



### Product Profile

Fund Name	cominvest Fondak Europa P
ISIN	LU0257507052
Investment universe	European Equities (Large, Mid + Small Caps)
Benchmark	MSCI Europe Net Return
Base Currency	EUR
Earnings	Distribution
Inception date	12.09.2006
Fund Volume	458.57m as 30.11.2007
Management Fee	1.65% pa. + Performance Fee (20% of outperformance above benchmark)
TER	1.58% p.a.
Fund Manager	Christoph Berger
Company	cominvest Asset Management S.A.
Internet	www.cominvest.de

### Investor's Profile

Investment horizon	medium- to long-term (5-7 years)
Risk classification	within the asset class equities: medium risk
Return expectations	investment objective: above average capital gains on invested stocks, i.e. outperformance of the fund
Loss Tolerance	short-term losses are possible

## TELOS Comment

The *cominvest Fondak Europa* is a value-oriented equity fund that invests in the shares of European companies irrespective of their market capitalisation, with the focus on stock-picking. The fund construction approach is similar to that of the *cominvest Fondak* fund, which is managed by the same team. The performance index MSCI Europe Net Return, which covers a broad range of European equities, serves as performance benchmark, in line with the investment approach of the fund investment decisions are made without reference to the benchmark. Portfolio construction is based on a typical bottom-up approach, under which securities that meet traditional value criteria (e.g. Price-Earnings-Ratio, Price-Book Value, dividend yield) are initially identified using a quantitative filter. Thereby, the focus is on the risk/return profile of the individual securities. Securities that the fund management classifies as high net worth stocks are then analysed on the basis of qualitative criteria. These criteria such as the quality of the management and the position of the company compared to competitors are not deep value criteria. A large proportion of the rather broad investment universe is regularly analysed by the internal research team. If a company is being considered for potential investment but is not regularly monitored, analysis is intensified. In some cases, the results of external research are also

examined. Portfolio securities for which dynamic price targets exist are weighted on the basis of the fund managers' views of their risk/reward profile.

Fund exposures are assessed using accepted risk models and during portfolio diagnosis. No limits are set in relation to maximum country or sector weightings. Risk management is predominantly applied at the level of individual securities and via tracking error, which may be up to 7.5% on the basis of ex ante analysis.

The fund manager has many years of investment experience. He also co-manages the *cominvest Fondak* fund. Most members of the research team have extensive experience in the financial sector. The work of the fund management and the research team is tightly integrated in terms of both content and location.

The fund has outperformed its benchmark since inception in the first 12 months. In the recent past an underperformance was achieved. According to the fund manager the underperformance of the fund this year was caused by the outperformance of the growth titles. If the fund outperforms its benchmark, a performance fee will be due (no high water mark). The Sharpe Ratio has seen a positive development in the evaluation period.

*The cominvest Fondak Europa is rated AA.*

## Investment Process

The *cominvest Fondak Europa* is managed by *cominvest Asset Management GmbH* in Frankfurt, a subsidiary of *Commerzbank AG*. Three fund managers from the European Equities Group, along with fourteen sector analysts, are involved in the investment process. The fund manager, *Christoph Berger*, is ultimately responsible for the investment decisions.

The fund invests in 80 to 120 shares of companies, irrespective of their market capitalisation. The investment spectrum covers around 900 securities. The objective is to outperform the benchmark, although the composition of the fund is not benchmark-oriented. The tracking error is monitored and may not exceed 7.5% on the basis of ex ante analysis. Derivatives are used to generate additional income (e.g. "covered call writing" strategy) or to establish selective exposure to individual securities. Currency exposures are assessed at individual stock level and are hedged where appropriate. The investment process involves identifying undervalued shares of high net worth companies and adopts a typical bottom-up approach that is derived from the value-investment philosophy. Additionally, data on the macroeconomic environment and capital market scenarios are analysed using a top-down approach. However, no selective sector, country or currency allocation is sought.

The majority of the investment proposals derives from a quantitative filtering process undertaken by

## Quality Management

The independent Risk and Investment Controlling unit is responsible for risk budgeting and control. The portfolio is subject to continuous risk control using multi-asset class risk management systems.

Furthermore, the fund's performance is calculated and subsequently compared to the benchmark and to a peer group. Contributions to performance by individual fund components are identified periodically in an attribution analysis. Various ratios and factor

## Team

The *cominvest Fondak Europa* fund has been managed by *Christoph Berger* since its launch in September 2006. The Co-fundmanager *Heidrun Heutzenroeder* is responsible for the Germany part in the portfolio. In addition, the Great Britain expert *Theo Kempf* is also in the team. The Equity team has been

the analysts, under which the investment universe is selected using traditional value criteria such as Price-Earnings-Ratio and dividend yield. Other investment proposals originate from direct corporate contacts. The next stage in relation to companies that are classified as high net worth involves the analysis of qualitative factors such as management, strategy and market position. Fundamental analysis is primarily based on meetings between sector analysts and the corporate management, which are regularly attended by the fund management. As a result, a proportion of the investment spectrum is the subject of regular monitoring by analysts. The depth and frequency of analysis of the remaining holdings may be increased as necessary. The fund managers draw upon external research in order to gain information and subject their own assessments to closer scrutiny. The weightings of the portfolio securities are based on the risk/reward profile assigned to the individual securities by the fund managers.

