



**INVL BALTIC FUND**

**ANNUAL FINANCIAL STATEMENTS FOR 2019,  
PRESENTED TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**



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# Independent Auditor's Report

To the Participants of the Open-Ended Harmonised Investment Fund INVL Baltic Fund

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of the open-ended harmonised investment fund INVL Baltic Fund ("the Fund") managed by INVL Asset Management UAB ("the Company"). The Fund's financial statements comprise:

- the statement of net assets as at 31 December 2019,
- the statement of changes in net assets for the year then ended, and
- the notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2019, and of its changes in net assets for the year then ended in accordance with Business Accounting Standards of the Republic of Lithuania.

### 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 are independent of the Company and the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Matter

The Fund's financial statements for the year ended 31 December 2018 were audited by another auditor who expressed an unqualified opinion on those financial statements on 29 April 2019.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Each audit matter and our respective response are described below.



## Fee to the management company

Expenses for the fee to the management company (management fee) for the year ended 31 December 2019 amount to EUR 102 thousand (year ended 31 December 2018: EUR 174 thousand).

See the section *Rules on deduction to the accumulation undertaking and the depository* of Note 23.3.2 of the Accounting policies and Note 20 of the explanatory notes to the financial statements for financial disclosures.

### The key audit matter

Management fee expenses account for 2% of the Fund's average net assets value (NAV) for the year ended 31 December 2019.

Management fee expenses are incurred by the Fund when paying the management fee to the managing company. Management fee expenses are calculated by applying the management fee rates as set out in the Fund's rules to NAV.

The main element of NAV is the fair value of securities, assessed by reference to the prices of financial instruments quoted in the market.

Our increased attention was required to satisfy ourselves regarding the completeness and accuracy of the data underlying the management fee expenses calculations, and the accuracy of the Fund's calculations. As such, this area was considered by us to be our key audit matter.

### How the matter was addressed in our audit

Our audit procedures included, among others:

- assessing and testing the design, implementation and operating effectiveness of key internal controls over daily revaluation of the Fund's NAV;
- gaining an understanding of the Fund's management fee calculation process and testing the design and implementation of key selected internal controls of the process;
- for the year ended 31 December 2019, developing an independent expectation of the management fee expenses by:
  - assessing the securities' fair value underlying the NAV amounts used in the management fee calculation as at 31 December 2019 by tracing them to quoted market prices and to the quantities in the confirmation letter obtained independently by us from the custodian;
  - tracing the fee rates applied in the management fee expenses calculations to those determined in the Fund's rules, and estimating management fee expenses for the year by applying those rates to related NAV.
- assessing accuracy and completeness of the expenses related disclosures against the requirements of the relevant financial reporting standards.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Business Accounting Standards of the Republic of Lithuania, 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

## 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 Fund'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 Fund'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 Fund 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

Under decision of the general shareholders' meeting we were appointed on 28 June 2019 for the first time to audit the Fund's financial statements. Our appointment to audit the Fund's financial statements is renewed each year under decision of the general shareholders' meeting, and the total uninterrupted period of engagement is 3 years.

We confirm that our audit opinion expressed in the Opinion section of our report is consistent with the additional report presented to the Fund and the Company's Audit Committee together with this independent auditor's report.

We confirm that in light of our knowledge and belief, services provided to the Fund are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

In the course of audit, we have not provided any other services except for audit of financial statements.

On behalf of KPMG Baltics, UAB

Toma Jensen  
Partner pp  
Certified Auditor

Vilnius, the Republic of Lithuania  
30 April 2020

*The electronic auditor's signature applies only to the Independent Auditor's Report on pages 2 to 5 of this document.*

**I. GENERAL INFORMATION**

1. The main information of the INVL Baltic Fund:

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 2.

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

Information is provided in Note 3.

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

7. Deductions from assets of the collective investment undertaking:

Information is provided in Note 20.

8. Intermediary fee:

Information is provided in Note 9.

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:

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	136	306	501	1 119
Accrued amount before deductions	3 150	3 473	3 829	4 887
Accrued amount after deductions	3 014	3 167	3 328	3 768

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

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

Information is provided in Note 4.

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

Information is provided in Note 5.

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 8.

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 8.

15. Total value of liabilities arising on transactions involving derivative financial instruments at the end of the reporting period:  
Information is provided in Note 8.

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 Fund 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 19.1.

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 fund'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 19.2.

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 19.3.

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.

UAB INVL ASSET MANAGEMENT  
 126263073, Gynėjų g. 14, Vilnius

**INVL Baltic Fund**  
**STATEMENT OF NET ASSETS AS AT 31 December 2019**

No	Assets	Note	Financial year	Previous financial year
A.	ASSETS		4 147 804	6 613 452
1.	CASH	4	351 873	1 134 600
2.	TIME DEPOSITS		-	-
3.	MONEY MARKET INSTRUMENTS		-	-
3.1.	Treasury bills		-	-
3.2.	Other money market instruments		-	-
4.	TRANSFERABLE SECURITIES	4,5,6	3 783 749	5 455 881
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	4,5,6	3 783 749	5 455 881
4.3.	Investment units and shares of other collective investment undertakings		-	-
5.	PREPAYMENTS		-	-
6.	AMOUNTS RECEIVABLE	4	12 182	22 971
6.1.	Amounts receivable from sale of investments	4	12 182	-
6.2.	Other amounts receivable	4	-	22 971
7.	INVESTMENT AND OTHER ASSETS		-	-
7.1.	Investment assets		-	-
7.2.	Derivative financial instruments		-	-
7.3.	Other assets		-	-
B.	LIABILITIES	4	14 767	12 158
1.	Amounts payable	4	14 767	12 158
1.1.	Amounts payable for financial and investment assets		-	-
1.2.	Amounts payable to management company and depository	4	9 403	11 943
1.3.	Other payables	4	5 364	215
2.	Accrued charges		-	-
3.	Borrowings from credit institutions		-	-
4.	Liabilities under contracts on derivative financial instruments		-	-
5.	Other liabilities		-	-
C.	NET ASSETS	2	4 133 037	6 601 294

