

ERSTE STOCK EUROPE EMERGING

Jointly owned fund pursuant to the InvFG

Annual Report 2019/20

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General Information about the Investment Firm

The company	Erste Asset Management GmbH Am Belvedere 1, A-1100 Vienna Telephone: +43 05 0100-19777, fax: +43 05 0100-919777
Registered capital	EUR 2.50 million
Shareholders	Erste Group Bank AG (64.67%) VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (0.76%) Erste Bank der österreichischen Sparkassen AG (22.17%) DekaBank Deutsche Girozentrale, Frankfurt (1.65%) NÖ-Sparkassen Beteiligungsgesellschaft m. b. H. (0.76%) Salzburger Sparkasse Bank Aktiengesellschaft (1.65%) Sieben Tiroler Sparkassen Beteiligungsgesellschaft m. b. H. (1.65%) Steiermärkische Bank und Sparkassen Aktiengesellschaft (3.30%) „Die Kärntner“ Trust-Vermögensverwaltungsgesellschaft m. b. H. & Co KG (1.65%) Tiroler Sparkasse Bankaktiengesellschaft Innsbruck (1.74%)
Supervisory Board	Rudolf SAGMEISTER (Chairman) Thomas SCHAUFLER (Deputy Chairman) Ingo BLEIER (until 31 October 2019) Harald GASSER Gerhard GRABNER Harald Frank GRUBER (from 13 September 2019) Oswald HUBER Radovan JELASITY Robert LASSHOFER Franz PRUCKNER (from 13 September 2019) Rupert RIEDER (from 13 September 2019) Gabriele SEMMELROCK-WERZER (from 13 September 2019) Reinhard WALTTL (from 13 September 2019) Gerald WEBER Appointed by the Works Council: Martin CECH Regina HABERHAUER (from 13 September 2019) Heinrich Hubert REINER Peter RIEDERER Nicole WEINHENGST Manfred ZOUREK
Managing directors	Heinz BEDNAR Winfried BUCHBAUER Peter KARL Wolfgang TRAINDL
Prokuristen (proxies)	Achim ARNHOF Karl FREUDENSCHUSS Manfred LENTNER Günther MANDL Gerold PERMOSER Magdalena REISCHL
State commissioners	Caroline HABERFELLNER (until 31 July 2019) Christoph SEEL (from 1 August 2019) Eva SCHRITTWIESER (from 1 July 2019) Philipp VISKI-HANKA (until 30 June 2019)
Auditor	Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
Depository bank	Erste Group Bank AG

Dear Unit-holder,

We are pleased to present you the following annual report for the ERSTE STOCK EUROPE EMERGING jointly owned fund pursuant to the InvFG for the accounting year from 1 June 2019 to 31 May 2020.

We would also like to inform you that the name of the fund was changed from ESPA STOCK EUROPE EMERGING to ERSTE STOCK EUROPE EMERGING as of 15 December 2019.

Even as the COVID-19 pandemic spreads, we are not losing sight of our responsibility to manage the assets entrusted to our care in a manner that maintains our ability to act on the capital markets and that enables us to make the best possible allocation decisions.

Modern technology also allows us to meet these obligations in full via teleworking.

Development of the Fund

Market report and portfolio orientation

The reporting period was full of surprises and trend reversals on the equity market. Investor attention turned to globalisation in 2019 due to the trade conflict between the USA and China. The global equity rally initially continued into the first weeks of the new year and drove many of the key stock indices to yearly highs, including the Eastern European exchanges. However, the outbreak of the coronavirus in China in January prompted investors to switch into risk-off mode. The equity markets corrected around the world and bond yields declined significantly. Share prices did not stabilise until the end of the reporting period, after governments and central banks announced significant aid packages. ERSTE STOCK EUROPE EMERGING generated a negative performance of 10.62% in euros for the reporting period.

ERSTE STOCK EUROPE EMERGING employs an active investment policy. The assets are selected on a discretionary basis. The Fund is oriented towards the MSCI EM Europe 10/40 Net Total Return EUR index as a benchmark (index provider disclaimer: <https://www.erste-am.com/index-disclaimer>). The composition and performance of the Fund can deviate substantially or entirely in a positive or negative direction from that of the benchmark over the short term or long term. The discretionary power of the Management Company is not limited.

The MSCI benchmark for Eastern European shares lost around 8.00% (EUR) in the reporting period and thus failed to keep pace with the other emerging markets (MSCI Emerging Markets Free, total return, minus 3.5% in EUR). Despite the correction, developed market equities recouped their losses and posted positive performance of around 8.03% (MSCI World, total return, in EUR). The international commodity markets were rather weak with the CRB All Commodities Index down by around 11.23% (in EUR) in the period, and the oil price dove by a full 41.45% (Brent, EUR) to USD 35.3/bbl. Precious metals are generally seen as “safe” and enjoyed high demand. The gold price rose by 32.53% to USD 1730. Central banks around the world are still aggressively cutting their interest rates as expected, and they will be permitted to purchase more government and corporate bonds in future. A significant slowdown in economic growth is being priced in for this year due to the effects of the coronavirus pandemic. The rapid easing of interest conditions should contribute to a recovery in the growth rate and lend support to the banking sector during the coronavirus crisis.

The Russian equity market delivered the best performance in the region during the reporting period. The economy expanded by 1.3% in 2019 (in annual comparison, real GDP). The central bank in Moscow expects GDP to contract by 4% to 6% in 2020. Consumer price inflation fell from 5.1% in May 2019 to 3.1% at the end of the reporting period. This allowed the Russian central bank to cut its key rate from 7.75% (May 2019) to 5.5% as of the end of the reporting period in multiple steps. In order to contain the epidemic, severe restrictions were placed on economic and social life around the world, and industrial production declined by 9.6% in May (year-on-year). The Russian rouble depreciated by around 5.49% versus the dollar in the reporting period.

The abrupt slide in energy prices in March and April 2020 due to the sharp decline in global demand will likely lead to

a current account and budget deficit this year. The country's currency reserves rose from USD 495 billion to USD 565 billion during the reporting period, providing Russia with enough capital to finance stimulus packages for its economy. Fitch upgraded the country to BBB with a stable outlook in August 2019.

The Turkish economy recovered in 2019. Real GDP grew by 5.96% in annual comparison. Consumer price inflation fell from 19.5% in April 2019 to 10.94% at the end of the reporting period. This allowed the Turkish central bank in Ankara to cut its key rate from 24% (April 2019) to 8.75% as of the end of the reporting period in multiple steps. The coronavirus pandemic understandably caused investors to be nervous, and the Turkish lira depreciated by around 17.14% versus the US dollar during the reporting period, especially in the current calendar year. Fitch downgraded the country rating to BB- with a stable outlook in July 2019.

The economies in Central Europe continued to profit from the loose monetary policies. Thanks in part to the low inflation, Poland's GDP rose by 4.1% in 2019, Hungary's by 4.9%, and Czechia's by over 2.6%. As in the previous year, the positive macroeconomic development was fuelled above all by increasing domestic demand. The quarantine measures and the possibility of a recession hit the equity markets hard in 2020.

The portfolio is focused on 40 to 65 shares. The investment strategy continues to concentrate on companies with solid balance sheets, low debt, low refinancing risk, and sustainable cash flow growth. As of the end of the period, the highest weightings were in Russia (around 61.8%), Poland (around 13.41%), and Turkey (12.02%). In terms of sectors, the highest allocation was to the energy sector at roughly 38.3%, followed by the financial sector at roughly 23.37% and the materials sector at roughly 16.97%.

