

ESPA STOCK EUROPE EMERGING

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.....	5
Asset Allocation.....	5
Comparative Overview	6
Disbursement/Payment.....	7
Income Statement and Changes in Fund Assets	8
1. Value Development over the Accounting Year (Fund Performance)	8
2. Fund Result.....	9
3. Changes in Fund Assets.....	10
Statement of Assets and Liabilities as of 31 May 2019	11
Remuneration Policy	19
Audit Report.....	21
Fund Rules.....	24
Annex to the Fund Rules	27

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 Philipp VISKI-HANKA
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 STOCK EUROPE EMERGING jointly owned fund pursuant to the InvFG for the period from 1 June 2018 to 31 May 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 STOCK EUROPE EMERGING as of the effective date of the merger.

Development of the Fund

The equity markets in Eastern Europe closed the reporting period with a substantial plus of 9.95% (in EUR), significantly outpacing the other emerging markets. While the developed global equity markets posted a plus of 4.01% in euros, the MSCI Emerging Markets fell well short of the expectations at minus 5.05% (in EUR). The international commodity markets were weak on the whole with the CRB Spot Metals Index losing around 12.05% (in EUR) during the period and the oil price falling by roughly 14.17% (in EUR). In the first half of the reporting period, rising USD interest rates and the announced end of the ECB's QE caused a noticeable increase in volatility in the markets. In 2019, the hopes for a near end to the trade dispute between the USA and China and a cautious Fed lent new impetus to the market. The losses from the previous calendar year were reversed in the final months of the period.

The relative performance of the Eastern European equity markets was also caused by a number of country-specific factors, however. Especially the political developments in Turkey were cause for worry. The economic crisis in the country worsened as the political tensions increased. The controversial presidential elections were held in June 2018, followed by a public conflict with the US government and then a repeat of the Istanbul elections. Consumer prices rose by 18.71% (May 2019), the lira lost over 23% of its value versus the euro during the reporting period, and unemployment climbed to 14.1% (March 2019). The central bank in Ankara felt forced to raise its key rate from 8% (at the end of April) to 24% in multiple steps. But the central bank was hesitant to hike interest rates under these conditions, which made investors nervous. Especially Erdogan's massive criticism of the bank's monetary policy raised doubts about the independence of the central bank. Real GDP growth went negative and declined by 2.6% (Q1 2019). Standard & Poor's downgraded the country to B+ in August 2018. Analysts also lowered their growth projections for 2019, which are now estimated at minus 1.2%. The stock market in Istanbul reacted negatively and lost 21.8% (in EUR) in the period.

The Russian equity market delivered the best performance in the region. New US and EU sanctions and their extension are still dampening the outlook, but the economy continued to stabilise. The USA lifted its sanctions against EN+ and Rusal after Oleg Deripaska stepped down from the administrative board and reduced his shareholding in the company. GDP grew by 2.3% in 2018, but then slowed substantially to 0.5% in the first quarter of 2019. Industrial production rose by 0.9% (May 2019). Inflation rose to 5.1% as of the end of the period due to the VAT increase from 18% to 20% in January. In response, the central bank in Moscow hiked its key rate from 7.25% to 7.75% in two steps. Disciplined fiscal and monetary policy bore fruit. Russia reported a budget surplus of 2.55% of GDP. The oil price was very volatile over the course of the year but stayed above USD 70/barrel, and thus lent support. The trade balance and current account balance surpluses also led to a significant increase in the central bank's currency reserves to a five-year high of USD 495.2 billion. The equity market in Moscow rose by around 22.87% (in EUR) during the reporting period, significantly outpacing the other Eastern European markets. Good corporate earnings, increased dividend yields, and buybacks by companies including Lukoil had a positive effect.

ESPA STOCK EUROPE EMERGING

The economies in Central Europe continued to profit from the ECB's loose monetary policy. Thanks in part to the low inflation, Poland's GDP rose by 5.1% in 2018, Hungary's by 4.9%, and Czechia's by 2.9%. The marked improvement in the macroeconomic conditions was driven above all by the positive development of exports and an increase in domestic demand. With a plus of more than 12% (in EUR), the exchange in Budapest was among the best performers. The stock markets in Warsaw and Prague each closed the reporting period with a slight plus of 5.39%. Especially the talks of additional taxes on banks (in Czechia and Romania) and on retailers (Poland) hurt investor sentiment. The Greek stock market rose by 8.55% (in EUR). The latest statistics are pointing to the slow stabilisation of the economy and the country's public finances.

The ESPA STOCK EUROPE EMERGING equity fund delivered a positive performance of 10.93% in euro terms for the reporting period. The fund was over 95% invested for most of the past 12 months.

