

# PROSPECTUS

for

## Kathrein US Equity

Investment fund as per § 20 of the Austrian Investment Fund Act (InvFG)

issued by

***Raiffeisen Kapitalanlage-Gesellschaft m.b.H.***

Schwarzenbergplatz 3, A-1010 Vienna

This prospectus was produced in August 2009 in accordance with the fund regulations revised in line with the 1993 Austrian Investment Fund Act (InvFG) as amended in 2008. It should be pointed out that the specified fund regulations are expected to come into force on December 1, 2009.

Prospective investors shall be provided free-of-charge the current prospectus and the General Fund Regulations in conjunction with the Special Fund Regulations. This Prospectus is supplemented by the most recent annual fund report. If the annual fund report is dated more than eight months previously, prospective investors will also be given the most recent semi-annual fund report. Prospective investors shall also be offered the currently applicable version of the simplified prospectus free-of-charge before a contract is concluded and it shall also be made available to them thereafter.

## **PART I** **ASSET MANAGEMENT COMPANY**

### **1. Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna**

Raiffeisen Kapitalanlage-Gesellschaft is an asset management company within the meaning of the Austrian Federal Act on Investment Funds (Austrian Investment Fund Act, InvFG). Raiffeisen Kapitalanlage-Gesellschaft was founded in December 1985. Its legal form is that of a limited liability company (*Gesellschaft mit beschränkter Haftung*) and it is registered with the Vienna companies register court under companies register number FN 83.517w. The company's registered office is at Schwarzenbergplatz 3, A-1010 Vienna.

### **2. Investment funds managed by the company**

Please refer to the Appendix for a list.

### **3. Management**

Mathias BAUER, Gerhard AIGNER, Dieter Aigner

### **4. Supervisory Board**

Details regarding the members of the Supervisory Board are contained in the tables at the end of this prospectus.

### **5. Share capital**

EUR 15 m.

### **6. Accounting year**

is the calendar year.

### **7. Stakeholders**

RZB Sektorbeteiligung GmbH, Raiffeisenlandesbank Burgenland Waren- und Revisionsverband registrierte Genossenschaft mit beschränkter Haftung, Raiffeisenlandesbank Kärnten – Rechenzentrum und Revisionsverband registrierte Genossenschaft mit beschränkter Haftung, Raiffeisenlandesbank Niederösterreich – Wien Aktiengesellschaft, Raiffeisenlandesbank Steiermark registrierte Genossenschaft mit beschränkter Haftung, Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband registrierte Genossenschaft mit beschränkter Haftung, Raiffeisenverband Salzburg registrierte Genossenschaft mit beschränkter Haftung, RLB (Tirol) Sektor Beteiligungsverwaltung GmbH, RLB OÖ Sektorbeteiligungs GmbH.

## **PART II** **INVESTMENT FUND**

### **1. Fund name**

The investment fund bears the name Kathrein US Equity.

### **2. Date of establishment and duration, where limited**

Kathrein US Equity was launched on July 12, 1999.

### **3. Office where the fund regulations and the reports required under the Austrian Investment Fund Act may be obtained**

Documents referred to in this prospectus – such as the simplified prospectus, the fund regulations, the annual fund reports and the semi-annual fund reports – are obtainable from the asset management company. Upon request, the asset management company will provide these to investors free of charge. These documents may also be obtained from the custodian bank and from the distribution offices listed in the Appendix.

In accordance with the relevant legal regulations, the investment fund has not been registered in the USA. Units of the investment fund are not therefore intended for sale in the USA or for sale to US citizens (or permanent US residents) unless this is exceptionally permitted under American legislation.

### **4. TAX TREATMENT for investors with unlimited tax liability in Austria**

#### **A) for tax accruals prior to April 1, 2004**

##### **a) PRIVATE ASSETS**

##### **l) Income tax**

Provided they derive from income from debt securities or bank balances subject to schedule II capital gains tax and the recipient of the distribution is liable for capital gains tax, the domestic office redeeming a coupon shall withhold capital gains tax from sums distributed (interim distribution) by an investment fund to its unit holders at the amount payable on that income as prescribed by law. Under the same circumstances, notional outpayments from an income-retaining fund shall be withheld as capital gains tax in the amount of the distribution-equivalent income on the fund unit (not applicable for full income-retaining funds).

Since December 31, 2000, capital gains from debt securities (= earnings from the sale of a fund's debt securities) and capital gains from bond subfunds (= earnings from the sale of funds which invest at least 80 per cent of their assets in debt securities) and associated derivatives shall be wholly tax-exempt, whilst capital gains from equities and equity subfunds and associated derivatives shall be 80 per cent tax-exempt, even if they are distributed. Capital gains from equities and equity subfunds and associated

derivatives shall be subject to capital gains tax at a rate of 20 per cent (schedule III capital gains tax).

The remainder of the distribution or the distribution-equivalent income on the fund unit shall be taxable income. However, such amounts shall only be taxable insofar as they have not previously been "franked" through the withholding of capital gains tax.

**Tax portion for equity funds and mixed funds (partial "franked" status; full "franked" status for accruals after March 31, 2003)**

**Distributions/distribution-equivalent income of Kathrein US Equity are subject to a partial tax declaration obligation (for accruals after April 1, 2004 there is no tax declaration obligation).**

The tax treatment of this fund category shall depend on the income components contained in the distribution or distribution-equivalent income:

--> **Interest income forming part of the distribution/distribution-equivalent income (incl. interest income from Austrian subfunds)** shall be deemed to have been "franked" for income tax purposes by virtue of the deduction of schedule II capital gains tax and shall not therefore be subject to a tax declaration obligation. "Franked" status shall also apply to inheritance tax so that bank balances, debt securities and Austrian bond subfunds on the fund unit shall not be subject to inheritance tax in the event of acquisition by inheritance.

**Exemptions** from "franked" status "Franked" status shall not apply:

- a) to debt securities contained within a fund's assets that are exempt from schedule II capital gains tax insofar as a statement was not made opting for the withholding of capital gains tax. Such income remains subject to a tax declaration obligation.
- b) to securities within a fund's assets that do not fall within Austria's sovereign right of taxation provided that the holder has not waived the right to benefit from double taxation agreements. Income from such securities must be declared in the column of the income tax return with the heading "Neben den angeführten Einkünften wurden Einkünfte bezogen, für die das Besteuerungsrecht aufgrund von Doppelbesteuerungsabkommen einem anderen Staat zusteht" ("income besides that income which is taxable by another country under double-tax agreements").

However, in this case the deducted capital gains tax may be set off or claimed back as per § 240 of the Austrian Federal Fiscal Code (BAO).

--> **Dividends forming part of the distribution/distribution-equivalent income (incl. dividends from Austrian subfunds) and ordinary income (interest, dividends etc.) from foreign subfunds:** Austrian dividends shall be subject to capital gains tax at a rate of 25 per cent prior to their accrual to the fund. They shall have "franked" status

for income tax purposes as capital gains that are subject to capital gains tax.

Foreign dividends shall not have "franked" status and shall therefore need to be declared for tax purposes. Consequently, gross dividends from abroad and allowable foreign withholding taxes shall have to be declared in the holder's income tax return. **In accordance with the 2003 Austrian Budget Act, distributions and distribution-equivalent income from funds accruing to the investor after March 31, 2003 shall have full "franked" status in respect of foreign dividends contained therein. The capital gains shall be declared in the income tax return at the special rate of 25 per cent. Foreign withholding taxes which are withheld may be set off against this tax in accordance with the applicable double taxation agreement; an excess amount shall be reimbursed. For distributions and distribution-equivalent income accruing to the investor after March 31, 2004, the custodian shall automatically make any capital gains tax deduction, so that the investor shall have full "franked" status without a tax return.**

Capital gains tax shall be deducted from ordinary income from foreign subfunds (as a backup capital gains tax until August 26, 2003). The income shall be declarable for tax purposes. The capital gains tax deduction shall be an income tax prepayment. **In accordance with the 2003 Austrian Budget Act, for tax accruals from funds (distribution, capital gains tax payout) after March 31, 2003 ordinary distribution-equivalent income from foreign subfunds shall have "franked" status following the capital gains tax deduction (as a backup capital gains tax until August 26, 2003).**

--> **Taxable capital gains forming part of the distribution/distribution-equivalent income (from equities and equity subfunds and associated derivatives)**

20 per cent of the taxable gain in net asset value contained in the distribution or distribution-equivalent income shall have "franked" status for income tax purposes and need not be declared for tax.

Capital gains from foreign subfunds shall only have "franked" status if proof is provided of the distribution-equivalent income and the foreign fund is licensed for trading in Austria and is actually publicly offered for sale in Austria. If one of these conditions is not met, the capital gains tax deduction shall only be considered an income tax prepayment. **In accordance with the 2003 Austrian Budget Act, the requirements that the fund be licensed for trading and actually publicly offered for sale shall not apply for accruals after September 30, 2003.**

**II) Inheritance tax (for pure public funds; BMF [Austrian federal ministry of finance], February 20, 2001)**

The acquisition by inheritance of units of Austrian public funds after December 31, 2000 shall have "franked" status for the purposes of inheritance tax (see above for exceptions). In accordance with the

2003 Austrian Budget Act, this now covers all Austrian public funds which invest in foreign subfunds.

Since July 31, 2008 inheritance and gift tax are no longer levied on acquisitions without consideration.

#### b) BUSINESS ASSETS

##### **Taxation of units contained in the business assets of private individuals**

In the case of private individuals who have income from capital assets or from a business enterprise (sole proprietors, partners in a general partnership (*offene Handelsgesellschaft*) or limited partnership (*Kommanditgesellschaft*), the income tax on income that is subject to capital gains tax shall be deemed to have been discharged through the withholding of schedule I and schedule II capital gains tax). The same shall apply to distributed amounts and distribution-equivalent income from unit certificates of investment funds within the meaning of the Austrian Investment Fund Act – provided that the distributed amounts result from “franked” capital gains – and for accruals after April 1, 2003 where the distributed amounts consist of ordinary distribution-equivalent income from foreign subfunds.

Distributions (interim distributions) of capital gains from Austrian funds and distribution-equivalent capital gains from foreign subfunds shall be taxable in accordance with the applicable tax scale.

##### **Withholding of schedule II capital gains tax in the case of units held as part of the business assets of a legal entity**

In the absence of a declaration of exemption within the meaning of § 94 of the Austrian Income Tax Act, the office redeeming a coupon shall also withhold capital gains tax or use notional outpayments from income-retaining funds to pay capital gains tax on units held as a part of such business assets. Deducted capital gains tax which is paid over to the tax office may be set off against the corporate income tax which is subject to assessment.

#### c) CORPORATE BODIES WITH INCOME FROM CAPITAL ASSETS

In the case of corporate bodies receiving income from capital assets (e.g. associations), the corporation tax on capital gains that are subject to schedule II capital gains tax shall be deemed to have been discharged through the withholding of capital gains tax. Private foundations shall in principle be subject to an interim tax at a rate of 12.5 per cent for capital gains subject to schedule II capital gains tax.

##### Note for all persons liable to pay tax:

The annual fund reports contain details of the taxation of fund distributions and distribution-equivalent income.

## **B) for tax accruals after April 1, 2004**

#### a) PRIVATE ASSETS

##### **Full tax settlement (final taxation), no tax declaration obligation for the investor**

Provided that they derive from capital gains subject to schedule II capital gains tax and the recipient of the distribution is liable for capital gains tax, the domestic office redeeming a coupon shall withhold capital gains tax from sums distributed by an investment fund to its unit holders at the amount payable on that income as prescribed by law. Under the same circumstances, notional outpayments from an income-retaining fund shall be withheld as capital gains tax in the amount of the distribution-equivalent income on the fund unit (not applicable for full income-retaining funds).

Private investors shall not in principle be subject to any tax declaration obligations. All tax obligations of the investor shall be settled upon the deduction of capital gains tax. This capital gains deduction shall imply full “franked” status in respect of income, inheritance and gift taxes in the event of acquisition by inheritance.

