

ESPA BOND INTERNATIONAL

Mutual fund pursuant to the InvFG

Annual Report 2017/18

Contents

General Information about the Investment Firm	2
Development of the Fund	5
Method of Calculating Overall Risk	6
Asset Allocation	6
Comparative Overview	7
Disbursement/Payment.....	9
Income Statement and Changes in Fund Assets	10
1. Value Development over the Financial Year (Fund Performance).....	10
2. Fund Result.....	12
3. Changes in Fund Assets.....	13
Fund Portfolio as of 31 July 2018	14
Auditor's Opinion	20
Fund Terms and Conditions.....	23
Annex to the Fund Terms and Conditions	26

General Information about the Investment Firm

The company	ERSTE-SPARINVEST Kapitalanlagegesellschaft m. b. H. Am Belvedere 1, A-1100 Vienna Telephone: +43 05 0100-19881, Fax: +43 05 0100-17102
Nominal capital	EUR 4.50 million
Shareholders	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%)
Supervisory Board	Rudolf SAGMEISTER, Mag. (Chairman) (from 22 February 2018) Wolfgang TRAINDL, Mag. (Chairman until 21 February 2018) Gabriele SEMMELROCK-WERZER (Deputy Chairwoman, First Deputy) Franz-Nikolaus HÖRMANN, Mag. (Deputy Chairman, Second Deputy) Matthias BAUER Monika JUNG, Mag. MSc (from 22 February 2018) Josef PRESCHITZ Franz PRUCKNER, Dr. MBA Rupert RIEDER, Mag. Rudolf SAGMEISTER, Mag. (from 15 February 2018 to 21 February 2018) Thomas SCHAUFLENER, Mag. (FH) Reinhard WALTL, Mag. Appointed by the Works Council: Martin CECH Regina HABERHAUER Heinrich Hubert REINER, Ing. Peter RIEDERER Manfred ZOUREK
Managing directors	Heinz BEDNAR, Mag. Peter KARL, Mag. (from 1 March 2018) Günther MANDL Christian SCHÖN (until 28 February 2018) Wolfgang TRAINDL, Mag. (from 1 March 2018)
Prokuristen (proxies)	Achim ARNHOF, Mag. Winfried BUCHBAUER Karl FREUDENSCHUSS Dietmar JAROSCH, Dr. Manfred LENTNER Gerold PERMOSER Magdalena REISCHL, Mag. Jürgen SINGER, Mag.
State commissioners	Erwin GRUBER Michael MANHARD, HR Dr.
Auditor	Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
Custodian bank	Erste Group Bank AG

**Remuneration paid to employees of ERSTE-SPARINVEST KAG in EUR
(financial year 2017 of ERSTE-SPARINVEST KAG)**

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

Number of employees as of 31.12.17	148
Number of risk bearers as of 31.12.17	60
Fixed remuneration	11,990,882
Variable remuneration (bonuses)	3,065,433
Total employee remuneration	15,056,315
Thereof remuneration for managing directors	1,540,398
Thereof remuneration for managers and risk bearers	918,143
Thereof remuneration for risk bearers with controlling functions*	1,111,224
Thereof remuneration for other risk bearers	5,430,036
Thereof remuneration for employees at the same pay grade as managers and risk bearers due to the amount of their total remuneration	0
Total remuneration for risk bearers	8,999,801

* Includes the Head of Compliance

Principles governing performance-based remuneration components

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

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

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

The performance-based remuneration components serve the short-term and long-term interests of the Management Company and contribute to preventing risky behaviour. The performance-based remuneration components take into account the personal 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 gross annual 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 personal 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 gross annual remuneration for all employees, including the material risk bearers (according to the definition in the remuneration policy) and managing directors of the Management Company.

The remuneration system is made up of three components:

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

The bonus potential is based on the fixed annual gross remuneration. The target agreements concluded with the employees contain qualitative and/or quantitative objectives. The qualitative objectives must make up at least 25%. The payment of performance-based remuneration components is subject to a minimum profitability level for the Management Company and to performance targets.

Sixty percent of the performance-based remuneration components are paid directly; 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 shares in an investment fund that is administered by the Management Company, equivalent holdings or instruments linked to shares, or equivalent non-cash instruments. Based on the principle of proportionality, the Management Company has set a materiality threshold below which there is no incentive to enter into inappropriate risks, for which reason there is no need to make delayed payment or payment in the form of a non-cash instrument. Other non-cash benefits are fringe benefits that are not associated with performance but with a specific position (e.g. company car) or that apply for all employees (e.g. holiday).

The Supervisory Board of the Management Company has set up a Remuneration Committee to ensure that the remuneration policy and its application are independently assessed. This committee consists of the following persons: Rudolf Sagmeister (remuneration expert), Franz-Nikolaus Hörmann, and Heinrich Hubert Reiner.

The complete remuneration policy of the Management Company can be viewed at http://www.erste-am.at/de/private_anleger/wer-sind-wir/investmentprozess.

The last audit of compliance with the requirements of the remuneration policy by the Supervisory Board on 29 November 2017 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 financial year.

