

INVL LIFE, UŽDAROJI AKCINĖ DRAUDIMO BENDROVĖ  
 RULES OF THE INVESTMENT BASKET  
 INVL EMERGING MARKETS DEBT, VALID AS OF 28 APRIL 2022

## I. MAIN TERMS AND CONDITIONS OF THE INVESTMENT BASKET

1. **Name of the investment basket** - INVL Emerging Markets Debt
2. **Target market of the investment basket** - emerging market fixed income investments
3. **Insurance company and provider of the investment basket** – INVL Life, uždaroji akcinė draudimo bendrovė (hereinafter “Insurance Company”)
4. **Asset manager of the investment basket** - INVL Life, uždaroji akcinė draudimo bendrovė or assigned another asset manager (“Asset Manager”).
5. **Start date of the investment basket’s investment activities** – 1<sup>st</sup> of July 2022 (planned and will be revised)
6. **Calculation of the price of the investment basket unit** – a price is calculated for the investment basket on each working day
7. **The annual management fee of the investment basket** - 0.00%

## II. INVESTMENT BASKET

8. The investment basket is an investment object owned by the Insurance Company that may be linked to a unit-linked life insurance policy (hereinafter “Contract”) specified by the Insurance Company, where the assets of the investment basket are invested according to the investment strategy detailed below.
9. The investment basket does not distribute its profit. Instead, any profit increases the price of the unit. The return of the investment basket depends on the performance of the underlying assets in the investment basket.
10. The Insurance Company defines the rules for the investment basket taking into account legislation requirements for investment basket’s assets under management (for ex. set diversification requirements).
11. Unless otherwise provided in these rules, the regulations concerning investment baskets in the unit-linked product insurance terms and conditions (hereinafter “the Contract terms and conditions”) apply to the investment basket.

## III. THE INVESTMENT STRATEGY OF THE INVESTMENT BASKET

12. A fixed-income strategy that aims to achieve a return above the typical return of fixed-income investment products. This is achieved by selecting debt securities or equivalent investment objects, usually collective investment undertakings.
13. The majority of assets are invested in debt securities of governments, municipalities and companies of developing countries (stock exchanges and markets), named by the credit analysis as the most credit worthy. Derivatives can be used to hedge against currency exchange rate change risk. The assets are currently invested in INVL Global Emerging Markets Bond Subfund.
14. The investment basket may also include cash.
15. The Insurance Company or Asset Manager can use the assets of the investment basket for trading in the marketplace of his choice.
16. Any dividends paid by the financial instruments and other returns are added to the price of the investment basket and reinvested in the financial instruments according to the Investment Decision Execution Policy.
17. The Insurance Company is entitled to temporarily deviate from the approved investment strategy when the market situation changes unpredictably, due to *force majeure*, a political event or for some other objective circumstances. The Insurance Company shall ensure the situation is rectified as quickly as possible in accordance with the investment strategy, while taking the shared interests of

the clients into account. Such occasional deviations to the approved investment limits due to changes in the price of the financial instruments are not regarded as exceptions to the investment strategy.

## IV. RISK PROFILE OF THE INVESTMENT BASKET

18. The investment basket is exposed to the fixed income markets’ return risk and capital risk. Return risk and capital risk mean that investors may lose the capital that they have invested as well as the returns in part or in full. The investment basket does not have a capital guarantee.
19. The value of the investment basket is calculated regularly at the market values of the financial instruments it contains. Changes in the equity, foreign exchange, fixed income and alternative investment markets are reflected in the value of the basket, which can vary substantially in the short term.
20. The investment basket’s value is calculated in euros. The investor (hereinafter “Policyholder”) bears the foreign exchange risk for investments other than those denominated in euros. The investment basket is not covered by the Fund of Liabilities to Investors or the Deposit Insurance Fund.

## V. TARGETED INVESTORS

21. The investments basket suits investors who seek a higher return than those for fixed income investments in the long term and accept the risk of losing capital and returns.

## VI. INVESTMENT BASKET’S FEES AND EXPENSES

22. The annual management fee of the investment basket is 0.00%.
23. The investment basket’s annual management fee and possible other expenses associated with the investment basket’s direct investments, including safe custody expenses, subscription and redemption fees, trading costs and any taxes and other charges will be deducted daily from the value of the investment basket when the price of the unit is calculated; they will not be charged separately from the Policyholder. Fees for mutual funds, investment baskets and other financial instruments that may be the investment targets will be charged. These fees are taken into account in unit price calculations.

