

# LHV World Equities Fund

FUND RULES

Effective as of September 13, 2017

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This document is the fund rules of LHV World Equities Fund (hereinafter: "Fund") in the meaning of the Investment Funds Act (hereinafter: "Fund Rules").

## 1. General Provisions

- 1.1. LHV World Equities Fund (LHV Maaailma Aktsiad Fond) is a public open-ended common investment fund established by AS LHV Varahaldus on April 27, 2007.
- 1.2. The Fund is managed by a public limited company AS LHV Varahaldus, registry code 10572453, address Tartu rd 2, 10145 Tallinn, the Republic of Estonia (hereinafter: "Management Company").
- 1.3. The Fund is situated at the registered address of the Management Company.
- 1.4. The depositary of the Fund is a public limited company AS SEB Pank, registry code 10004252, address Tornimäe 2, 15010 Tallinn, the Republic of Estonia (hereinafter: "Depositary").
- 1.5. The register of the Units (hereinafter: "Register") is kept by LHV Pank AS, registry code 10539549, address Tartu rd 2, 10145 Tallinn, the Republic of Estonia (hereinafter: "the Registrar");
- 1.6. Intermediary is a person who has entered into a contract with the Management Company for intermediating Fund units to investors (hereinafter: "Intermediary"). Information about Intermediaries is given in the prospectus.
- 1.7. The Fund is an UCITS (Undertaking for Collective Investment in Transferable Securities) and complies with Directive 2009/65/EC of the European Parliament and of the Council and the legislation of the Republic of Estonia regarding UCITSs.
- 1.8. The Units of the Fund may be publicly offered in all Contracting States of the Agreement on the European Economic Area of 2 May 1992.
- 1.9. The web page of the Management Company (hereinafter: "Management Company's web page") is [www.lhv.ee](http://www.lhv.ee) or any other web page specified in the Fund's prospectus.

## 2. Bases and Objective of the Activities of the Fund

- 2.1. The bases for the activities of the Fund and the relationships of the unit-holders with the Management Company are provided by these Fund Rules, legislation of the Republic of Estonia and legislation applicable to the offer. These Fund Rules have been set out in accordance with the effective legislation. In case the Fund Rules conflict with the provision of legislation, the provisions of legislation will be applied. In case the different provisions of the Fund Rules conflict with each other such provisions will be interpreted in accordance with the best interests of the unit-holders of the Fund.
- 2.2. The Fund is a pool of assets collected through the public issue of units and other assets acquired through the investment of such assets, which collectively belongs to the unit-holders and is managed by the Management Company. The Fund is not a legal person.
- 2.3. The objective of the Fund's activities is long-term capital growth of the Fund's assets, which is achieved through diversification of assets among different instruments.
- 2.4. The Management Company does not guarantee to the unit-holders the profitability of the investments made by the unit-holders into the Fund.

## 3. Investment Policy of the Fund

- 3.1. The Management Company manages the Fund's assets according to investment restrictions as provided for in the Investment Funds Act, other legislation issued in accordance with it and the Fund Rules.
- 3.2. The main principle of the investment policy is to maximise the long term grow of the value of unit-holders investments by diversifying the Fund's assets geographically among different world financial markets. The Fund invests in developed markets (e.g. member state of the European Economic Area, the United States of America and Japan), as well as in emerging markets (e.g. Asia, Latin-America and Eastern-Europe).
- 3.3. The Management Company invests up to 100% of the market value of the assets of the Fund (hereinafter "Fund's assets") in shares or in investment funds that invest into shares. Fund's assets are invested into deposits in credit institutions, money markets instruments, high grade bonds and

other similar securities in order to manage liquidity, during times of redeeming or purchasing investments, when there are no suitable investment opportunities available or in a situation, where the upside potential of stock markets is limited.

- 3.4. The Management Company has not specialised by regions or sectors of economy when investing the Fund's assets. There are no restrictions as to the type of issuer when investing the Fund's assets. A brief description of the risks related to investment of the assets of the Fund is provided in the Prospectus.
- 3.5. The precise allocation of the Fund's assets between investment objects is determined by the Management Company as part of the ongoing management activities, among other things the Management Company decides the shares of asset classes, issuers, regions and sectors of economy in the Fund's assets pursuant to the investment restrictions and main principles of the Fund's investment policy.

