

# **ERSTE STOCK EUROPE EMERGING**

**Jointly owned fund pursuant to the InvFG**

Annual Report 2022/23

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## General Information about the Investment Firm

<b>The company</b>	Erste Asset Management GmbH Am Belvedere 1, A-1100 Vienna Telephone: +43 05 0100-19777, fax: +43 05 0100-919777
<b>Registered capital</b>	EUR 2.50 million
<b>Shareholders</b>	Erste Group Bank AG (64.67%) Erste Bank der österreichischen Sparkassen AG (22.17%) Steiermärkische Bank und Sparkassen Aktiengesellschaft (3.30%) Tiroler Sparkasse Bankaktiengesellschaft Innsbruck (1.74%) DekaBank Deutsche Girozentrale, Frankfurt (1.65%) „Die Kärntner“ Trust-Vermögensverwaltungsgesellschaft m. b. H. & Co KG (1.65%) Salzburger Sparkasse Bank Aktiengesellschaft (1.65%) Sieben Tiroler Sparkassen Beteiligungsgesellschaft m. b. H. (1.65%) NÖ-Sparkassen Beteiligungsgesellschaft m. b. H. (0.76%) VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (0.76%)
<b>Supervisory Board</b>	Rudolf SAGMEISTER (Chairman) Manfred BARTALSZKY Maximilian CLARY UND ALDRINGEN Harald GASSER Gerhard GRABNER Harald Frank GRUBER Oswald HUBER (Deputy Chairman – from 21.09.2022) Radovan JELASITY Ertan PISKIN (from 10.10.2022) Peter PROBER Rupert RIEDER (until 21.09.2022) Gabriele SEMMELROCK-WERZER Reinhard WALT Gerald WEBER Appointed by the Works Council: Martin CECH Regina HABERHAUER Heinrich Hubert REINER Peter RIEDERER Nicole WEINHENGST Manfred ZOUREK
<b>Managing directors</b>	Heinz BEDNAR Winfried BUCHBAUER Peter KARL Thomas KRAUS
<b>Prokuristen (proxies)</b>	Karl FREUDENSCHUSS Manfred LENTNER Günther MANDL Gerold PERMOSER Magdalena REISCHL Oliver RÖDER
<b>State commissioners</b>	Wolfgang EXL (from 01.09.2022) Angelika SCHÄTZ
<b>Auditor</b>	Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
<b>Depositary bank</b>	Erste Group Bank AG

## Dear Unit-holder,

We are pleased to present you the following annual report for the ERSTE STOCK EUROPE EMERGING jointly owned fund pursuant to the InvFG for the accounting year from 1 June 2022 to 31 May 2023.

Due to the current political situation and the associated uncertainties regarding the fungibility of the Moscow Exchange, the last official calculated value was determined for ERSTE STOCK EUROPE EMERGING on 24 February 2022. From this point until 7 October 2022, the calculation of prices and the trading of unit certificates were suspended for the Fund. For this reason, an indicative calculated value was determined for the start of the accounting year on 1 June 2022. After the segregation of the illiquid portions of ERSTE STOCK EUROPE EMERGING into ABW ERSTE STOCK EUROPE EMERGING – Investmentfonds in Abwicklung on 7 October 2022, unit certificate transactions and price calculation were resumed effective 10 October 2022.

Even as the COVID-19 pandemic spreads, we are not losing sight of our responsibility to manage the assets entrusted to our care in a manner that maintains our ability to act on the capital markets and that enables us to make the best possible allocation decisions.

Modern technology also allows us to meet these obligations in full via teleworking.

## Development of the Fund

### Market report and portfolio orientation:

ERSTE STOCK EUROPE EMERGING employs an active investment policy. The assets are selected on a discretionary basis. The Fund is oriented towards the MSCI EM Europe 10/40 Net Total Return EUR index as a benchmark (index provider disclaimer: <https://www.erste-am.com/index-disclaimer>). The composition and performance of the Fund can deviate substantially or entirely in a positive or negative direction from that of the benchmark over the short term or long term. The discretionary power of the Management Company is not limited.

Due to the geopolitical situation in Russia and Ukraine and the associated restrictions on trading on the Moscow Exchange, the calculation of prices and the trading of unit certificates have been suspended for ERSTE STOCK EUROPE EMERGING since 24 February 2022 in accordance with Section 56 of the Austrian Investment Fund Act 2011 (InvFG 2011).

In line with the options available to it under the law (including supervisory law), the Management Company decided to split the non-fungible (illiquid) Russian assets off from the Fund. This separated the Fund's assets into two parts. The illiquid, non-fungible part of ERSTE STOCK EUROPE EMERGING was split off on 7 October 2022. Entitled "ABW ERSTE STOCK EUROPE EMERGING – Investmentfonds in Abwicklung", it has been in liquidation since 8 October 2022. Unit holders were informed that the split-off had taken place pursuant to Section 65 (1) and (4) in conjunction with Section 136 (4) InvFG 2011. The Management Company instigated the liquidation process on 8 October 2022. The Austrian Financial Market Authority ("FMA") approved this split-off as requested in a decision dated 23 June 2022 and bearing the identifier IF25 4223/0001-INV/2022.

The split off UCITS "ABW ERSTE STOCK EUROPE EMERGING – Investmentfonds in Abwicklung" is currently in liquidation. We will realise these illiquid Russian assets in the best interests of the unit holders as soon as possible.

The remaining, liquid assets of ERSTE STOCK EUROPE EMERGING have been able to be dealt in again since 10 October 2022.

Unlike the 1:1 split ratio used for the unit certificates, the amortised acquisition costs were apportioned as follows: 55.2169% to ERSTE STOCK EUROPE EMERGING (the fund from which the split-off is being made) and 44.7831% to ABW ERSTE STOCK EUROPE EMERGING – Investmentfonds in Abwicklung (the assets being split off or, in other words, the side pocket).

ERSTE STOCK EUROPE EMERGING generated a positive performance of around 31.32% (AT0000858428) in euros between 10 October 2022 (the day on which the Fund could be dealt in again) and 31 May 2023. The MSCI benchmark for Eastern European equities (MSCI EM Europe 10/40, NR) gained around 32.04% (in euros) from 10 October 2022 to 31 May 2023.

