



Standard Fund Prospectus

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**Raiffeisen fond globálních trhů,  
otevřený podílový fond,**

**Raiffeisen investiční společnost a.s.**

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## 1 LIST OF ABBREVIATIONS

Unless the text of the Prospectus implies otherwise, the following terms and abbreviations shall have the following meanings delegated on them:

### **AKAT**

Czech Capital Market Association (Asociace pro kapitálový trh ČR), associates major Czech investment companies, foreign fund managers offering their products in the Czech Republic, and other entities.

### **Security**

Security or book-entry security.

### **CNB**

Czech National Bank (Česká národní banka).

### **Depository**

UniCredit Bank Czech Republic and Slovakia, a.s., with registered office at Želetavská 1525/1, Praha 4, Postal Code 140 92, Company no. (IČ) 64948242, registered in the Companies Register administered by the Municipal Court in Prague, Section B, File no. 3608.

### **Distributor**

An entity authorized by the Investments Company to offer investments in the Fund or to broker submission of applications for issue and redemption of Units of the Fund, namely, at its Points of Sale.

### **Fund**

Raiffeisen fond globálních trhů, otevřený podílový fond, Raiffeisen investiční společnost a.s.

### **Investment Company**

Raiffeisen investiční společnost a.s. with registered office at Hvězdova 1716/2b, Praha 4 - Nusle, Postal Code 140 78, Company no. (IČ) 29146739, registered in the Companies Register administered by the Municipal Court in Prague, Section B, File no. 18837, the Manager of the Fund.

**ISIN**

The unique international identifier of Securities pursuant to ISO6166 (International Securities Identification Number).

**Fund assets**

The Fund assets minus the Fund liabilities in the sense of the relevant provisions of the Regulation.

**Regulation**

Government Regulation No. 243/2013 Collection of Laws ("Coll."), on investment fund investments and techniques and instruments used for the purpose of portfolio management, as amended.

**Follow-Up Records**

Records of investment instruments connected with the Separate Records and kept pursuant to the relevant laws and regulations (or similar foreign records). The Follow-Up Records are kept by the individual Distributors.

**Trading Day**

The day whose published exchange rate will be used for issuing or redemption of the Units of the Fund. A Trading Day is every business day which is a business day in the Czech Republic as well as in the Republic of Austria. An up-to-date calendar of the Trading Days is published by the Investment Company in a manner allowing for remote access on the web site: [www.rfis.cz](http://www.rfis.cz).

**Notification of Commencement of Offering**

Notification of Commencement of Offering of the Fund published by the Investment Company in a manner allowing for remote access on the web site: [www.rfis.cz](http://www.rfis.cz). The Notification will contain, in particular:

- Identification of the Fund;
- ISIN of the Fund;
- Date of Commencement of Offering of the Fund;
- Date of publication of the first net asset value of the Units of the Fund;
- Date in respect of which the first net asset value of the Units of the Fund will be published;
- Date as of which the issuance and redemption of the Units of the Fund will commence;
- Date of the commencement of the term during which the Investment Company would accept on the Trading Day applications for the issue, and/or redemption, of Units of the Fund per CZK 1;
- Date of the end of the term during which the Investment Company would accept on the Trading Day applications for the issue, and/or redemption, of Units of the Fund per CZK 1.

**Unit-holder**

Owner of a Unit.

**Unit**

Unit of the Fund.

**Business Day**

Every business day which is a business day in the Czech Republic as well as in the Republic of Austria.

**Point of Sale**

In particular, the network of selected locations of Raiffeisenbank designated as personal finance contact points, where applications for the issue and redemption of the Units are received. An up-to-date list of the selected branches of Raiffeisenbank is available on the web site: [www.rb.cz](http://www.rb.cz). In line with the development of the commercial and technical communication capabilities, the Prospectus does not rule out introduction of other forms of issuing and redeeming of the Units. An up-to-date list of the Points of Sale is published by the Investment Company in a manner allowing for remote access on the web site: [www.rfis.cz](http://www.rfis.cz).

**Raiffeisenbank**

Raiffeisenbank a.s. with registered office at Hvězdova 1716/2b, Praha 4, Postal Code 140 78, Company no. (IČ) 49240901, registered in the Companies Register administered by the Municipal Court in Prague, Section B, File no. 2051.

**Rating**

The determination of the Rating limits is based on the scales of the rating agencies Standard and Poor's, Fitch Ratings, and Moody's. In order to assess a particular instrument, it is necessary to have a rating from at least one of the above-mentioned agencies. If ratings from multiple agencies are available, the second worst rating of all ratings received shall be applied. Ratings in the following order are used for the evaluation of bonds: 1) rating of the issue; 2) rating of the issuer's long-term liabilities in the currency of the issue; 3) rating of the issuer's long-term liabilities; 4) rating of the guarantor's long-term liabilities in the currency of the issue; 5) rating of the guarantor's long-term liabilities. If rating 1) is not available, rating 2) shall be used. In the case of subordinated bonds, the process of establishment of the Rating is similar, provided that the order of the ratings is as follows: 1) rating of the issue; 2) rating of the issuer's subordinated liabilities; 3) rating of the guarantor's long-term liabilities or rating of the guarantor's subordinated liabilities, depending on the nature of the guarantee (non-subordinated or subordinated guarantee). The sources of each rating for the establishment of the resulting Rating are chosen by the Investment Company at its discretion in order to ensure the maximum information value of the final Rating.

**RBI**

Raiffeisen Bank International AG, with registered office at Am Stadtpark 9, 1030 Wien, Republic of Austria, registered with the Commercial Court in Vienna under File no. FN 122119m.

**RCM**

Raiffeisen Kapitalanlage-Gesellschaft m.b.h., with registered office at Mooslackengasse 12, 1190 Wien, Austria, registered with the Commercial Court in Vienna under File no. 83517w.

**Repo**

Transfer of Securities for cash together with an obligation to accept these Securities as of a set date for the amount equal to the original amount of money and interest; Repo also means a sale under an agreement to repurchase or loan the Securities guaranteed by the pecuniary funds.

**Repo Deal**

Repo or Reverse Repo.

**Reverse Repo**

Acquisition of Securities for cash together with an obligation to transfer these Securities as of the set date for an amount equal to the amount of the transferred cash and interest; Reverse Repo also means a purchase under an agreement to re-sell or borrow the Securities guaranteed by the pecuniary funds.

**Master Fund**

A standard open-end mutual fund named Raiffeisen-Global-Aktien, managed by Raiffeisen Kapitalanlage-Gesellschaft m.b.h. Detailed information about the Mater Fund is available in par. 8.2 and in par. 15.1 of the Prospectus.

**Separate Records**

Separate Records of investment instruments kept pursuant to the relevant laws and regulations (or similar foreign records) by the Investment Company or, as the case may be, by RBI based on the entrusting of individual administrator activities.

**Key Investor Information**

A document containing key information for the investors. It contains brief basic characteristics of the Fund necessary for the investors to make an informed decision regarding the nature of the investment and the associated risks.

**Special Fund**

An investment fund in which a standard fund may invest under the terms and conditions as stipulated in the relevant legislation and which in itself does not constitute a standard fund.

**Standard Fund**

An investment fund which complies with the provisions of the Directive of the European Parliament and of the Council no. 2009/65/ES of 13 July 2009, on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS).

**Prospectus**

This document, which contains information on the method of investment of the Fund and other information necessary for investors in order to assess the investment accurately and correctly.

**Decree on Prospectus**

Decree no. 246/2013 Coll., on prospectuses of collective investment funds.

**Decree on keeping records**

Decree No. 58/2006 Coll., on the manner of keeping separate records of investment instruments and records based on separate records of investment instruments.

**Management Companies and Investment Funds Act (ZISIF)**

Act No. 240/2013 Coll., on management companies and investment funds.

**Capital Market Undertakings Act (ZPKT)**

Act No. 256/2004 Coll., on capital market undertakings, as amended.

## **2 COLLECTIVE INVESTMENT FUND**

### **2.1 Identification of the mutual fund**

Raiffeisen fond globálních trhů, otevřený podílový fond, Raiffeisen investiční společnost a.s.

Abbreviated identification of the Fund: Raiffeisen fond globálních trhů.

### **2.2 Date of incorporation of the Fund**

The Fund was established on the date of its registration in the list administered by the Czech National Bank pursuant to Section 597(b) of the Management Companies and Investment Funds Act, made as of 21 May 2014.

### **2.3 Additional information about the Fund**

The Fund is an open-end mutual fund which does not constitute a legal entity and which is established for an indefinite period of time. The Fund constitutes a standard fund. According to the AKAT classification the Fund is a flexible mixed fund. It is a standard feeder fund of the Master Fund. No Unit-holders' Meeting has been established.

### **2.4 Historical information on status matters**

The merger of the Fund with a foreign investment fund comparable to a standard fund, named Raiffeisen – Český akciový fond, whose manager was the management company named Raiffeisen Kapitalanlage-Gesellschaft m. b. H., was approved by Decision no FMA-IF25 9098/0001-INV/2014 dated 3. 10. 2014, on approval of a merger of investment funds, issued by Austrian Financial Market Authority.

The Czech National Bank, by way of its Decisions ref. no. 2016/002993/CNB/570, which acquired legal force on 7 January 2016, approved a modification of the Fund Prospectus, which allows the Fund to invest in its capacity of a feeder fund in the Master Fund. This modification resulted in the elimination of the Class A3 Fund Units which – although contained in the Prospectus – were never offered to the public, and in the elimination of the 'Dividendová' Class A2 Fund Units because such units belonging to that class had not been held by any Unit-holder and they have not been on offer any longer. Also the original name of the Fund was changed from "Raiffeisen fond akciových trhů, otevřený podílový fond, Raiffeisen investiční společnost a.s." to its current name. The modification of the Prospectus came into force as of the date of legal force of the above-described decision of the Czech National Bank.

Pursuant to Section 248(1) of the Management Companies and Investment Funds Act and in compliance with Art. 64(3) of the UCITS Directive, the above-described modifications of the Prospectus become effective on 21 March 2016, upon the expiration of the legal grace period during which Unit-holders may seek redemptions of their Units free of any charges as a result of the modification of the Prospectus. The Fund, commencing on the date of effect of the Prospectus, started to invest in its capacity of a feeder fund in the Master Fund, subject to observing the transition period pursuant to par. 8.4.5 of the Prospectus.

## **3 FUND MANAGER**

### **3.1 Fund management**

- 3.1.1 Fund management comprises the management of the Fund assets, including investing on the account of the Fund and management of risks related to such investing.

### **3.2 Fund Manager of the Fund**

Business name:	Raiffeisen investiční společnost a.s.
Registered office:	Hvězdova 1716/2b, Praha 4, Postal Code 140 78, Czech Republic
Company no. (IČ):	29146739
Date of incorporation:	21 December 2012

Registered in the Companies Register administered by the Municipal Court in Prague, Section B, File no. 18837.

The Investment Company is registered in the list of Investments Companies administered by the Czech National Bank pursuant to Section 596(a) of the Management Companies and Investment Funds Act.

Registered capital: CZK 40,000,000.00, repaid: 100 percent

### **3.3 Decision on permission (licence) for activities of the Investment Company**

Issued by: Czech National Bank

Date of issue: 9 April 2013

Licence reference number: 2013/4256/570

Date of licence legal force: 9 April 2013

Item 1. in the statement of the above-described decision was replaced by the following CNB decision:

Date of issue: 21 March 2014

Licence reference number: 2014/2974/570

Date of licence legal force: 21 March 2014

This decision resulted in an extension of the licence, the original licence for the activity of the Investment Company was cancelled and the Investment Company was issued a new licence to such extent as stipulated in Art. 3.6 of the Prospectus.

### **3.4 Consolidation unit**

The Investment Company belongs to the Raiffeisenbank consolidated group. The consolidated financial statements of Raiffeisenbank include, in accordance with the IFRS, all subsidiaries using the full consolidation method and all associated companies using the equivalence method. Raiffeisenbank is majority-owned by the Austrian financial institution Raiffeisen Bank International AG.

### **3.5 List of executives of the Investment Company**

**Ing. Jaromír Sladkovský**, Chairman of the Board of Directors and Managing Director

In addition to the position in the Investment Company, Ing. Jaromír Sladkovský also serves as the Manager of the Investment Management department in Raiffeisenbank.

**Ing. Lucie Osvaldová**, Director

**Ing. Michal Ondruška**, Director

In addition to the position in the Investment Company, Ing. Michal Ondruška also serves as the Manager of the Asset Management department in Raiffeisenbank.

### **3.6 Objects of the Investment Company**

Pursuant to the license granted to the Investment Company by the CNB, the Investment Company is authorised to:

- a) exceed the relevant limit;
- b) manage:
  - standard funds;
  - foreign investment funds comparable to standard funds;
  - special funds;
  - foreign investment funds comparable to special funds;
  - funds managed by qualified investors, with the exception of venture capital funds pursuant to Art.3(b) of the self-executing regulation of the European Union governing European venture capital funds, and qualified social entrepreneurship funds pursuant to Art.3(b) of the self-



executing regulation of the European Union governing European social entrepreneurship funds;

- foreign investment funds comparable to funds managed by qualified investors, with the exception of foreign investment funds comparable to qualified venture capital funds pursuant to Art.3(b) of the self-executing regulation of the European Union governing European venture capital funds, and foreign investment funds comparable to qualified social entrepreneurship funds pursuant to Art.3(b) of the self-executing regulation of the European Union governing European social entrepreneurship funds;
- c) perform administration within the scope of activities pursuant to Section 38(1) of the Management Companies and Investment Funds Act, namely with respect to investment funds and foreign investment funds pursuant to subpar. (b).

