

ESPA BOND INTERNATIONAL

Jointly owned fund pursuant to the InvFG

Semi-Annual Report 2018/19

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General Information about the Investment Firm

The company	Erste Asset Management GmbH Am Belvedere 1, A-1100 Vienna Telephone: +43 05 0100-19777, Fax: +43 05 0100-919777
Registered capital	EUR 2.50 million
Shareholders	Erste Group Bank AG (64.67%) VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (0.76%) Erste Bank der österreichischen Sparkassen AG (22.17%) DekaBank Deutsche Girozentrale, Frankfurt (1.65 %) NÖ-Sparkassen Beteiligungsgesellschaft m. b. H. (0.76%) Salzburger Sparkasse Bank Aktiengesellschaft (1.65%) Sieben Tiroler Sparkassen Beteiligungsgesellschaft m. b. H. (1.65%) Steiermärkische Bank und Sparkassen Aktiengesellschaft (3.30%) „Die Kärntner“ Trust-Vermögensverwaltungsgesellschaft m. b. H. & Co KG (1.65%) Tiroler Sparkasse Bankaktiengesellschaft Innsbruck (1.74 %)
Supervisory Board	Rudolf SAGMEISTER (Chairman) Thomas SCHAUFLER (Deputy Chairman) Ingo BLEIER Harald GASSER Gerhard GRABNER Oswald HUBER Radovan JELASITY Robert LASSHOFER Martin SIMHANDL Appointed by the Works Council: Martin CECH Heinrich Hubert REINER Peter RIEDERER Nicole WEINHENGST Manfred ZOUREK
Managing directors	Heinz BEDNAR Winfried BUCHBAUER Peter KARL Wolfgang TRAINDL
Prokuristen (proxies)	Achim ARNHOF (from 15.12.2018) Karl FREUDENSCHUSS Manfred LENTNER Günther MANDL Gerold PERMOSER Magdalena REISCHL
State commissioners	Caroline HABERFELLNER Philipp VISKI-HANKA
Auditor	Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
Depository bank	Erste Group Bank AG

Dear Unit-holder,

We are pleased to present you the following semi-annual report for the ESPA BOND INTERNATIONAL jointly owned fund pursuant to the InvFG for the period from 1 August 2018 to 31 January 2019.

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

Development of the Fund

Market environment

The reporting period was driven by rising uncertainty and high volatility. The central banks, and in particular the Fed, again played a key role. It hiked its key rate a total of four times in 2018, and thus had a dampening effect on the financial markets.

The announcement by the US administration that it would not only be exiting free trade agreements with allied countries but also applying import tariffs to a variety of products caused some consternation. The increasing trade barriers began depressing the global economic outlook, and the markets for higher-risk bonds saw considerable selling in the second half of 2018.

The fund profited from the general uncertainty and decreasing liquidity at the end of 2018 thanks to the underweighting of corporate bonds, but then took a turn for the worse towards the close of the reporting period as risk premiums declined.

Investment policy

A key focus in the management of the fund's portfolio (in terms of orientation) is ensuring the highest possible issuer ratings when selecting assets.

The fund's duration was actively managed during the reporting period primarily using funds within the prescribed limits, which resulted in a positive performance contribution.

Investment-grade corporate bonds were underweighted in favour of government bonds. The underweighting of corporate bonds made a positive performance contribution while US MBS were neutrally weighted.

Because of its orientation, the fund is heavily invested in foreign currencies. The appreciation of the USD versus the euro had a slight positive effect on the fund's performance.

The fund delivered a positive performance of 4.64% for the reporting period.

