industry report

FactSet | LionShares

Unique Insight Into Asset Allocation Trends and Investment Preferences

Nov. 2008

In This Edition

FactSet LionShares Fund Center

The LionShares Fund Center is an innovative way for fund managers and their marketing teams to present their fund families and investment expertise to FactSet's network of global users, including institutional fund investors, advisors, wealth managers, fund of fund managers, and finance professionals.

The data analyzed within the Fund Center references the detailed asset allocation of 29,000 global mutual funds and 5,000 asset management firms. This service helps fund investors in their selection process and investment decisions by providing them the information they need to analyze and compare the detailed funds' asset allocation.

Fund managers can promote their funds families to a broad network of professional investors worldwide by joining FactSet LionShares' free Contributor Program. To register your funds, please send your quarterly or monthly portfolio reports to lionsharesfundcenter@factset.com.

Three Decades of Innovation

FactSet combines integrated financial information, analytical applications, and client service to enhance the workflow and productivity of the global investment community. Founded in 1978, FactSet began with the goal of distributing usable financial data directly to clients. This idea, to provide computer-based financial information, was the first of many innovations that would shape the future of FactSet. Over the past 30 years, FactSet has transitioned from a company of two to a global financial powerhouse with over 1,900 employees and more than 39,000 users.

This year, FactSet celebrates three decades of innovations, still fueled by the company's original goal of providing our clients with the most accurate data possible, a powerful analytical platform, and the industry's best service. To learn more, e-mail sales@factset.com.

European Funds' Sector Allocation

The finance sector, with 21.6% of the equity investments, is by far the preferred sector of European fund managers. The energy-minerals sector comes 2nd with 9.5%. Twelve other sectors capture 60% of the investments with each between 2.9% and 6.9%.

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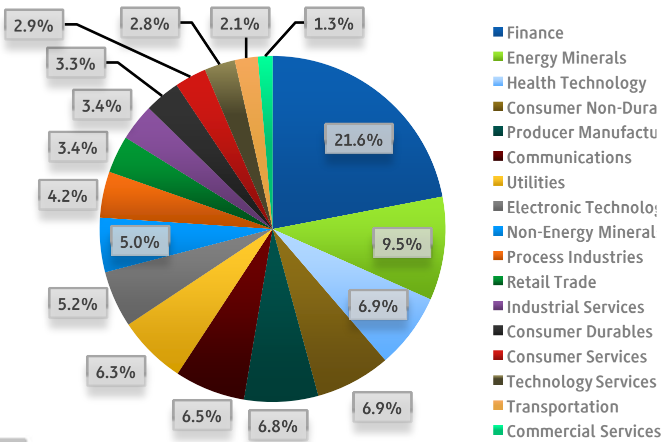
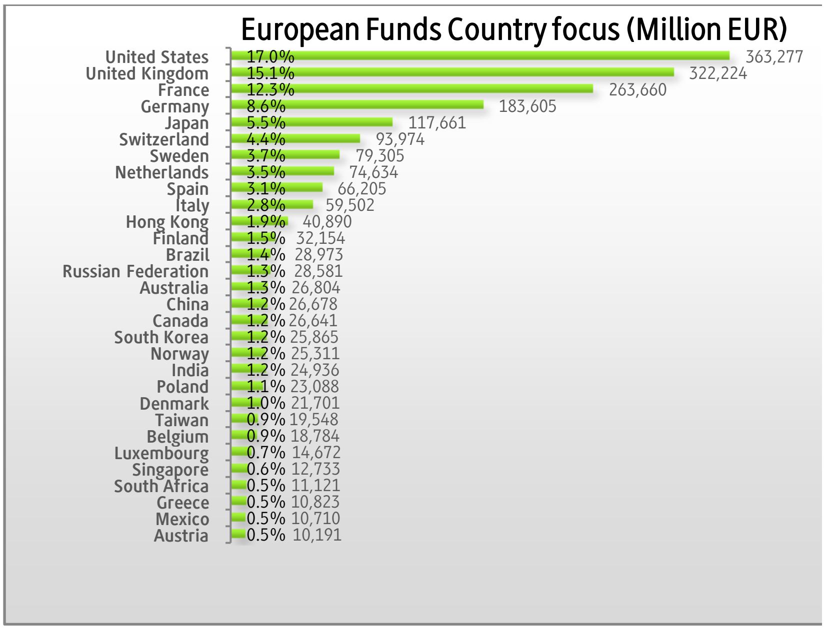


