

Raiffeisen European SmallCap

(Original German name: Raiffeisen-Europa-SmallCap)

annual fund report

financial year Aug 1, 2015 – Jul 31, 2016

Note:

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

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Report for the financial year from Aug 1, 2015 to Jul 31, 2016

General fund information

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

Fund characteristics

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

* On 24 August 2015, merged with ISIN savings fund R income-distributing AT0000639018.

** On 24 August 2015, merged with ISIN savings fund R income-retaining AT0000639026.

Legal notice

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

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

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

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

Dear unitholder,

Raiffeisen Kapitalanlage-Gesellschaft m.b.H. is pleased to present its annual fund report for Raiffeisen European SmallCap for the financial year from Aug 1, 2015 to Jul 31, 2016. The accounting is based on the price calculation as of Jul 29, 2016.

Fund details

	Jul 31, 2014	Jul 31, 2015	Jul 31, 2016
Total fund assets in EUR	72,824,753.56	79,269,317.47	73,087,264.89
Net asset value/distributing units (R) (AT0000638986) in EUR	196.50	233.14	234.08
Issue price/distributing units (R) (AT0000638986) in EUR	206.33	244.80	245.78
Net asset value/reinvested units (R) (AT0000638994) in EUR	208.04	249.59	252.39
Issue price/reinvested units (R) (AT0000638994) in EUR	218.44	262.07	265.01
Net asset value/fully reinvested units (R) (AT0000639000) in EUR	214.08	256.86	260.13
Issue price/fully reinvested units (R) (AT0000639000) in EUR	224.78	269.70	273.14
Net asset value/fully reinvested units (I) (AT0000A0LQ44) in EUR	221.48	268.37	274.52
Issue price/fully reinvested units (I) (AT0000A0LQ44) in EUR	232.55	281.79	288.25
Net asset value/fully reinvested units (R) (AT0000A15HP6) in EUR	213.86	256.93	260.62
Issue price/fully reinvested units (R) (AT0000A15HP6) in EUR	224.55	269.78	273.65

	Oct 15, 2015	Oct 17, 2016
Distribution/unit (R) (A) EUR	1.8600	5.5000
Outpayment/unit (R) (T) EUR	0.3406	3.3619
Reinvestment/unit (R) (T) EUR	1.9300	15.7569
Reinvestment/unit (R) (VTA) EUR	3.8228	19.7091
Reinvestment/unit (I) (VTA) EUR	9.3709	23.3214
Reinvestment/unit (R) (VTI) EUR	6.9953	20.0971

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

Units in circulation

	Units in circulation on Jul 31, 2015	Sales	Repurchases	Units in circulation on Jul 31, 2016
AT0000638986 (R) A	24,054.630	443.379	-3,022.940	21,475.069
AT0000638994 (R) T	201,152.414	25,962.107	-36,192.956	190,921.565
AT0000639000 (R) VTA	69,931.154	13,412.260	-16,559.498	66,783.916
AT0000A0LQ44 (I) VTA	440.005	215.000	-215.000	440.005
AT0000A15HP6 (R) VTI	20,911.526	106,890.722	-118,675.578	9,126.670
Total units in circulation				288,747.225

Development of the fund assets an income statement

Performance in financial year (fund performance)

Distributing units (R) (AT0000638986)

Net asset value per unit at start of financial year in EUR	233.14
Distribution on Oct 15, 2015 (net asset value: EUR 212.87) of EUR 1.8600, corresponds to 0.008738 units	
Net asset value per unit at end of financial year in EUR	234.08
Total value incl. units purchased through distribution (1.008738 x 234.08)	236.13
Net income/net reduction per unit	2.99

Performance of one unit during the financial year in % **1.28**

Reinvested units (R) (AT0000638994)

Net asset value per unit at start of financial year in EUR	249.59
Outpayment on Oct 15, 2015 (net asset value: EUR 229.53) of EUR 0.3406, corresponds to 0.001484 units	
Net asset value per unit at end of financial year in EUR	252.39
Total value incl. units purchased through outpayment (1.001484 x 252.39)	252.76
Net income/net reduction per unit	3.17

Performance of one unit during the financial year in % **1.27**

Fully reinvested units (R) (AT0000639000)

Net asset value per unit at start of financial year in EUR	256.86
Net asset value per unit at end of financial year in EUR	260.13
Net income/net reduction per unit	3.27

Performance of one unit during the financial year in % **1.27**

Fully reinvested units (I) (AT0000A0LQ44)

Net asset value per unit at start of financial year in EUR	268.37
Net asset value per unit at end of financial year in EUR	274.52
Net income/net reduction per unit	6.15

Performance of one unit during the financial year in % **2.29**

Fully reinvested units (R) (AT0000A15HP6)

Net asset value per unit at start of financial year in EUR	256.93
Net asset value per unit at end of financial year in EUR	260.62
Net income/net reduction per unit	3.69
Performance of one unit during the financial year in %	1.44

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

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

Raiffeisen KAG uses the method developed by OeKB (Österreichische Kontrollbank AG) to calculate the fund's performance, on the basis of data provided by the custodian bank (where payment of the redemption price is suspended, using indicative values). Some costs – the subscription fee (not exceeding 5.00 % of the invested amount) and any redemption fee (not exceeding 0.00 % of the sold amount) – are not included in the performance calculation. Depending on their concrete value, they will reduce a performance accordingly. Past results do not permit any reliable inferences as to the future performance of the fund.

