

These **FB Opportunity Fund** Rules (hereinafter referred to as the **Rules**) were adopted by resolution of the Board of FB Asset Management AS on 18 March 2019.

## 1. GENERAL PROVISIONS AND TERMS

- 1.1 FB Opportunity Fund** (hereinafter referred to as the **Fund**) is a non-public contractual investment fund.
- 1.2** The Fund is managed by FB Asset Management AS (hereinafter referred to as the **Management Company**), registration code 12493634, address: Tartu str. 25, 10117 Tallinn, Republic of Estonia. The financial year of the Fund starts on 01 January and ends on 31 December. FB Asset Management AS is a manager of small alternative investment funds.
- 1.3** The website of Management Company is available at [www.fbassets.eu](http://www.fbassets.eu) (hereinafter referred to as the **Management Company Website**).
- 1.4** The Fund is located at the address of the Management Company.
- 1.5.** The Fund does not have a depository.
- 1.6.** The fund unit register (hereinafter referred to as the **Register**) is maintained by Swedbank AS, registration code 10060701, located at Liivalaia 8, City of Tallinn, County of Harju, Republic of Estonia.
- 1.7.** For the purposes of these Rules, the following terms shall have the following meanings:
- 1.7.1. Month** shall mean a calendar month.
- 1.7.2. Banking Day** shall mean a day of the week other than Saturday or Sunday. A weekday is not a Banking Day if it is a public or national holiday, i.e. a day off as established by the law.
- 1.7.3. Subscription Application** shall mean a written application for the acquisition of the Fund Units submitted to the Management Company in the prescribed form; the Application form, the terms, submission procedure and other relevant circumstances shall be published on the Management Company Website.
- 1.7.4. Subscription Application Submission Term** shall be at least three Banking Days prior to the Valuation Day as at which the investor wishes to acquire the Units. On the last Banking Day of the Subscription Application Submission Term, the Subscription Application must be submitted no later than at 3 pm Estonian time.
- 1.7.5. Transaction Date** shall mean the Banking Day on which the buyer of the Fund Units and the Management Company close transactions and perform actions hereunder to acquire the Fund Units and pay for the Units. The Transaction Date shall be the third Banking Day following the Valuation Day.
- 1.7.6. Redemption Application** shall mean a written application for the redemption of the Fund Units submitted to the Management Company in the prescribed form; the Application form, the terms, submission procedure and other relevant circumstances shall be published on the Management Company Website.
- 1.7.7. Redemption Application Submission Term** shall be at least three Banking Days prior to the Valuation Day as at which the investor wishes to redeem the Units. On the last Banking Day of the Redemption Application Submission Term, the Redemption Application must be submitted no later than at 3 pm Estonian time.
- 1.7.8. Redemption Day** shall mean the Banking Day when the Redemption Application is to be approved, which falls on a Banking Day between the third Banking Day following the Valuation Day and the term for approval of the Redemption Application. The term for approval of the Redemption Application and other terms and conditions of the Unit redemption are stipulated in clause 5.3 hereof.
- 1.7.9. Unit Issue Price** shall mean the Net Unit Value calculated as at the last Valuation Day.
- 1.7.10. Net Fund Asset Value** shall mean the market value of the Fund's assets net of the Fund's liabilities.
- 1.7.11. Net Unit Value** shall be calculated as the Net Fund Asset Value divided by the number of all Units issued and not redeemed as at the calculation date.
- 1.7.12. Unit Redemption Price** shall mean the Net Unit Value calculated as at the last Valuation Day.
- 1.7.13. Calendar Day** shall mean a calendar day.
- 1.7.14. Valuation Day** shall mean the day as at which the Net Unit Value is determined. The Valuation Day shall be the last Calendar Day of each Month.
- 1.7.15. AMLCFTA** shall mean the Anti-Money Laundering and Countering Financing of Terrorism Act.
- 1.7.16. Margin** shall mean the cash amount required to meet obligations arising out of investment positions stipulated by the exchange or the broker for exchange derivatives trading. The Margin shall be covered by the Fund's assets.

## **2. THE FUND'S ACTIVITIES**

### **2.1. THE FUND'S MISSION**

- 2.1.1.** The Fund represents a pool of assets accumulated by issuing Units, and other assets derived from investments of property owned jointly by Unit Holders (hereinafter referred to as the **Unit Holders**) and managed by the Management Company.
- 2.1.2.** The underlying principles of the Fund's activities and relations between the Unit Holders and the Management Company are defined in these Rules, the Subscription Application, and legal acts.
- 2.1.3.** The Fund's mission is to increase the value of the Fund's assets through investment in derivatives. The profit derived from the growth in the value of the Fund's assets or the Unit Price is reinvested rather than distributed to the Unit Holders.
- 2.1.4.** The Fund will not guarantee either profitability, or preservation of the initial investment to the Unit Holders.
- 2.1.5.** The recommended investment period is at least three years.
- 2.1.6.** The base currency of the Fund is the euro (EUR).

### **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 Unit Holder, as the Fund does not guarantee to preserve the investment value. Fund investments always entail certain risks which, if realised, might affect the value of the investment. When aggregated, or in adverse market conditions these risks may significantly affect the investment value. The effect of such risks may not be accurately predicted. In certain cases, the investment value may vary to a larger extent than is typical of financial instruments of a similar risk class.
- 2.2.3.** Neither the Fund's historical returns, nor its current track record should be viewed as a promise or guarantee of future returns or achievement of its objectives.
- 2.2.4.** The Unit Holders need to be aware that certain events may occur in the course of the Fund's activities, which may significantly affect their investment with the Fund. For example, under the terms and in the manner established by the Rules and legal acts, Unit issuance and redemption may be suspended, the Fund may be reorganised, merged with another investment fund or liquidated. Material changes may also be introduced to the Fund's investment policy in terms of the rights attached to the Units, and payments charged on the Fund or the Unit Holder
- 2.2.5.** The Unit Holders need to be aware that the Fund's assets may be fully invested in derivatives in which the Fund may have either long or short positions. Accordingly, investment in the Fund's Units is associated with high risks.
- 2.2.6.** The Fund's assets may be invested in markets that use the US dollar as their base currency. In this case, unfavourable exchange rate fluctuations against the euro, which is the Fund's base currency, may materially affect the Net Unit Value.
- 2.2.7.** The Unit Holders need to be aware that when investing the Fund's assets, the Margin for derivatives linked to one underlying asset may reach up to 80% of the market value of the Fund's assets, which can affect the value of the investment or result in its loss.
- 2.2.8.** The Unit Holders need to be aware that pursuit of the Fund's investment policy may lead to above-average concentration risk since investments may be concentrated in one particular issuer, type of asset, or underlying asset. The occurrence of the concentration risk may entail significant fluctuations of the investment value, up to the loss of the investment.

