

Raiffeisen European SmallCap

(Original German name: Raiffeisen-Europa-SmallCap)

annual fund report

financial year Aug 1, 2016 – Jul 31, 2017

Note:

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

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Report for the financial year from Aug 1, 2016 to Jul 31, 2017

General fund information

ISIN	Tranche	Income class	Currency	Launch date
AT0000638986	Raiffeisen European SmallCap (R) A	income-distributing	EUR	Jul 25, 2003
AT0000A1U5F7	Raiffeisen European SmallCap (RZ) A	income-distributing	EUR	Apr 3, 2017
AT0000638994	Raiffeisen European SmallCap (R) T	income-retaining	EUR	Jul 25, 2003
AT0000A1U5E0	Raiffeisen European SmallCap (RZ) T	income-retaining	EUR	Apr 3, 2017
AT0000639000	Raiffeisen European SmallCap (R) VTA	full income-retaining (outside Austria)	EUR	Oct 28, 2003
AT0000A1U5G5	Raiffeisen European SmallCap (RZ) VTA	full income-retaining (outside Austria)	EUR	Apr 3, 2017
AT0000A0LQ44	Raiffeisen European SmallCap (I) VTA	full income-retaining (outside Austria)	EUR	Feb 1, 2011
AT0000A15HP6	Raiffeisen European SmallCap (R) VTI	full income-retaining (Austria)	EUR	Mar 3, 2014

Fund characteristics

Fund currency	EUR
Financial year	Aug 1 – Jul 31
Distribution/payment/reinvestment date	Oct 15
Type of fund	Investment fund pursuant to § 2 of the Austrian Investment Fund Act, InvFG (UCITS)
Effective management fee for the fund	R-Tranche (EUR): 2.000 % RZ-Tranche (EUR): 1.000 % I-Tranche (EUR): 1.000 %
Custodian bank	Raiffeisen Bank International AG
Management company	Raiffeisen Kapitalanlage-Gesellschaft m.b.H. Mooslackengasse 12, A-1190 Vienna Tel. +43 1 71170-0 Fax +43 1 71170-761092 www.rcm.at Companies register number: 83517 w
Fund management	Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
Auditor	KPMG Austria GmbH

Legal notice

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

The value of a unit is calculated by dividing the entire value of the investment fund inclusive of its income by the number of units. The total value of the investment fund is calculated on the basis of the current market prices of the securities, money market instruments and subscription rights in the fund plus the value of the fund's financial investments, cash holdings, credit balances, receivables and other rights net of its payables. That value will be calculated by the custodian bank.

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

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

Dear unitholder,

Raiffeisen Kapitalanlage-Gesellschaft m.b.H. is pleased to present its annual fund report for Raiffeisen European SmallCap for the financial year from Aug 1, 2016 to Jul 31, 2017. The accounting is based on the price calculation as of Jul 31, 2017.

Fund details

	Jul 31, 2015	Jul 31, 2016	Jul 31, 2017
Total fund assets in EUR	79,269,317.47	73,087,264.89	89,776,482.47
Net asset value/distributing units (R) (AT0000638986) in EUR	233.14	234.08	265.04
Issue price/distributing units (R) (AT0000638986) in EUR	244.80	245.78	278.29
Net asset value/distributing units (RZ) (AT0000A1U5F7) in EUR	-	-	107.24
Issue price/distributing units (RZ) (AT0000A1U5F7) in EUR	-	-	107.24
Net asset value/reinvested units (R) (AT0000638994) in EUR	249.59	252.39	288.70
Issue price/reinvested units (R) (AT0000638994) in EUR	262.07	265.01	303.14
Net asset value/reinvested units (RZ) (AT0000A1U5E0) in EUR	-	-	107.15
Issue price/reinvested units (RZ) (AT0000A1U5E0) in EUR	-	-	107.15
Net asset value/fully reinvested units (R) (AT0000639000) in EUR	256.86	260.13	301.54
Issue price/fully reinvested units (R) (AT0000639000) in EUR	269.70	273.14	316.62
Net asset value/fully reinvested units (RZ) (AT0000A1U5G5) in EUR	-	-	107.24
Issue price/fully reinvested units (RZ) (AT0000A1U5G5) in EUR	-	-	107.24
Net asset value/fully reinvested units (I) (AT0000A0LQ44) in EUR	268.37	274.52	321.40
Issue price/fully reinvested units (I) (AT0000A0LQ44) in EUR	281.79	288.25	337.47
Net asset value/fully reinvested units (R) (AT0000A15HP6) in EUR	256.93	260.62	301.95
Issue price/fully reinvested units (R) (AT0000A15HP6) in EUR	269.78	273.65	317.05
		Oct 17, 2016	Oct 16, 2017
Distribution/unit (R) (A) EUR		5.5000	3.7400
Distribution/unit (RZ) (A) EUR		-	0.4100
Outpayment/unit (R) (T) EUR		3.3619	1.1244
Outpayment/unit (RZ) (T) EUR		-	0.4423
Reinvestment/unit (R) (T) EUR		15.7569	4.3622
Reinvestment/unit (RZ) (T) EUR		-	1.8481
Reinvestment/unit (R) (VTA) EUR		19.7091	5.7548
Reinvestment/unit (RZ) (VTA) EUR		-	2.3700
Reinvestment/unit (I) (VTA) EUR		23.3214	9.0536
Reinvestment/unit (R) (VTI) EUR		20.0971	5.6334

