

# **ERSTE MORTGAGE**

**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 Wolfgang TRISKO (until 14.05.2022)
<b>Auditor</b>	Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
<b>Depository bank</b>	Erste Group Bank AG

## Dear Unit-holder,

We are pleased to present you the following annual report for the ERSTE MORTGAGE jointly owned fund pursuant to the InvFG for the accounting year from 1 May 2022 to 30 April 2023.

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

The reporting period fell in one of the most turbulent phases for the financial markets in recent decades. This was due to rapidly rising inflation in many parts of the world and growing geopolitical tensions as well as the Russia-Ukraine war and the consequences that it brought to many countries in sectors including raw materials, energy supply, and basic foodstuffs.

In March 2022, the US Fed began its efforts to tackle the inflation trend – which had often been seen as merely transitory, at least initially, as supply chains returned to normality – with a rate hike of 25 basis points. The pace of inflation was quickened further by the worsening of the Russia-Ukraine conflict and the uncertainty that it brought as a result of sanctions as well as disruption to energy supplies and constraints on the export of basic foodstuffs from Ukraine. Global trade flows were also disrupted further by the strict measures imposed as part of China's zero-COVID policy, which saw major cities such as Shanghai, amongst other places, stuck in lockdowns that lasted several weeks.

To prevent the appreciably high rates of inflation from being “baked in”, the Federal Reserve moved to increase its individual rate hikes to initially 50 and then 75 basis points, only returning to smaller increments towards the end of the year as overall and core inflation began to slow. This resulted in a 450-basis-point rise in the key rate over the reporting period as a whole.

The central banks in many other countries responded with unusually large and frequent key rate hikes of their own in order to prevent inflation – which had risen noticeably to a high level – from becoming “baked in”. As part of a more restrictive monetary policy, the European Central Bank had ended its net purchases under the PEPP – the purchase programme introduced in the wake of the pandemic – at the end of March 2022, with those under the Asset Purchase Programme (APP) being discontinued as of 1 July 2022. The ECB raised its key rate by 50 basis points and called a halt to its longstanding policy of negative interest rates at its meeting in July. September and October saw further hikes of 75 basis points in each case, with 50-basis-point rises being agreed at each of the following meetings. The Eurozone key rate was thus increased by a total of 350 basis points over the reporting period.

Concerns over energy supplies in Europe over the winter increased, especially during the summer months. Energy prices began to ease somewhat in late 2022 and are continuing to do so despite the high volatility. Recession fears stoked by high yield levels on the financial markets have increased markedly in recent times, due most notably to the hard-to-predict ramifications of the uncertainty plaguing the banking sector.

Two US banks – Silicon Valley Bank and Signature Bank – were taken over by the Federal Deposit Insurance Corporation, the US deposit protection agency, to be wound up and sold respectively. The US Fed has made extra liquidity available for US banks under specific conditions (the Bank Term Funding Program). The banks are now better able to offset withdrawals of deposits without having to post a loss on sales of bonds classed as “available for sale” or “held to maturity”. Global levels of USD liquidity were also increased in consultation with several central banks.

This episode was followed shortly after by UBS acquiring Credit Suisse after action by the Swiss National Bank to strengthen the latter's liquidity base had failed to calm the situation. Uncertainty was still prevalent in the banking sector at the end of the reporting period, particularly in the USA.

The yield on a ten-year German government bond was at around plus 0.94% at the beginning of the reporting period. The low was at around plus 0.78% in early August, but the yield had risen to plus 2.31% at the end of the reporting period. In the USA, the yield on a ten-year Treasury bond rose from plus 2.93% to around plus 3.42% over the course of the reporting period, peaking at around plus 4.24% in October as a result of the inflation trend.

### **Investment policy**

The global developments had primarily negative effects on the performance of ERSTE MORTGAGE during the reporting period. The reduced volumes from reinvestments under the US Fed's purchase programmes and the higher yield levels had a negative impact on the prices of US mortgage bonds, especially in the first half of the reporting period. Early redemptions have remained at a low level recently due to the higher refinancing costs, and a large share of the loans can no longer be refinanced at more attractive conditions due to the higher interest rates.

