

# **ERSTE STOCK EUROPE EMERGING**

**Jointly owned fund pursuant to the InvFG**

Annual Report 2020/21

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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) Thomas SCHAUFLEDER (Deputy Chairman) Harald GASSER Gerhard GRABNER Harald Frank GRUBER Oswald HUBER Radovan JELASITY Robert LASSHOFER Franz PRUCKNER Rupert RIEDER Gabriele SEMMELROCK-WERZER Reinhard WATTL Gerald WEBER Appointed by the Works Council: Martin CEC Regina HABERHAUER Heinrich Hubert REINER Peter RIEDERER Nicole WEINHENGST Manfred ZOUREK
<b>Managing directors</b>	Heinz BEDNAR Winfried BUCHBAUER Peter KARL Thomas KRAUS (from 01.01.2021) Wolfgang TRANDL (until 28.02.2021)
<b>Prokuristen (proxies)</b>	Achim ARNHOF (until 30.06.2020) Karl FREUDENSCHUSS Manfred LENTNER Günther MANDL Gerold PERMOSER Magdalena REISCHL Oliver RÖDER (from 06.07.2020)
<b>State commissioners</b>	Walter MEGNER (from 01.10.2020) Christoph SEEL Eva SCHRITTWIESER (until 30.06.2020)
<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 STOCK EUROPE EMERGING jointly owned fund pursuant to the InvFG for the accounting year from 1 June 2020 to 31 May 2021.

We would also like to note that the fund RT Osteuropa Aktienfonds (merging fund) was merged into ERSTE STOCK EUROPE EMERGING (receiving fund) as of 24 July 2020.

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 and portfolio orientation:

The reporting period was full of volatility and trend reversals for equity investors in Russia. The first half of the reporting period was dominated by coronavirus-driven economic lockdowns around the world. Despite the dismal corporate earnings outlook for Q2 and Q3 2020 early in the year, the recovery of the equity markets continued at the outset of the reporting period on the back of record-high global stimulus. The repeatedly rising infection rates brought no major surprises for the development of the capital markets, especially in the second half of the period. Against a backdrop of positive macroeconomic data, the second half of the reporting period was very positive for the Eastern European equity markets and brought the greatest gains of this accounting year.

ERSTE STOCK EUROPE EMERGING employs an active investment policy. The assets are selected on a discretionary basis. The fund is oriented towards the MSCI EM Europe 10/40 Net Total Return EUR index as a benchmark (index provider disclaimer: <https://www.erste-am.com/index-disclaimer>). The composition and performance of the fund can deviate substantially or entirely in a positive or negative direction from that of the benchmark over the short term or long term. The discretionary power of the Management Company is not limited.

The MSCI benchmark for Eastern European shares lost around 16.23% (EUR) in the reporting period and thus failed to keep pace with the other emerging markets (MSCI Emerging Markets Free, total return, plus 37.47% in EUR). Despite the coronavirus crisis, developed market equities recouped their losses from the first quarter of 2020 and posted positive performance of around 28.26% (MSCI World, total return, in EUR). The international commodity markets posted positive performance with the CRB All Commodities Index up by around 35.9% (in EUR) in the period, and the oil price resurged by an impressive 70.3% (Brent, EUR) to USD 68.7/bbl. Precious metals are generally seen as “safe” and enjoyed high demand. The gold price rose by 10.20% to USD 1906.75.

The Central European equity markets delivered the best performance in the region during the reporting period. Equity investors profited from the low inflation, continued accommodative central bank monetary policy, and the promised EU financial assistance. The EU agreed several aid packages during the coronavirus crisis, including the EUR 87.4 billion SURE programme to mitigate unemployment risks and funds with up to EUR 800 billion through to 2026 to support the economic recovery of the EU. Polish real GDP contracted by 3.0% in 2020, and the Hungarian and Czech economies retreated by 6.0% and 7.0% in real terms, respectively. As in the previous year, the macroeconomic recovery was fuelled above all by an increase in domestic demand and exports. Retail sales in Poland rose by 17.1% (May 21), and industrial production by an impressive 18.9% (May 21).

The Russian equity market delivered performance in line with the region’s average during the reporting period. The Russian economy was unable to avoid the feared coronavirus-driven recession and contracted by 3.5% in 2020 (in annual comparison, real GDP). The relatively rapid recovery of economic output in the final quarter of 2020 and at

the beginning of the year was supported above all by the climbing commodity prices. The central bank in Moscow is expecting growth of 3% to 4% in 2021 and an inflation rate of around 4%. The rapid easing of interest rates from 5.5% to 4.25% in June and July 2020 likely contributed to the growth recovery and lent support to the banking sector. Unemployment rose to 5.8% (April 2021), and consumer price inflation also increased to 6% at the end of the reporting period. The central bank responded with two key rate hikes to 5.0% (May 20). Industrial production recovered by 5.6% (May, yoy). Once the coronavirus restrictions were eased, retail sales rose by 22.0% (May 2021, yoy). The positive sentiment was also confirmed by the Russian purchasing managers' index (PMI), which reached 56.2 points in May, the highest level during the reporting period.

