

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

**Annual Report
2017**

General information of Raiffeisen investiční společnost a.s. (hereinafter the “Company”)

Business name: Raiffeisen investiční společnost a.s.
Legal form: joint-stock company
Registered office: Hvězdova 1716/2b,
Praha 4 – Nusle, Postal Code 140 78
Czech Republic
Company no. (IČO): 29146739
Company register: Insert B18837, administered by the Municipal Court in Prague
Registered capital: CZK 40,000,000.00
Shareholder: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Praha 4 – Nusle, Postal Code 140 78

Company description

Raiffeisen investiční společnost a.s., Company no. (IČ): 29146739, with registered office at Hvězdova 1716/2b, Praha 4 – Nusle, Postal Code 140 78, acts as the investment company administering and managing the Fund assets. The company was founded on 21 December 2012. The relevant licence to act as an investment company was issued by the Czech National Bank, by way of Decision Ref. no. 2013/4256/570, dated 9 April 2013, that acquired legal force on 9 April 2013. The Company is a 100% owned subsidiary of Raiffeisenbank a.s.

Raiffeisen investiční společnost a.s. was founded on 21 December 2012 as a company fully owned by its sole shareholder, Raiffeisenbank a.s. The Company was established in order to extend the scope of products offered by Raiffeisenbank a.s., thus increasing the bank's market share. Within a few years, the Company has become a respected asset administrator with regional impacts in Central Europe.

Contacts

Tel: +420 800 900 900
Fax: +420 234 402 223
web: www.rfis.cz

List of funds managed as of 31 December 2017

Raiffeisen investiční společnost a.s. managed a total of 17 open-ended mutual funds as of 31 December 2017.

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)
- Raiffeisen fond high-yield dluhopisů (ISIN CZ0008474848)
- Raiffeisen fond flexibilního růstu (ISIN CZ0008474871)
- Raiffeisen fond amerických akcií (ISIN CZ0008475175)
- Raiffeisen fond evropských akcií (ISIN CZ0008475266)
- Raiffeisen fond emerging markets akcií (ISIN CZ0008475274)

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)
- Raiffeisen fond dividendový (ISIN CZ0008475027)
- Raiffeisen realitní fond (ISIN CZ0008475100)

Qualified investors' funds

- LEONARDO (ISIN CZ0008474525)

An agreement on partial management of the investment fund named Raiffeisen-Czech-Click Fund II (ISIN AT0000A0QRK9) concluded by and between the Company and Raiffeisen Kapitalanlage – Gesellschaft m.b.H. on 1 July 2013 was terminated as of 31 December 2016. Certain additional payments continued to result from the agreement in the course of 2017.

Raiffeisen fond globálních trhů (hereinafter the “Fund”)
Annual Report for the period from 1 January 2017 to 31 December 2017

Currency:	CZK
Capitalisation class ISIN:	CZ0008474442
Nominal value per share certificate:	none
Fund format:	open-ended mutual fund
AKAT-type fund:	mixed fund
Date of establishment:	21 May 2014

Fund manager

The Fund has been managed by Raiffeisen investiční společnost a.s. The Company has not concluded any contracts with any other persons or entities covering activities of a senior supporter of the Fund pursuant to Sections 85 to 91 of Act no. 240/2013 Collection of Laws (“Coll.”), on Investment Companies and Investment Funds.

Fund depositary

The services of a depositary have been provided by UniCredit Bank Czech Republic and Slovakia, a.s., Company no. (IČ): 64948242, with registered office at Želetavská 1525/1, Praha 4, Postal Code 140 92, incorporated in the Companies Register administered by the Municipal Court in Prague, Section B, Insert 3608. The Depositary has also been in charge of custody of the Fund assets throughout the record period.

Master fund

Raiffeisen-Global-Aktien (ISIN AT0000A0LSS1), hereinafter the “Master Fund”, with registered office at Mooslackengasse 12, 1190 Wien, Austria. The Master Fund has been managed by Raiffeisen Kapitalanlage-Gesellschaft m.b.h., with registered office at Mooslackengasse 12, 1190 Wien, Austria. Identification number: 83517w – registered in the Companies Register administered by the Commercial Court in Vienna (Austria). For more information about the Master Fund, including its latest published annual and semi-annual reports, please, see the web site: www.rfis.cz.

Auditor

The Fund has been audited by Deloitte Audit s.r.o., Company no. (IČ): 49620592, with registered office at Karolinská 654/2, Praha 8 – Karlín, Postal Code 186 00, incorporated in the Companies Register administered by the Municipal Court in Prague, Section C, Insert 24349.