ERSTE MORTGAGE continues to invest in US mortgage bonds guaranteed by the US government. US government bonds are also included across the yield curve to enable better management of the liquidity in the portfolio.

The duration was managed actively within the prescribed limits during the reporting period, primarily through the cash portfolio and by including selected government bonds.

The interest rate risk was generally kept below the overall market level to be less exposed to yield increases through the lower interest rate sensitivity. Within the portfolio, mortgage bonds with higher coupons are preferred over those with lower ones.

ERSTE MORTGAGE achieved a performance of minus 5.03% (ISIN AT0000700778) for the reporting period.

To minimise the currency risk and therefore the volatility of the Fund, currency hedges are temporarily being held for the foreign currency bonds.

The Fund employs an active investment policy. The assets are selected on a discretionary basis. The Fund is oriented towards the ICE BofA US GNMA Mortgage Backed Securities Index EUR hedged 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.

## Method of Calculating the Global Exposure

Method of calculating the global exposure:	Absolute value at risk
Reference assets used:	-
Value at risk:	Lowest value: 4.09 Average value: 4.983492 Highest value: 8.1
Model used:	Calculation model: Historical simulation Confidence interval: 99% Holding period: 20 days Length of data history: 1 year
Leverage* when using the value-at-risk calculation method:	107.872001
Leverage** according to § 4 of the 4 <sup>th</sup> Derivatives Risk Measurement and Reporting Regulation:	1.930743

## Asset Allocation

	As of 30.04.2023	
	EUR millions	%
Bonds		
USD	5.1	7.97
Investment certificates		
EUR	1.6	2.47
US pools		
USD	54.7	85.05
Transferable securities	61.4	95.49
Forward exchange agreements	-0.0	-0.03
Bank balances	2.7	4.24
Interest entitlements	0.2	0.30
Other deferred items	-0.0	-0.00
Fund assets	64.4	100.00

## Comparative Overview

Accounting year	Fund assets
2020/2021	301,730,747.98
2021/2022	164,276,889.86
2022/2023	64,350,728.50

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	AT0000700778	EUR	88.36	0.4000	0.0000	-2.15
2021/2022	Dividend-bearing units	AT0000700778	EUR	80.29	0.3500	0.0000	-8.71
2022/2023	Dividend-bearing units	AT0000700778	EUR	75.92	0.8500	0.0000	-5.03

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2020/2021	Dividend-bearing units	AT0000A1Y968	EUR	101.87	1.2442	4.7589	-1.85
2021/2022	Dividend-bearing units	AT0000A1Y968	EUR	92.12	0.0000	0.0000	-8.45
2022/2023	Dividend-bearing units	AT0000A1Y968	EUR	87.59	-	-	-

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2020/2021	Dividend-bearing units	AT0000A1Y976	EUR	101.43	-	-	-
2021/2022	Dividend-bearing units	AT0000A1Y976	EUR	92.69	-	-	-
2022/2023	Dividend-bearing units	AT0000A1Y976	EUR	88.13	0.6254	2.7377	-4.92

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	AT0000700786	EUR	139.74	0.0000	0.0000	-2.14
2021/2022	Non-dividend-bearing units	AT0000700786	EUR	127.54	0.0000	0.0000	-8.73
2022/2023	Non-dividend-bearing units	AT0000700786	EUR	121.14	0.0000	0.0000	-5.02

## ERSTE MORTGAGE

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	AT0000A1Y984	EUR	102.05	-	-	-
2021/2022	Non-dividend-bearing units	AT0000A1Y984	EUR	93.25	-	-	-
2022/2023	Non-dividend-bearing units	AT0000A1Y984	EUR	88.68	0.6616	2.4972	-4.90

