

ESPA STOCK EUROPE-PROPERTY

Mutual fund pursuant to the InvFG

Annual Report 2011/12

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The Austrian Investment Fund Act (Investmentfondsgesetz [InvFG]) 2011 has been in effect since 1 September 2011. Some of the provisions and legal references in the annual report still refer to the InvFG 1993.

This also applies to the fund terms and conditions, which were approved on the basis of the legal conditions valid at the time of authorisation.

General Information about the Investment Firm

The company	ERSTE-SPARINVEST Kapitalanlagegesellschaft m. b. H. Habsburgergasse 1a, A-1010 Vienna Telephone: +43 05 0100-19881, Fax: +43 05 0100-17102
Nominal capital	EUR 4.50 million
Shareholders	Erste Asset Management GmbH (81.42%) DekaBank Deutsche Girozentrale (2.87%) Kärntner Sparkasse Aktiengesellschaft (2.87%) NÖ-Sparkassen Beteiligungsgesellschaft m. b. H. (1.37%) Salzburger Sparkasse Bank Aktiengesellschaft (2.87%) Sieben Tiroler Sparkassen Beteiligungsgesellschaft m. b. H. (2.87%) Steiermärkische Bank und Sparkassen Aktiengesellschaft (5.73%)
Supervisory Board	Wolfgang TRAINDL, Mag. (Chairman) Gerhard FABISCH, Mag. Dr. (Deputy Chairman) Wilhelm SCHULTZE, DI (Deputy Chairman) Christian AICHINGER, Dr. Birte QUITT, Dipl. BW. (FH) Franz RATZ Gabriele SEMMELROCK-WERZER Reinhard WALTL, Mag. Appointed by the Works Council: Regina HABERHAUER, Mag. (FH) Dieter KERSCHBAUM, Mag. Gerhard RAMBERGER, Mag. Herbert STEINDORFER
Managing directors	Heinz BEDNAR, Mag. Harald GASSER, Mag. Franz GSCHIEGL, Dr.
Prokuristen (proxies)	Achim ARNHOF, Mag. Winfried BUCHBAUER, Mag. Harald EGGER, Mag. Oskar ENTMAYR Dietmar JAROSCH, Dr. Günther MANDL Christian SCHÖN Paul A. SEVERIN, Mag. Jürgen SINGER, Mag.
State commissioners	Erwin GRUBER Michael MANHARD, HR Dr.
Auditor	ERNST & YOUNG WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT MBH
Custodian bank	Erste Group Bank AG

Dear Shareholder,

We are pleased to present you the following annual report for the ESPA STOCK EUROPE-PROPERTY mutual fund pursuant to the InvFG for the period from 1 May 2011 to 30 April 2012.

Development of the Fund

The uncertainty about the development of the global economy triggered by the sovereign debt crisis in Southern Europe had a massive impact on the financial markets over the past months, and also hampered investment activity on the European real estate markets. Budget deficits, current account deficits and government debt levels have risen significantly in Europe and the USA and will have a major impact on the world's economies over the coming years. The disparate development of the economies in Europe that was seen in 2011 will continue in 2012. While the economy in Germany is recovering rapidly, the Southern European countries are suffering from continued economic weakness. The development of the British office market was inhomogeneous. Outside of London, vacancy rates remain high and rents are still falling because more space was built during the boom before the crisis than is now needed. In cities such as Birmingham, Glasgow and Manchester, landlords are fighting with serious excess supply. In contrast, the London market, which is dominated by the financial sector, has seen a significant decline in vacancy rates and rising rents because banks and financial service providers are renting additional space. Recent studies show that the recovery on the British real estate markets has lost considerable momentum. In 2010, office buildings, shopping centres and logistics facilities on the island brought their owners an average yield of 15.1% from value appreciation and rental revenue. Last year, this yield had fallen to only 7.8% according to calculations of the Investment Property Databank (IPD). On the London office market, the yield fell from 24.9% in 2010 to 13.9% in 2011.

A flight into real property caused a run on apartments in German metropolitan regions. Especially local and international institutional investors are placing a great deal of trust in Germany and its very stable apartment market. The transaction volume for the sale of residential developments and complexes with 50 or more units rose by a considerable 44% to EUR 6.12 billion from 2011 to 2012. The number of residential units that has changed hands also rose by a significant 27% compared with 2010. Nineteen major transactions took place last year. These included the takeover of the majority shareholding in Colonia Real Estate by TAG Immobilien with a proportionate 9,500 residential units and parts of the former Level One portfolio, as well as the sale of part of the Gagfah portfolio to Berlin's GSW AG. In terms of buyers, listed real estate companies dominated the investment market with 41% of the total volume. In the first quarter of 2012, the sale of 21,500 existing apartments by Landesbank Baden-Württemberg (LBBW) to a consortium of institutional investors headed by Patrizia Immobilien AG for EUR 1,435 billion was the largest portfolio transaction since the second quarter of 2008.

