

These **FB Income Fund** Rules (hereinafter referred to as the “**Rules**”) were adopted by resolution of the Board of FB Asset Management AS on 19 February 2019

1. GENERAL PROVISIONS AND DEFINITIONS

1.1. FB Income Fund (hereinafter referred to as the „**Fund**“) is a **Non-Public Contractual Venture Capital Fund**.

1.2. The Fund is managed by **FB Asset Management AS** (hereinafter referred to as the “**Management Company**”), Register code 12493634, address: Tartu mnt 25, Tallinn, Republic of Estonia. The financial year of the Fund is from January 01 to December 31. FB Asset Management AS is a manager of small alternative investment funds

1.3. The webpage of the Management Company: www.fbassets.eu (hereinafter referred to as the “**Management Company’s Webpage**”).

1.4. The physical location of the Fund is the location of the Management Company.

1.5. Register of the Fund Shares (hereinafter referred to as the “**Register**”) is maintained by Swedbank AS, Register code 10060701, address Liivalaia 8, City of Tallinn, County of Harju, Republic of Estonia (hereinafter referred to as the “**Registrar**”).

1.6. The Fund does not have a depository.

1.7. For the purposes of these Rules the following definitions shall have the following meaning:

1.7.1. Subscription Application means a written application for acquisition of the Fund Shares in the prescribed format, which is submitted to the Management Company, the form and terms, as well as the way and other circumstances related to submission, which are published on the Management Company Webpage.

1.7.2. Subscription Application Submission Term shall be not more than 3 banking days before the Valuation Day, as of which the Investor wishes to acquire Shares. On the last banking day of the Submission Term, the Subscription Application must be submitted no later than at 15.00 Estonian time.

1.7.3. Redemption Application means a written application for redemption of the Fund Shares in the prescribed format, which is submitted to the Management Company, the form and terms, as well as the way of submission and other circumstances related to redemption, which are published on the Management Company Webpage.

1.7.4. Valuation Day means the day, on which the Net Value of the Fund Shares is determined. The Valuation Day shall be the last Banking Day of each week.

1.7.5. Net Value of a Share shall be calculated as the Net Value of the all Shares of the given class divided by the number of the Shares of the class which have been issued and not redeemed at the moment of calculation.

1.7.6. Issue Price of Shares means the Net Value of Shares as of the last Valuation Day, but not lower than the value of the initial investment required by clause 4.1.2. of these Rules. The Issue Fee shall be added to the Issue Price of Shares.

1.7.7. Redemption Price of a Share means the Net Value of the Share as of the last Valuation Day preceding the Redemption Day. The Redemption Fee shall be added to the Redemption Price.

1.7.8. Transaction Date means the Banking Day, on which the acquirer of the Fund Shares and the Management Company close transactions and perform actions specified hereunder to acquire the Fund Shares and make payment for the Shares. The Transaction Date is the first Banking Day of the Week following the Week when the Subscription Application is submitted or the first Banking Day of any other subsequent Week in case of suspension subject to the Rules.

1.7.9. Redemption Day means the Banking Day when the Redemption Application is to be met, which is the first Banking Day of the Week. The term to meet the Redemption Application and other terms related to redemption of the Share are stipulated in clause 5.3. hereof.

1.7.10. Banking Day means a day of the week other than Saturday or Sunday, a public or national holiday, which is deemed a day off subject to the law.

1.7.11. Month means a calendar month.

1.7.12. Week means a calendar week.

1.7.13. Day means a calendar day.

1.8. The exchange rate stipulated in the Rules shall be calculated, upon issue or redemption of the Shares, subject to the exchange rate of the European Central Bank as of the respective Valuation Day.

2. FUND ACTIVITIES

2.1. Fund Mission

- 2.1.1. The Fund constitutes the pool of assets formed by issuing Shares, and other property derived from investments of such assets, owned jointly by Share Holders and managed by the Management Company.
- 2.1.2. The Fund is a closed-ended non-public contractual venture capital fund.
- 2.1.3. The Fund mission and relationships between Share Holders and the Management Company are established in these Rules, the Subscription Application and the laws. In case of any conflict between the Rules and the laws, the provisions of the laws shall apply. Should the provisions of these Rules contradict each other, these are interpreted in the best interests of the Share Holders.
- 2.1.4. The mission of the Fund shall be is long-term investment value growth mainly derived from investments in securities, which are not traded on regulated markets, as well as investments in stocks or shares not traded on regulated markets and stocks or shares of other venture capital funds.
- 2.1.5. Income from increase in value of the Fund Assets shall not be distributed to the Share Holders, but reinvested. The Fund shall invest, first of all, in Estonian enterprises, as well as in European, Asian, and American enterprises.
- 2.1.6. EUR shall be the base currency of the Fund.

2.2. Risks and Other Material Circumstances

- 2.2.1. The Fund is a non-public fund not subject to requirements to public funds regarding investor protection.
- 2.2.2. Investments with the Fund may result in a gain or a loss for the Share Holder, as the Fund doesn't guarantee to preserve invested value. Investments with the Fund always entail certain risks which, if materialised, may decrease the invested value. Such risks in aggregate or adverse market conditions may be material. The scope of risks is not possible to forecast. In certain cases, the invested value may vary to a bigger extent than that commonly inherent in the financial instruments of a similar risk class.
- 2.2.3. Past performance or previous operations of the Fund are not a promise or an indicator of future performance or achievement of certain objectives in future.
- 2.2.4. The Share Holder is to take into account the possibility of the Fund investing all of its assets in illiquid securities, which entails high credit risk and liquidity risk, so that investments with the Fund are deemed high-risk investment.
- 2.2.5. The Fund shall guarantee to the Share Holders neither profitability (performance) of their Shares, nor preservation of their initial investment.

