

PROSPECTUS

for the fund

ESPA BOND EURO-MÜNDELRENT Mutual Fund pursuant to § 20 InvFG

issued by
ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H.
Habsburgergasse 1a
A-1010 Vienna

This fund prospectus was prepared on the basis of the fund terms and conditions amended in accordance with the 2008 amendment of the 1993 Austrian Investment Fund Act and published on 3 October 2009.

This fund prospectus becomes effective on 4 January 2010.

The publication of the last prior versions of this prospectus took place on 13 January 2000, 19 January 2001, 7 May 2001, 31 July 2002, 30 May 2003, 12 February 2004, 30 September 2004, 21 January 2006, 17 February 2006, 21 June 2006, 18 April 2009, 23 June 2009 and 22 April 2009

Because of the distribution of this prospectus via e-mail, the formatting of the text may deviate from that of the original copy of the prospectus submitted to the Austrian Control Bank (OeKB).

The currently valid fund prospectus, the fund's general terms and conditions, and the fund's special terms and conditions must be provided to all interested investors free of charge. The last available annual report is also included with this prospectus as a supplement. When the reporting date of the last annual report is more than eight months in the past, the latest semi-annual report must also be provided to interested investors requesting the prospectus. Such interested investors must also be offered the currently valid version of the simplified prospectus free of charge before conclusion of an investment agreement, or the simplified prospectus must be provided free of charge after the conclusion of the investment agreement.



DISCLAIMER FOR THE SALE of non-US funds to US investors

Limitations on Sale

The shares issued for this special purpose fund may only be publicly offered or sold in countries in which such a public offer or sale is permitted. Therefore, unless the Investment Firm or representatives of the Investment Firm have filed an application with the local supervisory authorities and permission has been granted by the local supervisory authorities, and as long as no such application has been filed or no such permission granted by the supervisory authorities, this prospectus does not represent an offer to buy investment shares.

The shares have not been and will not be registered pursuant to the 1933 United States Securities Act as amended (hereinafter the "Securities Act of 1933") or pursuant to the securities regulations of a state or other public entity of the United States of America or its territories, possessions or other areas subject to its sovereignty, including the Commonwealth of Puerto Rico (hereinafter collectively designated as the "United States").

The shares may not be publicly offered, sold, or otherwise transferred in the United States. The shares are being offered and sold on the basis of an exemption from registration pursuant to Regulation S of the Securities Act of 1933. The Investment Firm and the special purpose fund have not been and will not be registered pursuant to the 1940 United States Investment Company Act as amended, or pursuant to any other US federal laws. Therefore, the shares will not be publicly offered or sold in the United States or to or for the account of US citizens (in the sense of the definition for the purposes of US federal laws governing securities, goods, and taxes, including Regulation S of the United States Securities Act of 1933 – hereinafter collectively referred to as "US citizens"). Subsequent transfers of shares to the United States or to US citizens are prohibited.

The shares have not been admitted for sale or public offering by the US Securities and Exchange Commission (hereinafter designated as the "SEC") or any other supervisory authority in the United States, and no application for admittance for sale or public offering has been rejected by the SEC or any other supervisory authority in the United States; furthermore, neither the SEC nor any other supervisory authority in the United States has released an opinion on the correctness and appropriateness of this fund prospectus or the advantages of the fund shares. The United States Commodity Futures Trading Commission has neither examined nor approved this document or any other sales documents for the Investment Firm or the special purpose fund.

No party is authorised to provide information or make assurances that are not contained in the fund prospectus or in the documents referred to in the fund prospectus. These documents are available to the public at the domicile of the Investment Firm.

This prospectus may not be circulated in the United States.

Investors who are Restricted Persons pursuant to US Regulation No. 2790 of the National Association of Securities Dealers (NASD 2790) must report immediately any investments in the special purpose funds of the Investment Firm.

SECTION I INFORMATION ABOUT THE INVESTMENT FIRM

1. Company and domicile; legal form; establishment; information of the court of registration and register entry; valid law

The investment firm offering the investment fund described in this prospectus is ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H., domiciled at Habsburgergasse 1a, A-1010 Vienna.

Effective 1 January 1998, the company Sparinvest Kapitalanlagegesellschaft m.b.H., which was established on 29 March 1965, was registered with the commercial court under the name SparInvest Austria Kapitalanlagegesellschaft m.b.H. on 13 June 1996 after a number of legal changes and was merged into DIE ERSTE-Kapitalanlagegesellschaft m.b.H., which was established on 7 November 1985, to form ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H.

ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H. is an investment firm in the sense of the Austrian Investment Fund Act (InvFG). It has the form of a limited liability company under Austrian commercial law (Gesellschaft mit beschränkter Haftung, GmbH), is subject to Austrian law, and is registered with the Commercial Court of Vienna under registry number FN 81876 g.

2. List of all investment funds administered by the firm

A complete list of the funds currently administered by ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H. can be found in Annex 1.

3. Information about the management

Franz Gschiegl, Heinz Bednar, Harald Gasser.

4. Supervisory Board

Wolfgang Traindl (Chairman), Gerhard Fabisch (Deputy Chairman), Wilhelm Schultze (Deputy Chairman), Christian Aichinger, Alois Hohegger, Michael Malzer, Franz Ratz, Rupert Ascher.

5. Nominal capital of the investment firm

EUR 4,500,000

6. Financial year

The Investment Firm's financial year is identical to the calendar year.

7. Information about the shareholders

Erste Asset Management GmbH, NÖ-Sparkassen Beteiligungsgesellschaft m.b.H., Kärntner Sparkasse AG, Salzburger Sparkasse Bank AG, Sieben-Tiroler-Sparkassen Beteiligungsgesellschaft m.b.H., Steiermärkische Bank und Sparkassen AG, DekaBank Deutsche Girozentrale.

8. The investment firm has delegated the following activities to third parties:

Compliance: Erste Group Bank AG

Payroll accounting: Erste Bank der oesterreichischen Sparkassen AG

Accounting: Erste Bank Beteiligungsservice GmbH

SECTION II INFORMATION ABOUT ESPA BOND EURO-MÜNDELRENT

1. Fund designation

The fund's designation is ESPA BOND EURO-MÜNDELRENT, mutual fund pursuant to § 20 InvFG.

The Investment Fund is compliant with Directive 85/611/EEC.

2. Establishment of the fund

ESPA BOND EURO-MÜNDELRENT was issued on 15 December 1988 for an indefinite period of time.

3. Information about where the fund terms and conditions and the reports required by the InvFG can be obtained

The information sources mentioned in this prospectus such as the fund terms and conditions, the annual reports and the semi-annual reports can be obtained from the Investment Firm. These will be delivered to the investors upon request free of charge. These documents can also be obtained from the custodian bank and its branches.

4. Information about the tax regulations that apply to the investment fund, when these are of interest to the shareholder. Information about whether taxes are withheld from the returns earned by holders of shares in the investment fund

TAX TREATMENT for investors subject to unlimited tax liability in Austria

Tax treatment (for taxable gains before 1 April 2004)

PRIVATE INVESTORS

I) Income tax

Capital gains tax in the legally required amount will be withheld by the domestic bank making the coupon payments from all dividends paid to a holder of shares in the Investment Fund provided that these dividends are from capital gains from debt instruments or bank deposits that are subject to KEST II, and provided that the recipient of the dividend payment is subject to capital gains tax. "Payments" made on non-dividend shares are also subject to the withholding of the capital gains tax amounts assessed against the dividend-equivalent earnings*) generated by the shares under the same conditions.

After 31 December 2000, net value increases from debt instruments (profits from the sale of debt instruments held by a fund), from bond sub-funds (profits from the sale of funds that invest at least 80% of their assets in debt instruments) and from derivatives related to these instruments are completely exempt from taxation, and net value increases from equities, equity sub-funds and derivatives related to these instruments are exempt from taxation at a level of 80%, even if dividends are paid from these net value increases. Net value increases from equities, equity sub-funds and derivatives related to these instruments are subject to capital gains tax (KESt III) at a level of 20%.

The remaining portion of the dividend/dividend-equivalent earnings contained in the share value is considered taxable gains. However, a declaration requirement only applies in the case that the tax liability for these gains is not already covered by final taxation through the withholding of capital gains tax.

Taxable portion for bond funds (full final taxation; no declaration requirement for the investor)

All tax liability for the dividends/dividend-equivalent earnings of these funds is covered by final taxation Final taxation through the deduction of KEST II from dividends/dividend-equivalent earnings covers the income tax liability for the entire dividend/all of the dividend-equivalent earnings. Final taxation also covers all inheritance tax liability, meaning that bank deposits, debt instruments and domestic bond sub-funds contained in the share value are not subject to inheritance tax in the event of the death of the investor and subsequent inheritance.

E x c e p t i o n s from end taxation

End taxation is precluded:

- a) for KEST II-exempt debt instruments in the fund portfolio provided that no option declaration has been submitted. Such income must be reported to the tax authorities; in addition, KEST II-exempt debt instruments contained in the share value are subject to inheritance tax in the event of the death of the investor and subsequent inheritance.
- b) for securities in the fund portfolio that are not subject to taxation by the Austrian tax authorities, provided that entitlement to benefits under totalisation agreements is not waived. Such income must be reported on the Austrian income tax return under "Neben den angeführten Einkünften wurden Einkünfte bezogen, für die das Besteuerungsrecht aufgrund von Doppelbesteuerungsabkommen einem anderen Staat zusteht" (In addition to the indicated income, income that is subject to taxation by a different state due to totalisation agreements was also received); in addition, such securities contained in the share value are subject to inheritance tax in the event of the death of the investor and subsequent inheritance.

In this case, however, a tax credit can be claimed for the capital gains tax that was withheld for this, or a refund of the capital gains tax can be claimed under § 240 of the Austrian Federal Duties Act (Bundesabgabengesetz, BAO).

Taxable portion for equity funds and mixed funds (partial final taxation; full final taxation for gains from 31 March 2003)

Some dividends/dividend-equivalent earnings of these funds must be reported to the tax authorities (no declaration requirements apply for gains from 1 April 2004)

The tax treatment of this fund category is based on the earnings components that make up the dividend/dividend-equivalent earnings:

*) Does not apply to KEST-exempt non-dividend funds

A) Interest income contained in the dividend/dividend-equivalent earnings (including interest income from domestic sub-funds)

The income tax liability for this income is covered by final taxation through the withholding of KEST II and thus this income does not have to be reported to the tax authorities. Final taxation also covers all inheritance tax liability, meaning that bank deposits, debt instruments and domestic bond sub-funds contained in the share value are not subject to inheritance tax in the event of the death of the investor and subsequent inheritance.

E x c e p t i o n s from end taxation

End taxation is precluded:

- a) for KEST II-exempt debt instruments in the fund portfolio provided that no option declaration has been submitted. Such income must be reported to the tax authorities; in addition, KEST II-exempt debt instruments contained in the share value are subject to inheritance tax in the event of the death of the investor and subsequent inheritance.
- b) for securities in the fund portfolio that are not subject to taxation by the Austrian tax authorities, provided that entitlement to benefits under totalisation agreements is not waived. Such income must be reported on the Austrian income tax return under "Neben den angeführten Einkünften wurden Einkünfte bezogen, für die das Besteuerungsrecht aufgrund von Doppelbesteuerungsabkommen einem anderen Staat zusteht" (In addition to the indicated income, income that is subject to taxation by a different state due to totalisation agreements was also received); in addition, such securities contained in the share value are subject to inheritance tax in the event of the death of the investor and subsequent inheritance.

