



B I S M U T H

STRUCTURED
PRODUCTS
FUND

Prospectus of Bismuth Structured Products Fund

an open-end umbrella investment fund
dedicated to informed investors

Published on 28th of June, 2018

/Translation from Lithuanian language/

RISK WARNINGS

The Prospectus has been prepared on the basis of the information available on the effect date of the Prospectus. The Prospectus has not been approved by the Supervisory Authority. The Prospectus has not been prepared following the Prospectus Directive and the national laws implementing this directive.

Unless otherwise explicitly stated or required by the context, all information contained in the Prospectus must be construed as consistent with the factual circumstances on the effect day of the Prospectus. Neither the submission of this Prospectus nor the signing of the Agreement or sale of the Units under any circumstances may give the grounds to assume that as of the effect day of the Prospectus there were no (financial or other) changes in the operations of the Fund or its Sub-Funds.

By taking a decision to acquire the offered Units, the Investors must rely on their own knowledge gained through the assessment of the respective Sub-Fund's future prospects, the conditions of this Prospectus, including without limitation all advantages and risks associated with investment in the respective Sub-Fund. The content of this Prospectus should not be understood as an investment recommendation or advice on legal or tax matters. In order to fully understand the advantages and risks related to investment in the respective Sub-Fund, each Investor should contact his financial, legal, business or tax advisors.

This Prospectus contains statements in the future tense, which are based on the opinion, expectations and forecasts of the Management Company with regard to the future events that are likely to have effect on the respective Sub-Fund's performance. The statements in the future tense cover information about the Sub-Fund's potential or estimated performance results, investment strategy, contractual relations, borrowing plans, investment conditions, impact of the future regulation and other information. Statements in the future tense are based on the information available on the effect day of this Prospectus. Management Company has not committed itself to revise or amend the statements except as much as required by applicable legislation.

In addition to the factors discussed in other paragraphs of this Prospectus, there are many other important factors that can cause differences between the actual and forecasted performance results of the respective Sub-Fund. The major risk factors that are likely to affect the Sub-Fund's performance results are described in detail in the section of this Prospectus intended to the respective Sub-Funds.

The Prospectus has been prepared following the provisions of Articles 33 – 35 of the Law of the Republic of Lithuania on Collective Investment Undertakings for Informed Investors.

By signing the Agreement, the Investor agrees and understands that in case of refusal to submit information about its financial condition, investing experience and goals sought by using services provided by the Management Company, including without limitation information and documents allowing Management Company to identify whether or not the Investor complies with the criteria specified in the Documents, in case of failure to provide such information within the term provided by the Management Company or in case the provided information and documents are incomplete, Management Company refuses to enter into the Agreement, and if such Agreement is made, Management Company has the right to unilaterally terminate the Agreement and refund the amounts transferred to the respective Sub-Fund's account to the Investor without making any other payments which could be payable to the Investor under the Documents.

General Section of the Prospectus provides information and conditions that are general in respect of all Sub-Funds comprising the Fund. Special conditions in respect of the individual Sub-Funds (i.e. the conditions that differ from those of the other Sub-Funds) are provided in the Special Section.

Management Company has not taken any actions in other jurisdictions (except in the Republic of Lithuania) where the approval of a supervisory authority for the Prospectus is required to allow public

offering of the Units or in order to dispose of and distribute this Prospectus or any other information related to the Units or their offering. For this reason, Units may not be either directly or indirectly offered or sold and this Prospectus or other material, including promotional material, related to the Units may not be distributed or published in any other country or jurisdiction except insofar as allowed by the laws of the relevant jurisdiction. All persons who received this Prospectus or other information related to the Units should become familiar with and abide by restrictions accordingly applicable in specific jurisdictions. Persons who are provided with this Prospectus or other information related to the Units are not allowed to transfer, disclose or otherwise transmit the same to other parties, except in cases where it is required for the purpose of assessing investments in the respective Sub-Fund.

Units are not and will not be on the trading list in any regulated market.

All disputes, disagreements or claims arising in connection with the offering of the Units or information contained in the Documents will be resolved by a competent court of the Republic of Lithuania pursuant to the legislation of the Republic of Lithuania.

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I. GENERAL INFORMATION ABOUT THE COLLECTIVE INVESTMENT UNDERTAKING

1. This document is Prospectus of the collective investment undertaking, i.e. Fund. It provides information about transferrable securities of the collective investment undertaking offered to the Investors and to the public. The concepts in Prospectus used with the first capital letter correspond to the concepts specified in Regulations.

2. Fund's investment strategy

Fund is established with the aim to collectively invest Investors' assets in transferrable Structured Financial Products and to diversify risk and generate return to the Investors from this activity. Fund will seek to generate a return to the Investors despite the situation in financial markets.

As of the publishing date of the Prospectus, the following Sub-Funds are established:

- Bismuth Balanced Fund.

3. Description of an Investor who is recommended to acquire investment units of a collective investment undertaking

Fund is only intended to informed investors who tolerate a higher than average investment risk. A long-term investment must also be acceptable to the Investors.

Informed investors are considered to be:

- investors who have the status of professional investors in accordance with the law of the Republic of Lithuania on Markets in Financial Instruments;
- legal entities without the status of professional investors, who have confirmed their status as professional investors to the Management Company and who invest/undertake to invest not less than EUR 125,000 or the equivalent amount in another currency in the Fund;
- private individuals without the status of professional investors who (i) have confirmed their status as professional investors to the Management Company and (ii) invest/undertake to invest not less than EUR 125,000 or the equivalent amount in another currency in the Fund; or a licenced company provided by the LCIUII and operating in financial markets has evaluated the Investor's knowledge and experience in the area of investment and has confirmed in writing that such person is able to adequately understand the risk related to investments in the respective Sub-Fund.

Private individuals who do not have the status of professional investors also have to comply with at least one of the below listed alternative assets criteria:

- Investor's net assets or the net assets owned jointly by Investor and by his/her spouse (partner, cohabiting partner) at the moment of making the transaction on investments in the Fund make not less than EUR 250,000 or the equivalent amount in another currency. Net assets exclude the value of the assets owned by the Investor personally or jointly with the spouse (partner, cohabiting partner) under joint ownership which is the Investor's permanent (main) place of residence;
- For the two past years before the transaction on investments in the Fund, Investor's personal net income was not less than EUR 50,000 or the equivalent amount in another currency or income including the spouse's (partner, cohabiting partner) income for the same period was not less than EUR 75,000 or the equivalent amount in another currency, also, it can be reasonably expected that this income will be received in the current year too;
- The financial assets owned by the Investor or jointly by the Investor and by his/her spouse (partner, cohabiting partner), less all relating liabilities, amount to minimum EUR 150,000 or the equivalent amount in another currency.

