

ERSTE BOND EMERGING MARKETS CORPORATE SHORT TERM

Mutual fund pursuant to the InvFG

Annual Report 2017/18
(Partial Financial Year from 3 April 2017 to
31 March 2018)

Contents

General Information about the Investment Firm	2
Development of the Fund	5
Method of Calculating Overall Risk	6
Asset Allocation	6
Comparative Overview	7
Disbursement/Payment	8
Income Statement and Changes in Fund Assets	9
1. Value Development over the Financial Year (Fund Performance).....	9
2. Fund Result.....	10
3. Changes in Fund Assets.....	11
Fund Portfolio as of 31 March 2018	12
Auditor's Opinion	20
Fund Terms and Conditions.....	23
Annex to the Fund Terms and Conditions	26

General Information about the Investment Firm

The company	ERSTE-SPARINVEST Kapitalanlagegesellschaft m. b. H. Am Belvedere 1, A-1100 Vienna Telephone: +43 05 0100-19881, Fax: +43 05 0100-17102
Nominal capital	EUR 4.50 million
Shareholders	Erste Asset Management GmbH (roughly 79.09%) DekaBank Deutsche Girozentrale (roughly 2.78%) „Die Kärntner“ Trust-Vermögensverwaltungsgesellschaft m.b.H. & Co KG (roughly 2.78%) NÖ-Sparkassen Beteiligungsgesellschaft m. b. H. (roughly 1.27%) Salzburger Sparkasse Bank Aktiengesellschaft (roughly 2.78%) Sieben Tiroler Sparkassen Beteiligungsgesellschaft m. b. H. (roughly 2.78%) Steiermärkische Bank und Sparkassen Aktiengesellschaft (roughly 5.57%) Tiroler Sparkasse Bankaktiengesellschaft Innsbruck (roughly 2.94%)
Supervisory Board	Rudolf SAGMEISTER, Mag. (Chairman from 22 February 2018) Wolfgang TRAINDL, Mag. (Chairman until 21 February 2018) Gabriele SEMMELROCK-WERZER (Deputy Chairwoman, First Deputy) Franz-Nikolaus HÖRMANN, Mag. (Deputy Chairman, Second Deputy) Matthias BAUER Monika JUNG, Mag. MSc (from 22 February 2018) Josef PRESCHITZ Franz PRUCKNER, Dr. MBA Rupert RIEDER, Mag. Rudolf SAGMEISTER, Mag. (from 15 February 2018 to 21 February 2018) Thomas SCHAUFLENER, Mag. (FH) Reinhard WALT, Mag. Appointed by the Works Council: Martin CECH Regina HABERHAUER Heinrich Hubert REINER, Ing. Peter RIEDERER Manfred ZOUREK
Managing directors	Heinz BEDNAR, Mag. Peter KARL, Mag. (from 1 March 2018) Günther MANDL Christian SCHÖN (until 28 February 2018) Wolfgang TRAINDL, Mag. (from 1 March 2018)
Prokuristen (proxies)	Achim ARNHOF, Mag. Winfried BUCHBAUER, Mag. Karl FREUDENSCHUSS Dietmar JAROSCH, Dr. Manfred LENTNER Gerold PERMOSER Magdalena REISCHL, Mag. Jürgen SINGER, Mag.
State commissioners	Erwin GRUBER Michael MANHARD, HR Dr.
Auditor	Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
Custodian bank	Erste Group Bank AG

**Remuneration paid to employees of ERSTE-SPARINVEST KAG in EUR
(financial year 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
Total employee remuneration	13,177,723
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
Total remuneration for risk bearers	6,951,106

* Includes the Head of Compliance

Principles governing performance-based remuneration components

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

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

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

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

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

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

The remuneration system is made up of three components:

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

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

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

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

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

The last audit of compliance with the requirements of the remuneration policy by the Supervisory Board on 29 November 2017 revealed no deviations. There were also no material findings during the last audit by the Internal Auditing department 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 report for the ERSTE BOND EMERGING MARKETS CORPORATE SHORT TERM mutual fund pursuant to the InvFG for the partial financial year from 3 April 2017 to 31 March 2018.

Development of the Fund

Roughly ten years after the start of the great recession, the global economy is expanding strongly from a broad base, the developed economies have low inflation rates, inflation is falling in key emerging economies, and the monetary policies are either very supportive or cautious and predictable. At the same time, corporate earnings have grown substantially and the volatility of many securities prices was low. These are generally positive conditions for risky asset classes, and therefore for most emerging countries.

