

# Raiffeisen Russia Equities

(Original German name: Raiffeisen-Russland-Aktien)

## **Annual fund report**

Financial year 2012-2013

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

**Note:**

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

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# Report for the financial year from 1 July 2012 to 30 June 2013

Raiffeisen Russia Equities is an equity fund under the Austrian Investment Fund Act. It pursues an investment goal of long-term capital growth subject to a higher level of risk. The fund mainly invests (at least 51 % of its fund assets) in equities and equity-equivalent securities issued by companies which are headquartered or mainly active in Russia and other successor states of the USSR. The fund may also invest in other securities, in bonds and money market instruments issued by countries, supranational issuers and/or companies etc., in units in investment funds and in sight deposits and deposits at notice. The fund is actively managed and is not limited by means of a benchmark.

## General fund information

Tranche	Fund currency	Tranche currency	Launch date	ISIN
ISIN income-distributing (R) (A)	EUR	EUR	5/5/2008	AT0000A07FQ5
ISIN income-retaining (R) (T)	EUR	EUR	5/5/2008	AT0000A07FR3
ISIN full income-retaining (outside Austria) (R) (VTA)	EUR	EUR	5/5/2008	AT0000A07FS1
ISIN full income-retaining (outside Austria) (R) (VTA)	EUR	GBP	3/6/2013	AT0000A10BF1
ISIN full income-retaining (outside Austria) (R) (VTA)	EUR	USD	3/6/2013	AT0000A10BG9
ISIN full income-retaining (outside Austria) (I) (VTA)	EUR	EUR	1/3/2011	AT0000A0LSR3
ISIN savings fund income-retaining (R) (T)	EUR	EUR	5/5/2008	AT0000A07FT9

## Fund characteristics

Financial year:	1 July – 30 June
Distribution/payment/reinvestment date:	15 September
EU directive compliance:	EU directive-compliant jointly owned fund under the 2011 Austrian Investment Fund Act (InvFG), as amended
Max. management fee for the fund:	R tranche (EUR): 2.00 % R tranche (GBP): 2.00 % R tranche (USD): 2.00 % I tranche (EUR): 1.00 %
Custodian bank:	Raiffeisen Bank International AG
Management company:	Raiffeisen Kapitalanlage-Gesellschaft m.b.H. Schwarzenbergplatz 3, A-1010 Vienna Tel. +43 1 71170-0, Fax +43 1 71170-1092 www.rcm.at Companies register number: 83517 w
Fund management:	Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
Investment adviser:	SmallCap segment: OOO Raiffeisen Capital Asset Management
Auditor:	KPMG Austria AG

### Legal notice

All data and information has been compiled and checked with the greatest care. No liability or guarantee can be assumed for the recentness, correctness and completeness of the information provided. We consider the sources used to be reliable. The software used performs calculations on the basis of more than the two decimal places displayed. Minor discrepancies cannot be ruled out due to further calculations using published results.

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

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

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

Dear unitholder,

Raiffeisen Kapitalanlage-Gesellschaft m.b.H. is pleased to present its annual fund report for Raiffeisen Russia Equities for the financial year from 1 July 2012 to 30 June 2013.

## Fund details

	30/6/2012	30/6/2013
Fund assets in EUR	39,418,897.72	80,973,371.89
Net asset value/unit (R) (A) EUR	66.71	69.70
Issue price/unit (R) (A) EUR	70.05	73.19
Net asset value/unit (R) (T) EUR	68.04	71.62
Issue price/unit (R) (T) EUR	71.44	75.20
Net asset value/unit (R) (VTA) EUR	68.21	71.89
Issue price/unit (R) (VTA) EUR	71.62	75.48
Net asset value/unit (R) (VTA) GBP	-	71.91
Issue price/unit (R) (VTA) GBP	-	75.51
Net asset value/unit (R) (VTA) USD	-	71.91
Issue price/unit (R) (VTA) USD	-	75.51
Net asset value/unit (I) (VTA) EUR	69.09	73.78
Issue price/unit (I) (VTA) EUR	72.54	77.47
	17/9/2012	16/9/2013
Distribution/unit (R) (A) EUR	0.67	1.26
Outpayment/unit (R) (T) EUR	0.06	0.12
Reinvestment/unit (R) (T) EUR	0.00	0.00
Reinvestment/unit (R) (VTA) EUR	0.00	0.00
Reinvestment/unit (R) (VTA) GBP	-	0.02
Reinvestment/unit (R) (VTA) USD	-	0.01
Reinvestment/unit (I) (VTA) EUR	0.00	0.00

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

## Units in circulation

	AT0000A07FQ5 (R) A	AT0000A07FR3 (R) T	AT0000A07FS1 (R) VTA
Units in circulation on 30/6/2012	25,160.864	324,397.291	228,667.795
Sales	14,200.557	592,632.542	130,431.648
Repurchases	- 8,402.707	- 106,349.397	- 130,714.458
Units in circulation	30,958.714	810,680.436	228,384.985

  

	AT0000A10BF1 (R) VTA	AT0000A10BG9 (R) VTA	AT0000A0LSR3 (I) VTA
Units in circulation on 30/6/2012	-	-	997.779
Sales	10.000	10.000	58,778.204
Repurchases	0.000	0.000	- 1,089.828
Units in circulation	10.000	10.000	58,686.155
<b>Total units in circulation on 30/6/2013</b>			<b>1,128,730.290</b>

## Fund details for last 3 financial years

	30/6/2011	30/6/2012	30/6/2013
Total fund assets	55,906,876.46	39,418,897.72	80,973,371.89
Net asset value/distributing units (R) (AT0000A07FQ5) in EUR	84.72	66.71	69.70
Net asset value/reinvested units (R) (AT0000A07FR3) in EUR	85.65	68.04	71.62
Net asset value/fully reinvested units (R) (AT0000A07FS1) in EUR	85.67	68.21	71.89
Net asset value/fully reinvested units (R) (AT0000A10BF1) in GBP	-	-	71.91
Net asset value/fully reinvested units (R) (AT0000A10BG9) in USD	-	-	71.91
Net asset value/fully reinvested units (I) (AT0000A0LSR3) in EUR	85.97	69.09	73.78

## Development of the fund assets and income statement

### Performance in financial year (fund performance)

#### Distributing units (R) (AT0000A07FQ5)

Net asset value per unit at start of financial year in EUR	66.71
Distribution on 17/9/2012 (net asset value: EUR 79.25) of EUR 0.67, corresponds to 0.0085 units	
Net asset value per unit at end of financial year in EUR	69.70
Total value incl. units purchased through distribution (1.0085 x 69.70)	70.29
Net income/net reduction per unit	3.58

**Performance of one unit during the financial year as %** **5.37**

#### Reinvested units (R) (AT0000A07FR3)

Net asset value per unit at start of financial year in EUR	68.04
Outpayment on 17/9/2012 (net asset value: EUR 81.47) of EUR 0.06, corresponds to 0.0007 units	
Net asset value per unit at end of financial year in EUR	71.62
Total value incl. units purchased through outpayment (1.0007 x 71.62)	71.67
Net income/net reduction per unit	3.63

