

ERSTE TOTAL RETURN FIXED INCOME

Jointly owned fund pursuant to the InvFG

Annual Report 2018/19

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General Information about the Investment Firm

The company	Erste Asset Management GmbH Am Belvedere 1, A-1100 Vienna Telephone: +43 05 0100-19777, Fax: +43 05 0100-919777
Registered capital	EUR 2.50 million
Shareholders	Erste Group Bank AG (64.67%) VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (0.76%) Erste Bank der österreichischen Sparkassen AG (22.17%) DekaBank Deutsche Girozentrale, Frankfurt (1.65 %) NÖ-Sparkassen Beteiligungsgesellschaft m. b. H. (0.76%) Salzburger Sparkasse Bank Aktiengesellschaft (1.65%) Sieben Tiroler Sparkassen Beteiligungsgesellschaft m. b. H. (1.65%) Steiermärkische Bank und Sparkassen Aktiengesellschaft (3.30%) „Die Kärntner“ Trust-Vermögensverwaltungsgesellschaft m. b. H. & Co KG (1.65%) Tiroler Sparkasse Bankaktiengesellschaft Innsbruck (1.74 %)
Supervisory Board	Rudolf SAGMEISTER (Chairman) Thomas SCHAUFLENER (Deputy Chairman) Ingo BLEIER Harald GASSER Gerhard GRABNER Oswald HUBER Radovan JELASITY Robert LASSHOFER Martin SIMHANDL (until 22 February 2019) Gerald WEBER (from 22 February 2019) Appointed by the Works Council: Martin CECH Heinrich Hubert REINER Peter RIEDERER Nicole WEINHENGST Manfred ZOUREK
Managing directors	Heinz BEDNAR Winfried BUCHBAUER Peter KARL Wolfgang TRAINDL
Prokuristen (proxies)	Achim ARNHOF (from 15 December 2018) Karl FREUDENSCHUSS Manfred LENTNER Günther MANDL Gerold PERMOSER Magdalena REISCHL
State commissioners	Caroline HABERFELLNER Philipp VISKI-HANKA
Auditor	Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
Depository bank	Erste Group Bank AG

Dear Unit-holder,

We are pleased to present you the following annual report for the ERSTE TOTAL RETURN FIXED INCOME jointly owned fund pursuant to the InvFG for the financial year from 1 April 2018 to 31 March 2019.

The former management company, ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H., was merged into Erste Asset Management GmbH effective 31 December 2017 and with entry of this merger in the trade register of Vienna Commercial Court on 3 November 2018. Erste Asset Management GmbH became the Management Company of ERSTE TOTAL RETURN FIXED INCOME as of the effective date of the merger.

Development of the Fund

Market environment

Developments in the reporting period were again shaped by the monetary and interest rate policy of the G4 central banks. The key words were quantitative easing, normalisation, and quantitative tightening. The uncertainty caused by the central banks was exacerbated by the trade dispute between the USA and China, the confrontation over the North Korean missile programme, the effects of “Dieselgate” and the switch to electromobility on German automakers in particular but also the German economy in general, the possible tightening of sanctions against Russia and Iran, the lack of fiscal consolidation in Italy, and the seemingly never-ending Brexit story. And economic recessions hit countries such as Argentina, Turkey, and Venezuela.

The US Federal Reserve raised its key rate in three 25 bp steps from 1.75% to 2.5% during the reporting period. The quantitative tightening, in this case the reduction of US government and mortgage bonds on the Fed balance sheet, was continued. However, the US monetary policy outlook changed massively as the end of the year approached. Further rate hikes were priced out, and the end of the quantitative tightening was announced.

The ECB terminated its net bond purchases at the end of the year. A first rate hike was pushed off further. Banks were promised a further targeted longer-term refinancing operation (TLTRO III). To reduce the burden on banks from the penalty interest on their excess reserves, talks began about an interest scale depending on the reserves held by the commercial banks at the ECB, at least among ECB employees.

The Bank of England hiked its key rate by 25 bp to 75 bp. The Bank of Japan is sticking to its policy of cheap money with its target of 0% for the ten-year yield (nominal).

All in all, the global economy still slumped despite the support provided by the central banks in the form of a continued cheap supply of money. The economic slowdown increased the likelihood that the policy of cheap money will be continued, which boosted the credit risk markets in the first quarter of 2019 in particular and which enabled investors to get over the very disappointing fourth quarter of 2018.

Investment policy

ERSTE TOTAL RETURN FIXED INCOME strives to generate interest income and net value increases and takes advantage of investment opportunities on various markets in a targeted, risk-controlled manner (total return), independent of a benchmark. The targeted capital growth is associated with the acceptance of higher risks.

Despite the difficult environment in the third and fourth quarters of 2018, the fund achieved a positive performance of 0.72% for the reporting period. It was primarily the core bond portfolio that made a positive contribution. The contribution from the core FX portfolio was moderately positive. These are both strategic investments with a medium-term investment horizon.

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In the core FX portfolio, the number of currency pairs was reduced to six emerging market currencies. This was implemented through forward exchange agreements. The extent of the long and short positions was balanced. Currencies with a higher carry were preferred for long positions. The gross exposure spread across all currencies in the core FX portfolio was most recently around 30% of the fund assets.

In addition, numerous tactical investments with a short-term investment horizon were made as part of the so-called best opportunities strategies. The contribution from bonds was also marginally positive, but the same cannot be said for the opportunistic currency futures and interest rate futures transactions. The so-called value and momentum model in which ten-year bond futures in the currencies EUR, GBP, JPY, and USD are traded at monthly intervals delivered consistent positive earnings.

