

Raiffeisen European SmallCap

(Original German name:

Raiffeisen-Europa-SmallCap)

Annual fund report

Financial year 2013-2014

Note:

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

Table of contents

General fund information	3
Fund characteristics.....	3
Legal notice	4
Fund details.....	5
Units in circulation.....	6
Fund details for last 3 financial years	6
Development of the fund assets and income statement	7
Performance in financial year (fund performance)	7
Development of fund assets in EUR.....	8
Fund result in EUR	9
A. Realized fund result	9
B. Unrealized closing price	9
C. Income adjustment.....	9
Appropriation of fund result in EUR	10
Capital market report	11
Fund investment policy report	12
Makeup of fund assets in EUR	13
Portfolio of investments in EUR	14
Calculation method for overall risk	17
Audit opinion	18
Tax treatment	20
Fund regulations	21
Appendix	27

Report for the financial year from 1 August 2013 to 31 July 2014

Raiffeisen European SmallCap is an equity fund. It pursues an investment goal of long-term capital growth subject to a higher level of risk. It mainly invests (at least 51 % of its fund assets) in equities or equity-equivalent securities issued by small cap companies which have a market capitalization (price (market price) multiplied by a company's total number of issued shares) of up to EUR 5 billion and which are headquartered or mainly active in Europe. The fund may also invest in other securities, in bonds and money market instruments issued by sovereigns, companies or supranational issuers etc., in units in investment funds and in sight deposits and deposits at notice. The fund is actively managed and is not limited by means of a benchmark.

General fund information

Tranche	Fund currency	Tranche currency	Launch date	ISIN
ISIN income-distributing (R) (A)	EUR	EUR	25/7/2003	AT0000638986
ISIN income-retaining (R) (T)	EUR	EUR	25/7/2003	AT0000638994
ISIN full income-retaining (outside Austria) (R) (VTA)	EUR	EUR	28/10/2003	AT0000639000
ISIN full income-retaining (outside Austria) (I) (VTA)	EUR	EUR	1/2/2011	AT0000A0LQ44
ISIN full income-retaining (Austria) (R) (VTI)	EUR	EUR	3/3/2014	AT0000A15HP6
ISIN savings fund income-distributing (R) (A)	EUR	EUR	25/7/2003	AT0000639018
ISIN savings fund income-retaining (R) (T)	EUR	EUR	25/7/2003	AT0000639026

Fund characteristics

Financial year:	1 August – 31 July
Distribution/payment/reinvestment date:	15 October
EU directive compliance:	EU directive-compliant jointly owned fund under the 2011 Austrian Investment Fund Act (InvFG), as amended
Max. management fee for the fund:	R tranche: 2.00 % I tranche: 1.00 %
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 GmbH

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 SmallCap for the financial year from 1 August 2013 to 31 July 2014.

Fund details

	31/7/2013	31/7/2014
Fund assets in EUR	67,765,001.03	72,824,753.56
Net asset value/unit (R) (A) EUR	174.79	196.50
Issue price/unit (R) (A) EUR	183.53	206.33
Net asset value/unit (R) (T) EUR	183.39	208.04
Issue price/unit (R) (T) EUR	192.56	218.44
Net asset value/unit (R) (VTA) EUR	188.60	214.08
Issue price/unit (R) (VTA) EUR	198.03	224.78
Net asset value/unit (I) (VTA) EUR	193.32	221.48
Issue price/unit (I) (VTA) EUR	202.99	232.55
Net asset value/unit (R) (VTI) EUR	-	213.86
Issue price/unit (R) (VTI) EUR	-	224.55
	15/10/2013	15/10/2014
Distribution/unit (R) (A) EUR	1.75	1.97
Outpayment/unit (R) (T) EUR	0.13	0.0000
Reinvestment/unit (R) (T) EUR	5.04	9.0848
Reinvestment/unit (R) (VTA) EUR	5.35	9.3423
Reinvestment/unit (I) (VTA) EUR	7.24	11.6337
Reinvestment/unit (R) (VTI) EUR	-	9.3236

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

Units in circulation

	AT0000638986 (R) A	AT0000638994 (R) T		AT0000639000 (R) VTA	AT0000A0LQ44 (I) VTA	AT0000A15HP6 (R) VTI
Units in circulation on 31/7/2013	27,991.958	260,978.713		79,568.033	10.000	-
Sales	1,390.803	85,651.252		21,914.914	880.010	32,260.403
Repurchases	- 3,077.068	- 120,386.220		- 25,554.018	- 450.005	- 12,460.805
Units in circulation	26,305.693	226,243.745		75,928.929	440.005	19,799.598
Total units in circulation on 31/7/2014						348,717.970

