Raiffeisen Capital Management

Raiffeisen HealthCare Equities

(Original German name: Raiffeisen-HealthCare-Aktien)

annual fund report

financial year Jun 1, 2017 – May 31, 2018

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 Jun 1, 2017 to May 31, 2018

General fund information

ISIN	Tranche	Income class	Currency	Launch date
AT0000714274	Raiffeisen HealthCare Equities (R) A	income-distributing	EUR	Apr 18, 2001
AT0000A1U651	Raiffeisen HealthCare Equities (RZ) A	income-distributing	EUR	Apr 3, 2017
AT0000714282	Raiffeisen HealthCare Equities (R) T	income-retaining	EUR	Apr 18, 2001
AT0000A1U644	Raiffeisen HealthCare Equities (RZ) T	income-retaining	EUR	Apr 3, 2017
AT0000712716	Raiffeisen HealthCare Equities (R) VTA	full income-retaining (outside Austria)	EUR	Oct 29, 2002
AT0000A1U669	Raiffeisen HealthCare Equities (RZ) VTA	full income-retaining (outside Austria)	EUR	Apr 3, 2017

Fund characteristics

Fund currency	EUR
Financial year	Jun 1 – May 31
Distribution/payment/reinvestment date	Aug 16
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 %
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 HealthCare Equities for the financial year from Jun 1, 2017 to May 31, 2018. The accounting is based on the price calculation as of May 30, 2018.

Fund details

	May 31, 2016	May 31, 2017	May 31, 2018
Total fund assets in EUR	73,365,353.29	76,795,458.70	77,987,062.14
Net asset value/distributing units (R) (AT0000714274) in EUR	171.83	178.42	173.08
Issue price/distributing units (R) (AT0000714274) in EUR	180.42	187.34	181.73
Net asset value/distributing units (RZ) (AT0000A1U651) in EUR	-	99.71	99.91
Issue price/distributing units (RZ) (AT0000A1U651) in EUR	-	99.71	99.91
Net asset value/reinvested units (R) (AT0000714282) in EUR	189.52	198.74	196.45
Issue price/reinvested units (R) (AT0000714282) in EUR	199.00	208.68	206.27
Net asset value/reinvested units (RZ) (AT0000A1U644) in EUR	-	99.71	99.77
Issue price/reinvested units (RZ) (AT0000A1U644) in EUR	-	99.71	99.77
Net asset value/fully reinvestet units (R) (AT0000712716) in EUR	191.57	202.47	201.56
Issue price/fully reinvested units (R) (AT0000712716) in EUR	201.15	212.59	211.64
Net asset value/fully reinvestet units (RZ) (AT0000A1U669) in EUR	-	99.71	100.25
Issue price/fully reinvested units (RZ) (AT0000A1U669) in EUR	-	99.71	100.25

	Aug 16, 2017	Aug 16, 2018
Distribution/unit (R) (A) EUR	4.3200	3.0000
Distribution/unit (RZ) (A) EUR	0.1800	1.7300
Outpayment/unit (R) (T) EUR	1.3376	0.7168
Outpayment/unit (RZ) (T) EUR	0.1759	0.4405
Reinvestment/unit (R) (T) EUR	5.9762	2.7342
Reinvestment/unit (RZ) (T) EUR	0.8221	2.0097
Reinvestment/unit (R) (VTA) EUR	7.4446	3.5383
Reinvestment/unit (RZ) (VTA) EUR	0.9980	2.7310

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 May 31, 2017	Sales	Repurchases	Units in circulation on May 31, 2018
AT0000714274 (R) A	27,604.243	11,589.470	-3,328.933	35,864.780
AT0000A1U651 (RZ) A	10.000	5,522.469	-325.745	5,206.724
AT0000714282 (R) T	228,834.599	46,043.174	-52,886.240	221,991.533
AT0000A1U644 (RZ) T	10.000	31,335.450	-1,436.569	29,908.881
AT0000712716 (R) VTA	130,327.549	23,612.185	-31,583.001	122,356.733
AT0000A1U669 (RZ) VTA	10.000	0.000	0.000	10.000
Total units in circulation				**415,338.651**

Development of the fund assets and income statement

Performance in financial year (fund performance)

Distributing units (R) (AT0000714274)	
Net asset value per unit at start of financial year in EUR	178.42
Distribution on Aug 16, 2017 (net asset value: EUR 169.01) of EUR 4.3200, corresponds to 0.025561 units	
Net asset value per unit at end of financial year in EUR	173.08
Total value incl. units purchased through distribution (1.025561 x 173.08)	177.50
Net income/net reduction per unit	-0.92
Performance of one unit during the financial year in %	**-0.51**