## **3. INVESTMENT OF THE FUND'S ASSETS**

### **3.1. INVESTMENT POLICY**

- 3.1.1.** The Management Company shall manage the Fund's assets subject to investment restrictions set out in the Investment Funds Act (hereinafter referred to as the **IFA**), the legal acts adopted thereunder, and the Rules.
- 3.1.2.** The Fund invites the Unit Holders to invest in the portfolio comprised of investment ideas most favoured by the Management Company's fund managers. The Fund's mission is to increase the value of assets through economic and market cycles. The Fund's assets shall be invested in derivatives, with the main focus on regulated markets in Europe and the US. When investing its assets, the Fund may combine various types of derivatives and underlying assets in line with the fund manager's vision and the current market situation. The Fund's assets may be placed in option and futures with underlying assets including, *inter alia*, raw materials, precious metals or combinations of various underlying assets; the share of different asset classes, types of derivatives, underlying assets, sectors and investment regions is subject to change over time depending on the fund

manager's vision and the current market situation. For instance, at one point a significant part of the Fund's assets may be invested in options traded on a regulated market in the US, with underlying assets including raw materials futures, bonds futures, currency pairs futures, etc. At the same time, there shall be no constraints on placing the Fund's assets in derivatives traded on other regulated markets or in a different type of derivatives, focusing on other underlying assets or placing the Fund's assets in other assets listed in the Rules and tailoring different combinations of derivatives, underlying assets and investment regions.

- 3.1.3.** The Fund's assets shall be invested in money market instruments, low risk debt securities and other similar securities to manage liquidity while exiting an investment or acquiring an investment if no suitable investment targets are available or when the growth potential of investing in derivatives is limited.
- 3.1.4.** To ensure the required level of flexibility, the Rules set broad investment restrictions and determine the general framework of acceptable investments. The dispersion of the Fund's investments is low and subject to change over time. The Fund's investment policy allows for variations in risk profile and risk level over time, but in general the Fund maintains a high risk level.
- 3.1.5.** Fund investments shall not be restricted for any type of issuer.
- 3.1.6.** Fund investments shall not be limited to a certain industry.
- 3.1.7.** The exact weight of each type of assets, issuer, region or industry in the Fund's assets shall be determined in the course of daily management of the Fund.

### **3.2. INVESTMENT RESTRICTIONS**

- 3.2.1.** The Fund may invest up to 100% of its assets in any of the following asset types:
  - 3.2.1.1.** stocks and other similar tradable rights, bonds, convertible bonds or other issued tradable debt obligations, subscription rights or other tradable rights granting the right to acquire bonds, money market instruments and tradable depositary receipts for bonds;
  - 3.2.1.2.** derivatives;
  - 3.2.1.3.** shares and units of an investment fund.
- 3.2.2.** The Fund may invest up to 100% of its assets in freely transferable bonds traded on a regulated securities market of a contracting state of the European Economic Area (EEA) or the US.
- 3.2.3.** Investment in securities listed in clause 3.2.1.1 issued by one entity shall not exceed 50% of the market value of the Fund's assets, except for investment in derivatives based on diversified indices.
- 3.2.4.** Transactions with derivatives may be executed at the expense of the Fund in order to achieve investment objectives as well as to mitigate risks.
- 3.2.5.** The Fund's assets may be invested in derivatives based on one underlying asset provided that the Margin on such derivatives based on the respective underlying asset does not exceed 80% of the market value of the Fund's assets.
- 3.2.6.** There are no restrictions on underlying assets for derivatives.
- 3.2.7.** Unless legal acts state otherwise, the Fund's investments may, at the discretion of the Management Company, be fully concentrated in one state, i.e., securities, derivatives, money market instruments or fund units issued by a particular state or by issuers registered in this state may in aggregate account for up to 100% of the market value of the Fund's assets.
- 3.2.8.** The Fund's assets may be invested in fund units of investment funds approved by the IFA up to 100% of their market value. The cost of fund units of one investment fund may account for up to 50% of the market value of the Fund's assets.
- 3.2.9.** The Fund may place cash amounts equalling up to 100% of the market value of its assets on the Fund's settlement account or in an overnight deposit.
- 3.2.10.** The Management Company may, on behalf of the Fund, take or extend loans, perform repo and reverse repo transactions, other securities lending transactions, as well as use financial leverage in investment.
- 3.2.11.** In addition to the above, when investing the Fund's assets, in order to diversify risks the Management Company adheres to all other investment restrictions and requirements established by legal acts.

### **3.3. GENERAL INVESTMENT RISKS**

In its investment operations, the Fund is exposed to various risks that may affect the investment's profitability. The Unit Holders investing with the Fund need to take account of potential gains and losses. The Fund's net value may change over time. Investment with the Fund may not be considered a deposit, and neither financial institutions nor government bodies shall guarantee preservation and growth of the investment value. The past performance of the Fund does not guarantee similar results in the future.

**3.3.1.** The main investment risks are as follows:

**Foreign exchange risk.** The Fund's assets are invested in securities that may be issued in a currency other than the Fund's base currency. Consequently, the Fund is exposed to foreign exchange risk arising from exchange rate fluctuations. As a result of adverse changes in the exchange rate, the value of an investment denominated in different currencies may fall when translated into the base currency.

**Counterparty risk.** The counterparty risk arises when the other party to the transaction with the Fund's assets is unable to fulfil its obligations under the transaction. For example, an increased counterparty risk is typical of non-standardised derivative transactions where the financial obligation arises with one particular financial company or financial institution acting as the counterparty.

**Liquidity risk.** The liquidity risk arises when insufficient resources may not meet the marginal requirements, i.e. when the Margin does not cover the change in the value of underlying assets driven by a significant price fluctuation and there is an immediate need in an additional margin; otherwise there is a danger that the position may be closed and the investment may be lost. The liquidity risk also refers to a situation where the low liquidity of securities markets may cause the Fund's inability to sell the assets at the desired time and price, or the sale of the assets may fail. Also, the liquidity risk arises when the current market situation prevents the Fund from redeeming the Fund Units within the timeframe and on the terms and conditions set forth in the Rules, and consequently the redemption of the Fund Units may be suspended or delayed in accordance with the Rules.

**Market risk.** The risk that the investment value may reduce or the obligations resulting from the investment may increase due to unfavourable changes in the securities market (e.g. macroeconomic developments, political or social instability, investor behaviour, etc.). Unfavourable changes in the security's market price decrease the value of the Fund's investment.

**Concentration risk.** The risk that the concentration of assets or markets may lead to a fall in the investment value. The concentration risk may arise, for instance, for investments made in only one class of assets or in one economic region. As a rule, the assets in a concentrated portfolio have the same value curve which may drop rapidly if the prospects of a specific region, market or asset class deteriorate. The occurrence of the concentration risk may entail significant fluctuations of the investment value, up to the loss of the investment.

**Asset holding risk.** The risk that an entity acting as a collateral agent, trading platform or another asset holder may become insolvent, and the assets may be destroyed, lost or otherwise misused.

