

Raiffeisen Russia Equities

(Original German name: Raiffeisen-Russland-Aktien)

annual fund report

financial year Jul 1, 2017 – Jun 30, 2018

Note:

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

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Report for the financial year from Jul 1, 2017 to Jun 30, 2018

General fund information

ISIN	Tranche	Income class	Currency	Launch date
AT0000A1KKB4	Raiffeisen Russia Equities (I) A	income-distributing	EUR	Apr 1, 2016
AT0000A07FQ5	Raiffeisen Russia Equities (R) A	income-distributing	EUR	May 5, 2008
AT0000A1TW88	Raiffeisen Russia Equities (RZ) A	income-distributing	EUR	Apr 3, 2017
AT0000A07FR3	Raiffeisen Russia Equities (R) T	income-retaining	EUR	May 5, 2008
AT0000A1TW70	Raiffeisen Russia Equities (RZ) T	income-retaining	EUR	Apr 3, 2017
AT0000A0LSR3	Raiffeisen Russia Equities (I) VTA	full income-retaining (outside Austria)	EUR	Mar 1, 2011
AT0000A07FS1	Raiffeisen Russia Equities (R) VTA	full income-retaining (outside Austria)	EUR	May 5, 2008
AT0000A1TW96	Raiffeisen Russia Equities (RZ) VTA	full income-retaining (outside Austria)	EUR	Apr 3, 2017

Fund characteristics

Fund currency	EUR
Financial year	Jul 1 – Jun 30
Distribution/payment/reinvestment date	Sep 15
Type of fund	Investment fund pursuant to § 2 of the Austrian Investment Fund Act, InvFG (UCITS)
Effective management fee for the fund	I-Tranche (EUR): 1.000 % R-Tranche (EUR): 2.000 % RZ-Tranche (EUR): 1.000 %
Custodian bank	Raiffeisen Bank International AG
Management company	Raiffeisen Kapitalanlage-Gesellschaft m.b.H. Mooslackengasse 12, A-1190 Vienna Tel. +43 1 71170-0 Fax +43 1 71170-761092 www.rcm.at Companies register number: 83517 w
Fund management	Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
Investment adviser	Segment SmallCap: OOO Raiffeisen Capital Asset Management, Moscow
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 Russia Equities for the financial year from Jul 1, 2017 to Jun 30, 2018. The accounting is based on the price calculation as of Jun 29, 2018.

Fund details

	Jun 30, 2016	Jun 30, 2017	Jun 30, 2018
Total fund assets in EUR	60,022,893.30	60,832,791.79	67,341,592.08
Net asset value/distributing units (I) (AT0000A1KKB4) in EUR	69.10	77.91	88.13
Issue price/distributing units (I) (AT0000A1KKB4) in EUR	72.56	81.81	92.54
Net asset value/distributing units (R) (AT0000A07FQ5) in EUR	58.92	65.29	74.70
Issue price/distributing units (R) (AT0000A07FQ5) in EUR	61.87	68.55	78.44
Net asset value/distributing units (RZ) (AT0000A1TW88) in EUR	-	85.96	100.11
Issue price/distributing units (RZ) (AT0000A1TW88) in EUR	-	85.96	100.11
Net asset value/reinvested units (R) (AT0000A07FR3) in EUR	64.97	72.66	83.90
Issue price/reinvested units (R) (AT0000A07FR3) in EUR	68.22	76.29	88.10
Net asset value/reinvested units (RZ) (AT0000A1TW70) in EUR	-	85.90	99.93
Issue price/reinvested units (RZ) (AT0000A1TW70) in EUR	-	85.90	99.93
Net asset value/fully reinvested units (I) (AT0000A0LSR3) in EUR	69.09	78.06	91.24
Issue price/fully reinvested units (I) (AT0000A0LSR3) in EUR	72.54	81.96	95.80
Net asset value/fully reinvested units (R) (AT0000A07FS1) in EUR	65.32	73.04	84.34
Issue price/fully reinvested units (R) (AT0000A07FS1) in EUR	68.59	76.69	88.56
Net asset value/fully reinvested units (R) (AT0000A10BG9) in USD	91.53	-	-
Issue price/fully reinvested units (R) (AT0000A10BG9) in USD	96.11	-	-
Net asset value/fully reinvested units (R) (AT0000A10BF1) in GBP	62.71	-	-
Issue price/fully reinvested units (R) (AT0000A10BF1) in GBP	65.85	-	-
Net asset value/fully reinvested units (RZ) (AT0000A1TW96) in EUR	-	85.96	100.26
Issue price/fully reinvested units (RZ) (AT0000A1TW96) in EUR	-	85.96	100.26

