

# **ERSTE BOND LOCAL EMERGING**

**Mutual fund pursuant to the InvFG**

Semi-Annual Report 2017

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## General Information about the Investment Firm

<b>The company</b>	ERSTE-SPARINVEST Kapitalanlagegesellschaft m. b. H. Am Belvedere 1, A-1100 Vienna Telephone: +43 05 0100-19881, Fax: +43 05 0100-17102
<b>Nominal capital</b>	EUR 4.50 million
<b>Shareholders</b>	Erste Asset Management GmbH (roughly 79.09%) DekaBank Deutsche Girozentrale (roughly 2.78%) „Die Kärntner“ Trust-Vermögensverwaltungsgesellschaft m.b.H. & Co KG (roughly 2.78 %) NÖ-Sparkassen Beteiligungsgesellschaft m. b. H. (roughly 1.27%) Salzburger Sparkasse Bank Aktiengesellschaft (roughly 2.78%) Sieben Tiroler Sparkassen Beteiligungsgesellschaft m. b. H. (roughly 2.78%) Steiermärkische Bank und Sparkassen Aktiengesellschaft (roughly 5.57%) Tiroler Sparkasse Bankaktiengesellschaft Innsbruck (roughly 2.94%)
<b>Supervisory Board</b>	Wolfgang TRAINDL, Mag. (Chairman) Gabriele SEMMELROCK-WERZER (Deputy Chairwoman, First Deputy) Franz-Nikolaus HÖRMANN, Mag. (Deputy Chairman, Second Deputy) Matthias BAUER Josef PRESCHITZ Franz PRUCKNER, Dr. MBA Rupert RIEDER, Mag. Thomas SCHAUFLENER, Mag. (FH) Reinhard WALTL, Mag. Appointed by the Works Council: Martin CECH Regina HABERHAUER Heinrich Hubert REINER, Ing. Peter RIEDERER Manfred ZOUREK
<b>Managing directors</b>	Heinz BEDNAR, Mag. Günther MANDL Christian SCHÖN
<b>Prokuristen (proxies)</b>	Achim ARNHOF, Mag. Winfried BUCHBAUER, Mag. Karl FREUDENSCHUSS Dietmar JAROSCH, Dr. Manfred LENTNER Gerold PERMOSER Magdalena REISCHL, Mag. Jürgen SINGER, Mag.
<b>State commissioners</b>	Erwin GRUBER Michael MANHARD, HR Dr.
<b>Auditor</b>	Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
<b>Custodian bank</b>	Erste Group Bank AG

## Dear Shareholder,

We are pleased to present you the following semi-annual report for the ERSTE BOND LOCAL EMERGING mutual fund pursuant to the Austrian Investment Fund Act for the period from 1 July 2017 to 31 December 2017.

## Development of the Fund

The fund achieved a performance of minus 1.79% in the reporting period from 1 July 2017 to 31 December 2017.

### Market

The asset class continued to enjoy inflows in July and the spread for hard currency bonds remained constant for the most part. Local currency yields fell by 6 bp to 6.09%. EM bonds were supported by the general weakness of the USD while the announced tightening of monetary policy in the USA was largely ignored by the market. Venezuelan bonds came under pressure in July due to the escalating political and economic crisis. The market showed a mildly negative reaction to the stricter sanctions against Russia adopted by the US Congress. The Brazilian and South African central banks cut their key rates, which boosted the local bond markets. EM currencies appreciated in general versus the USD while they suffered losses versus the EUR.

There were further inflows in August as well. The Emerging Markets Sovereign Hard Currency index spread contracted slightly from 306 to 295 bp. Local currency yields fell by 6 bp to 6.04%. The announced tightening of monetary policy in the USA was still largely ignored by the market. Despite the political and economic crisis in Venezuela, the country's bonds stabilised, though close to their low for the year from 1 August 2017 – the fund is underweighted. The market processed the stricter sanctions against Russia adopted by the US Congress without serious losses for the most part. The increased sabre rattling in the conflict with North Korea also had little in the way of negative effects. Local currency bonds profited from the global decline in yields and from the weakness of the USD.

The asset class saw further inflows in September. The Emerging Markets Sovereign Hard Currency index spread contracted slightly again from 295 to 287 bp. Local currency yields fell by 4 bp to 5.99%. Rating changes: Honduras by Moody's from B2 to B1, China by S&P from A1+ to A1, Georgia by Moody's from Ba3 to Ba2, Slovenia by Moody's from Aa3 to Aa1. The discussions about Janet Yellen's successor as chairman of the US Fed and the progress of President Trump's tax reform project were the main drivers of US Treasury bond prices, for which the momentum is negative. Geopolitical turbulence (North Korea/USA rhetoric) only increased risk aversion briefly if at all. A number of sovereigns seized the opportunity to float long-term bonds (Republic of Argentina and provinces, Mexico, Jordan). US sanctions against Russia were tightened without any significant effect on the latter's secondary market.

The global economic indicators remained positive in October. Inflation also persisted at very low levels. The latter, however, is confronting the major central banks with problems in moving away from their extremely loose monetary policies. The US Fed started reducing the reinvestment of redemptions on its bond holdings (primarily Treasury bonds). The ECB had significantly less room for manoeuvre and maintained its interest rates and expansive measures and noted that any reduction of its securities purchases will be based on a lasting correction in the inflation trend.

In October, the ECB announced a reduction in its purchasing programme from EUR 60 bn to EUR 30 bn per month for 9 months starting in January 2018.

The hard- and local-currency inflows into the asset class stabilised in October. While the total return in the spreads generated slightly positive performance, the total return in local currencies versus the EUR generated negative performance. This was especially driven by the negative developments in Turkey and South Africa. EM FX volatility rose.

