

# **ERSTE RESERVE EURO**

**Jointly owned fund pursuant to the InvFG**

Annual Report 2019/20

## Contents

General Information about the Investment Firm .....	3
Development of the Fund .....	4
Method of Calculating the Global Exposure.....	6
Asset Allocation .....	6
Comparative Overview .....	7
Disbursement/Payment .....	9
Income Statement and Changes in Fund Assets.....	10
Statement of Assets and Liabilities as of 31 August 2020.....	14
Remuneration Policy .....	22
Audit Report* .....	24
Fund Rules.....	27

## General Information about the Investment Firm

<b>The company</b>	Erste Asset Management GmbH Am Belvedere 1, A-1100 Vienna Telephone: +43 05 0100-19777, fax: +43 05 0100-919777
<b>Registered capital</b>	EUR 2.50 million
<b>Shareholders</b>	Erste Group Bank AG (64.67%) Erste Bank der österreichischen Sparkassen AG (22.17%) Steiermärkische Bank und Sparkassen Aktiengesellschaft (3.30%) Tiroler Sparkasse Bankaktiengesellschaft Innsbruck (1.74%) DekaBank Deutsche Girozentrale, Frankfurt (1.65%) „Die Kärntner“ Trust-Vermögensverwaltungsgesellschaft m. b. H. & Co KG (1.65%) Salzburger Sparkasse Bank Aktiengesellschaft (1.65%) Sieben Tiroler Sparkassen Beteiligungsgesellschaft m. b. H. (1.65%) NÖ-Sparkassen Beteiligungsgesellschaft m. b. H. (0.76%) VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (0.76%)
<b>Supervisory Board</b>	Rudolf SAGMEISTER (Chairman) Thomas SCHAUFLER (Deputy Chairman) Ingo BLEIER (until 31 October 2019) Harald GASSER Gerhard GRABNER Harald Frank GRUBER (from 13 September 2019) Oswald HUBER Radovan JELASITY Robert LASSHOFER Franz PRUCKNER (from 13 September 2019) Rupert RIEDER (from 13 September 2019) Gabriele SEMMELROCK-WERZER (from 13 September 2019) Reinhard WALTTL (from 13 September 2019) Gerald WEBER Appointed by the Works Council: Martin CECH Regina HABERHAUER (from 13 September 2019) Heinrich Hubert REINER Peter RIEDERER Nicole WEINHENGST Manfred ZOUREK
<b>Managing directors</b>	Heinz BEDNAR Winfried BUCHBAUER Peter KARL Wolfgang TRAINDL
<b>Prokuristen (proxies)</b>	Achim ARNHOF (until 30.06.2020) Karl FREUDENSCHUSS Manfred LENTNER Günther MANDL Gerold PERMOSER Magdalena REISCHL Oliver RÖDER (from 06.07.2020)
<b>State commissioners</b>	Christoph SEEL Eva SCHRITTWIESER (until 30.06.2020)
<b>Auditor</b>	Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
<b>Depository bank</b>	Erste Group Bank AG

## Dear Unit-holder,

We are pleased to present you the following annual report for the ERSTE RESERVE EURO jointly owned fund pursuant to the InvFG for the accounting year from 1 September 2019 to 31 August 2020.

We would also like to inform you that the name of the fund was changed from ESPA RESERVE EURO to ERSTE RESERVE EURO as of 15 December 2019.

Even as the COVID-19 pandemic spreads, we are not losing sight of our responsibility to manage the assets entrusted to our care in a manner that maintains our ability to act on the capital markets and that enables us to make the best possible allocation decisions.

Modern technology also allows us to meet these obligations in full via teleworking.

## Development of the Fund

### Market report

The macroeconomic indicators were already trending down at the beginning of the reporting period. Central banks around the world attempted to stimulate their economies and kick off a recovery with low key rates and liquidity injections against a backdrop of low inflation expectations.

Just as the macroeconomic picture had brightened somewhat, the global economy slid into an extremely deep recession in the first quarter of 2020 due to the COVID-19 pandemic. The necessary containment measures that ultimately led to a lockdown brought life to a standstill for a number of weeks. This also impacted the development of the economy. The unemployment rate skyrocketed, and many people who still had a job were put on short-time work. Investors around the world scrambled to quickly increase their liquidity for the uncertain times ahead. This resulted in a collapse on the financial markets from the end of February to the middle of March 2020 and a concurrent flight into quality and liquidity the likes of which had never been seen before.

The markets were caught in the grips of fear and uncertainty. Shares and corporate bonds suffered enormous price losses in just a few days. At the same time, the prices of asset classes considered to be safe havens such as Austrian, German, and US government bonds rose.

The central banks reacted quickly and took quantitative easing steps to stabilise the financial markets and to prevent further negative economic effects. The ECB launched the PEPP (Pandemic Emergency Purchase Programme), through which it can purchase bonds and in this way supply liquidity to the financial system and economy. These measures arrested the looming downward spiral. The additional government support finally brought about the desired stabilisation of the economy. Higher-risk asset classes were able to regain much of the ground they had lost.

Countries that had already been on shaky footing before the pandemic were hit particularly hard by the economic downturn. In Europe, this especially included Spain and Italy. To counter the traditional north-south disparity and strengthen the Eurozone as a whole, an EU aid package to the tune of EUR 750 billion was agreed. This was seen as a strong sign of solidarity within the EU.

The further prognosis depends largely on whether chains of infection can be broken and further lockdowns avoided. We will not be able to return to normality until there is an effective treatment and vaccine against COVID-19.

Topics that had dominated the market before the pandemic shifted out of focus. But it is important that investors do not entirely lose sight of these uncertainty factors. Chinese-American relations are still a key source of risk for the global economy. And the Brexit negotiations had to be interrupted for some time. Great Britain and the European Union must sign a trade deal by the end of the year, or a hard Brexit will take place and there will be no valid legal basis for countless business activities.

Investors were searching for more security on the market due to the elevated uncertainty. Government bond yields remain low and will be kept at these levels by central bank rhetoric for a while still.

The yield on a ten-year German government bond was at around minus 0.7% at the beginning of the reporting period and came in at roughly minus 0.397% on 31 August 2020. In the USA, yields for ten-year issues fell from roughly plus 1.5% to 0.7%. Because of this, the yield curve on the money market is locked in negative territory for medium terms and beyond, as it has been for some time. The continued flattening of this yield curve is especially noteworthy. At the end of the reporting period, the three-month Euribor was trading at around minus 0.477% and the 12-month Euribor at around minus 0.383%.

### **Investment policy**

ERSTE RESERVE EURO invests in money market instruments, money and capital market floaters, and fixed-rate bonds with short remaining terms to maturity. The fund primarily employs a buy and hold strategy, though the portfolio structure is adapted to the market conditions. Because of the sharp decline in global yields, investment grade money market issues are trading in negative territory for the most part including the interest premiums (three-month Euribor plus risk premium), so performance depends largely on the volatility of the risk premiums. Government bonds with terms of less than one year are unattractive with their negative yields below minus 0.5%, so no new investments are being made in these issues.

