



B I S M U T H

STRUCTURED
PRODUCTS
FUND

Regulations of Bismuth Structured Products Fund

an open-end umbrella investment fund
dedicated to informed investors

Approved by the Board of the Management Company
by Resolution No. AIM-V-005 of 28th June 2018

/Translation from Lithuanian language/

Regulations have been prepared on the basis of the provisions of the Law of the Republic of Lithuania on Collective Investment Undertakings for Informed Investors. Regulations have been approved by the Supervisory Authority. The definitions used in the Regulations are specified in Section 1 hereof.

Investments in the Units are related to higher than the average long-term risk. Therefore, the Fund and the Management Company cannot guarantee that the investors will recover the invested funds.

The investors should carefully examine the information provided in the Prospectus relating to the risk factors which must be considered before making the decision to acquire the Units.

By signing the Agreement, the Investor agrees and understands that in case of refusal to submit information about the financial condition, investing experience and goals sought by using the services provided by the Management Company, including without limitation the 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 provides information and conditions that are general in respect of all Sub-Funds comprising the Fund. The 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.

Regulations set the relations between the Management Company and the Investors.

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General Section – Bismuth Structured Products Fund

1. Definitions

The terms specified in this section of the Regulations have the special meaning defined as follows:

- 1.1 **General Section** means the regulations applicable generally to the Fund and to all Sub-Funds of the Fund.
- 1.2 **Business Day** means any calendar day, except public holidays and days off in the Republic of Lithuania.
- 1.3 **Depository** means a licensed credit institution authorised to provide investment services in the Republic of Lithuania and having its registered address or established in the Republic of Lithuania. As of the day of the first approval of the Regulations, it is AB SEB bank, legal entity number 112021238, located at Gedimino ave. 12, Vilnius, Vilnius City Municipality.
- 1.4 **Documents** means Regulations and Prospectus both together or each separately.
- 1.5 **Euro or EUR** means the official currency of the European Union member states that are members of the European Economic and Monetary Union.
- 1.6 **US dollar or USD** means the official currency of the United States of America.
- 1.7 **Fund** means Bismuth Structured Products Fund open-end umbrella investment fund dedicated to informed investors.
- 1.8 **NAV** means the difference between the assets value of the Fund (or a specific Sub-Fund) and the long-term and short-term liabilities of the Fund (or a specific Sub-Fund).
- 1.9 **LCIUII** means the Law of the Republic of Lithuania on Collective Investment Undertakings for Informed Investors.
- 1.10 **Investment Request Letter** means the request sent by the Management Company to the Investors by e-mail and/or by mail following the provisions of the investment commitment agreement to transfer all of art of the Commitment amount in the Sub-Fund's bank account.
- 1.11 **Investor** means the participant or potential participant of the Fund (one or several Sub-Funds of the Fund) corresponding to the requirements provided by the LCIUII and its implemented legislative acts.
- 1.12 **Commitment** means the Investor's irrevocable commitment specified in the Agreement to invest the entire amount in a lump sum or at the Management Company's request in the Sub-Fund following the conditions and the procedure set in the Documents.
- 1.13 **Investment Commitment Agreement** means the agreement whereby the Investor undertakes to irrevocably and repeatedly transfer all or part of the amount specified in the agreement into Sub-Fund's bank account within the term specified in the Agreement from the day of sending the Investment Request Letter.
- 1.14 **Distributor** means the person who performs the sale of the Units under the Agreement with the

