

INVL BALTIC FUND

**ANNUAL FINANCIAL STATEMENTS FOR 2023,
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

Independent Auditor's Report

To the Participants of the Open-Ended Harmonized Investment Fund "INVL Baltic Fund"

Report on the Audit of the Financial Statements

■ Opinion

We have audited the financial statements of the open-ended harmonized investment fund "INVL Baltic Fund" ("the Fund") managed by "SB Asset Management" UAB ("the Company"). The Fund's financial statements comprise:

- the statement of net assets as at 31 December 2023,
- the statement of changes in net assets for the year then ended, and
- the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2023, and of its changes in net assets for the year then ended in accordance with Lithuanian Financial Reporting Standards.

■ Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

■ Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Each audit matter and our respective response are described below.

Measurement of the transferable securities

The carrying amount of the Fund's transferable securities: EUR 9,912 thousand as at 31 December 2023 (31 December 2022: EUR 9,227 thousand).

See the section Investment valuation methods, investment revaluation intervals of Note 23.3.2 of the accounting policies and Note 4 of the explanatory notes to the financial statements for financial disclosures.

Key audit matter	How the matter was addressed in our audit
<p>The Fund's performance is assessed based on its net asset value (NAV). The NAV calculation methodology, approved by the Board of Directors of the Management Company, is determined by the legislation applicable to the Fund and its rules.</p> <p>Main element of NAV is the fair value of the underlying investments, which include securities (equities) quoted in active markets. The fair value is estimated by reference to the prices of financial instruments quoted in an active market.</p> <p>Due to the magnitude of the amounts involved, we considered this area to be a key audit matter.</p>	<p>Our audit procedures in the area included, among others:</p> <ul style="list-style-type: none"> — challenging the appropriateness of the valuation methods and models applied in measuring the fair value of the Fund's investments against relevant regulatory and financial reporting requirements; — testing the relevance and reliability of key data used in the aforementioned valuation models; — testing the design, implementation and operating effectiveness of the Fund's selected internal controls within the process of valuation of portfolio assets; — independently obtaining a confirmation from the Fund's custodian in respect of the ownership of the investments in held as at 31 December 2023; — tracing the recognized fair values of all quoted financial assets in the Fund's portfolio as at 31 December 2023 to publicly available market quotations; — evaluating the adequacy, completeness and accuracy of the disclosures with respect to the financial assets.



■ Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Lithuanian Financial Reporting Standards of the Republic of Lithuania, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

■ Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

■ Report on Other Legal and Regulatory Requirements

Under decision of the general shareholders' meeting we were appointed on 28 June 2019 for the first time to audit the Fund's financial statements. Our appointment to audit the Fund's financial statements is renewed each year under decision of the general shareholders' meeting, and the total uninterrupted period of engagement is 5 years.

We confirm that our audit opinion expressed in the Opinion section of our report is consistent with the additional report which we have submitted to the Fund and the Company's Audit Committee.

We confirm that in light of our knowledge and belief, services provided to the Fund are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

In the course of audit, in addition to the audit of the financial statements, we have provided translation services.

On behalf of KPMG Baltics, UAB

Toma Jensen
Partner pp
Certified Auditor

Vilnius, the Republic of Lithuania
29 April 2024

The electronic auditor's signature applies only to the Independent Auditor's Report on pages 2 to 5 of this document.

I. GENERAL INFORMATION

1. Information of INVL Baltic Fund:

Information is provided under section General information in the explanatory notes.

2. Reporting period covered by these financial statements:

Information is provided under section General information in the explanatory notes.

3. Details of the management company:

Information is provided under section General information in the explanatory notes.

4. Details of the depository:

Information is provided under section General information in the explanatory notes.

II. NET ASSET VALUE, NUMBER AND VALUE OF INVESTMENT UNITS

5. Net asset value (NAV), number and value of investment units:

Information is provided in Note 2.

6. Number of investment units distributed and redeemed over the reporting period and value:

Information is provided in Note 3.

III. EXPENSE AND TURNOVER RATIOS OF THE COLLECTIVE INVESTMENT UNDERTAKING

7. Deductions from assets of the collective investment undertaking:

Information is provided in Note 20.

8. Intermediary fee:

Information is provided in Note 9.

9. Information on all existing arrangements on distributions and hidden commission fees:

Over the reporting period, the management company did not enter into any formal or informal arrangements on distributions, nor any hidden commission fees were applied to the Fund.

10. Illustration of impact of deductions on investor's ultimate return on investments:

The table below presents calculations relating to deduction (in EUR) on contributions of the participant of the collective investment undertaking in case of a current level of deductions and the amount to be received after 1, 3, 5, 10 years if EUR 3,000 is invested and the annual return on investments is 5%.