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

Units in circulation

	Units in circulation on Jul 31, 2016	Sales	Repurchases	Units in circulation on Jul 31, 2017
AT0000638986 (R) A	21,475.069	449.877	-1,579.652	20,345.294
AT0000A1U5F7 (RZ) A	-	10.000	0.000	10.000
AT0000638994 (R) T	190,921.565	20,099.614	-33,295.315	177,725.864
AT0000A1U5E0 (RZ) T	-	97.445	0.000	97.445
AT0000639000 (R) VTA	66,783.916	13,314.618	-21,720.026	58,378.508
AT0000A1U5G5 (RZ) VTA	-	10.000	0.000	10.000
AT0000A0LQ44 (I) VTA	440.005	0.000	0.000	440.005
AT0000A15HP6 (R) VTI	9,126.670	107,296.978	-65,704.407	50,719.241
Total units in circulation				307,726.357

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	234.08
Distribution on Oct 17, 2016 (net asset value: EUR 233.35) of EUR 5.5000, corresponds to 0.023570 units	
Net asset value per unit at end of financial year in EUR	265.04
Total value incl. units purchased through distribution (1.023570 x 265.04)	271.29
Net income/net reduction per unit	37.21

Performance of one unit during the financial year in % **15.89**

Distributing units (RZ) (AT0000A1U5F7)

Net asset value per unit at launch of tranche (Apr 3, 2017) in EUR	100.00
Net asset value per unit at end of financial year in EUR	107.24
Net income/net reduction per unit	7.24

Performance of one unit from launch of tranche (Apr 3, 2017) up to the end of financial year in % **7.24**

Reinvested units (R) (AT0000638994)

Net asset value per unit at start of financial year in EUR	252.39
Outpayment on Oct 17, 2016 (net asset value: EUR 254.19) of EUR 3.3619, corresponds to 0.013226 units	
Net asset value per unit at end of financial year in EUR	288.70
Total value incl. units purchased through outpayment (1.013226 x 288.70)	292.52
Net income/net reduction per unit	40.13

Performance of one unit during the financial year in % **15.90**

Reinvested units (RZ) (AT0000A1U5E0)

Net asset value per unit at launch of tranche (Apr 3, 2017) in EUR	100.00
Net asset value per unit at end of financial year in EUR	107.15
Net income/net reduction per unit	7.15

Performance of one unit from launch of tranche (Apr 3, 2017) up to the end of financial year in % **7.15**

Fully reinvested units (R) (AT0000639000)

Net asset value per unit at start of financial year in EUR	260.13
Net asset value per unit at end of financial year in EUR	301.54
Net income/net reduction per unit	41.41

Performance of one unit during the financial year in % **15.92**

Fully reinvested units (RZ) (AT0000A1U5G5)

Net asset value per unit at launch of tranche (Apr 3, 2017) in EUR	100.00
Net asset value per unit at end of financial year in EUR	107.24
Net income/net reduction per unit	7.24

Performance of one unit from launch of tranche (Apr 3, 2017) up to the end of financial year in % **7.24**

Fully reinvested units (I) (AT0000A0LQ44)

Net asset value per unit at start of financial year in EUR	274.52
Net asset value per unit at end of financial year in EUR	321.40
Net income/net reduction per unit	46.88

Performance of one unit during the financial year in % **17.08**

Fully reinvested units (R) (AT0000A15HP6)

Net asset value per unit at start of financial year in EUR	260.62
Net asset value per unit at end of financial year in EUR	301.95
Net income/net reduction per unit	41.33

Performance of one unit during the financial year in % **15.86**

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

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

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

Development of fund assets in EUR

Fund assets on Jul 31, 2016 (288,747.225 units)		73,087,264.89
Distribution on Oct 17, 2016 (EUR 5.5000 x 21,206.785 distributing units (R) (AT0000638986))		-116,637.32
Outpayment on Oct 17, 2016 (EUR 3.3619 x 188,527.509 reinvested units (R) (AT0000638994))		-633,810.63
Issuance of units	38,922,140.81	
Redemption of units	-33,870,440.94	
Pro rata income adjustment	-13,214.59	5,038,485.28
Overall fund result		12,401,180.25
Fund assets on Jul 31, 2017 (307,726.357 units)		89,776,482.47

Fund result in EUR

A. Realized fund result

Ordinary fund result	
Income (excl. closing price)	
Interest expenses (incl. negative credit interest)	-7,084.42
Dividend income (incl. dividend equivalent)	1,626,924.03
Austrian dividend income	67,544.80
	1,687,384.41
Expenses	
Management fees	-1,692,264.46
Custodian bank fees / Custodian's fees	-77,860.50
Auditing expenses	-11,671.78
Tax consulting fees	-4,213.00
Custody charge	-33,172.42
Statutory/publication expenses	-14,381.43
	-1,833,563.59
Ordinary fund result (excl. income adjustment)	-146,179.18
Realized closing price	
Profits realized from securities	2,453,554.96
Losses realized from securities	-617,163.15
Realized closing price (excl. income adjustment)	1,836,391.81
Realized fund result (excl. income adjustment)	1,690,212.63
B. Unrealized closing price	
Change in unrealized closing price	10,691,135.45
Dividends receivable	6,617.58
	10,697,753.03
C. Income adjustment	
Income adjustment for income during financial year	13,214.59
	13,214.59
Overall fund result	12,401,180.25

The result for the past financial year includes explicitly reported transaction costs (incl. external transaction-related costs, see item 15a "Transaction costs" in section II of the prospectus) in the amount of 36,727.70 EUR.