European Funds' Favorite Stocks

Company	# Funds	EUR M.
Telefónica SA	6,933	17,219
Total SA	6,832	30,570
Allianz SE	6,111	12,982
Banco Santander SA	6,084	11,745
ENI SpA	5,835	13,296
BNP Paribas SA	5,660	22,952
Siemens AG	5,659	15,590
E.ON AG	5,645	20,596

European Funds' Country Diversification (by assets and by number of funds)



Target Country	Total # Funds invested in country	Funds with Invest. in large caps	Funds with Invest. in mid caps	Funds with Invest. in small caps
France	11,179	10,685	4,761	2,332
Germany	11,090	10,345	5,014	4,006
Netherlands	10,535	9,184	3,593	1,820
UK	10,023	8,499	5,324	4,320
Spain	9,728	9,237	5,226	2,556
Italy	9,104	8,403	2,352	1,861
Switzerland	8,668	7,801	3,793	1,604
Finland	7,243	5,898	2,924	1,842
Belgium	6,927	5,926	2,352	1,325
USA	6,819	5,887	4,698	3,887
Luxembourg	5,444	4,935	177	662
Sweden	5,096	3,680	2,981	1,875
Austria	4,250	2,720	2,339	1,366
Norway	4,212	3,415	1,534	1,538
Ireland	3,779	2,016	2,497	1,212
Greece	3,724	2,824	1,297	1,230
Japan	3,638	3,339	2,646	1,879
Canada	3,598	2,432	1,599	1,666
Hong Kong	2,997	2,369	1,990	1,540
Portugal	2,917	2,167	1,410	652
Denmark	2,892	2,194	1,446	761
Australia	2,881	2,144	1,376	1,295
Bermuda	2,417	1,258	1,471	646
Singapore	2,318	1,345	1,552	1,153
China	2,207	1,276	1,528	1,459
South Korea	1,832	1,595	1,074	755
Taiwan	1,606	1,405	983	774
Russian Fed	1,578	1,432	662	498
Brazil	1,524	1,257	840	615
South Africa	1,465	824	721	809
India	1,223	960	708	532
Israel	1,170	608	518	461
Malaysia	1,086	670	666	705
Mexico	1,042	877	555	381
Thailand	1,000	509	787	534

Among the 18,000 European funds surveyed, France, Germany, the Netherlands and UK are the preferred countries of investment with over 10,000 funds invested in these markets.

Although U.S. stocks come in 10th position attracting a bit less than 7,000 European funds, the country ranks N°1 in terms of assets held by European funds with EUR 363 B. or 17% of the total assets surveyed invested in U.S. equities.

The UK and France attract respectively EUR 322 B. and 263 B. (15% and 12% of the assets). Germany and Japan are in 4th and 5th positions.

European funds have diversified a significant portion of their investments across many countries outside Europe. 38% of the funds' equity assets are invested outside Europe.

It is noteworthy that many funds that choose to invest in countries across Europe or outside Europe also invest in different market capitalizations. Large caps attract the most funds while mid cap and small cap companies are also covered by a significant number of funds.

Over 1,000 European funds invest in small caps in countries like Singapore, China, Hong Kong, Australia and Japan.

Over 1,000 European funds follow stocks from all market caps in Taiwan, Russia, Brazil, South Africa India, Israel, Malaysia, Mexico and Thailand.

Corporate IR Perspective

The mutual fund investment diversification by country, by market capitalization, and by sectors calls for issuers of all sizes to intensify their cross-border Investor Relations activity. Small cap or mid cap companies that traditionally tend to rely more on a domestic shareholder base should take into consideration that their local institutional shareholders are increasingly looking at investment opportunities worldwide.

The good news is that plenty of foreign investors are taking significant positions in local stocks.

European Funds' Stock Preferences (Q2 2008)

Most Frequently Held Large Cap Stocks (EUR > 5 B.)

Company	Country	Sector	# Funds	Assets EUR M.
Telefónica SA	Spain	Communications	6,933	17,219
Total SA	France	Energy Minerals	6,832	30,570
Allianz SE	Germany	Finance	6,111	12,982
Banco Santander SA	Spain	Finance	6,084	11,745
ENI SpA	Italy	Energy Minerals	5,835	13,296
BNP Paribas SA	France	Finance	5,660	22,952
Siemens AG	Germany	Producer Manuf.	5,659	15,590
E.ON AG	Germany	Utilities	5,645	20,596
Banco Bilbao Vizcaya Arg.	Spain	Finance	5,633	7,452
UniCredit SpA	Italy	Finance	5,297	7,111

Top New Positions

Company	Country
ArcelorMittal SA	Luxembourg
Deutsche Börse AG	Germany
Unilever Plc	UK
Bayer AG	Germany
Philip Morris	USA
Nokia Oyj	Finland
Münchener Rückver.	Germany
France Télécom SA	France
Fortis SA/NV	Belgium
E.ON AG	Germany

Most Frequently Held Mid Cap Stocks (EUR 1-5 B.)