	Sep 15, 2017	Sep 17, 2018
Distribution/unit (I) (A) EUR	2.5800	3.6000
Distribution/unit (R) (A) EUR	0.6500	0.7500
Distribution/unit (RZ) (A) EUR	0.0000	2.3000
Outpayment/unit (R) (T) EUR	0.0000	0.0000
Outpayment/unit (RZ) (T) EUR	0.0000	1.2600
Reinvestment/unit (R) (T) EUR	3.3833	4.6796
Reinvestment/unit (RZ) (T) EUR	0.0000	5.0439
Reinvestment/unit (I) (VTA) EUR	4.4600	6.1062
Reinvestment/unit (R) (VTA) EUR	3.3942	4.7028
Reinvestment/unit (RZ) (VTA) EUR	0.0000	6.5240

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 Jun 30, 2017	Sales	Repurchases	Units in circulation on Jun 30, 2018
AT0000A1KKB4 (I) A	14.000	0.000	-4.000	10.000
AT0000A07FQ5 (R) A	34,675.085	7,926.097	-7,539.585	35,061.597
AT0000A1TW88 (RZ) A	10.000	1,922.417	-51.852	1,880.565
AT0000A07FR3 (R) T	553,284.830	66,666.304	-114,147.232	505,803.902
AT0000A1TW70 (RZ) T	66.635	25,655.406	-1,496.528	24,225.513
AT0000A0LSR3 (I) VTA	14,767.815	5,647.862	-17,537.985	2,877.692
AT0000A07FS1 (R) VTA	235,529.783	68,475.689	-73,909.204	230,096.268
AT0000A1TW96 (RZ) VTA	10.000	0.000	0.000	10.000
Total units in circulation				799,965.537

Development of the fund assets and income statement

Performance in financial year (fund performance)

Distributing units (I) (AT0000A1KKB4)

Net asset value per unit at start of financial year in EUR	77.91
Distribution on Sep 15, 2017 (net asset value: EUR 83.21) of EUR 2.5800, corresponds to 0.031006 units	
Net asset value per unit at end of financial year in EUR	88.13
Total value incl. units purchased through distribution (1.031006 x 88.13)	90.86
Net income/net reduction per unit	12.95

Performance of one unit during the financial year in %

16.63

Distributing units (R) (AT0000A07FQ5)

Net asset value per unit at start of financial year in EUR	65.29
Distribution on Sep 15, 2017 (net asset value: EUR 71.10) of EUR 0.6500, corresponds to 0.009142 units	
Net asset value per unit at end of financial year in EUR	74.70
Total value incl. units purchased through distribution (1.009142 x 74.70)	75.38
Net income/net reduction per unit	10.09

Performance of one unit during the financial year in %

15.46

Distributing units (RZ) (AT0000A1TW88)

Net asset value per unit at start of financial year in EUR	85.96
Distribution on Sep 15, 2017 (net asset value: EUR 94.66) of EUR 0.0000, corresponds to 0.000000 units	
Net asset value per unit at end of financial year in EUR	100.11
Total value incl. units purchased through distribution (1.000000 x 100.11)	100.11
Net income/net reduction per unit	14.15

Performance of one unit during the financial year in %

16.46

Reinvested units (R) (AT0000A07FR3)

Net asset value per unit at start of financial year in EUR	72.66
Outpayment on Sep 15, 2017 (net asset value: EUR 79.85) of EUR 0.0000, corresponds to 0.000000 units	
Net asset value per unit at end of financial year in EUR	83.90
Total value incl. units purchased through outpayment (1.000000 x 83.90)	83.90
Net income/net reduction per unit	11.24

Performance of one unit during the financial year in %

15.47

Reinvested units (RZ) (AT0000A1TW70)

