

**KEY RISK FACTORS:**

1. Risk factors related to issue of the subfund units:
  - 1.1. Political and legal risk
2. Specific risk factors:
  - 2.1. Market fluctuation risk
  - 2.2. Interest rate risk.
  - 2.3. Currency exchange rate fluctuation risk
  - 2.4. Credit risk
  - 2.5. Inflation risk
  - 2.6. Risk of counterparties and payments
  - 2.7. Market liquidity risk
  - 2.8. Fund investment objective and investment policy risk

## I. GENERAL INFORMATION ABOUT THE COLLECTIVE INVESTMENT UNDERTAKING

### 1. Main data about the collective investment undertaking

Name	<i>Finasta Umbrella Fund</i> , hereinafter referred to as the Fund
Legal form	Harmonized investment fund
Type	Umbrella investment fund of the open-ended type
Subfunds	<i>Finasta Global Flexible Subfund</i> <i>Finasta Emerging Europe Bond Subfund</i> <i>Finasta World Equity Subfund of Funds</i> <i>Finasta New Europe TOP20 Subfund</i> <i>Finasta Russia TOP20 Subfund</i>
Address	Maironio str. 11, LT-01124 Vilnius
Telephone	1813
Fax	(+370 5) 203 22 44
E-mail	info@finasta.com
Website	www.finasta.com
Start of operation	29 October 2010
Duration of operation	Open-ended
Name of the Management Company	Finasta Asset Management UAB, hereinafter referred to as the Management Company
Registered office (address)	Maironio str. 11, LT-01124 Vilnius
Telephone	1813
Fax	(+370 5) 203 22 44
Name of the depository	SEB bank AB, (hereinafter referred to as the Depository)
Domicile	Gedimino ave. 12, LT-01103 Vilnius
Telephone	(+370 5) 268 2800
Fax	(+370 5) 268 2333

### 2. Main data about subfund units offered by the undertaking

The Fund offers investment units (hereinafter referred to as subfund unit) of five subfunds, their number is not limited and the value of a subfund unit is equal to 100 (one hundred) litas (i.e. 28,9620 (twenty eight and nine hundred and sixty two thousandths) euros) on the day of start of operation.

### 3. Short description of the investment strategy

**Finasta Global Flexible Subfund** is an actively managed subfund, the assets of which is widely distributed between different regions and classes of assets: shares, debt securities and other fixed income financial instruments, limited risk investment, stock and currencies. The objective of the subfund is to achieve the highest possible return on investment, accepting a lower risk than that of shares.

The funds of **Finasta Emerging Europe Bond Subfund** are invested into debt securities of developing European country governments and companies indicated as the most promising by the credit analysis. In the

subfund the managers combine the riskier (bonds of companies) and safer (bonds of governments) investments to ensure a stable return on investment. The objective of the subfund is to ensure a balanced growth of the assets of the subfund.

The assets of **Finasta World Equity Subfund of Funds** are invested in other funds, investing in shares worldwide. The funds of the subfund are invested in funds not limited to one geographical region or branch of economy, thus ensuring wide distribution of investment and reducing the level of risk. The objective of the subfund is to achieve a higher than average return on investment in world equity.

**Finasta New Europe TOP20 Subfund** investment is distributed in a concentrated manner among shares of 15 - 25 companies valued as the most attractive by the managers of the regional subfund covering new European (without Russia) countries. To ensure that every investment receives maximum attention, the assets of the subfund is distributed for as low as possible number of shares allowed for harmonized investment funds. The objective of the subfund is to achieve maximum return on investment in shares for the New Europe region.

**Finasta Russia TOP20 Subfund** investment is distributed in a concentrated manner among shares of 15 - 25 Russian companies valued highest by the managers of the subfund. To ensure that every investment receives maximum attention, the assets of the subfund is distributed for as low as possible number of shares allowed for harmonized investment funds. The objective of the subfund is to achieve maximum return on investment in shares in Russia.

#### 4. Risk factors related to acquisition of units of subfunds and investment

Risk associated with investment in individual subfunds:

Finasta Global Flexible Subfund

1. Market fluctuation risk
2. Interest rate risk
3. Credit risk
4. Currency exchange rate fluctuation risk
5. Inflation risk
6. Market liquidity risk
7. Risk of counterparties and payments
8. Fund investment objective and investment policy risk
9. Standard deviation of the general return on investment

Finasta Emerging Europe Bond Subfund

1. Interest rate risk
2. Credit risk
3. Inflation risk
4. Market liquidity risk
5. Currency exchange rate fluctuation risk
6. Risk of counterparties and payments
7. Political and legal risk

8. Fund investment objective and investment policy risk
9. Standard deviation of the general return on investment

Finasta World Equity Subfund of Funds

1. Market fluctuation risk
2. Currency exchange rate fluctuation risk
3. Inflation risk
4. Risk of counterparties and payments
5. Fund investment objective and investment policy risk
6. Standard deviation of the general return on investment

Finasta New Europe TOP20 Subfund

1. Market fluctuation risk
2. Currency exchange rate fluctuation risk
3. Market liquidity risk
4. Inflation risk
5. Political and legal risk
6. Risk of counterparties and payments
7. Fund investment objective and investment policy risk
8. Standard deviation of the general return on investment.

Finasta Russia TOP20 Subfund

1. Market fluctuation risk
2. Currency exchange rate fluctuation risk
3. Market liquidity risk
4. Inflation risk
5. Political and legal risk
6. Risk of counterparties and payments
7. Fund investment objective and investment policy risk
8. Standard deviation of the general return on investment.

Information about the risks is provided in paragraph 30 of the Prospectus.

**5. Date and place for publication of the prospectus**

The prospectus is published on the website of the Management Company [www.finasta.com](http://www.finasta.com) on 15 November 2012.

## 6. Information about where and when the prospectus, Fund incorporation documents, annual and semi-annual reports and information about the Fund will be available

The prospectus of the Fund, Rules of the Fund, key investor information document for every subfund as well as annual and semi-annual reports shall be provided to the requesting investors and Participants free of charge. The said documents are available on business days at Maironio str. 11, Vilnius (e-mail info@finasta.com), on website www.finasta.com and at all Distributors of the units of subfunds.

## 7. Information about Distributors of the units of subfunds

Finasta Asset Management UAB	company code	126263073
	domicile	Maironio str. 11, LT-01124 Vilnius
	telephone	1813
bank FINASTA AB	company code	301502699
	domicile	Maironio str. 11, LT-01124 Vilnius
	telephone	1813

## 8. Persons responsible for the information provided in the prospectus

The head of administration and the chief accountant are responsible for the prospectus:

Director General Andrej Cyba tel. (+370 5) 236 18 56, fax (+370 5) 203 22 44.

Head of Fund Accounting Division Violeta Čirkova, tel. (+370 5) 203 22 14, fax (+370 5) 203 22 44.

Consultant services were not employed in preparation of this prospectus.

## 9. Information about the audit

Since 2012 financial audit has been carried out by:

Name of the audit company	PricewaterhouseCoopers UAB
Registered address (office)	J. Jasinskio str. 16B, LT-01112 Vilnius
Telephone	(+370 5) 239 2300
Number and date of issue of the license to perform audit activities	Nr. 001273, 20 December 2005

Financial audits for 2010 – 2011 were carried out by:

Name of the audit company	ERNST & YOUNG BALTIC UAB
Registered address (office)	Subačiaus str. 7, LT-01302 Vilnius
Telephone	(+370 5) 274 2200
Number and date of issue of the license to perform audit activities	Nr. 000514, 24 December 2004

## 10. State tax policy with respect to the Fund, Participants of the subfund

Investment funds incorporated under the Law on Collective Investment Undertakings of the Republic of Lithuania are not taxable entities that is the Fund is not a tax payer.

## Taxation of Participants

The following summary of procedure of valid taxation of income of Participants from transfer of subfund units in the Republic of Lithuania shall not be treated as a tax consultation. The Management Company shall not be liable for accuracy and correctness of such information. Participants of subfunds shall be responsible for proper and timely payment of payable taxes, thus in case of doubts concerning taxation, Participants of subfunds should consult tax advisors.

**Taxation of residents of Lithuania.** Income of residents received from selling or transferring subfund units is taxed applying the 15 per cent resident income tax rate.

In case of selling or transferring subfund units, the income of the resident received from such a transfer, shall not be subject to resident income tax, when the subfund units are traded or transferred not earlier than 366 days after the day they are acquired. This privilege shall not apply to income received from foreign undertakings registered or otherwise organized in target territories or residents, whose permanent place of residence is in the target territory.

**Taxation of legal entities of Lithuania.** In case of selling or transferring subfund units, the income received from the increase in value of assets of the legal entity of Lithuania, calculated as the difference between the prices of selling or transfer and acquisition of assets, shall be taxed at the rate of 15 per cent corporate income tax.

Income received by **a non-resident of Lithuania and a foreign legal entity** from increase of capital is not an object of personal income tax of the Republic of Lithuania and corporate income tax of the Republic of Lithuania.

If the regulations established by international treaties of the Republic of Lithuania differ from the respective regulations established by the tax laws of the Republic of Lithuania and such treaties have been ratified, are valid and applied in the Republic of Lithuania, the regulations established by such international treaties shall prevail.

**Exchange of subfund units** to units of another subfund is not an object of the personal income tax of the Republic of Lithuania.

## 11. Dates of drawing up financial statements of subfunds and distribution of profit, financial year

The financial year of the subfunds starts on 1 January and ends on 31 December. The annual financial statements of subfunds shall be drawn up and announced within 4 months after the end of the financial year. The profit of the subfund shall not be distributed to Participants, it is used to increase the value of net assets (hereinafter referred to as NAV) of the subfund.

## 12. Rights and obligations of Participants

12.1. A Participant shall have the following rights:

- 12.1.1 to request that their units of the subfund be redeemed;
- 12.1.2 to get the remaining part of assets of the subfund being dissolved;
- 12.1.3 to get the remaining part of assets of the subfund being dissolved;

12.1.4 to sell, make a gift of their units of the subfund or otherwise transfer the ownership or possession right to third parties;

12.1.5 to purchase and sell units of subfunds on NASDAQ QMX Vilnius Stock Exchange at the stock exchange price (participants of subfunds shall acquire this right upon commencement of listing and trade of units in NASDAQ OMX Stock Exchange);

12.1.6 to request at any time the Management Company to change their units of the subfund into units of another subfund;

12.1.7 other rights as set in Rules of the Fund, contracts on purchase and sale of units of the subfund and other legal acts.

12.2. A Participant shall have the following obligations:

12.2.1 to inform the Distributor in writing, no later than within 10 (ten) days from the date of change, about changes in their data (name, surname or title, residential address or registered office, current account number, telephone number, email and other data) provided in the purchase and sale contract of units of the subfund;

12.2.2 upon sale, making a gift or otherwise transferring ownership or possession rights to units of the subfund, to conclude a written contract with the acquirer of units of the subfund, one copy of which shall be submitted to the Distributor within 3 (three) working days;

12.2.3 other obligations as set in Rules of the Fund, contracts of purchase and sale of units of the subfund and other legal acts.

