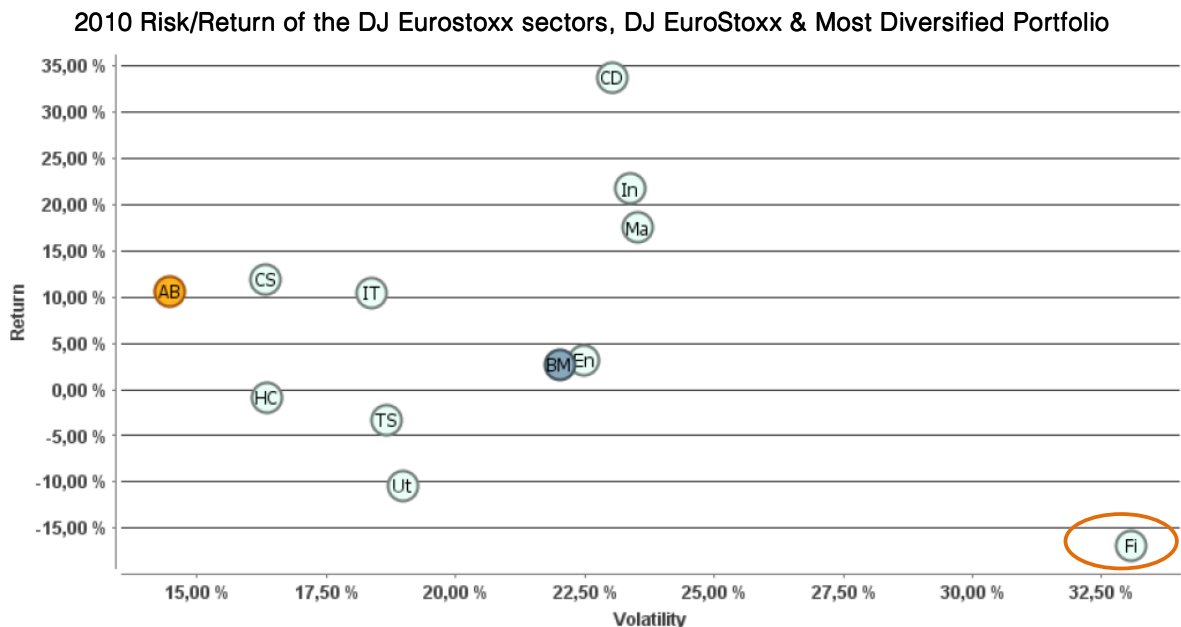


Diversification Update at 28/02/2011*

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 (equally-weighted) in a particular portfolio – or the number of independent variables at work. As the chart shows, the “broad market” indices leave diversification on the table. In addition to a snapshot of each market's DR2, the chart shows the DR2 of a well-diversified portfolio, and the fraction of available diversification used by each index.		<i>DR2 - Index diversification</i>	<i>DR2 - Maximum diversification</i>	<i>% diversification used by index</i>
		DJ EuroStoxx	1.83	4.12
	MSCI US	2.10	5.15	41%
	MSCI UK	2.31	3.39	68%
	MSCI Japan	2.28	3.17	72%
	MSCI World	2.86	6.81	42%
	MSCI Australia	2.22	4.93	45%

Financials, financials: eliminate “passive” portfolio bets!

2010 was a year of relative underperformance for the Financials sector among other Euro-zone sectors: not only was the Financials sector the worst performing sector over the period, it was also the most volatile, as illustrated below:

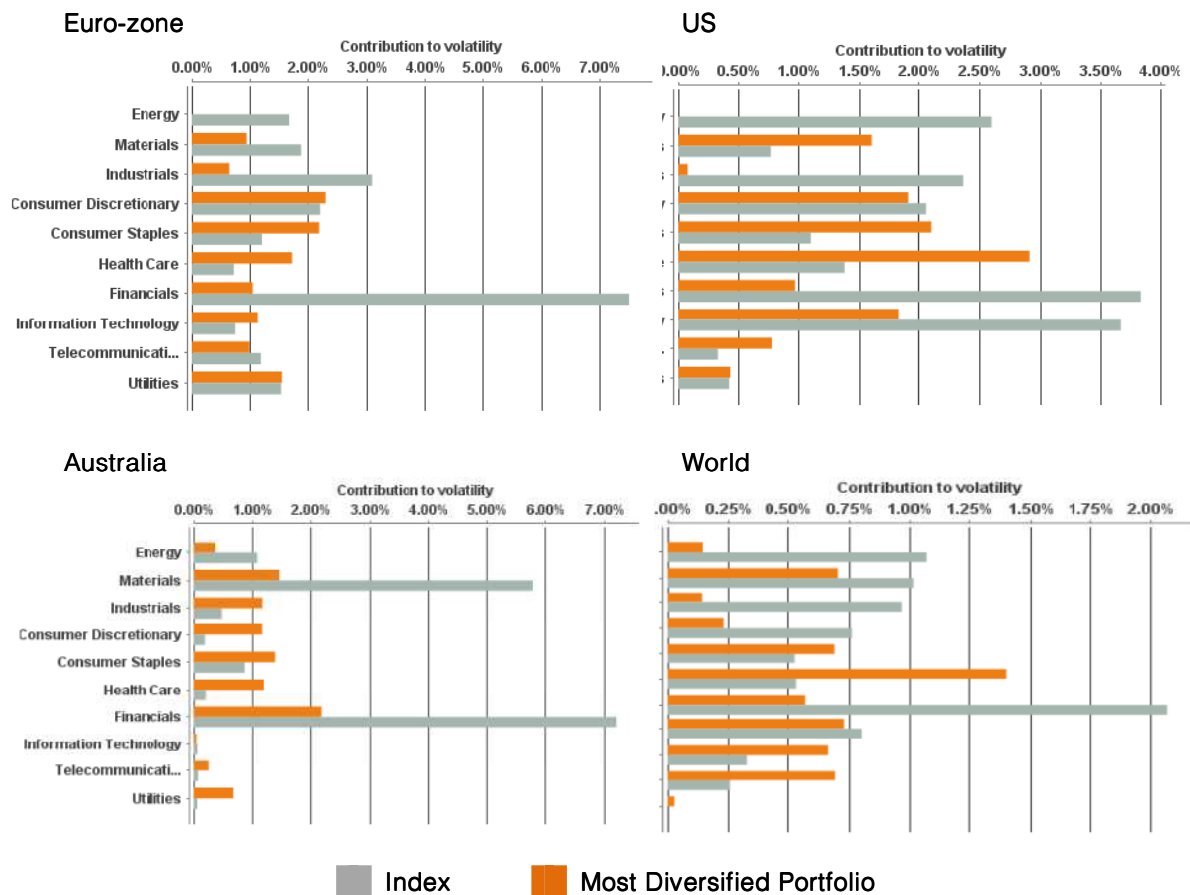


Source: TOBAM

Legend

AB Anti-Benchmark	BM Benchmark
CS Consumer Staples	HC Health Care
UT Utilities	FI Financials
IT Information Technology	CD Consumer Discretionary
IN Industrials	MA Materials
EN Energy	TS Telecom Services

The above chart implies that the historical levels of concentration reached last year in Financials dispersed as a result. On the contrary, most global equity indices remain heavily concentrated in Financials, as illustrated by the charts below. The charts break down each industry sector's contribution to total portfolio risk (defined as volatility) for the Euro-zone, US, Australia and World equity markets, as of 31/01/2011:



Not only are the indices on average 25% more volatile than the Most Diversified Portfolio on a one-year basis, we note that close to 30% of each index's volatility is concentrated in a bet on Financials. This is the case even for indices heavily concentrated in other sectors, such as IT for the US or Materials for Australia. This concentration has even intensified year to date in 2011.

This situation inspires two comments:

1. Well before the point of having any opinion whatsoever about the Financial sector's prospects, most investors would probably take issue with unknowingly allocating such an amount of their risk budget to a single sector.
2. This implicit bet of the indices on financials would require an even further concentration on financials for the indices to outperform a well diversified portfolio.

For more information:

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.

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About TOBAM

TOBAM is a full-service asset management firm established in Paris, France, registered and authorised by the Autorité des Marchés Financiers (AMF), the French Financial Markets Authority. 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. The Anti-Benchmark® methodology has been applied successfully to other asset classes. TOBAM also publishes the Maximum Diversification® Index series (or MaxDiv® Index) based on the Anti-Benchmark equity portfolio construction methodology. The company manages around 1 billion Euros in assets through its Anti-Benchmark range for institutional clients based in Europe. Its team consists of about fifteen financial professionals.