The conditions on the money market were very difficult throughout the reporting period because even short-dated bank and corporate bonds were hit by heavy selling pressure in the middle of March. Liquidity dried up completely for several weeks and trading on the money market came to a standstill along with the rest of life. Liquidity returned on the heels of central bank and government support, and a steady recovery set in. This caused spreads on short-dated bonds to narrow significantly back to February levels. This trend was also supported by the generally limited supply of available issues.

ERSTE RESERVE EURO generated an overall result of minus 0.07% for the reporting period.

## Method of Calculating the Global Exposure

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

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

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

## Asset Allocation

	As of 31.08.2020	
	EUR millions	%
Bonds		
EUR	268.3	98.31
Securities	268.3	98.31
Bank balances	4.5	1.65
Interest entitlements	0.1	0.04
Other deferred items	-0.0	-0.00
Fund assets	272.9	100.00

## Comparative Overview

Accounting year	Fund assets
2017/2018	469,024,923.05
2018/2019	346,691,243.61
2019/2020	272,928,722.46

General information about performance:

The performance of unit categories with no outstanding units at the end of the reporting period or no outstanding units during the reporting period is generally based on the dividend-adjusted performance of the overall fund. In these cases, the performance is not reported below.

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

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

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2017/2018	Dividend-bearing units	AT0000724299	EUR	989.19	0.2000	0.0000	-0.69
2018/2019	Dividend-bearing units	AT0000724299	EUR	991.01	0.1500	0.0000	0.20
2019/2020	Dividend-bearing units	AT0000724299	EUR	990.12	0.1500	0.0000	-0.07

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2017/2018	Dividend-bearing units	AT0000A1YF17	EUR	99.32	0.2000	0.0000	-0.68
2018/2019	Dividend-bearing units	AT0000A1YF17	EUR	99.38	0.1500	0.0000	0.26
2019/2020	Dividend-bearing units	AT0000A1YF17	EUR	99.22	0.0150	0.0000	-0.01

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2017/2018	Dividend-bearing units	AT0000A1YF25	EUR	99.30	-	-	-
2018/2019	Dividend-bearing units	AT0000A1YF25	EUR	99.51	-	-	-
2019/2020	Dividend-bearing units	AT0000A1YF25	EUR	99.44	-	-	-

ERSTE RESERVE EURO

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2017/2018	Non-dividend-bearing units	AT0000724307	EUR	1,263.09	0.0000	0.0000	-0.69
2018/2019	Non-dividend-bearing units	AT0000724307	EUR	1,265.71	0.0000	0.0000	0.21
2019/2020	Non-dividend-bearing units	AT0000724307	EUR	1,264.78	0.0000	0.0000	-0.07

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2017/2018	Non-dividend-bearing units	AT0000A1YF33	EUR	99.31	0.0000	0.0000	-0.69
2018/2019	Non-dividend-bearing units	AT0000A1YF33	EUR	99.56	0.0000	0.0000	0.25
2019/2020	Non-dividend-bearing units	AT0000A1YF33	EUR	99.53	0.0000	0.0000	-0.03

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2017/2018	Non-dividend-bearing units	AT0000A2B5B8	EUR	-	-	-	-
2018/2019	Non-dividend-bearing units	AT0000A2B5B8	EUR	-	-	-	-
2019/2020	Non-dividend-bearing units	AT0000A2B5B8	EUR	100.04	0.0000	0.0000	0.04

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2017/2018	KESSt-exempt non-dividend-bearing units	AT0000A0H8D4	EUR	1,274.68	-	0.0000	-0.69
2018/2019	KESSt-exempt non-dividend-bearing units	AT0000A0H8D4	EUR	1,277.28	-	0.0000	0.20
2019/2020	KESSt-exempt non-dividend-bearing units	AT0000A0H8D4	EUR	1,276.34	-	0.0000	-0.07

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2017/2018	KESSt-exempt non-dividend-bearing units	AT0000A1YF41	EUR	99.32	-	0.0000	-0.68
2018/2019	KESSt-exempt non-dividend-bearing units	AT0000A1YF41	EUR	99.58	-	0.0000	0.26
2019/2020	KESSt-exempt non-dividend-bearing units	AT0000A1YF41	EUR	99.57	-	0.0000	-0.01

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2017/2018	KESSt-exempt non-dividend-bearing units	AT0000A1YF58	EUR	99.35	-	0.0000	-0.65
2018/2019	KESSt-exempt non-dividend-bearing units	AT0000A1YF58	EUR	99.64	-	0.0000	0.29
2019/2020	KESSt-exempt non-dividend-bearing units	AT0000A1YF58	EUR	99.65	-	0.0000	0.01

## Disbursement/Payment

The following disbursement or payment will be made for the accounting year from 1 September 2019 to 31 August 2020. 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 15 December 2020 at

Erste Group Bank AG, Vienna,

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

Fund type	ISIN	Currency	Dividend disbursement/ payment		KES <sub>t</sub> with option declaration	KES <sub>t</sub> w/o option declaration	Reinvestment
Dividend-bearing units	AT0000724299	EUR	0.1500		0.0000	0.0000	0.0000
Dividend-bearing units	AT0000A1YF17	EUR	0.0150		0.0000	0.0000	0.0000
Dividend-bearing units	AT0000A1YF25	EUR	-		-	-	-
Non-dividend-bearing units	AT0000724307	EUR	0.0000		0.0000	0.0000	0.0000
Non-dividend-bearing units	AT0000A1YF33	EUR	0.0000		0.0000	0.0000	0.0000
Non-dividend-bearing units	AT0000A2B5B8	EUR	0.0000		0.0000	0.0000	0.0000
KES <sub>t</sub> -exempt non-dividend-bearing units	AT0000A0H8D4	EUR	-	*	-	-	0.0000
KES <sub>t</sub> -exempt non-dividend-bearing units	AT0000A1YF41	EUR	-	*	-	-	0.0000
KES <sub>t</sub> -exempt non-dividend-bearing units	AT0000A1YF58	EUR	-	*	-	-	0.0000

\* Pursuant to the penultimate sentence of § 58 (2) of the Austrian Investment Fund Act, no capital gains tax will be paid.

