ERSTE Asset Management

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Erste Asset Management: solid performance in uncertain times

- Erste Asset Management (Erste AM) continues to see opportunities on the capital market, but uncertainty remains high
- Assets under management have increased to EUR 94.3bn thanks to net inflows
- In the wake of acquisitions, Erste AM is now focusing on growth while celebrating its 60th anniversary
- Investing in securities involves risks as well as opportunities

Erste Asset Management, the fund management company of Erste Group and the Austrian savings banks, continues to see a favourable environment for global capital markets. “Performance currently trumps sentiment”, explains Chief Investment Officer Gerold Permoser during a summer sit-down. Despite protectionist impulses and Donald Trump's erratic policy announcements, the US economy continues to grow. Globally, the market (Bloomberg consensus data as of 7 July 2025) also expects growth of 2.7% for 2025 and moderately higher growth of 2.8% for 2026. In this environment, investors should remain invested in equities.

That being said, there are risks that argue against a strong overweight in risky asset classes. In particular, the “reciprocal” tariffs imposed by US President Donald Trump and recently suspended until 1 August are a major source of uncertainty. “Tariffs are counterproductive in a global context. They create uncertainty, inhibit investment, and lead to distortions in supply chains. What's more, trade agreements cannot simply be negotiated within three months,” as Permoser emphasises. Against this backdrop, the immediate future is particularly unclear.

Capital markets: selective opportunities in a challenging environment

The environment at the moment is reflected in the current positioning of Erste Asset Management's funds: “Following ‘Liberation Day’, we raised our equity positioning from underweight to neutral but remain cautious. Although the immediate risks of recession have decreased, the environment remains fragile. In particular, the expiry of the moratorium on tariffs imposed by Trump is creating uncertainty,” explains Permoser. The USA remains underweight in Erste AM's equity allocation. Europe is currently benefiting from the prevailing themes. The fiscal stimulus coming from Germany is lending support to the economy. In addition, unlike the US Federal Reserve, the European Central Bank (ECB) is still in a cycle of interest rate cuts. Recently, Europe has also been sought after by international investors who are unsettled by the US government's policies. All this comes with attractive valuations compared to the USA: the P/E ratio for European equities is 15.2x (Bloomberg data for the EURO STOXX 50 as of 7 July 2025), significantly below that of the USA (N.B. Bloomberg reports a P/E ratio of 24.69x for the S&P 500 as of 7 July 2025).

In the bond segment, Erste AM is focusing on European government bonds and local currency bonds from emerging markets. “US bonds remain underweighted in our portfolios. In our view, it does not make sense to take risks in the USA at present,” says Permoser. Although the yield on 10Y US Treasuries is in line with many fundamental factors, it does not have any risk scenarios priced in. As long as it remains unclear what

the US government wants to achieve with its economic policy and how it stands on foreign investors, it will be difficult for international investors to commit fully to the USA.

Gold remains overweight as a hedge against risk: "The current scenario supports gold. Central banks remain gold buyers with deep pockets. In addition, many investors who are banking on momentum have built up or are continuing to build up gold positions. Given the high level of political uncertainty, gold is also benefiting from its role as a safe haven." The US policy of recent months, which many investors have found to be on the unpredictable side, has led to a reorientation of capital flows towards Europe. This has supported the euro. "At the beginning of the year, we expected a stronger US dollar. We have had to completely revise our opinion here. We have now reduced our exposure to the US dollar in favour of the euro," Permoser summarises the positioning.

Please note: Investing in securities involves risks as well as the aforementioned opportunities.

> "A comprehensive trade agreement in 90 days would be an unexpected masterstroke."
>
> Gerold Permoser, Chief Investment Officer Erste Asset Management

Erste AM funds: EUR 2.1bn in net inflows already

The erratic tariff policy of the new US administration and geopolitical tensions did not significantly impact fund sales and fund performance in the first half of the year. "We are satisfied with the course of business and were able to further strengthen our position in Austria and Central and Eastern Europe," emphasises Heinz Bednar, CEO of Erste Asset Management. The company's assets under management have increased by 3% to about EUR 94.3bn (as of 31 May 2025) in the year to date, mainly due to the largely positive performance of the funds and strong net inflows. Net inflows alone amounted to EUR 2.1bn, with the Czech subsidiary making a particularly significant contribution to this increase alongside the companies in Austria.

9% growth in fund savings plans

The positive trend is also continuing for fund savings plans: in the year to date, the number of registered savings plans within the Erste AM Group has risen by 9% to an impressive 1.8 million. The Czech Republic and Slovakia, where fund savings are particularly well established, accounted for the largest number of these. On average, investors invest EUR 69 per month in their savings plan – in Austria, this figure is significantly higher at EUR 147. "This development shows that more and more people recognise the value of regular wealth accumulation – regardless of short-term market fluctuations," says Bednar.

"Especially in an environment full of uncertainty, our clients' confidence in our investment strategy is evident. They think long-term, are opportunity-oriented, and remain risk-aware – this is a strong signal for the coming months," as Bednar points out optimistically. "We regard it as our responsibility to act with determination and foresight and to offer our investors stability and prospects even in challenging times."

