

Product Profile

<i>Fund name</i>	cominvest RentSpezial
<i>ISIN</i>	DE0009769646
<i>Investment universe</i>	Emerging Markets Debt
<i>Benchmark</i>	JPM USD EMBIG Diversified – Euro Hedged
<i>Base currency</i>	EUR
<i>Earnings</i>	Distribution
<i>Inception date</i>	14/08/1996
<i>Fund volume</i>	EUR 123 m as of 31/07/2006
<i>Management Fee</i>	1.15% p.a.
<i>TER</i>	1.19% p.a.
<i>Fund manager</i>	Klaus Röttger, CEFA
<i>Company</i>	cominvest Asset Management GmbH
<i>Internet</i>	www.cominvest-am.com

Investor's Profile

<i>Investment horizon</i>	long-term
<i>Risk classification</i>	compared to fixed-income funds: high
<i>Return expectation</i>	aim: higher return than funds with investment-grade bonds
<i>Loss tolerance</i>	short-term losses are possible

TELOS Comment

The fund *cominvest RentSpezial* is a fixed-income fund with investment universe focused on emerging markets bonds of low credit rating denominated in Dollar or Euro. As substitute or complement, corporate bonds of these countries can be purchased. For a short time, a further diversification of the portfolio can be achieved by taking positions in local currencies of the emerging markets. The share of these issues is still low but supposed to be increasing.

The well-structured investment process consists of three stages where both a quantitative scoring is carried out and qualitative aspects are taken into account. Economic research and evaluations have high significance in all stages of the process. Relative value considerations are relevant for the security selection. To profit from misvaluations, a timely trading of the fund management is necessary. Because of this, and also due to the low liquidity of most emerging markets bonds, a large part of the trades are carried out by the fund manager.

The research focus is on primary research. Direct contact with issuers takes place through their regular visits in Frankfurt. Secondary research sources are drawn on to question their own results.

Well-established risk models and systems allow the

fund management to take risk aspects into account while constructing the portfolio. Risk controlling is predominantly performed through the tracking error and by fixing minimum and average ratings as well as through cash holdings. An ex-post risk control as well as the monitoring of compliance with investment restrictions is performed by independent units. In the future performance contributions are to be determined by means of attribution analyses.

The performance is above its benchmark which was adapted recently. The risk budget (tracking error) is not fully utilised. The Sharpe Ratio varies in the 12-month rolling calculation and some times reaches negative territory. Considered over a horizon of five years the ratio stabilizes.

The investment team disposes of qualified members who have been working at the company for several years. They complement each other very well in respect of their specific experience and expertise in emerging markets.

The fund *cominvest RentSpezial* has been evaluated as **AA+** which is in parts due to the clearly structured investment process and the high stability of the team.

Investment Process

The *cominvest RentSpezial* is managed by *cominvest Asset Management GmbH* in Frankfurt, a subsidiary of *Commerzbank AG*, also located in Frankfurt. The whole five-strong emerging market debt team is involved in the investment process. The fund manager, *Klaus Röttger*, is accountable for the investment decision.

The investment universe is mainly composed of Euro- and Dollar-denominated bonds of emerging economies with credit rating outside the investment grade range. However, the minimum rating is defined to be B-. As a substitute, corporate bonds and state-related entities of comparable rating can be purchased. For a short time, positions in local currencies have been taken by a limited amount. Hard currencies are generally hedged against the Euro.

The foundation of the investment philosophy is the view, that the efficiency of markets for emerging markets bonds is limited and that they show different liquidity conditions as well as time lags in the information processing. From these inefficiencies and by making use of systematic processes and an adequate risk budget a performance of 2% p.a. above benchmark is to be generated.

The first step of a three-stage investment process includes the strategic orientation of the fund in respect to duration and currency as well as the positioning in the credit cycle. Among others, the

global interest rate development, liquidity and risk aversion as well as spreads relative to high yield corporate bonds are considered. The second step starts with conducting the strategic country allocation. This takes place through a quantitative scoring based on economic indicators and forecast values, but also proprietary expectations. In addition, the tactical country positioning is carried out taking into account qualitative and quantitative aspects. The third step of the investment process covers the securities selection based on relative value analyses and the estimation of changes in the spread curve. Deviations from the spread curve serve as buy or sell signals. Furthermore, issues-specific characteristics are taken into account.

