



INVL RUSSIA TOP 20 SUBFUND

ANNUAL FINANCIAL STATEMENTS FOR 2017, PRESENTED TOGETHER WITH INDEPENDENT AUDITOR'S
REPORT



Independent auditor's report

To the participants of "INVL Russia TOP20 Subfund"

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements, presented on pages 7 - 27, give a true and fair view of the financial position of "INVL Russia TOP20 Subfund" managed by UAB „INVL Asset Management” (“the Subfund”) as at 31 December 2017, and of its changes in net assets for the year then ended in accordance with Lithuanian regulatory legislation on accounting and financial reporting and Business Accounting Standards.

Our opinion is consistent with our additional report to the Board of UAB „INVL Asset Management”.

What we have audited

The Subfund's financial statements comprise:

- the statement of net assets as at 31 December 2017 ;
- the statement of changes in net assets for the year then ended;
- the notes to the financial statements, which include significant accounting policies.

Basis for opinion

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

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Subfund are in accordance with the applicable law and regulations in the Republic of Lithuania and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014 considering the exemptions of Regulation (EU) No 537/2014 endorsed in the Law of the Republic of Lithuania on the Audit of Financial Statements.

The non-audit services that we have provided to the Subfund, in the period from 1 January 2017 to 31 December 2017, are disclosed in note 20 to the financial statements.

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



Our audit approach

Overview

Materiality	Overall materiality: EUR 103 thousand.
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Key audit matters	Valuation and existence of investments.
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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Subfund materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Subfund materiality	EUR 103 thousand (2016: EUR 250 thousand)
How we determined it	Overall materiality represents 1 % of net assets of the Subfund
Rationale for the materiality benchmark applied	We chose net assets as the benchmark because, in our view, it is the generally accepted measure for Subfunds. We chose 1%, which is within the range of acceptable quantitative materiality thresholds for this benchmark.

We agreed with the management of UAB „INVL Asset Management” that we would report to them misstatements identified during our audit above EUR 5.2 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.



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.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of investments <i>(refer to accounting policies and note 4)</i></p> <p>Investments are the most significant item of the statement of net assets (carrying amount of transferable securities is EUR 9,787 thousand).</p> <p>The investments into transferable securities are accounted for at fair value, which is determined with reference to prices available on the active market. If quoted prices from active markets are not available, the value is determined based on internally approved valuation methods that use key data from other observable inputs.</p> <p>Valuation and existence of transferable securities were given special audit attention due to them being the most material asset item.</p>	<p>We have discussed processes and controls related to valuation, sales and purchases of investments with management and tested operating effectiveness of selected controls.</p> <p>To obtain evidence on existence of all transferable securities, we have obtained confirmation letter from the bank that acts as depository and traced quantities of transferable securities as per the letter to the data recorded by the Subfund.</p> <p>To obtain evidence over the fair value of investments at the financial year-end, on a sample basis we have traced the value of selected transferable securities to publicly available market prices.</p> <p>Our work gave us sufficient audit evidence to conclude that the Subfund's investments into transferable securities are properly accounted for.</p>

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

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

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

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



Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated 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 auditor's 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

Appointment

We were first appointed as auditors of the Subfund for 2012 audit. Our appointment has been renewed annually by the resolution of shareholder of UAB „INVL Asset Management” representing a total period of uninterrupted engagement appointment of 6 years.

The certified auditor on the audit resulting in this independent auditor’s report is Rasa Radzevičienė.

On behalf of PricewaterhouseCoopers UAB

A handwritten signature in blue ink, appearing to read 'Radzevičienė', is written in a cursive style.

Rasa Radzevičienė
Partner
Auditor's Certificate No. 000377

Vilnius, Republic of Lithuania
24 April 2018



I. GENERAL INFORMATION

1. General information about INVL Russia TOP 20 Subfund:

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

2. Reporting period covered by these financial statements:

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

3. Details of the management company:

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

4. Details of the depository:

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

II. NET ASSET VALUE, NUMBER AND VALUE OF INVESTMENT

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 Subfund.

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

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

	After 1 year	After 3 years	After 5 years	After 10 year
Deductions paid, EUR	155	365	603	1,348
Accrued amount before deductions	3,150	3,473	3,829	4,887
Accrued amount after deductions	2,995	3,108	3,225	3,538

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 Subfund is a non-master collective investment undertaking.

