DYNAGEST

P R O D U C T S

QUANTITATIVE PORTFOLIO MANAGEMENT
ACTIVE EQUITY MANAGEMENT

Through the integration of expertise in thematic equity management and in the selection of external managers, Dynagest has developed an active management process for global equity markets. This approach uses quantitative models to build portfolios, in conjunction with fundamental research on investment themes. It has the advantage of being able to generate relative outperformance or "alpha" in a pre-defined and controlled risk environment. Active equity management is the latest addition to Dynagest's range of quantitative techniques, and reflects the Company's firm commitment to opening up new avenues of diversification between portfolio management approaches and asset classes.

Dynagest's strengths

- independent portfolio management
- proprietary macroeconomic research notably dedicated to pertinent investment themes identification
- mastery of modern techniques for active portfolio risk management
- expertise in stock picking and investment fund selection
- ability to create synergistic partnerships.

Customised implementation of the management process

- selection of the reference index (global, regional or national)
- definition of the investment universe among an extensive range of instruments:
  - individual securities
  - investment funds (open-end and/or closed-end)
  - index linked products (ETFs, index derivatives)
- choice of relative risk level or maximum tracking error
- definition of net exposure limits to equity risk with or without using short positions
- specific investment constraints (currency hedging, counterparty risk, etc.).

Fees

Annual management fees vary between 0.4% and 1.5% depending on the amount invested and management constraints. A performance fee may apply in certain cases. A degressive fee structure is preferred.

Medium- and long-term objectives

In order to provide its clients with innovative active products, Dynagest remains committed to research and development based on the following principles:

- enhancing expertise focused on generating investment themes and selecting the appropriate investment vehicles
- integrating the most recent advances in cutting-edge risk management techniques
- creating other active quantitative management processes for other investment categories
- continuing to generate synergies between the different quantitative management techniques developed by Dynagest.

Fund managed and advised by Dynagest

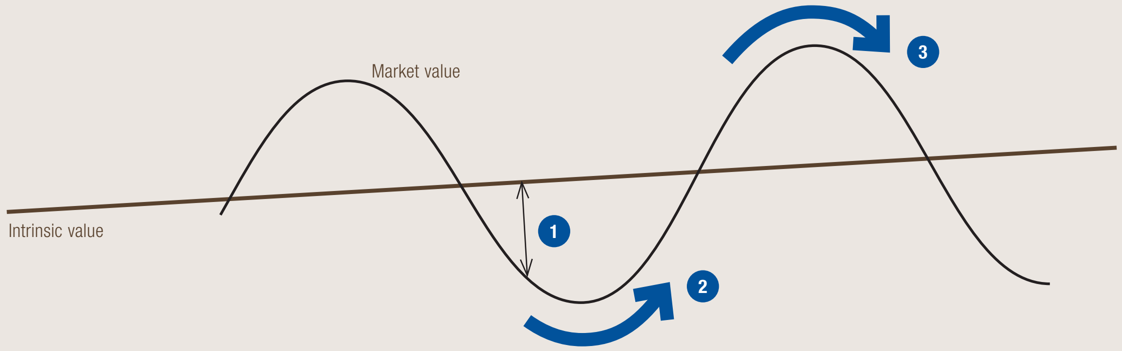
As of 31 March 2011, Dynagest was implementing active equity management in the fund:
DMC Fund - Relative Strength 130/30 Global Equities (EUR, USD), Units R
Dynamic Asset Management Company (Luxembourg) SA, Luxembourg.

Articles published in the press*

- Les modèles GARCH pour gérer la volatilité
- L'art d'anticiper les anticipations.

*Available from Dynagest SA or downloadable from our website

Key concepts in the investment process



1. *«Successful investing is anticipating the anticipations of others»* John Maynard Keynes
Fundamental research brings to light market inefficencies.

2. *«The market can stay irrational longer than you can stay solvent»* John Maynard Keynes
A quantitative optimisation process incorporating relative price indicators avoids the emotional pitfalls of the market revealed by behavioural finance.

3. *«…financial price volatility is due for fhe arrival of new information. Volatility clustering is simply clustering of information arrivals.»* Robert F Engle
The application of dynamic risk modelling (GARCH model) allows the adaptive nature of agents' expectation to be taken into account.