### 3.7 List of investment funds managed

Standard funds:

- Raiffeisen fond dluhopisových příležitostí, otevřený podílový fond, Raiffeisen investiční společnost a.s.
- Raiffeisen fond dluhopisové stability, otevřený podílový fond, Raiffeisen investiční společnost a.s.
- Raiffeisen fond dluhopisových trendů, otevřený podílový fond, Raiffeisen investiční společnost a.s.
- Raiffeisen fond high-yield dluhopisů, otevřený podílový fond, Raiffeisen investiční společnost a.s.
- Raiffeisen fond globálních trhů, otevřený podílový fond, Raiffeisen investiční společnost a.s.
- Raiffeisen fond udržitelného rozvoje, otevřený podílový fond, Raiffeisen investiční společnost a.s.
- Raiffeisen fond flexibilního růstu, otevřený podílový fond, Raiffeisen investiční společnost a.s.

Special funds:

- Raiffeisen chráněný fond ekonomických cyklů, otevřený podílový fond, Raiffeisen investiční společnost a.s.
- Raiffeisen chráněný fond americké prosperity, otevřený podílový fond, Raiffeisen investiční společnost a.s.
- Raiffeisen privátní fond dynamický, otevřený podílový fond, Raiffeisen investiční společnost a.s.
- Raiffeisen privátní fond alternativní, otevřený podílový fond, Raiffeisen investiční společnost a.s.
- Raiffeisen fond optimálního rozložení, otevřený podílový fond, Raiffeisen investiční společnost a.s.

Fund kvalifikovaných investorů:

- Leonardo, otevřený podílový fond

## 4 ADMINISTRATOR

### 4.1 Administration

4.1.1 Administration of the Fund is carried out by the Investment Company. Administration means activities pursuant to Section 38 of the Management Companies and Investment Funds Act. The Investment Company, as the Administrator of the Fund, carries out in particular the following activities:

- a) bookkeeping;
- b) legal services;
- c) compliance and internal audit;
- d) dealing with investors' complaints;
- e) valuation of the Fund assets and liabilities;
- f) determination of the current value of the Units;
- g) performing obligations with respect to taxes, charges or other similar payments;

- h) drafting and updating of the annual reports and semi-annual reports of the Fund;
- i) drafting and updating of Key Investor Information;
- j) drafting of the promotion message related to the Fund;
- k) publication, disclosure and provision of information and documents to Unit-holders and other parties;
- l) reporting and provision of documents to the Czech National Bank; and
- m) distribution and pecuniary payments in relation to the dissolution of the Fund.

4.1.2 The Investment Company may assign the performance of separate administration tasks to another, subject to compliance with the terms and conditions pursuant to the Management Companies and Investment Funds Act.

## 5 AUDITOR

Business name: Deloitte Audit s.r.o.  
Registered office: Karolinská 654/2, 186 00 Praha 8 - Karlín, Czech Republic  
Company no. (IČ): 49620592  
Registered in the Companies Register administered by the Municipal Court in Prague, Section C, File no. 24349

## 6 APPOINTMENT OF ANOTHER ENTITY TO CARRY OUT MANAGEMENT OR ADMINISTRATION

### 6.1 Appointment of RBI

#### 6.1.1 Information on the appointed entity

Business name: Raiffeisen Bank International AG  
Registered office: Am Stadtpark 9, 1030 Wien, Republic of Austria  
Registered with the Commercial Court in Vienna under File no. FN 122119m

#### 6.1.2 Activities carried out by the appointed entity

##### a) Activities related to records and settlement:

The Investment Company delegated on RBI, under the relevant agreements, the performance, in part or in full, of the following activities:

- i. distribution and payment of revenues from the assets of this Fund (Section 38(1)(i) of the Management Companies and Investment Funds Act);
- ii. distribution and payment of pecuniary funds in relation to the dissolution of the Fund, if applicable ((Section 38(1)(q) of the Management Companies and Investment Funds Act);
- iii. keeping records of the book-entry Securities issued by the Fund (Section 38(2)(a) of the Management Companies and Investment Funds Act). These records, which are kept in the form of Separate Records, replace the list of Unit-holders pursuant to Section 109 Management Companies and Investment Funds;

##### b) Activities related to the issue and redemption of the Units:

The Investment Company further delegated on RBI, under the relevant agreements, the performance, in part or in full, of the following activities:

- i. issuing and redemption of the Units (pursuant to Section 38(1)(j) of the Management Companies and Investment Funds Act) and keeping of records (pursuant to Section 38(1)(r) and pursuant to Section 54(1)(a) and (b) of the Management Companies and Investment Funds Act) on issuance and redemption of the Units of the Fund, registering any relevant

modifications regarding accounts contained in Separate Records and arranging for financial settlement in respect of issuing and redemption of the Units.

- c) The role of the contact bank, including without limitation that of performance of some selected information duties to investors (Formal Paying and Information Agent), in the case of notifications of the Fund for its distribution in the territory of the Republic of Austria pursuant to the relevant provisions of the UCITS Directive and the Austrian Investment Funds Act, will also be performed by RBI.
- d) The activities of the contact bank (Operative Paying Agent), in the case of notifications of the Fund for its distribution in the territory of the Republic of Austria pursuant to the relevant provisions of the UCITS Directive and the Austrian Investment Funds Act, will also be performed by RBI.

RBI does not manage any portions of the assets of the Fund.

## **6.2 Appointment of Raiffeisenbank**

### **6.2.1 Information on the appointed entity**

Business name: Raiffeisenbank a.s.

Registered office: Hvězdova 1716/2b, Praha 4, Postal Code 140 78, Czech Republic

Company no. (IČ): 49240901

Registered in the Companies Register administered by the Municipal Court in Prague, Section B, File no. 2051.

### **6.2.2 Activities carried out by the appointed entity**

The Investment Company delegated on Raiffeisenbank, under the relevant agreements, the performance, in part or in full, of the following activities:

- a) management of market risks related to Fund management, under the relevant agreements, including expert valuation of the Fund assets and liabilities;
- b) offering investments in the Fund within the Czech Republic (including performance of selected information duties to investors).

Raiffeisenbank does not manage any portions of the assets of the Fund.

## **6.3 Appointment of Centrální depozitář cenných papírů, a.s.**

### **6.3.1 Information on the appointed entity**

Business name: Centrální depozitář cenných papírů, a.s.

Registered office: Rybná 14, 110 05 Praha 1, Czech Republic

Company no. (IČ): 25081489

Registered in the Companies Register administered by the Municipal Court in Prague, Section B, File no. 4308.

### **6.3.2 Activities carried out by the appointed entity**

The Investment Company may assign to Centrální depozitář cenných papírů, a.s., subject to and under the relevant contract, keeping records of issues of book-entry securities in the Central Securities Records, including without limitation, in the event of issues of global Units.

## **7 DEPOSITORY**

### **7.1 Information about the Depository**

Business name: UniCredit Bank Czech Republic and Slovakia, a.s.

Registered office: Želetavská 1525/1, 140 92 Praha 4, Czech Republic

Company no. (IČ): 64948242

Registered in the Companies Register administered by the Municipal Court in Prague, Section B, File no. 3608.

The Depository is registered in the List of Depositories of Investment Funds administered by the Czech National Bank pursuant to Section 596(e) of the Management Companies and Investment Funds Act.

## **7.2 Basic activities and obligations of the Depository, definition of responsibility**

7.2.1 The Fund Depositories carry out, in particular, the following activities:

- a) keeping in custody of fungible investment instruments contained in the assets of the Fund;
- b) keeping in custody of investment instruments and other Fund assets, if their nature so allows;
- c) opening and keeping of pecuniary accounts and registering the movement of all monies belonging to the Fund assets;
- d) registering, if its nature so allows, or checking the status of the Fund assets other than the assets specified in subpar. (a) and (b); and
- e) recording and checking whether, in accordance with the Management Companies and Investment Funds Act, the Prospectus, the self-executing regulation of the European Union governing management of investment funds, and the provisions of the Depository Agreement:
  - i. the Units have been issued and redeemed;
  - ii. the current value of the Units has been determined;
  - iii. the Fund assets and liabilities have been valued;
  - iv. payments from transactions involving the Fund assets have been made within the usual terms;
  - v. proceeds arising for the Fund are duly used; and
  - vi. instructions of the Fund Manager of the Fund for acquisition or alienation of any values in the Fund assets have been duly executed.

7.2.2 Within the activities of the Fund depository, the Depository executes orders issued by the Investment Company in compliance with the Prospectus and in accordance with the Depository Agreement.

7.2.3 A fund depository, which causes harm to the Investment Company, the Fund or the Unit-holders by breaching its obligation laid down for the performance of its activities as the Depository, shall indemnify them. The Depository shall be released of the obligations for compensation under the preceding sentence only if it can prove that it did not cause the harm even by negligence.

7.2.4 In the event of any loss of investment instruments held by or in custody of the Depository, the Depository shall indemnify the Fund for the resulting damage without any undue delay; in such case, it is irrelevant whether the Depository has delegated some activities on another party.

7.2.5 The Depository is obliged to carry out the activities of the depository with due care, acting in the best interests of the Fund and the Unit-holders.

## **7.3 Consolidation unit**

UniCredit Bank Austria AG, Schottengasse 6-8, 1010 Wien, Republic of Austria, owns a 99.944-percent stake in UniCredit Bank Czech Republic and Slovakia, a.s. The consolidated financial statements of UniCredit Bank Czech Republic and Slovakia, a.s., include, in accordance with the IFRS, all subsidiaries using the full consolidation method and all associated companies using the equivalence method. UniCredit S.p.A., with registered office at Via Specchi 16, Rome, Italy, which is with a 99.944-percent stake the main unit-holder of UniCredit Bank Austria AG, acts as an indirect controlling entity.

## **8 INVESTMENT STRATEGY**

### **8.1 Investment goals**

8.1.1 The Fund acts in the sense of Section 246 of the Management Companies and Investment Funds Act as a feeder fund of the Master Fund. The goal of the Fund's investment strategy is to achieve a moderate

growth of the capital measured in CZK, namely by investing at least 85 percent of the value of its assets in Securities issued by the Master Fund. A smaller balance of the assets (up to 15 percent of its total value) may comprise financial derivatives negotiated exclusively for the purposes of hedging and receivables for the payment of pecuniary funds from accounts denominated in the Czech or foreign currencies.

- 8.1.2 The investment goals of the Fund will be achieved by allocating the pecuniary funds accumulated in the Fund in particular in Securities issued by the Master Fund (at least 85 percent of the value of the Fund assets). Up to 15 percent of the value of the Fund assets will comprise financial derivatives (negotiated exclusively for the purposes of hedging) and receivables for the payment of pecuniary funds from accounts denominated in the Czech or foreign currencies. Since at least 85 percent of the value of the Fund assets will be allocated in Securities issued by the Master Fund, the performance of the Master Fund (measured in EUR) will affect to a significant extent the performance of the Fund (measured in CZK), while any differences in the performance of the Master Fund translated into CZK and the performance of the Fund, will be affected in particular by the application of currency hedging of the CZK/EUR exchange rate in the portfolio of the Fund (the sum of the values of investment instruments denominated in foreign currencies, i.e., any securities issued by the Master Fund, and receivables for the payment of pecuniary funds from accounts denominated in foreign currencies without any currency hedging into CZK, may amount up to 100 percent of the value of the Fund assets). Further differences may result from another implemented hedging (e.g., interest rate risks hedging), receivables for the payment of pecuniary funds from accounts denominated in the Czech or foreign currencies or costs incurred by the Fund.

## 8.2 Basic information about Master Fund

### 8.2.1 Master Fund

Business name:	Raiffeisen-Global-Aktien (in German) Raiffeisen Global Equities (in English)
Registered office:	Mooslackengasse 12, 1190 Wien, Austria
Home country:	Austria
ISIN:	AT0000A0LSS1

### 8.2.2 The Fund Manager of the Master Fund

Business name:	Raiffeisen Kapitalanlage-Gesellschaft m.b.h.
Registered office:	Mooslackengasse 12, 1190 Wien, Austria
Identification number:	83517w – Companies Register administered by the Commercial Court in Vienna (Austria)

### 8.2.3 Depository of the Master Fund

Business name:	Raiffeisen Bank International AG
Registered office:	Am Stadtpark 9, A-1030 Wien, Austria

### 8.2.4 Auditor of the Master Fund

Business name:	KPMG Austria Gesellschaft m.b.H.
Registered office:	Porzellangasse 51, A-1090 Wien, Austria

### 8.2.5 Investment strategy of the Master Fund

The Investment Company has included in this section a translation of a portion of the Prospectus of the Master Fund describing the Investment strategy of the Master Fund.

The translation reflects the description of the investment strategy as contained in the Prospectus of the Master Fund as of the date of issue of the relevant version of the Prospectus of the Fund.

The most complete information of the nature of the Master Fund is provided to the Unit-holders in the Prospectus of the Master Fund, which is available to the Unit-holders in a manner as described in Art. 15.1.2 of the Prospectus.

**Translation of the relevant portion of the Prospectus of the Master Fund**

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

**Notice**

The [Master Fund] seeks to comply with its investment goals. However, no assurance can be provided that these goals will actually be fulfilled. The following description does not reflect a potential investor's individual risk profile. We recommend that investors should obtain expert investment advice for an assessment of whether the investment fund is suitable and appropriate for their personal circumstances.

