

# **ESPA STOCK ISTANBUL**

**Jointly owned fund pursuant to the InvFG**

Annual Report 2018/19

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## General Information about the Investment Firm

<b>The company</b>	Erste Asset Management GmbH Am Belvedere 1, A-1100 Vienna Telephone: +43 05 0100-19777, Fax: +43 05 0100-919777
<b>Registered capital</b>	EUR 2.50 million
<b>Shareholders</b>	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%)
<b>Supervisory Board</b>	Rudolf SAGMEISTER (Chairman) Thomas SCHAUFLER (Deputy Chairman) Ingo BLEIER Harald GASSER Gerhard GRABNER Oswald HUBER Radovan JELASITY Robert LASSHOFER Martin SIMHANDL (until 22 February 2019) Gerald WEBER (from 22 February 2019) Appointed by the Works Council: Martin CECH Heinrich Hubert REINER Peter RIEDERER Nicole WEINHENGST Manfred ZOUREK
<b>Managing directors</b>	Heinz BEDNAR Winfried BUCHBAUER Peter KARL Wolfgang TRAINDL
<b>Prokuristen (proxies)</b>	Achim ARNHOF (from 15 December 2018) Karl FREUDENSCHUSS Manfred LENTNER Günther MANDL Gerold PERMOSER Magdalena REISCHL
<b>State commissioners</b>	Caroline HABERFELLNER Philipp VISKI-HANKA
<b>Auditor</b>	Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
<b>Depository bank</b>	Erste Group Bank AG

## Dear Unit-holder,

We are pleased to present you the following annual report for the ESPA STOCK ISTANBUL jointly owned fund pursuant to the InvFG for the period from 1 May 2018 to 30 April 2019.

The former management company, ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H., was merged into Erste Asset Management GmbH effective 31 December 2017 and with entry of this merger in the trade register of Vienna Commercial Court on 3 November 2018. Erste Asset Management GmbH became the Management Company of ESPA STOCK ISTANBUL as of the effective date of the merger.

The Istanbul Stock Exchange was closed for the Ramadan holiday on 15 June 2018. It was therefore not possible to determine the calculated value of the fund on 18 June 2018, so unit certificate transactions were suspended on this day.

The Istanbul Stock Exchange was closed for the Kurban holiday from 21 to 24 August 2018. It was therefore not possible to determine the calculated value of the fund from 22 to 27 August 2018, so unit certificate transactions were suspended during this period.

## Development of the Fund

### Market report and portfolio orientation

The past year was a difficult period for equity investors on the exchange in Istanbul – a natural consequence of the fact that Turkish stocks suffered a decline of more than 35% in euro terms. This made Turkey one of the world's weakest markets during the reporting period. ESPA STOCK ISTANBUL generated a negative performance of 33.96% (ISIN: AT0000704333) in euros during the reporting period.

While the developed global equity markets posted a plus of 15.55% in euros, the MSCI Emerging Markets failed to meet the expectations (plus 2.81%, in EUR). The international commodity markets were weak on the whole with the CRB Spot Metals Index losing around 4.58% (in EUR) during the period and the oil price rising by roughly 3.52% (in EUR).

The economic crisis in Turkey was exacerbated above all by the growing political tensions in the country. The controversial presidential elections were held in June 2018, followed by a public conflict with the US government. Then, the announced repeat of the Istanbul elections sparked unrest. The company slid into an economic crisis, and consumer prices rose by 19.5% (April 2019). The central bank in Ankara felt forced to raise its key rate from 8% (at the end of April) to 24% in multiple steps. But the central bank was hesitant to hike interest rates under these conditions, which made investors nervous. Especially Erdogan's massive criticism of the bank's monetary policy raised doubts about the independence of the central bank. The Turkish lira gave up more than 36% of its value versus the euro during the reporting period. As a result, unemployment rose to 14.74% (February 2019). Real GDP growth went negative and declined by 3% (Q4 2018). Standard & Poor's downgraded the country to B+ in May and August 2018. Analysts also lowered their growth projections for 2019, which are now estimated at minus 1.4%.

