

# Raiffeisen Ethics Equities

(Original German name: "Raiffeisen-Ethik-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 April 2012 to 31 March 2013

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

## General fund information

Tranche	Launch date	ISIN
ISIN income-distributing (R) (A)	13/5/2002	AT0000677901
ISIN income-retaining (R) (T)	13/5/2002	AT0000677919
ISIN full income-retaining (outside Austria) (R) (VTA)	29/10/2002	AT0000677927
ISIN full income-retaining (outside Austria) (I) (VTA)	1/3/2011	AT0000A0LSJ0
ISIN savings fund income-distributing (R) (A)	13/5/2002	AT0000677935
ISIN savings fund income-retaining (R) (T)	13/5/2002	AT0000677943

## Fund characteristics

Fund currency:	EUR
Financial year:	1 April – 31 March
Distribution/payment/reinvestment date:	15 June
EU directive compliance:	EU directive-compliant investment fund pursuant to InvFG (UCITS)
Fund type:	Target fund (up to 10 % subfunds)
Max. management fee for the fund:	1.75 % (excluding any performance-related fee)
Target group:	Public fund
Custodian bank:	Raiffeisen Bank International AG
Management company:	Raiffeisen Kapitalanlage-Gesellschaft m.b.H. Schwarzenbergplatz 3, A-1010 Vienna Tel. +43 1 71170-0, Fax +43 1 71170-1092 www.rcm.at Companies register number: 83517 w
Fund management:	Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
Auditor:	KPMG Austria AG

## Specific fund information during the financial year

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Suspension of redemption of unit certificates pursuant to § 56 (2) InvFG:	30 October 2012 – 31 October 2012 (closure of the New York stock exchanges)
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### 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 Ethics Equities for the financial year from 1 April 2012 to 31 March 2013.

## Fund details in EUR

	31/3/2012	31/3/2013
Fund assets	26,148,907.22	15,171,937.84
Net asset value/unit (R) (A)	84.18	88.17
Issue price/unit (R) (A)	88.39	92.58
Net asset value/unit (R) (T)	87.32	91.70
Issue price/unit (R) (T)	91.69	96.29
Net asset value/unit (R) (VTA)	87.71	92.21
Issue price/unit (R) (VTA)	92.10	96.82
Net asset value/unit (I) (VTA)	88.55	93.89
Issue price/unit (I) (VTA)	92.98	98.58

  

	15/6/2012	17/6/2013
Distribution/unit (R) (A)	0.84	2.72
Outpayment/unit (R) (T)	0.08	0.09
Reinvestment/unit (R) (T)	0.00	0.00
Reinvestment/unit (R) (VTA)	0.00	0.00
Reinvestment/unit (I) (VTI)	0.17	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

	(R) A	(R) T	(R) VTA	(I) VTA
Units in circulation on 31/3/2012	133,579.467	152,456.601	18,113.701	10.000
Sales	858.127	30,024.160	2,448.127	0.000
Repurchases	- 125,629.970	- 41,574.967	- 4,598.396	0.000
Units in circulation	8,807.624	140,905.794	15,963.432	10.000
<b>Total units in circulation on 31/3/2013</b>				<b>165,686.850</b>

## Fund details in EUR for last 3 financial years

<b>Distributing units (R)</b>	<b>31/3/2011</b>	<b>31/3/2012</b>	<b>31/3/2013</b>
Total fund assets	38,808,502.49	26,148,907.22	15,171,937.84
Net asset value/unit	94.37	84.18	88.17

  

<b>Reinvested units (R)</b>	<b>31/3/2011</b>	<b>31/3/2012</b>	<b>31/3/2013</b>
Total fund assets	38,808,502.49	26,148,907.22	15,171,937.84
Net asset value/unit	96.91	87.32	91.70

  

<b>Fully reinvested units (R)</b>	<b>31/3/2011</b>	<b>31/3/2012</b>	<b>31/3/2013</b>
Total fund assets	38,808,502.49	26,148,907.22	15,171,937.84
Net asset value/unit	97.31	87.71	92.21

  

<b>Fully reinvested units (I)</b>	<b>31/3/2011</b>	<b>31/3/2012</b>	<b>31/3/2013</b>
Total fund assets	38,808,502.49	26,148,907.22	15,171,937.84
Net asset value/unit	97.38	88.55	93.89

