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Market report from a responsible investor's view

Equities:

In July, global equity markets continued their consolidation. After a sharp rise at the beginning, markets showed a correction both mid-month and at the end of the month. Whereas fears about the debt crisis in Greece eased off for the time being, the US debt situation and a possible default put pressure on the markets. US macro data were again pointing towards reduced growth in the American economy. The price for crude was up in the market environment illustrated above and traded around the mark of 118 USD (Brent). The Euro remained unchanged at a level of about 1.44 versus the US currency.

Sustainable themes mostly delivered negative performances last month. Within the theme of renewable energies especially solar energy showed a poor performance. Air purification was the only theme that was able to deliver a positive performance.

Sustainable international indices as well as their sustainable counterparts delivered negative performances for a second consecutive month. European sustainable equity indices performed slightly better than their 'conventional' counterparts. The Austrian equity market delivered deep red figures last month with the ATX Index and the broader ATX Prime Index showing a marginally better performance than the sustainable VÖNIX Index.

Indexcomparison (July 2011)			
↓ FTSE 4 Good Global Index	-2.2%	↓ FTSE 4 Good Europe 50	-1.9%
↓ Dow Jones Sustainability World TR	-1.7%	↓ Dow Jones STOXX 50	-2.0%
↓ Ethical Index Global Top 30	-3.3%	↓ Dow Jones STOXX 600	-2.8%
↓ Ethical Index Global Tradeable Return	-1.3%	↓ MSCI Europe	-2.6%
↓ MSCI World Total Return	-2.8%	↓ VÖNIX	-6.0%
		↓ ATX Prime	-5.5%
		↓ ATX	-5.6%

Fixed Income:

The economic data published in July presented a mixed picture for the industrial nations. While Purchasing Manager Indices and retail sales were neutral to positive, the US labour market, the property market and some consumer surveys were disappointing. The ECB increased, as expected, the key-lending rate by 25 bps to 1,50 % at its meeting on July 7th. The USA experienced a bitter political discussion about its debt ceiling. The EU agreed on another aid package for Greece, but failed to calm the capital markets on a sustainable basis with its announced measures.

Risk aversion considerably picked up amid high volatilities. Financials, Industrials and mortgage bonds delivered the best performances last month, while government bonds lost some ground. Banks with high exposures to Greece as well as almost all issuers of the peripheral countries of the European Union remained under considerable pressure.

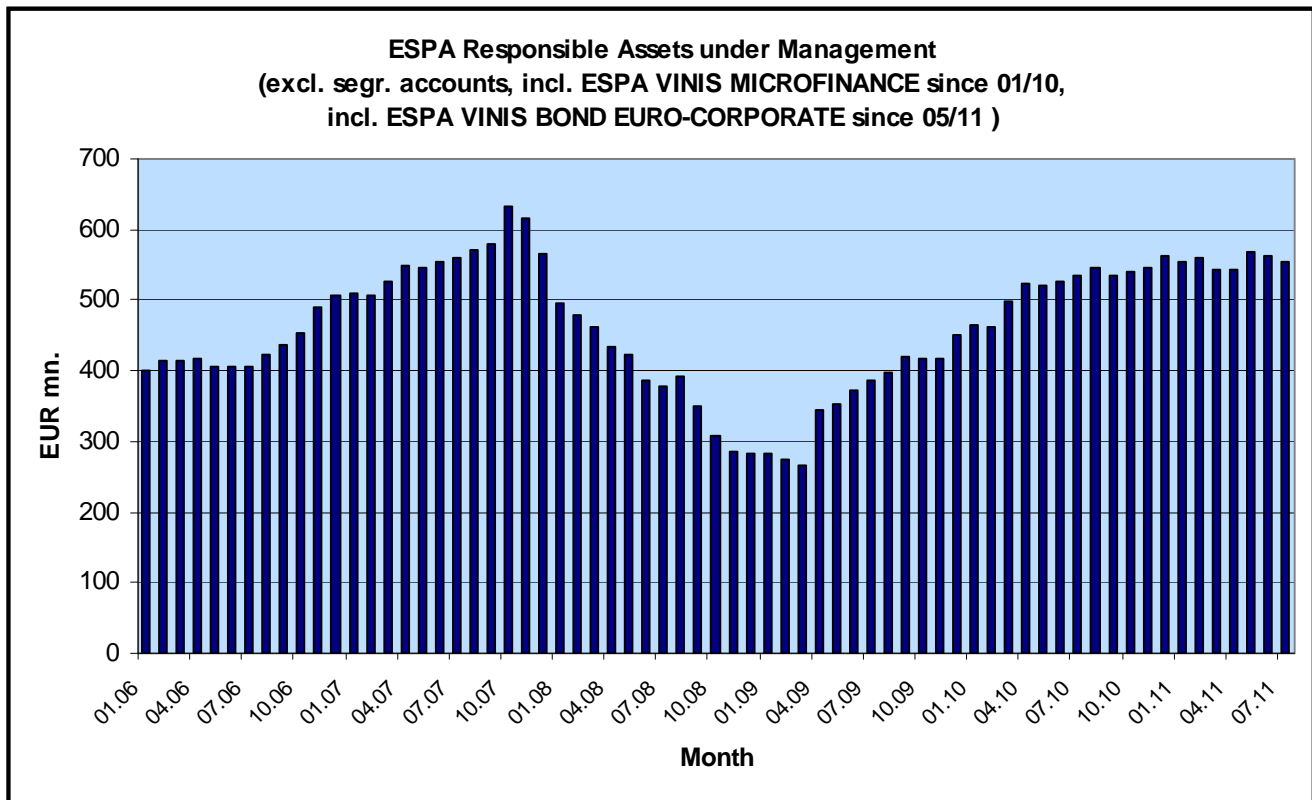
The Bund futures contract experienced a very volatile month and traded in a broad range between 125.22 to 130.91. The yield of the euro interest rate curve declined in July on the back of safe-haven flows by a substantial 40-55bps.

