



Content

Market report from a responsible investor's view	2
Performance data for ESPA Responsible Investment funds	3
ESPA Responsible Investment funds: Assets under Management	3
News from the ESPA Responsibility Team	4
Changes in the investment universe	5
ESPA VINIS Investment Board highlights	5
Engagement activities	5
Stock on the watch	6
Glossary	7

Market report from a responsible investor's view

Equities:

Quite in contrast to the long-standing seasonal trend, equity markets were slightly rising in September. However, the uncertainty among market participants increased. The published economic data mostly confirmed the picture of a stabilising economy in the USA and Western Europe, although the markets have a great deal of the anticipated improvement already priced in. Generally speaking it seems the equity markets continue to find support in the massive amounts of liquidity that is looking for investment alternatives.

The oil price did not follow the most recent share price increases, whereas the gold price has been hovering around EUR 1,000, i.e. close to its high. The Euro continued to appreciate relative to the US dollar and has recently stabilised around USD 1.45. There has been strong performance among sustainable sectors. The solar sector topped the list, followed by fuel cells and energy efficiency.

In the past month international sustainable equity indices showed by the majority a performance slightly above their 'conventional' peers. In September European sustainable indices performed slightly below broad market indices. For the Austrian equity market that continued to perform very strongly sustainable VÖNIX returned slightly below the ATX Prime which includes broader and real estate equities.

Index comparison (September 09)			
↑ FTSE 4 Good Global Index	3.5%	↑ FTSE 4 Good Europe 50	2,0%
↑ Dow Jones Sustainability World TR	2.8%	↑ Dow Jones STOXX 50	2.2%
↑ Ethical Index Global Top 30	2.3%	↑ Dow Jones STOXX 600	2.7%
↑ Ethical Index Global Tradeable Return	1.6%	↑ MSCI Europe	2.6%
↑ MSCI World Total Return	2.9%	↑ VÖNIX	5.1%
		↑ ATX Prime	6.3%
		↑ ATX	5.3%

Fixed Income:

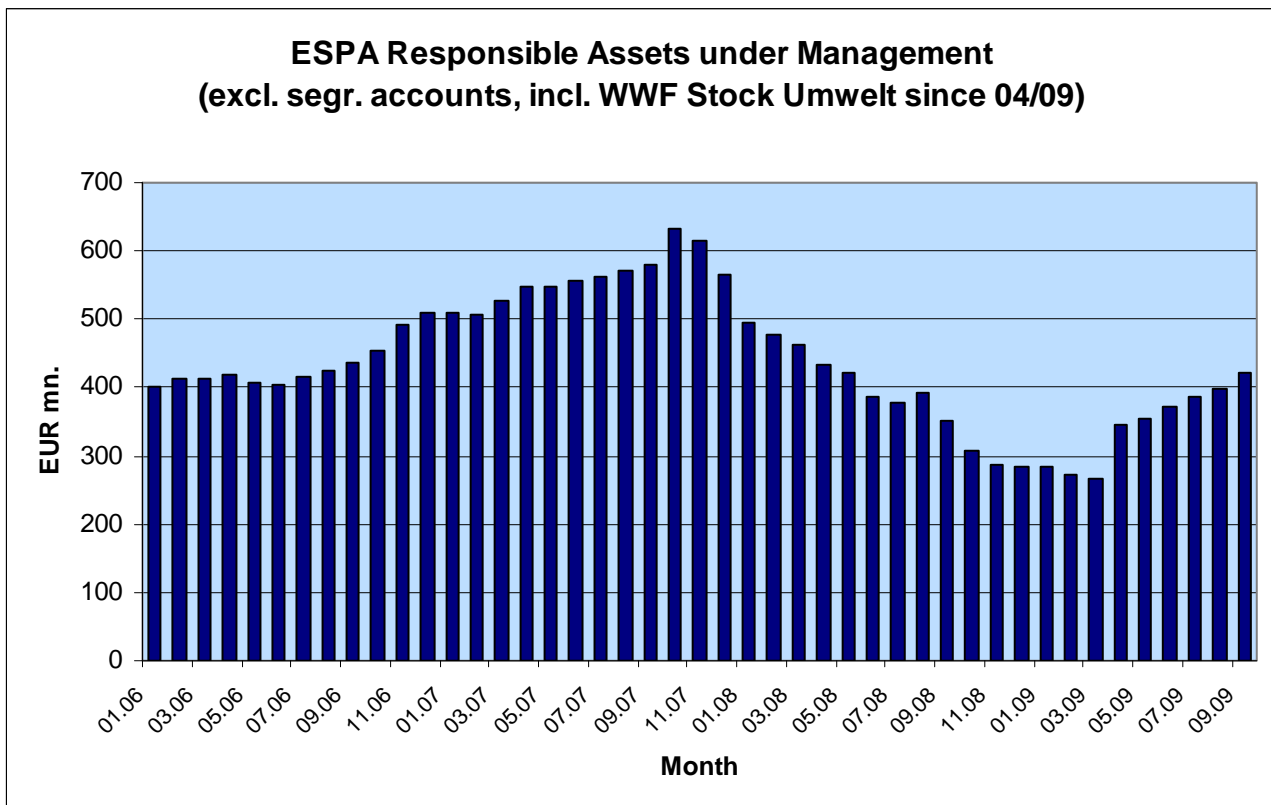
Many economic data recorded increases in September, although the momentum of the recovery had clearly come down. General expectations are that the numerous – also governmental – support schemes will lead to positive economic growth in the third quarter of 2009. But the coming quarters are mostly expected to perform below long term average. Purchase manager indices, housing data, and labour market data (although not in all areas) exceeded expectations, whereas consumer confidence indices and the German IFO and ZEW indices were falling short of expectations. Markets are eagerly awaiting the Q3 results of companies that may get busy in the M&A arena again. Generally speaking, the risk appetite of market participants has been rising.