Asset Allocation

	31 January 2019		31 July 2018	
	EUR millions	%	EUR millions	%
Bonds denominated in				
AUD	0.4	1.16	0.5	1.32
GBP	3.3	8.56	2.4	6.35
JPY	6.1	15.87	5.8	15.32
CAD	0.4	1.06	0.5	1.31
MXN	-	-	0.3	0.73
NOK	-	-	0.1	0.24
PLN	-	-	0.2	0.41
SEK	0.2	0.65	0.2	0.65
CHF	0.1	0.37	-	-
USD	19.0	49.72	19.2	51.10
Investment certificates denominated in				
EUR	4.6	11.89	7.7	20.39
Securities	34.2	89.29	36.8	97.83
Forward exchange agreements	-	0.0	-	0.0
Bank balances	3.9	10.07	0.5	1.41
Dividend entitlements	-	-	0.0	0.02
Interest entitlements	0.3	0.70	0.3	0.82
Other deferred items	-	0.0	-	0.0
Fund assets	38.3	100.00	37.6	100.00

Statement of Assets and Liabilities as of 31 January 2019

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

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding Units/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets
Publicly traded securities								
Bonds denominated in JPY								
Issue country Japan								
JAPAN 2020 308	JP1103081A65	1.300	0	0	140,000	102.040	1,143,973.76	2.99
JAPAN 2020 123	JP1051231F37	0.100	0	0	90,000	100.310	722,943.43	1.89
JAPAN 2021 320	JP1103201C19	1.000	0	0	95,000	103.370	786,385.87	2.05
JAPAN 2025 341	JP1103411FC6	0.300	0	0	120,000	103.180	991,503.72	2.59
JAPAN 2040 32	JP1300321A34	2.300	0	0	150,000	136.510	1,639,733.63	4.28
JAPAN 2050 3	JP1400031A58	2.200	0	0	64,000	143.170	733,752.47	1.92
JAPAN 2052 5	JP1400051C51	2.000	0	0	5,000	139.070	55,682.80	0.15
Total issue country Japan							6,073,975.68	15.87
Total bonds denominated in JPY translated at a rate of 124.87699							6,073,975.68	15.87
Bonds denominated in CHF								
Issue country Switzerland								
EIDGENOSSENSCHAFT 15-30	CH0224397171	0.500	150	0	150	107.980	142,279.89	0.37
Total issue country Switzerland							142,279.89	0.37
Total bonds denominated in CHF translated at a rate of 1.13839							142,279.89	0.37
Total publicly traded securities							6,216,255.57	16.24

Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
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Investment certificates**Investment certificates denominated in EUR****Issue country Austria**

ESPA ALPHA 1 T	AT0000A03DF2		753	984	8,245	52.350	431,625.75	1.13
ESPA ALPHA 2 T	AT0000A05F50		1,606	1,572	17,190	75.020	1,289,593.80	3.37
ESPA BD DL CORP.EUR R01 T	AT0000724265		0	20,000	19,500	145.080	2,829,060.00	7.39
Total issue country Austria							4,550,279.55	11.89
Total investment certificates denominated in EUR							4,550,279.55	11.89
Total investment certificates							4,550,279.55	11.89

Securities admitted to organised markets**Bonds denominated in AUD****Issue country Australia**

AUSTRALIA 2022 128 15.07	AU3TB0000051	5.750	0	0	200	113.335	144,038.18	0.38
AUSTRALIA 2025 139	AU3TB0000168	3.250	0	0	200	107.363	136,448.32	0.36
AUSTRALIA 2035 145	AU000XCLWAMO	2.750	0	0	250	103.580	164,550.61	0.43
Total issue country Australia							445,037.11	1.16
Total bonds denominated in AUD translated at a rate of 1.57368							445,037.11	1.16

Bonds denominated in GBP**Issue country Great Britain**

LCR FINANCE 99/28 REGS	XS0094804126	4.500	0	0	300	126.314	434,421.60	1.14
TREASURY STK 2021	GB00B4RMG977	3.750	0	100	130	107.661	160,450.42	0.42
TREASURY STK 2022	GB00B3KJDQ49	4.000	0	0	200	109.860	251,888.71	0.66
TREASURY STK 2024	GB00BHBFH458	2.750	0	0	100	109.921	126,014.28	0.33
TREASURY STK 2025	GB00BTHH2R79	2.000	0	0	100	106.599	122,205.92	0.32
TREASURY STK 2028	GB0002404191	6.000	300	0	300	144.440	496,761.41	1.30
TREASURY STK 2040	GB00B6460505	4.250	270	0	1,000	146.940	1,684,531.54	4.40
Total issue country Great Britain							3,276,273.88	8.56
Total bonds denominated in GBP translated at a rate of 0.87229							3,276,273.88	8.56

