

# Raiffeisen Austrian Equities

(Original German name: Raiffeisen-Österreich-Aktien)

## **annual fund report**

financial year Oct 1, 2016 – Sep 30, 2017

**Note:**

The audit opinion issued by KPMG Austria GmbH only applies for the full German-language version.

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# Report for the financial year from Oct 1, 2016 to Sep 30, 2017

## General fund information

ISIN	Tranche	Income class	Currency	Launch date
AT0000859293	Raiffeisen Austrian Equities (R) A	income-distributing	EUR	Oct 16, 1989
AT0000A1TMJ4	Raiffeisen Austrian Equities (RZ) A	income-distributing	EUR	Mar 1, 2017
AT0000805189	Raiffeisen Austrian Equities (R) T	income-retaining	EUR	Mar 26, 1999
AT0000A1TMH8	Raiffeisen Austrian Equities (RZ) T	income-retaining	EUR	Mar 1, 2017
AT0000765573	Raiffeisen Austrian Equities (R) VTA	full income-retaining (outside Austria)	EUR	Dec 1, 1999
AT0000A0MRH4	Raiffeisen Austrian Equities (I) VTA	full income-retaining (outside Austria)	EUR	Jun 1, 2011

## Fund characteristics

Fund currency	EUR
Financial year	Oct 1 – Sep 30
Distribution/payment/reinvestment date	Dec 1
Type of fund	Investment fund pursuant to § 2 of the Austrian Investment Fund Act, InvFG (UCITS)
Effective management fee for the fund	R-Tranche (EUR): 1.500 % RZ-Tranche (EUR): 0.750 % I-Tranche (EUR): 0.750 %
Custodian bank	Raiffeisen Bank International AG
Management company	Raiffeisen Kapitalanlage-Gesellschaft m.b.H. Mooslackengasse 12, A-1190 Vienna Tel. +43 1 71170-0 Fax +43 1 71170-761092 www.rcm.at Companies register number: 83517 w
Fund management	Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
Auditor	KPMG Austria GmbH

### **Legal notice**

The software used performs calculations on the basis of more than the two decimal places displayed. Minor discrepancies cannot be ruled out due to further calculations using published results.

The value of a unit is calculated by dividing the entire value of the investment fund inclusive of its income by the number of units. The total value of the investment fund is 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. That value will be calculated by the custodian bank.

The net assets are calculated 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 market or another regulated market or where the price for an asset quoted or traded on a stock market or another regulated market does not appropriately reflect its actual market value, the prices provided by reliable data providers or, alternatively, market prices for equivalent securities or other recognized market valuation methods shall be used.

Dear unitholder,

Raiffeisen Kapitalanlage-Gesellschaft m.b.H. is pleased to present its annual fund report for Raiffeisen Austrian Equities for the financial year from Oct 1, 2016 to Sep 30, 2017. The accounting is based on the price calculation as of Sep 29, 2017.

## Fund details

	Sep 30, 2015	Sep 30, 2016	Sep 30, 2017
Total fund assets in EUR	85,772,853.69	97,425,690.76	141,480,126.91
Net asset value/distributing units (R) (AT0000859293) in EUR	130.84	144.43	193.32
Issue price/distributing units (R) (AT0000859293) in EUR	136.07	150.21	201.05
Net asset value/distributing units (RZ) (AT0000A1TMJ4) in EUR	-	-	119.50
Issue price/distributing units (RZ) (AT0000A1TMJ4) in EUR	-	-	119.50
Net asset value/reinvested units (R) (AT0000805189) in EUR	152.69	170.06	229.88
Issue price/reinvested units (R) (AT0000805189) in EUR	158.80	176.86	239.08
Net asset value/reinvested units (RZ) (AT0000A1TMH8) in EUR	-	-	119.53
Issue price/reinvested units (RZ) (AT0000A1TMH8) in EUR	-	-	119.53
Net asset value/fully reinvested units (R) (AT0000765573) in EUR	161.09	179.42	242.34
Issue price/fully reinvested units (R) (AT0000765573) in EUR	167.53	186.60	252.03
Net asset value/fully reinvested units (I) (AT0000A0MRH4) in EUR	166.31	186.73	254.36
Issue price/fully reinvested units (I) (AT0000A0MRH4) in EUR	172.96	194.20	264.53
		<b>Dec 1, 2016</b>	<b>Dec 1, 2017</b>
Distribution/unit (R) (A) EUR		1.4400	1.9300
Distribution/unit (RZ) (A) EUR		-	1.0500
Outpayment/unit (R) (T) EUR		0.0000	0.0000
Outpayment/unit (RZ) (T) EUR		-	1.0476
Reinvestment/unit (R) (T) EUR		0.0000	16.7922
Reinvestment/unit (RZ) (T) EUR		-	5.9417
Reinvestment/unit (R) (VTA) EUR		0.0000	17.5443
Reinvestment/unit (I) (VTA) EUR		-	20.2100

The distribution will occur free-of-charge at the fund's paying agents. Payment will be made by the custodian banks.

## Units in circulation

	Units in circulation on Sep 30, 2016	Sales	Repurchases	Units in circulation on Sep 30, 2017
AT0000859293 (R) A	100,421.982	6,195.434	-8,606.048	98,011.368
AT0000A1TMJ4 (RZ) A	-	1,604.789	-10.000	1,594.789
AT0000805189 (R) T	480,172.416	156,151.771	-126,151.994	510,172.193
AT0000A1TMH8 (RZ) T	-	7,470.631	-73.906	7,396.725
AT0000765573 (R) VTA	6,391.530	24,161.939	-13,741.667	16,811.802
AT0000A0MRH4 (I) VTA	615.000	0.000	-220.000	395.000
<b>Total units in circulation</b>				<b>634,381.877</b>

## Development of the fund assets and income statement

### Performance in financial year (fund performance)

#### Distributing units (R) (AT0000859293)

Net asset value per unit at start of financial year in EUR	144.43
Distribution on Dec 1, 2016 (net asset value: EUR 146.35) of EUR 1.4400, corresponds to 0.009839 units	
Net asset value per unit at end of financial year in EUR	193.32
Total value incl. units purchased through distribution (1.009839 x 193.32)	195.22
Net income/net reduction per unit	50.79

**Performance of one unit during the financial year in %** **35.17**

#### Distributing units (RZ) (AT0000A1TMJ4)

Net asset value per unit at launch of tranche (Mar 1, 2017) in EUR	100.00
Net asset value per unit at end of financial year in EUR	119.50
Net income/net reduction per unit	18.91