4. Information on the availability of the Prospectus, incorporation documents of the collective investment undertaking, reports as well as information on the collective investment undertaking

The Prospectus, the Regulations and the reports are made available without charge to the Investors who wish to receive them at the Management Company's registered address: Gedimino ave. 20-27, 01103, Vilnius, Lithuania, websites www.atelierinvest.com and www.bismuth.fund and from the Distributors.

5. The state tax policy in respect of the collective investment undertaking and in respect of the participants of this undertaking

Only the basic data about the taxes in Lithuania is submitted below. The Investor is individually responsible for the thorough analysis of the taxation consequences related to the investments in the Fund. Following double taxation avoidance agreements, foreign residents (private and legal entities) in Lithuania may be subject to a different tax tariff.

Income tax and other taxes payable by the Fund

The Fund is not a legal entity; therefore, it does not pay taxes applicable to legal entities.

Taxation of permanent residents of Lithuania

Individual income received from transferred or otherwise assigned ownership to the Units are exempt from the individual income tax if the difference between the income from the acquisition price of the transferred or otherwise assigned ownership of the Units and other financial instruments and other costs related to their sale or other transfer of ownership does not exceed EUR 500 during the taxation period. Individual income from sale of the Units exceeding EUR 500 per taxation period are taxed by 15% individual income tax.

Taxation of legal entities of Lithuania

Income from the increased value received by a legal entity of Lithuania following the sale or transfer of the Units (the differences between the prices of the Units sale and factual acquisition prices) is subject to the applicable 15% profit tax tariff.

Taxation of non-residents of Lithuania and foreign legal entity

The profit received by a non-resident of Lithuania and by a foreign legal entity from a capital gain is not subject to individual or corporate income tax of the Republic of Lithuania.

Investors are responsible for the proper calculation, return and payment of the taxes applicable thereto.

6. Participant's rights

Investors have the following rights:

- to request any time from the Management Company to redeem the Sub-Fund(-s)'s investment units held thereby following the conditions provided by the Regulations and the Prospectus, but not earlier than 6 (six) month after the investment into said Sub-fund(-s)'s investment units;
- to receive part of the Sub-Fund's assets paid out in case the Sub-Fund is revoked;
- to receive information about the Sub-Fund as provided by the legislation;
- having entered into the Agreement, with the Management Company's prior written consent and provided that the conditions stipulated therein have been fulfilled, to transfer the Units held to third persons (a) by signing an ordinary written agreement on transfer of the Units held by the Investor; and (b) by signing an obligatory trilateral agreement between the Investor, the new investor and the Management Company on transfer of the Obligations of the Investor who is transferring the Units or part thereof towards the Sub-Fund (applicable to the entire amount in the investment agreement only in case the Investor has not fulfilled all of the obligations arising from them). Unless agreed otherwise, in case of transferring the Units, the new investor must assume the former Investor's Obligations or part thereof in proportion to the number of Units (percentage) transferred thereto by the former Investor compared to all Units held by the former Investor;
- with the Management Company's prior consent, to collateralise or otherwise restrict the Units held or the property rights granted thereby within 5 calendar days by submitting one copy of the transaction establishing such collateral or restriction of property rights to the Management Company;
- other rights provided by the Documents, Agreement and legislative acts.

Investors have the following obligations:

- no later than within 10 calendar days to notify the Management Company in writing about any changes in the Investor's data specified in the Agreement (name, surname or company name, residential or registered address, account number, telephone number, e-mail address and other data);
- in case of redeeming the Units, upon the Management Company's request, or in case of transferring the Units to another person to submit a confirmation that the Units are owned personally by the Investor or to submit the spouse's power-of-attorney in the form required by the laws in case the Units are jointly owned by the spouses;
- to submit all information to the Management Company about his/her financial condition, investment experience and goals sought thereby by using the Management Company's services, including without limitation the information and documents which would enable the Management Company to identify whether or not the Investor corresponds to the criteria specified in the Documents. The Investor is bound by this obligation not only at the time of making the Agreement but also during the entire effective period thereof;
- to transfer the Units only to the Investors corresponding to the requirements set by the Regulations whose compliance to the said requirements was confirmed in advance in writing by the Management Company or by the person authorised thereby;
- other obligations provided by the Documents, Agreement and legislative acts.

Each of the Investors is liable for the specific Sub-Funds' obligations in the amount of the Obligations to the specific Sub-Fund.

II. DATA ABOUT THE CAPITAL, INCOME AND COSTS DISTRIBUTION

7. Equity

The Fund (and the Sub-Fund) have no authorised capital. The equity of individual Sub-Funds is always equal to their NAV and varies depending on the issue (sale) of the Units and changes of the NAV. The initial capital of the Fund (and Sub-Funds) is equal to USD 0.

8. Costs

The respective Sub-Fund's proceeds may be used to cover the following expenses related to its operation:

- Management Fee paid to the Management Company;
- costs related to the services provided by the Depositary;
- fee to the assets and/or business valuers;
- costs of the Sub-Fund accounting and financial instruments evaluation services;
- fee for the audit services and consulting;
- fee to consultants for legal services and representation;
- costs of litigation and court proceedings;
- legal costs incurred by the Management Company in defending the interests of the Investors and/or the Sub-Fund;
- penalties and default interest (including interest) arising out of and/or related to the liabilities of the respective Sub-Fund;
- fee to financial institutions for their services (account opening and administration, cash and securities transactions, money transfers processing, currency exchange, etc.) and costs related to such services (commission and other fees);
- costs incurred by the advisory committee;
- costs incurred by the investment committee;
- costs incurred by the audit committee;
- state and municipal fees and charges;
- costs related to the acquisition, management and sale of investment objects, including without limitation the costs related to the assets lease and administration, etc;
- costs related to the preparation of information about the Sub-Fund (including the Documents) as well as the translation and provision to the Investors;
- consulting costs;
- costs related to obtaining or changing the licences and permits;
- costs related to the services provided by AB Lietuvos Centrinis Vertybinių Popierių Depozitoriumas;
- fees to notaries and registers;
- costs related to the loans received on behalf of the Sub-Fund;
- costs related to the maintenance of the property owned by the Sub-Fund;
- costs related to the Sub-Fund business and/or property development;
- costs of execution, registration and deregistration of security measures;
- commission fees to intermediaries;
- enforced recovery costs;
- costs related to the insurance of persons responsible for the Sub-Fund's operation (i.e. insurance for caused damage and/or arising liability);
- costs of the Sub-Fund's property insurance;
- costs of the Sub-Fund and its property presentation (representation, advertising, etc.) and marketing (including without limitation the support costs);
- other costs compensated to the Management Company incurred for the benefit of its Sub-Fund.

