

Raiffeisen European HighYield

Annual fund report

Financial year 2011-2012

The 2011 Austrian Investment Fund Act (InvFG) came into force on 1 September 2011. The terms used in this report comply with InvFG 2011 while the statutory references in the fund regulations relate to InvFG 1993 since the fund regulations were approved on the basis of the legal situation applicable at the time of the fund's licensing. From 1 September 2011 these references will be treated as references to corresponding provisions of InvFG 2011.

Note:

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

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Report for the financial year from 1 February 2011 to 31 January 2012

Raiffeisen European HighYield is a high-yield bond fund whose investment goal is moderate capital growth. The fund mainly invests (at least 51 % of its fund assets) in euro-denominated high-yield bonds, i.e. bonds with a sub-investment grade rating (Baa3 from Moody's, BBB- from Standard & Poor's or BBB- from Fitch) or no rating at all.

General fund information

Tranche	Launch date	ISIN
ISIN income-distributing (R) (A)	12/5/1999	AT0000796529
ISIN income-distributing (S) (A)	1/8/2011	AT0000A0PG59
ISIN income-retaining (R) (T)	12/5/1999	AT0000796537
ISIN full income-retaining (outside Austria) (R) (VTA)	1/12/1999	AT0000765599
ISIN full income-retaining (outside Austria) (I) (VTA)	4/1/2010	AT0000A0EY43
ISIN savings fund income-distributing (R) (A)	12/5/1999	AT0000796545
ISIN savings fund income-retaining (R) (T)	12/5/1999	AT0000796552

Fund characteristics

Fund currency:	EUR
Financial year:	1 February – 31 January
Distribution/payment/reinvestment date:	15 April
EU directive compliance:	EU directive-compliant investment fund pursuant to InvFG (UCITS)
Fund type:	Target fund (up to 10 % subfunds)
Max. management fee for the fund:	R tranche: 0.96 % (excluding any performance-related fee) I tranche: 0.48 % (excluding any performance-related fee) S tranche: 1.50 % (excluding any performance-related fee)
Target group:	Public fund
Custodian bank:	Raiffeisen Bank International AG
Management company:	Raiffeisen Kapitalanlage-Gesellschaft m.b.H. Schwarzenbergplatz 3, A-1010 Vienna Tel. +43 1 71170-0, Fax +43 1 71170-1092 www.rcm.at Companies register number: 83517 w
Fund management:	Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
Auditor:	KPMG Austria AG

Legal notice

All data and information has been compiled and checked with the greatest care. No liability or guarantee can be assumed for the recentness, correctness and completeness of the information provided. We consider the sources used to be reliable. 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) In principle, the value of assets quoted or traded on a stock market or on another regulated market will be determined 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 valuation methods shall be used.

Dear unitholder,

Raiffeisen Kapitalanlage-Gesellschaft m.b.H. is pleased to present its annual fund report for Raiffeisen European HighYield for the financial year from 1 February 2011 to 31 January 2012.

Fund details in EUR

	31/1/2011	31/1/2012
Fund assets	242,815,029.73	213,853,254.46
Net asset value/unit (R) (A)	79.20	76.47
Issue price/unit (R) (A)	81.58	78.76
Net asset value/unit (S) (A)	-	75.05
Issue price/unit (S) (A)	-	76.10
Net asset value/unit (R) (T)	151.43	153.00
Issue price/unit (R) (T)	155.97	157.59
Net asset value/unit (R) (VTA)	185.02	189.63
Issue price/unit (R) (VTA)	190.57	195.32
Net asset value/unit (I) (VTA)	186.65	192.16
Issue price/unit (I) (VTA)	192.25	197.92
	15/4/2011	16/4/2012
Distribution/unit (R) (A)	4.63	4.59
Outpayment/unit (R) (T)	2.19	2.28
Reinvestment/unit (R) (T)	12.49	5.84
Reinvestment/unit (R) (VTA)	17.88	9.99
Reinvestment/unit (I) (VTA)	19.55	10.93
Distribution/unit (S) (A)	15/11/2011	0.37
	15/12/2011	0.37
	16/1/2012	0.37

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

Units in circulation

	(R) A	(S) A	(R) T	(R) VTA
Units in circulation on 31/1/2011	608,011.469	-	655,286.006	464,237.509
Sales	175,740.241	1,278.727	694,938.766	248,413.663
Repurchases	- 245,198.706	0.000	- 861,547.582	- 339,635.875
Units in circulation	538,553.004	1,278.727	488,677.190	373,015.297
				(I) VTA
Units in circulation on 31/1/2011				51,026.019
Sales				143,064.188
Repurchases				- 53,269.294
Units in circulation				140,820.913
Total units in circulation on 31/1/2012				1,542,345.131

Fund details in EUR for last 3 financial years

Distributing units (R)	31/1/2010	31/1/2011	31/1/2012
Total fund assets	196,349,581.64	242,815,029.73	213,853,254.46
Net asset value/unit	74.26	79.20	76.47
Distributing units (S)			31/1/2012
Total fund assets			213,853,254.46
Net asset value/unit			75.05
Reinvested units (R)	31/1/2010	31/1/2011	31/1/2012
Total fund assets	196,349,581.64	242,815,029.73	213,853,254.46
Net asset value/unit	135.51	151.43	153.00
Fully reinvested units (R)	31/1/2010	31/1/2011	31/1/2012
Total fund assets	196,349,581.64	242,815,029.73	213,853,254.46
Net asset value/unit	163.18	185.02	189.63
Fully reinvested units (I)	31/1/2010	31/1/2011	31/1/2012
Total fund assets	196,349,581.64	242,815,029.73	213,853,254.46
Net asset value/unit	163.17	186.65	192.16

Development of the fund assets and income statement in EUR

Performance in financial year (fund performance)

Distributing units (R)

Net asset value per unit at start of financial year	79.20
Distribution on 15/4/2011 (net asset value: EUR 75.38) of EUR 4.63, corresponds to 0.0614 units	
Net asset value per unit at end of financial year	76.47
Total value incl. units purchased through distribution (1.0614 x 76.47)	81.17
Net income/net reduction per unit	1.97

Reinvested units (R)

Net asset value per unit at start of financial year	151.43
Outpayment on 15/4/2011 (net asset value: EUR 150.80) of EUR 2.19, corresponds to 0.0145 units	
Net asset value per unit at end of financial year	153.00
Total value incl. units purchased through outpayment (1.0145 x 153.00)	155.22
Net income/net reduction per unit	3.79

Fully reinvested units (R)

Net asset value per unit at start of financial year	185.02
Net asset value per unit at end of financial year	189.63
Net income/net reduction per unit	4.61

Performance of one unit during the financial year as %

2.49

Fully reinvested units (I)

Net asset value per unit at start of financial year	186.65
Net asset value per unit at end of financial year	192.16
Net income/net reduction per unit	5.51

Performance of one unit during the financial year as %

2.95

Distributing units (S) (from 1/8/2011)

Net asset value per unit at start of short financial year	75.20
Distribution on 15/11/2011 (net asset value: EUR 72.82) of EUR 0.37, corresponds to 0.0051 units	
Distribution on 15/12/2011 (net asset value: EUR 71.19) of EUR 0.37, corresponds to 0.0052 units	
Distribution on 16/1/2012 (net asset value: EUR 72.92) of EUR 0.37, corresponds to 0.0051 units	
Net asset value per unit at end of short financial year	75.05
Total value incl. units purchased through distribution (1.0051 x 1.0052 x 1.0051 x 75.05)	76.21
Net income/net reduction per unit	1.01

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

The performance is calculated by Raiffeisen Kapitalanlage-Gesellschaft m. b. H. using the method developed by OeKB (Österreichische Kontrollbank AG), on the basis of data supplied by the custodian bank (where outpayment of the redemption price is suspended, with use of indicative values). Some costs – the subscription fee (not exceeding 3.00 % of the invested amount) and any redemption fee (not exceeding 0.00 % of the sold amount) – are not included in the performance calculation. The follows applies for units sold outside of Austria: Some costs – the subscription fee (not exceeding 3.00 % of the invested amount) and any redemption fee (not exceeding 3.00 % of the sold amount) or a combination of the subscription fee and the redemption fee (not exceeding 3.00 % overall) – are not included in the performance calculation. Where included in any calculation, they will accordingly result in a lower performance. Past results do not permit any reliable inferences as to the future performance of the fund.