##### **Exemptions from “franked” status**

“Franked” status shall not apply:

- a) to debt securities contained within a fund’s assets that are exempt from schedule II capital gains tax insofar as a statement was not made opting for the withholding of capital gains tax. Such income must be declared for tax purposes. Furthermore, debt securities on the fund unit that are exempt from schedule II capital gains tax shall attract inheritance tax in the event of acquisition by inheritance.
- b) to securities within a fund’s assets that do not fall within Austria’s sovereign right of taxation provided that the holder has not waived the right to benefit from double taxation agreements. Income from such securities must be declared in the column of the income tax return with the heading “Neben den angeführten Einkünften wurden Einkünfte bezogen, für die das Besteuerungsrecht aufgrund von Doppelbesteuerungsabkommen einem anderen Staat zusteht” (“income besides that income which is taxable by another country under double-tax agreements”). Moreover, in such cases, securities on the fund unit shall be subject to inheritance tax in the event of acquisition by inheritance.

However, the deducted capital gains tax may in all cases be set off or claimed back as per § 240 of the Austrian Federal Fiscal Code (BAO).

#### b) BUSINESS ASSETS

##### **Taxation of units contained in the business assets of private individuals**

In the case of private individuals who have income from capital assets or from a business enterprise (sole proprietors, partners in a general partnership (*offene Handelsgesellschaft*) or limited partnership (*Kommanditgesellschaft*), the income tax on income that is subject to capital gains tax shall be deemed to have been discharged through the withholding of schedule I and schedule II capital gains tax).

Distributions of capital gains from Austrian funds and distribution-equivalent capital gains from foreign subfunds shall be taxable in accordance with the applicable tax scale.

#### **Withholding of schedule II capital gains tax in the case of units held as part of the business assets of a legal entity**

In the absence of a declaration of exemption within the meaning of § 94 no. 5 of the Austrian Income Tax Act, the office redeeming a coupon shall also withhold capital gains tax or use notional outpayments from income-retaining funds to pay capital gains tax on units held as a part of such business assets. Deducted capital gains tax which is paid over to the tax office may be set off against the corporate income tax which is subject to assessment.

#### **CORPORATE BODIES WITH INCOME FROM CAPITAL ASSETS**

In the case of corporate bodies receiving income from capital assets (e.g. associations), the corporation tax on capital gains that are subject to schedule II capital gains tax shall be deemed to have been discharged through the withholding of capital gains tax. Private foundations shall in principle be subject to an interim tax at a rate of 12.5 per cent for capital gains subject to schedule II capital gains tax.

#### Note for all persons liable to pay tax:

The annual fund reports contain details of the taxation of fund distributions and distribution-equivalent income.

### **5. Cut-off date for accounting and frequency and form of distribution**

The fund's accounting year runs from December 1 to November 30 of the following calendar year.

The distribution/outpayment within the meaning of § 13 3<sup>rd</sup> clause of the Austrian Investment Fund Act \*) and § 26 and § 27 of the fund regulations shall take place from February 15 of the following accounting year.

\*) e.g.: in the case of income-retaining funds (but not full income-retaining funds)

### **6. Name of the auditor**

The auditor within the meaning of § 12 (4) of the Austrian Investment Fund Act is KPMG Austria Gesellschaft m.b.H., Porzellangasse 51, A-1090 Vienna.

### **7. Conditions on which management of the fund may be terminated; period of notice**

The asset management company may cease management of the fund with the permission of the Austrian Financial Market Authority and having made an appropriate public announcement:

- a) by termination
  - with a notice period of six months or
  - with immediate effect if the fund has assets of less than EUR 1,150,000 (§ 14 para. 2 InvFG)

A termination pursuant to § 14 para. 2 InvFG shall not be permissible during a termination pursuant to § 14 para. 1 InvFG.

b) by way of the following actions subject to a notice period of three months:

- transferring management to another asset management company
- amalgamating the fund's assets with or contributing the fund's assets to another investment fund.

### **8. Type and main characteristics of the units, in particular:**

- **Original deeds or certificates for these deeds, entries in a register or on an account**
- **Characteristics of the units: Registered or bearer instruments, denomination and fractions where appropriate**
- **Rights of the unit holders, particularly in case of termination.**

Income-distributing unit certificates, income-retaining unit certificates with capital gains tax deducted and income-retaining unit certificates without capital gains tax deducted shall be issued for the investment fund.

Co-ownership of the assets of the fund is subdivided into equal fund units for each unit certificate class. There is no limit to the number of fund units.

The fund units are embodied in unit certificates with the character of financial instruments, each of which shall represent a number of units.

The unit certificates shall be represented by global certificates (§ 24 of the currently applicable version of the Austrian Safe Custody of Securities Act, BGBl. [Austrian Federal Law Gazette] no. 424/1969) or by actual securities for each unit certificate class.

Each purchaser of a unit certificate in a given class shall acquire co-ownership aliquot of all of the fund's assets in the amount of his or her share of the fund units documented in the certificate.

Each purchaser of a unit of a global certificate in a given class shall acquire co-ownership aliquot of all of the fund's assets at the amount of his or her share of the fund units documented therein.

With the consent of the Supervisory Board, the asset management company may split the fund units and issue additional unit certificates in a given class to the unit holders or exchange the old unit certificates for new ones if a unit split is deemed to be in the interests of the co-owners given the calculated value of the units.

Unit certificates are issued to bearer.

#### **Unit holders' rights, particularly in case of a termination by the asset management company of its management of the fund**

The unit holders' right to have the fund's assets managed by an asset management company and to have their units redeemed at their unit value at any time shall remain intact even after the asset

management company's termination of its management of the fund. In the event of an amalgamation of funds, the unit holders shall also be entitled to have their units exchanged at the applicable rate of exchange and shall be entitled to any clearing transfers. If management is terminated by notice, the custodian bank shall take over management on a provisional basis and must initiate the winding-up of the fund if it has not transferred the fund's management to another asset management company within a period of six months. Upon commencement of the winding-up process, the unit holders' right to management shall be replaced by a right to due winding-up and their right to redemption of the value of a unit at any time shall be replaced by the right to the disbursement of the liquidation proceeds following the end of the winding-up process.

## **9. Stock exchanges or markets on which the units are listed or traded**

The units are issued and redeemed by the custodian bank. A listing on the Vienna stock exchange may be applied for.

## **10. Methods and terms of issue and sale of units**

### **Issuance of units**

There is in principle no limit to the number of issued units and corresponding unit certificates. Units may be purchased from the distribution outlets listed in the Appendix. The asset management company reserves the right to temporarily or completely cease issuing units.

### **Subscription fee**

When the issue price is set, a subscription fee shall be added to the value of a unit to cover issuing costs. The subscription fee to cover the issuing costs shall amount to up to 3.50 per cent of the value of a unit, rounded up to the nearest 10 cent.

### **Settlement date**

The valid issue price applicable for the settlement is the net asset value calculated by the custodian bank on the next banking day (excluding Good Friday and New Year's Eve) following the banking day on which the custodian receives the order, by no later than 3:00 p.m. where an order is placed by fax, email or telephone, plus the subscription fee. The value date on which the purchase price shall be charged is two banking days (excluding Good Friday and New Year's Eve) after the settlement date.

## **11. Methods and terms of unit redemptions and payouts and circumstances under which redemptions or disbursements may be suspended**

### **Redemption of units**

Unit holders can require the custodian bank to redeem units at any time by surrendering their unit certificates or by placing a redemption order. The asset management company is obliged to redeem the units for the fund's account at the current

redemption price, which is the value of a unit rounded down to the nearest 10 cent.

If extraordinary circumstances exist that make it seem necessary in the unit holders' legitimate interests, payouts at the redemption price and the calculation and announcement of the redemption price may be temporarily suspended and may be made subject to the sale of investment fund assets and the receipt of the proceeds from their sale if the Austrian Financial Market Authority is simultaneously notified and a relevant publication is made pursuant to § 10 of the fund regulations. Investors shall also be notified of the recommencement of redemption of unit certificates pursuant to § 10 of the fund regulations.

The most recently published prices and the previous day's subfund prices shall be consulted in order to calculate the fund's price.

Where, due to the political or economic situation, the most recently published valuation price quite clearly and not merely in one individual case does not correspond to the actual values, a price calculation may be omitted where the investment fund has invested 5 % or more of its fund assets in assets without market-compatible prices.

### **Settlement date**

The valid redemption price applicable for the settlement is the net asset value calculated by the custodian bank on the next banking day (excluding Good Friday and New Year's Eve) following the banking day on which the custodian receives the order, by no later than 3:00 p.m. where an order is placed by fax, email or telephone, plus the subscription fee, **less the rounding-off of the net asset value to the nearest EUR 0.10 per unit**. The value date on which the sale price shall be credited is two banking days (excluding Good Friday and New Year's Eve) after the settlement date.

## **12. Rules for the determination and appropriation of income; unit holders' income entitlements**

### **Income in case of income-distributing unit certificates**

Once costs have been covered, the income received during the past accounting year (interest and dividends) may be distributed at the discretion of the asset management company. The distribution of income from the sale of assets of the investment fund including subscription rights shall likewise be at the discretion of the asset management company. A distribution from the fund assets is also permissible. In no case may the fund assets fall below EUR 1,150,000.00 through distributions. The amounts are to be distributed to the holders of income-distributing unit certificates, if appropriate against surrender of an income coupon. Any remaining balances shall be carried forward to a new account.

The asset management company shall be obliged to make a payout in the amount calculated in

accordance with § 13 of the Austrian Investment Fund Act.

**Income in case of income-retaining unit certificates with capital gains tax deducted**

In this case, income during the accounting year net of costs shall not be distributed. An amount calculated in accordance with §13 3<sup>rd</sup> clause of the Austrian Investment Fund Act shall be paid out on unit certificates for income-retaining funds to be used where applicable to meet any capital gains tax commitments on the distribution-equivalent income on those unit certificates.

**Income in case of income-retaining unit certificates without capital gains tax deducted (Austrian tranche)**

In this case, income during the accounting year net of costs shall not be distributed. No payout as per § 13 clause 3 InvFG shall occur. February 15 of the following accounting year shall be the key date as per § 13 clause 3 InvFG for a failure to make an outpayment of capital gains tax on the annual income.

The asset management company shall ensure through appropriate proof from the custodians that at the time of the payout the unit certificates may only be held by unit holders who are either not subject to Austrian income or corporate income tax or who fulfill the requirements for an exemption as per § 94 of the Austrian Income Tax Act.

If these preconditions have not been met as of the outpayment date, the amount calculated as per § 13 clause 3 InvFG shall be paid out by the custodian bank in the form of credit.

**13. Description of the investment fund's investment goals, including its financial goals (e.g. capital or income growth), investment policy (e.g. specialization in terms of geographical or economic areas), possible investment policy restrictions and borrowing powers during the management of the investment fund**

The investment goal of Kathrein US Equity is long-term capital growth subject to higher (short-term) risks. To this end, after assessing the position of the economy and the capital markets and the stock exchange outlook the fund shall in accordance with its investment policy purchase and sell the assets (securities, money market instruments, sight deposits, fund units and financial instruments) permitted by the Austrian Investment Fund Act and its fund regulations;

The asset management company may on behalf of Kathrein US Equity make derivative transactions as part of its investment strategy. This may at least temporarily mean an increased loss risk in respect of the fund's assets.

It shall thereby pay special regard to risk diversification. The exact investment limits are the

subject matter of § 20 and § 21 of the Austrian Investment Fund Act.

The investment fund mainly invests in equities and equity-equivalent securities issued by companies with registered offices or stock-exchange listings in the USA.

Money market instruments may also be purchased for the investment fund; the investment principles grant these instruments a subordinate role in the investment strategy.

In accordance with § 17 of the fund regulations, units may be purchased in other investment funds for the investment fund up to an amount of 10 per cent of the fund assets.

In principle, up to 10 per cent of the investment fund's assets may consist of sight deposits or deposits at notice with notice periods not exceeding 12 months. However, the investment fund may contain a larger proportion of sight deposits or deposits at notice with notice periods not exceeding 12 months during fund portfolio restructuring or in order to lessen the effect of potential falls in prices for securities. No minimum bank balance is required.

As part of the investment scheme, derivative instruments are used to safeguard income, as a replacement for securities or to increase income. The attributable risk amount for the market risk – calculated as the value-at-risk amount for the investments held in the fund – may not exceed 25% of the risk amount for the derivative-free reference assets or, in justified cases, the benchmark (relative VAR).

Growth is at the forefront of the asset management company's considerations during the selection of assets. It must thereby be borne in mind that securities entail the possibility of risks as well as gains.

**RISK NOTICES**

**General points**

Due to the different structures of the individual unit certificate classes, the investment outcome achieved by the investor may vary in accordance with the unit certificate class to which his purchased units belong.