ERSTE STOCK EUROPE EMERGING posted a negative performance of around 43.18% (AT0000858428) in euros between the last time its NAV was calculated on 24 February 2022 (date of suspension of price calculation in 2022) and 31 May 2023. The MSCI benchmark for Eastern European equities lost some 56.63% (in euros) from 24 February 2022 (date of suspension of price calculation in 2022) to 31 May 2023. The international index provider MSCI Inc. removed all Russian shares from its international indices on 9 March 2022.

The reporting period was a year full of volatility, war, trend reversals, and higher perceived risk levels in general for investors in global equity markets, particularly in Eastern Europe. The end of coronavirus lockdowns around the world has eased global trade in goods and services considerably. However, investors mainly had their eyes on inflation and the monetary policy being pursued by the central banks. The US Federal Reserve hiked interest rates (the “federal funds target rate”) from 1% to 5.25% over the last reporting period. The ECB followed suit slightly later, raising its own rates (the “lending rate”) from 0.25% to 4% – the highest level since the global crisis of 2007/08. Although these measures brought an end to the days of loose monetary policy, investors felt they were reasonable in the circumstances, especially given the high inflation figures. It was not until mid-October that markets and investors grew somewhat calmer, once it had become clear that, at the very least, Europe’s gas reserves were well stocked for the winter and the economic recession that some analysts had forecast had not materialised. Corporate earnings continued to spring some positive surprises in 2022 despite war in Ukraine and anti-Russian sanctions.

Emerging market equities (MSCI Emerging Markets) fell by 10.27% (in EUR) overall during the reporting period. Global equities (as measured by the MSCI World in EUR, MXWO index) rose by 1.23% in the reporting period while European shares (Stoxx 600, SXXP index) were up by 1.90%. The international commodity markets failed to keep up their positive trend from the previous year, with the CRB All Commodities Index falling by around 13.22% (in EUR) in the period and the oil price dropping by 39.41% (in EUR) to over USD 72.60 at the end of the period, amongst other things. Demand for precious metals, which are generally seen as “safe”, was not as high due to the rising interest rates. The gold price fell by 4.11% (in EUR) to USD 1.965.

The Turkish market delivered one of the best performances in years in the reporting period, gaining nearly 63.53% (XU100, in EUR). The Turkish economy was once again strong in 2022 and enjoyed significant growth. Real GDP expanded by an impressive 5.5% year on year. Growth was supported especially by household consumption (plus 21.6% yoy in April 2023), due to the high inflation (plus 39.6% yoy in May 2023), and by exports. Turkish exports rose by more than around 12.89% in annual comparison to USD 255.7 billion (December 2022). Analysts are expecting GDP growth of around 2.7% for 2023. The industrial purchasing managers’ index recently climbed to 51.5, indicating a recovery in economic output. The unorthodox monetary policy of its central bank, its budget and current account deficits, and rising financing costs in the wake of the February 2023 earthquake caused Türkiye’s currency, the lira, to fall by around 24.53%. After his election victory in May 2023, President Erdogan announced a cabinet reshuffle. An independent central bank and the normalisation of or return to orthodox monetary policy could help the Turkish currency recover.

The Greek equity market also made gains, with the Athens Stock Exchange General Index up by around 36.82% (in euros). As measured by GDP, the economy grew by 5.9% year on year in 2022. Inflation has fallen recently and now stands at 2.8% (May, yoy). Analysts are expecting GDP growth of around 1.5% for 2023. The industrial purchasing managers’ index recently climbed to 51.5, indicating a continued recovery in economic output. The rating agency S&P gave the country a “Positive” outlook on 22 April 2023. The next step would be investment grade status, which could inject further momentum into the economy.

Hungary outperformed the rest of the field in Central Europe, with its BUX Index gaining 28.59% (in euros). Inflation is high (21.5% in May 2023, yoy) but falling. The national bank raised interest rates from 5.9% to 13% over the reporting period. Analysts are expecting GDP growth of around 0.2% for 2023. The industrial purchasing managers’ index recently climbed to 57.5, indicating a faster recovery in economic output.

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## ERSTE STOCK EUROPE EMERGING

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The Czech stock index rose by 3.03% (PX, in euros). The market remained under pressure from high, albeit falling, inflation (11.10% in May 2023, yoy) as well as the recent announcement of weak macroeconomic data. Industrial production and retail sales began the period with falls of 1.8% (April 2023, yoy) and 3.4% (May 2023, yoy).

The industrial purchasing managers' index recently stood at 42.8, indicating a sustained crisis in the economy. The Czech National Bank only raised interest rates once during the period – from 5.75% to 7% in June 2022 – to avoid putting the economy under further pressure. Analysts are expecting GDP growth of around 0.2% for 2023.

Investors in Poland are also feeling the impact of the war in Ukraine. The Polish stock index rose by 3.93% (WIG20, in euros). Industrial production dropped by 6.4% recently (April 2023, yoy). The industrial purchasing managers' index recently stood at 47, indicating persistent pressure on the economy. Analysts are expecting GDP growth of around 0.7% for 2023. GDP expanded by an impressive 4.9% (2022, yoy). Although retail sales are currently on a downward trend, they still increased by 3.4% (April 2023, yoy). The Polish central bank only raised interest rates from 5.25% to 6.75% in 2022 to avoid putting the economy under further pressure.

In terms of the Fund's positioning, the reporting period was characterised by increased volatility, by high yet slower economic growth, and by rising interest rates prompted by high inflation. The portfolio was given a defensive orientation during the course of 2022 due to the economic effects of the war in Ukraine and the country-specific risks, amongst other things. Positions in Greece that were increased included OPAP (consumer discretionary), Eurobank, and Hellenic Telecommunications. In Poland, positions were increased in Allegro (online retail) and PKO Bank, amongst others. Slovenia's Nova Ljubljanska Banka was added to the portfolio. In Türkiye, existing positions in Kontrolmatik (industry), Garanti Bank, and others were reduced, while that in Bimas (retail) was increased somewhat. The Polish positions in Allegro (online retail), PKN (energy), PZU (insurance), and others were increased further in the third quarter of 2022. CTP (real estate logistics) was added to the Fund. OMV Petrom (energy) was brought in as a new investment in Romania. The bank allocation was increased further with the addition of Eurobank and NLB. In Türkiye, the existing position in Kontrolmatik (industry) was reduced, while that in Bimas (retail) was increased.

