



AA+
05/2009

cominvest
TAARA

Product Profile

Fund Name	cominvest TAARA
ISIN	LU0224474329, LU0224474675, LU0224473941, LU0270726580 (four share classes)
Investment universe	Equities, Bonds, Floating Rate Notes
Benchmark	90% Rex + 10% DAX
Base Currency	EUR
Earnings	Distribution
Inception date	08. Aug. 2005
Fund Volume	EUR 90m as 31.05.2009 (Sum of four share classes)
Management Fee	1% p.a.+ Performance Fee 20% of outperformance above benchmark (without high-water-mark)
TER	1% p.a.
Fund Manager	Dr. Frederik Wemhöner
Company	cominvest Asset Management GmbH
Internet	www.cominvest.de

Investor's Profile

Investment horizon	medium- to long-term
Risk classification	low risk, analog very conservative mixed fund, whereas the TAARA signal consequently cuts losses
Return expectations	Target is an adequate return on the invested capital and to ensure the economic value of the capital
Loss Tolerance	short term losses possible (no guarantee product)

TELOS Comment

The *cominvest TAARA* is a balanced fund, which may invest up to 20% in equities alongside its bond investments.

The fund's investment goal is based on the basic regulations applicable to foundations. Tactical asset allocation is determined using a quantitative trend-following model. The model is based on both short-term and long-term indicators, which generate a daily signal, with no projection, for or against a 20% equity allocation. When making his equity selection, the fund manager uses *cominvest's* tried and tested valuation methods for the valuation of individual European equities. The target fund for asset allocation is currently *cominvest Fondak Europa*. Bond stock selection is also based on the *cominvest* processes, with the focus on the quality of individual stocks subject to reduced aggregate risk. As a result, the investment emphasis is on very highly rated government bonds, and on floating rate notes, mainly from European issuers. The company KANA, a specialist in asset management for foundations, helped to design the fund. It still advises the fund manager, and where necessary is involved in consultations on transactions, with consideration to the requirements of foundation and charity law.

In the spring of 2008, changes were made to the fund

management and the investment process. The new fund manager, *Dr. Frederik Wemhöner*, has an excellent track record in bond funds, and using his expertise, it is planned to further strengthen the asset allocation process within the bond section of *cominvest TAARA* (which will remain at least 80 % of the fund volume). To achieve this, a duration model has been introduced to support the active management of the bonds element. The investment policy is focused on capital preservation and on regular dividends to meet the objective of foundations.

The members of the investment team, all of whom have been in post for a number of years, are well-qualified. *Dr. Werner Koch* developed the allocation model that is used. He is assigned to a portfolio management hedge funds, he remains involved in the investment process.

In the recent past, the fund has underperformed its benchmark. In particular, the duration model didn't fulfill expectations so far. The Sharpe Ratio has seen a negative development. If the fund outperforms its benchmark, a performance fee of 20% of the difference between the fund's performance and the benchmark is levied in addition to the management fee. The high water mark principle is not applied to *cominvest TAARA*.

cominvest TAARA is rated **AA+**.



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Investment Process

The *cominvest TAARA* is managed by *cominvest Asset Management GmbH* in Frankfurt, a company of *Allianz Global Investors*, also located in Frankfurt. The following are involved in the investment process: the equity side, which comprises the fund management of *cominvest Fondak Europa*; the buy-side analysts; bond fund management with *Dr. Frederik Wemhöner* and *Dr. Werner Koch*, who generates the TAARA signal. KANA GmbH provides expertise on the investment of foundation funds. The fund manager, *Dr. Frederik Wemhöner*, is responsible for investment decisions, with the exception of asset allocation.

The investment philosophy is focused on the achievement of high and stable distributable earnings subject to low volatility in order to meet respective foundation objectives. The investment process comprises two components; Tactical bond/equity asset allocation (the German acronym being TAARA) is based on a quantitative trend-following model. The model produces no projections, but calculates short-term and long-term indicators calculated on the basis of index data (variation from average in the ratio of equity to bond performance, trend), which is translated into an allocation signal. If the quantitative model triggers a bond signal, then the fund redeems the entire equity commitment in order to purchase bonds. If an equity signal is triggered, then *cominvest TAARA* weights the fund with

