

ESPA PORTFOLIO BOND EUROPE

Jointly owned fund pursuant to the InvFG

Annual Report 2018/19

Contents

General Information about the Investment Firm	2
Development of the Fund	3
Method of Calculating the Global Exposure.....	4
Asset Allocation.....	4
Comparative Overview	5
Disbursement/Payment.....	6
Income Statement and Changes in Fund Assets	7
1. Value Development over the Accounting Year (Fund Performance)	7
2. Fund Result.....	8
3. Changes in Fund Assets.....	9
Statement of Assets and Liabilities as of 31 August 2019	10
Remuneration Policy	20
Audit Report.....	24
Fund Rules.....	27
Annex to the Fund Rules	30

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 Harald GASSER Gerhard GRABNER Oswald HUBER Radovan JELASITY Robert LASSHOFER Martin SIMHANDL (until 22 February 2019) Gerald WEBER (from 22 February 2019) Appointed by the Works Council: Martin CECH Heinrich Hubert REINER Peter RIEDERER Nicole WEINHENGST Manfred ZOUREK
Managing directors	Heinz BEDNAR Winfried BUCHBAUER Peter KARL Wolfgang TRAINDL
Prokuristen (proxies)	Achim ARNHOF (from 15 December 2018) Karl FREUDENSCHUSS Manfred LENTNER Günther MANDL Gerold PERMOSER Magdalena REISCHL
State commissioners	Caroline HABERFELLNER (until 31 July 2019) Christoph Seel (from 1 August 2019) Eva SCHRITTWIESER (from 1 July 2019) Philipp VISKI-HANKA (until 30 June 2019)
Auditor	Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
Depository bank	Erste Group Bank AG

Dear Unit-holder,

We are pleased to present you the following annual report for the ESPA PORTFOLIO BOND EUROPE jointly owned fund pursuant to the InvFG for the period from 1 September 2018 to 31 August 2019.

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

Development of the Fund

Market report

The reporting period was dominated by high global liquidity, low inflation, and a significant decline in the macroeconomic indicators at a global level.

The political uncertainty caused by President Trump's changes to America's foreign and domestic policy grew substantially. The trade conflict with China had the markets firmly in its grip.

The political tensions in Italy finally led to the failure of the coalition between the Five Star Movement and La Lega Nord. The new government formed by the Five Star Movement and PD is believed by financial analysts to be considerably more EU-friendly, which eventually also gave Italian government bonds a boost.

The Brexit negotiations continued to tread water, and a hard Brexit became more and more likely at the tail end of the reporting period.

In Asia, attention was mainly centred on the newsflow about the trade relations between China and the USA. Numerous investment decisions were postponed because of the resulting uncertainty.

Based on the weak economic outlook, key central banks made drastic changes to their interest rate policies. The Fed was foremost among them. During the reporting period, the interest rate policy changed from a rate hiking to a rate cutting cycle.

The ECB also increasingly issued signals of an upcoming monetary policy loosening. This provided a boost for many asset classes.

The yield on a ten-year German government bond fell from around plus 0.3% to roughly minus 0.7%. In the USA, the yield on a ten-year government bond fell from about plus 2.9% to around 1.5% at the close of the period.

Investment policy

The overall market had a positive effect on the performance of ESPA PORTFOLIO BOND EUROPE during the reporting period.

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

The interest rate sensitivity was substantially elevated over long stretches of the reporting period. This had a positive effect on the fund's performance.

Investment grade corporate bonds were overweighted to the detriment of government bonds to profit from the continued loose interest rate policy of the ECB and the dominant investment theme, namely the desperate hunt for yield. The increased weighting of corporate bonds made a positive performance contribution during the reporting period.

ESPA PORTFOLIO BOND EUROPE

Within the corporate segment, bonds from the automotive sector are underweighted due to the continued difficulties in the industry.

The ultimately very good development of Italian government bonds also made a contribution to the positive performance of ESPA PORTFOLIO BOND EUROPE.

ESPA PORTFOLIO BOND EUROPE delivered a positive performance of 10.46% in 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

	31 August 2019		31 August 2018	
	EUR millions	%	EUR millions	%
Bonds denominated in				
GBP	30.2	17.36	24.8	13.11
DKK	1.9	1.09	1.9	1.02
EUR	120.7	69.28	133.0	70.22
NOK	0.4	0.25	1.0	0.51
SEK	1.3	0.74	1.3	0.69
Investment certificates denominated in				
EUR	14.8	8.49	22.0	11.60
Securities	169.3	97.22	184.0	97.15
Forward exchange agreements	0.0	0.00	-	0.00
Options	0.2	0.11	-	-
Bank balances	3.6	2.05	3.7	1.97
Interest entitlements	1.1	0.63	1.7	0.88
Other deferred items	-	0.00	-	0.00
Fund assets	174.2	100.00	189.4	100.00