The management used the weakness on the Turkish market in 2023 to increase positions in, amongst others, Sabanci Holding (finance), Turkish Airlines, Pegasus Airlines, and TAV Holding (industry). By contrast, some existing positions including those in Tupras (energy), Ereğli (materials), and Bimas (retail) were reduced. Czechia's Moneta Bank was eliminated from the portfolio. Various existing positions were increased, including Richter Gedeon (Hungary, pharmaceuticals), CTP (real estate logistics), and Greece's Eurobank.

The portfolio has not contained any Russian securities since 8 October 2022. The illiquid, non-fungible part of the Fund was split off on 7 October 2022. The portfolio is invested in Poland, Hungary, Czechia, Slovenia, Romania, Bulgaria, Türkiye, and Greece. The highest weighting is accounted for by Polish equities at around 35.8%, Türkiye at around 19.86%, Greece at around 14.8%, and Hungary at around 10.35%, amongst others (data as of 31 May 2023). The management concentrated on companies with good financial positions and healthy balance sheets.

The performance of the EU economy and the conflict in Ukraine will likely be decisive in the coming months. Eastern European shares were trading at a hefty valuation discount compared with other markets. The portfolio's dividend yield at the end of the reporting period was roughly 4.80% (trailing), and the P/E ratio (12 m forward) was around 5.88x (source: EAM, Bloomberg).

## Method of Calculating the Global Exposure

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

\* Total nominal values of derivative instruments without taking into account offsetting and hedging (item 8.5. Schedule B InvFG 2011).

\*\* Total derivative risk taking offsetting and hedging into account = total of the equivalent values of the underlying assets as a percentage of the fund assets.

## Asset Allocation

	As of 31.05.2023	
	EUR millions	%
Equities		
BGN	0.1	0.39
EUR	6.3	19.77
PLN	11.1	35.01
ROL	0.5	1.55
CZK	2.3	7.38
TRL	6.5	20.44
HUF	3.2	10.21
Securities	30.0	94.75
Bank balances	1.6	5.04
Dividend entitlements	0.1	0.19
Interest entitlements	0.0	0.02
Other deferred items	-0.0	-0.01
Fund assets	31.6	100.00

## Comparative Overview

Accounting year	Fund assets
2020/2021	65,983,288.50
2021/2022	28,595,714.59
2022/2023	31,629,593.93

General information about performance:

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

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

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

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2020/2021	Dividend-bearing units	AT0000858428	EUR	72.33	1.2000	0.0000	17.15
2021/2022	Dividend-bearing units	AT0000858428	EUR	33.07	0.0000	0.0000	-53.57
2022/2023	Dividend-bearing units	AT0000858428	EUR	36.90	0.3000	0.0000	11.58

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2020/2021	Non-dividend-bearing units	AT0000812938	EUR	103.49	0.0000	0.0000	17.15
2021/2022	Non-dividend-bearing units	AT0000812938	EUR	48.06	0.0000	0.0000	-53.56
2022/2023	Non-dividend-bearing units	AT0000812938	EUR	53.63	0.0000	0.0000	11.59

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2020/2021	Non-dividend-bearing units	AT0000A28E13	EUR	101.50	0.5669	3.1135	18.60
2021/2022	Non-dividend-bearing units	AT0000A28E13	EUR	47.41	0.0000	0.0000	-53.05
2022/2023	Non-dividend-bearing units	AT0000A28E13	EUR	53.47	0.2266	0.9091	12.78

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2020/2021	KESt-exempt non-dividend-bearing units	AT0000673181	EUR	107.86	-	0.0000	17.14
2021/2022	KESt-exempt non-dividend-bearing units	AT0000673181	EUR	50.09	-	0.0000	-53.56
2022/2023	KESt-exempt non-dividend-bearing units	AT0000673181	EUR	55.89	-	0.0000	11.58



Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2020/2021	KESSt-exempt non-dividend-bearing units	AT0000639471	CZK	2,744.02	-	0.0000	11.20
2021/2022	KESSt-exempt non-dividend-bearing units	AT0000639471	CZK	1,238.72	-	0.0000	-54.86
2022/2023	KESSt-exempt non-dividend-bearing units	AT0000639471	CZK	1,328.36	-	0.0000	7.24

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2020/2021	KESSt-exempt non-dividend-bearing units	AT0000A00G88	HUF	37,445.58	-	0.0000	17.88
2021/2022	KESSt-exempt non-dividend-bearing units	AT0000A00G88	HUF	19,872.78	-	0.0000	-46.93
2022/2023	KESSt-exempt non-dividend-bearing units	AT0000A00G88	HUF	20,715.19	-	0.0000	4.24

## Disbursement/Payment

The following disbursement or payment will be made for the accounting year from 1 June 2022 to 31 May 2023. The coupon-paying bank is obligated to withhold capital gains tax from this disbursement if the respective investor is not exempt from the payment of this tax.

The disbursement or payment will be effected on or after 1 September 2023 at

Erste Group Bank AG, Vienna,

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

Fund type	ISIN	Currency	Dividend disbursement/payment		KESSt with option declaration	KESSt w/o option declaration	Re-investment
Dividend-bearing units	AT0000858428	EUR	0.3000		0.0000	0.0000	0.0000
Non-dividend-bearing units	AT0000812938	EUR	0.0000		0.0000	0.0000	0.0000
Non-dividend-bearing units	AT0000A28E13	EUR	0.2266		0.2266	0.2266	0.9091
KESSt-exempt non-dividend-bearing units	AT0000673181	EUR	-	*	-	-	0.0000
KESSt-exempt non-dividend-bearing units	AT0000639471	CZK	-	*	-	-	0.0000
KESSt-exempt non-dividend-bearing units	AT0000A00G88	HUF	-	*	-	-	0.0000

\* Pursuant to the penultimate sentence of § 58 (2) of the Austrian Investment Fund Act, no capital gains tax will be paid.

