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Market report from a responsible investor's view

Equities:

Equity markets continued to gain during the first half of November with uncertainty among investors rising towards the end of the month. The performance for the entire month was positive. Released macro data were again mixed, they confirmed the expectation of an economic stabilisation on the one hand but raised fears about sustained growth over the next periods. Positive expectations and high liquidity seem to support the market at current levels.

In this environment crude prices were close to stable, while the EUR moved up further versus the US currency and traded above 1.50 USD at the end of the month.

Different sustainable themes showed a diverse performance. While renewable energy and water showed a negative contribution, the themes energy efficiency and waste performed positively.

In the past month international sustainable equity indices showed a performance close to their 'conventional' peers. European sustainable indices performed slightly below broad market indices. For the Austrian equity market, which has still been in a phase of correction in November, sustainable VÖNIX performed slightly below the ATX Prime, the broader Austrian equity index.

| Index comparison (November 09) | | | |
|-----------------------------------------|------|-------------------------|-------|
| ↑ FTSE 4 Good Global Index | 3.6% | ↑ FTSE 4 Good Europe 50 | 0.8% |
| ↑ Dow Jones Sustainability World TR | 2.1% | ↑ Dow Jones STOXX 50 | 1,0% |
| ↑ Ethical Index Global Top 30 | 1.9% | ↑ Dow Jones STOXX 600 | 1,0% |
| ↑ Ethical Index Global Tradeable Return | 1.9% | ↑ MSCI Europe | 0.8% |
| ↑ MSCI World Total Return | 2.9% | ↓ VÖNIX | -1.1% |
| | | ↓ ATX Prime | -0.1% |
| | | ↓ ATX | -0.9% |

Fixed Income:

Economic data released in November indicated the continuation of the economic recovery in the developed markets. The pace of the recovery decelerated in almost all sectors. Unemployment rates, property market data, as well as industry data like purchasing manager indices, capacity utilization, industrial production and sentiment data like consumer confidence and IFO-indices slightly improved. After the return to slow economic growth in the 2nd quarter 2009 the question remains if the recovery proves sustainable.

Governments and central banks still indicate continued support and an ongoing expansionary monetary policy. Quarterly results of companies continued to surprise positively. High liquidity predominantly flew into new issues, especially government bonds. The issuance of spread products decelerated noticeably after very strong months. The rate of inflation increased but is still slightly above zero percent; currently it seems to have past its low.

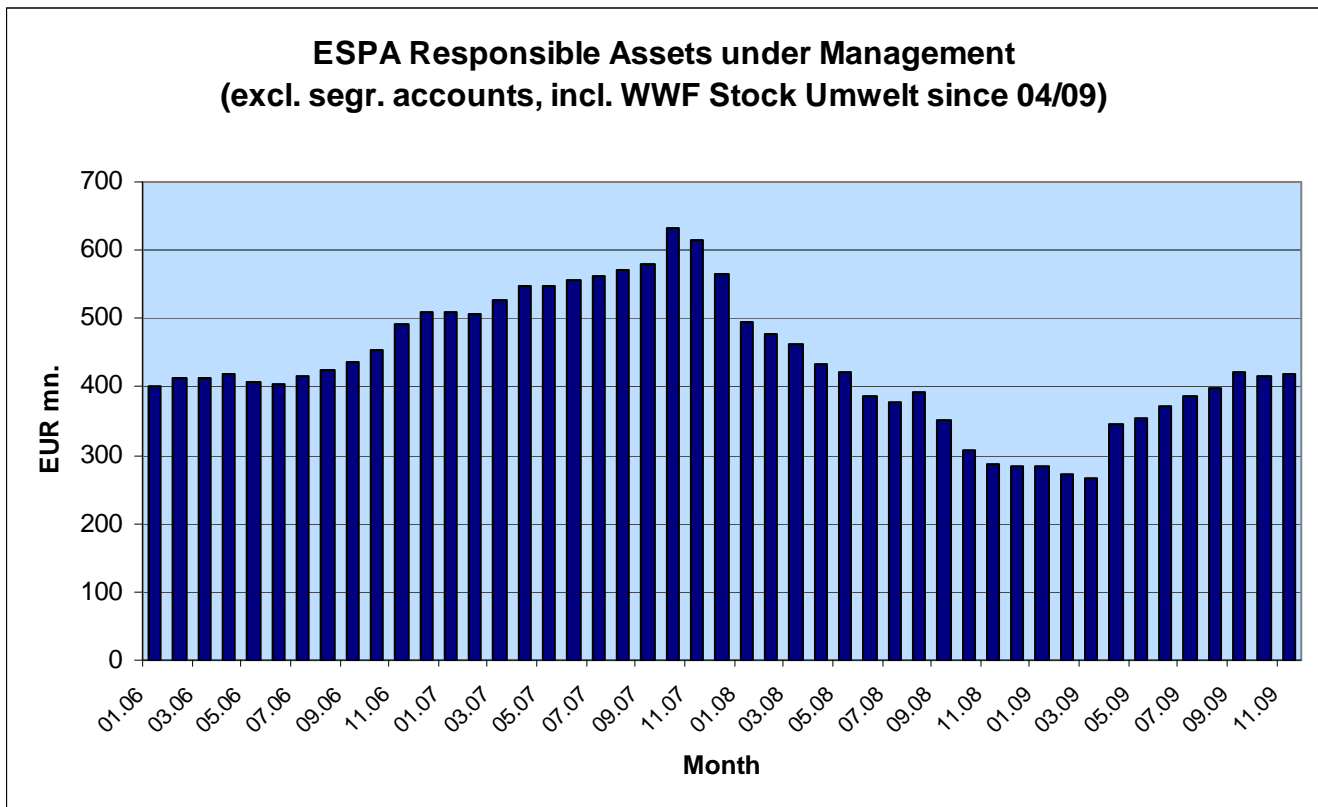
The spreads on bonds of industrial companies and financial service providers performed mixed in November. While spreads narrowed for sectors like Telecommunication Services, Utilities, Health Care, etc., Financials widened due to different negative impacts. Few attractive new issuances characterized the primary market.

