

ESPA STOCK EUROPE EMERGING

Mutual fund pursuant to the InvFG

Semi-Annual Report 2018

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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
Nominal 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 Harald GASSER Gerhard GRABNER Oswald HUBER Radovan JELASITY Robert LASSHOFER Martin SIMHANDL Appointed by the Works Council: Martin CECH Heinrich Hubert REINER Peter RIEDERER Nicole WEINHENGST Manfred ZOUREK
Managing directors	Heinz BEDNAR Winfried BUCHBAUER Peter KARL Wolfgang TRAINDL
Prokuristen (proxies)	Karl FREUDENSCHUSS Manfred LENTNER Günther MANDL Gerold PERMOSER Magdalena REISCHL
State commissioners	Caroline HABERFELLNER Philipp VISKI-HANKA
Auditor	Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
Custodian bank	Erste Group Bank AG

Dear Shareholder,

We are pleased to present you the following semi-annual report for the ESPA STOCK EUROPE EMERGING mutual fund pursuant to the InvFG for the period from 1 June 2018 to 30 November 2018.

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 EUROPE EMERGING as of the effective date of the merger.

Development of the Fund

The relative weakness of the emerging equity markets in the reporting period was caused by a series of country-specific factors. Political and economic turbulence in Turkey, rising USD interest rates, and the announced end of the ECB's QE caused a noticeable increase in volatility on the markets. This put the emerging market currencies under pressure. The equity markets in Eastern Europe did better and closed the reporting period with a small plus of 2.62% (EUR, benchmark index). ESPA STOCK EUROPE EMERGING rose by 1.65% (EUR).

The crisis in Turkey worsened above all in connection with the presidential elections in June 2018. This was exacerbated by a political conflict with the USA about a detained pastor. The government has been pursuing an expansive economic policy course since the putsch attempt in 2016. Consumer prices were 24.52% higher than one year prior in October. The Turkish currency lost around 23.4% of its value against the US dollar since the beginning of the reporting period. The central bank was hesitant to hike interest rates under these conditions, which made investors nervous. Especially Erdogan's massive criticism of the monetary policy raised doubts about the independence of the central bank. The key rate was finally hiked from 16.5% (end of May) to 24% in multiple steps. This was intended to regain investor confidence. Standard & Poor's downgraded the country to B+ in May and August 2018. Analysts also lowered their growth prospects for 2019, which are now estimated at 0.9%. The benchmark index MSCI Turkey lost around 13.39% (EUR), and was one of the weakest markets in the region. Especially Turkish bank stocks were shunned because of the currency losses and growing risks.

The macroeconomic stabilisation in Russia is slow, but continued again in the reporting period. Real GDP rose by 1.3% yoy in Q3. The US sanctions and the fact that they were extended are not good for the outlook. The RUB lost around 7.6% versus the USD. The oil price fell by more than 20% in the period, but remained at around USD 60/bbl and is still a source of support. The trade balance improved, and came to somewhat over USD 18.5 bn/month in September, the highest level since 2014. The equity market in Moscow closed the reporting period with a plus of about 4.48% (EUR, MSCI Russia). The Central European markets also developed positively. Strong macroeconomic data (including consumption, GDP, growth) and good corporate earnings in the third quarter enabled the exchange in Budapest to rise by around 10.3% (EUR, BUX) and Warsaw to improve by about 7.11% (EUR, WIG20).

The fund management feels that the current (geo)political tensions in Russia and Turkey and the rising US interest rates call for a higher risk premium on investments in the region. For this reason, the cash share was increased to over 5% at times in August and September. The weighting in Russia was reduced slightly despite the positive performance – profits were taken with Lukoil and Rosneft (energy) and Sberbank was reduced. The weighting of Turkey was also reduced because of the high volatility and currency devaluation. Among other transactions, the positions in Özak (real estate), Isbank, Vakifbank, Akdeniz (industry), and Turk Telekom were sold off entirely. By contrast, YKB Bank and Sabanci Holding were increased slightly. The weighting of the Central European markets was increased slightly – companies including Richter (Hungary), Moneta Bank (Czech Republic), and Dino (Poland) were newly added to the portfolio.

