FALL 2014

ASCENT

RETROSPECTIVE INVESTMENT ANALYSIS OF OUR GLOBAL BOND FUND

THE QUEST FOR YIELD CONTINUES

THE AGEING OF POPULATIONS: STILL RELEVANT IN THE LONG TERM

Petercam | Institutional Asset Management

INDEX

Writing finished on September 30, Number 7 - fall 2014

Editor: Jurgen Vluijmans | Publisher: Hugo Lasat | Stockphotography | Layout: BBC

DEAR **READER**

Hugo Lasat,
Partner & Chairman of the Management Board

Guy Lerminiaux,
Partner & CIO Equity

Johnny Debuysscher,
Partner & CIO Fixed Income

Francis Heymans,
Partner & Head of Sales and Marketing

Welcome to the third 2014 edition of *Ascent*, Petercam Institutional Asset Management's newsletter on its research and management capabilities.

Our cover article focuses on dividends. According to US census data, by 2050 people aged 65 and over will make up more than 20% of the total population. In absolute numbers, this group is set to double over that time span. As baby boomers have started to retire since 2011, income has increasingly taken centre stage when it comes to investing. People in this category are relying more on their portfolios to finance consumption, especially given the uncertain sustainability of the pension system in the framework of high public debt levels. Dividends will play an important role in this.

Secondly, we have made a dissection of the drawdown and recovery path of our global bond strategy. Retrospective investment analysis through a Peak-To-Valley Drawdown & Recovery dissection can be revealing as it provides qualitative and quantitative information on the investment style consistency and adherence to the investment philosophy. Did the management team panic during the sell-off? How did the reaction function evolve during the fall and recovery months?

Finally, in the Responsible Investment Section we shed some light on the ageing of populations, and why it is an important sustainability factor going forward.

We hope you will enjoy this edition, and would be more than happy to have feedback on your side.

THE QUEST FOR YIELD **CONTINUES**

Senior Portfolio Managers Dividend Strategies

Koen Bosquet, CFA

Ignace De Coene

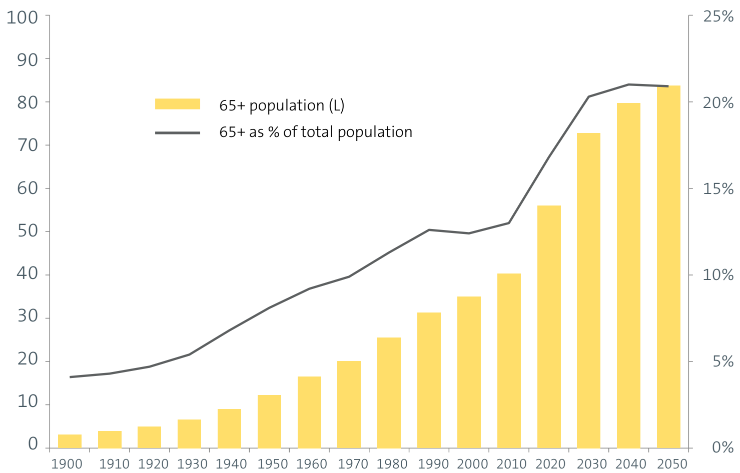
Pablo Queriat, PhD

Alexander Roose

Laurent Van Tuyckom

According to US census data, by 2050 people aged 65 and over will make up more than 20% of the total population. In absolute numbers, this group is set to double over that time span. As baby boomers have started to retire since 2011, income has increasingly taken centre stage when it comes to investing. People in this category are relying more on their portfolios to finance consumption, especially given the uncertain sustainability of the pension system in the framework of high public debt levels.

US population aged 65 and over: 1900 to 2050



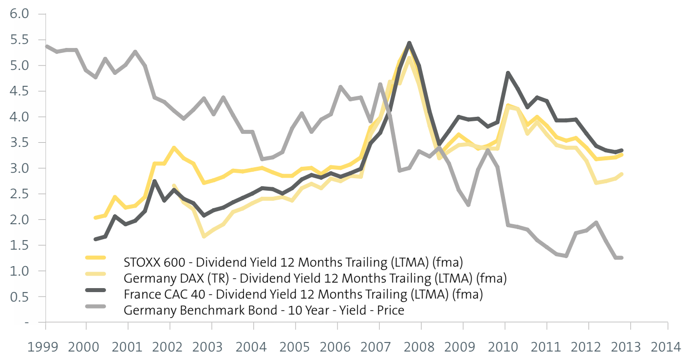
Source: Petercam, with data from US Census Bureau (2014)

The quest for income, however, comes at a time when its traditional sources are increasingly drying up. Inflation has declined steadily over the past three decades and "lower for longer" monetary policies are deemed necessary to re-invigorate economic growth. Although 10-year US government bond yields have rebounded from last-year's historical lows, they still remain depressed at around 2.5%. As for Germany, 10-year bond yields recently fell below 1%.

The real returns needed for consumption, adjusted for inflation, are barely positive at just below 2% (barely 0.8% in the Eurozone). This compares to a 2% dividend yield earned on an investment in the S&P 500 (3.5% for MSCI Europe), which highlights the relative attractiveness of dividend strategies.