In November government bond yields closed on slightly lower levels along the yield curve. The Bund Future left its broad sideways range of the last months to levels above 123.00 at the end of November. The 10Y yield of German government bonds was about 3.15% at the end of the month. The German yield curve remained almost unchanged on low levels in November (10 Y – 2 Y Governments: 190 BP).

Performance data for the ESPA Responsible Investment funds

| Performance data per 30/11/09 Sustainability Funds | 2009 YTD | 2009 YTD vs. Benchmark | MTD 11/09 | fund volume in mn. EUR |
|---------------------------------------------------------------|----------|---------------------------|-----------|---------------------------|
| ESPA VINIS STOCK GLOBAL | 23,3% | -0,2% | 0,9% | 132,4 |
| ESPA VINIS STOCK EUROPE | 22,1% | -4,3% | 0,0% | 30,3 |
| ESPA VINIS STOCK AUSTRIA | 37,3% | -2,4% | -0,4% | 23,3 |
| ESPA VINIS STOCK EUROPE EMERGING | 46,3% | -22,9% | -1,2% | 6,7 |
| ESPA VINIS BOND | 9,1% | 0,0% | 1,0% | 93,3 |
| ESPA VINIS CASH | 10,9% | 9,4% | 0,1% | 35,2 |
| Performance data per 30/11/09 Environmental Funds | 2009 YTD | | MTD 11/09 | fund volume in mn. EUR |
| ESPA WWF STOCK CLIMATE CHANGE | 13,9% | | 1,2% | 53,4 |
| ESPA WWF STOCK UMWELT | 7,8% | | 0,9% | 42,8 |
| Total Assets under Management | | | | 417,4 |

ESPA Responsible Investment funds: Assets under Management



Latest developments within the ESPA Responsibility Team

Media appearance of ESPA Responsibility Team

- Article in L'agefi „La croissance de l'Europe de l'Est qui rime avec durabilité" (12/11/2009)
- Article in Top-Gewinn „Doing good and earning profit" („Gutes tun und Rendite machen") November 2009
- Article in Fonds Professionell « Feri Awards: And the winners are... » (25/11/2009)
<http://www.fondsprofessionell.at/redsys/newsText.php?sid=841711&nlc=AT>
- Article in Wirtschaftsblatt „After the crisis green funds start prospering" („Nach der Krise beginnen grüne Fonds wieder zu sprießen") (27/11/2009)
- Article in e-fundresearch.com „Growing importance of sustainability" („Wachsende Bedeutung von Nachhaltigkeit") (03/12/2009) <http://at.e-fundresearch.com/article.php?aID=13425&nl=4157181>
- Article in DeFacto-Select „Climate protection has not been a big investment story yet" („Klimaschutz noch kein großes Investment-Thema") (07/12/2009)
- Article in Citywire „Climate summit will disappoint, say green fund managers"(08/12/2009)
<http://www.citywire.co.uk/selector/-/news/other/content.aspx?ID=371707>
- A broad range of articles focussing on the inception of ESPA VINIS MICROFINANCE