Capital market report

Almost all equity markets across the globe have risen considerably since the beginning of the year. Emerging markets as a whole have outperformed developed markets over the past 18 months for the first time since 2012. US-American stock markets meanwhile keep setting new all-time highs, following the election of Donald Trump for president. So far, they have been completely resilient to the almost endless domestic political turmoil. European bourses actually outperformed US stocks during the first months of the current year, but later on failed to hold onto their lead. Among European markets, Austrian stocks have performed particularly well, gaining over 20 %. The current uptrend of global equities is driven mainly by ultra-low interest rates, positive macro-economic data and expectations for higher growth. At the same time, corporate profits have started to rise again, following a rather stagnant or downward trend for most of 2015/2016. The environment for bond markets was supposed to be more challenging in 2017, compared to the previous year. Higher inflation and improving growth outlooks should result in significant headwinds, given the extremely low bond market yields. However, pressure on government bonds has been quite muted so far. One reason for that might be the continued soft inflation trends in the US, Europe, and Japan. The massive bond buying programmes by the central banks in Europe and Japan are providing considerable support to the markets, too. So far, most government bond markets show positive returns for the year. The same applies to corporate bonds. Their yield spreads over government bonds have become quite narrow, but they are still sufficiently high to attract investors. Commodities had recovered in 2016 after two years of heavy losses, but this year the picture is mixed. While industrial and precious metals have gained, the energy complex has lost ground. The strengthening Euro has generally reduced the potential gains from assets priced in foreign currencies for Euro-based investors. The US central bank (Fed) raised interest rates in June 2017 for the second time in the current year. Despite an extremely low starting level, the leeway for the Fed to boost rates seems much more limited this time than in the past. A return to the interest rate levels of the previous decades is, therefore, very unlikely for quite some time to come. Nevertheless, the decades-long downtrend of long-dated US treasury yields could soon end, and a long-term trend change could occur. At the same time US bond markets are already pricing in a significant amount of optimism regarding the macro-economic picture. Eventual yield increases are, therefore, likely to remain rather moderate for now. Rising treasury yields would probably still spill over to the Euro area, but to a much lesser extent. Contrary to the Fed, the European Central Bank (ECB) is still pursuing its ultra-easy monetary policy with large bond purchases and negative short-term interest rates. From a macro-economic point of view, the ECB's unprecedented measures have yielded mixed results so far. They certainly did weaken the Euro, at least temporarily, and they supported European financial markets. A gradual tapering of the ECB's bond buying programme is not expected before 2018. The unprecedented monetary easing that the major central banks have pursued now for many years reflects a persistent weakness in global economic growth. A revival of the global economy in almost every region is underway now. However, it remains to be seen how strong and how sustained this economic upswing will be. Its inflationary impact is not clear at this point either, given the ongoing presence of strong disinflationary forces within the global economy. Bond market yields are extremely low almost everywhere in the world, compared to their historical levels. This "new normal" of persistently depressed bond market yields in the large economic blocs has served as a major support to equity prices. Even then, some stock markets currently sport ambitious if not elevated valuations, notably the US bourses. That makes them increasingly vulnerable to setbacks. The financial market environment will certainly remain challenging and could entail stronger price fluctuations over the coming months and quarters. At the world's stock markets the positive factors still seem to outweigh the negative ones for the time being. Government bond markets, on the other hand, may still face some headwinds over the coming months.

Fund investment policy report

Small caps followed a positive trend in the past year. The fund's value went up substantially. The stock markets were supported by the economic recovery in Europe as well as positive reactions to the US election result at the end of 2016 and the French elections in 2017. Banks and technology stocks stood out at the sector level. Bank stocks benefited substantially from interest hike speculations. In contrast, with market players expecting rising interest rates, real estate stocks performed less strongly. Companies with stable long-term business models and low growth were among the underperformers of the past year.

Stockpicking in the technology sector resulted in negative contributions for the fund. Two examples were Technicolor and Software AG. Stocks that moved sideways in a rising market, such as Securitas, also delivered negative contributions. On top of this, the fund also generated negative contributions in the financial and consumption sectors. Further underperformers consisted of Virbac and Beter Bed. The fund's cash holdings were negative. The real estate and commodities sectors, in contrast, generated positive contributions to the fund. So did the individual stocks Fraport, LISI, ComHem and Semapa.

Makeup of fund assets in EUR

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

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

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

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

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

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

Type of security	OGAW/§ 166	Currency	Market value in EUR	Share of fund assets
Equities		CHF	2,247,857.99	2.50 %
Equities		DKK	1,196,159.38	1.33 %
Equities		EUR	74,385,641.69	82.86 %
Equities		GBP	3,127,124.75	3.48 %
Equities		NOK	1,429,699.97	1.59 %
Equities		SEK	3,124,777.05	3.48 %
Total Equities			85,511,260.83	95.25 %
Total securities			85,511,260.83	95.25 %
Bank balances/liabilities				
Bank balances/liabilities in fund currency			4,444,087.68	4.95 %
Total bank balances/liabilities			4,444,087.68	4.95 %
Accruals and deferrals				
Interest claims (on securities and bank balances)			-1,004.84	-0.00 %
Dividends receivable			6,617.56	0.01 %
Total accruals and deferrals			5,612.72	0.01 %
Other items				
Various fees			-184,478.77	-0.21 %
Total other items			-184,478.77	-0.21 %
Total fund assets			89,776,482.47	100.00 %