The portfolio was set up defensively especially in the final months of the reporting period due to the significant uncertainty stemming from the coronavirus pandemic and the country-specific risks. The management concentrated on companies with good financial positions, healthy balance sheets, low debt, and dividend payouts. These companies are able to resist the poor economic conditions on the one hand and are able to generate free cash flow for their shareholders on the other. The allocation to the financial sector was reduced, including the complete disposal of Alpha Bank, Eurobank (Greece), and Alior Bank (Poland) and the reduction of positions including Sberbank (Russia), Garantie Bank (Turkey), and PKO Bank (Poland). In the oil and gas sector, GazpromNeft was already sold at a profit last year. The weighting of positions including Novatek, Lukoil, and Surgut was reduced slightly in 2020 due to the oil price slump. Conversely, the allocation to materials was increased. Norilsk Nickel, Polymetal (Russia), and KGHM (Poland) were bought while positions in steel producers such as Severstal and Ereğli were scaled back. The exposure to consumer staples was increased through purchases including BIMAS (Turkey) and Eurocash (Poland). Utilities were reduced in Turkey and other countries while the IT company Indeks was newly added to the portfolio.

The portfolio holdings in Russia and Turkey made a positive contribution to the performance in the reporting period. Russian shares in the portfolio rose by around 1.49% (EUR) and Turkish stocks by around 0.22% (EUR), each outpacing the performance of the respective benchmark of 1.1% (EUR) and minus 5.24% (EUR). Especially the performance of Greece at around minus 36.69% (EUR), Poland at around minus 31.43% (EUR), and Hungary at minus 20.52% (EUR) had a negative effect on the portfolio. Posting a retreat of around 26.58% (EUR), Turkish shares were among the biggest losers in the benchmark. Polish shares gave up around 25.84% (EUR), Hungarian around 18.85% (EUR), and Greek around 22.98% (EUR). The performance of Central European bank shares in particular suffered under falling interest rates and the threat of losses due to loan defaults and higher risk costs.

Eastern European shares still feature attractive valuations, with the relevant market trading at an expected P/E ratio for 2020 of around 8.9. The dividend yield of the portfolio at the end of the period was around 6.1%. The development of the global economy after the coronavirus pandemic will likely be decisive in the coming months. Should consumer sentiment improve over the course of the year, the fund management anticipates opportunities in the financial and consumer goods sectors in particular. We believe that a return to normality with a credible budget policy and the stabilisation of conditions should protect the Eastern European markets against a drawn-out crisis.

Method of Calculating the Global Exposure

Method of calculating the global exposure:	Commitment approach
Reference assets used:	-
Value at risk:	Lowest value: -
	Average value: -
	Highest value: -
Model used:	-
Leverage* when using the value-at-risk calculation method:	-
Leverage** according to § 4 of the 4 th Derivatives Risk Measurement and Reporting Regulation:	-

* Total nominal values of derivative instruments without taking into account offsetting and hedging (item 8.5. Schedule B InvFG 2011).

** Total derivative risk taking offsetting and hedging into account = total of the equivalent values of the underlying assets as a percentage of the fund assets.

Asset Allocation

	As of 31.05.2020	
	EUR millions	%
Equities		
BGN	0.2	0.33
EUR	1.5	2.92
PLN	6.7	13.29
RUB	19.7	39.28
CZK	0.6	1.16
TRL	5.9	11.73
HUF	2.8	5.52
USD	11.1	22.02
Transferable securities	48.3	96.26
Bank balances	1.7	3.48
Dividend entitlements	0.1	0.27
Interest entitlements	0.0	0.00
Other deferred items	-0.0	-0.01
Fund assets	50.2	100.00

Comparative Overview

Accounting year	Fund assets
2017/2018	60,153,850.21
2018/2019	61,519,051.24
2019/2020	50,194,468.18

General information about performance:

The performance of unit categories with no outstanding units at the end of the reporting period or no outstanding units during the reporting period is generally based on the dividend-adjusted performance of the overall fund. In these cases, the performance is not reported below.

When a unit category is issued during the reporting period, the performance and reinvestment are calculated from the point in time that the unit category is launched. Because of this and possible other fees and currency classes, the performance and reinvestment of this unit category differ from those of comparable unit categories.

The performance is determined assuming the reinvestment of all paid dividends and amounts at their nominal value on the day of disbursement.

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2017/2018	Dividend-bearing units	AT0000858428	EUR	65.67	1.2000	0.0000	-0.95
2018/2019	Dividend-bearing units	AT0000858428	EUR	71.46	1.2000	0.0000	10.93
2019/2020	Dividend-bearing units	AT0000858428	EUR	62.79	1.0000	0.0000	-10.62

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2017/2018	Non-dividend-bearing units	AT0000812938	EUR	89.09	0.0000	0.0000	-0.97
2018/2019	Non-dividend-bearing units	AT0000812938	EUR	98.84	0.0000	0.0000	10.94
2019/2020	Non-dividend-bearing units	AT0000812938	EUR	88.34	0.0000	0.0000	-10.62

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2017/2018	Non-dividend-bearing units	AT0000A28E13	EUR	-	-	-	-
2018/2019	Non-dividend-bearing units	AT0000A28E13	EUR	-	-	-	-
2019/2020	Non-dividend-bearing units	AT0000A28E13	EUR	85.68	0.0992	0.4799	-14.32

ERSTE STOCK EUROPE EMERGING

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2017/2018	KES-st-exempt non-dividend-bearing units	AT0000639471	CZK	2,397.15	-	0.0000	-2.98
2018/2019	KES-st-exempt non-dividend-bearing units	AT0000639471	CZK	2,661.00	-	0.0000	11.01
2019/2020	KES-st-exempt non-dividend-bearing units	AT0000639471	CZK	2,467.56	-	0.0000	-7.27

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2017/2018	KES-st-exempt non-dividend-bearing units	AT0000673181	EUR	92.85	-	0.0000	-0.97
2018/2019	KES-st-exempt non-dividend-bearing units	AT0000673181	EUR	103.01	-	0.0000	10.94
2019/2020	KES-st-exempt non-dividend-bearing units	AT0000673181	EUR	92.08	-	0.0000	-10.61

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2017/2018	KES-st-exempt non-dividend-bearing units	AT0000A00G88	HUF	29,682.75	-	0.0000	2.69
2018/2019	KES-st-exempt non-dividend-bearing units	AT0000A00G88	HUF	33,466.92	-	0.0000	12.75
2019/2020	KES-st-exempt non-dividend-bearing units	AT0000A00G88	HUF	31,765.54	-	0.0000	-5.08

Disbursement/Payment

The following disbursement or payment will be made for the accounting year from 1 June 2019 to 31 May 2020. The coupon-paying bank is obligated to withhold capital gains tax from this disbursement if the respective investor is not exempt from the payment of this tax.

The disbursement or payment will be effected on or after 1 September 2020 at

Erste Group Bank AG, Vienna,

and the respective bank managing the Unit-holder's securities account.

Fund type	ISIN	Currency	Dividend disbursement/ payment		KES _t with option declaration	KES _t w/o option declaration	Reinvestment
Dividend-bearing units	AT0000858428	EUR	1.0000		0.0000	0.0000	0.0000
Non-dividend-bearing units	AT0000812938	EUR	0.0000		0.0000	0.0000	0.0000
Non-dividend-bearing units	AT0000A28E13	EUR	0.0992		0.0992	0.0992	0.4799
KES _t -exempt non-dividend-bearing units	AT0000639471	CZK	-	*	-	-	0.0000
KES _t -exempt non-dividend-bearing units	AT0000673181	EUR	-	*	-	-	0.0000
KES _t -exempt non-dividend-bearing units	AT0000A00G88	HUF	-	*	-	-	0.0000

* Pursuant to the penultimate sentence of § 58 (2) of the Austrian Investment Fund Act, no capital gains tax will be paid.

Income Statement and Changes in Fund Assets

1. Value Development over the Accounting Year (Fund Performance)

Calculation according to the OeKB method per unit in the unit currency not accounting for a front-end surcharge

The performance of unit categories with no outstanding units at the end of the reporting period or no outstanding units during the reporting period is generally based on the dividend-adjusted performance of the overall fund. In these cases, the “performance”, the “net earnings per unit”, and the “total value including (notional) units gained through disbursement/payment” are not reported in the following.