On a positive note, corporate earnings have remained within the expectations and there have not yet been any negative surprises in the current reporting season. Most real estate companies also have strong balance sheets and are equipped with solid equity capital ratios in comparison with the crisis in 2007/2008. Refinancing risks are much lower than in previous years and should not pose any major problems overall for the listed sector. High yields in the real estate sector versus ten-year government bonds remain attractive for investors. Over the medium term, the progress of the global economic recovery will be the main determining factor. Due to the negative trend on the stock exchanges, the discounts on the estimated net inventory values for real estate stocks increased again. Real estate stocks are currently trading at an average discount of 5–10% on their estimated fundamental intrinsic net asset value for 2012. We expect 2012 to be another year of lower growth. It is becoming increasingly important to act selectively. Capital increases and takeovers will remain relevant in 2012 to raise capital for further investments.

The EPRA index achieved a performance of minus 11.22% in euro terms in the reporting period, with the market moving in a range between 1100 and 1500 index points since May 2011. Leverage management, currencies and stock picking were important performance drivers, as the volatility and diversification of the stocks remained very high. The development of individual equities varied between plus 22.18% and minus 83.69%. The investment strategy continues to focus on companies with solid balance sheets, low debt, low refinancing risk, well diversified tenant structures and sustainable cash flow growth.

Method of Calculating Overall Risk ¹⁾

Method of calculating overall risk:		Commitment approach
Reference assets used:		-
	Lowest value:	-
Value at risk:	Average value:	-
	Highest value:	-
Model used:		-
Leverage* when using the value-at-risk calculation method:		-
Leverage** according to § 4 of the 4 th Derivatives Risk Measurement and Reporting Regulation:		-

1) For the period from 1 September 2011 to the end of the financial year.

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

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

Asset Allocation

	30 April 2012		30 April 2011	
	EUR millions	%	EUR millions	%
Equities denominated in				
GBP	20.2	38.43	24.8	35.68
DKK	0.2	0.34	-	-
EUR	21.8	41.49	22.4	32.13
NOK	0.5	1.02	0.7	1.03
SEK	4.3	8.12	5.3	7.58
CHF	4.8	9.13	3.9	5.56
TRL	-	-	0.1	0.13
Investment certificates denominated in				
EUR	-	-	6.4	9.22
Securities	51.7	98.53	63.6	91.34
Financial futures	-	-	0.5	0.68
Cash in banks	0.4	0.76	5.2	7.51
Dividend entitlements	0.4	0.72	0.3	0.48
Interest entitlements	0.0	0.00	0.0	0.00
Other deferred items	-	0.0	-	0.0
Fund assets	52.5	100.00	69.6	100.00

Comparative Overview (in EUR)

Financial year	Fund assets	Value change in per cent 1)
2006/07	280,933,839.66	+ 30.22 2)
2007/08	110,396,277.37	- 31.95
2008/09	46,761,720.40	- 43.24
2009/10	63,346,991.07	+ 31.88 2)
2010/11	69,624,620.20	+ 24.04 2)
2011/12	52,454,366.14	- 12.53 2)

Financial year	Dividend shares		Non-dividend shares			KESt-exempt non-dividend shares	
	Calculated value per share	Dividend disbursement	Calculated value per share	Reinvested earnings	Payment in accordance with § 58 paragraph 2 InvFG	Calculated value per share	Reinvested KESt-exempt earnings
2006/07	288.41	11.10	323.88	8.64	3.83	331.45	12.76
2007/08	187.13	11.50	217.24	10.11	3.24	225.54	13.86
2008/09	98.45	4.50	121.12	4.85	0.69	128.02	5.85
2009/10	124.24	4.75	158.87	5.92	0.15	168.81	6.45
2010/11	148.47	4.75	196.84	98.72	0.28	209.34	105.28
2011/12	125.66	4.75	171.88	7.72	0.35	183.06	8.57

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

2) The changes in the value of KESt-exempt non-dividend shares vary slightly from those of dividend shares and non-dividend shares because of rounding effects.

Disbursement/Payment

A dividend of EUR 4.75 per share was paid for the **dividend shares** for the financial year 2011/12 (2010/11: EUR 4.75), or a total of EUR 455,221.00 for 95,836 dividend shares.

The coupon-paying bank is obligated to withhold capital gains tax in the amount of EUR 0.26 per share if the respective investor is not exempt from the payment of this tax. This dividend payment will be effected and credited on Wednesday, 1 August 2012, at

Erste Group Bank AG, Vienna,

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

An amount of EUR 7.72 per share will be reinvested for the **non-dividend shares** for the financial year 2011/12, which represents a total of EUR 1,202,674.01 for 155,779 non-dividend shares.

Pursuant to § 58 paragraph 2 of the Austrian Investment Fund Act (InvFG), the applicable capital gains tax on the profit for the non-dividend shares in the amount of EUR 0.35 per share must be paid out. This amounts to a total of EUR 54,522.72 for 155,779 non-dividend shares. The banks managing the securities accounts will withhold this tax and submit it to the fiscal authorities unless the respective investor is exempt from the payment of this tax. This payment will also be effected on Wednesday, 1 August 2012.