The portfolio is focused on 40 to 65 shares. The investment strategy continues to focus on companies with solid balance sheets, low debt, low refinancing risk, and sustainable cash flow growth. As of the end of the period, the highest weightings were in Russia (around 58.8%), Poland (around 16.4%), and Turkey (10.12%). In terms of sectors, the highest allocation was to the energy sector at roughly 43.2%, followed by the financial sector at roughly 30% and the materials sector at roughly 10.2%. The fund management feels that the current (geo)political tensions in Russia, Turkey, and other countries call for a higher risk premium on investments in these countries. The positions in companies including Vakifbank, Ulusoy, Emlak, and Özak Reit were sold. Profits were taken from companies including GazpromNeft and Gazprom in Russia. By contrast, the exposure to Central Europe in particular was increased through consumer goods (CCC, DINO in Poland) and financials (Moneta in Czechia, Richter in Hungary).

During the period, investments in Russia in particular made positive contributions to the fund's performance. Investments in Turkish stocks proved to be disadvantageous. The materials sectors such as oil and gas made the most significant positive contribution to the fund performance while utilities, consumer discretionary, and financials and banks had a negative effect. The fund's investment level was approximately 98% at the end of the reporting period. The portfolio's anticipated dividend yield was roughly 6%.

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 May 2019		31 May 2018	
	EUR millions	%	EUR millions	%
Equities denominated in				
BGN	0.2	0.33	0.2	0.37
EUR	3.3	5.41	3.2	5.35
PLN	9.9	16.16	8.2	13.69
RON	-	-	0.1	0.20
RUB	15.1	24.51	12.7	21.06
CZK	0.9	1.53	0.7	1.09
TRY	6.2	10.06	8.4	13.90
USD	21.1	34.38	21.8	36.22
HUF	3.6	5.78	1.7	2.88
Securities	60.4	98.16	57.0	94.78
Dividend entitlements	0.1	0.09	0.1	0.09
Bank balances	1.1	1.75	3.1	5.13
Interest entitlements	0.0	0.00	0.0	0.00
Other deferred items	-	0.0	-	0.0
Fund assets	61.5	100.00	60.2	100.00

Comparative Overview

Accounting year	Fund assets
2016/2017	65,654,778.09
2017/2018	60,153,850.21
2018/2019	61,519,051.24

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	AT0000858428	EUR	67.68	1.4000	-	16.53
2017/2018	Dividend-bearing units	AT0000858428	EUR	65.67	1.2000	0.0000	-0.95
2018/2019	Dividend-bearing units	AT0000858428	EUR	71.46	1.2000	0.0000	10.93

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	AT0000812938	EUR	89.96	0.0000	0.0000	16.53
2017/2018	Non-dividend-bearing units	AT0000812938	EUR	89.09	0.0000	0.0000	-0.97
2018/2019	Non-dividend-bearing units	AT0000812938	EUR	98.84	0.0000	0.0000	10.94

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	AT0000639471	CZK	2,470.85	-	0.0000	13.64
2017/2018	KESSt-exempt non-dividend-bearing units	AT0000639471	CZK	2,397.15	-	0.0000	-2.98
2018/2019	KESSt-exempt non-dividend-bearing units	AT0000639471	CZK	2,661.00	-	0.0000	11.01

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	AT0000673181	EUR	93.76	-	0.0000	16.53
2017/2018	KESSt-exempt non-dividend-bearing units	AT0000673181	EUR	92.85	-	0.0000	-0.97
2018/2019	KESSt-exempt non-dividend-bearing units	AT0000673181	EUR	103.01	-	0.0000	10.94

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	AT0000A00G88	HUF	28,904.80	-	0.0000	14.56
2017/2018	KESSt-exempt non-dividend-bearing units	AT0000A00G88	HUF	29,682.75	-	0.0000	2.69
2018/2019	KESSt-exempt non-dividend-bearing units	AT0000A00G88	HUF	33,466.92	-	0.0000	12.75

Disbursement/Payment

The following disbursement or payment will be made for the accounting year from 1 June 2018 to 31 May 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 2 September 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	AT0000858428	EUR	1.2000		0.0000	0.0000	0.0000
Non-dividend-bearing units	AT0000812938	EUR	0.0000		0.0000	0.0000	0.0000
KESSt-exempt non-dividend-bearing units	AT0000639471	CZK	-	*	-	-	0.0000
KESSt-exempt non-dividend-bearing units	AT0000673181	EUR	-	*	-	-	0.0000
KESSt-exempt non-dividend-bearing units	AT0000A00G88	HUF	-	*	-	-	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 an front-end surcharge

The performance of unit categories with no outstanding units at the end of the reporting period or no outstanding units during the reporting period is generally based on the dividend-adjusted performance of the overall fund. In these cases, the “performance”, the “net earnings per unit”, and the “total value including (notional) units gained through disbursement/payment” are not reported in the following.