Distributing units (RZ) (AT0000A1U651)	
Net asset value per unit at start of financial year in EUR	99.71
Distribution on Aug 16, 2017 (net asset value: EUR 96.84) of EUR 0.1800, corresponds to 0.001859 units	
Net asset value per unit at end of financial year in EUR	99.91
Total value incl. units purchased through distribution (1.001859 x 99.91)	100.10
Net income/net reduction per unit	0.39
Performance of one unit during the financial year in %	**0.39**

Reinvested units (R) (AT0000714282)	
Net asset value per unit at start of financial year in EUR	198.74
Outpayment on Aug 16, 2017 (net asset value: EUR 191.78) of EUR 1.3376, corresponds to 0.006975 units	
Net asset value per unit at end of financial year in EUR	196.45
Total value incl. units purchased through outpayment (1.006975 x 196.45)	197.82
Net income/net reduction per unit	-0.92
Performance of one unit during the financial year in %	**-0.46**

Reinvested units (RZ) (AT0000A1U644)	
Net asset value per unit at start of financial year in EUR	99.71
Outpayment on Aug 16, 2017 (net asset value: EUR 96.77) of EUR 0.1759, corresponds to 0.001818 units	
Net asset value per unit at end of financial year in EUR	99.77
Total value incl. units purchased through outpayment (1.001818 x 99.77)	99.95
Net income/net reduction per unit	0.24
Performance of one unit during the financial year in %	**0.24**

Fully reinvested units (R) (AT0000712716)	
Net asset value per unit at start of financial year in EUR	202.47
Net asset value per unit at end of financial year in EUR	201.56
Net income/net reduction per unit	-0.91
Performance of one unit during the financial year in %	**-0.45**

Fully reinvested units (RZ) (AT0000A1U669)	
Net asset value per unit at start of financial year in EUR	99.71
Net asset value per unit at end of financial year in EUR	100.25
Net income/net reduction per unit	0.54
Performance of one unit during the financial year in %	**0.54**

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 May 31, 2017 (386,796.391 units)		**76,795,458.70**
Distribution on Aug 16, 2017 (EUR 4.3200 x 28,745.480 distributing units (R) (AT0000714274))		-124,180.47
Distribution on Aug 16, 2017 (EUR 0.1800 x 1,005.774 distributing units (RZ) (AT0000A1U651))		-181.04
Outpayment on Aug 16, 2017 (EUR 1.3376 x 230,160.885 reinvested units (R) (AT0000714282))		-307,863.20
Outpayment on Aug 16, 2017 (EUR 0.1759 x 2,049.099 reinvested units (RZ) (AT0000A1U644))		-360.44
Issuance of units	19,320,138.56	
Redemption of units	-17,407,880.64	
Pro rata income adjustment	-32,029.89	1,880,228.03
Overall fund result		**-256,039.44**
Fund assets on May 31, 2018 (415,338.651 units)		**77,987,062.14**

Fund result in EUR

A. Realized fund result

Ordinary fund result		
Income (excl. closing price)		
Income from securities lending transactions	5,361.20	
Interest expenses (incl. negative credit interest)	-432.06	
Dividend income (incl. dividend equivalent)	1,045,279.73	
		1,050,208.87
Expenses		
Management fees	-1,500,549.94	
Custodian bank fees / Custodian's fees	-68,157.14	
Auditing expenses	-5,550.43	
Tax consulting fees	-4,880.00	
Custody charge	-29,942.18	
Statutory/publication expenses	-8,444.70	
Research expenses	-4,878.58	
		-1,622,402.97
Ordinary fund result (excl. income adjustment)		**-572,194.10**
Realized closing price		
Profits realized from securities	3,224,204.85	
Losses realized from securities	-1,290,970.39	
Realized closing price (excl. income adjustment)		**1,933,234.46**
Realized fund result (excl. income adjustment)		**1,361,040.36**

B. Unrealized closing price

Change in unrealized closing price	-1,684,103.08	
Change in dividends receivable	34,993.39	
		-1,649,109.69

C. Income adjustment

Income adjustment for income during financial year	32,029.89	
		32,029.89
Overall fund result		**-256,039.44**

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 60,552.85 EUR.

