

# **ERSTE PORTFOLIO BOND EUROPE**

**Jointly owned fund pursuant to the InvFG**

Annual Report 2021/22

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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%) Erste Bank der österreichischen Sparkassen AG (22.17%) Steiermärkische Bank und Sparkassen Aktiengesellschaft (3.30%) Tiroler Sparkasse Bankaktiengesellschaft Innsbruck (1.74%) DekaBank Deutsche Girozentrale, Frankfurt (1.65%) „Die Kärntner“ Trust-Vermögensverwaltungsgesellschaft m. b. H. & Co KG (1.65%) Salzburger Sparkasse Bank Aktiengesellschaft (1.65%) Sieben Tiroler Sparkassen Beteiligungsgesellschaft m. b. H. (1.65%) NÖ-Sparkassen Beteiligungsgesellschaft m. b. H. (0.76%) VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (0.76%)
<b>Supervisory Board</b>	Rudolf SAGMEISTER (Chairman) Manfred BARTALSZKY (from 16.02.2022) Maximilian CLARY UND ALDRINGEN (from 16.02.2022) Thomas SCHAUFLE (Deputy Chairman) (until 31.10.2021) Harald GASSER Gerhard GRABNER Harald Frank GRUBER Oswald HUBER Radovan JELASITY Robert LASSHOFER (until 16.02.2022) Peter PROBER Rupert RIEDER Gabriele SEMMELROCK-WERZER Reinhard WATTL Gerald WEBER Appointed by the Works Council: Martin CECH Regina HABERHAUER Heinrich Hubert REINER Peter RIEDERER Nicole WEINHENGST Manfred ZOUREK
<b>Managing directors</b>	Heinz BEDNAR Winfried BUCHBAUER Peter KARL Thomas KRAUS
<b>Prokuristen (proxies)</b>	Karl FREUDENSCHUSS Manfred LENTNER Günther MANDL Gerold PERMOSER Magdalena REISCHL Oliver RÖDER
<b>State commissioners</b>	Walter MEGNER (until 28.02.2022) Christoph SEEL (until 30.11.2021) Angelika SCHÄTZ (from 01.03.2022) Wolfgang TRISKO (until 14.05.2022)
<b>Auditor</b>	Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
<b>Depository bank</b>	Erste Group Bank AG

## Dear Unit-holder,

We are pleased to present you the following annual report for the ERSTE PORTFOLIO BOND EUROPE jointly owned fund pursuant to the InvFG for the accounting year from 1 July 2021 to 30 June 2022.

The calculated value could not be determined for 27 October 2021 due to a technical problem. For this reason, the issue and redemption of unit certificates was temporarily suspended.

Even as the COVID-19 pandemic spreads, we are not losing sight of our responsibility to manage the assets entrusted to our care in a manner that maintains our ability to act on the capital markets and that enables us to make the best possible allocation decisions.

Modern technology also allows us to meet these obligations in full via teleworking.

## Development of the Fund

### Market report

At the beginning of the reporting period, central banks and especially the US Fed started preparing the market for a shift in monetary policy towards higher key rates due to the upward inflation dynamics. The supply chain problems stemming from COVID-19 continued, and were even exacerbated by the zero COVID strategy in China.

Geopolitical tensions increased massively at the start of the year. The distortions caused by the war in Ukraine led to significant uncertainty among investors and further fuelled the already tense inflation situation. Commodity prices rose markedly. To fight the rising inflation, central banks around the world continued to hike their key rates, and especially the Fed but later also the ECB had no other choice but to make an about face towards restrictive monetary policy. The ECB lagged well behind the Fed, but also announced its first key rate hike in years for July 2022. At present, the central banks are clearly focusing on fighting inflation, even if this may lead to a recession. Fears that the gas supply to Europe could collapse and that this would make a recession unavoidable noticeably dampened investor sentiment.

In Germany, the yield on ten-year government bonds rose by 154 basis points to 1.34%. The EUR yield curve steepened. The European Central Bank left the key rate unchanged at minus 0.5%. European equities turned in negative performance. While the spread versus Germany rose by 7 basis points to 46 basis points in the core Eurozone markets, the risk premium in the periphery countries widened by 40 basis points to 138 basis points. In the United Kingdom, the yield on ten-year government bonds rose by 150 basis points to 2.23%. The GBP yield curve flattened. The Bank of England lifted its key rate by 115 basis points to 1.25%. The British equity market delivered positive performance. EUR appreciated against GBP.

Under these conditions, ERSTE PORTFOLIO BOND EUROPE was unable to deliver a positive performance. The yield in the Fund increased. The duration was shortened. The running coupon decreased. The cash position was expanded. The credit quality in the portfolio was increased, which led to an improvement in the average rating.

### Investment policy

Among other things, interest rate derivatives were used within the prescribed limits to actively manage the Fund's duration during the reporting period.

The fund management focused on maintaining a significantly higher cash position once the crisis began.

Starting in mid-February 2022, we gradually reduced our investments in Italian and Spanish government bonds to position the portfolio more defensively in relation to the geopolitical crisis stemming from the conflict between Russia and Ukraine. This mitigated a further decline in the portfolio's performance.

ERSTE PORTFOLIO BOND EUROPE delivered an overall performance of minus 13.98% (ISIN AT0000858527) for the reporting period.

