

# Raiffeisen Eastern European Equities

(Original German name: Raiffeisen-Osteuropa-Aktien)

## **annual fund report**

financial year Feb 1, 2016 – Jan 31, 2017

**Note:**

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

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# Report for the financial year from Feb 1, 2016 to Jan 31, 2017

## General fund information

ISIN	Tranche	Income class	Currency	Launch date
AT0000936513	Raiffeisen Eastern European Equities (R) A	income-distributing	EUR	Feb 21, 1994
AT0000805460	Raiffeisen Eastern European Equities (R) T	income-retaining	EUR	May 17, 1999
AT0000A13K38	Raiffeisen Eastern European Equities (I) T	income-retaining	EUR	Dec 2, 2013
AT0000785241	Raiffeisen Eastern European Equities (R) VTA	full income-retaining (outside Austria)	EUR	May 26, 1999
AT0000A0EY50	Raiffeisen Eastern European Equities (I) VTA	full income-retaining (outside Austria)	EUR	Jan 4, 2010

## Fund characteristics

Fund currency	EUR
Financial year	Feb 1 – Jan 31
Distribution/payment/reinvestment date	Apr 1
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): 0.900 %
Custodian bank	Raiffeisen Bank International AG
Management company	Raiffeisen Kapitalanlage-Gesellschaft m.b.H. Mooslackengasse 12, A-1190 Vienna Tel. +43 1 71170-0 Fax +43 1 71170-761092 www.rcm.at Companies register number: 83517 w
Fund management	Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
Auditor	KPMG Austria GmbH

### **Legal notice**

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

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

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

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

Dear unitholder,

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

## Fund details

	Jan 31, 2015	Jan 31, 2016	Jan 31, 2017
Total fund assets in EUR	372,615,402.92	289,091,771.34	353,480,361.99
Net asset value/distributing units (R) (AT0000936513) in EUR	202.78	167.05	221.70
Issue price/distributing units (R) (AT0000936513) in EUR	212.92	175.40	232.79
Net asset value/reinvested units (R) (AT0000805460) in EUR	230.02	192.22	260.04
Issue price/reinvested units (R) (AT0000805460) in EUR	241.52	201.83	273.04
Net asset value/reinvested units (I) (AT0000A13K38) in EUR	233.39	197.19	269.72
Issue price/reinvested units (I) (AT0000A13K38) in EUR	245.06	207.05	283.21
Net asset value/fully reinvested units (R) (AT0000785241) in EUR	241.40	201.73	272.93
Issue price/fully reinvested units (R) (AT0000785241) in EUR	253.47	211.82	286.58
Net asset value/fully reinvested units (R) (AT0000A10BJ3) in GBP	212.32	179.37	-
Issue price/fully reinvested units (R) (AT0000A10BJ3) in GBP	222.94	188.34	-
Net asset value/fully reinvested units (R) (AT0000A10BH7) in USD	210.52	169.74	-
Issue price/fully reinvested units (R) (AT0000A10BH7) in USD	221.05	178.23	-
Net asset value/fully reinvested units (I) (AT0000A0EY50) in EUR	255.53	215.94	295.39
Issue price/fully reinvested units (I) (AT0000A0EY50) in EUR	268.31	226.74	310.16
		<b>Apr 1, 2016</b>	<b>Apr 3, 2017</b>
Distribution/unit (R) (A) EUR		3.6000	2.2200
Outpayment /unit (R) (T) EUR		0.0000	0.0000
Outpayment/unit (I) (T) EUR		0.0000	0.0000
Reinvestment/unit (R) (T) EUR		0.0000	0.0000
Reinvestment/unit (I) (T) EUR		0.0000	0.0000
Reinvestment/unit (R) (VTA) EUR		0.0000	-
Reinvestment/unit (R) (VTA) GBP		0.0000	-
Reinvestment/unit (R) (VTA) USD		0.0000	0.0000
Reinvestment/unit (I) (VTA) EUR		0.0000	0.0000

The distribution will occur free-of-charge at the fund's paying agents.

## Units in circulation

	Units in circulation on Jan 31, 2016	Sales	Repurchases	Units in circulation on Jan 31, 2017
AT0000936513 (R) A	345,806.356	31,121.181	-25,932.861	350,994.676
AT0000805460 (R) T	694,012.021	108,390.721	-85,172.894	717,229.848
AT0000A13K38 (I) T	78.000	0.000	0.000	78.000
AT0000785241 (R) VTA	470,007.953	35,368.034	-191,292.363	314,083.624
AT0000A10BH7 (R) VTA	10.000	1,804.511	-1,814.511	-
AT0000A10BJ3 (R) VTA	10.000	0.000	-10.000	-
AT0000A0EY50 (I) VTA	14,268.469	1,197.139	-3,938.494	11,527.114
<b>Total units in circulation</b>				<b>1,393,913.262</b>

## Development of the fund assets and income statement

### Performance in financial year (fund performance)

#### Distributing units (R) (AT0000936513)

Net asset value per unit at start of financial year in EUR	167.05
Distribution on Apr 1, 2016 (net asset value: EUR 186.21) of EUR 3.6000, corresponds to 0.019333 units	
Net asset value per unit at end of financial year in EUR	221.70
Total value incl. units purchased through distribution (1.019333 x 221.70)	225.99
Net income/net reduction per unit	58.94

#### Performance of one unit during the financial year in %

35.28

#### Reinvested units (R) (AT0000805460)

Net asset value per unit at start of financial year in EUR	192.22
Net asset value per unit at end of financial year in EUR	260.04
Net income/net reduction per unit	67.82