## Income Statement and Changes in Fund Assets

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

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

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

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

<b>AT0000858428 dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (133,896.977 units)	33.07
Disbursement/payment	0.0000
Unit value at the end of the reporting period (135,500.646 units)	36.90
Total value including (notional) units gained through dividend disbursement/payment	36.90
Net earnings per unit	3.83
<b>Value development of one unit in the period</b>	<b>11.58%</b>

<b>AT0000812938 non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (394,065.067 units)	48.06
Disbursement/payment	0.0000
Unit value at the end of the reporting period (397,701.598 units)	53.63
Total value including (notional) units gained through dividend disbursement/payment	53.63
Net earnings per unit	5.57
<b>Value development of one unit in the period</b>	<b>11.59%</b>

<b>AT0000A28E13 non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (105.033 units)	47.41
Disbursement/payment	0.0000
Unit value at the end of the reporting period (196.550 units)	53.47
Total value including (notional) units gained through dividend disbursement/payment	53.47
Net earnings per unit	6.06
<b>Value development of one unit in the period</b>	<b>12.78%</b>

<b>AT0000673181 KEST-exempt non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (75,273.644 units)	50.09
Disbursement/payment	0.0000
Unit value at the end of the reporting period (53,922.258 units)	55.89
Total value including (notional) units gained through dividend disbursement/payment	55.89
Net earnings per unit	5.80
<b>Value development of one unit in the period</b>	<b>11.58%</b>

<b>AT0000639471 KES-exempt non-dividend-bearing units CZK</b>	
Unit value at the beginning of the reporting period (21,571.507 units)	1,238.72
Disbursement/payment	0.0000
Unit value at the end of the reporting period (31,882.429 units)	1,328.36
Total value including (notional) units gained through dividend disbursement/payment	1,328.36
Net earnings per unit	89.64
<b>Value development of one unit in the period</b>	<b>7.24%</b>

<b>AT0000A00G88 KES-exempt non-dividend-bearing units HUF</b>	
Unit value at the beginning of the reporting period (7,400.017 units)	19,872.78
Disbursement/payment	0.0000
Unit value at the end of the reporting period (8,821.091 units)	20,715.19
Total value including (notional) units gained through dividend disbursement/payment	20,715.19
Net earnings per unit	842.41
<b>Value development of one unit in the period</b>	<b>4.24%</b>

## 2. Fund Result

### a. Realised fund result

#### Ordinary fund result

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

Interest income (excluding income adjustment) 20,746.87

Dividend income 878,458.22

Other income 8) 0.00

Total income (without profit or loss from price changes) 899,205.09

**Interest paid** - 10,779.63

##### Expenses

Fees paid to Investment Firm - 431,105.14

Costs for the financial auditor and tax consultation - 4,138.00

Publication costs - 59,111.85

Securities account fees - 7,106.08

Depositary bank fees - 34,494.92

Costs for the external consultant 0.00

Performance fee -

Fee foreign-currency unit certificates 9) - 99.16

Total expenses - 536,055.15

Compensation for management costs from sub-funds 1) 0.00

**Ordinary fund result (excluding income adjustment) 352,370.31**

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

Realised gains 4) 2,533,620.11

Realised losses 5) - 321,022.54

**Realised profit or loss from price changes (excluding income adjustment) 2,212,597.57**

**Realised fund result (excluding income adjustment) 2,564,967.88**

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

Changes in the unrealised profit or loss from price changes 7) 535,606.63

**Result for the reporting period 6) 3,100,574.51**

### c. Income adjustment

Income adjustment for income in the period 5,174.15

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

**Overall fund result 3,105,748.66**

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

<b>Fund assets at the beginning of the reporting period</b>	<b>28,595,714.59</b>
<b>Disbursement/payment in the accounting year</b>	<b>0.00</b>
<b>Issue and redemption of units</b>	<b>- 71,869.32</b>
<b>Overall fund result</b>	
(The fund result is shown in detail under item 2.)	<b>3,105,748.66</b>
<b>Fund assets at the end of the reporting period</b>	<b><u>31,629,593.93</u></b>

- 1) Reimbursements (in the sense of commissions) paid by third parties are forwarded to the Fund after deduction of appropriate costs. Erste Bank der oesterreichischen Sparkassen AG receives 25% of the calculated commissions to cover administrative costs.
- 2) Realised profits and losses are not calculated precisely for the specific periods, which means that they, as is the case for the changes in the unrealised profit or loss, are not necessarily congruent with the changes in the value of the Fund in the accounting year.
- 3) Total profit or loss from price changes without income adjustment (realised profit or loss from price changes, without income adjustment, plus changes in the unrealised profit or loss): EUR 2,748,204.20.
- 4) Thereof profits from transactions with derivative financial instruments: EUR 0.00.
- 5) Thereof losses from transactions with derivative financial instruments: EUR 0.00.
- 6) The result for the accounting year includes explicitly reported transaction costs in the amount of EUR 11,860.03.
- 7) Thereof changes in unrealised gains EUR -1,780,682.71 and unrealised losses EUR 2,316,289.34.
- 8) The earnings reported under this item can be attributed to lending fees from securities lending transactions conducted with Erste Group Bank AG in the amount of EUR 0.00, to earnings from real estate funds in the amount of EUR 0.00, and to other earnings in the
- 9) The Fund is charged a monthly fee per foreign-currency unit category for the management of the foreign-currency unit certificates.

# Statement of Assets and Liabilities as of 31 May 2023

(including changes in securities assets from 1 June 2022 to 31 May 2023)

Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding Units/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets
<b>Publicly traded securities</b>							
<b>Equities denominated in BGN</b>							
<b>Issue country Bulgaria</b>							
FIRST INVEST.BK AD SO.BW1	BG1100106050	0	0	117,000	2.040	122,040.14	0.39
Total issue country Bulgaria						122,040.14	0.39
Total equities denominated in BGN translated at a rate of 1.95575						122,040.14	0.39
<b>Equities denominated in EUR</b>							
<b>Issue country Greece</b>							
EUROBANK ERGASIAS EO-.22	GRS323003012	450,000	0	650,000	1.460	949,000.00	3.00
GREEK O.FOOTB.BEARER EO 0.30	GRS419003009	15,000	0	15,000	15.980	239,700.00	0.76
HELLENIC TELECOM. REG.	GRS260333000	25,000	0	45,000	14.320	644,400.00	2.04
MOTOR OIL (HELL.) EO 0.75	GRS426003000	0	10,000	40,000	24.120	964,800.00	3.05
NATL BK GREECE REG.EO 1	GRS003003035	0	0	300,000	5.800	1,740,000.00	5.50
Total issue country Greece						4,537,900.00	14.35
<b>Issue country Netherlands</b>							
CTP N.V. EO 1	NL00150006R6	35,000	0	35,000	12.000	420,000.00	1.33
Total issue country Netherlands						420,000.00	1.33
Total equities denominated in EUR						4,957,900.00	15.67
<b>Equities denominated in ROL</b>							
<b>Issue country Romania</b>							
OMV PETROM S.A.NAM.LN-.10	ROSPPACNOR9	900,000	0	4,900,000	0.497	490,256.47	1.55
Total issue country Romania						490,256.47	1.55
Total equities denominated in ROL translated at a rate of 4.96740						490,256.47	1.55
<b>Equities denominated in TRL</b>							
<b>Issue country Turkey</b>							
ARCELIK A.S. REG TN 1	TRAARCLK91H5	0	30,000	50,000	96.300	218,199.62	0.69
BIM BIRLESIK MAGAZALAR AS	TREBIMM00018	65,000	45,000	80,000	141.000	511,171.68	1.62
ENERJISA ENERJI TN -.01	TRENSA00014	0	0	125,000	31.000	175,601.97	0.56
EREGLI DEM.CEL. REG. TN 1	TRAEREGL91G3	0	200,000	150,000	33.040	224,589.26	0.71
FORD OTOMOTIV SANAYI TN 1	TRAOTOSN91H6	20,000	0	35,000	573.200	909,142.41	2.87
HACI OMER SABANCI TN 1	TRASAHOL91Q5	100,000	0	430,000	38.600	752,165.57	2.38
KOC HLDG NA TN 1	TRAKCHOL91Q8	0	0	170,000	78.800	607,061.69	1.92