**Risk of financial leverage (increase).** A financial leverage refers to a situation when the value of invested assets changes much faster than the assets' market value. The value of leveraged assets may suddenly diminish and, depending on the guarantee agreement, obligations may be imposed on the investor that would cause the loss of all invested assets and create additional financial liabilities of the investor to the parties to the agreement.

**Volatility risk (Price risk).** Volatility is the key metric in the evaluation of the risk/return ratio. In simple terms, volatility describes the price fluctuation range of a financial instrument or asset within a specific timeframe. Higher volatility entails higher investment risk since for assets subject to considerable price fluctuations there is a higher probability that the price change will be unfavourable for the investor and potential losses will increase. On the other hand, higher volatility brings higher potential gain should the price changes be favourable.

**Asset valuation risk.** The risk that fair asset valuation may pose a problem since no reliable price quotation is available in the markets before the opening and after the closing of trade. The asset valuation risk is material, e.g. when the Fund invests in corporate bonds. In this case, the Management Company may use its own valuations as inputs to the asset valuation model. As a result, the asset price may differ considerably from the feasible sales price of the Fund's assets in an adverse market situation.

**Political risk.** The risk that certain events in the state where the goods used as underlying assets are manufactured or sold will affect the political or economic stability or further development of this state or region, which may cause a drastic fluctuation of the underlying assets' market value. Political risks may include, *inter alia*, dramatic changes in the economic environment or regulatory policy (e.g. nationalisation processes), social and political crises (such as acts of terrorism, war), etc.

**Natural disaster risk.** The risk of major natural disasters in the state where the goods used as underlying assets are manufactured or sold, which may strongly affect the market value of the such underlying assets.

**Operational risk.** The risk of loss caused by, *inter alia*, system failures that may result from disruptions in IT or trading systems.

**Regulatory risk.** Possible changes to legal acts affecting the Fund's operations and investments, including changes to the Income Tax Act.

**Economic cycle risk.** Business operations normally go through short-term or long-term downturn, stability, and growth periods. The price of financial and other investment assets largely depends on the overall economic situation; at the same time, the assets' market price is also an influence on macroeconomic developments. The risk of an unfavourable economic cycle may occur, for example, when a loss is incurred from an investment made in the time a rapid economic growth while the assets that are sold (or have to be sold) suffer from economic squeeze or downturn. Different types of investment assets behave differently through stages of the economic cycle, and the so-called fair value estimates of an asset are also subject to change.

**Force majeure risk.** It is impossible to make provisions for all factors that influence the investment result. Although a detailed investment analysis and risk analysis are vital for successful investment, there is always a chance that a loss will be caused by the occurrence of an unforeseen risk, unexpected event or situation. Social and economic relations in global financial markets are extremely complicated and entail numerous unpredictable developments.

**Risk of irrational behaviour of investors and markets.** Security quotations are not based solely on objective factors and rational estimates of the asset value. Developments in financial markets are influenced, *inter alia*, by investors' subjective opinions, suspicions and mass behaviour. Even if the objective analysis speaks in favour of the investment, markets' behaviour can sometimes be irrational and have an adverse effect on the investment result.

**Risk of reuse of assets.** In line with the Fund's investment policy, the Fund's assets are largely invested in instruments that require the Fund to reserve a Margin in favour of the counterparty (mainly Interactive Brokers). As a rule, the right of ownership to the Margin reserved from the Fund's assets is transferred to the counterparty, and thus the counterparty may use it in its day-to-day operations. Such Margin is not held by the Management Company, and the counterparty does not separate the Margin from its other assets, which means that the Fund is exposed to the risk that the Margin will be temporarily or permanently inaccessible to the Fund if the counterparty becomes insolvent, the Margin volume decreases, the Margin is lost or relevant assets are otherwise misused.

### 3.4. DERIVATIVES AND RELATED RISKS

#### 3.4.1. General

Derivatives are securities with a market value linked to the price of an underlying asset, e.g. listed stock, stock price index, commodities (oil, precious metals) or foreign exchange rate. The best known derivatives are options, futures, forwards, and swaps. Derivatives are used to mitigate risks related to changes in underlying assets' value, or to generate profit from such changes. Derivatives trading implies forecasting certain changes in the price of underlying assets within a certain timeframe. Calculations required to assess the fair value of derivatives are based on complex methods. Investment in derivatives may result in a larger gain or loss than investment in underlying assets. With some derivatives the loss amount may exceed the initial investment amount. For this reason derivatives are considered an investment solution associated with high risks. As a rule, in derivatives trading a security (such as the Margin) must be provided to guarantee the obligations. Depending on the change in the value of underlying assets, in trading or while holding a position an investor may be obliged to increase the security value following a margin call.

**Financial leverage.** Derivatives trading is not intended solely to mitigate risks; its primary objective is to generate profit. Therefore, one should note that a slight change in underlying assets may cause a significant movement in the price of derivatives. Prices usually fluctuate the most when the derivative (contract) is close to maturity. Such fluctuations are known as the financial leverage. The impact of the financial leverage depends on the terms and conditions and the type of a specific derivative.

#### 3.4.2. Key Derivatives and Related Risks

**Futures.** Futures are standardised contracts (securities) traded on the exchange market, which obligate their holders to purchase or sell a specific financial asset or commodity (underlying assets) at a predetermined future date and price. Unlike an option that gives its holder the right to decide whether or not the deal is to be closed at a predetermined date, the futures holder is obligated to close the deal in any case.

**Futures trading risk.** Futures trading involves a number of risks: first of all, i) the financial leverage risk and ii) the liquidity risk, especially if it becomes impossible to close the positions.

**Forwards.** A forward is a contract between two parties that obligates its holder to purchase or sell a specific financial asset or commodity (underlying asset) at a predetermined future date and price. Unlike futures,

forwards cannot be traded, so when buying a forward, the investor should be prepared to meet the contractual obligations at maturity.

**Forward risks.** These risks are similar to futures trading risks, except for the ones that follow directly from the fact that futures are tradable securities, while forwards are not. The following risks are inherent to forwards: i) the financial leverage risk; ii) the risk of an insufficient margin, i.e., a danger that a significant market fluctuation may lead to a situation when the margin does not cover the change in the value of underlying assets driven by such fluctuation, and there is an immediate need in an additional margin; otherwise the position may be closed; iii) the counterparty risk that may also concern the investor, i.e. the investor may be unable to meet the contractual obligations in time, causing the counterparty to impose penalties.

**Options** represent the right, but not the obligation, to sell (put option) or buy (call option) a specific underlying asset, usually a security, at a specific price (the strike price) on a specific date (exercise date). Options are used both to mitigate the risk of depreciation of certain investments and to speculate, so the security price may move in either direction.