Dear Shareholder,

We are pleased to present you the following annual report for the ESPA BOND INTERNATIONAL mutual fund pursuant to the InvFG for the period from 1 August 2017 to 31 July 2018.

Development of the Fund

Market environment

In global terms, the positive economic conditions improved further and the gap between actual production and the potential product narrowed. This was facilitated by a supportive environment framed by continued accommodative monetary policy for the most part plus low but slowly climbing commodity prices (especially oil). The downside risks stemming from political developments increased, for example from the continued uncertainty about the United Kingdom's exit from the EU, extremely polarising elections in some key economic countries, budding trade protectionism, and sometimes surprising moves of the US administration. However, the markets were hardly shocked by this in 2017. Market sentiment was largely positive thanks to the "Trump effect", which was driven by the promised tax relief. But once it became clear last summer that the US president would be unable to fulfil his campaign promises when or in the form that he had announced, this optimism faded again in the middle of the reporting period. Some reforms were finally initiated at the end of 2017. President Trump's increasing focus on a "trade war" this year has caused growing uncertainty on the market.

Over the past six months, the consistently good economic data from the USA and the inflation trend caused the Federal Open Market Committee to lift the key rate corridor by 25 basis points in March 2018 and again in June 2018 to 1.75%–2.00%. Another one or two hikes are expected this year.

US Treasuries posted yields well above those for high-quality euro government bonds on a relatively consistent basis. The interest rate differential to Germany has increased substantially since December 2016. In May, ten-year US Treasuries surpassed the 3 percentage point mark again for the first time since 2013. The US yield curve also flattened increasingly over the past 12 months. The difference between a two-year and ten-year US government bond was most recently usually less than 40 basis points. Japanese government bonds also remained virtually locked in place because of the continued ultra-loose monetary policy of the Bank of Japan. Exchange rates were driven by the market's assessment of public finances, the economy, political uncertainty, and the anticipated yield gaps compared with other currency areas. Expectations about future monetary policy steps played a major role. A key reason for the rather limited fluctuation of the effective exchange rate for some time was the accommodating monetary policy of the major central banks. The euro gained considerable ground against the US dollar especially in 2017 and was at 1.24 at the beginning of 2018. The US dollar recently gained ground again and was back as high as 1.15. The Japanese yen moved little versus the euro and closed the reporting period at almost the same level as at the start, namely 130.79.

The bond valuations were still supported by the search for attractive earnings potential, with investors exhibiting considerable risk affinity overall. Given the rise in interest rates being driven by the Fed, the financial sector in particular is becoming increasingly attractive. Especially European banks seem to be comparatively inexpensive in dollars. While the interest rate trend had a negative impact on bonds, the return of volatility to the market caused spreads to start widening again in March after they had narrowed steadily in 2017. This had a short-term negative effect especially on the banking sector.

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.

Interest rate derivatives were used within the prescribed limits to actively manage the fund's duration during the reporting period. Investment-grade corporate bonds were underweighted in favour of government bonds. The underweighting of corporate bonds made a slight positive performance contribution and the duration positioning also made a positive contribution. US MBS were overweighted and had a negative effect on the fund's performance. UK

government bonds were underweighted, which made a negative performance contribution. Because of its orientation, the fund is heavily invested in foreign currencies. The fund was overweighted in USD, but this had no significant impact on the overall performance because of the minimal changes in EUR/USD.

The fund delivered a performance of minus 0.45% (ISIN AT0000858048) for the financial year.

Method of Calculating Overall Risk

Method of calculating overall risk:		Commitment approach
Reference assets used:		-
Value at risk:	Lowest value:	-
	Average value:	-
	Highest value:	-
Model used:		-
Leverage* when using the value-at-risk calculation method:		-
Leverage** according to § 4 of the 4 th Derivatives Risk Measurement and Reporting Regulation:		-

* Total nominal values of derivative instruments without taking into account offsetting and hedging (item 8.5. Schedule B InvFG 2011).

** Total derivative risk taking offsetting and hedging into account = total of the equivalent values of the underlying assets as a percentage of the fund assets.

Asset Allocation

	31 July 2018		31 July 2017	
	EUR millions	%	EUR millions	%
Bonds denominated in				
AUD	0.5	1.32	0.5	1.36
GBP	2.4	6.35	2.5	6.52
JPY	5.8	15.32	6.9	17.82
CAD	0.5	1.31	0.5	1.33
MXN*	0.3	0.73	0.3	0.75
NOK	0.1	0.24	0.1	0.24
PLN	0.2	0.41	0.2	0.40
SEK	0.2	0.65	0.5	1.25
USD	19.2	51.10	17.9	46.11
Investment certificates denominated in				
EUR	7.7	20.39	9.2	23.69
Securities	36.8	97.83	38.6	99.47
Forward exchange agreements	- 0.0	- 0.08	- 0.1	- 0.20
Cash in banks	0.5	1.41	0.1	0.15
Dividend entitlements	0.0	0.02	-	-
Interest entitlements	0.3	0.82	0.2	0.58
Other deferred items	- 0.0	- 0.00	- 0.0	- 0.00
Fund assets	37.6	100.00	38.8	100.00

* See also the footnote under Fund Portfolio.