Fund's operational expenses not covered from the assets comprising individual Sub-Funds will be covered from the assets of all Sub-Funds by distributing such costs among the Sub-Funds in proportion to the amount of assets therein following the procedure set by the Regulations.

Additionally, Management Company may be paid Performance Fee following the procedure established by the Regulations. The procedure for the calculation and payment of the Performance Fee is set to each Sub-Fund separately in the Special Section intended for the specific Sub-Fund. Performance Fee is not included in the expenses limit of the specific Sub-Fund specified in the Special Section. The Performance Fee may be paid out to the Management Company in the cases set by the Regulations.

At the end of the calendar year, the amounts of the fees and costs calculated following the procedure provided by the Regulations are updated. The overpayments by the respective Sub-Fund accrued during a year must be refunded to the Sub-Fund while the Sub-Fund's debts must be paid to the beneficiary of the respective amounts within 30 calendar days from the end of the Sub-Fund's financial year. The NAV is increased by the Sub-Fund's overpaid amount.

In case the Sub-Fund's operating expenses are incurred by the Management Company, these expenses (incurred for the benefit of the Sub-Fund) must be compensated by the Sub-Fund to the Management Company against the invoices submitted by the Management Company.

Special Section intended for the specific Sub-Fund may provide for additional expenses covered only from the respective Sub-Fund's proceeds.

III. DATA ABOUT THE INVESTMENT UNITS

9. Key information about the investment units offered by the collective investment undertaking

Unit means transferrable security proving the Investor's right to the share of the assets comprising the Sub-Fund. Entry in the Investor's personal securities account is a proof of the right of ownership of Units. Units grant the rights and obligations to their holders that are specified in paragraph 6 of the Prospectus.

10. Conditions and procedure for selling investment units

Management Company collects Commitments individually or through the Distributors.

The collection of the Commitments and distribution of the Units is performed when Investors sign one or several types of the Agreements.

The amount invested by the Investor may be divided by signing the Agreements of both types. By offering the type of the Agreement or the combinations thereof, Management Company takes into consideration the invested amount, the need for investment funds and other circumstances which, in the opinion of the Management Company, are relevant in terms of the efficient management of the Sub-Fund's cash flows and investments.

In the Agreement, Investor represents its irrevocable Commitment to invest the amount specified in the Agreement in the respective Sub-Fund.

The Investors who sign the Entire Amount Investment Agreements acquire the Units following the procedure provided in the Regulations by transferring the funds in the Sub-Fund account on the date specified in such agreement.

The Investors who sign the Investment Commitment Agreements acquire the Units under the Investment Request Letters sent by the Management Company to the Investors.

The Investors who sign the Investment Commitment Agreements may be obligated (within the terms and following the procedure specified therein) to pay part of the Commitment before the date of receipt of the Investment Request letter.

The Agreement is made in a written form in three copies.

In case the Sub-Fund has the need for cash, the Management Company sends the Investment Request Letters specifying information about:

- the amount transferred to the Sub-Fund's bank account;
- other information which, in the opinion of the Management Company, is relevant.

Investment Request Letters will not be sent to the Investors who signed the Entire Amount Investment Agreement which provides that the Investor will transfer the amount invested in the Sub-Fund on the date specified in the agreement. The Management Company may send a reminder to the Investors who signed the said agreements on transferring cash to the Sub-Fund's bank account on the date specified in the Entire Amount Investment Agreement.

Unit sales price may be increased by the compensation amount which must be paid by the Investor to the Sub-Fund following the conditions and procedure set by the Sub-Fund's regulations.

Sub-Fund's Unit sales price is set by dividing the Sub-Fund's net assets value as of the selling day by the number of all of the Sub-Fund's Units in circulation.

The ownership to the Units is granted once the funds transferred (invested) by the Investor have been converted into the Units and the personal account administrator has made the respective entry in the Investor's personal securities account.

The entry in the Investor's personal securities account is the proof of ownership of the Units.

In case the Investor transfers the ownership to the Units under the agreement, the entry in the personal securities account is made within 1 Business Day from the day when the agreement on transfer of ownership to the Units is submitted to the Management Company as well as the confirmation that the Units are private ownership, or the spouse's power-of-attorney in the form required by the laws if the Units are joint ownership of spouses. In case ownership to the Units is transferred in another way than under the agreement, the entry in the personal securities account is made within 1 Business Day from the date when all documents proving the respective fact are submitted to the Management Company.

The distribution of the Units may be suspended following the decision of the Management Company for important reasons.

The Sub-Fund's investment units may be changed into the investment units of other Sub-Funds or into the investment units and/or shares of other collective investment undertakings managed by the Management Company following the procedure set by the Management Company.

IV. MANAGEMENT

11. Information about the Management Company

Full name, address, company code, type, number of licence to engage in the activity of a management company

UAB VĮ Atelier Investment Management

Gedimino ave. 20-27,

01103 Vilnius, Lithuania

Company code 303335430

Private limited liability company

Number of licence to engage in management of collective investment undertakings dedicated to informed investors: 5

Names of the managers of the Management Company, information about the managers' participation in other companies, institutions and organisations

Vilius Oškeliūnas is the shareholder and CEO of the Management Company. Vilius Oškeliūnas also participates in the activity of the following companies:

- Shareholder and financier at UAB FPĮ Gerovės Valdymas. UAB FPĮ Gerovės Valdymas is a licenced financial adviser which offers financial consulting services.
- Member of the supervisory council of AB Grigeo Grigiškės. AB Grigeo Grigiškės is a group of companies operating in paper and wood industry.
- Chairman of the management board of Ars Lab, IE. Ars Lab, IE is a company registered in Ireland produces and sells Foodsniffer electronic nose.

