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**INVESTMENT**

**INVL BALTIC FUND  
ANNUAL FINANCIAL STATEMENTS FOR 2020**

**INVL BALTIC FUND**

**ANNUAL FINANCIAL STATEMENTS FOR 2020,  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**



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# Independent Auditor's Report

To the Participants of the Open-Ended Harmonized Investment Fund "INVL Baltic Fund"

## Report on the Audit of the Financial Statements

### Opinion

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

- the statement of net assets as at 31 December 2020,
- the statement of changes in net assets for the year then ended, and
- the notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2020, and of its changes in net assets for the year then ended in accordance with Business Accounting Standards of the Republic of Lithuania.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Key Audit Matters

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

### Measurement of the Fund investments

The carrying amount of the Fund's investments: EUR 6 717 thousand as at 31 December 2020 (31 December 2019: EUR 3 783 thousand).

See the section *Investment valuation methods, investment revaluation intervals* of Note 23.3.2 of the accounting policies and Note 4 of the explanatory notes to the financial statements for financial disclosures.

Key audit matter	How the matter was addressed in our audit
<p>The Fund's performance is assessed based on its net asset value (NAV). The NAV calculation methodology, approved by the Board of Directors of the Management Company, is determined by the legislation applicable to the Fund and its rules.</p> <p>Main element of NAV is the fair value of the underlying investments, which include securities (equities) quoted in active markets. The fair value is estimated by reference to the prices of financial instruments quoted in an active market.</p> <p>Due to the magnitude of the amounts involved, we considered this area to be a key audit matter.</p>	<p>Our audit procedures in the area included, among others:</p> <ul style="list-style-type: none"> <li>— challenging the appropriateness of the valuation methods and models applied in measuring the fair value of the Fund's investments against relevant regulatory and financial reporting requirements;</li> <li>— testing the relevance and reliability of key data used in the aforementioned valuation models;</li> <li>— testing the design, implementation and operating effectiveness of the Fund's selected internal controls within the process of valuation of portfolio assets, including the controls over the valuation inputs and assumptions, and validation of the valuation outcome;</li> </ul>



	<ul style="list-style-type: none"><li>— independently obtaining a confirmation from the Fund’s custodian in respect of the ownership of the investments in held as at 31 December 2020;</li><li>— tracing the recognized fair values of all quoted financial assets in the Fund’s portfolio as at 31 December 2020 to publicly available market quotations;</li><li>— evaluating the adequacy, completeness and accuracy of the disclosures with respect to the financial assets, including those in respect of the fair value hierarchy and migrations within the hierarchy during the year.</li></ul>
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### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Business Accounting Standards of the Republic of Lithuania, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### Auditor’s Responsibilities for the Audit of the Financial Statements

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



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

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

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

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



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

## Report on Other Legal and Regulatory Requirements

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

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

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

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

On behalf of KPMG Baltics, UAB

Toma Jensen  
Partner pp  
Certified Auditor

Vilnius, the Republic of Lithuania  
27 April 2021

*The electronic auditor's signature applies only to the Independent Auditor's Report on pages 2 to 6 of this document.*

**I. GENERAL INFORMATION**

1. The main information of the INVLT Baltic Fund:

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

2. Reporting period covered by these financial statements:

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

3. Details of the management company:

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

4. Details of the depository:

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

**II. NET ASSET VALUE, NUMBER AND VALUE OF INVESTMENT UNITS**

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

Information is provided in Note 2.

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

Information is provided in Note 3.

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

7. Deductions from assets of the collective investment undertaking:

Information is provided in Note 20.

8. Intermediary fee:

Information is provided in Note 9.

9. Information on all existing arrangements on distributions and hidden commission fees:

Over the reporting period, the management company did not enter into any formal or informal arrangements on distributions, nor any hidden commission fees were applied to the Fund.

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

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

	After 1 year	After 3 years	After 5 years	After 10 years
Deductions paid, EUR	137	310	507	1 134
Accrued amount before deductions, EUR	3 150	3 473	3 829	4 887
Accrued amount after deductions, EUR	3 013	3 163	3 321	3 752

**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 from transactions involving derivative financial instruments at the end of the reporting period:

Information is provided in Note 8.

16. Risk extent related to derivative financial instruments taken by the master collective investment undertaking: the sum of the direct potential risk extent of the feeder collective investment undertaking and the actual derivative financial instruments risk of the master collective investment undertaking that is proportional to the feeder collective investment undertaking's investments in the master undertaking, and the sum of the direct potential risk extent of the feeder collective investment undertaking and the extent of potential maximum risk that was taken by the master collective investment undertaking according to transactions in derivative financial instruments and that was determined in the founding documents of the master collective investment undertaking and that is proportional to the feeder collective investment undertaking's investments to the master undertaking.

The Fund is a non-master collective investment undertaking.

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

Structure of investment portfolio is provided in Note 4.

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

Information is provided in Note 4.

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

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

Information is provided in Note 19.1.

20. Change in value of unit (share) for the same period, change in annual return (gross and net) on investments, and change in value of benchmark index (if selected), and other indicators over the last 10 years of the fund's operation. If the collective investment undertaking operated for a period shorter than 10 years, return on investments for the period during which the portfolio was managed:

Information is provided in Note 19.2.