Development of fund assets in EUR

Fund assets on Jul 31, 2015 (316,489.729 units)		79,269,317.47
Distribution on Oct 15, 2015 (EUR 1.8600 x 23,019.655 distributing units (R) (AT0000638986))		-42,816.56
Outpayment on Oct 15, 2015 (EUR 0.3406 x 197,866.360 reinvested units (R) (AT0000638994))		-67,393.28
Issuance of units	36,488,312.04	
Redemption of units	-42,491,168.42	
Pro rata income adjustment	459,243.48	-5,543,612.90
Overall fund result		-528,229.84
Fund assets on Jul 31, 2016 (288,747.225 units)		73,087,264.89

Fund result in EUR

A. Realized fund result

Ordinary fund result	
Income (excl. closing price)	
Interest expenses (incl. negative credit interest)	-216.51
Dividend income (incl. dividend equivalent)	1,273,818.75
Austrian dividend income	72,434.96
	1,346,037.20
Expenses	
Management fees	-1,516,044.25
Custodian bank fees / Custodian's fees	-68,285.12
Auditing expenses	-5,520.00
Tax consulting fees	-3,000.01
Custody charge	-29,560.78
Statutory/publication expenses	-9,936.23
	-1,632,346.39
Ordinary fund result (excl. income adjustment)	-286,309.19
Realized closing price	
Profits realized from securities	8,133,081.75
Losses realized from securities	-1,845,966.78
Realized closing price (excl. income adjustment)	6,287,114.97
Realized fund result (excl. income adjustment)	6,000,805.78
B. Unrealized closing price	
Change in unrealized closing price	-6,069,792.14
C. Income adjustment	
Income adjustment for income during financial year	-459,243.48
	-459,243.48
Overall fund result	-528,229.84

The result for the past financial year includes explicitly reported transaction costs (incl. external transaction-related costs, see item 15a "Transaction costs" in section II of the prospectus) in the amount of 123,656.60 EUR.

Capital market report

In the first few weeks of 2016, equity prices suffered strong falls everywhere, as did bonds and the currencies of the emerging markets. A strong recovery began from mid-February 2016 onwards, and many of the emerging bond and stock markets are now at higher levels than at the start of the year. The picture for the developed stock markets is mixed. US stock indexes have reached new all-time highs. On the other hand, Japan and most European stock markets have suffered falls, having registered above-average performances in the previous year. Despite temporary fluctuations, government bonds have realized strong gains since the start of the year, as have corporate bonds. Commodities (particularly precious metals) are the biggest winners to date in the current year. However, the commodities markets have experienced several years of very strong price falls. Several different issues – which naturally influence one another – have dominated on the markets for many months now: the future monetary policy of the US central bank (the Fed), the global economic trend – particularly in relation to China and the USA – the price trend for crude oil and the increasing lack of investment opportunities worldwide offering attractive risk/return profiles. All of these issues are likely to strongly influence the global supply of liquidity as well as corporate profit trends – and thus also future determination of prices on stock, bond and commodities markets. The financial markets rapidly came to terms (for the time being at least) with the British electorate's surprising vote against remaining in the EU. However, this is likely to make the US central bank even more hesitant in relation to interest-rate hikes. Following its key interest-rate rise in December 2015 (its first in over nine years), to date the Fed has not been able to bring itself to implement a second interest-rate increase. Yields on long-term US government bonds are currently much lower than before the rise in interest rates and have even temporarily fallen to new record lows. Overall, the Fed appears to have much less scope for interest-rate increases than in the past, and a huge rise in yields on a broad front in the USA is unlikely any time soon. Unlike the US central bank, the European Central Bank (ECB) is loosening its monetary policy ever further and thus breaking a lot of new ground. In order to counteract deflationary trends, it is purchasing government bonds on a huge scale and is now even buying corporate bonds. It has moved key interest rates in the Eurozone clearly into negative territory. From an economic point of view, these measures have hardly paid off to date. However, they have at least temporarily weakened the euro's exchange rate, while buoying the European financial markets. In the Eurozone, monetary policy will very likely remain expansionary for some time to come and there is currently no sign of any significant yield rises. Unprecedentedly loose monetary policy around the globe reflects not least a trend of weak global economic growth which has continued for some time now. In all likelihood, this trend will remain intact over the next few quarters. In Europe and the USA, further comparatively weak but nonetheless positive growth is likely. The economic data have recently picked up slightly. On the other hand, at the present time it is the emerging markets which probably face the largest economic risks. Some countries are benefiting from the fall in commodities prices, while others are suffering hugely. However, almost all emerging markets need to cut back on the excessive credit growth of the past decade, which is generally curbing economic activity. The yield level is extremely low almost worldwide. Over one third of all government bonds are now providing negative nominal yields. In view of continuing low bond yields in the key economic blocs, for these countries' stock markets this "new normality" means inter alia that they are likely less "expensive" than suggested by the valuation models of previous decades, where an entirely different interest-rate environment predominated. However, over the next few quarters corporate profits are expected to continue to generate a hostile environment for the stock markets. Growth rates for corporate profits are increasingly faltering or even declining in some cases, particularly in the emerging markets. The financial market environment will certainly remain challenging and may continue to entail stronger price fluctuations over the next few months.

Fund investment policy report

Raiffeisen European SmallCap registered a positive accounting year. The fund gained in value by more than 1 %, while the stock market for small cap stocks suffered a loss of value of almost 4 %. The past twelve months were volatile on the stock exchange. Strong corrections resulted in August 2015, January 2016 and following the Brexit decision in June 2016. The stock market recovered surprisingly quickly after each correction. Last year, it was important to wait out the strong fluctuations on the market. Over the past year, the stock market was increasingly influenced by investors with not much in the way of risk tolerance.

The fund fared better than the market, partly due to its cautious selection of financial equities. The fund's positions in Grenke Leasing and Deutsche Wohnen had a positive impact. The fund had marginal investment holdings in banks. The banking sector was weak over the past year, particularly following the Brexit decision. The fund's stockpicking in the technology segment had a positive impact. Two major positions in the fund, Nemetschek and Micro Focus International, produced positive contributions. Software AG and Temenos also delivered strong results. The fund's selection of stocks in the industrial segment also had a favorable impact. The acquisitions of Gategroup and USG People and the strong results posted by DFDS are worthy of mention here. Brembo, Marine Harvest, Umicore and Prosegur were other positions which provided positive contributions. The following positions provided negative contributions for the fund: Virbac, Zumtobel, Grafton Group, Technicolor and Aareal Bank.

