



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 remained slightly positive in the month of April, however, volatility started to rise. European markets continued their negative trend in spite of the favourable global environment. Reasons for the upward trend outside Europe were convincing quarterly earnings data and outlooks from Corporate America, whereas European exchanges were overwhelmed by the crisis in Greece and the fear about a contagion concerning other countries in Southern Europe. The Fed committed itself to keep interest rates low in the near future. Macroeconomic data from the US were mostly above expectations. The price for crude oil increased significantly in the market environment illustrated above, while the Euro fell further, to around 1.32 versus the US currency.

Sustainable themes showed mixed performances last month. While sectors like wind and solar showed negative performances, renewable energy and mobility were flat. Alternative transport and energy efficiency delivered positive performances.

International sustainable equity indices performed mixed in April but slightly better than its 'conventional' peers. European sustainable equity indices lagged behind their 'conventional' counterparts. The Austrian equity market outperformed the international markets, with the sustainable VÖNIX Index lagging behind the broader ATX Prime but performing better than the ATX Index.

Index comparison (April 2010)			
↓ FTSE 4 Good Global Index	-1.0%	↓ FTSE 4 Good Europe 50	-2.6%
↑ Dow Jones Sustainability World TR	0.4%	↓ Dow Jones STOXX 50	-3.3%
↓ Ethical Index Global Top 30	-1.6%	↓ Dow Jones STOXX 600	-1.4%
↑ Ethical Index Global Tradeable Return	2.0%	↓ MSCI Europe	-1.4%
↑ MSCI World Total Return	0.1%	↑ VÖNIX	1.2%
		↑ ATX Prime	2.7%
		↑ ATX	0.6%

Fixed Income:

The economic data published in April continued to indicate stable economic growth in the developed markets. The industrial sector (Purchasing Manager indices, ISM Manufacturing/Services, industrial production, etc.), the labour market, and consumers (IFO, ZEW, retail sales, etc.) were sending positive signals last month. The government debt of numerous countries – particularly of Greece – has been the dominant topic on the bond markets over the past couple of weeks. This situation culminated in downgradings of Greece, Portugal, and Spain by the rating agency Standard & Poor's. The massive widening of the spreads of Greek government bonds continued to support the high level of government bonds in the core markets of the Eurozone. Governments and central banks indicated the prolongation of their supporting measures. Key lending rates seem to remain unchanged in the coming months. The inflation rate remained stable on low levels.

The number of new issues was slightly below average in April, with sovereigns, some mortgage bonds and credits finding their way onto the primary market.

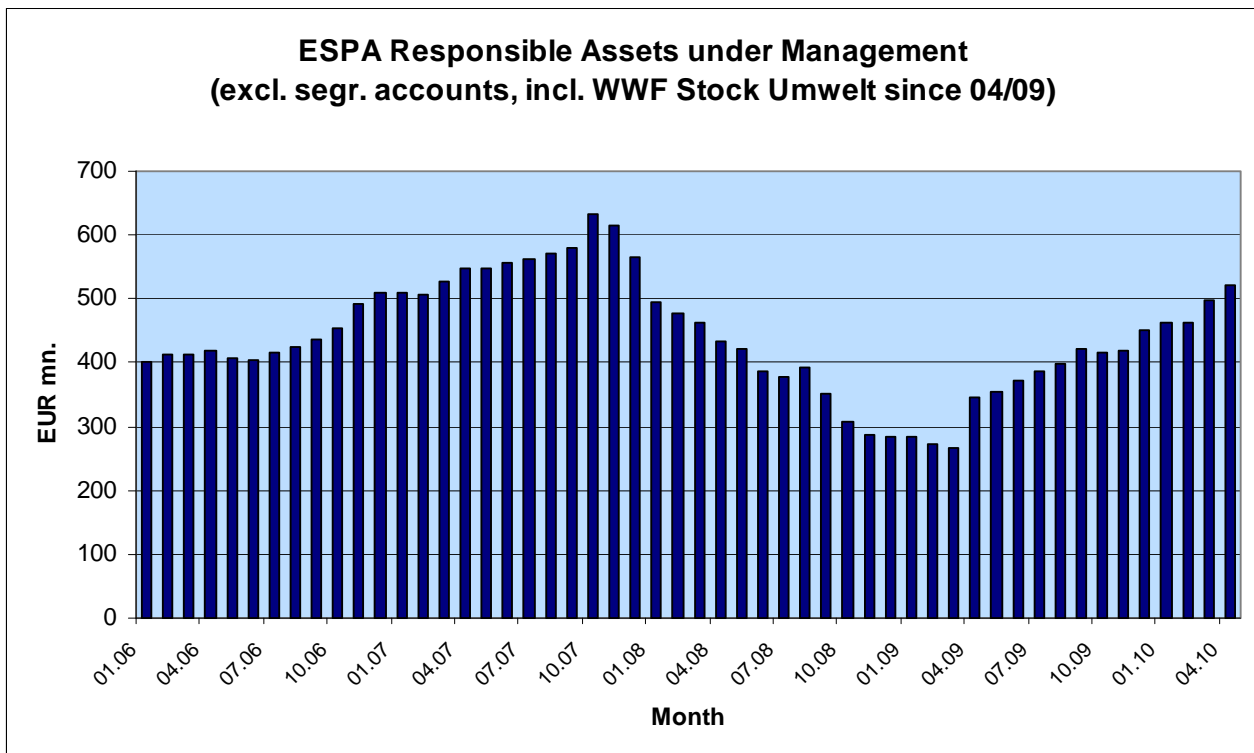
The Bund futures contract fluctuated within an upward-heading bandwidth of 122.50 to 125.00. The 10Y yield of German government bonds closed at 3.02% at the end of the month. The interest rate curve became steeper following a "bull steepening" towards the end of April (10Y-2Y governments: 225bps).