#### Performance of one unit during the financial year in %

35.28

#### Reinvested units (I) (AT0000A13K38)

Net asset value per unit at start of financial year in EUR	197.19
Net asset value per unit at end of financial year in EUR	269.72
Net income/net reduction per unit	72.53

#### Performance of one unit during the financial year in %

36.78

#### Fully reinvested units (R) (AT0000785241)

Net asset value per unit at start of financial year in EUR	201.73
Net asset value per unit at end of financial year in EUR	272.93
Net income/net reduction per unit	71.20

#### Performance of one unit during the financial year in %

35.29

#### Fully reinvested units (R) (AT0000A10BJ3)

Net asset value per unit at start of financial year in GBP	179.37
Net asset value per unit at liquidation of tranche (Nov 30, 2016) in GBP	241.56
Net income/net reduction per unit	62.19

#### Performance of one unit from start of the financial year up to the liquidation of the tranche (Nov 30, 2016) in %

34.67

**Fully reinvested units (R) (AT0000A10BH7)**

Net asset value per unit at start of financial year in USD	169.74
Net asset value per unit at liquidation of tranche (Sep 15, 2016) in USD	103.30
Net income/net reduction per unit	-66.44

**Performance of one unit from start of the financial year up to the liquidation of the tranche (Sep 15, 2016) in %** - 1

**Fully reinvested units (I) (AT0000A0EY50)**

Net asset value per unit at start of financial year in EUR	215.94
Net asset value per unit at end of financial year in EUR	295.39
Net income/net reduction per unit	79.45

**Performance of one unit during the financial year in %** 36.79

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**

<b>Fund assets on Jan 31, 2016 (1,524,192.799 units)</b>	<b>289,091,771.34</b>
Distribution on Apr 1, 2016 (EUR 3.6000 x 344,683.710 distributing units (R) (AT0000936513))	-1,240,861.36
Issuance of units	39,104,454.76
Redemption of units	-70,218,170.01
Pro rata income adjustment	-1,780,114.65
<b>Overall fund result</b>	<b>98,523,281.91</b>
<b>Fund assets on Jan 31, 2017 (1,393,913.262 units)</b>	<b>353,480,361.99</b>

<sup>1</sup> Due to the low volume of unit certificates and the decline in the number of units in circulation for the fully reinvesting R tranche (USD), it is pointed out that discrepancies may arise in the performance calculation for the various tranches on technical grounds. This will not be separately indicated.

## Fund result in EUR

### A. Realized fund result

<b>Ordinary fund result</b>	
<b>Income (excl. closing price)</b>	
Interest income	1.45
Income from securities lending transactions	84,162.76
Interest expenses (incl. negative credit interest)	-17,235.22
Dividend income (incl. dividend equivalent)	11,022,541.42
	<b>11,089,470.41</b>
<b>Expenses</b>	
Management fees	-6,586,567.12
Custodian bank fees / Custodian's fees	-324,098.64
Auditing expenses	-23,083.02
Tax consulting fees	-12,467.37
Custody charge	-249,234.35
Statutory/publication expenses	-40,980.00
	<b>-7,236,430.50</b>
<b>Ordinary fund result (excl. income adjustment)</b>	<b>3,853,039.91</b>
<b>Realized closing price</b>	
Profits realized from securities	13,969,505.19
Losses realized from securities	-41,534,086.52
<b>Realized closing price (excl. income adjustment)</b>	<b>-27,564,581.33</b>
<b>Realized fund result (excl. income adjustment)</b>	<b>-23,711,541.42</b>
<b>B. Unrealized closing price</b>	
<b>Change in unrealized closing price</b>	<b>120,454,708.68</b>
	<b>120,454,708.68</b>
<b>C. Income adjustment</b>	
<b>Income adjustment for income during financial year</b>	<b>1,780,114.65</b>
	<b>1,780,114.65</b>
<b>Overall fund result</b>	<b>98,523,281.91</b>

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 936,502.99 EUR.

## Capital market report

Most of the stock markets registered gains in 2016. Overall, the emerging markets outperformed the developed markets for the first time in a long while. The US stock indexes reached new all-time highs following the electoral victory of Donald Trump and the Republicans. These trends continued in the first few weeks of the new year. The stock markets in Europe struggled for a long time in 2016, but most of the European stock exchanges ultimately achieved gains in the past year thanks to a strong final spurt. Almost all of the bond markets provided positive returns for investors in 2016, despite a significant correction in the final quarter of the year. US high-yield bonds achieved especially strong growth levels. Emerging markets bonds likewise registered strong gains. Commodities recovered strongly following the two very weak previous years. While precious metals relinquished a considerable portion of their gains in the 2nd half of the year, the price of oil continued to rise in December 2016, after the OPEC countries and Russia agreed cutbacks in production. The financial markets are currently paying particular attention to the US central bank (the Fed), the new US administration's future policies and also the price trend for crude oil. The stock markets are betting on rising corporate profits, which declined for much of 2016. There are actually currently signs of a clearly positive shift in this respect. Moreover, the fact that the US presidency and parliament are now in the hands of a single party has suddenly generated highly optimistic sentiment. There are now many predictions of further improvements in economic growth, stock prices and corporate profits worldwide, but in the USA in particular. It remains to be seen to what extent expectations which are in some cases highly ambitious will actually be borne out over the next few quarters.

After just one interest-rate increase by the US central bank in the past year, in view of a higher growth and inflation outlook for 2017 the markets are anticipating two to three interest-rate adjustments in 2017. Despite key interest rates which are still extremely low, the Fed's scope for interest-rate increases is likely overall considerably lower than in the past. There is therefore no prospect of a return to yield levels of around 5-6 % for 10-year US government bonds for some time to come. Nonetheless, in the USA the decade-long upward trend for bond prices may soon end, and a turnaround may result over the long term. At the same time, the US bond markets have already priced in a great deal of economic confidence. Somewhat moderate further yield rises therefore appear the most likely prospect for the time being. These gains may rub off on the Eurozone, albeit to a considerably reduced extent.