**Performance of one unit from launch of tranche (Mar 1, 2017) up to the end of financial year in %** **18.80**

#### Reinvested units (R) (AT0000805189)

Net asset value per unit at start of financial year in EUR	170.06
Net asset value per unit at end of financial year in EUR	229.88
Net income/net reduction per unit	59.82

**Performance of one unit during the financial year in %** **35.18**

#### Reinvested units (RZ) (AT0000A1TMH8)

Net asset value per unit at launch of tranche (Mar 1, 2017) in EUR	100.00
Net asset value per unit at end of financial year in EUR	119.53
Net income/net reduction per unit	18.94

**Performance of one unit from launch of tranche (Mar 1, 2017) up to the end of financial year in %** **18.83**

#### Fully reinvested units (R) (AT0000765573)

Net asset value per unit at start of financial year in EUR	179.42
Net asset value per unit at end of financial year in EUR	242.34
Net income/net reduction per unit	62.92

**Performance of one unit during the financial year in %** **35.07**

**Fully reinvested units (I) (AT0000A0MRH4)**

Net asset value per unit at start of financial year in EUR	186.73
Net asset value per unit at end of financial year in EUR	254.36
Net income/net reduction per unit	67.63
<b>Performance of one unit during the financial year in %</b>	<b>36.22</b>

The performance is calculated assuming wholesale reinvestment of distributed/paid-out amounts at their net asset value on the distribution/payment date.

The custodian bank calculates the unit value separately for each unit certificate class. Discrepancies may arise in the annual performance figures for individual unit certificate classes.

Raiffeisen KAG uses the method developed by OeKB (Österreichische Kontrollbank AG) to calculate the fund's performance, on the basis of data provided by the custodian bank (where payment of the redemption price is suspended, using indicative values). Some costs – the subscription fee (not exceeding 4.00 % of the invested amount) and any redemption fee (not exceeding 0.00 % of the sold amount) – are not included in the performance calculation. Depending on their concrete value, they will reduce a performance accordingly. Past results do not permit any reliable inferences as to the future performance of the fund.

**Development of fund assets in EUR**

<b>Fund assets on Sep 30, 2016 (587,600.928 units)</b>	<b>97,425,690.76</b>
Distribution on Dec 1, 2016 (EUR 1.4400 x 99,985.186 distributing units (R) (AT0000859293))	-143,978.67
Issuance of units	36,245,381.43
Redemption of units	-29,901,275.80
Pro rata income adjustment	259,896.57
<b>Overall fund result</b>	<b>37,594,412.62</b>
<b>Fund assets on Sep 30, 2017 (634,381.877 units)</b>	<b>141,480,126.91</b>



## Fund result in EUR

### A. Realized fund result

<b>Ordinary fund result</b>	
<b>Income (excl. closing price)</b>	
Interest income	0.54
Income from securities lending transactions	32,801.45
Interest expenses (incl. negative credit interest)	-21,370.68
Austrian dividend income	1,654,357.45
	<b>1,665,788.76</b>
<b>Expenses</b>	
Management fees	-1,898,078.32
Custodian bank fees / Custodian's fees	-116,730.81
Auditing expenses	-12,984.76
Tax consulting fees	-4,680.00
Custody charge	-49,248.79
Statutory/publication expenses	-4,256.93
	<b>-2,085,979.61</b>
<b>Ordinary fund result (excl. income adjustment)</b>	<b>-420,190.85</b>
<b>Realized closing price</b>	
Profits realized from securities	8,363,481.03
Profits realized from derivative instruments	2,755,000.00
Losses realized from securities	-109,167.59
Losses realized from derivative instruments	-11,640.00
<b>Realized closing price (excl. income adjustment)</b>	<b>10,997,673.44</b>
<b>Realized fund result (excl. income adjustment)</b>	<b>10,577,482.59</b>
<b>B. Unrealized closing price</b>	
<b>Change in unrealized closing price</b>	<b>27,276,826.60</b>
	<b>27,276,826.60</b>
<b>C. Income adjustment</b>	
<b>Income adjustment for income during financial year</b>	<b>-259,896.57</b>
	<b>-259,896.57</b>
<b>Overall fund result</b>	<b>37,594,412.62</b>

The result for the past financial year includes explicitly reported transaction costs (incl. external transaction-related costs, see item 15a "Transaction costs" in section II of the prospectus) in the amount of 147,012.53 EUR.

## Capital market report

Almost all equity markets across the globe have risen considerably since the beginning of the year. Emerging markets as a whole are outperforming developed markets by a wide margin. US-American stock markets meanwhile keep setting new all-time highs, despite of continued domestic political turmoil. European bourses had actually outperformed US stocks during the first months of the current year, but later on failed to hold onto this lead. Among European markets, Austrian stocks have performed particularly well, gaining over 25 %. The current uptrend of global equities is driven mainly by ultra-low interest rates, positive macro-economic data and expectations for higher growth. At the same time, corporate profits are rising again, following a rather stagnant or even downward trend for most of 2015/2016. The environment for bond markets was supposed to be quite challenging in 2017. Rising inflation and improving growth outlooks should result in significant headwinds, given the extremely low bond market yields. However, pressure on government bonds was rather muted so far. One reason for that might be the continued soft inflation trends in the US, Europe, and Japan. The massive bond buying programmes by the central banks in Europe and Japan are providing considerable support to the markets, too. So far, most government bond markets show positive returns for the year. The same applies to corporate bonds. Their yield spreads over government bonds have become quite narrow, but they are still sufficiently high to attract investors. Commodities had recovered in 2016 after two years of heavy losses, but this year the picture is mixed. While industrial and precious metals have gained considerably, the energy complex has lost some ground. The strengthening Euro has generally reduced the potential gains from assets priced in foreign currencies for Euro-based investors. The U.S. central bank (Fed) raised benchmark interest rates in June 2017 for the fourth time in the current cycle and indicated three to four additional rate hikes until year-end 2018. In addition, the Fed in September 2017 presented a roadmap for downsizing its vast bond holdings. Despite an extremely low starting level, the leeway for the U.S. central bank to further boost interest rates seems much more limited this time than in the past. A return to the interest rate levels of the previous decades is very unlikely for a long time to come. Nevertheless, the decades-old uptrend of long-dated US treasury bonds may be ending, and a long-term trend change could occur. This would probably exercise some downward pressure on Euro area bonds, too, but to a lesser extent than in the U.S. Contrary to the Fed, the European Central Bank (ECB) is still pursuing its ultra-easy monetary policy with large bond purchases and negative short-term interest rates. While the ECB will begin to taper its bond purchases in 2018, possible interest rate hikes seem still a long way off. The unprecedented monetary easing that the major central banks have pursued over the past years reflected a pronounced weakness of the global economy. A significant uptick in economic growth is underway in almost every region now. Going forward it remains to be seen how the world economy will react to tighter monetary policies. The future path of inflation rates is not clear at this point either, given the ongoing presence of strong disinflationary forces within the global economy. Bond market yields are extremely low almost everywhere in the world, compared to their historical levels. This “new normal” of persistently depressed bond market yields in the large economic blocs has served as a major support to equity prices. Even then, some stock markets currently sport ambitious if not elevated valuations, notably the US bourses. That makes them increasingly vulnerable to setbacks. The financial market environment will certainly remain challenging and could entail stronger price fluctuations over the coming months and quarters. At the world’s stock markets the positive factors still seem to outweigh the negative ones for the time being. Government bond markets, on the other hand, may still face some headwinds over the coming months.