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

<u>General Director</u>	<u>Laura Križinauskienė</u>	<u>30 April 2020</u>
<u>Head of Funds Accounting</u>	<u>Aušra Montvydaitė</u>	<u>30 April 2020</u>



UAB INV L ASSET MANAGEMENT  
126263073, Gynėjų g. 14, Vilnius

INV L Baltic Fund  
STATEMENT OF CHANGES IN NET ASSETS FOR 2019

No	Items	Note	Financial year	Previous financial year
1.	NET ASSETS AT 1 JANUARY	2	6 601 294	10 581 141
2.	INCREASE IN NET ASSET VALUE			
2.1.	Contributions of participants	3	1 038 245	6 344 880
2.2.	Transfers from other funds		-	-
2.3.	Guarantee contributions		-	-
2.4.	Investment income		201 811	351 857
2.4.1.	Interest income		-	-
2.4.2.	Dividends		201 811	351 857
2.4.3.	Rental income		-	-
2.5.	Gain on change in value and sale of investments	6	1 574 959	2 468 495
2.6.	Foreign exchange gain		-	6 291
2.7.	Gain on transactions involving derivative financial instruments		-	-
2.8.	Other increases in net asset value		20 440	54 221
	TOTAL INCREASE IN NET ASSET VALUE:		2 835 455	9 225 744
3.	DECREASE IN NET ASSET VALUE			
3.1.	Payments to participants	3	3 969 715	9 598 678
3.2.	Transfers to other funds		-	-
3.3.	Loss on change in value and sale of investments	6	1 212 203	3 395 673
3.4.	Foreign exchange loss		-	13 164
3.5.	Loss on transactions involving derivative financial instruments		-	-
3.6.	Management costs:	20	121 794	196 354
3.6.1.	Fee to management company	20	102 260	173 783
3.6.2.	Fee to depository	20	5 256	8 972
3.6.3.	Fee to intermediaries	9,20	5 081	6 675
3.6.4.	Audit fee costs	20	3 690	1 912
3.6.5.	Interest costs		-	-
3.6.6.	Other costs	20	5 507	5 012
3.7.	Other decreases in net asset value		-	1 722
3.8.	Reimbursement of costs (-)		-	-
	TOTAL DECREASE IN NET ASSET VALUE:		5 303 712	13 205 591
4.	Change in net asset value		(2 468 257)	(3 979 847)
5.	Profit distribution		-	-
6.	NET ASSET VALUE AT 31 DECEMBER	2	4 133 037	6 601 294

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

General Director	Laura Križinauskienė		30 April 2020
Head of Funds Accounting	Aušra Montvydaitė		30 April 2020

UAB INVL ASSET MANAGEMENT  
 126263073, Gynėjų g. 14, Vilnius

**INVL Baltic Fund**

**Explanatory notes to the annual financial statements for 2019**

23.3.1. General information:

Details of the collective investment undertaking

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

Details of the management company

Name	UAB INVL Asset Management
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 Registers, Vilnius branch
Telephone number	(8-700) 55 959
Fax number	(8-5) 279 06 02
Email address	info@invl.com
Website address	<a href="http://www.invl.com">www.invl.com</a>
Licence No	VJK-005
Manager of the collective investment undertaking, other individuals making investment decisions	Andrej Cyba – Member of the Investment Committee; Vaidotas Rūkas – Director of the Investment Management Department; Arvydas Jacikevičius – Fund Manager.

Details of the depository

Name	AB SEB bankas
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	UAB KPMG Baltics
Company code	111494971
Office address	Konstitucijos pr. 29, LT-08105 Vilnius
Telephone number	+370 5 2102600

\* Audit of the financial statements for 2018 was carried out by PricewaterhouseCoopers UAB

Listing

The INVL Baltic Fund has been listed on OMX Stock Exchange with effect from September 2013.

Reporting period

From 1 January 2019 to 31 December 2019

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 fund'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.

Generally accepted accounting principles

The financial year of the Fund coincides with the calendar year. Assets and liabilities reported in the Fund's financial statements as at the end of the reporting period are presented at the value as at 31 December 2018.

The Fund'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 (EUR).

Investment policy and structure of investment portfolio

The objective of the Fund is to ensure the maximum growth of assets for the benefit of the Fund's participants by assuming average or higher level of risk.

From 50 to 100 per cent of the Fund's net assets might be invested into the securities of companies quoted on Lithuania, Latvian, and Estonian stock exchanges. The remaining portion of the Fund's net assets might be invested into the shares of companies developing a major part of their activities in the Baltic countries and quoted in other markets, as well as into other investment instruments defined in the Fund's rules.

Investment portfolio of the Company must be diversified in accordance with the procedure established under the laws of the Republic of Lithuania and rules of the Fund.

The structure of investment portfolio is presented in Note 4.

Financial risk management

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

The Investment Committee decides on the composition of the Fund'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 Fund's portfolio risk and liquidity are assessed periodically and reported to the Investment Committee.

The Fund'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;
- nominal currency risk;
- maturity;
- yield;
- weight of securities in total investment portfolio;
- liquidity.

### 23.3.2. Accounting policies (continued)

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

Difference between the value of the Fund's net assets and the value of the Fund's liabilities reflects the value of net assets (NA).

Calculation of assets and liabilities is based on their fair value, which reflects the NA value, 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, i.e. following the selected trade date approach, when the receivable financial asset and the liability to pay for it are recorded in the buyer's books of account at the date of the transaction. In the seller's books of account, the financial asset sold is written off, and a receivable amount and the result of disposal (gain or loss) are recorded at the date of the transaction. Planned transactions, guarantees and sureties received are not recognised as the Fund's assets for as long as they do not meet the definition criteria of financial assets.