Net asset value per unit at start of financial year in EUR	85.90
Outpayment on Sep 15, 2017 (net asset value: EUR 94.44) of EUR 0.0000, corresponds to 0.000000 units	
Net asset value per unit at end of financial year in EUR	99.93
Total value incl. units purchased through outpayment (1.000000 x 99.93)	99.93
Net income/net reduction per unit	14.03
Performance of one unit during the financial year in %	16.33

Fully reinvested units (I) (AT0000A0LSR3)

Net asset value per unit at start of financial year in EUR	78.06
Net asset value per unit at end of financial year in EUR	91.24
Net income/net reduction per unit	13.18
Performance of one unit during the financial year in %	16.88

Fully reinvested units (R) (AT0000A07FS1)

Net asset value per unit at start of financial year in EUR	73.04
Net asset value per unit at end of financial year in EUR	84.34
Net income/net reduction per unit	11.30
Performance of one unit during the financial year in %	15.47

Fully reinvested units (RZ) (AT0000A1TW96)

Net asset value per unit at start of financial year in EUR	85.96
Net asset value per unit at end of financial year in EUR	100.26
Net income/net reduction per unit	14.30
Performance of one unit during the financial year in %	16.64

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 Jun 30, 2017 (838,358.148 units)		60,832,791.79
Distribution on Sep 15, 2017 (EUR 2.5800 x 14.000 distributing units (I) (AT0000A1KKB4))		-36.12
Distribution on Sep 15, 2017 (EUR 0.6500 x 35,090.600 distributing units (R) (AT0000A07FQ5))		-22,808.89
Issuance of units	14,814,529.33	
Redemption of units	-17,941,449.78	
Pro rata income adjustment	168,680.21	-2,958,240.24
Overall fund result		9,489,885.54
Fund assets on Jun 30, 2018 (799,965.537 units)		67,341,592.08

Fund result in EUR

A. Realized fund result

Ordinary fund result	
Income (excl. closing price)	
Interest income	5,693.43
Income from securities lending transactions	13,337.59
Interest expenses (incl. negative credit interest)	-1,266.25
Dividend income (incl. dividend equivalent)	3,501,918.42
	3,519,683.19
Expenses	
Management fees	-1,354,613.17
Custodian bank fees / Custodian's fees	-64,628.99
Auditing expenses	-5,787.16
Tax consulting fees	-12,489.04
Custody charge	-50,782.14
Statutory/publication expenses	-27,729.03
Research expenses	-648.78
	-1,516,678.31
Ordinary fund result (excl. income adjustment)	2,003,004.88
Realized closing price	
Profits realized from securities	5,130,770.64
Losses realized from securities	-3,187,080.28
Realized closing price (excl. income adjustment)	1,943,690.36
Realized fund result (excl. income adjustment)	3,946,695.24
B. Unrealized closing price	
Change in unrealized closing price	5,389,777.42
Change in dividends receivable	322,093.09
	5,711,870.51
C. Income adjustment	
Income adjustment for income during financial year	-168,680.21
	-168,680.21
Overall fund result	9,489,885.54

The result for the past financial year includes explicitly reported transaction costs (incl. external transaction-related costs,

Capital market report

At the beginning of the year, the stock markets added to the substantial gains that they had recorded in 2017. A brief and significant downward correction occurred thereafter and since then most markets have turned upwards gain. The long-term uptrends of most stock markets are still intact. They are supported by very low interest rates, positive economic data, and by rising corporate profits. Inflation anxiety, a looming reduction of global liquidity and the threat of global trade wars have led to visibly higher market volatilities over the past few months. Euro-area bourses temporarily faced additional headwinds from a strong Euro and from political turbulences surrounding Italy. Emerging market equities so far have not been able to continue their outperformance of the previous two years. Bond markets have been facing an increasingly challenging environment for quite some time now. Especially in the USA, yields have risen substantially over the past twelve months, primarily for short and medium maturities. In turn, their yields got more attractive for investors. The rising U.S. yields have also affected European bond markets, albeit to a much smaller extent. Emerging market bonds were hit by higher U.S. interest rates as well as by a strengthening US-Dollar and a beginning tightening of global dollar liquidity. Total returns for corporate bonds in Europe oscillate around zero for the current year. Yield spreads over government bonds have widened. On the one hand, they got a bit more attractive for investors relative to government bonds. On the other hand, the European Central Bank (ECB) will terminate its bond-buying programme by year-end that has acted as a strong underpinning for the market. Among commodities, the impressive rise in the price of oil stands out. In contrast, industrial metals for most part could not add to their gains of the past year. The US dollar has gained over the past quarter, especially against emerging market currencies. In turn, the euro has retreated somewhat, too, following a period of significant strength.

