

# PROSPECTUS

for the fund

## **ESPA PORTFOLIO BALANCED 30** mutual fund pursuant to InvFG 2011 as amended

ISIN code:

AT0000802491 (dividend shares)

AT0000A09R60 (non-dividend shares)

AT0000A09R78 (savings plan non-dividend shares)

AT0000A09R8 (KESt-exempt non-dividend shares [foreign investors])

issued by

**ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H.**  
**Habsburgergasse 1a**  
**A-1010 Vienna**

This prospectus was prepared on the basis of the fund terms and conditions amended in accordance with the 2008 amendment of the 1993 Austrian Investment Fund Act, is compliant with InvFG 2011 and was published on 15 December 2011.

This fund prospectus becomes effective on 16 December 2011.

The publication of the last prior versions of this prospectus took place on 5 March 1999, 6 November 2000, 19 January 2001, 7 May 2001, 31 July 2002, 4 April 2003, 12 February 2004, 30 September 2004, 22 June 2005, 15 May 2008, 4 November 2008, 26 June 2009, 9 September 2009, 3 October 2009, 30 December 2010 and 31 August 2011.

In the case of the electronic distribution of this prospectus, the formatting of the text may deviate from that of the original copy of the prospectus submitted to the Austrian Control Bank (OeKB).

The prospectus, the fund terms and conditions, key investor information, and the semi-annual and annual reports can be accessed on the web site of ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H., [www.sparinvest.com](http://www.sparinvest.com).

## **DISCLAIMER FOR THE SALE of non-US funds to US investors**

### **Limitations on Sale**

The shares issued for this Investment Fund may only be publicly offered or sold in countries in which such a public offer or sale is permitted. Therefore, unless the Management Company or representatives of the Management Company have filed an application with the local supervisory authorities and permission has been granted by the local supervisory authorities, and as long as no such application has been filed or no such permission granted by the supervisory authorities, this prospectus does not represent an offer to buy investment shares.

The shares have not been and will not be registered pursuant to the 1933 United States Securities Act as amended (hereinafter the "Securities Act of 1933") or pursuant to the securities regulations of a state or other public entity of the United States of America or its territories, possessions or other areas subject to its sovereignty, including the Commonwealth of Puerto Rico (hereinafter collectively designated as the "United States").

The shares may not be publicly offered, sold, or otherwise transferred in the United States. The shares are being offered and sold on the basis of an exemption from registration pursuant to Regulation S of the Securities Act of 1933. The Management Company and the Investment Fund have not been and will not be registered pursuant to the 1940 United States Investment Company Act as amended, or pursuant to any other US federal laws. Therefore, the shares will not be publicly offered or sold in the United States or to or for the account of US citizens (in the sense of the definition for the purposes of US federal laws governing securities, goods, and taxes, including Regulation S of the United States Securities Act of 1933 – hereinafter collectively referred to as "US citizens"). Subsequent transfers of shares to the United States or to US citizens are prohibited.

The shares have not been admitted for sale or public offering by the US Securities and Exchange Commission (hereinafter designated as the "SEC") or any other supervisory authority in the United States, and no application for admittance for sale or public offering has been rejected by the SEC or any other supervisory authority in the United States; furthermore, neither the SEC nor any other supervisory authority in the United States has released an opinion on the correctness and appropriateness of this prospectus or the advantages of the fund shares. The United States Commodity Futures Trading Commission has neither examined nor approved this document or any other sales documents for the Management Company or the Investment Fund.

No party is authorised to provide information or make assurances that are not contained in the prospectus or in the documents referred to in the prospectus. These documents are available to the public at the domicile of the Management Company.

This prospectus may not be circulated in the United States.

Investors who are Restricted Persons pursuant to US Regulation No. 2790 of the National Association of Securities Dealers (NASD 2790) must immediately report any investments in funds from the Management Company.

## **SECTION I INFORMATION ABOUT THE MANAGEMENT COMPANY**

### **1. Company and domicile; legal form; establishment; information about the court of registration and register entry; valid law**

The Investment Firm (Management Company) offering the Investment Fund described in this prospectus is ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H., domiciled at Habsburgergasse 1a, A-1010 Vienna.

Effective 1 January 1998, the company Sparinvest Kapitalanlagegesellschaft m.b.H., which was established on 29 March 1965, was registered with the commercial court under the name SparInvest Austria Kapitalanlagegesellschaft m.b.H. on 13 June 1996 after a number of legal changes and was merged into DIE ERSTE-Kapitalanlagegesellschaft m.b.H., which was established on 7 November 1985, to form ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H.

ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H. is an investment firm in the sense of the Austrian Investment Fund Act (InvFG). It has the form of a limited liability company under Austrian commercial law (Gesellschaft mit beschränkter Haftung, GmbH), is subject to Austrian law, and is registered with the Commercial Court of Vienna under registry number FN 81876 g.

### **2. List of all investment funds administered by the firm**

A complete list of the funds currently administered by ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H. can be found in Annex 1.

### **3. Information about the management**

Franz Gschiegl (managing director of Erste Asset Management GmbH and ERSTE Immobilien Kapitalanlagegesellschaft m.b.H.)

Heinz Bednar (managing director of Erste Asset Management GmbH)

Harald Gasser (managing director of Erste Asset Management GmbH)

### **4. Supervisory Board**

Wolfgang Traindl, Chairman (head of private banking and asset management, Erste Bank der oesterreichischen Sparkassen AG)

Gerhard Fabisch, Deputy Chairman (managing board member, Steiermärkische Bank und Sparkassen Aktiengesellschaft)

Wilhelm Schultze, Deputy Chairman (participation management, Erste Group Bank AG)

Gabriele Semmelrock-Werzer (managing board member, Kärntner Sparkasse Aktiengesellschaft)

Christian Aichinger (chairman of the managing board, Wiener Neustädter Sparkasse Aktiengesellschaft)

Birte Quitt (director of the Austrian branch network, Erste Bank der oesterreichischen Sparkassen AG)

Franz Ratz (social banking, Erste Bank der oesterreichischen Sparkassen AG)

Reinhard Waltl (managing board member, Sparkasse Kufstein)

Regina Haberhauer (ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H.)

Dieter Kerschbaum (ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H.)

Gerhard Ramberger (ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H.)

Herbert Steindorfer (ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H.)

### **5. Nominal capital of the investment firm**

EUR 4,500,000, fully paid up.

### **6. Financial year**

The Management Company's financial year is identical to the calendar year.

### **7. Information about the shareholders**

Erste Asset Management GmbH, NÖ-Sparkassen Beteiligungsgesellschaft m.b.H., Kärntner Sparkasse AG, Salzburger Sparkasse Bank AG, Sieben-Tiroler-Sparkassen Beteiligungsgesellschaft m.b.H., Steiermärkische Bank und Sparkassen AG, DekaBank Deutsche Girozentrale.

### **8. Information about the shareholders who indirectly exercise a dominant influence**

Erste Bank Beteiligungen GmbH, Erste Group Bank AG, Erste Bank der oesterreichischen Sparkassen AG

### **9. The management company has delegated the following activities to third parties:**

Compliance: Erste Group Bank AG

Payroll accounting: Erste Bank der oesterreichischen Sparkassen AG

Accounting: Erste Bank Beteiligungsservice GmbH

Internal control system (§ 15 InvFG 2011): RINGTURM Kapitalanlagegesellschaft m.b.H.

## **SECTION II INFORMATION ABOUT ESPA PORTFOLIO BALANCED 30**

### **1. Fund designation**

The fund's designation is ESPA PORTFOLIO TARGET, mutual fund pursuant to InvFG 2011 as amended.

The Investment Fund is compliant with Directive 2009/65/EC.

### **2. Establishment of the fund**

ESPA PORTFOLIO BALANCED 30 (formerly ESPA PRO MIX) was issued on 4 May 1998 for an indefinite period of time. Furthermore, ESPA PORTFOLIO BALANCED 30 was merged with ESPA PORTFOLIO MED (formerly EKA-MED), which was issued on 1 January 1988, and ESPA PORTFOLIO MIX, which was issued on 15 September 1989, by way of the transfer of the latter two funds' assets, effective 11 August 2008 after authorisation for this merger was issued by the Financial Market Authority on 18 April 2008, in a decision bearing the identifier GZ FMA-IF25 4600/0036-INV/2008. At the time of this merger, the name of the Investment Fund was also changed to ESPA PORTFOLIO BALANCED 30. Public notice of this merger was published in *Wiener Zeitung* on 9 May 2008.

### **3. Information about where the fund terms and conditions and the periodic reports required by the InvFG can be obtained**

The information sources mentioned in this prospectus such as the fund terms and conditions, the annual reports and the semi-annual reports can be obtained from the Management Company. These will be delivered to the investors upon request free of charge. These documents can also be obtained from the custodian bank (further details about the custodian bank and its tasks can be found in Section III) and its branches, and can be accessed on the web site of ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H., [www.sparinvest.com](http://www.sparinvest.com).

### **4. Information about the tax regulations that apply to the investment fund, when these are of interest to the shareholder. Information about whether taxes are withheld from the returns earned by holders of shares in the investment fund**

#### **TAX TREATMENT for investors subject to unlimited tax liability in Austria**

##### Tax treatment

##### a) Private investors

Full tax withholding (final taxation), no declaration requirement for the investor.

Capital gains tax in the legally required amount will be withheld by the domestic bank making the coupon payments from all dividends (interim dividend payments) paid to a holder of shares in the Investment Fund provided that these dividends are from capital gains, and provided that the recipient of the dividend payment is subject to capital gains tax. "Payments" made on non-dividend shares are also subject to the withholding of the capital gains tax amounts assessed against the dividend-equivalent earnings\*) generated by the shares under the same conditions.

Private investors generally do not need to make any tax declarations in connection with an investment in the fund. The withholding of the capital gains tax fulfils all of the investor's tax obligations. The withholding of capital gains tax covers all final taxation requirements regarding income tax.

##### Ex ceptions from final taxation

Final taxation is precluded:

a) for KESt II-exempt debt instruments in the fund portfolio provided that no option declaration has been submitted. Such income must be reported to the tax authorities;

b) for securities in the fund portfolio that are not subject to taxation by the Austrian tax authorities, provided that entitlement to benefits under totalisation agreements is not waived. Such income must be reported on the Austrian income tax return under "Neben den angeführten Einkünften wurden Einkünfte bezogen, für die das Besteuerungsrecht aufgrund von Doppelbesteuerungsabkommen einem anderen Staat zusteht" (In addition to the indicated income, income that is subject to taxation by a different state due to totalisation agreements was also received).

In this case, however, a tax credit can be claimed for the capital gains tax that was withheld for this, or a refund of the capital gains tax can be claimed under § 240 of the Austrian Federal Duties Act (Bundesabgabengesetz, BAO).

The Investment Fund's ordinary income (interest, dividends) is subject to 25% capital gains tax after the deduction of expenses. 20% of the Investment Fund's extraordinary income (realised capital gains from the sale of equities and stock derivatives) is also subject to 25% capital gains tax.

For fund financial years that start after 30 June 2011, the tax assessment base for extraordinary income (equities, stock derivatives) will increase from 20% to 30%. For financial years that start after 31 December 2011, the tax assessment base for extraordinary income (equities, stock derivatives) will increase from 30% to 40%. For financial years that start after 31 December 2012, the tax assessment base for extraordinary income from bonds and bond derivatives will increase, and 50% of all realised extraordinary income will be subject to 25% capital gains tax. For financial years that start after 31 December 2013, 60% of all realised extraordinary income will be subject to 25% capital gains tax.

Speculation period for the sale of share certificates:

For share certificates purchased before 1 January 2011, the one-year speculation period still applies (§ 30 EStG in the version prior to the 2011 Finance Act [BudgetbegleitG 2011]).

Share certificates purchased on or after 1 January 2011 are subject to the taxation of realised value increases upon the sale of shares. When sold on or after 1 April 2012, share certificates are taxed by the banks managing the securities accounts, which must withhold 25% capital gains tax in the form of final taxation on the difference between the amortised cost and the sale proceeds of the share certificates. For the purposes of amortised cost, earnings taxed during the holding period increase the acquisition costs for the share certificate, while dividend payments and paid capital gains tax reduce the acquisition costs. Any capital losses can be offset against positive income from capital assets (excluding interest income in the case of financial institutions) within the same calendar year in the course of the assessment of taxes (valid for the first time for financial years beginning in 2013).

If share certificates purchased on or after 1 January 2011 are sold before 1 April 2012, an extended speculation period applies (in other words, tax must be assessed on taxable earnings).

#### b) Corporate investors

Taxation and tax liability on shares held as business assets by natural persons

For natural persons who receive income from capital assets or business activities (sole proprietors, partners), all income tax liability on income subject to capital gains tax is covered by the withholding of capital gains tax (KESt I and KESt II).

Dividends (interim dividends) paid from increases in the net value of domestic funds and increases in the net value of foreign funds that are equivalent to dividend payments must be taxed at the applicable rate until 1 April 2012, after which the 25% special tax rate shall apply (tax assessment).

For financial years that start after 31 December 2012, dividend payments and all dividend-equivalent ordinary and extraordinary earnings (all realisations of capital gains at the fund level) on business assets are subject to tax (provided that they stem from taxable sources of income). The tax-exempt reinvestment of realised capital gains within the fund will be possible for the last time for financial years beginning in 2012.

Tax must be assessed on capital gains from the sale of share certificates that are sold before 1 April 2012. All previously taxed earnings reduce these capital gains. If sold after 31 March 2012, share certificates held as business assets by natural persons that were purchased before 1 January 2011 are already subject to the 25% special tax rate (tax assessment).

Taxation and KESt II withholding on shares held as business assets by legal entities

Dividends and dividend-equivalent ordinary earnings (interest, dividends) are subject to tax.