**II. Investment goal and investment policy**

**[The Master Fund] is an equity fund. Its investment goal is long-term capital growth subject to higher risks. It mainly invests (at least 51 % of its fund assets) in equities and equity-equivalent securities issued by companies which are headquartered or mainly active in North America, Europe or the developed countries of the Pacific region. The fund may also invest in other securities, in bonds and money market instruments issued by countries, supranational issuers and/or companies etc., in units in investment funds and in sight deposits and deposits at notice. The fund is actively managed and is not limited by means of a benchmark.**

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

**The [Master Fund]'s currency is the EUR.**

**The management company may on behalf of [the Master Fund] make derivative transactions as part of its investment strategy. This may at least temporarily mean an increased loss risk in respect of the [Master Fund]'s assets.**

**The overall risk for derivative instruments which are not held for hedging purposes is limited to 60 % of the fund assets.**

**The management company may therefore mainly (in relation to the associated level of risk) invest in derivatives as a component of its investment strategy for [the Master Fund].**

**Due to the [Master Fund]'s makeup and the management techniques selected the fund is subject to increased volatility, i.e. its unit values are exposed to significant upward and downward fluctuations even within brief periods of time. Even capital losses cannot be ruled out.**

The [Master Fund] mainly invests in equities or equity-equivalent securities issued by companies which are headquartered or mainly active in North America, Europe or the developed markets of the Pacific region (i.e. at least 51 % of its fund assets are invested in the form of directly purchased individual securities which are not held directly or indirectly through investment funds or derivatives).

The following investment instruments are purchased for the [Master Fund] assets, while complying with the investment focus outlined above.

The [Master Fund] may purchase securities (including securities with embedded derivative instruments) as permitted by law.

Money market instruments may comprise up to 49 % of the [Master Fund] assets.

Not fully paid-in securities or money market instruments and subscription rights for such instruments or other not fully paid-in financial instruments may only be purchased for up to 10 % of the [Master 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 [the Austrian Investment Funds Act].

Securities and money market instruments which do not fulfil the criteria laid down in the above paragraph may be purchased for up to 10 % of the [Master Fund] assets in total.

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

Derivative instruments may be used as part of the fund's investment strategy for up to 49 % of the [Master Fund] assets (calculated on the basis of market prices) and for hedging purposes.

The commitment figure is calculated pursuant to the 3rd chapter of the 4th Austrian Derivatives Risk Calculation and Reporting Ordinance (*Derivate-Risikoberechnungs- und Meldeverordnung*), as amended. The overall risk for derivative instruments which are not held for hedging purposes is limited to 60 % of the overall net value of the [Master Fund] assets.

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

Within the framework of restructuring of the [Master Fund] portfolio and/or a justified assumption of impending losses for securities, the [Master 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.

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

### III. Techniques and instruments of investment policy

**The [Master Fund] invests pursuant to the investment and issuer limits laid down in InvFG in connection with the [Master Fund] regulations [i.e., its prospectus or foundation deed] and in compliance with the principle of risk diversification. The following is a general description of the assets which may be acquired for the [Master Fund]. The specific investment limits for this [Master Fund] are indicated in item 13.1. of the prospectus and the fund regulations (see appendix [to the Prospectus of the Master Fund]).**

#### Securities

##### **Securities are**

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

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

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

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

The management company [of the Master Fund] may purchase securities which are officially licensed at one of the [local] or foreign stock exchanges listed in the appendix or traded on regulated markets listed in the

appendix [to the Prospectus of the Master Fund] which are recognized and open to the general public and which function in an orderly manner. In addition, the management company may acquire securities from new issues whose terms and conditions of issue include the obligation to apply for an official listing on a stock exchange or regulated market subject to the proviso that their listing must actually take place not later than one year after their day of issue.

### **Money market instruments**

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

Money market instruments may be purchased for the [Master Fund] where these are

1. officially licensed at one of the [local] or foreign stock exchanges listed in the appendix or traded on regulated markets listed in the appendix [to the Prospectus of the Master Fund] which are recognized and open to the general public and which function in an orderly manner
2. normally traded on the money market and freely transferable and liquid and their value may be precisely determined at any time and for which appropriate information is available, including such information as enables an appropriate valuation of the credit risks associated with investing in such instruments may be purchased even if they are not traded on regulated markets, where the issue or the issuer of these instruments is already subject to the relevant provisions concerning protection of deposits and investors and these instruments are either
  - a) issued or guaranteed by a central, regional or local unit of government or by the central bank of a member state, the European Central Bank, the European Union or the European Investment Bank, a third country or – for federal states – a member state of a federation or by an international institution established under public law of which at least one member state is a member or
  - b) issued by companies whose securities are officially licensed at one of the [local] or foreign stock exchanges listed in the Appendix [to the Prospectus of the Master Fund] or traded on regulated markets listed in the Appendix [to the Prospectus of the Master Fund] or
  - c) issued or guaranteed by an institution which is subject to supervision in accordance with the criteria stipulated in Union law (i.e. EU law), or issued or guaranteed by an institution which is subject to and complies with supervisory regulations which in the opinion of the Austrian Financial Market Authority [“FMA”] are at least as stringent as those set out in Union law, or
  - d) issued by other issuers belonging to a category licensed by the [FMA], 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 fulfils the criteria specified in item 2 c.

### **Unlisted securities and money market instruments**

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

### **[Securities] in investment funds**

1. Together with funds pursuant to the following item 2, [Securities] in investment funds (= investment funds and open-end investment companies) pursuant to InvFG which comply with the provisions set out in the Directive 2009/65/EC (UCITS), may be purchased up to an overall amount of 10 % of the [Master Fund] assets where these [investment] funds do not for their part invest more than 10 % of their fund assets in [securities] in other investment funds.
2. [Securities] in any single investment fund pursuant to § 71(2) in combination with § 77(1) InvFG which do



not wholly comply with the provisions set out in the Directive 2009/65/EC (UCI) and whose exclusive purpose is

- for joint account and in accordance with the principle of risk spreading to invest publicly procured monies in securities and other liquid financial investments and
- whose [Securities] are, at the request of the unitholders, repurchased or redeemed at the direct or indirect expense of the assets of the investment fund,

may together with funds pursuant to the above item 1 be purchased up to an overall amount of 10 % of the [Master Fund] assets where

- a) these funds do not invest more than 10 % of their fund assets in units in other investment funds and
- b) they are licensed in accordance with legal provisions which make them subject to supervision which in the opinion of the [financial market authority] is equivalent to supervision under Community law (i.e. EU law) and there is an adequate guarantee of cooperation between the authorities and
- c) the level of protection afforded the unitholders is equivalent to the level of protection afforded the unitholders in investment funds which comply with the provisions set out in the Directive 2009/65/EC (UCITS) and, in particular, the provisions concerning separate safekeeping of the portfolio of assets, the take-up of loans, the extensions of loans and uncovered sales of securities and money market instruments are equivalent to the requirements set out in the Directive 2009/65/EC and
- d) the relevant business activity is the subject of annual and semi-annual reports which enable a judgment to be made as to the relevant assets and liabilities, income and transactions during the period under review.

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

3. [Securities] may also be purchased for the investment fund in investment funds which are directly or indirectly managed by the same management company or by a company, with which the management company is affiliated through joint management or control or a substantial, direct or indirect investment.
4. [Securities] in any single investment fund may be purchased up to an amount of 10 % of the [Master Fund] assets.

#### **Derivative financial instruments**

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

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

1. the underlying instruments are instruments pursuant to § 67 (1) items 1 to 4 InvFG or financial indices, interest rates, exchange rates or currencies in which the [Master Fund] is permitted to invest in accordance with its [Master Fund] regulations,
2. the counterparty in transactions involving OTC derivatives is a supervised institution belonging to a category licensed by the FMA by regulation,
3. the OTC derivatives are subject to a reliable and verifiable daily valuation and at the initiative of the management company [of the Master Fund] may at any time and at an appropriate current market value be sold, liquidated or balanced through an offsetting transaction and
4. they do not lead to the delivery or transfer of assets other than those specified in § 67 (1) InvFG.

The default risk for [the Master Fund] transactions involving OTC derivatives may not exceed the following levels:

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

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

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

#### **b) Use**

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

#### **c) Total return swaps and similar derivative instruments**

*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 [Master Fund] does not currently use *total return swaps* or similar derivative instruments.

#### **Overall risk**

##### **Risk management**

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

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

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

##### **Commitment approach**

The management company [of the Master Fund] applies the *commitment approach* to calculate the overall risk. With this approach, all positions in derivative financial instruments including embedded derivatives within the meaning of § 73 (6) InvFG are converted into the market value of an equivalent position in the underlying instrument of the relevant derivative (underlying instrument equivalent).

Agreements providing for the netting of assets ("netting agreements") or the hedging of assets ("hedging agreements") will be included in the overall risk calculation provided that they do not exclude obvious and significant risks and clearly lead to a reduction in the level of risk.

It is not necessary to include in the calculation positions in derivative financial instruments which do not give rise to any additional risk for the [Master Fund].

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

**The overall risk thus calculated which is associated with derivatives may not exceed 60 % of the [Master**

**Fund] assets, [which] means the total net value of the assets of the Master Fund in the sense of § 73 (5) of the Austrian Investment Funds Act (InvFG)].** In this regard, the management company may increase the [Master Fund]'s level of investment by using derivatives.

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

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

1. Sight deposits or deposits at notice with a maturity not exceeding 12 months may be invested at any one credit institution up to an amount of 20 % of the fund assets if the relevant credit institution
  - > is headquartered in a member state or
  - > is located in a third country and is subject to supervisory regulations which in the opinion of the Austrian Financial Market Authority are equivalent to those set out in Community law.
2. Irrespective of any individual upper limits, an investment fund may not invest with any one credit institution more than 20 % of its fund assets in a combination of securities or money market instruments issued by this credit institution and/or deposits held by this credit institution and/or OTC derivatives purchased by this credit institution. No minimum balance is required.

#### **Borrowing**

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

Borrowing will increase the level of investment and thus the [Master Fund]'s risk.

#### **Repos**

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

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

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

#### **Securities lending**

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

The associated fee is an added source of income and will thus improve the [Master Fund]'s performance.

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

#### **Collateral for securities lending transactions and haircut strategy**

Under the securities lending agreement concluded between the management company [Master Fund] and Raiffeisen Bank International AG, Raiffeisen Bank International AG is obliged to provide collateral for loaned securities. Sight deposits (which are not used for purchasing of further assets and which the custodian bank thus holds as a deposit), bonds, equities, convertible bonds and [Securities] in investment funds are permissible collateral. **Sight deposits are not subject to any haircut** [and] the value of this collateral thus amounts to 100 % of the value of the loaned securities.

**Other collateral** (bonds, equities, convertible bonds and [Securities] in investment funds) will be valued daily on the basis of a **value-at-risk calculation**. The maximum loss which may be expected for this other collateral over a period of three business days will be calculated with a probability of 99 % (confidence interval). The value thus calculated plus a markup of 10 % is the applicable **haircut**, [while] this haircut will amount to at

least 5 % of the value of the other collateral. Recognition of this haircut will entail delivery of the required volume of additional collateral.

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

The following risks – which are described in greater detail in the [Master Fund]'s risk profile section (item 14 of the Prospectus [of the Master Fund]) – apply in connection with lending of securities:

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

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

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

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

#### **8.2.6 Master Fund legal regime**

The Master Fund was established in Austria on 16 October 1986 for an indefinite term as a Standard collective investing fund (UCITS) as defined in the Austrian Investment Funds Act no. 77/2011 dated 1 August 2011 (InvGZ). The Master Fund has been licensed to operate, among other countries, in Austria, and it has been subordinated to supervision by the Austrian authorities in charge of supervising capital markets. The Master Fund complies with the provisions of the Directive of the European Parliament and of the Council no. 2009/65/ES of 13 July 2009, on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as amended. The Units issued by the Master Fund have not been accepted for trading on the regulated market.

More detailed information about the Master Fund is available in par. 15.1 of the Prospectus.

### **8.3 Asset values**

#### **8.3.1 Only the following items may be acquired to the assets of the Fund:**

- a) Securities issued by its Master Fund, subject to compliance with the provisions of Section 248 of the Management Companies and Investment Funds Act;
- b) financial derivatives pursuant to Sections 12 and 13 of the Regulation, which represents a technique serving the management of the Fund and which has been negotiated exclusively for the purposes of hedging, and which comprises, without limitation:
  - i. currency forwards, i.e., agreements of two parties on the purchase or sale of a single currency for another currency for a pre-agreed exchange rate on a pre-agreed future date (in excess of two business days of the date of concluding the deal);
  - ii. currency swaps, i.e., combinations of currency conversions and currency forwards expressed by way of an agreement of two parties on the purchase or sale of a single currency for another currency and at the same time on re-sale or repurchase of the same currency on a pre-agreed future date (in excess of two business days of the date of concluding the deal); the two transactions shall be concluded at the same moment;
  - iii. interest rate swaps, i.e., agreements of two parties on the exchange of cash flows denominated in a single currency, which derive either from a fixed or a floating basis.
- c) receivables in respect of payments of pecuniary funds in the Czech or foreign currencies on behalf of any of the entities pursuant to Section 72(2) of the Management Companies and Investment

Fund Act, typically sight deposits, term deposits or similar products negotiated with a bank in the Czech Republic or any other Member State, with maturity of up to one year.

8.3.2 Financial derivatives pursuant to par. 8.3.1(b) of the Prospectus may be negotiated outside the regulated markets (so-called: OTC derivatives), exclusively subject to the following conditions:

- the counterparties involved in the transactions must possess banking licences valid in the territory of the Czech Republic (i.e., they must be subordinated to the supervision of the CNB) and they must possess a long-term rating of at least of the investment grade issued by at least one of the main rating agencies, and/or such rating must be possessed by the main shareholders of such counterparties;
- the underlying assets in respect of those derivatives may only be denominated in the currency of the investment instruments, which may be acquired by the Fund in its assets (in relation to the Czech crown), and/or interest rates;
- such derivatives will be evaluated on a daily basis in a reliable and verifiable manner, and the Fund is able at any time to realise them or to close them for an amount, which can be achieved among informed parties under usual arm's length conditions.