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

Structure of investment portfolio is provided in Note 4.

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

Information is provided in Note 4.

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

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

Information is provided in Note 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 Subfund's operation. If the collective investment undertaking operated for a period shorter than 10 years, return on investments for the period during which the portfolio was managed:

Information is provided in Note 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.



INVL ASSET MANAGEMENT UAB



126263073, Gynėjų g. 14, Vilnius

INVL Russia TOP 20 Subfund

STATEMENT OF NET ASSETS AS AT 31 December 2017

No	Assets	Note	Financial year	Previous financial year
A.	ASSETS		10,408,475	25,615,523
1.	CASH	4,5	560,284	1,499,447
2.	TIME DEPOSITS		-	-
3.	MONEY MARKET INSTRUMENTS		-	-
3.1.	Treasury bills		-	-
3.2.	Other money market instruments		-	-
4.	TRANSFERABLE SECURITIES	4,5,6	9,787,135	24,046,594
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	9,787,135	24,046,594
4.3.	Investment units and shares of other collective investment undertakings		-	-
5.	PREPAYMENTS		-	-
6.	AMOUNTS RECEIVABLE	4	61,056	69,482
6.1.	Amounts receivable from sale of investments		-	-
6.2.	Other amounts receivable	4	61,056	69,482
7.	INVESTMENT AND OTHER ASSETS		-	-
7.1.	Investment assets		-	-
7.2.	Derivative financial instruments		-	-
7.3.	Other assets		-	-
B.	LIABILITIES	4	95,534	611,448
1.	Amounts payable	4	95,534	611,448
1.1.	Amounts payable for financial and investment assets	4	57,682	278,185
1.2.	Amounts payable to management company and depository	4	16,943	130,339
1.3.	Other payables	4	20,909	202,924
2.	Accrued charges		-	-
3.	Borrowings from credit institutions		-	-
4.	Liabilities under contracts on derivative financial instruments		-	-
5.	Other liabilities		-	-
C.	NET ASSETS	2	10,312,941	25,004,075

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

General Director	Laura Križinauskienė		24 April 2018
Head of Funds Accounting	Aušra Montvydaite		24 April 2018



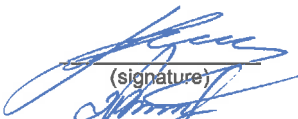

INVL ASSET MANAGEMENT UAB
126263073, Gynėjų g. 14, Vilnius

INVL Russia TOP 20 Subfund

STATEMENT OF CHANGES IN NET ASSETS FOR 2017

No	Items	Note	Financial year	Previous financial year
1.	NET ASSETS AT 1 JANUARY	2	25,004,075	2,737,627
2.	INCREASE IN NET ASSET VALUE		-	-
2.1.	Contributions of participants	3	8,196,364	22,846,405
2.2.	Transfers from other funds	3	189,920	420,671
2.3.	Guarantee contributions		-	-
2.4.	Investment income		455,879	300,946
2.4.1.	Interest income		-	-
2.4.2.	Dividends		455,879	300,946
2.4.3.	Rental income		-	-
2.5.	Gain on change in value and sale of investments	6	11,436,878	12,982,757
2.6.	Foreign exchange gain		377,314	340,346
2.7.	Gain on transactions involving derivative financial instruments		-	-
2.8.	Other increases in net asset value		-	22
	TOTAL INCREASE IN NET ASSET VALUE		20,656,355	36,891,147
3.	DECREASE IN NET ASSET VALUE		-	-
3.1.	Payments to participants	3	22,290,334	6,383,959
3.2.	Transfers to other funds	3	89,243	299,345
3.3.	Loss on change in value and sale of investments	6	12,126,757	7,307,739
3.4.	Foreign exchange loss		459,286	344,441
3.5.	Loss on transactions involving derivative financial instruments		-	-
3.6.	Management costs:	20	381,869	289,215
3.6.1.	Fee to management company	20	292,206	222,655
3.6.2.	Fee to depository	20	23,685	15,370
3.6.3.	Fee to intermediaries	9,20	44,674	32,512
3.6.4.	Audit fee costs	20	3,243	3,364
3.6.5.	Interest costs		-	-
3.6.6.	Other costs	20	18,061	15,314
3.7.	Other decreases in net asset value		-	-
3.8.	Reimbursement of costs (-)		-	-
	TOTAL DECREASE IN NET ASSET VALUE		35,347,489	14,624,699
4.	Change in net asset value		(14,691,134)	22,266,448
5.	Profit distribution		-	-
6.	NET ASSET VALUE AT 31 DECEMBER	2	10,312,941	25,004,075