In terms of fund positioning, the portfolio continued to maintain a defensive orientation especially during the first six months of the reporting period due to the high uncertainty and the country-specific risks. The management concentrated on companies with good financial positions and healthy balance sheets (including Eregli, Kardemir, and Ulusoy). 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. State-owned banks such as Vakifbank were avoided in particular, as were real estate companies such as Emlak.

The market and currency were not able to stabilise until the second half of the reporting period. It was not possible to make up for the losses, however. The fund management continued to reduce bank shares (including Yapi Kredit Bank, Isbank, and Vakifbank). Ulusoy (industry) was sold off entirely due to a takeover offer, and the weightings of companies in the same sector including Pegasus Airline and Turk Hava Yollary were increased. Energy and commodity stocks such as Tupras, Koza Gold, and Eregli were increased slightly.

MLP Health Care, Netas Telekom, and others were sold because of poor earnings. Should consumer sentiment improve somewhat over the course of the year, the fund management anticipates opportunities in the consumer goods sector. After the price correction, the exposure to consumer goods stocks was increased, including in Arcelik, Mavi, Vestel Elektronik, and retail chains such as Migros and Sok Market.

All sectors posted negative development in the reporting period. The best sector in relative terms was energy, which lost 1.72% (in EUR). The following sectors outperformed the market but still posted substantial losses: industry (minus 22.66%, in EUR), consumer staples (minus 24.54%, in EUR), and consumer discretionary (minus 29.12%, in EUR). Especially the performance of bank stocks had a negative effect. The sector posted a loss of around 39.02% in EUR. The cash share in the fund was over 3% for liquidity and risk reasons.

Turkish stocks are currently at attractive valuation levels. The equity market is trading at a substantial PER discount over the other global emerging markets at a 2019 PER of roughly 5.6x. The dividend yield of the portfolio at the end of the period was around 3.29%. The development of the financial sector and private consumption will likely be crucial in the coming months. A return to credible budget policy, and better political relations with the USA and Europe should be able to protect the country against a drawn-out crisis in our opinion.

## 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 <sup>th</sup> 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

	30 April 2019		30 April 2018	
	EUR millions	%	EUR millions	%
Equities denominated in TRY	27.6	98.62	26.9	92.52
Securities	27.6	98.62	26.9	92.52
Bank balances	0.4	1.39	2.2	7.49
Interest entitlements	0.0	0.00	0.0	0.00
Other deferred items	- 0.0	- 0.01	- 0.0	- 0.01
<b>Fund assets</b>	<b>28.0</b>	<b>100.00</b>	<b>29.0</b>	<b>100.00</b>

## Comparative Overview

Accounting year	Fund assets
2016/2017	35,957,615.97
2017/2018	29,047,405.00
2018/2019	28,016,377.68

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
2016/2017	Dividend-bearing units	AT0000704333	EUR	249.51	5.0000	-	-10.45
2017/2018	Dividend-bearing units	AT0000704333	EUR	224.10	4.0000	0.0000	-8.49
2018/2019	Dividend-bearing units	AT0000704333	EUR	144.62	3.0000	0.0000	-33.96

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2016/2017	Non-dividend-bearing units	AT0000704341	EUR	310.88	0.0000	0.0000	-10.40
2017/2018	Non-dividend-bearing units	AT0000704341	EUR	284.54	0.0000	0.0000	-8.47
2018/2019	Non-dividend-bearing units	AT0000704341	EUR	187.94	0.0000	0.0000	-33.95

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2016/2017	KESSt-exempt non-dividend-bearing units	AT0000494885	CZK	8,709.10	-	0.0000	-11.00
2017/2018	KESSt-exempt non-dividend-bearing units	AT0000494885	CZK	7,624.66	-	0.0000	-12.45
2018/2019	KESSt-exempt non-dividend-bearing units	AT0000494885	CZK	5,023.99	-	0.0000	-34.11

ESPA STOCK ISTANBUL

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2016/2017	KESSt-exempt non-dividend-bearing units	AT0000494893	EUR	324.18	-	0.0000	-10.40
2017/2018	KESSt-exempt non-dividend-bearing units	AT0000494893	EUR	296.72	-	0.0000	-8.47
2018/2019	KESSt-exempt non-dividend-bearing units	AT0000494893	EUR	195.98	-	0.0000	-33.95