Portfolio of investments in EUR as of Jul 31, 2017

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

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

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

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

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

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

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

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

Type of security	OGAW/§ 166	ISIN	Security title	Currency	Volume Units/Nom.	Purchases In period under review Units/Nom.	Sales In period under review Units/Nom.	Pool- ILB Factor	Price	Market value in EUR	Share of fund assets
Equities		AT0000A18XM4	AMS AG AMS	CHF	3,000				68.900000	181,642.43	0.20 %
Equities		CH0012453913	TEMENOS GROUP AG-REG TEMN	CHF	15,000				92.200000	1,215,343.38	1.35 %
Equities		CH0002088976	VALORA HOLDING AG-REG VALN	CHF	3,000				322.750000	850,872.18	0.95 %
Equities		DK0060655629	DFDS A/S DFDS	DKK	25,000				355.800000	1,196,159.38	1.33 %
Equities		DE0005408116	AAREAL BANK AG ARL	EUR	29,000	3,000	19,000		35.330000	1,024,570.00	1.14 %
Equities		FI0009000285	AMER SPORTS OYJ AMEAS	EUR	27,000				22.600000	610,200.00	0.68 %
Equities		AT0000969985	AUSTRIA TECHNOLOGIE & SYSTEM ATS	EUR	78,087				11.330000	884,725.71	0.99 %
Equities		IT0001137345	AUTOGRILL SPA AGL	EUR	10,000	10,000			10.010000	100,100.00	0.11 %
Equities		IT0003261697	AZIMUT HOLDING SPA AZM	EUR	49,000	10,000			18.760000	919,240.00	1.02 %
Equities		IT0005218380	BANCO BPM SPA BAMI	EUR	157,444	157,444			3.078000	484,612.63	0.54 %
Equities		BE0974258874	BEKAERT NV BEKB	EUR	5,000				42.225000	211,125.00	0.24 %
Equities		NL0000339703	BETER BED HOLDING NV BBED	EUR	36,270				15.700000	569,439.00	0.63 %
Equities		NL0000335578	BINCKBANK NV BINCK	EUR	37,500		31,250		4.697000	176,137.50	0.20 %
Equities		IT0000066123	BPER BANCA BPE	EUR	50,000		10,000		4.704000	235,200.00	0.26 %
Equities		IT0005252728	BREMBO SPA BRE	EUR	135,000	135,000			13.060000	1,763,100.00	1.96 %
Equities		DE000A1DAH0	BRENNTAG AG BNR	EUR	10,000	4,000	2,000		48.200000	482,000.00	0.54 %
Equities		NL0010776944	BRUNEL INTERNATIONAL BRNL	EUR	19,200				13.000000	249,600.00	0.28 %
Equities		IT0001347308	BUZZI UNICEM SPA BZU	EUR	52,000				21.280000	1,106,560.00	1.23 %
Equities		AT0000641352	CA IMMOBILIEN ANLAGEN AG CAI	EUR	56,989	5,000	20,000		21.795000	1,242,075.26	1.38 %
Equities		FI0009013429	CARGOTEC OYJ-B SHARE CGCBV	EUR	24,000				51.950000	1,246,800.00	1.39 %
Equities		ES0105066007	CELLNEX TELECOM SAU CLNX	EUR	83,700				19.035000	1,593,229.50	1.77 %
Equities		IT0000080447	CIR SPA CIR	EUR	260,000				1.230000	319,800.00	0.36 %
Equities		DE0005428007	COMDIRECT BANK AG COM	EUR	45,000				10.670000	480,150.00	0.53 %
Equities		PTCTT0AM0001	CTT-CORREIOS DE PORTUGAL CCT1EUR	EUR	115,000	20,000			5.523000	635,145.00	0.71 %
Equities		IT0005252207	DAVIDE CAMPARI-MILANO SPA CPR	EUR	200,000	200,000			6.200000	1,240,000.00	1.38 %
Equities		DE0007480204	DEUTSCHE EUROSHP AG DEQ	EUR	2,186		3,000		35.065000	76,652.09	0.09 %
Equities		DE000A0HN5C6	DEUTSCHE WOHNEN AG-BR DWNI	EUR	26,000				33.805000	878,930.00	0.98 %
Equities		IT0003492391	DIASORIN SPA DIA	EUR	7,000				73.050000	511,350.00	0.57 %
Equities		ES0112501012	EBRO FOODS SA EBRO	EUR	29,404				20.210000	594,254.84	0.66 %
Equities		FR0000130452	EIFFAGE FGR	EUR	18,000	6,000			81.340000	1,464,120.00	1.63 %
Equities		FR0012435121	ELIS SA ELIS	EUR	30,405	30,405			20.440000	621,478.20	0.69 %