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## ERSTE BOND LOCAL EMERGING

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After some uncertainty factors were eliminated in October (Fed chairmanship, ECB tapering, Spain/Catalonia) and with positive macroeconomic indicators lending support, the conditions for the EM are still positive.

The spread of the EMBI Global Diversified hardly moved at all in November (only widening by 3 bp to 287 bp), and local currency yields rose by 2 bp to 6.19%, which reflected the good continued development of the emerging economies. The inflows into the asset class were somewhat weaker in November than in the previous months, but will amount to over USD 100 bn for 2017 as a whole. Over USD 500 bn have flown into EM equity and bond funds since 2004. In terms of individual countries, Turkey is again worth noting. Turkish assets came under pressure because of political, geopolitical, and economic problems. The TRY lost nearly 6% versus the EUR. Prices of Venezuelan bonds tumbled by as much as 60% after the government defaulted on coupon payments, but the default did not lead to any contagion effects. Moody's upgraded Argentina from B3 to B2 because of improved reform prospects.

The spread of the EMBI Global Diversified barely moved in December, only narrowing by 2 bp to 285 bp. Local currency yields fell by 5 bp to 6.14%. This trend also reflected the good fundamental development of the emerging markets. The inflows into the asset class remained weak up to the end of the reporting period, and we even saw some outflows from the emerging markets at the end of the year. However, 2017 saw some of the strongest inflows in the last 10 years. In terms of individual countries, Turkey, South Africa, Brazil, and Venezuela are worth mentioning. Turkish assets remained under pressure because of political, geopolitical, and economic problems, and a lawsuit is under way in the USA against Halkbank. The news flow from South Africa is still being dominated by political issues related to President Zuma. Brazil cut its key rate by 50 bp to 7%. The Argentinian central bank announced a higher inflation target, which was a negative surprise for the markets. Conditions in Venezuela remain difficult, and no end to the political and economic crisis is yet in sight.

Fitch upgraded Indonesia and the Philippines to BBB. By contrast, Fitch downgraded Oman to BBB- and S&P downgraded Colombia to BBB-.

### **Portfolio**

The cash share was increased in July. Compared with the previous month, the positions in TRY, MYR, and RUB were reduced, while the holdings in BRL, UYU, and PLN were increased. The duration was shortened slightly.

The cash position was reduced in August. Compared with the previous month, the positions in PLN, MYR, HKD, and ARS were reduced, while the holdings in CLP, CZK, RUB, and PEN were increased. The duration was extended.

The cash share was reduced further in September. Compared with the previous month, the positions in PLN, ZAR, and TRY were reduced, while the holdings in BRL, MYR, and RUB were increased. The duration remained unchanged.

The cash position was increased in October. Compared with the previous month, the positions in CLP, MXN, and TRY were reduced, while the holdings in KZT and BRL were increased. The duration was reduced somewhat.

The cash share was reduced in November. Compared with the previous month, positions in TRY and BRL were reduced while positions in PLN, MYR, MXN, and COP were increased. The duration was reduced slightly.

The cash share was reduced further in December. Compared with the previous month, the positions in MXN, MYR, and PLN were reduced, while the holdings in ZAR, IDR, TRY, BRL, and COP were increased. The duration was increased.

ESPA BOND LOCAL EMERGING invests primarily in local-currency government bonds from the emerging countries. In this segment, the focus is on countries in Central and Eastern Europe (roughly 35% at present), Asia (24%), Latin America (33%), and the Middle East and Africa (8%). The fund may also invest to a limited extent in corporate bonds from issuers in the eligible countries. Most of these bonds are rated from A to B. The currency risk is not hedged. Forward exchange agreements are also used to manage the exchange rate risk.

## Asset Allocation

	31 December 2017		30 June 2017	
	EUR millions	%	EUR millions	%
Bonds denominated in				
ARS *	1.6	0.73	0.6	0.31
BRL*	21.1	9.90	16.9	9.31
IDR	22.3	10.44	19.0	10.45
KZT	2.5	1.17	-	-
COP	12.2	5.73	10.7	5.91
MYR	14.4	6.72	14.0	7.71
MXN*	17.5	8.19	17.3	9.54
PEN	7.2	3.35	3.5	1.95
PLN	18.9	8.86	18.7	10.28
ROL	5.4	2.51	4.9	2.70
RUB	14.9	6.98	9.4	5.19
ZAR	17.4	8.14	14.4	7.94
THB	15.4	7.20	12.2	6.70
CZK	6.8	3.16	2.2	1.20
TRL	13.8	6.48	12.7	6.99
USD	3.2	1.48	4.4	2.43
HUF	9.5	4.47	7.3	4.01
UYU	1.5	0.71	-	-
Investment certificates denominated in				
USD	0.9	0.43	1.0	0.52
Securities	206.5	96.67	169.1	93.14
Forward exchange agreements	- 0.3	- 0.12	- 0.3	- 0.15
Cash in banks	3.2	1.48	9.0	4.94
Interest entitlements	4.2	1.98	3.8	2.08
Other deferred items	0.0	0.00	- 0.0	- 0.01
<b>Fund assets</b>	<b>213.6</b>	<b>100.00</b>	<b>181.5</b>	<b>100.00</b>

\* See also the footnote under Fund Portfolio.

