

Simplified Prospectus

Volksbank-SMILE

Co-ownership fund pursuant to Section 20 of the Investment Fund Act of 1993 as amended (hereinafter referred to as the InvFG). ISIN: AT0000640198.

This fund has been approved by the Financial Market Authority in accordance with the provisions of the Austrian Investment Fund Act (InvFG).

Announcements made according to Section 18 InvFG, in connection with Section 10 of the Capital Market Act (Kapitalmarktgesetz / KMG), shall occur in an electronic form as of 1 June, 2010 on the internet site of the investment fund company. The notice that the announcement shall only occur in an electronic form on the internet site of the investment company was made in the Official Gazette of the Wiener Zeitung on 1 June, 2010.

1. Brief description of the investment fund

1.1 Establishment of the fund

The fund was established on October 20, 2003, as a co-ownership fund pursuant to Section 20 of the Investment Fund Act (InvFG).

1.2 Investment fund management company

Volksbank-SMILE is managed by Volksbank Invest Kapitalanlagegesellschaft m.b.H. (hereinafter referred to as VB Invest), Leonard-Bernstein-Strasse 10, 1220 Vienna.

1.3 Custodian bank

Österreichische Volksbanken-Aktiengesellschaft, Kolingasse 14-16, 1090 Vienna.

1.4 Bank auditors

KPMG Austria GmbH, Porzellangasse 51, 1090 Vienna.

1.5 Financial group offering the investment fund

In Austria, the paying and information agents for the Volksbank-SMILE fund are: Österreichische Volksbanken-Aktiengesellschaft, Vienna, and all credit institutions belonging to the Austrian Volksbank sector.

Paying and information agents outside Austria:

Slovenia: Banka Volksbank d.d., Ljubljana

Hungary: Magyarországi Volksbank Zrt., Budapest

2. Investment information

2.1 Brief definition of the investment objectives of the investment fund

Volksbank-SMILE is a balanced fund which follows an investment strategy that aims at achieving a maximum loss potential of 15% of the largest share value of the capital investment fund (including payments), in consideration of a fund monitoring model.

Volksbank-SMILE is suitable for the coverage of securities for severance and pension payments pursuant to Section 14 (7) 4 of the Income Tax Act (EstG) as well as for tax exemption for invested profits pursuant to Section 10 of the Income Tax Act (EstG) (KMU-FG 2006). The tax exemption is limited to actual acquisition costs.

The initial issue price is to be used for the calculation of security coverage (pension payments), which is EUR 100.00 per unit.

2.2 Investment strategy of the capital investment fund and brief description of the fund's risk profile (including the required information in accordance with Section 21a of the InvFG and the respective investment category)

The fund may only make investments pursuant to Section 20 of the InvFG and Section 25 of the Pension Companies Act (Pensionskassengesetz) as amended. The investments for the Volksbank-SMILE are made exclusively in euro and are controlled by a technical model. This model delivers the basis for asset-allocation-decisions. Predefined sales levels provide a timely hedging of capital market positions.

When the trend monitoring model triggers a buy signal for the purchase of equities, the fund may acquire such equities corresponding up to 50% of its total assets; if a sell signal is triggered, the fund sells the entire portion of such equities. When the trend monitoring model triggers a signal for buying bonds, the fund may acquire such bonds up to a 100% increase of its total assets. If no investment opportunities present themselves in the share or bond markets, the fund will invest its assets in the money market or in associated money markets funds. In these hedging phases, the fund does not participate in capital market developments.

As this investment fund invests in bonds, this type of fund carries a heightened risk of interest rate fluctuations and increased issuer's risk which may have a negative impact on the value of units. In addition to bonds the fund invests in equities, the earning opportunities of which depend on the price movements of the respective investment market. In addition to market risk, other risks such as price risk or company risk can occur. A full description of the individual risk types can be found in the complete prospectus.

The investment fund may acquire derivative instruments for hedging purposes. In addition, the investment fund may acquire derivative products (pursuant to Section 25 (1) no. 6 of the Pension Companies Act (PKG)), which are not used for hedging purposes, to up to 10% of the fund assets, if these products contribute to reducing investment risks or to a more efficient management of fund assets.

2.2.1 Assessment of the fund's risk profile (including the information required pursuant to Section 21a of the InvFG and the respective investment category)

It should be pointed out in this context that the value of the unit certificates of the Volksbank-SMILE fund may rise above or decline below the issue price. As a consequence, the amount of the redemption paid to the investor may fall short of the latter's investment.