Investment strategy

The Fund acts as a feeder fund for the Master Fund. The Fund investment strategy is to achieve moderate growth of the capital measured in Czech crowns, by way of investing at least 85 percent of the value of its assets in securities issued by the Master Fund. A lesser portion of the assets (up to 15 percent of the total asset value) may comprise financial derivatives negotiated exclusively for hedging purposes, and receivables regarding payment of financial resources from accounts denominated in the Czech currency or in foreign currencies. The Fund has been rated in Risk Group 6 according to the Synthetic Risk and Reward Indicator (SRRI).

Fund portfolio manager

Mr Jan Chytrý

Education	University of Economics and Management (VŠEM) – Student
Courses and training:	Broker's licence issued by the Ministry of Finance of the Czech Republic
Practical experiences:	10 years
RIS portfolio manager	Since 1 March 2015

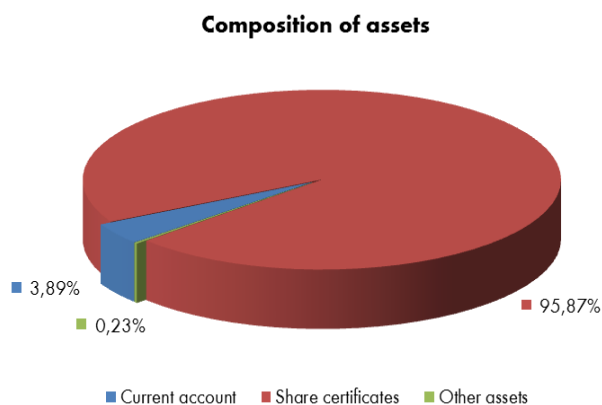
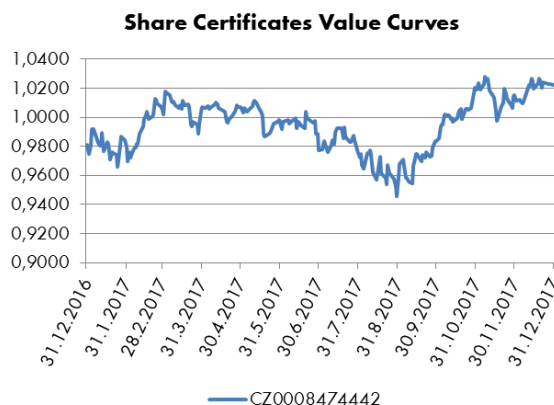
Portfolio manager's comments

The Fund invested in 2017 its investors' funds in its capacity of a so-called 'feeder fund' for its appointed Master Fund, Raiffeisen-Global-Aktien. The equity Master Fund (with EUR as its base currency) has no regional or sectoral limitations, it invests the funds of its unit holders in a global scale. Approximately 60 percent of the Fund portfolio (with CZK as its base currency) was hedged against CZK/EUR exchange rate risk as of 30 June 2017; the hedging ratio was more than 90 percent at the end of December 2017.

Financial indicators	31 December 2017	31 December 2016	31 December 2015
Shareholders' equity, in CZK'000	1,111,224	821,077	467,607
Shareholders equity per share certificate, in CZK	1,0221	0,9814	0,9288
Profit/(loss) after tax, in CZK'000	41,686	58,025	(18,692)
Number of share certificates, in pieces	1,087,240,916	836,638,207	503,450,433

Number of issued and redeemed units in the term of 1 January 2017 to 31 December 2017

ISIN	Issued share certificates		Redeemed share certificates		BALANCE (+/-)	
	pieces	CZK'000	pieces	CZK'000	pieces	CZK'000
CZ0008474442	435,493,833	432,754	184,891,124	184,294	250,602,709	248,460



List of securities held in excess of 1 percent as of 31 December 2017

CURRENCY	COUNTRY	ISIN	NAME	ACQUISITION PRICE In CZK'000	FAIR VALUE In CZK'000	SHARE IN ASSETS (%)
EUR	AT	AT0000A0LSS1	RAIFFEISEN-GLOBAL-AKTIE-IVA	970,002	1,080,957	95.87
Total				970,002	1,080,957	95.87

Information about wages, remunerations, and similar incomes of employees and managers that may be considered as rewards paid out by the Fund manager to its employees and managers in the period ending 31 December 2017.

	Number	Fixed pay In CZK'000	Bonuses In CZK'000	Fund performance rewards In CZK'000
Employees	21	20,354	4,607	-
incl.: managers	7	11,093	2,906	-

Information about wages, payments, and similar incomes of employees or managers that may be considered as rewards paid out by the Fund manager to those of its employees or managers who have had a major impact on the risk profile of that Fund in the period ending 31 December 2017.

	CZK'000
Employees	16,433
incl.: managers	13,999

Description of material changes in the information contained in the Prospectus of the investment Fund occurring during the financial year.

No changes in the information contained in the Prospectus occurred during the financial year.

The techniques serving the management of standard funds include solely financial derivatives pursuant to Sections 12 and 13 of the Regulation.