Governments and central banks are working on their exit strategies for the adequate and timely withdrawal of the high levels of liquidity. But we still do not expect any changes to the interest rate policy of the big central banks in the coming months. The rate of inflation is currently hovering around zero percent due to base effects from the previous year, although we seem to be past its low. The spreads on the bonds of industrial companies and financial service providers continued to outperform the market by and large in September. Issues of the more recent months continued to narrow amid good liquidity. The primary market saw sizeable issues of covered bonds after a break of a couple of months in September. In spite of the already higher price levels this segment was heavily sought for, along with industrial bonds and financials.

Government bond yields closed September on slightly lower levels. The Bund future continued in its broad sideways range of 120.00 to 122.50. Towards the end of the month it increased to the upper edge of this range, supported by statements made by central bank representatives according to which key lending rates would remain very low for quite some time.

Performance data for the ESPA Responsible Investment funds

Performance data per 30/09/09 Sustainability Funds	2009 YTD	2009 YTD vs. Benchmark	MTD 09/09	fund volume in mn. EUR
ESPA VINIS STOCK GLOBAL	24.2%	-0.5%	1.3%	129.7
ESPA VINIS STOCK EUROPE	25.1%	-1.2%	2.1%	38.7
ESPA VINIS STOCK AUSTRIA	43.5%	-2.2%	2,0%	24,9
ESPA VINIS STOCK EUROPE EMERGING	46.7%	-19.7%	2.9%	6,7
ESPA VINIS BOND	7.7%	-0.3%	0.9%	86.2
ESPA VINIS CASH	10.2%	8.9%	1.1%	33.4
Performance data per 30/09/09 Environmental Funds	2009 YTD		MTD 09/09	fund volume in mn. EUR
ESPA WWF STOCK CLIMATE CHANGE	19.1%		5.2%	45.3
ESPA WWF STOCK UMWELT	12.8%		3.6%	56.3
Total Assets under Management				421.2

ESPA Responsible Investment funds: Assets under Management

Latest developments within the ESPA Responsibility Team

Media appearance of ESPA Responsibility Team

- Spezial-Euro article „Green Money“ („Grünes Geld“) 2009 <http://www.finanzen.net/euro/spezial-0809/index.html>
- Ecoreporter.de article „The best sustainable equity funds in August 2009“ („Monatssieger mit Schmäh - die besten nachhaltigen Aktienfonds im August 2009“) from 17/09/2009
- Wirtschaftsblatt article „Different attitudes concerning Sustainability“ („Punkto Nachhaltigkeit scheiden sich die Geister“) from 25/09/2009 <http://www.wirtschaftsblatt.at/archiv/390898/index.do>
- E-fundresearch.com article „Sustainable Funds on the rise“ („Nachhaltige Fonds im Aufschwung“) from 29/09/2009 www.e-fundresearch.com
- Fonds professionell article „Erste Sparinvest: Sustainable equity indices outperforming in August“ („Erste Sparinvest: Nachhaltige Aktienindizes im August stärker als Gesamtmarkt“) from 01/10/2009 <http://www.fondsprofessionell.at/redsystext.php?offset=&beginDate=2009-07&endDate=2009-10&sort=dDo&kat=&sws=nachhaltige&sid=912041>