Fund details for last 3 financial years

	31/7/2012	31/7/2013	31/7/2014
Total fund assets	58,715,359.45	67,765,001.03	72,824,753.56
Net asset value/distributing units (R) (AT0000638986) in EUR	144.57	174.79	196.50
Net asset value/reinvested units (R) (AT0000638994) in EUR	150.45	183.39	208.04
Net asset value/fully reinvested units (R) (AT0000639000) in EUR	154.50	188.60	214.08
Net asset value/fully reinvested units (I) (AT0000A0LQ44) in EUR	156.81	193.32	221.48
Net asset value/fully reinvested units (R) (AT0000A15HP6) in EUR	-	-	213.86

Development of the fund assets and income statement

Performance in financial year (fund performance)

Distributing units (R) (AT0000638986)

Net asset value per unit at start of financial year in EUR	174.79
Distribution on 15/10/2013 (net asset value: EUR 180.13) of EUR 1.75, corresponds to 0.0097 units	
Net asset value per unit at end of financial year in EUR	196.50
Total value incl. units purchased through distribution (1.0097 x 196.50)	198.41
Net income/net reduction per unit	23.62

Performance of one unit during the financial year as % **13.51**

Reinvested units (R) (AT0000638994)

Net asset value per unit at start of financial year in EUR	183.39
Outpayment on 15/10/2013 (net asset value: EUR 190.70) of EUR 0.13, corresponds to 0.000682 units	
Net asset value per unit at end of financial year in EUR	208.04
Total value incl. units purchased through outpayment (1.000682 x 208.04)	208.18
Net income/net reduction per unit	24.79

Performance of one unit during the financial year as % **13.52**

Fully reinvested units (R) (AT0000639000)

Net asset value per unit at start of financial year in EUR	188.60
Net asset value per unit at end of financial year in EUR	214.08
Net income/net reduction per unit	25.48

Performance of one unit during the financial year as % **13.51**

Fully reinvested units (I) (AT0000A0LQ44)

Net asset value per unit at start of financial year in EUR	193.32
Net asset value per unit at end of financial year in EUR	221.48
Net income/net reduction per unit	28.16

Performance of one unit during the financial year as % **14.57**

Fully reinvested units (R) (AT0000A15HP6)

Net asset value per unit at launch of tranche (3/3/2014) in EUR	217.04
Net asset value per unit at end of financial year in EUR	213.86
Net income/net reduction per unit	- 3.18
Performance of one unit from launch of tranche (3/3/2014) up to the end of the financial year in %	- 1.47

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.

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 5.00 % of the invested amount) and any redemption fee (not exceeding 0.00 % of the sold amount) – 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 in EUR

Fund assets on 31/7/2013 (368,548.704 units)	67,765,001.03
Distribution on 15/10/2013 (EUR 1.75 x 27,757.759 distributing units (R) (AT0000638986))	- 48,576.08
Outpayment on 15/10/2013 (EUR 0.13 x 259,588.901 reinvested units (R) (AT0000638994))	- 33,746.56
Issuance of units	29,665,007.95
Redemption of units	- 33,786,987.24
Pro rata income adjustment	296,238.48
Overall fund result	8,967,815.98
Fund assets on 31/7/2014 (348,717.970 units)	72,824,753.56

Fund result in EUR

A. Realized fund result

Ordinary fund result		
Income (excl. closing price)		
Interest income	4,229.73	
Interest expenses	- 335.22	
Dividend income (incl. dividend equivalent)	1,411,720.79	
Austrian dividend income	165,531.12	1,581,146.42
Expenses		
Management fees	- 1,538,719.17	
Custodian bank fees	- 69,807.83	
Auditing expenses	- 5,280.00	
Tax consulting fees	- 2,400.00	
Custodian fee	- 29,427.15	
Statutory/publication expenses	- 10,836.43	- 1,656,470.58
Ordinary fund result (excl. income adjustment)		- 75,324.16
Realized closing price		
Profits realized from securities	4,918,787.18	
Losses realized from securities	- 1,427,212.15	
Realized closing price (excl. income adjustment)		3,491,575.03
Realized fund result (excl. income adjustment)		3,416,250.87
B. Unrealized closing price		
Change in unrealized closing price		5,847,803.59
C. Income adjustment		
Income adjustment for income during financial year	- 235,961.25	
Income adjustment during financial year for profit carryovers	- 60,277.23	- 296,238.48
Overall fund result		8,967,815.98

The result for the past accounting year includes explicitly reported transaction costs in the amount of EUR 77,855.15.

Appropriation of fund result in EUR

Distribution (EUR 1.97 x 26,305.693 distributing units (R) (AT0000638986))		51,822.22
Outpayment pursuant to § 58 (2) InvFG (EUR 0.0000 x 226,243.745 reinvested units (R) ((AT0000638994))		0.00
Reinvested amount (R) (reinvestment (AT0000638994))		2,055,371.35
Reinvested amount (R) (full reinvestment (AT0000639000))		709,348.43
Reinvested amount (I) (full reinvestment (AT0000A0LQ44))		5,118.88
Reinvested amount (R) (full reinvestment (AT0000A15HP6))		184,604.41
Total		3,006,265.29
Realized fund result (incl. income adjustment)		3,120,012.39
Profit carryover from previous year	1,000,600.58	
Profit carryover into following period	1,114,347.68	- 113,747.10
Total		3,006,265.29

Capital market report

The past year was highly positive for most asset classes, and the favorable trend generally continued in the 1st half of 2014, despite downward corrections for equities and high-yield bonds over the past few weeks. Stock markets in the USA and the Eurozone have gained approx. 5-7 % since the start of 2014. On the whole, the picture is similar for the emerging markets stock markets.