Capital market report

At the beginning of the year, the stock markets added to the substantial gains that they had recorded in 2017. A significant downward correction occurred thereafter, but since then most markets have turned upwards gain. The long-term uptrends of most stock markets are still intact. They are supported by very low interest rates, positive economic data, and higher growth expectations. Corporate profits are also rising substantially.
Inflation anxiety, a looming reduction of global liquidity and the threat of global trade wars have led to visibly higher market volatilities. Euro-area bourses faced additional headwinds from a strong Euro and more recently from the political turbulences surrounding Italy. Stock exchanges in the emerging markets outperformed developed markets once again over the past year but they have weakened lately. Bond markets have been facing an increasingly challenging environment for quite some time now. Over the past twelve months, yields have risen substantially in the USA, especially for short and medium maturities. In turn, they got more attractive for investors. The rising U.S. yields have also affected European bond markets, albeit to a much smaller extent. Emerging market bonds in hard currency were hit especially hard by higher U.S. interest rates as well as by tightening global dollar liquidity.
Despite their extremely low yields, corporate bonds in Europe delivered another year of positive performance in 2017. In the current calendar year, their returns oscillate around zero. Yield spreads over government bonds widened considerably recently. In turn, corporate bonds have become a more attractive alternative to government bonds for many investors. Most commodities gained significantly in 2017. Industrial metals were the front-runners for most parts of the year. Since the final quarter of 2017, oil prices have taken the lead and rose substantially. The US dollar was weak for most parts of 2017 but it has started to recover over the past few months. The euro was very strong for most part, which in turn reduced the performance of assets denominated in foreign currencies for euro-based investors. The US central bank (FED) has raised the key interest rate in March 2018, for a sixth time in the current interest rate cycle. Two or three more hikes may follow later this year. On top of this, the Fed will gradually reduce its enormous bond holdings. However, despite the extremely low starting level, the Fed's overall scope for interest-rate hikes is likely to be much lower than in the past. The decade-long upward trend for bond prices in the USA may well be over, and a long-term trend change could be in the making. This development will most likely rub off on the Eurozone, albeit to a considerably reduced extent. Unlike the US central bank, the European Central Bank (ECB) is still maintaining its ultra-loose monetary policy for the time being, with negative interest rates and bond purchases. However, it has reduced the latter and will likely end in December 2018. Nevertheless, key interest rate hikes - if any - are unlikely to happen before mid-2019. The unprecedentedly loose monetary policy pursued by key central banks over the past few years reflected a very weak global economic growth trend. However, many regions have now returned to robust growth. Inflation is picking up in most of the world's major economic regions. The impact of a gradual reduction of the generous liquidity supply on global growth and price trends remains to be seen.
By historical standards, the yield levels are very low almost everywhere in the world. To date, this "new normal" of consistently low bond yields in the key economic blocs has provided strong support for stock prices. Nonetheless, several stock markets – particularly in the USA – sport rather ambitious valuation levels and are thus increasingly prone to corrections. The market environment will certainly remain challenging and may once again entail stronger price fluctuations over the next few months. At present, the positive factors still predominate on the stock markets, while most government bond markets may continue to experience headwinds over the coming months.

Fund investment policy report

The fund suffered a loss of 0.46 % (R tranche) in the reporting period. This is partly attributable to the negative currency trend, since the euro gained 4 % against the US dollar and 6 % against the Swiss franc in the period.
The negative rhetoric surrounding the healthcare sector in the run-up to the US presidential election has not resulted in any tighter regulation of companies during the first half of Donald Trump's presidency. The American drug licensing authority, the FDA, approved more new drugs in 2017 than in previous years.
Companies have adapted to intense price competition in numerous product categories and are seeking to concentrate their research on individual indications that still allow them to charge healthy prices. In response to these changed outline conditions, the fund is investing in small, innovative companies.
The product invests in a large number of business models in the healthcare sector. Besides pharmaceuticals and biotechnology firms, this includes stocks in the medical technology, hospital supplies, healthcare insurance and diagnostics sectors.
In the period under review, the fund newly acquired stocks of the biotech companies Exelixis and Bluebird Bio, the healthcare IT company Cerner, the genomic analysis appliance manufacturer Illumina, the healthcare insurer Centene, the surgical robot manufacturer Intuitive Surgical, the diagnostics company Biocartis and the hospital equipment supplier Coloplast.
On the other hand, stocks of the medical technology companies Smith & Nephew, Danaher, Livanova and Zimmer Biomet, the animal drug manufacturer Zoetis, the pharmaceutical enterprise Teva, the hearing aid manufacturer GN Store Nord and the contact lens manufacturer Cooper were sold. On the reporting date, the USA accounted for the fund's largest country weighting, followed by Switzerland and Germany.