Dividends paid from increases in the net value of domestic funds and increases in the net value of foreign funds that are equivalent to dividend payments are subject to corporate income tax.

For financial years that start after 31 December 2012, dividend payments and all dividend-equivalent ordinary and extraordinary earnings (all realisations of capital gains at the fund level) on business assets are subject to tax (provided that they stem from taxable sources of income). The tax-exempt reinvestment of realised capital gains within the fund will be possible for the last time for financial years beginning in 2012.

Foreign dividends from EU countries (current exceptions [as of 6 July 2009]: Bulgaria, Ireland, Cyprus), from Norway and from certain comparable non-Member States are exempt from corporate income tax. Other foreign dividends are subject to corporate income tax.

Unless the shareholding entity is exempt pursuant to § 94 item 5 EStG, the banks paying the coupon must also withhold capital gains tax from dividends paid on shares held as business assets, or treat payments made on non-dividend funds as capital gains tax. Capital gains tax that is withheld and paid to the tax authorities can be credited against the assessed corporate income tax.

#### CORPORATE BODIES WITH INCOME FROM CAPITAL ASSETS

For corporate bodies (such as registered associations) that receive income from capital assets, all income tax liability on such income is covered by the withholding of capital gains tax on capital gains subject to KESt II. Capital gains tax on tax-exempt dividends is refundable.

Private trusts with capital gains that are subject to KESt II are generally subject to the 12.5% intermediate tax rate.

Foreign dividends from EU countries (current exceptions [as of 6 July 2009]: Bulgaria, Ireland, Cyprus), from Norway and from certain comparable non-Member States are exempt from corporate income tax. Other foreign dividends are subject to corporate income tax.

Private trusts with capital gains that are subject to KESt II are generally subject to the 25% intermediate tax rate starting with the tax assessment for 2011. Capital gains tax on tax-exempt dividends is refundable.

Share certificates purchased on or after 1 January 2011 are subject to the taxation of realised value increases upon the sale of shares. Starting on 1 April 2012, taxation will be handled by the banks managing the securities accounts, which must withhold 25% capital gains tax on the difference between the amortised cost and the sale proceeds of the share certificates. For the purposes of amortised cost, earnings taxed during the holding period increase the acquisition costs for the share certificate, while dividend payments and paid capital gains tax reduce the acquisition costs.

Note for all taxpayers:

The German-language annual reports contain detailed information about the tax treatment of dividend-equivalent earnings and similar payments.

\*) Does not apply to funds for which the full dividend is reinvested

#### **5. Reporting date for the annual financial statements and information on the frequency and form of dividend payment**

The financial year of the Investment Fund is from 1 November to 31 October of the following calendar year.

In accordance with § 58 paragraph 2 of the InvFG\*) and according to the fund terms and conditions, dividend disbursement/payment takes place on or after 15 December of the following financial year. Interim dividend payments are not possible.

The Management Company reserves the right to set an ex-date before the dividend disbursement/payment pursuant to § 58 paragraph 2 InvFG for technical reasons. On the ex-date, the valid issue price used for settlement will be reduced by the coming disbursement/payment.

\*) For example for non-dividend funds (not for KEST-exempt non-dividend funds)

#### **6. Name of the auditor in accordance with § 49 paragraph 5 InvFG**

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Wagramer Str. 19, A-1220 Vienna.

#### **7. Information on the types and key characteristics of the shares, especially**

- **Type of entitlement (claim in rem or other entitlement) that the share represents**
- **Original documents or certificates about these documents, entry in a register or deposit into an account**
- **Characteristics of the shares: registered or bearer shares, information about the denomination and fractional shares, if applicable**
- **Description of the shareholders' voting rights in the case these exist**
- **Conditions under which the investment fund may be liquidated and details about liquidation, in particular with regard to the entitlements of the shareholders**

Ownership in the assets held by the Investment Fund is divided into equal shares. The number of shares is unlimited.

The Investment Fund features three different share classes and the corresponding certificates: dividend shares, non-dividend shares with capital gains tax withholding and non-dividend shares without capital gains tax withholding, with certificates being issued for one share each and also for fractional shares. A fractional share can be one tenth (0.10), one hundredth (0.01) or one thousandth (0.001) of a share certificate.

Non-dividend shares without capital gains tax deduction are not sold in Austria.

The shares are depicted as global certificates (§ 24 Austrian Securities Deposit Act [Depotgesetz], Federal Law Gazette No. 424/1969 as amended). For this reason, individual share certificates cannot be issued. The share certificates are bearer shares.

Every purchaser of a fraction of a global certificate acquires proportionate ownership of all assets contained in the Investment Fund in accordance with his fractional ownership of the global certificate.

The share certificates do not provide any voting rights.

The Management Company shall be permitted to split the shares in the fund with the approval of its Supervisory Board and issue additional share certificates to the Shareholders or replace the old share certificates with new ones when the Management Company deems that such a split would be in the interests of the Shareholders on the basis of the calculated share value.

The Management Company can terminate the administration of the fund with the approval of the Financial Market Authority and upon the publication of a corresponding public notice:

a) by cancellation

- with a period of notice of six months (§ 60 paragraph 1 InvFG)
- with immediate effect when the fund assets fall below EUR 1,150,000 (§ 60 paragraph 2 InvFG)

The termination of the fund pursuant to § 60 paragraph 2 InvFG is not permitted during the period of notice for termination pursuant to § 60 paragraph 1 InvFG.

- b) by way of the following with a three-month period of notice
- transfer of the administration of the fund to a different management company
  - merger of multiple funds or the transfer of the fund assets to another investment fund.

The entitlement of the Shareholders to have the fund assets administered by a management company and for the redemption of their shares against the current calculated value of the shares at any time upon demand remains in force after the administration of the fund is terminated by the Management Company. In the event of a fund merger, the Shareholders are also entitled to exchange their fund shares at the valid exchange ratio and to the payment of any applicable settlement amount. If the administration of the fund is terminated by way of cancellation, the custodian bank shall assume the temporary management of the fund and must initiate the liquidation of the fund if the administration of the fund is not transferred to a different management company within six months. Once liquidation is initiated, the Shareholders' entitlement to the administration of the fund assets is replaced by the Shareholders' entitlement to proper liquidation, and the Shareholders' entitlement to the redemption of their shares against the current calculated value of the shares at any time upon demand is replaced by entitlement to the payment of the liquidation proceeds once liquidation is completed.

## **8. Information about exchanges or markets on which the shares are listed or traded, if applicable**

The shares are issued and redeemed by the custodian bank. An application for listing can be filed, but is not currently planned by the Management Company.

## **9. Procedure and terms for the issue and/or sale of shares**

### **Issue of shares**

There is no principal limitation on the number of shares that can be issued or on the corresponding certificates. Shares can be purchased at the custodian bank and any of its branches. The Management Company reserves the right to temporarily or permanently suspend the issue of shares.

- Order deadlines:
- for orders through systems connected to the custodian bank (especially orders placed in branches of Erste Bank der oesterreichischen Sparkassen AG and Sparkassen): 15:45 (CET, Vienna local time)
  - for orders from all other customers (sales, trading, etc.): 15:00 (CET, Vienna local time)

### **Issue premium**

The issue price shall consist of the share value plus a premium to cover the costs incurred in issuing the share. The premium for covering the issue costs is 5.0% of the value of a share.

### **Settlement date**

The issue price shall be the share price calculated by the custodian bank on the **second Austrian bank business day** or securities trading day following the date on which the order is received by the custodian bank (taking into account the deadlines for order acceptance) plus the issue premium. The value date for debiting the purchase price shall be two bank business days after the execution of the order.

## **10. Procedures and terms for share redemption and conditions under which this can be suspended**

### **Return of shares**

The Shareholders can demand the return of their shares by presenting their share certificates or by submitting a return order to the custodian bank. The Management Company is obligated to accept the return of the shares against payment of the return price, which is the current value of a share, for the account of the Investment Fund.

The payment of the return price and the calculation and publication of the return price as specified may be suspended temporarily when the Austrian Financial Market Authority is informed of this fact and a corresponding notice published as per § 56 InvFG and made dependent on the sale of assets in the Investment Fund and the receipt of the proceeds from the sale of assets by the Management Company under extraordinary conditions and when this is deemed necessary to protect justified Shareholder interests. Investors shall also be informed when the Management Company resumes accepting returned shares as specified in § 56 InvFG.

The most recent published prices will be used to calculate the price of the fund. If a large portion of the Investment Fund's assets is composed of shares in other investment funds, the most recent prices published for the sub-funds will be used. If the most recently published valuations for assets in the fund clearly do not correspond to their actual values as a result of political or economic conditions, and not only in individual cases, the Management Company shall be entitled to suspend the calculation of the fund price.

- Order deadlines:
- for orders through systems connected to the custodian bank (especially orders placed in branches of Erste Bank der oesterreichischen Sparkassen AG and Sparkassen): 15:45 (CET, Vienna local time)
  - for orders from all other customers (sales, trading, etc.): 15:00 (CET, Vienna local time)

### **Settlement date**

The return price shall be the share price calculated by the custodian bank on the **second Austrian bank business day** or securities trading day following the date on which the order is received by the custodian bank (taking into account the deadlines for order acceptance). The value date for crediting the purchase price shall be two bank business days after the execution of the order.

### **11. Description of the rules for calculating and using the generated earnings and description of shareholder entitlements to the fund earnings**

This information can be found in the fund terms and conditions.

### **12. Description of the investment objectives of the fund, including the financial objectives (such as capital or earnings growth), the investment policy (such as specialisation in geographical regions or sectors of the economy), any limitations included in this investment policy, and information about any techniques and instruments or powers to take out loans that can be used in administering the investment fund**

In addition to achieving consistently high returns, the Fund aims to maintain and increase its asset value through targeted investments (in equity funds). In order to meet this objective, the fund buys and sells assets that are permitted according to the Austrian Investment Fund Act and the fund terms and conditions (securities, money market instruments, demand deposits, shares in other investment funds and financial instruments) within the framework of its investment policy and based on the fund manager's assessment of economic conditions, the situation on the capital markets and the outlook on the stock exchanges.

**ESPA PORTFOLIO BALANCED 30 may only hold investments as defined by § 3 paragraph 3 InvFG and § 14 paragraph 7 line 4 letter e Austrian Income Tax Act (Einkommensteuergesetz; EStG) in connection with § 25 paragraph 1 lines 5 through 8, paragraphs 2 through 4 and paragraphs 6 through 8 Austrian Pension Fund Act (Pensionskassengesetz; PKG) in the currently amended versions.**

The fund assets are invested according to the following investment policy principles:

#### **Securities**

Equities, issuable securities similar to equities, corporate bonds and other participation certificates as defined in § 25 paragraph 2 line 4 PKG may together with the other assets defined in § 25 paragraph 2 line 6 PKG comprise up to 70% of the fund assets.

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

A total of 10% of the fund assets may be invested in securities and money market instruments not meeting the requirements of § 67 paragraph 4 InvFG.

#### **Money market instruments**

Money market instruments may also be purchased by the fund; these instruments play a minor role.

#### **Shares in investment funds**

Investments in shares in investment funds must be broken down into the investment categories specified in § 25 paragraph 2 PKG in accordance with their actual management.

The fund will purchase shares in investment funds that, according to their terms and conditions, invest predominantly in bonds or comparable assets or that are categorised as a bond fund or as comparable to a bond fund by an internationally recognised organisation (such as its classification according to Bloomberg, Datastream, software-systems.at Börsensoftware & Datenbankservice GmbH, etc.), regardless of the country in which the respective management company is domiciled.

The Fund may also invest in funds that invest in (corporate) bonds from issuers without restrictions with regard to the issuers' credit ratings (ratings ranging from the investment grade segment to the speculative grade segment).

The fund will purchase shares in investment funds that, according to their terms and conditions, invest predominantly in equities or comparable assets or that are categorised as an equity fund or as comparable to an equity fund by an internationally recognised organisation, regardless of the country in which the respective management company is domiciled.

**Equities should generally make up between 0% and 30% of the fund assets, and may account for as much as 40% for brief periods.**

There are no limitations with regards to the domicile of the issuers of the equities in the fund or the economic sectors in which these issuers are active.

#### **Demand deposits or callable deposits**

Bank deposits in the form of demand deposits or callable deposits with a maximum term of 12 months play a limited role. However, in the course of the restructuring of the fund portfolio, in order to reduce the influence of possible price losses experienced by securities, or whenever deemed necessary by the Management Company to reduce risk, the Investment



Fund can also hold a higher proportion of demand deposits or callable deposits with a maximum term of 12 months for a longer period.

#### **Derivative financial instruments (including swaps and other OTC derivatives)**

**The Investment Fund may acquire derivative products for hedging purposes. In addition, derivative products pursuant to § 25 paragraph 1 line 6 PKG that are not used for hedging purposes may be acquired if they contribute to mitigating investment risks or making it easier to efficiently administer the fund assets.**

The objective of the fund is to achieve additional earnings above that of the underlying investment by means of active management. The management of the active positions can take place entirely independently of the underlying investment. In addition, instruments may be purchased that are based on or in markets that are not part of the fundamental investment universe. Such instruments can especially be derivatives on

- global interest rate markets (interest rate futures, options, interest rate swaps, total return swaps, etc.)
- global currency markets (forward exchange agreements, FX futures, FX options, etc.)
- global credit markets (CDS, CDX, i-TRAXX futures, etc.)

These instruments can be purchased directly for the fund or held indirectly through sub-funds.

The key considerations in the selection of the instruments are security, growth and/or earnings. In this, it must be noted that the selected securities offer potential for price increases, but that they also entail risks.

