

Raiffeisen 322 – Euro Alpha Duration

Annual fund report

Financial year 2013-2014

Note:

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

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Report for the financial year from 1 July 2013 to 30 June 2014

Raiffeisen 322 – Euro Alpha Duration is a bond fund. The fund pursues an investment goal of regular income and mainly invests (at least 51 % of its fund assets) in euro-denominated bonds and/or money market instruments. The fund seeks to realize a positive performance contribution by means of duration strategies (“alpha duration”). The fund may acquire bonds and money market instruments issued by sovereigns, supranational issuers and/or companies etc. The fund may invest more than 35 % of its fund assets in securities/money market instruments issued by the following issuers: Austria, Germany, Belgium, Finland, France, Netherlands. The fund is actively managed and is not limited by means of a benchmark.

General fund information

Tranche	Fund currency	Tranche currency	Launch date	ISIN
ISIN income-distributing (A)	EUR	EUR	19/10/2007	AT0000A073R3
ISIN income-retaining (T)	EUR	EUR	3/5/2006	AT0000A00GJ3
ISIN full income-retaining (outside Austria) (VTA)	EUR	EUR	21/2/2007	AT0000A03G36

Fund characteristics

Financial year:	1 July – 30 June
Distribution/payment/reinvestment date:	15 September
EU directive compliance:	EU directive-compliant jointly owned fund under the 2011 Austrian Investment Fund Act (InvFG), as amended
Max. management fee for the fund:	0.50 %
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 GmbH

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 322 – Euro Alpha Duration for the financial year from 1 July 2013 to 30 June 2014.

Fund details

	30/6/2013	30/6/2014
Fund assets in EUR	10,291,809.26	4,042,418.49
Net asset value/unit (A) EUR	97.78	93.92
Issue price/unit (A) EUR	102.67	98.62
Net asset value/unit (T) EUR	106.46	104.61
Issue price/unit (T) EUR	111.78	109.84
Net asset value/unit (VTA) EUR	111.51	110.38
Issue price/unit (VTA) EUR	117.09	115.90
	16/9/2013	15/9/2014
Distribution/unit (A) EUR	2.90	2.34
Outpayment/unit (T) EUR	0.78	0.0000
Reinvestment/unit (T) EUR	0.00	0.0000
Reinvestment/unit (VTA) EUR	0.00	0.0000

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

Units in circulation

	AT0000A073R3 A	AT0000A00GJ3 T	AT0000A03G36 VTA
Units in circulation on 30/6/2013	10.000	41,831.000	52,344.155
Sales	0.000	6,823.000	9,463.045
Repurchases	0.000	- 35,317.000	- 37,835.249
Units in circulation	10.000	13,337.000	23,971.951
Total units in circulation on 30/6/2014			37,318.951

Fund details for last 3 financial years

	30/6/2012	30/6/2013	30/6/2014
Total fund assets	230,129,706.02	10,291,809.26	4,042,418.49
Net asset value/distributing units (AT0000A073R3) in EUR	100.51	97.78	93.92
Net asset value/reinvested units (AT0000A00GJ3) in EUR	107.13	106.46	104.61
Net asset value/fully reinvested units (AT0000A03G36) in EUR	111.49	111.51	110.38

Development of the fund assets and income statement

Performance in financial year (fund performance)

Distributing units (AT0000A073R3)

Net asset value per unit at start of financial year in EUR	97.78
Distribution on 16/9/2013 (net asset value: EUR 94.95) of EUR 2.90, corresponds to 0.030542 units	
Net asset value per unit at end of financial year in EUR	93.92
Total value incl. units purchased through distribution (1.030542 x 93.92)	96.79
Net income/net reduction per unit	- 0.99

Performance of one unit during the financial year as % **- 1.01**

Reinvested units (AT0000A00GJ3)