Asset Allocation

	30 November 2018		31 May 2018	
	EUR millions	%	EUR millions	%
Equities denominated in				
BGN	0.2	0.35	0.2	0.37
EUR	2.4	4.00	3.2	5.35
PLN	9.8	16.51	8.2	13.69
RON	-	-	0.1	0.20
RUB	10.9	18.39	12.7	21.06
CZK	0.8	1.42	0.7	1.09
TRY	6.4	10.75	8.4	13.90
USD	22.6	38.18	21.8	36.22
HUF	3.0	5.10	1.7	2.88
Securities	56.0	94.71	57.0	94.78
Dividend entitlements	-	-	0.1	0.09
Cash in banks	3.1	5.30	3.1	5.13
Interest entitlements	0.0	0.00	0.0	0.00
Other deferred items	-	0.01	-	0.00
Fund assets	59.1	100.00	60.2	100.00

Fund Portfolio as of 30 November 2018

(including changes in securities assets from 1 June 2018 to 30 November 2018)

Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
				Shares/nominal (nom. in 1,000, rounded)			
Publicly traded securities							
Equities denominated in BGN							
Issue country Bulgaria							
FIRST INVEST.BK AD SO.BW1	BG1100106050	0	0	117,000	3.430	205,166.61	0.35
Total issue country Bulgaria						205,166.61	0.35
Total equities denominated in BGN translated at a rate of 1.95602						205,166.61	0.35
Equities denominated in EUR							
Issue country Greece							
ALPHA BANK EO -.30	GRS015003007	0	0	685,000	1.250	856,250.00	1.45
HELLENIC TELECOM. REG.	GRS260333000	0	0	30,000	10.440	313,200.00	0.53
MOTOR OIL (HELL.) EO 0.75	GRS426003000	10,000	0	40,000	20.250	810,000.00	1.37
NATL BK GREECE REG.EO 3	GRS003003035	375,000	0	375,000	1.024	384,000.00	0.65
Total issue country Greece						2,363,450.00	4.00
Total equities denominated in EUR						2,363,450.00	4.00

Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
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Equities denominated in PLN**Issue country Poland**

DINO POLSKA S.A. ZY -.10	PLDINPL00011	15,000	0	15,000	97.350	340,251.37	0.58
GETBACK S.A. ZY -.05	PLGTBCK00297	0	0	132,200	0.000	0.00	0.00
Total issue country Poland						340,251.37	0.58
Total equities denominated in PLN translated at a rate of 4.29168						340,251.37	0.58

Equities denominated in RUB**Issue country Russia**

AKTSION.KOM.ALROSA RL0.50	RU0007252813	0	0	700,000	99.630	919,981.37	1.56
MAGNIT PJSC RL-.01	RU000A0JKQU8	0	0	4,501	3,500.000	207,810.71	0.35
MMC NORILSK NICK.PJSC RL1	RU0007288411	0	0	2,100	12,738.000	352,867.29	0.60
MOBILE TELESYSTEMS RL-.10	RU0007775219	0	180,000	200,000	247.550	653,106.17	1.10
MOSCOW EXCH.MICEX-RTS RL1	RU000A0JR4A1	0	0	250,000	89.520	295,223.51	0.50
NOVATEK RL 0.10	RU000A0DKVS5	0	0	240,000	1,127.200	3,568,642.83	6.03
ROSNEFT OIL CO. RL-.01	RU000A0J2Q06	0	0	80,000	423.100	446,502.48	0.76
SBERBANK OF RU. RL 2	RU0009029540	150,000	610,000	1,000,000	194.000	2,559,131.44	4.33
SBERBANK PFD RL 3	RU0009029557	470,000	250,000	670,000	169.000	1,493,662.13	2.53
SEVERSTAL RL-.01	RU0009046510	0	0	20,000	1,002.700	264,540.32	0.45
TMK PAO RL 10	RU000A0B6NK6	0	0	160,000	55.050	116,189.84	0.20
Total issue country Russia						10,877,658.09	18.39
Total equities denominated in RUB translated at a rate of 75.80697						10,877,658.09	18.39

Equities denominated in TRL**Issue country Turkey**

AKSA ENERJI URETIM TN 1	TREKSN00011	550,000	0	550,000	3.090	285,938.78	0.48
BIM BIRLESIK MAGAZALAR AS	TREBIM00018	0	0	15,000	84.500	213,255.31	0.36
COCA COLA ICECEK C TN 1	TRECOLA00011	0	0	55,000	29.220	270,392.59	0.46
ENERJISA ENERJI TN -.01	TRENSA00014	0	0	125,000	4.980	104,734.86	0.18
HACI OMER SABANCI TN 1	TRASAHOL91Q5	390,000	150,000	480,000	8.230	664,649.92	1.12
TAV HAVALIMAN.HLDG TN 1	TRETAVH00018	0	0	40,000	23.440	157,750.04	0.27
TUERKIYE HALK BANKASI TN1	TRETHAL00019	250,000	0	250,000	7.210	303,268.40	0.51
ULUSOY ELEK.IM.TA.V.TI.AS	TREULET00014	0	300,000	114,000	15.890	304,775.91	0.52
Total issue country Turkey						2,304,765.81	3.90
Total equities denominated in TRL translated at a rate of 5.94358						2,304,765.81	3.90