21. Average return on investments, average change in value of investment unit and average change in value of benchmark index (if selected) over the last three, five, ten years (average net return on investments, average change in value of unit and average change in value of benchmark index are calculated as a geometric mean of annual changes in net return on investments, annual changes in value of unit and annual changes in value of benchmark index, respectively):

Information is provided in Note 19.3.

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

Other indicators showing the risks pertaining to the investment portfolio over the reporting period were not estimated.

#### **VI. FINANCIAL POSITION OF THE COLLECTIVE INVESTMENT UNDERTAKING**

23. The financial statements of the collective investment undertaking have been prepared in accordance with the requirements of the Lithuanian laws and legal acts:

23.1. Statement of net assets;

23.2. Statement of changes in net assets;

23.3. Explanatory notes.



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

**INVL Baltic Fund**  
**STATEMENT OF NET ASSETS AS AT 31 DECEMBER 2020**

No	Assets	Note	Financial year	Previous financial year
A.	ASSETS		7 005 833	4 147 804
1.	CASH	4	289 303	351 873
2.	TIME DEPOSITS		-	-
3.	MONEY MARKET INSTRUMENTS		-	-
3.1.	Treasury bills		-	-
3.2.	Other money market instruments		-	-
4.	TRANSFERABLE SECURITIES	4,5,6	6 716 530	3 783 749
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	6 716 530	3 783 749
4.3.	Investment units and shares of other collective investment undertakings		-	-
5.	PREPAYMENTS		-	-
6.	AMOUNTS RECEIVABLE	4	-	12 182
6.1.	Amounts receivable from sale of investments	4	-	12 182
6.2.	Other amounts receivable		-	-
7.	INVESTMENT AND OTHER ASSETS		-	-
7.1.	Investment assets		-	-
7.2.	Derivative financial instruments		-	-
7.3.	Other assets		-	-
B.	LIABILITIES	4	15 589	14 767
1.	Amounts payable	4	15 589	14 767
1.1.	Amounts payable for financial and investment assets		-	-
1.2.	Amounts payable to management company and depository	4	14 005	9 403
1.3.	Other payables	4	1 584	5 364
2.	Accrued charges		-	-
3.	Borrowings from credit institutions		-	-
4.	Liabilities under contracts on derivative financial instruments		-	-
5.	Other liabilities		-	-
C.	NET ASSETS	2	6 990 244	4 133 037

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

<u>General Director</u>	<u>Laura Križinauskienė</u>	<u>27 April 2021</u>
<u>Head of Funds Accounting</u>	<u>Aušra Montvydaitė</u>	<u>27 April 2021</u>

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

INVL Baltic Fund

STATEMENT OF NET ASSETS AS AT 31 DECEMBER 2020

No	Assets	Note	Financial year	Previous financial year
1.	NET ASSETS AT 1 JANUARY	2	4 133 037	6 601 294
2.	INCREASE IN NET ASSET VALUE			
2.1.	Contributions of participants	3	273 777	1 038 245
2.2.	Transfers from other funds*	3	5 533 269	-
2.3.	Guarantee contributions		-	-
2.4.	Investment income		92 515	201 811
2.4.1.	Interest income		-	-
2.4.2.	Dividends		92 515	201 811
2.4.3.	Rental income		-	-
2.5.	Gain on change in value and sale of investments	6	4 739 263	1 574 959
2.6.	Foreign exchange gain		7 922	-
2.7.	Gain on transactions involving derivative financial instruments		-	-
2.8.	Other increases in net asset value		47 120	20 440
	TOTAL INCREASE IN NET ASSET VALUE:		10 693 866	2 835 455
3.	DECREASE IN NET ASSET VALUE			
3.1.	Payments to participants	3	2 598 017	3 969 715
3.2.	Transfers to other funds		-	-
3.3.	Loss on change in value and sale of investments	6	5 057 782	1 212 203
3.4.	Foreign exchange loss		15 609	-
3.5.	Loss on transactions involving derivative financial instruments		-	-
3.6.	Management costs:	20	165 251	121 794
3.6.1.	Fee to management company	20	135 675	102 260
3.6.2.	Fee to depository	20	7 358	5 256
3.6.3.	Fee to intermediaries	9,20	11 488	5 081
3.6.4.	Audit fee costs	20	3 764	3 690
3.6.5.	Interest costs		-	-
3.6.6.	Other costs	20	6 966	5 507
3.7.	Other decreases in net asset value		-	-
3.8.	Reimbursement of costs (-)		-	-
	TOTAL DECREASE IN NET ASSET VALUE:		7 836 659	5 303 712
4.	Change in net asset value		2 857 207	(2 468 257)
5.	Profit distribution		-	-
6.	NET ASSET VALUE AT 31 DECEMBER	2	6 990 244	4 133 037

\*After the merger of the INVL Emerging Europe ex Russia TOP20 Subfund to the investment fund INVL Baltic Fund on 15 January 2020, investment units were issued with the value of EUR 5,533,269.

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

General Director	Laura Križinauskienė	27 April 2021
Head of Funds Accounting	Aušra Montvydaitė	27 April 2021

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

**INVL Baltic Fund**

**Explanatory notes to the annual financial statements for 2020**

23.3.1. General information:

Details of the collective investment undertaking

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

Duomenys apie valdymo įmonę

Name	UAB INVL Asset Management
Company code	126263073
Office address	Gynėjų g. 14, LT-01109 Vilnius
Register at which all data about the undertaking is stored and compiled	State enterprise Centre of Registers, Vilnius branch
Telephone number	(8~700) 55 959
Fax number	(8~5) 279 06 02
Email address	info@invl.com
Website address	<a href="http://www.invl.com">www.invl.com</a>
Licence No	VJK-005
Manager of the collective investment undertaking, other individuals making investment decisions	Andrej Cyba – Member of the Investment Committee; Vaidotas Rūkas – Director of the Investment Management Department; Arvydas Jacikevičius – Fund Manager.

