

# **ESPA STOCK GLOBAL**

**Mutual fund pursuant to the InvFG**

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 (from 13 October 2016) Klaus BRUGGER, DDr. (until 30 October 2016) Josef PRESCHITZ (from 13 October 2016) Franz PRUCKNER, Dr. MBA Rupert RIEDER, Mag. Thomas SCHAUFLEER, Mag. (FH) Reinhard WALTTL, Mag. Appointed by the Works Council: Martin CECHE (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>	Achim ARNHOF, Mag. Karl BRANDSTÖTTER, Mag. (until 3 February 2017) Winfried BUCHBAUER, Mag. Karl FREUDENSCHUSS Dietmar JAROSCH, Dr. Manfred LENTNER Gerold PERMOSER Magdalena REISCHL, Mag. (from 1 July 2016) Jürgen SINGER, Mag.
<b>State commissioners</b>	Erwin GRUBER Michael MANHARD, HR Dr.
<b>Auditor</b>	Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
<b>Custodian bank</b>	Erste Group Bank AG

**Remuneration paid to employees of ERSTE-SPARINVEST KAG in EUR  
(financial year 2016 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 31.12.16	131
Number of risk bearers as of 31.12.16	50
Fixed remuneration	10,429,401
Variable remuneration (bonuses)	2,748,322
<b>Total employee remuneration</b>	<b>13,177,723</b>
Thereof remuneration for managing directors	825,229
Thereof remuneration for managers and risk bearers	874,580
Thereof remuneration for risk bearers with controlling functions*	905,860
Thereof remuneration for other risk bearers	4,345,437
Thereof remuneration for employees at the same pay grade as managers and risk bearers due to the amount of their total remuneration	0
<b>Total remuneration for risk bearers</b>	<b>6,951,106</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 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: Wolfgang Traindl (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](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 30 March 2017 revealed no deviations. There were also no material findings during the last audit by the Internal Auditing department in July 2017.

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 STOCK GLOBAL mutual fund pursuant to the InvFG for the period from 1 September 2016 to 31 August 2017.

## Development of the Fund

### Market environment

The developed markets on both sides of the Atlantic and emerging market equities all posted gains in the reporting period. Aside from the central banks, it was especially political events that drove the markets.

The MSCI All Country World in EUR rose by around 7.8%. American indices saw substantial gains in local currency terms, with the technology-heavy NASDAQ at the head of the pack. Because of the weakness of the USD – the euro rose by roughly 6.7% against the US dollar – these indices delivered poorer performance in EUR: The NASDAQ rose by some 23.3% (around 15.8% in EUR) and the S&P 500 by roughly 13.9% (approximately 6.9% in EUR). In Europe, the DAX advanced by around 13.8% and the Stoxx 600 by roughly 8.8%. The Italian FTSE MIB posted a gain of around 27.9% after progress was made in the restructuring of the Italian banking sector. The market-friendly outcomes of the elections in France and the Netherlands also helped European equities, and the macroeconomic data and business climate indicators were strong throughout the period. Especially banks profited from this euphoria. The largest US banks likewise saw substantial price increases after the surprising victory of Donald Trump in November 2016 triggered higher inflation expectations and therefore higher yields.

Emerging market shares and currencies profited from the weak USD, with the MSCI Emerging Markets rising by roughly 21.7% in USD and the MSCI EM Currency by around 7%. Volatility indicators fell substantially. The oil price rose after OPEC agreed on production caps, but then fell steadily in 2017 after doubts about compliance with the agreement grew.

After initial euphoria following Trump's election victory, US yields and the USD retreated substantially from their highs. This was due to domestic politics (frequency of personnel changes in the government, no progress with Obamacare and tax cuts, the debt cap) and geopolitical issues (conflict with North Korea). Safe havens such as gold attracted numerous investors, especially in August 2017. The US Fed raised its key rate by 25 basis points three times over the 12 months, putting it at 1.25%. The ECB left its key rate unchanged but reduced the volume of its monthly bond purchases from EUR 80 billion to EUR 60 billion while extending the purchasing programme until the end of 2017.

The fund gained around 5.7% in value during the reporting period.

### Investment policy

The investment level in the fund was increased in the first half of the reporting period and then held at close to 100% for the remainder of the financial year. The positive global macroeconomic conditions and good corporate earnings development played a major part in this. Index futures were also employed during the financial year to manage the investment level and to selectively set up positions in specific sectors and regions. For example, there were positions in Nikkei 225 and Stoxx bank futures.