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

General Director	Laura Križinauskienė	 (signature)	24 April 2018
Head of Funds Accounting	Aušra Montvydaite	 (signature)	24 April 2018



INVL ASSET MANAGEMENT UAB

126263073, Gynėjų g. 14, Vilnius

INVL Russia TOP 20 Subfund

Explanatory notes to the annual financial statements for 2017

23.3.1. General information:

Details of the collective investment undertaking

Name	INVL Russia TOP 20 Subfund (hereinafter "Subfund") of INVL Umbrella Fund
Type, legal form	Open-ended type special investment fund for investments in transferable securities, with no rights of a legal entity
Date on which the Securities Commission (currently the Bank of Lithuania) approved the documents on the formation of the collective investment undertaking	29 October 2010
Duration of operation	Indefinite period
Location	Vilnius

Details of the management company

Name	INVL Asset Management UAB
Company code	126263073
Office address	Gynėjų g. 14, LT-01109 Vilnius
Register at which all data about the undertaking is stored and compiled	State enterprise Centre of Registers, Vilnius branch
Telephone number	8 700 55 959
Fax number	8 5 279 06 02
Email address	info@invl.com
Website address	www.invl.com
Licence No	VJK-005
Manager of the collective investment undertaking, other individuals making investment decisions	Vytautas Plunksnis – Member of the Investment Committee; Vaidotas Rūkas – Director of the Investment Management Department; Dainius Bložė – Fund Manager

Details of the depository

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

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

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

Listing

INVL Russia TOP 20 Subfund has been listed on OMX Stock Exchange with effect from September 2013.

Reporting period

From 1 January 2017 to 31 December 2017.



23.3.2. Accounting policies:

Regulatory legislation adopted in the preparation of the financial statements

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

Generally accepted accounting principles

The financial year of the Subfund coincides with the calendar year. For the purpose of the Subfund's financial statements, the year-end balances of assets and liabilities are reported as at 29 December 2017 amounts.

The Subfund's financial statements are prepared within four months following the end of the financial year. All amounts in these financial statements are presented in the euros (EUR).

Investment policy and structure of investment portfolio

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

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

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

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

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

The structure of investment portfolio is presented in Note 4.

Financial risk management

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

The Investment Committee decides on the composition of the Subfund's investment portfolio in view of the current risk level of the portfolio and the effects of decisions made on the overall risk level of the portfolio.

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

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

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

The shares of the issuer held by the management company together with the shares of the same issuer held by the managed funds may not carry over 1/10 of the voting rights at the issuer's general meeting of shareholders.

The Subfund's assets may be used to acquire no more than as follows:

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



23.3.2. Accounting policies (continued)

Policies for recognition of increase and decrease in assets and liabilities

Difference between the value of the Subfund's net assets and the value of the Subfund'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 Subfund 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 assets of the Subfund for as long as they do not meet the definition of financial assets.

Financial liabilities are recorded when the Subfund assumes a commitment to pay cash or any other financial assets (the selected trade date approach). Planned transactions, guarantees and sureties granted and not yet binding for fulfilment are not recognised as liabilities of the Subfund for as long as they do not meet the definition 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 Subfund's assets charged for the management of the Subfund and the services provided by the Depository are presented in the Subfund's rules.

The specific rates of deductions for the management of the Subfund 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.

Any other costs not specified in the Subfund's rules or in excess of the defined limits are born by the Management Company at its own expense.

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

Investment valuation methods, investment revaluation intervals

The Subfund'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;
- Valuation of investment units (shares) of collective investment undertakings is carried out with reference to the NA value 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;
- Valuation of derivative financial instruments is based on the last market value of previous analogous transactions, provided there were no substantial changes in economic circumstances over the period between the date of the transaction and the date of valuation;
- 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 all investments is conducted on each business day.



23.3.2. Accounting policies (continued)

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

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

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

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

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 Subfund's rules or which exceed the established limits.