In this, special attention is paid to risk diversification. The exact investment limits are specified in § 66 ff InvFG and § 14 paragraph 7 line 4 letter e Austrian Income Tax Act (Einkommensteuergesetz; EStG) in connection with § 25 paragraph 1 lines 5 through 8, paragraphs 2 through 4 and paragraphs 6 through 8 Austrian Pension Fund Act (Pensionskassengesetz; PKG).

#### **Investment policy techniques and instruments**

##### **A) Demand deposits or callable deposits**

Bank deposits in the form of demand deposits or callable deposits for a maximum term of 12 months may be held under the following conditions:

1. Demand deposits or callable deposits may be held at one bank with a term of no more than 12 months and in the amount of no more than 20% of the fund assets provided that the bank in question
  - is domiciled in a Member State, or
  - is domiciled in a non-Member State and is subject to supervisory regulations that in the opinion of the Austrian Financial Market Authority are equivalent to those under Community law.
2. Regardless of any deposit limits, an investment fund may invest no more than 20% of its assets in a combination of securities or money market instruments issued by, deposits held with, or OTC derivatives purchased from a single bank.
3. The Investment Fund may hold bank deposits in the form of demand deposits or callable deposits for a maximum term of 12 months. No minimum or maximum limits apply to bank deposits. However, in the course of the restructuring of the fund portfolio, in order to reduce the influence of possible price losses experienced by securities, or whenever deemed necessary by the Management Company to reduce risk, the Investment Fund can also hold a higher proportion of demand deposits or callable deposits with a maximum term of 12 months for a longer period.

##### **B) Money market instruments**

Money market instruments are instruments that are customarily traded on the money market, that are liquid, whose value can be determined exactly at any time, and that meet the requirements of § 70 paragraph 1 InvFG.

Money market instruments may be acquired for the Investment Fund that

1. are admitted on one of the Austrian or foreign exchanges listed in the Annex or traded on one of the regulated markets listed in the Annex and the regulated market is recognised, open to the public and is functioning properly.
2. are not traded on a regulated market as long as they are customarily traded on the money market, can be freely transferred, are liquid and their value can be determined exactly at any time, for which sufficient information is available, including information that allows the suitably accurate assessment of the credit risks associated with an investment in the instrument, and when the instrument or the issuer itself is subject to legal deposit and investor protection regulations, provided that they
  - a) were issued or are guaranteed by a national, regional or municipal political entity or the central bank of a Member State, the European Central Bank, the European Union, or the European Investment Bank, a non-

- Member State, or, if it is a federal state, a member state of the federation, or an international organisation with public sector character and of which at least one Member State is a member, or
- b) were issued by a business entity whose securities are admitted to one of the Austrian or foreign exchanges listed in the Annex or are traded on one of the regulated markets listed in the Annex, or
  - c) were issued or are guaranteed by a bank that is subject to regulatory supervision according to the criteria laid down in Community law, or were issued or are guaranteed by a bank that is subject to and complies with supervisory regulations that in the opinion of the Austrian Financial Market Authority are equivalent to those under Community law, or
  - d) were issued by another party belonging to a category approved by the Financial Market Authority, provided that equivalent investor protection regulations apply to investments in these instruments that are equivalent to letters a) to c), and provided that the issuer is either a business entity with capital stock of at least EUR 10 million that prepares and publishes its annual financial statements in accordance with the regulations of Directive 78/660/EEC, or is another legal entity that is responsible for finance management in a group of one or more listed companies, or is a legal entity that finances the collateralisation of debt in company or contractual form by using a line of credit granted by a bank; the line of credit must be guaranteed by a bank that meets the criteria listed in item 2 c) of these criteria.

Money market instruments that do not meet these criteria and that are also not traded on a regulated market may make up no more than 10% of the total fund assets.

### C) Securities

**Securities** are

- a) equities and other equivalent securities,
- b) bonds and other debt that is evidenced by certificates,
- c) all other fungible financial instruments (such as stock rights) that entitle the holder to purchase financial instruments as defined by InvFG by means of subscription or exchange, with the exception of the techniques and instruments specified in § 73 InvFG.

The criteria in § 69 paragraph 1 InvFG must be met for an instrument to be considered a security.

Securities also include the following pursuant to § 69 paragraph 2 InvFG:

1. Shares in closed funds in the form of an investment company or investment fund,
2. Shares in closed funds in contractual form,
3. Financial instruments pursuant to § 69 paragraph 2 item 3 InvFG.

The Management Company purchases securities that are admitted on one of the Austrian or foreign exchanges listed in the Annex or traded on one of the regulated markets listed in the Annex and the regulated market is recognised, open to the public and is functioning properly. In addition, securities can be purchased from new issues for which the terms require that an application be filed for official listing on an exchange or in a regulated market with the requirement that admission to the desired market be obtained within one year after the issue is placed.

#### **Unlisted securities and other rights evidenced by paper**

Up to 10% of the fund assets may be invested in securities that are not admitted to one of the exchanges listed in the Annex or traded on one of the regulated markets listed in the Annex.

### D) Shares in Investment Funds

1. Shares in investment funds (investment funds and open investment companies) pursuant to § 71 paragraph 1 InvFG that fulfil the requirements of Directive 2009/65/EEC (UCITS) may **make up no more than 20% of the Investment Fund assets in total**, provided that the target funds themselves do not invest more than 10% of their fund assets in shares of other investment funds.
2. Shares in investment funds pursuant to § 71 paragraph 2 InvFG which do not meet the requirements of Directive 2009/65/EC (UCITS) and whose sole purpose is
  - to invest money contributed by a group of investors for their joint account in securities and other liquid financial investments under the principles of risk diversification, and
  - whose shares can be redeemed or paid out directly or indirectly from the assets of the investment fund upon request by the shareholder,

may each comprise **up to 20% of the fund assets, but in aggregate total no more than 30% of the fund assets**, provided that

- a) these target funds do not invest more than 10% of their fund assets in shares in other investment funds, and
- b) these are approved under legal regulations that place them under regulatory supervision that in the opinion of the Financial Market Authority is equivalent to that proscribed by Community law and there is sufficient certainty of collaboration between the authorities, and
- c) the protection afforded to the Shareholders is equivalent to that afforded to shareholders of investment funds that meet the requirements of Directive 2009/65/EC (UCITS), and that are in particular equivalent to the requirements of Directive 2009/65/EC in terms of regulations for the separate management of special assets, the acceptance of loans, the granting of loans, and the short selling of securities and money market instruments, and
- d) semi-annual and annual reports are published on the activities of the fund, and these reports provide a clear picture of the assets, liabilities, earnings and transactions in the reporting period.

The criteria specified in § 3 of the Information and Equivalency Determination Ordinance (Informationen- und Gleichwertigkeitsfestlegungsverordnung [IG-FestV]) as amended must be applied to assess the equivalency of the protection afforded to the Shareholder.

- 3. The Management Company may also purchase for the Investment Fund shares in other investment funds that are directly or indirectly administered by the Management Company or by a firm that is associated with the Management Company by way of joint administration or control or through a direct or indirect material equity interest.
- 4. The Investment Fund may hold shares in any single fund up to an amount of 20% of the Investment Fund assets.

## **E) Derivative financial instruments**

**The Investment Fund may acquire derivative products for hedging purposes. In addition, derivative products pursuant to § 25 paragraph 1 line 6 PKG that are not used for hedging purposes may be acquired if they contribute to mitigating investment risks or making it easier to efficiently administer the fund assets.**

### **I. Listed and unlisted derivative financial instruments**

Derivative financial instruments, including equivalent instruments settled in cash, may be purchased for the Investment Fund when they are admitted to one of the exchanges listed in the Annex, when they are traded on one of the regulated markets listed in the Annex, or when they are not admitted to an exchange or traded on a regulated market (OTC derivatives) provided that

- a) the underlying instruments are instruments as defined in the fund terms and conditions or are financial indices, interest rates, exchange rates or currencies that the Investment Fund is permitted to invest in according to its fund terms and conditions,
- b) the counterparties in the transactions with OTC derivatives are banks subject to supervision and from a category approved by ordinances enacted by the Financial Market Authority, and
- c) the OTC derivatives are subject to reliable and transparent daily valuation and can be sold, liquidated, or settled by means of an offsetting transaction at a reasonable fair value at any time at the initiative of the Management Company.

This also includes instruments designed to transfer the credit risk of one of the above-mentioned instruments.

### **II. Purpose**

Derivative financial instruments can be used as part of the fund's investment strategy and also for hedging purposes.

### **III. Risk management**

The Management Company is required to employ a risk management system that enables it to monitor and measure at any time the risks associated with its investment positions and the relative share of these risks in the overall risk profile of the fund portfolio. It is also required to employ methods that enable it to precisely and independently measure the value of the OTC derivatives in the fund portfolio. On the basis of this method, the Management Company must in cooperation with the custodian bank inform the Financial Market Authority of the types of derivatives in the portfolios of each of the investment funds that it administers, the risks associated with the underlying instruments of these derivatives, the investment limits, and the methods that are used to measure the risks that are associated with the derivative instruments.

**The Management Company may conduct transactions with derivative financial instruments as part of the fund's investment strategy and also for hedging purposes. Because of this, the risk of loss that is associated with the assets in the fund can increase at least temporarily. See the item "Risk notices" for a complete description of the use of derivative financial instruments and the risks that are associated with this.**

The overall risk associated with the derivative instruments may not exceed the total net value of the Investment Fund assets. In calculating the risk, the fair values of the underlying instruments, the default risk, future market fluctuations, and the time available to liquidate the positions must be taken into account. The Investment Fund may hold derivative financial instruments within the limits specified in the fund terms and conditions and by the Austrian Investment Fund Act as part of its investment strategy, provided that the overall risk of the underlying instruments does not exceed these specific investment limits.

The default risk for OTC derivative transactions by the Investment Fund may not exceed the following levels:

- a) 10% of the fund assets when the counterparty is a bank pursuant to Directive 2002/12/EC,
- b) otherwise 5% of the fund assets.

Investments in index-based derivatives are not taken into account with regards to the specific investment limits for an investment fund. If a derivative is embedded in a security or money market instrument, it must be taken into account in determining overall compliance with the requirements specified above.

#### **IV. Overall risk**

The total imputed value of the derivative financial instruments not held for hedging purposes may not exceed the total value of the fund assets.

The imputed value for

- forward financial agreements is the contract value multiplied by the last calculated daily forward price;
- option rights is the value of the securities or financial instruments that are the object of the options (underlying)

**The Investment Fund may acquire derivative products for hedging purposes. In addition, derivative products pursuant to § 25 paragraph 1 line 6 PKG that are not used for hedging purposes may be acquired if they contribute to mitigating investment risks or making it easier to efficiently administer the fund assets.**

#### **Leverage:**

**If the fund terms and conditions for this fund permit the use of derivative financial instruments for speculative purposes, the Management Company may increase the leverage of this Investment Fund by using derivatives within the limits permitted by the InvFG. The expected leverage is 54%. This level may be exceeded under extraordinary market conditions.**

#### **F) Repurchase agreements**

The Management Company is authorised within the investment limits laid down in the InvFG to purchase assets for the account of the Investment Fund containing an obligation on the part of the seller to purchase the assets back at a specific time in the future and at a specific price.

This means that the features of the assets purchased for the fund under such an agreement can differ significantly from the features of the actual asset. For example, the interest rate, term, and purchase and sale price may deviate significantly from that of the underlying asset. This eliminates market risk.

#### **G) Securities lending**

The Management Company is authorised within the investment limits laid down in the InvFG to sell securities up to an amount of 30% of the total Investment Fund assets to another party through a recognised securities lending system for a limited time under the condition that the third party is obligated to return the securities after an agreed period of time.

The premiums received for this are an additional source of income.

#### **Risk notices**

The key considerations in the selection of the instruments are security, growth and/or earnings. In this, it must be noted that the selected securities offer potential for price increases, but that they also entail risks.

#### **General**

The prices of the securities in the fund can rise or fall compared to the purchase price paid upon acquisition. If the investor sells shares in the Investment Fund at a point in time at which the prices of the securities in the fund have fallen compared to the point in time at which he purchased his shares, this will result in the investor not recovering the entire amount invested in the fund. If the Management Company performs a mistrade with exchange-traded and/or over-the-counter securities which was not recorded in the fund's accounts as having an impact on the calculated value, the profits and losses from such trades will go to the Management Company.

## **Material risks**

### **a) The risk that the entire market for an asset class develops negatively and that this negatively influences the price and value of these assets (market risk)**

The development of prices for securities depends in particular on the development of the capital markets, which in turn are influenced by the general state of the global economy and the economic and political conditions in the respective countries.

One particular form of market risk is the risk of interest rate changes. This is the possibility that the general interest rate level on the market can change compared to the point in time at which a fixed-income security is issued. Changes in interest rate levels can result from changes in the economic conditions and subsequent reactions by the respective central bank, among other factors. When general interest rate levels rise, this typically means that the prices of fixed-income securities fall. In contrast, when general interest rate levels fall, this typically causes the prices of fixed-income securities to rise. In both cases, the changes in the price cause the return on the security to be roughly the same as the average market interest rate. However, these price fluctuations vary depending on the term of the fixed-income security. Fixed-income securities with shorter terms are subject to lower interest rate risk than longer term securities. Fixed-income securities with shorter terms also tend to have lower yields than fixed-income securities with longer terms, however.

### **b) The risk that the issuer or counterparty will be unable to meet its contractual obligations (credit risk or issuer risk)**

In addition to the general trends on the capital markets, the individual development of the respective issuer of the security also has an effect on the price of the security. Even when securities are selected carefully, there is no way to preclude losses when the issuer incurs significant losses in its business operations, for example.

