

ERSTE MORTGAGE

Jointly owned fund pursuant to the InvFG

Annual Report 2023/24

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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) Reinhard WALTTL (until 31.10.2023) 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 Manfred LENTNER (until 31.08.2023) Günther MANDL Gerold PERMOSER Magdalena REISCHL Oliver RÖDER Magdalena UJWARY (from 16.08.2023)
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 annual report for the ERSTE MORTGAGE jointly owned fund pursuant to the InvFG for the accounting year from 1 May 2023 to 30 April 2024.

We would also like to note that the risk measurement method was changed from absolute value at risk to the commitment approach effective 1 November 2023.

Development of the Fund

Market report

The reporting period was dominated by the effects of the previous volatile months on the global financial markets. More restrictive monetary policy and positive developments in the fight against inflation supported expectations for a phase of normalisation, though the geopolitical tensions are an exception to this. The scope of support being provided to Ukraine is being publicly discussed more intensely since the outbreak of the conflict in the Middle East, and the presidential election campaign in the USA with statements about the obligation to lend support under military alliances and the tensions with China also garnered more attention recently. The US Fed raised its key rate by two 25 basis point steps at the beginning of the reporting period in May and in July 2023. Since then, the reference rate has been left unchanged in a range of 5.25–5.5%. This resulted in a 50-basis-point rise in the USA's key rate over the reporting period as a whole. The extent of maturing holdings in US government bonds will be reduced from USD 60 billion to USD 25 billion per month starting in June 2024, while the share of USD 35 billion in mortgage-backed securities per month remains unchanged.

The inflation decline was initially fuelled by decreases in energy prices and a significant slowdown in the increases in goods prices. This trend and the increasing certainty that the inflation target of an annualised 2% on average could be reached soon fuelled expectations of the first key rate cuts in the USA starting in the middle of the reporting period.

However, the very sticky inflation in the services sector and the inflation data for the first three months of this year combined with sustained good economic development mean that no cuts are likely until the labour market cools significantly and the wage curve flattens. Until then, the key rate level that is considered to be restrictive could be maintained.

The political division in the USA and the steadily dwindling willingness to make compromises in the run-up to the elections are causing lasting, sustainable solutions for fiscal policy issues (debt cap, budget negotiations) to be postponed instead of hammered out. The removal of the Republican speaker in the House of Representatives by a motion from his own party and the difficult search for a successor also show the degree of internal party tension at the moment. Under these conditions, the rating agency Moody's changed its outlook to negative – though the highest rating was maintained for the time being, in contrast to other agencies.

The European Central Bank made four key rate hikes of 25 basis points each during its meetings, and has left the rate steady since its last change in September 2023. The Eurozone key rate was thus increased by a total of 100 basis points over the reporting period. Economic development in the Eurozone is lagging behind that in the USA, with lower inflationary pressure recently. The ECB is signalling the possibility that it may cut its key rate again for the first time at its next meeting in June.

Ten-year German government bond yields were at around plus 2.31% at the beginning of the reporting period and reached a high of around 2.97% in early October. After the marked yield decline in the fourth quarter, the low point was roughly plus 1.89% at the end of December, after which yields rebounded to 2.58% by the end of the reporting period. The yields for ten-year US government bonds followed a similar trajectory. During the reporting period, they rose from roughly plus 3.42% at the beginning of the period to a high of 4.99% in the middle of October, after which they fell to a low of around 3.79% at the end of the year. Since then, the yield level has risen sharply again and was at around plus 4.68% most recently.

Investment policy

The higher yield levels had a negative impact on the prices of US mortgage bonds and thus on the value of ERSTE MORTGAGE. Activity in the real estate sector remains subdued, in part because of the higher credit costs and potentially higher refinancing costs, so early redemptions by borrowers are remaining at low levels.

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.

Within the portfolio, mortgage bonds with higher coupons were initially preferred over those with lower ones. As time passed and given the higher yield levels, this overweighting was reduced and most recently switched to an underweighting due to the higher refinancing risk in this segment in the event of yield declines. There were no recent signs of planned, active sales of mortgage-backed securities from the holdings accumulated under the bond purchase programme of the Fed.