When a unit category is issued during the reporting period, the performance is calculated from the point in time that the unit category is launched. Because of this and possible other fees and currency classes, the performance of this unit category differs from that of comparable unit categories.

AT0000858428 dividend-bearing units EUR	
Unit value at the beginning of the reporting period (165,986.471 units)	71.46
Disbursement/payment on 29.08.2019 (corresponds to roughly 0.0172 units at a calculated value of 69.84)	1.2000
Unit value at the end of the reporting period (155,202.836 units)	62.79
Total value including (notional) units gained through dividend disbursement/payment	63.87
Net earnings per unit	-7.59
Value development of one unit in the period	-10.62%

AT0000812938 non-dividend-bearing units EUR	
Unit value at the beginning of the reporting period (404,371.004 units)	98.84
Disbursement/payment	0.0000
Unit value at the end of the reporting period (365,641.945 units)	88.34
Total value including (notional) units gained through dividend disbursement/payment	88.34
Net earnings per unit	-10.50
Value development of one unit in the period	-10.62%

AT0000A28E13 non-dividend-bearing units EUR	
Unit value on issue date (0.000 units)	100.00
Disbursement/payment	0.0000
Unit value at the end of the reporting period (59.321 units)	85.68
Total value including (notional) units gained through dividend disbursement/payment	85.68
Net earnings per unit	-14.32
Value development of one unit in the period	-14.32%

AT0000639471 KEST-exempt non-dividend-bearing units CZK	
Unit value at the beginning of the reporting period (24,280.386 units)	2,661.00
Disbursement/payment	0.0000
Unit value at the end of the reporting period (21,630.343 units)	2,467.56
Total value including (notional) units gained through dividend disbursement/payment	2,467.56
Net earnings per unit	-193.44
Value development of one unit in the period	-7.27%

AT0000673181 KES-st-exempt non-dividend-bearing units EUR	
Unit value at the beginning of the reporting period (67,485.372 units)	103.01
Disbursement/payment	0.0000
Unit value at the end of the reporting period (63,380.316 units)	92.08
Total value including (notional) units gained through dividend disbursement/payment	92.08
Net earnings per unit	-10.93
Value development of one unit in the period	-10.61%

AT0000A00G88 KES-st-exempt non-dividend-bearing units HUF	
Unit value at the beginning of the reporting period (2,268.160 units)	33,466.92
Disbursement/payment	0.0000
Unit value at the end of the reporting period (3,392.651 units)	31,765.54
Total value including (notional) units gained through dividend disbursement/payment	31,765.54
Net earnings per unit	-1,701.38
Value development of one unit in the period	-5.08%

2. Fund Result

a. Realised fund result

Ordinary fund result

Income (without profit or loss from price changes)

Interest income (excluding income adjustment)	3,111.44	
Dividend income	3,102,394.62	
Other income 8)	0.00	
	0.00	
Total income (without profit or loss from price changes)		3,105,506.06

Interest paid

- 1,485.34

Expenses

Fees paid to Investment Firm	- 1,078,578.01	
Costs for the financial auditor and tax consultation	- 4,680.00	
Publication costs	- 77,339.51	
Securities account fees	- 37,008.29	
Depository bank fees	- 91,643.99	
Costs for the external consultant	0.00	
	0.00	
Total expenses		- 1,289,249.80
Compensation for management costs from sub-funds 1)		0.03
		0.03

Ordinary fund result (excluding income adjustment)

1,814,770.95

Realised profit or loss from price changes 2) 3)

Realised gains 4)	4,279,453.48	
Realised losses 5)	- 3,867,954.68	
	- 3,867,954.68	

Realised profit or loss from price changes (excluding income adjustment)

411,498.80

Realised fund result (excluding income adjustment)

2,226,269.75

b. Unrealised profit or loss from price changes 2) 3)

Changes in the unrealised profit or loss from price changes 7)	- 7,487,538.32
	- 7,487,538.32

Result for the reporting period 6)

- 5,261,268.57

c. Income adjustment

Income adjustment for income in the period	- 277,328.50
Income adjustment for profit carried forward from dividend-bearing units	0.00
	0.00

Overall fund result

- 5,538,597.07

3. Changes in Fund Assets

Fund assets at the beginning of the reporting period	61,519,051.24
Disbursement/payment in the accounting year	- 194,183.94
Issue and redemption of units	- 5,591,802.05
Overall fund result	
(The fund result is shown in detail under item 2.)	- 5,538,597.07
Fund assets at the end of the reporting period	<u>50,194,468.18</u>

- 1) Reimbursements (in the sense of commissions) paid by third parties are forwarded to the fund after deduction of appropriate costs. Erste Bank der oesterreichischen Sparkassen AG receives 25% of the calculated commissions to cover administrative costs.
- 2) Realised profits and losses are not calculated precisely for the specific periods, which means that they, as is the case for the changes in the unrealised profit or loss, are not necessarily congruent with the changes in the value of the fund in the reporting year.
- 3) Total profit or loss from price changes without income adjustment (realised profit or loss from price changes, without income adjustment, plus changes in the unrealised profit or loss): EUR -7,076,039.52.
- 4) Thereof profits from transactions with derivative financial instruments: EUR 0.00.
- 5) Thereof losses from transactions with derivative financial instruments: EUR 0.00.
- 6) The result for the accounting year includes explicitly reported transaction costs in the amount of EUR 28,025.53.
- 7) Thereof changes in unrealised gains EUR -5,269,662.82 and unrealised losses EUR -2,217,875.50.
- 8) The earnings reported under this item can be attributed to lending fees from securities lending transactions conducted with Erste Group Bank AG in the amount of EUR 0.00, to earnings from real estate funds in the amount of EUR 0.00, and to other earnings in the amount of EUR 0.00.

Statement of Assets and Liabilities as of 31 May 2020

(including changes in securities assets from 1 June 2019 to 31 May 2020)

Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding Units/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets
Publicly traded securities							
Equities denominated in BGN							
Issue country Bulgaria							
FIRST INVEST.BK AD SO-RIGHTS	BG4000007204	117,000	0	117,000	0.001	59.81	0.00
Total issue country Bulgaria						59.81	0.00
Total equities denominated in BGN translated at a rate of 1.95605						59.81	0.00
Equities denominated in EUR							
Issue country Greece							
HELLENIC TELECOM. REG.	GRS260333000	0	0	30,000	12.650	379,500.00	0.76
MOTOR OIL (HELL.) EO 0.75	GRS426003000	20,000	20,000	40,000	15.630	625,200.00	1.25
NATL BK GREECE REG.EO 3	GRS003003035	0	0	375,000	1.234	462,750.00	0.92
Total issue country Greece						1,467,450.00	2.92
Total equities denominated in EUR						1,467,450.00	2.92
Equities denominated in PLN							
Issue country Poland							
DINO POLSKA S.A. ZY -.10	PLDINPL00011	0	0	10,000	182.800	415,058.35	0.83
GETBACK S.A. ZY -.05	PLGTBCK00297	0	0	132,200	0.000	0.00	0.00
Total issue country Poland						415,058.35	0.83
Total equities denominated in PLN translated at a rate of 4.40420						415,058.35	0.83
Equities denominated in RUB							
Issue country Russia							
AKTION.KOM.ALROSA RL0.50	RU0007252813	0	0	960,000	69.020	856,879.04	1.71
GAZPROM RL 5	RU0007661625	650,000	0	650,000	198.720	1,670,429.94	3.33
LUKOIL RL-.025	RU0009024277	24,200	0	34,200	5,318.000	2,352,056.61	4.69
MAGNIT PJSC RL-.01	RU000A0JKQU8	3,999	0	12,000	3,832.000	594,675.54	1.18
MMC NORILSK NICK.PJSC RL1	RU0007288411	5,500	0	8,900	22,026.000	2,535,122.64	5.05
MOBILE TELESYSTEMS RL-.10	RU0007775219	50,000	0	300,000	319.600	1,239,941.96	2.47
MOSCOW EXCH.MICEX-RTS RL1	RU000A0JR4A1	0	0	400,000	114.420	591,882.18	1.18
NOVATEK RL 0.10	RU000A0DKVS5	40,000	80,000	200,000	1,039.200	2,687,834.14	5.35
ROSNEFT OIL CO. RL-.01	RU000A0J2Q06	180,000	0	260,000	378.700	1,273,332.97	2.54
SBERBANK OF RU. RL 2	RU0009029540	0	100,000	1,000,000	203.660	2,633,777.43	5.25
SBERBANK PFD RL 3	RU0009029557	230,000	460,000	370,000	184.000	880,426.04	1.75
SEVERSTAL RL-.01	RU0009046510	0	0	40,000	939.000	485,734.46	0.97
Total issue country Russia						17,802,092.95	35.47
Total equities denominated in RUB translated at a rate of 77.32620						17,802,092.95	35.47