No payment pursuant to § 58 paragraph 2 InvFG is being effected for the **KESt-exempt non-dividend shares**. An amount of EUR 8.57 per share will be reinvested for the KESt-exempt non-dividend shares for the financial year 2011/12, which represents a total of EUR 638,256.78 for 74,494 KESt-exempt non-dividend shares.

Income Statement and Changes in Fund Assets

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

Calculated according to the OeKB method: per share in the fund currency (EUR) not including the issue premium	Dividend shares	Non-dividend shares	KES-st-exempt non- dividend shares
Share value at the beginning of the reporting period	148.47	196.84	209.34
Disbursement on 01.08.2011 (corresponds to roughly 0.0335 shares) 1)	4.75		
Payment on 01.08.2011 (corresponds to roughly 0.0014 shares) 1)		0.28	
Share value at the end of the reporting period	125.66	171.88	183.06
Total value including (notional) shares gained through dividend disbursement/payment	129.87	172.12	183.06
Net earnings per share	- 18.60	- 24.72	- 26.28
Value development of one share in the period 2)	- 12.53 %	- 12.56 %	- 12.55 %

2. Fund Result

a. Realised fund result

Ordinary fund result

Income (without profit or loss from price changes)

Interest income (excluding income adjustment) 21,338.06

Dividend income 1,739,355.52

Other income 3) 48,722.96

Total income (without profit or loss from price changes) 1,809,416.54

Interest paid - 1,001.89

Expenses

Fees paid to Investment Firm - 1,009,499.74

Costs for the financial auditor and tax consultation - 19,308.41

Publication costs - 8,974.84

Securities account fees - 17,640.84

Custodian bank fees - 80,759.96

Costs for the external consultant 0.00

Total expenses - 1,136,183.79

Compensation for management costs from sub-funds 4) 0.00

Ordinary fund result (excluding income adjustment) 672,230.86

Realised profit or loss from price changes 5) 6)

Realised gains 7) 2,047,468.40

Realised losses 8) - 5,429,986.20

Realised profit or loss from price changes (excluding income adjustment) - 3,382,517.80

Realised fund result (excluding income adjustment) - 2,710,286.94

Carryover: Realised fund result (excluding income adjustment)	- 2,710,286.94
b. Unrealised profit or loss from price changes 5) 6)	
Changes in the unrealised profit or loss from price changes	- 5,955,787.89
Result for the reporting period	- 8,666,074.83
c. Income adjustment	
Income adjustment for income in the period	- 251,844.19
Income adjustment for profit carried forward from dividend shares	- 679,129.38
Overall fund result	- 9,597,048.40

3. Changes in Fund Assets

Fund assets at the beginning of the reporting period 9)		69,624,620.16
Disbursement/payment		
Disbursement (for dividend shares) on 01.08.2011	- 507,713.25	
Payment (for non-dividend shares) on 01.08.2011	- 47,648.28	- 555,361.53
Issue and return of shares		- 7,017,844.09
Overall fund result		
(The fund result is shown in detail under 2)		- 9,597,048.40
Fund assets at the end of the reporting period 10)		52,454,366.14

4. Source of the Fund Result

Realised fund result	- 2,710,286.94
Income adjustment for income in the period	- 251,844.19
Income adjustment for profit carried forward from dividend shares	- 679,129.38
Profit carried forward from prior year	7,272,374.91
Costs and losses covered by fund assets	5,429,986.20
Distributable/retainable fund result	<u>9,061,100.60</u>

5. Use of the Fund Result

Disbursement on 01.08.2012 for 95,836	
Dividend shares at EUR 4.75 each	455,221.00
Payment on 01.08.2012 for 155,779	
non-dividend shares at EUR 0.35 each	54,522.72
Reinvestment for 155,779	
non-dividend shares at EUR 7.72 each	1,202,674.01
Reinvestment for 74,494	
KEST-exempt non-dividend shares at EUR 8.57 each	638,256.78
Profit carried forward for dividend shares	6,710,426.09
Total use	<u>9,061,100.60</u>

The way in which interest income is recognised was changed due to amendments to the tax regulations that went into force on 1.4.2012. This has no effect on the calculated value of the fund.

- 1) Calculated value on 28.07.2011 (ex-date): One dividend share EUR 141.77, one non-dividend share EUR 193.93.
- 2) The changes in the value of non-dividend shares and KEST-exempt non-dividend shares vary slightly from those of dividend shares because of rounding effects.
- 3) The earnings reported under this item can be attributed entirely to lending fees from securities lending transactions.
- 4) Reimbursements (in the sense of commissions) paid by third parties are forwarded to the Investment Fund after deduction of any associated costs. Erste Bank der oesterreichischen Sparkassen AG receives 20% of the calculated commissions to cover administrative costs.
- 5) Realised profits and losses are not calculated precisely for the specific periods, which means that they, as is the case for the changes in the unrealised profit or loss, are not necessarily congruent with the changes in the value of the fund in the reporting year.
- 6) Total profit or loss from price changes without income adjustment (realised profit or loss from price changes, without income adjustment, plus changes in the unrealised profit or loss): EUR -9,338,305.69.
- 7) Thereof profits from transactions with derivative financial instruments: EUR 607,500.00.
- 8) Thereof losses from transactions with derivative financial instruments: EUR -1,483,875.00.
- 9) Shares outstanding at the beginning of the reporting period: 111,897 dividend shares, 177,846 non-dividend shares, 86,007 KEST-exempt non-dividend shares.
- 10) Shares outstanding at the end of the reporting period: 95,836 dividend shares, 155,779 non-dividend shares, 74,494 KEST-exempt non-dividend shares.

