



# RCP & Partners GmbH

Risk rating of asset managers: the investor's measure of trust

## Raiffeisen Kapitalanlage-Gesellschaft mbH (RKAG)



Fiduciary Rating	2002-06-18		Previous Rating	
Business Rating	AA2-	Very good	○	○
Investment Rating	3-	Very good	○	○
Outlook	↗	Positive	○	○
Asset Classes	Equities, Fixed Income, Balanced, Funds of Funds		○	
Geographic Universe	Global, Europe, Central and Eastern Europe		○	
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Business Rating	Fiduciary Rating	Investment Rating	
Institutional Grade	AAA	Excellent	1
	AA1		2
	AA2	Very good	3
	A1		4
	A2	Good	5
	A3		6
Sub-Institutional Grade	BBB	Fair	7
	BB1		8
	BB2	Unsatisfactory	9
	B1		10
Outlook			
↗ Positive	→ Neutral	↘ Negative	

### Assets under Management

2002-05-31	EUR m	Share	Portfolios
Total	19912	100.0%	265
Institutional funds <sup>1</sup>	10209	51.3%	153
Mutual funds <sup>2</sup>	8667	43.5%	93
Others <sup>3</sup>	1036	5.2%	19

<sup>1</sup> Spezialfonds + Großanlegerfonds (institutional mutual funds) according to OeKB category; ca. 12% of assets advised by Capital International

<sup>2</sup> ca. 23% of assets advised by Capital International

<sup>3</sup> Advisory mandates

The rating confines itself to the **institutional** and **retail** business of **Raiffeisen KAG (RKAG)** in conjunction with its subsidiary **Raiffeisen International Fund Advisory (RIFA)**, both located in Vienna, Austria. The co-operation with **Capital International (CI)** regarding equity mandates has been taken into account with respect to the investment performance and the processes within RKAG.

The private client's asset management of RKAG's subsidiary **Raiffeisen Vermögensverwaltungsbank (RVG)** has not been investigated.

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>✗ market position, brand awareness, and distribution network in Austria</li> <li>✗ focus on core competences, co-operation with experienced partners and consultants</li> <li>✗ ability to innovate</li> <li>✗ GIPS certification of performance figures</li> </ul>	<ul style="list-style-type: none"> <li>✗ client base mainly concentrated in Austria</li> <li>✗ own equity fund management restricted to niches</li> <li>✗ short history of performance figures</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>✗ extension of product range with involvement of foreign partners</li> <li>✗ improvement of market position in central and eastern Europe</li> <li>✗ utilization of know-how on Eastern Europe as advisor</li> <li>✗ marketing of expertise in funds-of-funds management at home and abroad</li> </ul>	<ul style="list-style-type: none"> <li>✗ increasing competition by domestic and foreign companies in Austria</li> <li>✗ growing dependence on partners</li> <li>✗ limited freedom for action due to ownership structure</li> <li>✗ frequent structural changes on group and company level may cause uncertainty</li> </ul>

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<b>Business Rating</b>	<b>RCP Score</b>	<b>Investment Rating</b>	<b>RCP Score</b>
Financial Strength	☆☆☆☆	Investment Process	☆☆☆☆
Business Management	☆☆☆☆	Research	☆☆☆☆
Administration and Risk Management	☆☆☆☆	People	☆☆☆☆
Client Care	☆☆☆☆	Performance	☆☆☆☆
Checks and Balances	☆☆☆☆	Client Diversity and Stability	☆☆☆
Coherence	☆☆☆☆	<i>RCP Score: Minimum = ☆, Maximum = ☆☆☆☆</i>	

## Business Rating

RKAG is part of Raiffeisen Bankengruppe — which itself is composed pyramid-like of Raiffeisenbanken, -landesbanken and Raiffeisen Zentralbank (RZB) — and thereby possesses a broad customer and equity base, a strong brand name and a wide distribution network in Austria. However, RKAG has no exclusive sales arrangements with other members of its group and has to win business from them strictly on its own merits.

Measured by assets under management, RKAG is the market leader for Spezialfonds (25% market share) and second largest provider of mutual funds (17% market share). The financial base and the economic development of the company are robust. Further growth in the area of mutual funds and an expansion in several European markets is being pursued and in part already visible.

RKAG is open-minded towards external consultants and has a realistic view upon its own capabilities. This attitude has created a clear focus on areas which justify provision and maintenance of proprietary know-how, whereas other services and products are being covered via co-operations with renowned partners. However, there is an increasing dependence on such partners: more than 16% of all managed assets are being advised by Capital International (CI).

Even though on average the team is relatively young in age, executive and senior managers command sufficient experience in the investment industry. Extensive training and further education of staff is rated high within the company.

Tasks and responsibilities are clearly defined and comprehensible, although the organisational structure of RKAG is experiencing a continuous, growth-driven change which might discomfort staff.

The compliance rules are based on the Austrian Standard Compliance Code (SCC); they correspond to international practice and are being monitored — supported by a database — by the experienced compliance team of RZB.

## Investment Rating

For international equity funds, stock selection in general is performed by Capital International, whereas RKAG has specialised in niches: Austria, European growth markets and Eastern Europe. In particular the expertise on Eastern Europe — due to the experience of the team, the close contact to the region and the RZB network with its research resources — is to be emphasised. It is also in demand for advisory mandates from foreign companies.

Fixed-income management is carried out entirely by RKAG and focuses on corporate and government bonds issued in Europe, including Eastern Europe. The RKAG approach is notable for its careful mix of strategies, combined with precise risk-modelling.

There is a separate team for asset allocation, which operate funds-of-funds management alongside a sophisticated management of balanced portfolios.

RKAG has been the first investment company in Austria to undergo a GIPS certification. Meanwhile, there is no composite history available which reaches back further than 1999. As of year end 2001, the equity composites predominantly have outperformed their benchmarks significantly, whereas the bond composites (after costs) remained close to their benchmarks. Then again, in balanced composites there is a significant outperformance to be observed.

So far, customers of RKAG reside almost exclusively within Austria. However, the company has set significant targets for its foreign business and has created a corresponding organisation: RIFA.

## Outlook

In view of the work now taking place to integrate the private-client asset management subsidiary and to broaden RKAG's product range in general, in the foreseeable future we anticipate more opportunities than risks and grade the Outlook as Positive.

<i>Company</i>	<b>RKAG</b> — Raiffeisen Kapitalanlage-Gesellschaft mbH	<b>RIFA</b> — Raiffeisen International Fund Advisory GmbH
<i>Address</i>	Am Stadtpark 9 A-1030 Vienna	Am Stadtpark 9 A-1030 Vienna
<i>Phone</i>	+43-1-71707-0	+43-1-71707-0
<i>Internet</i>	www.raiffeisenfonds.at	
<i>Founded</i>	1985	1998
<i>Employees</i>	113	8
<i>Services</i>	Management and administration of institutional and mutual funds	Marketing and sales of institutional and mutual funds abroad, in particular in Italy, France and Hungary