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

Makeup of fund assets in EUR

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

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

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

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

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

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

Type of security	OGAW/§ 166	Currency	Market value in EUR	Share of fund assets
Equities		CHF	4,539,940.89	5.82 %
Equities		DKK	2,974,482.49	3.81 %
Equities		EUR	8,179,936.00	10.49 %
Equities		GBP	5,164,861.15	6.62 %
Equities		JPY	1,911,644.68	2.45 %
Equities		USD	54,274,616.88	69.59 %
Total Equities			**77,045,482.09**	**98.79 %**
Total securities			**77,045,482.09**	**98.79 %**
Bank balances/liabilities				
Bank balances/liabilities in fund currency			955,024.19	1.22 %
Total bank balances/liabilities			**955,024.19**	**1.22 %**
Accruals and deferrals				
Interest claims (on securities and bank balances)			-113.66	-0.00 %
Dividends receivable			144,793.86	0.19 %
Total accruals and deferrals			**144,680.20**	**0.19 %**
Other items				
Various fees			-158,124.34	-0.20 %
Total other items			**-158,124.34**	**-0.20 %**
Total fund assets			**77,987,062.14**	**100.00 %**

Portfolio of investments in EUR as of May 30, 2018

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.

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§ 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		CH0012005267	NOVARTIS AG-REG NOVN		CHF	28,000	7,000			74.600000	1,815,637.36	2.33 %
Equities		CH0012032048	ROCHE HOLDING AG-GENUSSCHEIN ROG		CHF	14,500		1,600		216.150000	2,724,303.53	3.49 %
Equities		DK0060448595	COLOPLAST-B COLOB		DKK	8,000	8,000			609.600000	655,105.25	0.84 %
Equities		DK0010272202	GENMAB A/S GEN		DKK	2,200				956.200000	282,583.99	0.36 %
Equities		DK0060534915	NOVO NORDISK A/S-B NOVOB		DKK	50,000	5,000			303.250000	2,036,793.25	2.61 %
Equities		DE000BAY0017	BAYER AG-REG BAYN		EUR	13,400		6,000		98.840000	1,324,456.00	1.70 %
Equities		BE0974281132	BIOCARTIS NV BCART		EUR	40,000	40,000			12.460000	498,400.00	0.64 %
Equities		DE0005664809	EVOTEC AG EVT		EUR	20,000		20,000		15.230000	304,600.00	0.39 %
Equities		DE0005785802	FRESENIUS MEDICAL CARE AG & FME		EUR	12,500				86.240000	1,078,000.00	1.38 %
Equities		DE0005785604	FRESENIUS SE & CO KGAA FRE		EUR	15,500				67.080000	1,039,740.00	1.33 %
Equities		ES0171996087	GRIFOLS SA GRF		EUR	30,000				24.640000	739,200.00	0.95 %
Equities		BE0003766806	ION BEAM APPLICATIONS IBAB		EUR	8,500	8,500	8,000		23.780000	202,130.00	0.26 %
Equities		DE0006599905	MERCK KGAA MRK		EUR	6,000				85.260000	511,560.00	0.66 %
Equities		FI0009014377	ORION OYJ-CLASS B ORNBV		EUR	15,000	15,000			25.600000	384,000.00	0.49 %
Equities		FR0000184798	ORPEA ORP		EUR	7,000		3,000		111.750000	782,250.00	1.00 %
Equities		FR0000120578	SANOFI SAN		EUR	20,000				65.780000	1,315,600.00	1.69 %
Equities		GB0009895292	ASTRAZENECA PLC AZN		GBP	32,000	11,000			54.020000	1,983,750.29	2.54 %
Equities		GB0009252882	GLAXOSMITHKLINE PLC GSK		GBP	125,000	40,000			14.976000	2,148,267.16	2.75 %
Equities		JE00B2QKY057	SHIRE PLC SHP		GBP	22,000	12,000	10,000		40.910000	1,032,843.70	1.32 %
Equities		JP3942400007	ASTELLAS PHARMA INC 4503		JPY	53,500				1,676.500000	712,558.93	0.91 %
Equities		JP3347200002	SHIONOGI & CO LTD 4507		JPY	17,400				5,650.000000	781,018.18	1.00 %
Equities		JP3398000004	SUZUKEN CO LTD 9987		JPY	5,390				4,950.000000	211,961.71	0.27 %
Equities		JP3463000004	TAKEDA PHARMACEUTICAL CO LTD 4502		JPY	5,800				4,473.000000	206,105.86	0.26 %
Equities		US0028241000	ABBOTT LABORATORIES ABT		USD	44,000				61.300000	2,332,410.93	2.99 %
Equities		US00287Y1091	ABBVIE INC ABBV		USD	30,000	14,000	10,000		99.470000	2,580,508.47	3.31 %
Equities		US00817Y1082	AETNA INC AET		USD	6,000		5,500		176.780000	917,225.87	1.18 %
Equities		US0153511094	ALEXION PHARMACEUTICALS INC ALXN		USD	8,000				115.730000	800,622.62	1.03 %
Equities		IE00BY9D5467	ALLERGAN PLC AGN		USD	9,000	2,400			151.030000	1,175,432.38	1.51 %
Equities		US02043Q1076	ALNYLAM PHARMACEUTICALS INC ALNY		USD	6,000		2,000		100.060000	519,162.92	0.67 %
Equities		US0311621009	AMGEN INC AMGN		USD	17,300				177.440000	2,654,541.68	3.40 %
Equities		US0718131099	BAXTER INTERNATIONAL INC BAX		USD	32,000				71.730000	1,984,918.71	2.55 %