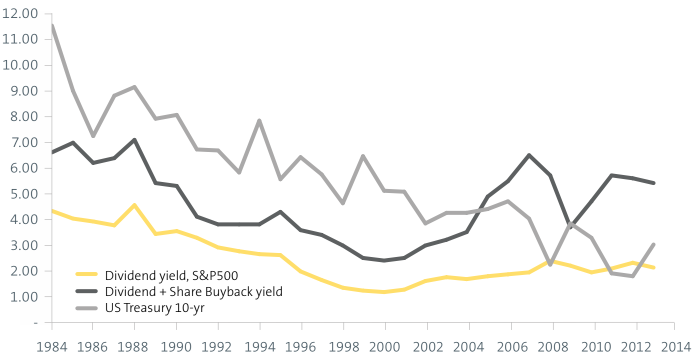
However, when taking into account share buybacks, the total "yield gap", defined as the difference between total shareholder yield on the one hand and treasury yields on the other, turns positive. In Europe, the yield gap looks even more compelling as the ECB is preparing to launch a Quantitative Easing programme.

Germany Benchmark Bond (10-yr) yield vs European markets dividend yield



Source: Factset

US Benchmark Bond (10-yr) yield vs S&P500 dividend and buyback yield



Source: Factset, Credit Suisse

Dividend-yielding corporates

To be able to redistribute money to shareholders on a recurring basis, a company should ideally generate adequate free cash flow after spending on capex, research and development, net working capital, interest payments and taxes. When measuring how well a firm's dividend is covered, investors should favour free cash flow over reported income as the latter is more prone to non-cash adjustments. Balance sheet strength should match volatility in earnings so as to protect dividends in tougher times.

Hence, taking into account these measures, one should assess whether there is more room for companies to increase distribution, either in the form of dividends or share buybacks. We feel that this is an option, particularly in the United States and to a lesser extent in Europe, based on three main reasons. First, the dividend yield starting base is already substantially higher. Secondly, corporates will be more dependent on economic growth to raise dividends, as many companies have seen their pay-out increase in the past few years characterised by earnings decline and stable absolute dividends. Finally, many European companies also limited capex during the downturn, which may be compensated now as European corporates become more confident in a macro upturn scenario.

In the US, corporate balance sheets are healthier than ever as non-financial firms in the S&P 1500 are expected to have accumulated "surplus cash" of over USD 2 trillion by the end of 2014 (Credit Suisse). At the same time, record profitability is boosting cash generation. One caveat for US companies, however, is the significant proportion of cash that is locked up overseas. As a result, before counting on a big dividend increase investors should do their homework and take into account the potential tax implications of repatriating funds.

Dividends as part of the capital allocation decision

Capital allocation is one of the most important tools available to management for creating long-term shareholder value.

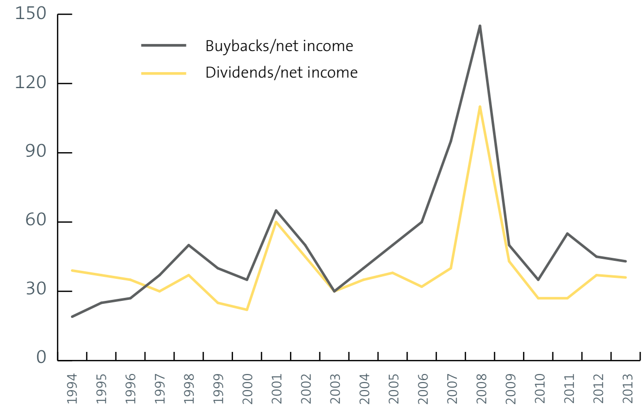
Intuitively, one would assume there is an inverse relationship between a company's payout ratio and its earnings growth. Traditional financial theory states that given a company's return on equity, additional growth can only be achieved by allocating more funds to Capex and R&D at the expense of the dividend. In reality, however, the opposite seems to be true. After all, historical data for the US market suggest that high payout ratios herald periods of high EPS growth (Arnott and Asness, Zhou and Ruland). This can be explained by the fact that high payouts impose discipline on senior management and force it to choose only projects generating the highest returns.

In the current context of record cash balances, high profit margins and low overall economic growth, capital allocation decisions have, in our view, become even more important. Such conditions might tempt corporate executives to boost growth by investing in sub-optimal projects, or to engage in value-destroying M&A operations. Within dividend investment strategies we therefore see good potential for outperformance in selecting companies that are about to raise their payouts, thereby producing higher earnings growth and even better dividend growth.

Dividends as a yardstick for valuation

Besides the traditional valuation multiples such as price-to-earnings, price-to-sales or price-to-book, investors sometimes use a stock's dividend yield to determine its attractiveness. One particular reason for using dividends versus earnings or sales is that they are the only tangible flows to which a shareholder has access. Earnings and sales are certainly important elements, but as long as they are re-invested the value of a stock depends entirely on what the market is willing to pay for it.