Details of the depository

Name	AB SEB bankas
Company code	112021238
Office address	Konstitucijos pr. 24, LT-08105 Vilnius, Lietuva
Telephone number	(8~5) 268 28 00
Fax number	(8~5) 268 23 33

Duomenys apie audito įmonę, atlikusią metinių finansinių ataskaitų auditą

Name	KPMG Baltics, UAB
Company code	111494971
Office address	Lvovo g. 101, LT-08104 Vilnius
Telephone number	+370 5 2102600

Listing

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

Reporting period

From 1 January 2020 to 31 December 2020

### 23.3.2. Accounting policies:

#### Regulatory legislation adopted in the preparation of the financial statements

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

#### Generally accepted accounting principles

The financial year of the Fund coincides with the calendar year. Assets and liabilities reported in the Fund's financial statements as at the end of the reporting period are presented at the value as at 31 December 2020.

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

#### Investment policy and structure of investment portfolio

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

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

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

The structure of investment portfolio is presented in Note 4.

#### Financial risk management

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

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

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

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

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

### 23.3.2. Accounting policies (continued)

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

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

Calculation of assets and liabilities is based on their fair value, which reflects the NA value, at which the sale of these assets are mostly probable.

Financial assets are recorded when the Fund receives or obtains a contractual right to receive cash or any other financial assets, i.e. following the selected trade date approach, when the receivable financial asset and the liability to pay for it are recorded in the buyer's books of account at the date of the transaction. In the seller's books of account, the financial asset sold is written off, and a receivable amount and the result of disposal (gain or loss) are recorded at the date of the transaction. Planned transactions, guarantees and sureties received are not recognised as the Fund's assets for as long as they do not meet the definition criteria of financial assets.

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

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

When calculating the NA value in foreign currency, the value of assets and liabilities is determined using a foreign exchange reference rate of EUR against other currencies published by the European Central Bank, and where such foreign exchange reference rate is not published by the European Central Bank, using the foreign exchange reference rate published on the date of estimation by the Bank of Lithuania. For the purpose of accounting, the most recent foreign exchange rate effective before the economic event or economic transaction should be applied.

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

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

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

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

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

#### Investment valuation methods, investment revaluation intervals

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

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

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

- The fair value of financial instruments not traded on regulated markets is determined with reference to the Methodology for Calculation of Net Assets approved by the Bank of Lithuania;

The fair value of non-equity securities is determined by calculating the price without the accumulated interest and adding the accumulated interest in accordance with the following procedure:

### 23.3.2. Accounting policies (continued)

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

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

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

#### Valuation of liabilities

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

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

#### Rules on valuation of investment units

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

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

The value of the Fund's unit is announced not later than by 14 p.m. of the following day after the calculation of net asset value, on the website at address [www.invl.com](http://www.invl.com).

#### Cash and time deposits

Cash includes cash balances at accounts opened with credit institutions, overnight deposits and deposits with undefined maturity the repayment of which may be demanded in full or in part at any time without losing accumulated interest thereon (demand deposits).

Time deposits include a deposit amount with the specific deposit repayment date indicated in the deposit agreement, including the deposits with maturity of three months or less that cannot be taken from the account opened with the credit institutions without losing accumulated interest thereon. Time deposits are shown with accumulated interest thereon.

#### Amounts receivable and amounts payable

Amounts receivable represent amounts due to the fund on sale of assets, amounts due on guarantee contributions; amounts due on dividends; prepayments under assets due; amounts due from the Company that upon receipt are deducted from expenses for the reporting period, other than those defined in the Fund's rules or which exceed the established limits; other amounts receivable under contracts or registered under accounting documents.

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

#### Subsequent events

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

## 22.3.3. Notes:

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

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

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

	Opening balance (as at 1 January 2020)	Closing balance (as at 31 December 2020)	1 year ago (as at 31 December 2019)	2 years ago (as at 31 December 2018)
Net asset value, EUR	4 133 037	6 990 244	4 133 037	6 601 294
Unit value, EUR	37,4405	36,8253	37,4405	34,9258
Number of units	110 389,557429	189 821,720055	110 389,557429	189 008,851698

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)*	152 118,275501	5 806 724	27 762,028305	1 038 245
Redeemed (by converting units into monetary funds)	72 686,112875	2 598 017	106 381,322574	3 969 715
Difference between the number and value of units (shares) distributed and redeemed	79 432,162626	3 208 707	(78 619,294269)	(2 931 470)

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

After the merger of the INVL Emerging Europe ex Russia TOP20 Subfund to the investment fund INVL Baltic Fund on 15 January 2020, 144,267.845367 units were issued with the value of EUR 5,533,269.