Real GDP growth in the developed economies has been strong and broadly based since 2017. The data surprises are also positive, meaning that the economic growth projections are steadily being revised upwards. The leading indicators such as the global purchasing managers' index for the manufacturing sector are rising or have stabilised at a high level. However, the current growth is higher than the long-term expectations as expressed by the potential growth rate. Credit growth is also stabilising in the emerging economies aside from China after weakening for years. The focus is now on China, where economic policy is aimed at reducing excess capacity and gradually slowing lending growth. Interest rates have risen and the regulatory regime for the financial sector has become stricter. This will in turn cause real economic growth to slow gradually. In this, it will be important to ensure that nominal economic growth, in other words real growth plus inflation, does not weaken too much. Because the most important metric is the credit-to-GDP ratio.

The stable economic environment and the slow rise in inflation (caused in part by base effects) are forming a solid foundation for further, gradual interest rate hikes in the USA and for a normalisation in the Eurozone. The yield curves have flattened, creating headwinds for issues with a short remaining term to maturity and for the fund's universe in the reporting period.

Because of the relatively low yield compared with the bid-ask spread, an active strategy with a great deal of action to leverage the relative shifts in the valuations of the bonds would have an extremely negative impact on earnings. For this reason, we only make changes in the portfolio when the repayment of the bonds could be at serious risk in our opinion.

We were highly successful over the past financial year. We were not positioned in companies such as Noble from Singapore or Bank Otkritie from Russia based on our fundamental assessment, and this alone allowed us to post considerable outperformance over the market (corporate bonds from the emerging markets with a remaining term to maturity of 0–3 years).

The stronger positioning in Argentina and in shorter-running Turkish bank issues made positive contributions during the year, as did the positioning in the Brazilian paper manufacturer Suzano and the the Guatemalan telecom company Comcel.

The performance for the period was 2.17% in USD (ISIN AT0000A1ULN6).

Method of Calculating Overall Risk

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

- * Total nominal values of derivative instruments without taking into account offsetting and hedging (item 8.5. Schedule B InvFG 2011).
 ** Total derivative risk taking offsetting and hedging into account = total of the equivalent values of the underlying assets as a percentage of the fund assets.

Asset Allocation

	31 March 2018	
	USD millions	%
Bonds		
USD	23.2	92.28
Securities	23.2	92.28
Cash in banks	1.6	6.18
Interest entitlements	0.4	1.57
Other deferred items	- 0.0	- 0.02
Fund assets	25.2	100.00

Comparative Overview

Financial year	Fund assets
2015/2016	-
2016/2017	-
2017/2018	25,151,427.58

General information about performance:

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

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

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

Financial year	Fund type	ISIN	Currency	Calculated value per share	Disbursement/ payment	Re-investment	Development in per cent
2015/2016	Dividend shares	AT0000A1U9M5	USD	-	-	-	-
2016/2017	Dividend shares	AT0000A1U9M5	USD	-	-	-	-
2017/2018	Dividend shares	AT0000A1U9M5	USD	102.49	0.0000	0.0000	2.49

Financial year	Fund type	ISIN	Currency	Calculated value per share	Disbursement/ payment	Re-investment	Development in per cent
2015/2016	Dividend shares	AT0000A1ULN6	USD	-	-	-	-
2016/2017	Dividend shares	AT0000A1ULN6	USD	-	-	-	-
2017/2018	Dividend shares	AT0000A1ULN6	USD	102.17	2.5000	1.6013	2.17

Financial year	Fund type	ISIN	Currency	Calculated value per share	Disbursement/ payment	Re-investment	Development in per cent
2015/2016	Non-dividend shares	AT0000A1U9P8	USD	-	-	-	-
2016/2017	Non-dividend shares	AT0000A1U9P8	USD	-	-	-	-
2017/2018	Non-dividend shares	AT0000A1U9P8	USD	102.52	1.2202	3.2102	2.52

ERSTE BOND EMERGING MARKETS CORPORATE SHORT TERM

Financial year	Fund type	ISIN	Currency	Calculated value per share	Disbursement/ payment	Re-investment	Development in per cent
2015/2016	KESSt-exempt non-dividend shares	AT0000A1U9Q6	USD	-	-	-	-
2016/2017	KESSt-exempt non-dividend shares	AT0000A1U9Q6	USD	-	-	-	-
2017/2018	KESSt-exempt non-dividend shares	AT0000A1U9Q6	USD	102.49	-	0.0000	2.49

Disbursement/Payment

The following disbursement or payment will be made for the partial financial year from 30 April 2017 to 31 March 2018. The coupon-paying bank is obligated to withhold capital gains tax from this disbursement if the respective investor is not exempt from the payment of this tax.

