

<https://blog.en.erste-am.com/decision-to-invest-taken-what-happens-next/>

## Decision to invest taken – what happens next?

Anna Erlacher



© (c) iStock

### 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.

### Legal disclaimer

This document is an advertisement. Unless indicated otherwise, source: Erste Asset Management GmbH. The language of communication of the sales offices is German and the languages of communication of the Management Company also include English.

The prospectus for UCITS funds (including any amendments) is prepared and published in accordance with the provisions of the InvFG 2011 as amended. Information for Investors pursuant to § 21 AIFMG is prepared for the alternative investment funds (AIF) administered by Erste Asset Management GmbH pursuant to the provisions of the AIFMG in conjunction with the InvFG 2011.

The currently valid versions of the prospectus, the Information for Investors pursuant to § 21 AIFMG, and the key information document can be found on the website [www.erste-am.com](http://www.erste-am.com) under “Mandatory publications” and can be obtained free of charge by interested investors at the offices of the Management Company and at the offices of the depositary bank. The exact date of the most recent publication of the prospectus, the languages in which the key information document is available, and any other locations where the documents can be obtained are indicated on the website [www.erste-am.com](http://www.erste-am.com). A summary of the investor rights is available in German and English on the website [www.erste-am.com/investor-rights](http://www.erste-am.com/investor-rights) and can also be obtained from the Management Company.

The Management Company can decide to suspend the provisions it has taken for the sale of unit certificates in other countries in accordance with the regulatory requirements.

**Note:** You are about to purchase a product that may be difficult to understand. We recommend that you read the indicated fund documents before making an investment decision. In addition to the locations listed above, you can obtain these documents free of charge at the offices of the referring Sparkassen bank and the offices of Erste Bank der oesterreichischen Sparkassen AG. You can also access these documents electronically at [www.erste-am.com](http://www.erste-am.com).

**N.B.:** The performance scenarios listed in the key information document are based on a calculation method that is specified in an EU regulation. The future market development cannot be accurately predicted. The depicted performance scenarios merely present potential earnings, but are based on the earnings in the recent past. The actual earnings may be lower than indicated. Our analyses and conclusions are general in nature and do not take into account the individual characteristics of our investors in terms of earnings, taxation, experience and knowledge, investment objective, financial position, capacity for loss, and risk tolerance.

**Please note:** Past performance is not a reliable indicator of the future performance of a fund. Investments in securities entail risks in addition to the opportunities presented here. The value of units and their earnings can rise and fall. Changes in exchange rates can also have a positive or negative effect on the value of an investment. For this reason, you may receive less than your originally invested amount when you redeem your units. Persons who are interested in purchasing units in investment funds are advised to read the current fund prospectus(es) and the Information for Investors pursuant to § 21 AIFMG, especially the risk notices they contain, before making an investment decision. If the fund currency is different than the investor’s home currency, changes in the relevant exchange rate can positively or negatively influence the value of the investment and the amount of the costs associated with the fund in the home currency.

We are not permitted to directly or indirectly offer, sell, transfer, or deliver this financial product to natural or legal persons whose place of residence or domicile is located in a country where this is legally prohibited. In this case, we may not provide any product information, either.

Please consult the corresponding information in the fund prospectus and the Information for Investors pursuant to § 21 AIFMG for restrictions on the sale of the fund to American or Russian citizens.

It is expressly noted that this communication does not provide any investment recommendations, but only expresses our current market assessment. Thus, this communication is not a substitute for investment advice, does not take into account the legal regulations aimed at promoting the independence of financial analyses, and is not subject to a prohibition on trading following the distribution of financial analyses.

This document does not represent a sales activity of the Management Company and therefore may not be construed as an offer for the purchase or sale of financial or investment instruments.

Erste Asset Management GmbH is affiliated with the referring Sparkassen banks and Erste Bank.

Please also read the “Information about us and our securities services” published by your bank.

Subject to misprints and errors.



**Anna Erlacher**