- Management Company and performing other actions provided by the respective agreement with the Management Company.
- 1.15 **Special Section** means the section of the Regulations which specifies the information about the specific Sub-Funds and only provides the information that differs from that in the General Section.
- 1.16 **Supervisory Authority** means the Bank of Lithuania performing the functions of supervision of collective investment undertakings for informed investors and their management companies.
- 1.17 **Prospectus** means the document containing the information to the Investors about the offered Units.
- 1.18 **Prospectus Directive** means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (with any subsequent amendments).
- 1.19 **Performance fee** means the Management Company's share of the profit generated by the respective Sub-Fund which is calculated following the procedure provided by the Regulations.
- 1.20 **Sub-Fund** means the share of the Fund's assets managed separately from its other assets (Sub-Funds) with the performance regulations, different from the regulations applicable to other Sub-Funds, are provided on the Special Section.
- 1.21 **Agreement** means the entire amount investment agreement and/or the Investment Commitment Agreement.
- 1.22 **Structured Financial Products (SPF)** means the transferred Structured Financial Products combining two or more financial instruments defined by the Law of the Republic of Lithuania on Collective Investment Undertakings for Informed Investors.
- 1.23 **Regulations** means these regulations of the Fund consisting of the General Section and the Special Section.
- 1.24 **IAS** means the international accounting standards as they are defined in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.
- 1.25 **Management Company** means UAB VĮ "Atelier Investment Management", legal entity no 303335430, registered address Gedimino pr. 20-27, Vilnius, Vilnius City Municipality, tel. No: +370 686 29456, e-mail address: vilius@atelierinvest.com, website: www.atelierinvest.com
- 1.26 **Management Fee** means the fee paid to the Management Company calculated following the procedure specified in the regulations of the Sub-Fund.
- 1.27 **Unit** means transferable securities proving the Investor's right to the share of the Sub-Fund's assets.

- 1.28 **Entire Amount Investment Agreement** means the agreement whereby the Investor undertakes to transfer the entire amount specified in the agreement for the acquired Units into the Sub-Fund's bank account on the date indicated in the agreement.

Other concepts used in the Regulations have the same meaning as in the legislative acts applicable to the Fund and/or individual Sub-Funds.

Unless otherwise specified or required by the context, any reference used in the Regulations to: (a) words used in the singular form also cover the plural form and vice versa; (b) any law, regulatory act or legislative act will also cover any amendments, supplements and new wordings thereof; (c) a specific section, paragraph, sub-paragraph will be considered as a reference to that specific section, paragraph or sub-paragraph of the Regulations.

Unless otherwise specified, the word 'including' will always be considered to be followed by the phrase 'without limitation'.

2. Fund's investment strategy

- 2.1 Fund is established to invest the Investors' collective assets in transferable Structured Financial Products (SFP) and to diversify the risk arising out of that and to earn profit to the Investors from this activity. The Fund will seek to generate appositive return to the investors despite the situation in the financial markets.
- 2.2 Fund's main investment subject is 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.
- 2.3 Fund is free to choose financial instruments using the UL for the newly established SFP to use various possibilities in the financial markets.
- 2.4 Fund will mostly invest in the following financial instruments (this list is not exhaustive and is provided for illustrative purposes only):
- 2.4.1 equity or index linked notes;
 - 2.4.2 bond or index linked notes;
 - 2.4.3 commodity or index linked notes;
 - 2.4.4 various investment funds' results linked notes.

3. Investors

- 3.1 Fund is dedicated to informed investors tolerating higher than average investment risk. Also, long-term investment should be acceptable to the investors.
- 3.2 Informed investors are considered to be:
 - 3.2.1 investors who have the status of professional investors in accordance with the law of the Republic of Lithuania on Markets in Financial Instruments;
 - 3.2.2 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;
 - 3.2.3 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.
- 3.3 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:
 - 3.3.1 Investor's net assets or the net assets owned jointly by the 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. The 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;
 - 3.3.2 For the two past years before the transaction on investing in the Fund, the Investor's personal net income was not less than EUR 50,000 or the equivalent amount in another currency or the 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 be to, it can be reasonably expected that this income will be received in the current year too;
 - 3.3.3 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. Index

4.1 Fund does not use a benchmark.

5. Investors' rights and obligations

5.1 Units provide equal rights and obligations to their owners (Investors) with the exceptions provided by the Special Section of the Sub-Fund. Investors acquire the rights and obligations offered by the Units owned from the moment of making the entry on the ownership right to the Units in the Investors' personal securities account.