3. INVESTMENT OF FUND ASSETS

3.1. Investment Policy

- 3.1.1. The Management Company shall manage the Fund Assets subject to investment restrictions set out in the Investment Funds Act (hereinafter referred to as the "IFA"), the laws adopted thereunder, and the Rules, including regulations provided for by venture capital funds.
- 3.1.2. The Fund shall invest at least 60% of its assets in the stocks or shares, debt instruments or stocks or shares of other venture capital funds not tradable on regulated markets, focusing mainly on investments in debt instruments.
- 3.1.3. Fund investments shall not be limited to a certain type of issuers.
- 3.1.4. Fund investments shall not be limited to a certain industry.
- 3.1.5. The type of assets, issuers, weights of regions or industries in the Fund Assets shall be determined in the course of daily management of the Fund.

3.2. Investment Restrictions

- 3.2.1. Unless these Rules specify otherwise, the Fund investments in any type of instruments shall not be limited. The Fund may invest up to 33% of assets in the securities issued by one issuer. In part not invested in instruments specified in clause 3.1.2. hereof, the Fund may invest in each type of instruments or asset specified below, which are tradable or not tradable on regulated markets at the Management Company's discretion to manage the Fund liquidity, or to withdraw from investments or, upon acquisition thereof, subject to no acceptable investments, to diversify the risks:
 - 3.2.1.1. in listed and non-listed stocks or shares and other equal tradable rights, listed and non-listed debt, exchangeable debt instruments and other issued and tradable debt obligations, subscription rights and other tradable rights with the right to acquire securities, in money market instruments as well as in tradable

- certificates;
- 3.2.1.2. in deposits with credit institutions;
 - 3.2.1.3. in derivative instruments;
 - 3.2.1.4. in stocks and shares of an investment fund.
 - 3.2.2. The Fund may invest in instruments related to any country. The Fund has no limit as to investments in the instruments related to a single country.
 - 3.2.3. The Fund may invest in derivative instruments of any type tradable or not tradable or the country in which the derivative instruments or their issuers are registered. The Fund may invest in derivative instruments for trading or risk reduction (hedging) purposes.
 - 3.2.4. The Fund may place up to 100% of its assets market value on the Fund settlement account or to a temporary overnight deposit subject to limitations specified in clause 3.1.2.
 - 3.2.5. The Management Company may, for account of the Fund, take or extend loans, perform reacquire and reverse reacquire transactions, and other securities lending transactions as well as use financial leverage of up to 20% of the value of the Fund Assets.
 - 3.2.6. The Fund may, on a temporary basis, ignore limits of risk diversification for reasons beyond control the Management Company. Reasons beyond control of the Management Company shall include, among others, exercise of pre-emptive right to acquire securities, stock issuance, change in securities market value and other similar reasons should these transactions be held for account of the Fund to start adhering to the limitations on risks diversification, subject to interests of the Share Holders.
 - 3.2.7. In addition to the limitations specified above the Management Company shall follow all other investment limitations and requirements for risks diversification which are stipulated by law.
 - 3.3. **Investment-Related Risks**
 - 3.3.1. The Fund Investments entail various risks which may affect performance of the Fund. The Share Holder investing with the Fund should take into account potential gains, as well as potential losses. The net value of the Fund may fluctuate with time, and investment with the Fund may not be considered a deposit, and neither the Management Company nor financial institutions or government bodies shall guarantee preservation and growth of the invested value. The past performance of the Fund does not guarantee similar results in the future.
 - 3.3.2. The main investment risks are as follows:

Market Risks

Liquidity risk. Liquidity risk arises, first of all, with investments in securities (for instance, corporate instruments) which are not tradable on regulated markets. The Fund mission involves investments in debt securities not tradable on regulated markets (including promissory notes/bills), and the Fund is exposed to a very high liquidity risk. Due to low liquidity the Fund may fail to sell assets at the need times, at the needed price or at all. That risk may be reduced through diversification of the Fund investments, but liquidity risk still remains material for certain investments.

Asset valuation risk. The Fund invests, mainly, in the securities, which do not constitute financial market instruments and are not traded on regulated markets; therefore the Fund is exposed to the asset valuation risk, since the invested instrument has no reliable price quotation. The asset valuation risk shall be deemed material should the Fund, for instance, invest in corporate bills. In such case the Management Company may use its valuations as inputs to an asset valuation model. The current price of such financial instruments may differ from the price of the transaction with such securities performed later, which may cause a significant revaluation of the financial instrument and dramatic change in the Share net value.

Market price (fluctuation) risk. Due to inherent characteristics of financial markets, securities price may increase and decrease. Unfavourable changes in the market price of securities decrease the value of the Fund investment. Such unfavourable changes may be caused by economic or social changes, which may be characteristic of an industry, a sector or an enterprise.

Risk arising from capital flows. Flows of capital between countries, as well as the foreign investments can materially impact the assets market price and liquidity.

Interest rate risk. Changes in i) interest rates, ii) market curve, iii) interest rate volatility, and iv) difference in interest rates of the instruments of a different risk level can materially impact the value of the Fund investment.

Risk caused by short-term Investors of the Fund. Investors may make a short-term investment with the Fund, so the Fund may be obliged to disburse proceeds from Share issue due to short-term nature of such investments. Should in such cases the Fund invest in the securities, to be sold in the short period of time, the performance of the Fund investment may suffer due to related expenses (broker fees, for instance), which entails damage to long-term

Investors of the Fund in the first place. If the proceeds have not been invested yet, but the average prices increase, performance of the Fund investment may be lower than possible, which also entails damage to long-term Investors of the Fund.

Currency risk. The risk of unfavourable changes in the value of investments made or quoted in a foreign currency due to unfavourable exchange rate fluctuations.

Inflation risk. The risk of decrease in the invested value due to inflation and price hikes.

