

ESPA BOND EURO-MÜNDELRENT

Mutual Fund pursuant to § 20 InvFG

Semi-Annual Report 2010/11

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General Information about the Investment Firm

The company	ERSTE-SPARINVEST Kapitalanlagegesellschaft m. b. H. Habsburgergasse 1a, A-1010 Vienna Telephone: +43 05 0100-19881, Fax: +43 05 0100-17102
Nominal capital	EUR 4.50 million
Shareholders	Erste Asset Management GmbH (81.42%) DekaBank Deutsche Girozentrale (2.87%) Kärntner Sparkasse Aktiengesellschaft (2.87%) NÖ-Sparkassen Beteiligungsgesellschaft m. b. H. (1.37%) Salzburger Sparkasse Bank Aktiengesellschaft (2.87%) Sieben Tiroler Sparkassen Beteiligungsgesellschaft m. b. H. (2.87%) Steiermärkische Bank und Sparkassen Aktiengesellschaft (5.73%)
Supervisory Board	Wolfgang TRAINDL, Mag. (Chairman) Gerhard FABISCH, Mag. Dr. (Deputy Chairman) Wilhelm SCHULTZE, DI (Deputy Chairman) Christian AICHINGER, Dr. Alois HOCHEGGER, Mag. (until 23.2.2011) Michael MALZER, Mag. Dr. (until 23.2.2011) Birte QUITT, Dipl. BW. (FH) (from 24.2.2011) Franz RATZ Gabriele SEMMELROCK-WERZER (from 24.2.2011) Reinhard WALTL, Mag. Appointed by the Works Council: Regina HABERHAUER, Mag. (FH) Dieter KERSCHBAUM, Mag. Gerhard RAMBERGER, Mag. Herbert STEINDORFER
Managing directors	Heinz BEDNAR, Mag. Harald GASSER, Mag. Franz GSCHIEGL, Dr.
Prokuristen (proxies)	Achim ARNHOF, Mag. (from 24.2.2011) Winfried BUCHBAUER, Mag. Harald EGGER, Mag. Oskar ENTMAYR Dietmar JAROSCH, Dr. Günther MANDL Christian SCHÖN Paul A. SEVERIN, Mag. Jürgen SINGER, Mag.
State commissioners	Erwin GRUBER Michael MANHARD, HR Dr.
Auditor	ERNST & YOUNG WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT MBH
Custodian bank	Erste Group Bank AG

Dear Shareholder,

We are pleased to present you the following semi-annual report for the ESPA BOND EURO-MÜNDELRENT mutual fund pursuant to § 20 InvFG for the period from 1 October 2010 to 31 March 2011.

Development of the Fund

Market environment

Towards the end of the reporting period, the positive economic signals gained momentum, although there were significant differences from region to region. The economies in many of the emerging markets showed signs of overheating. In the developed countries, unemployment, subdued consumption, more conservative lending on the part of banks and necessary budget consolidation measures all put a damper on development to varying degrees. Investment growth among companies in the US accelerated considerably. The labour market, the sentiment indicators and private consumer spending also saw slight improvements in 2011. In contrast, the real estate market remained a problem area in the US. In Europe, particularly the southern peripheral countries and Ireland battled recessive trends. In contrast, economic conditions improved significantly in the European countries that did not have excessive budget deficits, above all in the export-oriented country of Germany, where the recovery has now crossed over to the investment goods and construction industries. Along with prices for agricultural products and raw materials, energy prices increased, not least due to the political situation in the Middle East and the more critical stance towards nuclear power. As a result, the issue of inflation has increasingly moved into the spotlight. Consumer price growth for the Eurozone recently came in at 2.4%, which is slightly higher than the European Central Bank's (ECB) stability target.