The following risks are increased due to the concentration on certain investments:

- a) The risk that the entire market of an asset category follows a negative trend resulting in a negative impact on the price and value of such investments (**market risk**)
- b) The risk that an issuer or a counterpart cannot meet his obligations (**credit risk and issuer risk**)
- c) The risk that a position cannot be liquidated at an adequate price within an allowable time period (**liquidity risk**)

The following risks can occur in extraordinary circumstances:

- a) **Counterparty risks** may arise through the use of OTC instruments.
- b) The risk that a transaction within a transfer system is not carried out as expected because a counterpart fails to pay or deliver on the agreed date or in the agreed manner (**settlement risk**),
- c) The risk of loss of assets held under management due to insolvency, negligence or fraudulent practices of the custodian bank or a bank entrusted with custody by the latter (**custody risk**),
- d) Risks that result from concentration on certain investments or markets (**concentration risk**),
- e) **Performance risk** as well as information as to whether third-party guarantees exist and, if so, whether these are restricted,
- f) Information about the **performance of any guarantors**,

- g) The risk of inflexibility inherent in the product itself and/or resulting from restrictions concerning a switch to other capital investment funds (**inflexibility risk**),
- h) **Inflation risk**,
- i) The risk concerning the assets of the capital investment fund (**capital risk**),
- j) The risk of changes in other general conditions, such as for example, changes in tax provisions,
- k) The risk that the valuation of certain securities will deviate from their actual sale price due to price formations on illiquid markets (**valuation risk**).

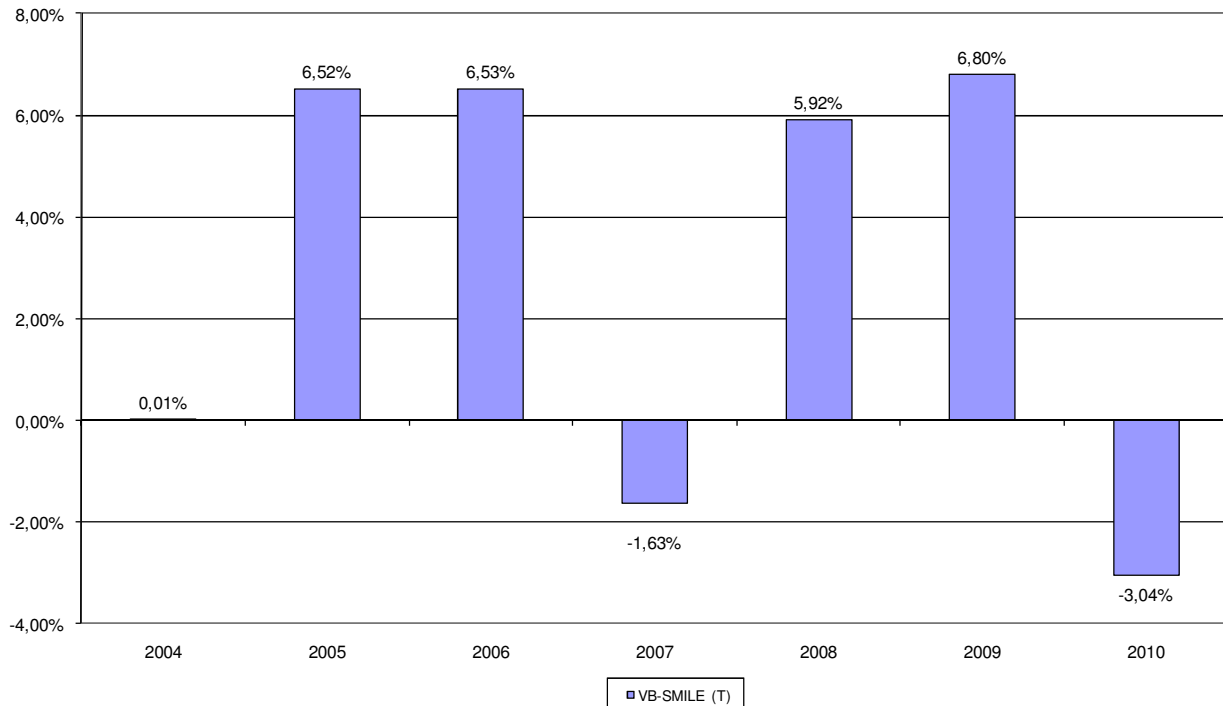
The investment company is permitted to undertake transactions with derivatives, for Volksbank-SMILE, as part of the fund's investment strategy and for the purpose of hedging fund assets. The exposure of fund assets may thereby, at least in part, increase as a consequence.

