

DISTRIBUTION OF INVESTMENT FUNDS BRD ASSET MANAGEMENT

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Abstract:

Market open investment funds in Romania is characterized by a sustained development, both in terms of supply of funds and assets value.

On the client, the investment funds can be a convenient alternative investment. In this context, the Bank is to meet its clients with a wide range of investment funds tailored to different types of investors.

These products can be offered to all categories of investors who have additional financial resources which they can invest medium and long term and want to obtain a higher yield of classical saving (deposits, certificates of deposit, etc.), in assuming the risk implementation.

Key words: *investment funds ,alternative investment,classical saving, assuming the risk.*

JEL classification: *G12, G24*

Investment trust market in Romania is characterized by sustainable development, both in terms of supply of funds and assets.

In terms of client investment funds can be an advantageous alternative investment, primarily because:

- experience of managers and their ability to identify investments with returns over the evolution of the overall market
- diversification of investments (multiple types of tools that administrators can invest: stocks, bonds, money market instruments), which allows mitigation of risk to which investors are exposed to financial availabilities
- limited time and lack the necessary knowledge to analyze financial information and take correct investment decisions. Investment fund managers, but follow closely the evolution of financial markets and investment may decide, in accordance with the objectives of the funds.
- reduced transaction costs compared with individual investments, because they have large volumes fund.

BRD-Groupe Societe Generale provides distribution services through its network only for funds that meet and act as depository.

Legal framework and preparatory steps

BRD acts as distributor under the distribution contract and working under the procedures issued to implement the contract.

The legal framework governing the operations of unit trusts is given by:

- Law 297/2004 - on capital market
- NSC Regulation no. 15/2004 on the licensing and operation of asset management companies, collective investment bodies and custodians Securities Division will do, update and transmit units BRD:
 - List funds BRD distribution services;
 - The characteristics of each fund distribution services BRD;
 - List BRD units will be involved in distribution.

Terms used in this paper:

- Publisher - BRD-Groupe Societe Generale, through:

1. Titles Division, as coordinator of activities and

2. BRD units:

- Manager - Fund Management Company

- Fund - investment fund for which a contract BRD distribution with its manager

- Prospectus - The prospectus, a document endorsed by the NSC, which contains all necessary information for potential investors to assess investment and skills to take a rational and informed decision on the bid made

- VUAN - the unit value of net assets, calculated daily by the Administrator and approved by the Depositary.

Each administrator shall provide the Securities Division the following documents:

- The prospectus of each fund and / or simplified prospectus in the form, electronically and in printed form (at least one copy in each BRD);

- The application form, electronically and / or in printed form, depending on the working procedure of each fund;

- Forms of redemption, in electronic and / or in printed form, depending on the working procedure of each fund.

Legal obligations incumbent BRD as a distributor are:

- Daily display in the visiting rooms of units BRD, the net asset value per unit (VUAN), which is the basis for determining the issue price and repurchase;

- Providing investors with the Fund's prospectus, as printed;

- Investors guidance to Web addresses and email of funds and / or management company to obtain additional information.

In this context, BRD comes to clients with a wide range of investment funds tailored to different types of investors.

These products can be offered to all categories of investors who have additional financial resources they can invest in medium and long term and want to get a higher yield savings classical products (deposits, certificates of deposit, etc) conditions for assuming risk.

BRD distributing investment funds managed by BRD Asset Management

Monetary Fund Symphony¹ and Diversified Fund Concerto , existing in the offer of May 2001, ie January 2006 since May 2009, expanding to offer: Diverso diversified fund and equity fund Europe Regional Europe Regional Shares with investments both domestically and on the European market.

Target customers

- major individual, resident or non

- legal person, resident or non

According to the prospectuses, investment in funds provided by the BRD is open to all categories of customers mentioned above. From the point of view, each fund will be recommended especially to certain categories of customers.

Subscription and ownership of fund units

Can be done anytime at the request of subscription

Currency: RON Initial investment: minimum amount is set by its prospectus for each fund

Subsequent investments: always possible

Depending on the particular fund, may be charged a fee in the amount subscribed. Its value is set by its prospectus for each fund

Example calculation:

20.04.09 - Subscription page Concerto

$S1 = 1.500 + 2\% \text{ commission RON} = 1.530 \text{ RON subscription}$

21.04.09 - issuing fund units

$1500 \text{ RON} / 215 \text{ RON} / \text{unit} = 6.98 \text{ units (S1)}$

28.04.09 - Concerto Subscription

$S2 = 1.275 \text{ RON} + 2\% \text{ underwriting fee} = 1300.5 \text{ RON}$

29.04.09 - issuing fund units

$1275 \text{ RON} / 220 \text{ RON} / \text{unit} = 5.79 \text{ units (S2)}$

$\Rightarrow \text{Balance} = S1 + S2 = 12.77 \text{ units}$

Important aspects:

- Fund performance can be influenced both positively and negatively on the evolution of national and international economic environment (especially the evolution of stock markets).

- Investments made are not guaranteed, regardless of length of ownership units. Unit value and overall performance may decrease, there is the possibility that investors will not recover the capital invested.

Redemption of units

Can be done anytime, upon redemption requests, without penalty;

Repurchase transactions are done at the price of fund units unknown.