Some negative surprises were partly attributable to the Brexit decision, e.g. Grafton Group. Other disappointments reflected company-specific reasons, e.g. Virbac and Zumtobel.

Makeup of fund assets in EUR

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

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

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

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

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

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

Type of security	OGAW/§ 166	Currency	Market value in EUR	Share of fund assets
Equities		CHF	1,693,134.82	2.32 %
Equities		DKK	1,018,062.29	1.39 %
Equities		EUR	61,824,950.30	84.59 %
Equities		GBP	4,545,813.74	6.22 %
Equities		NOK	1,369,864.46	1.87 %
Equities		SEK	2,295,331.78	3.14 %
Total Equities			72,747,157.39	99.53 %
Total securities			72,747,157.39	99.53 %
Bank balances/liabilities				
Bank balances/liabilities in fund currency			496,025.83	0.68 %
Bank balances/liabilities in foreign currency			-12,532.92	-0.02 %
Total bank balances/liabilities			483,492.91	0.66 %
Accruals and deferrals				
Interest claims (on securities and bank balances)			-16.59	-0.00 %
Dividends receivable			2,337.50	0.00 %
Total accruals and deferrals			2,320.91	0.00 %
Other items				
Various fees			-145,706.32	-0.20 %
Total other items			-145,706.32	-0.20 %
Total fund assets			73,087,264.89	100.00 %

Portfolio of investments in EUR as of Jul 29, 2016

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

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

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

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

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

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

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

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

Type of security	OGAW/§ 166	ISIN	Security title	Currency	Volume Units/Nom.	Purchases In period under review Units/Nom.	Sales In period under review Units/Nom.	Pool-/ILB Factor	Price	Market value in EUR	Share of fund assets
Equities		CH0002088976	VALORA HOLDING AG-REG VALN	CHF	3,000				281.000000	774,744.97	1.06 %
Equities		AT0000A18XM4	AMS AG AMS	CHF	3,000		6,000		31.850000	87,813.62	0.12 %
Equities		CH0012453913	TEMENOS GROUP AG-REG TEMN	CHF	15,000				60.250000	830,576.23	1.14 %
Equities		DK0060655629	DFDS A/S DFDS	DKK	25,000	25,000			302.900000	1,018,062.29	1.39 %
Equities		FI0009000285	AMER SPORTS OYJ AMEAS	EUR	27,000		6,000		25.910000	699,570.00	0.96 %
Equities		FI0009005870	KONECRANES OYJ KCR1V	EUR	29,950	9,000	7,000		27.400000	820,630.00	1.12 %
Equities		IT0003261069	ASTALDI SPA AST	EUR	11,000		120,211		4.120000	45,320.00	0.06 %
Equities		DE0005428007	COMDIRECT BANK AG COM	EUR	45,000				9.211000	414,495.00	0.57 %
Equities		ES0112501012	EBRO FOODS SA EBRO	EUR	29,404		7,000		20.835000	612,632.34	0.84 %
Equities		DE0008402215	HANNOVER RUECK SE HNR1	EUR	7,500	6,000	3,500		90.900000	681,750.00	0.93 %
Equities		DE0007042301	RHOEN-KLINIKUM AG RHK	EUR	22,000				26.490000	582,780.00	0.80 %
Equities		DE0007030009	RHEINMETALL AG RHM	EUR	14,800	2,000			62.430000	923,964.00	1.26 %
Equities		DE0007251803	STADA ARZNEIMITTEL AG SAZ	EUR	6,000	6,000			48.225000	289,350.00	0.40 %
Equities		FI0009000459	HUHTAMAKI OYJ HUH1V	EUR	23,324	7,000			39.470000	920,598.28	1.26 %
Equities		FR0000051807	TELEPERFORMANCE RCF	EUR	20,500	2,000	17,500		83.230000	1,706,215.00	2.33 %
Equities		DE0003304101	GERRY WEBER INTL AG GW11	EUR	12,798		7,000		10.550000	135,018.90	0.18 %
Equities		IT0001347308	BUZZI UNICEM SPA BZU	EUR	52,000				17.750000	923,000.00	1.26 %
Equities		IT0000080447	CIR SPA CIR	EUR	260,000				1.009000	262,340.00	0.36 %
Equities		ES0132945017	TUBACEX SA TUB	EUR	160,000				2.320000	371,200.00	0.51 %
Equities		ES0143416115	GAMESA CORP TECNOLOGICA SA GAM	EUR	43,000	31,000			19.045000	818,935.00	1.12 %
Equities		IT0001050910	BREMBO SPA BRE	EUR	32,000		10,000		50.350000	1,611,200.00	2.20 %
Equities		FR0000031577	VIRBAC SA VIRP	EUR	7,402				176.800000	1,308,673.60	1.79 %
Equities		FI0009800643	YIT OYJ YTY1V	EUR	200,000	200,000			6.165000	1,233,000.00	1.69 %
Equities		IT0003828271	RECORDATI SPA REC	EUR	35,948		23,000		28.780000	1,034,583.44	1.42 %
Equities		IT0003849244	DAVIDE CAMPARI-MILANO SPA CPR	EUR	100,000				9.140000	914,000.00	1.25 %
Equities		FR0000053225	M6-METROPOLE TELEVISION MMT	EUR	37,238				16.240000	604,745.12	0.83 %
Equities		FI0009007066	RAMIRENT OYJ RMR1V	EUR	191,000	60,000			7.600000	1,451,600.00	1.99 %
Equities		NL0000339703	BETER BED HOLDING NV BBED	EUR	36,270				20.590000	746,799.30	1.02 %
Equities		NL0000395903	WOLTERS KLUWER WKL	EUR	13,625	5,000	30,000		37.750000	514,343.75	0.70 %
Equities		ES0178165017	TECNICAS REUNIDAS SA TRE	EUR	4,000		4,000		27.280000	109,120.00	0.15 %
Equities		NL0000335578	BINCKBANK NV BINCK	EUR	68,750				4.975000	342,031.25	0.47 %