Proceedings & development

- Start of the first European Microfinance fund of funds at 04/01/2010
- 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 November/December 2009:
 - K2 ESG-Hedge Fund Conference 03/11/2009 in London
 - TBLI Conference 12/11-13/11/2009 in Amsterdam
 - IPE Pension Fund Awards 2009 18/11/2009 in Dublin
 - Board meeting of FNG (Forum Nachhaltige Geldanlagen) 02/12/2009 in Vienna

Changes in the investment universe (December 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:

- Hera - initial coverage
- Medtronic - improvement regarding environment-related performance
- Zurich Financial Services - improvement regarding stakeholder- & environment-related performance

Excluded - Reasons:

- JP Morgan Chase - violation of exclusionary criteria
- Iberia, Sonova Holding - deterioration regarding environment-related performance

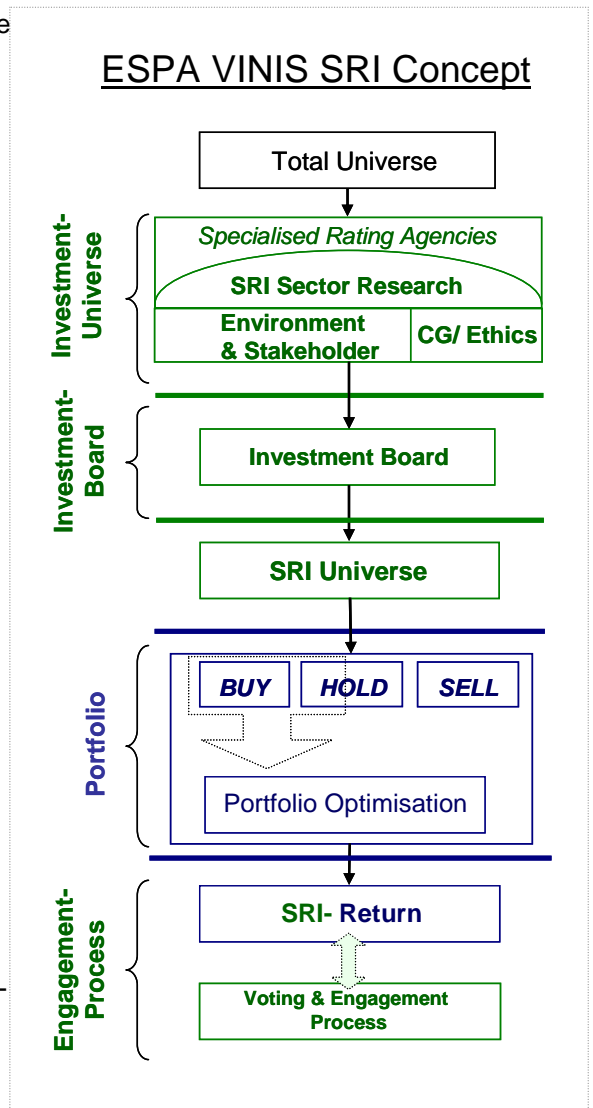
ESPA VINIS Investment Board highlights

(last Meeting 12/10/09)

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:

- How willing are Japanese companies in giving away CSR-related data? Are there any particular aspects with regards to stakeholder issues?
- Which results at the Copenhagen Conference are to be expected in order to interpret it as 'positive' in terms of results?
- At Christmas season traditionally sales are soaring, to what extent is ecologically packaging accounted for in the rating of consumer product / retail companies?
- If 'brick' or 'click' companies, e.g., Barnes & Noble and Amazon, are compared, which company would be considered more sustainable, also with regards to shipping, order process, etc.?
- Rating agencies opinion on sustainable efforts of government sponsored agencies that have a welfare purpose like CADES, UNEDIC, GPPS, etc.?
- Outlook on future coverage by the rating agencies.