Eglė Surplienė is the shareholder and chairwoman of the management board of the Management Company. Eglė Surplienė also participates in the activity of the following companies:

- Shareholder and CEO of UAB FPĮ Gerovės Valdymas. UAB FPĮ Gerovės Valdymas a licenced financial adviser which offers financial consulting services.
- Member of the management board of UAB Tūta. UAB Tūta produces and sells sportswear.
- Director of AB INVL Baltic Farmland. AB INVL Baltic Farmland manages shares of private limited liability companies investing in agricultural land.

Main provisions of the Agreement with the Management Company that can be relevant to the Investors

No agreement has been signed on the Fund management.

Information about other collective investment undertakings managed by the Management Company

Management Company manages Strategic Asset Allocation Fund, an open-end collective investment undertaking dedicated to informed investors.

Management Company's authorised capital, subscribed and paid-in capital

The authorised capital subscribed and paid-in by the Management Company amounts to EUR 2,900.

V. OTHER RELEVANT INFORMATION

12. Delegation of functions

As of the effect and publishing date of the Prospectus, Fund's management functions are not delegated.

Management Company has delegated the Fund's financial accounting function to:

M-Finance, UAB
Tuskulėnų str. 33C
09219 Vilnius, Lithuania

13. Information about the distributors of the investment units

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14. Information about the Depositary

AB SEB bankas
Company code 112021238
Gedimino ave. 12
01103 Vilnius, Lithuania

15. Information about the insurance company

KPMG Baltics, UAB
Company code 111494971
Konstitucijos ave. 29,
08501 Vilnius, Lithuania

16. Information about the financial intermediaries

AB SEB bankas
Company code 112021238
Gedimino ave. 12
01103 Vilnius, Lithuania

The list of financial intermediaries is not exhaustive. During the operation of the Fund, Management Company can enter into agreements on intermediation with other financial intermediaries, too. After the list of financial intermediaries is changed, Management Company will update the Prospectus.

17. Liquidation and revocation

Fund is revoked after revocation of the last of its Sub-Funds. Sub-Fund is revoked by dividing its assets remaining after Sub-Funds liabilities have been fulfilled to the Investors. Sub-Fund may be revoked in the following cases:

- Management Company takes the decision to revoke it;
- on other grounds provided by the Sub-Funds regulations;
- on other grounds, compliant with the legislation.

Once the decision has been made to revoke the Sub-Fund, the sale and redemption of the Units is terminated.

In case during the revocation of the Sub-Fund it comes out that the Sub-Fund's assets are insufficient to cover the obligations assumed on its account, the Management Company is not obligated to fulfil the remaining obligations in cases where, at the Management Company's request, the Supervisory Authority confirms that there is no information to state that the Management Company did not properly fulfil its obligations provided by the LCIUII and by the Documents.

After the creditors' claims of the respective Sub-Fund are satisfied, the funds received for the sold assets of the Sub-Fund are divided to the Investors in proportion their shares.

In case of any court proceedings related to the claims about the obligations that must be fulfilled at the Sub-Fund's expense, the Sub-Fund is revoked only after the court decision in such cases has become final.

18. Other information which, in the managers' opinion, is relevant that can have influence on the investors' decision.

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19. Persons responsible for the information provided in the Prospectus

Vilius Oškeliūnas, CEO of the Management Company
Tel.: +370 686 29456
E-mail: vilius@atelierinvest.com

No consultants' services were used for the preparation of the prospectus.

The manager of the Management Company represents that the information provided in the Prospectus is correct and that there are no undisclosed facts that could have impact on the Investors' decisions.

VI. SPECIAL SECTION – BISMUTH BALANCED SUB-FUND

I. GENERAL INFORMATION ABOUT BISMUTH BALLANCED SUB-FUND

1. Key information about the Sub-Fund

1.1 Title	Bismuth Balanced Fund’s sub-fund.
1.2 Sub-Fund’s currency	US dollars (USD)
1.3 Initial sales price per Unit	USD 100.
1.4 Distribution fee	not applicable
1.5 Issuer	Financial institution or its unit with the investing rating granted by a recognised ratings agency.
1.6 Operation starting date	First business day following the day when the Regulations were approved by the Supervisory Authority.
1.7 Investment activity starting date	First business day following the first investment in the Sub-Fund.
1.8 Sub-Fund’s operation term	Unlimited.
1.9 Compliance with LCIUII requirements	<p>The Sub-Fund will comply with the following criteria set by the LCIUII:</p> <ul style="list-style-type: none"> • The Sub-Fund will be intended to more than one person not related to the Management Company; • When the Sub-Fund is revoked, the Sub-Fund’s assets will be sold to persons not related to the Management Company; • over 50% of the Sub-Fund’s assets will consist of the assets of investors not related to the Management Company, including the commitments signed by the investors.

2. Sub-Fund’s investing strategy and restrictions

- 2.1 Sub-Fund’s investment goal is to collectively invest the accumulated funds in transferrable Structured Financial Products (SFP), the return on which may depend on the return on other Underlying Asset (UL) and which may have a certain nominal invested amount protection level, in addition to the issuer’s credit risk following the ISDA regulations of 2014;
- 2.2 All SFP, where the Sub-Fund will invest, will be registered in a Regulated Market(-s) and/or will be traded in the multilateral trade system;
- 2.3 Sub-Fund will invest 25-50% of its NAV in capital protected SFP. However, Sub-Fund has the right to invest more than 50% of the NAV in capital protected SFP in view of the situation in the financial markets;
- 2.4 Before making an investment in SFP, Sub-Fund will interview at least 4 (four) Issuers to choose the best acceptable SFP conditions in terms of return and risk. Sub-Fund reserves the right to interview fewer than 4 (four) Issuers if a specific SFP can be issued by fewer than 4 (four) Issuers;
- 2.5 Sub-Fund reserves the right to consider up to 100% of the NAV to be money market instruments in view of the situation in the markets;
- 2.6 Sub-Fund will not use a benchmark.^[SEP]
- 2.7 The following portfolio diversification requirements are applied to the Sub-Fund’s investments:
 - 2.7.1 Sub-Fund can invest up to 25% of NAV in SFP issued by one Issuer;