The disbursement or payment will be effected on or after 2 July 2018 at

Erste Group Bank AG, Vienna,

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

Fund type	ISIN	Currency	Disbursement/ payment		KESSt with option declaration	KESSt w/o option declaration	Reinvestment
Dividend shares	AT0000A1U9M5	USD	0.0000		0.0000	0.0000	0.0000
Dividend shares	AT0000A1ULN6	USD	2.5000		1.1292	1.1292	1.6013
Non-dividend shares	AT0000A1U9P8	USD	1.2202		1.2202	1.2202	3.2102
KESSt-exempt non-dividend shares	AT0000A1U9Q6	USD	-	*	-	-	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 Financial Year (Fund Performance)

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

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

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

AT0000A1U9M5 dividend shares USD	
Share value on issue date	100.00
Disbursement/payment	0.0000
Share value at the end of the reporting period (0.000 shares)	102.49
Total value including (notional) shares gained through disbursement/payment	102.49
Net earnings per share	2.49
Value development of one share in the period	2.49%

AT0000A1ULN6 dividend shares USD	
Share value on issue date	100.00
Disbursement/payment	0.0000
Share value at the end of the reporting period (59,823.637 shares)	102.17
Total value including (notional) shares gained through disbursement/payment	102.17
Net earnings per share	2.17
Value development of one share in the period	2.17%

AT0000A1U9P8 non-dividend shares USD	
Share value on issue date	100.00
Disbursement/payment	0.0000
Share value at the end of the reporting period (185,700.000 shares)	102.52
Total value including (notional) shares gained through disbursement/payment	102.52
Net earnings per share	2.52
Value development of one share in the period	2.52%

AT0000A1U9Q6 KEST-exempt non-dividend shares USD	
Share value on issue date	100.00
Disbursement/payment	0.0000
Share value at the end of the reporting period (0.000 shares)	102.49
Total value including (notional) shares gained through disbursement/payment	102.49
Net earnings per share	2.49
Value development of one share in the period	2.49%

2. Fund Result

a. Realised fund result

Ordinary fund result

Income (without profit or loss from price changes)

Interest income (excluding income adjustment)	1,074,534.16
Dividend income	0.00
Other income 8)	0.00

Total income (without profit or loss from price changes) 1,074,534.16

Interest paid - 5,519.18

Expenses

Fees paid to Investment Firm	- 75,507.20
Costs for the financial auditor and tax consultation	- 3,998.63
Publication costs	- 5,075.88
Securities account fees	- 4,772.24
Custodian bank fees	- 6,555.51
Costs for the external consultant	0.00

Total expenses - 95,909.46

Compensation for management costs from sub-funds 1) 0.00

Ordinary fund result (excluding income adjustment) 973,105.52

Realised profit or loss from price changes 2) 3)

Realised gains 4)	57,535.80
Realised losses 5)	- 79,885.55

Realised profit or loss from price changes (excluding income adjustment) - 22,349.75

Realised fund result (excluding income adjustment) 950,755.77

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

Changes in the unrealised profit or loss from price changes 7) - 436,607.40

Result for the reporting period 6) 514,148.37

c. Income adjustment

Income adjustment for income in the period 117,318.45

Income adjustment for profit carried forward from dividend shares 0.00

Overall fund result 631,466.82

3. Changes in Fund Assets

Fund assets at the beginning of the reporting period	0.00
Disbursement/payment in the financial year	0.00
Issue and return of shares	24,519,960.76
Overall fund result	
(The fund result is shown in detail under item 2.)	631,466.82
Fund assets at the end of the reporting period	25,151,427.58

- 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 -458,957.15.
- 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 financial year includes explicitly reported transaction costs in the amount of EUR 736.43.
- 7) Thereof changes in unrealised gains EUR 21,338.98 and unrealised losses EUR -457,946.38.
- 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 March 2018

(including changes in securities assets from 3 April 2017 to 31 March 2018)