Aggregate dividends and buybacks as a percentage of net income for S&P composite 1500 constituents



Source: S&P Dow Jones

On the flipside, only looking at current dividend yields can be misleading as it assumes that payout ratios are static. One way to get a better feel of expected future cash distribution is to take into account a stock's free cash flow yield as well as the company's potential for changing its payout ratio.

Dividends vs Buybacks

Over the past three decades, the way companies have returned cash to shareholders has changed substantially. Especially in the US, share buybacks have become an increasingly popular alternative to dividends. In 2013, 405 companies in the S&P 500 bought back USD 476 billion in stock (the number drops to USD 363 billion net of issuances). The top-10 buyers repurchased USD 126.2 billion, which is 26% of the total for the S&P 500.

Between 1994 and 2013 the proportion of net income paid out in dividends fluctuated between 27% and 47%, nevertheless ending the period lower. On the contrary, the percentage of net income used for buybacks saw more robust growth, increasing from 17% to 49%.

Although they are not as clear-cut as in the US, similar trends towards more share buybacks can be seen in other regions.

We highlight the following reasons that could help explain this shift:

1 Regulatory change - In 1982, the Securities and Exchange Commission (SEC) defined Rule 10b-18 creating a "safe harbour". This eliminates liability for manipulation when companies repurchase their common stock in the market in accordance with the rule's guidelines, timing, price and volume conditions.

2 Flexibility - Because of their long-term merits and the negative market reaction that usually occurs when they are cut or lowered, dividends are seen as a contract. However, companies do not feel that they are obliged to honour previously announced share repurchase programmes. In fact, there have been plenty of occasions when companies have reneged on their commitments, often without a noticeable impact on their share price. Since the early 1980s, aggregated S&P 500 dividends have been cut three times versus the previous year, namely in 1989, 1996 and 2009. This compares to cuts in share repurchases on ten occasions.

Dividend payments were also remarkably more resilient than buybacks during the last financial crisis. Dividends declined by only twenty percent from 2007 to 2009 while buybacks dropped by more than 75 percent over that same period.

Companies operating in more cyclical industries might prefer such a flexible tool, allowing them to invest in downturns while paying back cash to shareholders as the cycle matures. As a matter of fact, there is evidence (Jagannathan, Stephens, and Weisbach, 2000) arguing that firms paying dividends often have more stable earnings than firms that use share repurchases, and vice-versa.

3 Increasing EPS - As share buybacks reduce the number of shares outstanding, earnings per share usually go up. In reality of course, the mere repurchase transaction does not fundamentally change the value of the firm as it is just an exchange between the number of shares outstanding and its cash balance. However, as management compensation packets are often linked to earnings per share, share buybacks tend to boost executives' overall remuneration.

4 Stock and options-based compensation - Management compensation packages usually contain stocks and/or stock options in order to align management and shareholder interests. As such, executives are incentivised to take any measure that can help drive up the share price so as to offset the dilution created by employee stock option allocations.

5 Signalling and undervaluation - Buybacks are often used when a company believes it is being undervalued by the market. Informational asymmetry may be used to argue a company's management is best positioned to determine its value, but history shows that the track record here is rather mixed.

6 Taxes - In many cases, returning cash to shareholders through a buyback is more tax-efficient than paying dividends, which are usually subject to withholding tax.

Finally, another, perhaps unwanted, driver of the apparent shift in preference towards buybacks at the expense of dividends might be found in changing sector composition. In particular, the weight of IT companies as a percentage of market capitalization for the top 1,500 companies in the US has almost doubled since 1980. As for portfolio construction, some non-traditional US sectors such as biotech companies have become dividend payers, which means that constructing a dividend portfolio without any major sector tilts is more feasible than it used to be.

Conclusion

It is widely accepted that, historically, dividends have accounted for the lion's share of return on equity. In the current context of depressed bond yields and an increasing number of investors specifically looking for yield, most corporates offer record cash balances and high profit margins. Moreover, in an environment of relatively low growth, capital allocation decisions have become even more important. As the evidence points out, it is fair to assume that many corporates have room to increase shareholder return in the form of dividends.

There are a number of corporates which have demonstrated their long-term commitment to paying dividends. Examples of this include L'Oréal and Royal Dutch Shell in Europe, and in the US there are currently 52 companies in the S&P that have a 25-year record of paying dividends that rise from one year to the next. Exxon, Colgate and Coca-Cola have been paying dividends for more than one hundred years. One can even find companies paying, in absolute terms, higher dividends than their share price less than three decades ago.

Evidence shows that chasing the highest dividend-yielding stocks does not deliver higher subsequent returns. In order to achieve high returns investors should focus on companies that offer sustainable and growing dividends, which is exactly what we do at Petercam Institutional Asset Management.

Within dividend investment strategies, we seek potential for outperformance by selecting companies that can cover their dividends with free cash flow, have a balance sheet able to protect dividends in tougher times, and that are about to raise their dividend either through increased payouts or higher earnings growth leading to dividend growth.

OUR GLOBAL BOND FUND

A RETROSPECTIVE INVESTMENT ANALYSIS

Peter De Coensel
Head of Corporate Bonds

Retrospective investment analysis through a Peak-To-Valley Drawdown & Recovery dissection can be revealing as it provides qualitative and quantitative information on the investment style consistency and adherence to the investment philosophy. Did the management team panic during the sell-off? How did the reaction function evolve during the fall and recovery months?