The problems of the highly indebted Eurozone countries have persisted. Following Greece, Ireland experienced tremendous difficulties because it had to rescue its major banks from failing. This caused the country's budget deficit for 2010 to shoot up to nearly a third of GDP. The island nation had no choice but to make use of the rescue mechanisms provided by the European Economic and Monetary Union (EMU) and the International Monetary Fund (IMF) to prevent itself from going bankrupt. As a result, risk aversion grew considerably again among market participants. Portugal and Spain subsequently came under massive pressure as well. The EMU agreed to establish a permanent euro stability mechanism. In January, the first joint bonds were issued by the EMU and the European Financial Stability Facility (EFSF) with the aim of financing loans to the ailing countries. The bonds were well received by the market. An increase in the deployable rescue funds (guarantees and direct payments) was adopted. In contrast to the US Federal Reserve Bank (Fed), the ECB saw the purchase of bonds from government and private issuers as an undesirable, short-term emergency measure. Therefore, purchases by the ECB only amounted to a fraction of the volume purchased by the Fed. The euro bond markets were quite volatile due to the high level of uncertainty. Yields on ten-year German government bonds were at 2.8% at the beginning of October and at 3.8% at the end of March. Accordingly, the entire yield curve for government bonds shifted markedly upward.

The major central banks left the key interest rates at the extremely low level of 1.00% in the Eurozone, 0.00% to 0.25% in the US and 0.10% in Japan. At the height of the financial market crisis, the central banks had flooded the money market with liquidity; the ECB did this through various measures including the unlimited allocation of longer-term refinancing. In contrast to the major commercial banks that have largely overcome the financial market problems, the banking systems of the ailing Eurozone countries still urgently need these measures. Therefore, the ECB has only very cautiously started to withdraw these measures. Apart from this, however, the bank has begun verbally preparing the market for higher key rates in response to the development of inflation. The Fed has not yet issued any signals in this regard. Combined with the improved economic outlook, this led to an increase in money market rates. The three-month EURIBOR started the reporting period at 0.94% and finished at 1.24%.

Investment policy

The fund's duration was managed actively during the reporting period. Forward interest rate agreements (futures) were also used for hedging purposes in the period. Securities were also lent to generate additional earnings. Austrian covered bonds were purchased in order to gain a yield advantage.

Asset Allocation

	31 March 2011		30 September 2010	
	EUR millions	%	EUR millions	%
Bonds denominated in EUR	701.9	97.60	775.9	98.15
Securities	701.9	97.60	775.9	98.15
Financial futures	0.5	0.06	-	-
Cash in banks	6.5	0.90	4.8	0.60
Interest entitlements	10.3	1.43	9.8	1.24
Fund assets	719.1	100.00	790.5	100.00

Fund Portfolio as of 31 March 2011

(including changes in securities assets from 1 October 2010 to 31 March 2011)