## 4. Investment Restrictions

- 4.1. The Fund's assets may be invested in:
  - 4.1.1. shares or other similar tradable rights;
  - 4.1.2. bonds, convertible securities or other tradable debt obligations;
  - 4.1.3. shares and units of investment funds;
  - 4.1.4. subscription rights and other tradable rights that grant the right to acquire securities specified in subsections 4.1.1-4.1.3;
  - 4.1.5. deposits in credit institutions;
  - 4.1.6. money market instruments;
  - 4.1.7. derivative instruments.
- 4.2. Up to 100% of the Fund's assets may be invested in freely transferable securities, which meet at least one of the following requirements:
  - 4.2.1. the securities are traded on a regulated securities market of a contracting state of the European Economic Area (EEA)<sup>1</sup>, a member state of the Organisation for Economic Cooperation and Development (OECD)<sup>2</sup>, a member state of the International Organization of Securities Commissions (IOSCO) listed in these Fund Rules<sup>3</sup>, Azerbaijan, Georgia, Yemen, Cambodia, Laos, Lebanon, Moldova, Myanmar, Tajikistan or Turkmenistan;
  - 4.2.2. the securities are not traded on regulated securities markets of the countries provided for in section 4.2.1, but pursuant to their conditions of issue, the securities shall be quoted on the securities market of a country specified in section 4.2.1 within 12 months after issue.
- 4.3. Up to 50% of the Fund's assets may be invested in money market instruments, which comply with the terms and conditions provided in the Investment Funds Act.

<sup>1</sup> At the moment of registration of the Fund Rules the contracting states are Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and United Kingdom. Countries joining the respective treaty after registration of the Fund Rules shall be considered contracting states as well.

<sup>2</sup> In addition to the contracting states of the European Economic Area: the United States of America, Australia, Japan, Canada, South Korea, Mexico, Switzerland, Turkey and New-Zealand.

<sup>3</sup> IOSCO member states where the Fund can invest: Albania, United Arab Emirates, Argentina, Armenia, the Bahamas, Bahrain, Bangladesh, Barbados, Bermuda, Bolivia, Bosnia and Herzegovina, Brazil, British Virgin Islands, Brunei, Egypt, Ecuador, Philippines, Guernsey, China (including Taiwan), Hong Kong, Croatia, Israel, India, Indonesia, Jamaica, Jersey, Jordan, Kazakhstan, Qatar, Kenya, Colombia, Kuwait, Kyrgyzstan, South Africa, Macedonia, Malaysia, the Isle of Man, Morocco, Nigeria, Oman, Pakistan, Panama, Peru, Serbia, Montenegro, Saudi Arabia, Singapore, Sri Lanka, Thai, Chile, Ukraine, Uruguay, Uzbekistan, Russia, Venezuela and Vietnam.