The prices of the securities in an investment fund may either rise or fall compared with their price upon purchase. If an investor sells units in the investment fund on a date on which the prices of the fund's securities have fallen relative to the date on which he purchased the units, this means that he will not receive back all the money he invested in the asset portfolio.

For an investment fund which mainly invests in bonds, the unit value may be affected by interest and exchange rate risks in particular. Additional risks also apply, such as currency and issuer risks and other market risks.

For an investment fund which mainly invests in equities, the unit value may be affected by price and credit worthiness risks in particular. Additional risks also apply, such as currency and liquidity risks and other market risks.

#### Key risks

**(a) The risk that the entire market for an asset class performs negatively and that this negatively affects the price and value of these investments (market risk)**

The performance of securities is particularly dependent on the development of the capital markets. For their part, these are affected by the general position of the world economy and by the economic and political outline conditions in the relevant countries.

The interest fluctuation risk is one form of market risk. This refers to the possibility of a change in the market interest rate applicable at the moment of issue of a fixed-interest security. Changes to the market interest rate may result from factors such as changes in the position of the economy and the resulting policy of the relevant issue bank. If market interest rates rise, then the prices of the fixed-interest securities will generally fall. On the other hand, if the market interest rate falls, this will have an inverse effect on fixed-interest securities. In either case, the price development means that the yield on the security will roughly reflect the market interest rate. However, price fluctuations will vary in accordance with the maturity of the fixed-interest security. Fixed-interest securities with shorter maturities are subject to lower price risks than such securities which have longer maturities. However, fixed-interest securities with shorter maturities generally offer lower yields than fixed-interest securities with longer maturities.

**(b) The risk that an issuer or counterparty is unable to fulfill its obligations (credit risk)**

As well as the general patterns of the capital markets, the price of a security is also affected by the individual behavior of the relevant issuer. Even where securities are selected with the utmost care it is not possible to exclude, for example, losses due to issuers' pecuniary losses.

**(c) The risk that a transaction is not handled within a transfer system as expected, as a counterparty does not pay or deliver in good time or as expected (fulfillment risk)**

This category includes the risk that a settlement in a transfer system is not fulfilled as expected as a counterparty does not pay or deliver as expected or does so subject to a delay. The settlement risk relates to not receiving a corresponding consideration upon fulfilling a transaction after providing a performance.

**(d) The risk that a position cannot be liquidated in good time for an appropriate price (liquidity risk)**

With due regard to the opportunities and risks associated with investing in equities and bonds, the

asset management company will predominantly acquire for the investment fund securities that are officially listed on stock exchanges in Austria or abroad or traded in organized markets that are recognized markets, are publicly accessible and are properly functioning markets.

Despite this, sales of individual securities in individual phases or in individual stock exchange segments may be problematic at the desired moment in time. There is also the risk that stocks traded in a somewhat tight market segment may be subject to considerable price volatility.

In addition, the asset management company will acquire securities from new issues whose terms and conditions of issue include an obligation to apply for an official listing on a stock exchange or organized market subject to the proviso that their listing must take place not later than one year since their day of issue.

The asset management company may acquire securities that are traded on a stock exchange or on a regulated market within the EEA or on one of the stock exchanges or regulated markets listed in the Appendix.

**(e) The risk that the value of the investments is influenced through exchange rate fluctuations (exchange rate or currency risk)**

The currency risk is another form of market risk. Where not otherwise stipulated, investment fund assets may be invested in currencies other than the relevant fund currency. The fund will receive income, repayments and proceeds from such investments in the currencies in which it invests. The value of these currencies may fall relative to the fund currency. There is therefore a currency risk which may adversely affect the value of the units where the investment fund invests in currencies other than the fund currency.

**(f) The risk of the loss of assets held in a security deposit account due to insolvency, negligence or fraudulent conduct by the custodian or the sub-custodian (custody risk)**

Custody of assets of the investment fund is subject to a loss risk which may result due to insolvency, breaches of a duty of care of abusive conduct by the custodian or a sub-custodian. In particular, the use of a prime broker as a depository may not always guarantee the same level of security as a bank serving as a depository.

**(g) The risks which are attributable to a concentration on certain investments or markets (concentration risk)**

Further risks may result from a concentration of the investment on certain assets or markets.

**(h) The performance risk and information on whether third-party guarantees apply and whether such guarantees are limited (performance risk)**

The performance of assets purchased for the investment fund may deviate from predictions at the time of purchase. A positive performance cannot



therefore be guaranteed, except in case of a third-party guarantee.

**(j) Information on the solvency of guarantors**

The risk associated with the investment rises or falls depending on the solvency of any guarantors.

**(j) The risk of inflexibility, determined by both the product itself and by restrictions in case of a transfer to other investment funds (inflexibility risk)**

The risk of inflexibility may be determined by both the product itself and by restrictions in case of a transfer to other investment funds.

**(k) The inflation risk**

The return on an investment may be negatively influenced by the inflation trend. The invested money may on the one hand be subject to a decline in purchasing power due to a fall in the value of money, on the other hand the inflation trend may have a direct (negative) effect on the performance of assets.

**(l) The risk relating to the investment fund's capital (capital risk)**

The risk relating to the investment fund's capital may apply in particular if the assets are sold more cheaply than they were purchased. This also covers the risk of exhaustion for repurchases and excessive distributions of investment yields.

**(m) The risk of a change to other outline conditions, including tax regulations**

The value of the assets of the investment fund may be negatively affected due to uncertainties in countries in which investments are made, e.g. international political trends, a change in government policy, taxation, restrictions on foreign investments, currency fluctuations and other trends in terms of legislation and regulation. The fund may also trade on stock exchanges which are not as strictly regulated as those in the USA and the EU countries.

**(n) The risk of valuation prices of certain securities deviating from their actual selling prices due to prices determined on illiquid markets (valuation risk)**

Particularly in times of liquidity shortages experienced by market participants due to financial crises and a general loss of confidence, price determination for certain securities and other financial instruments on capital markets may be restricted, hampering the fund's valuation. Where investors simultaneously redeem large quantities of units during such times, to maintain the fund's overall liquidity the fund's management may be forced to sell securities at prices deviating from the actual valuation prices.

**Borrowing**

The asset management company may take out short-term loans up to the amount of 10 per cent of the fund's assets for account of the investment fund.

**Delegation of tasks**

In accordance with the applicable quality standards of the Austrian investment fund industry, the asset management company hereby provides notice that it has delegated tasks to a closely associated company and thus an affiliated company within the meaning of § 2 item 28 of the Austrian Banking Act.

**Processing of transactions**

The asset management company provides notice that, in accordance with the applicable quality standards of the Austrian investment fund industry, it may process transactions for the investment fund through a closely associated company and through an affiliated company in the sense of § 2 item 28 of the Austrian Banking Act.

**It is pointed out that the information in item 13 is a brief risk description and is not a substitute for personal, expert investment advice.**

**14. Risks associated with derivative financial instruments within the meaning of § 21 InvFG**

As part of its orderly management of an investment fund, subject to certain conditions and restrictions the asset management company may purchase derivative financial instruments as per § 21 of the Austrian Investment Fund Act where such transactions are expressly permitted in the fund regulations.

**It must be pointed out that derivatives can entail risks, such as the following:**

- a) **Acquired limited-term rights may fall in price or suffer a loss of value.**
- b) **The risk of loss may not be calculable and may exceed any furnished collateral.**
- c) **Transactions designed to exclude or reduce risks may not be possible or may only be possible at a market price that shall cause a loss.**
- d) **The risk of loss may increase if the obligations associated with such transactions or the consideration that can be claimed as a result of such transactions is denominated in a foreign currency.**

The following additional risks may apply for transactions involving OTC derivatives:

- a) **Problems concerning the sale to third parties of financial instruments purchased on the OTC market, as these lack an organized market; settlement of obligations entered into may be difficult due to an individual agreement or else necessitate considerable expenses (liquidity risk);**
- b) **the economic success of the OTC transaction may be jeopardized as a result of the contracting party's default (contracting party risk);**

**15. Techniques and instruments of investment policy**

**I. Sight deposits or deposits at notice**

Bank balances in the form of sight deposits or deposits at notice with a maturity not exceeding 12 months may be purchased on the following conditions:

1. sight deposits or deposits at notice with a maturity not exceeding 12 months may be invested at any one credit institution up to an amount of 20 per cent of the fund assets if the relevant credit institution
  - > is headquartered in a member state or
  - > is located in a third country and is subject to supervisory regulations which in the opinion of the Austrian Financial Market Authority are equivalent to those set out in Community law.
2. Irrespective of any individual upper limits, an investment fund may not invest with any one credit institution more than 20 per cent of its fund assets in a combination of securities or money market instruments issued by this credit institution and/or deposits held by this credit institution and/or OTC derivatives purchased by this credit institution.

No minimum balance is required.

## II. Money market instruments

**Money market instruments** are instruments normally traded on the money market which are liquid, whose value may be precisely determined at any time and which fulfill the requirements pursuant to § 1a para. 5 to 7 InvFG.

Money market instruments may be purchased for the investment fund where these are

1. officially licensed at one of the Austrian or foreign stock exchanges listed in the Appendix or traded on regulated markets listed in the Appendix which are recognized and open to the general public and which function in an orderly manner.
2. normally traded on the money market and freely transferable and liquid and their value may be precisely determined at any time and for which appropriate information is available, including such information as enables an appropriate valuation of the credit risks associated with investing in such instruments may be purchased even if they are not traded on regulated markets, where the issue or the issuer of these instruments is already subject to the relevant provisions concerning protection of deposits and investors and these instruments are either
  - a) issued or guaranteed by a central, regional or local unit of government or by the central bank of a member state, the European Central Bank, the European Union or the European Investment Bank, a third country or – for federal states – a member state of a federation or by an international institution established under public law of which at least one member state is a member or
  - b) issued by companies whose securities are officially licensed at one of the Austrian or foreign stock exchanges listed in the Appendix or traded on regulated markets listed in the Appendix or
  - c) issued or guaranteed by an institution which is subject to supervision in accordance with the criteria stipulated in Community law or issued or guaranteed by an institution which

is subject to and complies with supervisory regulations which in the opinion of the Austrian Financial Market Authority are at least as stringent as those set out in Community law or

- d) issued by other issuers belonging to a category licensed by the Austrian Financial Market Authority, where investor protection provisions apply for investments in these instruments which are equivalent to those set out in items a to c and where the issuer is either a company with shareholders' equity of at least EUR 10 m. which prepares and publishes its annual financial statements in accordance with the provisions set out in Directive 78/660/EEC or a legal entity which, within a business group comprising one or more stock exchange-listed companies, is responsible for the financing of this group or a legal entity which, in business, corporate or contractual form, is due to finance its securitization of liabilities through a credit line granted by a bank; such credit line must be guaranteed by a financial institution which itself fulfills the criteria specified in item 2 c.

Money market instruments which do not fulfill these conditions and are not traded on a regulated market may only be purchased up to an amount of 10 per cent of the fund assets.

## III. Securities

**Securities** are

- a) Equities and other, equity-equivalent securities,
- b) Bonds and other securitized debt instruments,
- c) All other marketable financial instruments (e.g. subscription rights) which grant an entitlement to purchase financial instruments within the meaning of InvFG by means of subscription or exchange, with the exception of the techniques and instruments specified in § 21 InvFG.

The criteria laid down in § 1a para. 3 InvFG must be fulfilled in order to qualify as a security.

Within the meaning of § 1a para. 4 InvFG securities also include

1. units in closed funds in the form of an investment company or an investment fund,
2. units in closed funds in contractual form,
3. financial instruments in accordance with § 1a para. 4 item 3 InvFG.

The asset management company shall purchase securities which are officially licensed at one of the Austrian or foreign stock exchanges listed in the Appendix or traded on regulated markets listed in the Appendix which are recognized and open to the general public and which function in an orderly manner. In addition, the asset management company will acquire securities from new issues whose terms and conditions of issue include the obligation to apply for an official listing on a stock exchange or regulated market subject to the proviso that their listing must actually take place not later than one year after their day of issue.

The fund's management may also make use of bonds granting the issuer a right of premature termination. Product documentation specifies a term for the fund's securities expiring at the premature termination. Where issuers decide to refrain from premature termination – contrary to normal market practice – the fund's maturity pattern shall be extended accordingly. The regular redemption dates for the bonds are specified in the annual and semi-annual fund reports (security designation in the statement of assets held).