Fund Portfolio as of 30 April 2012

(including changes in securities assets from 1 May 2011 to 30 April 2012)

Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding Shares/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets
Publicly traded securities							
Equities denominated in GBP							
Issue country Great Britain							
BIG YELLOW GROUP LS 0.10	GB0002869419	0	100,000	120,000	2.953000	434,622.63	0.83
BRIT. LD CO. PLC LS-.25	GB0001367019	0	160,000	618,333	4.993000	3,786,619.21	7.22
CAPITAL+COUNT.PR.LS-.80	GB00B62G9D36	0	140,000	400,000	1.984000	973,350.60	1.86
DERWENT LONDON LS-.05	GB0002652740	0	5,000	60,000	17.740000	1,305,486.87	2.49
DEV. SEC. PLC LS-.50	GB0002668464	0	0	158,757	1.625000	316,412.70	0.60
GRAINGER PLC LS-.05	GB00B04V1276	0	0	187,374	0.990000	227,516.12	0.43
GREAT PORTLD EST. LS-.125	GB00B01FLL16	0	50,000	250,000	3.700000	1,134,512.74	2.16
HAMMERSON PLC LS-.25	GB0004065016	0	100,000	437,843	4.240000	2,276,941.70	4.34
HANSTEEN HOLDINGS LS-.10	GB00B0PPFY88	300,000	0	300,000	0.740000	272,283.06	0.52
LAND SECURITIES GROUP PLC	GB0031809436	0	70,000	508,000	7.395000	4,607,544.45	8.78
LIBERTY INTL PLC LS-.50	GB0006834344	0	0	240,000	3.289000	968,150.24	1.85
SEGRO PLC LS-.10	GB00B5ZN1N88	0	0	540,887	2.236000	1,483,358.02	2.83
SHAFTESBURY PLC LS-.25	GB0007990962	0	40,000	140,000	5.200000	892,892.19	1.70
ST MODWEN PTIES LS-.10	GB0007291015	0	0	150,035	1.675000	308,230.10	0.59
UNITE GROUP PLC LS-.25	GB0006928617	0	0	150,000	1.982500	364,730.51	0.70
Total						19,352,651.14	36.89
Total equities denominated in GBP translated at a rate of 0.815328						19,352,651.14	36.89
Equities denominated in DKK							
Issue country Denmark							
TK DEVELOPMENT REG. DK 15	DK0010258995	100,000	11,917	88,083	15.000000	177,623.22	0.34
Total						177,623.22	0.34
Total equities denominated in DKK translated at a rate of 7.438470						177,623.22	0.34
Equities denominated in EUR							
Issue country Belgium							
BEFIMMO S.C.A. SICAFI	BE0003678894	5,000	0	5,000	45.920000	229,600.00	0.44
COFINIMMO	BE0003593044	6,000	0	6,000	91.250000	547,500.00	1.04
Total						777,100.00	1.48
Issue country Germany							
ALSTRIA OFFICE REIT-AG	DE000A0LD2U1	25,000	0	45,000	8.050000	362,250.00	0.69
DEUTSCHE EUROSHOP AG N.P.	DE0007480204	5,000	0	15,000	27.485000	412,275.00	0.79
DEUTSCHE WOHNEN AG BEARER	DE000A0HN5C6	33,000	0	33,000	11.105000	366,465.00	0.70
DIC ASSET AG	DE0005098404	0	0	2,145	7.035000	15,090.08	0.03
GSW IMMOBILIEN AG	DE000GSW1111	28,000	0	38,000	25.145000	955,510.00	1.82