- 4.4. The Fund's assets may be invested in securities not specified in subsections 4.2 and 4.3 to the extent of 10% of the market value of the Fund's assets.
- 4.5. The Fund's assets may not be invested in immovables, precious metals or certificates that give rights to precious metals. The Fund may invest in securities secured with immovable property or in securities the price of which depends on changes in immovable property prices.
- 4.6. The Fund may invest no more than 10% of the Fund's assets in securities issued by the same person. If the value of securities issued by one person is more than 5% of the Fund's assets, the aggregate value of such securities shall total no more than 40% of the Fund's assets. The value of securities issued by persons belonging to the same group shall total not more than 20% of the Fund's assets.
- 4.7. The value of securities issued by one person may amount to up to 35% of the market value of the assets of the Fund if the issuer or guarantor of the securities is a contracting state of the EEA or an international organisation to which an EEA contracting state belongs.
- 4.8. The Fund may invest up to 100% of its assets in the units or shares of other UCITS funds in compliance with the restrictions arising from legislation. Up to 30% of the Fund's assets may be invested in other open-ended and public investment funds, which meet the terms and conditions provided by the legislation. The value of units or shares of one investment fund may not total more than 20% of the Fund's assets.
- 4.9. The Fund may hold and invest in the shares or units of other funds managed by the Management Company provided that the Management Company does not charge an issue fee or a redemption fee.
- 4.10. Credit institution deposits may total up to 50% of the Fund's assets. The term of deposits may be up to 12 months. Up to 20% of the Fund's assets may be invested in one credit institution. This restriction shall not be applied to the current account in the Depositary or to money which is temporarily kept in an overnight deposit.
- 4.11. The Fund may invest in the currencies of the countries specified in section 4.2.1.
- 4.12. The Fund may invest in derivative instruments taking into account the limitations provided for in the Investment Funds Act, other legislation issued in accordance with it, the internal rules of the Management Company and the Fund Rules. The assets of the Fund may be invested only in such derivative instruments the underlying of which is securities referred to in sections 4.2 – 4.4 or currencies in which the Fund may invest. The Fund may invest in derivative instruments only for the purpose of hedging financial risks, including market price, foreign exchange and interest rate risks. The Fund may not invest more than 10% of the Fund's assets in derivative instruments issued by the same person. The Fund's total exposure relating to derivative instruments may not exceed the total of the Fund's assets.
- 4.13. The Management Company may on behalf of the Fund guarantee issues of securities, borrow, enter into repurchase and reverse repurchase agreements and make other transactions of borrowing and lending securities. The Fund may borrow and assume other liabilities referred to in the amount of up to 10% of its assets. The maturity of the loans and other liabilities of the Fund may be no more than three months.
- 4.14. In addition to the investment restrictions referred to above, the Management Company must take into account all other limitations and requirements for spreading risks provided for in legislation when investing the assets of the Fund. A short overview of the risks related to investing the Fund's assets has been provided in the Fund's prospectus.

## 5. Fund Units and Rights and Obligations Attached to Units

- 5.1. The Fund unit (hereinafter: "Unit") is a registered immaterial security, which represents a share in the common ownership of the unit-holders of the assets of the Fund. No material documents certifying the proprietary right of ownership are issued for the Unit.
- 5.2. The Fund has one Unit class. The name of the Unit is LHV World Equities Fund unit. The nominal value of the Unit is 10 euros.
- 5.3. A Unit is divisible. The fractions of Units that emerge from dividing Units are rounded up to three decimal points. The following rules are applied for rounding: numbers NN.NNN0 until NN.NNN4 are rounded to NN.NNN and numbers NN.NNN5 to NN.NNN9 are rounded to NN.NN(N+1).

- 5.4. The Register of the Units is kept by the Registrar. The Register is maintained and the registry data are preserved pursuant to the register maintenance contract entered into by the Management Company and the Registrar.
- 5.5. The ownership of the Units of the Fund and the unit-holders' and the Management Company's rights and obligations arising from the Units of the Fund are deemed to have emerged as of the making an entry in the Register. By the declaration of intention to acquire units, the unit-holder consents to the processing of the unit-holder's data (including personal data) in the extent necessary for maintaining the Register. The unit-holder has the right to rely on the Register entry upon exercising its rights and performance of its duties before third parties. The Registrar shall issue a statement of Units owned by the unit-holder upon the unit-holder's request. The registry data are processed electronically. The Registrar shall make entries in the Register based on the information on transactions with the Units. An entry may be also based on a judicial decision or on other basis if acceptable to the Registrar. The Registrar is required to store the data and documents that were submitted as basis for making an entry for at least 10 years from the end of the legal relationship regarding the Units. The data shall be stored as documents or in a way that enables reproduction as documents.
- 5.6. Units do not give the unit-holder the decision-making power upon conducting transactions with the assets of the Fund. No general meetings of the unit-holders are organised. The unit-holder has no right to demand termination of the common ownership or separation of its share from the assets of the Fund.
- 5.7. A unit-holder shall have the right to:
  - 5.7.1. demand that the Management Company redeem the Units held by the unit-holder pursuant to the provisions of the Fund Rules and the legislation;
  - 5.7.2. transfer and bequeath the Units held by the unit-holder to third parties;
  - 5.7.3. receive, pursuant to the Fund Rules, a share of the assets remaining upon liquidation of the Fund in proportion to the number of Units held by the unit-holder;
  - 5.7.4. access at the registered office of the Management Company and on the Management Company's web page the Fund Rules, three of the most recent annual reports of the Fund and the most recent semi-annual report if this is approved after the last annual report, three of the most recent annual reports of the Management Company, the prospectus, the key investor information and other documents and information regarding the activities of the Fund as provided for in legislation;
  - 5.7.5. demand a document certifying the unit-holder's ownership;
  - 5.7.6. perform other acts prescribed by law or the Fund Rules.
- 5.8. A unit holder must exercise the rights attached to Units in good faith and in accordance with legislation and the Fund Rules. A unit-holder can exercise his or her rights at the seat of the Management Company.
- 5.9. A unit-holder is not personally liable for the obligations of the Fund assumed by the Management Company on behalf of the Fund, or for obligations the performance of which the Management Company has the right to demand from the Fund pursuant to the Fund Rules. The liability of the unit-holder for performance of such obligations is limited to the unit-holder's share in the assets of the Fund.
- 5.10. The unit-holder's rights and obligations attached to a Unit arise upon issue of the Unit and expire upon redemption of the Unit. The ownership of a Unit is certified by an entry in the Register.
- 5.11. The tax system applicable to a unit-holder may depend on the unit-holder's residency, legal form and other similar circumstances. The Management Company does not withhold any income tax. Declaring such income in the tax declaration is an obligation of the unit-holder. More precise tax system is described in the prospectus.

