

# **YOU INVEST balanced**

**Jointly owned fund pursuant to the InvFG**

Annual Report 2018

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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 SCHAUFLEDER (Deputy Chairman) Ingo BLEIER Harald GASSER Gerhard GRABNER Oswald HUBER Radovan JELASITY Robert LASSHOFFER Martin SIMHANDL Appointed by the Works Council: Martin CECIL Regina HABERHAUER (until 31 January 2018) Heinrich Hubert REINER Peter RIEDERER Nicole WEINHENGST (from 1 February 2018) Manfred ZOUREK
<b>Managing directors</b>	Heinz BEDNAR Winfried BUCHBAUER Peter KARL (from 1 March 2018) Christian SCHÖN (until 28 February 2018) Wolfgang TRANDL (from 1 March 2018)
<b>Prokuristen (proxies)</b>	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

**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 29 November 2017 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
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Number of risk bearers as of 31.12.17	60
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Fixed remuneration	11,990,882
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Variable remuneration (bonuses)	3,065,433
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<b>Total employee remuneration</b>	<b>15,056,315</b>
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Thereof remuneration for managing directors	1,540,398
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Thereof remuneration for managers and risk bearers	918,143
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Thereof remuneration for risk bearers with control functions*	1,111,224
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Thereof remuneration for other risk bearers	5,430,036
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Thereof remuneration for employees in the same income bracket as managers and risk bearers due to the amount of their total remuneration	0
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<b>Total remuneration for risk bearers</b>	<b>8,999,801</b>
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\* Includes the Head of Compliance

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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.

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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.

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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).

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The last audit of compliance with the requirements of the remuneration policy by the Supervisory Board on 29 November 2017 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.

## Dear Unit-holder,

We are pleased to present you the following report for the YOU INVEST balanced jointly owned fund pursuant to the InvFG for the financial year from 1 January 2018 to 31 December 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 YOU INVEST balanced as of the effective date of the merger.

The companies managing the sub-funds contained in the fund that are not managed by the Investment Firm assessed management fees ranging between 0.00% and 2.15%. No front-end surcharges were charged for the purchase of the units in these funds.

## Development of the Fund

Thanks to the positive economic conditions, global equities generated a solid plus overall in the first three quarters of 2018, though volatility was very high on the markets because of geopolitical and trade policy factors and a restrictive interest rate policy from the US Fed. The performance on the bond markets was virtually the exact opposite in this period. Especially secure US government and corporate bonds suffered from the rate hikes by the Fed and saw substantial losses. European government and corporate bonds were unable to entirely buck the trend headed by their US counterparts. Emerging market bonds suffered particularly significant losses, especially over the summer as Argentina and Turkey slid into a veritable financial crisis. Only US high yield bonds followed the stock market in terms of performance and also posted gains in the first nine months. A performance rotation occurred on the capital markets at the start of the fourth quarter. Fears of weakening global economic growth triggered by the situation in China and the persistent discussions about the US import tariff policy on goods from China as well as about the extent of further interest rate hikes in the USA triggered a correction on the equity markets that rapidly gained momentum starting in December. Global equities lost over 15% from their high in October to their low in December. High yield bonds also came under pressure and suffered noticeable losses. A flight into secure government bonds also began at the same time and was above all good for US and euro government bonds. Both segments even closed the year with a slight plus in their respective local currencies. All in all, 2018 saw high volatility on the capital markets and high losses for nearly all asset classes.

YOU INVEST balanced is a fund-of-funds and invests in funds that primarily invest in one of the asset classes listed below. Equities made up around 21% of the portfolio of YOU INVEST balanced at the beginning of the financial year. This allocation was reduced to roughly 16% during the first correction. The weighting was then raised again gradually but also reduced at times, and came to around 24% at the end of the reporting period. Within the equities portion, the developed countries were preferred in general, and starting in autumn, more defensive sectors such as healthcare and telecoms and individual companies with a more defensive nature were preferred. Within the bond portion, US corporate bonds from all rating segments were weighted at roughly 27.5% at the beginning of the reporting period. This allocation was reduced substantially over the course of the year to just 5%. In return, the allocation to European corporate bonds was gradually increased. In October, hard currency emerging market bonds were added to the portfolio alongside the existing limited position in local currency issues. Because of the challenging conditions for all asset classes, between 10% and 22% of the fund assets were allocated to near-money-market funds and bank deposits. Funds that apply alternative strategies accounted for slightly under 16% throughout the period. The investments were made through suitable sub-funds. The majority of the currency risk was hedged with forward exchange agreements, though the US dollar risk arising from the equity investments was accepted at times to profit from the temporary strength. Due to the negative performance of nearly all asset classes, the fund posted a decline of 6.00%.