## Income Statement and Changes in Fund Assets

### 1. Value Development over the Accounting Year (Fund Performance)

Calculation according to the OeKB method per unit in the unit currency not accounting for a front-end surcharge

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

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

<b>AT0000724299 dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (61,000.075 units)	991.01
Disbursement/payment on 12.12.2019 (corresponds to roughly 0.0002 units at a calculated value of 989.85)	0.1500
Unit value at the end of the reporting period (57,545.816 units)	990.12
Total value including (notional) units gained through dividend disbursement/payment	990.27
Net earnings per unit	-0.74
<b>Value development of one unit in the period</b>	<b>-0.07%</b>

<b>AT0000A1YF17 dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (7,900.000 units)	99.38
Disbursement/payment on 12.12.2019 (corresponds to roughly 0.0015 units at a calculated value of 99.15)	0.1500
Unit value at the end of the reporting period (302,650.000 units)	99.22
Total value including (notional) units gained through dividend disbursement/payment	99.37
Net earnings per unit	-0.01
<b>Value development of one unit in the period</b>	<b>-0.01%</b>

<b>AT0000A1YF25 dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (0.000 units)	99.51
Disbursement/payment	0.0000
Unit value at the end of the reporting period (0.000 units)	99.44
Total value including (notional) units gained through dividend disbursement/payment	-
Net earnings per unit	-
<b>Value development of one unit in the period</b>	<b>-</b>

<b>AT0000724307 non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (209,884.019 units)	1,265.71
Disbursement/payment	0.0000
Unit value at the end of the reporting period (126,731.096 units)	1,264.78
Total value including (notional) units gained through dividend disbursement/payment	1,264.78
Net earnings per unit	-0.93
<b>Value development of one unit in the period</b>	<b>-0.07%</b>

<b>AT0000A1YF33 non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (815.000 units)	99.56
Disbursement/payment	0.0000
Unit value at the end of the reporting period (1,195.000 units)	99.53
Total value including (notional) units gained through dividend disbursement/payment	99.53
Net earnings per unit	-0.03
<b>Value development of one unit in the period</b>	<b>-0.03%</b>

<b>AT0000A2B5B8 non-dividend-bearing units EUR</b>	
Unit value on issue date (0.000 units)	100.00
Disbursement/payment	0.0000
Unit value at the end of the reporting period (4,583.852 units)	100.04
Total value including (notional) units gained through dividend disbursement/payment	100.04
Net earnings per unit	0.04
<b>Value development of one unit in the period</b>	<b>0.04%</b>

<b>AT0000A0H8D4 KEST-exempt non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (12,518.518 units)	1,277.28
Disbursement/payment	0.0000
Unit value at the end of the reporting period (9,341.058 units)	1,276.34
Total value including (notional) units gained through dividend disbursement/payment	1,276.34
Net earnings per unit	-0.94
<b>Value development of one unit in the period</b>	<b>-0.07%</b>

<b>AT0000A1YF41 KEST-exempt non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (10,020.000 units)	99.58
Disbursement/payment	0.0000
Unit value at the end of the reporting period (89,236.669 units)	99.57
Total value including (notional) units gained through dividend disbursement/payment	99.57
Net earnings per unit	-0.01
<b>Value development of one unit in the period</b>	<b>-0.01%</b>

<b>AT0000A1YF58 KEST-exempt non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (27,432.176 units)	99.64
Disbursement/payment	0.0000
Unit value at the end of the reporting period (42,617.620 units)	99.65
Total value including (notional) units gained through dividend disbursement/payment	99.65
Net earnings per unit	0.01
<b>Value development of one unit in the period</b>	<b>0.01%</b>

## 2. Fund Result

### a. Realised fund result

#### Ordinary fund result

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

Interest income (excluding income adjustment) 566,470.26

Dividend income 0.00

Other income 8) 7,312.64

Total income (without profit or loss from price changes) 573,782.90

**Interest paid** - 96,940.39

##### Expenses

Fees paid to Investment Firm - 383,931.31

Costs for the financial auditor and tax consultation - 7,691.00

Publication costs - 36,041.54

Securities account fees - 28,475.56

Depository bank fees - 18,873.01

Costs for the external consultant 0.00

Total expenses - 475,012.42

Compensation for management costs from sub-funds 1) 0.00

**Ordinary fund result (excluding income adjustment) 1,830.09**

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

Realised gains 4) 80,969.47

Realised losses 5) - 2,365,474.96

**Realised profit or loss from price changes (excluding income adjustment) - 2,284,505.49**

**Realised fund result (excluding income adjustment) - 2,282,675.40**

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

Changes in the unrealised profit or loss from price changes 7) - 414,243.79

**Result for the reporting period 6) - 2,696,919.19**

### c. Income adjustment

Income adjustment for income in the period 496,405.25

Income adjustment for profit carried forward from dividend-bearing units - 15,758.24

**Overall fund result - 2,216,272.18**

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

<b>Fund assets at the beginning of the reporting period</b>	<b>346,691,243.61</b>
<b>Disbursement/payment in the accounting year</b>	<b>- 12,651.69</b>
<b>Issue and redemption of units</b>	<b>- 71,533,597.28</b>
<b>Overall fund result</b>	
(The fund result is shown in detail under item 2.)	<b>- 2,216,272.18</b>
<b>Fund assets at the end of the reporting period</b>	<b><u>272,928,722.46</u></b>

- 1) Reimbursements (in the sense of commissions) paid by third parties are forwarded to the fund after deduction of appropriate costs. Erste Bank der oesterreichischen Sparkassen AG receives 25% of the calculated commissions to cover administrative costs.
- 2) Realised profits and losses are not calculated precisely for the specific periods, which means that they, as is the case for the changes in the unrealised profit or loss, are not necessarily congruent with the changes in the value of the fund in the reporting year.
- 3) Total profit or loss from price changes without income adjustment (realised profit or loss from price changes, without income adjustment, plus changes in the unrealised profit or loss): EUR -2,698,749.28.
- 4) Thereof profits from transactions with derivative financial instruments: EUR 0.00.
- 5) Thereof losses from transactions with derivative financial instruments: EUR 0.00.
- 6) The result for the accounting year includes explicitly reported transaction costs in the amount of EUR 1,003.50.
- 7) Thereof changes in unrealised gains EUR -364,300.54 and unrealised losses EUR -49,943.25.
- 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 7,312.64, to earnings from real estate funds in the amount of EUR 0.00, and to other earnings in the amount of EUR 0.00.

# Statement of Assets and Liabilities as of 31 August 2020

(including changes in securities assets from 1 September 2019 to 31 August 2020)

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
<b>Publicly traded securities</b>								
<b>Bonds denominated in EUR</b>								
<b>Issue country Germany</b>								
DT.PFBR.BANK MTN.35346VAR	DE000A2YNV36	0.452	5,000	0	5,000	99.930	4,996,500.00	1.83
Total issue country Germany							4,996,500.00	1.83
<b>Issue country Netherlands</b>								
BMW FINANCE 20/22 FLR	XS2122422921	0.018	5,000	0	5,000	100.196	5,009,800.00	1.84
SIEMENS FIN 19/21 MTN FLR	XS2093242373	0.345	6,000	0	6,000	100.580	6,034,800.00	2.21
Total issue country Netherlands							11,044,600.00	4.05
<b>Issue country Norway</b>								
SPAREBANKEN SOER 18/21	XS1815076838	0.039	0	1,000	6,000	100.205	6,012,300.00	2.20
Total issue country Norway							6,012,300.00	2.20
<b>Issue country Austria</b>								
OMV AG 19/21 FLR MTN	XS2009169132	0.000	0	0	5,000	100.069	5,003,450.00	1.83
Total issue country Austria							5,003,450.00	1.83
<b>Issue country Sweden</b>								
NORDEA BK 17/21 FLR MTN	XS1689534029	0.098	0	6,500	4,000	100.480	4,019,200.00	1.47
SKAND. ENSK. 15/20 FLR MTN	XS1291152624	0.112	4,800	4,300	3,000	99.890	2,996,700.00	1.10
Total issue country Sweden							7,015,900.00	2.57
<b>Issue country Switzerland</b>								
UBS AG LDN 18/21 FLR MTN	XS1810806049	0.048	1,638	0	8,638	100.265	8,660,890.70	3.17
Total issue country Switzerland							8,660,890.70	3.17
<b>Issue country Spain</b>								
BBVA 17/22 FLR MTN	XS1594368539	0.167	0	0	5,000	100.345	5,017,250.00	1.84
BBVA 18/23 FLR MTN	XS1788584321	0.247	0	0	3,000	99.435	2,983,050.00	1.09
BCO SANTANDER 17/22FLR	XS1578916261	0.631	0	0	2,000	100.455	2,009,100.00	0.74
BCO SANTANDER 17/23 FLR	XS1689234570	0.348	0	0	1,000	100.100	1,001,000.00	0.37
Total issue country Spain							11,010,400.00	4.03

Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal	Sales/ disposals (nom. in 1,000, rounded)	Holding	Price	Value in EUR	% share of fund assets
<b>Issue country USA</b>								
AT + T 2023 FLR	XS1907118464	0.520	0	0	3,000	100.260	3,007,800.00	1.10
Total issue country USA							3,007,800.00	1.10
Total bonds denominated in EUR							56,751,840.70	20.79
Total publicly traded securities							56,751,840.70	20.79
<b>Securities admitted to organised markets</b>								
<b>Bonds denominated in EUR</b>								
<b>Issue country Belgium</b>								
AB INBEV 18/24 FLR MTN	BE6301509012	0.000	1,000	5,000	4,000	99.810	3,992,400.00	1.46
KBC GROEP 17/22 MTN FLR	BE0002281500	0.059	4,000	0	8,500	100.325	8,527,625.00	3.12
Total issue country Belgium							12,520,025.00	4.59
<b>Issue country Denmark</b>								
JYSKE BK 17/22 MTN FLR	XS1726323436	0.123	5,000	5,000	5,000	100.780	5,039,000.00	1.85
Total issue country Denmark							5,039,000.00	1.85
<b>Issue country Germany</b>								
COBA MTN 17/22 VAR880	DE000CZ40L22	0.398	0	0	3,000	99.805	2,994,150.00	1.10
COBA MTN 18/20 VAR919	DE000CZ40NL4	0.120	0	0	1,500	100.087	1,501,299.83	0.55
DAIMLER MTN 17/24	DE000A2GSCY9	0.033	5,000	0	5,000	97.860	4,893,000.00	1.79
SAP SE IS FLR 18/20	DE000A2TSTC2	0.000	3,200	700	2,500	100.055	2,501,375.00	0.92
SAP SE MTN FLR 18/21	DE000A2G8VS7	0.000	0	0	5,000	100.090	5,004,500.00	1.83
VOLKSW.FIN.SERV.MTN.19/21	XS1952701982	0.319	0	0	1,000	100.205	1,002,050.00	0.37
VOLKSWAGEN BK. MTN 18/21	XS1830992563	0.348	0	0	4,000	100.010	4,000,400.00	1.47
VOLKSWAGEN LEASING 17/21	XS1642546078	0.021	0	5,000	5,000	99.690	4,984,500.00	1.83
Total issue country Germany							26,881,274.83	9.85
<b>Issue country Finland</b>								
AKTIA BK 17/20 FLR MTN	XS1697551080	0.000	0	1,000	3,000	100.050	3,001,500.00	1.10
Total issue country Finland							3,001,500.00	1.10
<b>Issue country France</b>								
BNP PARIBAS 10/20 MTN	XS0562852375	3.750	5,000	3,300	1,700	100.965	1,716,405.00	0.63
BNP PARIBAS 17/22 FLR MTN	XS1584041252	0.461	4,500	0	4,500	101.075	4,548,375.00	1.67
BNP PARIBAS 18/23 FLR MTN	XS1756434194	0.000	0	0	5,000	99.975	4,998,750.00	1.83
BPCE S.A. 18/23 FLR MTN	FR0013323672	0.093	3,500	0	8,500	99.995	8,499,575.00	3.11
CARREFOUR BNQ. 16/21 MTN	FR0013155868	0.231	2,000	0	2,000	100.125	2,002,500.00	0.73
CREDIT AGR.LN 17/22FLRMTN	XS1598861588	0.351	5,000	0	5,000	100.835	5,041,750.00	1.85
CREDIT AGR.LN 18/23FLRMTN	XS1787278008	0.248	0	0	10,000	100.305	10,030,500.00	3.68
GECINA 17-22 FLR MTN	FR0013266343	0.000	0	0	3,000	99.490	2,984,700.00	1.09

## ERSTE RESERVE EURO

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
RCI BANQUE 17/21 FLR MTN	FR0013250685	0.212	0	0	3,000	99.665	2,989,950.00	1.10
RCI BANQUE 18/23 FLR MTN	FR0013309606	0.000	0	0	3,000	97.560	2,926,800.00	1.07
STE GENERALE 17/22FLR MTN	XS1586146851	0.437	0	0	5,000	100.665	5,033,250.00	1.84
STE GENERALE 17/24FLR MTN	XS1616341829	0.309	4,100	0	4,100	100.190	4,107,790.00	1.51
STE GENERALE 18/23FLR MTN	FR0013321791	0.098	0	0	5,000	99.630	4,981,500.00	1.83
Total issue country France							59,861,845.00	21.93
<b>Issue country Great Britain</b>								
ASTRAZENECA 16/21 MTN	XS1411403709	0.250	500	0	500	100.155	500,775.00	0.18
COCA-COLA EU.P. 17/21 FLR	XS1717567587	0.000	3,000	0	3,000	100.190	3,005,700.00	1.10
HSBC HLDGS 17/22 FLR MTN	XS1586214956	0.298	0	5,000	5,000	100.300	5,015,000.00	1.84
HSBC HLDGS 17/23 FLR MTN	XS1681855539	0.071	0	0	3,000	99.645	2,989,350.00	1.10
LLOYDS BKG GRP 17/24 MTN	XS1633845158	0.391	0	0	3,000	100.330	3,009,900.00	1.10
NM PLC 18/21 FLR MTN	XS1884702207	0.498	7,000	0	7,000	100.720	7,050,400.00	2.58
Total issue country Great Britain							21,571,125.00	7.90
<b>Issue country Italy</b>								
ACEA S.P.A. 18/23 MTN FLR	XS1767087940	0.000	0	0	500	99.010	495,050.00	0.18
Total issue country Italy							495,050.00	0.18
<b>Issue country Canada</b>								
BK MONTREAL 18/22 FLR	XS1791326728	0.142	0	0	1,000	100.425	1,004,250.00	0.37
BK NOVA SCOT. 17/22 FLR	XS1694774420	0.171	0	0	5,000	100.695	5,034,750.00	1.84
Total issue country Canada							6,039,000.00	2.21
<b>Issue country Luxembourg</b>								
MEDTR.GLB HD 19/21	XS1960676127	0.000	2,000	0	2,000	100.070	2,001,400.00	0.73
Total issue country Luxembourg							2,001,400.00	0.73
<b>Issue country Netherlands</b>								
ABN AMRO BANK 18/21 FLR	XS1917574755	0.075	4,500	0	4,500	100.490	4,522,050.00	1.66
ABN AMRO BK 19/21 FLR	XS1935134095	0.000	6,500	0	6,500	100.170	6,511,050.00	2.39
BAYER CAP.CORP. 18/22 FLR	XS1840614736	0.152	10,000	5,000	5,000	100.105	5,005,250.00	1.83
BMW FINANCE 20/22 FLR	XS2221879153	0.077	2,000	0	2,000	100.360	2,007,200.00	0.74
DAIMLER INTL.FIN.17/22FLR	DE000A19HBM3	0.000	0	3,000	5,000	99.940	4,997,000.00	1.83
DAIMLER INTL.FIN.18/23FLR	DE000A19UNN9	0.000	0	0	7,000	99.325	6,952,750.00	2.55
DT. BAHN FIN.14/22FLR MTN	XS1107266782	0.000	0	0	1,500	100.525	1,507,875.00	0.55
ING BANK 19/21 FLR MTN	XS1976945995	0.000	0	0	6,000	100.270	6,016,200.00	2.20
ING BK NV 18/20 FLR MTN	XS1914936999	0.000	700	700	1,800	100.112	1,802,016.00	0.66
Total issue country Netherlands							39,321,391.00	14.41
<b>Issue country Austria</b>								
HYPO NOE L.F.N.W. 14/21	XS1019711479	0.457	0	0	700	99.950	699,650.00	0.26
Total issue country Austria							699,650.00	0.26