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2016/2017	KESSt-exempt non-dividend-bearing units	AT0000A09GS5	HUF	101,221.98	-	0.0000	-10.22
2017/2018	KESSt-exempt non-dividend-bearing units	AT0000A09GS5	HUF	93,180.47	-	0.0000	-7.94
2018/2019	KESSt-exempt non-dividend-bearing units	AT0000A09GS5	HUF	63,603.34	-	0.0000	-31.74

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2016/2017	KESSt-exempt non-dividend-bearing units	AT0000A015E2	USD	353.92	-	0.0000	-14.59
2017/2018	KESSt-exempt non-dividend-bearing units	AT0000A015E2	USD	355.74	-	0.0000	0.51
2018/2019	KESSt-exempt non-dividend-bearing units	AT0000A015E2	USD	220.29	-	0.0000	-38.08

## Disbursement/Payment

The following disbursement or payment will be made for the accounting year from 1 May 2018 to 30 April 2019. 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 August 2019 at

Erste Group Bank AG, Vienna,

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

Fund type	ISIN	Currency	Dividend disbursement/ payment		KESSt with option declaration	KESSt w/o option declaration	Reinvestment
Dividend-bearing units	AT0000704333	EUR	3.0000		0.0000	0.0000	0.0000
Non-dividend-bearing units	AT0000704341	EUR	0.0000		0.0000	0.0000	0.0000
KESSt-exempt non-dividend-bearing units	AT0000494885	CZK	-	*	-	-	0.0000
KESSt-exempt non-dividend-bearing units	AT0000494893	EUR	-	*	-	-	0.0000
KESSt-exempt non-dividend-bearing units	AT0000A09GS5	HUF	-	*	-	-	0.0000
KESSt-exempt non-dividend-bearing units	AT0000A015E2	USD	-	*	-	-	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 an 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.

<b>AT0000704333 dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (17,558.140 units)	224.10
Disbursement/payment on 30.07.2018 (corresponds to roughly 0.0233 units at a calculated value of 171.67)	4.0000
Unit value at the end of the reporting period (27,703.994 units)	144.62
Total value including (notional) units gained through dividend disbursement/payment	147.99
Net earnings per unit	-76.11
<b>Value development of one unit in the period</b>	<b>-33.96%</b>

<b>AT0000704341 non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (55,827.854 units)	284.54
Disbursement/payment	0.0000
Unit value at the end of the reporting period (65,558.829 units)	187.94
Total value including (notional) units gained through dividend disbursement/payment	187.94
Net earnings per unit	-96.60
<b>Value development of one unit in the period</b>	<b>-33.95%</b>

<b>AT0000494885 KEST-exempt non-dividend-bearing units CZK</b>	
Unit value at the beginning of the reporting period (20,176.554 units)	7,624.66
Disbursement/payment	0.0000
Unit value at the end of the reporting period (32,433.836 units)	5,023.99
Total value including (notional) units gained through dividend disbursement/payment	5,023.99
Net earnings per unit	-2,600.67
<b>Value development of one unit in the period</b>	<b>-34.11%</b>

<b>AT0000494893 KEST-exempt non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (9,415.217 units)	296.72
Disbursement/payment	0.0000
Unit value at the end of the reporting period (20,783.640 units)	195.98
Total value including (notional) units gained through dividend disbursement/payment	195.98
Net earnings per unit	-100.74
<b>Value development of one unit in the period</b>	<b>-33.95%</b>

<b>AT0000A09GS5 KES-st-exempt non-dividend-bearing units HUF</b>	
Unit value at the beginning of the reporting period (1,389.124 units)	93,180.47
Disbursement/payment	0.0000
Unit value at the end of the reporting period (6,302.803 units)	63,603.34
Total value including (notional) units gained through dividend disbursement/payment	63,603.34
Net earnings per unit	-29,577.13
<b>Value development of one unit in the period</b>	<b>-31.74%</b>

<b>AT0000A015E2 KES-st-exempt non-dividend-bearing units USD</b>	
Unit value at the beginning of the reporting period (115.502 units)	355.74
Disbursement/payment	0.0000
Unit value at the end of the reporting period (115.502 units)	220.29
Total value including (notional) units gained through dividend disbursement/payment	220.29
Net earnings per unit	-135.45
<b>Value development of one unit in the period</b>	<b>-38.08%</b>

