



Announcement: Moody's affirms the MQ1 Investment Manager Quality rating of CEF's Investment Management Function (VITER)

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Sao Paulo, July 06, 2010 -- Moody's América Latina has affirmed the MQ1 Investment Manager Quality (MQ) rating of VITER, the statutory segregated asset management arm of Caixa Econômica Federal (CEF), the leading savings and loan government-owned bank in Brazil. VITER is the fourth largest asset manager in Brazil, with BRL109 billion in total assets under management.

VITER's MQ1 rating reflects superior level of client servicing capabilities, its well-defined, committee-based investment processes, as well as its effective risk management. According to Moody's, VITER also benefits from the strong support received by CEF -- which has a strategic commitment to the asset management function -- as well as the bank's extensive distribution reach and wide client-base, with over 50 million clients and 33,000 points of service nationwide. The rating agency added that VITER's investment performance is in line with that of funds managed by its peers and comparable to investment managers placed in the top two investment management quality rating categories.

Areas where Moody's believes VITER can further improve its operations are its equity research and breadth of product offering. VITER has traditionally aligned its strategy and investment management capabilities with the needs of CEF's clientele, which generally have a more conservative investment approach. Recently, however, the firm has been expanding its product portfolio, repositioning itself strategically and seeking new growth opportunities, such as investors with a more aggressive risk-return investment objective. Moody's noted that while this strategic shift could bode well for the firm long-term -- as it becomes more established player in these market segments -- the increased complexity and management demands could present a risk in the near term, as the company adjusts its organizational structure to better serve these more demanding clients.

The rating agency added that VITER's solid growth in total assets under management of 24% compounded annual growth rate over last three years compared to 14% of the market demonstrates the firm's franchise strength. According to Moody's Vice President and Senior Analyst, Rodolfo Nobrega, "The elevated assets under management growth rate could lever VITER's competitive position in segments in which it has not traditionally had strong presence, helping establish itself as a manager of choice to more sophisticated investors." The analyst added that VITER's effort in targeting foreign investors is clearly a sign of a more active strategic approach that, while could bring vast benefits to VITER, will also put the firm's management quality and risk-adjusted investment performance to the test.

Established in São Paulo, Brazil, VITER is the asset management division of Caixa Econômica Federal -- the government-owned savings and loan bank -- reporting directly to the Asset Management Council, which, in turn, is directly monitored by CEF's Management Board. As of May 31, 2010, VITER's assets under management amounted to BRL109.1 billion -- not considering the funds from FGTS, the Brazilian social security fund. On March 31, 2010, CEF consolidated assets totaled BRL364.3 billion, and its shareholders' equity was BRL13.7 billion.

The last rating action on VITER occurred on January 10, 2007, when Moody's assigned its MQ1 Investment Manager Quality rating.

The principal methodology used in rating VITER was "Moody's Approach to Evaluating and Assigning Investment Manager Quality Ratings to Asset Management Companies," published in August 2005 and available on www.moody.com in the Ratings Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating these issuers can also be found in the Ratings Methodologies sub-directory on Moody's website.

NOTE: Moody's Investment Manager Quality ratings do not indicate a company's ability to pay a fixed financial obligation or satisfy contractual financial obligations, either in its own right or any that may have been entered into through actively managed portfolios. Also, the ratings are not intended to consider the prospective performance of a portfolio, mutual fund or other investment vehicle with respect to appreciation, volatility of net asset value, or yield.

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