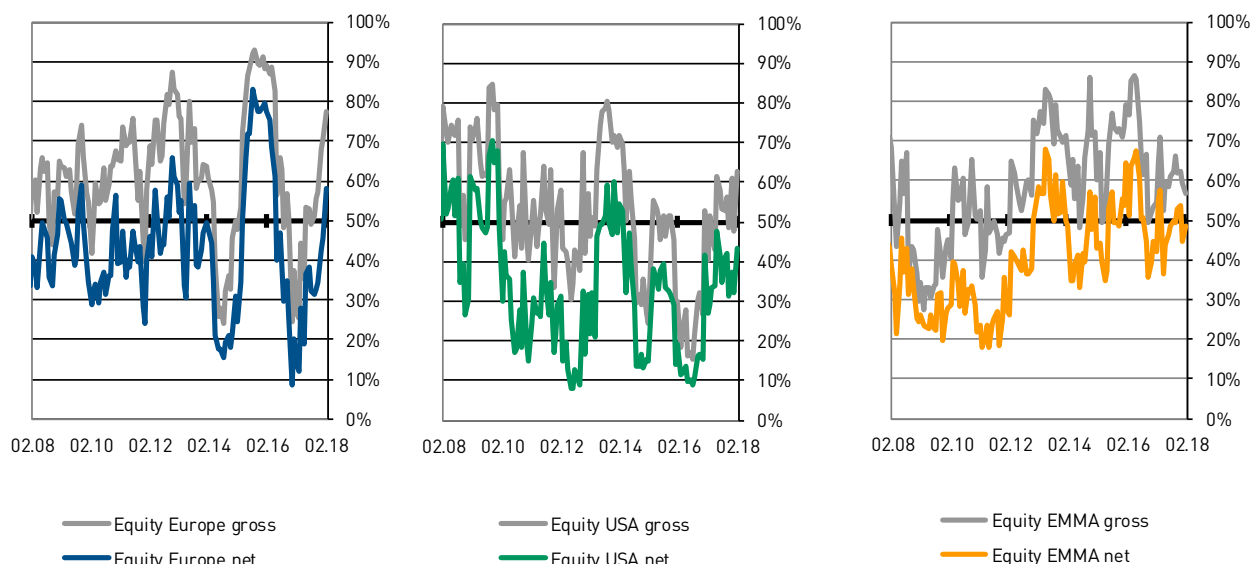


A. fundinfo outperformance index: How many funds within a peer group are ahead of benchmark?



Comment

Over a 12-month-rolling period, 58% of Europe managers and 49% of emerging markets managers as well as 43% of US managers outperformed their benchmarks net of fees.

In February, active managers in all regions showed very good results. 68% of Europe managers outperformed their indices in February net of fees. In the US, 64% of the managers outperformed their respective indices net of fees and also 71% of emerging market managers were able to beat their benchmarks.

In Europe as well as in emerging markets, small caps performed better than large caps in February. As many of the active funds have an overweight exposure in small caps, the outperformance can be mainly explained by this factor. Sector wise, technology stocks performed well in all regions and contributed positively to the performance of many active funds. The outperformance of technology stocks had a positive effect on the US managers in particular. Last but not least, some of the active managers had a defensive positioning with an elevated cash quote, which helped in a correcting market.

Marcus Stigler

Percentage of funds that have beaten their benchmark

net	Europe	USA	EmMa	gross	Europe	USA	EmMa
2017	67%	48%	45%	2017	74%	56%	54%
1 month	68%	64%	71%	1 month	72%	72%	79%
3 months	63%	51%	35%	3 months	72%	63%	51%
12 months	58%	43%	49%	12 months	78%	63%	57%

Methodology

The fundinfo outperformance indices show the percentage of actively managed funds that have exceeded their official benchmark index (MSCI Europe, S&P 500, MSCI Emerging Markets, including net dividends), reporting on a rolling 12-month basis. The gross values show the added value that fund managers have generated before administration and distribution costs; the net values show the added value provided to investors.

B. Manager meetings: Insights from our key meetings

Month	Manager / Fund	Conclusion
March	Bryan Whalen TCW MetWest Unconstrained Bond Fund	The credit cycle is entering its late stages. The fund manager underweights corporate credit and avoids vulnerable issuers and sectors. The exposure to leveraged finance is very low.
March	Amy Zhang Alger Small Cap Focus Fund	Small-caps will benefit from the tax reform in the US and have lagged the market in 2017. EPS growth is also higher compared to large caps.
March	Eric Bendahan Eleva European Selection Fund	According to Bendahan cyclicals start to look expensive. He is overweight in financials and consumer services, while industrials are underweight.
March	Richard Perrott Morgan Stanley Global Brands	Equity valuations are high, even on the basis of market's ever optimistic view of earnings. Global, high quality, steady compounders with rock solid balance sheets and sustainable dividends still offer the best risk-reward-ratio.

Analysts: Michael Mahler, Michael Partin, Pascal Probst, Marcus Stigler, Matthias Weber and Thomas Züttel.

fundinfo provides fund research and digital-advice based on liquid investment funds. Clients include banks, asset managers, family offices, pension funds and insurance companies in Europe.

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