## 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

	31 December 2018		31 December 2017	
	EUR millions	%	EUR millions	%
Investment certificates denominated in				
AUD	-	-	4.1	0.60
GBP	7.6	1.19	-	-
EUR	510.8	79.87	580.1	85.60
JPY	6.4	1.00	11.1	1.64
USD	111.3	17.40	75.3	11.11
Securities	636.1	99.45	670.6	98.94
Forward exchange agreements	- 0.6	- 0.09	1.4	0.20
Financial futures	-	-	- 0.1	- 0.01
Bank balances	4.1	0.64	5.9	0.86
Other deferred items	- 0.0	- 0.00	- 0.0	- 0.00
<b>Fund assets</b>	<b>639.6</b>	<b>100.00</b>	<b>677.8</b>	<b>100.00</b>

## Comparative Overview

Accounting year	Fund assets
2016	590,790,068.54
2017	677,756,134.71
2018	639,618,497.56

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	Dividend-bearing units	AT0000A11FA1	EUR	103.03	2.3000	-	2.38
2017	Dividend-bearing units	AT0000A11FA1	EUR	104.67	2.1000	-	3.88
2018	Dividend-bearing units	AT0000A11FA1	EUR	96.38	1.7000	0.0000	-6.00

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2016	Non-dividend-bearing units	AT0000A11FB9	EUR	107.48	0.0000	0.0000	2.38
2017	Non-dividend-bearing units	AT0000A11FB9	EUR	111.66	0.3097	1.2925	3.89
2018	Non-dividend-bearing units	AT0000A11FB9	EUR	104.66	0.2905	0.8363	-6.00

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2016	KESt-exempt non-dividend-bearing units	AT0000A11FC7	EUR	108.46	-	0.0000	2.39
2017	KESt-exempt non-dividend-bearing units	AT0000A11FC7	EUR	112.67	-	1.2345	3.88
2018	KESt-exempt non-dividend-bearing units	AT0000A11FC7	EUR	105.92	-	1.1299	-5.99

## Disbursement/Payment

The following disbursement or payment will be made for the accounting year from 1 January 2018 to 31 December 2018. 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 April 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		KES <sub>t</sub> with option declaration	KES <sub>t</sub> w/o option declaration	Reinvestment
Dividend-bearing units	AT0000A11FA1	EUR	1.7000		0.4652	0.4652	0.0000
Non-dividend- bearing units	AT0000A11FB9	EUR	0.2905		0.2905	0.2905	0.8363
KES <sub>t</sub> -exempt non- dividend-bearing units	AT0000A11FC7	EUR	-	*	-	-	1.1299

\* 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>AT0000A11FA1 dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (3,510,426.103 units)	104.67
Disbursement/payment on 28.03.2018 (corresponds to roughly 0.0209 units at a calculated value of 100.50)	2.1000
Unit value at the end of the reporting period (3,529,909.558 units)	96.38
Total value including (notional) units gained through dividend disbursement/payment	98.39
Net earnings per unit	-6.28
<b>Value development of one unit in the period</b>	<b>-6.00%</b>

<b>AT0000A11FB9 non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (2,537,229.704 units)	111.66
Disbursement/payment on 28.03.2018 (corresponds to roughly 0.0028 units at a calculated value of 109.14)	0.3097
Unit value at the end of the reporting period (2,662,976.872 units)	104.66
Total value including (notional) units gained through dividend disbursement/payment	104.96
Net earnings per unit	-6.70
<b>Value development of one unit in the period</b>	<b>-6.00%</b>