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	AT0000658984	EUR	158.94	-	0.0000	-2.14
2021/2022	KESt-exempt non-dividend-bearing units	AT0000658984	EUR	145.07	-	0.0000	-8.73
2022/2023	KESt-exempt non-dividend-bearing units	AT0000658984	EUR	137.79	-	0.0000	-5.02

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	AT0000A1Y992	EUR	102.62	-	0.0000	-1.84
2021/2022	KESt-exempt non-dividend-bearing units	AT0000A1Y992	EUR	93.95	-	0.0000	-8.45
2022/2023	KESt-exempt non-dividend-bearing units	AT0000A1Y992	EUR	89.33	-	-	-

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	AT0000A1Y9A6	EUR	103.56	-	3.4413	-1.74
2021/2022	KESt-exempt non-dividend-bearing units	AT0000A1Y9A6	EUR	94.91	-	0.0000	-8.35
2022/2023	KESt-exempt non-dividend-bearing units	AT0000A1Y9A6	EUR	90.51	-	0.0000	-4.64

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	AT0000A1Y9B4	CZK	2,654.46	-	-	-
2021/2022	KESt-exempt non-dividend-bearing units	AT0000A1Y9B4	CZK	2,307.11	-	-	-
2022/2023	KESt-exempt non-dividend-bearing units	AT0000A1Y9B4	CZK	2,103.48	-	-	-

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	AT0000A1Y9C2	HUF	36,954.99	-	-	-
2021/2022	KESt-exempt non-dividend-bearing units	AT0000A1Y9C2	HUF	35,467.56	-	-	-
2022/2023	KESt-exempt non-dividend-bearing units	AT0000A1Y9C2	HUF	33,133.33	-	-	-

## Disbursement/Payment

The following disbursement or payment will be made for the accounting year from 1 May 2022 to 30 April 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 August 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		KESt with option declaration	KESt w/o option declaration	Re-investment
Dividend-bearing units	AT0000700778	EUR	0.8500		0.0000	0.0000	0.0000
Dividend-bearing units	AT0000A1Y968	EUR	-		-	-	-
Dividend-bearing units	AT0000A1Y976	EUR	0.6254		0.6254	0.6254	2.7377
Non-dividend-bearing units	AT0000700786	EUR	0.0000		0.0000	0.0000	0.0000
Non-dividend-bearing units	AT0000A1Y984	EUR	0.6616		0.6616	0.6616	2.4972
KESt-exempt non-dividend-bearing units	AT0000658984	EUR	-	*	-	-	0.0000
KESt-exempt non-dividend-bearing units	AT0000A1Y992	EUR	-	*	-	-	-
KESt-exempt non-dividend-bearing units	AT0000A1Y9A6	EUR	-	*	-	-	0.0000
KESt-exempt non-dividend-bearing units	AT0000A1Y9B4	CZK	-	*	-	-	-
KESt-exempt non-dividend-bearing units	AT0000A1Y9C2	HUF	-	*	-	-	-

\* 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>AT0000700778 dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (92,688.409 units)	80.29
Disbursement/payment on 28.07.2022 (corresponds to roughly 0.0043 units at a calculated value of 80.60)	0.3500
Unit value at the end of the reporting period (90,737.062 units)	75.92
Total value including (notional) units gained through dividend disbursement/payment	76.25
Net earnings per unit	-4.04
<b>Value development of one unit in the period</b>	<b>-5.03%</b>

<b>AT0000A1Y968 dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (86,314.000 units)	92.12
Disbursement/payment	0.0000
Unit value at the end of the reporting period (0.000 units)	87.59
Total value including (notional) units gained through dividend disbursement/payment	-
Net earnings per unit	-
<b>Value development of one unit in the period</b>	<b>-</b>

<b>AT0000A1Y976 dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (0.000 units)	92.69
Disbursement/payment	0.0000
Unit value at the end of the reporting period (1,549.000 units)	88.13
Total value including (notional) units gained through dividend disbursement/payment	88.13
Net earnings per unit	-4.56
<b>Value development of one unit in the period</b>	<b>-4.92%</b>