Company	Country	Sector	# Funds	Assets EUR M.
Grupo Ferrovial SA	Spain	Industrial Services	1,495	452
Indra Sistemas SA	Spain	Technology Services	1,491	596
Fomento de Construcciones	Spain	Industrial Services	1,480	375
Enagás SA	Spain	Industrial Services	1,388	987
Concesiones de lnfraest.	Spain	Industrial Services	1,239	382
Bolsas y Mercados Esp.	Spain	Finance	1,108	288
Bank of Ireland	Ireland	Finance	1,030	615
Acerinox SA	Spain	Non-Energy Minerals	1,020	364
Comp. Générale de Géo	France	Industrial Services	989	1,223
voestalpine AG	Austria	Non-Energy Minerals	972	579

Top Sold-Out Positions

Company	Country
Unilever NV	Netherlands
Société Générale	France
UBS AG	Switzerland
Hypo Real Estate	Germany
LM Ericsson Telefon	Sweden
Siemens AG	Germany
Continental AG	Germany
Deutsche Bank AG	Germany
Daimler AG	Germany
R.B.S Group Plc	UK

Most Frequently Held Small Cap Stocks (EUR<1 B.)

Company	Country	Sector	# Funds	Assets EUR M.
Hypo Real Estate Holding	Germany	Finance	1,109	213
FairPoint Communications	USA	Communications	986	13
Lehman Brothers Holdings	USA	Finance	654	3
Federal Home Loan Mortg.	USA	Finance	560	34
Heidelberger Druckmasch	Germany	Producer Manuf.	535	243
Boliden AB	Sweden	Non-Energy Minerals	531	308
YIT Oyj	Finland	Industrial Services	528	351
Tubacex SA	Spain	Non-Energy Minerals	524	133
Grupo Empresarial ENCE	Spain	Non-Energy Minerals	517	83
La Seda de Barcelona SA	Spain	Process Industries	489	58

International fund reporting trends

LionShares fund data for fund investors

International reporting standards and industry recommendations now favor quarterly reporting on mutual funds' detailed portfolio holdings. All funds in the U.S., Spain, Portugal, and Sweden are now required to publish full quarterly portfolio holding information. In Israel and India, mutual funds are required to publish their investment portfolio monthly.

In a bid to help clients and prospective investors analyze a funds asset allocation on more timely data, fund managers often choose to report beyond the legal requirements. In the U.S., many funds publish monthly holdings. In France, 75% of the funds referenced in LionShares post quarterly or monthly holdings. In Europe, a growing number of asset managers are also posting full monthly portfolio holdings.

LionShares Mutual Fund Global Coverage

Region	# Funds	Assets Q2 2008
World	29,200	EUR 11,100 B.
Europe	18,000	EUR 5,130 B.
Asia	2,300	EUR 238 B.
North America	9,000	EUR 5,640 B.

Country Focus: France

FactSet Country Expert - French Market
Sarah Bailly, Team Manager
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Fontainebleau – France

FactSet LionShares' Coverage
Mutual Funds, France: 1, 250 Equity Funds, EUR 227 B.

Our team provides comprehensive coverage of French equity mutual funds with detailed asset allocation information on more than 1,800 portfolios including Luxembourg-domiciled funds. In addition to FCPs and SICAVs we also follow several hundred insurance portfolios and a growing number of ETFs.

As a result of our relationships with most large fund managers in France we incorporate quarterly or monthly filings into our global fund product.

Insight:

- More than half of the French funds analyzed hold at least one of the top 10 Large Cap companies.
- 50% of French equity mutual funds are invested outside France.
- U.S. companies capture 10% of those assets, followed by German companies (10%) and UK companies (5%).
- The Finance sector amounts for 26% of the overall equity investments followed far behind by the Energy Minerals, Consumer Non-Durable, and Utilities sectors that each amount for 8%.

