

**Raiffeisen fond dluhopisové stability,
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:	CZ0008474293
ISIN – Dividend Class:	CZ0008474301
Unit nominal value:	no
Fund form:	open-ended mutual fund
Fund AKAT-type:	bond fund
Date of establishment:	17 March 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 fund supporter 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.

Investing Strategy

The fund mainly invests in bonds, money market instruments, and bond funds denominated in Czech crowns, issued – among others – by governments, supra-national corporations or undertakings holding a 'credit' rating. To a lesser extent, investments may be made in instruments with selected foreign hedging. Investment securities or money market instruments issued or guaranteed by the Czech Republic may comprise up to 100 percent of the value of the fund assets. The fund has been rated in Risk Group 2 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

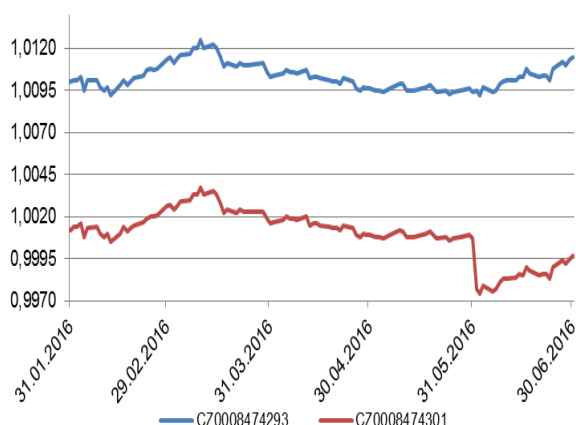
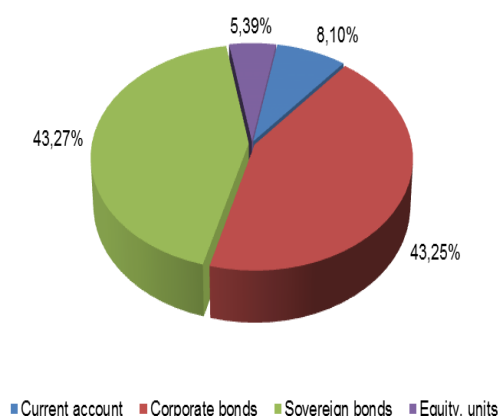
Portfolio Manager's Comments

The assets of *Fond dluhopisové stability* remained allocated also in the first six months of 2016 in particular in medium-term sovereign and corporate bonds with duration (simply speaking: average term until maturity) of approximately 1.5 years. As regards credit quality, investments are made exclusively in bonds belonging to so-called "investment rating range" (i.e., rating BBB-/Baa3 and better). Mainly purchased were bonds denominated in CZK, EUR, USD, and PLN; as regards foreign-currency instruments (which in total comprise roughly one quarter of the fund assets), a significant portion of them have been hedged against unfavourable fluctuations of the exchange rates (open currency exposures do not exceed 7.5 percent of the assets).

Financial Indicators	30 June 2016	30 June 2015
Profit/loss after tax, in CZK'000	(1,424)	(2,702)
CZ0008474293		
Shareholders equity of the mutual fund, in CZK'000	2,894,790	2,993,941
Shareholders equity per one unit, in CZK	1.0115	1.0060
Number of units, in pieces	2,861,825,326	2,976,209,256
CZ0008474301		
Shareholders equity of the mutual fund, in CZK'000	10,712	10,687
Shareholders equity per one unit, in CZK	0.9997	0.9974
Number of units, in pieces	10,715,210	10,715,210
Profit sharing paid out per one unit, in CZK	0.00306871	-

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
CZ0008474293	611,887,470	618,342	599,929,638	606,023	11,957,832	12,319
CZ0008474301	0	0	0	0	0	0

