

ESPA STOCK ISTANBUL

Mutual fund pursuant to the InvFG

Annual Report 2016/17

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General Information about the Investment Firm

The company	ERSTE-SPARINVEST Kapitalanlagegesellschaft m. b. H. Am Belvedere 1, A-1100 Vienna Telephone: +43 05 0100-19881, Fax: +43 05 0100-17102
Nominal capital	EUR 4.50 million
Shareholders	Erste Asset Management GmbH (81.48%) DekaBank Deutsche Girozentrale (2.87%) „Die Kärntner“ Trust-Vermögensverwaltungsgesellschaft m.b.H. & Co KG (2.87 %) NÖ-Sparkassen Beteiligungsgesellschaft m. b. H. (1.31%) Salzburger Sparkasse Bank Aktiengesellschaft (2.87%) Sieben Tiroler Sparkassen Beteiligungsgesellschaft m. b. H. (2.87%) Steiermärkische Bank und Sparkassen Aktiengesellschaft (5.73%)
Supervisory Board	Wolfgang TRAINDL, Mag. (Chairman) Gerhard FABISCH, Mag. Dr. (Deputy Chairman, First Deputy) (until 9 June 2016) Gabriele SEMMELROCK-WERZER (Deputy Chairwoman, First Deputy from 9 June 2016) Franz-Nikolaus HÖRMANN, Mag. (Deputy Chairman, Second Deputy) Matthias BAUER (from 13 October 2016) Klaus BRUGGER, DDr. (until 30 October 2016) Josef PRESCHITZ (from 13 October 2016) Franz PRUCKNER, Dr. MBA Rupert RIEDER, Mag. Thomas SCHAUFLE, Mag. (FH) Reinhard WALT, Mag. Appointed by the Works Council: Martin CEC (from 23 December 2016) Regina HABERHAUER, Mag. (FH) Dieter KERSCHBAUM, Mag. (until 22 December 2016) Gerhard RAMBERGER, Mag. (until 22 December 2016) Heinrich Hubert REINER, Ing. (from 23 December 2016) Peter RIEDERER (from 23 December 2016) Herbert STEINDORFER (until 22 December 2016) Manfred ZOUREK, Mag. (from 23 December 2016)
Managing directors	Heinz BEDNAR, Mag. Markus KALLER, Mag. (until 31 January 2017) Günther MANDL Christian SCHÖN
Prokuristen (proxies)	Achim ARNHOF, Mag. Karl BRANDSTÖTTER, Mag. (until 3 February 2017) Winfried BUCHBAUER, Mag. Karl FREUDENSCHUSS Dietmar JAROSCH, Dr. Manfred LENTNER Gerold PERMOSER, Mag. Magdalena REISCHL, Mag. (from 1 July 2016) Jürgen SINGER, Mag.
State commissioners	Erwin GRUBER Michael MANHARD, HR Dr.
Auditor	ERNST & YOUNG WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT MBH
Custodian bank	Erste Group Bank AG

Information about the remuneration policy:

Number of employees (including management): 136.

Total remuneration paid to employees (including management): EUR 13,000,314, thereof fixed remuneration: EUR 10,185,711, thereof variable remuneration: EUR 2,814,603. Total remuneration paid to management, bearers of material risk, employees with control functions, and employees who are at the same pay grade as managers and bearers of material risk due to the amount of their total remuneration: EUR 7,589,300. Thereof remuneration paid to management: EUR 1,051,258, thereof remuneration paid to bearers of material risk: EUR 5,548,098, employees with control functions: EUR 989,943, and employees who are at the same pay grade as managers and bearers of material risk due to the amount of their total remuneration: EUR 0.

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

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

The description of the calculation can be found in the company's remuneration policy at http://www.erste-am.at/de/private_anleger/wer-sind-wir/investmentprozess.

Dear Shareholder,

We are pleased to present you the following annual report for the ESPA STOCK ISTANBUL mutual fund pursuant to the InvFG for the period from 1 May 2016 to 30 April 2017.

The Istanbul Stock Exchange was closed for the Kurban holiday from 12 to 15 September 2016. It was therefore not possible to determine the calculated value of the fund from 13 to 16 September 2016, so share certificate transactions were suspended during this period.

Development of the Fund

Investment strategy

ESPA STOCK ISTANBUL is an actively managed equity fund that invests in Turkey. Shares with a significant exposure to Turkey may also be included in the portfolio. The investment universe is the MSCI Turkey. On the basis of this investment universe, the fund's management then constructs the portfolio according to economic criteria.

