

ABW ERSTE BOND DANUBIA – Investmentfonds in Abwicklung

Liquidation Report 2023/24
(Partial accounting year from 23 November 2023
to 31 May 2024)

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General Information about the Investment Firm

The company	Erste Asset Management GmbH Am Belvedere 1, A-1100 Vienna Telephone: +43 05 0100-19777, fax: +43 05 0100-919777
Registered capital	EUR 2.50 million
Shareholders	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%)
Supervisory Board	Rudolf SAGMEISTER (Chairman) Manfred BARTALSZKY Maximilian CLARY UND ALDRINGEN Klaus FELDERER (from 28.02.2024) Harald GASSER Gerhard GRABNER Harald Frank GRUBER Oswald HUBER (Deputy Chairman) Radovan JELASITY Michael KOREN (from 28.02.2024) Ertan PISKIN Peter PROBER Gabriele SEMMELROCK-WERZER (until 31.12.2023) Gerald WEBER Appointed by the Works Council: Martin CECH Regina HABERHAUER Heinrich Hubert REINER Peter RIEDERER Nicole WEINHENGST Manfred ZOUREK
Managing directors	Heinz BEDNAR Winfried BUCHBAUER Peter KARL Thomas KRAUS
Authorised officers	Karl FREUDENSCHUSS Günther MANDL Gerold PERMOSER Magdalena REISCHL Oliver RÖDER Magdalena UJWARY
State commissioners	Wolfgang EXL Angelika SCHÄTZ
Auditor	Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
Depositary bank	Erste Group Bank AG

Dear Unit-holders,

We are pleased to present you the following report for ABW ERSTE BOND DANUBIA - Investmentfonds in Abwicklung for the partial accounting year from 23 November 2023 to 31 May 2024.

The Fund was formed solely for the purpose of winding up the illiquid assets stemming from the segregation of ERSTE BOND DANUBIA.

Please note that all assets with the exception of the demand deposits are illiquid, so all calculated values and performance figures are based on indicative valuations. The actual liquidation proceeds after the sale of all transferable securities may deviate from the indicative calculated value significantly.

Information about the Liquidation

Market environment

Due to the geopolitical conditions in Russia and Ukraine and the associated far-reaching sanctions imposed against Russia and against Russian banks and central depositories by the EU and USA, and due to the Russian sanctions against investors from “unfriendly” jurisdictions including Austria, transactions with Russian securities and asset transfers are not possible on the exchange in Moscow or OTC.

For this reason, ABW ERSTE BOND DANUBIA has been in liquidation since its segregation from ERSTE BOND DANUBIA as of 23 November 2023 and contains the illiquid Russian assets. This measure was taken by the Management Company in accordance with the legal and supervisory possibilities to enable the efficient administration of ERSTE BOND DANUBIA in future taking the above conditions into account while also protecting the interests of all Unit-holders.

Unfortunately, no information can be provided at this time on future payout times for liquidation proceeds from the illiquid Russia assets or the expected total duration of the liquidation because it is still impossible to assess when or at what liquidity and at what prices trading with Russian securities will again be possible on any future exchanges. The portfolio remains unchanged and consists of nine positions in RUB-denominated Russian government bonds.

The fund management is following the difficult geopolitical conditions, the financial markets, and the effects of the EU sanctions on Russian issuers and assets with all due attention to be able to react swiftly and appropriately to any new developments, as far as action is possible. As soon as conditions allow and the liquidation of individual holdings or the entire Fund is possible, the Management Company will try to determine the timing and procedure for the disposal of the Russian assets with all due care and in the best interests of all Unit-holders.

The RUB depreciated by 1.79% versus the EUR in the period from 23 November 2023 to 31 May 2024. The Russian bonds have been valued at a price of RUB 6 since the segregation in the Fund.

Investment principle

The liquidation assets solely serve the purposes of the winding up of the Fund. In accordance with §§ 63 in conjunction with 65 InvFG 2011, the illiquid portions must be converted into cash and paid out to the Unit-holders as quickly as is possible while protecting the interests of the investors.

