

**SEB Multi Asset, Frankfurt**  
18 May 2011



*For presentation purposes only*



**Global Tactical Cross Asset Allocation**  
... or simplified: Multi Asset Total Return

# Who we are

## SEB:

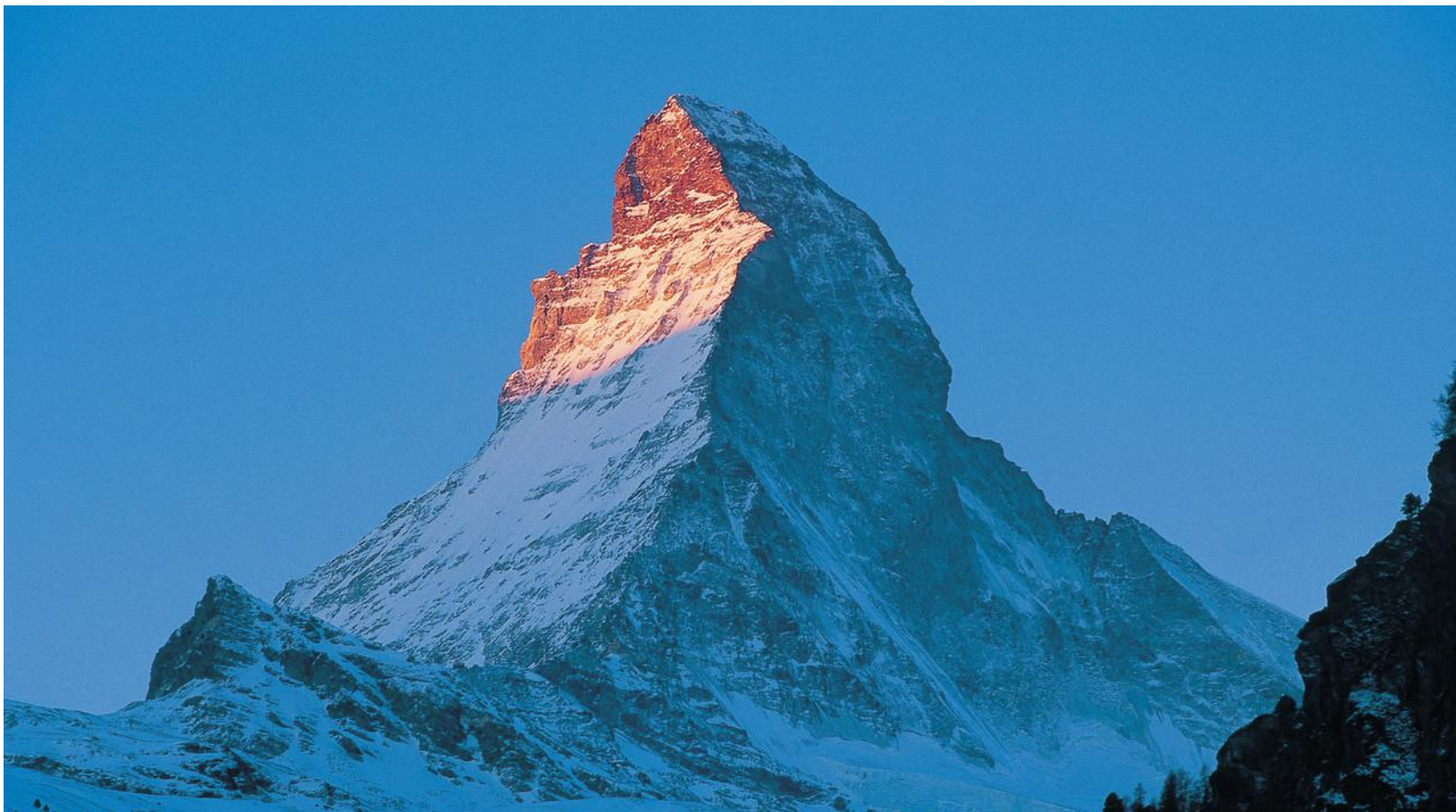
- Leading Scandinavian Bank
- Assets under Management of 130 bln. Euro
- SEB Asset Management, Germany, focuses on Real Estate and Total Return approaches

## Multi Asset Team:

- Experts in Tactical Asset Allocation and Manager Selection
  - holding university degrees and additional qualifications (i.e. CFA, CIIA, CEFA, CCrA)
  - managing real money for more than 10 years
- Based in Frankfurt

<p><b>Damian Krzizok</b> Portfolio Manager</p>	<p><b>Jens Kummer</b> Portfolio Manager</p>	<p><b>Andreas Bichler</b> Portfolio Manager</p>
<p>Years of experience 10</p>	<p>Years of experience 11</p>	<p>Years of experience 12</p>
<p>Age 37</p>	<p>Age 38</p>	<p>Age 39</p>
<p>Team member since 2001</p>	<p>Team member since 2001</p>	<p>Team member since 2008</p>