### **c) The risk that a transaction is not handled as expected within a transfer system because a counterparty fails to pay or deliver by the deadline or as expected (settlement risk)**

This category covers the risk that settlement does not take place as expected in the transfer system because a counterparty does not pay or deliver as expected or at the agreed date. Settlement risk is the risk that the agreed consideration is not received upon execution of a transaction.

### **d) The risk that a position cannot be liquidated at a fair price at the desired time (liquidity risk)**

Taking into account the opportunities and risks associated with investments in equities and bonds, the Management Company especially purchases securities for the Investment Fund that are admitted for trading on Austrian or foreign exchanges or that are traded on organised markets that are recognised and open to the public and that are functioning properly.

In spite of this, the problem may arise for individual securities at certain times or in certain exchange segments that a security cannot be sold at the desired time. In addition, there is the risk that instruments that are traded in a rather narrow market segment can be subject to significant price volatility.

In addition, securities can be purchased from new issues for which the terms require that an application be filed for official listing on an exchange or in an organised market with the requirement that admission to the desired market be obtained within one year after the issue is placed.

The Management Company is authorised to purchase securities that are traded on an exchange or regulated market in the EEA, or on one of the exchanges or regulated markets listed in the Annex.

### **e) The risk that the value of an investment will be influenced by changes in an exchange rate (exchange rate or currency risk)**

Another variant of market risk is currency risk. Unless specified otherwise, assets in an investment fund can be denominated in a different currency from that of the fund. The fund receives its income, repayments and sale proceeds from such investments in the currencies in which the respective instrument is denominated. The value of these currencies can fall relative to the currency of the fund. This means that there is the risk that the value of the shares will be negatively impacted when the fund invests in currencies different from that in which it is denominated.

### **f) The risk of the loss of assets held by the fund as a result of the insolvency of, negligence by, or fraudulent action on the part of the custodian bank or the sub-custodian bank (custody risk)**

The safekeeping of the fund assets is associated with the risk of loss caused by the insolvency of the custodial agent, violations of the custodial agent's duties, or fraudulent action on the part of the custodial agent or one of its subagents. Especially when a prime broker is employed as a custodial agent, the same degree of security as afforded when a bank is employed as a custodial agent cannot be guaranteed under all circumstances.

### **g) The risks arising from concentration on specific investments or markets (concentration risk)**

Risks can also arise from a concentration of the investments in certain assets or markets.

**h) The performance risk and information about whether guarantees from third parties are in place and if limitations apply to such guarantees (performance risk)**

The value of assets acquired for the Investment Fund can develop differently than expected at the time of purchase. This means that no guarantee can be provided that the value will develop positively, unless a third party provides a guarantee to this effect.

**i) Information about the financial capacity of any guarantor**

The risk of an investment is higher or lower depending on the financial capacity of a guarantor that has issued a guarantee on the instrument.

**j) The risk of inflexibility caused by the product itself or by restrictions imposed when switching to other investment funds (inflexibility risk)**

The risk of inflexibility can be caused by the product itself or by restrictions imposed when switching to other investment funds.

**k) Inflation risk**

The earnings generated by an investment can be negatively impacted by the development of inflation. The invested capital itself can suffer from a general deterioration in the purchasing power of a monetary unit, and the development of inflation can also have a direct (negative) influence on the price of assets in the fund.

**l) The risk affecting the capital in the investment fund (capital risk)**

The risk affecting the capital in the Investment Fund can arise above all from the sale of the fund assets at a lower price than was paid for their acquisition. This also covers the risk of capital depletion in the event of the return of shares and excessive payout of investment yields as dividends to the Shareholders.

**m) The risk of changes in other framework conditions, including tax regulations**

The value of the assets in the Investment Fund can be negatively influenced by developments in countries in which investments are held, for example because of international political developments, changes in government policy, taxation, restrictions on foreign investments, currency fluctuations, and other changes in the legal system or in the regulatory framework. Trading may also take place on exchanges that are not as strictly regulated as those in the USA or the EU.

**n) The risk that the values of certain securities can deviate from their actual selling prices because of illiquid market conditions (valuation risk)**

Especially in times when market participants are faced with problems obtaining liquidity because of financial crises and a general lack of confidence, the values of certain securities and other financial instruments as determined by market forces may decline, and this can make it difficult to determine the value of the asset in the fund. If investors in a fund simultaneously return large numbers of shares under such conditions, the fund management may be forced to sell securities at prices different from their actual valuation rates in order to maintain the necessary level of liquidity in the fund.

**It is expressly noted that specific risks may be associated with derivative products, including:**

- a) The time-limited rights that are acquired may lapse or may decrease in value.**
- b) The risk of loss cannot be determined, and may exceed collateral provided under the transaction.**
- c) Transactions intended to preclude or limit the risks may be impossible to execute, or may only be possible at a price that results in a loss.**
- d) The risk of loss may rise when the obligations from such transactions or the consideration to be provided under the transaction is denominated in a foreign currency.**

The following additional risks may be encountered in transactions with OTC derivatives:

- a) problems with the sale of OTC financial instruments to third parties, as there is no organised market for them; settling the obligations that have been entered into can be difficult or may entail significant costs because of the individual agreement (liquidity risk);
- b) the economic success of the OTC transaction can be put at risk by the default of the counterparty (counterparty risk).

In this, special attention is paid to risk diversification. The exact investment limits are specified in § 66 ff InvFG and § 14 paragraph 7 line 4 letter e Austrian Income Tax Act (Einkommensteuergesetz; EStG) in connection with § 25 paragraph 1 lines 5 through 8, paragraphs 2 through 4 and paragraphs 6 through 8 Austrian Pension Fund Act (Pensionskassengesetz; PKG).

The development of global stock markets in recent years has shown that corrections of 30% to 50% or even more are possible after massive price gains, **especially for funds that invest in equities**. Such **price developments** are also possible in the future. This means that **significant price fluctuations** can be expected for this Investment Fund because choosing the optimal time to buy and sell securities is extremely important in such a volatile segment. It is impossible to predict the development of the capital markets or the development of the individual issuers. **Earnings achieved in the past are not a guarantee that similar earnings can be achieved in the future**. The Management Company strives to minimise the risk inherent to investing in securities while at the same time to maximise earnings potential. However, no guarantee can be given for the anticipated success of an investment. **Express note is made of the increased risk associated with an investment in this Investment Fund. Because of this, a longer investment period (five years or longer) is recommended.**

In this, special attention is paid to risk diversification. The exact investment limits are governed by §§ 73 ff InvFG.

**It is expressly noted that this is a brief description, and that this description cannot replace qualified personal advice from an investment advisor.**

#### **Loans**

Short-term loans of up to 10% of the fund assets may be taken out.

#### **Delegation of tasks**

The Management Company notes that it has delegated tasks to a firm with which it is closely associated, an associated company pursuant to § 2 item 28 of the Austrian Banking Act (Bankwesengesetz).

#### **Processing of transactions**

The Management Company expressly states that it can have transactions for the Investment Fund completed through a firm with which it is closely associated, an associated company pursuant to § 2 item 28 of the Austrian Banking Act (Bankwesengesetz).

### **13. Valuation principles**

The value of a share shall be determined by dividing the total value of the Investment Fund including earnings by the number of shares. The custodian bank shall determine the total value of the Investment Fund on the basis of the prices of the securities, money market instruments, and subscription rights contained in the Investment Fund plus the value of the financial investments, cash and cash equivalents, account balances, claims and other rights held by the Investment Fund, less any liabilities.

The net assets are calculated according to the following principles:

- a) The value of assets that are listed or traded on an exchange or other regulated market is generally determined on the basis of the latest published prices.
- b) If an asset is not listed or traded on an exchange or other regulated market or if the price reported for an asset that is listed or traded on an exchange or other regulated market does not adequately reflect its actual fair value, prices from reliable data providers, market prices for securities of the same type, or other recognised valuation methods will be used.
- c) If no fair values are available or only inadequate fair values are available, the value of the assets is determined with the help of finance models by the Valuation Committee, which is made up of representatives from Erste Group Bank AG and Erste Asset Management Group.

### **14. Calculation of the selling or issue price and the payout or redemption price of the share, especially:**

- **Method and frequency of the calculation of these prices**
- **Information on the costs associated with sale, issue, return, or payout**
- **Information on the method, place, and frequency of the publication of these prices**

The most recent published prices will be used to calculate the price of the fund. If a large portion of the Investment Fund's assets is composed of shares in other investment funds, the most recent prices published for the sub-funds will be used.

#### **Issue premium**

An issue premium will be included in the calculation of the issue price to cover the costs incurred in share issue. The premium for covering the issue costs is 5.0% of the value of a share. When the shares are only held for a short period, this issue premium can reduce or even negate the fund's performance. For this reason, it is recommended that the shares be held for a longer period.

#### **Publication of the issue and return prices**

The value of a share, the issue price and the return price will be calculated by the custodian bank on every exchange trading day and published in a business or daily newspaper that is published within Austria and has sufficient circulation and/or in electronic form on the web site of the issuing management company.

### **Costs for share issue and return**

Shares will be issued and accepted for return by the custodian bank at no additional charge except for the calculation of the issue premium for the issue of share certificates. Shares shall be redeemed at the current share value at no additional charge.

The extent to which individual investors are charged additional fees for the purchase and return of share certificates depends on the individual agreements between the investor and the bank managing his security deposit account, and is therefore not under the influence of the Management Company.

### **15. Information about the method, amount, and calculation of the fees to be paid by the investment fund to the management company, custodian bank, or third parties and the compensation to be paid to the management company, custodian bank, or third parties by the investment fund to cover costs incurred**

#### **Administrative costs**

The Management Company shall receive a **monthly** fee for its management activities amounting to up to **0.075%** of the fund assets as calculated using the month-end values.

This remuneration shall be reduced by management fees paid to the Management Company in connection with portions of the Investment Fund invested in shares in another investment fund managed by the Investment Firm, or in an investment fund or investment company that is managed by a company with which the Management Company is associated by way of joint management or control, or by way of a material direct or indirect stake.

The Management Company shall also be entitled to compensation for all expenses incurred in the administration of the Investment Fund, especially costs for mandatory publications, custodial fees, fees charged by the custodian bank, auditing and consulting costs, and costs for the preparation of period-end financial statements.

#### **Other costs**

In addition to the fees to which the Management Company is entitled, the following costs and expenses must be covered by the Investment Fund:

##### **a) Transaction costs**

This includes the costs incurred in the purchase and sale of assets in the fund portfolio if they are not taken into account by way of transaction cost inclusion in the price of the asset.

##### **b) Costs for the financial auditor**

The fee paid to the financial auditor depends on the volume of the fund and also on its investment principles.

##### **c) Publication costs**

This includes the costs incurred in the publication of information that must be made available by law to Shareholders in Austria and abroad. All costs assessed by the regulatory authorities can also be charged to the Investment Fund when changes must be made (especially in the fund terms and conditions and prospectus) because of changes in legal regulations.

##### **d) Costs for accounts and securities accounts for the investment fund (securities portfolio fees)**

The custodian bank will charge the Investment Fund customary securities account fees, costs for coupon collection, and customary fees for the administration of foreign securities in other countries, if applicable.

##### **e) Custodian bank fee**

The custodian bank will be paid a monthly fee for maintaining the fund accounts, for the daily calculation of the fund value, and for price publication.

##### **f) Costs for external consulting**

If external consultants are employed for the Investment Fund, all costs incurred in this connection will be reported under this item and charged to the Investment Fund.

##### **g) Costs for registration for sale in foreign countries**

If the Investment Fund is registered for sale in a foreign country, the costs for this application procedure will be reported under this item and charged to the Investment Fund.

This includes the costs incurred for the authorisation of the fund by foreign authorities (especially translation costs, registration fees, costs for document notarisation, etc.).

##### **h) Licensing costs**

If it is necessary to purchase licences for the investment (e.g. licensing costs for financial indices, benchmarks, derivative-free benchmark portfolios for calculating VaR) or for the Investment Fund's designation, the costs associated with this will be reported under this item and charged to the Investment Fund.

##### **i) Costs for the exercise of voting rights**

In the case of an investment in equities, the exercise of voting rights on these equities can be delegated, which can result in additional costs.



The current annual report contains a section titled Income Statement and Changes in Fund Assets; the item "Other management costs" in the subsection "Fund result" consists of items g to i above.

### **Benefits**

The Management Company notes that it only accepts in-kind benefits (such as for broker research, financial analyses, market and price information systems) in connection with its administration of the Investment Fund when they are employed in the interests of all Shareholders.

The Management Company is permitted to make reimbursements (in the sense of commissions) from the administration fees that it receives. The payment of such reimbursements does not entail additional costs for the fund.

Reimbursements (in the sense of commissions) paid by third parties are forwarded to the Investment Fund after deduction of any associated costs and stated in the annual report.

### **16. Information about external consulting firms or investment consultants if their services are made use of on a contractual basis and the fees for this are paid from the assets of the investment fund**

The investment company engages no external consulting firms or investment consultants whose fees are covered by the fund assets.

### **17. Information about the measures taken for making payments to shareholders, buying back or redeeming shares, and distributing information about the investment fund**

Dividends are disbursed and shares are redeemed by the custodian bank (see Section III). Dividends are forwarded to the Shareholders via the respective banks managing the Shareholders' securities accounts.

#### Additional payment and sales offices:

Germany: HSBC Trinkaus & Burkhardt AG, Königsallee 21–23, D-40212 Düsseldorf

All notices regarding share certificates are subject to § 136 InvFG. The notices may be published

- by full printing in *Amtsblatt zur Wiener Zeitung*, or
- by making a sufficient number of copies of the notice available at the Management Company and the payment offices free of charge and printing the date of publication and the locations where the notice can be obtained in *Amtsblatt zur Wiener Zeitung*, or
- in electronic form on the web site of the issuing management company.