- 2.7.2 Sub-Fund can invest up to 25% of NAV in financial instruments with higher credit risk, i.e. Credit Linked Notes (CLN);
 - 2.7.3 Sub-Fund will invest only in SFP without leverage;
 - 2.7.4 Sub-Fund is free to choose financial instruments using the UL for the newly established SFP to use various possibilities in the financial markets. Sub-Fund is not limited by the market or sector in choosing the suitable UL for the newly developed SFP. In case shares of a certain listed company are selected as UL, the market capitalisation of the said company may not be less than USD 5 billion, unless Sub-Fund's Manager or the investment committee decides that this, in the particular case, is beneficial to Sub-Fund's investors.
- 2.8 Management Company needs to ensure that the diversification requirements provided by paragraph 2.7 are complied with during the entire operational period of the Sub-Fund from the start of its operation, however they may be temporarily disregarded in the below-listed exceptional cases:
- 2.8.1 At the beginning of the Sub-Fund's operation, before the Sub-Fund's investment portfolio has been formed completely, the investment diversification requirements may be disregarded but aimed for. Management Company will always seek to ensure as soon as possible that Sub-Fund complies with the diversification requirements;
 - 2.8.2 When due to the reasons beyond Management Company's control (e.g. changes in the market values) the market value of some of the Sub-Fund's positions making 25% of the Sub-Fund's NAV at the time of investing increases so that this requirement is exceeded or the market value of the Sub-Fund's remaining positions goes down so that the share of a particular position in the Sub-Fund's portfolio starts to exceed 25%, Management Company will seek to ensure as soon as possible that Sub-fund complies with the diversification requirements (in any case no more than 30% of the Sub-Fund's assets may be invested in one of the Sub-Fund's investment objects as provided by the legislation existing during the respective effective period of the Special Section).
- 2.9 In the cases specified in paragraph 2.8 of this section of the Prospectus and in any other cases where the Sub-Fund's diversification requirements are breached due to the reasons beyond the Management Company's control, Management Company must take measures to make the corrections in the Sub-Fund's investment portfolio and the Sub-Fund's portfolio diversification complies with the limits set by this Special Section again (in any case no more than 30% of the Sub-Fund's assets may be invested in one of the Sub-Fund's investment objects as provided by the legislation existing during the respective effective period of the Special Section).
- 2.10 Sub-Fund's assets will not be used to provide guarantee or indemnity for other persons' liabilities.
- 2.11 Sub-Fund may borrow up to 25% of NAV provided that all borrowed capital will be used for the following goals:
- 2.11.1 to acquire investment objects corresponding to Sub-Fund's investment strategy; or
 - 2.11.2 to settle with the Investors (i.e. the Sub-Fund may borrow funds by increasing its financial leverage up to the maximum limit specified in paragraph 2.11 of this section of the Prospectus and by paying the received funds (as free funds) to the Investors through redemption of the Units held thereby).

3. Minimal invested amount

3.1 Minimal amount invested in the Units:

- 3.1.1 EUR 30,000 or the equivalent amount in USD provided that the Investors fall into the following categories:
 - 3.1.1.1 investors who have the status of professional investors in accordance with the law of the Republic of Lithuania on Markets in Financial Instruments;
 - 3.1.1.2 private individuals who do not have the status of professional investors who:
 - (i) have confirmed their status as professional investors to the Management Company; and
 - (ii) a licenced company provided by the LCIUII and operating in financial markets has evaluated the Investor's knowledge and experience in the area of investment and

has confirmed in writing that such person is able to adequately understand the risk related to investments in the respective Sub-Fund; and

(iii) comply with at least one of the criteria specified in paragraph 3.3 of the General Section.

- 3.1.2 EUR 125,000 or the equivalent amount in USD. This minimal investment amount is applicable to the Investors who do not comply with the above listed requirements and with the requirements specified in Section 3 of the General Section (i.e. do not fall into the category of the Investors subject to the minimal investment amount of EUR 30,000 (or the equivalent amount in USD)).

4. Sub-Fund management

Investment committee

- 4.1 Investment Committee may be formed following the decision of the Management Company by appointing the members the number whereof will depend on the scope of the Sub-Fund activity. Investment Committee may consist of maximum 5 members. Investment Committee will make strategic decisions on the Sub-Fund's assets management. Investment Committee will meet whenever necessary.

Manager

- 4.2 The investment decisions will be made, and the daily issues related to the Sub-Fund management will be settled by the Management Company's assigned person, i.e. the Sub-Fund's permanent manager or several managers corresponding to the requirements set by the Bank of Lithuania.
- 4.3 In case due to the scope of the Sub-Fund's operation, Sub-Fund, in the opinion of the Management Company, may be properly managed by one manager, Sub-Fund manager will also perform the functions of the investment committee, i.e. will make strategic decisions too.

5. Fees and other costs calculation method, amount and payment procedure

General information about fees to the management company, custodian and other costs

- 5.1 The maximum total amount of costs covered from the Sub-Fund's assets (excluding possible Performance Fee and the commission fees accumulated in a separate account) makes 5% of the weighted average NAV.
- 5.2 Management Company will try to ensure at all times that at any moment of the Sub-Funds operation its liquidity reserve equals to the Sub-Fund's 12-month costs forecast.
- 5.3 Management Company collects and keeps documents evidencing the calculation of fees and other costs.
- 5.4 All other costs that are not provided by the Regulations or that exceed the set limits are covered at the expense of the Management Company.

Fee to the Management Company

- 5.5 The fee to the Management Company for the Sub-Fund management is paid from the Sub-Funds assets. The fee to the Management Company makes 2% of the annual weighted average NAV.
- 5.6 The fee to the Management Company is paid within 5 Business Days after the end of a calendar month. The fee paid to the Management Company is specified at the end of the year. In case it is identified that the amount of the Management Fee paid to the Management Company during the respective period is higher than it should be according to the Regulations, the Management Fee paid to the Management Company during the Sub-Fund's next operation period will be

respectively lower. In case it is identified that the amount of the Management Fee paid to the Management Company during the respective period is insufficient, the deficit amount of the Management Fee will be paid together with the next payment of the Management Fee.