Note 4. Structure of investment portfolio  
2020

Issuer's name	Country of business	ISIN code	Currency	Quantity, items	Total acquisition value, in EUR	Total market value, in EUR	Share in net assets, %
Equity securities listed on the Main List of Stock Exchange or its equivalent							
APRANGA PVA	LT	LT0000102337	EUR	170 000	346 899	306 000	4,38
Vilkyškių pieninė	LT	LT0000127508	EUR	71 000	195 448	174 660	2,50
Šiaulių bankas	LT	LT0000102253	EUR	1 330 000	594 186	662 340	9,48
Rokiškio sūris	LT	LT0000100372	EUR	76 299	192 347	222 793	3,19
LINAS AGRO GROUP AB	LT	LT0000128092	EUR	750 000	517 346	532 500	7,62
AB GRIGEO	LT	LT0000102030	EUR	134 586	143 334	178 999	2,56
SILVANO FASHION GROUP-A SHS	EE	EE3100001751	EUR	120 449	263 666	187 900	2,69
TALLINK GRUPP AS	EE	EE3100004466	EUR	449 494	332 498	331 727	4,75
AS MERKO EHITUS	EE	EE3100098328	EUR	27 320	247 705	258 447	3,70
TALLINNA KAUBAMAJA GRUPP AS	EE	EE0000001105	EUR	22 000	198 000	201 520	2,88
TELIA LIETUVA AB	LT	LT0000123911	EUR	182 034	246 926	332 212	4,75
LHV GROUP AS	EE	EE3100073644	EUR	13 369	155 213	260 696	3,73
Panevėžio statybos trestas	LT	LT0000101446	EUR	254 230	265 260	144 911	2,07
NOVATURAS AB	LT	LT0000131872	EUR	47 758	192 176	140 409	2,01
TALLINNA SADAM AS	EE	EE3100021635	EUR	159 856	314 691	287 741	4,12
COOP PANK AS	EE	EE3100007857	EUR	83 916	89 064	98 014	1,40
Olainfarm	LV	LV0000100501	EUR	30 000	213 769	217 200	3,11
AB "Ignitis grupė"	LT	LT0000115768	EUR	28 000	569 363	583 800	8,35
<b>Total:</b>					<b>5 077 891</b>	<b>5 121 869</b>	<b>73,29</b>
Equity securities listed on the Secondary List of Stock Exchange or its equivalent							
Latvijas balzams	LV	LV0000100808	EUR	63 657	649 700	563 364	8,06
<b>Total:</b>					<b>649 700</b>	<b>563 364</b>	<b>8,06</b>



Note 4. Structure of investment portfolio (continued)

Issuer's name	Country of business	ISIN code	Currency	Quantity, items	Total acquisition value, in EUR	Total market value, in EUR	Share in net assets, %
Equity securities traded on other regulated markets							
Telefonija	RS	RSTLFNE22541	RSD	12 971	-	-	-
Powszechny Zakład Ubezpieczeń	PL	PLPZU0000011	PLN	39 000	378 725	276 976	3,96
Inter Cars S.A.	PL	PLINTCS00010	PLN	5 000	266 692	258 971	3,70
Skandinaviska Enskilda Banken AB	SE	SE0000148884	SEK	20 000	137 513	168 046	2,40
Swedbank AB - A shares	SE	SE0000242455	SEK	14 000	139 481	200 628	2,87
Polski Koncern Naftowy ORLEN	PL	PLPKN0000018	PLN	10 000	139 103	126 676	1,81
<b>Total:</b>					<b>1 061 514</b>	<b>1 031 297</b>	<b>14,74</b>
<b>Total equity securities:</b>					<b>6 789 105</b>	<b>6 716 530</b>	<b>96,09</b>

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

Bank	Currency	Total market value, in EUR	Interest rate, %	Share in net assets, %
Cash				
AB SEB bankas	EUR	289 301	-	4,14
AB Šiaulių bankas	EUR	2	-	0,00
<b>Total cash:</b>		<b>289 303</b>		<b>4,14</b>

Name	Brief description	Total value	Share in net assets, %
Amounts payable	Amounts payable to the Management Company and the Depository	(14 005)	(0,21)
Amounts payable	Other amounts payable	(1 584)	(0,02)
<b>Total:</b>		<b>(15 589)</b>	<b>(0,23)</b>

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

The principle of investment strategy was maintained to invest from 50% to 100% of net assets of the fund to securities of companies quoted on the Lithuanian, Latvian and Estonian stock exchanges.

In the end of half of the year the Fund mainly invested in sectors of consumables and durables, finance, industry and utilities in Vilnius, Tallinn and Riga stock exchanges.

The change in value of the Fund's investment portfolio mainly stemmed from market prices of financial instruments.

Note 4. Structure of investment portfolio (continued)

2019

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

Note 4. Structure of investment portfolio (continued)

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

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

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

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

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

The principle of investment strategy was maintained to invest from 50% to 100% of net assets of the fund to securities of companies quoted on the Lithuanian, Latvian and Estonian stock exchanges.

In the end of the year the Fund mainly invested in sectors of consumables and durables, finance, industry and utilities in Vilnius, Tallinn and Riga stock exchanges.

The change in value of the Fund's investment portfolio mainly stemmed from market prices of financial instruments.

