

# Raiffeisen Eastern European Bonds

## **Annual fund report**

Financial year 2011-2012

The 2011 Austrian Investment Fund Act (InvFG) came into force on 1 September 2011. The terms used in this report comply with InvFG 2011 while the statutory references in the fund regulations relate to InvFG 1993 since the fund regulations were approved on the basis of the legal situation applicable at the time of the fund's licensing. From 1 September 2011 these references will be treated as references to corresponding provisions of InvFG 2011.

### **Note:**

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

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# Report for the financial year from 1 February 2011 to 31 January 2012

Raiffeisen Eastern European Bonds is a bond fund whose investment goal is regular income. The fund mainly invests (at least 51 % of its fund assets) in bonds issued by issuers which are headquartered or mainly active in central and eastern European countries (incl. Turkey) and/or in bonds denominated in central and eastern European (incl. Turkish) currencies. The investment fund may invest more than 35 % of its fund assets in securities/money market instruments issued by the following issuers: Poland, Hungary, Turkey.

## General fund information

Tranche	Launch date	ISIN
ISIN income-distributing (R) (A)	3/5/2000	AT0000740642
ISIN income-retaining (R) (T)	3/5/2000	AT0000740659
ISIN full income-retaining (outside Austria) (R) (VTA)	15/5/2000	AT0000740667
ISIN full income-retaining (outside Austria) (I) (VTA)	4/1/2010	AT0000A0EYA2
ISIN savings fund income-distributing (R) (A)	3/5/2000	AT0000740675
ISIN savings fund income-retaining (R) (T)	3/5/2000	AT0000740683

## Fund characteristics

Fund currency:	EUR
Financial year:	1 February – 31 January
Distribution/payment/reinvestment date:	15 April
EU directive compliance:	EU directive-compliant investment fund pursuant to InvFG (UCITS)
Fund type:	Target fund (up to 10 % subfunds)
Max. management fee for the fund:	R tranche: 1.50 % (excluding any performance-related fee) I tranche: 0.75 % (excluding any performance-related fee)
Target group:	Public fund
Custodian bank:	Raiffeisen Bank International AG
Management company:	Raiffeisen Kapitalanlage-Gesellschaft m.b.H. Schwarzenbergplatz 3, A-1010 Vienna Tel. +43 1 71170-0, Fax +43 1 71170-1092 www.rcm.at Companies register number: 83517 w
Fund management:	Raiffeisen Kapitalanlage-Gesellschaft m.b.H.
Auditor:	KPMG Austria AG

## **Legal notice**

All data and information has been compiled and checked with the greatest care. No liability or guarantee can be assumed for the recentness, correctness and completeness of the information provided. We consider the sources used to be reliable. The software used performs calculations on the basis of more than the two decimal places displayed. Minor discrepancies cannot be ruled out due to further calculations using published results.

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

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

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

Dear unitholder,

Raiffeisen Kapitalanlage-Gesellschaft m.b.H. is pleased to present its annual fund report for Raiffeisen Eastern European Bonds for the financial year from 1 February 2011 to 31 January 2012.

## Fund details in EUR

	31/1/2011	31/1/2012
Fund assets	278,562,542.80	201,144,211.16
Net asset value/unit (R) (A)	119.75	112.47
Issue price/unit (R) (A)	123.34	115.84
Net asset value/unit (R) (T)	194.70	190.80
Issue price/unit (R) (T)	200.54	196.52
Net asset value/unit (R) (VTA)	226.44	224.92
Issue price/unit (R) (VTA)	233.23	231.67
Net asset value/unit (I) (VTA)	227.56	227.09
Issue price/unit (I) (VTA)	234.39	233.90

  

	15/4/2011	16/4/2012
Distribution/unit (R) (A)	6.63	5.95
Outpayment/unit (R) (T)	2.68	2.57
Reinvestment/unit (R) (T)	10.82	0.41
Reinvestment/unit (R) (VTA)	16.22	3.44
Reinvestment/unit (I) (VTA)	16.56	4.53

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

## Units in circulation

	(R) A	(R) T	(R) VTA	(I) VTA
Units in circulation on 31/1/2011	594,441.287	737,806.454	261,408.909	19,904.000
Sales	47,110.675	90,821.589	78,731.996	10,295.504
Repurchases	- 50,137.026	- 404,761.635	- 126,624.670	- 5,000.504
Units in circulation	591,414.936	423,866.408	213,516.235	25,199.000
<b>Total units in circulation on 31/1/2012</b>				<b>1,253,996.579</b>

## Fund details in EUR for last 3 financial years

<b>Distributing units (R)</b>	<b>31/1/2010</b>	<b>31/1/2011</b>	<b>31/1/2012</b>
Total fund assets	221,459,294.54	278,562,542.80	201,144,211.16
Net asset value/unit	116.88	119.75	112.47

<b>Reinvested units (R)</b>	<b>31/1/2010</b>	<b>31/1/2011</b>	<b>31/1/2012</b>
Total fund assets	221,459,294.54	278,562,542.80	201,144,211.16
Net asset value/unit	182.38	194.70	190.80

<b>Fully reinvested units (R)</b>	<b>31/1/2010</b>	<b>31/1/2011</b>	<b>31/1/2012</b>
Total fund assets	221,459,294.54	278,562,542.80	201,144,211.16
Net asset value/unit	209.26	226.44	224.92

<b>Fully reinvested units (I)</b>	<b>31/1/2010</b>	<b>31/1/2011</b>	<b>31/1/2012</b>
Total fund assets	221,459,294.54	278,562,542.80	201,144,211.16
Net asset value/unit	209.25	227.56	227.09

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

### Performance in financial year (fund performance)

#### Distributing units (R)

Net asset value per unit at start of financial year	119.75
Distribution on 15/4/2011 (net asset value: EUR 115.53) of EUR 6.63, corresponds to 0.057388 units	
Net asset value per unit at end of financial year	112.47
Total value incl. units purchased through distribution (1.057388 x 112.47)	118.92
Net income/net reduction per unit	- 0.83

#### Reinvested units (R)

Net asset value per unit at start of financial year	194.70
Outpayment on 15/4/2011 (net asset value: EUR 195.96) of EUR 2.68, corresponds to 0.0137 units	
Net asset value per unit at end of financial year	190.80
Total value incl. units purchased through outpayment (1.0137 x 190.80)	193.41
Net income/net reduction per unit	- 1.29

#### Fully reinvested units (R)

Net asset value per unit at start of financial year	226.44
Net asset value per unit at end of financial year	224.92
Net income/net reduction per unit	- 1.52

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

- 0.67

#### Fully reinvested units (I)

Net asset value per unit at start of financial year	227.56
Net asset value per unit at end of financial year	227.09
Net income/net reduction per unit	- 0.47

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

- 0.21

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

The performance is calculated by Raiffeisen Kapitalanlage-Gesellschaft m.b.H. using the method developed by OeKB (Österreichische Kontrollbank AG), on the basis of data supplied by the custodian bank (where outpayment of the redemption price is suspended, with use of indicative values). Some costs – the subscription fee (not exceeding 3.00 % of the invested amount) and any redemption fee (not exceeding 0.00 % of the sold amount) – are not included in the performance calculation. The follows applies for units sold outside of Austria: Some costs – the subscription fee (not exceeding 3.00 % of the invested amount) and any redemption fee (not exceeding 3.00 % of the sold amount) or a combination of the subscription fee and the redemption fee (not exceeding 3.00 % overall) – are not included in the performance calculation. Where included in any calculation, they will accordingly result in a lower performance. Past results do not permit any reliable inferences as to the future performance of the fund.

## Development of fund assets

<b>Fund assets on 31/1/2011 (1,613,560.650 units)</b>	<b>278,562,542.80</b>
Distribution on 15/4/2011 (EUR 6.63 x 596,783.202 distributing units (R))	- 3,956,672.63
Outpayment on 15/4/2011 (EUR 2.68 x 764,680.233 reinvested units (R))	- 2,049,343.02
Issuance of units	43,205,759.15
Redemption of units	- 111,183,296.57
Pro rata income adjustment	1,815,511.74 - 66,162,025.68
<b>Overall fund result</b>	<b>- 5,250,290.31</b>
<b>Fund assets on 31/1/2012 (1,253,996.579 units)</b>	<b>201,144,211.16</b>



## Fund result in EUR

### A. Realized fund result

#### Ordinary fund result

<b>Income (excl. closing price)</b>		
Interest income	15,733,690.29	
Interest expenses	- 30,284.27	
Income from interest rate swaps	431,978.48	
Other income (incl. tax reclaim)	18,579.88	<b>16,153,964.38</b>

#### Expenses

Management fees	- 2,412,690.24	
Custodian bank fees	- 123,182.07	
Auditing expenses	- 9,480.00	
Tax consulting fees	- 2,400.00	
Custodian fee	- 177,467.64	
Statutory/publication expenses	- 19,677.57	<b>- 2,744,897.52</b>
<b>Ordinary fund result (excl. income adjustment)</b>		<b>13,409,066.86</b>

#### Realized closing price

Profits realized from securities	3,388,825.82	
Profits realized from derivative instruments	19,676,832.04	
Losses realized from securities	- 10,031,558.32	
Losses realized from derivative instruments	- 21,438,956.09	
<b>Realized closing price (excl. income adjustment)</b>		<b>- 8,404,856.55</b>
<b>Realized fund result (excl. income adjustment)</b>		<b>5,004,210.31</b>

### B. Unrealized closing price

<b>Change in unrealized closing price</b>	<b>- 8,438,988.88</b>
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### C. Income adjustment

<b>Income adjustment for income during financial year</b>	<b>- 1,805,558.01</b>	
<b>Income adjustment during financial year for profit carryovers</b>	<b>- 9,953.73</b>	<b>- 1,815,511.74</b>
<b>Overall fund result</b>		<b>- 5,250,290.31</b>

In accordance with the procedure agreed with the Association of Austrian Investment Companies (Vereinigung österreichischer Investmentgesellschaften, VÖIG), transaction costs will be reported for financial years beginning since the 2011 Austrian Investment Fund Act came into force (from 1 September 2011).