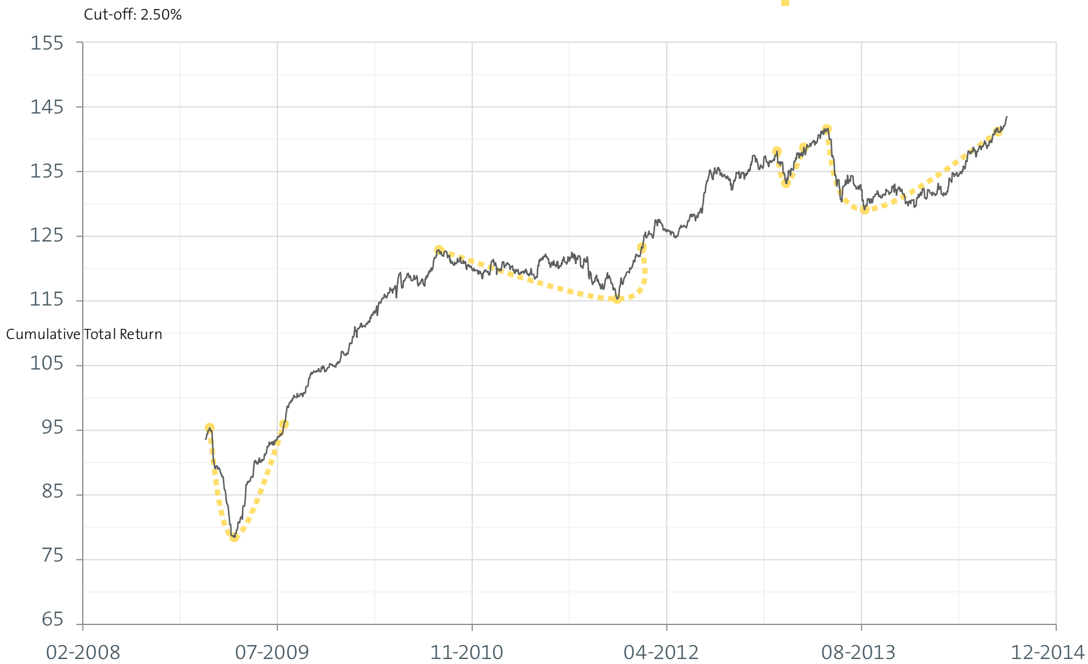
In addition, we assess the length of the recovery: how long did it take for all investors to resume their capital appreciation uptrend i.e. achieve a new NAV all time high? Investors don't fully appreciate this feature tagged onto fixed income portfolios irrespective of the level of rates. Under conditions where permanent loss through negative credit or FX events are avoided, **fixed income investors can or even should 'buy on the dip'.**

The Petercam Bonds Universalis fund experienced an important drawdown between May 2013 and August of 2013. The recovery took 11 months. By the end of July 2014 the fund reached a new NAV high.

Fixed income markets worldwide were impacted by the sudden and aggressive spike in long term US Treasury rates. (We boldly confirm that the US bond market continues to be the leading fixed income market on the planet). US 10-year rates rose from 1.62% early May to 3.00% early September, a rate shock similar in proportions to those witnessed during 2003, 1999 or 1994. However, investors tend to forget that over the past 25 years, we had no less than 11 occurrences where 10-year US rates rose by more than 100 bps! Not all of them got as much publicity.

On May 17th 2013, the fund peaked at a new all-time high. Three months later, on August 22nd 2013, the fund had dropped 8.8% in value.

Drawdown Analysis



The graph above shows the cumulative total return of the Petercam L Bonds Universalis. The yellow lines show the drawdown cycles of at least -2.50%. The first drawdown cycle reviewed started in January 2009 and ended in July 2009. The full cycle length was six months. During the first 2 months of the drawdown cycle, the fund realized a negative return of -17.7%. During the following four months, the fund fully recovered from this drawdown. It was the trough of the Great Financial Crisis. The second drawdown cycle is characterized by a gradual decrease during 15 months and a fast recovery. (It took only two months to fully recover from the -6.2% drawdown). This period coincides with a 10-year Treasury issue increasing from 2.5% to 3.75% in February 2011, followed by a drop back to 2.00% in September 2011. This period saw the European debt crisis expand to unsustainable levels. The third drawdown cycle was a short one. It started in January 2013, reached its trough in February 2013 (-3.6%) and recovered in the following two months.

