

ESPA STOCK RUSSIA

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 TRANDL, 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 RUSSIA mutual fund pursuant to the InvFG for the period from 1 June 2016 to 31 May 2017.

Development of the Fund

Market report and portfolio orientation:

During the reporting period, the equity markets were still driven by the cautious and expansive monetary policies of the central banks (especially the ECB and BoJ), by the growth in commodity prices, and by the political developments after the presidential elections in the USA, parliamentary elections in a number of EU countries (such as France), and the Brexit. The global indices were tending firmer over the past year and posted substantial gains. The global emerging markets benchmark index rose by around 27.7%.

ESPA STOCK RUSSIA achieved a positive performance of 18.94% in euro terms during the reporting period. The benchmark index MSCI Russia 10/40 Total Return improved by 17.83% (in EUR).

The most important factors behind this positive development were the recovery on the commodity markets and the end of the recession. The oil price fell by 6.3% to USD 50.76 over the course of the reporting period, but the annual average price of more than USD 50 per barrel brought growth. This is why Russia also supported the OPEC output cuts, which were just extended. The economy expanded by 0.6% in annual comparison in 2016. Most experts expect the Russian economy to grow slightly in 2017, by around 1.2 to 1.5%. The investment climate improved somewhat. The country is currently number 40 in the World Bank ranking.

The central bank in Moscow succeeded with its restrictive interest rate policy. Overall inflation has already fallen considerably and came in at just 4.1% p.a. at the end of April. This allowed the central bank to cut its key rate from 11% to 9.25% in the reporting period, which eased pressure on industry and helps banks and consumers.

The uncertainties about how the sanctions, volatile oil price, and RUB exchange rate will impact the markets were the greatest challenge for the management in making investment decisions. The crises in Ukraine and Syria seem to be mired. The hopes for improved relations with the USA after the surprise victory of Donald Trump have yet to materialise. The Senate passed new sanctions against Russia, contrary to the expectations fuelled by statements from Trump. The market in Moscow corrected strongly in 2017 as a result.

In terms of fund positioning, the portfolio had a defensive orientation during the reporting period due to the high uncertainty and the country-specific risks. The management continued to concentrate on companies with good financial positions, healthy balance sheets, and high dividend yields (including Lukoil, Norilsk, and Alrosa) and sector leaders such as Sberbank, Magnit, and Severstal. These companies are able to resist the poor economic conditions on the one hand and are able to generate substantial free cash flow and high dividends for their shareholders on the other. Sectors such as energy, utilities, and telecoms were underweighted during the period while consumer staples, materials (metals and mining), and IT were preferred. Companies including Vimpelcom (telecom) and IRAO (utility) were newly added to the portfolio. Positions in companies including LSR (real estate development), VTB Bank, Sberbank, Gazprom (gas), and X5 (retail) were increased. By contrast, positions in companies including Gazpromneft (oil) and Megafon (telecom) were reduced.

A relative positive contribution and outperformance over the market came above all from the overweighting of consumer staples (including stock in the retailer X5), basic industry (including Magnitogorsk Steel and Alrosa), and the underweighting of financials (including VTB Bank). The underweighting of energy (including Transneft) and telecommunications (including Sistema) had a negative effect. The underweighting of utilities (especially IRAO and Rushydro) made a negative performance contribution.

The foreign currency risk is not hedged for strategic reasons. The fund had an average cash share of 5% for liquidity and risk reasons.

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

	31 May 2017		31 May 2016	
	EUR millions	%	EUR millions	%
Equities denominated in				
RUB	13.2	45.47	9.8	40.79
USD	14.2	48.78	12.1	50.67
Securities	27.4	94.25	21.9	91.46
Dividend entitlements	0.1	0.27	0.0	0.03
Cash in banks	1.6	5.48	2.0	8.52
Other deferred items	- 0.0	- 0.00	- 0.0	- 0.00
Fund assets	29.1	100.00	24.0	100.00

Comparative Overview (in EUR)

Financial year	Fund assets	Value development in per cent 1)
2011/12	23,341,225.34	- 29.57 2)
2012/13	20,649,005.29	+ 1.23 2)
2013/14	18,746,333.00	- 3.41 2)
2014/15	22,615,291.21	- 4.60 2)
2015/16	23,966,367.94	- 5.73 2)
2016/17	29,091,039.70	+ 18.94 2)

Financial year	Dividend shares		Non-dividend shares			KESt-exempt non-dividend shares	
	Calculated value per share	Disbursement	Calculated value per share	Reinvested earnings	Payment in accordance with § 58 (2) InvFG	Calculated value per share	Reinvested KESt-exempt earnings
2011/12	5.71	0.10	6.12	1.39	0.00	6.15	1.40
2012/13	5.69	0.12	6.17	0.90	0.01	6.22	0.92
2013/14	5.38	0.10	5.95	0.00	0.00	6.01	0.00
2014/15	5.04	0.10	5.68	0.00	0.00	5.73	0.00
2015/16	4.64	0.1000	5.37	0.0000	0.0000	5.42	0.0000
2016/17	5.41	0.1200	6.38	0.0000	0.0000	6.44	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 vary slightly from those of dividend shares because of rounding effects.

