IMJSC "Parex Asset Management"
Republikas square 2a,
Riga, LV 1010, Latvia

Open-end investment fund

"Parex Caspian Sea Equity Fund"

SIMPLIFIED PROSPECTUS

The Fund is registered in the Republic of Latvia

Registered with the Financial and Capital Market Commission
The Fund was registered on 19.01.2007.
with the registration number 06.03.05.098/27

Amendments to the Prospectus:
Registered on 26.04.2007, effective as of 28.05.2007
Registered on 08.09.2008, effective as of 09.10.2008
Registered on 14.10.2008, effective as of 14.10.2008
Registered on 05.10.2009, effective as of 05.10.2009
Registered on 08.10.2009, effective as of 09.11.2009
Registered on 29.01.2010, effective as of 29.01.2010

Custodian: JSC "Parex banka"

Sworn Auditor: SIA "PricewaterhouseCoopers"

The Prospectus, the Fund Rules, the annual and semi-annual reports of the Fund as well as other information on the Fund and the Company is available free of charge at the office of the IMJSC "Parex Asset Management" at the following address:

Republikas square 2a, Riga, LV 1010, Latvia
on business days from 08:30 to 17:30

(See also section "General information").

Distributor of Investment Certificates:

In Latvia: JSC "Parex banka"
Republikas square 2a,
Riga, LV-1522, Latvia
as well as branches and customer service units of the JSC "Parex banka".

Fund Manager (Investment management company), the Company

IMJSC "Parex Asset Management"
Republikas square 2a, Riga, LV 1010, Latvia

Custodian

JSC "Parex banka"
Republikas square 2a, Riga, LV-1522, Latvia

Sworn Auditor

SIA "PricewaterhouseCoopers"
Riga, K.Valdemara street 19, LV-1010, Latvia

Distributor of the Fund's Investment Certificates

In Latvia:	JSC "Parex banka" Republikas square 2a, Riga, LV-1522, Latvia as well as branches and customer service units of the JSC "Parex banka".

Supervisory Authority

Financial and Capital Market Commission
Kungu street 1, Riga, LV-1050, Latvia

Investment Objective

The investment objective of the open end investment fund "Parex Caspian Sea Equity Fund" is long-term capital growth from investments in shares of those issuers who are registered or whose main activities take place in the Caspian Sea Region. The fund's income will comprise share price increases and dividend payments.

Investment Policy

The policy of the investment fund sets out the following investment portfolio allocation:

- Up to 100% of the Fund's assets can be invested in equity securities issued by corporations;
- Up to 25% of the Fund's assets can be invested in term deposits with credit institutions;
- Up to 25% of the Fund's assets can be invested in debt securities issued or guaranteed by government, municipalities and credit institutions as well as debt securities issued by corporations;
- Up to 25% of the Fund's assets can be invested in money market instruments issued or guaranteed by government, municipalities and credit institutions as well as money market instruments issued by corporations;
- Up to 10% of the Fund's assets can be invested in investment certificates of open-end funds or similar collective investment undertakings or similar securities (hereinafter, the investment certificates of investment funds).
- Up to 5% of the Fund's assets may be invested in investment certificates of investment funds managed by companies belonging to the same group – funds managed by IMJSC "Parex Asset Management" as well as its subsidiaries;
- Not less than two thirds of the Fund's assets will be invested in equity securities issued by corporations which are registered or whose main economic activities take place in countries of the Caspian Sea region.

Investor Profile

The Fund was set up for professional and experienced investors as well as for those investors that are not familiar with capital market opportunities but whose purpose is to profit in the capital markets. Such strategy comprises risk of issuer's default, political risk, economic risk and currency risk that can adversely affect the value of the Fund's shares or investment certificates. The long-term strategy of the Fund recommends at least 5-year investment horizon.

Investment-Related Risks

The operations of the Investment Fund involve risks that arise from various factors. Each type of risk can adversely affect the operational results of the Fund and, thus, each of the Fund's shares. The following risks must be distinguished in this respect:

Basic risk – Investors should be aware that the price of securities as well as income from securities is subject to fluctuations that directly affect the value of investment certificates owned by the Investor.