# Let us take you to the summit of investing



1. I can do it alone

# Investors relying on media...



October 1, 1999

February 14, 2000

Source: www.bigstock.com

... are often not too happy

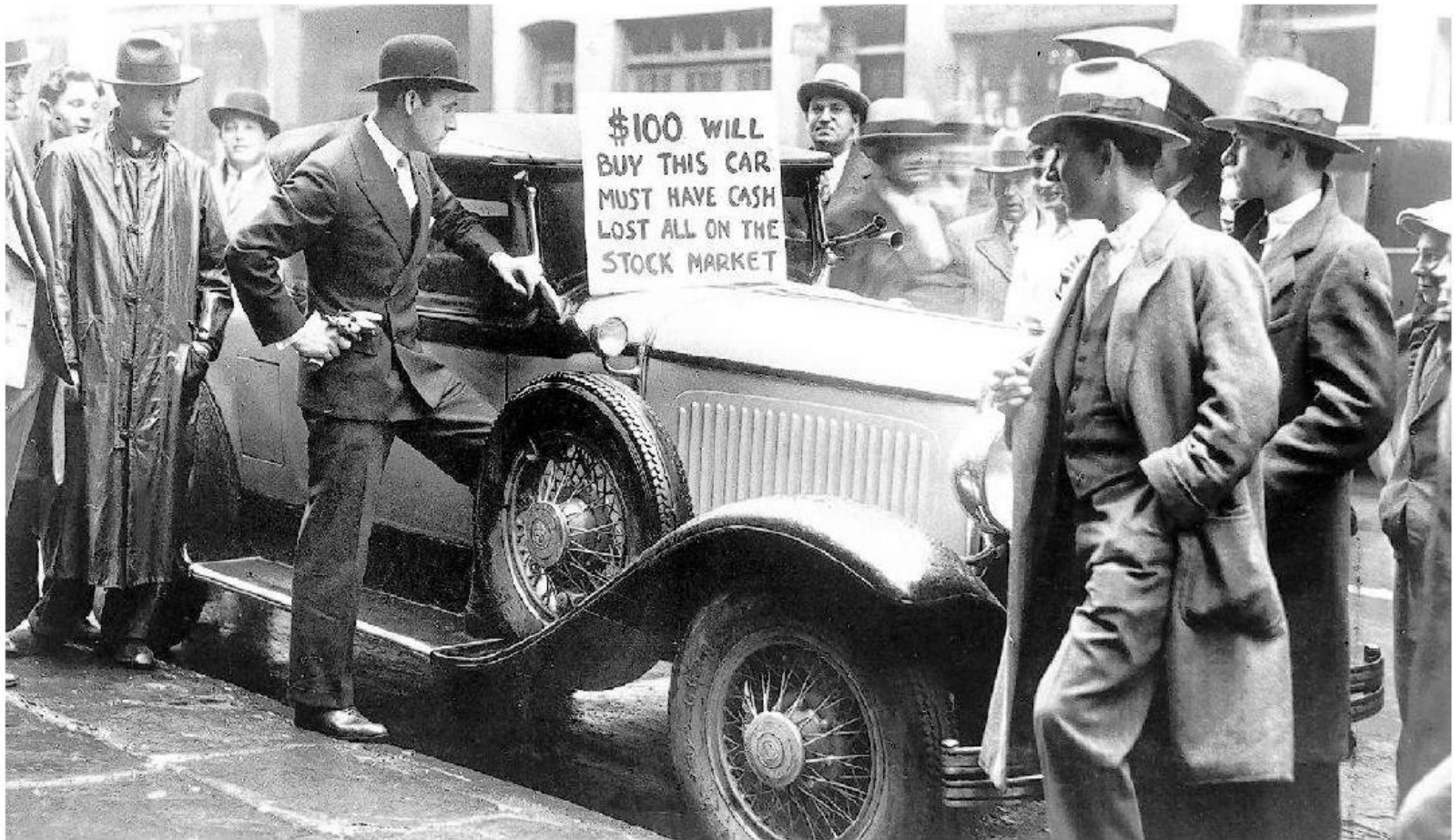


Foto: uilsten bild

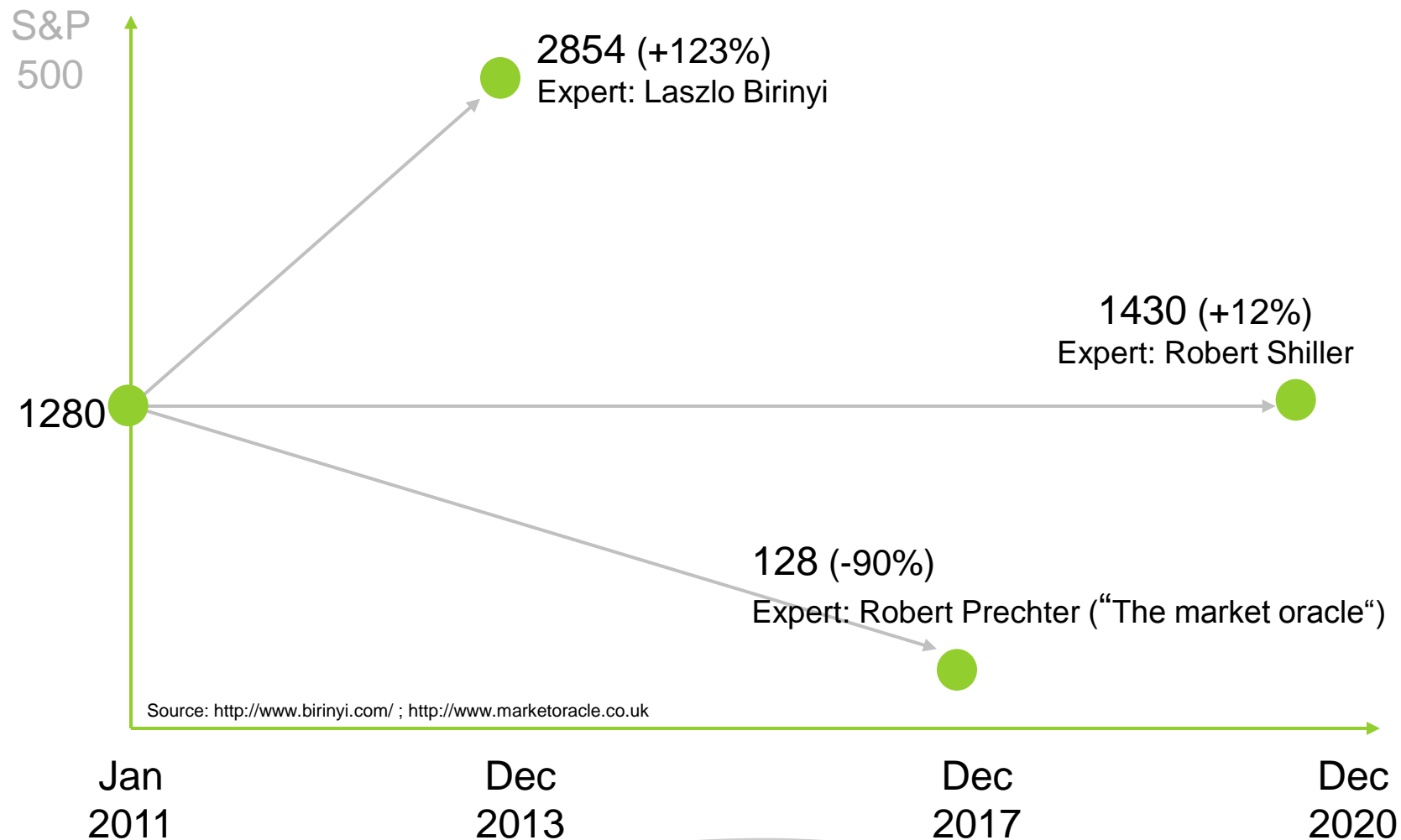
# Let us take you to the summit of investing



2. Use experts' forecasts

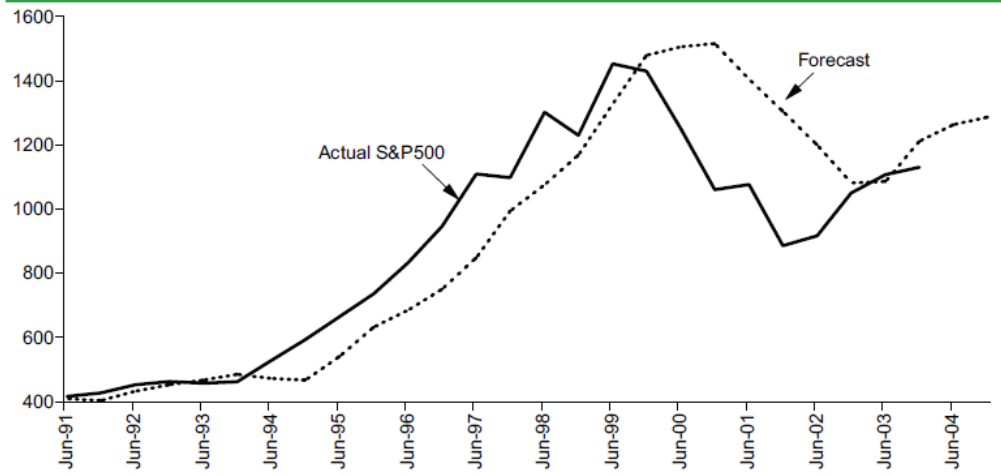
1. I can do it alone

# Current Forecasts of Experts



# Forecasting – Theory and Reality

S&P500 and forecasts

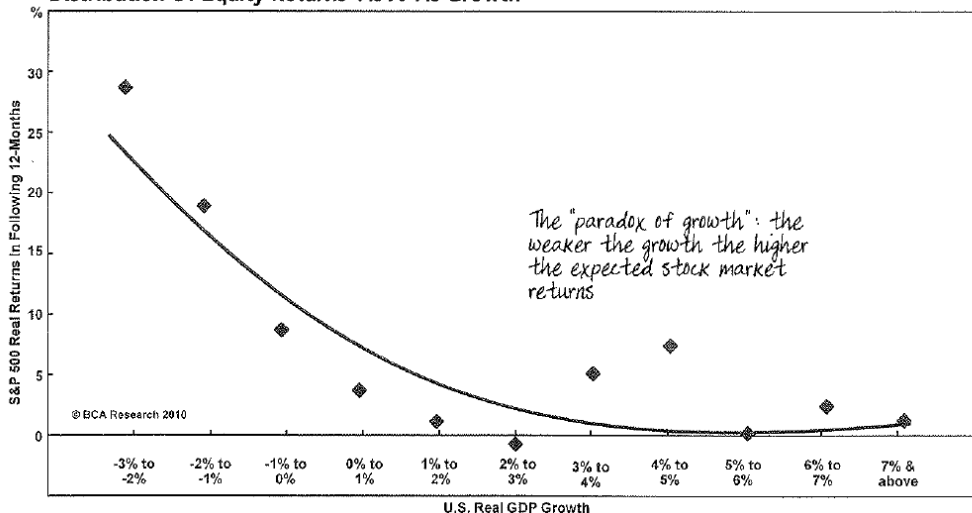


The reality: Humans are very bad at forecasting.

Despite their lack of success, they keep on trying!!!

Source: Montier, James, "Seven Sins of Fund Management", Macro research, Dresdner Kleinwort Wasserstein, November 2005.

Distribution Of Equity Returns Vis-À-Vis Growth

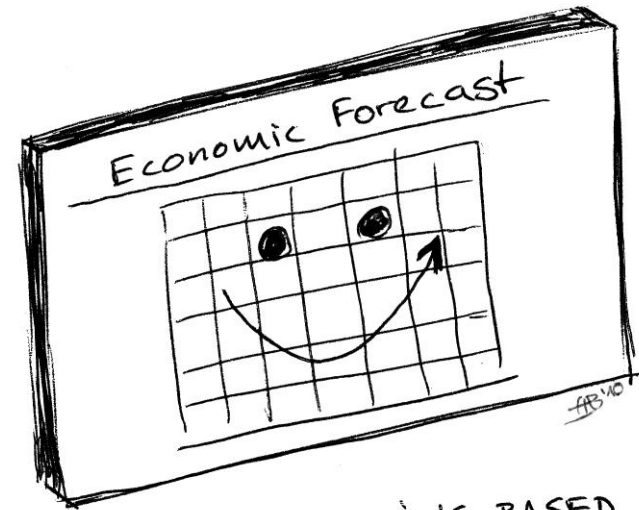


In theory, stock returns are based on economic growth.

In reality, the best stock returns are born in desasterous times.

Source: BCA Research Inc. (2010) – Strategic Outlook

# What so-called market experts say



"OF COURSE, IT'S BASED ON ONLY A COUPLE OF DATA POINTS."

The economic forecast is difficult for an AMATEUR to get right. But the PROFESSIONALS are reasonably confident that the markets will go either up or down in the long or short term.