Source: Dynagest S.A., Geneva

The active management in international equity markets is built around on three main concepts

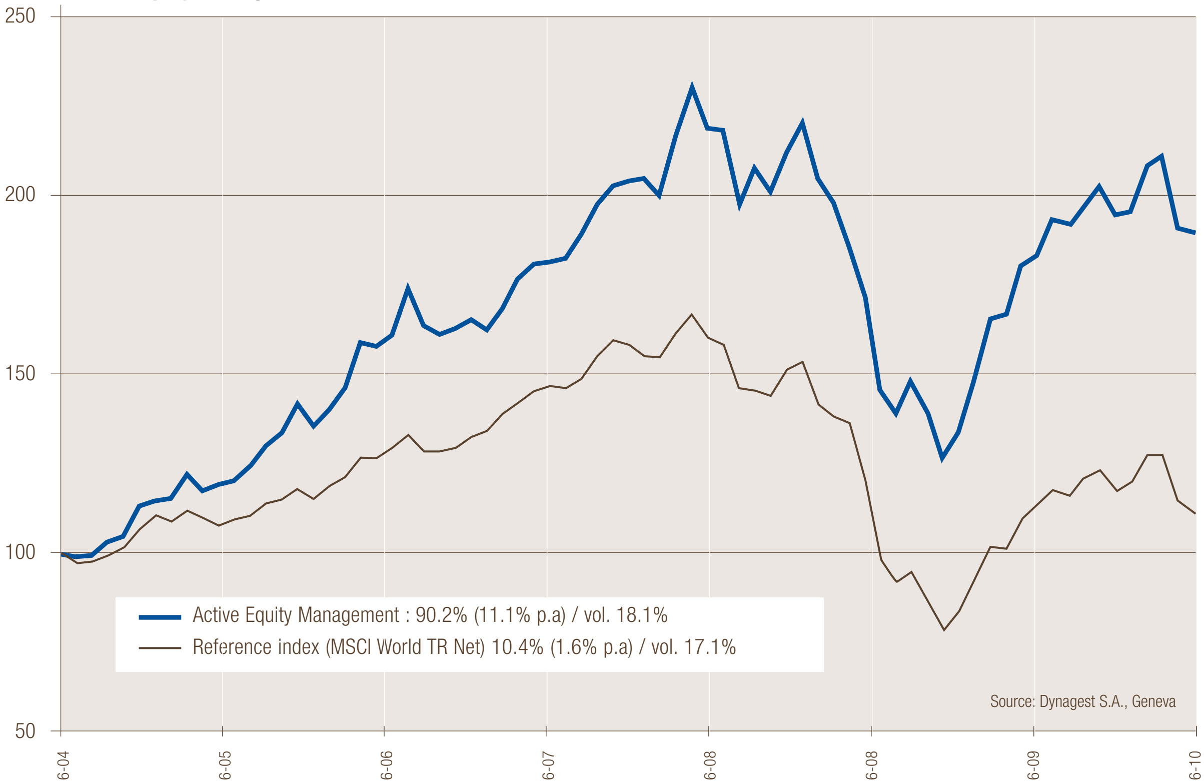
- **Exploiting inefficiencies in financial markets**
The approach incorporates various academic findings, drawn particularly from the field of behavioural finance, which call into question the hypothesis of semi-strong efficiency* of the financial markets.
Concretely, the objective is to generate alpha by identifying sub-groups of equity markets - or themes - exposed to macroeconomic, financial, demographic, geological, or political factors where fundamental research reveals some form of market inefficiency. With respect to individual stocks specific risk, the management process applies as principle the diversification of this risk within each identified theme.

  * Semi-strong efficiency: according to this hypothesis, all public information is already fully reflected in asset prices.

- **Extending the range of investment instruments**
The identified themes serve as the basis for searching out investment instruments that can be used to achieve optimum exposure. For this purpose a broad range of instruments is taken into consideration such as individual securities, investment funds and index linked products. This diversification offers a number of advantages including improved accessibility to identified investment themes, optimum cost structure, better diversification, high liquidity and real flexibility.

- **Building the portfolio systematically**
In order to avoid the emotional pitfalls of the market revealed by behavioural finance and to allow for the adaptive nature of investors expectations, systematic building of the portfolio is essential. This type of portfolio construction is based on a quantitative optimisation process integrating relative price indicators, and on dynamic risk modelling (see GARCH models).

Active Equity Management, Performance in USD



Performance figures based on audited returns for the World Momentum Equity Fund (KYG977401077) from May 2005 until June 2008 and audited track-record of the manager prior May 2005. Pro forma returns based on the strategy since July 2008. Those indicative figures include a management fees of 0.8 % and performance fees of 10 % above MSCI World TR Net. This material should not be relied on as including sufficient information to support an investment decision. For up-to-date information and performance data, please contact Dynagest.

Strengths of the approach

- thematic portfolio management based on fundamental research
- flexibility in the use of different categories of instruments
- neutralization of specific risk through broad diversification
- systematic portfolio construction
- strict control of a predefined active risk budget.

The information provided in this brochure is valid as of 31 March 2011.