Type of security	OGAW/§ 166	ISIN	Security title	Currency	Volume Units/Nom.	Purchases In period under review Units/Nom.	Sales	Pool- ILB Factor	Price	Market value in EUR	Share of fund assets
Equities		LU0307018795	SAF-HOLLAND SA SFQ	EUR	34,000	14,000			10.612000	360,808.00	0.49 %
Equities		ES0130960018	ENAGAS SA ENG	EUR	15,000	20,000	29,000		27.095000	406,425.00	0.56 %
Equities		IT0001250932	HERA SPA HER	EUR	282,352	60,000			2.500000	705,880.00	0.97 %
Equities		DE000A0D9PT0	MTU AERO ENGINES AG MTX	EUR	8,000		14,620		92.350000	738,800.00	1.01 %
Equities		DE000A0S8488	HAMBURGER HAFEN UND LOGISTIK HHFA	EUR	32,000	4,000			14.175000	453,600.00	0.62 %
Equities		IT0003492391	DIASORIN SPA DIA	EUR	7,000				56.850000	397,950.00	0.54 %
Equities		PTRELOAM0008	REDES ENERGETICAS NACIONAIS RENE	EUR	90,000				2.680000	241,200.00	0.33 %
Equities		BE0003884047	UMICORE UMI	EUR	27,210	13,000	4,000		50.250000	1,367,302.50	1.87 %
Equities		IT0000066123	BANCA POPOL EMILIA ROMAGNA BPE	EUR	60,000	60,000			3.480000	208,800.00	0.29 %
Equities		DE000A0Z2Z25	FRENET AG FNTN	EUR	20,000		5,000		25.050000	501,000.00	0.69 %
Equities		DE000A1DAH0	BRENTAG AG BNR	EUR	8,000	18,000	10,000		44.685000	357,480.00	0.49 %
Equities		NL0009432491	VOPAK VPK	EUR	9,862				45.280000	446,551.36	0.61 %
Equities		ES0175438003	PROSEGUR COMP SEGURIDAD PSG	EUR	244,000	15,000	40,000		5.830000	1,422,520.00	1.95 %
Equities		PTCTOAM0001	CTT-CORREIOS DE PORTUGAL CCT1EUR	EUR	95,000	60,000			7.380000	701,100.00	0.96 %
Equities		DE0007472060	WIRECARD AG WDI	EUR	5,000	5,000			42.120000	210,600.00	0.29 %
Equities		NL0006294274	EURONEXT NV ENX	EUR	10,000	10,000			38.250000	382,500.00	0.52 %
Equities		ES0105066007	CELLNEX TELECOM SAU CLNX	EUR	83,700	83,700			15.905000	1,331,248.50	1.82 %
Equities		DE0005408116	AAREAL BANK AG ARL	EUR	45,000	16,000	15,600		29.190000	1,313,550.00	1.80 %
Equities		IT0000064482	BANCA POPOLARE DI MILANO PMI	EUR	750,000	500,000			0.425000	318,750.00	0.44 %
Equities		DE000A0DPRE6	SIXT LEASING AG LNSX	EUR	15,000				19.400000	291,000.00	0.40 %
Equities		FR0000124570	PLASTIC OMNIUM POM	EUR	36,720		18,000		27.860000	1,023,019.20	1.40 %
Equities		DE0006452907	NEMETSCHEK SE NEM	EUR	30,228		32,300		57.200000	1,729,041.60	2.37 %
Equities		FR0000051070	MAUREL ET PROM MAU	EUR	55,000				2.740000	150,700.00	0.21 %
Equities		FR0012757854	SPIE SA SPIE	EUR	27,491	27,491			16.785000	461,436.44	0.63 %
Equities		NL0009294552	DELTA LLOYD NV DL	EUR	8,000		60,000		3.119000	24,952.00	0.03 %
Equities		PTSEM0AM0004	SEMAPA-SOCIEDADE DE INVESTIM SEM	EUR	81,433				11.170000	909,606.61	1.24 %
Equities		DE000PAT1AG3	PATRIZIA IMMOBILIEN AG P1Z	EUR	24,500	24,500			22.077000	540,886.50	0.74 %
Equities		DE0007480204	DEUTSCHE EUROSHOP AG DEQ	EUR	5,186		4,000		42.050000	218,071.30	0.30 %
Equities		NL0000288876	EUROCOMMERCIAL PROPRTIE-CV ECMPA	EUR	26,000				39.390000	1,024,140.00	1.40 %
Equities		FI0009005318	NOKIAN RENKAAT OYJ NRE1V	EUR	6,000		25,000		33.700000	202,200.00	0.28 %
Equities		IT0005043507	OVS SPA OVS	EUR	87,500	20,000			5.360000	469,000.00	0.64 %
Equities		DE000LEG1110	LEG IMMOBILIEN AG LEG	EUR	8,000	8,000			89.107000	712,856.00	0.98 %
Equities		IE00B1RR8406	SMURFIT KAPPA GROUP PLC SKG	EUR	42,000	18,000			20.660000	867,720.00	1.19 %
Equities		IT0003261697	AZIMUT HOLDING SPA AZM	EUR	39,000	39,000			14.300000	557,700.00	0.76 %
Equities		DE000A0HN5C6	DEUTSCHE WOHNEN AG-BR DWNI	EUR	26,000		10,000		32.990000	857,740.00	1.17 %
Equities		DE000A161N30	GRENKE AG GLJ	EUR	11,466		4,494		172.700000	1,980,178.20	2.71 %
Equities		FR0000120859	IMERYS SA NK	EUR	1,740		11,000		63.650000	110,751.00	0.15 %
Equities		IT0003201198	SIAS SPA SIS	EUR	30,000				8.010000	240,300.00	0.33 %
Equities		ES0130625512	ENCE ENERGIA Y CELULOSA SA ENC	EUR	146,984				2.300000	338,063.20	0.46 %
Equities		NL0010776944	BRUNEL INTERNATIONAL BRNL	EUR	19,200		5,800		18.380000	352,896.00	0.48 %
Equities		FR0000054900	TELEVISION FRANCAISE (T.F.1) TFI	EUR	28,000		40,000		8.754000	245,112.00	0.34 %
Equities		NL0000360618	SBM OFFSHORE NV SBMO	EUR	21,090				12.080000	254,767.20	0.35 %
Equities		FR0000130452	EIFFAGE FGR	EUR	12,000	22,000	10,000		68.990000	827,880.00	1.13 %
Equities		FR0000121501	PEUGEOT SA UG	EUR	16,662		15,000		13.265000	221,021.43	0.30 %
Equities		FR0000044448	NEXANS SA NEX	EUR	29,904				43.500000	1,300,824.00	1.78 %
Equities		FR0010918292	TECHNICOLOR - REGR TCH	EUR	221,428	71,428			5.670000	1,255,496.76	1.72 %
Equities		ES0161560018	NH HOTEL GROUP SA NHH	EUR	126,000	30,000			3.895000	490,770.00	0.67 %
Equities		FR0000050353	LSI FII	EUR	42,500				22.500000	956,250.00	1.31 %
Equities		FI0009013429	CARGOTEC OYJ-B SHARE CGCBV	EUR	24,000	7,000			40.490000	971,760.00	1.33 %
Equities		FR0000050809	SOPRA STERIA GROUP SOP	EUR	10,500				104.000000	1,092,000.00	1.49 %
Equities		PTZON0AM0006	NOS SGPS NOS	EUR	178,000				6.061000	1,078,858.00	1.48 %

