



Report date July 2011

METZLER EASTERN EUROPE FUND

Sub-fund of Irish domiciled open-ended investment company

Fund owner: Metzler

Fund manager/adviser: Metzler Asset Management

Named portfolio manager/adviser(s):

Markus Brück (since February 2002)

Peer group: Emerging Markets EMEA

Location: Frankfurt

Launch date: October 2000

Fund size (May 2011): €76.2m

Contact group: +353 1 612 5800 or
www.metzler.com

Further information on S&P's fund coverage can be found at
www.FundsInsights.com

Investment style

	Value	Blend	Growth
Large-Cap			
Mid-Cap			
Small-Cap			

Performance statistics

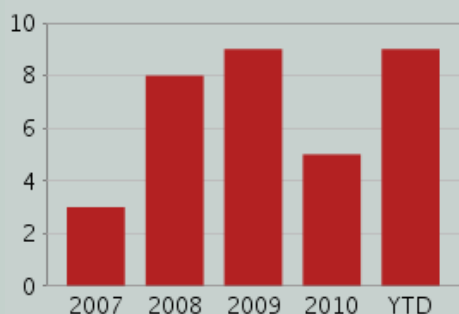
	Three years
Fund	2.5%
Standard & Poor's peer median	-12.8%
Index**	-8.5%
Fund rank	37/388

Note: returns are cumulative

Three-year risk characteristics

Maximum monthly drawdown (%)	-34.8
Volatility	43.7
Correlation	0.9
Beta	1.0

Calendar year decile ranks



Decile ranking in discrete annual periods. First decile shown as rank 10, second decile as rank nine, with tenth decile as rank one.

Performance Data Source - © 2011 Lipper Inc. All rights reserved. All statistical data on this report has been run to 29 April 2011 on NAV to NAV basis, with gross income reinvested, in USD.

Standard & Poor's opinion (July 2011)

This fund differentiates itself from the competition by being far less exposed to Russia and Turkey. Whereas most competitors use the MSCI Central Europe index for portfolio construction and performance assessment, Metzler uses the Nomura Central & Eastern Europe index in which Russia has a 40% weighting - against 60% in the MSCI index - and excludes Turkey, which is 14% of the MSCI index. Although currently zero-weighted in Turkey, the fund can hold up to 10% exposure.

Markus Brück has been responsible for this mandate since 2002. He has over 20 years' investment experience and is assisted by a team that has now worked together for over four years. Simone Beer has 17 years' investment experience in the emerging markets and Christian Geier has five years.

The investment approach is highly consistent, combining top-down asset allocation with detailed bottom-up stock selection. Asset allocation is based on input from the equity strategy team, of which both Brück and Beer are members, using a matrix system that compares the relative attractiveness of the largest countries in the index - Russia, Hungary, Poland, Czech Republic and Romania - plus Turkey. Beer also manages a Russia fund which helps Brück in his tactical positioning in the region's largest economy. Stock selection is pragmatic, with a quant filter reducing the number of opportunities where fundamental research is undertaken. Typically, the fund will have a mid-cap bias.

Strong relative returns, from a disciplined investment approach, support the fund achieving S&P AA status.

Fund manager & team

Metzler's Eastern Europe team has been led by Markus Brück since his arrival at Metzler in February 2002. He is supported by Simone Beer, who has over 17 years' experience and manages the team's Russian fund, and Christian Geier who has around four years' experience. Brück and Beer are members of the firm's equity strategy team. The team is responsible for around €600m.

Markus Brück - economics (Justus Liebig University), joined Metzler as a senior equity portfolio manager in 2002. Prior to this, he spent two years at Credit Suisse AM and a year at Zürich Investment Management. From 1994 to 1999 he was a senior fund manager at Deka, having previously spent three years as an equity analyst at WestLB.

Simone Beer - economics (Johann Wolfgang Goethe University), DVFA, joined Metzler in 2007 from Deutsche Borse, having worked there from 2005 to 2006. Prior to that, she spent four years as a European equities analyst at CAI Analyses and five years covering emerging markets at DWS.