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

Kingfisher Plc

(Retail-Building Products)

ISIN:

Last price (21/12/09)

Market capitalisation (in mn.)

P/E (Price-earning ratio) estimate

Dividend yield

Financial rating (Moody's / S&P)

KGF LN

GB0033195214

GBP 222.4

GBP 5250,67

14.63

2.39%

Baa3 / BBB-

SRI-Rating (total):

(Range A-D)

Environment rating (Range A-D):

Stakeholder rating (Range A-D):

Corporate Governance /

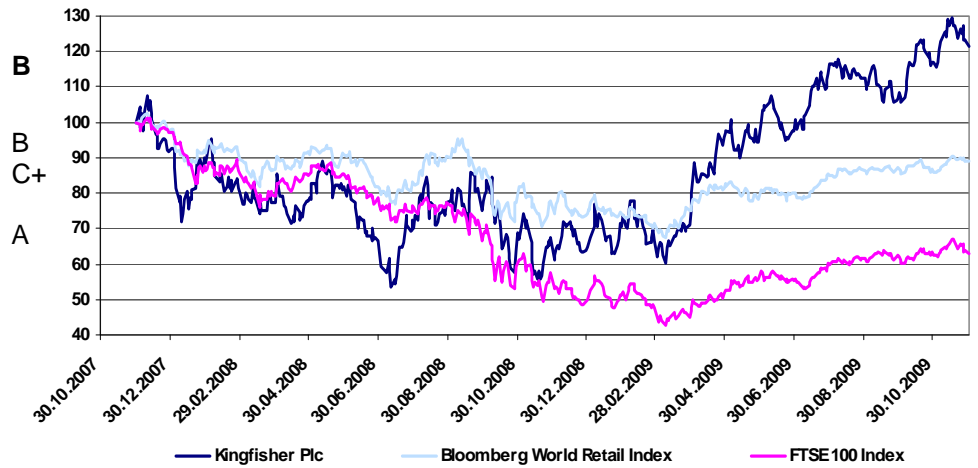
Ethics Rating (Range A-D):

Invested in funds as follows:

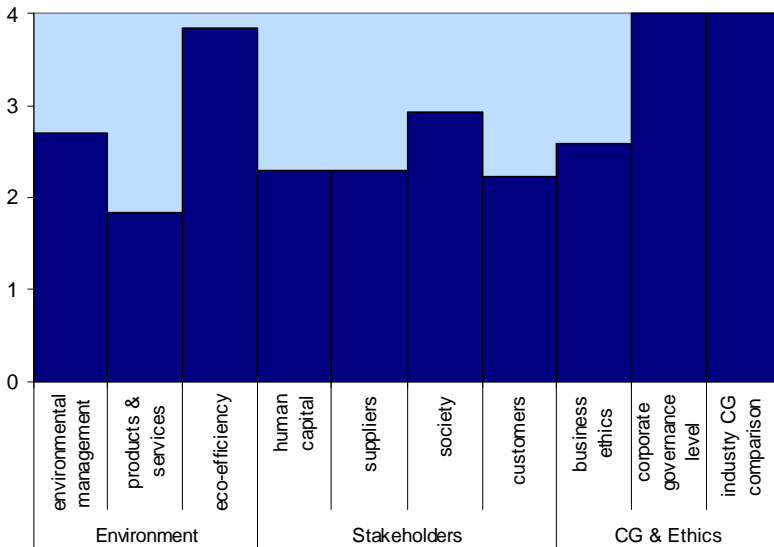
ESPA VINIS STOCK EUROPE

ESPA VINIS STOCK GLOBAL

Performance since 11/2007

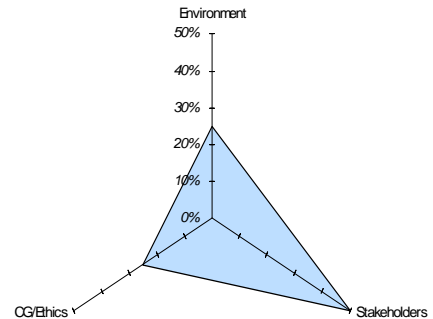


ESPA VINIS SKYLINE (Company level)



ESPA VINIS STAR (Sector level)

Environment: 25.0%
 Stakeholders: 50.0%
 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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