Unlike the US central bank, the European Central Bank (ECB) is continuing to loosen its monetary policy. In order to counteract deflationary tendencies, it is purchasing government bonds on a huge scale and is even buying corporate bonds. It has moved several key interest rates in the Eurozone clearly into negative territory. From an economic point of view, these measures have only partially paid off to date. However, they have at least weakened the euro's exchange rate, while buoying the European financial markets. The ECB will very likely leave its expansionary monetary policy intact throughout the current year.

The central banks' unprecedentedly loose monetary policy around the globe over the past few years also reflects a persistently weak global economic growth trend. There have recently been increasing signs of an upturn, however, particularly in the USA. Growth is also expected to pick up in many emerging markets. The overall economic trend in the Eurozone still appears to be stable, but will likely once again fail to achieve any significant momentum in 2017. The yield level remains very low almost everywhere in the world. 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, in which an entirely different interest-rate environment prevailed. The market environment will certainly remain challenging and may continue to entail stronger price fluctuations over the next few months. Currently, the positive factors continue to predominate on the stock markets, but something of a headwind should be expected on most bond markets over the coming months.

## Fund investment policy report

In the past accounting year, trends varied greatly in the region's investment countries. The Russian stock exchange realized the strongest performance. Russia's stock market and currency were buoyed by the sustained recovery of the price of oil. Financial stocks strongly benefited from the stabilization of the Russian economy. Following a period of many years, the utilities sector achieved a turnaround in 2016 and was the strongest sector by far in 2016.

The past year was disappointing in Turkey, which suffered due to a series of political uncertainties. The Turkish lira came under strong pressure in the 2nd half of 2016 due to the loss of the country's investment grade rating.

Poland performed very strongly over the last few months of the reporting period. This was probably more due to the positive global stock environment and investors' relatively marginal positioning. In valuation terms, the Polish market is only selectively attractive. The Hungarian market performed very strongly. In particular, the index heavyweight OPT benefited from the recovery in Russia.

The situation in Greece remains difficult and shaped by politics. The fund only invested highly selectively in this country. Romanian equities remained an attractive supplement for the fund.

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

## Makeup of fund assets in EUR

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

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

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

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

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

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

Type of security	OGAW/§ 166	Currency	Market value in EUR	Share of fund assets
Equities		CZK	10,796,353.08	3.05 %
Equities		EUR	16,541,086.77	4.68 %
Equities		HUF	16,776,249.52	4.75 %
Equities		PLN	49,112,726.28	13.89 %
Equities		RON	5,756,334.28	1.63 %
Equities		RUB	103,139,851.87	29.18 %
Equities		TRY	42,902,946.40	12.14 %
<b>Total Equities</b>			<b>245,025,548.20</b>	<b>69.32 %</b>
Equities ADR		USD	75,623,092.98	21.39 %
<b>Total Equities ADR</b>			<b>75,623,092.98</b>	<b>21.39 %</b>
Equities GDR		USD	28,675,177.58	8.11 %
<b>Total Equities GDR</b>			<b>28,675,177.58</b>	<b>8.11 %</b>
<b>Total securities</b>			<b>349,323,818.76</b>	<b>98.82 %</b>
<b>Bank balances/liabilities</b>				
Bank balances/liabilities in fund currency			4,208,228.04	1.19 %
Bank balances/liabilities in foreign currency			1,309.86	0.00 %
<b>Total bank balances/liabilities</b>			<b>4,209,537.90</b>	<b>1.19 %</b>
<b>Accruals and deferrals</b>				
Interest claims (on securities and bank balances)			-1,211.45	-0.00 %
Dividends receivable			696,483.39	0.20 %
<b>Total accruals and deferrals</b>			<b>695,271.94</b>	<b>0.20 %</b>

Type of security	OGAW/§ 166	Currency	Market value in EUR	Share of fund assets
<b>Other items</b>				
Various fees			-748,266.60	-0.21 %
<b>Total other items</b>			<b>-748,266.60</b>	<b>-0.21 %</b>
<b>Total fund assets</b>			<b>353,480,361.99</b>	<b>100.00 %</b>

