



INVL RUSSIA TOP 20 SUBFUND  
ANNUAL FINANCIAL STATEMENTS FOR 2016

INVL RUSSIA TOP 20 SUBFUND

ANNUAL FINANCIAL STATEMENTS FOR 2016

PRESENTED TOGETHER WITH INDEPENDENT AUDITOR'S REPORT



## Independent auditor's report

To INVL Asset Management UAB

### Our opinion

In our opinion, the financial statements, set out on pages 6 - 27, present fairly, in all material respects, the financial position of INVL Russia TOP 20 subfund („the Subfund”) managed by INVL Asset Management UAB as at 31 December 2016 and of its changes in net assets for the year then ended in accordance with Lithuanian regulatory legislation on accounting and financial reporting and Business Accounting Standards.

#### *What we have audited*

The Subfund's financial statements comprise:

- the statement of net assets at 31 December 2016;
- the statement of changes in net assets for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Subfund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the Law on Audit of the Republic of Lithuania that are relevant to our audit of the financial statements in Republic of Lithuania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Law on Audit of the Republic of Lithuania.

### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Lithuanian regulatory legislation on accounting and financial reporting and Business Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Subfund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Subfund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Subfund's financial reporting process.

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PricewaterhouseCoopers UAB, J. Jasinskio g. 16B, LT-03163 Vilnius, Lithuania  
T: +370 (5) 239 2300, F: +370 (5) 239 2301, Email: [vilnius@lt.pwc.com](mailto:vilnius@lt.pwc.com), [www.pwc.com/lt](http://www.pwc.com/lt)

PricewaterhouseCoopers UAB, company code 111473315, is a private company registered with the Lithuanian Register of Legal Entities.



## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Subfund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Subfund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Subfund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

On behalf of PricewaterhouseCoopers UAB



Rimvydas Jogėla  
Partner  
Auditor's Certificate No.000457

Vilnius, Republic of Lithuania  
21 April 2017



Rasa Selevičienė  
Auditor's Certificate No.000504





## I. GENERAL INFORMATION

1. General information about INVL Russia TOP 20 Subfund:

Information is provided under section *General information* in the explanatory notes.

2. Reporting period covered by these financial statements:

Information is provided under section *General information* in the explanatory notes.

3. Details of the management company:

Information is provided under section *General information* in the explanatory notes.

4. Details of the depository:

Information is provided under section *General information* in the explanatory notes.

## II. NET ASSET VALUE, NUMBER AND VALUE OF INVESTMENT UNITS

5. Net asset value (NAV), number and value of investment units:

Information is provided in Note 1.

6. Number of investment units distributed and redeemed over the reporting period and value:

Information is provided in Note 2.

## III. EXPENSE AND TURNOVER RATIOS OF THE COLLECTIVE INVESTMENT UNDERTAKING

7. Deductions from assets of the collective investment undertaking:

Information is provided in Note 19.

8. Intermediary fee:

Information is provided in Note 8.

9. Information on all existing arrangements on distributions and hidden commission fees:

Over the reporting period, the management company did not enter into any formal or informal arrangements on distributions, nor any hidden commission fees were applied to the subfund.

10. Illustration of impact of deductions on investor's ultimate return on investments:

The table below presents calculations relating to deduction (in EUR) on contributions of the participant of the collective investment undertaking in case of a current level of deductions and the amount to be received after 1,3, 5, 10 years if EUR 3,000 is invested and the annual return on investments is 5%.

	After 1 year	After 3 years	After 5 years	After 10 years
Deductions paid	165	396	658	1,467
Accrued amount before deductions	3,150	3,473	3,829	4,887
Accrued amount after deductions	2,985	3,076	3,171	3,420

## IV. INFORMATION ON INVESTMENT PORTFOLIO OF THE COLLECTIVE INVESTMENT UNDERTAKING

11. Structure of investment portfolio at the end of the reporting period:

Information is provided in Note 3.

12. Breakdown of investments by the criteria that meet the investment strategy:

Information is provided in Note 4.

13. Transactions involving derivative financial instruments conducted over the reporting period, other than those referred to in section 11 herein:

Information is provided in Note 7.

14. Types of derivative financial instruments referred to in section 11 of the financial statements, the related risks and quantitative limits and methods used to assess the risks incurred by the collective investment undertaking in relation to transactions involving derivative financial instruments. Description of how derivative financial instrument may be used to hedge investment instrument transaction (position) against risk:

Information is provided in Note 7.





15. Total value of liabilities arising on transactions involving derivative financial instruments at the end of the reporting period:  
Information is provided in Note 7.

16. Risk extent related to derivative financial instruments taken by the master collective investment undertaking; the sum of the direct potential risk extent of the feeder collective investment undertaking and the actual derivative financial instruments risk of the master collective investment undertaking that is proportional to the feeder collective investment undertaking's investments in the master undertaking, and the sum of the direct potential risk extent of the feeder collective investment undertaking and the extent of potential maximum risk that was taken by the master collective investment undertaking according to transactions in derivative financial instruments and that was determined in the founding documents of the master collective investment undertaking and that is proportional to the feeder collective investment undertaking's investments to the master undertaking.

The subfund is a non-master collective investment undertaking.

17. Analysis of the current investment portfolio's compliance (non-compliance) with the collective investment undertaking's investment strategy (investment trends, investment specialisation, geographical area, etc.):

Structure of investment portfolio is provided in Note 4.

18. Factors that had the major impact on the structure of investment portfolio and changes in its value over the reporting period:

Information is provided in Note 4.

## **V. RETURN ON INVESTMENTS AND RISK INDICATORS OF THE COLLECTIVE INVESTMENT UNDERTAKING**

19. Benchmark index (if selected) and its brief description:

Information is provided in Note 18.1.

20. Change in value of unit (share) for the same period, change in annual return (gross and net) on investments, and change in value of benchmark index (if selected), and other indicators over the last 10 years of the subfund's operation. If the collective investment undertaking operated for a period shorter than 10 years, return on investments for the period during which the portfolio was managed:

Information is provided in Note 18.2.

21. Average return on investments, average change in value of investment unit and average change in value of benchmark index (if selected) over the last three, five, ten years (average net return on investments, average change in value of unit and average change in value of benchmark index are calculated as a geometric mean of annual changes in net return on investments, annual changes in value of unit and annual changes in value of benchmark index, respectively):

Information is provided in Note 18.3.

22. Other indicators showing the risks pertaining to the investment portfolio:

Other indicators showing the risks pertaining to the investment portfolio over the reporting period were not estimated.

## **VI. FINANCIAL POSITION OF THE COLLECTIVE INVESTMENT UNDERTAKING**

23. The financial statements of the collective investment undertaking have been prepared in accordance with the requirements of the Lithuanian laws and legal acts:

23.1. Statement of net assets;

23.2. Statement of changes in net assets;

23.3. Explanatory notes.



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INVL ASSET MANAGEMENT UAB  
126263073, Gynėjų g. 11, Vilnius

INVL RUSSIA TOP20 SUBFUND

STATEMENT OF NET ASSETS AS AT 31 DECEMBER 2016

No	Assets	Note No	Financial year	Previous financial year
A.	ASSETS		25,615,523	2,743,443
1.	CASH	3,4	1,499,447	81,344
2.	TIME DEPOSITS		-	-
3.	MONEY MARKET INSTRUMENTS		-	-
3.1.	Treasury bills		-	-
3.2.	Other money market instruments		-	-
4.	TRANSFERABLE SECURITIES	3,4,5	24,046,594	2,651,967
4.1.	Non-equity securities		-	-
4.1.1.	Non-equity securities issued or guaranteed by governments and central banks		-	-
4.1.2.	Other non-equity securities		-	-
4.2.	Equity securities	3,4,5	24,046,594	2,651,967
4.3.	Investment units and shares of other collective investment undertakings		-	-
5.	PREPAYMENTS		-	-
6.	AMOUNTS RECEIVABLE	3	69,482	10,132
6.1.	Amounts receivable from sale of investments		-	-
6.2.	Other amounts receivable	3	69,482	10,132
7.	INVESTMENT AND OTHER ASSETS		-	-
7.1.	Investment property		-	-
7.2.	Derivative financial instruments		-	-
7.3.	Other assets		-	-
B.	LIABILITIES		611,448	5,816
1.	Amounts payable	3	611,448	5,816
1.1.	Amounts payable for financial and investment assets	3	278,185	-
1.2.	Amounts payable to management company and depository	3	130,339	5,426
1.3.	Other payables	3	202,924	390
2.	Accrued charges		-	-
3.	Borrowings from credit institutions		-	-
4.	Liabilities under contracts on derivative financial instruments		-	-
5.	Other liabilities		-	-
C.	NET ASSETS	1	25,004,075	2,737,627

The accompanying explanatory notes form an integral part of these financial statements.