In this case, however, a tax credit can be claimed for the capital gains tax that was withheld for this, or a refund of the capital gains tax can be claimed under § 240 of the Austrian Federal Duties Act (Bundesabgabengesetz, BAO).

B) Dividends (including dividends from domestic sub-funds) and ordinary earnings (interest, dividends, etc.) from foreign sub-funds contained in the dividend/dividend-equivalent earnings

Domestic dividends are subject to 25% capital gains tax before they are credited to the fund. As capital gains subject to capital gains tax, their income tax liability is covered by final taxation.

Foreign dividends are not covered by final taxation and must therefore be reported to the tax authorities. Thus, gross foreign dividends and the creditable foreign withholding tax must be reported on the Austrian income tax return. **Pursuant to the 2003 Finance Act (Budgetbegleitgesetz), full final taxation applies to the foreign dividends contained in dividends and dividend-equivalent earnings from funds that are paid out/credited to the investor after 31 March 2003. The capital gains must be entered on the Austrian income tax return at a special tax rate of 25%. If a totalisation agreement is in effect, the foreign withholding tax that has been withheld can be credited against this tax, and any exceeding amount is refundable. The bank that manages the securities account shall automatically withhold any capital gains tax for dividends and dividend-equivalent earnings that are paid out/credited to the investor after 31 March 2004 so that the investor attains full taxation without filing a tax return.**

Ordinary earnings from foreign sub-funds are subject to capital gains tax withholding (as backup withholding tax until 26 August 2003). The earnings must be reported to the tax authorities. The withholding of capital gains tax is an advance payment towards income tax. **For taxable gains from funds (dividends, capital gains tax payouts) after 31 March 2003, final taxation through the withholding of capital gains tax (as backup withholding tax until 26 August 2003) applies to ordinary dividend-equivalent earnings from foreign sub-funds in accordance with the 2003 Finance Act.**

C) Taxable net value increases (from equities, equity sub-funds and derivatives associated with these instruments) contained in the dividend/dividend-equivalent earnings

The tax liability for taxable net value increases (20%) contained in the dividend/dividend-equivalent earnings is covered by final taxation and these net value increases do not have to be reported to the tax authorities. Net value increases from foreign sub-funds are only covered by final taxation when the dividend-equivalent earnings are verified and the foreign fund is registered for sale in Austria and actually offered to the public in Austria. If any one of these requirements is not met, the withholding of capital gains tax shall be considered an advance payment towards income tax. **Pursuant to the 2003 Finance Act, the requirements regarding registration for sale and an actual public offer do not apply to gains after 30 September 2003.**

II) Inheritance tax (for pure retail funds; Federal Ministry of Finance from 20 February 2001)

Final taxation covers all inheritance tax liability on shares in domestic retail funds that are acquired through inheritance after 31 December 2000 (see above for exemptions). Pursuant to the 2003 Finance Act (Budgetbegleitgesetz), this now also applies to all domestic funds that invest in foreign sub-funds.

CORPORATE INVESTORS

Tax liability on shares held as business assets by natural persons

For natural persons who receive income from capital assets or business activities (sole proprietors, partners of OHG and KG partnerships under Austrian law), all income tax liability on income subject to capital gains tax is covered by the withholding of capital gains tax (KESt I and KESt II). This also applies to dividends/dividend-equivalent earnings from share certificates in investment funds as defined by the Austrian Investment Fund Act provided that the dividends are based on capital gains that are subject to final taxation, and to gains after 1 April 2003 provided that the dividends are based on ordinary dividend-equivalent earnings from foreign sub-funds.

Dividends paid from increases in the net value of domestic funds and increases in the net value of foreign funds that are equivalent to dividend payments must be taxed at the applicable rate.

KESt II withholding on shares held as business assets by legal entities

Unless the shareholding entity is exempt pursuant to § 94 line 5 EStG, the banks paying the coupon must also withhold capital gains tax from dividends paid on shares held as business assets, or treat use payments made on non-dividend funds as capital gains tax. Capital gains tax that is withheld and paid to the tax authorities can be credited against the assessed corporate income tax.

CORPORATE BODIES WITH INCOME FROM CAPITAL ASSETS

For corporate bodies (such as registered associations) that receive income from capital assets, all income tax liability on such income is covered by the withholding of capital gains tax on capital gains subject to KESt II. Private trusts with capital gains that are subject to KESt II are generally subject to the 12.5% intermediate tax rate.

Notes for all taxpayers:

The German-language annual reports contain detailed information about the tax treatment of dividend-equivalent earnings and similar payments.

Tax treatment (for taxable gains from 1 April 2004)
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PRIVATE INVESTORS

Full tax withholding (final taxation), no declaration requirement for the investor.

Capital gains tax in the legally required amount will be withheld by the domestic bank making the coupon payments from all dividends paid to a holder of shares in the Investment Fund provided that these dividends are from capital gains, and provided that the recipient of the dividend payment is subject to capital gains tax. "Payments" made on non-dividend shares are also subject to the withholding of the capital gains tax amounts assessed against the dividend-equivalent earnings*) generated by the shares under the same conditions.

Private investors generally do not need to make any tax declarations in connection with an investment in the fund. The withholding of the capital gains tax fulfils all of the investor's tax obligations. The withholding of capital gains tax covers all final taxation requirements regarding income tax and also inheritance and gift tax in connection with death and subsequent inheritance.

*) Does not apply to KESt-exempt non-dividend funds

Ex ceptions from end taxation

End taxation is precluded:

- a) for KESt II-exempt debt instruments in the fund portfolio provided that no option declaration has been submitted. Such income must be reported to the tax authorities; in addition, KESt II-exempt debt instruments contained in the share value are subject to inheritance tax in the event of the death of the investor and subsequent inheritance.
- b) for securities in the fund portfolio that are not subject to taxation by the Austrian tax authorities, provided that entitlement to benefits under totalisation agreements is not waived. Such income must be reported on the Austrian income tax return under "Neben den angeführten Einkünften wurden Einkünfte bezogen, für die das Besteuerungsrecht aufgrund von Doppelbesteuerungsabkommen einem anderen Staat zusteht" (In addition to the indicated income, income that is subject to taxation by a different state due to totalisation agreements was also received); in addition, such securities contained in the share value are subject to inheritance tax in the event of the death of the investor and subsequent inheritance.

In this case, however, a tax credit can be claimed for the capital gains tax that was withheld for this, or a refund of the capital gains tax can be claimed under § 240 of the Austrian Federal Duties Act (Bundesabgabengesetz, BAO).

CORPORATE INVESTORS

Tax liability on shares held as business assets by natural persons

For natural persons who receive income from capital assets or business activities (sole proprietors, partners of OHG and KG partnerships under Austrian law), all income tax liability on income subject to capital gains tax is covered by the withholding of capital gains tax (KESt I and KESt II).

Dividends paid from increases in the net value of domestic funds and increases in the net value of foreign funds that are equivalent to dividend payments must be taxed at the applicable rate.

KESt II withholding on shares held as business assets by legal entities

Unless the shareholding entity is exempt pursuant to § 94 line 5 EStG, the banks paying the coupon must also withhold capital gains tax from dividends paid on shares held as business assets, or treat use payments made on non-dividend funds as capital gains tax. Capital gains tax that is withheld and paid to the tax authorities can be credited against the assessed corporate income tax.

CORPORATE BODIES WITH INCOME FROM CAPITAL ASSETS

For corporate bodies (such as registered associations) that receive income from capital assets, all income tax liability on such income is covered by the withholding of capital gains tax on capital gains subject to KESt II. Private trusts with capital gains that are subject to KESt II are generally subject to the 12.5% intermediate tax rate.

INHERITANCE TAX (for pure retail funds; Federal Ministry of Finance from 20 February 2001)

Final taxation covers all inheritance tax liability on shares in domestic retail funds that are acquired through inheritance after 31 December 2000 (see above for exemptions). Pursuant to the 2003 Finance Act (Budgetbegleitgesetz), this now also applies to all domestic funds that invest in foreign sub-funds.

Inheritance tax is no longer assessed against shares acquired free of charge after 31 July 2008.

Notes for all taxpayers:

The German-language annual reports contain detailed information about the tax treatment of dividend-equivalent earnings and similar payments.

5. Reporting date for the financial statements and information on the frequency and form of dividend payment

The financial year of the Investment Fund is from 1 October to 30 September of the following calendar year.

In accordance with § 13 sentence 3 of the InvFG*) and according to § 26 and § 27 of the fund terms and conditions, dividend disbursement/payment takes place on or after 15 December of the following financial year. Interim dividend payments are not possible.

The Investment Firm reserves the right to set an ex-date before the dividend disbursement/payment pursuant to § 13 sentence 3 InvFG for technical reasons. On the ex-date, the valid issue price used for settlement will be reduced by the coming disbursement/payment.

*) For example for non-dividend funds (not for KESt-exempt non-dividend funds)

6. Name of the bank auditor pursuant to § 12 (4)

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Wagramer Str. 19, A-1220 Vienna.

7. Conditions under which the administration of the fund can be terminated; period of notice

The Investment Firm can terminate the administration of the fund with the approval of the Financial Market Authority and upon the publication of a corresponding public notice:

- a) by cancellation
 - with a period of notice of six months (§ 14 paragraph 1 InvFG)
 - with immediate effect when the fund assets fall below EUR 1,150,000 (§ 14 paragraph 2 InvFG)

The termination of the fund pursuant to § 14 paragraph 2 InvFG is not permitted during the period of notice for termination pursuant to § 14 paragraph 1 InvFG.

- b) by way of the following with a three-month period of notice
 - transfer of the administration of the fund to a different investment firm
 - merger of multiple funds or the transfer of the fund assets to another investment fund.

8. Information on the types and key characteristics of the shares, especially

- **Original documents or certificates about these documents, entry in a register or deposit into an account**
- **Characteristics of the shares: registered or bearer shares, information about the denomination and fractional shares if applicable;**
- **Rights of the Shareholders, especially in the event of termination**

Ownership in the assets held by the Investment Fund is divided into equal shares. The number of shares is unlimited.

The Investment Fund features two different share classes and the corresponding certificates: dividend shares and non-dividend shares with capital gains tax withholding, with certificates being issued for one share each and also for fractional shares. A fractional share can be one tenth (0.10), one hundredth (0.01) or one thousandth (0.001) of a share certificate.

The holders of shares are entitled to demand the issue of individual share certificates. The issue of such certificates may require some time for printing reasons.

The partial ownership of the fund assets is evidenced by certificates having the characteristics of a security.

The shares are depicted as global certificates (§ 24 Austrian Securities Deposit Act [Depotgesetz], Federal Law Gazette No. 424/1969 as amended). The share certificates are registered shares.

Every purchaser of a share acquires proportionate ownership of all assets contained in the Investment Fund in accordance with the share of ownership assigned to the share.

Every purchaser of a fraction of a global certificate acquires proportionate ownership of all assets contained in the Investment Fund in accordance with his fractional ownership of the global certificate.