Performance data for the ESPA Responsible Investment funds

Performance data per 04/30/10 Sustainability Funds	2010 YTD	2010 YTD vs. Benchmark	MTD 04/10	fund volume in mn. EUR
ESPA VINIS STOCK GLOBAL	8,4%	-4.0%	1.4%	173.1
ESPA VINIS STOCK EUROPE	1.7%	2.0%	-0.6%	20.7
ESPA VINIS STOCK AUSTRIA	3.8%	-0.6%	0.5%	30.6
ESPA VINIS STOCK EUROPE EMERGING	11.5%	-6.6%	0.9%	8.6
ESPA VINIS BOND	2.9%	0.4%	0.6%	114.9
ESPA VINIS CASH	1.6%	1.4%	0.2%	44.9
Performance data per 04/30/10 Environmental Funds	2010 YTD		MTD 04/10	fund volume in mn. EUR
ESPA WWF STOCK CLIMATE CHANGE	2.2%		1.8%	60,7
ESPA WWF STOCK UMWELT	7.7%		2.6%	48.0
Performance data per 03/31/10 Environmental Funds **)	2010 YTD		MTD 03/10	fund volume in mn. EUR
ESPA VINIS MICROFINANCE *)	0.2%		0.1%	21.3
Total Assets under Management				522.8

*) 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

- Corpor-Aid article „Further price increases“ („Weitere Kursanstiege“) from April 2010
- Finanztest article for the topic Investment and retirement provision „Modern times“ („Moderne Zeiten“) from 05/2010
- Die Presse article „Start-up aid for micro entrepreneurs“ („Starthilfe für Kleinunternehmer“) from 04/21/2010

Proceedings & development

- 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 May/June 2010:
 - Social Business Networking Event 05/12/2010 in Vienna
 - EFSE Annual Meeting 06/08-10/2010 in Ohrid/Macedonia
 - Good Steward Enhanced Fund Investment Board Meeting end of June in Seoul
 - Banker's informations day on behalf of Erste Group Bank and Erste Sparinvest 06/24-25/2010 in Mondsee

Changes in the investment universe (May 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:

Assa Abloy, Bombardier, Coca-Cola Heelnic Bottling Company, Magma Energy, Renovalia Energy, Scania - companies included in research universe

PepsiCo - improvement regarding stakeholder & environment-related performance

Excluded - Reasons:

Microsoft - violation of exclusionary criteria

ESPA VINIS Investment Board highlights

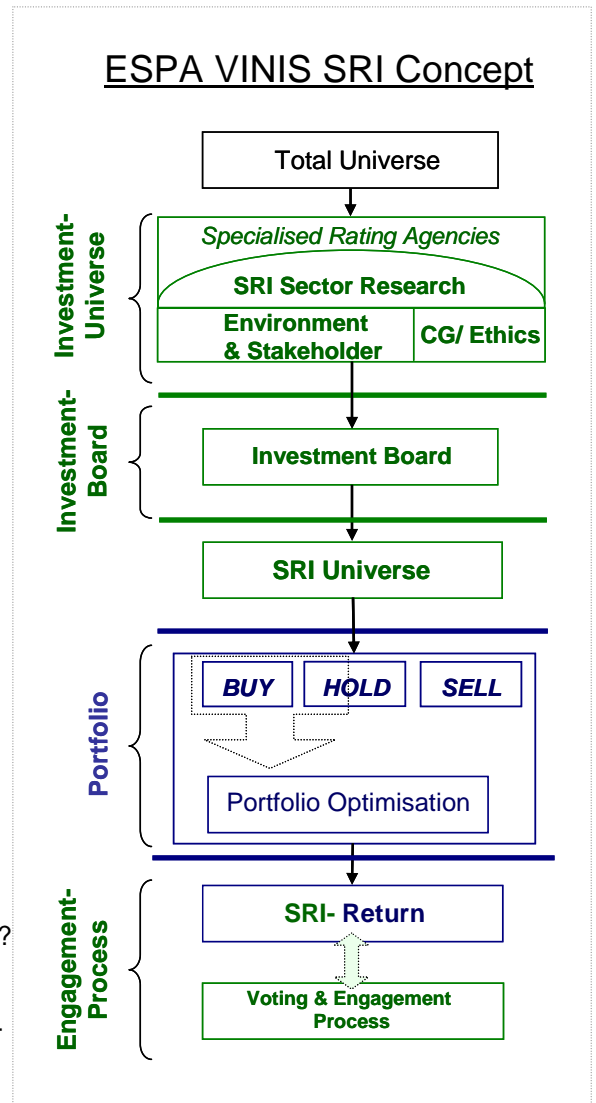
(last Meeting 04/29/2010)