The Turkish economy recovered rapidly in 2020. Real GDP expanded by 5.96% (yoy), meaning that the feared coronavirus recession was averted. The rating agency Moody's downgraded the country's "B2" to a negative outlook in September 2020. The Turkish central bank in Ankara then took action, and lifted the key rate in multiple steps from 8.75% (April 20) to 19% at the end of the reporting period. Unfortunately, this interest rate course led to the firing of the central bank governor and his deputy by President Erdogan in March 2021. Investors were disappointed, as the firing of a central bank governor undermines trust in the institution and scares off investors. The driving factor behind the negative performance in the reporting period was the depreciation of the Turkish currency by 37.10% (versus EUR). The new central bank governor Kavcioglu must tackle the challenge of continuing the monetary policy of his predecessor while also sustaining economic development, in part through budgetary measures.

The portfolio is focused on 40 to 65 shares. As of the end of the period, the highest weightings were in Russia (around 60.57%), Poland (around 14.43%), and Turkey (11.14%). The management's investment strategy focuses on financially solid companies that are in a position to resist the poor economic conditions on the one hand and are able to generate free cash flow for their shareholders on the other. The portfolio was set up defensively especially in the initial months of the reporting period due to the significant uncertainty stemming from the coronavirus and the country-specific risks. In the pharmaceuticals segment, additional shares were purchased in Richter Gedeon (Hungary), and among utilities, the position in CEZ (Czechia) was increased. Additional communication shares were also purchased in the form of Cyfrowa Polsat (Poland) and Yandex (Russia). Conversely, Orange Polska (Poland) was sold. In the financial sector, the weightings of Moneta and Komerční Bank in Czechia and OTP Bank in Hungary were increased slightly. Nova Ljubljanska Banka (Slovenia) was added as a new investment. The allocation to energy shares was increased slightly over the course of the year, including Gazprom, Rosneft, and Lukoil in Russia while PKN and Lotos were reduced in Poland. The exposure to the materials sector was increased through additional shares in companies including Ereğli (Turkey), KGH (Poland), and Norilsk and Polymetal (gold producer, new position) in Russia. Not only the recovery in commodity prices but also the high dividend yield are convincing arguments for the sector.

The portfolio holdings in Russia and Poland made the greatest positive contribution to the performance in the reporting period. Russian shares in the portfolio rose by around 18.66% (EUR) and Polish shares by around 36.75% (EUR), better than the performance posted in the MSCI EM Europe 10/40 Net Total Return EUR Index of 15.64% (EUR) and 23.02% (EUR), respectively. Especially the performance of Turkish shares (around minus 4.45%, EUR) had a negative impact on the portfolio. Bank shares were avoided in particular because of the currency depreciation. With a plus of around 56.14% (EUR) and 34.90% (EUR) respectively, Czech and Greek shares in the benchmark were among the biggest winners in the fund.

Eastern European stocks are still offering attractive valuation levels. The equity market in Eastern Europe is trading at an expected P/E ratio of roughly 6.9x for 2021. The dividend yield of the portfolio at the end of the period was around 3.91%. The recovery of the global economy will likely be decisive in the coming months. Should consumer sentiment improve over the course of the year, the fund management anticipates opportunities in the financial, energy, IT, communication, and consumer goods sectors in particular. The fund management feels that the current (geo) political tensions with the EU and USA call for a higher risk premium on investments in Russia and Turkey. The risks especially include the further course of commodity prices, inflation expectations, and central bank interest rate policy. The stabilisation of the fundamental conditions and recovery of the economy and corporate earnings should protect the Eastern European markets against a drawn-out crisis in our opinion.

The fund achieved a positive performance of 17.15% for the reporting period.

## 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 31.05.2021 EUR millions	%
Equities		
BGN	0.1	0.15
EUR	2.3	3.45
PLN	9.1	13.83
RUB	37.6	57.02
CZK	1.7	2.63
TRL	6.8	10.31
HUF	4.4	6.67
USD	3.3	5.01
Transferable securities	65.4	99.07
Bank balances	0.4	0.62
Dividend entitlements	0.2	0.32
Interest entitlements	0.0	0.00
Other deferred items	-0.0	-0.01
Fund assets	66.0	100.00

## Comparative Overview

Accounting year	Fund assets
2018/2019	61,519,051.24
2019/2020	50,194,468.18
2020/2021	65,983,288.50

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
2018/2019	Dividend-bearing units	AT0000858428	EUR	71.46	1.2000	0.0000	10.93
2019/2020	Dividend-bearing units	AT0000858428	EUR	62.79	1.0000	0.0000	-10.62
2020/2021	Dividend-bearing units	AT0000858428	EUR	72.33	1.2000	0.0000	17.15

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2018/2019	Non-dividend-bearing units	AT0000812938	EUR	98.84	0.0000	0.0000	10.94
2019/2020	Non-dividend-bearing units	AT0000812938	EUR	88.34	0.0000	0.0000	-10.62
2020/2021	Non-dividend-bearing units	AT0000812938	EUR	103.49	0.0000	0.0000	17.15

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2018/2019	Non-dividend-bearing units	AT0000A28E13	EUR	-	-	-	-
2019/2020	Non-dividend-bearing units	AT0000A28E13	EUR	85.68	0.0992	0.4799	-14.32
2020/2021	Non-dividend-bearing units	AT0000A28E13	EUR	101.50	0.5669	3.1135	18.60