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
Equities denominated in TRL							
Issue country Turkey							
AKBANK T.A.S. TN 1	TRAAKBNK91N6	0	0	650,000	5.800	496,948.45	0.99
ARCELIK A.S. REG TN 1	TRAARCLK91H5	0	80,000	80,000	16.270	171,572.44	0.34
BIM BIRLESIK MAGAZALAR AS	TREBIMM00018	45,000	0	60,000	64.000	506,175.61	1.01
COCA COLA ICECEK C TN 1	TRECOLA00011	0	0	55,000	41.300	299,421.33	0.60
ENERJISA ENERJI TN -.01	TREENSA00014	0	0	125,000	8.040	132,475.65	0.26
ENKA INSAAT VE SAN. TN 1	TREENKA00011	16,771	140,000	156,530	5.510	113,689.25	0.23
EREGLI DEM.CEL. REG. TN 1	TRAEREG91G3	0	100,000	150,000	8.130	160,750.30	0.32
FORD OTOMOTIV SANAYI TN 1	TRAOTOSN91H6	0	0	15,000	63.750	126,049.59	0.25
HACI OMER SABANCI TN 1	TRASAHOL91Q5	200,000	0	530,000	8.480	592,436.37	1.18
INDEKS BIL.SI.M.S. TN 1	TREINDX00019	275,000	0	275,000	11.190	405,632.52	0.81
MIGROS TICARET REG. TN 1	TREMGTI00012	0	0	75,000	33.800	334,154.99	0.67
SODA SANAYII A.S. TN 1	TRASODAS91E5	300,000	0	300,000	5.710	225,801.77	0.45
TAV HAVALIMAN.HLDG TN 1	TRETAVH00018	0	0	40,000	20.680	109,038.66	0.22
TUERK.PETROL RAFI. TN 1	TRATUPRS91E8	10,000	0	40,000	88.800	468,212.44	0.93
TUERKIYE GAR.BANK.REG.TN1	TRAGARAN91N1	100,000	250,000	750,000	8.000	790,899.38	1.58
TURKCELL ILETISIM TN 1	TRATCELL91M1	100,000	0	370,000	14.050	685,248.41	1.37
TURKIYE IS BANKASI C TN 1	TRAISTR91N2	0	0	125,000	5.080	83,703.52	0.17
TURKIYE VAKIFLAR BANK.	TREVKFB00019	300,000	0	300,000	4.730	187,047.70	0.37
Total issue country Turkey						<u>5,889,258.38</u>	<u>11.73</u>
Total equities denominated in TRL translated at a rate of 7.58630						<u>5,889,258.38</u>	<u>11.73</u>
Equities denominated in HUF							
Issue country Hungary							
MOL NYRT. NA A UF 125	HU0000153937	0	0	150,000	1,970.000	856,298.11	1.71
OTP BANK NYRT.	HU0000061726	0	0	37,500	10,370.000	1,126,879.62	2.25
RICHT.GEDE.VEG.GYAR UF100	HU0000123096	0	0	40,000	6,810.000	789,359.07	1.57
Total issue country Hungary						<u>2,772,536.80</u>	<u>5.52</u>
Total equities denominated in HUF translated at a rate of 345.09010						<u>2,772,536.80</u>	<u>5.52</u>
Equities denominated in USD							
Issue country Netherlands							
X 5 RETAIL G.GDR REGS 1/4	US98387E2054	0	10,000	19,000	30.460	519,631.87	1.04
Total issue country Netherlands						<u>519,631.87</u>	<u>1.04</u>
Issue country Russia							
GAZPROM ADR SP./2 RL 5L 5	US3682872078	0	385,000	550,000	5.672	2,800,987.65	5.58
LUKOIL SP.ADR RL-.025	US69343P1057	0	34,000	31,000	77.000	2,143,209.88	4.27
MAGNIT PJSC RL-.01	RU000A0JKQU8	0	0	8,000	55.193	396,450.36	0.79
ROSNEFT OIL GDRREGS RL-01	US67812M2070	0	180,000	230,000	5.400	1,115,151.52	2.22
SURGUTNEFTGAS PJSC VZ	RU0009029524	0	0	1,500,000	0.510	686,992.59	1.37

ERSTE STOCK EUROPE EMERGING

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
TATNEFT PJSC RL 1	RU0009033591	0	0	205,000	7.814	1,438,225.34	2.87
				Total issue country Russia		8,581,017.34	17.10
				Total equities denominated in USD translated at a rate of 1.11375		9,100,649.21	18.13
				Total publicly traded securities		37,447,105.50	74.60

Securities admitted to organised markets

Equities denominated in BGN

Issue country Bulgaria

FIRST INVEST.BK AD SO.BW1	BG1100106050	0	0	117,000	2.800	167,480.38	0.33
				Total issue country Bulgaria		167,480.38	0.33
				Total equities denominated in BGN translated at a rate of 1.95605		167,480.38	0.33

Equities denominated in PLN

Issue country Luxembourg

PLAY COMMUNIC. EO 0.00012	LU1642887738	0	0	40,000	29.300	266,109.62	0.53
				Total issue country Luxembourg		266,109.62	0.53

Issue country Poland

BANK POLSKA KASA OP. ZY 1	PLPEKA000016	15,000	0	70,000	53.020	842,695.61	1.68
CYFROWY POLSAT SA ZY -.04	PLCFRPT00013	0	0	120,000	26.340	717,678.58	1.43
GRUPA LOTOS S.A. ZY 1	PLLOTOS00025	10,000	0	70,000	60.120	955,542.44	1.90
KGHM POLSKA MIEDZ ZY 10	PLKGHM000017	25,000	10,000	30,000	87.420	595,477.04	1.19
ORANGE POLSKA SA A ZY 3	PLTLKPL00017	0	0	170,000	6.490	250,510.88	0.50
PKN ORLEN S.A. ZY 1.25	PLPKNO000018	10,000	0	20,000	67.700	307,433.81	0.61
PKO BANK POLSKI S.A. ZY 1	PLPKO0000016	30,000	65,000	190,000	22.450	968,507.33	1.93
POWSZECHNY ZAKLAD UBEZP.	PLPZU0000011	0	0	200,000	29.730	1,350,074.93	2.69
				Total issue country Poland		5,987,920.62	11.93
				Total equities denominated in PLN translated at a rate of 4.40420		6,254,030.24	12.46

Equities denominated in CZK

Issue country Czech Republic

KOMERCNI BANKA BEARER KC100	CZ0008019106	0	0	17,000	518.000	328,569.83	0.65
MONETA MONEY BANK KC 20	CZ0008040318	0	0	125,000	53.900	251,389.87	0.50
				Total issue country Czech Republic		579,959.70	1.16
				Total equities denominated in CZK translated at a rate of 26.80100		579,959.70	1.16

Equities denominated in USD

Issue country Russia

LSR GROUP PAO GDR S/5	US50218G2066	0	0	150,000	1.648	221,952.86	0.44
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Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
MMC NOR.NICK.PJSC ADR RL1	US55315J1025	0	67,000	60,000	32.150	1,731,986.53	3.45
				Total issue country Russia		1,953,939.39	3.89
				Total equities denominated in USD translated at a rate of 1.11375		1,953,939.39	3.89
				Total securities admitted to organised markets		8,955,409.71	17.84