#### **8.4 Investment limits**

8.4.1 The Fund invests 85 to 100 percent of the value of its assets in Securities issued by its Master Fund pursuant to par. 8.3.1(a) of the Prospectus.

8.4.2 The sum of investments in financial derivatives pursuant to par. 8.3.1(b) of the Prospectus, and in receivables for the payment of pecuniary funds from accounts denominated in the Czech or foreign currencies pursuant to par. 8.3.1(c) of the Prospectus shall not exceed 15 percent of the value of the assets of the Fund.

8.4.3 The Fund shall not acquire in its assets any investments and asset values not listed in par. 8.3.1 of the Prospectus.

8.4.4 Counterparty risk arising from financial derivatives pursuant to par. 8.3.1(b) of the Prospectus, corresponding to the sum of positive real values of such derivatives and from the Fund management techniques shall not exceed in respect of a single contractual party

- a) 10 percent of the value of the assets of the Fund, if such party comprises an entity pursuant to Section 72(2) of the Management Companies and Investment Funds Act; or
- b) 5 percent of the value of the assets of the Fund, if such party comprises an entity other than the entity pursuant to Section 72(2) of the Management Companies and Investment Funds Act.

8.4.5 Investment limits stipulated in par. 8.4.1 to 8.4.4 of the Prospectus shall not apply for the term of three weeks of the date of effect of any modifications of the Prospectus of the Fund pursuant to which the Fund commenced investing in its capacity of a feeder fund of the Master Fund (see par. 2.4 of the Prospectus). Such transitional period (exemption) has been established in order to enable gradual re-investing of the existing portfolio of the Fund so that the best available price can be achieved in selling any investment instruments, while exerting the best professional care and acting in the best interests of the Fund and its Unit-holders. The Investment Company will acquire in the transitional period Securities of the Master Fund for any obtained pecuniary funds and it will gradually adjust the structure of the Fund assets in keeping with the established investment limits.

#### **8.5 Credits, loans, donations and some debts**

8.5.1 Credits or loan can only be accepted on the account of the Fund, if

- a) maturity of such credit or loan is not in excess of six months; and
- b) the sum of values of all such accepted credits and loans shall not exceed 10 percent of the value of the assets of the Fund (this shall be without prejudice to the exposure of the Fund in respect of financial derivatives).

8.5.2 The Fund assets shall not be applied to grant credits or loans, which do not relate to its management; this shall be without prejudice to par. 8.4.4 of the Prospectus and Sections 30 to 44 of the Regulation.

- 8.5.3 The Fund assets shall not be applied to grant donations, to secure debts of another party or to repay debts, which are not related to the Fund management; this shall be without prejudice to par. 8.4.4 of the Prospectus and Sections 30 to 44 of the Regulation.
- 8.5.4 It is not possible to enter into an agreement on the account of the Fund on sale of investment instruments which do not constitute the Fund assets or which it holds temporarily.
- 8.6 Techniques for the management of the Fund, mitigation of risks resulting from use of financial derivatives, and measurements of risk**
- 8.6.1 The techniques for the Fund management only comprise financial derivatives pursuant to Sections 12 and 13 of the Regulation.
- 8.6.2 The techniques pursuant to par. 8.6.1 of the Prospectus may only be applied, if
- a) they have been negotiated exclusively for the purposes of hedging;
  - b) the application of these techniques does not mean circumventing the rules laid down in the Regulation and determined by the Prospectus or the investment strategy of the Fund; and
  - c) any debts of the Fund resulting from the application of these techniques shall always be fully covered from the Fund assets.
- 8.6.3 The Fund Manager of the Fund shall mitigate risks related to the application of financial derivatives in the following manner:
- a) if a financial derivative is to be settled by the Fund by supplying its underlying asset, the Fund Manager shall hold the underlying asset concerned as at the moment of the execution of the contract and throughout the term of the contract relating to such derivative in the Fund assets; in respect of currency derivatives characterised as hedging derivatives according to the international accounting standards regulated by the law of the European Union, it is sufficient to hold a highly liquid asset;
  - b) if a financial derivative is to be settled by the Fund by supplying any pecuniary funds, the Fund Manager shall hold the pecuniary funds concerned or highly liquid assets in the value corresponding to the settlement price of the financial derivative or to highly liquid assets in values corresponding to the settlement price of the relevant financial derivative;
  - c) it shall not apply, with the exception of the cases pursuant to par. 8.6.4 of the Prospectus, any underlying assets, pecuniary funds or highly liquid assets serving to cover one of such financial derivative in order to cover further such financial derivative;
  - d) it shall ensure that the underlying asset of such financial derivative should comply with the investment strategy and the risk profile of the Fund; and
  - e) the Fund Manager shall obtain consent of other contracting parties to the settlement of the financial derivative and the commodity derivative prior to their maturity, provided that the settlement will match the fair value of the financial derivative and the commodity derivative.
- 8.6.4 The Fund Manager of the Fund shall hold any pecuniary funds of this Fund in order to mitigate the risk posed by the use of the financial derivatives only up to the amount of the difference of their settlement prices if it concerns the case pursuant to par. 8.6.3(b) of the Prospectus and if another financial derivative has been negotiated
- a) with another contracting party in order to close an open position from the financial derivative, and these financial derivatives are settled on the same day; or
  - b) with the same contracting party in order to close an open position from the financial derivative, and the settlement date of these financial derivatives does differ by more than seven days.
- 8.6.5 The determination of the total Fund exposure is performed at least once a day, using a standard liability method, the value at risk (VaR) method, or any other advanced risk measurement method pursuant to Sections 36 to 43 of the Regulation. The Fund Manager of the Fund shall ensure that the chosen method of determination of the total exposure is appropriate with respect to the applied investment strategy of the Fund, the types and complexity of the derivatives used, and the share of

derivatives in the Fund assets. The following aspects shall be taken into account when determining the total exposure of the Fund:

- a) the current value of the underlying assets of the derivatives;
- b) the counterparty risk with respect to the party with which the derivatives have been negotiated;
- c) the expected future movements on the market;
- d) the term after which the positions of the fund related to the derivatives can be closed.

8.6.6 If the determination of the total exposure of the Fund is performed using a standard liability method, the total Fund exposure shall be determined by adding to the Fund exposure relating to the derivatives an aliquot part of

- a) the Master Fund exposure relating to the derivatives and corresponding to the relevant share in the Securities issued by the Master Fund held in the assets of the Fund; or
- b) the highest exposure ratio relating to the derivatives, which the Master Fund may achieve according to its Prospectus or a similar document, and corresponding to the share in the Securities issued by the Master Fund held in the assets of the Fund.

8.6.7 If the determination of the total exposure of the Fund is performed using a standard liability method, the exposure relating to financial derivatives shall not at any moment exceed 100 percent of the value of the capital of the Fund; if the limit is exceeded due to changes of fair values, the position of the Fund with respect to financial derivatives shall be modified without undue delay, so that the exposure with respect to financial derivatives and commodity derivatives complied with the limit.

8.6.8 If the determination of the total exposure of the Fund is performed based on the model of absolute risk value the value at risk must not exceed 20 percent of the value of the assets of the Fund.

8.6.9 If the determination of the total exposure of the Fund is performed based on the model of relative risk value the value at risk must not exceed double the risk value of the reference portfolio.

## 8.7 Characteristics of a typical investor

The Fund is intended for investors with low risk aversion and an extended investment horizon, that believe in long-term growths of the equity markets. A typical investor should be aware of the risks associated with investments (including but not limited to market risk, currency risk, credit risk, risk of lack of liquidity, and emerging markets risk) and should be prepared to accept the risk of possible losses resulting from investments. The Fund, depending on the composition of its assets and management techniques, may show high volatility, when the value of the Fund Units may be exposed to high up-and-down fluctuations within a short period of time, even not excluding losses of capital. A typical investor, therefore, should be willing to set aside invested capital for the term of at least ten years.

## 9 INFORMATION ABOUT RISKS

### 9.1 The risk profile of the Fund

9.1.1 Prices of the Securities on capital markets can fluctuate up and down and their development cannot be predicted. Yields achieved in the past are not a guarantee for achievement of the same yields in the future. The Investment Company tries to minimize the risks associated with the investment in Securities and to increase the probability of achieving yields. A success of the investment or return on the amount invested, however, is not guaranteed.

9.1.2 The current value of the Units (and thus the value of the investment) can increase or decrease relative to the purchase price.

9.1.3 The risk profile of the Fund is based on the risk profile of the Master Fund. The risk profile of the Master Fund and the risk profile of the Fund based on the risk-yield ratio is primarily expressed as the synthetic indicator (so-called Synthetic Risk and Reward Indicator – SRRI):

← Potentially lower yield		Potentially higher yield →				
← Lower risk		Higher risk →				
1	2	3	4	5	6	7

The Synthetic Indicator takes into account fluctuations of the value of the Units and it shows the potential yield of investments in relation to the degree of risk inherent in the Fund. The higher the number, the higher the potential yield but the less foreseeable the yield, and investors could therefore suffer a loss. However, even the lowest number does not mean that an investment is entirely free of any risk; it rather indicates that – in comparison to higher numbers – the investment offers a lower but more foreseeable yield.

The risk profile of the Master Fund is based on historical data and it cannot reliably indicate risk and yield developments in future. If a fund is included in Category 1, it does not mean that the relevant investment is completely free of any risks. Risk evaluation may change in future. Based on past fluctuations of the current value of the Units of the Master Fund or a comparable portfolio or any applicable specification of the risk, the Master Fund has been included in Risk Group 6. The Fund has been included in Risk Group 6 also because its investment strategy follows the investment strategy of the Master Fund, and it does not differ from it in any substantial manner. This figure was determined based on historical information, which is not always a reliable guide when it comes to the future risk profile of the Fund. Such Fund rating in respect of its risk category does not have to be permanent and the Fund can be later re-categorized. The Synthetic Indicator is re-evaluated on regular basis and the current information on its amount is published in a manner allowing for remote access on the web site: [www.rfis.cz](http://www.rfis.cz); furthermore, it is available in Key Investor Information.

- 9.1.4 The mechanism of issuing and redemption of Securities of the Master Fund derives from the fact that the Fund acts as a unit-holder of the Master Fund. The Securities of the Master Fund are issued to the benefit of the Fund against payments made to a summary account of the Master Fund. The Securities of the Master Fund are then redeemed by writing off the respective number of the Securities from the asset account of the Fund against payments to the account of the Fund. The Management Company issued instructions for issuance and redemption of Securities of the Master Fund at times as agreed between the Investment Company and the Fund Manager of the Master Fund; such instructions shall be implemented in a standard manner in compliance with the relevant provisions of the Prospectus of the Master Fund; the relevant confirmations are delivered to the Investment Company.

## 9.2 Types of risks

- 9.2.1 Risks related to investing in the Master Fund – since at least 85 percent of the Fund assets will be invested in Securities issued by the Master Fund, the risk profile of the Master Fund affects significantly the risk profile of the Fund. The below-described risks show in detail the risks inherent in the Fund, including risks to which the Master Fund is exposed; they are also described in detail in the Prospectus of the Master Fund (see par. 15.1.2 of the Prospectus). The risks have been sorted according to their relevance and gravity.
- 9.2.2 Market risk – A risk associated with an unfavourable development of the price or value of the individual asset values owned by the Fund including the value of hedging operations and assets in general (mainly prices of Securities, exchange rates or interest rates). Such unfavourable development may result from the macro-economic situation, the economic situation of the individual issuers or from events that would affect the market in an indirect manner, such as the political situation.
- 9.2.3 Currency risk – It is also part of the market risk. It is related to fluctuations of exchange rates of the currencies in which investments of the Fund are denominated, relative to the exchange rate of the Czech crown (CZK) in which the value of the assets of the Fund is kept. If the exchange rate of the currency in which the investment is denominated relative to the exchange rate of CZK declines the value of the assets in the Fund goes down although the exchange rates of the relevant Securities in the capital markets are stable, and vice-versa.
- 9.2.4 Risk of financial derivatives at the Master Fund level – As a result of the adjustments of the Master Fund and its selected management techniques, the Master Fund may be exposed to increased volatility, i.e., the value of its Securities is exposed to significant ups and downs, even within short periods of time. Therefore, capital losses cannot be excluded. The Fund Manager of the Master Fund is



free to acquire as part of the routine management of the Master Fund and subject to certain conditions and restrictions, derivative investment instruments in the sense of the Austrian Investment Funds Act, as specified in the relevant regulatory documents of the Master Fund.

The Investment Company considers it important to caution the Unit-holders in connection with investments in derivatives that financial derivatives represent financial contracts whose value depends on or has been derived from the value of their underlying assets; that derivatives bear risks which may be in some cases higher than risks inherent in more traditional investments in Securities; that derivatives may also bear leverage risks (low investments may result in both high yields but also in high losses).

Investments in derivatives thus may represent, without limitation, the following risks:

- a) acquired rights of limited duration may fall in price or lose value;
- b) the risk of loss cannot be determined with certainty and may exceed the collateral;
- c) use of transactions designed to exclude or reduce risks may not be possible or will be possible only at such market price, which causes a loss;
- d) the risk of loss may increase if obligations associated with these transactions or payments that may be required as a result of these transactions are denominated in a foreign currency;

The following additional risks may apply for transactions involving off-exchange (OTC) derivatives:

- a) difficulties involving sales of off-exchange (OTC) financial instruments to third parties because no organised market exists for them; settlement of mutual obligations can be complicated due to the existence of an individual agreement or it may require significant costs (liquidity risk);
- b) economic success of off-exchange (OTC) transactions may be impaired as a result of an inability to pay of a contracting party(counterparty risk);

Since the Fund invests in Securities of the Master Fund, such risks also apply to the Fund.