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2018/2019	KESSt-exempt non-dividend-bearing units	AT0000639471	CZK	2,661.00	-	0.0000	11.01
2019/2020	KESSt-exempt non-dividend-bearing units	AT0000639471	CZK	2,467.56	-	0.0000	-7.27
2020/2021	KESSt-exempt non-dividend-bearing units	AT0000639471	CZK	2,744.02	-	0.0000	11.20

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2018/2019	KESSt-exempt non-dividend-bearing units	AT0000673181	EUR	103.01	-	0.0000	10.94
2019/2020	KESSt-exempt non-dividend-bearing units	AT0000673181	EUR	92.08	-	0.0000	-10.61
2020/2021	KESSt-exempt non-dividend-bearing units	AT0000673181	EUR	107.86	-	0.0000	17.14

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2018/2019	KESSt-exempt non-dividend-bearing units	AT0000A00G88	HUF	33,466.92	-	0.0000	12.75
2019/2020	KESSt-exempt non-dividend-bearing units	AT0000A00G88	HUF	31,765.54	-	0.0000	-5.08
2020/2021	KESSt-exempt non-dividend-bearing units	AT0000A00G88	HUF	37,445.58	-	0.0000	17.88



## Disbursement/Payment

The following disbursement or payment will be made for the accounting year from 1 June 2020 to 31 May 2021. The coupon-paying bank is obligated to withhold capital gains tax from this disbursement if the respective investor is not exempt from the payment of this tax.

The disbursement or payment will be effected on or after 1 September 2021 at

Erste Group Bank AG, Vienna,

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

Fund type	ISIN	Currency	Dividend disbursement/ payment		KESt with option declaration	KESt 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
Non-dividend-bearing units	AT0000A28E13	EUR	0.5669		0.5669	0.5669	3.1135
KESt-exempt non-dividend-bearing units	AT0000639471	CZK	-	*	-	-	0.0000
KESt-exempt non-dividend-bearing units	AT0000673181	EUR	-	*	-	-	0.0000
KESt-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 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>AT0000858428 dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (155,202.836 units)	62.79
Disbursement/payment on 28.08.2020 (corresponds to roughly 0.0170 units at a calculated value of 58.95)	1.0000
Unit value at the end of the reporting period (148,709.455 units)	72.33
Total value including (notional) units gained through dividend disbursement/payment	73.56
Net earnings per unit	10.77
<b>Value development of one unit in the period</b>	<b>17.15%</b>

<b>AT0000812938 non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (365,641.945 units)	88.34
Disbursement/payment	0.0000
Unit value at the end of the reporting period (420,953.269 units)	103.49
Total value including (notional) units gained through dividend disbursement/payment	103.49
Net earnings per unit	15.15
<b>Value development of one unit in the period</b>	<b>17.15%</b>

<b>AT0000A28E13 non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (59.321 units)	85.68
Disbursement/payment on 28.08.2020 (corresponds to roughly 0.0012 units at a calculated value of 81.95)	0.0992
Unit value at the end of the reporting period (77.309 units)	101.50
Total value including (notional) units gained through dividend disbursement/payment	101.62
Net earnings per unit	15.94
<b>Value development of one unit in the period</b>	<b>18.60%</b>

<b>AT0000639471 KEST-exempt non-dividend-bearing units CZK</b>	
Unit value at the beginning of the reporting period (21,630.343 units)	2,467.56
Disbursement/payment	0.0000
Unit value at the end of the reporting period (22,790.176 units)	2,744.02
Total value including (notional) units gained through dividend disbursement/payment	2,744.02
Net earnings per unit	276.46
<b>Value development of one unit in the period</b>	<b>11.20%</b>

<b>AT0000673181 KEST-exempt non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (63,380.316 units)	92.08
Disbursement/payment	0.0000
Unit value at the end of the reporting period (82,146.239 units)	107.86
Total value including (notional) units gained through dividend disbursement/payment	107.86
Net earnings per unit	15.78
<b>Value development of one unit in the period</b>	<b>17.14%</b>

<b>AT0000A00G88 KEST-exempt non-dividend-bearing units HUF</b>	
Unit value at the beginning of the reporting period (3,392.651 units)	31,765.54
Disbursement/payment	0.0000
Unit value at the end of the reporting period (3,102.628 units)	37,445.58
Total value including (notional) units gained through dividend disbursement/payment	37,445.58
Net earnings per unit	5,680.04
<b>Value development of one unit in the period</b>	<b>17.88%</b>

## 2. Fund Result

### a. Realised fund result

#### Ordinary fund result

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

Interest income (excluding income adjustment)	263.61	
Dividend income	2,379,140.48	
Other income 8)	569.02	
	<hr/>	
Total income (without profit or loss from price changes)		2,379,973.11

**Interest paid** - 6,007.16

##### Expenses

Fees paid to Investment Firm	- 1,066,723.42	
Costs for the financial auditor and tax consultation	- 4,732.00	
Publication costs	- 90,206.03	
Securities account fees	- 5,208.79	
Depositary bank fees	- 53,370.36	
Costs for the external consultant	0.00	
	<hr/>	
Total expenses		- 1,220,240.60
Compensation for management costs from sub-funds 1)		0.00
		<hr/>