## Fund Portfolio as of 31 December 2017

(including changes in securities assets from 1 July 2017 to 31 December 2017)

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding Shares/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets
<b>Publicly traded securities</b>								
<b>Bonds denominated in ARS</b>								
<b>Issue country Argentina</b>								
ARGENTINA 2021 1)	ARARGE3202H4	18.200	0	0	10,000	107.214	454,387.45	0.21
Total issue country Argentina							454,387.45	0.21
Total bonds denominated in ARS translated at a rate of 22.60506							454,387.45	0.21
<b>Bonds denominated in BRL</b>								
<b>Issue country Brazil</b>								
BRAZIL 2019 F 1)	BRSTNCNTF162	10.000	0	0	5,000	1,029.447	1,291,897.18	0.60
BRAZIL 2020 1)	BRSTNCNTB3A0	12.323	0	0	3,000	3,259.799	2,419,868.81	1.13
BRAZIL 2021 F	BRSTNCNTFON5	10.000	0	0	12,500	1,028.350	3,227,172.08	1.51
BRAZIL 2022 1)	BRSTNCNTB3Y0	6.000	4,000	0	4,000	3,269.282	3,260,173.09	1.53
BRAZIL 2023 NTN F 1)	BRSTNCNTF147	10.000	0	0	13,500	1,035.278	3,507,890.38	1.64
BRAZIL 2025 NTN F 1)	BRSTNCNTF170	10.000	0	0	10,000	995.090	2,497,542.80	1.17
BRAZIL 2026 FLR B 1)	BRSTNCNTB4U6	6.000	6,000	0	6,000	3,297.858	4,933,304.75	2.31
Total issue country Brazil							21,137,849.09	9.90
Total bonds denominated in BRL translated at a rate of 3.98317							21,137,849.09	9.90
<b>Bonds denominated in IDR</b>								
<b>Issue country Indonesia</b>								
INDONESIA 2020 FR31	IDG000006206	11.000	0	0	8,000,000	113.677	558,202.89	0.26
INDONESIA 2021 FR0053	IDG000009101	8.250	0	0	5,000,000	107.550	330,072.93	0.15
INDONESIA 2023 FR39	IDG000007105	11.750	0	0	10,000,000	126.125	774,159.90	0.36
INDONESIA 2023 FR46	IDG000007907	9.500	0	0	5,000,000	115.625	354,855.26	0.17
INDONESIA 2024 FR70	IDG000012006	8.375	27,000,000	0	59,000,000	111.525	4,038,812.90	1.89
INDONESIA 2025 FR40	IDG000007204	11.000	0	0	10,000,000	127.875	784,901.46	0.37
INDONESIA 2026 FR56	IDG000009507	8.375	0	0	15,000,000	113.200	1,042,238.66	0.49
INDONESIA 2027 FR42	IDG000007402	10.250	0	0	10,000,000	126.375	775,694.41	0.36
INDONESIA 2028 FR64	IDG000010307	6.125	0	0	15,000,000	97.441	897,144.67	0.42
INDONESIA 2029 FR71	IDG000011107	9.000	0	0	15,000,000	117.925	1,085,737.39	0.51
INDONESIA 2030 FR52	IDG000009002	10.500	20,000,000	0	35,000,000	130.625	2,806,233.72	1.31
INDONESIA 2032 FR58	IDG000009705	8.250	0	0	25,000,000	110.625	1,697,550.82	0.79
INDONESIA 2034 FR68	IDG000010802	8.375	0	0	20,000,000	112.125	1,376,454.76	0.64
INDONESIA 2036 FR72	IDG000011602	8.250	0	0	15,000,000	111.574	1,027,263.38	0.48
INDONESIA 2037 FR45	IDG000007808	9.750	0	0	10,000,000	126.150	774,313.35	0.36
INDONESIA 2042 FR62	IDG000010109	6.375	1,801,000	0	5,800,000	87.500	311,505.37	0.15
Total issue country Indonesia							18,635,141.87	8.72

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding Shares/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets
<b>Issue country Republic of Korea</b>								
EXPORT-IMPORT BK 17/21MTN	XS1627538512	6.900	30,000,000	0	30,000,000	100.320	1,847,303.57	0.86
Total issue country Republic of Korea							1,847,303.57	0.86
Total bonds denominated in IDR translated at a rate of 16,291.85396							20,482,445.44	9.59
<b>Bonds denominated in KZT</b>								
<b>Issuer European Bank for Reconstruction and Development</b>								
EUR. BK REC.DEV. 17/19 ZO	XS1711236072		1,100,000	0	1,100,000	90.991	2,506,701.90	1.17
Total issuer European Bank for Reconstruction and Development							2,506,701.90	1.17
Total bonds denominated in Kazakh translated at a rate of 399.29000							2,506,701.90	1.17
<b>Bonds denominated in COP</b>								
<b>Issue country Colombia</b>								
COLOMBIA 07/27	XS0306322065	9.850	0	0	5,700,000	124.908	1,986,649.33	0.93
COLOMBIA 08-24 B	COL17CT02385	10.000	0	0	6,000,000	120.591	2,018,942.20	0.95
COLOMBIA 10/21	XS0502258444	7.750	0	0	10,000,000	105.855	2,953,719.42	1.38
COLOMBIA 12/23	XS0833886095	4.375	0	0	5,000,000	94.467	1,317,977.53	0.62
COLOMBIA 12-28 B	COL17CT02914	6.000	0	0	7,000,000	95.778	1,870,765.17	0.88
Total issue country Colombia							10,148,053.65	4.75
<b>Issuer World Bank</b>								
WORLD BK 10/20 MTN	XS0490636791	8.000	0	0	600,000	106.932	179,025.40	0.08
Total issuer World Bank							179,025.40	0.08
Total bonds denominated in COP translated at a rate of 3,583.78759							10,327,079.05	4.83
<b>Bonds denominated in MYR</b>								
<b>Issue country Malaysia</b>								
MALAYSIA 2018	MYBMS03002H0	4.240	0	0	1,500	100.146	309,114.87	0.14
MALAYSIA 2019 0414	MYBMJ1400047	3.654	10,000	0	10,000	100.937	2,077,041.72	0.97
MALAYSIA 2019 0902	MYBMO0900021	4.378	0	0	6,000	102.323	1,263,344.82	0.59
MALAYSIA 2020	MYBML1200062	3.492	0	0	5,000	100.517	1,034,205.72	0.48
MALAYSIA 2021 0111	MYBMO1100019	4.160	0	0	7,000	102.430	1,475,441.39	0.69
MALAYSIA 2023	MYBML1600014	3.800	0	0	9,000	99.851	1,849,234.20	0.87
MALAYSIA 2024 0114	MYBMO1400013	4.181	0	0	7,000	101.550	1,462,762.67	0.68
MALAYSIA 2026	MYBMO1600034	3.900	0	0	6,000	98.800	1,219,843.45	0.57
MALAYSIA 2027 0212	MYBMS1200026	3.892	0	0	6,000	97.749	1,206,870.26	0.57
MALAYSIA 2028 0308	MYBMX0800032	5.248	0	0	2,500	107.742	554,267.65	0.26
MALAYSIA 2028 0513	MYBMS1300057	3.733	0	0	5,500	95.206	1,077,512.27	0.50
MALAYSIA 2030 0310	MYBMX1000038	4.498	0	0	4,000	100.249	825,158.24	0.39
Total issue country Malaysia							14,354,797.26	6.72
Total bonds denominated in MYR translated at a rate of 4.85964							14,354,797.26	6.72