Type of security	OGAW/§ 166	ISIN	Security title	Currency	Volume Units/Nom.	Purchases In period under review Units/Nom.	Sales Units/Nom.	Pool-/ILB Factor	Price	Market value in EUR	Share of fund assets
Equities		ES0130960018	ENAGAS SA ENG	EUR	43,000	28,000			23.995000	1,031,785.00	1.15 %
Equities		ES0130625512	ENCE ENERGIA Y CELULOSA SA ENC	EUR	146,984				3.520000	517,383.68	0.58 %
Equities		NL0000288876	EUROCOMMERCIAL PROPRIETARIE-CV ECOMP	EUR	26,000				34.500000	897,000.00	1.00 %
Equities		NL0006294274	EURONEXT NV ENX	EUR	10,000				48.700000	487,000.00	0.54 %
Equities		IT0000072170	FINECOBANK SPA FBK	EUR	20,000	20,000			7.430000	148,600.00	0.17 %
Equities		DE0005773303	FRAPORT AG FRANKFURT AIRPORT FRA	EUR	23,000	23,000			82.690000	1,901,870.00	2.12 %
Equities		DE000A0Z2ZZ5	FREENET AG FNTN	EUR	33,000	13,000			28.705000	947,265.00	1.06 %
Equities		DE0003304101	GERRY WEBER INTL AG GW1	EUR	12,798				11.005000	140,841.99	0.16 %
Equities		DE000A161N30	GRENKE AG GLJ	EUR	33,398	34,398	12,466		72.900000	2,434,714.20	2.71 %
Equities		DE000A0S8488	HAMBURGER HAFEN UND LOGISTIK HHFA	EUR	36,000	4,000			23.400000	842,400.00	0.94 %
Equities		DE0008402215	HANNOVER RUECK SE HNR1	EUR	11,000	8,500	5,000		107.500000	1,182,500.00	1.32 %
Equities		IT0001250932	HERA SPA HER	EUR	282,352				2.696000	761,220.99	0.85 %
Equities		FI0009000459	HUHTAMAKI OYJ HUH1V	EUR	23,324	9,000	9,000		33.250000	775,523.00	0.86 %
Equities		AT0000809058	IMMOFINANZ AG IIA	EUR	300,000				2.090000	627,000.00	0.70 %
Equities		ES0118594417	INDRA SISTEMAS SA IDR	EUR	85,000				13.280000	1,128,800.00	1.26 %
Equities		FI0009005870	KONECRANES OYJ KCR	EUR	26,950		3,000		37.550000	1,011,972.50	1.13 %
Equities		DE000LEG1110	LEG IMMOBILIEN AG LEG	EUR	8,000				81.591000	652,728.00	0.73 %
Equities		FR0000050353	LISI FII	EUR	42,500				41.580000	1,767,150.00	1.97 %
Equities		FR0000053225	M6-METROPOLE TELEVISION MMT	EUR	37,238				20.480000	762,634.24	0.85 %
Equities		FR0000051070	MAUREL ET PROM MAU	EUR	55,000				3.520000	193,600.00	0.22 %
Equities		AT0000938204	MAYR-MELNHOF KARTON AG MMK	EUR	7,000				111.850000	782,950.00	0.87 %
Equities		DE000A0D9PT0	MTU AERO ENGINES AG MTX	EUR	8,000				125.150000	1,001,200.00	1.12 %
Equities		DE0006452907	NEMETSCHKE SE NEM	EUR	25,228		5,000		69.420000	1,751,327.76	1.95 %
Equities		FR0000044448	NEXANS SA NEX	EUR	29,904				49.020000	1,465,894.08	1.63 %
Equities		ES0161560018	NH HOTEL GROUP SA NHH	EUR	126,000				5.645000	711,270.00	0.79 %
Equities		FI0009005318	NOKIAN RENKAAT OYJ NRE1V	EUR	6,000				35.090000	210,540.00	0.23 %
Equities		PTZON0AM0006	NOS SGPS NOS	EUR	188,000	10,000			5.399000	1,015,012.00	1.13 %
Equities		AT0000APOST4	OESTERREICHISCHE POST AG POST	EUR	6,000		16,600		38.685000	232,110.00	0.26 %
Equities		IT0005043507	OVS SPA OVS	EUR	87,500				6.400000	560,000.00	0.62 %
Equities		DE000PAT1AG3	PATRIZIA IMMOBILIEN AG P1Z	EUR	29,645	5,145			15.400000	456,533.00	0.51 %
Equities		FR0000121501	PEUGEOT SA UG	EUR	16,662				18.325000	305,331.15	0.34 %
Equities		FR0000124570	PLASTIC OMNIUM POM	EUR	36,720				32.570000	1,195,970.40	1.33 %
Equities		ES0175438003	PROSEGUR COMP SEGURIDAD PSG	EUR	227,008		16,992		5.640000	1,280,325.12	1.43 %
Equities		FI0009007066	RAMIRENT OYJ RMR1V	EUR	201,000	10,000			8.460000	1,700,460.00	1.89 %
Equities		IT0003828271	RECORDATI SPA REC	EUR	35,948				35.700000	1,283,343.60	1.43 %
Equities		PTRELOAM0008	REDES ENERGETICAS NACIONAIS RENE	EUR	90,000				2.696000	242,640.00	0.27 %
Equities		DE0007030009	RHEINMETALL AG RHM	EUR	14,800				85.120000	1,259,776.00	1.40 %
Equities		DE0007042301	RHOEN-KLINIKUM AG RHK	EUR	22,000				26.140000	575,080.00	0.64 %
Equities		LU0307018795	SAF-HOLLAND SA SFQ	EUR	65,000	31,000			15.000000	975,000.00	1.09 %
Equities		NL0000360618	SBM OFFSHORE NV SBMO	EUR	21,090				14.725000	310,550.25	0.35 %
Equities		PTSEM0AM0004	SEMAPA-SOCIEDADE DE INVESTIM SEM	EUR	81,433				16.590000	1,350,973.47	1.50 %
Equities		IT0003201198	SIAS SPA SIS	EUR	30,000				11.430000	342,900.00	0.38 %
Equities		ES0143416115	SIEMENS GAMESA RENEWABLE ENE SGRE	EUR	43,000				14.580000	626,940.00	0.70 %
Equities		IE00B1RR8406	SMURFIT KAPPA GROUP PLC SKG	EUR	42,000				25.570000	1,073,940.00	1.20 %
Equities		DE0003304002	SOFTWARE AG SOW	EUR	46,000	4,000			36.840000	1,694,640.00	1.89 %
Equities		FR0000050809	SOPRA STERIA GROUP SOP	EUR	10,500				143.250000	1,504,125.00	1.68 %
Equities		FR0012757854	SPIE SA SPIE	EUR	27,491				23.950000	658,409.45	0.73 %
Equities		DE0007251803	STADA ARZNEIMITTEL AG SAZ	EUR	6,000				65.610000	393,660.00	0.44 %
Equities		FR0010918292	TECHNICOLOR - REGR TCH	EUR	241,428	20,000			3.135000	756,876.78	0.84 %
Equities		IT0005162406	TECHNOGYM SPA TGYM	EUR	60,000	60,000			6.180000	370,800.00	0.41 %
Equities		ES0178165017	TECNICAS REUNIDAS SA TRE	EUR	4,000				31.030000	124,120.00	0.14 %