Bonds denominated in CAD**Issue country Canada**

CDA 2021	CA135087ZJ69	3.250	0	0	250	103.325	171,414.11	0.45
CDA 2025	CA135087D507	2.250	0	0	150	102.585	102,111.88	0.27
Total issue country Canada							273,525.99	0.71
Total bonds denominated in CAD translated at a rate of 1.50695							273,525.99	0.71

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Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
Bonds denominated in SEK								
Issue country Sweden								
SWEDEN 17-28 1060	SE0009496367	0.750	0	0	2,500	103.313	248,797.12	0.65
Total issue country Sweden							248,797.12	0.65
Total bonds denominated in SEK translated at a rate of 10.38127							248,797.12	0.65
Bonds denominated in USD								
Issue country USA								
US TREASURY 2019	US912828F395	1.750	0	2,000	1,000	99.490	867,053.03	2.27
US TREASURY 2020	US912828A834	2.375	0	0	1,000	99.816	869,894.13	2.27
US TREASURY 2021	US912828B907	2.000	0	0	2,000	99.046	1,726,367.13	4.51
US TREASURY 2021	US912828WN60	2.000	0	0	1,800	98.949	1,552,208.77	4.06
US TREASURY 2023	US9128284A52	2.625	0	0	3,000	100.714	2,633,160.41	6.88
US TREASURY 2023	US912828VS66	2.500	0	0	2,500	100.210	2,183,319.52	5.71
US TREASURY 2024	US912828B667	2.750	0	0	100	101.386	88,357.66	0.23
US TREASURY 2024	US912828D564	2.375	0	1,000	1,900	99.480	1,647,235.23	4.30
US TREASURY 2028	US9128283W81	2.750	1,000	0	2,000	101.031	1,760,965.58	4.60
US TREASURY 2028	15.11 US912810FF04	5.250	600	0	600	122.277	639,384.72	1.67
US TREASURY 2029	15.08 US912810FJ26	6.125	950	0	950	131.664	1,090,076.26	2.85
US TREASURY 2039	US912810QA97	3.500	1,500	0	1,500	109.878	1,436,376.29	3.75
US TREASURY 2042	US912810QU51	3.125	0	0	1,000	102.781	895,734.00	2.34
US TREASURY 2046	US912810RR14	1.000	0	0	700	97.290	598,843.33	1.56
Total issue country USA							17,988,976.06	47.01
Issuer World Bank								
WORLD BK 14/21	US459058DT78	2.250	0	0	700	99.237	605,393.70	1.58
WORLD BK 14/24	US459058DX80	2.500	0	0	500	99.449	433,347.85	1.13
Total issuer World Bank							1,038,741.55	2.71
Total bonds denominated in USD translated at a rate of 1.14745							19,027,717.61	49.72
Total securities admitted to organised markets							23,271,351.71	60.81
Unlisted securities								
Bonds denominated in CAD								
Issue country Canada								
CDA 2041	CA135087YQ12	4.000	0	0	150	132.855	132,242.28	0.35
Total issue country Canada							132,242.28	0.35
Total bonds denominated in CAD translated at a rate of 1.50695							132,242.28	0.35
Total unlisted securities							132,242.28	0.35