**Ordinary fund result (excluding income adjustment)** **1,153,725.35**

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

Realised gains 4)	4,042,683.70	
Realised losses 5)	- 3,657,570.54	
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**Realised profit or loss from price changes (excluding income adjustment)** **385,113.16**

**Realised fund result (excluding income adjustment)** **1,538,838.51**

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

Changes in the unrealised profit or loss from price changes 7) 7,881,614.25

**Result for the reporting period 6)** **9,420,452.76**

### c. Income adjustment

Income adjustment for income in the period	90,445.02	
Income adjustment for profit carried forward from dividend-bearing units	0.00	
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**Overall fund result** **9,510,897.78**

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

<b>Fund assets at the beginning of the reporting period</b>	<b>50,194,468.18</b>
<b>Disbursement/payment in the accounting year</b>	<b>- 159,476.03</b>
<b>Issue and redemption of units</b>	<b>6,437,398.57</b>
<b>Overall fund result</b>	
(The fund result is shown in detail under item 2.)	<b>9,510,897.78</b>
<b>Fund assets at the end of the reporting period</b>	<b>65,983,288.50</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 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 8,266,727.41.
- 4) Thereof profits from transactions with derivative financial instruments: EUR 0.00.
- 5) Thereof losses from transactions with derivative financial instruments: EUR 0.00.
- 6) The result for the accounting year includes explicitly reported transaction costs in the amount of EUR 36,571.37.
- 7) Thereof changes in unrealised gains EUR 4,763,938.04 and unrealised losses EUR 3,117,676.21.
- 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 569.02, 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 2021

(including changes in securities assets from 1 June 2020 to 31 May 2021)

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
<b>Publicly traded securities</b>							
<b>Equities denominated in BGN</b>							
<b>Issue country Bulgaria</b>							
FIRST INVEST.BK AD SO.BW1	BG1100106050	0	0	117,000	1.670	99,897.75	0.15
Total issue country Bulgaria						99,897.75	0.15
Total equities denominated in BGN translated at a rate of 1.95590						99,897.75	0.15
<b>Equities denominated in EUR</b>							
<b>Issue country Greece</b>							
HELLENIC TELECOM. REG.	GRS260333000	0	0	30,000	14.810	444,300.00	0.67
MOTOR OIL (HELL.) EO 0.75	GRS426003000	0	0	40,000	13.560	542,400.00	0.82
NATL BK GREECE REG.EO 3	GRS003003035	0	75,000	300,000	2.584	775,200.00	1.17
Total issue country Greece						1,761,900.00	2.67
Total equities denominated in EUR						1,761,900.00	2.67
<b>Equities denominated in PLN</b>							
<b>Issue country Poland</b>							
GETBACK S.A. ZY -.05	PLGTBCK00297	0	0	132,200	0.000	0.00	0.00
Total issue country Poland						0.00	0.00
Total equities denominated in PLN translated at a rate of 4.47880						0.00	0.00
<b>Equities denominated in RUB</b>							
<b>Issue country Russia</b>							
AEROFLOT-RUSS.AIRLINE.RL1	RU0009062285	470,000	0	470,000	69.900	366,289.30	0.56
AKTION.KOM.ALROSA RL0.50	RU0007252813	0	0	960,000	117.310	1,255,612.02	1.90
GAZPROM RL 5	RU0007661625	1,560,000	0	2,210,000	260.450	6,417,499.34	9.73
LUKOIL RL-.025	RU0009024277	51,300	0	85,500	5,996.000	5,715,798.84	8.66
MAGNIT PJSC RL-.01	RU000A0JKQU8	2,000	0	14,000	5,456.500	851,709.31	1.29
MMC NORILSK NICK.PJSC RL1	RU0007288411	7,600	1,500	15,000	26,348.000	4,406,442.54	6.68
MOBILE TELESYSTEMS RL-.10	RU0007775219	0	100,000	200,000	338.150	754,029.93	1.14
MOSCOW EXCH.MICEX-RTS RL1	RU000A0JR4A1	0	0	400,000	168.040	749,414.10	1.14
NOVATEK RL 0.10	RU000A0DKVS5	20,000	0	220,000	1,448.200	3,552,224.63	5.38
ROSNEFT OIL CO. RL-.01	RU000A0J2Q06	230,000	0	490,000	530.050	2,895,757.01	4.39
SBERBANK OF RU. RL 2	RU0009029540	300,000	250,000	1,050,000	309.910	3,628,056.87	5.50
SBERBANK PFD RL 3	RU0009029557	550,000	370,000	550,000	291.820	1,789,480.37	2.71
SEVERSTAL RL-.01	RU0009046510	0	0	40,000	1,682.000	750,127.66	1.14
Total issue country Russia						33,132,441.92	50.21
Total equities denominated in RUB translated at a rate of 89.69140						33,132,441.92	50.21