The Investment Firm shall be permitted to split the shares in the fund with the approval of its Supervisory Board and issue additional share certificates to the Shareholders or replace the old share certificates with new ones when the Investment Firm deems that such a split would be in the interests of the Shareholders on the basis of the calculated share value.

Shareholder rights applying particularly in the event that the investment firm terminates its administration of the fund

The entitlement of the Shareholders to have the fund assets administered by an investment firm and for the redemption of their shares against the current calculated value of the shares at any time upon demand remains in force after the administration of the fund is terminated by the Investment Firm. In the event of a fund merger, the Shareholders are also entitled to exchange their fund shares at the valid exchange ratio and to the payment of any applicable settlement amount. If the administration of the fund is terminated by way of cancellation, the custodian bank shall assume the temporary management of the fund and must initiate the liquidation of the fund if the administration of the fund is not transferred to a different investment firm within six months. Once liquidation is initiated, the Shareholders' entitlement to the administration of the fund assets is replaced by the Shareholders' entitlement to proper liquidation, and the Shareholders' entitlement to the redemption of their shares against the current calculated value of the shares at any time upon demand is replaced by entitlement to the payment of the liquidation proceeds once liquidation is completed.

9. Information about exchanges or markets on which the shares are listed or traded

The shares are issued and redeemed by the custodian bank. An application for listing on the Vienna Stock Exchange can be filed.

10. Procedure and terms for the issue and sale of shares

Issue of shares

There is no principal limitation on the number of shares that can be issued or on the corresponding certificates. Shares can be purchased at the custodian bank and any of its branches. The Investment Firm reserves the right to temporarily or permanently suspend the issue of shares.

Order deadlines:

- for orders through systems connected to the custodian bank (especially orders placed in branches of Erste Bank und Sparkassen): 15:45 (CET, Vienna local time)
- for orders from all other customers (sales, trading, etc.): 15:00 (CET, Vienna local time)

Issue premium

The issue price shall consist of the share value plus a premium to cover the costs incurred in issuing the share. The premium for covering the issue costs is 2.5% of the value of a share.

Settlement date

The issue price shall be the share price calculated by the custodian bank on the Austrian bank business day or securities trading day following the date on which the order is received by the custodian bank plus the issue premium. The value date for debiting the purchase price shall be two bank business days after the execution of the order.

11. Procedures and terms for share redemption and conditions under which this can be suspended.

Return of shares

The Shareholders can demand the return of their shares by presenting their share certificates or by submitting a return order to the custodian bank. The Investment Firm is obligated to accept the return of the shares against payment of the return price, which is the current value of a share, for the account of the Investment Fund.

The payment of the return price and the calculation and publishing of the return price as specified may be suspended temporarily and made dependent on the sale of assets in the Investment Fund and the receipt of the proceeds from the sale of assets by the Investment Firm under extraordinary conditions when the Austrian Financial Market Authority is informed of this fact and when this is deemed necessary to protect justified Shareholder interests.

The most recent published prices will be used to calculate the price of the fund. If a large portion of the Investment Fund's assets are composed of shares in other investment funds, the most recent prices published for the sub-funds will be used. If the most recently published valuations for assets in the fund clearly do not correspond to their actual values as a result of political or economic conditions, and not only in individual cases, the Investment Firm shall be entitled to suspend the calculation of the fund price. This shall especially apply when the Investment Fund has invested 5% or more of its total value in assets whose current value deviates markedly from their intrinsic value.

Order deadlines:

- for orders through systems connected to the custodian bank (especially orders placed in branches of Erste Bank und Sparkassen): 15:45 (CET, Vienna local time)
- for orders from all other customers (sales, trading, etc.): 15:00 (CET, Vienna local time)

Settlement date

The return price shall be the share price calculated by the custodian bank on the Austrian bank business day or securities trading day following the date on which the order is received by the custodian bank. The value date for crediting the return price shall be two bank business days after the execution of the order.

12. Description of the rules for calculating and using the generated earnings and description of shareholder entitlements to the fund earnings

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 Investment Firm. Dividends may also be paid at the discretion of the Investment Firm from earnings generated by the sale of Investment Fund assets, including subscription rights. Fund assets may not be paid out. The fund assets may not fall below EUR 1,150,000 after dividend payments in any case. The amounts must be paid to the shareholders of dividend shares against the collection of a coupon certificate if necessary, the remaining amount will be carried forward.

The Investment Firm is obligated to pay a dividend in the amount calculated according to § 13 InvFG.

Earnings for non-dividend shares with capital gains tax withholding

The earnings generated by the Investment 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 § 13 sentence 3 InvFG must be paid out to cover the capital gains tax assessed by the tax authorities on the dividend-equivalent earnings from the Investment Fund shares.

Earnings for non-dividend shares without capital gains tax withholding

The earnings generated by the Investment Fund during the financial year less all costs will not be paid out. No payment pursuant to § 13 sentence 3 InvFG will be made.

The Investment Firm shall provide suitable proof to 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 line 5 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 § 13 sentence 3 InvFG must be paid out by the bank managing the respective securities account in the form of an account credit.

13. Description of the investment objectives of the fund, including the financial objectives (such as capital or earnings growth), the investment policy (such as specialisation in geographical regions or sectors of the economy), any limitations included in this investment policy, and information about powers to take out loans that can be used in administering the investment fund

ESPA BOND EURO-MÜNDELRENT aims to achieve net asset growth. In order to meet this objective, the fund buys and sells assets that are permitted according to the Austrian Investment Fund Act and the fund terms and conditions (securities, money market instruments, demand deposits, shares in other investment funds and financial instruments) within the framework of its investment policy and based on the fund manager's assessment of economic conditions, the situation on the capital markets and the outlook on the stock exchanges.

According to § 5 (6) InvFG, funds held in trust may be invested in shares in an investment fund provided that the terms and conditions of the fund limit the fund to investing in securities as defined under § 230b of the General Austrian Civil Code (ABGB); apart from the fund's income, bank deposits may make up no more than 10% of the fund's assets. Transactions with derivative products as defined in § 21 InvFG may only be conducted for hedging purposes. Cover funds for savings deposits at a domestic bank pursuant to § 230a ABGB may also be invested in shares in such a fund.

ESPA BOND EURO-MÜNDELRENT is a bond fund.

The fund may only invest in euro-denominated securities that are eligible for the investment of funds held in trust pursuant to § 230b ABGB.

ESPA BOND EURO-MÜNDELRENT invests primarily in securities issued by entities committed to following high ethical principles. Securities issued by entities involved in atomic energy, armaments manufacture or pornography, that allow animal testing, that engage in discriminatory practices, or that are active in countries in which human rights are violated or that have not ratified the Kyoto Protocol are precluded.

Bank deposits in the form of demand deposits or callable deposits play a minor role and, aside from the fund's income, may not exceed 10% of the fund's assets.

Derivative financial instruments (including swaps and other OTC derivatives) may only be used for hedging purposes; they play a substantial role relative to the total net value of the fund assets.

Within the framework of the hedging concept, the Investment Firm reserves the right, among other things, to hedge the interest rate risk according to strategies deemed to be appropriate based on the prevailing market conditions (e.g. using forward interest rate agreements).

The transactions with derivative financial instruments serve to lower the overall risk of the fund.

The key considerations in the selection of the instruments are security, growth and/or earnings. In this, it must be noted that the selected securities offer potential for price increases, but that they also entail risks.

General

The prices of the securities in the fund can rise or fall compared to the purchase price paid upon acquisition. If the investor sells shares in the Investment Fund at a point in time at which the prices of the securities in the fund have fallen compared to the point in time at which he purchased his shares, this will result in the investor not recovering the entire amount invested in the special purpose fund.

Material risks

a) The risk that the entire market for an asset class develops negatively and that this negatively influences the price and value of these assets (market risk)

The development of prices for securities depends in particular on the development of the capital markets, which in turn are influenced by the general state of the global economy and the economic and political conditions in the respective countries.

One particular form of market risk is the risk of interest rate changes. This is the possibility that the general interest rate level on the market can change compared to the point in time at which a fixed-income security is issued. Changes in interest rate levels can result from changes in the economic conditions and subsequent reactions by the respective central bank, among other factors. When general interest rate levels rise, this typically means that the prices of fixed-income securities fall. In contrast, when general interest rate levels fall, this typically causes the prices of fixed-income securities to rise. In both cases, the changes in the price cause the return on the security to be roughly the same as the average market interest rate. However, these price fluctuations vary depending on the term of the fixed-income security. Fixed-income securities with shorter terms are subject to lower interest rate risk than longer term securities. Fixed-income securities with shorter terms also tend to have lower yields than fixed-income securities with longer terms, however.

b) The risk that the issuer or counterparty will be unable to meet its contractual obligations (credit risk)

In addition to the general trends on the capital markets, the individual development of the respective issuer of the security also has an effect on the price of the security. Even when securities are selected carefully, there is no way to preclude losses when the issuer incurs significant losses in its business operations, for example.

c) The risk that a transaction is not handled as expected within a transfer system because a counterparty fails to pay or deliver by the deadline or as expected (settlement risk)

This category covers the risk that settlement does not take place as expected in the transfer system because a counterparty does not pay or deliver as expected or later than agreed. Settlement risk is the risk that the agreed consideration is not received upon execution of a transaction.

d) The risk that a position cannot be liquidated at a fair price at the desired time (liquidity risk)

Taking into account the opportunities and risks associated with investments in stocks and bonds, the Investment Firm especially purchases securities for the Investment Fund that are admitted for trading on Austrian or foreign exchanges or that are traded on organised markets that are recognised and open to the public and that are functioning properly.

In spite of this, the problem may arise for individual securities at certain times or in certain exchange segments that a security cannot be sold at the desired time. In addition, there is the risk that instruments that are traded in a rather narrow market segment can be subject to significant price volatility.

In addition, securities can be purchased from new issues for which the terms require that an application be filed for official listing on an exchange or in an organised market with the requirement that admission to the desired market be obtained within one year after the issue is placed.