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
KONT.TEKN.EN.VE MUE.TN 1	TREKNTR00013	315,271	270,270	105,001	143.000	680,435.36	2.15
PEGASUS HAVA TASIMAC.TN 1	TREPEGS00016	15,000	0	15,000	458.800	311,869.11	0.99
TAV HAVALIMAN.HLDG TN 1	TRETAVH00018	80,000	0	120,000	77.650	422,260.44	1.34
TUERK.PETROL RAFI. TN 1	TRATUPRS91E8	215,000	55,000	200,000	67.000	607,242.96	1.92
TURK HAVA YOLLARI AS	TRATHYAO91M5	100,000	0	100,000	143.800	651,653.26	2.06
TURKCELL ILETISIM TN 1	TRATCELL91M1	80,000	70,000	260,000	33.500	394,707.92	1.25
Total issue country Turkey						6,466,101.25	20.44
Total equities denominated in TRL translated at a rate of 22.06695						6,466,101.25	20.44
<b>Equities denominated in HUF</b>							
<b>Issue country Hungary</b>							
MOL NYRT. NA A UF 125	HU0000153937	0	0	180,000	2,820.000	1,369,024.34	4.33
OTP BANK NYRT.	HU0000061726	0	0	30,000	10,795.000	873,440.77	2.76
RICHT.GEDE.VEG.GYAR UF100	HU0000123096	7,000	0	42,000	8,725.000	988,335.24	3.12
Total issue country Hungary						3,230,800.35	10.21
Total equities denominated in HUF translated at a rate of 370.77500						3,230,800.35	10.21
Total publicly traded securities						15,267,098.21	48.27
<b>Securities admitted to organised markets</b>							
<b>Equities denominated in EUR</b>							
<b>Issue country Slovenia</b>							
NOVA LJUBLJ.BK GDR REG.S	US66980N2036	30,000	0	87,000	14.900	1,296,300.00	4.10
Total issue country Slovenia						1,296,300.00	4.10
Total equities denominated in EUR						1,296,300.00	4.10
<b>Equities denominated in PLN</b>							
<b>Issue country Luxembourg</b>							
ALLEGRO.EU ZY -.01	LU2237380790	220,000	0	260,000	35.520	2,036,697.25	6.44
Total issue country Luxembourg						2,036,697.25	6.44
<b>Issue country Poland</b>							
BANK POLSKA KASA OP. ZY 1	PLPEKA000016	0	0	76,000	96.260	1,613,390.97	5.10
CYFROWY POLSAT SA ZY -.04	PLCFRPT00013	0	0	65,000	15.445	221,401.95	0.70
DINO POLSKA S.A. ZY -.10	PLDINPL00011	0	0	7,600	416.100	697,415.31	2.20
EUROCASH S.A. CL.A ZY 1	PLEURCH00011	0	0	80,000	16.680	294,283.70	0.93
KGHM POLSKA MIEDZ ZY 10	PLKGHM000017	0	0	45,000	104.600	1,038,064.57	3.28
PKN ORLEN S.A. ZY 1.25	PLPKN0000018	85,000	0	115,000	60.190	1,526,519.50	4.83
PKO BANK POLSKI S.A. ZY 1	PLPKO0000016	25,000	0	240,000	32.080	1,697,953.42	5.37
POWSZECHNY ZAKLAD UBEZP.	PLPZU0000011	55,000	30,000	225,000	38.580	1,914,365.74	6.05
SHOPER SPOL.A.A-C ZY 0.10	PLSHPR000021	0	0	5,000	30.500	33,631.79	0.11
Total issue country Poland						9,037,026.95	28.57
Total equities denominated in PLN translated at a rate of 4.53440						11,073,724.20	35.01

## ERSTE STOCK EUROPE EMERGING

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
<b>Equities denominated in CZK</b>							
<b>Issue country Czechia</b>							
CEZ AS BEARER KC 100	CZ0005112300	0	0	35,000	998.500	1,470,390.24	4.65
KOMERCNI BANKA BEARER KC100	CZ0008019106	9,000	9,000	31,000	661.500	862,795.83	2.73
Total issue country Czechia						2,333,186.07	7.38
Total equities denominated in CZK translated at a rate of 23.76750						2,333,186.07	7.38
Total securities admitted to organised markets						14,703,210.27	46.49
<b>Unlisted securities</b>							
<b>Equities denominated in EUR</b>							
<b>Issue country Slovakia</b>							
SLOVENSKE LOD. BEARER.SN1000	CS0005050954	0	0	1,266	0.000	0.00	0.00
Total issue country Slovakia						0.00	0.00
Total equities denominated in EUR						0.00	0.00
<b>Equities denominated in PLN</b>							
<b>Issue country Poland</b>							
GETBACK S.A. ZY -.05	PLGTBCK00297	0	0	132,200	0.000	0.00	0.00
Total issue country Poland						0.00	0.00
Total equities denominated in PLN translated at a rate of 4.53440						0.00	0.00
Total unlisted securities						0.00	0.00
<b>Breakdown of fund assets</b>							
Transferable securities						29,970,308.48	94.75
Bank balances						1,595,213.70	5.04
Dividend entitlements						59,427.88	0.19
Interest entitlements						6,338.24	0.02
Other deferred items						-1,694.37	-0.01
Fund assets						31,629,593.93	100.00