Financial liabilities are recorded when the Fund assumes a commitment to pay cash or any other financial assets (the selected trade date approach). Planned transactions, guarantees and sureties granted but not yet executable are not recognised as the Fund's liabilities for as long as they do not meet the definition criteria of financial liabilities.

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

When calculating the NA value in foreign currency, the value of assets and liabilities is determined using a foreign exchange reference rate of EUR against other currencies 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 on the date of estimation by the Bank of Lithuania. For the purpose of accounting, the most recent foreign exchange rate effective before the economic event or economic transaction should be applied.

#### Rules on deductions to the accumulation undertaking and the depository

The maximum rates of deductions from the Fund's assets charged for the management of the Fund and the services provided by the Depository are presented in the Fund's rules.

The specific rates of deductions for the management of the Fund are set by the decision of the Board of the Management Company and they are available to public on the Management Company's official website at address [www.invl.com](http://www.invl.com).

Any other costs not specified in the Fund's rules (including expenses related to the services provided by the depository) or in excess of the defined limits are born by the Management Company at its own expense.

The Fund's deductions over the reporting period are presented in Note 20.

#### Investment valuation methods, investment revaluation intervals

The Fund's net assets are measured at fair value in accordance with the procedure prescribed by legal acts of the Republic of Lithuania and in line with the net assets calculation procedures approved by the Management Company.

Valuation of net assets (NA) is based on the following principles for determining the fair value of investments:

- The fair value of financial instruments traded on regulated markets is determined with reference to the quoted closing price of the instrument or, in case the closing price is not available, with reference to the average market price quoted on that regulated market and/or multilateral trading system, which has a higher liquidity, regularity and frequency of trade in these financial instruments, except for the cases defined in the Methodology for Calculation of Net Assets approved by the Bank of Lithuania;
- The fair value of financial instruments not traded on regulated markets is determined with reference to the Methodology for Calculation of Net Assets approved by the Bank of Lithuania;

The fair value of non-equity securities is determined by calculating the price without the accumulated interest ("clean price") and adding the accumulated interest.

### 23.3.2. Accounting policies (continued)

- Valuation of investment units (shares) of collective investment undertakings is carried out with reference to the NAV determined by the collective investment undertaking or the last quoted redemption price;
- Valuation of time deposits is based on the amortised cost;
- Valuation of cash on hand and cash held at credit institutions, except for time deposits, is based on the nominal value;
- The value of forwards is calculated using the discounted cash flow method. The fair value of forwards or the current market value (CMV) is the difference between the payable and receivable amounts of the transaction discounted by the interbank offered rate (LIBOR) of the revaluation date and recalculated into euro at the official exchange rate of the revaluation date.

The value of all other derivative financial instruments is determined based on the most recent market value of an analogous previous transaction if there were no significant changes in economic circumstances during the period after the transaction date until the valuation date. In case of changes in economic circumstances, valuation is made based on the expected sale price determined according to the chosen valuation model which is generally applicable and accepted and in the financial market;

- Valuation of other assets is based on the most probable selling price determined by the selected valuation model, which is generally accepted in the financial market.

#### Valuation of liabilities

Valuation of liabilities is based on the requirements of Business Accounting Standards:

- Liabilities initially are recognised at cost;
- Liabilities related to market prices are measured at fair value;
- Liabilities not related to market prices are carried at amortised cost, which approximates to the fair value.

#### Rules on valuation of investment units

The initial value of the Fund's unit, which was available before the first calculation of net asset value, was equal to EUR 28,9620.

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

The value of the Fund's unit is calculated by dividing the Fund's net asset value by the number of all Fund's units in issue as at the date of calculation. 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 value of the Fund'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 fund on sale of assets, amounts due on guarantee contributions; amounts due on dividends; prepayments under assets due; amounts due from the 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; other amounts receivable under contracts or registered under accounting documents.

Amounts payable represent amounts payable on sale of assets; amounts due to other funds to which the participant move; amounts due to the participants or their beneficiaries, accrued and unpaid deductions from the Fund's assets; amounts payable under the service agreement, and other amounts payable and receivable not specified elsewhere.

Subsequent events

All significant subsequent events that occurred after the end of the reporting period are disclosed in Note 15 of the explanatory notes.

## 22.3.3. Notes:

Note 1. Significant amounts reported in the financial statements and reasons for their changes:

Significant amounts reported in the financial statements are presented in the explanatory notes.

Note 2. Net asset value, number and value of units

	Opening balance (as at 1 January 2019)	Closing balance (as at 31 December 2019)	1 year ago (as at 31 December 2018)	2 years ago* (as at 31 December 2017)
Net asset value, EUR	6 601 294	4 133 037	6 601 294	10 581 141
Unit value, EUR	34,9258	37,4405	34,9258	38,8865
Number of units	189 008,851698	110 389,557429	189 008,851698	272 103,472056

Note 3. 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)*	27 762,028305	1 038 245	161 631,089970	6 344 316
Redeemed (by converting units into monetary funds)	106 381,322574	3 969 715	244 725,710328	9 598 678
Difference between the number and value of units (shares) distributed and redeemed	(78 619,294269)	(2 931 470)	(83 094,620358)	(3 254 362)

\* The value of distributed units (by converting monetary funds to investment units) might 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 fee (deductions are disclosed in Note 20).

