

**Raiffeisen fond dluhopisové stability,  
otevřený podílový fond,  
Raiffeisen investiční společnost a.s.**

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**Annual Report  
2016**

## **Raiffeisen investiční společnost a.s. (hereinafter the “Company”)**

Company name: Raiffeisen investiční společnost a.s.  
Legal status: joint stock company  
Registered office: Hvězdova 1716/2b,  
140 78 Prague 4 – Nusle  
Czech Republic  
Corporate ID: 29146739  
Register of Companies: File No. B18837 held by the Municipal Court in Prague  
Registered Capital: CZK 40,000 thousand  
Shareholder: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4 - Nusle

### **Company profile**

Raiffeisen investiční společnost a.s. is an investment company administering and managing the assets of the Fund. The Company was incorporated on 21 December 2012. The Company obtained operation authorisation based on Decision of the Czech National Bank No. 2013/4256/570 of 9 April 2013 which took effect as of that date. The Company is a 100% subsidiary of Raiffeisenbank a.s.

The Company was incorporated on 21 December 2012 as a company fully owned by the sole shareholder, Raiffeisenbank a.s. The Company was established with the goal of expanding the product portfolio of Raiffeisenbank a.s. and thus increase the bank's market share. Within a few years, the Company has become a respected asset administrator operating in Central Europe.

### **Contacts**

Tel: +420 800 900 900  
Fax: +420 234 402 223  
The Company's website: [www.rfis.cz](http://www.rfis.cz)

### **List of managed funds as of 31 December 2016**

As of 31 December 2016, the Company managed 12 open-ended mutual funds.

#### **Standard funds**

- Raiffeisen fond dluhopisových příležitostí (ISIN CZ0008473998, ISIN CZ0008474921)
- Raiffeisen fond dluhopisové stability (ISIN CZ0008474293)
- Raiffeisen fond dluhopisových trendů (ISIN CZ0008474376)
- Raiffeisen fond globálních trhů (ISIN CZ0008474442)
- Raiffeisen fond udržitelného rozvoje (ISIN CZ0008474400, CZ0008474434)
- Raiffeisen fond high-yield dluhopisů (ISIN CZ0008474848)
- Raiffeisen fond flexibilního růstu (ISIN CZ0008474871)

#### **Special funds**

- Raiffeisen chráněný fond ekonomických cyklů (ISIN CZ0008474038)
- Raiffeisen privátní fond dynamický (ISIN CZ0008474350)

- Raiffeisen fond alternativní (ISIN CZ0008474368, ISIN CZ0008474954)
- Raiffeisen fond optimálního rozložení (ISIN CZ0008474731)

Qualified investor fund

- LEONARDO (ISIN CZ0008474525)

Pursuant to the Management Agreement between the Company and Raiffeisen Kapitalanlage – Gesellschaft m.b.H. of 1 July 2013, the Company managed the following foreign fund as of 31 December 2016:

- Raiffeisen-Czech-Click Fund II (ISIN AT0000A0QRK9)

## **Raiffeisen fond dluhopisové stability (hereinafter the “Fund”)**

### **Annual Report for the Period from 1 January 2016 to 31 December 2016**

Currency:	CZK
ISIN capitalisation class:	CZ0008474293
Nominal value of share certificates:	None
Fund format:	Open-ended mutual fund
Type of fund based on AKAT:	Bond
Date of incorporation:	17 March 2014

#### **Fund administrator**

The fund is managed by Raiffeisen investiční společnost a.s. The Company did not enter into any agreement regulating the activity of the Fund's principal supporting entity under Sections 85-91 of Act No. 240/2013 Coll, on Investment Companies and Investment Funds.

#### **Fund depository**

Depository services are provided by UniCredit Bank Czech Republic and Slovakia, a.s., Corporate ID 64948242, with its registered office at Želetavská 1525/1, 140 92 Prague 4, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 3608. The Depository also ensured the custody of the Fund's assets in the reporting period.

#### **Auditor**

The Fund is audited by Deloitte Audit s.r.o., corporate ID 49620592, with its registered office at Karolinská 654/2, 186 00 Prague 8 - Karlín, recorded in the Register of Companies held by the Municipal Court in Prague, File C, Insert 24349.

#### **Investment focus**

The Fund invests largely in bonds, money market instruments and bond funds denominated in Czech crowns, issued e.g. by governments, multinational institutions or companies with credit rating. To a lesser extent, investments can be made in instruments in selected foreign hedges. Investment securities or money market instruments issued or guaranteed by the Czech Republic can be invested in up to the amount of 100% of the value of the Fund's assets. The Fund was classified in risk group 2 based on the Synthetic Risk and Reward Indicator (SRRI).

#### **Portfolio manager of the Fund**

Martin Zezula

Education	Faculty of Finance and Accounting of the University of Economics in Prague
Courses/training	Broker licence, Ministry of Finance of the Czech Republic
Professional experience	19 years
Portfolio manager in RIS	since 17 June 2013

#### **Commentary of the portfolio manager**

In 2016, the assets of Fund continued to be allocated particularly in mid-term state and corporate bonds with duration (average period until maturity, in simple terms) slightly above 1.5 years. From the point of view of credit quality, investment were made exclusively in bonds in the “investment rating band” (i.e. rating BBB-/Baa3 and better). Bonds denominated in CZK, EUR, USD and PLN were purchased, however, a portion of the foreign

currency instruments (that decreased to approx. 10% of the value of the assets in total) are hedged against unfavourable development of exchange rates (open currency exposure max. 7.5 % of the assets).