France Funds' Overall Stock Preference

Company	Country	# Funds
Total SA	France	776
France Télécom SA	France	732
BNP Paribas SA	France	723
Sanofi-Aventis SA	France	719
SUEZ SA	France	695
AXA SA	France	693
Vivendi SA	France	678
Groupe Danone SA	France	637
Société Générale SA	France	637
Saint-Gobain SA	France	635

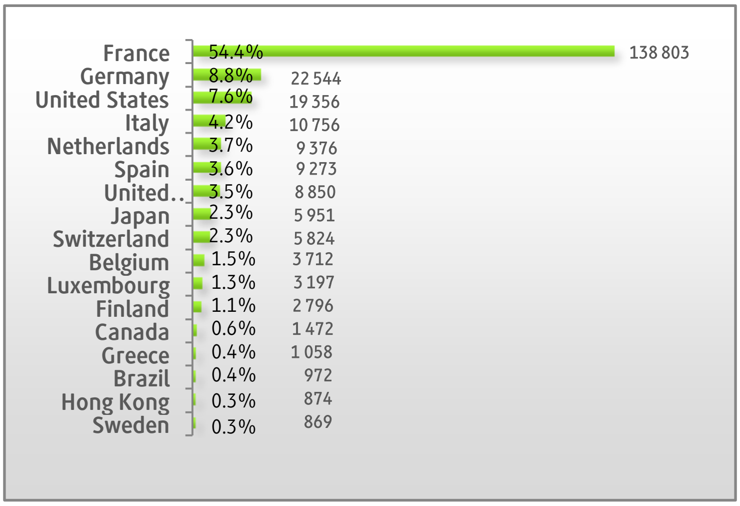
Most Frequently Held Mid Caps (EUR 1-5 B.)

Company	Country	# Funds
Lagardère SCA	France	265
Dassault Systèmes	France	253
Géophysique-Veritas	France	226
Publicis Groupe SA	France	215
ZODIAC SA	France	191
TF1	France	181
Technip SA	France	179
Atos Origin SA	France	157
PagesJaunes Groupe	France	144
Imerys SA	France	139

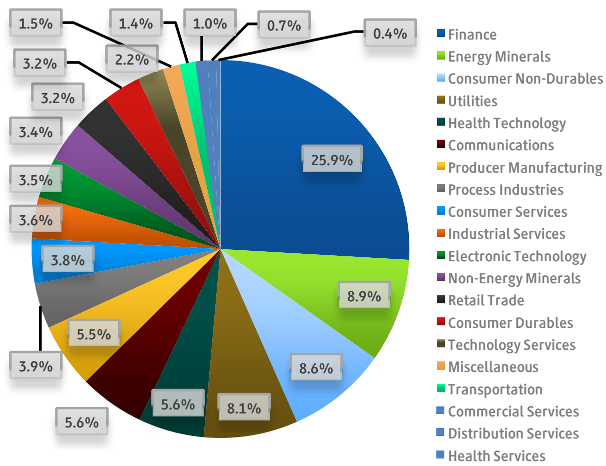
Most Frequently Held Small Caps (EUR <1 B.)

Company	Country	# Funds
Thomson SA	France	117
Groupe Steria SCA	France	100
Ipsos SA	France	93
Stallergènes SA	France	82
Hypo Real Estate	Germany	75
Beneteau SA	France	70
Altran Tech.	France	70
Soitec SA	France	68
Ingenico SA	France	62
Bull SA	France	61

Country Focus of French Funds (EUR M.)



Sector Allocation of French Funds



Mr. Régis Bégué
Portfolio Manager
Lazard Frères Gestion
www.lazardfreresgestion.fr

Lazard Frères Gestion SAS is the asset management arm and a wholly-owned subsidiary of Lazard Frères SAS, in turn a subsidiary of U.S.-based Lazard Group LLC. The firm was established in 1995 and is headquartered in Paris. We provide asset management services to corporate and institutional clients, particularly pension schemes, as well as high-net worth individuals and retail investors. The Lazard Group currently has $134 B. in assets under management of which $14 B. in France.

Our investment philosophy is based primarily on a bottom-up approach to identify companies able to create value all along the cycle. We have no particular sector or region bias, and try to identify companies with excellent cash flows, low P/E ratios and generous with their shareholders. We believe in market cycles and are now aggressively returning to the equity markets, as we perceive them to be good value opportunities after most of the hot money went out of them. We think the equity markets are undervalued even if we believe that recession will eventually take place both in Europe and in the U.S. The most leveraged and cyclical companies may die, and we hope that our current holdings will take advantage of this new landscape.

As a result of our fundamental analysis, the Pharmaceutical, Transport, and Non-Cyclical Consumer Goods sectors appear to be particularly attractive, provided companies have only low leverage ratios. We are keeping away from agricultural and energy raw materials, which we expect to continue decreasing as the speculative bubble finishes deflating.

In terms of regions, we are currently underexposed to Emerging Markets, neutral on Japan, and bullish on Europe as the euro is no longer penalized by an excessively low dollar, which has disadvantaged European companies in the past quarters.