## Portfolio of investments in EUR as of Jan 31, 2017

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

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

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

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

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

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

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

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

Type of security	OGAW/§ 166	ISIN	Security title	Currency	Volume Units/Nom.	Purchases In period under review Units/Nom.	Sales Units/Nom.	Pool-/ILB Factor	Price	Market value in EUR	Share of fund assets
Equities		CZ0005112300	CEZ AS CEZ	CZK	418,600	249,400	35,400		423.500000	6,560,837.14	1.86 %
Equities		CZ0008019106	KOMERCNI BANKA AS KOMB	CZK	91,000	97,900	23,900		887.500000	2,988,934.33	0.85 %
Equities		CZ0008040318	MONETA MONEY BANK AS MONET	CZK	409,772	437,672	27,900		82.200000	1,246,581.61	0.35 %
Equities		GRS015003007	ALPHA BANK AE ALPHA	EUR	3,316,628	3,339,600	1,454,500		1.680000	5,571,935.04	1.58 %
Equities		AT0000652011	ERSTE GROUP BANK AG EBS	EUR	21,700	11,300	1,600		28.635000	621,379.50	0.18 %
Equities		GRS323003012	EUROBANK ERGASIAS SA EUROB	EUR	1,091,558		535,842		0.569000	621,096.50	0.18 %
Equities		GRS260333000	HELLENIC TELECOMMUN ORGANIZA HTO	EUR	249,819		18,800		8.470000	2,115,966.93	0.60 %
Equities		GRS282183003	JUMBO SA BELA	EUR	94,375	228,900	256,100		13.380000	1,262,737.50	0.36 %
Equities		GRS003003027	NATIONAL BANK OF GREECE ETE	EUR	10,517,200	7,395,300	3,971,300		0.225000	2,366,370.00	0.67 %
Equities		GRS419003009	OPAP SA OPAP	EUR	479,711	487,400	173,800		8.300000	3,981,601.30	1.13 %
Equities		HU0000073507	MAGYAR TELEKOM TELECOMMUNICA MTEL	HUF	1,186,489		89,300		513.000000	1,958,740.63	0.55 %
Equities		HU0000068952	MOL HUNGARIAN OIL AND GAS PL MOL	HUF	32,500	2,000	133,000		20,320.000000	2,125,215.21	0.60 %
Equities		HU0000061726	OTP BANK PLC OTP	HUF	323,900	77,900	30,400		8,816.000000	9,189,214.31	2.60 %
Equities		HU0000123096	RICHTER GEDEON NYRT RICHT	HUF	176,400		13,300		6,171.000000	3,503,079.37	0.99 %
Equities		PLBH00000012	BANK HANDLOWY W WARSZAWIE SA BHW	PLN	53,800		4,000		77.430000	961,452.66	0.27 %
Equities		PLPEKAO00016	BANK PEKAO SA PEO	PLN	117,293	36,940	6,900		135.000000	3,654,620.05	1.03 %
Equities		PLBZ00000044	BANK ZACHODNI WBK SA BZW	PLN	47,750	28,084	1,900		336.100000	3,704,062.09	1.05 %
Equities		PLCCC0000016	CCC SA CCC	PLN	26,400		2,000		206.800000	1,260,058.85	0.36 %
Equities		PLCFRPT00013	CYFROWY POLSAT SA CPS	PLN	284,123	285,623	1,500		24.490000	1,605,948.25	0.45 %
Equities		PLEURCH00011	EUROCASH SA EUR	PLN	46,100		3,500		39.480000	420,063.01	0.12 %
Equities		PLKGHM000017	KGHM POLSKA MIEDZ SA KGH	PLN	210,600	242,300	171,400		122.300000	5,944,580.23	1.68 %
Equities		PLKPK0000499	KRUK SA-PDA-ALLOT KRUA	PLN	7,385	7,385			249.600000	425,433.27	0.12 %
Equities		PLBRE0000012	MBANK SA MBK	PLN	27,600	27,900	300		377.950000	2,407,574.87	0.68 %
Equities		PLTLKPL00017	ORANGE POLSKA SA TPS	PLN	1,336,718	492,400	100,600		5.370000	1,656,725.10	0.47 %
Equities		PLPKO0000016	PKO BANK POLSKI SA PKO	PLN	530,100	406,500	570,700		30.640000	3,748,719.40	1.06 %
Equities		PLPKPCR00011	PKP CARGO SA PKP	PLN	144,500		10,900		53.390000	1,780,590.85	0.50 %
Equities		PLPKN0000018	POLSKI KONCERN NAFTOWY ORLEN PKN	PLN	244,800		149,800		81.310000	4,594,007.96	1.30 %
Equities		PLPGNIG00014	POLSKIE GORNICTWO NAFTOWE I PGN	PLN	3,877,200	3,030,200	3,741,200		5.470000	4,894,878.31	1.38 %
Equities		PLPZU0000011	POWSZECHNY ZAKLAD UBEZPIECZE PZU	PLN	725,400		54,600		35.150000	5,884,902.20	1.66 %
Equities		PLDWORY00019	SYNTHOS SA SNS	PLN	1,603,100	1,619,300	16,200		6.000000	2,219,975.77	0.63 %
Equities		PLTAURN00011	TAURON POLSKA ENERGIA SA TPE	PLN	1,774,300	450,000	3,152,000		2.900000	1,187,576.02	0.34 %