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

AT0000858428 dividend-bearing units EUR	
Unit value at the beginning of the reporting period (178,584.079 units)	65.67
Disbursement/payment on 30.08.2018 (corresponds to roughly 0.0195 units at a calculated value of 61.55)	1.2000
Unit value at the end of the reporting period (165,986.471 units)	71.46
Total value including (notional) units gained through dividend disbursement/payment	72.85
Net earnings per unit	7.18
Value development of one unit in the period	10.93%

AT0000812938 non-dividend-bearing units EUR	
Unit value at the beginning of the reporting period (431,826.532 units)	89.09
Disbursement/payment	0.0000
Unit value at the end of the reporting period (404,371.004 units)	98.84
Total value including (notional) units gained through dividend disbursement/payment	98.84
Net earnings per unit	9.75
Value development of one unit in the period	10.94%

AT0000639471 KEST-exempt non-dividend-bearing units CZK	
Unit value at the beginning of the reporting period (28,929.317 units)	2,397.15
Disbursement/payment	0.0000
Unit value at the end of the reporting period (24,280.386 units)	2,661.00
Total value including (notional) units gained through dividend disbursement/payment	2,661.00
Net earnings per unit	263.85
Value development of one unit in the period	11.01%

AT0000673181 KEST-exempt non-dividend-bearing units EUR	
Unit value at the beginning of the reporting period (75,542.129 units)	92.85
Disbursement/payment	0.0000
Unit value at the end of the reporting period (67,485.372 units)	103.01
Total value including (notional) units gained through dividend disbursement/payment	103.01
Net earnings per unit	10.16
Value development of one unit in the period	10.94%

AT0000A00G88 KEST-exempt non-dividend-bearing units HUF	
Unit value at the beginning of the reporting period (2,699.831 units)	29,682.75
Disbursement/payment	0.0000
Unit value at the end of the reporting period (2,268.160 units)	33,466.92
Total value including (notional) units gained through dividend disbursement/payment	33,466.92
Net earnings per unit	3,784.17
Value development of one unit in the period	12.75%

2. Fund Result

a. Realised fund result

Ordinary fund result

Income (without profit or loss from price changes)

Interest income (excluding income adjustment) 12,108.37

Dividend income 2,434,575.66

Other income 8) 0.00

Total income (without profit or loss from price changes) 2,446,684.03

Interest paid - 7,117.75

Expenses

Fees paid to Investment Firm - 1,082,898.30

Costs for the financial auditor and tax consultation - 4,635.00

Publication costs - 56,922.25

Securities account fees - 35,725.11

Depository bank fees - 95,295.08

Costs for the external consultant 0.00

Total expenses - 1,275,475.74

Compensation for management costs from sub-funds 1) 0.00

Ordinary fund result (excluding income adjustment) 1,164,090.54

Realised profit or loss from price changes 2) 3)

Realised gains 4) 2,875,168.35

Realised losses 5) - 4,282,233.46

Realised profit or loss from price changes (excluding income adjustment) - 1,407,065.11

Realised fund result (excluding income adjustment) - 242,974.57

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

Changes in the unrealised profit or loss from price changes 7) 6,475,928.49

Result for the reporting period 6) 6,232,953.92

c. Income adjustment

Income adjustment for income in the period 21,377.14

Income adjustment for profit carried forward from dividend-bearing units 0.00

Overall fund result 6,254,331.06

3. Changes in Fund Assets

Fund assets at the beginning of the reporting period	60,153,850.21
Disbursement/payment in the accounting year	- 212,555.55
Issue and redemption of units	- 4,676,574.48
Overall fund result	
(The fund result is shown in detail under item 2.)	6,254,331.06
Fund assets at the end of the reporting period	61,519,051.24

- 1) Reimbursements (in the sense of commissions) paid by third parties are forwarded to the fund after deduction of any associated costs. Erste Bank der oesterreichischen Sparkassen AG receives 25% of the calculated commissions to cover administrative costs.
- 2) Realised profits and losses are not calculated precisely for the specific periods, which means that they, as is the case for the changes in the unrealised profit or loss, are not necessarily congruent with the changes in the value of the fund in the reporting year.
- 3) Total profit or loss from price changes without income adjustment (realised profit or loss from price changes, without income adjustment, plus changes in the unrealised profit or loss): EUR 5,068,863.38.
- 4) Thereof profits from transactions with derivative financial instruments: EUR 0.00.
- 5) Thereof losses from transactions with derivative financial instruments: EUR -227.36.
- 6) The result for the accounting year includes explicitly reported transaction costs in the amount of EUR 38,182.54.
- 7) Thereof changes in unrealised gains EUR 3,596,767.68 and unrealised losses EUR 2,879,160.81.
- 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 May 2019