## ERSTE BOND LOCAL EMERGING

Security designation	ISIN number	Interest rate	Purch./ additions Shares/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
<b>Bonds denominated in PEN</b>								
<b>Issue country Peru</b>								
PERU 05/20	PEP01000CY33	7.840	0	0	700	111.446	200,679.09	0.09
PERU 07/37	PEP01000C2Z1	6.900	4,000	0	4,000	112.628	1,158,907.75	0.54
PERU 08/31	PEP01000C4G7	6.950	0	0	4,000	114.113	1,174,186.35	0.55
PERU 14-24	PEP01000C4W4	5.700	0	0	3,000	107.937	832,975.38	0.39
PERU 16-28	PEP01000C5D1	6.350	9,000	0	9,000	109.501	2,535,130.81	1.19
Total issue country Peru							5,901,879.38	2.76
Total bonds denominated in PEN translated at a rate of 3.88740							5,901,879.38	2.76
<b>Bonds denominated in ROL</b>								
<b>Issue country Romania</b>								
ROMANIA 11-21	RO1121DBN032	5.950	2,500	0	5,000	107.521	1,155,866.35	0.54
ROMANIA 12-27	RO1227DBN011	5.800	0	0	2,000	111.590	479,843.48	0.22
ROMANIA 13/23	RO1323DBN018	5.850	2,000	0	5,000	108.900	1,170,690.80	0.55
ROMANIA 14-25	RO1425DBN029	4.750	0	0	1,000	103.670	222,893.51	0.10
ROMANIA 15/19	RO1519DBN037	2.500	0	0	5,000	99.667	1,071,434.71	0.50
ROMANIA 16/20	RO1620DBN017	2.250	0	0	6,000	98.175	1,266,468.15	0.59
Total issue country Romania							5,367,197.00	2.51
Total bonds denominated in ROL translated at a rate of 4.65110							5,367,197.00	2.51
<b>Bonds denominated in RUB</b>								
<b>Issue country Russia</b>								
RUSSIAN FED. 15-31	RU000A0JVW48	8.500	100,000	0	150,000	108.250	2,348,782.52	1.10
RUSSIAN FED. 16-21	RU000A0JVW30	7.500	0	0	80,000	101.771	1,177,702.34	0.55
RUSSIAN FED. 16-26	RU000A0JWM07	7.750	100,000	0	160,000	102.300	2,367,659.58	1.11
RUSSIAN FED. 17-24	RU000A0JXQF2	7.100	80,000	0	140,000	99.616	2,017,337.67	0.94
Total issue country Russia							7,911,482.11	3.70
Total bonds denominated in RUB translated at a rate of 69.13156							7,911,482.11	3.70
<b>Bonds denominated in THB</b>								
<b>Issue country Thailand</b>								
THAILD 2023	TH0623033303	5.500	0	0	17,000	117.784	511,660.47	0.24
THAILD 04/19	TH062303T807	5.500	0	0	10,000	106.473	272,073.16	0.13
THAILD 06/21	TH0623031307	5.850	0	0	15,000	113.027	433,230.88	0.20
THAILD 09/19	TH062303T609	3.875	0	0	20,000	103.538	529,144.81	0.25
THAILD 2019	TH062303T302	3.450	0	0	15,000	102.406	392,520.44	0.18
THAILD 2021	TH0623031C01	3.650	0	0	90,000	107.487	2,471,966.75	1.16
THAILD 2022	TH0623032602	1.875	0	0	70,000	100.428	1,796,382.03	0.84
THAILD 2023	TH0623033600	3.625	40,000	0	70,000	108.813	1,946,361.96	0.91

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
					Shares/nominal (nom. in 1,000, rounded)			
THAILD 2024	TH0623034C08	4.750		0	50,000	116.030	1,482,472.94	0.69
THAILD 2026	TH0623036C06	2.125		0	50,000	98.315	1,256,133.08	0.59
THAILD 2027	TH0623037C05	3.580		0	65,000	109.129	1,812,582.23	0.85
THAILD 2029	TH0623039607	4.875	70,000	0	70,000	122.705	2,194,857.04	1.03
THAILD 2031	TH0623A3B608	3.650		0	10,000	110.137	281,434.72	0.13
Total issue country Thailand							<u>15,380,820.51</u>	<u>7.20</u>
Total bonds denominated in THB translated at a rate of 39.13407							<u>15,380,820.51</u>	<u>7.20</u>

