

# Performance & Attribution Analysis

## Basic Level

Stage 1 of the three tiers of attribution complexity

## Attribution Analysis – Basic Level

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In this level of reporting performance analysis we concentrate on presenting information which can be understood by a general audience without any specific knowledge of performance attribution.

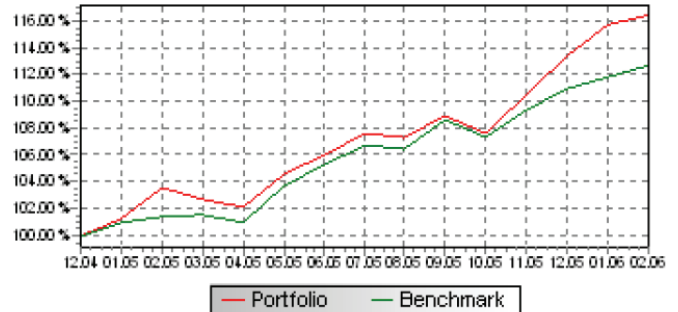
Attribution concepts and figures are not yet included at this level, this is the task of the intermediate and advanced level.

With this level of analysis the audience can gain a basic understanding of the fund and its development over the measured period. The return of the fund compared to that of the benchmark is presented along with the impact of the instruments utilized. An easily understandable comparison and evaluation of the risks of both the fund and benchmark conclude the analysis.

Portfolio	MPE1 Balanced
Benchmark	BM Balanced
Period	31.12.2004 – 28.02.2006 9 Months Rolling Window
Currency	EURO

### Development

Beginning value	71,918,887
Total contribution	0
Ending value	83,696,172
Management fees	<b>1,037,514</b>
Gain / Loss	11,777,284



Starting from general accounting figures and easy derivations we create a simple summary for a portfolio showing the most important information at a glance.

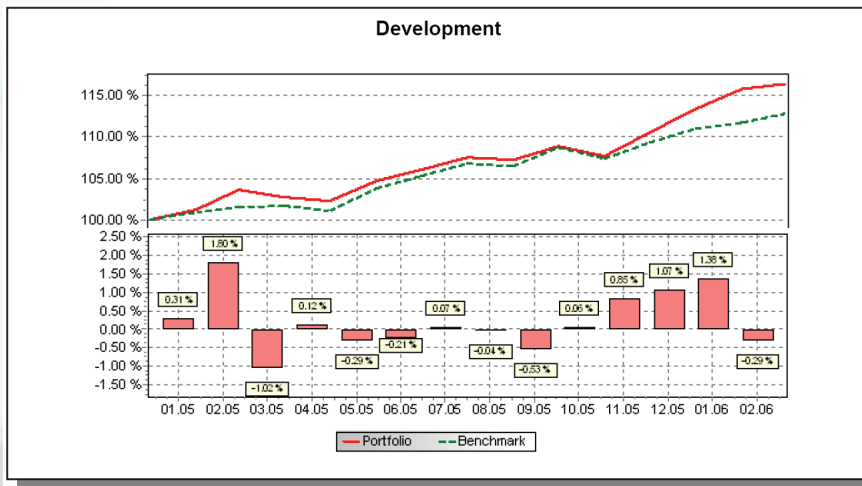
Net contributions as well as management fees are shown together with a net gain/loss figure.

Calculation can be either gross or net of fees and can be based on values before or after taxes.

An easy to understand chart comparing the development of the performance of benchmark and portfolio starting from 100 at the beginning of the measurement period.

This will familiarize the audience with the overall size of the fund and it's general status.

The next step beyond the evaluation of the absolute performance is to show the outperformance of the portfolio against its benchmark. For this purposes PM Group offers a concise performance development chart showing all important features at once.



