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YSE Funds
A Story of Czech Investment Funds

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Czech Republic

YSE Funds

A STORY

OF CZECH INVESTMENT FUNDS

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1. Executive Summary

LinhArT, one of the most important investment companies established for the Czech Republic's voucher privatization, acquired 68 percent of all vouchers available from individuals. LinhArT's success stands out primarily because it is not owned by any of the country's financial institutions or large industrial companies, which gives LinhArT relative freedom in its decision-making. Free of the conflicts of interest that characterize domestic bank-owned funds, LinhArT promotes sound investment-management practices.

Compared to the investment companies established by financial institutions as subsidiaries, LinhArT Investment Company was completely unknown to potential voucher-point investors before the first wave of voucher privatization. Nevertheless, in the zero rounds of the first and second waves of voucher privatization, LinhArT managed to attract the equivalent of 72,000 and 156,000 shareholders, respectively, investing their entire voucher book. These totals represent 1.7 percent and 4.0 percent, respectively, of all investment vouchers entrusted by individuals to funds. LinhArT's funds are highly ranked among the Czech Republic's funds by a number of criteria, e.g., its YSE Fund is ranked No. 1 among funds for the first wave according to net asset value per voucher book, and all three YSE second-wave funds are ranked among the top ten by the same criterion.

The key to LinhArT's success has been its managing director, who is past president of AISF (Association of Investment Companies and Funds) and well respected in the investment management community. He created LinhArT's strategy of openness to its fund's shareholders through substantial information disclosure and regular communication, which has been an important element in building the image of LinhArT and its funds and a major contributor to their success. This strategy was also instrumental for LinhArT in fighting a hostile take-over attempt of one of its funds. LinhArT is one of the few investment companies that has been able to ward off such an attempt.

LinhArT's managing director has also been a leader in creating a more favorable environment for investment management. Most important, he has been trying to speed up the establishment of sound investment management practices within the industry by criticizing flaws in the current legislation on investment companies and funds. He has been promoting greater minority shareholder protection and has criticized the investment companies owned by banks, whose representatives on boards of directors frequently have conflicts of interest between representing the bank as a corporate lender and representing the fund's shareholders.

2. LinhArT in the Share-Acquisition Period

Background of Voucher Privatization

Shortly after the political change in the Czech Republic in 1989, the government began the economic transformation from a centrally planned to a market economy. A very important prerequisite to this transformation has been the privatization of assets that were almost entirely state-owned, which ranged from small businesses to large corporations. Privatization has been carried out via restitution to former owners or their descendants, public auctions, direct sales to domestic or foreign investors, and—very important—voucher privatization: Vouchers distributed by the government were directly invested by individuals in company shares or were entrusted to voucher investment funds, which invested them on the individual's behalf.

History of Voucher Privatization and Privatization Funds

There have been two waves of voucher privatization. In each wave, Czech citizens were allowed to purchase a "voucher book", containing 1,000 voucher points, for roughly US\$35 equivalent, entitling them to participate in bidding for shares. More than 80 percent of the eligible citizens decided to participate. The participants then had to choose between bidding the voucher points on their own for shares in privatized companies or entrusting the voucher points to funds that would invest them on their behalf. In the first and the second waves of privatization, CZK 206 billion (US\$8 billion) and CZK 155 billion (US\$6 billion), respectively, of book value assets, representing shares in the Czech Republic's 1,500 companies, were privatized.

In the zero round of the first and second voucher privatization waves, funds attempted to persuade voucher-book holders to entrust their voucher points to them. In the first and second waves, 72 percent and 63 percent of the available voucher points, respectively, were entrusted to funds.

A special bidding system was developed that had an auction-like price adjustment to demand for shares in each company and to supply of available shares in individual bidding rounds. Initially, one share in the company represented CZK 1,000 (US\$35) in book value, and in subsequent rounds the price was adjusted according to demand as follows:

- if the perfect supply-demand equilibrium for the company's shares was reached, the shares were entirely sold out;
- if shares were undersubscribed, the subscribed shares were sold and the remaining shares were offered in the subsequent round at a lower price;
- if shares were oversubscribed by less than 25 percent, individuals received full subscription, and the fund's demand was reduced in order to reach supply-demand equilibrium;
- if shares were oversubscribed by more than 25 percent, all the shares were offered again at a higher price in the next round.

In both voucher privatization waves, the bidding rounds had to be repeated until all the assets offered in the privatization wave were substantially sold. Ultimately, there needed to be five rounds in the first wave and six in the second.