General Director	<u>Darius Šulnis</u>		21 April 2017
Head of Funds Accounting	<u>Aušra Montvydaite</u>		21 April 2017





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INVL RUSSIA TOP20 SUBFUND

STATEMENT OF CHANGES IN NET ASSETS AS AT 31 DECEMBER 2016

No	Assets	Note No	Financial year	Previous financial year
1.	NET ASSET VALUE AT 1 JANUARY	1	2,737,627	1,770,423
2.	INCREASE IN NET ASSET VALUE		-	-
2.1.	Contributions of participants	2	22,846,405	6,523,399
2.2.	Transfers from other funds	2	420,671	75,065
2.3.	Guarantee contributions		-	-
2.4.	Investment income		300,946	125,145
2.4.1.	Interest income		-	-
2.4.2.	Dividends		300,946	125,145
2.4.3.	Rental income		-	-
2.5.	Gain on change in value and sale of investments	5	12,982,757	5,324,158
2.6.	Foreign exchange gain		340,346	69,909
2.7.	Gain on transactions involving derivative financial instruments		-	-
2.8.	Other increases in net asset value		22	826
	TOTAL INCREASE IN NET ASSET VALUE		36,891,147	12,118,502
3.	DECREASE IN NET ASSET VALUE		-	-
3.1.	Payments to participants	2	6,383,959	5,584,329
3.2.	Transfers to other funds	2	299,345	27,013
3.3.	Loss on change in value and sale of investments	5	7,307,739	5,371,382
3.4.	Foreign exchange loss		344,441	75,972
3.5.	Loss on transactions involving derivative financial instruments		-	-
3.6.	Management costs	19	289,215	92,580
3.6.1.	Fee to management company	19	222,655	50,977
3.6.2.	Fee to depository	19	15,370	12,567
3.6.3.	Fee to intermediaries	8,19	32,512	19,645
3.6.4.	Audit fee costs	19	3,364	1,210
3.6.5.	Interest costs		-	-
3.6.6.	Other costs	19	15,314	8,181
3.7.	Other decreases in net asset value		-	22
3.8.	Reimbursement of costs (-)		-	-
	TOTAL DECREASE IN NET ASSET VALUE		14,624,699	11,151,298
4.	Change in value of net assets		22,266,448	967,204
5.	Profit appropriation		-	-
6.	NET ASSET VALUE AT 31 DECEMBER	1	25,004,075	2,737,627

The accompanying explanatory notes form an integral part of these financial statements.

General Director

Darius Šulnis

21 April 2017

(signature)

Head of Funds Accounting

Aušra Montvydaitė

21 April 2017

(signature)



INVL ASSET MANAGEMENT UAB  
126263073, Gynėjų g. 11, Vilnius

**INVL RUSSIA TOP20 SUBFUND**

**Explanatory notes to the annual financial statements for 2016**

23.3.1. General information:

Details of the collective investment undertaking:

Name	INVL Russia TOP20 Subfund
Type, legal form	Open-ended type special investment fund for investments in transferable securities, with no rights of a legal entity
Date on which the Securities Commission (currently the Bank of Lithuania) approved the documents on the formation of the collective investment undertaking	29 October 2010
Duration of operation	Indefinite period
Location	Vilnius
Details of the management company:	
Name	INVL Asset Management UAB
Company code	126263073
Office address	Gynėjų g. 14, LT-01109 Vilnius
Register at which all data about the undertaking is stored and compiled	State enterprise Centre of Register, Vilnius branch
Telephone number	8 700 55 959
Fax number	8 5 279 06 02
Email address	info@invl.com
Website address	www.invl.com
Licence No	VJK-005
Manager of the collective investment undertaking, other individuals making investment decisions	Vytautas Plunksnis – Member of the Investment Committee; Vaidotas Rūkas – Director of the Investment Management Department; Dainius Bložė – Fund Manager.

Details of the depository:

Name	SEB Bankas AB
Company code	112021238
Office address	Gedimino pr. 12, LT-01103 Vilnius
Telephone number	(8~5) 268 28 00
Fax number	(8~5) 268 23 33

Details of the audit company engaged to audit the annual financial statements:

Name	PricewaterhouseCoopers UAB
Company code	111473315
Office address	J. Jasinskio 16B, LT-03163 Vilnius
Telephone number	(8~5) 239 2300

Listing

INVL Russia TOP20 Subfund has been listed on OMX Stock Exchange with effect from September 2013.

Reporting period

From 1 January 2016 to 31 December 2016.





### 23.3.2. Accounting policies:

#### Regulatory legislation adopted in the preparation of the financial statements

INVL Asset Management UAB manages the assets of the fund, keeps the subfund's accounting records and prepares its financial statements in compliance with Business Accounting Standards (BAS), Lithuanian Law on Accounting, Lithuanian Law on Collective Investment Undertakings and other legal acts.

The financial year of the subfund coincides with the calendar year. The subfund's financial statements are prepared within four months following the end of the financial year. All amounts in these financial statements are presented in the euros.

Due to rounding effects, some tabular amounts may not add up.

#### Investment policy and structure of investment portfolio

The subfund's objective is to strive for maximum return on investments in shares of Russian companies.

The subfund's assets are invested in the financial instruments of entities (companies and CIUs investing in such companies) operating in the Russian Federation. The subfund's investment portfolio mostly comprises investments in shares. No more than 33% of the subfund's assets may be invested outside the territory of Russian Federation in the financial instruments of companies operating in other CIS countries (including the former CIS countries). The subfund's investments are based on strategic and tactic approach of distribution of assets and frequent adjustments to the portfolio to ensure higher growth of portfolio value.

The subfund's portfolio comprises the shares of 15-25 different companies. Low diversification of the subfund's investment portfolio allows ensuring maximum control over the selected positions and effective subfund structure. Up to 100% of the subfund's investment portfolio consists of investments in shares.

When no better investment possibilities are available in the market, up to 10% of the subfund's assets may be invested in bonds and other forms of non-equity securities (government and corporate). The subfund's investments may be made in bonds with different maturity and credit rating.

INVL Russia TOP20 Subfund invests in shares of developing markets that have significant fluctuations in prices, therefore, continuous changes on stock exchanges may give rise to substantial fluctuations in the subfund's net asset value.

#### Financial risk management

The subfund's assets are invested in the following financial instruments in line with the defined objectives and investment policy of the subfund:

- shares, depository receipts in respect of shares and harmonised investment units (shares) of collective investment undertakings with primary investment trend focused on shares, depository receipts in respect of shares;
- bonds and other forms of non-equity securities and harmonised investment units (shares) of collective investment undertakings with primary investment trend focused on bonds and other forms of non-equity securities;
- other securities which carry the right to acquire or dispose of the transferable securities or which result in cash settlements set on the basis of transferrable securities, currencies, interest rates, yield, commodities and other indices and instruments;
- other harmonised investment units (shares) of collective investment undertakings with primary investment trend focused on transferrable securities, raw materials, commodities, currencies, interest rates, yields, other indices;
- special collective investment undertakings (alternative investment, private equity, real estate) and collective investment undertakings that are not regulated under the Lithuanian Law on Collective Investment Undertakings (investing directly in commodities, raw materials, currencies, etc.);
- money market instruments and harmonised investment units (shares) of collective investment undertakings with primary investment trend focused on money market instruments;
- deposits held with credit institutions;
- derivative financial instruments linked with the above-mentioned financial instruments, financial indices, interest rates, currencies or exchange rates, provided they are used for risk management purposes.