In the 60th anniversary year of Erste Asset Management, a significant milestone is now within reach: "The target of EUR 100bn in assets under management for this year is within reach. We are confident that we will achieve this goal together with our clients," says Bednar.

60 years of Erste Asset Management: experience, change, and vision

Erste Asset Management is looking back on 60 years of investment expertise in 2025. Its roots date back to the 1960s, when the first fund solutions for retail clients were developed in Austria. A significant milestone was the merger with ERSTE-SPARINVEST Kapitalanlagegesellschaft in 2018. This merger marked the completion of a strategic realignment within the Erste Group and created a unified, strong brand in asset management.

"The merger was a logical step towards pooling our strengths and simplifying our structures – with the aim of supporting our clients even more efficiently and transparently," explains Bednar, CEO of Erste Asset Management. "Today, we are active in seven countries, manage assets of over EUR 94bn, and combine decades of experience with innovative strength and sustainable thinking."

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>
> Heinz Bednar, CEO Erste Asset Management

Growth through acquisitions: Erste AM strengthens ESG competence and presence in Central and Eastern Europe

Erste Asset Management is consistently pursuing its growth strategy and in doing so, has completed several strategically important acquisitions in recent months:

- **Impact Asset Management (Germany/Austria):**
  Erste AM is significantly expanding its ESG product portfolio on the back of the acquisition of Impact Asset Management GmbH (I-AM), a Vienna-based company specialising in sustainable investments. This brings the Group's ESG volume to about EUR 28.8bn, representing 30.5% of its total volume of assets under management. Particularly noteworthy are the microfinance funds and the strong market presence in Germany.

- **REICO investiční společnost (Czech Republic):**
  With the integration of REICO, one of the leading real estate asset managers in the Czech Republic, Erste AM is further expanding its expertise in the area of real estate funds. REICO manages assets of about EUR 1.6bn.

- **InterCapital Asset Management (Croatia):**
  With the acquisition of 100% of the shares in the renowned Croatian fund management company

InterCapital Asset Management d.o.o., Erste AM has significantly strengthened its market position in Croatia. The acquired funds, including UCITS funds, alternative funds, and special funds for war veterans, have a total volume of about EUR 450mn. As a result, Erste AM's market share in Croatia has increased from about 12% to 21%.

“These acquisitions are a strong sign of our determination to expand our range of products for customers in the region while further deepening our ESG expertise,” Bednar concludes.

Equity fund with focus on Austria and the CEE countries top performer in 2025 to date

In the first half of 2025, European equity markets outperformed their US counterparts – a first after a long period of American dominance. This is also reflected in the performance of Erste AM's equity funds. The top performers in 2025 were **ERSTE STOCK VIENNA** with a gain of more than 25% and **ERSTE STOCK EUROPE EMERGING** with a performance of over 14% (source: selected mutual funds of Erste Asset Management, data as of 30 June 2024). This development is being driven by capital regroupings, attractive valuations, and political uncertainties in the USA.

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In the fixed income category, **ERSTE BOND DOLLAR CORPORATE** (US corporate bonds, currency-hedged) and **ERSTE BOND EM GOVERNMENT** (emerging markets government bonds) topped the rankings at 4%.

With regard to mixed funds, **ERSTE D-A-CH Fonds**, which focuses on equities and bonds from Germany, Austria, and Switzerland, was the frontrunner with a 3.5% increase in value, followed by **ERSTE REAL ASSETS** at 3.3%, with gold in addition to equities as main lines of investment.

Erste AM's fund themes for the second half of 2025 are also based on these good results. The focus remains on existing trends, with a return of real estate assets on the horizon. There is therefore a particular spotlight on the following funds:

- the equity fund **ERSTE EQUITY RESEARCH** (AT0000A09VB0), based on recommendations from Erste Group Research,
- the fixed income fund **ERSTE BOND CORPORATE BB** (AT0000A09HC7), which invests primarily in corporate bonds on the threshold of the high-yield segment,
- and the mixed fund **ERSTE REAL ASSETS** (ISIN: AT0000A1PKM0), which focuses on equities, commodities, and precious metals (such as gold).

About us

Erste Asset Management GmbH (Erste AM) is an international asset management company with a strong position in Central and Eastern Europe. Erste Asset Management is backed by the financial strength of Erste Group Bank AG (Erste Group). At its locations in Austria, Germany, Croatia, Romania, Slovakia, the Czech Republic, and Hungary, Erste AM manages assets of EUR 94.3bn (as of 31 May 2025).

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Important legal notes

This document is an advertisement. Please refer to the prospectus of the UCITS or to the Information for Investors pursuant to Art 21 AIFMG of the alternative investment fund and the Key Information Document before making any final investment decisions. Unless indicated otherwise, source: Erste Asset Management GmbH. Our languages of communication are German and English.

