

I. GENERAL INFORMATION

1. General information about “INVL Baltic Fund”:

Name	„INVL Baltic Fund“
Date of Securities Commission agreement on establishment of the collective investment undertaking (CIU)	December 8, 2005

2. Reporting period covered by these financial statements:

January 1, 2016 – June 30, 2016

3. Details of the management company:

Name	INVL Asset Management UAB
Company code	126263073
Office address	Gynėjų str. 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 (Board Member); Tomas Krakauskas (Director of Investment Management Department); Vaidotas Rūkas (Head of Funds Management)

4. Details of the depository:

Name	SEB bank, AB
Business code	112021238
Headquarters (address)	Gedimino av. 12, LT-01103 Vilnius
Telephone number	(8-5) 268 28 00
Fax number	(8-5) 268 23 33

II. NET ASSET VALUE, NUMBER AND VALUES OF INVESTMENT UNITS (SHARES)

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

	Opening balance at 1 January 2016	Closing balance at 30 June 2016 *	One year ago at 30 June 2015	Two years ago at 30 June 2014
Net asset value, EUR	1.747.904	2.200.458	1.894.153	2.518.996
Unit (share) value, EUR	25,8503	28,3063	26,4612	25,8865
Number of units (shares) in circulation	67.616,483243	77.737,305188	71.582,345358	97.309,393545

* Following the merger of INVL Global Flexible Subfund of Funds with investment fund INVL Baltic Fund on 31 May 2016, 13.910,792108 investment units were issued with the total value of EUR 396.320.

6. Number of investment units or shares distributed and redeemed over the reporting period and total conversion values:

	Number of units **	Value, EUR **
Distributed (by converting monetary funds into units) *	49.394,528641	1.371.785
Redeemed (by converting units into monetary funds)	39.273,706696	1.092.696

* The value of distributed units does not correspond to the amount of contributions of participants reported in the statement of changes in net assets, because in the table above it excludes the distribution fee.

** Following the merger of INVL Global Flexible Subfund of Funds with investment fund INVL Baltic Fund on 31 May 2016, 13.910,792108 investment units were issued with the total value of EUR 396.320.

III. EXPENSE AND TURNOVER RATIOS OF THE COLLECTIVE INVESTMENT UNDERTAKING

7. Deductions from assets of the collective investment undertaking:

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 foundation documents	Rates applied during the reporting period		
Management fee:				
<i>Fixed rate</i>	2% of the fund's average annual net asset value of the fund	2% of the fund's average annual net asset value of the fund	19.315	0,98
Depository fee	No more than 0.25% of average annual net asset value of the fund	No more than 0.25% of average annual net asset value of the fund	953	0,05
Transaction fee	No more than 1% of the value of transactions executed	No more than 1% of the value of transactions executed	1.234	0,06
Other operating costs (distribution fee)	No more than 3% of the invested amount	No more than 2% of the invested amount	13	-
Audit fee	No more than 0.5% of average annual net asset value of the fund	No more than 0.5% of average annual net asset value of the fund	295	0,02
Other operating costs (bank charges)			47	-
Fee charged by the bank for keeping records of participants	No more than 0.5% of average annual net asset value of the fund	No more than 0.5% of average annual net asset value of the fund	124	0,01
Other operating costs (fees charged by the market maker, quotation costs and one-off fees)			1.065	0,05
Total expenses				23.046

8. Intermediary fee:

Name of the intermediary	Description of services rendered	Fee for the services at 30 June 2016, EUR	Fee for the services at 30 June 2015, EUR	Relationship of the intermediary to the management company
AB SEB bank	Commission fee for intermediation services in transactions involving securities	1.220	195	AB SEB Bank is the depository of management company fund
AB Šiaulių bank	Commission fee for intermediation services in transactions involving securities	4	-	The management company and intermediary have signed an agreement on intermediation services
AB bankas „Finasta“	Commission fee for intermediation services in transactions involving securities	-	911	The management company and intermediary have signed an agreement on intermediation services *
Total		1.224	1.106	

* The management company was a related party to Finasta bankas AB until 30 June 2015. On 21 December 2015, Finasta bankas AB was merged to Šiaulių bank AB.

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 fund.

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

Information is provided on the annual report.