Proceedings & development

- Filing for the start of a Microfinance fund of funds at the Austrian Financial Market Authority (FMA)
- Erste-Sparinvest signed the UNPRI (UN Principles for Responsible Investment) as a member
- Erste-Sparinvest becomes member of „Global Agreement on Climate Change“
- Participation of ESPA Responsibility Team at the following conferences in October/November 2009:
 - 9th annual European Alternative & Institutional Investing summit 19/10-21/10/2009 in Nice
 - Doppelte Dividende – Trends im ethischen Investment 29/10/2009 in Vienna („Double dividend – Trends in ethical investment“ – programme: <http://www.oekom-research.com/index.php?content=doppelte-dividende-2009>)
 - K2 ESG-Hedge Fund Conference 03/11/2009 in London
 - IPE Pension Fund Awards 2009 18/11/2009 in Dublin

Changes in the investment universe (October 2009)

The implementation of the SRI concept and the inclusion of SRI-research (oekom, Innovest, RiskMetrics/ former ISS und RFU) adaptations of the investment universe are made on a monthly basis. These adaptations are translated into our responsible investment funds. This means that a security that got excluded from the universe also has to be sold from all SRI-portfolios and on the other hand a security that is included in the SRI-universe can be invested into SRI-portfolios in the future.

Included - Reasons:

PSA Peugeot Citroën, Telefónica – abolition of exclusionary criteria
 Cree, Enpar Technologies – initial coverage
 Aixtron, Sulzer – improvement regarding environment- & stakeholder-related performance

Excluded - Reasons:

Agbar – violation of exclusionary criteria
 Zurich Financial Services, Atlantia – deterioration regarding environment- & stakeholder related performance

ESPA VINIS Investment Board highlights

(last Meeting 03/09/09)

The ESPA VINIS Investment Board is hosted by the Responsible Investments Team of ESPA and joins financial specialists of ESPA as well as SRI-specialists of the SRI-rating agencies involved in our process. Topics of discussion are e.g. single issuers, sectors or criteria.

Discussion concerning the portfolio/ single issuers:

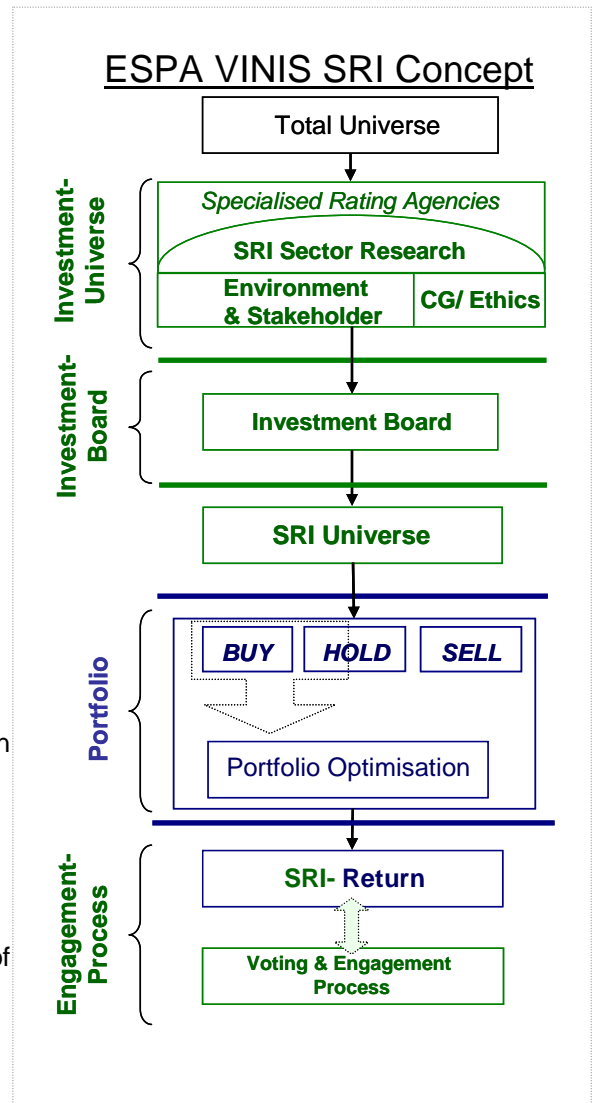
- Assessment of stocks in the sports industry – are some sports activities more sustainable than others?
- The solar & wind sector have to face a strong wave of consolidation and the industry will spend less on R&D in the near future - does this include the danger for the sustainable sector not to become competitive with the fossil fuel and nuclear energy sector?
- Discussion of the impact of the upcoming elections in Germany on SRI-efforts of German companies? Will there be such a shift in Japan after the elections?
- What are reasons for Nestlé always being 'on the brink' to fall out of a best-in-class rating (management, product range)?
- Rating agencies approach of the contraceptives/abortion topic?
- Does contact to the board deliver more reliable information than contact with IR or CSR department?