## Fund investment policy report

Raiffeisen Austrian Equities achieved a highly satisfactory performance in the period under review. Due to very favorable global stock markets, the fund generated a performance in excess of 35 %. The best-performing equity in the ATX was Raiffeisen Bank International whose price rose by more than 100 %, while OMV gained over 90 % and S Immo just under 60 %. The only ATX security in the fund with a negative performance was Zumtobel. Among the second-line stocks FACC, which gained over 130 %, was the fund's best performer, closely followed by Warimpex with a gain of just under 120 %. All in all, although our strategy of overweighting small caps against large caps was not wrong, it turned out to be less lucrative than in years past.

At the end of the period under review, Raiffeisen Bank International, Erste Bank, CA Immobilien, STRABAG and RHI were the fund's largest positions.

Securities lending transactions were entered into in order to generate additional income.

## Makeup of fund assets in EUR

Any discrepancies in terms of the market value or the share of the fund assets result from rounding-off.

**UCITS** refers to units in an undertaking for collective investment in transferable securities

**§ 166 InvFG** refers to units in investment funds in the form of "other asset portfolios"

**§ 166 (1) item 2 InvFG** refers to units in special funds

**§ 166 (1) item 3 InvFG** refers to units in undertakings for collective investment in transferable securities pursuant to § 166 (1) item 3 InvFG  
(such as alternative investments/hedge funds)

**§ 166 (1) item 4 InvFG** refers to units in real estate funds

Type of security	OGAW/§ 166	Currency	Market value in EUR	Share of fund assets
Equities		CHF	2,450,976.11	1.73 %
Equities		EUR	135,251,214.58	95.60 %
<b>Total Equities</b>			<b>137,702,190.69</b>	<b>97.33 %</b>
Subscription rights		EUR	0.00	0.00 %
<b>Total Subscription rights</b>			<b>0.00</b>	<b>0.00 %</b>
<b>Total securities</b>			<b>137,702,190.69</b>	<b>97.33 %</b>
<b>Derivative products</b>				
Valuation of financial futures			60,000.00	0.04 %
<b>Total derivative products</b>			<b>60,000.00</b>	<b>0.04 %</b>
<b>Bank balances/liabilities</b>				
Bank balances/liabilities in fund currency			3,952,684.00	2.79 %
<b>Total bank balances/liabilities</b>			<b>3,952,684.00</b>	<b>2.79 %</b>
<b>Accruals and deferrals</b>				
Interest claims (on securities and bank balances)			-5,731.84	-0.00 %
<b>Total accruals and deferrals</b>			<b>-5,731.84</b>	<b>-0.00 %</b>
<b>Other items</b>				
Various fees			-229,015.94	-0.16 %
<b>Total other items</b>			<b>-229,015.94</b>	<b>-0.16 %</b>
<b>Total fund assets</b>			<b>141,480,126.91</b>	<b>100.00 %</b>

## Portfolio of investments in EUR as of Sep 29, 2017

Dates indicated for securities refer to the issue and redemption dates. An issuer's right of premature redemption (where applicable) is not specified.

The securities marked with a "Y" have an open-ended maturity (is perpetual). The price for forward exchange transactions is indicated in the relevant counter currency for the currency in question.

Any discrepancies in terms of the market value or the share of the fund assets result from rounding-off.

**UCITS** refers to units in an undertaking for collective investment in transferable securities

**§ 166 InvFG** refers to units in investment funds in the form of "other asset portfolios"

**§ 166 (1) item 2 InvFG** refers to units in special funds

**§ 166 (1) item 3 InvFG** refers to units in undertakings for collective investment in transferable securities pursuant to § 166 (1) item 3 InvFG (such as alternative investments/hedge funds)