## **2. Fund Result**

### **a. Realised fund result**

#### **Ordinary fund result**

##### **Income (without profit or loss from price changes)**

Interest income (excluding income adjustment) 2,526.61

Dividend income 746,199.97

Other income 8) 0.00

Total income (without profit or loss from price changes) 748,726.58

**Interest paid** - 6,374.24

##### **Expenses**

Fees paid to Investment Firm - 509,605.17

Costs for the financial auditor and tax consultation - 3,812.00

Publication costs - 40,284.35

Securities account fees - 15,913.46

Depository bank fees - 44,857.26

Costs for the external consultant 0.00

Total expenses - 614,472.24

Compensation for management costs from sub-funds 1) 0.00

**Ordinary fund result (excluding income adjustment) 127,880.10**

##### **Realised profit or loss from price changes 2) 3)**

Realised gains 4) 435,448.17

Realised losses 5) - 5,038,499.30

**Realised profit or loss from price changes (excluding income adjustment) - 4,603,051.13**

**Realised fund result (excluding income adjustment) - 4,475,171.03**

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

Changes in the unrealised profit or loss from price changes 7) - 6,214,440.43

**Result for the reporting period 6) - 10,689,611.46**

### **c. Income adjustment**

Income adjustment for income in the period - 713,579.50

Income adjustment for profit carried forward from dividend-bearing units 278,587.47

**Overall fund result - 11,124,603.49**

### **3. Changes in Fund Assets**

<b>Fund assets at the beginning of the reporting period</b>	<b>29,047,405.00</b>
<b>Disbursement/payment in the accounting year</b>	<b>- 94,616.91</b>
<b>Issue and redemption of units</b>	<b>10,188,193.08</b>
<b>Overall fund result</b>	
(The fund result is shown in detail under item 2.)	<b>- 11,124,603.49</b>
<b>Fund assets at the end of the reporting period</b>	<b><u>28,016,377.68</u></b>

- 1) Reimbursements (in the sense of commissions) paid by third parties are forwarded to the fund after deduction of any associated 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 -10,817,491.56.
- 4) Thereof profits from transactions with derivative financial instruments: EUR 3,051.31.
- 5) Thereof losses from transactions with derivative financial instruments: EUR -18,167.80.
- 6) The result for the accounting year includes explicitly reported transaction costs in the amount of EUR 46,740.60.
- 7) Thereof changes in unrealised gains EUR -1,659,690.39 and unrealised losses EUR -4,554,750.04.
- 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 30 April 2019

(including changes in securities assets from 1 May 2018 to 30 April 2019)

Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding Units/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets
<b>Publicly traded securities</b>							
<b>Equities denominated in TRL</b>							
<b>Issue country Turkey</b>							
AKSA ENERJI URETIM TN 1	TREAKSN00011	250,000	250,000	500,000	2.350	175,682.28	0.63
ASELSAN ELEKTRON.S.V.TIC.	TRAAELS91H2	250,000	0	250,000	20.440	764,031.03	2.73
BIM BIRLESIK MAGAZALAR AS	TREBIMM00018	148,500	41,000	197,500	83.050	2,452,431.22	8.75
COCA COLA ICECEK C TN 1	TRECOLA00011	70,000	60,000	60,000	31.660	284,022.18	1.01
EMLAK KONUT GAYR.YAT.ORT.	TREEGYO00017	2,700,000	0	2,700,000	1.510	609,580.14	2.18
ENERJISA ENERJI TN -.01	TREENSA00014	0	0	125,000	5.380	100,550.07	0.36
HACI OMER SABANCI TN 1	TRASAHOL91Q5	700,000	220,000	900,000	7.700	1,036,151.68	3.70
HEKTAS TICARET TN 1	TRAHEKTS91E4	0	0	100,000	12.100	180,915.37	0.65
KORDSA GL.ENDUSTR.IVKBSVT	TRAKORDS91B2	100,000	0	100,000	11.930	178,373.59	0.64
KOZA ALTIN ISLETMEL.	TREKOAL00014	60,000	20,000	40,000	42.580	254,657.08	0.91
MAVI GIYIM SAN.V.TIC.TN 1	TREMAVIO0037	25,000	0	25,000	38.120	142,489.55	0.51
MIGROS TICARET REG. TN 1	TREMGTIO0012	60,000	0	60,000	13.780	123,620.52	0.44
ODAS ELEKT.URET.SA.TI.TN1	TREODAS00014	1,300,000	600,000	700,000	1.530	160,132.53	0.57
PEGASUS HAVA TASIMAC.TN 1	TREPEGS00016	100,000	0	100,000	30.920	462,306.06	1.65
PETKIM PETROKIMYA REG.TN1	TRAPETKM91E0	700,000	0	1,300,000	4.470	868,842.34	3.10
SOK MARKETL.TICARET TN1	TRESOKM00022	90,000	0	90,000	9.240	124,338.20	0.44
TAV HAVALIMAN.HLDG TN 1	TRETAVH00018	50,000	0	240,000	25.300	907,866.23	3.24
TEKFEN HOLDING AS TN 1	TRETKHO00012	0	0	100,000	26.620	398,013.82	1.42
TUERKIYE HALK BANKASI TN1	TRETHALO0019	650,000	0	1,150,000	5.850	1,005,874.52	3.59
TURKIYE VAKIFLAR BANK.	TREVKFB00019	1,150,000	1,000,000	650,000	4.040	392,631.21	1.40
YATAK VE YORGAN SANAYI	TRAYATAS91B4	300,000	1	349,999	4.430	231,825.19	0.83
ZORLU ENERJ.ELEKT.UER.TN1	TRAZOREN91L8	0	0	800,000	1.250	149,516.84	0.53
Total issue country Turkey						11,003,851.65	39.28
Total equities denominated in TRL translated at a rate of 6.68821						11,003,851.65	39.28
Total publicly traded securities						11,003,851.65	39.28

## Securities admitted to organised markets

### Equities denominated in TRL

#### Issue country Turkey

AKBANK T.A.S. TN 1	TRAAKBNK91N6	1,730,000	470,000	2,360,000	6.120	2,159,501.57	7.71
ANADOLU E.BIR.M.G. TN 1	TRAAEFES91A9	0	45,000	180,000	19.820	533,416.27	1.90
ARCELIK A.S. REG. TN 1	TRAAARCLK91H5	190,000	0	190,000	18.340	521,006.37	1.86
CIMSA C.SAN.VE TIC. TN 1	TRACIMSA91F9	0	0	100,000	6.560	98,083.04	0.35
EREGLI DEM.CEL. REG. TN 1	TRAEREGL91G3	700,000	90,000	1,260,000	9.160	1,725,663.52	6.16
FORD OTOMOTIV SANAYI TN 1	TRAOTOSN91H6	65,000	20,000	110,000	52.700	866,749.10	3.09
KARDEMIR KARABUK DEMIR D	TRAKRDMR91G7	0	500,000	300,000	2.260	101,372.42	0.36
KOC HLDG NA TN 1	TRAKCHOL91Q8	530,000	100,000	430,000	16.200	1,041,534.28	3.72
TOFAS TUERK OTO E TN 1	TRATOASO91H3	55,000	70,000	130,000	17.930	348,508.79	1.24
TUERK.PETROL RAFI. TN 1	TRATUPRS91E8	25,000	17,500	59,500	123.300	1,096,907.84	3.92

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
TUERKIYE GAR.BANK.NAM.TN1	TRAGARAN91N1	1,925,000	1,100,000	2,125,000	8.170	2,595,799.17	9.27
TUERKIYE SISE REG. TN 1	TRASISEW91Q3	0	100,000	555,261	6.100	506,427.30	1.81
TURK HAVA YOLLARI AS	TRATHYAO91M5	240,000	40,000	600,000	14.310	1,283,751.56	4.58
TURKCELL ILETISIM TN 1	TRATCELL91M1	380,000	440,000	640,000	12.500	1,196,134.69	4.27
TURKIYE IS BANKASI C TN 1	TRAISTR91N2	450,000	240,000	910,000	5.360	729,283.32	2.60
ULKER BISKUVI SANAYI TN 1	TREULKR00015	330,000	80,000	470,000	19.020	1,336,590.81	4.77
VESTEL ELEK. SAN.NA TN 1	TRAVESTL91H6	150,000	0	150,000	11.970	268,457.48	0.96
YAPI VE KREDI B.NA TN 1	TRAYKBNK91N6	5,020,435	5,320,435	700,000	2.070	216,649.90	0.77
Total issue country Turkey						16,625,837.43	59.34
Total equities denominated in TRL translated at a rate of 6.68821						16,625,837.43	59.34
Total securities admitted to organised markets						16,625,837.43	59.34