However, the trend for the emerging markets is highly variable, as is so often the case. While some countries have realized strong gains (e.g. Brazil, India, Turkey), others have posted significantly weaker performances – particularly the central and eastern European markets – despite highly attractive valuation levels in some cases. The Ukraine crisis, which the markets had effectively ignored for a long period, is now evidently having an impact, both on the real economy and on investor sentiment. This likely partly accounts for the fact that the Austrian stock market has been one of the weakest European markets to date this year. Japanese equities have recorded a marginally negative performance since the start of 2014.

Following a decade of price rises, the price of gold fell by approx. 30 % in 2013. It has recovered slightly over the last few months but has yet to develop any upward momentum. The price of oil fell slightly toward the end of the period, but overall it remains notably calm in view of the heightened geopolitical risks (Ukraine, Iraq/Syria, Israel/Palestine).

To the surprise of most market participants, to date this year bonds have proved to be one of the strongest asset classes. Since the US central bank is gradually reducing its bond-purchasing activities, a rise in yields had generally been anticipated. However, the opposite occurred. US government bonds realized strong gains, as did euro government bonds (both for the core countries and for the Eurozone's peripheral members). The low interest-rate policy which almost all of the key central banks continue to adhere to and virtually all market participants' very clear positioning at the start of 2014 in favor of rising yields were likely strong contributing factors. Corporate and high-yield bonds also gained ground as part of this trend (although the latter have suffered significant price corrections over the past few weeks). Prices of emerging markets bonds, which were buffeted in 2013, have also clearly picked up since the spring of 2014.

For the time being, the activities of the central banks and the economic trend remain the key direct factors shaping the financial markets. Most of the emerging markets are continuing to suffer a loss of economic momentum, even though more positive economic signals have increasingly been apparent. China now accounts for almost all of the emerging markets' growth differential in relation to the developed industrialized nations. However, it also faces the greatest challenges. It needs to clearly reduce its volume of lending growth which is far too strong. However, at present this seems hardly possible without significantly weakening the Chinese economy. It will be interesting to see whether and to what extent Beijing is able to achieve a "soft" landing here. Of the industrialized nations, in 2014 the USA will likely once again realize the strongest levels of growth. The markets currently expect that the US central bank will implement initial interest-rate hikes in the coming spring. On the other hand, Japan's central bank is continuing to bide its time, even though growth has recently fallen sharply. However, in view of the disappointing economic policy of the Japanese premier, Mr. Abe, sooner or later the bank will in any case scarcely be able to avoid further huge easing of its monetary policy and once again weakening Japan's currency. Following years of recession, the Eurozone is expected to return to positive territory with slight growth of around 1 %. The euro's strength and the stubbornly low inflation level in the Eurozone have prompted action from the European Central Bank. Unprecedented penalty interest rates for banks and additional liquidity support are intended to counter the threat of a deflationary trend. The effectiveness of these measures for the real economy is doubtful, but they may have a significant impact on the European financial markets and provide an additional boost for equities and bonds, at least temporarily. At any rate, the financial market environment will remain challenging, even if the positive factors currently predominate.

Fund investment policy report

European small cap stocks have realized strong gains over the past year. The rising stock markets have been buoyed by positive market sentiment as well as central-bank measures. In the period under review, the US central bank extended its quantitative measures instead of winding them down. This development surprised the market. Corporate results failed to achieve a clear recovery on a broad front in the past year.

From an industry point of view, financial stocks and cyclical consumer stocks were outperformers. Restructuring firms with high debt-equity ratios were also outperformers. From a regional perspective, Europe's peripheral markets and France were outperformers.

In terms of industries, the more defensive sectors such as non-cyclical consumer stocks and utilities were underperformers. Due to falling growth momentum in the emerging markets, commodities and energy stocks were also underperformers. Austria, the United Kingdom and Germany were regional underperformers.

Positions in two automobile suppliers and in several Greek equities provided positive contributions for the fund. The lack of financial stocks featured in the portfolio yielded a negative contribution, as did several Austrian equities. The fund was mainly invested in the core European markets. Negative performance contributions were realized here.