Method of Calculating the Global Exposure

Method of calculating the global exposure:	Absolute value at risk
Reference assets used:	-
Value at risk:	Lowest value: 1.200 Average value: 1.971 Highest value: 3.870
Model used:	Calculation model: Historical simulation Confidence interval: 99% Holding period: 20 days Length of data history: 1 year
Leverage* when using the value-at-risk calculation method:	473.938
Leverage** according to § 4 of the 4 th Derivatives Risk Measurement and Reporting Regulation:	54.322

* 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 2019		31 March 2018	
	EUR millions	%	EUR millions	%
Bonds denominated in				
BRL	0.5	1.71	0.4	1.44
EUR	19.5	73.9	23.1	74.23
IDR	0.8	3.04	0.8	2.51
KZT	0.3	1.18	0.3	1.02
CHF	0.5	1.76	-	-
USD	0.6	2.21	1.3	4.04
Investment certificates denominated in				
EUR	1.0	3.58	-	-
USD	1.6	5.94	1.9	6.06
Securities	24.6	92.62	27.7	89.30
Financial futures	0.0	0.03	-	0.0
Forward exchange agreements	0.0	0.08	0.0	0.02
Swaps	-	-	-	0.5
Options	0.0	0.07	-	-
Bank balances	1.6	6.12	3.5	11.33
Interest entitlements	0.3	1.11	0.4	1.19
Other deferred items	-	0.0	-	0.0
Fund assets	26.6	100.00	31.1	100.00

Comparative Overview

Accounting year	Fund assets
2016/2017	30,204,479.18
2017/2018	31,214,389.87
2018/2019	26,599,956.78

General information about performance:

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

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

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

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2016/2017	Dividend-bearing units	AT0000A23TX9	EUR	-	-	-	-
2017/2018	Dividend-bearing units	AT0000A23TX9	EUR	-	-	-	-
2018/2019	Dividend-bearing units	AT0000A23TX9	EUR	103.60	-	-	-

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2016/2017	Non-dividend-bearing units	AT0000A1E176	EUR	101.85	0.3936	1.0376	3.63
2017/2018	Non-dividend-bearing units	AT0000A1E176	EUR	102.44	0.6314	1.6995	0.97
2018/2019	Non-dividend-bearing units	AT0000A1E176	EUR	102.53	0.0000	0.0000	0.72

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2016/2017	Non-dividend-bearing units	AT0000A23TY7	EUR	-	-	-	-
2017/2018	Non-dividend-bearing units	AT0000A23TY7	EUR	-	-	-	-
2018/2019	Non-dividend-bearing units	AT0000A23TY7	EUR	103.60	-	-	-

Disbursement/Payment

The following disbursement or payment will be made for the accounting year from 1 April 2018 to 31 March 2019. The coupon-paying bank is obligated to withhold capital gains tax from this disbursement if the respective investor is not exempt from the payment of this tax.

The disbursement or payment will be effected on or after 1 July 2019 at

Erste Group Bank AG, Vienna,

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

Fund type	ISIN	Currency	Dividend disbursement/ payment		KESst with option declaration	KESst w/o option declaration	Reinvestment
Dividend-bearing units	AT0000A23TX9	EUR	-		-	-	-
Non-dividend-bearing units	AT0000A1E176	EUR	0.0000		0.0000	0.0000	0.0000
Non-dividend-bearing units	AT0000A23TY7	EUR	-		-	-	-

Income Statement and Changes in Fund Assets

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

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

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

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

AT0000A23TX9 dividend-bearing units EUR	
Unit value on issue date (0.000 units)	100.00
Disbursement/payment	0.0000
Unit value at the end of the reporting period (0.000 units)	103.60
Total value including (notional) units gained through dividend disbursement/payment	-
Net earnings per unit	-
Value development of one unit in the period	-

AT0000A1E176 non-dividend-bearing units EUR	
Unit value at the beginning of the reporting period (304,700.000 units)	102.44
Disbursement/payment on 28.06.2018 (corresponds to roughly 0.0063 units at a calculated value of 100.08)	0.6310
Unit value at the end of the reporting period (259,411.000 units)	102.53
Total value including (notional) units gained through dividend disbursement/payment	103.18
Net earnings per unit	0.74
Value development of one unit in the period	0.72%

AT0000A23TY7 non-dividend-bearing units EUR	
Unit value on issue date (0.000 units)	100.00
Disbursement/payment	0.0000
Unit value at the end of the reporting period (0.000 units)	103.60
Total value including (notional) units gained through dividend disbursement/payment	-
Net earnings per unit	-
Value development of one unit in the period	-

2. Fund Result

a. Realised fund result

Ordinary fund result

Income (without profit or loss from price changes)

Interest income (excluding income adjustment) 946,225.08

Dividend income 0.74

Other income 8) 0.00

Total income (without profit or loss from price changes) 946,225.82

Interest paid - 8,102.99

Expenses

Fees paid to Investment Firm - 167,802.71

Costs for the financial auditor and tax consultation - 3,462.00

Publication costs - 22,678.22

Securities account fees - 8,178.67

Depositary bank fees - 13,647.93

Costs for the external consultant 0.00

Total expenses - 215,769.53

Compensation for management costs from sub-funds 1) 0.00

Ordinary fund result (excluding income adjustment) 722,353.30

Realised profit or loss from price changes 2) 3)

Realised gains 4) 5,886,717.66

Realised losses 5) - 6,858,328.85

Realised profit or loss from price changes (excluding income adjustment) - 971,611.19

Realised fund result (excluding income adjustment) - 249,257.89

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

Changes in the unrealised profit or loss from price changes 7) 331,453.98

Result for the reporting period 6) 82,196.09

c. Income adjustment

Income adjustment for income in the period 11,253.35

Income adjustment for profit carried forward from dividend-bearing units 0.00

Overall fund result 93,449.44

3. Changes in Fund Assets

Fund assets at the beginning of the reporting period	31,214,389.87
Disbursement/payment in the accounting year	- 194,174.44
Issue and redemption of units	- 4,513,708.09
Overall fund result	
(The fund result is shown in detail under item 2.)	93,449.44
Fund assets at the end of the reporting period	<u>26,599,956.78</u>

- 1) Reimbursements (in the sense of commissions) paid by third parties are forwarded to the fund after deduction of any associated costs. Erste Bank der oesterreichischen Sparkassen AG receives 25% of the calculated commissions to cover administrative costs.
- 2) Realised profits and losses are not calculated precisely for the specific periods, which means that they, as is the case for the changes in the unrealised profit or loss, are not necessarily congruent with the changes in the value of the fund in the reporting year.
- 3) Total profit or loss from price changes without income adjustment (realised profit or loss from price changes, without income adjustment, plus changes in the unrealised profit or loss): EUR -640,157.21.
- 4) Thereof profits from transactions with derivative financial instruments: EUR 5,727,275.50.
- 5) Thereof losses from transactions with derivative financial instruments: EUR -6,454,382.83.
- 6) The result for the accounting year includes explicitly reported transaction costs in the amount of EUR 13,506.62.
- 7) Thereof changes in unrealised gains EUR -6,932,658.74 and unrealised losses EUR 7,264,112.72.
- 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.