Industry Structure and Regulations

About 150 investment companies managing a number of funds and 80 self-managed funds now exist in the Czech Republic. About 500 investment privatization funds and unit privatization funds were established. These funds differed from traditional mutual investment funds and unit funds in just one aspect: investors put into them privatization vouchers instead of cash. In addition, about 20 cash funds were established before the fall of 1995. Due to low market liquidity, the majority of the funds are closed-end. An open-end fund sector is yet to be developed.

The Act on Investment Companies and Funds issued in 1992 has the stipulation, among others, that a fund's investments tied to a single company cannot exceed 10 percent of its portfolio net asset value, and share-holding in one company cannot exceed 20 percent. However, the latter limitation is under attack by the investment companies. The act also limits a fund's annual fees to 2 percent of the assets it manages and to a one-time fee of 2 percent at the fund's inception.

In addition, because banks are usually not allowed to become long-term investors in a company (except when temporarily repossessing it as a non-performing borrower), the role of an investment company in the market is strengthened.

Business of LinhArT

LinhArT's founders recognized the great opportunities for investment management in the framework of voucher privatization. The vision of LinhArT and its managing director/founder was to build an investment company that would establish funds to acquire and manage the voucher privatization funds.

LinhArT established the investment privatization fund YSE for the first wave of voucher privatization. For the second wave, YSE2 Investment Privatization Fund and two closed-end unit privatization funds, YSE Profit and YSE akcionaru, were established.

LinhArT also established a securities trading subsidiary, Eastbrokers, which serves both LinhArT's funds and external clients, and venture fund YSE Profit Holding.

LinhArT has a total of about 20 employees. The organizational chart includes the managing director and executive secretaries. Senior management includes the heads of the finance, legal, investments and information-systems departments. Members of senior management and some others employees have been trained abroad.

LinhArT's YSE and YSE2 funds and Eastbrokers are each governed by a four-member board of directors and a three-member supervisory board. The supervisory board oversees the operations of the board of directors.

Because the domestic investment management of the funds established for the first and second waves of voucher privatization remains the core activity of LinhArT, it will be the primary focus of this study.

History of LinhArT

LinhArT was established in 1991 by a university-educated engineer with several years of computer and data-processing experience as well as some financial background. An achievement-oriented person, he was equipped with a strong entrepreneurial outlook.

Even before the legal framework for voucher privatization and investment companies was established, the current managing director of LinhArT, within his YSEngineering Company, initiated a series of lectures popularizing voucher privatization and the investment company's future fund, YSE. At that time there was little awareness among the general public of the concepts of the fund. Initially there was some resistance to his views, even among the authorities. The managing director's public discussion of a number of issues probably helped speed up the process of voucher privatization. That was when he began to build the company's image of openness with the public.

However, the key to LinhArT's success was the managing director's ability to attract investors through the company's marketing campaign.

First Wave of Voucher Privatization

A competitive advantage for LinhArT had been its managing director's significant marketing efforts prior to the first wave of voucher privatization, combined with the investment management-like activities engaged in by YSEngineering. This also brought LinhArT under the scrutiny of the authorities, which could have meant the rejection of LinhArT's application for an investment company license. However, LinhArT was able to use this murky situation regarding its license as a marketing tool. After eventually receiving the license, awareness of LinhArT's YSE Fund increased further.

In early 1992, LinhArT developed a modest advertising campaign that presented to the general public the management concepts of the investment company, with the aim of acquiring voucher books from individual voucher-privatization participants, bidding for shares in privatized companies and later managing these shares.

LinhArT's single YSE Fund was not targeting any specific group of potential shareholders. Even though its budget for running the campaign was limited compared to those of investment companies owned by financial institutions, the effectiveness of the campaign

measured by expenses per voucher book entrusted to a fund was said to be one of the highest of all the investment companies.

A strong argument for potential shareholders to entrust their voucher books to YSE Fund were LinhArt's revelations about its competitors' fees for both establishing and managing their funds. YSE Fund bet on offering professional services for moderate fees.

Because the concepts of investment management were so new to almost the entire population, LinhArT correctly decided to concentrate its efforts on presenting and thoroughly explaining the concepts of voucher privatization to the public. The aim was to demonstrate the professional abilities of LinhArT. This approach was extremely successful in establishing the perception among the general public that LinhArT and its managing director were trustworthy professionals. The frequency of messages sent by LinhArT and its managing director succeeded in establishing very efficient communications with shareholders. These included a quarterly newspaper insert, featuring LinhArt's activities and its funds and the views of the company's senior officers.