## Appropriation of fund result in EUR

Distribution (EUR 5.95 x 591,414.936 distributing units (R))	3,518,918.87
Outpayment pursuant to § 58 (2) InvFG (EUR 2.57 x 423,866.408 reinvested units (R))	1,089,336.67
Reinvested amount (R) (reinvestment)	175,641.64
Reinvested amount (R) (full reinvestment)	733,866.99
Reinvested amount (I) (full reinvestment)	114,158.19
<b>Total</b>	<b>5,631,922.36</b>
Realized fund result (incl. income adjustment)	3,188,698.57
<b>Asset-based loss and expense allowance</b>	<b>1,287,282.12</b>
Profit carryover from previous year	1,155,941.67
<b>Total</b>	<b>5,631,922.36</b>

## Capital market report

The year 2011 was extremely turbulent even by the standards of a decade full of crises. Right at the start of the year dictatorships which had endured for decades in the Arab region were toppled within the space of a few weeks. In other countries protest movements arose. In the case of Libya, for instance, this has now resulted in a change of power while in other cases, such as Syria, these protest movements continue to the present day. The economic effect of this was an almost 30 % rise in the price of oil (Brent) in the first few months of the year, but this subsequently eased considerably in the remainder of the year when the worst fears over interruptions in supply were not borne out. However, in March the natural disaster in Japan and the subsequent leak of radiation from the Fukushima nuclear power station were the next blow, which had a serious impact on the Japanese economy. International stock markets (with the exception of Japan, obviously) rapidly coped with these events, though, and in most cases even reached their highest levels since 2008 in the 1<sup>st</sup> half of the year. They generally maintained these levels as far as early July.

However, the issue of excessive government debt once again returned to the fore in the summer. In the USA this was fortunately only a brief episode (fears of technical insolvency and downgrading of the USA by Standard & Poor's from AAA to AA+). In the Eurozone, on the other hand, the government debt issue reached a new level over the summer through the huge rise in Italian and Spanish yields. Since it was clear from the start that the protective shield established by means of the European Financial Stability Facility (EFSF) would no longer be sufficient, the European Central Bank (ECB) reacted very rapidly – albeit reluctantly – through increased purchasing of government bonds. However, doubts regarding these countries' financing capacity and fears of defaults and even a new banking crisis dominated events on the international financial markets in the 2<sup>nd</sup> half of the year.

In late summer this led to strong price losses on international stock markets – in some cases over 30 % – and rising risk premiums on corporate and bank bonds. The EUR/USD exchange rate – which had been close to annual highs up to August, at 1.45 – subsequently fell to approx. 1.30 by the end of the year. The euro was even weaker against the Swiss franc, which gained more than 20 % against the euro up to August 2011 before the Swiss central bank intervened to stabilize the currency above the 1.20 mark.

It was only in October that the markets gained a little more confidence through a combination of packages of measures passed by the peripheral countries (particularly Italy) for faster budget consolidation and structural reforms and continuous bond purchasing by the ECB. Moreover, in November the ECB cut its key interest rate to 1.25 % and in December it provided the banking system with loans with an unusually long period of three years. These were intended to counter the threat of a liquidity crisis in the Eurozone's banking system and were gladly accepted. The markets likely also benefited from the clear improvement in US economic data from the late summer onward, which provided a degree of balance to the recession which became increasingly evident in the Eurozone.

For US stock indexes, thanks to the stock market recovery from October onwards the year 2011 as a whole even finished around the zero mark (depending on the index), while by January 2012 the markets were almost at their highest levels since the spring of 2008. In contrast, the recovery in the Eurozone toward the end of the year was not sufficient for this; for instance, the DAX realized an annual performance of approx. - 15 % and most of the peripheral Eurozone markets and Japan were even significantly weaker. The performance of stock markets in most emerging markets was clearly weaker than in the USA in 2011. Stubborn inflation pressure and the interest-rate hikes which were necessary to counter this already placed strains on stock and bond markets in the 1<sup>st</sup> half of the year, and they suffered additional setbacks over the summer due to the general increase in risk aversion. They have realized a clear recovery over the past few months, however.

In the context of the discussions over the US debt crisis, following a giddy rally gold reached a price in excess of USD 1,900.00 per fine ounce before embarking on a correction path which caused it to fall to around USD 1,550.00 by the end of the year. It has subsequently climbed to USD 1,750.00.

## Fund investment policy report

The fund's performance fluctuated strongly during the period under review, and the positive trend in the 1<sup>st</sup> half of 2011 subsequently turned clearly negative, particularly due to its depreciating currencies. The escalation of Europe's sovereign debt crisis was the dominant issue from the summer of 2011 onward. The resulting deterioration in the growth outlook, fears of European banks' possible withdrawal from Eastern Europe and risk sentiment in general led to weaker currencies and to rising risk premiums on Eastern European government bonds. Investments in the region also suffered due to the unconventional measures adopted by the Hungarian government in response to the problem of foreign-currency loans, Hungary's subsequent downgrade and the escalation of the conflict with the EU commission. Since the start of 2012 the situation has calmed as Hungary has signaled its readiness to cooperate with the EU. The European Central Bank's strong supply of liquidity for the European banking system has also had a favorable effect on risk sentiment. The resulting highly positive trend in early 2012 largely made up for the fund's negative performance in the 2<sup>nd</sup> half of 2011.

The fund's relative performance initially benefited from its more defensive positioning from the 3<sup>rd</sup> quarter of 2011 onward. The fund closed its overweight of Eastern Europe versus EMU and gradually increased its cash position. The risk-sensitive markets (Hungary, Turkey) were underweighted while the Czech Republic and Romania were overweighted, which provided a positive performance contribution – as did the fund's underweighting of Russia. The fund's duration decisions failed to pay off; in particular, the extension of its duration in Hungary and its positive assessment of the Czech Republic's spread versus Germany detracted from its performance in the 4<sup>th</sup> quarter of 2011. In the euro bond segment, Croatia's overweighting versus Bulgaria, the fund's preference for Belarus versus Ukraine in the 4<sup>th</sup> quarter of 2011 and its gradual overweighting of Hungary provided positive performance contributions. On the currency side, the fund's Eastern European currency models performed positively but its US dollar overlay strategy cost it a significant amount of performance.

The fund's selective holdings of corporate bonds failed to provide any relevant performance contributions in the period. Securities lending transactions were entered into in order to generate additional income.

## Makeup of fund assets in EUR

Securities	Market value	%
Structured products – inflation-linked bonds:		
TRY	5,718,487.85	2.84
Structured products:		
USD	645,837.23	0.32
<b>Total structured products</b>	<b>6,364,325.08</b>	<b>3.16</b>
Bonds:		
PLN	63,864,721.58	31.75
HUF	28,788,975.00	14.31
TRY	21,314,874.36	10.60
EUR	21,135,250.80	10.51
USD	18,727,871.56	9.31
CZK	15,348,241.73	7.63
RUB	10,634,651.91	5.29
RON	3,296,338.19	1.64
<b>Total bonds</b>	<b>183,110,925.13</b>	<b>91.04</b>
<b>Total securities</b>	<b>189,475,250.21</b>	<b>94.20</b>
<b>Derivative products</b>		
Valuation of financial futures	- 140,330.18	- 0.07
Valuation of forward exchange transactions	216,680.63	0.11
<b>Total derivative products</b>	<b>76,350.45</b>	<b>0.04</b>
<b>Bank balances</b>		
Bank balances in fund currency	4,824,652.14	2.40
Bank balances in foreign currency	1,515,217.36	0.75
<b>Total bank balances</b>	<b>6,339,869.50</b>	<b>3.15</b>
<b>Accruals and deferrals</b>		
Interest claims (on securities and bank balances)	5,252,741.00	2.61
<b>Total fund assets</b>	<b>201,144,211.16</b>	<b>100.00</b>

## Portfolio of investments in EUR

Dates indicated for securities refer to the issue and redemption dates. An issuer's right of premature redemption (where applicable) is not specified. The securities marked with a "Y" have an open-ended maturity.