All fund management techniques comply with the provision of Section 30(2) of Government Regulation no. 243/2013 Coll. (hereinafter the "Regulation"). Any application of such techniques does not intend to evade any rules as specified in that Regulation as well as in the Fund Prospectus or the investment strategy of the Fund, and standard funds shall be at any time capable of fulfilling their obligations to transfer either pecuniary funds or to supply any underlying assets belonging to such financial derivatives negotiated on the account of the Fund.

Information about deductions, surcharges or fees payable in connection with investing of the feeder fund from its assets, and about any potential discounts or returns pursuant to Paragraph 4(b) of Appendix no. 2 to Decree no. 244/2013 Coll.

The Fund is not obligated to suffer any deductions or any surcharges in connection with its investing in the Master Fund. At the same time, the Fund has received an incentive in the amount of CZK 2,954,000 in 2017 in connection with investing in the Master Fund.

Further material information according to Appendix no. 2 to Decree no. 244/2013 Coll.:

- g)** The Company has not been the party on behalf of the Fund of any legal dispute or arbitration in the recorded period.
- h)** The Fond represents a growth fund, i.e., all profit has been reinvested.
- i)** Information about genuinely paid management fees for the management of the Fund, broken down to depositary fees, administration fees, senior supporter fees, and auditor fees, as well as information about further costs or taxes.

This information is carried in Part 6. COSTS OF FEES AND COMMISSION and in Part 8. ADMINISTRATIVE COSTS in the Notes to the Financial Statements, which comprise the present Report.

j) The Fund's investments executed in the recorded period have complied with the investment strategy of the Fund as stipulated in the Fund Prospectus and in any relevant regulations. The financial derivatives risk ensues from (a) so-called 'basis' risk resulting from differences in the values of hedging instruments (derivatives) and items; (b) risks of a counterparty failure. The value of foreign currency investment instruments which have not been hedged against CZK shall not exceed 100 percent of the Fund assets value. Financial derivatives have been negotiated with the following counterparts: Česká spořitelna, a.s., Československá obchodní banka, a.s., Komerční banka, a.s., PPF banka, a.s., Raiffeisenbank, a.s., UniCredit Bank Czech Republic and Slovakia, a.s. More information about qualitative restrictions and methods used in the assessment of risks related to techniques and instruments of the Fund is described in the financial statements comprised in the present Annual Report.

The Company wishes to inform, in the sense of Art. 13 (Part A of the Appendix) of Regulation (EU) 2015/2365 of the European Parliament and of the Council, that the Fund did not perform any SFT trading in the recorded period, i.e., trading hedging financing or swaps of all revenues.

Additional information

The Fund did not expend in 2017 any expenses in respect of research, nor did it exert any activities in the recorded period in the area of environmental protection and labour relations.

Subsequent Events

With the exception of the major events as described in the financial statements, the Company management has not been aware of any significant subsequent events that could have affected the financial statements for the period ending 31 December 2017.

INDEPENDENT AUDITOR'S REPORT

To the Partners of
Raiffeisen fond globálních trhů, 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 globálních trhů, otevřený podílový fond, Raiffeisen investiční společnost, a.s. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as at 31 December 2017, 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 globálních trhů, otevřený podílový fond, Raiffeisen investiční společnost, a.s. as at 31 December 2017, 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 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 Company 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 Company's 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 Company'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 Company 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 Company'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 Company'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 Company'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 Company 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 20 March 2018

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 2017

Name of the Company: Raiffeisen fond globálních trhů, 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:

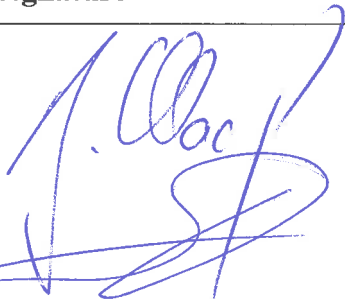

Balance Sheet

Profit and Loss Account

Statement of Changes in Equity

Notes to the Financial Statements

These financial statements were prepared on 20 March 2018.

Statutory body of the reporting entity:	Signature
On behalf of the statutory body: Jaromír Sladkovský Michal Ondruška	
Individual in charge of the accounting records: Petra Paďourová	

Business name: Raiffeisen fond globálních trhů
Raiffeisen investiční společnost a.s.
Registered office: Hvězdova 1716/2b, Praha 4, 140 78
Company no. (IČO): 29146739
Principal activities: fund administration and management
Financial statements date: 4 January 2018

BALANCE SHEET
as of 31 December 2017

In CZK'000	Item	31.12.2017	31.12.2016
ASSETS			
3	Receivables from banks and cooperative credit unions	43,874	31,093
	incl.: a) Payable upon request	43,874	31,093
6	Shares, share certificates and other investments	1,080,957	798,217
	b) Share certificates	1,080,957	798,217
11	Other assets	2,640	802
	incl.: Derivatives	1,081	-
Total assets		1,127,471	830,112

