

Report January–June 2012

Finasta Russia TOP20 Subfund

## I. GENERAL INFORMATION

### 1. Finasta Russia TOP20 Subfund (hereinafter – Subfund) information:

Name	Finasta Russia TOP20 Subfund
Date of the Commission's agreement for collective investment undertaking forming for documentation	October 29, 2010

### 2. Reporting period covered by this report:

From 1 January, 2012 to 30 June, 2012.

### 3. Information on the Management Company:

Name	Finasta Asset Management UAB
Company code	126263073
Registered office (address)	Maironio str. 11, Vilnius LT 01124
Phone number	1813
Fax number	+370 5 203 22 44
E-mail	info@finasta.com
Website	www.finasta.com
Activity license number	VJK-005
Collective investment undertaking's manager, other parties making investment decisions	Andrej Cyba, Director General, Member of the Board; Petras Kudasas, Head of Treasury and Investment Department; Vitalijus Šostak, Head of Fund Management Department, a member of the Board; Tomas Krakauskas, Head of Portfolio Management Department.

### 4. Information on the depository:

Name	SEB bankas AB
Company code	112021238
Registered office (address)	Gedimino ave. 12, Vilnius LT 01103
Phone number	+370 5 268 28 00
Fax number	+370 5 268 23 33

## II. NUMBER AND VALUE OF NET ASSETS, INVESTMENT ITEMS OR SHARES

### 5. Number and value of net assets (hereinafter NA) and investment items (shares):

	At the beginning of the reporting period	At the end of the reporting period	Year before, 30 June, 2011	Two years before 30 June, 2010
Net assets value (NAV), LTL	13.630.187,5143	13.461.326,6382	19.127.590,4228	-
Investment item (share) value, Lt	77,2478	79,9793	94,9646	-
Number of investment items (shares) in circulation	176.447,4748	168.310,0783	201.418,0624	-

### 6. Number and total conversion amount of the distributed and redeemed investment items or shares during the reporting period:

	Number of investment items	Value, LTL
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Distributed (converting monetary funds into investment items)	12.076,8520	1.032.371,11
Redeemed (converting investment items into monetary funds)	20.214,2485	1.762.693,01

### III. EXPENSE AND TURNOVER INDICES OF COLLECTIVE INVESTMENT UNDERTAKING

#### 7. Deductions from the collective investment undertaking assets:

Deductions	Fee ratio		Fee amount calculated over the reporting period, LTL	% of the average net assets value over the reporting period
	Maximum as specified in foundation documents	Applied during the reporting period		
Management fee				
Fixed fee	1.5% of the average annual NAV of the Subfund	1.5% of the average annual NAV of the Subfund	112.595,14	0,75%
Success fee	15% of Subfund NAV growth	15% of Subfund NAV growth	-	0,00%
For the depository	Not exceeding 0,5% of the average annual NAV	Not exceeding 0,5% of the average annual NA value	24.264,72	0,16%
Transactions' expenses	Not exceeding 1% of the value of transactions executed	Not exceeding 1% of the value of transactions executed	48.891,90	0,33%
Other expenses (distribution fee )	2% of the Subfund instrument value	2% of the Subfund instrument value	4.653,88	0,03%
Other expenses (change fee)	0.25% of the changed Subfund instruments value	0.25% of the changed Subfund instruments value	1.520,70	0,01%
For audit	Total amount of remuneration for the audit company and financial entities cannot exceed 1% of the average annual NAV of the Fund	Total amount of remuneration for the audit company and financial entities cannot exceed 1% of the average annual NAV of the Fund	6.098,02	0,04%
Other expenses (third parties fee)			4.815,94	0,03%
Other expenses (bank services)			300,00	0,00%
Other expenses (legal expenses)	Not exceeding 1% of the average annual NAV of the Umbrella Fund	Not exceeding 1% of the average annual NAV of the Umbrella Fund	-	0,00%
Total amount of expenditure				203.140,30

#### 8. Intermediary fee:

Intermediary name	Description of services provided	Remuneration for services, LTL 06/30/2012	Remuneration for services, LTL 06/30/2011	Intermediary's connection with the Management Company
Finasta bank AB	Commission fee for intermediation in securities transactions	48.891,90	71.405,84	The supervisory person of the Management Company and the intermediary supervisory person is one and the same
Total	***	48.891,90	71.405,84	***
Total	***			***

9. Information about all existing agreements on sharing of fees and hidden commissions:

The Management Company did not conclude any formal or informal agreements on fee sharing during the reporting period. No hidden commission fees were charged to the Fund.

10. An example that illustrates the influence of deductions on the final return of investment that falls on the investor:

Information is provided in the annual report.