Unlisted securities**Equities denominated in EUR****Issue country Slovakia**

SLOVENSKE LOD. BEARER.SN1000	CS0005050954	0	0	1,266	0.000	0.00	0.00
				Total issue country Slovakia		0.00	0.00
				Total equities denominated in EUR		0.00	0.00

Equities denominated in RUB**Issue country Russia**

POLYUS PJSC RL 1	RU000A0JNAA8	13,000	0	13,000	11,400.000	1,916,556.10	3.82
				Total issue country Russia		1,916,556.10	3.82
				Total equities denominated in RUB translated at a rate of 77.32620		1,916,556.10	3.82
				Total unlisted securities		1,916,556.10	3.82

Breakdown of fund assets

Transferable securities	48,319,071.31	96.26
Bank balances	1,747,998.89	3.48
Dividend entitlements	133,089.92	0.27
Interest entitlements	134.48	0.00
Other deferred items	-5,826.42	-0.01
Fund assets	50,194,468.18	100.00

Investor note:

The values of assets in illiquid markets may deviate from their actual selling prices.

Dividend-bearing units outstanding	AT0000858428	units	155,202.836
Value of dividend-bearing unit	AT0000858428	EUR	62.79
Non-dividend-bearing units outstanding	AT0000812938	units	365,641.945
Value of non-dividend-bearing unit	AT0000812938	EUR	88.34
Non-dividend-bearing units outstanding	AT0000A28E13	units	59.321
Value of non-dividend-bearing unit	AT0000A28E13	EUR	85.68
KEST-exempt non-dividend-bearing units outstanding	AT0000673181	units	63,380.316
Value of KEST-exempt non-dividend-bearing unit	AT0000673181	EUR	92.08
KEST-exempt non-dividend-bearing units outstanding	AT0000639471	units	21,630.343
Value of KEST-exempt non-dividend-bearing unit	AT0000639471	CZK	2,467.56
KEST-exempt non-dividend-bearing units outstanding	AT0000A00G88	units	3,392.651
Value of KEST-exempt non-dividend-bearing unit	AT0000A00G88	HUF	31,765.54

ERSTE STOCK EUROPE EMERGING

The fund is not permitted to engage in repurchase agreements pursuant to Regulation (EU) No. 2015/2365 (Regulation on Transparency of Securities Financing Transactions and of Reuse). For this reason, repurchase agreements were not employed.

No total return swaps pursuant to Regulation (EU) 2015/2365 (Regulation on Transparency of Securities Financing Transactions and of Reuse) were concluded for the fund during the reporting period.

The fund is not permitted to engage in securities lending agreements pursuant to Regulation (EU) No. 2015/2365 (Regulation on Transparency of Securities Financing Transactions and of Reuse). For this reason, securities lending agreements were not employed.

Explanation on disclosure pursuant to Delegated Regulation (EU) No. 2016/2251 supplementing Regulation (EU) No. 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties, and trade repositories with regard to regulatory technical standards for risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty:

All OTC derivatives are traded through Erste Group Bank AG.

In the event of negative derivatives exposure, collateral in the form of cash or bonds is pledged to Erste Group Bank AG in accordance with the contractually agreed threshold.

In the event of positive derivatives exposure, EUR-denominated government bonds from the Republic of Austria and/or the Federal Republic of Germany are pledged by Erste Group Bank AG to the fund in accordance with the contractually agreed threshold. A one-time discount of 4% is agreed with the counterparty for this collateral. Collateral that would require a higher discount pursuant to Annex II to Delegated Regulation (EU) No. 2016/2251 is not accepted.

Purchases and sales of transferable securities in the reporting period not listed in the statement of assets and liabilities

Security designation	ISIN number	Purch./ additions	Sales/ disposals
Units/nominal (nom. in 1,000, rounded)			
Publicly traded securities			
Equities denominated in EUR			
Issue country Greece			
ALPHA BANK EO -.30	GRS015003007	0	685,000
EUROBANK ERGASIAS EO-.23	GRS323003012	300,000	300,000
Equities denominated in RUB			
Issue country Russia			
DETSKIY MIR	RU000A0JSQ90	152,000	152,000
TMK PAO RL 10	RU000A0B6NK6	0	160,000

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
Equities denominated in TRL			
Issue country Turkey			
AKSA ENERJI URETIM TN 1	TREAKSN00011	0	550,000
KAFEIN YAZI.HIZM.TICA.TN1	TREKFIN00037	150,000	150,000
ODAS ELEKT.URET.SA.TI.TN1	TREODAS00014	0	1,900,000
TURK HAVA YOLLARI AS	TRATHYAO91M5	65,500	180,000
VESTEL ELEK. SAN.NA TN 1	TRAVESTL91H6	0	150,000
Equities denominated in USD			
Issue country Russia			
SEVERSTAL GDR S OCT2006 1	US8181503025	0	45,000
Securities admitted to organised markets			
Equities denominated in PLN			
Issue country Poland			
ALIOR BANK SA ZY 10	PLALIOR00045	0	58,055
CCC S.A. ZY 0.1	PLCCC0000016	0	10,500
ENERGA SA AA ZY 10.92	PLENERG00022	0	119,500
Equities denominated in USD			
Issue country Russia			
GAZPROM NEFT ADR5/RL-0016	US36829G1076	0	5,000
POLYUS PJSC GDR 1/2	US73181M1172	0	7,500
SURGUTNEFTEGAS ADR/10	US8688612048	0	130,000

Vienna, 31 July 2020

Erste Asset Management GmbH
Electronically signed

Inspection information:
Note:

The electronic signatures in this document can be inspected at www.signaturpruefung.gv.at.
This document was signed with two qualified electronic signatures. A qualified electronic signature fulfils the legal requirements of a hand-written signature, and in particular the requirements of the written form as defined in § 886 ABGB (§ 4 [1] Austrian Signature Act [Signaturgesetz]).

Remuneration Policy

Remuneration paid to employees of Erste Asset Management GmbH in EUR (2018 financial year of Erste Asset Management GmbH)

No investment success bonuses are paid, and no other amounts are paid directly from the investment funds.

Number of employees as of 31.12.18	247
Number of risk bearers as of 31.12.18	95
Fixed remuneration	17,978,470
Variable remuneration (bonuses)	4,589,208
Total employee remuneration	22,567,678
Thereof remuneration for managing directors	1,049,937
Thereof remuneration for managerial risk bearers	4,317,407
Thereof remuneration for risk bearers with control functions*	692,269
Thereof remuneration for other risk bearers	6,853,589
Thereof remuneration for employees in the same income bracket as managers and risk bearers due to the amount of their total remuneration	0
Total remuneration for risk bearers	12,913,202

* Includes the Head of Compliance

Principles governing performance-based remuneration components

The Management Company has adopted remuneration principles to prevent possible conflicts of interest and to ensure compliance with the standard rules of conduct when awarding remuneration to relevant persons.

Fixed salary components make up a large enough share of the total remuneration of all employees of the Management Company that a variable remuneration policy can be applied on an individualised basis.

The total remuneration (fixed and variable components) is governed by the principle of balance and is linked to sustainability so that the acceptance of excessive risks is not rewarded. Therefore, the variable remuneration forms no more than a balanced portion of the total remuneration awarded to an employee.

The performance-based remuneration components serve the short-term and long-term interests of the Management Company and contribute to preventing risky behaviour. The performance-based remuneration components take into account individual performance as well as the profitability of the Management Company.

The size of the bonus pool is calculated based on the bonus potential that can be applied to the different employee categories. Bonus potential is a percentage of the fixed annual gross remuneration. The bonus potential can be no more than 100% of the fixed annual gross remuneration. The bonus pool is adjusted depending on the success of the Management Company. The personal bonus is linked to individual performance. The total of personal bonuses is limited by the size of the bonus pool after deduction of penalties.