The US central bank (Fed) has raised the key interest rate in June 2018, for a seventh time in the current interest rate cycle. One or two more hikes may follow later this year. On top of this, the Fed will gradually reduce its enormous bond holdings. However, despite the extremely low starting level, the Fed's overall scope for interest-rate hikes is likely to be much lower than in the past. The decade-long upward trend for bond prices in the USA may well be over, and a long-term trend change could be in the making. This development will most likely rub off on the Eurozone, albeit to a considerably reduced extent. Unlike the US central bank, the ECB is still maintaining its ultra-loose monetary policy for the time being, with negative interest rates and bond purchases. However, it has substantially reduced the latter and will end it in December 2018. Nevertheless, the ECB has signalled that key interest rate hikes - if any - are unlikely to happen before summer of 2019. The unprecedentedly loose monetary policy pursued by key central banks over the past few years reflected a very weak global economic growth trend. However, many regions have now returned to robust growth. Inflation is picking up in most of the world's major economic regions. This trend is much more pronounced in the USA than in the Euro area. The impact of a gradual reduction of the generous liquidity supply on global growth and price trends remains to be seen.

By historical standards, the yield levels are very low almost everywhere in the world. To date, this "new normal" of consistently low bond yields in the key economic blocs has provided strong support for stock prices. Nonetheless, several stock markets – particularly in the USA – sport rather ambitious valuation levels. They are thus increasingly prone to corrections, especially in case of escalating trade conflicts. The market environment will certainly remain challenging and may once again entail stronger price fluctuations over the next few months. At present, the positive factors still predominate on the stock markets, while most government bond markets may continue to experience headwinds over the coming months.

Fund investment policy report

Buoyed up by the Russian Central Bank's interest rate cuts and the strong oil price, the Russian stock market delivered an excellent performance in H2 2017. Index heavyweights in the commodity and banking sectors supported the market, while the consumer sector, which had been very strong for a number of years, showed some weakness. Following a positive start to the year 2018, the tightening of sanctions by the USA came as a surprise to many market players. Both the stock market and the Russian ruble suffered significant losses in a short period of time. In the course of Q2 2018, the market recovered and came close to the peak levels recorded in Q1. The combination of weak ruble and high oil price is very advantageous for the export-oriented Russian economy. The fund continued to focus in its investments on securities offering high dividends as well as export-oriented securities.

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		GBP	518,828.45	0.77 %
Equities		RUB	32,612,177.28	48.43 %
Equities		USD	1,323,216.44	1.96 %
Total Equities			34,454,222.17	51.16 %
Equities ADR		USD	16,581,245.26	24.62 %
Total Equities ADR			16,581,245.26	24.62 %
Equities GDR		USD	15,666,868.40	23.26 %
Total Equities GDR			15,666,868.40	23.26 %
Total securities			66,702,335.83	99.05 %
Bank balances/liabilities				
Bank balances/liabilities in fund currency			507,968.62	0.75 %
Bank balances/liabilities in foreign currency			-394,396.23	-0.59 %
Total bank balances/liabilities			113,572.39	0.17 %
Accruals and deferrals				
Interest claims (on securities and bank balances)			1,241.22	0.00 %
Dividends receivable			668,327.79	0.99 %
Total accruals and deferrals			669,569.01	0.99 %
Other items				
Various fees			-143,885.14	-0.21 %
Total other items			-143,885.14	-0.21 %
Total fund assets			67,341,592.08	100.00 %