**13. Confirmation of the head of the administration, chief accountant, consultants, who drew up or assisted in drawing up the prospectus and responsible for the accuracy of the information contained therein that the information provided in the prospectus is correct and no facts that could critically influence the decisions of investors were omitted**

I, Andrej Cyba, Finasta Asset Management UAB Director General, confirm that the information provided in the prospectus is correct and no facts that could critically influence the decisions of investors were omitted

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(signature)

I, Violeta Čirkova, Head of Fund Accounting Divisions of Finasta Asset Management UAB, confirm that the information provided in the prospectus is correct and no facts that could critically influence the decisions of investors were omitted

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(signature)

## II. DATA ABOUT CAPITAL, DISTRIBUTION OF INCOME AND EXPENSES

### 14. Own capital

The Fund and subfunds do not have authorized capital.

The own capital of every subfund is equal to the NA of the respective subfund and changes depending on the issue (selling) and redemption of subfund units and the change of NAV of the subfund.

The amount of initial capital of every subfund is 10 000 LTL.

The highest allowed amount of distribution of subfund units, the highest allowed number of distributed subfund units are not established.

The subfund units do not have nominal value.

### 15. NA evaluation methods

The NA value of subfunds shall be calculated every business day according to the NAV calculation methods approved by the Bank of Lithuania (hereinafter referred to as the Supervisory Authority) and the requirements for calculating the value of net assets of funds of the Management Company approved by the Board of the Management Company.

When calculating the NAV of subfunds, the value of assets, liabilities (not included in the NAV) as well as the difference of the values of assets and liabilities which shows the NAV shall be calculated. The NAV of subfunds shall be calculated up to four decimal places and rounded up according to mathematical rules of rounding up.

Calculation of the subfund assets and liabilities shall be based on their true value, which reflects the NAV, for which they will most likely be traded.

The NAV of the current day for every subfund shall be calculated by noon of the next business day.

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

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).

Under the procedure established by its regulations and other legal acts, NASDAQ OMX Vilnius stock exchange shall announce the NAV for every subfund unit, change of the number of subfund units traded in the exchange and other information specified in the regulations of the exchange on every business day of the exchange.

The list of regulated markets, where the price for transactions outside the exchange is established, is provided in Paragraph 29 of the prospectus.

The currency of subfunds for calculation of NA of subfunds is euro.

15.1. The true value of financial instruments traded in regulated markets of the Baltic States (NASDAQ OMX Riga, NASDAQ OMX Tallinn and NASDAQ OMX Vilnius) shall be established in



accordance with the average market price publicly announced by the market for the day of evaluation. The true value of financial instruments traded in regulated markets not specified in the present subparagraph and/or the multilateral trading system shall be established according to the closing price, except for the following cases:

- 15.1.1. if financial instruments are quoted in several regulated markets and/or the multilateral trading system, the data from the regulated market and/or multilateral trading system, where the trade of such financial instruments is characterized by higher liquidity, regularity and frequency, shall be used to establish their true value;
- 15.1.2. if it is not possible to justifiably choose the regulated market and/or multilateral trading system the data of which should be used to establish the true value of the financial instrument under the criteria specified in subparagraph 15.1.1 of the Prospectus, the data of the regulated market and/or multilateral trading system, where the issuer is domiciled, shall be used;
- 15.1.3. 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;
- 15.1.4. 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 funds. In such a case, the value shall be determined as a value of instruments not traded on regulated markets. If such a situation occurs several times, the Board of the Management Company shall ascertain whether continued attribution of such instruments to instruments traded in regulated markets and/or multilateral trading systems is justified and whether their value should not be established as that of instruments not traded in regulated markets and/or multilateral trading systems;
- 15.1.5. if the financial instrument cannot be evaluated employing the methods specified in subparagraphs 15.1.1-15.1.4. of the Prospectus, the value shall be determined as a value of instruments not traded on regulated markets.
- 15.2. The true value of non-equity securities shall be established by calculating the clean price and adding the accrued interest:
  - 15.2.1. the clean price of non-equity securities shall be calculated according to its profitability and other static data of non-equity securities (date of evaluation, date of redemption, percentage for the coupon, coupon payment frequency, method of calculation of days), using the PRICE function in MS Excel program;
  - 15.2.2. the accrued interest shall be calculated taking into account the method of calculation of days specified in the documents of issue of non-equity securities. If the method of calculation of days is European 30/360 or US 30/360, the number of days when the coupon was already accrued shall be calculated using the DAYS360 function in MS Excel program.

- 15.3. When establishing the value of a Financial instrument, only the following official sources specified herein shall be taken into account:
- 15.3.1. international news agency Bloomberg;
  - 15.3.2. the exchange website for the respective Financial instrument;
  - 15.3.3. the official website of the issuer of the Financial instrument;
  - 15.3.4. international news agency Reuters;
  - 15.3.5. the true value of non-equity financial instruments issued by the Government of the Republic of Lithuania shall be established in accordance to the average profitability determined by at least three primary dealers' (i.e. SEB Bank AB, DNB Bank AB, Swedbank AB) proposed specific issue of the date of the best average profitability of purchase (lowest BID) and sales (the largest ASK).
- 15.4. Financial instruments not traded in regulated markets and/or the multilateral trading system shall be evaluated under the following procedure:
- 15.4.1. shares, receipts of the depository for shares:
    - 15.4.1.1. the true value of a financial instrument can be established by employing an independent business estimator, licensed to perform such activities, if the evaluation was carried out less than one year ago and no significant events that could significantly lower or increase the current market price with respect to the one established by the estimator have occurred since the evaluation.
    - 15.4.1.2. if the evaluation specified in subparagraph 15.4.1.1. has not been carried out or the conditions of the said subparagraph are not satisfied, the evaluation shall be performed taking into account the ratio of the profit (before taxes) of a similar company per one share (using the average number of ordinary shares in circulation for a certain period), multiplying it by the profit of the evaluated company per one share: true price =  $P/E * EPS$   
 where:  
 P/E – the market price of one share of a similar company divided by the profit per one share;  
 EPS – the profit of the evaluated company for the last 12 months per one share.
    - 15.4.1.3. if the methods specified in subparagraphs 15.4.1.1 and 15.4.1.2 cannot be used for certain reasons, the likely selling price established using the selected model of evaluation which is universally applied and acknowledged in the financial markets shall be used.
  - 15.4.2. Establishing the value of derivative Financial instruments:
    - 15.4.2.1. The value of currency swap (Swap) and advance currency exchange (Forward) transactions shall be established using the method of discounted cash flow. The true value or the net present value (NPV) of a currency exchange transaction is the difference between the payable and receivable amounts of the transaction discounted at the rate of interbank money market interest (LIBOR) on the day of revaluation and converted to litas at the official exchange rate for the day of revaluation:  

$$NPV = GSPV * DF1 * LB \text{ exchange rate1} - MSAV * DF2 * LB \text{ exchange rate2}$$

where:

GSPV – receivable amount in the first currency;

MSAV – payable amount in the second currency;

DF1 – discount factor for the first currency;

DF2 – discount factor for the second currency;

LB exchange rate1 – official revaluation exchange rate of the Bank of Lithuania for the first currency (in litas for an item of foreign currency);

LB exchange rate2 – official revaluation exchange rate of the Bank of Lithuania (in litas for an item of foreign currency);

15.4.2.2. The discount factor (DF) shall be calculated in the following manner:

when remaining term of the transaction is less than 1 year:  $DF = 1 / (1 + r * d/b)$ ;

when remaining term of the transaction is over 1 year:  $DF = 1 / (1 + r)^{(d / b)}$ ;

where:

r – main market interest rate for a certain currency corresponding to term of transaction d;

d – term of transaction in days;

b – money market day count convention (360 – period of a transaction is less than a year; 365 – period of a transaction is a year or more).

15.4.2.3. Standard period money market interest rates (1 day, 1 week, 1 month, 3 months, 6 months, 9 months, and 1 year) will be used for calculation of the discount factor. Interpolated interest rates shall be used for calculation of the discount factor, i.e. standard period interest rates shall be applied to term of transaction.

15.4.2.4. Interpolation shall be done using the linear interpolation method:

$r = (r2 - r1) * (d - d1) / (d2 - d1) + r1$ ;

where:

r1 – standard period d1 interest rate;

r2 – standard period d2 interest rate;

d – term of the transaction in days;

d1 – the closest standard term shorter than term of transaction d;

d2 – the closest standard term longer than term of transaction d.

15.4.2.5. If it is not possible to obtain the latest interbank interest rates from the specified official sources of information, the last known interest rates (not older than 30 (thirty) calendar days) shall be used to establish the true value. If it is not possible to find out the interest rates or if they were announced over 30 (thirty) calendar days ago, interest rate which equate the value of the transaction to zero for the day of conclusion thereof shall be used. If it is not possible to learn certain standardized interest rates, the interest rates for the shortest or longest period shall be used depending on the duration of the transaction.

15.4.2.6. The value of all other derivative financial instruments specified in subparagraph 15.4.3.2 shall be established in accordance to the last market value of an analogous previous transaction, provided no significant changes to economic circumstances

occurred during the period after the transaction. In case of change of economic circumstances, evaluation shall be based on the likely selling price established using a selected evaluation model which is universally applied and acknowledged in the financial markets shall be used.

15.4.3. Procedure of evaluation of other Financial instruments:

15.4.3.1. CIU units (shares) shall be evaluated according to the last publicly announced redemption price;

15.4.3.2. 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. may be evaluated using the amortized cost price method;

15.4.3.3. Term deposits in banks are evaluated using the amortized cost price value;

15.4.3.4. Cash and funds in credit establishments, except for term deposits, are evaluated using their par value;

15.4.3.5. Other assets are evaluated using the likely selling price established using a selected evaluation model which is universally applied and acknowledged in the financial markets shall be used.

## 16. Income distribution and use regulations

The income of subfunds is not distributed among Participants, it is used to increase the NAV of the subfunds.