Net asset value per unit at start of financial year in EUR	106.46
Outpayment on 16/9/2013 (net asset value: EUR 105.76) of EUR 0.78, corresponds to 0.0074 units	
Net asset value per unit at end of financial year in EUR	104.61
Total value incl. units purchased through outpayment (1.0074 x 104.61)	105.38
Net income/net reduction per unit	- 1.08

Performance of one unit during the financial year as % **- 1.01**

Fully reinvested units (AT0000A03G36)

Net asset value per unit at start of financial year in EUR	111.51
Net asset value per unit at end of financial year in EUR	110.38
Net income/net reduction per unit	- 1.13

Performance of one unit during the financial year as % **- 1.01**

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

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

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 5.00 % of the invested amount) and any redemption fee (not exceeding 0.00 % of the sold amount) – are not included in the performance calculation. 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 in EUR

Fund assets on 30/6/2013 (94,185.155 units)		10,291,809.26
Distribution on 16/9/2013 (EUR 2.90 x 10,000 distributing units (AT0000A073R3))		- 29.00
Outpayment on 16/9/2013 (EUR 0.78 x 32,284.000 reinvested units (AT0000A00GJ3))		- 25,181.52
Issuance of units	1,773,925.56	
Redemption of units	- 7,946,433.70	
Pro rata income adjustment	- 72,583.05	- 6,245,091.19
Overall fund result		20,910.94
Fund assets on 30/6/2014 (37,318.951 units)		4,042,418.49

Fund result in EUR

A. Realized fund result

Ordinary fund result		
Income (excl. closing price)		
Interest income	189,990.01	
Income from securities lending transactions	159.09	
Interest expenses	- 0.19	190,148.91
Expenses		
Management fees	- 7,838.07	
Custodian bank fees	- 3,883.14	
Auditing expenses	- 5,280.00	
Tax consulting fees	- 2,400.00	
Custodian fee	- 1,319.23	
Statutory/publication expenses	- 5,429.42	- 26,149.86
Ordinary fund result (excl. income adjustment)		163,999.05
Realized closing price		
Profits realized from derivative instruments	29,178.52	
Losses realized from securities	- 297,344.30	
Losses realized from derivative instruments	- 53,597.49	
Realized closing price (excl. income adjustment)		- 321,763.27
Realized fund result (excl. income adjustment)		- 157,764.22
B. Unrealized closing price		
Change in unrealized closing price		106,092.11
C. Income adjustment		
Income adjustment for income during financial year		72,583.05
Overall fund result		20,910.94

The result for the past accounting year includes explicitly reported transaction costs in the amount of EUR 1,963.68.

Appropriation of fund result in EUR

Distribution (EUR 2.34 x 10,000 distributing units (AT0000A073R3))	23.40
Outpayment pursuant to § 58 (2) InvFG (EUR 0.0000 x 13,337.000 reinvested units (AT0000A00GJ3))	0.00
Reinvested amount (reinvestment (AT0000A00GJ3))	0.00
Reinvested amount (full reinvestment (AT0000A03G36))	0.00
Total	23.40
Realized fund result (incl. income adjustment)	- 85,181.17
Asset-based loss and expense allowance	85,204.57
Total	23.40

Capital market report

The past year was highly positive for most asset classes, and the favorable trend generally continued in the first half of 2014. The stock markets in the USA and the Eurozone in particular recorded growth rates of between 5 and 10 %. To date, European equities have roughly matched US equities in performance terms. The Austrian stock market was one of Europe's weaker exceptions. Despite attractive valuation levels, it maintained the below-average performance trend already seen in 2013. Japanese equities have performed negatively since the start of 2014. Thus far, they have fallen by almost 5 %. The emerging markets stock markets have once again realized a very mixed performance, but have generally fared positively. Following a somewhat weak start to the year, the MSCI Emerging Markets Index has now achieved growth of around 5 %. In overall terms, emerging markets equities have thus maintained their below-average performance trend. In 2013 they had already lost close to 30 % points by comparison with the developed markets. This trend was last seen in 1998. This weaker performance strongly reflects the deterioration in the fundamental situation of many emerging markets. It will take time to rectify this, and only then will a new long-term upturn be possible.