5.2 Investor has the following rights:

5.2.1 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;

5.2.2 to receive part of the Sub-Fund's assets paid out in case the Sub-Fund is wound up;

5.2.3 to receive information about the Sub-Fund as provided by the legislation;

5.2.4 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;

5.2.5 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.

5.3 The Investor has the following obligations:

5.3.1 no later than within 10 calendar 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);
- 5.3.2 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 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;
- 5.3.3 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 moment of making the Agreement but also during the entire effective period thereof;
- 5.3.4 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;
- 5.3.5 other obligations provided by the Documents, Agreement and legislative acts.
- 5.4 Each of the Investors is liable for the Sub-Funds' obligations in the amount of the Obligations.

6. Management Company's rights and obligations

- 6.1 Management Company has the following rights:
- 6.1.1 to use, manage and dispose the Sub-Fund's assets on the basis of the property trust law;
- 6.1.2 to enter into and fulfil transactions on the account and in the interests of the Sub-Fund relating to the Sub-Fund's assets management and transactions on the sale and redemption of the Units;
- 6.1.3 to receive the Management Fee and Performance Fee and to cover the costs from the Sub-Fund's assets incurred by the Management Company in relation to the management of the Sub-Fund;
- 6.1.4 to request the Investor to fulfil the obligations provided by the applicable legislation, the Documents as well as the obligations assumed under the Agreement when due;
- 6.1.5 to change the provisions of the Regulations;
- 6.1.6 to make the deductions from the Sub-Fund's assets as specified in the Regulations;
- 6.1.7 to assign part of its management functions to be performed by another company;
- 6.1.8 when signing the Agreement or at any other time within the effective period thereof, to request

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

6.1.9 to suspend the redemption of the Units in the cases and under the conditions provided by the legislation;

6.1.10 other rights provided by the Documents, Agreement and applicable legislation.

6.2 Management Company has the following obligations:

6.2.1 to act in an honest, fair and professional manner under the best conditions and to the best interests of the Fund and the Investors and to ensure the market integrity;

6.2.2 to act with care, required professional attitude and prudence;

6.2.3 to have in place and use the measures and procedures required for the activity;

6.2.4 to sufficiently reveal the related and relevant information to the Investor;

6.2.5 to seek information from the Investor and/or from other sources about the Investor's financial condition, investing experience and goals sought by using the Management Company's services;

6.2.6 to have the organisational structure in place in order to avoid the conflict of interests between the Management Company and the Investors, between the Sub-Fund and its Investors or several collective investment undertakings managed by the Management Company;

6.2.7 to have reliable administrative and accounting procedures, electronic data processing control and protection measures, and an appropriate internal control mechanism, including the rules for personal transactions in financial instruments made by the Management Company's employees, and to ensure the possibility to find out the origin of all transactions related to the Fund, the parties thereto, content, time and place of conclusion and to identify whether the assets are invested following the requirements set by the Documents and by the legislation;

6.2.8 to ensure that the persons making decisions on the investment management have the qualification

- and experience defined by the Supervisory Authority, and good repute;
- 6.2.9 to have the description of investment decision making procedure in place which, inter alia, defines the structure of the investment decisions making body and to follow it;
 - 6.2.10 to ensure that the data, documents and information relating to the transactions concluded and operations performed are stored for minimum 10 years from the date of making the investment decision, conclusion of the transaction, submission of the respective application or performance of the operation, unless a longer term for storage of documents is defined by the legislation;
 - 6.2.11 to follow the prudential and other operation requirements set by the Supervisory Authority;
 - 6.2.12 to fulfil the instructions of the Supervisory Authority;
 - 6.2.13 other obligations provided by the Documents, Agreement and applicable legislation.