**Performance of one unit during the financial year as %** **5.34**

#### Fully reinvested units (R) (AT0000A07FS1)

Net asset value per unit at start of financial year in EUR	68.21
Net asset value per unit at end of financial year in EUR	71.89
Net income/net reduction per unit	3.68

**Performance of one unit during the financial year as %** **5.40**

#### Fully reinvested units (R) (AT0000A10BF1)

Net asset value/unit at launch of tranche (3/6/2013) in GBP	75.37
Net asset value per unit at end of financial year in GBP	71.91
Net income/net reduction per unit	- 3.46

**Performance of one unit from launch of tranche (3/6/2013) up to the end of the financial year in %** **- 4.59**

#### Fully reinvested units (R) (AT0000A10BG9)

Net asset value/unit at launch of tranche (3/6/2013) in USD	75.37
Net asset value per unit at end of financial year in USD	71.91
Net income/net reduction per unit	- 3.46

**Performance of one unit from launch of tranche (3/6/2013) up to the end of the financial year in %** **- 4.59**

**Fully reinvested units (I) (AT0000A0LSR3)**

Net asset value per unit at start of financial year in EUR	69.09
Net asset value per unit at end of financial year in EUR	73.78
Net income/net reduction per unit	4.69
<b>Performance of one unit during the financial year as %</b>	<b>6.79</b>

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

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

The performance is calculated by Raiffeisen Kapitalanlage-Gesellschaft m.b.H. using the method developed by OeKB (Österreichische Kontrollbank AG), on the basis of data supplied by the custodian bank (where outpayment of the redemption price is suspended, with use of indicative values). Some costs – the subscription fee (not exceeding 5.00 % of the invested amount) and any redemption fee (not exceeding 0.00 % of the sold amount) – are not included in the performance calculation. The following applies for units sold outside of Austria: Some costs – the subscription fee (not exceeding 5.00 % of the invested amount) and any redemption fee (not exceeding 5.00 % of the sold amount) or a combination of the subscription fee and the redemption fee (not exceeding 5.00 % overall) – are not included in the performance calculation. Where included in any calculation, they will accordingly result in a lower performance. Past results do not permit any reliable inferences as to the future performance of the fund.

**Development of fund assets in EUR**

<b>Fund assets on 30/6/2012 (579,223.729 units)</b>	<b>39,418,897.72</b>
Distribution on 17/9/2012 (EUR 0.67 x 26,475.790 distributing units (R) (AT0000A07FQ5))	- 17,738.78
Outpayment on 17/9/2012 (EUR 0.06 x 351,639.332 reinvested units (R) (AT0000A07FR3))	- 21,098.36
Issuance of units	63,435,866.40
Redemption of units	- 19,218,333.63
Pro rata income adjustment	26,402.72
<b>Overall fund result</b>	<b>- 2,650,624.18</b>
<b>Fund assets on 30/6/2013 (1,128,730.290 units)</b>	<b>80,973,371.89</b>



## Fund result in EUR

### A. Realized fund result

#### Ordinary fund result

Income (excl. closing price)		
Interest income	844.20	
Income from securities lending transactions	16,700.62	
Interest expenses	- 12,402.91	
Dividend income (incl. dividend equivalent)	2,704,626.61	<b>2,709,768.52</b>

#### Expenses

Management fees	- 1,256,978.26	
Custodian bank fees	- 61,073.89	
Auditing expenses	- 4,800.00	
Tax consulting fees	- 2,400.00	
Custodian fee	- 47,575.92	
Statutory/publication expenses	- 18,545.24	<b>- 1,391,373.31</b>
<b>Ordinary fund result (excl. income adjustment)</b>		<b>1,318,395.21</b>

#### Realized closing price

Profits realized from securities	928,751.09	
Losses realized from securities	- 3,872,521.81	
<b>Realized closing price (excl. income adjustment)</b>		<b>- 2,943,770.72</b>
<b>Realized fund result (excl. income adjustment)</b>		<b>- 1,625,375.51</b>

### B. Unrealized closing price

Change in unrealized closing price		<b>- 998,845.95</b>
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### C. Income adjustment

Income adjustment for income during financial year	- 34,390.62	
Income adjustment during financial year for profit carryovers	7,987.90	<b>- 26,402.72</b>
<b>Overall fund result</b>		<b>- 2,650,624.18</b>

The result for the past accounting year includes explicitly reported transaction costs in the amount of EUR 236,624.77.

## Appropriation of fund result in EUR

Distribution (EUR 1.26 x 30,958.714 distributing units (R) (AT0000A07FQ5))	39,007.98
Outpayment pursuant to § 58 (2) InvFG (EUR 0.12 x 810,680.436 reinvested units (R) (AT0000A07FR3))	97,281.65
Reinvested amount (R) (reinvestment (AT0000A07FR3))	0.00
Reinvested amount (R) (full reinvestment (AT0000A07FS1))	0.00
Reinvested amount (R) (full reinvestment (AT0000A10BF1 GBP 0.16))	0.19
Reinvested amount (R) (full reinvestment (AT0000A10BG9 USD 0.13))	0.09
Reinvested amount (I) (full reinvestment (AT0000A0LSR3))	0.00
<b>Total</b>	<b>136,289.91</b>
Realized fund result (incl. income adjustment)	- 1,651,778.23
<b>Asset-based loss and expense allowance</b>	<b>1,753,403.14</b>
Profit carryover from previous year	34,665.00
<b>Total</b>	<b>136,289.91</b>

## Capital market report

Are economic figures sometimes too good to be true? This is a topical question for many financial markets, after the continuing improvement in the US economy (particularly the labor market) motivated the US central bank in June 2013 to reflect aloud on an impending reduction in the volume of its supply of liquidity (i.e. its bond purchasing activities). On many financial markets worldwide this triggered significant price falls for a broad range of asset classes. However, a reduction in the supply of liquidity is only being discussed due to the improved economic climate in the USA, and not due to inflation pressure (consumer prices are currently rising in the USA – as in the Eurozone – by significantly less than 2 % p. a.). This accounts for the US stock markets' very rapid recovery from this shock (higher interest rates due to higher growth are not necessarily negative for equities) – in late June 2013 they had already returned to an upward curve – while US government bonds ended the 1<sup>st</sup> half of 2013 with a strongly negative overall performance. On the other hand, due to the problems on its periphery the Eurozone has been in recession for over a year. Even here, however, since last summer fears over the future of the Eurozone's peripheral members have increasingly given way to optimism on the financial markets and elsewhere. Since the start of the year, even the difficulties in forming a government in the wake of Italy's parliamentary elections and the rather infelicitous "aid" package for Cyprus subdued sentiment only temporarily and were already entirely forgotten on the financial markets by the end of May 2013. The rise in yields in the USA – and likely also the clear improvement in key upstream indicators in Europe – has also prompted a clear rise in government bond yields in the Eurozone since May 2013 and a negative half-year performance for (long-term) German government bonds. Rising bond yields also put pressure on corporate bond prices. Accordingly, in the 1<sup>st</sup> half of 2013 the (euro) high-yield segment achieved a performance of just 1.5 % and the investment-grade segment realized only 0.1 %. Following their outperformance in the 2<sup>nd</sup> half of 2012, the European stock markets moved sideways during the first half of the current year. The German stock market realized slight overall gains during the 1<sup>st</sup> half of 2013, while stock indexes in Italy and Spain, for instance, recorded losses. The picture was quite different in the USA, where the key stock indexes reached historically unprecedented highs in the first few months of 2013 and ended the 1<sup>st</sup> half of 2013 with clear gains (e.g. S&P500 approx. 10 %). The Japanese stock market remains particularly notable. It is benefiting from the Bank of Japan's huge widening of liquidity and its economic stimulus packages. In the 1<sup>st</sup> half of 2013 it was the strongest of the established stock indexes. In contrast, the major emerging markets stock markets once again realized a clearly below-average performance in relation to the developed markets overall, while in the spring of 2013 the emerging markets bond markets were among the top performers but suffered toward the end of the period due to weaker currencies, on account of US liquidity fears. Since the autumn, the EUR-USD exchange rate has moved sideways around the 1.30 mark. On the other hand, the trend for the Japanese yen was spectacular. In the 1<sup>st</sup> half of 2013 it lost approx. 15 % versus the US dollar. The price of gold was one of the biggest losers in the 1<sup>st</sup> half of 2013, with a fall of around 25 %.