Liquidity risk – refers to the ability at any point in time to dispose of (sell or liquidate) any of the Fund's assets. If financial instruments or other assets can be sold or liquidated so that the average bid (in comparison to transaction volume in the particular market) does not create significant movements in price, this market can be regarded as liquid.

Investments in the markets of the Caspian Sea region are subject to increased risk that markets for various assets are illiquid in the short-term. Consequently, a situation may occur that financial instruments or other assets cannot be sold or must be sold for a reduced value.

Issuer's default risk – related to the securities issuer's inability to fulfil its obligations against the securities holder. While planning the Fund's investment policy the Company takes into account investment safety of each particular country, security and bank term deposit, i.e., analyses credit ratings of each country, bank or enterprise. Occurrence of this risk can create partial or full default on liabilities with respect to a particular financial instrument and affect the Fund's net asset value and, thus, the value of each share of the Fund.

Legal or regulatory risk – risk of possible changes in national and foreign laws and regulations (including tax policy) resulting in additional expenses to the Fund.

Information risk – inaccessibility or lack of securities market information on issuer's true condition.

As there may not always be a common standard for disclosure in the countries of the Caspian Sea region, there is an increased risk that despite prudent management the Fund Manager may receive insufficient information that results in adverse investment decision.

Financial risk – financial risk of investment funds is primarily related to situations when, due to external factors beyond the Company's control, Investors simultaneously request redemption of their investment certificates which results in decreased efficiency of the Fund's operations.
Derivatives risk – Investors should be aware that investments in derivatives are subject to high risk. Liabilities or claims from such transactions may decrease or cease to exist. The risk of loss in certain situations may not be estimated and may exceed the value of collateral. If loans are used to cover liabilities arising from derivatives or if liabilities or claims from such transactions are denominated in foreign currency, the risk of loss may increase.

Derivatives transactions may result in insolvency and encumber the Fund's properties, without the possibility to estimate losses in advance.

Main Foreign Investment Risks:

- Political risk – risk that investment countries get involved in military conflicts and warfare, as well as risk of major changes in political environment of investment countries, for example, military coup d'etat, overturns. Such factors usually have a major impact on financial markets of the respective country and, thus, on the Fund's performance;
- Economic risk – risk of changes in economic situation of investment regions, such as economic recession, excessive inflation, banking crisis, etc.;
- Accounting risk and risk of double tax collection – use of different accounting principles for securities accounting and registration systems in different countries may cause additional burdens on investments, such as higher tax rates being set for non-resident investments abroad; thus, the Fund's property may be burdened more than if investments were made on the local market;
- **Currency risk –** this risk pertains to possible losses, which the holder of the fund's investment certificates may incur due to adverse currency fluctuations. The base currency of the Fund is EUR, but the Fund's assets can be placed also in financial instruments denominated in other currencies, consequently, there is a risk of change in the value of foreign currency relative to the Fund's base currency.

Particular risks related to investments in the countries of the Caspian Sea region

The specialisation of the Fund in investing financial assets in the countries of the Caspian Sea region is subject to increased risk. Asset prices in markets and stock exchanges are rather volatile. Moreover, investment performance may be affected by fluctuations of local currencies against the Fund's base currency. Even with accurate securities market information which reflects the issuer's true condition investments are subject to a certain credit risk. Political changes, currency exchange restrictions, stock exchange regulations, taxes, restrictions of foreign investor activities, income repatriation, asset placement etc. can influence the Fund's investment performance.

Derivatives
To provide protection against the risk of fluctuations in market value of the Fund's assets that may arise due to changes in asset prices or exchange rates, the Fund Manager has the right to invest in derivatives on the Fund's account. Furthermore, the Fund Manager has the right to enter in derivatives transactions on the Fund's account with the purpose to profit.
The Fund Manager can enter into repurchase ("repo") agreements on the Fund's account.
Taxes and Duties
The Company hereby gives a general survey of tax legislation of the Republic of Latvia and bears no responsibility for procedures of tax application to each specific Investor. The Investor shall be aware that tax application depends on his country of residence. The Investor should contact a tax advisor to clarify questions concerning procedures of tax application.

