



# P R O S P E C T U S

for

## Raiffeisen Security Fund

(Original German name: Raiffeisenfonds-Sicherheit)  
("the investment fund" or "the fund")

Investment fund pursuant to § 2 of the Austrian Investment Fund Act, InvFG  
(UCITS<sup>1</sup>)

issued by

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

Schwarzenbergplatz 3, A-1010 Vienna, Austria

This prospectus was produced in January 2015 in accordance with the fund regulations established pursuant to the 2011 Austrian Investment Fund Act (InvFG). The prospectus will come into force on February 20, 2015.

This prospectus is supplemented by the most recent annual fund report or semi-annual fund report. Units will be purchased or sold on the basis of this prospectus, including the fund regulations attached to this prospectus as an appendix and the most recently published annual or semi-annual fund report.

Investors are to be provided with the key investor information (key investor document, KID) free-of-charge in good time prior to an offer to subscribe for units. Upon request, the management company will provide the currently valid version of the prospectus, the fund regulations, the annual fund report and the semi-annual fund report free of charge. Together with the key investor information, these documents may be obtained from the website [www.rcm.at](http://www.rcm.at) in German and – where units are sold outside of Austria – also on the website [www.rcm-international.com](http://www.rcm-international.com) in English (or German). The key investor information is also available in other foreign-language versions. These documents may also be obtained from the custodian bank and from the distribution offices indicated in the appendix to this prospectus.

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<sup>1</sup> UCITS is the abbreviation for "undertaking for collective investment in transferable securities" pursuant to InvFG 2011.

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## **PART I**

### **MANAGEMENT COMPANY**

#### **1. Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna**

Raiffeisen Kapitalanlage-Gesellschaft m.b.H. ("the management company") is a management company within the meaning of § 1 (1) item 13 of the Austrian Banking Act (BWG) in combination with § 6 (2) of the 2011 Austrian Investment Fund Act (InvFG) and an alternative investment fund manager within the meaning of the Austrian Alternative Investment Fund Managers Act (AIFMG). The management company is licensed by the Austrian Financial Market Authority. The company was established in December 1985 for an indefinite duration. It has been established as a limited-liability company (*Gesellschaft mit beschränkter Haftung, Ges.m.b.H.*) and has been entered in the companies register of Vienna Commercial Court under the companies register number 83517w. The company's registered office and head office are in Vienna. Its business address is Schwarzenbergplatz 3, A-1010 Vienna, Austria. The company is domiciled in the same member state as the investment fund.

#### **2. Investment funds managed by the company**

Please refer to item 6 of the appendix to the prospectus for this information.

#### **3. Management**

Dieter AIGNER, Michael HÖLLERER, Rainer SCHNABL

#### **4. Supervisory board**

Please refer to item 3 of the appendix to the prospectus for information on the composition of the supervisory board.

#### **5. Other main positions of the members of the board of directors and supervisory board**

Please refer to item 4 of the appendix to the prospectus for this information.

#### **6. Share capital**

The company's share capital amounts to EUR 15 million and is fully paid in.

#### **7. The management company has transferred the following activities to third parties**

##### **Transfer of tasks to companies incorporated in the Raiffeisen Banking Group**

For increased efficiency within the Raiffeisen Banking Group, from July 1, 2014 activities of the management company will be transferred to Raiffeisen Banking Group affiliates (in particular, Raiffeisen Zentralbank Österreich AG and Raiffeisenbank International AG) through the assignment of business activities or outsourcing contracts. Where this involves more than the mere transfer of auxiliary tasks, the Financial Market Authority will be notified of such transfers in good time prior to the conclusion of the respective contract. Transfer of the affected tasks is expected to have been completed by the end of 2015.

The following activities are expected to be affected by this transfer of tasks:

"Human Resources" (personnel tasks) was outsourced to Raiffeisenbank International AG from July 1, 2014.

"Marketing" (market and customer communications, particularly advertising) was outsourced to Raiffeisen Zentralbank Österreich AG from July 1, 2014.

"Information Technology" (e.g. development and maintenance of software, creation and servicing of fund-related IT systems, service desk) was outsourced to Raiffeisen Verbundunternehmen-IT GmbH, Am Stadtpark 9, 1030 Vienna, from July 1, 2014.

"Security & Business Continuity Management" was outsourced to Raiffeisenbank International AG from July 1, 2014.

The "Internal Control System" (definition and documentation, monitoring and reporting on the internal control system and support in relation to instructions, structures and procedures/process management) was outsourced to Raiffeisen Zentralbank Österreich AG from November 1, 2014.

Accounting (bookkeeping, balance sheet preparation) and elements of the reporting system required by law (particularly under supervisory regulations) were transferred to Raiffeisen Zentralbank Österreich AG from October 1, 2014.

"Compliance" (monitoring of compliance with legal regulations) or subordinate tasks are to be transferred to Raiffeisen Zentralbank Österreich AG or Raiffeisenbank International AG.

“Office Management” (building management) is to be transferred to ZHS Office- & Facilitymanagement GmbH.

The possible transfer of “Reporting” tasks (e.g. preparation of annual fund reports, key investor documents) is currently under review.

The possible transfer of “Mid Office” tasks (e.g. verification of compliance with investment limits) is also currently subject to review.

Please consult the management company regarding the concrete timing for the transfers of tasks outlined above and any changes.

**Conflicts of interest associated with this transfer**

Please see the management company’s conflict of interest policy. The current version as of the time of preparation of this prospectus is attached in the enclosure. An updated version (where applicable) is available from the website of the management company at

[www.rcm.at](http://www.rcm.at) (menu About Us, submenu Corporate Governance).

The management company wishes to point out that Raiffeisenbank International AG and Raiffeisen Zentralbank Österreich AG are affiliates within the meaning of Article 4 (1) (38) of the Regulation (EU) 575/2013.

## **PART II** **INVESTMENT FUND**

### **1. Name of the investment fund**

The investment fund bears the name Raiffeisen Security Fund and is an investment fund pursuant to § 2 InvFG (UCITS) and complies with the Directive 2009/65/EC (UCITS Directive).

### **2. Date of establishment and duration, where limited**

Raiffeisen Security Fund was launched on June 22, 1998 under the fund name Raiffeisen Fund of Funds Security for an indefinite duration.

### **3. Office where the fund regulations and the periodic reports may be obtained**

Please refer to the cover page of the prospectus for this information.

#### **3a. Sales restriction**

The investment fund has not been registered in the USA in accordance with applicable legal regulations. Units of the investment fund are not therefore intended for sale in the USA or for sale to US citizens (or permanent US residents) or to partnerships or corporations established under US law.

The investment fund may only be publicly sold in countries where it is licensed for public sale.

#### **3b. "FATCA" status**

Within the scope of compliance with US tax regulations under FATCA ("Foreign Account Tax Compliance Act"), the fund has been registered with the US Internal Revenue Service (IRS). The management company has been notified of the fund's designated GIIN ("Global Intermediary Identification Number") and will be pleased to notify investors of this upon request.

The fund is thus "deemed compliant" (i.e. FATCA-compliant) within the meaning of the above provisions.

### **4. Brief details of tax regulations applicable for the investment fund which are of significance for unitholders. Notice on withholding-tax liability for income and capital gains earned by unitholders from the investment fund**

#### **Tax treatment for investors with unlimited tax liability in Austria**

##### **Note:**

The following tax comments reflect the current understanding of the legal situation. They are intended for persons with unlimited income or corporate income tax liability in Austria. The tax effects also depend on the investor's personal circumstances and may be subject to future changes. Accordingly, the tax assessment may change due to legislation, court rulings or other legal acts of the fiscal administration. On these grounds, before purchasing or selling fund units we recommend that investors should consult a tax advisor and obtain advice on the consequences for their personal tax situation.

The annual fund reports contain details of the taxation of fund distributions and distribution-equivalent income.

The following remarks are mainly applicable for security deposit accounts held in Austria.

#### **a) PRIVATE ASSETS**

##### **Full tax settlement (final taxation), no tax declaration obligation for the investor**

Provided that they derive from capital gains subject to schedule II capital gains tax and the recipient of the distribution is liable for capital gains tax, the domestic office redeeming a coupon shall withhold capital gains tax from sums distributed (interim distribution) by an investment fund to its unitholders at the amount payable on that income as prescribed by law. Under the same circumstances, notional payments from an income-retaining fund shall be withheld as capital gains tax in the amount of the distribution-equivalent income on the fund unit (excluding full income-retaining funds).

Private investors shall not in principle be subject to any tax declaration obligations. All tax obligations of the investor shall be settled upon the deduction of capital gains tax. This capital gains deduction shall imply full final taxation status in respect of income tax.

#### **Exemptions from final taxation status**

Final taxation status shall not apply:

a) to debt securities contained within a fund's assets that are exempt from schedule II capital gains tax insofar as a statement was not made opting for the withholding of capital gains tax. Such income must still be declared in a tax return;

b) to securities within a fund's assets that do not fall within Austria's sovereign right of taxation provided that the holder has not waived the right to benefit from double taxation agreements. Income from such securities must be declared in the column of the income tax return with the heading "Neben den angeführten Einkünften wurden Einkünfte bezogen, für die das Besteuerungsrecht aufgrund von Doppelbesteuerungsabkommen einem anderen Staat zusteht" ("income besides that income which is taxable by another country under double-tax agreements").

However, the deducted capital gains tax may in all cases be set off or claimed back as per § 240 of the Austrian Federal Fiscal Code (BAO).

The fund's ordinary income (interest, dividends) is subject to 25 % capital gains tax after deduction of expenses. 20 % of the fund's extraordinary income (price gains from the sale of equities and equity derivatives) is also subject to 25 % capital gains tax.

For fund accounting years beginning after June 30, 2011, the tax assessment basis for the extraordinary income (equities, equity derivatives) will be increased from 20 % to 30 %.

For accounting years beginning after December 31, 2011, the tax assessment basis for the extraordinary income (equities, equity derivatives) will be increased from 30 % to 40 %.

For accounting years beginning after December 31, 2012, the tax assessment basis for extraordinary income on price gains realized on bonds and bond derivatives is to be widened and 50 % of all realized extraordinary income will be subject to capital gains tax at a rate of 25 %.

For accounting years beginning after December 31, 2013, 60 % of all realized extraordinary income will be subject to capital gains tax at a rate of 25 %.

#### **Speculation period in case of sale of fund units:**

The one-year speculation period will remain applicable for fund units purchased before January 1, 2011 (§ 30 of the Austrian Income Tax Act prior to the 2011 Austrian Budget Accessory Law).

Fund units purchased from January 1, 2011 are taxed on the growth realized at the time of their sale. In case of sales from April 1, 2012 the custodians will impose capital gains tax at source, at a rate of 25 %, on the difference between the net book value for tax purposes and the proceeds from the sale of the fund units. For calculation of the net book value for tax purposes, income taxed during the holding period will increase the acquisition costs for the unit certificate while distributions or capital gains tax payments will reduce the acquisition costs. Disposal losses may be claimed in the same calendar year together with positive income resulting from capital assets (with the exception of interest income from credit institutions) within the framework of the tax assessment.

For income subject to final taxation realized in the period from April 1, 2012 (incl. distribution-equivalent income), the custodian must immediately compensate for any losses in all of the taxpayer's securities accounts held by it. For the period from April 1, 2012 to December 31, 2012, the custodian will compensate for losses retrospectively by no later than April 30, 2013.

An extended speculation period shall apply (i.e., the taxable income is to be taxed within the scope of the assessment) if the units acquired after January 1, 2011 are disposed of before April 1, 2012.

#### **b) BUSINESS ASSETS**

##### **Taxation and tax settlement for units held as part of the business assets of private individuals**

In the case of private individuals who have income from capital assets or from a business enterprise (sole proprietors, co-partners), the income tax on income that is subject to capital gains tax shall be deemed to have been discharged through the withholding of schedule I and schedule II capital gains tax).

Distributions (interim distributions) of capital gains from Austrian funds and distribution-equivalent capital gains from foreign subfunds shall be taxable in accordance with the applicable tax scale until April 1, 2012. A special 25 % tax rate will subsequently apply (assessment).

For accounting years beginning after December 31, 2012, distributions and all distribution-equivalent ordinary and extraordinary income (all price gains realized at the fund level) are taxable as part of the business assets (insofar as they result from taxable income). Tax-free retentions from realized price gains in the fund are ultimately possible for accounting years beginning in calendar year 2012.

Price gains resulting from the sale of fund units sold prior to April 1, 2012 are to be taxed within the scope of this assessment. All income which has already been taxed will be deducted from this disposal gain. A special tax rate of 25 % will be applied to fund units held as part of the business assets of private individuals that were sold after March 31, 2012 (assessment).

#### **Taxation and withholding of schedule II capital gains tax in the case of units held as part of the business assets of a legal entity**

Distributions and distribution-equivalent ordinary income (interest, dividends) are taxable.

Distributions of capital gains from Austrian funds and distribution-equivalent capital gains from foreign subfunds shall be subject to corporate income tax [Körperschaftsteuer = KÖSt].

For accounting years beginning after December 31, 2012, distributions and all distribution-equivalent ordinary and extraordinary income (all price gains realized at the fund level) are taxable as part of the business assets (insofar as they result from taxable income). Tax-free retentions from realized price gains in the fund are ultimately possible for accounting years beginning in calendar year 2012.

Foreign dividends realized in EU countries (current exceptions (as of July 6, 2009): Bulgaria, Ireland, Cyprus), Norway as well as certain comparable third countries are exempt from corporate income tax. Other foreign dividends will attract corporate income tax.

In the absence of a declaration of exemption within the meaning of § 94 no. 5 of the Austrian Income Tax Act, the office redeeming a coupon shall also withhold capital gains tax or use notional outpayments from income-retaining funds to pay capital gains tax on units held as a part of such business assets. Deducted capital gains tax which is paid over to the tax office may be set off against the corporate income tax which is subject to assessment.

#### **CORPORATE BODIES WITH INCOME FROM CAPITAL ASSETS**

In the case of corporate bodies receiving income from capital assets (e.g. associations), the corporation tax on capital gains that are subject to schedule II capital gains tax shall be deemed to have been discharged through the withholding of capital gains tax. Capital gains tax levied on tax-free dividends is reimbursable.

Private foundations shall in principle be subject to an interim tax at a rate of 12.5 % for capital gains subject to schedule II capital gains tax. With effect as of the 2011 tax assessment, private foundations shall in principle be subject to an interim tax at a rate of 25 % for capital gains attracting schedule II capital gains tax. Capital gains tax levied on tax-free dividends is reimbursable.

Foreign dividends realized in EU countries (current exceptions (as of July 6, 2009): Bulgaria, Ireland, Cyprus), EEA countries as well as certain comparable third countries are exempt from corporate income tax. Other foreign dividends will attract corporate income tax.

Fund units purchased from January 1, 2011 are taxed on the growth realized at the time of their sale. The assessment basis for taxation is the difference between the sales proceeds and the fund units' net book value for tax purposes. For calculation of the net book value for tax purposes, income taxed during the holding period will increase the acquisition costs for the unit certificate while distributions or capital gains tax payments will reduce the acquisition costs.

### **5. Cut-off date for accounting and frequency and form of distribution**

The fund's financial year begins on June 1 and ends on May 31 of the following calendar year. The cut-off date for accounting purposes is thus May 31.

The distribution/capital gains tax payment pursuant to § 58 (2) of the Austrian Investment Fund Act in combination with Article 6 of the fund regulations will occur from August 16 of the following financial year.

Interim distributions shall be possible.

The management company shall produce an annual fund report for each accounting year of the fund and a semi-annual fund report for the first six months of this period. The annual fund report must be published within four months and the semi-annual fund report within two months of the respective reporting period.



## 6. Name of the auditor

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Porzellangasse 51, 1090 Vienna has been appointed as the auditor within the meaning of § 49 (5) of the Austrian Investment Fund Act. The persons tasked with the audit are indicated on the audit certificate for the annual fund report. The annual fund report is available on the website [www.rcm.at](http://www.rcm.at) in German and, where units are also sold outside of Austria, also on the website [www.rcm-international.com](http://www.rcm-international.com) in English (or in German).

## 7. Type and main characteristics of the units

- In particular, type of right (in rem, ownership claim or other right) represented by the unit
- Original deeds or certificates for these deeds, entries in a register or on an account
- Characteristics of the units: Registered or bearer instruments, denomination where appropriate;
- Description of the unitholders' voting right, where applicable
- Conditions under which the winding-up of the investment fund may be resolved, and details of its winding-up, particularly in relation to the unitholders' rights

### Type of right associated with fund units

The investors are co-owners of assets of the investment fund in accordance with the number of fund units which they hold. Each fund unit thus represents a right in rem, i.e. a co-ownership right for the fund assets. The value of the co-ownership share represented may be calculated by dividing the total asset value of the investment fund, including income, by the number of units issued. The value of each co-ownership share is thus equal for each unit class. An unlimited number of fund units will be issued.

The unit certificates (certificates) are securities which document co-ownership shares for the assets of the investment fund and the rights of investors in relation to the management company and the custodian bank. They have the status of financial instruments within the meaning of § 1 item 6 c of the Austrian Securities Supervision Act (WAG 2007).

The unit certificates will be documented by means of global certificates for each unit class (pursuant to § 24 of the Austrian Safe Custody of Securities Act (Depotgesetz, DepotG)). The unit certificates may be issued for one or more units or for fractions of units. No physical securities certificates will be issued.

With the consent of the Supervisory Board, the management company may split the fund units and issue additional unit certificates to the unitholders for each unit class or exchange existing unit certificates for new ones if it deems that a unit split is in the interests of the co-owners given the calculated value of the units.

### Unit classes

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.

In addition, the management company may issue various/further classes of unit certificates for the investment fund. In this case, this prospectus must be updated accordingly.

### Unit certificates as registered or bearer instruments

Unit certificates are issued to bearer.

### Voting rights

No voting rights are associated with the unit certificates.