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding Shares/nominal (nom. in 1,000, rounded)	Price	Value in USD	% share of fund assets
Publicly traded securities								
Bonds denominated in USD								
Issue country Cayman Islands								
AGROMER.SEN. 14/19 REGS	USG0131LAA64	6.250	250	0	250	102.062	255,153.75	1.01
CHINA EVERGR.GR. 17/21	XS1627599142	6.250	200	0	200	99.570	199,140.49	0.79
CHINA OVER.FIN.III 13/18	XS0984184316	3.375	0	0	200	100.249	200,498.00	0.80
QNB FINANCE 13/18 REGS	XS0987063566	2.750	670	0	670	99.904	669,353.45	2.66
Total issue country Cayman Islands							1,324,145.69	5.26
Issue country Chile								
CELULOSA ARAUCO 11/21	US151191AT07	5.000	300	0	300	104.500	313,500.00	1.25
Total issue country Chile							313,500.00	1.25
Issue country Great Britain								
MMC FINANCE 13/20 REGS	XS0982861287	5.550	400	0	400	103.938	415,750.00	1.65
Total issue country Great Britain							415,750.00	1.65
Issue country Honduras								
HONDURAS 13/20 REGS	XS1006084211	8.750	220	0	220	110.875	243,925.00	0.97
Total issue country Honduras							243,925.00	0.97
Issuer International Finance Corporation								
BQUE OU.AFR.DEV.16/21REGS	XS1350670839	5.500	200	0	430	104.250	448,275.00	1.78
BSTDB 16/21 MTN REGS	XS1405888576	4.875	200	0	200	103.114	206,228.12	0.82
Total issuer International Finance Corporation							654,503.12	2.60
Issue country Ireland								
EDC FIN. 13/20 REGS	XS0918604496	4.875	400	0	400	101.375	405,500.00	1.61
GPB EUROBOOND FIN.14/19MTN	XS1040726587	4.960	0	0	265	101.802	269,774.78	1.07
METALLOINV.FIN. 13/20	XS0918297382	5.625	250	0	250	103.625	259,062.50	1.03
PHOSAGRO BD FDG 17/21REGS	XS1599428726	3.950	500	0	500	98.990	494,950.00	1.97
VEB FINANCE 13/18MTN REGS	XS0993162170	4.224	0	0	215	100.660	216,419.00	0.86
Total issue country Ireland							1,645,706.28	6.54
Issue country Luxembourg								
EVRAZ GROUP 13/20 REGS	XS0808638612	6.500	200	0	200	104.750	209,500.00	0.83
VTB CAPITAL 08/18MTN REGS	XS0365923977	6.875	0	0	125	100.425	125,531.25	0.50
VTB CAPITAL 10/20MTN REGS	XS0548633659	6.551	200	0	200	105.938	211,875.00	0.84
Total issue country Luxembourg							546,906.25	2.17

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding Shares/nominal (nom. in 1,000, rounded)	Price	Value in USD	% share of fund assets
Issue country Netherlands								
VEON HOLDINGS 13/19 REGS	XS0889401054	5.200	0	0	270	101.288	273,476.25	1.09
Total issue country Netherlands							273,476.25	1.09
Issue country Turkey								
QNB FINANSBANK 14/19 REGS	XS1063442484	6.250	0	0	210	102.000	214,200.00	0.85
TUERKIYE GAR.BK 14/19REGS	XS1057541838	4.750	0	0	270	100.750	272,025.00	1.08
TURK.IS BK 14/20 MTN REGS	XS1121459074	5.000	350	0	350	99.750	349,125.00	1.39
TURKIYE SISE C.F. 13/20	XS0927634807	4.250	200	0	200	99.875	199,750.00	0.79
Total issue country Turkey							1,035,100.00	4.12
Issue country Ukraine								
UKRAINE 15/20 REGS	XS1303918939	7.750	250	0	250	105.125	262,812.50	1.04
Total issue country Ukraine							262,812.50	1.04
Total bonds denominated in USD							6,715,825.09	26.70
Total publicly traded securities							6,715,825.09	26.70
Securities admitted to organised markets								
Bonds denominated in USD								
Issuer African Export and Import Bank								
AFR. EXP.-IMP.BK 16/21MTN	XS1418627821	4.000	0	0	200	99.625	199,250.00	0.79
Total issuer African Export and Import Bank							199,250.00	0.79
Issue country Argentina								
BCO HIPOTEC. 15/20 REGS	USP1330HBF03	9.750	373	0	373	111.750	416,827.50	1.66
BUENOS AIR. 15/21 REGS	XS1244682487	9.950	0	0	275	111.125	305,593.75	1.22
TECPETROL 17/22 REGS	USP90187AE86	4.875	150	0	150	97.625	146,437.50	0.58
TELECOM ARG. 16/21 REGS	USP19157AR03	6.500	225	0	225	104.625	235,406.25	0.94
Total issue country Argentina							1,104,265.00	4.39
Issue country Bermuda								
DIGICEL 13/21 REGS	USG27649AE55	6.000	275	0	275	93.875	258,156.25	1.03
OOREDO.ITL.FIN.09/19 REGS	XS0432791571	7.875	500	0	500	105.550	527,747.50	2.10
Total issue country Bermuda							785,903.75	3.12
Issue country Brazil								
BNDES 98/18 FLR REGS	USP14486AA54	6.369	0	0	175	100.750	176,312.50	0.70
CAIXA EC.FED. 14/19 REGS	US12803X2D25	4.250	0	0	180	100.750	181,350.00	0.72
ITAU UNIBCO HDG 15/18 MTN	US46556MAK80	2.850	0	0	375	99.950	374,812.50	1.49
Total issue country Brazil							732,475.00	2.91