The Investment Firm is authorised to purchase securities that are traded on an exchange or regulated market in the EEA, or on one of the exchanges or regulated markets listed in the Annex.

e) The risk that the value of an investment will be influenced by changes in an exchange rate (exchange rate or currency risk)

Another variant of market risk is currency risk. Unless specified otherwise, assets in an investment fund can be denominated in a different currency than that of the fund. The fund receives its income, repayments and sale proceeds from such investments in the currencies in which the respective instrument is denominated. The value of these currencies can fall relative to the currency of the fund. This means that there is the risk that the value of the shares will be negatively impacted when the fund invests in different currencies than it is denominated in.

f) The risk of the loss of assets held by the fund as a result of the insolvency of, negligence by, or fraudulent action on the part of the custodian bank or the sub-custodian bank (custody risk)

The safekeeping of the fund assets is associated with the risk of loss caused by the insolvency of the custodial agent, violations of the custodial agent's duties, or fraudulent action on the part of the custodial agent or one of its subagents. Especially when a prime broker is employed as a custodial agent, the same degree of security as afforded when a bank is employed as a custodial agent cannot be guaranteed under all circumstances.

g) The risks arising from concentration on specific investments or markets (concentration risk)

Risks can also arise from a concentration of the investments in certain assets or markets.

h) The performance risk and information about whether guarantees from third parties are in place and if limitations apply to such guarantees performance risk)

The value of assets acquired for the Investment Fund can develop differently than expected at the time of purchase. This means that no guarantee can be provided that the value will develop positively, unless a third party provides a guarantee to this effect.

i) Information about the financial capacity of any guarantor

The risk of an investment is higher or lower depending on the financial capacity of a guarantor that has issued a guarantee on the instrument.

j) The risk of inflexibility caused by the product itself or through restrictions imposed when switching to other investment funds (inflexibility risk)

The risk of inflexibility can be caused by the product itself or through restrictions imposed when switching to other investment funds.

k) Inflation risk

The earnings generated by an investment can be negatively impacted by the development of inflation. The invested capital itself can suffer from a general deterioration in the purchasing power of a monetary unit, and the development of inflation can also have a direct (negative) influence on the price of assets in the fund.

l) The risk affecting the capital in the investment fund (capital risk)

The risk affecting the capital in the Investment Fund can arise above all from the sale of the fund assets at a lower price than was paid for their acquisition. This also covers the risk of capital depletion in the event of the return of shares and excessive payout of investment yields as dividends to the Shareholders.

m) The risk of changes in other framework conditions, including tax regulations

The value of the assets in the Investment Fund can be negatively influenced by developments in countries in which investments are held, for example because of international political developments, changes in government policy, taxation, restrictions on foreign investments, currency fluctuations, and other changes in the legal system or in the regulatory framework. Trading may also take place on exchanges that are not as strictly regulated as those in the USA or the EU.

n) The risk that the values of certain securities can deviate from their actual selling prices because of illiquid market conditions (valuation risk)

Especially in times when market participants are faced with problems obtaining liquidity because of financial crises and a general lack of confidence, the values of certain securities and other financial instruments as determined by

market forces may decline, and this can make it difficult to determine the value of the asset in the fund. If investors in a fund simultaneously return large numbers of shares under such conditions, the fund management may be forced to sell securities at prices different than their actual valuation rates in order to maintain the necessary level of liquidity in the fund.

It is impossible to predict the development of the domestic and international capital markets or the specific developments affecting individual issuers. Earnings achieved in the past are not a guarantee that similar earnings can be achieved in the future. The Investment Firm strives to minimise the risk inherent to investing in securities while at the same time to maximise earnings potential. However, no guarantee can be given for the anticipated success of an investment.

In this, special attention is paid to risk diversification. The exact investment limits are governed in § 20 InvFG and § 230b ABGB.

It is expressly noted that this is a brief description, and that this description cannot replace qualified personal advice from an investment advisor.

Loans

Short-term loans of up to 10% of the fund assets may be taken out.

Delegation of tasks

In accordance with the quality standards applied in the Austrian investment fund industry, the Investment Firm notes that it has delegated tasks to a firm with which it is closely associated, an associated company pursuant to § 2 line 28 of the Austrian Banking Act (Bankwesengesetz).

Processing of transactions

In accordance with the quality standards applied in the Austrian investment fund industry, the Investment Firm expressly states that it can have transactions for the Investment Fund completed through a firm with which it is closely associated, an associated company pursuant to § 2 line 28 of the Austrian Banking Act (Bankwesengesetz).

14. Risk in connection with derivative financial instruments pursuant to § 21 InvFG

As part of its administration of the Investment Fund, the Investment Firm may purchase derivative financial instruments pursuant to § 21 InvFG subject to certain requirements and limitations and provided that the transactions in question are expressly permitted in the fund terms and conditions.

It is expressly noted that specific risks may be associated with derivative products, including:

- a) the time-limited rights that are acquired may lapse or may decrease in value.**
- b) the risk of loss cannot be determined, and may exceed collateral provided under the transaction.**
- c) transactions intended to preclude or limit the risks may be impossible to execute, or may only be possible at a price that results in a loss.**
- d) the risk of loss may rise when the obligations from such transactions or the consideration to be provided under the transaction is denominated in a foreign currency.**

The following additional risks may be encountered in transactions with OTC derivatives:

- a) Problems with the sale of OTC financial instruments to third parties, as there is no organised market for them; settling the obligations that have been entered into can be difficult or may entail significant costs because of the individual agreement (liquidity risk);
- b) the economic success of the OTC transaction can be put at risk by the default of the counterparty (counterparty risk);

15. Investment policy techniques and instruments

A) Demand deposits or callable deposits

Bank deposits in the form of demand deposits or callable deposits for a maximum term of 12 months may be held under the following conditions:

1. Demand deposits or callable deposits may be held at one bank with a term of no more than 12 months and in the amount of no more than 20% of the fund assets provided that the bank in question
 - is domiciled in a Member State, or
 - is domiciled in a non-Member State and is subject to supervisory regulations that are in the opinion of the Austrian Financial Market Authority equivalent to those under Community law.
2. Regardless of any deposit limits, an investment fund may invest no more than 20% of its assets in a combination of securities or money market instruments issued by, deposits held with, or OTC derivatives purchased from a single bank.

No minimum requirements apply to bank deposits. Bank deposits may make up no more than 10% of the fund assets.

B) Money market instruments

Money market instruments are instruments that are customarily traded on the money market, that are liquid, whose value can be determined exactly at any time, and that meet the requirements of § 1a paragraph 5 to 7 InvFG.

Money market instruments may be acquired for the Investment Fund that

1. are admitted on one of the Austrian or foreign exchanges listed in the Annex or traded on one of the regulated markets listed in the Annex and the regulated market is recognised, open to the public and is functioning properly.
2. are not traded on a regulated market as long as they are customarily traded on the money market, can be freely transferred, are liquid and their value can be determined exactly at any time, for which sufficient information is available, including information that allows the suitably accurate assessment of the credit risks associated with an investment in the instrument, and when the instrument or the issuer itself is subject to legal deposit and investor protection regulations and the instrument, provided that they
 - a) were issued or are guaranteed by a national, regional or municipal political entity or the central bank of a Member State, the European Central Bank, the European Union, or the European Investment Bank, a non-Member State, or, if it is a federal state, a member state of the federation, or an international organisation with public sector character and of which at least one Member State is a member, or
 - b) were issued by a business entity whose securities are admitted to one of the Austrian or foreign exchanges listed in the Annex or are traded on one of the regulated markets listed in the Annex, or
 - c) were issued or are guaranteed by a bank that is subject to regulatory supervision according to the criteria laid down in Community law, or were issued or are guaranteed by a bank that is subject to and complies with supervisory regulations that are in the opinion of the Austrian Financial Market Authority equivalent to those under Community law, or
 - d) were issued by another party belonging to a category approved by the Financial Market Authority, provided that equivalent investor protection regulations apply to investments in these instruments that are equivalent to letters a) to c), and provided that the issuer is either a business entity with capital stock of at least EUR 10 million that prepares and publishes its annual financial statements in accordance with the regulations of Directive 78/660/EEC, or is another legal entity that is responsible for finance management in a group of one or more listed companies, or is a legal entity that finances the collateralisation of debt in company or contractual form by using a line of credit granted by a bank; the line of credit must be guaranteed by a bank that meets the criteria listed in item 2 c) of these criteria.

Money market instruments that do not meet these criteria and that are also not traded on a regulated market may make up no more than 10% of the total fund assets.

C) Securities

Securities are

- a) equities and other equivalent securities,
- b) bonds and other debt that is evidenced by certificates,
- c) All other fungible financial instruments (such as stock rights) that entitle the holder to purchase financial instruments as defined by InvFG by means of subscription or exchange, with the exception of the techniques and instruments specified in § 21 InvFG.

The criteria in § 1a paragraph 3 InvFG must be met for an instrument to be considered a security.

Securities also include the following pursuant to § 1a paragraph 4 InvFG

1. Shares in closed funds in the form of an investment company or investment fund,
2. Shares in closed funds in contractual form,
3. Financial instruments pursuant to § 1a paragraph 4 line 3 InvFG

The investment company purchases securities that are admitted on one of the Austrian or foreign exchanges listed in the Annex or traded on one of the regulated markets listed in the Annex and the regulated market is recognised, open to the public and is functioning properly. In addition, securities can be purchased from new issues for which the terms require that an application be filed for official listing on an exchange or in a regulated market with the requirement that admission to the desired market be obtained within one year after the issue is placed.

Unlisted securities and other rights evidenced by paper

Up to 10% of the fund assets may be invested in securities that are not admitted to one of the exchanges listed in the Annex or traded on one of the regulated markets listed in the Annex.

D) Shares in Investment Funds

May not be purchased.

E) Derivative financial instruments

I. Listed and unlisted derivative financial instruments

Derivative financial instruments, including equivalent instruments settled in cash, may be purchased for the Investment Fund when they are admitted to one of the exchanges listed in the Annex, when they are traded on one of the regulated markets listed in the Annex, or when they are not admitted to an exchange or traded on a regulated market (OTC derivatives) provided that

- a) the underlying instruments are instruments as defined in § 15a of the fund terms and conditions or are financial indices, interest rates, exchange rates or currencies that the Investment Fund is permitted to invest in according to its fund terms and conditions,
- b) the counterparties in the transactions with OTC derivatives are banks subject to supervision and from a category approved by ordinances enacted by the Financial Market Authority, and
- c) the OTC derivatives are subject to reliable and transparent daily valuation and can be sold, liquidated, or settled by means of an offsetting transaction at a reasonable fair value at any time at the initiative of the Investment Firm.

This also includes instruments designed to transfer the credit risk of one of the above-mentioned instruments.

II. Purpose

Derivative financial instruments are only used for hedging purposes.

III. Risk management

The Investment Firm is required to employ a risk management system that enables it to monitor and measure at any time the risks associated with its investment positions and the relative share of these risks in the overall risk profile of the fund portfolio. It is also required to employ methods that enable it to precisely and independently measure the value of the OTC derivatives in the fund portfolio. On the basis of this method, the Investment Firm must in cooperation with the custodian bank inform the Financial Market Authority of the types of derivatives in the portfolios of each of the investment funds that it administers, the risks associated with the underlying instruments of these derivatives, the investment limits, and the methods that are used to measure the risks that are associated with the derivative instruments.

As derivative financial instruments are only used for hedging purposes, their use does not raise the fund's risk profile. See item 13 for a complete description of the use of derivative financial instruments and the risks that are associated with this.

The overall risk associated with the derivative instruments may not exceed the total net value of the Investment Fund assets. In calculating the risk, the fair values of the underlying values, the default risk, future market fluctuations, and the time available to liquidate the positions must be taken into account. The Investment Fund may hold derivative financial instruments within the limits specified in the fund terms and conditions and by the Austrian Investment Fund Act as part of its investment strategy, provided that the overall risk of the underlying instruments do not exceed these specific investment limits.

The default risk for OTC derivative transactions by the Investment Fund may not exceed the following levels:

- a) 10% of the fund assets when the counterparty is a bank pursuant to Directive 2002/12/EC,
- b) otherwise 5% of the fund assets.

Investments in index-based derivatives are not taken into account with regards to the specific investment limits for an investment fund. If a derivative is embedded in a security or money market instrument, it must be taken into account in determining overall compliance with the requirements specified above.

IV. Overall limit

The total imputed value of the derivative financial instruments not held for hedging purposes may not exceed the total value of the fund assets.

The imputed value for

- forward financial agreements is the contract value multiplied by the last calculated daily forward price;
- option rights is the value of the securities or financial instruments that are the object of the options (underlying)

Leverage:

If § 15 of the special fund terms and conditions for this fund permit the use of derivative financial instruments for speculative purposes, the Investment Firm may increase the leverage of this investment fund by using derivatives within the limits permitted by the InvFG.