The sector allocation shows that the technology sector was weighted most highly in the fund due to the high quality of the companies and their dynamic growth prospects. Financials were generally weighted more highly during the reporting period. By contrast, utilities and real estate shares were not held by the fund during the financial year. The conditions for oil and gas stocks were challenging. Consequently, the weighting of this sector was reduced in the second half of the financial year.

In regional terms, North American shares were weighted most highly in the fund. However, the allocation to this region was reduced in favour of European equities in the second half of the financial year. US and Canadian companies were affected by this reduction. The fund invested in emerging market equities during the reporting period, but these holdings only made up a small portion of the portfolio assets.

Only a small number of share certificates were redeemed during the period. The cash holdings in the fund were used and existing equity positions reduced to service these transactions.

## 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 <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

	31 August 2017		31 August 2016	
	EUR millions	%	EUR millions	%
Equities denominated in				
GBP	11.4	5.05	9.7	4.53
DKK	3.7	1.63	3.9	1.80
EUR	24.5	10.85	15.7	7.27
HKD	8.1	3.61	10.3	4.79
IDR	2.5	1.11	2.0	0.93
JPY	7.9	3.50	1.8	0.86
CAD	-	-	10.6	4.93
KRW	3.5	1.53	10.1	4.71
NOK	2.0	0.89	-	-
SEK	6.7	2.96	4.5	2.09
CHF	11.5	5.11	3.6	1.68
TWD	-	-	2.0	0.92
USD	134.0	59.37	133.2	61.89
Securities	215.8	95.61	207.5	96.40
Financial futures	- 0.1	- 0.04	-	-
Dividend entitlements	0.3	0.12	0.1	0.07
Cash in banks	9.7	4.32	7.6	3.54
Interest entitlements	0.0	0.00	0.0	0.00
Other deferred items	- 0.0	- 0.00	- 0.0	- 0.01
<b>Fund assets</b>	<b>225.7</b>	<b>100.00</b>	<b>215.3</b>	<b>100.00</b>

## Comparative Overview (in EUR)

Financial year	Fund assets	Value development in per cent 1)
2011/12	25,120,052.94	+ 17.19 2)
2012/13	34,204,171.67	+ 7.29 2)
2013/14	168,469,248.56	+ 19.79 2)
2014/15	195,579,726.19	+ 17.54 2)
2015/16	215,267,720.77	- 1.88 2)
2016/17	225,708,934.37	+ 5.70 2)

Financial year	Dividend shares		Non-dividend shares			KESt-exempt non-dividend shares	
	Calculated value per share	Disbursement	Calculated value per share	Reinvested earnings	Payment in accordance with § 58 (2) InvFG	Calculated value per share	Reinvested KESt-exempt earnings
2011/12	49.18	1.00	64.08	2.75	0.00	64.23	2.92
2012/13	51.68	1.20	68.75	9.76	0.02	68.90	9.88
2013/14	60.51	1.20	82.37	2.28	0.00	82.58	2.28
2014/15	69.66	1.50	96.77	2.42	0.49	97.03	2.98
2015/16	66.88	1.6000	94.47	6.1740	1.2858	95.21	7.4440
2016/17	69.00	1.6000	98.50	4.7601	1.0111	100.64	5.9132

1) Assuming the reinvestment of all paid dividends at their nominal value on the day of disbursement.

2) The changes in the value of non-dividend shares and KESt-exempt non-dividend shares deviate slightly due to rounding differences.



## Disbursement/Payment

The following disbursement or payment will be made for the financial year from 1 September 2016 to 31 August 2017. 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 16 October 2017 at

Erste Group Bank AG, Vienna,

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

Fund type	ISIN	Currency	Disbursement/ payment		KES with option declaration	KES w/o option declaration	Reinvestment
Dividend shares	AT0000989645	EUR	1.6000		0.7085	0.7085	-
Non-dividend shares	AT0000812870	EUR	1.0111		1.0111	1.0111	4.7601
KES-exempt non- dividend shares	AT0000639497	CZK	-	*	-	-	154.4879
KES-exempt non- dividend shares	AT0000673314	EUR	-	*	-	-	5.9132
KES-exempt non- dividend shares	AT0000627484	HUF	-	*	-	-	1,782.8102

\* 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

<b>AT0000989645 dividend shares EUR</b>	
Share value at the beginning of the reporting period (826,963.129 shares)	66.88
Disbursement/payment on 13.10.2016 (corresponds to roughly 0.0245 shares at a calculated value of 65.27)	1.6000
Share value at the end of the reporting period (827,316.291 shares)	69.00
Total value including (notional) shares gained through disbursement/payment	70.69
Net earnings per share	3.81
<b>Value development of one share in the period</b>	<b>5.70%</b>