ERSTE BOND EMERGING MARKETS CORPORATE SHORT TERM

Security designation	ISIN number	Interest rate	Purch./ additions Shares/nominal	Sales/ disposals (nom. in 1,000, rounded)	Holding	Price	Value in USD	% share of fund assets
Issue country Cayman Islands								
BAIDU 14/19	US056752AD07	2.750	0	0	250	99.579	248,947.51	0.99
BRASKEM FIN. 11/21 REGS	USG1315RAD38	5.750	0	0	250	104.875	262,187.50	1.04
INTERTR.-COMCEL 14/24REGS	USG2300TAA00	6.875	0	0	200	104.500	209,000.00	0.83
YUZHOU PPTS 17/22	XS1555300497	6.000	200	0	200	97.000	194,000.00	0.77
Total issue country Cayman Islands							<u>914,135.01</u>	<u>3.63</u>
Issue country Costa Rica								
BCO D.COSTA RICA13/18REGS	USP09262AA70	5.250	0	0	205	100.500	206,025.00	0.82
Total issue country Costa Rica							<u>206,025.00</u>	<u>0.82</u>
Issue country Dominican Republic								
DOMINIC.REPUBLIC 10/21	USP3579EAH01	7.500	0	0	260	106.750	277,550.00	1.10
Total issue country Dominican Republic							<u>277,550.00</u>	<u>1.10</u>
Issue country Georgia								
GEORGIA 11/21 REGS	XS0617134092	6.875	0	0	200	108.125	216,250.00	0.86
Total issue country Georgia							<u>216,250.00</u>	<u>0.86</u>
Issue country Great Britain								
VEDANTA RES. 13/19 REGS	USG9328DAH38	6.000	0	0	210	101.688	213,543.75	0.85
Total issue country Great Britain							<u>213,543.75</u>	<u>0.85</u>
Issue country Hong Kong								
AIA GROUP 14/19 MTN REGS	US00131M2A05	2.250	0	0	290	99.283	287,919.74	1.14
CCB (ASIA) 14/19 MTN	XS1082890317	3.250	0	0	275	100.137	275,376.04	1.09
CNAC (HK) FIN. 17/22	XS1644429695	3.500	600	0	600	96.804	580,824.00	2.31
ICBCIL FIN.CO. 17/20	XS1590507775	3.000	0	0	550	99.025	544,635.49	2.17
Total issue country Hong Kong							<u>1,688,755.27</u>	<u>6.71</u>
Issue country India								
BK OF INDIA(LDN.BR.)11/21	XS0592238876	6.250	300	0	300	105.715	317,145.31	1.26
EXP.-IM.BK INDIA 14/19MTN	XS1050464996	3.875	0	200	300	100.878	302,634.29	1.20
JSW STEEL 14/19	XS1133588233	4.750	0	0	200	100.476	200,952.00	0.80
ONGC VIDESH 14/19 REGS	XS1084957155	3.250	0	0	375	99.771	374,139.75	1.49
ST.BK.O.INDIA(LDN.B)14/19	USY81647AA02	3.622	0	0	210	100.491	211,031.68	0.84
UNION BK INDIA (HK) 14/19	XS1062051161	4.500	0	0	350	100.711	352,488.84	1.40
Total issue country India							<u>1,758,391.87</u>	<u>6.99</u>
Issue country Kazakhstan								
JSC HALYK BK 11/21 REGS	XS0583796973	7.250	0	0	250	108.875	272,187.50	1.08
Total issue country Kazakhstan							<u>272,187.50</u>	<u>1.08</u>

Security designation	ISIN number	Interest rate	Purch./ additions Shares/nominal	Sales/ disposals	Holding (nom. in 1,000, rounded)	Price	Value in USD	% share of fund assets
Issue country Croatia								
CROATIA 09/19 REGS	XS0464257152	6.750	0	0	270	105.875	285,862.50	1.14
Total issue country Croatia							285,862.50	1.14
Issue country Luxembourg								
KERNEL HLDG 17/22 REGS	XS1533923238	8.750	200	0	200	107.625	215,250.00	0.86
MHP SE 13/20 REGS	USL6366MAC75	8.250	200	0	200	109.115	218,230.00	0.87
MOL GROUP FIN. 12/19	XS0834435702	6.250	0	0	330	104.482	344,791.92	1.37
ROSNEFT FINAN. 10/20 REGS	XS0484209159	7.250	0	0	155	105.688	163,815.63	0.65
SB CAPITAL 12/19 MTN	XS0799357354	5.180	0	0	425	102.100	433,924.99	1.73
Total issue country Luxembourg							1,376,012.54	5.47
Issue country Mauritius								
HTA GROUP 17/22 REGS	XS1572144464	9.125	250	0	250	106.125	265,312.50	1.05
Total issue country Mauritius							265,312.50	1.05
Issue country Mexico								
PET. MEX. 17/ 19 MTN	US71654QBZ46	5.500	0	0	260	101.825	264,745.00	1.05
Total issue country Mexico							264,745.00	1.05
Issue country Namibia								
NAMIBIA, REPUBLIC 11/21	XS0686701953	5.500	0	0	200	103.248	206,495.00	0.82
Total issue country Namibia							206,495.00	0.82
Issue country Netherlands								
KAZMUNAYGAS 10/20	XS0506527851	7.000	420	0	420	107.250	450,450.00	1.79
MAJAPAHIT HLD 09/20 REGS	USN54360AF44	7.750	0	0	110	107.313	118,043.75	0.47
MYRIAD INTL HO.13/20 REGS	USN5946FAB33	6.000	250	0	250	105.438	263,593.75	1.05
PETROBRAS GBL FIN. 17/22	US71647NAR08	6.125	0	0	450	106.600	479,699.99	1.91
Total issue country Netherlands							1,311,787.49	5.22
Issue country Nigeria								
NIGERIA, GOVT.BOND 13/18 REGS	XS0944707651	5.125	0	0	200	100.350	200,700.00	0.80
Total issue country Nigeria							200,700.00	0.80
Issue country Austria								
JBS INVS 13/20 REGS	USA29866AA70	7.750	300	0	300	102.875	308,625.00	1.23
Total issue country Austria							308,625.00	1.23
Issue country Panama								
GLOBAL BK. 14/19 REGS	USP47718AA21	5.125	0	0	200	102.850	205,700.00	0.82
Total issue country Panama							205,700.00	0.82