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
<b>Issue country Sweden</b>								
SCANIA CV 18/20 FLR MTN	XS1808497264	0.000	0	0	7,000	99.984	6,998,880.00	2.56
Total issue country Sweden							6,998,880.00	2.56
<b>Issue country Switzerland</b>								
CS AG LDN 20/21 FLR MTN	XS2124933842	0.119	17,000	11,000	6,000	100.535	6,032,100.00	2.21
CS LONDON 20/22 FLR MTN	XS2176687270	0.468	5,000	0	5,000	101.270	5,063,500.00	1.86
UBS GROUP 17-22 FLR MTN	CH0359915425	0.311	0	5,000	5,000	100.355	5,017,750.00	1.84
Total issue country Switzerland							16,113,350.00	5.90
<b>Issue country USA</b>								
B.A.T. CAP. 17/21 FLR MTN	XS1664643746	0.019	0	0	5,000	99.975	4,998,750.00	1.83
BANK AMERI. 17/21 FLR MTN	XS1687279841	0.000	0	0	1,000	100.025	1,000,250.00	0.37
GOLDMAN S.GRP 17/23 FLR	XS1691349523	0.222	0	2,000	1,000	100.055	1,000,550.00	0.37
JPM.CH.BK 19/21 FLR MTN	XS1752918901	0.378	3,000	0	3,000	100.570	3,017,100.00	1.11
MORGAN STANLEY 17/22	XS1603892065	0.226	0	0	1,000	100.355	1,003,550.00	0.37
Total issue country USA							11,020,200.00	4.04
Total bonds denominated in EUR							211,563,690.83	77.52
Total securities admitted to organised markets							211,563,690.83	77.52

**Breakdown of fund assets**

Securities	268,315,531.53	98.31
Bank balances	4,498,731.69	1.65
Interest entitlements	122,555.34	0.04
Other deferred items	-8,096.10	-0.00
Fund assets	272,928,722.46	100.00

**Investor note:**

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

Dividend-bearing units outstanding	AT0000724299	units	57,545.816
Value of dividend-bearing unit	AT0000724299	EUR	990.12
Dividend-bearing units outstanding	AT0000A1YF17	units	302,650.000
Value of dividend-bearing unit	AT0000A1YF17	EUR	99.22
Dividend-bearing units outstanding	AT0000A1YF25	units	0.000
Value of dividend-bearing unit	AT0000A1YF25	EUR	99.44

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## ERSTE RESERVE EURO

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Non-dividend-bearing units outstanding	AT0000724307	units	126,731.096
Value of non-dividend-bearing unit	AT0000724307	EUR	1,264.78
Non-dividend-bearing units outstanding	AT0000A1YF33	units	1,195.000
Value of non-dividend-bearing unit	AT0000A1YF33	EUR	99.53
Non-dividend-bearing units outstanding	AT0000A2B5B8	units	4,583.852
Value of non-dividend-bearing unit	AT0000A2B5B8	EUR	100.04
KEST-exempt non-dividend-bearing units outstanding	AT0000A0H8D4	units	9,341.058
Value of KEST-exempt non-dividend-bearing unit	AT0000A0H8D4	EUR	1,276.34
KEST-exempt non-dividend-bearing units outstanding	AT0000A1YF41	units	89,236.669
Value of KEST-exempt non-dividend-bearing unit	AT0000A1YF41	EUR	99.57
KEST-exempt non-dividend-bearing units outstanding	AT0000A1YF58	units	42,617.620
Value of KEST-exempt non-dividend-bearing unit	AT0000A1YF58	EUR	99.65

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

No total return swaps pursuant to Regulation (EU) 2015/2365 (Regulation on Transparency of Securities Financing Transactions and of Reuse) were concluded for the fund during the reporting period.

The fund is permitted to engage in securities lending agreements pursuant to Regulation (EU) No. 2015/2365 (Regulation on Transparency of Securities Financing Transactions and of Reuse) according to the fund rules. Securities lending transactions took place during the reporting period. There were no securities lending agreements in the portfolio at the end of the accounting year.

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

All OTC derivatives are traded through Erste Group Bank AG.

In the event of negative derivatives exposure, collateral in the form of cash or bonds is pledged to Erste Group Bank AG in accordance with the contractually agreed threshold.

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

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

<b>Security designation</b>	<b>ISIN number</b>	<b>Interest rate</b>	<b>Purch./ additions Units/nominal (nom. in 1,000, rounded)</b>	<b>Sales/ disposals</b>
<b>Publicly traded securities</b>				
<b>Bonds denominated in EUR</b>				
<b>Issue country Denmark</b>				
DANSKE BK 16/21 MTN	XS1390245329	0.500	8,000	8,000
<b>Issue country Finland</b>				
OP YRITYSPANK. 18/21 FLR	XS1823485112	0.009	3,000	3,000
<b>Issue country Italy</b>				
B.T.P. 14-19	IT0005069395	1.050	0	5,000
C.C.T. 14-19 FLR	IT0005009839	0.969	0	5,000
INTESA SAN. 17/22 FLR MTN	XS1599167589	0.501	0	5,000
UNICREDIT 15/20 FLR MTN	XS1169707087	0.596	0	4,000
<b>Issue country Netherlands</b>				
DT.TELEK.INTL F.16/20 MTN	XS1382791892	0.000	0	15,000
<b>Issue country Austria</b>				
RAIF.BK INTL 18-21MTN 133	AT000B014105	0.276	8,000	8,000
<b>Securities admitted to organised markets</b>				
<b>Bonds denominated in EUR</b>				
<b>Issue country Germany</b>				
VOLKSWAGEN BK. MTN 19/22	XS1944384350	1.009	0	2,000
<b>Issue country France</b>				
CR.AGR.(LDN) 19/22FLRMTN	FR0013396777	0.107	1,000	1,000
STE GENERALE 19/21FLR MTN	FR0013444841	0.298	700	700
<b>Issue country Italy</b>				
C.C.T. 15-22 FLR	IT0005104473	0.367	0	5,000

