



# DII NEWSLETTER JANUARY 2017

Top 3% rank in 2016

Dear investors,

with an 11,8% increase in value in the past year, the DII surpassed the average return of its fund category "Mixed funds EUR aggressive – Global" by not less than 8% - points:

## INCREASE IN VALUE 31.12.2015 – 31.12.2016 (IN EUR)

INVESTMENT	RETURN (IN EUR)
Tareno Diversified Index Investing Equities, Bonds, Real Assets	+ 11,76%
Category: Mixed funds EUR aggressive – Global (329 funds)	+ 3,72%
Difference	+ 8,04%

Source: Morningstar Germany

With this return, the DII belonged in the year 2016 to the best 3% of all 329 funds in its category:  
<http://www.morningstar.de/de/funds/snapshot/snapshot.aspx?id=F00000SCNK&tab=1>

This outstanding result is due to exactly those elements of our investment policy that clearly distinguish the DII from traditional mixed funds:

- True international diversification, with approximately the same weight on the three major regions of the world (Europe/Africa - America - Asia/Australia), and a high share of emerging markets
- High proportion of real assets (precious metals, commodities, real estate)
- Broad diversification among international currencies, also for bonds
- Investment only in index funds that achieve, due to their low costs, on average higher returns than actively managed funds of the same category
- Realization of additional capital gains through consistent rebalancing of the fixed portfolio allocation, without speculation based on market forecasts



It is not possible to repeat such a result every year, because it depends to some extent on the relative performance of asset classes overweight in the DII (e.g. small caps, value stocks, emerging markets, commodities), and those performed particularly well in the previous year. But we are convinced that these asset classes will even in the long run achieve a higher return than the European blue chips that are highly weighed in most funds. Besides, some elements of our investment policy, such as the additional returns from index funds and consistent rebalancing with a fixed allocation, are effective even in a less favorable market environment. For all these reasons, we expect the DII to achieve a long-term performance above the average of its fund category, and we are pleased that we could fulfill this aspiration already three years after the fund's inception:

#### INCREASE IN VALUE 31.12.2013 – 31.12.2016 (IN EUR)

INVESTMENT	TOTAL RETURN	RETURN P.A.
Tareno Diversified Index Investing Equities, Bonds, Real Assets	+ 20,1%	+ 6,3%
Category: Mixed funds EUR aggressive – Global	+ 17,6%	+ 5,5%
Difference	+ 2,5%	+ 0,8%

Source: Morningstar Germany

After an average year 2014, a below-average 2015 and an excellent 2016, the DII's overall increase in value in the three years since its inception is already 2.5% - points higher than the average of all funds in the same category. With this result, the DII has already left behind many much larger funds of the best-known banks and asset management companies. We will work hard to continue this good performance, and thank you sincerely for your trust.

Best regards,

Dr. Matthias Kelm  
(matthias.kelm@tareno.lu)

Marc Wagener  
(marc.wagener@tareno.lu)

TARENO (Luxembourg) S.A.