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

## By industry sector

Breakdown of investments	Closing balance		Opening balance	
	Market value, in EUR	Share in assets, %	Market value, in EUR	Share in assets, %
Telecommunications	332 212	4,75	195 424	4,73
Health care	217 200	3,11	-	-
Emergency goods and services	893 280	12,78	553 787	13,40
Convenience goods and services	1 694 837	24,25	1 167 390	28,25
Financial services	1 666 700	23,84	644 903	15,60
Information technologies	-	-	44 080	1,07
Industrial materials	1 022 826	14,64	642 802	15,55
Utility goods and services	583 800	8,35	288 324	6,98
Energy	126 676	1,81	-	-
Materials	178 999	2,56	247 039	5,98
<b>Total:</b>	<b>6 716 530</b>	<b>96,09</b>	<b>3 783 749</b>	<b>91,56</b>

## By geographical area

Breakdown of investments and cash	Closing balance		Opening balance	
	Market value, in EUR	Share in assets, %	Market value, in EUR	Share in assets, %
Lithuania	3 567 927	51,05	2 614 831	63,28
Latvia	780 564	11,17	398 060	9,63
Estonia	1 626 045	23,27	1 122 731	27,16
Poland	662 623	9,47	-	-
Sweden	368 674	5,27	-	-
<b>Total:</b>	<b>7 005 833</b>	<b>100,23</b>	<b>4 135 622</b>	<b>100,07</b>

## Note 6. Change in value of investments

2020

Items of the statement of net assets	Change, in EUR					
	Balance at 31 December 2019	Acquired over the period	Sold (redeemed) over the period	Increase in value	Decrease in value	Balance at 31 December 2020
Time deposits	-	-	-	-	-	-
Money market instruments	-	-	-	-	-	-
Non-equity securities <sup>2</sup>	-	-	-	-	-	-
Non-equity securities issued or guaranteed by governments and central banks	-	-	-	-	-	-
Other non-equity securities	-	-	-	-	-	-
Equity securities	3 783 749	8 202 065	4 950 765	4 739 263	5 057 782	6 716 530
Units and shares of collective investment undertakings	-	-	-	-	-	-
Derivative financial instruments <sup>1</sup>	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
<b>Total</b>	<b>3 783 749</b>	<b>8 202 065</b>	<b>4 950 765</b>	<b>4 739 263</b>	<b>5 057 782</b>	<b>6 716 530</b>

<sup>1</sup> Balance at 31 December 2019 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.

<sup>2</sup> Balance at 31 December 2019 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)

2019

Items of the statement of net assets	Change, in EUR					
	Balance at 31 December 2018	Acquired over the period	Sold (redeemed) over the period	Increase in value	Decrease in value	Balance at 31 December 2019
Time deposits	-	-	-	-	-	-
Money market instruments	-	-	-	-	-	-
Non-equity securities <sup>2</sup>	-	-	-	-	-	-
Non-equity securities issued or guaranteed by governments and central banks	-	-	-	-	-	-
Other non-equity securities	-	-	-	-	-	-
Equity securities	5 455 881	1 076 563	3 111 451	1 574 959	1 212 203	3 783 749
Units and shares of collective investment undertakings	-	-	-	-	-	-
Derivative financial instruments <sup>1</sup>	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
<b>Total</b>	<b>5 455 881</b>	<b>1 076 563</b>	<b>3 111 451</b>	<b>1 574 959</b>	<b>1 212 203</b>	<b>3 783 749</b>

<sup>1</sup> Balance at 31 December 2018 reflects the fair value of derivative financial instruments.

Acquired over the period equals zero, because the valuation of derivative instruments is made on the following day after the acquisition.

Sold (redeemed) over the period reflects the realised result of finalised transactions.

<sup>2</sup> Balance at 31 December 2018 reflects the fair value of non-equity securities at 1 January plus accrued interest.

Acquired over the period reflects the acquisition value plus accrued interest of the predecessor client as at the date of acquisition.

Sold (redeemed) over the period reflects the sale value comprising accrued interest, acquisition cost and realised gain or loss.

Increase/decrease in value reflects accrued interest and revaluation result.

## Note 7. Results of disposal of investments

In 2020 and 2019, the undertaking had no sale transactions involving financial instruments other than those measured at fair value.

## Note 8. Derivative financial instruments

There were no such transactions concluded over the reporting period.

Note 9. Costs of intermediary fees

Name of the intermediary	Description of services rendered	Fee for the services during the reporting period, EUR	Fee for the services during the previous reporting period, EUR	Relationship of the intermediary to the management company
AB SEB bankas	Commission fee for intermediation services in transactions involving securities	10 154	5 081	SEB Bankas AB is the depository of the fund managed by the management company
UAB FMĮ ORION SECURITIES	Commission fee for intermediation services in transactions involving securities	256	-	The management company and intermediary have signed an agreement on intermediation services
Wood & Company	Commission fee for intermediation services in transactions involving securities	1 078	-	The management company and intermediary have signed an agreement on intermediation services
<b>Total:</b>		<b>11 488</b>	<b>5 081</b>	

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

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

Note 11. Borrowings and loans granted

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

Note 12. Third-party guarantee commitments in respect of the undertaking's yield

There were no third-party guarantee commitments in respect of the undertaking's yield as at the end and over the reporting period.

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

Parties are considered to be related when one party has a possibility to control the other or have a significant influence on the other party in making financial or operating decisions. As at 31 December 2020, the parties related to the Fund included the management company UAB INVL Asset Management, entities under its control, managers, shareholders as well as other INVL Invalda AB group entities related through the shareholder.

As at 31 December 2020 related parties did not hold investments units of the Fund.

As at 31 December 2019 a related party was AB Invalda INVL company, which held 801.271351 investment units of the Fund.