F) Repurchase agreements

Not permitted.

G) Securities lending

Not permitted.

16. Valuation principles

The value of a share shall be determined by dividing the total value of the Investment Fund including earnings by the number of shares. The custodian bank shall determine the total value of the Investment Fund on the basis of the prices of the securities, money market instruments, and subscription rights contained in the Investment Fund plus the value of the financial investments, cash and cash equivalents, account balances, claims and other rights held by the Investment Fund, less any liabilities.

The net assets are calculated according to the following principles:

- a) The value of assets that are listed or traded on an exchange or other regulated market is generally determined on the basis of the latest published prices.
- b) If an asset is not listed or traded on an exchange or other regulated market or if the price reported for an asset that is listed or traded on an exchange or other regulated market does not adequately reflect its actual fair value, prices from reliable data providers, market prices for securities of the same type, or other recognised valuation methods will be used.

17. Calculation of the selling or issue price and the payout or redemption price of the share, especially:

- **Method and frequency of the calculation of these prices**
- **Information on the costs associated with sale, issue, return, or payout**
- **Information on the method, place, and frequency of the publication of these prices**

Issue premium

An issue premium will be included in the calculation of the issue price to cover the costs incurred in share issue. The premium for covering the issue costs is 2.5% of the value of a share. When the shares are only held for a short period, this issue premium can reduce or even negate the fund's performance. For this reason, it is recommended that the shares be held for a longer period.

Rounding of the issue and return prices

The issue price will be rounded up to the next full cent after the calculated share price and the issue premium are added. The return price is the share value.

Publication of the issue and return prices

The value of a share, the issue price and the return price will be calculated by the custodian bank on every exchange trading day and published in a business or daily newspaper that is published within Austria and has sufficient circulation and/or in electronic form on the web site of the issuing investment firm.

Costs for share issue and return

Shares will be issued and accepted for return by the custodian bank at no additional charge except for the calculation of the issue premium for the issue of share certificates. Shares shall be redeemed at the current share value at no additional charge.

The extent to which individual investors are charged additional fees for the purchase and return of share certificates depends on the individual agreements between the investor and the bank managing his security deposit account, and is therefore not under the influence of the Investment Firm.

18. Information about the method, amount, and calculation of the fees to be paid by the investment fund to the investment firm, custodian bank, or third parties and the compensation to be paid to the investment firm, custodian bank, or third parties by the investment fund to cover costs incurred

Administrative costs

The Investment Firm shall receive an **annual** fee for its administrative activities amounting to up to **0.5%** of the fund assets as calculated using the month-end values.

The Investment Firm shall also be entitled to compensation for all expenses incurred in the administration of the Investment Fund, especially costs for mandatory publications, custodial fees, fees charged by the custodian bank, auditing and consulting costs, and costs for the preparation of period-end financial statements.

Other costs

In addition to the fees to which the Investment Firm is entitled, the following costs and expenses must be covered by the Investment Fund:

a) Transaction costs

This includes the costs incurred in the purchase and sale of assets in the fund portfolio if they are not taken into account by way of transaction cost inclusion in the price of the asset.

b) Costs for the financial auditor

The fee paid to the financial auditor depends on the volume of the fund and also on its investment principles.

c) Publication costs

This includes the costs incurred in the publication of information that must be made available by law to shareholders in Austria and abroad. All costs assessed by the regulatory authorities can also be charged to the Investment Fund when changes must be made (especially in the fund terms and conditions and fund prospectus) because of changes in legal regulations.

d) Costs for accounts and securities accounts for the investment fund (securities portfolio fees)

The custodian bank will charge the Investment Fund customary securities account fees, costs for coupon collection, and customary fees for the administration of foreign securities in other countries, if applicable.

e) Custodian bank fee

The custodian bank will be paid a monthly fee for maintaining the fund accounts, for the daily calculation of the fund value, and for price publication.

f) Costs for external consulting

If external consultants are employed for the Investment Fund, all costs incurred in this connection will be reported under this item and charged to the Investment Fund.

g) Costs for registration for sale in foreign countries

If the Investment Fund is registered for sale in a foreign country, the costs for this application procedure will be reported under this item and charged to the Investment Fund.

This includes the costs incurred for the authorisation of the fund by foreign authorities (especially translations costs, registration fees, costs for document notarisation, etc.).

The current annual report contains a section titled Income Statement and Development of the Fund Assets; the item "Other administrative costs" in the subsection "Fund result" consists of items b to g above.

Benefits

The Investment Firm notes that it only accepts in-kind benefits (such as for broker research, financial analyses, market and price information systems) in connection with its administration of the Investment Fund in accordance with the accepted quality standards in the Austrian investment fund industry and when they are employed in the interests of all Shareholders.

The Investment Firm is permitted to make reimbursements (in the sense of commissions) from the administration fees that it receives. The payment of such reimbursements does not entail additional costs for the fund.

Reimbursements (in the sense of commissions) paid by third parties are forwarded to the Investment Fund after deduction of any associated costs and stated in the annual report.

19. External consulting firms and investment consultants

The investment company engages no external consulting firms or investment consultants whose fees are covered by the fund assets.

20. Past performance of the investment fund, if applicable

See the Simplified Prospectus.

21. Profile of the typical investor for whom the investment fund is designed

See the Simplified Prospectus.

22. Any costs or fees aside from those listed under item 17., broken down according to costs to be paid by the shareholder and those to be paid from the special assets of the investment fund

See the Simplified Prospectus.

SECTION III

INFORMATION ABOUT THE CUSTODIAN BANK

1. Custodian bank

The custodian bank is Erste Group Bank AG (formerly Erste Bank der oesterreichischen Sparkassen AG), Graben 21, A-1010 Vienna. Trade register number: FN 286283f, Court of registry: Commercial Court of Vienna.

2. Details of the contract with the investment firm and fees paid to the custodian bank, if these are assessed against the investment fund

Erste Group Bank AG (formerly Erste Bank der oesterreichischen Sparkassen AG) assumed the function of the custodian bank pursuant to the decision of the Federal Ministry of Finance dated 21 November 1988 and bearing the identifier GZ 25 4326/1-V/13/88. This bank is responsible for the issue and return of shares and the management of the accounts and securities accounts for the fund in accordance with the provisions of the Austrian Investment Fund Act. The fees to be paid to the Investment Firm for its administration of the fund and the compensation to be paid to the Investment Firm for the costs it incurs in the management of the fund must be paid by the custodian bank according to the fund terms and conditions from the accounts that it manages for the fund. The custodian bank is authorised to charge to the fund the fees to which it is entitled for the safekeeping of the fund's securities and for the management of the fund's accounts. In this, the custodian bank is only permitted to act on the basis of instructions from the Investment Firm.

3. Main business activity of the custodian bank

The custodian bank is a bank under Austrian law. Its main business activity is the provision of current and savings accounts, the extension of loans, and securities brokerage.

The appointment of the custodian bank and a change of custodian bank requires the approval of the Financial Market Authority. This approval may only be granted when it can be assumed that the bank can guarantee the proper execution of the functions of the custodian bank. Notice of the appointment or change of the custodian bank must be published; the official decision documenting approval must be published with the notice.

ERSTE-SPARINVEST
Kapitalanlagegesellschaft m.b.H.

Heinz Bednar

Franz Gschiegl

Jürgen Singer, Prokurist

Harald Egger, Prokurist

Franz Kisser, Prokurist

Anton Kovar, Prokurist

Winfried Buchbauer, Prokurist

Oskar Entmayr, Prokurist

Annex 1 to the Fund Prospectus

All investment funds administered by ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H.

15AU	ESPA-CS zajisteny fond 14
A & P-FONDS	ESPA-CS zajisteny fond 15
Absolute Return S.A.	ESPA-CS zajisteny fond 17
Advisory One	ESPA-CS zajisteny fond 19
ALPHA EXP	ESPA-CS zajisteny fond 20
BELMONT DYNAMIC STRATEGIES	ESPA-CS zajisteny fond 21
CASH ABS MEZZANINE	ESPA-CS zajisteny fond 22
DELPHIN INVEST	ESPA-CS zajisteny fond 23
DELPHIN TREND GLOBAL	ESPA-CS zajisteny fond 25
DONAU STAR-FONDS	ESPA-CS zajisteny fond 27
E 3	ESPA-CS zajisteny fond 29
E 4	ESPA-CS zajisteny fond 30
E 7	ESPA-CS zajisteny fond 31
ECM GLOBAL GARANT	ESPA-CS zajisteny fond 32
ECM-Renten International	ESPA-CS zajisteny fond 33
EDGAR	ESPA-CS zajisteny fond 34
EKA-KOMMERZ 14	ESPA-CS zajisteny fond 35
ERSTE-INTERBOND G1	ESPA-CS zajisteny fond 36
ERSTE ÚJ EURÓPA HOZAMBIZTOSÍTOTT NÖVEKEDÉSI ALAP	ESPA-CS zajisteny fond 37
ES 1	ESPA-CS zajisteny fond 39
ESPA ALTERNATIVE EMERGING-MARKETS	ESPA DALE TOTAL RETURN
ESPA ALTERNATIVE GLOBAL-MARKETS	ESPA Eurosky zaisteny fond 1
ESPA ALTERNATIVE MULTISTRATEGIE	ESPA FIDUCIA
ESPA BEST OF AMERICA	ESPA FX ALPHA
ESPA BEST OF EUROPE	ESPA GARANT ASIA
ESPA BEST OF HEALTHCARE	ESPA GARANT BEST CHOICE
ESPA BEST OF INNOVATION	ESPA GARANT BRIC
ESPA BEST OF JAPAN	ESPA GARANT CHINA
ESPA BEST OF WORLD	ESPA GARANT COMMODITIES
ESPA BOND BRIK CORPORATE	ESPA PIF MIX
ESPA BOND COMBIRENT	ESPA PIF TOP
ESPA BOND CONVERTIBLE	ESPA PORTFOLIO BALANCED 30
ESPA BOND CORPORATE BB	ESPA PORTFOLIO BALANCED 50
ESPA BOND DANUBIA	ESPA PORTFOLIO BOND
ESPA BOND DOLLAR	ESPA PORTFOLIO CREATIVE
ESPA BOND DOLLAR-CORPORATE	ESPA PORTFOLIO EQUITY
ESPA BOND EMERGING-MARKETS	ESPA PORTFOLIO LIFE CYCLE/19
ESPA BOND EUROPE	ESPA PORTFOLIO TARGET
ESPA BOND EURO-ALPHA	ESPA PORTFOLIO TARGET 4
ESPA BOND EURO-CORPORATE	ESPA PORTFOLIO TARGET 7
ESPA BOND EURO-LONGTERM	ESPA PROTECT EUROPE
ESPA BOND EURO-MÜNDELRENT	ESPA PROTECT NEW EUROPE
ESPA BOND EURO-RENT	ESPA SELECT BOND
ESPA BOND EURO-RESERVA	ESPA SELECT BOND DYNAMIC
ESPA BOND EURO-TREND	ESPA SELECT CASH
ESPA BOND EUROPE-HIGH YIELD	ESPA SELECT INVEST
ESPA BOND FINANCIALS	ESPA SELECT MED
ESPA BOND GLOBAL-ALPHA	ESPA SELECT STOCK
ESPA BOND INFLATION-LINKED	ESPA SELECT STOCK-PLUS
ESPA BOND INTERNATIONAL	ESPA SLSP Zaistený fond 3
ESPA BOND LOCAL EMERGING	ESPA STOCK ADRIATIC
ESPA BOND MORTGAGE	ESPA STOCK AGRICULTURE
ESPA BOND SYSTEM	ESPA STOCK AMERICA
ESPA BOND SYSTEM-EXTRA	ESPA STOCK AMERICA VALUE
ESPA BOND USA-CORPORATE	ESPA STOCK ASIA EMERGING
ESPA BOND USA-HIGH YIELD	ESPA STOCK ASIA INFRASTRUCTURE
ESPA BOND YEN	ESPA STOCK ASIA-PACIFIC PROPERTY
ESPA CASH ASSET-BACKED	ESPA STOCK BIOTEC
ESPA CASH CORPORATE-PLUS	ESPA STOCK BRICK
ESPA CASH DOLLAR	ESPA STOCK COMMODITIES
ESPA CASH EMERGING-MARKETS	ESPA STOCK EUROPE-ACTIVE
ESPA CASH EURO	ESPA STOCK EUROPE-EMERGING
ESPA CASH EURO-MIDTERM	ESPA STOCK EUROPE-GROWTH
ESPA CASH EURO-PLUS	ESPA STOCK EUROPE-PROPERTY
ESPA CASH FORINT	ESPA STOCK EUROPE-VALUE
ESPA CASH SYSTEM-PLUS	ESPA STOCK FINANCE
ESPA CESKY FOND PENEZNIHO TRHU	ESPA STOCK GLOBAL
ESPA CESKY FOND STATNICH DLUHOPISU	ESPA STOCK GLOBAL-EMERGING MARKETS
ESPA CESKY KORPORATNI FOND PENEZNIHO TRHU	ESPA STOCK INTERNET-INFRA
ESPA-CS zajisteny fond 3	ESPA STOCK ISTANBUL
ESPA-CS zajisteny fond 4	ESPA STOCK JAPAN
ESPA-CS zajisteny fond 5	ESPA STOCK MIDDLE EAST AND AFRICAN MARKETS
ESPA-CS zajisteny fond 7	ESPA STOCK NEW CONSUMER
ESPA-CS zajisteny fond 8	ESPA STOCK NEW-EUROPE ACTIVE
ESPA-CS zajisteny fond 9	ESPA STOCK NTX
ESPA-CS zajisteny fond 10	ESPA STOCK PHARMA
ESPA-CS zajisteny fond 11	ESPA STOCK RUSSIA
ESPA-CS zajisteny fond 12	ESPA STOCK TECHNO
ESPA-CS zajisteny fond 13	ESPA STOCK VIENNA

