

# **ERSTE DLUHOPISOVÝ FOND PERSPEKTIVNÍCH TRHŮ 2020**

**Jointly owned fund pursuant to the InvFG**

Report for the  
Final Accounting Year from  
1 February 2020 to 11 May 2020

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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%) VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (0.76%) Erste Bank der österreichischen Sparkassen AG (22.17%) DekaBank Deutsche Girozentrale, Frankfurt (1.65%) NÖ-Sparkassen Beteiligungsgesellschaft m. b. H. (0.76%) Salzburger Sparkasse Bank Aktiengesellschaft (1.65%) Sieben Tiroler Sparkassen Beteiligungsgesellschaft m. b. H. (1.65%) Steiermärkische Bank und Sparkassen Aktiengesellschaft (3.30%) „Die Kärntner“ Trust-Vermögensverwaltungsgesellschaft m. b. H. & Co KG (1.65%) Tiroler Sparkasse Bankaktiengesellschaft Innsbruck (1.74%)
<b>Supervisory Board</b>	Rudolf SAGMEISTER (Chairman) Thomas SCHAUFLER (Deputy Chairman) Harald GASSER Gerhard GRABNER Harald Frank GRUBER Oswald HUBER Radovan JELASITY Robert LASSHOFER Franz PRUCKNER Rupert RIEDER 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 Wolfgang TRAINDL
<b>Prokuristen (proxies)</b>	Achim ARNHOF Karl FREUDENSCHUSS Manfred LENTNER Günther MANDL Gerold PERMOSER Magdalena REISCHL
<b>State commissioners</b>	Christoph SEEL Eva SCHRITTWIESER
<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 DLUHOPISOVÝ FOND PERSPEKTIVNÍCH TRHŮ 2020 jointly owned fund pursuant to the InvFG for the final partial accounting year from 1 February 2020 to 11 May 2020.

All securities that were in the fund assets at the beginning of the accounting year or that were purchased during the partial accounting year were withdrawn from the fund assets by 11 May 2020. The fund assets will be paid out to the Unit-holders.

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 was dominated by the corona crisis.

As the virus began spreading from China to Asia and then the rest of the world at a faster and faster rate, the coronavirus pandemic threw the world into a deep crisis. People's lives and livelihoods were put at risk. The global economy is faced with one of the most severe recessions in history. Both economic supply and demand vanished into thin air in some cases due to the containment measures. International trade collapsed and supply chains were interrupted. Numerous financial condition indicators deteriorated significantly on the financial market. Rules for government borrowing were suspended. Monetary and fiscal policy became blurred. Basic freedoms such as free travel were restricted. The central banks around the world reacted to this extreme economic downturn with substantial interest rate cuts and quality assurance programmes (the purchase of corporate and government bonds). Massive aid packages were passed for households and companies.

In the emerging markets, spreads widened significantly and currencies markedly declined in value. For example, spreads on hard currency bonds as measured by the EMBI Global Diversified index increased from 315 basis points to 571 basis points during the reporting period.

### Portfolio commentary

The fixed-term fund generally employs a hold-to-maturity strategy and therefore cannot be compared with a benchmark index. Any transactions that are conducted are designed to minimise risk, or serve cash management purposes.

During the reporting period, all of the positions were wound down due to the imminent end of the fund term, and the fund was closed on 11 May 2020.

