

ERSTE PORTFOLIO BOND EUROPE

Jointly owned fund pursuant to the InvFG

Annual Report 2019/20
(Partial accounting year from 1 September 2019
to 30 June 2020)

Contents

General Information about the Investment Firm	3
Development of the Fund	4
Method of Calculating the Global Exposure.....	6
Asset Allocation	6
Comparative Overview	7
Disbursement/Payment	8
Income Statement and Changes in Fund Assets.....	9
Statement of Assets and Liabilities as of 30 June 2020	12
Remuneration Policy	21
Audit Report*	23
Fund Rules.....	26

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
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 PORTFOLIO BOND EUROPE jointly owned fund pursuant to the InvFG for the partial accounting year from 1 September 2019 to 30 June 2020.

We would also like to inform you that the name of the fund was changed from ESPA PORTFOLIO BOND EUROPE to ERSTE PORTFOLIO BOND EUROPE and the end of the accounting year changed from 31 August to 30 June, both effective 15 December 2019.

Development of the Fund

Market report

The beginning of the reporting period already saw weakening macroeconomic indicators and low inflation expectations. The central banks attempted to stimulate the economies with low key rates and liquidity injections.

The economies slid into a very deep recession in the first quarter of 2020 due to the COVID-19 pandemic. The necessary lockdowns brought economic growth to a sudden halt. The effects were far reaching and impacted nearly every aspect of society. Many people lost their jobs or were put on short-time work. Investors around the world scrambled to quickly increase their liquidity for the uncertain times ahead.

This resulted in a collapse on the financial markets from the end of February to the middle of March 2020 and a concurrent flight into quality and liquidity the likes of which had never been seen before, and in an extremely short period of time.

The fear that many companies could go bankrupt caused strong price losses on the corporate bond markets. At the same time, the prices of asset classes considered to be safe havens such as Austrian, German, and US government bonds rose.

The central banks reacted quickly and took quantitative easing steps to stabilise the financial markets and to prevent further negative economic effects. The ECB launched the PEPP (Pandemic Emergency Purchase Programme), through which it can purchase bonds and in this way supply liquidity to the financial system and economy. The currently approved framework for the programme is EUR 1,350 billion. This measure arrested the downward spiral. The government aid packages that were also launched finally achieved the desired stabilisation effect.

In Europe, Italy and Spain were hit particularly hard after having already suffered from clear economic problems before the onset of the pandemic. There are now calls for an EU aid package to the tune of EUR 750 billion to mitigate the impacts of COVID-19 in these countries.

The further prognosis depends largely on whether chains of infection can be broken and further lockdowns avoided. We will not be able to return to normality until there is an effective treatment and vaccine against COVID-19.

Under these conditions, the yield on a ten-year German Bund retreated from around minus 0.3% to as low as minus 0.9% and closed the reporting period at minus 0.5%. In the USA, the yield on a ten-year government bond fell from about plus 2.0% to around plus 0.7% by the close of the period.

Investment policy

The overall market had a fundamentally positive effect on the performance of ERSTE PORTFOLIO BOND EUROPE during the reporting period even though the price fluctuations were considerably more significant for a short time when the crisis peaked.

Interest rate derivatives were used within the prescribed limits to actively manage the fund's duration during the reporting period.

The fund management focused on maintaining a significantly higher cash position once the crisis began. The goal was to be able to provide our investors with sufficient liquidity at any point during the crisis, as well as to be in a position to seize later opportunities when they arose.

This enabled us to use part of the available liquidity to increase holdings in corporate bonds starting at the end of March. We also significantly expanded our holdings in inflation-protected bonds in the Eurozone.

Both decisions had a positive effect on the portfolio's performance. We are generally overweighting corporate bonds in the portfolio at present to profit from the ECB's continued accommodative interest rate policy and the dominant investment theme, namely the desperate hunt for yield.

Within the corporate segment, bonds from the automotive sector were moved to a lower weighting due to the continued difficulties in the industry.

The investment process has incorporated the consideration of ecological, social, and corporate governance factors since 20 February 2020.

ERSTE PORTFOLIO BOND EUROPE delivered a performance of minus 0.65% (ISIN AT0000858527) for the reporting period.

To minimise the currency risk and therefore the volatility of the Fund, currency hedges are temporarily being held for the foreign currency bonds.

