

MB International Equity Fund

Focused on quality

In an environment that should reward high-quality holdings, the portfolio maintained its bias towards companies with strong balance sheets and superior long-term growth prospects.

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	10yrs
Total Port	2.3	-8.1	-4.0	2.5	-4.4	-5.5	0.6	0.4
Benchmark*	1.2	-9.7	-3.7	1.7	-7.2	-6.8	-0.2	0.5

*MSCI EAFE

PERFORMANCE:

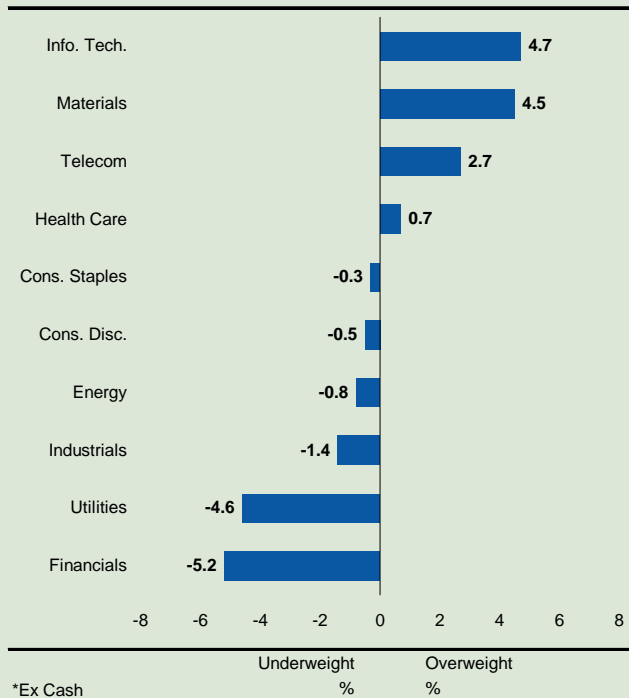
STRENGTH FROM SEVERAL HOLDINGS IN INDUSTRIALS, CONSUMER, AND INFORMATION TECHNOLOGY LED TO OUTPERFORMANCE

The portfolio's return comfortably outpaced the Index during a positive quarter for international equities. Strong contributions from industrials (Atlas Copco), consumer discretionary (WPP, British Sky Broadcasting Group, LVMH), consumer staples (Diageo, Wal-Mart de Mexico) and information technology (Ericsson, Taiwan Semiconductor) stocks bolstered overall performance. The relative underweight in the outperforming energy sector detracted slightly.

DIVERSIFICATION

	Portfolio		MSCI EAFE	
	09/30/11	12/31/11	09/30/11	12/31/11
Info. Tech.	11.0 %	9.0 %	5.0 %	4.7 %
Materials	13.9	13.9	10.0	10.1
Telecom	9.4	8.4	6.2	6.1
Health Care	10.2	10.2	9.7	10.0
Cons. Staples	9.9	10.8	11.4	11.6
Cons. Disc.	9.1	9.1	10.2	10.0
Energy	5.8	8.1	8.2	9.2
Industrials	9.9	10.6	12.3	12.5
Utilities	1.1	0.0	4.9	4.6
Financials	16.2	15.5	22.1	21.4
Cash	3.4	4.3	0.0	0.0
Total	100.0 %	100.0 %	100.0 %	100.0 %

PORTFOLIO VS BENCHMARK AT QUARTER END*



STRATEGY:

MAINTAINING A BIAS TOWARDS STRONG COMPANIES WITH FAVOURABLE LONG-TERM PROSPECTS

The portfolio remains oriented towards companies that stand to benefit from an overall rise in capital expenditures in the information technology and materials sectors. The financials and utilities sectors are the most significantly underweight positions, relative to the Index.

MB International Equity Fund continued

ACTIVITY:

INCREASED ALLOCATION TO ENERGY HOLDINGS WITH FUNDS SOURCED FROM UTILITIES AND INFORMATION TECHNOLOGY

NOTABLE INCREASE(S):

None

NOTABLE DECREASE(S):

None

New Holding(s)

Royal Dutch Shell

Holding(s) Eliminated

EDF, Lenovo

Notable Increase(s)

None

Notable Decrease(s)

None

NEW HOLDING(S):

OPPORTUNISTICALLY ADDED A NEW HOLDING IN THE ENERGY SECTOR

Royal Dutch Shell is engaged in various activities related to oil and natural gas, chemicals, power generation and renewable resources in over 135 countries. The company has greater exposure to Asian growth markets than its peers, a deep portfolio of long-term up-stream opportunities, favourable earnings leverage from large investments made in the past several years, and an undemanding valuation, all of which suggest strong upside potential.

HOLDING(S) ELIMINATED:

LIMITED UPSIDE LED TO TWO SELL DECISIONS

EDF was sold as the company remains snared by government policy that seeks to limit energy price increases for consumers, thereby limiting the potential for significant stock appreciation. The team also exited the position in **Lenovo** on recent strength as margin expectations remain low for the company's computer manufacturing business.