

<https://blog.en.erste-am.com/world-fund-day-2023/>

Funds in focus: World Fund Day 2023

Erste AM Communications



It is easy to explain why the banks chose 19 April for this “fund holiday”: on this day, almost 300 years ago, the father of the fund idea, the Dutchman Abraham van Ketwisch, was born – on 19 April 1744. Ketwisch recognised that with the help of a fund, risk could be diversified more widely, and at the same time the costs for the fund shareholders could be reduced. This laid the foundation for investment funds in their present form, which now exist in thousands of different varieties. In Austria alone, more than 2,000 investment funds are licensed for sale.

The USPs of funds

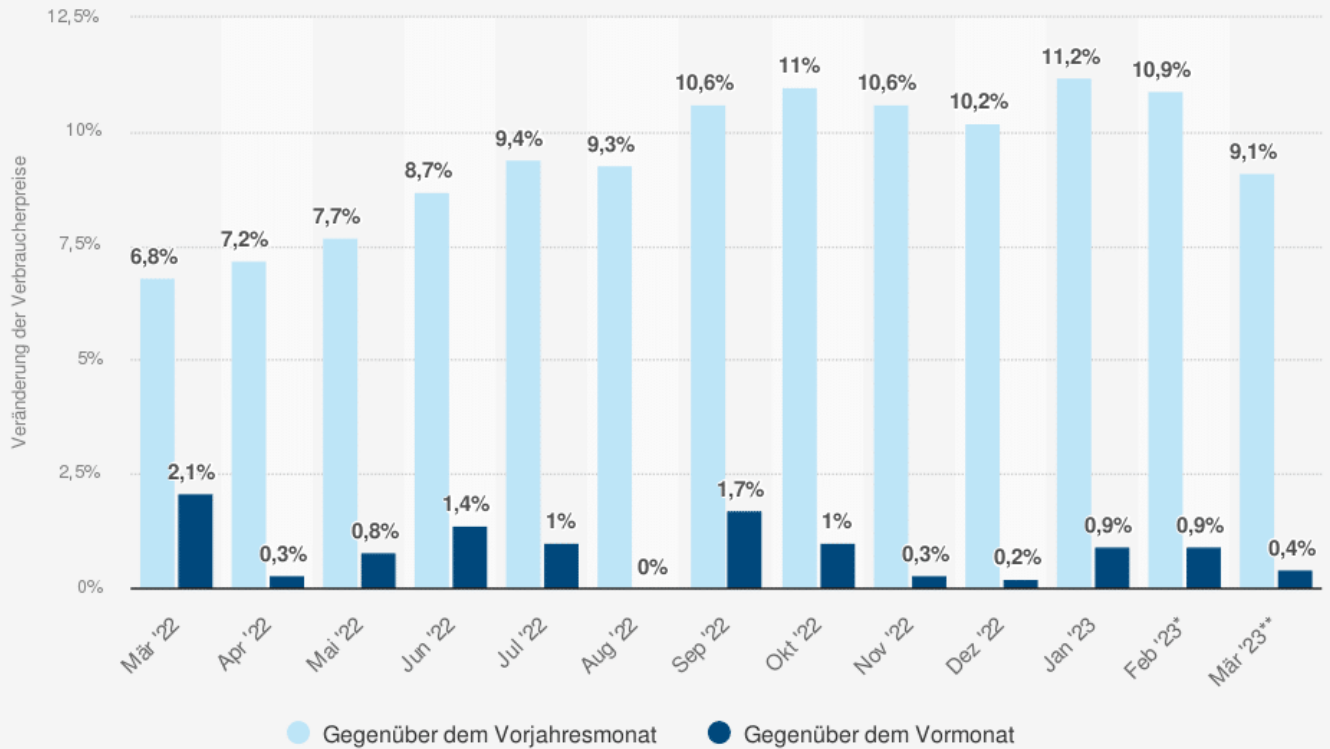
Whether high-yield bond markets or higher-risk investments in equity markets – funds are a cost-effective and efficient way to invest and provide for the future. Depending on the asset class, funds are subject to lower or higher fluctuations in value (i.e. volatility) as well as different risks resulting from the underlying investment markets. Due to the investment on the capital markets, capital loss may occur with every investment.