Performance fee

- 5.7 In addition, the Performance Fee paid to the Management Company makes 20% of the monthly weighted average NAV gain that is above 10% of the monthly weighted average NAV gain.
- 5.8 The Performance Fee is calculated only in case the monthly weighted average NAV at the end of the calendar month exceeds the previous monthly weighted average NAV.
- 5.9 In case it is identified that the amount of Performance Fee paid to the Management Company during a calendar month is higher than it should be according to the Regulations, the Performance Fee paid to the Management Company during the Sub-Fund's next operation period will be respectively lower. In case it is identified that the amount of the Performance Fee paid to the Management Company during a calendar month is insufficient, the deficit amount of the Performance Fee will be paid together with the next payment of the Performance Fee.
- 5.10 The Performance Fee is excluded from the above-mentioned costs limit of the Sub-Fund.
- 5.11 The Performance Fee is paid to the Management Company within 5 Business days after the end of a calendar month together with the management fee.

Depositary fees

- 5.12 The fees for the Depositary services will be paid against the invoice submitted to the Depositary Management Company or directly to the Sub-Fund or by debiting this fee by the Depositary directly from the Sub-Fund account opened with the Depositary. The Depositary costs are subject to the general maximum limit for the Sub-Fund's total costs as specified in paragraph 5.1 of this section of the Prospectus.

Auditors fees

- 5.13 The fees for the audit services will be covered against the invoices submitted by the audit company. The audit costs are subject to the general maximum limit for the Sub-Fund's total costs as specified in paragraph 5.1 of this section of the Prospectus.

II. DATA ABOUT THE CAPITAL, INCOME AND COSTS DISTRIBUTION

6. Main principles and frequency of net assets valuation

- 6.1 In the calculation of the NAV, the following components of the Sub-Fund are calculated individually:
 - 6.1.1 the value of the assets;
 - 6.1.2 the value of the liabilities;
 - 6.1.3 the difference between the value of the assets and of the liabilities of the Sub-Fund, which represents the NAV.
- 6.2 The value of the Unit is defined by dividing the NAV by the total number of all Units in circulation.
- 6.3 The total value of all Units is always equal to the NAV.
- 6.4 The NAV is calculated both in the US dollars and in euros. The NAV is published in the US dollars only.
- 6.5 The initial value of the Unit is USD 100.
- 6.6 The Unit value is calculated with the accuracy of four decimal places and is rounded in accordance with the mathematical rounding rules.
- 6.7 The assets and liabilities of the Sub-Fund are evaluated at their fair value.
- 6.8 The assets and liabilities of the Sub-Fund are calculated following the IAS requirements and the NAV calculation procedures approved by the Management Company.

- 6.9 The assets (or part thereof) of the Sub-Fund are written-off only in the following cases:
 - 6.9.1 the rights to the assets (or part thereof) have been exercised;
 - 6.9.2 the rights have expired or are transferred.
- 6.10 The liabilities (or part thereof) must be written-off only after they have been extinguished, i.e. when the liabilities have been fulfilled, cancelled or expire. In the calculation of the NAV, the value of the assets and liabilities evaluated in a foreign currency is defined based on the US dollar to the foreign currency exchange ratio applicable in the accounting on the valuation date, is set following the Accounting Law of the Republic of Lithuania and the NAV calculation procedures approved by the Management Company.
- 6.11 Bank term deposits are evaluated at amortised costs.
- 6.12 Cash and funds held with credit institutions, except for term deposits, are taken at face value.
- 6.13 The fair value of the financial instruments traded in regulated markets and/or in a multilateral trade system is set based on:
 - 6.13.1 the closing price published on the valuation date;
 - 6.13.2 in case the instruments are listed in several regulated markets, their fair value is set on the basis of the data of the regulated market where trading in these instruments is characterised by higher liquidity, regularity and frequency;
 - 6.13.3 in case following the criterion provided in paragraph 6.13.2 it is not possible to reasonably choose the market to be used as the basis to set the fair value of the instrument, then the value is set based on the data of the regulated market where the instrument issuer's registered office is located;
 - 6.13.4 in case the financial instrument was not traded for more than 30 (thirty) calendar days before the valuation date or the trade was less frequent, the fair value of the financial instrument is set as that of financial instruments which are not traded in regulated markets and/or multilateral trade systems;
 - 6.13.5 in case trading in the financial instrument in foreign regulated markets and/or multilateral trade systems whose data is used to evaluate the financial instrument has not ended, the fair value of the financial instrument is set based on the latest known trading price or based on the likely sales price if after the last trading day new circumstances came out due to which the last closing price is significantly higher or lower.
 - 6.13.6 In the calculation of the financial instrument value, the official sources provided in this paragraph must be taken into consideration (in the order of priority):
 - 6.13.6.1 Bloomberg international news agency;
 - 6.13.6.2 Website of the respective SFP exchange;
 - 6.13.6.3 Official website of the SFP issuer;
 - 6.13.6.4 Website of financial institution publishing the respective SFP quotes;
 - 6.13.6.5 Reuters international news agency.
- 6.14 The fair value of non-equity financial instruments not traded in regulated markets and/or in the multilateral trade system is established by calculating the clean price and by adding the accrued interest in the following procedure:
 - 6.14.1 the clean price of the non-equity financial instrument is calculated based on its profitability and other static data of the non-equity securities (valuation data, redemption date, coupon percentage rate, coupon payment frequency, days calculation method);
 - 6.14.2 the accrued interest is calculated in view of the 'days calculation method' specified in the non-equity financial instrument issue documents.
- 6.15 In other cases, if the evaluation of these instruments is more precise than that following paragraph 6.13 and 6.14, - based on the likely sales price established on the basis of the selected valuation approach (specified in the NAV calculation procedures) which is generally applied and recognised in financial markets.
- 6.16 Other assets are evaluated based on the most likely sales price set following the selected valuation approach specified in the NAV calculation procedures approved by the Management Company, which is generally applied and recognised in financial markets.
- 6.17 The first NAV calculation date is the day when the Investors transferred (invested) funds in the Sub-Funds under the Agreements.
- 6.18 NAV is calculated on a daily basis.

7. The financial accountability compilation date and financial year of the collective investment undertaking

- 7.1 The financial year of the Sub-Fund is a calendar year.
- 7.2 The annual financial reports of the Sub-Fund are compiled and published within 5 months from the end of the financial year.