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 th Derivatives Risk Measurement and Reporting Regulation:		-

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

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

Asset Allocation

	As of 31.05.2024	
	EUR millions	%
Bonds		
RUB	1.0	91.21
Securities	1.0	91.21
Bank balances	0.1	8.75
Interest entitlements	0.0	0.04
Fund assets	1.1	100.00

Comparative Overview

Accounting year	Fund assets
2023/2024	1,106,257.99

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
2023/2024	Dividend-bearing units	AT0000A38GU0	EUR	0.68	0.0000	0.0000	-1.45

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2023/2024	Non-dividend-bearing units	AT0000A38GV8	EUR	1.87	0.0000	0.0000	-1.58

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2023/2024	KESSt-exempt non-dividend-bearing units	AT0000A38GR6	CZK	56.57	-	0.0000	-1.10

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2023/2024	KESSt-exempt non-dividend-bearing units	AT0000A38GS4	EUR	1.40	-	0.0000	-2.10

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2023/2024	KESSt-exempt non-dividend-bearing units	AT0000A38GW6	EUR	2.29	-	0.0000	-2.14

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2023/2024	KESSt-exempt non-dividend-bearing units	AT0000A38GX4	HUF	897.11	-	0.0000	0.56

Disbursement/Payment

The following disbursement or payment will be made for the accounting year from 23 November 2023 to 31 May 2024. 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 2 September 2024 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 ^t with option declaration	KES ^t w/o option declaration	Reinvestment
Dividend-bearing units	AT0000A38GU0	EUR	0.0000		0.0000	0.0000	0.0000
Non-dividend-bearing units	AT0000A38GV8	EUR	0.0000		0.0000	0.0000	0.0000
KES ^t -exempt non-dividend-bearing units	AT0000A38GR6	CZK	-	*	-	-	0.0000
KES ^t -exempt non-dividend-bearing units	AT0000A38GS4	EUR	-	*	-	-	0.0000
KES ^t -exempt non-dividend-bearing units	AT0000A38GW6	EUR	-	*	-	-	0.0000
KES ^t -exempt non-dividend-bearing units	AT0000A38GX4	HUF	-	*	-	-	0.0000

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

Income Statement and Changes in Fund Assets

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

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

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

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

AT0000A38GU0 dividend-bearing units EUR	
Unit value at the beginning of the reporting period (827,504.097 units)	0.69
Disbursement/payment	0.0000
Unit value at the end of the reporting period (827,504.097 units)	0.68
Total value including (notional) units gained through dividend disbursement/payment	0.68
Net earnings per unit	-0.01
Value development of one unit in the period	-1.45%

AT0000A38GV8 non-dividend-bearing units EUR	
Unit value at the beginning of the reporting period (209,488.286 units)	1.90
Disbursement/payment	0.0000
Unit value at the end of the reporting period (209,488.286 units)	1.87
Total value including (notional) units gained through dividend disbursement/payment	1.87
Net earnings per unit	-0.03
Value development of one unit in the period	-1.58%

AT0000A38GR6 KEST-exempt non-dividend-bearing units CZK	
Unit value at the beginning of the reporting period (4,636.411 units)	57.20
Disbursement/payment	0.0000
Unit value at the end of the reporting period (4,636.411 units)	56.57
Total value including (notional) units gained through dividend disbursement/payment	56.57
Net earnings per unit	-0.63
Value development of one unit in the period	-1.10%

AT0000A38GS4 KEST-exempt non-dividend-bearing units EUR	
Unit value at the beginning of the reporting period (810.959 units)	1.43
Disbursement/payment	0.0000
Unit value at the end of the reporting period (810.959 units)	1.40
Total value including (notional) units gained through dividend disbursement/payment	1.40
Net earnings per unit	-0.03
Value development of one unit in the period	-2.10%