- 9.2.5 Credit risk – A risk that the issuer or the counterparty is unable to fulfil its financial obligations; most often the bond issuer does not fulfil its obligation to pay the agreed interest or principal. In spite of the most careful selection of the Securities it cannot be ruled out that a loss will occur due to such failure of the issuers of Securities to fulfil their obligations.
- 9.2.6 Interest rate risk – It comprises risk of change of the interest rates. It is a special part of the market risk. Changes of market interest rates can result, among other things, from a change of the economic situation and the responding policy of the relevant central bank. If the market interest rates grow the prices of Securities with fixed interest rate usually decrease, and vice-versa. Price fluctuations caused by the changes of market interest rates are different, depending on the time to maturity of the fixed-interest Security. Fixed-interest Securities with shorter time to maturity thus have lower interest rate risk than the same Securities with longer time to maturity. However, fixed-interest Securities with shorter time to maturity typically have lower yields than fixed-interest Securities with longer time to maturity.
- 9.2.7 Concentration risk – The risk comprises the possibility of a failure of the investment if the invested funds are concentrated into a single investment instrument or a type of investment instrument or, as the case may be, due to uneven distribution of the invested funds among the different issuers or types of issuers. The probability of a failure of investments focusing on a certain type of investment instrument/issuer is affected by the joint risk factor, for example, conducting business in the same industry or the same geographic region, carrying out the same activity or trading in the same commodity.
- 9.2.8 Risk of insufficient liquidity – The Master Fund invests primarily in Securities that are properly traded on domestic and foreign regulated markets or on organised markets which are generally recognised, are accessible to the public and function correctly, or on so-called OTC markets. In addition, it purchases Securities from new issues whose issuance terms include an obligation to file an application for registration for official listing in a stock exchange or an organised market, if the registration is achieved not later than one year after the issue of the Securities. In the case of certain individual Securities, which are only traded to a limited extent or in certain segments of the stock exchange, it may be difficult to sell the Securities at the required point of time or, as the case may be, to achieve a

reasonable price at the required time, which could, in extreme cases, result in the Master Fund, and consequently the Fund itself, not being able to fulfil its obligations under requests for redemption of the Units, and in suspension of the issuance and redemption of the Units.

- 9.2.9 Settlement risk – A risk that the settlement of a transaction will not be executed as originally expected due to the fact that the counterparty fails to pay or to supply the investment instruments within the set term. This risk consists primarily of potential loss of investment opportunity. Since transactions of the Fund, with the exception of transactions whose nature rules it out (e.g., primary subscription for Securities) and with the exception of foreign exchange (FX) operations, are performed essentially against cash payments (delivery versus payment), the risk of direct loss is low.
- 9.2.10 Operational risk – It consists of a loss due to the lack or failure of internal processes or human factor or due to external events and the risk of loss of property entrusted into custody or other administration, which may be caused in particular by insolvency, negligence or a wilful act of the party which has the Fund's assets or Securities issued by the Fund in custody or other administration.
- 9.2.11 Developing markets risk – A sum of risks which typically do not occur in the most developed markets. The nature of these risk is:
- a) political, i.e., instability and volatility of the political situation and environment;
  - b) economic, i.e., high rate of inflation, risks associated with investments in recently privatised companies and with devaluation of the currency, insufficiently developed financial markets;
  - c) legal, i.e., legal uncertainty and generally difficult recognition and/or enforceability of rights;
  - d) fiscal/tax, i.e., the tax burden may be very heavy and there is no guarantee of a uniform and coherent interpretation of legal texts. Local authorities often have discretionary powers to impose new taxes, sometimes with retroactive effects;
  - e) risk of loss caused by the lack of suitable systems for transfer, valuation, payment, clearance, process of registration of Securities, custody of Securities and facilitation of operations.

These risks may result in increased volatility of prices of investment instruments.

- 9.2.12 Risk of financial derivatives at the Fund level – The risk represents both a systematic risk of the instrument itself (risks of underlying assets) and the risk of a failure on the part of the counterparty (the risks are similar to those described in Art. 9.2.4 of the Prospectus in relation to the Master Fund). In view of the fact that financial derivatives will be applied within the Fund investment strategy especially as hedging instruments (currency and interest rate risk management), the most dangerous financial derivative risks are in that the performance of the underlying assets (interest rates, exchange rates, etc.) will be opposite to that expected and the Fund will miss the opportunity to generate sufficient yields. The Investment Company considers it important to warn the Unit-holders in connection with investments in derivatives about the fact that such financial derivatives represent financial contracts whose value depends or derives from the value of the underlying assets; derivatives bear risks which in some cases exceed risks inherent in more traditional investment in Securities, and derivatives may also face the leverage risk (low investments may result in both high yields and high losses).
- 9.2.13 Risk of Repos at the Master Fund level – The Master Fund may apply Repo deals. Repos comprise two basic risks: counterparty risks and risks of underlying assets, i.e., the risk inherent in the investment instrument itself. In Repos, there exist primarily risks of counterparty failures due to, for example, an increase in the exchange rate of the hedging investment held on its account by the counterparty, which may give rise to intent not to return the investment. In Reverse Repo, risks of underlying assets result, for example, from the fact that a receivable held by the Master Fund is not repaid and the hedging investment instrument is included in its assets instead. In such cases, the Master Fund would face the risks associated with the holding of such investment, in particular, the market risk. Since the Fund invests in Securities of the Master Fund, such risks also apply to the Fund.
- 9.2.14 Risk of premature dissolution, and/or deletion of the Fund – Due to reasons defined in legislation, e.g., if the Fund does not have a depository for more than three months or if the amount of the Fund asset value does not reach at least EUR 1,250,000, within six months of the date of incorporation, or if the CNB withdraws from the Investment Company its licence to act as an investment company, due to a

decision of a court, or for reasons pursuant to par. 15.4 of the Prospectus, the Fund may be dissolved, and/or deleted from the list maintained by the CNB. As a result, it is not guaranteed that a Unit-holder would remain a Unit-holder of the Fund for the whole term of its investment horizon, which may have negative impact on the expected return on the investment.

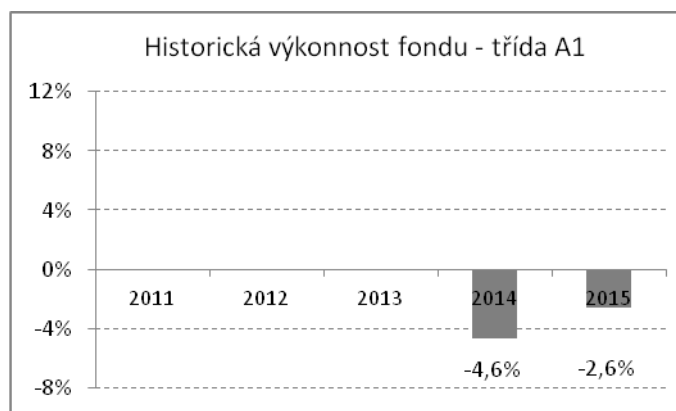
- 9.2.15 Disk of dissolution of the Master Fund – The Master Fund may be dissolved due to reasons outside the reach of the Investment Company. In such case, the Fund – subject to the fulfilment of certain statutory conditions – may start investing in another master fund or continue investing as a regular Standard Fund. Under certain conditions, the Fund may be dissolved with liquidation. Therefore, the Fund investment strategy may change in the course of the investment horizon or the Fund may be dissolved with liquidation, which can affect negatively the value of investments.
- 9.2.16 Risk of accumulation of charges – As a result of the Fund investment strategy, the Unit-holders bear a proportionate share of charges paid by the Master Fund (e.g., management fees, depositary fees, etc.); the charges are expressed in the synthetic TER shown in par. 14.1 of the Prospectus. The Fund Manager of the Master Fund reimburses to the Fund assets, as an incentive, part of the charges for the management of the Master Fund, in proportion to the size of the Fund assets invested in Securities of the Master Fund – see. par. 14.4.4 of the Prospectus.

### 9.3 Risk management

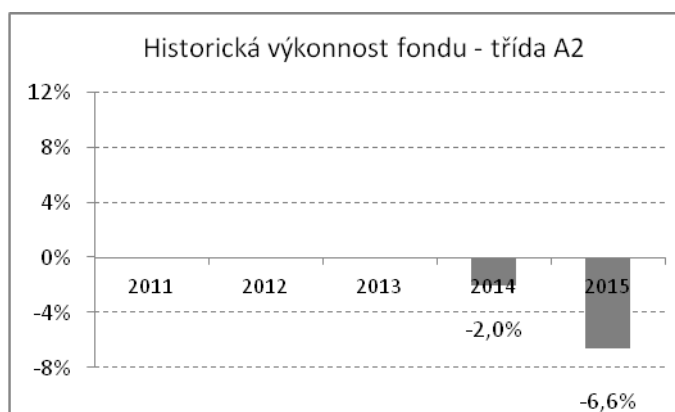
The Investment Company is responsible for risk management and it takes all necessary measures in order to be able to check and measure at any time the risks associated with the different positions in the portfolio as well as the overall portfolio risk.

## 10 INFORMATION ABOUT HISTORICAL PERFORMANCE

The determination of historical performance is based on the net asset value of the Fund and on the assumption that all yields of the Fund will have been re-invested. Information about the historical performance of the Fund does not indicate future performances. The determination of the Fund historical performance incorporates all and any fees and costs paid from the Fund assets, with the exception of any potential entry and exit fees (surcharges and deductions) related to the issuance and redemption of the Fund Units. The Fund has existed since 2014. Such performance is determined in CZK.



Key: Historical performance of the Fund – Class A1



Key: Historical performance of the Fund – Class A2

The chart shows the historical performance of the Fund covering the entire term of its existence; the historical performance of the Fund covering the period from 21 May 2014 until 31 December 2015 (columns 2014 and 2015) has been achieved under such circumstances that no longer apply because the Fund did not invest in its capacity of a feeder fund in the Master fund at that time. Ever since the effective date of the modification of the Prospectus (see par. 2.4 of the Prospectus) the Fund has invested in its capacity of a feeder fund of the Master Fund, so that the information about the historical performance of the individual Classes of the Fund achieved prior to that date do not correspond to the currently described investment.

Unit Class A2 – Dividendová was cancelled as of the effective date of the modification of the Prospectus (see par. 2.4 of the Prospectus) and no longer exists as of that date.

Unit-holders may check the historical performance of the Master Fund (in EUR) in the Prospectus of the Master Fund, to be acquired in a manner described in Art. 15.1.2 of the Prospectus.

## 11 PRINCIPLES FOR THE MANAGEMENT OF THE FUND AND PAYMENT OF PROFIT OR YIELD SHARES

- 11.1.1 The Fund is managed by the Investment Company with professional care. The Investment Company exercises the ownership rights to the Fund assets in its own name and on the account of the Unit-holders.
- 11.1.2 In the management of the Fund assets, the Investment Company follows the rules of prudent practices, the rules applicable to management of the Fund assets, and the rules of conduct comprising, among other things, priority given to the interests of the Unit-holders over own interests and interests of third parties.
- 11.1.3 The financial year of the Fund equals to calendar year, always starting on 1 January and ending on 31 December of the next year. The first financial year of the Fund starts on the date of entry of the Fund into the list maintained by the Czech National Bank.
- 11.1.4 Audited financial statements of the Fund as well as decisions on the distribution of profit or other proceeds from the Fund assets or, as the case may be, on the coverage of losses, shall be approved by the Board of Directors of the Investment Company. Unless decided by the Board of Directors of the Investment Company otherwise, the full profits will be retained in the Fund assets as a source of reinvestments.
- 11.1.5 Information about titles to payment of a profit share or any other yields from the Fund assets on re-investing of such sources is carried in par. 12.3 of the Prospectus.
- 11.1.6 The assets and liabilities of the Fund shall be assessed at fair value. The method of determination of the fair value of the assets and liabilities of the Fund and the method of determination of the current value of the Units shall be governed by the applicable legislation, in particular, Sections 190 to 202 of the Management Companies and Investment Funds Act.

- 11.1.7 The assets and liabilities of the Fund shall be valued as of the date of determination of the current value of the Unit and as of the end of the financial year or, as the case may be, as of the date of the extraordinary financial statements.
- 11.1.8 The first determination of the current value of the Units shall be made on and as of the date pursuant to the Notification of Commencement of Offering, then the current value of the Units shall be determined usually for each Business Day. The current value of the Units shall be determined usually for each Business Day, on the following Business Day, but at least once in two weeks, or for every day when the Units were issued and redeemed. The current values of the Units are published in a manner allowing for remote access on the web site: [www.rfis.cz](http://www.rfis.cz). In justified cases, the Investment Company may determine the current value of the Units valid for several days.
- 11.1.9 The current value of the Units shall be calculated with precision to 6 decimal places with subsequent arithmetic rounding to 4 decimal places.
- 11.1.10 The current value of the Units will be determined as a ratio of the assets of the Fund and the number of the Units. The determination of the current value of the Units will be based on the assets of the Fund as of the date in respect of which the determination of the current value of the Units has been performed. The Fund assets will take into consideration any accrued or deferred current expenses, in particular, fees listed in the Prospectus, for example, management fees, administration fees, depositary fees, fees for auditors, and any expected tax duties as of the date in respect of which the Fund assets determination is performed. The amount of the Fund assets shall be determined as a sum of the values of all capital funds, retained profits, and the current year profits, after tax.
- 11.1.11 In keeping with Section 5(3) of the Management Companies and Investment Funds Act, the provisions of Sections 1401, 1415(1) and 1432 to 1437 of Act no. 89/2012 Coll., the Civic Code, shall not apply to the management of the Fund.