#### IV. INFORMATION ABOUT PORTFOLIO OF INVESTMENT INSTRUMENTS OF COLLECTIVE INVESTMENT UNDERTAKING

##### 11. Composition of the investment instruments portfolio at the end of the reporting period:

Issuer name	Country	ISIN Code	Quantity, units	Total nominal value	Total acquisition value	Total market value	Market, according to which data the market value has been established(website)	Vote share of the issuer, %	Share of NA, %
Equity securities listed in the Official or corresponding trading list									
Total:									
Equity securities listed in the Supplementary or corresponding trading list									
Total:									
Equity securities traded in other regulated markets									
Veropharm	RU	RU000A0JL475	7.945	664,6549	833.577,05	500.152,79	www.misex.ru	0,0795	3,7155
Bank of St. Petersburg preferred shares	RU	RU000A0JQHT6	52.540	4.395,339	565.541,60	307.761,62	www.misex.ru	0,0616	2,2863
Acron JSC	RU	RU0009028674	5.100	2.133,254	545.892,70	496.152,10	www.misex.ru	0,0107	3,6858
Sberbank	RU	RU0009029540	122.000	1.011.038	1.068.126,58	896.454,05	www.rts.ru	0,0006	6,6595
M Video	RU	RU000A0JPGA0	49.745	41.615,17	1.051.830,62	924.106,57	www.misex.ru	0,0277	6,8649
Kazmunaigas GDR	KZ	US48666V2043	13.771	0	736.013,57	642.893,08	www.kmgep.kz	0,0033	4,7759
AMTEL Vredestein NV	RU	US03235R1014	50.000	0	563.581,59	0,00	www.rts.ru	0,0732	0
Lukoil GDR	RU	US6778621044	4.000	276,24	637.778,36	616.015,20	www.rts.ru	0,0005	4,5762
Gazprom GDR	RU	US3682872078	32.643	1.803.460	251.456,47	850.331,61	www.rts.ru	0,0006	6,3168
Rosneft Oil GDR	RU	US67812M2070	0	0	404.915,17	0,00	www.lse.co.uk	0	0
Tatneft - Sponsored ADR	RU	US6708312052	3.000	8.287,2	193.881,85	278.035,56	www.lse.co.uk	0,0008	2,0654
Avangardco Investments Public Ltd. - GDR	UA	US05349V2097	26.833	0	942.181,98	737.528,62	www.lse.co.uk	0,0429	5,4789
Novatek OAO GDR	RU	US6698881090	2.750	759,66	510.166,25	805.239,60	www.lse.co.uk	0,0009	5,9819
Surgutneftegas - GDR	RU	US8688612048	29.500	0	681.588,32	673.928,92	www.lse.co.uk	0,0008	5,0064
Severstal GDR	RU	US8181503025	11.073	305,8806	246.786,86	358.797,89	www.lse.co.uk	0,0011	2,6654
VTB Bank GDR	RU	US46630Q2021	52.000	21.546.720	413.509,79	507.066,14	www.rts.ru	0,001	3,7668
Sberbank ADR	RU	US80585Y3080	14.000	116.020,8	132.804,68	415.741,20	www.lse.co.uk	0,0003	3,0884
Mobile TeleSystems ADR	RU	US6074091090	9.900	5.469,552	355.189,62	470.381,47	www.rts.ru	0,001	3,4943
Federal Grid Co	RU	RU000A0JPNN9	24.500.000	1.024.798	621.934,92	401.106,04	www.micex.com	0,002	2,9797
MMC Norilsk Nickel ADR	RU	US46626D1081	6.500	17.955,6	269.450,85	296.626,51	www.lse.co.uk	0,0003	2,2035
Pharmstandard GDR	RU	US7171402065	10.572	29.204,09	600.211,89	416.158,32	www.lse.co.uk	0,007	3,0915

AK Transneft OAO	RU	RU0009091573	150	12,54855	760.673,85	592.831,15	www.micex.com	0,0096	4,404
Bank of Georgia Holdings PLC	GE	GB00B759CR16	11.626	501,1271	754.990,92	536.707,13	www.lse.co.uk	0,0324	3,987
Bank Vozrazhdenie	RU	RU0009084214	9.000	7.529,13	518.134,50	403.862,53	www.micex.com	0,0379	3,0002
CTC Media, Inc.	RU	US12642X1063	24.111	666,0423	705.966,42	536.830,06	www.nasdaq.com	0,0435	3,9879
Total:			25.048.759		14.366.186,40	12.664.708,16			
Issued new equity securities									
Total:			0		0,00	0,00			
Total of equity securities:			25.048.759		14.366.186,40	12.664.708,16			

Issuer name	Country	ISIN Code	Quantity, units	Total nominal value	Total acquisition value	Total market value	Interest rate	Redemption / conversion date	Share of NA, %
Non-equity securities listed in the Official or corresponding trading list									
Total:									
Non-equity securities listed in the Supplementary or corresponding trading list									
Total:									
Non-equity securities traded in other regulated markets									
Total:									
Issued new non-equity securities									
Total:									
Total of non-equity securities:									

CIU name	Country	ISIN Code	Quantity, units	Manager	Total acquisition value	Total market value	Market, according to which data the market value has been established(website)	CIU type*	Percentage NA, %
CIU items (shares) following requirements of Article 61 of the Law on Collective Investment Undertakings									
Total:									
Items (shares) of other collective investment undertakings									
Total:									
Total CIU items (shares):									

\*CIU 1 – CIU, which investment strategy intends to invest up to 100 percent of net assets into non-equity securities;  
CIU 2 – CIU, which investment strategy intends to invest into mixed (balanced) investments;

CIU 3 – CIU, which investment strategy intends to invest up to 100 percent of net assets into equity securities;  
CIU 4 – CIU, which investment strategy intends to invest up to 100 percent of net assets into money market instruments;  
CIU 5 – other CIU (alternative investment, private capital, real estate, raw materials, etc.).

Issuer name	Country	Instrument name	Quantity, units	Currency	Total market value	Interest rate	Termination date	Share of NA, %
Money market instruments traded in regulated markets								
Total:			0					
Other instruments of money market								
Total:			0					
Total of money market instruments:								

Credit institution name	Country	Currency	Total market value	Interest rate	Termination of the deposit period	Share of NA, %
Deposits in credit institutions						
Total of deposits in credit institutions:			0,00			

Instrument name	Issuer	Country	Other part of the transaction	Currency	Investment transaction	Transaction value	Total market value	Market name (website)	Termination date	Share of NA, %
Derivative financial instruments traded in regulated markets										
Total:					0					
Other derivative financial instruments										
Total:					0					
Total of derivative financial instruments:					0					