Application of Corporate Income and Individual Income Tax
According to the Republic of Latvia normative acts, investment funds are not subject to corporate income tax, thus, no corporate income tax shall be levied on funds accumulated by Investors in the Fund and on property owned by the Fund.
The Investors shall independently pay their individual income tax or corporate income tax on the relevant part of income in accordance with procedures stated by the RL Law "On Individual Income Tax" and the RL Law "On Corporate Income Tax".
At the moment of approval of the simplified Prospectus the RL Law "On Individual Income Tax" provides for no individual income tax to be levied on income from the sale of investment certificates.

At the moment of approval of the simplified Prospectus the RL Law "On Corporate Income Tax" provides for no corporate income tax to be levied on income from the sale of investment certificates.
At the moment of approval of the simplified Prospectus, according to the RL Law "On Corporate Income Tax" and the RL Law "On Individual Income Tax", no corporate income tax or individual income tax is levied on non-resident income from the sale of investment certificates.

Commissions

The Company shall receive a fee for the Fund's management amounting to 2.50% of the Fund's asset value. The fee is paid from the Fund's property once a month no later than 3 business days after the end of each calendar month.
In addition, the Fund shall pay fees to the Custodian and the Sworn Auditor.

Beneficiary	Amount of the Fee
Company	2.50 % per year of the Fund's asset value
Custodian	0.175% per year of the Fund's asset value Transaction processing fee in accordance with the bank's current pricelist The total fee to the Custodian shall not exceed 0.50% per year of the Fund's average asset value per year.
Sworn Auditor	Shall not exceed 0.10% per year of the Fund's average asset value per year
Third parties (for holding of financial instruments, fee to the LCD, charge for including in and quoting of investment certificates on the lists of the stock exchanges, etc.)	In accordance with source documents and actual costs
Total annual Fund management fees shall not exceed 5.00% per year of the Fund's average asset value per year. The amount is determined pursuant to the European Commission April 27, 2004 Recommendation No. 2004/384/EC on the content of the simplified prospectus set out in Section C of Appendix 1 of the European Council Directive 85/611/EC, taking into account amendments to the Directive 2001/107/EC and 2001/108/EC, is in line with the definition of Total Expense Ratio, and does not include payments referred to in Paragraph 2.3 of the Prospectus.	

When the Fund's assets are invested in another fund's investment certificates issued by the Company itself or by another company related to the Company through common management or control, or when it is managed by another company from the same group as the Company, commissions on sale or redemption of such fund's investment certificates are not charged from the Fund.

When the Fund's assets are invested in another fund's investment certificates as described in the previous paragraph, the Company may charge a reduced fee for the Fund's management in relation to the portion of assets invested in such funds setting 0.25% per year as a maximum, or may charge no fee for such investments. If, as described in the previous paragraph, the Fund's assets are invested in investment certificates of another fund whose fund management fee is lower than that of the Fund, then the Company may, in relation to the portion of the Fund's assets invested in such fund, charge a fee which is calculated as the difference between the Fund's management fee and the management fee for the fund invested.

More information about these and other potential costs on the Fund's account is given in the full Prospectus.

Distribution of Investment Certificates

Applications for purchase of the Fund's investment certificates may be submitted at the Company's office at Republikas square 2a, Riga, LV 1010, tel. (+371) 67010810, fax (+371) 67778622 or by contacting the Distributor:

- JSC "Parex banka" Republikas square 2a, Riga, LV 1522
  tel. (+371) 67010000, fax (+371) 67010001

as well as

- branches and customer service units of the JSC "Parex banka". Addresses of branches and customer service units are available at the Company's office, by calling the JSC "Parex banka", or on the bank's website: www.parex.lv.