In CZK'000	Item	31.12.2017	31.12.2016
LIABILITIES			
1	Liabilities towards banks and credit unions	11,200	-
	b) Other liabilities	11,200	-
4	Other liabilities	1,520	257
	incl.: Derivatives	2,205	-
5	Accrued expenses and deferred income	1,334	7,580
6	Reserves	2,193	1,198
	b) Tax reserves	2,193	1,198
12	Capital funds	1,036,847	788,386
14	Retained earnings or accumulated loss brought forward	32,691	(25,334)
15	Profit or loss for the current period	41,686	58,025
Total liabilities		1,127,471	830,112

In CZK'000	Item	31.12.2017	31.12.2016
OFF-BALANCE ITEMS			
Off-balance assets			
4	Receivables from fixed term transactions	1,017,655	-
8	Values placed under management	1,124,831	829,309
Off-balance liabilities			
12	Liabilities from fixed term transactions	1,008,830	-

Business name: Raiffeisen fond globálních trhů
 Raiffeisen investiční společnost a.s.
 Registered office: Hvězdova 1716/2b, Praha 4, 140 78
 Company no. (IČO): 29146739
 Principal activities: fund administration and management
 Financial statements date: 4 January 2018

PROFIT AND LOSS ACCOUNT
for the term ending 31 December 2017

In CZK'000	Item	31.12.2017	31.12.2016
2	Interest income and similar income	3	(5)
3	Income from shares and equity investments	4	-
	c) Other income from equity and participation interests		1,252
4	Fees and commission income	5	2,954
5	Fees and commission expenses	6	(14,801)
6	Profit or loss from financial transactions	7	55,762
9	Administrative expenses	8	(50)
	b) Other administrative expenses		(50)
19	Profit or loss for the reporting period from ordinary activities before tax	43,860	59,435
23	Corporate tax	19	(2,174)
24	Profit/loss for the current period after tax	41,686	58,025

Business name: Raiffeisen fond globálních trhů
Raiffeisen investiční společnost a.s.
Registered office: Hvězdova 1716/2b, Praha 4, 140 78
Company no. (IČO): 29146739
Principal activities: fund administration and management
Financial statements date: 4 January 2018

CHANGES IN THE SHAREHOLDERS' EQUITY
as of 31 December 2017

In CZK_000	Capital funds	Retained earnings or accumulated loss brought forward	Profit (Loss)	Total
Balance as of 1. 1. 2016	492,941	(6,642)	(18,692)	467,607
Net profit/loss for the financial year	-	-	58,025	58,025
Share certificates sold	511,038	-	-	511,038
Share certificates purchased	(215,593)	-	-	(215,593)
Transfers to funds	-	(18,692)	18,692	-
Balance as of 31. 12. 2016	788,386	(25,334)	58,025	821,077

In CZK_000	Capital funds	Retained earnings or accumulated loss brought forward	Profit (Loss)	Total
Balance as of 1. 1. 2017	788,386	(25,334)	58,025	821,077
Net profit/loss for the financial year	-	-	41,686	41,686
Share certificates sold	432,754	-	-	432,754
Share certificates purchased	(184,293)	-	-	(184,293)
Transfers to funds	-	58,025	(58,025)	-
Balance as of 31.12.2017	1,036,847	32,691	41,686	1,111,224

1. GENERAL INFORMATION

(a) Fund characteristics

Fund emergence and characteristics

Raiffeisen fond globálních trhů, otevřený podílový fond [*Raiffeisen Global Markets Fund, open-ended mutual fund*], Raiffeisen investiční společnost a.s. (hereinafter the “**Fund**”) represents an accounting entity without legal personality founded by Raiffeisen investiční společnost a.s. (hereinafter the “**Company**”) pursuant to Act no. 240/2013 Collection of Laws (“**Coll.**”), on management companies and investment funds (hereinafter “**ZISIF**” or the “**Act**”). The Fund was established on the date of its registration in the list maintained by the CNB pursuant to Section 597(b) Of the Act on 21 May 2014. The Fund commenced operation on 18 June 2014.

The Fund represents a standard securities fund pursuant to the Act, in compliance with the laws of the European Communities.

Neither the number of such issued units nor the term of the duration of the Fund have been limited.

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

Information about the management company

The Fund assets are administered and managed by Raiffeisen investiční společnost a.s., Company no. (IČ) 29146739, with registered office at Hvězdova 1716/2b, Praha 4 – Nusle, Postal code 140 78. The Company was founded on 21 December 2012. Its managing company licence was issued by the Czech National Bank by its decision Ref. no. 2013/4256/570 dated 9 April 2013, which acquired legal force on 9 April 2013.

The Company is a management company in the sense of the existing legislation and it acts in its capacity of a legal entity that collects pecuniary funds from both legal entities and natural persons (individuals), for the purpose of using them to participate in business (collective investing).