## **Fund investment policy report**

The fund realized a positive performance in the period under review. Europe's debt crisis and a slowdown in China's economic growth continued to loom large. Cyclical sectors such as commodities and basic materials came under strong pressure. The utilities sector remained very weak. The stable price of oil buoyed the oil and gas sector. Defensive sectors such as retail and IT fared best. Individual financial stocks realized positive performances. The fund's 20 % position in small caps had a highly positive effect. Very successful stockpicking yielded a favorable performance contribution.

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

## Makeup of fund assets in EUR

Securities	Market value	%
Equities:		
USD	73,493,810.44	90.76
GBP	2,277,312.17	2.81
EUR	1,253,020.00	1.55
<b>Total securities</b>	<b>77,024,142.61</b>	<b>95.12</b>
<b>Bank balances</b>		
Bank balances in fund currency	1,924,331.03	2.38
Bank balances in foreign currency	413,171.48	0.51
<b>Total bank balances</b>	<b>2,337,502.51</b>	<b>2.89</b>
<b>Accruals and deferrals</b>		
Interest claims (on securities and bank balances)	- 1,242.52	0.00
Dividends receivable	1,612,969.29	1.99
<b>Total accruals and deferrals</b>	<b>1,611,726.77</b>	<b>1.99</b>
<b>Total fund assets</b>	<b>80,973,371.89</b>	<b>100.00</b>

## Portfolio of investments in EUR

Dates indicated for securities refer to the issue and redemption dates. An issuer's right of premature redemption (where applicable) is not specified. The securities marked with a "Y" have an open-ended maturity.

ISIN	SECURITY TITLE	VOLUME 28/6/2013	PURCHASES ADDITIONS	SALES DISPOSALS	PRICE	MARKET VALUE IN EUR	% SHARE OF FUND ASSETS
IN PERIOD UNDER REVIEW							
<b>EQUITIES IN EURO</b>							
US4509391037	IBS GRP HLDGS REGS	66,650	66,650		18.800000	1,253,020.00	1.55
<b>EQUITIES IN BRITISH POUNDS</b>							
IE0000590798	DRAGON OIL PLC	105,060	48,860		5.775000	709,491.32	0.88
GB00B1XH2C03	FERREXPO PLC	200,000	350,000	150,000	1.361000	318,306.73	0.39
JE00B5WLXH36	POLYUS GOLD INTL	535,600	1,037,600	502,000	1.995000	1,249,514.12	1.54
<b>EQUITIES IN US DOLLARS</b>							
RU0009062285	AEROFLOT	1,030,000	1,030,000		1.709100	1,353,820.66	1.67
RU000A0JP4J4	ARMADA	59,570	50,110	76,900	4.745700	217,412.40	0.27
US12642X1063	CTC MEDIA INC.	131,000	178,350	78,400	11.280000	1,136,414.67	1.40
RU000A0JP7H1	DIXY GROUP OJSC	113,200	78,050	11,205	13.950700	1,214,503.76	1.50
RU000A0JNGA5	E.ON RUSSIYA JSC	36,069,900	20,857,700	6,070,500	0.071200	1,975,064.89	2.44
US29760G1031	ETALON LTD GDR REGS	170,000	246,505	219,905	3.380000	441,898.02	0.55
US29843U2024	EURASIA DRILL.SP.GDR REGS	35,300	26,136	19,286	38.090000	1,034,051.37	1.28
RU000A0JPN99	FED.SET.KO.E.ENER.	323,068,679	424,872,200	286,500,000	0.003200	795,062.50	0.98
US37949E2046	GLOBALTRANS INV.GDR REG S	43,300	109,500	108,800	13.970000	465,201.11	0.57
US46627J3023	JSC HALYK BK GDRS	282,400	104,330		7.020000	1,524,608.17	1.88
US46626D1081	JSC MMC NOR.NICK.ADR	347,300	430,975	169,000	14.340000	3,830,102.28	4.73
US48666V2043	KAZMUNAIGAS GDRS	77,920	35,600	4,780	15.170000	909,056.68	1.12
US48668G2057	KCELL JSC GDR REG S	93,147	93,147		14.980000	1,073,092.41	1.33
US6778621044	LUKOIL N.K.SP.ADR	117,400	62,800		56.600000	5,110,236.10	6.31
RU000A0JPGA0	M.VIDEO	412,430	230,410	20,730	7.251200	2,299,940.33	2.84
RU000A0JKU88	MAGNIT	39,150	31,800		220.105400	6,627,029.46	8.18
US58517T2096	MEGAFON OAO GDR	97,300	97,300		30.000000	2,244,866.57	2.77
US55302T2042	MHP S.A. GDR	50,000	50,000		17.000000	653,695.30	0.81
US6074091090	MOBILNIYE TEL. ADR	209,700	63,450		18.480000	2,980,278.40	3.68
RU0007752199	MOBILNIYE TELESIST	353,600	353,600		7.924600	2,154,993.89	2.66
RU0009177331	MOSTOTREST	301,603	227,893	26,940	4.477200	1,038,481.08	1.28
RU0009100507	NIZHNEKAMSK.	211,839	211,839		0.768900	125,265.71	0.16
RU0006765096	NIZHNEKAMSK. PFD	1,569,250	1,569,250		0.655900	791,564.31	0.98
US67812M2070	NK ROSNEFT GDR REGS	587,600	587,600	8,000	6.770000	3,059,334.00	3.78
RU000A0DKV55	NOVATEK	245,900	97,380	37,300	10.519500	1,989,344.81	2.46
US3682872078	OAO GAZPROM	394,750	168,700	26,600	6.535000	1,983,920.06	2.45
US36829G1076	OAO GAZPROM ADR	36,979	8,900	54,921	17.970000	511,045.63	0.63
US87260R2013	OAO TRUB.MET.GDR	99,929	58,300	34,471	11.500000	883,783.36	1.09
US6708662019	OKEY GROUP SA GDR REG S	124,000	98,734	78,800	11.390000	1,086,180.11	1.34
RU000A0JP7F5	PHARMSTANDARD	13,200	10,925	16,500	65.603800	665,977.21	0.82
US71922G2093	PHOSAGRO OFSC S.GDR REGS	250,000	268,233	59,283	11.870000	2,282,165.65	2.82
RU000A0JPKH7	RUSGIDRO OAO	102,000,000	102,000,000		0.015200	1,192,340.23	1.47
RU0009029540	SBERBANK ROSSII OAO	2,659,400	1,030,400		2.848700	5,826,219.16	7.20
RU0009029557	SBERBANK ROSSII PFD	289,000	124,750		2.131400	473,717.30	0.59
US8181503025	SEVERSTAL GDR S	100,000	100,000	59,124	6.250000	480,658.31	0.59
US8688612048	SURGUTNEFTEGAZ	288,300	269,300		7.780000	1,724,966.55	2.13
RU0009029524	SURGUTNEFTEGAZ VZ	2,671,350	1,017,800	773,700	0.624200	1,282,363.05	1.58
US6708312052	TATNEFT' ADR REG.S	9,800	9,800		34.740000	261,825.73	0.32
RU0009033591	TATNEFT' IMENI V.D.	478,700	268,350		5.725500	2,107,818.85	2.60
RU0006944147	TATNEFT' PFD	383,725	383,725		2.890800	853,089.46	1.05
US91688E2063	URALKALI GDR	73,041	112,600	78,587	33.300000	1,870,541.64	2.31
RU000A0JL475	VEROFARM	35,700	20,300	15,000	21.124400	579,974.68	0.72
US92719A1060	VIMPELCOM LTD ADR	69,200	69,200	18,400	10.200000	542,828.58	0.67
RU000A0JP5V6	VTB BANK	502,697,876	502,697,876		0.001400	541,242.04	0.67
US46630Q2021	VTB BANK GDR REG. S	1,051,700	940,200	400,000	2.885000	2,333,426.52	2.88
US98387E2054	X 5 RETAIL G.GDR REGS	33,500	33,500	11,850	17.770000	457,813.58	0.57
NL0009805522	YANDEX N.V. CL.A	24,200	84,000	82,000	27.220000	506,593.86	0.63
<b>TOTAL SECURITIES PORTFOLIO</b>					<b>EUR</b>	<b>77,024,142.61</b>	<b>95.12</b>