## ERSTE RESERVE EURO

Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
<b>Issue country Canada</b>				
BK MONTREAL 17/21 FLR MTN	XS1691466756	0.098	0	5,000
<b>Issue country USA</b>				
FORD MOTOR CRED.17/24 FLR	XS1729872736	0.223	0	3,000
WELLS FARGO 17/22 FLR MTN	XS1558022866	0.042	0	4,000
<b>Unlisted securities</b>				
<b>Bonds denominated in EUR</b>				
<b>Issue country Belgium</b>				
AB INBEV 16/20 FLR MTN	BE6285450449	0.350	0	3,000
<b>Issue country Denmark</b>				
JYSKE BK 17/20 MTN FLR	XS1622575360	0.000	500	500
NYKREDIT 14/19 FLR MTN	LU1105951401	0.227	0	4,500
<b>Issue country Germany</b>				
DVB BANK IS.17/20	XS1562586955	0.500	0	1,000
<b>Issue country France</b>				
BQUE F.C.MTL 16/20FLR MTN	XS1426782170	0.046	1,000	11,000
<b>Issue country Great Britain</b>				
HSBC BANK 18/20 FLR MTN	XS1789496244	0.058	5,000	5,000
NM PLC 17/20 FLR MTN	XS1627773606	0.000	0	5,000
NM PLC 18/20 FLR MTN	XS1788516083	0.003	0	6,000
<b>Issue country Netherlands</b>				
BMW FIN. NV 17/19 FLR MTN	XS1618349804	0.000	0	1,000
RABOBK NEDERLD 15/20 FLR	XS1239520494	0.000	700	5,700
<b>Issue country Norway</b>				
DNB BANK 15/20 FLR MTN	XS1275834395	0.088	0	8,000
SANTANDER C.BK. 16/19 MTN	XS1496344794	0.250	0	2,300
<b>Issue country Austria</b>				
NIEDEROEST. 14-19 FLR	AT0000A19UR7	0.000	0	2,500

<b>Security designation</b>	<b>ISIN number</b>	<b>Interest rate</b>	<b>Purch./ additions Units/nominal (nom. in 1,000, rounded)</b>	<b>Sales/ disposals</b>
<b>Issue country Sweden</b>				
NORDEA BK 15/20 FLR MTN	XS1242968979	0.000	1,050	13,050
SWEDBANK 15/20 FLR MTN	XS1277337678	0.238	2,000	2,000
<b>Issue country Spain</b>				
BANCO SANTANDER 15/20 FLR	XS1195284705	0.200	0	7,400
SANTDR CONS.FIN.15/20 MTN	XS1188117391	0.900	0	5,000
<b>Issue country USA</b>				
UTD PARCEL SERV.15/20 FLR	XS1323463056	0.210	5,000	5,000

Vienna, 2 November 2020

Erste Asset Management GmbH  
Electronically signed

Inspection information:  
Note:

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

## Remuneration Policy

### Remuneration paid to employees of Erste Asset Management GmbH in EUR (2019 financial year of Erste Asset Management GmbH)

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

Number of employees as of 31.12.19	247
Number of risk bearers in 2019	128
Fixed remuneration	17,977,688
Variable remuneration (bonuses)	5,281,483
<b>Total employee remuneration</b>	<b>23,259,171</b>
Thereof remuneration for managing directors	1,024,116
Thereof remuneration for managerial risk bearers	3,986,249
Thereof remuneration for risk bearers with control functions*	1,410,947
Thereof remuneration for other risk bearers	7,776,396
Thereof remuneration for employees in the same income bracket as managers and risk bearers due to the amount of their total remuneration	0
<b>Total remuneration for risk bearers</b>	<b>14,197,708</b>

\* Includes the Head of Compliance

### Principles governing performance-based remuneration components

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

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

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

The performance-based remuneration components serve the short-term and long-term interests of the Management Company and contribute to preventing risky behaviour. The performance-based remuneration components take into account individual performance as well as the profitability of the Management Company.

The size of the bonus pool is calculated based on the bonus potential that can be applied to the different employee categories. Bonus potential is a percentage of the fixed annual gross remuneration. The bonus potential can be no more than 100% of the fixed annual gross remuneration. The bonus pool is adjusted depending on the success of the Management Company. The personal bonus is linked to individual performance. The total of personal bonuses is limited by the size of the bonus pool after deduction of penalties.

The performance-based payments are capped at 100% of the annual gross remuneration for all employees, including the material risk bearers (according to the definition in the remuneration policy) and managing directors of the Management Company.

The remuneration system is made up of three components:

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

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

Sixty per cent of the performance-based remuneration components are paid immediately; for employees who are involved directly in fund and portfolio management, 50% of this is paid immediately in cash and 50% is paid one year later in the form of non-cash instruments. The remaining 40% of the performance-based remuneration components are retained and paid out over a period of three years, with 50% of this also being paid in cash and 50% in the form of non-cash instruments for employees who are involved directly in fund and portfolio management. The non-cash instruments can consist of units in an investment fund that is administered by the Management Company, equivalent holdings or instruments linked to units, or equivalent non-cash instruments. Based on the principle of proportionality, the Management Company has set a materiality threshold below which there is no incentive to enter into inappropriate risks, for which reason there is no need to make delayed payment or payment in the form of a non-cash instrument. Other non-cash benefits are fringe benefits that are not associated with performance but with a specific position (e.g. company car) or that apply for all employees (e.g. holiday).

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

The complete remuneration policy of the Management Company can be viewed at [http://www.erste-am.at/de/private\\_anleger/wer-sind-wir/investmentprozess](http://www.erste-am.at/de/private_anleger/wer-sind-wir/investmentprozess).

The last audit of compliance with the requirements of the remuneration policy by the Supervisory Board on 27 March 2020 revealed no deviations. There were also no material findings during the last audit by the Internal Auditing department.

No material changes were made to the remuneration policy during the past accounting year.

## **Audit Report\***

### **Statement on the annual report**

#### **Audit opinion**

We have audited the annual report prepared by Erste Asset Management GmbH, Vienna, for the fund under its management

ERSTE RESERVE EURO  
Jointly owned fund pursuant to the InvFG

consisting of the statement of assets and liabilities as of 31 August 2020, the income statement for the accounting year ending on this date, and the other information specified in Annex I Schedule B of the Austrian Investment Fund Act 2011 (InvFG 2011).

Based on the findings of our audit, we believe that the annual report satisfies the legal requirements and provides a true and fair view of the assets and financial position as of 31 August 2020 and of the earnings position of the fund for the accounting year ending on this date in accordance with Austrian commercial law and the provisions of the InvFG 2011.