Statement of Assets and Liabilities as of 31 March 2019

(including changes in securities assets from 1 April 2018 to 31 March 2019)

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding Units/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets
Publicly traded securities								
Bonds denominated in EUR								
Issue country Ireland								
AIB GROUP 18/25 MTN	XS1849550592	2.250	500	0	500	102.111	510,556.19	1.92
ALLIED IRISH 15/25FLR MTN	XS1325125158	4.125	300	0	600	104.086	624,517.18	2.35
Total issue country Ireland							<u>1,135,073.37</u>	<u>4.27</u>
Issue country Italy								
BANCO BPM 15/20	XS1266866927	2.750	0	0	250	102.668	256,669.50	0.96
CDP RETI 15-22	IT0005117095	1.875	0	0	250	101.000	252,500.00	0.95
INTESA SAN. 13/23 MTN	XS0986194883	4.000	0	0	250	111.719	279,296.49	1.05
TELECOM ITALIA 10/22 MTN	XS0486101024	5.250	0	0	250	111.462	278,655.00	1.05
Total issue country Italy							<u>1,067,120.99</u>	<u>4.01</u>
Issue country Luxembourg								
FIAT CHRY.F. 14/22 MTN	XS1088515207	4.750	300	0	550	111.125	611,187.50	2.30
Total issue country Luxembourg							<u>611,187.50</u>	<u>2.30</u>
Issue country Macedonia								
MACEDONIA 18/25 REGS	XS1744744191	2.750	0	0	300	103.406	310,216.50	1.17
Total issue country Macedonia							<u>310,216.50</u>	<u>1.17</u>
Issue country Netherlands								
ENEL FIN.INTL 16/26 MTN	XS1425966287	1.375	0	0	327	102.583	335,447.06	1.26
REN FIN. 15/25 MTN 2	XS1189286286	2.500	0	0	250	108.315	270,788.50	1.02
Total issue country Netherlands							<u>606,235.56</u>	<u>2.28</u>
Issue country Austria								
VIENNA INS.GRP 13-43 FLR	AT0000A12GN0	5.500	0	0	200	116.088	232,175.60	0.87
Total issue country Austria							<u>232,175.60</u>	<u>0.87</u>
Issue country Portugal								
EDP-ENERGIAS 19/79FLR	PTEDPKOM0034	4.496	300	0	300	104.375	313,125.00	1.18
Total issue country Portugal							<u>313,125.00</u>	<u>1.18</u>
Issue country Senegal								
SENEGAL, REP. 18/28 REGS	XS1790104530	4.750	0	200	300	99.250	297,750.00	1.12
Total issue country Senegal							<u>297,750.00</u>	<u>1.12</u>

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Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding Units/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets
Issue country Spain								
BCO SANTANDER 15/25 MTN	XS1201001572	2.500	0	0	300	103.810	311,429.99	1.17
CAIXABANK 17/27 MTN FLR	XS1565131213	3.500	0	0	300	104.494	313,482.01	1.18
Total issue country Spain							624,912.00	2.35
Total bonds denominated in EUR							5,197,796.52	19.54
Bonds denominated in CHF								
Issue country Switzerland								
LAF.HELVETIA 18-UND. FLR	CH0398633724	3.500	500	0	500	104.980	469,394.14	1.76
Total issue country Switzerland							469,394.14	1.76
Total bonds denominated in CHF translated at a rate of 1.11825							469,394.14	1.76
Bonds denominated in USD								
Issue country Luxembourg								
STEEL CAP. 17/21 MTN REGS	XS1567051443	3.850	0	0	370	99.125	326,635.35	1.23
Total issue country Luxembourg							326,635.35	1.23
Total bonds denominated in USD translated at a rate of 1.12285							326,635.35	1.23
Total publicly traded securities							5,993,826.01	22.53
Investment certificates								
Investment certificates denominated in EUR								
Issue country Austria								
ERSTE BD EM.MA. EURR01TEO	AT0000809165		3,000	0	3,000	165.330	495,990.00	1.86
ESPA BD EU.H.YI.EURR01TEO	AT0000805684		3,000	0	3,000	151.900	455,700.00	1.71
Total issue country Austria							951,690.00	3.58
Total investment certificates denominated in EUR							951,690.00	3.58
Investment certificates denominated in USD								
Issue country Austria								
ERST.BD E.M.C.SH.T.R01DLA	AT0000A1ULN6		0	700	2,120	102.980	194,431.67	0.73
ERSTE BD EM.M.CO.S.T.I01T	AT0000A1U9P8		0	4,940	14,810	104.990	1,384,781.49	5.21
Total issue country Austria							1,579,213.16	5.94
Total investment certificates denominated in USD translated at a rate of 1.12285							1,579,213.16	5.94
Total investment certificates							2,530,903.16	9.51