Comparative Overview

Financial year	Fund assets
2015/2016	48,289,377.09
2016/2017	38,799,563.97
2017/2018	37,587,904.60

General information about performance:

The performance of share classes with no outstanding shares at the end of the reporting period or no outstanding shares 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 share class is issued during the reporting period, the performance and reinvestment are calculated from the point in time that the share class is launched. Because of this and possible other fees and currency classes, the performance and reinvestment of this share class differ from those of comparable share classes.

The performance is determined assuming the reinvestment of all paid dividends and amounts at their nominal value on the day of disbursement.

Financial year	Fund type	ISIN	Currency	Calculated value per share	Disbursement/payment	Re-investment	Development in per cent
2015/2016	Dividend shares	AT0000858048	EUR	12.41	0.1600	-	7.00
2016/2017	Dividend shares	AT0000858048	EUR	11.16	0.1500	-	-8.86
2017/2018	Dividend shares	AT0000858048	EUR	10.96	0.1500	0.0320	-0.45

Financial year	Fund type	ISIN	Currency	Calculated value per share	Disbursement/payment	Re-investment	Development in per cent
2015/2016	Dividend shares	AT0000A1YRR6	EUR	-	-	-	-
2016/2017	Dividend shares	AT0000A1YRR6	EUR	-	-	-	-
2017/2018	Dividend shares	AT0000A1YRR6	EUR	101.10	-	-	-

Financial year	Fund type	ISIN	Currency	Calculated value per share	Disbursement/payment	Re-investment	Development in per cent
2015/2016	Non-dividend shares	AT0000812920	EUR	24.47	0.0862	0.2209	7.00
2016/2017	Non-dividend shares	AT0000812920	EUR	22.21	0.0918	0.2363	-8.91
2017/2018	Non-dividend shares	AT0000812920	EUR	22.02	0.1020	0.2655	-0.45

Financial year	Fund type	ISIN	Currency	Calculated value per share	Disbursement/payment	Re-investment	Development in per cent
2015/2016	Non-dividend shares	AT0000A1YRS4	EUR	-	-	-	-
2016/2017	Non-dividend shares	AT0000A1YRS4	EUR	-	-	-	-
2017/2018	Non-dividend shares	AT0000A1YRS4	EUR	101.10	-	-	-

ESPA BOND INTERNATIONAL

Financial year	Fund type	ISIN	Currency	Calculated value per share	Disbursement/ payment	Re-investment	Development in per cent
2015/2016	KESSt-exempt non-dividend shares	AT0000673322	EUR	25.90	-	0.3252	7.02
2016/2017	KESSt-exempt non-dividend shares	AT0000673322	EUR	23.58	-	0.3489	-8.96
2017/2018	KESSt-exempt non-dividend shares	AT0000673322	EUR	23.48	-	0.3898	-0.42

Financial year	Fund type	ISIN	Currency	Calculated value per share	Disbursement/ payment	Re-investment	Development in per cent
2015/2016	KESSt-exempt non-dividend shares	AT0000A1YRT2	EUR	-	-	-	-
2016/2017	KESSt-exempt non-dividend shares	AT0000A1YRT2	EUR	-	-	-	-
2017/2018	KESSt-exempt non-dividend shares	AT0000A1YRT2	EUR	101.22	-	-	-

Financial year	Fund type	ISIN	Currency	Calculated value per share	Disbursement/ payment	Re-investment	Development in per cent
2015/2016	KESSt-exempt non-dividend shares	AT0000A00GA2	HUF	8,055.54	-	101.6695	8.19
2016/2017	KESSt-exempt non-dividend shares	AT0000A00GA2	HUF	7,175.74	-	179.4701	-10.92
2017/2018	KESSt-exempt non-dividend shares	AT0000A00GA2	HUF	7,530.03	-	154.2990	4.94

Financial year	Fund type	ISIN	Currency	Calculated value per share	Disbursement/ payment	Re-investment	Development in per cent
2015/2016	KESSt-exempt non-dividend shares	AT0000A1YRU0	HUF	-	-	-	-
2016/2017	KESSt-exempt non-dividend shares	AT0000A1YRU0	HUF	-	-	-	-
2017/2018	KESSt-exempt non-dividend shares	AT0000A1YRU0	HUF	32,461.26	-	-	-

Disbursement/Payment

The following disbursement or payment will be made for the financial year from 1 August 2017 to 31 July 2018. 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 October 2018 at

Erste Group Bank AG, Vienna,

and the respective bank managing the Shareholder's securities account.

Fund type	ISIN	Currency	Disbursement/ payment		KES ^t with option declaration	KES ^t w/o option declaration	Reinvestment
Dividend shares	AT0000858048	EUR	0.1500		0.0508	0.0508	0.0320
Dividend shares	AT0000A1YRR6	EUR	-		-	-	-
Non-dividend shares	AT0000812920	EUR	0.1020		0.1020	0.1020	0.2655
Non-dividend shares	AT0000A1YRS4	EUR	-		-	-	-
KES ^t -exempt non- dividend shares	AT0000673322	EUR	-	*	-	-	0.3898
KES ^t -exempt non- dividend shares	AT0000A1YRT2	EUR	-	*	-	-	-
KES ^t -exempt non- dividend shares	AT0000A00GA2	HUF	-	*	-	-	154.2990
KES ^t -exempt non- dividend shares	AT0000A1YRU0	HUF	-	*	-	-	-

* 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 Financial Year (Fund Performance)

Calculation according to the OeKB method per share in the share currency not accounting for an issue premium

The performance of share classes with no outstanding shares at the end of the reporting period or no outstanding shares 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 share", and the "total value including (notional) shares gained through disbursement/payment" are not reported in the following.