	After 1 year	After 3 years	After 5 years	After 10 years
Deductions paid, EUR*	75	242	434	1 046
Accrued amount if there were no deductions	3 150	3 473	3 829	4 887
Accrued amount in existence of current amount of deductions*	3 075	3 231	3 394	3 841

* Distribution fee is not applicable from 1 December 2023, therefore, it is not included in calculations

IV. INFORMATION ON THE INVESTMENT PORTFOLIO OF THE COLLECTIVE INVESTMENT UNDERTAKING

11. Structure of investment portfolio at the end of the reporting period:

Information is provided in Note 4.

12. Breakdown of investments by the criteria that meet the investment strategy:

Information is provided in Note 5.

13. Transactions involving derivative financial instruments conducted over the reporting period, other than those referred to in section 11 herein:

Information is provided in Note 8.

14. Types of derivative financial instruments referred to in section 11 of the financial statements, the related risks and quantitative limits and methods used to assess the risks incurred by the collective investment undertaking in relation to transactions involving derivative financial instruments. Description of how derivative financial instrument may be used to hedge investment instrument transaction (position) against risk:

Information is provided in Note 8.

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

Information is provided in Note 8.

16. Risk extent related to derivative financial instruments taken by the master collective investment undertaking: the sum of the direct potential risk extent of the feeder collective investment undertaking and the actual derivative financial instruments risk of the master collective investment undertaking that is proportional to the feeder collective investment undertaking's investments in the master undertaking, and the sum of the direct potential risk extent of the feeder collective investment undertaking and the extent of potential maximum risk that was taken by the master collective investment undertaking according to transactions in derivative financial instruments and that was determined in the founding documents of the master collective investment undertaking and that is proportional to the feeder collective investment undertaking's investments to the master undertaking.

The Fund is a non-master collective investment undertaking.

17. Analysis of the current investment portfolio's compliance (non-compliance) with the collective investment undertaking's investment strategy (investment trends, investment specialisation, geographical area, etc.):

Structure of investment portfolio is provided in Note 4.

18. Factors that had the major impact on the structure of investment portfolio and changes in its value over the reporting period:

Information is provided in Note 4.

V. RETURN ON INVESTMENTS AND RISK INDICATORS OF THE COLLECTIVE INVESTMENT UNDERTAKING

19. Benchmark index (if selected) and its brief description:

Information is provided in Note 19.1.

20. Change in value of unit (share) for the same period, change in annual return (gross and net) on investments, and change in value of benchmark index (if selected), and other indicators over the last 10 years of the fund's operation. If the collective investment undertaking operated for a period shorter than 10 years, return on investments for the period during which the portfolio was managed:

Information is provided in Note 19.2.

21. Average return on investments, average change in value of investment unit and average change in value of benchmark index (if selected) over the last three, five, ten years (average net return on investments, average change in value of unit and average change in value of benchmark index are calculated as a geometric mean of annual changes in net return on investments, annual changes in value of unit and annual changes in value of benchmark index, respectively):

Information is provided in Note 19.3.

22. Other indicators showing the risks pertaining to the investment portfolio:

Other indicators showing the risks pertaining to the investment portfolio over the reporting period were not estimated.

VI. FINANCIAL POSITION OF THE COLLECTIVE INVESTMENT UNDERTAKING

23. The financial statements of the collective investment undertaking have been prepared in accordance with the requirements of the Lithuanian laws and legal acts:

23.1. Statement of net assets;

23.2. Statement of changes in net assets;

23.3. Explanatory notes.

UAB SB Asset Management
 306241274, Gynėjų g. 14, Vilnius

INVL Baltic Fund
STATEMENT OF NET ASSETS as at 31 December 2023

No	Assets	Note	Financial year	Previous financial year
A.	ASSETS	4	10 518 056	9 949 340
1.	CASH	4,5	600 661	685 088
2.	TIME DEPOSITS		-	-
3.	MONEY MARKET INSTRUMENTS		-	-
3.1.	Treasury bills		-	-
3.2.	Other money market instruments		-	-
4	TRANSFERABLE SECURITIES	4,5,6	9 911 830	9 226 625
4.1.	Non-equity securities		-	-
4.1.1.	Non-equity securities issued or guaranteed by governments and central banks		-	-
4.1.2.	Other non-equity securities		-	-
4.2.	Equity securities	4,5,6	9 911 830	9 226 625
4.3.	Investment units and shares of other collective investment undertakings		-	-
5.	PREPAYMENTS		-	-
6	AMOUNTS RECEIVABLE	4	5 565	37 627
6.1.	Amounts receivable from sale of investments	4	2 836	37 627
6.2.	Other amounts receivable	4	2 729	-
7.	INVESTMENT AND OTHER ASSETS		-	-
7.1.	Investment assets		-	-
7.2.	Derivative financial instruments		-	-
7.3.	Other assets		-	-
B.	LIABILITIES	4	25 810	25 774
1.	Amounts payable	4	25 810	25 774
1.1.	Amounts payable for financial and investment assets		-	-
1.2.	Amounts payable to management company and depository	4	20 850	23 671
1.3.	Other amounts payable	4	4 960	2 103
2.	Accrued charges		-	-
3.	Borrowings from credit institutions		-	-
4.	Liabilities under contracts on derivative financial instruments		-	-
5.	Other liabilities		-	-
C.	NET ASSETS	2	10 492 246	9 923 566

The accompanying explanatory notes form an integral part of these financial statements.

CEO	Vaidotas Rūkas	29 April 2024
Head of Investment Accounting Team	Aušra Montvydaitė	29 April 2024

UAB SB Asset Management
 306241274, Gynėjų g. 14, Vilnius

INVL Baltic Fund
STATEMENT OF CHANGES IN NET ASSETS FOR 2023

No	Items	Note	Financial year	Previous financial year
1.	NET ASSET VALUE AT THE BEGINNING OF THE PERIOD	2	9 923 566	10 489 292
2.	INCREASE IN NET ASSET VALUE			
2.1.	Contributions of participants	3	2 312 027	1 357 194
2.2.	Transfers from other funds		-	-
2.3.	Guarantee contributions		-	-
2.4.	Investment income		494 193	467 155
2.4.1.	Interest income		-	-
2.4.2.	Dividends		494 193	467 155
2.4.3.	Rental income		-	-
2.5.	Gain on change in value and sale of investments	6	3 981 823	6 277 205
2.6.	Foreign exchange gain		23 554	11 228
2.7.	Gain on transactions involving derivative financial instrume		-	-
2.8.	Other increases in net asset value		10	525
	TOTAL INCREASE IN NET ASSET VALUE:		6 811 607	8 113 307
3.	DECREASE IN NET ASSET VALUE			
3.1.	Payments to participants	3	2 549 418	1 913 033
3.2.	Transfers to other funds		-	-
3.3.	Loss on change in value and sale of investments	6	3 404 310	6 512 654
3.4.	Foreign exchange loss		23 607	13 869
3.5.	Loss on transactions involving derivative financial instruments		-	-
3.6.	Management costs:	20	265 592	239 477
3.6.1.	Fee to management company	20	222 371	194 301
3.6.2.	Fee to depository	20	11 997	10 660
3.6.3.	Fee to intermediaries	9,20	8 412	15 009
3.6.4.	Audit fee costs	20	9 680	9 680
3.6.5.	Interest costs		-	-
3.6.6.	Other costs	20	13 132	9 827
3.7.	Other decreases in net asset value		-	-
3.8.	Reimbursement of costs (-)		-	-
	TOTAL DECREASE IN NET ASSET VALUE:		6 242 927	8 679 033
4.	Change in net asset value		568 680	(565 726)
5.	Profit distribution		-	-
6.	NET ASSET VALUE AT THE END OF THE REPORTING PERIOD	2	10 492 246	9 923 566

The accompanying explanatory notes form an integral part of these financial statements.

CEO	Vaidotas Rūkas	29 April 2024
Head of Investment Accounting Team	Aušra Montvydaitė	29 April 2024

UAB SB Asset Management
 306241274, Gynėjų g. 14, Vilnius

INVL Baltic Fund

Explanatory notes to the annual financial statements for 2023

23.3.1. General information:

Details of the collective investment undertaking

Name	INVL Baltic Fund
Legal form	Open-ended type harmonised investment fund with no rights of a legal entity
Date on which the Securities Commission (currently the Bank of Lithuania) approved the documents on formation	8 December 2005
Duration of operation	Indefinite period
Location	Vilnius

Details of the management company

Name	UAB SB Asset Management
Company code	306241274
Registered address	Gynėjų g. 14, LT-01109 Vilnius
Register at which all data about the undertaking is stored and compiled	State enterprise Centre of Registers, Vilnius branch
Telephone number	+370 5 268 2800
Email address	info@sb.lt
Website address	www.sb.lt
Licence No	22
Manager of the collective investment undertaking, other individuals making investment decisions	Audrius Matikiūnas – Member of the Investment Committee; Vygandas Jūras – Member of the Investment Committee; Vaidotas Rūkas – Member of the Investment Committee; Regimantas Valentonis – Director of the Investment Management Department; Dainius Bložė – Head of Shares and CIE team; Arvydas Jacikevičius – Fund Manager.