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		US0758871091	BECTON DICKINSON AND CO BDX		USD	7,000				219.910000	1,331,174.33	1.71 %
Equities		US09062X1037	BIOGEN INC BIIB		USD	6,400				287.090000	1,588,875.82	2.04 %
Equities		US09061G1013	BIOMARIN PHARMACEUTICAL INC BMRN		USD	10,000	4,000			90.540000	782,947.08	1.00 %
Equities		US09609G1004	BLUEBIRD BIO INC BLUE		USD	2,500	2,500			186.200000	402,542.37	0.52 %
Equities		US1011371077	BOSTON SCIENTIFIC CORP BSX		USD	55,000				30.200000	1,436,354.20	1.84 %
Equities		US1101221083	BRISTOL-MYERS SQUIBB CO BMY		USD	37,300	6,000	10,000		52.270000	1,685,983.22	2.16 %
Equities		US14149Y1082	CARDINAL HEALTH INC CAH		USD	11,400				51.750000	510,160.84	0.65 %
Equities		US1510201049	CELGENE CORP CELG		USD	14,000	3,000	9,000		77.830000	942,251.82	1.21 %
Equities		US15135B1017	CENTENE CORP CNC		USD	9,000	9,000			116.910000	909,884.12	1.17 %
Equities		US1567821046	CERNER CORP CERN		USD	18,000	18,000			59.470000	925,683.15	1.19 %
Equities		US1255091092	CIGNA CORP CI		USD	9,000				172.580000	1,343,151.16	1.72 %
Equities		US2681582019	DYNAVAX TECHNOLOGIES CORP DVAX		USD	12,870				16.000000	178,069.87	0.23 %
Equities		US5324571083	ELI LILLY & CO LLY		USD	30,000				82.440000	2,138,706.33	2.74 %
Equities		US30050B1017	EVOLENT HEALTH INC - A EVH		USD	40,000	10,000			20.150000	696,990.66	0.89 %
Equities		US30161Q1040	EXELIXIS INC EXEL		USD	24,000	24,000			20.310000	421,515.05	0.54 %
Equities		US3755581036	GILEAD SCIENCES INC GILD		USD	26,000	5,000			67.330000	1,513,818.75	1.94 %
Equities		US40412C1018	HCA HEALTHCARE INC HCA		USD	8,500				103.280000	759,149.08	0.97 %
Equities		US4523271090	ILLUMINA INC ILMN		USD	4,350	4,350			266.320000	1,001,809.06	1.28 %
Equities		US46120E6023	INTUITIVE SURGICAL INC ISRG		USD	4,600	4,600			454.630000	1,808,455.55	2.32 %
Equities		US46266C1053	IQVIA HOLDINGS INC IQV		USD	6,000	6,000			99.180000	514,597.03	0.66 %
Equities		US4781601046	JOHNSON & JOHNSON JNJ		USD	29,500				119.400000	3,045,918.37	3.91 %
Equities		IE00BTN1Y115	MEDTRONIC PLC MDT		USD	16,000		10,000		85.390000	1,181,459.70	1.51 %
Equities		US58933Y1055	MERCK & CO. INC. MRK		USD	53,900	6,000			58.400000	2,722,033.90	3.49 %
Equities		NL0011031208	MYLAN NV MYL		USD	20,000	7,000			38.680000	668,972.67	0.86 %
Equities		US7170811035	PFIZER INC PFE		USD	122,800	10,000	25,000		35.700000	3,791,041.16	4.86 %
Equities		US8636671013	STRYKER CORP SYK		USD	8,700				172.340000	1,296,573.85	1.66 %
Equities		US87918A1051	TELADOC INC TDOC		USD	20,000				50.800000	878,588.72	1.13 %
Equities		US8835561023	THERMO FISHER SCIENTIFIC INC TMO		USD	10,000				208.970000	1,807,073.68	2.32 %
Equities		US91324P1021	UNITEDHEALTH GROUP INC UNH		USD	24,000				242.170000	5,026,011.76	6.44 %
Total licensed securities admitted to trading on the official market or another regulated market											**77,045,482.09**	**98.79 %**
Total securities											**77,045,482.09**	**98.79 %**
Bank balances/liabilities												
					EUR						955,024.19	1.22 %
Total bank balances/liabilities											**955,024.19**	**1.22 %**
Accruals and deferrals												
Interest claims (on securities and bank balances)											-113.66	-0.00 %
Dividends receivable											144,793.86	0.19 %
Total accruals and deferrals											**144,680.20**	**0.19 %**