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

## Method of Calculating the Global Exposure

Method of calculating the global exposure:	Commitment approach
Reference assets used:	–
Value at risk:	–
Lowest value:	–
Average value:	–
Highest value:	–
Model used:	–
Leverage* when using the value-at-risk calculation method:	–
Leverage** according to § 4 of the 4 <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

	As of 30.06.2022 EUR millions	%
Bonds		
GBP	25.8	23.34
DKK	1.1	0.95
EUR	56.0	50.61
NOK	5.7	5.12
SEK	0.8	0.75
CZK	4.1	3.75
Investment certificates		
EUR	10.7	9.65
Securities	104.1	94.19
Forward exchange agreements	0.3	0.25
Financial futures	0.1	0.11
Cash in banks	5.4	4.92
Interest entitlements	0.6	0.54
Other deferred items	-0.0	-0.00
Fund assets	110.5	100.00

## Comparative Overview

Accounting year	Fund assets
2019/2020	159,044,124.43
2020/2021	149,570,289.52
2021/2022	110,549,412.87

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
2019/2020	Dividend-bearing units	AT0000858527	EUR	63.07	0.6500	1.1883	-0.65
2020/2021	Dividend-bearing units	AT0000858527	EUR	63.23	0.5500	0.8845	1.28
2021/2022	Dividend-bearing units	AT0000858527	EUR	53.92	0.3000	0.0000	-13.98

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2019/2020	Non-dividend-bearing units	AT0000812805	EUR	113.52	0.6261	2.6800	-0.65
2020/2021	Non-dividend-bearing units	AT0000812805	EUR	114.35	0.5524	2.0425	1.29
2021/2022	Non-dividend-bearing units	AT0000812805	EUR	97.90	0.0000	0.0000	-13.97

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2019/2020	KESt-exempt non-dividend-bearing units	AT0000673215	EUR	129.59	-	3.7730	-0.65
2020/2021	KESt-exempt non-dividend-bearing units	AT0000673215	EUR	131.25	-	2.9871	1.28
2021/2022	KESt-exempt non-dividend-bearing units	AT0000673215	EUR	112.92	-	0.0000	-13.97

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2019/2020	KESSt-exempt non-dividend-bearing units	AT0000639455	CZK	3,452.60	-	100.5231	1.95
2020/2021	KESSt-exempt non-dividend-bearing units	AT0000639455	CZK	3,347.79	-	76.1094	-3.04
2021/2022	KESSt-exempt non-dividend-bearing units	AT0000639455	CZK	2,793.13	-	0.0000	-16.57

## Disbursement/Payment

The following disbursement or payment will be made for the accounting year from 1 July 2021 to 30 June 2022. 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 3 October 2022 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	Re-investment
Dividend-bearing units	AT0000858527	EUR	0.3000		0.0000	0.0000	0.0000
Non-dividend-bearing units	AT0000812805	EUR	0.0000		0.0000	0.0000	0.0000
KESSt-exempt non-dividend-bearing units	AT0000673215	EUR	-	*	-	-	0.0000
KESSt-exempt non-dividend-bearing units	AT0000639455	CZK	-	*	-	-	0.0000

\* Pursuant to the penultimate sentence of § 58 (2) of the Austrian Investment Fund Act, no capital gains tax will be paid.



# Income Statement and Changes in Fund Assets

## 1. Value Development over the Accounting Year (Fund Performance)

Calculation according to the OeKB method per unit in the unit currency not accounting for 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.

<b>AT0000858527 dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (1,698,236.335 units)	63.23
Disbursement/payment on 29.09.2021 (corresponds to roughly 0.0088 units at a calculated value of 62.53)	0.5500
Unit value at the end of the reporting period (1,445,868.495 units)	53.92
Total value including (notional) units gained through dividend disbursement/payment	54.39
Net earnings per unit	-8.84
<b>Value development of one unit in the period</b>	<b>-13.98%</b>

<b>AT0000812805 non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (234,470.383 units)	114.35
Disbursement/payment on 29.09.2021 (corresponds to roughly 0.0049 units at a calculated value of 113.53)	0.5524
Unit value at the end of the reporting period (205,046.636 units)	97.90
Total value including (notional) units gained through dividend disbursement/payment	98.38
Net earnings per unit	-15.97
<b>Value development of one unit in the period</b>	<b>-13.97%</b>

<b>AT0000673215 KEST-exempt non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (25,634.563 units)	131.25
Disbursement/payment	0.0000
Unit value at the end of the reporting period (28,698.232 units)	112.92
Total value including (notional) units gained through dividend disbursement/payment	112.92
Net earnings per unit	-18.33
<b>Value development of one unit in the period</b>	<b>-13.97%</b>

<b>AT0000639455 KEST-exempt non-dividend-bearing units CZK</b>	
Unit value at the beginning of the reporting period (91,513.776 units)	3,347.79
Disbursement/payment	0.0000
Unit value at the end of the reporting period (82,004.908 units)	2,793.13
Total value including (notional) units gained through dividend disbursement/payment	2,793.13
Net earnings per unit	-554.66
<b>Value development of one unit in the period</b>	<b>-16.57%</b>

## 2. Fund Result

### a. Realised fund result

#### Ordinary fund result

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

Interest income (excluding income adjustment)	2,267,072.25	
Dividend income	0.00	
Other income 8)	0.00	
Total income (without profit or loss from price changes)		2,267,072.25

**Interest paid** - 31,835.71

##### Expenses

Fees paid to Investment Firm	- 718,675.16	
Costs for the financial auditor and tax consultation	- 5,435.00	
Publication costs	- 27,768.02	
Securities account fees	- 33,431.27	
Custodian bank fees	- 57,494.26	
Costs for the external consultant	0.00	
Performance fee	-	
Total expenses		- 842,803.71
Compensation for management costs from sub-funds 1)		0.00

**Ordinary Fund result (excluding income adjustment)** **1,392,432.83**

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

Realised gains 4)	6,193,337.62	
Realised losses 5)	- 8,923,165.27	

**Realised profit or loss from price changes (excluding income adjustment)** **- 2,729,827.65**

**Realised fund result (excluding income adjustment)** **- 1,337,394.82**

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

Changes in the unrealised profit or loss from price changes 7) - 17,696,324.65

**Result for the reporting period 6)** **- 19,033,719.47**

### c. Income adjustment

Income adjustment for income in the period	50,318.32	
Income adjustment for profit carried forward from dividend-bearing units	- 2,630,395.54	