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

Subsequent events

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



23.3.3. 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 at 1 January 2017	Closing balance at 31 December 2017	One year ago at 31 December 2016	Two years ago at 31 December 2015
Net asset value, EUR	25,004,075	10,312,941	25,004,075	2,737,627
Unit value, EUR	31.1792	30.4747	31.1792	17.8296
Number of units in circulation	801,946.3833	338,410.0534	801,946.3833	153,544.0472

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)*	280,587.7516	8,384,471	923,330.7521	23,265,962
Redeemed (by converting units into monetary funds)	744,124.0815	22,379,577	274,928.4160	6,683,304
Difference between the number and value of units (shares) distributed and redeemed	(463,536.3299)	(13,995,106)	648,402.3361	16,582,657

**The value of distributed units (by converting monetary funds to investment units) does not correspond to the amounts of contributions of participants reported in the statement of changes in net assets (2.1. and 2.2.), because in the table above it excludes the distribution and Subfund change fee (deductions are disclosed in Note 20).

Note 4. Structure of investment portfolio

2017

Issuer's name	Country	ISIN code	Currency	Quantity, items	Total acquisition value	Total market value	Share in net assets, %
Equity securities traded on other regulated markets							
BANK ST PETERSBURG PJSC	RU	RU0009100945	RUB	587,084	499,797	463,793	4.50
LUKOIL PJSC-SPON ADR	RU	US69343P1057	USD	20,141	963,213	965,701	9.36
GAZPROM PAO -SPON ADR	RU	US3682872078	USD	240,500	931,079	888,725	8.62
X 5 RETAIL GROUP NV-REGS GDR	RU	US98387E2054	USD	13,620	408,018	431,060	4.18
SBERBANK PJSC - SPONSORED ADR	RU	US80585Y3080	USD	68,200	715,465	967,510	9.38
MOBILE TELESYSTEMS PJSC	RU	RU0007775219	RUB	53,400	214,483	214,227	2.08
GLOBAL TRA-SPONS GDR REG S	RU	US37949E2046	USD	26,800	137,072	210,870	2.04
SURGUTNEFTEGAS-SP ADR	RU	US8688612048	USD	63,600	280,163	251,277	2.44
ROSNFT OIL CO PJSC-REGS GDR	RU	US67812M2070	USD	50,186	256,604	209,845	2.03
DIXY GROUP PJSC	RU	RU000A0JP7H1	RUB	82,685	356,845	390,723	3.79
FEDERAL GRID CO UNIFIED ENER	RU	RU000A0JPNIN9	RUB	170,270,000	471,321	401,186	3.89
AEROFLOT PJSC	RU	RU0009062285	RUB	211,400	497,471	425,425	4.13
ACRON PJSC	RU	RU0009028674	RUB	7,064	383,636	397,362	3.85
ETALON GROUP-GDR REG S	RU	US29760G1031	USD	120,152	387,991	302,041	2.93
GAZPROM NEFT-SPONSORED ADR	RU	US36829G1076	USD	26,784	428,555	482,535	4.68
Tatneft PAO	RU	US8766292051	USD	7,000	238,102	290,112	2.81
MAGNIT PJSC-SPON GDR REGS	RU	US55953Q2021	USD	10,000	221,951	229,177	2.22
KAZMUNAIGAS EXPLORA-GDR REGS	KZ	US48666V2043	USD	54,724	457,918	596,122	5.78
MMC Norilsk Nickel ADR	RU	US55315J1025	USD	7,000	98,122	109,921	1.07
DETSKY MIR PJSC	RU	RU000A0JSQ90	RUB	203,000	297,386	283,117	2.74
SEVERSTAL - GDR REG S	RU	US181503025	USD	11,000	144,225	141,763	1.37
Petropavlovsk	RU	GB0031544546	GBP	4,774,427	448,460	416,838	4.04
Rostelecom	RU	RU0008943394	RUB	430,000	440,605	399,387	3.87
Global Ports	RU	US37951Q2021	USD	100,000	328,358	318,418	3.09
Total	-	-	-	177,438,767	9,606,840	9,787,135	94.89
Total equity securities	-	-	-	177,438,767	-	9,787,135	94.89

Note 4. Structure of investment portfolio (continued)

Name of bank	Currency	Total market value	Interest rate	Share in net assets, %
Cash				
SEB Bankas AB	EUR	99,606	-	0.97
SEB Bankas AB	USD	398,997		3.87
SEB Bankas AB	RUB	60,753	-	0.59
SEB Bankas AB	GBP	928		0.01
Total cash	-	560,284	-	5.44

Name	Brief description	Total value	Intended purpose	Share in net assets, %
Amounts receivable	Other amounts receivable	61,056	-	0.59
Amounts payable	Amounts payable for financial and investment assets	(57,682)	-	(0.56)
Amounts payable	Amounts payable to the Management Company and the Depository	(16,943)	-	(0.16)
Amounts payable	Other amounts payable	(20,909)	-	(0.20)
Total	-	(34,478)	-	(0.33)

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

The Subfund invests in shares of companies operating in the Russian Federation.