## 17. Expenses

Finasta Global Flexible Subfund 2011 data:

General expense coefficient (BIK)	Per cent that shows the average NA share of the subfund allocated for management expenses. The expenses directly reduce the return on investment for the investor. Calculation of GEC does not include: - transaction conclusion costs (0.63 per cent of the average annual NAV); - distribution fee paid by the investor directly upon acquiring subfund units (0.38 per cent of the average annual NA value).	3.23 per cent
Portfolio turnover indicator (PTI)	Indicator that described the activity of trade in the instruments making up the subfund portfolio. The higher the indicator, the higher the transaction conclusion costs incurred by the subfund.	152.89 per cent

Finasta Emerging Europe Bond Subfund 2011 data:

General expense coefficient (GEC)	Per cent that shows the average NA share of the subfund allocated for management expenses. The expenses directly reduce the return on investment for the investor. Calculation of GEC does not include: - transaction conclusion costs (0.14 per cent of the average annual NAV); - distribution fee paid by the investor directly upon acquiring	1.55 per cent
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	subfund units (0.38 per cent of the average annual NA value).	
Portfolio turnover indicator (PTI)	Indicator that described the activity of trade in the instruments making up the subfund portfolio. The higher the indicator, the higher the transaction conclusion costs incurred by the subfund.	12.22 per cent

## Finasta World Equity Subfund of Funds 2011 data:

General expense coefficient (GEI)	Per cent that shows the average NA share of the subfund allocated for management expenses. The expenses directly reduce the return on investment for the investor. Calculation of GEC does not include: - transaction conclusion costs (0.24 per cent of the average annual NAV); - distribution fee paid by the investor directly upon acquiring subfund units (0.07 per cent of the average annual NA value).	1.89 per cent
Portfolio turnover indicator (PTI)	Indicator that described the activity of trade in the instruments making up the subfund portfolio. The higher the indicator, the higher the transaction conclusion costs incurred by the subfund.	5.28 per cent

## Finasta New Europe TOP20 Subfund 2011 data:

General expense coefficient (GEC)	Per cent that shows the average NA share of the subfund allocated for management expenses. The expenses directly reduce the return on investment for the investor. Calculation of GEC does not include: - transaction conclusion costs (1.10 per cent of the average annual NA value); - distribution fee paid by the investor directly upon acquiring subfund units (0.10 per cent of the average annual NAV).	3.06 per cent
Portfolio turnover indicator (PTI)	Indicator that described the activity of trade in the instruments making up the subfund portfolio. The higher the indicator, the higher the transaction conclusion costs incurred by the subfund.	244.46 per cent

## Finasta Russia TOP20 Subfund 2011 data:

General expense coefficient (GEC)	Per cent that shows the average NA share of the subfund allocated for management expenses. The expenses directly reduce the return on investment for the investor. Calculation of GEC does not include: - transaction conclusion costs (0.74 per cent of the average annual NA value); - distribution fee paid by the investor directly upon acquiring subfund units (0.62 per cent of the average annual NA value).	3.41 per cent
Portfolio turnover indicator (PTI)	Indicator that described the activity of trade in the instruments making up the subfund portfolio. The higher the indicator, the higher the transaction conclusion costs incurred by the subfund.	135.41 per cent

## Anticipated expense structure:

## 17.1. Expenses covered by the subfund funds:

17.1.1. remuneration to the Management Company calculated on the basis of the accrual principle for every business day following the principle of synchronicity and paid every month by the 10 (tenth) day of the next month. Remuneration to the Management Company consists of:

17.1.1.1. The calculation period for the performance 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 performance 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. E.g. if the value of the subfund item starts to fall, the performance fee under the High Water Mark principle shall not be calculated. The use of this principle ensures that due to fluctuations of the value of investment units during the long term the Participants of the subfund would not have to pay the performance fee several times. The fee is applied at the level of the subfund and not individually to every Participant. This means that when calculating the amount of the performance fee the increase of the value of the subfund item and not the change of value of investment of every Participant is taken into account;

17.1.1.2. management fee which is calculated on the average annual value of NA of the subfund;

Maximum amounts of remuneration to the Management Company:

Subfund	Performance fee	Management fee
Finasta Global Flexible Subfund	No more than 15 per cent of NA growth in value	No more than 2 per cent of average annual NAV of the subfund
Finasta Emerging Europe Bond Subfund	-	No more than 1 per cent of average annual NAV of the subfund
Finasta World Equity Subfund of Funds	-	No more than 1 per cent of average annual NAV of the subfund
Finasta New Europe TOP20 Subfund	No more than 15 per cent of NA growth in value	No more than 1.5 per cent of average annual NAV of the subfund
Finasta Russia TOP20 Subfund	No more than 15 per cent of NA growth in value	No more than 1.5 per cent of average annual NAV of the subfund

17.1.2. The total remuneration to the Depository for safekeeping the assets of every subfund and for movement in the accounts of financial instruments shall not exceed 0.5 (five tenths) per cent of the average annual NAV of every subfund. Remuneration to the Depository shall be paid under the procedure and terms established in the service provision agreement.

17.1.2.1. Remuneration to the Depository for safekeeping the assets of every subfund shall be calculated based on the accrual principle for every business day according to the NAV of the subfund.

17.1.2.2. Remuneration to the Depository for movement in the accounts of financial instruments shall be calculated for every business day when operations were carried out in the accounts of financial instruments.

17.1.3. Remuneration to financial intermediaries (transaction conclusion costs, costs of non-payment orders to transfer financial instruments, costs of safekeeping the financial instruments, etc.) shall not exceed 1 per cent of the value of concluded transactions. Remuneration to financial intermediaries shall be calculated every business day, if at least one transaction was concluded. Remuneration to financial intermediaries shall be paid under the procedure and terms established in the service provision agreement.

17.1.4. Remuneration to the audit company and financial establishments for provided services shall not exceed 1 per cent of the average annual NAV of the subfund. Remuneration to the audit company and financial establishments shall be paid under the procedure and terms established in the service provision agreement.

17.1.5. Legal expenses incurred by the subfund shall not exceed 1 (one) per cent of the average annual NAV of the subfund. Legal expenses shall be covered by the funds of the subfund in the cases and under the procedure specified in the Fund regulations according to documents substantiating the expenses.

17.1.6. Remuneration for banking services (including without limitation bank and other credit institution fees for local and international payment orders). These expenses shall be calculated in accordance to the prices applied by banks and other credit institutions used by the subfund.

17.1.7. Fees to NASDAQ OMX Vilnius Exchange shall be: a) payment for inclusion of financial instruments into NASDAQ OMX Vilnius trading lists; b) annual payment for listing of financial instruments, etc.

17.1.8. Fees for public limited liability company Central Securities Depository of Lithuania (hereinafter the CSDOL) shall be: a) one-off payment for registration of the subfund; b) quarterly account management payment; c) payment for servicing essential events of securities; d) fee for making of the list of owners of securities; e) annual payment, etc.

17.1.9. Fees to the market maker, authorised agent of the Management Company, CSDOL as well as manager of Participants' and their investment units accounts.

17.1.10. Other expenses relating to activities of the subfund which are not paid periodically or in accordance with set procedures (funds to cover those expenses shall be accumulated in the account of the subfund and transferred upon occurrence).

17.1.11. Expenses provided for in subparagraphs 17.1.6 – 17.1.10 of the Prospectus shall not exceed 1 (one) per cent of the average annual value of NA of the subfund.

All other expenses that were not anticipated or exceeding the established limits shall be covered at the expense of the Management Company.

17.2. Expenses covered directly by the Participant:



17.2.1. Distribution fee\* - not exceeding 2 (two) per cent of the value of a subfund item. The distribution fee is included in the selling price of the subfund item. The distribution fee is paid by the Participant under the subfund item sale-purchase agreement.

\* the Management Company shall not apply the distribution fee:

1. Participants who conclude labour contracts with any of the following companies (only for the duration of the labour contract):
  - a. bankas FINASTA AB;
  - b. Finasta Asset Management UAB;
  - c. Finasta Corporate Finance AB;
  - d. FMĮ Finasta AB;
  - e. Pirmais atklatais pensiju fonds AS;
  - f. IPAS Finasta Asset Management.
2. Participants matching the criteria below:
  - a. the Participant has concluded a financial instrument portfolio management agreement (hereinafter referred to as the Management Agreement) with the Management Company;
  - b. the Participant has paid at least 5000 (five thousand) litas of management fees specified in the financial instrument management agreement within one year of validity of the Management Agreement.
3. Investors licensed and/or supervised by European Union member states, where they invest and/or have invested over 1 000 000 (one million) litas in the investment funds managed by the Management Company in total in their name, in the name of their clients and managed funds.

17.2.2. Subfund exchange fee – not exceeding 0.25 (twenty five hundredths) per cent of the value of the exchanged subfund units intended for covering direct costs of exchanging subfund units.

There are no hidden commission fees.

The Management Company shall have the right to pay all or part of management, success, distribution and other fees received from Participants to distributors, intermediaries and/or agents of the Fund. There is an agreement on sharing the remuneration for management of the Fund received by the Management Company. The Management Company shall pay part of the management fee to the distributor operating under the Fund investment item distribution agreement.

The maximum management fee that can be paid to its own Management Company by other collective investment undertakings, in which the subfunds have invested, cannot exceed 3 (three) per cent of the average annual NAV of every subfund.

Total expenses of the Fund, which cannot be attributed to any specific subfund, shall be distributed among the subfunds in proportion to the average NAV at the moment of acknowledging of expenses or at the moment of starting to accumulate expenses.



### III. DATA ABOUT SUBFUND UNITS

#### 18. Data about subfund units:

A subfund unit is a transferable security, which proves the right of the joint owner of the subfund to a share of the assets of the subfund.

The proof of the right of ownership to subfund units is a record in the personal securities account of the Participant. The record in the personal securities account shall be entered not later than within one business day from the receipt of the funds in the subfund account. In case of acquisition of subfund units in the stock exchange, the record in the personal securities account shall be entered under the procedure established in the agreement concluded by the Participant with the public turnover intermediary, but not earlier than on the third business day after the conclusion of the transaction in the stock exchange.

Manager of the personal accounts of issued subfund units, manager of the register is the Management Company and/or AB bankas FINASTA (in the case the Management Company will delegate the function of managing the personal accounts of the Participants and the subfund units owned by them to bankas FINASTA AB). The Management Company has authorized bankas FINASTA AB to represent it in dealings with CSDL.

No limitations are set for transfer of subfund units, except for the cases when the subfund units are seized or under other restrictions under the procedure established by the legal acts.

The Management Company, the manager of the accounts of the Participants and the units owned by them and distributors shall ensure that the subfund units, for which a redemption application has been received, would not be transferred to a public turnover intermediary with the intention of selling the units in the stock exchange, and the subfund units bought in the stock exchange, which are under orders to sell in the exchange, would not be transferred with the intention of buying the units out.

The subfund units shall grant the holders the rights and duties specified in Paragraph 12 of the Prospectus. The subfund units shall not grant voting rights.

Issues of subfund units are not limited and are open-ended.

Accounting of the investment units issued by a subfund may be carried out on two levels of accounting (subfund investment item accounts may be opened and managed by CSDL).

#### 19. Dividends

Subfunds do not pay dividends.

#### 20. Procedure of liquidation of subfunds

A subfund may be liquidated at the decision of the Board of the Management Company, the Supervisory Authority or the Board of the Depository.

If the situation is not remedied within 6 months from the day when the net assets became smaller than required, the Management Company shall take immediate measures to liquidate the subfund. If the

Management Company fails to liquidate the subfund within a reasonable period, the Supervisory Authority shall have the right to decide to liquidate the subfund.

Upon deciding to liquidate the subfund, the redemption and distribution of subfund units shall be terminated. If during liquidation of a subfund it becomes known that the assets of the subfund are not sufficient to cover the liabilities accepted in its name, the Management Company shall not fulfil the remaining obligations in the cases when, at the request of the Management Company, the Supervisory Authority confirms that there are no data about the fact that the Management Company failed to appropriately fulfil its duties specified in the Law on Collective Investment Undertakings and the Fund regulations.

After satisfying the demands of the creditors, the money received for selling the remaining assets of the subfund shall be distributed pro rata to the share held by Participants of the subfund.

If there are complaints concerning obligations in the name of the subfund in courts, the subfund can only be liquidated after coming into force of the rulings in such cases.

#### **21. Terms and conditions of issue of subfund units and procedures of making decisions to issue subfund units**

Subfund units are issued when an investor signs a subfund unit purchase-sale agreement and pays the amount specified in the agreement to the subfund account stated in paragraph 22 of the Prospectus.