Performance data for the ESPA Responsible Investment funds

Performance data per 07/29/11 Sustainability Funds	2011 YTD	2011 YTD vs. Benchmark	MTD 07/11	fund volume in mn. EUR
ESPA VINIS STOCK GLOBAL	-4.8%	-0.3%	-1.1%	198.1
ESPA VINIS STOCK EUROPE	-6.4%	-3.7%	-3.5%	21.6
ESPA VINIS STOCK AUSTRIA	-12.3%	-0.5%	-3.7%	9.0
ESPA VINIS STOCK EUROPE EMERGING	-6.8%	-6.2%	-3.3%	13.2
ESPA VINIS BOND	1.5%	-0.4%	0.6%	134.4
ESPA VINIS CASH	1.3%	0.9%	0.2%	59.9
ESPA VINIS BOND EURO-CORPORATE *)	-	-	1.1%	20.9
Performance data per 07/29/11 Environmental Funds	2011 YTD		MTD 07/11	fund volume in mn. EUR
ESPA WWF STOCK CLIMATE CHANGE	-10.7%		-5.2%	24.5
ESPA WWF STOCK UMWELT	-12.4%		-3.3%	42.3
Performance data per 07/15/11 Microfinance Funds **)	2011 YTD		MTD 07/11 **)	fund volume in mn. EUR
ESPA VINIS MICROFINANCE **)	0.8%		0.2%	30.8
Total Assets under Management				554.7

*) since 05/02/11, **) latest available NAV

ESPA Responsible Investment funds: Assets under Management



Latest developments within the ESPA Responsibility Team

Media appearance of ESPA Responsibility Team

- Institutional Money article „Vinis launches new fund that invests in sustainable credits“ („Vinis legt neuen Fonds für nachhaltige Unternehmensanleihen auf“ from 07/05/2011
http://www.institutional-money.com/cms/news/uebersicht/artikel/vinis-legt-neuen-publikumsfonds-fuer-nachhaltige-unternehmensanleihen-auf/?tx_ttnews%5BbackPid%5D=11&cHash=ca9f21b20a
- FER-Sustainability Report „Microfinance products become more fashionable“ („Mikrofinanzprodukte immer mehr in Mode“) from 08/12/2011
<http://www.fondsprofessionell.at/redsys/newsText.php?sid=531098&nlc=AT>

Proceedings & development

- Research to the topic Emerging Market Debt in combination with sustainable criteria on a governmental basis
- Successful pitching for a mixed Absolute Return -mandate with sustainable criteria
- Focus on Sustainability within Erste Group Bank in the 4th quarter, 2011
- Commitment to the exclusion of investments in companies producing and dealing with banned weapons within ERSTE-SPARINVEST KAG
- Participation of ESPA Responsibility Team at the following conferences in August/September 2011:
 - UN PRI in Person Annual Event September 15 - 16 in Paris
 - EUROSIF 10th anniversary meeting September 21 - 22 in Brussels