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Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding Shares/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets
HAMBORNER REIT AG N.P.	DE0006013006	40,000	0	40,000	7.600000	304,000.00	0.58
PRIME OFFICE REIT-AG N.P.	DE000PRME012	120,000	50,000	70,000	4.076000	285,320.00	0.54
					Total	2,700,910.08	5.15
Issue country France							
FONCIERE D.REGI.BEARER EO 3	FR0000064578	16,000	0	25,000	58.550000	1,463,750.00	2.79
ICADE S.A.	FR0000035081	12,700	4,000	15,200	63.730000	968,696.00	1.85
KLEPIERRE S.A.BEARER EO 1.40	FR0000121964	0	15,000	55,000	23.920000	1,315,600.00	2.51
NEXITY EO 5	FR0010112524	12,000	20,000	12,000	21.540000	258,480.00	0.49
UNIBAIL-ROD.SE BEARER EO 5	FR0000124711	0	7,600	34,400	141.200000	4,857,280.00	9.26
					Total	8,863,806.00	16.90
Issue country Jersey							
ATRIUM EUROPE.R.E.	JE00B3DCF752	70,000	0	70,000	3.680000	257,600.00	0.49
					Total	257,600.00	0.49
Issue country Netherlands							
CORIO N.V. EO 10	NL0000288967	25,000	7,000	55,500	33.810000	1,876,455.00	3.58
EUROCOMM.PR. CERT.10EO-50	NL0000288876	0	0	29,647	26.480000	785,052.56	1.50
WERELDHAVE EO 10	NL0000289213	15,000	4,600	16,809	53.150000	893,398.35	1.70
					Total	3,554,905.91	6.78
Issue country Austria							
CA IMMOB.BOND	AT0000641352	0	0	30,000	8.550000	256,500.00	0.49
CONWERT IMMOBILIEN INVEST	AT0000697750	0	35,000	85,000	9.000000	765,000.00	1.46
IMMOFINANZ AG BEARER	AT0000809058	0	0	150,000	2.656000	398,400.00	0.76
					Total	1,419,900.00	2.71
					Total equities denominated in EUR	17,574,221.99	33.50
Equities denominated in SEK							
Issue country Sweden							
FASTIG.AB BALDER B SK 1	SE0000455057	102,500	97,500	70,000	32.800000	258,047.69	0.49
WIHLBORG FASTIGHET.SK 2.5	SE0001413600	56,000	28,000	56,000	93.250000	586,901.16	1.12
					Total	844,948.85	1.61
					Total equities denominated in SEK translated at a rate of 8.897580	844,948.85	1.61
					Total publicly traded securities	37,949,445.20	72.35

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

Securities admitted to organised markets**Equities denominated in GBP****Issue country Great Britain**

SAFESTORE HLDGS LS-.01	GB00B1N7Z094	0	0	185,000	1.132500	256,967.13	0.49
WORKSPACE GROUP LS 1	GB00B67G5X01	200,000	0	200,000	2.240000	549,472.11	1.05
Total						806,439.24	1.54
Total equities denominated in GBP translated at a rate of 0.815328						806,439.24	1.54

Equities denominated in EUR**Issue country Germany**

GSW IMMOBILIEN AG SUB.RIGHTS	DE000GSW1129	38,000	0	38,000	0.780000	29,640.00	0.06
Total						29,640.00	0.06

Issue country Finland

CITYCON OYJ	FI0009002471	lent*	0	0	50,000	2.500000	125,000.00	0.24
SPONDA OYJ EO 1	FI0009006829		150,000	0	200,000	3.030000	606,000.00	1.16
TECHNOPOLIS PLC	FI0009006886		0	0	70,000	4.040000	282,800.00	0.54
Total						1,013,800.00	1.93	

Issue country France

A.N.F. (C.R.) EO 4	FR0000063091	8,000	0	8,000	34.470000	275,760.00	0.53
GECINA S.A. REG. EO 7.50	FR0010040865	10,000	4,000	12,000	70.030000	840,360.00	1.60
MERCIALYS BEARER EO 1	FR0010241638	33,000	32,000	33,000	15.095000	498,135.00	0.95
S.I.L.I.C. BEARER EO 4	FR0000050916	0	0	7,500	79.720000	597,900.00	1.14
Total						2,212,155.00	4.22

Issue country Italy

IMMOBILIARE GR. DISTR.	IT0003745889	0	0	150,000	0.807500	121,125.00	0.23
Total						121,125.00	0.23

Issue country Netherlands

NIEUWE STEEN INV. EO -.46	NL0000292324	45,825	0	45,825	8.310000	380,803.69	0.73
VASTNED RETAIL NV EO 5	NL0000288918	8,000	6,900	11,655	37.120000	432,633.60	0.82
Total						813,437.29	1.55
Total equities denominated in EUR						4,190,157.29	7.99