<b>AT0000700786 non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (904,318.102 units)	127.54
Disbursement/payment	0.0000
Unit value at the end of the reporting period (102,128.796 units)	121.14
Total value including (notional) units gained through dividend disbursement/payment	121.14
Net earnings per unit	-6.40
<b>Value development of one unit in the period</b>	<b>-5.02%</b>

<b>AT0000A1Y984 non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (0.000 units)	93.25
Disbursement/payment	0.0000
Unit value at the end of the reporting period (473,485.010 units)	88.68
Total value including (notional) units gained through dividend disbursement/payment	88.68
Net earnings per unit	-4.57
<b>Value development of one unit in the period</b>	<b>-4.90%</b>

<b>AT0000658984 KEst-exempt non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (13,202.420 units)	145.07
Disbursement/payment	0.0000
Unit value at the end of the reporting period (9,017.500 units)	137.79
Total value including (notional) units gained through dividend disbursement/payment	137.79
Net earnings per unit	-7.28
<b>Value development of one unit in the period</b>	<b>-5.02%</b>

<b>AT0000A1Y992 KEst-exempt non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (98,865.000 units)	93.95
Disbursement/payment	0.0000
Unit value at the end of the reporting period (0.000 units)	89.33
Total value including (notional) units gained through dividend disbursement/payment	-
Net earnings per unit	-
<b>Value development of one unit in the period</b>	<b>-</b>

<b>AT0000A1Y9A6 KEst-exempt non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (235,336.198 units)	94.91
Disbursement/payment	0.0000
Unit value at the end of the reporting period (19,007.789 units)	90.51
Total value including (notional) units gained through dividend disbursement/payment	90.51
Net earnings per unit	-4.40
<b>Value development of one unit in the period</b>	<b>-4.64%</b>

<b>AT0000A1Y9B4 KEst-exempt non-dividend-bearing units CZK</b>	
Unit value at the beginning of the reporting period (0.000 units)	2,307.11
Disbursement/payment	0.0000
Unit value at the end of the reporting period (0.000 units)	2,103.48
Total value including (notional) units gained through dividend disbursement/payment	-
Net earnings per unit	-
<b>Value development of one unit in the period</b>	<b>-</b>

<b>AT0000A1Y9C2 KEst-exempt non-dividend-bearing units HUF</b>	
Unit value at the beginning of the reporting period (0.000 units)	35,467.56
Disbursement/payment	0.0000
Unit value at the end of the reporting period (0.000 units)	33,133.33
Total value including (notional) units gained through dividend disbursement/payment	-
Net earnings per unit	-
<b>Value development of one unit in the period</b>	<b>-</b>

## 2. Fund Result

### a. Realised fund result

#### Ordinary fund result

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

Interest income (excluding income adjustment)	2,212,453.69	
Dividend income	0.00	
Other income 8)	0.00	
Total income (without profit or loss from price changes)		2,212,453.69

##### Interest paid

- 8,545.74

##### Expenses

Fees paid to Investment Firm	- 382,695.91	
Costs for the financial auditor and tax consultation	- 6,048.00	
Publication costs	- 21,932.93	
Securities account fees	- 11,744.46	
Depositary bank fees	- 30,615.93	
Costs for the external consultant	0.00	
Performance fee	-	
Fee foreign-currency unit certificates 9)	0.00	
Total expenses		- 453,037.23
Compensation for management costs from sub-funds 1)		0.00

#### Ordinary fund result (excluding income adjustment)

**1,750,870.72**

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

Realised gains 4)	14,322,114.51	
Realised losses 5)	- 18,103,570.82	

#### Realised profit or loss from price changes (excluding income adjustment)

**- 3,781,456.31**

#### Realised fund result (excluding income adjustment)

**- 2,030,585.59**

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

Changes in the unrealised profit or loss from price changes 7)	- 1,737,808.62
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#### Result for the reporting period 6)