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

AT0000858048 dividend shares EUR	
Share value at the beginning of the reporting period (2,865,439.540 shares)	11.16
Disbursement/payment on 28.09.2017 (corresponds to roughly 0.0136 shares at a calculated value of 11.03)	0.1500
Share value at the end of the reporting period (2,375,397.851 shares)	10.96
Total value including (notional) shares gained through disbursement/payment	11.11
Net earnings per share	-0.05
Value development of one share in the period	-0.45%

AT0000A1YRR6 dividend shares EUR	
Share value on issue date (0.000 shares)	100.00
Disbursement/payment	0.0000
Share value at the end of the reporting period (0.000 shares)	101.10
Total value including (notional) shares gained through disbursement/payment	-
Net earnings per share	-
Value development of one share in the period	-

AT0000812920 non-dividend shares EUR	
Share value at the beginning of the reporting period (281,317.450 shares)	22.21
Disbursement/payment on 28.09.2017 (corresponds to roughly 0.0041 shares at a calculated value of 22.16)	0.0918
Share value at the end of the reporting period (502,116.394 shares)	22.02
Total value including (notional) shares gained through disbursement/payment	22.11
Net earnings per share	-0.10
Value development of one share in the period	-0.45%

AT0000A1YRS4 non-dividend shares EUR	
Share value on issue date (0.000 shares)	100.00
Disbursement/payment	0.0000
Share value at the end of the reporting period (0.000 shares)	101.10
Total value including (notional) shares gained through disbursement/payment	-
Net earnings per share	-
Value development of one share in the period	-

AT0000673322 KESSt-exempt non-dividend shares EUR	
Share value at the beginning of the reporting period (491.824 shares)	23.58
Disbursement/payment	0.0000
Share value at the end of the reporting period (491.824 shares)	23.48
Total value including (notional) shares gained through disbursement/payment	23.48
Net earnings per share	-0.10
Value development of one share in the period	-0.42%

AT0000A1YRT2 KESSt-exempt non-dividend shares EUR	
Share value on issue date (0.000 shares)	100.00
Disbursement/payment	0.0000
Share value at the end of the reporting period (0.000 shares)	101.22
Total value including (notional) shares gained through disbursement/payment	-
Net earnings per share	-
Value development of one share in the period	-

AT0000A00GA2 KESSt-exempt non-dividend shares HUF	
Share value at the beginning of the reporting period (23,731.937 shares)	7,175.74
Disbursement/payment	0.0000
Share value at the end of the reporting period (20,295.342 shares)	7,530.03
Total value including (notional) shares gained through disbursement/payment	7,530.03
Net earnings per share	354.29
Value development of one share in the period	4.94%

AT0000A1YRU0 KESSt-exempt non-dividend shares HUF	
Share value on issue date (0.000 shares)	31,298.50
Disbursement/payment	0.0000
Share value at the end of the reporting period (0.000 shares)	32,461.26
Total value including (notional) shares gained through disbursement/payment	-
Net earnings per share	-
Value development of one share in the period	-

2. Fund Result

a. Realised fund result

Ordinary fund result

Income (without profit or loss from price changes)

Interest income (excluding income adjustment) 834,981.28

Dividend income 13.56

Other income 8) 0.00

Total income (without profit or loss from price changes) 834,994.84

Interest paid - 1,492.76

Expenses

Fees paid to Investment Firm - 173,215.32

Costs for the financial auditor and tax consultation - 3,699.00

Publication costs - 10,876.05

Securities account fees - 10,163.48

Custodian bank fees - 16,131.75

Costs for the external consultant 0.00

Total expenses - 214,085.60

Compensation for management costs from sub-funds 1) 0.00

Ordinary fund result (excluding income adjustment) 619,416.48

Realised profit or loss from price changes 2) 3)

Realised gains 4) 568,502.79

Realised losses 5) - 413,284.51

Realised profit or loss from price changes (excluding income adjustment) 155,218.28

Realised fund result (excluding income adjustment) 774,634.76

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

Changes in the unrealised profit or loss from price changes 7) - 799,687.41

Result for the reporting period 6) - 25,052.65

c. Income adjustment

Income adjustment for income in the period - 890.58

Income adjustment for profit carried forward from dividend shares - 3,388,809.27

Overall fund result - 3,414,752.50

3. Changes in Fund Assets

Fund assets at the beginning of the reporting period	38,799,563.97
Disbursement/payment in the financial year	- 441,429.95
Issue and return of shares	2,644,523.08
Overall fund result	
(The fund result is shown in detail under item 2.)	- 3,414,752.50
Fund assets at the end of the reporting period	<u>37,587,904.60</u>