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.

ERSTE MORTGAGE generated a negative performance of 2.96% (ISIN AT0000700778) for the reporting period.

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 30.04.2024	
	EUR millions	%
Bonds		
USD	0.6	1.17
Investment certificates		
EUR	1.3	2.53
US pools		
USD	49.6	94.34
Transferable securities	51.5	98.04
Forward exchange agreements	0.2	0.29
Bank balances	0.7	1.35
Interest entitlements	0.2	0.32
Other deferred items	-0.0	-0.00
Fund assets	52.5	100.00

Comparative Overview

Accounting year	Fund assets
2021/2022	164,276,889.86
2022/2023	64,350,728.50
2023/2024	52,541,461.01

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
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
2023/2024	Dividend-bearing units	AT0000700778	EUR	72.83	0.7500	0.0000	-2.96

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2021/2022	Dividend-bearing units	AT0000A1Y968	EUR	92.12	0.3500	0.0000	-8.45
2022/2023	Dividend-bearing units	AT0000A1Y968	EUR	87.59	-	-	-
2023/2024	Dividend-bearing units	AT0000A1Y968	EUR	85.12	-	-	-

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2021/2022	Dividend-bearing units	AT0000A1Y976	EUR	92.69	-	-	-
2022/2023	Dividend-bearing units	AT0000A1Y976	EUR	88.13	0.6254	2.7377	-4.92
2023/2024	Dividend-bearing units	AT0000A1Y976	EUR	85.09	0.7500	0.0000	-2.75

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
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
2023/2024	Non-dividend-bearing units	AT0000700786	EUR	117.52	0.0000	0.0000	-2.99

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
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
2023/2024	Non-dividend-bearing units	AT0000A1Y984	EUR	85.58	0.0000	0.0000	-2.76

ERSTE MORTGAGE

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
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
2023/2024	KESt-exempt non-dividend-bearing units	AT0000658984	EUR	133.67	-	0.0000	-2.99

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
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	-	-	-
2023/2024	KESt-exempt non-dividend-bearing units	AT0000A1Y992	EUR	86.81	-	-	-

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
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
2023/2024	KESt-exempt non-dividend-bearing units	AT0000A1Y9A6	EUR	88.17	-	0.0000	-2.59

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
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	-	-	-
2023/2024	KESt-exempt non-dividend-bearing units	AT0000A1Y9B4	CZK	2,175.75	-	-	-

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
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	-	-	-
2023/2024	KESt-exempt non-dividend-bearing units	AT0000A1Y9C2	HUF	33,759.71	-	-	-

Disbursement/Payment

The following disbursement or payment will be made for the accounting year from 1 May 2023 to 30 April 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 1 August 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	Re- invest- ment
Dividend-bearing units	AT0000700778	EUR	0.7500		0.0000	0.0000	0.0000
Dividend-bearing units	AT0000A1Y968	EUR	-		-	-	-
Dividend-bearing units	AT0000A1Y976	EUR	0.7500		0.0000	0.0000	0.0000
Non-dividend-bearing units	AT0000700786	EUR	0.0000		0.0000	0.0000	0.0000
Non-dividend-bearing units	AT0000A1Y984	EUR	0.0000		0.0000	0.0000	0.0000
KES ^t -exempt non-dividend-bearing units	AT0000658984	EUR	-	*	-	-	0.0000
KES ^t -exempt non-dividend-bearing units	AT0000A1Y992	EUR	-	*	-	-	-
KES ^t -exempt non-dividend-bearing units	AT0000A1Y9A6	EUR	-	*	-	-	0.0000
KES ^t -exempt non-dividend-bearing units	AT0000A1Y9B4	CZK	-	*	-	-	-
KES ^t -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.

