

Valuation Policies

1.1 General

The value of a fund unit shall be calculated by dividing the total value of the fund, including income, by the number of units. The total value of the fund shall be determined in accordance with the Fund rules on the basis of the respective market prices of the securities, money market instruments and subscription rights belonging to the fund, plus the value of the financial assets belonging to the fund, cash, balances held, claims as well as other rights, less liabilities.

If no market price or no current market price is available for a security, the market value that is appropriate on the basis of careful assessment, taking into account the overall circumstances, shall be used.

1.2 Price Information System

All officially published prices from different pricing sources available for RBI (e.g. WM Wertpapiermitteilungen, GEOS, Bloomberg, Reuters) and their providers (Frankfurt Stock Exchange, JP Morgan) are imported automatically in RBI's Price Information System (KISSX) on a daily basis.

In addition, prices supplied via other media (e.g. fax, e-Mail,) may be imported manually. After the import, different checks and verifications are conducted resulting in one price for each security/financial instrument, which will be used for the valuation of the security/financial instrument.

1.3 Prioritization of the Pricing Sources

If an asset is included in one of the sources and providers listed above, it must be defined as the primary source.

1. Fund where RBI is a Custodian Bank
2. Iboxx Index (iBoxx EUR Overall Index)
3. Merrill Lynch Index (Merrill Lynch Norwegian Index)
4. Merrill Lynch Index (Merrill Lynch Suisse Governments Index)
5. JP Morgan EMGLOBAL Indices
6. JP Morgan Government Bond Indices
7. JP Morgan EMBI Global Diversified Indices
8. JP Morgan EURO EMBI Global Diversified Indices
9. JP-Morgan EURINF Indices

10. Merrill Lynch Index (Merrill Lynch Euro High Yield Constrained Index)

In the case if the price is available from several of these sources and providers, the price of the provider with the highest prioritization must be used as the primary. The primary source is the provider, whose values are used to evaluate the asset. In addition, the plausibility checks shall be carried out on the basis of the values of the primary source.

If an asset is not present in any of these sources, a primary source is defined manually, depending on the type of asset.

For each security, this primary source is defined manually for the first transaction in the following way:

1.4 Determining the valuation of investment fund units

The prices for investment funds with RBI as their depositary bank are taken from the official price file sent by RBI to the Oesterreichische Kontrollbank (OeKB). This ensures that the prices are up-to-date for late price calculation (when using GEOS, Bloomberg, etc.) it is possible that the prices are not available on the next day if the price is delayed).

Exchange Traded Funds (ETFs) are, as a rule, valued at the value of the main trading place from the GEOS securities system. Alternatively, the price from the home exchange is used.

For all other investment funds, the primary pricing source is the price of the investment fund as published by the respective fund management company. (Provider WM “_F”) since it is assumed that the respective fund company offers the fund prices more correctly and more timely than other providers. If no WM “_F” provider is available, the price of the main trading center/home exchange can be used for the valuation.

1.5 Determining the valuation of stocks/subscription rights/warrants

Stocks, subscription rights and warrants are valued with the prices from the main trading centre. Alternatively, the price from the home exchange can be used. If both pricing sources are not available another stock exchange – taking into account country and the currency of the shares – will be used as a primary pricing source.

Stocks with issuing country Germany shall be valued with XETRA prices from GEOS. Stocks with issuing country Israel, Bloomberg IT /Tel Aviv stock exchange) is used for the valuation.

If no price is available in the GEOS, the price from Bloomberg is used instead.

1.6 Determining the valuation of bonds

Bonds are usually not traded on stock exchanges but over the counter (OTC). Therefore, for the valuation of bonds the available pricing sources in Bloomberg are used. For the selection of the appropriate pricing source in Bloomberg criteria like sales volume, frequency and quality of price quotations and bid/ask spreads are checked.

1.7 Determining the valuation of exchange traded Futures and Options

Primary pricing source for exchange traded Futures and Options is the respective exchange, where the transaction was carried out. Valuations from RBI's back-office system UBIX are also used in order to perform a validation of the prices received via Bloomberg valuations.

The calculation of the profit or loss of futures positions is determined using the FIFO method: (valuation rate - transaction rate) x contracts x contract size.

For funds with the OeKB "umbrella fund" (at least 90% subfunds), the pre-day rates can be valued. The reason for this is that in the case of umbrella funds which hold subfunds, the valuation of the subfunds is carried out on the day before, but the prices in the subfunds are already taken on the basis of previous day rates (which corresponds to the pre-day course). In order to avoid deviations due to the different valuation criteria, the pre-day prices can also be used to evaluate the derivatives.

1.8 Determining the valuation of FX/FX-Forward

FX rate: Reuters WM Fixing 17:00 CET of the previous day

FX Forward price: the FX Forward price is calculated within the fund administration system XENTIS by using the following calculation.

$$F_{0,t} = S_0 \frac{(1 + r_t^f)^t}{(1 + r_t^h)^t}$$

$F_{0,t}$ Theoretical forward rate in t years

S_0 ... Spot exchange rate

r_t^f and r_t^h Spot money market interest rates with maturity t for the bought and sold currency

The Spot-money market interest rates for the currencies are determined by interpolation from the money market yield curves for the respective currencies.

1.9 Credit default swaps

The value of credit default swaps is determined in the trading system of RBI using the CDS standard models of the International Swaps and Derivatives Association. Depending on the underlying, the different standards are applied. When determining the value, the Premium leg is compared to the Protection leg. The value of the premium leg is determined by the premiums discounted at the risk-free interest rate. The value of the protection leg is determined by the probability of default of the underlying the CDS spread and the recovery rate applied.

1.10 Checks

The following checks are carried out in RBIs price information system on a daily basis:

- Verification of the price date

If the price date of the primary source is older than that of the alternative source sources, this is displayed in the control. This check is performed on investment funds if the price of the primary source differs by 3 or more days from the valuation date. For all other types of securities, control is carried out daily.

- Verification of the price

An average price is determined on the basis of the alternative pricing sources and compared with the price given in the primary price source. If a certain limit is exceeded, the securities are displayed in the control. This check is performed on investment funds if the price of the primary source differs by 3 or more days from the valuation date. For all other types of securities, control is carried out daily.

Where more than 4 alternative pricing sources are available, the highest and the lowest price is excluded from the determination of the average price. The price given by the primary source is not used for the determination of the average price.

- Comparison with previous day

The prices of the primary source are subjected to a percentage comparison with the previous day's prices (prices that were actually used). Should a certain limit be exceeded, are displayed in the control.