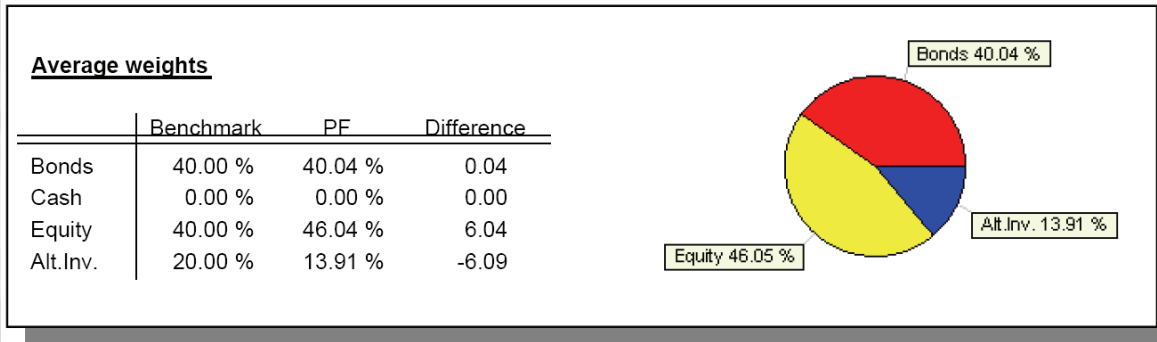
Both portfolio and benchmark are indexed to 100 at the start of the period of interest and their development is shown subsequently, allowing for an easy comparison and identification of crucial points in time when separation between the portfolio and the benchmark occurs or changes in the trend are apparent.

Returns in % for selected periods				
Period	Portfolio	Benchmark	Spread (Portfolio - Benchmark)	Outperformance (Portfolio / Benchmark)
Since Startdate	16.38	12.71	3.67	3.25
2005	13.31	10.92	2.39	2.15
2004				
1. Quarter	2.70	1.61	1.09	1.08
2. Quarter				
3. Quarter				
4. Quarter				
Last 2 Months	2.70	1.61	1.09	1.08
Last Month	0.58	0.87	-0.29	-0.29

For a more detailed look into outperformance a table is presented summarizing information for the most important intervals.

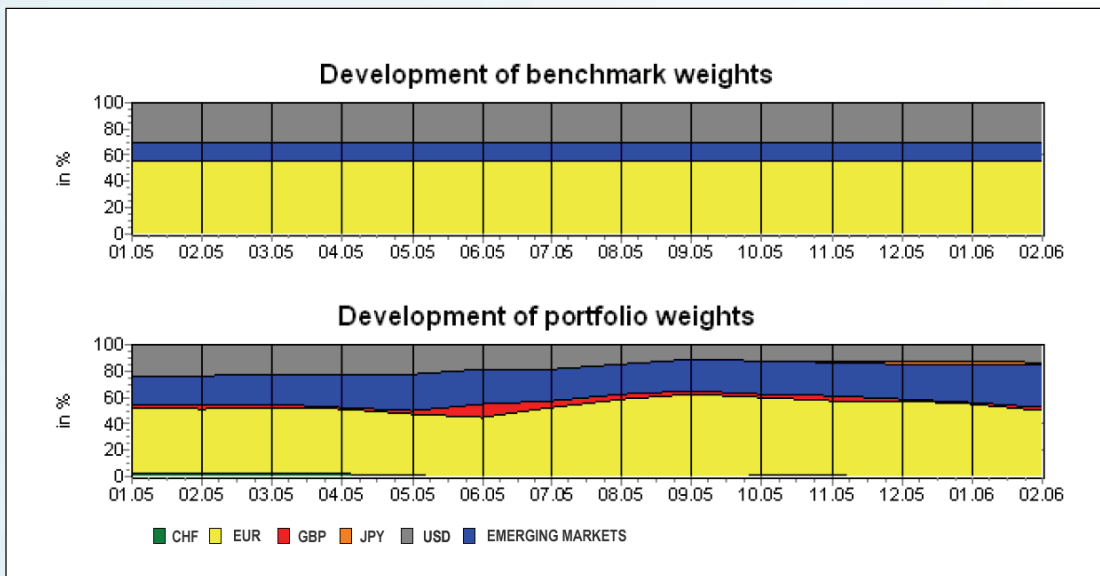
Asset allocation can play a major role in the portfolios performance against it's benchmark and is shown in various degrees of detail.

Overall asset allocation of the major asset classes is presented in the form of a table and a pie chart. Active weighting are easily seen in the difference column of the table. Current asset weighting can also be shown at the users discretion.