Bank name	Currency	Total market value	Interest rate	Share of NA, %
Money				
AB SEB Bankas_LTL	LTL	122.796,22	0,00	0,912
AB SEB Bankas_USD	USD	265.143,52	0,00	1,970
AB SEB Bankas_RUB	RUB	47.469,66	0.00	0,353
AB SEB Bankas_GBP	GBP	377.945,10	0.00	2,808
Total amount of money:		813.354,50		

Name	Short description	Total value	Purpose	Share of NA, %
Other instruments not described in the Law on Collective Investment Undertakings , Article 57 (1)				
Accounts receivable		20.121,98		0,150
Accounts payable		(36.858,00)		(0,274)
Total:		(16.736,02)		



## 12. Allocation of investment assets according to criteria corresponding with the investment strategy:

### According to investment objects

Allocation of investment assets	Market value	Share of assets, %	Market value at the start of the reporting period	Share of assets at the start of the reporting period, %
Shares	12.664.708,16	93,97	13.422.820,09	98,48
Government debt securities	-	-	-	-
Corporate debt securities	-	-	-	-
Collective investment instrument	-	-	-	-
Money market instruments	-	-	-	-
Deposits	-	-	-	-
Derivative financial instruments	-	-	-	-
Money in credit institutions	813.354,50	6,03	248.908,85	1,83
Other instruments	-	-	-	-
Total:	13.478.062,66	100,00	13.671.728,94	100,30

### By sector

Investment allocation	Market value	Share of assets, %	Market value at the start of the reporting period	Share of assets at the start of the reporting period, %
Energy sector	4.459.275,12	33,09	6.173.496,15	45,30
Materials sector	1.151.576,50	8,54	2.685.734,54	19,71
Financial services	3.067.592,67	22,76	2.187.457,48	16,06
Everyday consumer goods and services	737.528,62	5,47	386.985,91	2,85
A choice of consumer goods and services	1.460.936,63	10,84	585.538,50	4,31
Telecommunication	470.381,47	3,49	583.883,20	4,29
Health care	916.311,11	6,80	584.889,10	4,30
Utilities	401.106,04	2,98	234.835,21	1,73
Total:	12.664.708,16	93,97	13.422.820,09	98,55

### By currency

Investment allocation	Market value	Share of assets, %	Market value at the start of the reporting period	Share of assets at the start of the reporting period, %
Lithuania LTL	122.796,22	0,91	165.530,14	1,21
United States of America USD	8.767.171,75	65,05	9.293.413,10	68,18
Russia RUB	3.673.442,46	27,25	2.999.840,48	22,01
Great Britain GBP	914.652,23	6,79	1.212.945,22	8,90
Total:	13.478.062,66	100,00	13.671.728,94	100,30

### As per geographic zone

Investments' distribution	Market value	Share in assets, %	Market value at the beginning of the reporting period	Share in assets at the beginning of the reporting period, %
Lithuania	813.354,50	6,03	248.908,85	1,82
Russia	10.747.579,33	79,74	11.273.322,36	82,70
Ukraine	737.528,62	5,47	386.985,91	2,83
Great Britain	-	-	696.957,53	5,10
Turkmenistan	-	-	515.987,69	3,78
Georgia	536.707,13	3,98	-	-
Kazakhstan	642.893,08	4,77	549.566,60	4,02

Total:	13.478.062,66	100,00	13.671.728,94	100,30
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By issuer type

Investment allocation	Market value	Share of assets, %	Market value at the start of the reporting period	Share of assets at the start of the reporting period, %
Government of the Republic of Lithuania	-	-	-	-
Governments of other countries	-	-	-	-
Companies registered in the Republic of Lithuania	-	-	248.908,85	1,82
Companies registered not in the Republic of Lithuania	12.664.708,16	93,97	13.422.820,09	98,48
Collective investment undertakings registered in the Republic of Lithuania	-	-	-	-
Collective investment undertakings registered not in the Republic of Lithuania	-	-	-	-
Other	-	-	-	-
Total:	12.664.708,16	93,97	13.671.728,94	100,30

13. Transactions of derivative financial instruments that were executed during the reporting period; except the ones provided in Clause 11 of this report:

No such transactions were executed during the reporting period.

14. Types of the derivative financial instruments, their risks, quantitative limits and methods that are used to evaluate the collective investment undertaking risk related to transactions of derivative financial instruments are provided in Clause 11 of the Annex. Methods by which the derivative financial instrument can protect the transaction (position) of investment instruments against risk:

No transactions with derivative financial instruments were concluded or executed during the reporting period.

15. Total value of liabilities resulting from the transactions of derivative financial instruments at the end of the reporting period:

At the end of the reporting period no transactions with derivative financial instruments that would result in liabilities were concluded.

16. Risk extent for derivative financial instruments accepted by the master collective investment undertaking after transactions:

16.1. The sum of the direct potential risk extent of the feeder collective investment undertaking and the actual derivative financial instruments risk of the master collective investment undertaking that is proportional to the feeder collective investment undertaking investments to the master undertaking:

The collective investment undertaking is a non-master investment undertaking.

16.2. The sum of the direct potential risk extent of the feeder collective investment undertaking and the extent of potential maximum risk that was taken by the master collective investment undertaking according to transactions on derivative financial instruments and that was determined in the founding documents of the master collective investment undertaking and that is proportional to the feeder collective investment undertaking investments to the master undertaking:

The collective investment undertaking is non-master investment undertaking.

17. Provide an analysis on how the investment instruments portfolio complies (does not comply) with the investment strategy of the collective investment undertaking (direction of investments, specialization of investments, geographical area, etc):

The investment portfolio of the Fund complies with the Fund investment strategy.

Russia Top20 Fund strategy: funds are invested in shares of the companies that operate in the Russian Federation. No more than 33% of the Subfund funds can be invested in other companies that operate in other CIS countries (including ex-members of the CIS).