8. Dividends

- 8.1 No dividend payment from the Sub-Fund's assets is intended to the Investors.

III. INFORMATION ABOUT THE INVESTMENT UNITS

9. The conditions for issuing the investment units and the procedure for making decisions on issuing the investment units.

- 9.1 Units are issued after the Investor has properly fulfilled the financial obligation under the Agreements.

10. The conditions and procedure for placement (sale) of the Investment Units

- 10.1 Units are offered for public placement in Lithuania and in foreign states without prejudice to the legislation applicable in the respective states. A typical investor is either an institutional investor or a natural or legal person who intends to diversify its investment portfolio with higher-risk investments, wishing to obtain a considerably higher profitability compared to deposits, sovereign bonds or similar investment instruments, however by accepting a respectively higher risk.
- 10.2 Investor may acquire Sub-Fund's units on business days in the distribution locations specified in the Prospectus by entering into the purchase-sale agreement of the Sub-Fund units for purchasing Sub-Fund's units following the procedure provided by the Prospectus.
- 10.3 The funds received under the purchase-sale agreement of the Sub-Fund's units are converted at the price of the day when the funds were received in the Sub-Fund account if the amount was credited in the Sub-Fund account by 24:00 o'clock of a business day. If the funds were credited in the Sub-Fund account on other than a business day, they are converted into the Sub-Fund's units at the price of the next business day following the day when the funds were credited.
- 10.4 The ownership to the Sub-Fund's units is transferred from the moment of making the respective entry in the Sub-Fund's personal units account. The entry is made in the Participant's personal Sub-Fund units account no later than within 1 business day from the day when the funds were received in the account. If the ownership to the Sub-Fund's units is transferred under a written agreement, the entry in the personal account is made on the day when a written agreement is submitted to the Management Company on transfer of the ownership to the Sub-Fund's units.
- 10.5 No distribution fee will be applied.
- 10.6 Sub-Fund has a right to pay up to 2% commission fees for each acquired SFP. The said commissions will be accumulated in the Sub-Fund's separate account. Sub-Fund will have the right to distribute the accumulated commission fees to the Sub-Fund's distributors at its own discretion but not more than 6% on the annual amount of the value of the Sub-Fund units distributed by each Distributor.
- 10.7 Units may be paid up in monetary contributions only.
- 10.8 Only Entire Amount Investment Agreements will be signed with the Investors.
- 10.9 In case the Investor fails to transfer the funds on the date specified in the Entire Amount

Investment Agreement, the Investor must transfer all requested funds within 5 additional calendar days. The Management Company has the right to request the delaying Investor to pay a compensation to the Sub-Fund for disturbing the Sub-Fund's operation in the amount making 5% annual interest on the overdue amount if the Investor informed the Management Company in advance about the estimated delay; or 10% annual interest on the overdue amount if the Investor did not inform the Management Company about the estimated delay. The Management Company has the right to deduct the payments provided hereunder from the funds paid out to the Investor from the distribution of the Sub-Fund's free funds. The interest is paid for the period starting from the day when the payment of funds was due by the Investor till the day when the funds were credited in the Sub-Fund bank account and the Sub-Fund was able to dispose them.

- 10.10 In case the Investor fails to transfer the funds within 5 additional calendar days, the Management Company has the right (together with the rights provided by paragraph 10.9) at its own discretion to unilaterally terminate or request to amend the Agreement.

11. Conditions and procedure for redemption of the Investment Units

- 11.1 Sub-Fund's Units are redeemed every business day by addressing the Distributor that signed the purchase-sale agreement of the Sub-Fund's Units with the Participant, or the Management Company. Sub-Fund's Units are redeemed after the Sub-Fund Participant has submitted a filled-out application in the set form for redeeming the Sub-Fund's Units. The Application to redeem the Sub-Fund's Units jointly owned by spouses can be submitted by one of the spouses with the power-of-attorney from the other spouse, which can be issued in a simple written form.
- 11.2 The number of the Sub-Fund's units sold must be specified in the application to redeem the Sub-Fund's Units.
- 11.3 Sub-Fund's units are redeemed at the price of the application date provided that the Distributor receives the application to redeem the Sub-Fund's units in the ways specified in the Prospectus on business days by 24:00. In case the application to redeem the Sub-Fund's units is received on other than a business day, the Sub-Fund's units are redeemed at the price of the next business day following the application receipt date.
- 11.4 Management Company settles with the Participant for the redeemed units of the Sub-Fund no later than within 7 calendar days from the application to redeem the Sub-Fund's units receipt day.
- 11.5 In case Management Company fails to settle with the investor within the set term, Management Company must pay the default interest to the investor provided by the Sub-Fund's units purchase regulating laws. In case of failure to settle with the investor due to the fault of the Depository or other third party, the guilty party must respectively remunerate for the Management Company's losses incurred as a result of failure to settle with the investor when due.
- 11.6 The money for the redeemed units of the Sub-Fund is transferred into the personal payment account specified by the participant of the Sub-Fund in the application to redeem the Sub-Fund's units.
- 11.7 The participant of the Sub-Fund loses all rights granted thereto by the Sub-Fund investment units (including the right of ownership), except for the right to receive money for the redeemed units of the Sub-Fund, from the moment when the application to redeem the Sub-Fund's units is submitted. From the moment when the application to redeem the Sub-Fund's units is accepted, the Management Company takes on the obligation to settle with the Sub-Fund participant for the Sub-Fund's units requested to be redeemed.

12. Setting the redemption and sale price

- 12.1 Sub-Fund's Unit sales price is set by dividing the Sub-Fund's net assets value as of the selling day by the number of all of the Sub-Fund's Units in circulation.
- 12.2 Sub-Fund's Unit redemption price is equal to the Sub-Fund's unit value. In case of redemption of the Sub-Fund's units, no extra charges relating to the redemption are applied.

13. Procedure for publishing sale and redemption prices of the investment units (venue, time intervals)

- 13.1 The initial price of the Units is published in the Documents. After the values have been calculated in the ways and frequency provided by the Prospectus, they will be published on the website of the Management Company and/or the Sub-Fund.