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Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
		Shares/nominal (nom. in 1,000, rounded)					
Equities denominated in NOK							
Issue country Norway							
BWG HOMES ASA NK 1	N00010298300	150,000	110,000	150,000	11.650000	230,952.53	0.44
NORWEGIAN PROPERTY NK 0.5	N00010317811	0	0	270,000	8.500000	303,311.05	0.58
Total						534,263.58	1.02
Total equities denominated in NOK translated at a rate of 7.566490						534,263.58	1.02
Equities denominated in SEK							
Issue country Sweden							
CASTELLUM AB	SE0000379190	15,000	0	115,000	85.050000	1,099,259.57	2.10
FABEGE AB SK 28.50	SE0000950636	0	0	90,000	56.800000	574,538.25	1.10
HUFVUDSTADEN A SK 5	SE0000170375	0	0	90,000	72.250000	730,816.69	1.39
JM AB	SE0000806994	20,000	30,000	20,000	124.500000	279,851.38	0.53
KLOEVERN AB NAV. SK-.5	SE0000331225	0	100,000	100,000	23.500000	264,116.76	0.50
KUNGSLEDEN AB	SE0000549412	0	0	100,000	41.300000	464,171.16	0.88
Total						3,412,753.81	6.51
Total equities denominated in SEK translated at a rate of 8.897580						3,412,753.81	6.51
Equities denominated in CHF							
Issue country Switzerland							
MOBIMO HOLDING NA SF 38	CH0011108872	2,500	0	2,500	221.000000	459,795.94	0.88
PSP SWISS PROP. SF 0.1	CH0018294154	0	0	35,000	81.500000	2,373,878.60	4.53
SWISS PRIME SITE SF18.8	CH0008038389	0	0	31,000	75.750000	1,954,236.78	3.73
Total						4,787,911.32	9.13
Total equities denominated in CHF translated at a rate of 1.201620						4,787,911.32	9.13
Total securities admitted to organised markets						13,731,525.24	26.18
Unlisted securities							
Equities denominated in EUR							
Issue country Netherlands							
CORIO N.V. -INT.CERT.SEL.-	NL0010060315	55,500	0	55,500	0.000000	0.00	0.00
Total						0.00	0.00
Total equities denominated in EUR						0.00	0.00
Warrants denominated in EUR							
Issue country Netherlands							
NIEUWE STEEN INV. WTS13	NL0009842509	23	0	23	0.000000	0.00	0.00
Total						0.00	0.00
Total warrants denominated in EUR						0.00	0.00
Total unlisted securities						0.00	0.00

Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding Shares/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets
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Unlisted securities**Warrants denominated in EUR****Issue country Netherlands**

NIEUWE STEEN INV. WTS13	NL0009842509	23,000	0	23,000	0.000000	0.00	0.00	
						Total	0.00	0.00
						Total warrants denominated in EUR	0.00	0.00
						Total unlisted securities	0.00	0.00

Rights evidenced by paper**Equities denominated in EUR****Issue country Austria**

IMMOFINANZ RECTIF.ENTIT.	AT0000A0GYS9	0	0	150,000	0.000000	0.00	0.00	
						Total	0.00	0.00
						Total rights evidenced by paper denominated in EUR	0.00	0.00
						Total rights evidenced by paper	0.00	0.00

Breakdown of fund assets

Securities	51,680,970.44	98.53
Dividend entitlements	398,769.92	0.76
Cash in banks	377,356.24	0.72
Interest entitlements	117.82	0.00
Other deferred items	-2,848.28	-0.01
Fund assets	52,454,366.14	100.00

Dividend shares outstanding	shares	95,836
Non-dividend shares outstanding	shares	155,779
KEST-exempt non-dividend shares outstanding	shares	74,494
Share value for dividend share	EUR	125.66
Share value for non-dividend share	EUR	171.88
Share value for KEST-exempt non-dividend share	EUR	183.06

ESPA STOCK EUROPE-PROPERTY

* As of 30 April 2012, the securities marked with "lent" in the fund portfolio and the following securities were registered as lent in the following amounts and at the following fees in the securities lending system of Erste Group Bank AG::

Security designation	ISIN number	Lent	Fee
		amount Shares/nominal (nom. in 1,000, rounded)	rate in %
CA IMMOB.BOND	AT0000641352	20,000	0.20
CITYCON OYJ	FI0009002471	7,500	0.10
CONWERT IMMOBILIEN INVEST	AT0000697750	10,000	0.20
FONCIERE D.REGI.BEARER EO 3	FR0000064578	22,000	21.80
KUNGSLEDEN AB	SE0000549412	90,000	5.26

Investor note:

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

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

Security designation	ISIN number	Purch./	Sales/
		additions Shares/nominal (nom. in 1,000, rounded)	disposals
Publicly traded securities			
Equities denominated in GBP			
Issue country Great Britain			
BARRATT DEV. PLC LS-.10	GB0000811801	250,000	250,000
HELICAL BAR (POST REORG.)	GB00B0FYMT95	0	115,000
PERSIMMON PLC LS-.10	GB0006825383	40,000	90,000
WORKSPACE GRP -INT.CERT.N.-P.-	GB00B4VH2Y54	500,000	500,000
Issue country Jersey			
REGUS PLC LS -.01	JE00B3CGFD43	200,000	200,000
Equities denominated in EUR			
Issue country Germany			
DEUTSCHE WOHNEN AG SUB.RIGHTS	DE000A1K03C7	33,000	33,000
Issue country France			
PIERRE+VACANCES BEARER EO 10	FR0000073041	0	10,000