The troubled savings book

Those who have relied on the savings book as an investment instrument in the past have been put to a hard test in recent years: the zero or low interest rate strategy of the European Central Bank coupled with the extreme increase in inflation ensured that the assets parked in the savings book were being gradually eaten up by the devaluation of money. More and more investors are therefore turning to alternatives such as investment funds or other investment assets to counteract this and increase the chance of maintaining purchasing power. Please note that investment funds should be seen as a long-term investment, while savings books are used for short-term liquidity.

Inflation rate in Austria, February 2022 to February 2023 (month-on-month and relative to the referential month of the previous year)

Inflationsrate in Österreich von März 2022 bis März 2023 (gegenüber dem Vorjahresmonat und Vormonat)



Quelle
Statistik Austria
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Weitere Informationen:
Österreich

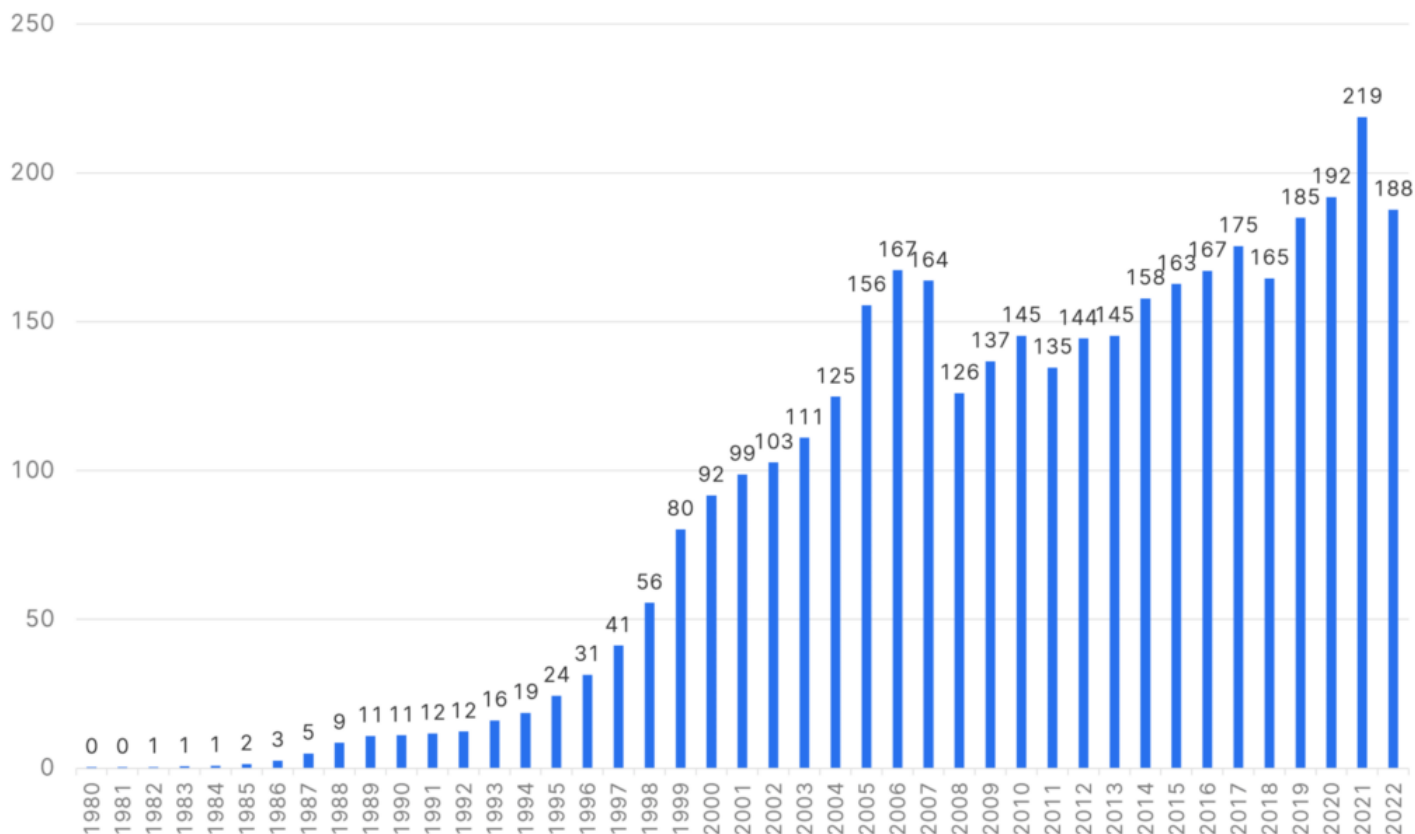
Source: Statistics Austria; as of March 2023