- 1) Reimbursements (in the sense of commissions) paid by third parties are forwarded to the fund after deduction of any associated costs. Erste Bank der oesterreichischen Sparkassen AG receives 25% of the calculated commissions to cover administrative costs.
- 2) Realised profits and losses are not calculated precisely for the specific periods, which means that they, as is the case for the changes in the unrealised profit or loss, are not necessarily congruent with the changes in the value of the fund in the reporting year.
- 3) Total profit or loss from price changes without income adjustment (realised profit or loss from price changes, without income adjustment, plus changes in the unrealised profit or loss): EUR -644,469.13.
- 4) Thereof profits from transactions with derivative financial instruments: EUR 268,110.50.
- 5) Thereof losses from transactions with derivative financial instruments: EUR -220,747.94.
- 6) The result for the financial year includes explicitly reported transaction costs in the amount of EUR 0.00.
- 7) Thereof changes in unrealised gains EUR -616,458.50 and unrealised losses EUR -183,228.91.
- 8) The earnings reported under this item can be attributed to lending fees from securities lending transactions conducted with Erste Group Bank AG in the amount of EUR 0.00, to earnings from real estate funds in the amount of EUR 0.00, and to other earnings in the amount of EUR 0.00.

Fund Portfolio as of 31 July 2018

(including changes in securities assets from 1 August 2017 to 31 July 2018)

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
Publicly traded securities								
Bonds denominated in JPY								
Issue country Japan								
JAPAN 2020 308	JP1103081A65	1.300	0	0	140,000	102.682	1,097,570.99	2.92
JAPAN 2020 123	JP1051231F37	0.100	0	0	90,000	100.359	689,618.81	1.83
JAPAN 2021 320	JP1103201C19	1.000	0	0	95,000	103.755	752,563.08	2.00
JAPAN 2025 341	JP1103411FC6	0.300	0	0	120,000	102.480	938,924.41	2.50
JAPAN 2040 32	JP1300321A34	2.300	0	43,000	150,000	134.743	1,543,148.56	4.11
JAPAN 2050 3	JP1400031A58	2.200	0	0	64,000	140.117	684,669.64	1.82
JAPAN 2052 5	JP1400051C51	2.000	0	0	5,000	135.575	51,755.90	0.14
Total issue country Japan							5,758,251.39	15.32
Total bonds denominated in JPY translated at a rate of 130.97540							5,758,251.39	15.32
Bonds denominated in CAD								
Issue country Canada								
CDA 2041	CA135087YQ12	4.000	0	0	150	128.019	126,051.75	0.34
Total issue country Canada							126,051.75	0.34
Total bonds denominated in CAD translated at a rate of 1.52341							126,051.75	0.34
Bonds denominated in USD								
Issue country USA								
US TREASURY 2024	US912828B253	0.625	0	0	800	99.004	684,518.59	1.82
Total issue country USA							684,518.59	1.82
Total bonds denominated in USD translated at a rate of 1.17005							684,518.59	1.82
Total publicly traded securities							6,568,821.73	17.48
Investment certificates								
Investment certificates denominated in EUR								
Issue country Austria								
ESPA ALPHA 1 T	AT0000A03DF2		2,138	2,201	8,476	50.100	424,647.60	1.13
ESPA ALPHA 2 T	AT0000A05F50		4,817	5,640	17,236	74.270	1,280,117.72	3.41
ESPA BD DL CORP.EUR R01 T	AT0000724265		0	6,000	39,500	140.550	5,551,725.00	14.77
ESPA MORTGAGE EURR01TEO	AT0000700786		0	3,000	3,000	135.860	407,580.00	1.08
Total issue country Austria							7,664,070.32	20.39
Total investment certificates denominated in EUR							7,664,070.32	20.39
Total investment certificates							7,664,070.32	20.39

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
----------------------	-------------	---------------	-------------------	------------------	---	-------	--------------	------------------------

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

AUSTRALIA 2018 141	AU3TB0000176	3.250	0	0	100	100.269	63,706.46	0.17
AUSTRALIA 2022 128 15.07	AU3TB0000051	5.750	0	0	200	113.442	144,152.18	0.38
AUSTRALIA 2025 139	AU3TB0000168	3.250	0	0	200	104.739	133,093.17	0.35
AUSTRALIA 2035 145	AU000XCLWAMO	2.750	0	0	250	97.777	155,308.08	0.41
Total issue country Australia							496,259.89	1.32
Total bonds denominated in AUD translated at a rate of 1.57392							496,259.89	1.32

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

LCR FINANCE 99/28 REGS	XS0094804126	4.500	0	0	300	125.852	423,278.55	1.13
TREASURY STK 2021	GB00B4RMG977	3.750	0	0	230	108.888	280,771.32	0.75
TREASURY STK 2022	GB00B3KJDQ49	4.000	0	0	200	111.090	249,086.30	0.66
TREASURY STK 2024	GB00BHBFBH458	2.750	0	0	100	109.528	122,791.99	0.33
TREASURY STK 2025	GB00BTHH2R79	2.000	0	0	100	105.614	118,404.00	0.32
TREASURY STK 2040	GB00B6460505	4.250	0	70	730	145.748	1,192,807.46	3.17
Total issue country Great Britain							2,387,139.62	6.35
Total bonds denominated in GBP translated at a rate of 0.89198							2,387,139.62	6.35

