

<b>Product Profile</b>	
<i>Fund name</i>	TAARA-Stiftungsfonds
<i>ISIN</i>	LU0224474329
<i>Investment universe</i>	Equities, Bonds, Floating Rate Notes
<i>Benchmark</i>	90% Rex + 10% DAX
<i>Base currency</i>	EUR
<i>Earnings</i>	Distribution
<i>Inception date</i>	08/08/2005
<i>Fund volume</i>	EUR 14.5 m as of 31/03/2006
<i>Management Fee</i>	1% p.a.
<i>TER</i>	1% p.a.
<i>Fund manager</i>	Heinz-Günter Wickenhäuser
<i>Company</i>	COMINVEST Asset Management GmbH
<i>Internet</i>	www.cominvest-am.com
<b>Investor's Profile</b>	
<i>Investment horizon</i>	medium- to long-term
<i>Risk classification</i>	low risk, comparable to mix conservative funds, while TAARA-Signal defines consequential losses
<i>Return expectation</i>	aim: steady, current income and invest capital receipt
<i>Loss tolerance</i>	short-term losses are possible
<i>(none guarantee product) height</i>	

## TELOS Comment

The COMINVEST TAARA-Stiftungsfonds is a balanced fund which, besides investing in fixed income securities, can also invest up to a maximum of 20% in equities. The investment philosophy centres around the preservation of substance and regular distributions to accomplish the foundations' ends. The investment objective is aligned with the regulatory framework for public-interest foundations. The tactical asset allocation is determined by a quantitative model. This model is based on short- and long-term indicators, which each trading day give a signal for or against an equity allocation of up to 20%. For the stock selection the fund manager resorts to the established processes of COMINVEST for evaluating European stocks. Due to volume reasons, the asset allocation is currently implemented through the investment in a COMINVEST equity fund. The fixed income selection is also based on the processes of COMINVEST, although the quality of individual issues and a lower overall risk have priority. The assets are therefore invested in government bonds with very high creditworthiness but also in other bank debentures (local government bonds). The conceptual design of the fund was accompanied by KANA Vermögensmanagement

GmbH – a specialist in the area of asset management for foundations – which continues acting as a consultant and with whom transactions can be reviewed regarding the requirements of the laws on foundations and public interest.

An ex-post risk control as well as the monitoring of compliance with investment restrictions is performed by independent units. The verification of investment restrictions takes place before orders are executed. The orders are placed according to best execution principles.

The performance since inception lies significantly above benchmark.

The investment team has qualified members who have been working for several year in their respective function at the company. The employed asset allocation model was developed by a quantitative analyst of COMINVEST who remains responsible for the model despite his move to Commerzbank's private banking division. He also continues communicating the allocation signals to the fund manager.

The fund *COMINVEST TAARA-Stiftungsfonds* receives the rating **AA** not least due to the clear focus on foundations as a group of investors.

## Investment Process

The *COMINVEST TAARA-Stiftungsfonds* is managed by *COMINVEST Asset Management GmbH* in Frankfurt, a subsidiary of Commerzbank, also located in Frankfurt. Several teams are involved in the investment process. This includes the High Alpha Team, to which the two fund managers belong, two quantitative analysts as well as nineteen analysts in the equities and fixed income areas. The special know-how for the investment of foundations' funds is provided by *KANA Vermögensmanagement GmbH (KANA)*. The fund manager, *Heinz-Günter Wickenhäuser*, is accountable for the investment decision with the exception of the asset class allocation.

The investment universe consists, on the fixed income side, of fixed and variable rate securities predominantly of European issuers with ratings in the investment grade range. On the equity side, European equities are invested in. The equity quota is limited to 20%.

The foundation of the investment philosophy is the view, that the efficiency of financial markets is limited. From these inefficiencies and by making use of an adequate risk budget a performance above benchmark is to be generated. The investment philosophy is focussed on producing adequate contin-

uous returns and room to preserve the economic value of the invested assets.

The investment process has two components. The tactical asset allocation fixed income/equity (TAARA) is based on a quantitative model. The model is forecast-free and calculates long- and short-term indicators from index data (variation of the equity/fixed income ratio from average, trend), whose signals are consolidated to a single allocation signal. Weekly, the TAARA asset allocation signal is determined and implemented by fund management without modification. During times of sensitive signal situation a daily monitoring of the allocation signal is carried out.