<b>AT0000812870 non-dividend shares EUR</b>	
Share value at the beginning of the reporting period (1,133,270.791 shares)	94.47
Disbursement/payment on 13.10.2016 (corresponds to roughly 0.0138 shares at a calculated value of 93.17)	1.2858
Share value at the end of the reporting period (1,122,887.516 shares)	98.50
Total value including (notional) shares gained through disbursement/payment	99.86
Net earnings per share	5.39
<b>Value development of one share in the period</b>	<b>5.71%</b>

<b>AT0000639497 KEST-exempt non-dividend shares CZK</b>	
Share value at the beginning of the reporting period (211,012.350 shares)	2,573.47
Disbursement/payment	0.0000
Share value at the end of the reporting period (249,580.361 shares)	2,628.56
Total value including (notional) shares gained through disbursement/payment	2,628.56
Net earnings per share	55.09
<b>Value development of one share in the period</b>	<b>2.14%</b>

<b>AT0000673314 KEST-exempt non-dividend shares EUR</b>	
Share value at the beginning of the reporting period (264,612.348 shares)	95.21
Disbursement/payment	0.0000
Share value at the end of the reporting period (271,541.484 shares)	100.64
Total value including (notional) shares gained through disbursement/payment	100.64
Net earnings per share	5.43
<b>Value development of one share in the period</b>	<b>5.70%</b>

<b>AT0000627484 KEST-exempt non-dividend shares HUF</b>	
Share value at the beginning of the reporting period (79,847.586 shares)	29,479.40
Disbursement/payment	0.0000
Share value at the end of the reporting period (55,255.289 shares)	30,751.56
Total value including (notional) shares gained through disbursement/payment	30,751.56
Net earnings per share	1,272.16
<b>Value development of one share in the period</b>	<b>4.32%</b>

## 2. Fund Result

### a. Realised fund result

#### Ordinary fund result

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

Interest income (excluding income adjustment)	19,887.77	
Dividend income	2,943,352.06	
Other income 8)	0.00	
Total income (without profit or loss from price changes)		2,963,239.83

**Interest paid** - 33,460.08

##### Expenses

Fees paid to Investment Firm	- 4,048,426.28	
Costs for the financial auditor and tax consultation	- 6,812.00	
Publication costs	- 40,452.66	
Securities account fees	- 125,163.48	
Custodian bank fees	- 326,566.22	
Costs for the external consultant	0.00	
Total expenses		- 4,547,420.64
Compensation for management costs from sub-funds 1)		0.00

**Ordinary fund result (excluding income adjustment)** - 1,617,640.89

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

Realised gains 4)	27,202,299.38	
Realised losses 5)	- 12,488,508.98	

**Realised profit or loss from price changes (excluding income adjustment)** 14,713,790.40

**Realised fund result (excluding income adjustment)** 13,096,149.51

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

Changes in the unrealised profit or loss from price changes 7) - 1,055,001.07

**Result for the reporting period 6)** 12,041,148.44

### c. Income adjustment

Income adjustment for income in the period	135,355.23	
Income adjustment for profit carried forward from dividend shares	57,344.03	

**Overall fund result** 12,233,847.70

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

<b>Fund assets at the beginning of the reporting period</b>	<b>215,267,720.77</b>
<b>Disbursement/payment in the financial year</b>	<b>- 2,775,456.55</b>
<b>Issue and return of shares</b>	<b>982,822.45</b>
<b>Overall fund result</b>	
(The fund result is shown in detail under item 2.)	<b><u>12,233,847.70</u></b>
<b>Fund assets at the end of the reporting period</b>	<b><u>225,708,934.37</u></b>

- 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 13,658,789.33
- 4) Thereof profits from transactions with derivative financial instruments: EUR 2,704,613.74.
- 5) Thereof losses from transactions with derivative financial instruments: EUR -397,428.23.
- 6) The result for the financial year includes explicitly reported transaction costs in the amount of EUR 887,720.38.
- 7) Thereof changes in unrealised gains EUR 3,948,778.79 and unrealised losses EUR -5,003,779.86.
- 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 August 2017

(including changes in securities assets from 1 September 2016 to 31 August 2017)

Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
<b>Publicly traded securities</b>							
<b>Equities denominated in GBP</b>							
<b>Issue country Great Britain</b>							
MONDI PLC EO -.20	GB00B1CRLC47	83,000	0	83,000	21.130	1,900,777.09	0.84
PRUDENTIAL PLC LS-.05	GB0007099541	210,000	0	210,000	18.155	4,132,084.06	1.83
RECKITT BENCK.GRP LS -.10	GB00B24CGK77	42,000	21,000	42,000	73.320	3,337,531.30	1.48
RIO TINTO PLC LS-.10	GB0007188757	50,000	0	50,000	37.465	2,030,249.17	0.90
Total issue country Great Britain						11,400,641.62	5.05
Total equities denominated in GBP translated at a rate of 0.92267						11,400,641.62	5.05
<b>Equities denominated in DKK</b>							
<b>Issue country Denmark</b>							
VESTAS WIND SYST. REG.DK1	DK0010268606	30,000	10,000	48,000	569.000	3,672,102.94	1.63
Total issue country Denmark						3,672,102.94	1.63
Total equities denominated in DKK translated at a rate of 7.43770						3,672,102.94	1.63
<b>Equities denominated in EUR</b>							
<b>Issue country Belgium</b>							
KBC GROEP N.V.	BE0003565737	55,000	0	55,000	69.030	3,796,650.00	1.68
Total issue country Belgium						3,796,650.00	1.68
<b>Issue country Germany</b>							
ADIDAS AG NA N.P.	DE000A1EWWO0	20,000	0	20,000	188.550	3,771,000.00	1.67
HUGO BOSS AG NA N.P.	DE000A1PHFF7	38,000	0	38,000	71.110	2,702,180.00	1.20
INFINEON TECH.AG NA N.P.	DE0006231004	180,000	0	180,000	19.370	3,486,600.00	1.54
Total issue country Germany						9,959,780.00	4.41
<b>Issue country France</b>							
VALEO SA BEARER EO 1	FR0013176526	58,000	26,000	32,000	56.180	1,797,760.00	0.80
Total issue country France						1,797,760.00	0.80
Total equities denominated in EUR						15,554,190.00	6.89
<b>Equities denominated in KRW</b>							
<b>Issue country Republic of Korea</b>							
SAMSUNG EL. SW 5000	KR7005930003	2,000	0	2,000	2,316,000.000	3,455,160.00	1.53
Total issue country Republic of Korea						3,455,160.00	1.53
Total equities denominated in KRW translated at a rate of 1,340.60362						3,455,160.00	1.53

Security designation	ISIN number	Purch./ additions Shares/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
<b>Equities denominated in NOK</b>							
<b>Issue country Norway</b>							
MARINE HARVEST ASA NK 7.5	N00003054108	120,000	0	120,000	154.100	1,999,251.85	0.89
Total issue country Norway						1,999,251.85	0.89
Total equities denominated in NOK translated at a rate of 9.24946						1,999,251.85	0.89
<b>Equities denominated in SEK</b>							
<b>Issue country Sweden</b>							
ATLAS COPCO A	SE0006886750	102,000	0	102,000	311.400	3,357,415.95	1.49
ESSITY AB B	SE0009922164	143,000	0	143,000	220.600	3,334,478.45	1.48
Total issue country Sweden						6,691,894.40	2.96
Total equities denominated in SEK translated at a rate of 9.46049						6,691,894.40	2.96
<b>Equities denominated in USD</b>							
<b>Issue country USA</b>							
CATERPILLAR INC. DL 1	US1491231015	35,000	0	35,000	117.490	3,458,785.43	1.53
Total issue country USA						3,458,785.43	1.53
Total equities denominated in USD translated at a rate of 1.18890						3,458,785.43	1.53
Total publicly traded securities						46,232,026.24	20.48
<b>Securities admitted to organised markets</b>							
<b>Equities denominated in EUR</b>							
<b>Issue country Italy</b>							
RECORDATI SPA EO -.125	IT0003828271	53,000	0	53,000	35.980	1,906,940.00	0.84
Total issue country Italy						1,906,940.00	0.84
<b>Issue country Netherlands</b>							
ASML HOLDING EO -.09	NL0010273215	27,000	0	27,000	130.500	3,523,500.00	1.56
UNILEVER CVA EO -.16	NL0000009355	70,000	0	70,000	50.010	3,500,700.00	1.55
Total issue country Netherlands						7,024,200.00	3.11
Total equities denominated in EUR						8,931,140.00	3.96
<b>Equities denominated in HKD</b>							
<b>Issue country Cayman Islands</b>							
TENCENT HLDGS HD-.00002	KYG875721634	0	35,000	110,000	329.000	3,889,361.16	1.72
Total issue country Cayman Islands						3,889,361.16	1.72

