TOBAM*
Core investments

Diversification Dashboard
June 30, 2011

Diversification Update at 30/06/2011

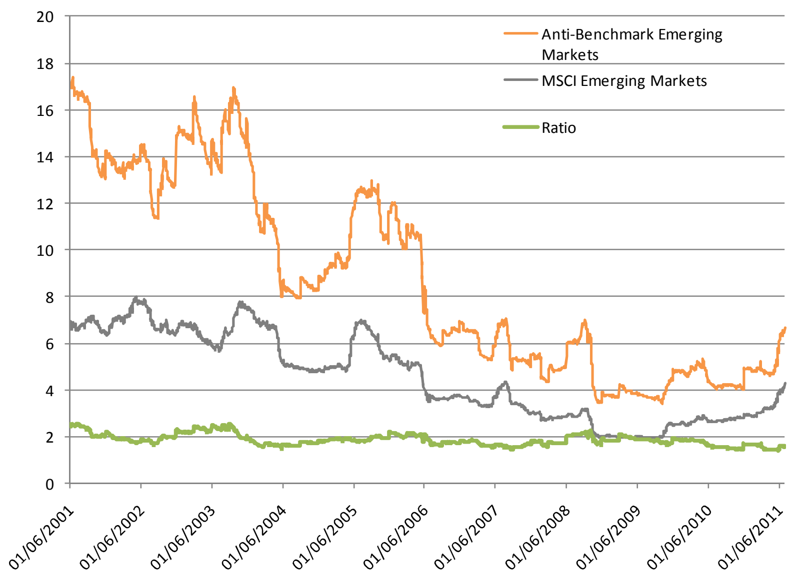
TOBAM's Diversification Ratio (DR)[1] measures how much a portfolio is diversified. The DR² (square of the diversification ratio) corresponds to the number of independent degrees of freedom in a particular portfolio – or the number of independent variables at work. As the table shows, the "broad market" indices leave diversification on the table. In addition to a snapshot of each market's DR², the table shows the DR² of a well-diversified portfolio, and the fraction of available diversification used by the index

	DR² - Index diversification	*DR² - Maximum diversification*	*% diversification used by index*
MSCI EMU	2.28	7.02	*32%*
MSCI US	2.62	7.90	*33%*
MSCI UK	2.40	4.33	*56%*
MSCI Japan	1.99	4.41	*45%*
MSCI World	3.39	8.47	*40%*
MSCI Australia	2.31	4.37	*53%*
MSCI Emerging	3.73	6.66	*56%*

Maximum Diversification in emerging markets equities

The emerging equity markets are in fact deeper and broader than indicated by their "representative" market indices. Interestingly, and consistent with empirical observations in other regions, the gap between the long-term level of diversification for the MSCI Emerging Markets index and for the Most Diversified Portfolio[2], which simply maximizes the Diversification Ratio, is persistent through 2011:

DR2s: MSCI Emerging Markets vs. Most Diversified Portfolio



The diversification gap between the benchmark and the Most Diversified Portfolio is structural, as illustrated by the DR²s in the above chart: only 56% of available diversification was used by the benchmark as of June 30, 2011.

[1]TOBAM's Diversification Ratio measures a portfolio's or index's diversification. It is supported by original research and is based on a mathematical definition of diversification. TOBAM's "Anti-Benchmark" Most Diversified Portfolio® maximizes this Diversification Ratio. Maximizing diversification within a universe of securities provides a result closer to the true market risk premium from that universe. "Maximum Diversification®" and "MaxDiv®" are registered trademarks of TOBAM.

[2] The Anti-Benchmark Equity portfolio is constructed via an optimization on the investment universe which includes the 200 largest stocks, in terms of market capitalization, in the MSCI emerging markets index.