	CURRENCY	MARKET VALUE IN EUR	% SHARE OF FUND ASSETS
<b>BANK BALANCES</b>			
EUR BALANCES	EUR	1,924,331.03	
BALANCES IN OTHER EU CURRENCIES			
GBP	EUR	3,547.81	
BALANCES IN NON-EU CURRENCIES			
USD	EUR	409,623.67	2.89
<b>ACCRUALS AND DEFERRALS</b>			
INTEREST CLAIMS	EUR	-1,242.52	
DIVIDENDS RECEIVABLE	EUR	1,612,969.29	1.99
<b>TOTAL FUND ASSETS</b>	<b>EUR</b>	<b>80,973,371.89</b>	<b>100.00</b>
<b>NET ASSET VALUE PER UNIT</b>			
TRANCHE R INCOME-DISTRIBUTING	EUR	69.70	
TRANCHE R INCOME-RETAINING	EUR	71.62	
TRANCHE R FULL INCOME-RETAINING	EUR	71.89	
TRANCHE R FULL INCOME-RETAINING	GBP	71.91	
TRANCHE R FULL INCOME-RETAINING	USD	71.91	
TRANCHE I FULL INCOME-RETAINING	EUR	73.78	
<b>UNITS IN CIRCULATION</b>			
TRANCHE R INCOME-DISTRIBUTING	UNITS	30,958.714	
TRANCHE R INCOME-RETAINING	UNITS	810,680.436	
TRANCHE R FULL INCOME-RETAINING	UNITS	228,384.985	
TRANCHE R FULL INCOME-RETAINING	UNITS	10,000	
TRANCHE R FULL INCOME-RETAINING	UNITS	10,000	
TRANCHE I FULL INCOME-RETAINING	UNITS	58,686.155	

#### EXCHANGE RATES

FOREIGN CURRENCY ASSETS WERE CONVERTED INTO EUR ON THE BASIS OF THE EXCHANGE RATES APPLICABLE ON 27/6/2013:

CURRENCY	UNIT	PRICE
BRITISH POUND	1 EUR =	0.855150 GBP
US DOLLAR	1 EUR =	1.300300 USD

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

ISIN	SECURITY TITLE	PURCHASES ADDITIONS	SALES DISPOSALS
<b>EQUITIES IN BRITISH POUNDS</b>			
GB0031544546	PETROPVLOVSK	125,830	202,780
JE00B6T5S470	POLYMETAL INTL PLC	88,150	142,500
<b>EQUITIES IN SWEDISH CROWNS</b>			
SE0000739286	ALLIANCE OIL SDR	69,800	69,800
<b>EQUITIES IN US DOLLARS</b>			
US00501T2096	AKRON GDR REG S	13,000	132,350
RU0007976957	BASHNEFT	3,555	17,155
RU000A0F5UN3	ENEL OGK-5 JSC	9,790,950	19,200,700
US68371H2094	GRUP.CHERKIZOVO GDR S	16,550	101,950
US5838401033	MECHEL OAO ADR	10,000	93,400
US65538M2044	NOMOS BANK GDR REGS	8,800	57,400
US67011E2046	NOVOLIPETSKIY MET.KO.REGS	37,780	139,300
RU0006914488	OAO SOLLERS		28,850
US4662941057	RUSGIDRO OAO ADR		62,793
RU000A0JNUD0	TERRITORIAL'NAYA GEN.KOM.	3,971,111,850	5,791,383,700
RU000A0HGPM9	TNK BP-HOLDING		425,520
RU0009091573	TRANSNEFT PFD	1,050	1,550

### 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

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Calculation method for overall risk:

Simplified approach

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

Vienna, 10 September 2013

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

  
Dr. Mathias Bauer

  
Mag. (FH) Dieter Aigner

  
Mag. Gerhard Aigner



## Audit opinion

### Unqualified audit opinion

We have audited the annual fund report including the accounting as of 30 June 2013 issued by Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna, for its fund Raiffeisen Russia Equities, a jointly owned fund pursuant to the 2011 Austrian Investment Fund Act (InvFG), as amended, for the financial year from 1 July 2012 to 30 June 2013.

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

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

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

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

We performed our audit pursuant to § 49 (5) of the Austrian Investment Fund Act whilst complying with the applicable Austrian statutory regulations and principles of proper balance-sheet auditing. These principles require our compliance with rules of professional conduct and our planning and execution of the audit so that we are able to form an opinion with a reasonable degree of certainty on whether the annual fund report is free from significant factual misstatements. An audit includes the performance of audit activities to obtain documentation of the figures and other disclosures in the annual fund report. The audit activities are chosen at the discretion of the bank auditor, with consideration of its assessment of the risk of significant factual misstatements due to intentional or unintentional errors. In performing the risk assessment, the bank auditor gives consideration to the internal control system where this is of significance for preparation of the annual fund report and valuation of the asset portfolio, so as to specify suitable audit activities with consideration of the applicable outline conditions. No audit opinion is provided on the effectiveness of the internal control measures implemented by the management company and the custodian bank, however. The audit also includes an assessment of the appropriateness of the valuation methods used and the key estimates made by the statutory representatives as well as an evaluation of the overall statement provided in the annual fund report.