We particularly recommend our “Objectif Dividendes” (FR0010586024), a mutual fund investing primarily in companies that are able to give out high dividends, as we believe these companies are best placed to come through the near future recession period unharmed. We also expect our ‘Objectif Alpha Euro” (FR0010184531), a concentrated large caps portfolio, looking for tracking and absolute return, and “Objectif Small Caps Euro” (FR0000174310), to capture the best investment opportunities in the coming months.

Mr. Romain Boscher
Head of Equity Investments
Groupama Asset Management
www.groupama-am.fr

Groupama Asset Management (Groupama AM), a wholly-owned subsidiary of Groupama SA, was created in 1993 and focuses on the European equity and bond markets with specialist expertise on European Large Caps and Corporate Investment Grade bonds. We offer an active and dynamic approach, based on rigorous processes, through a complete performing range of products, covering all asset classes.

Groupama AM employs over 250 people and manages more than €88 B. as of August 31, 2008, for institutional clients, mainly insurance companies, public and private pension funds, and corporates.

We offer our clients a real ability to forecast market trends, capture sources of excess return on sectors, and select stocks with high potential. Our qualifications are primarily built on an opportunistic approach as opposed to a specific style: flexibility and reactivity as well as advanced risk control throughout the investment process and rigorous compliance with regulatory constraints

We anticipate 2009 to be a very difficult year with a global recession worldwide. But, although macroeconomic signals are still red, we believe there are good opportunities as lately technical indicators are looking better and better.

Macroeconomic indicators show that all sectors will suffer from the recession, particularly the automobile and financial sectors. Only two sectors could be less hit: Healthcare and Telecommunication.

We seek companies with healthy financial indicators which will be able to run without any debt to refinance in the coming year. These companies have to be self-sufficient regarding their credit situation, and preferably non-correlated to consumptions factors. Our approach, therefore, will be based mainly on stock-picking as the main source of added value, without taking sectors and regional criteria into account.

We particularly recommend three of our funds, which have a long and stable track record, outperforming their respective benchmarks since inception: Euro Capital Durable (FR0010013987), Groupama Croissance (FR0000029837), and Groupama Avenir Euro (FR0000990038).

Country Focus: UK

FactSet Country Expert - UK Market

Eunice Cumberlege, Team Manager
ecumberlege@factset.com
Fontainebleau – France

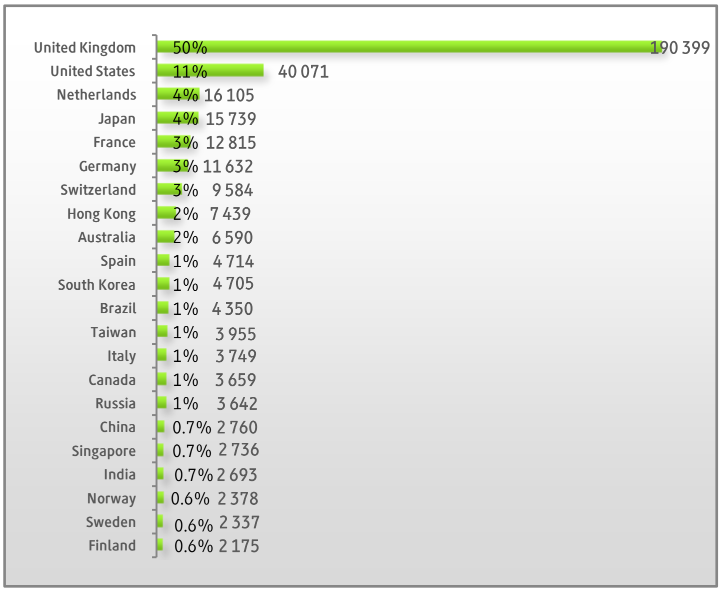
FactSet LionShares' Coverage

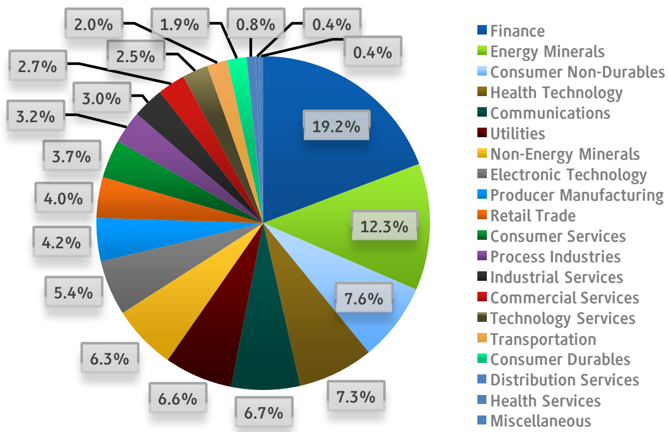
Mutual Funds, UK: 1, 690 Equity Funds, EUR 458 B.