Cominvest's risk management systems assist the fund management during portfolio construction and facilitate ongoing monitoring of exposures. The fund manager enters orders in to the front-office system, from where they are routed to a specialist equity trading desk, where five staff members are responsible for their execution according to best execution principles.

risks at portfolio level are examined during fund diagnosis. Research quality is monitored by the sector portfolios managed by the analysts. Investment Controlling in Luxembourg is responsible for monitoring compliance with investment restrictions and other limitations. Brokers' prices are also monitored and are taken into consideration in the regular review of broker lists.

working together for many years, and the average investment experience of the team members is significantly longer than ten years.

Almost all team members have academic qualifications and the majority have additional qualifications such as CEFA or CFA.



## Investment Characteristics

<i>Important external factors</i>	<i>Important control factors</i>
Single securities	Asset selection
Equity market (Level)	Sector weighting
Sector development	Country allocation
Economic environment	
Country risk	

## Product History

### Monthly Returns

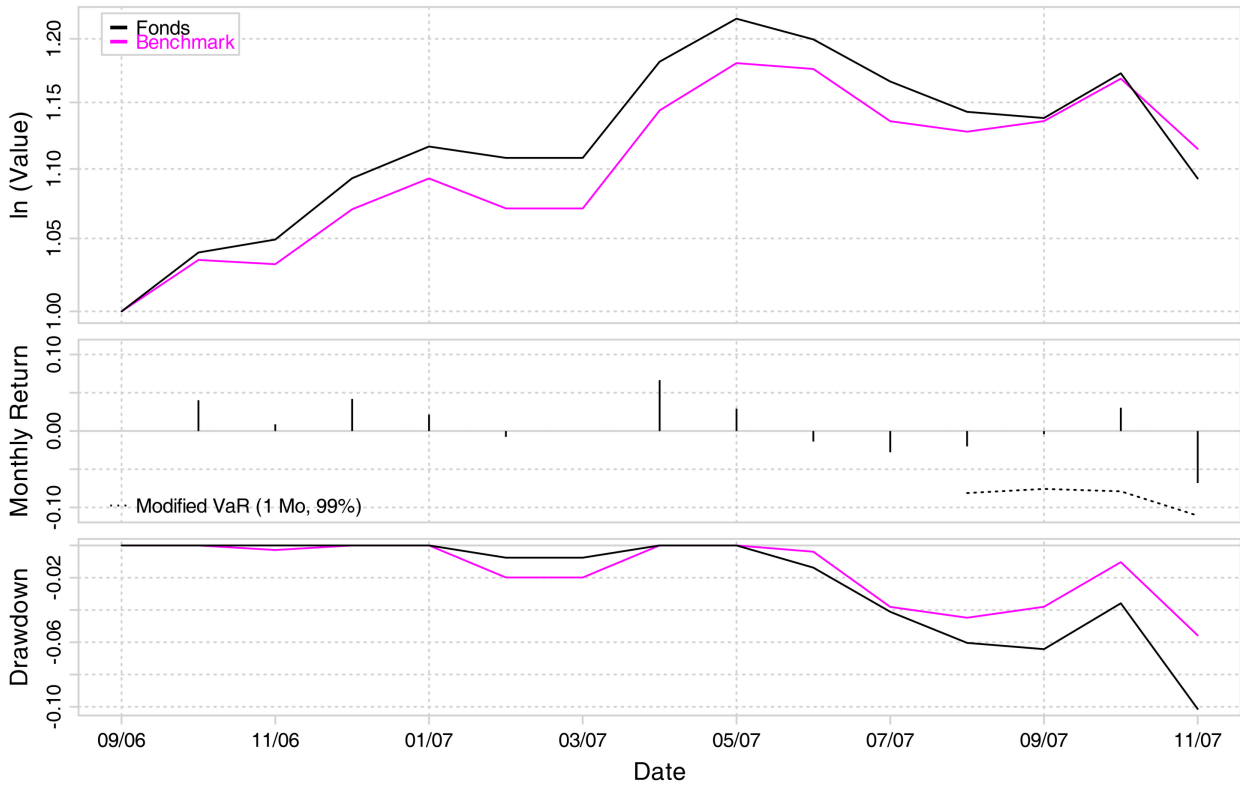
	2006	2007
Jan	-	2,1
Feb	-	-0,8
Mar	-	0,0
Apr	-	6,6
May	-	2,9
Jun	-	-1,4
Jul	-	-2,8
Aug	-	-2,0
Sep	-	-0,4
Oct	4,0	3,0
Nov	0,9	-6,8
Dec	4,2	-
<b>Fund</b>	<b>9,3</b>	<b>0,0</b>
<b>Benchmark</b>	<b>7,1</b>	<b>4,1</b>