**Option risks.** Depending on how the option is used, risks may vary considerably. When buying options, there is a risk that the underlying security will move in the opposite direction of what is desired. For an option transaction to be profitable, the difference between the market price of the underlying security and the transaction price must exceed the premium paid for the option. 100% of the investment in the option will be lost if, in case of a call option, the market price of the underlying security as at the exercise date does not exceed the strike price in the option contract. In case of a put option, the same rule applies if the strike price is lower than the market price. In addition, OTC options may include the issuer's credit risk, since due to the low market liquidity the sale of an OTC option before maturity may prove unsuccessful.

**Risks involved in writing options.** The option writer assumes an obligation to buy or sell the underlying security at a predetermined price notwithstanding the market price curve. This risk can be reduced if the investor owns the underlying asset. If the investor does not own the underlying asset, the risk may virtually be infinite. Thus, the risk involved in writing options is greater than for buying options. Losses incurred from options may exceed all possible profit, and margin requirements should also be taken into account.

**Swap contract.** A swap is an agreement between two counterparties to exchange cash flows at a specified time, e.g. fixed interest rate payments for floating interest rate payments (interest rate swap); a set commodity price for a floating commodity price (commodity swap), or one currency for another (foreign exchange swap). The swap price depends on the execution time, execution price, interest rates, market liquidity, etc.

**Swap risks.** Swaps involve a high risk, since the financial leverage may cause a slight change in the underlying asset price to result in a major profit or loss. Theoretically, the loss amount can be unlimited. To cover potential losses, the investor may be required to provide additional margin on a daily basis, and if the underlying asset price curve is unfavourable and such additional margin cannot be provided, the counterparty may demand termination of the contract.

**Short selling.** Selling securities short is borrowing and reselling a security in order to make a profit from a decline in its price. If the securities' market price falls, the investor can buy them in the market at a price lower than the initial selling price and return the borrowed securities to the creditor.

**Risks of short selling.** Short selling is extremely risky. If the price of the security sold short has an unfavourable curve, the transaction may result in huge losses. Thus, short selling actually means applying leverage, and the relevant obligations are usually to be secured with a guarantee (e.g. a margin).

**3.4.3.** In addition to the above investment risks, investors should take into account the possibility of other events that can affect their investments with the Fund. For instance, in cases and under the terms and conditions stipulated in the Investment Funds Act and the Rules, the Management Company is entitled to suspend the redemption of the Units, the Fund may be reorganised, merged with another fund or liquidated. The Management Company is entitled to amend the Rules or adjust the fees collected from the Fund or the Unit Holders, subject to the cap rates determined in the Rules. Notifications of changes introduced to the Rules by the Management Company based on changes in legal acts must be published on the Management Company Website, and such changes shall be enacted as from the date indicated in the corresponding notification.

**3.4.4.** The above risk descriptions do not cover all risks related to investments with the Fund. To make investment decisions, investors should read through the Rules, attachments to the Rules (the Subscription Application, the Redemption Application) and other documents and information published on the Management Company Website, and rely on their own judgement of investment-related risks and opportunities. Before investing with the Fund, investors should make sure that the Fund's risk portfolio is acceptable to them. If necessary, investors should consult an investment adviser.

## **4. FUND UNITS AND RIGHTS AND OBLIGATIONS ATTACHED THERETO**

### **4.1. FUND UNITS AND MAINTENANCE OF THE REGISTER**

- 4.1.1.** A Fund Unit (hereinafter referred to as the **Unit**) represents the Unit Holder's interest in the Fund's assets. The Unit is divisible. Unit fractions resulting from dividing the Unit (Fractional Unit) shall be rounded to three decimal places. Such rounding shall follow the rules below: figures from NNN.NNN0 to NNN.NNN4 shall be rounded to NNN.NNN, and figures from NNN.NNN5 to NNN.NNN9 shall be rounded to NNN.NN (N+1).
- 4.1.2.** The Fund has Units of one class with a par value of EUR 1,000. The minimum amount of investment in Units shall be one hundred thousand euros (EUR 100,000), and therefore the minimum value of Units issued to one Unit Holder shall be EUR 100,000. If a person wishes to acquire units with the value exceeding EUR 100,000, then each subsequent investment shall be increased by EUR 1,000. There is no restriction on the maximum amount of investment. The Unit Holder may return the Unit in full or in part. If the Unit Holder wishes to return the Units in part, then, in case of partial redemption, the Units shall be accepted so that after the partial redemption of the Units the Unit Holder retains at least one hundred (100) Fund Units, i.e. in case of partial return of the Units the Unit Holder should retain at least one hundred (100) Fund Units. Unit redemption is covered in clause 5.3 of the Rules.
- 4.1.3.** The Unit Register shall be maintained by the Registrar.
- 4.1.4.** The Register maintenance, entries made in the Register, storage of the Register data, and the Registrar's responsibility are governed by these Rules, the terms and conditions of the securities account and the Registrar's transactions, and by the agreement between the Management Company and the Registrar. Upon demand of the Investor, the Registrar shall issue a statement of the Units owned by the Unit Holder. Register data processing on securities accounts shall be carried out electronically. The Registrar shall make entries in the register based on orders issued by an authorised person (the investor, the investor's representative or the Management Company). An entry may also be made following a court order or on other grounds acceptable to 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 Units and rights and obligations of the Unit Holder and the Management Company arising from the Units shall take effect once the relevant entry is made in the Unit Register. By his/her intention to acquire Units, the Unit Holder consents to the processing of his/her data (including personal details) to the extent necessary to maintain the Register, as well as for the purposes specified in the Registrar's general terms and conditions.

### **4.2. RIGHTS AND OBLIGATIONS ATTACHED TO UNITS**

#### **4.2.1. The Unit Holders shall have the right to:**

- 4.2.1.1.** require the Management Company to redeem the Units in accordance with the Rules and legal acts
- 4.2.1.2.** subject to the Rules, in the event of the Fund's liquidation receive a part of the Fund's remaining assets based on the number of Units held;
- 4.2.1.3.** read the Rules, the Fund's latest annual report, and other documents and information regarding the Fund's operations, as determined in legal acts, available on the Management Company Website;
- 4.2.1.4.** perform other actions prescribed by legal acts or these Rules.
- 4.3.1.** The Units shall come with the following obligations and conditions:
- 4.3.1.1.** When acquiring the Units, the Unit Holders should be aware that the Fund invests its assets primarily in derivatives listed on regulated stock exchanges in the US and Europe, and that when the Fund invests its assets the Margin for derivatives linked to one underlying asset may reach up to 80% of the market value of the Fund's assets, which can affect the value of the investment or result in its loss. The Unit Holders should also be aware that pursuit of the Fund's investment policy may lead to above-average concentration risk since investments may be concentrated in one particular issuer, type of asset, or underlying asset. The occurrence of the concentration risk may entail significant fluctuations of the investment value, up to the loss of the investment. Before the Units are acquired, the Management Company shall explain to the Unit Holders the associated specific risk level.
- 4.3.1.2.** The Unit Holders shall exercise the rights arising out of the Units in good faith and in accordance with legal acts and these Rules. The Unit Holders may not exercise their rights with an intention to inflict damage to other Unit Holders, the Management Company or a third party.
- 4.3.1.3.** The Unit 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 Unit 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 Unit 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.