Type of security	OGAW/§ 166	ISIN	Security title	Currency	Volume Units/Nom.	Purchases In period under review Units/Nom.	Sales Units/Nom.	Pool-/ ILB Factor	Price	Market value in EUR	Share of fund assets
Equities		FR0000051807	TELEPERFORMANCE RCF	EUR	19,500		1,000		115.650000	2,255,175.00	2.51 %
Equities		FR0000054900	TELEVISION FRANCAISE (T.F.1) TFI	EUR	28,000				12.295000	344,260.00	0.38 %
Equities		ES0132945017	TUBACEX SA TUB	EUR	160,000				3.260000	521,600.00	0.58 %
Equities		BE0003884047	UMICORE UMI	EUR	27,210				66.190000	1,801,029.90	2.01 %
Equities		AT0000746409	VERBUND AG VER	EUR	44,000	19,000	10,000		16.645000	732,380.00	0.82 %
Equities		FR0000031577	VIRBAC SA VIRP	EUR	7,402				150.500000	1,114,001.00	1.24 %
Equities		NL0009432491	VOPAK VPK	EUR	9,862				40.575000	400,150.65	0.45 %
Equities		DE0007472060	WIRECARD AG WDI	EUR	5,000				64.650000	323,250.00	0.36 %
Equities		NL0000395903	WOLTERS KLUWER WKL	EUR	13,625				37.190000	506,713.75	0.56 %
Equities		FI0009800643	YIT OYJ YTY1V	EUR	180,000	20,000	40,000		7.260000	1,306,800.00	1.46 %
Equities		AT0000837307	ZUMTOBEL GROUP AG ZAG	EUR	55,000				17.000000	935,000.00	1.04 %
Equities		IE00B00MZ448	GRAFTON GROUP PLC-UTS GFTU	GBP	137,300				7.475000	1,146,211.19	1.28 %
Equities		GB00B0HZP136	GREENE KING PLC GNK	GBP	34,000				6.755000	256,499.89	0.29 %
Equities		GB00BQY7BX88	MICRO FOCUS INTERNATIONAL MCRO	GBP	30,000		54,136		22.530000	754,858.16	0.84 %
Equities		GB00B06GM726	TELIT COMMUNICATIONS PLC TCM	GBP	160,000	20,000	20,000		2.810000	502,121.96	0.56 %
Equities		GB00B5N0P849	WOOD GROUP (JOHN) PLC WG/	GBP	68,000				6.155000	467,433.55	0.52 %
Equities		NO0003054108	MARINE HARVEST MHG	NOK	90,000	10,000	10,000		147.800000	1,429,699.97	1.59 %
Equities		SE0007666110	ATTENDO AB ATT	SEK	10,000				101.400000	106,385.21	0.12 %
Equities		SE0005999778	COM HEM HOLDING AB COMH	SEK	115,000	25,000	10,000		116.800000	1,409,236.84	1.57 %
Equities		SE0006887063	HOIST FINANCE AB HOFI	SEK	75,000				87.500000	688,513.75	0.77 %
Equities		SE0000163594	SECURITAS AB-B SHS SECUB	SEK	65,000	10,000			135.000000	920,641.25	1.03 %
Total licensed securities admitted to trading on the official market or another regulated market										85,511,260.83	95.25 %
Total securities										85,511,260.83	95.25 %
Bank balances/liabilities				EUR						4,444,087.68	4.95 %
Total bank balances/liabilities										4,444,087.68	4.95 %
Accruals and deferrals											
Interest claims (on securities and bank balances)										-1,004.84	-0.00 %
Dividends receivable										6,617.56	0.01 %
Total accruals and deferrals										5,612.72	0.01 %
Other items											
Various fees										-184,478.77	-0.21 %
Total other items										-184,478.77	-0.21 %
Total fund assets										89,776,482.47	100.00 %