## 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 11.05.2020	
	CZK millions	%
Bank balances	216.1	100.00
Fund assets	216.1	100.00

## Comparative Overview

Accounting year	Fund assets
2018/2019	216,647,049.72
2019/2020	222,392,108.15
2019/2020	216,070,577.23

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
2018/2019	KESt-exempt non-dividend-bearing units	AT0000A1DD89	CZK	99.72	-	0.0000	-2.40
2019/2020	KESt-exempt non-dividend-bearing units	AT0000A1DD89	CZK	103.01	-	0.0000	3.30
2019/2020	KESt-exempt non-dividend-bearing units	AT0000A1DD89	CZK	101.94	101.9400	0.0000	-1.04

## Disbursement/Payment

The following disbursement or payment will be made for the accounting year from 1 February 2020 to 11 May 2020. 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 15 May 2020 at

Erste Group Bank AG, Vienna,

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

Fund type	ISIN	Currency	Dividend disbursement/ payment		KES <sub>t</sub> with option declaration	KES <sub>t</sub> w/o option declaration	Reinvestment
KESt-exempt non-dividend-bearing units	AT0000A1DD89	CZK	101.9400		0.0000	0.0000	0.0000

## 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>AT0000A1DD89 KES-exempt non-dividend-bearing units CZK</b>	
Unit value at the beginning of the reporting period (2,158,826.000 units)	103.01
Disbursement/payment	0.0000
Unit value at the end of the reporting period (2,119,550.000 units)	101.94
Total value including (notional) units gained through dividend disbursement/payment	101.94
Net earnings per unit	-1.07
<b>Value development of one unit in the period</b>	<b>-1.04%</b>

## **2. Fund Result**

### **a. Realised fund result**

#### **Ordinary fund result**

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

Interest income (excluding income adjustment)	2,442,917.86
Dividend income	0.00
Other income 8)	<u>6,256,375.62</u>

Total income (without profit or loss from price changes) 8,699,293.48

**Interest paid** - 2,952.64

##### **Expenses**

Fees paid to Investment Firm	- 397,203.24
Costs for the financial auditor and tax consultation	- 83,847.15
Publication costs	- 34,107.56
Securities account fees	- 17,384.76
Depository bank fees	- 61,897.39
Costs for the external consultant	<u>0.00</u>

Total expenses - 594,440.10

Compensation for management costs from sub-funds 1) 114,385.60

**Ordinary fund result (excluding income adjustment) 8,216,286.34**

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

Realised gains 4)	13,107,571.37
Realised losses 5)	<u>- 32,437,481.81</u>

**Realised profit or loss from price changes (excluding income adjustment) - 19,329,910.44**

**Realised fund result (excluding income adjustment) - 11,113,624.10**

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

Changes in the unrealised profit or loss from price changes 7) 8,595,388.98

**Result for the reporting period 6) - 2,518,235.12**

### **c. Income adjustment**

Income adjustment for income in the period - 47,201.54

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

**Overall fund result - 2,565,436.66**

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

<b>Fund assets at the beginning of the reporting period</b>	<b>222,392,108.15</b>
<b>Disbursement/payment in the accounting year</b>	<b>0.00</b>
<b>Issue and redemption of units</b>	<b>- 3,756,094.26</b>
<b>Overall fund result</b>	
(The fund result is shown in detail under item 2.)	<b>- 2,565,436.66</b>
<b>Fund assets at the end of the reporting period</b>	<b><u>216,070,577.23</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 reporting year.
- 3) Total profit or loss from price changes without income adjustment (realised profit or loss from price changes, without income adjustment, plus changes in the unrealised profit or loss): CZK -10,734,521.46.
- 4) Thereof profits from transactions with derivative financial instruments: CZK 1,477,578.23.
- 5) Thereof losses from transactions with derivative financial instruments: CZK -22,193,165.09.
- 6) The result for the accounting year includes explicitly reported transaction costs in the amount of CZK 2,054.88.
- 7) Thereof changes in unrealised gains CZK -338,551,565.49 and unrealised losses CZK 347,146,954.47.
- 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 CZK 0.00, to earnings from real estate funds in the amount of CZK 0.00, and to other earnings in the amount of CZK 6,256,375.62 that were posted to the fund to offset losses from currency hedging.