**Overall fund result** **- 21,613,796.69**

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

<b>Fund assets at the beginning of the reporting period</b>	<b>149,570,289.52</b>
<b>Disbursement/payment in the accounting year</b>	<b>- 1,029,117.43</b>
<b>Issue and redemption of units</b>	<b>- 16,377,962.53</b>
<b>Overall fund result</b>	
(The fund result is shown in detail under item 2.)	<b>- 21,613,796.69</b>
<b>Fund assets at the end of the reporting period</b>	<b><u>110,549,412.87</u></b>

- 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 accounting 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 -20,426,152.30.
- 4) Thereof profits from transactions with derivative financial instruments: EUR 4,422,462.64.
- 5) Thereof losses from transactions with derivative financial instruments: EUR -6,434,740.37.
- 6) The result for the accounting year includes explicitly reported transaction costs in the amount of EUR 16,094.66.
- 7) Thereof changes in unrealised gains EUR -7,724,876.51 and unrealised losses EUR -9,971,448.14.
- 8) The earnings reported under this item can be attributed to lending fees from securities lending transactions conducted with Erste Group Bank AG in the amount of EUR 0.00, to earnings from real estate funds in the amount of EUR 0.00, and to other earnings in the amount of EUR 0.00.

# Statement of Assets and Liabilities as of 30 June 2022

(including changes in securities assets from 1 July 2021 to 30 June 2022)

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
Units/nominal (nom. in 1,000, rounded)								
<b>Publicly traded securities</b>								
<b>Bonds denominated in EUR</b>								
<b>Issue country Germany</b>								
GOVT.BOND.V. 14/46	DE0001102341	2.500	0	0	200	118.079	236,157.59	0.21
GOVT.BOND.V.17/48	DE0001102432	1.250	1,800	1,000	3,500	92.298	3,230,444.04	2.92
GOVT.BOND.V.21/28	DE0001102556	0.000	4,000	0	4,000	93.128	3,725,136.12	3.37
Total issue country Germany							7,191,737.75	6.51
<b>Issue country Austria</b>								
AUST. 15/25	AT0000A1FAP5	1.200	0	0	500	100.441	502,206.00	0.45
AUST. 16/26	AT0000A1K9C8	0.750	2,500	0	2,500	97.982	2,449,550.05	2.22
AUST. 16/47	AT0000A1K9F1	1.500	700	0	1,800	86.450	1,556,092.80	1.41
OMV AG 12/27 MTN	XS0834371469	3.500	0	0	200	104.990	209,980.00	0.19
VERBUND AG 14/24	XS1140300663	1.500	0	0	200	100.110	200,219.19	0.18
VIENNA I.GRP 21/36 MTN	AT0000A2QL75	1.000	0	0	700	71.597	501,177.61	0.45
Total issue country Austria							5,419,225.65	4.90
<b>Issue country Spain</b>								
TELEFONICA EM. 14/29 MTN	XS1120892507	2.932	0	0	200	99.648	199,295.20	0.18
Total issue country Spain							199,295.20	0.18
Total bonds denominated in EUR							12,810,258.60	11.59
Total publicly traded securities							12,810,258.60	11.59
<b>Investment certificates</b>								
<b>Investment certificates denominated in EUR</b>								
<b>Issue country Austria</b>								
ERSTE ALPHA 1 T	AT0000A03DF2		5,484	15,306	21,183	55.640	1,178,622.12	1.07
ERSTE ALPHA 2 T	AT0000A05F50		5,776	31,482	46,232	77.080	3,563,562.56	3.22
ERSTE BD EU.HI.YI.R01TEO	AT0000805684		11,000	19,400	100	138.810	13,881.00	0.01
ERSTE BD EURO CORP.R01TEO	AT0000724224		15,000	40,500	38,000	152.280	5,786,640.00	5.23
ERSTE RESERVE EO R01TEO	AT0000724307		0	900	100	1,255.870	125,587.00	0.11
Total issue country Austria							10,668,292.68	9.65
Total investment certificates denominated in EUR							10,668,292.68	9.65
Total investment certificates							10,668,292.68	9.65

Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal	Sales/ disposals (nom. in 1,000, rounded)	Holding	Price	Value in EUR	% share of fund assets
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**Securities admitted to organised markets****Bonds denominated in GBP****Issue country Great Britain**

GREAT BRIT. 20/41	GB00BJQWYH73	1.250	4,500	0	4,500	79.270	4,143,993.81	3.75
GREAT BRIT. 21/31	GB00BNNGP551	0.125	900	0	900	115.710	1,378,716.65	1.25
LCR FINANCE 99/28 REGS	XS0094804126	4.500	0	0	250	112.123	325,635.25	0.29
TREASURY STK 2022	GB00BD0PCK97	0.500	0	0	2,200	99.980	2,555,250.93	2.31
TREASURY STK 2023	GB00BF0HZ991	0.750	0	0	3,400	98.853	3,904,509.64	3.53
TREASURY STK 2024	GB00BHBFH458	2.750	0	0	2,000	101.740	2,363,847.54	2.14
TREASURY STK 2025	GB00BTHH2R79	2.000	0	0	800	100.263	931,812.27	0.84
TREASURY STK 2028	GB00BFX0ZL78	1.625	0	0	2,000	98.132	2,280,018.68	2.06
TREASURY STK 2047	GB00BDCHBW80	1.500	0	0	8,600	79.300	7,922,630.41	7.17
Total issue country Great Britain							25,806,415.18	23.34
Total bonds denominated in GBP translated at a rate of 0.86080							25,806,415.18	23.34