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

Note 4. Structure of investment portfolio (continued)

2016

Issuer's name	Country	ISIN code	Currency	Quantity, items	Total acquisition value	Total market value	Share in net assets, %
Equity securities traded on other regulated markets							
BANK ST PETERSBURG PJSC	RU	RU0009100945	RUB	977,876	1,148,282	1,035,763	4.14
LUKOIL PJSC-SPON ADR	RU	US69343P1057	USD	41,841	1,783,258	2,245,555	8.98
GAZPROM PAO -SPON ADR	RU	US3682872078	USD	449,500	1,859,828	2,171,601	8.68
MMC Norilsk Nickel ADR	RU	US55315J1025	USD	55,370	752,536	889,374	3.56
Tatneft PAO	RU	US8766292051	USD	12,698	342,904	500,729	2.00
Novatek OAO GDR	RU	US6698881090	USD	5,217	468,943	647,820	2.59
M.Video	RU	RU000A0JPGA0	RUB	182,014	813,859	1,115,009	4.46
X 5 RETAIL GROUP NV-REGS GDR	RU	US98387E2054	USD	49,520	1,136,145	1,537,285	6.15
SBERBANK PJSC - SPONSORED ADR	RU	US80585Y3080	USD	173,200	1,434,483	1,917,909	7.67
MOBILE TELESYSTEMS PJSC	RU	RU000775219	RUB	209,400	709,620	857,389	3.43
QIWI	RU	US74735M1080	USD	61,756	890,514	754,448	3.02
GLOBALTRA-SPONS GDR REG S	RU	US37949E2046	USD	139,300	604,659	843,556	3.37
SURGUTNEFTEGAS-SP ADR	RU	US8688612048	USD	162,600	754,871	784,767	3.14
ROSNEFT OIL CO PJSC-REGS GDR	RU	US67812M2070	USD	162,286	831,329	1,009,145	4.04
Bashneft	RU	RU0007976957	RUB	9,655	336,337	547,731	2.19
DIXY GROUP PJSC	RU	RU000A0JP7H1	RUB	170,090	698,013	752,902	3.01
MAGNIT PJSC-SPON GDR REGS	RU	US55953Q2021	USD	7,900	250,789	333,670	1.33
Sistema PFSC FC	RU	US48122U2042	USD	104,770	745,977	902,066	3.61
FEDERAL GRID CO UNIFIED ENER	RU	RU000A0JPNIN9	RUB	262,270,000	511,715	842,508	3.37
AEROFLOT PJSC	RU	RU0009062285	RUB	476,000	667,017	1,150,202	4.60
Rushydro SP ADR	RU	US7821834048	USD	471,335	459,941	656,072	2.62
Alrosa	RU	RU0007252813	RUB	737,000	1,000,032	1,135,173	4.54
ACRON PJSC	RU	RU0009028674	RUB	10,064	523,586	568,785	2.27
ETALON GROUP-GDR REG S	RU	US29760G1031	USD	277,155	905,320	847,135	3.39
Total				267,216,547	19,629,958	24,046,594	96.16
Total equity securities				267,216,547	-	24,046,594	96.16

Note 4. Structure of investment portfolio (continued)

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

Name	Brief description	Total value	Intended purpose	Share in net assets, %
AMOUNTS RECEIVABLE	Dividends declared but not yet received during the reporting period	69,482	-	0.28
Amounts payable	Amounts payable for the redemption of investment units	(200,362)	-	(0.80)
Amounts payable	Amounts payable for assets acquired	(278,185)	-	(1.11)
Amounts payable	Amounts payable to the Management Company and the Depository	(130,339)	-	(0.52)
Amounts payable	Other amounts payable	(2,562)	-	(0.01)
Total	-	(541,966)	-	(2.16)

The Subfund's investment portfolio is in line with the Subfund's investment strategy.
The Subfund invests in shares of companies operating in the Russian Federation.