Security designation	ISIN number	Purch./ additions	Sales/ disposals
Shares/nominal (nom. in 1,000, rounded)			
Issue country Netherlands			
KONINK.BAM GROEP EO-.10	NL0000337319	80,000	80,000
VASTNED OFF./IND. EO 5	NL0000288934	0	23,216
Issue country Austria			
S IMMO AG	AT0000652250	0	60,000
Equities denominated in SEK			
Issue country Sweden			
KLOEVERN AB PREFERENTIAL	SE0004390037	2,500	2,500
Equities denominated in TRL			
Issue country Turkey			
EMLAK KONUT GAYR.YAT.ORT.	TREEGY000017	300,000	300,000
KILER GAYR.YAT.ORTAK.TN 1	TREKGY000014	0	32,640
Securities admitted to organised markets			
Equities denominated in GBP			
Issue country Cayman Islands			
ORCHID DEVELOPM. GRP	KYG6791P1072	0	537,484
Issue country Great Britain			
WORKSPACE GROUP LS-.10	GB0005296354	0	2,000,000
Equities denominated in EUR			
Issue country Italy			
BENI STABILI EO 0.10	IT0001389631	0	654,000
Issue country Spain			
MELIA HOTELS INTL EO -.20	ES0176252718	0	45,000
Investment certificates			
Investment certificates denominated in EUR			
Issue country Luxembourg			
EASYETF FTSE EPRA EUROZO.	LU0192223062	5,000	40,000

ESPA STOCK EUROPE-PROPERTY

Security designation	ISIN number	Purch./ additions	Sales/ disposals
Unlisted securities			
Equities denominated in EUR			
Issue country Netherlands			
CORIO N.V. -INT.CERT.SEL.-	NL0009704543	0	37,500
EUROCOMM.PPTYS -INT.CERT.-	NL0009755560	29,647	29,647
VASTNED OFF./IND. -INT.CERT.-	NL0009704758	23,216	23,216
VASTNED RETAIL -INT.CERT.SEL.-	NL0009704766	10,555	10,555
WERELDHAVE -INT.CERT.SEL.-	NL0009704626	0	6,409

Vienna, May 2012

ERSTE-SPARINVEST
Kapitalanlagegesellschaft m.b.H.

Bednar

Gasser

Gschiegl

Unqualified Auditor's Opinion*

We have audited the attached annual report as of 30 April 2012 prepared by ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H. for the fund under its management designated ESPA STOCK EUROPE-PROPERTY, mutual fund pursuant to the InvFG, for the financial year from 1 May 2011 to 30 April 2012, including the accounting records for the fund.

Management responsibility for the annual report, managing the fund assets and accounting

The legal representatives of the Management Company and the custodian bank are responsible for maintaining the fund's accounting records, valuing the fund assets, calculating withholding taxes, preparing the annual report and managing the fund assets, all in accordance with the provisions of the InvFG, the supplementary provisions in the fund terms and conditions, and the tax regulations. This responsibility includes: designing, implementing and maintaining an internal control system as needed for documenting and valuing the fund assets and for preparing the annual report in such a way that ensures that the report is free of material misstatements resulting from intentional or unintentional errors; the selection and application of suitable valuation methods; and the completion of estimates deemed appropriate in accordance with the prevailing conditions.

Auditor responsibility and description of the type and scope of the mandatory audit of the annual report

It is our responsibility to state an opinion on this report on the basis of our audit.

We conducted our audit in accordance with § 49 paragraph 5 InvFG 2011, in accordance with the legal requirements that apply in Austria, and in accordance with Austrian generally accepted accounting principles. These principles obligate us to follow the standards of our profession and to plan and conduct our audit in a way that enables us to ascertain with a reasonable degree of certainty whether or not the annual report is free of material misstatements.

An audit includes the completion of audit steps to obtain evidence of the amounts and other information disclosed in the annual report. These steps must be selected by the auditor at his or her own discretion and taking into account the auditor's expectations of the risk of material misstatements resulting from intentional or unintentional errors. In assessing this risk, the auditor considers the internal control system as it is relevant for the preparation of the annual report and the valuation of the fund assets so as to be able to select audit steps that are appropriate for the specific situation. An ascertainment of the effectiveness of the Management Company's or custodian bank's internal control system is not part of the audit. The audit also includes an assessment of the appropriateness of the applied valuation methods and material estimates made by management, as well as evaluating the overall presentation of the annual report.

We believe that we have collected sufficient and suitable evidence over the course of our audit, and that our audit provides a sufficient basis for our opinion.

Audit opinion

Our audit revealed no cause for objection. Based on the information obtained during the audit, we believe that the annual report as of 30 April 2012 for ESPA STOCK EUROPE-PROPERTY, mutual fund pursuant to the InvFG, complies with the legal requirements.

Statements regarding compliance with the Austrian Investment Fund Act and the fund terms and conditions

In accordance with § 49 paragraph 5 InvFG 2011, the audit must also include a determination of whether the provisions of the Austrian Investment Fund Act (Investmentfondsgesetz, InvFG) and the fund terms and conditions were complied with. We conducted our audit according to the aforementioned principles in such a way that we are able to form an opinion with sufficient certainty as to whether the provisions of the InvFG and the fund terms and conditions were complied with in general.

According to the information obtained during the audit, the provisions of the Austrian Investment Fund Act and the fund terms and conditions were complied with.

Statements regarding the report on activities in the reporting period

The descriptions included in the annual report by the management of the Management Company about the activities in the reporting period were examined critically by us, but were not subject to special audit steps according to the aforementioned principles. Therefore, our audit opinion is not based on this information. Overall, the descriptions regarding the reporting period are in line with the figures indicated in the annual report.