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		DE000A13STW4	UNIWHEELS AG UNW	PLN	50,948	12,794	15,595		234.850000	2,761,557.39	0.78 %
Equities		ROTLVAACNOR1	BANCA TRANSILVANIA SA TLV	RON	1,363,803	1,398,703	34,900		2.370000	717,591.85	0.20 %
Equities		ROFPTAACNOR5	SC FONDUL PROPRIETATEA SA	RON	4,779,230	5,627,038	847,808		0.885000	939,028.37	0.27 %
Equities		ROELECACNOR5	SOCIETATEA ENERGETICA ELECTR EL	RON	334,205		25,200		13.700000	1,016,508.52	0.29 %
Equities		ROSNGNACNOR3	SOCIETATEA NATIONALA DE GAZE SNG	RON	260,879		19,600		27.450000	1,589,860.37	0.45 %
Equities		ROTGNTACNOR8	TRANSGAZ SA MEDIAS TGN	RON	21,200		1,600		320.000000	1,493,345.17	0.42 %
Equities		RU0007252813	ALROSA PJSC ALRS	RUB	4,667,646	4,870,046	202,400		107.490000	7,840,400.62	2.22 %
Equities		RU0009062467	GAZPROM NEFT PJSC SIBN	RUB	291,600	81,300	41,300		226.350000	1,031,431.28	0.29 %
Equities		RU0007661625	GAZPROM PJSC GAZP	RUB	1,066,300	2,246,700	1,180,400		150.800000	2,512,771.69	0.71 %
Equities		RU000A0JKQU8	MAGNIT PJSC MGNT	RUB	59,200	12,500	42,100		9.62500000	8,904,196.29	2.52 %
Equities		RU000A0JR4A1	MOSCOW EXCHANGE MICEX-RTS PJ MOEX	RUB	1,431,800	3,716,700	2,284,900		136.000000	3,042,941.10	0.86 %
Equities		RU000A0DKVS5	NOVATEK PJSC NVTK	RUB	974,200	286,700	364,300		772.800000	11,764,880.46	3.33 %
Equities		RU000A0J2Q06	ROSNEFT OIL CO PJSC ROSN	RUB	311,260	333,900	22,700		399.000000	1,940,745.06	0.55 %
Equities		RU000A0JPKH7	RUSHYDRO PJSC HYDR	RUB	432,768,400	256,188,900	152,937,400		1.054600	7,132,069.87	2.02 %
Equities		RU0009029540	SBERBANK OF RUSSIA PJSC SBER	RUB	12,644,300	4,065,400	8,154,800		174.600000	34,499,381.64	9.76 %
Equities		RU0009029524	SURGUTNEFTGAS-PREFERENCE SNGSP	RUB	11,557,700	2,549,200	14,977,200		33.600000	6,068,522.62	1.72 %
Equities		RU0009033591	TATNEFT PJSC TATN	RUB	2,085,100	811,500	1,262,100		421.000000	13,717,698.85	3.88 %
Equities		RU0006944147	TATNEFT-PREF 3 SERIES TATNP	RUB	605,960		178,040		227.000000	2,149,522.99	0.61 %
Equities		RU0009091573	TRANSNEFT PJSC TRNFP	RUB	770	1,510	3,160		210,700.000000	2,535,289.40	0.72 %
Equities		TRAAKBNK91N6	AKBANK T.A.S. AKBNK	TRY	2,212,718	1,820,500	2,225,300		8.340000	4,568,064.79	1.29 %
Equities		TREBIMM00018	BIM BIRLESIK MAGAZALAR AS BIMAS	TRY	170,500	241,700	71,200		53.700000	2,266,411.70	0.64 %
Equities		TRACIMSA91F9	CIMSA CIMENTO SANAYI VE TIC CIMSA	TRY	250,800	24,300	57,400		17.660000	1,096,373.09	0.31 %
Equities		TREEGYO00017	EMLAK KONUT GAYRIMENKUL YATI EKGYO	TRY	3,594,200	5,190,900	4,433,200		3.060000	2,722,474.38	0.77 %
Equities		TRAEREG1G3	EREGLI DEMIR VE CELIK FABRIK EREGL	TRY	1,717,817	2,445,388	727,571		5.830000	2,479,051.71	0.70 %
Equities		TRASAHOL91Q5	HACI OMER SABANCI HOLDING SAHOL	TRY	762,000	1,822,000	2,958,300		9.940000	1,874,914.60	0.53 %
Equities		TRAKCHOL91Q8	KOC HOLDING AS KCHOL	TRY	547,800	152,500	268,800		15.170000	2,057,063.72	0.58 %
Equities		TRALOGOW91U2	LOGO YAZILIM SANAYI VE TICAR LOGO	TRY	174,711	187,911	13,200		51.500000	2,227,243.06	0.63 %
Equities		TRETAVH00018	TAV HAVALIMANLARI HOLDING AS TAVHL	TRY	149,400	295,300	145,900		15.700000	580,617.85	0.16 %
Equities		TRATOASO91H3	TOFAS TURK OTOMOBIL FABRIKA TOASO	TRY	514,300	568,500	54,200		26.180000	3,332,930.84	0.94 %
Equities		TRATUPRS91E8	TUPRAS-TURKIYE PETROL RAFINE TUPRS	TRY	204,405	311,800	321,800		81.650000	4,131,310.52	1.17 %
Equities		TRATCELL91M1	TURKCELL ILETISIM HIZMET AS TCELL	TRY	229,300	777,400	548,100		11.400000	647,066.69	0.18 %
Equities		TRAGARAN91N1	TURKIYE GARANTI BANKASI GARAN	TRY	3,935,000	2,802,100	3,534,900		8.240000	8,026,238.92	2.27 %
Equities		TRETHAL00019	TURKIYE HALK BANKASI HALKB	TRY	515,900		1,770,900		11.440000	1,460,937.67	0.41 %
Equities		TRAISTR91N2	TURKIYE IS BANKASI-C ISCTR	TRY	3,059,154	1,897,000	5,780,300		5.970000	4,520,805.33	1.28 %
Equities		TREULKR00015	ULKER BISKUVI SANAYI ULKER	TRY	212,589	164,700	214,211		17.320000	911,441.53	0.26 %
Equities ADR		US36829G1076	GAZPROM NEFT-SPONSORED ADR GAZ	USD	90,145	4,280	16,900		19.000000	1,602,053.13	0.45 %
Equities ADR		US3682872078	GAZPROM PAO -SPON ADR OGZD	USD	3,986,378	1,612,800	1,702,700		4.977500	18,559,719.85	5.25 %
Equities ADR		US69343P1057	LUKOIL PJSC-SPON ADR LKOD	USD	599,000	101,800	132,600		56.860000	31,857,768.22	9.01 %
Equities ADR		US55315J1025	MMC NORILSK NICKEL PJSC-ADR MNOD	USD	856,200	621,500	183,200		16.380000	13,118,095.59	3.71 %
Equities ADR		US6074091090	MOBILE TELESYSTEMS-SP ADR MBT	USD	342,900	10,000	125,100		10.560000	3,386,983.44	0.96 %
Equities ADR		US7821834048	RUSHYDRO PJSC-ADR HYDR	USD	171,400	171,400			1.750000	280,563.09	0.08 %
Equities ADR		US8688612048	SURGUTNEFTGAS-SP ADR SGGD	USD	972,133	244,075	1,337,600		5.340000	4,855,663.85	1.37 %
Equities ADR		US8766292051	TATNEFT PAO-SPONSORED ADR ATAD	USD	49,700	69,300	85,000		42.210000	1,962,245.81	0.56 %
Equities GDR		US83367Y2072	ELECTRICA SA-GDR-REG S ELSA	USD	14,400		1,100		12.800000	172,406.70	0.05 %
Equities GDR		US29760G1031	ETALON GROUP-GDR REG S ETLN	USD	461,403	13,400	15,415		3.750000	1,618,427.88	0.46 %
Equities GDR		US52634T2006	LENTA LTD-REG S LNTA	USD	162,818	42,600	153,800		7.900000	1,203,126.18	0.34 %
Equities GDR		US6698881090	NOVATEK PJSC-SPONS GDR REG S NVTK	USD	37,800	24,300	2,800		128.500000	4,543,354.22	1.29 %