ISIN	SECURITY TITLE	IS PERPETUAL	VOLUME 31/1/2012	PURCHASES ADDITIONS IN PERIOD UNDER REVIEW	SALES DISPOSALS	ILB/POOL FACTOR	PRICE	MARKET VALUE IN EUR	% SHARE OF FUND ASSETS
<b>STRUCTURED PRODUCTS: INFLATION-LINKED BONDS IN TURKISH LIRA</b>									
TRT110215T16	4.5000 TURKEY 10-15 FLR		5,300,000	5,300,000		1.170453	102.359000	2,706,739.05	1.35
TRT011014T19	7.0000 TURKEY 09-14 FLR		2,700,000	2,700,000		1.219357	108.230000	1,518,912.66	0.75
TRT150212T15	10.0000 TURKEY 07-12 FLR		2,350,000			1.485034	100.350000	1,492,836.14	0.74
<b>STRUCTURED PRODUCTS IN US DOLLARS</b>									
XS0532995049	0.0000 BTA BANK 10/20 FLR REGS		971,552				5.000000	37,042.55	0.02
XS0214240482	6.7500 SERBIA 05/24		980,000	400,000		0.866667	94.000000	608,794.68	0.30
<b>BONDS IN CZECH CROWNS</b>									
XS0138748164	0.0000 COMMERZBANK 01/16NK S407		1,000,000				84.034000	33,329.63	0.02
XS0162727878	0.0000 EIB EUR. INV.BK03/28ZOMTN		24,000,000	3,000,000			58.241000	554,390.20	0.27
AT0000492996	2.7000 ATRIUM EUROP.REAL E.05/15		24,000,000				84.500000	804,346.96	0.40
CZ0001002737	3.4000 CZECH REP. 2015		15,300,000	9,900,000	66,500,000		104.557000	634,483.04	0.31
CZ0001001317	3.7500 CZECH REP. 202046		33,500,000	2,200,000	40,500,000		105.557000	1,402,514.38	0.70
XS0219645222	3.8700 KBC IFIMA 05/16 MTN		30,300,000				89.750000	1,078,580.49	0.54
CZ0001001903	4.0000 CZECH REP. 201751		22,950,000	32,700,000	39,100,000		107.450000	978,057.95	0.49
CZ0001001796	4.2000 CZECH REP. 203649		16,950,000		3,000,000		106.905000	718,692.64	0.36
CZ0001000822	4.6000 CZECH REP. 2018		25,750,000		20,500,000		111.164500	1,135,321.41	0.56
XS0305574682	4.6230 TELEFONICA EM. 07/14 MTN		28,000,000				103.286000	1,147,030.50	0.57
CZ0001001945	4.7000 CZECH REP. 202252		44,850,000	44,850,000			112.745500	2,005,566.84	1.00
CZ0001002059	4.8500 CZECH REP. 205753		14,500,000				106.250000	611,043.91	0.30
CZ0001002471	5.0000 CZECH REP. 201956		35,800,000	8,700,000	13,800,000		114.173000	1,621,145.20	0.81
CZ0001002547	5.7000 CZECH REP. 202458		50,350,000	42,100,000	40,750,000		123.129500	2,458,878.49	1.22
CZ0001000749	6.9500 CZECH REP. 201634		3,500,000				118.760500	164,860.09	0.08
<b>BONDS IN EURO</b>									
XS0732015945	3.7500 POLAND 12/17 MTN 2		600,000	600,000			100.982000	605,892.00	0.30
XS0212170939	3.7500 LITHUANIA 05/16		900,000	430,000	900,000		96.630000	869,670.00	0.43
XS0498285351	3.7500 POLAND 10/17 MTN		200,000	1,000,000	1,300,000		100.997000	201,994.00	0.10
XS0212993678	3.8750 HUNGARY 05/20		750,000	750,000	970,000		74.750000	560,625.00	0.28
XS0543882095	4.0000 POLAND 10/21 MTN		700,000	620,000			93.338000	653,366.00	0.32
XS0210314299	4.2000 POLAND 05/20 MTN		420,000		300,000		95.555000	401,331.00	0.20
XS0284810719	4.3750 HUNGARY 07/17		240,000	570,000	330,000		82.375000	197,700.00	0.10
XS0183747905	4.5000 HUNGARY 04/14		450,000	1,910,000	1,460,000		92.375000	415,687.50	0.21
XS0235372140	4.5000 EESTI ENERGIA 05/20		428,000				96.470000	412,891.60	0.20
XS0163880502	4.5000 LITHUANIA 03/13		570,000	300,000	530,000		101.109000	576,321.30	0.29
XS0223369322	4.7500 TURKEY 05/12		20,000		1,250,000		100.440000	20,088.00	0.01
XS0327304001	4.8500 LITHUANIA 07/18		750,000	200,000			99.063000	742,972.50	0.37
XS0232329879	4.9500 UKRAINE 05/15 REGS		850,000	1,580,000	1,740,000		81.875000	695,937.50	0.35
XS0190291582	5.0000 CROATIA 04/14		110,000	430,000	320,000		100.331000	110,364.10	0.05
XS0245387450	5.0000 TURKEY 06/16		200,000		200,000		100.375000	200,750.00	0.10
XS0495980095	5.0000 ROMANIA 10/15		1,500,000	800,000	1,100,000		98.630000	1,479,450.00	0.74
XS0503454166	5.1250 TURKEY 10/20		900,000		500,000		95.875000	862,875.00	0.43
XS0479333311	5.2500 POLAND 10/25 MTN		560,000				97.916000	548,329.60	0.27
XS0638742485	5.2500 ROMANIA 11/16		1,200,000	1,200,000			97.718000	1,172,616.00	0.58
XS0268320800	5.2700 ORSZAGOS TAK.KER BK 06/16		1,000,000	100,000			80.000000	800,000.00	0.40
XS0309688918	5.5000 ZAGREBACKI HOLDING 07/17		850,000				73.500000	624,750.00	0.31
XS0212694920	5.5000 TURKEY 05/17		990,000	480,000	200,000		101.500000	1,004,850.00	0.50
XS0369470397	5.7500 HUNGARY 08/18		520,000	520,000	2,350,000		86.000000	447,200.00	0.22
XS0632248802	5.8750 MFB MAGYAR F.BK 11/16		1,050,000	1,050,000			82.625000	867,562.50	0.43
XS0285127329	5.8750 TURKEY 07/19		450,000				101.625000	457,312.50	0.23
XS0410961014	5.8750 POLAND 09/14 MTN		660,000	160,000	100,000		106.907000	705,586.20	0.35
XS0503453275	5.8750 MOL NYRT. 10/17		500,000				88.000000	440,000.00	0.22
XS0625388136	6.0000 HUNGARY 11/19		280,000	2,130,000	1,850,000		86.375000	241,850.00	0.12
XS0371163600	6.5000 ROMANIA 08/18		1,260,000	1,550,000	1,380,000		100.046000	1,260,579.60	0.63
XS0431967230	6.5000 CROATIA 09/15		1,550,000	1,800,000	250,000		99.665000	1,544,807.50	0.77
XS0325446903	7.0200 MARIBOR FIN. 07/UND.FLR	Y	400,000				84.750000	339,000.00	0.17
XS0435153068	9.3750 LITHUANIA 09/14		440,000		500,000		111.101000	488,844.40	0.24

ISIN	SECURITY TITLE	VOLUME 31/1/2012	PURCHASES ADDITIONS IN PERIOD UNDER REVIEW	SALES DISPOSALS	POOL FACTOR	PRICE	MARKET VALUE IN EUR	% SHARE OF FUND ASSETS
<b>BONDS IN HUNGARIAN FORINT</b>								
HU0000402318	5.5000 HUNGARY 05-16 16/C	1,191,250,000	215,000,000	475,000,000		89.552000	3,614,332.13	1.80
HU0000402193	5.5000 HUNGARY 03-14 14/C	857,000,000	160,000,000	630,000,000		94.385500	2,740,538.82	1.36
HU0000402433	6.5000 HUNGARY 08-19 19/A	955,000,000	1,282,000,000	2,415,000,000		86.891500	2,811,451.02	1.40
HU0000402037	6.7500 HUNGARY 01-17 17/A	88,000,000				90.599500	270,120.99	0.13
HU0000402516	6.7500 HUNGARY 11-14	971,000,000	2,238,000,000	1,267,000,000		95.781500	3,151,016.80	1.57
HU0000402375	6.7500 HUNGARY 06-17 17/B	1,284,350,000	1,825,000,000	2,524,000,000		91.774500	3,993,514.56	1.98
HU0000402524	7.0000 HUNGARY 11-22	795,800,000	2,275,800,000	1,480,000,000		86.899000	2,342,979.93	1.17
HU0000402466	7.5000 HUNGARY 09-13 13/E	1,408,000,000	1,945,000,000	2,104,000,000		98.734500	4,710,005.79	2.33
HU0000402235	7.5000 HUNGARY 04-20 20/A	610,000,000	1,710,000,000	2,437,000,000		91.155000	1,883,910.15	0.94
HU0000402268	8.0000 HUNGARY 04-15 15/A	983,000,000	322,000,000	200,000,000		98.218000	3,271,104.81	1.63
<b>BONDS IN POLISH ZLOTY</b>								
PL0000106340	5.0000 POLAND 10-16	25,600,000	25,600,000			99.880000	6,007,396.10	2.98
PL0000102836	5.0000 POLAND 02/13 1013	43,100,000				100.545000	10,181,353.52	5.06
PL0000104543	5.2500 POLAND 06/17	27,400,000	600,000	9,000,000		100.225000	6,452,000.56	3.21
PL0000106126	5.2500 POLAND 10-20	18,300,000	40,700,000	22,400,000		97.605000	4,196,535.72	2.09
PL0000105037	5.2500 POLAND 07-13	6,450,000	8,500,000	55,000,000		100.760000	1,526,917.75	0.76
PL0000105441	5.5000 POLAND 08-19	29,650,000	8,850,000	13,900,000		100.325000	6,988,784.27	3.48
PL0000105953	5.5000 POLAND 09-15	25,500,000	27,950,000	14,700,000		101.860000	6,102,553.86	3.03
PL0000102646	5.7500 POLAND 02/22 0922	22,860,000		9,650,000		100.620000	5,404,161.36	2.68
PL0000105433	5.7500 POLAND 08-14	43,350,000	27,650,000	27,750,000		102.025000	10,391,146.65	5.17
PL0000103602	6.2500 POLAND 2015	26,950,000	6,700,000	10,000,000		104.455000	6,613,871.79	3.29
<b>BONDS IN RUSSIAN RUBLES</b>								
RU0001707572	6.0000 RUSSIAN FED. 02-12	2,050,000		39,800,000		99.847814	51,301.16	0.03
RU000A0JPLJ1	6.1000 RUSSIAN FED. 08-13	10,200,000		1,200,000		99.469981	254,288.62	0.13
RU000A0DY8K8	7.0000 RUSSIAN FED. 05/16	18,600,000	500,000	900,000		96.110000	448,039.44	0.22
RU000A0JQCE9	7.1500 RUSSIAN FED. 10-13	6,000,000	400,000	124,300,000		100.806000	151,590.63	0.08
RU000A0JR7G1	7.3500 RUSSIAN FED. 11-16	65,668,000	75,668,000	10,000,000		99.600000	1,639,260.04	0.81
RU000A0GKM53	7.3500 A.P.I.ZHIL.KREDIT.05-12	38,000,000			0.600000	99.900000	570,867.16	0.28
RU000A0JRCJ6	7.5000 RUSSIAN FED. 11-18	139,300,000	174,300,000	35,000,000		98.800000	3,449,393.85	1.71
XS0564087541	7.8500 RUSSIAN FED. 11/18 REGS	90,000,000	165,000,000	75,000,000		103.350000	2,331,243.91	1.16
RU000A0D0G29	8.0000 RUSSIAN FED. 05/21	25,400,000				91.000000	579,308.41	0.29
RU000A0JQCL4	11.2000 RUSSIAN FED. 09-14	41,900,000	3,000,000	8,300,000		110.400000	1,159,358.69	0.58
<b>EURO BONDS DENOMINATED IN SLOVAK CROWNS</b>								
XS0246643687	4.2000 RABOBK NEDERLD 06/26 MTN	35,000,000				101.916000	1,184,047.00	0.59
<b>BONDS IN US DOLLARS</b>								
US731011AS13	3.8750 POLAND 10/15	150,000	470,000	1,260,000		102.500000	117,241.12	0.06
US445454AC05	4.7500 HUNGARY 05/15	450,000	300,000	670,000		93.500000	320,840.32	0.16
US857524AB80	5.0000 POLAND 11/22	660,000	900,000	240,000		101.000000	508,311.73	0.25
US731011AP73	5.0000 POLAND 05/15	410,000	150,000			106.250000	332,183.16	0.17
US857524AA08	5.1250 POLAND 11/21	1,250,000	2,950,000	1,700,000		102.750000	979,392.25	0.49
XS0541528682	5.1250 LITHUANIA 10/17 REGS	1,000,000				98.000000	747,292.97	0.37
US731011AN26	5.2500 POLAND 03/14	310,000	100,000	600,000		105.000000	248,208.02	0.12
XS0701688128	5.3750 TUE.IHRACAT K.B.11/16REGS	400,000	400,000			98.500000	300,442.28	0.15
XS0570541317	5.5000 CJSC DEV.BK KAZAKHS.10/15	200,000	1,460,000	1,760,000		100.000000	152,508.77	0.08
US900123BH29	5.6250 TURKEY 10/21	400,000	1,500,000	1,850,000		100.000000	305,017.54	0.15
XS0499245180	5.7390 RZD CAPITAL 10/17 REGS	300,000				103.750000	237,341.77	0.12
XS0632887997	6.0000 RSHB CAPITAL 11/21 FLRMNTN	700,000	700,000			93.000000	496,416.04	0.25
XS0602546136	6.1250 LITHUANIA 11/21 REGS	350,000	650,000	300,000		98.250000	262,219.77	0.13
US445454AD87	6.2500 HUNGARY 10/20	600,000	1,260,000	2,380,000		92.375000	422,639.93	0.21
US900123BZ27	6.2500 TURKEY 12/22	1,300,000	1,300,000			102.500000	1,016,089.68	0.51
XS0510820011	6.2500 KAZATOMPROM 10/15 REGS	200,000	800,000	1,150,000		106.000000	161,659.30	0.08
XS0638552942	6.2500 UKRAINE 11/16 REGS	800,000	800,000			87.750000	535,305.78	0.27
XS0607904264	6.3750 CROATIA 11/21 REGS	900,000	900,000			92.125000	632,244.17	0.31
US445454AE60	6.3750 HUNGARY 11/21	1,000,000	3,970,000	2,970,000		92.062500	702,016.93	0.35
US731011AR30	6.3750 POLAND 09/19	630,000		950,000		111.750000	536,849.93	0.27
XS0276053112	6.5800 UKRAINE 06/16 REGS	100,000	1,540,000	1,890,000		87.750000	66,913.22	0.03
XS0739988086	6.6250 LITHUANIA 12/22 REGS	250,000	250,000			100.800000	192,161.05	0.10
XS0525827845	6.6250 CROATIA 10/20 REGS	480,000	830,000	350,000		93.875000	343,602.26	0.17
XS0457764339	6.7500 LITHUANIA 09/15 REGS	850,000	250,000	750,000		105.500000	683,811.19	0.34
US900123BG46	6.7500 TURKEY 10/40	300,000				101.125000	231,336.74	0.12
XS0464257152	6.7500 CROATIA 09/19 REGS	1,200,000	1,950,000	1,000,000		95.250000	871,587.62	0.43
XS0559915961	6.8000 VEB FINANCE 10/25MTN REGS	150,000				100.750000	115,239.44	0.06
XS0543783434	6.8750 UKRAINE 10/15 REGS	120,000		630,000		91.500000	83,727.31	0.04
US900123AY60	6.8750 TURKEY 06/36	250,000	20,000	420,000		103.250000	196,831.63	0.10
XS0524610812	6.9020 VEB FINANCE 10/20MTN REGS	250,000				105.500000	201,120.94	0.10
XS0506527851	7.0000 KAZMUNAYGAS 10/20	300,000	2,000,000	2,350,000		108.750000	248,779.93	0.12
US900123BD15	7.0000 TURKEY 08/19	430,000	1,780,000	1,700,000		110.250000	361,502.97	0.18
US900123AZ36	7.0000 TURKEY 06/16	250,000		500,000		110.250000	210,176.15	0.10
US900123AX87	7.0000 TURKEY 05/20	450,000	150,000	250,000		109.625000	376,172.41	0.19
XS0366599800	7.1250 RSHB CAPITAL 08/14 REGS	150,000		1,150,000		105.125000	120,243.63	0.06