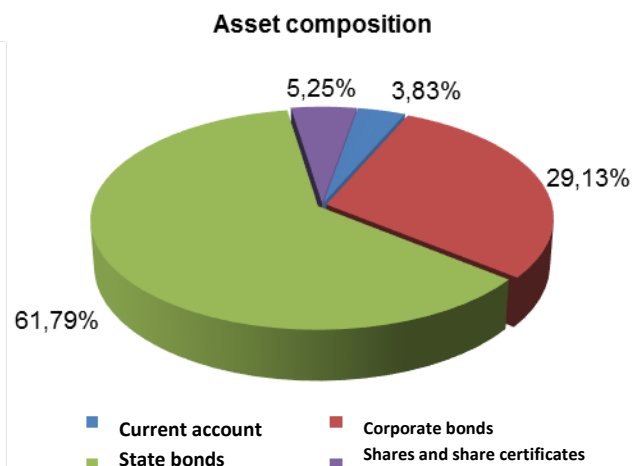
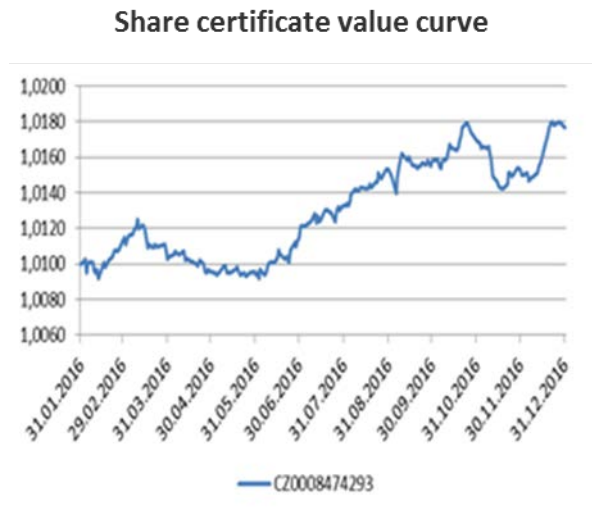
No significant changes occurred during the reporting period in the information included in the prospectus as per Article 23 of Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (hereinafter the “AIFMD Directive”).

Financial indicators	31 Dec 2016	31 Dec 2015	31 Dec 2014
Mutual fund equity, in CZK ‘000	3 003 494	2 883 891	2 827 705
Equity per share certificate, in CZK	1.0177	1.0119	1.0070
Profit/loss after tax, in CZK ‘000	16 222	14 760	(285)
Number of share certificates, in pieces	2 951 309 273	2 849 867 494	2 808 126 262

Note: The dividend class CZ0008474301 was merged with the capitalisation class CZ0008474293 in July 2016.

#### Number of share certificates issued and redeemed in the period from 1 January 2016 to 31 December 2016

ISIN	Issued share certificates		Redeemed share certificates		BALANCE (+/-)	
	in pieces	in CZK ‘000	in pieces	in CZK ‘000	in pieces	in CZK ‘000
CZ0008474293	1 211 509 251	1 227 084	1 110 067 472	1 123 704	101 441 779	103 380



#### List of securities held in excess of 1% as of 31 December 2016

SECURITIES CURRENCY	COUNTRY	ISIN	SECURITY NAME	PURCHASE PRICE in CZK ‘000	FAIR VALUE in CZK ‘000	STAKE IN ASSETS in %
CZK	CZ	CZ0001004113	CZGB Float 12/09/20	320 803	330 118	10.98
CZK	CZ	CZ0001003834	CZGB 1,50/19	278 068	278 852	9.27
CZK	CZ	CZ0001004717	CZGB 0 07/17/19	272 071	275 022	9.15
CZK	CZ	CZ0001004246	CZGB 0,85 03/17/18	263 943	265 910	8.84
CZK	CZ	CZ0001000822	CZGB 4,6 08/18/18	228 911	231 004	7.68
CZK	CZ	CZ0001003123	CZGB Float 04/18/23	226 851	230 303	7.66
CZK	CZ	CZ0002002520	UNICZ 6 04/27/18	229 948	223 120	7.42
EUR	AT	AT0000622022	RAIFFEISEN-INFLTIONSS.	157 015	157 950	5.25
CZK	NL	XS1241115440	LPTY 0,88 06/02/20	70 100	70 970	2.36
CZK	AT	AT0000A1GD94	HYPO NOE Float	70 001	70 581	2.35

SECURITIES CURRENCY	COUNTRY	ISIN	SECURITY NAME	PURCHASE PRICE in CZK '000	FAIR VALUE in CZK '000	STAKE IN ASSETS in %
			09/16/20			
CZK	CZ	CZ0001004253	CZGB 2,4 09/17/25	62 144	62 641	2.08
CZK	FR	XS1040279462	ACAFP Float 02/28/19	60 481	60 416	2.01
CZK	CZ	CZ0001002471	CZGB 5 04/11/19	60 127	58 604	1.95
CZK	CZ	CZ0003515033	CEPSAS 0,25 09/30/21	45 201	44 709	1.49
CZK	FR	FR0011734961	BPCEGP Float 02/14/19	40 172	40 323	1.34
CZK	AT	AT000B013750	RBIAV 0,73 04/01/21	33 001	33 006	1.10
PLN	PL	PL0000108502	POLGB 0 07/25/17	31 162	30 375	1.01
CZK	FR	FR0013110103	BPCEGP Float 02/04/23	30 001	30 046	1.00
<b>TOTAL</b>				<b>2 480 000</b>	<b>2 493 950</b>	<b>82.94</b>

**Other material information according to Annex 2 to Regulation No. 244/2013 Coll.:**

g) In the reporting period, the Company did not participate in any legal dispute or arbitration proceedings on behalf of the Fund.

h) The Fund is a growth fund, i.e. all assets are reinvested.

i) Information about the fee actually paid to the manager for managing the Fund, distinguishing information about payment for the performance of the activity of depository, administrator, primary supporter and auditor, and information about other fees or taxes.

This information is included in Notes 5. FEE AND COMMISSION EXPENSES and 7. ADMINISTRATIVE EXPENSES to the Financial Statements that form part of this report.

j) The Fund's investment activity carried out in the reporting period was in line with the investment strategy defined in the Fund's Statute and relevant legislation. The risk of financial derivatives involves a) the "basis" risk arising from different price developments of derivatives and hedging assets, b) counterparty default risk. The market value of financial derivatives arranged for hedging purposes and the receivable for the payment of financial resources from accounts in CZK or a foreign currency may amount to no more than 7.5% of the value of the Fund's assets. Financial derivatives were arranged particularly with UniCredit Bank Czech Republic and Slovakia, a.s. More information about quantitative restrictions and methods that were chosen for the assessment for risks related to techniques and instruments of the Fund is included in the financial statements which form a part of this report.

In line with Article 13 (Section A of the Annex) of Regulation (EU) 2015/2365 of the European Parliament and of the Council, the Company states that no securities financing transactions (SFT) or total return swaps were performed in respect of the Fund in the reporting period.