Bonds denominated in CAD**Issue country Canada**

CDA 2018 01.09	CA135087B378	1.250	0	0	150	99.970	98,433.78	0.26
CDA 2021	CA135087ZJ69	3.250	0	0	250	103.064	169,133.72	0.45
CDA 2025	CA135087D507	2.250	0	0	150	99.663	98,131.49	0.26
Total issue country Canada							365,698.99	0.97
Total bonds denominated in CAD translated at a rate of 1.52341							365,698.99	0.97

Bonds denominated in MXN**Issue country Mexico**

MEXICO 2018 1)	MX0MG00000G1	8.500	0	0	60,000	101.314	275,387.86	0.73
Total issue country Mexico							275,387.86	0.73
Total bonds denominated in MXN translated at a rate of 21.83196							275,387.86	0.73

ESPA BOND INTERNATIONAL

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
Bonds denominated in NOK								
Issue country Norway								
NORWAY 10-21	NO0010572878	3.750	0	0	800	106.848	89,668.14	0.24
Total issue country Norway							89,668.14	0.24
Total bonds denominated in NOK translated at a rate of 9.53275							89,668.14	0.24
Bonds denominated in PLN								
Issue country Poland								
POLAND 02/22 0922	PL0000102646	5.750	0	0	580	113.740	154,189.12	0.41
Total issue country Poland							154,189.12	0.41
Total bonds denominated in PLN translated at a rate of 4.27846							154,189.12	0.41
Bonds denominated in SEK								
Issue country Sweden								
SWEDEN 17-28 1060	SE0009496367	0.750	0	0	2,500	101.231	246,167.58	0.65
Total issue country Sweden							246,167.58	0.65
Total bonds denominated in SEK translated at a rate of 10.28070							246,167.58	0.65
Bonds denominated in USD								
Issue country USA								
US TREASURY 2019	US912828F395	1.750	0	1,000	3,000	99.128	2,541,634.97	6.76
US TREASURY 2020	US912828A834	2.375	1,000	0	1,000	99.188	847,724.46	2.26
US TREASURY 2021	US912828B907	2.000	0	0	2,000	98.157	1,677,825.73	4.46
US TREASURY 2021	US912828WN60	2.000	0	0	1,800	97.948	1,506,827.91	4.01
US TREASURY 2023	US9128284A52	2.625	3,000	0	3,000	99.120	2,541,429.85	6.76
US TREASURY 2023	US912828VS66	2.500	0	0	2,500	98.365	2,101,726.42	5.59
US TREASURY 2024	US912828B667	2.750	0	0	100	99.359	84,918.59	0.23
US TREASURY 2024	US912828D564	2.375	0	0	2,900	97.106	2,406,798.00	6.40
US TREASURY 2026	US912828S505	0.125	0	0	800	94.780	647,284.00	1.72
US TREASURY 2028	US9128283W81	2.750	1,000	0	1,000	98.224	839,485.49	2.23
US TREASURY 2042	US912810QU51	3.125	0	0	1,000	100.910	862,441.78	2.29
US TREASURY 2046	US912810RR14	1.000	0	0	700	101.250	612,010.48	1.63
Total issue country USA							16,670,107.68	44.35
Issuer World Bank								
WORLD BK 14/21	US459058DT78	2.250	0	0	700	98.183	587,394.56	1.56
WORLD BK 14/24	US459058DX80	2.500	0	0	500	96.792	413,623.35	1.10
WORLD BK 15/18	US459058ER04	1.000	0	0	1,000	99.768	852,679.89	2.27
Total issuer World Bank							1,853,697.80	4.93
Total bonds denominated in USD translated at a rate of 1.17005							18,523,805.48	49.28
Total securities admitted to organised markets							22,538,316.68	59.96

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/USD 16.08.2018 FXF_TAX_3441421		-3,112,176	-29,940.71	-0.08
		Total issue country Austria	-29,940.71	-0.08
		Total forward exchange agreements denominated in EUR	-29,940.71	-0.08
		Total forward exchange agreements	-29,940.71	-0.08

Breakdown of fund assets

Securities			36,771,208.73	97.83
Forward exchange agreements			-29,940.71	-0.08
Cash in banks			531,560.27	1.41
Dividend entitlements			5,704.50	0.02
Interest entitlements			309,520.11	0.82
Other deferred items			-148.30	-0.00
Fund assets			37,587,904.60	100.00