### Winding-up of the investment fund

An investment fund may be wound up for various reasons. For example, the investment fund may be wound up due to the management company's termination of its management activities or due to a transfer of its assets as a result of a merger or a split-off. The management company's management of the investment fund will also end in the event that the management company loses its license to manage investment funds or if the management provides notice of termination even before its winding-up is resolved. Limited-duration funds will be terminated upon expiry of their stipulated duration. Specifically, the grounds/preconditions for winding-up are as follows:

#### a) Termination of management

The management company may terminate/end its management of the investment fund subject to the following preconditions:

- i) with the approval of the Austrian Financial Market Authority, by means of public notification of the termination with (at least) six months' notice. The Austrian Financial Market Authority will only issue its approval subject to due consideration of the interests of the unitholders. Publication may be waived if all investors are demonstrably notified

of the termination. In this case, the termination shall become effective as of the date indicated in the notice, but at least 30 days after its notification to the unitholders. Subject to a price suspension, during the period indicated above the unitholders may surrender their fund units against payment of the redemption price.

ii) with immediate effect as of the date of publication and subject to simultaneous notification of the Austrian Financial Market Authority if the fund assets fall below EUR 1,150,000. A termination pursuant to ii) shall not be permissible during a termination pursuant to i).

#### **b) Transfer of management**

Subject to the approval of the Austrian Financial Market Authority, publication and compliance with a (minimum) notice period of 3 months from the date of publication, inter alia, the management company may transfer the management of the investment fund to another management company. Publication may be waived if all investors have been notified of the transfer of management to another management company at least 30 days prior to the transfer.

During the period indicated above the unitholders may surrender their fund units against payment of the redemption price.

#### **c) Other grounds for termination of management**

The right of the management company to manage an investment fund will lapse upon expiry of its investment business license (§ 1 (1) item 13 of the Austrian Banking Act in combination with § 6 (2) InvFG) or its authorization pursuant to Art. 6 of the Directive 2009/65/EC, if the management company resolves to wind itself up or if the Austrian Financial Market Authority declares that the management company is not permitted to issue any further unit certificates for the relevant investment fund pursuant to § 50 (7) InvFG.

In the event of the expiry of the management company's right to manage the investment fund (either due to a termination or on other grounds), its management will be transferred to the custodian bank. In case of a termination pursuant to i), with the approval of the Austrian Financial Market Authority the custodian bank may transfer management of the investment fund to a new management company within six months of the original management company's termination of its management. The Austrian Financial Market Authority will only issue its approval subject to due consideration of the interests of the unitholders.

Should the custodian bank fail to transfer management of the investment fund to another management company within six months, it must initiate its winding-up. Upon commencement of the winding-up process, the unitholders' right to management shall be replaced by a right to due winding-up and, following the end of the winding-up process, their right to redemption of the value of a unit at any time shall be replaced by the right to the disbursement of the liquidation proceeds.

Disbursement of units is not permitted prior to the date of public notification of the start of liquidation.

#### **d) Merger/amalgamation**

The management company may merge investment funds subject to approval from the Austrian Financial Market Authority and notification of investors. This merger may occur between domestic investment funds or internationally between investment funds from various member states of the European Union. The following procedures for a merger of investment funds are provided for by law:

The management company may transfer the assets and liabilities of one or more investment funds to another existing investment fund ("gross merger through absorption").

The management company may transfer the assets of two or more investment funds to an investment fund which is to be newly established ("gross merger through new establishment").

The management company may transfer to an investment fund which is to be newly established the net assets of two or more investment funds which will continue to exist until they have fulfilled their liabilities ("net merger"). For investment funds which are only licensed for sale in Austria (and not in another member state), a net merger is not permitted in case of a simplified merger process pursuant to § 127 InvFG.

Following approval of the merger from the Austrian Financial Market Authority, the unitholders are to be notified of the details by means of a publication or a notice. The unitholders may surrender their fund units during the period indicated in this publication or notice against payment of the redemption price or, where possible, may convert them into units in another investment fund which is issued by the same management company or an associated management company with a similar investment policy.

In case of a gross merger through absorption, the unitholders in the transferring investment fund will become unitholders in the receiving investment fund; in case of a gross merger through new establishment, they will become unitholders in the newly established investment fund. The conversion will be executed on the basis of the respective conversion ratio and, where applicable, through payment of a cash amount not exceeding 10 % of the net asset value of a unit which is to be converted (clearing transfer). In the event of a net merger, the unitholders in the transferring investment fund will become unitholders in the receiving investment fund.

In case of a gross merger through absorption, the conversion ratio will be determined on the basis of the ratio of the respective net asset values of the transferring and the receiving investment fund. In case of a merger through new establishment or a net merger, it will be determined on the basis of the ratio of the respective net asset values of the investment fund which is to be newly established and the transferring investment fund.

#### **e) Split-off**

The management company may split off portions of the fund assets which have unexpectedly become illiquid. Preconditions for a split-off include approval from the Austrian Financial Market Authority and publication of the details of the planned split-off. The unitholders will become co-owners of the split-off fund in accordance with their units. The custodian bank will wind up the split-off fund. The proceeds of its winding-up will be paid to the unitholders.

### **8. Stock exchanges or markets on which the units are listed or traded**

The units are issued and redeemed by the custodian bank. The management company reserves the right to apply for stock exchange listings for the investment fund.

### **9. Methods and terms of issue and/or sale of units**

#### **Issuance of units**

Units will be issued on any banking day.

There is in principle no limit to the number of issued units and corresponding unit certificates. Units may be purchased from the distribution outlets listed in the Appendix. The management company reserves the right to temporarily or completely cease issuing units.

#### **Subscription fee**

When the issue price is set, inter alia a subscription fee may be added to the value of a unit to cover issuing costs. The subscription fee amounts to up to 3 % of the value of a unit.

The subscription fee will reduce the performance and may do so significantly, particularly in case of a short investment period.

#### **Settlement date**

The valid issue price applicable for the settlement is the net asset value calculated on the next-but-one banking day (excluding Good Friday and New Year's Eve) following the banking day on which the custodian receives the order, by no later than 2 p.m. where the order is placed through an electronic system or otherwise by no later than 1:30 p.m. (this includes where an order is placed by fax, email or telephone), plus the subscription fee. This excludes savings fund agreements, from the second deposit payment onwards; in this case, the settlement date is the day of the month agreed in the savings fund agreement. The value date on which the purchase price shall be charged is two banking days (excluding Good Friday and New Year's Eve) after the settlement date.

#### **Change in the value date rule from February 20, 2015**

From February 20, 2015, the value date on which the purchase price shall be charged will be shortened to one banking day (excluding Good Friday and New Year's Eve) after the settlement date.

### **10. Methods and terms of unit redemptions and payouts and circumstances under which redemptions or disbursements may be suspended**

#### **Redemption of units**

Unitholders can require the custodian bank to redeem units at any time by surrendering their unit certificates or by placing a redemption order.

The custodian bank is obliged to redeem the units for the fund's account at the current redemption price, which will be the value of a unit.

Units will be redeemed on any banking day.

### **Suspension**

If extraordinary circumstances exist that make it seem necessary in the unitholders' legitimate interests, payment of the redemption price and its calculation and publication may be temporarily suspended and made subject to the sale of investment fund assets and the receipt of the proceeds from their sale if the Austrian Financial Market Authority is simultaneously notified and public notice of this situation is provided. Investors shall be notified of the recommencement of redemption of unit certificates.

### **Redemption fee**

No redemption fee shall be payable at the redemption of the unit certificates.

### **Settlement date**

The valid unit value applicable for the settlement is the net asset value calculated on the next-but-one banking day (excluding Good Friday and New Year's Eve) following the banking day on which the custodian receives the order, by no later than 2 p.m. where the order is placed through an electronic system or otherwise by no later than 1:30 p.m. (this includes where an order is placed by fax, email or telephone), less any redemption fee. This excludes outgoing payments under savings fund agreements where a payment phase is agreed; in this case, the settlement date is the day of the month agreed in the savings fund agreement. The value date on which the sale price shall be credited is two banking days (excluding Good Friday and New Year's Eve) after the settlement date.

### **Change in the value date rule from February 20, 2015**

From February 20, 2015, the value date on which the sale price shall be credited will be shortened to one banking day (excluding Good Friday and New Year's Eve) after the settlement date.

## **11. Calculation of the units' sale, issue, outpayment and redemption prices**

- In particular, method and frequency of calculation of these prices
- Costs associated with the sale, issue, redemption or payment
- Type, place and frequency of publication of these prices

### **Calculation method**

In principle, the most recently published prices for the assets acquired by the investment fund shall be consulted in order to calculate the investment fund's price. Where, due to the political or economic situation, the most recently published price quite clearly and not merely in one individual case does not correspond to the actual values, a price calculation may be omitted for the investment fund where it has invested 5 % or more of its fund assets in assets for which no prices – or no market-compatible prices – are available.

### **Frequency of calculation of prices**

The issue and redemption prices will be calculated on each day of stock market trading (on the Vienna stock exchange).

### **Costs of issuing and redeeming units**

With the exception of the subscription fee applicable upon the issue of unit certificates, the custodian bank will not charge additional fees upon the issue or redemption of units.

The individual agreement of the individual investor with the respective custodian shall determine to what extent this investor must pay additional charges (such as order charges or custodian fees) for the acquisition and redemption of unit certificates (besides the subscription fee and/or redemption fee). Thus, the management company has no influence over this.

### **Form, place and frequency of publication of the issue and redemption prices**

The issue and redemption prices will be published on the website of the management company, [www.rcm.at](http://www.rcm.at). Where units are also sold outside of Austria, they will also be published on the management company's international website, [www.rcm-international.com](http://www.rcm-international.com), on each day of stock market trading (on the Vienna stock exchange).

### **Rules for valuation of assets**

The value of a unit in a given unit class is calculated by dividing the value of the unit class inclusive of its income by the number of units issued in this unit class. The unit value thus determined will be calculated to two decimal places, with no rounding-off of the second decimal place.

At the first-time issuance of units of a given unit class, their value will be calculated on the basis of the value determined for the overall fund. Subsequently, the value of a unit class will be calculated on the basis of the total pro rata net assets which are held by the fund and calculated for this unit class.

The total value of the fund shall be calculated on the basis of the current market prices of the securities, money market instruments and subscription rights held by the investment fund plus the value of the fund's financial investments, cash holdings, credit balances, receivables and other rights net of its liabilities.

The investment fund's total value will be determined 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 normal market valuation methods shall be used.
- c) Units in a UCITS or UCI will be valued at the most recently available calculated prices or – if their units are traded on stock exchanges or regulated markets (e.g. ETFs) – at the most recently available closing prices.
- d) The liquidation value of futures and options traded on a stock exchange or another regulated market will be determined on the basis of the most recently available settlement price.

In principle, the most recently published (= available) prices and the previous day's subfund prices shall be consulted for the **fund's price calculation**. Where, due to the political or economic situation, the most recently published valuation price quite clearly and not merely in one individual case does not correspond to the actual values, a price calculation may be omitted where the fund has invested 5 % or more of its fund assets in assets for which no prices – or no market-compatible prices – are available.

## 12. Rules for the determination and appropriation of income

### **Income in case of income-distributing unit certificates**

Once costs have been covered, the income received during the past accounting year (interest and dividends) may be distributed at the discretion of the management company. 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 August 16 of the following accounting year the amounts are to be distributed to the holders of income-distributing unit certificates, if appropriate against surrender of an income coupon. Any remaining balances shall be carried forward to a new account.

In any case, from August 16 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.

### **Income in case of income-retaining unit certificates with capital gains tax deducted**

Income during the accounting year net of costs shall not be distributed. Instead, from August 16 the amount calculated pursuant to InvFG shall be paid out on income-retaining unit certificates to be used where applicable to meet any capital gains tax commitments on the distribution-equivalent return on those unit certificates.

### **Income in case of income-retaining unit certificates without capital gains tax deducted (foreign tranche)**

Income-retaining unit certificates without deducted capital gains tax (foreign tranche) 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 from the custodians that at the time of the payout the unit certificates for full income-retaining funds 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 an exemption from capital gains tax.

### Income in case of income-retaining unit certificates without capital gains tax deducted (domestic and foreign tranche)

Income during the accounting year net of costs shall not be distributed. No payment pursuant to InvFG will be made. August 16 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 the payout the unit certificates for full income-retaining funds 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 an exemption from capital gains tax.

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

### 13. Description of the investment fund's investment goals, including its financial goals (e.g. capital or income growth), investment policy (e.g. specialization in terms of geographical or economic areas), possible investment policy restrictions and techniques and instruments or borrowing powers during the management of the investment fund

#### Notice

The fund seeks to comply with its investment goals. However, no assurance can be provided that these goals will actually be fulfilled.

The following description does not reflect a potential investor's individual risk profile. We recommend that investors should obtain expert investment advice for an assessment of whether the investment fund is suitable and appropriate for their personal circumstances.

#### 13.1. Investment goal and investment policy

Raiffeisen Security Fund is a mixed fund of funds. It pursues an investment goal of moderate capital growth and mainly invests (at least 51 % of the fund assets) in units in investment funds. Units in equity funds may not exceed 35 % of the fund assets. Units in investment funds are mainly selected on the basis of the quality of the investment process, their performance to date and their risk management. In addition to investment funds, the fund may also invest in securities, in bonds and money market instruments issued by sovereigns, supranational issuers and/or companies etc. and in sight deposits and deposits at notice. The fund is actively managed and is not limited by means of a benchmark. The fund may invest more than 35 % of its fund assets in securities/money market instruments issued by the following issuers: Germany, France, Italy, United Kingdom, Switzerland, USA, Canada, Australia, Japan, Austria, Belgium, Finland, Netherlands, Sweden or Spain.

To this end, after assessing the position of the economy and the capital markets and the stock exchange outlook the fund shall in accordance with its investment policy purchase and sell the assets (securities, money market instruments, sight deposits, fund units and financial instruments) permitted by the Austrian Investment Fund Act and its fund regulations.

It shall thereby pay special regard to risk diversification.

The fund's currency is the EUR.

The Austrian Financial Market Authority has approved the fund regulations of Raiffeisen Security Fund. Raiffeisen Security Fund may invest more than 35 % of its fund assets in securities or money market instruments issued or guaranteed by Germany, France, Italy, the United Kingdom of Great Britain and Northern Ireland, Switzerland, the United States of America, Canada, Australia, Japan, Austria, Belgium, Finland, the Netherlands, Sweden and Spain, by means of investments in individual securities and/or investments in other investment funds. An investment in any single issue may not exceed 30 % of its fund assets.

The management company may on behalf of Raiffeisen Security Fund undertake derivative transactions as part of its investment strategy. This may at least temporarily mean an increased loss risk in respect of the fund's assets.

The fund may acquire derivative instruments which are not held for hedging purposes. The fund may also mainly invest in derivatives. The total market risk amount (relative VAR) for all of the fund's investments may not exceed twice the overall level of risk for the reference portfolio.

As part of its investment strategy for Raiffeisen Security Fund, the management company may mainly invest in other investment funds.

The investment fund mainly invests (i.e. at least 51 % of its fund assets) in units in other investment funds. In deviation from the limit specified in the fund regulations (50 % of the fund assets), equity funds may not exceed 35 % of the fund assets.

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

Securities (including securities featuring embedded derivative instruments) may be purchased for up to 49 % of the fund assets.

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

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 (UCITS, UCI) may each amount to up to 20 % of the fund assets – and up to the legally permitted limit overall – 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.

Units in UCI may be purchased for up to 30 % of the fund assets in total.

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.

The VaR figure is calculated pursuant to the 4<sup>th</sup> chapter of the 4<sup>th</sup> Austrian Derivatives Risk Calculation and Reporting Ordinance (Derivate-Risikoberechnungs- und Meldeverordnung), as amended.

The attributable risk amount for the overall risk – calculated as the value-at-risk amount for the investments held in the fund – may not exceed twice the VAR figure for a reference portfolio which complies with the requirements pursuant to § 16 (2) of the 4<sup>th</sup> Austrian Derivatives Risk Calculation and Reporting Ordinance (Derivate-Risikoberechnungs- und Meldeverordnung), as amended.

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

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

When selecting assets investors should bear in mind that securities entail the possibility of risks as well as price gains.

The fund's management may also make use of bonds granting the issuer a right of premature termination. Unless otherwise indicated, product documentation specifies a term for the fund's securities expiring as of the premature termination date. Where issuers decide to refrain from premature termination – contrary to normal market practice – the fund's maturity pattern shall be extended accordingly. The regular redemption dates for the bonds are specified in the annual and semi-annual fund reports (security designation in the statement of assets held).

## 13.2. Techniques and instruments of investment policy

The investment fund invests pursuant to the investment and issuer limits laid down in InvFG in connection with the fund regulations and in compliance with the principle of risk diversification. The following is a general description of the assets which may be acquired for the investment fund. The specific investment limits for this investment fund are indicated in item 13.1. of the prospectus and the fund regulations (see appendix).

## Securities

**Securities** are

- a) Equities and other, equity-equivalent securities,
- b) Bonds and other securitized debt instruments,
- c) All other marketable financial instruments (e.g. subscription rights) which grant an entitlement to purchase financial instruments within the meaning of InvFG by means of subscription or exchange, with the exception of the techniques and instruments specified in § 73 InvFG.

The criteria laid down in § 69 InvFG must be fulfilled in order to qualify as a security.

Subject to fulfillment of criteria stipulated by law (§ 69 (2) InvFG) securities also include

1. units in closed funds in the form of an investment company or an investment fund,
2. units in closed funds in contractual form,
3. financial instruments in accordance with § 69 (2) item 3 InvFG.

The management company may purchase securities which are officially licensed at one of the Austrian or foreign stock exchanges listed in the appendix or traded on regulated markets listed in the appendix which are recognized and open to the general public and which function in an orderly manner. In addition, the management company may acquire securities from new issues whose terms and conditions of issue include the obligation to apply for an official listing on a stock exchange or regulated market subject to the proviso that their listing must actually take place not later than one year after their day of issue.

## Money market instruments

**Money market instruments** are instruments normally traded on the money market which are liquid, whose value may be precisely determined at any time and which fulfill the requirements laid down in § 70 InvFG.