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
Units/nominal (nom. in 1,000, rounded)								
Securities admitted to organised markets								
Bonds denominated in BRL								
Issuer European Investment Bank								
EIB EUR. INV.BK 14/21 ZO	XS1097534751	0.000	0	0	2,300	86.587	455,741.91	1.71
Total issuer European Investment Bank							455,741.91	1.71
Total bonds denominated in BRL translated at a rate of 4.36980							455,741.91	1.71
Bonds denominated in EUR								
Issue country Australia								
BHP BILLITON FIN.15/76MTN	XS1309436753	4.750	0	0	300	107.875	323,625.00	1.22
ORIGIN ENGY FIN.14/74 FLR	XS1109795176	4.000	0	0	300	101.590	304,770.00	1.15
Total issue country Australia							628,395.00	2.36
Issue country Belgium								
KBC GROEP 15/27 MTN	BE0002485606	1.875	0	0	200	102.209	204,417.36	0.77
Total issue country Belgium							204,417.36	0.77
Issue country Bulgaria								
BULGARIA 15/35 MTN	XS1208856341	3.125	500	0	500	114.858	574,287.50	2.16
Total issue country Bulgaria							574,287.50	2.16
Issue country Cayman Islands								
UPCB FIN.IV 15/27 REGS	XS1117297603	4.000	275	25	250	104.520	235,169.10	0.88
Total issue country Cayman Islands							235,169.10	0.88
Issue country Denmark								
ISS GLOBAL 14/24 MTN	XS1145526825	2.125	0	0	250	106.701	266,751.88	1.00
TDC A/S 12/22 MTN	XS0752467497	5.000	0	0	250	111.750	279,375.00	1.05
Total issue country Denmark							546,126.88	2.05
Issue country Germany								
BAYER AG 2014/2075	DE000A11QR65	3.000	0	0	300	100.442	301,324.58	1.13
BAYWA AG NTS.17/UNL.	XS1695284114	4.250	0	50	200	103.630	207,260.00	0.78
HEIDEL.CEMENT MTN 16/25	XS1529515584	1.500	300	0	300	102.911	308,733.60	1.16
HOCHTIEF AG MTN 18/25	DE000A2LQ5M4	1.750	300	0	300	104.891	314,673.07	1.18
K+S AG BOND 12/22	DE000A1PGZ82	3.000	0	0	300	105.063	315,188.39	1.18
MAHLE MTN 15/22	XS1233299459	2.375	0	50	200	102.995	205,990.00	0.77
MERCK KGAA SUB.ANL.14/74	XS1152338072	2.625	0	0	300	104.142	312,425.99	1.17
METRO MTN 15/25	XS1203941775	1.500	0	0	250	96.300	240,748.81	0.91

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Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
MUENCH.RUECK 12/42	XS0764278528	6.250	0	0	200	117.387	234,774.00	0.88
UNITYM.NRW/HE.13/29 REGS	XS0982713330	6.250	275	25	250	110.800	249,300.01	0.94
Total issue country Germany							<u>2,690,418.45</u>	<u>10.11</u>
Issue country Finland								
TEOLLIS.VOIMA OYJ15/25MTN	XS1183235644	2.125	0	0	250	101.473	253,682.50	0.95
Total issue country Finland							<u>253,682.50</u>	<u>0.95</u>
Issue country France								
BANQUE POSTALE 14/26 FLR	FR0011855865	2.750	0	0	200	103.322	206,643.60	0.78
EL. FRANCE 14/UND.FLR MTN	FR0011697010	4.125	0	0	300	105.302	315,907.20	1.19
ENGIE 14/UND.FLR	FR0011942283	3.875	0	0	300	108.350	325,049.99	1.22
FNAC DARTY 16/23	XS1496175743	3.250	300	0	300	102.860	308,580.00	1.16
TOTAL 16/UND.	XS1413581205	3.875	500	0	500	108.573	542,864.99	2.04
WENDEL S.A. 15-27	FR0012516417	2.500	0	0	300	104.573	313,719.59	1.18
Total issue country France							<u>2,012,765.37</u>	<u>7.57</u>
Issue country Great Britain								
ANGLO AM. CAP. 17/25 MTN	XS1686846061	1.625	500	200	300	101.059	303,178.21	1.14
TESCO C.TR.SERV.14/24 MTN	XS1082971588	2.500	0	0	250	106.101	265,251.89	1.00
VODAFONE GRP 14/25 MTN	XS1109802568	1.875	500	0	500	105.438	527,188.00	1.98
Total issue country Great Britain							<u>1,095,618.10</u>	<u>4.12</u>
Issue country Italy								
AUTOSTRADA IT. 15-23	IT0005108490	1.625	0	0	250	100.005	250,012.69	0.94
Total issue country Italy							<u>250,012.69</u>	<u>0.94</u>
Issue country Kazakhstan								
KAZAKHSTAN 18/28 MTN REGS	XS1901718335	2.375	500	200	300	103.791	311,373.00	1.17
Total issue country Kazakhstan							<u>311,373.00</u>	<u>1.17</u>
Issue country Luxembourg								
ARCELORMITTAL 15/22 MTN	XS1167308128	3.125	0	0	250	106.770	266,925.28	1.00
HOLCIM FIN.LUX. 14/24 MTN	XS1019821732	3.000	0	0	250	111.023	277,556.54	1.04
Total issue country Luxembourg							<u>544,481.82</u>	<u>2.05</u>
Issue country Netherlands								
ALLIANZ FIN. II 11/41 FLR	DE000A1GNAH1	5.750	0	0	300	111.363	334,088.42	1.26
FRESENIUS SE 14/24 REGS	XS1026109204	4.000	0	0	250	114.685	286,712.50	1.08
KON. KPN 09/24 MTN	XS0454773713	5.625	0	0	250	121.675	304,187.51	1.14
OI EUROPEAN GRP 16/24REGS	XS1405765907	3.125	300	0	300	105.040	315,120.00	1.18
REPSOL INTL F. 15/75 FLR	XS1207058733	4.500	300	0	600	109.323	655,939.18	2.47
SCHAEFFLER FIN.15/25 REGS	XS1212470972	3.250	0	0	250	103.825	259,562.49	0.98