During the reporting period the related party was the management company UAB INVL Asset Managements, for which the management fee was calculated as disclosed in Note 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 2020 to 31 December 2020, the Fund applied accounting policies which were the same as 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

On 26 April 2021 the Bank of Lithuania approved the amendments to the Fund's rules. The amendments to come into effect are available on the website of the Management Company [www.invl.com](http://www.invl.com).

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

After the merge of INVL Emerging Europe ex Russia TOP20 Subfund to the investment fund INVL Baltic Fund on 15 January 2020, the value of net assets whereof was EUR 5,533,269, consisting of EUR 1,737,557 in cash and EUR 3,958,528 of securities, EUR 159,080 of transaction liabilities and EUR 3,736 of payable tax amount.

After the merger of funds, INVL Emerging Europe ex Russia TOP20 Subfund ceased to exist, its assets and liabilities were taken over by INVL Baltic Fund. The participants of INVL Emerging Europe ex Russia TOP20 Subfund became the participants of INVL Baltic Fund, and their owned units were converted to the units of INVL Baltic Fund.

The decision on merger of these funds was adopted by the company INVL Asset Management in order to optimize the management of investments into the region of Central and Eastern Europe and seeking to refine the investment trends: the investment strategy of both funds partially coincides moreover, for those who chose these funds, as the number of participants went up and the fixed fees were distributed among them, such merger provides with possibilities to invest under more favourable conditions.

Note 18. Financial risk and risk management methods

Description of risks that affect the Fund

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

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

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

Inflation risk

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

Interest rate risk

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

Credit risk

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

Foreign exchange risk

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

Liquidity risk

There were no significant financial liabilities in the structure of the Fund at the end of 2020.

This risk is managed on the basis of exposure limits: exposure limit per single counterparty or issuer may not exceed 20% of net asset value.

Sensitivity analysis – share market risk

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

At the end of 2020, the fund's Beta ratio was 0.85 (for 12 months). This implies that a 1% change in the fund's benchmark index resulted in on average 0.85% change in value.

The sensitivity analysis is based on the following assumptions:

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

Note 19. Return on investments and benchmarks for investments

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

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

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



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

	During the reporting period	1 year ago	2 years ago	10 years ago
Change in value of unit <sup>1</sup> , %	(1,64)	7,20	(10,19)	47,43
Change in value of benchmark index, %	9,22	12,45	(6,45)	71,92
Standard deviation of change in value of units <sup>2</sup> , %	18,79	4,29	6,02	11,65
Standard deviation of change in value of benchmark index <sup>3</sup> , %	20,25	4,63	7,38	16,51
Correlation factor between value of unit and value of benchmark index <sup>4</sup> ,	98,80	91,32	93,59	96,20
Index tracking error <sup>5</sup> , %	5,87	3,28	3,85	10,49
Alfa ratio <sup>6</sup> , %	(9,18)	(2,67)	(5,83)	8,14
Beta ratio <sup>7</sup> , %	0,85	0,82	0,72	55,63

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

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

<sup>3</sup> Standard deviation of change in value of benchmark index is a statistical risk indicator, which shows how far the changes in value of benchmark index are spread above and below the mean change.

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

<sup>5</sup> Index tracking error is a ratio, which shows how closely the changes in value of unit match (or follow) the changes in value of benchmark index.

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

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

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

	Over the last 3 years	Over the last 5 years	Over the last 10 years	Since the start of operations
Average change in value of unit <sup>1</sup>	(1,80)	7,33	2,50	1,61
Average change in value of benchmark index <sup>2</sup>	4,74	11,10	7,31	4,35
Average standard deviation of change in value of unit <sup>3</sup>	11,65	9,76	9,93	12,28
Average standard deviation of change in value of the Fund's benchmark index	12,72	10,50	10,83	14,62

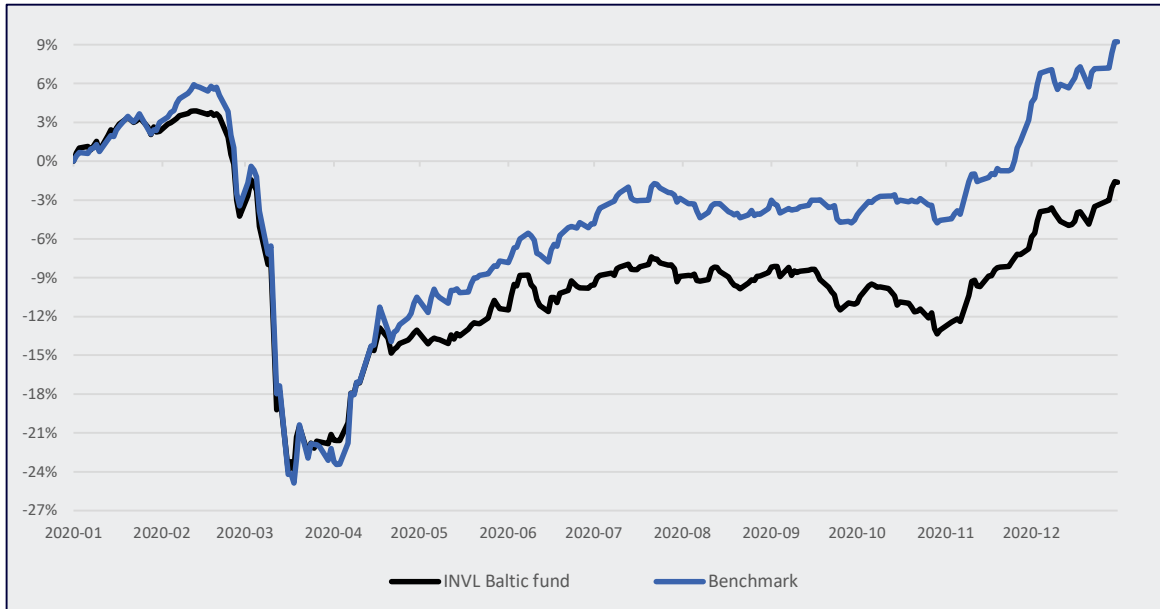
<sup>1</sup> Average change in value of unit is calculated as a geometric mean of annual changes in value of the investment unit.