Market report and portfolio orientation:

The volatility on the market remained high in general during the reporting period due to the political uncertainty that emerged. The Turkish equity market generated a negative performance in this period (MSCI Turkey 10/40 in EUR minus 8.13%), although the currency development played a key role here (MSCI Turkey 10/40 in TRY plus 11.8%). The marked depreciation of the country's currency due to capital outflows has resulted in higher inflation and falling purchasing power in recent months. The political situation in the Middle East also impacted the entire region.

President Recep Erdoğan consolidated his power over the course of the year, using the failed coup attempt in July to expand his authority and remove over 90,000 critics of the government from government institutions based on claims of involvement in the attempted overthrow. Following the attempted coup, the government issued a three-month state of emergency, which was repeatedly extended by another three months. In December 2016, President Erdoğan proposed a number of constitutional amendments to the parliament aimed at giving him executive powers. The Turkish population voted on the constitutional referendum on 16 April 2017, and voted in favour of the introduction of the presidential system by a narrow majority of 51.4%. Because of the difficult political agenda, no progress was made in economic reforms in this time even though the prime minister and the government repeatedly stated that the planned reforms will be implemented.

Turkey cut its growth forecast for 2016 from 4% to 3.2%. The tourism sector is still suffering from a decrease in booking figures, especially for Russian tourists. Initial warning signs of an economic downturn came in the third quarter of 2016. According to the statistics agency TÜİK, industrial production declined by 3.1% qoq in the third quarter of 2016. At the end of January 2017, the unemployment rate reached the highest level since the beginning of 2010 at 13%; the number of unemployed persons has risen to 3.9 million over the past 12 months. Turkey's inflation rate increased to 11% in April, the highest level since October 2008.

The government tried to reverse the negative trend through fiscal policy and legislative measures, including new laws aimed at expanding investment subsidies for strategically important projects and establishing a sovereign wealth fund to support infrastructure investments.

In January 2017, the rating agency Fitch reacted to the country's economic problems by downgrading its rating to BB+. The rating agency Standard & Poor's (S&P) also lowered the outlook from "stable" to "negative".

ESPA STOCK ISTANBUL saw a loss of 10.45% in EUR terms in the reporting period. The fund was fully invested for most of the past 12 months. Since May 2016, performance figures for individual stocks have ranged between plus 17% and minus 27% (in EUR terms). YATAS YATAK VE YORGAN, LOKMAN HEKIM ENGURUSAG, and YAZICILAR HOLDING were among the top performers. By contrast, TURK HAVA YOLLARI, COCA-COLA ICECEK, and ULKER BISKUVI SANAYI posted losses. At the sector level, consumer staples and financials were losers, while the industrial sector was a winner.

The portfolio is focused on 25 to 35 shares. We have increased the share of off-benchmark assets in the portfolio since October 2016. In terms of sectors, the financial sector has the highest weighting in the fund at roughly 40%, followed by the consumer goods sector at 22% and the industrial sector at around 15%. The sectors of oil and gas (roughly 4%), telecom (around 6%), and materials (approximately 9%) play a smaller role. Around 12% of the portfolio assets are currently invested in off-benchmark assets.

The following positions were increased starting in October 2016 in order to make the portfolio more dynamic: ULUSOY ELEK., VESTEL ELEK., TORUNLAR GAYR., LOGO YAZILIM SANAYI, LOKMAN HEKIM, YATAK VE YORGAN SANAYI, TURK TRAKTOR, GOOD YEAR LASTIK, YAZICILAR HLDG., BANVIT BANDIRMA, SODA, BOLU CIMENTO, and AKSA ENERJİ ÜRETİM AŞ. In turn, the weightings of financials (TÜRKİYE HALK BANKASI, YAPI VE KREDİ BANKASI), consumer goods (ANADOLU E.BİR, BİM BİRLİK MİĞAZLARI), and telecoms (TÜRK TELEKOMÜNİKASYON AŞ, TÜRKCELL İLETİŞİM HİZMET AŞ) in the fund were reduced.

The market started to recover again in January 2017 due to attractive valuations and rising investor interest. Therefore, we started steadily increasing the positions in consumer goods (GOOD YEAR LASTIK.TN 1) and industrials (YAZICILAR HLDG AŞ and TÜRK TRAKTOR) in February 2017. At the same time, we reduced the holdings in SODA, YATAK VE YORGAN SANAYI, and BİZİM TOPTAN SATIŞ MİĞAZLARI and took profits.

The number of shares in circulation remained more or less constant from May 2016 until the end of December 2016. The fund saw a 10% increase in the number of issued shares in January 2017. The number of issued share certificates contracted slightly from February 2017 to the end of April 2017 (roughly minus 5% of the fund volume).