Makeup of fund assets in EUR

Securities	Market value	%
Equities:		
EUR	61,161,569.42	83.98
CHF	3,111,894.72	4.28
GBP	2,796,268.23	3.84
NOK	832,582.32	1.14
SEK	788,518.41	1.08
DKK	502,916.92	0.69
Total equities	69,193,750.02	95.01
Subscription rights:		
EUR	24.50	0.00
Warrants:		
EUR	4,740.00	0.01
Real estate investment trusts:		
EUR	1,759,253.00	2.42
Total securities	70,957,767.52	97.44
Bank balances		
Bank balances in fund currency	1,856,918.22	2.55
Bank liabilities in foreign currency	- 13,611.28	- 0.02
Total bank balances	1,843,306.94	2.53
Accruals and deferrals		
Interest claims (on securities and bank balances)	- 9.72	0.00
Dividends receivable	23,688.82	0.03
Total accruals and deferrals	23,679.10	0.03
Total fund assets	72,824,753.56	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	CURRENCY	VOLUME 31/7/2014	PURCHASES ADDITIONS IN PERIOD	SALES DISPOSALS UNDER REVIEW	PRICE	MARKET VALUE IN EUR	% SHARE OF FUND ASSETS
EQUITIES IN EURO								
NL0000852564	AALBERTS IND. NV EO-.25	EUR	12,943		15,000	23.250000	300,924.75	0.41
DE0005408116	AAREAL BANK AG	EUR	40,600			32.420000	1,316,252.00	1.81
DE0005103006	ADVA OPT.NETW.SE O.N.	EUR	37,000	10,000	20,000	2.915000	107,855.00	0.15
FI0009000285	AMER SPORTS CORP. A	EUR	40,000			15.060000	602,400.00	0.83
IT0003261069	ASTALDI S.P.A. EO 2	EUR	131,211	10,000		7.345000	963,744.80	1.32
AT0000969985	AT+S AUST. TECH.SYS.O.N.	EUR	94,127	41,850		9.090000	855,614.43	1.17
BE0974258874	BEKAERT P.S.	EUR	10,000			28.190000	281,900.00	0.39
NL0000339703	BETER BED HLDG EO-.02	EUR	36,270			17.225000	624,750.75	0.86
NL0000335578	BINCKBANK N.V. EO-0.10	EUR	83,750			8.550000	716,062.50	0.98
IT0001050910	BREMBO S.P.A. EO 0.52	EUR	47,000		10,000	27.650000	1,299,550.00	1.79
NL0010776944	BRUNEL INTL NV EO -.03	EUR	30,000	30,000		19.515000	585,450.00	0.80
IT0001347308	BUZZI UNICEM EO 0.60	EUR	52,000			12.550000	652,600.00	0.90
AT0000641352	CA IMMO.ANL.AG AKT. O.N.	EUR	70,500			15.335000	1,081,117.50	1.48
FI0009013429	CARGOTEC CORP. B	EUR	17,000			28.020000	476,340.00	0.65
IT0000080447	CIR ORD. EO 0,50	EUR	260,000			1.060000	275,600.00	0.38
DE0005428007	COMDIRECT BANK AG	EUR	40,000	40,000		7.839000	313,560.00	0.43
IT0003849244	DAVIDE CAMPARI-MIL.EO-.10	EUR	100,000			5.900000	590,000.00	0.81
NL0009294552	DELTA LLOYD N.V. EO-0.20	EUR	68,000	13,000		17.920000	1,218,560.00	1.67
DE0007480204	DEUTSCHE EUROSHOP AG O.N.	EUR	9,186			36.070000	331,339.02	0.45
DE000A0HNSC6	DEUTSCHE WOHNEN AG INH	EUR	40,000	20,000	10,000	16.295000	651,800.00	0.90
IT0003492391	DIASORIN S.P.A. EO 1	EUR	7,000			30.090000	210,630.00	0.29
ES0112501012	EBRO FOODS NOM. EO-0.60	EUR	50,404			15.845000	798,651.38	1.10
GRS191213008	ELLAKTOR S.A.NAM. EO 1,03	EUR	68,824		10,000	3.850000	264,972.40	0.36
ES0130960018	ENAGAS INH. EO 1,50	EUR	24,000			25.315000	607,560.00	0.83