ISIN	SECURITY TITLE	VOLUME 31/1/2012 UNITS/NOM.	PURCHASES ADDITIONS IN PERIOD UNDER REVIEW	SALES DISPOSALS UNITS/NOM.	POOL FACTOR	PRICE	MARKET VALUE IN EUR	% SHARE OF FUND ASSETS
<b>BONDS IN US DOLLARS</b>								
XS0532990677	7.2000 BTA BANK 10/25 REGS	106,541				4.699000	3,817.57	0.00
XS0680231908	7.2500 SERBIA 11/21 REGS	500,000	500,000			99.000000	377,459.20	0.19
US900123AV22	7.2500 TURKEY 04/15	40,000	520,000	610,000		109.250000	33,323.17	0.02
US900123AW05	7.3750 TURKEY 05/25	600,000	1,510,000	1,050,000		112.125000	513,001.37	0.25
US900123BE97	7.5000 TURKEY 09/17	150,000		350,000		113.500000	129,823.09	0.06
XS0114288789	7.5000 RUSSIAN FED. 00/30 REGS	1,132,500	2,390,000	5,997,500	0.835000	118.500000	854,491.72	0.42
US445545AF36	7.6250 HUNGARY 11/41	190,000	190,000			91.562500	132,658.80	0.07
XS0594390816	7.9500 UKRAINE 11/21 REGS	850,000	2,200,000	1,350,000		89.750000	581,725.64	0.29
XS0233620235	8.0000 CS INT. 05/15 REGS	500,000				85.125000	324,557.72	0.16
XS0503737461	8.3750 BIZ FIN. 10/15 E-I.BK UKR.	100,000				89.250000	68,057.04	0.03
XS0373642585	8.3750 KAZMUNAYGAS 08/13	150,000	150,000	100,000		106.500000	121,816.38	0.06
XS0529394701	8.7500 BELARUS 10/15	400,000	900,000	800,000		91.750000	279,853.59	0.14
XS0583616239	8.9500 BELARUS 11/18	350,000	700,000	350,000		90.750000	242,202.99	0.12
XS0433568101	9.0000 RSHB CAPITAL 09/14 REGS	100,000		100,000		110.000000	83,879.82	0.04
XS0373641009	9.1250 KAZMUNAYGAS 08/18	400,000		100,000		120.250000	366,783.59	0.18
XS0459207121	9.5000 NJSC NAFTOGAZ UKR. 09/14	480,000		450,000		95.750000	350,465.15	0.17
XS0532988770	10.7500 BTA BANK 10/18 REGS	470,208				18.125000	64,987.95	0.03
XS0089375249	11.0000 RUSSIAN FED. 98/18 REGS	250,000				139.500000	265,937.17	0.13
XS0088543193	12.7500 RUSSIAN FED. 98/28 REGS	460,000	180,000	700,000		175.500000	615,601.65	0.31
<b>BONDS IN TURKISH LIRA</b>								
TRT200213T25	0.0000 TURKEY 2013 ZO	4,520,000	16,350,000	11,830,000		90.783373	1,749,183.03	0.87
TRT091013T12	8.0000 TURKEY 10/13	8,250,000	12,500,000	4,250,000		98.100000	3,449,955.24	1.72
TRT270116T18	9.0000 TURKEY 11/16	7,850,000	7,850,000			98.500000	3,296,069.74	1.64
TRT170615T16	10.0000 TURKEY 10-15	3,500,000	1,480,000	6,280,000		101.500000	1,514,344.17	0.75
TRT090113T13	10.0000 TURKEY 10/13	4,450,000		2,250,000		100.212850	1,900,964.16	0.95
TRT100413T17	10.0000 TURKEY 10/13	5,900,000	7,900,000	8,100,000		100.900000	2,537,661.45	1.26
TRT150120T16	10.5000 TURKEY 10/20	8,800,000	7,550,000			105.900000	3,972,547.85	1.97
TRT060814T18	11.0000 TURKEY 09/14	3,700,000		3,600,000		103.450000	1,631,633.91	0.81
TRT070312T14	16.0000 TURKEY 07/12	550,000		11,750,000		100.497000	235,616.82	0.12
TRT280813T13	16.0000 TURKEY 08/13	2,200,000				109.500000	1,026,897.99	0.51
<b>BONDS IN ROMANIAN LEI</b>								
RO0712DBN021	6.5000 ROMANIA 07/12	14,300,000	14,300,000			100.060000	3,296,338.19	1.64
<b>TOTAL SECURITIES PORTFOLIO</b>						<b>EUR</b>	<b>189,475,250.21</b>	<b>94.20</b>
<b>FINANCIAL FUTURES IN EURO</b>								
FGBM20120308	BOBL FUTURE AS OF 8/3/2012	9	9			125.480000	22,320.00	0.01
FGBL20120308	BUND FUTURE AS OF 8/3/2012	-22		22		139.670000	-23,194.89	-0.02
FGBL20120308	BUND FUTURE AS OF 8/3/2012	-2		2		139.670000	-4,640.00	0.00
FGBL20120308	BUND FUTURE AS OF 8/3/2012	-9		9		139.670000	-8,500.50	0.00
FGBL20120308	BUND FUTURE AS OF 8/3/2012	-2	2	4		139.670000	-2,733.88	0.00
FGBS20120308	SCHATZ FUTURE AS OF 8/3/2012	-60		60		110.410000	-22,800.00	-0.01
<b>FINANCIAL FUTURES IN US DOLLARS</b>								
FTBU20120321	ULTRA TREASURY BOND FUTURE AS OF 21/3/2012	-4	3	7		158.718750	-3,717.40	0.00
FTN120120321	10YR TREASURY NOTE FUTURE AS OF 21/3/2012	-16		16		132.031250	-5,528.45	0.00
FTN120120321	10YR TREASURY NOTE FUTURE AS OF 21/3/2012	-29	55	84		132.031250	-46,127.95	-0.03
FTN120120321	10YR TREASURY NOTE FUTURE AS OF 21/3/2012	-16		16		132.031250	-17,538.51	-0.01
FTN220120330	2YR TREASURY NOTE FUTURE AS OF 30/3/2012	-27		27		110.398438	-7,720.77	0.00
FTN120120321	10YR TREASURY NOTE FUTURE AS OF 21/3/2012	-3		3		132.031250	-2,895.28	0.00
FTN120120321	10YR TREASURY NOTE FUTURE AS OF 21/3/2012	-6		6		132.031250	-12,010.06	-0.01
FTN120120321	10YR TREASURY NOTE FUTURE AS OF 21/3/2012	-10		10		132.031250	-5,242.49	0.00
<b>TOTAL FINANCIAL FUTURES <sup>1</sup></b>						<b>EUR</b>	<b>-140,330.18</b>	<b>-0.07</b>
<b>FORWARD EXCHANGE TRANSACTIONS IN CZECH CROWNS</b>								
DTG011520	DTG CZK EUR AS OF 14/3/2012	-25,000,000				25.215407	-14,131.28	-0.01
DTG011346	DTG CZK USD AS OF 14/3/2012	-50,000,000				19.239489	-71,726.87	-0.04
DTG011676	DTG CZK USD AS OF 14/3/2012	100,000,000				19.239489	85,169.06	0.04
<b>FORWARD EXCHANGE TRANSACTIONS IN HUNGARIAN FORINT</b>								
DTG011272	DTG HUF EUR AS OF 14/3/2012	300,500,000				296.962881	37,147.78	0.02