If § 133 InvFG requires that Shareholders are informed about certain facts or activities, the Management Company will provide the information to the banks managing the Shareholders' securities accounts via the custodian bank, and they must forward this information to the Shareholders.

### **18. Past performance of the investment fund, if applicable**

See the Simplified Prospectus.

### **19. Profile of the typical investor for whom the investment fund is designed**

See the Simplified Prospectus.

### **20. Voting rights policy**

The Management Company exercises the membership and creditor rights associated with the assets of the managed investment funds independently and exclusively in the best interest of the investors and the integrity of the market.

In all matters that could have a long-term impact on the interests of the investors, the Management Company as a responsible shareholder must exercise voting rights independently and exclusively in the best interest of the Shareholders or must delegate this to a third party with explicit instructions for how to exercise these rights.

To this end, it may rely on information that it receives from the custodian bank, the portfolio manager, the company or third parties, or that it learns from the press.

The Management Company is always prepared to provide information about the exercise of its membership and creditor rights.

The Management Company must apply particular diligence and prudence when exercising voting rights in relation to associated companies. This applies in particular in relation to the custodian bank, to companies belonging to the same group and to companies that can exercise a material influence over companies in the group.

The exercise of voting rights is an integral part of the management process. Quantitative and economic aspects are taken into account when exercising voting rights associated with securities from listed companies that are held by this Investment Fund. The decision about whether it makes sense to cast a vote is made on the basis of the relative amount of the investment, the agenda items and economic considerations.

## **21. Principles for the best possible execution of trade decisions**

See Annex 3.

## **22. Procedure for handling investor complaints**

More detailed information can be found on the web site of the Management Company, [www.sparinvest.com](http://www.sparinvest.com).

## **23. Any costs or fees aside from those listed under item 15, broken down according to costs to be paid by the shareholder and those to be paid from the special assets of the investment fund**

There are no costs beyond those specified in items 14 and 15.

The fees for the safekeeping of the share certificates are based on the agreement made between the Shareholder and the bank managing his securities account.

## SECTION III

### INFORMATION ABOUT THE CUSTODIAN BANK

#### 1. Company, legal form; domicile and location of headquarters if this is not the same as the domicile

The custodian bank is Erste Group Bank AG (formerly Erste Bank der oesterreichischen Sparkassen AG), Graben 21, A-1010 Vienna. Trade register number: FN 286283f, Court of registry: Commercial Court of Vienna.

#### 2. Main business activity of the custodian bank

Erste Group Bank AG (formerly Erste Bank der oesterreichischen Sparkassen AG) assumed the function of the custodian bank for the Investment Fund pursuant to the decision of the Financial Market Authority dated 16 January 2006 and bearing the identifier GZ FMA-IF25 6823/0001-INV/2006, modified by the decision dated 27 January 2006 and bearing the identifier GZ FMA-IF25 6823/0002-INV/2006. The appointment of the custodian bank and a change of custodian bank require the approval of the Financial Market Authority. This approval may only be granted when it can be assumed that the bank can guarantee the proper execution of the functions of the custodian bank. Notice of the appointment or change of the custodian bank must be published; the official decision documenting approval must be published with the notice.

The custodian bank is a bank under Austrian law. Its main business activity is the provision of current and savings accounts, the extension of loans, and securities brokerage.

It is responsible for the safekeeping of the Investment Fund assets and the management of the accounts and securities accounts of the Investment Fund; in particular, it must ensure that in transactions involving the Investment Fund assets, the equivalent amount is transferred to the custodian bank immediately and that the earnings of the Investment Fund are used in accordance with the legal regulations and the fund terms and conditions.

In addition, the custodian bank performs the following tasks:

- Valuation and pricing
- Dividend disbursement based on the decisions of the Management Company
- Issue and return of shares
- Settlement of contracts (including the sending of certificates)

The fees to be paid to the Management Company for its administration of the fund and the compensation to be paid to the Management Company for the costs it incurs in the management of the fund must be paid by the custodian bank according to the fund terms and conditions from the accounts that it manages for the Investment Fund. The custodian bank is authorised to charge to the Investment Fund the fees to which it is entitled for the safekeeping of the Investment Fund's securities and for the management of the Investment Fund's accounts. In this, the custodian bank is only permitted to act on the basis of instructions from the Management Company.

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

Inspection information:	The electronic signatures in this document can be inspected at <a href="http://www.signaturpruefung.gv.at">www.signaturpruefung.gv.at</a> .
Note:	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]).

## **ADDITIONAL INFORMATION FOR INVESTORS IN GERMANY**

Notification of the sale and distribution of shares in ESPA PORTFOLIO BALANCED 30 in Germany has been submitted to the Bundesanstalt für Finanzdienstleistungsaufsicht, Frankfurt.

### **Payment and information office in Germany**

HSBC Trinkaus & Burkhardt AG,  
Königsallee 21–23, D-40212 Düsseldorf

Orders for the return of shares in ESPA PORTFOLIO BALANCED 30 can be submitted to the German payment and information office, and share redemption proceeds, any dividends or other payments can be paid out to Shareholders (in cash in the local currency) by the German payment office upon request.

In addition, all information required by investors before and after the conclusion of an investment agreement is available free of charge at the German payment and information office:

- the fund terms and conditions,
- the full and simplified prospectus,
- the annual and semi-annual reports and
- the issue and return prices.

In addition to the documents listed above, the sales office agreement between ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H., Vienna, and HSBC Trinkaus & Burkhardt AG, Düsseldorf, is available for inspection at the German payment and information office.

### **Publications**

In Germany the issue and return prices of shares are published in electronic form on the web site of ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H., Vienna, at <http://de.sparinvest.com> (and also at [www.fundinfo.com](http://www.fundinfo.com)). Any other information for Shareholders is published in the *Elektronischer Bundesanzeiger*, Cologne.

In accordance with § 122 paragraph 1 of the German Investment Act (InvG), the investors must be informed about the following by way of a permanent medium as defined in § 42a InvG:

1. The suspension of the redemption of shares in an investment fund,
2. The termination of the administration of an investment fund or the liquidation of an investment fund,
3. Changes to the terms and conditions that are not in line with the previous investment principles, that affect basic investor rights or that pertain to fees and expenses which can be paid from the assets of the investment fund, including the provision of clear and understandable information about the reasons for the changes and about the investors' rights; the investors must also be informed about where and how they can obtain additional information regarding these changes,
4. The merging of investment funds in the form of merger notices that must be prepared in accordance with article 43 of Directive 2009/65/EC, and
5. The conversion of an investment fund into a feeder fund or changes to a master fund in the form of notices that must be prepared in accordance with article 64 of Directive 2009/65/EC.

## Annex 1 to the Prospectus

### All investment funds administered by ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H.

A & P-Fonds	ESPA-CS zajisteny fond 31
Advisory One	ESPA-CS zajisteny fond 32
Alpha Diversified 1	ESPA-CS zajisteny fond 33
Alpha Diversified 2	ESPA-CS zajisteny fond 34
Alpha Diversified 3	ESPA-CS zajisteny fond 35
ALPHA EXP	ESPA-CS zajisteny fond 36
CASH ABS MEZZANINE	ESPA-CS zajisteny fond 37
DB PWM Global	ESPA-CS zajisteny fond 39
DELPHIN INVEST	ESPA D-A-CH Fonds
DELPHIN TREND GLOBAL	ESPA FIDUCIA
DONAU STAR-FONDS	ESPA GARANT ASIA
DWS (Austria) Vermögensbildungsfonds	ESPA GARANT BEST CHOICE
E 4	ESPA GARANT BRIC
E 7	ESPA GARANT CHINA
ECM-Renten International	ESPA GARANT COMMODITIES
EDGAR	ESPA HIGH COUPON BASKET 2015
EKA-KOMMERZ 14	ESPA HIGH COUPON BASKET 2015 II
ERSTE-INTERBOND G1	ESPA INFLATION-PROTECT 2014
ES 1	ESPA NEW EUROPE BASKET 2014
ESPA ALTERNATIVE DIVERSIFIED	ESPA NEW EUROPE BASKET 2014 II
ESPA ALTERNATIVE EMERGING-MARKETS	ESPA NEW EUROPE BASKET 2015
ESPA ALTERNATIVE GLOBAL-MARKETS	ESPA PORTFOLIO BALANCED 30
ESPA ALTERNATIVE MULTISTRATEGIE	ESPA PORTFOLIO BALANCED 50
ESPA BEST OF AMERICA	ESPA PORTFOLIO BOND
ESPA BEST OF EUROPE	ESPA PORTFOLIO CREATIVE
ESPA BEST OF HEALTHCARE	ESPA PORTFOLIO EQUITY
ESPA BEST OF WORLD	ESPA PORTFOLIO LIFE CYCLE/19
ESPA BOND BRIK CORPORATE	ESPA PORTFOLIO MOMENTUM
ESPA BOND COMBIRENT	ESPA PORTFOLIO TARGET
ESPA BOND CONVERTIBLE	ESPA PORTFOLIO TARGET 4
ESPA BOND CORPORATE BB	ESPA PORTFOLIO TARGET 7
ESPA BOND DANUBIA	ESPA PROTECT EUROPE
ESPA BOND DOLLAR	ESPA PROTECT NEW EUROPE
ESPA BOND DOLLAR-CORPORATE	ESPA SELECT BOND
ESPA BOND EMERGING-MARKETS	ESPA SELECT BOND DYNAMIC
ESPA BOND EURO-ALPHA	ESPA SELECT CASH
ESPA BOND EURO-CORPORATE	ESPA SELECT INVEST
ESPA BOND EURO-MIDTERM	ESPA SELECT MED
ESPA BOND EURO-MÜNDELRENT	ESPA SELECT STOCK
ESPA BOND EUROPE	ESPA STOCK ADRIATIC
ESPA BOND EUROPE-HIGH YIELD	ESPA STOCK AGRICULTURE
ESPA BOND EURO-RENT	ESPA STOCK AMERICA
ESPA BOND EURO-RESERVA	ESPA STOCK ASIA INFRASTRUCTURE
ESPA BOND EURO-TREND	ESPA STOCK ASIA-PACIFIC PROPERTY
ESPA BOND FINANCIALS	ESPA STOCK BIOTEC
ESPA BOND GLOBAL-ALPHA	ESPA STOCK BRIC
ESPA BOND INFLATION-LINKED	ESPA STOCK COMMODITIES
ESPA BOND INTERNATIONAL	ESPA STOCK EUROPE-ACTIVE
ESPA BOND LOCAL EMERGING	ESPA STOCK EUROPE-DIVIDEND
ESPA BOND MORTGAGE	ESPA STOCK EUROPE-EMERGING
ESPA BOND RISING MARKETS	ESPA STOCK EUROPE-PROPERTY
ESPA BOND SYSTEM	ESPA STOCK EUROPE-VALUE
ESPA BOND SYSTEM-EXTRA	ESPA STOCK FINANCE
ESPA BOND USA-CORPORATE	ESPA STOCK GLOBAL
ESPA BOND USA-HIGH YIELD	ESPA STOCK GLOBAL-EMERGING MARKETS
ESPA BOND YEN	ESPA STOCK ISTANBUL
ESPA CASH ASSET-BACKED	ESPA STOCK JAPAN
ESPA CASH CORPORATE-PLUS	ESPA STOCK MIDDLE EAST AND AFRICAN MARKETS
ESPA CASH DOLLAR	ESPA STOCK NEW CONSUMER
ESPA CASH EMERGING-MARKETS	ESPA STOCK NEW-EUROPE ACTIVE
ESPA CASH EURO	ESPA STOCK NTX
ESPA CASH EURO-MÜNDEL	ESPA STOCK PHARMA
ESPA CASH EURO-PLUS	ESPA STOCK RISING MARKETS
ESPA CASH FORINT	ESPA STOCK RUSSIA
ESPA CASH SYSTEM-PLUS	ESPA STOCK TECHNO
ESPA CESHKY FOND PENEZNIHO TRHU	ESPA STOCK VIENNA
ESPA CESHKY FOND STATNICH DLUHOPISU	ESPA VINIS Bond
ESPA CORPORATE BASKET 2013	ESPA VINIS Bond Euro-Corporate
ESPA CORPORATE BASKET 2013 II	ESPA VINIS Cash
ESPA CORPORATE EMERGING BASKET 2016	ESPA VINIS MICROFINANCE
ESPA CORPORATE EMERGING BASKET 2016 CZK	ESPA VINIS Stock Austria
ESPA CORPORATE PLUS BASKET 2016	ESPA VINIS Stock Europe
ESPA-CS zajisteny fond 21	ESPA VINIS Stock Europe Emerging
ESPA-CS zajisteny fond 22	ESPA VINIS Stock Global
ESPA-CS zajisteny fond 23	ESPA VORSORGE CLASSIC/03
ESPA-CS zajisteny fond 25	ESPA VORSORGE CLASSIC/04
ESPA-CS zajisteny fond 27	ESPA VORSORGE CLASSIC/05
ESPA-CS zajisteny fond 29	ESPA VORSORGE CLASSIC/06-07
ESPA-CS zajisteny fond 30	ESPA VORSORGE CLASSIC/08-09