(including changes in securities assets from 1 June 2018 to 31 May 2019)

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
Publicly traded securities							
Equities denominated in BGN							
Issue country Bulgaria							
FIRST INVEST.BK AD SO.BW1	BG1100106050	0	0	117,000	3.360	200,968.24	0.33
Total issue country Bulgaria						200,968.24	0.33
Total equities denominated in BGN translated at a rate of 1.95613						200,968.24	0.33
Equities denominated in EUR							
Issue country Greece							
ALPHA BANK EO -.30	GRS015003007	0	0	685,000	1.690	1,157,650.00	1.88
HELLENIC TELECOM. REG.	GRS260333000	0	0	30,000	12.250	367,500.00	0.60
MOTOR OIL (HELL.) EO 0.75	GRS426003000	10,000	0	40,000	22.800	912,000.00	1.48
NATL BK GREECE REG.EO 3	GRS003003035	375,000	0	375,000	2.368	888,000.00	1.44
Total issue country Greece						3,325,150.00	5.41
Total equities denominated in EUR						3,325,150.00	5.41
Equities denominated in PLN							
Issue country Poland							
DINO POLSKA S.A. ZY -.10	PLDINPL00011	15,000	5,000	10,000	124.400	290,597.85	0.47
GETBACK S.A. ZY -.05	PLGTBCK00297	0	0	132,200	0.000	0.00	0.00
Total issue country Poland						290,597.85	0.47
Total equities denominated in PLN translated at a rate of 4.28083						290,597.85	0.47
Equities denominated in RUB							
Issue country Russia							
AKTION.KOM.ALROSA RL0.50	RU0007252813	260,000	0	960,000	88.150	1,165,778.00	1.89
LUKOIL RL-.025	RU0009024277	10,000	0	10,000	5,268.500	725,787.18	1.18
MAGNIT PJSC RL-.01	RU000A0JKQU8	3,500	0	8,001	3,738.500	412,063.32	0.67
MMC NORILSK NICK.PJSC RL1	RU0007288411	1,300	0	3,400	13,718.000	642,527.95	1.04
MOBILE TELESYSTEMS RL-.10	RU0007775219	50,000	180,000	250,000	255.800	880,973.52	1.43
MOSCOW EXCH.MICEX-RTS RL1	RU000A0JR4A1	150,000	0	400,000	84.750	467,005.51	0.76
NOVATEK RL 0.10	RU000A0DKVS5	0	0	240,000	1,323.000	4,374,147.18	7.11
ROSNEFT OIL CO. RL-.01	RU000A0J2Q06	0	0	80,000	433.000	477,199.73	0.78
SBERBANK OF RU. RL 2	RU0009029540	250,000	610,000	1,100,000	233.240	3,534,418.93	5.75
SBERBANK PFD RL 3	RU0009029557	600,000	450,000	600,000	205.510	1,698,660.22	2.76