Risk related to asset class or market concentration. Should the Fund focus on a particular region, performance of the Fund may be affected by a single event or a circumstance pertaining to the respective region. As the Fund focuses on the single asset class (promissory notes), the Fund performance may be affected by a single particular event or a circumstance affecting the notes/bills market.

Credit risks

Credit risk is the risk that the issuer of a financial instrument within the Fund portfolio or the counterparty to the transaction with the Fund Assets will not fulfil his/her obligations in full and in time (for instance, the enterprise is not able to redeem the notes issued, or the borrower will not repay the loan), which can entail damage to the Fund. The risk can be very high as the Fund invests in the debt instruments not tradable on regulated markets. To reduce the risk the Fund is to monitor and analyse reliability of the issuers.

Settlement risk is the risk that the transfer is not made in due time or in full if the party to the transfer is not able to fulfil the obligations assumed (for instance, to transfer the money or the securities). To reduce this risk, transactions shall generally be executed subject transaction against payment“ basis.

Operational Risks

Business risk. The Fund may invest in securities of an issuer, the economic results whereof may depend on economic cycle, and the management competence, which may affect the price of securities. The Fund is to monitor operations of the issuer to reduce this risk.

Registrar-related risk. The risk to suffer damages from actions or omissions of the Registrar (non-performed transactions due to failures/defects, delayed transfers, wrong transfers, unauthorised disclosures, etc.).

Mediator risk. The Investors are exposed to the risks related to mediators (for instance, holding managed investment accounts), especially should the mediator keep the Shares acquired by the Investor on the client’s account and is not able to maintain the internal register.

Political and legal risks

Political risk involves unfavourable developments or events (for instance, war, disturbances, property nationalisation, changes in economic policy or legal environment) may arise in countries or regions, in which the Fund invests. Unfavourable changes in political environment may significantly decrease the value of the Fund investments, which may also be affected by material share of the heads of states, governments and municipalities in local enterprises and control over these.

Legal system risk involves potential changes in legal acts affecting the Fund operations and investments, including the Income Tax Act.

Beside common investment risks, Investors should take into account the possibility of other events that could affect the Investor’s investment with the Fund. For instance, the Management Company is entitled subject to the Investment Funds Act and these Rules, to suspend redemption of the Shares, or the Fund may be reorganised, or merge with another fund, or liquidated. The Management Company is entitled to amend these Rules or the fees collected from the Fund and the Share Holders, subject to the cap rates provided for in the Rules. These may take place without prior, unless the laws or these Rules specify otherwise. In case of any amendments made by the Management Company to these Rules subject to changes in the laws, the respective notice shall be published on the Management Company Webpage, and the changes shall enter into force at the date specified in the notice.

Description of the aforementioned risks is not exhaustive of all risks related to investment with the Fund. To make investment decisions the Investor should familiarise with these Rules, attachments to the Rules, the Subscription Application, the Redemption Application, and other documents and information published on the Management Company Webpage, and rely on his/her own judgement of investment-related risks and possibilities. The Investor should be sure that the Fund risk profile is acceptable. The Investor should consult with an investment adviser if necessary.

4. FUND SHARES AND RIGHTS AND OBLIGATIONS ATTACHED TO SHARES

4.1. Fund Shares. Register

- 4.1.1.** A Share of the Fund (hereinafter referred to as the "Share") represents participation of the Share Holder in the Fund Assets. The Share is divisible. The parts of the Shares formed by dividing the Share (Fractional Share) shall be rounded off up to three decimal points. The rounding shall take place in accordance with the following rules: numbers NNN.NNN0 up to NNN,NNN4 are rounded to a number NNN.NNN and numbers NNN.NNN5 to NNN.NNN9 are rounded to a number NNN.NN (N+1).
- 4.1.2.** The Fund shall have two types of the Shares – E-unit and D-unit (dividend unit). The nominal value of the E-unit shall be EUR 1,000, and the nominal value of the D-unit of the Fund shall be EUR 1,000. The minimum amount of investment shall be EUR 100,000 (one hundred thousand). Therefore, the minimum value of the Shares issued to one E-unit and D-unit Holder shall be EUR 100,000. In case the Investor wishes to acquire the E-unit or D-unit of over EUR 100,000, each additional investment shall be EUR 1,000 higher, respectively. No maximum investment amount is prescribed. The Share Holder may return the Shares fully or partially. If the Share Holder wishes to return the Shares partially, the Shares cannot be redeemed, so that the Share Holder shall have E-unit or D-unit of less than EUR 100,000 following such partial redemption, i.e. the Share Holder shall have investment at least EUR 100,000. The redemption of the Shares shall be governed by clause 5.3. of these Rules.
- 4.1.3.** The Register of the Shares shall be maintained by the Registrar.
- 4.1.4.** These Rules, the terms of securities accounts and transactions of the Registrar and the agreement between the Management Company and the Registrar shall apply to the Register maintenance and commitments of the Registrar. Upon the request of the Investor, the Registrar shall issue an extract regarding the Shares held by the Share Holder. Processing of the information shall be performed by processing of electronic data on securities accounts. The Registrar shall make entries in the Register subject to the order submitted by an authorised party (the Investor, Investor representative, Management Company). An entry may also be made subject to a court order or other basis accepted by the Registrar and the Management Company. The Registrar shall be obliged to preserve the information and documents substantiating the entry for at least ten years after the entry is made.
- 4.1.5.** The title to the Shares, and rights and obligations of the Share Holder and the Management Company arising therefrom shall be deemed effective following the entry in the Register of Shares. The submission of the Subscription Application shall imply that the Share Holder consents to processing of his/her information (including personal data) to the extent necessary to maintain the register, as well as for the purposes specified in the general terms of the Registrar.