ESPA VORSORGE GOLD/03  
 ESPA VORSORGE GOLD/03/02  
 ESPA WWF STOCK CLIMATE CHANGE  
 ESPA WWF STOCK UMWELT  
 EUROBOND G1  
 EURO MS-FONDS  
 Flashtrader absolut  
 FTC Gideon I  
 FX Global  
 INTERNATIONALE AKTIENFONDSAUSWAHL  
 INVESTMENT GLOBAL DYNAMISCH  
 K 350  
 K 354  
 K 355  
 K 1000  
 K 1351  
 K 1941  
 K 2000  
 K 3000  
 KOMMERZ 11  
 KOMMERZ 13  
 KOMMERZ 17  
 KOMMERZ 22  
 Merito Dynamic Real Return  
 Multi-Selector-Hedgefonds  
 PIZ BUIN GLOBAL  
 PRIVATE BANKING MANAGEMENT PROGRAM-BOND  
 PRIVATE BANKING MANAGEMENT PROGRAM-EQUITY  
 PRIVATE BANKING MANAGEMENT PROGRAM-EQUITY 2  
 PRIVATE BANKING MANAGEMENT PROGRAM-REAL ESTATE  
 PRO INVEST AKTIV  
 PRO INVEST PLUS  
 PRORENT  
 QIMCO BALKAN EQUITY  
 Salus Alpha Commodity Arbitrage  
 Salus Alpha Directional Markets  
 Salus Alpha Equity Hedged  
 Salus Alpha Managed Futures  
 Salus Alpha Multi Style  
 Salus Alpha Real Estate  
 Salus Alpha RN Special Situations  
 SALZBURGER SPARKASSE BOND EUROLAND  
 SALZBURGER SPARKASSE BOND GERMANY

#### SPECIAL PURPOSE FUNDS

A 92  
 APS INVEST 2009  
 AS 1  
 DWS (Austria) 24  
 DWS (Austria) 42  
 DWS (Austria) 48  
 DWS (Austria) VIOLA08  
 E 5  
 E 30  
 E 55  
 E 77  
 E 100  
 EKA-KOMMERZ 16  
 F 2010 Europa Rendite  
 F 2011 Global Invest  
 Fredi Sewera Privatstiftung  
 GUTENBERG CUD  
 GUTENBERG RIH  
 K 20  
 K 114  
 K 200  
 K 401  
 K 402  
 K 405  
 K 408  
 K 411  
 K 412  
 K 1851  
 K 1931  
 K 1944  
 K 2009  
 K 2011  
 K 9000  
 K 12000  
 KA1  
 KA2  
 KOMMERZ 15  
 KV 2007  
 L3M

SALZBURGER SPARKASSE SELECT INVEST  
 SALZBURGER SPARKASSE SELECT TREND  
 SELECT AKTIEN-DACHFONDS  
 SELECT ANLEIHEN-DACHFONDS  
 Solitaire-Total-Return Fonds  
 SPARRENT  
 STRATEGIEPORTFOLIO BONDPLUS  
 STRATEGIEPORTFOLIO LONGTERMPLUS  
 STRATEGIEPORTFOLIO MIDTERMPLUS  
 sWaldviertel Bond  
 T 1750  
 T 1751  
 T 1851  
 T 1852  
 TOP-Fonds I „Der Stabile“ der Steiermärkischen Sparkasse  
 TOP-Fonds II „Der Flexible“ der Steiermärkische Sparkasse  
 TOP-Fonds III „Der Aktive“ der Steiermärkische Sparkasse  
 TOP-Fonds IV „Der Planende“ der Steiermärkische Sparkasse  
 TOP-Fonds V „Der Offensive“ der Steiermärkische Sparkasse  
 TOP STRATEGIE alternative  
 TOP STRATEGIE bond  
 TOP STRATEGIE classic  
 TOP STRATEGIE dynamic  
 UL Dynamický  
 UL Konzervativní  
 UNIQA Corporate Bond  
 UNIQA Total Return  
 VKB-Anlage-Mix Classic  
 WE TOP DYNAMIC  
 WILDER KAISER  
 WSTV ESPA dynamisch  
 WSTV ESPA Garantie  
 WSTV ESPA Garantie II  
 WSTV ESPA progressiv  
 WSTV ESPA traditionell  
 XT EUROPA  
 XT USA  
 XT Bond EUR  
 Ziel Netto  
 Ziel Valet

LongtermPLUS-Spezial  
 M 1997  
 M2000  
 MidtermPLUS-Spezial  
 Pensions Portfolio Fonds 2  
 PPF 5  
 RESERVE FONDS 1  
 RKF 2006  
 SA 100  
 SAFE  
 s Europe  
 S-High Fix 16  
 S-High Fix 20  
 S-High Fix 24  
 S-High Fix 29  
 S-High Fix 35  
 s Kapital-Fix 08/2019  
 s Kapital-Fix 12/2019  
 s Kapital-Fix 04/2020  
 s Lebens-Aktienfonds  
 Sigma optimal  
 SOLIDUS ETHIK  
 SPARKASSEN 1  
 SPARKASSEN 2  
 SPARKASSEN 4  
 SPARKASSEN 5  
 SPARKASSEN 8  
 SPARKASSEN 9  
 SPARKASSEN 15  
 SPARKASSEN 17  
 SPARKASSEN 19  
 SPARKASSEN 21  
 SPARKASSEN 26  
 SPARKASSEN 27  
 s-Sozialkapitalfonds  
 S-ZukunftAktien 1  
 S-ZukunftAktien 3  
 S-ZukunftRenten 1  
 TIWAG-Vorsorge-Fonds

TIWAG-Vorsorge-Fonds II  
VBV Aktien Dachfonds I  
VBV Fundamental Growth Equities  
VBV HTM FONDS  
VBV HTM FONDS 2  
VBV HTM FONDS 3  
VBV Passive World Equities  
VBV TA Konzepte Dachfonds  
VBV VK Aktiendachfonds

VBV VK HTM Fonds 1  
VBV VK Sustainability Bonds  
VLV 3  
VORSORGE HTM PORTFOLIO 2  
VORSORGE HTM PORTFOLIO 3  
WFF Masterfonds  
WSTW II  
WSTW III

NOTE:

KES-st-exempt non-dividend shares in funds registered for sale in foreign countries:

Certificates for KES-st-exempt non-dividend shares in funds registered for sale in foreign countries will only be issued to persons who have submitted verification of the fact that they are not subject to unlimited tax liability in Austria and who undertake before purchasing the shares to return the shares at any point in time at which they become subject to unlimited tax liability in Austria.

## Annex 2 to the Prospectus

### List of exchanges with official trading and organised markets (As of July 2008)

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

According to Article 16 of Directive 93/22/EC (Investment Services Directive), 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://www.fma.gv.at/cms/site/attachments/2/0/2/CH0230/CMS1140105592256/listegeregmaerkte.pdf> \*)

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

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

- |       |             |                                  |
|-------|-------------|----------------------------------|
| 1.2.1 | Finland:    | OMX Nordic Exchange Helsinki     |
| 1.2.2 | Sweden:     | OMX Nordic Exchange Stockholm AB |
| 1.2.3 | Luxembourg: | Euro MTF Luxembourg              |

##### 1.3. *Recognised markets* in the EU according to § 67 paragraph 2 line 2 InvFG:

- |       |                |   |
|-------|----------------|---|
| 1.3.1 | Great Britain: | London Stock Exchange Alternative Investment Market (AIM) |
|-------|----------------|---|

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

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

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

- |      |            |   |
|------|------------|---|
| 3.1  | Australia: | Sydney, Hobart, Melbourne, Perth                                  |
| 3.2  | Argentina: | Buenos Aires  |
| 3.3  | Brazil:    | Rio de Janeiro, Sao Paulo   |
| 3.4  | Chile:     | Santiago  |
| 3.5  | China:     | Shanghai Stock Exchange, Shenzhen Stock Exchange                  |
| 3.6  | Hong Kong: | Hong Kong Stock Exchange  |
| 3.7  | India:     | Bombay  |
| 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 | Korea:     | Seoul   |

\*) The link can be changed by the Austrian Financial Market Authority (FMA) at any time. You can find the current link on the web site of the FMA: [www.fma.gv.at](http://www.fma.gv.at), Anbieter, "Informationen zu Anbietern am österreichischen Finanzmarkt", Börse, Übersicht, Downloads, Verzeichnis der Geregeltten Märkte.



3.13	Malaysia:	Kuala Lumpur
3.14	Mexico:	Mexico City
3.15	New Zealand:	Wellington, Christchurch/Invercargill, Auckland
3.16	Philippines:	Manila
3.17	Singapore:	Singapore Stock Exchange
3.18	South Africa:	Johannesburg
3.19	Taiwan:	Taipei
3.20	Thailand:	Bangkok
3.21	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
3.22	Venezuela:	Caracas
3.23	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 Securities Market Association (ISMA), Zurich
4.5	USA:	over the counter market in the NASDAQ system, over the counter market (markets organised by NASD such as the over the counter equity market, the municipal bond market, the government securities market, corporate bonds and public direct participation programs), the over the counter market for agency mortgage-backed securities

#### **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 Futures Exchange
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:	Singapore International Monetary Exchange
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, New York Futures Exchange, Pacific Stock Exchange, Philadelphia Stock Exchange, New York Stock Exchange, Boston Options Exchange (BOX)

## Annex 3 to the Prospectus

### Principles for the best possible execution of trade decisions

**ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H.** is a member of ERSTE GROUP and is therefore subject to the Best Execution Policy in force for the member companies of ERSTE GROUP.

**1. Introduction**

These execution principles apply to the purchase and sale of financial instruments as part of the management of a fund. Buy and sell transactions may be executed on regulated markets or through multilateral trading facilities (MTFs), as well as outside of such platforms.

**2. Best possible execution**

The Management Company has enacted regulations and developed processes for the execution of financial instrument buy and sell transactions that generally deliver the best possible results in consideration of the material circumstances at the time of execution. Despite these measures, the Management Company cannot guarantee the best possible execution of each individual order.

**3. Review of the fundamental parameters**

The markets selected according to these principles are reviewed by Erste Group once per year. A review is also completed when there is reason to believe that material criteria that made a specific market suitable according to these principles no longer apply.

**4. Special purpose funds**

If the customer expressly instructs that an order be completed on a specific market or platform, we will comply with these instructions. In such cases, the Management Company's execution principles cannot be applied.

**5. Execution criteria**

**a. Price and costs (total compensation)**

The price and costs of execution are a key criterion in selecting the exchange of execution. Of these two factors, the price is more important, as this is the main component of the total compensation.

**b. Speed and probability of execution**

When equally attractive conditions are offered on multiple exchanges, the speed and probability of execution are an additional factor considered by the Management Company. The more liquid an exchange, the higher the probability that the order will be executed.

**6. Reasons for deviation from the criteria listed under item 5**

The following parameters may also be considered for the execution of the order, and may have an effect on the selection of the exchange of execution:

**a. Time criteria**

- Time zones and exchange closing times
- Speed of execution as determined by technical connections
- Different order validities

**b. Volume criteria**

- Denomination
- Small and large orders

**c. System failures and other events**

In the case of unforeseen events (such as system failures), the Management Company may be forced to select a different type of execution than stipulated by the execution principles. The Management Company will strive to achieve the best possible execution in such cases as well.

**7. Description of execution by financial instrument group**

**a. Stocks**

- i. When a share is only listed on one regulated market or MTF, the order will be executed there.
- ii. When a share is listed on multiple regulated markets or MTFs, the Management Company will principally choose the most liquid market. If the Management Company is not a member of the selected market, the order will be executed by brokers of its choosing according to the brokers' execution principles.
- iii. The Management Company will execute buy and sell orders for shares whose primary listing is abroad but that are also listed on a German exchange on one of the German exchanges. This does not apply to North American stocks, which are handled as described under 7.a.i. and 7.a.ii.

**b. Bonds**

Despite the fact that most bonds are listed on an exchange, the best possible execution will probably not be possible on an exchange. For this reason, the Management Company will execute buy and sell orders for its own account. The price will vary depending on the market situation of the instrument in question.

i. Government bonds are traded almost exclusively via Bloomberg Bond Trader. For this, the responsible fund managers send price enquiries to five different brokers for each order. The broker with the best price is then chosen, taking the criteria in items 5 and 6 into account. In addition to Bloomberg Bond Trader, providers operating similar systems are also used to determine prices using the same guidelines.

ii. If there are multiple providers but no automated trading (e.g. for high-yield bonds), we submit our price enquiries to our trading partners via Bloomberg Mail. The quotes received through this system are then evaluated according to the criteria in items 5 and 6, and the best offer chosen.

iii. Citigroup, JP Morgan and Merrill Lynch can principally also be used as price sources. The indices calculated by these providers are currently considered to be the most liquid benchmarks on the market.

**c. Other listed financial instruments such as warrants, certificates and exchange traded funds (ETFs)**

The Management Company generally executes these orders on the most liquid exchange in each case.

**d. OTC financial instruments**

OTC transactions are principally only executed with ERSTE GROUP. This applies to all financial instruments that are not listed on a regulated market (swaps, currency and interest futures, structured options, etc.). Erste Group will execute the buy and sell orders by way of trades for its own account. In these transactions, the price will vary depending on the market situation of the instrument in question.

**e. Partial list of the most important places of execution for securities purchases**

<b>Financial instrument group</b>	<b>Place of execution</b>
Domestic stocks	Vienna Stock Exchange
German stocks	XETRA Frankfurt or Frankfurt trading floor
European stocks with foreign listing	The respective primary exchange
Russian stocks	Various German exchanges
North American stocks	NYSE, Nasdaq, Toronto
Overseas stocks (Asia, Australia, Africa)	Various German exchanges
Options and certificates	(e.g. EUWAX)
Forward financial agreements and options	The most liquid exchange (e.g. EUREX or LIFFE)

## **ESPA PORTFOLIO BALANCED 30**

### **General Terms and Conditions**

governing the contractual relationship between the Shareholders and ERSTE-SPARINVEST KAG (hereinafter the "Investment Firm") for the mutual funds administered by the Investment Firm, which are only valid in combination with the Special Terms and Conditions issued for each individual fund:

#### **§ 1 Basic Terms**

The Investment Firm is subject to the provisions of the 1993 Austrian Investment Fund Act as amended (hereinafter "InvFG").