The subfund's investment portfolio should be composed in compliance with the investment portfolio's diversification requirements and investment restrictions as set forth in the Lithuanian Law on Collective Investment Undertakings.





### 23.3.2. Accounting policies (continued)

The subfund's exposure to financial risks is managed through the diversification of the investment portfolio based on diversification principles defined in the subfund's rules.

The Investment Committee decides on the composition of the subfund's investment portfolio in view of the current risk level of the portfolio and the effects of decisions made on the overall risk level of the portfolio. The subfund's portfolio risk is assessed periodically and reported at the Meeting of the Investment Committee at least on a quarterly basis.

The subfund's investment portfolio risk is assessed on the basis of constituent securities in view of:

- issuer's credit rating;
- price sensitivity to interest rate shifts;
- historical and expected fluctuations in price of nominal currency;
- maturity;
- yield;
- weight of securities in total investment portfolio.

No more than 20% of the subfund's net assets may be invested in transferable securities and money market instruments issued by companies of the group, which is required to prepare the consolidated financial statements.

Shares held by the subfund together with the management company or other managed collective investment undertakings in an issuing body may not carry over 1/10 of the voting rights at the issuer's general meeting of shareholders.

The subfund may acquire no more than as follows:

- 10% of the non-voting shares of an issuing body;
- 10% of the debt securities and other forms of non-equity securities of an issuing body;
- 25% of the units or shares of another collective investment undertaking;
- 10% of the money market instruments of a single issuing body.

The management company reviews the investment strategy at least once during a 3-year period and makes amendments, if necessary.

#### Policies for recognition of increase and decrease in assets and liabilities

Calculation of net asset value (NAV) includes as follows:

- value of assets;
- value of liabilities;
- difference between the value of assets and the value of liabilities reflects the value of net assets.

Calculation of assets and liabilities is based on their fair value, which reflects the value of net assets, at which the sale of these assets are mostly probable.

Financial assets are recorded when the subfund receives or obtains a contractual right to receive cash or any other financial assets. Planned transactions, guarantees and sureties received are not recognised as assets of the subfund for as long as they do not meet the definition criteria of financial assets.

Transactions in financial instruments are included in the NAV prevailing at the date on which the transaction was concluded, except for:

- when at the date of the transaction it is not possible to determine necessary details relating to the inclusion of the transaction in the NAV, such as the quantity or the price of the financial instrument. In this case transactions are included upon the receipt of the confirmation on the concluded transaction;
- due to other significant reasons transaction in financial instruments may be included in the NAV at the settlement date.

Financial liabilities are recorded when the subfund assumes a commitment to pay cash or any other financial assets. Planned transactions, guarantees and sureties granted but not yet executable are not recognised as liabilities of the subfund for as long as they do not meet the definition criteria of financial liabilities.

Liabilities are calculated in line with the requirements of Business Accounting Standards. Liabilities (or part of them) are written off only when they extinguish, i.e. when contractual liabilities are settled, annulled or have expired.

When calculating the value of net assets, transactions whose existence and performance or the results' documentation in accordance with the procedure established by the Lithuanian legal acts are related to foreign currencies are translated to the euros in the accounting using a foreign exchange reference rate published by the European Central Bank, and where such foreign exchange reference rate is not published by the European Central Bank, using the foreign exchange reference rate published by the Bank of Lithuania, unless otherwise prescribed by law.





### 23.3.2. Accounting policies (continued)

#### Rules on deductions to the accumulating company and the depository

The fee charged by the management company for the management of the subfund is paid from the subfund's assets.

The fee to the management company includes as follows:

- performance fee – no more than 15 (fifteen) percent on increase in the subfund's net asset value;
- management fee – no more than 1.5 (one point five) percent on the subfund's average annual net asset value.

The fee to the management company does not include the fee charged by the management company for the distribution and change of the subfund's units (subfund change fee is charged on change of the subfund's units into the units of another subfund):

The sale price of the subfund's unit is equal to the sum of the value of the subfund's unit and no more than 2 (two) percent of the fee to cover distribution costs.

The change price of the subfund's unit is equal to the sum of the value of the subfund's unit and no more than 0.25 percent of the fee to cover subfund change costs.

The distribution/subfund change fees that are included in the sale/change price of the subfund's unit are paid by the participant for the subfund's units acquired under the agreement for purchase/sale of the fund's units.

The distribution fee and subfund change fee are not included in the calculation of net asset value.

The fee to the management company is calculated on accrual basis on each business day on the basis of the subfund's net asset value and increase in the value of the subfund's unit on that day following the principle of simultaneity. The fee to the management company is payable on a monthly basis by the 10<sup>th</sup> (tenth) calendar day of the following month.

The calculation period for performance fee is from 1 January to December 31 of each calendar year. The performance fee is calculated on the basis of the *High Water Mark* principle. The performance fee is calculated on each business day by deducting the performance fee from daily increase in the value of the subfund's unit as defined in the fund's documents. Under the High water mark principle, the performance fee is deducted from the daily increase in the value of the subfund's unit only when the value of unit is higher than any of the previous values of the fund's unit.

After the end of the calendar year, the rate of asset management fee is reviewed. All overpayments during the calendar year are refunded to the subfund over 30 (thirty) calendar days after the end of the financial year, and all underpayments should be covered to the management company by the subfund over 30 (thirty) calendar days after the end of the financial year.

Overpayments refunded by the management company to the subfund are added to the subfund's net asset value.

The fee to the depository for the services rendered by the depository under the agreement is paid from the subfund's assets and it may be no more than 0.5 (point five) percent of the subfund's average annual net asset value.

The fee to the depository represents the fee charged on:

- the services of the depository; it is calculated on accrual basis on each business day on the subfund's net asset value. The fee is calculated based on assumption that one year has the actual number of business days;
- custody of the subfund's assets; it is calculated on accrual basis on each business day on the value of securities and in view of the country of custody. The fee is calculated based on assumption that one year has the actual number of business days;
- movements on the accounts of financial instruments; it is calculated on each business day of transactions in the accounts of financial instruments.

The fee to the depository is payable for each preceding quarter by the 10<sup>th</sup> (tenth) day of the following quarter.

After the end of the calendar year, the rate of asset custody fee is reviewed. All overpayments during the calendar year are refunded to the fund over 30 (thirty) calendar days after the end of the financial year, and all underpayments should be covered to the depository by the fund over 30 (thirty) calendar days after the end of the financial year.

Overpayments refunded by the depository to the fund are added to the fund's net asset value.





### 23.3.2. Accounting policies (continued)

#### Investment valuation methods, investment revaluation intervals

The fair value of financial instruments traded on regulated markets of the Baltic (NASDAQ OMX Vilnius, NASDAQ OMX Riga, NASDAQ OMX Tallinn) and financial instruments traded on other than aforementioned regulated markets is determined with reference to the closing price, except when:

- the financial instruments have been quoted on several regulated markets, in which case their fair value is based on the inputs of the regulated market, which has a higher liquidity, regularity and frequency of trade in these financial instruments;
- based on the defined criteria, it is impossible to select reasonably the market, the inputs of which should be used to determine the fair value of the financial instrument, in which case the fair value is based on the inputs of the regulated market, in which the issuer's registered place of business is located;
- the financial instrument has not been quoted during the last trading session, in which case the fair value is based on the last known average market price or closing price, however not more than 30 calendar days ago, if no events have occurred since the last trading date that would make the current market price significantly lower or higher than the last known price;
- the financial instrument has not been quoted for more than 30 calendar days as at the valuation date or has been quoted less frequently than defined in the management company's procedure for the calculation of the subfund's net assets, in which case the fair value is determined similarly as for the financial instruments that are not traded on regulated markets.