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
			Shares/nominal (nom. in 1,000, rounded)					
Publicly traded securities								
Bonds denominated in EUR								
Issue country Austria								
AUSTRIA 03/18 MTN	AT0000385745	4.650000	8,100	12,000	48,000	107.549000	51,623,520.00	7.18
AUSTRIA 09/26 MTN 144A	AT0000A0DXC2	4.850000	7,500	11,500	31,000	108.824000	33,735,440.00	4.69
AUSTRIA 2014 MTN 144A	AT0000386073	4.300000	3,500	10,000	37,000	105.686000	39,103,820.00	5.44
AUSTRIA 2015 MTN 144A	AT0000386198	3.500000	7,300	18,600	40,900	102.680000	41,996,120.00	5.84
AUSTRIA 2016 MTN 144A	AT0000A011T9	4.000000	1,900	4,200	46,000	104.339000	47,995,940.00	6.67
AUSTRIA 2017 MTN 144A	AT0000A06P24	4.300000	2,800	4,400	30,000	105.443000	31,632,900.00	4.40
AUSTRIA 2019 MTN 144A	AT0000A08968	4.350000	6,500	10,250	49,000	105.419000	51,655,310.00	7.18
AUSTRIA 2020 MTN 144A	AT0000386115	3.900000	8,000	18,800	47,000	101.527000	47,717,690.00	6.64
AUSTRIA 2021 MTN 144A	AT0000A001X2	3.500000	21,850	41,800	41,650	97.502000	40,609,583.00	5.65
AUSTRIA 2037 MTN 144A	AT0000A04967	4.150000	8,850	5,100	43,000	99.062000	42,596,660.00	5.92
KA FINANZ AG 09/12	XS0472796076	2.250000	3,000	4,500	21,500	99.989000	21,497,635.00	2.99
KA FINANZ AG 10/13	XS0518439756	1.750000	3,000	2,000	23,000	98.535000	22,663,050.00	3.15
KA FINANZ AG 10/14 MTN	XS0494852717	2.250000	0	0	7,500	98.671000	7,400,325.00	1.03
OEST.VOLKSBKN 09/12 MTN	XS0451759012	2.250000	0	6,000	16,000	100.189000	16,030,240.00	2.23
AUSTRIA 10/17	AT0000A0GLY4	3.200000	4,100	9,100	26,000	99.834000	25,956,840.00	3.61
AUSTRIA 09/14	AT0000A0CL73	3.400000	1,500	6,500	48,000	102.808000	49,347,840.00	6.86
AUSTRIA 97-27 6	AT0000383864	6.250000	350	2,650	31,000	125.737000	38,978,470.00	5.42
Total							610,541,383.00	84.90
Total bonds denominated in EUR							610,541,383.00	84.90
Total publicly traded securities							610,541,383.00	84.90

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
			Shares/nominal (nom. in 1,000, rounded)					

Securities admitted to organised markets**Bonds denominated in EUR****Issue country Austria**

AUSTRIA 11/22 MTN 144A	AT0000A0N9A0	3.650000	36,400	2,000	34,400	98.292000	33,812,448.00	4.70
BAWAG P.S.K. 10/13 MTN	XS0538703843	1.750000	0	0	15,000	97.589000	14,638,350.00	2.04
BAWAG P.S.K. 10/15 MTN	XS0562155902	2.625000	10,000	0	10,000	96.146000	9,614,600.00	1.34
EG MORT.BOND 10-13/DIP 967	XS0537759267	1.625000	0	0	14,000	97.432000	13,640,480.00	1.90
UNICR.BK AUS. 10-13 MTN	AT000B048871	1.875000	0	0	10,000	97.845000	9,784,500.00	1.36
UNICR.BK AUS. 11/21 MTN	AT000B048988	4.125000	10,000	0	10,000	98.417000	9,841,700.00	1.37
Total							91,332,078.00	12.70
Total bonds denominated in EUR							91,332,078.00	12.70
Total securities admitted to organised markets							91,332,078.00	12.70

Unrealised result in EUR**Derivatives****Financial futures denominated in EUR****Issue country Germany**

EURO FED.BOND 06/11					-1,397		32,738.07	0.00
EURO GOVT.BOND 06/11					-758		424,419.66	0.06
Total							457,157.73	0.06
Total financial futures denominated in EUR							457,157.73	0.06
Total derivatives							457,157.73	0.06

Breakdown of fund assets

Securities		701,873,461.00	97.60
Financial futures		457,157.73	0.06
Cash in banks		6,498,863.60	0.90
Interest entitlements		10,286,704.11	1.43
Fund assets		719,116,186.44	100.00

Dividend shares outstanding	shares	51,964,163
Non-dividend shares outstanding	shares	29,837,152
Share value for dividend share	EUR	7.26
Share value for non-dividend share	EUR	11.46

Investor note:

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

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

Security designation	ISIN number	Interest rate	Purch./ additions Shares/nominal (nom. in 1,000, rounded)	Sales/ disposals
Publicly traded securities				
Bonds denominated in EUR				
Issue country Austria				
AUSTRIA 03/13 MTN	AT0000385992	3.800000	2,500	2,500

Vienna, April 2011

ERSTE-SPARINVEST
Kapitalanlagegesellschaft m.b.H.

Bednar

Gasser

Gschiegl