Note 4. Structure of investment portfolio

31 December 2019

Issuer's name	Country of business	ISIN code	Currency	Quantity, items	Total acquisition value, in EUR	Total market value, in EUR	Share in net assets, %
Equity securities listed on the Main List of Stock Exchange or its equivalent							
Apranga	LT	LT0000102337	EUR	90 879	194 008	191 755	4,64
Vilkyškių pieninė	LT	LT0000127508	EUR	71 000	195 448	159 040	3,85
Šiaulių bankas	LT	LT0000102253	EUR	812 807	331 701	411 281	9,95
Rokiškio sūris	LT	LT0000100372	EUR	65 361	162 752	164 710	3,99
Linas Agro Group	LT	LT0000128092	EUR	522 000	376 876	302 760	7,33
Grigeo	LT	LT0000102030	EUR	170 961	225 923	247 039	5,98
Energijos Skirstymo Operatorius	LT	LT0000130023	EUR	359 506	284 650	288 324	6,98
Silvano Fashion Group	EE	EE3100001751	EUR	90 299	234 305	195 949	4,74
Tallink Grupp	EE	EE3100004466	EUR	200 000	208 285	195 200	4,73
Merko Ehitus	EE	EE3100098328	EUR	12 000	110 575	112 560	2,72
Tallinna Kaubamaja Grupp	EE	EE0000001105	EUR	21 000	191 658	186 900	4,52
SAF Tehnika	LV	LV0000101129	EUR	11 786	42 421	44 080	1,07
Telia Lietuva	LT	LT0000123911	EUR	153 274	164 476	195 424	4,73
LHV Group	EE	EE3100073644	EUR	15 991	183 945	191 892	4,64
Panevėžio statybos trestas	LT	LT0000101446	EUR	182 056	222 885	136 542	3,30
Novaturas	LT	LT0000131872	EUR	38 624	312 520	166 083	4,02
Tallinna Sadam	EE	EE3100021635	EUR	100 000	199 909	198 500	4,80
AS Coop Pank	EE	EE3100007857	EUR	39 000	44 674	41 730	1,01
<b>Total:</b>					<b>3 687 011</b>	<b>3 429 769</b>	<b>83,00</b>
Equity securities listed on the Secondary List of Stock Exchange or its equivalent							
Latvijas balzams	LV	LV0000100808	EUR	34 367	305 816	353 980	8,56
<b>Total:</b>					<b>305 816</b>	<b>353 980</b>	<b>8,56</b>

Note 4. Structure of investment portfolio (continued)

Issuer's name	Country of business	ISIN code	Currency	Quantity, items	Total acquisition value, in EUR	Total market value, in EUR	Share in net assets, %
Equity securities traded on other regulated markets							
Telefonija*	RS	RSTLFNE22541	RSD	1 000	-	-	-
<b>Total:</b>					-	-	-
<b>Total equity securities</b>					<b>3 992 827</b>	<b>3 783 749</b>	<b>91,56</b>

\* Telefonija (ISIN RSTLFNE22541) is measured at a zero value due to the initiated bankruptcy procedure and suspension of trade in shares from 2 October 2014.

Bank	Currency	Total market value, in EUR	Interest rate, %	Share in net assets, %
Cash				
AB SEB bankas	EUR	351 873	-	8,51
<b>Total cash</b>		<b>351 873</b>		<b>8,51</b>

Name	Brief description	Total value	Share in net assets, %
Amounts receivable	Amounts receivable on sale of investments	12 182	0,29
Amounts payable	Amounts payable to the Management Company and the Depository	(9 403)	(0,23)
Amounts payable	Other amounts payable	(5 364)	(0,13)
<b>Total:</b>		<b>(2 585)</b>	<b>(0,07)</b>

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

The fund has maintained the principle of the investment strategy, according to which from 50 to 100 per cent of the Fund's net assets might be invested into the securities of companies quoted on Lithuania, Latvian, and Estonian stock exchanges.

As at the end of the year, the Fund's assets were mostly invested in daily and long-term consumer goods, finance, industrial and utilities sectors in Vilnius, Tallinn, and Riga stock exchanges.

Changes in the value of the investment portfolio of the Fund mainly stemmed from market prices of financial instruments.

Note 4. Structure of investment portfolio (continued)

31 December 2018

Issuer's name	Country of business	ISIN code	Currency	Quantity, items	Total acquisition value, in EUR	Total market value, in EUR	Share in net assets, %
Equity securities listed on the Main List of Stock Exchange or its equivalent							
Apranga	LT	LT0000102337	EUR	73 690	199 270	117 904	1,79
Vilkyškių pieninė	LT	LT0000127508	EUR	59 913	159 334	122 822	1,86
Šiaulių bankas	LT	LT0000102253	EUR	1 320 000	630 843	529 320	8,02
Rokiškio sūris	LT	LT0000100372	EUR	58 339	146 665	146 431	2,22
Linus Agro Group	LT	LT0000128092	EUR	635 000	455 944	406 400	6,16
Grigeo	LT	LT0000102030	EUR	235 000	307 955	311 375	4,72
Energijos Skirstymo Operatorius	LT	LT0000130023	EUR	390 100	328 803	252 785	3,83
Silvano Fashion Group	EE	EE3100001751	EUR	124 856	323 792	288 417	4,37
Tallink Grupp	EE	EE3100004466	EUR	410 595	449 158	416 754	6,31
Grindeks	LV	LV0000100659	EUR	10 895	41 946	70 817	1,07
Merko Ehitus	EE	EE3100098328	EUR	12 842	120 633	118 146	1,79
Olainfarm	LV	LV0000100501	EUR	27 336	308 065	183 151	2,77
Tallinna Kaubamaja Grupp	EE	EE0000001105	EUR	34 413	323 583	289 757	4,39
SAF Tehnika	LV	LV0000101129	EUR	16 544	58 113	38 382	0,58
Telia Lietuva	LT	LT0000123911	EUR	450 000	443 878	497 250	7,53
LHV Group	EE	EE3100073644	EUR	24 682	272 178	233 492	3,54
Panevėžio statybos trestas	LT	LT0000101446	EUR	287 135	353 629	215 926	3,27
Pieno žvaigždės	LT	LT0000111676	EUR	10 001	13 876	9 301	0,14
Klaipėdos nafta	LT	LT0000111650	EUR	290 000	152 027	118 900	1,80
Novaturas	LT	LT0000131872	EUR	30 883	324 185	247 064	3,74
Tallinna Sadam	EE	EE3100021635	EUR	148 215	279 727	302 359	4,58
<b>Total:</b>					<b>5 693 604</b>	<b>4 916 753</b>	<b>74,48</b>