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
Other items												
Various fees											-158,124.34	-0.20 %
Total other items											**-158,124.34**	**-0.20 %**
Total fund assets											**77,987,062.14**	**100.00 %**

ISIN	Income class		Currency	Net asset value per unit	Units in circulation
AT0000714274	R	income-distributing	EUR	173.08	35,864.780
AT0000A1U651	RZ	income-distributing	EUR	99.91	5,206.724
AT0000714282	R	income-retaining	EUR	196.45	221,991.533
AT0000A1U644	RZ	income-retaining	EUR	99.77	29,908.881
AT0000712716	R	full income-retaining (outside Austria)	EUR	201.56	122,356.733
AT0000A1U669	RZ	full income-retaining (outside Austria)	EUR	100.25	10.000

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

ISIN	Security title	Currency	Volume May 30, 2018
DE0005664809	EVOTEC AG EVT	EUR	20,000

Exchange rates

Foreign currency assets were converted into EUR on the basis of the exchange rates applicable on May 29, 2018

Currency		Price (1 EUR =)
Swiss Francs	CHF	1.150450
Danish Kroner	DKK	7.444300
British Pound	GBP	0.871400
Japanese Yen	JPY	125.874150
US Dollars	USD	1.156400

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		DK0015998017	BAVARIAN NORDIC A/S BAVA	DKK			13,000
Equities		DK0010272632	GN STORE NORD A/S GN	DKK			20,000
Equities		FR0010331421	INNATE PHARMA SA IPH	EUR			24,000
Equities		GB0009223206	SMITH & NEPHEW PLC SN/	GBP			20,000
Equities		US0044491043	ACHAOGEN INC AKAO	USD		10,000	28,000
Equities		US0905722072	BIO-RAD LABORATORIES-A BIO	USD			4,000
Equities		US09075E1001	BIOVERATIV INC BIVV	USD			3,200
Equities		US2166484020	COOPER COS INC/THE COO	USD			4,400
Equities		US2358511028	DANAHER CORP DHR	USD			10,000
Equities		GB00BYMT0J19	LIVANOVA PLC LIVN	USD			7,000
Equities		US74876Y1010	QUINTILES IMS HOLDINGS INC Q	USD			6,000
Equities		US98956P1021	ZIMMER BIOMET HOLDINGS INC ZBH	USD			7,500
Equities		US98978V1035	ZOETIS INC ZTS	USD			13,900

Type of security	OGAW/§ 166	ISIN	Security title	Currency		Purchases Additions	Sales Disposals
Equities ADR		US8816242098	TEVA PHARMACEUTICAL-SP ADR TEVA	USD			18,000

Further information on securities lending transactions

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

  0.39 %

  Value of loaned securities: 304,600.00 EUR

  Proportion of assets eligible for lending transactions: 0.40 %

  On the reporting date May 31, 2018 the following securities had been lent:

ISIN	Security title	Currency	Volume May 30, 2018	Market value (incl. any interest accrued) May 30, 2018
DE0005664809	EVOTEC AG EVT	EUR	20,000	304,600.00

- Identity of the counterparties for securities lending transactions:

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

- Ten key issuers of collateral:

Issuer	Market value (incl. any interest accrued) May 30, 2018	Share
VONOVIA SE	15,518.18	4.70 %
ACCOR SA	15,079.05	4.57 %
EXPORT-IMPORT BANK OF CHINA/THE	15,033.53	4.56 %
RYANAIR HOLDINGS PLC	14,294.15	4.33 %
L'OREAL SA	12,765.61	3.87 %
DEUTSCHE POST AG	11,298.57	3.42 %
ENEL SPA	10,859.56	3.29 %
MICROSOFT CORP	10,620.43	3.22 %
TERNA RETE ELETTRICA NAZIONALE SPA	10,176.58	3.08 %
BAO-TRANS ENTERPRISES LTD	10,152.46	3.08 %
TOTAL	**125,798.12**	**38.12 %**

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

  Under the securities lending master agreement concluded between the management company and Raiffeisen Bank International AG, Raiffeisen Bank International AG is obliged to provide collateral for loaned securities. Sight deposits, bonds, equities and units in investment funds are permitted as collateral. The bonds used as collateral may be issued by sovereigns, supranational issuers and/or companies etc. No stipulations apply in relation to the terms of these bonds. Within the scope of provision of collateral, pursuant to § 4 of the Austrian Securities Lending and Repurchase Agreement Ordinance (Verordnung zu Wertpapierleih- und Pensionsgeschäften, WPV), diversification and correlation with risk diversification achieved through quantitative issuer limits in particular and appropriate liquidity for collateral for the purpose of tradability and realizability will be ensured. Sight deposits are not subject to any haircut. The value of this collateral calculated on each day of stock market trading thus amounts to 100 % of the value of the loaned securities. Other collateral (bonds, equities and units in investment funds) will be valued – likewise on each day of stock market trading – on the basis of a value-at-risk calculation. The maximum foreseeable loss for this other collateral is calculated over a period of three business days, with a probability of 99 % (confidence interval). The value determined plus a markup of 10 % represents the applicable valuation markdown. This valuation markdown will amount to at least 5 % of the value of this other collateral. Recognition of this haircut will entail delivery of the required volume of additional collateral on each day of stock market trading.

  On the reporting date the collateral had the following makeup:

  Sight deposits: 0.00 %
  Bonds: 53.21 %
  Equities: 46.79 %
  Units in investment funds: 0.00 %

Asset class	Rating	Share
Bonds	a	26.50 %
Bonds	aa	7.64 %
Bonds	aaa	4.81 %
Bonds	bb	0.37 %
Bonds	bbb	13.88 %
		53.21 %

Asset class	Stock exchange	Share
Equities	recognized	46.79 %
Equities	non-recognized	0.00 %
		46.79 %

Asset class	Currency	Share
Bonds	CZK	0.22 %
Bonds	EUR	12.03 %
Bonds	USD	40.96 %
		53.21 %
Equities	CHF	0.18 %
Equities	EUR	35.22 %
Equities	GBP	4.36 %
Equities	USD	7.03 %
		46.79 %

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

Collateral holding period: unlimited
Period of securities lending:

Duration / Days	< 1 day	1-7 days	7-30 days	30-90 days	90-360 days
	0 %	0 %	0 %	0 %	100 %

Country of counterparty (Raiffeisen Bank International AG): Austria
Settlement: bilateral

- Reuse of collateral:

  Collateral received is not reused.

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

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

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

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

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

  Income: 5,361.20 EUR (of which 100 % from securities lending transactions)
  Costs: N/A

Further information on repurchase agreements

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

Total return swaps and similar derivative instruments

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

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

Calculation method for overall risk

Calculation method for overall risk	Simplified approach

Remuneration paid to the employees of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. in EUR (financial year 2017 of Raiffeisen Kapitalanlage-Gesellschaft m.b.H.)