<b>AT0000A11FC7 KEST-exempt non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (239,533.962 units)	112.67
Disbursement/payment	0.0000
Unit value at the end of the reporting period (195,144.809 units)	105.92
Total value including (notional) units gained through dividend disbursement/payment	105.92
Net earnings per unit	-6.75
<b>Value development of one unit in the period</b>	<b>-5.99%</b>

## 2. Fund Result

### a. Realised fund result

#### Ordinary fund result

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

Interest income (excluding income adjustment)	8,960,685.12	
Dividend income	2,023,757.90	
Other income 8)	<u>11,339.16</u>	
Total income (without profit or loss from price changes)		10,995,782.18

##### Interest paid

- 31,926.66

##### Expenses

Fees paid to Investment Firm	- 4,252,615.88	
Costs for the financial auditor and tax consultation	- 9,385.00	
Publication costs	- 15,368.90	
Securities account fees	- 223,486.68	
Depository bank fees	- 373,854.56	
Costs for the external consultant	<u>0.00</u>	
Total expenses		- 4,874,711.02
Compensation for management costs from sub-funds 1)		<u>32,771.72</u>

#### Ordinary fund result (excluding income adjustment)

**6,121,916.22**

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

Realised gains 4)	32,793,213.51	
Realised losses 5)	<u>- 31,948,574.31</u>	

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

**844,639.20**

#### Realised fund result (excluding income adjustment)

**6,966,555.42**

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

Changes in the unrealised profit or loss from price changes 7)	<u>- 48,714,317.30</u>
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#### Result for the reporting period 6)

**- 41,747,761.88**

### c. Income adjustment

Income adjustment for income in the period	- 28,696.36
Income adjustment for profit carried forward from dividend-bearing units	<u>18,253.46</u>

#### Overall fund result

**- 41,758,204.78**

### 3. Changes in Fund Assets

<b>Fund assets at the beginning of the reporting period</b>	<b>677,756,134.71</b>
<b>Disbursement/payment in the accounting year</b>	<b>- 8,594,702.43</b>
<b>Issue and redemption of units</b>	<b>12,215,270.06</b>
<b>Overall fund result</b>	
(The fund result is shown in detail under item 2.)	<b>- 41,758,204.78</b>
<b>Fund assets at the end of the reporting period</b>	<b><u>639,618,497.56</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 -47,869,678.10.
- 4) Thereof profits from transactions with derivative financial instruments: EUR 4,899,489.03.
- 5) Thereof losses from transactions with derivative financial instruments: EUR -8,059,092.79.
- 6) The result for the accounting year includes explicitly reported transaction costs in the amount of EUR 186,576.31.
- 7) Thereof changes in unrealised gains EUR -13,693,982.75 and unrealised losses EUR -35,020,334.55.
- 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 11,339.16.

# Statement of Assets and Liabilities as of 31 December 2018

(including changes in securities assets from 1 January 2018 to 31 December 2018)