AT0000A38GW6 KES-st-exempt non-dividend-bearing units EUR	
Unit value at the beginning of the reporting period (58,607.079 units)	2.34
Disbursement/payment	0.0000
Unit value at the end of the reporting period (58,607.079 units)	2.29
Total value including (notional) units gained through dividend disbursement/payment	2.29
Net earnings per unit	-0.05
Value development of one unit in the period	-2.14%

AT0000A38GX4 KES-st-exempt non-dividend-bearing units HUF	
Unit value at the beginning of the reporting period (21.000 units)	892.12
Disbursement/payment	0.0000
Unit value at the end of the reporting period (21.000 units)	897.11
Total value including (notional) units gained through dividend disbursement/payment	897.11
Net earnings per unit	4.99
Value development of one unit in the period	0.56%

2. Fund Result

a. Realised fund result

Ordinary fund result

Income (without profit or loss from price changes)

Interest income (excluding income adjustment)	1,198.88
Dividend income	0.00
Other income 8)	0.00

Total income (without profit or loss from price changes) 1,198.88

Interest paid 0.00

Expenses

Fees paid to Investment Firm	0.00
Costs for the financial auditor and tax consultation	- 4,000.00
Publication costs	0.00
Securities account fees	0.00
Depositary bank fees	0.00
Costs for the external consultant	0.00
Performance fee	-
Fee foreign-currency unit certificates 9)	0.00

Total expenses - 4,000.00

Compensation for management costs from sub-funds 1) 0.00

Ordinary fund result (excluding income adjustment) **- 2,801.12**

Realised profit or loss from price changes 2) 3)

Realised gains 4)	0.00
Realised losses 5)	0.00

Realised profit or loss from price changes (excluding income adjustment) **0.00**

Realised fund result (excluding income adjustment) **- 2,801.12**

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

Changes in the unrealised profit or loss from price changes 7) - 14,353,412.60

Result for the reporting period 6) **- 14,356,213.72**

c. Income adjustment

Income adjustment for income in the period 0.00

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

Overall fund result **- 14,356,213.72**

3. Changes in Fund Assets

Fund assets at the beginning of the reporting period	0.00
Disbursement/payment in the accounting year	0.00
Issue and redemption of units	15,462,471.71
Overall fund result	
(The fund result is shown in detail under item 2.)	- 14,356,213.72
Fund assets at the end of the reporting period	<u>1,106,257.99</u>

- 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 -14,353,412.60.
- 4) Thereof profits from transactions with derivative financial instruments: EUR 0.00.
- 5) Thereof losses from transactions with derivative financial instruments: EUR 0.00.
- 6) The result for the accounting year includes explicitly reported transaction costs in the amount of EUR 0.00.
- 7) Thereof changes in unrealised gains EUR 0.00 and unrealised losses EUR -14,353,412.60.
- 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, to other earnings in the amount of EUR 0.00, and to earnings from back-end commissions in the amount of EUR 0.00.
- 9) The Fund is charged a monthly fee per foreign-currency unit category for the management of the foreign-currency unit certificates.

Statement of Assets and Liabilities as of 31 May 2024

(including changes in securities assets from 23 November 2023 to 31 May 2024)

Security designation	ISIN number	Interest rate	Purch./ Additions	Sales/ disposals	Holding Units/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets
Publicly traded securities								
Bonds denominated in RUB								
Issue country Russia								
RUSS.FEDER 19/25	RU000A100EG3	0.000	200,000	0	200,000	6.000	122,310.19	11.06
RUSS.FEDER 19/30	RU000A100A82	0.000	300,000	0	300,000	6.000	183,465.29	16.58
RUSS.FEDER 20/28	RU000A102BT8	0.000	300,000	0	300,000	6.000	183,465.29	16.58
RUSS.FEDER 20/31	RU000A1028E3	0.000	100,000	0	100,000	6.000	61,155.10	5.53
RUSS.FEDER 20/35	RU000A101F94	0.000	100,000	0	100,000	6.000	61,155.10	5.53
RUSSIAN FED. 12-27	RU000A0JS3W6	0.000	150,000	0	150,000	6.000	91,732.65	8.29
RUSSIAN FED. 13-23	RU000A0JTJL3	0.000	100,000	0	100,000	6.000	61,155.10	5.53
RUSSIAN FED. 17-22	RU000A0JXB41	0.000	50,000	0	50,000	6.000	30,577.55	2.76
RUSSIAN FED. 18-29	RU000A0ZYUA9	0.000	350,000	0	350,000	6.000	214,042.84	19.35
Total issue country Russia							1,009,059.11	91.21
Total bonds denominated in RUB translated at a rate of 98.11120							1,009,059.11	91.21
Total publicly traded securities							1,009,059.11	91.21