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

### **Audit outcome**

Our audit has not met with any objections. On the basis of our audit findings, in our view the annual fund report as of 30 June 2013 for Raiffeisen Russia Equities, a jointly owned fund pursuant to the 2011 Austrian Investment Fund Act (InvFG), as amended, complies with the statutory regulations.

### **Compliance with the Austrian Investment Fund Act and the fund regulations**

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

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

### **Report on activities performed during the past financial year**

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

Vienna, 10 September 2013

KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Rainer Hassler  
Auditor

pp. Rainer Pasching  
Auditor

## **Tax treatment**

Please see our website [www.rcm.at](http://www.rcm.at) for detailed information on the fund's tax treatment, prepared on the basis of the audited annual fund report.

## Fund regulations

governing the legal relationship between the unit holders and Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (hereafter: “the asset management company”) for the investment fund managed by the asset management company; these regulations shall apply in conjunction with the special fund regulations for the relevant investment fund.

### § 1 Basic situation

The asset management company is subject to the currently applicable version of the 1993 Austrian Investment Fund Act (“InvFG”).

### § 2 Fund units

1. Co-ownership of the assets of the investment fund is subdivided into equal fund units for each unit certificate class. There is no limit to the number of fund units.
2. The fund units are embodied in unit certificates with the character of financial instruments. In accordance with the special fund regulations, pursuant to § 5 para. 7 InvFG the unit certificates may be issued in multiple certificate classes (unit classes, tranches), particularly in respect of the appropriation of income, the subscription fee, the redemption fee, the currency of the unit value, the management fee or a combination of these items. The unit certificates shall be represented by global certificates (§ 24 of the currently applicable version of the Austrian Safe Custody of Securities Act) and/or by actual securities for each unit certificate class.
3. Each purchaser of a unit certificate in a given class shall acquire co-ownership aliquot of all of the fund's assets in the amount of his or her share of the investment fund units documented in the certificate. Each purchaser of a share of a global certificate shall acquire co-ownership aliquot of all of the investment fund's assets in the amount of his or her share of the fund units documented in the certificate.
4. With the consent of its supervisory board, the asset management company may split the fund units and issue additional unit certificates to the unit holders or exchange the old unit certificates for new ones if a unit split is deemed to be in the interests of the co-owners given the calculated value of the units (§ 6).

### § 3 Unit certificates and global certificates

1. Unit certificates are issued to bearer.
2. The global certificates shall bear the actual signatures of an executive or an authorized employee of the custodian bank and the actual or duplicate signatures of two executives of the asset management company.
3. The actual securities shall bear the actual signature of an executive or an authorized employee of the custodian bank and the actual or duplicate signatures of two executives of the asset management company.

### § 4 Management of the investment fund

1. The asset management company shall be entitled to dispose of the assets of the investment fund and to exercise the rights associated with these assets. The company shall act on its own behalf for account of the unit holders. In these activities the asset management company shall safeguard the unit holders' interests and the integrity of the market, use the care and diligence of an orderly businessman within the meaning of § 84 para. 1 of the Austrian Companies Act and observe the provisions of the Austrian Investment Fund Act as well as the fund regulations.  
The asset management company may involve third parties in the management of the investment fund and cede to these third parties the right to dispose of the assets on behalf of the asset management company or on their own behalf and for account of the unit holders.
2. The asset management company may not grant money loans or enter into any liabilities under a surety or guarantee agreement for account of an investment fund.
3. Other than in the cases stipulated in the special fund regulations, assets of the investment fund may not be pledged or otherwise encumbered or given in security or assigned.  
§ 4 para. 2 InvFG does not preclude the investment fund's grant of collateral in connection with derivative products pursuant to § 21 InvFG 1993, irrespective of whether such collateral is granted in the form of sight deposits, money market instruments or securities.
4. The asset management company may not for account of an investment fund sell any securities, money market instruments or other financial investments as per § 20 InvFG which do not form part of the fund assets at the time of the transaction.

## § 5 Custodian bank

The custodian bank (§ 13) appointed as per § 23 of the Austrian Investment Fund Act shall administer the cash accounts and securities accounts of the investment fund and exercise all other functions transferred to it in accordance with the Austrian Investment Fund Act and the fund regulations.

## § 6 Issuance and unit value

- Whenever units are issued or redeemed, but at least twice a month the custodian bank shall calculate the value of a unit (unit value) for each unit certificate class and publish the issue and redemption prices (§ 7).  
The value of a unit in a given unit certificate class is calculated by dividing the value of the unit certificate class by the number of units issued in this unit certificate class.  
At the first-time issuance of units of a given unit certificate class, their value will be calculated on the basis of the value determined for the overall investment fund.  
Subsequently, the value of a unit certificate class will be calculated on the basis of the total pro rata net assets which are held by the investment fund and calculated for this unit certificate class.  
The total value of the investment fund is calculated on the basis of the current market prices and the fund's securities and subscription rights plus the value of the investment fund's money market instruments and financial investments, cash holdings, credit balances, receivables and other rights net of its liabilities. This value shall be calculated by the custodian bank.  
The market prices shall be calculated pursuant to § 7 (1) InvFG on the basis of the most recent stock exchange quotations and/or fixings.
- The issue price shall be the unit value plus a markup for each unit to cover the issuing costs of the asset management company. The resulting price shall be rounded up. The amount of this markup or rounding-up is indicated in the special fund regulations (§ 23).  
The asset management company shall be entitled to introduce a graduated subscription fee.  
Please see the prospectuses for further details.
- Pursuant to § 18 InvFG in connection with § 10 para. 3 of the Austrian Capital Market Act, the issue price and the redemption price shall be published electronically for each unit certificate class on the Internet website of the issuing asset management company ([www.rcm.at](http://www.rcm.at)).

## § 7 Redemption

- At the request of a unit holder, his unit shall be redeemed out of the investment fund at the applicable redemption price, if appropriate against surrender of the unit certificate, those income coupons which are not yet due and the renewal certificate.
- The redemption price shall be calculated on the basis of the value of a unit less any markdown and/or a rounding-off where this is stipulated in the special fund regulations (§ 23).  
The asset management company shall be entitled to introduce a graduated redemption fee.  
Please see the prospectuses for further details.  
If extraordinary circumstances exist that make it seem necessary – whilst taking into consideration the unit holders' legitimate interests – distributions at the redemption price and the calculation and publication of the redemption price as per § 6 may be temporarily suspended and made subject to the sale of investment fund assets and receipt of the proceeds from their sale if the Austrian Financial Market Authority is simultaneously notified and a relevant publication is made pursuant to § 10. Investors shall also be notified of the recommencement of redemption of unit certificates pursuant to § 10.  
This shall in particular be the case if 5 per cent or more of the investment fund's assets have been invested in assets whose market value manifestly and not just in individual cases fails to correspond to their fair value due to the current political or economic situation.

## § 8 Accounting

- The asset management company shall publish an annual fund report in accordance with § 12 of the Austrian Investment Fund Act within four months of the expiry of the investment fund's accounting year.
- The asset management company shall publish a semi-annual fund report in accordance with § 12 of the Austrian Investment Fund Act within two months of the expiry of the first six months of the investment fund's accounting year.
- The annual and semi-annual fund reports shall be made available for inspection at the offices of the asset management company and the custodian bank and published on the website of the asset management company ([www.rcm.at](http://www.rcm.at)).

