



Swisscanto (LU) Equity Fund Selection International B

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Quarter report

1. Market review

The fourth quarter was marked completely by the European debt crisis. After the results of the 5th EU special summit at the beginning of December failed to convince the financial markets, at least the ECB woke up out of its late-summer somnolence and cut prime rates in two steps from 2% to 1%. It thus corrected the old administration's two hazardous increases in interest rates from the second quarter. In addition, the ECB made inexpensive loans unrestrictedly available to banks for three years, which met a keen demand and supplied the banking sector with more than EUR 500 billion. Companies' profits continued to develop robustly, even if the high expectations in Europe, but also in Asia had to be reduced. Against this background, the MSCI World succeeded in rising some 11% in CHF in the period under review, which still gives a loss of 5% for the year. In this connection, the US stock market (+14%) achieved the best performance, while Europe, including Switzerland, lagged behind. Tokyo was the only established stock market centre to close the quarter slightly down. In this connection, energy securities, as well as cyclical sectors, such as consumer goods, industrials and information technology, achieved the greatest price advances. Relative losers were financials, automobile, telecommunication and utility stocks. Balance sheet quality and profit stability continued to be positive factor strategies, Growth stocks and large caps therefore developed better than small value stocks.

2. Performance review

In the period under review, the fund outperformed the benchmark. The stock selection worked well and was able to make a positive contribution to the performance in most sectors. At the securities level, companies such as the Delphi Financial Group (takeover) from the financial sector and J.C. Penney from the non-basic consumer goods sector made substantial contributions to the performance.

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 CHF. Returns in other currencies may rise or fall as a result of currency fluctuations.

3. Outlook

The near future will remain volatile in financial markets. The pressure on banks to reduce debts is impeding the real economy and thus profits, in particular in Europe. In the longer term, in our view, equities are nevertheless the most attractive asset class. The low valuations are anticipating a slump in profits that is unrealistically great in our view. Companies outside of the financial sector are overcapitalised and will continue to return capital to investors, whether through dividends, stock redemption or company takeovers.

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 and simplified 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. Further details about Swinging Single Pricing can be found at www.swisscanto.ch/ssp. * Excl. commissions

Important notes for Germany: Paper copies of the sales prospectus, simplified sales prospectus, contractual conditions and reports on activities may be obtained free of charge from the paying agent and enquiries office, DekaBank, Mainzer Landstrasse 16, 60235 Frankfurt a.M.

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.