# Statement of Assets and Liabilities as of 11 May 2020

(including changes in securities assets from 1 February 2020 to 11 May 2020)

## Breakdown of fund assets

Bank balances	216,070,577.23	100.00
Fund assets	216,070,577.23	100.00

## Investor note:

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

KEST-exempt non-dividend-bearing units outstand AT0000A1DD89	units	2,119,550.000
Value of KEST-exempt non-dividend-bearing unit AT0000A1DD89	CZK	101.94

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

All OTC derivatives are traded through Erste Group Bank AG.

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 the Delegated Regulation (EU) No. 2016/2251 is not accepted.

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

<b>Security designation</b>	<b>ISIN number</b>	<b>Interest rate</b>	<b>Purch./ additions Units/nominal (nom. in 1,000, rounded)</b>	<b>Sales/ disposals</b>
<b>Publicly traded securities</b>				
<b>Bonds denominated in USD</b>				
<b>Issue country Cayman Islands</b>				
LOGAN PPTY HLDGS 18/21	XS1808311424	6.875	0	55
YUZHOU PPTS 18/21	XS1788498167	6.375	0	230
<b>Issue country Costa Rica</b>				
INST.COSTAR.EL.11/21 REGS	USP56226AC09	6.950	0	140
<b>Issue country India</b>				
EXP.-IM.BK INDIA 15/20MTN	XS1209864229	2.750	0	200
<b>Issuer International Finance Corporation</b>				
BQUE OU.AFR.DEV.16/21REGS	XS1350670839	5.500	0	100
<b>Issue country Isle of Man</b>				
ANGLOGLD AS.HLDGS 10/20	US03512TAA97	5.375	0	285
<b>Issue country Colombia</b>				
BANCOLOMBIA 11/21	US05968LAG77	5.950	0	70
<b>Issue country Singapore</b>				
MEDCO ST.SERV. 17/22 REGS	USY59515AA72	8.500	0	80
<b>Securities admitted to organised markets</b>				
<b>Bonds denominated in USD</b>				
<b>Issue country Argentina</b>				
BCO HIPOTEC. 15/20 REGS	USP1330HBF03	9.750	0	150
BUENOS AIR. 15/21 REGS	XS1244682487	9.950	0	100
YPF 16/21 REGS	USP989MJBG51	8.500	0	160

<b>Security designation</b>	<b>ISIN number</b>	<b>Interest rate</b>	<b>Purch./ additions</b>	<b>Sales/ disposals</b>
			<b>Units/nominal (nom. in 1,000, rounded)</b>	
<b>Issue country Brazil</b>				
BCO DO BRASIL SA 2022	US05958AAJ79	3.875	0	100
BNDES 10/20 REGS	USP14486AD93	5.500	0	70
CENTR.EL.BRASIL.11/21REGS	USP22854AG14	5.750	0	80
<b>Issue country Cayman Islands</b>				
CHINA OVER.FIN.II 10/20	XS0508012092	5.500	0	250
CIFI HLDGS GROUP 18/21	XS1801151371	6.875	0	200
INDUSTRIAL SEN.T. 12/22	USG47661AA43	5.500	0	180
KUWAIT PROJ.CO. SPC 10/20	XS0526235535	9.375	0	300
PETROBRAS GLOBAL FI.11/21	US71645WAR25	5.375	0	170
SUZANO TRA. 10/21 REGS	USG8600UAA19	5.875	0	85
<b>Issue country Chile</b>				
EMPRESA NAC.PET.10/20REGS	USP37110AF39	5.250	0	300
<b>Issue country Georgia</b>				
GEORGIA 11/21 REGS	XS0617134092	6.875	0	135
<b>Issue country Great Britain</b>				
VEDANTA RES. 11/21 REGS	USG9328DAG54	8.250	0	150
<b>Issue country India</b>				
BK OF INDIA(LDN.BR.)11/21	XS0592238876	6.250	0	80
INDIAN OIL CORP.11/21REGS	XS0654493823	5.625	0	100
<b>Issue country Indonesia</b>				
PERUSA.LISTR 11/21 REGS	US71568QAA58	5.500	0	260
PT PERTAMINA 11/21 REGS	USY7138AAA89	5.250	0	270
<b>Issuer International Finance Corporation</b>				
EURAS.DEV.BK 12/22 MTN	XS0831571434	4.767	0	190
<b>Issue country Kazakhstan</b>				
CJSC DEV.BK KAZAKHS.12/22	XS0860582435	4.125	0	190
HALYK SAV.BK. 11/21 REGS	XS0583796973	7.250	0	170
KAZMUNAYGAS 17/22MTN REGS	XS1595713279	3.875	0	280