Vienna, 18 July 2012

ERNST & YOUNG
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

Mag. Ernst Schönhuber
(Certified Public
Accountant)

Dr. Robert Wauschek
(Certified Public
Accountant)

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

Fund Terms and Conditions for ESPA STOCK EUROPE-PROPERTY

Mutual fund pursuant to the InvFG

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 Fund 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 bearer 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 management 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 publication 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 item 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 1 InvFG), or immediately upon publication of a corresponding public notice (§ 10) if the fund assets fall below EUR 1,150,000 (§ 14 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 with § 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 STOCK EUROPE-PROPERTY, 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 Investment Firm shall be authorised as defined by §§ 4, 20 and 21 InvFG and §§ 16ff of the fund terms and conditions to purchase all types of securities, money market instruments and other liquid financial investments for the Investment Fund, provided that the principle of risk diversification is maintained and no justified Shareholder interests are violated.
2. ESPA STOCK EUROPE-PROPERTY is an equity fund. The fund assets are invested according to the following investment policy principles:
 - a) the assets selected must predominantly be equities issued by companies in the real estate sector. There are no limitations with regards to the domicile of the issuers of the assets in the fund. The fund may purchase shares in companies with small market capitalisations or mid-sized market capitalisations as well as shares in large, strong and important companies that are internationally known (blue chips).
 - b) in order to demarcate the investment universe (in part), shares in investment funds according to § 17 of these fund terms and conditions, regardless of the country in which the respective management company is domiciled, may make up no more than 10% of the fund assets of ESPA STOCK EUROPE-PROPERTY.

- c) 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 or in order to reduce the influence of possible price losses experienced by securities, the Investment Fund can hold a higher proportion of demand deposits or callable deposits with a maximum term of 12 months.
- d) the Investment Firm reserves the right to invest in other assets as per item 1 to a limited extent in addition to those specified in letters a) through c).
- e) derivative instruments in accordance with § 19 and § 19a of these fund terms and conditions (including swaps and OTC derivatives) may be purchased for risk mitigation (hedging) purposes and also for speculative purposes. Derivatives may play a major role relative to the total net value of the fund assets for hedging purposes. Derivatives held for speculative purposes generally play a minor role relative to the total net value of the fund assets.

Within the framework of the hedging concept, the Investment Firm reserves the right, among other things, to hedge against price losses on the fund's equities positions using appropriate strategies as dictated by the prevailing market conditions (especially through futures contracts on stock indices).

Depending on the Investment Firm's assessment of market conditions, derivative financial instruments may also be used as part of the investment strategy, particularly for the purposes of governing leverage, controlling earnings or substituting securities.

- 3. 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 items 5, 6, 7 and 8d InvFG.
- 4. 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.

§ 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 the 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 item 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 item 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 in the opinion of the Financial Market Authority are at least as strict as those laid down in Community law, or
 - was 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 item 8b InvFG that fulfil the requirements of Directive 85/611/EEC (UCITS) may together with the investment funds specified in the following item 2 make up no more than 10% 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 item 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 make up a maximum of 10% of the Investment Fund assets in total together with the investment funds described in the previous item 1, 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 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]) as amended must be applied to assess the equivalency of the protection afforded to the Shareholder pursuant to c).

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.
4. The Investment Fund may hold shares in any single fund up to an amount of 10% of the Investment Fund assets.

§ 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 or in order to reduce the influence of possible price losses experienced by securities, the Investment Fund can hold a higher proportion of demand deposits or callable deposits with a maximum term of 12 months.
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 instruments 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 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.
3. The Investment Fund may hold derivative financial instruments within the limits specified by § 20 paragraph 3 items 5, 6, 7, 8a and 8d InvFG as part of its investment strategy, provided that the overall risk of the underlying instruments does not exceed these investment limits.
4. The provisions in items 1 to 3 are general in nature. The Investment Fund may purchase financial instruments outlined in item 1 in accordance with the investment principles in § 15.

§ 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 items 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. The provisions in items 1 and 2 are general in nature. The Investment Fund may purchase financial instruments outlined in item 1 in accordance with the investment principles in § 15.

§ 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 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 May to 30 April of the following calendar year.

§25 Administration Fee, Compensation for Expenses

The Investment Firm shall receive a monthly fee for its management activities amounting to up to 0.15% of the fund assets as calculated using the month-end values.

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 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 1 August 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 1 August 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 (non-dividend tranche)

The earnings generated by the Investment Fund during the financial year less all costs will not be paid out. Unless the preconditions specified in § 13 InvFG for the exemption of payment apply to all Shareholders, an amount calculated in accordance with § 13 sentence 3 InvFG must also be paid out on or after 1 August 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 (KESt-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 Geregelt 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 item 1 lit. b InvFG:

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

*) 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, Anbieter, "Informationen zu Anbietern am österreichischen Finanzmarkt", Börse, Übersicht, Downloads, Verzeichnis der Geregelt Märkte.

Note regarding the data used

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

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

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

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