## 6. Establishment of the Net Asset Value of the Unit

- 6.1. The market value of the assets of the Fund is established each banking day on the basis of the market value of the securities and other assets belonging to the assets of the Fund. Upon establishment of the value of the assets of the Fund, the Management Company proceeds from the principles provided for in legislation and its rules of internal procedure. The net asset value of the Fund as well as that of a Unit is calculated in euros.

- 6.2. To establish the net asset value of the Fund, the accrued, but unpaid Management Fee, Depository's Charge, claims against the Fund (unsettled transactions) and other costs related to the management of the Fund are deducted from the market value of the assets of the Fund, i.e the liabilities of the Fund are deducted from the market value of the securities and other assets of the Fund.
- 6.3. If an event or circumstance which, according to the best estimate of the Management Company, affects the net asset value of the Fund, occurs after the establishment of the net asset value of the Fund, the Management Company shall have the right to re-estimate the market value, net asset value and/or net asset value of the Unit, provided that the failure to perform such a reevaluation would harm the interests of the unit-holders.
- 6.4. The net asset value of the Unit is calculated by division of the total net asset value of the Fund by the number of the Units which have been issued and not redeemed.
- 6.5. The Management Company calculates and publishes the net asset value of the Fund and of the Unit, and the issue and redemption prices of the Unit once for each banking day on the following banking day no later than 14:00 (Tallinn time). The Unit's net asset value, issue and redemption prices are calculated with the precision of four decimal places.
- 6.6. The Fund's income shall not be distributed to unit-holders but shall be reinvested. Unit-holder's profit or loss shall be reflected in the changes of the Unit's net asset value.

## 7. Issue, Redemption and Exchange of Units

- 7.1. Units are issued by the Management Company. The issue of Units is public. The time period of issuing Units shall not be restricted. The size of the issue and the number of Units to be issued shall not be fixed.
- 7.2. Upon issue of the Units, the Management Company has the right to charge the investors an issue fee. The maximum issue fee is 1% (one percent) of the net asset value of the Unit. The data on the effective issue fee has been given in the prospectus. The Management Company has, at its own discretion, the right to reduce or waive the issue fee. The intermediation fee of an Intermediary is paid by the investor.
- 7.3. Upon redemption of the Units, the Management Company has the right to charge the investors a redemption fee. The maximum redemption fee is 1% (one percent) of the net asset value of the Unit. The data on the effective redemption fee has been given in the prospectus. The Management Company has, at its own discretion, the right to reduce or waive the redemption fee. The intermediation fee of an Intermediary is paid by the investor.
- 7.4. The issue price of a Unit is the net asset value of the Unit on the banking day when a purchase order is received by the Management Company to which the issue fee has been added.
- 7.5. The redemption price of the Unit is the net asset value of the Unit on the banking day of receipt of the redemption order by the Management Company from which the redemption fee has been deducted.
- 7.6. The issue and redemption transactions of the Units are settled in euros.
- 7.7. Acquisition of the Units:
  - 7.7.1. To acquire the Units the investor submits a purchase order to an Intermediary in a format prescribed by the Intermediary.
  - 7.7.2. By giving the purchase order the investor warrants and represents that the investor has examined and consents to and adheres to the Fund Rules and prospectus
  - 7.7.3. If the investor does not have an account with the Registrar, the investor must open it through an Intermediary.
  - 7.7.4. The issued Units are transferred to the investor's account with the Registrar no later than on the third banking day after the receipt of the purchase order by the Management Company (T+3, where T is the date of receipt of the order by the Management Company).
- 7.8. Redemption of the Units:
  - 7.8.1. To redeem the Units the unit-holder submits to the Intermediary a redemption order in a format prescribed by the Intermediary.
  - 7.8.2. All redemption orders, except in the event set out in subsection 7.10, shall be settled on the third banking day after the receipt of the redemption order by the Management Company (T+3, where T is the date of receipt of the order by the Management Company), when the amount