Money market instruments may be purchased for the investment fund where these are

1. officially licensed at one of the Austrian or foreign stock exchanges listed in the appendix or traded on regulated markets listed in the appendix which are recognized and open to the general public and which function in an orderly manner.
2. normally traded on the money market and freely transferable and liquid and their value may be precisely determined at any time and for which appropriate information is available, including such information as enables an appropriate valuation of the credit risks associated with investing in such instruments may be purchased even if they are not traded on regulated markets, where the issue or the issuer of these instruments is already subject to the relevant provisions concerning protection of deposits and investors and these instruments are either
  - a) issued or guaranteed by a central, regional or local unit of government or by the central bank of a member state, the European Central Bank, the European Union or the European Investment Bank, a third country or – for federal states – a member state of a federation or by an international institution established under public law of which at least one member state is a member or
  - b) issued by companies whose securities are officially licensed at one of the Austrian or foreign stock exchanges listed in the Appendix or traded on regulated markets listed in the Appendix or issued or guaranteed by an institution which is subject to supervision in accordance with the criteria stipulated in Union law (i.e. EU law) or issued or guaranteed by an institution which is subject to and complies with supervisory regulations which in the opinion of the Austrian Financial Market Authority are at least as stringent as those set out in Union law or issued by other issuers belonging to a category licensed by the Austrian Financial Market Authority, where investor protection provisions apply for investments in these instruments which are equivalent to those set out in items a to c and where the issuer is either a company with shareholders' equity of at least EUR 10 m. which prepares and publishes its annual financial statements in accordance with the provisions set out in Directive 78/660/EEC or a legal entity which, within a business group comprising one or more stock exchange-listed companies, is responsible for the financing of this group or a legal entity which, in business, corporate or contractual form, is due to finance its securitization of liabilities through a credit line granted by a bank; such credit line must be guaranteed by a financial institution which itself fulfills the criteria specified in item 2 c.

## Unlisted securities and money market instruments

A maximum of 10 % of the fund assets may be invested in securities or money market instruments which are not officially admitted to trading on one of the stock exchanges listed in the appendix to the fund regulations or which are not traded on one of the regulated markets specified in the appendix to the fund regulations or in case of new issuance of securities which are not admitted to trading within one year of their issuance.

## Units in investment funds

1. Units in investment funds (= investment funds and open-end investment companies) pursuant to InvFG which comply with the provisions set out in Directive 2009/65/EC (UCITS) may each be purchased up to an overall amount of 20 % of the fund assets where these funds do not invest more than 10 % of the fund assets in units in other investment funds.



2. Units in any single investment fund pursuant to § 71 (2) in combination with § 77 (1) InvFG which do not wholly comply with the provisions set out in the Directive 2009/65/EC (UCI) and whose exclusive purpose is

- for joint account and in accordance with the principle of risk spreading to invest publicly procured monies in securities and other liquid financial investments and

- whose units are, at the request of the unitholders, repurchased or redeemed at the direct or indirect expense of the assets of the investment fund

may each be purchased up to 20 % of the fund assets, but not exceeding 30 % of the fund assets overall, where

a) these funds do not invest more than 10 % of their fund assets in units in other investment funds and

b) they are licensed in accordance with legal provisions which make them subject to supervision which in the opinion of the Austrian Financial Market Authority is equivalent to supervision under Community law (i.e. EU law) and there is an adequate guarantee of cooperation between the authorities and

c) the level of protection afforded the unitholders is equivalent to the level of protection afforded the unitholders in investment funds which comply with the provisions set out in the Directive 2009/65/EC (UCITS) and, in particular, the provisions concerning separate safekeeping of the portfolio of assets, the take-up of loans, the extensions of loans and uncovered sales of securities and money market instruments are equivalent to the requirements set out in the Directive 2009/65/EC and

d) the relevant business activity is the subject of annual and semi-annual reports which enable a judgment to be made as to the relevant assets and liabilities, income and transactions during the period under review.

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

3. Units may also be purchased for the investment fund in investment funds which are directly or indirectly managed by the same management company or by a company with which the management company is affiliated through joint management or control or a substantial, direct or indirect investment.

#### **Derivative financial instruments**

##### **a) Listed and non-listed derivative financial instruments**

Derived financial instruments (derivatives) – including equivalent instruments settled in cash – which are officially licensed on one of the stock exchanges listed in the Appendix or traded on one of the regulated markets listed in the Appendix or derived financial instruments which are not officially licensed by a stock exchange or traded on a regulated market (OTC derivatives) may form part of the investment fund if

1. the underlying instruments are instruments pursuant to § 67 (1) items 1 to 4 InvFG or financial indices, interest rates, exchange rates or currencies in which the investment fund is permitted to invest in accordance with its fund regulations

2. the counterparty in transactions involving OTC derivatives is a supervised institution belonging to a category licensed by the Austrian Financial Market Authority by regulation,

3. the OTC derivatives are subject to a reliable and verifiable daily valuation and at the initiative of the management company may at any time and at an appropriate current market value be sold, liquidated or balanced through an offsetting transaction and

4. they do not lead to the delivery or transfer of assets other than those specified in § 67 (1) InvFG.

The default risk for investment fund transactions involving OTC derivatives may not exceed the following levels:

1. if the counterparty is a credit institution within the meaning of § 72 InvFG, 10 % of the fund assets,
2. otherwise 5 % of the fund assets.

Investments made by an investment fund in index-based derivatives shall not be taken into consideration with regard to the specific investment limits. Where a derivative is embedded in a security or a money market instrument, it must be taken into consideration in respect of compliance with the above-mentioned prescriptions.

This also includes instruments for the transfer of the credit risk.

## b) Use

As part of the investment scheme for Raiffeisen Security Fund, derivative instruments shall be used at the discretion of the management company both for hedging purposes and as an active instrument of the investment (to safeguard or increase income, as a replacement for securities, to control the investment fund's risk profile or for synthetic liquidity control). This means that derivative instruments will also be used as a substitute for a direct investment in assets and, in particular, with the goal of increased income. The loss risk associated with the investment fund may thus increase.

## c) 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 does not currently use total return swaps or similar derivative instruments.

## Overall risk

### Risk management

The management company shall employ a risk management procedure which enables it to monitor and measure at all times the risk associated with its investment items and its share of the overall risk profile of the fund assets.

The overall risk is to be determined in accordance with the commitment approach or the value-at-risk approach.

The management company must specify, implement and maintain appropriate and documented risk management principles. These risk management principles must include procedures such as are necessary for the evaluation of market, liquidity and counterparty risks as well as other risks, including operational risks.

### Value-at-risk approach

The management company applies the value-at-risk approach to calculate the overall risk. All the positions in the fund are included in this approach. In this context, value-at-risk refers to the maximum loss which may be expected for the fund portfolio during a specific period of time (holding period) for a given confidence interval (probability).

The following parameters will be included in the calculation of the potential loss:

1. confidence interval of 99 %
2. holding period of one month (i.e. 20 business days)
3. effective monitoring period of risk factors of at least one year (250 business days), unless a shorter monitoring period is justified due to a significant increase in price volatility on account of extreme market conditions
4. quarterly updating of data, or more frequently in case of significant changes to market prices
5. at least daily calculations.

Please refer to the current version of the regulation issued by the Austrian Financial Market Authority (FMA) concerning risk calculation and reporting of derivatives for the detailed overall risk calculation modalities in case of use of the value-at-risk approach and the quantitative and qualitative details. (currently available at [www.fma.gv.at](http://www.fma.gv.at)).

The accuracy and predictive quality of the value-at-risk approach will be verified by means of backtesting. Risk-adequate stress calculations (stress testing) will also be performed.

The management company uses the following model: historical simulation.

In addition to the VAR calculations, risk-adequate stress tests are performed. Backtesting provides information on the predictive quality of the model.

Information on the **predicted leverage** (to be indicated as the absolute total nominal values of all derivative positions held in the fund, including any hedge positions): **80 %** of the fund assets.

**This predicted leverage may be exceeded within the framework of the value-at-risk limit indicated below for the overall risk level.**

The management company applies the relative value-at-risk approach to calculate the overall risk. In addition to the VAR calculation for the current fund portfolio, the VAR for a corresponding reference portfolio is also calculated.

## Reference portfolio:

JPM EMU Government Bond Index All Maturities (bond index)	65 %
MSCI World AC Index net dividend reinvested (stock index)	25 %
JPM Daily Global Government Bond (bond index)	10 %

The total risk for the fund portfolio calculated in this way may not exceed twice the total risk for the reference portfolio.

### Sight deposits or deposits at notice

Bank balances in the form of sight deposits or deposits at notice with a maturity not exceeding 12 months may be purchased on the following conditions:

sight deposits or deposits at notice with a maturity not exceeding 12 months may be invested at any one credit institution up to an amount of 20 % of the fund assets if the relevant credit institution is headquartered in a member state or

is located in a third country and is subject to supervisory regulations which in the opinion of the Austrian Financial Market Authority are equivalent to those set out in Community law.

Irrespective of any individual upper limits, an investment fund may not invest with any one credit institution more than 20 % of its fund assets in a combination of securities or money market instruments issued by this credit institution and/or deposits held by this credit institution and/or OTC derivatives purchased by this credit institution.

No minimum balance is required.

### Borrowing

The management company may take out temporary loans up to the amount of 10 % of the fund's assets for account of the investment fund.

Borrowing will increase the level of investment and thus the fund's risk.

### Repos

The management company is permitted to purchase assets for account of the investment fund, for up to 100 % of the fund assets, subject to an obligation on the seller to repurchase those assets at a predetermined time and for a predetermined price.

This means that the characteristics of an asset (e.g. a security) will differ from those of the repurchase agreement. For instance, the return, maturity and buying and selling prices of the repurchase agreement may deviate significantly from those of the underlain instrument.

**The fund has not entered into any repurchase agreements at the present time.** Accordingly, the information concerning repurchase agreements which is stipulated in § 7 (2) of the Austrian Securities Lending and Repurchase Agreement Ordinance is not required.

### Securities lending

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

The associated fee is an added source of income and will thus improve the fund's performance.

The fund enters into securities lending transactions with Raiffeisen Bank International AG under an acknowledged securities lending system within the meaning of § 84 of the Austrian Investment Fund Act.

### Collateral for securities lending transactions and haircut strategy

Under the securities lending 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 (which are not used for purchasing of further assets and which the custodian bank thus holds as a deposit), bonds, equities, convertible bonds and units in investment funds are permissible collateral. **Sight deposits are not subject to any haircut.** The value of this collateral thus amounts to 100 % of the value of the loaned 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 loss which may be expected for this other collateral over a period of three business days will be calculated with a probability of 99 % (confidence interval). The value thus calculated plus a markup of 10 % is the applicable **haircut**. This haircut will amount to at least 5 % of the value of the other collateral. Recognition of this haircut will entail delivery of the required volume of additional collateral.

### **Risks associated with securities lending transactions**

The following risks – which are described in greater detail in the fund’s risk profile section (item 14 of the prospectus) – apply in connection with lending of securities:

- Securities lending risk
- Risk for assets deposited as collateral (collateral risk)

### **Fee arrangement for securities lending transactions**

Raiffeisen Bank International AG will pay a standard loan fee on loaned securities. This fee will be credited to the fund. Securities lending transactions will not entail any costs or charges for the fund. The management company will determine whether this fee arrangement is consistent with normal market fees at least once a year, by comparison with other companies.

The management company wishes to point out in connection with the fee arrangement that Raiffeisen Bank International AG is an affiliate of the management company within the meaning of Article 4 (1) (38) of the Regulation (EU) 575/2013.

## **14. Risk profile for the fund**

### **Notice**

**The following description of the level of risk associated with the investment fund does not reflect a potential investor’s individual risk profile. We recommend that investors should obtain expert investment advice for an assessment of whether the investment fund is suitable and appropriate for their personal circumstances.**

### **General information**

The assets in which the management company invests for account of the investment fund entail risks as well as income opportunities. If the investor sells fund units at a time when the prices of the assets have fallen, he will not receive all of the money which he has invested in the investment fund. However, the investor’s risk is limited to his total investment. There is therefore no commitment to provide further capital.

Due to the different structures of the individual unit classes, the investment outcome achieved by the investor may vary in accordance with the unit class to which his purchased units belong.

**Depending on the nature of the investment fund, it may be exposed to the following risks in particular:**

### **SPECIFIC RISKS**

**Notice for investors whose domestic currencies differ from the fund currency (EUR): We would like to point out that the yield may rise or fall due to currency fluctuations.**

**The following risks (which are described in greater detail below) in particular apply for Raiffeisen Security Fund:**

- Market risk
- Equity exposure
- Interest rate fluctuation risk
- Credit risk or issuer risk
- Fulfillment or counterparty risk
- Liquidity risk
- Exchange rate or currency risk
- Custody risk
- Performance risk
- Inflation risk
- Capital risk
- Risk of a change to other outline conditions (tax regulations)
- Valuation risk
- Country or transfer risk
- Risk of suspension of redemption
- Operational risk
- Risks in connection with other fund units (target funds)
- Risk in case of derivative instruments
- Securities lending risk
- Risk for assets deposited as collateral (collateral risk)
- Commodity risk
- Risks associated with subordinated bonds

These risks are particularly relevant for the fund. However, we should like to point out that the other general risks described below may also apply.

## GENERAL RISKS & DEFINITIONS

### **(1) The risk that the entire market for an asset class performs negatively and that this negatively affects the price and value of these investments (market risk)**

The performance of securities is particularly dependent on the development of the capital markets. For their part, these are affected by the general position of the world economy and by the economic and political outline conditions in the relevant countries.

### **(2) The risk associated with a negative performance for equities (equity exposure)**

Equity exposure is one form of market risk. This relates to the possibility of equities and quasi-equity securities experiencing significant price fluctuations. In particular, the current price of an equity or a quasi-equity security may thus fall below the price at which the security was purchased. As a market price, this price reflects the ratio of supply and demand as of the time of valuation. Economic expectations in relation to individual companies and industries as well as the general economic environment, political expectations, speculation and speculative buying are important factors shaping price trends.

### **(3) Interest rate fluctuation risk**

This refers to the possibility of a change in the market interest rate applicable at the moment of issue of a fixed-interest security or a money market instrument. Changes to the market interest rate may result from factors such as changes in the position of the economy and the resulting policy of the relevant issue bank. If market interest rates rise, then the prices of the fixed-interest securities or money market instruments will generally fall. On the other hand, if the market interest rate falls, this will have an inverse effect on fixed-interest securities or money market instruments. In either case, the price development means that the yield on the security will roughly reflect the market interest rate. However, price fluctuations will vary in accordance with the maturity of the fixed-interest security. Fixed-interest securities with shorter maturities are subject to lower price risks than such securities which have longer maturities. However, fixed-interest securities with shorter maturities generally offer lower yields than fixed-interest securities with longer maturities.

### **(4) The risk that an issuer or counterparty is unable to fulfill its obligations (credit risk or issuer risk)**

As well as the general patterns of the capital markets, the price of a security is also affected by the individual behavior of the relevant issuer. Even where securities are selected with the utmost care it is not possible to exclude, for example, losses due to issuers' pecuniary losses.

### **(5) The risk that a transaction is not executed as expected, since a counterparty fails to make timely payment or delivery as expected (fulfillment or counterparty risk)**

This category includes the risk that a settlement in a transfer system is not fulfilled as expected as a counterparty does not pay or deliver as expected or does so subject to a delay. The settlement risk relates to not receiving a corresponding consideration upon fulfilling a transaction after providing a performance.

Particularly at the purchase of non-listed financial products or their settlement through a transfer agent, there is a risk that it may not be possible to fulfill a completed transaction as expected due to a counterparty's failure to make payment or delivery or due to losses resulting from errors occurring during operational activities as part of the execution of a transaction.

### **(6) The risk that a position cannot be liquidated in good time for an appropriate price (liquidity risk)**

With due regard to the opportunities and risks associated with investing in equities and bonds, the management company will predominantly acquire for the investment fund securities that are officially listed on stock exchanges in Austria or abroad or traded in organized markets that are recognized markets, are publicly accessible and are properly functioning markets.

Despite this, sales of individual securities in individual phases or in individual stock exchange segments may be problematic at the desired moment in time. There is also the risk that stocks traded in a somewhat tight market segment may be subject to considerable price volatility.

In addition, the management company may acquire securities from new issues whose terms and conditions of issue include an obligation to apply for an official listing on a stock exchange or organized market subject to the proviso that their listing must take place not later than one year since their day of issue.

The management company may acquire securities that are traded on a stock exchange or on a regulated market within the EEA or on one of the stock exchanges or regulated markets listed in the Appendix to the fund regulations.

**(7) The risk that the value of the investments is influenced through exchange rate fluctuations (exchange rate or currency risk)**

The currency risk is another form of market risk. Where not otherwise stipulated, investment fund assets may be invested in currencies other than the relevant fund currency. The fund will receive income, repayments and proceeds from such investments in the currencies in which it invests. The value of these currencies may fall relative to the fund currency. There is therefore a currency risk which may adversely affect the value of the units where the investment fund invests in currencies other than the fund currency.

**(8) The risk of the loss of assets held in a security deposit account due to insolvency, negligence or fraudulent conduct by the custodian bank/custodian or sub-custodian bank/sub-custodian (custody risk)**

Custody of assets of the investment fund is subject to a loss risk due to insolvency, breaches of a duty of care or abusive conduct by the custodian or a sub-custodian.

**(9) Cluster/concentration risk**

Further risks may result from a concentration of the investment on certain assets or markets.

**(10) Performance risk**

The performance of assets purchased for the investment fund may deviate from predictions at the time of purchase. It is thus not possible to exclude price losses.

**(11) Information on the solvency of guarantors (guarantor default risk)**

The risk associated with the investment rises or falls depending on the solvency of any guarantors. For instance, an insolvency of the guarantor may mean that the guarantee no longer applies or at least no longer fully applies.

**(12) The risk of inflexibility, determined by both the product itself and by restrictions in case of a transfer to other investment funds (inflexibility risk)**

The risk of inflexibility may be determined by both the product itself and by restrictions in case of a transfer to other investment funds.

**(13) The inflation risk**

The return on an investment may be negatively influenced by the inflation trend. The invested money may on the one hand be subject to a decline in purchasing power due to a fall in the value of money, on the other hand the inflation trend may have a direct (negative) effect on the performance of assets.

**(14) The risk relating to the investment fund's capital (capital risk)**

The risk relating to the investment fund's capital may apply in particular if the assets are sold more cheaply than they were purchased. This also covers the risk of exhaustion for repurchases and excessive distributions of investment yields.