- 4.3.1.4.** Before acquiring the Units, the Unit Holders shall thoroughly assess their knowledge and experience required to invest in the Fund, as well as their financial and business capabilities. By acquiring the Units the Unit Holders are deemed to have irrevocably confirmed that they are capable of bearing the risks and losses associated with the investment, including the total loss of the investment, and that they are aware that they will not be compensated or reimbursed for a decrease in the value of their investment and/or the total loss thereof.
- 4.3.1.5.** The Unit Holders may not pledge or otherwise encumber the Units.
- 4.3.1.6.** Units 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 Unit Holder wishes to dispose of the Unit partially, it shall be ensured that following the Unit disposal transaction the initial investment of both the disposing and the acquiring parties remains compliant with the requirements specified in clause 4.1.2 of the Rules. If Units are disposed of without a prior written consent of the Fund's Manager, the Fund's Manager shall have the right to demand that the party disposing of the Unit pay a penalty of 15% of the Net Value of the Unit held by the party disposing of the Unit as at the date of the disposal transaction.
- 4.3.1.7.** If the Unit is disposed of to a third party, the Rules then in force shall automatically apply to each subsequent buyer of the Unit.
- 4.3.1.8.** The Unit Holders shall not exchange their Units for units of another fund managed by the Management Company.
- 4.3.1.9.** The Unit shall not entitle the Unit Holder to make decisions on transactions with the Fund's assets. The Fund Unit Holders shall not hold general meetings to discuss matters other than those specified herein. No Unit Holder may demand termination of the Unit Holders' association.
- 4.3.1.10.** The Unit Holders shall not be personally liable for the Fund's obligations assumed by the Management Company at the expense of the Fund or for any obligations that the Management Company may require to be fulfilled at the expense of the Fund under these Rules. The Unit Holder's liability for such obligations shall be limited to their share in the Fund's assets.
- 4.3.1.11.** The Management Company may not assume obligations on behalf of the Unit Holders.
- 4.3.1.12.** A claim against the Unit Holder may be enforced against their Units, but not against the Fund's assets.
- 4.3.1.13.** With regard to potential tax obligations, the Unit Holders are advised to consult a professional tax adviser.
- 4.3.1.14.** The Unit 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 Management Company may hold part or all of the Fund's assets with a person providing derivative trading services.
- 4.3.1.15.** By acquiring Units the Unit Holders are deemed to have confirmed that, prior to the Units acquisition, the Management Company provided them with a thorough explanation of the principles of investments made with the Fund's assets, various risks involved, and the specific risk level associated with the Fund's investment operations, and that they fully understand them.
- 4.3.1.16.** By acquiring the Units the Unit Holders are deemed to have confirmed that they are aware that the Units acquisition represents an agreement between the Management Company and the Unit Holder on the terms and conditions set forth in the Fund's Rules, the Subscription Application and applicable legal acts. The Unit Holders understands and agrees that the Management Company may amend the Fund's Rules and that each amendment of the Fund's Rules shall automatically become an integral part of the agreement with the Unit Holder.

## **5. UNIT ISSUE AND REDEMPTION**

### **5.3. PREREQUISITES OF THE ISSUE. SUBSCRIPTION APPLICATION**

- 5.3.1.** The Management Company shall be the issuer of the Units. The Units shall only be issued in the manner and within the timeframe prescribed by these Rules. The size of the Units issue and the number of Units issued shall not be fixed. The Fund's units may be paid for only in cash.
- 5.3.2.** There shall be no fee for the Units issue.
- 5.3.3.** The Management Company shall issue the Units at the Unit Issue Price.
- 5.3.4.** To acquire the Units a Subscription Application must be filed not later than the Subscription Application Filing Date. The Subscription Application may be submitted electronically with a digital signature to the address published on the Management Company Website, or by delivering the Subscription Application signed by hand to the Management Company.

- 5.3.4.1.** The Subscription Application in electronic form with a digital signature shall be submitted to the Management Company and the Registrar. The Management Company Website contains e-mail addresses of the Management Company and the Registrar for submission of the Subscription Application with a digital signature. The Subscription Application with a digital signature submitted to only one of the above addressees shall not be deemed duly submitted.
- 5.3.4.2.** When submitting the Subscription Application signed by hand, the original Subscription Application shall be delivered to the Management Company at the location of the Management Company by any method below (exhaustive list): i) by delivery to the Management Company's representative against signature; ii) by registered mail (return receipt required) delivered to the Management Company's representative against signature; iii) by courier delivery to the Management Company's representative against signature. The Subscription Application signed by hand shall be deemed delivered to the Management Company only when the original Subscription Application is delivered by one of the aforesaid methods at the registered address of the Management Company and handed to the Management Company's representative against signature.
- 5.3.4.3.** The Subscription Application shall not be deemed delivered unless it complies with the requirement set forth in clause 5.1.4 and/or is submitted by any of the methods set forth in clause 5.1.4.
- 5.3.5.** The Unit may be issued only when cash in the amount of the Net Unit Value is transferred to the Fund's assets in accordance with the number of Units issued. Whenever a Fractional Unit is issued, a cash contribution in the amount corresponding to the relevant part of the Net Unit Value shall be transferred to the Fund's assets. To acquire the Units the investor shall pay to the account specified in the Subscription Application an amount corresponding to the number of Units issued and the Net Unit Value.
- 5.3.6.** The Subscription Application may be submitted to the Management Company by a person complying with all of the following provisions:
- 5.3.6.1.** the Unit acquisition is carried out in line with the requirement to the minimum initial investment and subsequent investments set forth in clause 4.1.2 of the Rules.
- 5.3.6.2.** in the Subscription Application, the person has confirmed in writing that i) they possess sufficient knowledge of investment, including investment in derivatives; ii) they are aware of the specific risk level associated with investing in derivatives; iii) the investment related risks have been explained to them; iv) the risks of holding the Fund's assets have been explained to them: if the Fund's assets are held by a third party and if such third party becomes insolvent, the Fund's assets may fail to be excluded, in full or in part, from their bankruptcy estate;
- 5.3.6.3.** in the Subscription Application, the person confirms in writing that they have carefully read the Rules, accept them and agree to comply therewith;
- 5.3.6.4.** no circumstances arise out of the AMLCFTA in respect of the person that could prevent the Management Company from entering into the transaction with such person or preclude such transaction.
- 5.3.7.** The Subscription Application may be submitted on any Banking Day, but no later than the Subscription Application Submission Term.
- 5.3.8.** If the Subscription Application is submitted after 3 pm on the last Banking Day of the Subscription Application Submission Term (Estonia time), the issue of the Units based on such Subscription Application (Transaction Date) shall be postponed for one Month (to the following subscription cycle), even if the Subscription Application date is indicated or the signature is made before 3 pm of the last Banking Day of the Subscription Application Submission Term (Estonia time), or the Subscription Application with a digital signature is delivered to the Management Company and/or the Registrar after 3 pm of the last Banking Day of the Subscription Application Submission Term (Estonia time), or the Subscription Application signed by hand is delivered to the Management Company after 3 pm of the last Banking Day of the Subscription Application Submission Term (Estonia time).
- 5.3.9.** The Management Company shall have the right to refuse to issue the Units. Therefore, notwithstanding the provisions of these Rules and the compliance of the person submitting the Subscription Application therewith, the Management Company reserves the right to decide, at its own discretion, against issuing new Units, whether in part or in full, to any investor for reason any and at any time. In that case, the Management Company shall not be bound to provide reasons for such a decision. The Management Company shall have the right to repeatedly refuse to issue the Units. Subject to the equal treatment requirement, should the Management Company exercise the above right to refuse to issue the Units, the said right shall apply to all persons who have submitted their Subscription Applications for the relevant issue.