### Investor note:

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



Dividend-bearing units outstanding	AT0000858428	units	135,500.646
Value of dividend-bearing unit	AT0000858428	EUR	36.90
Non-dividend-bearing units outstanding	AT0000812938	units	397,701.598
Value of non-dividend-bearing unit	AT0000812938	EUR	53.63
Non-dividend-bearing units outstanding	AT0000A28E13	units	196.550
Value of non-dividend-bearing unit	AT0000A28E13	EUR	53.47
KEST-exempt non-dividend-bearing units outstanding	AT0000673181	units	53,922.258
Value of KEST-exempt non-dividend-bearing unit	AT0000673181	EUR	55.89
KEST-exempt non-dividend-bearing units outstanding	AT0000639471	units	31,882.429
Value of KEST-exempt non-dividend-bearing unit	AT0000639471	CZK	1,328.36
KEST-exempt non-dividend-bearing units outstanding	AT0000A00G88	units	8,821.091
Value of KEST-exempt non-dividend-bearing unit	AT0000A00G88	HUF	20,715.19

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

No total return swaps pursuant to Regulation (EU) 2015/2365 (Regulation on Transparency of Securities Financing Transactions and of Reuse) were concluded for the Fund during the reporting period.

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

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

All OTC derivatives are traded through Erste Group Bank AG.

In the event of negative derivatives exposure, collateral in the form of cash or bonds is pledged to Erste Group Bank AG in accordance with the contractually agreed threshold.

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

## ERSTE STOCK EUROPE EMERGING

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

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
<b>Publicly traded securities</b>			
<b>Equities denominated in RUB</b>			
<b>Issue country Russia</b>			
AKTION.KOM.ALROSA RL0.50	RU0007252813	0	1,050,000
GAZPROM RL 5	RU0007661625	0	1,410,000
LUKOIL RL-.025	RU0009024277	0	74,000
MAGNIT PJSC RL-.01	RU000A0JKQU8	0	19,000
MMC NORILSK NICK.PJSC RL1	RU0007288411	0	12,300
MOBILE TELESYSTEMS RL-.10	RU0007775219	0	200,000
MOSCOW EXCH.MICEX-RTS RL1	RU000A0JR4A1	0	300,000
NOVATEK RL 0.10	RU000A0DKVS5	0	180,000
NOVOLIPETSKIY MET. RL 1	RU0009046452	0	50,000
POLYUS PJSC RL 1	RU000A0JNAA8	0	10,000
SEVERSTAL RL-.01	RU0009046510	0	40,000
TATNEFT PJSC RL 1	RU0009033591	0	55,000
UNIT.CO.RUSAL RL -.656517	RU000A1025V3	-300,000	0
<b>Equities denominated in TRL</b>			
<b>Issue country Turkey</b>			
TUERKIYE GAR.BANK.REG.TN1	TRAGARAN91N1	0	300,000
<b>Equities denominated in USD</b>			
<b>Issue country Russia</b>			
SURGUTNEFTEGAS PJSC VZ	RU0009029524	0	1,500,000
TATNEFT PJSC RL 1	RU0009033591	0	180,000
<b>Securities admitted to organised markets</b>			
<b>Equities denominated in RUB</b>			
<b>Issue country Jersey</b>			
POLYMETAL INTL PLC	JE00B6T5S470	0	60,000

<b>Security designation</b>	<b>ISIN number</b>	<b>Purch./ additions Units/nominal (nom. in 1,000, rounded)</b>	<b>Sales/ disposals</b>
<b>Issue country Netherlands</b>			
YANDEX N.V. CL.A DL -.01	NL0009805522	0	50,000
<b>Issue country British Virgin Islands</b>			
VK CO. LTD. GDR REG S	US5603172082	0	15,000
<b>Issue country Cyprus</b>			
NOVENTIQ HOLDIN. GDR REGS	US83407L2079	0	45,000
<b>Equities denominated in CZK</b>			
<b>Issue country Czechia</b>			
MONETA MONEY BANK KC 20	CZ0008040318	0	70,000

Vienna, 31 July 2023

Erste Asset Management GmbH  
Electronically signed

Inspection information: The electronic signatures of this document can be inspected at the website of Rundfunk und Telekom Regulierungs-GmbH (<https://www.signatur.rtr.at/de/vd/Pruefung.html>).

Note: This document was signed with two qualified electronic signatures. A qualified electronic signature has the same legal effect as a hand-written signature (Article 25 of Regulation [EU] No 910/2014 [eIDAS Regulation]).

## Remuneration Policy

### Remuneration paid to employees of Erste Asset Management GmbH in EUR (2021 financial year of Erste Asset Management GmbH)

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

Number of employees as of 31.12.2021	262
Number of risk bearers in 2021	133
Fixed remuneration	18,971,588
Variable remuneration (bonuses)	5,819,336
<b>Total employee remuneration</b>	<b>24,790,924</b>
Thereof remuneration for managing directors	1,259,918
Thereof remuneration for managerial risk bearers	3,907,911
Thereof remuneration for risk bearers with control functions*	1,481,773
Thereof remuneration for other risk bearers	7,868,465
Thereof remuneration for employees in the same income bracket as managers and risk bearers due to the amount of their total remuneration	0
<b>Total remuneration for risk bearers</b>	<b>14,518,067</b>

\* Managers with control functions are reported in this group

### Principles governing performance-based remuneration components

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

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

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

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

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

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

The remuneration system is made up of three components:

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

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

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

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

The complete remuneration policy of the Management Company can be viewed at [http://www.erste-am.at/de/private\\_anleger/wer-sind-wir/investmentprozess](http://www.erste-am.at/de/private_anleger/wer-sind-wir/investmentprozess).

The last audit of compliance with the requirements of the remuneration policy by the Supervisory Board in March 2022 revealed no deviations. There were also no material findings during the last audit by the Internal Auditing department.

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

# Audit Report\*

## Statement on the annual report

### Audit opinion

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

ERSTE STOCK EUROPE EMERGING  
Jointly owned fund pursuant to the InvFG

consisting of the statement of assets and liabilities as of 31 May 2023, the income statement for the accounting year ending on this date, and the other information specified in Annex I Schedule B of the Austrian Investment Fund Act 2011 (InvFG 2011).