Following a decade of almost continuous price rises, the price of gold fell by approx. 30 % in 2013.

Gold has recovered slightly over the past few months. However, to date the Ukraine crisis has failed to provide any significant upward momentum for the price of this commodity.

To the surprise of most market participants, to date this year bonds have proved to be one of the strongest asset classes. Since the US central bank is gradually reducing its bond-purchasing activities, a rise in yields had generally been anticipated. However, the opposite occurred. US government bonds realized strong gains, as did euro government bonds (both for the core countries and for the Eurozone's peripheral members). As part of this trend, corporate and high-yield bonds also gained ground, as did the prices of emerging markets bonds (particularly over the past few months). The continuing decline of growth expectations for the global economy and the USA and the very clear positioning of the vast majority of market participants at the start of the year, in the expectation of rising yields, likely played a key role in this.

For the time being, the activities of the central banks and the probable economic trend remain the key direct factors influencing the financial markets. Most of the emerging markets are continuing to suffer a loss of economic momentum. Their growth differential in relation to the developed industrialized nations continues to decline, and China now accounts for almost all of this lead. However, a further growth slowdown is now increasingly apparent here. Of the industrialized nations, in 2014 the USA will likely once again realize the strongest levels of growth. However, this will presumably not be strong enough in order to prompt the US Fed to implement rapid interest-rate hikes. For the time being, Japan's central bank has not held out the prospect of any new monetary measures. However, in view of the disappointing economic policy of the Japanese premier, Mr. Abe, sooner or later the bank will in any case scarcely be able to avoid further huge easing of its monetary policy and once again weakening Japan's currency. Following years of recession, this year the Eurozone is predicted to return to positive territory with slight growth of around 1 %. It remains to be seen whether and how a further downturn in China will impact on Europe. The euro's continuing strength and the unexpectedly low inflation level in the Eurozone have provoked action from the European Central Bank (ECB). The ECB is seeking to counter the threat of a deflationary trend through an interest-rate cut, unprecedented penalty interest rates for banks and additional liquidity support. The effectiveness of these measures for the real economy is doubtful, but they may nonetheless have a significant impact on the European financial markets and provide an additional boost for equities and bonds, at least temporarily. At any rate, the financial market environment for the next 12 months will remain challenging, even if the positive factors currently predominate.

Fund investment policy report

While a clear economic recovery was apparent in the Eurozone, yields fell on the bond markets. This mainly reflected the moderate inflation trend, but geopolitical events also strengthened demand for safe bond products. The central bank's policy also played a key role. The European Central Bank (ECB) cut its repo rate to 0.15 %, announced a credit program to stimulate lending and held out the prospect of asset-backed securities purchasing. Money market and T-Bill rates once again clearly fell due to the ECB's package of measures, and have returned to negative levels in some cases. The picture began to improve on the periphery, and these countries were able to report initial successes as a result of their economic restructuring programs. The solid performances of Spain, Portugal and Ireland are also apparent in terms of spread levels and these countries' rating trends. Italy and France remain the Eurozone's weakest links.

The fund utilized Bund, Bobl and Schatz futures for its active duration and interest-rate curve management. The fund adopted a defensive investment strategy in relation to interest-rate risk, the improved growth trend and the market's expensive valuation and delivered a negative performance in the reporting period. On the yield curve, the fund favored a flattening trade between 5- and 10-year maturities.