4.2. Rights and Obligations Attached to Shares

4.2.1. The Share Holder shall have the following rights:

- i) to request the Management Company to redeem the Shares subject to the Rules and the law;
- ii) to receive a part of the remaining assets and profits of the Fund, corresponding to the Shares, in case of liquidation of the Fund subject to the Rules;
- iii) to have access the Rules, the latest annual report of the Fund and other documents and information specified by the law related to the Fund operations, which are published on the Management Company Web-site.

4.2.2. The following rights and obligations shall be attached to the Shares:

- i) the Share Holder is to be aware that the focus of the Fund investments shall be debt instruments not tradable on regulated markets, and the Management Company shall explained to him/her the particular risk level related to that the Shares acquired;
- ii) the Share Holder shall be obliged to exercise the rights arising out of the Shares in good faith and subject to the Rules and the laws. The Share Holder may not exercise the rights thereof to inflict damage to other Share Holders, the Management Company, or third parties.
- iii) The Share Holder shall undertake prior to acquisition of the Shares to thoroughly assess his/her knowledge and experience to invest with the Fund and his/her financial and economic standing. By acquiring the Shares the Share Holder shall automatically and irrevocably confirm that he/she is able to bear the risks and losses related to the investments, including complete loss of the investment, without any compensation or reimbursement.
- iv) The Share Holders are aware and bear in mind that the Fund's assets may be partly or fully invested in derivatives, and for this purpose the Fund's Manager may hold part or all of the Fund's assets with a person providing derivative trading services. The Share Holders are aware that in case of bankruptcy of the person providing such services the

Fund's assets may be considered the bankrupt's assets. The Share Holders are aware and agree that the Fund's Manager shall not be liable for the safety of the assets in case such assets are held with such third party.

v) the Share Holder shall not be entitled to pledge the Shares or encumber them in any manner.

vi) Shares may be disposed of only subject to a prior written consent of the Fund's Manager and only to a person complying with the requirements specified in clause 5.1.6. of the Rules. If the Share Holder wishes to dispose of a Shares partially, it shall be ensured that following the Share disposal transaction both the disposing and the acquiring parties have Share with the value of at least EUR 100,000, the Share Holder shall have Shares with the initial investment value of no less than EUR 100,000. The Share Holder disposing of the Share shall be obliged to ensure that the acquirer of the Share complies with the requirements specified in clause 5.1.6. of the Rules. Should the obligations specified in this clause be breached, the Fund's Manager shall be entitled to claim a penalty of 1%–3% of the Net Value of the Unit held by the disposing party as at the date of the disposal transaction..

vii) should the Share be transferred to a third party, the respective wording of these Rules shall apply for any subsequent acquirer of the Share.

viii) the Share Holder shall not be entitled to exchange his/her Shares for any other type of Shares of the Fund or for the Shares of the Fund managed by another Management Company.

ix) the Share shall not entitle the Share Holder to make decisions on transactions with the Fund's assets. The Fund Share Holders shall not hold general meetings to discuss matters other than those specified herein. No Share Holder may demand termination of the Share Holders' association.

x) the Share Holder shall not be personally liable for the obligations of the Fund assumed by the Management Company for account of the Fund, nor for the obligations the performance of which the Management Company is entitled to demand for account of the Fund subject to these Rules. Liability of the Share Holder for the performance of these obligations shall be limited to his/her share in the Fund Assets.

xi) the Management Company cannot assume obligations on behalf of the Share Holders.

xii) to enforce a claim against a Share Holder, the claim may be enforced against his/her Shares, excluding the Fund Assets.

xiii) the Share Holder is advised to consult a competent tax advisor for tax issues.

5. ISSUE AND REDEMPTION OF SHARES

5.1 Prerequisites of the Issue

5.1.1. The Management Company shall be the issuer of the Shares. Share issue shall have no time limits. The issue size and the number of Shares to be issued are not prescribed. Shares shall be paid up only in monetary form.

5.1.2. At the time of issue investors shall be charged the issue fee of 0.5% of the Net Value of the Share.

5.1.3. The Management Company shall issue the Shares at the Issue Price of the Share.

5.1.4. The Investor shall, to acquire Shares, submit the Subscription Application. The Subscription Application may be submitted either in electronic form with digital signature to the address published on the Management Company Website or a hard copy thereof shall be signed and delivered personally to the Management Company.

i) Subscription Application in electronic form with digital signature must be submitted to the Management Company and to the Registrar E-mail addresses of the Management Company and the Registrar to submit signed Subscription Application in electronic form with digital signature shall be published on the Management Company Website. Such Subscription Application shall not be deemed submitted if submitted to only one of the aforementioned e-mail addresses.

ii) Should a hard copy of the Subscription Application be delivered personally, the original Subscription Application must be delivered to the Management Company at its location by one of the following ways (exhaustively): a) delivery to the representative of the Management Company against his/her signature, b) delivery by registered mail (with notice of delivery) to the representative of the Management Company against his/her signature, c) delivered by courier to the representative of the Management Company against his/her signature. A hard copy of the Subscription Application shall be deemed delivered to the Management Company only in case the original Subscription Application

has arrived at the legal address of the Management Company in one of the above forms and has been delivered to the representative of the Management Company against signature thereof.

The Subscription Application shall not be deemed delivered if it does not comply with the requirements provided for in clause 5.1.5. and/or has not been submitted in the form prescribed in clause 5.1.5.

5.1.5. The Investor willing to acquire the Shares shall pay a monetary contribution into the Fund in the amount of the Net Value of the Share subject to the number of the Shares issued. The monetary contribution for the Fractional Share shall correspond to the respective part of the Net Value of the Share.