Portfolio of investments in EUR as of Jun 29, 2018

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

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

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

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		GB00BF4HYT85	BANK OF GEORGIA GROUP PLC BGEO	GBP	10,000	10,000			19.016000	215,040.14	0.32 %
Equities		JE00B6T5S470	POLYMETAL INTERNATIONAL PLC POLY	GBP	40,000	40,000			6.716000	303,788.31	0.45 %
Equities		RU0009062285	AEROFLOT PJSC AFLT	RUB	405,000	405,000	245,100		139.800000	775,241.67	1.15 %
Equities		RU0007252813	ALROSA PJSC ALRS	RUB	2,632,033	1,151,470	1,360,770		98.900000	3,564,203.85	5.29 %
Equities		RU0009100945	BANK ST PETERSBURG PJSC BSPB	RUB	162,700	210,000	767,800		50.000000	1,111,386.48	0.17 %
Equities		RU000A0JNGA5	E.ON RUSSIA JSC EONR	RUB	23,619,900				2.871000	928,509.09	1.38 %
Equities		RU000A0F5UN3	ENEL RUSSIA PJSC ENRU	RUB	30,036,830	36,000,000	5,963,170		1.270000	522,315.28	0.78 %
Equities		RU000A0JPNN9	FEDERAL GRID CO UNIFIED ENER FEES	RUB	274,530,000	274,530,000			0.184850	694,838.99	1.03 %
Equities		RU0009062467	GAZPROM NEFT PJSC SIBN	RUB	512,750		75,000		313.600000	2,201,692.36	3.27 %
Equities		RU0007661625	GAZPROM PJSC GAZP	RUB	351,300	242,000			138.760000	667,447.87	0.99 %
Equities		RU000A0JPNM1	INTER RAO UES PJSC IRAO	RUB	28,072,500	13,072,500			4.066500	1,563,064.07	2.32 %
Equities		RU000A0JPPF0	LSR GROUP PJSC LSRG	RUB	13,800	13,800	34,312		849.000000	160,421.17	0.24 %
Equities		RU000A0JKQU8	MAGNIT PJSC MGNT	RUB	4,486	19,486	24,400		4,610.000000	283,162.09	0.42 %
Equities		RU0009084396	MAGNITOGORSK IRON & STEEL WO MAGN	RUB	1,808,000	1,808,000			42.230000	1,045,428.70	1.55 %
Equities		RU0007775219	MOBILE TELESYSTEMS PJSC MTSS	RUB	66,900	66,900			267.350000	244,895.73	0.36 %
Equities		RU000A0JR4A1	MOSCOW EXCHANGE MICEX-RTS PJ MOEX	RUB	855,960		883,600		109.620000	1,284,748.68	1.91 %
Equities		RU000A0DKVS5	NOVATEK PJSC NVTK	RUB	231,500				845.000000	2,678,444.29	3.98 %
Equities		RU000A0J2Q06	ROSNEFT OIL CO PJSC ROSN	RUB	342,500	42,800			396.500000	1,859,425.06	2.76 %
Equities		RU000A0JPKH7	RUSHYDRO PJSC HYDR	RUB	94,324,180		90,675,820		0.672900	869,057.44	1.29 %
Equities		RU0009029540	SBERBANK OF RUSSIA PJSC SBER	RUB	1,581,100	59,800	971,200		208.500000	4,513,779.20	6.70 %
Equities		RU0009029557	SBERBANK-PREFERENCE SBERP	RUB	52,000				182.910000	130,231.40	0.19 %
Equities		RU0009029524	SURGUTNEFTGAS-PREFERENCE SNGSP	RUB	5,710,750	3,150,000	64,400		31.070000	2,429,457.55	3.61 %
Equities		RU0009033591	TATNEFT PJSC TATN	RUB	376,800	127,700			658.000000	3,394,780.51	5.04 %
Equities		RU0006944147	TATNEFT-PREF 3 SERIES TATNP	RUB	180,345		187,400		460.000000	1,135,891.50	1.69 %
Equities		RU000A0B6NK6	TMK PJSC TRMK	RUB	550,000		100,000		77.700000	585,138.43	0.87 %
Equities		RU000A0JP5V6	VTB BANK PJSC VTBR	RUB	378,437,000	378,437,000			0.047830	247,838.56	0.37 %
Equities		NL0009805522	YANDEX NV-A YNDX	USD	43,400	12,000	16,700		35.300000	1,323,216.44	1.96 %
Equities ADR		US36829G1076	GAZPROM NEFT-SPONSORED ADR GAZ	USD	46,308				24.650000	985,914.84	1.46 %
Equities ADR		US3682872078	GAZPROM PAO -SPON ADR OGZD	USD	1,001,050	265,500			4.330000	3,743,778.29	5.56 %
Equities ADR		US69343P1057	LUKOIL PJSC-SPON ADR LKOD	USD	115,200	14,000	5,900		67.100000	6,676,386.25	9.91 %
Equities ADR		US55315J1025	MMC NORILSK NICKEL PJSC-ADR MNOD	USD	159,513	120,210	87,640		17.620000	2,427,551.44	3.60 %

