



2021-04-27, Vilnius

ANNOUNCEMENT REGARDING INVL UMBRELLA FUND AND INVL BALTIC FUND

Dear Sir / Madam,

We, INVL Asset Management, hereby inform you that the Lithuanian Supervisory Authority has approved our Board's decision for changes regarding investment funds managed by our company. As you are a distributor of both Open-Ended Harmonized investment fund **INVL Baltic Fund** as well as Open-Ended Harmonized investment subfunds **INVL Emerging Europe Bond Subfund**, **INVL Russia TOP20 Subfund** and **INVL Global Emerging Markets Bond Subfund**, we request your close notice of the following important information. All the following changes will be applied as of **June 30, 2021**.

IMPORTANT CHANGES

INVL Emerging Europe Bond Subfund

Investment strategy

On June 30, 2021 INVL Emerging Europe Bond Subfund will become a feeder fund (hereafter – **Feeder Fund**) and will invest at least 85% of its assets in a UCITS investment fund INVL Emerging Europe Bond Fund's institutional unit class I (**Master Fund**). The Master Fund is a subfund of an investment fund INVL Fund established under Luxembourg law as an umbrella fund and which fulfils the Directive of the Council of the European Communities 2009/65/EC

of 13th July 2009, last amended by Directive 2014/91/EU of the European Parliament and the Council from 23rd July 2014 ("Directive 2009/65/EC").

The Master Fund will invest up to 100% of its assets in bonds of governments and companies of Emerging Markets in Europe. At least 51% of the bond exposure has to be invested in bonds of issuers based in Emerging Markets in Europe (Czech Republic, Estonia, Croatia, Latvia, Poland, Lithuania, Slovakia, Slovenia, Hungary, Belarus, Russia, Ukraine, Armenia, Azerbaijan, Georgia, Turkey, Malta, Albania, Bulgaria, Bosnia and Herzegovina, Greece, Montenegro, Cyprus, Macedonia, Moldova, Romania, Serbia, Kosovo). Hence the investment policy of the Master Fund corresponds in its main direction to the investment policy of INVL Emerging Europe Bond Subfund, which will become the Feeder Fund. Attached to this announcement you will find the prospectus of the Master Fund.

Investment management decisions of the Master Fund will be made by our company INVL Asset Management while the Master Fund's management company will be Hauck & Aufhäuser Fund Services S. A. (Luxembourg), its depository Hauck & Aufhäuser Privatbankiers AG (Luxembourg) and its auditor

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KPMG (Luxembourg). You will find further information about the organizational structure of the Master Fund in the prospectus (attached).

Feeder Fund management fee

Because of these changes INVL Asset Management decided to reduce the management fee of the Feeder Fund as of June 30, 2021 to **0,45% from 1%**. Please note that the Feeder Fund will invest in the Institutional unit class of the Master Fund which in turn charges 0,55%. Because of this the charges related to the investment management of the Feeder Fund's assets will amount to the same 1% as before. Please also note that the Master Fund also has its own charges and expenses.

Business days

Due to the relation and interconnectedness of the Feeder and Master Funds, the business days of both funds - the Feeder Fund and the Master Fund - will be aligned. Starting from June 30, 2021 you can visit our website www.invl.com and check the business days of the Feeder Fund. Please keep in mind that the changes to the business days of the Feeder Fund might affect the processing of orders in cases where a switch between our subfunds is received.

INVL Russia TOP20 Subfund (INVL Russia ex-government Equity Subfund from June 30, 2021)

Investment strategy

As of June 30, 2021 the investment strategy of INVL Russia TOP20 Subfund will no longer allow investments in equities of companies which are controlled by the Russian government. Governmental control in these cases is defined as more than 20% equity share. On the other hand, investing in equities of privately owned companies is allowed.

These changes reflect the aim to invest in more effective, transparent and more attractive companies in the long term. The new strategy will allow to increase the share of new economy companies (IT, fintech, e-commerce and such) which we believe will play a bigger role in the near future. The new strategy will also decrease sanctions risks related to investing in Russia.

Subfund name

As a consequence of the changes described above, the subfund will change its name as of June 30, 2021 and will be known as **INVL Russia ex-government Equity Subfund**.

Performance fee changes

As of June 30, 2021 the performance fee will be 20% of the growth of the subfund's net asset value (NAV) that is higher than 8% annual return rate (hurdle rate) over the previous 3 years. Current fee of 15% is



calculated from simple growth of NAV. Until the 3 year period passes, the hurdle rate of 8% will be calculated from June 30, 2021 onwards, i.e. the hurdle rate will not be applied retrospectively.

The trigger for the performance fee will be the high watermark principle, same as it currently is. Historical record of high watermark will remain active, meaning that it will be applied onwards and the current level of high watermark will remain valid after the changes take effect on June 30, 2021.

INVL Global Emerging Markets Bond Subfund

The list of stock exchanges and markets where the subfund can trade is expanded and additional 9 countries and stock exchanges are added.

OTHER CHANGES

- Starting from June 30, 2021 the **cut-off time** for each subfund's orders will be 11:00 Lithuanian time. Orders received at INVL Asset Management before 11:00 cut-off time will be processed according to the same day NAV price. Orders received at INVL Asset Management after 11:00 cut-off time will be processed according to the NAV of the following business day. Please take this into account when submitting orders from June 30, 2021 onwards. Changes of the cut-off time will apply to all our investment funds – INVL Emerging Europe Bond Subfund, INVL Global Emerging Markets Bond Subfund, INVL Russia TOP20 Subfund (*INVL Russia ex-government Equity Subfund from June 30, 2021*) and INVL Baltic Fund.
- Maximum allowed distribution fees for INVL Emerging Europe Bond Subfund, INVL Global Emerging Markets Bond Subfund and INVL Russia TOP20 Subfund are lowered **from 5% to 2%**. Please note that these changes do not affect the effective distribution fee applied currently.
- **Other expenses** are amended with fees to the supervisory authorities and fees for the composition and historical records of benchmarks. In cases where these fees can be applied, they will be applied to each subfund separately. Furthermore, both of these fees fall under the maximum allowed expense threshold, i.e. they do not increase the maximum level of expenses which can be deducted from each subfund's assets.

Additional information can be provided to investors under request only.

Please notice that according to applicable laws and regulations, all the above-mentioned documents must be shared with unit holders not later than April 30, 2021 and available to unit holders free of charge. Also, all unit holders of INVL Emerging Europe Bond Subfund, INVL Russia TOP20 Subfund (*INVL Russia ex-government Equity Subfund from June 30, 2021*), INVL Global Emerging Markets Bond Subfund and INVL Baltic Fund have the right to redeem their fund units with no redemption fees applied if they do not accept the changes described above.



Should you have any questions regarding the stated information or should you require any further assistance, please feel free to contact us by the following contact details:

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CEO

Laura Križinauskienė