#### **Unlisted securities and other vested rights**

Overall, up to 10 per cent of the fund assets may be invested in securities not officially licensed on one of the stock exchanges listed in the Appendix or traded on one of the regulated markets listed in the Appendix.

#### **IV. Units in investment funds**

1. **Together with investment funds as per the following item 2**, units in investment funds (= investment funds and open-end investment companies) which comply with the provisions set out in Directive 85/611/EEC (UCITS) may be purchased **up to an overall amount of 10 per cent of the fund assets** where these funds do not invest more than 10 per cent of the fund assets in units in other investment funds.

2. Units in investment funds which do not comply with the provisions set out in Directive 85/611/EEC (UCI) and whose exclusive purpose is

- for joint account and in accordance with the principle of risk spreading to invest publicly procured monies in securities and other liquid financial investments and

- whose units are, at the request of the unit holders, repurchased or redeemed at the direct or indirect expense of the assets of the investment fund

may **overall and together with investment funds as per the above item 1 be purchased up to an amount of 10 per cent of the fund assets** where

- a) these funds do not invest more than 10 per cent of the fund assets in units in other investment funds and
- b) they are licensed in accordance with legal provisions which make them subject to supervision which in the opinion of the Austrian Financial Market Authority is equivalent to supervision under Community law and there is an adequate guarantee of cooperation between the authorities and
- c) the level of protection afforded the unit holders is equivalent to the level of protection afforded the unit holders in investment funds which comply with the provisions set out in Directive 85/611/EEC (UCITS) and, in particular, the provisions concerning separate safekeeping of

the portfolio of assets, the take-up of loans, the extensions of loans and uncovered sales of securities and money market instruments are equivalent to the requirements set out in Directive 85/611/EEC and

- d) the relevant business activity is the subject of annual and semi-annual fund reports which enable a judgment to be made as to the relevant assets and liabilities, income and transactions during the period under review.

The criteria stated in § 3 of the Austrian Information and Equivalency Determination Ordinance (*IG-FestV*), as amended, shall be consulted for evaluation of the equivalency of the level of protection for unit holders within the meaning of item c).

3. Units may also be purchased for the investment fund in investment funds which are directly or indirectly managed by the same asset management company or by a company with which the asset management company is affiliated through joint management or subordination or a substantial, direct or indirect investment.

4. Units in any single investment fund may be purchased up to an amount of 10 per cent of the fund assets.

#### **V. Derivative financial instruments**

##### **a) Listed and non-listed derivative financial instruments**

Derived financial instruments (derivatives) – including equivalent instruments settled in cash – which are officially licensed on one of the stock exchanges listed in the Appendix or traded on one of the regulated markets listed in the Appendix or derived financial instruments which are not officially licensed by a stock exchange or traded on a regulated market (OTC derivatives) may form part of an investment fund if

1. the underlying instruments are instruments as per § 15a of the fund regulations or financial indices, interest rates, exchange rates or currencies in which the investment fund is permitted to invest in accordance with the investment goals specified in its fund regulations,
2. the counter-party in transactions involving OTC derivatives is a supervised institution belonging to a category licensed by the Austrian Financial Market Authority by regulation and
3. the OTC derivatives are subject to a reliable and verifiable daily valuation and at the initiative of the asset management company may at any time and at an appropriate current market value be sold, liquidated or balanced through an offsetting transaction.

This also includes instruments for the transfer of the credit risk for the above-mentioned assets.

##### **b) Use**

As part of the investment scheme for Kathrein US Equity, derivative instruments shall be used at the discretion of the asset management company both for hedging purposes and as an active instrument of the investment (to safeguard or increase income, as a replacement for securities, to control the investment fund's risk profile or for synthetic liquidity control).

### **c) Risk management**

The asset management company shall employ a risk management procedure which enables it to monitor and measure at all times the risk associated with its investment items and its share of the overall risk profile of the fund assets. It shall also employ a procedure which enables a precise and independent valuation of the value of the OTC derivatives. With the consent of the custodian bank, for each investment fund it manages the asset management company shall use the procedure specified by the Austrian Financial Market Authority to notify it of the types of derivatives forming part of the fund assets, the risks associated with the underlying instruments, the investment limits and the methods used to measure the risks associated with derivative transactions.

For Kathrein US Equity, within the limits stipulated in the fund regulations derivative financial instruments are used not only to hedge assets of the investment fund but also as an active investment instrument. This means that the loss risk associated with the investment fund may increase.

The overall risk associated with the derivatives may not exceed the overall net value of the fund assets. A calculation of this risk must take into consideration the market value of the underlying instruments, the default risk, future market fluctuations and the liquidity period for the positions. As part of its investment strategy, within the specific investment limits for the underlying instruments set out in the fund regulations and the Austrian Investment Fund Act an investment fund may invest in derivatives where the overall risk associated with the underlying instruments does not exceed these specific investment limits.

The default risk for investment fund transactions involving OTC derivatives may not exceed the following levels:

1. if the counterparty is a credit institution as per Directive 2002/12/EEC, 10 per cent of the fund assets,
2. otherwise 5 per cent of the fund assets.

Investments made by an investment fund in index-based derivatives shall not be taken into consideration with regard to the specific investment limits. Where a derivative is embedded in a security or a money market instrument, it must be taken into consideration in respect of compliance with the above-mentioned prescriptions.

### **d) Overall risk**

Not applicable.

### **e) Leverage**

The asset management company may increase the investment level of this investment fund by using derivatives (leverage).

**For Kathrein US Equity, the company may increase the investment level by using derivatives by up to 125 per cent of the value of the investment fund.**

### **VAR**

The asset management company applies the value-at-risk approach for risk calculation. The value-at-risk provides information on the maximum loss which a portfolio may, with a certain degree of probability (confidence), be expected to suffer during a specific time period (holding period). The following parameters are applied for the calculation:

1. confidence interval of 99 %
2. holding period of 10 days
3. an effective historical assessment period providing the basis for the volatility calculation of not less than one year. In case of a deviation from the equilibrium position, the weighted average may not fall below a period of six months.

The following method is applied at the asset management company: parametric approach.

In addition to the VAR calculations, risk-adequate stress tests are performed. Backtesting provides information on the predictive quality of the model.

The allocable risk amount for the investment fund's market risk is determined on the basis of the relevant reference assets (relative VAR).

The reference assets are derivative-free assets corresponding to the investment fund's current market value and with a composition matching the investment fund's investment goals defined in item 13.

### **VI. Repos**

Within the investment limits laid down by the Austrian Investment Fund Act, the asset management company is permitted to purchase assets for account of the investment fund to be added to the fund's assets subject to an obligation on the seller to repurchase those assets at a predetermined time and for a predetermined price. This means that the fund's endowment of assets held under repurchase agreements may differ from its basic endowment at any one time. For instance, the return, maturity and buying and selling prices may deviate significantly from those of the underlain instrument. This eliminates market risks.

### **VII. Securities lending**

Within the investment limits laid down by the Austrian Investment Fund Act, the asset management company shall be entitled to transfer to third parties securities up to the amount of 30 per cent of the fund's assets within the framework of an acknowledged securities lending system and for a limited period subject to the proviso that the third

party shall be obliged to re-transfer the transferred securities after a predetermined loan period. The associated fee is an added source of income.

## 16. Valuation

The value of a unit in a given unit certificate class is calculated by dividing the value of the unit certificate class by the number of units issued in this unit certificate class.

At the first-time issuance of units of a given unit certificate class, their value will be calculated on the basis of the value determined for the overall investment fund.

Subsequently, the value of a unit certificate class will be calculated on the basis of the total pro rata net assets which are held by the investment fund and calculated for this unit certificate class.

The total value of the investment fund shall be calculated on the basis of the current market prices of the securities, money market instruments and subscription rights in the fund plus the value of the fund's financial investments, cash holdings, credit balances, receivables and other rights net of its payables. This value shall be calculated by the custodian bank.

The net assets are determined in accordance with the following principles:

- a) The value of assets quoted or traded on a stock exchange or other regulated market shall be determined, in principle, on the basis of the most recently available price.
- b) Where an asset is not quoted or traded on a stock exchange or other regulated market or where the price of an asset quoted or traded on a stock exchange or other regulated market does not appropriately reflect the actual market value, the prices supplied by reliable data providers or, alternatively, market prices for equivalent securities or other recognized valuation methods shall be used.

## 17. Calculation of the units' sale, issue, outpayment and redemption prices, in particular:

- **Method and frequency of calculation of these prices**
- **Costs associated with the sale, issue, redemption or outpayment**
- **Type, place and frequency of publication of these prices.**

### Subscription fee

When the subscription fee is set, it shall be added to cover issuing costs. In case of a short investment period, the/a subscription fee may reduce a fund's performance or even eat it up entirely. For this reason, investors are advised to opt for a longer investment horizon if they wish to purchase unit certificates.

Please also see items nos. 10 and 11.

### Rounding-off of the issue and redemption prices

The issue price shall be rounded up to the nearest 10 cent. The redemption price – which corresponds to the unit value – shall be rounded down to the nearest 10 cent.

### Announcement of the issue and redemption prices

The custodian bank shall compute the value of a unit and the issue and redemption prices on each day of stock exchange trading and publish them electronically on the Internet website of the issuing asset management company.

### The costs of issuing and redeeming units

Units shall be issued and redeemed by the custodian bank or purchased by a payment and handover office listed in the Appendix without any additional costs other than the addition of the subscription fee when unit certificates are issued. No redemption fee shall be payable at the redemption of the unit certificates.

Costs may be incurred at the redemption of unit certificates if they are surrendered through third parties.

The individual agreement of the investor with the respective custodian bank shall determine to what extent this investor must pay additional charges for the acquisition and redemption of unit certificates (besides the subscription fee and/or redemption fee). Thus, the asset management company has no influence over this.

## 18. Method, level and calculation of the remuneration payable to the asset management company, the custodian bank or third parties and charged to the investment fund, and reimbursement of costs to the asset management company, the custodian bank or third parties by the investment fund

### Management fees

The asset management company shall receive for its management activity an annual remuneration

- of up to 0.75 per cent of the fund assets for the unit certificate class "tranche I" or
- of up to 1.25 per cent of the fund assets for the unit certificate class "tranche R",

calculated pro rata on the basis of the values at the end of each month.

### Other costs

In addition to the remuneration due to the asset management company, the following expenses shall be charged to the investment fund:

#### a) Transaction costs

This refers to those costs associated with the purchase and sale of investment fund assets which

are not already taken into consideration through an assets settlement.

**b) Auditor's fees**

The remuneration for the auditor shall be based on the funds volume on the one hand and the investment principles on the other.

**c) Publicity costs**

These costs are the expenses associated with the production and publication of statutorily required information for unit holders in Austria and elsewhere. In addition, all costs charged by the supervisory authority may be charged to the investment fund where changes (particularly to the fund regulations, prospectus) are necessary due to a change in the statutory regulations.

**d) Costs associated with the investment fund's cash accounts and securities accounts (securities' custody account charges)**

The usual custody account charges, coupon collection costs – where applicable inclusive of the amounts normally charged by a bank for the custody of foreign securities abroad - shall be charged to the investment fund.

**e) Custodian fee**

For its keeping of the fund accounts, its daily valuation of the investment fund and its publication of the fund's price the custodian bank shall receive monthly remuneration.

**f) Costs associated with external consultancy firms or investment consultants**

If use is made of the services of external consultants or investment consultants for the investment fund, the accrued costs shall be summarized under this item and charged to the investment fund.

In the current annual fund report, the chapter "Ertragsrechnung und Entwicklung des Fondsvermögens" ("statement of income and development of fund assets") contains under "Fondsergebnis" ("fund results") the item "sonstige Verwaltungsaufwendungen" ("other management expenses") which consists of the items listed under items b to f.

**Benefits**

The asset management company provides notice that, in accordance with the applicable quality standards of the Austrian investment fund industry, it shall only collect (other) benefits (in money's worth) resulting from its management activity (e.g. for broker research, financial analyses, market and price information systems) for the investment fund if these benefits are used in the interests of the unit holders.

The asset management company may issue refunds from the collected management fee. The issue of such refunds shall not lead to additional costs for the fund.

Refunds provided by third parties (in the form of commission) shall be passed on to the investment fund, net of reasonable expense allowances, and shown in the annual fund report.

