

Dexia - Dexia Sustainable North America - I

Sustainability Fundreport

Sustainability Rating - Overview



Sustainability Rating 3.2

Research Quality (30%)	3.5
Portfolio Quality (40%)	2.8
Engagement (20%)	2.4
Transparency (10%)	4.4

(per May 31, 2012)

From a sustainability point of view, the fund slightly underperforms the median fund with a rating of 3.2, while the median of the global peer group is 3.3. Most sustainability category ratings of the Dexia Sustainable North America are close to the average. Different from most Dexia funds, the Dexia Sustainable North America does not have a high number of controversial companies in the portfolio. The fund outperforms the North American peer group.

Research Quality

Research Quality (30%)

3.5

Positive criteria environment



Positive criteria social



Positive criteria corporate government



Exclusion criteria environmental



Exclusion criteria social



Dexia performs a best-in-class approach in two steps: First, in a step called macro analysis, the key sustainability challenges like resource depletion, health welfare, aging population, interconnectivity, growing and developing populations and climate change are assessed in relation to each company. Each company is rated on a scale from -60 to +60. Second, in a step called micro analysis, a company's stakeholder relations (customers, investors, environment, suppliers, society, employees) are analyzed and rated on scale from 0 to 100. The results of the macro and micro analyses lead to the best-in-class universe, which includes about one third of the traditional universe. In addition, a norm-based sustainability analysis is performed which checks the compliance with the ten principles of the UN Global Compact. Consistency of the research processes is reviewed by an independent SRI advisory board and audited by Deloitte. And finally, companies involved in the production or sales of weapons are excluded. In the case of government bonds, Dexia applies 75 non-financial indicators and excludes countries which breach international conventions. Dexia has a team of 9 in-house SRI analysts. The team has an average experience of eight years, and Dexia has an experience of 16 years in the field of SRI. Together with external research providers and the expertise of the SRI advisory board there is sufficient capacity given to track a global initial universe of 2'300 companies of which 1'700 companies are analyzed and 600 have been selected for the sustainable universe.

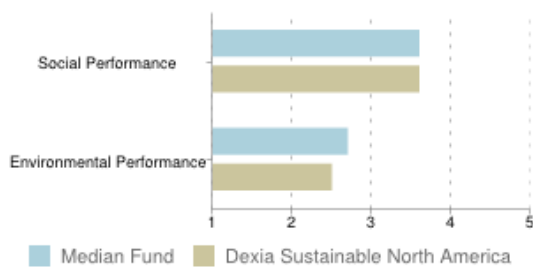
Portfolio Quality

Portfolio Quality (40%)

2.8

Positive Analysis:

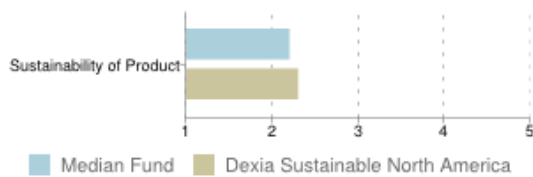
Stakeholder rating for large caps



Both the environmental and social performance of the portfolio are very close to the average. Considering the encompassing non-financial research process, a better score could be expected. However, in comparison to the North American peer group, both ratings are above average. Since the 2011 sustainability update, the environmental performance rating decreased.

Positive Analysis:

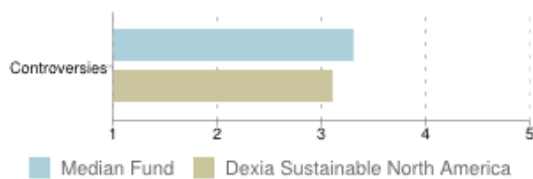
Product rating for small and midcaps



The products sustainability is average. However, due to the low 2.1% portfolio share with a product sustainability rating, this does not have a significant impact on the final portfolio quality.

Negative Screening:

10 most controversial companies



Company	Share	Rating
Exxon Mobil	3.3%	1.9
Verizon Communications	1.1%	3.0
ConocoPhillips	0.9%	3.1
Eli Lilly	3.0%	3.1
Johnson Johnson	1.1%	3.3
General Electric	1.0%	3.3
Motorola Solutions	1.1%	3.4
Bristol-Myers Squibb	1.1%	3.5
Sprint Nextel	0.3%	3.5
Google	3.5%	3.6

Engagement

Engagement (20%)	2.4	<p>Engagement activities at Dexia follow a formal policy which regulates the aims and means of the engagement. The policy includes company dialogue and proxy voting. However, company dialogue covers only a very small share of all portfolio companies and proxy voting rights are only exercised for the funds with a focus on Europe. Examples of company dialogue and proxy voting activities are disclosed on the web page, however, the reporting does not include the detailed description of the activities on company level.</p>
Engagement Policy	<input checked="" type="checkbox"/>	
Company Dialogue	<input checked="" type="checkbox"/>	
Proxy Voting	<input checked="" type="checkbox"/>	
Shareholder Resolution	<input type="checkbox"/>	

Transparency

Transparency (10%)	4.4	<p>The fund's transparency improved clearly over the last years. SRI strategy and processes are very well described on the web page and in a separate SRI report according to the EUROSIF transparency guidelines. The fund management is also very helpful answering additional questions upon request and the complete portfolio of the fund is disclosed on the web page. A large number of additional SRI related documents is available as well. The disclosure of exemplary company ratings and a more detailed description of the non-financial exclusion criteria would further improve the rating.</p>
Description of SRI approach	<input checked="" type="checkbox"/>	
Description of ESG criteria	<input checked="" type="checkbox"/>	
Description of research process	<input checked="" type="checkbox"/>	
Disclosure of full portfolio	<input checked="" type="checkbox"/>	
Description of engagement	<input checked="" type="checkbox"/>	
EUROSIF Signatory	<input checked="" type="checkbox"/>	

Fund Allocation Data

Currencies / Regions

USA	89.8%
Canada	11.2%

(per May 31, 2012)

Sector	Fund*	MSCI**
Consumer Disc.	10.8%	10.9%
Consumer Stap.	10.1%	10.7%
Energy	12.9%	11.2%
Financials	16.2%	18.6%
Health Care	10.6%	10.2%
Industrials	10.0%	11.0%
Information Tec.	18.4%	12.8%
Materials	4.9%	7.1%
Telecom Serv.	2.9%	4.0%
Utilities	3.2%	3.6%

*Sector values of the corporate part **Sector values MSCI World as per 30.04.2012

(per May 31, 2012)

Position

Mead Johnson	4.3%
Shoppers Drug Mart	4.0%
Tyco International	3.8%
Google	3.5%
Exxon Mobil	3.3%
Zimmer Holdings	3.3%
3M	3.0%
Eli Lilly	3.0%
Autodesk	2.5%
LSI	2.4%

(per May 31, 2012)