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 GDR		US67812M2070	ROSNEFT OIL CO PJSC-REGS GDR ROSN	USD	1,358,667	1,368,767	827,200		6.640000	8,438,451.86	2.39 %
Equities GDR		US8181503025	SEVERSTAL - GDR REG S SVST	USD	537,934	442,334	27,000		16.030000	8,065,739.43	2.28 %
Equities GDR		US98387E2054	X 5 RETAIL GROUP NV-REGS GDR FIVE	USD	147,700	157,700	214,100		33.540000	4,633,671.31	1.31 %
<b>Total licensed securities admitted to trading on the official market or another regulated market</b>										<b>349,323,818.76</b>	<b>98.82 %</b>
<b>Total securities</b>										<b>349,323,818.76</b>	<b>98.82 %</b>
<b>Bank balances/liabilities</b>											
				EUR						4,208,228.04	1.19 %
				GBP						26.86	0.00 %
				PLN						-0.05	-0.00 %
				USD						1,283.05	0.00 %
<b>Total bank balances/liabilities</b>										<b>4,209,537.90</b>	<b>1.19 %</b>
<b>Accruals and deferrals</b>											
Interest claims (on securities and bank balances)										-1,211.45	-0.00 %
Dividends receivable										696,483.39	0.20 %
<b>Total accruals and deferrals</b>										<b>695,271.94</b>	<b>0.20 %</b>
<b>Other items</b>											
Various fees										-748,266.60	-0.21 %
<b>Total other items</b>										<b>-748,266.60</b>	<b>-0.21 %</b>
<b>Total fund assets</b>										<b>353,480,361.99</b>	<b>100.00 %</b>

ISIN	Income class	Currency	Net asset value per unit	Units in circulation
AT0000936513	R income-distributing	EUR	221.70	350,994.676
AT0000805460	R income-retaining	EUR	260.04	717,229.848
AT0000A13K38	I income-retaining	EUR	269.72	78.000
AT0000785241	R full income-retaining (outside Austria)	EUR	272.93	314,083.624
AT0000A0EY50	I full income-retaining (outside Austria)	EUR	295.39	11,527.114

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

ISIN	Security title	Currency	Volume Jan 31, 2017
HU0000068952	MOL HUNGARIAN OIL AND GAS PL MOL	HUF	15,000
PLPKN0000018	POLSKI KONCERN NAFTOWY ORLEN PKN	PLN	65,000
RU000A0DKVS5	NOVATEK PJSC NVTK	RUB	768,500
TRAKCHOL91Q8	KOC HOLDING AS KCHOL	TRY	150,000
US52634T2006	LENTA LTD-REG S LNTA	USD	47,067
US8181503025	SEVERSTAL - GDR REG S SVST	USD	222,255

Exchange rates

Foreign currency assets were converted into EUR on the basis of the exchange rates applicable on Jan 30, 2017

Currency		Price (1 EUR =)
Czech Koruna	CZK	27.020500
British Pound	GBP	0.854350
Hungarian Forint	HUF	310.745000
Polish Zloty	PLN	4.332750
Romanian Leu	RON	4.504250
Russian Rubles	RUB	63.992300
Turkish Lira	TRY	4.039800
US Dollars	USD	1.069100

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		PLENERG00022	ENERGA SA ENG	PLN			531,200
Equities		PLINTEG00011	INTEGER.PL SA ITG	PLN			21,800
Equities		PLJSW0000015	JASTRZEBSKA SPOLKA WEGLOWA S JSW	PLN			78,600
Equities		PLPGER000010	PGE SA PGE	PLN		2,017,700	3,964,700
Equities		RU0007976957	BASHNEFT PJSC BANE	RUB			28,100
Equities		RU000A0JP7H1	DIXY GROUP PJSC DIXY	RUB			298,800
Equities		RU000A0JS942	MEGAFON PJSC MFON	RUB		51,900	51,900
Equities		RU0007775219	MOBILE TELESYSTEMS PJSC MTSS	RUB			291,000
Equities		RU000A0DQZE3	SISTEMA PJSC FC AFKS	RUB		4,117,500	4,117,500
Equities		RU0008926258	SURGUTNEFTEGAS OJSC SNGS	RUB			1,884,500
Equities		RU000A0JP5V6	VTB BANK PJSC VTBR	RUB		2,634,879,300	5,452,810,400
Equities		TRAARCLK91H5	ARCELIK AS ARCLK	TRY			333,900
Equities		TRATHYAO91M5	TURK HAVA YOLLARI AO THYAO	TRY			4,066,000
Equities		TREVKFB00019	TURKIYE VAKIFLAR BANKASI T-D VAKBN	TRY		1,963,300	3,912,600
Equities		TRAYKBNK91N6	YAPI VE KREDI BANKASI YKBNK	TRY		5,336,300	5,336,300
Equities		US29414B1044	EPAM SYSTEMS INC EPAM	USD		7,900	21,100
Equities		VG6572791041	LUXOFT HOLDING INC LXFT	USD		4,200	21,600
Equities GDR		US5603172082	MAIL.RU GROUP-GDR REGS MAIL	USD			10,409
Equities GDR		US58517T2096	MEGAFON-REG S GDR MFON	USD		96,800	96,800
Equities GDR		US71922G2093	PHOSAGRO PJSC-GDR REG S PHOR	USD		2,600	190,100
Equities GDR		US48122U2042	SISTEMA PJSC-REG S SPONS GDR SSA	USD			443,700