**19. External consultants or investment advisers**

The asset management company utilizes the services of the following external consultants or investment advisers:

— Kathrein & Co Vermögensverwaltung GmbH, Wipplingerstrasse 25, 1010 Vienna

In the current annual fund report, the chapter "Ertragsrechnung und Entwicklung des Fondsvermögens" ("statement of income and development of fund assets") contains under "Fondsergebnis" ("fund results") the item "sonstige Verwaltungsaufwendungen" ("other management expenses") which consists of the items listed under items b to f.

**20. Where applicable, performance to date for the investment fund – this information may be included in or appended to the prospectus**

See "Simplified Prospectus".

**21. Profile of the typical investor whom the investment fund is designed for**

See "Simplified Prospectus".

**22. Costs or fees – excluding costs listed under item 17 – with a breakdown of those payable by the unit holder and those payable out of the investment fund's asset portfolio.**

See "Simplified Prospectus".

## **PART III**

### **CUSTODIAN BANK**

**1. Company name, legal form; registered office and headquarters if this is not the same as the company's registered office.**

The custodian bank is Kathrein & Co.  
Privatgeschäftsbank Aktiengesellschaft,  
Wipplingerstrasse 25, 1010 Vienna.

**2. Particulars of the contract with the asset management company and remuneration payable to the custodian bank where this is charged to the investment fund.**

In accordance with the notice from the Austrian Federal Finance Minister dated August 25, 2000, GZ 254479/3-V/13/00, the custodian bank assumed the function of custodian bank. It has the task of issuing and redeeming units and keeping the fund's cash accounts and securities accounts in accordance with the Austrian Investment Fund Act. The fees payable to the Assets Manager under the fund's regulations and the reimbursement of the expenses associated with its management shall be paid by the custodian bank out of the accounts held for the fund. The custodian bank is entitled to debit the fees payable to it for custody of the securities and for keeping the accounts. In doing so, the custodian bank can only act on the basis of instructions from the asset management company.

**3. Main activity of the custodian bank**

The custodian bank is a bank within the meaning of Austrian law. Its principal areas of business are current accounts, deposits, lending and securities. Permission shall be required from the Austrian Financial Market Authority to appoint or change the custodian bank. Such permission may only be granted if it may be assumed that the bank guarantees fulfillment of the tasks of a custodian bank. The appointment or replacement of the custodian bank must be publicly announced, and such announcement must cite the relevant approval notice.

Heinz Macher  
Authorized signatory

Friedrich Schiller  
Authorized signatory

## APPENDIX

### 1) Fund regulations

#### General fund regulations

governing the legal relationship between the unit holders and Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (hereafter: "the asset management company") for the investment fund managed by the asset management company; these regulations shall apply in conjunction with the special fund regulations for the relevant investment fund.

#### § 1 Basic information

The asset management company is subject to the currently applicable version of the 1993 Austrian Investment Fund Act ("InvFG").

#### § 2 Fund units

1. Co-ownership of the assets of the investment fund is subdivided into equal fund units for each unit certificate class. There is no limit to the number of fund units.
2. The fund units are embodied in unit certificates with the character of financial instruments. In accordance with the special fund regulations, pursuant to § 5 para. 7 InvFG the unit certificates may be issued in multiple certificate classes (unit classes, tranches), particularly in respect of the appropriation of income, the subscription fee, the redemption fee, the currency of the unit value, the management fee or a combination of these items. The unit certificates shall be represented by global certificates (§ 24 of the currently applicable version of the Austrian Safe Custody of Securities Act) and/or by actual securities for each unit certificate class.
3. Each purchaser of a unit certificate in a given class shall acquire co-ownership aliquot of all of the fund's assets in the amount of his or her share of the investment fund units documented in the certificate. Each purchaser of a share of a global certificate shall acquire co-ownership aliquot of all of the investment fund's assets in the amount of his or her share of the fund units documented in the certificate.
4. With the consent of its Supervisory Board, the asset management company may split the fund units and issue additional unit certificates to the unit holders or exchange the old unit certificates for new ones if a unit split is deemed to be in the interests of the co-owners given the calculated value of the units (§ 6).

#### § 3 Unit certificates and global certificates

1. Unit certificates are issued to bearer.
2. The global certificates shall bear the actual signatures of an executive or an authorized employee of the custodian bank and the actual or duplicate signatures of two executives of the asset management company.
3. The actual securities shall bear the actual signature of an executive or an authorized employee of the custodian bank and the actual or duplicate signatures of two executives of the asset management company.

#### § 4 Management of the investment fund

1. The asset management company shall be entitled to dispose of the assets of the investment fund and to exercise the rights associated with these assets. The company shall act on its own behalf for account of the unit holders. In these activities the asset management company shall safeguard the unit holders' interests and the integrity of the market, use the care and diligence of an orderly businessman within the meaning of § 84 para. 1 of the Austrian Companies Act and observe the provisions of the Austrian Investment Fund Act as well as the fund regulations. The asset management company may involve third parties in the management of the investment fund and cede to these third parties the right to dispose of the assets on behalf of the asset management company or on their own behalf and for account of the unit holders.
2. The asset management company may not grant money loans or enter into any liabilities under a surety or guarantee agreement for account of an investment fund.
3. Other than in the cases stipulated in the special fund regulations, assets of the investment fund may not be not pledged or otherwise encumbered or given in security or assigned.
4. The asset management company may not for account of an investment fund sell any securities, money market instruments or other financial investments as per § 20 of the Austrian Investment Fund Act which do not form part of the fund assets at the time of the transaction.



## **§ 5 Custodian bank**

The custodian bank (§ 13) appointed as per § 23 of the Austrian Investment Fund Act shall administer the cash accounts and securities accounts of the investment fund and exercise all other functions transferred to it in accordance with the Austrian Investment Fund Act and the fund regulations.

## **§ 6 Issuance and unit value**

1. Whenever units are issued or redeemed, but at least twice a month the custodian bank shall calculate the value of a unit (unit value) for each unit certificate class and publish the issue and redemption prices (§ 7).

The value of a unit in a given unit certificate class is calculated by dividing the value of the unit certificate class by the number of units issued in this unit certificate class.

At the first-time issuance of units of a given unit certificate class, their value will be calculated on the basis of the value determined for the overall investment fund.

Subsequently, the value of a unit certificate class will be calculated on the basis of the total pro rata net assets which are held by the investment fund and calculated for this unit certificate class.

The total value of the investment fund is calculated on the basis of the current market prices and the fund's securities and subscription rights plus the value of the investment fund's money market instruments and financial investments, cash holdings, credit balances, receivables and other rights net of its liabilities. This value shall be calculated by the custodian bank.

The market prices shall be calculated pursuant to § 7 (1) InvFG on the basis of the most recent stock exchange quotations and/or fixings.

2. The issue price shall be the unit value plus a markup for each unit to cover the issuing costs of the asset management company. The resulting price shall be rounded up. The amount of this markup or rounding-up is indicated in the special fund regulations (§ 23).

The asset management company shall be entitled to introduce a graduated subscription fee. Please see the prospectuses for further details.

3. Pursuant to § 18 InvFG in connection with § 10 para. 3 of the Austrian Capital Market Act, the issue price and the redemption price shall be published electronically for each unit certificate class on the Internet website of the issuing asset management company ([www.rcm.at](http://www.rcm.at)).

## **§ 7 Redemption**

1. At the request of a unit holder, his unit shall be redeemed out of the investment fund at the applicable redemption price, if appropriate against surrender of the unit certificate, those income coupons which are not yet due and the renewal certificate.
2. The redemption price shall be calculated on the basis of the value of a unit less any markdown and/or a rounding-off where this is stipulated in the special fund regulations (§ 23).

The asset management company shall be entitled to introduce a graduated redemption fee. Please see the prospectuses for further details.

If extraordinary circumstances exist that make it seem necessary – whilst taking into consideration the unit holders' legitimate interests – distributions at the redemption price and the calculation and publication of the redemption price as per § 6 may be temporarily suspended and made subject to the sale of investment fund assets and receipt of the proceeds from their sale if the Austrian Financial Market Authority is simultaneously notified a relevant publication is made pursuant to § 10. Investors shall also be notified of the recommencement of redemption of unit certificates pursuant to § 10.

This shall in particular be the case if 5 per cent or more of the investment fund's assets have been invested in assets whose market value manifestly and not just in individual cases fails to correspond to their fair value due to the current political or economic situation.

## **§ 8 Accounting**

1. The asset management company shall publish an annual fund report in accordance with § 12 of the Austrian Investment Fund Act within four months of the expiry of the investment fund's accounting year.
2. The asset management company shall publish a semi-annual fund report in accordance with § 12 of the Austrian Investment Fund Act within two months of the expiry of the first six months of the investment fund's accounting year.
3. The annual fund report and the semi-annual fund report shall be made available for inspection at the offices of the asset management company and the custodian bank.

## **§ 9 Withdrawal period for income shares**

Unit certificate holders' entitlement to the distribution of income shares shall become time-barred after five years. After this period, such income shares shall be treated as income of the investment fund.

## **§ 10 Publication**

§10 para. 3 and para 4 of the Austrian Capital Market Act shall apply in respect of all publications concerning the unit certificates except for the notice of the values calculated pursuant to § 6.

Publications shall occur either through the printing in full of such documents in the "Amtsblatt zur Wiener Zeitung" (Official Gazette) or else by making available free-of-charge a sufficient number of copies of this publication at the offices of the asset management company and the payment offices and announcing in the "Amtsblatt zur Wiener Zeitung" (Official Gazette) the date of publication and offices where this public announcement may be obtained or, pursuant to § 10 para. 3 item 3 of the Austrian Capital Market Act in electronic form on the Internet website of the issuing asset management company.

Notifications pursuant to § 10 para. 4 of the Austrian Capital Market Act shall be made in the "Amtsblatt zur Wiener Zeitung" (Official Gazette) or in a newspaper circulated throughout Austria.

For prospectus changes pursuant to § 6 para. 2 InvFG, the notification pursuant to § 10 para. 4 of the Austrian Capital Market Act may merely be provided in electronic form on the Internet website of the issuing asset management company ([www.rcm.at](http://www.rcm.at)).

## **§ 11 Amendments to the fund regulations**

With the consent of its supervisory board and the custodian bank, the asset management company may amend the fund regulations. Such amendment shall also require the approval of the Austrian Financial Market Authority. Such amendment shall be published. It shall come into force on the date indicated in the public announcement, but not earlier than three months since the public announcement.

## **§ 12 Termination and liquidation**

1. The asset management company may terminate (§ 14 para. 2 InvFG) its management of the investment fund by providing a public announcement (§ 10) after obtaining the consent of the Austrian Financial Market Authority and whilst observing a notice period of at least six months (§ 14 para. 1 InvFG) or, if the fund assets are less than EUR 1,150,000, without observing a notice period. A termination pursuant to § 14 para. 2 InvFG shall not be permissible during a termination pursuant to § 14 para. 1 InvFG.
2. In case of the expiry of the right of the asset management company to manage the investment fund, this fund shall be managed or wound up in accordance with the relevant provisions of the Austrian Investment Fund Act.

## **§ 12a Merger or transfer of fund assets**

Whilst observing § 3 para. 2 and § 14 para. 4 of the Austrian Investment Fund Act, the asset management company may merge the fund assets of the investment fund with fund assets of other investment funds or transfer the fund assets of the investment fund to fund assets of other investment funds or incorporate fund assets of other investment funds into the fund assets of the investment fund.

## Special fund regulations

for Kathrein US Equity, a jointly owned fund as per § 20 of the Austrian Investment Fund Act (hereafter: “the investment fund”).

The investment fund complies with Directive 85/611/EEC.

### § 13 Custodian bank

The custodian bank is Kathrein & Co. Privatgeschäftsbank Aktiengesellschaft, Vienna (registered office).

### § 14 Payment and handover offices, unit certificates, unit certificate classes

1. The payment and handover offices for the unit certificates and the income coupons are Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna, the regional Raiffeisen banks and Kathrein & Co Privatgeschäftsbank Aktiengesellschaft, Vienna.
2. Unit certificates may be issued for the investment fund with a variety of different characteristics, particularly with regard to the appropriation of income, the subscription fee, the redemption fee, the currency of the unit value, the management fee or a combination of these items.

The asset management company may decide to establish new unit certificate classes or to issue units in a given unit certificate class.