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 ADR		US6074091090	MOBILE TELESYSTEMS-SP ADR MBT	USD	95,700	44,600	166,100		8.760000	724,073.24	1.08 %
Equities ADR		US8766292051	TATNEFT PAO-SPONSORED ADR ATAD	USD	37,200	16,600	5,400		62.980000	2,023,541.20	3.00 %
Equities GDR		US29760G1031	ETALON GROUP-GDR REG S ETLN	USD	394,438	69,900	329,000		2.750000	936,866.90	1.39 %
Equities GDR		US37949E2046	GLOBALTRA-SPONS GDR REG S GLTR	USD	61,170	67,030	5,860		10.120000	534,669.55	0.79 %
Equities GDR		US46627J3023	HALYK SAVINGS BANK-GDR REG S HSBK	USD	34,100		20,000		12.000000	353,428.92	0.52 %
Equities GDR		US52634T2006	LENTA LTD-REG S LNTA	USD	166,700	53,000	65,200		5.530000	796,209.19	1.18 %
Equities GDR		US5603172082	MAIL.RU GROUP-GDR REGS MAIL	USD	41,500	1,000	18,500		28.320000	1,015,097.60	1.51 %
Equities GDR		US55279C2008	MD MEDICAL GROUP INVEST-REGS MDMG	USD	72,000				8.650000	537,916.74	0.80 %
Equities GDR		US6698881090	NOVATEK PJSC-SPONS GDR REG S NVTK	USD	2,800	2,800			143.300000	346,553.81	0.51 %
Equities GDR		US67011E2046	NOVOLIPETSK STEEL PJSC-GDR NLMK	USD	91,134	50,000	30,000		23.620000	1,859,202.87	2.76 %
Equities GDR		US71922G2093	PHOSAGRO PJSC-GDR REG S PHOR	USD	126,270	136,270	10,000		12.790000	1,394,881.07	2.07 %
Equities GDR		US67812M2070	ROSNEFT OIL CO PJSC-REGS GDR ROSN	USD	213,300	125,800			6.220000	1,145,902.57	1.70 %
Equities GDR		US8181503025	SEVERSTAL - GDR REG S SVST	USD	227,200		30,000		14.360000	2,817,923.65	4.18 %
Equities GDR		US87238U2033	TCS GROUP HOLDING -REG S TCS	USD	128,619	22,500	49,681		20.250000	2,249,554.97	3.34 %
Equities GDR		US46630Q2021	VTB BANK JSC -GDR-REG S VTBR	USD	272,800	272,800			1.494000	352,015.20	0.52 %
Equities GDR		US98387E2054	X 5 RETAIL GROUP NV-REGS GDR FIVE	USD	57,100	52,000	90,600		26.900000	1,326,645.36	1.97 %
Total licensed securities admitted to trading on the official market or another regulated market										65,981,558.51	97.98 %
Equities		RU000A0JSQ90	DETSKY MIR PJSC DSKY	RUB	575,000	575,000	128,600		91.550000	720,777.31	1.07 %
Total licensed securities not admitted to trading on the official market or another regulated market										720,777.31	1.07 %
Total securities										66,702,335.83	99.05 %
Bank balances/liabilities											
				EUR						507,968.62	0.75 %
				GBP						54.79	0.00 %
				RUB						1.47	0.00 %
				USD						-394,452.49	-0.59 %
Total bank balances/liabilities										113,572.39	0.17 %
Accruals and deferrals											
Interest claims (on securities and bank balances)										1,241.22	0.00 %
Dividends receivable										668,327.79	0.99 %
Total accruals and deferrals										669,569.01	0.99 %
Other items											
Various fees										-143,885.14	-0.21 %
Total other items										-143,885.14	-0.21 %
Total fund assets										67,341,592.08	100.00 %