Engagement activities

ESPA Responsibility started a cooperation with the UK based investment- and research company F&C on engagement and voting on a global basis. F&C provides ESPA with their engagement activities and releases concerning holdings within the Responsible Investment funds of ESPA outside of Austria.

International: Cooperation with F&C, voting platform recently built up

Austria: Engagement with Zumtobel and Agrana



Stock on the watch

Geberit AG

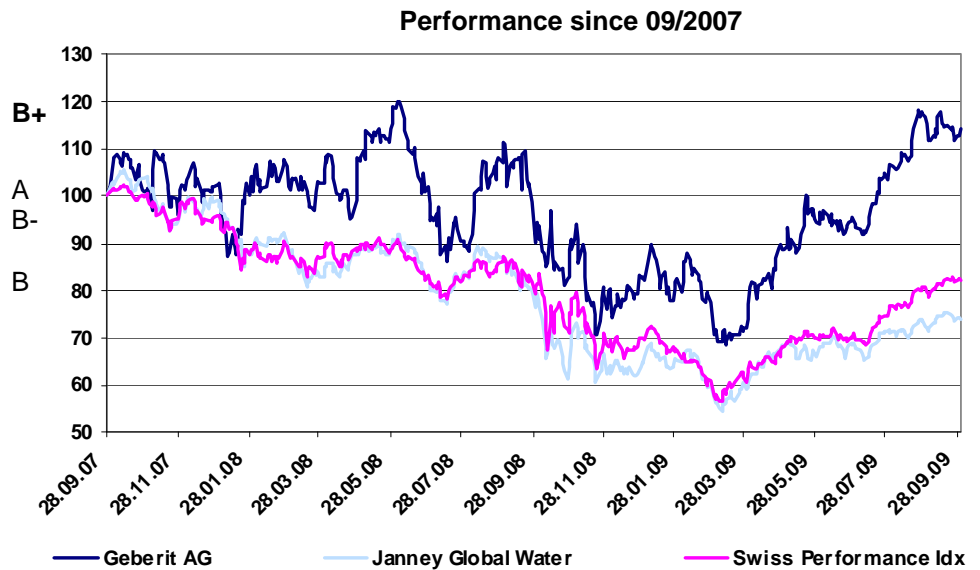
(Bldg&Construct Prod-Misc)
 ISIN:
 Last price (16/10/09)
 Market capitalisation (in mn.)
 P/E (Price-earning ratio) current
 Dividend yield
 Financial rating (Moody's / S&P)

GEBN VX
 CH0030170408
 CHF 163.30
 CHF 6,757
 15.58
 3.27%
 - / -

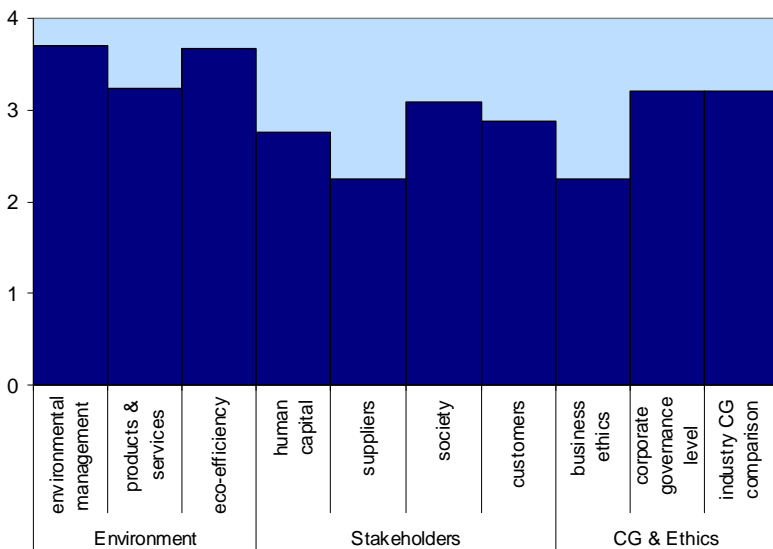
SRI-Rating (total):
 (Range A-D)

