

## Changes in the investment strategy and the performance fee of INVL Russia TOP20 Subfund

- The Subfund's assets will not be invested in Russian companies controlled by the Government.
- The name of the Subfund is changed.
- The amount of the performance fee and its calculation formula are changed.
- Other amendments are simultaneously made to the Rules of INVL Umbrella Fund.
- Investors are not required to take any actions but they have the right to request redemption of the investment units held by them.

Dear Client,

We are pleased to have you as one of the investors in INVL Russia TOP20 Subfund (hereinafter referred to as the **Subfund**). Taking due account of the increased risks due to the sanctions imposed on Russia and the client needs, INVL Asset Management, the management company of the Subfund (hereinafter referred to as the **Management Company**), decided to adjust the investment strategy of the Subfund and to make other amendments to the Rules of INVL Umbrella Fund (hereinafter referred to as the **Fund**). The amendments listed below together with the new wording of the Rules of the Fund will enter into force as from 30 June 2021.

### I. AMENDMENTS TO THE RULES RELATED TO THE OPERATIONS OF THE SUBFUND

#### Investment strategy

The new description of the investment strategy defines that the Subfund's assets may be invested only in financial instruments of the companies operating in the Russian Federation and other CIS countries (including the former CIS countries), except for state-controlled companies. State control shall be deemed to mean a holding of more than 20 per cent of the shares of a company. This means that the Subfund will be unable to invest in governmental enterprises as from 30 June 2021.

This amendment is aimed at ensuring that investments are made in enterprises that are not controlled by the State and are managed in a more effective and transparent manner and, therefore, are more attractive in the long-term. The new strategy will also allow to increase investments in new economy (information and financial technologies, e-trade, etc.) companies the weight and the value of which in the economy are rapidly growing. Based on the assessment of the Management Company, the growth potential of private companies should be higher and the Subfund's portfolio should be more stable in the long-term.

#### Change of the name of the Subfund

Due to the aforementioned changes, the name of the Subfund is changed and as from 30 June 2021 it will be **INVL Russia ex-Government Equity Subfund**.

#### Changes of the performance fee

Upon the entry into force of the new wording of the Rules, the performance fee will be 20 % on the growth of the Subfund's net asset value exceeding the 8% hurdle rate over the past three years. The current 15 % performance fee is calculated on the basis of a simple increase in value. Until the lapse of three years from the entry into force of the new wording of the Rules, the 8 % hurdle rate criterion will be applied only from the entry into force of the new wording of the Rules, i.e. the hurdle rate will not be applied retrospectively. In the opinion of the Management Company, the adjusted formula for the calculation of the performance fee which introduces additional criteria will ensure that the performance fee is applied to clients only in such cases where the Subfund steadily generates a high return in the medium term.

Just like until now, the increase in the net asset value will be calculated according to the high watermark principle. The highest peak in value reached since the entry into force of the new wording of the Rules will not be recalculated, i.e. the historical highest peak will be further used.

#### Other changes

##### Other expenses

Expenses to be covered from the Subfund's assets are supplemented with the fees to the Supervisory Authority for the supervision of financial market participants and to providers of financial indices used in the Subfund's benchmark index for the information and historical data on the index composition. These new fees are added to other expenses to be covered from the Subfund's assets the maximum amount of which does not change and stays at 1 per cent on the Subfund's average annual net asset value. The list of conditions and cases in which the Subfund's assets would be used to cover legal expenses was supplemented.

##### Maximum rate of the distribution fee

The maximum possible rate of the distribution fee is reduced from 5 per cent to 2 per cent. The actual rate of the distribution fee remains unchanged.

Purchase, switch and sale of investment units

The cut-off time for applications to purchase, switch and sell the investment units of all the subfunds comprising INVL Umbrella Fund is changed from 24:00 hrs to 11:00 hrs. This means that applications that are received by 11:00 hrs and paid by 23:59 hrs on the same day will be satisfied at the value as of the submission date, and applications received after 11:00 hrs and paid by 23:59 hrs on the same day will be carried out based on the value as of the nearest business day. If the application receipt and payment dates differ, applications will be carried out at the value effective as of the payment date. Further information on the Application Submission and Carrying Out Rules is provided in the Prospectus of the Subfund which is available on the website: [www.invl.com](http://www.invl.com)

## II. OTHER AMENDMENTS TO THE RULES OF THE FUND

INVL Emerging Europe Bond Subfund

As from 30 June 2021 INVL Emerging Europe Bond Subfund will become a feeder subfund which will invest at least 85 % of its net assets into the investment units of the subfund *INVL Emerging Europe Bond Fund* of the umbrella investment fund *INVL Fund* established in the Grand Duchy of Luxembourg. The investment strategy of the subfund established in Luxembourg will be consistent with the current investment strategy of INVL Emerging Europe Bond Subfund in terms of its principal direction, under which up to 100 per cent of its assets will be invested in sovereign and corporate debt securities in Emerging Europe. The fund managers of UAB INVL Asset Management will make investment decisions for INVL Emerging Europe Bond Fund, a subfund established in Luxembourg.

Taking due account of the establishment of a new structure, as from 30 June 2021 the management fee of INVL Emerging Europe Bond Subfund will be reduced to 0.45 % of the average annual net asset value (currently, it stands at 1 %).

In addition, as from 30 June 2021, the definition of the business day of INVL Emerging Europe Bond Subfund will be changed – the business day of this Subfund will be any calendar day, excluding public holidays and rest days in Lithuania, the Grand Duchy of Luxembourg and the State of Hessen, Germany. This change is relevant for investors who want to switch their investment units into or from the units of the other subfund comprising INVL Umbrella Fund, as the switch of investment units will be carried out only on the business days of both subfunds. As from 30 June 2021, all non-business days of INVL Emerging Europe Bond Subfund in 2021 will be available on the website: [www.invl.com](http://www.invl.com).

INVL Global Emerging Markets Bond Subfund

The list of trading markets of INVL Global Emerging Markets Bond Subfund is supplemented with nine countries and stock exchanges. The assets of INVL Global Emerging Markets Bond Subfund can also be invested in debt securities issued by the companies operating in the countries included in the list of stock exchanges if these financial instruments are traded on the markets regulated by the Member States of the Organisation for Economic Cooperation and Development or the European Union, or by the developed countries according to the MSCI (Morgan Stanley Capital International) classification. The former wording is supplemented with the underlined part.

In addition, other wording-related amendments or adjustments were made to the Rules of the Fund.

## III. RIGHT OF REDEMPTION OF INVESTMENT UNITS

Investors have the right to request redemption of the Subfund's investment units held by them until 29 June 2021 (inclusive). Just like until now, no redemption fee will be applicable.

## IV. OTHER RELEVANT INFORMATION

The documents of the Fund being amended (the Rules and the Prospectus) and the Key Investor Information document are available on the website [www.invl.com](http://www.invl.com), at the registered office of the Management Company at: Gynėjų g. 14, 01109 Vilnius, or by e-mail: [info@invl.com](mailto:info@invl.com).