Type of security	OGAW/§ 166	ISIN	Security title	Currency	Volume Units/Nom.	Purchases In period under review Units/Nom.	Sales Units/Nom.	Pool-/ ILB Factor	Price	Market value in EUR	Share of fund assets
Equities		BE0974258874	BEKAERT NV BEKB	EUR	5,000				41.280000	206,400.00	0.28 %
Equities		AT0000809058	IMMOFINANZ AG IIA	EUR	300,000	450,000	150,000		1.983000	594,900.00	0.81 %
Equities		AT0000746409	VERBUND AG VER	EUR	35,000		8,000		14.010000	490,350.00	0.67 %
Equities		AT0000938204	MAYR-MELNHOF KARTON AG MMK	EUR	7,000				99.700000	697,900.00	0.95 %
Equities		AT0000676903	RHI AG RHI	EUR	15,000		29,257		18.595000	278,925.00	0.38 %
Equities		AT0000969985	AUSTRIA TECHNOLOGIE & SYSTEM ATS	EUR	78,087		11,040		10.445000	815,618.72	1.12 %
Equities		AT0000641352	CA IMMOBILIEN ANLAGEN AG CAI	EUR	71,989	10,000	35,000		16.655000	1,198,976.80	1.64 %
Equities		ES01 18594417	INDRA SISTEMAS SA IDR	EUR	85,000	55,000			10.550000	896,750.00	1.23 %
Equities		DE0003304002	SOFTWARE AG SOW	EUR	42,000	10,000	17,000		35.405000	1,487,010.00	2.03 %
Equities		AT0000837307	ZUMTOBEL GROUP AG ZAG	EUR	55,000	8,000	3,000		13.655000	751,025.00	1.03 %
Equities		AT0000APOST4	OESTERREICHISCHE POST AG POST	EUR	22,600	29,000	16,400		31.245000	706,137.00	0.97 %
Equities		GB0007365546	CARILLION PLC CLLN	GBP	100,000		31,525		2.660000	314,960.63	0.43 %
Equities		GB00BQY7BX88	MICRO FOCUS INTERNATIONAL MCRO	GBP	84,136		5,000		19.500000	1,942,634.54	2.66 %
Equities		GB00B0HZP136	GREENE KING PLC GNK	GBP	34,000				8.055000	324,279.20	0.44 %
Equities		IE00B00MZ448	GRAFTON GROUP PLC-UTS GFTU	GBP	137,300				5.650000	918,530.58	1.26 %
Equities		GB00B06GM726	TELIT COMMUNICATIONS PLC TCM	GBP	160,000	160,000			2.702500	511,988.63	0.70 %
Equities		GB00B5N0P849	WOOD GROUP (JOHN) PLC WG/	GBP	68,000				6.625000	533,420.16	0.73 %
Equities		NO0003054108	MARINE HARVEST MHG	NOK	90,000				144.300000	1,369,864.46	1.87 %
Equities		SE0000163594	SECURITAS AB-B SHS SECUB	SEK	55,000		10,000		140.700000	807,713.38	1.11 %
Equities		SE0005999778	COM HEM HOLDING AB COMH	SEK	100,000	20,000			73.700000	769,250.84	1.05 %
Equities		SE0007666110	ATTENDO AB ATT	SEK	10,000	10,000			84.500000	88,197.69	0.12 %
Equities		SE0006887063	HOIST FINANCE AB HOFI	SEK	75,000				80.500000	630,169.87	0.86 %
Total licensed securities admitted to trading on the official market or another regulated market										72,747,157.39	99.53 %
Total securities										72,747,157.39	99.53 %
Bank balances/liabilities											
				EUR						496,025.83	0.68 %
				NOK						-12,532.92	-0.02 %
Total bank balances/liabilities										483,492.91	0.66 %
Accruals and deferrals											
Interest claims (on securities and bank balances)										-16.59	-0.00 %
Dividends receivable										2,337.50	0.00 %
Total accruals and deferrals										2,320.91	0.00 %
Other items											
Various fees										-145,706.32	-0.20 %
Total other items										-145,706.32	-0.20 %
Total fund assets										73,087,264.89	100.00 %