Method of Calculating Overall Risk

Method of calculating overall risk:	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

	30 April 2017		30 April 2016	
	EUR millions	%	EUR millions	%
Equities denominated in TRY	35.8	99.54	37.3	98.75
Securities	35.8	99.54	37.3	98.75
Cash in banks	0.2	0.46	0.5	1.25
Interest entitlements	0.0	0.00	0.0	0.00
Other deferred items	- 0.0	- 0.01	- 0.0	- 0.01
Fund assets	36.0	100.00	37.8	100.00

Comparative Overview (in EUR)

Financial year	Fund assets	Value development in per cent 1)
2011/12	41,943,531.19	- 16.62
2012/13	52,386,366.78	+ 40.01
2013/14	45,549,844.97	- 29.77 2)
2014/15	38,765,761.59	+ 9.69 2)
2015/16	37,769,738.15	- 3.43 2)
2016/17	35,957,615.97	- 10.45

Financial year	Dividend shares		Non-dividend shares			KESt-exempt non-dividend shares	
	Calculated value per share	Dividend disbursement	Calculated value per share	Reinvested earnings	Payment in accordance with § 58 (2) InvFG	Calculated value per share	Reinvested KESt-exempt earnings
2011/12	298.16	6.00	338.04	51.63	0.64	347.61	53.74
2012/13	409.99	8.00	472.53	62.83	4.52	486.74	69.07
2013/14	280.86	6.00	327.90	0.00	0.00	341.91	0.00
2014/15	302.29	6.00	359.24	0.00	0.00	374.60	0.00
2015/16	285.72	6.0000	346.96	0.0000	0.0000	361.80	0.0000
2016/17	249.51	5.0000	310.88	0.0000	0.0000	324.18	0.0000

1) Assuming the reinvestment of all paid dividends at their nominal value on the day of disbursement.

2) The changes in the value of non-dividend shares and KESt-exempt non-dividend shares deviate slightly due to rounding differences.

Disbursement/Payment

The following disbursement or payment will be made for the financial year from 1 May 2016 to 30 April 2017. 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 2017 at

Erste Group Bank AG, Vienna,

and the respective bank managing the Shareholder's securities account.

Fund type	ISIN	Currency	Disbursement / payment		KES with option declaration	KES w/o option declaration	Reinvestment
Dividend shares	AT0000704333	EUR	5.0000		0.0000	0.0000	-
Non-dividend shares	AT0000704341	EUR	0.0000		0.0000	0.0000	0.0000
KES-exempt non- dividend shares	AT0000494885	CZK	-	*	-	-	0.0000
KES-exempt non- dividend shares	AT0000494893	EUR	-	*	-	-	0.0000
KES-exempt non- dividend shares	AT0000A09GS5	HUF	-	*	-	-	0.0000
KES-exempt non- dividend shares	AT0000A015E2	USD	-	*	-	-	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 Financial Year (Fund Performance)

Calculation according to the OeKB method per share in the share currency not accounting for an issue premium

AT0000704333 dividend shares EUR	
Share value at the beginning of the reporting period (16,777.335 shares)	285.72
Disbursement/payment on 28.07.2016 (corresponds to roughly 0.0254 shares at a calculated value of 235.92)	6.0000
Share value at the end of the reporting period (20,437.331 shares)	249.51
Total value including (notional) shares gained through dividend disbursement/payment	255.86
Net earnings per share	-29.86
Value development of one share in the period	-10.45%

AT0000704341 non-dividend shares EUR	
Share value at the beginning of the reporting period (64,693.508 shares)	346.96
Disbursement/payment on 28.07.2016 (corresponds to roughly 0.0000 shares at a calculated value of 293.95)	0.0000
Share value at the end of the reporting period (61,507.838 shares)	310.88
Total value including (notional) shares gained through dividend disbursement/payment	310.88
Net earnings per share	-36.08
Value development of one share in the period	-10.40%

AT0000494885 KEST-exempt non-dividend shares CZK	
Share value at the beginning of the reporting period (20,287.496 shares)	9,785.78
Disbursement/payment	0.0000
Share value at the end of the reporting period (24,018.934 shares)	8,709.10
Total value including (notional) shares gained through dividend disbursement/payment	8,709.10
Net earnings per share	-1,076.68
Value development of one share in the period	-11.00%

AT0000494893 KEST-exempt non-dividend shares EUR	
Share value at the beginning of the reporting period (7,172.635 shares)	361.80
Disbursement/payment	0.0000
Share value at the end of the reporting period (9,428.789 shares)	324.18
Total value including (notional) shares gained through dividend disbursement/payment	324.18
Net earnings per share	-37.62
Value development of one share in the period	-10.40%

