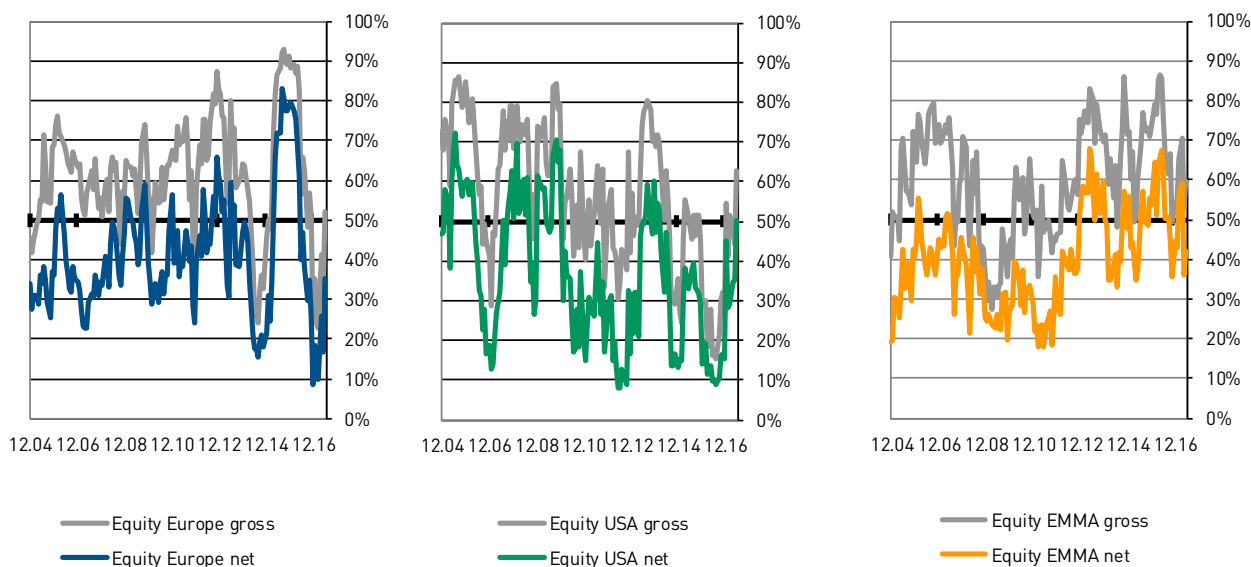


A. fundinfo outperformance index: How many funds within a peer group are ahead of benchmark?



Comment

Active managers outperformed their indices in June. 66% of US managers, 55% of emerging market managers and 53% of Europe managers outperformed their benchmarks on a gross basis.

Small- and mid-caps performed quite differently across the different markets. In the US, small- and mid-caps strongly outperformed large caps in June, while in Europe and in the emerging markets no such effect could be observed. As many of the active funds have an overweight exposure in this market cap area, the outperformance of US managers can be explained by this factor. The overall sector allocation had a rather neutral effect. Sectors like financials and materials performed very well and the majority of the active managers lost in terms of relative performance by not having a significant exposure to these sectors. On the other side, sectors like telecom and energy performed poorly and active managers profited from their underweight stance.

Marcus Stigler

Percentage of funds that have beaten their benchmark

net	Europe	USA	EmMa
2017	53%	49%	61%
1 month	45%	63%	50%
3 months	72%	54%	53%
12 months	35%	50%	42%

gross	Europe	USA	EmMa
2017	69%	60%	70%
1 month	53%	66%	55%
3 months	84%	59%	62%
12 months	52%	63%	60%

Methodology

The fundinfo outperformance indices show the percentage of around 350 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
June	Amit Kumar Threadneedle American Extended Alpha	Kumar and his co-manager have reduced the risks in the fund slightly as the US markets rallied strongly, but remain positive for the technology sector.
June	Urs Beck New Capital Swiss Select Equity	Beck invests in an all-cap portfolio of around 40 Swiss stocks. He is most underweight in health care and consumer staples, while IT, consumer discretionary and industrials are overweight.
July	Shekhar Sambhshivan Invesco India Equity	Longer term prospects for India look promising. A shift from physical assets to financial assets leads to inflows into the Indian equity market. The implementation of GST (nationwide integration of goods and services tax) could lift GDP by about 1%. Finally, more measures to boost affordable housing have been implemented.
July	Dan Hyman Pimco Mortgage Opportunities Fund	Non-agency RMBS are very attractive. Home owners do have on average more than 30% of their mortgages backed by equities and have owned their house for more than 10 years. Bonds are still traded below par (85%) and there will be no additional supply coming on the market.

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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