The performance-based payments are capped at 100% of the annual gross remuneration for all employees, including the material risk bearers (according to the definition in the remuneration policy) and managing directors of the Management Company.

The remuneration system is made up of three components:

- 1) Fixed remuneration
- 2) Variable remuneration
- 3) Fringe benefits

The bonus potential is based on the fixed annual gross remuneration. The target agreements concluded with the employees contain qualitative and/or quantitative objectives. The payment of performance-based remuneration components is subject to a minimum profitability level for the Management Company and to performance targets.

Sixty per cent of the performance-based remuneration components are paid immediately; for employees who are involved directly in fund and portfolio management, 50% of this is paid immediately in cash and 50% is paid one year later in the form of non-cash instruments. The remaining 40% of the performance-based remuneration components are retained and paid out over a period of three years, with 50% of this also being paid in cash and 50% in the form of non-cash instruments for employees who are involved directly in fund and portfolio management. The non-cash instruments can consist of units in an investment fund that is administered by the Management Company, equivalent holdings or instruments linked to units, or equivalent non-cash instruments. Based on the principle of proportionality, the Management Company has set a materiality threshold below which there is no incentive to enter into inappropriate risks, for which reason there is no need to make delayed payment or payment in the form of a non-cash instrument. Other non-cash benefits are fringe benefits that are not associated with performance but with a specific position (e.g. company car) or that apply for all employees (e.g. holiday).

The Supervisory Board of the Management Company has set up a Remuneration Committee to ensure that the remuneration policy and its application are independently assessed. This committee consists of the following persons: Rudolf Sagmeister, Harald Gasser (remuneration expert), and Heinrich Hubert Reiner.

The complete remuneration policy of the Management Company can be viewed at http://www.erste-am.at/de/private_anleger/wer-sind-wir/investmentprozess.

The last audit of compliance with the requirements of the remuneration policy by the Supervisory Board on 3 April 2019 revealed no deviations. There were also no material findings during the last audit by the Internal Auditing department.

No material changes were made to the remuneration policy during the past accounting year.

Audit Report*

Statement on the annual report

Audit opinion

We have audited the annual report prepared by Erste Asset Management GmbH, Vienna, for the fund under its management

ERSTE STOCK EUROPE EMERGING
Jointly owned fund pursuant to the InvFG

consisting of the statement of assets and liabilities as of 31 May 2020, the income statement for the accounting year ending on this date, and the other information specified in Annex I Schedule B of the Austrian Investment Fund Act 2011 (InvFG 2011).

Based on the findings of our audit, we believe that the annual report satisfies the legal requirements and provides a true and fair view of the assets and financial position as of 31 May 2020 and of the earnings position of the fund for the accounting year ending on this date in accordance with Austrian commercial law and the provisions of the InvFG 2011.

Basis for the audit opinion

We conducted our audit in accordance with § 49 (5) InvFG 2011 and in accordance with the Austrian principles of good auditing. These principles require the application of the International Standards on Auditing (ISA). Our responsibilities under these regulations and standards are described in the section “Responsibilities of the auditor in auditing the annual report” of our audit report. We are independent from the company as specified by the Austrian commercial and industry regulations and fulfilled our other professional obligations in accordance with these requirements. We feel that the audit evidence that we obtained is sufficient and suitable to serve as a basis for our audit opinion.

Management and supervisory board responsibilities relating to the annual report

The legal representatives are responsible for preparing the annual report and for ensuring that this report provides a true and fair view of the assets and financial and earnings position of the fund in accordance with Austrian commercial law and the provisions of the InvFG 2011. The legal representatives are also responsible for implementing the internal controls that they deem necessary to facilitate the preparation of an annual report that is free from material misstatements due to error or fraud.

The supervisory board is responsible for monitoring the accounting process of the company as it applies to the fund under its management.

Responsibilities of the auditor in auditing the annual report

Our goals are to ascertain with sufficient certainty whether the annual report contains material misstatements due to error or fraud and to issue an audit report that includes our audit opinion. Sufficient certainty is a high degree of certainty but no guarantee that an audit conducted in accordance with the Austrian standards on good auditing, which require the application of the ISA, will always discover material misstatements that may be present. Misstatements can result from fraud or errors and are considered to be material when it can be reasonably expected that individual misstatements or a combination of misstatements can influence economic decisions made by readers on the basis of this annual report.

As part of an audit conducted in accordance with the Austrian standards on good auditing, which require the application of the ISA, we exercise professional judgement and maintain professional scepticism during the entire audit process.

In addition:

- We identify and assess the risks of material misstatements in the annual report due to error or fraud, plan audit steps in response to these risks, perform the planned audit steps, and collect audit evidence that is sufficient and suitable to form a basis for our audit opinion. The risk that a material misstatement resulting from fraud will remain undiscovered is greater than for misstatements resulting from error because fraudulent activity can include collusion, the falsification of documents, intentional incomplete or misleading representations, and the circumvention of internal controls.
- We familiarise ourselves with the internal control systems that are relevant for the audit to plan audit steps that are appropriate under the specific circumstances, but not so as to state an opinion on the effectiveness of the company's internal control system.
- We assess the appropriateness of the accounting methods applied by the legal representatives and the reasonableness of the estimates made by the legal representatives in the accounts and of the associated information.
- We assess the overall presentation, the structure, and the content of the annual report including the figures as well as whether the annual report depicts the underlying transactions and events in a manner that provides a true and fair view.
- We discuss the planned scope and scheduling of the audit and any material audit findings, including material defects that we discover in the internal control system during our audit, with the supervisory board, among other issues.

Other information

The legal representatives are responsible for the other information. The other information includes all information in the annual report except for the statement of assets and liabilities, the income statement, the other information specified in Annex I Schedule B of the InvFG 2011, and the audit report.

Our audit opinion does not cover this other information, and we provide no assurance whatsoever for this other information.

In connection with our audit of the annual report, it is our responsibility to read this other information and to consider whether there are material discrepancies between the other information and the annual report or the information gathered by us during our audit, or if this other information appears materially incorrect in some other manner. If we come to the conclusion on the basis of our audit steps that the other information is materially incorrect, we are obligated to report this. We have nothing to report in this regard.

Vienna, 31 July 2020

Ernst & Young

Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Andrea Stippl
(Certified Public
Accountant)

ppa MMag. Roland Unterweger
(Certified Public Accountant)

* In the case of the publication or dissemination of the annual report in a form that deviates from the confirmed (unabridged German) version (e.g. an abridged version or translation), reference may not be made to the audit report or our audit without our approval.

Fund Rules

The Fund Rules for ERSTE STOCK EUROPE EMERGING, jointly owned fund pursuant to the Austrian Investment Fund Act (Investmentfondsgesetz; InvFG) 2011 as amended, were approved by the Austrian Financial Market Authority (FMA).

The Fund is an undertaking for collective investment in transferable securities (UCITS) and is managed by Erste Asset Management GmbH (the "Management Company" in the following), which has its registered office in Vienna.

Article 1 Fund Units

The joint ownership of the fund assets is evidenced by certificates having the characteristics of a bearer unit.

The unit certificates are depicted in separate global certificates for each unit category. For this reason, individual unit certificates cannot be issued.

Article 2 Depositary Bank (Depositary)

The depositary bank (depositary) appointed for the Fund is Erste Group Bank AG, Vienna.

The payment offices for unit certificates are the depositary bank (depositary) and any other payment offices named in the prospectus.

Article 3 Investment Instruments and Principles

The following assets may be selected for the Fund in accordance with the InvFG.

The Fund invests predominantly, in other words at least 51% of its assets, in stocks from issuers the majority of which have their registered office or the focus of their business activities in the Baltic region, eastern Central Europe (including Austria), Southeastern Europe, the Commonwealth of Independent States, and Turkey, in the form of directly purchased individual instruments, in other words not indirectly or directly through investment funds or through derivatives.

The Fund may also invest in stocks from issuers registered in or having business interests in the Middle East and Africa.