Dividend shares outstanding	AT0000858048	shares	2,375,397.851
Share value for dividend share	AT0000858048	EUR	10.96
Dividend shares outstanding	AT0000A1YRR6	shares	0.000
Share value for dividend share	AT0000A1YRR6	EUR	101.10
Non-dividend shares outstanding	AT0000812920	shares	502,116.394
Share value for non-dividend share	AT0000812920	EUR	22.02
Non-dividend shares outstanding	AT0000A1YRS4	shares	0.000
Share value for non-dividend share	AT0000A1YRS4	EUR	101.10
KEST-exempt non-dividend shares outstanding	AT0000673322	shares	491.824
Share value for KEST-exempt non-dividend share	AT0000673322	EUR	23.48
KEST-exempt non-dividend shares outstanding	AT0000A00GA2	shares	20,295.342
Share value for KEST-exempt non-dividend share	AT0000A00GA2	HUF	7,530.03
KEST-exempt non-dividend shares outstanding	AT0000A1YRT2	shares	0.000
KEST-exempt non-dividend shares outstanding	AT0000A1YRT2	EUR	101.22
KEST-exempt non-dividend shares outstanding	AT0000A1YRU0	shares	0.000
Share value for KEST-exempt non-dividend share	AT0000A1YRU0	HUF	32,461.26

1) Price contains deferred interest.

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 are 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 are 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 are 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 securities in the reporting period not listed in the fund portfolio

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals
Shares/nominal (nom. in 1,000, rounded)				
Publicly traded securities				
Bonds denominated in JPY				
Issue country Japan				
JAPAN 2017 289	JP11028917C2	1.500	0	90,000
Securities admitted to organised markets				
Bonds denominated in SEK				
Issue country Sweden				
SWEDEN 07-19 1052	SE0002241083	4.250	0	2,000
Bonds denominated in USD				
Issue country USA				
US TREASURY 2017	US912828D986	1.000	0	1,100
US TREASURY 2018	US912828RE27	1.500	0	900

Vienna, 19 September 2018

ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H.
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]).

Auditor's Opinion*

Statement on the annual report

Audit opinion

We have audited the annual report prepared by ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H., Vienna, for the fund under its management

ESPA BOND INTERNATIONAL
mutual fund pursuant to the InvFG,

consisting of the fund portfolio as of 31 July 2018, the income statement for the financial year ending on this date, and the other information specified in Annex I Scheme B of the Austrian Investment Fund Act 2011 (InvFG 2011).

Based on the findings of our audit, we believe that the annual report satisfies the legal requirements and provides a true and fair view of the assets and financial position as of 31 July 2018 and of the earnings position of the fund for the financial year ending on this date in accordance with Austrian commercial law and the provisions of the InvFG 2011.

Basis for the audit opinion

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

Management and supervisory board responsibilities relating to the annual report

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

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

Responsibilities of the auditor in auditing the annual report

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

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

In addition:

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

Other information

The legal representatives are responsible for the other information. The other information includes all information in the annual report except for the fund portfolio, the income statement, the other information specified in Annex I Scheme B of the InvFG 2011, and the auditor's opinion.

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

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

Vienna, 19 September 2018

Ernst & Young

Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Andrea Stippel
(Certified Public
Accountant)

ppa MMag. Roland Unterweger
(Certified Public Accountant)

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

Fund Terms and Conditions for ESPA BOND INTERNATIONAL

Mutual fund pursuant to the InvFG

The Fund Terms and Conditions for ESPA BOND INTERNATIONAL, mutual fund pursuant to the Austrian Investment Fund Act (Investmentfondsgesetz; InvFG) 2011 as amended, were approved by the Austrian Financial Market Authority (FMA).

The Fund is an undertaking for the collective investment of transferable securities (UCITS) and is managed by ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H. (the "Management Company" in the following), which is domiciled in Vienna.

Article 1 Fund Shares

The partial ownership of the fund assets is evidenced by certificates having the characteristics of a bearer share.

The share certificates are depicted in global certificates for each share class. For this reason, individual share certificates cannot be issued.

Article 2 Custodian Bank (Depositary Bank)

The custodian bank (depositary) appointed for the Fund is Erste Group Bank AG, 1010 Vienna.

The payment offices for share certificates are the custodian bank (depositary) or other payment offices mentioned in the prospectus.

Article 3 Investment Instruments and Principles

The following assets may be selected for the Fund in accordance with the InvFG.

Government bonds, bank bonds, and corporate bonds in the investment grade (or other comparable) segment in terms of ratings assigned by recognised rating agencies will be purchased, among other assets, according to the possibilities on the market.

The Fund will purchase shares in investment funds that, among other things, according to their terms and conditions invest predominantly in bonds or comparable assets or that are categorised as a bond fund or as comparable to a bond fund by at least one internationally recognised organisation (such as the classification according to Bloomberg, Datastream, software-systems.at Börsensoftware & Datenbankservice GmbH, etc.), regardless of the country in which the respective management company is domiciled.

The fund assets are invested in the following investment instruments in compliance with the description above.

a) Securities

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

b) Money market instruments

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

c) Securities and money market instruments

Securities or money market instruments issued or guaranteed by the Republic of Austria or its states: Burgenland, Carinthia, Lower Austria, Upper Austria, Salzburg, Styria, Tyrol, Vorarlberg, Vienna; the Federal Republic of Germany or its states: Baden-Württemberg, Bavaria, Berlin, Brandenburg, Bremen, Hamburg, Hesse, Mecklenburg-Vorpommern, Lower Saxony, North Rhine-Westphalia, Rhineland-Palatinate, Saarland, Saxony, Saxony-Anhalt, Schleswig-Holstein, Thuringia; the United States of America; the European Financial Stability Facility (EFSF); and the European Union (EU) may make up more than 35% of the fund assets provided that the fund assets are invested in at least six different instruments, but an investment in one instrument may not make up more than 30% of the total fund assets.