The prospectus for UCITS (including any amendments) is published in accordance with the provisions of the InvFG 2011 in the currently amended version. Information for Investors pursuant to Art 21 AIFMG is prepared for the alternative investment funds (AIF) administered by Erste Asset Management GmbH pursuant to the provisions of the AIFMG in connection with the InvFG 2011. The fund prospectus, Information for Investors pursuant to Art 21 AIFMG, and the Key Information Document can be viewed in their latest versions at the web site www.erste-am.com within the section mandatory publications or obtained in their latest versions free of charge from the domicile of the management company and the domicile of the custodian bank. The exact date of the most recent publication of the fund prospectus, the languages in which the Key Information Document is available, and any additional locations where the documents can be obtained can be viewed on the web site www.erste-am.com. A summary of investor rights is available in German and English on the website www.erste-am.com/investor-rights as well as at the domicile of the management company.

The management company can decide to revoke the arrangements it has made for the distribution of unit certificates abroad, taking into account the regulatory requirements.

Detailed information on the risks potentially associated with the investment can be found in the fund prospectus or Information for investors pursuant to Art 21 AIFMG of the respective fund. If the fund currency is a currency other than the investor's home currency, changes in the corresponding exchange rate may have a positive or negative impact on the value of his investment and the amount of the costs incurred in the fund - converted into his home currency.

Risk notes

ERSTE STOCK VIENNA

The fund employs an active investment policy and is not oriented towards a benchmark. The assets are selected on a discretionary basis and the scope of discretion of the management company is not limited.

For further information on the sustainable focus of ERSTE STOCK VIENNA as well as on the disclosures in accordance with the Disclosure Regulation (Regulation (EU) 2019/2088) and the Taxonomy Regulation (Regulation (EU) 2020/852), please refer to the current Prospectus, section 12 and the Annex

"Sustainability Principles". In deciding to invest in ERSTE STOCK VIENNA, consideration should be given to any characteristics or objectives of the ERSTE STOCK VIENNA as described in the Fund Documents.

ERSTE STOCK EUROPE EMERGING

The fund employs an active investment policy. The assets are selected on a discretionary basis. The fund is oriented towards a benchmark (for licensing reasons, the specific naming of the index used is made in the prospectus (12.) or KID "Ziele"). The composition and performance of the fund can deviate substantially or entirely in a positive or negative direction from that of the benchmark over the short term or long term. The discretionary power of the Management Company is not limited.

ERSTE BOND DOLLAR CORPORATE

The fund employs an active investment policy and is not oriented towards a benchmark. The assets are selected on a discretionary basis and the scope of discretion of the management company is not limited.

For further information on the sustainable focus of ERSTE BOND DOLLAR CORPORATE as well as on the disclosures in accordance with the Disclosure Regulation (Regulation (EU) 2019/2088) and the Taxonomy Regulation (Regulation (EU) 2020/852), please refer to the current Prospectus, section 12 and the Annex "Sustainability Principles". In deciding to invest in ERSTE BOND DOLLAR CORPORATE, consideration should be given to any characteristics or objectives of the ERSTE BOND DOLLAR CORPORATE as described in the Fund Documents.

ERSTE BOND EM GOVERNMENT

The fund employs an active investment policy and is not oriented towards a benchmark. The assets are selected on a discretionary basis and the scope of discretion of the management company is not limited.

ERSTE D-A-CH Fonds

The fund employs an active investment policy and is not oriented towards a benchmark. The assets are selected on a discretionary basis and the scope of discretion of the management company is not limited.

For further information on the sustainable focus of ERSTE D-A-CH Fonds as well as on the disclosures in accordance with the Disclosure Regulation (Regulation (EU) 2019/2088) and the Taxonomy Regulation (Regulation (EU) 2020/852), please refer to the current Prospectus, section 12 and the Annex "Sustainability Principles". In deciding to invest in ERSTE D-A-CH Fonds, consideration should be given to any characteristics or objectives of the ERSTE D-A-CH Fonds as described in the Fund Documents.

ERSTE REAL ASSETS

The fund employs an active investment policy and is not oriented towards a benchmark. The assets are selected on a discretionary basis and the scope of discretion of the management company is not limited.

Risk notes according to 2011 Austrian Investment Fund Act

ERSTE REAL ASSETS may make significant investments in investment funds (UCITS, UCI) pursuant to section 71 of the 2011 Austrian Investment Fund Act.

ERSTE EQUITY RESEARCH

The fund employs an active investment policy and is not oriented towards a benchmark. The assets are selected on a discretionary basis and the scope of discretion of the management company is not limited.

ERSTE BOND CORPORATE BB

The fund employs an active investment policy and is not oriented towards a benchmark. The assets are selected on a discretionary basis and the scope of discretion of the management company is not limited.

For further information on the sustainable focus of ERSTE BOND CORPORATE BB as well as on the disclosures in accordance with the Disclosure Regulation (Regulation (EU) 2019/2088) and the Taxonomy Regulation (Regulation (EU) 2020/852), please refer to the current Prospectus, section 12 and the Annex "Sustainability Principles". In deciding to invest in ERSTE BOND CORPORATE BB, consideration should be given to any characteristics or objectives of the ERSTE BOND CORPORATE BB as described in the Fund Documents.