Breakdown of fund assets

Transferable securities	1,009,059.11	91.21
Bank balances	96,796.51	8.75
Interest entitlements	402.37	0.04
Fund assets	1,106,257.99	100.00

Investor note:

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

Please also refer to the statement by the management regarding the indicative valuation of the assets on page 4 of the liquidation report.

Dividend-bearing units outstanding	AT0000A38GU0	units	827,504.100
Value of dividend-bearing unit	AT0000A38GU0	EUR	0.68
Non-dividend-bearing units outstanding	AT0000A38GV8	units	209,488.290
Value of non-dividend-bearing unit	AT0000A38GV8	EUR	1.87
KEST-exempt non-dividend-bearing units outstanding	AT0000A38GW6	units	58,607.080
Value of KEST-exempt non-dividend-bearing unit	AT0000A38GW6	EUR	2.29
KEST-exempt non-dividend-bearing units outstanding	AT0000A38GR6	units	4,636.410
Value of KEST-exempt non-dividend-bearing unit	AT0000A38GR6	CZK	56.57

KEST-exempt non-dividend-bearing units outstanding	AT0000A38GX4	units	21.000
Value of KEST-exempt non-dividend-bearing unit	AT0000A38GX4	HUF	897.11
KEST-exempt non-dividend-bearing units outstanding	AT0000A38GS4	units	810.960
Value of KEST-exempt non-dividend-bearing unit	AT0000A38GS4	EUR	1.40

Vienna, 14 August 2024

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 (2022 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 31.12.2022	279
Number of risk bearers in 2022	144
Fixed remuneration	21,036,836
Variable remuneration (bonuses)	5,725,006
Total employee remuneration	26,761,842
Thereof remuneration for managing directors	1,223,760
Thereof remuneration for managerial risk bearers	4,144,774
Thereof remuneration for risk bearers with control functions*	1,562,971
Thereof remuneration for other risk bearers	8,576,902
Thereof remuneration for employees in the same income bracket as managers and risk bearers due to the amount of their total remuneration	0
Total remuneration for risk bearers	15,508,407

* Managers with control functions are reported in this group

Principles governing performance-based remuneration components

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

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

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

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

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

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

The remuneration system is made up of three components:

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

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

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

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

The complete remuneration policy of the Management Company can be viewed at http://www.erste-am.at/de/private_anleger/wer-sind-wir/investmentprozess.

The last audit of compliance with the requirements of the remuneration policy by the Supervisory Board in March 2023 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 liquidation report

Audit opinion

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

ABW ERSTE BOND DANUBIA – Investmentfonds in Abwicklung,

consisting of the statement of assets and liabilities as of 31 May 2024, the income statement for the 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 liquidation report satisfies the legal requirements and provides a true and fair view of the assets and financial position as of 31 May 2024 and of the earnings position of the fund for the 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 liquidation 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.

Emphasis of a matter

We would like to draw your attention to the statement by the management of the Management Company on page 4 of the liquidation report, in which the management indicates that the fund is in liquidation and points out that the valuation is indicative due to the illiquidity of the securities holdings and the associated valuation characteristics of the fund and that the actual liquidation proceeds may deviate from the indicative calculated value significantly. This matter does not require a modification of the audit opinion.