#### **22. Terms and conditions and procedure of distribution (selling) of investment units or shares** **General terms and conditions and procedure of distribution of subfund units**

Subfund units are distributed in points of distribution specified in paragraph 7 of the Prospectus. When a Participant acquires subfund units with a specific Distributor, he shall address the same Distributor in order to redeem subfund units or carry out other actions.

##### **Key provisions of agreements with Distributors**

Distributors distribute subfund units on the basis of an agreement (hereinafter referred to as the Distribution agreement) signed with the Management Company.

The Distribution agreement regulates the relationship of the Distributor and the Management Company arising during distribution, exchange and redemption of subfund units.

##### **Limits of liability of Distributors**

Under the Distribution agreement, the Distributor undertakes to provide consultation services to potential Participants of the subfunds of the Management Company about the Fund and subfunds managed by the Management Company, to distribute subfund units, to accept applications to exchange, redeem the subfund units held by subfund Participants, and to provide the Management Company documents specified in the Distribution agreement and other documents received from the Participant under the terms stated in the Distribution agreement.

Under the Distribution agreement, the Distributor is not obligated to pay for the bought out subfund units held by Participants of subfunds, neither does he accept any obligations with respect to Participant of subfunds, except as explicitly stated in the Distribution agreement.

The Distributor shall adhere to the requirements of the present Prospectus and the Fund regulations.

The Distributor undertakes not to alienate the authorizations granted by the Distribution agreement with regard to implementation of the Distribution agreement to third parties. This prohibition shall not apply to the right to advertise the Fund, suggest this Fund and disseminate information about it to third parties, however in such an event the Distributor shall ensure that in advertising, suggesting the Fund and disseminating information about it, the third parties use only the advertising and/or representative material provided by the Management Company, follow the requirements of the legal acts of the Republic of Lithuania concerning offers of investment funds and dissemination of information about investment funds. The Distributor shall be liable for any damage to the Management Company, if a third party authorized by the Distributor to advertise, suggest the Fund managed by the Management Company and disseminate information about it, violates the requirements of legal acts.

#### **Procedure for concluding and implementing subfund item purchase-sale agreements (initial trading)**

A Participant can acquire subfund units on business days at the distribution points (paragraph 7 of the Prospectus) during business hours of the respective Distributor by concluding an ordinary written form subfund unit purchase-sale agreement.

A Participant can acquire subfund units using the online banking system, if he has concluded an electronic service agreement with the following Distributors:

- bankas FINASTA AB.

A Participant can acquire subfund units by phone, if he has concluded a service agreement with the following Distributors:

- bankas FINASTA AB.

The order (instructions) to buy subfund units provided via the online banking system and/or telephone shall be treated the same as a regular written subfund units purchase-sale agreement and have the same legal consequences.

#### **Term and procedure for payment for subfund units and coming into effect of the subfund unit purchase-sale agreement (initial trading)**

Payment for subfund units can only be done in euros.

Wishing to invest money in the selected subfund, a Participant shall pay for the acquired subfund units to the subfund account specified below or an account opened with a Distributor, if it is agreed with the Distributor.

Subfund (Recipient)	Account number	Other information
Finasta Global Flexible Subfund	LT38 7044 0600 0765 5430	Recipient bank: AB SEB bank  Bank code: 70440
Finasta Emerging Europe Bond Subfund	LT81 7044 0600 0765 5432	
Finasta World Equity Subfund of Funds	LT70 7044 0600 0765 5436	
Finasta New Europe TOP20 Subfund	LT16 7044 0600 0765 5438	
Finasta Russia TOP20 Subfund	LT32 7044 0600 0765 5441	

The minimum amount that can be invested in a subfund is 30 (thirty) euros.

Payment to the subfund account shall be done within three business days after concluding the subfund item purchase-sale agreement. The subfund item purchase-sale agreement shall come into effect only if the

Participant transfers the funds to the subfund account within 3 business days after conclusion of the subfund item purchase-sale agreement. In the case the Participant fails to transfer the funds under the procedure specified herein, the subfund unit purchase-sale agreement shall not come into effect and shall be cancelled.

**Procedure of converting funds to subfund units (initial trading)**

After the Participant concludes the subfund unit purchase-sale agreement, funds shall be converted into subfund units at the price for the day of receipt of the money in the subfund account, if the funds are transferred to the subfund account on the same day by 24.00. If the funds are transferred to the subfund account after 24.00, they shall be converted into subfund units at the price for the next business day.

**Moment of gaining the right of equity (initial trading)**

The Participant acquires the right of ownership to the subfund units after the record is entered in the personal investment unit account. The record in the personal investment unit account of the Participant shall be entered within 1 business day after receipt of the funds in the subfund account.

**Procedure of conclusion and implementation of subfund unit purchase-sale agreements in stock exchange (secondary trading)**

A Participant can acquire subfund units in NASDAQ OMX Vilnius stock exchange by providing such to any public turnover intermediary in NASDAQ OMX Vilnius stock exchange during business days and business hours, under the procedure established by the regulations of NASDAQ OMX Vilnius stock exchange.

Public turnover intermediaries shall act in accordance with the legal acts regulating the public turnover of stock and the regulations of the stock exchange. An investor shall sign an agreement with the public turnover intermediary and provide orders to buy subfund units in the stock exchange under it. The counterparties shall be liable for fulfilment and default of obligations under the brokerage agreement under the procedure established by the legal acts regulating public turnover of securities. The subfund item purchase-sale transaction shall be concluded under the procedure established by NASDAQ OMX Vilnius stock exchange regulations after carrying out the instructions to buy subfund units via the public turnover intermediary. A commission fee shall be paid for the services of the public turnover intermediary as specified in the agreement with the public turnover intermediary.

The minimum number of subfund units that can be acquired in NASDAQ OMX Vilnius stock exchange is 1 (one) item.

**Term and procedure of payment for subfund units (secondary trading)**

Before providing instructions to buy subfund units money necessary to acquire the units shall be transferred into the account of the public turnover intermediary or payment for the acquired subfund units shall be ensured in a different manner.

Payment for the acquired subfund units shall be done on the third day after conclusion of the transaction to purchase units in the exchange, unless the agreement with the public turnover intermediary states otherwise.

**Moment of gaining the right of ownership (secondary trading)**

The right of ownership to the subfund units is acquired after the record is entered in the personal securities account. The record in the personal securities account shall be entered under the procedure established by the agreement concluded by the Participant and the public turnover intermediary, but not earlier than on the third business day after the conclusion of the transaction in the stock exchange.

**23. Redemption and selling of subfund units and suspension of redemption and selling****The terms and conditions of redemption of subfund units and the procedure of application to redeem subfund units (initial trading)**

The Participant who wishes to redeem subfund units, shall submit a written application of the established form to redeem the subfund units (hereinafter referred to as the Application) to the Distributor during his business days and business hours.

The Participant may redeem subfund units using the online banking system, if the Participant has concluded an electronic services agreement with the following Distributors:

- bankas FINASTA AB.

The Participant may redeem subfund units by telephone, if he has concluded a service agreement with the following Distributors:

- bankas FINASTA AB.

The order (instructions) to redeem subfund units provided via the online banking system or by telephone shall be treated as an ordinary written Application and shall have the same legal consequences.

The application to redeem investment units owned by the right of joint ownership by spouses may be submitted by one of the spouses only by presenting a power of attorney of the other spouse, which can be executed in a regular written form.

Subfund units shall be bought out at the price of the day of the receipt of the Application, if the Distributor receives the Application in the manner specified herein during business days by 24.00. If the Application is received during business days after 24.00, subfund units shall be bought out at the price of the next day.

Before submitting an application to the Management Company to redeem subfund units acquired in NASDAQ OMX Vilnius stock exchange (secondary market), the Participant shall transfer the subfund units by a non-payment order to the manager of the accounts of subfund participants – *AB bank Finasta*. The order to transfer the subfund units shall be given by the Participant to the public turnover intermediary, who accounts the subfund units acquired in NASDAQ OMX Vilnius stock exchange.

**Terms and conditions and procedure of payment for the subfund units bought out by the Participant (initial trading)**

The Management Company shall pay the Participant for the redeemed subfund units within 7 calendar days from the day of the receipt of the Application, if the redemption of the subfund units is not suspended. Money for the bought out subfund units shall be transferred to the account of the Participant specified in the Application.

The Participant shall lose all rights granted by subfund units (including the right of ownership), except for the right to receive money for the bought out subfund units, from the moment of submission of the Application to

redeem subfund units to the Distributor. From the day of the receipt of the Application to redeem subfund units, the Management Company acquires the duty to pay the Participant for the subfund units specified in the Application.

**Basis and procedure for suspension of redemption, exchange of subfund units (initial trading)**

The right to suspend the redemption, exchange of subfund units for not longer than 3 months per year lies with the Management Company and the Supervisory Authority.

Redemption, exchange of subfund units may be suspended, if:

- it is necessary in order to protect the interests of Participants against possible insolvency of the subfund or decrease of the redemption price due to unfavourable situation in the market of financial instruments and decrease of the value of the investment portfolio of the subfund;
- there are insufficient funds to pay for the bought out and/or exchanged subfund units and the selling (realization) of the held financial instruments would be loss-making;
- the measure is applied by the Supervisory Authority.

From the moment the decision to suspend the redemption, exchange of subfund units is passed, it is forbidden to accept applications to redeem, exchange the units of this subfund, pay for the subfund units, the redemption, exchange of which was requested before the decision to suspend the redemption, exchange was adopted.

The Supervisory Authority, Distributors performing redemption, exchange operations shall be immediately informed about the decision to suspend the redemption, exchange of the subfund units in writing, the decision shall be published on the website of the Management Company [www.finasta.com](http://www.finasta.com), it shall also be announced in the daily The Verslo žinios, and the Management Company shall inform the investors intending to submit applications to acquire investment units or shares of such a subfund about the suspension of redemption in writing.

If the decision to suspend the redemption, exchange of subfund units is taken by the Supervisory Authority, only the Supervisory Authority, the court or commission of administrative disputes is authorized to renew it by declaring the decision null. In other cases it is the right of the Management Company.

The decision to renew redemption, exchange of subfund units shall be announced under the same procedure as applicable to suspension of redemption, exchange.

**Terms and conditions and procedure of selling subfund units in the stock exchange (secondary trading)**

Subfund units may be traded in NASDAQ OMX Vilnius stock exchange (secondary market) under the procedure established by the legal acts regulating the operation of the exchange during business days and business hours of the exchange. Orders to sell subfund units in the secondary market may be submitted by the Participant to any public turnover intermediary.

The former of the market of subfund investment units in NASDAQ OMX Vilnius stock exchange is bankas FINASTA AB. The former of the market shall act under the procedure established by the legal acts regulating the securities market and internal regulations of NASDAQ OMX Vilnius stock exchange to ensure liquidity of subfund units in the secondary market and similarity of their market price to the NAV.

The minimum number of subfund units that can be traded in NASDAQ OMX Vilnius stock exchange is 1 (one) unit.