#### **Basis for the audit opinion**

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

#### **Management and supervisory board responsibilities relating to the annual report**

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

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

### **Responsibilities of the auditor in auditing the annual report**

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

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

#### **In addition:**

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

**Other information**

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

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

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

Vienna, 2 November 2020

**Ernst & Young**

Wirtschaftsprüfungsgesellschaft m.b.H.

**Mag. Andrea Stippl**  
(Certified Public  
Accountant)

**ppa MMag. Roland Unterweger**  
(Certified Public Accountant)

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

## Fund Rules

The Fund Rules for ERSTE RESERVE EURO, jointly owned fund pursuant to the Austrian Investment Fund Act (Investmentfondsgesetz; InvFG) 2011 as amended, were approved by the Austrian Financial Market Authority (FMA).

The Fund is an undertaking for collective investment in transferable securities (UCITS) and is managed by Erste Asset Management GmbH (the "Management Company" in the following), which has its registered office in Vienna.

### Article 1 Fund Units

The joint ownership of the fund assets is evidenced by certificates having the characteristics of a bearer unit.

The unit certificates are depicted in separate global certificates for each unit category. For this reason, individual unit certificates cannot be issued.

### Article 2 Depository Bank (Depository)

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

The payment offices for unit certificates are the depository bank (depository) and any other payment offices named in the prospectus.

### Article 3 Investment Instruments and Principles

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

The Fund invests predominantly, in other words at least 51% of its assets, in EUR-denominated

- Money market instruments,
- Variable-income bonds that are issued by credit institutions registered in Europe and that conform with § 70 (1) 3 InvFG,
- Fixed-income bonds that are issued by credit institutions registered in Europe with a remaining term to maturity up to roughly 12 months.

In addition, the Fund may invest in EUR-denominated corporate bonds issued by entities registered in Europe without restrictions on the issuer's sectors of activity, but the bonds must be in the investment grade (or other comparable) segment in terms of ratings assigned by recognised rating agencies.

High yield bonds may not be purchased.

The fund assets are invested in the following instruments in accordance with the investment focus described above.

#### a) Transferable securities

Transferable securities (including securities with embedded derivative financial instruments) may comprise up to 49% of the fund assets.

#### b) Money market instruments

Money market instruments may comprise up to 100% of the fund assets.

#### c) Transferable securities and money market instruments

Transferable securities or money market instruments issued or guaranteed by the Federal Republic of Germany and 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 Republic of France; the Kingdom of the Netherlands; the Republic of Italy; the Republic of Austria and its states: Burgenland, Carinthia, Lower Austria, Upper Austria, Salzburg, Styria, Tyrol, Vorarlberg and Vienna; the International Bank for Reconstruction and Development; the European Investment Bank; the Asian Development Bank; the European Financial Stability Facility (EFSF); or the European Union (EU) may make up more than 35% of the fund assets in accordance with the Fund Rules approved by the Austrian Financial Market Authority 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.

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

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## ERSTE RESERVE EURO

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

d) Units in investment funds

Units in investment funds (UCITS, UCI) may comprise up to 10% of the fund assets per individual issue and may comprise up to 10% in aggregate total, provided that the target funds themselves (UCITS or UCI) do not invest more than 10% of their fund assets in units of other investment funds.

e) Derivative financial instruments

Derivative financial instruments can be used as part of the investment strategy and for hedging purposes, and may comprise up to 35% of the fund assets.

f) Risk measurement method(s) of the Fund

The Fund applies the following risk measurement methods: commitment approach

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

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

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

There are no minimum bank balance requirements.

However, in the course of the restructuring of the fund portfolio and/or in the case of the justified expectation of impending losses experienced by money market instruments, the Fund can hold a proportion of money market instruments below the specified limit and a higher proportion of demand deposits or deposits with the right to be withdrawn with a maximum term of 12 months.

h) Acceptance of short-term loans

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

i) Repurchase agreements

Does not apply.

j) Securities lending

Securities lending transactions may comprise up to 30% of the fund assets.

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

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

### **Article 4 Issue and Redemption Procedure**

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

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

#### **Issue of units and front-end surcharge**

The issue price will be calculated and units issued on each Austrian exchange trading day with the exception of bank holidays.

The issue price shall be made up of the unit value plus a surcharge per unit amounting to up to 0.75% to cover the costs incurred by the Management Company in issuing the unit, rounded up to the next equivalent sub-unit of the currency unit specified for the respective unit category in the prospectus.

The Management Company shall be entitled to apply a sliding front-end surcharge scale at its own discretion.

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

### **Redemption of units and back-end commission**

The redemption price will be calculated and units redeemed on each Austrian exchange trading day with the exception of bank holidays.

The redemption price is the unit value rounded down to the next equivalent sub-unit of the currency unit specified for the respective unit category in the prospectus. No back-end commission will be charged.

Upon request by the Unit-holder, his units shall be redeemed at the current redemption price in return for the unit certificate.

### **Article 5 Accounting Year**

The accounting year of the Fund is from 1 September to 31 August.

### **Article 6 Unit Categories and Use of Earnings**

The Fund features three different unit categories and the corresponding certificates: dividend-bearing units, non-dividend-bearing units with capital gains tax payment, and non-dividend-bearing units without capital gains tax payment, with certificates being issued for one unit each and also for fractional units.

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

#### **Use of earnings for dividend-bearing units**

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

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

The amounts shall be paid to the holders of dividend-bearing units on or after 15 December of the following accounting year. The remaining amount shall be carried forward.

An amount calculated in accordance with the InvFG must also be paid out on or after 15 December to cover the capital gains tax assessed by the tax authorities on the dividend-equivalent earnings from the fund units unless the Management Company provides suitable proof from the banks managing the corresponding securities accounts that the unit certificates can only be held by Unit-holders who are not subject to Austrian personal income tax or corporation tax or who meet the conditions for exemption from capital gains tax according to § 94 of the Austrian Income Tax Act (Einkommensteuergesetz) at the time of payment.

#### **Use of earnings for non-dividend-bearing units with capital gains tax payment (non-dividend-bearing units)**

The earnings generated by the Fund during the accounting year less all costs will not be paid out. In the case of non-dividend-bearing units, an amount calculated in accordance with the InvFG must be paid out on or after 15 December to cover the capital gains tax assessed by the tax authorities on the dividend-equivalent earnings from the fund units unless the Management Company provides suitable proof from the banks managing the corresponding securities accounts that the unit certificates can only be held by Unit-holders who are not subject to Austrian personal income tax or corporation tax or who meet the conditions for exemption from capital gains tax according to § 94 of the Austrian Income Tax Act (Einkommensteuergesetz) at the time of payment.

#### **Use of earnings for non-dividend-bearing units without capital gains tax payment (KESt-exempt non-dividend-bearing units)**

The earnings generated by the Fund during the accounting year less all costs will not be paid out. No payment pursuant to the InvFG will be made. The reference date for the exemption from KESt payment for the profit for the year for the purposes of the InvFG shall be 15 December of the following accounting year.

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

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

**Article 7**  
**Management Fee, Compensation for Expenses, Liquidation Fee**

**Valid until 31 December 2019:**

The Management Company shall receive an annual fee for its administrative activities of up to 0.12% of the fund assets, which shall be accrued on a daily basis and calculated using the month-end values adjusted for the accrued fees.