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
Units/nominal (nom. in 1,000, rounded)								
TENNET HOLDING 17/UND.FLR	XS1591694481	2.995	300	0	300	102.366	307,098.61	1.15
VOLKSWAGEN INTL 14/UNDFLR	XS1048428012	3.750	0	0	300	103.578	310,734.01	1.17
ZIGGO B.V. 15/25 REGS	XS1175813655	3.750	0	0	250	102.250	255,625.00	0.96
Total issue country Netherlands							3,029,067.72	11.39
Issue country Austria								
ERSTE GP BNK AG 12/22 MTN	XS0840062979	7.125	0	0	250	121.620	304,049.49	1.14
Total issue country Austria							304,049.49	1.14
Issue country Romania								
ROMANIA 19/49 MTN REGS	XS1968706876	4.625	470	0	470	102.475	481,632.50	1.81
Total issue country Romania							481,632.50	1.81
Issue country Sweden								
ERICSSON 17/24 MTN	XS1571293684	1.875	300	0	300	102.364	307,091.99	1.15
TELIA COMPANY AB 12/24MTN	XS0746010908	3.625	0	0	250	114.559	286,397.99	1.08
Total issue country Sweden							593,489.98	2.23
Issue country USA								
RELX CAPITAL INC. 15/25	XS1231027464	1.300	500	0	500	103.243	516,213.34	1.94
Total issue country USA							516,213.34	1.94
Total bonds denominated in EUR							14,271,200.80	53.65
Bonds denominated in IDR								
Issuer European Investment Bank								
EIB EUR.INV.BK 14/19 MTN	XS1083298072	7.200	0	0	13,000,000	99.615	809,909.25	3.04
Total issuer European Investment Bank							809,909.25	3.04
Total bonds denominated in IDR translated at a rate of 15,989.38395							809,909.25	3.04
Bonds denominated in KZT								
Issuer European Bank for Reconstruction and Development								
EUR. BK REC.DEV. 17/19 ZO	XS1711236072	0.000	0	0	135,000	99.052	313,735.16	1.18
Total issuer European Bank for Reconstruction and Development							313,735.16	1.18
Total bonds denominated in KZT translated at a rate of 426.22000							313,735.16	1.18
Bonds denominated in USD								
Issue country Cayman Islands								
YUZHOU PPTS 17/22	XS1555300497	6.000	300	0	300	98.149	262,231.82	0.99
Total issue country Cayman Islands							262,231.82	0.99
Total bonds denominated in USD translated at a rate of 1.12285							262,231.82	0.99
Total securities admitted to organised markets							16,112,818.94	60.57

ERSTE TOTAL RETURN FIXED INCOME

Security designation	ISIN number	Purch./ additions Sales/ disposals Units/nominal (nom. in 1,000, rounded)	Holding	Unrealised result in EUR	% share of fund assets		
Derivatives							
Financial futures denominated in GBP							
Issue country Great Britain							
LONG GILT FUTURE Jun19	LGRM19		-2	-5,268.59	-0.02		
			Total issue country Great Britain	-5,268.59	-0.02		
			Total financial futures denominated in GBP translated at a rate of 0.86171	-5,268.59	-0.02		
Financial futures denominated in EUR							
Issue country Germany							
EURO-BUND FUTURE Jun19	FGBLM19		8	28,480.00	0.11		
			Total issue country Germany	28,480.00	0.11		
			Total financial futures denominated in EUR	28,480.00	0.11		
Financial futures denominated in USD							
Issue country USA							
FED FUND 30DAY Apr19	CINJ19		-100,000,000	-3,339.70	-0.01		
FED FUND 30DAY Jul19	CINN19		-100,000,000	-12,987.80	-0.05		
FED FUND 30DAY Oct19	CINV19		-100,000,000	1,855.40	0.01		
US 10YR NOTE (CBT)Jun19	TN1M19		-3	-125.24	-0.00		
			Total issue country USA	-14,597.35	-0.05		
			Total financial futures denominated in USD translated at a rate of 1.12285	-14,597.35	-0.05		
Options denominated in USD							
Issue country USA							
GBPUSD Call 06/2019 132	GBUF913200	1,188	0	1,188	1.860	19,670.93	0.07
GBPUSD Call 06/2019 141	GBUF914100	0	1,188	-1,188	0.140	-1,480.61	-0.01
			Total issue country USA	18,190.32	0.07		
			Total options denominated in USD translated at a rate of 1.12285	18,190.32	0.07		
			Total derivatives	26,804.38	0.10		
Forward exchange agreements				Unrealised result in EUR			
Forward exchange agreements denominated in EUR							
Issue country Austria							
FXF SPEST EUR/CZK 16.05.2019	FXF_TAX_3445495		-1,048,264	-5,685.27	-0.02		
FXF SPEST EUR/PLN 16.05.2019	FXF_TAX_3445489		-927,166	-142.46	-0.00		
FXF SPEST EUR/USD 12.04.2019	FXF_TAX_3445130		-1,010,705	12,573.87	0.05		

Security designation	ISIN number	Holding	Unrealised result in EUR	% share of fund assets
FXF SPEST EUR/USD 12.04.2019	FXF_TAX_3445625	2,016,244	-30,313.98	-0.11
FXF SPEST EUR/USD 12.04.2019	FXF_TAX_3445645	-2,029,486	17,070.14	0.06
FXF SPEST EUR/USD 16.05.2019	FXF_TAX_3445507	1,589,154	-8,159.52	-0.03
Total issue country Austria			-14,657.22	-0.06
Total forward exchange agreements denominated in EUR			-14,657.22	-0.06