AT0000700778 dividend-bearing units EUR	
Unit value at the beginning of the reporting period (90,737.062 units)	75.92
Disbursement/payment on 28.07.2023 (corresponds to roughly 0.0115 units at a calculated value of 74.03)	0.8500
Unit value at the end of the reporting period (94,592.258 units)	72.83
Total value including (notional) units gained through dividend disbursement/payment	73.67
Net earnings per unit	-2.25
Value development of one unit in the period	-2.96%

AT0000A1Y968 dividend-bearing units EUR	
Unit value at the beginning of the reporting period (0.000 units)	87.59
Disbursement/payment	0.0000
Unit value at the end of the reporting period (0.000 units)	85.12
Total value including (notional) units gained through dividend disbursement/payment	-
Net earnings per unit	-
Value development of one unit in the period	-

AT0000A1Y976 dividend-bearing units EUR	
Unit value at the beginning of the reporting period (1,549.000 units)	88.13
Disbursement/payment on 28.07.2023 (corresponds to roughly 0.0072 units at a calculated value of 86.33)	0.6254
Unit value at the end of the reporting period (362.000 units)	85.09
Total value including (notional) units gained through dividend disbursement/payment	85.71
Net earnings per unit	-2.42
Value development of one unit in the period	-2.75%

AT0000700786 non-dividend-bearing units EUR	
Unit value at the beginning of the reporting period (102,128.796 units)	121.14
Disbursement/payment	0.0000
Unit value at the end of the reporting period (94,665.015 units)	117.52
Total value including (notional) units gained through dividend disbursement/payment	117.52
Net earnings per unit	-3.62
Value development of one unit in the period	-2.99%

AT0000A1Y984 non-dividend-bearing units EUR	
Unit value at the beginning of the reporting period (473,485.010 units)	88.68
Disbursement/payment on 28.07.2023 (corresponds to roughly 0.0076 units at a calculated value of 86.84)	0.6616
Unit value at the end of the reporting period (375,008.010 units)	85.58
Total value including (notional) units gained through dividend disbursement/payment	86.23
Net earnings per unit	-2.45
Value development of one unit in the period	-2.76%

AT0000658984 KEST-exempt non-dividend-bearing units EUR	
Unit value at the beginning of the reporting period (9,017.500 units)	137.79
Disbursement/payment	0.0000
Unit value at the end of the reporting period (6,025.826 units)	133.67
Total value including (notional) units gained through dividend disbursement/payment	133.67
Net earnings per unit	-4.12
Value development of one unit in the period	-2.99%

AT0000A1Y992 KEST-exempt non-dividend-bearing units EUR	
Unit value at the beginning of the reporting period (0.000 units)	89.33
Disbursement/payment	0.0000
Unit value at the end of the reporting period (0.000 units)	86.81
Total value including (notional) units gained through dividend disbursement/payment	-
Net earnings per unit	-
Value development of one unit in the period	-

AT0000A1Y9A6 KEST-exempt non-dividend-bearing units EUR	
Unit value at the beginning of the reporting period (19,007.789 units)	90.51
Disbursement/payment	0.0000
Unit value at the end of the reporting period (18,070.817 units)	88.17
Total value including (notional) units gained through dividend disbursement/payment	88.17
Net earnings per unit	-2.34
Value development of one unit in the period	-2.59%

AT0000A1Y9B4 KEST-exempt non-dividend-bearing units CZK	
Unit value at the beginning of the reporting period (0.000 units)	2,103.48
Disbursement/payment	0.0000
Unit value at the end of the reporting period (0.000 units)	2,175.75
Total value including (notional) units gained through dividend disbursement/payment	-
Net earnings per unit	-
Value development of one unit in the period	-

AT0000A1Y9C2 KEST-exempt non-dividend-bearing units HUF	
Unit value at the beginning of the reporting period (0.000 units)	33,133.33
Disbursement/payment	0.0000
Unit value at the end of the reporting period (0.000 units)	33,759.71
Total value including (notional) units gained through dividend disbursement/payment	-
Net earnings per unit	-
Value development of one unit in the period	-

2. Fund Result

a. Realised fund result

Ordinary fund result

Income (without profit or loss from price changes)