<sup>1</sup> Price gains and losses as of cut-off date.



ISIN	SECURITY TITLE	VOLUME 31/1/2012	PURCHASES ADDITIONS IN PERIOD UNDER REVIEW	SALES DISPOSALS	PRICE	MARKET VALUE IN EUR	% SHARE OF FUND ASSETS
<b>FORWARD EXCHANGE TRANSACTIONS IN POLISH ZLOTY</b>							
DTG011281	DTG PLN EUR AS OF 14/3/2012	4,230,000			4.275399	23,010.04	0.01
DTG011522	DTG PLN USD AS OF 14/3/2012	8,545,000			3.262152	91,075.34	0.05
<b>FORWARD EXCHANGE TRANSACTIONS IN RUSSIAN RUBLES</b>							
DTG011310	DTG RUB EUR AS OF 14/3/2012	-23,000,000			40.156287	-8,690.99	0.00
DTG011370	DTG RUB USD AS OF 14/3/2012	78,500,000			30.639459	69,047.46	0.03
<b>FORWARD EXCHANGE TRANSACTIONS IN US DOLLARS</b>							
DTG010831	DTG USD EUR AS OF 3/2/2012	-26,500,000			1.311381	88,705.91	0.04
DTG011427	DTG USD EUR AS OF 14/3/2012	4,620,000			1.310607	-86,830.24	-0.04
<b>FORWARD EXCHANGE TRANSACTIONS IN TURKISH LIRA</b>							
DTG011711	DTG TRY EUR AS OF 17/2/2012	-3,600,000			2.354869	-20,893.87	-0.01
DTG011495	DTG TRY EUR AS OF 14/3/2012	4,600,000			2.367324	18,838.94	0.01
<b>FORWARD EXCHANGE TRANSACTIONS IN NEW ROMANIAN LEI</b>							
DTG011648	DTG RON EUR AS OF 14/3/2012	7,050,000			4.358046	168.38	0.00
DTG011293	DTG RON EUR AS OF 14/3/2012	23,670,000			4.358046	16,591.55	0.01
DTG011351	DTG RON USD AS OF 14/3/2012	-8,500,000			3.325212	-44,556.71	-0.02
DTG011724	DTG RON USD AS OF 14/3/2012	17,150,000			3.325212	33,756.13	0.02
<b>TOTAL FORWARD EXCHANGE TRANSACTIONS <sup>1</sup></b>					<b>EUR</b>	<b>216,680.63</b>	<b>0.11</b>
<b>BANK BALANCES</b>							
EUR BALANCES		EUR	4,824,652.14				
BALANCES IN OTHER EU CURRENCIES							
CZK		EUR	14,403.90				
HUF		EUR	33,000.14				
PLN		EUR	45,541.23				
BALANCES IN NON-EU CURRENCIES							
HRK		EUR	1,118.54				
RON		EUR	893.82				
RUB		EUR	81,793.57				
TRY		EUR	213,810.16				
USD		EUR	1,124,656.00		<b>EUR</b>	<b>6,339,869.50</b>	<b>3.15</b>
<b>ACCRUALS AND DEFERRALS</b>							
INTEREST CLAIMS					<b>EUR</b>	<b>5,252,741.00</b>	<b>2.61</b>
<b>TOTAL FUND ASSETS</b>					<b>EUR</b>	<b>201,144,211.16</b>	<b>100.00</b>
<b>NET ASSET VALUE PER UNIT</b>							
TRANCHE R INCOME-DISTRIBUTING					EUR	112.47	
TRANCHE R INCOME-RETAINING					EUR	190.80	
TRANCHE R FULL INCOME-RETAINING					EUR	224.92	
TRANCHE I FULL INCOME-RETAINING					EUR	227.09	
<b>UNITS IN CIRCULATION</b>							
TRANCHE R INCOME-DISTRIBUTING					UNITS	591,414.936	
TRANCHE R INCOME-RETAINING					UNITS	423,866.408	
TRANCHE R FULL INCOME-RETAINING					UNITS	213,516.235	
TRANCHE I FULL INCOME-RETAINING					UNITS	25,199.000	
<b>FROZEN SECURITIES FORMING PART OF THE PORTFOLIO OF INVESTMENTS (SECURITIES LENDING TRANSACTIONS):</b>							
XS0732015945	3.7500	POLAND 12/17 MTN 2	EUR	250,000			
XS0638742485	5.2500	ROMANIA 11/16	EUR	1,000,000			
XS0268320800	5.2700	ORSZAGOS TAK.KER BK 06/16	EUR	1,000,000			
HU0000402466	7.5000	HUNGARY 09-13 13/E	HUF	1,323,000,000			
HU0000402235	7.5000	HUNGARY 04-20 20/A	HUF	450,000,000			

<sup>1</sup> Price gains and losses as of cut-off date.

# CONVERSION RATES/EXCHANGE RATES

FOREIGN CURRENCY ASSETS WERE CONVERTED INTO EUR ON THE BASIS OF THE CONVERSION RATES/EXCHANGE RATES APPLICABLE ON 30/1/2012:

CURRENCY	UNIT	PRICE	
CZECH CROWN	1 EUR =	25.213000	CZK
CROATIAN KUNA	1 EUR =	7.580350	HRK
HUNGARIAN FORINT	1 EUR =	295.155000	HUF
POLISH ZLOTY	1 EUR =	4.256300	PLN
NEW ROMANIAN LEI	1 EUR =	4.340750	RON
RUSSIAN RUBLE	1 EUR =	39.899300	RUB
SLOVAK CROWN	1 EUR =	30.126000	SKK
TURKISH LIRA	1 EUR =	2.345900	TRY
US DOLLAR	1 EUR =	1.311400	USD

# FUTURES EXCHANGE KEY:

CODE	STOCK EXCHANGE
CBT	CHICAGO BOARD OF TRADE
EUREX	EUROPEAN EXCHANGE

# SECURITIES PURCHASES AND SALES DURING THE PERIOD UNDER REVIEW NOT LISTED UNDER THE PORTFOLIO OF ASSETS:

ISIN	SECURITY TITLE	PURCHASES ADDITIONS	SALES DISPOSALS
<b>BONDS IN CZECH CROWNS</b>			
CZ0001002869	2.7500 CZECH REP. 201462	1,400,000	1,400,000
CZ0001002729	2.8000 CZECH REP. 2013	30,550,000	84,550,000
CZ0001001887	3.5500 CZECH REP. 201250		71,000,000
CZ0001000814	3.7000 CZECH REP. 2013	14,000,000	14,000,000
CZ0001001143	3.8000 CZECH REP. 201544	11,900,000	60,500,000
CZ0003501397	4.6000 SPRAVA ZEL.DOPR.CES.04-11		14,900,000
CZ0001500086	6.8500 PRAGUE 01-11		8,000,000
<b>BONDS IN EURO</b>			
XS0541140793	3.6250 CZECH REP. 10/21 MTN	10,000	1,060,000
XS0242491230	3.6250 POLAND 06/16 MTN		257,000
XS0231264275	3.8750 MOL NYRT. 05/15		820,000
XS0161667315	4.5000 HUNGARY 03/13	30,000	700,000
XS0282701514	4.5000 POLAND 07/22 MTN		150,000
XS0195792717	4.6250 TPSA EUROFIN.FR. 04/11		190,000
DE0006101652	5.5000 POLAND 01/11 1-2		50,000
XS0371500611	5.6250 POLAND 08/18 MTN		100,000
XS0253533318	5.6250 CITADELE BANKA 06/11		260,000
XS0364137272	5.7500 ORSZAGOS TAK.KER BK 08/11		450,000
XS0147459803	5.8750 LITHUANIA 02/12		400,000
XS0202356167	6.4500 COBA LOAN PART.04/11		200,000
XS0126121507	6.7500 CROATIA 01/11		330,000
XS0441511200	6.7500 HUNGARY 09/14		800,000
XS0145624432	7.5000 BULGARIA 02/13 REGS	1,340,000	1,550,000
XS0372322460	8.2500 VTB CAPITAL 08/11 MTN		250,000
XS0147466501	8.5000 ROMANIA 02/12		650,000
XS0263392358	9.5000 TROY CAPITAL 06/11		400,000
<b>BONDS IN HUNGARIAN FORINT</b>			
HU0000402417	6.0000 HUNGARY 07-12 12/C	31,000,000	953,000,000
HU0000402334	6.0000 HUNGARY 06-11 11/B		13,170,000
HU0000402045	6.7500 HUNGARY 02-13 13/D	83,000,000	1,108,000,000
XS0213356735	7.1500 EB NTS 05/11 DIP S.284		900,000,000
HU0000402367	7.2500 HUNGARY 06-12 12/B		107,000,000
<b>BONDS IN POLISH ZLOTY</b>			
PL0000104659	4.7500 POLAND 06/12	32,350,000	71,100,000
XS0123972753	11.0000 BA MTN 01/11		4,300,000
<b>BONDS IN RUSSIAN RUBLES</b>			
RU000A0JPVH4	6.2000 RUSSIAN FED. 08-11		59,900,000
RU000A0JNZ11	7.1000 LUKOIL N.K. 06-11	4,000,000	54,300,000
RU000A0JQCM2	10.8000 RUSSIAN FED. 09-12	5,950,000	97,900,000
RU000A0JQ987	11.3000 RUSSIAN FED. 09-12	4,500,000	17,000,000
<b>BONDS IN US DOLLARS</b>			
XS0504954180	3.6250 RUSSIAN FED. 10/15 REGS		300,000
XS0504954347	5.0000 RUSSIAN FED. 10/20 REGS		2,100,000
XS0546214007	6.3750 KAZAKHST.TEMIR ZH. 10/20		200,000
XS0330776617	6.7500 UKRAINE 07/17 REGS		300,000