Company objects

The Company, pursuant to the Act and to such extent as licensed by the Czech National Bank, has been authorised to:

- manage investment funds or international investment funds;
- exceed the applicable limit(s);
- administer investment funds or international investment funds.

Depository information

The depository services have been provided by UniCredit Bank Czech Republic and Slovakia, a.s., Company no. (IČ) 64948242, with registered office at Želetavská 1525/1, Praha 4, Postal code 140 92 (hereinafter the “**Depository**”), under a depository agreement dated 6 February 2014.

Master fund information

Raiffeisen-Global-Aktien (ISIN AT0000A0LSS1), hereinafter the “**Master Fund**”, with registered office at Mooslackengasse 12, 1190 Wien, Austria. The Master Fund has been managed by Raiffeisen Kapitalanlage-Gesellschaft m.b.h., with registered office at Mooslackengasse 12, 1190 Wien, Austria. Identification number: 83517w – registered in the Companies Register administered by the Commercial Court in Vienna (Austria). For more information about the Master Fund, including its latest published annual and semi-annual reports, please, see the web site: www.rfis.cz.

(b) Basis for the drafting of financial statements

The financial statements were drafted on the basis of accounting books maintained in compliance with:

- the Accounting Act no. 563/1991, as amended by further legislation;
- Regulation no. 501/2002 of the Ministry of Finance, as amended by further legislation;
- the Czech Accounting Standards for Financial Institutions issued by the Ministry of Finance.

The financial statements were drafted using the principles of accrued revenues and deferred costs, and historical prices, with the exception of some selected financial instruments valued at their fair values.

The financial statements are based on the going concern assumption and on the assumption that no facts have occurred in respect of it that would restrict or otherwise prevent it from continuing such activities in the foreseeable future as well.

The Fund's regular accounting period (financial year) coincides with the financial year ending on 31 December 2017. Information relating to the previous accounting period (financial year), i.e., the year 2016, has been applied as the relevant comparable information.

All information is quoted in thousands of CZK (CZK'000), unless specified otherwise. Figures shown in brackets represent negative values.

The present financial statements represent unconsolidated financial statements.

2. IMPORTANT ACCOUNTING POLICIES

(a) Transaction date

Depending on the transaction type, the transaction dates refer to, without limitation:

- dates of payment or receipt of cash;
- dates of purchase or sale of foreign currencies, and/or securities;
- dates of payments;
- dates of crediting (value date) of funds as shown in the account statement;
- trade dates and settlement dates of spot transactions, i.e., purchase or sale of financial instruments or commodities with such delivery dates, where the period from the trade date to the settlement date does not exceed five days;
- trade dates and settlement dates of derivative transactions.

The accounting entity has opted that spot transactions (i.e., purchases and sales of financial assets with usual terms of delivery accounted for) should be reported as the relevant assets or liabilities on the trade date.

The Fund will derecognise any financial assets or any parts thereof from its balance sheet if it should lose control over any contractual title to such financial assets or any parts thereof. The Fund loses such control if it exercises any titles to benefits defined in the contract, if such titles expire or if such titles have been waived.

If a financial liability or any parts thereof expires (e.g., if a duty defined in the contract is fulfilled, cancelled or expired), the accounting entity will no longer report such financial liability or any parts thereof in its Balance Sheet. The difference between the value of the financial liability in the accounting books, and/or any parts thereof, that have expired or that have been transferred to another entity, and the amount of payment in respect of the debt in question, will be reported as costs or revenues.

(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 financial year, 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 with the help of 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 derived from the yield curve.

Upon their initial recognition, securities shall be valued at their acquisition cost. Such acquisition cost also includes direct transaction costs related to the acquisition of the securities. Such acquisition cost also includes direct transaction costs related to the acquisition of the 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 purchase price, 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 purchase price.

Interest income from debt securities is reported in the Profit and Loss Account commencing on the purchase, using the effective interest rate method.

Derecognition of securities

Upon sales of securities, the accounting entity values such securities outflow making use of the ‘Average Price Method’.

(c) Receivables and provisions

Operating receivables are reported in their nominal value net of provisions. Bad debts (receivables) shall be written off upon the completion of bankruptcy proceedings against the debtor or in the event that the likelihood of their recovery is not realistic.

Creation of provisions is reported as expenses; their use is reported together with expenses or losses associated with the loss of assets in the Profit and Loss Account. Dilution of provisions that are no longer necessary shall be reported as income.

(d) Financial derivatives

Derivatives are financial instruments that meet 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 term 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 as assets under the title of ‘Other assets’. Negative fair values of derivatives are reported as liabilities under the title of ‘Other liabilities’.

The 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 the titles of 'Receivables from fixed term operations' and 'Liabilities from fixed term operations'.

(e) Funds invested by unit-holders

The Fund has no registered capital. The units have no determined nominal values. The Fund does not charge any share premium.