ERSTE BOND EMERGING MARKETS CORPORATE SHORT TERM

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding Shares/nominal (nom. in 1,000, rounded)	Price	Value in USD	% share of fund assets
Issue country Paraguay								
BANCO REGIONAL 14/19 REGS	USP1R05SAJ45	8.125	0	0	250	103.867	259,667.34	1.03
Total issue country Paraguay							259,667.34	1.03
Issue country Peru								
COFIDE 14/19 REGS	USP3R94GAF68	3.250	0	0	275	100.200	275,550.00	1.10
Total issue country Peru							275,550.00	1.10
Issue country Serbia including Kosovo								
SERBIA 13/18 REGS	XS0995679619	5.875	0	0	350	102.063	357,218.75	1.42
Total issue country Serbia including Kosovo							357,218.75	1.42
Issue country Sri Lanka								
SRI LANKA 14/19 REGS	USY8137FAA67	6.000	0	0	265	101.484	268,931.28	1.07
Total issue country Sri Lanka							268,931.28	1.07
Issue country South Africa								
FIRSTRAND BANK 15/20	XS1225512026	4.250	300	0	300	100.442	301,326.00	1.20
Total issue country South Africa							301,326.00	1.20
Issue country Turkey								
TUE.IHRACAT K.B.12/19REGS	XS0774764152	5.875	0	0	215	101.750	218,762.50	0.87
Total issue country Turkey							218,762.50	0.87
Issue country Hungary								
MFB MAGYAR F.BK 13/20REGS	XS0954674312	6.250	0	0	300	107.263	321,787.50	1.28
Total issue country Hungary							321,787.50	1.28
Issue country USA								
PAN AMER.ENG. 10/21 REGS	US69783UAA97	7.875	350	0	350	106.125	371,437.50	1.48
STILLWATER MNG 17/22 REGS	USU85969AC41	6.125	200	0	200	100.125	200,250.00	0.80
Total issue country USA							571,687.50	2.27
Issue country United Arab Emirates								
EMIRATES NBD 14/19 MTN	XS1138457590	3.250	0	0	200	100.200	200,400.00	0.80
Total issue country United Arab Emirates							200,400.00	0.80
Issue country Vietnam								
VIETNAM 10/20 REGS	USY9374MAF06	6.750	0	0	160	105.875	169,400.00	0.67
Total issue country Vietnam							169,400.00	0.67

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding Shares/nominal (nom. in 1,000, rounded)	Price	Value in USD	% share of fund assets
Issue country British Virgin Islands								
HUARONG FIN.CO. 14/19	XS1088292815	4.000	0	0	275	100.488	276,340.91	1.10
SINO-OCEAN LD.T.F.1 14/19	XS1089807025	4.625	0	0	275	100.939	277,581.51	1.10
SINO-OCEAN LD.T.F.2 15/20	XS1163228627	4.450	200	0	200	100.678	201,355.38	0.80
Total issue country British Virgin Islands							755,277.80	3.00
Total bonds denominated in USD							16,493,980.85	65.58
Total securities admitted to organised markets							16,493,980.85	65.58

Breakdown of fund assets

Securities	23,209,805.94	92.28
Cash in banks	1,553,624.54	6.18
Interest entitlements	393,864.52	1.57
Other deferred items	-5,867.42	-0.02
Fund assets	25,151,427.58	100.00

Dividend shares outstanding	AT0000A1U9M5	shares	0
Share value for dividend share	AT0000A1U9M5	USD	102.49
Dividend shares outstanding	AT0000A1ULN6	shares	59,823.637
Share value for dividend share	AT0000A1ULN6	USD	102.17
Non-dividend shares outstanding	AT0000A1U9P8	shares	185,700.000
Share value for non-dividend share	AT0000A1U9P8	USD	102.52
KEST-exempt non-dividend shares outstanding	AT0000A1U9Q6	shares	0
Share value for KEST-exempt non-dividend share	AT0000A1U9Q6	USD	102.49

Securities lending transactions, repurchase agreements, and total return swaps are not used for the fund.