Disbursement/Payment

The following disbursement or payment will be made for the financial year from 16 June 2016 to 31 May 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 September 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	AT0000A05S97	EUR	0.1200		0.0000	0.0000	-
Non-dividend shares	AT0000A05SA6	EUR	0.0000		0.0000	0.0000	0.0000
KES-exempt non- dividend shares	AT0000A08EG7	CZK	-	*	-	-	0.0000
KES-exempt non- dividend shares	AT0000A08EF9	EUR	-	*	-	-	0.0000
KES-exempt non- dividend shares	AT0000A09GQ9	HUF	-	*	-	-	42.8151

* 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

AT0000A05S97 dividend shares EUR	
Share value at the beginning of the reporting period (1,103,215.008 shares)	4.64
Disbursement/payment on 30.08.2016 (corresponds to roughly 0.0201 shares at a calculated value of 4.98)	0.1000
Share value at the end of the reporting period (1,092,983.632 shares)	5.41
Total value including (notional) shares gained through disbursement/payment	5.52
Net earnings per share	0.88
Value development of one share in the period	18.94%

AT0000A05SA6 non-dividend shares EUR	
Share value at the beginning of the reporting period (2,498,733.412 shares)	5.37
Disbursement/payment on 30.08.2016 (corresponds to roughly 0.0000 shares at a calculated value of 5.87)	0.0000
Share value at the end of the reporting period (2,463,032.627 shares)	6.38
Total value including (notional) shares gained through disbursement/payment	6.38
Net earnings per share	1.01
Value development of one share in the period	18.81%

AT0000A08EG7 KEST-exempt non-dividend shares CZK	
Share value at the beginning of the reporting period (722,379.545 shares)	146.46
Disbursement/payment	0.0000
Share value at the end of the reporting period (700,443.856 shares)	169.71
Total value including (notional) shares gained through disbursement/payment	169.71
Net earnings per share	23.25
Value development of one share in the period	15.87%

AT0000A08EF9 KEST-exempt non-dividend shares EUR	
Share value at the beginning of the reporting period (211,461.261 shares)	5.42
Disbursement/payment	0.0000
Share value at the end of the reporting period (238,802.711 shares)	6.44
Total value including (notional) shares gained through disbursement/payment	6.44
Net earnings per share	1.02
Value development of one share in the period	18.82%

AT0000A09GQ9 KEST-exempt non-dividend shares HUF	
Share value at the beginning of the reporting period (64,272.748 shares)	1,699.65
Disbursement/payment	0.0000
Share value at the end of the reporting period (215,071.200 shares)	1,985.35
Total value including (notional) shares gained through disbursement/payment	1,985.35
Net earnings per share	285.70
Value development of one share in the period	16.81%

2. Fund Result

a. Realised fund result

Ordinary fund result

Income (without profit or loss from price changes)

Interest income (excluding income adjustment)	0.00	
Dividend income	1,038,129.23	
Other income 8)	0.00	
Total income (without profit or loss from price changes)		1,038,129.23

Interest paid - 488.76

Expenses

Fees paid to Investment Firm	- 513,341.05	
Costs for the financial auditor and tax consultation	- 3,758.00	
Publication costs	- 23,852.77	
Securities account fees	- 28,356.35	
Custodian bank fees	- 41,067.29	
Costs for the external consultant	0.00	
Total expenses		- 610,375.46
Compensation for management costs from sub-funds 1)		0.00

Ordinary fund result (excluding income adjustment) 427,265.01

Realised profit or loss from price changes 2) 3)

Realised gains 4)	1,693,212.84	
Realised losses 5)	- 287,725.30	

Realised profit or loss from price changes (excluding income adjustment) 1,405,487.54

Realised fund result (excluding income adjustment) 1,832,752.55

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

Changes in the unrealised profit or loss from price changes 7) 2,917,082.17

Result for the reporting period 6) 4,749,834.72

c. Income adjustment

Income adjustment for income in the period	86,310.93	
Income adjustment for profit carried forward from dividend shares	24,892.79	