a maximum of 20% equities and 80% bonds. On the top down side, no intermediate asset class allocation is permitted. The TAARA signal is calculated on every trading day. In principle, the signal situation is forwarded via e-mail to the sales department and the fund management every Monday. Daily updates are given when the signal situation is sensitive. Both the equity and bond proportions of the fund are actively managed. In bonds, the fund switched to tactical duration control using futures contracts when the new fund manager was appointed. This means that the duration of the formerly defensive bond component is also actively managed. The bond portfolio is gradually being shifted to terms of 5 to 10 years, with a target duration of around 6 years. The fund management uses the individual *cominvest* investment processes for individual stock selection. These combine top-down and bottom-up elements and apply both quantitative and qualitative analyses. In bonds, the fund's investment universe consists of fixed and variable income securities, mainly from investment-grade-rated European issuers, whereas the fund invests solely in European equities. Orders are recorded in the front office system, from where they are passed to specialist trading desks, where they are executed on best execution principles. The fund management itself may also trade with brokers.

Quality Management

The organisationally independent Risk and Investment Controlling unit is responsible for risk budgeting and control. The fund's risk profile is monitored on a daily basis using risk management systems that cover a number of different asset classes. Fund performance is also calculated daily, and daily benchmark and peer group comparisons are made. Performance contributions are calculated

during daily attribution analysis. An in-house committee also monitors performance and risk. The working group Fund Controlling Institutional is responsible for monitoring compliance with investment restrictions and other limitations. The working group also continuously monitors broker price quality.

Team

Dr. Frederik Wemhöner has managed the fund since March 2008. His co-manager and deputy is Ms. Martina Kocksch. *Dr. Werner Koch* and his deputy, *Dr. Manfred Heilmann*, both of whom are financial analysts, are responsible for the TAARA allocation model. KANA provides

expertise on specific foundation-related questions. All the members of the investment team have extensive professional experience in the relevant areas; they are all graduates and some hold additional qualifications such as CEFA.



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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 rate (level)	Maturity allocation
Term structure (Shape)	Credit-worthiness

Product History

Monthly Returns

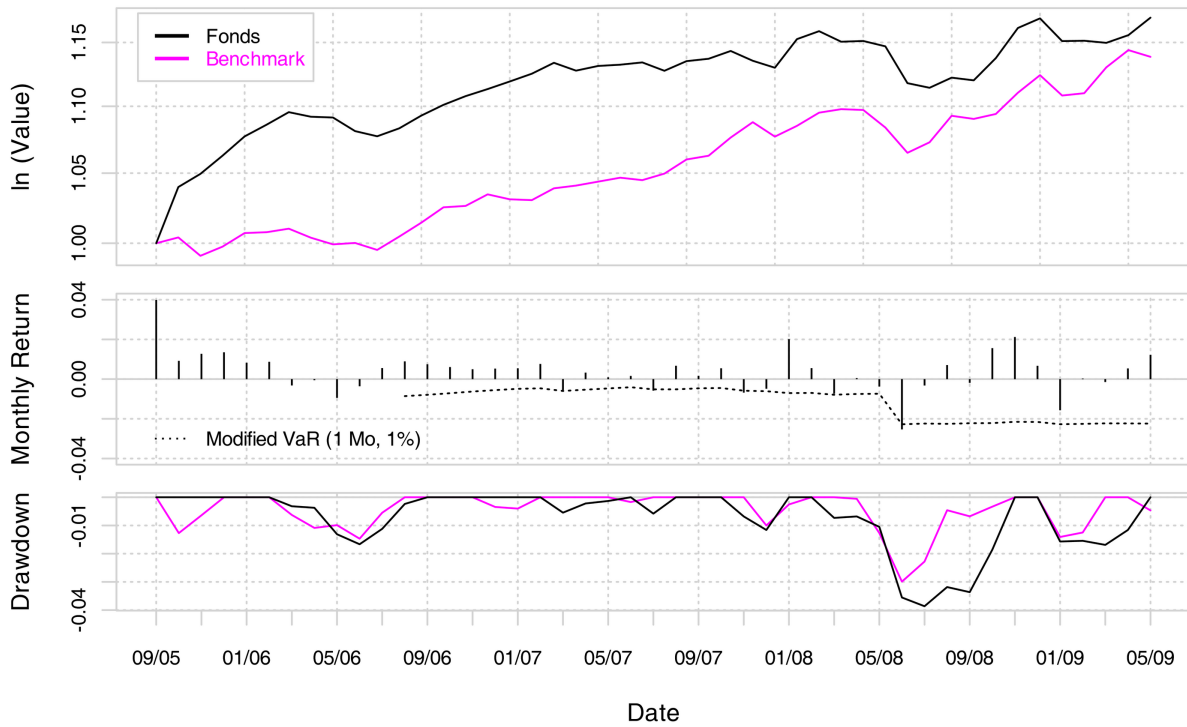
	2005	2006	2007	2008	2009
Jan	-	0.8	0.5	2.0	-1.6
Feb	-	0.9	0.8	0.6	0.0
Mar	-	-0.3	-0.5	-0.7	-0.1
Apr	-	-0.1	0.3	0.1	0.5
May	-	-0.9	0.1	-0.4	1.2
Jun	-	-0.4	0.2	-2.5	-
Jul	-	0.6	-0.6	-0.3	-
Aug	-	0.9	0.7	0.7	-
Sep	4.0	0.7	0.2	-0.2	-
Oct	0.9	0.6	0.5	1.6	-
Nov	1.3	0.5	-0.7	2.1	-
Dec	1.4	0.5	-0.5	0.7	-
Fund	7.7	3.9	1.0	3.5	0.1
Benchmark	0.7	2.4	4.5	4.4	1.3