1. The drawdown

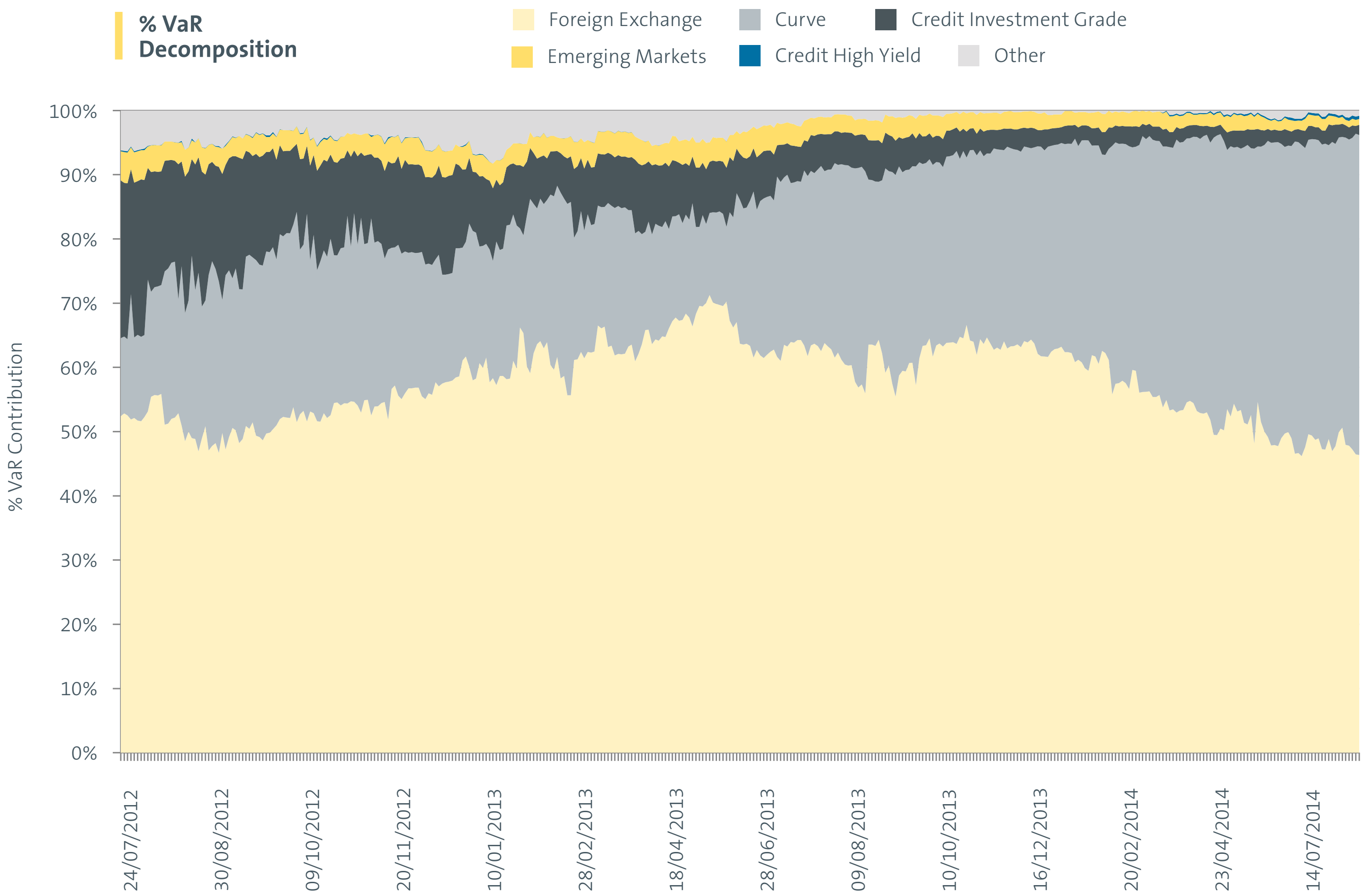
The drop came on the back of a fixed income bull run that started at the end of 2011 and inflated all fixed income sectors. Markets believed that the US Fed was engaged in permanent QE activity and as such was going to intervene in US Treasury markets forever. During a speech in May, Ben Bernanke decided to prick the bubble and announced that QE3 was going to be folded. US nominal and inflation-linked government bonds alike commenced a steep drop, spurring nominal and real rates higher.

Initially, we performed a credit risk assessment, not a volatility assessment. We decided to lower our exposure to subordinated credits and remain positioned in local currency EM government debt. Our exposure to the latter stood at around 20% of AuM. At the time, Value at Risk stood at a modest 2.55% over 1 month (with 90% confidence). Within that VaR budget, the FX risk factor contributed 67%, curve risk 14%, investment grade spread risk 10%, emerging market risk 5% and idiosyncratic risk another 5%. Curve risk was contained as we were running a successful rate hedging program on the 30-year US long bond future. The aggressive sell-off in local currency EM bonds took us by surprise and aggressive retail selling had an outsized impact on respective EM currencies. Over the drawdown period the Brazilian real depreciated 25% versus the euro, the Mexican peso 12% and the South African rand 16%.

Their respective yield curves spiked to the upside in tandem. At the core of this move was the realization that the real rate differentials between DM and EM got too small and the EM bond sector too crowded by short term investors in EM mutual funds. The volatility shock impacted EM FX valuations negatively until the end of 2013 without witnessing any higher credit risk premiums, a textbook example of market inefficiency.