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 30.06.2020	
	EUR millions	%
Bonds		
GBP	30.6	19.24
DKK	1.8	1.14
EUR	80.1	50.35
NOK	6.1	3.85
PLN	5.9	3.68
ROL	1.7	1.07
SEK	1.3	0.81
CZK	1.6	1.03
Investment certificates		
EUR	23.8	14.93
Securities	152.8	96.10
Forward exchange agreements	0.0	0.01
Financial futures	-0.1	-0.06
Bank balances	5.4	3.41
Interest entitlements	0.9	0.54
Other deferred items	-0.0	-0.00
Fund assets	159.0	100.00

Comparative Overview

Accounting year	Fund assets
2017/2018	189,381,667.49
2018/2019	174,168,588.81
2019/2020	159,044,124.43

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	AT0000858527	EUR	58.72	0.6500	0.7357	-0.25
2018/2019	Dividend-bearing units	AT0000858527	EUR	64.14	0.6500	0.0546	10.46
2019/2020	Dividend-bearing units	AT0000858527	EUR	63.07	0.6500	1.1883	-0.65

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	AT0000812805	EUR	104.30	0.5542	1.9064	-0.25
2018/2019	Non-dividend-bearing units	AT0000812805	EUR	114.60	0.3285	0.9287	10.47
2019/2020	Non-dividend-bearing units	AT0000812805	EUR	113.52	0.6261	2.6800	-0.65

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2017/2018	KESt-exempt non-dividend-bearing units	AT0000639455	CZK	3,038.57	-	71.6410	-1.73
2018/2019	KESt-exempt non-dividend-bearing units	AT0000639455	CZK	3,386.55	-	37.1229	11.45
2019/2020	KESt-exempt non-dividend-bearing units	AT0000639455	CZK	3,452.60	-	100.5231	1.95

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2017/2018	KESt-exempt non-dividend-bearing units	AT0000673215	EUR	118.09	-	2.7804	-0.25
2018/2019	KESt-exempt non-dividend-bearing units	AT0000673215	EUR	130.44	-	1.4270	10.46
2019/2020	KESt-exempt non-dividend-bearing units	AT0000673215	EUR	129.59	-	3.7730	-0.65

Disbursement/Payment

The following disbursement or payment will be made for the accounting year from 1 September 2019 to 30 June 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 October 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 with option declaration	KES w/o option declaration	Reinvestment
Dividend-bearing units	AT0000858527	EUR	0.6500		0.3482	0.3482	1.1883
Non-dividend-bearing units	AT0000812805	EUR	0.6261		0.6261	0.6261	2.6800
KES-exempt non-dividend-bearing units	AT0000639455	CZK	-	*	-	-	100.5231
KES-exempt non-dividend-bearing units	AT0000673215	EUR	-	*	-	-	3.7730

* 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.

AT0000858527 dividend-bearing units EUR	
Unit value at the beginning of the reporting period (1,959,171.839 units)	64.14
Disbursement/payment on 11.10.2019 (corresponds to roughly 0.0103 units at a calculated value of 62.86)	0.6500
Unit value at the end of the reporting period (1,836,950.752 units)	63.07
Total value including (notional) units gained through dividend disbursement/payment	63.72
Net earnings per unit	-0.42
Value development of one unit in the period	-0.65%

AT0000812805 non-dividend-bearing units EUR	
Unit value at the beginning of the reporting period (276,936.701 units)	114.60
Disbursement/payment on 11.10.2019 (corresponds to roughly 0.0029 units at a calculated value of 113.14)	0.3285
Unit value at the end of the reporting period (258,672.103 units)	113.52
Total value including (notional) units gained through dividend disbursement/payment	113.85
Net earnings per unit	-0.75
Value development of one unit in the period	-0.65%

AT0000639455 KEST-exempt non-dividend-bearing units CZK	
Unit value at the beginning of the reporting period (107,945.491 units)	3,386.55
Disbursement/payment	0.0000
Unit value at the end of the reporting period (85,825.862 units)	3,452.60
Total value including (notional) units gained through dividend disbursement/payment	3,452.60
Net earnings per unit	66.05
Value development of one unit in the period	1.95%

AT0000673215 KEST-exempt non-dividend-bearing units EUR	
Unit value at the beginning of the reporting period (20,545.589 units)	130.44
Disbursement/payment	0.0000
Unit value at the end of the reporting period (20,781.449 units)	129.59
Total value including (notional) units gained through dividend disbursement/payment	129.59
Net earnings per unit	-0.85
Value development of one unit in the period	-0.65%