<i>Statistics per end of May 09</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>
<i>Performance (annualised)</i>	2.02%	1.65%	2.67%	-	-	-
<i>Volatility (annualised)</i>	4.47%	3.62%	3.08%	-	-	-
<i>Sharpe-Ratio</i>	-0.44	-0.65	-0.43	-	-	-
<i>Best monthly result</i>	2.12%	2.12%	2.12%	-	-	-
<i>Worst monthly result</i>	-2.53%	-2.53%	-2.53%	-	-	-
<i>Median of monthly results</i>	0.28%	0.11%	0.41%	-	-	-
<i>Best 12-month result</i>		3.50%	5.28%	-	-	-
<i>Worst 12 month result</i>		-1.49%	-1.49%	-	-	-
<i>Median of 12-month results</i>		-0.14%	1.99%	-	-	-
<i>Maximum loss period</i>	5 M	8 M	8 M	-	-	-
<i>Maximum loss</i>	-2.84%	-3.86%	-3.86%	-	-	-

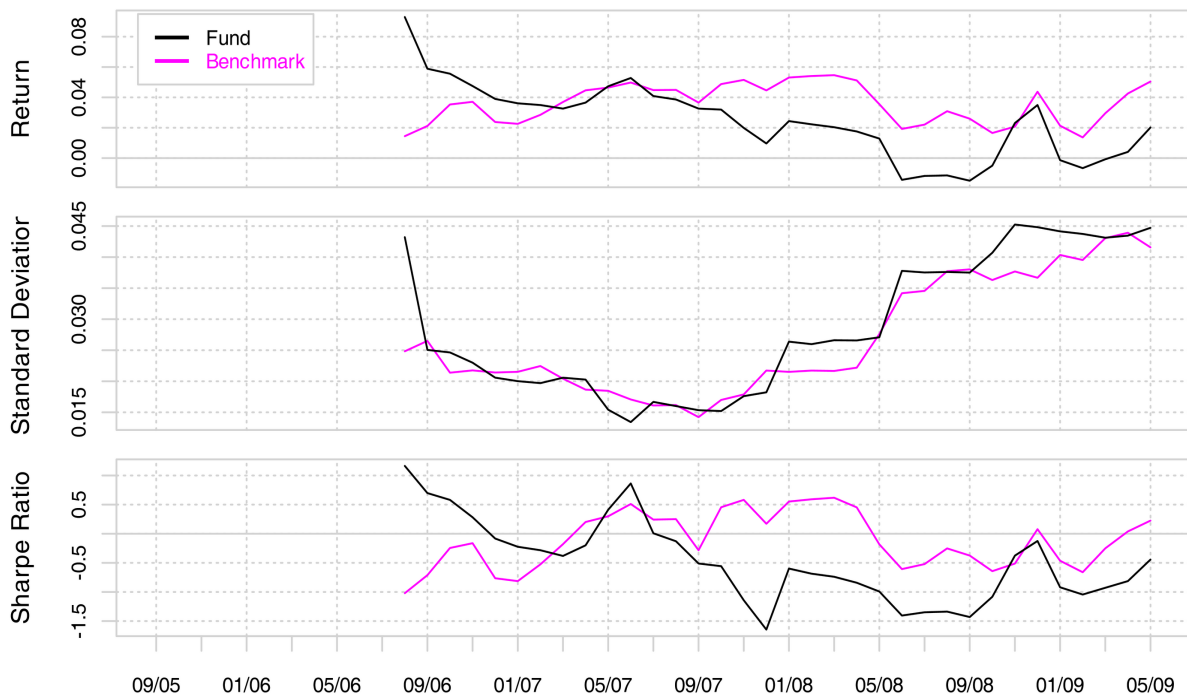
Fund vs. Benchmark (trailing 36 Months)