**(15) The risk of a change in other outline conditions, including tax regulations**

The value of the assets of the investment fund may be negatively affected due to uncertainties in countries in which investments are made, e.g. international political trends, a change in government policy, taxation, restrictions on foreign investments, currency fluctuations and other trends in terms of legislation and regulation. The fund may also trade on stock exchanges which are not as strictly regulated as those in the USA and the EU countries.

**(16) The risk of valuation prices of certain securities deviating from their actual selling prices due to prices determined on illiquid markets (valuation risk)**

Particularly in times of liquidity shortages experienced by market participants due to financial crises and a general loss of confidence, price determination for certain securities and other financial instruments on capital markets may be restricted, hampering the fund's valuation. Where investors simultaneously redeem large quantities of units during such times, to maintain the fund's overall liquidity the fund's management may be forced to sell securities at prices deviating from the actual valuation prices.

**(17) Country or transfer risk**

The country risk refers to a situation where a foreign debtor is unable, despite his solvency, to make timely payment or any payment all due to an inability or lack of readiness on the part of his country of residence to make transfers. For example, payments to which the fund is entitled may not be forthcoming or may be made in a currency which is no longer convertible due to foreign exchange restrictions.

**(18) Risk of suspension of redemption**

In principle, unitholders may require the redemption of their units at any time. However, the management company may temporarily suspend redemption of units in case of extraordinary circumstances. The unit price may be lower than prior to suspension of redemption.

**(19) Key personnel risk**

The performance of a fund which realizes a highly favorable investment outcome within a given period is partly attributable to the aptitude of the persons responsible and thus to the correct decisions made by the fund's management. However, the personnel makeup of the fund's management may change. New decision-makers may be less successful in their activities.

**(20) Operational risk**

A loss risk applies for the fund, due to inadequate internal processes as well as human or system error at the management company or due to external events plus legal and documentation risks and risks resulting from the fund's trading, settlement and valuation procedures.

**(21) Risks in connection with other fund units (target funds)**

The risks for the target funds which are acquired for the fund are closely associated with the risks for the assets included in these target funds and their investment strategies.

Since the managers of the individual target funds may act independently of one another, it is possible that multiple target funds may pursue the same or opposing investment strategies. This may cause existing risks to accumulate and to cancel out any opportunities.

**(22) Risk in case of derivative instruments**

As part of its orderly management of an investment fund, subject to certain conditions and restrictions the management company may purchase derivative financial instruments within the meaning of the Austrian Investment Fund Act where such transactions are expressly permitted in the fund regulations.

It must be pointed out that derivatives can entail risks, such as the following:

- a) Acquired limited-term rights may fall in price or suffer a loss of value.
- b) The risk of loss may not be calculable and may exceed any furnished collateral.
- c) Transactions designed to exclude or reduce risks may not be possible or may only be possible at a market price that shall cause a loss.
- d) The risk of loss may increase if the obligations associated with such transactions or the consideration that can be claimed as a result of such transactions is denominated in a foreign currency.

The following additional risks may apply for transactions involving OTC derivatives:

- a) Problems concerning the sale to third parties of financial instruments purchased on the OTC market, as these lack an organized market; settlement of obligations entered into may be difficult due to an individual agreement or else necessitate considerable expenses (liquidity risk);
- b) the economic success of the OTC transaction may be jeopardized as a result of the contracting party's default (contracting party risk);

**(23) Securities lending risk**

In the event of the investment fund lending securities, these may be returned late or they may not be returned at all. Due to financial losses suffered by the borrower of securities in particular, the borrower may be unable to fulfill its obligations to the investment fund in this regard (default risk).

Insofar as the borrower of securities provides the investment fund with collateral in connection with the securities lending transaction, this is exposed to a collateral risk.

**(24) Risk for assets deposited as collateral (collateral risk)**

Third-party collateral provided for the investment fund is subject to the typical investment risks for collateral.

**(25) Commodity risk**

Both commodities-related securities – in particular, equities or bonds issued by companies active in the commodities sector – and structured bonds which are collateralized by means of commodities and commodities derivatives or which are linked to their price development and derivative instruments which are tied to the development of commodities indexes or commodities funds (or investment funds with commodity (index) holdings) in which the fund invests in the form of subfunds are exposed, in particular, to the following risks which are typical of commodity markets and commodity futures markets and which may adversely affect the value of a unit: strong fluctuations in supply and/or demand, government intervention, adverse weather conditions, environmental disasters, (global) political disputes, war and terrorism.

**(26) Risks associated with subordinated bonds**

Subordinated bonds – in particular, hybrid bonds and bonds with core capital characteristics which are issued by credit institutions or other financial service providers – may have a quasi-equity risk profile in certain circumstances. They are exposed to an increased risk of the issuer being unable to fulfill its interest payment or redemption obligations or of only being able to do so in part or subject to delay. Due to their subordinate status, in case of insolvency, liquidation or similar events relating to the issuer, claims held by creditors of subordinated bonds will be inferior to those of prior creditors. Accordingly, it may not be possible to satisfy their claims or it may only be possible

to do so in part. Even within the scope of ongoing business activities, interest payments may not be forthcoming (while not necessarily resulting in an obligation for retrospective payment by the issuer) or may be reduced, postponed or alternatively settled (e.g. in the form of equities), without triggering insolvency proceedings. In addition, the face amount of the subordinated bond may be temporarily or permanently reduced and may thereby undergo conversion, e.g. into equities. Moreover, subordinated bonds frequently lack a maturity (“perpetuals”) and a supervisory authority may refuse their redemption or repayment. Subordinated bonds may also be exposed to increased liquidity risks.

**(27) Risks associated with asset backed securities (ABS)/mortgage backed securities (MBS)/collateralized debt obligations (CDO)**

ABS, MBS and CDOs (hereinafter: “ABS”) investments are based on the (actual or synthetic) transfer of asset positions (normally a pool of claims on borrowers or lessees; and alternatively, or additionally, securities) to a special purpose vehicle (SPV). The SPV refinances itself by issuing ABS-designated securities whose interest and principal payments are exclusively funded through the assigned pool. The ABS issue is normally “structured”, i.e. the pool provides the basis for multiple ABS tranches whose claims will be settled in order of priority in the event of the pool’s assets defaulting, with subordinated tranches serving as a loss buffer for prior tranches. Besides principal payments or defaults, with this type of an ABS structure the pool may also be exposed to changes due to transactions undertaken by the entity or entities managing the pool. In addition, features lessening the level of risk may include third-party guarantees or credit insurance.

Due to the variety and complexity of ABS, in individual cases these may be exposed to highly specific risks and are thus incompatible with a universal risk profile. As a general rule, the following risks are frequently particularly significant, but in individual cases the relative significance of specific risks may differ and other risks may also apply.

- Specific features of credit risk: A particular risk for ABS investors is that it may be partially or entirely impossible to settle claims arising from the underlying pool (underlying counterparty risk). Moreover, other interested parties such as guarantors or credit insurers, financial derivatives counterparties, administrators or other parties may not be able to fulfill their obligations in the agreed manner.
- Increased liquidity risk: ABS are normally exposed to a higher level of risk than conventional bonds with the same credit rating of it not being possible to dispose of them in good time without an above-average markdown on their market value.
- For example, premature principal repayments in the underlying pool are a specific form of market risk and may heighten the interest-rate fluctuation risk.
- Complexity risks due to a frequently multi-layered and intricate structure and the lack of standardization.
- Legal risks, in particular the risk of the nullity of the asset transfer in the event of the insolvency of the original owner (risk of the SPV’s insufficient remoteness from bankruptcy).
- Operational risks: Particularly in relation to the activities of the investment manager(s), the custodian(s) and the servicer(s) there is a risk that internal procedures, personnel and systems (such as a lack of personnel or IT resources or fraudulent conduct) may prove to be inadequate or may fail.

**15. Method, level and calculation of the remuneration payable to the management company, the custodian bank or third parties and charged to the investment fund, and reimbursement of costs to the management company, the custodian bank or third parties by the investment fund**

**Management fees**

The management company shall receive for its management activity an annual remuneration of up to 1.5 % of the fund assets, calculated pro rata on the basis of the values at the end of each month.

This remuneration is less the amount (max. 1.5 % p.a.) which the management company has received in management fees for this investment fund for those portions of the fund which it has invested in units of an investment fund managed by it.

**Maximum management fee for invested subfunds**

The investment fund may invest more than 10 % of its fund assets in other investment funds (subfunds). Further management fees arise for these subfunds. These will not normally exceed 2.75 % of the fund assets invested in these subfunds. Where appropriate, a performance fee may be charged in addition.

**Other costs**

In addition to the remuneration due to the management company, the following expenses shall be charged to the investment fund:

**a) Transaction costs:**

This refers to those costs associated with the purchase and sale of investment fund assets which are not already taken into consideration through an assets settlement. The transaction costs also include the costs for a central counterparty for OTC derivatives (in accordance with the Regulation (EU) No. 648/2012 (EMIR)). The management



company provides notice that it may process transactions for the investment fund through a closely associated company, and thus through an affiliate within the meaning of Art. 4 (1) item 38 of the Regulation (EU) 575/2013.

**b) Expenses for auditor and tax advice**

The remuneration for the auditor shall be based on the fund's volume on the one hand and the investment principles on the other.

The expenses for tax advice include calculation of the tax details for each unit for unitholders with tax liability in Austria, verification of these details and the costs for tax representation. The custodian bank will assume these services. They also include the costs for calculation of the tax details for unitholders residing in Austria and other countries who are not liable to pay tax in Austria, which may be charged where applicable.

**c) Publicity costs and regulatory fees**

**Publicity costs**

These costs are the expenses associated with the production and publication of statutorily required information for unitholders in Austria and elsewhere. In addition, all costs charged by the supervisory authorities and costs resulting from the fulfillment of statutory selling conditions in any countries of sale may apply. This also includes the costs for the creation and use of a permanent data storage medium (with the exception of cases prohibited by law).

**Regulatory fees**

All of the fees charged by the supervisory authorities and fees resulting from the fulfillment of statutory sales requirements in countries of sale may be deducted from the fund, as permitted by law. Costs resulting from notification obligations in compliance with supervisory requirements may also be charged to the fund.

Publicity costs and regulatory fees are indicated in the **Statutory/publication costs** section of the annual fund report.

**d) Costs for the custodian bank**

**The usual custody fees and coupon collection costs (where applicable, including normal bank fees for safekeeping of foreign securities outside of Austria) will be deducted from the fund (securities' custody account charges).**

For its keeping of the fund accounts, its daily valuation of the fund and publication of the fund's price and for its issuance of bank letters, the custodian bank shall receive monthly remuneration (**custodian bank fee**).

**e) Costs associated with external consultancy firms or investment consultants**

Not applicable.

**f) Costs associated with foreign sales**

One-off and regular expenses associated with a license issued for the investment fund's sale outside Austria – in particular, costs charged by the competent authorities, publication costs, translation costs and consulting costs where such costs are not included in the items specified above under items b) to e).

The current annual fund report shows the above items in the "Expenses" subsection of the "Fund result" section.

**Benefits**

The management company provides notice that it will only realize (other) benefits (in money's worth) resulting from its management activity (e.g. for broker research, financial analyses, market and price information systems) for the investment fund where these benefits are used in the interests of the unitholders.

The management company may issue refunds from the collected management fee. The issue of such refunds shall not lead to additional costs for the fund.

Refunds provided by third parties (in the form of commission) shall be passed on to the investment fund, less any associated expenses, and shown in the annual fund report.

## **16. External consultants or investment advisers**

Not applicable.

## **17. Measures implemented for payments to the unitholders, repurchasing or redemption of units and distribution of information concerning the investment fund**

Issuance and redemption of unit certificates and execution of payments to the unitholders have been transferred to the custodian bank. In case of unit certificates represented by global certificates, the distributions and payments will be credited by the unitholder's custodian which has a direct or indirect custodian relationship with the custodian bank.

This also applies for any unit certificates distributed outside of Austria.

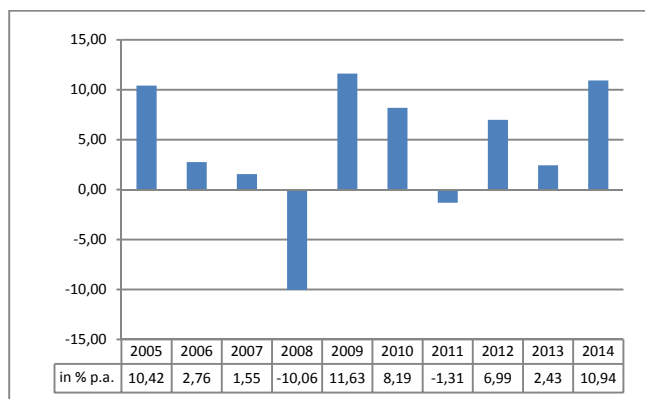
The management company will provide the prospectus, the fund regulations, the key investor information, the annual fund report and the semi-annual fund report free-of-charge. These documents may be obtained, together with the issue and redemption prices, from the website [www.rcm.at](http://www.rcm.at) (German version) or the website [www.rcm-international.com](http://www.rcm-international.com) (English and other foreign-language versions of the key investor information). These documents may also be obtained from the management company, the custodian bank and from the distribution offices listed in the Appendix.

## 18. Further information for the investor

### Results to date for the investment fund (where applicable)

The following graphic shows the annual performance of the investment fund's tranche (A) in EUR up to the cut-off date 12/30/2014.

#### Tranche (A) / income-distributing unit certificates



#### Performance p.a. in EUR since fund's launch (6/22/1998) to 12/30/2014

in % p.a.	1 year	3 years	5 years	10 years	since launch
Fund	10.94	6.71	5.35	4.15	4.30

The performance of tranche (A) / income-distributing unit certificates is representative of the performance of all other income classes (income-retaining unit certificates with capital gains tax deducted and income-retaining unit certificates without capital gains tax deducted).

#### You may obtain up-to-date performance information from

- the key investor information which has now been published or
- the latest product sheet for the investment fund (where available)

These documents may be obtained from the website [www.rcm.at](http://www.rcm.at) (German versions) and – where units are sold outside of Austria – from the website [www.rcm-international.com](http://www.rcm-international.com) (English and other foreign-language versions of the key investor information and the product sheet).

**Note:** Raiffeisen Kapitalanlage-Gesellschaft m. b. H. 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). Individual costs such as the value of the subscription fee, the redemption fee and other fees, commission and charges are not included in the performance calculation. If included, these would lead to a lower performance. **Past results do not permit any reliable inferences as to the future performance of the investment fund.** Notice for investors whose domestic currencies differ from the fund currency: We would like to point out that the yield may rise or fall due to currency fluctuations.

#### Profile of the typical investor for whom the investment fund is designed

##### Investor profile: "security-oriented"

This investment fund is suitable for security-oriented investors who are seeking to realize, in particular, interest income as well as possible moderate price gains. Investors must be prepared and able to bear a certain degree of fluctuations in value and corresponding losses. In order to be able to evaluate the risks and opportunities associated with an investment in this fund, investors should have relevant experience and knowledge of investment products and capital markets or should have received pertinent advice. A minimum investment horizon of 5 years is recommended.

**19. Economic information: costs or fees – excluding costs listed under items 9 and 10 – with a breakdown of those payable by the unitholder and those payable out of the investment fund's asset portfolio.**

The fees for custody of the unit certificates are based on the agreement concluded between the unitholder and the custodian.

Costs (e.g. order fees) may be incurred at the redemption of unit certificates if they are surrendered.

## **PART III**

### **CUSTODIAN BANK**

#### **1. Company name, legal form; registered office and headquarters if this is not the same as the company's registered office.**

The custodian bank is Raiffeisen Bank International AG, Am Stadtpark 9, 1030 Vienna.

#### **2. Main activity of the custodian bank**

In accordance with the notice from the Austrian Federal Finance Minister dated May 25, 1998, ref. no. 25 4442/1-V/13/98, the custodian bank assumed the function of custodian bank for the investment fund. Permission shall be required from the Austrian Financial Market Authority to appoint or change the custodian bank. Such permission may only be granted if it may be assumed that the bank guarantees fulfillment of the tasks of a custodian bank. The appointment or replacement of the custodian bank must be publicly notified and such publication must cite the relevant approval notice.

The custodian bank is a bank within the meaning of Austrian law. Its principal areas of business are current accounts, deposits, lending and securities.

It has the task of issuing and redeeming units and keeping the investment fund's cash accounts and securities accounts. In doing so, it must especially guarantee that the equivalent amount is immediately transferred for transactions relating to the assets of the investment fund and that the income of the investment fund is used in accordance with the provisions of the Investment Fund Act and the fund regulations.

The custodian bank will also execute the following tasks (the management company points out that the custodian bank is an affiliate of the management company within the meaning of Art. 4 (1) item 38 of the Regulation (EU) 575/2013):

- Valuation and pricing (including tax returns)
- Monitoring compliance with statutory provisions
- Managing the unitholder register, where relevant
- Distributing profits based on the management company's resolution
- Issuing and redeeming units
- Contract invoicing (including mailing certificates), provided relevant
- Notifications of the details of derivatives contracts entered into with the custodian/custodian bank as the counterparty, pursuant to the Regulation (EU) No. 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories ("EMIR") for a trade repository registered and recognized in accordance with EMIR

The fees payable to the management company under the fund's regulations and the reimbursement of the expenses associated with its management shall be paid by the custodian bank out of the accounts held for the fund. The custodian bank is entitled to debit the fees payable to it for custody of the securities and for keeping the accounts. In doing so, the custodian bank can only act on the basis of instructions from the management company.

## **PART IV**

### **ADDITIONAL INFORMATION**

#### **1. Principles of the voting policy at shareholders' meetings**

##### **a. Shareholders' rights**

The management company is committed to uniform voting rights according to the "one share, one vote" principle. It rejects multiple voting rights for certain groups of investors as well as unit classes with limited voting rights and promotes the equal treatment of all shareholders. Any measures that limit the rights of the shareholders are strictly rejected.

##### **b. Business report and annual financial statements**

A company's reporting should provide the greatest possible transparency about the company's business situation. If the management company believes that the applicable accounting regulations have not been complied with or insufficiently considered, it shall abstain its vote or, if necessary, vote to the contrary.

##### **c. Auditor**

Auditors must objectively audit the annual financial statements and must therefore be independent of the company they are auditing. The management company shall vote against the appointment if it has reasonable doubts about the auditor's independence.