Environment rating (Range A-D): A
 Stakeholder rating (Range A-D): B-
 Corporate Governance /
 Ethics Rating (Range A-D): B

Invested in funds as follows:
 ESPA VINIS STOCK GLOBAL

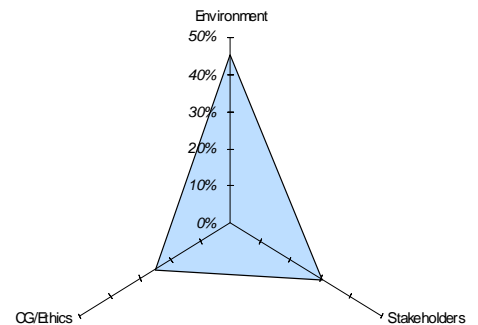


ESPA VINIS SKYLINE (Company level)



ESPA VINIS STAR (Sector level)

Environment: 45.0%
 Stakeholders: 30.0%
 CG / Ethics: 25.0%



(4: best rating; 0: worst rating)

Glossary

SRI – Socially Responsible Investment

YTD – year to date

SRI-Rating agency / SRI Rating – An SRI-rating agency or SRI-research agency analyses and rates the activities of companies according to social, ecological and ethical criteria (e.g. A = best grade to D = worst grade). By using SRI ratings investors can judge a company's exposure to environment and stakeholders. The ESPA Responsibility team has co-operations with several SRI-rating agencies (oekom research, RiskMetrics (former ISS), Innovest Strategic Value Advisors, RFU), which cover different key aspects. In contrast to SRI rating agencies, finance rating agencies (e. g. Moody's, Fitch, S&P, etc.) are focussing on companies' financial data only.

Investment universe – Each investor has a pool of companies (funds universe, investable universe) in which he is allowed to invest. Companies need to perform above average with regards to sustainability performance to become part of the ESPA responsible investment universe. In order to promptly react to changes on a company level, the ESPA Responsibility investment universe is updated on a monthly basis. Finally, the fund manager picks those companies with the best prospects according to fundamental financial data.

Coverage – The sum of all companies analysed by a rating agency is referred to as coverage. If a company is analysed for the first time this is called initial coverage.

Exclusionary criteria – No investments are made in particular sectors or companies, which violate certain (exclusionary) criteria (e. g. violation of labour regulation, nuclear energy, etc.). These criteria include ethical, social and governance risk factors.

ESPA VINIS Investment Board – In this board specialists in terms of sustainability meet financial experts. Together with the ESPA Responsibility team they discuss topical issues and current developments, IPOs, or the latest trends in different industry sectors.

Engagement – Engagement means that the investor tries to convince/persuade the management of a company to take actions in the fields of social responsibility, environment or transparency. On a national basis engagement is done by the ESPA Responsibility Team itself, on a global basis there exists a co-operation with F&C, who is specialised provider in this area.

Voting – Voting means the active exercise of the voting rights at shareholders' meetings. Possible targets are the increase in transparency in case of nominations for the board of directors, or more transparency in management compensation. In the area of voting, the ESPA Responsibility team also cooperates with F&C.

ESPA VINIS SKYLINE – ESPA VINIS SKYLINE illustrates the evaluation of single criteria for each company (e.g. environmental management, products & services, human capital, etc.). This evaluation is based on a rating score ranging from 0 (worst score) to 4 (best score). The single ratings are added up according to their weightings, which finally leads to a combined SRI rating.

ESPA VINIS STAR – Each sector has different areas of focus with regards to sustainability. The ESPA VINIS STAR shows the weightings of the three dimensions (environment vs. stakeholder vs. CG/ethics). The weighting of CG/ethics is held constantly at 25%. The weightings of the other two dimensions vary depending on the sector. For example, stakeholder issues are weighted higher in the service sector, whereas the importance of environmental issues is more dominant in the industrial sector.

Imprint

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