The minimum investment in the Fund is 1 (one) investment certificate.
The price of investment certificates is set in the Fund's base currency.
All expenses incurred by the Investor with regard to purchase of investment certificates (bank charges for operations with current and financial instrument accounts, etc.) shall be borne by the Investor.
The Fund's net asset value as well as the Fund's share value is determined on each business day after 17.30. This information is available in the places of distribution of the Fund's investment certificates from 10.00 on the next business day.
Information about the sales price of investment certificates is available at the Company's office, or by calling the Company during its business hours. Such information is also available from the Distributors, at the stated Distributor's address, or by calling the Distributor.
Calculations of the sales price of investment certificates are based on the Fund's share value, which was determined on the day when the application for purchase of investment certificates of the open-end investment fund was received but which is published on the next business day.
The Fund's net asset value is the value of the Fund's assets less the value of the Fund's liabilities.
The Fund's share value is the Fund's net asset value divided by the number of investment certificates in circulation.

Redemption and Repurchase
The Company shall redeem investment certificates upon request from the Investor.
The Fund's investment certificates are redeemed at the price determined for the day when the Company or the Distributor has received and accepted the application for redemption of the open-end investment fund investment certificates.
No commission is applied to the redemption of investment certificates.
If data of material importance for the valuation of investment certificates stated in the Prospectus and documents enclosed thereto is incorrect or incomplete due to the Company's fault, the Investor shall be entitled to demand that the Company repurchases his investment certificates and reimburses him for all losses incurred thereof.

Sales Commission and Redemption Fee
Sales commission is determined in accordance with the RL law, and it is paid to the Company to compensate expenses related to the issue of investment certificates.
The maximum commission paid to the Company shall be 5.0% of the Fund's share value.
No commission is charged for the redemption of investment certificates.

Disclosure of Information about the Fund's Share Value
The Company discloses information on the Fund's share value for the previous day on each business day at 10.00. The information can be obtained by calling the numbers stated in the Prospectus, as well as directly at the Company' s office or from Distributors, as well as on the website of the JSC "Parex banka": www.parex.lv.

Conditions for Suspension of Redemption and Repurchase of Investment Certificates
In case of extraordinary situation in financial markets (temporary shutdown of stock exchanges, banks, brokerages or any other reason preventing transactions in securities) or due to other events of uncontrollable nature, the Company may temporarily suspend trading in the Fund's investment certificates. The Company shall immediately inform every investor directly or shall publish announcement in one of the daily periodicals.

The redemption and repurchase of investment certificates may be suspended in cases when the Commission exercises its right to limit the Company's rights to manage the Fund's bank accounts, and in the event of liquidation of the Fund.
Redemption and repurchase of investment certificates is prohibited after start of the Fund's liquidation.
Upon liquidation of the Fund, claims of the Fund's creditors and Investors shall be satisfied in accordance with procedures prescribed by the law.

Distribution of the Fund's Income

Income received from the Fund's property is reinvested in the Fund.

The Investor participates in distribution of income derived from transactions with the Fund's property in proportion to the number of investment certificates owned.

The income of the Investor is reflected in the increase or decrease of value of the Fund's investment certificates. The Fund's share value is determined on each business day in accordance with the RL legal acts and provisions of the Prospectus and the Fund Rules.

The Investor can realise the income from the Fund's shares only by requesting the Company to redeem the security or by selling the investment certificate.

HISTORICAL PERFORMANCE OF THE FUND

Year 2007 was the first operational year for the Fund, since inception until the end of the year the Fund's assets significantly increased reaching EUR 16,135,071 on December 28, 2007. Since inception the Fund's share value had decreased by 10.20%, and on December 28, 2007 it was EUR 8.98.