## § 9 Withdrawal period for income shares

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

**§ 10 Publication**

§10 para. 3 and para 4 of the Austrian Capital Market Act shall apply in respect of all publications concerning the unit certificates except for the notice of the values calculated pursuant to § 6.

Publications shall occur either through the printing in full of such documents in the "Amtsblatt zur Wiener Zeitung" (Official Gazette) or else by making available free-of-charge a sufficient number of copies of this publication at the offices of the asset management company and the payment offices and announcing in the "Amtsblatt zur Wiener Zeitung" (Official Gazette) the date of publication and offices where this public announcement may be obtained or, pursuant to § 10 para. 3 item 3 of the Austrian Capital Market Act in electronic form on the website of the issuing asset management company.

Notifications pursuant to § 10 para. 4 of the Austrian Capital Market Act shall be made in the "Amtsblatt zur Wiener Zeitung" (Official Gazette) or in a newspaper circulated throughout Austria.

For prospectus changes pursuant to § 6 para. 2 InvFG, the notification pursuant to § 10 para. 4 of the Austrian Capital Market Act may merely be provided in electronic form on the website of the issuing asset management company.

**§ 11 Amendment to the Fund Regulations**

With the consent of its supervisory board and the custodian bank, the asset management company may amend the fund regulations.

Such amendment shall also require the approval of the Austrian Financial Market Authority. Such amendment shall be published. It shall come into force on the date indicated in the public announcement, but not earlier than three months since the public announcement.

**§ 12 Termination and liquidation**

1. The asset management company may terminate (§ 14 para. 2 InvFG) its management of the investment fund by providing a public announcement (§ 10) after obtaining the consent of the Austrian Financial Market Authority and whilst observing a notice period of at least six months (§ 14 para. 1 InvFG) or, if the fund assets are less than EUR 1,150,000, without observing a notice period. A termination pursuant to § 14 para. 2 InvFG shall not be permissible during a termination pursuant to § 14 para. 1 InvFG.
2. In case of the expiry of the right of the asset management company to manage the investment fund, this fund shall be managed or wound up in accordance with the relevant provisions of the Austrian Investment Fund Act.

**§ 12a Merger or transfer of fund assets**

Whilst observing § 3 para. 2 and § 14 para. 4 of the Austrian Investment Fund Act, the asset management company may merge the fund assets of the investment fund with fund assets of other investment funds or transfer the fund assets of the investment fund to fund assets of other investment funds or incorporate fund assets of other investment funds into the fund assets of the investment fund.

# Special fund regulations

for Raiffeisen Russia Equities, a jointly owned fund as per § 20 of the Austrian Investment Fund Act (hereafter: “the investment fund”).

The investment fund complies with Directive 85/611/EEC.

## § 13 Custodian bank

The custodian bank is Raiffeisen Bank International Aktiengesellschaft, Vienna (registered office).

## § 14 Payment and handover offices, unit certificates, unit certificate classes

1. The payment and handover offices for the unit certificates and the income coupons are Raiffeisen Bank International Aktiengesellschaft, Vienna, the regional Raiffeisen banks and Kathrein & Co Privatgeschäftsbank Aktiengesellschaft, Vienna.
2. Unit certificates may be issued for the investment fund with a variety of different characteristics, particularly with regard to the appropriation of income, the subscription fee, the redemption fee, the currency of the unit value, the management fee or a combination of these items.

The asset management company may decide to establish new unit certificate classes or to issue units in a given unit certificate class. Income-distributing unit certificates, income-retaining unit certificates with capital gains tax deducted and income-retaining unit certificates without capital gains tax deducted may be issued for the investment fund.

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

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

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

In particular, forward exchange transactions, currency futures, currency options and currency swaps shall be permitted as currency hedge transactions.

Please see the prospectuses for further details.

3. Income-retaining unit certificates without deducted capital gains tax (foreign tranche) may only be sold outside Austria. The unit certificates shall be represented by global certificates and – at the discretion of the asset management company – by actual securities.
4. Where the unit certificates are represented by global certificates, the distributions as per § 26 and the outpayments as per § 27 shall be accredited by the unit holder’s custodian bank.

## § 15 Investment instruments and principles

1. In accordance with §§ 4, 20 and 21 of the Austrian Investment Fund Act and §§ 16ff of the fund regulations, all types of securities, money market instruments and other liquid financial investments may be purchased for the investment fund if the principle of risk spreading is thereby taken into account and the legitimate interests of the unit holders are not violated.
2. The investment fund’s various assets shall be selected in accordance with the following investment principles:
  - **Securities** (including securities with embedded derivative instruments)  
The investment fund mainly invests in equities and equity-equivalent securities issued by companies which are headquartered or mainly active in Russia and the successor states of the USSR. The investment fund may also invest in straight bonds and in convertible and warrant bonds.
  - **Money market instruments**  
Money market instruments may account for up to 49 per cent of the investment fund’s assets.
  - **Units in investment funds**  
In accordance with § 17 of the fund regulations, units may be purchased in other investment funds for the investment fund up to an amount of 10 per cent of the fund assets.

– **Sight deposits or deposits at notice**

In principle, up to 49 per cent of the investment fund's assets may consist of sight deposits or deposits at notice with notice periods not exceeding 12 months. However, the investment fund may contain a larger proportion of sight deposits or deposits at notice with notice periods not exceeding 12 months during fund portfolio restructuring or in order to lessen the effect of potential falls in prices for securities. No minimum bank balance is required.

– **Derivative instruments (including swaps and other OTC derivatives)**

As part of the investment scheme, derivative instruments are used to safeguard income, as a replacement for securities or to increase income. The overall risk for derivative instruments which are not held for hedging purposes is limited to 60 per cent of the overall net value of the fund assets.

3. If securities and money market instruments purchased for the investment fund have derivatives embedded in them, the asset management company shall take this into consideration with regard to its compliance with §§ 19 and 19a. Investments made by an investment fund in index-based derivatives shall not be taken into consideration in respect of the investment limits set out in § 20 para. 3 items 5, 6, 7 and 8d of the Austrian Investment Fund Act.
4. Not fully paid-in equities or money market instruments and subscription rights for such instruments or other not fully paid-in financial instruments may only be purchased up to an amount of 10 per cent of the fund assets.
5. Securities or money market instruments issued or guaranteed by a member state including its units of government, by a third country or by international organizations established under public law of which one or more member states are members may exceed 35 per cent of the fund assets if the fund assets are invested in at least six different issues, with an investment in any single issue not exceeding 30 per cent of the fund assets.

**§ 15a Securities and money market instruments**

**Securities** are

- a) Equities and other, equity-equivalent securities,
- b) Bonds and other securitized debt instruments,
- c) All other marketable financial instruments (e.g. subscription rights) which grant an entitlement to purchase financial instruments within the meaning of InvFG by means of subscription or exchange, with the exception of the techniques and instruments specified in § 21 InvFG.

The criteria laid down in § 1a para. 3 InvFG must be fulfilled in order to qualify as a security.