#### **§ 2 Fund Shares**

1. Ownership in the assets held by the Investment Fund is divided into equal shares.

The number of shares is unlimited.

2. The partial ownership of the fund assets is evidenced by certificates having the characteristics of a security.

Fund shares may be issued as different classes of shares in accordance with the Special Fund Terms and Conditions.

The shares are depicted as global certificates (§ 24 Austrian Securities Deposit Act [Depotgesetz] as amended) and/or as effective individual shares.

3. Every purchaser of a share acquires proportionate ownership of all assets contained in the Investment Fund in accordance with the share of ownership assigned to the share. Every purchaser of a fraction of a global certificate acquires proportionate ownership of all assets contained in the Investment Fund in accordance with his fractional ownership of the global certificate.
4. The Investment Firm shall be permitted to split the shares in the fund with the approval of its Supervisory Board and issue additional share certificates to the Shareholders or replace the old share certificates with new ones when the Investment Firm deems that such a split would be in the interests of the Shareholders on the basis of the calculated share value (§ 6).

#### **§ 3 Share Certificates and Global Certificates**

1. The share certificates are registered shares.
2. The global certificates bear the original signature of a managing director or a duly authorised employee of the custodian bank and the original or facsimile signature of two managing directors of the Investment Firm.
3. The individual share certificates bear the original signature of a managing director or a duly authorised employee of the custodian bank and the original or facsimile signature of two managing directors of the Investment Firm.

#### **§ 4 Administration of the Investment Fund**

1. The Investment Firm shall be authorised to dispose of the assets in the Investment Fund and to exercise the rights associated with ownership of these assets. In this, it shall act in its own name for the account of the Shareholders. It shall protect the interests of the Shareholders and the integrity of the market, shall exercise the prudence of an ordinary and conscientious businessman as defined by § 84 paragraph 1 Austrian Stock Corporation Act (Aktiengesetz), and shall comply with the provisions of the InvFG and the Fund Terms and Conditions.

The Investment Firm shall be authorised to employ third parties in the administration of the Investment Fund and shall be authorised to permit such third parties to dispose of the fund assets in the name of the Investment Firm or in their own name for the account of the Shareholders.

2. The Investment Firm shall not be permitted to grant loans or enter into guarantee commitments of any kind for the account of the Investment Fund.
3. Assets in the Investment Fund may not be pledged or subject to liens of any kind, provided as collateral or transferred to another party except in those cases explicitly permitted in the Special Fund Terms and Conditions.
4. The Investment Firm shall not be permitted to sell securities, money market instruments or other financial investments pursuant to § 20 InvFG that are not fund assets at the time of sale for the account of the Investment Fund.

## **§ 5 Custodian Bank**

The custodian bank (§ 13) appointed pursuant to § 23 InvFG shall manage the deposit and other accounts of the Investment Fund and shall exercise all other functions specified for it in the InvFG and in the fund Terms and Conditions.

## **§ 6 Issue and Share Value**

1. The custodian bank shall calculate the value (share value) of a single share for every class of share certificate and publish the issue and return price (§ 7) every time that a share is issued or returned, but in any case at least twice per month.

The value of a share shall be determined by dividing the total value of the Investment Fund including earnings by the number of shares. The custodian bank shall determine the total value of the Investment Fund on the basis of the prices of the securities and subscription rights contained in the Investment Fund plus the value of the money market instruments and financial investments, cash and cash equivalents, account balances, claims and other rights held by the Investment Fund, less any liabilities.

The prices of the securities shall be based on the last-known exchange or other set prices as per § 7 paragraph 1 InvFG.

2. The issue price shall be made up of the share value plus a premium per share to cover the costs incurred by the Investment Firm in issuing the share. The resulting price shall be rounded up. The amount of this premium and the rules for rounding are specified in the Special Fund Terms and Conditions (§ 23).
3. In accordance with § 18 InvFG in connection with § 10 paragraph 3 Austrian Capital Market Act (Kapitalmarktgesetz, KMG), the issue and return prices for every class of share certificate will be published in a business or daily newspaper that is published within Austria and has sufficient circulation and/or in electronic form on the web site of the issuing investment firm.

## **§ 7 Return**

1. Upon request by the Shareholder, his shares shall be redeemed at the current return price. In this event, the share certificate, outstanding coupons and the renewal certificate shall also be collected if necessary.
2. The return price shall be the value of one share less a discount and/or rounded down as specified in the Special Fund Terms and Conditions (§ 23). The payment of the return price and the calculation and publishing of the return price as specified in § 6 may be suspended temporarily when the Austrian Financial Market Authority is informed of this fact and a corresponding notice published as per § 10 and made dependent on the sale of assets in the Investment Fund and the receipt of the proceeds from the sale of assets by the Investment Firm under extraordinary conditions and when this is deemed necessary to protect justified Shareholder interests. Investors shall also be informed when the Investment Firm resumes accepting returned shares as specified in § 10.

This shall especially apply when the Investment Fund has invested 5% or more of its total value in assets whose valuations clearly do not correspond to their actual values as a result of political or economic conditions, and not only in individual cases.

## **§ 8 Accounting**

1. The Investment Firm shall publish an annual report pursuant to § 12 InvFG within four months after the end of the Investment Fund's financial year.
2. The Investment Firm shall publish a semi-annual report pursuant to § 12 InvFG within two months after the end of the first six months of the Investment Fund's financial year.
3. The annual report and the semi-annual report shall be made available for viewing at the offices of the Investment Firm and at the custodian bank.

## **§ 9 Forfeiture of Earnings**

Shareholder entitlements to the payment of their proportionate earnings shall expire after five years. After the lapse of this period, the earnings shall be treated as earnings generated by the Investment Fund.

## § 10 Publication

All notices pertaining to the share certificates, except for the notices pertaining to the calculated share values under § 6, are governed by § 10 paragraph 3 and paragraph 4 of the Austrian Capital Market Act (Kapitalmarktgesetz, KMG). The notices may be published

- by full printing in *Amtsblatt zur Wiener Zeitung*, or
- by making a sufficient number of copies of the notice available at the Investment Firm and the payment offices free of charge and printing the date of publication and the locations where the notice can be obtained in *Amtsblatt zur Wiener Zeitung*, or
- in electronic form on the web site of the issuing Investment Firm pursuant to § 10 paragraph 3 line 3 KMG.

The notice pursuant to § 10 paragraph 4 KMG shall be published in *Amtsblatt zur Wiener Zeitung* or in another newspaper that is distributed throughout Austria.

For changes to the prospectus pursuant to § 6 paragraph 2 InvFG, notice according to § 10 paragraph 4 KMG may also be made in electronic form only on the web site of the issuing Investment Firm.

## § 11 Amendment of the Fund Terms and Conditions

The Investment Firm shall be authorised to amend the Fund Terms and Conditions with the approval of the Supervisory Board and the approval of the custodian bank. The amendments must also be approved by the Austrian Financial Market Authority. The amendments must be published. Such amendments shall take effect on the date indicated in the published notice, but in any case no earlier than three months after publication.

## § 12 Termination and Liquidation

1. The Investment Firm shall be authorised to terminate the administration of the Investment Fund after obtaining approval from the Financial Market Authority with a period of notice of at least six months (§ 14 paragraph 14 InvFG), or immediately upon publication of a corresponding public (§ 10) notice if the fund assets fall below EUR 1,150,000 (§ 1 paragraph 2 InvFG). The termination of the fund pursuant to § 14 paragraph 2 InvFG is not permitted during the period of notice for termination pursuant to § 14 paragraph 1 InvFG.
2. If the Investment Firm loses its right to administer the Investment Fund, the administration or liquidation of the fund shall be handled in accordance with the provisions of the InvFG.

## § 12a Merger or Transfer of Fund Assets

The Investment Firm shall, in compliance § 3 paragraph 2 and § 14 paragraph 4 InvFG, be authorised to merge the assets of the Investment Fund with the assets of other investment funds, to transfer the assets of the Investment Fund to another investment fund, or to incorporate assets from other investment funds into the portfolio of the Investment Fund.

## Special Fund Terms and Conditions

for **ESPA PORTFOLIO BALANCED 30**, mutual fund pursuant to § 20 InvFG (the "Investment Fund" in the following).

The Investment Fund is compliant with Directive 85/611/EEC.

## § 13 Custodian Bank

The custodian bank is Erste Group Bank AG, Vienna.

## § 14 Payment and Submission Offices, Share Certificates

1. The payment and submission office for the share certificates and coupons is Erste Group Bank AG, Vienna.
2. The Investment Fund features three different share classes and the corresponding certificates: **dividend shares**, **non-dividend shares with capital gains tax withholding** and **non-dividend shares without capital gains tax withholding**, with certificates being issued for one share each and also for fractional shares. A fractional share can be one tenth (0.10), one hundredth (0.01) or one thousandth (0.001) of a share certificate.

**Non-dividend shares without capital gains tax deduction** are not sold in Austria.

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

3. As the share certificates are depicted in global certificates, the dividend payments according to § 26 and the payouts according to § 27 are made by the bank managing the Shareholder's securities account.

## § 15 Investment Instruments and Principles

1. The fund may only hold investments as defined by **§ 20 InvFG and § 14 paragraph 7 line 4 letter e Austrian Income Tax Act (Einkommensteuergesetz; EStG) in connection with § 25 paragraph 1 lines 5 through 8, paragraphs 2 through 4 and paragraphs 6 through 8 Austrian Pension Fund Act (Pensionskassengesetz; PKG)** in the currently amended versions, provided that the principle of risk diversification is followed and the justified interests of the Shareholders are protected.

2. The fund assets will be selected in accordance with the following investment policy principles:

### a) Securities

Equities, issuable securities similar to equities, corporate bonds and other participation certificates as defined in § 25 paragraph 2 line 4 PKG may together with the other assets defined in § 25 paragraph 2 line 6 PKG comprise up to 70% of the fund assets.

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

A total of 10% of the fund assets may be invested in securities and money market instruments not meeting the requirements of section 16 items 1 and 2.

### b) Money market instruments

Money market instruments may also be purchased by the fund; these instruments play a minor role.

### c) Shares in investment funds

Investments in shares in investment funds must be broken down into the investment categories specified in § 25 paragraph 2 PKG in accordance with their actual management.

The fund will purchase shares in investment funds pursuant to § 17 of these fund terms and conditions that, according to their terms and conditions, invest predominantly in bonds or comparable assets or that are categorised as a bond fund or as comparable to a bond fund by an internationally recognised organisation (such as its classification according to Bloomberg, Datastream, software-systems.at Börsensoftware & Datenbankservice GmbH, etc.), regardless of the country in which the respective management company is domiciled.

ESPA PORTFOLIO BALANCED 30 may also invest in funds that invest in (corporate) bonds from issuers without restrictions with regard to the issuers' credit ratings (ratings ranging from the investment grade segment to the speculative grade segment).

The fund will purchase shares in investment funds that, according to their terms and conditions, invest predominantly in equities or comparable assets or that are categorised as an equity fund or as comparable to an equity fund by an internationally recognised organisation, regardless of the country in which the respective management company is domiciled.

Equities should generally make up between 0% and 30% of the fund assets, and may account for as much as 40% for brief periods.

There are no limitations with regards to the domicile of the issuers of the instruments in the fund or the economic sectors in which these issuers are active.

### d) Demand Deposits or Callable Deposits

Investments in assets according to § 18 of these fund terms and conditions play a minor role. However, in the course of the restructuring of the fund portfolio, in order to reduce the influence of possible price losses experienced by securities, or whenever deemed necessary by the Investment Firm to reduce risk, the Investment Fund can also hold a higher proportion of demand deposits or callable deposits with a maximum term of 12 months for a longer period.

### e) Derivative Financial Instruments (including Swaps and Other OTC Derivatives)

The Investment Fund may acquire derivative products (including swaps and other OTC derivatives) for hedging purposes. In addition, derivative products pursuant to § 25 paragraph 1 line 6 PKG that are not used for hedging purposes may be acquired if they contribute to mitigating investment risks or making it easier to efficiently administer the fund assets.

- f) The Investment Firm reserves the right to invest in other assets as per item 1 to a limited extent in addition to those specified assets.

3. Investments in assets denominated in a currency other than EUR may make up no more than 30% of the fund assets. If hedges are employed for certain assets to eliminate the currency risk, such assets may be considered to be EUR-denominated assets.
4. Assets from a single issuer, except for deposits with banks and investments in federal or state bonds or bonds from another EEA member state or a constituent state of another EEA member state may make up no more than 5% of the fund assets. For assets in an investment fund meeting the requirements of Directive 85/611/EEC (UCITS), the calculation of the 5% issuer limit pursuant to § 25 paragraph 8 PKG may be omitted when the shares in this investment fund make up no more than 5% of the fund assets.

Assets from issuers comprising a single group entity pursuant to § 20 paragraph 3a InvFG may comprise up to 10% of the fund assets.

5. If securities and money market instruments containing an embedded derivative are purchased for the Investment Fund, the Investment Firm must take this into account in compliance with §§ 19 and 19a. Investments in index-based derivatives are not taken into account in the investment limits in § 20 paragraph 3 line 5, 6, 7 and 8d InvFG.
6. The Investment Fund may purchase equities 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 Investment Fund assets.
7. Bonds issued or guaranteed by the federal government, a state government, another EEA member state or a constituent state of another EEA member may make up more than 35% of the fund assets provided that the fund assets are invested in at least six different instruments, whereby an investment in one instrument may not make up more than 30% of the total Investment Fund assets.

### § 15a Securities and Money Market Instruments

**Securities** are

- a) equities and other equivalent securities,
- b) bonds and other debt that is evidenced by certificates,
- c) All other fungible financial instruments (such as stock rights) that entitle the holder to purchase financial instruments as defined by InvFG by means of subscription or exchange, with the exception of the techniques and instruments specified in § 21 InvFG.