7. Management of the Fund

- 7.1 The assets of the Fund are managed, used and disposed by the Management Company on the basis of the property trust law.
- 7.2 Fund is not a legal entity, and therefore Fund does not have the general meeting of the Investors, supervisory council and management bodies.
- 7.3 Following the decision of the Management Company, investment, advisory and other committees may be established and managers of individual Sub-Funds may be assigned to manage individual Sub-Funds and to supervise the management.

8. The procedure for assets evaluation, NAV calculation and publishing

- 8.1 In the calculation of the NAV, the following components (for the Fund and each specific Sub-Fund individually) are calculated individually:
 - 8.1.1 the value of the assets;
 - 8.1.2 the value of the liabilities;
 - 8.1.3 the difference between the value of the assets and of the liabilities, which represents the NAV.
- 8.2 The value of the Unit is defined by dividing the NAV by the number of all Units in circulation.
- 8.3 The total value of all Units is always equal to the NAV.
- 8.4 The NAV is calculated both in the US dollars and in euros. The NAV is published in the US dollars only.
- 8.5 The initial value of the Unit is USD 100.

- 8.6 Unit value is calculated with the accuracy of four decimal places and is rounded in accordance with the mathematical rounding rules.
- 8.7 The assets and liabilities are evaluated at their fair value.
- 8.8 The assets and liabilities are calculated following the IAS requirements and the NAV calculation procedures approved by the Management Company.
- 8.9 The assets (or part thereof) are written-off only in the following cases:
- 8.9.1 the rights to the assets (or part thereof) have been exercised;
 - 8.9.2 the rights have expired or are transferred.
- 8.10 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 euro 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.
- 8.11 Bank term deposits are evaluated at amortised cost.
- 8.12 Cash and funds held with credit institutions, except for term deposits, are taken at face value.
- 8.13 The fair value of the financial instruments traded in regulated markets and/or in a multilateral trade system is set based on:
- 8.13.1 the closing price published on the valuation date;
 - 8.13.2 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;
 - 8.13.3 in case following the criterion provided in paragraph 8.13.2 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;
 - 8.13.4 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;
 - 8.13.5 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.

- 8.13.6 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):
- 8.13.6.1 Bloomberg international news agency;
 - 8.13.6.2 respective SFP exchange website;
 - 8.13.6.3 SFP issuer's official website;
 - 8.13.6.4 Website of financial institution publishing the respective SFP quotes;
 - 8.13.6.5 Reuters international news agency.
- 8.14 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:
- 8.14.1 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);
 - 8.14.2 the accrued interest is calculated in view of the 'days calculation method' specified in the non-equity financial instrument issue documents.
- 8.15 In other cases, if the evaluation of these instruments is more precise than that following paragraph 8.13 and 8.14, 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.
- 8.16 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.
- 8.17 The first NAV calculation date is the day when the Investors transferred (invested) funds in the Sub-Funds under the Agreements.
- 8.18 NAV is calculated every business day. NAV of the previous business day is published on the website of the Management Company and/or of the Fund no later than by 17:00 of the following business day.

9. Expenses

- 9.1 The respective Sub-Fund's proceeds may be used to cover the following expenses related to its operation:
- 9.1.1 the Management Fee paid to the Management Company;
 - 9.1.2 the costs related to the services provided by the Depositary;