Equity securities listed on the Secondary List of Stock Exchange or its equivalent							
Valmieras stikla šķiedra	LV	LV0000100485	EUR	55 064	178 951	124 445	1,89
Latvijas balzams	LV	LV0000100808	EUR	49 367	413 874	414 683	6,28
<b>Total:</b>					<b>592 825</b>	<b>539 128</b>	<b>8,17</b>

Note 4. Structure of investment portfolio (continued)

Issuer's name	Country of business	ISIN code	Currency	Quantity, items	Total acquisition value, in EUR	Total market value, in EUR	Share in net assets, %
Non-equity securities traded on other regulated markets							
Telefonija*	RS	RSTLFNE22541	RSD	1 000	-	-	-
<b>Total:</b>					-	-	-
<b>Total equity securities:</b>					<b>6 286 429</b>	<b>5 455 881</b>	<b>82,65</b>

\* Telefonija (ISIN RSTLFNE22541) is measured at a zero value due to the initiated bankruptcy procedure and suspension of trade in shares from 2 October 2014.

Bank	Currency	Total market value, in EUR	Interest rate, %	Share in net assets, %
Cash				
AB SEB bankas	EUR	934 603	-	14,16
AB Šiaulių bankas	EUR	199 997	-	3,03
<b>Total cash:</b>		<b>1 134 600</b>		<b>17,19</b>

Name	Brief description	Total value	Share in net assets, %
Amounts receivable	Other amounts receivable	22 971	0,34
Amounts payable	Amounts payable to the Management Company and the Depository	(11 943)	(0,18)
Amounts payable	Other amounts payable	(215)	-
<b>Total:</b>		<b>10 813</b>	<b>0,16</b>

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

The Fund invests into shares in the Baltic countries.

As at the end of the year, the Fund's assets were mostly invested in consumer goods, healthcare sectors in Vilnius, Tallinn, and Riga stock exchanges.

Note 5. Breakdown of investments by the criteria that meet the investment strategy.

## By industry sector

Breakdown of investments	Closing balance		Opening balance	
	Market value, in EUR	Share in assets, %	Market value, in EUR	Share in assets, %
Telecommunications	195 424	4,73	497 250	7,53
Health care	-	-	253 969	3,84
Emergency goods and services	553 787	13,40	653 385	9,90
Convenience goods and services	1 167 390	28,25	1 389 394	21,05
Financial services	644 903	15,60	762 812	11,56
Information technologies	44 080	1,07	38 382	0,58
Industrial materials	642 802	15,55	1 177 629	17,84
Utility goods and services	288 324	6,98	252 785	3,83
Energy	-	-	118 900	1,80
Materials	247 039	5,98	311 375	4,72
<b>Total:</b>	<b>3 783 749</b>	<b>91,56</b>	<b>5 455 881</b>	<b>82,65</b>

## By geographical area

Breakdown of investments	Closing balance		Opening balance	
	Market value, in EUR	Share in assets, %	Market value, in EUR	Share in assets, %
Lithuania	2 614 831	63,28	4 110 077	62,27
Latvia	398 060	9,63	831 478	12,59
Estonia	1 122 731	27,16	1 648 926	24,98
<b>Total:</b>	<b>4 135 622</b>	<b>100,07</b>	<b>6 590 481</b>	<b>99,84</b>

**Note 6. Change in value of investments**
**2019**

Items of the statement of net assets	Change, in EUR					
	Balance at 31 December 2018	Acquired over the period	Sold (redeemed) over the period	Increase in value	Decrease in value	Balance at 31 December 2019
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	5 455 881	1 076 563	3 111 451	1 574 959	1 212 203	3 783 749
Units and shares of collective investment undertakings	-	-	-	-	-	-
Derivative financial instruments <sup>1</sup>	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
<b>Total</b>	<b>5 455 881</b>	<b>1 076 563</b>	<b>3 111 451</b>	<b>1 574 959</b>	<b>1 212 203</b>	<b>3 783 749</b>

1 Balance at 31 December 2018 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.

2 Balance at 31 December 2018 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. Change in value of investments (continued)
2018

Items of the statement of net assets	Change, in EUR					Balance at 31 December 2018
	Balance at 31 December 2017	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>	249 917	-	254 583	4 666	-	-
Non-equity securities issued or guaranteed by governments and central banks	-	-	-	-	-	-
Other non-equity securities	249 917	-	254 583	4 666	-	-
Equity securities	9 484 962	1 526 766	4 624 003	2 463 829	3 395 673	5 455 881
Units and shares of collective investment undertakings	-	-	-	-	-	-
Derivative financial instruments <sup>1</sup>	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
<b>Total</b>	<b>9 734 879</b>	<b>1 526 766</b>	<b>4 878 586</b>	<b>2 468 495</b>	<b>3 395 673</b>	<b>5 455 881</b>

1 Balance at 31 December 2017 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.

2 Balance at 31 December 2017 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 7. Results of disposal of investments

In 2019 and 2018, the undertaking had no sale transactions involving financial instruments other than those measured at fair value.