The costs arising at the introduction of new unit certificate classes for existing asset portfolios shall be deducted from the unit prices of the new unit certificate classes.

Investment instruments may only be acquired uniformly for the entire investment fund, not for an individual unit certificate class or for a group of unit certificate classes.

This does not apply for currency hedge transactions. These transactions may only be entered into in relation to a single currency class. Expenses and income resulting from a currency hedge transaction shall exclusively be allocated to the relevant currency class.

In particular, forward exchange transactions, currency futures, currency options and currency swaps shall be permitted as currency hedge transactions.

Please see the prospectuses for further details.

Income-distributing unit certificates, income-retaining unit certificates with capital gains tax deducted and income-retaining unit certificates without capital gains tax deducted shall be issued for the investment fund.

The unit certificates shall be represented by global certificates and – at the discretion of the asset management company – by actual securities.

3. Where the unit certificates are represented by global certificates, the distributions as per § 26 and the outpayments as per § 27 and § 27a shall be accredited by the unit holder’s custodian bank.

### § 15 Investment instruments and principles

1. In accordance with §§ 4, 20 and 21 of the Austrian Investment Fund Act and §§ 16ff of the fund regulations, all types of securities, money market instruments and other liquid financial investments may be purchased for the investment fund if the principle of risk spreading is thereby taken into account and the legitimate interests of the unit holders are not violated.
2. The investment fund’s various assets shall be selected in accordance with the following investment principles:
  - **Securities** (including securities with embedded derivative instruments)  
The investment fund mainly invests in equities and equity-equivalent securities issued by companies with registered offices or stock-exchange listings in the USA.
  - **Money market instruments**  
Money market instruments may also be purchased for the investment fund; the investment principles grant these instruments a subordinate role in the investment strategy.
  - **Units in investment funds**  
In accordance with § 17 of the fund regulations, units may be purchased in other investment funds for the investment fund up to an amount of 10 per cent of the fund assets.

– **Sight deposits or deposits at notice**

In principle, up to 10 per cent of the investment fund's assets may consist of sight deposits or deposits at notice with notice periods not exceeding 12 months. However, the investment fund may contain a larger proportion of sight deposits or deposits at notice with notice periods not exceeding 12 months during fund portfolio restructuring or in order to lessen the effect of potential falls in prices for securities. No minimum bank balance is required.

– **Derivative instruments** (including OTC derivatives)

As part of the investment scheme, derivative instruments are used to safeguard income, as a replacement for securities or to increase income. The attributable risk amount for the market risk – calculated as the value-at-risk amount for the investments held in the fund – may not exceed 25% of the risk amount for the derivative-free reference assets or, in justified cases, the benchmark (relative VAR). Further details and comments are provided in the prospectuses.

Further information on the overall risk calculation is provided in § 19b of the fund regulations.

3. If securities and money market instruments purchased for the investment fund have derivatives embedded in them, the asset management company shall take this into consideration with regard to its compliance with §§ 19 and 19a. Investments made by an investment fund in index-based derivatives shall not be taken into consideration in respect of the investment limits set out in § 20 para. 3 items 5, 6, 7 and 8d of the Austrian Investment Fund Act.
4. Not fully paid-in equities or money market instruments and subscription rights for such instruments or other not fully paid-in financial instruments may only be purchased up to an amount of 10 per cent of the fund assets.
5. Securities or money market instruments issued or guaranteed by a member state including its units of government, by a third country or by international organizations established under public law of which one or more member states are members may be purchased up to an amount of 35 per cent of the fund assets if the fund assets are invested in at least six different issues, with an investment in any single issue not exceeding 30 per cent of the fund assets.

## **§ 15a Securities and money market instruments**

**Securities** are

- a) Equities and other, equity-equivalent securities,
- b) Bonds and other securitized debt instruments,
- c) All other marketable financial instruments (e.g. subscription rights) which grant an entitlement to purchase financial instruments within the meaning of InvFG by means of subscription or exchange, with the exception of the techniques and instruments specified in § 21 InvFG.

The criteria laid down in § 1a para. 3 InvFG must be fulfilled in order to qualify as a security.

Within the meaning of § 1a para. 4 InvFG securities also include

1. units in closed funds in the form of an investment company or an investment fund,
2. units in closed funds in contractual form,
3. financial instruments in accordance with § 1a para. 4 item 3 InvFG.

**Money market instruments** are instruments normally traded on the money market which are liquid, whose value may be precisely determined at any time and which fulfill the requirements pursuant to § 1a para. 5 and 7 InvFG.

## **§ 16 Stock exchanges and organized markets**

1. Securities and money market instruments may be purchased if they are
  - > quoted or traded on a regulated market pursuant to § 2 item 37 of the Austrian Banking Act or
  - > traded on another recognized and regulated securities market in a member state which is open to the public and operates regularly or
  - > officially listed by a third country stock exchange listed in the Appendix or
  - > traded on another recognized and regulated third country securities market which is open to the public and operates regularly and is listed in the Appendix or
  - > their terms and conditions of issue include the obligation to apply for a license for official listing or for trading on one of the above-mentioned stock exchanges or for trading on one of the other above-mentioned markets and this license is granted within one year of the start of the issue of these securities.

2. Money market instruments which are not traded on a regulated market and which are freely transferable, are normally traded on a money market, are liquid and whose value may be determined precisely at any time and for which appropriate information is available – including information enabling an appropriate valuation of the credit risks associated with investing in such instruments – may be purchased for the investment fund if the issuer itself or the issuer itself is subject to the provisions concerning protection of deposits and investors and these are either
  - > issued or guaranteed by a central, regional or local unit of government or by the central bank of a member state, the European Central Bank, the European Union or the European Investment Bank, a third country or – for federal states – a member state of a federation or by an international institution established under public law of which at least one member state is a member or
  - > issued by firms whose securities are traded on the regulated markets indicated in item 1 – excluding new issues – or
  - > issued or guaranteed by an institution which is subject to supervision in accordance with the criteria stipulated in Community law or issued or guaranteed by an institution which is subject to and complies with supervisory regulations which in the opinion of the Austrian Financial Market Authority are at least as stringent as those set out in Community law or
  - > issued by other issuers belonging to a category licensed by the Austrian Financial Market Authority, where investor protection provisions apply for investments in these instruments which are equivalent to those set out in items a to c and where the issuer is either a company with shareholders' equity of at least EUR 10 m. which prepares and publishes its annual financial statements in accordance with the provisions set out in Directive 78/660/EEC or a legal entity which, within a business group comprising one or more stock exchange-listed companies, is responsible for the financing of this group or a legal entity which, in business, corporate or contractual form, is due to finance its securitization of liabilities through a credit line granted by a bank; such credit line must be guaranteed by a financial institution which itself fulfills the criteria specified in item 2 sec. 3.
3. Overall, up to 10 per cent of the fund assets may be invested in securities and money market instruments which do not comply with the conditions set out in items 1 and 2.

### § 17 Units in investment funds

1. Units in investment funds (= investment funds and open-end investment companies) which comply with the provisions set out in Directive 85/611/EEC (UCITS) may be purchased where these funds do not invest more than 10 per cent of their assets in units in other investment funds.
2. Units in investment funds which do not comply with the provisions set out in Directive 85/611/EEC (UCI) and whose exclusive purpose is
  - > for joint account and in accordance with the principle of risk spreading to invest publicly procured monies in securities and other liquid financial investments and
  - > whose units are, at the request of the unit holders, repurchased or redeemed at the direct or indirect expense of the assets of the investment fund
 may be purchased for up to 10 per cent of the fund assets in total where
  - a) these funds do not invest more than 10 per cent of their assets in units in other investment funds and
  - b) they are licensed in accordance with legal provisions which make them subject to supervision which in the opinion of the Austrian Financial Market Authority is equivalent to supervision under Community law and there is an adequate guarantee of cooperation between the authorities and
  - c) the level of protection afforded the unit holders is equivalent to the level of protection afforded the unit holders in investment funds which comply with the provisions set out in Directive 85/611/EEC (UCITS) and, in particular, the provisions concerning separate safekeeping of the portfolio of assets, the take-up of loans, the extensions of loans and uncovered sales of securities and money market instruments are equivalent to the requirements set out in Directive 85/611/EEC and
  - d) the relevant business activity is the subject of annual and semi-annual fund reports which enable a judgment to be made as to the relevant assets and liabilities, income and transactions during the period under review.

The criteria stated in § 3 of the Austrian Information and Equivalency Determination Ordinance (*IG-FestV*), as amended, shall be consulted for evaluation of the equivalency of the level of protection for unit holders within the meaning of item c).

3. Units may also be purchased for the investment fund in investment funds which are directly or indirectly managed by the same asset management company or by a company with which the asset management company is affiliated through joint management or subordination or a substantial direct or indirect investment.
4. Units in investment funds in accordance with § 17 item 1 in connection with § 17 item 2 of the fund regulations may be purchased for up to 10 per cent of the fund assets overall.

## **§ 18 Sight deposits or deposits at notice**

Bank balances in the form of sight deposits or deposits at notice with notice periods not exceeding 12 months may be held for the investment fund. No minimum bank balance is required. Bank balances may not exceed 10 per cent of the fund assets. However, the investment fund may contain a larger proportion of bank balances during fund portfolio restructuring or in order to lessen the effect of potential falls in security prices.

## **§ 19 Derivatives**

1. Derived financial instruments (derivatives) – including equivalent instruments which are settled in cash and traded on one of the regulated markets indicated in § 16 – may be purchased for the investment fund if the underlying instruments are instruments as per § 15a or financial indices, interest rates, exchange rates or currencies in which the investment fund is permitted to invest in accordance with its investment principles (§ 15). This also includes instruments for the transfer of the credit risk for the above-mentioned assets. The allocable risk amount for the market risk – calculated as the value-at-risk value of investments held in the fund – is limited to a maximum of 25 % of the risk amount for the derivatives-free reference assets or, in justified cases, the benchmark (relative VAR). Further details and comments are provided in the prospectuses.
2. The overall risk associated with the derivatives may not exceed the overall net value of the fund assets. A calculation of this risk must take into consideration the market value of the underlying instruments, the default risk, future market fluctuations and the liquidity period for the positions.
3. The investment fund may purchase derivatives as part of its investment strategy within the limits stipulated in § 20 para. 3 items 5, 6, 7, 8a and 8d of the Austrian Investment Fund Act if the overall risk associated with the underlying instruments does not exceed these investment limits.

## **§ 19a OTC derivatives**

1. Derived financial instruments which are not traded on a stock exchange (OTC derivatives) may be purchased for the investment fund if
  - a) the underlying instruments are in accordance with § 19 item 1,
  - b) the counterparties are supervised institutions belonging to categories licensed by the Austrian Financial Market Authority by regulation,
  - c) the OTC derivatives are subject to reliable and verifiable daily valuation and at the initiative of the investment fund may at any time and at an appropriate current market value be sold, liquidated or balanced through an offsetting transaction and
  - d) these instruments are invested within the limits stipulated in § 20 para. 3 items 5, 6, 7, 8a and 8d InvFG and the overall risk associated with the underlying instruments does not exceed these investment limits.
2. The default risk for investment fund transactions involving OTC derivatives may not exceed the following levels:
  - a) if the counterparty is a credit institution, 10 per cent of the fund assets,
  - b) otherwise 5 per cent of the fund assets.

## **§ 19b Value at risk**

The allocable risk amount for the market risk – calculated as the value-at-risk value of investments held in the fund – is limited to a maximum of 25 % of the risk amount for the derivatives-free reference assets or, in justified cases, the benchmark (relative VAR). Further details and comments are provided in the prospectuses.

## **§ 20 Take-up of loans**

The asset management company may take up short-term loans of up to 10 per cent of the fund assets for account of the investment fund.

## **§ 21 Repurchase agreements**

Within the investment limits set out in the Austrian Investment Fund Act, the asset management company shall be permitted to purchase assets for account of the investment fund to be added to the fund's assets subject to an obligation on the seller to repurchase these assets at a predetermined time and for a predetermined price.

## **§ 22 Securities lending**

Within the investment limits laid down by the Austrian Investment Fund Act, the asset management company shall be entitled to transfer to third parties securities up to the amount of 30 per cent of the fund's assets within the framework of an acknowledged securities lending system and for a limited period, subject to the proviso that the third party shall be obliged to re-transfer the transferred securities after a predetermined loan period.