ESPA STOCK EUROPE EMERGING

Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
		Units/nominal (nom. in 1,000, rounded)					
SEVERSTAL RL-.01	RU0009046510	20,000	0	40,000	1,036.400	571,096.77	0.93
TMK PAO RL 10	RU000A0B6NK6	0	0	160,000	59.000	130,045.19	0.21
Total issue country Russia						<u>15,079,703.50</u>	<u>24.51</u>
Total equities denominated in RUB translated at a rate of 72.59015						<u>15,079,703.50</u>	<u>24.51</u>
Equities denominated in TRL							
Issue country Turkey							
AKSA ENERJI URETIM TN 1	TREAKSN00011	550,000	0	550,000	2.290	193,681.03	0.31
BIM BIRLESIK MAGAZALAR AS	TREBIMM00018	0	0	15,000	79.700	183,839.36	0.30
COCA COLA ICECEK C TN 1	TRECOLA00011	0	0	55,000	27.220	230,218.24	0.37
ENERJISA ENERJI TN -.01	TREENSA00014	0	0	125,000	5.350	102,837.78	0.17
HACI OMER SABANCI TN 1	TRASAHOL91Q5	390,000	300,000	330,000	7.750	393,282.44	0.64
MIGROS TICARET REG. TN 1	TREMGTI00012	75,000	85,000	75,000	12.890	148,663.07	0.24
ODAS ELEKT.URET.SA.TI.TN1	TREODAS00014	2,400,000	500,000	1,900,000	1.350	394,435.76	0.64
TAV HAVALIMAN.HLDG TN 1	TRETAVH00018	0	0	40,000	25.440	156,482.59	0.25
Total issue country Turkey						<u>1,803,440.27</u>	<u>2.93</u>
Total equities denominated in TRL translated at a rate of 6.50296						<u>1,803,440.27</u>	<u>2.93</u>
Equities denominated in HUF							
Issue country Hungary							
MOL NYRT. NA A UF 125	HU0000153937	30,000	0	150,000	3,276.000	1,512,511.83	2.46
OTP BANK NYRT.	HU0000061726	12,500	0	37,500	12,150.000	1,402,397.65	2.28
RICHT.GEDE.VEG.GYAR UF100	HU0000123096	40,000	0	40,000	5,230.000	643,910.21	1.05
Total issue country Hungary						<u>3,558,819.69</u>	<u>5.78</u>
Total equities denominated in HUF translated at a rate of 324.89002						<u>3,558,819.69</u>	<u>5.78</u>
Equities denominated in USD							
Issue country Netherlands							
X 5 RETAIL G.GDR REGS 1/4	US98387E2054	7,000	0	29,000	29.420	765,630.19	1.24
Total issue country Netherlands						<u>765,630.19</u>	<u>1.24</u>
Issue country Russia							
GAZPROM ADR SP./2 RL 5L 5	US3682872078	50,000	290,000	960,000	6.570	5,659,981.15	9.20
LUKOIL SP.ADR RL-.025	US69343P1057	8,000	45,500	65,000	79.730	4,650,648.36	7.56
MAGNIT PJSC RL-.01	RU000A0JKQU8	0	0	8,000	57.391	412,011.83	0.67
ROSNEFT OIL GDRREGS RL-01	US67812M2070	0	95,000	410,000	6.664	2,451,868.80	3.99
SEVERSTAL GDR S OCT2006 1	US8181503025	0	0	45,000	15.770	636,828.64	1.04
SURGUTNEFTEGAS PJSC VZ	RU0009029524	0	0	1,500,000	0.621	836,167.72	1.36
TATNEFT PJSC RL 1	RU0009033591	0	0	205,000	11.490	2,113,819.79	3.44
Total issue country Russia						<u>16,761,326.29</u>	<u>27.25</u>
Total equities denominated in USD translated at a rate of 1.11435						<u>17,526,956.48</u>	<u>28.49</u>
Total publicly traded securities						<u>41,785,636.03</u>	<u>67.92</u>

Security designation	ISIN number	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**Equities denominated in PLN****Issue country Luxembourg**

PLAY COMMUNIC. EO 0.00012	LU1642887738	0	0	40,000	26.220	244,999.22	0.40
Total issue country Luxembourg						244,999.22	0.40

Issue country Poland

ALIOR BANK SA ZY 10	PLALIOR00045	0	0	58,055	52.800	716,053.66	1.16
BANK POLSKA KASA OP. ZY 1	PLPEKA000016	7,500	0	55,000	106.250	1,365,097.42	2.22
CCC S.A. ZY 0.1	PLCCC0000016	10,500	0	10,500	156.700	384,353.03	0.62
CYFROWY POLSAT SA ZY -.04	PLCFRPT00013	0	0	120,000	26.100	731,633.82	1.19
ENERGA SA AA ZY 10.92	PLENERG00022	0	0	119,500	7.740	216,063.24	0.35
GRUPA LOTOS S.A. ZY 1	PLLOTOS00025	30,000	0	60,000	87.820	1,230,882.80	2.00
KGHM POLSKA MIEDZ ZY 10	PLKGHM000017	0	0	15,000	95.000	332,879.37	0.54
ORANGE POLSKA SA A ZY 3	PLTLKPL00017	0	0	170,000	5.150	204,516.41	0.33
PKN ORLEN S.A. ZY 1.25	PLPKN0000018	10,000	0	10,000	96.780	226,077.65	0.37
PKO BANK POLSKI S.A. ZY 1	PLPKO0000016	0	20,000	225,000	39.300	2,065,604.10	3.36
POWSZECHNY ZAKLAD UBEZP.	PLPZU0000011	25,000	0	200,000	41.430	1,935,605.95	3.15
Total issue country Poland						9,408,767.45	15.29
Total equities denominated in PLN translated at a rate of 4.28083						9,653,766.67	15.69