Note 8. Derivative financial instruments

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

Note 9. 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
AB SEB bankas	Commission fee for intermediation services in transactions involving securities	5 081	6 575	SEB Bankas AB is the depository of the fund managed by the management company
UAB FMĮ ORION SECURITIES	Commission fee for intermediation services in transactions involving securities	-	100	The management company and intermediary have signed an agreement on intermediation services
<b>Total:</b>		<b>5 081</b>	<b>6 675</b>	

Note 10. Dividends and other benefits assessed and/or paid to the participants that do not result in changes in units

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

Note 11. Borrowings and loans granted

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

Note 12. 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 13. Related-party transactions over the financial year and previous financial year

Parties are considered to be related when one party has a possibility to control the other or have a significant influence on the other party in making financial or operating decisions. As at 31 December 2019, the parties related to the Fund included the management company UAB INVL Asset Management, entities under its control, managers, shareholders as well as other INVL Invalda AB group entities related through the shareholder.

As at 31 December 2019 a related party was INVL Invalda AB company which held 801 271 351 unit of the Fund's investment units.

During the reporting period, management company UAB INVL Asset Management was a related party to which management fee disclosed in Note 20 was calculated.

Note 14. 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 2019 to 31 December 2019, the Fund applied accounting policies

Note 15. 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

On 15 January 2020 INVL Emerging Europe ex Russia TOP20 subfund of the harmonized investment fund INVL Umbrella Fund was merged to the open-ended harmonized investment fund INVL Baltic Fund. Following the merger of the funds:

- INVL Emerging Europe ex Russia TOP20 subfund expired;
- INVL Baltic Fund continues operation with more participants and assets.

Assets of INVL Baltic Fund increased by EUR 5 533 249 following the merger.

Impact of COVID-19 virus on the fund

The COVID-19 virus epidemic which started in China in January 2020 and spread worldwide, including to Europe in March, alarmed financial markets and had a significant impact on the fall in securities prices. Moreover, the quarantine measures launched due to further spread of the virus had a strong impact on many sectors of the economy.

The fund mainly invests in quoted equity securities; therefore, the drop in prices in financial markets had a significant effect on the fund's NAV and unit value. Financial markets impact led to the decrease in the fund's unit value from EUR 37,4405 as at 31 December to EUR 29,5413 as at 31 March 2020. Fund units were sold, purchased or exchanged by fund participants, which led to the increase in fund's NAV by EUR 3,412 thousand in the 1st quarter of 2020.

Fund units are redeemed on each business day by applying to the Fund's Distributor (the list is presented in the Fund's rules). Based on the Law on Collective Investment Undertakings of the Republic of Lithuania, the fund is liquidated if its net assets value falls below EUR 330,000 and the situation is not corrected within 6 months. However, even now the Fund's NAV is almost 19 times higher than the minimum threshold of EUR 330 000 of NAV set by the Bank of Lithuania, and management does not expect that Fund's value will fall below minimum required during 2020.

Moreover, the management also considered expected changes in the fund participants. The Fund's participants are entitled to withdraw from the Fund at any time. The management of the fund has analysed the dynamics of the Fund's participants during the first quarter of 2020 and no significant changes were identified. The management does not expect further significant decrease in 2020, which would negatively impact the performance of the Fund.

In April 2020 the prices of securities in financial markets increased; however, currently the assessment of future price dynamics and the consequential impact on the Fund's NAV and unit value is complex. The Fund's managers closely monitor the situation in financial markets and actively respond to any developments to mitigate the effect of drop in prices on the fund. The Fund's managers, considering the market situation and potential actions of the fund's participants, hold a significant portion of the fund's assets in liquid investments and part of cash, thus reducing the fund's liquidity risk in case the participants request the sale of units.

Note 16. 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 17. 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 financial position of the fund.

Note 18. Financial risk and risk management methods

Description of risks that affect the Fund

The Fund's exposure to financial risks is managed through the diversification of the investment portfolio based on diversification principles defined in the Fund's rules and legal acts regulating the fund's activities.

The Fund's portfolio risk and liquidity are assessed periodically and reported to the Investment Committee.

Risks relating to the Fund's investments and their management:

Inflation risk

The actual growth in the Fund's assets may be lower due to inflation. Moreover, inflation has a direct effect on changes in interest rates which, in turn, affect the value of the Fund's investment portfolio. Historically, investments into equity instruments provide sufficient protection from inflation.

Interest rate risk

As the majority of the Fund's investment portfolio consists of shares, the direct impact of this risk on the Fund's return on investments is minimal.

Credit risk

Credit risk is managed by diversifying the investment portfolio as prescribed by laws, which means that investments in the investment portfolio are distributed so that investments in the entity's transferable securities or money market instruments may exceed 5 per cent but no more than 10 per cent of net assets, provided that the total amount of the investments is not higher than 40 per cent of net assets.

Foreign exchange risk

Foreign exchange risk is a risk to incur losses due to adverse fluctuations in foreign currency exchange rate against the euro. In managing this risk, the fund may use derivative financial instruments.

Liquidity risk

There were no significant financial liabilities in the structure of the Fund at the end of 2019.

This 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 2019, the fund's Beta ratio was 0.82 (for 12 months). This implies that a 1% change in the fund's benchmark index resulted in on average 0.82% change in 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 19. Return on investments and benchmarks for investments:

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

With effect from 15 December 2005, the Fund used the benchmark index OMX BALTIX.

With effect from 1 January 2007, the Fund uses the benchmark index 1.0 \* OMX Baltic Benchmark Capped Gross index (OMXBBCPG index) that reflects changes in prices of shares of companies operating in the Baltic countries.