received from the redemption of the Units is transferred to the current account connected with the unit-holder's account with the Registrar and the Units are deleted from the Register.

7.9. Exchange of the Units:

7.9.1. The unit holder has the right to exchange the Units owned by the unit-holder for the units of another fund managed by the Management Company on the condition that the register of the acquired units and redeemed units is kept by the same Registrar and exchanging the units is allowed by the fund rules of the other fund, which units are being acquired. It is not permitted to exchange the Units for the units of pension funds managed by the Management Company.

7.9.2. Upon exchanging the units the exchanged Units are redeemed and new units are issued based on the net asset values of the units as of the date of receipt of the exchange order by the Management Company. No payments are made to the investor during the exchange. The number of exchanged Units is multiplied by the redemption price of the Unit exchanged to receive an amount based on which new units are issued pursuant to the issue price of the new units. Upon exchanging the units redemption fee is applied on the Units being redeemed, however no issue fee is taken on the units being acquired.

7.9.3. To exchange Units, the unit-holder submits an exchange order to the Intermediary in a format prescribed by the Intermediary. The units acquired on the basis of the exchange order are transferred to the securities account of the investor on the third banking day following the receipt of the exchange order by the Management Company (T+3, where T is the date of receipt of the order by the Management Company), except in case specified in subsection 7.10.

7.10. If the unit-holders apply for the redemption of Units in an amount exceeding 5% of the net asset value of the Fund on the basis of redemption and exchange orders per banking day, the Management Company has the right to postpone all settlements made on the basis of the redemption and exchange orders of such day by up to 10 banking days. The Management Company has the right to suspend redemption of Units in events and at the terms provided by the Investment Funds Act.

7.11. A Unit is deemed to be issued or redeemed as of the making a corresponding entry in the Register.

7.12. Issue and redemption fee and all other direct expenses related to issuing and redeeming Units shall be borne by a unit-holder. On request, the Management Company shall issue a statement indicating the amount of issue and redemption fee paid by a person acquiring Units by mail or e-mail.

7.13. If the Intermediary keeps the unit-holders' Units on an agent account, securities transfers and payments to the unit-holder shall be made to the Intermediary's agent account and to the current account related to the agent account.

7.14. Additional details on making transactions with the Units, including the cut-off times for submitting orders to the Management Company, are specified in the Fund's prospectus.

## 8. Activities of the Management Company

8.1. The activities and operations of the Management Company upon management of the Fund have been provided for in the articles of association of the Management Company, the Fund Rules and the legislation.

8.2. The Management Company has the right to dispose of and possess the assets of the Fund and other rights arising from it. Upon management of the Fund, the Management Company conducts transactions in its own name and on behalf of the Fund.

8.3. The Management Company shall invest the assets of the Fund in compliance with the investment policies provided by the Fund Rules and adhere to the investment restrictions arising from the Fund Rules and the legislation. Upon investing the assets of the Fund the Management Company shall:

8.3.1. obtain sufficient information on the assets which the Management Company intends to acquire or has acquired on behalf of the Fund;

8.3.2. monitor the financial situation of the issuer whose securities the Management Company intends to acquire or has acquired on behalf of the Fund;

8.3.3. obtain sufficient information with regard to the solvency of the persons with whom it transacts on behalf of the Fund.