Example calculation:

Balance: 16.25 units Diverso Europe Regional

01.06.09 - Redemption: A = 121.8 Lei

Units redeemed: $121.8 \text{ EURO} / 105 \text{ EURO} / \text{unit} = 1.16 \text{ units}$

$\Rightarrow \text{Units available} = \text{Balance units} - R = 15.09 \text{ units}$

Entities involved:

Is fund manager of BRD Asset Management SAI management subsidiary of BRD - Groupe Societe Generale. Investment management activity is delegated to the IKS-KB, a subsidiary of Societe Generale Asset Management, which manages the Central and Eastern Europe.

BRD Groupe Société Générale is a depository and distributor of funds and intermediates through its sale, distribution according to the contract concluded with BRD Asset Management.

Advantages of investment in funds managed by BRD Asset Management

Investment professional administration by BRD Asset Management. Efficient allocation of assets, performance management and strict risk monitoring, investment activity is delegated to the IKS-KB, the Czech subsidiary of Societe Generale Asset Management Group.

Professional advice: BRD provided in any unit for any type of operation the fund units.

Accessibility: investors can perform subscription to any unit of BRD. In addition, investment in funds managed by BRD Asset Management does not require large sums.

Diversification of risk: the wide range of funds available, investors may set up a balanced portfolio that will allow them to minimize risk under a certain level of efficiency.

Availability: redemptions may be made at any time without penalty. Receiving redemption in the current account is the next working day after filing.

Innovations - in addition to the 2 money supply:

Alternative investment performance potential to provide access to European markets for stocks and bonds

Yield potential, due to investments in shares traded both domestically as well as the European one, correlated with risk taking for

Risk Factors

Value of fund units may be affected by several types of risks, including:

Interest rate risk: raising interest rates on bond markets lead to lower bond rate and thereby decrease the amount of units.

Credit risk: an issuer signature degradation can have a negative impact on the rate of one or more titles and implicitly on the value of units.

Risk of shares: shares rate variation may have a negative impact on the value of units.

Exchange risk: financial instruments and units of other UCITS (Undertakings for collective investment in transferable securities) or AOPC (Other Undertakings for collective investment) funds held in the portfolio may be subject to exchange risk, in case their expression in different currencies currency. In case of RON appreciation against these currencies, the units will be negatively affected.

Risk of management style: there is the possibility that investment not be made at any time the markets best.

Market risk: value of investments may increase or decrease is based on economic conditions, political, stock, or the specific situation of an issuer.

Liquidity risk: investment funds will be made for different markets whose liquidity may vary. Reduced or zero liquidity conditions at a time can have a negative impact on the value of units.

Taxation - tax rules gains from the trading unit

If individuals and individuals authorized:

a) Resident

- Tax is calculated upon redemption of units
- Tax rate applicable on the positive difference between the redemption price and subscription price
- Company tax rate applied to income fund management at the time of redemption revealed that withholding of 1%.

The final tax rate is determined based on tax provisions in force, currently being:

- 16% if the units are held for less than 365 days: 1% is retained by the management company at the time of redemption of units and 15% is paid by the client to the fiscal tax base received from the management company
- 1% if units are held for more than 365 days: the withholding by corporate management units upon redemption

Any differences in income tax shall be adjusted annually by the investor.

01.01-31.12.2009 During this revenue is not taxed.

b) non-

In the document attesting to residency (tax residency certificate in original or copy translated and certified by authorized body in Romania) to apply the Convention for the avoidance of double taxation in force between Romania and the country of residence beneficiarului income.

If he does not tax residency certificate in original or translated copy certified by authorized body of Romania, valid at the redemption date, will apply to tax rates set by the Fiscal Code.

01.01-31.12.2009 During this revenue is not taxed.

If customers or non-resident legal persons in Romania, fund management company has no tax obligations (no tax is withheld at source).

These obligations on corporation tax (capital gain) will be borne by Romanian legal or fiscal representative (if the foreign legal entities).

Applicable tax rate for capital gains is 16% and tax rules are stipulated in the Tax Code Title'll both Romanian legal persons and foreign legal entities.

Fees paid by the client

1. Subscription: depending on the fund, may be charged a fee in the amount subscribed
Subscription fee (if any) is income received by unit BRD.
2. Redemption: Free for all funds, irrespective of the redemption
3. Current Account opening: free (you can use the same current account for all funds)

subs)

4. Monthly current account management: standard, according to the list of bank charges and commissions

5. Cashing redemption current account opened at BRD: Free

6. Cash withdrawal from: Standard, according to the list of bank charges and commissions

7. Release statement titles: Free

	Simfonia 1	Concerto
Release Date	Mai 2001	Ianuarie 2006
Fund type	monetary	diversified
Investment structure	100% cash and fixed income instruments: - deposits -Current accounts -bonds -Rev-Repo contracts -certificates -bonds -etc. (Romania)	- 90% bonds (mainly government, but municipal and corporate) - Max. 10% shares (Romania and international markets covered)
Risk Level	Low	Medium
Minimum recommended investment duration (years)	1-2	3-5
Initial value of fund unit (RON)	10	100
Subscription fee (the amount subscribed)	free	2% For amounts exceeding RON 10,000 commission is negotiable.
Redemption fee		
Especially targeted customers	Corporate => In particular IMM's => For treasury management, given that the cash is not enough for another savings product (over-night deposit negotiated)	Best Clients => To diversify investments by choosing an alternative performance => Willing to assume risk profile environment

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