- 5.3.10.** The Management Company shall provide notification of its decision against the Units issue to the person who has duly submitted the duly executed Subscription Application in writing to the e-mail address specified in the Subscription Application.
- 5.3.11.** The person submitting the Subscription Application is entitled to refuse to acquire the Units at any time before an order is issued to transfer the investment amount specified in clause 5.2.1.2 of these Rules. The person submitting the Subscription Application may refuse to acquire the Units by sending a message to the e-mail address of the Management Company or by failing to transfer the investment amount specified in the Subscription Application to the subscription account before the Transaction Date.
- 5.3.12.** If the Subscription Application or the person do not comply with clause 5.1.6 of the Rules, the Management Company may reject the Subscription Application and notify the person submitting the Subscription Application at the e-mail address specified in the Subscription Application not later than the Transaction Date on which the Units would have been issued if there were no grounds to reject the Subscription Application.

#### **5.4. ACQUISITION OF SHARES AND PAYMENT FOR SHARES**

- 5.4.1.** Upon receipt of the Subscription Application, the Management Company shall verify whether the applicant is in compliance with clause 5.1.6 of these Rules. Should the applicant comply with the provisions set forth in these Rules and subject to no reasons for suspending or refusing the application as stated in clauses 5.1.8, 5.1.9, the Management Company, the buyer of the Unit and the Registrar shall perform the following actions on the Transaction Date as follows:
  - 5.4.1.1.** The Management Company shall give the Registrar an unconditional and irrevocable order to transfer the Units to the Unit Holder's securities account in the number and to the investment value stated in the Subscription Application;
  - 5.4.1.2.** The Unit Holder shall ensure the transfer of the full investment price stated in the Subscription Application to the subscription account of the Fund not later than on the Transaction Date. If the above amount is not fully credited to the said account by the Transaction Date, the Management Company will not issue the Units.
  - 5.4.1.3.** The Registrar shall credit the Units to the Unit Holder's securities account not later than on the first Banking Day following the Transaction Date (C+1).
    - 5.4.2.** Should any mistakes or inaccuracies be found in the order referred to in clause 5.2.1. hereof, the person responsible shall be obliged to promptly take remedial measures.
    - 5.4.3.** The supplementary conditions related to issuing the Units shall be specified in the Subscription Application.
    - 5.4.4.** Should the Units not be issued on the Transaction Date due to:
      - 5.4.4.1.** clause 5.1.4.3 of the Rules;
      - 5.4.4.2.** the Management Company's refusal to issue Units due to clause 5.1.9 of the Rules;
      - 5.4.4.3.** non-approval of the Subscription Application under clause 5.1.12 of the Rules;
      - 5.4.4.4.** refusal of the applicant to buy the Units under clause 5.1.11 of the Rules,
      - 5.4.4.5.** the Management Company shall refund the investment price paid by the applicant for the Units to the Fund's account as the purchase price to the applicant's settlement account within two (2) banking days from the Transaction Date when the Units would have been issued but for the reasons stated in this clause 5.2.4. No interest shall accrue or be paid on the refundable amount. Should the Subscription Application be not approved or be considered not submitted in accordance with the Rules, the related expenses shall be charged to the applicant (i.e. the transaction expenses under the bank's rates shall be borne by the Unit Holder).

#### **5.5. REDEMPTION**

- 5.5.1.** To redeem the Units, the Unit Holder shall submit the Redemption Application to the Management Company in accordance with clause 5.3.8 of the Rules. The Unit Holder may redeem the Units in full or in part. Partial redemption shall be performed as stated in clause 4.1.2 of the Rules.
- 5.5.2.** The Unit Holder may not cancel the Redemption Application submitted to the Management Company (except with the Management Company's written consent). If the Unit Holder requests cancellation of the Redemption Application the Unit 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 strong reason.
- 5.5.3.** The Unit shall be considered redeemed by payment of the Unit Redemption Price. The rights arising out of the Unit shall be terminated from the moment of its redemption.