# Let us take you to the summit of investing

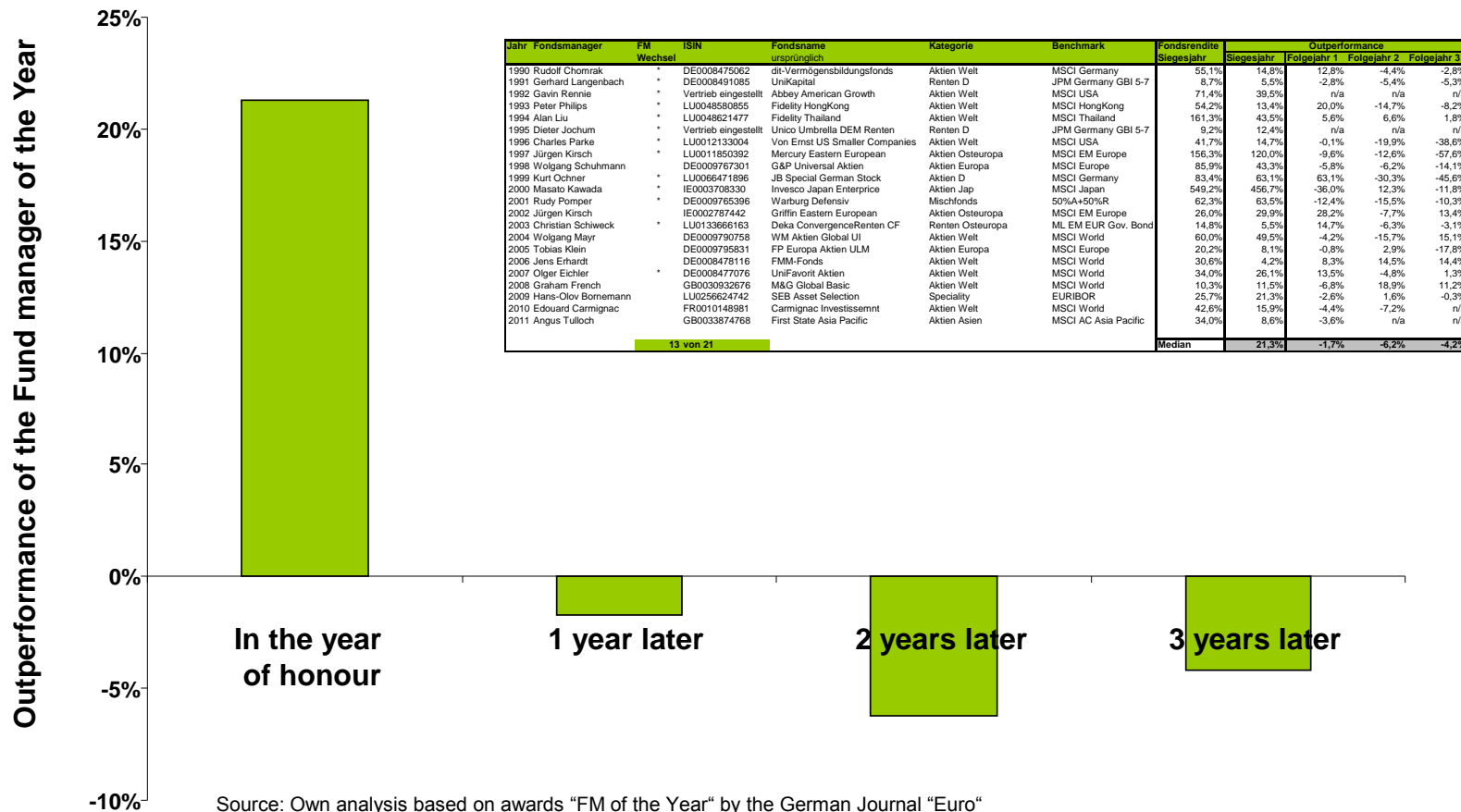


3. How about awarded fund managers?

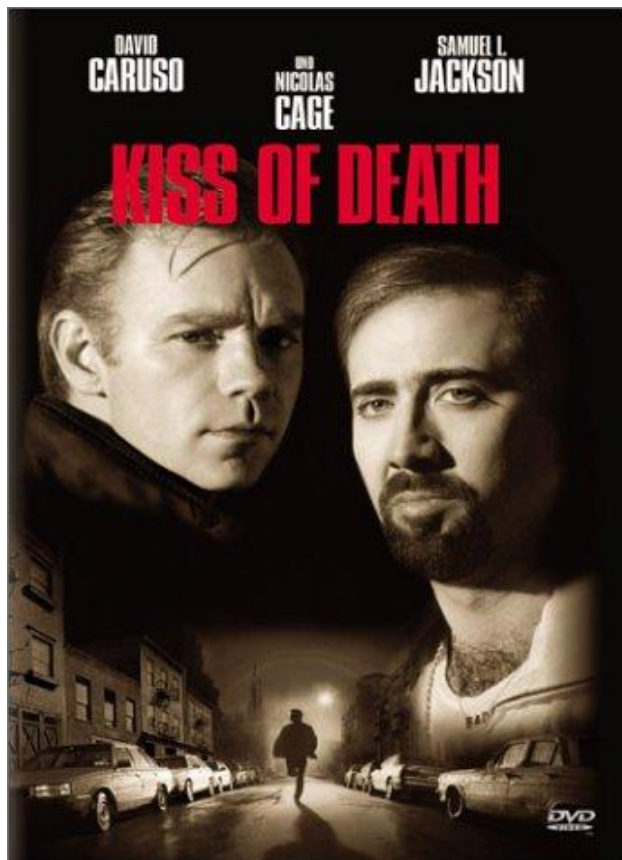
2. Use experts' forecasts

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# Does the "Fund Manager of the Year" take you to the summit?



# How about Fund Ratings?



## The Kiss of Death: A 5-Star Morningstar Mutual Fund Rating?

By

Matthew R. Morey  
Department of Finance  
Pace University

”Our results [...] indicating that the there is a sharp drop off in performance **after a fund receives its first 5-star Morningstar rating**, are very consistent with the literature that shows that **winning performance does not persist**. Brown and Goetzmann (1995), Elton, Gruber and Blake (1996) and Carhart (1997) all find that while winning performance may persist for one-year, in longer out-of-sample periods, such as three-years, performance severely drops off.”

Source: Morey, Matthew R., “The Kiss of Death: A 5-Star Morningstar Mutual Fund Rating?“, Working Paper, Pace University, New York, October 2003.

# Let us take you to the summit of investing



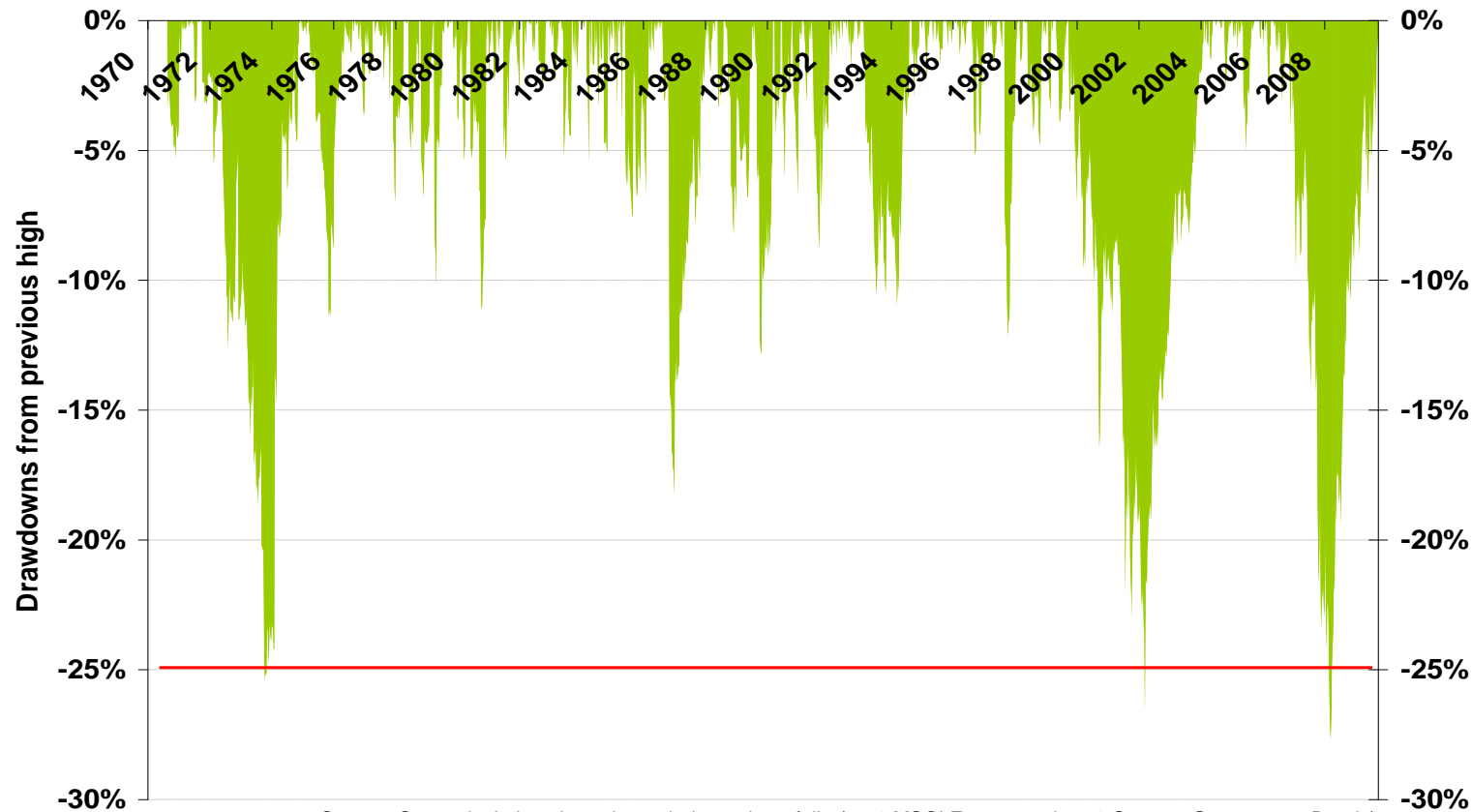
4. Buy and hold cannot be that bad, can it?

3. How about awarded fund managers?

2. Use experts' forecasts

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# Buy and Hold... and Hold and Hold

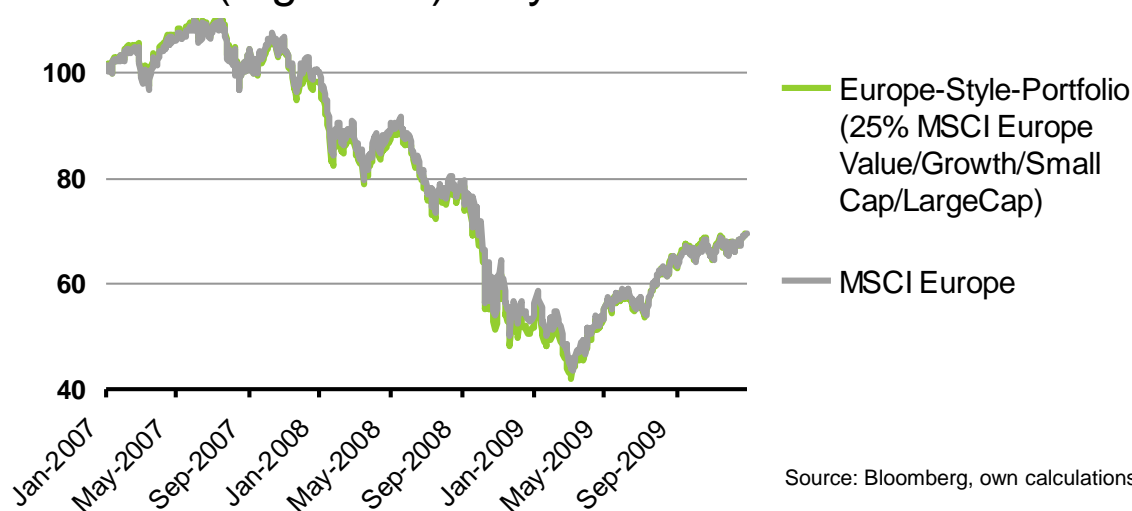


Source: Own calculations based on a balanced portfolio (50% MSCI Europe and 50% German Government Bonds)

Even with a **diversified balanced portfolio** you need to be able to accept at least a 25% drawdown.