## **§ 23 Issuance and redemption modalities**

The unit value pursuant to § 6 shall be calculated in EUR.

The subscription fee to cover the company's issuing costs may not exceed 3.50 per cent.

For the calculation of the issue price, the resulting amount shall be rounded up to the nearest 10 cent.

The redemption price shall correspond to the unit value, rounded down to the nearest 10 cent.

Unit issuance shall not in principle be subject to limitation; however, the asset management company reserves the right temporarily or entirely to discontinue its issuance of unit certificates.

## **§ 24 Accounting year**

The investment fund's accounting year runs from December 1 to November 30 of the following calendar year.

## **§ 25 Management fee, reimbursement of expenses**

The asset management company shall receive for its management activity an annual remuneration

- of up to 0.75 per cent of the fund assets for the unit certificate class "tranche I" or
- of up to 1.25 per cent of the fund assets for the unit certificate class "tranche R",

calculated pro rata on the basis of the values at the end of each month.

The asset management company shall be entitled to introduce a graduated management fee.

Please see the prospectuses for further details.

The asset management company shall also be entitled to reimbursement for all expenses associated with its management of the fund, particularly costs associated with custodian bank fees, transaction costs, obligatory notices, custodian fees and auditing, consulting and fund report costs as well as one-off and regular costs for foreign trading licenses.

## **§ 26 Appropriation of income in case of income-distributing unit certificates**

Once costs have been covered, from February 15 of the following accounting year the income received during the past accounting year shall be paid out to holders of income-distributing unit certificates in full in the case of interest and dividends received and at the discretion of the asset management company in the case of the proceeds from sales of investment fund assets – including subscription rights – if appropriate against surrender of an income coupon. Any remaining balances shall be carried forward to a new account. A distribution from the fund assets is also permissible. In no case may the fund assets fall below EUR 1,150,000 through distributions. From February 15 of the following accounting year the amounts are to be distributed to the holders of income-distributing unit certificates, if appropriate against surrender of an income coupon. Any remaining balances shall be carried forward to a new account.

In any case, from February 15 an amount calculated in accordance with § 13 clause 3 InvFG shall be paid out, to be used where applicable to meet any capital gains tax commitments on the distribution-equivalent return on those unit certificates.

## **§ 27 Appropriation of income in case of income-retaining unit certificates with capital gains tax deducted (income retention)**

In this case, income during the accounting year net of costs shall not be distributed. Instead, from February 15 an amount calculated in accordance with § 13 clause 3 InvFG shall be paid out on income-retaining fund unit certificates to be used where applicable to meet any capital gains tax commitments on the distribution-equivalent return on those unit certificates.

**§ 27a Appropriation of income in case of income-retaining unit certificates without capital gains tax deducted (full income retention – domestic and foreign tranches)**

In this case, income during the accounting year net of costs shall not be distributed. No payout as per § 13 clause 3 InvFG shall occur. February 15 of the following accounting year shall be the key date as per § 13 clause 3 for a failure to make an outpayment of capital gains tax on the annual income.

The asset management company shall ensure through appropriate proof from the custodians that at the time of the payout the unit certificates may only be held by unit holders who are either not subject to Austrian income or corporate income tax or who fulfill the requirements for an exemption as per § 94 of the Austrian Income Tax Act.

If these preconditions have not been met as of the outpayment date, the amount calculated as per § 13 clause 3 InvFG shall be paid out by the custodian bank in the form of credit.

**§ 28 Liquidation**

Of the net liquidation proceeds, the custodian bank shall receive remuneration amounting to 0.5 per cent of the fund assets.



## Appendix to § 16

List of stock exchanges with official trading and organized markets

### **1. Stock exchanges with official trading and organized markets in the member states of the EEA**

According to Article 16 of Directive 93/22/EEC (investment services in the securities field), each member state is obliged to maintain an up-to-date directory of its licensed markets. This directory is to be made available to the other member states and to the Commission.

According to this provision, the Commission is obliged to publish once a year a directory of the regulated markets of which it has received notice.

Due to decreasing restrictions and to trading segment specialization, the directory of "regulated markets" is undergoing great changes. In addition to the annual publication of a directory in the official gazette of the European Communities, the Commission will therefore provide an updated version on its official internet site.

#### **1.1. The current directory of regulated markets is available at:**

[http://www.fma.gv.at/cms/site/attachments/2/0/2/CH0230/CMS1140105592256/geregelte\\_maerkte\\_2008.pdf](http://www.fma.gv.at/cms/site/attachments/2/0/2/CH0230/CMS1140105592256/geregelte_maerkte_2008.pdf)<sup>1</sup>

in the "Verzeichnis der Geregelten Märkte (pdf)" ["Directory of Regulated Markets (pdf)"].

#### **1.2. The following stock exchanges are to be included in the directory of *Regulated Markets*:**

1.2.1	Finland	OMX Nordic Exchange Helsinki
1.2.2	Sweden	OMX Nordic Exchange Stockholm AB
1.2.3	Luxembourg	Euro MTF Luxembourg

#### **1.3. *Recognized markets* in the EU pursuant to § 20 (3) item 1 sec. b InvFG:**

1.3.1	United Kingdom	London Stock Exchange Alternative Investment Market (AIM)
-------	----------------	---

### **2. Stock exchanges in European states which are not members of the EEA**

2.1	Bosnia & Herzegovina	Sarajevo, Banja Luka
2.2	Croatia	Zagreb Stock Exchange
2.3	Switzerland	SWX Swiss Exchange
2.4	Serbia and Montenegro	Belgrade
2.5	Turkey	Istanbul (for Stock Market, "National Market" only)
2.6	Russia	Moscow (RTS Stock Exchange)

### **3. Stock exchanges in non-European states**

3.1	Australia	Sydney, Hobart, Melbourne, Perth
3.2	Argentina	Buenos Aires
3.3	Brazil	Rio de Janeiro, Sao Paulo
3.4	Chile	Santiago
3.5	China	Shanghai Stock Exchange, Shenzhen Stock Exchange
3.6	Hong Kong	Hong Kong Stock Exchange
3.7	India	Bombay

---

<sup>1</sup> The link may be modified by the Austrian Financial Market Authority (FMA). Please see the FMA's website, [www.fma.gv.at](http://www.fma.gv.at), for the current link, Providers, "Information on Providers within Austrian Financial Market", Stock Exchange, Übersicht, Downloads, Verzeichnis der Geregelten Märkte.

3.8	Indonesia	Jakarta
3.9.	Israel	Tel Aviv
3.10	Japan	Tokyo, Osaka, Nagoya, Kyoto, Fukuoka, Niigata, Sapporo, Hiroshima
3.11	Canada	Toronto, Vancouver, Montreal
3.12	Korea	Seoul
3.13	Malaysia	Kuala Lumpur
3.14	Mexico	Mexico City
3.15	New Zealand	Wellington, Christchurch/Invercargill, Auckland
3.16	Philippines	Manila
3.17	Singapore	Singapore Stock Exchange
3.18	South Africa	Johannesburg
3.19	Taiwan	Taipei
3.20	Thailand	Bangkok
3.21	USA	New York, American Stock Exchange (AMEX), New York Stock Exchange (NYSE), Los Angeles/Pacific Stock Exchange, San Francisco/Pacific Stock Exchange, Philadelphia, Chicago, Boston, Cincinnati
3.22	Venezuela	Caracas
3.23	United Arab Emirates	Abu Dhabi Securities Exchange (ADX)

#### **4. Organized markets in states which are not members of the European Community**

4.1	Japan	Over the Counter Market
4.2	Canada	Over the Counter Market
4.3	Korea	Over the Counter Market
4.4	Switzerland	SWX Swiss Exchange, BX Berne eXchange; Over the Counter Market of the members of the International Securities Market Association (ISMA), Zurich
4.5	USA	Over the Counter Market in the NASDAQ System, Over the Counter Market (markets organized by NASD such as Over-the-Counter Equity Market, Municipal Bond Market, Government Securities Market, Corporate Bonds and Public Direct Participation Programs) Over-the-Counter-Market for Agency Mortgage-Backed Securities

#### **5. Stock exchanges with futures and options markets**

5.1	Argentina	Bolsa de Comercio de Buenos Aires
5.2	Australia	Australian Options Market, Australian Securities Exchange (ASX)
5.3	Brazil	Bolsa Brasileira de Futuros, Bolsa de Mercadorias & Futuros, Rio de Janeiro Stock Exchange, Sao Paulo Stock Exchange
5.4	Hong Kong	Hong Kong Futures Exchange Ltd.
5.5	Japan	Osaka Securities Exchange, Tokyo International Financial Futures Exchange, Tokyo Stock Exchange
5.6	Canada	Montreal Exchange, Toronto Futures Exchange
5.7	Korea	Korea Futures Exchange
5.8	Mexico	Mercado Mexicano de Derivados
5.9	New Zealand	New Zealand Futures & Options Exchange
5.10	Philippines	Manila International Futures Exchange
5.11	Singapore	Singapore International Monetary Exchange
5.12	Slovakia	RM System Slovakia
5.13	South Africa	Johannesburg Stock Exchange (JSE), South African Futures Exchange

		(SAFEX)
5.14	Switzerland	EUREX
5.15	Turkey	TurkDEX
5.16	USA	American Stock Exchange, Chicago Board Options Exchange, Chicago, Board of Trade, Chicago Mercantile Exchange, Comex, FINEX, Mid America Commodity Exchange, New York Futures Exchange, Pacific Stock Exchange, Philadelphia Stock Exchange, New York Stock Exchange, Boston Options Exchange (BOX)

## 2) Amendments since the production of this prospectus

<b>Date of amendment</b>	<b>Type of amendment</b>
<b>13/2/2004</b>	<b>Amendment in line with the Austrian Investment Fund Act as amended in 2004</b>
<b>11/5/2004</b>	<b>Amendment to the Fund Regulations</b>
<b>31/3/2005</b>	<b>Amendment to Simplified Prospectus and Appendix</b>
<b>31/12/2005</b>	<b>Amendment to Part III, IV and Appendix</b>
<b>31/3/2006</b>	<b>Amendment to Part II, IV and Appendix</b>
<b>28/7/2006</b>	<b>Amendment to the Fund Regulations (Name)</b>
<b>30/3/2007</b>	<b>Amendment to Part I, II, IV and Appendix</b>
<b>12/9/2007</b>	<b>Amendment to the Fund Regulations and Appendix</b>
<b>31/3/2008</b>	<b>Part I, II, IV and Appendix</b>
<b>31/3/2009</b>	<b>Adjustment to new prospectus template, removal of Part IV (to become independent document) and updating of (country) Appendix</b>
<b>1/12/2009</b>	<b>Amendment to the Fund Regulations and Appendix</b>

## 3) Supervisory Board

Gerhard GRUND, Chairman, Toni TROJER, Deputy Chairman, Leopold BUCHMAYER, Deputy Chairman, Georg MESSNER, Regina REITTER, Johann SCHINWALD, Georg STARZER, Gobert STERNBACH, Arndt HALLMANN, Manfred BAYER, Stefan GRÜNWALD, Martin HAGER, Sylvia KUBICEK, Friedrich SCHILLER

## 4) Distribution offices

Raiffeisenlandesbank Niederösterreich - Wien AG, Vienna

Raiffeisenlandesbank Burgenland und Revisionsverband reg.Gen.m.b.H., Eisenstadt

Raiffeisenlandesbank Oberösterreich AG, Linz

Raiffeisenverband Salzburg reg. Gen.m.b.H., Salzburg

Raiffeisen-Landesbank Tirol AG, Innsbruck

Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband, reg. Gen.m.b.H., Bregenz

Raiffeisenlandesbank Kärnten – Rechenzentrum und Revisionsverband, reg. Gen.m.b.H., Klagenfurt