## **12 SECURITIES ISSUED BY THE FUND**

### **12.1 Fund Units**

- 12.1.1 The Fund issues Units. All Units are issued in book-entry form, unregistered; the Units may also be issued in the form of global Units.
- 12.1.2 The Fund Units have been assigned the following ISIN: CZ0008474442.
- 12.1.3 The Units have no nominal value.
- 12.1.4 The Units will be issued and redeemed during a term as shown in the Notification of Commencement of Offering for CZK 1; this, however, not longer then for the term of three months.
- 12.1.5 The Units have not been accepted for trading on the European regulated market or in multilateral trading systems.
- 12.1.6 The Units may be offered also in other countries of the European Union subject to compliance with the conditions laid down by the relevant regulations.
- 12.1.7 The current value of the Units is determined in CZK. Investments in the Fund can be only made in CZK. Payments for redeemed Units are made only in CZK.

### **12.2 Entity keeping the records of the issuance of the Units**

- 12.2.1 Records of the Units are kept by the entity keeping the Separate Records on the accounts of the Unit-holders or on the accounts of its customers. A customer account can be opened, based on the relevant agreement, by the entity keeping the Separate Records only for entities authorised to keep Follow-Up Records. A unit-holder account can be opened by the entity keeping the Separate Records or the entity keeping Follow-Up Records under a relevant agreement with the Unit-holder. The Separate Records and the Follow-Up Records are kept in keeping with Section 93 of the Capital Market Undertakings Act and the Decree on keeping records or, as the case may be, pursuant to the corresponding similar legislation in force in the EU Member State where the entity keeping the Separate Records or the entity keeping Follow-Up Records has its registered office.

12.2.2 An individual or a legal entity shall become a Unit-holder on the date of the crediting of the Units to its unit-holder account in the Separate Records or their crediting to the customer account in the Separate Records and the unit-holder account in the Follow-Up Records.

12.2.3 The list of Unit-holders is replaced with records of book-entry units.

### **12.3 Rights associated with the Units**

12.3.1 In particular, the following rights are associated with all types of the Units:

- a) a Unit-holder's share in the assets of the Fund;
- b) the right to redemption of the Unit for its current value published as of the date on which the Investment Company received the Unit-holder's request for the redemption of the Unit;
- c) the right to receive payments of the current value of the Unit not later than within two weeks of the date of receipt of the request for the redemption of the Unit;
- d) the right to receive payments of a share upon dissolution of the Fund with liquidation, not later than within three months after the date of settlement of the receivables and payables resulting from the management of the assets of the Fund;
- e) the right to receive for free Key Investor Information and, if requested by the Unit-holder, also the Prospectus, the last published annual reports or semi-annual reports of the Fund;
- f) the right to redemption of the Units pursuant to Section 211 of the Management Companies and Investment Funds Act in the event of increase of the Investment Company fee or the exit charge above the sum specified in the Prospectus for the term of at least 30 days of the date of publication of such information about an increase of the Investment Company fee or the exit charge, complete with the date of the expiration of the relevant term.

12.3.2 Unit-holders shall not be entitled to receive any profit sharing or any other yields generated from the Fund assets; unless decided by the Board of Directors of the Investment Company otherwise pursuant to par. 11.1.4 of the Prospectus, the full profits will be retained in the Fund assets as a source of reinvestments.

### **12.4 Manners of proving ownership titles to Units**

Ownership titles to Units shall be proven by way of statements from owner's accounts in the Separate Records, and/or the owner's account in the Follow-Up Records, and an ID.

## **13 ISSUANCE AND REDEMPTION OF SECURITIES OF THE FUND**

### **13.1 Issuance of Units**

13.1.1 The Investment Company issues Units for a price determined with the help of the current value of the Fund published for the relevant Trading Day. Such amount may be increased by adding the entry fee.

13.1.2 The Distributor shall deliver an application for the issuance of Units to the person in charge of keeping the Separate Accounts on or before 4.00 p.m. on the Trading Day. Such application for the issuance of Units delivered at any time within the term commencing on the previous Trading Day until the above-described time, shall be deemed as delivered on the Trading Day. The person in charge of keeping the Separate Records may also accept such applications on the same day after the expiration of the above-described term.

13.1.3 Such application for the issuance of Units may seek any specific number of Units or any specific amount in CZK which the Unit-holder wishes to invest.

13.1.4 If the Units have been issued against an application for the issuance of Units seeking a specific number of Units, the relevant Unit-holder will have been issued the specific number of Units against the payment of an amount corresponding to a product of the number of the Units issued and the current value of the Units published as of the Trading day (potentially, with the entry fee added) rounded up to two decimal points. The resulting rounding difference constitutes an income of the Fund.

13.1.5 If the Units have been issued against an application for the issuance of Units seeking a specific amount in CZK which the Unit-holder wishes to invest, the relevant Unit-holder will have been issued the

specific number of Units corresponding to a quotient of the invested amount and the current value of the Units published as of the Trading Day (potentially, with the entry fee added) rounded down to a whole number. The resulting rounding difference constitutes an income of the Fund.

- 13.1.6 The Units will have been issued by their crediting to the owner's account in the Separate Records or by their crediting to the customer's account in the Separate Records, and to the owner's account in the Follow-Up Records, i.e., the new Units will have been issued without any undue delay following the Trading Day but not before the pecuniary funds will have been credited to the Fund account maintained by the person keeping the Separate Records. Units will have usually been issued within five Business days after the Trading Day.
- 13.1.7 Minimum amount of each individual investment, including the entry fee, in respect of each individual purchase of Units, equals CZK 500. If the amount that the investor wishes to invest is lower than the minimum invested amount, the Investment Company may refuse such application for the issuance of Units.

### **13.2 Redemption of Units**

- 13.2.1 The Investment Company redeems Units using the Fund monies for the current value of the Units published as of the Trading Day. The Investment Company shall charge no exit fee.
- 13.2.2 The Distributor shall deliver an application for the redemption of Units to the person in charge of keeping the Separate Accounts on or before 4.00 p.m. on the Trading Day. Such application for the redemption of Units delivered at any time within the term commencing on the previous Trading Day until the above-described time, shall be deemed as delivered on the Trading Day. The person in charge of keeping the Separate Records may also accept such applications on the same day after the expiration of the above-described term.
- 13.2.3 Such application for the redemption of Units may seek any specific number of Units or any specific amount in CZK which the Unit-holder wishes to receive. Such application may be filed exclusively by a Unit-holder, i.e., a person holding the relevant number of Units on their asset account.
- 13.2.4 If the Units have been redeemed against an application for the redemption of Units seeking a specific number of Units, the relevant Unit-holder will have been paid an amount corresponding to a product of the number of the redeemed Units and the current value of the Units published as of the Trading Day rounded down to two decimal points. The resulting rounding difference constitutes an income of the Fund.
- 13.2.5 If the Units have been redeemed against an application for the redemption of Units seeking a specific amount in CZK which the Unit-holder wishes to receive, the relevant Unit-holder will have been paid an amount corresponding to a product of the number of the redeemed Units (determined as a quotient of the required amount and the current value of the Units published as of the Trading Day, rounded up to a whole number) and the current value of the Unit published as of the Trading Day rounded down to two decimal points. The resulting rounding difference constitutes an income of the Fund.
- 13.2.6 Redemption of the Units will have been executed by the debiting of the Units from the owner's account in the Separate Records or by their debiting from the customer's account in the Separate Records, and the owner's account in the Follow-up Records; i.e., the Units will have been cancelled. At the same time, the Investment Company will perform financial settlement of the redemption of the Units. The term 'financial settlement' means for this purpose the delivery of the relevant cash amount to the account of the Unit-holder, and/or the person in charge of keeping the Follow-up Records. Units will have usually been redeemed within five Business days after the Trading Day, however, not later than within two weeks after the Trading Day.
- 13.2.7 The minimum number of Units redeemed from a Unit-holder shall amount to 500 pieces or it is expressed as an equivalent amount in CZK. If the number of Units on the owner's account or a customer's account in the Separate Records or on the owner's account in the Follow-up Records is lower than 500 pieces, the Investment Company may redeem all Units listed on such accounts.

### 13.3 Joint provisions regarding issuance and redemption of Units

- 13.3.1 Applications for the issuance or redemption of Units may be filed with the Investment Company in particular via the Points of Sale.
- 13.3.2 The person in charge of keeping the Follow-up Records purchases or sells Units on behalf of the Unit-holders via the person in charge of keeping the Separate Records.
- 13.3.3 Unit-holders will have been informed about the issuance or redemption of Units by way of statements delivered by the person in charge of keeping the Separate Records or the owner's account in the Follow-up Records using an agreed frequency of change statements, however, always in keeping with the relevant legislation governing the terms to the delivery of such confirmations.
- 13.3.4 In extraordinary cases, the Investment Company may decide to suspend any issuance or redemption of Units, not longer than for the term of three months, if it is essential for the protection of the rights or legally protected interests of Unit-holders. Redemption of Units may be suspended, in particular, if it is not possible to determine in an objective manner the current value of Units because the information required in order to determine such value has not been available and any potential deviation reaches significant values, or in the case of a reduced liquidity of the Fund assets. The Investment Company may also decide to suspend any issuance and redemption of the Units, if the issuance and redemption of the Units of the Master Fund has been suspended. The Investment Company shall publish a report about the decision to suspend the issuance and redemption of Units in a manner allowing for remote access on the web site: [www.rfis.cz](http://www.rfis.cz).

### 13.4 Special provisions governing handling of Units

- 13.4.1 Owners of Units can be changed by way of transfer or passing. Transfer or passing of Units may be performed exclusively via the person in charge of keeping the Separate Records of the Follow-up Records.
- 13.4.2 If any recorded data of any Unit-holder should change (including information about tax residency), the Unit-holder shall report such changes without any delay, in particular, via any of the Points of Sale, and/or the Investment Company. Any potential consequences of a failure to comply with such duty shall be borne by the Unit-holder.

## 14 FEES AND EXPENSES

### 14.1 Structures of fees and expenses applicable to types of Units:

One-off charges taken before or after you invest. (This is the maximum amount that might be taken out of investors' money before it is invested or before the proceeds of such investments are paid out.)	
<b>Entry fee (surcharge)</b>	<b>up to 4% of the invested amount<sup>1</sup></b>
<b>Exit fee (deduction)</b>	<b>0</b>
Charges taken from the Fund over a year.	
<b>Ongoing charge (TER)<sup>2</sup></b>	<b>2.24%<sup>3</sup></b>
<b>Synthetic TER<sup>4</sup></b>	<b>2.29%<sup>3</sup></b>
Charges taken under special conditions from the Fund assets.	
<b>Performance fee</b>	<b>up to 20% of profit<sup>5</sup></b>

<sup>1</sup>) Surcharge:

- The Unit-holders can be charged a lower surcharge at the discretion of the Investment Company.
- The amount of the surcharge may be graded according to the volume of the invested amount.
- Information on the current amount of the surcharge and its potential grading according to the volume of the invested amount is available at the registered office of the Investment Company, at all Points of Sale and on the web site: [www.rfis.cz](http://www.rfis.cz).
- Unit-holders that are not charged the surcharge may be charged by the Distributor of the Units a fee for arranging their purchase, which - however - may not exceed the maximum amount of the surcharge.



<sup>2)</sup> The Total Expense Ratio (TER) equals the ratio of the total expense to the average monthly Fund asset value. This indicator shows the ratio of expenses to the Fund assets.

<sup>3)</sup> Ongoing charge (TER) and Synthetic TER cover costs and other charges paid from the Fund assets in 2015 when the Fund did not invest as the feeder fund of the Master Fund (these costs reflect in the performance of the relevant investment, they are not billed directly to investors) and they may fluctuate from year to year.

<sup>4)</sup> As regards funds investing more than 10 percent of their assets in other funds, it is also required to state the so-called Synthetic TER. Synthetic TER equals the sum of own TER and TER of each of the target funds in a ratio corresponding to the ratio of the investments in the target fund to the Fund assets, the percentage ratio of deductions, surcharges, and fees payable to the target funds to the average monthly Fund asset value will be included in the target funds TER.

<sup>5)</sup> Performance fee shall be determined from the Fund profit before tax. The Investment Company may charge the Fund lower Performance fee.

## 14.2 Expenses paid from the Fund assets

Expenses paid from the Fund assets include, without limitation:

- a) administration and court fees;
- b) taxes;
- c) fee for the performance of the function of Depository pursuant to Art. 14.3 of the Prospectus;
- d) fee payable to the Investment Company for the management of the assets and administration of the Fund pursuant to Art. 14.4 of the Prospectus;
- e) costs of accounting and tax audits;
- f) bank fees;
- g) fee for custody, administration, and deposits of foreign Securities in foreign banks or other depositories, fee for custody of the Securities entrusted for custody to the Depository, fee for the maintenance of asset accounts and administration of the Securities by the Central Depository;
- h) interests on loans and credits received;
- i) costs of charges and commissions for transactions with investment instrument;
- j) costs of expert opinions required by the generally binding legislation;
- k) expenses paid from the Fund assets due to its investments in Securities of the Master Fund include, without limitation:
  - i. costs of translation of the financial statements of the Master Fund.

The Fund Manager of the Master Fund shall not charge the Fund any deductions, surcharges or any other fees in connection with the issuance and redemption of any units of the Master Fund, pursuant to the agreement by and between the Fund Managers and Administrators of the Fund and the Master Fund, see par. 15.1.3 of the Prospectus.

## 14.3 Depository fee

The fee for the performance of the activities of the Depository (Depository fee) shall be determined according to the value of the Fund asset as of the last calendar day in the given month and it shall be calculated as a monthly proportion of the agreed annual rate, which shall not exceed 0.05 percent p.a. of the value of the assets of the Fund; the minimum annual fee amounts to CZK 95,000. The Depository fee is charged on a monthly basis and is increased by the applicable value added tax. Any specific and detailed arrangements regarding the amount of the fee are provided in the Depository Agreement.

