

# **ESPA PORTFOLIO BALANCED 30**

**Mutual fund pursuant to the InvFG**

Semi-Annual Report 2016/17

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## General Information about the Investment Firm

<b>The company</b>	ERSTE-SPARINVEST Kapitalanlagegesellschaft m. b. H. Am Belvedere 1, A-1100 Vienna Telephone: +43 05 0100-19881, Fax: +43 05 0100-17102
<b>Nominal capital</b>	EUR 4.50 million
<b>Shareholders</b>	Erste Asset Management GmbH (81.48%) DekaBank Deutsche Girozentrale (2.87%) „Die Kärntner“ Trust-Vermögensverwaltungsgesellschaft m.b.H. & Co KG (2.87 %) NÖ-Sparkassen Beteiligungsgesellschaft m. b. H. (1.31%) Salzburger Sparkasse Bank Aktiengesellschaft (2.87%) Sieben Tiroler Sparkassen Beteiligungsgesellschaft m. b. H. (2.87%) Steiermärkische Bank und Sparkassen Aktiengesellschaft (5.73%)
<b>Supervisory Board</b>	Wolfgang TRAINDL, Mag. (Chairman) Gabriele SEMMELROCK-WERZER (Deputy Chairwoman, First Deputy) Franz-Nikolaus HÖRMANN, Mag. (Deputy Chairman, Second Deputy) Matthias BAUER Josef PRESCHITZ Franz PRUCKNER, Dr. MBA Rupert RIEDER, Mag. Thomas SCHAUFLER, Mag. (FH) Reinhard WALTL, Mag. Appointed by the Works Council: Martin CECH (from 23 December 2016) Regina HABERHAUER, Mag. (FH) Dieter KERSCHBAUM, Mag. (until 22 December 2016) Gerhard RAMBERGER, Mag. (until 22 December 2016) Heinrich Hubert REINER, Ing. (from 23 December 2016) Peter RIEDERER (from 23 December 2016) Herbert STEINDORFER (until 22 December 2016) Manfred ZOUREK, Mag. (from 23 December 2016)
<b>Managing directors</b>	Heinz BEDNAR, Mag. Markus KALLER, Mag. (until 31 January 2017) Günther MANDL Christian SCHÖN
<b>Prokuristen (proxies)</b>	Magdalena ARNEZEDER, Mag. Achim ARNHOF, Mag. Karl BRANDSTÖTTER, Mag. (until 3 February 2017) Winfried BUCHBAUER, Mag. Karl FREUDENSCHUSS Dietmar JAROSCH, Dr. Manfred LENTNER Gerold PERMOSER, Mag. Jürgen SINGER, Mag.
<b>State commissioners</b>	Erwin GRUBER Michael MANHARD, HR Dr.
<b>Auditor</b>	ERNST & YOUNG WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT MBH
<b>Custodian bank</b>	Erste Group Bank AG

## Dear Shareholder,

We are pleased to present you the following semi-annual report for the ESPA PORTFOLIO BALANCED 30 mutual fund pursuant to the InvFG for the period from 1 November 2016 to 30 April 2017.

## Development of the Fund

ESPA PORTFOLIO BALANCED 30 is an absolute return fund and invests 0% to 30% in equity funds and 70% to 100% in bond funds. Tactical asset allocation for equities and bonds is used to optimise earnings and risk. To this end, up to 10% of the fund's assets are allocated to alternative investment strategies and real estate equity funds. Foreign currencies are usually hedged. The fund is eligible to be held as securities coverage for Austrian pension provision requirements (§ 14 EStG in conjunction with § 25 PKG) and is considered a preferential fixed asset according to the Austrian SME Promotion Act (KMU-Förderungsgesetz). ESPA PORTFOLIO BALANCED 30 switched to the absolute return investment approach on 18 August 2008. The fund is suitable for long-term net asset growth.

### Market

After the EU referendum in Great Britain in June, the presidential elections in the USA in November were the second political event that triggered an immediate reaction on the capital market. The reaction on the equity market was positive, the yield on a ten-year US Treasury rose from around 1.8% to roughly 2.4%, after a low of about 1.35% at the beginning of July after the Brexit vote. The market participants expected higher infrastructure spending, easier permits for shale oil extraction, benefit adjustments in the healthcare system, and a loosening of the financial regulations under President Trump. The first corporate results published for the fourth quarter in the USA showed solid performance and were above the expectations in many cases. The sentiment was fundamentally positive at the beginning of the year, in large part thanks to the good economic data. After the US president's initiative to reform the healthcare system failed, some market participants began to doubt his ability to implement the planned tax cuts and infrastructure programmes. In Europe, sentiment brightened after the first round of elections in France, which substantially reduced the likelihood of the EU fragmenting.