Comparative Overview

Accounting year	Fund assets
2016/2017	246,488,468.98
2017/2018	189,381,667.49
2018/2019	174,168,588.81

General information about performance:

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

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

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

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2016/2017	Dividend-bearing units	AT0000858527	EUR	59.77	0.9000	-	-4.41
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

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2016/2017	Non-dividend-bearing units	AT0000812805	EUR	105.73	1.1642	4.6499	-4.41
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

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2016/2017	KESSt-exempt non-dividend-bearing units	AT0000639455	CZK	3,092.16	-	169.6622	-7.63
2017/2018	KESSt-exempt non-dividend-bearing units	AT0000639455	CZK	3,038.57	-	71.6410	-1.73
2018/2019	KESSt-exempt non-dividend-bearing units	AT0000639455	CZK	3,386.55	-	37.1229	11.45

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2016/2017	KESSt-exempt non-dividend-bearing units	AT0000673215	EUR	118.39	-	6.4944	-4.41
2017/2018	KESSt-exempt non-dividend-bearing units	AT0000673215	EUR	118.09	-	2.7804	-0.25
2018/2019	KESSt-exempt non-dividend-bearing units	AT0000673215	EUR	130.44	-	1.4270	10.46

Disbursement/Payment

The following disbursement or payment will be made for the accounting year from 1 September 2018 to 31 August 2019. The coupon-paying bank is obligated to withhold capital gains tax from this disbursement if the respective investor is not exempt from the payment of this tax.

The disbursement or payment will be effected on or after 15 October 2019 at

Erste Group Bank AG, Vienna,

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

Fund type	ISIN	Currency	Dividend disbursement/ payment		KESSt with option declaration	KESSt w/o option declaration	Reinvestment
Dividend-bearing units	AT0000858527	EUR	0.6500		0.1841	0.1841	0.0546
Non-dividend-bearing units	AT0000812805	EUR	0.3285		0.3285	0.3285	0.9287
KESSt-exempt non-dividend-bearing units	AT0000639455	CZK	-	*	-	-	37.1229
KESSt-exempt non-dividend-bearing units	AT0000673215	EUR	-	*	-	-	1.4270

* 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 (2,284,030.678 units)	58.72
Disbursement/payment on 11.10.2018 (corresponds to roughly 0.0113 units at a calculated value of 57.59)	0.6500
Unit value at the end of the reporting period (1,959,171.839 units)	64.14
Total value including (notional) units gained through dividend disbursement/payment	64.86
Net earnings per unit	6.14
Value development of one unit in the period	10.46%

AT0000812805 non-dividend-bearing units EUR	
Unit value at the beginning of the reporting period (340,836.161 units)	104.30
Disbursement/payment on 11.10.2018 (corresponds to roughly 0.0054 units at a calculated value of 102.89)	0.5542
Unit value at the end of the reporting period (276,936.701 units)	114.60
Total value including (notional) units gained through dividend disbursement/payment	115.22
Net earnings per unit	10.92
Value development of one unit in the period	10.47%

AT0000639455 KEST-exempt non-dividend-bearing units CZK	
Unit value at the beginning of the reporting period (148,268.264 units)	3,038.57
Disbursement/payment	0.0000
Unit value at the end of the reporting period (107,945.491 units)	3,386.55
Total value including (notional) units gained through dividend disbursement/payment	3,386.55
Net earnings per unit	347.98
Value development of one unit in the period	11.45%

AT0000673215 KEST-exempt non-dividend-bearing units EUR	
Unit value at the beginning of the reporting period (18,528.670 units)	118.09
Disbursement/payment	0.0000
Unit value at the end of the reporting period (20,545.589 units)	130.44
Total value including (notional) units gained through dividend disbursement/payment	130.44
Net earnings per unit	12.35
Value development of one unit in the period	10.46%

2. Fund Result

a. Realised fund result

Ordinary fund result

Income (without profit or loss from price changes)

Interest income (excluding income adjustment)	3,006,318.21	
Dividend income	3.60	
Other income 8)	<u>0.00</u>	
Total income (without profit or loss from price changes)		3,006,321.81

Interest paid - 15,301.16

Expenses

Fees paid to Investment Firm	- 957,690.08	
Costs for the financial auditor and tax consultation	- 5,811.00	
Publication costs	- 17,714.50	
Securities account fees	- 52,169.79	
Depository bank fees	- 84,262.45	
Costs for the external consultant	<u>0.00</u>	
Total expenses		- 1,117,647.82
Compensation for management costs from sub-funds 1)		<u>0.00</u>