As a result, LinhArT's YSE Fund attracted 115,000 shareholders, the equivalent of 72,000 shareholders entrusting the entire voucher book to the fund. This represented 1.7 percent of all the investment points entrusted to investment funds (as opposed to being invested by individuals directly).

LinhArT's managing director points out that a large number of quantitative and qualitative "rule of thumb" criteria were taken into consideration when it was acquiring shares in companies. The input for the computer program LinhArT Info Maker was a complex set of information acquired by analysts about a large number of companies. Neither targets, such as the number of companies in the portfolio, nor any specific focus on industry sectors or companies of a specific size was part of the overall strategy. Rather, the strategy was, very simply, to maximize the value of the portfolio as perceived by LinhArT. This was to be achieved by utilizing a comprehensive set of information on the companies and extensive selection criteria, combined with a simulation of the demand for shares. In order to avoid bidding for the likely oversubscribed shares, this simulation was based on the demand in previous bidding rounds. LinhArT mainly targeted Czech companies because most of its shareholders were Czech. Therefore, the split of Czechoslovakia did not create any difficulties for LinhArT.

The variety of companies acquired by YSE during the first wave of voucher privatization ranged from portfolio investments in large companies to larger shareholdings in small and mid-sized companies. This allowed LinhArT to nominate its representative to the board of a company, who could then oversee its performance. However, LinhArt's management is a strong believer in the portfolio management concept. Portfolio investment acquisition would have been preferred, but the price-setting mechanism for bidding during voucher privatization was characterized by sometimes undervalued bidding prices for shares in smaller companies.

The selection of companies in which shares could be acquired through the bidding process was complicated mainly by a lack of information on many of the companies. The companies had limited reporting requirements and only a few of the larger companies had annual reports. Moreover, annual reports and other company public presentation documents frequently had little relevant information. A new accounting system adopted in January 1995, when the law on accounting became effective, was incompatible with the previous system. As a result, companies cannot create any compatible time series of financial data before 1993. The information in past financial statements was limited, due mainly to the changing market environment, with substantial industry restructuring, combined with the relatively recent introduction of the free-market pricing system (as opposed to the prices prescribed by the government). Therefore, many companies that showed large revenues and profits in the past could have been on the decline and vice versa. In addition, companies tended not to respond to requests for information by investment companies because most of the information that companies in Western Europe or the U.S. routinely communicate to their investors the Czech companies considered confidential. Given the difficulties in obtaining the information on companies, it was necessary to collect a large amount of fundamental business information about them. To do this, LinhArT engaged its own analysts as well as a number of outside industry analysts who shared their views with the company. The investment decisions were also made based on the input of the experienced managing director.

Regarding knowledge about individual companies, the investment companies established by the country's financial institutions were in a much better situation because they were able to access information and know-how acquired by the parent-institutions over a number of years.

LinhArT ended up with more than 130 companies in its portfolio, with a book value of CZK 3.5 billion. Due to the continuing decline of the Czech stock market, the current net asset value of the portfolio has dropped to approximately CZK 2.0 billion.

Second Wave of Voucher Privatization

For the second wave of voucher privatization, YSE2 Investment Privatization Fund and two closed-end unit privatization funds, YSE Profit and YSE Shareholders, were established.

The second wave was different from the first because the investment companies had already learned from the experience of the first wave. A number of investment companies considered direct cash offers to investors to be a cornerstone of their marketing strategy. They believed that cash offers were the best incentive for investors to entrust their voucher books to their funds in the zero round. However, LinhArT decided to build the marketing campaign mainly on its already very good communications with its first-wave investors and potential investors. The awareness of the YSE funds on the market was very high during the first wave and further increased between the first and second waves because of LinhArT's investor-communications. As a result, LinhArT succeeded in attracting

shareholders representing 156,000 entire voucher books. There was a common strategy of bidding for shares in all the funds.

In general, the bidding strategy of the investment companies established by the financial institutions in the first and second waves did not substantially differ. The the investment companies' access to the information of their parent financial institutions combined with analytical know-how passed from the parent to the investment company was available during both the first and second waves. In contrast, LinhArT was only beginning to build the team of analysts and analytical know-how during the first wave, which it completed before the second. Therefore, a substantial difference for LinhArt between the first and second waves was the greater availability of company information. After the bidding success in the first wave, represented by one of the highest-achieved net asset value per voucher book, LinhArT's bidding strategy for the second wave did not change.

