

**Raiffeisen fond udržitelného rozvoje,
otevřený podílový fond,
Raiffeisen investiční společnost a.s.**

**Semi-annual Report
2016**

Semi-annual report of the Fund for the period of 01.01.2016 - 30.06.2016

Currency:	CZK
ISIN – Capitalisation Class:	CZ0008474400
ISIN – Regular Investments Class:	CZ0008474434
Unit nominal value:	no
Fund form:	open-ended mutual fund
Fund AKAT-type:	mixed fund
Date of establishment:	21 May 2014

Fund Manager

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-percent subsidiary of Raiffeisenbank a.s. The investment company has not concluded any contract with any other person or entity covering activities of a senior supporter of the fund pursuant to Sections 85 to 91 of Act no. 240/2013, 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, File no. 3608. The depositary has also been in charge of custody of the fund assets in the record period.

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, File no. 24349.

Master Fund

Raiffeisen-Nachhaltigkeitsfonds-Mix (ISIN: AT0000785381), 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 – 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.

Investing Strategy

The fund investing strategy aims at achieving 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 assets) may comprise financial derivatives negotiated exclusively in order to secure claims for the payment of pecuniary funds from accounts in the Czech or foreign currencies. The fund has been rated in Risk Group 4 according to the Synthetic Risk and Reward Indicator (SRRI).

Fund Portfolio Manager

Ing. Martin Zezula

Background: Faculty of Finance and Accounting of the University of Economics in Prague
 Courses and training: Broker's licence issued by the Czech Ministry of Finance
 Practical experiences: 19 years
 RIS portfolio manager since 17 June 2013

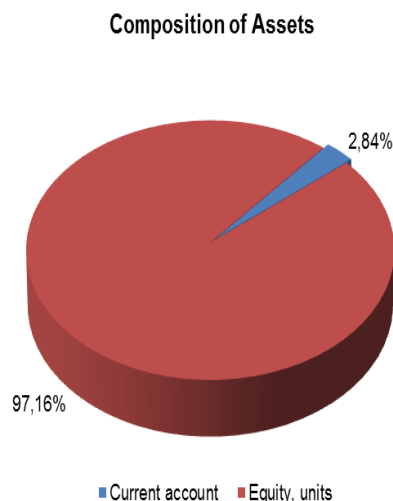
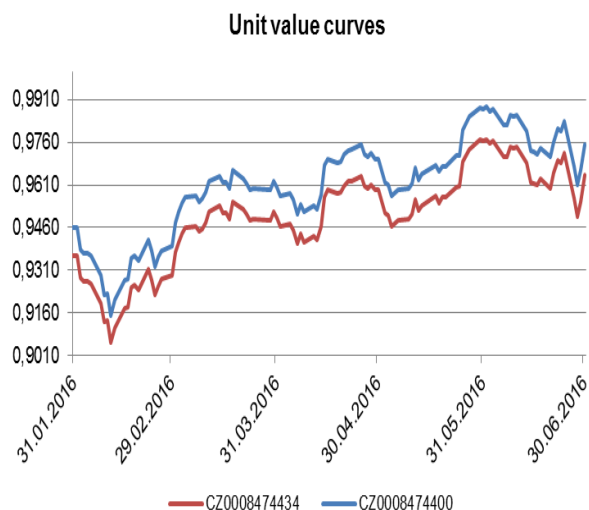
Portfolio Manager's Comments

In view of the amended prospectus effective as of 21 March 2016, the portfolio of *Fond pravidelných investic* (renamed to: *Fond udržitelného rozvoje*) was totally restructured in the last decade in March, and the fund commenced investing in the capacity of a so-called 'feeder fund' of the pre-selected 'master fund', namely Raiffeisen-Nachhaltigkeitsfonds-Mix. The master fund (with EUR as its base currency) invests at least 51 percent of the assets in equity issued by undertakings in North America, Europe or Asia, and in bonds issued by issuers with their registered offices in the same regions. It focuses on undertakings (issuers) that – on the basis of certain social, environmental, and ethical criteria – classified as long-term sustainable; it does not invest in the arms industry, the „green“ gene technology, and in undertakings known to violate labour and human rights. Approximately 80 percent of the portfolio of *Fond udržitelného rozvoje* (with CZK as its base currency) was hedged against fluctuations of the CZK/EUR exchange rates as of 30 June 2016.