The procedure for valuation of financial instruments that are not traded on regulated markets is as follows:

#### Equity securities:

- based on the valuation of independent business valuer qualified to be engaged in such activities, unless no more than 1 year has passed after the valuation and no events have occurred after the valuation that would make the current market price significantly lower or higher than that determined by the valuer;
- when the above-mentioned valuation is not available or the above-mentioned conditions are not met, the valuation is based on earnings (before tax) per share (using the weighted average number of shares in issue during a certain period) of a comparable company multiplied by earnings per share of the company in question;
- when due to certain reasons the above-mentioned valuation techniques cannot be used, the valuation is based on the probable selling price determined under the selected valuation technique defined in the management company's procedure for the calculation of the subfund's net asset value, which is generally accepted and widely applied in the finance market;

The valuation of non-equity securities and money market instruments is made in accordance with the methodology for the calculation of net asset value adopted by the Bank of Lithuania or based on the following valuation techniques if they reflect more accurately the value of these financial statements:

- profitability of Lithuanian securities is determined with reference to the average profitability, given the lowest bid price and the highest ask price for particular issue of securities on that day provided by at least three primary dealers (SEB Bankas AB, DNB Bankas AB, Swedbank AB);
- the fair value of foreign securities and non-quoted securities is determined under one of the following methods:
- based on profitability data and (or) prices provided by Bloomberg, Reuters or any other international news agencies, information sources;
- based on the value of securities with analogous maturity, analogous rating and similar issue conditions;
- based on the probable selling price determined under the valuation technique of relevant financial instrument defined in the management company's procedure for the calculation of the subfund's net asset value;
- where it is impossible to determine the price of securities based on the above-mentioned methods, the value of securities is determined under the accumulated interest method (by amortising the value of securities).

The official source of the valuation of a specific financial instrument is agreed between the management company and the depository in the manner established in the agreement signed with the depository.

The value of derivate financial instrument is determined with reference to the last market price of previous analogous transaction, provided there were no significant changes in economic circumstances over the period from the date of transaction to the date of valuation. If this condition is not met, the valuation is based on the probable selling price determined under the selected valuation technique defined in the management company's procedure for the calculation of the subfund's net asset value, which is generally accepted and widely applied in the finance market;

The valuation of units (shares) of collective investment undertakings is based on the last quoted redemption price; the valuation of time deposits held in banks is based on the amortised cost; the valuation of cash and cash held in credit institutions is based on the nominal value.





### 23.3.2. Accounting policies (continued)

The valuation of money market instruments with the redemption term or the remaining time to redemption not longer than 397 days or with yields regularly updated in line with money market conditions at least once during 397 days, or the risk of which (including credit and interest rate risks) is very similar to the risk of financial instruments, the redemption term and yields of which satisfy the aforementioned characteristics, may be based on the amortised cost method.

The valuation of other assets is based on the probable selling price determined under the selected valuation technique defined in the management company's procedure for the calculation of the subfund's net asset value, which is generally accepted and widely applied in the finance market.

The valuation of all investments is conducted on each business day.

#### Rules on valuation of investment units

The initial value of the subfund's unit, which was available before the first calculation of net asset value, was equal to EUR 28.9620.

The subfund's net asset value for the current day is calculated by midday (12am) of the following day.

The value of the subfund's unit is calculated by dividing the subfund's net asset value by the number of all subfund's units in issue as at the date of calculation. The total value of all units of the subfund is always equal to the subfund's net asset value. The value of the subfund's unit is determined as four figures after the decimal point and rounded according to the mathematical rules of rounding.

The value of the subfund's unit is announced not later than by midday (12am) of the following day after the calculation of net asset value, on the website at address: [www.invl.com](http://www.invl.com).

#### Cash and time deposits

Cash includes cash balances at accounts opened with credit institutions, overnight deposits and deposits with undefined maturity the repayment of which may be demanded in full or in part at any time without losing accumulated interest thereon (demand deposits).

Time deposits include a deposit amount with the specific deposit repayment date indicated in the deposit agreement, including the deposits with maturity of three months or less that cannot be taken from the account opened with the credit institutions without losing accumulated interest thereon. Time deposits are shown with accumulated interest thereon.

#### Amounts receivable and amounts payable

Amounts receivable represent amounts due to the subfund on sale of investments, amounts due on guarantee contributions and other amounts receivable under contracts. Amounts receivable also include amounts due from the management company that upon receipt are deducted from expenses for the reporting period, other than those defined in the subfund's rules or which exceed the established limits.

Amounts payable represent amounts due to other subfunds to which the participant move, amounts due to the participants or their beneficiaries, amounts due to the distributors, amounts payable under the service agreement, and other amounts payable and receivable not specified elsewhere.

#### Subsequent events

Significant events subsequent to the end of the reporting period have been disclosed in Note 14.



23.3.3. Notes:

Note 1. Net asset value, number and value units

	Opening balance at 1 January 2016	Closing balance at 31 December 2016	One year ago at 31 December 2015	Two years ago at 31 December 2014
Net asset value, EUR	2,737,627	25,004,075	2,737,627	1,770,423
Unit value, EUR	17.8296	31.1792	17.8296	15.2155
Number of units in circulation	153,544.0472	801,946.3833	153,544.0472	116,356.6434

Note 2. Number and value of units distributed and redeemed over the reporting period

	Current financial year		Previous financial year	
	Number of units	Value, EUR	Number of units	Value, EUR
Distributed (by converting monetary funds into units)*	923,330.7521	23,265,961	310,596.6881	6,597,869
Redeemed (by converting units into monetary funds)	648,402.3361	6,683,304	273,409.2843	5,611,341
Difference between the number and value of units (shares) distributed and redeemed	274,928.4160	16,582,657	37,187.4038	986,528

\*The value of distributed units (by converting monetary funds to investment units) does not correspond to the amounts of contributions of participants reported in the statement of changes in net assets (2.1. and 2.2.), because in the table above it excludes the distribution and subfund change fee (deductions are disclosed in Note 19)



Note 3. Structure of investment portfolio

2016

Issuer's name	Country	ISIN code	Quantity, items	Total acquisition value	Total market value	Share in net assets, %
<b>Equity securities traded on other regulated markets</b>						
Bank St Petersburg OJSC	RU	RU0009100945	977,876	1,148,282	1,035,763	4.14
Lukoil GDR	RU	US69343P1057	41,841	1,783,258	2,245,555	8.98
Gazprom GDR	RU	US3682872078	449,500	1,859,828	2,171,601	8.68
MMC Norilsk Nickel ADR	RU	US55315J1025	55,370	752,536	889,374	3.56
Tatneft PAO	RU	US8766292051	12,698	342,904	500,729	2.00
Novatek OAO GDR	RU	US6698881090	5,217	468,943	647,820	2.59
M Video	RU	RU000A0JPGA0	182,014	813,859	1,115,009	4.46
X5 Retail Group GDR	RU	US98387E2054	49,520	1,136,145	1,537,285	6.15
Sberbank ADR	RU	US80585Y3080	173,200	1,434,483	1,917,909	7.67
Mobile TeleSystems	RU	RU000775219	209,400	709,620	857,389	3.43
QIWI	RU	US74735M1080	61,756	890,514	754,448	3.02
Globaltrans GDR	RU	US37949E2046	139,300	604,659	843,556	3.37
Surgutneftegas - GDR	RU	US8688612048	162,600	754,871	784,767	3.14
Rosneft Oil GDR	RU	US67812M2070	162,286	831,329	1,009,145	4.04
Bashneft	RU	RU0007976957	9,655	336,337	547,731	2.19
DIXY Group	RU	RU000A0JP7H1	170,090	698,013	752,902	3.01
OJSC Magnit	RU	US55953Q2021	7,900	250,789	333,670	1.33
Sistema PFSC FC	RU	US48122U2042	104,770	745,977	902,066	3.61
Federal Grid Co	RU	RU000A0JPN9	262,270,000	511,715	842,508	3.37
Aeroflot - Russian Airlines	RU	RU0009062285	476,000	667,017	1,150,202	4.60
Rushydro SP ADR	RU	US7821834048	471,335	459,941	656,072	2.62
Alrosa	RU	RU0007252813	737,000	1,000,032	1,135,173	4.54
Acron JSC	RU	RU0009028674	10,064	523,586	568,785	2.27
Etalon	RU	US29760G1031	277,155	905,320	847,135	3.39
<b>Total</b>	-	-	<b>267,216,547</b>	<b>19,629,958</b>	<b>24,046,594</b>	<b>96.16</b>
<b>Total equity securities</b>			<b>267,216,547</b>	<b>19,629,958</b>	<b>24,046,594</b>	<b>96.16</b>