AT0000A09GS5 KEst-exempt non-dividend shares HUF	
Share value at the beginning of the reporting period (1,511.412 shares)	112,747.74
Disbursement/payment	0.0000
Share value at the end of the reporting period (2,640.601 shares)	101,221.98
Total value including (notional) shares gained through dividend disbursement/payment	101,221.98
Net earnings per share	-11,525.76
Value development of one share in the period	-10.22%

AT0000A015E2 KEst-exempt non-dividend shares USD	
Share value at the beginning of the reporting period (131.502 shares)	414.38
Disbursement/payment	0.0000
Share value at the end of the reporting period (113.502 shares)	353.92
Total value including (notional) shares gained through dividend disbursement/payment	353.92
Net earnings per share	-60.46
Value development of one share in the period	-14.59%

2. Fund Result

a. Realised fund result

Ordinary fund result

Income (without profit or loss from price changes)

Interest income (excluding income adjustment)	5,480.05	
Dividend income	1,031,429.68	
Other income 8)	0.00	
Total income (without profit or loss from price changes)		1,036,909.73

Interest paid - 953.68

Expenses

Fees paid to Investment Firm	- 586,630.80	
Costs for the financial auditor and tax consultation	- 4,033.00	
Publication costs	- 24,707.50	
Securities account fees	- 17,823.64	
Custodian bank fees	- 46,930.45	
Costs for the external consultant	0.00	
Total expenses		- 680,125.39
Compensation for management costs from sub-funds 1)		0.00

Ordinary fund result (excluding income adjustment) **355,830.66**

Realised profit or loss from price changes 2) 3)

Realised gains 4)	672,580.95	
Realised losses 5)	- 3,428,488.79	

Realised profit or loss from price changes (excluding income adjustment) **- 2,755,907.84**

Realised fund result (excluding income adjustment) **- 2,400,077.18**

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

Changes in the unrealised profit or loss from price changes 7) - 899,570.08

Result for the reporting period 6) **- 3,299,647.26**

c. Income adjustment

Income adjustment for income in the period	- 55,449.07	
Income adjustment for profit carried forward from dividend shares	146,402.72	

Overall fund result **- 3,208,693.61**

3. Changes in Fund Assets

Fund assets at the beginning of the reporting period	37,769,738.15
Disbursement/payment in the financial year	- 98,530.23
Issue and return of shares	1,495,101.66
Overall fund result	
(The fund result is shown in detail under item 2.)	- 3,208,693.61
Fund assets at the end of the reporting period	35,957,615.97

- 1) Reimbursements (in the sense of commissions) paid by third parties are forwarded to the fund after deduction of any associated costs. Erste Bank der oesterreichischen Sparkassen AG receives 25% of the calculated commissions to cover administrative costs.
- 2) Realised profits and losses are not calculated precisely for the specific periods, which means that they, as is the case for the changes in the unrealised profit or loss, are not necessarily congruent with the changes in the value of the fund in the reporting year.
- 3) Total profit or loss from price changes without income adjustment (realised profit or loss from price changes, without income adjustment, plus changes in the unrealised profit or loss): EUR -3,655,477.92.
- 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 financial year includes explicitly reported transaction costs in the amount of EUR 54,733.72.
- 7) Thereof changes in unrealised gains EUR -799,724.69 and unrealised losses EUR -99,845.39.
- 8) The earnings reported under this item can be attributed to lending fees from securities lending transactions conducted with Erste Group Bank AG in the amount of EUR 0.00, to earnings from real estate funds in the amount of EUR 0.00, and to other earnings in the amount of EUR 0.00.

Fund Portfolio as of 30 April 2017

(including changes in securities assets from 1 May 2016 to 30 April 2017)

Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
Shares/nominal (nom. in 1,000, rounded)							
Publicly traded securities							
Equities denominated in TRL							
Issue country Turkey							
BIM BIRLESİK MAGAZALAR AS	TREBIMM00018	153,000	233,000	90,000	58.050	1,346,968.45	3.75
COCA COLA ICECEK C TN 1	TRECOLA00011	0	0	58,000	36.120	540,117.72	1.50
EMLAK KONUT GAYR.YAT.ORT.	TREEGY000017	200,000	400,000	1,900,000	2.950	1,445,068.08	4.02
GOOD YEAR LASTİK. TN 1	TRAGOODY91E9	650,000	0	650,000	4.330	725,627.85	2.02
LOGO YAZILIM SANAYİ TN 1	TRALOGOW91U2	26,000	0	26,000	58.100	389,459.38	1.08
LOKMAN HEKİM ENG.S.T.	TRELKMH00013	300,000	0	300,000	5.730	443,188.59	1.23
PETKİM PETROKİMYA REG.TN1	TRAPETKM91E0	780,000	0	1,455,000	4.910	1,841,862.37	5.12
TAV HAVALİMAN.HLDG TN 1	TRETAVH00018	130,000	150,000	260,000	14.800	992,082.42	2.76
TORUNLAR GAYR.YAT.ORT.TN1	TRETRGY00018	300,000	0	300,000	5.190	401,422.12	1.12
TÜRKİYE HALK BANKASI TN1	TRETHAL00019	640,000	570,000	450,000	11.780	1,366,691.50	3.80
TÜRK TELEKOMÜNİKASY. TN 1	TRETTLK00013	450,000	200,000	1,050,000	6.380	1,727,120.61	4.80
TÜRK TRA.VE Z.M.NA TN 1	TRETRK00010	30,000	0	30,000	77.950	602,906.64	1.68
ULUSOY ELEK.İM.TA.V.Tİ.AS	TREULET00014	70,000	0	70,000	10.620	191,661.66	0.53
YATAK VE YORGAN SANAYİ	TRAYATAS91B4	400,000	200,000	200,000	10.450	538,838.94	1.50
Total issue country Turkey						12,553,016.33	34.91
Total equities denominated in TRL translated at a rate of 3.87871						12,553,016.33	34.91
Total publicly traded securities						12,553,016.33	34.91

Securities admitted to organised markets

Equities denominated in TRL

Issue country Turkey

AKBANK T.A.S. TN 1	TRAAKBNK91N6	200,000	180,000	920,000	9.510	2,255,698.42	6.27
ANADOLU E.BİR.M.G. TN 1	TRAAEFES91A9	160,000	130,000	60,000	20.020	309,690.59	0.86
ARCELİK A.S. REG. TN 1	TRAARCLK91H5	157,000	177,000	110,000	23.700	672,130.68	1.87
EREĞLİ DEM.CEL. REG. TN 1	TRAEREGL91G3	100,000	300,000	900,000	6.510	1,510,553.77	4.20
FORD OTOMOTİV SANAYİ TN 1	TRAOTOSN91H6	45,000	50,000	90,000	39.500	916,541.84	2.55
HACI ÖMER SABANCI TN 1	TRASAHOL91Q5	80,000	50,000	400,000	10.580	1,091,084.41	3.03
KOC HLDG NA TN 1	TRAKCHOL91Q8	0	50,000	250,000	16.700	1,076,388.80	2.99
TÜRK OTOMOBİL E TN 1	TRATOASO91H3	50,000	40,000	200,000	29.580	1,525,249.37	4.24
TÜRKİYE GAR.BANK.NAM.TN1	TRAGARAN91N1	450,000	430,000	1,320,000	9.590	3,263,662.40	9.08
TÜRKİYE SİSE REG. TN 1	TRASISEW91Q3	23,684	1	323,683	4.460	372,192.35	1.04
TUPRAS TÜRKİYE P.R. TN 1	TRATUPRS91E8	0	5,000	60,000	89.500	1,384,480.92	3.85
TÜRK HAVA YOLLARI AS	TRATHYA091M5	780,000	620,000	850,000	6.060	1,328,018.85	3.69
TÜRKİYE İS BANKASI C TN 1	TRAISTR91N2	520,000	120,000	1,050,000	7.010	1,897,667.01	5.28
TÜRKİYE VAKIFLAR BANK.	TREVKFB00019	1,395,000	510,000	2,035,000	6.070	3,184,679.96	8.86
ÜLKER BİSKÜVİ SANAYİ TN 1	TREULKRO0015	250,000	220,000	260,000	20.180	1,352,717.79	3.76
VESTEL ELEK. SAN.NA TN 1	TRAVESTL91H6	190,000	0	190,000	7.290	357,103.26	0.99
YAZICILAR HLDG AS TN 1	TRAYAZIC91Q6	125,000	0	125,000	23.000	741,225.82	2.06
Total issue country Turkey						23,239,086.24	64.63
Total equities denominated in TRL translated at a rate of 3.87871						23,239,086.24	64.63
Total securities admitted to organised markets						23,239,086.24	64.63

Breakdown of fund assets

Securities		35,792,102.57	99.54
Cash in banks		166,234.18	0.46
Interest entitlements		1,238.29	0.00
Other deferred items		-1,959.07	-0.01
Fund assets		35,957,615.97	100.00