**- 3,768,394.21**

### c. Income adjustment

Income adjustment for income in the period	3,719,909.46
Income adjustment for profit carried forward from dividend-bearing units	- 437,104.75

#### Overall fund result

**- 485,589.50**

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

<b>Fund assets at the beginning of the reporting period</b>	<b>164,276,889.86</b>
<b>Disbursement/payment in the accounting year</b>	<b>- 30,312.82</b>
<b>Issue and redemption of units</b>	<b>- 99,410,259.04</b>
<b>Overall fund result</b>	
(The fund result is shown in detail under item 2.)	<b>- 485,589.50</b>
<b>Fund assets at the end of the reporting period</b>	<b><u>64,350,728.50</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 -5,519,264.93.
- 4) Thereof profits from transactions with derivative financial instruments: EUR 11,829,954.82.
- 5) Thereof losses from transactions with derivative financial instruments: EUR -16,669,605.83.
- 6) The result for the accounting year includes explicitly reported transaction costs in the amount of EUR 1,741.22.
- 7) Thereof changes in unrealised gains EUR -3,336,842.23 and unrealised losses EUR 1,599,033.61.
- 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 30 April 2023

(including changes in securities assets from 1 May 2022 to 30 April 2023)

Security designation	ISIN number	Interest rate	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
			Units/nominal (nom. in 1,000, rounded)					
<b>Investment certificates</b>								
<b>Investment certificates denominated in EUR</b>								
<b>Issue country Austria</b>								
ERSTE ALPHA 1 T	AT0000A03DF2		2,028	14,231	7,179	55.560	398,865.24	0.62
ERSTE ALPHA 2 T	AT0000A05F50		4,433	30,323	15,171	78.420	1,189,709.82	1.85
Total issue country Austria							1,588,575.06	2.47
Total investment certificates denominated in EUR							1,588,575.06	2.47
Total investment certificates							1,588,575.06	2.47
<b>Securities admitted to organised markets</b>								
<b>Bonds denominated in USD</b>								
<b>Issue country USA</b>								
USA 22/32	US91282CFF32	2.750	13,200	7,200	6,000	93.875	5,129,547.83	7.97
Total issue country USA							5,129,547.83	7.97
Total bonds denominated in USD translated at a rate of 1.09805							5,129,547.83	7.97
Total securities admitted to organised markets							5,129,547.83	7.97
<b>Unlisted securities</b>								
<b>US pools denominated in USD</b>								
<b>Issue country USA</b>								
GNMA 20/50 POOL MA6600	US36179VKM18	3.500	0	0	9,000	94.051	2,204,793.89	3.43
GNMA 20/50 POOL MA6766	US36179VQT07	3.000	0	0	13,000	91.193	4,196,666.05	6.52
GNMA 20/50 POOL MA6820	US36179VSH41	3.000	0	0	15,000	91.082	5,247,366.66	8.15
GNMA 20/50 POOL MA6821	US36179VSJ07	3.500	0	10,000	5,000	93.573	1,700,037.79	2.64
GNMA 20/50 POOL MA6822	US36179VSK79	4.000	0	5,000	15,000	96.475	4,510,362.37	7.01
GNMA 20/50 POOL MA6865	US36179VTW09	2.500	0	15,000	10,000	87.568	4,432,261.24	6.89
GNMA 2034 POOL 629888	US36291JXR66	5.000	0	0	3	101.843	343.46	0.00
GNMA 2046 POOL MA3663	US36179SB893	3.500	0	0	21,000	94.437	2,647,687.10	4.11
GNMA 2045 POOL MA3035	US36179RLQ01	4.000	0	0	14,000	97.211	1,168,283.27	1.82
GNMA 2045 POOL MA3173	US36179RQ281	3.500	0	0	15,000	94.785	1,656,335.72	2.57
GNMA 2047 POOL MA4512	US36179TAM71	4.500	0	0	15,000	98.883	1,546,737.26	2.40
GNMA 21/51 POOL MA7136	US36179V4V97	2.500	0	0	15,000	87.869	7,735,678.89	12.02
GNMA 21/51 POOL MA7366	US36179WFF05	2.000	0	8,000	7,000	84.980	4,364,817.84	6.78
GNMA 21/51 POOL MA7471	US36179WJQ24	2.000	0	7,000	9,000	84.793	5,855,420.48	9.10
GNMA 22/52 POOL MA8268	US36179XFH44	4.500	8,000	2,500	5,500	97.437	4,790,354.62	7.44
GNMA 22/52 POOL MA8428	US36179XLH79	5.000	3,000	0	3,000	99.052	2,672,178.44	4.15
Total issue country USA							54,729,325.08	85.05
Total US pools denominated in USD translated at a rate of 1.09805							54,729,325.08	85.05
Total unlisted securities							54,729,325.08	85.05

