



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:

Equity markets continued their positive pace in March based on slow but steady daily gains. A reason for the upward trend was a statement of the Fed to keep interest rates low in the near future. Macroeconomic data from the US were mostly in or even above expectations. Doubts about future growth perspectives for the US and European economies lost importance. The price for crude oil slightly increased in the market environment illustrated above, while the Euro fell to even below 1.35 versus the US currency.

The majority of sustainable themes showed positive performances last month. The best performing sector in March was solar, followed by energy efficiency and alternative transport. Also mobility showed a positive performance. Only the wind sector performed negative.

The performance of international sustainable equity indices lagged slightly behind its 'conventional' peers in March. European sustainable equity indices performed quite in line with their 'conventional' counterparts. The Austrian equity market outperformed the international markets, with the sustainable VÖNIX Index lagging markedly behind the broader ATX Prime and ATX Index.

Index comparison (March 10)			
↑ FTSE 4 Good Global Index	6.1%	↑ FTSE 4 Good Europe 50	6.5%
↑ Dow Jones Sustainability World TR	7.3%	↑ Dow Jones STOXX 50	6.4%
↑ Ethical Index Global Top 30	5.7%	↑ Dow Jones STOXX 600	7.2%
↑ Ethical Index Global Tradeable Return	6.7%	↑ MSCI Europe	7.1%
↑ MSCI World Total Return	6.3%	↑ VÖNIX	7.1%
		↑ ATX Prime	8.5%
		↑ ATX	8.0%

Fixed Income:

The economic data published in March suggest a continued and stable economic growth in the developed markets. Positive signals came from the industrial side (Purchasing Managers Index, ISM Manufacturing / Services, industrial production, etc.), the labour market and the consumer side (IFO Index, ZEW Index, Consumer Confidence Index, etc.). The topic of government bonds - especially in relation to Greece - continued to dominate the bond markets, which supported the high prices of government bonds in the core markets of the Euro zone. Governments and central banks indicated they would prolong their support measures. Key lending rates seem to remain unchanged in the coming months. The inflation rate remained stable on low levels.

Issuing activity was on average levels in the month of March covering the entire spectrum of instruments from government bonds to mortgage bonds and more or less liquid credits. The spreads of corporate bonds issued by industrial companies and financial service providers tightened again in March. The iTraxx CDS indices closed the month tighter as well. Most sectors and specific titles also showed a tightening of their spreads, with volatile high-beta sectors such as the car sector, cyclical consumer goods as well as subordinated bank bonds closing the month among the outperformers.

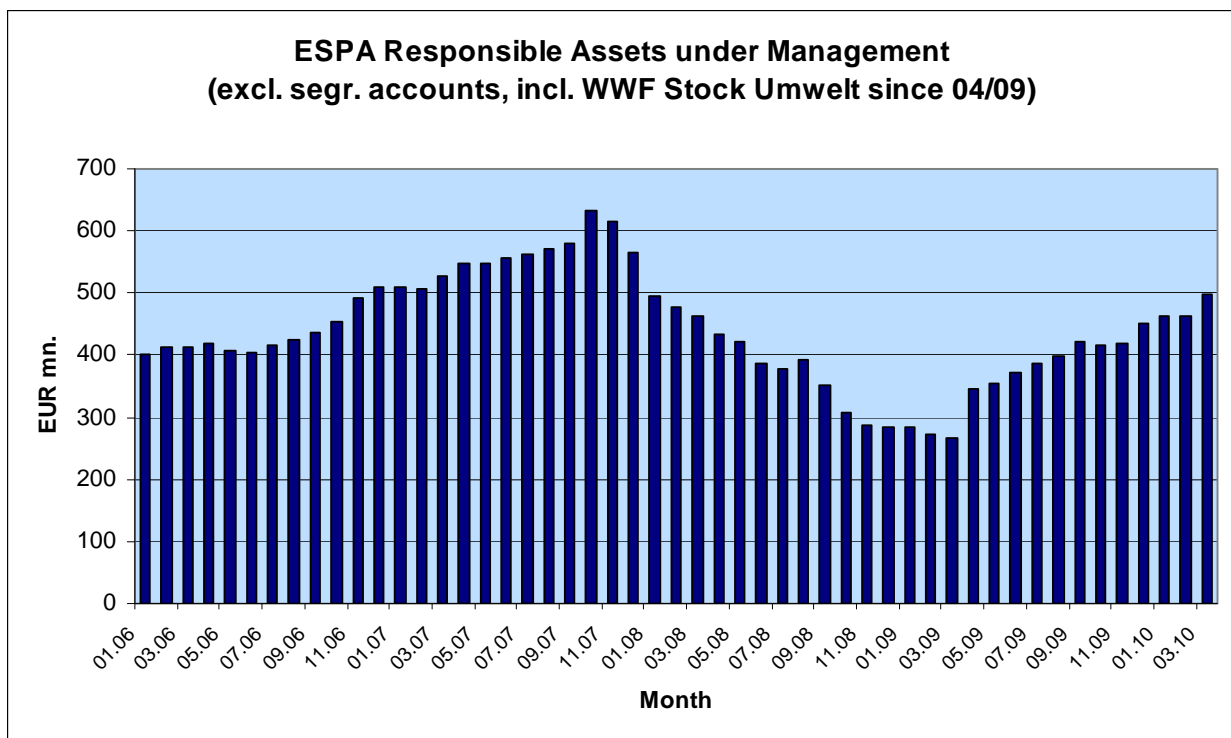
Government bond yields closed the month almost unchanged across the entire interest rate curve. The Bund futures contract fluctuated upwards within a trading range between 122.50 and 123.50. The 10Y yields of German government bonds closed the month at about 3.10%. The interest rate curve remained almost unchanged in March (10Y - 2Y government bonds: 213bps).