ES0130625512	ENCE ENERGIA+CELUL.EO-.90	EUR	146,984	4,454		1.640000	241,053.76	0.33
GRS359353000	EYDAP S.A. INH EO 0,6	EUR	48,495			9.800000	475,251.00	0.65
AT0000911805	FLUGHAFEN WIEN AKT. O.N.	EUR	10,500			69.810000	733,005.00	1.01
GRS294003009	FOLLI FOLLIE EO 0,30	EUR	36,668		35,000	31.900000	1,169,709.20	1.61
DE000A0Z2Z75	FREENET AG NA	EUR	35,000		35,000	19.855000	694,925.00	0.95
GRS346153000	FRIGOGLASS NA EO 0,30	EUR	41,596		5,841	3.590000	149,329.64	0.21
GRS145003000	GEK TERNA S.A. EO 0,57	EUR	35,000			3.800000	133,000.00	0.18
DE0003304101	GERRY WEBER INTERNAT.O.N.	EUR	25,552		4,000	35.185000	899,047.12	1.23
IE00B00M2448	GRAFTON GROUP PLC UTS	EUR	137,300		15,000	7.495000	1,029,063.50	1.41
DE0005865901	GRENKE LEASING AG O.N.	EUR	16,960		4,750	78.580000	1,332,716.80	1.83
FR0000072910	GROUPE STERIA SCA INH.EO1	EUR	30,000	20,000	40,478	19.000000	570,000.00	0.78
DE000A0S8488	HAMBURG.HAFEN U.LOG.A-SP	EUR	14,000			19.405000	271,670.00	0.37
DE0008402215	HANN RUECK SE NA O.N.	EUR	11,000		10,000	65.050000	715,550.00	0.98
IT0001250932	HERA S.P.A. EO 1	EUR	222,352	12,352		2.008000	446,482.82	0.61
FI0009000459	HUHTAMAELKI OYJ	EUR	2,324	2,324		20.170000	46,875.08	0.06
FR0000120859	IMERYS SA INH. EO 2	EUR	12,740		2,500	56.850000	724,269.00	0.99
GB00B5TMS21	JAZZTEL PLC EO-.80	EUR	30,000	30,000		10.580000	317,400.00	0.44
NL0009432491	KON. VOPAK NV EO -.50	EUR	9,862		11,000	34.280000	338,069.36	0.47
FI0009005870	KONECRANES OYJ O.N.	EUR	27,950			24.750000	691,762.50	0.95
NL0000337319	KONINK.BAM GP TOON.EO-.10	EUR	30,064		70,000	2.084000	62,653.38	0.09
AT0000644505	LENZING AG AKT.O.N.	EUR	7,000			44.630000	312,410.00	0.43
FR0000050353	LISI SA INH. EO 2	EUR	8,500			117.500000	998,750.00	1.37
FR0000053225	M6 METROPOLE TV INH.EO-.4	EUR	37,238	37,238		13.785000	513,325.83	0.70
FR0000051070	MAUREL ET PROM INH.EO-.77	EUR	55,000			11.570000	636,350.00	0.87
AT0000938204	MAYR-MELNHOF AKT. O.N.	EUR	6,000	6,000		89.800000	538,800.00	0.74
BE0003735496	MOBISTAR SA	EUR	20,000			15.190000	303,800.00	0.42
GRS426003000	MOTOR OIL (HELL) EO 0,75	EUR	26,700			8.240000	220,008.00	0.30
DE000A0D9PT0	MTU AERO ENGINES NA O.N.	EUR	22,620	5,000	380	65.080000	1,472,109.60	2.02
DE0006452907	NEMETSCHKE AG O.N.	EUR	20,500		7,000	76.320000	1,564,560.00	2.15
FR0000044448	NEXANS INH. EO 1	EUR	29,904	8,970		34.830000	1,041,556.32	1.43
ES0161560018	NH HOTEL GROUP SA INH.EO2	EUR	96,000	96,000		4.135000	396,960.00	0.55
FI0009005318	NOKIAN RENKAAT OYJ EO 0,2	EUR	31,000	11,000		26.790000	830,490.00	1.14
PTZON0AM0006	NOS SGPS S.A. EO-0.01	EUR	178,000	178,000		4.366000	777,148.00	1.07
NL0010395208	NUTRECO N.V. EO-0.12	EUR	33,913	8,913	9,000	31.750000	1,076,737.75	1.48
BE0003876936	NYRSTAR	EUR	39,500		20,000	3.206000	126,637.00	0.17
ES0142090317	OBRASCON INH. EO 0,60	EUR	23,000			28.495000	655,385.00	0.90