Christian Geier - finance, macroeconomics & statistics (University of Duisberg-Essen), MBA (Indiana University of Pennsylvania), joined the group in 2006 as a graduate trainee and moved to the Eastern Europe team a year later.

Management style

The fund seeks to outperform the Nomura Central & Eastern European index by combining top-down country views with bottom-up stock analysis.

The macro strategy is determined by Markus Brück using the "Metzler Eastern Europe Scoreboard", a matrix system that scores the six-largest markets - Russia, Czech Republic, Hungary, Poland, Romania and off-benchmark Turkey - on a series of factors that include interest rates, company profits, valuations and convergence momentum.

Quantitative screens at the country and sector levels are used as an initial filter to guide the team towards the most attractive large-cap names which are rated buy, hold or sell. Once this shortlist is established, stocks are subject to detailed fundamental analysis.

Typically around 60% of the fund is in large-caps, with added value coming from mid-/small-caps that are outside the initial filter and therefore the subject of more detailed analysis.

Single country exposure is limited to index +/-15% for the main markets other than Turkey which has an absolute 10% limit. Sectors are capped at index +15%, while stocks in the minimum €150m to €200m market-cap range are capped at 20% overall and individually at 1.5%.

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STANDARD & POOR'S



Portfolio & performance analysis (May 2011)

Despite underperformance over the 2010 calendar year, the fund's cumulative ranking in its S&P peer group remains top decile over both three and five years to date. Success was driven largely by both country positioning and stock selection.

In Russia, for example, the fund was overweight relative to its chosen Nomura benchmark, at 40% versus an index 32%, but heavily underweight relative to most competitor funds, which tend to be benchmarked against the equivalent MSCI index in which Russia has a 60% weighting.

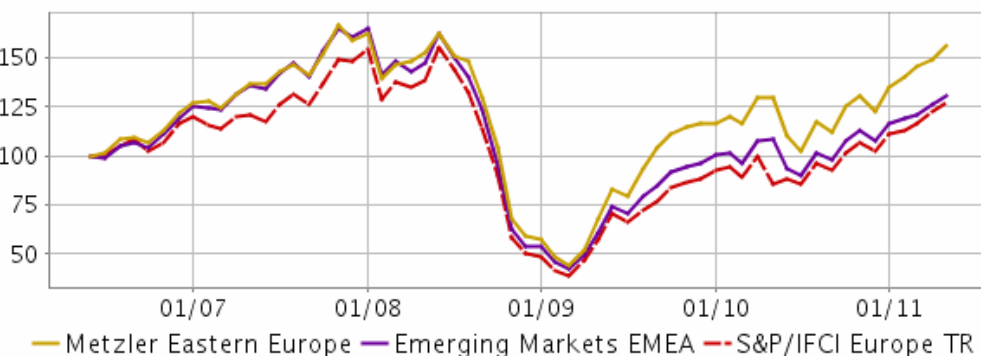
Being underweight Russia relative to peers, and then deciding to go underweight Poland and the Czech Republic on valuation grounds, allowed Brück to overweight Hungary - which proved positive when the market rebounded sharply in Q1 2011 - and take stock-specific positions in the Baltics, Romania and Kazakhstan.

The May portfolio reflected Brück's diversified approach in the less liquid markets. A 5% position in Romania featured eight companies, while a 1.3% position in Kazakhstan was split between Kazkommbank and the Halyk Savings Bank. Exposure to Estonia (3%) was via five stocks and to Lithuania (1.3%) via four stocks. Polish media was played through TVN for its one package telecom service, NFI Empik for its fashion bias, and Agora, for its cinema and social media bias.

Diversification also featured in the major markets with Brück focusing on specific sectors but then reducing stock-specific risk by taking a range of stock positions. An overweight in energy, for example, was largely through six Russian oil & gas stocks, while the index neutral stance towards basic resources included four Russian companies. The recent reduction in exposure to Russia, from 40% to around 31%, was largely the result of easing back on exposure to energy and basic materials.

At stock level, the key contributors over the last 12 months were Russian stocks - Lukoil, M Video and Rosneft, Finnish industrial group Ramirent and Polish resources group, KGHM Polska.