3. Investment Management Policies

Portfolio or Corporate Management

LinhArT views shareholdings in the portfolio of funds under its management as ranging from portfolio management types of holdings to companies where LinhArT influences the management decisions through its representatives on the boards. However, LinhArT's managing director believes that the ultimate goal of the funds is to manage portfolios. He believes that many boards of directors are trying to get over-involved in operational business decisions of the company. This, however, is not an entirely correct activity because board members cannot know a company's business better than its management. Therefore, he believes that the major role of a board of directors at this period of time is to make sure that the management understands the financial goals of the company, i.e., maximizing share value for the shareholders. He also believes that when the quality of the managers increases, the role of the fund representatives on the boards will be less important. LinhArT, as a strong believer in portfolio management, has not been trying to utilize synergies with its larger holdings in companies. LinhArT has a large number of its seats on boards of directors occupied by outsiders, who are well respected professionals from areas of general management. LinhArT believes that this is a way of maximizing the value of the shareholders' portfolio. LinhArT does not regularly use the information from its representatives on the boards of directors for portfolio management.

LinhArT has joined the industry trend of consolidating fund portfolios consisting of large numbers of smaller holdings. As a result, for example, the number of issues in the portfolio of YSE Fund, established for the first wave, decreased. This process of portfolio consolidation is expected to continue, and it will be handled within LinhArT by its venture fund.

Bearing this in mind, it is worth explaining that investment funds having 10 to 20 percent of a company's shares are swapping shares among themselves in order to get a 51 percent majority. This majority, in practice, allows them to have total control over the company because the current legislation offers little minority shareholder protection. The process is very rapid because the majority of the investment companies try either to buy majority stakes or to sell them in order not to become a minority shareholder whose shares immediately become illiquid and are sold for a significant discount. Majority stakes, the value of which is increased by mergers with the company's suppliers and/or competitors, are set by the investment companies for sale to a foreign investor. Sometimes majority stakes in companies are intended to serve as a strategic holding for the investment company in order to obtain power over the industry in the particular company's home region. Therefore, some larger companies are claimed to be for sale to a foreign investor only for a price at the edge of what they should be willing to pay.

Other Policies

LinhArT realizes the value of regular communication with its shareholders and potential investors about the activities of the investment company. In order to satisfy their information needs, LinhArT Investment Company regularly publishes information about both the investment company and its funds. The audited annual reports and half-year reports are available on request. The net asset value of the portfolio is published monthly in the press. Detailed data on the portfolio will be published quarterly in the press as well. A newspaper insert, containing news of important events in the life of the company is also published quarterly, and the marketing department is available to answer any additional questions the shareholders or potential investors might have.

As a strong believer in the portfolio management concept, LinhArT encourages the companies to pay dividends, and it sees dividend payment as an important tool for monitoring the performance of companies and encouraging sound business practices within them. LinhArT's YSE Fund has paid dividends since 1993. The goal of LinhArT is to provide a stable stream of dividends from YSE funds to its shareholders in the future.

4. Position of LinhArT and Its Funds in the Period of Investment Management Market Consolidation

The current period is marked by hostile take-over attempts by some investors to acquire control over the funds. The take-over of funds is possible because, for example, the investment company that set up a number of investment privatization funds (IF) for the first wave of privatization, has consolidated ownership (a few individuals or banks), but usually close to 100 percent of the shares in the funds are owned by the individual shareholders who entrusted their voucher books to the funds for investment. Normally, the major tie between the investment company/investment manager and the fund is an investment management contract. Because many of the funds are set as investment privatization funds, which legally represents a joint-stock company status according to the commercial code, a 10 percent shareholder can call an extraordinary shareholders' meeting. It can then assume control over the fund by replacing the existing board members and cancelling the current management contract, replacing it with its own. (The other 90 percent--individual shareholders--are likely not to show up at all.) The strategy of an investment company for defending its managed funds is usually either to begin buying shares in its funds on the market (only investment companies backed by large banks can afford to do this) or to include a clause in the investment management contract specifying a large penalty for cancelling it before its expiration date in some 20 years. It is still questionable whether that "poison pill" clause is legally enforceable and, therefore, take-over situations are likely to be resolved by some negotiated settlement or by agreement between old and new investment managers about sharing management fees and power within the industry resulting from the ownership of companies in the funds' portfolios.