2. Fund Result

a. Realised fund result

Ordinary fund result

Income (without profit or loss from price changes)

Interest income (excluding income adjustment) 1,930,277.38

Dividend income 33.61

Other income 8) 0.00

Total income (without profit or loss from price changes) 1,930,310.99

Interest paid - 22,158.12

Expenses

Fees paid to Investment Firm - 725,118.08

Costs for the financial auditor and tax consultation - 5,807.00

Publication costs - 19,553.69

Securities account fees - 33,904.71

Depository bank fees - 60,443.02

Costs for the external consultant 0.00

Total expenses - 844,826.50

Compensation for management costs from sub-funds 1) 0.00

Ordinary fund result (excluding income adjustment) 1,063,326.37

Realised profit or loss from price changes 2) 3)

Realised gains 4) 6,641,629.64

Realised losses 5) - 2,997,161.84

Realised profit or loss from price changes (excluding income adjustment) 3,644,467.80

Realised fund result (excluding income adjustment) 4,707,794.17

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

Changes in the unrealised profit or loss from price changes 7) - 5,913,654.54

Result for the reporting period 6) - 1,205,860.37

c. Income adjustment

Income adjustment for income in the period - 73,591.91

Income adjustment for profit carried forward from dividend-bearing units - 1,021,348.43

Overall fund result - 2,300,800.71

3. Changes in Fund Assets

Fund assets at the beginning of the reporting period	174,168,588.81
Disbursement/payment in the accounting year	- 1,345,931.70
Issue and redemption of units	- 11,477,731.97
Overall fund result	
(The fund result is shown in detail under item 2.)	- 2,300,800.71
Fund assets at the end of the reporting period	<u>159,044,124.43</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 -2,269,186.74.
- 4) Thereof profits from transactions with derivative financial instruments: EUR 1,913,909.06.
- 5) Thereof losses from transactions with derivative financial instruments: EUR -1,729,820.23.
- 6) The result for the accounting year includes explicitly reported transaction costs in the amount of EUR 3,560.04.
- 7) Thereof changes in unrealised gains EUR -5,801,637.34 and unrealised losses EUR -112,017.20.
- 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 June 2020

(including changes in securities assets from 1 September 2019 to 30 June 2020)

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding Units/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets
Publicly traded securities								
Bonds denominated in EUR								
Issue country Germany								
GOVT.BOND TREAS.PAP. 19/21	DE0001104750	0.000	3,000	0	3,000	100.480	3,014,400.00	1.90
GOVT.BOND.V. 14/46	DE0001102341	2.500	0	0	200	167.652	335,304.41	0.21
GOVT.BOND.V.17/48	DE0001102432	1.250	0	0	3,200	136.196	4,358,271.97	2.74
Total issue country Germany							7,707,976.38	4.85
Issue country Italy								
SNAM 14/24 MTN	XS1019326641	3.250	0	0	400	110.634	442,536.01	0.28
Total issue country Italy							442,536.01	0.28
Issue country Austria								
AUSTRIA 18/28 MTN	AT0000A1ZGE4	0.750	0	0	1,000	108.513	1,085,133.97	0.68
AUST. 15/25	AT0000A1FAP5	1.200	0	0	1,300	109.205	1,419,662.44	0.89
AUST. 16/23	AT0000A1PE50	0.000	0	900	500	101.767	508,834.00	0.32
AUST. 16/47	AT0000A1K9F1	1.500	0	0	1,100	131.544	1,446,979.53	0.91
OMV AG 12/27 MTN	XS0834371469	3.500	0	0	200	121.295	242,589.13	0.15
VERBUND AG 14/24	XS1140300663	1.500	0	300	200	105.403	210,805.21	0.13
Total issue country Austria							4,914,004.28	3.09
Issue country Spain								
TELEFONICA EM. 14/29 MTN	XS1120892507	2.932	0	0	200	117.843	235,685.59	0.15
Total issue country Spain							235,685.59	0.15
Total bonds denominated in EUR							13,300,202.26	8.36
Total publicly traded securities							13,300,202.26	8.36
Investment certificates								
Investment certificates denominated in EUR								
Issue country Austria								
ERSTE ALPHA 1 T	AT0000A03DF2		8,070	11,266	32,319	54.660	1,766,556.54	1.11
ERSTE ALPHA 2 T	AT0000A05F50		17,572	16,490	76,854	69.780	5,362,872.12	3.37
ERSTE BD EU.HI.YI.R01TEO	AT0000805684		40,000	0	40,000	145.560	5,822,400.00	3.66
ERSTE BD EURO CORP.R01TEO	AT0000724224		37,100	13,000	63,500	170.090	10,800,715.00	6.79
Total issue country Austria							23,752,543.66	14.93
Total investment certificates denominated in EUR							23,752,543.66	14.93
Total investment certificates							23,752,543.66	14.93