Capital funds

The selling price of units is determined as a ratio of the class equity and the number of issued units of that class. Units are sold to investors for selling prices determined on the daily basis.

(f) Creation of reserves

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

Reserves are created subject to the fulfilment of the following criteria:

- a) an obligation to pay (legal or matter-of-fact) exists resulting from past events;
- b) it is probable or certain that an event of payment will occur and will require an outflow of resources representing economic benefits; the term 'probable' meaning probability greater than 50 percent;
- c) it is possible to make a reliable estimate of such payment.

(g) Foreign currency conversion

Transactions reported in foreign currencies are accounted for in the local currency, to be converted with the help of foreign exchange rates announced by the Czech National Bank and valid on the transaction days, i.e., on the accounting transaction dates.

Assets and liabilities denominated in foreign currencies, together with foreign exchange spot transactions prior to the maturity date, are converted into local currency at the exchange rate announced by the Czech National Bank and valid on the balance sheet date. The resulting profit or loss from such conversions of assets and liabilities denominated in foreign currencies, except for units denominated in foreign currencies, and/or items that serve to hedge currency risk resulting from agreements not yet recorded in the balance sheet of the Fund, or from anticipated future transactions, are reported in the profit and loss account as 'Profit or loss from financial operations'.

(h) Taxation

Tax due

The income tax base is calculated from profits 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 any relevant credits. Under the applicable tax regulations, the income tax rate imposed on mutual funds amounts to 5 percent.

Deferred tax

Deferred tax is based on all temporary differences between accounting and tax values of assets and liabilities, using the expected tax rate for the following period. Deferred tax is accounted for only if there is no doubt that it will be realized in subsequent accounting periods.

(i) **Interest received and interest paid and dividend income**

Interest received and interest paid are reported on the 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 the withholding tax. Dividend income from foreign securities is reported prior to the deduction of withholding tax.

3. INTEREST EXPENSES AND SIMILAR EXPENSES

The item entitled 'Interest expenses and similar expenses' represents interest from received collateral in the amount of CZK 5,000.

4. INCOME FROM SHARES AND EQUITY INVESTMENTS

The item entitled 'Income from shares and equity investments' represents dividends in the amount of CZK 0 (2016: CZK 1,252,000).

5. FEES AND COMMISSION INCOME

The item entitled 'Fees and commission income' includes an incentive received in connection with investing in the KAG funds in the amount of CZK 2,954,000 (2016: CZK 1,843,000).

6. FEES AND COMMISSION EXPENSE

In CZK'000	2017	2016
Management fee	13,535	10,594
Performance fee	-	6,580
Depository fee	605	441
Securities administration	639	405
Other fees and commissions	22	584
Total	14,801	18,604

According to the Fund Prospectus, the management fee paid by the Fund to the Company amounts to 1.35 percent of the average annual value of the Fund equity. The performance fee was eliminated as of 1 September 2017.

No administration fee has been charged.

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

7. PROFIT OR LOSS FROM FINANCIAL OPERATIONS

In CZK'000	2017	2016
Profit/(loss) from securities valued at fair value	29,270	74,354
Profit/(loss) from exchange rate differences	(1,353)	1,225
Profit/(loss) from spot and fixed term transactions	27,845	(585)
Total	55,762	74,994

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

Profit or loss on exchange rate differences mainly represents both realised and unrealised exchange rate differences from revaluation of bonds and balances on foreign currency current accounts.

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 and also revaluation of open derivatives at fair value.

8. ADMINISTRATIVE EXPENSES

The item entitled 'Administrative expenses' represents audit costs in the amount of CZK 50,000 (2016: CZK 50,000).

9. RECEIVABLE FROM BANKS AND COOPERATIVE CREDIT UNIONS

The item entitled 'Receivables from banks and cooperative credit unions' represents current accounts maintained by UniCredit bank Czech Republic and Slovakia in the amount of CZK 43,874,000 (2016: CZK 31,093,000).

The current accounts are repayable on demand.

10. SHARES, SHARE CERTIFICATES AND OTHER INVESTMENTS

In CZK'000	31.12.2017	31.12.2016
Units	1,080,957	798,217
Net book value	1,080,957	798,217

11. OTHER ASSETS

In CZK'000	31.12.2017	31.12.2016
Positive values of derivatives	1,081	-
Other receivables	965	605
Settlement with the state budget	594	197
Total	2,640	802

12. SHAREHOLDERS' EQUITY

As of 31 December 2017, the Fund has issued a total of 1,087,240,916 share certificates (2016: 836,638,207 pieces).

The shareholders' equity amounts to CZK 1,111,224,000 (2016: CZK 821,077,000).

The Capitalisation class unit value on the last trading day of 2017 amounted to CZK 1.0227 (2016: CZK 0.9870). They represent the last unit values in the year, for which purchases and redemptions of the Fund units were realised.