**Additional information**

The Fund incurred no research and development expenses in 2016 nor did it perform any activities in the area of environmental protection and labour relations during the reporting period.

**Material events subsequent to the balance sheet date**

Aside from the material events included in the Fund's financial statements, the management of the Company is, as of the date of preparation of the financial statements, not aware of any material subsequent events that would affect the financial statements for the year ended 31 December 2016.

## INDEPENDENT AUDITOR'S REPORT

To the Partners of Raiffeisen

fond dluhopisové stability, otevřený podílový fond,  
Raiffeisen investiční společnost a.s.

Having its registered office at: Hvězdova 1716/2b, 140 78 Praha 4- Nusle

### Opinion

We have audited the accompanying financial statements of Raiffeisen fond dluhopisové stability, otevřený podílový fond, Raiffeisen investiční společnost a.s. (hereinafter also the "Fund") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as of 31 December 2016, and the profit and loss account and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Raiffeisen fond dluhopisové stability, otevřený podílový fond, Raiffeisen investiční společnost a.s. as of 31 December 2016, and of its financial performance for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

### Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund and Raiffeisen investiční společnost a.s. (hereinafter also the "Company") in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors of Raiffeisen investiční společnost a.s. is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Fund obtained in the audit, on whether the other information contains any material misstatement of fact. As described in the Basis for Qualified Opinion section above, we have concluded that the other information is not materially misstated.

Responsibilities of the Board of Directors and Supervisory Board of Raiffeisen investiční společnost a.s. for the Financial Statements

The Board of Directors of Raiffeisen investiční společnost a.s. is responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of Raiffeisen investiční společnost a.s. is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board of Raiffeisen investiční společnost a.s. is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

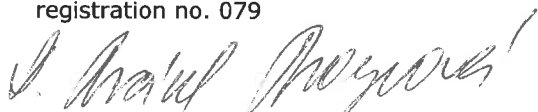
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors and the Supervisory Board of Raiffeisen investiční společnost a.s. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Prague on 10 March 2017

Audit firm:

Deloitte Audit s.r.o.  
registration no. 079



Statutory auditor:

Diana Rádl Rogerová  
registration no. 2045





## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

**Name of the Company:** Raiffeisen fond dluhopisové stability, otevřený podílový fond, Raiffeisen investiční společnost a.s.

**Registered Office:** Hvězdova 1716/2b, 140 78 Praha 4 - Nusle

**Corporate ID:** 291 46 739

### Components of the Financial Statements:


Balance Sheet

Profit and Loss Account

Statement of Changes in Equity

Notes to the Financial Statements

These financial statements were prepared on 10 March 2017.

Statutory body of the reporting entity:	Signature
<b>On behalf of the statutory body:</b> Ing. Jaromír Sladkovský Ing. Michal Ondruška <b>Individual in charge of the accounting records:</b> Petra Paďourová	

**Business name: Raiffeisen fond dluhopisové stability**  
 Raiffeisen investiční společnost a.s.  
 Seat: Hvězdova 1716/2b, Praha 4, 140 78  
 Corporate ID: 29146739  
 Principal activities: fund administration and management  
 Financial statements preparation date: 4.1.2017

**BALANCE SHEET**  
**as of 31 December 2016**

CZK thousand	Note	31.12.2016	31.12.2015
<b>Assets</b>			
2 Treasury bonds and other securities accepted by the central bank for refinancing	8	1 773 324	1 034 146
of which: a) issued by government institutions		1 773 324	1 034 146
3 Receivables from banks and cooperative credit unions	9	115 191	507 257
of which: a) payable upon request		115 191	157 145
b) other receivables		-	350 112
5 Debt securities	10	959 898	1 200 584
of which: a) issued by government institutions		84 192	84 557
b) issued by other entities		875 706	1 116 027
6 Shares, share certificates and other investments	11	157 950	155 431
of which: a) shares		-	-
b) share certificates		157 950	155 431
11 Other assets	12	440	249
<b>Total assets</b>		<b>3 006 803</b>	<b>2 897 667</b>

CZK thousand	Note	31.12.2016	31.12.2015
<b>LIABILITIES</b>			
4 Other liabilities	14	927	989
of which: derivatives	16	876	874
5 Accrued expenses and deferred income	15	1 528	1 509
6 Reserves	17	854	529
b) tax		854	529
12 Capital funds	13	2 972 829	2 880 165
14 Retained earnings or accumulated loss brought forward		14 443	(285)
15 Profit or loss for the reporting period	18	16 222	14 760
<b>Total liabilities</b>		<b>3 006 803</b>	<b>2 897 667</b>

CZK thousand	Note	31.12.2016	31.12.2015
<b>OFF BALANCE SHEET ITEMS</b>			
<b>Off balance sheet assets</b>			
4 Receivables from fixed term operations	16	158 691	453 747
8 Values placed under management	20	3 006 362	2 897 359
<b>Off balance sheet liabilities</b>			
12 Payables from fixed term operations	16	159 565	454 363

**Business name: Raiffeisen fond dluhopisové stability**

Raiffeisen investiční společnost a.s.

Seat: Hvězdova 1716/2b, Praha 4, 140 78

Corporate ID: 29146739

Principal activities: fund administration and management

Financial statements preparation date: 4.1.2017

**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 December 2016**

CZK thousand	Note	31.12.2016	31.12.2015
1 Interest income and similar income	3	10 944	16 582
<i>of which: interest from debt securities</i>		10 849	16 469
4 Fees and commission income	4	684	344
5 Fees and commission expenses	5	(17 622)	(18 544)
6 Profit or loss from financial operations	6	23 319	17 245
9 Administrative expenses	7	(250)	(97)
<i>b) other administrative expenses</i>		(250)	(97)
<b>19 Profit or loss for the reporting period from ordinary activities bef</b>		<b>17 075</b>	<b>15 530</b>
23 Income tax	19	(853)	(770)
<b>24 Profit or loss for the reporting period after tax</b>		<b>16 222</b>	<b>14 760</b>

**Business name: Raiffeisen fond dluhopisové stability**  
 Raiffeisen investiční společnost a.s.  
 Seat: Hvězdova 1716/2b, Praha 4, 140 78  
 Corporate ID: 29146739  
 Principal activities: fund administration and management  
 Financial statements preparation date: 4.1.2017