Fund portfolio consists of 15–25 different companies' shares. A little diversified portfolio allows ensuring maximum control over the chosen positions and effective fund structure.

18. Name the factors that were most influential on the structure and value changes of the investment instruments portfolio during the reporting period:

The most influential on the value change of the fund's investment portfolio were the costs of financial instruments market.

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

19. Comparative index (if selected) and a brief description of it:

Information provided in the annual report.

20. Change in the value of investment instruments (shares) of the same period, annual return (gross and net) on the investment instruments portfolio and change in the value of the comparative index (if selected) and other indicators over the last ten years of operation of the Fund:

Information is provided in the annual report.

21. The average return on investments, the average change in the value of investment instruments and the average change in the value of the comparative index (if selected) over the last three, five and ten years (the average net return on investments, the average change in the value of investment instruments and the comparative index are calculated as the respective geometric averages of annual net investment return, change in the value of the investment instrument and the comparative index):

Information is provided in the annual report.

22. Other indicators revealing risks related to the investment instruments portfolio:

Information is provided in the annual report.

## VI. FINANCIAL CONDITION OF THE COLLECTIVE INVESTMENT UNDERTAKING

23. Financial statements of the collective investment undertaking are prepared in compliance with the laws and requirements of the legal acts of the Republic of Lithuania:

23.1. Statement of Net Assets:

No.	Assets	Note No.	Financial year (06/30/2012)	last financial year (06/30/2011)
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A.	ASSETS		13.499.684,64	19.181.662,78
I.	MONEY		814.854,50	725.848,47
II.	TERM DEPOSITS		-	-
III.	MONEY MARKET INSTRUMENTS		-	-
III.1.	Treasury bills		-	-
III.2.	Other money market instruments		-	-
IV.	TRANSFERABLE SECURITIES		12.664.708,16	18.431.582,64
IV.1.	Non-equity securities		-	-
IV.1.1.	Governments and central banks or non-equity securities guaranteed by them		-	-
IV.1.2.	Other non-equity securities		-	-
IV.2.	Equity securities		12.664.708,16	18.431.582,64
IV.3.	Investment instruments and shares of other collective investment undertakings		-	-
V.	ACCOUNTS RECEIVABLE		20.121,98	24.231,67
V.1.	Receivable accounts from sale of investment transactions		-	778,80
V.2.	Other receivable accounts		20.121,98	23.452,87
VI.	INVESTMENT AND OTHER PROPERTY		-	-
VI.1.	Investment assets		-	-
VI.2.	Derivative financial instruments		-	-
VI.3.	Other assets		-	-
B.	LIABILITIES		38.358,00	54.072,36
I.	Financial and investment asset purchase liabilities		-	-
II.	Liabilities to credit institutions		-	-
III.	Liabilities from contracts for derivative financial instruments		-	-
VI.	Accounts payable to the Management Company and the depository		30.851,18	52.127,06
V.	Other payable accounts and liabilities		7.506,82	1.945,30
C.	NET ASSETS		13.461.326,64	19.127.590,42

## 23.2. Statement of changes in net assets:

No.	Articles	Note No.	Financial year (06/30/2012)	Last financial year (06/30/2011)
I.	NET ASSETS' VALUE AT THE BEGINNING OF THE REPORTING PERIOD		13.630.187,51	19.028.705,50
II.	INCREASE OF THE NET ASSET VALUE			
II.1.	Members' contributions to the fund		422.440,18	4.064.842,96

II.2.	Amounts received from other funds		609.930,93	677.261,68
II.3.	Margins		-	-
II.4.	Interest income		0,15	1.338,36
II.5.	Dividends		81.181,71	206.767,53
II.6.	Profit on change in value of investments and sales		10.679.607,77	11.324.404,93
II.7.	Profit on change in foreign exchange rate		194.192,13	301.681,31
II.8.	Profit from derivative financial instrument transactions		-	-
II.9.	Other increases in net asset value		-	-
	TOTAL INCREASE:		11.987.352,87	16.576.296,76
III.	DECREASE IN NET ASSETS VALUE			
III.1.	Allowances for the fund's members		1.202.685,93	1.618.150,39
III.2.	Allowances for other funds		560.007,08	1.783.008,99
III.3.	Losses on changes in value of investments and sales		10.013.734,99	12.204.239,76
III.4.	Losses on changes in foreign exchange rate		178.166,14	385.887,23
III.5.	Losses from derivative financial instrument transactions		-	-
III.6.	Management costs		201.619,60	486.125,47
III.6.1.	Salary for the Management Company		117.249,02	364.700,82
III.6.2.	Salary for depository		24.264,72	39.342,41
III.6.3.	Salary for intermediaries		48.891,90	71.405,84
III.6.4.	Audit costs		6.098,02	10.317,46
III.6.5.	Other expenses		5.115,94	358,94
III.7.	Other decreases in net asset value		-	-
III.8.	Cost reimbursement (-)		-	-
III.9.	Distribution of profit		-	-
	TOTAL DECREASE:		12.156.213,75	16.477.411,84
IV.	NET ASSETS VALUE AT THE END OF THE REPORTING PERIOD		13.461.326,64	19.127.590,42

The following Explanatory Letter is an inseparable part of the financial reports.

### 23.3. Explanatory Letter:

#### 23.3.1. General part:

##### Information about the collective investment undertaking

Name	Finasta Russia TOP20 Subfund
Legal form	Harmonized Investment Fund
Date of the SC's approval for the formation documents of the collective investment undertaking	29 October, 2010.
Type	

Operation time	Unlimited
Location	Vilnius

Information about the Management Company

Name	Finasta Asset Management UAB
Company code	126263073
Registered office (address)	Maironio str. 11, Vilnius LT-01124
Phone number	1813
Fax number	(+370 5) 203 22 44
E-mail	info@finasta.com
Website	www.finasta.com
Activity license number	VJK-005
Collective investment undertaking manager, other parties making investment decisions	Andrej Cyba, Director General, Member of the Board; Petras Kudaras, Head of Treasury and Investment Department; Vitalijus Šostak, Head of Fund Management Department, a member of the Board; Tomas Krakauskas, Head of Portfolio Management Department.