**Bonds denominated in DKK****Issue country Denmark**

DANSKE STAT 2023	DK0009923054	1.500	0	0	2,000	101.229	272,243.01	0.25
DANSKE STAT 2025	DK0009923138	1.750	0	0	3,000	101.868	410,943.08	0.37
DANSKE STAT 2039	DK0009922320	4.500	0	0	2,000	136.538	367,204.07	0.33
Total issue country Denmark							1,050,390.16	0.95
Total bonds denominated in DKK translated at a rate of 7.43665							1,050,390.16	0.95

**Bonds denominated in EUR****Issue country Belgium**

BELGIQUE 15/31 75	BE0000335449	1.000	0	0	5,000	92.949	4,647,430.05	4.20
BELGIQUE 18/28 85	BE0000345547	0.800	0	0	1,500	96.311	1,444,664.96	1.31
Total issue country Belgium							6,092,095.01	5.51

**Issue country Germany**

DVB BANK MTN.16/23	XS1433231377	1.250	0	0	300	99.715	299,145.00	0.27
HEIDEL.CEMENT MTN 16/24	XS1425274484	2.250	0	0	250	99.376	248,440.00	0.22
LBBW SMT IHS 15/25	XS1246732249	3.625	0	0	200	98.377	196,754.39	0.18
MERCEDES BENZ MTN 19/31	DE000A2YPFU9	1.125	0	0	350	82.273	287,954.79	0.26
VOLKSWAGEN LEASING 21/29	XS2282095970	0.500	0	0	300	80.472	241,416.00	0.22
Total issue country Germany							1,273,710.18	1.15

**Issuer European Financial Stability Facility**

EFSF 13/29 MTN	EU000A1G0BL1	2.750	0	0	2,000	105.808	2,116,163.94	1.91
Total issuer European Financial Stability Facility							2,116,163.94	1.91

## ERSTE PORTFOLIO BOND EUROPE

Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal	Sales/ disposals (nom. in 1,000, rounded)	Holding	Price	Value in EUR	% share of fund assets
<b>Issue country France</b>								
BNP PARIBAS 20/32 FLR MTN	FR0013476611	1.125	0	0	300	85.423	256,269.61	0.23
BPCE 20/27 FLR MTN	FR0013534674	0.500	0	0	300	88.802	266,406.01	0.24
BQUE F.C.MTL 14/24 MTN	XS1069549761	3.000	0	0	200	100.661	201,322.01	0.18
CREDIT AGR. 15/27	XS1204154410	2.625	0	0	500	94.888	474,439.01	0.43
ENGIE 12/23 MTN	FR0011261924	3.000	0	0	200	101.250	202,500.00	0.18
FRANCE 20/40 O.A.T.	FR0013515806	0.500	1,400	0	1,400	73.065	1,022,915.59	0.93
FRANCE 22/32 O.A.T.	FR0014007L00	0.000	2,400	0	2,400	82.662	1,983,888.07	1.79
ORANGE 20/32 MTN	FR0013506300	1.625	0	0	300	88.406	265,218.59	0.24
REP. FSE 16-26 O.A.T.	FR0013131877	0.500	0	0	1,300	97.236	1,264,070.57	1.14
REP. FSE 16-36 O.A.T.	FR0013154044	1.250	1,300	0	1,300	88.584	1,151,586.84	1.04
REP. FSE 16-66 O.A.T.	FR0013154028	1.750	0	0	1,000	79.314	793,140.03	0.72
SOC GENERALE 15/25 MTN	XS1195574881	2.625	0	0	500	97.349	486,745.99	0.44
Total issue country France							8,368,502.32	7.57
<b>Issue country Great Britain</b>								
BP CAP.MKTS 20/32 MTN	XS2135801160	2.822	0	0	300	95.773	287,320.20	0.26
Total issue country Great Britain							287,320.20	0.26
<b>Issue country Italy</b>								
B.T.P. 16-26	IT0005170839	1.600	0	1,500	3,000	98.041	2,941,235.97	2.66
B.T.P. 16-47	IT0005162828	2.700	0	1,000	2,000	86.085	1,721,699.98	1.56
B.T.P. 18-28	IT0005340929	2.800	0	0	800	100.549	804,393.62	0.73
ITALY 19/50	IT0005398406	2.450	0	0	1,000	79.678	796,780.01	0.72
ITALY 20/31	IT0005422891	0.900	0	0	3,000	82.877	2,486,322.09	2.25
ITALY 20/51	IT0005425233	1.700	1,500	0	1,500	66.855	1,002,821.96	0.91
ITALY 21/31	IT0005436693	0.600	1,000	0	1,000	79.690	796,900.02	0.72
ITALY 21/37	IT0005433195	0.950	1,500	700	800	71.510	572,076.78	0.52
SNAM 14/24 MTN	XS1019326641	3.250	0	0	400	103.042	412,166.41	0.37
Total issue country Italy							11,534,396.84	10.43
<b>Issue country Jersey</b>								
UBS GROUP 16/24	CH0314209351	2.125	0	0	400	99.941	399,762.39	0.36
Total issue country Jersey							399,762.39	0.36
<b>Issue country Netherlands</b>								
ABN AMRO BANK 13/23 MTN	XS0937858271	2.500	0	0	200	101.577	203,154.01	0.18
ALLIANZ FIN. II 13/28 MTN	DE000A1HG1K6	3.000	0	0	300	103.493	310,478.99	0.28
BAYER CAP.CORP. 18/26	XS1840618059	1.500	0	0	500	95.132	475,658.00	0.43
DT.TELEK.INTL F.13/28 MTN	XS0875797515	3.250	0	0	200	102.621	205,242.40	0.19
VONOVIA FINANCE 16/26 MTN	DE000A182VT2	1.500	0	0	500	91.309	456,544.99	0.41
Total issue country Netherlands							1,651,078.39	1.49

Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal	Sales/ disposals (nom. in 1,000, rounded)	Holding	Price	Value in EUR	% share of fund assets
<b>Issue country Norway</b>								
STATKRAFT 15/23 MTN	XS1293571425	1.500	0	0	250	100.150	250,375.01	0.23
Total issue country Norway							250,375.01	0.23
<b>Issue country Austria</b>								
ERDOEL-LAGERGES. 13-28	XS0905658349	2.750	0	0	200	104.007	208,013.85	0.19
Total issue country Austria							208,013.85	0.19
<b>Issue country Portugal</b>								
PORTUGAL 15-25	PTOTEKOE0011	2.875	0	900	500	105.097	525,483.02	0.48
PORTUGAL 15-45	PTOTEOE0020	4.100	0	0	600	119.015	714,092.42	0.65
PORTUGAL 19/29	PTOTEOE0024	1.950	0	0	1,000	100.043	1,000,431.98	0.90
Total issue country Portugal							2,240,007.42	2.03
<b>Issue country Spain</b>								
SPAIN 16-46	ES00000128C6	2.900	0	2,100	3,700	98.593	3,647,955.76	3.30
SPAIN 18-28	ES0000012B88	1.400	0	0	2,000	97.182	1,943,648.08	1.76
SPAIN 20/30	ES0000012F76	0.500	0	1,000	2,000	88.460	1,769,199.98	1.60
Total issue country Spain							7,360,803.82	6.66
<b>Issue country USA</b>								
AT + T 14/29	XS1144088165	2.600	0	0	500	97.065	485,322.99	0.44
BOOKING HLDGS 15/27	XS1196503137	1.800	0	0	500	95.669	478,345.00	0.43
WELLS FARGO 14/24 MTN	XS1074382893	2.125	0	0	400	99.481	397,923.19	0.36
Total issue country USA							1,361,591.18	1.23
Total bonds denominated in EUR							43,143,820.55	39.03
<b>Bonds denominated in NOK</b>								
<b>Issue country Norway</b>								
NORWAY 14-24	NO0010705536	3.000	0	0	20,000	100.365	1,943,410.38	1.76
NORWAY 16-26	NO0010757925	1.500	0	0	25,000	94.975	2,298,801.89	2.08
NORWAY 19-29	NO0010844079	1.750	0	0	16,000	91.885	1,423,366.82	1.29
Total issue country Norway							5,665,579.09	5.12
Total bonds denominated in NOK translated at a rate of 10.32875							5,665,579.09	5.12
<b>Bonds denominated in SEK</b>								
<b>Issue country Sweden</b>								
SWEDEN 12-32 1056	SE0004517290	2.250	0	0	2,000	105.180	196,356.81	0.18
SWEDEN 14-25 1058	SE0005676608	2.500	0	0	3,000	101.680	284,734.18	0.26

## ERSTE PORTFOLIO BOND EUROPE

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
							Units/nominal (nom. in 1,000, rounded)	
SWEDEN 18-29 1061	SE0011281922	0.750	0	0	4,000	93.007	347,264.29	0.31
							Total issue country Sweden	828,355.28 0.75
							Total bonds denominated in SEK translated at a rate of 10.71315	828,355.28 0.75
Bonds denominated in CZK								
Issue country Czechia								
CZECH REP. 2023	CZ0001004600	0.450	35,000	0	61,000	92.440	2,279,654.75	2.06
CZECH REP. 2025 89	CZ0001004253	2.400	35,000	0	51,000	90.632	1,868,652.95	1.69
							Total issue country Czechia	4,148,307.70 3.75
							Total bonds denominated in CZK translated at a rate of 24.73550	4,148,307.70 3.75
							Total securities admitted to organised markets	80,642,867.96 72.95
Unlisted securities								
Bonds denominated in EUR								
Issue country USA								
LEHMAN BROTH.06/16FLR MTN	XS0268648952	0.000	0	0	500	0.000	0.00	0.00
LEHMAN BROTH.07/19FLR MTN	XS0287044969	0.000	0	0	750	0.000	0.00	0.00
							Total issue country USA	0.00 0.00
							Total bonds denominated in EUR	0.00 0.00
							Total unlisted securities	0.00 0.00
Derivatives							Unrealised result in EUR	
Financial futures denominated in GBP								
Issue country Great Britain								
LONG GILT FUTURE Sep22	LGRU22				-12		23,383.56	0.02
							Total issue country Great Britain	23,383.56 0.02
							Total financial futures denominated in GBP translated at a rate of 0.86080	23,383.56 0.02
Financial futures denominated in EUR								
Issue country Germany								
EURO-BOBL FUTURE Sep22	EBOBU22				110		-158,400.00	-0.14
Euro-BTP Future Sep22	FBTPU22				85		-235,450.00	-0.21
EURO-BUND FUTURE Sep22	FGBLU22				9		45,513.20	0.04
EURO-BUXL 30Y BND Sep22	FGBXU22				-37		399,675.39	0.36
EURO-TREAS FUT Sep22	FGBSU22				-130		47,589.75	0.04
							Total issue country Germany	98,928.34 0.09
							Total financial futures denominated in EUR	98,928.34 0.09
							Total derivatives	122,311.90 0.11



Security designation	ISIN number	Holding	Unrealised result in EUR	% share of fund assets
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**Forward exchange agreements****Forward exchange agreements denominated in EUR****Issue country Austria**

FXF SPEST EUR/CHF 26.08.2022	FXF_TAX_3460872	-4,689,601	204,070.56	0.18
FXF SPEST EUR/CZK 26.08.2022	FXF_TAX_3460930	1,997,668	-3,978.82	-0.00
FXF SPEST EUR/DKK 26.08.2022	FXF_TAX_3460819	-537,912	-243.46	-0.00
FXF SPEST EUR/GBP 26.08.2022	FXF_TAX_3460820	-933,799	-7,135.30	-0.01
FXF SPEST EUR/GBP 26.08.2022	FXF_TAX_3460886	3,153,513	26,022.81	0.02
FXF SPEST EUR/NOK 26.08.2022	FXF_TAX_3460864	3,486,300	58,681.93	0.05
FXF SPEST EUR/SEK 26.08.2022	FXF_TAX_3460818	-429,053	-9,562.82	-0.01
FXF SPEST EUR/SEK 26.08.2022	FXF_TAX_3460870	314,082	6,454.83	0.01
Total issue country Austria			274,309.73	0.25
Total forward exchange agreements denominated in EUR			274,309.73	0.25
Total forward exchange agreements			274,309.73	0.25