ESPA Stredoeurópsky zaistený fond
 ESPA VINIS Bond
 ESPA VINIS Cash
 ESPA VINIS Stock Austria
 ESPA VINIS Stock Europe
 ESPA VINIS Stock Europe Emerging
 ESPA VINIS Stock Global
 ESPA VORSORGE CLASSIC/03
 ESPA VORSORGE CLASSIC/04
 ESPA VORSORGE CLASSIC/05
 ESPA VORSORGE CLASSIC/06-07
 ESPA VORSORGE CLASSIC/08
 ESPA VORSORGE GOLD/03
 ESPA VORSORGE GOLD/03/02
 ESPA WWF STOCK CLIMATE CHANGE
 ESPA WWF STOCK UMWELT
 EUROBOND G1
 EURO MS-FONDS
 FTC Gideon I
 Flashtrader absolut
 GLOBAL CONVERTIBLES
 GLOBAL-PERFORMER Aktiendachfonds der Sparkasse
 Knittelfeld AG
 INTERNATIONALE AKTIENFONDSAUSSWAHL
 INVESTMENT GLOBAL DYNAMISCH
 K 114
 K 350
 K 354
 K 355
 K 500
 K 1000
 K 1351
 K 1700
 K 1751
 K 1941
 K 2000
 K 3000
 KOMMERZ 11
 KOMMERZ 13
 KOMMERZ 17
 KOMMERZ 22
 PIZ BUIN GLOBAL
 PRIVATE BANKING MANAGEMENT PROGRAM-BOND
 PRIVATE BANKING MANAGEMENT PROGRAM-BOND 2
 PRIVATE BANKING MANAGEMENT PROGRAM-EQUITY
 PRIVATE BANKING MANAGEMENT PROGRAM-EQUITY 2
 PRIVATE BANKING MANAGEMENT PROGRAM-REAL ESTATE

SPECIAL PURPOSE FUNDS

A 92
 AEK 2
 AEK 3
 AS 1
 E 5
 E 55
 E 62
 E 77
 EKA-KOMMERZ 16
 ESPA TA Konzept-Fonds 4
 Fredi Sewera Privatstiftung
 GUTENBERG CUD
 GUTENBERG RIH
 IQAM TA Konzept Fonds 3
 K 20
 K 200
 K 352
 K 401
 K 402
 K 405
 K 408
 K 410
 K 411
 K 412
 K 600
 K 1851
 K 1931
 K 1944
 KOMMERZ 15
 KOMMERZ 21
 KV 2007
 M 1997
 Pensions Portfolio Fonds 2
 RESERVE FONDS 1
 RKF 2006

PRO INVEST AKTIV
 PRO INVEST PLUS
 PRORENT
 Proteus 100
 QIMCO BALKAN EQUITY
 Salus Alpha Directional Markets
 Salus Alpha Equity Hedged
 Salus Alpha Event Driven
 Salus Alpha Managed Futures
 Salus Alpha Multi Style
 Salus Alpha Real Estate
 SALZBURGER SPARKASSE BOND AUSTRIA
 SALZBURGER SPARKASSE BOND GERMANY
 SALZBURGER SPARKASSE SELECT INVEST
 SALZBURGER SPARKASSE SELECT TREND
 SALZBURGER SPARKASSE TOP OF WORLD
 SELECT AKTIEN-DACHFONDS
 SELECT ANLEIHEN-DACHFONDS
 SPARRENT
 STRATEGIEPORTFOLIO BONDPLUS
 STRATEGIEPORTFOLIO LONGTERMPPLUS
 STRATEGIEPORTFOLIO MIDTERMPPLUS
 sWaldviertel Bond
 TOP-Fonds I „Der Stabile“ der Steiermärkischen Sparkasse
 TOP-Fonds II „Der Flexible“ der Steiermärkischen Sparkasse
 TOP-Fonds III „Der Aktive“ der Steiermärkischen Sparkasse
 TOP-Fonds IV „Der Planende“ der Steiermärkischen Sparkasse
 TOP-Fonds V „Der Offensive“ der Steiermärkischen Sparkasse
 TOP STRATEGIE alternative
 TOP STRATEGIE bond
 TOP STRATEGIE classic
 TOP STRATEGIE dynamic
 UL Dynamický
 UL Konzervativní
 UNIQA Corporate Bond
 UNIQA European High Grade Bond
 UNIQA Total Return
 VKB-Anlage-Mix Classic
 WE TOP DYNAMIC
 WILDER KAISER
 WSTV ESPA dynamisch
 WSTV ESPA Garantie
 WSTV ESPA progressiv
 WSTV ESPA traditionell
 XT EUROPA
 XT USA

SA 100
 SA 200
 SA 300
 SA 400
 SAFE
 s Europe
 s-Kapital Fix 08/2019
 s-Kapital Fix 12/2019
 s-Kapital Fix 04/2020
 s-Sozialkapitalfonds
 Sigma optimal
 SOLIDUS ETHIK
 SPARKASSEN 1
 SPARKASSEN 2
 SPARKASSEN 3
 SPARKASSEN 4
 SPARKASSEN 5
 SPARKASSEN 8
 SPARKASSEN 9
 SPARKASSEN 11
 SPARKASSEN 13
 SPARKASSEN 14
 SPARKASSEN 15
 SPARKASSEN 17
 SPARKASSEN 18
 SPARKASSEN 19
 SPARKASSEN 21
 SPARKASSEN 26
 SPARKASSEN 27
 SPARKASSEN 30
 SPECIAL PURPOSE FUND 3
 S-High Fix 16
 S-High Fix 20
 S-High Fix 24
 S-High Fix 29

S-High Fix 35
S-ZukunftAktien 1
S-ZukunftAktien 3
S-ZukunftRenten 1
TIWAG-Vorsorge-Fonds
TIWAG-Vorsorge-Fonds II
VBV Aktien Dachfonds I
VBV Bottom Up Value Equities
VBV Euro Bond Passiv

VBV Fundamental Growth Equities
VBV HTM FONDS
VBV Passive World Equities
VBV TA Konzepte Dachfonds
VBV VK Aktiendachfonds
VBV VK Sustainability Bonds
VLV 3
WSTW IV

NOTE:

KESSt-exempt non-dividend shares in funds registered for sale in foreign countries:

Certificates for KESSt-exempt non-dividend shares in funds registered for sale in foreign countries will only be issued to persons who have submitted verification of the fact that they are not subject to unlimited tax liability in Austria and who undertake before purchasing the shares to return the shares at any point in time at which they become subject to unlimited tax liability in Austria.

Annex 2 to the Fund Prospectus

List of exchanges with official trading and organised markets (As of July 2008)

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

According to Article 16 of Directive 93/22/EEC (Investment Services Directive), every Member State must maintain a current list of the authorised markets within its territory. This list must be submitted to the other Member States and the Commission.

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

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

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

<http://www.fma.gv.at/cms/site/attachments/2/0/2/CH0230/CMS1140105592256/listegeregmaerkte.pdf> *)

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

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

- | | | |
|-------|-------------|----------------------------------|
| 1.2.1 | Finland: | OMX Nordic Exchange Helsinki |
| 1.2.2 | Sweden: | OMX Nordic Exchange Stockholm AB |
| 1.2.3 | Luxembourg: | Euro MTF Luxembourg |

1.3. *Recognised markets* in the EU according to § 20 paragraph 3 line 1 lit. b InvFG:

- | | | |
|-------|---------------|---|
| 1.3.1 | Great Britain | London Stock Exchange Alternative Investment Market (AIM) |
|-------|---------------|---|

2. Exchanges in European countries outside of the EEA

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

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: | Bombay |
| 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 | Korea: | Seoul |

*)The link can be changed by the Austrian Financial Market Authority (FMA) at any time. You can find the current link on the web site of the FMA: www.fma.gv.at, Anbieter, "Informationen zu Anbietern am österreichischen Finanzmarkt", Börse, Übersicht, Downloads, Verzeichnis der Geregeltten Märkte.