14. Venues where the performance history of the collective investment undertaking is made available

- 14.1 At the effect date of the Prospectus, the Sub-Fund has no history, i.e. its performance is not commenced. The performance history of the Sub-Fund will be made available in the periodic performance reports of the Sub-Fund which will be published on the website of the Management Company.

IV. INFORMATION ABOUT RISK TYPES AND THEIR MANAGEMENT

Investments in the Fund's investment units are related to long-term and higher than average risks. This section of the Prospectus provides information about risk factors which, in the opinion of the Management Company, might affect the Fund's performance results. There might be additional risk factors, which are excluded from this section because at the time of publishing the Prospectus, the Management Company is not aware thereof or considers them as irrelevant. The decision to invest in the Fund's investment units should be only made on the basis of the risk factors discussed below. Before making the decision on whether to invest, the Investor must note that the value of the Fund's investment units can go up or down. The Investors may recover a smaller amount than invested.

15. Risk factors related to the acquisition or investment of investment units or shares

General risk

Sub-Fund's investment value can go either up or down, therefore during the Sub-Fund's operation period the values of the Sub-Fund's investment units may fluctuate significantly. The Sub-Fund's historic results do not guarantee the same results in the future.

Market fluctuation risk

The market fluctuation risk is the main risk that has a direct influence on the changes in the values of the Sub-Fund's investment portfolio. The market of financial instruments may go up and down. There is a possibility of negative macroeconomic changes which may have impact on the whole financial instruments market, and the market fluctuations may cause the Sub-Fund to incur significant losses.

Non-guaranteed investment return

Investments in the Units are related to the investment risk that is higher than usual. The Management Company does not guarantee any return on investments in the Units. The value of the investments may go either up or down, and the Investors may not recover the invested funds.

Concentration risk

As the Sub-Fund's assets investment thresholds are not regulated as strictly as in the case of other investment funds, the investment risk is not widely diversified, which therefore creates the asset class (through the respective financial instruments), sectoral or regional concentration risks.

Liquidity risk

When investing in investment instruments of limited liquidity (especially when investing over-the-counter), there is a risk that their sale will take longer than planned which may result in a temporary deficit of funds required for the timely redemption of the Sub-Fund's units. This risk will be minimised by investing part of the funds in the money market instruments or other investment instruments of very high liquidity.

Credit risk

The risk to incur losses due to the failure to fulfil the financial obligations by the issuer of securities.

Interest rate risk

Changes in the interest rates may have a direct influence on the value of the securities in the Sub-Fund's portfolio. The interest rate risk may be reduced by acquiring debt securities with a shorter time horizon.

Leverage risks

The leverage risk is related to the depreciation of financial instruments acquired for borrowed funds. The higher leverage is used, the higher is both the potential investment return and the investment risk.

Currency rates fluctuation risk

This is a risk to incur losses due to unfavourable changes in foreign currencies exchange rates. Investors can hedge currency risk by acquiring derivative financial instruments.

Inflation risk

With an increased inflation, the value of the Fund's investment unit may respectively decrease, and the returns on the Fund's assets value may be insufficient to compensate the factual decrease of the Fund's assets value due to the inflation.

Political and legal risk

Even funds which widely diversify their investments face political and/or legal risk. The political risk is characteristic of all emerging countries. An increased political risk is typical to countries which are not member states of the European Union, especially emerging countries. The political instability of the country may lead to legal, taxation, fiscal, and regulatory changes, e.g. nationalisation, confiscation, restrictions to free capital movement and other political decisions which would have a negative impact on the Fund's unit value. Changes in the legislative and taxation environment may also have impact on the Sub-Fund's unit value or on the amount of investment return to the Investor. In order to reduce this risk, the Sub-Fund will avoid investments in financial instruments of the regions with an increased political and legal risk.

Operational risk

The Sub-Fund's investment success will considerably depend on the investment decisions taken by the Management Company's responsible persons and on the experience and abilities of the said persons. Also, there are no guarantees that the employees of the Management Company will manage the Sub-Fund for the entire period of its operation. The operational risk will be reduced by employing experienced and qualified managers, analysts, partners of the Sub-Fund, including the custodian.

Performance fee risk

The Performance Fee payable to the Management Company following the procedure provided by the Regulations creates the risk that the Management Company will make higher risk investments than in the case where such scheme of sharing the Sub-Fund's profit did not exist.

Risks of a conflict of interest

There is a risk for situations where the interests of the Management Company (or its related persons) and of the Sub-Fund (or its related persons) will differ or the interests of individual Investors will differ, i.e. a conflict of interest will occur. In case of a conflict of interest, measures will be taken to identify, define such conflict of interest and to take a decision directly depending on the Management Company following the principle of balance of interests. Further, the Management Company will try to reduce this risk following the approved internal procedures and the existing legislation requirements thereby ensuring the transparency of investments and investment supervision.

Risk related to the statements used in the future tense

Statements made by the Management Company and its employees in the future tense have not been analysed, verified or otherwise confirmed. Statements in the future tense are based on the assessment, opinion, expectations of the Management Company and its employees as well as their forecasts about future events and financial trends that will possibly have influence on the Sub-Fund's performance. Statements in the future tense include information about possible or estimated performance results, investment strategy, contractual relationships, borrowing plans, investing conditions, future regulation impact, and other information. The Management Company and its employees cannot ensure that statements in the future tense will accurately and completely comply with the future events and circumstances. The Management Company and its employees make no representations or warranties that the statements in the future tense are accurate and that the Sub-Fund's performance will generate a return. The Management Company and its employees do not commit to specify or change the statements in the future tense, except for as much as required by the applicable national legislation.

Taxation risk

There is a risk that changes in the country's economic conditions and political situation will lead to new taxes and/or increased tariffs of the existing taxes, which could subsequently reduce the return on the Sub-Fund's investments.

Other risk factors

There may be other (besides the ones listed above) global risk factors that are beyond the control of the Sub-Fund and of the Management Company (e.g. wars, natural disasters, political cross-border conflicts, etc.) which may have a negative impact on both the entire market and on the value of individual financial instruments comprising the Sub-Fund's assets, which can reduce the value of the Sub-Fund's investment units.

V. OTHER RELEVANT INFORMATION

16. Delegation of functions

Management Company does not intend to delegate any functions related to the Sub-Fund's management.

17. Other information relevant in the managers' opinion, which could have influence on the Investors' decision

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