**Bonds denominated in TRL****Issue country Turkey**

TURKEY 10/20	TRT150120T16	10.500		0	8,500	95.700	1,786,643.82	0.84
TURKEY 10-20 FLR	TRT010420T19	4.000		0	3,000	102.924	1,032,218.56	0.48
TURKEY 12-22	TRT120122T17	9.500		0	15,000	92.150	3,035,943.73	1.42
TURKEY 13-18	TRT200618T18	8.300	4,500	0	9,000	97.694	1,931,156.72	0.90
TURKEY 13-23	TRT080323T10	7.100		0	11,000	81.950	1,979,925.10	0.93
TURKEY 14-19	TRT270319T13	10.400	4,000	0	4,000	96.800	850,437.63	0.40
TURKEY 14-24	TRT240724T15	9.000	1,200	0	6,200	88.900	1,210,599.72	0.57
TURKEY 16-26	TRT110226T13	10.600		0	4,500	95.000	938,951.67	0.44
TURKEY 17-27	TRT240227T17	11.000	5,000	0	5,000	96.950	1,064,694.32	0.50
Total issue country Turkey							<u>13,830,571.27</u>	<u>6.48</u>
Total bonds denominated in TRL translated at a rate of 4.55295							<u>13,830,571.27</u>	<u>6.48</u>

**Bonds denominated in HUF****Issue country Hungary**

HUNGARY 07-23 23/A	HU0000402383	6.000	500,000	0	500,000	126.744	2,042,910.40	0.96
HUNGARY 11-22	HU0000402524	7.000		0	500,000	126.252	2,034,984.19	0.95
HUNGARY 11-28	HU0000402532	6.750		0	100,000	144.243	464,990.91	0.22
HUNGARY 14-20 20/B	HU0000402953	3.500		0	500,000	107.710	1,736,108.44	0.81
HUNGARY 14-25 25/B	HU0000402748	5.500		0	200,000	126.167	813,441.78	0.38
HUNGARY 15-24 24/B	HU0000403068	3.000		0	200,000	109.453	705,679.49	0.33
HUNGARY 16-27 27/A	HU0000403118	3.000		0	500,000	108.502	1,748,883.05	0.82
Total issue country Hungary							<u>9,546,998.26</u>	<u>4.47</u>
Total bonds denominated in HUF translated at a rate of 310.20499							<u>9,546,998.26</u>	<u>4.47</u>

**Bonds denominated in UYU****Issue country Uruguay**

URUGUAY 17/22 REGS	USP96006AE41	9.875	50,000	0	50,000	105.500	1,526,904.49	0.71
Total issue country Uruguay							<u>1,526,904.49</u>	<u>0.71</u>

## ERSTE BOND LOCAL EMERGING

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
					Shares/nominal (nom. in 1,000, rounded)			
<b>Investment certificates</b>								
<b>Investment certificates denominated in USD</b>								
<b>Issue country Austria</b>								
ERST.BD E.M.C.SH.T.R01DLA	AT0000A1ULN6		0	0	1,340	102.290	114,147.73	0.05
ERSTE BD EM.M.CO.S.T.I01T	AT0000A1U9P8		0	0	9,410	102.560	803,705.53	0.38
Total issue country Austria							<u>917,853.26</u>	<u>0.43</u>
Total investment certificates denominated in USD translated at a rate of 1.20080							<u>917,853.26</u>	<u>0.43</u>
Total investment certificates							<u>917,853.26</u>	<u>0.43</u>
<b>Securities admitted to organised markets</b>								
<b>Bonds denominated in ARS</b>								
<b>Issuer European Bank for Reconstruction and Development</b>								
EUR. BK REC.DEV. 17/19 ZO	XS1652805398		30,000	0	30,000	82.705	1,097,608.23	0.51
Total issuer European Bank for Reconstruction and Development							<u>1,097,608.23</u>	<u>0.51</u>
Total bonds denominated in ARS translated at a rate of 22.60506							<u>1,097,608.23</u>	<u>0.51</u>
<b>Bonds denominated in IDR</b>								
<b>Issuer European Investment Bank</b>								
EIB EUR.INV.BK 14/19 MTN	XS1083298072	7.200	0	0	15,000,000	101.630	935,713.03	0.44
Total issuer European Investment Bank							<u>935,713.03</u>	<u>0.44</u>
<b>Issuer European Bank for Reconstruction and Development</b>								
EUR.BK REC.DEV. 15/18	XS1320522391	10.000	0	0	14,000,000	103.260	887,339.16	0.42
Total issuer European Bank for Reconstruction and Development							<u>887,339.16</u>	<u>0.42</u>
Total bonds denominated in IDR translated at a rate of 16,291.85396							<u>1,823,052.19</u>	<u>0.85</u>
<b>Bonds denominated in MXN</b>								
<b>Issue country Mexico</b>								
MEXICO 2018 1)	MXOMG00000G1	8.500	250,000	0	400,000	101.233	1,716,305.82	0.80
MEXICO 2020 1)	MXOMG00000L1	8.000	0	0	150,000	100.946	641,937.75	0.30
MEXICO 2021 1)	MXOMG00000N7	6.500	0	0	400,000	96.742	1,641,538.50	0.77
MEXICO 2022 1)	MXOMG00000QC	6.500	0	0	400,000	95.894	1,627,103.57	0.76
MEXICO 2023 1)	MXOMG0000003	8.000	0	0	400,000	101.918	1,728,390.65	0.81
MEXICO 2024 1)	MXOMG0000078	10.000	0	0	450,000	112.882	2,152,520.70	1.01