Ordinary fund result (excluding income adjustment) **1,873,372.83**

Realised profit or loss from price changes 2) 3)

Realised gains 4)	4,216,332.00	
Realised losses 5)	<u>- 4,055,066.89</u>	

Realised profit or loss from price changes (excluding income adjustment) **161,265.11**

Realised fund result (excluding income adjustment) **2,034,637.94**

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

Changes in the unrealised profit or loss from price changes 7) 15,016,332.43

Result for the reporting period 6) **17,050,970.37**

c. Income adjustment

Income adjustment for income in the period - 122,409.25

Income adjustment for profit carried forward from dividend-bearing units - 2,694,849.16

Overall fund result **14,233,711.96**

3. Changes in Fund Assets

Fund assets at the beginning of the reporting period	189,381,667.49
Disbursement/payment in the accounting year	- 1,645,323.13
Issue and redemption of units	- 27,801,467.51
Overall fund result	
(The fund result is shown in detail under item 2.)	14,233,711.96
Fund assets at the end of the reporting period	<u>174,168,588.81</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 15,177,597.54.
- 4) Thereof profits from transactions with derivative financial instruments: EUR 1,173,002.31.
- 5) Thereof losses from transactions with derivative financial instruments: EUR -1,268,092.06.
- 6) The result for the accounting year includes explicitly reported transaction costs in the amount of EUR 8,649.54.
- 7) Thereof changes in unrealised gains EUR 11,696,621.56 and unrealised losses EUR 3,319,710.87.
- 8) The earnings reported under this item can be attributed to lending fees from securities lending transactions conducted with Erste Group Bank AG in the amount of EUR 0.00, to earnings from real estate funds in the amount of EUR 0.00, and to other earnings in the amount of EUR 0.00.

Statement of Assets and Liabilities as of 31 August 2019

(including changes in securities assets from 1 September 2018 to 31 August 2019)

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.V. 14/46	DE0001102341	2.500	0	600	200	176.898	353,796.39	0.20
GOVT.BOND.V.16/26	DE0001102390	0.500	0	2,400	900	109.391	984,520.77	0.57
GOVT.BOND.V.17/48	DE0001102432	1.250	700	0	3,200	144.003	4,608,083.01	2.65
GOVT.BOND.V.18/28	DE0001102457	0.250	1,000	0	2,600	109.476	2,846,375.95	1.63
Total issue country Germany							<u>8,792,776.12</u>	<u>5.05</u>
Issue country Italy								
SNAM 14/24 MTN	XS1019326641	3.250	0	0	400	114.970	459,880.00	0.26
Total issue country Italy							<u>459,880.00</u>	<u>0.26</u>
Issue country Austria								
AUSTRIA 18/28 MTN	AT0000A1ZGE4	0.750	0	0	1,000	111.110	1,111,100.01	0.64
AUST. 15/25	AT0000A1FAP5	1.200	0	0	1,300	111.903	1,454,736.43	0.84
AUST. 16/23	AT0000A1PE50	0.000	0	0	1,400	103.125	1,443,750.00	0.83
AUST. 16/47	AT0000A1K9F1	1.500	0	0	1,100	136.327	1,499,594.77	0.86
OMV AG 12/27 MTN	XS0834371469	3.500	0	800	200	127.009	254,018.01	0.15
VERBUND AG 14/24	XS1140300663	1.500	500	0	500	108.815	544,077.00	0.31
Total issue country Austria							<u>6,307,276.22</u>	<u>3.62</u>
Issue country Spain								
TELEFONICA EM. 14/29 MTN	XS1120892507	2.932	0	500	200	123.908	247,815.20	0.14
Total issue country Spain							<u>247,815.20</u>	<u>0.14</u>
Total bonds denominated in EUR							<u>15,807,747.54</u>	<u>9.08</u>
Total publicly traded securities							<u>15,807,747.54</u>	<u>9.08</u>
Investment certificates								
Investment certificates denominated in EUR								
Issue country Austria								
ESPA ALPHA 1 T	AT0000A03DF2		1,499	8,482	35,515	54.890	1,949,418.35	1.12
ESPA ALPHA 2 T	AT0000A05F50		2,130	12,548	75,772	77.240	5,852,629.28	3.36
ESPA BD EU.CO. EOR01TEO	AT0000724224		25,200	65,800	39,400	177.070	6,976,558.00	4.01
Total issue country Austria							<u>14,778,605.63</u>	<u>8.49</u>
Total investment certificates denominated in EUR							<u>14,778,605.63</u>	<u>8.49</u>
Total investment certificates							<u>14,778,605.63</u>	<u>8.49</u>