Interest income (excluding income adjustment)	2,169,814.24	
Dividend income	0.00	
Other income 8)	0.00	
Total income (without profit or loss from price changes)		2,169,814.24

Interest paid

0.00

Expenses

Fees paid to Investment Firm	- 266,493.85	
Costs for the financial auditor and tax consultation	- 5,422.00	
Publication costs	- 15,932.82	
Securities account fees	- 6,941.21	
Depository bank fees	- 21,319.43	
Costs for the external consultant	0.00	
Performance fee	-	
Fee foreign-currency unit certificates 9)	0.00	
Total expenses		- 316,109.31
Compensation for management costs from sub-funds 1)		0.00

Ordinary fund result (excluding income adjustment)

1,853,704.93

Realised profit or loss from price changes 2) 3)

Realised gains 4)	3,447,557.11	
Realised losses 5)	- 6,802,777.40	

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

- 3,355,220.29

Realised fund result (excluding income adjustment)

- 1,501,515.36

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

Changes in the unrealised profit or loss from price changes 7)	1,474.23
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Result for the reporting period 6)

- 1,500,041.13

c. Income adjustment

Income adjustment for income in the period	153,478.31
Income adjustment for profit carried forward from dividend-bearing units	45,522.41

Overall fund result

- 1,301,040.41

3. Changes in Fund Assets

Fund assets at the beginning of the reporting period	64,350,728.50
Disbursement/payment in the accounting year	- 403,359.21
Issue and redemption of units	- 10,104,867.87
Overall fund result	
(The fund result is shown in detail under item 2.)	- 1,301,040.41
Fund assets at the end of the reporting period	<u>52,541,461.01</u>

- 1) Reimbursements (in the sense of commissions) paid by third parties are forwarded to the Fund after deduction of appropriate costs. Erste Group Bank 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 -3,353,746.06.
- 4) Thereof profits from transactions with derivative financial instruments: EUR 3,214,110.35.
- 5) Thereof losses from transactions with derivative financial instruments: EUR -6,024,332.63.
- 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 264,244.22 and unrealised losses EUR -262,769.99.
- 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 30 April 2024

(including changes in securities assets from 1 May 2023 to 30 April 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
Investment certificates								
Investment certificates denominated in EUR								
Issue country Austria								
ERSTE ALPHA 1 T	AT0000A03DF2		542	1,872	5,849	56.920	332,925.08	0.63
ERSTE ALPHA 2 T	AT0000A05F50		1,045	3,934	12,282	81.110	996,193.02	1.90
Total issue country Austria							1,329,118.10	2.53
Total investment certificates denominated in EUR							1,329,118.10	2.53
Total investment certificates							1,329,118.10	2.53
Securities admitted to organised markets								
US pools denominated in USD								
Issue country USA								
GNMA 20/50 POOL MA6600	US36179VKM18	3.500	0	0	9,000	89.194	1,909,858.87	3.63
GNMA 20/50 POOL MA6766	US36179VQT07	3.000	0	0	13,000	85.978	3,668,920.61	6.98
GNMA 20/50 POOL MA6820	US36179VSH41	3.000	0	0	15,000	85.937	4,585,544.67	8.73
GNMA 20/50 POOL MA6821	US36179VSJ07	3.500	0	0	5,000	89.054	1,463,396.42	2.79
GNMA 20/50 POOL MA6822	US36179VSK79	4.000	0	0	15,000	92.167	3,944,587.70	7.51
GNMA 20/50 POOL MA6865	US36179VTW09	2.500	0	0	10,000	82.596	3,907,332.09	7.44
GNMA 2034 POOL 629888	US36291JXR66	5.000	0	0	3	99.489	312.61	0.00
GNMA 2045 POOL MA3173	US36179RQ281	3.500	0	0	15,000	90.085	1,458,420.57	2.78
GNMA 2046 POOL MA3663	US36179SB893	3.500	0	7,000	14,000	89.770	1,549,583.84	2.95
GNMA 21/51 POOL MA7136	US36179V4V97	2.500	0	2,000	13,000	82.471	5,894,686.09	11.22
GNMA 21/51 POOL MA7366	US36179WFF05	2.000	0	0	7,000	79.254	3,844,251.83	7.32
GNMA 21/51 POOL MA7471	US36179WJQ24	2.000	0	2,000	7,000	79.223	4,021,330.46	7.65
GNMA 22/52 POOL MA8268	US36179XFH44	4.500	0	1,000	4,500	93.690	3,611,926.75	6.87
GNMA 22/52 POOL MA8428	US36179XLH79	5.000	0	0	3,000	96.223	2,486,479.83	4.73
GNMA 23/53 POOL MA8878	US36179X2K15	5.000	5,000	3,000	2,000	96.126	1,737,533.72	3.31
GNMA 23/53 POOL MA9171	US36179YFL39	5.500	4,000	0	4,000	98.435	3,620,687.94	6.89
GNMA 23/53 POOL MA9363	US36179YML55	6.000	2,000	0	2,000	100.601	1,864,998.87	3.55
Total issue country USA							49,569,852.87	94.34
Total US pools denominated in USD translated at a rate of 1.06835							49,569,852.87	94.34
Bonds denominated in USD								
Issue country USA								
USA 20/25	US91282CAM38	0.250	1,000	300	700	93.422	612,115.07	1.17
Total issue country USA							612,115.07	1.17
Total bonds denominated in USD translated at a rate of 1.06835							612,115.07	1.17
Total securities admitted to organised markets							50,181,967.94	95.51