**§ 166 (1) item 4 InvFG** refers to units in real estate funds

Type of security	OGAW/§ 166	ISIN	Security title	Currency	Volume Units/Nom.	Purchases In period under review Units/Nom.	Sales Units/Nom.	Pool-/ILB Factor	Price	Market value in EUR	Share of fund assets
Equities		AT0000A18XM4	AMS AG AMS	CHF	40,000		80,000		70.150000	2,450,976.11	1.73 %
Equities		AT0000603709	AGRANA BETEILIGUNGS AG AGR	EUR	34,000	18,000			105.500000	3,587,000.00	2.54 %
Equities		AT00000AMAG3	AMAG AUSTRIA METALL AG AMAG	EUR	50,000	10,000	40,000		53.990000	2,699,500.00	1.91 %
Equities		AT0000730007	ANDRITZ AG ANDR	EUR	50,000				49.230000	2,461,500.00	1.74 %
Equities		AT0000969985	AUSTRIA TECHNOLOGIE & SYSTEM ATS	EUR	300,000	30,000	20,000		11.900000	3,570,000.00	2.52 %
Equities		AT00BUWOG001	BUWOG AG BWO	EUR	170,000	20,000			25.085000	4,264,450.00	3.01 %
Equities		AT0000641352	CA IMMOBILIEN ANLAGEN AG CAI	EUR	500,000	40,000	30,000		24.000000	12,000,000.00	8.48 %
Equities		AT0000818802	DO & CO AG DOC	EUR	90,291	25,000			41.100000	3,710,960.10	2.62 %
Equities		AT0000652011	ERSTE GROUP BANK AG EBS	EUR	350,000	40,000	10,000		36.170000	12,659,500.00	8.95 %
Equities		AT0000741053	EVN AG EVN	EUR	20,000		12,500		13.140000	262,800.00	0.19 %
Equities		AT00000FACC2	FACC AG FACC	EUR	140,000	50,000	20,000		12.055000	1,687,700.00	1.19 %
Equities		AT00000VIE62	FLUGHAFEN WIEN AG FLU	EUR	30,000	30,000			33.235000	997,050.00	0.70 %
Equities		AT0000809058	IMMOFINANZ AG IIA	EUR	2,100,200	600,200	450,000		2.166000	4,549,033.20	3.22 %
Equities		AT0000644505	LENZING AG LNZ	EUR	40,000		44,000		124.450000	4,978,000.00	3.52 %
Equities		AT0000938204	MAYR-MELNHOF KARTON AG MMK	EUR	15,000				119.400000	1,791,000.00	1.27 %
Equities		AT0000743059	OMV AG OMV	EUR	130,000	80,000	20,000		49.955000	6,494,150.00	4.59 %
Equities		AT0000758305	PALFINGER AG PAL	EUR	130,000	15,000			41.100000	5,343,000.00	3.78 %
Equities		AT0000609607	PORR AG POS	EUR	20,000	26,807	80,000		25.950000	519,000.00	0.37 %
Equities		AT0000606306	RAIFFEISEN BANK INTERNATIONA RBI	EUR	490,000	180,000	30,000		28.270000	13,852,300.00	9.79 %
Equities		AT0000676903	RHI AG RHI	EUR	180,000	180,000			35.300000	6,354,000.00	4.49 %
Equities		AT0000922554	ROSENBAUER INTERNATIONAL AG ROS	EUR	12,000				56.300000	675,600.00	0.48 %
Equities		AT0000652250	S IMMO AG SPI	EUR	230,000	50,000			15.070000	3,466,100.00	2.45 %
Equities		AT000000STR1	STRABAG SE-BR STR	EUR	200,000	30,000	20,000		36.800000	7,360,000.00	5.20 %
Equities		AT0000720008	TELEKOM AUSTRIA AG TKA	EUR	575,000	100,000			7.647000	4,397,025.00	3.11 %
Equities		AT0000815402	UBM DEVELOPMENT AG UBS	EUR	145,000	66,000			38.725000	5,615,125.00	3.97 %
Equities		AT0000821103	UNIQA INSURANCE GROUP AG UQA	EUR	710,000	430,000	40,000		8.793000	6,243,030.00	4.41 %
Equities		FR0011472943	VALNEVA SE-PREF VLAP	EUR	119,314				0.020000	2,386.28	0.00 %
Equities		AT0000908504	VIENNA INSURANCE GROUP AG VIG	EUR	70,000	20,000			25.225000	1,765,750.00	1.25 %
Equities		AT0000937503	VOESTALPINE AG VOE	EUR	130,000	30,000			43.000000	5,590,000.00	3.95 %
Equities		AT0000827209	WARIMPEX FINANZ- UND BETEILI WXF	EUR	600,000	600,000			1.540000	924,000.00	0.65 %
Equities		AT0000831706	WIENERBERGER AG WIE	EUR	290,000		110,000		20.305000	5,888,450.00	4.16 %

Type of security	OGAW/§ 166	ISIN	Security title	Currency	Volume Units/Nom.	Purchases In period under review Units/Nom.	Sales Units/Nom.	Pool-/ILB Factor	Price	Market value in EUR	Share of fund assets
Equities		AT0000834007	WOLFORD AG WOL	EUR	17,000				16.715000	284,155.00	0.20 %
Equities		AT0000837307	ZUMTOBEL GROUP AG ZAG	EUR	90,000		36,583		13.985000	1,258,650.00	0.89 %
<b>Total licensed securities admitted to trading on the official market or another regulated market</b>										<b>137,702,190.69</b>	<b>97.33 %</b>
Subscription rights		AT0000A10BA2	INTERCELL AG ICLL	EUR	366,191				0.000000	0.00	0.00 %
<b>Total licensed securities not admitted to trading on the official market or another regulated market</b>										<b>0.00</b>	<b>0.00 %</b>
<b>Total securities</b>										<b>137,702,190.69</b>	<b>97.33 %</b>
Stock index future		FATF20171215	ATX FIVE INDEX Dec17 ATEZ7	EUR	500				1,756.500000	60,000.00	0.04 %
<b>Total financial futures <sup>1</sup></b>										<b>60,000.00</b>	<b>0.04 %</b>
<b>Bank balances/liabilities</b>											
										3,952,684.00	2.79 %
<b>Total bank balances/liabilities</b>										<b>3,952,684.00</b>	<b>2.79 %</b>
<b>Accruals and deferrals</b>											
Interest claims (on securities and bank balances)										-5,731.84	-0.00 %
<b>Total accruals and deferrals</b>										<b>-5,731.84</b>	<b>-0.00 %</b>
<b>Other items</b>											
Various fees										-229,015.94	-0.16 %
<b>Total other items</b>										<b>-229,015.94</b>	<b>-0.16 %</b>
<b>Total fund assets</b>										<b>141,480,126.91</b>	<b>100.00 %</b>

ISIN	Income class	Currency	Net asset value per unit	Units in circulation
AT0000859293	R income-distributing	EUR	193.32	98,011.368
AT0000A1TMJ4	RZ income-distributing	EUR	119.50	1,594.789
AT0000805189	R income-retaining	EUR	229.88	510,172.193
AT0000A1TMH8	RZ income-retaining	EUR	119.53	7,396.725
AT0000765573	R full income-retaining (outside Austria)	EUR	242.34	16,811.802
AT0000A0MRH4	I full income-retaining (outside Austria)	EUR	254.36	395.000

<sup>1</sup> Price gains and losses as of cut-off date.

Frozen securities forming part of the portfolio of investments (securities lending transactions)

ISIN	Security title	Currency	Volume Sep 29, 2017
AT0000609607	PORR AG POS	EUR	15,000
AT0000720008	TELEKOM AUSTRIA AG TKA	EUR	50,000
AT0000821103	UNIQA INSURANCE GROUP AG UQA	EUR	25,000

Exchange rates

Foreign currency assets were converted into EUR on the basis of the exchange rates applicable on Sep 28, 2017

Currency		Price (1 EUR =)
Swiss Francs	CHF	1.144850

Securities purchases and sales during the period under review not listed under the portfolio of assets:

Type of security	OGAW/\$ 166	ISIN	Security title	Currency		Purchases Additions	Sales Disposals
Equities		AT0000697750	CONWERT IMMOBILIEN INVEST SE CWI	EUR			120,000
Equities		AT0000APOST4	OESTERREICHISCHE POST AG POST	EUR			20,000
Equities		AT0000746409	VERBUND AG VER	EUR		106,000	106,000
Subscription rights		AT0000A1TEP8	AGRANA BETEILIGUNGS-RTS 1487114D	EUR		16,000	16,000
Subscription rights		AT0000A1GYU3	BENE AG;ANSPRÜCHE AUF EVENT. NACHZAHLUNG	EUR			31,560
Subscription rights		AT0000A1W4R3	BUWOG AG-RTS 1510112D	EUR		170,000	170,000
Subscription rights		AT0000A0GYT7	IMMOEAST AG	EUR			400,000