Global equities posted a gain of 12.61% during the reporting period (as measured by the MSCI World Index in local-currency terms).

### Asset allocation

In the bond segment, European government bonds made up 16% of the portfolio on average. American corporate bonds were weighted at 10% and high yield bonds at 7.5% on average. European high yield bonds accounted for 4.2%. EM bonds amounted to 10.8% of the fund assets on average. The share of cash funds and cash totalled around 5% during the reporting period.

The share of equities averaged 20% of the fund volume. The equities exposure ranged between 15% and 22.5% over the period. Within the equities segment, developed economies were assigned the highest weighting – with the USA taking the lead, followed by Europe and Japan. The portfolio was also invested selectively in certain emerging countries such as Russia and in Eastern Europe.

Alternative investments consistently made up around 10% of the portfolio.

The currency risk remained hedged for the most part over long periods.

### Investment Result

ESPA PORTFOLIO BALANCED 30 achieved a positive performance of 1.54% from 1 November 2016 to 30 April 2017.

The companies managing the sub-funds contained in the fund that are not managed by the Investment Firm assessed management fees ranging between 0.10% and 1.59%. No issue premiums were charged for the purchase of the shares in these funds.

## Asset Allocation

	30 April 2017		31 October 2016	
	EUR millions	%	EUR millions	%
Investment certificates denominated in				
AUD	-	-	2.5	0.75
GBP	3.8	1.15	6.9	2.10
EUR	285.8	86.01	274.2	83.44
JPY	5.8	1.73	2.0	0.62
CAD	-	-	2.5	0.76
USD	33.4	10.05	36.4	11.07
Securities	328.8	98.94	324.5	98.75
Forward exchange agreements	0.5	0.14	-	0.10
Cash in banks	3.0	0.92	4.4	1.35
Other deferred items	-	0.00	-	0.00
<b>Fund assets</b>	<b>332.3</b>	<b>100.00</b>	<b>328.6</b>	<b>100.00</b>

## Fund Portfolio as of 30 April 2017

(including changes in securities assets from 1 November 2016 to 30 April 2017)

Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
<b>Investment certificates</b>							
<b>Investment certificates denominated in GBP</b>							
<b>Issue country Great Britain</b>							
THREADN.INVT.-UK INST.T 2	GB0001451615	702,437	786,862	1,824,875	1.757	3,808,236.83	1.15
Total issue country Great Britain						3,808,236.83	1.15
Total investment certificates denominated in GBP translated at a rate of 0.84170						3,808,236.83	1.15
<b>Investment certificates denominated in EUR</b>							
<b>Issue country France</b>							
UBAM C.-UBAM CON.EO 10-40	FR0010644674	0	0	991	1,816.520	1,800,171.32	0.54
Total issue country France						1,800,171.32	0.54
<b>Issue country Great Britain</b>							
M+G I.(1)-M+G EUR.IN.EO A	GB0030929417	276,051	19,136	469,621	20.226	9,498,366.50	2.86
Total issue country Great Britain						9,498,366.50	2.86
<b>Issue country Ireland</b>							
GAM ST.-GLBL RATES EUR AC	IE00B59P9M57	0	0	228,234	11.705	2,671,547.44	0.80
INRIS UCITS-R CFM D.I EO	IE00BSPL3L55	0	0	17,715	109.100	1,932,706.50	0.58
ISHSIII-C.EO CORP.B.EODIS	IE00B3F81R35	3,689	848	127,265	129.980	16,541,904.70	4.98