ISIN	Income class		Currency	Net asset value per unit	Units in circulation
AT0000638986	R	income-distributing	EUR	234.08	21,475.069
AT0000638994	R	income-retaining	EUR	252.39	190,921.565
AT0000639000	R	full income-retaining (outside Austria)	EUR	260.13	66,783.916
AT0000A0LQ44	I	full income-retaining (outside Austria)	EUR	274.52	440.005
AT0000A15HP6	R	full income-retaining (Austria)	EUR	260.62	9,126.670

Exchange rates

Foreign currency assets were converted into EUR on the basis of the exchange rates applicable on Jul 28, 2016

Currency		Price (1 EUR =)
Swiss Francs	CHF	1.088100
Danish Kroner	DKK	7.438150
British Pound	GBP	0.844550
Norwegian Kroner	NOK	9.480500
Swedish Krona	SEK	9.580750

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

Type of security	OGAW/\$ 166	ISIN	Security title	Currency		Purchases Additions	Sales Disposals
Equities		CH0038388911	SULZER AG-REG SUN	CHF			10,000
Equities		CH0100185955	GATEGROUP HOLDING AG GATE	CHF			35,273
Equities		DK0010259027	DFDS A/S DFDS	DKK		25,000	30,000
Equities		BE0003735496	ORANGE BELGIUM OBEL	EUR			5,000
Equities		BE0005644183	NYRSTAR - STRIP VVPR NYRS	EUR			24,500
Equities		DE000A0CAYB2	WINCOR NIXDORF AG WIN	EUR			16,000
Equities		DE000SYM9999	SYMRISE AG SY1	EUR			4,000
Equities		NL0000354488	USG PEOPLE NV USG	EUR		30,000	119,485
Equities		NL0009739424	TNT EXPRESS NV TNTE	EUR			181,753
Equities		PTPTC0AM0009	PHAROL SGPS SA PHR	EUR			50,000
Equities		NO0010170921	DOLPHIN GROUP ASA DOLP	NOK			300,000
Subscription rights		DE000A1614Q0	RHOEN-KLINIKUM AG-TENDER RTS RHKT	EUR		22,000	22,000
Subscription rights		DE000A2AA378	GRENKELEASING AG;DIVIDENDENANSPRUCH BARAUSSAHL.	EUR		11,466	11,466
Subscription rights		FR0012993202	TECHNICOLOR SA-RTS TCHDS	EUR		150,000	150,000
Subscription rights		NL0011376066	WOLTERS KLUWER NV-DRP 1317495D	EUR		25,625	25,625
Subscription rights		NL0011376272	DELTA LLOYD NV-SCRIP 1309300D	EUR		48,000	48,000
Subscription rights		NL0011460928	EUROCOMMERCIAL PROPER-SCRIP 1339777D	EUR		26,000	26,000
Subscription rights		NL0011755814	WOLTERS KLUWER NV-SCRIP 1384318D	EUR		23,625	23,625
Subscription rights		NL0011784020	DELTA LLOYD NV-RTS DLRI	EUR		8,000	8,000
Subscription rights		NL0011821293	SBM OFFSHORE N.V.;ANRECHTE (WAHLDIVIDENDE)	EUR		21,090	21,090
Subscription rights		NL0011867353	BRUNEL INTERNATIONAL-SCRIP 1402811D	EUR		19,200	19,200
Warrants		FR0010897082	MAUREL ET PROM-CW15 MAUBS	EUR			30,000

Total return swaps and similar derivative instruments

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

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

Calculation method for overall risk

Calculation method for overall risk

Simplified approach

Remuneration paid to the employees of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. in EUR (financial year 2015 of Raiffeisen Kapitalanlage-Gesellschaft m.b.H.)

Total number of employees	243
Number of risk-bearers	60
Fixed remuneration	22,778,221.66
Variable remuneration (bonuses)	3,336,880.97
Total remuneration for employees	26,115,102.63
of which remuneration for managing directors	979,380.61
of which remuneration for managers (risk-bearers)	1,765,201.57
of which remuneration for other risk-bearers	6,048,919.67
of which remuneration for employees in positions of control	232,440.45
of which remuneration for employees in the same income bracket as managing directors and risk-bearers due to their overall remuneration	0.00
Total remuneration for risk-bearers	9,025,942.30

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

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

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

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

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

- In accordance with the regulatory requirements, for the performance period 2015 a portion of the variable remuneration for risk-bearers will for the first time also be paid out in the form of units in an investment fund managed by Raiffeisen Kapitalanlage-Gesellschaft m.b.H. In addition, as required by law portions of the variable remuneration of risk-bearers will be deferred and paid out over a period of several years.
- The supervisory board of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. resolves the general remuneration policy principles specified by the remuneration committee, reviews them at least once a year and is responsible for their implementation and for monitoring of this issue. The supervisory board most recently fulfilled this duty on Jun 15, 2016.
- In addition, at least once per year a central and independent internal review determines whether the company's remuneration policy has been implemented in accordance with the applicable remuneration regulations and procedures. The internal auditing division of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. published its most recent report on Aug 25, 2016. This report did not identify any irregularities or other unresolved issues concerning the remuneration policy of Raiffeisen Kapitalanlage-Gesellschaft m.b.H.

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

- The remuneration principles of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. support the business strategy and the long-term goals, interests and values of the company and of the investment funds managed by Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
- The remuneration principles of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. include measures to avoid conflicts of interest.

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

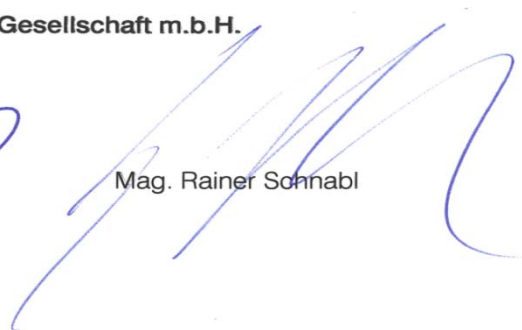
Raiffeisen Kapitalanlage-Gesellschaft m.b.H. complies with the code of conduct for the Austrian investment fund industry 2012.