Security designation	ISIN number	Holding	Unrealised result in EUR	% share of fund assets
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Forward exchange agreements**Forward exchange agreements denominated in EUR****Issue country Austria**

FXF SPEST EUR/USD 14.06.2024	FXF_TAX_3468141	51,267,152	153,260.66	0.29
FXF SPEST EUR/USD 14.06.2024	FXF_TAX_3468220	-467,624	-407.97	-0.00
Total issue country Austria			152,852.69	0.29
Total forward exchange agreements denominated in EUR			152,852.69	0.29
Total forward exchange agreements			152,852.69	0.29

Breakdown of fund assets

Transferable securities			51,511,086.04	98.04
Forward exchange agreements			152,852.69	0.29
Bank balances			711,912.46	1.35
Interest entitlements			166,980.08	0.32
Other deferred items			-1,370.26	-0.00
Fund assets			52,541,461.01	100.00

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

Dividend-bearing units outstanding	AT0000700778	units	94,592.258
Value of dividend-bearing unit	AT0000700778	EUR	72.83
Dividend-bearing units outstanding	AT0000A1Y968	units	0.000
Value of dividend-bearing unit	AT0000A1Y968	EUR	85.12
Dividend-bearing units outstanding	AT0000A1Y976	units	362.000
Value of dividend-bearing unit	AT0000A1Y976	EUR	85.09
Non-dividend-bearing units outstanding	AT0000700786	units	94,665.015
Value of non-dividend-bearing unit	AT0000700786	EUR	117.52
Non-dividend-bearing units outstanding	AT0000A1Y984	units	375,008.010
Value of non-dividend-bearing unit	AT0000A1Y984	EUR	85.58
KEST-exempt non-dividend-bearing units outstanding	AT0000658984	units	6,025.826
Value of KEST-exempt non-dividend-bearing unit	AT0000658984	EUR	133.67
KEST-exempt non-dividend-bearing units outstanding	AT0000A1Y992	units	0.000
Value of KEST-exempt non-dividend-bearing unit	AT0000A1Y992	EUR	86.81
KEST-exempt non-dividend-bearing units outstanding	AT0000A1Y9A6	units	18,070.817
Value of KEST-exempt non-dividend-bearing unit	AT0000A1Y9A6	EUR	88.17
KEST-exempt non-dividend-bearing units outstanding	AT0000A1Y9B4	units	0.000
Value of KEST-exempt non-dividend-bearing unit	AT0000A1Y9B4	CZK	2,175.75
KEST-exempt non-dividend-bearing units outstanding	AT0000A1Y9C2	units	0.000
Value of KEST-exempt non-dividend-bearing unit	AT0000A1Y9C2	HUF	33,759.71