*Note 19. Return on investments and benchmarks for investments (continued)*
**19.2. Change in value of investment unit and change in value of benchmark index (%):**

	During the reporting period	1 year ago	2 years ago	10 years ago
Change in value of unit <sup>1</sup>	7,20	(10,19)	18,91	41,89
Change in value of benchmark index	12,45	(6,45)	20,04	45,69
Standard deviation of change in value of units <sup>2</sup>	4,29	6,02	4,86	18,76
Standard deviation of change in value of benchmark index <sup>3</sup>	4,63	7,38	5,37	24,14
Correlation factor between value of unit and value of benchmark index <sup>4</sup>	91,32	93,59	86,12	95,02
Index tracking error <sup>5</sup>	3,28	3,85	4,72	14,09
Alfa ratio <sup>6</sup>	(2,67)	(5,83)	2,72	11,25
Beta ratio <sup>7</sup>	0,82	0,72	0,80	0,62

<sup>1</sup> Change in value of unit (share) does not take into account deductions of contributions.

<sup>2</sup> Standard deviation of change in value of unit is a standard risk indicator, which shows how far the changes in value of unit are spread above and below the mean change.

<sup>3</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>4</sup> Correlation factor between value of unit and value of benchmark index is a ratio, which shows statistical dependence between the values of unit and the values of benchmark index.

<sup>5</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>6</sup> Alfa ratio is a ratio, which shows the difference between the change in value of the accounting unit of pension fund and the change in value of benchmark index, given a comparable risk level.

<sup>7</sup> Beta ratio is a ratio, which shows the scope of change in value of the accounting unit of pension fund as compared to the change in the value of benchmark index.

**19.3. Average change in value of investment unit and average change in value of benchmark index (%)**

	Over the last 3 years	Over the last 5 years	Over the last 10 years	Since the start of operations
Average change in value of unit <sup>1</sup>	4,61	9,28	6,74	2,97
Average change in value of benchmark index <sup>2</sup>	8,09	11,51	12,29	7,10
Average standard deviation of change in value of unit <sup>3</sup>	5,15	5,75	8,80	11,68
Average standard deviation of change in value of the Fund's benchmark index	5,94	6,46	10,22	14,14

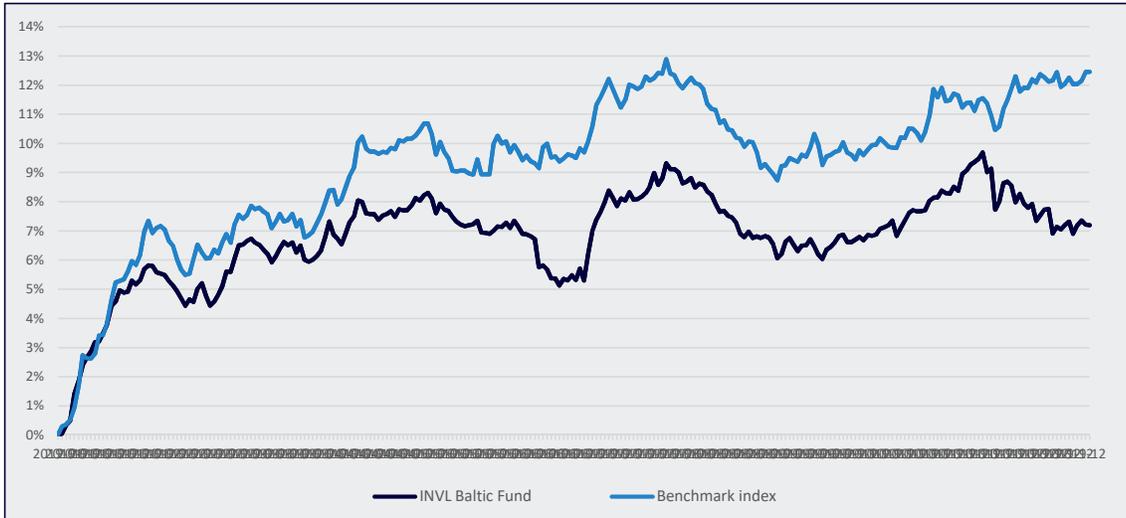
<sup>1</sup> Average change in value of unit is calculated as a geometric mean of annual changes in value of the investment unit.

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

<sup>3</sup> Average standard deviation of change in value of unit is a standard annual deviation of change in value of the investment unit over the specified period.

Note 19. Return on investments and benchmarks for investments (continued)

Change in value of unit and benchmark index during the period between 1 January 2019 and 31 December 2019:



Note 20. Expense ratios and turnover rates:

2019

Deductions	Rates of deductions (%)		Amount of deductions charged for the reporting period, in EUR	Percentage of average net asset value for the reporting period
	Maximum rates as per founding documents	Rates applied during the reporting period		
Management fee:				
Fixed rate	Up to 2% of the Fund's average annual net asset value	2% of the Fund's average annual net asset value	102 260	1,99
Success fee	Not applicable	Not applicable	-	-
Other operating costs (Subfund change fee)	No more than 3% of the amount invested	No more than 2% of the amount invested	-	-
Other operating costs (Subfund change fee)	Not applicable	Not applicable	-	-
Depository fee	No more than 0.25% of the Fund's average annual net asset value	No more than 0.25% of the Fund's average annual net asset value	5 256	0,10
Transaction fee	No more than 0.75% of the average annual value of transactions executed	No more than 0.75% of the average annual value of transactions executed	5 081	0,10
Audit fee	No more than 0.5% of the Fund's average annual net asset value	No more than 0.5% of the Fund's average annual net asset value	3 690	0,07
Fee charged by the bank for keeping records of participants			3 435	0,07
Other operating costs (bank charges)			291	0,01
Other operating costs (fees charged by the market maker, quotation costs and one-off fees)	No more than 0.5% of the Fund's average annual net asset value	No more than 0.5% of the Fund's average annual net asset value	1 781	0,03
Total expenses included in TER, in EUR				116 713
TER as % of NAV*				2,27
Total expenses, in EUR				121 794
PTR (%)**				(15,92)

\* 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 costs, taxes on contributions.

\*\*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 cost.