Any discrepancies in terms of % shares of the fund assets result from rounding-off.

ISIN	SECURITY TITLE	CURRENCY	VOLUME 31/7/2014	PURCHASES ADDITIONS IN PERIOD	SALES DISPOSALS UNDER REVIEW	PRICE	MARKET VALUE IN EUR	% SHARE OF FUND ASSETS
EQUITIES IN EURO								
FR0000121501	PEUGEOT SA EO 1	EUR	31,662	31,662		11.235000	355,722.57	0.49
FR0000124570	PLASTIC OMN.INH.EO-.06	EUR	55,620	55,620	18,540	20.710000	1,151,890.20	1.58
PTPTC0AM0009	PORT.TEL.SG. EO 0.03	EUR	50,000	50,000		1.686000	84,300.00	0.12
AT0000APOST4	POST AG AKT.O.N.	EUR	10,000			34.755000	347,550.00	0.48
ES0175438003	PROSEGUR NOM. EO-0.06	EUR	269,000			5.190000	1,396,110.00	1.92
GRS434003000	PUBL.POWER GR.INH.EO 4,60	EUR	52,200	20,000		11.100000	579,420.00	0.80
FI0009007066	RAMIRENT OYJ	EUR	101,000	101,000		7.350000	742,350.00	1.02
IT0003828271	RECORDATI SPA EO -,125	EUR	58,948			12.140000	715,628.72	0.98
PTRELOAM0008	REN-REDES ENERGET. A EO 1	EUR	90,000	20,000		2.654000	238,860.00	0.33
DE0007030009	RHEINMETALL AG	EUR	12,800	2,000		46.500000	595,200.00	0.82
AT0000676903	RHI AG AKTIEN O.N.	EUR	44,257			23.445000	1,037,605.37	1.42
DE0007042301	RHOEN-KLINIKUM O.N.	EUR	42,000			23.395000	982,590.00	1.35
NL0000360618	SBM OFFSHORE N.V. EO-0.25	EUR	21,090		7,000	10.200000	215,118.00	0.30
AT0000946652	SCHOELLER-BL.OIL EUR 1,-	EUR	5,500		4,000	89.210000	490,655.00	0.67
PTSEM0AM0004	SEMAPA SGPS NAM. EO 1	EUR	81,433			10.970000	893,320.01	1.23
IT0003201198	SIAS SPA EO -,50	EUR	20,000	20,000		9.200000	184,000.00	0.25
DE0003304002	SOFTWARE AG O.N.	EUR	49,000	49,000		19.215000	941,535.00	1.29
FR0000050809	SOPRA GROUP INH. EO 1	EUR	2,000	2,000		79.050000	158,100.00	0.22
DE000SYM9999	SYMRISE AG INH. O.N.	EUR	4,000	4,000		40.030000	160,120.00	0.22
FR0010918292	TECHNICOLOR INH. EO 1	EUR	130,000	130,000		5.459000	709,670.00	0.97
ES0178165017	TECNICAS REUNIDAS EO -,10	EUR	8,000			42.260000	338,080.00	0.46
FR0000051807	TELEPERFORMANCE INH.EO2,5	EUR	34,000		7,000	51.000000	1,734,000.00	2.38
FR0000054900	TELEVIS. FSE 1 INH.EO 0,2	EUR	68,000	68,000		11.175000	759,900.00	1.04
GRS428003008	THES. WATER S.+S. EO 1,12	EUR	124,170			4.440000	551,314.80	0.76
GRS074083007	TITAN CEMENT NAM. EO 4	EUR	9,560			23.630000	225,902.80	0.31
NL0009739424	TNT EXPRESS N.V. EO -,08	EUR	221,753	100,960	30,000	6.015000	1,333,844.30	1.83
ES0132945017	TUBACEX INH. EO 0,45	EUR	130,000			3.970000	516,100.00	0.71
BE0003884047	UMICORE S.A. NEW	EUR	18,210			35.195000	640,900.95	0.88
NL0000354488	USG PEOPLE N.V. EO-0.50	EUR	82,485	10,000		10.675000	880,527.38	1.21
AT0000746409	VERBUND KAT.A O.N.	EUR	58,000			14.360000	832,880.00	1.14
FR0000031577	VIRBAC SA EO 1,25	EUR	7,402		98	161.500000	1,195,423.00	1.64
DE000AOCAYB2	WINCOR NIXDORF O.N.	EUR	19,000	2,000		38.610000	733,590.00	1.01
NL0000395903	WOLTERS KLUWER NAM. EO -12	EUR	50,625			20.845000	1,055,278.13	1.45
FI0009800643	YIT OYJ	EUR	9,200		20,000	8.140000	74,888.00	0.10
AT0000837307	ZUMTOBEL AG AKT.O.N.	EUR	43,000	8,000		15.700000	675,100.00	0.93
EQUITIES IN BRITISH POUNDS								
GB0007365546	CARILLION PLC LS-,50	GBP	131,525			3.532000	586,918.89	0.81
GB00B0HZP136	GREENE KING PLC LS-,125	GBP	40,000		90,000	8.310000	419,962.10	0.58
GB00B5N0P849	JOHN WOOD GR.LS-.04285714	GBP	68,000	13,000	15,000	7.500000	644,346.18	0.88
GB00BCZM1F6	MICRO FO ITL LS -,1354166	GBP	106,000	106,000		8.550000	1,145,041.06	1.57
EQUITIES IN SWISS FRANCS								
CH0100185955	GATEGROUP HOLDING AGSF 5	CHF	45,273	45,273		23.050000	857,365.69	1.18
CH0038388911	SULZER NAM. SF -0.01	CHF	9,000	2,000	2,000	120.600000	891,755.33	1.23
CH0012453913	TEMENOS GROUP AG NA SF 5	CHF	30,000			33.200000	818,305.06	1.12
CH0002088976	VALORA HLDG NA SF 1	CHF	3,000			220.900000	544,468.64	0.75
EQUITIES IN NORWEGIAN CROWNS								
NO0010170921	DOLPHIN GROUP ASA NK 2	NOK	300,000			5.370000	192,299.66	0.27
NO0003078800	TGSNOP.GEOPHYSICAL NK0,25	NOK	30,000		22,000	178.800000	640,282.66	0.88
EQUITIES IN SWEDISH CROWNS								
SE0005999778	COM HEM HLDG AB (PUBL)	SEK	20,000	20,000		59.550000	129,249.30	0.18
SE0000163594	SECURITAS AB B FR. SK 1	SEK	75,000		65,000	81.000000	659,269.11	0.91
EQUITIES IN DANISH CROWNS								
DK0010233816	AURIGA INDS NAM. B DK 10	DKK	5,000			297.000000	199,155.10	0.27
DK0010259027	DFDS A/S INDEHAV. DK 100	DKK	5,000			453.000000	303,761.82	0.42
SUBSCRIPTION RIGHTS IN EURO								
BE0005644183	NYRSTAR NV STRIP WPR	EUR	24,500			0.001000	24.50	0.00
WARRANTS IN EURO								
FR0010897082	ETABL.MAUREL+PROM BSA15	EUR	30,000			0.158000	4,740.00	0.01
REAL ESTATE INVESTMENT TRUSTS IN EURO								
GRS491003000	EUROBANK PROP.REAL EST.I.	EUR	82,594	32,838		9.500000	784,643.00	1.08
NL0000288876	EUROCOMM.PR. CERT.10EO-50	EUR	26,000	26,000		37.485000	974,610.00	1.34
TOTAL SECURITIES PORTFOLIO							70,957,767.52	97.44

