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Austria

Accounting

FUNDS AND FUND MANAGEMENT 2009

1.1 Requirement to produce financial statements

Requirements to maintain the books and records in the local jurisdiction

According to Austrian Investment Fund Act 1993, the investment management company must appoint a domestic custodian who is in charge of maintaining the books and records of a fund.

Production of financial statements by collective investment funds

All funds in Austria are required to publish annual and semi-annual financial statements. The annual financial statements shall include:

- Statement of assets and liabilities
- Profit and loss account
- The fund rules
- Number of units in circulation
- Net asset value per unit
- Breakdown of securities holdings
- Information on movements in the assets of the investment fund during the reporting period
- Review of the past five financial years, including the following information as at the end of each financial year:
 - total fund assets;
 - net asset value per unit;
 - performance in per cent; and
 - income shown so far.

- Indication of amount of existing liabilities arising from transactions within the meaning of Section 21 (Derivative Instruments) of the Austrian Investment Fund Act 1993
- Distribution per unit
- Report on activities in the past financial year
- Any essential information enabling investors to make an informed assessment of the development of activities and results of the investment fund

There is no binding chart of accounts; the structure of the periodical reports is flexible.

Requirement for comparatives

Comparative figures are only required for the total fund assets, net asset value per unit, performance in percent, and income shown so far (see above).

Choice of period/year-end for collective investment funds

The fund can freely choose the reporting year end.

Restrictions on the currency under which financial statements must be prepared

There are no restrictions on the reporting currency.

Use of short form accounts

Short form financial statements may be issued provided that the full version is also available to investors.

Umbrella structures

Umbrella funds are not permitted.

1.2 Requirement to audit financial statements

The annual report shall be audited by the bank auditor of the investment fund management company. The interim report is not subject to an audit.

1.3 Publication of financial statements

Financial statements must be sent to the regulators and to the supervisory board of the management company as follows:

- Audited annual report: within four months after year end.
- Semiannual report: within two months after period end.

Financial statements of special funds are to be sent to the investors.

Furthermore, the annual and the semi-annual report (except special funds) have to be made available to the public at the management company and at the depository bank.

1.4 Accounting standards

Financial statements are usually prepared under Austrian Generally Accepted Accounting Principles (GAAP). These principles are simple and flexible enough to accommodate for investment funds particularities.

1.5 Contents of financial statements

Requirements for inclusion in annual financial statements:

| | Required by law | Required by Austrian GAAP | Complied with for Best Practice |
|---|-----------------|---------------------------|---------------------------------|
| A statement which includes all income less expenses plus realized and unrealized gains and losses | Yes | Yes | Yes |
| A statement which only includes income less expenses | No | No | No |
| A statement which only includes income less expenses plus realized gains and losses | No | No | No |
| Statements of net assets and liabilities | Yes | Yes | Yes |
| Statement of changes in net assets (securities holdings) | Yes | Yes | Yes |
| Cash flow statement (information on movements in the assets) | Yes | Yes | Yes |
| Statement of accounting policies | No | No | No |
| 3 year net asset value table | No | No | No |
| 5 year net asset value table | Yes | Yes | Yes |

1.6 Accounting treatments and disclosures

The following items must be included in the annual financial statements:

| | Required by law | Required by Austrian GAAP | Complied with for Best Practice |
|--|--|---------------------------|---------------------------------|
| Futures are shown on balance sheet using the grossed up notional amount | No | No | No |
| Futures are shown on the balance sheet based on the margin outstanding | Yes | Yes | Yes |
| Futures are shown on the balance sheet based on the margin outstanding and the margin paid to date | No | No | No |
| Organization costs are written off immediately | Yes | Yes | Yes |
| Organization costs are amortized over one year | No | No | No |
| Organization costs are amortized over more than one year | No | No | No |
| Issue costs are charged to the statement of operations | No | No | No |
| Issue costs are netted off against creation proceeds | No | No | No |
| Contingent deferred sales charges are recorded as income | N/A | N/A | N/A |
| Contingent deferred sales charges are netted off against redemption proceeds | N/A | N/A | N/A |
| Holdings in other collective investment funds are consolidated if the fund holds > 50% of the underlying collective investment fund's shares | No | No | No |
| Methods used in financial statements presentation to measure listed investments are: | | | |
| Cost | No | No | No |
| Market value | Only market value is accepted, usually close price | | |

| | Required by law | Required by Austrian GAAP | Complied with for Best Practice |
|---|-----------------|---------------------------|---------------------------------|
| The financial statements distinguish between income and capital | Yes | Yes | Yes |

Appendix

Reference Material

The following details the relevant laws and regulations for collective investment funds and fund management companies and provides web addresses (in certain instances) for where this material can be located:

Regulator: www.fma.gv.at

Taxation authority: www.bmf.gv.at

others: www.voeig.at (Vereinigung Österreichischer Investmentgesellschaften)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.