8.4. To manage the assets of the Fund, the Management Company appoints a fund manager who is responsible for investment of the assets of the Fund.

- 8.5. The Management Company manages the assets of the Fund separately from its own assets and assets or pools of assets of other investment funds managed by the Management Company. The assets of the Fund are not part of the bankruptcy estate of the Management Company and the claims of the creditors of the Management Company cannot be satisfied at the account thereof.
- 8.6. The Management Company is obliged to enter into a depositary contract with the Depositary for the purpose of holding the assets of the Fund.
- 8.7. The Management Company has the right and obligation to submit claims in its own name on behalf of unit-holders or the Fund against the Depositary or other persons if failure to submit such claims will result or may result in significant damage to the Fund or its unit-holders. The Management Company is not required to submit such claims if the Fund or unit-holders have already submitted the claims.
- 8.8. The Management Company may own Units. Upon acquiring and redeeming the Units, the provisions set out in the Investment Funds Act shall be followed. Information regarding the size of the Management Company's ownership in the Fund is available at the seat of the Management Company and on the Management Company's web page.
- 8.9. For better performance of its duties, the Management Company has the right to transfer the following activities to third parties:
  - 8.9.1. organisation of the issue and redemption of the Units;
  - 8.9.2. maintenance of the register of the Units;
  - 8.9.3. issue of documentation proving the right of ownership to the unit-holders of the Fund;
  - 8.9.4. providing the unit-holders of the Fund with necessary information and providing other services to clients;
  - 8.9.5. organisation of marketing of the Units;
  - 8.9.6. keeping account of the assets of the Fund and organisation of accounting of the Fund;
  - 8.9.7. determination of the net asset value of the Fund;
  - 8.9.8. monitoring the compliance of the activities of the Management Company and the Fund with legislation, including application of a relevant control system;
  - 8.9.9. activities directly related to the aforementioned.
- 8.10. The Management Company's liability related to managing the Fund shall not be affected by the fact that the Management Company delegated any functions to third parties.
- 8.11. The Management Company shall compensate the Fund or the unit-holders for damage caused by violation of its obligations.

## 9. Activities of the Depositary

- 9.1. The Depositary holds the assets of the Fund and performs other duties prescribed by legislation. Upon performance of its duties, the Depositary uses reasonable diligence of a professional person engaged in provision of the service of management of securities and takes any reasonable steps to ensure protection of the interests of the unit-holders.
- 9.2. Pursuant to the procedure prescribed in the depositary contract, the Depositary has the right to enter into agreements with third parties for the safekeeping of the Fund's assets, the performance of transactions therewith and the transfer of other duties of the Depositary. The Depositary shall choose a third party with due diligence in order to ensure the reliability of the third party. Before the transfer of duties and thereafter, the Depositary is required to verify whether the level of the organisational and technical administration of the third party and its financial situation are adequate to ensure the performance of obligations prescribed in the contract. Upon transfer of duties, the Depositary shall be held liable upon violation of its obligations for direct damage caused thereby to the Fund, unit-holders or the Management Company.



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## 10. Fees and Expenses of the Fund