Details of the depository

Name	AB SEB bankas
Company code	112021238
Registered address	Konstitucijos ave. 24, LT-08105 Vilnius, Lithuania
Telephone number	(8~5) 268 28 00

Details of the audit firm which has audited the annual financial statements

Name	KPMG Baltics, UAB
Company code	111494971
Registered address	Lvivo g. 101, LT-08104 Vilnius
Telephone number	+370 5 2102600

Listing

From September 2013 until the end of November 2023, the INVL Baltic Fund was quoted on the Nasdaq stock exchange.

Reporting period

From 1 January 2023 to 31 December 2023

23.3.2. Accounting policies:

Regulatory legislation adopted in the preparation of the financial statements

SB Asset Management UAB manages the assets of the fund, keeps the fund's accounting records and prepares its financial statements in compliance with Lithuanian Financial Reporting Standards (BAS), Lithuanian Law on Financial accounting, Lithuanian Law on Collective Investment Undertakings and other legal acts.

Generally accepted accounting principles

The financial year of the Fund coincides with the calendar year. Assets and liabilities reported in the Fund's financial statements as at the end of the reporting period are presented at the value as at 29 December 2023.

The Fund's financial statements are prepared within four months following the end of the financial year. All amounts in these financial statements are presented in the euros (EUR).

Investment policy and structure of investment portfolio

The objective of the Fund is to ensure the maximum growth of assets for the benefit of the Fund's participants by assuming average or higher level of risk.

From 50 to 100 per cent of the Fund's net assets might be invested into the securities of companies quoted on Lithuania, Latvian, and Estonian stock exchanges. The remaining portion of the Fund's net assets might be invested into the shares of companies developing a major part of their activities in the Baltic countries and quoted in other markets, as well as into other investment instruments defined in the Fund's rules.

Investment portfolio of the Fund must be diversified in accordance with the procedure established under the laws of the Republic of Lithuania and rules of the Fund.

The structure of investment portfolio is presented in Note 4.

Financial risk management

The Fund's exposure to financial risks is managed through the diversification of the investment portfolio based on diversification principles defined in the Fund's rules.

The Investment Committee decides on the composition of the Fund's investment portfolio in view of the current risk level of the portfolio and the effects of decisions made on the overall risk level of the portfolio.

The Fund's portfolio risk and liquidity are assessed periodically and reported to the Investment Committee.

The Fund's investment portfolio risk is assessed on the basis of constituent securities in view of:

- issuer's credit rating;
- price sensitivity to interest rate shifts;
- nominal currency risk;
- maturity;
- yield;
- weight of securities in total investment portfolio;
- liquidity.

23.3.2. Accounting policies (continued)

Policies for recognition of increase and decrease in assets and liabilities

Difference between the value of the Fund's net assets and the value of the Fund's liabilities reflects the value of net assets (NA).

Calculation of assets and liabilities is based on their fair value, which reflects the NA value, at which the sale of these assets are mostly probable.

Financial assets are recorded when the Fund receives or obtains a contractual right to receive cash or any other financial assets, i.e. following the selected trade date approach, when the receivable financial asset and the liability to pay for it are recorded in the buyer's books of account at the date of the transaction. In the seller's books of account, the financial asset sold is written off, and a receivable amount and the result of disposal (gain or loss) are recorded at the date of the transaction. Planned transactions, guarantees and sureties received are not recognised as the Fund's assets for as long as they do not meet the definition criteria of financial assets.

Financial liabilities are recorded when the Fund assumes a commitment to pay cash or any other financial assets (the selected trade date approach). Planned transactions, guarantees and sureties granted but not yet executable are not recognised as the Fund's liabilities for as long as they do not meet the definition criteria of financial liabilities.

Liabilities are recorded in line with the requirements of Business Accounting Standards. Liabilities (or part of them) should be written off only when they extinguish, i.e. when contractual liabilities are settled, annulled or have expired.

When calculating the NA value in foreign currency, the value of assets and liabilities is determined using a foreign exchange reference rate of EUR against other currencies published by the European Central Bank, and where such foreign exchange reference rate is not published by the European Central Bank, using the foreign exchange reference rate published on the date of estimation by the Bank of Lithuania. For the purpose of accounting, the most recent foreign exchange rate effective before the economic event or economic transaction should be applied.