13. LIABILITY TOWARDS BANKS AND COOPERATIVE CREDIT UNIONS

The item entitled 'Liability towards banks and cooperative credit unions' represents passive collaterals towards Raiffeisenbank in the amount of CZK 11,200,000 (2016: CZK 0).

14. OTHER LIABILITIES

In CZK'000	31.12.2017	31.12.2016
Negative value of financial derivatives	2,205	-
Other liabilities	(685)	257
Total	1,520	257

15. ACCRUED EXPENSES AND DEFERRED INCOME

The item entitled 'Accrued expenses' includes the non yet invoiced management fee for December in the amount of CZK 1,253,000 (2016: CZK 933,000) and performance fee in the amount of CZK 0 (2016: CZK 6,580,000).

16. FINANCIAL DERIVATIVES

Nominal value of derivatives:

In CZK'000	31.12.2017		31.12.2016	
	Receivable	Liability	Receivable	Liability
Currency forwards	1,017,655	1,008,830	-	-
Total	1,017,655	1,008,830	-	-

Off-balance sheet assets and liabilities represent the nominal (contractual) undiscounted values re-evaluated by the Fund using the exchange rate issued by the Czech National Bank on the financial statements date. All of the above financial instruments were concluded on the inter-bank market (OTC).

Fair value of derivatives:

In CZK'000	31.12.2017		31.12.2016	
	Positive	Negative	Positive	Negative
Currency forwards	1,081	2,205	-	-
Total	1,081	2,205	-	-

All currency derivatives mature within one year.

17. RESERVES

	Income tax	Total reserves
Balance as of 1 January 2017	1,198	1,198
Creation of reserves	2,193	2,193
Usage of reserves	1,198	1,198
Balance as of 31 December 2017	2,193	2,193

The Fund creates reserves for income tax because the financial statements will have been compiled prior to the determination of the tax duty. The Fund will dilute such reserve in the following financial year and it will account for any such determined tax duty.

18. PROPOSED DISTRIBUTION OF PROFIT

The Board of Directors of the Company proposes to have the 2017 profit distributes as follows:

In CZK'000	Profit / (Loss)	Retained earnings or accumulated loss brought forward
Balance as of 31 December 2017 prior to the 2017 profit distribution	-	32,691
Profit generated in 2017	41,686	-
Proposed distribution of the 2017 profit:		
Retained profit	(41,686)	41,686
Total	-	74,377

19. INCOME TAX

(a) Income tax

In CZK'000	2017	2016
Income tax reserve	2,193	1,198
Returns/additional payments for previous financial years	(10)	-
Withholding tax	(9)	212
Total	2,174	1,410

(b) Income tax – tax analysis

In CZK'000	2017	2016
Profit or loss for financial year before tax	43,860	59,435
Non-taxable income	-	(1,253)
Tax non-deductible expenses	1	17
Other items (a portion of tax loss accumulated in the previous years)	-	(34,227)
Subtotal	43,861	23,972
Tax calculated at the rate of 5 percent	2,193	1,199

20. TRANSACTIONS WITH RELATED PARTIES

In CZK'000	31.12.2017	31.12.2016
Assets		
Incentives for investing in the Master Fund	965	605
Liabilities		
Management fee payable to the Company	1,253	933
Performance fee	-	6,580

In CZK'000	2017	2016
Expenses		
Management fee payable to the Company	13,535	10,594
Performance fee	-	6,580
Income		
Incentives for investing in the Master Fund	2,954	1,843

In CZK'000	31.12.2017	31.12.2016
Off-balance sheet assets		
Values placed under management	1,124,831	829,309

21. VALUES PLACED UNDER MANAGEMENT

The Fund has surrendered its entire assets to be managed by the Company. The item entitled 'Values placed under management' covers foreign and local securities, term deposits, as well as balances deposited on current accounts.

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. The Fund risk profile derives from the risk profile of the Master Fund.

(a) Risk management

The basic risk management instrument is represented by imposing limits regarding 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' value is measured on the basis of a one-year holding period and a 99-percent reliability level.

Raiffeisen fond globálních trhů, otevřený podílový fond,
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(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 assets and debts

	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No specific.	Total
In CZK'000						
As of 31 December 2017						
Receivables from banks	43,874	-	-	-	-	43,874
Shares, share certificates	-	-	-	-	1,080,957	1,080,957
Other assets	2,640	-	-	-	-	2,640
Total	46,514	-	-	-	1,080,957	1,127,471
Liability towards banks and cooperative credit unions	11,200	-	-	-	-	11,200
Other liabilities	1,520	-	-	-	-	1,520
Accrued expenses and deferred income	1,334	-	-	-	-	1,334
Reserves	-	2,193	-	-	-	2,193
Shareholders' equity	-	-	-	-	1,111,224	1,111,224
Total	14,054	2,193	-	-	1,111,224	1,127,471
GAP	32,460	(2,193)	-	-	(30,267)	-
Cumulative GAP	32,460	30,267	30,267	30,267	-	-