## Development of the fund assets and income statement in EUR

### Performance in financial year (fund performance)

#### Distributing units (R)

Net asset value per unit at start of financial year	84.18
Distribution on 15/6/2012 (net asset value: EUR 74.42) of EUR 0.84, corresponds to 0.011287 units	
Net asset value per unit at end of financial year	88.17
Total value incl. units purchased through distribution (1.011287 x 88.17)	89.16
Net income/net reduction per unit	4.98

**Performance of one unit during the financial year as %** **5.92<sup>1</sup>**

#### Reinvested units (R)

Net asset value per unit at start of financial year	87.32
Outpayment on 15/6/2012 (net asset value: EUR 77.99) of EUR 0.08, corresponds to 0.001026 units	
Net asset value per unit at end of financial year	91.70
Total value incl. units purchased through outpayment (1.001026 x 91.70)	91.79
Net income/net reduction per unit	4.47

**Performance of one unit during the financial year as %** **5.12**

#### Fully reinvested units (R)

Net asset value per unit at start of financial year	87.71
Net asset value per unit at end of financial year	92.21
Net income/net reduction per unit	4.50

**Performance of one unit during the financial year as %** **5.13**

<sup>1</sup> Since the number of units in circulation for the distributing R tranche fell to 8,732.495 units on 1 February 2013, it is pointed out that discrepancies may arise in the performance calculation for the various tranches on technical grounds.

**Fully reinvested units (I)**

Net asset value per unit at start of financial year	88.55
Net asset value per unit at end of financial year	93.89
Net income/net reduction per unit	5.34
<b>Performance of one unit during the financial year as %</b>	<b>6.03</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**

<b>Fund assets on 31/3/2012 (304,159.769 units)</b>	<b>26,148,907.22</b>	
Distribution on 15/6/2012 (EUR 0.84 x 110,321.488 distributing units (R))		- 92,670.05
Outpayment on 15/6/2012 (EUR 0.08 x 152,243.985 reinvested units (R))		- 12,179.52
Issuance of units	2,795,360.22	
Redemption of units	- 13,967,542.23	
Pro rata income adjustment	465,865.12	- 10,706,316.89
<b>Overall fund result</b>		<b>- 165,802.92</b>
<b>Fund assets on 31/3/2013 (165,686.850 units)</b>	<b>15,171,937.84</b>	



## Fund result in EUR

### A. Realized fund result

<b>Ordinary fund result</b>		
<b>Income (excl. closing price)</b>		
Interest income <sup>1</sup>	602.12	
Interest expenses	- 12,317.30	
Domestic and foreign dividend income (incl. dividend equivalent)	544,784.29	
Other income (incl. tax reclaim)	16,680.77	<b>549,749.88</b>
<b>Expenses</b>		
Management fees	- 347,892.29	
Custodian bank fees	- 17,372.58	
Auditing expenses	- 4,560.00	
Tax consulting fees	- 2,400.00	
Custodian fee	- 7,639.29	
Statutory/publication expenses	- 6,621.26	<b>- 386,485.42</b>
<b>Ordinary fund result (excl. income adjustment)</b>		<b>163,264.46</b>
<b>Realized closing price</b>		
Profits realized from securities	1,395,789.23	
Profits realized from derivative instruments	99,286.35	
Losses realized from securities	- 3,939,066.12	
<b>Realized closing price (excl. income adjustment)</b>		<b>- 2,443,990.54</b>
<b>Realized fund result (excl. income adjustment)</b>		<b>- 2,280,726.08</b>
<b>B. Unrealized closing price</b>		
<b>Change in unrealized closing price</b>		<b>2,580,788.28</b>
<b>C. Income adjustment</b>		
<b>Income adjustment for income during financial year</b>	844,818.19	
<b>Income adjustment during financial year for profit carryovers</b>	- 1,310,683.31	<b>- 465,865.12</b>
<b>Overall fund result</b>		<b>- 165,802.92</b>

The result for the past accounting year includes explicitly reported transaction costs in the amount of EUR 35,469.79.

<sup>1</sup> The fund's reporting of interest income has been amended on account of tax regulations revised as of 1 April 2012. This has not affected the fund's net asset value.