### Further information on securities lending transactions

- Overall risk (exposure) (securities loaned as of the reporting date versus fund volume):

0.70 %

Value of loaned securities: 991,425.00 EUR

Proportion of assets eligible for lending transactions: 0.72 %

On the reporting date Sep 30, 2017 the following securities had been lent:

ISIN	Security title	Currency	Volume Sep 29, 2017	Market value (incl. any interest accrued)
				Sep 29, 2017
AT0000609607	PORR AG POS	EUR	15,000	389,250.00
AT0000720008	TELEKOM AUSTRIA AG TKA	EUR	50,000	382,350.00
AT0000821103	UNIQA INSURANCE GROUP AG UQA	EUR	25,000	219,825.00

- Identity of the counterparties for securities lending transactions:

Raiffeisen Bank International AG (as a recognized securities lending system within the meaning of § 84 InvFG)

- Ten key issuers of collateral:

Issuer	Market value (incl. any interest accrued) Sep 29, 2017	Share
	BMW FINANCE NV	94,590.75
EUROPEAN INVESTMENT BANK	51,490.24	4.80 %
AUTOBAHNEN- UND SCHNELLSTRASSEN-FINANZIERUNGS-AG	48,877.05	4.55 %
BANK OF CHINA LTD/SINGAPORE	47,196.80	4.40 %
VOLKSWAGEN INTERNATIONAL FINANCE NV	44,031.23	4.10 %
CITIC PACIFIC LTD	43,717.39	4.07 %
NRW BANK	42,448.39	3.96 %
ING BANK NV	42,283.89	3.94 %
CITIGROUP INC	39,714.50	3.70 %
BUNDESREPUBLIK DEUTSCHLAND	38,717.88	3.61 %
<b>TOTAL</b>	<b>493,068.12</b>	<b>45.94 %</b>



- Nature and value of eligible collateral received by the investment fund versus the counterparty risk:

Under the securities lending master agreement concluded between the management company and Raiffeisen Bank International AG, Raiffeisen Bank International AG is obliged to deliver collateral for the borrowed securities. Sight deposits (which are not used to purchase further assets and are thus held as deposits with the custodian bank), bonds, equities, convertible bonds and units in investment funds are permitted as collateral. Sight deposits do not undergo any valuation markdown, and the value of the collateral thus amounts to 100 % of the value of the lent securities. Other collateral (bonds, equities, convertible bonds and units in investment funds) will be valued daily on the basis of a value-at-risk calculation. The maximum foreseeable loss for this other collateral is calculated over a period of three business days, with a probability of 99 % (confidence interval). The value determined plus a markup of 10 % represents the applicable valuation markdown. This valuation markdown will amount to at least 5 % of the value of this other collateral. Recognition of this haircut will entail delivery of the required volume of additional collateral.

On the reporting date the collateral had the following makeup:

Sight deposits: 0.00 %

Bonds: 95.41 %

Equities: 4.59 %

Units in investment funds: 0.00 %

<b>Asset class</b>	<b>Rating</b>	<b>Share</b>
Bonds	a	42.28 %
Bonds	aa	22.81 %
Bonds	aaa	11.64 %
Bonds	bbb	18.69 %
		<b>95.41 %</b>

<b>Asset class</b>	<b>Stock exchange</b>	<b>Share</b>
Equities	recognized	4.59 %
Equities	non-recognized	0.00 %
		<b>4.59 %</b>

<b>Asset class</b>	<b>Currency</b>	<b>Share</b>
Bonds	AUD	1.77 %
Bonds	CHF	2.84 %
Bonds	EUR	53.23 %
Bonds	USD	37.57 %
		<b>95.41 %</b>
Equities	EUR	4.59 %
		<b>4.59 %</b>

In relation to securities lending transactions, the investment fund is not entirely collateralized by means of securities which are either issued or guaranteed by an EEA member state.

Collateral holding period: unlimited

Period of securities lending:

<b>Duration / Days</b>	<b>&lt; 1 day</b>	<b>1-7 days</b>	<b>7-30 days</b>	<b>30-90 days</b>	<b>90-360 days</b>
	0 %	0 %	0 %	0 %	100 %

Country of counterparty (Raiffeisen Bank International AG: Austria

Settlement: bilateral

- Reuse of collateral:

Collateral received is not reused.

- Custody of collateral which the investment fund has received in connection with securities lending transactions:

Sight deposits are held as a deposit on an account with a credit institution determined by the management company. Other collateral is held on a security deposit account of the management company with Raiffeisen Bank International AG (custodian bank) and is likewise not reused.

- Custody of collateral which the investment fund has provided in connection with securities lending transactions:

Within the limits stipulated by law (§ 84 InvFG), the management company is merely permitted to lend securities to third parties. However, it is not permitted to borrow securities. Accordingly, the investment fund will not provide any collateral within the scope of securities lending transactions.

- Fees, direct and indirect operating costs and income of the investment fund resulting from securities lending transactions during the accounting period:

Income: 32,801.45 EUR (of which 100 % from securities lending transactions)

Costs: N/A

### Further information on repurchase agreements

During the reporting period, no repurchase agreements were concluded on behalf of the fund. Accordingly, the information concerning repurchase agreements which is stipulated in § 8 of the Austrian Securities Lending and Repurchase Agreement Ordinance and Art. 13 of Regulation (EU) No. 2015/2365 is not required.

### Total return swaps and similar derivative instruments

A total return swap is a credit derivative instrument. Income and fluctuations in the value of the underlying financial instrument (underlying instrument or reference asset) are exchanged for fixed interest payments.

The fund did not enter into total return swaps or similar derivative instruments in the period under review.

### Calculation method for overall risk

Calculation method for overall risk

Simplified approach

### Remuneration paid to the employees of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. in EUR (financial year 2016 of Raiffeisen Kapitalanlage-Gesellschaft m.b.H.)

Total number of employees	246
Number of risk-bearers	75
Fixed remuneration	20,581,955.28
Variable remuneration (bonuses)	1,985,934.27
<b>Total remuneration for employees</b>	<b>22,567,889.55</b>
of which remuneration for managing directors	1,005,682.63
of which remuneration for managers (risk-bearers)	2,684,297.06
of which remuneration for other risk-bearers	6,944,312.86
of which remuneration for employees in positions of control	219,259.27
of which remuneration for employees in the same income bracket as managing directors and risk-bearers due to their overall remuneration	0.00
<b>Total remuneration for risk-bearers</b>	<b>10,853,551.82</b>

- The remuneration guidelines (“remuneration guidelines”) issued by Raiffeisen Kapitalanlage-Gesellschaft m.b.H. serve as a binding framework for fulfillment of the remuneration policy and practice requirements stipulated in §§ 17 (a) to (c) of the Austrian Investment Fund Act (InvFG), § 11 of the Austrian Alternative Investment Fund Managers Act (AIFMG) and Enclosure 2 to § 11 AIFMG. Fixed and variable remuneration components are determined on the basis of these remuneration guidelines.