Equities denominated in CZK**Issue country Czech Republic**

KOMERCNI BANKA BEARER KC100 CZ0008019106		0	2,000	17,000	873.000	574,509.52	0.93
MONETA MONEY BANK KC 1 CZ0008040318		170,000	45,000	125,000	75.500	365,334.79	0.59
Total issue country Czech Republic						939,844.31	1.53
Total equities denominated in CZK translated at a rate of 25.83247						939,844.31	1.53

Equities denominated in TRY**Issue country Turkey**

AKBANK T.A.S. TN 1	TRAAKBNK91N6	350,000	275,000	650,000	5.980	597,727.80	0.97
ARCELIK A.S. REG. TN 1	TRAARCLK91H5	130,000	0	160,000	17.420	428,604.82	0.70
ENKA INSAAT VE SAN. TN 1	TREENKA00011	0	0	279,759	5.300	228,007.35	0.37
EREGLI DEM.CEL. REG. TN 1	TRAEREG191G3	250,000	0	250,000	7.250	278,719.23	0.45
FORD OTOMOTIV SANAYI TN 1	TRAOTOSN91H6	0	0	15,000	55.050	126,980.64	0.21
TUERK.PETROL RAFI. TN 1	TRATUPRS91E8	0	5,000	30,000	131.000	604,340.18	0.98
TUERKIYE GAR.BANK.NAM.TN1	TRAGARAN91N1	550,000	350,000	900,000	7.930	1,097,500.22	1.78
TURK HAVA YOLLARI AS	TRATHYA091M5	0	0	114,500	12.490	219,916.01	0.36
TURKCELL ILETISIM TN 1	TRATCELL91M1	0	0	270,000	11.640	483,287.61	0.79
TURKIYE IS BANKASI C TN 1	TRAICTR91N2	200,000	450,000	125,000	5.120	98,416.72	0.16
VESTEL ELEK. SAN.NA TN 1	TRAVESTL91H6	150,000	0	150,000	9.750	224,897.59	0.37
Total issue country Turkey						4,388,398.17	7.13
Total equities denominated in TRY translated at a rate of 6.50296						4,388,398.17	7.13

ESPA STOCK EUROPE EMERGING

Security designation	ISIN number	Purch./ additions Units/nominal	Sales/ disposals (nom. in 1,000, rounded)	Holding	Price	Value in EUR	% share of fund assets
Equities denominated in USD							
Issue country Russia							
GAZPROM NEFT ADR5/RL-0016	US36829G1076	0	40,000	10,000	28.540	256,113.43	0.42
LSR GROUP PAO GDR S/5	US50218G2066	0	0	150,000	2.085	280,656.89	0.46
MMC NOR.NICK.PJSC ADR RL1	US55315J1025	20,000	33,000	127,000	20.860	2,377,367.97	3.86
POLYUS PJSC GDR 1/2	US73181M1172	0	0	7,500	39.700	267,196.12	0.43
SURGUTNEFTEGAS ADR/10	US8688612048	0	0	130,000	3.766	439,341.32	0.71
Total issue country Russia						3,620,675.73	5.89
Total equities denominated in USD translated at a rate of 1.11435						3,620,675.73	5.89
Total securities admitted to organised markets						18,602,684.88	30.24

Unlisted securities

Equities denominated in EUR

Issue country Slovakia

SLOVENSKE LOD. BEARER.SN100C CS0005050954	0	0	1,266	0.000	0.00	0.00	
Total issue country Slovakia						0.00	0.00
Total equities denominated in EUR						0.00	0.00
Total unlisted securities						0.00	0.00

Breakdown of fund assets

Transferable securities	60,388,320.91	98.16
Bank balances	1,078,780.52	1.75
Dividend entitlements	57,802.75	0.09
Interest entitlements	974.71	0.00
Other deferred items	-6,827.65	-0.01
Fund assets	61,519,051.24	100.00

Dividend-bearing units outstanding	AT0000858428	units	165,986.471
Value of dividend-bearing unit	AT0000858428	EUR	71.46
Non-dividend-bearing units outstanding	AT0000812938	units	404,371.004
Value of non-dividend-bearing unit	AT0000812938	EUR	98.84
KEST-exempt non-dividend-bearing units outstanding	AT0000673181	units	67,485.372
Value of KEST-exempt non-dividend-bearing unit	AT0000673181	EUR	103.01
KEST-exempt non-dividend-bearing units outstanding	AT0000639471	units	24,280.386
Value of KEST-exempt non-dividend-bearing unit	AT0000639471	CZK	2,661.00
KEST-exempt non-dividend-bearing units outstanding	AT0000A00G88	units	2,268.160
Value of KEST-exempt non-dividend-bearing unit	AT0000A00G88	HUF	33,466.92

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

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

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

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

All OTC derivatives are traded through Erste Group Bank AG.