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

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

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

Change in value of unit and benchmark index during the period between 1 January 2020 and 31 December 2020 (UNAUDITED):



## Note 20. Expense ratios and turnover rates:

2020

Deductions	Rates of deductions (%)		Amount of deductions charged for the reporting period, in EUR	Percentage of average net asset value for the reporting period
	Maximum rates as per founding documents	Rates applied during the reporting period		
Management fee:				
Fixed rate	Up to 2% of the Fund's average annual net asset value	2% of the Fund's average annual net asset value	135 370	1,98
Success fee	Not applicable	Not applicable	-	-
Other operating costs (Subfund change fee)	No more than 3% of the amount invested	No more than 2% of the amount invested	305	-
Depository fee	No more than 0.25% of the Fund's average annual net asset value	No more than 0.25% of the Fund's average annual net asset value	7 358	0,11
Transaction fee	No more than 0.75% of the average annual value of transactions executed	No more than 0.75% of the average annual value of transactions executed	11 488	0,17
Audit fee	No more than 0.5% of the Fund's average annual net asset value	No more than 0.5% of the Fund's average annual net asset value	3 764	0,05
Fee charged by the bank for keeping records of participants			3 119	0,05
Other operating costs (bank charges)			281	-
Other operating costs (fees charged by the market maker, quotation costs and one-off fees)	No more than 0.5% of the Fund's average annual net asset value	No more than 0.5% of the Fund's average annual net asset value	1 799	0,03
Other operating costs (legal services)			1 616	0,02
Other operating costs (third parties' fees for provision of Depository services using services of other financial institutions)			151	-
Total expenses included in TER, in EUR				153 458
TER as % of NAV*				0,02
Total expenses, in EUR				165 251
PTR (%)**				69,33

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

\*\*Portfolio turnover rate (PTR) is a rate, which shows the level of trading activity in instruments that form the portfolio of the collective investment undertaking. The undertakings with high PTR rate incur higher transaction cost.

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

2019

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

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

\*\*Portfolio turnover rate (PTR) is a rate, which shows the level of trading activity in instruments that form the portfolio of the collective investment undertaking. The undertakings with high PTR rate incur higher transaction cost.

Note 20. Expense ratios and turnover rates (continued)

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

	Reporting period	Previous reporting period
Audit of the financial statements under the agreements	3 340	3 267
Assurance and other related services	-	-
Tax consultation services	-	-
Other services	424	423
<b>Total:</b>	<b>3 764</b>	<b>3 690</b>

## Note 21. Cash flows

	Items of cash flows	Financial year	Previous financial year
<b>I.</b>	<b>Cash flows from operating activities</b>	-	-
I.1.	Cash inflows over the reporting period	5 055 492	3 301 080
I.1.1.	Proceeds on disposal of financial assets and investment assets*	4 962 947	3 099 269
I.1.2.	Interest received	-	-
I.1.3.	Dividends received	92 545	201 811
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	8 360 862	1 200 348
I.2.1.	Payments on acquisition of financial assets and investment assets, and liabilities settled	8 202 065	1 076 563
I.2.2.	Payments related to management	153 951	119 100
I.2.3.	Deposits placed	-	-
I.2.4.	Cash outflows on sale of derivative financial statements	-	-
I.2.5.	Other cash outflows	4 846	4 685
	Net cash flows from (used in) operating activities (I.1-I.2)	(3 305 370)	2 100 732
<b>II.</b>	<b>Cash flows from financing of activities</b>	-	-
II.1.	Cash inflows over the reporting period. Sales of investment units	5 807 046	1 038 245
II.2.	Cash outflows over the reporting period. Redemption of investment units	2 602 035	3 965 115
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	48 820	43 411
II.9.	Other decrease in cash flows from financing activities	3 318	-
	Net cash flows from financing activities (II.1- II.2- II.3 + II.4-II.5 - II.6 + II.7 + II.8 - II.9)	3 250 513	(2 883 459)
<b>III.</b>	<b>Foreign exchange effect on the balance of cash (+/-)**</b>	<b>(7 713)</b>	-
<b>IV.</b>	<b>Net increase (decrease) in cash flows (+/-)</b>	<b>(62 570)</b>	<b>(782 727)</b>
<b>V.</b>	<b>Cash at the beginning of the period</b>	<b>351 873</b>	<b>1 134 600</b>
<b>VI.</b>	<b>Cash at the end of the period</b>	<b>289 303</b>	<b>351 873</b>

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

\*\* Also includes a difference between the transaction's settlement date and the transaction's conclusion date due to foreign exchange effect

*Impact of COVID-19 on the Fund*

COVID-19 virus pandemic, which started in January 2020 in China and in March in the rest of the world (including Europe) raised concerns in the financial markets and had a significant impact on the fall of prices of securities. And yet despite the threat of further spread of the virus and strict quarantine restrictions applied in a number of countries, afterwards a period of a sudden recovery of markets followed, thus prices of securities sky rocketed and some even exceeded the level of the beginning of 2020.