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<b>Security designation</b>	<b>ISIN number</b>	<b>Interest rate</b>	<b>Purch./ additions Units/nominal (nom. in 1,000, rounded)</b>	<b>Sales/ disposals</b>
<b>Issue country Colombia</b>				
OLEODUCTO CENTR.14/21REGS	USP7358RAC09	4.000	0	200
<b>Issue country Croatia</b>				
CROATIA 10/20 REGS	XS0525827845	6.625	0	170
CROATIA 11/21 REGS	XS0607904264	6.375	0	75
<b>Issue country Luxembourg</b>				
KERNEL HLDG 17/22 REGS	XS1533923238	8.750	0	100
<b>Issue country Mexico</b>				
ALPEK S.A.B. 12/22 REGS	USP01703AA82	4.500	0	400
COMISION FED. EL. 11/21	USP30179AJ79	4.875	0	300
<b>Issue country Namibia</b>				
NAMIBIA, REPUBLIC 11/21	XS0686701953	5.500	0	125
<b>Issue country Panama</b>				
GLOBAL BK. 16/21 REGS	USP47718AC86	4.500	0	50
<b>Issue country Singapore</b>				
INDIKA EN.CAP.II 17/22	USY39698AA65	6.875	0	200
<b>Issue country South Africa</b>				
TRANSN. SOC 12/22MTN REGS	XS0809571739	4.000	0	290
<b>Issue country Hungary</b>				
MFB MAGYAR F.BK 13/20REGS	XS0954674312	6.250	0	155
<b>Issue country USA</b>				
PAN AMER.ENG. 10/21 REGS	US69783UAA97	7.875	0	80
US TREASURY 2020	US912828X968	1.500	450	450
<b>Issue country British Virgin Islands</b>				
GERDAU TRADE INC 2010/21	USG3925DAA84	5.750	0	270
GOLD FIELDS OR.10/20 REGS	XS0547082973	4.875	0	245

<b>Security designation</b>	<b>ISIN number</b>	<b>Interest rate</b>	<b>Purch./ additions</b>	<b>Sales/ disposals</b>
<b>Units/nominal (nom. in 1,000, rounded)</b>				
<b>Unlisted securities</b>				
<b>Bonds denominated in USD</b>				
<b>Issue country Cayman Islands</b>				
TENCENT HLDGS 15/20 MTN	US88032XAC83	2.875	0	200
<b>Issue country India</b>				
BK OF INDIA(LDN.BR.)15/20	XS1227592703	3.125	0	100
ICICI BK(DB BR.)14/20REGS	US45112FAG19	3.500	0	200
TATA MOTORS 14/20	XS1121907676	4.625	0	70
<b>Issuer International Finance Corporation</b>				
AFRICA FINANCE 15/20 MTN	XS1225008538	4.375	0	150
<b>Issue country British Virgin Islands</b>				
CH.CINDA F.(2015)I 15/20	USG21184AA79	3.125	0	100

Vienna, 30 June 2020

Erste Asset Management GmbH  
Electronically signed

Inspection information:  
Note:

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

## Remuneration Policy

### Remuneration paid to employees of Erste Asset Management GmbH in EUR (2018 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 31.12.18	247
Number of risk bearers as of 31.12.18	95
Fixed remuneration	17,978,470
Variable remuneration (bonuses)	4,589,208
<b>Total employee remuneration</b>	<b>22,567,678</b>
Thereof remuneration for managing directors	1,049,937
Thereof remuneration for managerial risk bearers	4,317,407
Thereof remuneration for risk bearers with control functions*	692,269
Thereof remuneration for other risk bearers	6,853,589
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>12,913,202</b>

\* Includes the Head of Compliance

### Principles governing performance-based remuneration components

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

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

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

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

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

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

The remuneration system is made up of three components:

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

The bonus potential is based on the fixed annual gross remuneration. The target agreements concluded with the employees contain qualitative and/or quantitative objectives. The 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 on 3 April 2019 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

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consisting of the statement of assets and liabilities as of 11 May 2020, the income statement for the final partial 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 11 May 2020 and of the earnings position of the fund for the final partial 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 is sufficient and suitable to serve as a basis for our audit opinion.

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

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

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

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

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

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

#### **In addition:**

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

### **Other information**

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

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

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

Vienna, 30 June 2020

### **Ernst & Young**

Wirtschaftsprüfungsgesellschaft m.b.H.

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

**ppa MMag. Roland Unterweger**  
(Certified Public Accountant)

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

## Fund Rules

The Fund Rules for ERSTE DLUHOPISOVÝ FOND PERSPEKTIVNÍCH TRHŮ 2020, 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.

The name of the Fund is in Czech, and in English means "bond fund of the emerging markets".

### **Article 1 Fund Units**

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

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

### **Article 2 Depository Bank (Depository)**

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

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

### **Article 3 Investment Instruments and Principles**

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

The Fund invests predominantly, in other words at least 51% of its assets, in corporate bonds from companies registered or active in the emerging markets; these bonds must be purchased directly, in other words not indirectly or directly through investment funds or through derivatives. The Fund can also invest in bonds from credit institutions, international government bonds, and other (corporate) bonds. These bond types can be denominated in EUR or other currencies.

If the remaining term to maturity of these corporate bonds is less than 397 days, these become money market instruments. For this reason, from 397 days before its expiration, the Fund can invest predominantly in money market instruments issued by companies that qualified as transferable securities when they were issued, and from six months before its expiration predominantly in demand deposits and deposits with the right to be withdrawn with a term of no more than 12 months.

Foreign currency risks are hedged versus the Czech koruna to the greatest extent possible using suitable strategies.

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

a) Transferable securities

Transferable securities (including securities with embedded derivative financial instruments) may comprise up to 100% of the fund assets.

b) Money market instruments

Money market instruments may comprise up to 100% of the fund assets.

c) Transferable securities and money market instruments

The Fund may purchase transferable securities and money market instruments that are not fully paid up as well as subscription rights for these types of instruments and other financial instruments that are not fully paid up.

Transferable securities and money market instruments may 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 20% of the fund assets per individual issue and may comprise up to 49% in aggregate total, provided that the target funds themselves (UCITS, UCI) do not invest more than 10% of their fund assets in units of other investment funds.

Units in UCIs may make up no more than 30% of the fund assets.

e) Derivative financial instruments

Derivative instruments may be purchased for hedging purposes and also in the form of transferable securities with embedded derivatives.

f) Risk measurement method(s) of the Fund

The Fund applies the following risk measurement methods: 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, in the case of the justified expectation of impending losses experienced by securities or money market instruments, and/or from six months before its expiration, 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

Does not apply.

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

The unit value shall be calculated in CZK.

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 1.0% to cover the costs incurred by the Management Company in issuing the unit, rounded up to the next equivalent sub-unit.

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 determined by rounding down the unit value to the next equivalent sub-unit of the currency. No back-end commission will be charged at the end of the term.

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

Fixed-term fund: limited duration, suspension of unit issue

The Fund is being issued for a fixed term; the fund will expire on 11 May 2020.