The Petercam L Bonds Universalis was also impacted by fund outflows, given its open-ended character and the fact that we decided to exchange FX VaR budget for a less volatile Curve VaR budget. The discipline that was shown during June was repeated at a crucial juncture in the market. At the end of August we heavily reduced exposure to ZAR, and exited MXN and PLN. On the other hand, we increased our exposure to BRL. US 10-year rates reached a high early September at 3.00%. Intrinsic long term value was visible against zero policy rates for at least another two years. Under various market scenarios, having lowered credit risk and FX volatility, we increased the robustness of the fund. At the start of September, without knowing it, we had left the drawdown behind us on August 22nd.

% VaR Decomposition



2. The recovery

The following excerpt, taken from the "September 2013 monthly manager comment", describes the focus and increased confidence of the fixed income team:

Currently, short-termism in fixed income - trying to exit the asset class and hoping for a re-entry when rates are substantially higher - might be a strategy but it's definitely one with high risks attached. Within the fixed income team we've carried out a thorough analysis in the US, EU and Japanese markets that shows that even at (very) low rate levels, the high quality fixed income asset class has the ability to protect capital under conditions where risk assets suffer.

A well-structured fixed income fund is built on the selection of components that will deliver a desirable long term return. Within the Bonds Universalis we combine holdings that possess certain degrees of decorrelation. Over time this diversification will deliver positive results, which has been the case since late May, and we are well aware that we have encountered volatility impacting our return profile more negatively than our reference universe. Still, we can stay the course as we focused on the quality of our underlying selection and have been recovering - albeit slowly - since the end of August.

PURCHASING CREDIT PROTECTION ADDS TO THE ROBUSTNESS OF THE FUND

We observe that current spot government yield curves in Germany and the US have reached historically high levels of steepness. This causes the 5yr5yr forward rates to reach high levels not seen in more than 10 years. Given the subdued inflation outlook and the fact that overall deleveraging still has to get under way, we are sticking to our view that German 10-year rates have limited scope to rise far above the 2.00% level and US real rates to rise further from current levels.

In that context, for credit we reiterate our preference for high quality credit in the US and the EU. We hold onto strong USD EM corporate credits. We do not succumb to the pressure to load up on high beta credit that might provide solid short term carry but will not find a buyer when the sea of liquidity starts to ebb.

At the end of 2013 consensus was widespread that rates would further rise... far and above forwards. US 10-year rates reached a high on the last day of the year and never looked back. Our FX volatility budget stood at 55%, and curve risk took most of the remaining VaR. During spring of this year we realized that interconnectedness of G3 yield curves (US, EU and Japan) would exert downside pressure on Bund rates and, potentially, US rates. The steep drop in EU inflation expectations closed the door and was leading the run towards 1.00% 10y Bund rates. Before the latter event took place during August of this year the Bonds Universalis fully recovered.

Our analysis on Japanese total returns in government bonds and credit over the past decade has been instrumental in favoring high quality supranational and government debt over high carry credit. History has proven that per unit of real risk (probability of default times loss given default) one should select the highest quality credit in order to add genuine long term value. The same crowding pattern that was witnessed in EM debt is visible in HY and IG credit. Unless we can state with certainty that the credit cycle is dead we shouldn't worry. However, capital protection is at the core of our investment philosophy.

Purchasing credit protection adds to the robustness of the fund. Rate hedges, through short selling of Japanese government bond futures, Treasury and Bund futures, allows us to crystallize value on high quality credit. We are fully aware that using VaR models has proven limited usefulness when used in isolation. However, as an integrated part of the investment process it allows the manager to have a better control on main risk factors or specific bond investments. It visualizes the main value points that are present across various fixed income risk factors.

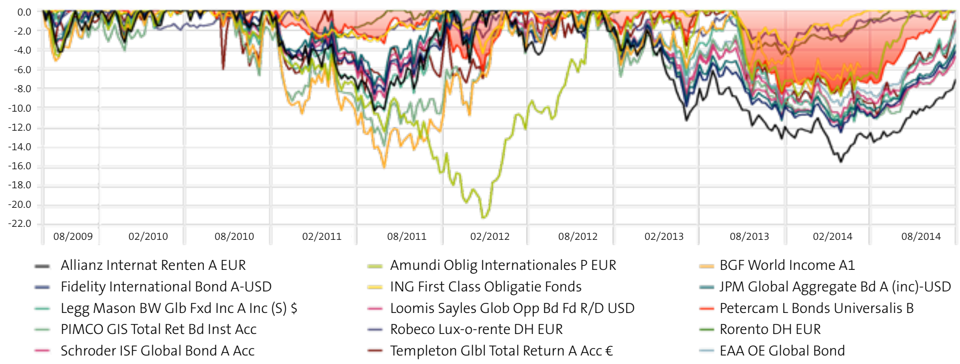
Conclusion

With every drawdown period we go through we learn valuable lessons and make more progress on our learning curve. Remaining consistent with our investment style is essential. It will mark the time it takes to recover from the next drawdown and we will not push towards higher risk levels in order to achieve this more quickly. Most of the time when you reach for high market risk your risk for permanent loss increases as well. But in order to reach above average results investors should accept disappointing periods. These will occur in unconstrained investment portfolios. Volatility is part of the funds 'ecosystem' and at times we embrace it as it offers opportunities. Below we have put our drawdown history against those of quality peers. The message is clear in that drawdowns are part of the package for total return funds that are exposed to rate, credit spread and FX factors.