ISIN	Income class		Currency	Net asset value per unit	Units in circulation
AT0000638986	R	income-distributing	EUR	265.04	20,345.294
AT0000A1U5F7	RZ	income-distributing	EUR	107.24	10.000
AT0000638994	R	income-retaining	EUR	288.70	177,725.864
AT0000A1U5E0	RZ	income-retaining	EUR	107.15	97.445
AT0000639000	R	full income-retaining (outside Austria)	EUR	301.54	58,378.508
AT0000A1U5G5	RZ	full income-retaining (outside Austria)	EUR	107.24	10.000
AT0000A0LQ44	I	full income-retaining (outside Austria)	EUR	321.40	440.005
AT0000A15HP6	R	full income-retaining (Austria)	EUR	301.95	50,719.241

Exchange rates

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

Currency		Price (1 EUR =)
Swiss Francs	CHF	1.137950
Danish Kroner	DKK	7.436300
British Pound	GBP	0.895400
Norwegian Kroner	NOK	9.304050
Swedish Krona	SEK	9.531400

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

Type of security	OGAW/§ 166	ISIN	Security title	Currency		Purchases Additions	Sales Disposals
Equities		IT0003261069	ASTALDI SPA AST	EUR			11,000
Equities		IT0000064482	BANCA POPOLARE DI MILANO PMI	EUR			750,000
Equities		IT0001050910	BREMBO SPA BEB	EUR			32,000
Equities		IT0003849244	DAVIDE CAMPARI-MILANO SPA DVC1	EUR			100,000
Equities		NL0009294552	DELTA LLOYD NV DL	EUR			8,000
Equities		FR0000120859	IMERYSA SA NK	EUR			1,740
Equities		AT0000676903	RHI AG RHI	EUR			15,000
Equities		DE000A0DPRE6	SIXT LEASING SE LNSX	EUR			15,000
Equities		GB0007365546	CARILLION PLC CLLN	GBP			100,000
Subscription rights		NL0012235857	BRUNEL INTERNATIONAL-SCRIP 1510647D	EUR		19,200	19,200
Subscription rights		IT0005220634	BANCA POP. DI MILANO S.C.A.R.L.;ANRECHTE	EUR		750,000	750,000
Subscription rights		NL0011999610	DELTA LLOYD NV-SCRIP 1433861D	EUR		8,000	8,000
Subscription rights		FR0013228152	ELIS SA - RIGHTS ELIDS	EUR		15,000	15,000
Subscription rights		NL0012009641	EUROCOMMERCIAL PROPE-SCRIP V 1457306D	EUR		26,000	26,000
Subscription rights		DE000PAT1TL3	PATRIZIA IMMOBILIEN AG;INHABER-TEILRECHTE	EUR		2,695	2,695
Subscription rights		DE000PAT6AG2	PATRIZIA IMMOBILIEN AG;INHABER-TEILRECHTE	EUR		2,450	2,450
Subscription rights		NL0012191670	SBM OFFSHORE NV-SCRIP 1502046D	EUR		21,090	21,090
Subscription rights		NL0012235865	WOLTERS KLUWER NV-SCRIP 1504306D	EUR		13,625	13,625
Subscription rights		NL0011988555	WOLTERS KLUWER N.V.;ANRECHTE	EUR		13,625	13,625

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

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

- The remuneration guidelines (“remuneration guidelines”) issued by Raiffeisen Kapitalanlage-Gesellschaft m.b.H. serve as a binding framework for fulfillment of the remuneration policy and practice requirements stipulated in §§ 17 (a) to (c) of the Austrian Investment Fund Act (InvFG), § 11 of the Austrian Alternative Investment Fund Managers Act (AIFMG) and Enclosure 2 to § 11 AIFMG. Fixed and variable remuneration components are determined on the basis of these remuneration guidelines. Raiffeisen Kapitalanlage-Gesellschaft m.b.H. has established a systematic, structured, differentiating and incentivizing compensation system which reflects the company’s values as well as clear and consistent outline conditions. Its employees’ compensation comprises fixed salary components as well as variable salary components for some positions. This remuneration – in particular, the variable salary component (where applicable) – reflects an objective organizational structure (“job grades”).

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

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

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

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

- Since the performance period 2015, in accordance with the regulatory requirements a portion of the variable remuneration for risk-bearers is paid out in the form of units in an investment fund managed by Raiffeisen Kapitalanlage-Gesellschaft m.b.H. In addition, as required by law portions of the variable remuneration of risk-bearers are deferred and paid out over a period of several years.
- The supervisory board of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. resolves the general remuneration policy principles specified by the remuneration committee, reviews them at least once a year and is responsible for their implementation and for monitoring of this issue. The supervisory board most recently fulfilled this duty on Nov 28, 2016 and Mar 6, 2017. It has not identified any need for changes or any irregularities in relation to the remuneration policy of Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
- In addition, at least once per year a central and independent internal review determines whether the company's remuneration policy has been implemented in accordance with the applicable remuneration regulations and procedures. The internal auditing division of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. published its most recent report on Aug 22, 2017. This report has not resulted in any material findings concerning the remuneration policy of Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
- The remuneration policy of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. has not been subject to any significant changes in the reporting period.

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

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

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

Vienna, 25 October 2017

Raiffeisen Kapitalanlage-Gesellschaft m.b.H.