**Terms and conditions and procedure of remuneration to the Participant for subfund units traded in the stock exchange (secondary trading)**

Payment for subfund units traded in NASDAQ OMX Vilnius stock exchange (secondary market) shall take place under the procedure established by the NASDAQ OMX Vilnius stock exchange and the agreement signed with the public turnover intermediary. The participant shall be paid for the traded subfund units on the third day after the conclusion of the transaction of selling of units in the exchange, unless specified otherwise in the agreement with the public turnover intermediary. Under the procedure established by the legal acts regulating public turnover of securities and the regulations of the exchange, the public turnover intermediary shall be responsible for timely and suitable payments. A commission fee shall be paid for the services of the public turnover intermediary as specified in the agreement concluded with the public turnover intermediary.

Implementation of the order to sell subfund units in the exchange (conclusion of the transaction) gives the Participant the right to demand all receivable accounts for the traded units minus the commission fee of the public turnover intermediary and he acquires the duty to transfer the right of ownership to the subfund units. The investor shall not be considered a Participant of the subfund from the moment the record about transferred subfund units is entered into the personal securities account. The record in the personal securities account shall be entered under the procedure established by the agreement concluded by the Participant and the public turnover intermediary, but not earlier than on the third business day after the conclusion of the transaction in the stock exchange.

**Basis and procedure of suspension of selling subfund units in the stock exchange (secondary trading)**

Trading in NASDAQ OMX Vilnius stock exchange may be suspended under the procedure established by the legal acts regulating public turnover of securities and the regulations of the exchange. Suspension of trading in NASDAQ OMX Vilnius stock exchange shall be announced under the procedure established by the legal acts regulating public turnover of securities and the regulations of the exchange.

**Exchange of subfund units**

A Participant wishing to exchange the owned units of one subfund for the units of another subfund shall submit an application to exchange subfund units (hereinafter referred to as the Application) to the Distributor during his business days and business hours.

The Participant can exchange the units of one subfund for the units of another subfund at any time using the online banking system, if he has concluded an electronic services agreement with the following Distributors:

- bankas FINASTA AB.

The Participant can exchange subfund units by telephone, if he has concluded a service agreement with the following Distributors:

- bankas FINASTA AB.



The order (instructions) to exchange subfund units provided via the online banking system or by telephone shall be treated as an ordinary written Application to exchange subfund units and shall have the same legal consequences.

The subfund units specified in the Application shall be converted to the units of another subfund at the price of the day of receipt of the Application, if the Application is received by the Distributor in the manner specified herein on a business day by 24.00. If the Application is received on a business day after 24.00, the subfund units specified in the Application shall be converted to the units of another subfund at the price of the next business day.

Exchange of subfund units is subject to a fee, the amount of which is specified in subparagraph 17.2.2. of the Prospectus.

Exchange of subfund units to the units of another subfund is not possible in the secondary market.

#### **24. Regulations of establishing the selling and redemption price of subfund units**

The NAV of every subfund and the value of the units of the subfund is calculated every business day using the methods for calculation of the value of net assets approved by the Supervisory Authority and the requirements for calculation of the value of net assets of the funds managed by the Management Company approved by the Board of the Management Company. The NAV of the subfund for the current day and the value of the units of the subfund is calculated and announced by noon of the next business day on website [www.finasta.com](http://www.finasta.com).

The selling price of a subfund unit shall be equal to the sum of the value of a subfund unit and the applied distribution fee specified in subparagraph 17.2.1. of the Prospectus. The distribution fee is intended for covering the costs of distribution of subfund units. It is not included in the calculation of the NAV.

The redemption price of a subfund unit shall be equal to the value of the unit of the subfund. The redemption price shall not be reduced by the costs of redemption.

NASDAQ OMX Vilnius stock exchange announces the NAV of the fund per a subfund unit, change of the number of subfund units traded in the exchange and other information specified in the regulations of the exchange under the procedure established by the regulations of the exchange and other legal acts.

#### **25. Factors that may influence distribution**

Distribution of subfund units may be influenced by changes to the legal acts regulating the activities of collective investment undertakings as well as force majeure as defined in the legal acts.

### **IV. INFORMATION ABOUT INVESTMENT AND RISKS**

#### **26. Fund history**

Results of Finasta Global Flexible Subfund:

	2011
NAV, 31 December	3 187 596.2441 LTL



NAV per one subfund unit (value of a subfund unit), 31 December	87.3463 LTL
Annual net return on investment	10.61 per cent
Comparative index return	1.74 per cent
Average net return on investment from the beginning of operation of the subfund	10.61

Results of the subfund in the past do not guarantee future results.

Let's say an investor decided to invest 10 000.00 LTL into the subfund on 3 January 2011. On 3 January 2011 the value of a subfund unit was 100.1802 LTL, the distribution price was higher by 2 per cent. By 30 December 2011 the value of the subfund unit decreased by 12.81 per cent and amounted to 87.3463 LTL. We assume that the highest value (120 LTL) was not reached.

In such a case the investor would bear the following share of taxes:

Amount invested on 03.01.2011		10 000.00 LTL
Distribution fee	2 per cent	196.08 LTL
Amount invested in the subfund		9 803.92 LTL
Audit fee	Remuneration for audit services	17.31 LTL
Remuneration to the Management Company	2 per cent of the average NAV	194.53 LTL
Performance fee	15 per cent of the increase	0.00 LTL
Remuneration to the Depository*	under an agreement (not exceeding 0.5 per cent of the average annual NAV)	27.32 LTL
Remuneration to intermediaries*	under an agreement (not exceeding 1 per cent of the value of concluded transactions)	62.10 LTL
	In total	301.26 LTL
Value of assets on 30.12.2011		8 547.96 LTL

N.B.

\*Fees change depending on the activity of the management of the subfund, however they cannot exceed the amounts specified in the regulations.

Results of Finasta Emerging Europe Bond Subfund:

	2011
NAV, 31 December	19 924 168.2706 LTL
NAV per one subfund unit (value of a subfund unit), 31 December	99.8400 LTL
Annual net return on investment	1.06 per cent
Comparative index return	0.68 per cent
Average net return on investment from the beginning of operation of the subfund	1.06

Results of the subfund in the past do not guarantee future results.

Let's say an investor decided to invest 10 000.00 LTL into the subfund on 3 January 2011. On 3 January 2011 the value of a subfund unit was 100.2071 LTL, the distribution price was higher by 2 per cent. By 30

December 2011 the value of the subfund unit decreased by 0.36 per cent and amounted to 99.8400 LTL. We assume that the highest value (120 LTL) was reached.

In such a case the investor would bear the following share of taxes:

Amount invested on 03.01.2011		10 000.00 LTL
Distribution fee	2 per cent	196.08 LTL
Amount invested in the subfund		9 803.92 LTL
Audit fee	Payment for audit services	5.61 LTL
Remuneration to the Management Company	1 per cent of the average NAV	99.46 LTL
Success fees	15 per cent of the increase	0.00 LTL
Remuneration to the Depository*	under an agreement (not exceeding 0.5 per cent of the average annual NAV)	12.36 LTL
Remuneration to intermediaries*	under an agreement (not exceeding 1 per cent of the value of concluded transactions)	13.92 LTL
	In total	131.35 LTL
Value of assets on 30.12.2011		9 768.01 LTL

N.B.

\*Fees change depending on the activity of the management of the subfund, however they cannot exceed the amounts specified in the regulations.

Results of Finasta World Equity Subfund of Funds:

	2011
NAV, 31 December	1 646 538.3927 LTL
NAV per one subfund unit (value of a subfund unit), 31 December	84.1033 LTL:
Annual net return on investment	14.33 per cent
Comparative index return	11.14 per cent
Average net return on investment from the beginning of operation of the subfund	14.33

Results of the subfund in the past do not guarantee future results.

Let's say an investor decided to invest 10 000.00 LTL into the subfund on 3 January 2011. On 3 January 2011 the value of a subfund unit was 100.3189 LTL, the distribution price was higher by 2 per cent. By 30 December 2011 the value of the subfund unit decreased by 16.16 per cent and amounted to 84.1033 LTL. We assume that the highest value (120 LTL) was not reached.

In such a case the investor would bear the following share of taxes:

Amount invested on 03.01.2011		10 000.00 LTL
Distribution fee	2 per cent	196.08 LTL
Amount invested in the subfund		9 803.92 LTL
Audit fee	Payment for audit services	48.51 LTL
Remuneration to the	1 per cent of the average NA value	99.64 LTL

Management Company		
Success fees	15 per cent of the increase	0.00 LTL
Remuneration to the Depository*	under an agreement (not exceeding 0.5 per cent of the average annual NA value)	31.14 LTL
Remuneration to intermediaries*	under an agreement (not exceeding 1 per cent of the value of concluded transactions)	24.40 LTL
	In total	203.69 LTL
Value of assets on 30.12.2011		8 219.22 LTL

N.B.

\*Fees change depending on the activity of the management of the subfund, however they cannot exceed the amounts specified in the regulations.

Results of Finasta New Europe TOP20 Subfund:

	2011
NAV, 31 December	35 993 541.0997 LTL
NAV per one subfund unit (value of a subfund unit), 31 December	69.5680 LTL
Annual net return on investment	31.67 per cent
Comparative index return	28.52 per cent
Average net return on investment from the beginning of operation of the subfund	31.67

Results of the subfund in the past do not guarantee future results.

Let's say an investor decided to invest 10 000.00 LTL into the subfund on 3 January 2011. On 3 January 2011 the value of a subfund unit was 100.2038 LTL, the distribution price was higher by 2 per cent. By 30 December 2011 the value of the subfund unit decreased by 30.57 per cent and amounted to 69.5680 LTL. We assume that the highest value (120 LTL) was not reached.

In such a case the investor would bear the following share of taxes:

Amount invested on 03.01.2011		10 000.00 LTL
Distribution fee	2 per cent	196.08 LTL
Amount invested in the subfund		9 803.92 LTL
Audit fee	Payment for audit services	2.60 LTL
Remuneration to the Management Company	1 per cent of the average NAV	147.42 LTL
Success fees	15 per cent of the increase	0.00 LTL
Remuneration to the Depository*	under an agreement (not exceeding 0.5 per cent of the average annual NAV)	27.74 LTL
Remuneration to intermediaries*	under an agreement (not exceeding 1 per cent of the value of concluded transactions)	110.30 LTL
	In total	288.06 LTL
Value of assets on 30.12.2011		6 806.53 LTL

N.B.

\*Fees change depending on the activity of the management of the subfund, however they cannot exceed the amounts specified in the regulations

## Results of Finasta Russia TOP20 Subfund:

	2011
NAV, 31 December	13 630 187.5143 LTL
NAV per one subfund unit (value of a subfund unit), 31 December	77.2478 LTL
Annual net return on investment	28.14 per cent
Comparative index return	19.60 per cent
Average net return on investment from the beginning of operation of the subfund	28.14

Results of the subfund in the past do not guarantee future results.

Let's say an investor decided to invest 10 000.00 LTL into the subfund on 3 January 2011. On 3 January 2011 the value of a subfund unit was 98.9700 LTL, the distribution price was higher by 2 per cent. By 30 December 2011 the value of the subfund unit decreased by 21.95 per cent and amounted to 77.2478 LTL. We assume that the highest value (120 LTL) was not reached.

