Fund Manager’s Comment

A stronger dollar and lower oil price helped markets to recover somewhat in August. The consumer discretionary sector outperformed as the tax rebate checks in the US supported overall retail sales. The outlook remains uncertain, however. The US still faces tight lending standards, while major European countries and Japan face deteriorating growth numbers driven by a difficult housing market, rising unemployment or slipping consumer confidence.

Retailing and media were the best-performing industry groups due to the high US dollar exposure and good earnings. The auto sector continued to underperform due to the weak sales environment.

The best-performing stocks in the portfolio were US retailers and branded consumer goods companies. Lowe’s and Dicks Sporting Goods, TJX Companies and VF Corporation all published better-than-expected earnings. Hanes Brands recovered somewhat from last month’s decline. In media, Liberty Global and McGraw-Hill contributed strongly to performance. Vivendi, BSkyB, Informa and Sharp detracted the most from performance. Both Vivendi and BSkyB face growing regulatory uncertainty, while the share price of Informa retreated as takeover speculation faded. Fears of declining LCD sales hurt Sharp.

We expect the sector to remain volatile due to the weak consumer sentiment. Stock selection remains focused on earnings visibility, strong business models and healthy balance sheets. In the current environment, we are keeping a broader base of industries and regions and continue to monitor the potential downside risk to earnings closely.

Important Information

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The prospectus, the Articles of Incorporation, the annual and semi-annual reports of the Company as well as the list of purchases and sales on behalf of the Funds during the reporting period may be obtained, free of charge, at the office of ABN AMRO Bank (Schweiz) in Zurich. For clients in Singapore the above may be obtained at the office of ABN AMRO Asset Management (Singapore) Ltd., One Raffles Quay, South Tower, level 21, Singapore 048583.

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Performance Index (net in EUR, Total Return)

Source: ABN AMRO Asset Management
Fund Profile

Focus: The fund is a sector fund with an active investment policy. The main industries in this sector are automobiles, consumer electronics, hotels and leisure, media, clothing, specialty retailers and department stores. The sector benefits primarily from the increasing level of spending of the world’s population. In that respect, the emergence of the middle class in countries such as China and India is promising.

Management Style: The fund is managed in Amsterdam by a team of four sector specialist. The team selects the best investments in each of the industries on the basis of a thorough fundamental analysis of the industry and the companies, comprehensive valuation assessments combined with many years’ experience and exchanges of information on trends in the industries.

Objective: The fund’s aim is to achieve long-term capital growth through worldwide investment in negotiable shares in companies in the consumer durables sector.

Suitability: The fund is suitable for investors who would like a position in a specific sector. The risk profile is above average, also because the investments are concentrated in a single sector.

Competitive Performance (net, %)*

Performance (net, Total Return, Fund denominated in EUR)

Risk Profile

Addendum

Risk is measured in absolute terms by the standard deviation of the total return of the fund. The greater the standard deviation, the wider the fluctuations between the high and the low prices of the fund. The risk of each fund is displayed by a bar that has been equally divided into 7 risk categories, going from 'low' to 'high'.

Fund performance figures have been calculated net of fees, and on a total return basis with dividends received reinvested. All data in this newsletter is unaudited. Past performance is no guarantee of future returns. The net asset value of the fund may fluctuate and may go down as well as up.

Fund Facts

Class of shares: Class A
Currency: EUR
Inception date: 22 July 2004 (lux)
Total net assets: EUR 61.4 million
NAV per share: EUR 48.21
Minimum investment: EUR 250
Management fee: 1.50% annually
Service fee: 0.20% annually
Sales charge: max. 5.25%
ISIN code: LU0195060610
Bloomberg code: AACODIE LX
Valore: 1884788

Cumulative Net Performance

Portfolio Statistics*

Alpha 0.57
Beta 1.01
Standard deviation 14.76
Tracking error 2.65
Sharpe ratio -0.56
Information ratio 0.17

* EUR based, 3 yr monthly rolling period