5.1.6. The Shares of the Fund may be acquired by a person complying with all of the following requirements:

i) compliance with the definition of Qualified Investor within the meaning of subsection 6(2) of the Securities Markets Act or at least with any two requirements stated below:

a) who holds or has been holding office in the financial sphere, which requires securities investment competence, for at least one year;

b) who has performed at least five material transactions per quarter on the stock market during the previous four quarters,;

c) whose securities portfolio exceeds EUR100,000;

ii) initial investment of at least EUR 100,000 (one hundred thousand), and acquisition of the Shares in compliance with provisions of these Rules;

iii) written confirmation in the Subscription Application that he/she has sufficient knowledge or experience in the area of investment, including investment into debt instruments not tradable on regulated markets, the risks and specific risk level related to that, and that he/she has been explained the risks related to investing and holding the Fund Assets should the Fund Assets be kept at a third party's location, and should such third person go bankrupt the Fund Assets might not be partially or fully excluded from the bankruptcy estate;

iv) confirmation in the Subscription Application that he/she has thoroughly reviewed the Rules, agrees to them and obliges to follow them;

v) no circumstances arising out of the Anti-Money Laundering and Countering Financing of Terrorism Act (hereinafter referred to as the "AMLCFTA") that would hinder or prevent the Management Company from closing the transaction with the person.

5.1.7. The Subscription Application to acquire the Fund Shares may be submitted on any Banking Day, but not later than the Subscription Application Submission Term. Should the Subscription Application be submitted later than the Subscription Application Submission Term, the Transaction Day shall be postponed in such a manner that a new Transaction Day shall subject to such Subscription Application, be the first Banking Day following the subsequent Valuation Day, even if the date of the Subscription Application or the signature were given prior to the Subscription Application Submission Term, but the Subscription Application in electronic form was delivered to the Management Company and/or Registrar after the Subscription Application Submission Term or the a hard copy of the Subscription Application was delivered to the Management Company after the Subscription Application Submission Term.

5.1.8. The Management Company shall have the right to refuse to issue the Shares. Consequently, irrespective of provisions of these Rules and compliance of the person, who submitted the Subscription Application, with the Rules, the Management Company shall reserve the right to refuse, at their own discretion, to issue, the new Shares, partially or fully, to any Investor and for any reason at any time. In such case, the Management Company shall not be obliged to provide reasons for such decision. The Management Company shall be entitled to refuse to issue the Shares repeatedly. Subject to the equal treatment requirement, should the Management Company refuse to issue the Shares, this shall apply to all persons that have submitted the Subscription Application for the respective part of such issue.

5.1.9. The Management Company shall inform the person that has submitted the Subscription Application of postponement or refusal to issue the Shares in the form allowing for repeated written submission to the e-mail address provided in the Subscription Application.

5.1.10. The person that has submitted the Subscription Application shall be entitled to waive the acquisition of the Shares at any time before the order provided in clause 5.2.1. ii) of these Rules is made. The person that has submitted the Subscription Application may waive the acquisition of the Shares either by the respective notice to the e-mail address of the Management Company or by abstaining from payment of the Acquisition Price of

the Shares provided in clause 5.2.1. ii) to the subscription account of the Fund by the Transaction Day.

5.1.11. If the Subscription Application, the person or the acquisition of the Shares do not comply with clause 5.1.6. of these Rules, the Management Company shall not meet the Subscription Application, with the notice of the person who has submitted the Subscription Application to the e-mail address provided in the Subscription Application.

5.2. Acquisition of Shares and Payment for Shares

5.2.1. Upon receipt of the Subscription Application, the Management Company shall verify the compliance of the person and the acquisition of the Shares with provisions of clause 5.1.6. of these Rules. If the person complies with the provisions of these Rules, the Management Company, the acquirer of the Shares, and the Registrar shall perform the following actions:

i) at the Transaction Day, the Management Company shall submit to the Registrar an unconditional and irrevocable order to transfer the Shares corresponding to the number of the Shares and the investment amount specified in the Subscription Application, to the Share Holder's securities account against payment of the Acquisition Price of the Shares;

ii) The Share Holder shall ensure the incoming of the Acquisition Price of the Shares to the subscription account of the Fund by the Transaction Day at the latest.

5.2.2. Upon receipt of the Acquisition Price of the Shares to the subscription account of the Fund, the Registrar shall transfer the Shares to the Share Holder's securities account on the first Banking day following the Transaction Day (T+1), at the latest. In case of any mistakes or insufficient information in the orders specified in clause 5.2.1. of these Rules, the person that has committed the mistake or submitted insufficient information shall be obliged to promptly correct it.

5.2.3. The supplementary conditions related to issue of the Shares shall be specified in the Subscription Application.

5.3. Redemption of Shares

5.3.1. In order to redeem the Shares, the Share Holder shall submit the Redemption Application. The Share Holder shall only be entitled to redeem the Shares subject to clause 4.1.2. of these Rules so that the Share Holder shall have at least EUR 100,000.00 of the Shares or the Shares, including the Fractional Share, are to be redeemed in full.

5.3.2. The Redemption Application may be submitted on each Banking Day. The Redemption Application may be submitted either in electronic form with digital signature to the address published on the Management Company Webpage or a hard copy thereof shall be signed and delivered personally to the Management Company.

i) Redemption Application in electronic form with digital signature must be submitted to the Management Company and to the Registrar E-mail addresses of the Management Company and the Registrar to submit signed Redemption Application in electronic form with digital signature shall be published on the Management Company Website. Such Redemption Application shall not be deemed submitted if submitted to only one of the aforementioned e-mail addresses.

ii) Should a hard copy of the Redemption Application be delivered personally, the original Redemption Application must be delivered to the Management Company at its location by one of the following ways (exhaustively): a) delivery to the representative of the Management Company against his/her signature, b) delivery by registered mail (with notice of delivery) to the representative of the Management Company against his/her signature, c) delivered by courier to the representative of the Management Company against his/her signature. A hard copy of the Redemption Application shall be deemed delivered to the Management Company only in case the original Redemption Application has arrived at the legal address of the Management Company in one of the above forms and has been delivered to the representative of the Management Company against signature thereof.

