating income, cash flow and companies undergoing fundamental change.
Invesco Perpetual	Stock selection, mix of quality, growth and valuation	++	Invesco's large underweight to the materials sector, due to valuation concerns, enhanced performance. Its large overweight to the strong-performing pharmaceutical group Novartis contributed further. The manager believes the company is significantly undervalued with relatively stable earnings.
T. Rowe Price	Growth/Earnings Surprise	--	Growth manager T. Rowe Price's exposure to a number of underperforming materials stocks, such as ArcelorMittal, was detrimental for performance. The manager believes that materials stocks will continue to outperform due to strong demand, particularly from emerging economies.
THS	Growth At a Reasonable Price	+	THS's holdings in the industrials sector and its large underweight to the materials sector were the main positive contributors to performance. THS remains underweight to the materials sector as it believes that it has sufficient exposure to emerging market growth, the main driver of materials demand, through its other investment themes.
UBS	Growth / Momentum	--	Holdings in the materials, consumer goods and industrials sectors led negative returns. In the materials sector, its overweight to Eurasian Natural Resources detracted as the company was affected by the commodity price weakness.

Sector Analysis

Sector Exposure	Sector Weights %		Quarterly Sector Returns
	Fund	Benchmark	
Basic Materials	5.5	6.8	-27.5
Consumer Goods	8.4	14.5	0.8
Consumer Services	10.5	4.8	-6.5
Financials	24.3	27.1	-9.0
Health Care	9.6	8.3	-1.7
Industrials	13.4	12.0	-17.4
Oil & Gas	10.1	7.1	-21.9
Technology	3.7	3.8	-8.3
Telecommunications	7.5	6.9	-3.6
Utilities	6.9	8.7	-14.7

Top Ten Holdings

Company Name	Country	Sector	Fund %	Benchmark %
Total SA	France	Oil & Gas	3.5	2.9
Roche Holding AG	Switzerland	Health Care	2.8	2.2
Novartis AG	Switzerland	Health Care	2.4	2.4
BNP Paribas	France	Financials	2.0	1.7
Telefonica SA	Spain	Telecommunications	1.9	2.3
Nestle SA	Switzerland	Consumer Goods	1.8	3.4
E.ON AG	Germany	Utilities	1.6	1.9
Zurich Financial Services AG	Switzerland	Financials	1.6	0.8
Nokia Oyj	Finland	Technology	1.4	1.4
Banco Santander Central Hispano SA	Spain	Financials	1.4	1.9

Portfolio Profile and Risk Characteristics

Profile Characteristics	Fund	Benchmark
Sector Deviation	4.82	0.00
Market Cap Weighted Nlog	-0.52	0.00
Valuation Characteristics:		
Price/Earnings (excl negative earnings)	10.45	10.6
Dividend Yield (%)	4.45	4.00
Price/Book	1.71	1.71
EPS Growth (1Year Forecast)	13.94	16.45

	One Year		Three Years		Five Years	
	Fund	Average Manager	Fund	Average Manager	Fund	Average Manager
Tracking Error	2.7	5.8	1.9	5.0	1.6	4.5

*Manager Attribution Key	Relative Performance vs Fund Benchmark
++	>1.0%
+	0.3% to 1.0%
Flat	-0.3% to 0.3%
-	-1.0% to -0.3%
--	<-1.0%

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