

# Simplified Prospectus

## Volksbank-GoEast-Invest

Co-ownership fund pursuant to Section 20 of the Investment Fund Act of 1993 as amended (hereinafter referred to as the InvFG). ISIN: AT0000A07RX6 (income-retaining) / [AT0000A04A80 (EUR) / AT0000A087F8 (CZK)]<sup>\*</sup>.

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 May 22, 2006. It is a "Miteigentumsfonds" (fund denoting co-ownership in a portfolio of securities) pursuant to Section 20 of the Investment Fund Act (InvFG).

#### 1.2 Investment fund management company

The Volksbank-GoEast-Invest 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-GoEast-Invest are: Österreichische Volksbanken-Aktiengesellschaft, Vienna, and all the credit institutions belonging to the Austrian Volksbank sector.

Paying and information agents outside Austria:

Germany: DZ BANK PLC, Frankfurt am Main

Slovak Republic: Volksbank Slovensko a.s., Bratislava

Czech Republic: Volksbank CZ. a.s., Praha

Hungary: Magyarországi Volksbank Zrt., Budapest

Slovenia: Banka Volksbank d.d., Ljubljana

### 2 Investment information

#### 2.1 Brief definition of the investment objectives of the investment fund

The Volksbank-GoEast-Invest is an equity fund which aims at achieving long-term capital growth while accepting higher risks.

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<sup>\*</sup> Full-income-retaining fund: Income from securities are not distributed but immediately reinvested in the fund without deduction of capital gains tax.

## 2.2 Investment strategy of the capital investment fund and brief description of the fund's risk profile

The fund invests predominantly in shares and convertible bonds of enterprises having their registered office or place of business in Central or Eastern Europe within the meaning of Section 20 of the InvFG. The following countries from the Eurasian region are also permitted: Georgia, Kazakhstan, Ukraine and Turkey.

Strong price corrections may occur on stock markets as a whole and/or in individual shares. Exchange price losses may decrease the value of fund units.

Earning opportunities are dependent on the price developments of the respective investment markets. A long-term investment perspective is recommended in order to benefit from return chances on stock markets and to absorb possible price fluctuations. In addition to market risk, other risks may also occur such as price risk, corporate risk and currency risk.

Up to 10% of the fund assets, in total, may be invested in shares of capital investment funds.

Derivative financial instruments are a part of the investment fund's investment strategy and may also be used for hedging purposes. Derivatives play a subordinate role in the fund's investment strategy.

### 2.2.1 Assessment of the fund's risk profile

It should be pointed out in this context that the value of the unit certificates of the Volksbank-GoEast-Invest 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**)
- d) The risk that the value of an investment is influenced by exchange rate movements (**exchange rate or currency risk**)
- e) Risks which result from concentration on certain investments or markets (**concentration risk**)

The following risks can occur in extraordinary circumstances:

- f) **Counterparty risks** may arise through the use of OTC instruments
- g) 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**)
- h) 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**)
- i) **Performance risk** as well as information as to whether third-party guarantees exist and, if so, whether these are restricted
- j) Information about the **performance of any guarantors**
- k) The risk of inflexibility inherent in the product itself and/or resulting from restrictions concerning a switch to other capital investment funds (**inflexibility risk**)
- l) **Inflation risk**
- m) The risk concerning the assets of the capital investment fund (**capital risk**)
- n) The risk of changes in other general conditions, such as, for example, changes in tax provisions.
- o) The risk that the valuation of certain securities will deviate from their actual sale price due to price formations on illiquid markets (**valuation risk**).