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:

- Did the recent volcano eruptions lead to a revaluation of risks for the airline industry (e.g., cancellation of flights, unsatisfied customers, etc.)?
- Will the rating of the Austrian company Raiffeisen International be affected by the merger with its parent company RZB?
- The 11th Football World Championship will take place in South Africa in June. What does this event mean for the African economy and society? Do you think that South Africa as a single country or Africa as a continent will be able to take advantage of that event?
- What is the ratings agencies definition of 'avoidable' animal testing?
- The futurologist John Naisbitt said that water is the gold of the 21st century. Usage of clean water will be a big challenge for future generations - what part plays the topic of water within the sustainability evaluation of companies and countries?



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

Herman Miller Inc.

(Office Furnishings)

ISIN:

Last price (05/19/10)

Market capitalisation (in mn.)

P/E (Price-earning ratio)

Dividend yield

Financial rating (Moody's / S&P)

MLHR US

US6005441000

USD 19.46

USD 1108.43

26.30

0.45%

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 WWF STOCK UMWELT

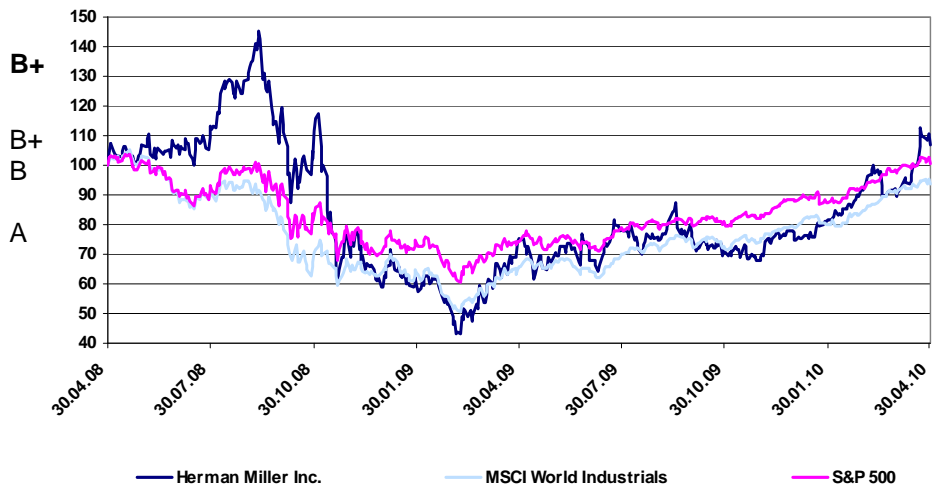
B+

B+

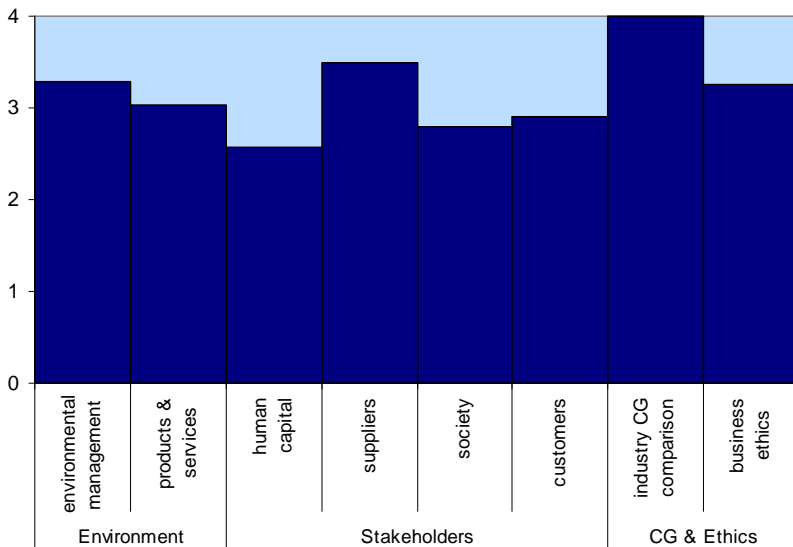
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A

Performance since 04/2008



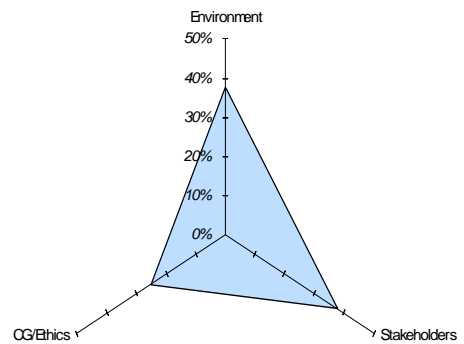
ESPA VINIS SKYLINE (Company level)



(4: best rating; 0: worst rating)

ESPA VINIS STAR (Sector level)

Environment: 37.50%
 Stakeholders: 37.50%
 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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