## ESPA STOCK GLOBAL

Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding Shares/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets
<b>Issue country Hong Kong</b>							
AIA GROUP LTD	HK0000069689	350,000	0	660,000	60.050	4,259,382.45	1.89
Total issue country Hong Kong						4,259,382.45	1.89
Total equities denominated in HKD translated at a rate of 9.30487						8,148,743.61	3.61
<b>Equities denominated in IDR</b>							
<b>Issue country Indonesia</b>							
PT TELEK. IND. B RP 50	ID1000129000	1,500,000	0	8,500,000	4,690.000	2,513,191.04	1.11
Total issue country Indonesia						2,513,191.04	1.11
Total equities denominated in IDR translated at a rate of 15,862.30388						2,513,191.04	1.11
<b>Equities denominated in JPY</b>							
<b>Issue country Japan</b>							
ASAHI GROUP HOLDINGS LTD.	JP3116000005	55,000	0	55,000	4,789.000	2,012,948.69	0.89
NIDEC CORP.	JP3734800000	22,000	0	22,000	12,460.000	2,094,912.56	0.93
SHIN-ETSU CHEM.	JP3371200001	24,000	0	24,000	9,724.000	1,783,533.90	0.79
SMC CORP.	JP3162600005	7,000	0	7,000	37,710.000	2,017,343.02	0.89
Total issue country Japan						7,908,738.17	3.50
Total equities denominated in JPY translated at a rate of 130.85033						7,908,738.17	3.50
<b>Equities denominated in CHF</b>							
<b>Issue country Switzerland</b>							
LONZA GROUP AG NA SF 1	CH0013841017	18,000	0	18,000	242.800	3,825,194.96	1.69
PARTNERS GR.HLDG SF -.01	CH0024608827	3,000	1,000	6,500	622.000	3,538,637.94	1.57
SIKA AG BEARER SF 0.60	CH0000587979	700	0	700	6,800.000	4,166,192.57	1.85
Total issue country Switzerland						11,530,025.47	5.11
Total equities denominated in CHF translated at a rate of 1.14253						11,530,025.47	5.11
<b>Equities denominated in USD</b>							
<b>Issue country Ireland</b>							
ALLERGAN PLC DL-.0001	IE00BY9D5467	16,000	0	16,000	229.480	3,088,300.11	1.37
INGERSOLL-RAND PLC DL 1	IE00B6330302	0	8,000	61,000	85.390	4,381,184.29	1.94
Total issue country Ireland						7,469,484.40	3.31
<b>Issue country Singapore</b>							
BROADCOM LTD NPV	SG9999014823	16,000	29,000	16,000	252.070	3,392,312.22	1.50
Total issue country Singapore						3,392,312.22	1.50

Security designation	ISIN number	Purch./ additions Shares/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
<b>Issue country USA</b>							
ACTIVISION BLIZZARD INC.	US00507V1098	65,000	116,500	65,000	65.560	3,584,321.64	1.59
ADOBE SYST. INC.	US00724F1012	34,000	0	34,000	155.160	4,437,244.51	1.97
ALTRIA GRP INC. DL-.333	US02209S1033	0	0	70,000	63.400	3,732,862.31	1.65
AMPHENOL CORP. A DL-.001	US03209S1017	0	25,000	53,000	80.940	3,608,226.09	1.60
APPLE INC.	US0378331005	46,000	13,000	33,000	164.000	4,552,106.99	2.02
APPLIED MATERIALS INC.	US0382221051	104,000	160,000	104,000	45.120	3,946,908.91	1.75
BANK AMERICA DL 0.01	US0605051046	160,000	0	160,000	23.890	3,215,072.76	1.42
CELGENE CORP. DL-.01	US1510201049	0	0	42,000	138.930	4,907,948.52	2.17
CHARLES SCHWAB CORP.DL-01	US8085131055	95,000	0	95,000	39.900	3,188,241.23	1.41
COMCAST CORP. A DL-.01	US20030N1019	100,000	0	100,000	40.610	3,415,762.47	1.51
CONST.BRANDS A DL-.01	US21036P1084	0	0	28,200	200.100	4,746,252.84	2.10
DISCOVER FINL SRVCS DL-01	US2547091080	66,000	80,000	66,000	58.950	3,272,520.82	1.45
FACEBOOK INC.A DL-.000006	US30303M1027	12,000	20,000	32,000	171.970	4,628,681.97	2.05
FEDEX CORP. DL-.10	US31428X1063	21,000	0	21,000	214.380	3,786,676.76	1.68
HALLIBURTON CO. DL 2.50	US4062161017	97,000	0	97,000	38.970	3,179,485.24	1.41
HOME DEPOT INC. DL-.05	US4370761029	0	8,000	29,200	149.870	3,680,884.85	1.63
ILL. TOOL WKS	US4523081093	28,000	41,000	28,000	137.510	3,238,523.00	1.43
JOHNSON + JOHNSON DL 1	US4781601046	30,000	38,000	30,000	132.370	3,340,146.35	1.48
JPMORGAN CHASE DL 1	US46625H1005	43,000	0	43,000	90.890	3,287,299.18	1.46
MASTERCARD INC.A DL-.0001	US57636Q1040	30,000	0	30,000	133.300	3,363,613.42	1.49
MICROSOFT DL-.00000625	US5949181045	67,000	0	67,000	74.770	4,213,634.45	1.87
MORGAN STANLEY DL-.01	US6174464486	85,000	0	85,000	45.500	3,253,006.98	1.44
PAYPAL HDGS INC.DL-.0001	US70450Y1038	67,000	0	67,000	61.680	3,475,952.56	1.54
PNC FINL SERVICES GRP DL5	US6934751057	46,000	14,000	32,000	125.410	3,375,489.95	1.50
PRICELINE GRP INC.DL-.008	US7415034039	3,300	1,000	2,300	1,852.080	3,582,962.40	1.59
S+P GLOBAL INC. DL 1	US78409V1044	27,000	0	27,000	154.330	3,504,844.81	1.55
SHERWIN-WILLIAMS DL 1	US8243481061	11,000	15,000	11,000	339.270	3,139,010.85	1.39
THERMO FISH.SCIENTIF.DL 1	US8835561023	0	0	30,000	187.140	4,722,180.17	2.09
T-MOBILE US INC.DL-.00001	US8725901040	58,000	0	58,000	64.710	3,156,850.87	1.40
UNITEDHEALTH GROUP DL-.01	US91324P1021	0	0	27,000	198.900	4,517,032.55	2.00
VISA INC. CL. A DL -.0001	US92826C8394	0	10,000	50,000	103.520	4,353,604.17	1.93
WESTN DIGITAL DL-.10	US9581021055	44,000	0	44,000	88.270	3,266,784.42	1.45
Total issue country USA						119,674,134.04	53.02
Total equities denominated in USD translated at a rate of 1.18890						130,535,930.66	57.83
Total securities admitted to organised markets						169,567,768.95	75.13