## VII. CALCULATION OF THE INVESTMENT BASKET’S VALUE

24. The Insurance Company (or Asset manager) calculates the value of the investment basket.
25. The value of the investment basket is calculated by deducting the expenses of the investment basket from its assets, including management fee and expenses associated with investments. The value of the investment basket is expressed in euros.
26. The assets and liabilities of the investment basket denominated in other currencies are converted into euros on the basis of the reference rate for the euro and foreign exchange rates published by the European Central Bank.
27. Securities, money market instruments and standardized derivative contracts included in the investment basket are valued at the market value.
28. The units of investment funds and units issued by collective investment undertakings are valued at the last available price of the unit.
29. Deposits are valued by adding accrued interest to the deposit amount.

30. Other financial instruments and investment objects, as well as financial instruments and investment objects whose current market value is not known, are assessed using objective criteria. A more detailed valuation of financial instruments and investment objects is specified in the Insurance Company's internal valuation methodology for investment objects.
31. A value is calculated for the investment basket for the days those Lithuanian banks are generally open (working days). Based on any changes, market disturbances or other similar reasons possibly affecting the investment basket's investments, the Insurance Company (Asset Manager) can interrupt the calculation of the investment basket's value until the calculation of the value can be carried out normally.

### VIII. CALCULATION OF THE UNIT PRICE OF THE INVESTMENT BASKET

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32. The price of the investment basket unit is calculated by dividing the value of the basket by the number of investment basket units in circulation.
33. The unit price of the investment basket may be divided into fractions. The number of investment basket's units and the unit price are rounded to 4 decimal places. The unit price of the investment basket is expressed in euros. The latest unit price of the investment basket is available from the Insurance Company and on the Insurance Company's website.

### IX. LINK BETWEEN INVESTMENT DIRECTION AND CONTRACT AND ASSOCIATED RESTRICTIONS

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34. Investment basket is linked to the Contract only for the purpose of calculation of capital accumulated in the Contract.
35. The subscription of the investment basket's units means tying a new payment after corresponding fees deduction under the customer's Contract or of already existing savings to the price of the investment basket's unit. The redemption of the investment basket units means the withdrawal of the Contract's savings tied to the investment basket or their transference to another investment basket.
36. The Insurance Company is entitled to refuse to execute the Policyholder's investment order due to linking the Contract with the investment basket. The Insurance Company has the right to limit the number of investment baskets selected in the Contract, the combination with other investment baskets offered by the Insurance Company or to determine the minimum number of units or the minimum amount in euros that may be linked to the Contract at any time.
37. The redemption price of the investment basket unit coincides with the price of the unit.
38. Investment assignments are executed in the order in which they are submitted.
39. The investment assignment can only be cancelled with the approval of the Insurance Company.
40. The Insurance Company is entitled to restrict investment basket unit redemptions and subscriptions due to market disturbances or other similar reasons, or if the restriction is deemed necessary to protect the interests of other Policyholders. Such a situation can arise, for example, due to a market disturbance, as a result of which the valuation and realization of the Investment Basket's investments and value calculation of the Investment Basket cannot be carried out reliably.
41. Investment risk borne by Policyholder as well covers such situations when investment basket unit redemptions and subscriptions are temporarily or permanently suspended by Insurance Company, Asset manager or state institution, as well as cases of suspension of investment basket unit valuation (unit price is not calculated on a particular day and it is determined later). In such cases investment unit price is calculated, Policyholder's investment orders or other transactions in respect to the Contract are executed as soon as subscription/redemption of investment units is reopened and unit price available.
42. The Insurance Company is entitled to change the Asset Manager of the investment basket and make changes to the rules of the investment basket. Changes are reported on the Insurance Company's website.

### X. TERMINATION OF THE INVESTMENT BASKET

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43. The Insurance Company is entitled to terminate the investment basket or to merge it with other investment basket, owned by the Insurance Company. Policyholders' notification procedure is set in the Contract terms and conditions.

### XI. OWNERSHIP OF AND RIGHTS TO THE INVESTMENT BASKET AND ITS UNITS

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44. The Policyholder or beneficiaries do not have title or other rights to the investment basket or to its units linked to the Contract. The Insurance Company holds the title to the units of the basket and the financial instruments belonging to the basket linked to the Contract.

### XII. TAXES AND PAYMENTS TO AUTHORITIES

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45. If the investment basket or financial instruments in the basket are subject to direct or indirect taxes under a law or an order issued, or other fees imposed by the authorities, and which are payable by the Insurance Company, the Insurance Company is entitled to charge the corresponding sum from the investment basket's asset.
46. The investment basket's financial instruments may be subject to tax costs, which affect the price of the financial instrument's or investment basket's value.