In the case of early redemption before the end of the term, the redemption price shall decrease by an additional 3.0%. This redemption fee will be credited to the fund assets.

This shall have no effect on the Management Company's right of termination pursuant to the InvFG.

The liquidation of the fund assets shall proceed in accordance with the provisions of the InvFG.

The fund assets will be liquidated after the end of the fund term; for this, the fund assets will be sold, all claims asserted, and all obligations paid.

The proceeds accruing to each unit shall be distributed to the Unit-holders by the depository bank against the return of the unit certificates after the fund assets are liquidated.

#### **Article 5 Accounting Year**

The accounting year of the Fund is from 1 February to 31 January.

#### **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 April 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 April 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 April 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 April 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.

Use of earnings for non-dividend-bearing units without capital gains tax payment (KESt-exempt non-dividend-bearing units [foreign investors])

Non-dividend-bearing units without capital gains tax payment are not sold in Austria.

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 Management Company shall provide suitable proof 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 meet the conditions for exemption from capital gains tax according to § 94 of the Austrian Income Tax Act (Einkommensteuergesetz) at the time of payment.

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

The Management Company shall receive an annual fee for its administrative activities of up to 0.7% of the fund assets, which shall be accrued on a daily basis and calculated using the month-end values adjusted for the accrued fees.

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

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

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

**Annex to the Fund Rules**  
**List of exchanges with official trading and organised markets**  
**(As of September 2018)**

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

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

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

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

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

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

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

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

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

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

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

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

**3. Exchanges in non-European countries**

- |       |            |   |
|-------|------------|---|
| 3.1.  | Australia: | Sydney, Hobart, Melbourne, Perth                                  |
| 3.2.  | Argentina: | Buenos Aires  |
| 3.3.  | Brazil:    | Rio de Janeiro, Sao Paulo   |
| 3.4.  | Chile:     | Santiago  |
| 3.5.  | China:     | Shanghai Stock Exchange, Shenzhen Stock Exchange                  |
| 3.6.  | Hong Kong: | Hong Kong Stock Exchange  |
| 3.7.  | India:     | Mumbai  |
| 3.8.  | Indonesia: | Jakarta   |
| 3.9.  | Israel:    | Tel Aviv  |
| 3.10. | Japan:     | Tokyo, Osaka, Nagoya, Kyoto, Fukuoka, Niigata, Sapporo, Hiroshima |
| 3.11. | Canada:    | Toronto, Vancouver, Montreal                                      |
| 3.12. | Colombia:  | Bolsa de Valores de Colombia                                      |
| 3.13. | Korea:     | Korea Exchange (Seoul, Busan)                                     |
| 3.14. | Malaysia:  | Kuala Lumpur, Bursa Malaysia Berhad                               |

3.15.	Mexico:	Mexico City
3.16.	New Zealand:	Wellington, Christchurch/Invercargill, Auckland
3.17.	Peru:	Bolsa de Valores de Lima
3.18.	Philippines:	Manila
3.19.	Singapore:	Singapore Stock Exchange
3.20.	South Africa:	Johannesburg
3.21.	Taiwan:	Taipei
3.22.	Thailand:	Bangkok
3.23.	USA:	New York, NYCE American, New York Stock Exchange (NYSE), Philadelphia, Chicago, Boston, Cincinnati
3.24.	Venezuela:	Caracas
3.25.	United Arab Emirates:	Abu Dhabi Securities Exchange (ADX)

#### 4. Organised markets in countries outside of the European Community

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

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

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

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

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

**Note regarding the data used**

The sections Income Statement and Changes in Fund Assets, Statement of Assets and Liabilities, and 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 and the key investor information (and any applicable changes to these documents) were published in Amtsblatt zur Wiener Zeitung in accordance with the provisions of the InvFG 2011 in the currently amended version and are available 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, the languages in which the key investor information is 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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