Any discrepancies in terms of % shares of the fund assets result from rounding-off.

	MARKET VALUE IN EUR	% SHARE OF FUND ASSETS
BANK BALANCES		
EUR BALANCES	1,856,918.22	2.55
LIABILITIES IN OTHER EU CURRENCIES		
NOK	-13,611.28	-0.02
TOTAL BANK BALANCES	1,843,306.94	2.53
ACCRUALS AND DEFERRALS		
INTEREST CLAIMS	-9.72	0.00
DIVIDENDS RECEIVABLE	23,688.82	0.03
TOTAL ACCRUALS AND DEFERRALS	23,679.10	0.03
TOTAL FUND ASSETS	72,824,753.56	100.00
NET ASSET VALUE PER UNIT		
TRANCHE R INCOME-DISTRIBUTING	EUR	196.50
TRANCHE R INCOME-RETAINING	EUR	208.04
TRANCHE R FULL INCOME-RETAINING	EUR	214.08
TRANCHE I FULL INCOME-RETAINING	EUR	221.48
TRANCHE R FULL INCOME-RETAINING	EUR	213.86
UNITS IN CIRCULATION		
TRANCHE R INCOME-DISTRIBUTING	UNITS	26,305.693
TRANCHE R INCOME-RETAINING	UNITS	226,243.745
TRANCHE R FULL INCOME-RETAINING	UNITS	75,928.929
TRANCHE I FULL INCOME-RETAINING	UNITS	440.005
TRANCHE R FULL INCOME-RETAINING	UNITS	19,799.598

EXCHANGE RATES

FOREIGN CURRENCY ASSETS WERE CONVERTED INTO EUR ON THE BASIS OF THE EXCHANGE RATES APPLICABLE ON 30/7/2014

CURRENCY	UNIT	PRICE
SWISS FRANC	CHF 1 EUR	1.217150
DANISH CROWN	DKK 1 EUR	7.456500
BRITISH POUND	GBP 1 EUR	0.791500
NORWEGIAN CROWN	NOK 1 EUR	8.377550
SWEDISH CROWN	SEK 1 EUR	9.214750

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

ISIN	SECURITY TITLE	CURRENCY	PURCHASES ADDITIONS	SALES DISPOSALS
EQUITIES IN DANISH CROWNS				
DK0010268440	WILLIAM DEM.HLDG A DK 1	DKK		8,225
EQUITIES IN EURO				
AT0000603709	AGRANA BET.AG STAMM.O.N.	EUR		5,000
EE3100034653	ARCO VARA AS EO 0,70	EUR		10,000
NL0000343432	BRUNEL INTL NV EO-.05	EUR		17,000
FI4000062781	CAVERION OYJ. O.N.	EUR		29,200
DE0005407100	CENIT AG O.N.	EUR		20,000
ES0143416115	GAMESA CORP.TEC.I.EO-,17	EUR		18,161
DE000A0LD6E6	GERRESHEIMER AG	EUR		2,000
DE000KSAG888	K+S AG NA O.N.	EUR		12,000
FI0009003222	POHJOLA BK A	EUR		43,500
NL0006055329	ROYAL IMTECH N.V. EO -,80	EUR	40,000	116,025
NL0000389096	UNIT4 EO-,05	EUR		17,400
FR0000120354	VALLUREC EO 2	EUR		8,432
NL0006294290	ZIGGO N.V. EO -,10	EUR		45,000
EQUITIES IN BRITISH POUNDS				
GB00B83XCK58	MICRO FO ITL PLC LS 0,125	GBP		104,000
GB009A21A5Q9	MICRO FOCUS INTL D 0,125	GBP	104,000	104,000

Any discrepancies in terms of % shares of the fund assets result from rounding-off.