- 10.1. The Management Company is paid a monthly fee for the management of the Fund at the account of the Fund (hereinafter: "Management Fee"). The maximum annual rate of the Management Fee is 2% (two percent) of the market value of the assets of the Fund.
- 10.2. The Depositary is paid a monthly charge for its depositary service at the account of the Fund (hereinafter: "Depositary's Charge"). The annual rate of the Depositary's Charge is up to 0.18% of the Fund's assets, provided that the amount of the securities held in countries other than the EEA contracting states and the United States of America does not exceed 20% of the Fund's assets and up to 0.3% in other cases. VAT is added to the Depositary's Charge in the amount specified in the applicable law.
- 10.3. The Management Fee and the Depositary's Charge are deducted from the market value of the assets of the Fund on a daily basis and are paid within a month following the month of reporting. The Management Fee and Depositary's Charge are calculated on the basis of the following: the actual number of days in the period divided by the actual number of days in the year (actual/actual).
- 10.4. Additionally, the following fees and expenses are paid on the account of the Fund:
  - 10.4.1. the costs related to holding and entering into transactions with the assets of the Fund, including expenses related to acquisition of securities and disposal thereof (transaction fees, brokerage fees, transfer fees, subscription fees, exchange fees, registry fees, state fees, etc.), and bank charges for banking services (money transfers, international money transfers, account debiting and crediting, currency conversion etc.);
  - 10.4.2. fees related to borrowing on behalf of the Fund;
  - 10.4.3. the expenses of auditing the Fund's reports;
  - 10.4.4. the expenses in relation to exercising any rights arising from the assets of the Fund;
  - 10.4.5. legal expenses incurred by the Fund;
  - 10.4.6. expenses of conducting an analysis of the transaction counterparty of the Fund;
  - 10.4.7. the expenses of conducting an analysis in relation to the safekeeping of the Fund's assets in a country other than an EEA contracting state.
- 10.5. The sum of the fees, charges and costs paid out of the Fund may not exceed 5% (five percent) of the weighted average market value of the Fund's assets per year.
- 10.6. The costs related to auditing the accounts of the Fund and to publication and dissemination of information introducing the Fund or the activities thereof are borne by the Management Company.

## 11. Accounting and Reporting of the Fund

- 11.1. The accounting and reporting of the Management Company and of the Fund shall be organised based on the Accounting Act, the Investment Funds Act, other legislation and the internal rules for accounting of the Management Company, unless otherwise provided by the Investment Funds Act.
- 11.2. The accounting of the Fund shall be organised by the Management Company.
- 11.3. The accounting of the Fund must be kept separate from the accounting of the Management Company and other investment funds managed by the Management Company.
- 11.4. The financial year of the Fund is the financial year of the Management Company, which is the calendar year.
- 11.5. The annual and semi-annual reports of the Fund shall be approved by the management board of the Management Company. The reports shall be signed by all members of the management board of the Management Company.
- 11.6. The annual report of the Fund must be audited by an external auditor prior to approval. The auditor's report shall be added to the Fund's annual report.
- 11.7. The annual report of the Fund shall be made available at the registered office of the Management Company in no more than 4 months after the end of the Fund's financial year. The semi-annual report of the Fund shall be made available in more than 2 months after the end of the half-year.

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## 12. Publication of Information of the Fund

- 12.1. Information about the Fund is published according to the legislation and Fund Rules at the seat of the Management Company and on the Management Company's web page.
- 12.2. On the Management Company's web page as well as at the seat of the Management Company (during the business hours), each person can examine the following information and documents:
  - 12.2.1. the Fund Rules;
  - 12.2.2. three of the most recent annual reports of the Fund;
  - 12.2.3. the last semi-annual report of the Fund if this is approved after the last annual report;
  - 12.2.4. the prospectus and the key investor information;
  - 12.2.5. the name and contact details of the Management Company;
  - 12.2.6. the name of the fund manager;
  - 12.2.7. the name and contact details of the Depositary;
  - 12.2.8. information on the size of holding of the Management Company in the Fund;
  - 12.2.9. internal rules for calculating the net asset value;
  - 12.2.10. the best execution rules;
  - 12.2.11. three of the most recent annual reports of the Management Company.
- 12.3. The Management Company provides the unit-holders with the copies of the documents specified in subsections 12.2.1-12.2.4 free of charge.
- 12.4. On each banking day, the Management Company publishes the net asset value and the issue and redemption price of the Units on the Management Company's web page.
- 12.5. In compliance with legislation and the Fund Rules, the Management Company publishes information about the circumstances which have a considerable effect on the activities or financial condition of the Fund or on the evolution of the net asset value of the Unit on the Management Company's web page.
- 12.6. Fund advertising is published in compliance with legislation.