Raiffeisen Kapitalanlage-Gesellschaft m.b.H. has established a systematic, structured, differentiating and incentivizing compensation system which reflects the company's values as well as clear and consistent outline conditions. Its employees' compensation comprises fixed salary components as well as variable salary components for some positions. This remuneration – in particular, the variable salary component (where applicable) – reflects an objective organizational structure ("job grades").

Compensation is determined on the basis of regular market comparisons and in accordance with local remuneration practice. The goal is to encourage employees' long-term loyalty to the company while also promoting their performance and their development within the framework of a management or specialist career path.

At Raiffeisen Kapitalanlage-Gesellschaft m.b.H., an employee's basic salary (fixed remuneration) is non-discretionary remuneration which does not vary in accordance with the performance of the company (earnings before interest and tax) or of the specific employee (individual target achievement). It primarily reflects relevant professional experience and organizational responsibility, as outlined in the employee's job description as part of his terms of employment. The employee's fixed salary is determined on the basis of his market value, his individual qualifications and the position which he holds at Raiffeisen Kapitalanlage-Gesellschaft m.b.H. Raiffeisen Kapitalanlage-Gesellschaft m.b.H. uses all of the standard remuneration management instruments (e.g. domestic and foreign remuneration studies, salary bands, position grading).

The employee's variable salary reflects the achievement of company and performance targets which are specified and reviewed within the scope of a performance management process. Employees' targets are specified on the basis of the company's strategic targets, the targets of their organizational unit or department and their function. Target agreements are concluded and the employee's level of target achievement (= performance) is determined through annual performance appraisals ("MBO system").

The target structure at Raiffeisen Kapitalanlage-Gesellschaft m.b.H. differentiates between qualitative targets – which include individual targets or division and department targets – and quantitative targets, e.g. performance and income targets, and also quantifiable project targets. Every manager is also assigned management targets. Quantitative one-year or multiple-year targets also apply within the scope of the company's core activities of sales and fund management.

- Since the performance period 2015, in accordance with the regulatory requirements a portion of the variable remuneration for risk-bearers is paid out in the form of units in an investment fund managed by Raiffeisen Kapitalanlage-Gesellschaft m.b.H. In addition, as required by law portions of the variable remuneration of risk-bearers are deferred and paid out over a period of several years.
- The supervisory board of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. resolves the general remuneration policy principles specified by the remuneration committee, reviews them at least once a year and is responsible for their implementation and for monitoring of this issue. The supervisory board most recently fulfilled this duty on Nov 30, 2017. It has not identified any need for changes or any irregularities in relation to the remuneration policy of Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
- In addition, at least once per year a central and independent internal review determines whether the company's remuneration policy has been implemented in accordance with the applicable remuneration regulations and procedures. The internal auditing division of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. published its most recent report on Aug 22, 2017. This report has not resulted in any material findings concerning the remuneration policy of Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
- The remuneration policy of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. has not been subject to any significant changes in the reporting period.

**Remuneration principles of Raiffeisen Kapitalanlage-Gesellschaft m.b.H.**

- The remuneration principles of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. support the business strategy and the long-term goals, interests and values of the company and of the investment funds managed by Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
- The remuneration principles of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. include measures to avoid conflicts of interest.
- The remuneration principles and policies of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. are consistent with and promote sound and effective risk-taking practices and avoid incentives for any inappropriate risk-taking propensity which exceed the level of risk tolerated by Raiffeisen Kapitalanlage-Gesellschaft m.b.H. or the investment funds under its management.
- The total amount of variable remuneration will not limit the capacity of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. to strengthen its capital base.
- Variable remuneration is not paid by means of instruments or methods which facilitate circumvention of applicable legal requirements.
- Employees in positions of control are rewarded irrespective of the business unit which they supervise, they have an appropriate level of authority and their remuneration is determined on the basis of the fulfillment of their organizational targets in connection with their functions, irrespective of the results of the business activities under their supervision.
- Guaranteed variable remuneration is not consistent with sound risk management or the “pay-for-performance” principle and should not be included in future remuneration plans. Guaranteed variable remuneration is the exception:., This is only provided in connection with new hirings and only where Raiffeisen Kapitalanlage-Gesellschaft m.b.H. has a sound and strong capital base. It is limited to the first year of employment.
- Any payments relating to the premature termination of a contract must reflect the performance realized over the relevant period of time and must not reward failures or misconduct.

**Raiffeisen Kapitalanlage-Gesellschaft m.b.H. complies with the code of conduct for the Austrian investment fund industry 2012.**

Vienna, 21 December 2017

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

Mag. Rainer Schnabl

Mag.(FH) Dieter Aigner

Ing. Michal Kustra

## Audit opinion

### Report on the annual fund report

#### Audit opinion

We have audited the annual fund report issued by Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna, for its fund Raiffeisen Austrian Equities, consisting of the portfolio of investments as of September 30, 2017, the income statement for the financial year ending as of this date and the other disclosures required under Annex I Schedule B of the 2011 Austrian Investment Fund Act (Investmentfondsgesetz, InvFG).

In our view, the annual fund report complies with applicable statutory requirements and provides a true and fair view of the net assets and financial position as of September 30, 2017 as well as the earnings position for the fund for the financial year ending as of this date, in compliance with Austrian commercial law, the provisions of InvFG 2011.

#### Basis for the audit opinion

We performed our audit in accordance with § 49 (5) InvFG 2011 in accordance with Austrian principles of orderly auditing. These principles require application of the International Standards on Auditing (ISA). Our responsibilities on the basis of these requirements and standards are outlined in further detail in the “Responsibilities of the auditor for the audit of the annual fund report” section of our audit certificate. We are independent from the company, in compliance with Austrian commercial law and professional standards, and we have fulfilled our other professional duties in accordance with these requirements. In our view, we have obtained sufficient and suitable audit documentation as a basis for our audit opinion.

#### Responsibilities of the company's legal representatives and the supervisory board for the annual fund report

The company's legal representatives are responsible for the preparation of the annual fund report and for ensuring that it provides a true and fair view of the fund's net assets, financial and earnings position in compliance with Austrian commercial law and the provisions of InvFG 2011. The company's legal representatives are also responsible for the internal controls which they deem necessary in order to enable the preparation of an annual fund report which is free from material (intentional or unintentional) misrepresentations.