# Even worse: Real portfolios are often not diversified!

- Most investors hold funds with different names and "styles" (like large-cap value, small-cap growth, midcap blend, international small-cap value, ...)
- **These are marketing gimmicks!!!**
- In times of stress (e.g. 2008) they offer almost no diversification



Source: Bloomberg, own calculations based on MSCI style indices

Real diversification means that you have cash, bonds, stocks, alternative strategies, commodities and precious metals in your portfolio.

# Let us take you to the summit of investing

5. Multi Asset Total Return

4. Buy and hold cannot be that bad, can it?

3. How about awarded fund managers?

2. Use experts' forecasts

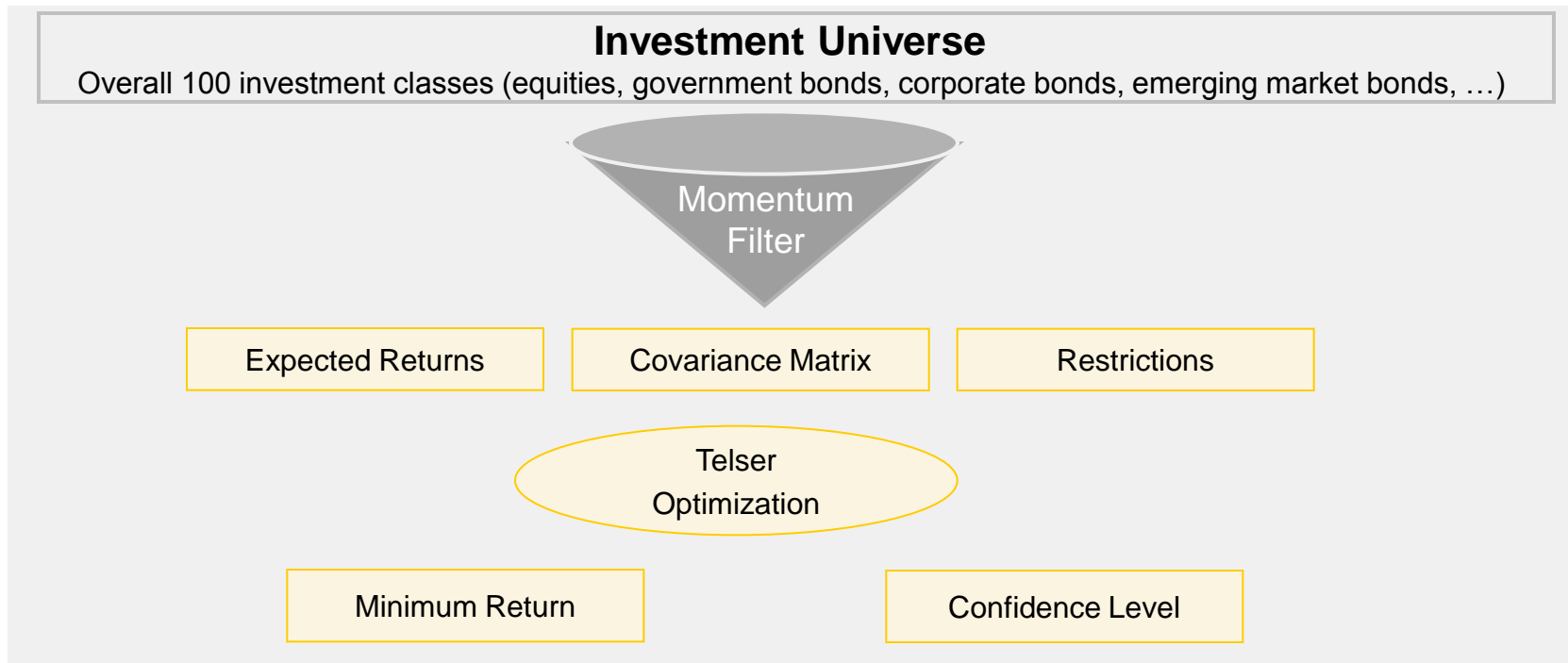
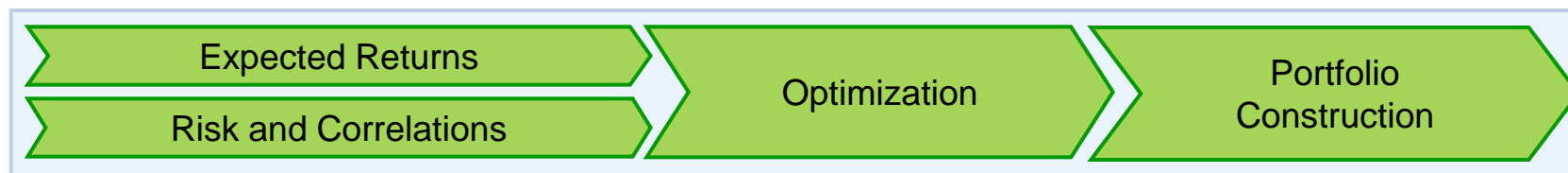
1. I can do it alone

# Introduction of Multi Asset Total Return **S|E|B**



	<b>Pitfalls</b>	<b>MATR</b>
<b>Public Media</b>	hysteria-fear, overoptimism-greed	unemotional rule based approach
<b>Economic Outlook</b>	crystal balls	use market data (facts) only
<b>Awards Ratings</b>	kiss of death	qualitative fund research
<b>Buy and hold</b>	huge dradowns, undiversified portfolios	winning by not losing, dynamic asset allocation

# Unemotional, rule-based approach



# Asset classes and limits

## Defensive

### Equity Developed Countries

Australia	0%	0%
Austria	0%	
Belgium	0%	
Canada	0%	
Denmark	0%	
Finland	0%	
France	0%	
Germany	0%	
Ireland	0%	
Italy	0%	
Japan	0%	
Netherlands	0%	
New Zealand	0%	
Norway	0%	
Portugal	0%	
Spain	0%	
Sweden	0%	
Switzerland	0%	
UK	0%	
USA	0%	
Hong Kong	0%	
Singapore	0%	
Greece	0%	

### Equity Emerging Markets

Argentina	0%	0%
Brazil	0%	
Chile	0%	
China	0%	
Colombia	0%	
Czech Republic	0%	
Egypt	0%	
Hungary	0%	
India	0%	
Indonesia	0%	
Israel	0%	
Jordan	0%	
Korea	0%	
Malaysia	0%	
Mexico	0%	
Morocco	0%	
Peru	0%	
Philippines	0%	
Poland	0%	
Russia	0%	
South Africa	0%	
Taiwan	0%	
Thailand	0%	
Turkey	0%	

### Equity Sectors

Energy	0%	0%
Materials	0%	
Capital Goods	0%	
Commercial Services	0%	
Transportation	0%	
Auto & Components	0%	
Consumer Durables	0%	
Consumer Services	0%	
Media	0%	
Retailing	0%	
Food & Staples	0%	
Food, Bev & Tobacco	0%	
Household & Pers Prod	0%	
HealthCare Equipment	0%	
Pharma & Biotech	0%	
Banks	0%	
Diversified Financials	0%	
Insurance	0%	
Real Estate	0%	
Software & Services	0%	
Technology & Hardware	0%	
Telecom	0%	
Utilities	0%	

### Bonds

EURO 1-3Y	0% - 80%	0% - 100%
EURO 5-7Y	0% - 80%	
EURO 7-10Y	0% - 80%	
Germany 1-3Y	0% - 80%	
Germany 5-7Y	0% - 80%	
Germany 7-10Y	0% - 80%	
Inflation Linked €	0% - 20%	0% - 20%
World Gov. 1-3Y	0% - 80%	0% - 100%
World Gov. 5-7Y	0% - 80%	
World Gov. 7-10Y	0% - 80%	
Corporates	0% - 20%	0% - 40%
HighYields	0% - 20%	
EMD LC	0% - 10%	

### Alternatives

Gold	0% - 20%	0% - 20%
Commodities	0%	
Hedgefunds	0% - 10%	0% - 10%
Private Equity	0%	

### Money Market

1M AUD	0% - 7.5%	0% - 100%
1M CAD	0% - 7.5%	
1M DKK	0% - 7.5%	
1M YEN	0% - 7.5%	
1M NZD	0% - 7.5%	
1M NOK	0% - 7.5%	
1M SEK	0% - 7.5%	
1M CHF	0% - 7.5%	
1M GBP	0% - 7.5%	
1M USD	0% - 7.5%	
1M SGD	0% - 7.5%	
1M HKD	0% - 7.5%	
1M EUR	0% - 60%	