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding Units/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets
----------------------	-------------	---------------	-------------------	------------------	--	-------	--------------	------------------------

Securities admitted to organised markets

Bonds denominated in GBP

Issue country Great Britain

LCR FINANCE 99/28 REGS	XS0094804126	4.500	0	0	250	132.341	363,974.04	0.23
TREASURY STK 2022	GB00BD0PCK97	0.500	0	0	2,200	101.224	2,449,865.76	1.54
TREASURY STK 2023	GB00BF0HZ991	0.750	0	0	3,400	102.539	3,835,342.17	2.41
TREASURY STK 2024	GB00BHFH458	2.750	0	0	2,000	111.832	2,460,550.08	1.55
TREASURY STK 2025	GB00BTHH2R79	2.000	0	0	800	110.942	976,387.25	0.61
TREASURY STK 2028	GB00BFX0ZL78	1.625	0	0	2,000	113.079	2,487,986.84	1.56
TREASURY STK 2047	GB00BDCHBW80	1.500	0	4,800	8,600	121.530	11,497,887.69	7.23
TREASURY STK 2048 INF.LIN	GB00BZ13DV40	0.125	2,800	0	2,800	199.179	6,532,895.91	4.11
Total issue country Great Britain							30,604,889.74	19.24
Total bonds denominated in GBP translated at a rate of 0.90900							30,604,889.74	19.24

Bonds denominated in DKK

Issue country Denmark

DANSKE STAT 2021	DK0009922676	3.000	0	0	4,000	104.880	562,876.08	0.35
DANSKE STAT 2023	DK0009923054	1.500	0	0	2,000	107.020	287,180.58	0.18
DANSKE STAT 2025	DK0009923138	1.750	0	0	3,000	112.416	452,488.96	0.28
DANSKE STAT 2039	DK0009922320	4.500	0	0	2,000	188.754	506,507.98	0.32
Total issue country Denmark							1,809,053.60	1.14
Total bonds denominated in DKK translated at a rate of 7.45315							1,809,053.60	1.14

Bonds denominated in EUR

Issue country Australia

BHP BILLITON FIN.15/30MTN	XS1224955408	1.500	0	0	500	105.885	529,427.00	0.33
Total issue country Australia							529,427.00	0.33

Issue country Belgium

AB INBEV 12/24 MTN	BE6243179650	2.875	0	0	250	110.054	275,133.99	0.17
BELGIQUE 15/25 74	BE0000334434	0.800	0	1,100	900	106.460	958,143.63	0.60
BELGIQUE 15/31 75	BE0000335449	1.000	0	0	5,000	111.756	5,587,799.85	3.51
BELGIQUE 18/28 85	BE0000345547	0.800	0	0	1,500	108.704	1,630,553.97	1.03
Total issue country Belgium							8,451,631.44	5.31

Issue country Germany

GOVT.BOND.V. 14/30 INFL.LKD	DE0001030559	0.500	3,400	0	3,400	117.200	4,192,759.34	2.64
DAIMLER AG.MTN 19/31	DE000A2YPFU9	1.125	350	0	350	95.065	332,728.66	0.21
DVB BANK MTN.16/23	XS1433231377	1.250	0	0	300	100.239	300,717.66	0.19
HEIDEL.CEMENT MTN 16/24	XS1425274484	2.250	0	0	250	104.856	262,139.86	0.16
LBBW SMT IHS 15/25	XS1246732249	3.625	0	0	200	106.470	212,939.61	0.13
Total issue country Germany							5,301,285.13	3.33