## Further information on securities lending transactions

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

4.45 %

Value of loaned securities: 15,780,711.89 EUR

Proportion of assets eligible for lending transactions: 4.52 %

On the reporting date Jan 31, 2017 the following securities had been lent:

ISIN	Security title	Currency	Volume Jan 31, 2017	Market value (incl. any interest accrued)
				Jan 31, 2017
HU0000068952	MOL HUNGARIAN OIL AND GAS PL MOL	HUF	15,000	980,868.56
PLPKN0000018	POLSKI KONCERN NAFTOWY ORLEN PKN	PLN	65,000	1,219,814.21
RU000A0DKVS5	NOVATEK PJSC NVTK	RUB	768,500	9,280,754.09
TRAKCHOL91Q8	KOC HOLDING AS KCHOL	TRY	150,000	563,270.46
US52634T2006	LENTA LTD-REG S LNTA	USD	47,067	347,796.56
US8181503025	SEVERSTAL - GDR REG S SVST	USD	222,255	3,388,208.02

- Identity of the counterparties for securities lending transactions:

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

- Ten key issuers of collateral:

Issuer	Market value (incl. any interest accrued) Jan 31, 2017	Share
SANTANDER CONSUMER FINANCE SA	531,215.38	3.03 %
SUMITOMO MITSUI BANKING CORP	423,931.57	2.42 %
NATIONAL GRID PLC	423,244.48	2.42 %
JAPAN FINANCE ORGANIZATION FOR MUNICIPALITIES	396,597.86	2.27 %
CHINA MINSHENG BANKING CORP LTD	378,142.28	2.16 %
CHINA PACIFIC INSURANCE GROUP	367,449.29	2.10 %
ICBC	364,360.61	2.08 %
AMERICA MOVIL SAB DE CV	364,246.55	2.08 %
CREDIT AGRICOLE SA/LONDON	358,181.50	2.05 %
BANK OF COMMUNICATIONS CO LTD	347,979.96	1.99 %
<b>TOTAL</b>	<b>3,955,349.48</b>	<b>22.60 %</b>

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

Under the securities lending agreement concluded between the management company and Raiffeisen Bank International AG, Raiffeisen Bank International AG is obliged to deliver collateral for the borrowed securities. Sight deposits (which are not used to purchase further assets and are thus held as deposits with the custodian bank), bonds, equities, convertible bonds and units in investment funds are permitted as collateral. Sight deposits do not undergo any valuation markdown, and the value of the collateral thus amounts to 100 % of the value of the lent securities. Other collateral (bonds, equities, convertible bonds and units in investment funds) will be valued daily on the basis of a value-at-risk calculation. The maximum foreseeable loss for this other collateral is calculated over a period of three business days, with a probability of 99 % (confidence interval). The value determined plus a markup of 10 % represents the applicable valuation markdown. This valuation markdown will amount to at least 5 % of the value of this other collateral. Recognition of this haircut will entail delivery of the required volume of additional collateral.

On the reporting date the collateral had the following makeup:

Sight deposits: 0.00 %

Bonds: 40.85 %

Equities: 59.15 %

Units in investment funds: 0.00 %

<b>Asset class</b>	<b>Rating</b>	<b>Share</b>
Bonds	a	18.16 %
Bonds	aa	3.33 %
Bonds	aaa	1.81 %
Bonds	bbb	17.55 %
		<b>40.85 %</b>

<b>Asset class</b>	<b>Stock exchange</b>	<b>Share</b>
Equities	recognized	59.15 %
Equities	non-recognized	0.00 %
		<b>59.15 %</b>

Asset class	Currency	Share
Bonds	EUR	11.67 %
Bonds	USD	28.62 %
Bonds	ZAR	0.55 %
		<b>40.85 %</b>
Equities	CAD	1.36 %
Equities	CHF	0.80 %
Equities	CZK	1.21 %
Equities	EUR	1.74 %
Equities	GBP	2.45 %
Equities	HKD	29.00 %
Equities	MXN	7.99 %
Equities	PLN	0.32 %
Equities	USD	14.29 %
		<b>59.15 %</b>

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

Collateral holding period: unlimited

Period of securities lending:

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

Country of counterparty (Raiffeisen Bank International AG): Austria

Settlement: bilateral

- Reuse of collateral:

Collateral received is not reused.

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

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

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

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

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

Income: 84,162.76 EUR (of which 100 % from securities lending transactions)

Costs: N/A

#### Further information on repurchase agreements

The fund did not enter into any repurchase agreements during the period under review.