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
					Shares/nominal (nom. in 1,000, rounded)			
MEXICO 2029 1)	MX0MG00000HS	8.500	0	0	400,000	106.205	1,800,943.72	0.84
MEXICO 2031 1)	MX0MG00000P2	7.750	200,000	0	330,000	100.318	1,403,617.54	0.66
MEXICO 2038 1)	MX0MG00000J5	8.500	400,000	0	400,000	107.528	1,823,065.88	0.85
MEXICO 2042 M 1)	MX0MG00000R8	7.750	0	0	100,000	99.795	423,113.57	0.20
Total issue country Mexico							17,501,004.94	8.19
Total bonds denominated in MXN translated at a rate of 23.49425							17,501,004.94	8.19

**Bonds denominated in PLN****Issue country Poland**

POLAND 02/22 0922	PL0000102646	5.750	0	0	8,000	114.295	2,191,375.04	1.03
POLAND 08-29	PL0000105391	5.750	0	0	2,000	124.556	597,027.23	0.28
POLAND 10-20	PL0000106126	5.250	0	0	8,000	108.910	2,088,128.57	0.98
POLAND 11-21	PL0000106670	5.750	0	0	6,000	112.720	1,620,883.20	0.76
POLAND 12-18	PL0000107314	3.750	0	0	7,000	101.114	1,696,315.67	0.79
POLAND 12-23	PL0000107264	4.000	0	0	8,000	106.675	2,045,276.98	0.96
POLAND 13/18 0718	PL0000107595	2.500	0	0	6,000	101.066	1,453,301.83	0.68
POLAND 14-25	PL0000108197	3.250	0	0	10,000	101.045	2,421,666.42	1.13
POLAND 15-20	PL0000108510	1.500	0	6,000	6,000	99.145	1,425,678.36	0.67
POLAND 15-26	PL0000108866	2.500	10,000	0	10,000	94.715	2,269,960.26	1.06
POLAND 16-27	PL0000109427	2.500	5,000	0	5,000	93.570	1,121,259.47	0.52
Total issue country Poland							18,930,873.03	8.86
Total bonds denominated in PLN translated at a rate of 4.17254							18,930,873.03	8.86

**Bonds denominated in RUB****Issue country Russia**

RUSSIAN FED. 11/18 REGS	XS0564087541	7.850	0	0	100,000	100.473	1,453,359.36	0.68
RUSSIAN FED. 12-19	RU000A0JS4M5	7.500	0	0	30,000	100.960	438,121.17	0.21
RUSSIAN FED. 12-22	RU000A0JSMA2	7.600	0	0	65,000	102.550	964,212.29	0.45
RUSSIAN FED. 12-27	RU000A0JS3W6	8.150	70,000	0	130,000	105.200	1,978,257.11	0.93
RUSSIAN FED. 13-23	RU000A0JTJL3	7.000	97,000	0	150,000	100.150	2,173,030.67	1.02
Total issue country Russia							7,006,980.60	3.28
Total bonds denominated in RUB translated at a rate of 69.13156							7,006,980.60	3.28

**Bonds denominated in ZAR****Issuer European Investment Bank**

EIB EUR.INV.BK 15/26 MTN	XS1167524922	8.125	0	0	20,000	100.248	1,348,697.35	0.63
Total issuer European Investment Bank							1,348,697.35	0.63

## ERSTE BOND LOCAL EMERGING

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
					Shares/nominal (nom. in 1,000, rounded)			
<b>Issue country South Africa</b>								
SOUTH AFR. 2021 208	ZAG000030396	6.750	0	0	25,000	97.702	1,643,057.85	0.77
SOUTH AFR. 2023	ZAG000096165	7.750	0	0	30,000	99.403	2,005,987.53	0.94
SOUTH AFR. 2026 186 21.12	ZAG000016320	10.500	0	0	20,000	111.765	1,503,639.34	0.70
SOUTH AFR. 2030	ZAG000106998	8.000	0	0	35,000	91.525	2,154,837.90	1.01
SOUTH AFR. 2031 R213	ZAG000077470	7.000	15,000	0	60,000	83.284	3,361,421.91	1.57
SOUTH AFR. 2032	ZAG000107004	8.250	0	0	40,000	91.532	2,462,865.08	1.15
SOUTH AFR. 2036 209	ZAG000030404	6.250	40,000	0	60,000	72.242	2,915,764.53	1.37
Total issue country South Africa							<u>16,047,574.14</u>	<u>7.51</u>
Total bonds denominated in ZAR translated at a rate of 14.86590							<u>17,396,271.49</u>	<u>8.14</u>
<b>Bonds denominated in CZK</b>								
<b>Issue country Czech Republic</b>								
CZECH REP. 2021 61	CZ0001002851	3.850	50,000	0	50,000	112.497	2,203,316.93	1.03
CZECH REP. 2022 52	CZ0001001945	4.700	25,000	0	25,000	118.574	1,161,169.20	0.54
CZECH REP. 2024 58	CZ0001002547	5.700	25,000	0	25,000	129.865	1,271,739.48	0.60
CZECH REP. 2025 89	CZ0001004253	2.400	0	0	50,000	107.943	2,114,124.28	0.99
Total issue country Czech Republic							<u>6,750,349.89</u>	<u>3.16</u>
Total bonds denominated in CZK translated at a rate of 25.52901							<u>6,750,349.89</u>	<u>3.16</u>
<b>Bonds denominated in USD</b>								
<b>Issue country Colombia</b>								
COLOMBIA 09/19	US195325BL83	7.375	0	0	500	106.125	441,892.90	0.21
Total issue country Colombia							<u>441,892.90</u>	<u>0.21</u>
<b>Issue country Republic of Korea</b>								
KOREA 09/19	US50064FAJ30	7.125	1,000	0	1,000	105.871	881,667.51	0.41
Total issue country Republic of Korea							<u>881,667.51</u>	<u>0.41</u>
<b>Issue country Mexico</b>								
PET. MEX. 13/18 FLR	US71654QBK76	3.374	0	0	100	100.650	83,819.12	0.04
Total issue country Mexico							<u>83,819.12</u>	<u>0.04</u>
<b>Issue country Qatar</b>								
QATAR 09/19 REGS	XS0423038875	6.550	1,000	0	1,000	105.375	877,539.97	0.41
Total issue country Qatar							<u>877,539.97</u>	<u>0.41</u>
<b>Issue country Russia</b>								
RUSSIAN FED. 98/18 REGS	XS0089375249	11.000	0	0	1,000	104.600	871,085.94	0.41
Total issue country Russia							<u>871,085.94</u>	<u>0.41</u>
Total bonds denominated in USD translated at a rate of 1.20080							<u>3,156,005.44</u>	<u>1.48</u>
Total securities admitted to organised markets							<u>73,662,145.81</u>	<u>34.49</u>