**Breakdown of fund assets**

Securities	104,121,419.24	94.19
Forward exchange agreements	274,309.73	0.25
Financial futures	122,311.90	0.11
Cash in banks	5,438,876.94	4.92
Interest entitlements	594,366.85	0.54
Other deferred items	-1,871.79	-0.00
Fund assets	110,549,412.87	100.00

**Investor note:**

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

Dividend-bearing units outstanding	AT0000858527	units	1,445,868.495
Value of dividend-bearing unit	AT0000858527	EUR	53.92
Non-dividend-bearing units outstanding	AT0000812805	units	205,046.636
Value of non-dividend-bearing unit	AT0000812805	EUR	97.90
KEST-exempt non-dividend-bearing units outstanding	AT0000673215	units	28,698.232
Value of KEST-exempt non-dividend-bearing unit	AT0000673215	EUR	112.92
KEST-exempt non-dividend-bearing units outstanding	AT0000639455	units	82,004.908
Value of KEST-exempt non-dividend-bearing unit	AT0000639455	CZK	2,793.13

## ERSTE PORTFOLIO BOND EUROPE

The following securities are inflation-linked bonds for which the nominal value is secured by an inflation index:

Security designation	ISIN number	Index value	Value in EUR
GREAT BRIT. 21/31	GB00BNNGP551	1.13963	1,378,716.65

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

No total return swaps pursuant to Regulation (EU) 2015/2365 (Regulation on Transparency of Securities Financing Transactions and of Reuse) were concluded for the Fund during the reporting period.

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

### **Explanation on disclosure pursuant to Delegated Regulation (EU) No. 2016/2251 supplementing Regulation (EU) No. 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties, and trade repositories with regard to regulatory technical standards for risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty:**

All OTC derivatives are traded through Erste Group Bank AG.

In the event of negative derivatives exposure, collateral in the form of cash or bonds is pledged to Erste Group Bank AG in accordance with the contractually agreed threshold.

In the event of positive derivatives exposure, EUR-denominated government bonds from the Republic of Austria and/or the Federal Republic of Germany are pledged by Erste Group Bank AG to the Fund in accordance with the contractually agreed threshold. A one-time discount of 4% is agreed with the counterparty for this collateral. Collateral that would require a higher discount pursuant to Annex II to Delegated Regulation (EU) No. 2016/2251 is not accepted.

### **Purchases and sales of transferable securities in the reporting period not listed in the statement of assets and liabilities**

Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
<b>Publicly traded securities</b>				
<b>Bonds denominated in EUR</b>				
<b>Issue country Germany</b>				
GOVT.BOND.V.20/30	DE0001102499	0.000	1,300	1,300

Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
<b>Issue country Ireland</b>				
IRELAND 09-25	IE00B4TV0D44	5.400	1,000	1,000
<b>Issue country Austria</b>				
AUSTRIA 18/28 MTN	AT0000A1ZGE4	0.750	0	1,000
<b>Issue country USA</b>				
GOLDM.S.GRP 06/21	XS0270347304	4.750	0	250
<b>Bonds denominated in ROL</b>				
<b>Issue country Romania</b>				
ROMANIA 19/23	ROD9TE7MEESO	4.400	0	4,000
ROMANIA 19/24	ROGV3LGNPCW9	4.500	0	4,000
<b>Securities admitted to organised markets</b>				
<b>Bonds denominated in GBP</b>				
<b>Issue country Great Britain</b>				
TREASURY STK 2048 INF.LIN	GB00BZ13DV40	0.125	0	2,800
<b>Bonds denominated in EUR</b>				
<b>Issue country Australia</b>				
BHP BILLITON FIN.15/30MTN	XS1224955408	1.500	0	500
<b>Issue country Belgium</b>				
BELGIQUE 15/25 74	BE0000334434	0.800	0	900
<b>Issue country Germany</b>				
GOVT.BOND.V. 14/30 INFL.LKD	DE0001030559	0.500	0	3,400
<b>Issue country France</b>				
REP. FSE 18-36 O.A.T.	FR0013327491	0.100	0	4,200
<b>Issue country Italy</b>				
B.T.P. 04-35 FLR	IT0003745541	2.350	0	1,200

## ERSTE PORTFOLIO BOND EUROPE

Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
<b>Issue country Spain</b>				
SPAIN 15-25	ES00000126Z1	1.600	0	4,000
<b>Bonds denominated in PLN</b>				
<b>Issue country Poland</b>				
POLAND 16-27	PL0000109427	2.500	0	14,000
POLAND 18/24	PL0000111720	2.250	0	10,000
<b>Unlisted securities</b>				
<b>Bonds denominated in DKK</b>				
<b>Issue country Denmark</b>				
DANSKE STAT 2021	DK0009922676	3.000	0	4,000
<b>Bonds denominated in SEK</b>				
<b>Issue country Sweden</b>				
SWEDEN 11-22 1054	SE0003784461	3.500	0	3,000

Vienna, 31 August 2022

Erste Asset Management GmbH  
Electronically signed

Inspection information: The electronic signatures of this document can be inspected at the website of Rundfunk und Telekom Regulierungs-GmbH (<https://www.signatur.rtr.at/de/vd/Pruefung.html>).

Note: This document was signed with two qualified electronic signatures. A qualified electronic signature has the same legal effect as a hand-written signature (Article 25 of Regulation [EU] No 910/2014 [eIDAS Regulation]).