ERSTE MORTGAGE

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	0.25418	1,909,858.87
GNMA 20/50 POOL MA6766	US36179VQT07	0.35069	3,668,920.61
GNMA 20/50 POOL MA6820	US36179VSH41	0.38004	4,585,544.67
GNMA 20/50 POOL MA6821	US36179VSJ07	0.35112	1,463,396.42
GNMA 20/50 POOL MA6822	US36179VSK79	0.30482	3,944,587.70
GNMA 20/50 POOL MA6865	US36179VTW09	0.50540	3,907,332.09
GNMA 2034 POOL 629888	US36291JXR66	0.11145	312.61
GNMA 2045 POOL MA3173	US36179RQ281	0.11531	1,458,420.57
GNMA 2046 POOL MA3663	US36179SB893	0.13173	1,549,583.84
GNMA 21/51 POOL MA7136	US36179V4V97	0.58739	5,894,686.09
GNMA 21/51 POOL MA7366	US36179WFF05	0.74030	3,844,251.83
GNMA 21/51 POOL MA7471	US36179WJQ24	0.77470	4,021,330.46
GNMA 22/52 POOL MA8268	US36179XFH44	0.91526	3,611,926.75
GNMA 22/52 POOL MA8428	US36179XLH79	0.92024	2,486,479.83
GNMA 23/53 POOL MA8878	US36179X2K15	0.96555	1,737,533.72
GNMA 23/53 POOL MA9171	US36179YFL39	0.98242	3,620,687.94
GNMA 23/53 POOL MA9363	US36179YML55	0.99028	1,864,998.87

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. For foreign currency futures contracts and foreign currency swap contracts that are not physically delivered, the collateral is swapped between the Fund and Erste Group Bank AG.

In the event of negative exposure to derivative futures contracts and foreign currency swap contracts that are not physically delivered, 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 exposure to derivative futures contracts and foreign currency swap contracts that are not physically delivered, EUR-denominated bonds from the national governments or central banks of the countries of the Eurozone 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. In the event of regulatory requirements that stipulate a different discount or the provision of alternative collateral, these requirements are met.

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
Securities admitted to organised markets				
US pools denominated in USD				
Issue country USA				
GNMA 2045 POOL MA3035	US36179RLQ01	4.000	0	14,000
GNMA 2047 POOL MA4512	US36179TAM71	4.500	0	15,000
Bonds denominated in USD				
Issue country USA				
USA 22/32	US91282CFF32	2.750	5,000	11,000

Vienna, 1 July 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 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 2024, 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 2024 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, 12 July 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 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 investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Fund Rules

ERSTE MORTGAGE

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: **commitment approach**

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

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

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

There are no minimum bank balance requirements.

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

h) Acceptance of short-term loans

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

i) Repurchase agreements

Does not apply.

j) Securities lending

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 **on or after 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 can only be held by Unit-holders who are not subject to Austrian personal income tax or corporation tax or who meet the conditions for exemption from capital gains tax according to § 94 of the Austrian Income Tax Act (Einkommensteuergesetz) at the time of payment.

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

Article 7
Management Fee, Compensation for Expenses, Liquidation Fee

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 *

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

1.2.1. Luxembourg: Euro MTF Luxembourg

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

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

2. Exchanges in European countries outside of the EEA

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

3. Exchanges in non-European countries

3.1.	Australia:	Sydney, Hobart, Melbourne, Perth
3.2.	Argentina:	Buenos Aires
3.3.	Brazil:	Rio de Janeiro, Sao Paulo

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

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

4. Organised markets in countries outside of the European Union

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

5. Exchanges with futures and options markets

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

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

Note regarding the data used

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

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

Note for retail funds:

Unless indicated otherwise, source: Erste Asset Management GmbH. Our languages of communication are German and English. The full prospectus as well as the complete Information for Investors pursuant to § 21 AIFMG (and any amendments to these documents) were published in 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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