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



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

By industry sector

Breakdown of investments	Market value	Share in assets, %	Market value at 1 January	Share in assets at 1 January, %
Telecommunications	613,615	5.95	857,389	3.43
Emergency goods and services	283,117	2.74	4,646,051	18.58
Convenience goods and services	1,050,960	10.19	1,086,572	4.35
Financial services	1,733,344	16.81	5,457,321	21.83
Industrial materials	954,713	9.26	-	-
Utility goods and services	401,186	3.89	1,498,580	5.99
Energy	3,684,316	35.72	7,907,349	31.62
Materials	1,065,884	10.33	2,593,332	10.37
Total	9,787,135	94.89	24,046,594	96.17

Note 6. Change in value of investments

2017

Items of the statement of net assets	Change					Balance at 31 December 2017
	Balance at 31 December 2016	Acquired over the period	Sold (redeemed) over the period	Increase in value	Decrease in value	
Time deposits	-	-	-	-	-	-
Money market instruments	-	-	-	-	-	-
Non-equity securities ²	-	-	-	-	-	-
Non-equity securities issued or guaranteed by governments and central banks	-	-	-	-	-	-
Other non-equity securities	-	-	-	-	-	-
Equity securities	24,046,594	9,526,441	23,096,021	11,436,878	12,126,757	9,787,135
Units and shares of collective investment undertakings	-	-	-	-	-	-
Derivative financial instruments ¹	-	-	-	-	-	-
Total	24,046,594	9,526,441	23,096,021	11,436,878	12,126,757	9,787,135

¹ 1 Balance at 31 December 2016 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 2016 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)

2016

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

¹ Balance at 31 December 2016 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 2016 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

During 2016 and 2017, 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
SEB Bankas AB	Commission fee for intermediation services in transactions involving securities	29,045	28,202	SEB Bankas AB is the depository of the Subfund managed by the management company
Šiaulių Bankas AB	Commission fee for intermediation services in transactions involving securities	15,629	4,310	The management company and intermediary have signed an agreement on intermediation services
Total		44,674	32,512	



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

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

Note 11. Borrowings and loans granted

The Subfund 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

Transactions and balances arising on these transactions with the management company have been disclosed in Notes 4 and 20.

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 2017 to 31 December 2017, the Subfund applied accounting policies consistent with those applied in the previous year.

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

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

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 Subfund.

Note 18. Financial risk and risk management methods

Description of risks that affect the Subfund

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

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

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

Interest rate risk

Interest rate risk is managed by the use of derivative financial instruments.

Credit risk

Fund managers mitigate credit risk by conducting thorough credit analysis, i.e. an assessment of the issuer's financial stability. 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 issuer's transferable securities or money market instruments would not exceed 5 per cent of the Subfund's 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. Foreign exchange risk is managed by channelling part of the Subfund's funds into derivative financial instrument.

Liquidity risk

At the end of 2017, the Subfund had no significant financial liabilities.

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.



Note 18. Financial risk and risk management methods (continued)

Sensitivity analysis – share market risk

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

At the end of 2017, the Subfund's Beta ratio was 0.80 (for 12 months). This implies that a 1% change in the Subfund's benchmark index will result in on average 0.80% change in the Subfund's value.

The sensitivity analysis is based on the following assumptions:

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

Note 19. Return on investments and benchmarks for return on investments:

19.1. Benchmark index and its brief description:

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

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

	Reporting period	1 year ago	2 years ago	10 years ago
Change in value of unit ¹	(2.26)	74.87	17.18	-
Change in value of benchmark index	(12.11)	57.47	6.68	-
Annual gross return on investments ³	(0.14)	78.63	19.85	-
Annual net return on investments ²	(2.03)	75.27	17.63	-
Standard deviation of change in value of unit ⁴	14.86	22.58	26.98	-
Standard deviation of change in value of benchmark index ⁵	18.21	29.80	37.58	-
Correlation factor between value of unit and value of benchmark index ⁶	92.90	89.78	95.03	-
Index tracking error ⁷	5.78	7.26	11.09	-
Alfa ratio ⁸	8.15	14.83	10.55	-
Beta ratio ⁹	0.80	0.94	0.99	-

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

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

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

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

⁵ 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.

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

⁷ 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.