# Asset classes and limits

## Defensive plus

### Equity Developed Countries

Australia	0% - 1.5%	0% - 30%
Austria	0% - 1.5%	
Belgium	0% - 1.5%	
Canada	0% - 1.5%	
Denmark	0% - 1.5%	
Finland	0% - 1.5%	
France	0% - 1.5%	
Germany	0% - 1.5%	
Ireland	0% - 1.5%	
Italy	0% - 1.5%	
Japan	0% - 1.5%	
Netherlands	0% - 1.5%	
New Zealand	0% - 1.5%	
Norway	0% - 1.5%	
Portugal	0% - 1.5%	
Spain	0% - 1.5%	
Sweden	0% - 1.5%	
Switzerland	0% - 1.5%	
UK	0% - 1.5%	
USA	0% - 1.5%	
Hong Kong	0% - 1.5%	
Singapore	0% - 1.5%	
Greece	0% - 1.5%	

### Equity Emerging Markets

Argentina	0% - 0.5%	0% - 10%
Brazil	0% - 0.5%	
Chile	0% - 0.5%	
China	0% - 0.5%	
Colombia	0% - 0.5%	
Czech Republic	0% - 0.5%	
Egypt	0% - 0.5%	
Hungary	0% - 0.5%	
India	0% - 0.5%	
Indonesia	0% - 0.5%	
Israel	0% - 0.5%	
Jordan	0% - 0.5%	
Korea	0% - 0.5%	
Malaysia	0% - 0.5%	
Mexico	0% - 0.5%	
Morocco	0% - 0.5%	
Peru	0% - 0.5%	
Philippines	0% - 0.5%	
Poland	0% - 0.5%	
Russia	0% - 0.5%	
South Africa	0% - 0.5%	
Taiwan	0% - 0.5%	
Thailand	0% - 0.5%	
Turkey	0% - 0.5%	

### Equity Sectors

Energy	0% - 0.5%	0% - 10%
Materials	0% - 0.5%	
Capital Goods	0% - 0.5%	
Commercial Services	0% - 0.5%	
Transportation	0% - 0.5%	
Auto & Components	0% - 0.5%	
Consumer Durables	0% - 0.5%	
Consumer Services	0% - 0.5%	
Media	0% - 0.5%	
Retailing	0% - 0.5%	
Food & Staples	0% - 0.5%	
Food, Bev & Tobacco	0% - 0.5%	
Household & Pers Prod	0% - 0.5%	
HealthCare Equipment	0% - 0.5%	
Pharma & Biotech	0% - 0.5%	
Banks	0% - 0.5%	
Diversified Financials	0% - 0.5%	
Insurance	0% - 0.5%	
Real Estate	0% - 0.5%	
Software & Services	0% - 0.5%	
Technology & Hardware	0% - 0.5%	
Telecom	0% - 0.5%	
Utilities	0% - 0.5%	

### Bonds

EURO 1-3Y	0% - 40%	0% - 100%
EURO 5-7Y	0% - 40%	
EURO 7-10Y	0% - 40%	
Germany 1-3Y	0% - 40%	
Germany 5-7Y	0% - 40%	
Germany 7-10Y	0% - 40%	
Inflation Linked €	0% - 10%	0% - 10%
World Gov. 1-3Y	0% - 40%	0% - 100%
World Gov. 5-7Y	0% - 40%	
World Gov. 7-10Y	0% - 40%	
Corporates	0% - 10%	0% - 20%
HighYields	0% - 10%	
EMD LC	0% - 5%	

### Alternatives

Gold	0% - 10%	0% - 10%
Commodities	0% - 10%	
Hedgefunds	0% - 10%	0% - 20%
Private Equity	0% - 10%	

### Money Market

1M AUD	0% - 7.5%	0% - 100%
1M CAD	0% - 7.5%	
1M DKK	0% - 7.5%	
1M YEN	0% - 7.5%	
1M NZD	0% - 7.5%	
1M NOK	0% - 7.5%	
1M SEK	0% - 7.5%	
1M CHF	0% - 7.5%	
1M GBP	0% - 7.5%	
1M USD	0% - 7.5%	
1M SGD	0% - 7.5%	
1M HKD	0% - 7.5%	
1M EUR	0% - 30%	

# Asset classes and limits

## Balance

### Equity Developed Countries

Australia	0% - 3%	0% - 60%
Austria	0% - 3%	
Belgium	0% - 3%	
Canada	0% - 3%	
Denmark	0% - 3%	
Finland	0% - 3%	
France	0% - 3%	
Germany	0% - 3%	
Ireland	0% - 3%	
Italy	0% - 3%	
Japan	0% - 3%	
Netherlands	0% - 3%	
New Zealand	0% - 3%	
Norway	0% - 3%	
Portugal	0% - 3%	
Spain	0% - 3%	
Sweden	0% - 3%	
Switzerland	0% - 3%	
UK	0% - 3%	
USA	0% - 3%	
Hong Kong	0% - 3%	
Singapore	0% - 3%	
Greece	0% - 3%	

### Equity Emerging Markets

Argentina	0% - 1%	0% - 20%
Brazil	0% - 1%	
Chile	0% - 1%	
China	0% - 1%	
Colombia	0% - 1%	
Czech Republic	0% - 1%	
Egypt	0% - 1%	
Hungary	0% - 1%	
India	0% - 1%	
Indonesia	0% - 1%	
Israel	0% - 1%	
Jordan	0% - 1%	
Korea	0% - 1%	
Malaysia	0% - 1%	
Mexico	0% - 1%	
Morocco	0% - 1%	
Peru	0% - 1%	
Philippines	0% - 1%	
Poland	0% - 1%	
Russia	0% - 1%	
South Africa	0% - 1%	
Taiwan	0% - 1%	
Thailand	0% - 1%	
Turkey	0% - 1%	

### Equity Sectors

Energy	0% - 1%	0% - 20%
Materials	0% - 1%	
Capital Goods	0% - 1%	
Commercial Services	0% - 1%	
Transportation	0% - 1%	
Auto & Components	0% - 1%	
Consumer Durables	0% - 1%	
Consumer Services	0% - 1%	
Media	0% - 1%	
Retailing	0% - 1%	
Food & Staples	0% - 1%	
Food, Bev & Tobacco	0% - 1%	
Household & Pers Prod	0% - 1%	
HealthCare Equipment	0% - 1%	
Pharma & Biotech	0% - 1%	
Banks	0% - 1%	
Diversified Financials	0% - 1%	
Insurance	0% - 1%	
Real Estate	0% - 1%	
Software & Services	0% - 1%	
Technology & Hardware	0% - 1%	
Telecom	0% - 1%	
Utilities	0% - 1%	

### Bonds

EURO 1-3Y	0% - 40%	0% - 100%
EURO 5-7Y	0% - 40%	
EURO 7-10Y	0% - 40%	
Germany 1-3Y	0% - 40%	
Germany 5-7Y	0% - 40%	
Germany 7-10Y	0% - 40%	
Inflation Linked €	0% - 10%	0% - 10%
World Gov. 1-3Y	0% - 40%	0% - 100%
World Gov. 5-7Y	0% - 40%	
World Gov. 7-10Y	0% - 40%	
Corporates	0% - 20%	0% - 40%
HighYields	0% - 20%	
EMD LC	0% - 10%	

### Alternatives

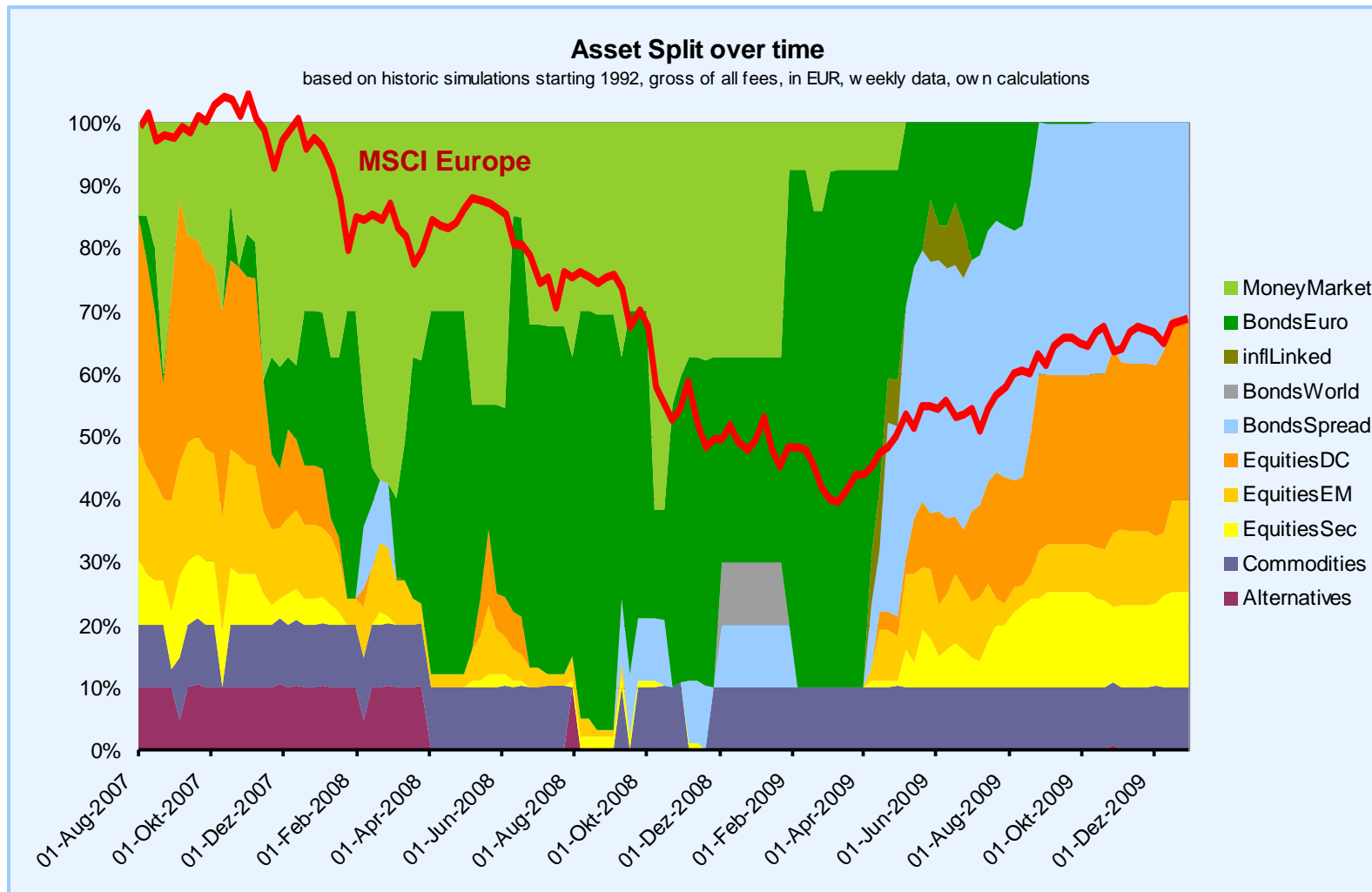
Gold	0% - 10%	0% - 10%
Commodities	0% - 10%	
Hedgefunds	0% - 10%	0% - 20%
Private Equity	0% - 10%	