The Fund invests the majority of its assets in equity securities quoted on the stock exchange, thus the decrease in prices on the financial markets had a significant impact on the Fund's NAV and the value of unit. Due to the impact of the financial markets the value of the fund unit decreased from EUR 37.4405 as at 31 December 2019 to EUR 29.5413 as at 31 March 2020. However as at 31 December 2020 the fund's value increased to EUR 36.8253 and exceeded the value as 31 March 2020 by as much as 24.66%. The market growth trends in the beginning of the year 2021 determined ongoing increase in the fund's value and as at 31 March 2021 was EUR 39.7725, that is, it exceeded the value as at 31 December 2019 by as much as 6.23%.

In the beginning of 2021 prices of securities on the financial markets continued to maintain a positive trend, however due to the ongoing COVID-19 pandemic it is complicated today to estimate the further dynamics of prices and the impact thereof on the Fund's NAV and value of the unit. Managers of the Fund closely monitor the situation on the financial markets and actively respond to changes seeking to reduce the impact of drop in prices on the Fund. The Fund's managers, taking into account the situation on the market and possible actions of the Fund's participants, hold a material share of the Fund's assets in liquid investments and hold a share in cash thereby reducing the Fund's liquidity risk when participants apply to sell units.

24. Entire text of the auditor's report:

Presented on pages 2 to 5 of the financial statements.

25. Information on investment income and expenses of the collective investment undertaking over the reporting period:

I.	Income from investing activities	
1.	Interest income	-
2.	Realised gain (loss) on investment in:	(865 076)
2.1.	equity securities	(865 076)
2.2.	non-equity securities	-
2.3.	money market instruments	-
2.4.	derivative financial instruments	-
2.5.	units of other collective investment undertakings	-
2.6.	real estate objects	-
2.7.	other investment instruments	-
3.	Unrealised gain (loss) on:	546 556
3.1.	equity securities	546 556
3.2.	non-equity securities	-
3.3.	money market instruments	-
3.4.	derivative financial instruments	-
3.5.	units of other collective investment undertakings	-
3.6.	real estate objects	-
3.7.	other investment instruments	-
4.	Other income:	147 557
4.1.	income from lease of real estate	-
4.2.	positive foreign exchange effect	7 922
4.3.	other	139 635
	total income	(170 963)
II.	Expenses	
1.	Operating expenses:	165 251
1.1.	deductions of management fee	135 675
1.2.	deductions of depository fee	7 358
1.3.	intermediary fee	11 488
1.4.	audit fee	3 764
1.5.	deductions of other fees and charges	6 966
2.	Other expenses:	15 607
2.1.	interest expenses	-
2.2.	expenses related to the managed real estate objects	-
2.3.	negative foreign exchange effect	15 607
2.4.	other	-
	Total expenses	180 858
III.	Net income	(351 821)
IV.	Payments (dividends) to holders of investment units	-
V.	Re-invested earnings	(351 821)

26. Other significant information on the financial position of the collective investment undertaking, factors and circumstances that had impact on assets and liabilities of the collective investment undertaking:

There is no other significant information on the financial position of the fund.



**VII. INFORMATION ON PAYMENT OF DIVIDENDS**

27. Information on dividends declared and/or paid:

Information is provided in Note 10.

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

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

Information is provided in Note 11.

**IX. OTHER INFORMATION**

29. Explanations, comments, graphic illustrations and other important information on the activities of collective investment undertaking enabling the investor to assess appropriately all changes in and results of operations of the undertaking:

Information is provided in Note 19.

**X. ACCOUNTABLE PERSONS**

30. First and last names (names of legal entities), addresses, titles and registration numbers of permits to engage in relevant activities of consultants whose services were used in the preparation of the financial statements (finance dealer firms, auditors, etc.):

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

31. First and last names, job titles and workplace of persons who prepared the financial statements (if other than employees of the company):

The financial statements were prepared by the employees of the management company.

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

I, Laura Križinauskienė, Director General of INVL Asset Management UAB, hereby confirm that information contained in these financial statements is true and fair and that there are no omissions of facts that might substantially affect the assessment of the fund's results.

\_\_\_\_\_  
(signature)

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

\_\_\_\_\_  
(signature)

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

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

Full name	Laura Križinauskienė	Aušra Montvydaitė
Position	General Director	Head of Funds Accounting
Telephone number	(8~7) 005 59 59	(8~6) 264 55 82
Fax number	(8~5) 279 06 02	(8~5) 279 06 02
Email address	laura.krizinauskiene@invl.com	ausra.montvydaite@invl.com

33.2. When the financial statements have been prepared by or with assistance of consultants, please specify their full names, telephone and fax numbers, email addresses (if a consultant is a legal entity, please specify its name, telephone and fax numbers, email address and full name(s) of a consultant's representative(s)); please indicate, which specific sections have been prepared by or with assistance of consultants and the scope of their liability.

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