##### **d. Board of directors/supervisory board**

The management company will endorse the appointment of supervisory board members who distinguish themselves through particular professional qualifications and impartiality.

##### **Supervisory board remuneration**

The management company will support remuneration for supervisory board members who are in line with their tasks and the situation of the company.

For companies with board systems that do not clearly distinguish between the companies' management and control, the management company supports remuneration models that are linked to the long-term positive development of the company.

##### **Approval**

The management company will vote against approving the actions of the board of directors and/or supervisory board in the following cases:

In the case of significant doubts about the performance of the board of directors and/or supervisory board, for example multiple poor business performances when compared to the industry

Misconduct on the part of the board of directors and/or supervisory board having legal consequences

##### **e. Capital measures**

##### **Increasing capital**

The management company shall approve increases in capital if this improves the company's long-term chances for success.

##### **Equity redemption programs**

The management company shall approve the request to conduct such programs in any cases where the redemption lies in the best interests of the shareholders and fund investors. It shall vote against such programs if the redemption serves as a defensive measure or if the program is an attempt to consolidate the position of the management.

##### **f. Mergers and acquisitions**

The management company decides on mergers and acquisitions on a case-by-case basis. The fair and equal treatment of the shareholders is the condition for a merger/an acquisition. In general, the management company will vote for mergers and acquisitions,

If the acquisition price offered represents the fair market value or if it is likely that a higher price cannot be reached

If an added value, e.g., through boosting efficiency, is recognizable

If a strategy promising long-term success is recognizable

##### **g. General information**

##### **Exercising voting rights in accordance with the investment policy of the portfolio of assets**

The management company exercises its voting right while also taking into account the investment goals and criteria of the portfolio of assets. For example, when exercising its voting right, the ethical, social, and/or environmental criteria are also considered with regards to a sustainability fund.

### **Exercising the voting right through a proxy or an external fund manager**

As the proxy, the custodian bank exercises the voting right by conveying the specifications of the voting right which are made exclusively on the basis of the management company's instructions.

A professional shareholders' service supports the management company by recommending votes during the independent decision-making procedure.

If, in certain cases, the management company authorizes third parties such as institutional investors (within the scope of their specialized or major investor funds) with exercising its voting right, these third parties shall also exercise the voting right in accordance with the specific instructions of the management company and in the best interest of the respective investment fund.

In the event that the management company engages an external fund manager with administering the portfolio of assets – subject to § 28 InvFG and § 18 of the Austrian Alternative Investment Funds Manager Act (AIFMG) – the external manager must always exercise the voting rights in the best interests of the unitholders.

### **Conflicts of interest**

The management company strives to avoid conflicts of interest resulting from voting rights being exercised or to solve or govern these conflicts in the interests of the investors.

(For example, a conflict arising from the voting procedure between it and either a directly or indirectly controlled affiliate).

## **2. Complaints**

Information about the procedures for unitholders to file complaints is available on the management company's website at:

[www.rcm.at](http://www.rcm.at) (menu About Us, submenu Corporate Governance).

## **3. Conflicts of interest**

Information on handling of conflicts of interest is provided in the management company's conflict of interest policy. The version of this policy which was current at the time of preparation of this prospectus is attached as an enclosure. The updated version of the policy (where applicable) will be published on the management company's website

[www.rcm.at](http://www.rcm.at) (menu About Us, submenu Corporate Governance).

## **4. Optimal execution of trading decisions**

The optimal execution of trading decisions is guided by the following principles:

### **a. Selection of brokers**

The selection of the trading partners (brokers), to which orders can be forwarded, occurs on the basis of pre-defined criteria and following consultation with the custodian bank. Following the commencement of business relations, trading partners undergo regular reviews by the management company. In particular, the following criteria are considered:

- Speed of execution
- Volume traded
- Ability to perform smoothly and punctually
- Ensuring optimal execution of orders
- Information for the market and flows (technical information)
- Access to fundamental market information, research services
- The reputation of the broker

Our trading partners inherently each have their own Best Execution Procedures or Policies in order to consistently deliver the best possible results.

Those trading partners which – following an internal review – are found to meet the pre-defined criteria for reliable trading partners are added to the management company's broker list for their respective instrument class. When selecting individual trading partners for specific transactions from its broker lists, the management company takes into account the execution criteria listed below in order to generate the best possible result.

## b. Execution criteria

With regards to specific transactions, the following criteria are relevant in order to consistently achieve the best possible execution results for the fund or the portfolio over the long term:

- Rate/price
- Charges
- Type and scope of the order
- Execution speed
- Probability of execution and conclusion

This is not an exhaustive list of the execution criteria. Various other, qualitative factors beyond these criteria may exist that are also considered when deciding on how to execute an order.

Depending on the type of transaction and group of financial instruments as well as the related characteristics, the relevant criteria may be weighted in different ways.

With regards to the individual performance of portfolio management for private clients, the best possible result in terms of the overall fees is relevant. This consists of the price of the respective financial instrument and all of the costs associated with the execution of the order which must be borne by the client.

The management company will conduct transactions in such a manner that the best possible results can be expected over time when considering the overall picture.

### Instructions from the client

Within the framework of the fund and the individual portfolio management, the client can specify the place of execution for an individual transaction; in this case, the management company is released from its obligation to execute the order in accordance with its Best Execution Policy.

The management company expressly notes that by way of an instruction issued by the client, the management company may be prevented from achieving the best possible result for the client within the framework of the Best Execution Policy.

In the case of **extraordinary circumstances** (e.g., technical disruptions at individual places of execution), the management company may be forced to deviate from the principles set out in this Best Execution Policy. Nonetheless, the management company will strive to achieve the best possible execution order.

**Pooling of transactions:** Under certain circumstances, transactions for a fund may be made jointly with transactions for other funds or with transactions for the own account of the management company. In addition, under certain circumstances transactions may be executed for a portfolio together with transactions for other portfolios. Allocations are made according to pre-determined principles for part-executions (cf. Raiffeisen Capital Management's conflict of interest policy, which is available from the About Us menu/Corporate Governance submenu of the website [www.rcm.at](http://www.rcm.at)).

The management company has conducted a market conformity check after each transaction is concluded. Our employees clarify any abnormalities exceeding predefined parameters.

## c. Place of execution

### Equities/bonds/exchange-traded derivatives/credit default swaps (CDS)

In principle, transactions may be executed not only on regulated markets, such as Multilateral Trading Facilities (MTFs), but also at other places of execution (e.g., OTC transactions). If transactions are conducted by trading partners, the selection of a broker for a specific transaction occurs from the existing broker list, taking into account the above-mentioned execution criteria.

Transactions for the different classes of bonds are normally conducted via trading platforms or directly with the counterparty. The rate/price is the key criterion for transactions conducted via trading platforms. The probability of the largest possible allocation is particular is taken into account when bonds are initially issued.

The following can be added to the above-mentioned criteria for the instrument classes equities, exchange traded derivatives, exchange traded funds (ETFs), and exchange traded commodities (ETCs):

A fundamental differentiation can be made in terms of how the liquidity of these individual instruments is structured. If the liquidity is relatively high, the criteria rate/price and execution speed receive a higher value. If the liquidity is lower, more weight is given to the type and score of the order as well as the probability of execution and conclusion.

The instrument classes discussed in this sub-point each have their own broker list.

#### **Money market instruments (including short-term bonds)/deposits**

As a rule, for publicly offered funds deposits will be invested within the scope of the Austrian Raiffeisen sector. However, they may also be invested with other banks. The following conditions are especially taken into account when deciding on a counterparty. The above-mentioned remarks also apply for bonds that, from the perspective of investment funds, are qualified as money market instruments on account of their short remaining terms.

#### **Foreign exchange/FX forward transactions**

Foreign exchange transactions and forwards are always executed via Raiffeisen Bank International AG for funds of the management company. Foreign exchange transactions and forwards for funds of other asset management companies which are managed by the management company may be executed through the respective custodian bank.

#### **Issuing and redeeming fund units**

Unit certificates for funds of the management company are issued and redeemed through Raiffeisen Bank International AG as the custodian bank. Unit certificates for funds of other asset management companies are normally issued and redeemed through an intermediary on behalf of the respective fund's issuer.

#### **d. Execution of trading decisions on the basis of commission sharing**

"Commission sharing agreements" (CSAs) are concluded with a number of trading partners/brokers. A portion of the transaction costs charged to the fund is paid directly to a trading partner in respect of the execution while another portion is available for the payment of research services (e.g. market assessments, financial analysis, access to capital market databases) by other partners/third parties (so-called credits). The allocation of these credits is effected at the discretion of the fund management and is subject to regular reviews by the partners (so-called counterpart assessment, CPA).

The management company is obliged to ensure optimal execution of trading decisions for its funds and in general to act in the funds' best interests. This includes optimal use of research services for funds.

CSA enables more economical execution of trade orders and purchasing of research services than in case of purchasing these services individually.

Accordingly, the best execution policy of the management company includes use of CSA where these enable optimal execution of trade orders and purchasing of research services for its funds and any conflicts of interest can be reconciled (cf. Raiffeisen Capital Management's conflict of interest policy, which is available from the Company menu/Corporate Governance submenu of the website [www.rcm.at](http://www.rcm.at)). The principles defined in this best execution policy apply for the selection of trading partners. The criteria for the award of credits for purchasing of research services include, in particular:

- the source of the credits – i.e. the funds in which the transaction costs have arisen
- the quality of the research services supplied and CPA assessment
- remuneration already granted to partners on the basis of trading activities (for partners which provide trading services)
- pricing of research services (for partners which do not provide trading services, with a distinction in terms of variable and fixed price policy)

Heinz Macher  
Duly authorized officer

Martin Jethan  
Duly authorized officer



## APPENDIX

### 1) 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 Security Fund**, a jointly owned fund pursuant to the Austrian Investment Fund Act (InvFG) 2011, as amended.

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

### **Article 1 Fund units**

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

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

### **Article 2 Custodian bank (custodian)**

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

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

### **Article 3 Investment instruments and principles**

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

The investment fund mainly invests (i.e. at least 51 % of its fund assets) in units in other investment funds. Equity funds may comprise up to 50 % of the fund assets.

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

#### **Securities**

Securities (including securities featuring embedded derivative instruments) may be purchased for **up to 49 %** of the fund assets.

#### **Money market instruments**

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

#### **Securities and money market instruments**

Securities or money market instruments issued or guaranteed by Germany, France, Italy, the United Kingdom of Great Britain and Northern Ireland, Switzerland, the United States of America, Canada, Australia, Japan, Austria, Belgium, Finland, the Netherlands, Sweden and Spain **may exceed 35 %** of the fund assets directly or indirectly through investments in investment funds if the fund assets are invested in at least six different issues, with an investment in any single issue not exceeding **30 %** of the fund assets.

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 20 %** of the fund assets – and up to the legally permitted limit overall – 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.

Units in UCI may be purchased for **up to 30 %** of the fund assets in total.

### **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:

#### **Value at risk**

The VaR figure is calculated pursuant to the 4<sup>th</sup> chapter of the 4<sup>th</sup> Austrian Derivatives Risk Calculation and Reporting Ordinance (Derivate-Risikoberechnungs- und Meldeverordnung), as amended.

#### Relative VAR

The attributable risk amount for the overall risk – calculated as the value-at-risk amount for the investments held in the fund – may not exceed **twice** the VAR figure for a reference portfolio which complies with the requirements pursuant to § 16 (2) of the 4<sup>th</sup> Austrian Derivatives Risk Calculation and Reporting Ordinance (Derivate-Risikoberechnungs- und Meldeverordnung), as amended.

Please refer to the prospectus for details and comments.

### **Sight deposits or deposits at notice**

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

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

### **Short-term loans**

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

### **Repos**

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

### **Securities lending**

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

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

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

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

## **Article 4 Issuance and redemption modalities**

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

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

### **Issuance and subscription fee**

Units will be issued on any banking day.

The issue price is the unit value plus a fee per unit of **up to 3 %** 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.

### **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.

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

Please refer to the prospectus for further details.

## **Article 5          Accounting year**

The investment fund's accounting year runs from June 1 to May 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 August 16 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 August 16 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 August 16 an amount calculated pursuant to InvFG shall be paid out, to be used where applicable to meet any capital gains tax commitments on the distribution-equivalent return on those unit certificates, unless the management company ensures through appropriate proof from the custodians that at the time of payout the unit certificates are only held by unitholders who are either not subject to Austrian income or

corporate income tax or who fulfill the requirements for an exemption pursuant to § 94 of the Austrian Income Tax Act or for a capital gains tax exemption.

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

Income during the accounting year net of costs shall not be distributed. No payment pursuant to InvFG will be made. August 16 of the following accounting year shall be the key date pursuant to InvFG in case of failure to pay capital gains tax on the annual income.

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

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

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

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

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

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

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

The management company shall receive for its management activity an annual remuneration of up to **1.50 %** of the fund assets, calculated on the basis of the values at the end of each month.

This remuneration is less the amount (max. **1.5 % p.a.**) which the management company has received in management fees for this investment fund for those portions of the fund which it has invested in units of an investment fund managed by it.

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<sup>2</sup>](http://mifiddatabase.esma.europa.eu/Index.aspx?sectionlinks_id=23&language=0&pageName=REGULATED_MARKETS_Display&subsection_id=0<sup>2</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
3.19.	Singapore:	Singapore Stock Exchange
3.20.	South Africa:	Johannesburg
3.21.	Taiwan:	Taipei

<sup>2</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>

- |       |                       |   |
|-------|-----------------------|---|
| 3.22. | 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) |

## 2) Conflict of interest policy

Conflict of interest policy  
of Raiffeisen Kapitalanlage-Gesellschaft m.b.H.  
and its subsidiary  
Raiffeisen Immobilien Kapitalanlagegesellschaft m. b. H (Immo KAG)

### 1. Introduction

In addition to its license to manage investment funds under the Austrian Investment Fund Act, Raiffeisen Kapitalanlage GmbH (the management company or Raiffeisen KAG) also holds a license to provide investment advice and individual portfolio management services. As fund providers, the management company and its subsidiary (hereinafter jointly: "Raiffeisen Capital Management") pursue an honest and long-term investment policy which is always based on clients' interests. Raiffeisen Capital Management places an extremely high value on a lawful and ethical approach to the issue of conflicts of interest. This conflict of interest policy is intended for daily use where conflicts of interest arise, with the goal of safeguarding RCM's reputation with clients, other business parties and other third parties so as to provide for enhanced opportunities for commercial success.

#### 1.1 Statutory obligations

In performing its responsibilities, Raiffeisen Capital Management must act independently and exclusively in the interest of the unitholders. In this context, Raiffeisen Capital Management will comply with all statutory obligations applicable to its activities in the best interest of its investors and the integrity of the market. To guarantee the provision of collective portfolio management and investment services in the best interest of its clients, Raiffeisen Capital Management is obliged under §§ 22 ff. of the 2011 Austrian Investment Fund Act (InvFG 2011), Art. 31 of the supplementary regulation on alternative investment fund managers<sup>3</sup> and § 35 of the Austrian Securities Supervision Act (WAG 2007) to establish, apply and maintain principles defining the company's handling of conflicts of interest that must be set down in writing. In this context, the size, organization, type, scope and complexity of the companies or transactions are relevant.

##### *Responsibility of the compliance organization*

On behalf of its subsidiary,

- Raiffeisen Immobilien Kapitalanlagegesellschaft m. b. H (Immo KAG)

Raiffeisen Kapitalanlage GmbH provides a central compliance organization. Furthermore, specific compliance officers are responsible for compliance issues at Immo KAG.

The Compliance Office of the management company is responsible for the creation, implementation, application and updating of the conflict of interest policy. The affected departments and employees are responsible for identifying and notifying potential conflicts of interest to the compliance office, which monitors such situations and acts where necessary. RCM's managers are responsible for informing their employees about the issue of conflicts of interest. Compliance is to provide the relevant departments and employees with information and instructions enabling them to identify potential conflicts of interest and to report these to the compliance office.

#### 1.2 Definition of conflicts of interest

Like any other transaction in our economic system, bank transactions inevitably entail a conflict of interests between supply and demand. The interest of a market participant in realizing the maximum possible price conflicts with the interest of the other market participant in paying as low a price as possible for the maximum possible service. Provided that this inherent conflict of interest is resolved in a manner compatible with the market, through an appropriate agreement in keeping with what fair business partners would reasonably agree, no impermissible conflict of interest within the meaning of InvFG, the Austrian Alternative Investment Fund Managers Act (AIFMG) and WAG 2007 is applicable. Conflicts of interest that do not involve any potential damage for clients and conflicts of interest that arise between employees and clients at the personal level (e.g. an employee and a client are coincidentally interested in purchasing/renting one and the same apartment) are irrelevant for the purpose of InvFG 2011, AIFMG and WAG 2007.

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<sup>3</sup> Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision, OJ L 83 of 23 March 2013, 1

InvFG 2011, AIFMG and WAG 2007 cover situations where a company prioritizes its own interests or those of a third party above the client's interests in a business transaction in order to derive a financial benefit, thus no longer acting in a manner compatible with the market. InvFG 2011, AIFMG and WAG 2007 require the company to identify in advance possible scenarios where the management company may act in this way and to implement measures to avoid them. Despite these precautionary measures, a specific scenario may materialize where a risk may be prudently assumed to exist of the company prioritizing its own interests or those of a third party over the client's interests, in order to realize a financial benefit for itself or for the third party. In this case, measures are to be implemented in order to eliminate the conflict of interest in favor of the client. If this is not possible, the conflict of interest must be disclosed to the client.

The term 'conflict of interest' in the sense of § 22 InvFG 2011, § 12 AIFMG and § 34 (1) WAG 2007 means all conflicts between the management company's own interests, the interest of its clients and the obligations vis-à-vis the funds or the interests of the legal entities (the management company, Immo-KAG), their relevant individuals (particularly employees of the management company and its subsidiaries) or other individuals directly or indirectly associated with Raiffeisen Capital Management by means of a relationship of control on the one hand and their clients on the other hand, or conflicts between two or more managed funds or clients, such as may arise during the performance of services by the management company or its subsidiaries.