### Money Market

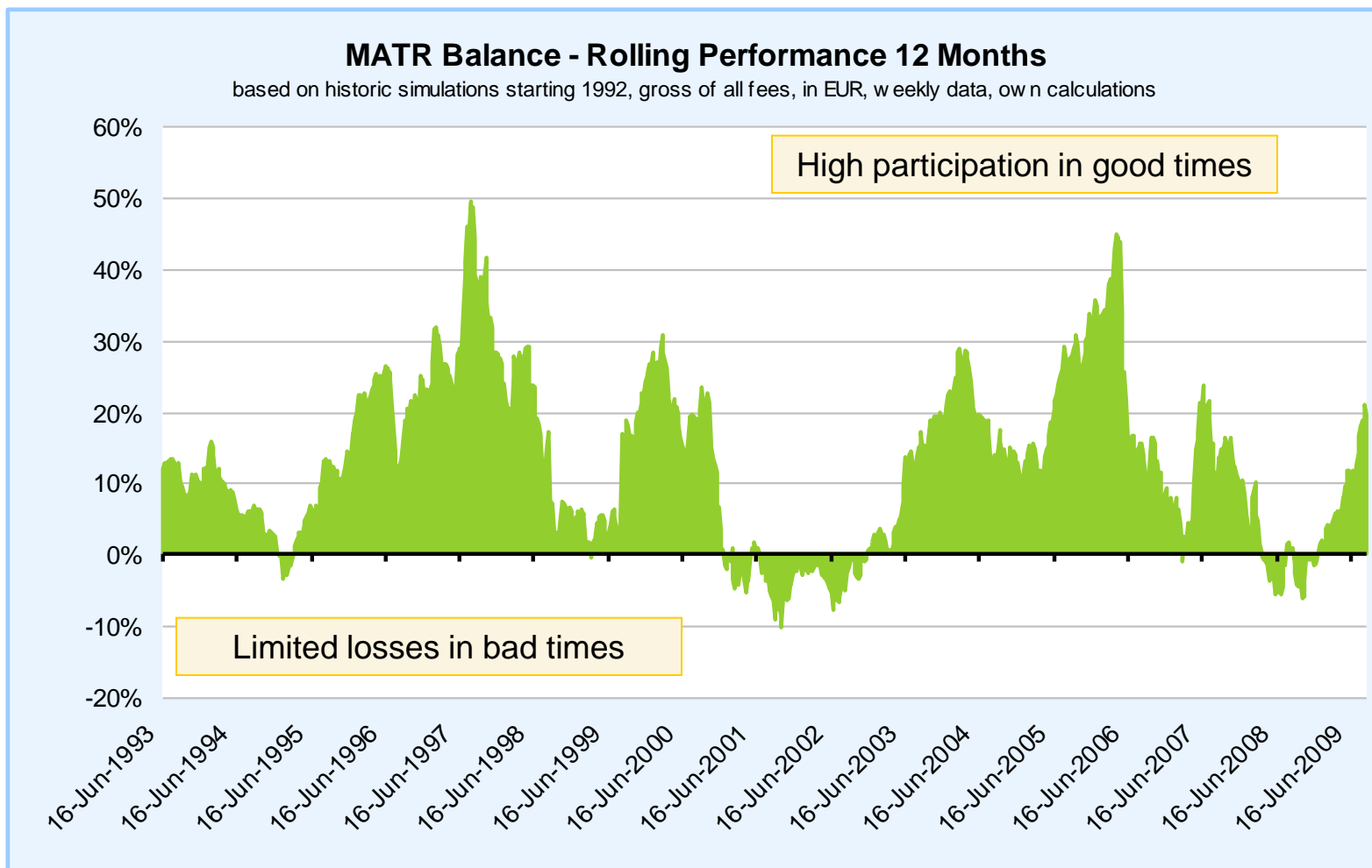
1M AUD	0% - 7.5%	0% - 100%
1M CAD	0% - 7.5%	
1M DKK	0% - 7.5%	
1M YEN	0% - 7.5%	
1M NZD	0% - 7.5%	
1M NOK	0% - 7.5%	
1M SEK	0% - 7.5%	
1M CHF	0% - 7.5%	
1M GBP	0% - 7.5%	
1M USD	0% - 7.5%	
1M SGD	0% - 7.5%	
1M HKD	0% - 7.5%	
1M EUR	0% - 30%	

# Dynamic asset allocation

## SEB Multi Asset Balance in crisis 2008

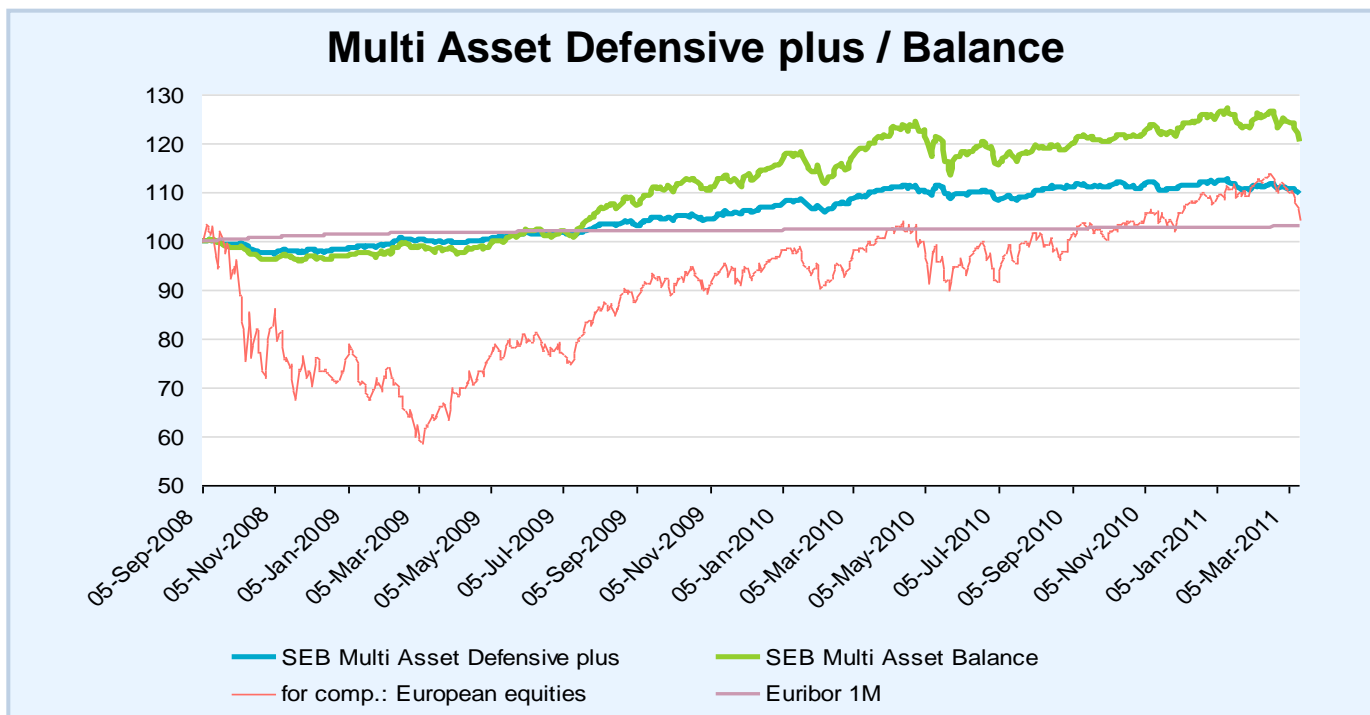


# Asymmetric Returns Over Rolling 12 Months



# Live Performance

## Since implementation of MATR



Performance in EUR	MATR in plem ented since	2008	2009	2010	2011
SEB deLuxe – MultiAssetDefensive	Apr 15, 2010	—	—	1,1 % *	-1,0 %
SEB deLuxe – MultiAssetDefensive plus	Sep 5, 2008	-1,6 % *	8,9 %	4,8 %	-2,4 %
SEB deLuxe – MultiAssetBalance	Sep 5, 2008	-3,1 % *	19,3 %	8,8 %	-4,2 %