Overall fund result 4,861,038.44

3. Changes in Fund Assets

Fund assets at the beginning of the reporting period	23,966,367.94
Disbursement/payment in the financial year	- 105,062.48
Issue and return of shares	368,695.80
Overall fund result	
(The fund result is shown in detail under item 2.)	4,861,038.44
Fund assets at the end of the reporting period	29,091,039.70

- 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 4,322,569.71.
- 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 22,488.47.
- 7) Thereof changes in unrealised gains EUR 1,999,036.97 and unrealised losses EUR 918,045.20.
- 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 31 May 2017

(including changes in securities assets from 1 June 2016 to 31 May 2017)

Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding Shares/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets
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Publicly traded securities

Equities denominated in RUB

Issue country Russia

ACRON RL 5	RU0009028674	0	0	5,800	2,950.000	268,058.17	0.92
AKTION.KOM.ALROSA RL	RU0007252813	150,000	250,000	1,260,000	88.350	1,744,038.76	6.00
GAZPROM RL 5	RU0007661625	145,000	0	225,000	120.280	423,989.37	1.46
INTER RAO UES PJSC	RU000A0JPNM1	6,466,000	0	6,466,000	3.989	404,090.62	1.39
MAGNIT PJSC RL-01	RU000A0JKQU8	2,000	0	11,500	9,197.000	1,657,002.11	5.70
MMC NORILSK NICK.PJSC RL	RU0007288411	1,400	0	2,400	7,902.000	297,116.86	1.02
MOBILE TELESYSTEMS RL	RU0007775219	0	25,000	300,000	236.500	1,111,556.22	3.82
MOSCOW EXCH.MICEX-RTS	RU000A0JR4A1	235,000	270,000	715,000	101.000	1,131,374.67	3.89
NOVATEK RL 0.10	RU000A0DKVS5	57,000	7,000	65,000	641.000	652,755.32	2.24
ROSNEFT OIL CO. RL-01	RU000A0J2Q06	90,000	0	90,000	301.550	425,187.88	1.46
ROSTELECOM PJSC RL	RU0008943394	0	0	130,000	71.500	145,622.48	0.50
RUSHYDRO PAO RL 1	RU000A0JPKH7	0	0	48,000,000	0.780	586,563.28	2.02
SBERBANK OF RU. RL 2	RU0009029540	100,000	600,000	800,000	155.930	1,954,333.60	6.72
SBERBANK PFD RL 3	RU0009029557	570,000	300,000	270,000	124.690	527,441.65	1.81
SEVERSTAL RL-01	RU0009046510	0	0	25,000	738.500	289,247.45	0.99
SISTEMA PJSC	RU000A0DQZE3	0	0	520,000	12.455	101,467.30	0.35
SURGUTNEFTEGAZ RL 1	RU0008926258	500,000	0	500,000	30.280	237,194.66	0.82
TMK PAO RL 10	RU000A0B6NK6	140,000	0	140,000	81.990	179,832.41	0.62
TRANSNEFT PFD RL 1	RU0009091573	0	0	360	158,700.000	895,073.01	3.08
UNIPRO PJSC	RU000A0JNGA5	0	0	4,800,000	2.597	195,295.49	0.67
Total issue country Russia						13,227,241.31	45.47
Total equities denominated in RUB translated at a rate of 63.82943						13,227,241.31	45.47

Equities denominated in USD

Issue country Netherlands

X 5 RETAIL G.GDR REGS 1/4	US98387E2054	5,500	0	20,500	36.200	659,937.75	2.27
Total issue country Netherlands						659,937.75	2.27

Issue country Russia

GAZPROM ADR SP./2 RL 5L	US3682872078	131,000	0	375,000	4.164	1,388,450.42	4.77
LUKOIL SP.ADR RL-025	US69343P1057	17,500	16,000	62,000	47.750	2,632,725.66	9.05
MAGNIT PJSC RL-01	RU000A0JKQU8	0	1,000	3,700	162.026	533,122.42	1.83
MMC NORILSK NICK.PJSC	RU0007288411	0	800	2,200	139.212	272,357.13	0.94
NOVATEK RL 0.10	RU000A0DKVS5	0	17,000	48,000	11.293	482,034.70	1.66
PHOSAGRO PJSC SP.GDR	US71922G2093	20,000	0	37,500	14.200	473,543.80	1.63
ROSNEFT OIL GDRREGS RL	US67812M2070	95,000	140,000	190,000	5.230	883,681.64	3.04