Security designation	ISIN number	Purch./ additions Shares/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
LYXOR EPSILON GL.TR.I EO	IE00B643RZ01	0	0	10,212	119.584	1,221,187.72	0.37
LYXOR/SANDLER US EQ.EBEO	IE00BD8GKX38	21,500	0	21,500	101.758	2,187,794.85	0.66
UBS(IRL)-EQ.OP. EOQPFACC	IE00B841P542	1,100	0	13,156	102.470	1,348,095.32	0.41
Total issue country Ireland						<u>25,903,236.53</u>	<u>7.80</u>
<b>Issue country Luxembourg</b>							
AB S.I.S.ABS.ALPH.P.IAEOH	LU0736560011	0	0	118,162	19.060	2,252,167.72	0.68
AGIF-A.EO INF-LKD BD WTEO	LU0988443767	12,444	271	12,173	1,092.030	13,293,281.19	4.00
BGF-E.M.L.CURR.B.F.D2 EO	LU0329592702	764,343	62,256	702,087	23.200	16,288,418.40	4.90
BL.STR.-B.E.A.R.STR.A2 EO	LU0411704413	0	0	22,564	124.790	2,815,761.56	0.85
DB PL.IV-SYS.ALPI1C-E	LU0462954396	1,350	0	23,387	126.730	2,963,834.51	0.89
DEU.CONCEPT-KALDEM.FC	LU0599947271	0	0	33,298	147.060	4,896,803.88	1.47
GEN.INV.-EO BD 1-3YR.BCAP	LU0396183112	103,715	0	103,715	128.288	13,305,389.92	4.00
HEN.GAR.-CONT.EURO.I EO A	LU0113993397	212,673	11,000	359,435	11.310	4,065,317.68	1.22
JPM-EGSD.B JPMEGSDB CAEO	LU0408877768	689,668	0	689,668	11.350	7,827,731.80	2.36
JPM-SY.ALPHA JPMSA CAEO	LU0406668342	0	0	16,940	117.640	1,992,821.60	0.60
MLIS-MW TOPS MKT NTR.BAEO	LU0333226826	0	0	17,496	141.860	2,481,982.56	0.75
NN(L)-EM.MK.DBT(HC)ICEOH	LU0555020725	111	835	1,502	5,556.280	8,345,532.56	2.51
SCHROD.GAIA-EGER.EQ.CAEO	LU0463469121	0	0	17,762	180.170	3,200,179.54	0.96
SISF EMERG.EUROPE C ACC	LU0106820292	243,704	0	243,704	31.026	7,561,135.93	2.28
SISF-EUR.AL.ABS.RTN CAEO	LU0995125985	0	0	9,008	109.149	983,209.69	0.30
Total issue country Luxembourg						<u>92,273,568.54</u>	<u>27.77</u>
<b>Issue country Austria</b>							
ERSTE BOND EMERG. MKTS T	AT0000809165	3,330	26,230	49,536	168.470	8,345,329.92	2.51
ESPA BD EU.HI.YI. T	AT0000805684	0	113,527	54,719	151.240	8,275,701.56	2.49
ESPA BD EURO RENT T	AT0000812854	613	33,170	70,879	148.970	10,558,844.63	3.18
ESPA BOND USA CORPORATE T	AT0000675772	7,694	0	219,041	150.890	33,051,096.49	9.95
ESPA BOND USA HIGH YLD T	AT0000637491	0	4,787	134,587	184.400	24,817,842.80	7.47
ESPA MORTGAGE T	AT0000700786	3,161	0	115,678	142.430	16,476,017.54	4.96
ESPA RESERVE EO(T)(EUR)	AT0000724307	1,300	0	1,300	1,271.110	1,652,443.00	0.50
ESPA STOCK JAPAN BEARER T	AT0000697073	38,113	1,952	57,377	102.230	5,865,650.71	1.77
RT OESTERR. AKTIENFDS T	AT0000497292	156,797	37,742	388,654	9.810	3,812,695.74	1.15
T 1750 T	AT0000A04FZ3	5,202	14,682	67,120	106.480	7,146,937.60	2.15
T 1751	AT0000A0DEH1	5,220	14,272	62,824	113.640	7,139,319.36	2.15
T 1852 T	AT0000A0K2G5	3,907	1,800	91,216	115.710	10,554,603.36	3.18
T 1900 T	AT0000A1BTH1	510	919	80,458	99.720	8,023,271.76	2.41
XT BOND EUR T	AT0000A0K282	803	40,477	86,292	122.730	10,590,617.16	3.19
Total issue country Austria						<u>156,310,371.63</u>	<u>47.04</u>
Total investment certificates denominated in EUR						<u>285,785,714.52</u>	<u>86.01</u>