## Appropriation of fund result in EUR

Distribution (EUR 2.72 x 8,807.624 distributing units (R))		23,956.74
Outpayment pursuant to § 58 (2) InvFG (EUR 0.09 x 140,905.794 reinvested units (R))		12,681.52
Reinvested amount (R) (reinvestment)		0.00
Reinvested amount (R) (full reinvestment)		0.00
Reinvested amount (I) (full reinvestment)		0.00
<b>Total</b>		<b>36,638.26</b>
Realized fund result (incl. income adjustment)		- 2,746,591.20
<b>Asset-based loss and expense allowance</b>		<b>1,380,039.91</b>
Profit carryover from previous year	1,403,204.23	
Profit carryover into following period	14.68	1,403,189.55
<b>Total</b>		<b>36,638.26</b>

## Capital market report

Over the past twelve months, Eurozone capital markets struggled amid negative political developments. The situation temporarily eased following the waiver of Greek debt in the 1<sup>st</sup> quarter of 2012 before worsening again as Spain and Italy increasingly struggled with financing over the course of the summer. Only the statement from the European Central Bank (ECB) that it was prepared to finance governments directly, by means of bond purchasing subject to certain conditions, provided longer-lasting relief. At the same time, progress in reorganizing banks and in developing a banking union also helped to calm investor sentiment. The 1<sup>st</sup> quarter of 2013 yielded further volatility for the government bond market through the ambiguous outcome of the Italian elections, which disappointed the financial markets. On the other hand, the reaction to the restructuring of Cypriot banks – including a levy on deposits of more than EUR 100,000 – was surprisingly calm. However, alongside political developments the significant further downturn had a negative impact on investor confidence. In 2012 the economic output of the southern member states contracted sharply in some cases, with corresponding rises in unemployment. Momentum also slowed in core Europe, however. The final growth figure for Germany in 2012 was just 0.9 %, while the figure for Austria was 0.8 %. European bond markets benefited from these developments. Bond yields for the “safe haven” of Germany remained at extraordinarily low levels. Once the ECB had promised its support, bond yields from the periphery also fell significantly. The US economy clearly outperformed the European economy. The US presidential election and discussions over fiscal policy loomed large here. Fears of huge cost-saving measures adversely impacted on sentiment in the short term. However, following the election the US stock market resumed its leading role and in the first few months of 2013 it surpassed its previous highs. While Europe’s stock markets were outperformers in the 2<sup>nd</sup> half of 2012, in the current year they have generally moved sideways. However, the Japanese market was the clear highlight of the 1<sup>st</sup> quarter of 2013. It is benefiting from the Bank of Japan’s huge widening of liquidity and from the prospect of a further economic stimulus package. In the period from January to March 2013 the Nikkei 225 rose 20 %. At the same time, the Japanese yen fell 9 % against the euro. This meant that clear outperformance was only possible by means of currency hedges. In overall terms, key emerging markets stock markets once again clearly underperformed the developed markets. However, the emerging markets bond markets were among the top-performers. Abundant liquidity and still relatively high yields ensured a permanent capital inflow. Corporate bonds also benefited from the volume of demand, so that yields on speculative bonds have fallen even further despite the low level which they had already reached. The EUR/USD exchange rate fluctuated between 1.20 at the peak of the debt crisis in the summer of 2012 and 1.36 ahead of the Italian elections. The price of gold was unable to match the highs which it had reached in 2012. In the 1<sup>st</sup> quarter of 2013 it moved sideways around the USD 1,600 mark.

## Fund investment policy report

The fund pursues a bottom-up strategy (an investment strategy which analyses the growth potential of individual companies before assessing the prospects of overall industries and market regions) and its investments mainly focus on favorably valued stocks and companies embarking on growth. Ethical investment guidelines are taken into consideration in the fund's investments. The fund invests in both large cap companies and in smaller second-line stocks. Active selection of individual securities means that the fund's composition generally tends to deviate relatively strongly from the benchmark in terms of the weightings of individual stocks and sectors. The positive trend on the market was mainly underpinned by securities from defensive sectors such as healthcare and non-cyclical consumption, while basic materials and IT trailed. The fund was strongly positioned in basic materials stocks. This adversely affected its development, since securities such as the South African gold firm Gold Fields came under pressure. Energy stocks were preferred in the portfolio due to their favorable valuations. The energy sector performed negatively in the reporting period, and the portfolio suffered accordingly. Due to the exclusion criteria carefully defined by the ethics committee, the fund unwound its investments in the French construction materials firm Saint-Gobain (military), the American toiletries manufacturer Kimberly-Clark (animal experiments) and the Italian oil service provider Saipem (dishonest business practices). In regional terms, the fund focused on Europe and Japan due to their attractive valuations. The fund also invested in the emerging regions Brazil and South Africa.