## Remuneration Policy

### Remuneration paid to employees of Erste Asset Management GmbH in EUR (2020 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 31.12.20	252
Number of risk bearers in 2020	130
Fixed remuneration	19,145,955
Variable remuneration (bonuses)	5,353,596
<b>Total employee remuneration</b>	<b>24,499,551</b>
Thereof remuneration for managing directors	1,067,602
Thereof remuneration for managerial risk bearers	3,957,611
Thereof remuneration for risk bearers with control functions*	1,411,721
Thereof remuneration for other risk bearers	7,875,864
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>14,312,798</b>

\* Includes the Head of Compliance

### Principles governing performance-based remuneration components

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

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

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

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

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

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

Management Company.

The remuneration system is made up of three components:

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

The bonus potential is based on the fixed annual gross remuneration. The target agreements concluded with the employees contain qualitative and/or quantitative objectives. The 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 7 April 2021 revealed no deviations. There were also no material findings during the last audit by the Internal Auditing department.

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

# Audit Report\*

## Statement on the annual report

### Audit opinion

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

ERSTE PORTFOLIO BOND EUROPE  
Jointly owned fund pursuant to the InvFG

consisting of the statement of assets and liabilities as of 30 June 2022, 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 30 June 2022 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 up to the date of the audit certificate is sufficient and suitable to serve as a basis for our audit opinion as of that date.

### 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 the context of our review of the annual report, we are responsible for reading this other information and assessing whether the other information contains material inconsistencies with the annual report or with the information gathered by us during our audit, or appears to contain other manners of material misstatements.

Should we come to the conclusion on the basis of the work completed with the other information received before the date of the audit report that this other information contains a material misstatement, we are required to report about this fact. We have nothing to report in this regard.

### **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 certificate 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.

Vienna, 15 September 2022

**Ernst & Young**

Wirtschaftsprüfungsgesellschaft m.b.H.

**Mag. Andrea Stippl m.p.**

(Certified Public  
Accountant)

**ppa MMag. Roland Unterweger m.p.**

(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.

## **Annex Sustainability-Related Information**

### **Information pursuant to Article 7 of Regulation (EU) 2020/852 (Taxonomy Regulation):**

The underlying investments of this financial product do not take the EU criteria for environmentally sustainable economic activity into account.

# Fund Rules

The Fund Rules for ERSTE PORTFOLIO BONDE EUROPE, jointly owned fund pursuant to the Austrian Investment Fund Act (Investmentfondsgesetz; InvFG) 2011 as amended, were approved by the Austrian Financial Market Authority (FMA).

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

## Article 1 Fund Units

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

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

## Article 2 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.

The Fund may invest in units in investment funds with investment restrictions that deviate from those of the Fund in terms of the investment focus described above and the restrictions regarding investment instruments defined below. This will not impair compliance with the investment focus described above at any time.

### a) Transferable securities

Transferable securities (including securities with embedded derivative financial instruments) may comprise up to 100% of the fund assets.

### b) Money market instruments

Money market instruments may comprise up to 49% of the fund assets.

### c) Transferable securities and money market instruments

Transferable securities or money market instruments issued or guaranteed by the Republic of Austria or its states: Burgenland, Carinthia, Lower Austria, Upper Austria, Salzburg, Styria, Tyrol, Vorarlberg, Vienna; the Federal Republic of Germany or its states: Baden-Württemberg, Bavaria, Berlin, Brandenburg, Bremen, Hamburg, Hesse, Mecklenburg-Vorpommern, Lower Saxony, North Rhine-Westphalia, Rhineland-Palatinate, Saarland, Saxony, Saxony-Anhalt, Schleswig-Holstein, Thuringia; the French Republic, the Italian Republic, the Kingdom of Spain, the United States of America; the European Financial Stability Facility (EFSF); the European Union (EU); the European Investment Bank; or the International Bank for Reconstruction and Development (IBRD) may make up more than 35% of

the fund assets provided that the fund assets are invested in at least six different instruments, but an investment in one instrument may not make up more than 30% of the total fund assets.

Transferable securities and money market instruments may be purchased for the Fund when they meet the criteria regarding listing or trading on a regulated market or a securities exchange pursuant to the InvFG.

Transferable securities and money market instruments that do not meet the criteria described in the previous paragraph may comprise up to 10% of the fund assets in total.

d) Units in investment funds

Units in investment funds (UCITS, UCI) may comprise up to 20% of the fund assets per individual issue and may comprise up to 100% in aggregate total, provided that the target funds themselves (UCITS or UCI) do not invest more than 10% of their fund assets in units of other investment funds.

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

e) Derivative financial instruments

Derivative financial instruments can be used as part of the investment strategy and for hedging purposes, and may comprise up to 100% of the fund assets.

f) Risk measurement method(s) of the Fund

The Fund applies the following risk measurement methods: commitment approach

The commitment value is determined according to § 3 of the 4th FMA Regulation on Risk Calculation and Reporting of Derivative Instruments (4. Derivate-Risikoberechnungs- und MeldeV) as amended.

g) Demand deposits or deposits with the right to be withdrawn

Demand deposits and deposits with the right to be withdrawn with a maximum term of 12 months may be held in the amount of no more than 49% of the fund assets.

There are no minimum bank balance requirements.

However, in the course of the restructuring of the fund portfolio and/or in the case of the justified expectation of impending losses, the Fund can hold a higher proportion of demand deposits or deposits with the right to be withdrawn with a maximum term of 12 months.

h) Acceptance of short-term loans

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

i) Repurchase agreements

Does not apply.

j) Securities lending

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

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

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

### **Article 4 Issue and Redemption Procedure**

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

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

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

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

The issue price shall be made up of the unit value plus a surcharge per unit amounting to up to 3.5% to cover the costs incurred by the Management Company in issuing the unit, rounded up to the next equivalent sub-unit of the currency unit specified for the respective unit

category in the prospectus.