ISIN	SECURITY TITLE	PURCHASES ADDITIONS	SALES DISPOSALS
<b>BONDS IN US DOLLARS</b>			
XS0187564801	6.8750 UKRAINE 04/11 REGS		150,000
XS0485991417	7.3750 LITHUANIA 10/20 REGS		550,000
XS0357503043	7.5000 GEORGIA 08/13		350,000
XS0170177306	7.6500 UKRAINE 03/13 REGS		200,000
US900123AT75	8.0000 TURKEY 04/34	400,000	400,000
XS0372158054	9.0000 TRANSRCREDIT FIN. 08/11		400,000
XS0441261921	11.7500 KAZMUNAIGAZ FIN.SUB 09/15		700,000
<b>BONDS IN TURKISH LIRA</b>			
TRT260912T15	14.0000 TURKEY 07/12		9,400,000
<b>BONDS IN ROMANIAN LEI</b>			
XS0277799648	7.7500 BRD-GR.SOC.GEN.06/11		2,695,000

## Calculation method for overall risk

Calculation method for overall risk:

Simplified approach

Raiffeisen Kapitalanlage-Gesellschaft m.b.H. complies with the quality standards of the Association of Austrian Investment Companies (Vereinigung Österreichischer Investmentgesellschaften, VÖIG).

Vienna, 13 April 2012

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

Dr. Mathias Bauer

Mag. (FH) Dieter Aigner

Mag. Gerhard Aigner

## **Audit opinion**

### **Unqualified audit opinion**

We have audited the annual fund report including the accounting as of 31 January 2012 issued by Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna, for its fund Raiffeisen Eastern European Bonds, a jointly owned fund pursuant to the 2011 Austrian Investment Fund Act (InvFG), as amended, for the financial year from 1 February 2011 to 31 January 2012.

### **Responsibility of the statutory representatives for the annual fund report, management of the asset portfolio and the accounting**

The statutory representatives of the management company/the custodian bank are responsible for the accounting, valuation of the asset portfolio, calculation of withholding taxes, preparation of the annual fund report and management of the asset portfolio in accordance with the provisions of the Austrian Investment Fund Act, the supplementary provisions in the fund regulations and the tax regulations. This responsibility includes the setup, execution and maintenance of an internal control system where this is significant for the registration and valuation of the asset portfolio and preparation of the annual fund report so that this report is free from significant factual misstatements due to intentional or unintentional errors; selection and application of suitable valuation methods; performance of estimates which appear appropriate with consideration of the applicable outline conditions.

### **Responsibility of the bank auditor and description of the type and scope of the statutory audit of the annual fund report**

We are responsible for providing an audit opinion for this annual fund report on the basis of our audit.

We performed our audit pursuant to § 49 para. 5 of the Austrian Investment Fund Act whilst complying with the applicable Austrian statutory regulations and principles of proper balance-sheet auditing. These principles require our compliance with rules of professional conduct and our planning and execution of the audit so that we are able to form an opinion with a reasonable degree of certainty on whether the annual fund report is free from significant factual misstatements.

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

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

### **Audit outcome**

Our audit has not met with any objections. On the basis of our audit findings, in our view the annual fund report as of 31 January 2012 for Raiffeisen Eastern European Bonds, a jointly owned fund pursuant to the 2011 Austrian Investment Fund Act (InvFG), as amended, complies with the statutory regulations.

### **Compliance with the Austrian Investment Fund Act and the fund regulations**

Pursuant to § 49 para. 5 InvFG our audit includes an assessment of whether this annual fund report complies with the Austrian Federal Act on Investment Funds (Austrian Investment Fund Act) and the fund regulations. We have implemented our audit in accordance with the above principles, so that we are able to determine with a sufficient level of certainty whether this annual fund report complies with the provisions of the Austrian Investment Fund Act and the fund regulations.

According to our audit findings, the provisions of the Austrian Federal Act on Investment Funds (Austrian Investment Fund Act) and the fund regulations have been complied with.

### **Report on activities performed during the past financial year**

We have undertaken a critical assessment of the disclosures provided by the management company's management in the annual fund report on its activities in the past financial year, but these were not subject to special audit activities in accordance with the above principles. Accordingly, our audit opinion does not include an evaluation of this information. In the context of the overall picture set out in this annual fund report, the disclosures concerning the financial year are consistent with the figures provided in the report.

Vienna, 13 April 2012

KPMG Austria AG, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca  
Auditor

pp. Franz Frauwallner  
Auditor

## **Tax treatment**

Please see our website [www.rcm.at](http://www.rcm.at) for detailed information on the fund's tax treatment, prepared on the basis of the audited annual fund report.

## Fund regulations

governing the legal relationship between the unit holders and Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (hereafter: "the asset management company") for the investment fund managed by the asset management company; these regulations shall apply in conjunction with the special fund regulations for the relevant investment fund.

### § 1 Basic information

The asset management company is subject to the currently applicable version of the 1993 Austrian Investment Fund Act ("InvFG").

### § 2 Fund units

1. Co-ownership of the assets of the investment fund is subdivided into equal fund units for each unit certificate class. There is no limit to the number of fund units.
2. The fund units are embodied in unit certificates with the character of financial instruments. In accordance with the special fund regulations, pursuant to § 5 para. 7 InvFG the unit certificates may be issued in multiple certificate classes (unit classes, tranches), particularly in respect of the appropriation of income, the subscription fee, the redemption fee, the currency of the unit value, the management fee or a combination of these items. The unit certificates shall be represented by global certificates (§ 24 of the currently applicable version of the Austrian Safe Custody of Securities Act) and/or by actual securities for each unit certificate class.
3. Each purchaser of a unit certificate in a given class shall acquire co-ownership aliquot of all of the fund's assets in the amount of his or her share of the investment fund units documented in the certificate. Each purchaser of a share of a global certificate shall acquire co-ownership aliquot of all of the investment fund's assets in the amount of his or her share of the fund units documented in the certificate.
4. With the consent of its supervisory board, the asset management company may split the fund units and issue additional unit certificates to the unit holders or exchange the old unit certificates for new ones if a unit split is deemed to be in the interests of the co-owners given the calculated value of the units (§ 6).

### § 3 Unit certificates and global certificates

1. Unit certificates are issued to bearer.
2. The global certificates shall bear the actual signatures of an executive or an authorized employee of the custodian bank and the actual or duplicate signatures of two executives of the asset management company.
3. The actual securities shall bear the actual signature of an executive or an authorized employee of the custodian bank and the actual or duplicate signatures of two executives of the asset management company.

### § 4 Management of the investment fund

1. The asset management company shall be entitled to dispose of the assets of the investment fund and to exercise the rights associated with these assets. The company shall act on its own behalf for account of the unit holders. In these activities the asset management company shall safeguard the unit holders' interests and the integrity of the market, use the care and diligence of an orderly businessman within the meaning of § 84 para. 1 of the Austrian Companies Act and observe the provisions of the Austrian Investment Fund Act as well as the fund regulations.  
The asset management company may involve third parties in the management of the investment fund and cede to these third parties the right to dispose of the assets on behalf of the asset management company or on their own behalf and for account of the unit holders.
2. The asset management company may not grant money loans or enter into any liabilities under a surety or guarantee agreement for account of an investment fund.
3. Other than in the cases stipulated in the special fund regulations, assets of the investment fund may not be pledged or otherwise encumbered or given in security or assigned.
4. The asset management company may not for account of an investment fund sell any securities, money market instruments or other financial investments as per § 20 of the Austrian Investment Fund Act which do not form part of the fund assets at the time of the transaction.

### § 5 Custodian bank

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

## **§ 6 Issuance and unit value**

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

## **§ 7 Redemption**

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

## **§ 8 Accounting**

1. The asset management company shall publish an annual fund report in accordance with § 12 of the Austrian Investment Fund Act within four months of the expiry of the investment fund's accounting year.
2. The asset management company shall publish a semi-annual fund report in accordance with § 12 of the Austrian Investment Fund Act within two months of the expiry of the first six months of the investment fund's accounting year.
3. The annual and semi-annual fund reports shall be made available for inspection at the offices of the asset management company and the custodian bank and published on the website of the asset management company ([www.raiffeisencapitalmanagement.at](http://www.raiffeisencapitalmanagement.at)).

## **§ 9 Withdrawal period for income shares**

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



## **§ 10 Publication**

§10 para. 3 and para 4 of the Austrian Capital Market Act shall apply in respect of all publications concerning the unit certificates except for the notice of the values calculated pursuant to § 6.

Publications shall occur either through the printing in full of such documents in the "Amtsblatt zur Wiener Zeitung" (Official Gazette) or else by making available free-of-charge a sufficient number of copies of this publication at the offices of the asset management company and the payment offices and announcing in the "Amtsblatt zur Wiener Zeitung" (Official Gazette) the date of publication and offices where this public announcement may be obtained or, pursuant to § 10 para. 3 item 3 of the Austrian Capital Market Act in electronic form on the website of the issuing asset management company.

Notifications pursuant to § 10 para. 4 of the Austrian Capital Market Act shall be made in the "Amtsblatt zur Wiener Zeitung" (Official Gazette) or in a newspaper circulated throughout Austria.