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
<b>Equities denominated in TRL</b>							
<b>Issue country Turkey</b>							
AKBANK T.A.S. TN 1	TRAAKBNK91N6	300,000	0	950,000	5.200	476,645.34	0.72
AKIS GAYRIM. YAT. ORTAK.	TREAIGY00017	725,618	1	725,617	1.910	133,723.96	0.20
ARCELIK A.S. REG TN 1	TRAARCLK91H5	0	0	80,000	31.600	243,918.91	0.37
BIM BIRLESIK MAGAZALAR AS	TREBIMM00018	0	0	60,000	63.950	370,220.28	0.56
COCA COLA ICECEK C TN 1	TRECOLA00011	0	0	55,000	79.400	421,358.34	0.64
ENERJISA ENERJI TN -.01	TREENSA00014	0	0	125,000	10.660	128,568.81	0.19
ENKA INSAAT VE SAN. TN 1	TREENKA00011	0	0	156,530	8.630	130,339.72	0.20
EREGLI DEM.CEL. REG. TN 1	TRAEREG91G3	200,000	0	350,000	19.230	649,405.16	0.98
FORD OTOMOTIV SANAYI TN 1	TRAOTOSN91H6	0	0	15,000	173.900	251,686.11	0.38
HACI OMER SABANCI TN 1	TRASAHOL91Q5	0	0	530,000	8.860	453,083.24	0.69
INDEKS BIL.SI.M.S. TN 1	TREINDX00019	450,000	125,000	600,000	6.680	386,719.54	0.59
KOC HLDG NA TN 1	TRAKCHOL91Q8	70,000	0	70,000	18.580	125,490.88	0.19
SOKTAS PAMUK V.T.U. TN 1	TRASKTAS91B5	600,000	0	600,000	5.100	295,249.95	0.45
TAV HAVALIMAN.HLDG TN 1	TRETAVH00018	0	0	40,000	23.980	92,550.25	0.14
TUERK.PETROL RAFI. TN 1	TRATUPRS91E8	0	0	40,000	97.350	375,720.03	0.57
TUERKIYE GAR.BANK.REG.TN1	TRAGARAN91N1	985,000	0	1,735,000	7.990	1,337,564.28	2.03
TUERKIYE SISE REG. TN 1	TRASISEW91Q3	347,991	0	347,991	7.750	260,218.47	0.39
TURKCELL ILETISIM TN 1	TRATCELL91M1	0	0	370,000	15.840	565,490.49	0.86
TURKIYE VAKIFLAR BANK.	TREVKFB00019	0	0	300,000	3.530	102,179.64	0.15
Total issue country Turkey						6,800,133.40	10.31
Total equities denominated in TRL translated at a rate of 10.36410						6,800,133.40	10.31
<b>Equities denominated in HUF</b>							
<b>Issue country Hungary</b>							
MOL NYRT. NA A UF 125	HU0000153937	74,000	24,000	200,000	2,310.000	1,330,396.10	2.02
OTP BANK NYRT.	HU0000061726	15,000	7,500	45,000	15,615.000	2,023,454.71	3.07
RICHT.GEDE.VEG.GYAR UF100	HU0000123096	30,000	25,000	45,000	8,095.000	1,048,982.77	1.59
Total issue country Hungary						4,402,833.58	6.67
Total equities denominated in HUF translated at a rate of 347.26500						4,402,833.58	6.67
<b>Equities denominated in USD</b>							
<b>Issue country Russia</b>							
MAGNIT PJSC RL-.01	RU000A0JKQU8	0	0	8,000	74.382	486,691.03	0.74
SURGUTNEFTEGAS PJSC VZ	RU0009029524	0	0	1,500,000	0.635	779,338.73	1.18
TATNEFT PJSC RL 1	RU0009033591	0	0	205,000	6.790	1,138,464.86	1.73
Total issue country Russia						2,404,494.62	3.64
Total equities denominated in USD translated at a rate of 1.22265						2,404,494.62	3.64
Total publicly traded securities						48,601,701.27	73.66

## ERSTE STOCK EUROPE EMERGING

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
<b>Securities admitted to organised markets</b>							
<b>Equities denominated in EUR</b>							
<b>Issue country Slovenia</b>							
NOVA LJUBLJ.BK GDR REG.S	US66980N2036	42,000	0	42,000	12.200	512,400.00	0.78
Total issue country Slovenia						512,400.00	0.78
Total equities denominated in EUR						512,400.00	0.78
<b>Equities denominated in PLN</b>							
<b>Issue country Poland</b>							
BANK POLSKA KASA OP. ZY 1	PLPEKA000016	33,000	33,000	70,000	95.960	1,499,776.73	2.27
CYFROWY POLSAT SA ZY -.04	PLCFRPT00013	55,000	0	175,000	30.500	1,191,725.46	1.81
DINO POLSKA S.A. ZY -.10	PLDINPL00011	4,500	9,500	5,000	284.600	317,719.03	0.48
EUROCASH S.A. CL.A ZY 1	PLEURCH00011	80,000	0	80,000	15.100	269,715.10	0.41
GRUPA LOTOS S.A. ZY 1	PLLOTOS00025	20,000	35,000	55,000	51.860	636,844.69	0.97
KGHM POLSKA MIEDZ ZY 10	PLKGHM000017	27,000	12,000	45,000	202.000	2,029,561.49	3.08
PKO BANK POLSKI S.A. ZY 1	PLPKO0000016	80,000	120,000	150,000	40.670	1,362,083.59	2.06
POWSZECHNY ZAKLAD UBEZP.	PLPZU0000011	90,000	70,000	220,000	37.060	1,820,398.32	2.76
Total issue country Poland						9,127,824.41	13.83
Total equities denominated in PLN translated at a rate of 4.47880						9,127,824.41	13.83
<b>Equities denominated in RUB</b>							
<b>Issue country Jersey</b>							
POLYMETAL INTL PLC	JE00B6T5S470	15,000	0	15,000	1,742.700	291,449.35	0.44
Total issue country Jersey						291,449.35	0.44
<b>Issue country Netherlands</b>							
YANDEX N.V. CL.A DL -.01	NL0009805522	49,000	0	49,000	4,934.600	2,695,859.36	4.09
Total issue country Netherlands						2,695,859.36	4.09
Total equities denominated in RUB translated at a rate of 89.69140						2,987,308.71	4.53
<b>Equities denominated in CZK</b>							
<b>Issue country Czech Republic</b>							
CEZ AS BEARER KC 100	CZ0005112300	24,000	4,000	20,000	626.000	492,080.34	0.75
KOMERCNI BANKA BEARER KC100	CZ0008019106	20,000	6,000	31,000	768.500	936,347.91	1.42
MONETA MONEY BANK KC 20	CZ0008040318	95,000	120,000	100,000	78.300	307,746.73	0.47
Issue country Czech Republic						1,736,174.98	2.63
Total equities denominated in CZK translated at a rate of 25.44300						1,736,174.98	2.63



Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
<b>Equities denominated in USD</b>							
<b>Issue country Netherlands</b>							
X 5 RETAIL G.GDR REGS 1/4	US98387E2054	0	0	19,000	29.900	464,646.46	0.70
Total issue country Netherlands						464,646.46	0.70
<b>Issue country Russia</b>							
LSR GROUP PAO GDR S/5	US50218G2066	0	0	150,000	2.025	248,435.77	0.38
Total issue country Russia						248,435.77	0.38
<b>Issue country British Virgin Islands</b>							
MAIL.RU GROUP GDR REG S	US5603172082	10,000	0	10,000	23.060	188,606.71	0.29
Total issue country British Virgin Islands						188,606.71	0.29
Total equities denominated in USD translated at a rate of 1.22265						901,688.94	1.37
Total securities admitted to organised markets						15,265,397.04	23.14
<b>Unlisted securities</b>							
<b>Equities denominated in EUR</b>							
<b>Issue country Slovakia</b>							
SLOVENSKE LOD. BEARER.SN1000 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
<b>Equities denominated in RUB</b>							
<b>Issue country Russia</b>							
POLYUS PJSC RL 1	RU000A0JNAA8	1,500	6,000	8,500	15,843.000	1,501,431.58	2.28
Total issue country Russia						1,501,431.58	2.28
Total equities denominated in RUB translated at a rate of 89.69140						1,501,431.58	2.28
Total unlisted securities						1,501,431.58	2.28
<b>Breakdown of fund assets</b>							
Transferable securities						65,368,529.89	99.07
Bank balances						408,732.17	0.62
Dividend entitlements						209,906.41	0.32
Interest entitlements						106.66	0.00
Other deferred items						-3,986.63	-0.01
Fund assets						65,983,288.50	100.00

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

Dividend-bearing units outstanding	AT0000858428	units	148,709.455
Value of dividend-bearing unit	AT0000858428	EUR	72.33
Non-dividend-bearing units outstanding	AT0000812938	units	420,953.269
Value of non-dividend-bearing unit	AT0000812938	EUR	103.49
Non-dividend-bearing units outstanding	AT0000A28E13	units	77.309
Value of non-dividend-bearing unit	AT0000A28E13	EUR	101.50
KEST-exempt non-dividend-bearing units outstanding	AT0000673181	units	82,146.239
Value of KEST-exempt non-dividend-bearing unit	AT0000673181	EUR	107.86
KEST-exempt non-dividend-bearing units outstanding	AT0000639471	units	22,790.176
Value of KEST-exempt non-dividend-bearing unit	AT0000639471	CZK	2,744.02
KEST-exempt non-dividend-bearing units outstanding	AT0000A00G88	units	3,102.628
Value of KEST-exempt non-dividend-bearing unit	AT0000A00G88	HUF	37,445.58

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. Securities lending transactions took place during the reporting period. There were no securities lending agreements in the portfolio at the end of the accounting year.

**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**

<b>Security designation</b>	<b>ISIN number</b>	<b>Purch./ additions Units/nominal (nom. in 1,000, rounded)</b>	<b>Sales/ disposals</b>
<b>Publicly traded securities</b>			
<b>Equities denominated in BGN</b>			
<b>Issue country Bulgaria</b>			
FIRST INVEST.BK AD SO-RIGHTS	BG4000007204	0	117,000
<b>Equities denominated in EUR</b>			
<b>Issue country Greece</b>			
ALPHA SE+HO. EO -.30	GRS015003007	1	1
EUROBANK ERGASIAS EO-.22	GRS323003012	1	1
<b>Issue country Austria</b>			
VIENNA INSURANCE GRP BEARER	AT0000908504	5,000	5,000
<b>Issue country Slovenia</b>			
KRKA D.D. A NA	SI0031102120	2,500	2,500
<b>Equities denominated in PLN</b>			
<b>Issue country Luxembourg</b>			
PLAY COMMUNIC. EO 0.00012	LU1642887738	30,000	70,000
<b>Equities denominated in RUB</b>			
<b>Issue country Russia</b>			
SOVCOMFLOT PAO RL 1	RU000A0JXNU8	470,000	470,000
<b>Equities denominated in TRL</b>			
<b>Issue country Turkey</b>			
MIGROS TICARET REG. TN 1	TREMGTI00012	0	75,000
SODA SANAYII A.S. TN 1	TRASODAS91E5	0	300,000
TURKIYE IS BANKASI C TN 1	TRAISTR91N2	0	125,000