The fund assets are invested in the following instruments in accordance with the investment focus described above.

a) Transferable securities

Transferable securities (including securities with embedded derivative financial instruments) comprise at least 51% of the fund assets.

b) Money market instruments

Money market instruments may comprise up to 49% of the fund assets.

c) Transferable securities and money market instruments

The Fund may purchase transferable securities and money market instruments that are not fully paid up as well as subscription rights for these types of instruments and other financial instruments that are not fully paid up amounting to a maximum of 10% of the fund assets.

Transferable securities and money market instruments may be purchased for the Fund when they meet the criteria regarding listing or trading on a regulated market or a securities exchange pursuant to the InvFG.

Transferable securities and money market instruments that do not meet the criteria described in the previous paragraph may comprise up to 10% of the fund assets in total.

d) Units in investment funds

Units in investment funds (UCITS, UCI) may comprise up to 10% of the fund assets per individual issue and may comprise up to 10% in aggregate total, provided that the target funds themselves (UCITS or UCI) do not invest more than 10% of their fund assets in units of other investment funds.

e) Derivative financial instruments

Derivative financial instruments can be used as part of the investment strategy and for hedging purposes, and may comprise up to 49% of the fund assets.

f) Risk measurement method(s) of the Fund

The Fund applies the following risk measurement methods: commitment approach

The commitment value is determined according to § 3 of the 4th FMA Regulation on Risk Calculation and Reporting of Derivative Instruments (4. Derivate-Risikoberechnungs- und MeldeV) as amended.

g) Demand deposits or deposits with the right to be withdrawn

Demand deposits and deposits with the right to be withdrawn with a maximum term of 12 months may comprise up to 49% of the fund assets.

There are no minimum bank balance requirements.

However, in the course of the restructuring of the fund portfolio and/or in the case of the justified expectation of impending losses experienced by transferable securities, the Fund can hold a proportion of transferable securities below the specified limit and a higher proportion of demand deposits or deposits with the right to be withdrawn with a maximum term of 12 months.

h) Acceptance of short-term loans

The Management Company may accept short-term loans for the account of the Fund up to an amount of 10% of the total fund assets.

i) Repurchase agreements

Does not apply.

j) Securities lending

Does not apply.

Investment instruments may only be purchased for the entire Fund and not for individual unit categories or groups of unit categories.

This does not apply to currency hedging transactions, however. Such transactions can also be concluded solely for a single unit category. Expenses and income resulting from currency hedging transactions shall be allocated solely to the respective unit category.

Article 4 Issue and Redemption Procedure

The unit value shall be calculated in the currency of the respective unit category.

The unit value is calculated at the same time as the issue and redemption price.

Issue of units and front-end surcharge

The issue price will be calculated and units issued on each Austrian exchange trading day with the exception of bank holidays.

The issue price shall be made up of the unit value plus a surcharge per unit amounting to up to 5.0% to cover the costs incurred by the Management Company in issuing the unit, rounded up to the next equivalent sub-unit of the currency unit specified for the respective unit category in the prospectus.

The Management Company shall be entitled to apply a sliding front-end surcharge scale at its own discretion.

There is no limit on the issue of units in principle. However, the Management Company reserves the right to temporarily or permanently suspend the issue of unit certificates.

Redemption of units and back-end commission

The redemption price will be calculated and units redeemed on each Austrian exchange trading day with the exception of bank holidays.

The redemption price is the unit value rounded down to the next equivalent sub-unit of the currency unit specified for the respective unit category in the prospectus. No back-end commission will be charged.

Upon request by the Unit-holder, his units shall be redeemed at the current redemption price in return for the unit certificate.

Article 5
Accounting Year

The accounting year of the Fund is from 1 June to 31 May.

Article 6
Unit Categories and Use of Earnings

The Fund features three different unit categories and the corresponding certificates: dividend-bearing units, non-dividend-bearing units with capital gains tax payment, and non-dividend-bearing units without capital gains tax payment, with certificates being issued for one unit each and also for fractional units.

Various unit categories may be issued for this Fund. The creation of unit categories and the issue of units of a specific category shall be decided at the discretion of the Management Company.

Use of earnings for dividend-bearing units

The earnings generated during the accounting year (interest and dividends) less all costs can be distributed as deemed appropriate by the Management Company. Dividend disbursement may be omitted in the interests of the Unit-holders. Dividends may also be disbursed at the discretion of the Management Company from earnings generated by the sale of fund assets, including subscription rights. Disbursements of fund assets and interim dividends may be paid.

The fund assets may in no case fall below the legally stipulated minimum volume for termination as a result of dividend disbursements.

The amounts shall be paid to the holders of dividend-bearing units on or after 1 September of the following accounting year. The remaining amount shall be carried forward.

An amount calculated in accordance with the InvFG must also be paid out on or after 1 September to cover the capital gains tax assessed by the tax authorities on the dividend-equivalent earnings from the fund units unless the Management Company provides suitable proof from the banks managing the corresponding securities accounts that the unit certificates can only be held by Unit-holders who are not subject to Austrian personal income tax or corporation tax or who meet the conditions for exemption from capital gains tax according to § 94 of the Austrian Income Tax Act (Einkommensteuergesetz) at the time of payment.

Use of earnings for non-dividend-bearing units with capital gains tax payment (non-dividend-bearing units)

The earnings generated by the Fund during the accounting year less all costs will not be paid out. In the case of non-dividend-bearing units, an amount calculated in accordance with the InvFG must be paid out on or after 1 September to cover the capital gains tax assessed by the tax authorities on the dividend-equivalent earnings from the fund units unless the Management Company provides suitable proof from the banks managing the corresponding securities accounts that the unit certificates can only be held by Unit-holders who are not subject to Austrian personal income tax or corporation tax or who meet the conditions for exemption from capital gains tax according to § 94 of the Austrian Income Tax Act (Einkommensteuergesetz) at the time of payment.

Use of earnings for non-dividend-bearing units without capital gains tax payment (KESt-exempt non-dividend-bearing units)

The earnings generated by the Fund during the accounting year less all costs will not be paid out. No payment pursuant to the InvFG will be made. The reference date for the exemption from KESt payment for the profit for the year for the purposes of the InvFG shall be 1 September of the following accounting year.

The Management Company shall provide suitable proof from the banks managing the corresponding securities accounts that the unit certificates can only be held by Unit-holders who are not subject to Austrian personal income tax or corporation tax or who meet the conditions for exemption from capital gains tax according to § 94 of the Austrian Income Tax Act (Einkommensteuergesetz) at the time of payment.

If these requirements are not met at the time of payment, the amount calculated pursuant to the InvFG must be paid out by the credit institution managing the respective securities account.

Article 7
Management Fee, Compensation for Expenses, Liquidation Fee

Valid until 31 December 2019:

- a) The Management Company shall receive an annual fee for its administrative activities of up to 1.8% of the fund assets, which shall be accrued on a daily basis and calculated using the month-end values adjusted for the accrued fees.
- b) In addition to the fees to which the Management Company is entitled, an annual fee amounting to up to 0.36% of the fund assets as calculated using the month-end values of the entire fund assets can be paid from the fund assets for the services of a third party appointed in accordance with § 28 InvFG.

Valid from 1 January 2020:

- a) The Management Company shall receive an annual fee for its administrative activities amounting to up to 1.80% of the fund assets as calculated and accrued on the basis of the daily fund volume. The fee will be charged to the fund assets once per month.

b) In addition to the fees to which the Management Company is entitled, an annual fee amounting to up to 0.36% of the fund assets as calculated and accrued on the basis of daily total fund assets can be paid from the fund assets for the services of a third party appointed in accordance with § 28 InvFG. The fee will be charged to the fund assets once per month.

The Management Company shall be entitled to compensation for all expenses incurred in the administration of the Fund.

The Management Company shall be entitled to apply a sliding management fee scale at its own discretion.

The costs for the introduction of new unit categories for existing investment funds shall be assessed against the unit price of the new unit categories.