Drawdown

Time period: 3/05/2009 to 30/08/2014

Currency: Euro Source Data: Weekly Return



Source: Morningstar Direct

THE AGEING OF POPULATIONS:

STILL RELEVANT IN THE LONG TERM

Ophélie Mortier
Petercam Responsible Investment Coordinator

Our country sustainability analysis, which was developed in-house seven years ago, is reviewed and reassessed every six months to ensure it remains relevant and continues to be enhanced.

However, at first sight data for countries may vary little from one period to another, which may question the relevance of conducting such an analysis. Sustainability is nonetheless related to mid- and long-term challenges and modifications therefore tend to take place gradually.

We continue to believe that this kind of analysis is complementary to purely financial analysis, be it for equity or fixed income investment management. By focussing on major challenges such as demographics or the role that will be played by generations to come, we can come across some pertinent ideas.

The ageing of populations is a major challenge to be taken into account as it has a major material impact as well as economic and social repercussions which are already quite relevant in the current environment. Specifically, the world population is growing by 1% annually while the elderly population is doing so twice as fast. By 2025, the world population will be 8 billion, versus 6.9 billion in 2010, of whom 1.2 billion will be elderly. In 2010 this part of the population was only 700 million.

With regard to economic growth, the ageing of populations has an impact on two levels. First of all, social expenditure to support the elderly part of the population grows. Secondly, the economically active population decreases, as does its contribution to the various social welfare systems.

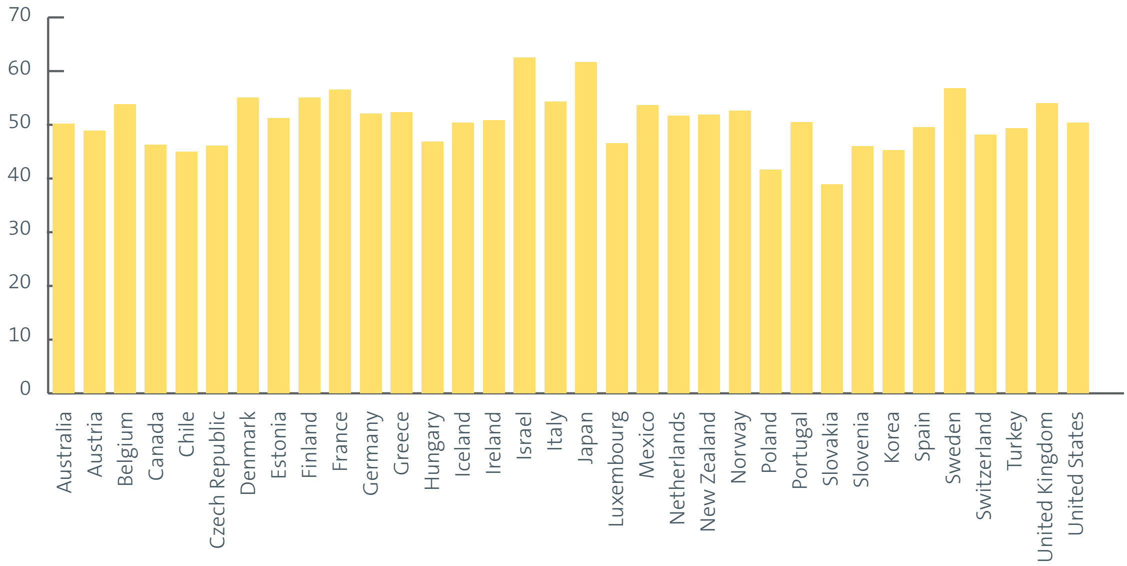
By 2020, the number of countries categorised by the United Nations as "very old", i.e. with a share of elderly people accounting for over 20% of the total population, will rise to 13. Germany, Italy and Japan already belong to this category, and in 2015 they will be joined by Finland and Greece. These countries are mostly in Europe, although other countries are also considered old, for example the United States, Australia, Canada, Cuba and New Zealand.

Nonetheless, it would be a mistake to assume that the ageing of populations is exclusively an issue affecting developed countries. As a matter of fact, countries such as Argentina, Brazil, Chile, China, Thailand and Turkey are also already considered "old", namely having at least 7% of their overall population aged over 65. Another worrisome element for emerging markets is the pace of demographic transition. China is a good example of this problem as it is aging rapidly due to birth control policies put into place in the late seventies. In that country, the working-age population has decreased significantly because the fertility rate has gone down on the one hand and life expectancy risen on the other. The share of people aged over 65 in China is poised to double over the 2014-2030 timeframe, so 26 years, while the US took 69 years to achieve the same thing.

AN AGEING POPULATION PUTS PRESSURE ON THE LABOUR MARKET

An ageing population puts pressure on the labour market as the available workforce shrinks. A solution can be to improve labour market participation, and immigration, innovation and technological improvements, which enhance productivity and human capital (better education), also have a role to play. Clearly, the ageing of populations has and will have a major impact. Assessing the quality of the labour market is also an important piece of information that should be regarded in the light of the dependency ratio, an indicator comparing the number of working-age adults to the number of elderly people. In Japan, by 2020 there will be just two working-age people for one adult over 65. Europe will face a similar situation, with a ratio of 2.7 to 3.3 working-age adults over the same timeframe.