IV. INFORMATION ON INVESTMENT PORTFOLIO OF THE COLLECTIVE INVESTMENT UNDERTAKING

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

Issuer's name	Country	ISIN code	Quantity, items	Total face value	Total acquisition value	Total market value	Market of reference for determining the market value (website address)	Share of votes held in the issuer, %	Share in net assets, %
Equity securities listed on the Main List of Stock Exchange or its equivalent									
AB Apranga PVA	LT	LT0000102337	41.080	11.913	106.315	102.700	www.omxgroup.com/vilnius	0,07	4,67
AB "Vilkyškių pieninė"	LT	LT0000127508	42.311	12.270	59.877	62.197	www.omxgroup.com/vilnius	0,35	2,83
AB Šiaulių bankas	LT	LT0000102253	522.461	151.514	141.317	171.367	www.omxgroup.com/vilnius	0,14	7,79
Rokiškio sūris AB	LT	LT0000100372	65.364	18.956	97.797	90.856	www.omxgroup.com/vilnius	0,18	4,13
AB Linas Agro Group	LT	LT0000128092	131.508	38.137	92.599	87.453	www.omxgroup.com/vilnius	0,08	3,97
AB „Grigeo Grigiškės“.	LT	LT0000102030	155.854	45.198	116.203	179.232	www.omxgroup.com/vilnius	0,24	8,15
AB „Energijos skirstymo operatorius“	LT	LT0000130023	120.092	34.827	106.660	101.838	www.omxgroup.com/vilnius	0,01	4,63
Klaipėdos Nafta	LT	LT0000111650	210.377	61.009	81.345	108.975	www.omxgroup.com/vilnius	0,06	4,95
Silvano Fashion Group	EE	EE3100001751	74.499	22.350	112.622	148.998	www.omxgroup.com/talin	0,20	6,77
Tallink Grupp	EE	EE3100004466	100.942	60.565	88.799	92.261	www.omxgroup.com/talin	0,01	4,19
Merko Ehitus	EE	EE3100098328	11.320	0	88.073	89.541	www.omxgroup.com/talin	0,06	4,07
Olainfarm	LV	LV0000100501	23.559	32.983	169.918	173.159	www.omxgroup.com/riga	0,17	7,87
Olympic Entertainment Group	EE	EE3100084021	95.950	0	182.394	186.143	www.omxgroup.com/talin	0,06	8,46
Tallinna Kaubamaja Grupp AS	EE	EE0000001105	15.651	6.260	89.470	106.270	www.omxgroup.com/talin	0,04	4,83
SAF Tehnika	LV	LV0000101129	16.000	22.400	50.316	49.280	www.omxgroup.com/riga	0,54	2,24
Total	-	-	-	-	1.583.705	1.750.270	-	-	79,55
Equity securities listed on the Secondary List of Stock Exchange or its equivalent									
Latvijas Gaze	LV	LV0000100899	9.740	13.636	94.317	104.218	www.omxgroup.com/talin	0,02	4,74
Valmieras Stikla Skiedra	LV	LV0000100485	20.200	28.280	63.428	67.670	www.omxgroup.com/riga	0,08	3,08
Latvijas balzams	LV	LV0000100808	10.695	14.973	75.492	75.935	www.omxgroup.com/riga	0,14	3,45
AB Žemaitijos pienas PVA	LT	LT0000121865	68.030	19.729	54.702	54.288	www.omxgroup.com/vilnius	0,14	2,47
Total	-	-	-	-	287.939	302.111	-	-	13,74
Equity securities traded on other regulated markets									
Telefonija	RS	RSTLFNE22541	1.000	7.686	-	-	www.belex.co.yu/	0,17	-
City Service SE	EE	EE3100126368	48.101	3.152	82.196	86.941	www.omxgroup.com/vilnius	0,15	3,95
Total	-	-	-	-	82.196	86.941	-	-	3,95
Newly issued equity securities									
-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
Total equity securities:				-	-	1.953.840	2.139.322	-	97,24
Issuer's name	Country	ISIN code	Quantity, items	Total face value	Total acquisition value	Total market value	Interest rate	Date of redemption/ conversion	Share in net assets, %
Non-equity securities listed on the Main List of Stock Exchange or its equivalent									
-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
Non-equity securities listed on the Secondary List of Stock Exchange or its equivalent									

-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
Non-equity securities traded on other regulated markets									
-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-

Issuer's name	Country	ISIN code	Quantity, items	Total face value	Total acquisition value	Total market value	Interest rate	Date of redemption/ conversion	Share in net assets, %
Total	-	-	-	-	-	-	-	-	-
Newly issued non-equity securities									
-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
Total non-equity securities	-	-	-	-	-	-	-	-	-

Name of collective investment undertaking (CIU)	Country	ISIN code	Quantity, items	Manager	Total acquisition value	Total market value	Market of reference for determining the market value (website address)	Type of CIU*	Share in net assets, %
Units (shares) of collective investment undertakings (CIU) that meet the requirements of Art. 61.1 of the Lithuanian Law on Collective Investment Undertakings									
Total	-	-	-	-	-	-	-	-	-
Units (shares) of other collective investment undertakings									
Credit Suisse Solutions Lux - Dow Jones Credit Suisse AllHedge	LU	LU0337322282	0,419	Credit Suisse Fund management SA	34	31	http://www.goyax.de/fonds/cs-solution-lu_LU0337322282	KIS5	-
Total	-	-	-	-	34	31	-	-	-
Total CIU units (shares)	-	-	-	-	34	31	-	-	-

* CIU 1 stands for CIU with the strategy of investment of up to 100% of net assets in non-equity securities;
 CIU 2 stands for CIU with the strategy of mixed (balanced) investment;
 CIU 3 stands for CIU with the strategy of investment of up to 100% of net assets in equity securities;
 CIU 4 stands for CIU with the strategy of investment of up to 100% of net assets in money market instruments;
 CIU 5 stands for all other types of CIU (alternative investment, private equity, real estate, raw materials, etc.).

