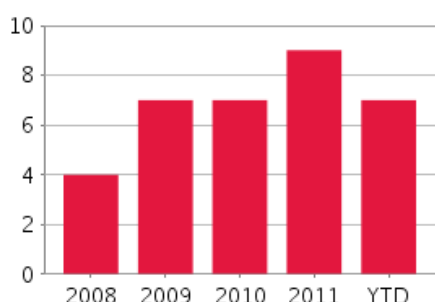


Latest grading issued September 2012

Fund profile

Launch date	May 1999
Manager location	Vienna
Sector	High yield
Peer group	Euro high yield
Fund benchmark	Bank of America Merrill Lynch Euro Currency High Yield ex Sub Financials
Fund size	€241.1m (1 August 2012)

Calendar-year decile ranks



Decile ranking in discrete annual periods. First decile (highest returns) shown as rank 10, second decile as rank nine with tenth decile (lowest returns) as rank one.

Cumulative returns

	3 years	5 years
Fund share class	48.4%	37.6%
S&P Capital IQ peer median	38.7%	31.2%
Index**	49.3%	48.8%
Fund share class rank	31/218	58/176

** BofA Merrill Lynch Euro HY Constrain TR

Fund owner: Raiffeisen-Gruppe

Fund manager/adviser: Raiffeisen Capital Management

Named portfolio manager/adviser(s): Andreas Riegler (since launch), Thomas Korhammer (since June 2009), Georg Nitzlader (since January 2012)

Contact group: +43 1 71170 2014 or www.rcm.at

Review period 12 months to end-July 2012

Randal Goldsmith, Analyst at S&P Capital IQ Fund Research, prepared and is responsible for this report; the Grading Committee is responsible for the grading.

The following report is based on information taken direct from the group either via interview or as a written document and augmented by information in the public domain. The sources of performance data are provided within the report. All opinions are our own.

Fund Research opinion (September 2012)

Andreas Riegler went away on sabbatical leave in January 2012, but is expected to return at the end of this year (so we have retained his name at the head of this report). In his absence, the fund is being managed by Thomas Korhammer, with Georg Nitzlader as back-up manager. Both have been with Raiffeisen's fixed income team for over 10 years; we therefore maintained the grading at the time of the announcement.

There has been no change in the investment approach since Riegler went away on sabbatical. However, during the second quarter of this year, Raiffeisen tightened the guidelines on the fund's overdraft facility. The fund is now permitted to be overdrawn only for a short period of time to cover unexpected redemptions (previously, the managers were able to use the overdraft facility to implement a bullish view on credit, leveraging the fund by up to 10% of NAV). This appears to limit managers' flexibility on beta management; however, they can still use iTraxx Crossover contracts to implement market calls, and were already using them more than cash and leverage before the guidelines were tightened.

The fund outperformed both its benchmark index and the S&P Capital IQ euro high yield peer group in 2011 and in the current year to end-July 2012. Consistent outperformance within the peer group since 2008 puts it comfortably in the top quartile over three years cumulatively. Outperformance during the review period has come from generally strong issue selection and well timed adjustments to overall credit beta.

In 2009, the benchmark was changed to the ex subordinated financials index, as was the case with many in this peer group. The fund still had some exposure to sub-financial debt at review; however, the managers no longer invest in Tier 1 as they consider it too volatile. This has generally been beneficial to performance relative to the fund's peers, but there have been short periods of time when it has detracted, such as in the first half of 2011.

Raiffeisen has a well-resourced and experienced credit team that makes good use of all the resources it has available, and it has continued to be effective during Riegler's sabbatical. We have therefore maintained the S&P Capital IQ Gold grading. The volatility of the fund's returns has been falling since 2008 (and relative to other high yield funds since the benchmark was changed to an ex subordinated financials index); we have therefore reduced the volatility component from V6 to V5.

Raiffeisen-Europa-HighYield Fonds

Management style

The fund is predominantly managed in a bottom-up fashion with a top-down overlay focusing on the beta and credit rating bands. Duration is not a source of alpha. The fund is managed to outperform the BofA ML Euro High Yield ex Sub Financials Constrained index, with most added value coming from security selection.

The investment universe includes benchmark issues, emerging markets debt (up to 10%), European high yield issuers in foreign currencies and investment grade holdings (up to 20%).

The managers use iTraxx Crossover contracts to manage the portfolio's overall credit exposure based on the team's top-down view. In the past portfolio leverage (up to 10%) and cash (also up to 10%) were used to manage overall average credit exposure. However, the bank facility is now available only to cover unexpected outflows.

The investment approach is primarily fundamental, but it is backed by selective quantitative indicators. For example, the managers take note of a the team's risk sentiment model when forming their top-down view and the team's fair value spread model (which is driven by default rates, money market rates, stock market volatility and ratings migration) is an input into the credit selection.

To limit risk, aggregate exposure to CCC rated issues is kept below the benchmark. Single-sector exposure is limited to 40%, and individual holdings rarely exceed 3% (unless there is strong conviction), and are formally limited to 5%. Non-euro-denominated issues are predominantly currency hedged.

All trades are executed in the name of Raiffeisen, not the fund.

Fund manager & team

Raiffeisen's fixed income team of 20 manager/analysts is headed by Robert Senz and manages around €11.4bn. It is split into seven distinct strategy units: fundamental duration, technical duration, yield curve, credit, relative value, country, and currency. Each member belongs to various teams. The credit team of seven is headed by Andreas Riegler. It receives top-down support from the asset allocation team and additional bottom-up support from the equity research team and parent retail bank Raiffeisen Zentralbank Österreich's credit analysts.