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

Makeup of fund assets in EUR

Securities	Market value	%
Bonds:		
EUR	3,895,357.50	96.37
Derivative products		
Valuation of financial futures	- 4,640.63	- 0.12
Bank balances		
Bank balances in fund currency	79,359.48	1.96
Accruals and deferrals		
Interest claims (on securities and bank balances)	72,342.14	1.79
Total fund assets	4,042,418.49	100.00

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	CURRENCY	VOLUME 30/6/2014 UNITS/NOM.	PURCHASES ADDITIONS IN PERIOD UNDER REVIEW UNITS/NOM.	SALES DISPOSALS UNITS/NOM.	PRICE	MARKET VALUE IN EUR	% SHARE OF FUND ASSETS
EURO BONDS								
DE0001137412	0.2500 BUND SCHATZANW. 13/15	EUR	300,000	300,000		100.155000	300,465.00	7.43
NL0010055703	0.7500 NEDERLD 12-15	EUR	120,000	120,000		100.570000	120,684.00	2.99
FR0120634490	0.7500 REP. FSE 12-14 B.T.A.N.	EUR	400,000	700,000	300,000	100.160000	400,640.00	9.91
DE0001141570	2.2500 BUNDESABL.V.10/15 S.157	EUR	340,000	340,000		101.715000	345,831.00	8.56
DE0001141554	2.5000 BUNDESABL.V.09/14 S.155	EUR	120,000	220,000	100,000	100.675000	120,810.00	2.99
DE0001141562	2.5000 BUNDESABL.V.10/15 S.156	EUR	330,000	430,000	100,000	101.625000	335,362.50	8.30
FI0001006462	3.1250 FINLD 09-14	EUR	180,000	180,000		100.635000	181,143.00	4.48
AT0000A0CL73	3.4000 REP. AUSTRIA 09-14/144A	EUR	280,000	450,000	170,000	101.005000	282,814.00	7.00
BE0000316258	3.5000 BELGIQUE 09-15 56	EUR	250,000	250,000		102.478000	256,195.00	6.34
DE0001135267	3.7500 BUNDANL.V. 04/15	EUR	370,000	370,000		101.905000	377,048.50	9.33
NL0000102325	3.7500 NEDERLD 04-14	EUR	250,000	700,000	450,000	100.125000	250,312.50	6.19
FR0010112052	4.0000 REP. FSE 04-14 O.A.T.	EUR	320,000	320,000		101.255000	324,016.00	8.01
DE0001135259	4.2500 BUNDANL.V. 04/14	EUR	600,000	450,000	1,200,000	100.006000	600,036.00	14.84
TOTAL SECURITIES PORTFOLIO							3,895,357.50	96.37
FINANCIAL FUTURES								
FGBL20140908	BUND FUTURE20140908	EUR	-1		1	146.920000	-770.00	-0.02
FGBL20140908	BUND FUTURE20140908	EUR	-2	1	3	146.920000	-3,900.63	-0.10
FGBS20140908	SCHATZ FUTURE20140908	EUR	2	3	1	110.650000	30.00	0.00
TOTAL FINANCIAL FUTURES ¹							-4,640.63	-0.12
BANK BALANCES								
EUR BALANCES							79,359.48	1.96
ACCRUALS AND DEFERRALS								
INTEREST CLAIMS							72,342.14	1.79
TOTAL FUND ASSETS							4,042,418.49	100.00
NET ASSET VALUE PER DISTRIBUTED UNIT							EUR	93.92
NET ASSET VALUE PER REINVESTED UNIT							EUR	104.61
NET ASSET VALUE PER FULLY REINVESTED UNIT							EUR	110.38
DISTRIBUTED UNITS IN CIRCULATION							UNITS	10,000
REINVESTED UNITS IN CIRCULATION							UNITS	13,337,000
FULLY REINVESTED UNITS IN CIRCULATION							UNITS	23,971,951
FUTURES EXCHANGE KEY:								
CODE	STOCK EXCHANGE							
EUREX	EUROPEAN EXCHANGE							

¹ Price gains and losses as of cut-off date.

Any discrepancies in terms of % shares of the fund assets result from rounding-off.