Within the meaning of § 1a para. 4 InvFG securities also include

1. units in closed funds in the form of an investment company or an investment fund,
2. units in closed funds in contractual form,
3. financial instruments in accordance with § 1a para. 4 item 3 InvFG.

**Money market instruments** are instruments normally traded on the money market which are liquid, whose value may be precisely determined at any time and which fulfill the requirements pursuant to § 1a para. 5 to 7 InvFG.

**§ 16 Stock exchanges and organized markets**

1. Securities and money market instruments may be purchased if they are
  - quoted or traded on a regulated market pursuant to § 2 item 37 of the Austrian Banking Act or
  - traded on another recognized and regulated securities market in a member state which is open to the public and operates regularly or
  - officially listed by a third country stock exchange listed in the Appendix or
  - traded on another recognized and regulated third country securities market which is open to the public and operates regularly and is listed in the Appendix or
  - their terms and conditions of issue include the obligation to apply for a license for official listing or for trading on one of the above-mentioned stock exchanges or for trading on one of the other above-mentioned markets and this license is granted within one year of the start of the issue of these securities.
2. Money market instruments which are not traded on a regulated market and which are freely transferable, are normally traded on a money market, are liquid and whose value may be determined precisely at any time and for which appropriate information is available – including information enabling an appropriate valuation of the credit risks associated with investing in such instruments – may be purchased for the investment fund if the issue itself or the issuer itself is subject to the provisions concerning protection of deposits and investors and these are either



- issued or guaranteed by a central, regional or local unit of government or by the central bank of a member state, the European Central Bank, the European Union or the European Investment Bank, a third country or – for federal states – a member state of a federation or by an international institution established under public law of which at least one member state is a member or
  - issued by firms whose securities are traded on the regulated markets indicated in item 1 – excluding new issues – or
  - issued or guaranteed by an institution which is subject to supervision in accordance with the criteria stipulated in Community law or issued or guaranteed by an institution which is subject to and complies with supervisory regulations which in the opinion of the Austrian Financial Market Authority are at least as stringent as those set out in Community law or
  - issued by other issuers belonging to a category licensed by the Austrian Financial Market Authority, where investor protection provisions apply for investments in these instruments which are equivalent to those set out in items a to c and where the issuer is either a company with shareholders' equity of at least EUR 10 m. which prepares and publishes its annual financial statements in accordance with the provisions set out in Directive 78/660/EEC or a legal entity which, within a business group comprising one or more stock exchange-listed companies, is responsible for the financing of this group or a legal entity which, in business, corporate or contractual form, is due to finance its securitization of liabilities through a credit line granted by a bank; such credit line must be guaranteed by a financial institution which itself fulfills the criteria specified in item 2 sec. 3.
3. Overall, up to 10 per cent of the fund assets may be invested in securities and money market instruments which do not comply with the conditions set out in items 1 and 2.

#### § 17 Units in investment funds

1. Units in investment funds (= investment funds and open-end investment companies) which comply with the provisions set out in Directive 85/611/EEC (UCITS) may be purchased where these funds do not invest more than 10 per cent of their assets in units in other investment funds.
2. Units in investment funds which do not comply with the provisions set out in Directive 85/611/EEC (UCI) and whose exclusive purpose is
  - for joint account and in accordance with the principle of risk spreading to invest publicly procured monies in securities and other liquid financial investments and
  - whose units are, at the request of the unit holders, repurchased or redeemed at the direct or indirect expense of the assets of the investment fund
 may be purchased for up to 10 per cent of the fund assets in total where
  - a) these funds do not invest more than 10 per cent of the fund assets in units in other investment funds and
  - b) they are licensed in accordance with legal provisions which make them subject to supervision which in the opinion of the Austrian Financial Market Authority is equivalent to supervision under Community law and there is an adequate guarantee of cooperation between the authorities and
  - c) the level of protection afforded the unit holders is equivalent to the level of protection afforded the unit holders in investment funds which comply with the provisions set out in Directive 85/611/EEC (UCITS) and, in particular, the provisions concerning separate safekeeping of the portfolio of assets, the take-up of loans, the extensions of loans and uncovered sales of securities and money market instruments are equivalent to the requirements set out in Directive 85/611/EEC and
  - d) the relevant business activity is the subject of annual and semi-annual reports which enable a judgment to be made as to the relevant assets and liabilities, income and transactions during the period under review.

The criteria stated in § 3 of the Austrian Information and Equivalency Determination Ordinance (IG-FestV), as amended, shall be consulted for evaluation of the equivalency of the level of protection for unit holders within the meaning of item c).

3. Units may also be purchased for the investment fund in investment funds which are directly or indirectly managed by the same asset management company or by a company with which the asset management company is affiliated through joint management or subordination or a substantial direct or indirect investment.
4. Units in investment funds in accordance with § 17 item 1 in connection with § 17 item 2 of the fund regulations may be purchased for up to 10 per cent of the fund assets overall.

#### § 18 Sight deposits or deposits at notice

Bank balances in the form of sight deposits or deposits at notice with notice periods not exceeding 12 months may be held for the investment fund. No minimum bank balance is required. Bank balances may not exceed 49 per cent of the fund assets. However, the investment fund may contain a larger proportion of bank balances during fund portfolio restructuring or in order to lessen the effect of potential falls in security prices.

## § 19 Derivatives

1. Derived financial instruments (derivatives) – including equivalent instruments which are settled in cash and traded on one of the regulated markets indicated in § 16 – may be purchased for the investment fund if the underlying instruments are instruments within the meaning of § 15a or financial indices, interest rates, exchange rates or currencies in which the investment fund is permitted to invest in accordance with its investment principles (§ 15). This also includes instruments for the transfer of the credit risk for the above-mentioned assets.
2. The overall risk associated with the derivatives may not exceed the overall net value of the fund assets. A calculation of this risk must take into consideration the market value of the underlying instruments, the default risk, future market fluctuations and the liquidity period for the positions.
3. The investment fund may purchase derivatives as part of its investment strategy within the limits stipulated in § 20 para. 3 items 5, 6, 7, 8a and 8d of the Austrian Investment Fund Act if the overall risk associated with the underlying instruments does not exceed these investment limits. The overall risk for derivative instruments which are not held for hedging purposes is limited to 60 per cent of the overall net value of the fund assets.

## § 19a OTC derivatives

1. Derived financial instruments which are not traded on a stock exchange (OTC derivatives) may be purchased for the investment fund if
  - a) the underlying instruments are in accordance with § 19 item 1,
  - b) the counterparties are supervised institutions belonging to categories licensed by the Austrian Financial Market Authority by regulation,
  - c) the OTC derivatives are subject to reliable and verifiable daily valuation and at the initiative of the investment fund may at any time and at an appropriate current market value be sold, liquidated or balanced through an offsetting transaction and
  - d) these instruments are invested within the limits stipulated in § 20 para. 3 items 5, 6, 7, 8a and 8d InvFG and the overall risk associated with the underlying instruments does not exceed these investment limits.
2. The default risk for investment fund transactions involving OTC derivatives may not exceed the following levels:
  - a) if the counterparty is a credit institution, 10 per cent of the fund assets,
  - b) otherwise 5 per cent of the fund assets.