**Unlisted securities****Equities denominated in HKD****Issue country Cayman Islands**

EGANAGOLD.(HLDGS) HD 0.01	KYG2943E1329	0	0	850,000	0.000	0.00	0.00
Total issue country Cayman Islands						0.00	0.00
Total equities denominated in HKD translated at a rate of 9.30487						0.00	0.00
Total unlisted securities						0.00	0.00



## ESPA STOCK GLOBAL

Security designation	ISIN number	Holding	Unrealised result in EUR	% share of fund assets
<b>Derivatives</b>				
<b>Financial futures denominated in EUR</b>				
<b>Issue country Germany</b>				
STOXX 600 BANK Sep17	FSTBU7	350	-100,250.50	-0.04
Total issue country Germany			-100,250.50	-0.04
Total financial futures denominated in EUR			-100,250.50	-0.04
Total derivatives			-100,250.50	-0.04

### Breakdown of fund assets

Securities			215,799,795.19	95.61
Financial futures			-100,250.50	-0.04
Cash in banks			9,740,193.27	4.32
Dividend entitlements			271,554.52	0.12
Interest entitlements			2,505.97	0.00
Other deferred items			-4,864.08	-0.00
Fund assets			225,708,934.37	100.00

Dividend shares outstanding	AT0000989645	shares	827,316.291
Share value for dividend share	AT0000989645	EUR	69.00
Non-dividend shares outstanding	AT0000812870	shares	1,122,887.516
Share value for non-dividend share	AT0000812870	EUR	98.50
KEST-exempt non-dividend shares outstanding	AT0000673314	shares	271,541.484
Share value for KEST-exempt non-dividend share	AT0000673314	EUR	100.64
KEST-exempt non-dividend shares outstanding	AT0000639497	shares	249,580.361
Share value for KEST-exempt non-dividend share	AT0000639497	CZK	2,628.56
KEST-exempt non-dividend shares outstanding	AT0000627484	shares	55,255.289
KEST-exempt non-dividend shares outstanding	AT0000627484	HUF	30,751.56

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

**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 Shares/nominal (nom. in 1,000, rounded)	Sales/ disposals
<b>Publicly traded securities</b>			
<b>Equities denominated in GBP</b>			
<b>Issue country Great Britain</b>			
IMPERIAL BRANDS PLC LS-10	GB0004544929	0	30,000
<b>Issue country Jersey</b>			
EXPERIAN PLC DL -.10	GB00B19NLV48	0	140,000
SHIRE PLC LS-.05	JE00B2QKY057	0	72,000