Our UK research team of five analysts is responsible for the UK equity mutual funds market and their investment teams. Our coverage includes approximately 1,700 onshore funds, such as Unit Trusts, OEICs, investment trusts, hedge funds, and VCT, as well as nearly 1,000 offshore funds distributed in the UK.

As our international institutional clients need to run comparative asset allocation analysis on a large universe of funds, it is our goal to expand our relationships with the mutual funds managers to offer them to contribute monthly or quarterly to the FactSet LionShares fund information feed. This effort will permit better comparability and consistency of the UK fund information for our users that include fund centers, wealth managers, and fund of fund managers.

Country Focus of UK Funds (EUR M.)





UK Funds' Overall Stock Preference

Company	Country	# Funds
Vodafone Group	UK	673
BP	UK	613
GlaxoSmithKline	UK	588
HSBC Holdings	UK	554
BG Group	UK	504
Royal Bank of Scotland	UK	496
Barclays	UK	478
BT Group	UK	476
Royal Dutch Shell	Netherlands	473
Tesco	UK	450

Most Frequently Held Mid Caps (EUR 1-5 B.)

Company	Country	# Funds
Wolseley	UK	248
ICAP	UK	227
Marks & Spencer	UK	220
FirstGroup	UK	215
Persimmon	UK	208
Rexam	UK	201
Friends Provident	UK	200
Lonmin	UK	199
British Airways	UK	199
Intermediate Capital	UK	198

Most Frequently Held Small Caps (EUR <1 B.)

Company	Country	# Funds
SIG	UK	174
Cattles	UK	166
Premier Foods	UK	164
Yell Group	UK	160
Melrose	UK	159
Barratt Developments	UK	157
Taylor Wimpey	UK	155
Laird	UK	148
Halfords Group	UK	142
Bellway	UK	137

Insights:

- 50% of the UK domiciled equity mutual funds' assets are invested in foreign securities.
- U.S. companies capture 11% of those assets, and the balance of the assets is invested evenly across 14 countries that capture each between 1 and 4% of the equity investments; 25 % is invested outside Europe.
- Although the Finance sector comes first with 19% of the equity investments, the assets are also well distributed among market sectors.

Mr. Jamie Cumming
CFA, Senior Investment Manager–Global Equities Team
Aberdeen Asset Management
www.aberdeen-asset.com

Aberdeen Asset Management is an independent asset management group founded in 1983 with headquarters in Aberdeen, Scotland. The group has 25 offices worldwide. We champion local decision making, close-knit teams, and interdependence among our offices worldwide. Our key clients include leading national and corporate pension funds, central banks, and other leading investment institutions. We manage assets across equities, fixed income, and property with €143.6 billion of assets under management.

Our worldwide investment approach is predominantly long-only, based on fundamentally sound investment decisions made as a result of rigorous in-house research.

Our competitive advantage derives mainly from our consistency and disciplined approach. From an equity perspective, we are active stock pickers. Good stock selection is the main driver of alpha, along with tactical top-slicing/adding on weakness within a basic buy-and-hold strategy. We differentiate ourselves by exploiting the various advantages we have, such as better research, more cross-coverage, a culture that prefers teams to individuals, and experience of our senior members. In terms of investment process, we never invest in stocks we haven't visited and never feel obliged to buy a stock because it appears we should. The deleveraging process accelerated in dramatic fashion through the third quarter of the year. It is likely that authorities across the world will, over the course of the near to medium term, be as aggressive as they can be utilizing both monetary and fiscal policy measures to arrest the pace of deleveraging.

Investment recommendations for the next three months focus on long-term returns rather than short-term gains. We prefer companies in Asia and emerging markets which we believe are more attractive than those in say the U.S.

The Aberdeen Global-World Equity Fund is top quartile over one, three, and five year periods (to end September 2008) and is A-rated by Standard & Poor's. Another Luxembourg domiciled fund, the Aberdeen Global-Responsible World Equity Fund, has an overlay strategy to filter out companies that fail to meet certain SRI criteria.

Aberdeen Asset Management was awarded the Investment Excellence Award 2008 by the Global Investor magazine in the Global Equities category. We were also awarded the Financial Times' 2008 Business Pension and Investment Provider Award in the Sustainable/Ethical Investment category.

Mr. Rajesh Shant
Director of Investment Management, Newton (European Equities)
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BNY Mellon Asset Management is the asset management arm of The Bank of New York Mellon Corporation. Our multi-boutique model ensures each asset manager retains autonomy over its proprietary investment process with no 'house view' imposed. We have over $1.1 trillion of assets under management (as of June 2007). Newton Investment Management, one of BNY Mellon Asset Managements' specialist asset managers, is a pioneer of thematic investing, identifying influential trends on economies or stock markets worldwide.   Our global network and experienced multilingual teams cater to the investment needs of the world's governments, corporations, foundations, endowments, pension plan sponsors, advisors, intermediaries, and mutual fund investors.