- 9.1.3 the fee to the assets and/or business valuers;
- 9.1.4 the Sub-Fund incorporation costs;
- 9.1.5 the costs of the Sub-Fund accounting and financial instruments evaluation services;
- 9.1.6 the fee for the audit services and consulting;
- 9.1.7 the fee to consultants for legal services and representation;
- 9.1.8 the costs of litigation and court proceedings;
- 9.1.9 other legal costs incurred by the Management Company in defending the interests of the Investors and/or the Sub-Fund;
- 9.1.10 penalties and default interest (including interest) arising out of and/or related to the liabilities of the respective Sub-Fund;
- 9.1.11 the 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);
- 9.1.12 the costs incurred by the advisory committee;
- 9.1.13 the costs incurred by the investment committee;
- 9.1.14 the costs incurred by the audit committee;
- 9.1.15 the state and municipal fees and charges;
- 9.1.16 the costs related to the acquisition, management and sale of investment objects, including without limitation the costs related to the assets lease and administration, etc.;
- 9.1.17 the costs related to the preparation of information about the Sub-Fund (including the Documents) as well as the translation and provision to the Investors;
- 9.1.18 consulting costs;
- 9.1.19 the costs related to obtaining or changing the licences and permits;
- 9.1.20 the costs related to the services provided by AB Lietuvos Centrinis Vertybinių Popierių Depozitoriumas;
- 9.1.21 the fees to notaries and registers;
- 9.1.22 the costs related to the loans received on behalf of the Sub-Fund;
- 9.1.23 the costs related to the maintenance of the property owned by the Sub-Fund;
- 9.1.24 the costs related to the Sub-Fund business and/or property development;
- 9.1.25 the costs of execution, registration and deregistration of security measures;
- 9.1.26 commission fees to intermediaries;

- 9.1.27 enforced recovery costs;
 - 9.1.28 the costs related to the insurance of persons responsible for the Sub-Fund's operation (i.e. insurance for caused damage and/or arising liability);
 - 9.1.29 the costs of the Sub-Fund's property insurance;
 - 9.1.30 the costs of the Sub-Fund and its property presentation (representation, advertising, etc.) and marketing (including without limitation the support costs);
 - 9.1.31 other costs compensated to the Management Company accrued for the benefit of its Sub-Fund.
- 9.2 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. In terms of the application of this paragraph of the Regulations, the amount of the Sub-Funds equal to their assets amount as of the last day of the calendar quarter ended before the Fund's respective obligation arose will be used.
- 9.3 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.
- 9.4 At the end of the calendar year, the amounts of the fees and costs calculated following the procedure provided by the Regulations are specified. 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. NAV is increased by the Sub-Fund's overpaid amount.
- 9.5 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.
- 9.6 Special Section intended for the specific Sub-Fund may provide for additional expenses covered only from the respective Sub-Fund's proceeds.

10. The conditions and procedure for changing the Management Company and Depositary

10.1 Management Company may be changed:

- 10.1.1 by transferring the management thereof to another management company;
- 10.1.2 in case the Supervisory Authority has withdrawn the Management Company's licence;
- 10.1.3 in case the liquidation proceedings have been initiated against the Management Company;
- 10.1.4 in case the bankruptcy proceedings have been initiated against the Management Company;
- 10.1.5 in other cases if such possibility is provided by the laws.

10.2. In case the management of the Fund is transferred to another management company following the decision of the management board of the Management Company, the Management Company is responsible for choosing another management company holding the respective licence and for the transfer of all documents and information required to take over the management of the Fund. Another management company that is taking over the management of the Fund also takes over all incorporation documents of the Fund, the documents related to the Fund, and the responsibilities, liabilities, rights and obligations provided by the Fund's regulations and by the legislation of the Republic of Lithuania.

10.3. The Depositary may be changed:

- 10.3.1 in case the Depositary fails to fulfil or improperly fulfils the liabilities provided by the agreement signed with it;
- 10.3.2 in case the Depositary does not comply with the requirements provided by the legislation;
- 10.3.3 by mutual agreement between the Depositary and the Management Company;
- 10.3.4 by order of the Supervisory Authority;
- 10.3.5 in case the Management Company intends to reduce the costs of the services provided by the Depositary;
- 10.3.6 in case the Depositary loses the right to provide Depositary services;
- 10.3.7 due to other important reasons.

10.4 By changing the Depositary, the Management Company terminates the agreement with the Depositary and signs the agreement with another person authorised to provide depositary services. The Depositary is considered to be changed from the moment when another person authorised to provide depositary services takes over the Depositary's rights and obligations and all of the Fund's assets are transferred to that person.

10.5 The information about the change of the Management Company and/or the Depositary is published on the Management Company's website.