Financial Indicators	30 June 2016	30 June 2015
Profit / loss after tax (CZK'000)	2,372	4,885
CZ0008474400		
Shareholders equity of the mutual fund, in CZK'000	184,755	215,501
Shareholders equity per one unit, in CZK	0.9754	0.9978
Number of units, in pieces	189,406,892	215,985,355
CZ0008474434		
Shareholders equity of the mutual fund, in CZK'000	246,165	142,663
Shareholders equity per one unit, in CZK	0.9644	0.9869
Number of units, in pieces	255,249,074	144,550,815

Number of units issued and redeemed in the period of 01.01.2016 - 30.06.2016

ISIN	Units issued		Units redeemed		BALANCE (+/-)	
	pcs	CZK'000	pcs	CZK'000	pcs	CZK'000
CZ0008474400	2,539,478	2,441	14,287,892	13,695	-11,748,414	-11,254
CZ0008474434	90,848,012	85,805	15,978,615	15,150	74,869,397	70,655



List of securities held in excess of 1 percent as of 30 June 2016

CURRENCY	COUNTRY	ISIN	SECURITY NAME	PURCHASE PRICE in CZK'000	FAIR VALUE in CZK'000	STAKE IN ASSETS in %
EUR	AT	AT0000785381	RAIFFEISEN NACHHLT.MIX.	411,196	419,346	96.87
TOTAL				411,196	419,346	96.87

Additional basic information pursuant to Decree 244/2013, Annex no. 2(j):

Risk exposures of financial derivatives relate to (a) so-called “basis” risks resulting from different price trends as regards derivatives and the hedged assets, (b) risks of counterparty failure. The market value of financial derivatives negotiated in order to secure claims for the payment of pecuniary funds from accounts in the Czech or foreign currencies may comprise up to 50 percent of the value of the fund assets. Financial derivatives have been negotiated, without limitation, with UniCredit Bank Czech Republic and Slovakia, a.s.

BALANCE SHEET

	30 June 2016 CZK'000	31 December 2015 CZK'000
Treasury bonds and other securities accepted		
by the central bank for refinancing	-	170,435
<i>of which (a) issued by government institutions</i>	-	170,435,
Receivables from banks and cooperative credit unions	12,254	8,945
<i>of which (a) payable upon request</i>	12,254	8,945
Debt securities	-	33,557
<i>of which (a) issued by government institutions</i>	-	8,200
<i>(b) issued by other entities</i>	-	25,357
Shares, share certificates and other investments	419,346	156,883
Other assets	1,310	382
Total assets	432,910	370,202
Other liabilities	1,602	468
Accrued expenses and deferred income	388	587
Capital funds	438,638	379,237
Retained earnings or accumulated loss brought forward	(10,090)	(5,679)
Profit or loss for the reporting period	2,372	(4,411)
Total liabilities	432,910	370,202

PROFIT AND LOSS ACCOUNT

For the period ending 30 June 2016

	CZK'000
Interest income and similar income	238
<i>of which: interest from debt securities</i>	238
Income from shares and equity investments	414
<i>of which: (c) other income from shares and equity investments</i>	414
Fees and commission income	1,039
Fees and commission expenses	(2,999)
<i>including: management fees</i>	(2,387)
<i>depository fees</i>	(171)
Profit or loss from financial operations	3,777
Administrative expenses	(33)
<i>including: auditor's fees</i>	(33)
Profit or loss for the reporting period from ordinary activities before tax	2 436
Income tax	(64)
Profit or loss for the reporting period after tax	2,372