The fund invests on average in 40 to 45 securities. Cash holdings are drawn on as a strategic instrument for risk management. The tracking error is high in comparison and is allowed to reach 6.5%, though it has been 2,6% in the last three years.

Because of the low liquidity in emerging markets bonds trading is mainly done by the fund management. Other orders are entered in the front-office system, from where they are routed to a specialised bond-trading desk. A team of six traders is responsible for implementing them according to best execution principles.

Quality Management

The Risk- and Investment Controlling department, which is organisationally independent, is responsible for risk budgeting and control. The risk profile is monitored daily by means of a multi-asset-class risk management system. In addition, the fund's performance is calculated on daily basis and compared to a benchmark as well as to a peer group. Further, performance and risk are also supervised by respective

committees.

The working group Fund Controlling Institutional is responsible for the monitoring of compliance with investment restrictions and other limitations. The price quality of brokers is also monitored continuously, the results play an important role in the regular review of the broker list.

Team

The fund has been managed by *Klaus Röttger* since its inception in 1996. The substitute fund manager is *Dr Harald Eggerstedt* who has special expertise in the emerging markets area due to his previous work at the World Bank. The emerging markets team has been working together for five years. The average investment experience is more than 16

years. Almost all team members dispose of university degrees and the majority have additional qualifications such as CEFA.

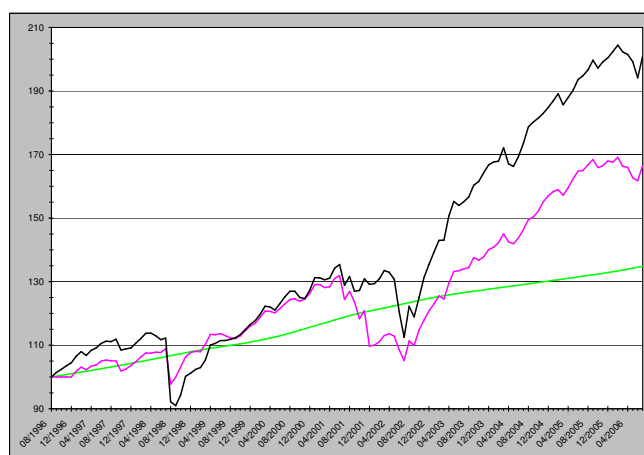
Apart from a base salary in line with market conditions, employees receive a bonus payment depending on performance and risk.

Investment Characteristics

<i>Important external factors</i>	<i>Important control factors</i>
Commodity prices	Asset selection, Country allocation
Liquidity	Maturity allocation
Economic environment	Asset weighting
Short term interest rates (level)	Cash holdings
Country risk	–