ISIN	Income class		Currency	Net asset value per unit	Units in circulation
AT0000A1KKB4	I	income-distributing	EUR	88.13	10.000
AT0000A07FQ5	R	income-distributing	EUR	74.70	35,061.597
AT0000A1TW88	RZ	income-distributing	EUR	100.11	1,880.565
AT0000A07FR3	R	income-retaining	EUR	83.90	505,803.902
AT0000A1TW70	RZ	income-retaining	EUR	99.93	24,225.513
AT0000A0LSR3	I	full income-retaining (outside Austria)	EUR	91.24	2,877.692
AT0000A07FS1	R	full income-retaining (outside Austria)	EUR	84.34	230,096.268
AT0000A1TW96	RZ	full income-retaining (outside Austria)	EUR	100.26	10.000

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

ISIN	Security title	Currency	Volume Jun 29, 2018
US8181503025	SEVERSTAL - GDR REG S SVST	USD	32,000

Exchange rates

Foreign currency assets were converted into EUR on the basis of the exchange rates applicable on Jun 28, 2018

Currency		Price (1 EUR =)
British Pound	GBP	0.884300
Russian Rubles	RUB	73.034000
US Dollars	USD	1.157800

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		GB00B71N6K86	EVRAZ PLC EVR	GBP		410,000	410,000
Equities		RU000A0JS942	MEGAFON PJSC MFON	RUB		73,000	73,000
Equities		US29414B1044	EPAM SYSTEMS INC EPAM	USD		4,800	4,800
Equities		VGG572791041	LUXOFT HOLDING INC LXFT	USD		8,800	33,500
Equities ADR		US8688612048	SURGUTNEFTGAS-SP ADR SGGD	USD			98,200
Equities GDR		US29355E2081	EN+ GROUP PLC- GDR REG S ENPL	USD		90,000	90,000
Equities GDR		US55953Q2021	MAGNIT PJSC-SPON GDR REGS MGNT	USD		49,000	83,300
Equities GDR		US58517T2096	MEGAFON-REG S GDR MFON	USD			28,000

Further information on securities lending transactions

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

0.59 %

Value of loaned securities: 421,795.38 EUR

Proportion of assets eligible for lending transactions: 0.63 %

On the reporting date Jun 30, 2018 the following securities had been lent:

ISIN	Security title	Currency	Volume Jun 29, 2018	Market value (incl. any interest accrued)
				Jun 29, 2018
US8181503025	SEVERSTAL - GDR REG S SVST	USD	32,000	421,795.38

- 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) Jun 29, 2018	Share
ENI SPA	21,525.18	4.74 %
EXPORT-IMPORT BANK OF CHINA/THE	20,837.30	4.59 %
TOTAL SA	20,738.10	4.56 %
VONOVIA SE	20,695.29	4.56 %
ACCOR SA	19,327.69	4.25 %
INTESA SANPAOLO SPA	18,064.44	3.98 %
LVMH MOET HENNESSY LOUIS VUITTON SA	15,611.79	3.44 %
ENEL SPA	12,608.21	2.78 %
DAIMLER FINANCE NORTH AMERICA LLC	11,168.45	2.46 %
CAP GEMINI SA	10,544.28	2.32 %
TOTAL	171,120.73	37.68 %

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

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

On the reporting date the collateral had the following makeup:

Sight deposits: 0.00 %

Bonds: 41.02 %

Equities: 58.98 %

Units in investment funds: 0.00 %

Asset class	Rating	Share
Bonds	a	22.36 %
Bonds	aa	4.55 %
Bonds	aaa	1.63 %
Bonds	bbb	12.46 %
		41.02 %

Asset class	Stock exchange	Share
Equities	recognized	58.98 %
Equities	non-recognized	0.00 %
		58.98 %

Asset class	Currency	Share
Bonds	CZK	1.23 %
Bonds	EUR	12.88 %
Bonds	USD	26.90 %
		41.02 %
Equities	CHF	1.11 %
Equities	CZK	0.67 %
Equities	EUR	46.75 %
Equities	GBP	2.62 %
Equities	PLN	4.62 %
Equities	USD	3.20 %
		58.98 %

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: 13,337.59 EUR (of which 100 % from securities lending transactions)