**Breakdown of fund assets**

Transferable securities	27,629,689.08	98.62
Bank balances	388,222.10	1.39
Interest entitlements	209.55	0.00
Other deferred items	-1,743.05	-0.01
<b>Fund assets</b>	<b>28,016,377.68</b>	<b>100.00</b>

Dividend-bearing units outstanding	AT0000704333	units	27,703.994
Value of dividend-bearing unit	AT0000704333	EUR	144.62
Non-dividend-bearing units outstanding	AT0000704341	units	65,558.829
Value of non-dividend-bearing unit	AT0000704341	EUR	187.94
KEST-exempt non-dividend-bearing units outstanding	AT0000494893	units	20,783.640
Value of KEST-exempt non-dividend-bearing unit	AT0000494893	EUR	195.98
KEST-exempt non-dividend-bearing units outstanding	AT0000494885	units	32,433.836
Value of KEST-exempt non-dividend-bearing unit	AT0000494885	CZK	5,023.99
KEST-exempt non-dividend-bearing units outstanding	AT0000A09GS5	units	6,302.803
KEST-exempt non-dividend-bearing units outstanding	AT0000A09GS5	HUF	63,603.34
KEST-exempt non-dividend-bearing units outstanding	AT0000A015E2	units	115.502
Value of KEST-exempt non-dividend-bearing unit	AT0000A015E2	USD	220.29

The fund is permitted to engage in securities lending agreements pursuant to Regulation (EU) No. 2015/2365 (Regulation on Transparency of Securities Financing Transactions and of Reuse) according to the fund rules. No securities lending transactions took place during the reporting period.

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.

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

**Explanation on disclosure pursuant to the 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.

Collateral in the form of cash or bonds is pledged to Erste Group Bank AG in the amount of the negative exposure of the derivatives.

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 the amount of the positive exposure of the derivatives. 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 the Delegated Regulation (EU) No. 2016/2251 is not accepted.

**Investor note:**

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

**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 Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
<b>Publicly traded securities</b>			
<b>Equities denominated in TRL</b>			
<b>Issue country Austria</b>			
DO + CO AG	AT0000818802	5,000	5,000
<b>Issue country Turkey</b>			
AKENERJI ELEK.UERET.TN 1	TRAAKENR91L9	0	2,800,000
DOGTAS KELEBE.M.S.V.T.TN1	TRAKLBM091C0	0	500,000
MLP SAGLIK HIZMET. AS TN1	TREMLPC00021	100,000	100,000
SODA SANAYII A.S. TN 1	TRASODAS91E5	27,778	277,778
TURK TELEKOMUNIKASY. TN 1	TRETTLK00013	0	770,000
ULUSOY ELEK.IM.TA.V.TI.AS	TREULET00014	70,000	140,000
USAK SERAMIK SANAYII TN 1	TRAUSAKW91F6	0	300,000

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
<b>Securities admitted to organised markets</b>			
<b>Equities denominated in TRL</b>			
<b>Issue country Turkey</b>			
NORTEL NTWKS NETAS TN 1	TRANETAS91H6	0	100,000
<b>Unlisted securities</b>			
<b>Equities denominated in TRL</b>			
<b>Issue country Turkey</b>			
AKBANK T.A.S. -RIGHTS-	TRRAKBK00015	1,700,000	1,700,000
YAPI VE KREDI B.NA -RIGHTS-	TRRYKBK00023	1,400,000	1,400,000

Vienna, 1 July 2019

Erste Asset Management GmbH  
Electronically signed

Inspection information:  
Note:

The electronic signatures in this document can be inspected at [www.signaturpruefung.gv.at](http://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 (2017 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 31.12.17	83
Number of risk bearers as of 31.12.17	45
Fixed remuneration	6,255,431
Variable remuneration (bonuses)	1,931,863
<b>Total employee remuneration</b>	<b>8,187,294</b>
Thereof remuneration for managing directors	668,440
Thereof remuneration for managers and risk bearers	160,215
Thereof remuneration for risk bearers with control functions	409,883
Thereof remuneration for other risk bearers	4,136,628
Thereof remuneration for employees in the same income bracket as managers and risk bearers due to the amount of their total remuneration	0
<b>Total remuneration for risk bearers</b>	<b>5,375,166</b>

### 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](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.

**Remuneration paid to employees of ERSTE-SPARINVEST KAG in EUR  
(2017 financial year of ERSTE-SPARINVEST KAG)**

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

Number of employees as of 31.12.17	148
Number of risk bearers as of 31.12.17	60
Fixed remuneration	11,990,882
Variable remuneration (bonuses)	3,065,433
<b>Total employee remuneration</b>	<b>15,056,315</b>
Thereof remuneration for managing directors	1,540,398
Thereof remuneration for managers and risk bearers	918,143
Thereof remuneration for risk bearers with control functions*	1,111,224
Thereof remuneration for other risk bearers	5,430,036
Thereof remuneration for employees in the same income bracket as managers and risk bearers due to the amount of their total remuneration	0
<b>Total remuneration for risk bearers</b>	<b>8,999,801</b>

\* 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 qualitative objectives must make up at least 25%. 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 (remuneration expert), Franz-Nikolaus Hörmann, 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](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 4 April 2018 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

ESPA STOCK ISTANBUL  
Jointly owned fund pursuant to the InvFG

consisting of the fund portfolio as of 30 April 2019, the income statement for the financial year ending on this date, and the other information specified in Annex I Scheme 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 30 April 2019 and of the earnings position of the fund for the financial 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, 1 July 2019

**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 for ESPA STOCK ISTANBUL

## Jointly owned fund pursuant to the InvFG

The Fund Rules for ESPA STOCK ISTANBUL, 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 the collective investment of 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 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 in

- Issuers registered in Turkey, and/or
  - Issuers listed on a securities exchange in Turkey or traded on a regularly operating securities market in Turkey
- that are purchased directly in the form of individual securities, in other words not indirectly or directly through investment funds or through derivatives.

The Fund may purchase shares in companies with small market capitalisations or mid-sized market capitalisations as well as shares in large, strong, and important companies that are internationally known (blue chips). There are no restrictions with regard to the economic sector in which the issuer is active.

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 only 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, 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 for hedging purposes and as part of the investment strategy, 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 lower proportion of transferable securities 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

Securities lending transactions may comprise up to 30% of the fund assets.

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 4.0% 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 May to 30 April.

**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 withholding, and non-dividend-bearing units without capital gains tax withholding, 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 suspended 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. Fund assets may be paid out in the form of dividends and interim dividends.

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 August 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 August 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 or corporate income 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 withholding**

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 August 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 or corporate income 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 withholding (KESt-exempt non-dividend domestic and foreign unit category)**

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 August of the following accounting year.

The Management Company shall provide suitable proof from the banks managing the corresponding securities accounts that the unit certificates could only be held by Unit-holders who are not subject to Austrian personal or corporate income tax or who met 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**

- 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) Besides 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 shall be paid from the fund assets to a third party appointed in accordance with § 28 InvFG.

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](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)<br>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:	NYSE American, Chicago Board Options Exchange, Chicago Board of Trade, Chicago Mercantile Exchange, Comex, FINEX, ICE Future 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 that are expressly designated in the Fund Rules as defined by the InvFG 2011 and the UCITS Directive: 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.

**Note regarding the data used**

The sections Income Statement and Changes in Fund Assets, Statement of Assets and Liabilities and 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.**

Unless indicated otherwise, source: Erste Asset Management GmbH. Our languages of communication are German and English. Both the full prospectus and the simplified prospectus as well as 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 for free at the registered office of the Investment Firm and at the head office of the depositary bank. The exact date of the most recent publication, the languages in which the simplified prospectus and the key investor information are available, and any additional locations where the documents can be obtained can be viewed on the website [www.erste-am.at](http://www.erste-am.at).

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