**Valid from 1 January 2020:**

The Management Company shall receive an annual fee for its administrative activities amounting to up to 0.12% of the fund assets as calculated and accrued on the basis of the daily fund volume. The fee will be charged to the fund assets once per month.

The Management Company shall be entitled to compensation for all expenses incurred in the administration of the Fund.

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

The costs for the introduction of new unit categories for existing investment funds shall be assessed against the unit price of the new unit categories.

Upon liquidation of the Fund, the party processing the liquidation shall receive a fee in the amount of 0.5% of the fund assets.

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

## **Annex to the Fund Rules**

### **List of exchanges with official trading and organised markets (As of September 2018)**

#### **1. Exchanges with official trading and organised markets in the Member States of the EEA as well as exchanges in European countries outside of the EEA considered to be equivalent to regulated markets**

Every Member State must maintain a current list of the authorised markets within its territory. This list must be submitted to the other Member States and the Commission.

According to this provision, the Commission is required to publish a list of the regulated markets registered with it by the Member States once per year.

Because of lower entry barriers and specialisation in different trading segments, the list of “regulated markets” is subject to significant changes. For this reason, the Commission will publish an up-to-date version of the list on its official website in addition to the annual publication of a list in the Official Journal of the European Union.

##### **1.1. The currently valid list of regulated markets can be found at**

[https://registers.esma.europa.eu/publication/searchRegister?core=esma\\_registers\\_upreg](https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_upreg) \*

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

- |        |              |                                      |
|--------|--------------|--------------------------------------|
| 1.2.1. | Luxembourg:  | Euro MTF Luxembourg                  |
| 1.2.2. | Switzerland: | SIX Swiss Exchange AG, BX Swiss AG** |

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

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

#### **2. Exchanges in European countries outside of the EEA**

- |      |                         |   |
|------|-------------------------|---|
| 2.1. | Bosnia and Herzegovina: | Sarajevo, Banja Luka  |
| 2.2. | Montenegro:             | Podgorica   |
| 2.3. | Russia:                 | Moscow (RTS Stock Exchange)<br>Moscow Interbank Currency Exchange (MICEX) |
| 2.4. | Serbia:                 | Belgrade  |
| 2.5. | Turkey:                 | Istanbul (only “National Market” on the stock market)                     |

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

- |      |            |  |
|------|------------|--|
| 3.1. | Australia: | Sydney, Hobart, Melbourne, Perth                 |
| 3.2. | Argentina: | Buenos Aires                                     |
| 3.3. | Brazil:    | Rio de Janeiro, Sao Paulo                        |
| 3.4. | Chile:     | Santiago   |
| 3.5. | China:     | Shanghai Stock Exchange, Shenzhen Stock Exchange |
| 3.6. | Hong Kong: | Hong Kong Stock Exchange                         |

3.7.	India:	Mumbai
3.8.	Indonesia:	Jakarta
3.9.	Israel:	Tel Aviv
3.10.	Japan:	Tokyo, Osaka, Nagoya, Kyoto, Fukuoka, Niigata, Sapporo, Hiroshima
3.11.	Canada:	Toronto, Vancouver, Montreal
3.12.	Colombia:	Bolsa de Valores de Colombia
3.13.	Korea:	Korea Exchange (Seoul, Busan)
3.14.	Malaysia:	Kuala Lumpur, Bursa Malaysia Berhad
3.15.	Mexico:	Mexico City
3.16.	New Zealand:	Wellington, Christchurch/Invercargill, Auckland
3.17.	Peru:	Bolsa de Valores de Lima
3.18.	Philippines:	Manila
3.19.	Singapore:	Singapore Stock Exchange
3.20.	South Africa:	Johannesburg
3.21.	Taiwan:	Taipei
3.22.	Thailand:	Bangkok
3.23.	USA:	New York, NYCE American, New York Stock Exchange (NYSE), Philadelphia, Chicago, Boston, Cincinnati
3.24.	Venezuela:	Caracas
3.25.	United Arab Emirates:	Abu Dhabi Securities Exchange (ADX)

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

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

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

5.1.	Argentina:	Bolsa de Comercio de Buenos Aires
5.2.	Australia:	Australian Options Market, Australian Securities Exchange (ASX)
5.3.	Brazil:	Bolsa Brasileira de Futuros, Bolsa de Mercadorias & Futuros, Rio de Janeiro Stock Exchange, Sao Paulo Stock Exchange
5.4.	Hong Kong:	Hong Kong Futures Exchange Ltd.
5.5.	Japan:	Osaka Securities Exchange, Tokyo International Financial Futures Exchange, Tokyo Stock Exchange
5.6.	Canada:	Montreal Exchange, Toronto Futures Exchange
5.7.	Korea:	Korea Exchange (KRX)
5.8.	Mexico:	Mercado Mexicano de Derivados
5.9.	New Zealand:	New Zealand Futures & Options Exchange
5.10.	Philippines:	Manila International Futures Exchange
5.11.	Singapore:	The Singapore Exchange Limited (SGX)
5.12.	Slovakia:	RM System Slovakia
5.13.	South Africa:	Johannesburg Stock Exchange (JSE), South African Futures Exchange (SAFEX)
5.14.	Switzerland:	EUREX
5.15.	Turkey:	TurkDEX
5.16.	USA:	NYCE American, Chicago Board Options Exchange, Chicago Board of Trade, Chicago Mercantile Exchange, Comex, FINEX, ICE Futures US, Inc., New York, Nasdaq PHLX, New York Stock Exchange, Boston Options Exchange (BOX)

\*) To open the list, select "Regulated market" under "Entity type" in the column on the left side of the page and then click "Search" (or "Show table columns" and "Update"). The link can be changed by the ESMA.

When the expected withdrawal of the United Kingdom of Great Britain and Northern Ireland (GB) from the EU takes effect, GB will lose its status as an EEA member state and, in turn, the exchanges/regulated markets located there will also lose their status as EEA exchanges/regulated markets. In this event, we hereby inform you that the following exchanges and regulated markets located in GB shall be considered exchanges or recognised regulated markets in a third country as defined by the InvFG 2011 and the UCITS Directive that are expressly designated in the Fund Rules: Cboe Europe Equities Regulated Market – Integrated Book Segment, London Metal Exchange, Cboe Europe Equities Regulated Market – Reference Price Book Segment, Cboe Europe Equities Regulated Market – Off-Book Segment, London Stock Exchange Regulated Market (derivatives), NEX Exchange Main Board (non-equity), London Stock Exchange Regulated Market, NEX Exchange Main Board (equity), Euronext London Regulated Market, ICE FUTURES EUROPE, ICE FUTURES EUROPE – AGRICULTURAL PRODUCTS DIVISION, ICE FUTURES EUROPE – FINANCIAL PRODUCTS DIVISION, ICE FUTURES EUROPE – EQUITY PRODUCTS DIVISION, and Gibraltar Stock Exchange.

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

**Note regarding the data used**

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

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

**Note for retail funds:**

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

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