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

## Makeup of fund assets in EUR

Securities	Market value	%
Equities:		
USD	5,723,176.44	37.72
JPY	3,181,485.94	20.97
EUR	2,616,738.00	17.25
CHF	812,476.92	5.35
GBP	802,661.26	5.29
NOK	670,385.31	4.42
AUD	451,481.75	2.98
ZAR	423,120.34	2.79
CAD	112,548.41	0.74
DKK	93,585.22	0.62
<b>Total securities</b>	<b>14,887,659.59</b>	<b>98.13</b>
<b>Bank balances</b>		
Bank liabilities in fund currency	- 1,239,543.87	- 8.17
Bank balances in foreign currency	1,471,906.13	9.70
<b>Total bank balances</b>	<b>232,362.26</b>	<b>1.53</b>
<b>Accruals and deferrals</b>		
Interest claims (on securities and bank balances)	- 314.14	0.00
Dividends receivable	52,230.13	0.34
<b>Total accruals and deferrals</b>	<b>51,915.99</b>	<b>0.34</b>
<b>Total fund assets</b>	<b>15,171,937.84</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 28/3/2013	PURCHASES ADDITIONS IN PERIOD UNDER REVIEW	SALES DISPOSALS	PRICE	MARKET VALUE IN EUR	% SHARE OF FUND ASSETS
<b>EQUITIES IN AUSTRALIAN DOLLARS</b>							
AU000000ANZ3	A.N.Z. BKG GRP	7,000		3,000	28.580000	163,327.62	1.08
AU000000TFC8	TFS CORP. LTD.	250,000			0.550000	112,254.06	0.74
AU000000WBC1	WESTPAC BKG	7,000		3,000	30.780000	175,900.07	1.16
<b>EQUITIES IN CANADIAN DOLLARS</b>							
CA8672241079	SUNCOR ENERGY (NEW)	4,812			30.400000	112,548.41	0.74
<b>EQUITIES IN SWISS FRANCS</b>							
CH0012829898	EMMI AG	2,500		1,000	272.000000	557,994.50	3.68
CH0126881561	SWISS RE AG NAM.	2,300		700	77.250000	145,796.58	0.96
CH0011075394	ZURICH INSUR.GR.NA.	500			264.900000	108,685.84	0.71
<b>EQUITIES IN DANISH CROWNS</b>							
DK0010268606	VESTAS WIND SYST. NAM.DK1	15,000			46.500000	93,585.22	0.62
<b>EQUITIES IN EURO</b>							
DE000A0M6M79	ASIAN BAMBOO AG INH.ON	18,000			4.196000	75,528.00	0.50
FR0000131104	BNP PARIBAS INH.	3,000		1,000	39.670000	119,010.00	0.79
FR0000120164	CGG SA INH.	12,000	3,920	8,920	17.895000	214,740.00	1.42
DE0006047004	HEIDELBERGCEMENT AG O.N.	5,000		3,000	56.750000	283,750.00	1.87
NL0000303600	ING GROEP NV CVA	30,000		15,000	5.614000	168,420.00	1.11
FR0000120537	LAFARGE	4,000		4,000	52.080000	208,320.00	1.37
DE0005470405	LANXESS AG	2,000	2,000		55.260000	110,520.00	0.73
FR0000051070	MAUREL ET PROM INH.	14,000		16,000	14.125000	197,750.00	1.30
FI0009007835	METSO CORP.	8,000		7,000	32.900000	263,200.00	1.74
AT0000743059	OMV AG AKT. O.N.	5,000		8,000	33.680000	168,400.00	1.11
AT0000758305	PALFINGER AKT.O.N.	11,600		3,400	23.800000	276,080.00	1.82
ES0173516115	REPSOL S.A. INH.	14,000		6,000	15.855000	221,970.00	1.46
IT0004781412	UNICREDIT	50,000		20,000	3.286000	164,300.00	1.08
FR0000124141	VEOLIA ENVIRONNE.	15,000	8,000	8,000	9.650000	144,750.00	0.95
<b>EQUITIES IN BRITISH POUNDS</b>							
GB0008762899	BG GRP PLC	24,000	3,000	9,000	11.225000	318,571.51	2.10
GB0007980591	BP PLC	65,000		45,000	4.634500	356,225.98	2.35
GB0005405286	HSBC HLDGS PLC	15,500		4,500	6.976000	127,863.77	0.84
<b>EQUITIES IN JAPANESE YEN</b>							
JP3112000009	ASAHI GLASS	39,000		11,000	655.000000	211,790.81	1.40
JP3942400007	ASTELLAS PHARMA INC.	10,000		6,000	5,080.000000	421,177.26	2.78
JP3835620000	BENESSE HOLDINGS INC.	5,000		2,000	4,025.000000	166,854.18	1.10
JP3242800005	CANON INC.	10,000		6,000	3,525.000000	292,253.90	1.93
JP3502200003	DAIWA SEC. GRP INC.	35,000			672.000000	195,001.75	1.28
JP3551500006	DENSO CORP.	7,000		3,000	4,085.000000	237,078.02	1.56
JP3899600005	MITSUBISHI EST.	22,700		17,300	2,681.000000	504,572.84	3.32
JP3902900004	MITSUBISHI UFJ FINL GRP	45,000		15,000	564.000000	210,422.81	1.39
JP3362700001	MITSUMI OSK LINES	62,000		18,000	322.000000	165,519.35	1.09
JP3762600009	NOMURA HLDGS	35,000		15,000	589.000000	170,916.72	1.13
JP3866800000	PANASONIC CORP.	20,000			708.000000	117,399.01	0.77
JP3973400009	RICOH CO. LTD	20,000		5,000	1,017.000000	168,636.72	1.11
JP3359600008	SHARP	35,000			278.000000	80,670.37	0.53
JP3538800008	TDK CORP.	6,200		1,800	3,355.000000	172,458.82	1.14
JP3637300009	TREND MICRO INC.	3,000			2,683.000000	66,733.38	0.44
<b>EQUITIES IN NORWEGIAN CROWNS</b>							
NO0005052605	NORSK HYDRO ASA	40,000		40,000	25.240000	134,886.70	0.89
NO0003733800	ORKLA	25,000		15,000	46.700000	155,982.79	1.03
NO0010096985	STATOIL ASA	7,000		8,000	141.200000	132,054.30	0.87
NO0010208051	YARA INTERNATIONAL	7,000		5,000	264.600000	247,461.52	1.63