Development of fund assets

Fund assets on 31/1/2011 (1,778,561.003 units)	242,815,029.73	
Distribution on 15/4/2011 (EUR 4.63 x 666,896.084 distributing units (R))		- 3,087,728.87
Distribution on 15/11/2011 (EUR 0.37 x 100.00 distributing units (S))		- 37.00
Distribution on 15/12/2011 (EUR 0.37 x 807.661 distributing units (S))		- 298.83
Distribution on 16/1/2012 (EUR 0.37 x 1,090.484 distributing units (S))		- 403.48
Outpayment on 15/4/2011 (EUR 2.19 x 644,960.014 reinvested units (R))		- 1,412,462.43
Issuance of units	188,163,401.54	
Redemption of units	- 216,513,655.45	
Pro rata income adjustment	2,000,897.47	- 26,349,356.44
Overall fund result		1,888,511.78
Fund assets on 31/1/2012 (1,542,345.131 units)	213,853,254.46	

Fund result in EUR

A. Realized fund result

Ordinary fund result

Income (excl. closing price)		
Interest income	15,504,025.80	
Interest expenses	- 23,519.70	
Dividend income (incl. dividend equivalent)	15,609.34	15,496,115.44
Expenses		
Management fees	- 1,964,819.72	
Custodian bank fees	- 104,077.50	
Auditing expenses	- 8,040.00	
Tax consulting fees	- 2,400.00	
Custodian fee	- 59,263.66	
Fees for swaps	- 1,200.01	
Statutory/publication expenses	- 14,838.52	- 2,154,639.41
Ordinary fund result (excl. income adjustment)		13,341,476.03
Realized closing price		
Profits realized from securities	5,372,946.55	
Profits realized from derivative instruments	172,785.35	
Losses realized from securities	- 5,809,026.28	
Losses realized from derivative instruments	- 22,226.68	
Realized closing price (excl. income adjustment)		- 285,521.06
Realized fund result (excl. income adjustment)		13,055,954.97

B. Unrealized closing price

Change in unrealized closing price		- 9,166,545.72
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C. Income adjustment

Income adjustment for income during financial year	- 1,604,795.66	
Income adjustment during financial year for profit carryovers	- 396,101.81	- 2,000,897.47
Overall fund result		1,888,511.78

In accordance with the procedure agreed with the Association of Austrian Investment Companies (Vereinigung österreichischer Investmentgesellschaften, VÖIG), transaction costs will be reported for financial years beginning since the 2011 Austrian Investment Fund Act came into force (from 1 September 2011).

Appropriation of fund result in EUR

Distribution (EUR 4.59 x 538,553.004 distributing units (R))		2,471,958.29
Distribution on 15/11/2011 (EUR 0.37 x 100.000 distributing units (S))		37.00
Distribution on 15/12/2011 (EUR 0.37 x 807.661 distributing units (S))		298.83
Distribution on 16/1/2012 (EUR 0.37 x 1,090.484 distributing units (S))		403.48
Outpayment pursuant to § 58 (2) InvFG (EUR 2.28 x 488,677.190 reinvested units (R))		1,114,183.99
Reinvested amount (R) (reinvestment)		2,854,233.38
Reinvested amount (R) (full reinvestment)		3,727,520.28
Reinvested amount (I) (full reinvestment)		1,539,282.89
Total		11,707,918.14
Realized fund result (incl. income adjustment)		11,055,057.50
Taxable amount carried over from the distributing tranche (S)		876.58
Profit carryover from previous year	2,055,460.99	
Profit carryover into following period	1,403,476.93	651,984.06
Total		11,707,918.14

Capital market report

The year 2011 was extremely turbulent even by the standards of a decade full of crises. Right at the start of the year dictatorships which had endured for decades in the Arab region were toppled within the space of a few weeks. In other countries protest movements arose. In the case of Libya, for instance, this has now resulted in a change of power while in other cases, such as Syria, these protest movements continue to the present day. The economic effect of this was an almost 30 % rise in the price of oil (Brent) in the first few months of the year, but this subsequently eased considerably in the remainder of the year when the worst fears over interruptions in supply were not borne out. However, in March the natural disaster in Japan and the subsequent leak of radiation from the Fukushima nuclear power station were the next blow, which had a serious impact on the Japanese economy. International stock markets (with the exception of Japan, obviously) rapidly coped with these events, though, and in most cases even reached their highest levels since 2008 in the 1st half of the year. They generally maintained these levels as far as early July.

However, the issue of excessive government debt once again returned to the fore in the summer. In the USA this was fortunately only a brief episode (fears of technical insolvency and downgrading of the USA by Standard & Poor's from AAA to AA+). In the Eurozone, on the other hand, the government debt issue reached a new level over the summer through the huge rise in Italian and Spanish yields. Since it was clear from the start that the protective shield established by means of the European Financial Stability Facility (EFSF) would no longer be sufficient, the European Central Bank (ECB) reacted very rapidly – albeit reluctantly – through increased purchasing of government bonds. However, doubts regarding these countries' financing capacity and fears of defaults and even a new banking crisis dominated events on the international financial markets in the 2nd half of the year.

In late summer this led to strong price losses on international stock markets – in some cases over 30 % – and rising risk premiums on corporate and bank bonds. The EUR/USD exchange rate – which had been close to annual highs up to August, at 1.45 – subsequently fell to approx. 1.30 by the end of the year. The euro was even weaker against the Swiss franc, which gained more than 20 % against the euro up to August 2011 before the Swiss central bank intervened to stabilize the currency above the 1.20 mark.

It was only in October that the markets gained a little more confidence through a combination of packages of measures passed by the peripheral countries (particularly Italy) for faster budget consolidation and structural reforms and continuous bond purchasing by the ECB. Moreover, in November the ECB cut its key interest rate to 1.25 % and in December it provided the banking system with loans with an unusually long period of three years. These were intended to counter the threat of a liquidity crisis in the Eurozone's banking system and were gladly accepted. The markets likely also benefited from the clear improvement in US economic data from the late summer onward, which provided a degree of balance to the recession which became increasingly evident in the Eurozone.

For US stock indexes, thanks to the stock market recovery from October onwards the year 2011 as a whole even finished around the zero mark (depending on the index), while by January 2012 the markets were almost at their highest levels since the spring of 2008. In contrast, the recovery in the Eurozone toward the end of the year was not sufficient for this; for instance, the DAX realized an annual performance of approx. - 15 % and most of the peripheral Eurozone markets and Japan were even significantly weaker. The performance of stock markets in most emerging markets was clearly weaker than in the USA in 2011. Stubborn inflation pressure and the interest-rate hikes which were necessary to counter this already placed strains on stock and bond markets in the 1st half of the year, and they suffered additional setbacks over the summer due to the general increase in risk aversion. They have realized a clear recovery over the past few months, however.

In the context of the discussions over the US debt crisis, following a giddy rally gold reached a price in excess of USD 1,900.00 per fine ounce before embarking on a correction path which caused it to fall to around USD 1,550.00 by the end of the year. It has subsequently climbed to USD 1,750.00.