In such a case the investor would bear the following share of taxes:

Amount invested on 03.01.2011		10 000.00 LTL
Distribution fee	2 per cent	196.08 LTL
Amount invested in the subfund		9 803.92 LTL
Audit fee	Payment for audit services	6.88 LTL
Remuneration to the Management Company	1.5 per cent of the average NAV	148.95 LTL
Success fees	15 per cent of the increase	0.00 LTL
Remuneration to the Depository*	under an agreement (not exceeding 0.5 per cent of the average annual NA value)	37.20 LTL
Remuneration to intermediaries*	under an agreement (not exceeding 1 per cent of the value of concluded transactions)	73.99 LTL
	In total	267.02 LTL
Value of assets on 30.12.2011		7 652.13 LTL

N.B.

\*Fees change depending on the activity of the management of the subfund, however they cannot exceed the amounts specified in the regulations of the Fund.

Upon acquiring subfund units the Participant pays a distribution fee which is not taken into account when calculating the return on investment, therefore the return on investment for the Participant is lower due to this fee.

## 27. Composition of the investment portfolio

27.1. The funds of every subfund are invested into the financial instruments below in accordance with the objectives of the subfund stated in Paragraph 30 and the investment policy:

27.1.1. 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;

- 27.1.2. 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;
  - 27.1.3. 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;
  - 27.1.4. 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;
  - 27.1.5. 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.);
  - 27.1.6. money market instruments and investment instruments (shares) of harmonised collective investment undertakings, whose primary investment trend – money market instruments;
  - 27.1.7. deposits in credit institutions;
  - 27.1.8. derivative financial instruments associated with the above financial instruments, financial indices, interest rates, currencies or currency rates, if they are used for risk management.
- 27.2. The composition of the investment portfolio of the subfund shall correspond to the requirements of diversification of investment portfolios and investment limitations specified in the Law on Collective Investment Undertakings of the Republic of Lithuania:
- 27.2.1. No more than 5 per cent of NA of the subfund may be invested in transferable securities or money market instruments of a single issuing body, except to the cases specified in subparagraphs 27.2.2, 27.2.5 and 27.2.6 of the Prospectus.
  - 27.2.2. It shall be allowed to invest in the transferable securities or money market instruments of a single issuing body more than 5 per cent, but not more than 10 per cent of NA, provided the total amount of such investments does not exceed 40 per cent of the NA of the subfund (this restriction shall not apply to deposits and derivative financial instruments traded on a non-regulated market, provided their issuing body is subject to supervision by the Supervisory Authority).
  - 27.2.3. The investments made in deposits with a single credit institution may not exceed 20 per cent of the NAV of the subfund.
  - 27.2.4. The aggregate amount of investments in transferable securities, money market instruments of a single issuing body, deposits and liabilities arising from derivative contracts undertaken with the same person may not exceed 20 per cent of the NAV of the subfund.
  - 27.2.5. Investments in the transferable securities or money market instruments of a single issuing body issued or guaranteed by a member state or local authority thereof,

other state or international organizations of which at least one member state is a member, may not exceed 35 per cent of the NAV of the subfund.

- 27.2.6. Investments in the bonds issued by a credit institution which has its registered office in a member state and is subject to special public supervision under law by that state for the purposes of protection of the interests of bond-holders, while the amount derived from the issue of these bonds is invested in the assets which, during the whole period of validity of these bonds, are sufficient to cover claims of the bond-holders and which, in the event of insolvency of the issuing body, would be used on a priority basis to meet claims of the bond-holders for reimbursement of the principal and payment of the accrued interest, may not exceed 25 per cent of the subfund NA. When more than 5 per cent, but not more than 25 per cent of the subfund NA are invested in the bonds issued by a single issuing body, the aggregate amount of these investments may not exceed 80 per cent of NA.
- 27.2.7. The transferable securities and money market instruments specified in subparagraphs 27.2.5 and 27.2.6 of the Prospectus shall not be taken into account when calculating the amount of investment subject to the limit of 40 per cent as prescribed by subparagraph 27.2.2 of the Prospectus. The limits specified in subparagraphs 27.2.1 - 27.2.6 of the Prospectus may not be combined, thus the aggregate amount of investment in the transferable securities and money market instruments of a single issuing body, deposits and liabilities arising from derivative contracts with this person may not exceed 35 per cent of the subfund NA.
- 27.2.8. Investment in the transferable securities and money market instruments issued by the companies belonging to a group subject to the requirement of drawing up of consolidated financial reports may not exceed 20 per cent of the subfund NA.
- 27.2.9. The shares held by the subfund together with the Management Company and other harmonized collective investment undertakings managed by the Management Company in an issuing body may not carry over 1/10 of all voting rights at the general meeting of shareholders of the issuing body.
- 27.2.10. The subfund may acquire no more than:
  - 27.2.10.1. 10 per cent of all non-voting shares of an issuing body;
  - 27.2.10.2. 10 per cent of all bonds and non-equity securities of other forms of an issuing body;
  - 27.2.10.3. 25 per cent of units or shares of another collective investment undertaking;
  - 27.2.10.4. 10 per cent of the money market instruments of a single issuing body.
- 27.2.11. The prohibition specified in subparagraphs 27.2.10.2, 27.2.10.3 and 27.2.10.4 of the Prospectus may be disregarded at the time of acquisition where the aggregate value of those transferable securities or money market instruments cannot be calculated.

- 27.2.12. The limits stipulated in subparagraphs 27.2.10.2. and 27.2.10.4. of the Prospectus shall not apply to the transferrable securities or money market instruments issued and guaranteed by a state or local authorities.
- 27.2.13. The subfund invests in investment units and shares of harmonized collective investment undertakings and investment units and shares of such collective investment undertakings, which fulfil the following conditions:
- 27.2.13.1. the sole purpose of undertakings is to accumulate funds of persons by publicly offering investment units or shares and distribute them by collectively investing in transferable securities and/or other liquid assets specified herein and the investment units and shares of which shall be redeemed at any time at the request of their holder, such undertakings are licensed in the Republic of Lithuania and they are subject to supervision not less stringent than that established in the European Union or licensed in another state where they are subject to supervision not less stringent than that established in the European Union, and the Supervisory Authority cooperates with an appropriate foreign Supervisory Authority;
- 27.2.13.2. the level of protection of the rights of participants in the undertakings, including regulation of segregation, borrowing, lending and gratuitous transfer of assets, is not less stringent than that laid down by the Law on Collective Investment Undertakings of the Republic of Lithuania for harmonized collective investment undertakings;
- 27.2.13.3. the undertakings publish semi-annual and annual reports about their activities to enable assessment of their assets and liabilities, profit and activities over the reporting period;
- 27.2.13.4. under their incorporation documents, not more than 10 per cent of their NA may be invested in investment units or shares of other collective investment undertakings.
- 27.2.14. No more than 10 per cent of the subfund NA may be invested in each of the undertakings specified in subparagraph 27.2.13 of the Prospectus.
- 27.2.15. The aggregate amount invested in other than harmonized collective investment undertakings may not exceed 30 per cent of NA.
- 27.2.16. A close link shall be deemed to exist between collective investment undertakings if they are managed by the same Management Company or such management companies in which more than a half of members of management bodies are the same persons or which are controlled by the same person or one of which holds more than 10 per cent of votes at the general meeting of shareholders of the other Management Company. The subfund may invest in investment units or shares of the collective investment undertakings which are linked by close links only for the NAV.



- 27.2.17. It shall be allowed to invest solely in the derivative financial instruments (including exclusively cash-settled instruments) which meet the following conditions:
- 27.2.17.1. are admitted to trading on the markets referred to in the Law on Collective Investment Undertakings or are traded outside the above-mentioned markets;
  - 27.2.17.2. are linked to investment instruments, financial indexes, interest rates, currencies or currency exchange rates;
  - 27.2.17.3. the counterparty to the transactions concluded outside the markets conforms to the criteria laid down by the Supervisory Authority and is subject to supervision by the appropriate foreign Supervisory Authority;
  - 27.2.17.4. financial instruments traded outside the markets referred to in the Law on Collective Investment Undertakings, are subject to verification and reliable and accurate valuation on a daily basis and can be traded or otherwise disposed of for a consideration at any time at their true value.
- 27.2.18. The commitment risk accepted under transactions concerning derivative financial instruments cannot exceed the NAV of the subfund. When calculating the commitment risk, the following shall be taken into account: the current value of the derivative financial instrument, the counterparty risk, future market movements and the time available to liquidate the positions and the circumstance that the derivative financial instrument is incorporated into a transferable security or money market instrument. Investment in derivative financial instruments may not exceed 35 per cent of the NAV of the subfund, but only in cases it does not exceed the limits established in subparagraphs 27.2.1 – 27.2.8 of the Prospectus. When calculating compliance with the limits stipulated in subparagraphs 27.2.1 – 27.2.8 of the Prospectus, investments in index-linked derivative financial instruments shall be computed separately.
- 27.2.19. The commitment risk in the transactions in derivative financial instruments concluded outside the markets specified in the Law on Collective Investment Undertakings cannot exceed 5 per cent of the NA value of the subfund, and where the counterparty is a credit institution specified in subparagraph 27.2.6 of the Prospectus, the commitment risk cannot exceed 10 per cent of the NA value.
- 27.2.20. The subfund may derogate from the investment limits specified in subparagraphs 27.1 and 27.2 of the Prospectus, when it exercises the pre-emptive rights attaching to the held transferable securities or money market instruments. In such an event and also when the requirements of the investment regulations are violated for the reasons beyond the control of the Management Company, the derogation shall be eliminated without delay, but not later than within 6 months.
- 27.2.21. The subfund investment portfolio may derogate from the requirements laid down in subparagraphs 27.2.1 – 27.2.8 and 27.2.13 – 27.2.15 of the Prospectus for



6 months after the approval by the Supervisory Authority of the incorporation documents and prospectuses.

27.2.22. The subfund may invest up to 10 per cent of NA in securities and money market instruments not specified in subparagraph 27.1.

