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Decision to invest taken – what happens next?

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Where can I buy funds?

As an investor, you will come across several parties or institutions in the fund selection and securities account opening process.

- On the one hand, there is the bank or the online broker, also known as the custodian, where investors must open a securities account in order to buy or sell fund units. The bank then stores the fund units in the investor's securities account and reports at regular intervals on the performance of the investment – either online or via an app/website or by means of securities account statements.
- On the other hand, there is the fund company, which is responsible for the fund launch and fund administration. A private investor cannot buy units directly from an Austrian fund company. Investors need the above-mentioned bank as an intermediary for the processing of the fund purchase and the further custody of the fund units.
- The securities of the fund are in turn held in custody by a custodian bank. The custodian bank also has certain control functions, such as checking the calculated value (NAV) determined by the fund company.

If you want to open a security account as an investor, you can choose between several banks. With some of them, the opening of a security account can be done online from home around the clock. However, it is of course also possible to open a securities account at a bank branch. On the one hand, practical considerations are important when choosing a bank, e.g. an online banking app like George for everything to do with money – from current accounts to securities accounts. On the other hand, costs, product selection and service also play a role. Banks provide extensive information on costs and product selection on their websites.

If an investor has already selected a specific fund, it is worth checking online before opening a securities account whether this fund is also offered for sale at the bank of choice.

It is also important to know that an investment in funds for private clients in Austria is subject to final taxation at a bank in Austria. This means that investors do not need to worry about tax deductions in their income or wage tax returns. If, on the other hand, you have a securities account at a foreign institution, you have to take care of the taxation of the income yourself.

Investors can obtain a lot of information about the funds offered by the fund company. If you are considering which fund you would like to buy, it pays to take a look at the fund company's website to get the most detailed information possible. The factsheet in particular provides a quick overview of the various funds. The bank also provides all the legal information documents, such as the Key Information Document – KID. But fund companies usually also have all kinds of additional information about their products and investment strategies available – such as information about sustainability or other focus topics that might interest investors.

How can I buy funds?

Similar to the "where", there are also several options for the "how".

Depending on which bank you choose as an investor, fund units can be purchased either

- online (without advice) or
- in the branch (with advice/free of charge).
- can be bought.

If you really know exactly which fund you want to buy and have no further questions, online trading is the best option. Buying online is often also somewhat cheaper than buying in a branch. However, if you are still a little unsure or have questions about different funds, it is a good idea to have a consultation beforehand. The bank advisors will be happy to answer any open questions about the products and give feedback on which investment might best suit the investor's individual ideas and plans.

One-off or regular?

In addition to the question of where to buy funds, there is also the question of whether you prefer to invest the desired amount once or make regular payments over a longer period of time – which is also often referred to as “fund saving”.

Fund saving offers the possibility of benefiting from the “cost average effect” and is often possible for smaller amounts (e.g. EUR 50) per month. Depending on the performance of the investment fund, the performance of an s Fund Plan will differ from that of a one-off investment (higher or lower). A loss of capital is possible in both cases. The advantage of cost averaging is that investors buy fund units at different prices over a longer period of time due to price fluctuations. In this way, they can also profit from temporary price declines because more fund units are purchased during these periods. However, even with the cost-average approach, there is no guarantee that the investment will perform positively. In addition, it should be noted that in the event of constantly rising prices over a long period of time, a one-time investment would have yielded more return in retrospect than continuous saving according to the cost-averaging principle.

And what do I do if the performance is negative?

As the English say: “Keep calm and carry on”. Prices fluctuate, and investors should be aware of this before making a purchase decision. However, whole books could be written on how investors should best deal with fluctuations and when to buy or sell. Because it is usually not as easy as the English make it sound. After all, price fluctuations trigger emotions that can also influence a rational investment decision. But the good news is: you can learn to deal with them. To do so, you simply have to get started – and investing money means having a longer investment horizon.

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