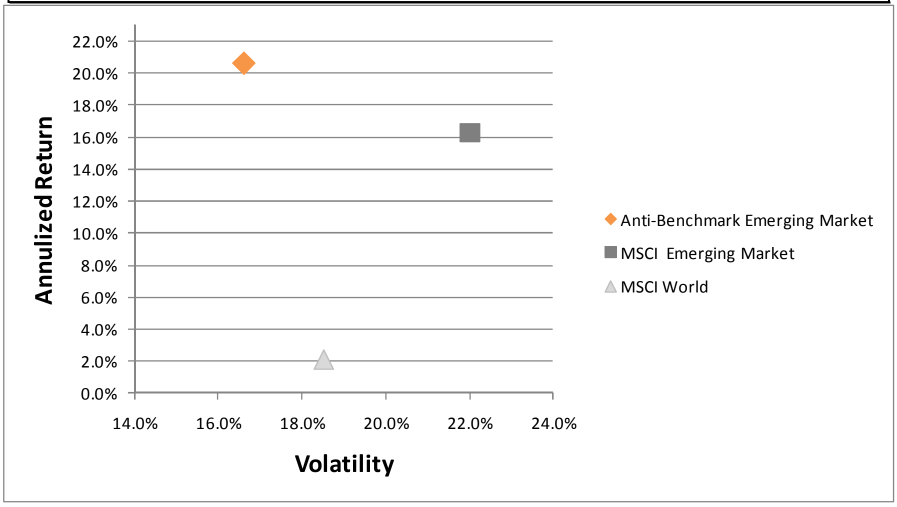
Diversification benefits

Most investors associate emerging markets – rife with geopolitical, sector and idiosyncratic risk – with potentially higher returns but higher risk. In fact, this multitude of risk factors makes for a greater diversification potential. A portfolio that simply maximizes diversification across the stocks in the emerging markets equity universe can deliver the full equity risk premium to investors. The most diversified emerging markets equity portfolio has the ability to tap into the different risk factors underlying these (albeit volatile) equity returns, which translates into a win-win investment strategy: reaping greater investment returns while reducing portfolio risk, even compared to developed equity markets.

Risk-return in emerging markets: the most diversified portfolio vs. the cap-weighted index

Annualized Returns and Volatility: 29.12.2000 – 30.06.2011

USD 12/29/00 - 6/30/11	MSCI Emerging Market TR Gross	Anti-Benchmark Emerging Equity	MSCI World TR Gross
Annualized Performance	16.24%	20.65%	2.10%
Volatility	22.01%	16.62%	18.53%
Sharpe Ratio	0.60	1.05	-0.03



Source: TOBAM. Back tested results are for information purposes only. They are intended to illustrate how the Strategies would have behaved over the period (12/29/00-30.06.2011). The simulations are gross of tax and exclude costs of transaction and fee assumptions. Past performance is not indicative of future results.

New fund designed to capture maximum diversification in emerging markets

TOBAM's Anti-Benchmark Emerging Markets Equity fund, launched June 30 2011, applies a one-step optimization to maximize diversification at the global level, bypassing the sector, country and style biases that more traditional allocation methods such as capitalization weighting can lead to. By maximizing diversification across the emerging markets equity universe, characterized by numerous and complex geopolitical, sector and other risk factors, the Fund aims to deliver the full equity risk premium to investors.

Key Fund Information:

Name:	TOBAM Anti-Benchmark Emerging Markets Equity Fund
Structure:	French FCP (UCITS III)
Classification:	Emerging Markets Equities
Reference Indicator:	MSCI Emerging Markets Index
ISIN:	FR0011039320
Liquidity:	Daily

For more information:

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Read more:
www.tobam.fr

Head of Business Development
Christophe Roehri
+33 1 53 23 41 60
Christophe.Roehri@tobam.fr

Client Service
Tel. +33 1 53 23 41 56
ClientService@tobam.fr

TOBAM North America
Steve Sapra, Ph.D., CFA
+1 646 240 4660
Steve.Sapra@tobam.fr

Benelux
Morella Hessels
+31 203 012 106
Morella.Hessels@tobam.fr

France
Sylvain Viret
+33 1 53 23 41 64
Sylvain.Viret@tobam.fr

United Kingdom
Laura Vu Thien
+33 1 53 23 41 65
Laura.VuThien@tobam.fr

TOBAM Marketing Partners

Nordics - Paxstone Capital LLP
Kasper Kemp Hansen
Tel. +45 36 95 97 00
kasper.hansen@paxstone.com

Canada - Investeam
Nancy Nightingale
Tel. +1 416 860 9490
nancy.nightingale@investeam.ca

Australia & NZ - Phoenix Capital Advisory Ltd.
Mark Jackson mark.jackson@phoenixcap.com.au
Matthew Wormald matt.wormald@phoenixcap.com.au
Tel. +612 9947 9781

About TOBAM

TOBAM is an asset management company offering innovative investment capabilities whose aim is to maximize diversification. TOBAM's flagship Anti-Benchmark® strategies, supported by original research and a mathematical definition of diversification, provide clients with diversified core equity exposure, both globally and in domestic markets. TOBAM also publishes the Maximum Diversification® Index series (or MaxDiv® Index) based on the Anti-Benchmark equity portfolio construction methodology.

The company manages over USD 2.0 billion through its Anti-Benchmark strategies for institutional clients worldwide. Its team includes seventeen financial professionals based in Paris, Los Angeles and Amsterdam.