For prospectus changes pursuant to § 6 para. 2 InvFG, the notification pursuant to § 10 para. 4 of the Austrian Capital Market Act may merely be provided in electronic form on the website of the issuing asset management company.

## **§ 11 Amendments to the fund regulations**

With the consent of its supervisory board and the custodian bank, the asset management company may amend the fund regulations.

Such amendment shall also require the approval of the Austrian Financial Market Authority. Such amendment shall be published. It shall come into force on the date indicated in the public announcement, but not earlier than three months since the public announcement.

## **§ 12 Termination and liquidation**

1. The asset management company may terminate (§ 14 para. 2 InvFG) its management of the investment fund by providing a public announcement (§ 10) after obtaining the consent of the Austrian Financial Market Authority and whilst observing a notice period of at least six months (§ 14 para. 1 InvFG) or, if the fund assets are less than EUR 1,150,000, without observing a notice period. A termination pursuant to § 14 para. 2 InvFG shall not be permissible during a termination pursuant to § 14 para. 1 InvFG.
2. In case of the expiry of the right of the asset management company to manage the investment fund, this fund shall be managed or wound up in accordance with the relevant provisions of the Austrian Investment Fund Act.

## **§ 12a Merger or transfer of fund assets**

Whilst observing § 3 para. 2 and § 14 para. 4 of the Austrian Investment Fund Act, the asset management company may merge the fund assets of the investment fund with fund assets of other investment funds or transfer the fund assets of the investment fund to fund assets of other investment funds or incorporate fund assets of other investment funds into the fund assets of the investment fund.

# Special fund regulations

for Raiffeisen Eastern European Bonds, a jointly owned fund as per § 20 of the Austrian Investment Fund Act (hereafter: "the investment fund").

The investment fund complies with Directive 85/611/EEC.

## § 13 Custodian bank

The custodian bank is Raiffeisen Bank International AG\*, Vienna (registered office).

## § 14 Payment and handover offices, unit certificates, unit certificate classes

1. The payment and handover offices for the unit certificates and the income coupons are Raiffeisen Bank International AG\*, Vienna, the regional Raiffeisen banks and Kathrein & Co Privatgeschäftsbank Aktiengesellschaft, Vienna.
2. Unit certificates may be issued for the investment fund with a variety of different characteristics, particularly with regard to the appropriation of income, the subscription fee, the redemption fee, the currency of the unit value, the management fee or a combination of these items.

The asset management company may decide to establish new unit certificate classes or to issue units in a given unit certificate class. The costs arising at the introduction of new unit certificate classes for existing asset portfolios shall be deducted from the unit prices of the new unit certificate classes.

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

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

In particular, forward exchange transactions, currency futures, currency options and currency swaps shall be permitted as currency hedge transactions.

Please see the prospectuses for further details.

3. Income-retaining unit certificates without deducted capital gains tax (foreign tranche) may only be sold outside Austria. The unit certificates shall be represented by global certificates and – at the discretion of the asset management company – by actual securities. Their issuance may be subject to delays on technical printing grounds.
4. Where the unit certificates are represented by global certificates, the distributions as per § 26 and the outpayments as per § 27 shall be accredited by the unit holder's custodian bank.

## § 15 Investment instruments and principles

1. In accordance with §§ 4, 20 and 21 of the Austrian Investment Fund Act and §§ 16ff of the fund regulations, all types of securities, money market instruments and other liquid financial investments may be purchased for the investment fund if the principle of risk spreading is thereby taken into account and the legitimate interests of the unit holders are not violated.
2. The investment fund's various assets shall be selected in accordance with the following investment principles:
  - **Securities (including securities with embedded derivative instruments)**  
The investment fund mainly invests in bonds issued by Central and Eastern European (incl. Turkish) issuers and/or in bonds denominated in central and eastern European (incl. Turkish) currencies. In the case of non-government issuers, such central and eastern European (incl. Turkish) issuers are headquartered or mainly active in central and eastern European countries and Turkey. The investment fund also invests a maximum of 25 per cent of its fund assets in convertible and warrant bonds and a maximum of 10 per cent of its fund assets in equities and other investment securities and participation rights.
  - **Money market instruments**  
Money market instruments may also be purchased for the investment fund; however, the investment principles only grant these instruments a subordinate role in the investment strategy.
  - **Units in investment funds**  
In accordance with § 17 of the fund regulations, units may be purchased in other investment funds for the investment fund up to an amount of 10 per cent of the fund assets.

\* On October 10, 2010 Raiffeisen Bank International AG assumed responsibility for commercial client business including custodian bank and paying agent functions from Raiffeisen Zentralbank Österreich Aktiengesellschaft by way of universal succession.

– **Sight deposits or deposits at notice**

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

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

As part of the investment scheme, derivative instruments are used to safeguard income, as a replacement for securities or to increase income. The overall risk for derivative instruments which are not held for hedging purposes is limited to 30 per cent of the overall net value of the fund assets.

3. If securities and money market instruments purchased for the investment fund have derivatives embedded in them, the asset management company shall take this into consideration with regard to its compliance with §§ 19 and 19a. Investments made by an investment fund in index-based derivatives shall not be taken into consideration in respect of the investment limits set out in § 20 para. 3 items 5, 6, 7 and 8d of the Austrian Investment Fund Act.
4. Not fully paid-in equities or money market instruments and subscription rights for such instruments or other not fully paid-in financial instruments may only be purchased up to an amount of 10 per cent of the fund assets.
5. Securities or money market instruments issued or guaranteed by a member state including its units of government, by a third country or by international organizations established under public law of which one or more member states are members may exceed 35 per cent of the fund assets if the fund assets are invested in at least six different issues, with an investment in any single issue not exceeding 30 per cent of the fund assets.

#### **§ 15a Securities and money market instruments**

**Securities** are

- a) Equities and other, equity-equivalent securities,
- b) Bonds and other securitized debt instruments,
- c) All other marketable financial instruments (e.g. subscription rights) which grant an entitlement to purchase financial instruments within the meaning of InvFG by means of subscription or exchange, with the exception of the techniques and instruments specified in § 21 InvFG.

The criteria laid down in § 1a para. 3 InvFG must be fulfilled in order to qualify as a security.

Within the meaning of § 1a para. 4 InvFG securities also include

1. units in closed funds in the form of an investment company or an investment fund,
2. units in closed funds in contractual form,
3. financial instruments in accordance with § 1a para. 4 item 3 InvFG.

**Money market instruments** are instruments normally traded on the money market which are liquid, whose value may be precisely determined at any time and which fulfill the requirements pursuant to § 1a para. 5 and 7 InvFG.

#### **§ 16 Stock exchanges and organized markets**

1. Securities and money market instruments may be purchased if they are
  - > quoted or traded on a regulated market pursuant to § 2 item 37 of the Austrian Banking Act or
  - > traded on another recognized and regulated securities market in a member state which is open to the public and operates regularly or
  - > officially listed by a third country stock exchange listed in the Appendix or
  - > traded on another recognized and regulated third country securities market which is open to the public and operates regularly and is listed in the Appendix or
  - > their terms and conditions of issue include the obligation to apply for a license for official listing or for trading on one of the above-mentioned stock exchanges or for trading on one of the other above-mentioned markets and this license is granted within one year of the start of the issue of these securities.
2. Money market instruments which are not traded on a regulated market and which are freely transferable, are normally traded on a money market, are liquid and whose value may be determined precisely at any time and for which appropriate information is available – including information enabling an appropriate valuation of the credit risks associated with investing in such instruments – may be purchased for the investment fund if the issue itself or the issuer itself is subject to the provisions concerning protection of deposits and investors and these are either
  - > issued or guaranteed by a central, regional or local unit of government or by the central bank of a member state, the European Central Bank, the European Union or the European Investment Bank, a third country or – for federal states – a member state of a federation or by an international institution established under public law of which at least one member state is a member or
  - > issued by firms whose securities are traded on the regulated markets indicated in item 1 – excluding new issues – or

- > issued or guaranteed by an institution which is subject to supervision in accordance with the criteria stipulated in Community law or issued or guaranteed by an institution which is subject to and complies with supervisory regulations which in the opinion of the Austrian Financial Market Authority are at least as stringent as those set out in Community law or
  - > issued by other issuers belonging to a category licensed by the Austrian Financial Market Authority, where investor protection provisions apply for investments in these instruments which are equivalent to those set out in items a to c and where the issuer is either a company with shareholders' equity of at least EUR 10 m. which prepares and publishes its annual financial statements in accordance with the provisions set out in Directive 78/660/EEC or a legal entity which, within a business group comprising one or more stock exchange-listed companies, is responsible for the financing of this group or a legal entity which, in business, corporate or contractual form, is due to finance its securitization of liabilities through a credit line granted by a bank; such credit line must be guaranteed by a financial institution which itself fulfills the criteria specified in item 2 sec. 3.
3. Overall, up to 10 per cent of the fund assets may be invested in securities and money market instruments which do not comply with the conditions set out in items 1 and 2.

#### **§ 17 Units in investment funds**

1. Units in investment funds (= investment funds and open-end investment companies) which comply with the provisions set out in Directive 85/611/EEC (UCITS) may be purchased where these funds do not invest more than 10 per cent of their assets in units in other investment funds.
2. Units in investment funds which do not comply with the provisions set out in Directive 85/611/EEC (UCI) and whose exclusive purpose is
  - > for joint account and in accordance with the principle of risk spreading to invest publicly procured monies in securities and other liquid financial investments and
  - > whose units are, at the request of the unit holders, repurchased or redeemed at the direct or indirect expense of the assets of the investment fund
 may be purchased for up to 10 per cent of the fund assets in total where
  - a) these funds do not invest more than 10 per cent of the fund assets in units in other investment funds and
  - b) they are licensed in accordance with legal provisions which make them subject to supervision which in the opinion of the Austrian Financial Market Authority is equivalent to supervision under Community law and there is an adequate guarantee of cooperation between the authorities and
  - c) the level of protection afforded the unit holders is equivalent to the level of protection afforded the unit holders in investment funds which comply with the provisions set out in Directive 85/611/EEC (UCITS) and, in particular, the provisions concerning separate safekeeping of the portfolio of assets, the take-up of loans, the extensions of loans and uncovered sales of securities and money market instruments are equivalent to the requirements set out in Directive 85/611/EEC and
  - d) the relevant business activity is the subject of annual and semi-annual reports which enable a judgment to be made as to the relevant assets and liabilities, income and transactions during the period under review.
 The criteria stated in § 3 of the Austrian Information and Equivalency Determination Ordinance (IG-FestV), as amended, shall be consulted for evaluation of the equivalency of the level of protection for unit holders within the meaning of item c).
3. Units may also be purchased for the investment fund in investment funds which are directly or indirectly managed by the same asset management company or by a company with which the asset management company is affiliated through joint management or subordination or a substantial direct or indirect investment.
4. Units in investment funds in accordance with § 17 item 1 in connection with § 17 item 2 of the fund regulations may be purchased for up to 10 per cent of the fund assets overall.