**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 December 2016**

CZK thousand	Capital funds	Retained earnings or accumulated loss brought forward	Profit (loss)	Total
<b>Balance at 1. 1. 2015</b>	<b>2 839 666</b>	-	(285)	<b>2 839 381</b>
Net profit/loss for the reporting period	-	-	14 760	14 760
Share certificates sold	1 173 106	-	-	1 173 106
Share certificates purchased	(1 132 607)	-	-	(1 132 607)
Transfers to funds	-	(285)	285	-
<b>Balance at 31. 12. 2015</b>	<b>2 880 165</b>	(285)	<b>14 760</b>	<b>2 894 640</b>

CZK thousand	Capital funds	Retained earnings or accumulated loss brought forward	Profit (loss)	Total
<b>Balance at 1. 1. 2016</b>	<b>2 880 165</b>	(285)	<b>14 760</b>	<b>2 894 640</b>
Net profit/loss for the reporting period	-	-	16 222	16 222
Dividend paid	-	(32)	-	(32)
Share certificates sold	1 215 386	-	-	1 215 386
Share certificates purchased	(1 122 722)	-	-	(1 122 722)
Transfers to funds	-	14 760	(14 760)	-
<b>Balance at 31.12.2016</b>	<b>2 972 829</b>	<b>14 443</b>	<b>16 222</b>	<b>3 003 494</b>

**1. GENERAL INFORMATION**

**(a) Fund characteristics**

***Fund emergence and characteristics***

Raiffeisen fond dluhopisové stability, otevřený podílový fond, Raiffeisen investiční společnost a.s. (hereinafter the "Fund") represents an accounting entity without legal personality managed by Raiffeisen investiční společnost a.s. (hereinafter the "Company") pursuant to Act no. 240/2013 Coll., on management companies and investment funds (hereinafter the "Act"). The Fund came into existence on the day of its entry into the list kept by the Czech National Bank in accordance with Section 597 (b) of the Act, made on 17 March 2014. The Fund began its activity on 24 April 2014.

The fund is a standard securities fund in accordance with the Act, complying with all legal requirements of the European Communities.

Up to three different types of share certificates – classes – may be issued in keeping with the Fund Prospectus. The individual classes differ in the manner in which they handle the Fund profit, the amount of the entry charge (surcharge), the minimum invested amount, and the distribution channels. Each such type of share certificate has been assigned a separate ISIN.

Type of share certificate	Class A1	Class A2	Class A3
	Capitalisation	Dividend	RSTS *
Raiffeisen fond dluhopisové stability			
ISIN	CZ0008474293	CZ0008474301	CZ0008474319

\*Class A3 share certificates may be distributed exclusively by Raiffeisen stavební spořitelna a.s.

On 22 March 2016 class A3 was released. Class A2 – Dividend (ISIN CZ0008474301) was cancelled on 22 July 2016

Neither the number of issued share certificates nor the duration of the Fund are limited.

The Fund has no employees and all administration relating to the business activities of the Fund is supplied by the Company.

***Information about the management company***

The Fund assets are administered and managed by Raiffeisen investiční společnost a.s., Corporate ID 29146739, with its registered office at Hvězdova 1716/2b, Praha 4 – Nusle, 140 78. The Company was incorporated on 21 December 2012. The Company obtained operation authorisation based on Decision of the Czech National Bank No. 2013/4256/570 of 9 April 2013 which took effect on 9 April 2013.

The Company is a management company in the sense of the existing legislation and it acts in the capacity of a legal entity, which collects cash from both legal entities and natural persons (individuals), in order to use them to participate in business (collective investing).

***Principal activity of the Company***

Under the Act, the Company is authorised, in the scope of the authorisation of the Czech National Bank, to:

- Manage investment funds or foreign investment funds;
- Exceed the critical limit; and
- Administer investment funds or foreign investment funds.

***Depository information***

Depository services are provided by UniCredit Bank Czech Republic and Slovakia, a.s., Corporate ID 64948242, with its registered office at Želetavská 1525/1, Praha 4, 140 92 (hereinafter the "Depository") under the Depository Agreement dated 6 February 2014.

**(b) Basis for the Preparation of the Financial Statements**

The financial statements have been prepared based on accounting records maintained in line with:

- Accounting Act No. 563/1991, as amended;
- Regulation No. 501/2002 issued by the Ministry of Finance, as amended; and
- Czech Accounting Standards for financial institutions as published by the Ministry of Finance.

The financial statements have been prepared in compliance with the accruals principle and historical prices, excluding selected financial instruments valued at fair value.

The financial statements are based on the going concern assumption and assuming that no facts exist that would restrict the Fund or prevent it from carrying out its activity in the foreseeable future.

The current reporting period of the Fund is the calendar year ended 31 December 2016. Data from the previous reporting period, i.e. the year ended 31 December 2015, is used as comparative data.

These financial statements are presented in thousands of Czech crowns ('CZK') unless stated otherwise. Figures in brackets are negative.

These financial statements are unconsolidated financial statements.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Transaction Date**

Depending on the transaction type, the transaction date is predominantly:

- Date of payment or receipt of money in circulation;
- Date of purchase or sale of foreign currency, foreign exchange or securities;
- Date of payment;
- Date of crediting (foreign currency) funds based on the account statement;
- Date of arrangement and settlement of spot transactions, namely purchase or sale of financial instruments or commodities with such a delivery date where the period between the trade date and the settlement date is no more than five days; and
- Trade date and settlement date of derivative transactions.

Spot transactions (i.e. purchases and sales of financial assets with a usual term of delivery) of the Fund are reported directly in the relevant asset or liability at the trade date.

The Fund will derecognise a financial asset or any part thereof from the balance sheet if control over the contractual rights to such a financial asset or any part thereof is lost. The loss of control occurs if the Company exercises its rights to contractual benefits, if such rights expire or should the Fund waive these rights.

If a financial liability or any part thereof expires (such as when a contractual obligation is met, cancelled or expires), the financial liability or a part thereof will no longer be recognised in the Fund's balance sheet. The difference between the carrying amount of the financial liability or a part thereof that has expired or has been transferred to another entity and the amount paid for the respective debt shall be reported through expenses or revenues as appropriate.