LinhArT Strengthening of Its Financial Position and Acquiring Additional Expertise

Recently, LinhArT Ltd. was transformed into a joint-stock company and acquired a strong equity partner--Stratego Group. The managing director of YSE Fund explained this move in the newspaper insert that informs its shareholders: "The annual shareholders' meeting [and changing portfolio of shareholders of YSE Fund] proved to be our weakness. Because we are not backed by a strong equity partner, it is harder for us to ward off hostile take-overs when a raider buys a sufficient share in the fund and forces the fund to replace the existing management contract with its own. This was one reason to invite Stratego to join us. We were also looking for some additional expertise for management of the second wave funds and for the third wave of privatization [the term used for the current corporate ownership consolidation/take-over]."

LinhArt's Way to Fight Fund Hostile Take-Overs

As the managing director of YSE Fund maintains, "The pre-requisite for defending the shareholders in the fund [against hostile take-overs] is a strong investment company. A

strong partner can intervene in the capital markets in favor of YSE Fund shares. Another possibility is to employ a strong team of managers who continuously achieve excellent results [which combined with strong communication between the investment company and the fund shareholders] encourages a large number of the shareholders to vote by proxy in favor of the investment company and thus defend the fund against the raider."

LinhArT is one of the few investment companies that were able to ward off a hostile takeover attempt. The managing director of YSE sees the success of that defense strategy as lying in LinhArT's efforts to communicate extensively with its shareholders and, hence, being able to ask fund shareholders for proxy support. "This is what some of the investment companies in this country could not do because the awareness of the fund shareholders about their fund's manager is so low that they would most probably not get a proxy response."

5 LinhArT's Role in the Czech Investment Management Market

Over several years, LinhArT has developed into a very efficient investment company having under management more than CZK 4.0 billion (US\$150 million) of assets acquired during voucher privatization. LinhArT has announced a strategy of investing in larger, more liquid companies and of carefully watching the stakes in smaller companies that are likely to become targets for take-overs. Such a take-over could potentially leave LinhArT's funds in the position of a more or less unprotected minority shareholder. In this respect, the process of decreasing the number of companies in the portfolio will continue. Investments will continue to be channeled to prospective companies without any regional or industrial focus and without considering the size of companies. LinhArT's funds support a policy of paying out a stable flow of dividends to their shareholders in the future.

The company is led by excellent management, which was recently strengthened further by the arrival of its strategic partner. On one hand, LinhArT is not as sizeable as the investment company subsidiaries of the Czech financial institutions, measured by the volume of assets under management. On the other hand, because it is not tied to a financial institution, LinhArT has flexibility, which gives it a competitive edge. LinhArT's excellent communications and relations with its shareholders is an implicit guarantee of its prospective growth. Also, very importantly, LinhArT delivers excellent services to its shareholders for very moderate fees measured by industry standards. LinhArT has been promoting sound business practices within the industry, and therefore, its future among the other large non-banking and banking investment companies seems more than promising.

6. Appendices

Appendix 1.: Net Asset Value Under Management

	YSE	YSE2	YSE Shareholders'	YSE Profit	Total
Net Asset Value (in CZK million)	2,037	966	872	103	3,978

YSE is the investment privatization fund established for the first wave of voucher privatization.

YSE2 is the investment privatization fund established for the second wave of voucher privatization.

YSE Shareholders' is a closed-end unit privatization fund established for the second wave of voucher privatization.

YSE Profit is a closed-end unit privatization fund.

All the data are as of June 26, 1995.

Appendix 2.1.: Czech Top Investment Funds for the First Wave of Voucher Privatization, Ranked According to the Net Asset Value per Voucher Book

(The number of shares issued by the funds per voucher book differs.)

Fund Name	Investment Company / Fund Manager	NAV / Voucher Book (in CZK)
IF YSE	LinhArT	29,000
Harvard IF růstový	Harvard Capital & Consulting	23,100
Harvard IF dividendový	Harvard Capital & Consulting	22,600
PPF - PCIF	PPF Investment Company	21,500
Bankovní IF	1. IN. subsidiary of IPB (bank)	19,100
IF Bohatství	1. IN. subsidiary of IPB (bank)	18,800
Růstový IF Kvanto	O.B. Invest. subsidiary of ČSOB (bank)	18,700
IF Energetiky	1. IN. subsidiary of IPB (bank)	18,700
Creditanstalt IPF	Creditanstalt	18,500
Komerční Banka IF	IKS KB, subsidiary of Komerční Banka	17,000
	<i>Estimated Average NAV / First Wave Voucher Book (in CZK)</i>	18,500

NAV represent estimates as of July 31, 1995.