Equities denominated in HUF**Issue country Hungary**

MOL NYRT. NA A UF 125	HU0000153937	0	0	120,000	3,164.000	1,172,050.59	1.98
OTP BANK NYRT.	HU0000061726	12,500	0	37,500	11,440.000	1,324,298.63	2.24
RICHT.GEDE.VEG.GYAR UF100	HU0000123096	30,000	0	30,000	5,625.000	520,921.66	0.88
Total issue country Hungary						3,017,270.88	5.10
Total equities denominated in HUF translated at a rate of 323.94506						3,017,270.88	5.10

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Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding Shares/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets
Equities denominated in USD							
Issue country Netherlands							
X 5 RETAIL G.GDR REGS 1/4	US98387E2054	7,000	0	29,000	25.500	653,124.31	1.10
Total issue country Netherlands						653,124.31	1.10
Issue country Russia							
GAZPROM ADR SP,/2 RL 5L 5	US3682872078	50,000	0	1,250,000	4.760	5,255,023.18	8.89
LUKOIL SP.ADR RL-.025	US69343P1057	8,000	20,500	90,000	73.200	5,818,502.98	9.84
MAGNIT PJSC RL-.01	RU000A0JKQU8	0	0	8,000	52.276	369,359.18	0.62
ROSNEFT OIL GDRREGS RL-01	US67812M2070	0	70,000	435,000	6.300	2,420,401.85	4.09
SEVERSTAL GDR S OCT2006 1	US8181503025	0	0	45,000	14.690	583,837.49	0.99
SURGUTNEFTEGAS PJSC VZ	RU0009029524	0	0	1,500,000	0.564	746,963.57	1.26
TATNEFT PJSC RL 1	RU0009033591	0	0	205,000	10.645	1,927,309.60	3.26
Total issue country Russia						17,121,397.85	28.95
Total equities denominated in USD translated at a rate of 1.13225						17,774,522.16	30.06
Total publicly traded securities						36,883,084.92	62.37
Securities admitted to organised markets							
Equities denominated in PLN							
Issue country Luxembourg							
PLAY COMMUNIC. EO 0.00012	LU1642887738	0	0	40,000	16.150	150,523.80	0.25
Total issue country Luxembourg						150,523.80	0.25
Issue country Poland							
ALIOR BANK SA ZY 10	PLALIOR00045	0	0	58,055	54.500	737,239.85	1.25
BANK POLSKA KASA OP. ZY 1	PLPEKA000016	7,500	0	55,000	109.800	1,407,141.26	2.38
CCC S.A. ZY 0.1	PLCCC0000016	10,500	0	10,500	210.200	514,274.13	0.87
CYFROWY POLSAT SA ZY -.04	PLCFRPT00013	0	0	120,000	22.460	628,005.82	1.06
ENERGA SA AA ZY 10.92	PLENERG00022	0	0	119,500	9.090	253,107.17	0.43
GRUPA LOTOS S.A. ZY 1	PLLOTOS00025	30,000	0	60,000	82.020	1,146,683.82	1.94
KGHM POLSKA MIEDZ ZY 10	PLKGHM000017	0	0	15,000	89.720	313,583.49	0.53
ORANGE POLSKA SA A ZY 3	PLTLKPL00017	0	0	170,000	4.780	189,343.10	0.32
PKO BANK POLSKI S.A. ZY 1	PLPK00000016	0	0	245,000	40.910	2,335,437.40	3.95
POWSZECHNY ZAKLAD UBEZP.	PLPZU0000011	0	0	175,000	42.870	1,748,091.66	2.96
Total issue country Poland						9,272,907.70	15.68
Total equities denominated in PLN translated at a rate of 4.29168						9,423,431.50	15.93
Equities denominated in CZK							
Issue country Czech Republic							
KOMERCNI BANKA BEARER KC100	CZ0008019106	0	0	19,000	902.000	660,054.31	1.12
MONETA MONEY BANK KC 1	CZ0008040318	60,000	0	60,000	79.000	182,556.74	0.31
Total issue country Czech Republic						842,611.05	1.42
Total equities denominated in CZK translated at a rate of 25.96453						842,611.05	1.42

Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding Shares/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets
Equities denominated in TRL							
Issue country Turkey							
AKBANK T.A.S. TN 1	TRAAKBNK91N6	0	275,000	300,000	7.660	386,635.66	0.65
ARCELIK A.S. REG. TN 1	TRAARCLK91H5	50,000	0	80,000	15.640	210,512.86	0.36
ENKA INSAAT VE SAN. TN 1	TREENKA00011	0	0	279,759	4.690	220,754.11	0.37
FORD OTOMOTIV SANAYI TN 1	TRAOTOSN91H6	0	0	15,000	54.050	136,407.69	0.23
TUERKIYE GAR.BANK.NAM.TN1	TRAGARAN91N1	550,000	350,000	900,000	8.270	1,252,275.56	2.12
TUPRAS TURKIYE P.R. TN 1	TRATUPRS91E8	0	0	35,000	124.900	735,499.48	1.24
TURK HAVA YOLLARI AS	TRATHYAO91M5	0	0	114,500	17.000	327,496.22	0.55
TURKCELL ILETISIM TN 1	TRATCELL91M1	0	0	270,000	12.690	576,470.75	0.97
TURKIYE IS BANKASI C TN 1	TRAISTR91N2	0	250,000	125,000	4.260	89,592.47	0.15
YAPI VE KREDI B.NA TN 1	TRAYKBNK91N6	750,907	500,001	410,906	1.730	119,602.56	0.20
Total issue country Turkey						4,055,247.36	6.86
Total equities denominated in TRL translated at a rate of 5.94358						4,055,247.36	6.86
Equities denominated in USD							
Issue country Russia							
GAZPROM NEFT ADR5/RL-0016	US36829G1076	0	0	50,000	27.350	1,207,772.14	2.04
LSR GROUP PAO GDR S/5	US50218G2066	0	0	150,000	1.960	259,659.97	0.44
MMC NOR.NICK.PJSC ADR RL1	US55315J1025	20,000	0	160,000	18.720	2,645,352.17	4.47
POLYUS PJSC GDR 1/2	US73181M1172	0	0	7,500	35.550	235,482.45	0.40
SURGUTNEFTEGAS ADR/10	US8688612048	0	0	130,000	3.976	456,506.96	0.77
Total issue country Russia						4,804,773.69	8.12
Total equities denominated in USD translated at a rate of 1.13225						4,804,773.69	8.12
Total securities admitted to organised markets						19,126,063.60	32.34
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
Total unlisted securities						0.00	0.00

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Breakdown of fund assets

Securities			56,009,148.52	94.71
Cash in banks			3,132,988.38	5.30
Interest entitlements			2,918.27	0.00
Other deferred items			-6,925.00	-0.01
Fund assets			59,138,130.17	100.00

Dividend shares outstanding	AT0000858428	shares	174,906.212
Share value for dividend share	AT0000858428	EUR	65.48
Non-dividend shares outstanding	AT0000812938	shares	419,566.572
Share value for non-dividend share	AT0000812938	EUR	90.57
KEST-exempt non-dividend shares outstanding	AT0000673181	shares	72,604.099
Share value for KEST-exempt non-dividend share	AT0000673181	EUR	94.39
KEST-exempt non-dividend shares outstanding	AT0000639471	shares	27,414.474
Share value for KEST-exempt non-dividend share	AT0000639471	CZK	2,450.79
KEST-exempt non-dividend shares outstanding	AT0000A00G88	shares	2,568.445
Share value for KEST-exempt non-dividend share	AT0000A00G88	HUF	30,577.17

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.

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 securities in the reporting period not listed in the fund portfolio

Security designation	ISIN number	Purch./ additions Shares/nominal (nom. in 1,000, rounded)	Sales/ disposals
Publicly traded securities			
Equities denominated in EUR			
Issue country Greece			
NATL BK GREECE REG.EO 0.3	GRS003003027	375,000	4,125,000
PIRAEUS BANK EO 6	GRS014003024	0	50,000
Equities denominated in ROL			
Issue country Romania			
BUCHAREST ST. EXCH. LN 10	ROBVBAACNORO	0	24,644
Equities denominated in TRL			
Issue country Turkey			
AKDENIZ GUV.HIZM. B TN 1	TREAKGH00018	0	400,000
MIGROS TICARET REG. TN 1	TREMGTI00012	0	85,000
OZAK GAYR.YAT.ORTAK.TN 1	TREOZAK00014	0	527,069
TURK TELEKOMUNIKASY. TN 1	TRETTLK00013	0	25,000
TURKIYE VAKIFLAR BANK.	TREVKFB00019	0	400,000
Equities denominated in USD			
Issue country Jersey			
EN+ GROUP PLC GDR REGS	US29355E2081	0	30,000
Securities admitted to organised markets			
Equities denominated in EUR			
Issue country Slovenia			
NOVA LJUBLJ.BK GDR REG.S	US66980N2036	30,000	30,000
Equities denominated in PLN			
Issue country Poland			
EUROCASH S.A. CL.A ZY 1	PLEURCH00011	0	75,000

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Security designation	ISIN number	Purch./ additions Shares/nominal (nom. in 1,000, rounded)	Sales/ disposals
Equities denominated in TRL			
Issue country Turkey			
TOFAS TUERK OTO E TN 1	TRATOAS091H3	0	25,000
Unlisted securities			
Equities denominated in TRL			
Issue country Turkey			
YAPI VE KREDI B.NA -RIGHTS-	TRRYKBK00023	160,000	160,000

Vienna, December 2018

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]).