**(b) Securities**

In compliance with the Fund strategy, all securities have been classified as securities valued at their fair value. Securities are re-valued on a daily basis during the reporting period, pursuant to Decree no. 244/2013 Coll., of the Ministry of Finance of the Czech Republic, on detailed issues related to the Act on Management Companies and Investment Funds, as amended (hereinafter the "Decree"). Pursuant to the Decree, securities are valued at prices derived from public markets, which may be further adjusted in keeping with the provisions of the Decree. If no market price is available, such value shall be applied

as determined according to valuation models based on discounted future cash flows according to the yield curve.

Upon their initial recognition, securities are valued at acquisition cost. Acquisition cost also includes direct transaction costs related to the acquisition of securities.

#### ***Interest income***

The term 'interest income' means the following:

- a) as regards debt securities with coupon, the accrued coupon as determined in the issue terms and conditions and the accrued difference between the nominal value and the net acquisition cost, known as a premium or discount;
- b) as regards debt securities without coupon and bills of exchange, the accrued difference between the nominal value and the acquisition cost.

Interest income on debt securities is reported in the profit and loss account commencing on the purchase using the effective interest rate method.

#### ***Debiting of securities***

Upon sales of securities, the Fund values such securities disposals using the 'average price method'.

### **(c) Receivables and Provisions**

Operating receivables are recognised at their nominal value net of provisions, if any. Bad debts are written off after the completion of the debtor's bankruptcy proceedings or when it is highly unlikely for the bad debt to be settled.

Provisions are recognised as expenses; the utilisation of a provision is recognised in the profit and loss account along with expenses or losses arising from asset disposals. The release of a provision due to redundancy is recognised in revenues.

### **(d) Financial Derivatives**

Derivatives are financial instruments meeting the following conditions:

- a) their fair value varies depending on changes in interest rates, security prices, commodity prices, foreign exchange rates, price indices, credit assessments (ratings) or indices, and/or depending on any other variables (so-called underlying assets);
- b) as compared to other types of contracts, which show similar responses to changing market conditions, they require little or no initial investments;
- c) they will be settled in the future and the period from the trade date to settlement exceeds that of spot transactions.

Derivatives are reported in the balance sheet at their fair values. Positive fair values of derivatives are reported in assets under 'Other assets'. Negative fair values of derivatives are reported in liabilities under 'Other liabilities'.

Fair value of financial derivatives is determined as the present value of future cash flows from these transactions. The present value is determined with the help of parameters identified on the active market, such as exchange rates, interest rates for a given maturity based on the yield curve, etc.

In the off-balance sheet, derivatives are reported at contractual undiscounted values of the underlying instrument under 'Receivables from fixed-term operations' and 'Payables from fixed-term operations'.

**(e) Funds Invested by Shareholders**

The Fund has no share capital. The share certificates have been assigned no nominal value. The Fund does not account for share premium.

***Capital funds***

The selling price of share certificates is determined as a ratio of the Fund's equity and the number of issued share certificates. Share certificates are sold to investors for selling prices determined on a daily basis.

**(f) Reserves**

Reserves represent probable cash outflows of uncertain timing and amount. Reserves are charged to expenses in such amounts which are the best estimate of expenditures required in order to settle existing liabilities.

Reserves are created if the following criteria are met:

- a) A performance obligation (legal or constructive) exists as a result of past events;
- b) It is probable or certain that an event will occur and will require an outflow of resources representing economic benefits, where "probable" means probability greater than 50%; and
- c) It is possible to make a reliable estimate of such fulfilment.

**(g) Foreign Currency Translation**

Transactions denominated in foreign currencies are translated into the local currency using the exchange rate of the Czech National Bank effective on the date of the transaction.

Assets and liabilities denominated in foreign currencies along with foreign-currency spot transactions before their due dates are translated into the local currency using the exchange rate of the Czech National Bank effective at the balance sheet date. Any profit or loss resulting from the translation of assets and liabilities denominated in foreign currencies, excepting equity investments in foreign currencies, or items hedging against foreign currency risk arising from contracts not yet recognised in the Fund's balance sheet, or from anticipated future transactions is recognised in the profit and loss account as "Profit or loss from financial operations".

**(h) Taxation**

***Tax payable***

The corporate tax base is calculated from the profit for the current period before tax, increased by non-deductible expenses, less the revenues that are not subject to income tax, and further adjusted for tax allowances and relevant credits, if any. Based on valid tax regulations, corporate income tax for mutual funds amounts to 5%.

***Deferred tax***

Deferred tax is based on all temporary differences between the carrying and tax values of assets and liabilities, using the anticipated tax rate effective for the following period. A deferred tax asset will be only recognised if there is no doubt as to its recovery in the following reporting periods.

**(i) Interest Income and Interest Expense and Dividend Income**

Interest income and interest expense are reported on an accrual basis.

Dividend income is reported on the effective date of entitlement to receive its payment (ex-dividend date). Dividend income from domestic securities is reported after the deduction of withholding tax.

Dividend income from foreign securities is reported prior to the deduction of withholding tax.



**3. INTEREST INCOME AND SIMILAR INCOME**

CZK '000	2016	2015
Interest from current accounts and fixed term deposits	95	114
Interest from debt securities	10 849	16 468
<b>Total</b>	<b>10 944</b>	<b>16 582</b>

**4. FEES AND COMMISSION INCOME**

The item 'Fees and commission income' includes the incentive received in relation to the investment in KAG funds in the amount of CZK 684 thousand (2015: CZK 344).

**5. FEES AND COMMISSION EXPENSES**

CZK '000	2016	2015
Management fee	14 689	14 967
Depository fee	2 132	2 535
Securities administration	636	664
Other fees and commissions	165	378
<b>Total</b>	<b>17 622</b>	<b>18 544</b>

The management fee paid by the Fund to the Company amounts, according to the Fund Prospectus, to 0.5% of the average annual value of the Fund equity.

Under the Depository Agreement, the Fund pays a fee in the amount of 0.0605% of the average annual value of the Fund equity.

**6. PROFIT OR LOSS FROM FINANCIAL OPERATIONS**

CZK '000	2016	2015
Profit from securities valued at fair value	24 313	16 036
Profit from exchange rate differences	562	(17 984)
Loss from spot and fixed term transactions	(1 556)	19 193
<b>Total</b>	<b>23 319</b>	<b>17 245</b>

Profit or loss from securities valued at fair value mainly represents daily revaluation of securities to fair value.