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Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
<b>Investment certificates denominated in JPY</b>							
<b>Issue country Ireland</b>							
NOMURA FDS-JAP.STR.V.I YN	IE00B3VTL690	25,106	1,458	37,716	18,552.809	5,764,602.14	1.73
Total issue country Ireland						5,764,602.14	1.73
Total investment certificates denominated in JPY translated at a rate of 121.38526						5,764,602.14	1.73
<b>Investment certificates denominated in USD</b>							
<b>Issue country Ireland</b>							
AXA ROSEN.E.A.-US EN.I.A	IE0033609615	107,343	39,507	176,875	29.260	4,752,617.20	1.43
Total issue country Ireland						4,752,617.20	1.43
<b>Issue country Luxembourg</b>							
JPM-US.R.E.I.EQ.I PE.ADL	LU0590396015	15,643	5,790	26,480	196.260	4,772,454.93	1.44
PICTET-USA INDEX I DL	LU0188798671	14,567	5,353	24,184	214.580	4,765,510.56	1.43
SISF CHINA OPPORT. C ACC.	LU0244355391	6,659	6,975	12,062	334.477	3,704,906.52	1.12
Total issue country Luxembourg						13,242,872.01	3.99
<b>Issue country Austria</b>							
XT USA USD A	AT0000697081	5,411	2,685	7,571	2,215.590	15,404,042.33	4.64
Total issue country Austria						15,404,042.33	4.64
Total investment certificates denominated in USD translated at a rate of 1.08895						33,399,531.54	10.05
Total investment certificates						328,758,085.03	98.94
<b>Forward exchange agreements</b>						<b>Unrealised result in EUR</b>	
<b>Forward exchange agreements denominated in EUR</b>							
<b>Issue country Austria</b>							
FXF SPEST EUR/GBP 05.07.2017	FXF_TAX_3433562			3,550,448		-57,100.14	-0.02
FXF SPEST EUR/GBP 05.07.2017	FXF_TAX_3433562			3,550,448		-57,100.14	-0.02
FXF SPEST EUR/JPY 05.07.2017	FXF_TAX_3433841			10,924,682		16,252.08	0.00
FXF SPEST EUR/JPY 05.07.2017	FXF_TAX_3433841			10,924,682		16,252.08	0.00
FXF SPEST EUR/USD 05.07.2017	FXF_TAX_3433484			32,586,520		617,738.52	0.19
FXF SPEST EUR/USD 05.07.2017	FXF_TAX_3433484			32,586,520		617,738.52	0.19
FXF SPEST EUR/USD 05.07.2017	FXF_TAX_3433689			-3,952,755		-105,529.55	-0.03
FXF SPEST EUR/USD 05.07.2017	FXF_TAX_3433689			-3,952,755		-105,529.55	-0.03
Total issue country Austria						942,721.82	0.28
Total forward exchange agreements denominated in EUR						942,721.82	0.28
Total forward exchange agreements						942,721.82	0.28

**Breakdown of fund assets**

Securities			328,758,085.03	98.94
Forward exchange agreements			471,360.91	0.14
Cash in banks			3,043,549.05	0.92
Other deferred items			-6,320.78	-0.00
<b>Fund assets</b>			<b>332,266,674.21</b>	<b>100.00</b>

Dividend shares outstanding	AT0000802491	shares	3,291,364.00
Share value for dividend share	AT0000802491	EUR	59.73
Non-dividend shares outstanding	AT0000A09R60	shares	1,806,260.00
Share value for non-dividend share	AT0000A09R60	EUR	73.61
KEST-exempt non-dividend shares outstanding	AT0000A09R86	shares	34,816.00
Share value for KEST-exempt non-dividend share	AT0000A09R86	EUR	77.08

**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	Purch./ additions	Sales/ disposals
Shares/nominal (nom. in 1,000, rounded)			

**Investment certificates****Investment certificates denominated in AUD****Issue country Luxembourg**

CANDR.EQ.L-AUSTRALIA INHI	LU0133348622	340	1,872
SSGA LUX-AUSTR.I.EQ. I	LU1159240107	26,583	189,185

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**ESPA PORTFOLIO BALANCED 30**


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<b>Security designation</b>	<b>ISIN number</b>	<b>Purch./ additions</b>	<b>Sales/ disposals</b>
<b>Shares/nominal (nom. in 1,000, rounded)</b>			
<b>Investment certificates denominated in GBP</b>			
<b>Issue country Great Britain</b>			
BARING KOREA TR.I ACC.UTS	GB00B9M3RQ49	0	978,861
<b>Investment certificates denominated in EUR</b>			
<b>Issue country Ireland</b>			
ISHSIII-EM L.GOV.BD DLDIS	IE00B5M4WH52	3,375	280,971
<b>Issue country Luxembourg</b>			
JUPIT.GL.FD-J.G.A.RET.IEO	LU1388736503	0	214,000
<b>Issue country Austria</b>			
T 1851 T	AT0000AOK2C4	0	86,086
<b>Investment certificates denominated in CAD</b>			
<b>Issue country Luxembourg</b>			
SSGA LUX-CANADA IND.EQ. I	LU1159237574	0	325,637
<b>Investment certificates denominated in USD</b>			
<b>Issue country Luxembourg</b>			
FID.FDS-TAIWAN FD YACC.DL	LU0346392052	0	119,211
GS-INDIA EQUITY I DIS DL	LU0333810934	0	143,666
HSBC GIF-RUSSIA EQ.I CAP.	LU0329931413	0	510,766
PICTET-DL GOV.BDS I	LU0128489514	0	16,800

Vienna, May 2017

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

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Note:

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**Confirmation regarding securities lending transactions, repurchase transactions, and total return swaps**

No securities lending transactions, repurchase transactions, or total return swaps were executed for ESPA PORTFOLIO BALANCED 30, mutual fund pursuant to the InvFG, during the previous reporting period.