Performance data for the ESPA Responsible Investment funds

Performance data per 03/31/10 Sustainability Funds	2010 YTD	2010 YTD vs. Benchmark	MTD 03/10	fund volume in mn. EUR
ESPA VINIS STOCK GLOBAL	6,8%	-3.2%	6.4%	171.1
ESPA VINIS STOCK EUROPE	2.3%	0,1%	8.9%	21.3
ESPA VINIS STOCK AUSTRIA	3.3%	-0.5%	7.1%	24.5
ESPA VINIS STOCK EUROPE EMERGING	10.5%	-3.9%	10.0%	8.2
ESPA VINIS BOND	2.3%	0.0%	0.6%	110.2
ESPA VINIS CASH	1.4%	1.2%	0.4%	45.4
Performance data per 03/31/10 Environmental Funds	2010 YTD		MTD 03/10	fund volume in mn. EUR
ESPA WWF STOCK CLIMATE CHANGE	0.4%		5.6%	59,7
ESPA WWF STOCK UMWELT	5.0%		6.7%	48.0
Performance data per 02/28/10 Environmental Funds **)	2010 YTD		MTD 02/10	fund volume in mn. EUR
ESPA VINIS MICROFINANCE *)	0.6%		0.6%	10.0
Total Assets under Management				498.4

*) inception 01/04/2010, **) latest available NAV

ESPA Responsible Investment funds: Assets under Management



Latest developments within the ESPA Responsibility Team

Media appearance of ESPA Responsibility Team

- Die FondsNote - Newsletter article "Sun and rain: Assessment of Eco-funds over the last 5 years" ("Sonne und Regen: Fünf-Jahres-Bilanz der Öko-Fonds") March 2010
http://newsletter.advisors-world.de/FAS/Newsletter/FAS_Newsletter.pdf
- Relevant article "Panacea or Debt" ("Allheilmittel oder Schulden") March 2010
- Finance & Ethics Sustainability report from 03/25/2010
<http://www.fondsprofessionell.at/upload/attach/242217.pdf>
- Release from Austrian Ministry for Environment „Berlakovich: Economic success achieved by environment and climate protection – 16 companies have been awarded for their products and services“ from 04/14/2010
<http://presse.lebensministerium.at/article/articleview/82300/1/29193/>
- Corpor-Aid article „Further price increases“ („Weitere Kursanstiege“) from April 2010