11 The conditions and procedure for selling and redeeming Units

- 11.1 Management Company collects the Commitments individually or through the Distributors.
- 11.2 The collection of the Commitments and distribution of the Units is performed when the Investors sign one or several types of the Agreements.
- 11.3 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, the 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.
- 11.4 In the Agreement the Investor represents its irrevocable Commitment to invest the amount specified in the Agreement in the respective Sub-Fund.
- 11.5 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.
- 11.6 Investors who sign the Investment Commitment Agreements acquire the Units under the Investment Request Letters sent by the Management Company to the Investors.
- 11.7 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.
- 11.8 Special Section intended to the specific Sub-Fund may provide for the possibility to sign only one type of the investment agreements, i.e. the Entire Amount Investment Agreements only.
- 11.9 Agreement is made in a written form in three copies.
- 11.10 In case Sub-Fund has the need for cash, Management Company sends the Investment Request Letters specifying information about:
 - 11.10.1 the amount transferred to the Sub-Fund's bank account;
 - 11.10.2 other information which, in the opinion of the Management Company, is relevant.
- 11.11 Investment Request Letters specified in paragraph 11.10 of the Regulations 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.

- 11.12 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.
- 11.13 Unit sales price, which may be higher or lower than the respective Sub-Fund's NAV, is set in the Special Section intended to the respective Sub-Fund.
- 11.14 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 an entry in the Investor's personal securities account.
- 11.15 The entry in the Investor's personal securities account is the proof of ownership to the Units.
- 11.16 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.
- 11.17 The distribution of the Units may be suspended following the decision of the Management Company for important reasons.

12 Changing the Units

- 12.1 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 collective investment undertakings managed by the Management Company following the procedure set by the Management Company. The information about the procedure for changing the Units will be available to the Investors at the Management Company and at the Investors' request to the Distributors.

13 The procedure for publishing information about the fund

- 13.1 All periodic reports required under the legislation and/or other required notifications are given by the Management Company to the Supervisory Authority, the Investors and society following the procedure and within the terms set by the LCIUII and other applicable legislation.
- 13.2 Management Company's annual reports are published on the Management Company's website within the

terms and scope provided by the LCIUII and other applicable legislation.

13.3 Management Company publishes the following information on its website or on the respective Fund's website:

13.3.1 Regulations;

13.3.2 Prospectus;

13.3.3 the annual financial reports for each respective Fund and its Sub-Funds;

13.3.4 all other reports and/or notifications related to the operation of the Fund and its Sub-Funds.

14 The grounds and procedure for the revocation of the Fund

14.1 Fund is revoked once the last of its Sub-Funds has been revoked.

15 The grounds and procedure for the revocation of the Sub-Funds

15.1 Sub-Fund is revoked by dividing its assets remaining after the Sub-Funds liabilities have been fulfilled to the Investors.

15.2 Sub-Fund may be revoked in the following cases:

15.2.1 Management Company takes the decision on its revocation;

15.2.2 Sub-Fund's operating term has expired;

15.2.3 on other grounds provided by the Sub-Funds regulations;

15.2.4 on other grounds compliant with the legislation.

15.3 Once the decision has been made on the revocation of the Sub-Fund, the sale and redemption of the Units is terminated.

15.4 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.

15.5 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.