Security designation	ISIN number	Holding	Unrealised result in EUR	% share of fund assets
<b>Forward exchange agreements</b>				
<b>Forward exchange agreements denominated in EUR</b>				
<b>Issue country Austria</b>				
FXF SPEST EUR/USD 09.06.2023	FXF_TAX_3464508	60,875,167	-19,941.00	-0.03
FXF SPEST EUR/USD 09.06.2023	FXF_TAX_3464675	726,635	-470.39	-0.00
		Total issue country Austria	-20,411.39	-0.03
		Total forward exchange agreements denominated in EUR	-20,411.39	-0.03
		Total forward exchange agreements	-20,411.39	-0.03

**Breakdown of fund assets**

Transferable securities			61,447,447.97	95.49
Forward exchange agreements			-20,411.39	-0.03
Bank balances			2,729,904.07	4.24
Interest entitlements			195,438.89	0.30
Other deferred items			-1,651.04	-0.00
Fund assets			64,350,728.50	100.00

**Investor note:**

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

Dividend-bearing units outstanding	AT0000700778	units	90,737.062
Value of dividend-bearing unit	AT0000700778	EUR	75.92
Dividend-bearing units outstanding	AT0000A1Y968	units	0.000
Value of dividend-bearing unit	AT0000A1Y968	EUR	87.59
Dividend-bearing units outstanding	AT0000A1Y976	units	1,549.000
Value of dividend-bearing unit	AT0000A1Y976	EUR	88.13
Non-dividend-bearing units outstanding	AT0000700786	units	102,128.796
Value of non-dividend-bearing unit	AT0000700786	EUR	121.14
Non-dividend-bearing units outstanding	AT0000A1Y984	units	473,485.010
Value of non-dividend-bearing unit	AT0000A1Y984	EUR	88.68
KEST-exempt non-dividend-bearing units outstanding	AT0000658984	units	9,017.500
Value of KEST-exempt non-dividend-bearing unit	AT0000658984	EUR	137.79
KEST-exempt non-dividend-bearing units outstanding	AT0000A1Y992	units	0.000
Value of KEST-exempt non-dividend-bearing unit	AT0000A1Y992	EUR	89.33

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KEST-exempt non-dividend-bearing units outstanding	AT0000A1Y9A6	units	19,007.789
Value of KEST-exempt non-dividend-bearing unit	AT0000A1Y9A6	EUR	90.51
KEST-exempt non-dividend-bearing units outstanding	AT0000A1Y9B4	units	0.000
Value of KEST-exempt non-dividend-bearing unit	AT0000A1Y9B4	CZK	2,103.48
KEST-exempt non-dividend-bearing units outstanding	AT0000A1Y9C2	units	0.000
Value of KEST-exempt non-dividend-bearing unit	AT0000A1Y9C2	HUF	33,133.33

The pool factor is the measure for the partial redemption of bonds that indicates the ratio between the as yet unredeemed capital and the unchanged nominal value.

The pool factor has an initial value of 1, which then rises until the first partial redemption and which is subsequently reduced in accordance with the redemption terms once redemptions begin until it ultimately reaches value of 0.