Changes in the investment universe (August 2011)

The implementation of the SRI concept and the inclusion of SRI-research (oekom, Innovest, RiskMetrics (former ISS) and 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:

CaixaBank, Mondi, Redes Energéticas Nacionais - company included in research universe

Ferrovial - improvement regarding stakeholder & environment related performance

Excluded - Reasons:

Iberdrola Renovables - company removed from research universe

KBC Group, Leoni - deterioration regarding stakeholder & environment related performance

ESPA VINIS Investment Board highlights

(last Meeting 07/14/2011)

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:

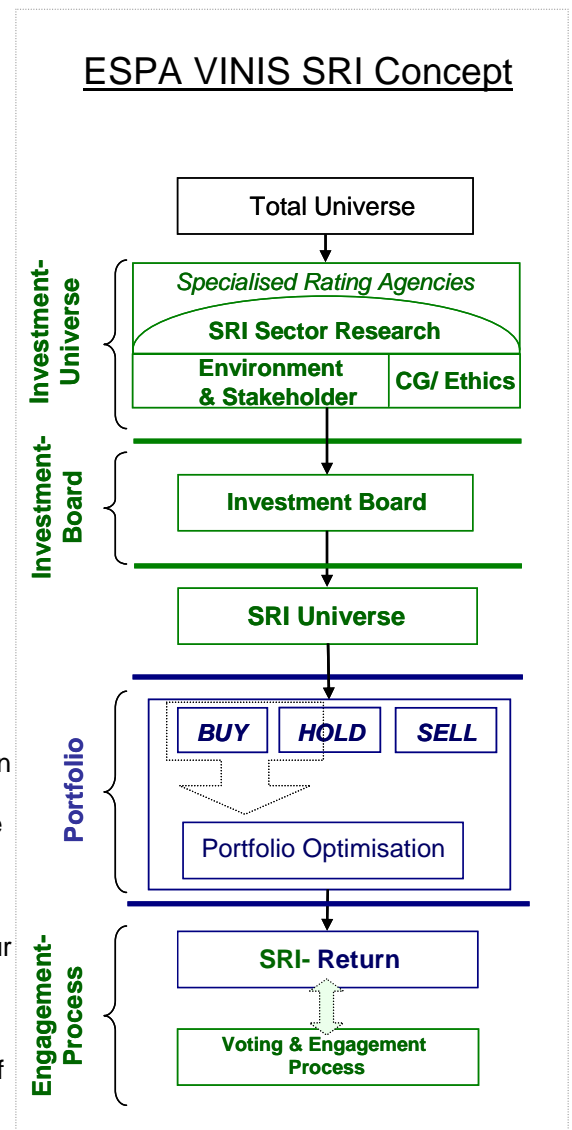
- Rating agencies comment on discrepancy in their rating on the Austrian company "voestalpine".
- Rating agencies comment on the current corruption case regarding the Hungarian company "Mol"?
- Provision of a short assessment on the German company "Elster Group".
- Explanation on the rating agencies coverage of the issue of child labour in case of cocoa plantations? How can major chocolate producers source their cocoa responsibly?
- How is the topic of management quality considered in the rating agencies evaluation scheme, among others in the field of the assessment of company risk?

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 Kapsch TrafficCom, Mayr-Melnhof, Telekom Austria, Vienna Insurance Group and Wienerberger