Proceedings & development

- ESPA VINIS BOND ranked 3rd within Euro Diversified Bonds at Morningstar Awards
- Erste Sparinvest award winning of Austrian „Umweltzeichen“ for funds as follows: ESPA VINIS Stock Global, ESPA VINIS Stock Europe, ESPA VINIS Stock Austria, ESPA VINIS Stock Europe Emerging, ESPA WWF Stock Climate Change, ESPA WWF Stock Umwelt, ESPA VINIS Bond, ESPA VINIS Cash
- Participation of ESPA Responsibility Team at the following conferences in April/May/June 2010:
 - Forum Nachhaltige Geldanlagen Meeting 04/22/2010 in Stuttgart
 - Investment Board ESPA VINIS MICROFINANCE 04/23/2010 in Vienna
 - Social Business Networking 05/11-12/2010 in Vienna and Bratislava
 - EFSE Annual Meeting 06/08-10/2010 in Ohrid
 - Good Steward Enhanced Fund Investment Board Meeting end of June in Seoul
 - Banker's information day on behalf of Erste Group Bank and Erste Sparinvest 06/24-25/2010 in Mondsee

Changes in the investment universe (April 2010)

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:

- Enagás, Snam Rete Gas, Wärtsilä - companies included in research universe
- Eni, J Sainsbury - abolition of exclusionary criteria
- Basler Kantonalbank - improvement regarding stakeholder & environment-related performance
- Assicurazioni Generali - improvement regarding environment-related performance

Excluded - Reasons:

- Diageo, Goldcorp, Kesko - violation of exclusionary criteria

ESPA VINIS Investment Board highlights

(last Meeting 03/10/10)

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:

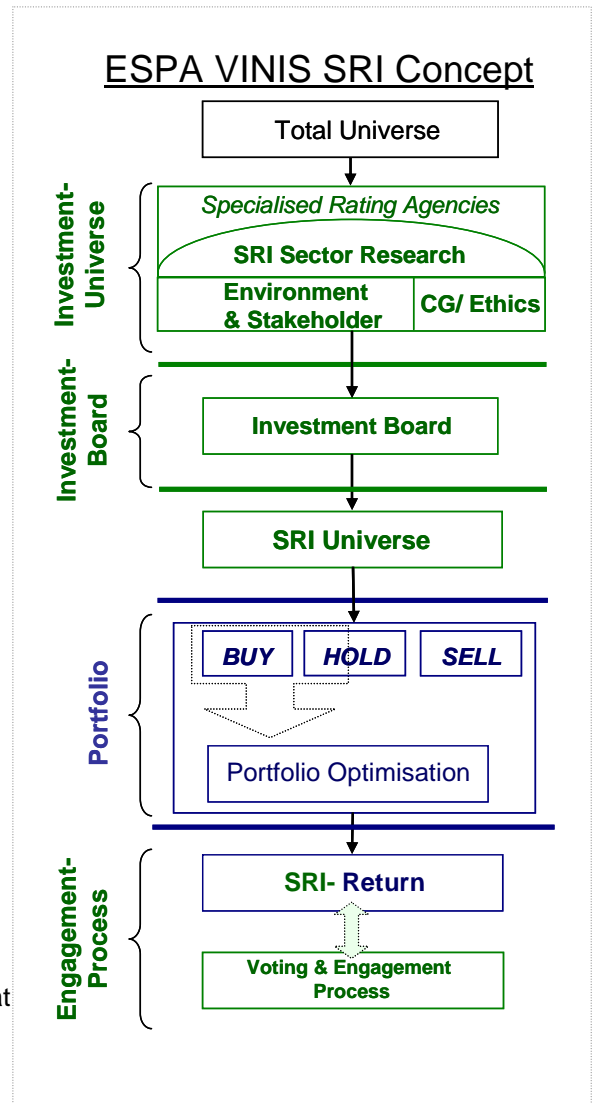
- Discussion of the ratings of 'BP' versus 'Shell' in view of strategy and the handling of CSR issues in both companies.
- How are 'recalls' in the automotive industry assessed by the rating agencies (with regards to companies' client relations)?
- Burlington Northern has been taken over by Berkshire Hathaway - will there be a sustainability rating of Berkshire Hathaway by the rating agencies?
- What is the rating agencies view on 2nd generation bioethanol (regarding the application of enzymes in the production process and the opportunities and risks involved)?
- Cloud computing is an upcoming trend in the field of green IT. What is the ratings agencies view on this topic and are there any other major trends in this field one should be aware of?