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.

ERSTE BOND EMERGING MARKETS CORPORATE SHORT TERM

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

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals
			Shares/nominal (nom. in 1,000, rounded)	
Publicly traded securities				
Bonds denominated in USD				
Issue country Great Britain				
MMC FINANCE DAC 13/18	XS0922134712	4.375	300	300
Issue country Ireland				
ALFA BOND ISS. 15/18 MTN	XS1324216768	5.000	0	210
CBOM FINANCE 13/18 REGS	XS0879105558	7.700	200	400
PHOSAGRO BD FDG 13/18REGS	XS0888245122	4.204	400	400
Issue country Kenya				
KENYA, REPUBLIC14/19 REGS	XS1028951850	5.875	0	200
KENYA, REPUBLIC 18/28 REGS	XS1781710543	7.250	1,000	1,000
Issue country Netherlands				
ZHAIKMUNAI LLP 12/19 REGS	USN97716AA72	7.125	250	250
Issue country Singapore				
MEDCO ST.SERV. 17/22 REGS	USY59515AA72	8.500	200	200
Issue country Turkey				
AKBANK T.A.S.15/20MTNREGS	XS1111101314	4.000	300	300
TUPRAS TURKIYE P.R. 12/18	XS0849020556	4.125	0	275
TURK.IS BK 13/18 REGS	XS0808632250	3.750	0	330
TURK.VAKIFLAR BK. 16/21	XS1508914691	5.500	200	200
TURKIYE VAKIFLAR BK.13/18	XS0916347759	3.750	200	415
Issue country British Virgin Islands				
BESTGAIN REAL EST. 13/18	XS0898415004	2.625	0	220
Securities admitted to organised markets				
Bonds denominated in USD				
Issue country Argentina				
YPF 16/21 REGS	USP989MJBG51	8.500	0	350

Security designation	ISIN number	Interest rate	Purch./ additions Shares/nominal (nom. in 1,000, rounded)	Sales/ disposals
Issue country Bermuda				
BTG INVESTM. 13/18 MTN	XS0917011628	4.500	0	260
CBQ FINANCE 09/19 REGS	XS0466365383	7.500	250	250
Issue country Cayman Islands				
COUNTRY GARDEN HLDGS13/23	USG24524AG84	7.500	0	200
LONGFOR PPTS 13/23	XS0877742105	6.750	0	250
SUZANO TRA. 10/21 REGS	USG8600UAA19	5.875	0	255
VALE OVERSEAS 16/21	US91911TAN37	5.875	0	165
YUZHOU PPTS 14/19	XS1149696996	9.000	0	215
Issue country India				
ICICI BK 12/18 MTN REGS	US45112FAC05	4.700	0	220
Issue country Lebanon				
LEBANON 11/19 MTN	XS0707819727	5.450	0	100
Issue country Mexico				
ALPEK S.A.B. 12/22 REGS	USP01703AA82	4.500	0	250
Issue country Netherlands				
MARFRIG HOLD.EU. 14/19	USN54468AD05	6.875	0	270
Issue country Thailand				
BANGKOK BK(HK) 13/18 REGS	USY06072AB10	3.300	0	200
Issue country Turkey				
AKBANK T.A.S. 11/18 REGS	USM0300LAC02	6.500	0	180
TUERKIYE GAR.BK 11/21REGS	USM8931TAA71	6.250	400	400
Issue country USA				
CEMEX FINANCE 14/24 REGS	USU12763AD75	6.000	0	210

Vienna, 19 June 2018

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

Inspection information: The electronic signatures in this document can be inspected at www.signaturpruefung.gv.at.
Note: 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

ERSTE BOND EMERGING MARKETS CORPORATE SHORT TERM
mutual fund pursuant to the InvFG,

consisting of the fund portfolio as of 31 March 2018, the income statement for the partial 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 March 2018 and of the earnings position of the fund for the partial financial year ending on this date in accordance with Austrian commercial law and the provisions of the InvFG 2011.