Forward exchange agreements denominated in USD

Issue country Austria

FXF SPEST USD/BRL 12.04.2019	FXF_TAX_3445380	-1,548,787	-7,634.45	-0.03
FXF SPEST USD/CLP 16.05.2019	FXF_TAX_3445479	1,495,886	24,121.85	0.09
FXF SPEST USD/HUF 16.05.2019	FXF_TAX_3445498	1,434,544	30,017.69	0.11
FXF SPEST USD/MXN 12.04.2019	FXF_TAX_3445153	2,056,952	-1,647.74	-0.01
FXF SPEST USD/PEN 16.05.2019	FXF_TAX_3445477	-1,503,307	-162.31	-0.00
FXF SPEST USD/PLN 16.05.2019	FXF_TAX_3445502	-1,417,651	-6,536.38	-0.02
FXF SPEST USD/SGD 16.05.2019	FXF_TAX_3445491	-1,623,649	1,474.66	0.01
FXF SPEST USD/TWD 16.05.2019	FXF_TAX_3445484	1,539,359	-3,275.98	-0.01
Total issue country Austria			36,357.34	0.14
Total forward exchange agreements denominated in USD translated at a rate of 1.12285			36,357.34	0.14
Total forward exchange agreements			21,700.12	0.08

Breakdown of fund assets

Transferable securities		24,637,548.11	92.62
Forward exchange agreements		21,700.12	0.08
Financial futures		8,614.06	0.03
Options		18,190.32	0.07
Bank balances		1,627,651.28	6.12
Interest entitlements		294,008.65	1.11
Other deferred items		-7,755.76	-0.03
Fund assets		26,599,956.78	100.00

Dividend-bearing units outstanding	AT0000A23TX9	units	0.000
Value of dividend-bearing unit	AT0000A23TX9	EUR	103.60
Non-dividend-bearing units outstanding	AT0000A1E176	units	259,411.000
Value of non-dividend-bearing unit	AT0000A1E176	EUR	102.53
Non-dividend-bearing units outstanding	AT0000A23TY7	units	0.000
Value of non-dividend-bearing unit	AT0000A23TY7	EUR	103.60

ERSTE TOTAL RETURN FIXED INCOME

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

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

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

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

All OTC derivatives are traded through Erste Group Bank AG.

Collateral in the form of cash or bonds is pledged to Erste Group Bank AG in the amount of the negative exposure of the derivatives.

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

Investor note:

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

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

Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
Publicly traded securities				
Bonds denominated in EUR				
Issue country Ireland				
LUNAR FUNDING V 14/21 MTN	XS1051076922	1.875	0	250
Issue country Italy				
TERNA R.E.N. 15/22 MTN	XS1178105851	0.875	0	250
Issue country Luxembourg				
CNHIndustr.Fin.Eur.14/21	XS1114452060	2.875	0	250
Issue country Netherlands				
EDP FIN. 14/22 MTN	XS1111324700	2.625	0	250
Bonds denominated in USD				
Issue country Papua New Guinea				
PAPUA 18/28 REGS	USY6726SAP66	8.375	1,000	1,000
Issue country USA				
US TREASURY 2044	US912810RF75	1.375	1,000	2,000
Securities admitted to organised markets				
Bonds denominated in EUR				
Issue country Australia				
ORIGIN ENGY FIN.13/21REGS	XS0976223452	3.500	0	250
WESFARMERS 12/22 MTN	XS0810622935	2.750	0	250
Issue country Belgium				
FLUVIUS SYSTEM 0.13-23MTN	BE0002443183	2.875	0	300
Issue country Cayman Islands				
HUTCH.WH.E.F.12 12/22	XS0790011398	3.625	0	250
UPCB FIN.IV 15/27 REGS	XS1117297603	4.000	0	250

ERSTE TOTAL RETURN FIXED INCOME

Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
Issue country Denmark				
CARLSBERG BREW. 12/22 MTN	XS0854746343	2.625	0	250
Issue country Germany				
HORNBACH BAUM. BONDS 13/20	DE000A1R02E0	3.875	0	300
UNITYM.NRW/HE.13/29 REGS	XS0982713330	6.250	0	250
Issue country Finland				
FORTUM OYJ 12/22 MTN	XS0825855751	2.250	0	250
OP YRITYSPANKKI 12/22 MTN	XS0750702507	5.750	0	250
Issue country France				
BOUYGUES 12/22	FR0011193515	4.500	0	300
RCI BANQUE 15/22 MTN	FR0012759744	1.250	0	250
WENDEL S.A. 14/21	FR0011694496	3.750	0	300
Issue country Great Britain				
IMPER.BRANDS FIN.14/21MTN	XS1040508167	2.250	0	250
LLOYDS BANK 10/20 MTN	XS0497187640	6.500	0	250
SKY 14/23 MTN	XS1141969912	1.875	0	250
Issue country Ireland				
SMURF.KAPP.ACQ.13/20 REGS	XS0880132989	4.125	0	250
Issue country Croatia				
CROAT.DEV.BANK (HBOR)13/20	XS0961637542	6.000	0	300
Issue country Netherlands				
IBERDROLA INTL 14/22 MTN	XS1057055060	2.500	0	300
NATURGY FINANCE 13/22 MTN	XS0914400246	3.875	0	300
NOM.EUR.FIN. 14/21 MTN	XS1136388425	1.500	0	250
OI EUROPEAN GRP 13/21REGS	XS0908230781	4.875	0	250
PHOENIX FINANCE 13/20	XS0935786789	3.125	0	250
RABOBK NEDERLD 10/20 MTN	XS0557252417	3.750	0	250
Issue country Austria				
TEL.FIN.12/22 MTN	XS0767278301	4.000	0	250

Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
Issue country Sweden				
MOELNLYCKE HLDG 14/22	XS1137512668	1.500	0	250
Issue country Spain				
ENAGAS FINANC. 14/22	XS1052843908	2.500	0	300
RED ELECTR. F. 14/23 MTN	XS1079698376	2.125	0	300
Issue country USA				
AT + T 14/22	XS1144086110	1.450	0	250
GOLDM.S.GRP 06/21	XS0270347304	4.750	0	250
MORGAN STANLEY 14/23 MTN	XS1115208107	1.875	0	250
PHILIP MORRIS INTL 12/24	XS0787527349	2.875	0	250
Bonds denominated in USD				
Issue country Argentina				
ARGENTINA 2046 C P1	US040114GY03	7.625	1,500	1,500
Unlisted securities				
Bonds denominated in EUR				
Issue country Denmark				
TDC 15/3015 FLR MTN	XS1195581159	3.500	0	300
Issue country France				
RALLYE S.A. 13/19 MTN	FR0011441831	4.250	300	300
Issue country Austria				
OMV AG 11-UND.	XS0629626663		0	250

