

PRESSEINFORMATION

## Austrian companies step up investments in Asset Backed Securities (ABS) funds

- Solid corporate earnings prompt investments in quasi-money market products
- Strong growth on ABS market: tenfold volume increase in Europe since 1998
- Oppenheim ABS fund exceeds €500 million mark

Vienna, 24 August 2006 – The encouraging economic situation and solid fundamental data have allowed Austrian companies to generate excellent earnings and to build up substantial cash reserves over the past few quarters. Nevertheless, rising money market interest rates and uncertainty as to future capital market trends have prompted an increasing number of companies to invest their cash in low-risk products such as money market funds, time deposits and ABS funds. These ABS funds invest, in turn, in bonds (ABS) issued by what are known as "single purpose companies" and hedged by a pool of underlying assets (e.g. consumer credit, credit card or leasing receivables).

"The European ABS market has shown rapid development in recent years – demand for these products is constantly on the rise," explained Alexander Patka, Director of Institutional Asset Management at Sal. Oppenheim jr. & Cie. (Österreich) AG. While the issue volume in Europe still stood at a modest €37billion in 1998, the Bank expects a volume of up to €370 billion for 2006 – a tenfold increase. Patka is convinced, "The market will become more and more attractive". European asset-backed securities have higher rating stability, for example, than traditional corporate bonds. "We are witnessing

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inflows of volume into our own fund, too, which has now passed the magic €500 million mark"

The current fund volume of the Oppenheim ABS fund stands at around €516 million. The Austrian Oppenheim ABS fund generated performance of 1.89% in the period from the beginning of the year to the 31 July 2006 reporting date, considerably outperforming the three-month Euribor. The advantage of ABS funds over traditional money market funds lies in the higher interest rate and lower risk of adverse rate changes, generating a stable yield for investors.

"The Oppenheim ABS fund portfolio is broadly distributed across Europe and aims to generate constant income of Euribor + 50 basis points with an average rating of A," said Patka on the subject of the fund management approach. Private and commercial mortgages, leasing receivables and corporate loans are among the assets securitised. The fund's above-average performance since its launch in April 2003 earned it a five-star rating from the Morningstar rating agency.

Oppenheim ABS Fund

ISIN	AT0000648589
Launch date	April 2003
Close of financial year	31 January
Distribution	€2,428 per unit (15 March 2006)
Minimum investment	€100,000
Fund assets in €	€516 million

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