The equities as well as the bonds portion of the fund are actively managed. The fund management resorts to the respective processes of COMINVEST. These combine top-down with bottom-up elements and use quantitative and qualitative analyses. For the equities investment, the expertise of the High Alpha Team is, in particular, capitalised on.

The trades are entered in the front-office system from where they are routed to specialised trading desks to be executed according to best execution principles. If required, the fund manager can trade himself with the broker.

## 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 a daily basis and compared to a benchmark as well as to a peer group. The performance attribution is determined in a daily attri-

bution analysis. 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 *Heinz-Günter Wickenhäuser* since its launch in August 2005. He and his deputy belong to the High Alpha Team, whose focal point is on active fund management with particular restrictions or requirements. *Dr. Werner Koch* and his deputy have the responsibility for the allocation model. Both are quantitative analysts. The ex-

pertise of KANA is available for foundation-specific questions. All team members has university degrees and the majority have additional qualifications such as CEFA.

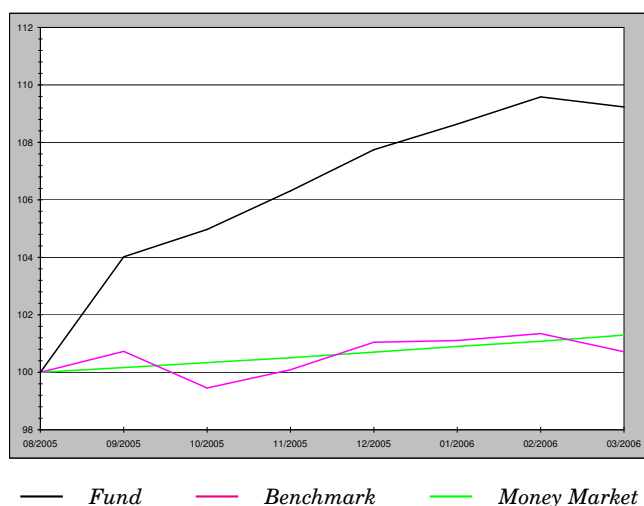
Apart from a base salary in line with market conditions, employees receive a bonus payment depending on performance and risk.

## Investment Characteristics

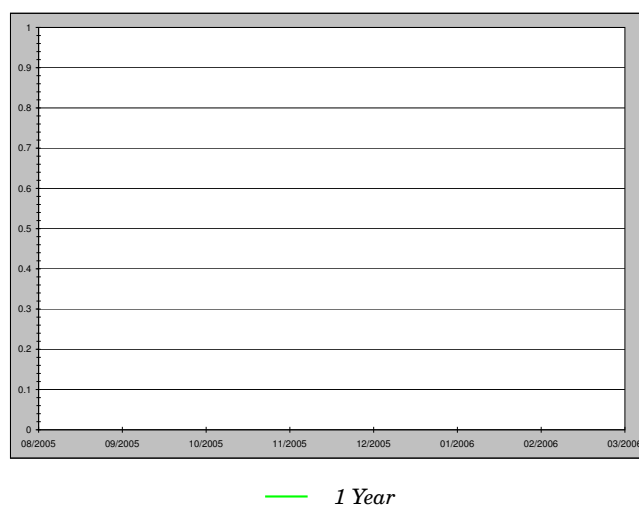
<i>Important external factors</i>	<i>Important control factors</i>
Economic environment	Asset selection (if stock picking)
Equity market (Level)	Company talks (one-to-one)
sector development	Sector weighting (& Asset allocation)
Short-term & Long-term interest rates(Level)	Maturity allocation
Term structure (Shape)	Credit-worthiness

## Product History

### Performance



### Sharpe Ratio



<i>Statistics as of 03/2006</i>	<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)	—	—	—	—	—	—
Volatility (annualised)	—	—	—	—	—	—
Sharpe Ratio	—	—	—	—	—	—
Best monthly result	—	—	—	—	—	—
Worst monthly result	—	—	—	—	—	—
Median of monthly results	—	—	—	—	—	—
Best 12-month result	—	—	—	—	—	—
Worst 12-month result	—	—	—	—	—	—
Median of 12-month results	—	—	—	—	—	—
Maximum loss period	—	—	—	—	—	—
Maximum loss	—	—	—	—	—	—

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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:

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

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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