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
<b>Investment certificates</b>							
<b>Investment certificates denominated in GBP</b>							
<b>Issue country Great Britain</b>							
THREADN.INVT.-UK INST.T 2	GB0001451615	5,249,217	1,179,107	4,070,110	1.672	7,580,923.94	1.19
Total issue country Great Britain						7,580,923.94	1.19
Total investment certificates denominated in GBP translated at a rate of 0.89757						7,580,923.94	1.19
<b>Investment certificates denominated in EUR</b>							
<b>Issue country Germany</b>							
ISH.S.EU.600 TEL.U.ETF A.	DE000A0H08R2	385,905	211,905	174,000	21.965	3,821,910.00	0.60
LBBW RS FLEX I	DE000A2DU032	41,436	9,836	31,600	86.570	2,735,612.00	0.43
Total issue country Germany						6,557,522.00	1.03
<b>Issue country France</b>							
H2O ADAGIO PART I(C)4DEC.	FR0010929794	62	0	62	71,849.490	4,454,668.38	0.70
Total issue country France						4,454,668.38	0.70
<b>Issue country Ireland</b>							
INRIS UCITS-R CFM D.I EO	IE00BSPL3L55	3,000	6,003	31,417	102.690	3,226,211.73	0.50
ISHSV-E.MSCI USA VAL.FA.	IE00BD1F4M44	1,394,246	0	1,394,246	5.124	7,144,116.50	1.12
ISHSV-S+P500H.CA.SECT.DLA	IE00B43HR379	1,814,351	212,422	1,601,929	5.423	8,687,260.97	1.36
LYXOR EPSILON GL.TR.I EO	IE00B643RZ01	0	4,096	16,517	116.741	1,928,204.49	0.30
LYXOR/SANDLER US EQ.EBEO	IE00BD8GKX38	0	7,520	25,980	108.849	2,827,891.82	0.44
PASSIM STR.ERS.RISK P.SEO	IE00BD39H708	64,000	22,000	67,000	93.910	6,291,970.00	0.98
SSGA S.E.E.II-M.EU.CON.D.	IE00BKWQ0C77	37,685	0	37,685	99.800	3,760,963.00	0.59
SSGA S.E.E.II-M.EU.ENERGY	IE00BKWQ0F09	30,699	1,407	29,292	128.000	3,749,376.00	0.59
UBS(IRL)-EQ.OP. EOQPFACC	IE00B841P542	4,024	3,799	27,322	110.220	3,011,430.84	0.47
Total issue country Ireland						40,627,425.35	6.35
<b>Issue country Luxembourg</b>							
AB S.I-S.ABS.ALPH.P.IAEOH	LU0736560011	4,000	53,253	160,803	19.080	3,068,121.24	0.48
AGIF-A.EO INF-LKD BD WTEO	LU0988443767	5,375	5,327	30,035	1,095.470	32,902,441.45	5.14
B.S.F.-B.EO ABS.RET.I2 EO	LU0776931064	49,965	4,281	45,684	139.560	6,375,659.04	1.00
BLACKR.ST.A.D.E.A.R.I2EOH	LU1323999489	70,000	0	70,000	100.660	7,046,200.00	1.10
BLUEBAY-GL.SOV.OP.IEOPERF	LU1542977407	84,725	84,239	486	96.260	46,768.69	0.01
BLUEBAY-GL.SOV.OP.QEOCERF	LU1542978124	86,887	26,247	60,640	94.710	5,743,214.40	0.90
CANDR.BDS-EM.MKTS VC.EO H	LU0616945100	24,240	0	24,240	1,360.160	32,970,278.40	5.15
CANDR.M.MKT.-EURO AAA V C	LU0354092115	40,205	15,380	42,325	1,065.180	45,083,644.44	7.05