### XIII. RISKS ASSOCIATED WITH THE INVESTMENT BASKET

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47. **MARKET RISK**  
Financial instruments are affected by market risk, i.e. risk which is caused by general economic development, in other words factors that affect the overall performance of companies operating on the markets and/or that the value of the investment changes as a result of changes in the economic outlook.
48. **RETURN RISK**  
The performance of the investment basket is dependent on the performance of the target market, which may vary during the investment period. No guarantees can be made concerning the performance of the target market. The past performance of investments is no guarantee of future performance. Investing in the investment basket is not the same as investing directly in the target market.
49. **INTEREST RATE RISK**  
Interest rate risk results from the value of the investment basket changing due to a change in the market interest rates.
50. **CREDIT RISK**  
Credit risk means a loss or the weakening of the financial position because the issuer of a security or other debtor fails to meet his or her obligations. If the credit risk materializes, the investor bears the risk of losing the investment entirely or in part.
51. **COUNTERPARTY RISK**  
Counterparty risk arises due to the other party in a financing or derivative contract and materializes if the counterparty is unable or unwilling to meet his or her obligations. If the counterparty risk materializes, the market value of the contract concluded with the counterparty is subject to risk. The investor bears the risk of losing the investment entirely or in part if the counterparty risk materializes due to the insolvency of the derivative counterparty prior to the redemption of the investment.
52. **FOREIGN EXCHANGE RISK**  
If the financial instruments include investments other than euro denominated investments, changes in exchange rates may affect the performance of the financial instrument.
53. **LIQUIDITY RISK**  
The markets' liquidity risk means that investments cannot be or cannot easily be realized or covered at the current market price or that a value cannot be determined for the investments due to the markets' lack of depth or because the markets are not working due to disturbance. The value of an investment may need to be defined

in an exceptional manner at an exceptional time as the result of a market disturbance.

### XIV. RISK AND OBSERVATIONS RELATED TO UNIT-LINKED CONTRACT INSURANCE

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54. Risk is always inherent in investment activities. The performance of unit-linked insurance policies is based on the performance of the investment baskets selected by the Policyholder. The value of the investment basket may rise or fall and the Policyholder bears the risk of the financial consequences of his or her investment decisions and of losing his or her insurance savings. The Policyholder should take into account that the past performance of investments is no guarantee of future performance.
55. The information and calculations concerning the returns, fees and expenses for the investment basket do not take into account the Contract fees.
56. The investment basket is not covered by Fund of Liabilities to Investors or the Deposit Insurance Fund.
57. Policyholders independently decide on the selection of investment baskets in accordance with their own investment objectives and bear the risk of a decrease or loss in the value of the capital accumulated under the Contract.
58. Neither the Insurance Company (Asset manager) nor its agents are liable for the performance of the investments, or the selection of the investment baskets linked to the Contract.
59. Policyholders must carefully familiarize themselves with precontractual information, the Contract terms and conditions, price lists, key information documents and other information relating to the investment baskets before conclusion or change of the Contract or selecting or changing investment basket.
60. Changes in legislation, other regulations and official procedures or the decisions of courts of law can affect the business operations, financial position and performance of the Insurance Company as well as the market value of the investments in the investment basket. Additionally, the investor bears the risk of changes in taxation affecting taxation of the Contract or benefits under them.
61. If there is conflict between the terms and conditions in other language and in Lithuanian, the Lithuanian version shall prevail.

### XV. PRE-CONTRACTUAL SUSTAINABILITY DISCLOSURE

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62. INVL Emerging Markets Debt doesn't promote any specific environmental, social and governance (ESG) characteristics or have a sustainable investment objective. The INVL Emerging Markets Debt considers sustainability risks through the analysis of ESG criteria when assessing investment risks and opportunities, but may invest in issuers with low ESG profile.
63. However, the INVL Emerging Markets Debt may have investments that focuses on companies that meet specific criteria, including ESG scores, and/or relate to certain sustainable development themes and demonstrate adherence to environmental, social and corporate governance practices. Accordingly, such investments may conclude smaller part of total assets compared to other investments, which do not meet specific sustainability criteria. Such investment may (i) underperform the market as a whole if such investments underperform the market and/or (ii) underperform relative to other investments that do not utilize ESG criteria. Insurance company (Asset Manager) of Investment Basket may sell investments for ESG related concerns that both are performing and subsequently perform well.
64. INVL Emerging Markets Debt does not currently consider the principal adverse impacts of investment decisions on sustainability factors. This is principally because of a lack of consistent, accessible and accurate data from the underlying portfolio investments, and no agreed framework for reporting across the industry. The Insurance Company will review this position regularly and will update investors accordingly with relevant information, should the position change. INVL Emerging Markets Debt does not take into account the EU criteria for environmentally sustainable economic investments as defined by the Taxonomy Regulation. However, it cannot be excluded that some investments might be aligned with the Taxonomy Regulation criteria for environmentally sustainable economic activities.