The supervisory board is responsible for monitoring the company's accounting process in relation to the funds under its management.

### Responsibilities of the auditor for the audit of the annual fund report

Our goals are to establish sufficient certainty as to whether the annual fund report as a whole is free from material (intentional or unintentional) misrepresentations and for issuing an audit certificate which includes our audit opinion. Sufficient certainty means a high level of certainty – but not a guarantee – that an orderly audit performed in accordance with the recognized Austrian principles – which require application of the ISA – will always uncover any material misrepresentation. Misrepresentations may result from malicious acts or on the basis of errors and will be deemed material where they may be reasonably expected – either individually or collectively – to influence the economic decisions made by users on the basis of this annual fund report.

As part of an audit complying with the recognized Austrian principles of orderly auditing – which require application of the ISA – we exercise due discretion throughout our audit and maintain a critical distance.

In addition, the following applies:

- We identify and evaluate the risks of material (intentional or unintentional) misrepresentations in the annual fund report, plan audit activities in response to these risks, implement these activities and obtain audit documentation which is sufficient and suitable in order to serve as a basis for our audit opinion. The risk of material misrepresentations resulting from malicious acts not being uncovered is greater than the risk resulting from errors, since malicious acts may include fraudulent collaboration, falsifications, deliberate incompleteness, misleading representations or the suspension of internal controls.
- We obtain a picture of the internal control system which is relevant for the audit so as to plan audit activities which are adequate in the given circumstances, but not with the objective of providing an audit opinion regarding the effectiveness of the company's internal control system.
- We evaluate the adequacy of the accounting methods applied by the company's legal representatives as well as the reasonableness of the legal representatives' estimates in the accounting as well as the related disclosures.
- We evaluate the overall picture, the structure and the contents of the annual fund report including the disclosures and whether the annual fund report provides a true and fair view of the underlying business transactions and events.
- We discuss matters with the supervisory board including the planned scope of the audit and its schedule as well as significant audit findings, including any significant shortcomings in the internal control system that we identify in the course of our audit.

### Other information

The company's legal representatives are responsible for the other information provided. This other information comprises all of the information included in the annual fund report, with the exception of the portfolio of investments, the income statement, the other disclosures required under Annex I Schedule B InvFG 2011 and the audit certificate.

Our audit opinion for the annual fund report does not cover this other information, and we do not provide any sort of assurance in this regard.

In connection with our audit of the annual fund report, we are responsible for reading this other information and for considering whether there are any material inconsistencies between this other information and the annual fund report or on the basis of our knowledge obtained in the course of our audit or whether this information appears to have been otherwise materially misrepresented. If we reach the conclusion on the basis of our activities that this other information has been materially misrepresented, we must report this. We have nothing to report in this respect.

Vienna, 21 December 2017

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca  
Auditor



## **Tax treatment**

Once the new reporting framework comes into effect (from Jun 6, 2016), Österreichische Kontrollbank (OeKB) will prepare the details of the tax arrangements for the fund and publish them on [www.profitweb.at](http://www.profitweb.at). The tax documents are available for downloading for all funds. The tax documents are also available on our website [www.rcm.at](http://www.rcm.at). Please visit [www.profitweb.at](http://www.profitweb.at) for detailed information on offsettable and reimbursable foreign taxes.

## Fund regulations

### Fund regulations pursuant to the Austrian Investment Fund Act 2011

The Austrian Financial Market Authority (FMA) has approved the fund regulations for the investment fund **Raiffeisen Austrian Equities**, a jointly owned fund pursuant to the Austrian Investment Fund Act (InvFG) 2011, as amended.

The investment fund is a Directive-compliant fund and is managed by Raiffeisen Kapitalanlage-Gesellschaft m.b.H. (hereinafter: the "management company") which is headquartered in Vienna.

#### **Article 1 Fund units**

The fund units are embodied in unit certificates with the character of financial instruments which are issued to bearer.

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

#### **Article 2 Custodian bank (custodian)**

Raiffeisen Bank International AG, Vienna, is the investment fund's custodian bank (custodian).

The custodian bank (custodian), the regional Raiffeisen banks, Kathrein Privatbank Aktiengesellschaft, Vienna, and other paying agents referred to in the prospectus are the paying agents for unit certificates and the handover offices for income coupons (actual securities).

#### **Article 3 Investment instruments and principles**

The following assets pursuant to InvFG may be selected for the investment fund.

The investment fund mainly invests in equities or equity-equivalent securities issued by companies which are headquartered or mainly active in Austria (i.e. more than 51 % of its fund assets are invested in the form of directly purchased individual securities which are not held directly or indirectly through investment funds or derivatives).

The following investment instruments are purchased for the fund assets, while complying with the investment focus outlined above.

#### **Securities**

The fund may purchase securities (including securities with embedded derivative instruments) as permitted by law.

#### **Money market instruments**

Money market instruments may comprise up to 49 % of the fund assets.

#### **Securities and money market instruments**

Not fully paid-in securities or money market instruments and subscription rights for such instruments or other not fully paid-in financial instruments may only be purchased for up to **10 %** of the fund assets.

Securities and money market instruments may be purchased if they comply with the criteria concerning listing and trading on a regulated market or a securities exchange pursuant to *InvFG*.

Securities and money market instruments which do not fulfill the criteria laid down in the above paragraph may be purchased for up to 10 % of the fund assets in total.

### Units in investment funds

Units in investment funds (UCITS, UCI) may each amount to up to 10 % of the fund assets – and up to 10 % of the fund assets in total – insofar as these UCITS or UCI do not for their part invest more than 10 % of their fund assets in units in other investment funds.

### Derivative instruments

Derivative instruments may be used as part of the fund's investment strategy for up to 49 % of the fund assets (calculated on the basis of market prices) and for hedging purposes.

### Investment fund's risk measurement method

The investment fund applies the following risk measurement method:

### Commitment approach

The commitment figure is calculated pursuant to the 3rd chapter of the 4th Austrian Derivatives Risk Calculation and Reporting Ordinance (Derivate-Risikoberechnungs- und Meldeverordnung, DeRiMV), as amended.

The overall risk for derivative instruments which are not held for hedging purposes is limited to 60 % of the overall net value of the fund assets.

Please refer to the prospectus for details and comments.

### Sight deposits or deposits at notice

Sight deposits and deposits at notice with terms not exceeding 12 months may amount to up to 49 % of the fund assets. No minimum bank balance is required.

Within the framework of restructuring of the fund portfolio and/or a justified assumption of impending losses for securities, the investment fund may hold a lower proportion of securities and a higher proportion of sight deposits or deposits at notice with terms not exceeding 12 months.