## 14.4 Investment Company fee

- 14.4.1 The Investment Company fee amounts up to 2 percent of the average value of the Fund capital for the financial year. If the Fund generates profit before tax, the Investment Company shall be entitled to a fee for such performance (Performance fee), which amount of up to 20 percent of the profit generated by the Fund in the relevant financial year. The amount of the fee shall be determined by the Board of Directors of the Investment Company.

- 14.4.2 The Investment Company fee includes costs incurred by the Investment Company, in particular, in order to pay:
- a) for the wages of the employees of the Investment Company, members of its Board of Directors and the Supervisory Board, as well as other expenses incurred in the course of the activities of the Investment Company;
  - b) for advisory services;
  - c) for the management of the Fund assets;
  - d) for the administration of the Fund;
  - e) for researches and analyses of the financial market;
  - f) for the performance of separate activities related to the management or administration assigned by the Investment Company to another.
- 14.4.3 The amount of the Investment Company fee is specified in par. 14.4.1 of the Prospectus and it represents the maximum percentage value in the average annual Fund asset value and the maximum values of the share of the profit before tax generated by the Fund. The average annual Fund asset value shall be calculated as the arithmetic mean of the Fund asset values determined always as of the last day of every calendar month. The specific current amount of the fee shall be determined by the Investment Company and published in a manner allowing for remote access on the web site: [www.rfis.cz](http://www.rfis.cz). The Investment Company fee representing a share of the average annual value of the capital accumulated in the Fund is paid by way of down payments always within 15 days after the end of the calendar month. The amount of the monthly advance payment shall be calculated as the product of the value of the assets of the Fund determined as of the last calendar day of the respective month and the currently valid amount of the fee and 30/360 coefficient. If the fee is supposed to be determined during a calendar month, the advance payment for the first month shall be calculated with the help of the ACT/ACT coefficient (the genuine number of days in the period/the genuine number of days in the year). The subsequent annual accounting shall be prepared by the Investment Company based on an audit of the annual financial statements but not later than three months after the end of the financial year.
- 14.4.4 The total amount of the fee charged to the management of the assets invested by the Unit-holders in the Fund and through it in the Master Fund, equals the sum of:
- a) the current amount of the Investment Company fee charged for the management of the Fund assets determined by way of a decision of the Board of Directors pursuant to par. 14.4.1 of the Prospectus and charged to the assets of the Fund; and
  - b) the current amount of the fee payable to the Fund Manager of the Master Fund (RCM) for the management of the Master Fund and charged to the assets of the Master Fund;
- while the Fund Manager of the Master Fund repays to the Fund assets, by way of an incentive, a portion of the fee collected for its management of the assets of the Master Fund in proportion to the size of the Fund assets invested in Securities of the Master Fund.
- 14.4.5 If the Fund should procure any Securities issued by any other collective investment funds and the Investment Company should receive any incentives in this connection, the Investment Company shall transfer such incentives in full and without any undue delay to the Fund assets.
- 14.4.6 If the Fund should procure any Securities issued by any other collective investment funds managed by the Investment Company, the Investment Company determined fee will be reduced by an amount of the fee paid by those other funds in respect of the Securities belonging to the other funds managed by the Investment Company.
- 14.4.7 In determining the current value of the Unit, the Investment Company shall take into account the liability of the Fund to the Investment Company resulting from its payment of the Investment Company fee as deferred liability; it shall be calculated as the product of the Fund asset value determined as of the respective date, the currently valid rate of the fee, the 30/360 coefficient, and the ratio of the number of days lapsed in the month/30. If the Fund generates a profit before tax, the Investment Company shall take into account the liability of the Fund to the Investment Company as the product of profit before tax and rate of the Performance fee.

- 14.4.8 The Investment Company, in determining the current value of the Units, shall take into account, as an active accrual, the liability of the Fund to the Investment Company due to an incentive received in connection with investing in collective investing funds; its amount shall be determined as the product of the value of the assets of the collective investment fund belonging as of the relevant date to the Fund, the current rate of such incentive, the 30/360 coefficient, and the ratio of the expired days in the month/30.

#### **14.5 Joint provisions regarding fees and expenses of the Fund**

The fees payable and the expenses incurred by the Fund serve the management of the Fund assets and they reduce the return on the invested funds.

#### **14.6 Fees payable to entities keeping Separate Records and Follow-Up Records**

Individual activities of the entities keeping Separate Records and Follow-Up Records can be subject to payment of service fees according to their price lists, and these fees shall be paid by the Unit-holders.

### **15 ADDITIONAL INFORMATION**

#### **15.1 Additional information about Master Fund**

##### **15.1.1 Organisational structure of the Master Fund**

The Master Fund is organised in a similar manner as other standard open-end mutual funds governed by European continental law. The Master Fund represents a collection of assets without separate legal personality, which belongs to the Unit-holders of the Master Fund in a ratio, which depends on the amount of their investments and which is managed by the Fund Manager of the Master Fund; its assets have been separated from the assets of the Master Fund. The Fund Manager of the Master Fund is an investment company licensed pursuant to Austrian law in the form of a limited liability company, managed by its directors and supervised by its supervisory board. The supreme authority of the Fund Manager of the Master Fund is its general meeting. The Fund Manager acts on its own name and in the account of the Master Fund.

##### **15.1.2 Master Fund Prospectus and detailed information about Master Fund**

The Master Fund Prospectus can be obtained in the English language on the web site: <http://www.rcm-international.com/cz>. Unit-holders can obtain free of charge more detailed information about the Master Fund upon request addressed to the Investment Company; such information include a printout of the Prospectus of the Master Fund in the English language pursuant to Art. 15.5.1 of the Prospectus, as well as a printout of the Agreement of the Fund Managers and Administrators in the English language pursuant to Art. 15.1.3 of the Prospectus.

##### **15.1.3 Agreement of Fund Managers and Administrators**

The Investment Company, in its capacity of the Fund Manager and Administrator of the Fund, has concluded with the Fund Manager and Administrator of the Master Fund (RCM) an agreement on the rules of conduct in the sense of Section 251, et seq. of the Management Companies and Investment Funds Act, for the purposes of ensuring due cooperation and performance of any shared activities in the management of the assets of the Fund and the Master Fund. The agreement contains, in particular, the below described rights and duties of the contractual parties; more detailed information about the content of the agreement is available to Unit-holders upon request addressed to the Investment Company:

- a) The duty of RCM to provide the Investment Company in relation to the Master Fund the following information:
  - i. the current version of the Prospectus and other product documents and information about their planned changes, as well as the internal regulations of RCM, mainly governing risk management and compliance;
  - ii. technical information relating to the mechanisms of the issuance and redemption of Securities, procedures, and terms applicable to evaluation and exposition from deals with derivatives;

- iii. information about planned changes or assignment of activities regarding the Fund Manager, the Depositary or the Auditor, as well as about intended transformation or liquidation of the Master Fund;
  - iv. information about potential breaches of legislation governing the activities of the Master Fund and the Fund.
- b) The duty of RCM to provide all information requested under the Management Companies and Invested Funds Act and the relating legislation to the Investment Company, the Fund Depositary and the Czech National Bank.
- c) Mutual rights and duties of RCM and the Investment Company relating to:
- i. dealing with investors' complaints;
  - ii. asset management, risk management, and ensuring compliance of the Fund and the Master Fund;
  - iii. the regime of modifications of their agreement and the governing law;
  - iv. cooperation and coordination of activities in other areas as required by law or as required for the proper operation of the Fund and the Master Fund.
- d) The duty of RCM to repay to the Fund assets a portion of its fee for the management of the assets of the Master Fund.
- e) The Fund Manager of the Master Fund shall not charge the Fund any deductions, surcharges or any other fees in connection with the issuance and redemption of any units of the Master Fund.

## **15.2 Information about Prospectus**

### **15.2.1 Rules governing the approval of the Prospectus and its modifications:**

- a) the Prospectus and any modifications of the Prospectus shall be proposed and approved by the Board of Directors of the Investment Company;
- b) modifications of the Prospectus shall be performed by approving the complete new wording of the Prospectus.

### **15.2.2 Modifications of the Prospectus shall be conditioned by a prior approval by the CNB, unless such modifications:**

- a) concern information directly relating to changes in the Fund Manager, the Administrator, the Fund or its Depositary;
- b) ensue from amended legislation;
- c) concern information about performance or genuine or expected economic results of the Fund that requires regular updating; or
- d) are not relevant for the positions or interests of the Unit-holders.

### **15.2.3 Key Investor Information is published in addition to the Prospectus. Key Investor Information must be in accordance with the information provided in the Prospectus.**

### **15.2.4 The Prospectus and its modifications and the Key Investor Information shall be published in a manner allowing for remote access and they are available to the Unit-holders pursuant to Art. 15.3 of the Prospectus.**

## **15.3 Publication of information in a manner allowing for remote access**

Publication of information in a manner allowing for remote access means the publication of such information by the Investment Company on the web site: [www.rfis.cz](http://www.rfis.cz). Unit-holders may request deliveries of documents at the address: [info@rb.cz](mailto:info@rb.cz).

## **15.4 Liquidation and transformation of Fund**

### **Reasons for the dissolution of the Fund**

### **15.4.1 The reasons for the dissolution of the Fund with liquidation pursuant to Sections 375 and 380 of the Management Companies and Investment Funds Act are as follows:**

- a) upon the decision of the Fund Manager of the Fund;
  - b) the Fund Manager of the Fund has been dissolved with liquidation, unless the CNB decides to transfer the management of the Fund to another fund manager;
  - c) the license of the Fund Manager of the Fund to manage this Fund has expired, unless the CNB decides to transfer the management of the Fund to another fund manager;
  - d) upon the decision of the CNB or upon a court ruling;
  - e) the Master Fund has been dissolved and the Investment Company has failed to seek within a predetermined term a prior approval from the Czech National Bank for Fund to be able to invest in another master fund or as a regular Standard Fund.
- 15.4.2 The conditions under which it is possible to decide on dissolution of the Fund with liquidation or on the transformation of the Fund by way of amalgamation or merger of mutual funds or on the transformation of the Fund into a joint-stock company, or, as the case may be, on other forms of transformation, are as follows:
- a) the decision on dissolution or transformation of the Fund is taken by the Board of Directors of the Investment Company;
  - b) the decision on dissolution or transformation of the Fund may be adopted only subject to the condition that such decision leads to more efficient management of the Fund assets and that it will not be contrary to the justified interests of the Unit-holders of the Fund.
- 15.4.3 The Administrator of the Fund, as of the date of dissolution of the Fund, shall compile extraordinary financial statements of the Fund pursuant to the legislation governing accounting.
- 15.4.4 The Fund shall cease to exist on the date when it has been deleted from the list of mutual funds administered by the CNB.

**Information about the rights of Unit-holders in the event of dissolution or transformation of the Fund**

- 15.4.5 The Unit-holders will be informed by the Board of Directors of the Investment Company about the intention to dissolve or transform the Fund in a manner allowing for remote access within 14 days of the approval of the plan to dissolve or transform the Fund.
- 15.4.6 The Unit-holders are entitled to receive Key Investor Information in respect of the receiving/merging fund and they will be provided, upon request and prior to the exchange of the Units, with the Prospectus and the last annual reports and semi-annual reports of the receiving/merging funds in the form prescribed by the legislation. The Unit-holders of the merging fund are also entitled to request the Depository for a report whether the assets and liabilities in such fund were valued in accordance with the criteria included in the respective project and whether the exchange ratio has been determined in accordance with the Management Companies and Investment Funds Act and the relevant project.
- 15.4.7 Dissolution or transformation of the Fund shall be governed by the provisions of Section XI, Part IV of the Management Companies and Investment Funds Act.

**Transformation of mutual funds by amalgamation**

- 15.4.8 Such amalgamation shall be executed according to an approved amalgamation project. Such amalgamation requires an approval by the CNB, unless the Management Companies and Investment Funds Act stipulates otherwise.
- 15.4.9 As soon as the decision of the CNB to approve the amalgamation comes into force, a notification of amalgamation will be published in a manner allowing for remote access, which will include, among other things, information about the relevant date of the amalgamation and about the rights of the Unit-holders arising from the transformation. Upon the publication of the notification of amalgamation, the Unit-holders of the amalgamating funds shall be entitled to:
- a) redeem the Units without deduction (except for effectively spent expenses); or
  - b) have replaced their securities or book-entry securities with securities or book-entry securities issued by another standard fund or another foreign fund comparable to a standard fund managed by the same manager or a manager that belongs to the same group as the manager of the

standard fund or foreign investment fund comparable to a standard fund, which issues the securities or book-entry securities that are supposed to replace the original securities or book-entry securities.

- 15.4.10 The title pursuant to par. 15.4.9 of the Prospectus shall terminate unless exercised within the term stipulated in the notification of amalgamation; such term shall extend at least to 30 days of the date of the notification of amalgamation and it shall end not later than five Business Days prior to the relevant date of the amalgamation. In cases other than amalgamations in respect of which notifications of amalgamation are produced, Section 391 of the Management Companies and Investment Funds Act shall apply.
- 15.4.11 The Administrator of the receiving mutual fund, which would emerge from the amalgamation, shall facilitate replacement of the Unit issued by the merging mutual fund, which was dissolved by the amalgamation, with units issued by the receiving mutual fund, within three months of the relevant day of the amalgamation, in a ratio determined according to the amount of the fund assets value of the mutual fund per one unit of the merging mutual fund. If such exchange ratio does not seem to be reasonable, the manager of the receiving mutual fund shall pay to the Unit-holders of the merging mutual fund, through the administrator of such fund, compensation in cash.