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
DB PL.IV-SYS.ALP.I1C-E	LU0462954396	0	10,091	34,483	131.240	4,525,548.92	0.71
DWS I.-EO HY CORP. IC	LU1054331407	330,935	2,000	328,935	100.160	32,946,129.60	5.15
F.T.I.F.F.GL.C.S.IACCEOH1	LU1098665802	250,000	0	250,000	11.160	2,790,000.00	0.44
FID.FDS-ASI.SP.SIT.IACCEO	LU1357938338	410,046	96,117	313,929	14.050	4,410,702.45	0.69
GS FDS-US M.B.S.IACCEO-H.	LU0280851253	670,000	0	670,000	14.340	9,607,800.00	1.50
MLIS-MW TOPS MKT NTR.BAEO	LU0333226826	0	7,508	26,676	136.470	3,640,473.72	0.57
PARV.-EQ.EU.SM.CAP C.I EO	LU0212179997	48,286	14,070	34,216	219.770	7,519,650.32	1.18
PICTET-EUROL.IND.NA.ISEO	LU0255980830	64,575	26,374	38,201	135.050	5,159,045.05	0.81
SISF EURO CORP.BD C ACC	LU0113258742	2,136,442	30,861	2,105,581	23.613	49,719,926.39	7.77
Total issue country Luxembourg						253,555,604.11	39.64
<b>Issue country Austria</b>							
ESPA BD USA H.Y.EURR01TEO	AT0000637491	63,607	337,829	185,367	172.680	32,009,173.56	5.00
ESPA MORTGAGE EURR01TEO	AT0000700786	88,347	148,708	420,136	135.820	57,062,871.52	8.92
ESPA RESER.EO EOR01TEO	AT0000724307	34,016	17,940	37,247	1,249.170	46,527,834.99	7.27
ESPA STOCK JAP.EURR01 TEO	AT0000697073	49,499	77,160	55,543	94.090	5,226,040.87	0.82
T 1750 T	AT0000A04FZ3	147,850	84,409	153,901	104.490	16,081,115.49	2.51
T 1751	AT0000A0DEH1	121,493	104,353	100,000	110.820	11,082,000.00	1.73
T 1900 EURR01TEO	AT0000A1BTH1	196,102	31,814	344,025	94.640	32,558,526.00	5.09
XT EUROPA EURO T	AT0000697065	3,095	4,790	3,350	1,523.380	5,103,323.00	0.80
Total issue country Austria						205,650,885.43	32.15
Total investment certificates denominated in EUR						510,846,105.27	79.87
<b>Investment certificates denominated in JPY</b>							
<b>Issue country Ireland</b>							
NOMURA FDS-JAP.STR.V.I YN	IE00B3VTL690	39,059	62,226	43,918	18,183.662	6,367,290.93	1.00
Total issue country Ireland						6,367,290.93	1.00
Total investment certificates denominated in JPY translated at a rate of 125.42070						6,367,290.93	1.00
<b>Investment certificates denominated in USD</b>							
<b>Issue country Ireland</b>							
AXA ROSEN.E.A.-US EN.IA	IE0033609615	300,712	296,000	581,481	30.950	15,743,198.14	2.46
VERITAS FDS-ASIAN CACCDL	IE00BD065N65	25,481	5,738	19,743	398.895	6,889,200.81	1.08
Total issue country Ireland						22,632,398.95	3.54
<b>Issue country Luxembourg</b>							
ASHMORE-E.M.L.C.BD IACCDL	LU0880945901	469,734	19,734	450,000	83.450	32,850,019.68	5.14
F.T.I.F.-FRANK.MENA IA DL	LU0352133093	458,671	0	458,671	7.210	2,892,899.37	0.45
G.SACHS-US CO.E.RA.IACCDL	LU1280280568	1,739,286	391,774	1,347,512	13.360	15,748,379.76	2.46
PICTET-USA INDEX I DL	LU0188798671	53,881	46,474	85,444	228.010	17,042,458.51	2.66
PROSPERITY CM-RUS.P.IPDL	LU1539557519	12,277	70,103	23,574	85.430	1,761,734.52	0.28
SISF EMERG.ASIA IZ CAP.DL	LU1188199936	205,672	48,957	156,715	45.217	6,198,779.81	0.97
Total issue country Luxembourg						76,494,271.65	11.96



## YOU INVEST balanced

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
<b>Issue country Austria</b>							
XT USA USD A	AT0000697081	1,854	5,842	6,297	2,210.580	12,176,899.15	1.90
Total issue country Austria						12,176,899.15	1.90
Total investment certificates denominated in USD translated at a rate of 1.14315						111,303,569.75	17.40
Total investment certificates						636,097,889.89	99.45

### Forward exchange agreements

**Unrealised  
result in EUR**

#### Forward exchange agreements denominated in EUR

#### Issue country Austria

FXF SPEST EUR/GBP 23.01.2019	FXF_TAX_3443144	15,914,825	254,352.64	0.04
FXF SPEST EUR/GBP 23.01.2019	FXF_TAX_3443235	-16,018,129	-357,684.47	-0.06
FXF SPEST EUR/GBP 23.01.2019	FXF_TAX_3443513	16,814,015	247,264.65	0.04
FXF SPEST EUR/GBP 23.01.2019	FXF_TAX_3443757	-3,784,473	-110,410.23	-0.02
FXF SPEST EUR/JPY 23.01.2019	FXF_TAX_3443072	12,870,230	-490,087.96	-0.08
FXF SPEST EUR/JPY 23.01.2019	FXF_TAX_3443532	-623,404	14,318.09	0.00
FXF SPEST EUR/JPY 23.01.2019	FXF_TAX_3443806	233,656	-5,490.03	-0.00
FXF SPEST EUR/USD 23.01.2019	FXF_TAX_3443111	80,114,993	-927,237.42	-0.14
FXF SPEST EUR/USD 23.01.2019	FXF_TAX_3443279	-40,262,305	782,874.18	0.12
FXF SPEST EUR/USD 23.01.2019	FXF_TAX_3443785	969,506	8,880.97	0.00
Total issue country Austria			-583,219.58	-0.09
Total forward exchange agreements denominated in EUR			-583,219.58	-0.09
Total forward exchange agreements			-583,219.58	-0.09