Unit value curves

Composition of Assets

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 %
CZK	CZ	CZ0001004113	CZGB Float 12/09/20	320,803	324,391	11.15
CZK	CZ	CZ0001003834	CZGB 1,50/19	278,068	277,862	9.55
CZK	CZ	CZ0002002520	UNICZ 6 04/27/18	229,948	223,360	7.68
EUR	AT	AT0000622022	RAIFFEISEN-INFL.	157,015	156,575	5.38
CZK	CZ	CZ0001004717	CZGB 0 07/17/19	150,811	150,300	5.17
CZK	CZ	CZ0001003123	CZGB Float 04/18/23	139,666	140,043	4.81
CZK	AT	AT000B119839	ERSTBK Float 09/20/16	128,871	129,280	4.44
CZK	CZ	CZ0001004246	CZGB 0,85 03/17/18	120,199	120,259	4.13
EUR	SE	XS1019818787	PKOBP 2,324 01/23/19	121,484	119,131	4.10
CZK	FR	XS1040279462	ACAFP Float 02/28/19	80,641	80,453	2.77
EUR	AT	XS0989620694	RBIIV 1,875 11/08/18	77,614	79,549	2.74
CZK	AT	AT0000A1GD94	HYPO NOE GR. Float	70,001	71,238	2.45
CZK	NL	XS1241115440	LPTY 0,88 06/02/20	70,100	70,660	2.43
CZK	CZ	CZ0001002471	CZGB 5 04/11/19	60,127	57,616	1.98
CZK	CZ	CZ0001004253	CZGB 2,4 09/17/25	49,936	51,762	1.78
CZK	FR	FR0011734961	BPCEGP Float 02/14/19	40,172	40,265	1.38
CZK	CZ	CZ0003501884	CESKY 3,9 04/18/17	36,943	36,288	1.25
CZK	AT	AT000B013750	RBIIV 0,73 04/01/21	33,001	33,096	1.14
PLN	PL	PL0000108502	POLGB 0 07/25/17	31,162	30,062	1.03
CZK	FR	FR0013110103	BPCEGP Float 02/04/23	30,001	30,037	1.03
EUR	NL	XS0811554962	HEIANA 2,125 08/04/20	30,054	29,771	1.02
TOTAL				2,256,615	2,251,997	77.43

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 7.5 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	31 December 2015
	CZK'000	CZK'000
Treasury bonds and other securities accepted		
by the central bank for refinancing	1,175,854	1,034,146
<i>of which (a) issued by government institutions</i>	<i>1,175,854</i>	<i>1,034,146</i>
Receivables from banks and cooperative credit unions	235,333	507,257
<i>of which (a) payable upon request</i>	<i>235,333</i>	<i>157,145</i>
Debt securities	1,338,879	1,200,584
<i>of which (a) issued by government institutions</i>	<i>81,821</i>	<i>84,557</i>
<i>(b) issued by other entities</i>	<i>1,257,058</i>	<i>1,116,027</i>
Shares, share certificates and other investments	156,575	155,431
Other assets	1,824	249
Total assets	2,908,465	2,897,667
Other liabilities	893	989
Accrued expenses and deferred income	1,541	1,509
Reserves	529	529
<i>of which (b) tax</i>	<i>529</i>	<i>529</i>
Capital funds	2,892,483	2,880,165
Retained earnings or accumulated loss brought forward	14,443	(285)
Profit or loss for the reporting period	(1,424)	14,760
Total liabilities	2,908,465	2,897,667

PROFIT AND LOSS ACCOUNT

	For the period ending 30 June 2016
	CZK'000
Interest income and similar income	6,263
<i>of which: interest from debt securities</i>	<i>6,168</i>
Fees and commission income	342
Fees and commission expenses	(9,089)
<i>including: management fees</i>	<i>(7,365)</i>
<i>depository fees</i>	<i>(1,248)</i>
Profit or loss from financial operations	1,184
Administrative expenses	(124)
<i>including: auditor's fees</i>	<i>(124)</i>
Profit or loss for the reporting period from ordinary activities before tax	(1 424)
Income tax	-
Profit or loss for the reporting period after tax	(1,424)