Issuer's name	Country	Name of the instrument	Quantity, items	Currency	Total market value	Interest rate	Maturity date	Share in net assets, %
Money market instruments traded on the regulated markets								
-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
Other money market instruments								
-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
Total money market instruments	-	-	-	-	-	-	-	-

Name of credit institution	Country	Currency	Total market value	Interest rate	Deposit maturity date	Share in net assets, %
Deposits held in credit institutions						
-	-	-	-	-	-	-
Total deposits held in credit institutions			-	-	-	-

Name of the instrument	Issuer	Country	Counterparty	Currency	Investment transaction (position)	Value of transaction (position)	Total market value	Name of the market (website address)	Maturity date	Share in net assets, %
Derivative financial instruments traded on the regulated markets										
-	-	-	-	-	-	-	-	-	-	-
Total										
-	-	-	-	-	-	-	-	-	-	-
Other derivative financial instruments										
-	-	-	-	-	-	-	-	-	-	-
Total										
-	-	-	-	-	-	-	-	-	-	-
Total derivative financial instruments										
-	-	-	-	-	-	-	-	-	-	-

Name of bank	Currency	Total market value	Interest rate	Share in net assets, %
Cash				
SEB bankas AB	EUR	62.872	-	2,86
SEB bankas AB	PLN	4	-	-
Total cash:		62.876	-	2,86

Name	Brief description	Total value	Intended purpose	Share in net assets, %
Other instruments not defined in Art. 57.1 of the Lithuanian Law on Collective Investment Undertakings				
Amounts receivable	Other amounts receivable	8.075	-	0,37
Amounts payable	Amounts payable for financial and investment assets	(1.868)	-	(0,08)
Amounts payable	Accrued but unpaid fees to the management company and the depository	(4.404)	-	(0,20)
Amounts payable	Other payables and liabilities	(3.574)	-	(0,16)
Total		(1.771)	-	(0,07)

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

By investment object

Breakdown of investments	At 30 June 2016		At 1 January 2016	
	Market value, EUR	Share in assets, %	Market value, EUR	Share in assets, %
Shares	2.139.322	97,24	1.660.862	95,02
Government non-equity securities	-	-	-	-
Corporate non-equity securities	-	-	-	-
Collective investment instruments	31	-	-	-
Money market instruments	-	-	-	-
Deposits	-	-	-	-
Derivative financial instruments	-	-	-	-
Cash held in credit institutions	62.876	2,86	90.455	5,18
Other instruments	-	-	-	-
Total	2.202.229	100,10	1.751.317	100,20

By industry sector

Breakdown of investments	At 30 June 2016		At 1 January 2016	
	Market value, EUR	Share in assets, %	Market value, EUR	Share in assets, %
Health care	173.159	7,87	215.925	12,35
Emergency goods and services	579.382	26,33	382.072	21,86
Convenience goods and services	422.711	19,21	311.873	17,84
Financial services	225.655	10,25	128.874	7,37
Industrial materials	157.211	7,14	118.162	6,76
Utility goods and services	188.779	8,58	155.017	8,87
Energy	213.193	9,69	208.232	11,91
Materials	179.232	8,15	140.709	8,05
Collective investment instruments	31	-	-	-
Total	2.139.353	97,22	1.660.862	95,02

By currency

Breakdown of investments	At 30 June 2016		At 1 January 2016	
	Market value, EUR	Share in assets, %	Market value, EUR	Share in assets, %
EUR	2.115.253	96,15	1.751.317	100,20
PLN	86.945	3,95	-	-
USD	31	-	-	-
Total	2.202.229	100,10	1.751.317	100,20

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

By geographical area

Breakdown of investments	At 30 June 2016		At 1 January 2016	
	Market value, EUR	Share in assets, %	Market value, EUR	Share in assets, %
Lithuania	1.021.782	46,46	875.994	50,12
Latvia	470.262	21,37	405.285	23,19
Estonia	710.154	32,27	470.038	26,89
Luxembourg	31	-	-	-
Total	2.202.229	100,10	1.751.317	100,20

By type of issuer

Breakdown of investments	At 30 June 2016		At 1 January 2016	
	Market value, EUR	Share in assets, %	Market value, EUR	Share in assets, %
Government of the Republic of Lithuania	-	-	-	-
Governments of other countries	-	-	-	-
Companies registered in the Republic of Lithuania	958.906	43,58	785.539	44,94
Companies registered outside the Republic of Lithuania	1.180.416	53,64	875.323	50,08
Collective investment undertakings registered in the Republic of Lithuania	-	-	-	-
Collective investment undertakings registered outside the Republic of	31	-	-	-
Other	-	-	-	-
Total	2.139.353	97,22	1.660.862	95,02

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

Within reporting period there were no executions of such transactions.