Total number of employees	245
Number of risk-bearers	83
Fixed remuneration	21,133,401.94
Variable remuneration (bonuses)	4,033,484.17
Total remuneration for employees	**25,166,886.11**
of which remuneration for managing directors	1,363,876.85
of which remuneration for managers (risk-bearers)	2,522,848.03
of which remuneration for other risk-bearers	8,394,504.63
of which remuneration for employees in positions of control	232,087.44
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	**12,513,316.95**

- The remuneration guidelines ("remuneration guidelines") issued by Raiffeisen Kapitalanlage-Gesellschaft m.b.H. serve as a binding framework for fulfillment of the remuneration policy and practice requirements stipulated in §§ 17 (a) to (c) of the Austrian Investment Fund Act (InvFG), § 11 of the Austrian Alternative Investment Fund Managers Act (AIFMG) and Enclosure 2 to § 11 AIFMG. Fixed and variable remuneration components are determined on the basis of these remuneration guidelines.
  Raiffeisen Kapitalanlage-Gesellschaft m.b.H. has established a systematic, structured, differentiating and incentivizing compensation system which reflects the company's values as well as clear and consistent outline conditions. Its employees' compensation comprises fixed salary components as well as variable salary components for some positions. This remuneration – in particular, the variable salary component (where applicable) – reflects an objective organizational structure ("job grades").
  Compensation is determined on the basis of regular market comparisons and in accordance with local remuneration practice. The goal is to encourage employees' long-term loyalty to the company while also promoting their performance and their development within the framework of a management or specialist career path.
  At Raiffeisen Kapitalanlage-Gesellschaft m.b.H., an employee's basic salary (fixed remuneration) is non-discretionary remuneration which does not vary in accordance with the performance of the company (earnings before interest and tax) or of the specific employee (individual target achievement). It primarily reflects relevant professional experience and organizational responsibility, as outlined in the employee's job description as part of his terms of employment. The employee's fixed salary is determined on the basis of his market value, his individual qualifications and the position which he holds at Raiffeisen Kapitalanlage-Gesellschaft m.b.H. Raiffeisen Kapitalanlage-Gesellschaft m.b.H. uses all of the standard remuneration management instruments (e.g. domestic and foreign remuneration studies, salary bands, position grading).
  The employee's variable salary reflects the achievement of company and performance targets which are specified and reviewed within the scope of a performance management process. Employees' targets are specified on the basis of the company's strategic targets, the targets of their organizational unit or department and their function. Target agreements are concluded and the employee's level of target achievement (= performance) is determined through annual performance appraisals ("MBO system").

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

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

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

- The remuneration principles of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. support the business strategy and the long-term goals, interests and values of the company and of the investment funds managed by Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
- The remuneration principles of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. include measures to avoid conflicts of interest.
- The remuneration principles and policies of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. are consistent with and promote sound and effective risk-taking practices and avoid incentives for any inappropriate risk-taking propensity which exceed the level of risk tolerated by Raiffeisen Kapitalanlage-Gesellschaft m.b.H. or the investment funds under its management.
- The total amount of variable remuneration will not limit the capacity of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. to strengthen its capital base.
- Variable remuneration is not paid by means of instruments or methods which facilitate circumvention of applicable legal requirements.
- Employees in positions of control are rewarded irrespective of the business unit which they supervise, they have an appropriate level of authority and their remuneration is determined on the basis of the fulfillment of their organizational targets in connection with their functions, irrespective of the results of the business activities under their supervision.

- Guaranteed variable remuneration is not consistent with sound risk management or the “pay-for-performance” principle and should not be included in future remuneration plans. Guaranteed variable remuneration is the exception:, This is only provided in connection with new hirings and only where Raiffeisen Kapitalanlage-Gesellschaft m.b.H. has a sound and strong capital base. It is limited to the first year of employment.
- Any payments relating to the premature termination of a contract must reflect the performance realized over the relevant period of time and must not reward failures or misconduct.

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

Vienna, 12 September 2018

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 HealthCare Equities, consisting of the portfolio of investments as of May 31, 2018, 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 May 31, 2018 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, 12 September 2018

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

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

Article 1 Fund units

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

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

Article 2 Custodian bank (custodian)

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

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

Article 3 Investment instruments and principles

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

The investment fund mainly invests (i.e. more than 51 % of its fund assets are invested in the form of directly purchased individual securities which are not held directly or indirectly through investment funds or derivatives) in international equities and equity-equivalent securities issued by companies which develop, manufacture or sell healthcare, medical, pharmaceuticals or biotechnology products or services.

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 June 1 to May 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 August 16 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 August 16 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 August 16 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. August 16 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=0[1]

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

[1]Click on "view all" to open the directory. The link may be modified by the Austrian Financial Market Authority (FMA) or by the European Securities and Markets Authority (ESMA).
[You may access the directory as follows by way of the FMA's website:
http://www.fma.gv.at/de/unternehmen/boerse-wertpapierhandel/boerse.html - scroll down - link "List of Regulated Markets (MiFID Database; ESMA)" – "view all"]

3.19.	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 Brasiliera 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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