- 5.5.4.** The Management Company shall be entitled to suspend redemption of the Units either fully or partially and to postpone the Redemption Day in one or several of the below cases, should the Management Company believe that:
- 5.5.4.1.** the liquidity of the Fund's investment portfolio is insufficient for redemption of the requested number of Units on a particular Redemption Day,
  - 5.5.4.2.** due to adverse conditions or dramatic fluctuations of market prices the Net Unit Value may not be reasonably determined.
  - 5.5.4.3.** Sale of a substantial part of the Fund's assets may have a major adverse effect on the Unit Holders.
- 5.5.5.** In cases specified in clause 5.3.4, the Management Company may suspend redemption of the Units either fully or partially for a period of up to three (3) months having notified the Unit Holder thereof as prescribed by the law by sending the respective notification to the e-mail address specified in the Redemption Application. Upon expiry of the Redemption Suspension period, the Management Company may, at its discretion, suspend the redemption of the Units repeatedly for 3-month periods, but for no longer than one year, should the reason for suspension remain valid according to the Management Company. The Unit Holder shall receive notifications of such suspensions, as prescribed by the law, to be sent to the e-mail address specified in the Redemption Application.
- 5.5.6.** No interest shall accrue or be paid from the Fund's assets on disbursements by any Unit Holders.
- 5.5.7.** Unit redemption shall not imply any redemption charges.
- 5.5.8.** To redeem the Units, the Unit Holder shall submit the Redemption Application not later than by the end of the Redemption Application Submission Term. The Redemption Application may be submitted either in electronic form with digital signature to the address published on the Management Company Website or in hard copy signed and delivered personally to the Management Company.
- 5.5.8.1.** A digitally signed electronic Redemption Application shall be submitted to the Management Company and to the Registrar. The Management Company Website shall provide e-mail addresses of the Management Company and the Registrar to which the digitally signed Redemption Application is to be sent. The digitally signed Redemption Application shall not be deemed submitted if sent only to one of the above addresses.
  - 5.5.8.2.** For signed hard copies, the original Redemption Application shall be delivered to the Management Company's address in either of the following ways (full list): a) delivery to the Management Company's representative against signature; b) by registered mail (return receipt required) against the signature of the Management Company's representative; c) by courier against the signature of the Management Company's representative. The signed hard copy of the Redemption Application shall be deemed received by the Management Company only when the original Redemption Application is delivered in either of the above ways to the registered office of the Management Company against the signature of its representative.
- 5.5.9.** Should the Redemption Application be submitted later than by 3 pm on the last Banking Day of the Redemption Application Submission Term (Estonian time), the redemption of the Units specified in the Redemption Application shall be suspended for one month (until the following redemption cycle) even when the Redemption Application is dated and signed before 3 pm of the last Banking Day of the Redemption Application Submission Term (Estonian time) but the digitally signed Redemption Application was delivered to the Management Company and/or Registrar after 3 pm of the last Banking Day of the Redemption Application Submission Term (Estonian time), or the signed hard copy of the Redemption Application was delivered to the Management Company after 3 pm of the last Banking Day of the Redemption Application Submission Term (Estonian time).
- 5.5.10.** The Redemption Application shall not be deemed submitted if not in compliance with the format requirement set out in clause 5.3.8 and/or not delivered as prescribed by clause 5.3.8. The Management Company shall neither approve such Redemption Application nor redeem the Units concerned, of which the Management Company shall notify the applicant in writing by sending a letter to the e-mail address specified in the Redemption Application.
- 5.5.11.** Should the Unit Holder retain fewer than one hundred (100) Units with the Fund upon partial redemption according to the Redemption Application, the Management Company shall approve the Redemption Application in part and redeem the Units so as to retain one hundred (100) Fund's Units for the Unit Holder and redeem the rest of the Units under the Redemption Application.
- 5.5.12.** Upon redemption of the Units from the Fund's assets, payment shall be made to the settlement account tied to the Unit Holder's security account in the amount corresponding to the number of Units and the Unit Redemption Price, within forty (40) days from the date of submission of the Redemption Application, subject to the restriction set out 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 approved on one Redemption Day, unless the following sentence and other provisions of these Rules provide otherwise. Should the redeemed value of the Units specified in the Redemption Application exceed 5% of the market value of the Fund's assets or should the total value of all Redemption Applications submitted on one and the same Banking Day exceed 20% of the market value of the Fund's assets, the Management Company shall have the right to suspend approval of the Redemption Application up to 30 days.

## **5.6. CALCULATION OF THE NET UNIT VALUE**

- 5.6.1.** To calculate the Net Value of the Fund's assets (NAV) and the Net Unit Value, the Management Company shall follow its internal procedures, the Rules, and provisions of legal acts.
- 5.6.2.** The Management Company shall calculate the Net Unit Value, the Unit Issue Price, and the Unit Redemption Price at least once a month as at the Valuation Day.
- 5.6.3.** The Unit Issue Price and the Unit Redemption Price shall be published along the Net Unit Price.
- 5.6.4.** Should any event or circumstance, subject to the best professional judgement of the Management Company, which affect the Net Fund Asset Value and the Net Unit Value, occur after determination of the Net Fund Asset Value and the Net Unit Value, the Management Company shall be entitled to reevaluate the Net Fund Asset Value and the Net Unit Value, provided failure to perform such revaluation would be detrimental to the Unit Holders.
- 5.6.5.** The Management Company shall be entitled to suspend the calculation and publication of the Net Fund Asset Value and the Net Unit Value, should redemption of the Units be suspended subject to clause 5.3.4. of these Rules.
- 5.6.6.** If the circumstances providing grounds for redemption suspension cease to exist, the Management Company shall be obliged to calculate the Net Unit Value as at the Valuation Day in the calendar month when the circumstances providing grounds for redemption suspension ceased to exist. The Management Company shall promptly update its website to show suspension of the Net Asset Value calculation and publication times.

## **5.7. MANDATORY UNIT REDEMPTION**

- 5.7.1.** The Management Company shall be entitled to request the Unit Holder to redeem their Units and the Unit Holder is obliged to redeem the respective Units subject to this clause.
- 5.7.2.** The Management Company shall be entitled to mandatory redemption of the Units of the Unit Holder to ensure that the Units are not acquired or owned by:
  - 5.7.2.1.** any person not complying with clauses 5.1.6. and 4.2.2.5. of the Rules;
  - 5.7.2.2.** any person convicted by the court, irrespective of the country of jurisdiction;
  - 5.7.2.3.** any person under the circumstances that, according to the Management Company, could result in a tax liability for the Management Company or in any other payment obligation that would not arise otherwise;
  - 5.7.2.4.** the Unit Holder who would not provide any documents or information required for the Management Company to comply with the AMLCFTA as regards acting in good faith, although the Management Company has made the respective request for information; or
  - 5.7.2.5.** the Unit Holder whose documents or information provided in accordance with the above request leave the Management Company suspicious that the purpose of the Unit Holder's business relations or transaction could be money laundering or financing of terrorism.
- 5.7.3.** In cases provided for by this clause 5.5, the Management Company shall have the right for mandatory redemption of the Units having notified the respective Unit Holder accordingly. For Unit redemptions specified in this clause 5.5., the Redemption Date shall be the (first) Banking Day of the week following the week when the Management Company sent its redemption notification to the Unit Holder, or the (first) Banking Day of any following month which was suspended under these Rules. The Unit shall be redeemed at the Unit Redemption Price.

## **6. MANAGEMENT COMPANY'S ACTIVITIES**

### **6.3. LEGAL BASIS FOR THE MANAGEMENT COMPANY'S ACTIVITIES**

- 6.3.1.** The Management Company's Articles of Association, the legal acts, the license issued to the Management Company, and these Rules provide the legal basis for the Management Company's activities.
- 6.3.2.** The Management Company may, subject to these Rules, manage and own the Fund's assets, and shall have other rights arising therefrom.