We tailor investment solutions through a customized product grouping by bundling multiple capabilities. Separate account basis or pooled funds strategies are available. Our primary fund ranges utilize the wider investment powers permitted under the UCITS III directive. We offer traditional global and regional equities and bonds, money market funds, as well as those that encompass hedge fund style investments.

The deleveraging process initiated by last summer's credit crunch is far from over. Equity markets have fallen sharply; when compared to bonds, valuations look cheap. World policy makers are substantiating their claims that they will do "whatever it takes" to stabilize markets.

In the next 12 months, we foresee slowing exports and sluggish conditions at home. This will put pressure on European corporate earnings. The sectors where earnings forecasts look most reasonable are pharmaceuticals, medical technology and telecoms.

Both the BNY Mellon Pan European Equity Fund and BNY Mellon Continental European Equity Fund seek to leverage Newton's stock-picking skills representing the firm's highest conviction ideas generated by the thematic investment process.

In terms of adding value for the coming years, it is noteworthy that proprietary research and stock-picking is of far greater importance than it has been for a long time. Careful sector-by-sector stock selection will allow investors to pick truly well managed companies. More importantly, investors will avoid over-leveraged, cash burning businesses that won't just "underperform" in this tougher environment of scarcer and more expensive credit – such companies are likely to go bust.

A Leading Actor of European Fund Distribution

www.allfundsbank.com

Mr. Jaime Pérez-Maura
Director – Fund Selection
jaimeperezm@allfundsbank.com

How would you describe Allfunds' core business?

Allfunds Bank is jointly owned by Grupo Santander and Intesa San Paolo. Allfunds is a unique "one-stop solution" for the distribution of mutual funds. We provide solutions for financial institutions and asset management companies based on better execution, better investment advice and better information.

Allfunds is a pure B-to-B company. We do not sell to the end client. We work exclusively with third-parties, such as institutional fund distributors. We support over 250 large financial institutions including commercial banks, private banks, pension providers, and financial supermarkets. With over EUR 35 billion under intermediation at the end of 2007, the Allfunds' platform is the largest third-party mutual fund platform in Europe. Allfunds has operations in Spain, Portugal, Italy, Latin America, UK, Luxembourg and the Middle East.

What are Allfunds' key competitive strengths?

Our fund offer is extremely broad with 13,000 funds available on our platform from more than 250 asset management houses. We do not sell our own funds; we only sell third-party products to complement the fund range of more than 250 institutional clients. As we do not have any conflicts of interest, our clients benefit from our neutral and unbiased analysis.

What are the key benefits for a fund manager to make their funds available on Allfunds platform?

Fund managers can achieve international distribution in all the countries where we are present which minimizes the counterparty and operational risk. We also give them legal advice and help them to register their funds in the local markets.

Beyond your 250 international institutional clients, how many "end clients" can the fund managers expect to reach? Are those end investors primarily in Southern Europe?

Distribution potential through Allfunds is extremely broad due to the great market share that we have in Spain (more than 60%) and Italy (up to 25%). We also have excellent business prospects in the United Kingdom. Developing markets like the LatAm region also offer interesting distribution scope.

How does the registration process happen for the fund manager? Is it a lengthy process? What are the steps to having a fund available on Allfunds?

The local registration process is not necessary for us when dealing with an institutional client. Allfunds' open architecture concept greatly facilitates the distribution of mutual funds worldwide. The time to incorporate a new fund very much depends on the IT compatibility and the need to develop new protocols. Ultimately, most of the time issue depends on the asset manager's administrative facilities and architecture.

Do you seek more partnerships with more fund managers?

Although we have already referenced a very large universe of funds, we want to have as many providers as possible to allow our clients access to new fund management expertise. Sometimes our clients request specific new funds but we generally aim to be proactive. We actively seek new managers with interesting characteristics to reference their funds. We encourage fund managers with distinct expertise to contact us. If they manage interesting products, we would be happy to offer them to our clients.

What benefits do the clients get by going through Allfunds rather than buying funds from a local provider or a regular bank?