Note 3. Structure of investment portfolio (continued)

Name of the bank	Currency	Total market value	Interest rate	Share in net assets, %
Cash				
SEB Bankas AB	EUR	605,330	-	2.42
SEB Bankas AB	USD	792,466	-	3.17
SEB Bankas AB	RUB	101,651	-	0.41
<b>Total cash</b>	-	<b>1,499,447</b>	-	<b>6.00</b>

Name	Brief description	Total value	Intended purpose	Share in net assets, %
Amounts receivable	Dividends declared but not yet received during the reporting period	69,482	-	0.28
Amounts payable	Amounts payable for the redemption of investment units	(200,362)	-	(0.80)
Amounts payable	Amounts payable for assets acquired	(278,185)	-	(1.11)
Amounts payable	Amounts payable to the management company and the depository	(130,339)	-	(0.52)
Amounts payable	Other amounts payable	(2,562)	-	(0.01)
<b>Total</b>	-	<b>(541,967)</b>	-	<b>(2.16)</b>

The fund's investment portfolio is in line with the fund's investment strategy.

The fund's assets are invested in shares of companies operating in Russian Federation.

At the year-end, the fund's assets were mostly invested in the sectors of energy, finance and industry in the Russian Federation stock markets.



## Note 3. Structure of investment portfolio (continued)

2015

Issuer's name	Country	ISIN code	Quantity, items	Total acquisition value	Total market value	Share in net assets, %
<b>Equity securities traded on other regulated markets</b>						
Sberbank	RU	RU0009029540	102,000	162,953	129,505	4.73
M Video	RU	RU000A0JPGA0	47,404	161,620	159,590	5.83
Bank St Petersburg OJSC	RU	RU0009100945	265,190	149,592	144,808	5.29
Gazprom GDR	RU	US3682872078	71,000	346,879	239,948	8.76
Proftek	RU	RU000A0JQU47	172,000	120,210	131,770	4.81
Novatek OAO GDR	RU	US6698881090	1,567	141,347	117,819	4.30
X5 Retail Group GDR	RU	US98387E2054	6,720	115,888	116,551	4.26
Sberbank ADR	RU	US80585Y3080	24,700	130,061	132,927	4.86
Phosagro	RU	US71922G2093	10,819	107,635	127,242	4.65
Mobile TeleSystems	RU	RU0007775219	31,100	149,557	81,889	2.99
QIWI	RU	US74735M1080	8,030	183,564	131,923	4.82
Globaltrans GDR	RU	US37949E2046	30,825	141,810	128,367	4.69
Novilpet Steel - GDR	RU	US67011E2046	7,400	93,627	57,637	2.11
Surgutneftegas - GDR	RU	US8688612048	28,100	159,743	118,639	4.33
Rosneft Oil GDR	RU	US67812M2070	37,110	164,620	118,062	4.31
MMC Norlisk Nickel ADR	RU	US55315J1025	9,470	158,780	109,773	4.01
Lukoil GDR	RU	US69343P1057	8,191	301,329	241,397	8.82
Tatneft PAO	RU	US8766292051	5,250	153,379	126,613	4.62
Bashneft	RU	RU0007976957	5,000	138,199	124,633	4.55
DIXY Group	RU	RU000A0JP7H1	29,710	130,083	112,874	4.12
<b>Total</b>	-	-	<b>901,586</b>	<b>3,210,876</b>	<b>2,651,967</b>	<b>96.87</b>
<b>Total equity securities</b>			<b>901,586</b>	<b>3,210,876</b>	<b>2,651,967</b>	<b>96.87</b>

Note 3. Structure of investment portfolio (continued)

Name of the bank	Currency	Total market value	Interest rate	Share in net assets, %
Cash				
SEB Bankas AB	EUR	16,727	-	0.61
SEB Bankas AB	USD	64,617	-	2.36
<b>Total cash</b>	-	<b>81,344</b>	-	<b>2.97</b>

Name	Brief description	Total value	Intended purpose	Share in net assets, %
Amounts payable	Accrued but unpaid fees to the management company and the depository	(5,426)	-	(0.20)
Amounts receivable	Dividends received	10,132	-	0.37
Amounts payable	Other payables	(390)	-	(0.01)
<b>Total</b>	-	<b>4,316</b>	-	<b>0.16</b>

The fund's investment portfolio is in line with the fund's investment strategy.

The fund's assets are invested in shares of companies operating in Russian Federation. No more than 33% of the subfund's assets may be invested in companies based in other CIS countries (including the former CIS countries).

The fund's investment portfolio comprises shares of 15 to 25 different companies. A low level of diversification of the investment portfolio enables the subfund to ensure maximum control over the selected positions and an effective structure of the subfund.

At the year-end, the fund's assets were mostly invested in the sectors of energy, finance and industry in the Russian Federation stock markets.

The market prices of financial instruments had the major impact on the change in the value of the fund's investment portfolio.





Note 4. Breakdown of investments by the criteria that meet the investment strategy

By investment object

Breakdown of investments	Market value	Share in assets, %	Market value at January 1	Share in assets at 1 January,%
Shares	24,046,594	96.17	2,651,967	96.87
Government non-equity securities	-	-	-	-
Corporate non-equity securities	-	-	-	-
Collective investment instrument	-	-	-	-
Money market instruments	-	-	-	-
Deposits	-	-	-	-
Derivative financial instruments	-	-	-	-
Cash held in credit institutions	1,499,447	6.00	81,344	2.97
Other instruments	-	-	-	-
<b>Total</b>	<b>25,546,041</b>	<b>102.17</b>	<b>2,733,311</b>	<b>99.84</b>

By industry sector

Breakdown of investments	Market value	Share in assets, %	Market value at January 1	Share in assets at 1 January,%
Telecommunications	857,389	3.43	81,889	2.99
Emergency goods and services	4,646,051	18.58	404,509	14.78
Convenience goods and services	1,086,572	4.35	112,874	4.12
Financial services	5,457,321	21.83	539,162	19.69
Industrial materials	-	-	131,770	4.81
Utility goods and services	1,498,580	5.99	-	-
Energy	7,907,349	31.62	1,087,112	39.72
Materials	2,593,332	10.37	294,651	10.76
<b>Total</b>	<b>24,046,594</b>	<b>96.17</b>	<b>2,651,967</b>	<b>96.87</b>

By currency

Breakdown of investments	Market value	Share in assets, %	Market value at January 1	Share in assets at 1 January,%
EUR	605,330	2.42	16,727	0.61
USD	16,833,599	67.33	1,831,514	66.90
RUB	8,107,112	32.42	885,070	32.33
<b>Total</b>	<b>25,546,041</b>	<b>102.17</b>	<b>2,733,311</b>	<b>99.84</b>



Note 4. Breakdown of investments by the criteria that meet the investment strategy (continued)

By geographical area

Breakdown of investments	Market value	Share in assets, %	Market value at January 1	Share in assets at 1 January, %
Lithuania	1,499,446	6.00	81,344	2.97
Russia	24,046,595	96.17	2,651,967	96.87
<b>Total</b>	<b>25,546,041</b>	<b>102.17</b>	<b>2,733,311</b>	<b>99.84</b>

By type of issuer

Breakdown of investments	Market value	Share in assets, %	Market value at January 1	Share in assets at 1 January, %
Government of the Republic of Lithuania	-	-	-	-
Governments of other countries	-	-	-	-
Companies registered in the Republic of Lithuania	-	-	-	-
Companies registered outside the Republic of Lithuania	24,046,594	96.17	2,651,967	96.87
Collective investment undertakings registered in the Republic of Lithuania	-	-	-	-
Collective investment undertakings registered outside the Republic of Lithuania	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>24,046,594</b>	<b>96.17</b>	<b>2,651,967</b>	<b>96.87</b>





Note 5. Change in value of investments

2016

Items reported in the statement of net assets	Change					Balance at 31 December 2016
	Balance at 31 December 2015	Acquired over the period	Sold (redeemed) over the period	Increase in value	Decrease in value	
Time deposits	-	-	-	-	-	-
Money market instruments	-	-	-	-	-	-
Non-equity securities <sup>2</sup>	-	-	-	-	-	-
Non-equity securities issued or guaranteed by governments and central banks	-	-	-	-	-	-
Other non-equity securities	-	-	-	-	-	-
Equity securities	2,651,967	19,326,452	3,606,843	12,982,757	7,307,739	24,046,594
Units and shares of collective investment undertakings	-	-	-	-	-	-
Derivative financial instruments <sup>1</sup>	-	-	-	-	-	-
<b>Total</b>	<b>2,651,967</b>	<b>19,326,452</b>	<b>3,606,843</b>	<b>12,982,757</b>	<b>7,307,739</b>	<b>24,046,594</b>

<sup>1</sup>Balance at 31 December 2015 reflects the fair value of derivative financial instruments.