Information about the depository:

Name	SEB bankas AB
Company code	112021238
Registered office (address)	Gedimino ave. 12, Vilnius LT-01103
Phone number	+370 5 268 28 00
Fax number	+370 5 268 23 33

Information about the audit company that performed the audit of annual financial reports

Name	Ernst&Young Baltic UAB
Company code	110878442
Registered office (address)	Subačiaus str. 7, Vilnius LT-01302
Phone number	+370 5 274 22 00

Reporting period

1 January 2012 - 30 June 2012.

23.3.2. Accounting policy:

Legislation used in the preparation of the financial statements

The financial reports were prepared in accordance with the following legal acts:

- Law on Accounting of the Republic of Lithuania;
- Law on Financial Statements of Entities of the Republic of Lithuania;
- Law on Collective Investment Undertaking of the Republic of Lithuania;
- Business Accounting Standards of the Republic of Lithuania

The Fund's assets are denominated in litas, so investments could be made in different foreign currencies. The Management Company plans to use derivative financial instruments to avoid losses due to adverse effects of exchange rate fluctuations..

The Fund financial year is the calendar year. The Fund's financial statements are prepared within four months of the end of the financial year..

The Management Company keeps accounts and all amounts in these financial statements provides in the national currency of Republic of Lithuania – litas. Since 2 February 2002, the litas has been pegged to the euro at a rate of 3.4528 litas to 1 euro. The exchange rate of litas with respect to other currencies is set daily by the Bank of Lithuania.

#### Investment policy and structure of the investment portfolio

The Subfund's goal is to achieve the maximum return on investments in shares of Russian entities.

The Subfund's assets are invested in the financial instruments of operating subjects in the Russian Federation (companies and CIU, investing in such companies). Most of the Subfund's investment portfolio consists of investments in shares. No more than 33 per cent of the Subfund's assets may be invested outside the Russian Federation, in the financial instruments of operating companies in other CIS countries (including former CIS states).

The portfolio consists of shares in 15–25 different companies. The limited diversification of the Subfund's investment portfolio allows maximum supervision of selected positions and the fund's effective structure. Up to 100 per cent of the Subfund's investment portfolio consists of investments in shares.

The Subfund's investment is based on both strategic and tactical asset allocation methods and frequent adjustments of the portfolio to increase its value.

If the market situation does not offer better investment opportunities, up to 10 per cent of the Subfund's assets may be invested in bonds and other forms of non-equity securities (government and company securities). The Subfund may invest in bonds of a different period and credit rating.

Finasta Russia TOP20 Subfund invests in shares in developing markets, which are characterised by large price fluctuations. Changing the situation in stock exchanges can therefore lead to large fluctuations in the Subfund's net asset value.

#### Financial risk management policy

The Subfund's assets are invested in the financial instruments listed below, in accordance with its objectives and investment policy:

- shares, depository receipts with respect to shares and harmonised investment instruments (shares) of collective investment undertakings, whose primary investment trend – stocks, depository receipts in respect of shares;
- bonds and other forms of non-equity securities, as well as harmonised investment instruments (shares) of collective investment undertakings, whose primary investment trend – bonds and other forms of non-equity securities;
- other securities that give the right to acquire or transfer transferable securities or determinant cash settlements, set according to transferable securities, currencies, interest rates, yield, market commodities or other indices or instruments;
- other regulated investment instruments (shares) of collective investment undertakings, whose primary investment trend – transferable securities, raw materials, market commodities, currencies, interest rates, yields, and other indices;
- special collective investment undertakings (alternative investments, private capital, real estate) and collective investment undertakings that are not regulated by the Law on Collective Investment Undertakings of the Republic of Lithuania (investing directly in market commodities, raw materials, currencies, etc.);

- money market instruments and investment instruments (shares) of harmonised collective investment undertakings, whose primary investment trend – money market instruments;
- deposits in credit companies;
- derivative financial instruments associated with the above financial instruments, financial indices, interest rates, currencies or currency rates, if they are used for risk management.

The composition of the Subfund's portfolio must meet the investment portfolio diversification requirements and investment restrictions of the Law on Collective Investment Undertakings of the Republic of Lithuania.

The Subfund's financial risk is managed by diversifying the investment portfolio in accordance with principles laid down in the Fund's rules.

The Investment Committee, which makes decisions on the composition of the Subfund's investment portfolio, must take into account the portfolio's current risk status and the impact of investment decisions on this status. The Subfund's portfolio risk is assessed periodically and provided to the Investment Committee meeting at least once per quarter of the calendar year.

The Subfund's investment portfolio risk is assessed with respect to the portfolio's securities:

- the issuer's credit rating;
- price sensitivity to interest rate changes;
- historical and expected price fluctuations of the nominal currency;
- duration;
- yield;
- the value of securities in the investment portfolio.

Among group companies that determine the consolidated financial accountability, no more than 20 per cent of the Subfund's net assets may be invested in issued transferable securities and money market instruments.

Any of the issuer's shares that belong to the Subfund in conjunction with the Management Company and other concerted collective investment undertakings managed by the Management Company may not give more than a tenth of total voting rights in the issuer's general meeting of shareholders.

The Subfund may acquire no more than:

- 10 per cent of all the issuer's non-voting shares;
- 10 per cent of all the issuer's bonds and other forms of non-equity securities;
- 25 per cent of the investment instruments or shares of other collective investment undertakings;
- 10 per cent of a single issuer's issued money market instruments.