14. Types of derivative financial instruments referred to in section 11, 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:

Within reporting period there were no executions of transactions involving derivative investment instruments.

15. Total value of liabilities arising on transactions involving derivative financial instruments at the end of the reporting period:

Within reporting period there were no completions of transactions involving derivative investment instruments. Therefore, there were no liabilities related to use of derivative financial instruments.

16. Risk, related to derivative investment instruments taken by financed collective investment entity:

16.1. 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 investments to the master undertaking:

The collective investment undertaking is a non-master investment undertaking.

16.2. 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 on 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 investments to the master undertaking:

The collective investment undertaking is a non-master 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.):

Investment portfolio of the fund is in compliance with its investment strategy.

Investment strategy principal to invest from 50 to 100 per cent of fund net assets into companies listed on Lithuanian, Latvian and Estonian stock exchanges was maintained.

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

Fluctuations of stock and commodity prices had the greatest impact on investment portfolio value changes.

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 the annual report.

20. Change in unit (share) value 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 fund's operation:

Information is provided in the annual report.

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 unit value 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 unit value and annual changes in value of benchmark index, respectively):

Information is provided in the annual report.

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

Information is provided in the annual report.

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

No	Assets	Note No	Financial year (2016-06-30)	Previous financial year (2015-12-31)
A.	ASSETS		2.210.304	1.751.317
1.	CASH		62.876	90.455
2.	TIME DEPOSITS		-	-
3.	MONEY MARKET INSTRUMENTS		-	-
3.1.	Treasury bills		-	-
3.2.	Other money market instruments		-	-
4.	TRANSFERABLE SECURITIES		2.139.353	1.660.862
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		2.139.322	1.660.862
4.3.	Investment units and shares of other collective investment undertakings		31	-
5.	PREPAYMENTS		-	-
6.	AMOUNTS RECEIVABLE		8.075	-
6.1.	Amounts receivable from sale of investments		-	-
6.2.	Other amounts receivable		8.075	-
7.	INVESTMENT AND OTHER ASSETS		-	-
7.1.	Investment property		-	-
7.2.	Derivative financial instruments		-	-
7.3.	Other assets		-	-
B.	LIABILITIES		9.846	3.413
1.	Amounts payable		9.846	3.395
1.1.	Amounts payable for financial and investment assets		1.868	-
1.2.	Amounts payable to management company and depository		4.404	3.395
1.3.	Other payables		3.574	-
2.	Accrued charges		-	-
3.	Borrowings from credit institutions		-	-
4.	Liabilities under contracts on derivative financial instruments		-	-
5.	Other liabilities		-	18
C.	NET ASSETS		2.200.458	1.747.904

23.2. Statement of changes in net assets:

No	Items	Note No	Financial year (2016-06-30)	Previous financial year (2015-06-30)
1.	NET ASSET VALUE AT 1 JANUARY		1.747.904	2.057.465
2.	INCREASE IN NET ASSET VALUE			-
2.1.	Contributions of participants		975.478	97.062
2.2.	Transfers from other funds*		396.320	-
2.3.	Guarantee contributions		-	-
2.4.	Investment income		51.411	40.002
2.4.1.	Interest income		-	-
2.4.2.	Dividends		51.411	40.002
2.4.3.	Rental income		-	-
2.5.	Gain on change in value and sale of investments		496.767	430.718
2.6.	Foreign exchange gain		-	6.684
2.7.	Gain on transactions involving derivative financial instruments		-	-
2.8.	Other increases in net asset value		-	-
	TOTAL INCREASE IN NET ASSET VALUE		1.919.976	574.466
3.	DECREASE IN NET ASSET VALUE			-
3.1.	Payments to participants		1.092.696	472.335
3.2.	Transfers to other funds		-	-
3.3.	Loss on change in value and sale of investments		351.680	239.086
3.4.	Foreign exchange loss		-	-
3.5.	Loss on transactions involving derivative financial instruments		-	-
3.6.	Management costs:		23.046	26.357
3.6.1.	Fee to management company		19.328	19.955
3.6.2.	Fee to depository		953	1.368
3.6.3.	Fee to intermediaries		1.234	1.106
3.6.4.	Audit fee costs		295	1.881
3.6.5.	Interest costs		-	-
3.6.6.	Other costs		1.236	2.047
3.7.	Other decreases in net asset value		-	-
3.8.	Reimbursement of costs (-)		-	-
	TOTAL DECREASE IN NET ASSET VALUE		1.467.422	737.778
4.	Change in value of net assets		452.554	(163.312)
5.	Profit appropriation		-	-
6.	NET ASSET VALUE AT 30 JUNE		2.200.458	1.894.153

* Following the merger of INVL Global Flexible Subfund of Funds with investment fund INVL Baltic Fund on 31 May 2016, investment units were issued with the total value of EUR 396.320.