Booming investment funds

Despite the slight reduction in assets under management recently, investment funds are still booming. According to Verband der österreichischen Investmentgesellschaften (Association of Austrian Investment Companies; VÖIG), assets under management amounted to about EUR 187.7bn in Austria in 2022. Of this, more than EUR 40bn are managed by Erste Asset Management GmbH.

Austria Investment Funds Market

Development of fund volumes in € billion



Source: VÖIG; Data as of 31.12.2022

Source: VÖIG, OeKB Profit Web; Data as of 31.12.2022 (www.voelg.at)

VÖIG has been keeping records of fund assets under management since 2004

The data for 1998 to 2003 were adjusted to assets under management and are therefore comparable with the current data.

It pays off in the long run

Especially with long-term fund savings plans, the investment horizon should also be adjusted. In the long term, it pays to invest funds in the capital market and thus participate in higher return opportunities. This applies not only to fixed-income securities such as bonds, but also to equity markets. An interesting strategy, for example, is to invest a fixed amount in a certain fund every month. The advantage: if you regularly pay in equal amounts, you can achieve a more favourable average price than if you invest the entire amount as a lump sum payment.

The basic principles of funds

- Broad risk diversification, e.g. in assets from different issuers, countries and asset classes
- The management and selection of securities is carried out by experts (i.e. fund managers).
- Ongoing (usually daily) establishment of the mathematical value (calculated value)
- Management of the funds by a specialised institute (investment company)
- The fund assets are divided into equal shares
- Strict supervision of fund management by independent auditors
- Funds are special assets and are protected even in the event of bankruptcy of the commercial bank the investor banks with or the custodian bank
- Highest possible transparency for investors (financial reports, prospectuses, information on websites, etc.)

This is what you have to bear in mind

- Depending on the asset class, funds are subject to minor or major fluctuations in value
- Investments in funds involve different risks resulting from the underlying investment markets
- Due to the investment on the capital markets, capital losses may occur with every investment. Holding the investment until the end of the recommended investment period or beyond is no guarantee that any price losses will be recovered
- For the protection of investors, the redemption of fund shares may be temporarily suspended in accordance with the fund regulations
- Order settlement and price fixing are subject to different modalities, depending on the fund, which are laid down in the fund regulations
- The composition of the fund portfolio is the responsibility of the fund manager (in accordance with the fund regulations). The investor has no influence on the decision-making process

Time to get information and speak to an advisor

Information is everything, especially on World Fund Day. At Erste Bank and Sparkasse, you can get competent advice on your various options. In addition, you can find extensive information on the websites of domestic fund providers and on financial portals. Since investment funds are very transparent, it is easy to compare the different funds. This makes the motto of World Fund Day clear: Investing in funds. For many, this is a suitable way to invest money.

What is a fund: <https://www.erste-am.at/en/private-investors/our-solutions/what-is-a-fund>

Fund savings plans: <https://www.erste-am.at/en/private-investors/our-solutions/what-is-a-fund>

Sustainable investing: <https://www.erste-am.at/en/private-investors/sustainability>

Please note that an investment in securities also involves risks in addition to the opportunities described.

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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 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. A summary of the investor rights is available in German and English on the website www.erste-am.com/investor-rights and can also be obtained from the Management Company.

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