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

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



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

19.3. Average return on investments, average change in value of unit, its standard changes, and average change in 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 ¹	26.05	3.78	-	0.71
Average change in value of benchmark index ²	13.87	(3.70)	-	(2.37)
Average gross return on investments ³	28.82	6.34	-	2.70
Average net return on investments ⁴	26.41	4.33	-	0.71
Average standard deviation of change in value of unit ⁵	21.99	21.93	-	22.54

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

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

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

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

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

Change in benchmark index and value of unit during the period between 31 December 2016 and 31 December 2017:





Note 20. Expense ratios and turnover rates:

2017

	Rates of deductions		Amount of deductions charged for the reporting period, EUR	% of average net asset value for the reporting period
	Maximum rates as per founding documents	Rates applied during the reporting period		
Management fee:				
<i>Fixed rate</i>	No more than 1.5% of the Subfund's average annual net asset value	No more than 1.5% of the Subfund's average annual net asset value	190,671	1.50
<i>Performance fee</i>	No more than 15% of the increase in the Subfund's net asset value	No more than 15% of the increase in the Subfund's net asset value	99,722	0.78
Depository fee	No more than 0.5% of the Subfund's average annual net asset value	No more than 0.5% of the Subfund's average annual net asset value	23,685	0.19
Transaction fee	No more than 1% of the value of transactions executed	No more than 1% of the value of transactions executed	44,674	0.35
Other operating costs (Subfund change fee)	No more than 5% of the value of the Subfund's unit	2% of the value of the Subfund's unit	1340	0.01
Other operating costs (Subfund change fee)	No more than 0.25% of the value of the Subfund's units changed	No more than 0.25% of the value of the Subfund's units changed	473	-
Audit fee			3,243	0.03
Other operating costs (third party fees charged on services of the Depository through use of services provided by other financial institutions)	Fee payable to audit firm and financial institutions for services rendered – no more than 1% of the Subfund's average annual net asset value	Fee payable to audit firm and financial institutions for services rendered – no more than 1% of the Subfund's average annual net asset value	13,535	0.11
Other operating costs (bank charges)			284	-
Other operating costs (fee charged by the bank for keeping records of participants)	No more than 1% of the Subfund's average annual net asset value	No more than 1% of the Subfund's average annual net asset value	1,656	0.01
Other operating costs (fees charged by the market maker, quotation costs and one-off fees)			2,586	0.02
Total expenses included in TER				335,382
TER as % of NAV*				2.63
Total expenses				381,869
PTR (%)**				14.56

*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.

**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)

2016

	Rates of deductions		Amount of deductions charged for the reporting period, EUR	% of average net asset value for the reporting period
	Maximum rates as per founding documents	Rates applied during the reporting period		
Management fee:				
<i>Fixed rate</i>	No more than 1.5% of the Subfund's average annual net asset value	No more than 1.5% of the Subfund's average annual net asset value	128,607	1.48
<i>Performance fee</i>	No more than 15% of the increase in the Subfund's net asset value	No more than 15% of the increase in the Subfund's net asset value	92,934	1.07
Depository fee	No more than 0.5% of the Subfund's average annual net asset value	No more than 0.5% of the Subfund's average annual net asset value	15,370	0.18
Transaction fee	No more than 1% of the value of transactions executed	No more than 1% of the value of transactions executed	32,512	0.37
Other operating costs (Subfund change fee)	No more than 5% of the value of the Subfund's unit	2% of the value of the Subfund's unit	69	-
Other operating costs (Subfund change fee)	No more than 0.25% of the value of the Subfund's units changed	No more than 0.25% of the value of the Subfund's units changed	1,045	0.01
Audit fee	Fee payable to audit firm and financial institutions for services rendered – no more than 1% of the Subfund's average annual net asset value	Fee payable to audit firm and financial institutions for services rendered – no more than 1% of the Subfund's average annual net asset value	3,364	0.04
Other operating costs (third party fees charged on services of the Depository through use of services provided by other financial institutions)			11,559	0.13
Other operating costs (bank charges)			291	-
Other operating costs (fee charged by the bank for keeping records of participants)	No more than 1% of the Subfund's average annual net asset value	No more than 1% of the Subfund's average annual net asset value	1,172	0.01
Other operating costs (fees charged by the market maker, quotation costs and one-off fees)			2,292	0.03
Other operating costs (legal costs)	No more than 1% of the Subfund's average annual net asset value	No more than 1% of the Subfund's average annual net asset value	-	-
Total expenses included in TER				255,589
TER as % of NAV*				2.94
Total expenses				289,215
PTR (%)**				(80.63)