5.3.3. The Redemption Application shall not be deemed delivered if it does not comply with the requirements provided for in clause 5.3.2. and/or has not been submitted in the manner provided for in clause 5.3.2.

5.3.4. If the Redemption Application or the redemption of the Shares do not comply with these Rules, including clauses 5.3.1. and 4.1.2. of these Rules, the Management Company shall not meet the Redemption Application, with the notice of the person who has submitted the Redemption Application to the e-mail address provided in the Subscription Application.

- 5.3.5.** The Share holder may not cancel the Redemption Application submitted to the Management Company (save as cases subject to a written consent of the Management Company). In case the Share Holder requests cancellation of the Redemption Application the Share Holder shall submit the respective written application to the Management Company, which the Management Company shall accept or refuse at its own discretion, without disclosing any reason.
- 5.3.6.** Upon redemption of the Shares, payment shall be made to the settlement account connected to the Share Holder's security account in the amount corresponding to the number of Shares and Redemption Price, within 40 Days from submission of the Redemption Application, subject to restriction stipulated in clause 4.1.2. of these Rules. The Redemption Day within the aforementioned 40 day period shall be determined by the Management Company at its own discretion. The Redemption Applications submitted at one and the same Banking Day shall be met at one and the same Redemption Day, unless the following sentence and other provisions of these Rules provide otherwise. Should the redeemed value of the Shares specified in the Redemption Application exceed 5% of the market value of the Fund or should the value of all Redemption Applications submitted at one and the same Banking Day in aggregate exceed, 20% of the market value of the Fund Assets, the Management Company shall have the right to postpone fulfilment of the Redemption Application up to 30 Days.
- 5.3.7.** Redemption Applications shall be satisfied at the Redemption Day subject to the order of receipt by the Management Company, and the Management Company shall request the Registrar to cancel the Shares specified in the Redemption Application. The Registrar shall cancel the Shares, and the Redemption Price shall be transferred to the Share Holder from the Fund Assets at the fifth Banking Day following the Redemption Day (R+5).
- 5.3.8.** The Share shall be deemed redeemed upon payment of the Redemption Price of the Share. The rights arising out of the Share shall be terminated from the moment of redemption of the Share.
- 5.3.9.** Upon redemption of the Shares, the redemption fee shall be provided for as follows: should the Share Holder return the Shares partially or fully within 12 months from acquisition of the Shares, the redemption fee shall be 1.75% of the Net Value of the Share. should the Share Holder return the Shares partially or fully upon expiry of 12 months from the moment of acquisition of the Shares, the redemption fee shall be 1.00% of the Net Value of the Share. Should the redeemed value of the Shares exceed 25% of the market value of the Fund Assets, the redemption fee shall be 3.0% of the Net Value of the Share.
- 5.3.10.** The Management Company shall be entitled to suspend redemption of the Shares either partially or fully and to postpone the Redemption Day in one or several cases, should the Management Company be of the opinion that:
- i) there is not sufficient money on the accounts of the Fund to pay the Redemption Price of the Share;
 - ii) it is not possible to sell the securities and other Fund Assets immediately;
 - iii) calculation of the Net Value of the Fund Assets is hindered;
 - iv) payment of the money would damage proper management of the Fund or would significantly damage the interests of other Share Holders.
- 5.3.11.** In cases specified in clause 5.3.10., the Management Company may suspend redemption of the Shares partially or fully for up to 3 (three) months. Upon expiry of the Redemption Suspension period, the Management Company may, at its discretion, suspend the redemption of the Shares repeatedly for 3-month periods, but for no longer than one year, should the reason for suspension remain valid in the opinion of the Management Company.
- 5.3.12.** No interest shall be calculated or paid on disbursements to any Share Holders from the Fund Assets.
- 5.3.13.** The Management Company shall be entitled, at its own discretion, to reduce the Issue Fee and Redemption price or waive collection thereof.

5.4. Net Value of Share and Fund Assets

- 5.4.1.** To calculate the Net Value of the Fund Assets and the Share, the Management Company shall follow its internal procedure and provision of the law.
- 5.4.2.** The Net Value of the Fund Assets shall be calculated as the market value of the Fund Assets less the Fund liabilities.
- 5.4.3.** The total Net Value of a Share type shall be calculated as a part of the Fund Assets less the respective part of the Fund liabilities. The Net Value of the Share shall be calculated by dividing the total Net Value of the Shares

of the given type by the number of all Shares of that type issued and not redeemed by the moment of calculation.

- 5.4.4.** The Management Company shall calculate the Net Value of the Share on each Banking Day. The Net Value of the Share shall be published on the Fund Webpage at each Valuation Day.
- 5.4.5.** Should any event or circumstance, subject to the best professional judgement of the Management Company, which affect the Net Value of the Fund Assets and the Net Value of the Shares, occur after determination of the Net Value of the Fund Assets and the Net Value of the Shares, the Management Company shall be entitled to revalue the Net Value of the Fund Assets and the Net Value of the Shares, provided failure to perform such a revaluation would harm the Share Holders.
- 5.4.6.** The Management Company shall be entitled to postpone calculation and publication of the Net Value of the Fund Assets and the Net Value of the Shares, should redemption of the Shares be suspended subject to clauses 5.3.10. and 5.3.11. of these Rules. If the circumstances providing grounds for redemption suspension cease to exist, the Management Company shall be obliged to calculate the Net Value of the Shares at the Valuation Day during the Week when the circumstances providing grounds for redemption suspension cease to exist. If the circumstance ceases to exist at the Valuation Day, the Net Value may be calculated at the Valuation Day of the subsequent Week. Notice of postponement of calculation and the Net Value of the Share shall be immediately published on the Management Company Webpage.
- 5.4.7.** The Net Value of the Share shall be published in the currency of the Share type. The Net Value of the Fund shall be published in the currency of Estonia.