The following pool factor is relevant for calculating the value:

Security designation	ISIN number	Pool factor	Value in EUR
GNMA 20/50 POOL MA6600	US36179VKM18	0.28601	2,204,793.89
GNMA 20/50 POOL MA6766	US36179VQT07	0.38871	4,196,666.05
GNMA 20/50 POOL MA6820	US36179VSH41	0.42173	5,247,366.66
GNMA 20/50 POOL MA6821	US36179VSJ07	0.39899	1,700,037.79
GNMA 20/50 POOL MA6822	US36179VSK79	0.34224	4,510,362.37
GNMA 20/50 POOL MA6865	US36179VTW09	0.55578	4,432,261.24
GNMA 2034 POOL 629888	US36291JXR66	0.12295	343.46
GNMA 2045 POOL MA3035	US36179RLQ01	0.09426	1,168,283.27
GNMA 2045 POOL MA3173	US36179RQ281	0.12792	1,656,335.72
GNMA 2046 POOL MA3663	US36179SB893	0.14660	2,647,687.10
GNMA 2047 POOL MA4512	US36179TAM71	0.11451	1,546,737.26
GNMA 21/51 POOL MA7136	US36179V4V97	0.64446	7,735,678.89
GNMA 21/51 POOL MA7366	US36179WFF05	0.80570	4,364,817.84
GNMA 21/51 POOL MA7471	US36179WJQ24	0.84251	5,855,420.48
GNMA 22/52 POOL MA8268	US36179XFH44	0.98153	4,790,354.62
GNMA 22/52 POOL MA8428	US36179XLH79	0.98742	2,672,178.44

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

**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.

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

Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
<b>Securities admitted to organised markets</b>				
<b>Bonds denominated in USD</b>				
<b>Issue country USA</b>				
USA 21/28	US91282CBJ99	0.750	6,400	14,400
USA 22/32	US91282CDY49	1.875	4,000	4,000
<b>Unlisted securities</b>				
<b>US pools denominated in USD</b>				
<b>Issue country USA</b>				
GNMA 20/50 POOL MA6764	US36179VQR41	2.000	0	15,000
GNMA 20/50 POOL MA6866	US36179VTX81	3.000	0	20,000
GNMA 20/50 POOL MA7052	US36179VZR40	2.500	0	25,000
GNMA 2033 POOL 615412	US36290RVD24	5.500	0	3,083
GNMA 2034 POOL 003499	US36202D3G46	5.000	0	5,000
GNMA 2034 POOL 605389	US36200NRJ27	5.000	0	4,246
GNMA 2035 POOL 521287	US36211SCY19	4.500	0	3,185
GNMA 2039 POOL 701960	US36296UZZ64	4.500	0	4,500
GNMA 2039 POOL 710907	US36297FYC03	4.500	0	2,071
GNMA 2039 POOL 782716	US36241LAR78	5.000	0	5,000
GNMA 2041 POOL 751946	US36230LET26	4.000	0	7,492
GNMA 2041 POOL 759183	US36230UFY01	3.500	0	3,305
GNMA 2041 POOL 783261	US36241LTS50	4.500	0	1,000
GNMA 2041 POOL 783307	US36241LU870	4.000	0	1,000