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 Agrana and Österreichische Post



Stock on the watch

STMicroelectronics N.V.
 (Electronic Components - Semiconductors)
 ISIN:
 Last price (04/19/10)
 Market capitalisation (in mn.)
 P/E (Price-earning ratio) estimate
 Dividend yield
 Financial rating (Moody's / S&P)

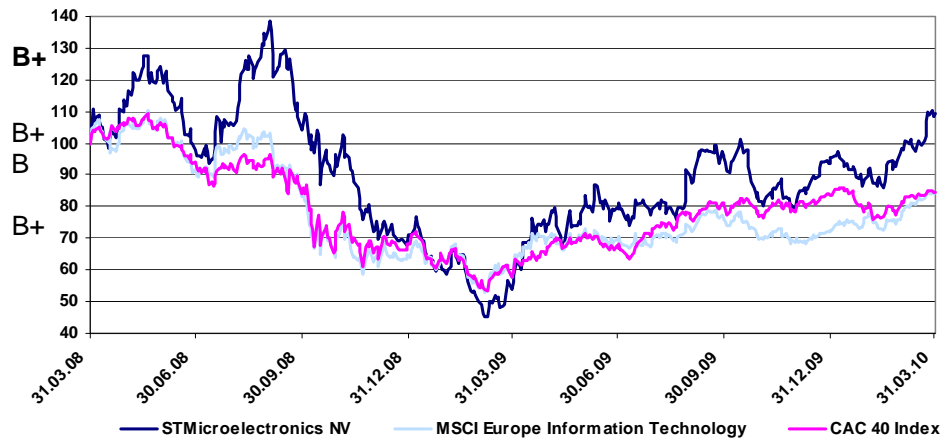
STM FP
 NL0000226223
 EUR 7.599
 EUR 6917.52
 23.31
 2.72%
 Baa1 / BBB+

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

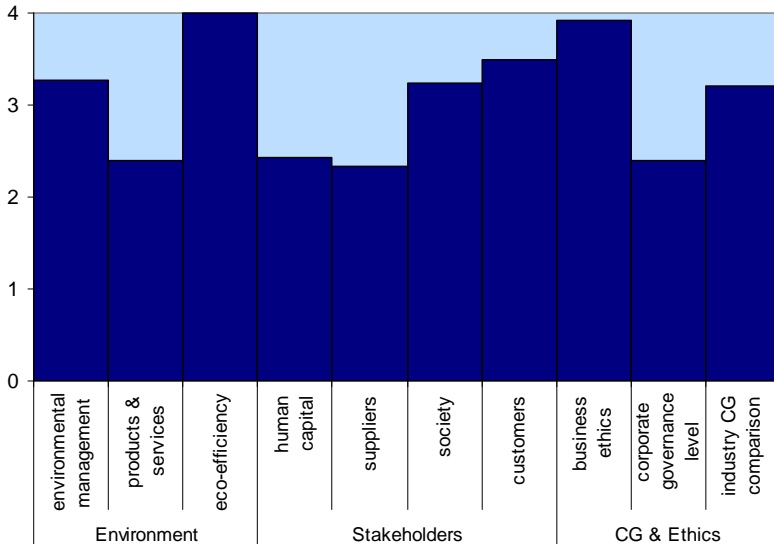
Environment rating (Range A-D):
 Stakeholder rating (Range A-D):
 Corporate Governance /
 Ethics Rating (Range A-D):

Invested in funds as follows:
 ESPA VINIS CASH
 ESPA VINIS STOCK EUROPE

Performance since 03/2008



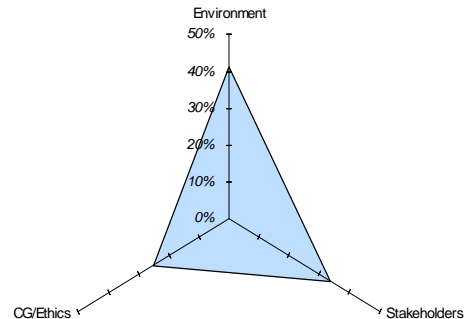
ESPA VINIS SKYLINE (Company level)



(4: best rating; 0: worst rating)

ESPA VINIS STAR (Sector level)

Environment: 41.25%
 Stakeholders: 33.75%
 CG / Ethics: 25.00%



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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