### 1.3 Possible types of conflicts of interest

In connection with the provision of collective portfolio management services, § 22 (2) InvFG 2011 and Art. 30 of the supplementary regulation on alternative investment fund managers specifically mention the following conflicts of interest:

- there is a risk of the management company or the respective person obtaining a financial benefit or avoiding a financial loss to the detriment of the fund or its investors;
- the management company or the respective person has an interest in the outcome of a service provided on behalf of the fund or another client or in a transaction performed on behalf of the fund or another client that does not coincide with the fund's interest in this outcome;
- there is a financial or other incentive for the management company or the respective person to place the interests of another fund, another client or another client group above the interests of the fund;
- the management company or the respective person performs the same activities on behalf of the fund and on behalf of another fund or one or more other clients which are not funds;
- in addition to the usual commission or fee, the management company or the respective person currently receives, or will receive, an incentive in the form of money, goods or services in respect of collective portfolio management services from a person other than the fund or its investors.

Furthermore, in connection with the provision of investment services, § 34 (2) WAG 2007 presents the following list of conflicts of interest which is, however, not exhaustive:

- there is a risk of the legal entity or one of the persons specified in § 34 (1) WAG 2007 obtaining a financial benefit or avoiding a financial loss to the detriment of the client;
- the legal entity or one of the individuals specified in § 34 (1) WAG 2007 has an interest in the outcome of a service provided for the client or a transaction performed for the client which is not compatible with the client's interest in this outcome;
- for the legal entity or one of the individuals specified in § 34 (1) WAG 2007 there is a financial or other incentive to place the interests of another client or another group of clients above the interests of the client;
- the legal entity or one of the individuals specified in § 34 (1) WAG 2007 performs the same commercial activity as the client;
- at the present time or in future, in relation to a service provided for the client the legal entity or one of the individuals specified in § 34 (1) WAG 2007 receives from a person other than the client a benefit pursuant to § 39 WAG 2007 in addition to the normal commission or fee for this service.

In cases whereby the measures taken by the management company in respect of conflicts of interests are not sufficient to guarantee that the interests of the fund or its unitholders are not impaired, the members of the management of the management company or employees authorized by the latter shall take the necessary decisions to ensure that the management company acts in the best interest of the fund and its unitholders at all times. The management company shall inform the investors accordingly.



Pursuant to §§ 34 and 35 WAG 2007, in its performance of investment services and ancillary investment services, the management company (in the context of its extended license) is obliged to

- identify
- register
- monitor
- prevent (i.e. implement measures to delay the applicability of a potential conflict of interest) and
- disclose conflicts of interest where such conflict cannot be avoided.

The compliance office is to be notified of any potential conflicts of interest. In principle, its response must treat the interests of the client which is harmed by the conflict of interest

- with priority over those of Raiffeisen Capital Management and individuals acting on its behalf and
- with equal priority in relation to the interests of other clients

Even if the conflict of interest policy is complied with, Raiffeisen Capital Management cannot exclude the possibility that the interests of the unitholders may be impaired in individual cases.

## **2. General or group-wide conflicts of interest at the management company and its subsidiary and how to handle/resolve them**

**Information bonus:** The employees of the management company and its subsidiary may be tempted to circumvent compliance provisions where they have additional information not available to the market.

**Handling and resolution of the conflict of interest:** In addition to obligations applicable for all employees for the disclosure of accounts and securities accounts and transactions, employees in confidential business fields shall, without being so requested, notify ("report") the compliance officer immediately – and by no later than the banking day following the submission of an order – of all transactions required by employees, providing notice of all details and the name of the institution. This shall not apply for employees' securities accounts held at Raiffeisenlandesbank NÖ-Wien AG, for which an automatic report will be issued. In case of employee transactions instructed via the internet (online trading) the sending of a copy of this order shall be deemed a report. The same shall apply for employee transactions performed by the employee as an authorized agent or as an executor etc.

Personal transactions performed in the context of a portfolio management agreement are not reportable – provided that no related contact took place between the portfolio manager and the employee before the transaction was concluded – and nor are personal transactions reportable which involve funds of asset management companies other than Raiffeisen KAG that are not also managed or advised by Raiffeisen Capital Management.

Activities such as front-running or parallel-running are already prohibited under the Austrian Stock Exchange Act.

The compliance regulations contain further provisions regulating employee transactions.

The compliance office verifies the regulations for employee transactions on an ongoing basis.

**Invitations:** Employees of the management company and its subsidiary receive invitations (both work-related events and social events) and gifts from third-party firms by virtue of their professional status.

**Handling and resolution of the conflict of interest:** The criteria for the acceptance of invitations and gifts are clearly defined in the compliance regulations. The regulations require that invitations and gifts may not be suitable

- to affect the recipient's decisions in a specific transaction;
- to cause conflicts of interest.

If an employee is offered or granted a benefit in excess of certain limits, the compliance office shall be notified.

The acceptance of invitations with a counter-value in excess of EUR 100 requires the approval of the compliance office and the agreement of the respective superior. The final decision is taken by the respective group manager.

**Investment of own assets:** The management company and its subsidiary invest their own assets or assets held by the management company's unitholders and may select from the same investment universe as their funds/portfolios.

**Handling and resolution of the conflict of interest:** The individuals responsible for investing the assets of the management company or assets held by the management company's unitholders are covered by the applicable compliance regulations within the scope of this activity (investors' interests take priority). In case of doubts as to the permissibility of transactions, the compliance office shall be consulted beforehand.

### 3. Conflicts of interest at the management company and how to handle/resolve them

At the management company, a **single managing director has hierarchical responsibility for fund management and mid-office tasks** (responsible for issues such as limit assessments (investment compliance)). However, the regulations for AIFM (alternative investment fund managers) stipulate a functional and hierarchical separation of the functions handled by portfolio management (fund management) and risk management, on the one hand, and other tasks where a potential conflict of interest may arise, on the other.

**Handling and resolution of the conflict of interest:** A process manager handles the limit assessment in the mid-office. Any limit assessment-related decisions are handled by the managing director with responsibility for risk management instead of the managing director who is responsible for fund management or the mid-office. A hierarchical separation thus applies between fund management and risk management tasks.

A **performance-based salary policy** at the management company might oblige a fund or portfolio manager to enter into an excessive level for risk in his transactions in order to realize or increase his bonus entitlements.

**Handling and resolution of the conflict of interest:** For all its employees, the management of the management company pursues a salary and compensation policy which is intended to prevent potential conflicts of interest and the abuse of insider information by these employees and by fund or portfolio managers in particular. For fund and portfolio managers especially, the management of the management company refrains from establishing financial incentives

> stipulating bonus payments in relation to executed stock-exchange transactions or

> bonus payments which make no reference to the risk component and are exclusively performance-oriented.

Employees are remunerated in accordance with the rules and regulations laid down in InvFG, AIFMG and the Austrian Banking Act (BWG) as well as the management company's internal provisions in accordance with the defined investment process. The management stipulates outline conditions for the bonus arrangements and payments are subject to annual review for the company as a whole.

**Temporary loan of employees** between the management company and Raiffeisen Salzburg Invest Kapitalanlage GmbH (RSI) under the Austrian Act on the Loan of Employees (AÜG). The management company holds 75 % of the interests in RSI.

- **Handling and resolution of the conflict of interest:** A contractual agreement between the management company and RSI ensures that
- the loaned employees may perform their work for the receiving partner with a sufficient degree of independence in relation to the lending partner;
- the loaned employees are granted a sufficient amount of time for their work on behalf of the receiving partner;
- the loaned employees are obliged to comply with data protection and confidentiality rules in relation to facts and circumstances which become known to them due to or in connection with this loan of personnel;
- neither the management company nor RSI will entice loaned employees through financial or other incentives to prioritize the interests of the clients or the funds of one of the partners over those of the other.

**Transfer of tasks to affiliates** within the Raiffeisen Banking Group (e.g. personnel management and IT services).

**Handling and resolution of the conflict of interest:** The transfer of tasks to affiliates within the Raiffeisen Banking Group does not normally lead to conflicts of interest, particularly since the fee for services thus received is paid by the management company and is not deducted from the fund.

**IPOs:** Allocation of securities issues in the case of participation in stock market flotations (IPOs) to the management company's funds – based on the assumption that, in the context of IPOs, significant price rises may be realized in certain market phases since demand generally exceeds supply.

**Handling and resolution of the conflict of interest:** The management company pursues the goal of fairly apportioning issues and allocated securities to its funds. It does so on the basis of the strategies and investment decisions adopted by the fund manager responsible for a fund, the investment universe and the investment goal for the fund in question. All fund managers are free to participate in IPOs that coincide with the investment goals of their portfolios. As a rule, fund managers place their orders directly with a suitable broker. Where several similar portfolios are managed or several fund managers' orders are collated and a reduced allocation occurs, where applicable the allocation to portfolios shall be implemented on a pro rata basis ("pro rata allocation"). The order and trading desks are jointly responsible for this.

## Handling of **part-execution** of orders

**Handling and resolution of the conflict of interest:** The pooling of orders for various funds, or of orders for funds and orders for account of Raiffeisen Capital Management, is not permissible unless it is unlikely that the pooling of orders for a fund is disadvantageous. In this case, the following principle applies: The planned transaction will be registered in advance in relevant systems and a prorata allocation to the respective funds is carried out. In exceptional cases, deviations from the prorata allocation may be admissible. Decisions will be made in consultation with the compliance office.

Where fund orders are pooled with orders for own account, the approach taken may not be to the disadvantage of the funds or the clients. If part-executions are performed in this case, the allocation of the respective transactions shall give priority to the funds or customers over the own-account transactions.

**Raiffeisen Banking Group:** Use of companies incorporated in the Raiffeisen Banking Group as the counterpart for transactions may lead to increased charges for clients.

**Handling and resolution of the conflict of interest:** The management company's best execution policy establishes the framework for handling transactions with companies incorporated in the Raiffeisen Banking Group. The management company decides on the selection of the counterpart through which transactions are to be executed for the funds in accordance with objective criteria and exclusively in the interests of investors and the market's integrity, thus acting with the appropriate level of caution for prudent and diligent management. It only places orders with counterparties guaranteeing optimal compliance with clients' interests in the overall context. The management company shall act with special caution where transactions are executed for investment funds through "associates". Furthermore, the management company must comply with the Code of Conduct of the Austrian Investment Industry that also sets out best execution guidelines. In this context, best execution means that the execution of transactions is to be assessed on the basis of price, quality, operational risks and internal expenditure and that partners must therefore be selected on the basis of these characteristics. This means that the best bidder will be selected rather than the cheapest bidder.

**Utilization of own funds:** Within the framework of fund management/fund of funds management, for its "investment funds" securities category the management company will mainly select its own funds and supplement these with third-party products.

**Handling and resolution of the conflict of interest:** In its subfund selection for the management company's funds, where they are suitable for the fund in question the management company will mainly select subfunds from among its existing funds. Third-party products will be included where use of the management company's funds as subfunds is not in its clients' best interests. In its selection of suitable third-party subfunds, the management company consults the results provided by the Raiffeisen Capital Management fund selection process. Accordingly, fund selection is the outcome of a clearly-structured, objective and comprehensible process where no restrictions apply with respect to individual fund companies and in which the management company's funds are subject to the same criteria as third-party funds. Please see "Use of 'group products'" for details of the fund selection process. Clients may obtain information regarding the costs resulting for a fund through the use of subfunds, together with the fund's other costs, in the form of the current costs detailed in the key investor document and in the form of the maximum management fee applicable to the invested subfunds specified in the prospectus and in the information for investors pursuant to § 21 AIFMG.

**Relationship between fund of funds and subfunds/master UCITS and feeder UCITS:** The following conflicts of interest apply in the event that funds of funds invest in subfunds managed by the management company or feeder UCITS invest in a master UCITS managed by the management company:

**Conflict of interest between fund of funds and target funds/master UCITS and feeder UCITS:** In case of a deterioration in the liquidity structure of the target fund/master UCITS, the interest of the investing fund of funds/feeder UCITS will lie in an exit. On the other hand, the target fund/master UCITS has an interest in the fund of funds/feeder UCITS remaining invested or even acquiring additional units, which would in turn improve the liquidity structure.

**Conflict of interest between fund of funds and other target fund investors/ feeder UCITS and other master UCITS investors:** Here too, in case of a deterioration in the liquidity of the target fund/master UCITS the fund of funds/feeder UCITS managed by the same management company will have additional information not available to the unitholders (in relation to the liquidity structure of the target fund/master UCITS). An exit made by the fund of funds/feeder UCITS on account of this information would result in a further deterioration in the liquidity structure of the target fund/master UCITS and therefore run counter to the interests of the other unitholders.

**Handling and resolution of these conflicts of interest:** If the relevant funds are managed by departments which belong to different areas of responsibility, this type of management will safeguard the interests of the investors. However, if the relevant funds are managed by the same department, there is a need to ensure that the interests of the investors are safeguarded – particularly in relation to any fund suspensions – with the involvement of the compliance office, the management and the fund's management.

**Seed money:** In individual cases, the seed money for the issuance of funds is provided by the management company's (funds of) funds. A fund of the management company may also be purchased subsequently by another fund (of funds) of the management company. Once a fund has been issued and the money invested, the (fund of) funds may withdraw from the subfund. This results in respective charges for the relevant subfund.

**Handling and resolution of the conflict of interest:** The management company's (funds of) funds may purchase funds of the management company if the target fund complies with the acquiring fund's investment strategy. In the case of a subsequent sale, within the framework of the strategy of the (fund of) fund, the greatest possible consideration is given to the fund being sold.

The **custodian bank** of the management company, at present Raiffeisen Bank International AG, is part of the Raiffeisen Banking Group, as is the management company itself. This could lead to higher expenses for funds or clients.

**Handling and resolution of the conflict of interest:** In terms of transaction costs and the custodian's keeping of the securities accounts, the funds are charged market fees. The fees/costs that are charged are regularly renegotiated between the management company and the custodian banks. In the case of public or institutional funds, fees/costs may be differentiated. However, they are always within the range of normal market costs applicable to the respective fund categories.

**Raiffeisen Banking Group products:** Alongside other products, securities issued by companies in the Raiffeisen Banking Group (e.g. bonds issued by a Raiffeisen regional bank) may also be used as part of the management company's fund management.

**Handling and resolution of the conflict of interest:** The interests of the funds in question, compatibility with their investment goals and investment strategy and the applicable investment regulations and limits regulate the framework for the use of products issued by companies within the corporate group. Within the framework of the investment process additional criteria are formulated in line with investor interests. Investment in a Raiffeisen issue will only be possible subject to their fulfillment.

**Redemptions:** unitholders in a fund request the redemption of their fund units during tight market phases. The securities featured in the fund are subject to varying degrees of liquidity and, in some cases, can only be sold subject to price markdowns.

**Handling and resolution of the conflict of interest:** In case of a sale of securities for the purpose of redemptions of unit certificates, fund managers are to ensure that the portfolio structure retains a balanced composition following the sale. A sale of securities subject to price markdowns is only possible to a limited extent, and such price markdowns may not be significant. Otherwise, other legal steps must be considered, with a suspension of redemption of fund units as the final option. The management company has regulated the procedure in case of the suspension of redemption of unit certificates in a service instruction.

**Transactions between funds:** A fund of the management company sells securities to another fund of this management company. The selling fund has an interest in realizing a price which is as high as possible, the purchasing fund has an interest in a price which is as low as possible.

**Handling and resolution of the conflict of interest:** UCITS fund assets are valued by the custodian to ensure a valuation which is independent of the management company. Criteria are stipulated here which correspond to statutory requirements. Transactions may be executed between two funds of the management company on the basis of the price determined by the custodian or of a daily (mixed) price documented by the fund management (with the aim of eliminating bid/offer spreads for the benefit of both funds).

**Compensation:** In case of damage suffered by a fund and subject to reimbursement by the management company, the management company has an interest in establishing a volume of damage which is as low as possible, unlike the unitholders who have an interest in establishing a volume of damage which is as high as possible (high compensation). The same applies for damage suffered by funds whose fund management has been outsourced to a third party and which are subject to reimbursement by the third party.

**Handling and resolution of the conflict of interest:** The damage calculation is performed by an agency which is independent of the internal or external fund management, in coordination with the fund's auditor.

In scenarios featuring **low levels of market liquidity**, the management company might consider investments by other funds of the management company in the low-liquidity fund of the management company, in order to increase its liquidity.

**Handling and resolution of the conflict of interest:** Purchasing of units in low-liquidity funds of the management company by other funds of the management company is only conceivable if this is not detrimental to the interests of the unitholders of the two funds and this purchase is compatible with the investment strategy of the absorbing fund and is covered by the investment guidelines.

**Brokerage and research services:** Raiffeisen Capital Management obtains brokerage and information services from two enterprises that belong to the same group of companies. According to the price policy pursued by the group of companies, the expenses incurred by the management company for the utilization of the information services are reduced once a certain trading volume (generated by fund transactions) has been reached.

**Handling and resolution of the conflict of interest:** Raiffeisen Capital Management cannot influence the pricing policies of its trading partners. The decision in favor of a specific trading partner is taken in the context of the best execution policy without taking any potential savings for the management company into account.

**Use of prime brokers:** A prime broker which acts as a business partner of an AIF (e.g. special funds, other asset portfolios and pension investment funds) may not act as a custodian for this AIF except in case of a functional and hierarchical distinction in terms of its custodian function and its tasks as a prime broker and subject to due identification, management and monitoring of potential conflicts of interest and their disclosure to investors in the AIF.

**Handling and resolution of the conflict of interest:** The management company does not employ any prime brokers.

**Remuneration of research services through commission sharing:** "Commission sharing agreements" (CSAs) are concluded with a number of trading partners/brokers. A portion of the transaction costs charged to the fund is paid directly to a trading partner in respect of the execution while another portion is available for the payment of research services (e.g. market assessments, financial analysis, access to capital market databases) by other partners/third parties (so-called credits). The allocation of these credits is effected at the discretion of the fund management and is subject to regular reviews by the partners (so-called counterpart assessment, CPA). This approach facilitates the separation of order execution from the utilization of research services and allows the companies to select the most suitable partner for each case. It is thus possible to place orders with a trading partner without utilizing the partner's research services. Vice versa, the research services provided by a third party can be utilized even if no orders are placed with the latter. Commission sharing thus facilitates the low-cost procurement of fund services and helps the management company fulfill its duty to act in the best interest of the funds.