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	133.450	368,949.18	0.21
TREASURY STK 2020	GB00B058DQ55	4.750	0	1,300	1,000	102.175	1,129,929.45	0.65
TREASURY STK 2022	GB00BD0PCK97	0.500	2,200	0	2,200	100.494	2,444,947.33	1.40
TREASURY STK 2023	GB00BF0HZ991	0.750	3,400	0	3,400	101.581	3,819,425.86	2.19
TREASURY STK 2024	GB00BHBFH458	2.750	0	0	2,000	112.097	2,479,309.05	1.42
TREASURY STK 2025	GB00BTHH2R79	2.000	0	0	800	110.315	975,958.26	0.56
TREASURY STK 2028	GB00BFX0ZL78	1.625	2,000	0	2,000	110.955	2,454,050.87	1.41
TREASURY STK 2047	GB00BDCHBW80	1.500	13,400	0	13,400	111.820	16,570,322.69	9.51
Total issue country Great Britain							30,242,892.69	17.36
Total bonds denominated in GBP translated at a rate of 0.90426							30,242,892.69	17.36
Bonds denominated in DKK								
Issue country Denmark								
DANSKE STAT 2021	DK0009922676	3.000	0	0	4,000	108.778	583,563.57	0.34
DANSKE STAT 2023	DK0009923054	1.500	0	0	2,000	110.424	296,197.49	0.17
DANSKE STAT 2025	DK0009923138	1.750	0	0	3,000	116.816	470,015.50	0.27
DANSKE STAT 2039	DK0009922320	4.500	0	0	2,000	205.249	550,552.19	0.32
Total issue country Denmark							1,900,328.75	1.09
Total bonds denominated in DKK translated at a rate of 7.45612							1,900,328.75	1.09
Bonds denominated in EUR								
Issue country Australia								
BHP BILLITON FIN.15/30MTN	XS1224955408	1.500	0	0	500	110.731	553,655.02	0.32
Total issue country Australia							553,655.02	0.32
Issue country Belgium								
AB INBEV 12/24 MTN	BE6243179650	2.875	0	500	250	115.161	287,903.00	0.17
BELGIQUE 15/25 74	BE0000334434	0.800	0	300	2,000	108.464	2,169,279.94	1.25
BELGIQUE 15/31 75	BE0000335449	1.000	2,400	1,200	5,000	114.551	5,727,529.90	3.29
BELGIQUE 18/28 85	BE0000345547	0.800	1,900	1,300	1,500	110.987	1,664,799.05	0.96
Total issue country Belgium							9,849,511.89	5.66
Issue country Germany								
DVB BANK MTN.16/23	XS1433231377	1.250	0	0	300	103.890	311,669.54	0.18
HEIDEL.CEMENT MTN 16/24	XS1425274484	2.250	0	0	250	109.978	274,944.50	0.16
LBBW SMT IHS 15/25	XS1246732249	3.625	0	300	200	116.526	233,052.40	0.13
NRW.BANK MTI 05/20	DE000NWB0329	3.875	0	0	1,800	101.810	1,832,580.00	1.05
Total issue country Germany							2,652,246.44	1.52