ISIN	SECURITY TITLE	VOLUME 28/3/2013	PURCHASES ADDITIONS IN PERIOD UNDER REVIEW	SALES DISPOSALS	PRICE	MARKET VALUE IN EUR	% SHARE OF FUND ASSETS
<b>EQUITIES IN US DOLLARS</b>							
US0079031078	ADVANCED MIC.DEV.	30,000			2.550000	59,854.47	0.39
US0325111070	ANADARKO PET.CORP.	4,500		1,500	88.760000	312,510.76	2.06
US0374111054	APACHE CORP.	3,900		1,100	75.930000	231,693.14	1.53
US0718131099	BAXTER INTL	5,000		3,000	71.880000	281,198.65	1.85
BMG169621056	BUNGE LTD.	5,000		7,000	73.660000	288,162.12	1.90
US2044096012	CIA EN.GER.ADR PFD NV 1	18,000	27,500	27,500	11.610000	163,508.33	1.08
US17275R1023	CISCO SYSTEMS	10,000		18,000	20.830000	162,976.29	1.07
US2310211063	CUMMINS INC.	3,000		1,000	113.920000	267,396.92	1.76
US25179M1036	DEVON ENERGY CORP.	2,500	2,500		57.140000	111,767.47	0.74
US38059T1060	GOLD FIELDS LTD RC-,50ADR	55,000		55,000	7.780000	334,793.83	2.21
US42809H1077	HESS CORP.	13,000	7,000	8,000	72.030000	732,642.20	4.83
US4655621062	ITAU UNIBCO HLDG PFD	15,000		20,000	17.590000	206,439.25	1.36
US48666V2043	KAZMUNAIGAS GDRS KT 250	14,000		26,000	18.950000	207,573.74	1.37
US50076Q1067	KRAFT FOODS GRP	3,900	5,000	1,100	51.370000	156,750.65	1.03
US5658491064	MARATHON OIL	7,000		2,000	34.010000	186,268.68	1.23
US6092071058	MONDELEZ INTL INC. A	11,000	15,000	4,000	30.350000	261,208.04	1.72
US6516391066	NEWMONT MNG CORP.	6,000	2,000	2,000	41.740000	195,947.11	1.29
AN8068571086	SCHLUMBERGER	6,000		5,000	75.100000	352,554.57	2.32
US8257242060	SIBANYE GOLD SPONS.ADR	13,750	13,750		5.710000	61,429.07	0.41
CA8672241079	SUNCOR ENERGY (NEW)	9,188		26,000	29.890000	214,873.11	1.42
US8681571084	SUPERIOR EN. SVCS	13,000		12,000	26.000000	264,455.05	1.74
KYG932051132	VANTAGE DRILLING	220,000		80,000	1.800000	309,834.91	2.04
US94973V1070	WELLPOINT INC.	7,000	3,000	6,000	65.610000	359,338.08	2.37