## ESPA STOCK GLOBAL

Security designation	ISIN number	Purch./ additions Shares/nominal (nom. in 1,000, rounded)	Sales/ disposals
<b>Equities denominated in DKK</b>			
<b>Issue country Denmark</b>			
PANDORA A/S DK 1	DK0060252690	25,000	41,000
<b>Equities denominated in EUR</b>			
<b>Issue country Germany</b>			
BASF SE N.P.	DE000BASF111	37,000	37,000
FRESENIUS SE N.P. ST	DE0005785604	0	47,000
HENKEL AG+CO.KGAA PREF	DE0006048432	12,000	28,000
SAP SE N.P.	DE0007164600	39,000	39,000
<b>Issue country Netherlands</b>			
ROYAL DUTCH SHELL A EO-07	GB00B03MLX29	145,000	145,000
<b>Issue country Spain</b>			
AMADEUS IT GRP SA EO 0.01	ES0109067019	72,000	72,000
<b>Equities denominated in KRW</b>			
<b>Issue country Republic of Korea</b>			
AMOREPACIFIC SW 500	KR7090430000	0	10,000
KOREA ZINC CO. SW 5000	KR7010130003	0	7,500
NAVER CORP SW 500	KR7035420009	0	6,100
<b>Equities denominated in SEK</b>			
<b>Issue country Sweden</b>			
BOLIDEN AB SK 2	SE0000869646	0	150,000
SVENSKA CELL.B FRIA SK10	SE0000112724	119,000	179,000
<b>Equities denominated in TWD</b>			
<b>Issue country Taiwan</b>			
TAIWAN SEMICON.MANU. TA10	TW0002330008	0	400,000

Security designation	ISIN number	Purch./ additions Shares/nominal (nom. in 1,000, rounded)	Sales/ disposals
<b>Securities admitted to organised markets</b>			
<b>Equities denominated in GBP</b>			
<b>Issue country Jersey</b>			
WPP PLC LS-.10	JE00B8KF9B49	85,000	85,000
<b>Equities denominated in EUR</b>			
<b>Issue country Finland</b>			
ELISA OYJ A EO 0.5	FI0009007884	0	60,000
KONE CORP.(NEW) B N.P.	FI0009013403	0	40,000
<b>Issue country France</b>			
VINCI S.A. BEARER EO 2.50	FR0000125486	0	27,000
<b>Issue country Netherlands</b>			
AHOLD DELHAIZE,KON.EO-.01	NL0011794037	90,000	175,000
ING GROEP NV EO -.01	NL0011821202	130,000	130,000
RANDSTAD HLDG NV EO-10	NL0000379121	35,000	35,000
<b>Issue country Spain</b>			
INDITEX BEARER EO 0.03	ES0148396007	0	105,000
<b>Equities denominated in HKD</b>			
<b>Issue country Bermuda</b>			
MAN WAH HLDGS (NEW)HD-.40	BMG5800U1071	0	1,200,000
<b>Issue country China</b>			
TRAVELSKY TECHNOLOGY HYC1	CNE1000004J3	0	500,000
<b>Issue country Hong Kong</b>			
BK OF CHINA (HONG KONG)	HK2388011192	0	1,100,000
<b>Equities denominated in JPY</b>			
<b>Issue country Japan</b>			
KDDI CORP.	JP3496400007	0	70,000
TOKYO ELECTRON LTD	JP3571400005	16,000	16,000

## ESPA STOCK GLOBAL

Security designation	ISIN number	Purch./ additions Shares/nominal (nom. in 1,000, rounded)	Sales/ disposals
<b>Equities denominated in CAD</b>			
<b>Issue country Canada</b>			
ALIMENTATION COUCHE-T. B	CA01626P4033	87,000	87,000
BK NOVA SCOTIA	CA0641491075	7,000	92,000
DOLLARAMA INC.	CA25675T1075	0	55,000
METRO INC.	CA59162N1096	0	95,000
<b>Equities denominated in CHF</b>			
<b>Issue country Switzerland</b>			
CIE FIN.RICHEMONT SF 1	CH0210483332	25,000	25,000
GEBERIT AG NA DISP. SF-10	CH0030170408	0	4,500
<b>Equities denominated in USD</b>			
<b>Issue country Bermuda</b>			
CREDICORP LTD DL 5	BMG2519Y1084	0	13,000
<b>Issue country Brazil</b>			
BANCO BRADESCO PFD 04 ADR	US0594603039	0	220,000
<b>Issue country Cayman Islands</b>			
ALIBABA GR.HLDG SP.ADR 1	US01609W1027	20,000	20,000
NETEASE INC. ADR/100	US64110W1027	7,800	7,800
<b>Issue country Curacao</b>			
SCHLUMBERGER DL-.01	AN8068571086	11,000	56,000
<b>Issue country Switzerland</b>			
CHUBB LTD. SF 24.15	CH0044328745	0	29,000
<b>Issue country USA</b>			
3M CO. DL-.01	US88579Y1010	21,000	21,000
ACUITY BRANDS INC. DL-.01	US00508Y1029	8,000	22,000
ALASKA AIR GRP INC. DL 1	US0116591092	45,000	45,000
ALPHABET INC.CL.A DL-.001	US02079K3059	800	7,200
AMAZON.COM INC. DL-.01	US0231351067	1,000	7,300
AMGEN INC. DL-.0001	US0311621009	0	23,000
AT + T INC. DL 1	US00206R1023	0	102,000

