

# USD Convergence Bond

High Income Diversification

# EURAM BANK

CREATIVE FINANCIAL SOLUTIONS

Marketing Information, Status: 31<sup>st</sup> of August 2010

## Fund Characteristics

The USD CONVERGENCE Bond follows on the successful performance of Euram's Euro denominated Euroopportunity Bond with a similar philosophy that focuses on a USD basis.

As a so called Convergence-Bond-Fund, it invests in bonds of EU accession countries or those aspiring to accession and Eastern European bonds, predominantly in bonds denominated in USD or – given excellent macroeconomic fundamentals – directly in the local currency. Characteristically, the fund takes advantage of yield enhancements of various Government and Corporate borrowers against Treasuries and German or Austrian government bonds. We take utmost care regarding the quality of the debtor with respect to his yield enhancement.

The most important principle is to evaluate the debtor quality first (in general only a limited part of investments below Investment-Grade and then only when perspectives have shown dramatic improvements in the near past and/or a rating-upgrade is expected) to achieve a long-term outperformance against the EFFAS-USD-Govt Index.

## Fund Manager's Comment

Last month the US Treasury Future rose to a level of 136.44 points. Presently, the yield on the 10 Year Bond has a level of 2.47% and the yield on the Long-Bond is at 3.51%.

The very low yields for government bonds are reflecting the current fear of a global crisis, triggered by the substantial level of national debt in European mediterranean countries, especially in Greece.

For corporate bonds spreads widened, resulting in lower prices.

Our holdings of Eastern European bonds were nearly unchanged last month, yield spreads stayed at 180 bps.

### Risk for Investors Recommended term

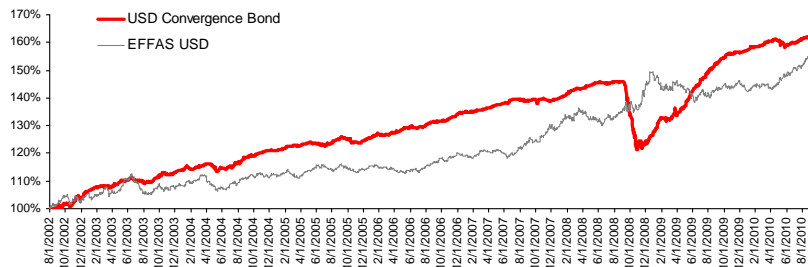


3-5 Years

### Definition of risk symbols

- very low
- relatively low
- notably high
- relatively high
- very high

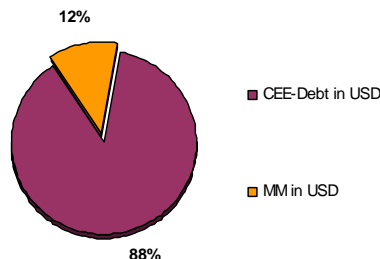
## Performance since the 1<sup>st</sup> of August 2002



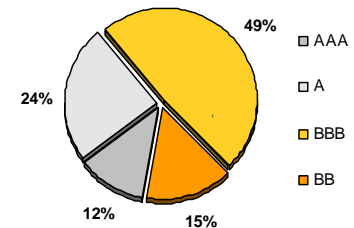
	1year	2yp.a.	3yp.a.	4yp.a.	5yp.a.
USD-Convergence-Bond	5.99%	5.26%	5.11%	5.30%	5.24%
EFFAS USD Govt.	8.35%	7.32%	7.77%	7.33%	6.17%

Sources: Euram Bank AG, Bloomberg

## Geographic Allocation



## Rating Allocation



## Top 5 Investments

Title	Curr.	Yield	% Fund
6.25% Republic of Poland 03.07.2012	USD	1.90%	8.1%
5.93% Sberbank 14.11.2011	USD	2.63%	8.0%
6.103% Transneft 27.6.2012	USD	4.31%	7.8%
8.375% Mob. Telesystems 14.10.2010	USD	3.68%	5.1%
6.125% TNK-BP 20.3.2012	USD	3.90%	4.6%

## Fund Facts

Investment Comp:	BAWAG PSK INVEST	Investment advisor:	EURAM BANK AG
Identifier (Austria):	67 212(A)/61336(T)	M management fee/TER*:	1.25% / 1.27%
ISIN:	AT 0000 672126	Front load:	3.00%
Fund size (mln.):	USD 119.5	Act. yield:	3.73%
Inception :	01.08.2002	Modified duration:	1.12
Bloomberg:	USDKVBV AV	Financial year:	1.11. - 31.10.
Fund currency / Price	\$ 106.44(A)/\$ 134.26(T)\$	Distribution date:	USD 5.5/15.12.09

\*TER: Total Expense Ratio

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The public prospectus for the USD CONVERGENCE BOND FUND (according to § 6 InvFG 1993 / „Investment Act“), domiciled with Bawag PSK Invest GmbH, in its current version as published in „Amtsblatt zur Wiener Zeitung“ of 2007-03-15. („Viennese Gazette“) is available to all interested parties at Bawag PSK Invest GmbH, Georg-Coch-Platz 2, A-1010 Vienna and Bank für Arbeit und Wirtschaft AG (Depository Bank), Georg-Coch-Platz 2, A-1018 Vienna. Performance figures are net of all expenses, management fees, and incentive allocations. Actual investor results may vary depending upon different fee arrangements and timing of an investment.

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