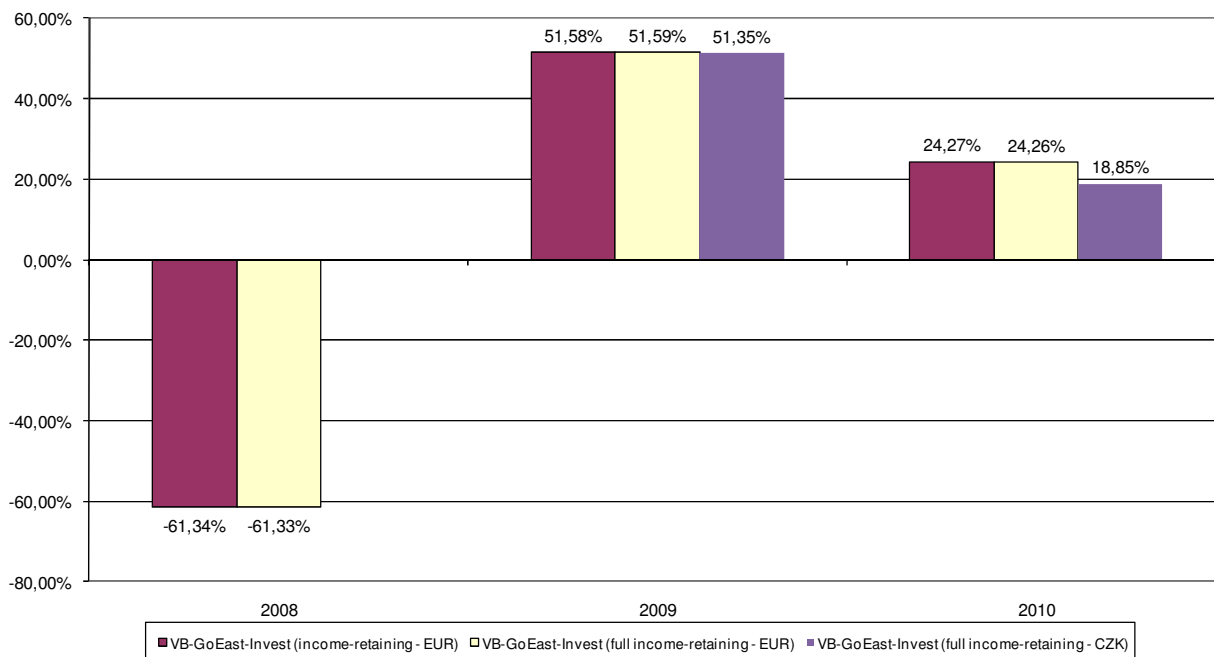
**The investment fund company is permitted to undertake transactions with derivatives, for the Volksbank-GoEast-Invest, for the purpose of hedging fund assets. As a result, the exposure of the fund's assets may at least in part increase.**

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

**2.3 Past performance of the investment fund: please note that the 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

Note: The income-retaining tranche was launched on 17 December, 2007. The income-distributing tranche was discontinued on 16 June, 2008.

**Average annual performance (as per 30 December 2010):**

% p.a.	3 years	5 years	10 years
Volksbank-GoEast-Invest (income-retaining)	-10.18	-	-
Volksbank-GoEast-Invest (full-income-retaining / EUR)	-10.18	-	-
Volksbank-GoEast-Invest (full-income-retaining / foreign in CZK)	-	-	-

Source: OeKB Profit Web

The values for the full-dividend-accumulating tranche in CZK are in Czech koruna. Please note that yields may rise or fall as a result of currency fluctuations.

**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.



### 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 issuance or redemption of certificates

The offering premium served to cover issuing expenses amounts to up to 4.00 %

#### 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 calculated as a certain percentage of the fund's assets:

Management fee (p.a.)	2.00 %
Custodian bank expenses (p.a.)	max. 0.10 %
Security custodian fee (p.a.)	0.08 %

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

Other expenses (audit, printing and publication expenses, etc.) are taken from the latest audited business report (see income statement and the development of the fund's assets).

Expenditures such as management fee, guarantee charges, custodian bank expenses, security custodian fee, audit, printing and publication expenses 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 01.02.2010 to 31.01.2011** 2.14 %<sup>)</sup>

**The PTR (portfolio turnover ratio) for the financial year 01.02.2010 to 31.01.2011** -14.71 %<sup>)</sup>

### 3.3.1 Other expenses payable by the unit holder

The securities advisor at the custodian bank will provide 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. The sale of dividend-accumulating unit certificates without capital gains tax deduction in CZK and EUR does not occur in Austria.

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-GoEast-Invest in EUR may, in principle, 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 are permitted to redeem fund units by placing a redemption order with the custodian bank. 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).

<sup>)</sup> These figures are also available at [www.volksbankinvestments.com](http://www.volksbankinvestments.com)

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

##### **Publication 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](mailto:volksbankinvestments@volksbank.com)

Internet: [www.volksbankinvestments.com](http://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.**