**Handling and resolution of the conflict of interest:**

- Continuous monitoring ensures that CSAs result in the procurement of research services and the execution of orders at lower overall costs than in the case of individual procurement of such services.
- The payment of research services via the allocation of credits to the research companies is based on fixed (quality) criteria under the supervision of the compliance officer.
- Due to statutory compliance regulations, any benefits that may lead to conflicts of interests in the relationship with the research company are prohibited without exception.
- To guarantee equal treatment of the funds managed by the management company, it has been ensured that individual funds do not assume the costs for research services procured by other funds.

See also best execution policy of Raiffeisen KAG (available at [www.rcm.at](http://www.rcm.at), in the 'About Us' menu / 'Corporate Governance' submenu).

The management company may **assign tasks to other service providers** (e.g. delegate management of a fund). This may include companies in the Raiffeisen group. It is possible that (potential) contractors may perform other activities which give rise to conflicts of interest in relation to the task assigned by the management company.

**Handling and resolution of the conflict of interest:** In assigning tasks to third parties, the management company will also give consideration to the interests of its investors.

Commissioned managers are thus obliged:

- to implement suitable measures to identify conflicts of interest in connection with management,
- to establish internal principles for avoidance of identified conflicts of interest and
- to notify the management company of any unavoidable conflicts of interest.

Subject to consent from the management company for the commissioned manager to forward any tasks assigned to him to third parties (sub-delegation), besides other preconditions this requires prior identification of any conflicts of interest resulting from sub-delegation, and their resolution in line with the conflict of interest policy or disclosure to the management company.

Any remuneration (incl. any kickback payments) which the management company, the custodian bank/custodian or an involved third party (e.g. manager) receives for transactions executed for a fund will be passed on to the fund in question.

In outsourcing tasks, the management company will ensure that normal market fees are charged.

**Use of 'group products':** Within the framework of portfolio management, in addition to third-party products funds of Raiffeisen Kapitalanlage GmbH, Raiffeisen Immobilien Kapitalanlage GmbH and Raiffeisen Salzburg Invest Kapitalanlage GmbH (jointly: Raiffeisen Capital Management funds) might be used to achieve optimal performance for invested client assets.

**Handling and resolution of the conflict of interest:** Fund selection is implemented subject to a clearly-structured, objective and comprehensible process (Raiffeisen Capital Management fund selection process). There are no restrictions in respect of individual fund companies. The Raiffeisen Capital Management fund selection process ensures that Raiffeisen Capital Management funds are subject to the same criteria as third-party funds and have the same opportunities for possible selection by the portfolio's management. The fund selection process is based on quantitative and qualitative analysis. In the quantitative analysis process the historical performance of individual funds is evaluated on the basis of various ratios. The historical performance for at least three years is included. The results of the quantitative analysis provide an important input for qualitative analysis. For evaluation of the quantitative criteria an in-house, computer-based evaluation program is used which assesses the investment funds in accordance with pre-defined criteria. This ensures an objective quantitative evaluation which is independent of personal considerations. The characteristics of the individual funds are assessed within the framework of the qualitative analysis through contact with the relevant fund company. The goal is to obtain precise knowledge of the investment philosophy, investment process, risk management etc. for the fund/fund company. Analysis of the strengths and weaknesses of the individual funds in various market phases is another important aspect. In addition, within the framework of the qualitative analysis, qualitative and quantitative elements are linked (e.g. style analysis). The analysis is rounded off with analysis of the fund composition in terms of region/industry structure and the current positioning and market assessment of the fund's management. In the segment of the absolute return-oriented funds, in combination with the market phase analysis and correlation analysis qualitative analysis has a particularly high status. Continuous monitoring of the selected investment funds is a matter of course.

**Non- or part-execution:** In case of limited capacities for investments in financial instruments – e.g. due to soft or hard closings for a fund (i.e. only a limited number of units are issued or issuance of units is cancelled) or limited allocations in case of equity issues or for part-executions of security orders (purchases and sales) it is possible that orders implemented for clients cannot be executed or cannot be fully executed.

**Handling and resolution of the conflict of interest:** A specific trade volume for one or more client portfolios or funds may only be ordered after specifying the quantity-based part-volumes for each client or fund. In principle, securities will be allocated to a client portfolio prior to execution of the orders. Where limited capacities lead to reductions in the financial instruments ordered for asset management clients, the allocation to clients' securities accounts will be implemented pro rata on the basis of a clearly formulated allocation policy. Where the minimum volume is undershot for individual clients in case of part-execution of an order, the order will not be billed for these clients and the corresponding number of units will be allocated to the remaining clients pro rata.

**Knowledge of the execution price:** Conflicts of interest may occur in portfolio management in that securities orders (purchases and sales) are only allocated to a client securities account or a fund after they have been executed on or off the stock exchange and thus in the knowledge of the execution price.

**Handling and resolution of the conflict of interest:** A specific trade volume for one or more client portfolios or funds may only be ordered after specifying the quantity-based part-volumes for each client or fund. Securities will be allocated to a client portfolio or a fund prior to execution of the orders. This will ensure that individual client portfolios or funds are not given preference in the knowledge of favorable execution costs and prices.

#### **Conflicts of interest in the sales units and how to handle/resolve them (sales)**

**Clients' interests in counter transactions:** In relation to institutional investors, sales targets may conflict with clients' interests in counter transactions such as if a potential investor is simultaneously a product supplier (e.g. target fund for fund investments).

**Handling and resolution of the conflict of interest:** In organizational terms, the sales units are clearly distinct from the investment decisions made by the management company. No instructions can be issued in either direction. The sales units are not permitted to influence fund and portfolio management investment decisions.

When **specifying fees** for asset management services there may be a conflict between, on the one hand, owner requirements (production costs, margins) and, on the other, the client's interest in the managed portfolio's net performance.

**Handling and resolution of the conflict of interest:** The fees for the management company's products are specified on the basis of a fees policy laid down by the management which gives consideration both to production costs and to market circumstances. This leaves the sales department with clearly defined leeway for fee decisions. The fees are agreed with the client and disclosed to the clients in a complete and transparent form. In this context, the management company provides notice to its clients of its adherence to a quality-oriented price policy in accordance with market conditions.

**Earnings targets applicable to sales staff** may establish an incentive to offer the client products with higher management fees.

**Handling and resolution of the conflict of interest:** Within the framework of the service, investor requirements (in particular, yield targets and risk tolerance) will be registered and documented by means of a structured process. The sales employees must comply with these client requirements when providing investment and product proposals. In principle, they must offer products whose yield potential is able to fulfill the client's yield expectation with the lowest possible level of risk. In addition, the following criteria apply to ensure that the achievement of rapid sales success plays a lesser role: achievement of sales targets via long-term client relationships and the extent of support provided for the client in terms of the number of support meetings and the handling of the client relationship.

#### **4. Conflicts of interest at Raiffeisen Immobilien Kapitalanlage Gesellschaft m.b.H (Immo KAG) and how to handle/resolve them**

The appointment of **external service providers** by Immo KAG for a real estate fund may lead to a conflict of interests between the fund and the unitholders and the external service providers, Immo KAG and the commissioned external service providers, between the various service providers or between Immo KAG and the fund.

**Handling and resolution of the conflict of interest:** Conflicts of interest arising through appointments of external service providers are covered by Immo KAG's conflict of interest policy. Special statutory provisions apply for the commissioning of the bank auditor and the experts pursuant to § 29 of the Austrian Real Estate Investment Fund Act (ImmoInvFG) and the relevant contracts contain separate provisions for the experts. These are to be complied with when commissioning such services.

#### **5. General measures for avoiding conflicts of interest**

##### **5.1 Creation of areas of responsibility**

The management company and its subsidiary have drawn up a compliance manual which is valid throughout the corporate group and is accessible to all employees electronically at any time. This compliance manual defines confidential business fields so as to prevent the exchange of information between persons such as might lead to a conflict of interest. Where an exchange of information between the defined business fields is unavoidable in individual cases, this must be notified to the compliance office which will then implement the required measures.

## 5.2 Keeping of a conflict of interest register

The compliance office keeps a conflict-of-interest register in which, as necessary, records are kept on conflicts of interest occurring during day-to-day business activities. A conflict notification form is available to all employees through the compliance database. The reported conflict-of-interest scenarios provide the basis for ongoing adaptation of this policy.

## 5.3 Additional measures

### Employee training

Compliance training for employees takes place on a regular basis. Participation in any specific-purpose training is mandatory for all employees whose attendance is requested by the compliance team. New employees must complete compliance training within one month of joining the company.

### Regular reporting to the responsible management

The compliance office reports monthly on its activities to the management of the management company and annually to the management of Immo KAG.

### Ongoing auditing by the management company's internal auditing division

The management company's internal auditing division performs an annual audit of the compliance organization of the management company and its subsidiary.

## 6. Publication and updating of the conflict of interest policy

This conflict of interest policy will be published on the internet in the 'About Us' menu / 'Corporate Governance' submenu on the website [www.rcm.at](http://www.rcm.at). Where necessary, the current policy is reviewed for its up-to-dateness on the spot; otherwise, it is reviewed at least once a year.



### 3) Supervisory board

Michael KAFESIE, Chairman, Markus TRITTHART, Deputy Chairman, Gebhard KAWALIREK, Georg WILDNER, Sylvia KUBICEK, Stefan GRÜNWALD

### 4) Other main positions of the members of the board of directors and supervisory board

#### Management

##### Dieter Aigner

Managing director	<u>Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung</u> , 1010 Vienna has represented the company since 10/17/2008 together with another managing director or a duly authorized officer, entered on 10/31/2008
Supervisory board	<u>Raiffeisen Immobilien Kapitalanlage-Gesellschaft m.b.H.</u> , 1010 Vienna Deputy chairman, entered on 4/8/2014
	<u>Raiffeisen Salzburg Invest Kapitalanlage GmbH</u> , 5020 Salzburg Member, entered on 7/26/2013

##### Michael Höllerer

Managing director	<u>Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung</u> , 1010 Vienna has represented the company since 4/1/2014 together with another managing director or a duly authorized officer, entered on 4/9/2014
Supervisory board	<u>Raiffeisen Bausparkasse Gesellschaft m.b.H.</u> , 1050 Vienna Member, entered on 12/31/2013
	<u>Raiffeisen Immobilien Kapitalanlage-Gesellschaft m.b.H.</u> , 1010 Vienna Chairman, entered on 4/8/2014
	<u>Raiffeisen Salzburg Invest Kapitalanlage GmbH</u> , 5020 Salzburg Chairman, entered on 4/8/2014
	<u>Raiffeisen-Leasing Bank Aktiengesellschaft</u> , 1020 Vienna Chairman, entered on 12/18/2013
	<u>Raiffeisen-Leasing Gesellschaft m.b.H.</u> , 1020 Vienna Member, entered on 3/9/2013
	<u>Österreichische Bundesforste AG</u> , 3002 Purkersdorf, Deputy chairman, entered on 4/27/2012
Duly authorized officer	<u>Raiffeisen Zentralbank Österreich Aktiengesellschaft</u> , 1030 Vienna has represented the company since 9/19/2012 together with a member of the board of directors or another duly authorized officer with joint proxy, entered on 11/22/2012
	<u>Österreichische Raiffeisen-Einlagensicherung eGen</u> , 1030 Vienna has represented the company since 10/2/2012 together with the chairman or the deputy chairman or a duly authorized officer, entered on 11/15/2012

##### Rainer Schnabl

Board of directors	<u>bankdirekt.at AG</u> , 4020 Linz Member, has represented the company since 1/1/2014 together with another member of the board of directors or a duly authorized officer, entered on 1/8/2014
Managing director	<u>Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung</u> , 1010 Vienna has represented the company since 5/6/2014 together with another managing director or a duly authorized officer, entered on 5/20/2014
Supervisory board	<u>Raiffeisen Immobilien Kapitalanlage-Gesellschaft m.b.H.</u> , 1010 Vienna Deputy chairman, entered on 4/8/2014
	<u>Raiffeisen Salzburg Invest Kapitalanlage GmbH</u> , 5020 Salzburg Member, entered on 4/8/2014
Liquidator	<u>RVCM GmbH in Liqu.</u> , 1010 Vienna

	has represented the company since 9/3/2014 together with another liquidator, entered on 9/19/2014
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## Supervisory board

### Michael Kafesie, Chairman

Board of directors	<u>card complete Service Bank AG</u> , 1020 Vienna has represented the company since 1/1/2005 together with another member of the board of directors or a duly authorized officer with joint proxy, entered on 1/6/2005	
Managing director	<u>Faru Handels- und Beteiligungs GmbH</u> , 1030 Vienna has represented the company since 11/19/2008 together with another managing director or a duly authorized officer with a right of joint proxy, entered on 11/19/2008	
	<u>R.B.T. Beteiligungsgesellschaft m.b.H.</u> , 1030 Vienna has represented the company since 10/15/2007 together with another managing director or a duly authorized officer with a right of joint proxy, entered on 11/10/2007	
	<u>Raiffeisen Agrar Holding GmbH</u> , 1020 Vienna has represented the company since 8/30/2008 together with another managing director or a duly authorized officer with a right of joint proxy, entered on 8/30/2008	
	<u>Raiffeisen-Invest-Gesellschaft m.b.H.</u> , 1030 Vienna has represented the company since 7/9/2007 together with another managing director or a duly authorized officer with a right of joint proxy, entered on 7/18/2007	
	<u>SALVELINUS Handels- und Beteiligungsgesellschaft m.b.H.</u> , 1030 Vienna has represented the company since 10/22/2010 together with another managing director or a duly authorized officer with a right of joint proxy, entered on 11/5/2010	
Supervisory board	<u>KURIER Beteiligungs-Aktiengesellschaft</u> , 1020 Vienna Member, entered on 7/20/2013	
	<u>NOTARTREUHANDBANK AG</u> , 1010 Vienna Member, entered on 2/26/2011	
	<u>Raiffeisen Bausparkasse Gesellschaft m.b.H.</u> , 1050 Vienna Deputy chairman, entered on 12/31/2013	
	<u>Raiffeisen Factor Bank AG</u> , 1020 Vienna Member, entered on 1/10/2014	
	<u>Raiffeisen Informatik GmbH</u> , 1020 Vienna Member, entered on 5/17/2014	
	<u>Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung</u> , 1010 Vienna Chairman, entered on 1/15/2013	
	<u>Raiffeisen Wohnbaubank Aktiengesellschaft</u> , 1030 Vienna Deputy chairman, entered on 1/10/2014	
	<u>Raiffeisen-Leasing Gesellschaft m.b.H.</u> , 1020 Vienna Member, entered on 3/9/2013	
	<u>Raiffeisen-Leasing Management GmbH</u> , 1020 Vienna Member, entered on 2/27/2013	
	<u>W 3 Errichtungs- und Betriebs-Aktiengesellschaft</u> , 1100 Vienna Chairman, entered on 6/25/2013	
	<u>Österreichische Rundfunksender GmbH</u> , 1136 Vienna Member, entered on 2/23/2013	
	Duly authorized officer	<u>Raiffeisen Zentralbank Österreich Aktiengesellschaft</u> , 1030 Vienna (investment management, controlling) has represented the company since 10/16/2001 together with a member of the board of directors or another duly authorized officer with joint proxy, entered on 6/18/2002

**Markus Tritthart, Deputy chairman**

Shareholder	<u>Riesneralm Beteiligungs GmbH</u> , 8953 Donnersbachwald, entered on 02/02/2006
General partner	<u>Tritthart &amp; Tritthart OG</u> , 8044 Graz has represented the company independently since 10/20/2005, entered on 10/20/2005
Supervisory board	<u>Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung</u> , 1010 Vienna Deputy chairman, entered on 4/9/2014
Duly authorized officer	<u>Raiffeisen Zentralbank Österreich Aktiengesellschaft</u> , 1030 Vienna has represented the company since 9/17/2013 together with a member of the board of directors or another duly authorized officer with joint proxy, entered on 10/1/2013

**Gebhard Kawalirek**

Supervisory board	<u>Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung</u> , 1010 Vienna Member, entered on 2/18/2014
Duly authorized officer	<u>Raiffeisen Zentralbank Österreich Aktiengesellschaft</u> , 1030 Vienna has represented the company since 11/29/2000 together with a member of the board of directors or another duly authorized officer with joint proxy, entered on 6/28/2001
	<u>Österreichische Raiffeisen-Einlagensicherung eGen</u> , 1030 Vienna has represented the company since 12/4/2009 together with the chairman or the deputy chairman or a duly authorized officer, entered on 12/4/2009

**Georg Wildner**

Supervisory board	<u>Raiffeisen Bausparkasse Gesellschaft m.b.H.</u> , 1050 Vienna Member, entered on 12/31/2013
	<u>Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung</u> , 1010 Vienna Member, entered on 2/18/2014
	<u>Raiffeisen Wohnbaubank Aktiengesellschaft</u> , 1030 Vienna Member, entered on 1/10/2014
Duly authorized officer	<u>Raiffeisen Zentralbank Österreich Aktiengesellschaft</u> , 1030 Vienna (sales services) has represented the company since 9/17/2013 together with a member of the board of directors or another duly authorized officer with joint proxy, entered on 10/1/2013

**Sylvia Kubicek**

Supervisory board	<u>Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung</u> , 1010 Vienna (supervisory board member delegated by works council) Member
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**Stefan Grünwald**

Supervisory board	<u>Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung</u> , 1010 Vienna (supervisory board member delegated by works council) Member, entered on 12/2/2014
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## 5) Distribution offices

Raiffeisenlandesbank Niederösterreich - Wien AG, Vienna

Raiffeisenlandesbank Burgenland und Revisionsverband eGen., Eisenstadt

Raiffeisenlandesbank Oberösterreich AG, Linz

Raiffeisenverband Salzburg eGen., Salzburg

Raiffeisen-Landesbank Tirol AG, Innsbruck

Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband, reg. Gen.m.b.H., Bregenz

Raiffeisenlandesbank Kärnten – Rechenzentrum und Revisionsverband, reg. Gen.m.b.H., Klagenfurt