### Breakdown of fund assets

Transferable securities		636,097,889.89	99.45
Forward exchange agreements		-583,219.58	-0.09
Bank balances		4,118,327.78	0.64
Other deferred items		-14,500.53	-0.00
Fund assets		639,618,497.56	100.00

Dividend-bearing units outstanding	AT0000A11FA1	units	3,529,909.558
Value of dividend-bearing unit	AT0000A11FA1	EUR	96.38
Non-dividend-bearing units outstanding	AT0000A11FB9	units	2,662,976.872
Value of non-dividend-bearing unit	AT0000A11FB9	EUR	104.66
KEST-exempt non-dividend-bearing units outstanding	AT0000A11FC7	units	195,144.809
Value of KEST-exempt non-dividend-bearing unit	AT0000A11FC7	EUR	105.92

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 transferable securities in the reporting period not listed in the fund portfolio**

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
<b>Investment certificates</b>			
<b>Investment certificates denominated in AUD</b>			
<b>Issue country Luxembourg</b>			
CANDR.EQ.L-AUSTRALIA INHI	LU0133348622	0	2,194
SSGA LUX-AUSTR.I.EQ. I	LU1159240107	10,613	244,153
<b>Investment certificates denominated in EUR</b>			
<b>Issue country Germany</b>			
IS.S.E.600 HEA.C.U.ETF A.	DE000A0Q4R36	50,689	50,689
<b>Issue country France</b>			
UBAM C.-UBAM CON.EO 10-40	FR0010644674	90	2,078

## YOU INVEST balanced

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
<b>Issue country Ireland</b>			
GAM ST.-GLBL RATES IACC	IE00B59P9M57	0	468,947
ISHSIII-C.EO CORP.B.EODIS	IE00B3F81R35	10,839	269,112
SSGA S.E.E.II-M.EU.CON.S.	IE00BKWQ0D84	48,474	48,474
SSGA S.E.E.II-M.EURO.FIN.	IE00BKWQ0G16	152,549	152,549
SSGA S.E.E.II-S.US.CON.S.	IE00BWBXM385	216,672	216,672
<b>Issue country Luxembourg</b>			
BGF-E.M.L.CURR.B.F.D2 EO	LU0329592702	34,000	1,541,629
BGF-E.M.L.CURR.B.F.I2 EO	LU1559746307	1,668,701	1,668,701
BL.STR.-B.E.A.R.STR.A2 EO	LU0411704413	0	36,700
DPAM L-BDS.EM SUST.FCEO	LU0907928062	294,495	294,495
DWS CON.KALDEMORGEN FC	LU0599947271	0	59,507
JPM-SY.ALPHA JPMSA CAEO	LU0406668342	0	33,367
NN(L)-US CREDIT ICEOHI	LU0803997666	1,034	2,029
PICTET-EMER.CORP.BDS HIEO	LU0844698075	21,416	275,593
PICTET-EUROPE IND.NAM.IEO	LU0188800162	2,578	70,980
SISF-EUR.AL.ABS.RTN CAEO	LU0995125985	11,411	83,551
SSGA LUX-ST.S.EO IND.EQ.I	LU1159236337	43,568	1,113,921
<b>Issue country Austria</b>			
ERSTE BD EM CRP.EURR01TEO	AT0000A05HR3	6,630	67,425
ESPA BD USA CO.EURD01TEO	AT0000A1Y364	1,053,641	1,053,641
ESPA BD USA CO.EURR01TEO	AT0000675772	0	625,638
<b>Investment certificates denominated in USD</b>			
<b>Issue country Luxembourg</b>			
JPM-US TECHNOLOGY C	LU0129496690	117,723	117,723
JPM-US.R.E.I.EQ. IADL	LU0590396015	6,200	91,038
MSI-LATIN AMER.EQ. NAM.I	LU0052627634	58,112	58,112
PAR.-EQ.USA GR.I CAP	LU0823435044	27,037	27,037

Vienna, 6 March 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]).