### Short-term loans

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

### Repos

Repurchase agreements may comprise up to 100 % of the fund assets.

### Securities lending

Securities lending transactions may comprise up to 30 % of the fund assets.

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

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

Please refer to the prospectus for further details concerning Article 3.

## Article 4 Issuance and redemption modalities

The unit value shall be calculated in EUR or the currency of the unit class.

Please refer to the prospectus for further details.

The value of units will be calculated on each day of stock market trading.

## Issuance and subscription fee

Units will be issued on any banking day.

The issue price is the unit value plus a fee per unit of **up to 4 %** to cover the management company's issuing costs.

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

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

Please refer to the prospectus for further details.

## Redemption and redemption fee

Units will be redeemed on any banking day.

The redemption price is based on the value of a unit. No redemption fee will be charged.

At the request of a unitholder, its unit shall be redeemed out of the investment fund at the applicable redemption price, against surrender of the unit certificate, those income coupons which are not yet due and the renewal certificate.

## Article 5 Accounting year

The investment fund's accounting year runs from October 1 to September 30.

## Article 6 Unit classes and appropriation of income

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

Various classes of unit certificates may be issued for this investment fund. The management company may decide to establish unit classes or to issue units in a given unit class. Please refer to the prospectus for further details.

### Appropriation of income for income-distributing unit certificates (income distribution)

Once costs have been covered, the income received during the past accounting year (interest and dividends) may be distributed at the discretion of the management company. Distribution may be waived subject to due consideration of the unitholders' interests. The distribution of income from the sale of assets of the investment fund including subscription rights shall likewise be at the discretion of the management company. A distribution from the fund assets and interim distributions are also permissible.

The fund assets may not through distributions fall below the minimum volume for a termination which is stipulated by law.

From December 1 of the following accounting year the amounts are to be distributed to the holders of income-distributing unit certificates. Any remaining balances shall be carried forward to a new account.

In any case, from December 1 an amount calculated pursuant to 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, unless the management company ensures through appropriate proof from the custodians that as of the payment date the unit certificates may only be held by unitholders who are either not subject to Austrian income or corporate income tax or who fulfill the requirements for an exemption pursuant to § 94 of the Austrian Income Tax Act or for a capital gains tax exemption.

Unitholders' 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.

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

Income during the accounting year net of costs shall not be distributed. In case of income-retaining unit certificates, from December 1 an amount calculated pursuant to 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, unless the management company ensures through appropriate proof from the custodians that as of the payment date the unit certificates are only held by unitholders who are either not subject to Austrian income or corporate income tax or who fulfill the requirements for an exemption pursuant to § 94 of the Austrian Income Tax Act or for a capital gains tax exemption.

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

Income during the accounting year net of costs shall not be distributed. No payment pursuant to InvFG will be made. December 1 of the following accounting year shall be the key date pursuant to InvFG in case of failure to pay capital gains tax on the annual income.

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

If these preconditions have not been met as of the payment date, the amount calculated pursuant to InvFG shall be paid out by the custodian bank in the form of credit.

### **Appropriation of income in case of income-retaining unit certificates without capital gains tax deducted (full income retention – foreign tranche)**

Income-retaining unit certificates without deducted capital gains tax shall only be sold outside Austria.

Income during the accounting year net of costs shall not be distributed. No payment pursuant to InvFG will be made.

The management company shall ensure through appropriate proof that as of the payment date the unit certificates may only be held by unitholders who are either not subject to Austrian income or corporate income tax or who fulfill the requirements for exemption pursuant to § 94 of the Austrian Income Tax Act or for a capital gains tax exemption.

## **Article 7 Management fee, reimbursement of expenses, liquidation fee**

The management company shall receive for its management activity annual remuneration of up to **1.50 %** of the fund assets, calculated on the basis of the values at the end of each month.

The management company is entitled to reimbursement of all expenses associated with its management of the fund.

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

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

At the liquidation of the investment fund, the custodian bank shall receive remuneration amounting to **0.5 %** of the fund assets.

Please refer to the prospectus for further details.

## Appendix

### 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://mifiddatabase.esma.europa.eu/Index.aspx?sectionlinks\\_id=23&language=0&pageName=REGULATED\\_MARKETS\\_Display&subsection\\_id=0](http://mifiddatabase.esma.europa.eu/Index.aspx?sectionlinks_id=23&language=0&pageName=REGULATED_MARKETS_Display&subsection_id=0)<sup>1</sup>

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

1.2.1. Luxembourg Euro MTF Luxembourg

##### 1.3. Recognized markets in the EU pursuant to § 67 (2) item 2 InvFG:

Markets in the EEA classified as recognized markets by the relevant supervisory authorities.

#### 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. | Montenegro:           | Podgorica                                                               |
| 2.4. | Russia:               | Moscow (RTS Stock Exchange), Moscow Interbank Currency Exchange (MICEX) |
| 2.5. | Switzerland:          | SWX Swiss-Exchange                                                      |
| 2.6. | Serbia:               | Belgrade                                                                |
| 2.7. | Turkey:               | Istanbul (for Stock Market, "National Market" only)                     |

#### 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:       | Mumbai                                                            |
| 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. | Colombia:    | Bolsa de Valores de Colombia                                      |
| 3.13. | Korea:       | Korea Exchange (Seoul, Busan)                                     |
| 3.14. | Malaysia:    | Kuala Lumpur, Bursa Malaysia Berhad                               |
| 3.15. | Mexico:      | Mexico City                                                       |
| 3.16. | New Zealand: | Wellington, Christchurch/Invercargill, Auckland                   |
| 3.17. | Peru:        | Bolsa de Valores de Lima                                          |
| 3.18. | Philippines: | Manila                                                            |

<sup>1</sup>Click on "view all" to open the directory. The link may be modified by the Austrian Financial Market Authority (FMA) or by the European Securities and Markets Authority (ESMA).

[You may access the directory as follows by way of the FMA's website:

<http://www.fma.gv.at/de/unternehmen/boerse-wertpapierhandel/boerse.html> - scroll down - link "List of Regulated Markets (MiFID Database; ESMA)" – "view all"]<sup>1</sup>

- 3.19. Singapore: Singapore Stock Exchange
- 3.20. South Africa: Johannesburg
- 3.21. Taiwan: Taipei
- 3.22. Thailand: Bangkok
- 3.23. 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
- 3.24. Venezuela: Caracas
- 3.25. 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 Capital Market Association (ICMA), 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 Exchange (KRX)
- 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: The Singapore Exchange Limited (SGX)
- 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,  
ICE Future US Inc. New York, Pacific Stock Exchange, Philadelphia Stock Exchange,  
New York Stock Exchange, Boston Options Exchange (BOX)

## Appendix

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