Vienna, 31 May 2019

Erste Asset Management GmbH
Electronically signed

Inspection information:
Note:

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

Remuneration Policy

Remuneration paid to employees of Erste Asset Management GmbH in EUR (2017 financial year of Erste Asset Management GmbH)

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

Number of employees as of 31.12.17	83
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Number of risk bearers as of 31.12.17	45
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Fixed remuneration	6,255,431
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Variable remuneration (bonuses)	1,931,863
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Total employee remuneration	8,187,294
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Thereof remuneration for managing directors	668,440
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Thereof remuneration for managers and risk bearers	160,215
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Thereof remuneration for risk bearers with control functions	409,883
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Thereof remuneration for other risk bearers	4,136,628
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Thereof remuneration for employees in the same income bracket as managers and risk bearers due to the amount of their total remuneration	0
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Total remuneration for risk bearers	5,375,166
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Principles governing performance-based remuneration components

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

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

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

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

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

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

The remuneration system is made up of three components:

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

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

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

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

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

The last audit of compliance with the requirements of the remuneration policy by the Supervisory Board on 4 April 2018 revealed no deviations. There were also no material findings during the last audit by the Internal Auditing department.

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

ERSTE TOTAL RETURN FIXED INCOME

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

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

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

* Includes the Head of Compliance

Principles governing performance-based remuneration components

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

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

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

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

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

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

The remuneration system is made up of three components:

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

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

The Supervisory Board of the Management Company has set up a Remuneration Committee to ensure that the remuneration policy and its application are independently assessed. This committee consists of the following persons: Rudolf Sagmeister (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 4 April 2018 revealed no deviations. There were also no material findings during the last audit by the Internal Auditing department.

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

Audit Report*

Statement on the annual report

Audit opinion

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

ERSTE TOTAL RETURN FIXED INCOME
Jointly owned fund pursuant to the InvFG

consisting of the statement of assets and liabilities as of 31 March 2019, 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 March 2019 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 audit report. We are independent from the company as specified by the Austrian commercial and industry regulations and fulfilled our other professional obligations in accordance with these requirements. We feel that the audit evidence that we obtained is sufficient and suitable to serve as a basis for our audit opinion.

Management and supervisory board responsibilities relating to the annual report

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

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

Responsibilities of the auditor in auditing the annual report

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

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

In addition:

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

Other information

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

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

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

Vienna, 31 May 2019

Ernst & Young

Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Andrea Stippl
(Certified Public
Accountant)

ppa MMag. Roland Unterweger
(Certified Public Accountant)

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

Fund Rules for ERSTE TOTAL RETURN FIXED INCOME

Jointly owned fund pursuant to the InvFG

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

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

Article 1 Fund Units

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

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

Article 2 Depository Bank (Depository)

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

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

Article 3 Investment Instruments and Principles

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

ERSTE TOTAL RETURN FIXED INCOME strives to generate interest income and net value increases and takes advantage of investment opportunities on various markets in a targeted, risk-controlled manner (total return), independent of a benchmark.

The Fund invests primarily, in other words at least 51% of its assets, in

- Transferable securities and/or money market instruments and/or
- Derivative financial instruments and/or
- Demand deposits or deposits with the right to be withdrawn

that are subject to or based on a fixed or variable interest rate (fixed income).

The investment instruments can be denominated in euros or other currencies. The Management Company is not subject to any restrictions in the selection of the issuers with regard to the location of their registered offices or the respective economic sectors in which they are active.

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

a) Transferable securities

Transferable 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) Transferable securities and money market instruments

Transferable securities or money market instruments issued or guaranteed by Australia, the Federal Republic of Germany and its states: Baden-Württemberg, Bavaria, Berlin, Brandenburg, Bremen, Hamburg, Hesse, Mecklenburg-Vorpommern, Lower Saxony, North Rhine-Westphalia, Rhineland-Palatinate, Saarland, Saxony, Saxony-Anhalt, Schleswig-Holstein, and Thuringia, the French Republic, the Federal Republic of Brazil, the Principality of Liechtenstein, the Grand Duchy of Luxembourg, the Hellenic Republic (Greece), Ireland, Iceland, the Italian Republic, Japan, Canada, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of the Netherlands, the Kingdom of Norway, the Kingdom of Sweden, the Kingdom of Spain, the Portuguese Republic, New Zealand, the Republic of Chile, the Republic of Estonia, the Republic of Finland, the Republic of India, the Republic of Korea (South Korea), the Republic of Austria and its states: Burgenland, Carinthia, Lower Austria, Upper Austria, Salzburg, Styria, Tyrol, Vorarlberg, and Vienna, the Republic of Poland, the Republic of South Africa, the Republic of Turkey, Russia, the Swiss Confederation, the Slovak Republic, the State of Israel, the Czech Republic, Hungary, the United Kingdom of Great Britain and Northern Ireland, the United Mexican States, the United States of America, the European Financial Stability Facility (EFSF), the European Stability Mechanism (ESM), the European Union (EU), the Asian Development

ERSTE TOTAL RETURN FIXED INCOME

Bank, the European Investment Bank, the European Bank for Reconstruction and Development (EBRD), the International Bank for Reconstruction and Development (IBRD), and the KfW (Kreditanstalt für Wiederaufbau) may make up more than 35% of the fund assets provided that the fund assets are invested in at least six different instruments, but an investment in one instrument may not make up more than 30% of the total fund assets.

The Fund may purchase transferable 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.

Transferable 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.