The Management Company reviews the investment strategy at least once every 3 years and changes it where necessary.

#### Recognition principles for increases and decreases in assets and liabilities

The net asset value (NAV) is calculated as follows:

- the value of property (assets);
- the value of liabilities;
- the difference in the values of property (assets) and liabilities shows NAV.

Calculations of the value of assets and liabilities are based on their fair value. This represents NAV, at which they are most likely to be sold.

Liabilities are calculated in compliance with Business Accounting Standards.

The Subfund's asset (or a part of it) shall be written-off only if:

- the rights to the asset (or a part of it) are realised;



- the rights have expired or the right are transferred.

The liabilities (or a part of it) must be written-off only when they vanish, i.e. when the liabilities of the Subfund expire, are fulfilled or annulified.

When calculating NAV, the value of assets and liabilities denominated in foreign currencies is estimated in accordance with the Bank of Lithuania's established official exchange rate between that currency and litas that prevails on the valuation date.

#### Rules for the deduction accumulation company and depositary

The salary due to the Management Company for the Subfund's management shall be paid from the Subfund's resources.

The salary of the Management Company consists of:

- a success fee – no higher than fifteen (15) per cent of the increase in the Subfund's NAV;
- an asset management fee – no higher than one point five (1.5) per cent of the Subfund's average annual NAV.

The salary payable to the Management Company for the Subfund's instrument distribution and conversion is not included in the management fee (a conversion fee is applied to change one subfund's instruments into another subfund's instruments):

- The Subfund's selling price for an investment instrument is equal to the instrument's value and no higher than two (2) per cent of the payment to cover distribution costs;
- The Subfund's replacement cost for an investment instrument is equal to the instrument's value and no higher than 0.25 per cent of the payment to cover replacement costs.

Distribution / conversion charges, which are included in the Subfund's investment instrument purchase / conversion price, pay the Member pursuant to the Fund's purchase-sale agreement for instruments.

Distribution and exchange fees are not included in calculations of NAV.

The salary for the Management Company is calculated on an accumulation basis every day of the Subfund's NAV and an increase of the Subfund's instrument value on that day, in line with the principle of simultaneity. The salary for the Management Company is paid monthly until the 10th (tenth) calendar day of the following month.

The calculation period for the success fee takes from 1 January to 31 December of each calendar year. This fee is calculated in accordance with the High Water Mark principle and is accounted for each day, deducting the success fee from the daily increase in the instrument's value established in the Subfund's documents. This is only applied if the instrument's value is greater than the highest value that the instrument has had.

At the end of the calendar year, an amount shall be adjusted for the management's salary. During the year, overpayments within 30 (thirty) calendar days of the end of the year are returned to the Subfund, and the resultant debts must be repaid to the Management Company within 30 (thirty) calendar days after the end of the financial year.

Overpayments repaid by the Management Company to the Subfund are increased by the Subfund's NAV.

A salary for the depositary and services provided under the depositary contract shall be paid from the Subfund's resources and cannot exceed 0.5 (five-tenths of a) per cent of the Subfund's average annual NAV.

The salary for the depositary consists of:

- custody of the Subfund's assets, calculated by the accumulation principle every day of the Subfund's NAV. The salary is calculated on the basis of actual number of working days in the year;

- the movement of financial instruments in accounts, which is calculated on the basis of each business day on which operations were executed in financial instrument accounts.

The salary for the depositary is paid for each quarter of the preceding year until the 10th (tenth) day of the following quarter.

The amount of remuneration of assets in custody shall be adjusted at the end of the calendar year. During the calendar year, resulting overpayments for assets in custody within 30 (thirty) calendar days after the end of the financial year shall be returned to the Fund, and the Fund's resulting debts must be repaid to the depositary within 30 (thirty) calendar days of the end of the financial year.

The overpayment amount repaid to the Subfund is increased by the Subfund's NAV.

Investment evaluation methods and frequency of revaluation of investments

The fair market value of instruments traded on regulated markets in the Baltic countries (in Riga, Tallinn and Vilnius stock exchanges) is determined by the average market price of instruments traded in regulated markets on the publicly-announced valuation date. The fair value of instruments traded on the markets, other than those specified above, is determined by the closing price, except when:

- instruments are quoted on several regulated markets. In this case, the fair value is determined on the basis of data on the regulated market where trade in these instruments has the highest liquidity, regularity and frequency;
- under the given criteria, it is impossible to reasonably choose a market on the basis of data to determine the fair value of the instrument. In such a case, data is used from the regulated market where the issuer's registered office of the instrument is;
- the instrument has not been quoted during the last trading session. In this case, to determine the fair value is used the last known price. This price should be from no more than 30 calendar days prior to the former average market price or closing price, if no events have occurred since the last trading day for which the current market price is significantly lower or higher than the last known price;
- the instrument has not been quoted for more than 30 calendar days prior to the valuation date, or was quoted less than is established in the value calculation procedures of the Management Company's net asset fund, the real value of the financial instrument is determined by the last average price in the mid-market;
- when there is no supply of the financial instrument in the regulated market, the financial instrument is accounted for its demand price. If there is no demand of the financial instrument in the regulated market, the financial instrument is accounted for its supply price divided by two.
- when a certain company moves from the trade lists in the regulated market (the shares are removed from the list) or there are neither demand of the financial instrument nor supply price in the regulated market, the financial instrument is evaluated considering the net profit (for one share) ratio of one or several similar companies that is multiplied by the evaluated company's net profit for one share.