Security designation	ISIN number	Holding	Unrealised result in EUR	% share of fund assets
Forward exchange agreements				
Forward exchange agreements denominated in EUR				
Issue country Austria				
FXF SPEST EUR/JPY 14.03.2019	FXF_TAX_3445010	-1,600,000	-2,211.79	-0.01
FXF SPEST EUR/USD 15.02.2019	FXF_TAX_3444254	-2,465,734	-19,532.77	-0.05
FXF SPEST EUR/USD 15.02.2019	FXF_TAX_3445011	2,445,258	-947.06	-0.00
	Total issue country Austria		-22,691.62	-0.06
	Total forward exchange agreements denominated in EUR		-22,691.62	-0.06
	Total forward exchange agreements		-22,691.62	-0.06

Breakdown of fund assets

Transferable securities		34,170,129.11	89.29
Forward exchange agreements		-22,691.62	-0.06
Bank balances		3,851,946.68	10.07
Interest entitlements		269,665.42	0.70
Other deferred items		-69.37	-0.00
Fund assets		38,268,980.22	100.00

Dividend-bearing units outstanding	AT0000858048	units	2,314,459.678
Value of dividend-bearing unit	AT0000858048	EUR	11.31
Dividend-bearing units outstanding	AT0000A1YRR6	units	0.000
Value of dividend-bearing unit	AT0000A1YRR6	EUR	105.79
Non-dividend-bearing units outstanding	AT0000812920	units	492,571.531
Value of non-dividend-bearing unit	AT0000812920	EUR	22.93
Non-dividend-bearing units outstanding	AT0000A1YRS4	units	0.000
Value of non-dividend-bearing unit	AT0000A1YRS4	EUR	105.79
KEST-exempt non-dividend-bearing units outstanding	AT0000673322	units	491.824
Value of KEST-exempt non-dividend-bearing unit	AT0000673322	EUR	24.57
KEST-exempt non-dividend-bearing units outstanding	AT0000A00GA2	units	31,648.459
Value of KEST-exempt non-dividend-bearing unit	AT0000A00GA2	HUF	7,768.29
KEST-exempt non-dividend-bearing units outstanding	AT0000A1YRT2	units	0.000
KEST-exempt non-dividend-bearing units outstanding	AT0000A1YRT2	EUR	105.91
KEST-exempt non-dividend-bearing units outstanding	AT0000A1YRU0	units	0.000
Value of KEST-exempt non-dividend-bearing unit	AT0000A1YRU0	HUF	33,485.56

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

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

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

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

All OTC derivatives are traded through Erste Group Bank AG.

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

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

Investor note:

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

Purchases and sales of transferable securities in the reporting period not listed in the fund portfolio

Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
Publicly traded securities				
Bonds denominated in USD				
Issue country USA				
US TREASURY 2024	US912828B253	0.625	0	800
Investment certificates				
Investment certificates denominated in EUR				
Issue country Austria				
ESPA MORTGAGE EURR01TEO	AT0000700786		0	3,000
Securities admitted to organised markets				
Bonds denominated in NOK				
Issue country Norway				
NORWAY 10-21	N00010572878	3.750	0	800

Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
Bonds denominated in PLN				
Issue country Poland				
POLAND 02/22 0922	PL0000102646	5.750	0	580
Bonds denominated in USD				
Issue country USA				
US TREASURY 2026	US912828S505	0.125	0	800
Unlisted securities				
Bonds denominated in AUD				
Issue country Australia				
AUSTRALIA 2018 141	AU3TB0000176	3.250	0	100
Bonds denominated in CAD				
Issue country Canada				
CDA 2018 01.09	CA135087B378	1.250	0	150
Bonds denominated in MXN				
Issue country Mexico				
MEXICO 2018	MX0MG00000G1	8.500	0	60,000
Bonds denominated in USD				
Issuer World Bank				
WORLD BK 15/18	US459058ER04	1.000	0	1,000

Vienna, February 2019

Erste Asset Management GmbH
Electronically signed

Inspection information:
Note:

The electronic signatures in this document can be inspected at www.signaturpruefung.gv.at.
This document was signed with two qualified electronic signatures. A qualified electronic signature fulfils the legal requirements of a hand-written signature, and in particular the requirements of the written form as defined in § 886 ABGB (§ 4 (1) Austrian Signature Act [Signaturgesetz]).