Note 20. Expense ratios and turnover rates (continued)

2018

Deductions	Rates of deductions (%)		Amount of deductions charged for the reporting period, in EUR	Percentage of average net asset value for the reporting period
	Maximum rates as per founding documents	Rates applied during the reporting period		
Management fee:				
Fixed rate	Up to 2% of the Fund's average annual net asset value	2% of the Fund's average annual net asset value	173 219	1,98
Success fee	Not applicable	Not applicable	-	-
Other operating costs (Subfund change fee)	No more than 3% of the amount invested	No more than 2% of the amount invested	564	0,01
Other operating costs (Subfund change fee)	Not applicable	Not applicable	-	-
Depository fee	No more than 0.25% of the Fund's average annual net asset value	No more than 0.25% of the Fund's average annual net asset value	8 972	0,10
Transaction fee	No more than 0.75% of the average annual value of transactions executed	No more than 0.75% of the average annual value of transactions executed	6 675	0,08
Audit fee	No more than 0.5% of the Fund's average annual net asset value	No more than 0.5% of the Fund's average annual net asset value	1 912	0,02
Fee charged by the bank for keeping records of participants			3 233	0,04
Other operating costs (bank charges)	No more than 0.5% of the Fund's average annual net asset value	No more than 0.5% of the Fund's average annual net asset value	298	-
Other operating costs (fees charged by the market maker, quotation costs and one-off fees)			1 481	0,02
Total expenses included in TER, in EUR				189 115
TER as % of NAV*				2,17
Total expenses, in EUR				196 354
PTR (%)**				(109,22)

\* 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 costs, taxes on contributions.

\*\*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 cost.

**Note 20. Expense ratios and turnover rates (continued)**

All the services provided during the audit of the Fund's annual financial statements are presented below:

	Reporting period	Previous reporting period
Audit of the financial statements under the agreements	3 267	1 694
Assurance and other related services	-	-
Tax consultation services	-	-
Other services	423	218
<b>Total</b>	<b>3 690</b>	<b>1 912</b>

**Note 21. 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	3 301 080	5 382 414
I.1.1.	Proceeds on disposal of financial assets and investment assets*	3 099 269	5 025 974
I.1.2.	Interest received	-	4 583
I.1.3.	Dividends received	201 811	351 857
I.1.4.	Cash inflows on sale of derivative financial statements	-	-
I.1.5.	Cash inflows from other activities	-	-
I.2.	Cash outflows for the reporting period	1 200 348	1 734 176
I.2.1.	Payments on acquisition of financial assets and investment assets, and liabilities settled	1 076 563	1 526 766
I.2.2.	Payments related to management	119 100	202 072
I.2.3.	Deposits placed	-	-
I.2.4.	Cash outflows on sale of derivative financial statements	-	-
I.2.5.	Other cash outflows	4 685	5 338
	Net cash flows from (used in) operating activities (I.1-I.2)	2 100 732	3 648 238
<b>II.</b>	<b>Cash flows from financing of activities</b>	-	-
II.1.	Cash inflows over the reporting period. Sales of investment units	1 038 245	6 344 880
II.2.	Cash outflows over the reporting period. Redemption of investment units	3 965 115	9 876 305
II.3.	Dividends paid	-	-
II.4.	Proceeds from borrowings	-	-
II.5.	Repayment of borrowings	-	-
II.6.	Interest paid	-	-
II.7.	Cash flows relating to other finance sources (+/-)	-	-
II.8.	Other increase in cash flows from financing activities	43 411	31 250
II.9.	Other decrease in cash flows from financing activities	-	1 722
	Net cash flows from financing activities (II.1- II.2- II.3 + II.4-II.5 - II.6 + II.7 + II.8 - II.9)	(2 883 459)	(3 501 897)
<b>III.</b>	<b>Foreign exchange effect on the balance of cash (+/-)**</b>	-	(6 875)
<b>IV.</b>	<b>Net increase (decrease) in cash flows (+/-)</b>	<b>(782 727)</b>	<b>139 466</b>
<b>V.</b>	<b>Cash at the beginning of the period</b>	<b>1 134 600</b>	<b>995 134</b>
<b>VI.</b>	<b>Cash at the end of the period</b>	<b>351 873</b>	<b>1 134 600</b>

\* The difference as compared to the value of sold financial instruments indicated in Note 6 arises due to not yet deducted transactions the value of which is included in assets in item 6.1 in the statement of net assets.

\*\* 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 to 5 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.	Realised gain (loss) on investment in:	154 007
2.1.	equity securities	154 007
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.	Unrealised gain (loss) on:	208 749
3.1.	equity securities	208 749
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.	Other income:	222 251
4.1.	income from lease of real estate	-
4.2.	positive foreign exchange effect	-
4.3.	other	222 251
	total income	585 007
II.	expenses	
1.	Operating expenses:	121 794
1.1.	deductions of management fee	102 260
1.2.	deductions of depository fee	5 256
1.3.	intermediary fee	5 081
1.4.	audit fee	3 690
1.5.	deductions of other fees and charges	5 507
2.	Other expenses:	-
2.1.	interest expenses	-
2.2.	expenses related to the managed real estate objects	-
2.3.	negative foreign exchange effect	-
2.4.	other	-
	Total expenses	121 794
III.	Net income	463 213
IV.	Payments (dividends) to holders of investment units	-
V.	Re-invested earnings	463 213

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 financial position of the fund.

**VII. INFORMATION ON PAYMENT OF DIVIDENDS**

27. Information on dividends declared and/or paid:

Information is provided in Note 10.

**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 11.

**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 19.

**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, Laura Križinauskienė, 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 fund'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 fund'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	Laura Križinauskienė	Aušra Montvydaitė
Position	General Director	Head of Funds Accounting
Telephone number	(8~7) 005 59 59	(8~6) 264 55 82
Fax number	(8~5) 279 06 02	(8~5) 279 06 02
Email address	laura.krizinauskiene@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.