<b>EQUITIES IN SOUTH AFRICAN RAND</b>							
ZAE000004875	NEDBANK GROUP LTD.	26,000		17,000	193.200000	423,120.34	2.79

**TOTAL SECURITIES PORTFOLIO** **EUR** **14,887,659.59** **98.13**

**BANK BALANCES**

EUR LIABILITIES	EUR	-1,239,543.87					
<b>BALANCES IN OTHER EU CURRENCIES</b>							
GBP	EUR	71,613.58					
NOK	EUR	320,442.02					
<b>BALANCES IN NON-EU CURRENCIES</b>							
CHF	EUR	582,955.32					
JPY	EUR	3,378.18					
USD	EUR	493,517.03			<b>EUR</b>	<b>232,362.26</b>	<b>1.53</b>

**ACCRUALS AND DEFERRALS**

INTEREST CLAIMS	EUR	-314.14					
DIVIDENDS RECEIVABLE	EUR	52,230.13			<b>EUR</b>	<b>51,915.99</b>	<b>0.34</b>

**TOTAL FUND ASSETS** **EUR** **15,171,937.84** **100.00**

**NET ASSET VALUE PER UNIT**

TRANCHE R INCOME-DISTRIBUTING	EUR	88.17					
TRANCHE R INCOME-RETAINING	EUR	91.70					
TRANCHE R FULL INCOME-RETAINING	EUR	92.21					
TRANCHE I FULL INCOME-RETAINING	EUR	93.89					

**UNITS IN CIRCULATION**

TRANCHE R INCOME-DISTRIBUTING	UNITS	8,807.624					
TRANCHE R INCOME-RETAINING	UNITS	140,905.794					
TRANCHE R FULL INCOME-RETAINING	UNITS	15,963.432					
TRANCHE I FULL INCOME-RETAINING	UNITS	10.000					

**FROZEN SECURITIES FORMING PART OF THE PORTFOLIO OF INVESTMENTS (SECURITIES LENDING TRANSACTIONS):**

ISIN	SECURITY TITLE		VOLUME 28/3/2013
DK0010268606	VESTAS WIND SYST. NAM.	DKK	15,000
JP3359600008	SHARP	JPY	20,000
US0079031078	ADVANCED MIC.DEV.	USD	15,000

**EXCHANGE RATES**

FOREIGN CURRENCY ASSETS WERE CONVERTED INTO EUR ON THE BASIS OF THE EXCHANGE RATES APPLICABLE ON 27/3/2013:

CURRENCY	UNIT	PRICE
AUSTRALIAN DOLLAR	1 EUR =	1.224900 AUD
CANADIAN DOLLAR	1 EUR =	1.299750 CAD
SWISS FRANC	1 EUR =	1.218650 CHF
DANISH CROWN	1 EUR =	7.453100 DKK
BRITISH POUND	1 EUR =	0.845650 GBP
JAPANESE YEN	1 EUR =	120.614300 JPY
NORWEGIAN CROWN	1 EUR =	7.484800 NOK
US DOLLAR	1 EUR =	1.278100 USD
SOUTH AFRICAN RAND	1 EUR =	11.871800 ZAR