23.3. Explanatory notes.

23.3.1. General information:

Details of the collective investment undertaking

Name	INVL Baltic Fund
Legal form	Harmonised investment fund with no rights of a legal entity
Type	Open-ended umbrella investment fund
Date on which the Securities Commission (currently the Bank of Lithuania) approved the documents on the formation of the collective investment undertaking	8 December 2005
Duration of operation	Indefinite period
Location	Vilnius

Details of the management company

Name	INVL Asset Management UAB
Company code	126263073
Office address	Gynėjų str. 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 (Board Member); Tomas Krakauskas (Director of Investment Management Department); Vaidotas Rūkas (Head of Funds Management)

Details of the depository

Name	SEB bank AB
Company code	112021238
Office address	Gedimino av. 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

Reporting period

From 1 January 2016 to 30 June 2016.

23.3.2. Accounting policies:

Regulatory legislation adopted in the preparation of the financial statements

These financial statements have been prepared in accordance with the following legal acts:

- Lithuanian Law on Accounting;
- Lithuanian Law on Financial Statements of Entities;
- Lithuanian Law on Collective Investment Undertakings;
- Lithuanian Business Accounting Standards.

International financial reporting standards are not applied in the preparation of the annual financial statements of the fund, as set forth in the official explanation of the Bank of Lithuania.

The fund's assets are denominated in the euros, however, investments may be made in different foreign currencies. The management company uses derivative financial instruments to mitigate the negative effects of fluctuations in foreign exchange rates.

The financial year of the investment fund coincides with the calendar year. The fund's financial statements are prepared within four months following the end of the financial year. The fund's accounting records are kept by the management company in euros. As from 1 January 2015, Lithuania joined the euro area and adopted euro as its official currency. Between the period from 2 February 2002 to 31 December 2014, the litas was pegged to the euro at an exchange rate of LTL 3.4528 to EUR 1. The fund converted the accounting records and the comparative figures from LTL to EUR in line with Business Accounting Standard 40 *Adoption of Euro*. No gain or loss was recognised on change of official currency.

Financial objectives and their description

The fund makes investments in shares quoted on stock markets of the Baltic and Nordic countries, Poland and Great Britain to ensure maximum growth on assets to the fund's participants, given medium and higher risk levels.

Investment policy and structure of investment portfolio

Investment trends: the primary investment trend of the fund is focused on equity securities (shares) of companies developing their businesses in the Baltic countries (Lithuania, Latvia and Estonia).

Investment areas of specialisation: the fund's activities are restricted to geographical area of Baltic and Nordic countries, with investments made only in the Republic of Lithuania and other countries defined in paragraph 27 of the prospectus. The fund's investments are not restricted to any industry sector or any style of investment. Investment objects are as follows: no more than 50% of the fund's net assets are invested in shares of companies listed on stock exchanges of Lithuania, Latvia and Estonia. The remaining part of the fund's net assets may be invested in shares of companies with substantial part of their business developed in the Baltic states, which are quoted on other markets referred to in paragraph 27 of the prospectus, as well as in other investment instruments referred to in paragraph 2.4 of the fund's rules. The fund's assets may be invested in units of other collective investment undertakings investing in the Baltic countries. The fund's investments in units of other collective investment undertaking may not exceed 20% of the fund's net assets. To maintain liquidity level of investments, the fund's assets may be invested in both, government and corporate non-equity securities. The fund's investments in corporate non-equity securities may not exceed 25% of the fund's net assets. The fund's assets may be held as cash or as investments in money market instruments to mitigate the fund's exposure to risks arising on market volatility or while waiting for favourable conditions to acquire the shares.

Benchmark index: the fund's performance is assessed with reference to the following benchmark index: OMX Baltic Benchmark Cap GI index computed by Nasdaq OMX Baltic Stock Exchanges. This index of return on equity securities is based on the shares of the companies with the highest liquidity and market capitalisation operating across all industry and service sectors of the three Baltic States – Lithuania, Latvia and Estonia. For more information on the benchmark index visit www.invl.com, www.baltic.omxgroup.com and other sources. Bloomberg ticker of the index: OMXBBGI.

The fund's assets are invested in securities with adequate liquidity level. Significant changes in the fund's net asset value are only probable in case of high volatility of the entire market. The fund focuses on long-term investments. The fund's investment portfolio management approach is based on the identification of attractive industry sectors and companies. The fund's managers are engaged in active consideration and realisation of innovative investment ideas.

The fund's portfolio structure is in line with the general rules and restrictions defined in the legal acts.

23.3.2. Accounting policies (continued)

Profile of a typical investor

The fund is suitable for investors with only minor experience of investing in securities. The recommended term to maturity of investments is more than three years. In terms of risk tolerance, the fund's investors are individuals willing to accept medium to high risk levels.