## § 19b Value at risk

Not applicable.

## § 20 Borrowing

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

## § 21 Repos

Within the investment limits set out in the Austrian Investment Fund Act, the asset management company shall be permitted to purchase assets for account of the investment fund to be added to the fund's assets subject to an obligation on the seller to repurchase these assets at a predetermined time and for a predetermined price.

## § 22 Securities lending

Within the investment limits laid down by the Austrian Investment Fund Act, the asset management company shall be entitled to transfer to third parties securities up to the amount of 30 per cent of the fund's assets within the framework of an acknowledged securities lending system and for a limited period, subject to the proviso that the third party shall be obliged to re-transfer the transferred securities after a predetermined loan period.

## § 23 Issuance and redemption modalities

The unit value pursuant to § 6 shall be calculated in EUR or the currency of the unit certificate class.

The subscription fee to cover the company's issuing costs may not exceed 5 per cent.

For unit certificates of the investment fund sold outside Austria, to cover the issuing costs instead of the subscription fee a redemption fee of up to 5 per cent or a combination of a subscription fee and a redemption fee which may not exceed 5 per cent may be added to the calculated value.

Please see the prospectuses for further details.

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

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

**§ 24 Accounting year**

The investment fund's accounting year runs from July 1 to June 30 of the following calendar year.

**§ 25 Management fee, reimbursement of expenses**

The asset management company shall receive for its management activity an annual remuneration of up to 2 per cent of the fund assets, calculated pro rata on the basis of the values at the end of each month.

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

Please see the prospectuses for further details.

The asset management company shall also be entitled to reimbursement for all expenses associated with its management of the fund, particularly costs associated with custodian bank fees, transaction costs, obligatory notices, custodian fees and auditing, consulting and fund report costs.

**§ 26 Appropriation of income in case of income-distributing unit certificates**

Once costs have been covered, the income received during the past accounting year (interest and dividends) may be distributed at the discretion of the asset management company, whilst taking into consideration the unit holders' legitimate interests. The distribution of income from the sale of assets of the investment fund including subscription rights shall likewise be at the discretion of the asset management company. A distribution from the fund assets is also permissible. In no case may the fund assets fall below EUR 1,150,000 through distributions. The amounts are to be distributed to the holders of income-distributing unit certificates from September 15 of the following accounting year, if appropriate against surrender of an income coupon. Any remaining balances shall be carried forward to a new account.

In any case, from September 15 an amount calculated in accordance with § 13 clause 3 InvFG shall be paid out, to be used where applicable to meet any capital gains tax commitments on the distribution-equivalent return on those unit certificates.

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

Income during the accounting year net of costs shall not be distributed. Instead, from September 15 an amount calculated in accordance with § 13 clause 3 InvFG shall be paid out on income-retaining fund unit certificates to be used where applicable to meet any capital gains tax commitments on the distribution-equivalent return on those unit certificates.

**§ 27a Appropriation of income in case of income-retaining unit certificates without capital gains tax deducted (full income retention – domestic and foreign tranches)**

Not applicable.

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

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

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

**§ 28 Liquidation**

Of the net liquidation proceeds, the custodian bank shall receive remuneration amounting to 0.5 per cent of the fund assets.

## Appendix to § 16

### List of stock exchanges with official trading and organized markets

#### 1. Stock exchanges with official trading and organized markets in the member states of the EEA

According to Article 16 of Directive 93/22/EEC (investment services in the securities field), each member state is obliged to maintain an up-to-date directory of its licensed markets. This directory is to be made available to the other member states and to the Commission. According to this provision, the Commission is obliged to publish once a year a directory of the regulated markets of which it has received notice.

Due to decreasing restrictions and to trading segment specialization, the directory of "regulated markets" is undergoing great changes. In addition to the annual publication of a directory in the official gazette of the European Communities, the Commission will therefore provide an updated version on its official internet site.

1.1 The current directory of regulated markets is available at:  
[http://www.fma.gv.at/cms/site/attachments/0/9/6/CH0236/CMS1230557514954/27072009-liste\\_geregelte\\_maerkte.pdf](http://www.fma.gv.at/cms/site/attachments/0/9/6/CH0236/CMS1230557514954/27072009-liste_geregelte_maerkte.pdf)  
in the "Verzeichnis der Geregelten Märkte (pdf)" ["Directory of Regulated Markets (pdf)"].

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

1.2.1 Luxembourg Euro MTF Luxembourg

1.3 Recognized markets in the EEA pursuant to § 20 para. 3 item 1 sec. b InvFG:  
Markets in the EEA classified as recognized markets by the relevant supervisory authorities.

#### 2. Stock exchanges in European states which are not members of the EEA

2.1	Bosnia & Herzegovina	Sarajevo, Banja Luka
2.2	Croatia	Zagreb Stock Exchange
2.3	Russia	Moscow (RTS Stock Exchange)
2.4	Switzerland	SWX Swiss Exchange
2.5	Serbia and Montenegro	Belgrade
2.6	Turkey	Istanbul (for Stock Market, "National Market" only)

<sup>1</sup> The link may be modified by the Austrian Financial Market Authority (FMA). Please see the FMA's website, [www.fma.gv.at](http://www.fma.gv.at), for the current link, Providers, "Information on Providers within Austrian Financial Market", Stock Exchange, Overview, Downloads, Verzeichnis der Geregelten Märkte.

### 3. Stock exchanges in non-European states

3.1	Australia	Sydney, Hobart, Melbourne, Perth
3.2	Argentina	Buenos Aires
3.3	Brazil	Rio de Janeiro, Sao Paulo
3.4	Chile	Santiago
3.5	China	Shanghai Stock Exchange, Shenzhen Stock Exchange
3.6	Hong Kong	Hong Kong Stock Exchange
3.7	India	Bombay
3.8	Indonesia	Jakarta
3.9	Israel	Tel Aviv
3.10	Japan	Tokyo, Osaka, Nagoya, Kyoto, Fukuoka, Niigata, Sapporo, Hiroshima
3.11	Canada	Toronto, Vancouver, Montreal
3.12	Korea	Korea Exchange (Seoul, Busan)
3.13	Malaysia	Bursa.Malaysia Berhad
3.14	Mexico	Mexico City
3.15	New Zealand	Wellington, Christchurch/Invercargill, Auckland
3.16	Philippines	Manila
3.17	Singapore	Singapore Stock Exchange
3.18	South Africa	Johannesburg
3.19	Taiwan	Taipei
3.20	Thailand	Bangkok
3.21	USA	New York, American Stock Exchange (AMEX), New York Stock Exchange (NYSE), Los Angeles/Pacific Stock Exchange, San Francisco/Pacific Stock Exchange, Philadelphia, Chicago, Boston, Cincinnati
3.22	Venezuela	Caracas
3.23	United Arab Emirates	Abu Dhabi Securities Exchange (ADX)

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

4.1	Japan	Over the Counter Market
4.2	Canada	Over the Counter Market
4.3	Korea	Over the Counter Market
4.4	Switzerland	SWX Swiss Exchange, BX Berne Exchange; Over the Counter Market of the members of the International Securities Market Association (ISMA), Zurich
4.5	USA	Over the Counter Market im NASDAQ-System, Over the Counter Market (markets organised 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).