ESPA 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
Issuer European Financial Stability Facility								
EFSF 13/20 MTN	EU000A1G0BK3	1.750	0	0	900	102.741	924,668.97	0.53
EFSF 13/29 MTN	EU000A1G0BL1	2.750	0	0	2,000	132.347	2,646,932.06	1.52
Total issuer European Financial Stability Facility							3,571,601.03	2.05
Issuer European Investment Bank								
EIB EUR.INV.BK 10/22 MTN	XS0544644957	3.000	0	0	3,000	111.613	3,348,378.06	1.92
Total issuer European Investment Bank							3,348,378.06	1.92
Issue country France								
AXA S.A. 10/40 FLR MTN	XS0503665290	5.250	0	500	300	103.275	309,825.00	0.18
BNP PARIBAS 11/22 MTN	XS0635033631	4.125	0	500	250	110.711	276,777.99	0.16
BQUE F.C.MTL 14/24 MTN	XS1069549761	3.000	0	0	500	112.630	563,148.77	0.32
CIE F.FONCIER 12/22 MTN	FR0011356997	2.375	0	0	1,300	109.600	1,424,799.97	0.82
CIE F.FONCIER 14/21 MTN	FR0012299394	0.625	0	0	4,900	102.671	5,030,859.45	2.89
COFIROUTE 06/21	FR0010327007	5.000	0	300	300	109.266	327,798.00	0.19
CREDIT AGRICOLE 15/27	XS1204154410	2.625	0	500	500	114.850	574,249.99	0.33
ENGIE 12/23 MTN	FR0011261924	3.000	0	300	200	111.178	222,356.90	0.13
REP. FSE 16-26 O.A.T.	FR0013131877	0.500	0	1,000	4,500	107.803	4,851,152.91	2.79
REP. FSE 16-36 O.A.T.	FR0013154044	1.250	400	400	6,400	120.954	7,741,042.94	4.44
REP. FSE 16-66 O.A.T.	FR0013154028	1.750	200	0	1,600	145.391	2,326,259.28	1.34
SOC GENERALE 15/25 MTN	XS1195574881	2.625	0	500	500	111.779	558,895.00	0.32
Total issue country France							24,207,166.20	13.90
Issue country Italy								
B.T.P. 15-22	IT0005135840	1.450	500	2,000	1,500	104.119	1,561,788.03	0.90
B.T.P. 16-23	IT0005172322	0.950	7,100	3,600	6,900	102.598	7,079,262.00	4.06
B.T.P. 16-26	IT0005170839	1.600	2,500	2,800	3,000	106.282	3,188,453.97	1.83
B.T.P. 16-47	IT0005162828	2.700	3,400	1,500	6,400	116.989	7,487,320.83	4.30
B.T.P. 17-20	IT0005285041	0.200	5,000	3,000	2,000	100.504	2,010,077.82	1.15
B.T.P. 18-28	IT0005340929	2.800	3,100	0	3,100	116.479	3,610,848.88	2.07
Total issue country Italy							24,937,751.53	14.32
Issue country Jersey								
UBS GROUP FDG 16/24	CH0314209351	2.125	0	0	400	109.750	439,000.79	0.25
Total issue country Jersey							439,000.79	0.25
Issue country Canada								
ROYAL BK CDA 15/20 FLRMTN	XS1272154565	0.050	0	0	600	100.360	602,160.00	0.35
TORONTO-DOM. BK 15/20 FLR	XS1287714502	0.157	0	0	600	100.430	602,580.00	0.35
Total issue country Canada							1,204,740.00	0.69

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
Issue country Netherlands								
ABN AMRO BANK 13/23 MTN	XS0937858271	2.500	0	0	500	111.918	559,590.00	0.32
ALLIANZ FIN. II 13/28 MTN	DE000A1HG1K6	3.000	0	500	300	127.478	382,433.99	0.22
BAYER CAP.CORP. 18/26	XS1840618059	1.500	500	0	500	107.430	537,149.01	0.31
BNG BK 10/20 MTN	XS0537711144	2.625	0	0	2,700	103.200	2,786,399.92	1.60
DT.TELEK.INTL F.13/28 MTN	XS0875797515	3.250	500	300	200	124.121	248,242.00	0.14
ENBW INTL FIN. 04/25 MTN	XS0207320242	4.875	0	500	250	127.350	318,376.01	0.18
ING BK NV 12/22 MTN	XS0748187902	4.500	0	500	300	111.971	335,913.60	0.19
NETHERLANDS 12-33	NL0010071189	2.500	0	0	300	140.408	421,222.78	0.24
NETHERLANDS 17-27	NL0012171458	0.750	0	0	400	111.405	445,619.20	0.26
NN GROUP 15/22 MTN	XS1204254715	1.000	0	500	500	103.222	516,110.00	0.30
VONOVIA FINANCE 16/26 MTN	DE000A182VT2	1.500	0	0	500	108.082	540,409.01	0.31
Total issue country Netherlands							7,091,465.52	4.07
Issue country Norway								
STATKRAFT 15/23 MTN	XS1293571425	1.500	0	0	250	106.554	266,384.60	0.15
Total issue country Norway							266,384.60	0.15
Issue country Austria								
ERDOEL-LAGERGES. 13-28	XS0905658349	2.750	0	300	200	123.344	246,687.04	0.14
ERSTE GP BNK AG 12/22 MTN	XS0840062979	7.125	0	0	400	121.965	487,860.81	0.28
Total issue country Austria							734,547.85	0.42
Issue country Portugal								
PORTUGAL 15-25	PTOTEKOE0011	2.875	0	0	1,400	118.845	1,663,832.80	0.96
PORTUGAL 15-45	PTOTEBOE0020	4.100	1,000	0	1,000	168.671	1,686,712.04	0.97
PORTUGAL 19/29	PTOTEXOE0024	1.950	1,000	0	1,000	117.742	1,177,424.01	0.68
Total issue country Portugal							4,527,968.85	2.60
Issue country Sweden								
VATTENFALL TRSY 04/24 MTN	XS0191154961	5.375	0	0	250	126.049	315,123.50	0.18
Total issue country Sweden							315,123.50	0.18
Issue country Spain								
BCO SANTANDER 05/20	ES0413900087	4.000	0	0	1,900	102.695	1,951,205.00	1.12
SPAIN 15-25	ES00000126Z1	1.600	1,000	500	2,000	110.870	2,217,391.96	1.27
SPAIN 16-46	ES00000128C6	2.900	1,000	0	3,800	146.662	5,573,156.11	3.20
SPAIN 17-22	ES00000128O1	0.400	0	0	4,500	102.556	4,615,020.00	2.65
SPAIN 18-21	ES0000012C46	0.050	1,000	0	1,000	101.272	1,012,720.03	0.58
SPAIN 18-28	ES0000012B88	1.400	4,800	1,300	3,500	112.338	3,931,844.07	2.26
Total issue country Spain							19,301,337.17	11.08