## 13. The principles of processing personal data

- 13.1. The Management Company processes personal data of the unit-holders disclosed to the Management Company in the course of Fund management or in any other way for the following purposes:
  - 13.1.1. personal data (e.g. name, personal identification code, date of birth, language of communication, etc.) – is used mainly for identifying the unit-holder;
  - 13.1.2. contact data (e.g. address, telephone number, e-mail address, etc.) – is used mainly to provide the unit-holder information and financial services promotions;
  - 13.1.3. information on the risk tolerance, investment objectives and the recommended duration of the investment – is used mainly to assess the suitability of the fund for the unit-holder.
- 13.2. The Management Company processes the unit-holders personal information also in customer groups for the purpose of conducting statistical analyses as well as reporting and managing risks.
- 13.3. The Management Company may use the unit-holder's personal data (incl. electronic contact data) made available for the Management Company in the course of offering the Fund management service for the purpose of offering the unit-holder a service or a product offered by the Management Company or a company belonging to the same consolidation group as the Management Company. The unit-holder has a right at any time to refuse to receive any further advertisements and personal offers, which includes the right of the unit-holder to refuse any advertisements and personal offers before their receipt by submitting the relevant request.
- 13.4. By submitting a declaration of intent for acquiring the Units, the unit-holder shall give the management Company the consent to communicate the unit-holder's information to the persons belonging to the same consolidation as the Management Company and other persons who have been specified in the authorized processors list published on the Management Company's web page and to process the personal data pursuant to the customer data processing principles in the Management Company's consolidation group, made available on the Management Company's web page and at the seat of the Management Company.

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## 14. Liquidation of the Fund

- 14.1. Liquidation of the Fund shall be effected in the cases and according to the procedures provided for in the Investment Funds Act.
- 14.2. Liquidation of the Fund shall be decided by the management board of the Management Company. In the cases provided for in the Investment Funds Act, the Depositary can act as the liquidator.
- 14.3. The circumstances causing liquidation of the Fund may be, for instance, the impossibility of achievement of the investment objective arising from changes in the market situation, lack of interest among the investors, etc.
- 14.4. To liquidate the Fund the Management Company or the Depositary shall apply to the Financial Supervision Authority for such permission. Subsequent to obtaining approval for liquidation of the Fund from the Financial Supervisory Authority, the Management Company shall without delay publish a notice regarding the liquidation of the Fund in at least one daily national newspaper and on the Management Company's web page, indicating in the notice the data required by legislation, including the deadline by which the creditors of the Fund must file their claims against the Fund.
- 14.5. The issue and redemption of the Units of the Fund are suspended as from the date following the publication of the liquidation notice.
- 14.6. Upon liquidation of the Fund the Management Company shall, as soon as possible and in accordance with the interests of the unit-holders, transfer the assets of the Fund, collect the debts of the Fund and satisfy the claims of the creditors of the Fund. Liquidation must be concluded within a period of 6 months starting from the publication of the liquidation notice. The time limit may be extended on authorisation by the Financial Supervisory Authority if requested by the Management Company; however, as a result of the extension, the period of liquidation must not exceed 18 months.
- 14.7. The liquidation costs covered at the account of the Fund may not exceed 2% of the net asset value of the Fund as of the date of approval of the liquidation decision. If the actual liquidation expenses exceed the specified amount, the Management Company or the person acting as the Management Company shall assume responsibility for the expenses exceeding the amount.
- 14.8. The Management Company shall distribute the assets remaining after the liquidation between the unit holders according to the number and the net asset value of the Units held by a unit-holder. The Management Company shall publish a notice regarding the distribution of assets to be distributed in at least one daily national newspaper and on the Management Company's web page.

## 15. Amendments to the Fund Rules

- 15.1. The management board of the Management Company may adopt a decision to amend the Fund Rules at its own discretion and may amend essential terms and conditions related to, for instance, the investment restrictions of the Fund or the fees or charges related to the Fund.
- 15.2. Subsequent to registering the amendments by the Financial Supervisory Authority, the Management Company shall without delay publish a notice regarding amending the Fund Rules on the Management Company's web page, pursuant to the requirements specified in the Investment Funds Act. The amendments to the Fund Rules take effect in 1 month after publishing the corresponding notice unless the notice prescribes a later date.
- 15.3. If only such clauses are amended in the Fund Rules which the Management Company is obliged to change arising from amendments in legislative acts, the Management Company shall without delay send the amended version of the Fund Rules to the Financial Supervisory Authority and publish a notice regarding amending the Fund Rules on the Management Company's web page. The respective amendments come into effect on the date specified in the corresponding notice.