YIELD RADAR: September 2018

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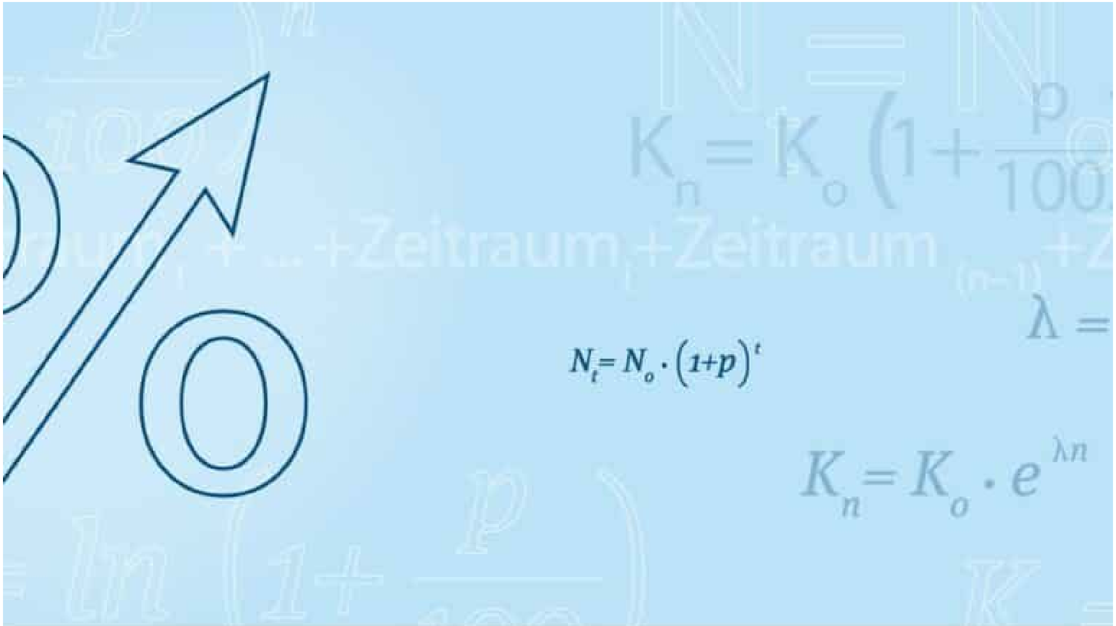

Annualised real global GDP growth amounts to slightly above 3%. The composition of growth is not homogenuous. While the US economy grows strongly, the weakening loan growths puts weight on the economic activity in China. The intensified financial environment hurts emerging markets. The Eurozone and Japan show stabilizing trends. Overall one can observe a slight falling tendency of survey based indicators.

Inflation rates develop inhomogeneous as well. Overall there is a mild cyclical increase in inflation rates. Some emerging markets (Argentina, Turkey) are facing problems with inflation. Political risk increased significantly („Brexit", „Trade-War"). The US-Federal Reserve will increase the base rate by 25 basis points every quarter until year end and signals a rate of 3.1% until the end of 2019. From the ECB there is no news. The bond repurchasing program will expire at the end 2018. An interest rate hike within the Eurozone can be expected in the Summer of 2019, the earliest.

Source: ERSTE-SPARINVEST; www.erste-am.at; Data as of 31 August 2018;
Fund-Ratio: Yield – see footnote 1)
1) NB: the fund ratio "yield" equals the average yield of the securities held by a fund prior to costs for forex hedging; please bear in mind that this ratio is not equivalent to the fund performance. For the fund performance (i.e. the development of the value) of the aforementioned funds, please refer to the overview table on page three. The above-cited table does also not account for any fees reducing return such as the management fee or individual account or depositary fees.
2) The risk classification of investment funds is based on the SRRI-indicator. The calculation is based on European regulatory requirements and forms an integral part of the Key Investor Document and gives the historical volatility of the fund unit price on a scale from 1 to 7, with 7 being the highest risk. More information about the calculation of the indicator: fundglossary.erste-am.com/srri/

Development of bond yields of US- and EUR-Government-Bonds and EUR-Corporate-Bonds Investment-Grade (08/2013-08/2018)

Development of bond yields of European High-Yield-Bonds compared with global High-Yield-Bonds and Emerging-Markets-Corporate-Bonds (08/2013-08/2018)

Please note:
The development of historic yields is not a reliable indicator for future developments of a specific asset category or asset class. The charts above do not include any fees or costs.

Ratio-Overview (more information can be found at www.erste-am.com)

Data as of 31 August 2018.

The performance and volatility (3 years) is calculated in accordance with the OeKB method. It already includes the management fee. However, the illustration is net of the one-off load of up to 3.50%, which falls due at the time of purchase, and of other fees that reduce the return as well as of the individual account and deposit fees. Past performance is not a reliable indicator of the future performance of a fund.

Legal note:

Prognoses are no reliable indicator for future performance.

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Paul Severin has worked at Erste Asset Management since April 2008. Until 2012 he was responsible for the company’s product management; he has directed communications and PR activities since April 2012. From 1992 to 2008, he was director of equity fund management and deputy director for institutional funds at Pioneer Investments Austria in Vienna.

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Paul Severin is a member of the board at ÖVFA (Austrian Association for Financial Analysis and Asset Management) and a CEFA charter holder.

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