#### **§ 18 Sight deposits or deposits at notice**

Bank balances in the form of sight deposits or deposits at notice with notice periods not exceeding 12 months may be held for the investment fund. No minimum bank balance is required. Bank balances may not exceed 25 per cent of the fund assets. However, the investment fund may contain a larger proportion of bank balances during fund portfolio restructuring or in order to lessen the effect of potential falls in security prices.

#### **§ 19 Derivatives**

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

2. The overall risk associated with the derivatives may not exceed the overall net value of the fund assets. A calculation of this risk must take into consideration the market value of the underlying instruments, the default risk, future market fluctuations and the liquidity period for the positions.
3. The investment fund may purchase derivatives as part of its investment strategy within the limits stipulated in § 20 para. 3 items 5, 6, 7, 8a and 8d of the Austrian Investment Fund Act if the overall risk associated with the underlying instruments does not exceed these investment limits.

#### **§ 19a OTC derivatives**

1. Derived financial instruments which are not traded on a stock exchange (OTC derivatives) may be purchased for the investment fund if
  - a) the underlying instruments are in accordance with § 19 item 1,
  - b) the counterparties are supervised institutions belonging to categories licensed by the Austrian Financial Market Authority by regulation,
  - c) the OTC derivatives are subject to reliable and verifiable daily valuation and at the initiative of the investment fund may at any time and at an appropriate current market value be sold, liquidated or balanced through an offsetting transaction and
  - d) these instruments are invested within the limits stipulated in § 20 para. 3 items 5, 6, 7, 8a and 8d InvFG and the overall risk associated with the underlying instruments does not exceed these investment limits.
2. The default risk for investment fund transactions involving OTC derivatives may not exceed the following levels:
  - a) if the counterparty is a credit institution, 10 per cent of the fund assets,
  - b) otherwise 5 per cent of the fund assets.

#### **§ 19b Value at risk**

Not applicable.

#### **§ 20 Take-up of loans**

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

#### **§ 21 Repurchase agreements**

Within the investment limits set out in the Austrian Investment Fund Act, the asset management company shall be permitted to purchase assets for account of the investment fund to be added to the fund's assets subject to an obligation on the seller to repurchase these assets at a predetermined time and for a predetermined price.

#### **§ 22 Securities lending**

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

#### **§ 23 Issuance and redemption modalities**

The unit value pursuant to § 6 shall be calculated in EUR.

The subscription fee to cover the company's issuing costs may not exceed 3 per cent.

For unit certificates of the investment fund sold outside Austria, to cover the issuing costs instead of the subscription fee a redemption fee of up to 3 per cent or a combination of a subscription fee and a redemption fee which may not exceed 3 per cent may be added to the calculated value.

Please see the prospectuses for further details.

The redemption price is based on the value of a unit.

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

#### **§ 24 Accounting year**

The investment fund's accounting year runs from February 1 through to January 31 of the following calendar year.

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

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

> of up to 0.75 per cent of the fund assets for the unit certificate class "tranche I" (minimum investment: EUR 500,000) or

> of up to 1.50 per cent of the fund assets for the unit certificate class "tranche R",

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

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

Please see the prospectuses for further details.

The asset management company shall also be entitled to reimbursement for all expenses associated with its management of the fund, particularly costs associated with custodian bank fees, transaction costs, obligatory notices, custodian fees and auditing, consulting and fund report costs.

**§ 26 Appropriation of income in case of income-distributing unit certificates**

Once costs have been covered, the income received during the past accounting year (interest and dividends) may be distributed at the discretion of the asset management company. The distribution of income from the sale of assets of the investment fund including subscription rights shall likewise be at the discretion of the asset management company. A distribution from the fund assets is also permissible. In no case may the fund assets fall below EUR 1,150,000 through distributions. From April 15 of the following accounting year the amounts are to be distributed to the holders of income-distributing unit certificates, if appropriate against surrender of an income coupon. Any remaining balances shall be carried forward to a new account.

In any case, from April 15 an amount calculated in accordance with § 13 clause 3 InvFG shall be paid out, to be used where applicable to meet any capital gains tax commitments on the distribution-equivalent return on those unit certificates.

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

Income during the accounting year net of costs shall not be distributed. Instead, from April 15 an amount calculated in accordance with § 13 clause 3 of the Austrian Investment Fund Act shall be paid out on income-retaining fund unit certificates to be used where applicable to meet any capital gains tax commitments on the distribution-equivalent income on those unit certificates.

**§ 27a Appropriation of income in case of income-retaining unit certificates without capital gains tax deducted (full income retention – foreign tranche, cf. § 14 item 3)**

Income during the accounting year net of costs shall not be distributed. No payout as per § 13 clause 3 InvFG shall occur.

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

**§ 28 Liquidation**

Of the net liquidation proceeds, the custodian bank shall receive remuneration amounting to 0.5 per cent of the fund assets.

# Appendix to § 16

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

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

According to Article 16 of Directive 93/22/EEC (investment services in the securities field), each member state is obliged to maintain an up-to-date directory of its licensed markets. This directory is to be made available to the other member states and to the Commission. According to this provision, the Commission is obliged to publish once a year a directory of the regulated markets of which it has received notice.

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

- 1.1. The current directory of regulated markets is available at:  
[http://www.fma.gv.at/cms/site/attachments/2/0/2/CH0230/CMS1140105592256/geregelte\\_maerkte\\_2008.pdf](http://www.fma.gv.at/cms/site/attachments/2/0/2/CH0230/CMS1140105592256/geregelte_maerkte_2008.pdf)<sup>1</sup>  
 in the "Verzeichnis der Geregelten Märkte (pdf)" ["Directory of Regulated Markets (pdf)"].

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

- |       |            |                                  |
|-------|------------|----------------------------------|
| 1.2.1 | Finland    | OMX Nordic Exchange Helsinki     |
| 1.2.2 | Sweden     | OMX Nordic Exchange Stockholm AB |
| 1.2.3 | Luxembourg | Euro MTF Luxembourg              |

- 1.3. Recognized markets in the EEA pursuant to § 20 (3) item 1 sec. b InvFG:  
 Markets in the EEA classified as recognized markets by the relevant supervisory authorities.

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

- |     |                       |   |
|-----|-----------------------|---|
| 2.1 | Bosnia & Herzegovina  | Sarajevo, Banja Luka                                |
| 2.2 | Croatia               | Zagreb Stock Exchange                               |
| 2.3 | Switzerland           | SWX Swiss Exchange                                  |
| 2.4 | Serbia and Montenegro | Belgrade  |
| 2.5 | Turkey                | Istanbul (for Stock Market, "National Market" only) |
| 2.6 | Russia                | Moscow (RTS Stock Exchange)                         |

<sup>1</sup> The link may be modified by the Austrian Financial Market Authority (FMA). Please see the FMA's website, [www.fma.gv.at](http://www.fma.gv.at), for the current link, Providers, "Information on Providers within Austrian Financial Market", Stock Exchange, Overview, Downloads, Verzeichnis der Geregelten Märkte.

### **3. Stock exchanges in non-European states**

3.1	Australia	Sydney, Hobart, Melbourne, Perth
3.2	Argentina	Buenos Aires
3.3	Brazil	Rio de Janeiro, Sao Paulo
3.4	Chile	Santiago
3.5	China	Shanghai Stock Exchange, Shenzhen Stock Exchange
3.6.	Hong Kong	Hong Kong Stock Exchange
3.7.	India	Bombay
3.8	Indonesia	Jakarta
3.9.	Israel	Tel Aviv
3.10	Japan	Tokyo, Osaka, Nagoya, Kyoto, Fukuoka, Niigata, Sapporo, Hiroshima
3.11	Canada	Toronto, Vancouver, Montreal
3.12	Korea	Seoul
3.13	Malaysia	Kuala Lumpur
3.14	Mexico	Mexico City
3.15	New Zealand	Wellington, Christchurch/Invercargill, Auckland
3.16	Philippines	Manila
3.17	Singapore	Singapore Stock Exchange
3.18	South Africa	Johannesburg
3.19	Taiwan	Taipei
3.20	Thailand	Bangkok
3.21	USA	New York, American Stock Exchange (AMEX), New York Stock Exchange (NYSE), Los Angeles/Pacific Stock Exchange, San Francisco/Pacific Stock Exchange, Philadelphia, Chicago, Boston, Cincinnati
3.22	Venezuela	Caracas
3.23	United Arab Emirates	Abu Dhabi Securities Exchange (ADX)

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

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



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

5.1	Argentina	Bolsa de Comercio de Buenos Aires
5.2	Australia	Australian Options Market, Australian Securities Exchange (ASX)
5.3	Brazil	Bolsa Brasileira de Futuros, Bolsa de Mercadorias & Futuros, Rio de Janeiro Stock Exchange, Sao Paulo Stock Exchange
5.4	Hong Kong	Hong Kong Futures Exchange Ltd.
5.5	Japan	Osaka Securities Exchange, Tokyo International Financial Futures Exchange, Tokyo Stock Exchange
5.6	Canada	Montreal Exchange, Toronto Futures Exchange
5.7	Korea	Korea Futures Exchange
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	Singapore International Monetary Exchange
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, New York Futures Exchange, Pacific Stock Exchange, Philadelphia Stock Exchange, New York Stock Exchange, Boston Options Exchange (BOX)