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding Shares/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets
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**Unlisted securities****Bonds denominated in COP****Issue country Colombia**

COLOMBIA 2020 B	COL17CT02302	11.000	6,000,000	0	6,000,000	113.607	1,902,007.26	0.89
Total issue country Colombia							1,902,007.26	0.89
Total bonds denominated in COP translated at a rate of 3,583.78759							1,902,007.26	0.89

**Bonds denominated in PEN****Issue country Peru**

PERU 06/26 REGS	US715638AY86	8.200	0	0	4,000	122.629	1,261,814.07	0.59
Total issue country Peru							1,261,814.07	0.59
Total bonds denominated in PEN translated at a rate of 3.88740							1,261,814.07	0.59
Total unlisted securities							3,163,821.33	1.48

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

FXF SPEST EUR/CLP 19.01.2018	FXF_TAX_3438044						-1,937,534	90,918.40	0.04
FXF SPEST EUR/CNY 19.01.2018	FXF_TAX_3438031						-637,609	614.44	0.00
FXF SPEST EUR/COP 19.01.2018	FXF_TAX_3438046						-1,653,713	-261,868.56	-0.12
FXF SPEST EUR/PLN 19.01.2018	FXF_TAX_3438060						-948,992	8,828.32	0.00
FXF SPEST EUR/RUB 19.01.2018	FXF_TAX_3438063						-1,001,646	7,930.90	0.00
FXF SPEST EUR/USD 19.01.2018	FXF_TAX_3438071						-2,581,027	-43,392.81	-0.02
Total issue country Austria								-196,969.31	-0.09
Total forward exchange agreements denominated in EUR								-196,969.31	-0.09

**Forward exchange agreements denominated in USD****Issue country Austria**

FXF SPEST USD/ARS 19.01.2018	FXF_TAX_3438041						-1,133,144	-67,454.23	-0.03
FXF SPEST USD/CNY 19.01.2018	FXF_TAX_3438032						-2,111,327	30,376.32	0.01
FXF SPEST USD/HKD 19.01.2018	FXF_TAX_3438054						2,819,446	3,765.77	0.00
FXF SPEST USD/KRW 19.01.2018	FXF_TAX_3438034						3,482,756	-51,576.20	-0.02
FXF SPEST USD/RUB 19.01.2018	FXF_TAX_3438065						-1,183,832	24,614.62	0.01
Total issue country Austria								-60,273.72	-0.03
Total forward exchange agreements denominated in USD translated at a rate of 1.20080								-60,273.72	-0.03
Total forward exchange agreements								-257,243.03	-0.12

## ERSTE BOND LOCAL EMERGING

### Breakdown of fund assets

Securities			206,472,933.60	96.67
Forward exchange agreements			-257,243.03	- 0.12
Cash in banks			3,153,497.90	1.48
Interest entitlements			4,223,079.94	1.98
Other deferred items			286.56	0.00
<b>Fund assets</b>			<b>213,592,554.97</b>	<b>100.00</b>

Dividend shares outstanding	AT0000A0AUE0	shares	255,683.723
Share value for dividend share	AT0000A0AUE0	EUR	96.15
Dividend shares outstanding	AT0000A1Y2Q7	shares	0.000
Share value for dividend share	AT0000A1Y2Q7	EUR	102.16
Dividend shares outstanding	AT0000A1Y2R5	shares	0.000
Share value for dividend share	AT0000A1Y2R5	EUR	101.46
Non-dividend shares outstanding	AT0000A0AUF7	shares	950,472.899
Share value for non-dividend share	AT0000A0AUF7	EUR	136.57
Non-dividend shares outstanding	AT0000A1Y2S3	shares	0.000
Share value for non-dividend share	AT0000A1Y2S3	EUR	102.16
Non-dividend shares outstanding	AT0000A1Y2T1	shares	0.000
Share value for non-dividend share	AT0000A1Y2T1	EUR	101.46
KEST-exempt non-dividend shares outstanding	AT0000A0AUG5	shares	413,269.327
Share value for KEST-exempt non-dividend share	AT0000A0AUG5	EUR	142.16
KEST-exempt non-dividend shares outstanding	AT0000A16X22	shares	944.004
Share value for KEST-exempt non-dividend share	AT0000A16X22	CZK	3,629.20
KEST-exempt non-dividend shares outstanding	AT0000A1FWA1	shares	2,166.255
KEST-exempt non-dividend shares outstanding	AT0000A1FWA1	HUF	44,098.74
KEST-exempt non-dividend shares outstanding	AT0000A1Y2U9	shares	0.000
Share value for KEST-exempt non-dividend share	AT0000A1Y2U9	EUR	102.16
KEST-exempt non-dividend shares outstanding	AT0000A1Y2V7	shares	0.000
Share value for KEST-exempt non-dividend share	AT0000A1Y2V7	EUR	103.07
KEST-exempt non-dividend shares outstanding	AT0000A1Y2W5	shares	0.000
Share value for KEST-exempt non-dividend share	AT0000A1Y2W5	CZK	2,631.27
KEST-exempt non-dividend shares outstanding	AT0000A1Y2X3	shares	0.000
Share value for KEST-exempt non-dividend share	AT0000A1Y2X3	HUF	31,972.82

1) Price contains interest entitlements.