A detailed description of the individual types of risks is provided in the full prospectus (Section 13).

2.3 Past performance of investment fund: please note that past performance of the fund does not permit reliable conclusions to be drawn as to its future performance.

2.3.1 Past performance of the investment fund

Annual performance



Source: OeKB Profit Web

Average annual performance (as per 30 December 2010):

% p.a.	3 years	5 years	10 years
Volksbank-SMILE	3.16	2.84	-

Source: OeKB Profit Web

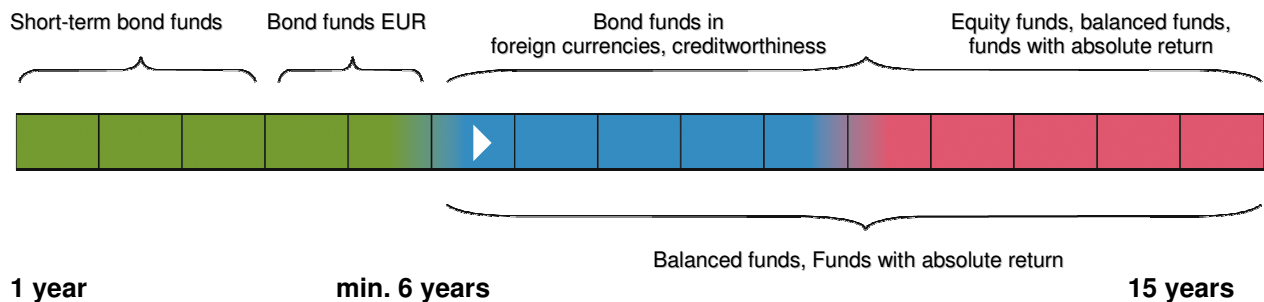
2.3.2 Warning

Performance

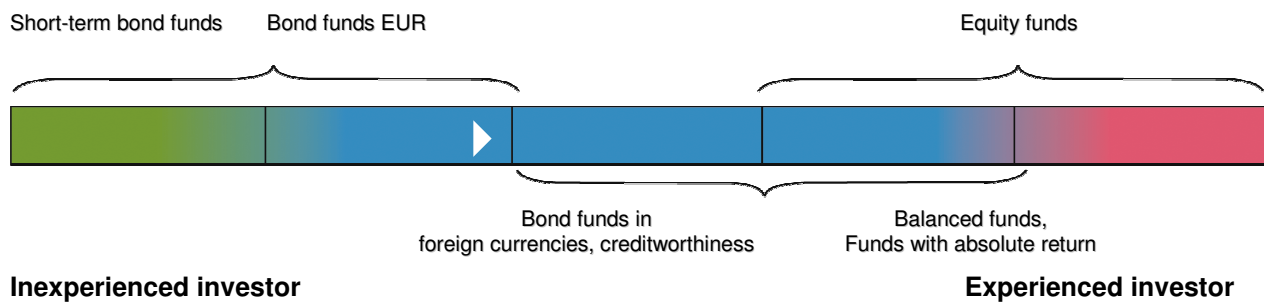
The performance is calculated according to the OeKB method. Issuing and redemption expenses are not taken into account in the performance evaluation. **Past performance results do not permit any reliable conclusions regarding the future development of an investment fund.** The indication of performance is given in percent (excluding expenses) in consideration of distribution and/or payment.

2.4 Typical investor profile, especially designed for the Volksbank-SMILE

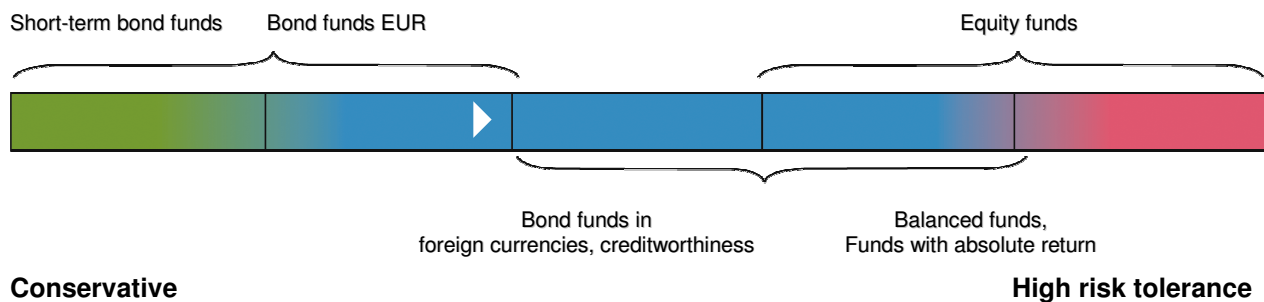
Recommended minimum holding period



Investor experience



Investor's risk tolerance



Colour panel legend:

- Medium to long-term investments with higher earning possibilities and lower price fluctuations
- Longer-term investments with higher earning possibilities and higher price fluctuations depending on equity or foreign currency share or credit risk
- Long-term investments with high earning possibilities and high price fluctuations depending on the diversification of investment style, regions and sectors

3. Economic information

3.1 Applicable tax provisions for investors subject to unlimited tax liability in Austria

The fund alone is not subject to any capital or income taxes. For private investors, distributed profits (incl. interim distributions), ordinary income equivalent to distributions (interest gains, dividends) and certain extraordinary income equivalent to distributions (realised price gains from the sale of securities and derivative instruments) are subject to a 25% withholding tax and are exempt from income taxes.

Fund units which have been acquired before 1.01.2011 are subject to the one-year speculation term.

Fund units which have been acquired on or after 1.01.2011 are subject to taxation of realised gains at the time of sale. Taxation will occur at the custodian bank for fund units which are sold after 1.04.2012, whereby the difference between the amortised acquisition value and the sales revenue from fund units will be subject to a final 25% capital gains tax (CGT), i.e. neither income tax due over and above the amount withheld nor dividends have to be included in the shareholder's income taxation return. In the event that units which are acquired on or after 1.01.2011 are sold before 1.04.2012, then these units remain subject to the one-year speculation term.

The tax treatment of fund income (for non-residents) is governed by the respective national tax legislation of non-residents. We recommend that such non-residents employ the services of a tax expert.

3.2 Buying and selling commissions

Costs charged directly to the unit holder upon the issuance or redemption of certificates

The issue premium which serves as cover for issuing expenses amounts to up to 3.50 %

3.3 Other commissions and fees, with a distinction being made between those payable by the unit holder and those payable out of the special assets of the investment fund

3.3.1 The following definitions apply with regard to the calculation of other commissions and fees

Fee-sharing agreements: refer to those agreements whereby a party remunerated, either directly or indirectly, out of the assets of an investment fund agrees to split its remuneration with another party and which result in that other party meeting expenses through this fee-sharing agreement that should normally be met, either directly or indirectly, out of the assets of the investment fund.

Fee-sharing agreements also refer to agreements on transaction costs between the investment fund's management company and a broker whereby the broker agrees to split with the management company the transaction fees paid by the investment fund with the broker for processing transactions for the investment fund. These agreements also include fee-sharing agreements in fund of funds between an investment fund management company and another fund (or its management company) whereby, if that investment fund invests in the fund, part of the fees charged to that investment fund (either directly or indirectly) will be paid by the target fund (or its management company) to the investment fund management company.

Soft commissions: refer to any economic benefit, other than clearing and execution services, that an asset manager receives in connection with the fund's payment of commissions on transactions that involve the fund's portfolio securities.

Total expense ratio (TER): The total expense ratio of an investment fund is equal to the ratio of the investment fund's total operating costs to its average net assets. The TER is calculated, at least once a year on an ex post basis, with the figures stated in the last audited annual report.

Synthetic TER: A synthetic TER must be calculated for investments which exceed 10% of NAV in other fund unit certificates. In addition to the investment fund's TER, the TERs of each of the subfunds (weighted according to the investment share) must be taken into consideration. The maximum management fee will be used for subfunds which do not have a TER. The total costs will be adjusted by repayments received by subfunds.

Portfolio turnover ratio (PTR): The portfolio turnover ratio is an indicator for the transaction costs of an investment fund. It indicates how many transactions were carried out on the basis of a monthly, semi-annual and annual calculation. The closer the ratio is to 0, the more direct the transactions are associated with the issuing and redemption of unit certificates. Transactions with derivatives are not included in the PTR calculation. The PTR calculation is based on the data from the last audited annual report.

3.3.2 Expenses paid out of the fund's assets

Expenses which are calculated as a certain percentage of the fund's assets:

Management fee (p.a.)	1.00 %
Custodian bank expenses (p.a.)	max. 0.10 %
Security custodian fee (p.a.)	0.03 %

For fund assets, in which the investment company's managed funds are invested, are not calculated with a management fee in the fund of funds. Capital investment funds, in which the fund of funds are invested, may be calculated with a management fee of up to 2.5%.