Stock on the watch

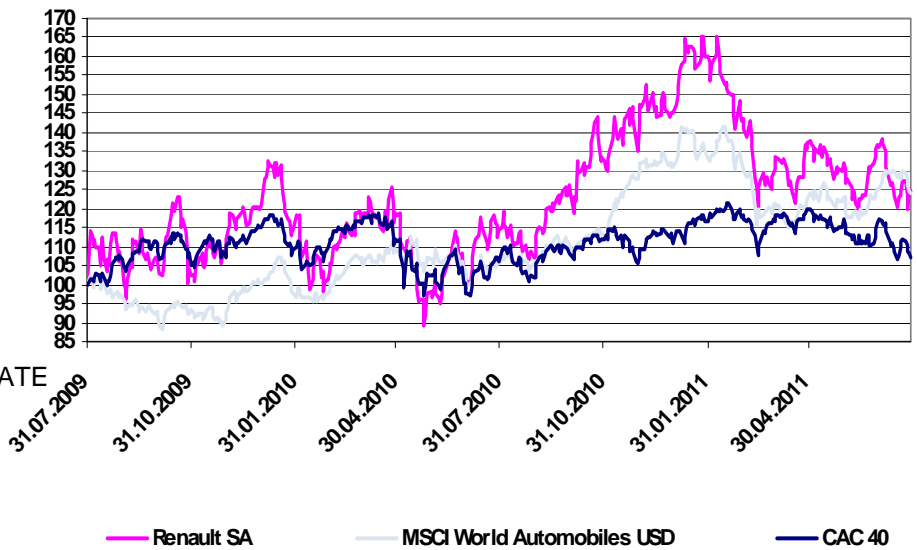
RENAULT SA

(Auto-Cars/Light-Trucks)
 ISIN:
 Last price (08/19/11)
 Market capitalisation (in mn.)
 P/E (Price-earning ratio) estimate
 Dividend yield
 Financial rating (S&P / Moody's)

RNO FP

FR0000131906
 EUR 25.43
 EUR 7520.22
 1.83
 1.18%
 BB+ / Ba1

Performance since 07/2009



SRI-Rating (total):

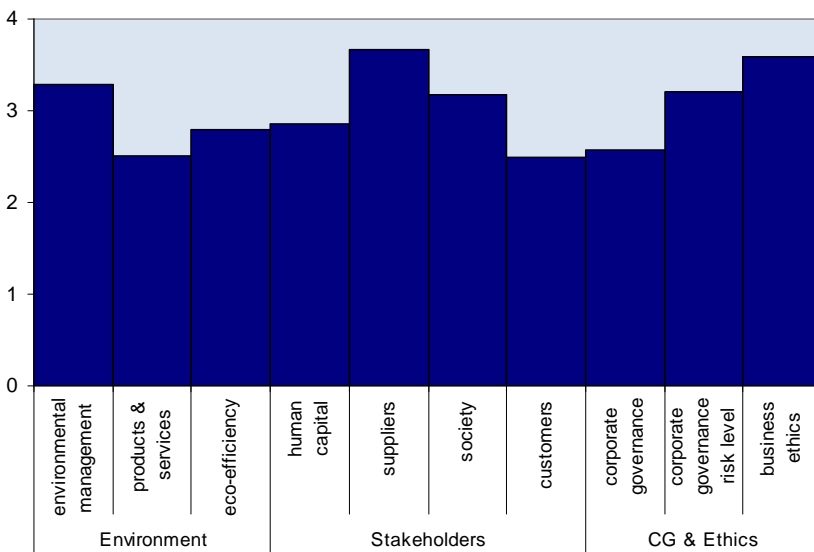
(Range A-D)

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

Invested in funds as follows:

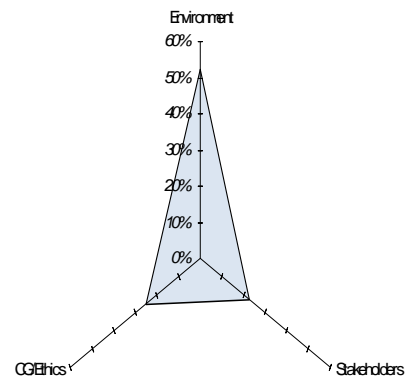
- ESPA VINIS STOCK EUROPE
- ESPA VINIS BOND
- ESPA VINIS BOND EURO-CORPORATE

ESPA VINIS SKYLINE (Company level)



ESPA VINIS STAR (Sector level)

Environment: 52.50%
 Stakeholders: 22.50%
 CG / Ethics: 25.00%



(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

ERSTE-SPARINVEST KAG

1010 Wien, Habsburgergasse 1a

VINIS Gesellschaft für nachhaltigen Vermögensaufbau und Innovation m.b.H.

1020 Wien, Obere Donaustraße 49 - 53

Contact

INSTITUTIONAL DISTRIBUTION - INTERNATIONAL

Tel: +43 (0) 50 100 19960

E-mail: institutional@erste-am.com

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