- 6.3.3.** The Management Company shall invest the Fund's assets on its own behalf and for a joint account of the Unit Holders, i.e. for the Fund's account.
- 6.3.4.** To invest the Fund's assets the Management Company shall be obliged to:
- 6.3.4.1.** obtain sufficient information regarding the assets which the Management Company intends to acquire or has acquired for the Fund's account;
- 6.3.4.2.** monitor the financial and economic situation of the issuer whose securities the Management Company intends to acquire or has acquired for the Fund's account;
- 6.3.4.3.** obtain sufficient information regarding the solvency of the person with whom transactions are closed for the Fund's account.
- 6.3.5.** The Management Company shall manage the Fund's assets separately from its own assets, the assets of other funds managed by it, and other collective assets. The Fund's assets shall not be part of the bankruptcy estate of the Management Company, and they may not be used to satisfy the claims of creditors of the Management Company.
- 6.3.6.** The Management Company shall have the right and obligation to file the claims of the Unit Holders or the Fund against third parties if failure to file such claims results or may result in significant damage to the Fund or the Unit Holders. The Management Company shall not be obliged to file the aforementioned claims when the Fund or the Unit Holders have already filed such claims.
- 6.3.7.** The Management Company shall be liable for damage to the Fund or the Unit Holders if such damage is caused by breach of the obligations thereof.
- 6.3.8.** The Management Company shall be entitled, but not obliged, to own or acquire the Fund Units and shall do that in compliance with the applicable legal acts. Should the Management Company acquire the Units, it may redeem these Units in the manner set forth in these Rules, subject to the restrictions set out in the Investment Funds Act. Should the Management Company acquire the Units, the Management Company shall publish information on the size of its stake on the Management Company Website.
- 6.4. OUTSOURCING THE MANAGEMENT COMPANY'S FUNCTIONS**
- 6.4.1.** To ensure best performance of its obligations the Management Company may outsource the following Fund management-related functions to third parties, subject to the provisions of the Investment Funds Act:
- 6.4.1.1.** investing the Fund's assets;
- 6.4.1.2.** making arrangements for the issue and redemption of the Units;
- 6.4.1.3.** issuing the documents certifying the title to the Fund Units to the Unit Holders, if necessary;
- 6.4.1.4.** forwarding necessary information to the Holders of Units in the Fund and providing other customer service;
- 6.4.1.5.** making arrangements for marketing of the Units;
- 6.4.1.6.** maintaining records and accounting for the Fund's assets;
- 6.4.1.7.** establishing the Net Value of the Fund Units;
- 6.4.1.8.** maintaining the Unit Register;
- 6.4.1.9.** calculating the Fund's income;
- 6.4.1.10.** calculating and publishing the Net Value of the Fund Unit;
- 6.4.1.11.** monitoring the compliance of the Management Company's and the Fund's activities with the law and other legal acts, including the use of relevant internal controls;
- 6.4.1.12.** activities directly related to the above functions.
- 6.4.2.** Transferring the obligations to a third party shall release the Fund's Manager from the liability to the fullest extent permitted by the Investment Funds Act.

## **7. FEES AND EXPENSES COVERED BY THE FUND**

### **7.3. SUCCESS FEE**

- 7.3.1.** The Management Company shall be paid a success fee (hereinafter referred to as the **Success Fee**) at the expense of the Fund. The Success Fee shall be calculated for a calendar month. The Success Fee shall be calculated at the Valuation Day and paid within the following month.
- 7.3.2.** The Success Fee rate shall be 30% of the Net Unit Value growth above its historical high at the month end. The Success Fee is calculated as Success Fee rate multiplied on the quantity of all Fund's Units at the Valuation Day.
- 7.3.3.** The Management Company shall not be entitled to the Success Fee if the Net Unit Value as at the last Valuation Day was lower than the historical high at the month end. In this case the Success Fee paid to the Management Company based on the previous month performance shall be not be refundable or reduced or otherwise netted.

**7.3.4.** No other fee apart from the Success Fee shall be payable to the Management Company. The Management Board of the Management Company may decide to apply, for some period, a lower rate of the Success Fee or to waive, for some period, the Success Fee at its own discretion.

#### **7.4. OTHER EXPENSES COVERED BY THE FUND**

**7.4.1.** Expenses related to transfers and payments for services directly related to transactions closed for the Fund's account, as well as expenses directly related to the Fund management, including transaction payments, broker fees, stock exchange fees, interest expenses, and securities account fees, shall be paid at the expense of the Fund subject to the price list of the respective service provider.

**7.4.2.** Register fees according to the Registrar's price list (except for the expenses related to the opening and maintenance of the Unit Holder's securities account).

**7.4.3.** Expenses related to the opening and maintenance of the Unit Holder's securities account shall not be paid at the expense of the Fund, but shall be covered by the Unit Holder.

**7.4.4.** The aggregate annual amount of fees paid at the expense of the Fund (including the Success Fee) shall not exceed 75% of the Net Fund Asset Value as at the last day of the Fund's financial year.

### **8. ACCOUNTING AND REPORTING**

**8.1** The accounting and reporting of the Management Company and the Fund shall be performed in accordance with the Accounting Act, the Investment Funds Act, other legal acts, and the internal accounting rules of the Management Company, unless the Investment Funds Act provides otherwise.

**8.2** The Fund's accounting records shall be kept separate from the accounting records of the Management Company and those of 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 members of the Management Board of the Management Company.

**8.5** The annual report of the Fund shall be reviewed by the auditor prior to approval. The auditor's opinion shall be attached to the annual report of the Fund.

**8.6** The annual report of the Fund shall be published on the Management Company Website within 4 months after the end of the Fund's financial year and the semi-annual report shall be published within 2 months after the end of the six month period.

### **9. PUBLICATION OF INFORMATION REGARDING THE FUND**

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

**9.1.1.** the Rules;

**9.1.2.** the latest annual report of the Fund;

**9.1.3.** the name and contact details of the Management Company;

**9.1.4.** the name of the Fund Manager;

**9.1.5.** the procedure to establish the Net Value of the Fund assets;

**9.1.6.** the Net Unit Value, the Unit Issue Price, and the Unit Redemption Price (published within the timeframe established by these Rules);

**9.1.7.** the Success Fee rate;

**9.1.8.** the Subscription Application form;

**9.1.9.** the Redemption Application form;

**9.1.10.** the register fee;

**9.2.** Upon the discovery of circumstances that have a significant impact on the operations, or financial position, or the net value of Units of the funds managed by the Fund's Manager (including the Fund), the respective notice shall immediately be published on the website of the Fund's Manager.

**9.3.** The Management Company may send notices and reports regarding the Fund to the Unit Holder at the postal or e-mail address known to the Fund's Manager.

### **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 THE RULES**

- 11.1** The Rules may be amended by resolution of the Management Company's Board.
- 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 THE FUND**

- 12.1** Liquidation of the Fund may take place when and as provided for the Investment Funds Act.
- 12.2** The decision to liquidate the Fund shall be made by the General Meeting.
- 12.3** After passing the resolution to liquidate the Fund, the Fund's Manager shall immediately publish the notice regarding the liquidation of the Fund on the website of the Fund's Manager. The redemption of the Units 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 the event of the Fund going into liquidation, the Management Company shall dispose of the Fund's assets as soon as possible and with consideration for the interests of the Unit Holders, recover the debts owed to the Fund, and satisfy the claims of the Fund's creditors.
- 12.5** The expenses related to the Fund's liquidation may be covered at the expense of the Fund to the extent of up to 2% of the Net Fund Asset Value. Should the actual liquidation expenses exceed the aforementioned amount, the expenses above that amount shall be met by the Management Company or the entity acting as the Management Company.
- 12.6** The assets remaining after the liquidation shall be distributed by the Management Company among the Unit Holders according to the type, amount, and Net Value of the Units held by them. The notice of distribution of the assets shall be published on the Management Company Website.