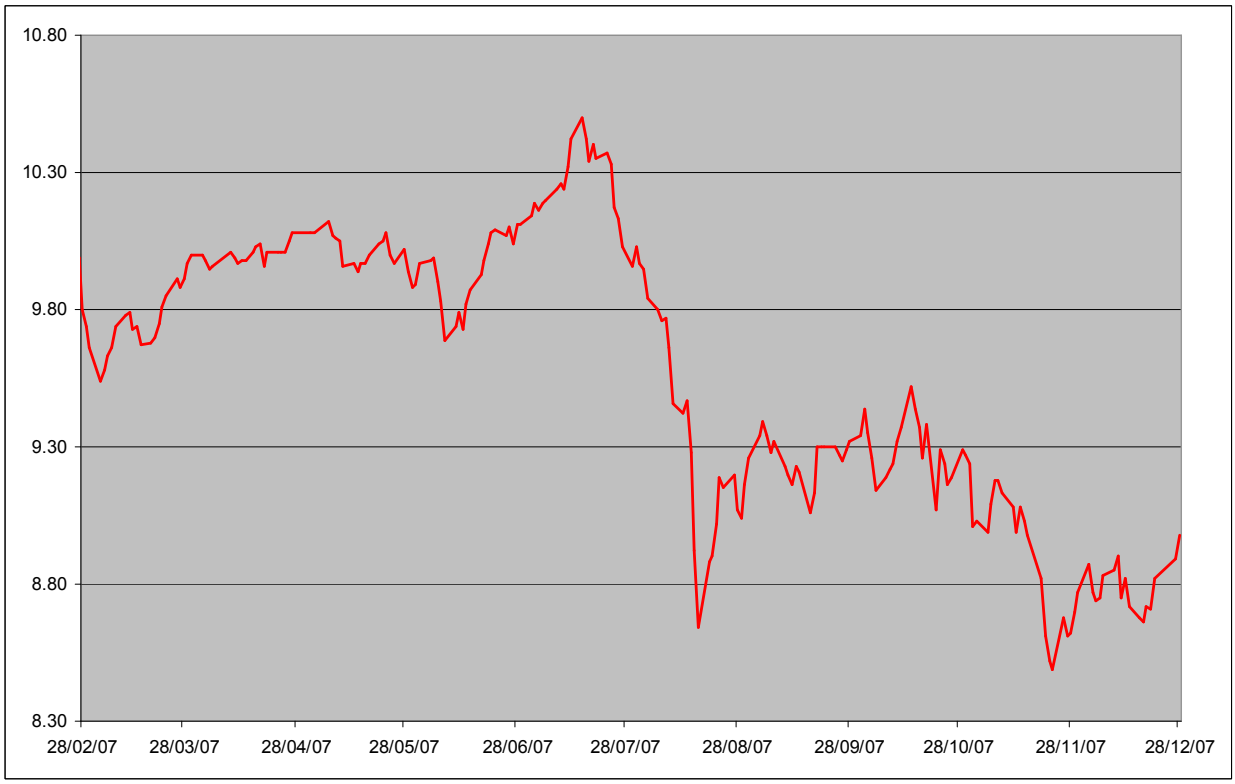
Financial Indicators

Euro	31.12.2007.
Net assets	16,135,071.00
Number of Investment Certificates	1,755,297.1375
Value of an Investment Certificate	8.98

Dynamics of the Fund's Share Value

Period	Since inception (2007)
Increase/ decrease in the share value	-10,20%

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Historical performance of the Fund does not determine the Fund's future performance. The historical dynamics does not guarantee similar dynamics in the future. The Fund's net asset value can increase and decrease, and the Investor shall be aware that by investing in the Fund's certificates he might receive back less than he invested.

General Information

The Full Prospectus, the Simplified Prospectus, the Fund Rules, the annual and semi-annual financial reports of the Fund, information about investment certificate sales and redemption price, information about the place and time for submitting applications for purchase and redemption of the Fund's investment certificates, information about the Fund's net asset value and the Fund's share value, as well as other information on the Fund, the Company, and the Custodian is available free of charge at the office of the IMJSC "Parex Asset Management" at the following address: Republikas square 2a, Riga, LV 1010, Latvia, on business days from 08:30 to 17:30, or from the Distributors, as well as from the recording and information agencies of the countries in which the Fund's investment certificates are distributed.

Upon Investors request the application for redemption of the Fund's investment certificates can be submitted to the recording and information agency.

Upon Investor's request payments related to redemption of investment certificates can be made by recording and information agency, including other payments to be disbursed to the Investors.

Information about the sales and redemption prices for the Fund's investment certificates, as well as other information, is published in accordance with the legal requirements of a country in which the Fund's investment certificates are distributed.