Vienna, 7 October 2016

Raiffeisen Kapitalanlage-Gesellschaft m.b.H.



Mag. (FH) Dieter Aigner



Mag. Rainer Schnabl

Audit opinion

Report on the annual fund report

We have audited the annual fund report as of 31 July 2016 issued by Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna, for its fund Raiffeisen European SmallCap for the financial year from 1 August 2015 to 31 July 2016.

Responsibility of the company's statutory representatives for the annual fund report

The company's statutory representatives are responsible for the preparation of this annual fund report and for ensuring that it provides an appropriate overall picture in compliance with Austrian commercial law, the provisions of the Austrian Investment Fund Act and the internal checks which the company's statutory representatives deem necessary in order to enable the preparation of an annual fund report which is free from material intentional or unintentional misstatements.

Responsibility of the bank auditor

Our task is to present an opinion regarding this annual fund report on the basis of our audit.

We performed our audit in accordance with § 49 para. 5 of the Austrian Investment Fund Act in accordance with Austrian principles of proper balance sheet auditing. These principles require application of the International Standards on Auditing (ISA). In accordance with these principles, we are required to comply with the code of conduct for our profession and to plan and execute our audit so as to obtain a sufficient degree of certainty as to whether the annual fund report is free from material misstatements.

An audit includes the performance of audit activities in order to obtain documentation concerning the valuations and other information provided in the annual fund report. The audit activities are chosen at the discretion of the bank auditor. This includes an assessment of the risks of material intentional or unintentional misstatements in the annual fund report. In assessing these risks, the bank auditor considers the company's internal control system which is relevant for its preparation of the annual fund report and for ensuring that this annual fund report provides an appropriate overall picture, so as to plan audit activities which are adequate in the given circumstances, but not with the objective of providing an audit opinion regarding the effectiveness of the company's internal control system. An audit also includes an assessment of the appropriateness of the accounting principles applied and the reasonableness of the estimates made by the company's statutory representatives in this accounting as well as an assessment of the overall picture provided by the annual fund report.

In our opinion we have obtained sufficient and suitable documentation as a basis for our audit opinion.

Audit outcome

Our audit has not met with any objections. In our view the annual fund report as of 31 July 2016 for Raiffeisen European SmallCap complies with the statutory regulations.

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, these disclosures are consistent with the information provided in the rest of the report.

Vienna, 7 October 2016

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca
Auditor

Tax treatment

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

Fund regulations

Fund regulations pursuant to the Austrian Investment Fund Act 2011

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

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

Article 1 Fund units

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

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

Article 2 Custodian bank (custodian)

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

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

Article 3 Investment instruments and principles

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

The investment fund mainly invests (at least 51 % of its fund assets) in equities or equity-equivalent securities issued by small cap companies with a market capitalization of up to EUR 5 billion which are headquartered or mainly active in Europe.

The following investment instruments are purchased for the fund assets, while complying with the investment focus outlined above.

Securities

The fund may purchase securities (including securities with embedded derivative instruments) as permitted by law.

Money market instruments

Money market instruments may comprise **up to 49 %** of the fund assets.

Securities and money market instruments

Not fully paid-in securities or money market instruments and subscription rights for such instruments or other not fully paid-in financial instruments may only be purchased for up to **10 %** of the fund assets.

Securities and money market instruments may be purchased if they comply with the criteria concerning listing and trading on a regulated market or a securities exchange pursuant to InvFG.

Securities and money market instruments which do not fulfill the criteria laid down in the above paragraph may be purchased for up to 10 % of the fund assets in total.

Units in investment funds

Units in investment funds (UCITS, UCI) **may each amount to up to 10 %** of the fund assets – and **up to 10 % of the fund assets in total** – insofar as these UCITS or UCI do not for their part invest more than 10 % of their fund assets in units in other investment funds.

Derivative instruments

Derivative instruments may be used as part of the fund's investment strategy for **up to 49 %** of the fund assets (calculated on the basis of market prices) and for hedging purposes.

Investment fund's risk measurement method

The investment fund applies the following risk measurement method:

Commitment approach

The commitment figure is calculated pursuant to the 3rd chapter of the 4th Austrian Derivatives Risk Calculation and Reporting Ordinance (Derivate-Risikoberechnungs- und Meldeverordnung), as amended.

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

Please refer to the prospectus for details and comments.

Sight deposits or deposits at notice

Sight deposits and deposits at notice with notice periods not exceeding 12 months may amount to **up to 25 %** of the fund assets. No minimum bank balance is required.

Within the framework of restructuring of the fund portfolio and/or a justified assumption of impending losses for securities, the investment fund may hold a lower proportion of securities and a higher proportion of sight deposits or deposits at notice with notice periods not exceeding 12 months.

Short-term loans

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

Repos

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

Securities lending

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

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

However, this does not apply for currency hedge transactions. These transactions may only be entered into in relation to a single unit class.

Expenses and income resulting from a currency hedge transaction shall exclusively be allocated to the relevant unit class.

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

Article 4 Issuance and redemption modalities

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

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

Issuance and subscription fee

Units will be issued on any banking day.

The issue price is the unit value plus a fee per unit of **up to 5 %** to cover the management company's issuing costs.

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

The management company shall be entitled to introduce a graduated subscription fee.
Please refer to the prospectus for further details.

Redemption and redemption fee

Units will be redeemed on any banking day.

The redemption price is based on the value of a unit. No redemption fee will be charged.

At the request of a unitholder, its unit shall be redeemed out of the investment fund at the applicable redemption price, against surrender of the unit certificate, those income coupons which are not yet due and the renewal certificate.

Article 5 Accounting year

The investment fund's accounting year runs from August 1 to July 31.