ESPA PORTFOLIO BOND EUROPE

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
Issue country USA								
AT + T 14/29	XS1144088165	2.600	0	0	500	118.854	594,272.01	0.34
BOOKING HLDGS 15/27	XS1196503137	1.800	500	0	500	110.994	554,968.99	0.32
GOLDM.S.GRP 06/21	XS0270347304	4.750	0	250	250	109.697	274,243.30	0.16
WELLS FARGO 14/24 MTN	XS1074382893	2.125	0	0	400	109.994	439,976.01	0.25
Total issue country USA							1,863,460.31	1.07
Total bonds denominated in EUR							104,864,338.76	60.21
Bonds denominated in NOK								
Issue country Norway								
NORWAY 14-24	NO0010705536	3.000	0	0	4,000	108.400	432,378.10	0.25
Total issue country Norway							432,378.10	0.25
Total bonds denominated in NOK translated at a rate of 10.02826							432,378.10	0.25
Bonds denominated in SEK								
Issue country Sweden								
SWEDEN 11-22 1054	SE0003784461	3.500	0	0	7,000	111.814	724,737.84	0.42
SWEDEN 12-32 1056	SE0004517290	2.250	0	0	2,000	131.586	243,683.64	0.14
SWEDEN 14-25 1058	SE0005676608	2.500	0	0	3,000	118.341	328,731.53	0.19
Total issue country Sweden							1,297,153.01	0.74
Total bonds denominated in SEK translated at a rate of 10.79974							1,297,153.01	0.74
Total securities admitted to organised markets							138,737,091.31	79.66
Unlisted securities								
Bonds denominated in EUR								
Issue country USA								
LEHMAN BR.06/16FLR MTN	XS0268648952	0.000	0	0	500	0.000	0.00	0.00
LEHMAN BR.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
Total unlisted securities							0.00	0.00

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

Derivatives**Options denominated in USD****Issue country USA**

GBUSD Put 11/2019 121.5	GBUW1912150	7,188	0	7,188	2.850	186,010.22	0.11
Total issue country USA						186,010.22	0.11
Total options denominated in USD translated at a rate of 1.10125						186,010.22	0.11
Total derivatives						186,010.22	0.11

Forward exchange agreements**Unrealised
result in EUR****Forward exchange agreements denominated in EUR****Issue country Austria**

FXF SPEST EUR/CHF 18.10.2019	FXF_TAX_3447545			-1,656,170		-3,381.43	-0.00
FXF SPEST EUR/GBP 11.09.2019	FXF_TAX_3447187			-1,115,998		-10,450.38	-0.01
FXF SPEST EUR/GBP 18.10.2019	FXF_TAX_3447531			-381,963		4,508.10	0.00
FXF SPEST EUR/NOK 18.10.2019	FXF_TAX_3447530			952,858		7,593.30	0.00
FXF SPEST EUR/SEK 18.10.2019	FXF_TAX_3447554			447,812		3,387.99	0.00
Total issue country Austria						1,657.58	0.00
Total forward exchange agreements denominated in EUR						1,657.58	0.00
Total forward exchange agreements						1,657.58	0.00

Breakdown of fund assets

Transferable securities						169,323,444.48	97.22
Forward exchange agreements						1,657.58	0.00
Options						186,010.22	0.11
Bank balances						3,569,104.74	2.05
Interest entitlements						1,093,707.54	0.63
Other deferred items						-5,335.75	-0.00
Fund assets						174,168,588.81	100.00

Dividend-bearing units outstanding	AT0000858527	units	1,959,171.839
Value of dividend-bearing unit	AT0000858527	EUR	64.14
Non-dividend-bearing units outstanding	AT0000812805	units	276,936.701
Value of non-dividend-bearing unit	AT0000812805	EUR	114.60
KEST-exempt non-dividend-bearing units outstanding	AT0000673215	units	20,545.589
Value of KEST-exempt non-dividend-bearing unit	AT0000673215	EUR	130.44
KEST-exempt non-dividend-bearing units outstanding	AT0000639455	units	107,945.491
Value of KEST-exempt non-dividend-bearing unit	AT0000639455	CZK	3,386.55