Costs: N/A

Further information on repurchase agreements

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

Total return swaps and similar derivative instruments

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

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

Calculation method for overall risk

Calculation method for overall risk

Simplified approach

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

Total number of employees	245
Number of risk-bearers	83
Fixed remuneration	21,133,401.94
Variable remuneration (bonuses)	4,033,484.17
Total remuneration for employees	25,166,886.11
of which remuneration for managing directors	1,363,876.85
of which remuneration for managers (risk-bearers)	2,522,848.03
of which remuneration for other risk-bearers	8,394,504.63
of which remuneration for employees in positions of control	232,087.44
of which remuneration for employees in the same income bracket as managing directors and risk-bearers due to their overall remuneration	0.00
Total remuneration for risk-bearers	12,513,316.95

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

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

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

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

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

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

- Since the performance period 2015, in accordance with the regulatory requirements a portion of the variable remuneration for risk-bearers is paid out in the form of units in an investment fund managed by Raiffeisen Kapitalanlage-Gesellschaft m.b.H. In addition, as required by law portions of the variable remuneration of risk-bearers are deferred and paid out over a period of several years.
- The supervisory board of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. resolves the general remuneration policy principles specified by the remuneration committee, reviews them at least once a year and is responsible for their implementation and for monitoring of this issue. The supervisory board most recently fulfilled this duty on Nov 30, 2017. It has not identified any need for changes or any irregularities in relation to the remuneration policy of Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
- In addition, at least once per year a central and independent internal review determines whether the company's remuneration policy has been implemented in accordance with the applicable remuneration regulations and procedures. The internal auditing division of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. published its most recent report on Aug 28, 2018. This report has not resulted in any material findings concerning the remuneration policy of Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
- The remuneration policy of Raiffeisen Kapitalanlage-Gesellschaft m.b.H. has not been subject to any significant changes in the reporting period.

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

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

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

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

Vienna, 2 October 2018

Raiffeisen Kapitalanlage-Gesellschaft m.b.H.


Mag. Rainer Schnabl


Mag. (FH) Dieter Aigner


Ing. Michal Kustra

Audit opinion

Report on the annual fund report

Audit opinion

We have audited the annual fund report issued by Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna, for its fund Raiffeisen Russia Equities, consisting of the portfolio of investments as of June 30, 2018, the income statement for the financial year ending as of this date and the other disclosures required under Annex I Schedule B of the 2011 Austrian Investment Fund Act (Investmentfondsgesetz, InvFG).

In our view, the annual fund report complies with applicable statutory requirements and provides a true and fair view of the net assets and financial position as of June 30, 2018 as well as the earnings position for the fund for the financial year ending as of this date, in compliance with Austrian commercial law, the provisions of InvFG 2011.

Basis for the audit opinion

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

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

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

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

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

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

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

In addition, the following applies:

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

Other information

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

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

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

Vienna, 2 October 2018

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca
Auditor

Tax treatment

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

Fund regulations

Fund regulations pursuant to the Austrian Investment Fund Act 2011

The Austrian Financial Market Authority (FMA) has approved the fund regulations for the investment fund **Raiffeisen Russia 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 Russia and the successor states of the USSR (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 July 1 to June 30.

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 September 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 September 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 September 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 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. September 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 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.

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

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

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

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

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

Article 7 Management fee, reimbursement of expenses, liquidation fee

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

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

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

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

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

Please refer to the prospectus for further details.

Appendix

List of stock exchanges with official trading and organized markets

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

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

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

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

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

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

¹Click 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

3.17.	Peru:	Bolsa de Valores de Lima
3.18.	Philippines:	Manila
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

Imprint

Publisher:

Raiffeisen Kapitalanlage-Gesellschaft m.b.H.

Mooslackengasse 12, A-1190 Vienna

Responsible for contents:

Raiffeisen Kapitalanlage-Gesellschaft m.b.H.

Mooslackengasse 12, A-1190 Vienna

Copyright by publisher, dispatch location: Vienna

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Raiffeisen Kapitalanlage-Gesellschaft m.b.H.

Raiffeisen Immobilien Kapitalanlage-Gesellschaft m.b.H.

Raiffeisen Salzburg Invest Kapitalanlage GmbH