5.5. Mandatory Redemption of Shares

- 5.5.1.** The Management Company shall be entitled to demand the Share Holder to return his/her Shares and the Share Holder is obliged to return the respective Share subject to this clause.
- 5.5.2.** The Management Company shall be entitled to mandatory redemption of the Shares of the Share Holder in order to ensure the Shares are not acquired or owned by:
 - 5.5.2.1.** any person not complying with clauses 5.1.6. and 4.2.2. (v) of these Rules;
 - 5.5.2.2.** any person that is convicted by court judgment in force for criminal offence, irrespective of the country where the judgment has been passed;
 - 5.5.2.3.** any person under the circumstances that, in the opinion of the Management Company, could result in tax liability for the Management Company or any other monetary liability that would not arise otherwise.
 - 5.5.2.4.** the Share Holder failed to submit, despite the respective request by the Management Company, the documents or information that are required for the Management Company to perform the bona fide obligations arising out of the **AMLCFTA**; or
 - 5.5.2.5.** the documents or data submitted by the Share Holder leave the Management Company suspicious that the purpose of the business relationship or the transaction could be money laundering or financing of terrorism.
- 5.5.3.** The Management Company may, in case specified in clause 5.5., redeem the Shares pursuant to the mandatory redemption procedure, with the notice of the respective Share Holder thereof. In case of the Shares redemption subject to procedure specified in this clause 5.5, the first Banking Day of the week following the week of the Management Company's notice to the Share Holder, shall be the Redemption day. Otherwise the principles specified in clause 5.3. of these Rules shall apply, and redemption of the Share shall proceed at the Redemption Price. In case of redemption of the Shares as specified in clause 5.5., the Redemption Price of the Share shall be paid out to the settlement account of the Share Holder's securities account, unless the **AMLCFTA** does not provide otherwise. Upon mandatory redemption of the Shares, the Redemption Fee shall be collected subject to these Rules.

6. MANAGEMENT COMPANY OPERATIONS

6.1. Mission of the Management Company

- 6.1.1.** The mission of the Management Company is specified in the Articles of Association of the Management Company, the laws, the License issued to the Management Company, and these Rules.
- 6.1.2.** The Management Company shall be entitled, subject to these Rules, to possess and dispose of the Fund Assets and other rights arising therefrom.
- 6.1.3.** The Management Company shall invest the Fund Assets on its own behalf and for joint account of the Share

Holders, i.e. for account of the Fund.

6.1.4. To invest the Fund Assets the Management Company shall be obliged to:

- i) obtain sufficient information regarding the assets, which the Management Company intends to acquire or has acquired for account of the Fund;
- ii) monitor the financial and economic standing of the issuer whose securities the Management Company intends to acquire or has acquired for account of the Fund;
- iii) obtain sufficient information regarding the solvency of the person, with whom transactions are being closed for account of the Fund

6.1.5. The Management Company shall be obliged to manage the Fund Assets separately from its own assets, the assets of the other funds managed thereby, and other collective assets. The Fund Assets shall not be part of the bankruptcy estate of the Management Company, and the claims of the creditors of the Management Company may not be satisfied for account of the Fund Assets.

6.1.6. The Management Company shall be entitled and obliged to file the claims of the Share Holders or the Fund against third parties should failure to file such claims result or could result in significant damage to the Fund or the Share Holders. The Management Company shall not be obliged to file the aforementioned claims in case the Fund or the Share Holders have already filed the claims.

6.1.7. The Management Company shall be liable for the damage caused to the Fund or the Share Holders due to breach of the obligations thereof.

6.1.8. The Management Company shall be entitled, but not obliged, to own or acquire the Fund Shares and shall do that in compliance with the valid laws. Should the Management Company acquire the Shares, it may redeem these Shares subject to the procedure provided for in these Rules, and the restrictions provided for in the IFA shall apply to redemption of the Shares.

6.1.9. The Fund Assets, which are not registered in the Register subject to the law, shall be kept by the Management Company.

6.1.10. The Management Company shall perform calculations and close transactions with the Fund Assets and keep record thereof.

6.1.11. The Management Company shall ensure that issue, redemption, cancellation, compensation, and exchange of the Shares proceed subject to the requirements provided for by law, bylaws, and these Rules.

6.1.12. The Management Company shall ensure that the relevant procedures and the agreements concluded by the Management Company comply with the law and the Fund Rules.

6.2. Outsourcing Management Company Functions

6.2.1. To ensure performance of the obligations subject to the best practice, the Management Company shall be entitled to outsource the following Fund management-related functions to third parties, subject to the provisions of the Investment Funds Act:

- i) investment of the Fund Assets;
- ii) organisation of issue and redemption of the Shares;
- iii) issue of the documents certifying the right of ownership to the Share Holders of the Fund, if necessary;
- iv) forwarding of the necessary information to the Share Holders of the Fund and other customer service;
- v) organisation of marketing of the Shares;
- vi) records of, and accounting of the Fund Assets;
- vii) determination of the Net Value of the Fund Assets;
- viii) organisation of the Register of the Shares;
- ix) calculation of income of the Fund;
- x) calculation and publication of the Net Value of the Fund Shares;
- xi) monitoring the compliance of the Management Company and the Fund operations with the law and bylaws, including application of the relevant internal control system;
- xii) functions directly related to the abovementioned.

6.2.2. Transferring the obligations to a third party shall release the Management Company from the liability to the fullest extent permitted by the Investment Funds Act.

7. FEES AND EXPENSES PAID FROM THE FUND ACCOUNT

7.1. Management Fee

7.1.1. The Management Company shall receive a monthly fee from the Fund account for managing of the Fund (hereinafter referred to as the "**Management Fee**"). The annual Management Fee shall be 0.95 % (zero point ninety five per cent) of the market value of the Fund Assets. The Management Fee shall be deducted from the market value of the Fund Assets on a daily basis and paid within the month following the reporting month.