Fund investment policy report

No consistent trend was apparent on the high-yield market in the period under review. Up to mid-2011 this asset class enjoyed strong demand from investors and thus recorded continuous price gains. However, most market participants were forced to subsequently revise their growth outlook in view of disappointing macro data. The associated selloff pressure affected weaker credit qualities in particular. It was only in October 2011 that a recovery got underway. In the wake of the announcement of the European Central Bank's 3-year refinancing tender, government bonds from the Eurozone's peripheral member states attracted increasing investor interest, as did corporate bonds. Lower credit qualities in particular benefited from the return of risk appetite. Increased activity was also apparent on the primary market in the calendar year 2011. Since this time companies have increasingly made use of the opportunity to refinance their outstanding liabilities and to extend their maturity profile.

The fund was cushioned against the downward movement in the 3rd quarter of 2011 through its defensive rating allocation. Due to low valuations, the average credit quality was already increased in the 2nd quarter of 2011. This positioning was only neutralized and the fund's level of investment increased toward the end of the year, due to a more favorable market assessment. This was executed both through commitments on the secondary market and through investments in new issues. The fund's rating allocation was the key performance factor in the 3rd quarter of 2011. The fund's selection of individual securities was extremely successful throughout the period.

Makeup of fund assets in EUR

Securities	Market value	%
Structured products:		
EUR	2,568,000.00	1.20
Equities:		
USD	219,078.85	0.10
Bonds:		
EUR	203,734,382.50	95.27
Total securities	206,521,461.35	96.57
Derivative products		
Valuation of credit default swaps (protection seller)	- 292,084.22	- 0.14
Bank balances		
Bank balances in fund currency	2,486,847.91	1.16
Bank balances in foreign currency	9,508.72	0.01
Total bank balances	2,496,356.63	1.17
Accruals and deferrals		
Interest claims (on securities and bank balances)	5,092,520.70	2.38
Credit default swaps receivables (protection seller)	35,000.00	0.02
Total accruals and deferrals	5,127,520.70	2.40
Total fund assets	213,853,254.46	100.00

Portfolio of investments in EUR

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.

ISIN	SECURITY TITLE	IS PERPETUAL	VOLUME 31/1/2012	PURCHASES ADDITIONS IN PERIOD	SALES DISPOSALS UNDER REVIEW	POOL FACTOR	PRICE	MARKET VALUE IN EUR	% SHARE OF FUND ASSETS
STRUCTURED PRODUCTS IN EURO									
XS0260783005	1.6130 EB FRN 06-17/D.349		2,500,000	2,500,000	500,000		80.125000	2,003,125.00	0.94
XS0221082125	2.2220 RBS NV 05/15 FLRMTN		300,000				81.875000	245,625.00	0.11
ES0213495007	2.2540 SANTDR CONS.FIN. 2016 FLR		200,000	200,000	1,600,000		76.500000	153,000.00	0.07
XS0275528627	2.3240 OEVAG SCHV. 06-16		350,000	500,000	650,000		47.500000	166,250.00	0.08
BONDS IN EURO									
XS0359924643	0.0000 OEVAG PS-ZERT. 08/OE	Y	200,000				23.250000	46,500.00	0.02
XS0201306288	0.0000 OEVAG FIN.(JE) 04/UND.FLR	Y	1,000,000	500,000			18.250000	182,500.00	0.09
XS0231415588	0.0000 HELLAS TEL.(LU)III 05/13		221,972			1.000000	0.010000	22.20	0.00
XS0484576813	3.2500 ALLIED IRISH 10/13 MTN		1,550,000	1,550,000			94.885000	1,470,717.50	0.69
XS0300714762	3.3130 CENTRAL EU.MEDIA 07/14		250,000	250,000			75.102000	187,755.00	0.09
XS0236075908	3.6250 CITIGROUP INC. 05/17 MTN		1,000,000	1,000,000			85.350000	853,500.00	0.40
XS0231264275	3.8750 MOL NYRT. 05/15		2,000,000		250,000		87.500000	1,750,000.00	0.82
XS0496222877	4.0000 ALLIED IRISH 10/15 MTN		2,250,000	3,500,000	1,250,000		81.230000	1,827,675.00	0.85
XS0482810958	4.0000 BK OF IRELD 10/15 MTN		3,200,000	4,200,000	1,000,000		82.185000	2,629,920.00	1.22
XS0493444060	4.0000 IRISH LIFE P. 10/15 MTN		2,500,000	2,500,000			77.485000	1,937,125.00	0.91
XS0611285064	4.0000 FGA CAP.IRE. 11/13 MTN		1,200,000	1,200,000			98.750000	1,185,000.00	0.55
XS0224749100	4.3750 WENDEL S.A. 05/17		2,000,000	1,500,000	1,000,000		90.750000	1,815,000.00	0.85
XS0188109994	4.5000 TOKYO EL. PWR 04/14		3,500,000	3,750,000	250,000		93.500000	3,272,500.00	1.53
XS0491212451	4.6250 GE CAP. TR.IV 10/66 FLR		500,000	1,500,000	1,000,000		85.312500	426,562.50	0.20
FR0011052117	4.6250 RENAULT 11-16 MTN		750,000	750,000			100.274002	752,055.02	0.35
XS0267166246	4.6250 GENL EL.CAP. 06/66 FLR		1,000,000	1,000,000			84.500000	845,000.00	0.40
XS0304285280	4.6760 EDCON (PTY) 07/14 FLR		1,300,000	800,000			81.250000	1,056,250.00	0.49
XS0289333048	4.7500 CEMEX FIN.EUR. 07/14		2,000,000	1,600,000	2,700,000		83.000000	1,660,000.00	0.78
XS0285303821	4.7500 DUBAI HLDG COMM.O. 07/14		3,000,000	3,000,000			88.620003	2,658,600.09	1.24
XS0187186183	4.7500 SLM CORP. 04/14 MTN		100,000				96.392000	96,392.00	0.05
XS0628597683	4.7500 FCE BANK PLC 11/15 MTN		500,000	1,500,000	1,000,000		101.000999	505,005.00	0.24
XS0630463965	4.7500 TELECOM ITALIA 11/18 MTN		1,000,000	1,000,000			90.606270	906,062.70	0.42
FR0010871376	4.8750 PERNOD-RICARD 10/16		2,000,000	500,000	4,500,000		106.455940	2,129,118.80	1.00
XS0290422095	4.8750 WENDEL S.A. 07/15		2,300,000	2,000,000	1,000,000		97.250000	2,236,750.00	1.05
XS0253989635	4.8750 WENDEL S.A. 06/16		1,650,000	500,000	1,500,000		95.250000	1,571,625.00	0.73
XS0254147480	4.9620 EUROPCAR GRPE 06/13 FLR		1,500,000	1,000,000	250,000		80.000000	1,200,000.00	0.56
FR0010957282	5.0000 PEUGEOT 10-16		2,000,000	2,500,000	500,000		101.866798	2,037,335.96	0.95
XS0736488585	5.0000 CRH FINANCE 12/19 MTN		900,000	900,000			102.635000	923,715.00	0.43
IT0004689912	5.0000 MTE PASCHI SI. 11/18 MTN		1,000,000	1,000,000			95.253730	952,537.30	0.45
FR0010914408	5.1800 REMY COINTREAU 10/16 REGS		300,000	1,000,000	200,000		104.750000	314,250.00	0.15
XS0604640499	5.2500 FIAT IND.FIN.EUR. 11/15		750,000	1,500,000	750,000		99.000999	742,507.49	0.35
XS0723509104	5.2500 FMC FINANCE VIII 12/19		1,000,000	1,000,000			104.867000	1,048,670.00	0.49
XS0576395478	5.2500 FMC FINANCE VII 11/21		2,700,000	4,550,000	3,350,000		102.250000	2,760,750.00	1.28
XS0214965963	5.2500 TELECOM ITALIA 05/55 MTN		500,000	500,000			69.532970	347,664.85	0.16
XS0222524372	5.2500 SUEDZUCKER INTL05/UND.FLR	Y	1,200,000		350,000		98.750999	1,185,011.99	0.55
XS0458887030	5.2500 FINMECCANICA FIN.09/22MTN		250,000	250,000			78.503000	196,257.50	0.09
XS0564487568	5.3750 LOTTOMATICA 10/18		1,900,000	1,400,000	1,000,000		94.011330	1,786,215.27	0.84
XS0307005545	5.3750 LAFARGE 07/17 MTN		700,000	700,000			96.019203	672,134.42	0.31
FR0010871541	5.6250 RENAULT 10/17 MTN		1,000,000	1,000,000	1,500,000		103.572998	1,035,729.98	0.48
DE000A1GNAH1	5.7500 ALLIANZ FIN. II 11/41 FLR		500,000	2,400,000	1,900,000		91.560670	457,803.35	0.21
XS0499542396	5.7500 MONDI FINANCE 10/17 MTN		2,000,000	4,000,000	4,000,000		102.726670	2,054,533.40	0.96
FR0010465427	5.7500 NEXANS 07-17		750,000		500,000		98.750000	740,625.00	0.35
XS0287290737	5.8750 STENA AB 07/19 REGS		500,000		1,000,000		82.500000	412,500.00	0.19
XS0482703286	5.8750 HANIEL +CIE 10/17 MTN		300,000	1,700,000	2,800,000		103.760002	311,280.01	0.15
FR0010874115	5.8750 RALLYE S.A. 10/14		600,000		200,000		102.133000	612,798.00	0.29
XS0716979595	5.8750 PETROBRAS I. F. 11/22		1,500,000	1,500,000			104.562500	1,568,437.50	0.73
XS0426126180	6.0000 PORT.TEL.INTL 09/13 MTN		1,500,000	1,500,000			98.872860	1,483,092.90	0.69
XS0302343164	6.1020 TRAVELP. 06/14 FLR		500,000				46.000000	230,000.00	0.11
XS0285176458	6.1250 STENA AB 07/17 REGS		250,000		1,000,000		93.750000	234,375.00	0.11
XS0647263317	6.1250 FIAT FIN. +TRADE 11/14 MTN		2,250,000	2,250,000			97.750000	2,199,375.00	1.03
XS0552915943	6.1250 BOMBARDIER INC. 10/21REGS		2,300,000	2,000,000	1,500,000		98.250000	2,259,750.00	1.06
XS0552327768	6.1250 ZIGGO FIN. 10/17 REGS		3,250,000	2,000,000	2,250,000		101.875000	3,310,937.50	1.55
XS0604641034	6.2500 FIAT IND.FIN.EUR. 11/18		4,000,000	5,800,000	1,800,000		95.748001	3,829,920.04	1.78
XS0583151682	6.3750 UPCB FIN.II 11/20 REGS		2,250,000	750,000	500,000		95.000000	2,137,500.00	1.00
XS0295632847	6.3750 TEREOS EUR. 07/14 REGS		2,400,000	600,000	1,000,000		104.000000	2,496,000.00	1.17