Other information

The legal representatives are responsible for the other information. The other information includes all information in the liquidation 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 liquidation report, we are responsible for reading this other information and assessing whether the other information contains material inconsistencies with the liquidation 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 liquidation report

The legal representatives are responsible for preparing the liquidation 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 a liquidation 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 liquidation report

Our goals are to ascertain with sufficient certainty whether the liquidation 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 liquidation 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 liquidation 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, structure, and content of the liquidation report including the figures as well as whether the liquidation 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, 2 September 2024

Ernst & Young

Wirtschaftsprüfungsgesellschaft m.b.H.

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

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

- * In the case of the publication or dissemination of the liquidation 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

Not applicable because the Fund is in liquidation.

Fund Rules

The split off UCITS is being formed in accordance with § 65 InvFG 2011 as amended solely for the purpose of winding-up the illiquid portions stemming from the segregation of ERSTE BOND DANUBIA. The split off UCITS is being wound up by the depositary bank (Article 2).

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 as well as the party processing the liquidation pursuant to § 63 InvFG is Erste Group Bank AG, Vienna.

The payment offices for unit certificates are the depositary bank (depositary).

Article 3 Investment Instruments and Principles

The Fund is being formed solely for the purpose of winding up the illiquid assets and demand deposits held for the coverage of the costs expected to be incurred from the winding-up stemming from the segregation of ERSTE BOND DANUBIA.

Beyond this, no assets may be selected in accordance with the InvFG.

In accordance with §§ 63 in conjunction with 65 InvFG 2011, the illiquid portions must be converted into cash and paid out to the Unit-holders as quickly as is possible while protecting the interests of the investors.

Article 4 Issue and Redemption Procedure

Provided that the value of the Fund is measurable, the unit value shall be calculated in the currency of the respective unit category.

Issue and redemption

For unit certificates in ERSTE BOND DANUBIA issued on the date of the segregation, unit certificates of the same unit category shall be issued in the Fund free of charge on the date of the segregation in the amount of the issued units in the fund from which the segregation is being made, multiplied by the applicable segregation ratio.

This shall convey the same proportionate joint ownership in the split off UCITS as the underlying unit certificate conveyed in ERSTE BOND DANUBIA on the date of the segregation.

No units will be issued beyond this because the Fund is in liquidation pursuant to § 63 in conjunction with § 65 InvFG.

Because the split off UCITS is in liquidation pursuant to § 63 in conjunction with § 65 InvFG, the redemption of units is not possible.

Article 5 Accounting Year

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

Article 6
Use of Earnings

The following unit categories and the corresponding certificates shall be issued for the Fund in the same manner they are issued for ERSTE BOND DANUBIA on the date of the segregation: dividend-bearing units, non-dividend-bearing units with capital gains tax payment, and non-dividend-bearing units without capital gains tax payment.

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. Capital repayments are possible at any time. The fund assets are also permitted to fall below the legally stipulated minimum volume for termination as a result of such dividend disbursements and capital repayments.

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

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

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

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

Capital repayments are possible at any time. The fund assets are also permitted to fall below the legally stipulated minimum volume for termination as a result of such capital repayments.

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

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

The Management Company shall provide suitable proof from the banks managing the corresponding securities accounts that the unit certificates 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.

Capital repayments are possible at any time. The fund assets are also permitted to fall below the legally stipulated minimum volume for termination as a result of such capital repayments.

Article 7
Compensation for Expenses, Liquidation Fee

The depositary bank shall be entitled to compensation for all expenses incurred in its liquidation activities, especially costs for mandatory publications, custodial fees, expenses for administrative activities pursuant to § 5 (2) 1 lit b) InvFG, auditing and consulting costs, and costs for the preparation of period-end financial statements.

The depositary bank shall be entitled to compensation for all expenses incurred in the liquidation of the Fund.

Upon payment of the liquidation proceeds, the depositary bank will receive a fee of up to 0.5% of the amount that is paid out.

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 liquidation 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 accordance with the provisions of the InvFG 2011 and AIFMG in conjunction with the InvFG 2011, and the current versions can be accessed in the “Mandatory Publications” section of the website www.erste-am.com 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.

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