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 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. 11/22	DE0001135465	2.000	0	1,100
GOVT.BOND.V.14/24	DE0001102333	1.750	0	1,800
MUENCH.HYP.BK. MTN-PF1546	DE000MHB06J1	1.750	0	2,300
Issue country Ireland				
IRELAND 2023	IE00B4S3JD47	3.900	0	1,000
IRELAND 2045	IE00BV8C9186	2.000	0	400
WILLOW NO.2 12/22MTN REGS	XS0798504030	3.375	0	500
Issue country Italy				
ENI S.P.A. 10/20 MTN	XS0521000975	4.000	0	800
TERNA R.E.N. 11/21 MTN	XS0605214336	4.750	0	500
UBI BANCA 13/20 MTN	IT0004966195	3.125	0	1,400
Issue country Netherlands				
TEVA PH.F.NL.II 15/27	XS1211044075	1.875	0	1,000
Issue country Austria				
AUSTRIA 2020 MTN 144A	AT0000386115	3.900	0	300
Issue country Spain				
SPAIN 14-19	ES00000124V5	2.750	0	700
Investment certificates				
Investment certificates denominated in EUR				
Issue country Austria				
ESPA BD EU.H.YI.EURR01TEO	AT0000805684		21,000	21,000
Securities admitted to organised markets				
Bonds denominated in GBP				
Issue country Germany				
KRED.F.WIED.01/21 MTN	XS0138036412	5.550	0	1,900

ESPA PORTFOLIO BOND EUROPE

Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
Issue country Great Britain				
TREASURY STK 2021	GB00B4RMG977	3.750	0	2,300
TREASURY STK 2037	GB00BZB26Y51	1.750	0	11,800
Bonds denominated in EUR				
Issue country Australia				
A.N.Z. BKG GRP 14/19 FLR	XS1130526780	0.022	0	600
Issue country Belgium				
BELGIQUE 13-23	BE0000328378	2.250	0	1,000
Issue country Denmark				
ORSTED 12/22 MTN	XS0829114999	2.625	0	500
Issue country France				
AUTOROUTES SUD FR. 07/22	FR0010491720	5.625	0	500
BOUYGUES 05-20	FR0010212852	4.250	0	500
ORANGE 12/22 MTN	XS0794245018	3.000	0	500
REP. FSE 13/23 O.A.T.	FR0011486067	1.750	0	4,100
REP. FSE 14-24 O.A.T.	FR0011962398	1.750	0	900
SCHNEIDER ELECTRIC 10/20	FR0010922534	3.625	0	1,000
Issue country Great Britain				
SKY 14/26 MTN	XS1109741329	2.500	0	500
STAND.CHAR. 14/21 MTN	XS1077631635	1.625	0	750
Issue country Italy				
B.T.P. 16-26	IT0005210650	1.250	1,000	1,000
UNICREDIT 11/23 MTN	IT0004689433	5.250	0	500
Issue country Netherlands				
DT.TELEK.INTL F.12/19 MTN	XS0850057588	2.000	0	1,000
HEINEKEN 12/24 MTN	XS0758420748	3.500	0	500
RABOBK NEDERLD 10/20 MTN	XS0557252417	3.750	0	700
VOLKSWAGEN INTL 15/23 MTN	XS1167644407	0.875	0	1,000
Issue country Sweden				
NORDEA BK 10/20 MTN	XS0520755488	4.000	0	500

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals
			Units/nominal (nom. in 1,000, rounded)	
Issue country Spain				
BANCO SANTANDER 13/20	XS0877984459	4.000	0	500
BBVA SA 05/20	ES0413211105	3.500	0	1,400
SPAIN 17-27	ES00000128P8	1.500	0	2,500
Issue country USA				
VERIZON COMM 14/26	XS1030900242	3.250	500	500
Unlisted securities				
Bonds denominated in DKK				
Issue country Denmark				
DANSKE STAT 2018	DK0009923484	0.250	0	1,000
Bonds denominated in EUR				
Issue country France				
AUCHAN HOLDING 09/19 MTN	FR0010746008	6.000	0	500
Issue country Great Britain				
HSBC HLDGS 09/19 MTN	XS0433028254	6.000	0	500
Bonds denominated in NOK				
Issue country Norway				
NORWAY 08-19	N00010429913	4.500	0	5,000

Vienna, 14 October 2019

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 managers and 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.