ISIN	SECURITY TITLE	IS PERPETUAL	VOLUME 31/1/2012	PURCHASES ADDITIONS IN PERIOD UNDER REVIEW	SALES DISPOSALS	POOL FACTOR	PRICE	MARKET VALUE IN EUR	% SHARE OF FUND ASSETS
BONDS IN EURO									
XS0478802548	6.5000 HDLBGCEM.FIN.NTS 10/15		500,000				106.750000	533,750.00	0.25
DE000A1A1P09	6.5000 CONTI-GUMMI FIN. 10/16		1,350,000	2,600,000	2,250,000		103.875000	1,402,312.50	0.66
XS0637823864	6.5000 KAB.DT.VERT.ITV 11/18 R.S		1,500,000	4,000,000	2,500,000		103.500000	1,552,500.00	0.73
DE000A0G4X39	6.5000 WIENERBERGER ANL 2007	Y	3,000,000	2,750,000	500,000		75.750000	2,272,500.00	1.06
XS0675221419	6.5000 FMC FINANCE VIII 11/18		1,200,000	2,200,000	1,000,000		109.875000	1,318,500.00	0.62
XS0259658846	6.5000 KRONOS INT. 06/13		1,000,000			0.800000	100.500000	804,000.00	0.38
XS0244126107	6.6250 FIAT FIN.+TRADE 06/13		3,400,000	1,350,000			101.750999	3,459,533.97	1.62
XS0562783034	6.6250 LAFARGE 10/18 MTN		5,989,000	6,489,000	3,700,000		96.376198	5,771,970.50	2.70
XS0615932331	6.6250 SAPPI NTS 11-18 REG.S		2,175,000	3,175,000	1,000,000		93.500000	2,033,625.00	0.95
FR0011036979	6.7500 WENDEL S.A. 11/18		500,000	1,000,000	500,000		98.750000	493,750.00	0.23
XS0615238630	6.7500 GOODYEAR DUNLOP 11/19REGS		250,000	2,500,000	2,250,000		97.000000	242,500.00	0.11
XS0542593792	6.7500 OI EUROPEAN GRP 10/20REGS		1,300,000				102.000000	1,326,000.00	0.62
XS0520759803	6.7500 HDLBGCEM.FIN. 10/15		1,000,000	1,000,000	1,000,000		106.750000	1,067,500.00	0.50
XS0307868744	6.7500 REXAM 07/67 FLR MTN		250,000	500,000	250,000		96.706001	241,765.00	0.11
XS0286431100	6.8750 KAZKOMMERTSBK 07/17 MTN		350,000		250,000		78.500000	274,750.00	0.13
XS0291713948	6.8750 OI EUROPEAN GRP 07/17REGS		500,000				103.250000	516,250.00	0.24
XS0471946367	7.0000 PIAGGIO + C. 09/16		500,000				101.000000	505,000.00	0.24
XS0506721827	7.0000 RHODIA S.A. 10/18		2,000,000				108.670000	2,173,400.00	1.02
XS0307552355	7.0000 NORSKE SKOGINDUSTR. 07/17		700,000	1,700,000	2,200,000		60.500000	423,500.00	0.20
FR0010925172	7.0000 CEGEDIM S.A. 10/15		500,000	1,000,000	1,000,000		81.000000	405,000.00	0.19
XS0629656496	7.0000 REXEL 11/18		750,000	750,000			101.000000	757,500.00	0.35
XS0548101723	7.0000 SUNRISE COMM. I. 10/17		2,500,000	2,250,000	3,000,000		104.000000	2,600,000.00	1.22
XS0693940511	7.0000 TELECOM ITALIA 11/17 MTN		500,000	500,000			102.698980	513,494.90	0.24
XS0325446903	7.0200 MARIBOR FIN. 07/JUN.FLR	Y	150,000				84.750000	127,125.00	0.06
XS0626064017	7.1250 CYFROWY POLSAT FIN. 11/18		2,000,000	2,000,000			98.000000	1,960,000.00	0.92
XS0511127689	7.1250 CROWN EUROPEAN HLGS 10/18		2,850,000				104.500000	2,978,250.00	1.39
XS0304675159	7.1250 ARDAGH GLASS FIN. 07/17		700,000	700,000	700,000		91.500000	640,500.00	0.30
XS0299967413	7.1250 FCE BANK PLC 07/13 MTN		5,100,000				103.250999	5,265,800.95	2.46
XS0466370540	7.2500 SMURF.KAPP.ACQ.09/17 REGS		3,500,000	500,000	1,000,000		104.250000	3,648,750.00	1.70
XS0525912522	7.2500 FCE BANK PLC 10/13 MTN		1,750,000				104.750000	1,833,125.00	0.86
XS0273988393	7.2500 BOMBARDIER INC. 06/16REGS		1,300,000		1,000,000		105.375000	1,369,875.00	0.64
XS0626347743	7.3750 REFRESCO GROUP 11/18 REGS		250,000	250,000			98.000000	245,000.00	0.11
XS0547007764	7.3750 ARDAGH PACK.FIN. 10/17		2,000,000	1,500,000	2,300,000		101.500000	2,030,000.00	0.95
XS0300667408	7.3750 NEW WORLD RES. 07/15 REGS		1,600,000				97.000000	1,552,000.00	0.73
XS0647108264	7.3750 GREIF LUX.FIN.11/21 REGS		500,000	500,000			99.000000	495,000.00	0.23
XS0560905506	7.3750 WIND ACQUIS.FIN. 10/18		5,000,000	3,600,000	2,000,000		90.500000	4,525,000.00	2.12
XS0674277933	7.3750 ENBW AG ANL.11/72		1,500,000	2,000,000	500,000		101.044000	1,515,660.00	0.71
XS0458230082	7.5000 HDLBGCEM.FIN.MTN.09/14		1,900,000	1,150,000			108.120003	2,054,280.06	0.96
DE000A1A0U37	7.5000 CONTI-GUMMI FIN. 10/17		2,750,000	250,000	1,000,000		103.875000	2,856,562.50	1.34
XS0611219949	7.5000 KABEL BW ANL.11/19 REG.S		2,000,000	2,000,000			104.000000	2,080,000.00	0.97
XS0430328525	7.6250 LAFARGE 09/14 MTN		500,000	500,000			109.525803	547,629.02	0.26
XS0233895415	7.6250 ROCKWOOD SPEC. 04/14		500,000				101.000000	505,000.00	0.24
XS0294430094	7.6250 CONSOL GLASS 07/14 REGS		1,100,000		500,000		101.500000	1,116,500.00	0.52
BE6213104605	7.7500 UCB SA 11/JUN.FLR	Y	500,000	4,500,000	4,000,000		100.805000	504,025.00	0.24
XS0463464916	7.7500 REYNOLDS GRP ES.09/16REGS		750,000	750,000	1,500,000		104.750000	785,625.00	0.37
XS0467785613	7.7500 SMURF.KAPP.ACQ. 09/19		800,000	1,300,000	1,250,000		104.500000	836,000.00	0.39
XS0520235218	7.7500 LEVI STRAUSS 10/18		500,000				99.000000	495,000.00	0.23
XS0504814509	7.8750 NEW WORLD RES. 10/18 REGS		400,000	700,000	300,000		97.000000	388,000.00	0.18
XS0495219874	7.8750 STENA AB 10/20 REGS		350,000	350,000			89.000000	311,500.00	0.15
XS0242945367	7.8750 INEOS GR.HLDG.06/16 REG.S		1,350,000	1,350,000	3,500,000		86.000000	1,161,000.00	0.54
XS0505541044	8.0000 ZIGGO BOND CO. 10/18 REGS		3,000,000	1,500,000	1,500,000		104.500000	3,135,000.00	1.46
XS0273428416	8.0000 CABLECOM LUX. 06/16 REGS		1,900,000	650,000			102.500000	1,947,500.00	0.91
XS0307398502	8.0000 BEVERAGE PACK. HLDG 07/16		500,000		500,000		89.500000	447,500.00	0.21
XS0620287341	8.0000 LYONDELL CHEMIC. 11/17		1,500,000	1,500,000		0.810000	108.000000	1,312,200.00	0.61
XS0244031570	8.0000 SAVCIO HLDGS 06/13 REGS		250,000				97.000000	242,500.00	0.11
XS0468492219	8.1250 UNITYM.NRW/HE.09/17 REGS		2,750,000	1,000,000	3,250,000		105.500000	2,901,250.00	1.36
XS0461087958	8.2500 CAMPOFRIO FOOD GR. 09/16		350,000		1,950,000		103.000000	360,500.00	0.17
XS0543710395	8.2500 SANTOS FIN. 10/70 FLR		1,850,000	300,000	250,000		96.000000	1,776,000.00	0.83
XS0254095663	8.2500 LOTTOMATICA 06/66FLR REGS		1,126,000	665,000	1,700,000		85.500000	962,730.00	0.45
XS0222158767	8.2500 CODERE FIN.05/15 FLR REGS		2,200,000	1,500,000	1,800,000		99.000000	2,178,000.00	1.02
XS0556268471	8.3750 R+R ICE CREAM 10/17 REGS		1,550,000	800,000	250,000		94.000000	1,457,000.00	0.68
XS0564563921	8.5000 ALCATEL-LUCENT 10/16		750,000	2,000,000	1,250,000		89.000000	667,500.00	0.31
XS0577452823	8.5000 LABCO 11/18 REGS		650,000	300,000	2,250,000		81.000000	526,500.00	0.25
XS0277864640	8.5000 CEVA GROUP PLC 06/14		750,000				95.500000	716,250.00	0.33
XS0548102531	8.5000 SUNRISE COMM. SA 10/18		1,750,000	1,000,000	700,000		102.750000	1,798,125.00	0.84
XS0298437087	8.6250 NXP B.V./FUND. 07/15		500,000	1,000,000	1,500,000		102.000000	510,000.00	0.24
XS0200848041	8.6250 GROHE ITV04/14REG.S		350,000	350,000			94.750000	331,625.00	0.16
XS0596538818	8.7500 FOODCORP 11/18 REGS		1,000,000	1,000,000			92.500000	925,000.00	0.43
XS0506591519	8.7500 CIRSA FUN.LUX. 10/18 REGS		2,250,000	1,500,000	750,000		92.875000	2,089,687.50	0.98
XS0606094208	8.7500 OBRASCON HUARTE 11/18REGS		1,000,000	1,000,000			101.500000	1,015,000.00	0.47
XS0249583377	8.7500 M-REAL CORP. 06/13		1,000,000				101.000000	1,010,000.00	0.47
XS0618662562	8.8750 CMA CGM 11/19 REGS		250,000	5,000,000	4,750,000		44.500000	111,250.00	0.05
XS0468883672	8.8750 CEDC FIN.CORP.INTL 09/16		350,000	800,000	3,800,000		69.500000	243,250.00	0.11