Dividend shares outstanding	AT0000704333	shares	20,437.331
Share value for dividend share	AT0000704333	EUR	249.51
Non-dividend shares outstanding	AT0000704341	shares	61,507.838
Share value for non-dividend share	AT0000704341	EUR	310.88
KEST-exempt non-dividend shares outstanding	AT0000494893	shares	9,428.789
Share value for KEST-exempt non-dividend share	AT0000494893	EUR	324.18
KEST-exempt non-dividend shares outstanding	AT0000494885	shares	24,018.934
Share value for KEST-exempt non-dividend share	AT0000494885	CZK	8,709.10
KEST-exempt non-dividend shares outstanding	AT0000A09GS5	shares	2,640.601
KEST-exempt non-dividend shares outstanding	AT0000A09GS5	HUF	101,221.98
KEST-exempt non-dividend shares outstanding	AT0000A015E2	shares	113.502
Share value for KEST-exempt non-dividend share	AT0000A015E2	USD	353.92

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

All OTC derivatives are traded through Erste Group Bank AG.

Collateral in the form of cash or bonds is pledged to Erste Group Bank AG in the amount of the negative exposure of the derivatives.

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

Investor note:

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

Purchases and sales of securities in the reporting period not listed in the fund portfolio

Security designation	ISIN number	Purch./ additions Shares/nominal (nom. in 1,000, rounded)	Sales/ disposals
Publicly traded securities			
Equities denominated in TRL			
Issue country Turkey			
AKSA ENERJI URETİM TN 1	TREASN00011	400,000	400,000
BANVIT B.VITAMIN.Y.S.TIC.	TRBANVT92A9	280,000	280,000
BIZIM TOP.SAT.MAGAZ.TN 1	TREBZMT00017	80,000	80,000
BOLU CIMENTO SAN. TN 1	TRABOLUC91F3	180,000	180,000
OTOKAR OTOMOT.VE SAV.TN 1	TRAOTKAR91H3	10,000	10,000
SODA SANAYII A.S. TN 1	TRASODAS91E5	272,727	272,727
TAT KONSERVE SANAYII	TRATATKS91A5	400,000	400,000

Securities admitted to organised markets**Equities denominated in TRL****Issue country Turkey**

AYGAZ NAM. TN 1	TRAAYGAZ91E0	120,000	120,000
CIMSA C.SAN.VE TIC. TN 1	TRACIMSA91F9	30,000	70,000
DOGUS OTOMOTIV SERV. TIC.	TREDOTO00013	100,000	150,000
ENKA INSAAT VE SAN. TN 1	TREENKA00011	285,556	996,666
TURKCELL ILETISIM TN 1	TRATCELL91M1	150,000	550,000
YAPI VE KREDI B.NA TN 1	TRAYKBNK91N6	200,000	1,600,000

Vienna, 18 July 2017

ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H.
Electronically signed

Inspection information:
Note:

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

Auditor's Opinion*

Statement on the annual report

Audit opinion

We have audited the annual report prepared by ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H., Vienna, for the fund under its management

ESPA STOCK ISTANBUL
mutual fund pursuant to the InvFG,

consisting of the fund portfolio as of 30 April 2017, the income statement for the financial year ending on this date, and the other information specified in Annex I Scheme 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 2017 and of the earnings position of the fund for the financial 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 opinion. We are independent from the company as specified by the Austrian commercial and industry regulations and fulfilled our other professional obligations in accordance with these requirements. We feel that the audit evidence that we obtained is sufficient and suitable to serve as a basis for our audit opinion.

Management and supervisory board responsibilities relating to the annual report

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

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

Responsibilities of the auditor in auditing the annual report

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

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

In addition:

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

Other information

The legal representatives are responsible for the other information. The other information includes all information in the annual report except for the fund portfolio, the income statement, the other information specified in Annex I Scheme B of the InvFG 2011, and the auditor's opinion.

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

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

Vienna, 18 July 2017

ERNST & YOUNG

WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT m.b.H

Mag. Friedrich O. Hief
(Certified Public
Accountant)

ppa MMag. Roland Unterweger
(Certified Public Accountant)

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

Fund Terms and Conditions for ESPA STOCK ISTANBUL

Mutual fund pursuant to the InvFG

The Fund Terms and Conditions for ESPA STOCK ISTANBUL, mutual 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 the collective investment of transferable securities (UCITS) and is managed by ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H. (the "Management Company" in the following), which is domiciled in Vienna.

Article 1 Fund Shares

The partial ownership of the fund assets is evidenced by certificates having the characteristics of a bearer share.