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 CANADIAN DOLLARS</b>			
CA02153D1024	ALTERRA POWER CORP.		83,300
CA65334H1029	NEXEN INC.		10,000
<b>EQUITIES IN EURO</b>			
ES0122060314	FOMENT.CON.CONTR.INH.		13,000
AT0000652011	ERSTE GROUP BK ST.AKT.ON		9,000
AT0000937503	VOESTALPINE AG AKT. O.N.		13,000
DE0005558662	Q-CELLS SE		21,000
DE0008404005	ALLIANZ SE VNA O.N.		2,000
FR000130809	STE GENERALE INH.		2,500
FR000125007	ST GOBAIN	5,000	17,000
ES0113900J37	BCO SANTANDER N.		17,000
NL0000009538	KON.PHILIPS ELECT.		30,000
IT0000068525	SAIPEM	3,000	3,000
<b>EQUITIES IN BRITISH POUNDS</b>			
GB0031348658	BARCLAYS PLC		60,000
GB0031215220	CARNIVAL PLC		4,000
GB0031192486	LONMIN PLC		15,000
GB0004082847	STAND. CHART. PLC	3,000	3,000
GB0008847096	TESCO PLC		80,000
GB00B1VYCH82	THOMAS COOK GROUP		350,000
<b>EQUITIES IN NORWEGIAN CROWNS</b>			
CA74836K1003	QUESTERRE ENERGY CORP. A		170,000
NO0010112675	RENEWABLE ENERGY		50,000
<b>EQUITIES IN US DOLLARS</b>			
US0640581007	BK N.Y. MELLON		12,000
US20825C1045	CONOCOPHILLIPS		5,000
US41135V1035	HANWHA SOLARONE CO. ADR/5		45,000
US4660901079	JA SOLAR HLDGS ADR		30,000
US4660902069	JA SOLAR HLDGS ADR	6,000	6,000
US4943681035	KIMBERLY-CLARK		5,000
US50075N1046	KRAFT FOODS INC. A		17,000
CA65334H1029	NEXEN INC.		20,000
US7185461040	PHILLIPS 66	2,500	2,500
US9113121068	UNITED PARCEL SE.B		4,000
US9173022008	USIMINAS PFD ADR/10000		30,000
US91912E1055	VALE S.A. ADR		7,000
<b>SUBSCRIPTION RIGHTS IN EURO</b>			
ES0613900A3	BCO SANTANDER -ANR.-	17,000	17,000
FR0011237635	BNP PARIBAS -ANR.WAHLD.-	4,000	4,000
FR0011335033	CGG VERITAS SA -ANR.-	12,000	12,000
ES0673516904	REPSOL S.A. -ANR.-	40,000	40,000
ES0673516912	REPSOL S.A. -ANR.-	20,000	20,000
FR0011256288	VEOLIA ENVIRONNE. -ANR.-	15,000	15,000
<b>EURO SECURITIES OPTIONS ON FINANCIAL FUTURES</b>			
0MEO2X000020	METRO STOCK OPTION PUT AS OF 21/12/2012	155	
0REP2X000105	REPSOL STOCK OPTION PUT AS OF 21/12/2012	200	200



ISIN	SECURITY TITLE	PURCHASES ADDITIONS	SALES DISPOSALS
<b>BRITISH POUND SECURITIES OPTIONS ON FINANCIAL FUTURES</b>			
00BP2R000044	BP PLC STOCK OPTION PUT AS OF 15/6/2012	60	
0TCO2R000028	TESCO PLC STOCK OPTION PUT AS OF 15/6/2012	40	
00BP2X000042	BP PLC STOCK OPTION PUT AS OF 21/12/2012	60	60

### Total return swaps and similar derivative instruments

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

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

### Calculation method for overall risk

Calculation method for overall risk:	Simplified approach
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**Raiffeisen Kapitalanlage-Gesellschaft m.b.H. complies with the code of conduct for the Austrian investment fund industry 2012.**

Vienna, 21 June 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 31 March 2013 issued by Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna, for its fund Raiffeisen Ethics Equities, a jointly owned fund pursuant to the 2011 Austrian Investment Fund Act (InvFG), as amended, for the financial year from 1 April 2012 to 31 March 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 para. 5 of the Austrian Investment Fund Act whilst complying with the applicable Austrian statutory regulations and principles of proper balance-sheet auditing. These principles require our compliance with rules of professional conduct and our planning and execution of the audit so that we are able to form an opinion with a reasonable degree of certainty on whether the annual fund report is free from significant factual misstatements.