Raiffeisen-Landesbank Steiermark AG, Graz

Raiffeisen Bank International AG, Vienna

Kathrein Privatbank Aktiengesellschaft, Vienna

## 6) Investment funds managed by Raiffeisen Kapitalanlage-Gesellschaft m.b.H. (as of 12/30/2014)

Raiffeisen-Österreich-Aktien, Raiffeisen-Global-Aktien, Raiffeisen-Euro-ShortTerm-Rent, Raiffeisen-Osteuropa-Rent, Raiffeisen-EuroPlus-Rent, Raiffeisen-Europa-Aktien, Raiffeisen-§ 14-Rent, Raiffeisen-Euro-Rent, Raiffeisen-Österreich-Rent, Raiffeisen-Nachhaltigkeitsfonds-Mix, Raiffeisen-Global-Rent, Raiffeisen-Osteuropa-Aktien, Raiffeisen-Dollar-ShortTerm-Rent, Raiffeisenfonds-Sicherheit, Raiffeisenfonds-Ertrag, Raiffeisenfonds-Wachstum, Raiffeisen-§ 14-Mix, Raiffeisen-§ 14-MixLight, Raiffeisen-Europa-HighYield, Raiffeisen-Active-Aktien, Raiffeisen-EmergingMarkets-Aktien, Raiffeisen-HealthCare-Aktien, Raiffeisen-Energie-Aktien, Raiffeisen-Technologie-Aktien, Raiffeisen-US-Aktien, Raiffeisen-Pazifik-Aktien, Raiffeisen-OK-Rent, Raiffeisen-Europa-SmallCap, Raiffeisen-Eurasien-Aktien, Raiffeisen-Nachhaltigkeitsfonds-Aktien, Kathrein Mandatum 100, Kathrein Mandatum 25, Kathrein Mandatum 50, Kathrein Mandatum 70, Kathrein Euro Bond, Kathrein Corporate Bond, Kathrein Global Bond, Kathrein European Equity, Kathrein US Equity, Pension-Equity F1, Pension-Income D1, Raiffeisen 301 – Euro Gov. Bonds, Raiffeisen 304 – Euro Corporates, Raiffeisen 305 – Non-Euro Equities, Raiffeisen 308 – Euro Equities, Raiffeisen 313 – Euro Trend Follower, Raiffeisen 314 – Euro Inflation Linked, R 32-Fonds, R 5-Fonds, R 6-Fonds, R 8-Fonds, R 9-Fonds, R 15-Fonds, R 16-Fonds, R 18-Fonds, R 19-Fonds, R 24-Fonds, R 42-Fonds, R 45-Fonds, R 46-Fonds, R 53-Fonds, R 55-Fonds, R 77-Fonds, R 81-Fonds, R 85-Fonds, R 86-Fonds, R 87-Fonds, UNIQA High Yield Funds, R 112-Fonds, R 126-Fonds, R 130-Fonds, R 135-Fonds, R 143-Fonds, R 146-Fonds, R 157-Fonds, R 190-Fonds, R 194-Fonds, R 770-Fonds, R 32195-Fonds, Raiffeisen BestMomentum, R 32585-Fonds, Raiffeisen-Euro-Corporates, Dachfonds Südtirol, Global Protected, Raiffeisen-Pensionsfonds-Österreich 2003, Raiffeisen-Dynamic-Bonds, Raiffeisen-EmergingMarkets-Rent, Raiffeisen-EU-Spezial-Rent, Raiffeisen-Pensionsfonds-Österreich 2004, R 259-Fonds, R-VIP 12, Kathrein Max Return, Raiffeisen-Inflationsschutz-Fonds, Pension-Income C1, ZKV-Index, Raiffeisen-Pensionsfonds-Österreich 2005, R-2012 Spezial, WALSER Euro Flex, DURA7\_1, Raiffeisen Short Term Strategy Plus, Raiffeisen-TopDividende-Aktien, RLBnoew Euro Government Active, RLBnoew Mündel Rent, RLBnoew Eurobond Active, RLBnoew Euro Corporates Active, Kathrein SF50, Raiffeisen-Pensionsfonds-Österreich 2006, R 168-Fonds, Raiffeisen-A.R.-Global-Balanced, R 169-Fonds, WALSER Valor AT, UNIQA Emerging Markets Debt Fund, UNIQA Eastern European Debt Fund, RLBnoew Total Return, RLBnoew Private Portfolio, Raiffeisen 322 – Euro Alpha Duration, R-VIP 35, R-VIP 75, R-VIP 100, R-VIP 24, R-VIP 10, R-VIP Classic Aktien, Kathrein Mandatum 15 USD, Raiffeisen-Stabilitätsfonds, Raiffeisen-Pensionsfonds-Österreich 2007, R 183-Fonds, Kathrein SF39, DURA3\_1, Kathrein Yield +, R 188-Fonds, UNIQA World Selection, R 187-Fonds, Raiffeisen 902 – Treasury Zero II, Raiffeisen-Wachstumsländer-Garantiefonds, Raiffeisenfonds-Anleihen, R 189-Fonds, Raiffeisen-Pensionsfonds-Österreich 2008, Raiffeisen 336 – GTAA Overlay, Raiffeisen 337 – Strategic

Allocation Master I, Raiffeisen-GlobalAllocation-StrategiesPlus, Kathrein SF45, Raiffeisen-Russland-Aktien, Raiffeisen-Fondsernte-Garantie 2008, Raiffeisen-Europa-Garantiefonds 08, Raiffeisen-Infrastruktur-Aktien, DASAA 8010, EURAN 8051, GLAN 8041, Raiffeisen-Nachhaltigkeitsfonds-ShortTerm, R 332-Fonds, Raiffeisen 311, R 311 A, Raiffeisen-Eurasien-Garantiefonds 08, Kathrein US-Dollar Bond, DURA3\_2, R 192-Fonds, R 203-Fonds, R 205-Fonds, Vorsorge HTM Portfolio 1, FlexProtection Active Fund, FlexProtection Secure 1, FlexProtection Secure 2, FlexProtection Secure 3, FlexProtection Secure 4, FlexProtection Secure 5, FlexProtection Secure 6, R 212-Fonds, R 213-Fonds, R 214-Fonds, R 215-Fonds, R 216-Fonds, R 217-Fonds, R 222-Fonds, Kathrein Euro Inflation Linked Bond, R 224-Fonds, R 1-Fonds, Raiffeisen 346 – Euro Credit 2015, Raiffeisen-Eurasien-Garantiefonds 09, R 771-Fonds, R 225-Fonds, R-VIP 50, Raiffeisen-EmergingMarkets-LocalBonds, R 229-Fonds, R 230-Fonds, R 241-Fonds, R 242-Fonds, R 244-Fonds, Merkur Eurobond Opportunities, FlexProtection Secure 7, UNIQA European High Grade Bond, Kathrein Dynamic Asset Allocation Fund, Kathrein Euro Core Government Bond, Raiffeisen-Inflation-Shield, Raiffeisen 309 – Euro Core Gov. Bonds, C 11, Centropa-Aktien, Raiffeisen 333 – Active Alpha, Raiffeisen-Czech-Click Fund, Raiffeisen-Global-Fundamental-Rent, R 21-Fonds, R 30-Fonds, R 66-Fonds, R 97-Fonds, Kathrein Arche Noah Fund, R 245-Fonds, R 246-Fonds, R 247-Fonds, R 248-Fonds, DURA7\_2, R 231-Fonds, FlexProtection Secure 8, FlexProtection Secure 9, FlexProtection Secure 10, FlexProtection Secure 11, Raiffeisen Centropa Regional Mix, R 270-Fonds, R 252-Fonds, Raiffeisenfonds-Konservativ, CONVERTINVEST All-Cap Convertibles Fund, Raiffeisen-Czech-Click Fund II, R 254-Fonds, R 255-Fonds, R 256-Fonds, R 257-Fonds, Liquid Euro Corporate Bond Fund, DURA1\_1, Kathrein SF60, R Ethik Rentenfonds, Raiffeisen-Covered-Bonds, FlexProtection Secure 12, R 258-Fonds, R 261-Fonds, Pension-Income D3, Raiffeisen-Global-Core, R 263-Fonds, Raiffeisen-Unternehmensanleihen 2017, R 262-Fonds, Kathrein Global Enterprise, Kathrein SF61, R 265-Fonds, R 271-Fonds, R 272-Fonds, R 273-Fonds, R 274-Fonds, Raiffeisen-GlobalAllocation-StrategiesDiversified, Raiffeisen-Global-DiversifiedGrowth, FlexProtection Secure 13, Raiffeisen-Unternehmensanleihefonds 06/2018, Valida Aktien Europa 1, Valida Aktien Nachhaltig 1, FlexProtection Secure 14, Valida Fonds ausgewogen, Valida Fonds dynamisch, Valida Anleihefonds 4, R 37000-Fonds, R 275-Fonds, R 286-Fonds, R 277-Fonds, Raiffeisen-Active-Commodities, R 406-Fonds, R 420-Fonds, R 174-Fonds, WSTW I, Raiffeisen-Laufzeitenfonds-Anleihen 2019

## APPENDIX TO PROSPECTUS FOR INVESTORS

### IN THE REPUBLIC OF SLOVENIA

Management company: Raiffeisen Kapitalanlage-Gesellschaft m.b.H. (Raiffeisen KAG), Schwarzenbergplatz 3, 1010 Vienna, entered in the company register held by Vienna Commercial Court under companies register number FN 83517w.

Name of the investment fund: Raiffeisen Security Fund

ISIN codes: AT0000743562 (VTA)

Raiffeisen Banka d.d., Zagrebška cesta 76, 2000 Maribor is the payment and distribution office in Slovenia. Please see the website [http://www.raiffeisen.si/o\\_nas/poslovna\\_mreza\\_banke/slovenska\\_mreza/](http://www.raiffeisen.si/o_nas/poslovna_mreza_banke/slovenska_mreza/) for a list of branches where payments may be made in return for issuance of unit certificates and the redemption price for units may be paid out and which handle other payments to the unitholders of the investment fund ("payment office").

#### **Description of the tasks and competences assigned to the payment and distribution office in the Republic of Slovenia and the custodian bank or the management company:**

##### Unitholders:

Unit certificates are issued to bearer. The unit certificates shall be represented by global certificates (§ 24 of the Austrian Safe Custody of Securities Act, BGBl. [Austrian Federal Law Gazette] no. 424/1969). This being the case, no actual securities shall be made available to the company's clients. However, at the discretion of the management company the unit certificates may also be represented by actual securities, if this is stipulated in the prospectus.

##### Management of the register of unitholders:

Under the agreement between Raiffeisen Banka d.d. and the investor, Raiffeisen Banka d.d. shall assume the role of a custodian. Raiffeisen Banka d.d. holds the unit certificates of its clients through a security deposit account at Raiffeisen Bank International AG. Raiffeisen Banka d.d. keeps the register of unitholders for its clients. This means that the client shall not be known to the custodian bank, even though he is the unitholder.

Legal consequences for the investor in the event of the annulment of the agreement between the payment and distribution office in the Republic of Slovenia and the management company:

In the event of the annulment of the agreement between the payment and distribution office in the Republic of Slovenia and the management company, the management company shall be obliged to protect the rights of all investors in the investment fund. In this case, the management company shall take on all transactions of the payment and distribution office or shall be obliged to establish a business relationship with a new payment and distribution office in the Republic of Slovenia and to notify investors suitably and immediately of all important information.

#### **Issuance and repurchasing of the units in the Republic of Slovenia:**

Issue and repurchase orders received by 11:30 a.m. shall be executed on the basis of the unit value as of the following banking day (d+1). If the order is placed after 11:30 a.m., the issue and repurchase orders will be executed on the basis of the unit value as of the next-but-one banking day (d+2).

In case of funds of funds – i.e. investment funds which mainly invest in units in other investment funds – issue and repurchase orders received by 11:30 a.m. will be executed at the unit value on the next-but-one banking day (d+2). If the order is placed after 11:30 a.m., the issue and repurchase orders will be executed on the basis of the unit value as of the banking day following the next-but-one banking day (d+3).

The reference time refers to the moment on which the funds are entered on the account of Raiffeisen Banka d.d. or where Raiffeisen Banka d.d. confirms the transfer or payment order by means of a stamp and signature. The precise time of the order's confirmation is indicated in the document itself. However, in practice this means that this time is the moment on which the investor signed and submitted the transfer or sale instruction at one of the authorized payment and distribution offices.

Euro amounts shall be transferred to the account held by Raiffeisen Banka d.d.:  
01000 – 0002400057 with the reference number 00 293070.

Unit certificates shall only be issued in EUR.

When funds are repurchased, the resources shall be transferred to the client's transaction account on the date of payment.

**Information for investors:**

The value of the unit shall be announced on a daily basis in the daily newspaper Dnevnik and on the website of Raiffeisen Banka d.d. ([www.raiffeisen.si](http://www.raiffeisen.si)). Investors shall be provided at the payment and distribution offices with the prospectus, the fund regulations, the key investor information, the latest annual fund report and possibly the follow-up semi-annual fund report for the investment fund. These documents may also be obtained from the website of the management company ([www.rcm-international.com](http://www.rcm-international.com)). Notice of changes to the prospectus, the key investor information, the annual fund report or the semi-annual fund report will be provided on the website of the management company ([www.rcm-international.com](http://www.rcm-international.com)).

The management company shall provide information for investors on its website ([www.rcm-international.com](http://www.rcm-international.com)) on legally relevant business events associated with the business activities of the management company or the investment fund and information on changes to the fund regulations or a possible transfer of the management of the investment fund to another management company or the start of the investment fund's liquidation.

**Notification of investors regarding their units:**

Investors shall receive confirmation following every issue and repurchase. Raiffeisen Banka d.d. shall issue this confirmation within four banking days of the issue or repurchase of the units. Once a year, normally at the start of the calendar year, they shall receive a statement of the value of their units.

**Brief description of tax treatment of investors in the Republic of Slovenia:**

a.) Taxation of private individuals:

Under the Slovenian Income Tax Act (ZDOH-2, official gazette of the Republic of Slovenia, no. 117/06) investment fund unit certificates are considered to be capital.

The redemption of the investment coupon for the investment fund is also considered a taxable capital disposal. The assessment base for the tax on earnings is based on the difference between the capital value at the disposal and the capital value at the purchase.

b.) Taxation of corporate bodies:

Under the Slovenian Law on the Taxation of Earnings of Corporate Bodies (ZDDPO-2, official gazette of the Republic of Slovenia, no. 117/06), the tax liability of a corporate body is based on the company's head office or place of actual management (as under foreign law). A corporate body liable to pay tax in the Republic of Slovenia is obliged to pay income tax on all earnings originating inside or outside the Republic of Slovenia.

## ADDITIONAL INFORMATION FOR INVESTORS IN ITALY

### Purchasing of the unit certificates

Investors resident in Italy are able to purchase the unit certificates by means of a one-off minimum payment of EUR 1000 or an installment payment (Piani di Accumolo or "PAC").

The PAC consists of regular inpayments on the fifth day of the month amounting to at least EUR 30/month.

In relation to the international distribution of the unit certificates of Raiffeisen Euro Bonds, it may be necessary to specify its payment offices or other legal entities which charge the investors costs associated with their payment office function.



**Supplement to the prospectus  
for Raiffeisen Security Fund  
for investors in Hungary**

Unit certificates are issued to bearer. The unit certificates shall be represented by global certificates (§ 24 of the Austrian Safe Custody of Securities Act, BGBl. [Austrian Federal Law Gazette] no. 424/1969). As the unit certificates are represented by global certificates, no actual securities are issued.

Under the agreement between Raiffeisen Bank Zrt. or another distribution office ("distribution office") and the client, the distribution office shall assume the role of a custodian (for the commission business between the parties). The distribution office shall hold its clients' unit certificates in a security deposit account at the custodian bank (Raiffeisen Bank International AG) and in dealings with the custodian bank shall be the person authorized to dispose of the account. This means that the client shall not be known to the custodian bank, even though he is the unitholder.

The Hungarian Financial Supervisory Authority has been notified of the distribution of the unit certificates in Hungary pursuant to § 98 of Act No. CXCI of 2011 on Asset Management Companies and Undertakings for Collective Investment.

**Type and location of information for Hungarian investors and information on the investment risk:**

The following information is available free-of-charge at the distribution office branches as official offices at which the issue and repurchase of the unit certificates is possible for Hungarian investors:

- fund regulations;
- prospectus and key investor information;
- annual fund report and semi-annual fund report, regular and irregular reports (where available);
- issue and redemption prices (net asset value of unit certificates) and
- other sales documents and brochures.

**Regular and irregular information for Hungarian investors:**

The information for Hungarian investors is provided at [www.rcm-international.com/hu](http://www.rcm-international.com/hu). The calculated value is published daily, the semi-annual fund report twice a year and the annual fund report once a year.

**Distribution offices in Hungary:**

1. **Raiffeisen Bank Zrt. (1054 Budapest Akadémia u. 6.)**  
A list of branches is available at [www.raiffeisen.hu](http://www.raiffeisen.hu)
2. **Erste Befektetési Zrt. Europe Tower (1138 Budapest, Népfürdő u. 24-26.)**  
A list of branches is available at [www.erstebroker.hu/hu/erste\\_private\\_banking.html](http://www.erstebroker.hu/hu/erste_private_banking.html)  
The fund's sales division may also be reached through [www.hozamplaza.hu](http://www.hozamplaza.hu)
3. **Partner Bank Aktiengesellschaft (Goethestrasse 1a, 4020 Linz)**  
Sales activities in Hungary through duly licensed securities companies as sales sub-partners

**Form of issuance:**

Public

**Tax and cost obligations associated with the unit certificates:**

Depending on the investor's domicile, address, place of residence, nationality and other factors, the income for Hungarian investors resulting from the fund may be liable for taxation in Hungary and other countries.

In respect of the Hungarian taxes applicable in connection with the investor's income resulting from the fund, we refer to § 65 of Act No. CXVII of 1995 on Private Income Tax, to § 7 of Act No. LXXXI of 1996 on Corporate Income Tax and Dividends Tax and to assessments Nos. 2002/80 and 2004/96 issued by the Hungarian Tax Office, with the recommendation that investors consult a lawyer or tax adviser registered in Hungary regarding their tax liability.

**Applicable legislation:**

The establishment and management of the investment funds presented in this prospectus and the issuance of the fund unit certificates are subject to the prescriptions of substantive Austrian law. The distribution of the fund unit certificates in Hungary is subject to individual prescriptions of Act No. CXCI of 2011 on Asset Management Companies and Undertakings for Collective Investment, particularly § 98.