For a more detailed look into the development of the asset structure and it's components the report contains further graphics to easily visualize these important contributors to overall performance.

For example the equity structure of benchmark and portfolio are shown below for the entire measurement period. Any deviation from the benchmark structure is clearly identifiable in size and length. This graph is available for any other segment of the portfolio and benchmark.



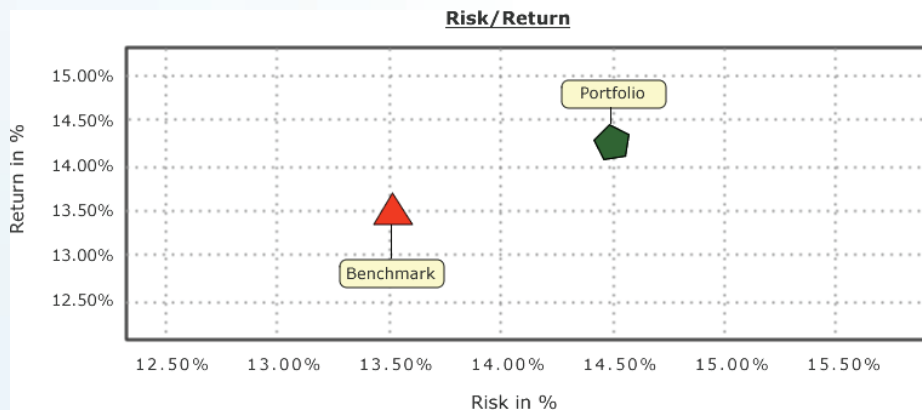
A very important aspect of performance analysis is the breakdown of performance into single security contributions, or said in other words to identify the drivers of portfolio performance on a security level. For this purpose the basic performance analysis provides the client with a report showing all securities sorted for example by industries which contains security returns their portfolio weight and contribution to portfolio performance.

Security Contribution against Benchmark										
Security	Country	Sector	First Date	Last Date	Average Value	Average Weight	Security Return	Security Contribution	Benchmark Return	Security Selection
Hannoversche Rue	EMU	Finance	20050731	20051130	634809.54	1.02%	18.66%	0.19%	17.14%	0.02%
Deutsche Kommer	EMU	Finance	20050831	20060228	742860.19	0.92%	18.56%	0.16%	25.06%	-0.04%
AXA	EMU	Finance	20050131	20050831	981982.95	1.50%	14.48%	0.20%	7.20%	0.10%
ING Groep	EMU	Finance	20050131	20060228	957467.96	1.20%	67.43%	0.65%	38.88%	0.22%
Anglo Irish Bank	EMU	Finance	20051231	20060228	870318.12	1.02%	13.74%	0.13%	13.74%	0.00%
Nat Bank of Portug	EMU	Finance	20050131	20050131	0.00	0.94%	2.34%	0.02%	0.81%	0.01%
Citigroup	US	Finance	20050131	20050831	671939.58	1.03%	2.43%	0.03%	5.80%	-0.03%
BNP	EMU	Finance	20050131	20050831	675576.55	1.03%	16.46%	0.16%	7.20%	0.09%
Allianz	EMU	Finance	20050531	20060228	1361746.49	1.68%	44.05%	0.63%	42.56%	0.01%
American Express	US	Finance	20050131	20050831	655934.33	1.00%	3.93%	0.04%	5.80%	-0.02%
HSBC	UK	Finance	20050131	20051231	628232.41	1.01%	-2.50%	0.00%	27.22%	-0.30%
					23409068.59	36.28%		5.59%		0.75%
Heidelberger Zeme	EMU	Industrials	20050131	20050131	0.00	0.69%	15.47%	0.11%	1.24%	0.10%
Eads	EMU	Industrials	20050630	20060228	804413.71	1.14%	21.95%	0.23%	31.03%	-0.10%
Siemens	EMU	Industrials	20050131	20060228	894635.92	1.15%	27.89%	0.30%	28.74%	-0.01%
MAN	EMU	Industrials	20050131	20050331	573802.13	1.13%	22.20%	0.23%	0.32%	0.23%
Kuehne & Nagel	Switzerland	Industrials	20051031	20051130	448750.08	1.14%	13.79%	0.16%	0.44%	0.15%
MTU	EMU	Industrials	20050630	20051231	200140.01	0.29%	24.95%	0.06%	20.47%	0.01%
Conergy Zertifikat	EMU	Industrials	20051031	20060228	654363.82	1.01%	12.98%	0.12%	19.30%	-0.06%
Emerson Electric	US	Industrials	20050131	20050831	626012.15	0.96%	8.17%	0.08%	5.00%	0.03%
ART Decco	Switzerland	Industrials	20050131	20050430	302843.26	0.54%	10.35%	0.05%	-6.72%	0.09%
Conergy	EMU	Industrials	20050331	20050531	188376.21	0.35%	26.18%	0.08%	-0.98%	0.08%
					31084396.96	48.50%		7.69%		1.49%
Rwe	EMU	Utilities	20050131	20060228	761729.33	0.95%	82.37%	0.59%	41.91%	0.24%
RTB	EMU	Utilities	20050131	20050131	0.00	0.49%	2.87%	0.01%	2.96%	0.00%
E.ON	EMU	Utilities	20050131	20060228	1281324.83	1.63%	42.72%	0.60%	41.91%	0.00%
					65596189.22	100.29%		15.93%		3.39%