- | | | |
|------|-----------|--------------|
| 3.13 | Malaysia: | Kuala Lumpur |
|------|-----------|--------------|

3.14	Mexico:	Mexico City
3.15	New Zealand:	Wellington, Christchurch/Invercargill, Auckland
3.16	Philippines:	Manila
3.17	Singapore:	Singapore Stock Exchange
3.18	South Africa:	Johannesburg
3.19	Taiwan:	Taipei
3.20	Thailand:	Bangkok
3.21	USA:	New York, American Stock Exchange (AMEX), New York Stock Exchange (NYSE), Los Angeles/Pacific Stock Exchange, San Francisco/Pacific Stock Exchange, Philadelphia, Chicago, Boston, Cincinnati
3.22	Venezuela:	Caracas
3.23	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 Securities Market Association (ISMA), Zurich
4.5	USA:	over the counter market in the NASDAQ system, over the counter market (markets organised by NASD such as the over the counter equity market, the municipal bond market, the government securities market, corporate bonds and public direct participation programs), the over the counter market for agency mortgage-backed securities

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 Futures Exchange
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:	Singapore International Monetary Exchange
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, New York Futures Exchange, Pacific Stock Exchange, Philadelphia Stock Exchange, New York Stock Exchange, Boston Options Exchange (BOX)

ESPA BOND EURO-MÜNDELRENT **General Terms and Conditions**

governing the contractual relationship between the Shareholders and ERSTE-SPARINVEST KAG (hereinafter the "Investment Firm") for the mutual funds administered by the Investment Firm, which are only valid in combination with the Special Terms and Conditions issued for each individual fund:

§ 1 Basic Terms

The Investment Firm is subject to the provisions of the 1993 Austrian Investment Fund Act as amended (hereinafter "InvFG").

§ 2 Fund Shares

1. Ownership in the assets held by the Investment Fund is divided into equal shares.

The number of shares is unlimited.

2. The partial ownership of the fund assets is evidenced by certificates having the characteristics of a security.

Fund shares may be issued as different classes of shares in accordance with the Special Fund Terms and Conditions.

The shares are depicted as global certificates (§ 24 Austrian Securities Deposit Act [Depotgesetz] as amended) and/or as effective individual shares.

3. Every purchaser of a share acquires proportionate ownership of all assets contained in the Investment Fund in accordance with the share of ownership assigned to the share. Every purchaser of a fraction of a global certificate acquires proportionate ownership of all assets contained in the Investment Fund in accordance with his fractional ownership of the global certificate.
4. The Investment Firm shall be permitted to split the shares in the fund with the approval of its Supervisory Board and issue additional share certificates to the Shareholders or replace the old share certificates with new ones when the Investment Firm deems that such a split would be in the interests of the Shareholders on the basis of the calculated share value (§ 6).

§ 3 Share Certificates and Global Certificates

1. The share certificates are registered shares.
2. The global certificates bear the original signature of a managing director or a duly authorised employee of the custodian bank and the original or facsimile signature of two managing directors of the Investment Firm.
3. The individual share certificates bear the original signature of a managing director or a duly authorised employee of the custodian bank and the original or facsimile signature of two managing directors of the Investment Firm.

§ 4 Administration of the Investment Fund

1. The Investment Firm shall be authorised to dispose of the assets in the Investment Fund and to exercise the rights associated with ownership of these assets. In this, it shall act in its own name for the account of the Shareholders. It shall protect the interests of the Shareholders and the integrity of the market, shall exercise the prudence of an ordinary and conscientious businessman as defined by § 84 paragraph 1 Austrian Stock Corporation Act (Aktiengesetz), and shall comply with the provisions of the InvFG and the Fund Terms and Conditions.

The Investment Firm shall be authorised to employ third parties in the administration of the Investment Fund and shall be authorised to permit such third parties to dispose of the fund assets in the name of the Investment Firm or in their own name for the account of the Shareholders.

2. The Investment Firm shall not be permitted to grant loans or enter into guarantee commitments of any kind for the account of the Investment Fund.
3. Assets in the Investment Fund may not be pledged or subject to liens of any kind, provided as collateral or transferred to another party except in those cases explicitly permitted in the Special Fund Terms and Conditions.
4. The Investment Firm shall not be permitted to sell securities, money market instruments or other financial investments pursuant to § 20 InvFG that are not fund assets at the time of sale for the account of the Investment Fund.

§ 5 Custodian Bank

The custodian bank (§ 13) appointed pursuant to § 23 InvFG shall manage the deposit and other accounts of the Investment Fund and shall exercise all other functions specified for it in the InvFG and in the fund Terms and Conditions.

§ 6 Issue and Share Value

1. The custodian bank shall calculate the value (share value) of a single share for every class of share certificate and publish the issue and return price (§ 7) every time that a share is issued or returned, but in any case at least twice per month.

The value of a share shall be determined by dividing the total value of the Investment Fund including earnings by the number of shares. The custodian bank shall determine the total value of the Investment Fund on the basis of the prices of the securities and subscription rights contained in the Investment Fund plus the value of the money market instruments and financial investments, cash and cash equivalents, account balances, claims and other rights held by the Investment Fund, less any liabilities.

The prices of the securities shall be based on the last-known exchange or other set prices as per § 7 paragraph 1 InvFG.

2. The issue price shall be made up of the share value plus a premium per share to cover the costs incurred by the Investment Firm in issuing the share. The resulting price shall be rounded up. The amount of this premium and the rules for rounding are specified in the Special Fund Terms and Conditions (§ 23).
3. In accordance with § 18 InvFG in connection with § 10 paragraph 3 Austrian Capital Market Act (Kapitalmarktgesetz, KMG), the issue and return prices for every class of share certificate will be published in a business or daily newspaper that is published within Austria and has sufficient circulation and/or in electronic form on the web site of the issuing investment firm.

§ 7 Return

1. Upon request by the Shareholder, his shares shall be redeemed at the current return price. In this event, the share certificate, outstanding coupons and the renewal certificate shall also be collected if necessary.
2. The return price shall be the value of one share less a discount and/or rounded down as specified in the Special Fund Terms and Conditions (§ 23). The payment of the return price and the calculation and publishing of the return price as specified in § 6 may be suspended temporarily when the Austrian Financial Market Authority is informed of this fact and a corresponding notice published as per § 10 and made dependent on the sale of assets in the Investment Fund and the receipt of the proceeds from the sale of assets by the Investment Firm under extraordinary conditions and when this is deemed necessary to protect justified Shareholder interests. Investors shall also be informed when the Investment Firm resumes accepting returned shares as specified in § 10.

This shall especially apply when the Investment Fund has invested 5% or more of its total value in assets whose valuations clearly do not correspond to their actual values as a result of political or economic conditions, and not only in individual cases.

§ 8 Accounting

1. The Investment Firm shall publish an annual report pursuant to § 12 InvFG within four months after the end of the Investment Fund's financial year.
2. The Investment Firm shall publish a semi-annual report pursuant to § 12 InvFG within two months after the end of the first six months of the Investment Fund's financial year.
3. The annual report and the semi-annual report shall be made available for viewing at the offices of the Investment Firm and at the custodian bank.

§ 9 Forfeiture of Earnings

Shareholder entitlements to the payment of their proportionate earnings shall expire after five years. After the lapse of this period, the earnings shall be treated as earnings generated by the Investment Fund.

§ 10 Publication

All notices pertaining to the share certificates, except for the notices pertaining to the calculated share values under § 6, are governed by § 10 paragraph 3 and paragraph 4 of the Austrian Capital Market Act (Kapitalmarktgesetz, KMG). The notices may be published

- by full printing in *Amtsblatt zur Wiener Zeitung*, or

- by making a sufficient number of copies of the notice available at the Investment Firm and the payment offices free of charge and printing the date of publication and the locations where the notice can be obtained in *Amtsblatt zur Wiener Zeitung*, or
- in electronic form on the web site of the issuing Investment Firm pursuant to § 10 paragraph 3 line 3 KMG.

The notice pursuant to § 10 paragraph 4 KMG shall be published in *Amtsblatt zur Wiener Zeitung* or in another newspaper that is distributed throughout Austria.

For changes to the prospectus pursuant to § 6 paragraph 2 InvFG, notice according to § 10 paragraph 4 KMG may also be made in electronic form only on the web site of the issuing Investment Firm.

§ 11 Amendment of the Fund Terms and Conditions

The Investment Firm shall be authorised to amend the Fund Terms and Conditions with the approval of the Supervisory Board and the approval of the custodian bank. The amendments must also be approved by the Austrian Financial Market Authority. The amendments must be published. Such amendments shall take effect on the date indicated in the published notice, but in any case no earlier than three months after publication.

§ 12 Termination and Liquidation

1. The Investment Firm shall be authorised to terminate the administration of the Investment Fund after obtaining approval from the Financial Market Authority with a period of notice of at least six months (§ 14 paragraph 14 InvFG), or immediately upon publication of a corresponding public (§ 10) notice if the fund assets fall below EUR 1,150,000 (§ 1 paragraph 2 InvFG). The termination of the fund pursuant to § 14 paragraph 2 InvFG is not permitted during the period of notice for termination pursuant to § 14 paragraph 1 InvFG.
2. If the Investment Firm loses its right to administer the Investment Fund, the administration or liquidation of the fund shall be handled in accordance with the provisions of the InvFG.

§ 12a Merger or Transfer of Fund Assets

The Investment Firm shall, in compliance § 3 paragraph 2 and § 14 paragraph 4 InvFG, be authorised to merge the assets of the Investment Fund with the assets of other investment funds, to transfer the assets of the Investment Fund to another investment fund, or to incorporate assets from other investment funds into the portfolio of the Investment Fund.

Special Fund Terms and Conditions

for **ESPA BOND EURO-MÜNDELRENT**, mutual fund pursuant to § 20 InvFG (the "Investment Fund" in the following).

The Investment Fund is compliant with Directive 85/611/EEC.

§ 13 Custodian Bank

The custodian bank is Erste Group Bank AG, Vienna.

§ 14 Payment and Submission Offices, Share Certificates

1. The payment and submission office for the share certificates and coupons is Erste Group Bank AG, Vienna.
2. The Investment Fund features two different share classes and the corresponding certificates: **dividend shares** and **non-dividend shares with capital gains tax withholding**, with certificates being issued for one share each and also for fractional shares. A fractional share can be one tenth (0.10), one hundredth (0.01) or one thousandth (0.001) of a share certificate.

The holders of shares are entitled to demand the issue of individual share certificates. The issue of such certificates may require some time for printing reasons.

3. As the share certificates are depicted in global certificates, the dividend payments according to § 26 and the payouts according to § 27 are made by the bank managing the Shareholder's securities account.

§ 15 Investment Instruments and Principles

1. The Investment Firm shall be authorised as defined by §§ 4, 20 and 21 InvFG, **§ 230b ABGB** and §§ 16ff of the fund terms and conditions to purchase all types of securities, money market instruments and other liquid financial investments for the Investment Fund, provided that the principle of risk diversification is maintained and no justified Shareholder interests are violated.
2. The fund assets will be invested according to the following investment policy principles:

- a) ESPA BOND EURO-MÜNDELRENT is a bond fund.
The fund may only invest in euro-denominated securities that are eligible for the investment of funds held in trust pursuant to § 230b ABGB.

ESPA BOND EURO-MÜNDELRENT invests primarily in securities issued by entities committed to following high ethical principles. Securities issued by entities involved in atomic energy, armaments manufacture or pornography, that allow animal testing, that engage in discriminatory practices, or that are active in countries in which human rights are violated or that have not ratified the Kyoto Protocol are precluded.

- c) investments in assets according to § 18 of these fund terms and conditions play a minor role and aside from to the fund earnings may make up no more than 10% of the fund assets.
- c) derivative financial instruments as specified in § 19 and § 19a of these fund terms and conditions (including swaps and other OTC derivatives) may only be used for hedging purposes; they play a substantial role relative to the total net value of the fund assets.