\* from implementation to calendar year end

Source: Thomson Reuters Datastream

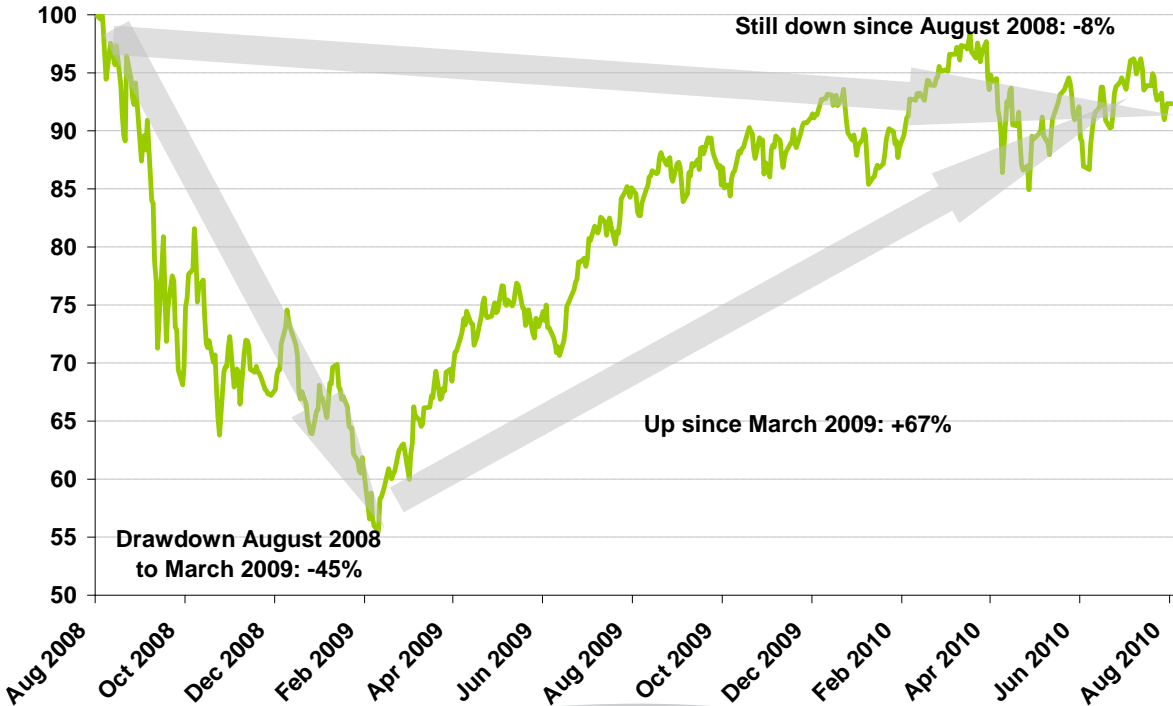
# MATR is more than a sum of its parts

## Real Performance in relation to other assets classes

	Private Equity	Russia Equity	Hedge Funds	Europe Equity	REITS	CRB	Euro Bonds	EM Equity	SEB Multi Asset Balance
August 2008 to 9-Mar-2009	-72%	-61%	-26%	-45%	-55%	-21%	8%	-40%	-1%
Up since then	168%	119%	21%	67%	137%	48%	10%	106%	20%
<b>Since August 2008</b>	<b>-24%</b>	<b>-15%</b>	<b>-11%</b>	<b>-8%</b>	<b>6%</b>	<b>18%</b>	<b>19%</b>	<b>23%</b>	<b>19%</b>

From 30-Aug-2008 to 31-Aug-2010, daily data

### MSCI Europe - Maximum Drawdown



Source: Thomson Reuters Datastream, own calculations

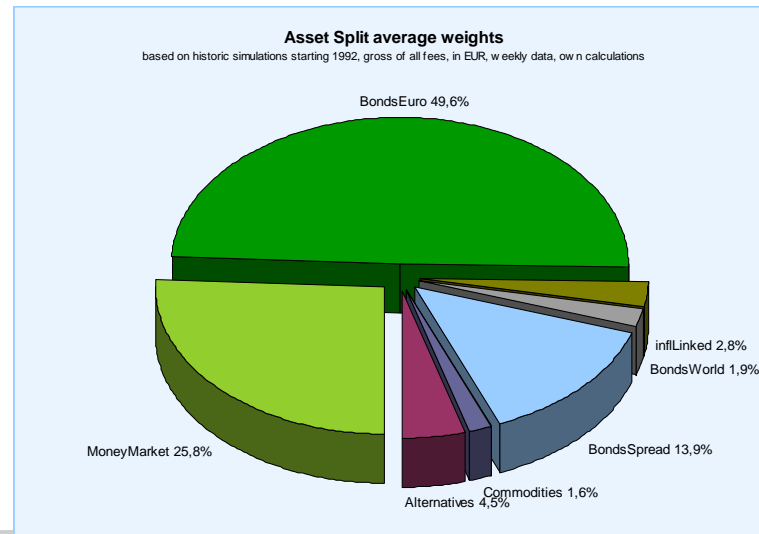
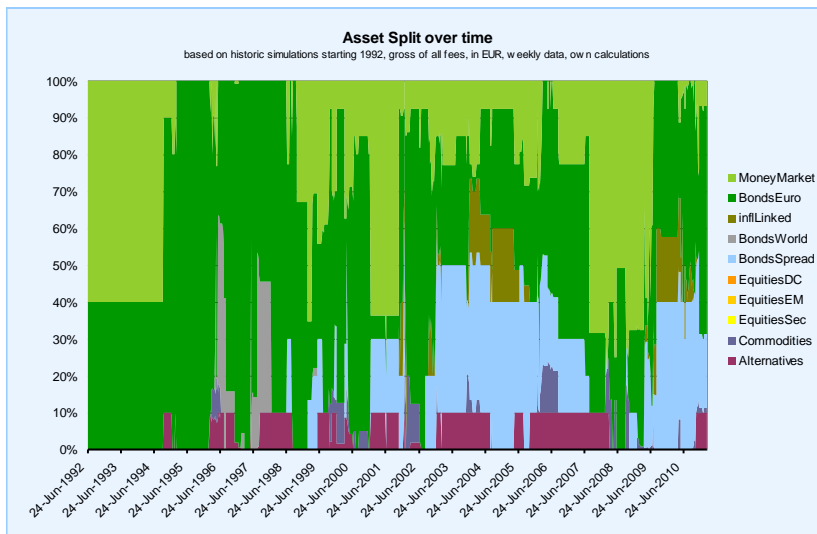
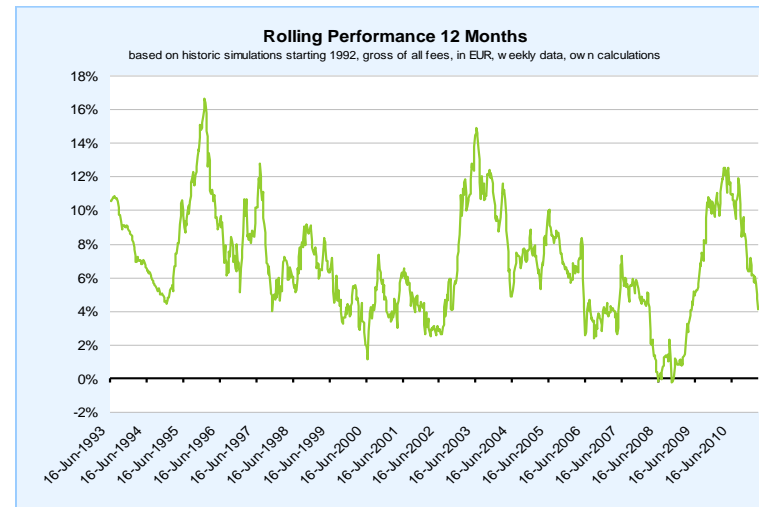
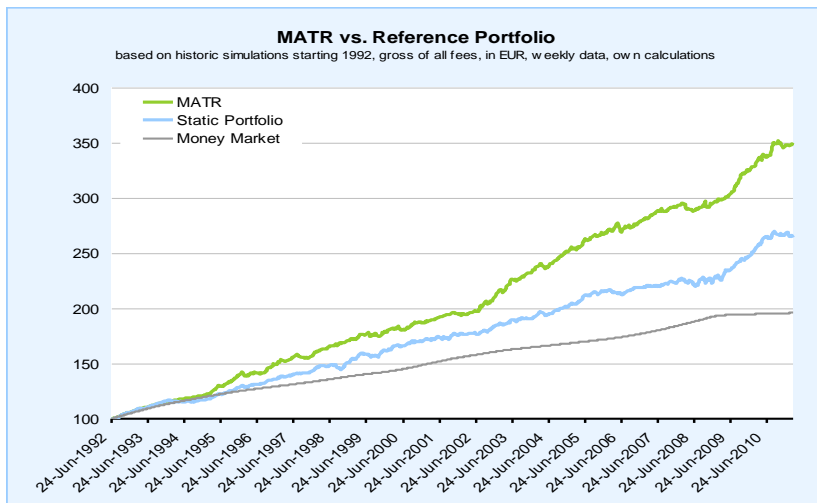
# Summary

- Positive return over 12 to 18 months
- High participation in rising markets in the long run
- Limited maximum loss in the short run
- Usage of as many asset classes as possible