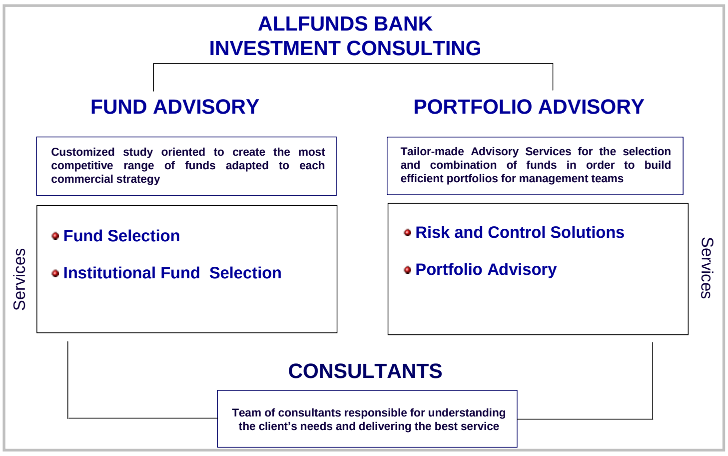
The main benefit for the investor is to have access to a very broad selection of funds through the Allfunds platform. Diversification has become an important factor especially under current market conditions. Also, our size allows us to negotiate optimal conditions with the providers. In addition, we help them with fund selection, portfolio construction and distribution. Our clients can use our selection and asset allocation expertise to let us manage some funds of funds sold under their own name.

Do you provide your clients with fund rating information?

Yes, we have a website with ratings information from Citywire and Standard and Poor's. We have also reached an agreement with Reuters to display the Lipper fund rating data. In the end, we want to give our clients as many tools as possible to analyze and distribute funds.

What type of fund selection service do you provide your clients and their end clients?

This process is often based on our clients' specifications and requirements. We help our clients on two key aspects: fund selection and portfolio allocation. The two areas are run by different dedicated teams, fund selectors, and portfolio managers. Fund selection services are adapted to every client, being more intensive in the case of institutional clients who require intensive due diligence on the funds under review. Portfolio advisory services try to complement and help in the construction of portfolios of funds, providing tools for risk assessments and asset allocation when necessary and requested by the client.



What is the mix of funds available on Allfunds?

The funds are mainly Equity Luxembourg and Dublin registered funds. We also have a strong coverage of UK onshore funds. Our institutional clients typically already have fixed income and money market products so they come to us more for international equity products. Luxembourg funds have a tax efficient status; they come with a passport for European distribution and also offer a very efficient format – more so than funds in Spain or France.

If you were to compare investor requirements from different regions, would you find that local product demand is country specific?

Ultimately, local product demand tends to be guided by tax treatment within the local fiscal regulation. Experienced and qualified management companies tend to launch their products in the places where more extensive distribution can be reached. In terms of incentives and accessibility, Luxembourg and Dublin out-distance the rest.

How do you measure and compare the asset allocation of such a large universe of funds?

We use FactSet LionShares' mutual fund data. The data gives us access to over 29,000 mutual funds in a standard and centralized format. This provides us with valuable information and analytical tools such as detailed asset allocation and investment portfolios.

We use the FactSet LionShares service to make sure our clients are not over-exposed in certain sectors. We run screenings on a large universe of mutual funds to look for interesting asset classes.

Some of our clients don't like certain stocks, so sometimes we use the FacSet LionShares' mutual fund data to measure the exposure of certain funds on particular stocks or sectors. We use FactSet's Portfolio Analytics application to measure the aggregate sector exposure of several funds combined together. The LionShares data combined with FactSet analytics offers us an additional way to analyze and measure some risk factors. We can then overweight or underweight certain stocks or certain sectors by selecting certain funds for our clients.

How can fund managers facilitate the analysis of their fund by Allfunds?

We receive detailed portfolio holdings directly from hundreds of mutual funds. We need this information to answer our clients' questions and also for our own analytical needs. Unfortunately, there are still a small number of managers that seem to have difficulty publishing their investment portfolios. As a result, we spend more time asking for those investment portfolios than running our analysis on those funds. It is a shame, because it makes it difficult for us to incorporate those vehicles into our analysis and fund-screening process.

Portfolios typically come from a variety of sources and are in a variety of formats which makes uploading a very time-consuming process. For this reason, we encourage fund managers to communicate their monthly or quarterly investment portfolio to FactSet LionShares' fund centralization service which is free for the fund managers. The centralized fund portfolio data feed on all major international funds ultimately lets us provide better information to the fund investors, in addition to being efficient.

What are your investment recommendations for the next three months?

We see a lot of interest for money market and government bond funds. We are also currently looking at de-correlated products such as commodities and alternative investments. We believe that after the U.S. election things will be a bit clearer and that some investment opportunities may come up. We are therefore cautious for the following remaining months of this year, but we are positive for the end of 2009.

To access previous editions of the FactSet LionShares Industry Report, visit http://www.factset.com/industryreport