To report also allows the user to identify each security's impact on relative performance i.e. the security's contribution to the outperformance of the portfolio against the benchmark.

Risk in portfolio management is defined as the variability (volatility) of monthly returns. The higher the variability the higher the "risk" that the return of next month will be significantly different from this month's return.

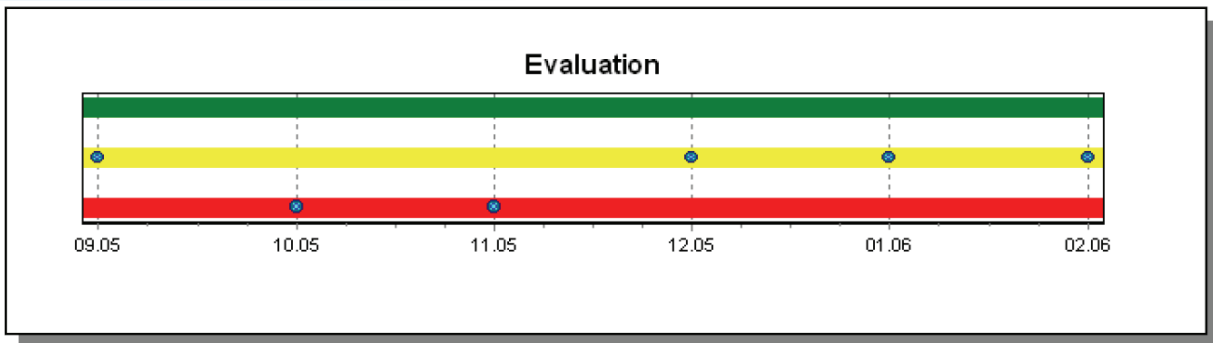
Knowing the risk of the portfolio and how it compares to that of the benchmark is fundamental to the understanding the quality of the portfolio's performance, the inherent risk and the risk premium. A portfolio that outperforms, taking on as much or less risk than the benchmark is clearly superior than an outperforming portfolio that experiences significantly more risk than the benchmark.



For this purpose the basic report offers annualized risk and return figures presented in the format accepted as the industry standard.

Depending on the positioning of the portfolio relative to the benchmark in risk-return space it is easy to derive when the portfolio is superior or inferior to the benchmark.

An outperforming portfolio with smaller risk than the benchmark is the best possible case and are consequently shown in green. Outperforming portfolios with higher risk than the benchmark as well as underperforming portfolios with lower risk than the benchmark are less desirable and are shown in yellow. The least desirable are underperforming portfolios with more risk than the benchmark and those are consequently marked in red.



A rolling time window allows then for the easy interpretation of the 'traffic-light' graph as a measure of successful portfolio management. Depending on the positioning of the portfolio relative to the benchmark in risk-return space it is easy to derive when the portfolio is superior or inferior to the benchmark.