ISIN	SECURITY TITLE	IS PERPETUAL	VOLUME 31/1/2012 UNITS/NOM.	PURCHASES ADDITIONS IN PERIOD	SALES DISPOSALS UNDER REVIEW	POOL FACTOR	PRICE	MARKET VALUE IN EUR	% SHARE OF FUND ASSETS
BONDS IN EURO									
XS0500982573	8.8750 CEMEX ESPANA (LUX.) 10/17		430,000				79.000000	339,700.00	0.16
XS0550774870	8.8750 NARA CABLE FDG.10/18 REGS		1,000,000	1,500,000	1,000,000		93.500000	935,000.00	0.44
XS0253470644	8.8750 ISS AS 06/16 REGS		1,400,000		350,000		100.250999	1,403,513.99	0.66
XS0544395808	9.0000 PICARD BONDCO 10/18 REGS		400,000		350,000		104.000000	416,000.00	0.19
XS0545329624	9.0000 HAPAG-LLOYD AG 10(15)REGS		450,000	1,250,000	3,300,000		93.000000	418,500.00	0.20
XS0508553764	9.2500 INEOS FINANCE 10/15 REGS		800,000		500,000		103.500000	828,000.00	0.39
XS0435914790	9.2500 ARDAGH GLASS FIN. 09/16		500,000		500,000		108.000000	540,000.00	0.25
XS0704870392	9.3750 FAURECIA 11/16		2,000,000	2,000,000			106.000000	2,120,000.00	0.99
XS0527624059	9.3750 UNICREDIT 10/UND.FLR	Y	200,000	200,000			78.229170	156,458.34	0.07
XS0596918135	9.5000 EDCON (PTY) 11/18 REGS		250,000	250,000			85.000000	212,500.00	0.10
XS0487557125	9.5000 INTERXION HLDG 10/17 REGS		500,000				108.750000	543,750.00	0.25
XS0527885015	9.5000 INAER AVIAT. FIN. 10/17		1,500,000				86.500000	1,297,500.00	0.61
XS0307399062	9.5000 BEVERAGE PACK. HLDG 07/17		2,000,000	2,000,000	750,000		82.250000	1,645,000.00	0.77
XS0432072295	9.5000 VIRGIN MED.FI. 09/16		1,150,000				111.500000	1,282,250.00	0.60
XS0686703736	9.5000 HDLBGCEM.FIN. 11/18		2,000,000	4,000,000	2,000,000		112.250000	2,245,000.00	1.05
XS0611238816	9.5000 KBW MUSKETEER 11/21 REG.S		500,000	500,000			104.000000	520,000.00	0.24
XS0468466056	9.6250 UNITYMEDIA 09/19 REGS		500,000				105.750000	528,750.00	0.25
XS0523636594	9.6250 OXEA FIN. +CY 10/17 REGS		750,000		500,000	0.950000	105.000000	748,125.00	0.35
XS0618540883	9.7500 BOPARAN HLDG 11/18 REGS		1,500,000	2,000,000	500,000		93.250000	1,398,750.00	0.65
XS0523101722	9.7500 NORDENIA INTL ANL 10/17		600,000		900,000		104.000000	624,000.00	0.29
XS0645359190	9.8750 CAPSUGEL FIN. 11/19 REGS		750,000	750,000			107.000000	802,500.00	0.38
XS0471612076	10.0000 AGROKOR D.D. 09/16 REGS		1,150,000	1,250,000	2,200,000		99.750000	1,147,125.00	0.54
XS0615235966	10.0000 BORMIOLI RO.H. 11/18 REGS		850,000	1,650,000	800,000		102.000000	867,000.00	0.41
XS0161743785	10.1250 ECO-BAT FIN. 03/13 REGS		250,000			0.500000	100.250000	125,312.50	0.06
XS0480857415	10.6250 KERLING PLC 10/17 REGS		750,000	1,650,000	2,450,000		96.500000	723,750.00	0.34
XS0466451548	10.7500 TVN FIN. 09/17 REGS		1,350,000	850,000	500,000		103.250000	1,393,875.00	0.65
XS0302343917	10.8750 TRAVELPORT LLC/H.I. 07/16		250,000				27.000000	67,500.00	0.03
XS0568044555	10.8750 CONVATEC HEAL. 10/18 REGS		500,000	500,000			94.000000	470,000.00	0.22
XS0548968592	11.0000 A.T.U HANDEL 10/14 REGS		250,000	500,000	250,000		81.125999	202,815.00	0.09
XS0441258117	11.0000 ISS FIN.PLC 09/14 REGS		1,150,000		350,000		106.250000	1,221,875.00	0.57
XS0584389448	11.1250 ONO FINANCE 11/19 REGS		1,250,000	2,500,000	1,750,000		89.625000	1,120,312.50	0.52
XS0559494330	11.2500 POLISH TELEV. 10/17 REGS		200,000				98.500000	197,000.00	0.09
XS0452168536	11.6250 CENTRAL EU.MEDIA09/16REGS		1,050,000	800,000	250,000		79.000000	829,500.00	0.39
XS0731129747	11.7500 EILEME 2 AB 12/20 REGS		1,500,000	1,500,000			97.000000	1,455,000.00	0.68
XS0438150160	11.7500 WIND ACQUIS.FIN. 09/17		3,400,000	3,250,000	3,000,000		91.000000	3,094,000.00	1.45
XS0442348073	11.7500 PE PAP. ESCROW SCHV.09/14		1,000,000				109.000000	1,090,000.00	0.51
TOTAL LICENSED SECURITIES ADMITTED TO TRADING ON THE OFFICIAL MARKET OR ANOTHER REGULATED MARKET							EUR	206,302,382.50	96.47
EQUITIES IN US DOLLARS									
USU361951028	ALLY FIN.PERP.PFD G REG S	Y	442				650.000000	219,078.85	0.10
TOTAL LICENSED SECURITIES NOT ADMITTED TO TRADING ON THE OFFICIAL MARKET OR ANOTHER REGULATED MARKET							EUR	219,078.85	0.10
TOTAL SECURITIES PORTFOLIO							EUR	206,521,461.35	96.57
CREDIT DEFAULT SWAPS SELL PROTECTION IN EURO									
83121	CDS_PS_IDX 20/12/11 – 20/12/16							-292,084.22	-0.14
TOTAL CREDIT DEFAULT SWAPS							EUR	-292,084.22	-0.14
BANK BALANCES									
EUR BALANCES		EUR	2,486,847.91						
BALANCES IN OTHER EU CURRENCIES									
GBP		EUR	658.57						
BALANCES IN NON-EU CURRENCIES									
USD		EUR	8,850.15			EUR	2,496,356.63	1.17	