Acquired over the period equals zero, because the valuation of derivative instruments is made on the following day after the acquisition.

Sold (redeemed) over the period reflects the realised result of finalised transactions.

<sup>2</sup>Balance at 31 December 2015 reflects the fair value of non-equity securities at 1 January plus accrued interest.

Acquired over the period reflects the acquisition value plus accrued interest of the predecessor client as at the date of acquisition.

Sold (redeemed) over the period reflects the sale value comprising accrued interest, acquisition cost and realised gain or loss.

Increase/decrease in value reflects accrued interest and revaluation result.

2015

Items reported in the statement of net assets	Change					Balance at 31 December 2015
	Balance at 31 December 2014	Acquired over the period	Sold (redeemed) over the period	Increase in value	Decrease in value	
Time deposits	-	-	-	-	-	-
Money market instruments	-	-	-	-	-	-
Non-equity securities <sup>2</sup>	-	-	-	-	-	-
Non-equity securities issued or guaranteed by governments and central banks	-	-	-	-	-	-
Other non-equity securities	-	-	-	-	-	-
Equity securities	1,653,627	5,507,438	4,461,874	5,324,158	5,371,382	2,651,967
Units and shares of collective investment undertakings	-	-	-	-	-	-
Derivative financial instruments <sup>1</sup>	-	-	-	-	-	-
<b>Total</b>	<b>1,653,627</b>	<b>5,507,438</b>	<b>4,461,874</b>	<b>5,324,158</b>	<b>5,371,382</b>	<b>2,651,967</b>

<sup>1</sup>Balance at 31 December 2014 reflects the fair value of derivative financial instruments.

Acquired over the period equals zero, because the valuation of derivative instruments is made on the following day after the acquisition.

Sold (redeemed) over the period reflects the realised result of finalised transactions.

<sup>2</sup>Balance at 31 December 2014 reflects the fair value of non-equity securities at 1 January plus accrued interest.

Acquired over the period reflects the acquisition value plus accrued interest of the predecessor client as at the date of acquisition.

Sold (redeemed) over the period reflects the sale value comprising accrued interest, acquisition cost and realised gain or loss.

Increase/decrease in value reflects accrued interest and revaluation result.



Note 6. Results of sale of investments

During 2016 and 2015, the undertaking had no sale transactions involving financial instruments other than those measured at fair value.

Note 7. Derivative financial instruments

The subfund had no transactions involving derivative financial instruments over the reporting period.

Note 8. Costs of intermediary fees

Name of the intermediary	Description of services rendered	Fee for the services during the reporting period, EUR	Fee for the services during the previous reporting period, EUR	Relationship of the intermediary to the management company
Finasta Bankas AB (currently Šiaulių Bankas AB)	Commission fee for intermediation services in transactions involving securities	-	10,041	The management company and the intermediary have signed an agreement on intermediation services
Šiaulių Bankas AB	Commission fee for intermediation services in transactions involving securities	4,310	189	The management company and the intermediary have signed an agreement on intermediation services.
SEB Bankas AB	Commission fee for intermediation services in transactions involving securities	28,202	9,415	SEB Bankas AB is a depository of the fund managed by the management company
<b>Total</b>		<b>32,512</b>	<b>19,645</b>	

Note 9. Dividends and other benefits assessed and/or paid to the participants that do not result in changes in units

The subfund did not pay and did not account for any dividends payable to its clients over the reporting period.

Note 10. Borrowings and loans granted

The subfund had no borrowings for its own needs as at the end and over the reporting period.

Note 11. Third-party guarantee commitments in respect of the undertaking's yield

There were no third-party guarantee commitments in respect of the undertaking's yield as at the end and over the reporting period.

Note 12. Related-party transactions over the financial year and previous financial year

Transactions with the management company and balances arising on these transactions have been disclosed in Notes 3 and 19.

Note 13. Significant effect of changes in accounting estimates, or if these were not made, adjustments to comparative information due to changes in accounting policies or correction of errors

During the reporting period from 1 January to 31 December 2016, the subfund applied accounting policies consistent with those applied in the previous financial year.

Note 14. Brief description of significant events after the end of the reporting period, that, if not disclosed, might have material impact on the ability of users of these financial statements to make decisions

There were no significant events after the end of the reporting period.

Note 15. Significant changes in assets and liabilities that occurred after the date of calculation net asset value and that were not included in net asset value

There were no significant changes in assets and liabilities after the end of the reporting period.

Note 16. Other significant information on the financial position of the collective investment undertaking, factors and circumstances that had impact on assets and liabilities of the collective investment undertaking

There is no other significant information on the subfund's financial position.





Note 17. Financial risk and risk management methods

Description of risks that affect the fund

The fund incurs the following risk factors: interest rate risk, credit risk, inflation risk, market liquidity risk, foreign exchange risk, counterparty and settlement risk, political and legal risk, the fund's investment objective and investment policy risk.

Liquidity risk

At the end of 2016, the subfund had no significant financial liabilities.

Liquidity risk is managed on the basis of exposure limits: exposure limit per single counterparty or issuer may not exceed 20% of net asset value.

Sensitivity analysis – share market risk

Beta ratio is the best measure of the fund's sensitivity to market risk (calculated using the fund's data and the fund's benchmark index data).

At the end of 2016, the fund's *Beta* ratio was 0.94 (for 12 months). This implies that a 1% change in the fund's benchmark index will result in average 0.94% change in the fund's value.

The sensitivity analysis is based on the following assumptions:

- historical correlation that existed between the fund's investments and their benchmark index will still be relevant in the future;
- there is a linear correlation between the fund's value and the values of benchmark index over time.

Note 18. Return on investments and benchmarks for return on investments:

18.1 Benchmark index and its brief description:

The subfund uses the following composite benchmark index:

With effect from 29 October 2010, the fund uses the benchmark index Russian Trading System Index, which reflects changes in prices of shares of Russian companies.

18.2. Change in unit value, change in annual gross and annual net return on investments, change in the benchmark index (%):

	Reporting period	1 year ago	2 years ago	10 years ago
Change in value of unit <sup>1</sup>	74.87	17.18	(41.14)	-
Change in value of benchmark index	57.47	6.68	(37.79)	-
Annual gross return on investments <sup>3</sup>	77.98	19.85	(39.26)	-
Annual net return on investments <sup>2</sup>	75.35	17.63	(40.51)	-
Standard deviation of change in value of unit <sup>4</sup>	22.58	26.98	27.07	-
Standard deviation of change in value of benchmark index <sup>5</sup>	29.8	37.58	38.81	-
Correlation factor between value of unit and value of benchmark index <sup>6</sup>	89.78	95.03	92.49	-
Index tracking error <sup>7</sup>	7.26	11.09	11.09	-
Alfa ratio <sup>8</sup>	14.83	10.55	(7.06)	-
Beta ratio <sup>9</sup>	0.94	0.99	0.94	-

<sup>1</sup> Change in value of unit (share) does not take into account the distribution fee.