Financial instruments not sold in regulated markets are evaluated as follows:

- shares, depositary receipts on shares:
  - if it is possible to evaluate reasonably that the financial instrument is not liquid, it is evaluated considering the ratio of the net profit for one share (using the average weighted number of ordinary shares that were in circulation for a certain period of time) of other similar company(s) that is multiplied by the evaluated company's profit for one share and providing a discount for asset illiquidity;
  - when it is impossible to reasonably assess the value of the financial instrument by the said method, the real value of the financial instrument can be assessed by an independent business valuator who has the right for such activity if the evaluation took place no later than one year and if there were no essential

changes after the evaluation due to which the present market price is significantly lower or higher compared to the evaluated by the evaluator; or is evaluated by a likely sale price determined by a chosen evaluation model that is defined in the calculation requirements of the Management Company's net assets of managed funds and that is universally applied and recognised in the finance market.

- Bonds and other form non-equity securities are evaluated according to the calculation requirements of the Management Company's managed net assets of funds. In order to evaluate the value of these financial instruments as accurately as possible, bonds and other form non-equity securities are evaluated using the following methods (order of priority):
  - The instruments that will be redeemed during more than a year are evaluated according to the formula provided in the Subfund's rules. The Subfund's rules are available on the internet, [www.finasta.com](http://www.finasta.com).
  - The instruments that will be redeemed during less than a year are evaluated according to the formula provided in the Subfund's rules. The Subfund's rules are available on the internet, [www.finasta.com](http://www.finasta.com)
  - The yield of the financial instruments of the Republic of Lithuania is determined by the yield average as for that day the best buying (lowest BID) sale (highest ASK) for a certain issue offered by at least three primary dealers (e.g. SEB bankas AB, DnB Nord bankas AB, Swedbank AB, bankas Finasta AB);
  - The financial instrument is evaluated by a method of accrued interest (amortising the value of a financial instrument);
  - The real value of foreign bonds and other form non-equity securities is determined by the net assets calculation requirements of the Management Company's managed funds.
- The value of a derivative financial instrument is determined by a likely sale price determined by the chosen evaluation model that is defined in the calculation requirements of the Management Company's net assets of managed funds and that is universally applied and recognised in the finance market.
- CIU items (shares) assessed by the last publicly announced redemption price;
  - Money market instruments that have reached redemption maturity or with a remaining time of no longer than 397 days or those whose yield regularly is adjusted in line with money market conditions at least once per 397 days, or whose risks, including credit and interest rate risks, are very similar to the risks of financial instruments with a redemption maturity and yield that meet the above characteristics.
- The fixed-term deposits are evaluated by the value of amortised cost;
- Cash and assets in credit companies, except the fixed-term deposits, are evaluated by the nominal value;
- Other asset is evaluated by the most likely sale price determined by a chosen evaluation model that is defined in the calculation requirements of the Management Company's managed net assets of funds and that is universally applied and recognised in the finance market.

#### Rules for investment item value evaluation

The initial value of the Subfund's item is 100 (one hundred) litas.

The Subfund's NA value is being calculated every day according to the NAV calculating methodology confirmed by the Securities Commission of the Republic of Lithuania and according to calculation requirements of the Management Company's net assets of managed funds that were confirmed by the Board of the Management Company.

The Subfund's item value is assessed by dividing the Subfund's NAV by the number of all the Subfund's items in circulation. The total value of all items of the Subfund is always equal to the NAV of the Subfund. The Subfund's item value is calculated leaving four decimal places and is rounded according to mathematical rounding rules.

The currency that is used for calculation of the Subfund's NAV and item value is litas.

The Subfund's NAV and item value during the running day are announced by the 12.00 of the subsequent business day on the internet [www.finasta.com](http://www.finasta.com).

#### Cash and cash equivalents

The cash is considered to be the money in the Fund's accounts. Short-term deposits (up to 3 months) are admitted as cash equivalents. Term deposits are accounted for nominal value, accumulating the interest following the linear method until the end of the term.

Cash and cash equivalents that are nominated in a foreign currency are evaluated by the national currency of the Republic of Lithuania according to the official exchange rate provided by the Bank of Lithuania on the day of assessment.

#### Post-balance events

After the end of the reporting period, there were no important post-balance events

### 23.3.3. Comments on Explanatory Letter:

#### Note 1. Net assets, investment items and value

Information is provided in the report's Clause 5.

#### Note 2. Number and value of the distributed and redeemed investment items

Information is provided in the report's Clause 6.

#### Note 3. Investment portfolio structure

Information is provided in the report's Clause 11.

#### Note 4. Allocation of investment assets according to criteria corresponding with the investment strategy

Information is provided in the report's Clause 12.

#### Note 5. Change in value of investments

Statement of Net Asset articles	Change					At the end of the reporting period 06/30/2012
	At the end of the previous reporting period 12/31/2011	Acquired	Sold (redeemed)	Value increase*	Value decrease *	
Term deposits	-	-	-	-	-	-
Money market instruments	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Debt securities of governments or central banks, or granted by them	-	-	-	-	-	-
Other debt securities	-	-	-	-	-	-
Equity securities	13.422.820,09	6.327.902,15	7.751.886,86	10.679.607,77	10.013.734,99	12.664.708,16
Investment items and shares of the collective investment undertakings	-	-	-	-	-	-

Derivative financial instruments	-	-	-	-	-	-
Real estate objects	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Total	13422820,09	6.327.902,15	7.751.886,86	10.679.607,77	10.013.734,99	12.664.708,16

\* The net value of investment increase or decrease is provided here; the net value is calculated from the investment profit from sales and investment increase amount by contracting investment losses from sales and investment value decrease amount.

#### Note 6. Investment sale results

The undertaking did not carry out financial instrument transactions in 2011 that are not recorded at their fair value in accounting records.

#### Note 7. Derivative financial instruments

Information is provided in the report's Clauses 13, 14 and 15.

