

Fundamentals of the investment policy

The investment strategy of fair-finance Vorsorgekasse aims for security and profitability. This principle is in line with the investment regulations in the law governing Vorsorgekassen, the BMSVG (Betriebliches Mitarbeiter- und Selbständigenvorsorgegesetz) and with the investment rules approved by the Austrian supervisor FMA (Finanzmarktaufsichtsbehörde). "Erste Bank der österreichischen Sparkassen AG" has been appointed as custodian and is managing the securities account. fair-finance is a member of the deposit protection fund of the banks and bankers. According to the law governing banks, the BWG (Bankwesengesetz), this entity protects account balances of up to € 20,000 per entitlement.

Investment strategy

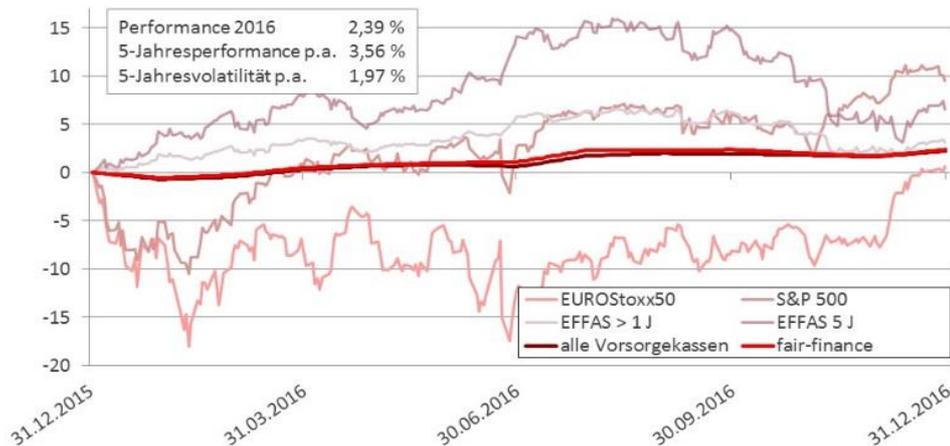
fair-finance's investment strategy aims to achieve at least a market-average performance over the long-term, adhere to the principles of sustainable asset allocation, and implement the requirements in the business plan regarding guarantees based on the capital- and interest rate guarantee in the best way possible. Relative risk and speculative expectations are excluded. The choice of investments is made separately for each asset class. According to the class specifications by the OeKB (Österreichische Kontrollbank) fair-finance has a defensive (low-risk) investment strategy.

Sustainable investment

When choosing investments, fair-finance takes on a particular responsibility as fiduciary of client assets. In investment decisions the economic dimension of sustainability – expressed in security, earning capacity and liquidity of an investment – are just as much considered as the ecological and in particular the social dimension. The basic guidelines on sustainable investment ("Nachhaltige Veranlagungsrichtlinie") developed by our customer advisory council ("Kundenbeirat") lists positive and negative criteria for choosing investments. During the entire asset allocation process, fair-finance aims to exert its influence in accordance with these guidelines (engagement). The current version of the guidelines as well as the current investment portfolio can be accessed via fair-finance's website (www.fair-finance.at).

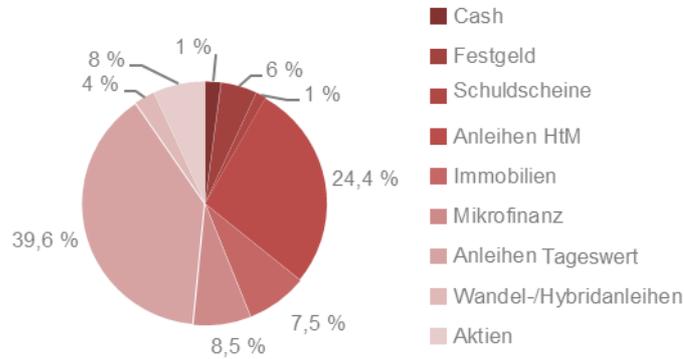
For the first time in 2015, the complete portfolio was certified according to the Austrian environmental standard "Österreichisches Umweltzeichen". fair-finance is the first and only provider with this label. The sustainability of the investments was also audited by the Austrian society for environment and technology, ÖGUT (Österreichische Gesellschaft für Umwelt und Technik), and awarded the gold certificate for the fifth consecutive year. The ÖGUT-RIS (Responsible Investment Standard) was awarded in 2016 for the first time. Further, fair-finance has received the „Most Socially Responsible Pension Fund Winner Central Europe 2016“ from Capital Finance for the second time.

Performance 1 January 2016 to 31 December 2016 in %



Asset allocation as per 31 December 2016

Bonds € htm
Bonds € mark-to-market
Bonds non-€
Convertibles
Equities €
Equities non-€
Cash
Real Estate
Microfinance
Fixed deposit (Festgeld)



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Risk exposure in the investment

fair-finance is managing the capital market risk via tactical changes to the investment structure. Even with a short-term re-allocation of parts of the assets from volatile, riskier investment segments into comparatively secure, lower-risk segments the investment risk can be reduced and adjusted to specific situations. Volatility as measure for fluctuations in the performance is monitored continuously and serves as an important steering instrument in the asset allocation. The risk-minimising effect as well as the legal capital guarantee and in particular the exclusive minimum interest rate guarantee offered by fair-finance are described in detail in the explanatory notes to the account statement.

Note on risks

Even with a prudent investment strategy general market price risks, which are part of the money and capital markets, can cause losses. But the sum of all contributions and payments made to a Vorsorgekasse plus possible transfers of old entitlements as well as possible transfers from another Vorsorgekasse are comprised in the legally guaranteed minimum claim of prospective beneficiaries ("Anwartschaftsberechtigte") against a Vorsorgekasse. In case of transfer of a severance pay entitlement according to § 12 section 3 BMSVG the minimum claim against the new Vorsorgekasse increases to the extent of the transferred severance pay contributions (or contributions for provisions for self-employed persons respectively). Please find more details on the investments in the investment rules which can be accessed via www.fair-finance.at.