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

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) Shares in investment funds

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

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

e) Derivative financial instruments

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

f) Risk measurement method(s) of the fund

The Fund applies the following risk measurement methods: Commitment approach

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

g) Demand deposits or callable deposits

Demand deposits and callable deposits with a maximum term of 12 months may comprise up to 49% of the fund assets.

There are no minimum deposit requirements.

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

h) Acceptance of short-term loans

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

i) Repurchase agreements

Does not apply.

j) Securities lending

Does not apply.

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

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

Article 4 Issue and Return Procedure

The share value shall be calculated in the currency of the respective share class.

The share value is calculated at the same time as the issue and return price.

Issue of shares and issue premium

The issue price will be calculated and shares issued on every exchange trading day.

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

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

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

Return of shares and return fee

The return price will be calculated and shares redeemed on every exchange trading day.

The return price is the share value rounded down to the next equivalent sub-unit of the currency unit specified for the respective share class in the prospectus. No return fee will be charged.

Upon request by the Shareholder, his shares shall be redeemed at the current return price in return for the share certificate.

Article 5 Financial Year

The financial year of the Fund is from 1 August to 31 July.

Article 6 Share Classes and Use of Earnings

The Fund features three different share classes and the corresponding certificates: dividend shares and non-dividend shares with capital gains tax withholding as well as non-dividend shares without capital gains tax withholding, with certificates being issued for one share each and also for fractional shares.

Various share classes may be issued for this Fund. The creation of share classes and the issue of shares of a specific class shall be decided at the discretion of the Management Company.

Use of earnings for dividend shares

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

The fund assets may not fall below the legally stipulated minimum volume for termination after dividend payments in any case.

The amounts shall be paid to the holders of dividend shares on or after 1 October of the following financial year. The remaining amount shall be carried forward.

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

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

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

Use of earnings for non-dividend shares without capital gains tax withholding (KESt-exempt non-dividend domestic and foreign share class)

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

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

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

Article 7 Management Fee, Compensation for Expenses, Liquidation Fee

The Management Company shall receive an annual fee for its administrative activities amounting to up to 0.72% of the fund assets, which shall be accrued on a daily basis and calculated using the month-end values adjusted for the accrued fees.

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 share classes for existing investment funds shall be assessed against the share price of the new share classes.

The custodian bank shall receive a fee in the amount of 0.5% of the fund assets upon liquidation.

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

Annex to the Fund Terms and Conditions **List of exchanges with official trading and organised markets** **(As of July 2016)**

1. Exchanges with official trading and organised markets in the Member States of the EEA

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

http://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_mifid_rma*

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

1.2.1 Luxembourg: Euro MTF Luxembourg

1.3. Recognised markets in the EEA according to § 67 (2) 2 InvFG:

Markets in the EEA that have been classified as recognised markets by the respective supervisory authorities.

2. Exchanges in European countries outside of the EEA

2.1.	Bosnia and Herzegovina:	Sarajevo, Banja Luka
2.2.	Montenegro:	Podgorica
2.3.	Russia:	Moscow (RTS Stock Exchange), Moscow Interbank Currency Exchange (MICEX)
2.4.	Switzerland:	SWX Swiss Exchange
2.5.	Serbia:	Belgrade
2.6.	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, American Stock Exchange (AMEX), New York Stock Exchange (NYSE), Los Angeles/Pacific Stock Exchange, San Francisco/Pacific Stock Exchange, 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:	SWX Swiss Exchange, BX Berne eXchange; over the counter market of the members of the International Capital Market Association (ICMA), Zurich
4.5.	USA:	over the counter market (under the regulation 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:	American Stock Exchange, Chicago Board Options Exchange, Chicago Board of Trade, Chicago Mercantile Exchange, Comex, FINEX, Mid America Commodity Exchange, ICE Future US Inc. New York, Pacific Stock Exchange, Philadelphia Stock Exchange, New York Stock Exchange, Boston Options Exchange (BOX)

*) To open the list, click "Show table columns". The link can be changed by the FMA or ESMA. [The list can be found on the FMA's website by going to: <https://www.fma.gv.at/kapitalmaerkte/allgemeine-rechtsaufsicht-ueber-boersen/--> scroll down – link to "Verzeichnis aller geregelten Märkte" – "Show table columns"]

Note regarding the data used

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

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

Unless indicated otherwise, source: ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H. Our languages of communication are German and English. Both the full prospectus and the simplified prospectus as well as the Key Investor Information (and any applicable changes to these documents) were published in Amtsblatt zur Wiener Zeitung in accordance with the provisions of the InvFG 2011 in the currently amended version and are available for free at the domicile of the Investment Firm and at the head office of the custodian bank. The exact date of the most recent publication, the languages in which the simplified prospectus and the Key Investor Information are available, and any additional locations where the documents can be obtained can be viewed on the website www.erste-am.at.

www.erste-am.com

www.erste-am.at