#### Note 8. Remuneration costs for intermediaries

Information is provided in the report's Clause 8.

#### Note 9. Participants calculated and (or) paid dividends and other payments that do not change the number of items after being paid

Information is provided in the report's Clause 26.

#### Note 10. Borrowed and lent funds

Information is provided in the report's Clause 27.

#### Note 11. Third-party commitments to guarantee yield size of the income undertaking.

During the reporting period and at the end of it, there were no third party's liabilities to guarantee the yield size of the undertaking.

#### Note 12. The volumes of transactions with related parties during the reporting and previous periods.

No transactions were drawn with the related persons during the reporting period.

#### Note 13. Significant accounting estimates, or if these were not made, effect of a change, or correction of the presented comparative information due to changes in accounting policies or because of errors

During the reporting period from January 1, 2012 to June 30, 2012, the Fund followed the same accounting policy as in the previous year.

#### Note 14. Short summary on significant after-balance events that, if not disclosed, could have a material impact on the ability of the users of the company's financial statements to make decisions

Significant events did not occur after the reporting period closed..

#### Note 15. Significant changes in assets or liabilities after the date for calculations of net assets, if not included in the net asset value.

Here were no significant changes in assets and liabilities after the period closed.

Note 16. Other significant information on the financial condition, factors and circumstances of the collective investment undertaking that have an impact on its assets or liabilities

There is no other significant information on the Fund's financial condition.

24. The full text of the audit's conclusion:

Information provided in the next year's report.

25. Information about income from investment activities of the collective investment undertaking and expenses incurred over the reporting period:

I.	Income from investment activities	
1.	Interest income	0,15
2.	Realised profit from investments in:	123.852,32
2.1.	Equity securities	123.852,32
2.2.	Government non-equity securities	-
2.3.	Companies' non-equity securities	-
2.4.	Financial instruments	-
2.5.	Derivative financial instruments	-
2.6.	Other items of collective investment undertakings	-
2.7.	Other	-
3.	Unrealised profit (loss) from:	542.020,46
3.1.	Equity securities	542.020,46
3.2.	Government non-equity securities	-
3.3.	Companies' non-equity securities	-
3.4.	Financial instruments	-
3.5.	Derivative financial instruments	-
3.6.	Other items of collective investment undertakings	-
3.7.	Other	-
	Total amount of income	665.872,93
II.	Expenses	
1.	Operating expenses:	196.965,72
1.1.	Payments for management	112.595,14
1.2.	Depository fees	24.264,72
1.3.	Intermediary fees	48.891,90
1.4.	Auditor's fee	6.098,02
1.5.	Other charges and expenses	5.115,94
2.	Other expenses	-
	Total costs	196.965,72
III.	Net income	468.907,21
IV.	Payouts (dividends) to holders of investment items	
V.	Re-invested income	468.907,21

26. Other important information about the financial state of the collective investment undertaking, factors and circumstances that influenced the assets and liabilities of the collective investment undertaking.

There is no other important information about the financial state of the collective investment undertaking, factors and circumstances that influenced the assets and liabilities of the collective investment undertaking.

## VII. INFORMATION ABOUT PAYMENT OF DIVIDENDS

27. Information about the dividends reckoned or/and paid:

The Fund did not pay or calculate payable dividends during the reporting period.

## VIII. INFORMATION ABOUT THE BORROWED ASSETS NECESSARY FOR THE COLLECTIVE INVESTMENT UNDERTAKING

28. The borrowed assets for the collective investment undertaking usage at the end of the reporting period:

No assets were borrowed for the Fund's usage during the reporting period or at the end of it.

## IX. OTHER INFORMATION

29. Explanations, comments, illustrating graphical material and other important information about the activities of the collective investment undertaking, so that the investor could properly evaluate changes and results of the undertaking:

Pic. 1. The change of the investment item value from the beginning of the Fund's activities.

### History of investment unit values



## X. PERSONS ACCOUNTABLE

30. Names, surnames (names of legal entities), addresses, title and number of the permission for certain activities of consultants (finance dealer's companies, auditors, etc.) who provided services during the preparation of the report.

Consultant's services were not used during the preparation of the reports.

31. Names, surnames, positions, workplaces (in case the persons who prepared the report are not employees of the company) of the persons who prepared the report:

The reports were prepared by the employees of the Management Company.

32. The Management Company's administrative head, chief accountant, the persons and consultants who prepared the report confirmation that the information presented in this report is true and that there are no concealed facts that may substantially influence the indices of the provided values.

I, Andrej Cyba, Director General at Finasta Asset Management UAB, hereby confirm that the information presented in this report is true and that there are no concealed facts that may substantially influence the indices of the provided values.

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

I, Audronė Minkevičienė, Chief Accountant at Finasta Asset Management UAB, hereby confirm that the information presented in this report is true and that there are no concealed facts that may substantially influence the indices of the provided values.

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

33. Persons who are accountable for the information provided in the report:

33.1. Members of the Company's management organs, employees and head of administration accountable for the report:

Name and surname	Andrej Cyba	Audronė Minkevičienė
Position	Director General	Chief Accountant
Phone number	+370 5 236 18 56	+370 5 203 22 36
Fax number	+370 5 203 22 44	+370 5 203 22 44
E-mail	Andrej.Cyba@finasta.com	Audrone.Minkeviciene@finasta.com

33.2. In case the report is prepared by consultants or using their help, provide their names, surnames, phones' and faxes' numbers, e-mail addresses (if the consultant is a legal entity, provide its name, phones' and faxes' numbers, e-mail addresses and name(s) and surname(s) of the consultant's representative(s)); mark the specific places prepared by the consultants or the parts that were prepared with their help, and define the accountability limits of the consultants.

During the report preparation no consulting services were used.