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

d) Units in investment funds

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

e) Derivative financial instruments

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

f) Risk measurement method(s) of the Fund

The Fund applies the following risk measurement method: absolute value-at-risk

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

The value-at-risk allocable to the global exposure resulting from the investments held by the Fund (absolute VaR) is limited to 20% of the total net value of the fund assets.

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

Demand deposits and deposits with the right to be withdrawn with a maximum term of 12 months may comprise up to 100% of the fund assets.

There are no minimum bank balance requirements.

h) Acceptance of short-term loans

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

i) Repurchase agreements

Does not apply.

j) Securities lending

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

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

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

Article 4 Issue and Redemption Procedure

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

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

Issue of units and front-end surcharge

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

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

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

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

Redemption of units and back-end commission

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

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

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

Article 5 Accounting Year

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

Article 6 Unit Categories and Use of Earnings

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

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

Use of earnings for dividend-bearing units

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

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

The amounts shall be paid to the holders of dividend-bearing units on or after 1 July of the following accounting year. The remaining amount shall be carried forward.

An amount calculated in accordance with the InvFG must also be paid out on or after 1 July to cover the capital gains tax assessed by the tax authorities on the dividend-equivalent earnings from the fund units unless the Management Company provides suitable proof from the banks managing the corresponding securities accounts that the unit certificates can only be held by Unit-holders who are not subject to Austrian personal 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-bearing units with capital gains tax payment (non-dividend-bearing units)

The earnings generated by the Fund during the accounting year less all costs will not be paid out. In the case of non-dividend-bearing units, an amount calculated in accordance with the InvFG must be paid out on or after 1 July to cover the capital gains tax assessed by the tax authorities on the dividend-equivalent earnings from the fund units unless the Management Company provides suitable proof from the banks managing the corresponding securities accounts that the unit certificates can only be held by Unit-holders who are not subject to Austrian personal 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-bearing units without capital gains tax payment (KESt-exempt non-dividend-bearing units)

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

The Management Company shall provide suitable proof from the banks managing the corresponding securities accounts that the unit certificates could only be held by Unit-holders 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.

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

Article 7 Management Fee, Compensation for Expenses, Liquidation Fee

a) Administration fee

The Management Company shall receive an annual fee for its administrative activities amounting to up to 1.154% 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 apply a sliding management fee scale at its own discretion.

b) Performance fee

In addition, a performance fee of 10% of the outperformance of the respective unit category over the hurdle rate (3-month Euribor p.a.) shall be accrued daily and paid from the unit-category assets on a monthly basis.

This will be calculated based on the high water mark method with carry forward losses; in other words, performance gains do not translate into a profit until any losses from prior periods are made up.

The outperformance over this hurdle rate is the basis for the fee calculation. This means that the performance fee is only due when the cumulated outperformance and underperformance levels (carry forward losses) reach a new positive high since the last payment of a performance fee. The performance fee is only paid when the calculated value reaches a new high.

The performance of the respective unit category shall be determined by comparing the calculated values of the respective unit category (adjusted for disbursements according to the time weighted rate of return method or BVI). The monthly hurdle rate represents one-twelfth of the fixing for the second-to-last trading day of the previous month.

The unit-category volume for these purposes is the average invested volume according to the Dietz method. The respective unit-category volume at the end of the previous month as increased by the unit-category performance is deducted from the respective current unit-category volume on the reference date; this amount corresponds to the increases and decreases. This amount is then weighted with a factor of 50% at the middle of the month and added to the respective unit-category volume at the end of the previous month.

c) Other expenses and costs

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

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

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

The Fund is a user for the purposes of Regulation (EU) 2016/1011 (Benchmarks Regulation). The Management Company has drawn up robust written contingency plans for the event that the benchmark is materially changed or is no longer published. Further information on this can be found in the prospectus.

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

Annex to the Fund Rules

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

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

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

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

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

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

https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_upreg *

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

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

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

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

2. Exchanges in European countries outside of the EEA

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

3. Exchanges in non-European countries

- | | | |
|-------|-----------------------|--|
| 3.1. | Australia: | Sydney, Hobart, Melbourne, Perth |
| 3.2. | Argentina: | Buenos Aires |
| 3.3. | Brazil: | Rio de Janeiro, Sao Paulo |
| 3.4. | Chile: | Santiago |
| 3.5. | China: | Shanghai Stock Exchange, Shenzhen Stock Exchange |
| 3.6. | Hong Kong: | Hong Kong Stock Exchange |
| 3.7. | India: | Mumbai |
| 3.8. | Indonesia: | Jakarta |
| 3.9. | Israel: | Tel Aviv |
| 3.10. | Japan: | Tokyo, Osaka, Nagoya, Kyoto, Fukuoka, Niigata, Sapporo, Hiroshima |
| 3.11. | Canada: | Toronto, Vancouver, Montreal |
| 3.12. | Colombia: | Bolsa de Valores de Colombia |
| 3.13. | Korea: | Korea Exchange (Seoul, Busan) |
| 3.14. | Malaysia: | Kuala Lumpur, Bursa Malaysia Berhad |
| 3.15. | Mexico: | Mexico City |
| 3.16. | New Zealand: | Wellington, Christchurch/Invercargill, Auckland |
| 3.17. | Peru: | Bolsa de Valores de Lima |
| 3.18. | Philippines: | Manila |
| 3.19. | Singapore: | Singapore Stock Exchange |
| 3.20. | South Africa: | Johannesburg |
| 3.21. | Taiwan: | Taipei |
| 3.22. | Thailand: | Bangkok |
| 3.23. | USA: | New York, NYCE American, New York Stock Exchange (NYSE), Philadelphia, Chicago, Boston, Cincinnati |
| 3.24. | Venezuela: | Caracas |
| 3.25. | United Arab Emirates: | Abu Dhabi Securities Exchange (ADX) |

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4. Organised markets in countries outside of the European Community

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

5. Exchanges with futures and options markets

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

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

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

Note regarding the data used

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

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

Unless indicated otherwise, source: Erste Asset Management GmbH. 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 registered office of the Investment Firm and at the head office of the depositary 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