Upon liquidation of the Fund, the party processing the liquidation shall receive a fee in the amount of 0.5% of the fund assets.

Further information and details about this Fund can be found in the prospectus.

Annex to the Fund Rules

List of exchanges with official trading and organised markets (As of September 2018)

1. Exchanges with official trading and organised markets in the Member States of the EEA as well as exchanges in European countries outside of the EEA considered to be equivalent to regulated markets

Every Member State must maintain a current list of the authorised markets within its territory. This list must be submitted to the other Member States and the Commission.

According to this provision, the Commission is required to publish a list of the regulated markets registered with it by the Member States once per year.

Because of lower entry barriers and specialisation in different trading segments, the list of “regulated markets” is subject to significant changes. For this reason, the Commission will publish an up-to-date version of the list on its official website in addition to the annual publication of a list in the Official Journal of the European Union.

1.1. The currently valid list of regulated markets can be found at

https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_upreg *

1.2. The following exchanges are included in the list of regulated markets:

- | | | |
|--------|--------------|--------------------------------------|
| 1.2.1. | Luxembourg: | Euro MTF Luxembourg |
| 1.2.2. | Switzerland: | SIX Swiss Exchange AG, BX Swiss AG** |

1.3. Recognised markets in the EEA according to § 67 (2) 2 InvFG:

Markets in the EEA that have been classified as recognised markets by the competent supervisory authorities.

2. Exchanges in European countries outside of the EEA

- | | | |
|------|-------------------------|---|
| 2.1. | Bosnia and Herzegovina: | Sarajevo, Banja Luka |
| 2.2. | Montenegro: | Podgorica |
| 2.3. | Russia: | Moscow (RTS Stock Exchange)
Moscow Interbank Currency Exchange (MICEX) |
| 2.4. | Serbia: | Belgrade |
| 2.5. | Turkey: | Istanbul (only “National Market” on the stock market) |

3. Exchanges in non-European countries

- | | | |
|-------|------------|---|
| 3.1. | Australia: | Sydney, Hobart, Melbourne, Perth |
| 3.2. | Argentina: | Buenos Aires |
| 3.3. | Brazil: | Rio de Janeiro, Sao Paulo |
| 3.4. | Chile: | Santiago |
| 3.5. | China: | Shanghai Stock Exchange, Shenzhen Stock Exchange |
| 3.6. | Hong Kong: | Hong Kong Stock Exchange |
| 3.7. | India: | Mumbai |
| 3.8. | Indonesia: | Jakarta |
| 3.9. | Israel: | Tel Aviv |
| 3.10. | Japan: | Tokyo, Osaka, Nagoya, Kyoto, Fukuoka, Niigata, Sapporo, Hiroshima |
| 3.11. | Canada: | Toronto, Vancouver, Montreal |

3.12.	Colombia:	Bolsa de Valores de Colombia
3.13.	Korea:	Korea Exchange (Seoul, Busan)
3.14.	Malaysia:	Kuala Lumpur, Bursa Malaysia Berhad
3.15.	Mexico:	Mexico City
3.16.	New Zealand:	Wellington, Christchurch/Invercargill, Auckland
3.17.	Peru:	Bolsa de Valores de Lima
3.18.	Philippines:	Manila
3.19.	Singapore:	Singapore Stock Exchange
3.20.	South Africa:	Johannesburg
3.21.	Taiwan:	Taipei
3.22.	Thailand:	Bangkok
3.23.	USA:	New York, NYCE American, New York Stock Exchange (NYSE), Philadelphia, Chicago, Boston, Cincinnati
3.24.	Venezuela:	Caracas
3.25.	United Arab Emirates:	Abu Dhabi Securities Exchange (ADX)

4. Organised markets in countries outside of the European Community

4.1.	Japan:	over the counter market
4.2.	Canada:	over the counter market
4.3.	Korea:	over the counter market
4.4.	Switzerland:	over the counter market of the members of the International Capital Market Association (ICMA), Zurich
4.5.	USA:	over the counter market (under the supervision of an authority such as the SEC, FINRA, etc.)

5. Exchanges with futures and options markets

5.1.	Argentina:	Bolsa de Comercio de Buenos Aires
5.2.	Australia:	Australian Options Market, Australian Securities Exchange (ASX)
5.3.	Brazil:	Bolsa Brasileira de Futuros, Bolsa de Mercadorias & Futuros, Rio de Janeiro Stock Exchange, Sao Paulo Stock Exchange
5.4.	Hong Kong:	Hong Kong Futures Exchange Ltd.
5.5.	Japan:	Osaka Securities Exchange, Tokyo International Financial Futures Exchange, Tokyo Stock Exchange
5.6.	Canada:	Montreal Exchange, Toronto Futures Exchange
5.7.	Korea:	Korea Exchange (KRX)
5.8.	Mexico:	Mercado Mexicano de Derivados
5.9.	New Zealand:	New Zealand Futures & Options Exchange
5.10.	Philippines:	Manila International Futures Exchange
5.11.	Singapore:	The Singapore Exchange Limited (SGX)
5.12.	Slovakia:	RM System Slovakia
5.13.	South Africa:	Johannesburg Stock Exchange (JSE), South African Futures Exchange (SAFEX)
5.14.	Switzerland:	EUREX
5.15.	Turkey:	TurkDEX
5.16.	USA:	NYCE American, Chicago Board Options Exchange, Chicago Board of Trade, Chicago Mercantile Exchange, Comex, FINEX, ICE Futures US, Inc., New York, Nasdaq PHLX, New York Stock Exchange, Boston Options Exchange (BOX)

*) To open the list, select "Regulated market" under "Entity type" in the column on the left side of the page and then click "Search" (or "Show table columns" and "Update"). The link can be changed by the ESMA.

When the expected withdrawal of the United Kingdom of Great Britain and Northern Ireland (GB) from the EU takes effect, GB will lose its status as an EEA member state and, in turn, the exchanges/regulated markets located there will also lose their status as EEA exchanges/regulated markets. In this event, we hereby inform you that the following exchanges and regulated markets located in GB shall be considered exchanges or recognised regulated markets in a third country as defined by the InvFG 2011 and the UCITS Directive that are expressly designated in the Fund Rules: Cboe Europe Equities Regulated Market – Integrated Book Segment, London Metal Exchange, Cboe Europe Equities Regulated Market – Reference Price Book Segment, Cboe Europe Equities Regulated Market – Off-Book Segment, London Stock Exchange Regulated Market (derivatives), NEX Exchange Main Board (non-equity), London Stock Exchange Regulated Market, NEX Exchange Main Board (equity), Euronext London Regulated Market, ICE FUTURES EUROPE, ICE FUTURES EUROPE – AGRICULTURAL PRODUCTS DIVISION, ICE FUTURES EUROPE – FINANCIAL PRODUCTS DIVISION, ICE FUTURES EUROPE – EQUITY PRODUCTS DIVISION, and Gibraltar Stock Exchange.

***) In the event that Switzerland's stock market equivalence expires, SIX Swiss Exchange AG and BX Swiss AG are to be subsumed under item 2 "Exchanges in European countries outside of the EEA" until further notice.

Note regarding the data used

The sections Income Statement and Changes in Fund Assets, Statement of Assets and Liabilities, and Details and Explanation of Tax Treatment in this annual report were prepared on the basis of data from the depositary bank for the Fund.

The data and information provided by the depositary bank were collected with the greatest possible care and were checked solely for plausibility.

Note for retail funds:

Unless indicated otherwise, source: Erste Asset Management GmbH. Our languages of communication are German and English. The full prospectus and the key investor information (and any applicable changes to these documents) were published in Amtsblatt zur Wiener Zeitung in accordance with the provisions of the InvFG 2011 in the currently amended version and are available free of charge at the registered office of the Investment Firm and at the head office of the depositary bank. The exact date of most recent publication, the languages in which the key investor information is available, and any additional locations where the documents can be obtained can be viewed on the website www.erste-am.at.

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