Appendix 2.2.: Czech Top Investment Funds for the Second Wave of Voucher Privatization, Ranked According to the Net Asset Value per Voucher Book (The number of shares issued by the funds per voucher book differs.)

Fund Name	Investment Company / Fund Manager	NAV / Voucher Book (in CZK)
Harvard IF růstový	Harvard Capital & Consulting	22,000*
Harvard IF dividendový	Harvard Capital & Consulting	21,400*
Creditanstalt Český Infrastrukturní IF	Creditanstalt	15,400
2. Czech Coupon Invest	Czech Investment Company	14,900
Fond zaručených odkupů	1. IN, subsidiary of IPB (bank)	13,500
YSE akcionářů PF	LinhArT	13,400
Živnobanka PF	ŽB Trust, subsidiary of Živnostenská Banka	12,900
YSE Profit PF	LinhArT	12,900
YSE2 IF	LinhArT	12,700
Fond pravidelných příjmů	1. IN, subsidiary of IPB (bank)	12,400
ISP Podnikatelský tržní PF	ISP	12,000
AAA	KIS CP, subsidiary of Česká Pojišťovna (insurance)	11,900
Fond majetku	1. IN, subsidiary of IPB (bank)	11,700
Fond prosperity	1. IN, subsidiary of IPB (bank)	11,700
PPF MPF	PPF Investment Company	11,400
PPF CPF	PPF Investment Company	11,400
Alpha Effect	KIS CP, subsidiary of Česka Pojišťovna (insurance)	11,100
	<i>Estimated Average NAV / Second Wave Voucher Book (in CZK)</i>	10,500

NAV represent estimates as of July 31, 1995.

*Not comparable; the first wave Harvard IF růstový and IF dividendový increased capital by the assets acquired during the second wave of voucher privatization.

Appendix 3.1.: Czech Top Investment Companies, Ranked According to the Number of Voucher Books Entrusted to Them During the First Wave of Voucher Privatization.

Investment Company / Fund Manager	Number of Voucher Books
SIS. subsidiary of Česká Spořitelna (bank)	950,000
I. IN. subsidiary of IPB (bank)	712,000
Harvard Capital & Consulting	565,000
IKS KB, subsidiary of Komerční Banka	465,000
KIS CP, subsidiary of Česká Pojišťovna (insurance)	334,000
Creditanstalt	138,000
PPF Investment Company	117,000
ZB Trust, subsidiary of Živnostenská Banka	117,000
Bohemia, subsidiary of Banka Bohemia	85,000
LinhArT	72,000
A-Invest, subsidiary of Agrobanka	71,000
<i>Total vouchers available</i>	<i>5,977,000</i>
<i>Vouchers entrusted to funds</i>	<i>4,351,000</i>
<i>Voucher invested directly by individuals</i>	<i>1,625,000</i>

Appendix 3.2.: Czech Top Investment Companies, Ranked According to the Number of Voucher Books Entrusted to Them During the Second Wave of Voucher Privatization.

Investment Company / Fund Manager	Number of Voucher Books
A-Invest, subsidiary of Agrobanka	309,000
Expandia, subsidiary of Chemapol (chemicals trading)	304,000
Harvard Capital & Consulting	292,000
O.B. Invest, subsidiary of ČSOB (bank)	197,000
KIS CP, subsidiary of Česká Pojišťovna (insurance)	186,000
ISP	158,000
LinhArT	156,000
Czech Investment Company	152,000
SIS, subsidiary of Česká Spořitelna (bank)	124,000
IKS KB, subsidiary of Komerční Banka	124,000
PPF Investment Company	119,000
1. IN, subsidiary of IPB (bank)	97,000
Creditanstalt	78,000
ŽB Trust, subsidiary of Živnostenská	59,000

<i>Total vouchers available</i>	6,160,503
<i>Vouchers entrusted to funds</i>	3,911,000
<i>Voucher invested directly by individuals</i>	2,248,000

Appendix 4.1.: Portfolio Structure of the First Wave YSE Fund

Industry Group	Portfolio Share (in %)
Banking	42
Oil and Gas	17
Power	12
Engineering	8
Transportation	6
Wood processing	3
Construction and building materials	2
Other	10

The data represents the situation as of January 1, 1995.