Residual maturity of the Fund assets and debts

	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	No specific.	Total
In CZK'000						
As of 31 December 2016						
Receivables from banks	31,093	-	-	-	-	31,093
Shares, share certificates	-	-	-	-	798,217	798,217
Other assets	802	-	-	-	-	802
Total	31,895	-	-	-	798,217	830,112
Other liabilities	257	-	-	-	-	257
Accrued expenses and deferred income	7,580	-	-	-	-	7,580
Reserves	-	1,198	-	-	-	1,198
Shareholders' equity	-	-	-	-	821,077	821,077
Total	7,837	1,198	-	-	821,077	830,112
GAP	24,058	(1,198)	-	-	(22,860)	-
Cumulative GAP	24,058	22,860	22,860	22,860	-	-

The above tables show residual maturities of the carrying amount 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 impact of fluctuations in prevailing market interest rates. Both the fair value and income from financial assets may both grow as well as drop as a result of such fluctuation.

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Raiffeisen investiční společnost a.s.
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The following tables sum up discrepancies related to the Fund assets and liabilities sensitive to interest rate fluctuations. The carrying amount of these assets and liabilities is included in the period, in which they mature or in which the interest rate changes occur, whichever comes first.

Interest rate sensitivity of the Fund assets and debts

	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
In CZK'000					
As of 31 December 2017					
Receivables from banks	43,874	-	-	-	43,874
Total	43,874	-	-	-	43,874

Interest rate sensitivity of the Fund assets and debts

	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Total
In CZK'000					
As of 31 December 2016					
Receivables from banks	31,093	-	-	-	31,093
Total	31,093	-	-	-	31,093

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

(d) Currency risk

The financial position and cash flows have been affected by fluctuations of the current exchange rates 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

In CZK'000	USD	EUR	PLN	CZK	Total
As of 31 December 2017					
Receivables from banks	292	12,946	351	30,285	43,874
Shares, share certificates	-	1,080,957	-	-	1,080,957
Other assets	-	1,081	-	1,559	2,640
Total	292	1,094,984	351	31,844	1,127,471
Liability towards banks and cooperative credit unions	-	-	-	11,200	11,200
Other liabilities	-	2,205	-	(685)	1,520
Accrued expenses and deferred income	-	-	-	1,334	1,334
Reserves	-	2,193	-	-	2,193
Shareholders' equity	(60)	55,812	(1)	1,055,473	1,111,224
Total	(60)	60,210	(1)	1,067,322	1,127,471
Long off-balance instruments positions	-	-	-	1,017,655	1,017,655
Short off-balance instruments positions	-	1,008,830	-	-	1,008,830
Net foreign exchange positions	352	25,944	352	(17,823)	-

Foreign exchange positions of the Fund

In CZK'000	USD	EUR	PLN	CZK	Total
As of 31 December 2016					
Receivables from banks	352	390	352	29,999	31,093
Shares, share certificates	-	798,217	-	-	798,217
Other assets	155	42	-	605	802
Total	507	798,649	352	30,604	830,112
Other liabilities	-	-	-	257	257
Accrued expenses and deferred income	-	-	-	7,580	7,580
Reserves	-	-	-	1,198	1,198
Shareholders' equity	-	-	-	821,077	821,077
Total	-	-	-	830,112	830,112
Net foreign exchange positions	507	798,649	352	(799,508)	-

23. FINANCIAL INSTRUMENTS – CREDIT RISK

Credit risk represents a risk of financial losses to which the Fund is exposed if the counterparty in a transaction involving a financial instrument fails to meet its contractual obligations.

Since at least 85 percent of the Fund assets will have been invested since 2016 in Securities issued by the Master Fund, the Fund risk profile has been influenced to a substantial extent by the risk profile of the Master Fund.

Distribution of assets based on geographical segment

As of 31 December 2017

In CZK'000	CR	EU	Other Europe	Other	Total
Receivables from banks	43,874	-	-	-	43,874
Shares, share certificates and other investments	-	1,080,957	-	-	1,080,957
Other assets	2,640	-	-	-	2,640
Total	46,514	1,080,957	-	-	1,127,471

Distribution of assets based on geographical segment

As of 31 December 2016

In CZK'000	CR	EU	Other Europe	Other	Total
Receivables from banks	31,093	-	-	-	31,093
Shares, share certificates and other investments	-	798,217	-	-	798,217
Other assets	802	-	-	-	802
Total	31,895	798,217	-	-	830,112

Distribution of securities according to issuers

In CZK'000	31.12.2017	31.12.2016
Issued by collective investing funds (UCITS)	1,080,957	798,217
Total	1,080,957	798,217

24. SUBSEQUENT EVENTS

No events occurred after the balance sheet date that would have a significant impact on the financial statements of the Fund as of 31 December 2017.