ERSTE PORTFOLIO BOND EUROPE

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
Units/nominal (nom. in 1,000, rounded)								
Issuer European Financial Stability Facility								
EFSF 13/29 MTN	EU000A1G0BL1	2.750	0	0	2,000	128.488	2,569,760.14	1.62
Total issuer European Financial Stability Facility							2,569,760.14	1.62
Issue country France								
BNP PARIBAS 11/22 MTN	XS0635033631	4.125	0	0	250	106.170	265,425.09	0.17
BQUE F.C.MTL 14/24 MTN	XS1069549761	3.000	0	300	200	106.918	213,836.85	0.13
COFIROUTE 06/21	FR0010327007	5.000	0	0	300	104.205	312,615.00	0.20
CREDIT AGRICOLE 15/27	XS1204154410	2.625	0	0	500	107.562	537,809.98	0.34
ENGIE 12/23 MTN	FR0011261924	3.000	0	0	200	107.398	214,795.20	0.14
ORANGE 20/32 MTN	FR0013506300	1.625	300	0	300	108.322	324,966.59	0.20
REP. FSE 16-26 O.A.T.	FR0013131877	0.500	0	3,200	1,300	105.751	1,374,762.99	0.86
REP. FSE 16-66 O.A.T.	FR0013154028	1.750	300	0	1,900	142.469	2,706,910.89	1.70
REP. FSE 18-36 O.A.T.	FR0013327491	0.100	4,700	0	4,700	115.125	5,573,986.41	3.50
SOC GENERALE 15/25 MTN	XS1195574881	2.625	0	0	500	106.449	532,245.56	0.33
Total issue country France							12,057,354.56	7.58
Issue country Great Britain								
BP CAP.MKTS 20/32 MTN	XS2135801160	2.822	300	0	300	114.600	343,799.99	0.22
Total issue country Great Britain							343,799.99	0.22
Issue country Italy								
B.T.P. 16-26	IT0005170839	1.600	700	1,700	2,000	104.590	2,091,799.92	1.32
B.T.P. 16-47	IT0005162828	2.700	0	3,400	3,000	111.148	3,334,427.94	2.10
B.T.P. 18-28	IT0005340929	2.800	700	3,000	800	113.583	908,662.42	0.57
Total issue country Italy							6,334,890.28	3.98
Issue country Jersey								
UBS GROUP 16/24	CH0314209351	2.125	0	0	400	106.062	424,247.98	0.27
Total issue country Jersey							424,247.98	0.27
Issue country Canada								
ROYAL BK CDA 15/20 FLRMTN	XS1272154565	0.144	0	0	600	100.050	600,300.00	0.38
TORONTO-DOM. BK 15/20 FLR	XS1287714502	0.128	0	0	600	99.840	599,040.00	0.38
Total issue country Canada							1,199,340.00	0.75
Issue country Netherlands								
ABN AMRO BANK 13/23 MTN	XS0937858271	2.500	0	300	200	108.355	216,709.59	0.14
ALLIANZ FIN. II 13/28 MTN	DE000A1HG1K6	3.000	0	0	300	122.624	367,871.73	0.23
BAYER CAP.CORP. 18/26	XS1840618059	1.500	0	0	500	105.110	525,549.66	0.33
BNG BK 10/20 MTN	XS0537711144	2.625	0	0	2,700	100.530	2,714,310.00	1.71
DT.TELEK.INTL F.13/28 MTN	XS0875797515	3.250	0	0	200	119.095	238,190.00	0.15
ENBW INTL FIN. 04/25 MTN	XS0207320242	4.875	0	0	250	121.737	304,342.50	0.19
ING BK NV 12/22 MTN	XS0748187902	4.500	0	0	300	107.261	321,784.19	0.20
NN GROUP 15/22 MTN	XS1204254715	1.000	0	0	500	101.036	505,180.02	0.32

Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
VONOVIA FINANCE 16/26 MTN	DE000A182VT2	1.500	0	0	500	104.643	523,214.99	0.33
Total issue country Netherlands							5,717,152.68	3.59
Issue country Norway								
STATKRAFT 15/23 MTN	XS1293571425	1.500	0	0	250	104.160	260,401.00	0.16
Total issue country Norway							260,401.00	0.16
Issue country Austria								
ERDOEL-LAGERGES. 13-28	XS0905658349	2.750	0	0	200	118.760	237,519.52	0.15
Total issue country Austria							237,519.52	0.15
Issue country Portugal								
PORTUGAL 15-25	PTOTEKOE0011	2.875	0	0	1,400	115.658	1,619,211.96	1.02
PORTUGAL 15-45	PTOTEOE0020	4.100	0	400	600	159.486	956,918.42	0.60
PORTUGAL 19/29	PTOTEXOE0024	1.950	0	0	1,000	113.839	1,138,390.81	0.72
Total issue country Portugal							3,714,521.19	2.34
Issue country Sweden								
VATTENFALL TRSY 04/24 MTN	XS0191154961	5.375	0	0	250	119.485	298,712.50	0.19
Total issue country Sweden							298,712.50	0.19
Issue country Spain								
SPAIN 15-25	ES00000126Z1	1.600	2,000	0	4,000	108.398	4,335,911.88	2.73
SPAIN 16-46	ES00000128C6	2.900	2,000	0	5,800	138.450	8,030,099.83	5.05
SPAIN 18-28	ES0000012B88	1.400	0	1,500	2,000	109.344	2,186,871.94	1.38
SPAIN 20/30	ES0000012F76	0.500	3,000	0	3,000	100.909	3,027,276.09	1.90
Total issue country Spain							17,580,159.74	11.05
Issue country USA								
AT + T 14/29	XS1144088165	2.600	0	0	500	111.658	558,288.00	0.35
BOOKING HLDGS 15/27	XS1196503137	1.800	0	0	500	103.495	517,473.99	0.33
GOLDM.S.GRP 06/21	XS0270347304	4.750	0	0	250	105.045	262,612.00	0.17
WELLS FARGO 14/24 MTN	XS1074382893	2.125	0	0	400	105.421	421,685.61	0.27
Total issue country USA							1,760,059.60	1.11
Total bonds denominated in EUR							66,780,262.75	41.99
Bonds denominated in NOK								
Issue country Norway								
NORWAY 14-24	N00010705536	3.000	16,000	0	20,000	110.140	2,033,041.07	1.28
NORWAY 16-26	N00010757925	1.500	25,000	0	25,000	106.255	2,451,661.28	1.54
NORWAY 19-29	N00010844079	1.750	16,000	0	16,000	110.420	1,630,567.60	1.03
Total issue country Norway							6,115,269.95	3.85
Total bonds denominated in NOK translated at a rate of 10.83500							6,115,269.95	3.85

ERSTE PORTFOLIO BOND EUROPE

Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
Bonds denominated in PLN								
Issue country Poland								
POLAND 16-27	PL0000109427	2.500	14,000	0	14,000	109.218	3,441,640.41	2.16
POLAND 18/24	PL0000111720	2.250	10,000	0	10,000	107.340	2,416,043.94	1.52
Total issue country Poland							5,857,684.35	3.68
Total bonds denominated in PLN translated at a rate of 4.44280							5,857,684.35	3.68
Bonds denominated in SEK								
Issue country Sweden								
SWEDEN 11-22 1054	SE0003784461	3.500	0	4,000	3,000	107.410	307,941.53	0.19
SWEDEN 12-32 1056	SE0004517290	2.250	0	0	2,000	124.637	238,220.57	0.15
SWEDEN 14-25 1058	SE0005676608	2.500	0	0	3,000	113.788	326,226.79	0.21
SWEDEN 18-29 1061	SE0011281922	0.750	4,000	0	4,000	107.617	411,379.96	0.26
Total issue country Sweden							1,283,768.85	0.81
Total bonds denominated in SEK translated at a rate of 10.46400							1,283,768.85	0.81
Bonds denominated in CZK								
Issue country Czech Republic								
CZECH REP. 2023	CZ0001004600	0.450	26,000	0	26,000	100.401	979,792.81	0.62
CZECH REP. 2.2500	CZ0001004253	2.400	16,000	0	16,000	109.601	658,199.49	0.41
Total issue country Czech Republic							1,637,992.30	1.03
Total bonds denominated in CZK translated at a rate of 26.64250							1,637,992.30	1.03
Total securities admitted to organised markets							114,088,921.54	71.73
Unlisted securities								
Bonds denominated in EUR								
Issue country USA								
LEHMAN BROTH.06/16FLR MTN	XS0268648952	0.000	0	0	500	0.000	0.00	0.00
LEHMAN BROTH.07/19FLR MTN	XS0287044969	0.000	0	0	750	0.000	0.00	0.00
Total issue country USA							0.00	0.00
Total bonds denominated in EUR							0.00	0.00
Bonds denominated in ROL								
Issue country Romania								
ROMANIA 19/23	ROD9TE7MEESO	4.400	4,000	0	4,000	102.846	850,010.85	0.53
ROMANIA 19/24	ROGV3LGNPCW9	4.500	4,000	0	4,000	103.486	855,300.38	0.54
Total issue country Romania							1,705,311.23	1.07
Total bonds denominated in ROL translated at a rate of 4.83975							1,705,311.23	1.07
Total unlisted securities							1,705,311.23	1.07