Investment risk and risk management

Specific risk:

Specific risk is a risk of change in the price of securities included in the fund's investment portfolio due to factors pertaining to the issuer of these securities. To minimise this risk, the fund's investment portfolio is diversified, with investments also made in equity securities of companies from different industry sectors.

Market liquidity risk: due to a relatively small size of capital market in Lithuania and some other countries, the fund may incur losses in case of urgent necessity to sell the securities previously acquired. To minimise this risk, the fund's assets are invested in securities with the highest possible liquidity, however, without prejudice to potential long-term investment results of the fund. The fund's investments in highly liquid securities account for no more than 50% of the fund's total assets.

Market volatility risk:

Market volatility risk is a key risk that affects the entities operating in this industry sector, with direct impact on changes in the value of the fund's investment portfolio. Falls and rises may be observed in securities market. To protect against sudden fluctuations in the market, the fund strives to make long-term investments in securities with good prospects. Still there exists a probability of adverse macroeconomic changes that may affect the entire securities market.

Operating risk:

There is a risk that in the event of a sudden increase in the number of applications for the redemption of the fund's units, the fund will not be able to make settlements with the fund's participants in due time. To mitigate this risk, the fund strives to invest in securities with the highest possible liquidity.

Foreign exchange risk:

There is a risk that the value of investments may decline due to unfavourable fluctuations in exchange rates. The foreign exchange effect on the fund's net asset value is at a minimal level since the fund's assets are mostly invested in the countries in which the euro is in circulation or whose national currencies are pegged to the euro. The fund does not apply any maximum or minimum limitations on investments in securities denominated in specific currencies.

Inflation risk:

The real appreciation of the fund's assets may appear to be lower due to inflation. Moreover, inflation has direct impact on changes in interest rates, which in turn affect the value of the fund's investment portfolio. Historically, investments in equity securities have provided adequate protection against inflation.

Interest rate risk:

The changes in interest rates may have direct impact on the value of securities included in the fund's investment portfolio. Since shares account for the major portion of the fund's investment portfolio, direct impact of this risk on return on investments of the fund will be at a minimal level. The fund makes no forecasts of and does not manage interest rate risk.

Counterparty and settlement risk:

There is a risk to incur losses due to the counterparty's default on fulfilment of financial obligations. To minimise this risk, the fund seeks to transact only with those reliable financial institutions that have an impeccable reputation. The fund's transactions using the fund's assets are mostly conducted following the principle of contemporaneous settlement. The fund's investment portfolio is diversified to mitigate significant influence of a single position over the entire portfolio. Nonetheless, there is no assurance that the value of the fund's investment portfolio will increase. Potential use of derivative financial instruments to manage the risk – in non-standard market situations the fund may use derivative financial instruments to manage foreign exchange and credit risks.

23.3.2. Accounting policies (continued)

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 fund 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 fund for as long as they do not meet the definition criteria of financial assets. Assets acquired are recorded on the date of settlement.

Financial liabilities are recorded when the fund 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 fund for as long as they do not meet the definition criteria of financial liabilities.

Assets (or part of them) are written off only when:

- the rights to these assets (or part of them) have been exercised;
- the rights have expired or have been transferred.

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, the value of assets and liabilities denominated in foreign currencies is converted to euros for accounting purposes using the foreign exchange reference rate of the euro against foreign currencies published by the European Central Bank, and where such foreign exchange reference rate is not published by the European Central Bank, the foreign exchange reference rate published by the Bank of Lithuania is used, unless otherwise prescribed by law.

Rules on deductions to the management company and the depository

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

The annual fee to the management company may be no more than 2% of the fund's average annual net asset value (this fee does not include distribution fee charged by the management company for distribution of the fund's units).

The management fee to the management company is calculated on each business day with reference to the fund's net asset value on that day. The fee on each business day is equal to the fund's net asset value on that day multiplied by the annual fee rate (%) and divided by the number of days in a year. The calculation of fee is based on the number of business days in a given year.

The maximum management fee rate to the management company is set and revised by the decision of the board of the management company.

After the end of the calendar year, the management fee rate to the management company 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 management company by the fund over 30 (thirty) calendar days after the end of the financial year.

The distribution fee to the management company for the distribution of the fund's units may be no more than 3% of the invested amount.

The distribution fee to the management company for the distribution of the fund's units is payable for each month by the 15th day of the following month.

The management company is obliged to retain all documents that provide evidence of an accurate calculation of the fee to the management company.

The fee to the depository for the provision of depository services is paid from the fund's assets.

The annual fee to the depository may be no more than 0.25% of the fund's average annual net asset value.

The fee to the depository is calculated on each business day with reference to the fund's net asset value on that day. The daily fee is based on the fund's net asset value on that day. The calculation of the fee is based on the number of business days in a given year.