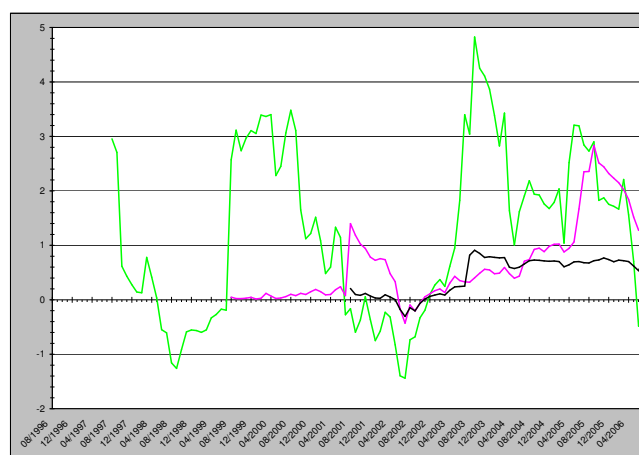
Product History

Performance



— Fund — Benchmark — Money Market

Sharpe Ratio



— 1 Year — 3 Years — 5 Years

Statistics as of 07/2006	<i>1 Year</i>	<i>2 Years</i>	<i>3 Years</i>	<i>5 Years</i>	<i>7 Years</i>	<i>10 Years</i>
Performance (annualised)	3.13%	7.58%	9.00%	9.29%	8.78%	–
Volatility (annualised)	5.35%	4.72%	4.91%	8.88%	8.06%	–
Sharpe Ratio	0.14	1.14	1.40	0.76	0.72	–
Best monthly result	3.50%	3.50%	3.50%	8.66%	8.66%	–
Worst monthly result	-2.56%	-2.56%	-2.96%	-7.87%	-7.87%	–
Median of monthly results	0.78%	0.97%	0.98%	0.98%	0.96%	–
Best 12-month result		12.23%	14.43%	37.91%	37.91%	–
Worst 12-month result		0.27%	0.27%	-12.69%	-12.69%	–
Median of 12-month results		8.42%	10.79%	10.87%	9.27%	–
Maximum loss period	5 M	5 M	5 M	8 M	17 M	–
Maximum loss	-5.05%	-5.05%	-5.05%	-15.73%	-16.90%	–

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Explanations

TELOS Rating Scale

AAA	The fund complies with <i>highest</i> quality standards
AA	The fund complies with <i>very high</i> quality standards
A	The fund complies with <i>high</i> quality standards
N	The fund does currently <i>not</i> comply with the TELOS quality standards
+ / -	further differentiate within a rating level

The **Product Profile** contains general information on the fund, the investment firm, and the responsible fund manager.

The **Investor's Profile** enables the investor to quickly match his or her expectations with the "official" classification of the product by the investment firm.

The **TELOS Comment** section summarises the main insights of the rating and constitutes an important supplement to the rating grade. The subsequent sections contain descriptive information on the investment process, the quality management, and the responsible team.

The **Investment Characteristics** lists – from the point of view of the fund management – the most important external determinants influencing the performance of the fund, as well as the essential factors employed for its control.

The **Product History** presents – by means of graphs and tables – the development of the fund in comparison with the money market and a benchmark (where appropriate) in respect of performance and risk criteria. All calculations are based on month-end data. Fund data and benchmark data are provided by the investment firm.

The *performance* of the fund is calculated based on reinvested prices: profit distributions are being invested in new shares of the fund immediately. Thereby, the performance of distributing and non-distributing funds is mutually comparable. This approach corresponds to the "BVI method" of performance calculation, advocated by the association of the German investment fund industry.

If the fund management is guided by a *benchmark*, the performance of the latter is shown as well. Otherwise, a suitable comparative index is chosen for il-

lustration purposes – in agreement with the investment firm.

As a measure for the *money market*, the 1-month *LIBID* deposit rate in the fund's base currency is used, calculated via $LIBID = LIBOR - 0.125\%$. For periods before 1999, the respective DEM interest rates are used as a predecessor to EUR. Data source: British Bankers' Association; *LIBID(OR)* = London Interbank Bid (Offered) Rate.

The *Sharpe Ratio* provides information about the "excess return" of the fund with regard to a risk-free financial investment – here represented by the money market – as a proportion of the total risk taken:

$$Sharpe\ Ratio = \frac{fund\ return - money\ market\ return}{fund\ volatility}$$

The *volatility* employed here is the annualised standard deviation of the monthly returns.

The *median of monthly results* is characterised by the fact that half of all monthly returns occurring in the observed period are either at least or at most as large as this value. As a result, this measure is less sensitive to "outlier results" than, for instance, the mean (average) value of monthly returns.

In an analogous way, the *median of 12-month results* should be interpreted.

The *longest loss period* is the number of months needed by the fund in order to recover losses by reaching or exceeding a level that had been achieved previously in the period under consideration. If this level could not be reached again, the end of the period is decisive.

Accordingly, the *maximum loss amount* is the largest loss which the fund suffered in the period under consideration – starting from the highest value reached earlier during this period.

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