Profit or loss from exchange rate differences mainly represents both realised and unrealised exchange rate differences from revaluation of bond securities.

Profit or loss from spot and fixed term transactions includes profit and loss from settlements of spot transactions and fixed term transactions with financial instruments as well as revaluation of open derivatives at fair value.

**7. ADMINISTRATIVE EXPENSES**

Administrative expenses include audit expenses in the amount of CZK 250 thousand (2015: CZK 97 thousand).

**8. TREASURY BONDS WITHOUT COUPON AND OTHER SECURITIES ACCEPTED BY THE CENTRAL BANK FOR REFINANCING**

All securities held by the Fund are listed on the Prague Stock Exchange or on foreign stock exchanges. All securities are included in the portfolio of securities at fair value.

CZK '000	31 Dec 2016	31 Dec 2015
Treasury bonds	1 773 324	1 034 146
<b>Net book value</b>	<b>1 773 324</b>	<b>1 034 146</b>

**9. RECEIVABLES FROM BANKS AND COOPERATIVE CREDIT UNIONS**

Receivables from banks include current accounts maintained by Unicredit bank Czech Republic and Slovakia, a.s., amounting to CZK 115,191 thousand (2015: CZK 157,145 thousand). Current accounts are payable upon request.

**10. DEBT SECURITIES**

CZK '000	31 Dec 2016	31 Dec 2015
Bonds issued by government institutions	84 192	84 557
Bonds issued by other entities	875 706	1 116 027
<b>Net book value</b>	<b>959 898</b>	<b>1 200 584</b>

**11. SHARES, SHARE CERTIFICATES AND OTHER INVESTMENTS**

CZK '000	31 Dec 2016	31 Dec 2015
Share certificates	157 950	155 431
<b>Net book value</b>	<b>157 950</b>	<b>155 431</b>

**12. OTHER ASSETS**

CZK '000	31 Dec 2016	31 Dec 2015
Other receivables	440	249
<b>Total</b>	<b>440</b>	<b>249</b>

**13. EQUITY**

*Number of issued share certificates*

(in pieces)	31 Dec 2016	31 Dec 2015
Dividend class	-	2 849 867 494
Capitalisation class	2 951 309 273	10 715 210
<b>Total</b>	<b>2 951 309 273</b>	<b>2 860 582 704</b>

No other classes were issued in 2016.

*Equity according to share certificate classes*

CZK '000	31 Dec 2016	31 Dec 2015
Dividend class	-	2 883 891
Capitalisation class	3 003 494	10 749
<b>Total</b>	<b>3 003 494</b>	<b>2 894 640</b>

As of 31 December 2016, 2,951,309,273 share certificates of the Fund were issued (2015: 2,860,582,704).

**Raiffeisen fond dlhopisové stability, otevřený podílový fond,**  
**Raiffeisen investiční společnost a.s.**  
Year Ended 31 December 2016

The dividend class was cancelled in 2016. The value of the capitalisation class as of the last business day of 2016 amounted to CZK 1.0180 (2015: 1.0121). This is the last value of a share certificate in the respective year for which purchases and re-purchases of the Fund's share certificates were made.

**14. OTHER LIABILITIES**

CZK '000	31 Dec 2016	31 Dec 2015
Negative value of derivatives	876	874
Other liabilities	51	115
<b>Total</b>	<b>927</b>	<b>989</b>

**15. ACCRUED EXPENSES AND DEFERRED INCOME**

The item 'Accrued expenses' primarily includes the uninvoiced management fee for the month of December in the amount of CZK 1,252 thousand (As of 31 December 2015: CZK 1,206 thousand).

**16. FINANCIAL DERIVATIVES**

**Nominal value of derivatives:**

CZK '000	31 Dec 2016		31 Dec 2015	
	Receivable	Payable	Receivable	Payable
Currency forwards	158 691	159 565	453 747	454 363
<b>Total</b>	<b>158 691</b>	<b>159 565</b>	<b>453 747</b>	<b>454 363</b>

Off-balance sheet assets and liabilities represent the nominal (contractual) undiscounted values which are revalued by the Fund using the CNB's exchange rate valid as of the financial statements date. All the above financial instruments were concluded on the inter-bank market (OTC).

**Fair value of derivatives:**

CZK '000	31 Dec 2016		31 Dec 2015	
	Positive	Negative	Positive	Negative
Currency forwards	-	876	-	874
<b>Total</b>	<b>-</b>	<b>876</b>	<b>-</b>	<b>874</b>

All currency derivatives mature within one year.

**17. RESERVES**

	Income tax	Total reserves
Balance at 1 January 2016	529	<b>529</b>
Creation	854	<b>854</b>
Usage	529	<b>529</b>
<b>Balance at 31 December 2016</b>	<b>854</b>	<b>854</b>

The Fund creates the income tax reserve because the financial statements are prepared prior to the date of determining the tax liability. In the following reporting period, the Fund will release the reserve and account for the established tax liability.

**18. PROPOSED ALLOCATION OF PROFIT**

*The Company's Board of Directors proposes the allocation of the profit for 2016 as follows:*

CZK '000	Profit / loss	Retained earnings or accumulated loss brought forward
Balance at 31 December 2016 prior to the allocation of the profit for 2016		14 475
Dividend paid		(32)
Profit for 2016	16 222	
<b>Proposed allocation of the profit for 2016:</b>		
Transfer to retained earnings	(16 222)	16 222
<b>Total</b>	<b>-</b>	<b>30 665</b>

**19. INCOME TAXATION**

**(a) Income Tax**

CZK '000	2016	2015
Income tax reserve	854	770
<b>Total</b>	<b>854</b>	<b>770</b>

**(b) Income Tax – Tax Analysis**

CZK '000	2016	2015
Profit or loss for the period before tax	17 075	15 530
Revenues that are not subject to tax	-	-
Tax non-deductible expenses	-	-
Other items	-	(130)
Subtotal	17 075	15 400
<b>Tax calculated using the 5% tax rate</b>	<b>853</b>	<b>770</b>

**20. RELATED PARTY TRANSACTIONS**

CZK '000	31 Dec 2016	31 Dec 2015
<b>Assets</b>		
Incentive related to investments in KAG funds	176	176
<b>Liabilities</b>		
Management fee payable to the Company	1 252	1 206
<b>CZK '000</b>	<b>2016</b>	<b>2015</b>
<b>Expenses</b>		
Management fee payable to the Company	14 689	14 967
<b>Income</b>		
Incentive related to investments in KAG funds	684	344

**Raiffeisen fond dluhopisové stability, otevřený podílový fond,  
Raiffeisen investiční společnost a.s.  
Year Ended 31 December 2016**

CZK '000	31 Dec 2016	31 Dec 2015
Off-balance sheet assets		
Values placed under management	3 006 362	2 897 359

**21. VALUES PLACED UNDER MANAGEMENT**

The Fund has all its assets managed by the Company. The item entitled 'Values placed under management' covers both foreign and local securities, term deposits as well as current account balances.