Based on the findings of our audit, we believe that the annual report satisfies the legal requirements and provides a true and fair view of the assets and financial position as of 31 May 2023 and of the earnings position of the fund for the accounting year ending on this date in accordance with Austrian commercial law and the provisions of the InvFG 2011.

### Basis for the audit opinion

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

### Other information

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

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

In the context of our review of the annual report, we are responsible for reading this other information and assessing whether the other information contains material inconsistencies with the annual report or with the information gathered by us during our audit, or appears to contain other manners of material misstatements.

Should we come to the conclusion on the basis of the work completed with the other information received before the date of the audit report that this other information contains a material misstatement, we are required to report about this fact. We have nothing to report in this regard.

### **Management and supervisory board responsibilities relating to the annual report**

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

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

### **Responsibilities of the auditor in auditing the annual report**

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

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

In addition:

- We identify and assess the risks of material misstatements in the annual report due to error or fraud, plan audit steps in response to these risks, perform the planned audit steps, and collect audit evidence that is sufficient and suitable to form a basis for our audit opinion. The risk that a material misstatement resulting from fraud will remain undiscovered is greater than for misstatements resulting from error because fraudulent activity can include collusion, the falsification of documents, intentional incomplete or misleading representations, and the circumvention of internal controls.
- We familiarise ourselves with the internal control systems that are relevant for the audit to plan audit steps that are appropriate under the specific circumstances, but not so as to state an opinion on the effectiveness of the company's internal control system.

- We assess the appropriateness of the accounting methods applied by the legal representatives and the reasonableness of the estimates made by the legal representatives in the accounts and of the associated information.
- We assess the overall presentation, the structure, and the content of the annual report including the figures as well as whether the annual report depicts the underlying transactions and events in a manner that provides a true and fair view.
- We discuss the planned scope and scheduling of the audit and any material audit findings, including material defects that we discover in the internal control system during our audit, with the supervisory board, among other issues.

Vienna, 14 August 2023

**Ernst & Young**

Wirtschaftsprüfungsgesellschaft m.b.H.

**Mag. Andrea Stippl m.p.**  
(Certified Public  
Accountant)

**MMag. Roland Unterweger m.p.**  
(Certified Public Accountant)

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



## **Annex Sustainability-Related Information**

### **Information pursuant to Article 7 of Regulation (EU) 2020/852 (Taxonomy Regulation):**

The underlying investments of this financial product do not take the EU criteria for environmentally sustainable economic activity into account.

## Fund Rules

### ERSTE STOCK EUROPE EMERGING

The Fund Rules for **ERSTE STOCK EUROPE EMERGING**, jointly owned fund pursuant to the **Austrian Investment Fund Act (Investmentfondsgesetz; InvFG) 2011 as amended**, were approved by the Austrian Financial Market Authority (FMA).

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

#### Article 1 Fund Units

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

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

#### Article 2 Depositary Bank (Depositary)

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

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

#### Article 3 Investment Instruments and Principles

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

**The Fund invests predominantly, in other words at least 51% of its assets, in equities from issuers the majority of which have their registered office or the focus of their business activities in the Baltic region, eastern Central Europe (including Austria), Southeastern Europe, the Commonwealth of Independent States (CIS, successor states to the Soviet Union), and Turkey, in the form of directly purchased individual instruments, in other words not indirectly or directly through investment funds or through derivatives.**

**The Fund may also invest in stocks from issuers registered in or having business interests in the Middle East and Africa.**

**The Fund employs an active investment policy. The assets are selected on a discretionary basis. The Fund is oriented towards a benchmark (more information can be found in section 12 of the prospectus). The composition and performance of the Fund can deviate substantially or entirely in a positive or negative direction from that of the benchmark over the short term or long term. The discretionary power of the Management Company is not limited.**

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

**The Fund may invest in units in investment funds with investment restrictions that deviate from those of the Fund in terms of the investment focus described above and the restrictions regarding investment instruments defined below. This will not impair compliance with the investment focus described above at any time.**

**a) Transferable securities**

Transferable securities (including securities with embedded derivative financial instruments) comprise **at least 51%** of the fund assets.

**b) Money market instruments**

Money market instruments may comprise **up to 49%** of the fund assets.

**c) Transferable securities and money market instruments**

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

Transferable securities and money market instruments may be purchased for the Fund when they meet the criteria regarding listing or trading on a regulated market or a securities exchange pursuant to the InvFG.

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

**d) Units in investment funds**

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

**e) Derivative financial instruments**

Derivative financial instruments can be used as part of the investment strategy and for hedging purposes, and may comprise **up to 49%** of the fund assets.

**f) Risk measurement method(s) of the Fund**

The Fund applies the following risk measurement method: **commitment approach**

The commitment value is determined according to § 3 of the 4th FMA Regulation on Risk Calculation and Reporting of Derivative Instruments (4. Derivate-Risikoberechnungs- und MeldeV) as amended.

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

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

There are no minimum bank balance requirements.

However, in the course of the restructuring of the fund portfolio and/or in the case of the justified expectation of impending losses experienced by transferable securities, the Fund can hold a proportion of transferable securities below the specified limit and a higher proportion of demand deposits or deposits with the right to be withdrawn with a maximum term of 12 months.

**h) Acceptance of short-term loans**

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

**i) Repurchase agreements**

Does not apply.

**j) Securities lending**

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

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

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

#### **Article 4 Issue and Redemption Procedure**

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

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

### **Issue of units and front-end surcharge**

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

The issue price shall be made up of the unit value plus a surcharge per unit amounting to **up to 5.00%** to cover the costs incurred by the Management Company in issuing the unit, rounded up to the next equivalent sub-unit of the currency unit specified for the respective unit category in the prospectus.

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

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

### **Redemption of units and back-end commission**

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

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

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

## **Article 5 Accounting Year**

The accounting year of the Fund is from 1 June to 31 May.

## **Article 6 Unit Categories and Use of Earnings**

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

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

### **Use of earnings for dividend-bearing units**

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

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

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

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

### **Use of earnings for non-dividend-bearing units with capital gains tax payment (non-dividend-bearing units)**

The earnings generated by the Fund during the accounting year less all costs will not be paid out. In the case of non-dividend-bearing units, an amount calculated in accordance with the InvFG must be paid out **on or after 1 September** to cover the capital gains tax assessed by the tax authorities on the dividend-equivalent earnings from the fund units unless the Management Company provides suitable proof from the banks managing the corresponding securities accounts that the unit certificates can only be held by Unit-holders who are not subject to Austrian personal income tax or corporation tax or who meet

the conditions for exemption from capital gains tax according to § 94 of the Austrian Income Tax Act (Einkommensteuergesetz) at the time of payment.