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

ISIN	SECURITY TITLE	CURRENCY	PURCHASES ADDITIONS	SALES DISPOSALS
EURO BONDS				
DE0001137362	0.2500 BUND SCHATZANW. 11/13	EUR	500,000	1,500,000
DE0001137370	0.2500 BUND SCHATZANW. 12/14	EUR	400,000	400,000
NL0009690593	1.0000 NEDERLD 11-14	EUR		350,000
DE0001141547	2.2500 BUNDESÖBLV.09/14 S.154	EUR	800,000	1,200,000
FR0116114978	2.5000 REP. FSE 09-14 B.T.A.N.	EUR	90,000	90,000
FR0116843535	3.0000 REP. FSE 09-14 B.T.A.N.	EUR	160,000	160,000
DE0001135234	3.7500 BUNDANL.V. 03/13	EUR		1,360,000
AT0000385992	3.8000 REP. AUSTRIA BUNDANL.03-13	EUR		1,350,000
BE0000314238	4.0000 BELGIQUE 08-14 54	EUR	160,000	650,000
DE0001141539	4.0000 BUNDESÖBLV.08/13 S.153	EUR		40,000
FR0010011130	4.0000 REP. FSE 03-13 O.A.T.	EUR		1,550,000
FR0010061242	4.0000 REP. FSE 04-14 O.A.T.	EUR	270,000	350,000
DE0001135242	4.2500 BUNDANL.V. 03/14	EUR		500,000
NL0000102689	4.2500 NEDERLD 03-13	EUR		800,000
FI0001005407	5.3750 FINLD 02/13	EUR		450,000

Further information on securities lending transactions

1. Overall risk (exposure) (average security holdings lent during the reporting period versus average fund volume):

8.18 %

As of 30 June 2014 no securities had been lent.

2. Identity of the counterparties for securities lending transactions:

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

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

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

At the end of the financial year, the collateral had the following makeup:

Sight deposits: 0.00 %

Bonds: 80.74 %

Equities: 19.26 %

Units in investment funds: 0.00 %

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

Income: EUR 159.09

Costs: N/A

Further information on repurchase agreements

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

Total return swaps and similar derivative instruments

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

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

Calculation method for overall risk

Calculation method for overall risk:

Simplified approach

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

Vienna, 24 September 2014

Raiffeisen Kapitalanlage-Gesellschaft m.b.H.



Mag. (FH) Dieter Aigner



Mag. Michael Höllerer



Mag. Rainer Schnabl

Audit opinion

We have audited the annual fund report including the accounting as of 30 June 2014 issued by Raiffeisen Kapitalanlage-Gesellschaft m. b. H., Vienna, for its fund Raiffeisen 322 – Euro Alpha Duration, a jointly owned fund pursuant to the 2011 Austrian Investment Fund Act (InvFG), as amended, for the financial year from 1 July 2013 to 30 June 2014.

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 fund and preparation of the annual fund report so that this report is free from significant factual misstatements resulting from intentional or unintentional errors; selection and application of suitable valuation methods; estimates which appear appropriate in view of 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 (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 30 June 2014 for Raiffeisen 322 – Euro Alpha Duration, 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 (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, 24 September 2014

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Rainer Hassler
Auditor

pp. Rainer Pasching
Auditor

Tax treatment

Please see our website www.rcm.at for detailed information on the fund's tax treatment, prepared on the basis of the audited annual fund report.

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 322 – Euro Alpha Duration, a jointly owned fund pursuant to the Austrian Investment Fund Act (InvFG) 2011, as amended.

The investment fund is a fund complying with the Directive 85/611/EC and is managed by Raiffeisen Kapitalanlage-Gesellschaft m.b.H. (hereinafter: the “management company”) which is headquartered in Vienna.