The management fee also covers administrative, sales and external management costs.

Other expenses (audit, print and publishing costs, etc.) are to be taken from the last audited annual report (see income statement and fund asset performance).

Other expenses such as management fee, guarantee costs, custodian bank expenses, security custodian fee, audit, print and publishing costs, etc are taken into account in the TER. A detailed breakdown of expenses which are not included in the TER is not available because a complete transaction cost schedule can not be guaranteed.

The TER (total expense ratio) for the financial year 01.08.2009 to 31.07.2010 **1.27 %¹**

The PTR (portfolio turnover ratio) for the financial year 01.08.2009 to 31.07.2010 **297.20 %¹**

A management fee to up to 1% p.a. can be charged for subfunds held by the fund.

3.3.2 Other expenses payable by the unit holder

The securities advisor in the custodian bank provides information on custodian fees.

4. Trading information

4.1 Acquisition of fund units

In principle, the number of issued units and corresponding unit certificates is unlimited.

Fund units can be acquired, for the issue price (NAV plus front-end fee and rounded off to the nearest 5 cents), from the paying and information agents listed under Section 1.5 above. The investment fund management company reserves the right to temporarily suspend or discontinue the issuing of fund units.

The Volksbank-SMILE fund may, in principle, also form part of a savings plan.

The relevant guidelines, in relation to the limitations of sale to American citizens, are included in the full prospectus.

4.2 Sale of units

Unit holders may, at any time, demand that the custodian bank redeem fund units on the basis of a redemption order. The investment company is under an obligation to take back units for the account of the fund, at the prevailing redemption price which corresponds to the value of the unit rounded off to the nearest 5 cents.

The payment of the redemption price, as well as the calculation and publication of the redemption price, may be temporarily suspended subject to notice simultaneously being given to the Financial Market Authority and corresponding publication pursuant to § 10 of the Fund Rules, and may be dependent on the sale of assets of the investment fund and on the receipt of sale proceeds, if there are extraordinary circumstances which make this appear necessary in consideration of legitimate interests of the unit holders. The resumption of unit certificate redemption is also to be announced to unit holders pursuant to § 10 of the Fund Rules.

Please consult the full prospectus with regard to the calculation of the NAV and the assessment of fund assets (Section II, Item 16).

¹ These figures are also available at www.volksbankinvestments.com

4.3 Frequency, place and publication and /or quotation of unit prices

Announcement of issue and redemption prices

Issue and redemption prices are calculated by the custodian bank on every trading day and published in a business journal or daily newspaper in Austria and/or in an electronic form on the internet site of the issuing investment fund company.

5. Additional information

5.1 Please note that the full prospectus as well as annual and semi-annual reports may be obtained free of charge upon the investor's request before and after conclusion of the contract

The simplified prospectus contains key information regarding the capital investment fund in a summarised form. The full prospectus provides more detailed information. The current version of the simplified prospectus shall be made available to interested investors free of charge prior to or after contract conclusion.

In addition, the current version of the offering prospectus and the general fund regulations, together with the special fund provisions, will be made available free of charge to interested investors both prior to and after conclusion of the contract. The full prospectus is supplemented by the latest available business report. If the balance-sheet date of the latest business report dates back more than eight months, the respective semi-annual report is also to be handed over to the interested investor.

5.2 Competent supervisory authority

Finanzmarktaufsicht (Financial Market Authority), Otto-Wagner-Platz 5, 1090 Vienna.

5.3 Representative from which further information can be obtained

Volksbank Invest Kapitalanlagegesellschaft m.b.H., Leonard-Bernstein-Strasse 10, 1220 Vienna

Telephone: +43 (0)50 4004, extension 3221 or 3638

E-mail: volksbankinvestments@volksbank.com

Internet: www.volksbankinvestments.com

5.4 Activities delegated to third parties

The VB Invest has delegated the following activities to third parties:

Internal audit, compliance and money laundering, IT-infrastructure, IT-customising, operational risk and corporate market risk management, regulatory reporting, administration duties and salary calculation, accounting, law.

5.5 Publication date of the prospectus

07.10.2011

Liability for errors, misprints and omissions excluded.

In the event of any inconsistency between the original German version of the simplified prospectus and its English translation, the German language version shall prevail. The English language translation is provided for convenience only.

The capital investment company and the FMA points out that the Investment Fund Act (InvFG) 2011 is effective as of 01.09.2011. The legal references set out in the Fund Rules and the sales prospectuses refer to the InvFG 1993 because the Fund Rules were approved on the basis of the legal regulations valid at that time.