Funds of the subfunds are invested in financial instruments in the following foreign regulated markets:

- Republic of Latvia, Riga SE ([www.lv.omxgroup.com](http://www.lv.omxgroup.com));
- Republic of Estonia, Tallinn SE ([www.ee.omxgroup.com](http://www.ee.omxgroup.com));
- Republic of Austria, Vienna SE ([www.wienerboerse.at/cms/2](http://www.wienerboerse.at/cms/2));
- Republic of Greece, Athens SE ([www.ase.gr/default\\_en.asp](http://www.ase.gr/default_en.asp));
- Republic of Poland, Warsaw SE ([www.wse.com.pl](http://www.wse.com.pl));
- Czech Republic, Prague SE ([www.pse.cz](http://www.pse.cz));
- Republic of Hungary, Budapest SE ([www.bse.hu](http://www.bse.hu));
- Republic of Slovenia, Ljubljana SE ([www.ljse.si](http://www.ljse.si));
- Republic of Slovakia, Bratislava SE ([www.bsse.sk](http://www.bsse.sk));
- Republic of Malta, Malta SE ([www.borzamalta.com.mt](http://www.borzamalta.com.mt));
- Republic of Cyprus, Cyprus SE ([www.cse.com.cy/gr/default.asp](http://www.cse.com.cy/gr/default.asp));
- Republic of Albania, Tirana SE ([www.tse.com.al](http://www.tse.com.al));
- Republic of Armenia, Armenia SE ([www.armex.am](http://www.armex.am));
- Australia, Australia SE ([www.asx.com.au](http://www.asx.com.au));
- Republic of Azerbaijan, Baku SE ([www.bse.az](http://www.bse.az));
- Republic of Belarus, Belarus Currency and SE ([www.bcse.by](http://www.bcse.by));
- Bosnia and Herzegovina, Sarajevo SE ([www.sase.ba](http://www.sase.ba)); Banja Lukos SE ([www.blberza.com](http://www.blberza.com));
- Republic of Bulgaria, Sofia SE ([www.bse-sofia.bg](http://www.bse-sofia.bg));
- Republic of Georgia, Georgia SE ([www.gse.ge](http://www.gse.ge));
- Republic of Iceland, Iceland SE ([www.icex.is](http://www.icex.is));
- Japan, Tokyo SE ([www.tse.or.jp](http://www.tse.or.jp));
- United States of America, Chicago SE ([www.chx.com](http://www.chx.com)); NASDAQ VPB ([www.nasdaq.com](http://www.nasdaq.com)); America SE ([www.amex.com](http://www.amex.com)); Arizona SE ([www.azx.xom](http://www.azx.xom)); Philadelphia SE ([www.phlx.com](http://www.phlx.com)); New York SE ([www.nyse.com](http://www.nyse.com));
- Republic of Montenegro, Montenegro SE ([www.montenegroberza.com](http://www.montenegroberza.com)); NEX ([www.nex.cg.yu](http://www.nex.cg.yu));
- Canada, Vancouver SE ([www.vse.ca](http://www.vse.ca)); Montreal SE ([www.m-x.ca](http://www.m-x.ca)); Toronto SE ([www.tsx.com](http://www.tsx.com));
- Republic of Kazakhstan, Kazakhstan SE ([www.kase.kz](http://www.kase.kz));
- Republic of Croatia, Zagreb SE ([www.zse.hr](http://www.zse.hr));
- Former Yugoslav Republic of Macedonia, Macedonia SE ([www.mse.org.mk](http://www.mse.org.mk));
- the United Mexican States, Mexico SE ([www.bmv.com.mx](http://www.bmv.com.mx));
- Republic of Moldavia, Moldavia SE ([www.moldse.md](http://www.moldse.md));
- New Zealand, New Zealand SE ([www.nzx.com](http://www.nzx.com));
- Kingdom of Norway, Oslo SE ([www.oslobors.no](http://www.oslobors.no));
- Republic of Korea, Korea SE ([eng.krx.co.kr](http://eng.krx.co.kr));

- Romania, Bucharest SE ([www.bvb.ro](http://www.bvb.ro));
- the Russian Federation, Moscow Fund Exchange ([www.mse.ru](http://www.mse.ru)); Russia SE ([www.indx.ru](http://www.indx.ru)); Russia trading system, RTS ([www.rts.ru](http://www.rts.ru)); Saint Petersburg SE, SPBEX ([www.spbex.ru](http://www.spbex.ru)); Moscow Interbank Currency Exchange ([www.micex.com](http://www.micex.com));
- Republic of Serbia, Belgrade SE ([www.belex.co.yu](http://www.belex.co.yu));
- the Swiss Confederation, Swiss SE ([www.swx.com](http://www.swx.com));
- Republic of Turkey, Istanbul Altin Borsasi SE ([www.iab.gov.tr](http://www.iab.gov.tr)); Istanbul SE ([www.ise.org](http://www.ise.org));
- the Ukraine, Ukraine SE ([www.ukrse.kiev.ua](http://www.ukrse.kiev.ua)); PFTS ([www.pfts.com](http://www.pfts.com));
- the United Kingdom, London SE ([www.londonstockexchange.com](http://www.londonstockexchange.com));
- Kingdom of Sweden, Stockholm SE ([www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com));
- Republic of Finland, Helsinki SE ([www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com));
- Federal Republic of Germany, Frankfurt SE ([www.boerse-frankfurt.de](http://www.boerse-frankfurt.de)); Berlin SE ([www.boerse-berlin.de](http://www.boerse-berlin.de)); Stuttgart SE ([www.boerse-stuttgart.de](http://www.boerse-stuttgart.de)); Munich SE ([www.bayerische-boerse.de](http://www.bayerische-boerse.de)); Düsseldorf SE ([www.boerse-duesseldorf.de](http://www.boerse-duesseldorf.de));
- Luxemburg, Luxemburg SE ([www.bourse.lu](http://www.bourse.lu));
- Ireland, Ireland SE ([www.ise.ie](http://www.ise.ie));
- Hong Kong SE ([www.hkex.com.hk](http://www.hkex.com.hk)).

## 28. Objectives of subfunds and investment policy

### General provisions

The general list of financial instrument, in which the subfunds invest / may invest, for the whole Fund is provided in Paragraph 27 of the Prospectus.

Subfunds invest in those financial instruments which meet the objective and investment policy of the subfund. A subfund may invest in all financial instruments specified in paragraph 27 of the Prospectus, unless stated otherwise in the policy of the subfund.

Investments of subfunds in transferable securities or money market instruments issued by or guaranteed by the Republic of Lithuania or member states of the European Union, their local authorities, other states and international organizations of which at least one member is a member state of the European Union shall not exceed 35 per cent of NA.

Subfunds have comparative indexes. Information about the comparative indexes of every subfund is provided in the document with key information for the investors of every subfund and on website [www.finasta.com](http://www.finasta.com).

Despite the fact that the composition of investment portfolios of subfunds meet the general regulations and restrictions set by the legal acts, the risks of subfunds may still increase with respect to classes of assets, branches of economy or geographical sectors, where the subfunds invest.

The Management Company may not borrow in the name of the subfund in favour of the subfund, except for loans not exceeding 10 per cent of NAV for terms up to three months, which are necessary for retaining liquidity. This shall not mean a prohibition to borrow foreign currencies, for which financial instruments are

bought, if the repayment of the loan is ensured to the loan provider by an amount in another currency which is not smaller than the loan.

### **Finasta Global Flexible Subfund**

The objective of the subfund is to achieve the highest possible return on investment of the fund, while accepting risks lower than the one of shares.

The assets of the subfund are actively invested in different regions and classes of assets: shares, debt securities and other fixed income financial instruments, limited risk investments, raw materials and currencies. No limits are set for investments in different regions and classes of assets, the managers of the subfund may invest in every region or class of asset up to 100 per cent of the assets of the subfund following the restrictions laid down in the Law on Collective Investment Undertakings of the Republic of Lithuania.

Investments of the subfund are based both on the strategic and the tactical methods of distribution of assets and frequent corrections of the portfolio seeking higher increase of the value of the portfolio.

Part of the assets of the Finasta Global Flexible Subfund may be invested in shares of developing markets, which are characterized by huge price fluctuations. Therefore the changing situation in stock exchanges may result in big fluctuations of the NAV of the subfund.

Comparative index of the subfund is  $0,55 * \text{MSCI World index} + 0,2 * \text{S\&P GSCI commodity index} + 0,2 * \text{Dow Jones Credit Suisse hedge fund index} + 0,05 * \text{Euro Cash Indices Libor Total Return 3 Months Index}$ .

### **Finasta Emerging Europe Bond Subfund**

The objective of the subfund is to ensure balanced growth of the assets of the subfund. Up to 100 per cent of the subfund assets are invested in the debt securities of the most promising developing European governments and companies selected by the managers.

The subfund combines the riskier (bonds of companies) and safer (bonds of governments) investments in order to protect the value of assets and to ensure a stable return on investment.

The assets of the subfund are invested in the Middle and East European region. The investments of the subfund are not limited to any branch of economy. The subfund may invest in different term and credit rating bonds.

If the situation in the market cannot offer better investment opportunities, up to 100 per cent of the assets of the subfund may be invested in deposits, money market instruments and investment units (shares) of harmonized collective investment undertakings, the main investment direction of which is money market instruments or bonds and non-equity securities of other forms. The assets of the subfund may be invested in derivative financial instruments, if they are used for risk management.

The probability that the composition of the portfolio or the methods of management of the portfolio will result in large fluctuations of the NAV of the subfund is low.

Comparative index of the subfund is  $0,5 * \text{JP Morgan Euro Emerging Markets Bond Index Diversified Europe (JP Morgan Euro EMBI Diversified Europe)} + 0,4 * \text{JP Morgan Corporate Emerging Markets Bond Index Broad Europe (CEMBI Broad Europe)} + 0,1 * \text{VILIBOR 1 Month}$ .

### **Finasta World Equity Subfund of Funds**

The objective of the subfund is to achieve higher than average return on investment in world equity.

The assets of the subfund are invested in other funds investing in shares worldwide. The assets of the subfund are invested in funds without limiting it to one geographical region or branch of economy, thus ensuring a higher distribution of investment and reducing the level of risk.

Investments of the subfund are based on active management of the investment portfolio.

The subfund may invest up to 100 per cent of NA in share funds. To retain the liquidity of the subfund and/or to reduce the risk, up to 25 per cent of the assets of the subfund may be invested in bonds and/or mixed funds. To retain liquidity of the subfund, up to 25 per cent of the subfund NA may be kept in cash and/or invested in money market instruments and/or invested in money market instrument funds and/or bank term deposits.

The subfund cannot invest in derivative financial instruments.

The Finasta World Equity Subfund of Funds invests in share funds, which are characterized by large price fluctuations. Therefore changing situation in stock exchanges may result in large fluctuations of the NAV of the subfund.

Comparative index of the subfund is  $0.5 * \text{MSCI World index} + 0,5 * \text{MSCI Emerging Markets index}$ .

### **Finasta New Europe TOP20 Subfund**

The objective of the subfund is to achieve maximum return on investment in shares in the New Europe (without Russia) region. The assets of the subfund are invested in a concentrated manner in shares of 15 - 25 companies valued as the most attractive by the managers of the regional subfund. Every company is thoroughly evaluated and analysed selecting the most promising and attractive companies. A low number of positions in the subfund allows to ensure maximum supervision of the selected positions and an effective structure of the subfund, but it can have a significant influence on the fluctuations on the NAV of the subfund. The assets of the subfund are invested in the financial instruments of such undertakings (companies and CIUs investing in such companies) operating in New Europe (without Russia) countries. Up to 100 per cent of the investment portfolio of the subfund are investments in shares.

If the situation in the market cannot offer better investment opportunities, up to 10 per cent of the assets of the subfund may be invested in bonds and non-equity securities of other forms (governments and companies). The subfund may invest in different term and credit rating bonds.

The Finasta New Europe TOP20 Subfund invests in shares of developing markets, which are characterized by large price fluctuations. Therefore the changing situation in stock exchanges may result in large fluctuations of the NAV of the subfund.

Comparative index of the subfund is CECE Extended Index EUR.

### **Finasta Russia TOP20 Subfund**

The objective of the subfund 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.

Comparative index of the subfund is Russian Trading System Index (RTSI).