Security designation	ISIN number	Holding	Unrealised result in EUR	% share of fund assets
----------------------	-------------	---------	--------------------------	------------------------

Derivatives

Financial futures denominated in EUR

Issue country Germany

EURO-BOBL FUTURE Sep20	EBOBU20	110	42,900.00	0.03
EURO-BUND FUTURE Sep20	FGBLU20	-10	-24,800.00	-0.02
EURO-BUXL 30Y BND Sep20	FGBXU20	-47	-146,840.00	-0.09
EURO-TREAS FUT Sep20	FGBSU20	350	26,250.00	0.02
Total issue country Germany			-102,490.00	-0.06
Total financial futures denominated in EUR			-102,490.00	-0.06
Total derivatives			-102,490.00	-0.06

Forward exchange agreements

Forward exchange agreements denominated in EUR

Issue country Austria

FXF SPEST EUR/CHF 14.08.2020	FXF_TAX_3451980	-1,211,469	10,490.54	0.01
FXF SPEST EUR/CZK 14.08.2020	FXF_TAX_3451963	386,714	240.66	0.00
FXF SPEST EUR/GBP 14.08.2020	FXF_TAX_3451955	-1,449,334	-20,157.48	-0.01
FXF SPEST EUR/GBP 14.08.2020	FXF_TAX_3451975	390,166	5,387.42	0.00
FXF SPEST EUR/NOK 14.08.2020	FXF_TAX_3451984	5,501,277	13,011.96	0.01
FXF SPEST EUR/PLN 14.08.2020	FXF_TAX_3451960	4,011,711	7,414.67	0.00
FXF SPEST EUR/RON 14.08.2020	FXF_TAX_3451965	1,707,905	-1,954.46	-0.00
FXF SPEST EUR/SEK 14.08.2020	FXF_TAX_3451982	-1,348,511	7,982.21	0.01
Total issue country Austria			22,415.52	0.01
Total forward exchange agreements denominated in EUR			22,415.52	0.01
Total forward exchange agreements			22,415.52	0.01

Breakdown of fund assets

Transferable securities	152,846,978.69	96.10
Forward exchange agreements	22,415.52	0.01
Financial futures	-102,490.00	-0.06
Bank balances	5,415,558.13	3.41
Interest entitlements	864,076.52	0.54
Other deferred items	-2,414.43	-0.00
Fund assets	159,044,124.43	100.00

Investor note:

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

Dividend-bearing units outstanding	AT0000858527	units	1,836,950.752
Value of dividend-bearing unit	AT0000858527	EUR	63.07
Non-dividend-bearing units outstanding	AT0000812805	units	258,672.103
Value of non-dividend-bearing unit	AT0000812805	EUR	113.52

ERSTE PORTFOLIO BOND EUROPE

KEST-exempt non-dividend-bearing units outstanding	AT0000673215	units	20,781.449
Value of KEST-exempt non-dividend-bearing unit	AT0000673215	EUR	129.59
KEST-exempt non-dividend-bearing units outstanding	AT0000639455	units	85,825.862
Value of KEST-exempt non-dividend-bearing unit	AT0000639455	CZK	3,452.60

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 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.

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	Interest rate	Purch./ additions	Sales/ disposals
Units/nominal (nom. in 1,000, rounded)				
Publicly traded securities				
Bonds denominated in EUR				
Issue country Germany				
GOVT.BOND.V.16/26	DE0001102390	0.500	0	900
GOVT.BOND.V.18/28	DE0001102457	0.250	0	2,600