Repurchase agreements and total return swaps are not used for the fund. If securities lending agreements are in effect on the reporting date, they are reported separately below.

## Securities lending

\* As of 31 December 2017, the following securities were registered as lent in the following amounts and at the following fees in the securities lending system of Erste Group Bank AG:

Security designation	ISIN number	Lent amount Shares/nominal (nom. in 1,000, rounded)	Fee rate in %
HUNGARY	HU0000403118	500,000	0.20

The following collateral has been provided for these lending transactions:

Security designation	ISIN number	Nominal
POLAND 07/22 MTN	XS0282701514	1,600,000.00

## Information pursuant to Article 13 of Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse

### Global data:

Amount of securities on loan

Securities on loan:	1,757,759.20
as a percentage of the fund assets (less cash and cash equivalents):	0.85%

Amount of assets engaged (excluding securities lending):

(for the relevant type of securities financing transaction):	1,757,759.20
as a percentage of the fund assets:	0.82%

### Concentration data:

Ten largest collateral issuers:

- Volume of collateral received and name of issuer

		Value in EUR
Republic of Poland	XS0282701514	1,888,625.62
		<u>1,888,625.62</u>

Top ten counterparties for each type of securities financing transaction (excluding securities lending):

Name of the counterparties:	exclusively Erste Group Bank AG
Gross volume of outstanding transactions:	1,757,759.20



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## ERSTE BOND LOCAL EMERGING

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### Aggregate transaction data for each type of securities financing transaction and total return swap:

	ISIN	Type of collateral	Maturity/Days	Rating	Currency	Value in EUR
Republic of Poland	XS0282701514	government-guaran	unlimited	A-	EUR	1,888,625.62
						<u>1,888,625.62</u>

### Securities lending broken down by maturity:

Maturity of 7–30 days	
Maturity of 30–90 days	1,757,759.20
Maturity of 90–360 days	
Maturity of > 360 days	

Country of the counterparty:	Austria
Settlement (bilateral/central, etc.):	bilateral

### Data on reuse of collateral:

- Share of collateral received that is reused (as a percentage):	0.00%
- Cash collateral reinvestment returns to the fund:	0.00%

### Custodians of the collateral received:

Number:	1
Name of the custodians of the collateral:	<u>Erste Group Bank AG</u>
Amount of collateral safe-kept:	<u>1,888,625.62</u>

### Safekeeping of collateral granted by the fund:

Share of collateral held in segregated accounts:	None
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### Return and cost for the individual financing transactions as a percentage of overall returns generated by financing transactions:

100%

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

Security designation	ISIN number	Interest rate	Purch./ additions Shares/nominal (nom. in 1,000, rounded)	Sales/ disposals
<b>Publicly traded securities</b>				
<b>Bonds denominated in BRL</b>				
<b>Issue country Brazil</b>				
BRAZIL 2018 F	BRSTNCNTF139	10.000	0	8,000
<b>Bonds denominated in MYR</b>				
<b>Issue country Malaysia</b>				
MALAYSIA 2022 0112	MYBM01200017	3.418	0	9,000
<b>Bonds denominated in MXN</b>				
<b>Issue country Mexico</b>				
MEXICO 2017	MXOMG00000F3	7.750	0	170,000
<b>Bonds denominated in ROL</b>				
<b>Issue country Romania</b>				
ROMANIA 12-17	RO1217DBN046	5.900	0	1,500
<b>Securities admitted to organised markets</b>				
<b>Bonds denominated in IDR</b>				
<b>Issuer Inter-American Development Bank</b>				
INTER-AMER.DEV.BK 14/17	XS1078781496	7.250	0	20,000,000
<b>Bonds denominated in PLN</b>				
<b>Issue country Poland</b>				
POLAND 08-19	PL0000105441	5.500	0	7,500

## ERSTE BOND LOCAL EMERGING

Security designation	ISIN number	Interest rate	Purch./ additions Shares/nominal (nom. in 1,000, rounded)	Sales/ disposals
<b>Bonds denominated in RUB</b>				
<b>Issuer International Finance Corporation</b>				
EURAS.DEV.BK 12/17 MTN	XS0837020014	8.000	0	80,000
<b>Bonds denominated in ZAR</b>				
<b>Issue country South Africa</b>				
SOUTH AFR. 2017 203	ZAG000021833	8.250	0	1,500
<b>Bonds denominated in USD</b>				
<b>Issue country India</b>				
EXP.-IM.BK INDIA 12/17MTN	XS0813393849	4.000	0	1,250
<b>Issue country Indonesia</b>				
INDONESIA 08/18 REGS	USY20721AK56	6.875	0	1,000
<b>Issue country Lithuania</b>				
LITHUANIA 10/17 REGS	XS0541528682	5.125	0	1,000
<b>Issue country Slovenia</b>				
SLOVENIA 14/19 REGS	XS0982708926	4.125	1,000	1,000
<b>Issue country Hungary</b>				
HUNGARY 13/18	US445545AG19	4.125	1,000	1,000
<b>Unlisted securities</b>				
<b>Bonds denominated in BRL</b>				
<b>Issue country Brazil</b>				
BRAZIL 2027 NTNFB	BRSTNCNTF1P8	10.000	8,000	14,000

Vienna, January 2018

ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H.  
Electronically signed

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Note:

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