The Management Company shall be entitled to apply a sliding front-end surcharge scale at its own discretion.

There is no limit on the issue of units in principle. However, the Management Company reserves the right to temporarily or permanently suspend the issue of unit certificates.

#### **Redemption of units and back-end commission**

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

The redemption price is the unit value rounded down to the next equivalent sub-unit of the currency unit specified for the respective unit category in the prospectus. No back-end commission will be charged.

Upon request by the Unit-holder, his units shall be redeemed at the current redemption price in return for the unit certificate.

### **Article 5 Accounting Year**

The accounting year of the Fund is from 1 July to 30 June.

### **Article 6 Unit Categories and Use of Earnings**

The Fund features three different unit categories and the corresponding certificates: dividend-bearing units, non-dividend-bearing units with capital gains tax payment, and non-dividend-bearing units without capital gains tax payment, with certificates being issued for one unit each and also for fractional units.

Various unit categories may be issued for this Fund. The creation of unit categories and the issue of units of a specific category shall be decided at the discretion of the Management Company.

#### **Use of earnings for dividend-bearing units**

The earnings generated during the accounting year (interest and dividends) less all costs can be distributed as deemed appropriate by the Management Company. Dividend disbursement may be omitted in the interests of the Unit-holders. Dividends may also be disbursed at the discretion of the Management Company from earnings generated by the sale of fund assets, including subscription rights. Disbursements of fund assets and interim dividends may be paid.

The fund assets may in no case fall below the legally stipulated minimum volume for termination as a result of dividend disbursements.

The amounts shall be paid to the holders of dividend-bearing units on or after 1 October of the following accounting year. The remaining amount shall be carried forward.

An amount calculated in accordance with the InvFG must also be paid out on or after 1 October to cover the capital gains tax assessed by the tax authorities on the dividend-equivalent earnings from the fund units unless the Management Company provides suitable proof from the banks managing the corresponding securities accounts that the unit certificates can only be held by Unit-holders who are not subject to Austrian personal income tax or corporation tax or who meet the conditions for exemption from capital gains tax according to § 94 of the Austrian Income Tax Act (Einkommensteuergesetz) at the time of payment.

#### **Use of earnings for non-dividend-bearing units with capital gains tax payment (non-dividend-bearing units)**

The earnings generated by the Fund during the accounting year less all costs will not be paid out. In the case of non-dividend-bearing units, an amount calculated in accordance with the InvFG must be paid out on or after 1 October to cover the capital gains tax assessed by the tax authorities on the dividend-equivalent earnings from the fund units unless the Management Company provides suitable proof from the banks managing the corresponding securities accounts that the unit certificates can only be held by Unit-holders who are not subject to Austrian personal income tax or corporation tax or who meet the conditions for exemption from capital gains tax according to § 94 of the Austrian Income Tax Act (Einkommensteuergesetz) at the time of payment.

#### **Use of earnings for non-dividend-bearing units without capital gains tax payment (KESt-exempt non-dividend-bearing units)**

The earnings generated by the Fund during the accounting year less all costs will not be paid out. No payment pursuant to the InvFG will be made. The reference date for the exemption from KESt payment for the profit for the year for the purposes of the InvFG shall be 1 October of the following accounting year.

The Management Company shall provide suitable proof from the banks managing the corresponding securities accounts that the unit certificates could only be held by Unit-holders who are not subject to Austrian personal income tax or corporation 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 amounting to up to 0.72% of the fund assets as calculated and accrued on the basis of the daily fund volume. The fee will be charged to the fund assets once per month.

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

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

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

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

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

## **Annex to the Fund Rules**

### **List of exchanges with official trading and organised markets (As of October 2021)**

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

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

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

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

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

[https://registers.esma.europa.eu/publication/searchRegister?core=esma\\_registers\\_upreg](https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_upreg) \*

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

1.2.1 Luxembourg: Euro MTF Luxembourg

##### **1.3. 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 Exchange
2.4.	Switzerland:	SIX Swiss Exchange AG, BX Swiss AG
2.5.	Serbia:	Belgrade
2.6.	Türkiye:	Istanbul (only “National Market” on the stock market)
2.7.	United Kingdom of Great Britain and Northern Ireland:	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 und Gibraltar Stock Exchange

#### **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, Fukuoka, Sapporo
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, Auckland
3.17.	Peru:	Bolsa de Valores de Lima
3.18.	Philippines:	Philippine Stock Exchange
3.19.	Singapore:	Singapore Stock Exchange
3.20.	South Africa:	Johannesburg

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

### 4. Organised markets in countries outside of the European Union

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.	South Africa:	Johannesburg Stock Exchange (JSE), South African Futures Exchange (SAFEX)
5.13.	Türkiye:	TurkDEX
5.14.	USA:	NYCE American, Chicago Board Options Exchange, Chicago Board of Trade, Chicago Mercantile Exchange, Comex, FINEX, ICE Future US, Inc., New York, Nasdaq, 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.



**Note regarding the data used**

The sections Income Statement and Changes in Fund Assets, Statement of Assets and Liabilities and Details and Explanation of Tax Treatment in this annual report were prepared on the basis of data from the depositary bank for the Fund.

**The data and information provided by the depositary bank were collected with the greatest possible care and were checked solely for plausibility.**

**Note for retail funds:**

Unless indicated otherwise, source: Erste Asset Management GmbH. Our languages of communication are German and English. The full prospectus and the key investor information (and any applicable changes to these documents) were published in Amtsblatt zur Wiener Zeitung in accordance with the provisions of the InvFG 2011 in the currently amended version and are available free of charge at the registered office of the Investment Firm and at the head office of the depositary bank. The exact date of most recent publication, the languages in which the key investor information is available, and any additional locations where the documents can be obtained can be viewed on the website [www.erste-am.at](http://www.erste-am.at).

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