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

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

### **Audit outcome**

Our audit has not met with any objections. On the basis of our audit findings, in our view the annual fund report as of 31 March 2013 for Raiffeisen Ethics 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, 21 June 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 not be pledged or otherwise encumbered or given in security or assigned.  
§ 4 para. 2 InvFG does not preclude the investment fund's grant of collateral in connection with derivative products pursuant to § 21 InvFG 1993, irrespective of whether such collateral is granted in the form of sight deposits, money market instruments or securities.
4. The asset management company may not for account of an investment fund sell any securities, money market instruments or other financial investments as per § 20 InvFG which do not form part of the fund assets at the time of the transaction.

### § 5 Custodian bank

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

## § 6 Issuance and unit value

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

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

## § 8 Accounting

1. The asset management company shall publish an annual fund report in accordance with § 12 of the Austrian Investment Fund Act within four months of the expiry of the investment fund's accounting year.
2. The asset management company shall publish a semi-annual fund report in accordance with § 12 of the Austrian Investment Fund Act within two months of the expiry of the first six months of the investment fund's accounting year.
3. The annual and semi-annual fund reports shall be made available for inspection at the offices of the asset management company and the custodian bank and published on the website of the asset management company ([www.rcm.at](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 Ethics 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 or equity-equivalent securities issued by companies without any region or sector restriction, but with particular consideration of ethical principles (especially ecological and social criteria). 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.

\* On 10 October 2010 Raiffeisen Bank International AG assumed the commercial customer business previously handled by Raiffeisen Zentralbank Österreich Aktiengesellschaft (including its custodian bank and paying agent functions) by way of universal succession.



– **Sight deposits or deposits at notice**

In principle, up to 25 per cent of the investment fund's assets may consist of sight deposits or deposits at notice with notice periods not exceeding 12 months. However, the investment fund may contain a larger proportion of sight deposits or deposits at notice with notice periods not exceeding 12 months during fund portfolio restructuring or in order to lessen the effect of potential falls in prices for securities. No minimum bank balance is required.

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

As part of the investment scheme, derivative instruments are used to safeguard income, as a replacement for securities or to increase income. The overall risk for derivative instruments which are not held for hedging purposes is limited to 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 25 per cent of the fund assets. However, the investment fund may contain a larger proportion of bank balances during fund portfolio restructuring or in order to lessen the effect of potential falls in security prices.

#### § 19 Derivatives

1. Derived financial instruments (derivatives) – including equivalent instruments which are settled in cash and traded on one of the regulated markets indicated in § 16 – may be purchased for the investment fund if the underlying instruments are instruments within the meaning of § 15a or financial indices, interest rates, exchange rates or currencies in which the investment fund is permitted to invest in accordance with its investment principles (§ 15). This also includes instruments for the transfer of the credit risk for the above-mentioned assets.

2. The overall risk associated with the derivatives may not exceed the overall net value of the fund assets. A calculation of this risk must take into consideration the market value of the underlying instruments, the default risk, future market fluctuations and the liquidity period for the positions.

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
  - e) the underlying instruments are in accordance with § 19 item 1,
  - f) the counterparties are supervised institutions belonging to categories licensed by the Austrian Financial Market Authority by regulation,
  - g) 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
  - h) 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 April 1 through to March 31 of the following calendar year.

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

The asset management company shall receive for its management activity an annual remuneration of up to 1.75 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. From June 15 of the following accounting year the amounts are to be distributed to the holders of income-distributing unit certificates, if appropriate against surrender of an income coupon. Any remaining balances shall be carried forward to a new account.

In any case, from June 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 June 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)<sup>1</sup>

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)

#### 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

<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.

3.17	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 in the NASDAQ System, Over the Counter Market (markets organized by NASD such as Over-the-Counter Equity Market, Municipal Bond Market, Government Securities Market, Corporate Bonds and Public Direct Participation Programs) Over-the-Counter-Market for Agency Mortgage-Backed Securities

**5. Stock exchanges with futures and options markets**

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