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

**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):

Below is the list of all services of audit company to the Company and the Funds over 2017

	2017	2016
Contractual audit services of financial statements	3,025	3,146
Costs of assurance and other related services	-	-
Tax consulting costs	-	-
Costs of other services	218	218
Total:	3,243	3,364



Note 21. Cash flows:

	Items of cash flows	Financial year	Previous financial year
I.	Cash flows from operating activities		
I.1.	Cash inflows over the reporting period	23,547,164	3,853,186
I.1.1.	Proceeds on disposal of financial assets and investment assets	23,096,021	3,606,843
I.1.2.	Interest received	-	-
I.1.3.	Dividends received	451,143	246,343
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	10,244,240	19,210,392
I.2.1.	Payments on acquisition of financial assets and investment assets, and liabilities settled	9,746,945	19,048,267
I.2.2.	Payments related to the general and administrative needs	478,872	148,175
I.2.3.	Deposits placed	-	-
I.2.4.	Cash outflows on sale of derivative financial statements	-	-
I.2.5.	Other cash outflows	18,423	13,950
	Net cash flows from (used in) operating activities (I.1-I.2)	13,302,924	(15,357,206)
II.	Cash flows from financing of activities		
II.1.	Cash inflows over the reporting period. Sales of investment units	8,386,284	23,267,076
II.2.	Cash outflows over the reporting period. Redemption of investment units	22,559,469	6,482,942
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	2	22
II.9.	Other decrease in cash flows from financing activities	2	-
	Net cash flows from financing activities (II.1- II.2- II.3 + II.4-II.5 - II.6 + II.7 + II.8 - II.9)	(14,173,185)	16,784,156
III.	Foreign exchange effect on the balance of cash (+/-)*	(68,902)	(8,847)
IV.	Net increase (decrease) in cash flows (+/-)	(939,163)	1,418,103
V.	Cash at the beginning of the period	1,499,447	81,344
VI.	Cash at the end of the period	560,284	1,499,447

* 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 6 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.	<i>Interest income</i>	-
2.	<i>Realised gain (loss) on investment in:</i>	(484,477)
2.1.	equity securities	(484,477)
2.2.	non-equity securities	-
2.3.	money market instruments	-
2.4.	derivative financial instruments	-
2.5.	units of other collective investment undertakings	-
2.6.	real estate objects	-
2.7.	other investment instruments	-
3.	<i>Unrealised gain (loss) on:</i>	(205,403)
3.1.	equity securities	(205,403)
3.2.	non-equity securities	-
3.3.	money market instruments	-
3.4.	derivative financial instruments	-
3.5.	units of other collective investment undertakings	-
3.6.	real estate objects	-
3.7.	other investment instruments	-
4.	<i>Other income:</i>	833,193
4.1.	income from lease of real estate	-
4.2.	positive foreign exchange effect	377,314
4.3.	other	455,879
	total income	143,313
II.	expenses	
1.	<i>Operating expenses:</i>	381,869
1.1.	deductions of management fee	292,206
1.2.	deductions of depository fee	23,685
1.3.	intermediary fee	44,674
1.4.	audit fee	3,243
1.5.	deductions of other fees and charges	18,061
2.	<i>Other expenses:</i>	459,285
2.1.	interest expenses	-
2.2.	expenses related to the managed real estate objects	-
2.3.	negative foreign exchange effect	459,285
2.4.	other	-
	Total expenses	841,154
III.	Net income	(697,841)
IV.	Payments (dividends) to holders of investment units	-
V.	Re-invested earnings	(697,841)

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 Subfund.



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.):

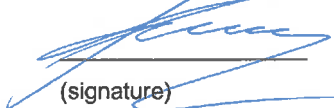
No services of consultants were used in the preparation of these financial statements.

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.

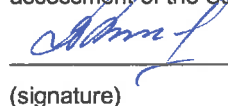
32. Statement and signatures made by the management company's head of administration, chief financier, persons who prepared the financial statements and consultants to confirm that information contained in the financial statements is true and fair and that there are no omissions of facts that might substantially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



(signature)

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



(signature)

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

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

Full name	Laura Križinauskienė	Aušra Montvydaite
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.krizinauskieni@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.