	CURRENCY	MARKET VALUE IN EUR	% SHARE OF FUND ASSETS
ACCRUALS AND DEFERRALS			
INTEREST CLAIMS	EUR	5,092,520.70	
RECEIVABLES - CREDIT DEFAULT SWAPS (PROTECTION SELLER)	EUR	35,000.00	2.40
TOTAL FUND ASSETS	EUR	213,853,254.46	100.00
NET ASSET VALUE PER UNIT			
TRANCHE R INCOME-DISTRIBUTING	EUR	76.47	
TRANCHE S DISTRIBUTING	EUR	75.05	
TRANCHE R INCOME-RETAINING	EUR	153.00	
TRANCHE R FULL INCOME-RETAINING	EUR	189.63	
TRANCHE I FULL INCOME-RETAINING	EUR	192.16	
UNITS IN CIRCULATION			
TRANCHE R INCOME-DISTRIBUTING	UNITS	538,553.004	
TRANCHE S DISTRIBUTING	UNITS	1,278.727	
TRANCHE R INCOME-RETAINING	UNITS	488,677.190	
TRANCHE R FULL INCOME-RETAINING	UNITS	373,015.297	
TRANCHE I FULL INCOME-RETAINING	UNITS	140,820.913	

EXCHANGE RATES

FOREIGN CURRENCY ASSETS WERE CONVERTED INTO EUR ON THE BASIS OF THE EXCHANGE RATES APPLICABLE ON 30/1/2012:

CURRENCY	UNIT	PRICE
BRITISH POUND	1 EUR =	0.836300 GBP
US DOLLAR	1 EUR =	1.311400 USD

SECURITIES PURCHASES AND SALES DURING THE PERIOD UNDER REVIEW NOT LISTED UNDER THE PORTFOLIO OF ASSETS:

ISIN	SECURITY TITLE	PURCHASES ADDITIONS	SALES DISPOSALS
STRUCTURED PRODUCTS IN EURO			
AT000B010046	1.2940 RZB FRN 06-16/PP/6		1,100,000
XS0207513127	2.0860 ANZ CAP.TRUST III 04/53		200,000
XS0267063435	2.1300 ABN AMRO 06/16 FLRMTN		800,000
FR0010871269	9.0000 BPCE 10/UND. FLR		300,000
BONDS IN EURO			
XS0190027051	0.0000 LIGHTHOUSE INT.04/14 REGS		1,000,000
FR0010094615	1.6870 RENAULT 04/11 MTN FLR		254,000
ES0413900103	3.1250 BCO SANTANDER 05/15	1,000,000	1,000,000
XS0494547168	3.4060 TELEFONICA EM. 10/15 MTN		750,000
XS0505200211	3.6250 BANQUE PSA FIN. 10/14 MTN	750,000	750,000
XS0297861279	4.0630 MAGYAR TELECOM 07/13 FLR		524,000
DE000CB07899	4.1250 COMMERZBK SUB.FLR 06/16	500,000	500,000
FR0011001361	4.2500 GECINA 11-16 MTN	1,000,000	1,500,000
XS0270503369	4.3350 RHODIA S.A. 06/13FLR REGS		350,000
ES0213211099	4.3750 BBVA SA 04-19 FLR		500,000
XS0201169439	4.5000 SANTANDER ISS. 04/19 FLR	500,000	1,000,000
IE00B28HXX02	4.5000 IRELD 2018	700,000	700,000
XS0542298012	4.6250 RWE AG NRA 10/UNBEFR.	800,000	3,100,000
FR0010398271	4.6250 PERNOD-RICARD 06/13		1,500,000
XS0456135184	4.6250 BK OF IRELD 09/13 MTN	1,500,000	1,500,000
ES0413211428	4.7500 BBVA SA 11-16	600,000	600,000
AT0000A0MS58	4.7500 VOESTALPINE ANL 11-18		1,800,000
XS0647188605	4.8750 AMADEUS CAP.M. 11/16 MTN	1,000,000	1,000,000
FR0010998724	5.0000 PEUGEOT 11-16 TR 2		2,500,000
XS0626028566	5.0000 GERRESHEIMER ANL.11/18	2,200,000	2,200,000
FR0011022110	5.0000 PERNOD-RICARD 11/17	1,000,000	1,000,000
XS0531180544	5.0000 PERI GMBH MTN 10/15		350,000
XS0240918218	5.0000 FRESINIUS FIN. 06/13 REGS		1,000,000
XS0181557454	5.1250 EVONIK DEGUSSA ANL.03/13		2,000,000
XS0237431837	5.1250 TUI AG AN.REG.S 05/12		500,000
XS0194948617	5.1250 STORA ENSO 04/14 MTN		750,000
XS0500405005	5.2500 PRYSMIAN 10/15		1,200,000
XS0627188468	5.3750 GAS NATURAL CM 11/19 MTN	900,000	900,000
XS0419264063	5.4960 TELEFONICA EM. 09/16 MTN		200,000

ISIN	SECURITY TITLE	PURCHASES ADDITIONS	SALES DISPOSALS
BONDS IN EURO			
XS0477568637	5.5000 FMC FINANCE VI 10/16 REGS		750,000
XS0645941419	5.5000 BRENNTAG FIN. 11/18	1,100,000	1,100,000
XS0240919372	5.5000 FRESENIUS FIN. 06/16 REGS		2,500,000
XS0626350028	5.5350 REFRESCO GROUP 11/18 FLR	1,000,000	1,000,000
XS0305093311	5.6250 FIAT FINANCE N.A.07/17MTN		500,000
FR0010916734	5.6250 RENAULT 10-15 MTN		2,500,000
XS0605559821	5.8750 IPIC GMTN 11/21 MTN	1,400,000	1,400,000
XS0503453275	5.8750 MOL NYRT. 10/17		1,500,000
XS0346402463	6.0000 OTE PLC 08/15 MTN		500,000
BE0933072291	6.0000 BARRY CALLEBAUT SVCS07/17		500,000
FR0010014845	6.0000 GIE PSA TRES. 03/33		410,000
XS0618847775	6.1250 UNICREDIT 11/21 MTN	900,000	900,000
XS0273933902	6.2500 CHESAPEAKE EN. 06/17	250,000	3,250,000
XS0299486745	6.2500 OBRASCON HUARTE 07/12		750,000
XS0300179198	6.2770 C10 CAP. SPV 07/49		600,000
DE000CB83CE3	6.3750 COBA LT2 NACHRANG 11/19	1,000,000	1,000,000
XS0619548216	6.3750 ABN AMRO BANK 11/21 MTN	783,000	783,000
XS0555929263	6.3750 TELENET FIN.LUX10/20REGS		2,000,000
FR0010070805	6.3750 ALCATEL-LUCENT 04-14 MTN		500,000
XS0613002368	6.3750 FIAT FIN. +TRADE 11/16 MTN	3,000,000	3,000,000
XS0619437147	6.6250 RBI SCHULDV. 11-21	1,900,000	1,900,000
XS0629626663	6.7500 OMV FLR MTN 11/UND	4,000,000	4,000,000
XS0459131636	6.7500 HANIEL +CIE 09/14 MTN		700,000
XS0473114543	6.7500 LAFARGE 09/19 MTN	1,000,000	1,000,000
XS0282770675	6.7500 IRON MOUNTAIN PA. 07/18		1,000,000
XS0218256468	6.7500 OWENS-BROCKWAY 04/14		1,000,000
XS0465889912	6.8750 FIAT FIN. +TRADE 09/15 MTN		1,750,000
XS0569255200	6.8750 NALCO 10/19 REGS		700,000
US001084AK86	6.8750 AGCO CORP. 04/14		1,200,000
XS0456708212	7.0000 EVONIK IND. ANL. 09/14		900,000
DE000A1KQXZ0	7.1250 FREENET IS. 11/16	1,000,000	1,000,000
DE000A1A1P25	7.1250 CONTI-GUMMI FIN. 10/18	500,000	3,000,000
XS0647264398	7.3750 FIAT FIN. +TRADE 11/18 MTN	1,500,000	1,500,000
XS0478803355	7.5000 HDLBGCEM.FIN.NTS 10/20	1,300,000	1,500,000
XS0479955402	7.6250 UPCB FINANCE 10/20 REGS	500,000	500,000
XS0451641285	7.6250 FIAT FIN. +TRADE 09/14 MTN	350,000	1,350,000
XS0560190901	7.7500 DONG ENERGY 2011/3010 FLR	1,100,000	2,600,000
XS0296654600	7.7500 PEERMONT GLOBAL 07/14REGS		750,000
XS0557898946	7.8750 TVN FIN.CORP III 10/18		500,000
XS0223834853	7.8750 CIRSA CAP.LUX. 05/12 REGS		500,000
XS0213359671	7.8750 GERRESHEIMER NTS05/15R.S		1,900,000
XS0458230322	8.0000 HDLBGCEM.FIN.MTN.09/17		3,150,000
XS0498576833	8.0000 LBI ESCROW 10/17 REGS	750,000	2,250,000
XS0188274848	8.0000 CLONDALKIN IND.04/14 REGS		1,000,000
XS0207922054	8.0000 LOGWIN AG 04/12 REGS		300,000
XS0528926354	8.2500 CODERE FIN.10/15 FLR REGS	500,000	500,000
XS0532178000	8.3750 UPC HOLDING 10/20 REGS		2,250,000
XS0522343101	8.5000 HERTZ HOLDS NL 10/15 REGS		1,500,000
XS0458685913	8.5000 HDLBGCEM.FIN.MTN.09/19	1,000,000	1,000,000
XS0390398344	8.7500 FRESEN.US FI.II 09/15REGS		1,750,000
XS0578309055	8.7500 CIRSA FUN.LUX. 11/18 2	750,000	1,500,000
XS0442431564	9.0000 FIAT FIN. +TRADE 09/12 MTN		2,000,000
DE000A1KQ1E2	9.2500 HEIDELBERG.NTS11/18REG.S	1,250,000	1,250,000
XS0562670181	9.3750 EUROPCAR GRPE 10/18 REGS	1,550,000	2,550,000
XS0473176658	9.5000 MAGYAR TELECOM 09/16 REGS	1,000,000	1,000,000
XS0611281154	9.5000 MAGYAR TELECOM 11/16 REGS	1,000,000	1,000,000
XS0473821816	9.6250 NOVASEP 09/16 REGS		500,000
XS0582275441	10.0000 AGROKOR D.D. 11/16 REGS 2		250,000
XS0430907989	10.0000 IFCO SYSTEMS 09/16 REGS		1,000,000
XS0268103610	10.7500 KABEL DEUT. ITV ANL 04/14		500,000
BONDS IN US DOLLARS			
US36186CBP77	5.3750 ALLY FINANCIAL 08/11		1,326,000
CONVERTIBLE EURO BONDS			
DE000TUAG091	2.7500 TUI AG WDL.07/12		500,000

Calculation method for overall risk

Calculation method for overall risk:

Simplified approach

Raiffeisen Kapitalanlage-Gesellschaft m.b.H. complies with the quality standards of the Association of Austrian Investment Companies (Vereinigung Österreichischer Investmentgesellschaften, VÖIG).