The share certificates are depicted in global certificates for each share class. For this reason, individual share certificates cannot be issued.

Article 2 Custodian Bank (Depositary Bank)

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

The payment offices for share certificates are the custodian bank (depositary bank) or other payment offices mentioned 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 primarily, in other words at least 51% of its assets, in shares in

- Issuers domiciled in Turkey, and/or
 - Issuers listed on a securities exchange in Turkey or traded on a properly functioning securities market in Turkey
- that are purchased directly in the form of individual securities, in other words not indirectly or directly through investment funds or through derivatives.

The Fund may purchase shares in companies with small market capitalisations or mid-sized market capitalisations as well as shares in large, strong and important companies that are internationally known (blue chips). There are no limitations with regard to the economic sector in which the issuer is active.

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

a) Securities

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

b) Money market instruments

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

c) Securities and money market instruments

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

Securities and money market instruments may only 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.

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) Shares in investment funds

Shares in investment funds (UCITS, UCI) may each comprise up to 10% of the fund assets and may comprise up to 10% in aggregate total, provided that the target funds themselves (UCITS, UCI) do not invest more than 10% of their fund assets in shares of other investment funds.

e) Derivative financial instruments

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

f) Risk measurement method(s) of the fund

The Fund applies the following risk measurement methods: Commitment approach

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

g) Demand deposits or callable deposits

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

There are no minimum deposit 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 securities, the Fund can hold a lower proportion of securities and a higher proportion of demand deposits or callable deposits with a maximum term of 12 months.

h) Acceptance of short-term loans

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

i) Repurchase agreements

Does not apply.

j) Securities lending

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

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

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

Article 4 Issue and Return Procedure

The share value shall be calculated in the currency of the respective share class.

The share value is calculated at the same time as the issue and return price.

Issue of shares and issue premium

The issue price will be calculated and shares issued on every exchange trading day.

The issue price shall be made up of the share value plus a premium per share amounting to up to 4.0% to cover the costs incurred by the Management Company in issuing the share, rounded up to the next equivalent sub-unit of the currency unit specified for the respective share class in the prospectus.

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

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

Return of shares and return fee

The return price will be calculated and shares redeemed on every exchange trading day.

The return price is the share value rounded down to the next equivalent sub-unit of the currency unit specified for the respective share class in the prospectus. No return fee will be charged.

Upon request by the Shareholder, his shares shall be redeemed at the current return price in return for the share certificate.

Article 5 Financial Year

The financial year of the Fund is from 1 May to 30 April.

Article 6 Share Classes and Use of Earnings

The Fund features three different share classes and the corresponding certificates: dividend shares and non-dividend shares with capital gains tax withholding as well as non-dividend shares without capital gains tax withholding, with certificates being issued for one share each and also for fractional shares.

Various share classes may be issued for this Fund. The creation of share classes and the issue of shares of a specific class shall be decided at the discretion of the Management Company.

Use of earnings for dividend shares

The earnings generated during the financial year (interest and dividends) less all costs can be distributed as deemed appropriate by the Management Company. Dividend disbursement may be suspended taking the interests of the Shareholders into account. Dividends may also be paid at the discretion of the Management Company from earnings generated by the sale of fund assets, including subscription rights. Fund assets may be paid out in the form of dividends and interim dividends.

The fund assets may not fall below the legally stipulated minimum volume for termination after dividend payments in any case.

The amounts shall be paid to the holders of dividend shares on or after 1 August of the following financial 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 shares unless the Management Company provides suitable proof from the banks managing the corresponding securities accounts that the share certificates can only be held by Shareholders who are not subject to Austrian personal or corporate income 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 shares with capital gains tax withholding

The earnings generated by the Fund during the financial year less all costs will not be paid out. In the case of non-dividend shares, 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 shares unless the Management Company provides suitable proof from the banks managing the corresponding securities accounts that the share certificates can only be held by Shareholders who are not subject to Austrian personal or corporate income 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 shares without capital gains tax withholding (KESt-exempt non-dividend domestic and foreign tranche)

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

The Management Company shall provide suitable proof from the banks managing the corresponding securities accounts that the share certificates could only be held by Shareholders who are not subject to Austrian personal or corporate income 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 bank managing the respective securities account in the form of an account credit.

Article 7 Management Fee, Compensation for Expenses, Liquidation Fee

- a) The Management Company shall receive an annual fee for its administrative activities amounting to up to 1.8% of the fund assets, which shall be accrued on a daily basis and calculated using the month-end values adjusted for the accrued fees.
- b) Besides the fees to which the Management Company is entitled, an annual fee amounting to up to 0.36% of the fund assets as calculated using the month-end values of the entire fund assets shall be paid from the fund assets to a third party appointed in accordance with § 28 InvFG.