Age dependency ratio
(percentage of working age population, 2009-2013)



Source: World Bank

By 2050, the ratio is expected to be 2 to 1 in developed economies and 4 to 1 in emerging economies.

In this context we need to take a look at the breakdown of the unemployment rate, the quality of the workforce in terms of education, and the degree of innovation present to enhance productivity and foster growth.

Finally, in the next 15 years few countries will see growth in their working-age population that is higher than past figures. These investment opportunities, provided that certain conditions are met, in particular with regard to the education of the workforce, are mostly to be found in sub-Saharan Africa (Congo, Ivory Coast, Mozambique, Tanzania or Somalia). This stands in stark contrast to countries such as Italy or Spain, where the working-age population has shrunk between 2000 and 2015.

Demographic transition also plays a role on financial markets as it is inextricably linked to rising risk aversion, which has an impact on so-called safe haven financial assets. Life-cycle theory dictates that savings and the demand for financial products are strongest during the working years. Subsequently, people finance their retirement with income from these investments, focusing less on risky assets and more on high-quality securities. However, providing a definition for a safe and high-quality financial instrument has become difficult in the wake of the Eurozone sovereign debt crisis. After all, one must take into account the level of debt (e.g. in peripheral countries), solvency (continued increases of the US debt ceiling) or the ageing of populations (Japan). Moreover, according to rating agencies, credit quality is on a downward slope and the number of AAA-rated sovereign debt issues is diminishing. In addition, the IMF estimates that by 2016 the volume of so-called high-quality financial instruments will shrink by 9 trillion dollars, or 16% of the current figure.

The demographic transition is a major challenge to all economies, including those of emerging countries. There, population growth normally goes hand in hand with an increase in per-capita GDP, but to ensure this happens it is important to give young people sound education and training so that at a later age they become part of a well-established and qualified workforce. Moreover, in order to maintain sustainable growth emerging countries must think about developing their social welfare programmes, which are often still in their infancy.

Education is thus a key aspect of sustainability affecting the prosperity of generations to come.

The OECD estimates that half of the economic growth of the past ten years in developed countries has come from enhanced skills. That is why education, in particular higher education, is so important to our economies. Japan has seen its population age significantly and has been in the vanguard in terms of demographic transition models. Nonetheless, it scores very well in the PISA tests and is just below top-ranked countries such as China and Singapore. Japan is well aware that younger people are the future.

DEMOGRAPHIC TRANSITION ALSO PLAYS A ROLE ON FINANCIAL MARKETS

While the changes may seem minimal, a sustainability analysis remains pertinent for financial instruments since it makes well-informed investors aware of mid- and long-term risks and opportunities. Today, the ageing of populations is not a myth but hard reality. It is a major challenge because it has various consequences, in particular in terms of financial asset pricing. As this element has a clear material impact, it fully justifies the analysis of key indicators such as the dependency ratio, the importance of education and training for future generations, and detailed labour market data.

Quality of Petercam's SRI expertise once again confirmed by Novethic label

For the fourth consecutive year, Petercam IAM obtained the Novethic SRI label (http://www.novethic.fr) for its SRI expertise.

The SRI label Novethic was awarded to the following expertise:

1. SRI expertise of European equities: **Petercam Equities Europe Sustainable**
2. SRI expertise for OECD state bonds: **Petercam L Bonds Government Sustainable**
3. SRI expertise for emerging market bonds: **Petercam L Bonds Emerging Markets Sustainable**

novethic SRI LABEL 2014

INSTITUTIONAL SALES TEAM

BELGIUM

Tomás Murillo | tomas.murillo@petercam.be | +32 2 229 62 56

Bernard Jans | bernard.jans@petercam.be | +32 2 229 62 51

Thibault Delbarge | thibault.delbarge@petercam.be | +32 2 229 62 45

ITALY & TICINO

Alessandro Fonzi, CFA | alessandro.fonzi@petercam.com | +39 02 86337 223

SWITZERLAND

Frédéric Guibaud, CFA | frederic.guibaud@petercam.ch | +41 22 929 72 23

FRANCE

Ives Hup | ives.hup@petercam.be | +32 2 229 62 65

Thierry Minet | thierry.minet@petercam.be | +32 2 229 62 54

LUXEMBOURG

Sanela Kevric | sanela.kevric@petercam.com | +352 45 18 58 422

GERMANY & AUSTRIA

Thomas Meyer | thomas.meyer@petercam.com | +49 69 27 40 15 295

SPAIN & LATAM

Amparo Ruiz Campo | amparo.ruizcampo@petercam.com | +34 91 5720366

SCANDINAVIA, UK

Marco van Diesen | marco.vandiesen@petercam.be | +32 2 229 62 72

THE NETHERLANDS

Lennaert Huijing | lennaert.huijing@petercam.com | +31 20 573 5405

Petercam | Institutional Asset Management