The depository is obliged to provide the management company with all reports and documents that give evidence of an accurate calculation of the fee to the depository.

23.3.2. Accounting policies (continued)

Other expenses

The annual fee to the fund's auditor may be no more than 0.5% of the fund's average annual net asset value. The fee to the auditor is calculated on each business day with reference to the fund's net asset value on that day. The calculation of the fee is based on the number of business days in a given year.

Costs of intermediary fees for the services rendered. These costs may be no more than 0.75% of the average annual value of transactions conducted. The fee to the intermediaries is calculated on each business day, provided there is at least one settlement on that day. The fee is payable under the procedure defined by the intermediaries.

The below listed types of costs may be no more than 0.5% (zero point five per cent) of the fund's average annual net asset value.

- Bank charges (including, but not limited to, amounts charged by banks and other credit institutions for local and international money transfers). These charges are calculated with reference to the prices of services offered by credit institutions.
- Fees charged by NASDAQ OMX Vilnius Stock Exchange: a) admission fee to NASDAQ OMX Vilnius Stock Exchange; b) annual fee for quotation of securities, etc.
- Fees charged by the Central Securities Depository of Lithuania (CSDL): a) a one-off fee for registration of the fund; b) a quarterly fee for administration of accounts; c) a fee for service of significant events in securities; d) a fee for keeping of the register of owners of securities; e) annual fee, etc.
- Fees charged by the market maker, CSDL – a mandated party of the Management Company, administrators of participators and their accounts of investment units.

Total maximum costs to be covered from the fund's assets may be no more than 7% (seven) of the fund's average annual net asset value.

Any costs other than referred to in the fund's rules or exceeding the established limits are covered at the expense of the management company.

Investment valuation methods, investment revaluation intervals

- The fair value of financial instruments traded on regulated markets of the Baltic states (Riga, Tallinn or Vilnius Stock Exchange) and the fair value of 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 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 fund's net asset value, 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, 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, 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 fund's net asset value, which is generally accepted and widely applied in the finance market;

23.3.2. Accounting policies (continued)

Valuation of non-equity securities and money market instruments is made in accordance with the methodology for the calculation of net asset value approved 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 bank AB, DNB bank 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 fund'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 value of derivative 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 there were changes in economic circumstances, valuation would be based on the probable selling price determined under the selected valuation technique, which is generally accepted and widely applied in the finance market.

Dividend income is recognised when the right of the shareholders to receive their payment is approved.

Valuation of units (shares) of collective investment undertakings is based on the last quoted redemption price.

Valuation of time deposits held in banks is based on the amortised cost.

Valuation of cash and cash held in credit institutions (excluding time deposits) is based on the nominal value.

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.

Valuation of other assets is based on the most probable selling price determined under the selected valuation technique, which is generally accepted and widely applied in the finance market.

Valuation of all investments is conducted on each business day.

Rules on valuation of investment units

The initial value of the fund's unit was equal to EUR 28,9620 (twenty eight euros point nine thousand, six hundred and twenty euro cents).

The fund's net asset value is calculated on each business day in accordance with the methodology for the calculation of net asset value approved by the Bank of Lithuania and based on the requirements for the calculation of net asset value of funds management by the management company approved by the board of the management company.

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

The fund's net asset value and the fund's unit value are calculated in the euro.

The fund's net asset value for the current day and the fund's unit value are announced not later than by midday (12am) of the following business day on the website at address: www.invl.com.

23.3.2. Accounting policies (continued)

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 fund 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 fund's rules or which exceed the established limits.

Amounts payable represent 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 of units

Information is provided in the report's Clause 5.

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

Information is provided in the report's Clause 6.

Note 3. Investment portfolio structure

Information is provided in the report's Clause 11.

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

Information is provided in the report's Clause 12.

Note 5. Change in value of investments

Items of the statement of net assets	Change					Balance at 30 June 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	-	-	-	-	-	-
Non-equity securities issued or guaranteed by governments and central banks	-	-	-	-	-	-
Other non-equity securities	-	-	-	-	-	-
Equity securities	1.660.862	604.279	270.906	496.766	351.679	2.139.322
Units and shares of collective investment undertakings	-	31	-	1	1	31
Derivative financial instruments	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Total	1.660.862	604.310	270.906	496.767	351.680	2.139.353

Note 6. Results of sale of investments

During the first six months of year 2016, the undertaking had no sale transactions involving financial instruments other than those measured at fair value.

Note 7. Derivative financial instruments

Information is provided in the report's Clauses 13, 14 and 15.

Note 8. Costs of intermediary fees

Information is provided in the report's Clause 8.

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

Information is provided in the report's Clause 27.

Note 10. Borrowings and loans granted

Information is provided in the report's Clause 28.

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

No transactions were drawn with the related persons during the reporting period.

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 2016 to 30 June 2016, the fund applied accounting policies consistent with those applied in the previous 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

Here were no significant changes in assets and liabilities after the period closed.