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

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

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

* Includes the Head of Compliance

Principles governing performance-based remuneration components

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

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

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

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

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

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

The remuneration system is made up of three components:

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

The bonus potential is based on the fixed annual gross remuneration. The target agreements concluded with the employees contain qualitative and/or quantitative objectives. The qualitative objectives must make up at least 25%. The payment of performance-based remuneration components is subject to a minimum profitability level for the Management Company and to performance targets.

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

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

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

The last audit of compliance with the requirements of the remuneration policy by the Supervisory Board on 4 April 2018 revealed no deviations. There were also no material findings during the last audit by the Internal Auditing department.

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

Audit Report*

Statement on the annual report

Audit opinion

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

ESPA PORTFOLIO BOND EUROPE
Jointly owned fund pursuant to the InvFG

consisting of the statement of assets and liabilities as of 31 August 2019, the income statement for the accounting year ending on this date, and the other information specified in Annex I Schedule B of the Austrian Investment Fund Act 2011 (InvFG 2011).

Based on the findings of our audit, we believe that the annual report satisfies the legal requirements and provides a true and fair view of the assets and financial position as of 31 August 2019 and of the earnings position of the fund for the accounting year ending on this date in accordance with Austrian commercial law and the provisions of the InvFG 2011.

Basis for the audit opinion

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

Management and supervisory board responsibilities relating to the annual report

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

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

Responsibilities of the auditor in auditing the annual report

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

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

In addition:

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

Other information

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

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

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

Vienna, 14 October 2019

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Andrea Stippl
(Certified Public
Accountant)

ppa MMag. Roland Unterweger
(Certified Public Accountant)

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

Fund Rules for ESPA PORTFOLIO BOND EUROPE

Jointly owned fund pursuant to the InvFG

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

Article 1 Fund Units

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

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

Article 2 Depositary Bank (Depositary)

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

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

Article 3 Investment Instruments and Principles

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

The Fund invests predominantly, in other words at least 51% of its assets, 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 United States of America; the European Financial Stability Facility (EFSF); and the European Union (EU) 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

Does not apply.

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

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

Article 4 Issue and Redemption Procedure

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

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

Issue of units and front-end surcharge

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

The issue price shall be made up of the unit value plus a surcharge per unit amounting to up to 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 September to 31 August.

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 15 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 15 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 15 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 domestic and foreign unit category)

The earnings generated by the Fund during the accounting year less all costs will not be paid out. No payment pursuant to the InvFG will be made. The reference date for the exemption from KESt payment for the profit for the year for the purposes of the InvFG shall be 15 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 could 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

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.

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

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

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

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

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

Annex to the Fund Rules
List of exchanges with official trading and organised markets
(As of September 2018)

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

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

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

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

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

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

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

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

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

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

2. Exchanges in European countries outside of the EEA

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

3. Exchanges in non-European countries

- | | | |
|-------|---------------|---|
| 3.1. | Australia: | Sydney, Hobart, Melbourne, Perth |
| 3.2. | Argentina: | Buenos Aires |
| 3.3. | Brazil: | Rio de Janeiro, Sao Paulo |
| 3.4. | Chile: | Santiago |
| 3.5. | China: | Shanghai Stock Exchange, Shenzhen Stock Exchange |
| 3.6. | Hong Kong: | Hong Kong Stock Exchange |
| 3.7. | India: | Mumbai |
| 3.8. | Indonesia: | Jakarta |
| 3.9. | Israel: | Tel Aviv |
| 3.10. | Japan: | Tokyo, Osaka, Nagoya, Kyoto, Fukuoka, Niigata, Sapporo, Hiroshima |
| 3.11. | Canada: | Toronto, Vancouver, Montreal |
| 3.12. | Colombia: | Bolsa de Valores de Colombia |
| 3.13. | Korea: | Korea Exchange (Seoul, Busan) |
| 3.14. | Malaysia: | Kuala Lumpur, Bursa Malaysia Berhad |
| 3.15. | Mexico: | Mexico City |
| 3.16. | New Zealand: | Wellington, Christchurch/Invercargill, Auckland |
| 3.17. | Peru: | Bolsa de Valores de Lima |
| 3.18. | Philippines: | Manila |
| 3.19. | Singapore: | Singapore Stock Exchange |
| 3.20. | South Africa: | Johannesburg |

3.21.	Taiwan:	Taipei
3.22.	Thailand:	Bangkok
3.23.	USA:	New York, NYCE American, New York Stock Exchange (NYSE), Philadelphia, Chicago, Boston, Cincinnati
3.24.	Venezuela:	Caracas
3.25.	United Arab Emirates:	Abu Dhabi Securities Exchange (ADX)

4. Organised markets in countries outside of the European Community

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

5. Exchanges with futures and options markets

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

www.erste-am.com

www.erste-am.at