

e. Investment funds

I. Domestic investment funds

General information

Shares in Austrian investment funds (share certificates) are securities that confirm quasi-co-ownership of an investment fund in writing. Investment funds invest the unit holders' money according to the investment fund's investment strategy; the principle of risk spreading applies. Traditional investment funds are typically divided into three main types, namely bond funds, equity funds and mixed funds that invest in both bonds and shares. Investment funds may invest in domestic and/or foreign assets.

The range of investment of domestic investment funds includes not only securities, but also money market instruments, liquid financial investments, derivative products and other investment fund units.

Furthermore, where tax is concerned, distributing investment funds and reinvestment funds are distinguished. Contrary to a distributing fund, a reinvestment fund does not distribute the profits, but reinvests them in the fund. Funds of funds invest in other domestic and/or foreign funds. Guarantee funds are connected to a binding promise of a guarantor appointed by the investment company regarding the distributions during a certain term, the repayment of the capital or the performance.

Income

The income of investment funds consists of the annual distributions and the development of the calculated value of the fund and cannot be determined in advance. The performance depends on the investment policy set out in the fund regulations and on the development of the markets for the various individual assets in the investment fund. Depending on the composition of a fund, the risk information for bonds, shares and options need to be observed.

Price/valuation risk

Investment fund units can typically be returned at any time at the repurchase price. Under exceptional circumstances, the repurchase may be temporarily suspended until the assets of the investment fund are sold and the proceeds are received. If many unit holders return their share certificates at once, and if no corresponding measures have been taken in the fund regulations, this may cause that the investment fund suspends the taking back of investment fund units due to a liquidity bottleneck. This must take place according to exact statutory provisions and also requires a notification to the FMA as well as a public announcement. The purpose of such a suspension is the attempt of procuring additional liquidity for the investment fund. If this is unsuccessful, it may cause the closure of the investment fund. Please contact your customer adviser for information on any expenses and/or the day your purchase or selling order is executed. The term of the investment fund is in accordance with the fund regulations and is usually unlimited. Please keep in mind that investment fund units, unlike bonds, are not normally redeemed and, consequently, do not carry a fixed redemption price. The risk of a fund investment therefore depends on the investment policy and the relevant market development of the investment fund assets. **A loss cannot be excluded.** Despite the normal option of returning units at any time, investment funds are investment products that typically only make economic sense over a longer investment period.

Like shares, investment funds may be traded at stock exchanges, so-called exchange traded funds (ETF). In this regard, please note that only such investment funds are deemed ETFs for which the management company has a relevant agreement with a market maker. Prices forming at the relevant stock exchange may differ from the redemption price. Reference is made to the risk information on shares in this regard.

Tax consequences

Depending on the investment fund type, the profits are subject to different fiscal treatments.

II. Foreign investment funds

Foreign investment funds are subject to statutory provisions of foreign (EU) countries, which may differ from the provisions applicable in Austria. In particular, the regulatory law of (non-EU) foreign countries may often be less strict than in Austria.

It is also important to note that there are other types of investment funds in other (EU) countries that do not exist in Austria, such as funds constructed under stock corporation law. The value of such investment funds is in accordance with supply and demand and not with the internal value of the investment fund, comparable to shares. Please keep in mind that the distributions and income equivalent to distributions of foreign investment funds (e.g. reinvestment funds) may be subject to other tax regulations, irrespective of their legal form.

III. Exchange traded funds

Exchange traded funds (ETFs) are investment fund units that are traded at a stock exchange, similar to a share. An ETF usually depicts a basket of securities (e.g. basket of shares) which reflects the composition of an index, i.e. replicates the index in a security by means of the securities included in the index and their current weighting in the index, which is why ETFs are often referred to as index shares.

Income

The income depends on the development of the underlying assets included in the basket of securities.

Risk

The risk depends on the underlying assets of the basket of securities.