<sup>2</sup> Annual net return on investments is return on investments of investment instrument portfolio, which takes into account investment management fees charged by the fund and trading costs.

<sup>3</sup> Annual gross return on investments is return on investments of investment instrument portfolio, which takes into account only the trading costs.

<sup>4</sup> Standard deviation of change in value of unit (share) is a standard risk indicator, which shows how far the changes in value of unit (share) are spread above and below the mean change.

<sup>5</sup> Standard deviation of change in value of benchmark index is a statistical risk indicator, which shows how far the changes in value of benchmark index are spread above and below the mean change.

<sup>6</sup> Correlation factor between value of unit (share) and value of benchmark index is a ratio, which shows statistical dependence between the values of unit and the values of benchmark index.

<sup>7</sup> Index tracking error is a ratio, which shows how closely the changes in value of unit match (or follow) the changes in value of benchmark index.

<sup>8</sup> Alfa ratio is a ratio, which shows the difference between the change in value of unit of pension fund or collective investment undertaking and the change in value of benchmark index, given a comparable risk level.

<sup>9</sup> Beta ratio is a ratio, which shows the scope of change in value of unit of the pension fund or collective investment undertaking as compared to the change in the value of benchmark index.



Note 18. Return on investments and benchmarks for return on investments (continued)

18.3. Average return on investments, average change in value of unit and its standard change, and average change of the benchmark index (%):

	Over the last 3 years	Over the last 5 years	Over the last 10 years	Since start of operations*
Average change in value of unit <sup>1</sup>	6.45	6.86	-	1.20
Average change in value of benchmark index <sup>2</sup>	1.48	0.49	-	(0.69)
Average gross return on investments <sup>3</sup>	9.02	9.51	-	3.06
Average net return on investments <sup>4</sup>	7.06	7.54	-	1.11
Average standard deviation of change in value of unit <sup>5</sup>	25.65	22.87	-	23.56

<sup>1</sup> Average change in value of unit is calculated as a geometric mean of annual changes in value of accounting unit.

<sup>2</sup> Average change in value of benchmark index is calculated as a geometric mean of annual changes in value of accounting unit.

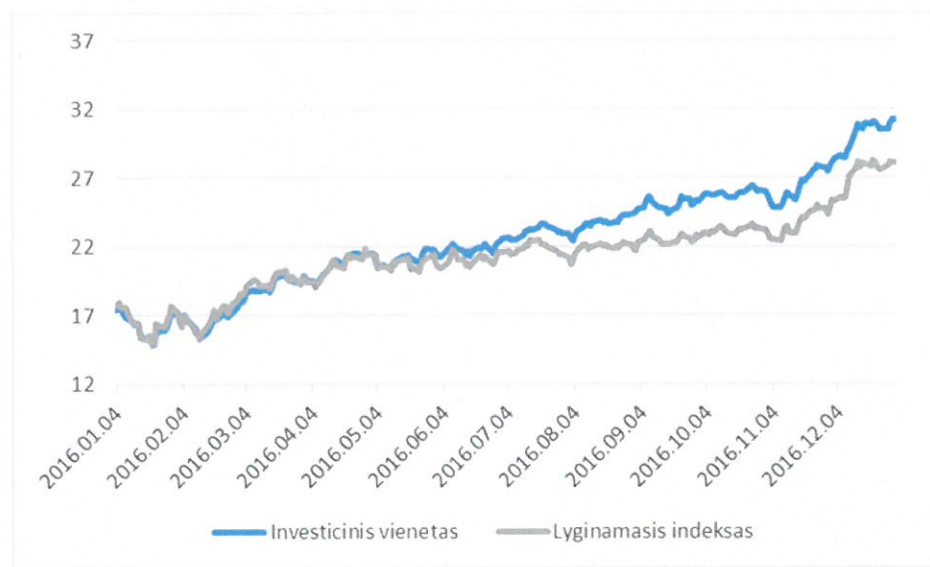
<sup>3</sup> Average net return on investments is calculated as a geometric mean of annual changes in net return on investments.

<sup>4</sup> Average gross return on investments is calculated as a geometric mean of annual changes in gross return on investments.

<sup>5</sup> Average standard deviation of change in value of unit (share) is a standard annual deviation of change in value of accounting unit over the specified period.

Change in benchmark index and value of unit during the period between 31 December 2015 and 31 December 2016:

[Text in the table: Investment Unit Benchmark Index]







Note 19. Expense ratios and turnover rates:

2016

	Rates of deductions (fees/charges)		Amount of deductions charged for the reporting period, EUR	% of average net asset value for the reporting period
	Maximum rates as per founding documents	Rates applied during the reporting period		
<b>Management fee:</b>				
<i>Fixed rate</i>	No more than 1.5% of the subfund's average annual net asset value	No more than 1.5% of the subfund's average annual net asset value	128,607	1.48
<i>Performance fee</i>	No more than 15% of the increase in the subfund's net asset value	No more than 15% of the increase in the subfund's net asset value	92,934	1.07
Depository fee	No more than 0.5% of average annual net asset value	No more than 0.5% of average annual net asset value	15,370	0.18
Transaction fee	No more than 1% of the value of transactions executed	No more than 1% of the value of transactions executed	32,512	0.37
Other operating costs (distribution fee)	No more than 2% of the subfund's unit value	2% of the subfund's unit value	69	-
Other operating costs (subfund change fee)	No more than 0.25% of the value of the subfund's units changed	No more than 0.25% of the value of the subfund's units changed	1,045	0.01
Audit fee	Fee payable to audit firm and financial institutions for services rendered - no more than 1% of the fund's average annual net asset value	Fee payable to audit firm and financial institutions for services rendered - no more than 1% of the fund's average annual net asset value	3,364	0.04
Other operating costs (third party fees charged on services of the Depository through use of services provided by other financial institutions)			11,559	0.13
Other operating costs (bank charges)	No more than 1% of the subfund's average annual net asset value	No more than 1% of the subfund's average annual net asset value	291	-
Other operating costs (fee charged by the bank for keeping records of participants)			1,172	0.01
Other operating costs (fees charged by the market maker, quotation costs and one-off fees)			2,292	0.03
Other operating costs (legal costs)	No more than 1% of the umbrella fund's average annual net asset value	No more than 1% of the umbrella fund's average annual net asset value	-	-
Total expenses included in TER				255,589
TER as % of NAV *				2.94
Total expenses				289,215
PTR (%) **				(80.63)

\*Total expense ratio (TER) is a percentage value, which shows what part of average net assets of an undertaking is used to cover its management costs. These costs are directly deducted from the investor's return on investments. It is important to note that TER does not take into account the transaction fee, distribution fee and subfund change fee.

\*\*Portfolio turnover rate (PTR) is a rate, which shows the level of trading activity in instruments that form the portfolio of the collective investment undertaking. The undertakings with high PTR rate incur higher transaction costs.



2015

Types of deductions (fees/charges)	Rates of deductions (fees/charges)		Amount of deductions charged for the reporting period, EUR	% of average net asset value for the reporting period
	Maximum rates as per founding documents	Rates applied during the reporting period		
<b>Management fee:</b>				
<i>Fixed rate</i>	1.5% of the subfund's average annual net asset value	1.5% of the subfund's average annual net asset value	50,382	1.49
<i>Performance fee</i>	15% of the increase in the subfund's net asset value	15% of the increase in the subfund's net asset value	-	-
Depository fee	No more than 0.5% of average annual net asset value	No more than 0.5% of average annual net asset value	12,567	0.37
Transaction fee	No more than 1% of the value of transactions executed	No more than 1% of the value of transactions executed	19,645	0.58
Other operating costs (distribution fee)	2% of the subfund's unit value	2% of the subfund's unit value	408	0.01
Other operating costs (subfund change fee)	0.25% of the value of the subfund's units changed	0.25% of the value of the subfund's units changed	187	0.01
Audit fee	Fee payable to audit firm and financial institutions for services rendered - no more than 1% of the subfund's average annual net asset value	Fee payable to audit firm and financial institutions for services rendered - no more than 1% of the subfund's average annual net asset value	1,210	0.04
Other operating costs (third party fees charged on services of the Depository through use of services provided by other financial institutions)			3,909	0.12
Other operating costs (bank charges)			478	0.01
Other operating costs (fee charged by the bank for keeping records of participants)	No more than 1% of the subfund's average annual net asset value	No more than 1% of the subfund's average annual net asset value	1,445	0.04
Other operating costs (fees charged by the market maker, quotation costs and one-off fees)			2,349	0.07
Other operating costs (legal costs)	No more than 1% of the umbrella fund's average annual net asset value	No more than 1% of the umbrella fund's average annual net asset value	-	-
Total expenses included in TER				72,340
TER as % of NAV*				2.14
Total expenses				92,580
PTR (%) **				(66.14)

\*Total expense ratio (TER) is a percentage value, which shows what part of average net assets of an undertaking is used to cover its management costs. These costs are directly deducted from the investor's return on investments. It is important to note that TER does not take into account the transaction fee, distribution fee and subfund change fee.