ISIN	SECURITY TITLE	CURRENCY	PURCHASES ADDITIONS	SALES DISPOSALS
SUBSCRIPTION RIGHTS IN EURO				
NL0010675062	AALBERTS IND. -ANR.-WAHLD	EUR	27,943	27,943
AT0000A120R2	AT+S AUST.TECH.SYS.RECHTE	EUR	52,277	52,277
NL0010674933	BRUNEL INTL -ANR.- WAHLD.	EUR	15,000	15,000
NL0010675021	DELTA LLOYD -ANR.- WAHLD.	EUR	68,000	68,000
NL0010449047	DELTA LLOYD N.V. -ANR.-	EUR	55,000	55,000
GRX491003026	EUROBANK PROP.REAL -ANR.-	EUR	49,756	49,756
DE000A1YDC16	GRENKELEASING DIV.CASH	EUR	18,710	18,710
IT0004960479	HERA S.P.A. -ANR.-	EUR	210,000	210,000
NL0010674958	KONINK.BAM GP -ANR.-WAHLD	EUR	30,064	30,064
FR0011561091	NEXANS -ANR.-	EUR	20,934	20,934
NL0010674891	NUTRECO N.V. -ANR.-	EUR	42,000	42,000
NL0010448965	NUTRECO N.V.-ANR.(DIV.WW)	EUR	34,000	34,000
FR0011872241	PEUGEOT SA -ANR.-	EUR	20,000	20,000
NL0010732095	TNT EXPRESS -ANR.-WAHLD.	EUR	250,793	250,793
NL0010449138	TNT EXPRESS-ANR.(DIV.WW.)	EUR	150,793	150,793
NL0010731832	USG PEOPLE -ANR.-WAHLD.	EUR	82,485	82,485
NL0010675005	WOLTERS KLUWER -ANR.-WD	EUR	50,625	50,625

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
--------------------------------------	---------------------

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

Vienna, 22 October 2014

Raiffeisen Kapitalanlage-Gesellschaft m.b.H.


Mag. (FH) Dieter Aigner


Mag. Michael Höllner


Mag. Rainer Schnabl

Audit opinion

We have audited the annual fund report including the accounting as of 31 July 2014 issued by Raiffeisen Kapitalanlage-Gesellschaft m. b. H., Vienna, for its fund Raiffeisen European SmallCap, a jointly owned fund pursuant to the 2011 Austrian Investment Fund Act (InvFG), as amended, for the financial year from 1 August 2013 to 31 July 2014.

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 fund and preparation of the annual fund report so that this report is free from significant factual misstatements resulting from intentional or unintentional errors; selection and application of suitable valuation methods; estimates which appear appropriate in view of 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 (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 July 2014 for Raiffeisen European SmallCap, 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 (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, 22 October 2014

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Rainer Hassler
Auditor

pp. Rainer Pasching
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

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 European SmallCap**, a jointly owned fund pursuant to the Austrian Investment Fund Act (InvFG) 2011, as amended.

The investment fund is a fund complying with the Directive 85/611/EC 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 payment offices referred to in the prospectus are the payment offices 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 (at least 51 % of its fund assets) in equities or equity-equivalent securities issued by small cap companies with a market capitalization of up to EUR 5 billion which are headquartered or mainly active in Europe.

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), 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 notice periods not exceeding 12 months may amount to **up to 25 %** 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 notice periods 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 5 %** 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 August 1 to July 31.

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 October 15 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 October 15 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 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 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 October 15 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 at the time of payout 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. October 15 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 an exemption from capital gains tax.

If these preconditions have not been met as of the outpayment 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 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 pursuant to § 94 of the Austrian Income Tax Act or for an exemption from capital gains tax.

Article 7 Management fee, reimbursement of expenses, liquidation fee

The management company shall receive for its management activity an annual remuneration of up to **2 %** 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=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 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

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"]¹

3.18.	Philippines:	Manila
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

Imprint

Publisher:

Raiffeisen Kapitalanlage-Gesellschaft m.b.H.

Schwarzenbergplatz 3

A-1010 Wien

Responsible for contents:

Raiffeisen Kapitalanlage-Gesellschaft m.b.H.

Schwarzenbergplatz 3

A-1010 Wien

Copyright by publisher, dispatch location: Vienna

Raiffeisen Capital Management is the brand of:

Raiffeisen Kapitalanlage-Gesellschaft m.b.H.

Raiffeisen Immobilien Kapitalanlage-Gesellschaft m.b.H.

Raiffeisen Salzburg Invest Kapitalanlage GmbH