## ERSTE STOCK EUROPE EMERGING

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
<b>Equities denominated in HUF</b>			
<b>Issue country Hungary</b>			
MAGYAR TELEK.T.NA A UF100	HU0000073507	150,000	150,000
<b>Securities admitted to organised markets</b>			
<b>Equities denominated in GBP</b>			
<b>Issue country Great Britain</b>			
STOCK SPIRITS GROUP LS-10	GB00BF5SDZ96	30,000	30,000
<b>Equities denominated in PLN</b>			
<b>Issue country Poland</b>			
CD PROJEKT S.A. C ZY 1	PLOPTTC00011	10,000	10,000
ORANGE POLSKA SA A ZY 3	PLTLKPL00017	100,000	270,000
PKN ORLEN S.A. ZY 1.25	PLPKN0000018	20,000	40,000
POLSKIE GO.NAF. A ZY 1	PLPGNIG00014	250,000	250,000
<b>Equities denominated in ROL</b>			
<b>Issue country Romania</b>			
FONDUL PROPRIETAT.NA.	ROFPTAACNOR5	1,258,151	1,258,151
OMV PETROM S.A.REG.LN-.10	ROSNPPACNOR9	4,000,000	4,000,000
SOC.NA.DE GAZE NAT.ROMGAZ	ROSNGNACNOR3	30,000	30,000
<b>Equities denominated in CZK</b>			
<b>Issue country Czech Republic</b>			
02 CZECH REPUBLIC KC 10	CZ0009093209	20,000	20,000
<b>Equities denominated in USD</b>			
<b>Issue country Russia</b>			
GAZPROM ADR SP./2 RL 5L 5	US3682872078	0	550,000
LUKOIL SP.ADR RL-.025	US69343P1057	0	31,000
MMC NOR.NICK.PJSC ADR RL1	US55315J1025	0	60,000
ROSNEFT OIL GDRREGS RL-01	US67812M2070	0	230,000

<b>Security designation</b>	<b>ISIN number</b>	<b>Purch./ additions Units/nominal (nom. in 1,000, rounded)</b>	<b>Sales/ disposals</b>
<b>Unlisted securities</b>			
<b>Equities denominated in TRL</b>			
<b>Issue country Turkey</b>			
AKIS GAYRIM. YAT.OR.-RIGHTS-	TRRAIGY00035	500,000	500,000

Vienna, 2 August 2021

Erste Asset Management GmbH  
Electronically signed

Inspection information: The electronic signatures of this document can be inspected at the website of Rundfunk und 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 (Art 25 of Regulation [EU] No 910/2014 [eIDAS Regulation]).

## Remuneration Policy

### Remuneration paid to employees of Erste Asset Management GmbH in EUR (2019 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 31.12.19	247
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Number of risk bearers in 2019	128
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Fixed remuneration	17,977,688
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Variable remuneration (bonuses)	5,281,483
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<b>Total employee remuneration</b>	<b>23,259,171</b>
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Thereof remuneration for managing directors	1,024,116
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Thereof remuneration for managerial risk bearers	3,986,249
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Thereof remuneration for risk bearers with control functions*	1,410,947
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Thereof remuneration for other risk bearers	7,776,396
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Thereof remuneration for employees in the same income bracket as managers and risk bearers due to the amount of their total remuneration	0
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<b>Total remuneration for risk bearers</b>	<b>14,197,708</b>
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\* 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 27 March 2020 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 STOCK EUROPE EMERGING  
Jointly owned fund pursuant to the InvFG

consisting of the statement of assets and liabilities as of 31 May 2021, the income statement for the accounting year ending on this date, and the other information specified in Annex I Schedule B of the Austrian Investment Fund Act 2011 (InvFG 2011).

Based on the findings of our audit, we believe that the annual report satisfies the legal requirements and provides a true and fair view of the assets and financial position as of 31 May 2021 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, 16 August 2021

**Ernst & Young**

Wirtschaftsprüfungsgesellschaft m.b.H.

**Mag. Andrea Stippl**

(Certified Public  
Accountant)

**ppa MMag. Roland Unterweger**

(Certified Public Accountant)

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

# Fund Rules

The Fund Rules for ERSTE 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 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, in equities 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 (CIS, successor states to the Soviet Union), 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 employs an active investment policy. The assets are selected on a discretionary basis. The Fund is oriented towards a benchmark (more information can be found in section 12 of the prospectus). The composition and performance of the Fund can deviate substantially or entirely in a positive or negative direction from that of the benchmark over the short term or long term. The discretionary power of the Management Company is not limited.

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 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 as part of the investment strategy and for hedging purposes, 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 proportion of transferable securities below the specified limit 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

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 5.00% 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 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 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 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 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 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 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 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**

- a) The Management Company shall receive an annual fee for its administrative activities amounting to up to 1.80% 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.
- 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 and accrued on the basis of daily total fund assets can be paid from the fund assets for the services of a third party appointed in accordance with § 28 InvFG. 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 0.50% of the fund assets.