Within the framework of the hedging concept, the Investment Firm reserves the right, among other things, to hedge the interest rate risk according to strategies deemed to be appropriate based on the prevailing market conditions (e.g. using forward interest rate agreements).

3. If securities and money market instruments containing an embedded derivative are purchased for the Investment Fund, the Investment Firm must take this into account in compliance with §§ 19 and 19a. Investments in index-based derivatives are not taken into account in the investment limits in § 20 paragraph 3 line 5, 6, 7 and 8d InvFG.
4. Securities or money market instruments issued or guaranteed by a Member State including its political subdivisions, from a non-member state or from international organisations with a public sector character in which one or more Member States are members may make up more than 35% of the Investment Fund provided that the Investment Fund assets are invested in at least six different instruments, whereby an investment in one instrument may not make up more than 30% of the total Investment Fund assets.

§ 15a Securities and Money Market Instruments

Securities are

- a) equities and other equivalent securities,
- b) bonds and other debt that is evidenced by certificates,
- c) All other fungible financial instruments (such as stock rights) that entitle the holder to purchase financial instruments as defined by InvFG by means of subscription or exchange, with the exception of the techniques and instruments specified in § 21 InvFG.

The criteria in § 1a paragraph 3 InvFG must be met for an instrument to be considered a security.

Securities also include the following pursuant to § 1a paragraph 4 InvFG

1. Shares in closed funds in the form of an investment company or investment fund,
2. Shares in closed funds in contractual form,
3. Financial instruments pursuant to § 1a paragraph 4 line 3 InvFG

Money market instruments are instruments that are customarily traded on the money market, that are liquid, whose value can be determined exactly at any time, and that meet the requirements of § 1a paragraph 5 to 7 InvFG.

§ 16 Exchanges and Organised Markets

1. Securities and money market instruments may only be purchased for the Investment Fund when they
 - are listed or traded on a regulated market pursuant to § 2 line 37 of the Austrian Banking Act (BWG), or
 - are traded on another recognised, regulated securities market in a Member State that is open to the public and that is functioning properly, or
 - are officially listed on one of the non-Member State exchanges listed in the Annex, or
 - are traded on another recognised, regulated securities market in a non-Member State as listed in the Annex that is open to the public and that is functioning properly, or

- when the issue terms include the obligation to apply for public listing or admission for trading on one of the above-named exchanges or admission for trading on one of the above-mentioned other markets, and approval is granted by no later than one year after the issue of the security.
2. Freely transferable money market instruments that are not traded on a regulated market and that are customarily traded on the money market, that are liquid and whose value can be determined exactly at any time, for which sufficient information is available, including information that allows the suitably accurate assessment of the credit risks associated with an investment in the instrument, may be purchased for the Investment Fund if the instrument or the issuer itself is subject to the legal deposit and investor protection regulations and the instrument
- was issued or is guaranteed by a national, regional or municipal political entity or the central bank of a Member State, the European Central Bank, the European Union, or the European Investment Bank, a non-Member State, or, if it is a federal state, a member state of the federation, or an international organisation with public sector character and of which at least one Member State is a member, or
 - was issued by a company whose securities are traded on one of the regulated markets listed under item 1, with the exception of new issues, or
 - was issued or is guaranteed by an institution that is subject to supervisory regulations according to the criteria set forth in Community law, or that was issued or is guaranteed by an institution that is subject to and complies with supervisory regulations that are in the opinion of the Financial Market Authority at least as strict as those laid down in Community law, or
 - were issued by another party belonging to a category approved by the Financial Market Authority, provided that equivalent investor protection regulations apply to investments in these instruments, and provided that the issuer is either a business entity with capital stock of at least EUR 10 million that prepares and publishes its annual financial statements in accordance with the regulations of Directive 78/660/EEC, or is another legal entity that is responsible for finance management in a group of one or more listed companies, or is a legal entity that finances the collateralisation of debt in company or contractual form by using a line of credit granted by a bank that meets the criteria listed in item 2, sub-item 3.
3. A total of 10% of the fund assets may be invested in securities and money market instruments not meeting the requirements of items 1 and 2.

§ 17 Shares in Investment Funds

Shares in investment funds may not be purchased.

§ 18 Demand Deposits or Callable Deposits

1. The Investment Fund may hold bank deposits in the form of demand deposits or callable deposits for a maximum term of 12 months. There are no minimum deposit requirements. Aside from to the fund earnings, bank deposits may make up no more than **10%** of the fund assets.

§ 19 Derivative Financial Instruments

1. Derivative financial instruments, including equivalent instruments settled in cash, may be purchased for the Investment Fund when they are traded on one of the regulated markets specified in § 16, and when the underlying values are instruments as defined in § 15a or financial indices, interest rates, exchange rates or currencies in which the Investment Fund is permitted to invest according to its investment principles (§ 15). This also includes instruments designed to transfer the credit risk of one of the above-mentioned instruments.
2. The overall risk associated with the derivative instruments may not exceed the total net value of the Investment Fund assets. In calculating the risk, the fair values of the underlying values, the default risk, future market fluctuations, and the time available to liquidate the positions must be taken into account.
3. The Investment Fund may hold derivative financial instruments within the limits specified by § 20 paragraph 3 line 5, 6, 7, 8a and 8d InvFG as part of its investment strategy, provided that the overall risk of the underlying instruments do not exceed these investment limits.
4. Derivative financial instruments as specified in § 19 and § 19a of these fund terms and conditions **may only be used for hedging purposes**.

§ 19a OTC Derivatives

1. The Investment Fund may purchase derivative financial instruments that are not traded on an exchange (OTC derivatives) provided that
 - a) the underlying instruments are among those described in § 19 item 1,

- b) the counterparties are banks subject to supervision and from a category approved by ordinances enacted by the Financial Market Authority,
 - c) the OTC derivatives are subject to reliable and transparent daily valuation and can be sold, liquidated, or settled by means of an offsetting transaction at a reasonable fair value at any time at the initiative of the Investment Fund,
 - d) they are held within the limits specified in § 20 paragraph 3 line 5, 6, 7, 8a and 8d InvFG and the overall risk of the underlying instruments does not exceed these investment limits.
2. The default risk for OTC derivative transactions by the Investment Fund may not exceed the following levels:
 - a) 10% of the Investment Fund assets when the counterparty is a bank,
 - b) otherwise 5% of the fund assets.
 3. Derivative financial instruments as specified in § 19 and § 19a of these fund terms and conditions **may only be used for hedging purposes**.

§ 19b Value at Risk

Does not apply.

§ 20 Loans

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

§ 21 Repurchase Agreements

Not permitted.

§ 22 Securities Lending

Not permitted.

§ 23 Issue and Return Procedure

The share value shall be calculated in EUR in accordance with § 6.

The issue premium to cover the costs incurred by the Investment Firm in issuing the share shall be 2.5%; the resulting amount will be rounded up to the next cent to determine the final issue price. The return price is the share value.

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

§ 24 Financial Year

The financial year of the Investment Fund is from 1 October to 30 September of the following calendar year.

§25 Administration Fee, Compensation for Expenses

The Investment Firm shall receive an **annual** fee for its administrative activities amounting to up to **0.5%** of the fund assets as calculated using the month-end values.

The Investment Firm shall also be entitled to compensation for all expenses incurred in the administration of the Investment Fund, especially costs for mandatory publications, custodial fees, fees charged by the custodian bank, auditing and consulting costs, and costs for the preparation of period-end financial statements.

§ 26 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 Investment Firm. Dividends may also be paid at the discretion of the Investment Firm from earnings generated by the sale of Investment Fund assets, including subscription rights. Fund assets may not be paid out. The fund assets may not fall below EUR 1,150,000 after dividend payments in any case. The amounts shall be paid to the holders of dividend shares **on or after 15 December** of the following financial year, against collection of a coupon if necessary. The remaining amount shall be carried forward.

An amount calculated in accordance with § 13 sentence 3 InvFG must also be paid out on or after **15 December** to cover the capital gains tax assessed by the tax authorities on the dividend-equivalent earnings from the Investment Fund shares.

§ 27 Use of Earnings for Non-Dividend Shares with Capital Gains Tax Withholding (*non-dividend tranche*)

The earnings generated by the Investment Fund during the financial year less all costs will not be paid out. **Unless the pre-conditions specified in § 13 InvFG for the exemption of payment apply to all Shareholders**, an amount calculated in accordance with § 15 sentence 3 InvFG must also be paid out **on or after 15 December** of the following financial year to cover the capital gains tax assessed by the tax authorities on the dividend-equivalent earnings from the Investment Fund shares.

§ 28 Liquidation

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

Annex to the Special Fund Terms and Conditions

List of exchanges with official trading and organised markets

(As of July 2008)

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

According to Article 16 of Directive 93/22/EEC (Investment Services Directive), every Member State must maintain a current list of the authorised markets within its territory. This list must be submitted to the other Member States and the Commission.

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

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

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

<http://www.fma.gv.at/cms/site/attachments/2/0/2/CH0230/CMS1140105592256/listegeregmaerkte.pdf> *)

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

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

- | | | |
|-------|-------------|----------------------------------|
| 1.2.1 | Finland: | OMX Nordic Exchange Helsinki |
| 1.2.2 | Sweden: | OMX Nordic Exchange Stockholm AB |
| 1.2.3 | Luxembourg: | Euro MTF Luxemburg |

1.3. *Recognised markets* in the EU according to § 20 paragraph 3 line 1 lit. b InvFG:

- | | | |
|-------|----------------|---|
| 1.3.1 | Great Britain: | London Stock Exchange Alternative Investment Market (AIM) |
|-------|----------------|---|

2. Exchanges in European countries outside of the EEA

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

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: | Bombay |
| 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 | Korea: | Seoul |

*) The link can be changed by the Austrian Financial Market Authority (FMA) at any time. You can find the current link on the web site of the FMA: www.fma.gv.at, Anbieter, "Informationen zu Anbietern am österreichischen Finanzmarkt", Börse, Übersicht, Downloads, Verzeichnis der Geregelten Märkte.

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|------|-----------|--------------|
| 3.13 | Malaysia: | Kuala Lumpur |
| 3.14 | Mexico: | Mexico City |

3.15	New Zealand:	Wellington, Christchurch/Invercargill, Auckland
3.16	Philippines:	Manila
3.17	Singapore:	Singapore Stock Exchange
3.18	South Africa:	Johannesburg
3.19	Taiwan:	Taipei
3.20	Thailand:	Bangkok
3.21	USA:	New York, American Stock Exchange (AMEX), New York Stock Exchange (NYSE), Los Angeles/Pacific Stock Exchange, San Francisco/Pacific Stock Exchange, Philadelphia, Chicago, Boston, Cincinnati
3.22	Venezuela:	Caracas
3.23	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 Securities Market Association (ISMA), Zurich
4.5	USA:	over the counter market in the NASDAQ system, over the counter market (markets organised by NASD such as the over the counter equity market, municipal bond market, government securities market, corporate bonds and public direct participation programs), over the counter market for agency mortgage-backed securities

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 Futures Exchange
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:	Singapore International Monetary Exchange
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, New York Futures Exchange, Pacific Stock Exchange, Philadelphia Stock Exchange, New York Stock Exchange, Boston Options Exchange (BOX)