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 share classes for existing investment funds shall be assessed against the share price of the new share classes.

The custodian bank shall receive a fee in the amount of 0.5% of the fund assets upon liquidation.

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

Annex to the Fund Terms and Conditions

List of exchanges with official trading and organised markets (As of 2016)

1. Exchanges with official trading and organised markets in the Member States of the EEA

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 web site 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

http://mifidatabase.esma.europa.eu/Index.aspx?sectionlinks_id=23&language=0&pageName=REGULATED_MARKETS_Display&subsection_id=0 *)

under "Verzeichnis der Geregelter Märkte (pdf)" (List of Regulated Markets).

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 respective supervisory authorities.

2. Exchanges in European countries outside of the EEA

2.1.	Bosnia and Herzegovina:	Sarajevo, Banja Luka
2.2.	Montenegro:	Podgorica
2.3.	Russia:	Moscow (RTS Stock Exchange) Moscow Interbank Currency Exchange (MICEX)
2.4.	Switzerland:	SWX Swiss Exchange
2.5.	Serbia:	Belgrade
2.6.	Turkey:	Istanbul (only "National Market" on the stock market)

3. Exchanges in non-European countries

3.1.	Australia:	Sydney, Hobart, Melbourne, Perth
3.2.	Argentina:	Buenos Aires
3.3.	Brazil:	Rio de Janeiro, Sao Paulo
3.4.	Chile:	Santiago
3.5.	China:	Shanghai Stock Exchange, Shenzhen Stock Exchange
3.6.	Hong Kong:	Hong Kong Stock Exchange
3.7.	India:	Mumbai
3.8.	Indonesia:	Jakarta
3.9.	Israel:	Tel Aviv
3.10.	Japan:	Tokyo, Osaka, Nagoya, Kyoto, Fukuoka, Niigata, Sapporo, Hiroshima
3.11.	Canada:	Toronto, Vancouver, Montreal
3.12.	Colombia:	Bolsa de Valores de Colombia
3.13.	Korea:	Korea Exchange (Seoul, Busan)
3.14.	Malaysia:	Kuala Lumpur, Bursa Malaysia Berhad
3.15.	Mexico:	Mexico City
3.16.	New Zealand:	Wellington, Christchurch/Invercargill, Auckland
3.17.	Peru:	Bolsa de Valores de Lima
3.18.	Philippines:	Manila
3.19.	Singapore:	Singapore Stock Exchange
3.20.	South Africa:	Johannesburg
3.21.	Taiwan:	Taipei
3.22.	Thailand:	Bangkok
3.23.	USA:	New York, American Stock Exchange (AMEX), New York Stock Exchange (NYSE), Los Angeles/Pacific Stock Exchange, San Francisco/Pacific Stock Exchange, Philadelphia, Chicago, Boston, Cincinnati
3.24.	Venezuela:	Caracas
3.25.	United Arab Emirates:	Abu Dhabi Securities Exchange (ADX)

4. Organised markets in countries outside of the European Community

- | | | |
|------|--------------|--|
| 4.1. | Japan: | over the counter market |
| 4.2. | Canada: | over the counter market |
| 4.3. | Korea: | over the counter market |
| 4.4. | Switzerland: | SWX Swiss Exchange, BX Berne eXchange; over the counter market of the members of the International Capital Market Association (ICMA), Zurich |
| 4.5. | USA: | over the counter market (under the regulation of an authority such as the SEC, FINRA, etc.) |

5. Exchanges with futures and options markets

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

*) To open the list, click "view all".

[The list can be found on the FMA's web site by going to: <https://www.fma.gv.at/de/unternehmen/boerse-wertpapierhandel/boerse.html> – scroll down – link to "Liste der geregelten Märkte (MiFID Database; ESMA)" – "view all"]

Note regarding the data used

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

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

Unless indicated otherwise, source: ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H. Our languages of communication are German and English. Both the full prospectus and the simplified prospectus as well as the Key Investor Information (and any applicable changes to these documents) were published in Amtsblatt zur Wiener Zeitung in accordance with the provisions of the InvFG 2011 in the currently amended version and are available for free at the domicile of the Investment Firm and at the head office of the custodian bank. The exact date of the most recent publication, the languages in which the simplified prospectus and the Key Investor Information are available, and any additional locations where the documents can be obtained can be viewed on the web site www.erste-am.at.

www.erste-am.com

www.erste-am.at