### 29. Description of a typical subfund investor

The Fund is intended for investor with limited investment experience. The level of risk and recommended investment period for every subfund is provided below:

Subfund	Subfund risk	Recommended investment period
Finasta Global Flexible Subfund	average	2 – 3 years
Finasta Emerging Europe Bond Subfund	lower than average	1 – 2 years
Finasta World Equity Subfund of Funds	higher than average	3 – 5 years
Finasta New Europe TOP20 Subfund	high	over 5 years
Finasta Russia TOP20 Subfund	high	over 5 years

### 30. Investment risk and its management

The value of subfund units may both increase and decrease. Investors may receive less than they invested. More information about risks is provided below.

**Market fluctuation risk.** The market fluctuation risk is the main risk directly affecting the changes of values of subfund investment portfolios. Increases and decreases are possible in the market of financial instruments. In order to protect from sudden market fluctuations the funds of the subfunds will be invested for longer periods and in financial instruments with good future prospects. Despite that, the possibility of negative macroeconomic changes which can influence the whole market of financial instruments still exists.

**Risk of fund investment goals and investment policy.** There is no guarantee that the goals of the subfunds will be achieved. Subfunds investing in one geographical region, economic sector or exchange goods may be characterized by higher changes in the values of investment units (standard deviation).

**Interest rate risk.** Changes of interest rates may have a direct influence on the value of the financial instruments in the subfund investment portfolio. The interest rate risk may be insured by derivative financial instruments or by applying immunization of the investment portfolio.

**Credit risk.** The risk to incur losses due to the inability of the issuer of securities to fulfil his financial obligations.

**Currency exchange rate fluctuation risk.** It is a risk to incur losses due to unfavourable foreign currency exchange rate with respect to litas or euro. The currency exchange rate risk may be insured by derivative financial instruments.

**Inflation risk.** Growing inflation may respectively reduce the buying power of the investment unit.

**Market liquidity risk.** The risk to incur losses due to low liquidity of the market that does not allow selling of financial instruments at the desired time for the desired price.

**Risk of counterparties and payments.** When concluding transactions outside the exchange, there is a risk that the counterparty will not fulfil its obligations. This risk also exists in exchange transactions, when payment is not guaranteed by the respective procedures of the exchange. This risk will be minimized by concluding transactions with financial institutions that are reliable and have a good reputation.

**Political and legal risk.** Subfunds investing in one geographical region or economic sector face higher political and/or legal risks. The political risk is typical to all developing countries. Increased political risk is typical to countries that are not member states of the European Union and East Europe states, including the Russian Federation and other CIS region countries. Political instability of the country may result in legal, tax, fiscal and regulatory changes, e.g. nationalization, confiscations, restrictions of free movement of capital and other political decisions which can have a negative effect on the value of the subfund units. The value of subfund units or the amount of income from investments may be affected by changes to legal acts, tax environment.

In order to effectively manage the risks above, the Management Company will employ all universally acknowledged risk management methods (diversification of the investment portfolio, use of derivative financial instruments, immunization of the portfolio, etc.).

Derivative financial instruments are used as insurance against negative market changes for a certain period and in order to reduce the influence of undesirable risk factors on the value of the subfund investment portfolio. Depending on the competence of the manager and the situation in the markets, these factors may have a negative influence on the results of the subfunds.

Standard deviation of the general return on investment is a statistical risk indicator used to describe the variability of the return of the investment portfolio. If the standard deviation of return on investment is nil, then the investment portfolio has a stable not varying return on investment.

Subfund	Standard deviation of the general return on investment for subfunds, end of 2011.
Finasta Global Flexible Subfund	11.11 %
Finasta Emerging Europe Bond Subfund	2.54 %
Finasta World Equity Subfund of Funds	16.03 %
Finasta New Europe TOP20 Subfund	18.51 %
Finasta Russia TOP20 Subfund	26.30 %

The main information about all risks is described in detail in the present Prospectus. This Prospectus and information on risks is provided free of charge to all requesting investors as well as Participants on business days at registered office of the Management Company, Maironio str. 11, Vilnius (e-mail info@finasta.com, tel. 1813), on the website of the Management Company www.finasta.com and by all Distributors of subfund units.

### 31. Investment advisors

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## V. MANAGEMENT

### 32. Management structure

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### 33. Rights and duties of the management bodies, observer council

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### 34. General meeting of shareholders

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### 35. Members of the management bodies, observer council

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### 36. Information about the Management Company

#### *Data of the Management Company*

Name of the Management Company	Finasta Asset Management UAB
Registered office	Maironio str. 11, LT-01124 Vilnius
Company code	126263073
Type of company	private limited liability company
Number of license for management activities	License No. VJK-005 issued on 15 January 2004 by the Securities Commission of the Republic of Lithuania

Methods of calculation of remuneration are described in paragraph 17 of the Prospectus.

#### *Directors of the Management Company, their participation in other companies, institutions, organizations*

Andrej Cyba – Board Member, Director General of the Management Company.

Participation in the activities and capital of other companies, institutions and organizations:

- Board Member of bankas FINASTA AB;
- Board Member of Vilkyškių pieninė AB;
- Director of Piola UAB;
- Member of the observer council of Pirmais atklātais pensiju fonds AS;
- Member of the observer council of IPAS Finasta Asset Management;
- Board Member of Finasta Holding AB;
- Member of the observer council of F Capital AS.



Andrius Barštys – Chairman of the Board.

Participation in the activities and capital of other companies, institutions and organizations:

- Chairman of the Board and Director General of bankas FINASTA AB;
- Chairman of the Board of joint stock company financial brokerage company FINASTA;
- Chairman of the Board of FINASTA Corporate Finance UAB;
- Member of the observer council of Pirmais atklātais pensiju fonds AS.
- Member of the observer council of IPAS Finasta Asset Management;
- Chairman of the observer council of Finasta Holding AB;
- Chairman of the observer council of F Capital AS.

Aurimas Martišauskas – Board Member.

Participation in the activities and capital of other companies, institutions and organizations:

- Board Member and Deputy Director General of bankas FINASTA AB;
- Director and Board Member of joint stock company financial brokerage company FINASTA;
- Board Member of FINASTA Corporate Finance UAB;
- Member of the observer council of Finasta Holding AB;
- Member of the observer council of IPAS Finasta Asset Management;
- Member of the observer council of F Capital AS.

Vitalijus Šostak – Board Member.

Participation in the activities and capital of other companies, institutions and organizations:

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#### **Other undertakings managed by the Management Company and their investment strategies**

Currently Finasta Asset Management UAB manages 1 (one) harmonized umbrella investment fund comprised of 5 (five) subfunds, 4 (four) special investment funds, 6 (six) II pillar pension funds and 2 (two) III pillar pension funds. A more detailed description of the managed products is provided below.

#### **▪ INVESTMENT FUNDS**

- Finasta Vitality investment fund for investing in transferable securities is a share fund for large investors investing in companies of developed and developing European countries.
- Finasta Delta special alternative investment fund seek positive long-term growth of the value of Fund units during different phases of development of world economy by actively investing in reasonably diversified investment portfolio and accepting a high level of risk. The Fund does not limit its investment in different classes of assets or geographical regions or industrial sectors. It is likely that during the operation of the Fund the major share of assets of the Fund will be invested in shares, bonds or money market instruments, however investments in derivative financial instruments (currency exchange (*Swap*) and forward currency exchange (*Forward*) transactions), real estate objects, investment financial products linked to exchange goods, other collective investment undertakings are possible for achieving the objectives of the Fund.



- Finasta Sigma special alternative investment fund seeks positive long-term growth of the value of Fund units during different phases of development of world economy by actively investing in reasonably diversified investment portfolio and accepting a high level of risk. The Fund does not limit its investment in different classes of assets, thus during different periods the majority of investments by the Fund may go to a certain class of assets – shares, bonds, money market instruments or a different class of assets. The Fund does not limit its investment in geographical regions or industrial sectors, thus the Fund may invest globally in different investment instruments.

- My Residence closed-type special real estate investment fund is meant solely for professional investors. The Fund invests the assets directly in real estate objects. When investing the Fund focuses on direct investment in residential and commercial land plots and/or structures, which have to be acquired in the initial phases of their development.

#### ▪ II PILLAR PENSION FUNDS

- The assets of Finasta conservative investment pension fund is invested in non-equity securities issued or guaranteed by Lithuania, governments, central banks of members of the European Union or the Organization for Economic Cooperation and Development, and the European Central Bank.

- The strategy of Finasta increasing income pension fund is to invest at least 70 per cent of the assets of the fund in non-equity securities issued or guaranteed by Lithuania, governments, central banks of members of the European Union or the Organization for Economic Cooperation and Development, and the European Central Bank, and up to 30 per cent are invested in shares of the companies of those countries.

- The strategy of Finasta active investment pension fund is to invest at least 50 per cent of the assets of the fund in non-equity securities issued or guaranteed by Lithuania, governments, central banks of members of the European Union or the Organization for Economic Cooperation and Development, and the European Central Bank, and up to 50 per cent are invested in shares of the companies of those countries.

- The strategy of Finasta rational risk pension fund is to invest up to 100 per cent of the assets of the fund in shares of companies of Lithuania, members of the European Union and the Organization for Economic Cooperation and Development.

- The strategy of Finasta conservative pension fund is to invest the assets of the fund in non-equity securities issued or guaranteed by governments, central banks of member states or members of the Organization for Economic Cooperation and Development, and the European Central Bank, the rating of which is not lower than BBB.

- The strategy of Finasta balanced pension fund is to invest at least 50 per cent of the assets of the fund in debt securities issued or guaranteed by Lithuania, governments, central banks of members of the European Union or the Organization for Economic Cooperation and Development, and the European Central Bank, money market instruments and/or investment units (shares) of collective investment undertakings, the main direction of investment of which is debt securities and money market instruments, and up to 50 per cent are invested in shares of companies of these countries.

#### ▪ III PILLAR PENSION FUNDS

- Finasta share pension plus fund invests in shares of companies without restrictions with respect to regions or sectors of investment.
- Finasta bond pension plus fund invests in bonds issued or guaranteed by states or local authorities and bonds of companies.

#### *Authorized capital of the Management Company*

The authorized subscribed and fully paid capital of Finasta Asset Management UAB is 8 440 000 LTL, it is divided into 8 440 000 ordinary nominal shares of 1 LTL.

### **37. Depository**

Name of the Depository	SEB bankas AB
Company code	112021238
Registered office	Gedimino ave. 12, LT-01103 Vilnius
Type of company	joint stock company
Main activity	provision of financial services
Director	president Raimondas Kvedaras

### **38. Financial intermediaries**

Name of the company of financial brokers	bankas FINASTA AB
Company code	301502699
Registered address	Maironio str. 11, LT-01124 Vilnius
Main activity	Investment bank
Nature of agreement with the Management Company	bankas FINASTA AB is chosen as the main intermediary for securities transactions
Method of calculation of remuneration	remuneration for brokerage shall not exceed 1 per cent of the value of concluded transactions

### **39. Delegation of administrative functions**

The Management Company intends to delegate management of the accounts of the Participants and the investment units held by them to bankas FINASTA AB.

The Management Company can also delegate other functions to third parties licensed to provide respective services

The Management Company may not delegate performance of management functions to other companies to the extent that it would essentially not have any management functions.

The fact that some functions are delegated to other companies does not release the Management Company from liability.

### **40. Other important information, in the opinion of managers, that could influence decisions of Participants**

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