Collateral in the form of cash or bonds is pledged to Erste Group Bank AG in the amount of the negative exposure of the derivatives.

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

Investor note:

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

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

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
Publicly traded securities			
Equities denominated in EUR			
Issue country Greece			
NATL BK GREECE REG.EO 0.3	GRS003003027	375,000	4,125,000
PIRAEUS BANK EO 6	GRS014003024	0	50,000
Equities denominated in ROL			
Issue country Romania			
BUCHAREST ST. EXCH. LN 10	ROBVBAACNORO	0	24,644
Equities denominated in TRL			
Issue country Turkey			
AKDENIZ GUV.HIZM. B TN 1	TREAKGH00018	0	400,000
OZAK GAYR.YAT.ORTAK.TN 1	TREOZAK00014	0	527,069
TUERKIYE HALK BANKASI TN1	TRETHAL00019	250,000	250,000

ESPA STOCK EUROPE EMERGING

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
TURK TELEKOMUNIKASY. TN 1	TRETLK00013	0	25,000
TURKIYE VAKIFLAR BANK.	TREVKFB00019	0	400,000
ULUSOY ELEK.IM.TA.V.TI.AS	TREULET00014	0	414,000
Securities admitted to organised markets			
Equities denominated in EUR			
Issue country Slovenia			
NOVA LJUBLJ.BK GDR REG.S	US66980N2036	30,000	30,000
Equities denominated in PLN			
Issue country Poland			
EUROCASH S.A. CL.A ZY 1	PLEURCH00011	0	75,000
Equities denominated in TRL			
Issue country Turkey			
TOFAS TUERK OTO E TN 1	TRATOAS091H3	0	25,000
YAPI VE KREDI B.NA TN 1	TRAYKBNK91N6	750,907	910,907
Equities denominated in USD			
Issue country Jersey			
EN+ GROUP PLC GDR REGS	US29355E2081	0	30,000
Unlisted securities			
Equities denominated in TRL			
Issue country Turkey			
AKBANK T.A.S. -RIGHTS-	TRRAKBK00015	300,000	300,000
YAPI VE KREDI B.NA -RIGHTS-	TRRYKBK00023	160,000	160,000

Vienna, 31 July 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 (2017 financial year of Erste Asset Management GmbH)

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

Number of employees as of 31.12.17 83

Number of risk bearers as of 31.12.17 45

Fixed remuneration 6,255,431

Variable remuneration (bonuses) 1,931,863

Total employee remuneration 8,187,294

Thereof remuneration for managing directors 668,440

Thereof remuneration for managers and risk bearers 160,215

Thereof remuneration for risk bearers with control functions 409,883

Thereof remuneration for other risk bearers 4,136,628

Thereof remuneration for employees in the same income bracket as managers and risk bearers due to the amount of their total remuneration 0

Total remuneration for risk bearers 5,375,166

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 STOCK EUROPE EMERGING
Jointly owned fund pursuant to the InvFG

consisting of the fund portfolio as of 31 May 2019, the income statement for the financial year ending on this date, and the other information specified in Annex I Scheme B of the Austrian Investment Fund Act 2011 (InvFG 2011).

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

Basis for the audit opinion

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

Management and supervisory board responsibilities relating to the annual report

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

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

Responsibilities of the auditor in auditing the annual report

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

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

In addition:

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

Other information

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

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

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

Vienna, 31 July 2019

Ernst & Young

Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Andrea Stippel
(Certified Public
Accountant)

ppa MMag. Roland Unterweger
(Certified Public Accountant)

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

Fund Rules for ESPA STOCK EUROPE EMERGING

Jointly owned fund pursuant to the InvFG

The Fund Rules for ESPA STOCK EUROPE EMERGING, 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, in stocks from issuers the majority of which have their registered office or the focus of their business activities in the Baltic region, eastern Central Europe (including Austria), Southeastern Europe, the Commonwealth of Independent States, and Turkey, in the form of directly purchased individual instruments, in other words not indirectly or directly through investment funds or through derivatives.

The Fund may also invest in stocks from issuers registered in or having business interests in the Middle East and Africa.

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) comprise at least 51% 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

The Fund may purchase transferable securities and money market instruments that are not fully paid up as well as subscription rights for these types of instruments and other financial instruments that are not fully paid up amounting to a maximum of 10% of the fund assets.