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Security designation	ISIN number	Interest rate	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
GNMA 2041 POOL AM1088	US36184LF592	4.500	0	1,000
GNMA 2042 POOL AA5085	US36178CUJ07	3.500	0	2,853
GNMA 2043 POOL AF0490	US36181FRK92	3.000	0	2,229
GNMA 2043 POOL AF5077	US36181LUA42	3.500	0	1,900
GNMA 2044 POOL MA1997	US36179QGE52	4.500	0	8,000
GNMA 2044 POOL MA2227	US36179QPL94	5.500	0	1,000
GNMA 2044 POOL MA2446	US36179QWF44	4.000	0	15,000
GNMA 2045 POOL AL2705	US36183YAE86	4.000	0	2,030
GNMA 2045 POOL AL5265	US36184BZ674	3.500	0	971
GNMA 2045 POOL AM4138	US36184QS396	4.000	0	1,149
GNMA 2045 POOL AM8511	US36185BN446	3.500	0	1,000
GNMA 2045 POOL AN5419	US36186NAU37	4.000	0	3,000
GNMA 2045 POOL A07289	US3617A8C239	3.000	0	1,000
GNMA 2045 POOL MA2757	US36179RB242	5.000	0	4,500
GNMA 2045 POOL MA3033	US36179RLN79	3.000	0	15,000
GNMA 2045 POOL MA3034	US36179RLP28	3.500	0	17,000
GNMA 2045 POOL MA3105	US36179RNW50	3.500	0	15,000
GNMA 2045 POOL MA3106	US36179RNX34	4.000	0	10,000
GNMA 2045 POOL MA3107	US36179RNY17	4.500	0	10,000
GNMA 2045 POOL MA3108	US36179RNZ81	5.000	0	3,000
GNMA 2045 POOL MA3310	US36179RVB22	3.500	0	10,000
GNMA 2046 POOL MA3738	US36179SEK96	4.500	0	10,000
GNMA 2046 POOL MA3873	US36179SJS77	3.000	0	20,000
GNMA 2047 POOL MA4452	US36179S5M51	4.000	0	5,000
GNMA 2047 POOL MA4510	US36179TAK16	3.500	0	8,000
GNMA 2047 POOL MA4652	US36179TEZ49	3.500	0	9,000
GNMA 22/52 POOL MA8269	US36179XFJ00	5.000	4,000	4,000

Vienna, 30 June 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.

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## ERSTE MORTGAGE

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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 MORTGAGE  
Jointly owned fund pursuant to the InvFG

consisting of the statement of assets and liabilities as of 30 April 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 30 April 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 July 2023

**Ernst & Young**

Wirtschaftsprüfungsgesellschaft m.b.H.

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

**ppa 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

The Fund Rules for ERSTE MORTGAGE, 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 mortgage-backed securities from issuers registered in Europe and/or the USA. The fund assets may also be invested in government bonds from European and/or US issuers.

The focus on mortgage-backed securities specified above can also be realised indirectly or directly through investment funds or derivative financial instruments.

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) may comprise up to 100% 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

Transferable securities or money market instruments issued or guaranteed by the United States of America may make up more than 35% of the fund assets provided that the fund assets are invested in at least six different instruments, but an investment in one instrument may not make up more than 30% of the total fund assets.

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 100% of the fund assets.

f) Risk measurement method(s) of the Fund

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

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

The allocable value-at-risk for the global exposure resulting from the investments held by the Fund (absolute VaR) is limited to 9.90% of the net asset value of the Fund.

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, the Fund can hold 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

Does not apply.

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 3.50% 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 May to 30 April.

### **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.

#### **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 August 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 August 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 August 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 August of the following accounting year.

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

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

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

The Management Company shall receive an annual fee for its administrative activities amounting to up to 0.72% 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. 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 Fund 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.	Türkiye:	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
3.4.	Chile:	Santiago
3.5.	China:	Shanghai Stock Exchange, Shenzhen Stock Exchange
3.6.	Hong Kong:	Hong Kong Stock Exchange

3.7.	India:	Mumbai
3.8.	Indonesia:	Jakarta
3.9.	Israel:	Tel Aviv
3.10.	Japan:	Tokyo, Osaka, Nagoya, 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.	Mexico:	Mexico 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.	United 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.	Mexico:	Mercado Mexicano de Derivados
5.9.	New Zealand:	New Zealand Futures & Options Exchange
5.10.	Philippines:	Manila International Futures Exchange
5.11.	Singapore:	The Singapore Exchange Limited (SGX)
5.12.	South Africa:	Johannesburg Stock Exchange (JSE), South African Futures Exchange (SAFEX)
5.13.	Türkiye:	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)

\*) 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.

**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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