16 The procedure for amending the documents

- 16.1 The documents are adopted and amended by the decision of the Management Company in the cases provided by the LCIUII and other applicable legislation with the respective permission or approval obtained from the Supervisory Authority and/or by submitting the respective information to the Supervisory Authority.
- 16.2 In case the amendments to the documents are not essential, i.e. the Documents are just updated or only technical-procedural aspects are changed, such updates of the Documents come into effect from the date when the management board of the Management Company makes the decision to approve the updated Documents (unless a later date is specified in such decision). In this case the updated Documents are published on the website of the Management Company or of the respective Sub-Fund or are sent out individually to all Investors to the e-mail address specified in the Agreements.
- 16.3 In case the intended amendments to the Documents are considered to be substantial, the Investors are informed of such intended amendments in writing, by e-mail or by another way specified in the Agreement at least 1 month before the effective date of such amendments. Substantial amendments are considered to be amendments to the Documents that would increase the investment risk of the Sub-Fund, provide additional commitments to the Investors, reduce the Management Company's obligations and/or such amendment would otherwise negatively effect the Investors' interests and their decision to remain the Participant.
- 16.4 The Management Company's notification to the Investors on the substantial amendments to the Documents must specify the basis and content of the intended amendments and provide the explanation as to what impact the intended amendments will have on the Investors' interests and on the investments, and also state that the Investors will have the right to request for redemption of the Units without any deductions before the effective date of the substantial amendments to the Documents.

Special Section - Bismuth Balanced Fund (sub-fund)

1 The key information about the Sub-Fund

1.1 Title	'Bismuth Balanced Fund' sub-fund.
1.2 Sub-Fund 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 investment grade 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 Investing activity starting date	First business day following the first investment in the Sub-Fund
1.8 Sub-Fund operation term	Unlimited
1.9 Compliance with LCIUII requirements	Sub-Fund will comply with the following criteria set by the LCIUII: <ul style="list-style-type: none">- Sub-Fund will be intended to more than one person not related to the Management Company;- when Sub-Fund is revoked, Sub-Fund's assets will be sold to persons not related to the Management Company;- over 50 per cent 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 Definitions and abbreviations

2.1 The definitions used in the Special Section correspond to those used in the General Section. The following concepts are used in the Special Section which are not used in the General Section or have a different (special) meaning than those used in the General Section:

2.1.1 **Sub-Fund** means Bismuth Balanced Fund's sub-fund making part of the Fund.

2.1.2 **Weighted average NAV** is the value calculated according to the following formula:

$$NAV_{waver} = \frac{\sum_{i=0}^n P_i * UNT_i}{n},$$

where:

NAV_{waver} weighted average NAV

P_i NAV per unit at the end of day i

UNT_i number of units at the end of day i

n number of business day during the period for which the weighted average NAV is calculated.

3 Sub-Fund's investing strategy and restrictions

3.1 General provisions:

3.1.1 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

3.1.2 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;

3.1.3 Sub-Fund will invest 25-50% of its NAV in capital protected SFP. However, the 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;

3.1.4 Before making an investment in SFP, the Sub-Fund will interview at least 4 (four) Issuers to choose the best acceptable SFP conditions in terms of return and risk. The 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;

3.1.5 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;

3.1.6 The Sub-Fund will not use a benchmark.

3.2 Restrictions to the Sub-Fund's investing strategy:

3.2.1 The following portfolio diversification requirements are applied to the Sub-Fund's investments:

3.2.1.1 Sub-Fund can invest up to 25% of NAV in SFP issued by one Issuer;

3.2.1.2 Sub-Fund can invest up to 25% of NAV in financial instruments with higher credit risk, i.e. Credit Linked Notes (CLN);

- 3.2.1.3 Sub-Fund will invest only in SFP without leverage;
- 3.2.1.4 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 the Sub-Fund's investors.
- 3.2.2 Management Company needs to ensure that the diversification requirements provided by paragraph 3.2.1 of the Special Section 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:
- 3.2.2.1 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 the Sub-Fund complies with the diversification requirements.
- 3.2.2.2 When due to the reasons beyond the Management Company's control (e.g. changes in the market values) the market value of some of the Sub-Fund's positions making 25 per cent 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 per cent, the Management Company will seek to ensure as soon as possible that the Sub-fund complies with the diversification requirements (in any case no more than 30 per cent 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).
- 3.3 In the cases specified in paragraph 3.2.2 of the Special Section and in any other cases where the Sub-Fund diversification requirements are breached due to the reasons beyond the Management Company's control, the 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 per cent 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).
- 3.4 Sub-Fund's assets will not be used to provide guarantee or indemnity for other persons' liabilities.