Mag. Rainer Schnabl

Mag.(FH) Dieter Aigner

Ing. Michal Kustra

Audit opinion

Report on the annual fund report

Audit opinion

We have audited the annual fund report issued by Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna, for its fund Raiffeisen European SmallCap, consisting of the portfolio of investments as of July 31, 2017, the income statement for the financial year ending as of this date and the other disclosures required under Annex I Schedule B of the 2011 Austrian Investment Fund Act (Investmentfondsgesetz, InvFG).

In our view, the annual fund report complies with applicable statutory requirements and provides a true and fair view of the net assets and financial position as of July 31, 2017 as well as the earnings position for the fund for the financial year ending as of this date, in compliance with Austrian commercial law, the provisions of InvFG 2011.

Basis for the audit opinion

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

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

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

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

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

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

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

In addition, the following applies:

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

Other information

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

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

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

Vienna, 25 October 2017

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca
Auditor

Tax treatment

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

Fund regulations

Fund regulations pursuant to the Austrian Investment Fund Act 2011

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

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

Article 1 Fund units

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

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

Article 2 Custodian bank (custodian)

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

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

Article 3 Investment instruments and principles

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

The investment fund mainly invests (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, DeRiMV), as amended.

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

Please refer to the prospectus for details and comments.

Sight deposits or deposits at notice

Sight deposits and deposits at notice with terms not exceeding 12 months may amount to up to 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 terms not exceeding 12 months.

Short-term loans

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

Repos

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

Securities lending

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

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

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

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

Article 4 Issuance and redemption modalities

The unit value shall be calculated in EUR or the currency of the unit class.
Please refer to the prospectus for further details.

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

Issuance and subscription fee

Units will be issued on any banking day.

The issue price is the unit value plus a fee per unit of **up to 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 as of the payment date the unit certificates may only be held by unitholders who are either not subject to Austrian income or corporate income tax or who fulfill the requirements for an exemption pursuant to § 94 of the Austrian Income Tax Act or for a capital gains tax exemption.

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

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

Income during the accounting year net of costs shall not be distributed. In case of income-retaining unit certificates, from 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 as of the payment date the unit certificates are only held by unitholders who are either not subject to Austrian income or corporate income tax or who fulfill the requirements for an exemption pursuant to § 94 of the Austrian Income Tax Act or for a capital gains tax exemption.

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

Income during the accounting year net of costs shall not be distributed. No payment pursuant to InvFG will be made. 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 a capital gains tax exemption. If these preconditions have not been met as of the payment date, the amount calculated pursuant to InvFG shall be paid out by the custodian bank in the form of credit.

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

Income-retaining unit certificates without deducted capital gains tax shall only be sold outside Austria. Income during the accounting year net of costs shall not be distributed. No payment pursuant to InvFG will be made. The management company shall ensure through appropriate proof that as of the payment date the unit certificates may only be held by unitholders who are either not subject to Austrian income or corporate income tax or who fulfill the requirements for exemption pursuant to § 94 of the Austrian Income Tax Act or for a capital gains tax exemption.

Article 7 Management fee, reimbursement of expenses, liquidation fee

The management company shall receive for its management activity 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
3.18.	Philippines:	Manila
3.19.	Singapore:	Singapore Stock Exchange
3.20.	South Africa:	Johannesburg
3.21.	Taiwan:	Taipei
3.22.	Thailand:	Bangkok

¹Click 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

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- 3.23. USA: New York, American Stock Exchange (AMEX), New York Stock Exchange (NYSE), Los Angeles/Pacific Stock Exchange, San Francisco/Pacific Stock Exchange, Philadelphia, Chicago, Boston, Cincinnati
- 3.24. Venezuela: Caracas
- 3.25. United Arab Emirates: Abu Dhabi Securities Exchange (ADX)

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

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

5. Stock exchanges with futures and options markets

- 5.1. Argentina: Bolsa de Comercio de Buenos Aires
- 5.2. Australia: Australian Options Market, Australian Securities Exchange (ASX)
- 5.3. Brazil: Bolsa Brasileira de Futuros, Bolsa de Mercadorias & Futuros, Rio de Janeiro Stock Exchange, Sao Paulo Stock Exchange
- 5.4. Hong Kong: Hong Kong Futures Exchange Ltd.
- 5.5. Japan: Osaka Securities Exchange, Tokyo International Financial Futures Exchange, Tokyo Stock Exchange
- 5.6. Canada: Montreal Exchange, Toronto Futures Exchange
- 5.7. Korea: Korea Exchange (KRX)
- 5.8. Mexico: Mercado Mexicano de Derivados
- 5.9. New Zealand: New Zealand Futures & Options Exchange
- 5.10. Philippines: Manila International Futures Exchange
- 5.11. Singapore: The Singapore Exchange Limited (SGX)
- 5.12. Slovakia: RM-System Slovakia
- 5.13. South Africa: Johannesburg Stock Exchange (JSE), South African Futures Exchange (SAFEX)
- 5.14. Switzerland: EUREX
- 5.15. Turkey: TurkDEX
- 5.16. USA: American Stock Exchange, Chicago Board Options Exchange, Chicago, Board of Trade, Chicago Mercantile Exchange, Comex, FINEX, Mid America Commodity Exchange, ICE Future US Inc. New York, Pacific Stock Exchange, Philadelphia Stock Exchange, New York Stock Exchange, Boston Options Exchange (BOX)

Appendix

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