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

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

d) Units in investment funds

Units in investment funds (UCITS, UCI) may comprise up to 10% of the fund assets per individual issue and may comprise up to 10% 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.

e) Derivative financial instruments

Derivative financial instruments can be used for hedging purposes and as part of the investment strategy, and may comprise up to 49% of the fund assets.

f) Risk measurement method(s) of the Fund

The Fund applies the following risk measurement methods: commitment approach

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

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

Demand deposits and deposits with the right to be withdrawn with a maximum term of 12 months may comprise up to 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 experienced by transferable securities, the Fund can hold a lower proportion of transferable securities and a higher proportion of demand deposits or deposits with the right to be withdrawn with a maximum term of 12 months.

h) Acceptance of short-term loans

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

i) Repurchase agreements

Does not apply.

j) Securities lending

Does not apply.

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

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

Article 4 Issue and Redemption Procedure

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

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

Issue of units and front-end surcharge

The issue price will be calculated and units issued on 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 5.0% 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 June to 31 May.

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 withholding, and non-dividend-bearing units without capital gains tax withholding, with certificates being issued for one unit each and also for fractional units.

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

Use of earnings for dividend-bearing units

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

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

The amounts shall be paid to the holders of dividend-bearing units on or after 1 September 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 September to cover the capital gains tax assessed by the tax authorities on the dividend-equivalent earnings from the fund units unless the Management Company provides suitable proof from the banks managing the corresponding securities accounts that the unit certificates can only be held by Unit-holders who are not subject to Austrian personal or corporate income tax or who meet the conditions for exemption from capital gains tax according to § 94 of the Austrian Income Tax Act (Einkommensteuergesetz) at the time of payment.

Use of earnings for non-dividend-bearing units with capital gains tax withholding

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 September to cover the capital gains tax assessed by the tax authorities on the dividend-equivalent earnings from the fund units unless the Management Company provides suitable proof from the banks managing the corresponding securities accounts that the unit certificates can only be held by Unit-holders who are not subject to Austrian personal or corporate income tax or who meet the conditions for exemption from capital gains tax according to § 94 of the Austrian Income Tax Act (Einkommensteuergesetz) at the time of payment.

Use of earnings for non-dividend-bearing units without capital gains tax withholding (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 1 September of the following accounting year.

The Management Company shall provide suitable proof from the banks managing the corresponding securities accounts that the unit certificates could only be held by Unit-holders who are not subject to Austrian personal or corporate income tax or who met the conditions for exemption from capital gains tax according to § 94 of the Austrian Income Tax Act (Einkommensteuergesetz) at the time of payment.

If these requirements are not met at the time of payment, the amount calculated pursuant to the InvFG must be paid out by the credit institution managing the respective securities account.

Article 7 Management Fee, Compensation for Expenses, Liquidation Fee

- a) The Management Company shall receive an annual fee for its administrative activities of up to 1.8% of the fund assets, which shall be accrued on a daily basis and calculated using the month-end values adjusted for the accrued fees.
- b) In addition to the fees to which the Management Company is entitled, an annual fee amounting to up to 0.36% of the fund assets as calculated using the month-end values of the entire fund assets can be paid from the fund assets to a third party appointed in accordance with § 28 InvFG.

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 |

ESPA STOCK EUROPE EMERGING

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

4. Organised markets in countries outside of the European Community

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

5. Exchanges with futures and options markets

5.1.	Argentina:	Bolsa de Comercio de Buenos Aires
5.2.	Australia:	Australian Options Market, Australian Securities Exchange (ASX)
5.3.	Brazil:	Bolsa Brasileira de Futuros, Bolsa de Mercadorias & Futuros, Rio de Janeiro Stock Exchange, Sao Paulo Stock Exchange
5.4.	Hong Kong:	Hong Kong Futures Exchange Ltd.
5.5.	Japan:	Osaka Securities Exchange, Tokyo International Financial Futures Exchange, Tokyo Stock Exchange
5.6.	Canada:	Montreal Exchange, Toronto Futures Exchange
5.7.	Korea:	Korea Exchange (KRX)
5.8.	Mexico:	Mercado Mexicano de Derivados
5.9.	New Zealand:	New Zealand Futures & Options Exchange
5.10.	Philippines:	Manila International Futures Exchange
5.11.	Singapore:	The Singapore Exchange Limited (SGX)
5.12.	Slovakia:	RM System Slovakia
5.13.	South Africa:	Johannesburg Stock Exchange (JSE), South African Futures Exchange (SAFEX)
5.14.	Switzerland:	EUREX
5.15.	Turkey:	TurkDEX
5.16.	USA:	NYCE American, Chicago Board Options Exchange, Chicago Board of Trade, Chicago Mercantile Exchange, Comex, FINEX, ICE Future 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 that are expressly designated in the Fund Rules as defined by the InvFG 2011 and the UCITS Directive:

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.

Note regarding the data used

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

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

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

www.erste-am.com

www.erste-am.at