# 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

YOU INVEST balanced  
Jointly owned fund pursuant to the InvFG

consisting of the fund portfolio as of 31 December 2018, 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 31 December 2018 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, 6 March 2019

### **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 for YOU INVEST balanced

## Jointly owned fund pursuant to the InvFG

The Fund Rules for YOU INVEST balanced, 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-SPARINVEST Kapitalanlagegesellschaft m.b.H. (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.

YOU INVEST balanced aims to achieve capital growth at a moderate level of volatility (balanced).

The Fund invests predominantly, in other words at least 66% of its assets, in units in investment funds that, according to their rules, predominantly purchase bonds, equities, or comparable assets or that are categorised as a bond or equity fund or as comparable to a bond or equity fund by at least one internationally recognised organisation, regardless of the country in which the respective management company is registered.

There are no geographical restrictions with regard to the registered offices of the issuers of the securities in the Fund or regarding the economic sectors in which these issuers are 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) may comprise up to 34% of the fund assets.

b) Money market instruments

Money market instruments may comprise up to 34% 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.

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 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 UCIs may make up no more than 30% of the fund assets.

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 34% 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 34% 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 units in investment funds, the Fund can hold a lower proportion of units in investment funds and a higher proportion of demand deposits or deposits with the right to be withdrawn with a maximum term of 12 months.

h) Acceptance of short-term loans

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

i) Repurchase agreements

Does not apply.

j) Securities lending

Does not apply.

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

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

#### **Article 4 Issue and redemption procedure**

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

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

#### **Issue of units and front-end surcharge**

The issue price will be calculated and units issued on every exchange trading day.

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 every exchange trading day.

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 identical to the calendar year.

### **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 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 April 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 April 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 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 April 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 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 April 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**

The Management Company shall receive an annual fee for its administrative activities of up to 0.9% of the fund assets, which shall be accrued on a daily basis and calculated using the month-end values adjusted for the accrued fees.

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.

The depositary bank shall receive a fee in the amount of 0.5% of the fund assets upon liquidation of the Fund.

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 July 2016)**

#### **1. Exchanges with official trading and organised markets in the Member States of the EEA**

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**

[http://registers.esma.europa.eu/publication/searchRegister?core=esma\\_registers\\_mifid\\_rma\\*](http://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_mifid_rma*)

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

1.2.1 Luxembourg: Euro MTF Luxembourg

##### **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.	Switzerland:	SWX Swiss Exchange
2.5.	Serbia:	Belgrade
2.6.	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

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3.20.	South Africa:	Johannesburg
3.21.	Taiwan:	Taipei
3.22.	Thailand:	Bangkok
3.23.	USA:	New York, American Stock Exchange (AMEX), New York Stock Exchange (NYSE), Los Angeles/Pacific Stock Exchange, San Francisco/Pacific Stock Exchange, 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:	SWX Swiss Exchange, BX Berne eXchange; 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:	American Stock Exchange, Chicago Board Options Exchange, Chicago Board of Trade, Chicago Mercantile Exchange, Comex, FINEX, Mid America Commodity Exchange, ICE Futures US, Inc., New York, Pacific Stock Exchange, Philadelphia Stock Exchange, New York Stock Exchange, Boston Options Exchange (BOX)

\*) To open the list, click "Show table columns". The link can be changed by the FMA or ESMA. [The list can be found on the FMA's website by going to: <https://www.fma.gv.at/kapitalmaerkte/allgemeine-rechtsaufsicht-ueber-boersen/--> scroll down – link to "Verzeichnis aller geregelten Märkte" – "Show table columns"]

**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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