7.1.2. Dividends on the net asset value of D-unit

7.1.2.1. The holder of D-unit shall receive dividends from the Fund without the redemption of the Unit twice per calendar year under the following conditions: the rate of the dividend shall constitute 90% of the increase in the net asset value of D-unit over the level as at the end of the current historically highest value period. The dividend calculation shall be performed on the last Friday of May and the last Friday of November. The dividend shall be paid within 20 days after the Friday in question. The dividend shall not be paid if the net asset value of D-unit as on the last day of valuation is below the net asset value of D-unit as at the end of the preceding historically highest value period.

7.2. Other Expenses Paid from the Fund Account

7.2.1. Expenses related to keeping the Fund Assets and conclusions of transactions closed with the Fund Assets, including expenses related to acquisition and transfer of securities (transaction fees, broker fees, securities transfer fees, subscription fees, stock exchange fees, Register fees, state duties, etc.) and bank fees for bank services (money transfers, international money transfers, debit and credit entries to the account, currency exchange, etc.) shall be paid out of the Fund account subject to the price list of the respective service provider. Loan extension expense shall also be paid out of the Fund account.

7.2.2. Register fees subject to the Registrar's price list, including expenses related to subscription and redemption of the Shares, shall be paid out of the Fund account.

7.2.3. Expenses related to opening and maintenance of the Share Holder's security account shall not be paid out of the Fund account, the aforementioned expenses shall be paid by the Share Holder for his/her own account.

7.2.4. Expenses related to auditing of reports of the Fund and publication and distribution of information about the Fund or the Fund operations shall be paid out of the Fund account.

8. ACCOUNTING AND REPORTING OF FUND

8.1. The accounting and reporting of the Management Company and the Fund shall be organised proceeding subject to requirements of the Act on Accounting, the IFA, other bylaws, and the internal accounting rules of the Management Company unless the IFA provides otherwise.

8.2. The Fund accounting records shall be kept separate from the accounting records of the Management Company, and accounting records of the other funds managed by the Management Company.

8.3. The financial year of the fund shall be the financial year of the Management Company, which is a calendar year.

8.4. The annual report of the Fund shall be approved by the Management Board of the Management Company, and signed by all the members of the Management Board of the Management Company.

9. PUBLICATION OF INFORMATION REGARDING FUND

9.1. The following information and documents shall be available for all viewers on the Management Company Webpage:

i) the Rules;

ii) the latest annual report of the Fund;

iii) the name and contact information of the Management Company;

iv) the name of the Fund manager;

v) the procedure to determine the Net Value of the Fund Assets;

vi) the Net Value of the Share, the Issue Price and Redemption Price of the Share;

- vii) the Performance Fee, the Issue Fee and the Redemption Fee;
- viii) the Subscription Application form;
- ix) the Redemption Application form;
- x) the Register Maintenance fees.

- 9.2.** Should any circumstances emerge, which significantly affect the operations or financial standing, or the Net Value of the Shares of the funds managed by the Management Company (including the Fund), the respective notice shall immediately be published on the Management Company Webpage.
- 9.3.** The Management Company shall be entitled to send information and reports to the Share Holder to the postal or e-mail address known to the Management Company.

10. GENERAL MEETING

- 10.1.** Competence of the General Meeting
- 10.2.** The Unit Holders shall exercise their rights with respect to the contractual fund at the General Meeting.
- 10.3.** The following matters fall within the competence of the General Meeting:
- 10.3.1.** passing resolutions to merge the Fund;
 - 10.3.2.** passing resolutions to liquidate the Fund or declare it insolvent.
- 10.4.** Convening the General Meeting
- 10.4.1.** The General Meeting shall be convened by the Fund's Manager.
 - 10.4.2.** The General Meeting shall be convened and an item shall be included in the agenda upon the request by the Unit Holders whose units represent at least one tenth of the votes.
 - 10.4.3.** The Unit Holders shall be notified of the General Meeting convening at the addresses specified in the Register of the Fund Units in a format that enables written reproduction.
 - 10.4.4.** Participation and voting at the General Meeting by electronic means is allowed.
 - 10.4.5.** The venue of the General Meeting shall be the location of the Fund's Manager or another location specified by the Fund's Manager. The General Meeting costs shall be covered by the Fund's Manager.

11. AMENDMENTS TO RULES

- 11.1.** The Rules may be amended by resolution of the Board of the Management Company.
- 11.2.** After the amendments to the Rules come into force, the Fund's Manager shall immediately publish the notice regarding the amendments on the website of the Fund's Manager.
- 11.3.** The amendments to the Rules shall come into force at the date specified by the Board, and shall also automatically apply to all existing Fund Unit Holders.

12. LIQUIDATION OF FUND

- 12.1.** Liquidation of the Fund shall take place in cases, and according to the procedure provided for in the Investment Funds Act.
- 12.2.** The liquidation of the Fund shall be approved by General Meeting.
- 12.3.** After passing the resolution to liquidate the Fund, the Management Company shall immediately publish the notice regarding the liquidation of the Fund on the website of the Management Company. The redemption of the Shares and disbursements out of the Fund's assets shall be suspended from the day following the day of publication of the liquidation notice.
- 12.4.** In case of liquidation of the Fund, the Management Company shall dispose of the Fund Assets as soon as possible and subject to the interests of the Share Holders, shall collect the Fund receivables and meet the claims of the creditors of the Fund.
- 12.5.** The liquidation expense of the Fund may be covered for account of the Fund to the extent of 2% of the Net Value of the Fund Assets. Should the actual liquidation expense exceed the aforementioned amount, the expense exceeding that amount shall be borne by the Management Company or the person acting as the Management Company.
- 12.6.** The assets remaining after the liquidation shall be distributed by the Management Company among the Share Holders according to the type, amount and Net Value of the Shares held thereby. The notice of distribution of the assets shall be published on the Management Company Webpage.