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

On 01 June 2016, the management company completed the merger of harmonized investment fund “INVL Umbrella Fund’s” INVL Global Flexible Subfund to investment fund INVL Baltic Fund.

As a result of the merger:

- INVL Global Flexible Subfund (ISIN LTIF00000427) ceased to exist, the net asset value of which was EUR 396.320 on the date of merger;
- INVL Baltic Fund continues its activities.

All clients who on 1 June 2016 held investment units of the INVL Global Flexible Subfund, on the day of completion of the merger acquired units of the INVL Baltic Fund: their INVL Global Flexible Subfund units were converted free of charge into INVL Baltic Fund investment units at the ratio of 0,94499493.

24. The full text of the audit’s conclusion:

Information provided in the annual report.

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.	Realised gain on investment in:	82.904
2.1.	equity securities	31.493
2.2.	government non-equity securities	-
2.3.	corporate non-equity securities	-
2.4.	financial instruments	-
2.5.	derivative financial instruments	-
2.6.	units of other collective investment undertaking	-
2.7.	other	51.411
3.	Unrealised gain (loss) on investment in:	113.594
3.1.	equity securities	113.594
3.2.	government non-equity securities	-
3.3.	corporate non-equity securities	-
3.4.	financial instruments	-
3.5.	derivative financial instruments	-
3.6.	units of other collective investment undertaking	-
3.7.	other	-
	Total income	196.498
II.	Expenses of investing activities	
1.	Operating expenses:	23.046
1.1.	deductions of management fee	19.328
1.2.	deductions of depository fee	953
1.3.	intermediary fee	1.234
1.4.	audit fee	295
1.5.	deductions of other fees and charges	1.236
2.	Other expenses	-
	Total expenses	23.046
III.	Net income	173.452
IV.	Payments (dividends) to holders of investment units	-
V.	Re-invested earnings	173.452

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 fund's financial position.

VII. INFORMATION ON PAYMENT OF DIVIDENDS

27. Information on dividends declared and/or paid:

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

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

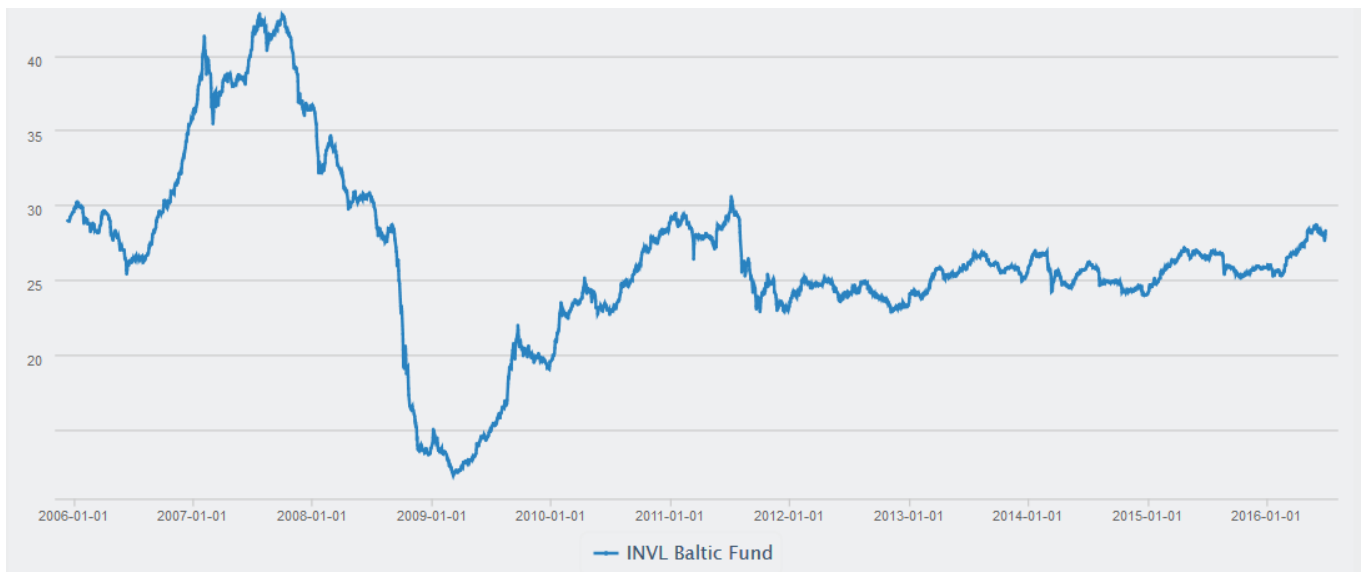
28. Collective investment undertaking's borrowings for its own needs as at the end of the reporting period:

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

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:

Picture 1. Change in value of unit since start of the fund's operations



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 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 there are no omissions of facts that might substantially affect the values of reported items.

(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 values of reported items.

(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 who are responsible for the preparation of the 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. If 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.