Article 6 Unit classes and appropriation of income

Income-distributing unit certificates, income-retaining unit certificates with capital gains tax deducted and income-retaining unit certificates without capital gains tax deducted may be issued for the investment fund.

Various classes of unit certificates may be issued for this investment fund. The management company may decide to establish unit classes or to issue units in a given unit class. Please refer to the prospectus for further details.

Appropriation of income for income-distributing unit certificates (income distribution)

Once costs have been covered, the income received during the past accounting year (interest and dividends) may be distributed at the discretion of the management company. Distribution may be waived subject to due consideration of the unitholders' interests. The distribution of income from the sale of assets of the investment fund including subscription rights shall likewise be at the discretion of the management company. A distribution from the fund assets and interim distributions are also permissible.

The fund assets may not through distributions fall below the minimum volume for a termination which is stipulated by law.

From October 15 of the following accounting year the amounts are to be distributed to the holders of income-distributing unit certificates. Any remaining balances shall be carried forward to a new account.

In any case, from October 15 an amount calculated pursuant to InvFG shall be paid out, to be used where applicable to meet any capital gains tax commitments on the distribution-equivalent return on those unit certificates, unless the management company ensures through appropriate proof from the custodians that at the time of payout the unit certificates may only be held by unitholders who are either not subject to Austrian income or corporate income tax or who fulfill the requirements for an exemption pursuant to § 94 of the Austrian Income Tax Act or for a capital gains tax exemption.

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

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

Income during the accounting year net of costs shall not be distributed. In case of income-retaining unit certificates, from October 15 an amount calculated pursuant to InvFG shall be paid out, to be used where applicable to meet any capital gains tax commitments on the distribution-equivalent return on those unit certificates, unless the management company ensures through appropriate proof from the custodians that at the time of payout the unit certificates are only held by unitholders who are either not subject to Austrian income or corporate income tax or who fulfill the requirements for an exemption pursuant to § 94 of the Austrian Income Tax Act or for a capital gains tax exemption.

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

Income during the accounting year net of costs shall not be distributed. No payment pursuant to InvFG will be made. October 15 of the following accounting year shall be the key date pursuant to InvFG in case of failure to pay capital gains tax on the annual income.

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

If these preconditions have not been met as of the outpayment date, the amount calculated pursuant to InvFG shall be paid out by the custodian bank in the form of credit.

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

Income-retaining unit certificates without deducted capital gains tax shall only be sold outside Austria.

Income during the accounting year net of costs shall not be distributed. No payment pursuant to InvFG will be made.

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

Article 7 Management fee, reimbursement of expenses, liquidation fee

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

The management company is entitled to reimbursement of all expenses associated with its management of the fund.

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

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

At the liquidation of the investment fund, the custodian bank shall receive remuneration amounting to **0.5 %** of the fund assets.

Please refer to the prospectus for further details.

Appendix

List of stock exchanges with official trading and organized markets

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

According to Article 16 of Directive 93/22/EEC (investment services in the securities field), each member state is obliged to maintain an up-to-date directory of its licensed markets. This directory is to be made available to the other member states and to the Commission.

According to this provision, the Commission is obliged to publish once a year a directory of the regulated markets of which it has received notice.

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

1.1. The current directory of regulated markets is available at:

http://mifiddatabase.esma.europa.eu/Index.aspx?sectionlinks_id=23&language=0&pageName=REGULATED_MARKETS_Display&subsection_id=0¹

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

1.2.1. Luxembourg Euro MTF Luxembourg

1.3. Recognized markets in the EU pursuant to § 67 (2) item 2 InvFG:

Markets in the EEA classified as recognized markets by the relevant supervisory authorities.

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

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

3. Stock exchanges in non-European states

3.1.	Australia:	Sydney, Hobart, Melbourne, Perth
3.2.	Argentina:	Buenos Aires
3.3.	Brazil:	Rio de Janeiro, Sao Paulo
3.4.	Chile:	Santiago
3.5.	China:	Shanghai Stock Exchange, Shenzhen Stock Exchange
3.6.	Hong Kong:	Hong Kong Stock Exchange
3.7.	India:	Mumbai
3.8.	Indonesia:	Jakarta
3.9.	Israel:	Tel Aviv
3.10.	Japan:	Tokyo, Osaka, Nagoya, Kyoto, Fukuoka, Niigata, Sapporo, Hiroshima
3.11.	Canada:	Toronto, Vancouver, Montreal
3.12.	Colombia:	Bolsa de Valores de Colombia
3.13.	Korea:	Korea Exchange (Seoul, Busan)
3.14.	Malaysia:	Kuala Lumpur, Bursa Malaysia Berhad
3.15.	Mexico:	Mexico City
3.16.	New Zealand:	Wellington, Christchurch/Invercargill, Auckland
3.17.	Peru:	Bolsa de Valores de Lima
3.18.	Philippines:	Manila

¹ Click on "view all" to open the directory. The link may be modified by the Austrian Financial Market Authority (FMA) or by the European Securities and Markets Authority (ESMA).

[You may access the directory as follows by way of the FMA's website:

<http://www.fma.gv.at/de/unternehmen/boerse-wertpapierhandel/boerse.html> - scroll down - link "List of Regulated Markets (MiFID Database; ESMA)" – "view all"]¹

3.19.	Singapore:	Singapore Stock Exchange
3.20.	South Africa:	Johannesburg
3.21.	Taiwan:	Taipei
3.22.	Thailand:	Bangkok
3.23.	USA:	New York, American Stock Exchange (AMEX), New York Stock Exchange (NYSE), Los Angeles/Pacific Stock Exchange, San Francisco/Pacific Stock Exchange, Philadelphia, Chicago, Boston, Cincinnati
3.24.	Venezuela:	Caracas
3.25.	United Arab Emirates:	Abu Dhabi Securities Exchange (ADX)

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

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

5. Stock exchanges with futures and options markets

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

Appendix

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