# Questions & Answers

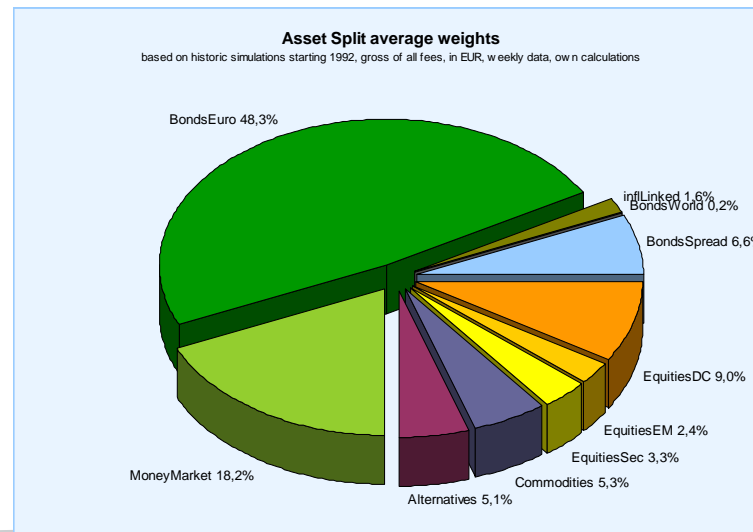
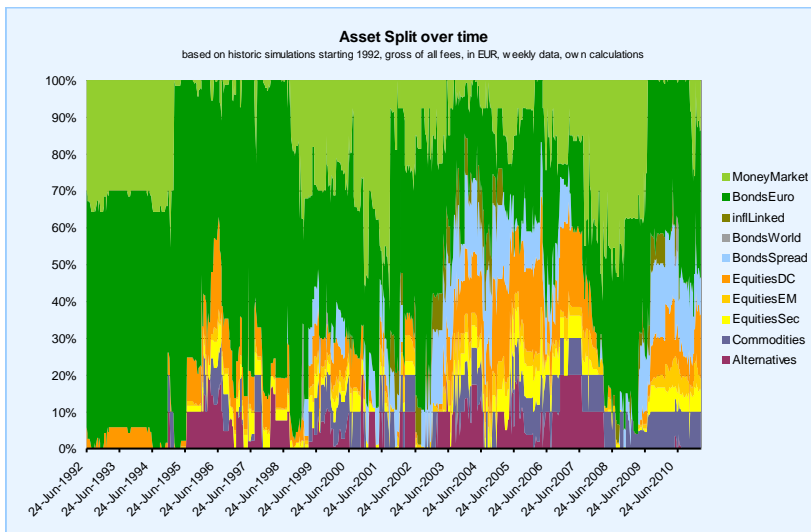
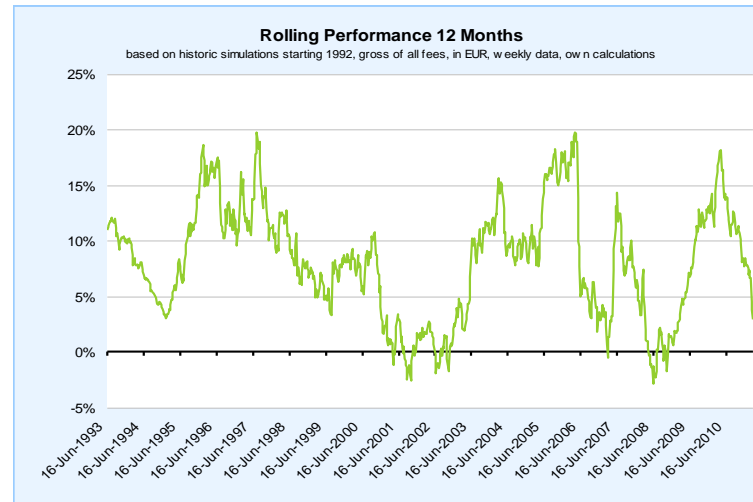
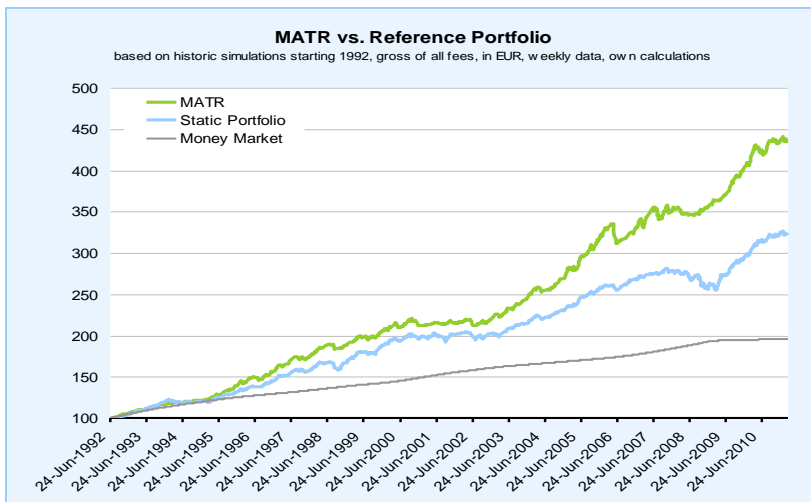
# Characteristics

## Defensive



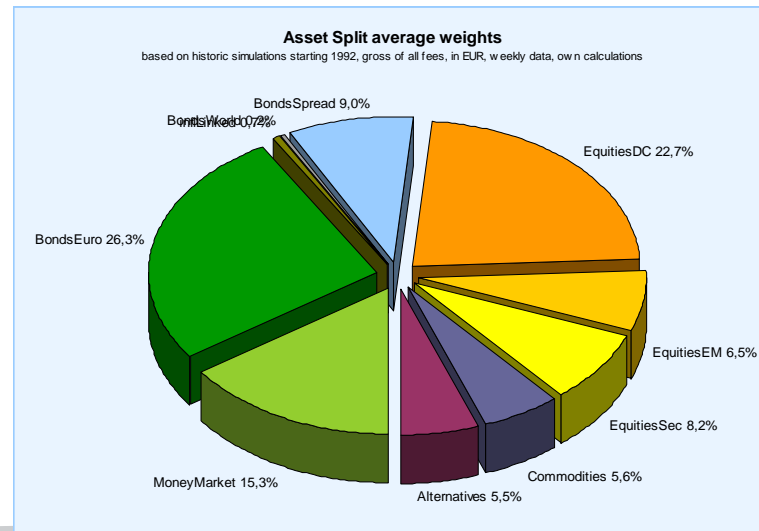
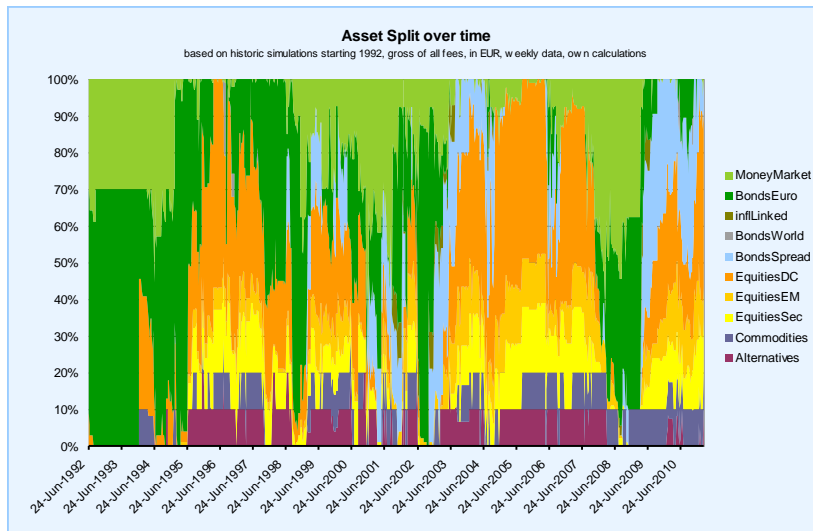
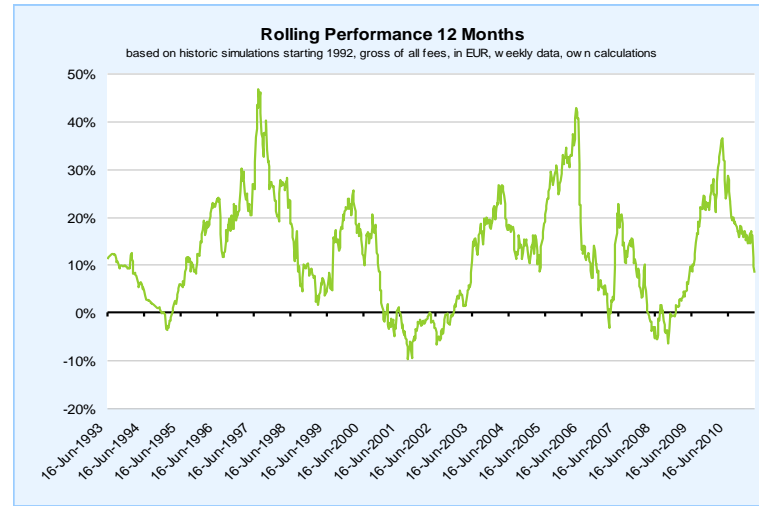
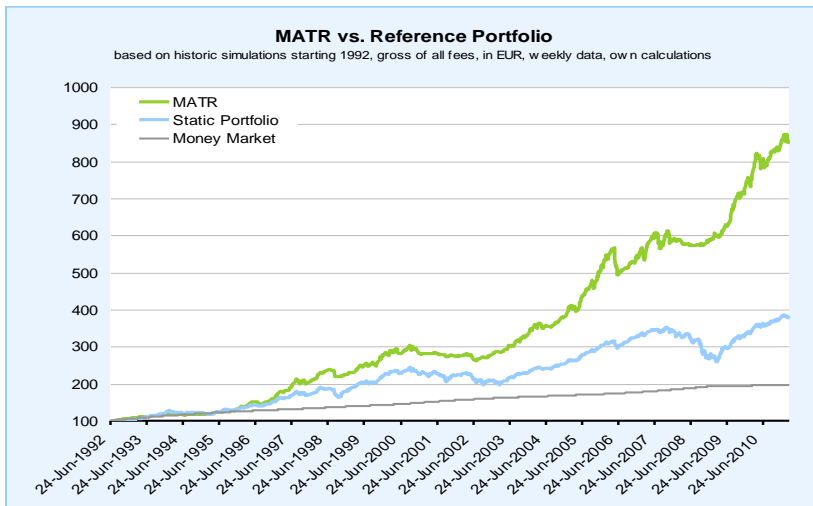
# Characteristics

## Defensive plus



# Characteristics

## Balance



# Disclaimer

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