The criteria in § 1a paragraph 3 InvFG must be met for an instrument to be considered a security.

Securities also include the following pursuant to § 1a paragraph 4 InvFG

1. Shares in closed funds in the form of an investment company or investment fund,
2. Shares in closed funds in contractual form,
3. Financial instruments pursuant to § 1a paragraph 4 line 3 InvFG

**Money market instruments** are instruments that are customarily traded on the money market, that are liquid, whose value can be determined exactly at any time, and that meet the requirements of § 1a paragraph 5 to 7 InvFG.

### § 16 Exchanges and Organised Markets

1. Securities and money market instruments may only be purchased for the Investment Fund when they
  - are listed or traded on a regulated market pursuant to § 2 line 37 of the Austrian Banking Act (BWG), or
  - are traded on another recognised, regulated securities market in a Member State that is open to the public and that is functioning properly, or
  - are officially listed on one of the non-Member State exchanges listed in the Annex, or
  - are traded on another recognised, regulated securities market in a non-Member State as listed in the Annex that is open to the public and that is functioning properly, or
  - when the issue terms include the obligation to apply for public listing or admission for trading on one of the above-named exchanges or admission for trading on one of the above-mentioned other markets, and approval is granted by no later than one year after the issue of the security.



2. Freely transferable money market instruments that are not traded on a regulated market and that are customarily traded on the money market, that are liquid and whose value can be determined exactly at any time, for which sufficient information is available, including information that allows the suitably accurate assessment of the credit risks associated with an investment in the instrument, may be purchased for the Investment Fund if the instrument or the issuer itself is subject to the legal deposit and investor protection regulations and the instrument
  - was issued or is guaranteed by a national, regional or municipal political entity or the central bank of a Member State, the European Central Bank, the European Union, or the European Investment Bank, a non-Member State, or, if it is a federal state, a member state of the federation, or an international organisation with public sector character and of which at least one Member State is a member, or
  - was issued by a company whose securities are traded on one of the regulated markets listed under item 1, with the exception of new issues, or
  - was issued or is guaranteed by an institution that is subject to supervisory regulations according to the criteria set forth in Community law, or that was issued or is guaranteed by an institution that is subject to and complies with supervisory regulations that are in the opinion of the Financial Market Authority at least as strict as those laid down in Community law, or
  - were issued by another party belonging to a category approved by the Financial Market Authority, provided that equivalent investor protection regulations apply to investments in these instruments, and provided that the issuer is either a business entity with capital stock of at least EUR 10 million that prepares and publishes its annual financial statements in accordance with the regulations of Directive 78/660/EEC, or is another legal entity that is responsible for finance management in a group of one or more listed companies, or is a legal entity that finances the collateralisation of debt in company or contractual form by using a line of credit granted by a bank that meets the criteria listed in item 2, sub-item 3.
3. A total of 10% of the fund assets may be invested in securities and money market instruments not meeting the requirements of items 1 and 2.

#### § 17 Shares in Investment Funds

1. Shares in investment funds (investment funds and open investment companies) pursuant to § 20 paragraph 3 line 8b InvFG that fulfil the requirements of Directive 85/611/EEC (UCITS) may **make up no more than 20% of the Investment Fund assets in total**, provided that the target funds themselves do not invest more than 10% of their fund assets in shares of other investment funds.
2. Shares in investment funds pursuant to § 20 paragraph 3 line 8c InvFG, which do not meet the requirements of Directive 85/611/EEC (UCITS) and whose sole purpose is,
  - to invest money contributed by a group of investors for their joint account in securities and other liquid financial investments under the principles of risk diversification, and
  - whose shares can be redeemed or paid out directly or indirectly from the assets of the investment fund upon request by the shareholder,

may each comprise **up to 20% of the fund assets, but in aggregate total no more than 30% of the fund assets**, provided that

- a) these target funds do not invest more than 10% of their fund assets in shares in other investment funds, and
- b) these are approved under legal regulations that place them under regulatory supervision that in the opinion of the Financial Market Authority is equivalent to that proscribed by Community law and there is sufficient certainty of collaboration with the authorities, and
- c) the protection afforded to the Shareholders is equivalent to that afforded to shareholders of investment funds that meet the requirements of Directive 85/611/EEC (UCITS), and that are in particular equivalent to the requirements of Directive 85/611/EEC in terms of regulations for the separate management of special assets, the acceptance of loans, the granting of loans, and the short selling of securities and money market instruments, and
- d) semi-annual and annual reports are published on the activities of the fund, and these reports provide a clear picture of the assets, liabilities, earnings and transactions in the reporting period.

The criteria specified in § 3 of the Information and Equivalency Determination Ordinance (Informationen- und Gleichwertigkeitsfestlegungsverordnung [IG-FestV]) must be applied to assess the equivalency of the protection afforded to the Shareholder.

3. The Investment Firm may also purchase for the Investment Fund shares in other investment funds that are directly or indirectly administered by the Investment Firm or by a firm that is associated with the Investment Firm by way of joint administration or control or through a direct or indirect material equity interest.

## **§ 18 Demand Deposits or Callable Deposits**

1. The Investment Fund may hold bank deposits in the form of demand deposits or callable deposits for a maximum term of 12 months. No minimum or maximum limits apply to bank deposits. However, in the course of the restructuring of the fund portfolio, in order to reduce the influence of possible price losses experienced by securities, or whenever deemed necessary by the Investment Firm to reduce risk, the Investment Fund can also hold a higher proportion of demand deposits or callable deposits with a maximum term of 12 months for a longer period.
- 2) The provisions in item 1 are general in nature. The Investment Fund may purchase assets outlined in item 1 in accordance with the investment principles in § 15.

## **§ 19 Derivative Financial Instruments**

1. Derivative financial instruments, including equivalent instruments settled in cash, may be purchased for the Investment Fund when they are traded on one of the regulated markets specified in § 16, and when the underlying values are instruments as defined in § 15a or financial indices, interest rates, exchange rates or currencies in which the Investment Fund is permitted to invest according to its investment principles (§ 15). This also includes instruments designed to transfer the credit risk of one of the above-mentioned instruments.
2. The Investment Fund may hold these derivative financial instruments within the limits specified by § 20 paragraph 3 line 5, 6, 7, 8a and 8d InvFG as part of its investment strategy, provided that the overall risk of the underlying instruments do not exceed these investment limits.
3. In addition, derivative products pursuant to §§ 19 and 19a that are not used for hedging purposes may be acquired if they contribute to mitigating investment risks or making it easier to efficiently administer the fund assets.

## **§ 19a OTC Derivatives**

1. The Investment Fund may purchase derivative financial instruments that are not traded on an exchange (OTC derivatives) provided that
  - a) the underlying instruments are among those described in § 19 item 1,
  - b) the counterparties are banks subject to supervision and from a category approved by ordinances enacted by the Financial Market Authority,
  - c) the OTC derivatives are subject to reliable and transparent daily valuation and can be sold, liquidated, or settled by means of an offsetting transaction at a reasonable fair value at any time at the initiative of the Investment Fund,
  - d) they are held within the limits specified in § 20 paragraph 3 line 5, 6, 7, 8a and 8d InvFG and the overall risk of the underlying instruments does not exceed these investment limits.
2. The default risk for OTC derivative transactions by the Investment Fund may not exceed the following levels:
  - a) 10% of the Investment Fund assets when the counterparty is a bank,
  - b) otherwise 5% of the fund assets.
3. In addition, derivative products pursuant to §§ 19 and 19a that are not used for hedging purposes may be acquired if they contribute to mitigating investment risks or making it easier to efficiently administer the fund assets.

## **§ 19b Value at Risk**

**Does not apply.**

## **§ 20 Loans**

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

## **§ 21 Repurchase Agreements**

The Investment Firm is authorised within the investment limits laid down in the InvFG to purchase assets for the account of the Investment Fund containing an obligation on the part of the seller to purchase the assets back at a specific time in the future and at a specific price.

## § 22 Securities Lending

The Investment Firm is authorised within the investment limits laid down in the InvFG to sell securities up to an amount of 30% of the total Investment Fund assets to another party through a recognised securities lending system for a limited time under the condition that the third party is obligated to return the securities after an agreed period of time.

## § 23 Issue and Return Procedure

The share value shall be calculated in EUR in accordance with § 6.

The issue premium to cover the costs incurred by the Investment Firm in issuing the share shall be 5.0%; the resulting amount will be rounded up to the next cent to determine the final issue price. The return price is the share value.

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

## § 24 Financial Year

The financial year of the Investment Fund is from 1 November to 31 October of the following calendar year.

## §25 Administration Fee, Compensation for Expenses

The Investment Firm shall receive a **monthly** fee for its management activities up to **0.075%** of the fund assets as calculated using the month-end values.

This remuneration shall be reduced by management fees paid to the Investment Firm in connection with portions of the Investment Fund invested in shares

- in another investment fund managed by the Investment Firm, or
- in an investment fund or investment company that is managed by a company with which the Investment Firm is associated by way of joint management or control, or by way of a material direct or indirect stake.

The Investment Firm shall also be entitled to compensation for all expenses incurred in the administration of the Investment Fund, especially costs for mandatory publications, custodial fees, fees charged by the custodian bank, auditing and consulting costs, and costs for the preparation of period-end financial statements.

## § 26 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 Investment Firm. Dividends may also be paid at the discretion of the Investment Firm from earnings generated by the sale of Investment Fund assets, including subscription rights. Fund assets may not be paid out. The fund assets may not fall below EUR 1,150,000 after dividend payments in any case. The amounts shall be paid to the holders of dividend shares **on or after 15 December** of the following financial year, against collection of a coupon if necessary. The remaining amount shall be carried forward.

An amount calculated in accordance with § 13 sentence 3 InvFG must also be paid out on or after **15 December** to cover the capital gains tax assessed by the tax authorities on the dividend-equivalent earnings from the Investment Fund shares.

## § 27 Use of Earnings for Non-Dividend Shares with Capital Gains Tax Withholding

The earnings generated by the Investment Fund during the financial year less all costs will not be paid out. **Unless the pre-conditions specified in § 13 InvFG for the exemption of payment apply to all Shareholders**, an amount calculated in accordance with § 15 sentence 3 InvFG must also be paid out **on or after 15 December** of the following financial year to cover the capital gains tax assessed by the tax authorities on the dividend-equivalent earnings from the Investment Fund shares.

## § 27a Use of Earnings for Non-Dividend Shares without Capital Gains Tax Withholding (*KES*-exempt non-dividend foreign tranche)

The earnings generated by the Investment Fund during the financial year less all costs will not be paid out. No payment pursuant to § 13 sentence 3 InvFG will be made.

The Investment Firm shall provide suitable proof to 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.

## § 28 Liquidation

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

## Annex to the Special Fund Terms and Conditions

### List of exchanges with official trading and organised markets

(As of July 2008)

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

According to Article 16 of Directive 93/22/EEC (Investment Services Directive), 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://www.fma.gv.at/cms/site/attachments/2/0/2/CH0230/CMS1140105592256/listegeregmaerkte.pdf> \*)

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

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

- |       |             |                                  |
|-------|-------------|----------------------------------|
| 1.2.1 | Finland:    | OMX Nordic Exchange Helsinki     |
| 1.2.2 | Sweden:     | OMX Nordic Exchange Stockholm AB |
| 1.2.3 | Luxembourg: | Euro MTF Luxembourg              |

##### 1.3. *Recognised markets* in the EU according to § 20 paragraph 3 line 1 lit. b InvFG:

- |       |                |   |
|-------|----------------|---|
| 1.3.1 | Great Britain: | London Stock Exchange Alternative Investment Market (AIM) |
|-------|----------------|---|

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

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

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

- |      |            |   |
|------|------------|---|
| 3.1  | Australia: | Sydney, Hobart, Melbourne, Perth                                  |
| 3.2  | Argentina: | Buenos Aires  |
| 3.3  | Brazil:    | Rio de Janeiro, Sao Paulo   |
| 3.4  | Chile:     | Santiago  |
| 3.5  | China:     | Shanghai Stock Exchange, Shenzhen Stock Exchange                  |
| 3.6  | Hong Kong: | Hong Kong Stock Exchange  |
| 3.7  | India:     | Bombay  |
| 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 | Korea:     | Seoul   |

\*) The link can be changed by the Austrian Financial Market Authority (FMA) at any time. You can find the current link on the web site of the FMA: [www.fma.gv.at](http://www.fma.gv.at), Anbieter, "Informationen zu Anbietern am österreichischen Finanzmarkt", Börse, Übersicht, Downloads, Verzeichnis der Geregeltten Märkte.

- |      |           |              |
|------|-----------|--------------|
| 3.13 | Malaysia: | Kuala Lumpur |
| 3.14 | Mexico:   | Mexico City  |

3.15	New Zealand:	Wellington, Christchurch/Invercargill, Auckland
3.16	Philippines:	Manila
3.17	Singapore:	Singapore Stock Exchange
3.18	South Africa:	Johannesburg
3.19	Taiwan:	Taipei
3.20	Thailand:	Bangkok
3.21	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
3.22	Venezuela:	Caracas
3.23	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 Securities Market Association (ISMA), Zurich
4.5	USA:	over the counter market in the NASDAQ system, over the counter market (markets organised by NASD such as the over the counter equity market, municipal bond market, government securities market, corporate bonds and public direct participation programs), over the counter market for agency mortgage-backed securities

#### **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 Futures Exchange
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:	Singapore International Monetary Exchange
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, New York Futures Exchange, Pacific Stock Exchange, Philadelphia Stock Exchange, New York Stock Exchange, Boston Options Exchange (BOX)