**Use of earnings for non-dividend-bearing units without capital gains tax payment (KESt-exempt non-dividend-bearing units)**

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

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

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

**Article 7**

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

- 1 The Management Company shall receive an **annual** fee for its administrative activities amounting to **up to 1.80%** of the fund assets as calculated and accrued on the basis of the daily fund volume. The fee will be charged to the fund assets once per month.
- 2 In addition to the fees to which the Management Company is entitled, an **annual fee amounting to up to 0.36%** of the fund assets as calculated and accrued on the basis of daily total fund assets can be paid from the fund assets for the services of a **third party appointed in accordance with § 28 InvFG**. The fee will be charged to the fund assets once per month.

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

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

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

Upon liquidation of the Fund, the party processing the liquidation shall receive a fee in the amount of **0.50%** of the fund assets.

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

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

**Annex to the Fund Rules**

**List of exchanges with official trading and organised markets**

(As of October 2021)

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

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

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

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

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

[https://registers.esma.europa.eu/publication/searchRegister?core=esma\\_registers\\_upreg](https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_upreg) \*

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

1.2.1. Luxembourg: Euro MTF Luxembourg

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

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

**2. Exchanges in European countries outside of the EEA**

2.1.	Bosnia and Herzegovina:	Sarajevo, Banja Luka
2.2.	Montenegro:	Podgorica
2.3.	Russia:	Moscow Exchange
2.4.	Switzerland:	SIX Swiss Exchange AG, BX Swiss AG
2.5.	Serbia:	Belgrade
2.6.	Turkey:	Istanbul (only “National Market” on the stock market)
2.7.	United Kingdom of Great Britain and Northern Ireland:	Cboe Europe Equities Regulated Market – Integrated Book Segment, London Metal Exchange, Cboe Europe Equities Regulated Market – Reference Price Book Segment, Cboe Europe Equities Regulated Market – Off-Book Segment, London Stock Exchange Regulated Market (derivatives), NEX Exchange Main Board (non-equity), London Stock Exchange Regulated Market, NEX Exchange Main Board (equity), Euronext London Regulated Market, ICE FUTURES EUROPE, ICE FUTURES EUROPE – AGRICULTURAL PRODUCTS DIVISION, ICE FUTURES EUROPE – FINANCIAL PRODUCTS DIVISION, ICE FUTURES EUROPE – EQUITY PRODUCTS DIVISION, and Gibraltar Stock Exchange

**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

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

3.4.	Chile:	Santiago
3.5.	China:	Shanghai Stock Exchange, Shenzhen Stock Exchange
3.6.	Hongkong:	Hongkong Stock Exchange
3.7.	India:	Toronto, Vancouver, Montreal
3.8.	Indonesia:	Jakarta
3.9.	Israel:	Tel Aviv
3.10.	Japan:	Tokyo, Osaka, Nagoya, Fukuoka, Sapporo
3.11.	Canada:	Toronto, Vancouver, Montreal
3.12.	Colombia:	Bolsa de Valores de Colombia
3.13.	Korea:	Korea Exchange (Seoul, Busan)
3.14.	Malaysia:	Kuala Lumpur, Bursa Malaysia Berhad
3.15.	Mexiko:	Mexiko City
3.16.	New Zealand:	Wellington, Auckland
3.17.	Peru:	Bolsa de Valores de Lima
3.18.	Philippines:	Philippine Stock Exchange
3.19.	Singapore:	Singapore Stock Exchange
3.20.	South Africa:	Johannesburg
3.21.	Taiwan:	Taipei
3.22.	Thailand:	Bangkok
3.23.	USA:	New York, NYCE American, New York Stock Exchange (NYSE), Philadelphia, Chicago, Boston, Cincinnati, Nasdaq
3.24.	Venezuela:	Caracas
3.25.	Vereinigte Arab Emirates:	Abu Dhabi Securities Exchange (ADX)

#### **4. Organised markets in countries outside of the European Union**

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

#### **5. Exchanges with futures and options markets**

5.1.	Argentina:	Bolsa de Comercio de Buenos Aires
5.2.	Australia:	Australian Options Market, Australian Securities Exchange (ASX)
5.3.	Brazil:	Bolsa Brasileira de Futuros, Bolsa de Mercadorias & Futuros, Rio de Janeiro Stock Exchange, Sao Paulo Stock Exchange
5.4.	Hong Kong:	Hong Kong Futures Exchange Ltd.
5.5.	Japan:	Osaka Securities Exchange, Tokyo International Financial Futures Exchange, Tokyo Stock Exchange
5.6.	Canada:	Montreal Exchange, Toronto Futures Exchange
5.7.	Korea:	Korea Exchange (KRX)
5.8.	Mexiko:	Mercado Mexicano de Derivados
5.9.	New Zealand:	New Zealand Futures & Options Exchange
5.10.	Philippines:	Manila International Futures Exchange
5.11.	Singapore:	The Singapore Exchange Limited (SGX)

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## ERSTE STOCK EUROPE EMERGING

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|-------|---------------|---|
| 5.12. | South Africa: | Johannesburg Stock Exchange (JSE), South African Futures Exchange (SAFEX)   |
| 5.13. | Turkey:       | TurkDEX   |
| 5.14. | USA:          | NYCE American, Chicago Board Options Exchange, Chicago Board of Trade, Chicago Mercantile Exchange, Comex, FINEX, ICE Future US Inc. New York, Nasdaq, New York Stock Exchange, Boston Options Exchange (BOX) |



**Note regarding the data used**

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

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

**Note for retail funds:**

Unless indicated otherwise, source: Erste Asset Management GmbH. Our languages of communication are German and English. The full prospectus as well as the complete Information for Investors pursuant to § 21 AIFMG (and any amendments to these documents) were published in Amtsblatt zur Wiener Zeitung in accordance with the provisions of the InvFG 2011 and AIFMG in conjunction with the InvFG 2011 as amended and are available free of charge at the registered office of the Investment Firm and at the head office of the depositary bank. The exact date of most recent publication of the prospectus and Information for Investors pursuant to § 21 AIFMG, the languages in which the key information documents are available, and any additional locations where the documents can be obtained can be viewed on the website [www.erste-am.at](http://www.erste-am.at).

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