**22. FINANCIAL INSTRUMENTS – MARKET RISK**

The Fund is exposed to market risks arising from open positions in interest rate, equity and currency instrument transactions that are sensitive to changes in financial market conditions.

**(a) Risk management**

The basic risk management instrument is represented by imposing limits on the ratio of different types of financial instruments in the portfolio, which are determined in accordance with legal requirements, the Fund Prospectus, and its investment strategy. The key risks, which are evaluated on a daily basis, include foreign currency exposures and sensitivity to interest rate fluctuations.

Market risks are measured using the Value at Risk ("VaR") method. Value at Risk represents a potential loss resulting from unfavourable developments on the market within a certain time period and at a certain level of reliability. The 'Value at Risk' is measured on the basis of a one-year holding period and a 95% reliability level.

**(b) Liquidity risk**

'Liquidity risk' represents the risk that the Fund will not have sufficient cash resources to meet its commitments associated with its financial contracts. Liquidity is monitored and managed on the basis of expected cash flows; in this context, the structure of the securities and the term deposits portfolio is adjusted.

***Residual maturity of the Fund's assets and liabilities***

CZK '000	Less than 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Not specified	Total
<b>As of 31 December 2016</b>						
Treasury bonds without coupon and other securities	1 752	11 389	1 467 840	292 343	-	1 773 324
Receivables from banks	115 191	-	-	-	-	115 191
Debt securities	2 096	79 066	800 272	78 464	-	959 898
Shares, share certificates	-	-	-	-	157 950	157 950
Other assets	440	-	-	-	-	440
<b>Total</b>	<b>119 479</b>	<b>90 455</b>	<b>2 268 112</b>	<b>370 807</b>	<b>157 950</b>	<b>3 006 803</b>
Other liabilities	927	-	-	-	-	927
Accrued/deferred income and expenses	1 528	-	-	-	-	1 528
Reserves	-	854	-	-	-	854
Equity	-	-	-	-	3 003 494	3 003 494
<b>Total</b>	<b>2 455</b>	<b>854</b>	<b>-</b>	<b>-</b>	<b>3 003 494</b>	<b>3 006 803</b>
<b>GAP</b>	<b>117 024</b>	<b>89 601</b>	<b>2 268 112</b>	<b>370 807</b>	<b>(2 845 544)</b>	<b>-</b>
<b>Cumulative GAP</b>	<b>117 024</b>	<b>206 625</b>	<b>2 474 737</b>	<b>2 845 544</b>	<b>-</b>	<b>-</b>

**Raiffeisen fond dluhopisové stability, otevřený podílový fond,  
Raiffeisen investiční společnost a.s.  
Year Ended 31 December 2016**

***Residual maturity of the Company's assets and liabilities***

CZK '000	Less than 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Not specified	Total
<b>As of 31 December 2015</b>						
Treasury bonds without coupon and other securities	622	6 963	815 831	210 730	-	<b>1 034 146</b>
Receivables from banks	507 257	-	-	-	-	<b>507 257</b>
Debt securities	17 728	129 458	995 833	57 565	-	<b>1 200 584</b>
Shares, share certificates	-	-	-	-	155 431	<b>155 431</b>
Other assets	249	-	-	-	-	<b>249</b>
<b>Total</b>	<b>525 856</b>	<b>136 421</b>	<b>1 811 664</b>	<b>268 295</b>	<b>155 431</b>	<b>2 897 667</b>
Other liabilities	989	-	-	-	-	<b>989</b>
Accrued/deferred income and expenses	1 509	-	-	-	-	<b>1 509</b>
Reserves	529	-	-	-	-	<b>529</b>
Equity	-	-	-	-	2 894 640	<b>2 894 640</b>
<b>Total</b>	<b>3 027</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 894 640</b>	<b>2 897 667</b>
<b>GAP</b>	<b>522 829</b>	<b>136 421</b>	<b>1 811 664</b>	<b>268 295</b>	<b>(2 739 209)</b>	<b>-</b>
<b>Cumulative GAP</b>	<b>522 829</b>	<b>659 250</b>	<b>2 470 914</b>	<b>2 739 209</b>	<b>-</b>	<b>-</b>

The above table shows residual maturities of the book values of the individual financial instruments, rather than of all cash flows resulting from such instruments.

**(c) Interest rate risk**

The Fund is exposed to interest rate risk due to the impacts of fluctuations of the current interest rates on the market. On account of such changes, the fair value and income from financial assets may both increase and decrease.

The table below provides a summary of the mismatch between the Fund's assets and liabilities that are interest-rate sensitive. The table below includes data about the extent of Fund's interest rate risk based on the contractual maturity of the financial instruments.

***Interest-rate sensitivity of the Fund's assets and liabilities***

CZK '000	Less than 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
<b>As of 31 December 2016</b>					
Treasury bonds without coupons and other securities	4 794	567 108	1 137 734	63 688	<b>1 773 324</b>
Receivables from banks	115 191	-	-	-	<b>115 191</b>
Debt securities	390 287	91 186	451 346	27 079	<b>959 898</b>
<b>Total</b>	<b>510 272</b>	<b>658 294</b>	<b>1 589 080</b>	<b>90 767</b>	<b>2 848 413</b>

**Raiffeisen fond dlhopisové stability, otevřený podílový fond,  
Raiffeisen investiční společnost a.s.  
Year Ended 31 December 2016**

***Interest-rate sensitivity of the Fund's assets and liabilities***

CZK '000	Less than 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
<b>As of 31 December 2015</b>					
Treasury bonds without coupons and other securities	103 078	624 742	237 050	69 276	<b>1 034 146</b>
Receivables from banks	507 257	-	-	-	<b>507 257</b>
Debt securities	433 637	22 306	687 076	57 565	<b>1 200 584</b>
<b>Total</b>	<b>1 043 972</b>	<b>647 048</b>	<b>924 126</b>	<b>126 841</b>	<b>2 741 987</b>

The above summary only includes interest-rate sensitive assets and liabilities and, therefore, it is not identical to the values presented in the Fund's balance sheet.