ESPA STOCK RUSSIA

Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
				Shares/nominal (nom. in 1,000, rounded)			
SEVERSTAL RL-.01	RU0009046510	0	0	50,000	13.010	578,494.89	1.99
SEVERSTAL GDR S OCT2006 1	US8181503025	0	7,500	22,500	12.850	257,114.27	0.88
SURGUTNEFTEGAZ VZ	RU0009029524	0	150,000	830,000	0.497	367,020.91	1.26
VTB BK GDR REG.S/1 RL-.01	US46630Q2021	300,000	0	400,000	2.245	798,577.15	2.75
Total issue country Russia						8,667,122.99	29.79
Issue country British Virgin Islands							
LUXOFT HOLDING INC. A	VGG572791041	0	0	3,500	64.600	201,067.14	0.69
Total issue country British Virgin Islands						201,067.14	0.69
Total equities denominated in USD translated at a rate of 1.12450						9,528,127.88	32.75
Total publicly traded securities						22,755,369.19	78.22
Securities admitted to organised markets							
Equities denominated in USD							
Issue country Bermuda							
VEON LTD ADR 1	US91822M1062	100,000	0	100,000	3.880	345,042.24	1.19
Total issue country Bermuda						345,042.24	1.19
Issue country Russia							
GAZPROM NEFT ADR5/RL	US36829G1076	0	15,000	32,000	17.400	495,153.40	1.70
LSR GROUP PAO GDR S/5	US50218G2066	85,000	0	120,000	3.060	326,545.13	1.12
MAGNITOGO.METALL.	US5591892048	0	0	40,000	7.260	258,248.11	0.89
MEGAFON PJSC RL-.10	US58517T2096	0	46,000	60,000	10.750	573,588.26	1.97
MMC NOR.NICK.PJSC ADR	US55315J1025	0	4,000	47,000	13.860	579,297.47	1.99
SURGUTNEFTEGAZ ADR/10	US8688612048	65,000	20,000	145,000	5.200	670,520.23	2.30
TATNEFT PJSC ADR REG.	US8766292051	0	0	34,000	40.970	1,238,755.00	4.26
Total issue country Russia						4,142,107.60	14.24
Issue country Cyprus							
QIWI B SP.ADRS 1/EO-.0005	US74735M1080	0	0	8,500	23.110	174,686.53	0.60
Total issue country Cyprus						174,686.53	0.60
Total equities denominated in USD translated at a rate of 1.12450						4,661,836.37	16.02
Total securities admitted to organised markets						4,661,836.37	16.02

Breakdown of fund assets

Securities	27,417,205.56	94.25
Cash in banks	1,594,026.56	5.48
Dividend entitlements	79,938.77	0.27
Other deferred items	-131.19	-0.00
Fund assets	29,091,039.70	100.00

Dividend shares outstanding	AT0000A05S97	shares	1,092,983.632
Share value for dividend share	AT0000A05S97	EUR	5.41
Non-dividend shares outstanding	AT0000A05SA6	shares	2,463,032.627
Share value for non-dividend share	AT0000A05SA6	EUR	6.38
KEST-exempt non-dividend shares outstanding	AT0000A09GQ9	shares	215,071.200
Share value for KEST-exempt non-dividend share	AT0000A09GQ9	HUF	1,985.35
KEST-exempt non-dividend shares outstanding	AT0000A08EG7	shares	700,443.856
Share value for KEST-exempt non-dividend share	AT0000A08EG7	CZK	169.71
KEST-exempt non-dividend shares outstanding	AT0000A08EF9	shares	238,802.711
KEST-exempt non-dividend shares outstanding	AT0000A08EF9	EUR	6.44

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 RUB			
Issue country Russia			
T PLUS RL1	RU000A0HML36	3,725	3,725
Equities denominated in USD			
Issue country Russia			
T PLUS RL1	RU000A0HML36	0	3,725
VIMPELCOM LTD ADR 1	US92719A1060	100,000	100,000
Securities admitted to organised markets			
Equities denominated in USD			
Issue country Russia			
NOVATEK GDR RG.S/10 RL-.1	US6698881090	0	5,700

Vienna, 18 August 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.
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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 RUSSIA
mutual fund pursuant to the InvFG,

consisting of the fund portfolio as of 31 May 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 31 May 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 August 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 RUSSIA

Mutual fund pursuant to the InvFG

The Fund Terms and Conditions for ESPA STOCK RUSSIA, 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 stocks from issuers domiciled or engaging in business in Russia in the form of directly purchased individual instruments, in other words not indirectly or directly through investment funds or through derivatives.

In addition, equities issued by companies that are domiciled in or do business in the countries that made up the former Union of Soviet Socialist Republics (USSR) may be purchased.

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

Does not apply.

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 June to 31 May.

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 September 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 September 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 September 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 September 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

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.

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 March 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://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_mifid_rma *

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 "Show table columns".

[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)" – "Show table columns"]

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.

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