\*\*Portfolio turnover rate (PTR) is a rate, which shows the level of trading activity in instruments that form the portfolio of the collective investment undertaking. The undertakings with high PTR rate incur higher transaction costs.





Note 20. Cash flows:

	Items of cash flows	Financial year	Previous financial year
<b>I.</b>	<b>Cash flows from operating activities</b>	-	-
I.1.	Cash inflows over the reporting period	3,853,186	4,584,382
I.1.1.	Proceeds on disposal of financial assets and investment assets	3,606,843	4,461,875
I.1.2.	Interest received	-	-
I.1.3.	Dividends received	246,343	122,507
I.1.4.	Lease payments received	-	-
I.1.5.	Cash inflows from other activities	-	-
I.2.	Cash outflows over the reporting period	19,210,392	5,600,100
I.2.1.	Payments on acquisition of financial assets and investment assets, and liabilities settled	19,048,267	5,507,438
I.2.2.	Payments related to the general and administrative needs	148,175	84,746
I.2.3.	Deposits placed	-	-
I.2.4.	Other payments	13,950	7,916
	Net cash flows from (used in) operating activities (I.1-I.2)	(15,357,206)	(1,015,718)
<b>II.</b>	<b>Cash flows from financing activities</b>	-	-
II.1.	Cash inflows over the reporting period. Sales of investment units	23,267,076	6,598,464
II.2.	Cash outflows over the reporting period. Redemption of investment units	6,482,942	5,611,341
II.3.	Dividends paid	-	-
II.4.	Proceeds of borrowings	-	-
II.5.	Repayments of borrowings	-	-
II.6.	Interest paid	-	-
II.7.	Cash flows relating to other finance sources (+/-)	-	-
II.8.	Other increase in cash flows of financing activity	22	-
II.9.	Other decrease in cash flows of financing activity	-	(22)
	Net cash flows from financing activities (II.1- II.2- II.3 + II.4-II.5 - II.6 + II.7 + II.8- II.9)	16,784,156	987,101
<b>III.</b>	<b>Foreign exchange effect on the balance of cash (+/-) *</b>	<b>(8,847)</b>	<b>(6,064)</b>
<b>IV.</b>	<b>Net increase (decrease) in cash flows (+/-)</b>	<b>1,418,103</b>	<b>(34,681)</b>
<b>V.</b>	<b>Cash at the beginning of the period</b>	<b>81,344</b>	<b>116,025</b>
<b>VI.</b>	<b>Cash at the end of the period</b>	<b>1,499,447</b>	<b>81,344</b>

\* also includes a difference between the transaction's settlement date and the transaction's conclusion date due to foreign exchange effect



24. Entire text of the auditor's report:

Presented on pages 2-3 of the financial statements.

25. Information on investment income and expenses of the collective investment undertaking over the reporting period:

I.	Income from investing activities	-
1.	Interest income	-
2.	<i>Realised gain (loss) on investment in:</i>	1,240,017
2.1.	equity securities	1,240,017
2.2.	non-equity securities	-
2.3.	money market instruments	-
2.4.	derivative financial instruments	-
2.5.	units of other collective investment undertakings	-
2.6.	real estate objects	-
2.7.	other investment instruments	-
3.	<i>Unrealised gain (loss) on:</i>	4,435,001
3.1.	equity securities	4,435,001
3.2.	non-equity securities	-
3.3.	money market instruments	-
3.4.	derivative financial instruments	-
3.5.	units of other collective investment undertakings	-
3.6.	real estate objects	-
3.7.	other investment instruments	-
4.	<i>Other income:</i>	641,314
4.1.	income from lease of real estate	-
4.2.	positive foreign exchange effect	340,346
4.3.	Other	300,968
	Total income	6,316,332
II.	Expenses	-
1.	<i>Operating expenses:</i>	289,215
1.1.	deductions of management fee	222,655
1.2.	deductions of depository fee	15,370
1.3.	intermediary fee	32,512
1.4.	audit fee	3,364
1.5.	deductions of other fees and charges	15,314
2.	<i>Other expenses:</i>	344,441
2.1.	interest expenses	-
2.2.	expenses related to the managed real estate objects	-
2.3.	negative foreign exchange effect	344,441
2.4.	other	-
	Total expenses	633,656
III.	Net income	5,682,676
IV.	Payments (dividends) to holders of investment units	-
V.	Re-invested earnings	5,682,676





26. Other significant information on the financial position of the collective investment undertaking, factors and circumstances that had impact on assets and liabilities of the collective investment undertaking:

There is no other significant information on the subfund's financial position.

#### **VII. INFORMATION ON PAYMENT OF DIVIDENDS**

27. Information on dividends declared and/or paid:

Information is provided in Note 9.

#### **VIII. INFORMATION ON COLLECTIVE INVESTMENT UNDERTAKING'S BORROWINGS FOR ITS OWN NEEDS**

28. Collective investment undertaking's borrowings for its own needs as at the end of the reporting period:

Information is provided in Note 10.

#### **IX. OTHER INFORMATION**

29. Explanations, comments, graphic illustrations and other important information on the activities of collective investment undertaking enabling the investor to assess appropriately all changes in and results of operations of the undertaking:

Information is provided in Note 18.

#### **X. ACCOUNTABLE PERSONS**

30. First and last names (names of legal entities), addresses, titles and registration numbers of permits to engage in relevant activities of consultants whose services were used in the preparation of the financial statements (finance dealer firms, auditors, etc.):

No services of consultants were used in the preparation of these financial statements.

31. First and last names, job titles and workplace of persons who prepared the financial statements (if other than employees of the company):

The financial statements were prepared by the employees of the management company.



32. Statement and signatures made by the management company's head of administration, chief financier, persons who prepared the financial statements and consultants to confirm that information contained in the financial statements is true and fair and that there are no omissions of facts that might substantially affect the values of reported items:

I, Darius Šulnis, Director General of INVL Asset Management UAB, hereby confirm that information contained in these financial statements is true and fair and that there are no omissions of facts that might substantially affect the assessment of the subfund's results.

(signature)

I, Aušra Montvydaitė, Head of Funds Accounting of INVL Asset Management UAB, hereby confirm that information contained in these financial statements is true and fair and that there are no omissions of facts that might substantially affect the assessment of the subfund's results.

(signature)

33. Persons responsible for information contained in these financial statements:

33.1. Members of the undertaking's managerial bodies, employees and head of administration responsible for the preparation of financial statements;

Full name	Darius Šulnis	Aušra Montvydaitė
Job position	Director General	Head of Funds Accounting
Telephone number	8 700 55 959	8 6 264 5582
Fax number	8 5 279 06 02	8 5 279 06 02
Email address	darius.sulnis@invl.com	ausra.montvydaite@invl.com

33.2. When the financial statements have been prepared by or with assistance of consultants, please specify their full names, telephone and fax numbers, email addresses (if a consultant is a legal entity, please specify its name, telephone and fax numbers, email address and full name(s) of a consultant's representative(s)); please indicate, which specific sections have been prepared by or with assistance of consultants and the scope of their liability.

No services of consultants were used in the preparation of these financial statements.