**(d) Currency risk**

**Financial position and cash flows are affected by the fluctuations of the valid exchange rate of foreign currencies.**

Both realised and unrealised foreign exchange profit and loss is reported directly in the profit and loss account. The foreign exchange positions of the Fund in the most significant currencies are as follows:

***Foreign exchange positions of the Fund***

CZK '000	EUR	PLN	USD	CZK	Total
<b>As of 31 December 2016</b>					
Treasury bonds without coupon and other securities	-	-	-	1 773 324	<b>1 773 324</b>
Receivables from banks	733	8 212	198	106 048	<b>115 191</b>
Debt securities	56 543	30 375	53 817	819 163	<b>959 898</b>
Shares, share certificates and other investments	157 950	-	-	-	<b>157 950</b>
Other assets	-	-	-	440	<b>440</b>
<b>Total</b>	<b>215 226</b>	<b>38 587</b>	<b>54 015</b>	<b>2 698 975</b>	<b>3 006 803</b>
<b>Other liabilities</b>					
Accrued/deferred income and expenses	281	-	595	51	<b>927</b>
Reserves	-	-	-	854	<b>854</b>
Equity	-	-	-	3 003 494	<b>3 003 494</b>
<b>Total</b>	<b>281</b>	<b>-</b>	<b>595</b>	<b>3 005 927</b>	<b>3 006 803</b>
Long off-balance instruments positions	-	-	-	158 691	<b>158 691</b>
Short off-balance instruments positions	112 133	-	47 432	-	<b>159 565</b>
<b>Net foreign exchange position</b>	<b>102 812</b>	<b>38 587</b>	<b>5 988</b>	<b>(148 261)</b>	<b>-</b>

**Raiffeisen fond dluhopisové stability, otevřený podílový fond,  
Raiffeisen investiční společnost a.s.  
Year Ended 31 December 2016**

***Foreign exchange positions of the Fund***

CZK '000	EUR	PLN	USD	CZK	Total
<b>As of 31 December 2015</b>					
Treasury bonds without coupon and other securities	-	-	-	1 034 146	<b>1 034 146</b>
Receivables from banks	17 027	8 499	26 475	455 256	<b>507 257</b>
Debt securities	289 837	30 948	53 609	826 190	<b>1 200 584</b>
Shares, share certificates and other investments	155 431	-	-	-	<b>155 431</b>
Other assets	-	-	-	249	<b>249</b>
<b>Total</b>	<b>462 295</b>	<b>39 447</b>	<b>80 084</b>	<b>2 315 841</b>	<b>2 897 667</b>
<b>Other liabilities</b>					
Accrued/deferred income and expenses	776	-	98	115	<b>989</b>
Reserves	-	-	-	529	<b>529</b>
Equity	-	-	-	2 894 640	<b>2 894 640</b>
<b>Total</b>	<b>776</b>	<b>-</b>	<b>98</b>	<b>2 896 793</b>	<b>2 897 667</b>
Long off-balance instruments positions	-	-	-	453 747	<b>453 747</b>
Short off-balance instruments positions	(397 268)	-	(57 095)	-	<b>(454 363)</b>
<b>Net foreign exchange position</b>	<b>64 251</b>	<b>39 447</b>	<b>22 891</b>	<b>(127 205)</b>	<b>-</b>

**23. FINANCIAL INSTRUMENTS – CREDIT RISK**

Credit risk represents the risk of financial loss the Fund faces if the counterparty in a financial instrument transaction does not meet its contractual obligations.

Fund investments are implemented so that the rating structure of the securities complies with the Fund Prospectus and its investment strategy. Credit risk management includes the monitoring of diversification of investments in terms of their geographical distribution and in terms of exposure of individual issuers to credit risk.

***Distribution of assets based on geographical segments***

**As of 31 December 2016**

CZK '000	Czech Rep.	EU	Other European Countries	Other	Total
Treasury bonds without coupon and other securities	1 773 324	-	-	-	<b>1 773 324</b>
Receivables from banks	115 191	-	-	-	<b>115 191</b>
Debt securities	341 844	594 107	-	23 947	<b>959 898</b>
Shares, share certificates and other investments	-	157 950	-	-	<b>157 950</b>
Other assets	440	-	-	-	<b>440</b>
<b>Total</b>	<b>2 230 799</b>	<b>752 057</b>	<b>-</b>	<b>23 947</b>	<b>3 006 803</b>

**As of 31 December 2015**

CZK '000	Czech Rep.	EU	Other European Countries	Other	Total
Treasury bonds without coupon and other securities	1 034 146	-	-	-	<b>1 034 146</b>
Receivables from banks	507 197	60	-	-	<b>507 257</b>
Debt securities	337 283	690 066	-	173 235	<b>1 200 584</b>
Shares, share certificates and other investments	-	155 431	-	-	<b>155 431</b>
Other assets	249	-	-	-	<b>249</b>
<b>Total</b>	<b>1 878 875</b>	<b>845 557</b>	<b>-</b>	<b>173 235</b>	<b>2 897 667</b>



*Distribution of securities based on the issuer*

CZK '000	31 Dec 2016	31 Dec 2015
Issued by financial institution	703 839	846 712
Issued by collective investment funds	157 950	155 431
Issued by non-financial institutions	142 983	264 356
Issued by insurance institutions	4 937	4 959
Issued by government institutions	1 881 462	1 118 703
<b>Total</b>	<b>2 891 171</b>	<b>2 390 161</b>

**24. POST BALANCE SHEET EVENTS**

No events occurred subsequent to the balance sheet date on 31 December 2016 that would have a significant impact on the financial statements of the Fund.