3.5 Sub-Fund may borrow up to 25% of NAV provided that all borrowed capital will be used for the following goals:

3.5.1 to acquire investment objects corresponding the Sub-Fund's investment strategy; or

3.5.2 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 3.5 of the Special Section and by paying the received funds (as free funds) to the Investors through redemption of the Units held thereby).

4 Minimum invested amount

4.1 Minimum amount invested in the Units:

4.1.1 EUR 30,000 or the equivalent amount in USD if the Investors fall into the following categories:

4.1.1.1 investors who have the status of professional investors in accordance with the law of the Republic of Lithuania on Markets in Financial Instruments;

4.1.1.2 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.

4.1.2 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)).

5 Sub-Fund's management

Investment Committee

5.1 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. The 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

- 5.2 The investment decisions will be made and the daily issues related to the Sub-Fund's management will be settled by the Management Company's assigned person, i.e. Sub-Fund's permanent manager or several managers corresponding to the requirements set by the Bank of Lithuania.
- 5.3 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's manager will also perform the functions of the investment committee, i.e. will make strategic decisions.

6 Rights and obligations of the Management Company

- 6.1 Management Company has the right to make the decision to sell the Sub-Fund's investments considering the best way to ensure the Investors' interests by paying the received funds to the Investors following procedure set by the Regulations.

7 Fees and other costs calculation method, amount and payment procedure

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

- 7.1 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 following paragraph 8.6 of the Special Section) makes 5% of the weighted average NAV.
- 7.2 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.
- 7.3 Management Company collects and keeps documents evidencing the calculation of fees and other costs.
- 7.4 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

- 7.5 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.
- 7.6 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

- 7.7 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.
- 7.8 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.
- 7.9 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.
- 7.10 Performance Fee is excluded from the above-mentioned costs limit of the Sub-Fund.
- 7.11 Performance Fee is paid to the Management Company within 5 Business days after the end of a calendar month together with the management fee.

Depository fees

- 7.12 The fees for the Depository services will be paid against the invoice submitted to the Depository Management Company or directly to the Sub-Fund or by debiting this fee by the Depository directly from the Sub-Fund account opened with the Depository. The Depository costs are subject to the general maximum limit for the Sub-Fund's total costs as specified in paragraph 7.1 of the Special Section.

Auditors fee

- 7.13 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 7.1 of the Special Section.

8 Conditions and procedure for sale of Units

- 8.1 Units are offered for public placement in Lithuania and, without prejudice to the legislation applicable in the respective states, in foreign 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.
- 8.2 Investor may acquire the 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 the Sub-Fund's units following the procedure provided by the prospectus.
- 8.3 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.
- 8.4 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.
- 8.5 No distribution fee will be applied.
- 8.6 Sub-Fund has a right to pay 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 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.
- 8.7 Units may be paid up by monetary contributions only.
- 8.8 In case 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. 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 per cent annual interest on the overdue amount if the Investor informed Management Company in advance about the estimated delay; or 10 per

cent annual interest on the overdue amount if the Investor did not inform the Management Company about the estimated delay. 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.

- 8.9 In case the Investor fails to transfer the funds within 5 additional calendar days, Management Company has the right own discretion to unilaterally terminate or request to amend the Agreement.

9 Conditions and procedure for redemption of Units

- 9.1 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 also be issued in a simple written form.
- 9.2 The number of the Sub-Fund's units sold must be specified in the application to redeem the Sub-Fund's Units.
- 9.3 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.
- 9.4 Management Company settles with the Participant for the redeemed units of the Sub-Fund no later than within 5 business days from the application to redeem Sub-Fund's units receipt day.
- 9.5 In case the Management Company fails to settle with the investor within the set term, the 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.
- 9.6 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.
- 9.7 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.

10 Setting the redemption and sale price

- 10.1 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.
- 10.2 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.