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals
Units/nominal (nom. in 1,000, rounded)				
Securities admitted to organised markets				
Bonds denominated in EUR				
Issuer European Financial Stability Facility				
EFSF 13/20 MTN	EU000A1G0BK3	1.750	0	900
Issuer European Investment Bank				
EIB EUR.INV.BK 10/22 MTN	XS0544644957	3.000	0	3,000
Issue country France				
CIE F.FONCIER 12/22 MTN	FR0011356997	2.375	0	1,300
CIE F.FONCIER 14/21 MTN	FR0012299394	0.625	0	4,900
REP. FSE 16-36 O.A.T.	FR0013154044	1.250	200	6,600
Issue country Italy				
B.T.P. 15-22	IT0005135840	1.450	0	1,500
B.T.P. 16-23	IT0005172322	0.950	0	6,900
B.T.P. 17-20	IT0005285041	0.200	0	2,000
Issue country Croatia				
CROATIA 20/31	XS2190201983	1.500	11,000	11,000
Issue country Netherlands				
NETHERLANDS 12-33	NL0010071189	2.500	0	300
NETHERLANDS 17-27	NL0012171458	0.750	0	400
Issue country Austria				
ERSTE GP BNK AG 12/22 MTN	XS0840062979	7.125	0	400
Issue country Spain				
SPAIN 17-22	ES0000012801	0.400	0	4,500
SPAIN 18-21	ES0000012C46	0.050	0	1,000
Unlisted securities				
Bonds denominated in GBP				
Issue country Great Britain				
TREASURY STK 2020	GB00B058DQ55	4.750	0	1,000

ERSTE PORTFOLIO BOND EUROPE

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals
Units/nominal (nom. in 1,000, rounded)				
Bonds denominated in EUR				
Issue country Germany				
NRW.BANK MTI 05/20	DE000NWB0329	3.875	0	1,800
Issue country France				
AXA S.A. 10/40 FLR MTN	XS0503665290	5.250	0	300
Issue country Spain				
BCO SANTANDER 05/20	ES0413900087	4.000	0	1,900

Vienna, 31 August 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 PORTFOLIO BOND EUROPE
Jointly owned fund pursuant to the InvFG

consisting of the statement of assets and liabilities as of 30 June 2020, the income statement for the partial 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 30 June 2020 and of the earnings position of the fund for the partial 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 August 2020

Ernst & Young

Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Andrea Stippel
(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 PORTFOLIO BOND EUROPE, 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 Depository Bank (Depository)

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

The payment offices for unit certificates are the depository bank (depository) 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, directly in the following European bonds or indirectly in European bonds through the investment funds specified below or through derivatives.

The following types of bonds can be purchased directly for the Fund:

- Government bonds from European issuers or government bonds that are issued or guaranteed by issuers registered in Europe,
- Bonds that are issued by European credit institutions or credit institutions registered in Europe, and
- (Corporate) bonds from European issuers or issuers registered in Europe, but with no restrictions regarding the issuers' credit ratings.

The following types of investment funds can be purchased for the fund assets to facilitate indirect investment in bonds:

The Fund may invest in units in investment funds that, according to their rules, purchase bonds from European issuers or comparable assets or that are categorised as a bond fund or as comparable to a bond fund by at least one internationally recognised organisation, regardless of the country in which the respective management company is registered.

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) may comprise up to 100% 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

Transferable securities or money market instruments issued or guaranteed by the Republic of Austria or its states: Burgenland, Carinthia, Lower Austria, Upper Austria, Salzburg, Styria, Tyrol, Vorarlberg, Vienna; the Federal Republic of Germany or its states: Baden-Württemberg, Bavaria, Berlin, Brandenburg, Bremen, Hamburg, Hesse, Mecklenburg-Vorpommern, Lower Saxony, North Rhine-Westphalia, Rhineland-Palatinate, Saarland, Saxony, Saxony-Anhalt, Schleswig-Holstein, Thuringia; the French Republic, the Italian Republic, the Kingdom of Spain, the United States of America; the European Financial Stability Facility (EFSF); the European Union (EU); the European Investment Bank; or the International Bank for Reconstruction and Development (IBRD) may make up more than 35% of the fund assets provided that the fund assets are invested in at least six different instruments, but an investment in one instrument may not make up more than 30% of the total 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 20% of the fund assets per individual issue and may comprise up to 100% 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.

Units in UCI may make up no more than 30% of the fund assets in total.

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 100% 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 be held in the amount of no more than 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, the Fund can hold 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 3.5% 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 July to 30 June.

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 October 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 October 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 October 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 October 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:

The Management Company shall receive an annual fee for its administrative activities of up to 0.72% of the fund assets, which shall be accrued on a daily basis and calculated using the month-end values adjusted for the accrued fees.

Valid from 1 January 2020:

The Management Company shall receive an annual fee for its administrative activities amounting to up to 0.72% 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.

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 |

ERSTE PORTFOLIO BOND EUROPE

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.

www.erste-am.com

www.erste-am.at