<i>Statistics per end of Nov 07</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>	4,17%	-	-	-	-	-
<i>Volatility (annualised)</i>	12,47%	-	-	-	-	-
<i>Sharpe-Ratio</i>	0,01	-	-	-	-	-
<i>Best monthly result</i>	6,65%	-	-	-	-	-
<i>Worst monthly result</i>	-6,79%	-	-	-	-	-
<i>Median of monthly results</i>	-0,21%	-	-	-	-	-
<i>Best 12-month result</i>		-	-	-	-	-
<i>Worst 12 month result</i>		-	-	-	-	-
<i>Median of 12-month results</i>		-	-	-	-	-
<i>Maximum loss period</i>	6 M	-	-	-	-	-
<i>Maximum loss</i>	-10,14%	-	-	-	-	-

### Fund vs. Benchmark (trailing 12 Months)

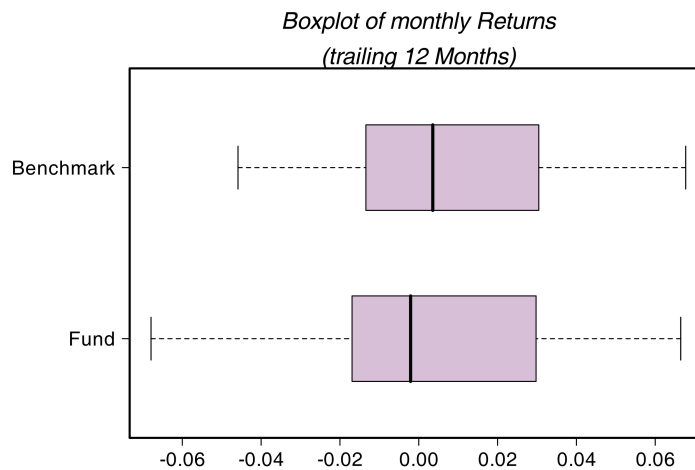
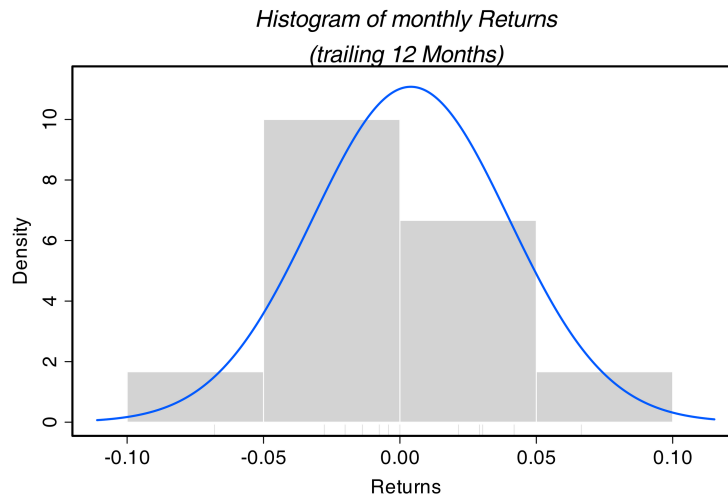
<b>Jensen alpha</b>	<b>-0,00</b>
<b>Beta</b>	<b>1,08</b>
<b>R^2</b>	<b>0,93</b>
<b>Annualized Alpha</b>	<b>-0,04</b>
<b>Correlation</b>	<b>0,97</b>
<b>Tracking Error</b>	<b>0,04</b>
<b>Active Premium</b>	<b>-0,04</b>
<b>Information Ratio</b>	<b>-1,01</b>
<b>Treynor Ratio</b>	<b>0,00</b>

Performance



Rolling 12-Month Performance (annualised)





## Explanations

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 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 perform-



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ance 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 pos-

itive 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 active premium divided by beta. The Treynor ratio is a beta-risk-adjusted measure of excess return.

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## Contact

TELOS GmbH  
Abraham-Lincoln-Straße 7  
D-65189 Wiesbaden  
[www.telos-rating.de](http://www.telos-rating.de)

Telephone : +49-611-9742-100  
Fax : +49-611-9742-200  
E-Mail: [tfr@telos-rating.de](mailto:tfr@telos-rating.de)