Raiffeisenlandesbank Steiermark AG, Graz

Raiffeisen Zentralbank Österreich AG, Vienna

Kathrein & Co Privatgeschäftsbank Aktiengesellschaft, Vienna

## 5) Investment funds managed by Raiffeisen Kapitalanlage-Gesellschaft m.b.H. (as of August 14, 2009)

Raiffeisen-Österreich-Aktien<sub>Fonds</sub>, Raiffeisen-Global-Aktien<sub>Fonds</sub>, Raiffeisen-Euro-ShortTerm-Rent, Raiffeisen-Osteuropa-Rent, Raiffeisen-EuroPlus-Rent<sub>Fonds</sub>, Raiffeisen Europa-Aktien, Raiffeisen-§14-Rent<sub>Fonds</sub>, Raiffeisen-Euro-Rent<sub>Fonds</sub>, Raiffeisen-Österreich-Rent<sub>Fonds</sub>, Raiffeisen-Global-Mix<sub>Fonds</sub>, Raiffeisen-Global-Rent<sub>Fonds</sub>, Raiffeisen-Osteuropa-Aktien, Raiffeisen-Dollar-ShortTerm-Rent, Raiffeisenfonds Sicherheit, Raiffeisenfonds Ertrag, Raiffeisenfonds Wachstum, Raiffeisen-§14 Mix, Raiffeisen-§14-MixLight, Raiffeisen-Europa-HighYield<sub>Fonds</sub>, Raiffeisen-Active-Aktien<sub>Fonds</sub>, Raiffeisen-EmergingMarkets-Aktien, Raiffeisen-HealthCare-Aktien<sub>Fonds</sub>, Raiffeisen-Energie-Aktien<sub>Fonds</sub>, Raiffeisen-Technologie-Aktien<sub>Fonds</sub>, Raiffeisen-US-Aktien<sub>Fonds</sub>, Raiffeisen-Pazifik-Aktien<sub>Fonds</sub>, Raiffeisen-OK-Rent<sub>Fonds</sub>, Raiffeisen-Europa-SmallCap<sub>Fonds</sub>, Raiffeisen-Eurasien-Aktien, Raiffeisen-Ethik-Aktien<sub>Fonds</sub>, Q.I.K. SF1, Kathrein SF12, Kathrein SF13, Kathrein SF14, Kathrein SF15, Kathrein SF19, Kathrein SF23, Kathrein SF26, Kathrein SF27, Kathrein SF29, Q.I.K. SF30, Kathrein SF31, Kathrein Q.I.K. 100, Kathrein Q.I.K. 25, Kathrein Q.I.K. 50, Kathrein Q.I.K. 70, Kathrein Euro Bond, Kathrein Corporate Bond, Kathrein Global Bond, Kathrein European Equity, Kathrein US-Equity, Kathrein SF21, Pension Equity F1, Pension Income D1, Raiffeisen 301 – Euro Gov. Bonds, Raiffeisen 303 – Non-Euro Bonds, Raiffeisen 304 – Euro Corporates, Raiffeisen 305 – Non-Euro Equities, Raiffeisen 308 – Euro Equities, Raiffeisen 311 – Euro MM Plus, Raiffeisen 313 – Euro Trend Follower, Raiffeisen 314 – Euro Inflation Linked, Raiffeisen 315 – Euro Enhanced MM, Raiffeisen 316 – Hedge FoF Balanced, Raiffeisen 317 – Absolute Return 1, UNIQA Structured Credit Fund, R 32-Fonds, APK Renten, R 5-Fonds, R 6-Fonds, R 8-Fonds, R 9-Fonds, R 15-Fonds, R 16-Fonds, R 17-Fonds, R 18-Fonds, R 19-Fonds, R 20-Fonds, R 24-Fonds, R 42-Fonds, R 45-Fonds, R 46-Fonds, R 51-Fonds, R 53-Fonds, R 55-Fonds, R 71-Fonds, R 77-Fonds, R 78-Fonds, R 81-Fonds, R 85-Fonds, R 86-Fonds, R 87-Fonds, R 88-Fonds, R 91-Fonds, UNIQA High Yield Funds, R 96-Fonds, R 98-Fonds, R 99-Fonds, R 105-Fonds, R 106-Fonds, R 107-Fonds, R 112-Fonds, R 119-Fonds, R 126-Fonds, R 127-Fonds, R 130-Fonds, R 135-Fonds, R 138-Fonds, R 139-Fonds, R 140-Fonds, R 142-Fonds, R 143-Fonds, R 146-Fonds, R 157-Fonds, R 190-Fonds, R 194-Fonds, R 424-Fonds, R 435-Fonds, R 474-Fonds, R 770-Fonds, , R 888-Fonds, R 32000-Fonds, R 32033-Fonds, R 32073-Fonds, R 32195-Fonds, R 32322-Fonds, R 32415-Fonds, R 32585-Fonds, R 32904-Fonds, R 32937-Fonds, ORS DUO, WSTW II-Fonds, RPIE Fonds, RPIW-Fonds, Prosperity Fonds progressiv, Raiffeisen-Euro-Corporates, Dachfonds Südtirol, VorsorgeInvest-Fonds, Global Protected, Raiffeisen-ProfitInvest-Ertrag, Raiffeisen-ProfitInvest-Sicherheit, Raiffeisen-ProfitInvest-Wachstum, Raiffeisen-Ceský dluhopisový fond, Raiffeisen-Pensionsfonds-Österreich 2003, Raiffeisen-Dynamic-Bonds, Raiffeisen-EmergingMarkets-Rent, Raiffeisen-EU-Spezial-Rent<sub>Fonds</sub>, Raiffeisen-ProfitInvest-Spezial-Ertrag, Raiffeisen-ProfitInvest-Spezial-Sicherheit, Raiffeisen-Pensionsfonds-Österreich 2004, Absolute Plus Global Alternative II Fund, R-VIP 12, Kathrein Risk Optimizer, Kathrein Max Return, Raiffeisen-Inflationsschutz-Fonds, Raiffeisen-Dynamic-Mix, Raiffeisen-Hedge-Dachfonds, Pension-Income C1, ZKV-Index, ZKV-Aktiv, DURA11\_1, DURA11\_2, Raiffeisen-Pensionsfonds-Österreich 2005, R-2012 Spezial, R 158-Fonds, R 321 – Hedge FoF Dynamic, WALSER Euro Cash AT, Kathrein SF35, DURA7\_1, Raiffeisen-Osteuropa-Garantiefonds, Raiffeisen Short Term Strategy<sub>Fonds</sub>, Raiffeisen Short Term Strategy Plus<sub>Fonds</sub>, Raiffeisen-TopDividende-Aktien<sub>Fonds</sub>, R 37000-Fonds, R2 Eurocash Plus, R2 Eurobond 1-3, R2 Eurobond 3-5, R2 Eurobond All, R2 Euro Corporates, R 32951-Fonds, OP Bond EURO hedged, R 164-Fonds, Kathrein SF50, R 165-Fonds, CEE Fixed Income Fund, Raiffeisen-Eurasien-Garantiefonds, R 32250-Fonds, Raiffeisen-Pensionsfonds-Österreich 2006, R 168-Fonds, Raiffeisen-A.R.-Global Balanced, R 312 – Euro MM, R 169-Fonds, Prosperity Special Opportunities, Pension Equity D 2, WALSER Valor AT, R 32001-Fonds, R 170-Fonds, R 171-Fonds, R 172-Fonds, R 180-Fonds, UNIQA Emerging Markets Debt Fund, UNIQA Eastern European Debt Fund, Kathrein SF37, UNIQA Global ABS, R2 Total Return Portfolio, R2 Private Portfolio, R 322 - Euro Alpha Duration, R-VIP 2, R-VIP 2 Spezial, R-VIP 3, R-VIP 3 Spezial, R-VIP 4, R-VIP 24, R-VIP 1, R-VIP 1 Spezial, R-VIP Classic Aktien, Raiffeisen-Energie-Garantiefonds, R 402-Fonds, R 32118-Fonds, R 174-Fonds, Raiffeisen-Global-Fundamental-Aktien, Kathrein Q.I.K. 15 (USD), Raiffeisen-Stabilitätsfonds,

MVK B.E.S.T. – MVK Bond Ethic Steady Tendency, R 178-Fonds, R 179-Fonds, Raiffeisen-TopSelection-Garantiefonds, VBV RCM Euro Bond, Raiffeisen-Pensionsfonds-Österreich 2007, R 183-Fonds, R-VIP 12A, R-VIP 24A, Kathrein SF39, R 184-Fonds, Tirol Duration Fonds 5, DURA3\_1, Raiffeisen 327 – Fixed Income Absolute Return, R 185-Fonds, Raiffeisen-HealthCare-Garantiefonds, Kathrein SF40, Kathrein Geldmarkt +, R 435-Fonds, ZKV-Europa, Kathrein SF42, R 188-Fonds, UNIQA Vermögensaufbaufonds, UNIQA World Selection, Raiffeisen 328 – Hedge FoF Balanced II, R 187-Fonds, Raiffeisen 902 – Treasury Zero II, Raiffeisen-Wachstumsländer-Garantiefonds, Raiffeisenfonds-Anleihen, Raiffeisen 329 – Euro Macro L/S, Raiffeisen-Ceský balancovaný fond, Raiffeisen-Ceský akciový fond, Raiffeisen-Ceský fond konzervativnich investic, Pension Equity Global 1, R 189-Fonds, Raiffeisen-Pensionsfonds-Österreich 2008, Raiffeisen 336 – GTAA Overlay, Raiffeisen 337 – Strategic Allocation Master A.R. I, Raiffeisen 338 – Strategic Allocation Master A.R. II, Kathrein SF43, Kathrein SF45, N 192 Ostarrichi Fonds, Triton 100, Raiffeisen-Russland-Aktien, Raiffeisen 904 – Treasury Alpha, Raiffeisen-Fondsernte-Garantie 2008, Raiffeisen-Europa-Garantiefonds 08, Raiffeisen- EmergingMarkets-Infrastruktur, DASAA 8010, EURAN 8051, GLAN 8041, R 193-Fonds, Raiffeisen 307 – Short Term Investments, Raiffeisen 332 – Hedge FoF Diversified, Raiffeisen 323 – Euro VA Trend Follower, R 195-Fonds, Raiffeisen 315, Raiffeisen 312, Raiffeisen 342, R 197-Fonds, Raiffeisen 311, R 311 A, R 198-Fonds, Raiffeisen 341, Raiffeisen 325, Raiffeisen-Eurasien-Garantiefonds 08, Kathrein US-Dollar Bond, DURA3\_2, R 192-Fonds, R2 Euro Credit, Vorsorge Renten Portfolio 1, R 203-Fonds, R 205-Fonds, R 32004-Fonds, R 32005-Fonds, R 204-Fonds, Vorsorge HTM Portfolio 1, R 196-Fonds, R 208-Fonds, Kathrein SF46, R 201-Fonds, R 202-Fonds, Kathrein SF76, R-Credit-Laufzeitenfonds-2013, Raiffeisen 343 – Euro Credit 2013, Kathrein SF51, FlexProtection Active Fund, FlexProtection Secure 1, FlexProtection Secure 2, FlexProtection Secure 3, FlexProtection Secure 4, FlexProtection Secure 5, FlexProtection Secure 6, R 210-Fonds, R 211-Fonds, R 212-Fonds, R 313-Fonds, R 214-Fonds, R 215-Fonds, R 216-Fonds, R 217-Fonds, R 218-Fonds, R 219-Fonds, R 220-Fonds, R 221-Fonds, SF140, R 222-Fonds, R 223-Fonds

## ADDITIONAL INFORMATION FOR INVESTORS IN THE FEDERAL REPUBLIC OF GERMANY

Notice of the sale of units of Kathrein US Equity

Security Code Number in Germany:

Units A (share certificate orders): A0J4B9, Units T (share certificate orders): A0J4CA

Units T (share certificate orders; I tranche): A0N9LK

in the Federal Republic of Germany has been issued to the German Federal Agency for Monitoring of Financial Services as per § 132 German Investment Act (InvG).

### **Payment and information office in Germany**

DZ Bank AG, Deutsche Zentral-Genossenschaftsbank

D-60265 Frankfurt am Main, Am Platz der Republik

Redemption orders for units of Kathrein US Equity may be submitted to the German payment and information office. The German payment and information office is able to pay out to unit holders redemption proceeds, any distributions and other payments, at their discretion in cash, in the national currency.

All information required by the investor may also be obtained from the German payment and information office free of charge before and after the conclusion of a contract:

- the fund regulations
- the full (detailed) and simplified prospectus
- the annual and semi-annual fund reports and
- the issue and redemption prices

As well as the above-mentioned documents, the payment and distribution office agreement concluded between Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna and DZ Bank AG, Deutsche Zentral-Genossenschaftsbank, Am Platz der Republik, D-60265 Frankfurt am Main, is also available for inspection at the German payment and information office.

### **Announcements**

The issue and redemption prices for the units and the other information for the unit holders are published in "Financial Times Deutschland".