The Fund is a user for the purposes of Regulation (EU) 2016/1011 (Benchmarks Regulation). The Management Company has drawn up robust written contingency plans for the event that the benchmark is materially changed or is no longer published. Further information on this can be found in the prospectus.

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](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)<br>Moscow Interbank Currency Exchange (MICEX) |
| 2.4. | Serbia:                 | Belgrade  |
| 2.5. | Turkey:                 | Istanbul (only “National Market” on the stock market)                     |

#### **3. Exchanges in non-European countries**

- |       |                       |  |
|-------|-----------------------|--|
| 3.1.  | Australia:            | Sydney, Hobart, Melbourne, Perth   |
| 3.2.  | Argentina:            | Buenos Aires   |
| 3.3.  | Brazil:               | Rio de Janeiro, Sao Paulo  |
| 3.4.  | Chile:                | Santiago   |
| 3.5.  | China:                | Shanghai Stock Exchange, Shenzhen Stock Exchange   |
| 3.6.  | Hong Kong:            | Hong Kong Stock Exchange   |
| 3.7.  | India:                | Mumbai   |
| 3.8.  | Indonesia:            | Jakarta  |
| 3.9.  | Israel:               | Tel Aviv   |
| 3.10. | Japan:                | Tokyo, Osaka, Nagoya, Kyoto, Fukuoka, Niigata, Sapporo, Hiroshima                                  |
| 3.11. | Canada:               | Toronto, Vancouver, Montreal   |
| 3.12. | Colombia:             | Bolsa de Valores de Colombia   |
| 3.13. | Korea:                | Korea Exchange (Seoul, Busan)  |
| 3.14. | Malaysia:             | Kuala Lumpur, Bursa Malaysia Berhad  |
| 3.15. | Mexico:               | Mexico City  |
| 3.16. | New Zealand:          | Wellington, Christchurch/Invercargill, Auckland  |
| 3.17. | Peru:                 | Bolsa de Valores de Lima   |
| 3.18. | Philippines:          | Manila   |
| 3.19. | Singapore:            | Singapore Stock Exchange   |
| 3.20. | South Africa:         | Johannesburg   |
| 3.21. | Taiwan:               | Taipei   |
| 3.22. | Thailand:             | Bangkok  |
| 3.23. | USA:                  | New York, NYCE American, New York Stock Exchange (NYSE), Philadelphia, Chicago, Boston, Cincinnati |
| 3.24. | Venezuela:            | Caracas  |
| 3.25. | United Arab Emirates: | Abu Dhabi Securities Exchange (ADX)  |

**4. Organised markets in countries outside of the European Community**

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

**5. Exchanges with futures and options markets**

5.1.	Argentina:	Bolsa de Comercio de Buenos Aires
5.2.	Australia:	Australian Options Market, Australian Securities Exchange (ASX)
5.3.	Brazil:	Bolsa Brasileira de Futuros, Bolsa de Mercadorias & Futuros, Rio de Janeiro Stock Exchange, Sao Paulo Stock Exchange
5.4.	Hong Kong:	Hong Kong Futures Exchange Ltd.
5.5.	Japan:	Osaka Securities Exchange, Tokyo International Financial Futures Exchange, Tokyo Stock Exchange
5.6.	Canada:	Montreal Exchange, Toronto Futures Exchange
5.7.	Korea:	Korea Exchange (KRX)
5.8.	Mexico:	Mercado Mexicano de Derivados
5.9.	New Zealand:	New Zealand Futures & Options Exchange
5.10.	Philippines:	Manila International Futures Exchange
5.11.	Singapore:	The Singapore Exchange Limited (SGX)
5.12.	Slovakia:	RM System Slovakia
5.13.	South Africa:	Johannesburg Stock Exchange (JSE), South African Futures Exchange (SAFEX)
5.14.	Switzerland:	EUREX
5.15.	Turkey:	TurkDEX
5.16.	USA:	NYSE American, Chicago Board Options Exchange, Chicago Board of Trade, Chicago Mercantile Exchange, Comex, FINEX, ICE 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 as defined by the InvFG 2011 and the UCITS Directive that are expressly designated in the Fund Rules: Cboe Europe Equities Regulated Market – Integrated Book Segment, London Metal Exchange, Cboe Europe Equities Regulated Market – Reference Price Book Segment, Cboe Europe Equities Regulated Market – Off-Book Segment, London Stock Exchange Regulated Market (derivatives), NEX Exchange Main Board (non-equity), London Stock Exchange Regulated Market, NEX Exchange Main Board (equity), Euronext London Regulated Market, ICE FUTURES EUROPE, ICE FUTURES EUROPE – AGRICULTURAL PRODUCTS DIVISION, ICE FUTURES EUROPE – FINANCIAL PRODUCTS DIVISION, ICE FUTURES EUROPE – EQUITY PRODUCTS DIVISION, and Gibraltar Stock Exchange.

\*\*) In the event that Switzerland’s stock market equivalence expires, SIX Swiss Exchange AG and BX Swiss AG are to be subsumed under item 2 “Exchanges in European countries outside of the EEA” until further notice.



**Note regarding the data used**

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

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

**Note for retail funds:**

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

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