Vienna, 10 April 2012

Raiffeisen Kapitalanlage-Gesellschaft m. b. H.



Dr. Mathias Bauer



Mag. (FH) Dieter Aigner



Mag. Gerhard Aigner

Audit opinion

Unqualified audit opinion

We have audited the annual fund report including the accounting as of 31 January 2012 issued by Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna, for its fund Raiffeisen European HighYield, a jointly owned fund pursuant to the 2011 Austrian Investment Fund Act (InvFG), as amended, for the financial year from 1 February 2011 to 31 January 2012.

Responsibility of the statutory representatives for the annual fund report, management of the asset portfolio and the accounting

The statutory representatives of the management company/the custodian bank are responsible for the accounting, valuation of the asset portfolio, calculation of withholding taxes, preparation of the annual fund report and management of the asset portfolio in accordance with the provisions of the Austrian Investment Fund Act, the supplementary provisions in the fund regulations and the tax regulations. This responsibility includes the setup, execution and maintenance of an internal control system where this is significant for the registration and valuation of the asset portfolio and preparation of the annual fund report so that this report is free from significant factual misstatements due to intentional or unintentional errors; selection and application of suitable valuation methods; performance of estimates which appear appropriate with consideration of the applicable outline conditions.

Responsibility of the bank auditor and description of the type and scope of the statutory audit of the annual fund report

We are responsible for providing an audit opinion for this annual fund report on the basis of our audit.

We performed our audit pursuant to § 49 para. 5 of the Austrian Investment Fund Act whilst complying with the applicable Austrian statutory regulations and principles of proper balance-sheet auditing. These principles require our compliance with rules of professional conduct and our planning and execution of the audit so that we are able to form an opinion with a reasonable degree of certainty on whether the annual fund report is free from significant factual misstatements.

An audit includes the performance of audit activities to obtain documentation of the figures and other disclosures in the annual fund report. The audit activities are chosen at the discretion of the bank auditor, with consideration of its assessment of the risk of significant factual misstatements due to intentional or unintentional errors. In performing the risk assessment, the bank auditor gives consideration to the internal control system where this is of significance for preparation of the annual fund report and valuation of the asset portfolio, so as to specify suitable audit activities with consideration of the applicable outline conditions. No audit opinion is provided on the effectiveness of the internal control measures implemented by the management company and the custodian bank, however. The audit also includes an assessment of the appropriateness of the valuation methods used and the key estimates made by the statutory representatives as well as an evaluation of the overall statement provided in the annual fund report.

In our opinion we have obtained sufficient and suitable documentation for our audit, so that it provides an adequate degree of certainty on which to base our judgment.

Audit outcome

Our audit has not met with any objections. On the basis of our audit findings, in our view the annual fund report as of 31 January 2012 for Raiffeisen European HighYield, a jointly owned fund pursuant to the 2011 Austrian Investment Fund Act (InvFG), as amended, complies with the statutory regulations.

Compliance with the Austrian Investment Fund Act and the fund regulations

Pursuant to § 49 para. 5 InvFG our audit includes an assessment of whether this annual fund report complies with the Austrian Federal Act on Investment Funds (Austrian Investment Fund Act) and the fund regulations. We have implemented our audit in accordance with the above principles, so that we are able to determine with a sufficient level of certainty whether this annual fund report complies with the provisions of the Austrian Investment Fund Act and the fund regulations.

According to our audit findings, the provisions of the Austrian Federal Act on Investment Funds (Austrian Investment Fund Act) and the fund regulations have been complied with.

Report on activities performed during the past financial year

We have undertaken a critical assessment of the disclosures provided by the management company's management in the annual fund report on its activities in the past financial year, but these were not subject to special audit activities in accordance with the above principles. Accordingly, our audit opinion does not include an evaluation of this information. In the context of the overall picture set out in this annual fund report, the disclosures concerning the financial year are consistent with the figures provided in the report.

Vienna, 10 April 2012

KPMG Austria AG, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca
Auditor

pp. Franz Frauwallner
Auditor

Tax treatment

Please see our website www.rcm.at for detailed information on the fund's tax treatment, prepared on the basis of the audited annual fund report.

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 situation

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 pledged or otherwise encumbered or given in security or assigned.
§ 4 para. 2 InvFG does not preclude the investment fund's grant of collateral in connection with derivative products pursuant to § 21 InvFG 1993, irrespective of whether such collateral is granted in the form of sight deposits, money market instruments or securities.
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 InvFG 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 (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 website of the issuing asset management company (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 and 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 and semi-annual fund reports shall be made available for inspection at the offices of the asset management company and the custodian bank and published on the website of the asset management company (www.rcm.at).

§ 9 Withdrawal period for income shares

Unit 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.

Publication 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 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 website of the issuing asset management company.

§ 11 Amendment 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 Raiffeisen European HighYield, 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 Raiffeisen Bank International AG, 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 Bank International AG, 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. 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.

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.

However, 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.

3. Income-retaining unit certificates without deducted capital gains tax (foreign tranche) may only be sold outside Austria. The unit certificates shall be represented by global certificates and – at the discretion of the asset management company – by actual securities.
4. 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 euro-denominated high-yield bonds.
Investments in non-euro denominated assets are limited to 30 per cent of the fund assets overall. Where the currency risk is eliminated through foreign exchange cover transactions, these investments may be assigned to the euro-denominated investments.
 - **Money market instruments**
Money market instruments may account for up to 49 per cent of the investment fund’s assets.
 - **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 25 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 swaps and other 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 overall risk for derivative instruments which are not held for hedging purposes is limited to 30 per cent of the overall net value of the fund assets.

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 exceed 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 to 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 issue 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 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 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 and § 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 25 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 within the meaning of § 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.
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.

The overall risk for derivative instruments which are not held for hedging purposes is limited to 30 per cent of the overall net value of the fund assets.

§ 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

Not applicable.

§ 20 Borrowing

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 Repos

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 or the currency of the unit certificate classes.

The subscription fee to cover the company's issuing costs may not exceed 3 per cent.

For unit certificates of the investment fund sold outside Austria, to cover the issuing costs instead of the subscription fee a redemption fee of up to 3 per cent or a combination of a subscription fee and a redemption fee which may not exceed 3 per cent may be added to the calculated value.

Please see the prospectuses for further details.

The redemption price is based on the value of a unit.

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 February 1 through to January 31 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" (minimum investment: EUR 500,000) or
- of up to 1.50 per cent of the fund assets for other unit certificate classes,

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.

§ 26 Appropriation of 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, whilst taking into consideration the unit holders' legitimate 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 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 through distributions. From April 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.

Interim distributions shall be possible.

In any case, from April 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)

Income during the accounting year net of costs shall not be distributed. Instead, from April 15 an amount calculated in accordance with § 13 clause 3 of the Austrian Investment Fund Act 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 income 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)

Income during the accounting year net of costs shall not be distributed. No payout as per § 13 clause 3 InvFG shall occur. April 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.

§ 27b Appropriation of income in case of income-retaining unit certificates without capital gains tax deducted (full income retention – foreign tranche)

Income during the accounting year net of costs shall not be distributed. No payout as per § 13 clause 3 InvFG shall occur.

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.

§ 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://mifiddatabase.esma.europa.eu/Index.aspx?sectionlinks_id=23&language=0&pageName=REGULATED_MARKETS_Display&subsection_id=0¹

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 EEA pursuant to § 20 para. 3 item 1 sec. b 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	Russia	Moscow (RTS Stock Exchange) Moscow Interbank Currency Exchange (MICEX)
2.4	Switzerland	SWX Swiss Exchange
2.5	Serbia and Montenegro	Belgrade
2.6	Turkey	Istanbul (for Stock Market, "National Market" only)

¹ 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"]

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
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	Korea Exchange (Seoul, Busan)
3.13	Malaysia	Kuala Lumpur, Bursa Malaysia Berhad
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 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).