Cumulative performance



Discrete performance (calendar years)

	2007		2008		2009		2010		YTD 29-04-11	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	27.5	243/321	-64.8	98/389	104.3	63/430	15.8	254/445	15.5	81/451
Index**	28.8		-68.5		90.7		19.9		14.4	
Median	32.0		-67.9		85.0		16.8		11.8	

** S&P/IFCI Europe TR

Fund benchmark: Nomura Eastern Europe index

Share class screened: IE0000111876 (Ord)

Portfolio characteristics (1 May 2011)

No. of holdings	75
Turnover ratio (%)	N/A
% in top 10	45

Top 10 holdings

Company	%
Gazprom	7.8
Lukoil	6.9
OTP Bank *	4.9
PKO Bank Polski *	4.5
Rosneft	4.0
MOL Hungarian Oil & Gas *	3.8
Bank Pekao *	3.7
Norilsk Nickel *	3.4
CEZ	3.2
KGHM Polska	3.2

* In top 10 holdings a year ago

Country allocation

Country	%
Baltics	4.0
Czech Republic	8.0
Hungary	9.0
Kazakhstan	5.0
Poland	28.0
Russia	40.0
Others (developed markets)	5.0
Cash	1.0

Sector allocation

Sector	%
Consumer discretionary	9.0
Consumer staples	1.0
Energy	30.0
Financials	26.0
Industrials	6.0
Materials	16.0
Telecommunications	7.0
Utilities	3.0
Other	1.0
Cash	1.0

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Symbols and definitions

Long-only fund ratings

AAA 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.

AA 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.

A 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.

Fund-of-hedge-funds ratings

Absolute return fund ratings

Specialist fund ratings

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

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

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

Ucits III flexible beta fund ratings

AAA 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.

AA 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.

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All fund ratings

Not Rated (NR) Funds designated as Not Rated currently do not meet the requisite performance standards and/or the minimum qualitative criteria to achieve a fund rating.

Under Review (UR) Ratings are placed Under Review when significant management changes occur at the fund manager or fund management team level and Standard & Poor's Fund Services has not had the opportunity yet to evaluate their impact on the qualitative appraisal.

(New) Signifies where a major event has occurred for which there is no fund-specific track record available. This includes: funds recently launched, the implementation of a new investment process or mandate and may include structural changes within a fund team.

Tenure Review (TR) The fund manager/team involved in the management of the fund does not currently have the minimum 12 months' relevant investment management experience required to be eligible to be considered for a rating.

Long-term fund management rating LTFMR The fund has been rated in the A/AA/AAA fund rating band for five consecutive years or more, and continues to hold a rating.

Bond fund volatility ratings

The bond fund volatility rating is our current opinion of a fund's sensitivity to changing market conditions. Volatility ratings evaluate the fund's sensitivity to interest rate movement, credit risk, investment diversification or concentration, liquidity, leverage and other factors. For V1-V4 categories, risk is considered relative to a portfolio composed of government securities and denominated in the base currency of the fund.

V1 Bond funds that possess low sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within one to three years, and denominated in the base currency of the fund. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising the highest quality fixed income instruments with an average maturity of 12 months or less. Within this category, certain funds are designated with a plus sign (+), indicating extremely low sensitivity to changing market conditions.

V2 Bond funds that possess low to moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within three to seven years, and denominated in the base currency of the fund.

V3 Bond funds that possess moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within seven to 10 years, and denominated in the base currency of the fund.

V4 Bond funds that possess moderate to high sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing beyond 10 years and denominated in the base currency of the fund.

V5 Bond funds that possess high sensitivity to changing market conditions. These funds may be exposed to a variety of significant risks including high concentration risks, high leverage, and investments in complex structured and/or less liquid securities.

V6 Bond funds that possess the highest sensitivity to changing market conditions. These funds include those with highly speculative investment strategies with multiple forms of significant risks, with little or no diversification benefits.

Absolute return fund N ratings

The N rating is Standard & Poor's indication of a fund's potential capital stability in normal markets. It is a qualitative rating but is based on annualised weekly downside deviation. N1 is the most stable and N9 the least.