Jensen alpha	-0.00
Beta	0.60
R^2	0.34
Annualized Alpha	-0.02
Correlation	0.58
Tracking Error	0.03
Active Premium	-0.02
Information Ratio	-0.60
Treynor Ratio	-0.02

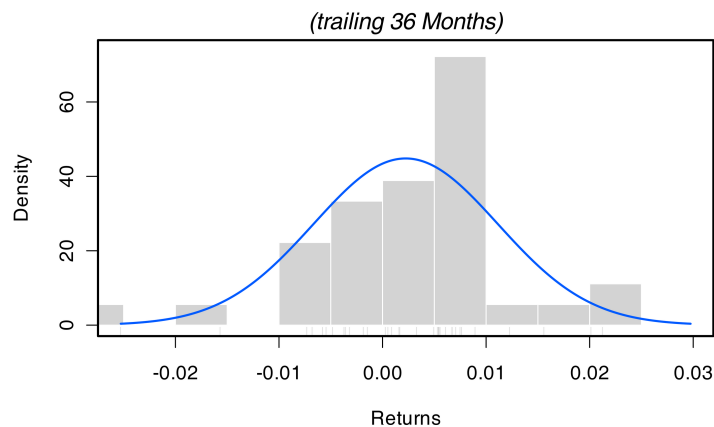
Performance



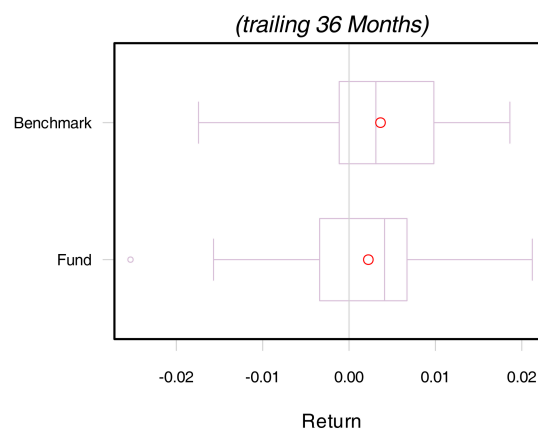
Rolling 12-Month Performance (annualised)



Histogram of monthly Returns



Boxplot of monthly Returns



Explanations

TELOS Rating Scale

AAA	The fund complies with highest quality standards
AA	The fund complies with very high quality standards
A	The fund complies with high quality standards
N	The fund does currently not 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



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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 nondistributing 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 illustration purposes – in agreement with the investment firm.

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. The risk free rate used in this report is 4%, and the *volatility* 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 used. 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.

Jensen Alpha measures the beta-risk-adjusted (cf. beta) outperformance of the fund versus the benchmark and is calculated using monthly returns. A positive value indicates the generation of added-value by the fund's management.

Beta is a measure of the fund's market risk exposure. A Beta larger (smaller) than one indicates that the fund will be more (less) volatile than the benchmark.

R^2 is the square of the correlation coefficient (cf. correlation). It is the measure of the quality of a linear fit on the fund's vs. the market's returns. It ranges between 0 (bad fit) and 1 (good fit).

Correlation is a measure of how the fund and the market move in relation to each other. Correlation ranges between -1 and +1. The extreme values i.e. -1/+1 indicate that the fund and the market always move in lockstep, for -1 in opposite directions, for +1 in the same direction. 0 indicates there is no clear relationship.

The *tracking error* is the standard deviation of differences between fund and benchmark returns. The lower the tracking error, the more closely the portfolio follows the index.

Active Premium or excess return measures the Out/Underperformance of a fund vs. its benchmark.

The *Information Ratio* is the active Premium divided by the tracking error. The higher the information ratio, the higher the active premium of the fund, given the same level of risk.

The *Treynor Ratio* is the return in excess of the riskfree rate, divided by beta. The Treynor ratio is a beta-risk-adjusted measure of outperformance vs the riskfree rate.

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