Andreas Riegler - economics & business administration (Vienna University of Economics), began his career in 1991 and has focused on fixed income since joining Raiffeisen from Erste Bank in 1998 where he was an equity analyst. Before this, he was deputy head of research at Schoellerbank and involved in capital markets research at Länderbank.

Thomas Korhammer - MBA (University of Applied Sciences, Wiener Neustadt), started his career in 1998 at Raiffeisen Landesbank Niederoesterreich-Wien and moved to Raiffeisen KAG in 2000.

Georg Nitzlader - BSc business management (Vienna University of Economics and Business Administration), CFA, began his career in 1995 in the Treasury division of Raiffeisen Zentralbank and moved to Dresdner Kleinwort Wasserstein in Frankfurt in 1998. He joined Raiffeisen KAG in 2001.



Latest grading issued September 2012

Investment style

	Inv Grade	Blend	Sub Inv Grade
Govt			
Corp			
Emerging			
ABS/MBS			

Sources of return

	None	Low	Average	High
Portfolio duration				
Credit spreads				
Country / sectors				
Yield curve positioning				
Currency exposure				
Derivatives				

Risk characteristics

	3 years	5 years
Worst month (%)	-6.2	-23.2
Volatility	9.4	15.8
Correlation vs index	1.0	1
Beta vs index	0.8	0.9

Calendar-year performance

	2008		2009		2010		2011		Year to 31/07/2012	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund share class	-34.1	115/184	62.2	65/208	14.8	71/229	-0.5	38/254	12.6	114/293
Index**	-33.5		76.4		14.7		-2.5		14.0	
Median	-31.0		55.7		13.3		-3.6		12.1	

** BofA Merrill Lynch Euro HY Constrain TR

Fund benchmark: Bank of America Merrill Lynch Euro Currency High Yield ex Sub Financials

Share class screened: AT0000796529 (A)

Performance Data Source - © 2012 Lipper inc. All rights reserved. All statistical data on this report has been run to 31/07/2012 on NAV to NAV basis, with gross income reinvested, in EUR and including the effect of fees and expenses.

Grading Process

To qualify for an interview and potential grading, a fund must have a minimum two-year performance track record (three years for funds-of-hedge-funds). New funds, funds with less than two years' performance record and specialist funds can be analysed and included providing independent verifiable performance data is supplied.

The starting point for a grading is an initial quantitative screen based on performance data obtained from Lipper Inc or elsewhere. For long-only funds, discrete annual performance comparisons are made, as opposed to cumulative returns over a three-year period. Relative performance of funds within each sector is ranked by decile.

This quantitative screen captures approximately the top 20% of funds in each sector, depending on the size of the sector. For funds-of-hedge-funds the screen is based on the fund's risk/reward objective.

For more information on the fund grading process please visit our website at www.funds-info.standardandpoors.com.

Symbols and Definitions

Active funds

Grading bands for long-only funds

Platinum The fund demonstrates the highest standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

Gold The fund demonstrates very high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

Silver The fund demonstrates high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

Grading bands for Fund-of-hedge-funds / Absolute return / Specialist funds

Platinum The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

Gold The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

Silver The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

Grading bands for Ucits III flexible beta funds

Platinum The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.

Gold The fund demonstrates very high standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.

Silver The fund demonstrates high standards of quality based on its investment process, risk awareness and consistency relative to its own objectives and relative to comparable flexible beta funds.

Bond gradings

V Bond fund volatility gradings of V1 to V6 reflect S&P Capital IQ's current opinion of a fund's sensitivity to changing market conditions. A volatility grading evaluates a fund's sensitivity to interest rate movement, credit risk, investment diversification or concentration, liquidity, leverage and other factors. For the V1 to V4 categories, risk is considered relative to a portfolio composed of government securities denominated in the base currency of the fund.

Absolute return gradings

N The N grading is S&P Capital IQ's indication of a fund's potential capital stability in normal markets. It is a qualitative grading but is based on annualised weekly downside deviation. N1 is the most stable, and N9 the least stable grading.

Continued on next page

Symbols and Definitions (continued)

Passive funds

Platinum	The fund demonstrates the highest standards of quality based on its investment process, risk management and consistency of performance as compared to its benchmark index and other passive funds with a similar benchmark.
Gold	The fund demonstrates very high standards of quality based on its investment process, risk management and consistency of performance as compared to its benchmark index and other passive funds with a similar benchmark.
Silver	The fund demonstrates high standards of quality in its sector based on its investment process, risk management and consistency of performance as compared to its benchmark index and other passive funds with a similar benchmark.

Applicable to both active and passive funds

Bronze	A previously graded fund where a newly appointed fund manager or team does not yet have the required 12 months' relevant investment management experience to achieve a Silver grading or higher.
Grading On Hold	A grading is placed On Hold when a significant change occurs at the fund manager or fund management team level and S&P Capital IQ has not yet had the opportunity to evaluate the impact on the qualitative appraisal.
Grading Removed	A previously graded fund is classified Grading Removed when a significant change occurs at the fund manager or fund management team level sufficient for the fund to no longer meet the standards to achieve a grading.
LTG recognition	A long-term grading (LTG) denotes a fund that has achieved an S&P Capital IQ fund grading at Platinum, Gold or Silver level in each of the last five or 10 consecutive years.

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