

# MB Global Equity Value Fund

## Emphasis on more defensive names

Restructuring activity focused on adding more defensive names that possess attractive valuations, solid balance sheets, and above average earnings and cash flow generation potential.

### INVESTMENT PROCESS

- Global sector-based research
- Bottom up fundamental research
- Efficient team-based decisions
- Targeted stock weights
- Risk controls: industry sectors, single security

### LONG-TERM PERFORMANCE (includes cash)

	3mo	1yr	2yrs	3yrs	4yrs	5yrs	7yrs
<b>Total Port</b>	<b>4.3</b>	<b>-8.3</b>	<b>-3.7</b>	<b>0.2</b>	<b>-5.4</b>	<b>-6.4</b>	<b>-1.3</b>
<b>Benchmark*</b>	<b>5.5</b>	<b>-2.9</b>	<b>1.8</b>	<b>5.0</b>	<b>-3.8</b>	<b>-4.5</b>	<b>0.3</b>

\*MSCI World

### PERFORMANCE:

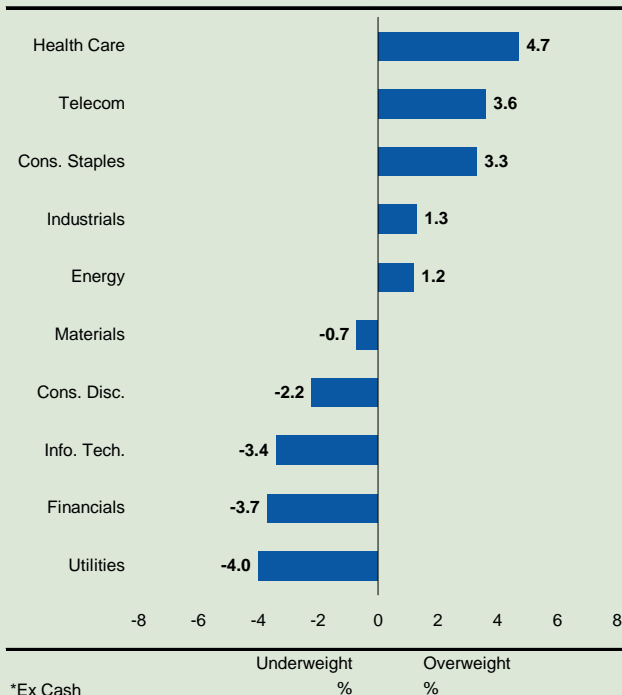
#### STOCK SPECIFIC ISSUES LED TO UNDERPERFORMANCE

The portfolio lagged the Index during a quarter in which markets rebounded on measured optimism that the efforts made by European governments to resolve the continent's sovereign debt crisis would bear fruit and on signs of growth momentum in the U.S. economy. The key detractor was stock selection in the energy (Peabody Energy, Encana), industrials (Alstom, Embraer) and information technology (Research In Motion) sectors. This was only partially offset by positive contributions in health care (Pfizer, Merck) and consumer staples (Diageo, Wal-Mart).

### DIVERSIFICATION

	Portfolio		MSCI World	
	09/30/11	12/31/11	09/30/11	12/31/11
Health Care	12.9 %	14.9 %	10.5 %	10.5 %
Telecom	8.1	7.9	4.6	4.4
Cons. Staples	8.0	14.0	11.0	11.0
Industrials	11.9	12.2	10.7	11.1
Energy	12.0	12.8	10.9	11.8
Materials	6.3	6.3	7.3	7.2
Cons. Disc.	8.0	7.9	10.4	10.3
Info. Tech.	10.2	8.4	12.2	12.0
Utilities	1.6	0.0	4.2	4.0
Financials	18.8	13.6	18.1	17.6
Cash	2.2	2.1	0.0	0.0
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

### PORTFOLIO VS BENCHMARK AT QUARTER END\*



### STRATEGY:

#### CONTINUED FOCUS ON HIGH-QUALITY COMPANIES OFFERING ATTRACTIVE RELATIVE VALUATIONS

The team took advantage of stronger markets to add to more defensive positions in the consumer staples and health care sectors. Portfolio construction emphasizes stocks possessing strong balance sheets, compelling relative valuations, and predictable earnings and cash flow generation.

**ACTIVITY:  
REPOSITIONING THE PORTFOLIO TOWARD MORE  
DEFENSIVE NAMES**

<b>New Holding(s)</b>	<b>Holding(s) Eliminated</b>
Amgen	Banco Santander
British American Tobacco	BNP Paribas
Groupe Danone	EDF
Nestlé	Nintendo
Philip Morris	Research In Motion

<b>Notable Increase(s)</b>	<b>Notable Decrease(s)</b>
None	Bank of America

**NOTABLE INCREASE(S):**

None

**NOTABLE DECREASE(S):  
REDUCING EXPOSURE TO FINANCIALS**

The team reduced the position in **Bank of America** to fund new purchases of consumer names.

**NEW HOLDING(S):  
TAKING ADVANTAGE OF OPPORTUNITIES IN HEALTH  
CARE AND CONSUMER SECTORS**

**Amgen** is an innovative biotech company that trades at a very attractive valuation and provides sustainable free cash flow generation.

International tobacco companies **British American Tobacco** and **Philip Morris** were added to the portfolio based on their solid balance sheets and the resiliency of their earnings streams in an uncertain environment.

Food conglomerate **Nestlé** along with the more health-focused **Groupe Danone** are well-managed companies that should offer steady earnings growth as well as downside protection.

**HOLDING(S) ELIMINATED:  
FOCUSING ON STABLE EARNINGS GROWTH AND  
DOWNSIDE PROTECTION**

Five stocks were eliminated from the portfolio.

**Banco Santander** and **BNP Paribas** were deemed too risky in light of the drawn out European sovereign debt crisis and were sold to fund the addition of new consumer names that should offer better downside protection.

The positions in **EDF** and **Nintendo** were eliminated from the portfolio to fund purchases of Nestlé and Amgen, two companies that offer stable earnings growth and that trade at attractive valuations.

The team eliminated **Research In Motion** from the portfolio. Despite a solid subscriber base and strong international growth, the company has been plagued by very few operational successes of late. RIM's most recent product launches have done little to mitigate negative sentiment regarding the company's growth prospects. Moreover, new software launches have once again been delayed.