<b>Security designation</b>	<b>ISIN number</b>	<b>Purch./ additions Shares/nominal (nom. in 1,000, rounded)</b>	<b>Sales/ disposals</b>
CISCO SYSTEMS DL-.001	US17275R1023	0	150,000
COLGATE-PALMOLIVE DL 1	US1941621039	0	56,000
DEVON ENERGY CORP. DL-.10	US25179M1036	0	120,000
WALT DISNEY CO	US2546871060	39,000	39,000
EXXON MOBIL CORP.	US30231G1022	0	47,000
GENL EL. CO. DL -.06	US3696041033	115,000	115,000
GOLDMAN SACHS GRP INC.	US38141G1040	28,000	28,000
INTEL CORP. DL-.001	US4581401001	128,000	128,000
MICRON TECHN. INC. DL-.10	US5951121038	160,000	160,000
O'REILLY AUTOMOTIV.DL-.01	US67103H1077	0	17,300
RALPH LAUREN A DL-.01	US7512121010	17,000	17,000
STARBUCKS CORP.	US8552441094	0	77,000
SUNTRUST BANKS INC. DL 1	US8679141031	16,000	104,000
TRAVELERS COS INC.	US89417E1091	0	38,000

Vienna, 2 October 2017

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](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]).

## 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 STOCK GLOBAL  
mutual fund pursuant to the InvFG,

consisting of the fund portfolio as of 31 August 2017, 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 August 2017 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, 2 October 2017

**Ernst & Young**

Wirtschaftsprüfungsgesellschaft m.b.H.

**Mag. Andrea Stippel**  
(Financial auditor)

**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 STOCK GLOBAL**

## **Mutual fund pursuant to the InvFG**

The Fund Terms and Conditions for ESPA STOCK GLOBAL, 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 bank) appointed for the Fund is Erste Group Bank AG, Vienna.

The payment offices for share certificates are the custodian bank (depositary bank) 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.

ESPA STOCK GLOBAL is an equity fund that invests primarily, in other words at least 51% of its assets, in stocks in the form of directly purchased individual instruments, in other words not indirectly or directly through investment funds or through derivatives.

There are no limitations with regards to the domicile of the issuer or the economic sector in which the issuer is active. The Fund may purchase shares in companies with small or mid-sized market capitalisations as well as shares in large, strong, and important companies that are internationally known (blue chips).

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

#### **a) Securities**

Securities (including securities with embedded derivative financial instruments) comprise at least 51% 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**

The Fund may purchase securities and money market instruments that are not fully paid up as well as subscription rights for these types of instruments and other financial instruments that are not fully paid up amounting to a maximum of 10% of the 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 10% of the fund assets 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 shares of other investment funds.

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 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).

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 experienced by securities, the Fund can hold a lower proportion of securities and 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

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 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 5.0% 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 September to 31 August.

## **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 15 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 15 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 15 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 15 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 1.8% 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 October 2014)**

#### **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 web site 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://mifiddatabase.esma.europa.eu/Index.aspx?sectionlinks\\_id=23&language=0&pageName=REGULATED\\_MARKETS\\_Display&subsection\\_id=0 \\*](http://mifiddatabase.esma.europa.eu/Index.aspx?sectionlinks_id=23&language=0&pageName=REGULATED_MARKETS_Display&subsection_id=0))

under "Verzeichnis der Geregelten Märkte (pdf)" (List of Regulated Markets).

##### **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 "view all".

[The list can be found on the FMA's web site by going to: <https://www.fma.gv.at/de/unternehmen/boerse-wertpapierhandel/boerse.html> – scroll down – link to "Liste der geregelten Märkte (MiFID Database; ESMA)" – "view all"]

**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 web site [www.erste-am.at](http://www.erste-am.at).

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