Article 1 Fund units

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

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

Article 2 Custodian bank (custodian)

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

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

Article 3 Investment instruments and principles

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

The investment fund mainly invests (at least 51 per cent of its fund assets) in EUR-denominated bonds and/or EUR-denominated money market instruments. The fund seeks to realize a positive performance contribution through the use of duration strategies (“alpha duration”).

Securities

Securities (including securities featuring embedded derivative instruments) may be purchased while complying with the investment focus outlined above.

Money market instruments

Money market instruments may be purchased while complying with the investment focus outlined above.

Securities and money market instruments

Securities or money market instruments issued or guaranteed by Austria, Germany, Belgium, Finland, France or the Netherlands may **exceed 35 per cent** of the fund assets if the fund assets are invested in at least six different issues of these issuers, with an investment in any single issue not exceeding 30 per cent 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 per cent** 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 per cent of the fund assets in total.

Units in investment funds

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

Derivative instruments

Derivative instruments may be used as part of the fund's investment strategy for **up to 49 per cent** of the fund assets and for hedging purposes.

Investment fund's risk measurement method

The investment fund applies the following risk measurement method:

Commitment approach

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

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 49 per cent** of the fund assets. No minimum bank balance is required.

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

Short-term loans

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

Repos

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

Securities lending

Securities lending transactions may comprise **up to 30 per cent** 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.

Article 4 Issuance and redemption modalities

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

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

Issuance and subscription fee

Units will be issued on any banking day.

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

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

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

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 unit holder, 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.

Please refer to the prospectus for further details.

Article 5 Accounting year

The investment fund's accounting year runs from July 1 to June 30.

Article 6 Unit classes and appropriation of income

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

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

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

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

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

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

In any case, from September 15 an amount calculated pursuant to InvFG shall be paid out, to be used where applicable to meet any capital gains tax commitments on the distribution-equivalent return on those unit certificates, unless the management company ensures through appropriate proof from the custodians that at the time of payout the unit certificates may only be held by unit holders 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.

Unit 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.

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

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

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

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

The management company shall ensure through appropriate proof from the custodians that 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 pursuant to the Austrian Income Tax Act (§ 94).

If these preconditions have not been met as of the payment date, the amount calculated pursuant to InvFG shall be paid out by the custodian 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 unit holders who are either not subject to Austrian income or corporate income tax or who fulfill the requirements for exemption pursuant to the Austrian Income Tax Act (§ 94) 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 **0.50 per cent** of the fund assets, calculated on the basis of the values at the end of each month.

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

The management company is entitled to reimbursement of all expenses associated with its management of the fund. Please refer to the prospectus for further details.

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 per cent of the fund assets.

Appendix

List of stock exchanges with official trading and organized markets

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

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

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

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

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

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

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

1.2.1. Luxembourg Euro MTF Luxembourg

1.3. Recognized markets in the EEA 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. | Russia: | Moscow (RTS Stock Exchange);
Moscow Interbank Currency Exchange (MICEX) |
| 2.4. | Switzerland: | SWX Swiss-Exchange |
| 2.5. | Serbia and Montenegro: | Belgrade |
| 2.6. | 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. | Korea: | Korea Exchange (Seoul, Busan) |
| 3.13. | Malaysia: | Kuala Lumpur, Bursa Malaysia Berhad |
| 3.14. | Mexico: | Mexico City |
| 3.15. | New Zealand: | Wellington, Christchurch/Invercargill, Auckland |
| 3.16. | Philippines: | Manila |
| 3.17. | Singapore: | Singapore Stock Exchange |

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

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

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

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 Capital Market Association (ICMA), Zurich
4.5.	USA	Over the Counter Market in the NASDAQ system, Over the Counter Market (markets organized by NASD such as Over-the-Counter Equity Market, Municipal Bond Market, Government Securities Market, Corporate Bonds and Public Direct Participation Programs) Over-the-Counter-Market for Agency Mortgage-Backed Securities

5. Stock exchanges with futures and options markets

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

Appendix

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