Basis for the audit opinion

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

Management and supervisory board responsibilities relating to the annual report

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

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

Responsibilities of the auditor in auditing the annual report

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

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

In addition:

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

Other information

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

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

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

Vienna, 19 June 2018

Ernst & Young

Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Andrea Stippel
(Certified Public
Accountant)

ppa MMag. Roland Unterweger
(Certified Public Accountant)

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

Fund Terms and Conditions for ERSTE BOND EMERGING MARKETS CORPORATE SHORT TERM

Mutual fund pursuant to the InvFG

The Fund Terms and Conditions for ERSTE BOND EMERGING MARKETS CORPORATE SHORT TERM, 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.

The Fund invests primarily, in other words at least 51% of its assets, in bonds with a maximum remaining term to maturity of up to three years as well as bonds in the form of money market instruments issued by companies domiciled or engaging in business in the emerging markets in the form of directly purchased individual instruments, in other words not indirectly or directly through investment funds or through derivatives. These can be denominated in euros or other currencies.

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) may comprise up to 100% of the fund assets.

b) Money market instruments

Money market instruments may comprise up to 100% 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.

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) as amended.

g) Demand deposits or callable deposits

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

There are no minimum deposit requirements.

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

h) Acceptance of short-term loans

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

i) Repurchase agreements

Does not apply.

j) Securities lending

Does not apply.

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

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

Article 4 Issue and Return Procedure

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

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

Issue of shares and issue premium

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

The issue price shall be made up of the share value plus a premium per share amounting to up to 2.5% to cover the costs incurred by the Management Company in issuing the share, rounded up to the next equivalent sub-unit of the currency unit specified for the respective share class in the prospectus.

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

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

Return of shares and return fee

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

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

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

**Article 5
Financial Year**

The financial year of the Fund is from 1 April to 31 March.

**Article 6
Share Classes and Use of Earnings**

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

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

Use of earnings for dividend shares

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

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

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

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

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

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

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

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

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

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

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

The Management Company shall receive an annual fee for its administrative activities amounting to up to 0.58% of the fund assets, which shall be accrued on a daily basis and calculated using the month-end values adjusted for the accrued fees.

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

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

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

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

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

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

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

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

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

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

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

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

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

1.2.1 Luxembourg: Euro MTF Luxembourg

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

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

2. Exchanges in European countries outside of the EEA

2.1.	Bosnia and Herzegovina:	Sarajevo, Banja Luka
2.2.	Montenegro:	Podgorica
2.3.	Russia:	Moscow (RTS Stock Exchange) Moscow Interbank Currency Exchange (MICEX)
2.4.	Switzerland:	SWX Swiss Exchange
2.5.	Serbia:	Belgrade
2.6.	Turkey:	Istanbul (only "National Market" on the stock market)

3. Exchanges in non-European countries

3.1.	Australia:	Sydney, Hobart, Melbourne, Perth
3.2.	Argentina:	Buenos Aires
3.3.	Brazil:	Rio de Janeiro, Sao Paulo
3.4.	Chile:	Santiago
3.5.	China:	Shanghai Stock Exchange, Shenzhen Stock Exchange
3.6.	Hong Kong:	Hong Kong Stock Exchange
3.7.	India:	Mumbai
3.8.	Indonesia:	Jakarta
3.9.	Israel:	Tel Aviv
3.10.	Japan:	Tokyo, Osaka, Nagoya, Kyoto, Fukuoka, Niigata, Sapporo, Hiroshima
3.11.	Canada:	Toronto, Vancouver, Montreal
3.12.	Colombia:	Bolsa de Valores de Colombia
3.13.	Korea:	Korea Exchange (Seoul, Busan)
3.14.	Malaysia:	Kuala Lumpur, Bursa Malaysia Berhad
3.15.	Mexico:	Mexico City
3.16.	New Zealand:	Wellington, Christchurch/Invercargill, Auckland
3.17.	Peru:	Bolsa de Valores de Lima
3.18.	Philippines:	Manila
3.19.	Singapore:	Singapore Stock Exchange
3.20.	South Africa:	Johannesburg
3.21.	Taiwan:	Taipei
3.22.	Thailand:	Bangkok
3.23.	USA:	New York, American Stock Exchange (AMEX), New York Stock Exchange (NYSE), Los Angeles/Pacific Stock Exchange, San Francisco/Pacific Stock

3.24.	Venezuela:	Exchange, Philadelphia, Chicago, Boston, Cincinnati Caracas
3.25.	United Arab Emirates:	Abu Dhabi Securities Exchange (ADX)

4. Organised markets in countries outside of the European Community

4.1.	Japan:	over the counter market
4.2.	Canada:	over the counter market
4.3.	Korea:	over the counter market
4.4.	Switzerland:	SWX Swiss Exchange, BX Berne eXchange; over the counter market of the members of the International Capital Market Association (ICMA), Zurich
4.5.	USA:	over the counter market (under the regulation of an authority such as the SEC, FINRA, etc.)

5. Exchanges with futures and options markets

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

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

Note regarding the data used

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

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

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

www.erste-am.com

www.erste-am.at