#### **Transformation of mutual funds by merger**

- 15.4.12 Such merger shall be executed according to an approved merger project. Such merger requires an approval by the CNB, unless Section 401(1) of the Management Companies and Investment Funds Act stipulates otherwise.
- 15.4.13 As soon as the decision of the CNB to approve the merger comes into force, a notification of merger will be published in a manner allowing for remote access, which will include, among other things, information about the relevant date of the merger and about the rights of the Unit-holders arising from the transformation. Upon the publication of the notification of merger, the Unit-holders of the merging funds shall be entitled pursuant to Section 406 of the Management Companies and Investment Funds Act to:
- a) redeem the Units without deduction (except for effectively spent expenses); or
  - b) have replaced their securities or book-entry securities with securities or book-entry securities issued by another standard fund or another foreign fund comparable to a standard fund managed by the same manager or a manager that belongs to the same group as the manager of the standard fund or foreign investment fund comparable to a standard fund, which issues the securities or book-entry securities that are supposed to replace the original securities or book-entry securities.
- 15.4.14 The title pursuant to par. 15.4.13 of the Prospectus shall terminate unless exercised within the term stipulated in the notification of merger; such term shall extend at least to 30 days of the date of the notification of merger and it shall end at least five Business Days prior to the relevant date of the merger.
- 15.4.15 In cases other than mergers where a notification of merger is produced, the administrator of the merging mutual fund, which is to be dissolved by the merger, will publish a decision of the CNB on such merger, the Prospectus of the receiving fund, and a notification of the emergence of a title to redemption of the units within a set period, without deduction (except for effectively spent expenses).
- 15.4.16 The manager of the receiving fund shall publish on the fund web site information of the occurrence of the relevant date of the merger. The administrator of the receiving fund shall facilitate replacement of the units issued by the mutual fund, which was dissolved by the merger, for units issued by the newly created mutual fund, within three months of the relevant day of the merger, in a ratio determined according to the amount of the fund assets value of the mutual fund per one unit of the merging mutual fund. If such exchange ratio does not seem to be reasonable, the manager of the receiving mutual fund shall pay to the Unit-holders of the merging mutual fund, through the administrator of such fund, compensation in cash.
- 15.4.17 Pursuant to Section 408 of the Management Companies and Investment Funds Act, the fund manager of the receiving fund needs not observe for the term of up to six months the investment limits stipulated by the Government Ordinance in respect of investment securities, financial market

instruments, securities issued by investment funds or foreign international investment funds, derivatives or receivables in respect of payments of pecuniary funds from accounts denominated in the Czech or foreign currencies, if reasons for that exist due to the consequences of the merger.

#### **Liquidation of the Fund**

- 15.4.18 Within six months of the date of dissolution of the Fund, the Fund Manager shall encash the assets in the Fund and repay the debts in the Fund. Subsequently, the Administrator shall pay to the Unit-holders their shares in the liquidation balance within 3 months. If the conditions for substitute fulfilment pursuant to the Civil Code are met, their shares in the liquidation balance shall be deposited in court custody. Such shares in the liquidation balance shall not be deposited in court custody and it shall pass to the Government if the court fee for the petition for commencing a custody proceeding exceeds the amount which is to be deposited in court custody.

#### **Transformation of the Fund into a joint-stock company with variable registered capital**

- 15.4.19 Such transformation of the Fund into a joint-stock company with variable registered capital shall require a licence from the CNB.
- 15.4.20 The Administrator of the Fund to be transformed shall publish on the Fund web site the transformation project, its articles of association, the by-laws of the joint-stock company with variable registered capital into which the Fund is to be transformed, the notification of title to redemption of the Units, and the decision of the CNB to approving the transformation, all that within one month of the force of that decision. Upon the publication of the notification of title to redemption, the Unit-holders of the transformed funds shall be entitled to have redeemed their Units without deductions, within two months of the date of the publication of the notification.
- 15.4.21 The Fund, which is being transformed into a joint-stock company with variable registered capital will be dissolved and its Unit-holders will become holders of investment equity in the newly established joint-stock company with variable registered capital, commencing on the date of registration of the newly established joint-stock company in the Companies Register.
- 15.4.22 The Administrator of the joint-stock company with variable registered capital into which the Fund was transformed, shall facilitate replacement of the Units issued by the dissolved Fund with investment equity of the newly created joint-stock company with variable registered capital, within three months of the effective date of the transformation in a ratio determined according to the amount of the Fund assets value per one Unit of the dissolved Fund. If such exchange ratio does not seem to be reasonable, the fund manager of the joint-stock company with variable registered capital shall pay to the Unit-holders, through the Administrator, compensation in cash.

#### **Transformation of the Fund into foreign investment fund without legal personality**

- 15.4.23 The Management Companies and Investment Funds Act permits transformation of the Fund into a foreign investment fund without legal personality as long as such transformation is also permitted under the laws of the country, which will become the home country of the transformed foreign investment fund.
- 15.4.24 Such transformation of the Fund into a foreign investment fund without legal personality shall require a licence from the CNB.
- 15.4.25 The Administrator of the Fund to be transformed shall publish on the Fund web site information about the emergence of a title to redemption of the Units, the transformation project, and the decision of the CNB approving such transformation, within one month of legal force of such decision. Upon the publication of the notification of title to redemption, the Unit-holders of the transformed funds shall be entitled to have redeemed their Units without deductions, within two months of the date of the publication of the notification.
- 15.4.26 The Fund will become a foreign investment fund without legal personality on the date pursuant to the laws of the home country of the foreign investment fund without legal personality or, otherwise, on the date of the deletion of the Fund from the list of mutual funds maintained by the CNB.
- 15.4.27 The party which carries out activities for the foreign investment fund without legal personality comparable with the activities of an administrator, shall facilitate, within 3 months of the relevant day

of the transformation, the delivery of the Securities or book-entry Securities to the investors in the transformed foreign investment fund in exchange for their Units. If such exchange ratio does not seem to be reasonable, the party that carries out the activities comparable with the activities of the fund manager for the transformed investment fund without legal personality, shall pay to the Unit-holders compensation in cash through the party which carries out the activities of the administrator for the fund.

#### **15.5 Contact point for additional information**

Address: Raiffeisen investiční společnost a.s.  
Praha 4, Postal Code 140 78, Hvězdova 1716/2b  
Telephone: 800 900 900  
E-mail: [info@rb.cz](mailto:info@rb.cz)  
Web: [www.rfis.cz](http://www.rfis.cz)

- 15.5.1 Prior to investing, investors shall be provided with a printout copy of a duly updated Key Investor Information, unless further stipulated otherwise. Unit-holders or Unit subscribers may receive upon request and free of any charge, through the Points of Sale and at the registered office of the Investment Company, a printout, unless further stipulated otherwise, of the current wording of the Prospectus and a printout of the latest version of the annual report and the semi-annual report of the Fund and of the Master Fund. The above-mentioned documents are also published in a manner allowing for remote access on the web site: [www.rfis.cz](http://www.rfis.cz).
- 15.5.2 Under the conditions specified in the self-executable regulation of the European Union governing disclosure of key information, the Key Investor Information and the Prospectus may be distributed only using carriers that do not constitute a printout or published only on the web site: [www.rfis.cz](http://www.rfis.cz).
- 15.5.3 The investors, upon request and over and above the information contained in the Prospectus, will receive from the Administrator information about:
- a) quantitative limitations applied in the management of risks associated with investments of the Fund;
  - b) techniques applied in the management of the Fund;
  - c) development of the main risks associated with investments of the Fund; and
  - d) trends in the yields in respect of each type of assets, which can be acquired in the Fund assets.

#### **15.6 Basic information about the tax system/Taxation**

##### **Notice**

- 15.6.1 This part of the Prospectus contains only a simplified summary of the tax issues related to the activities of the Fund and the tax implications for individual investors. Investors are hereby explicitly warned that the tax treatment of their income from the Fund or capital gains from the sale of the Units depends on the applicable tax regulations at the time of the realisation of the respective income or capital gain. The tax treatment may differ in respect of the individual investors. It is recommended to contact your tax advisor for information on the tax implications for particular investors.

##### **Basic information about the tax system/Taxation relating to the Fund**

- 15.6.2 The tax treatment of the Fund is governed by the applicable tax regulations. Act no. 586/1992 Coll., on income tax, as amended (hereinafter the "Income Tax Act") [which] governs the taxation of incomes from the Fund. At the time of the approval of the Prospectus the revenues generated by the Fund are subject to a 5-percent income tax. Taxation of revenues from foreign sources is also governed by the applicable international double taxation treaties (hereinafter the "Double Taxation Treaties").

##### **Basic information about the tax system/Taxation relating to holding and transfer of Units**

- 15.6.3 The Income Tax Act governs taxation of the income generated by the Unit-holders in relation to holding, transfer, inheritance, and donating of the Units. Taxation of income related to holding or transfer of the Units applicable to non-resident Unit-holders is also regulated by the relevant Double Taxation Treaties.



**Description of tax impacts of investing in Securities in Master Fund**

- 15.6.4 Taxation of income and capital gains from the Fund depends on the tax treatment of the investor and/or the place where capital is invested. We recommend to consult a tax expert.
- 15.6.5 Taxation applicable to the unit holders of the Fund shall not be affected by the fact that the Master Fund was founded in Austria and under the Austrian Investment Funds Act.

**Transfers of Units**

- 15.6.6 Taxation of the proceeds from the sale of the Units by natural persons is determined by the duration of the holding of the Units. Pursuant to the applicable legislation in force at the time of the launching of the Fund, profit from the sale of the Units held by the investor for a period in excess of three years from their acquisition are exempted from income tax. Legal entities and natural persons that have included the Units in their business assets, shall have the proceeds from the sale of the Units always reported in their tax returns, included in their tax bases, and taxed using the appropriate tax rate. If any revenues from the redemption of the Units are paid out to recipients who are not tax residents in the Czech Republic, the Investment Company, in cases defined by the law, shall deduct so-called income tax security from the amount payable for the redeemed Units.

**15.7 Methods and frequency of publication of reports on the management of the Fund**

- 15.7.1 The Investment Company, pursuant to Section 233 of the Management Companies and Investment Funds Act, shall publish the annual report of the Fund, not later than four months after the end of the relevant calendar year and in a manner allowing for remote access on the web site: [www.rfis.cz](http://www.rfis.cz). The Investment Company, pursuant to Section 237 of the Management Companies and Investment Funds Act, shall publish the semi-annual report of the Fund, not later than two month after the expiration of the first six months of the calendar year and in a manner allowing for remote access on the web site: [www.rfis.cz](http://www.rfis.cz). The Investment Company shall also deliver, within the same terms, its annual report and semi-annual report, together with the annual report and semi-annual report of the Fund, to the Czech National Bank.
- 15.7.2 The previous provisions in the present Article of the Prospectus shall be without prejudice to the obligations of the Investment Company to publish its financial statements and its annual report pursuant to special legislation.
- 15.7.3 Upon the expiration of the relevant term, the Investment Company shall publish the following information in a manner allowing for remote access at the web site: [www.rfis.cz](http://www.rfis.cz):
- at least once in a month, information about the current value of the assets of the Fund and information about the price for the issuance and redemption of the Units;
  - for every calendar month, information about the number of issued and redeemed Units and information about the amount for which the Units are issued and redeemed;
  - for every calendar month, information about the structure of the Fund assets as of the last day of the month.

**15.8 Supervisory authority of the Fund**

Business name:	Czech National Bank (Česká národní banka).
Address:	Na Příkopě 28, 115 03 Praha 1
Telephone:	+ 420 224 411 111
E-mail:	<a href="mailto:podatelna@cnb.cz">podatelna@cnb.cz</a>
URL Address:	<a href="http://www.cnb.cz">www.cnb.cz</a>

**15.9 Notice to investors**

- The licence to act as an Investment Company and supervision by the CNB do not guarantee any return on investment or any performance of the collective investment fund, they cannot exclude any breach of the legal obligations or the Prospectus, by the manager of the collective investment fund, the administrator of the collective investment fund, the depository of the collective investment fund, or any other person, and they do not guarantee compensation of any losses caused by such breach.

- If the Units are supposed to be offered outside the territory of the Czech Republic, they will not be offered, transferred or delivered to persons in respect of which the Investment Company would be required to guarantee any taxes in the event of redemptions of the Units of the Fund.
- The Units cannot be offered, sold, transferred or delivered, either directly or indirectly, in the United States of America or its territories, dependencies or territories subjected to the jurisdiction of the United States of America (hereinafter the "U.S.") or, as the case may be, to persons that:
  - have a U.S. citizenship or permanent residence in the U.S.;
  - are born in the U.S.;
  - have a residence address or mailing address or address of the registered office in the U.S.;
  - have placed a standing order for transfer of funds to an account maintained in the U.S. or periodically send instructions from an address in the U.S.;
  - have authorized a person with an address in the U.S.; or
  - have been established under the laws of the U.S.

If any existing Unit-holders should become such persons related to the U.S., they are required to seek without delay the redemption of the Units of the Fund.

The Units have not been and will not be registered in the U.S. under the U.S. Securities Act of 1933, as amended, and the Fund has not been and will not be registered under the Investment Company Act of 1940, as amended. The Investment Company was registered as a sponsored entity (sponsored by Raiffeisenbank a.s. by the Internal Revenue Service (IRS) under the U.S. Foreign Account Tax Compliance Act (FATCA) and was assigned GIIN 3EHN6Q.00000.SP.203.

**The present Prospectus has been issued in accordance with the Management Companies and Investment Funds Act and the Decree on Prospectus, and it contains complete and true information.**

Effective date: 22 March 2016

Prague, dated 3 March 2016

Ing. Lucie Osvaldová  
Member of the Board of Directors  
Raiffeisen investiční společnost a.s.

Ing. Michal Ondruška  
Member of the Board of Directors  
Raiffeisen investiční společnost a.s.