#### 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
<b>Total remuneration for employees</b>	<b>26,115,102.63</b>
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
<b>Total remuneration for risk-bearers</b>	<b>9,025,942.30</b>

- The remuneration guidelines (“remuneration guidelines”) issued by Raiffeisen Kapitalanlage-Gesellschaft m.b.H. serve as a binding framework for fulfillment of the remuneration policy and practice requirements stipulated in §§ 17 (a) to (c) of the Austrian Investment Fund Act (InvFG), § 11 of the Austrian Alternative Investment Fund Managers Act (AIFMG) and Enclosure 2 to § 11 AIFMG. Fixed and variable remuneration components are determined on the basis of these remuneration guidelines.

Raiffeisen Kapitalanlage-Gesellschaft m.b.H. has established a systematic, structured, differentiating and incentivizing compensation system which reflects the company’s values as well as clear and consistent outline conditions. Its employees’ compensation comprises fixed salary components as well as variable salary components for some positions. This remuneration – in particular, the variable salary component (where applicable) – reflects an objective organizational structure (“job grades”).

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

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

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

The target structure at Raiffeisen Kapitalanlage-Gesellschaft m.b.H. differentiates between qualitative targets – which include individual targets or division and department targets – and quantitative targets, e.g. performance and income targets, and also quantifiable project targets. Every manager is also assigned management targets. Quantitative one-year or multiple-year targets also apply within the scope of the company’s core activities of sales and fund management.
- Since the performance period 2015, in accordance with the regulatory requirements a portion of the variable remuneration for risk-bearers is paid out in the form of units in an investment fund managed by Raiffeisen Kapitalanlage-Gesellschaft m.b.H. In addition, as required by law portions of the variable remuneration of risk-bearers are deferred and paid out over a period of several years.
- The supervisory board of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. resolves the general remuneration policy principles specified by the remuneration committee, reviews them at least once a year and is responsible for their implementation and for monitoring of this issue. The supervisory board most recently fulfilled this duty on Nov 28, 2016 and Mar 6, 2017. It has not identified any need for changes or any irregularities in relation to the remuneration policy of Raiffeisen Kapitalanlage-Gesellschaft m.b.H.

- In addition, at least once per year a central and independent internal review determines whether the company's remuneration policy has been implemented in accordance with the applicable remuneration regulations and procedures. The internal auditing division of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. published its most recent report on Aug 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, 18 May 2017

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

  
Mag. Rainer Schnabl

  
Mag. (FH) Dieter Aigner

  
Ing. Michal Kustra

## Audit opinion

### Report on the annual fund report

#### Audit opinion

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

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

#### Basis for the audit opinion

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

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

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

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

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

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

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

In addition, the following applies:

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

### **Other information**

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

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

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

Vienna, 18 May 2017

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca  
Auditor

## Tax treatment

Once the new reporting framework comes into effect (from Jun 6, 2016), Österreichische Kontrollbank (OeKB) will prepare the details of the tax arrangements for the fund and publish them on [www.profitweb.at](http://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](http://www.rcm.at). Please visit [www.profitweb.at](http://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 Eastern European Equities**, a jointly owned fund pursuant to the Austrian Investment Fund Act (InvFG) 2011, as amended.

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

#### Article 1 Fund units

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

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

#### Article 2 Custodian bank (custodian)

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

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

#### Article 3 Investment instruments and principles

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

The investment fund mainly invests in equities and equity-equivalent securities issued by companies which are headquartered or mainly active in the European emerging markets (incl. Russia) (i.e. more than 51 % of its fund assets are invested in the form of directly purchased individual securities which are not held directly or indirectly through investment funds or derivatives).

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 terms not exceeding 12 months may amount to up to 49 % of the fund assets. No minimum bank balance is required.

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

### Short-term loans

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

### Repos

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

### Securities lending

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

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

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

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

## Article 4 Issuance and redemption modalities

The unit value shall be calculated in EUR or the currency of the unit class.

Please refer to the prospectus for further details.

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

## Issuance and subscription fee

Units will be issued on any banking day.

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

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

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

## Redemption and redemption fee

Units will be redeemed on any banking day.

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

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

## Article 5 Accounting year

The investment fund's accounting year runs from February 1 to January 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 April 1 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 April 1 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 April 1 an amount calculated pursuant to InvFG shall be paid out, to be used where applicable to meet any capital gains tax commitments on the distribution-equivalent return on those unit certificates, unless the management company ensures through appropriate proof from the custodians that as of the payment date the unit certificates are only held by unitholders who are either not subject to Austrian income or corporate income tax or who fulfill the requirements for an exemption pursuant to § 94 of the Austrian Income Tax Act or for a capital gains tax exemption.

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

Income during the accounting year net of costs shall not be distributed. No payment pursuant to InvFG will be made. April 1 of the following accounting year shall be the key date pursuant to InvFG in case of failure to pay capital gains tax on the annual income.

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

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

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

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

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

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

## **Article 7 Management fee, reimbursement of expenses, liquidation fee**

The management company shall receive for its management activity an annual remuneration

- of up to **1 %** of the fund assets for the unit certificate class “tranche I” (minimum investment: EUR 500,000) or
- of up to **2 %** of the fund assets for the unit certificate class “tranche R”,

calculated on the basis of the values at the end of each month.

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

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

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

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

Please refer to the prospectus for further details.

## Appendix

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

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

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

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

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

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

[http://mifiddatabase.esma.europa.eu/Index.aspx?sectionlinks\\_id=23&language=0&pageName=REGULATED\\_MARKETS\\_Display&subsection\\_id=0](http://mifiddatabase.esma.europa.eu/Index.aspx?sectionlinks_id=23&language=0&pageName=REGULATED_MARKETS_Display&subsection_id=0)<sup>1</sup>

##### 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

<sup>1</sup>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"]<sup>1</sup>

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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