Rules on deductions to the accumulation undertaking and the depos

The maximum rates of deductions from the Fund's assets charged for the management of the Fund and the services provided by the Depository are presented in the Fund's rules.

The specific rates of deductions for the management of the Fund are set by the decision of the Board of the Management Company and they are available to public on the Management Company's official website at address www.sb.lt.

Any other costs not specified in the Fund's rules (including expenses related to the services provided by the depository) or in excess of the defined limits are born by the Management Company at its own expense.

The Fund's deductions over the reporting period are presented in Note 20.

Investment valuation methods, investment revaluation intervals

The Fund's net assets are measured at fair value in accordance with the procedure prescribed by legal acts of the Republic of Lithuania and in line with the net assets calculation procedures approved by the Management Company.

Valuation of net assets (NA) is based on the following principles for determining the fair value of investments:

- The fair value of financial instruments traded on regulated markets is determined with reference to the quoted closing price of the instrument or, in case the closing price is not available, with reference to the average market price quoted on that regulated market and/or multilateral trading system, which has a higher liquidity, regularity and frequency of trade in these financial instruments, except for the cases defined in the Methodology for Calculation of Net Assets approved by the Bank of Lithuania;
- The fair value of financial instruments not traded on regulated markets is determined with reference to the Methodology for Calculation of Net Assets approved by the Bank of Lithuania;
- The fair value of non-equity securities is determined by calculating the price without the accumulated interest and adding the accumulated interest.

23.3.2. Accounting policies (continued)

- Valuation of investment units (shares) of collective investment undertakings is carried out with reference to the NAV determined by the collective investment undertaking or the last quoted redemption price;
- Valuation of time deposits is based on the amortised cost;
- Valuation of cash on hand and cash held at credit institutions, except for time deposits, is based on the nominal value;
- The value of forwards is calculated using the discounted cash flow method. The fair value of forwards or the current market value (CMV) is the difference between the payable and receivable amounts of the transaction discounted by the interbank offered rate (LIBOR) of the revaluation date and recalculated into euro at the official exchange rate of the revaluation date.

The value of all other derivative financial instruments is determined based on the most recent market value of an analogous previous transaction if there were no significant changes in economic circumstances during the period after the transaction date until the valuation date. In case of changes in economic circumstances, valuation is made based on the expected sale price determined according to the chosen valuation model which is generally applicable and accepted and in the financial market;

- Valuation of other assets is based on the most probable selling price determined by the selected valuation model, which is generally accepted in the financial market.

Valuation of liabilities

Valuation of liabilities is based on the requirements of Business Accounting Standards:

- Liabilities initially are recognised at cost;
- Liabilities related to market prices are measured at fair value;
- Liabilities not related to market prices are carried at amortised cost, which approximates the fair value.

Rules on valuation of investment units

The initial value of the Fund's unit, which was available before the first calculation of net asset value, was equal to EUR 28,9620.

The value of the Fund's unit is calculated by dividing the Fund's net asset value by the number of all Fund's units in issue as at the date of calculation. The total value of all units of the Fund is always equal to the Fund's net asset value. The value of the Fund's unit is determined as four figures after the decimal point and rounded according to the mathematical rules of rounding.

The value of the Fund's unit is announced not later than by 14 p.m. of the following day after the calculation of net asset value, on the website at address www.sb.lt.

Cash and time deposits

Cash includes cash balances at accounts opened with credit institutions, overnight deposits and deposits with undefined maturity the repayment of which may be demanded in full or in part at any time without losing accumulated interest thereon (demand deposits).

Time deposits include a deposit amount with the specific deposit repayment date indicated in the deposit agreement, including the deposits with maturity of three months or less that cannot be taken from the account opened with the credit institutions without losing accumulated interest thereon. Time deposits are shown with accumulated interest thereon.

Amounts receivable and amounts payable

Amounts receivable represent amounts due to the fund on sale of assets, amounts due on guarantee contributions; amounts due on dividends; prepayments under assets due; amounts due from the Company that upon receipt are deducted from expenses for the reporting period, other than those defined in the Fund's rules or which exceed the established limits; other amounts receivable under contracts or registered under accounting documents.

Amounts payable represent amounts payable on sale of assets; amounts due to other funds to which the participant move; amounts due to the participants or their beneficiaries, accrued and unpaid deductions from the Fund's assets; amounts payable under the service agreement, and other amounts payable and receivable not specified elsewhere.

Subsequent events

All significant subsequent events that occurred after the end of the reporting period are disclosed in Note 15.

22.3.3. Notes:

Note 1. Significant amounts reported in the financial statements and reasons for their changes.

Significant amounts reported in the financial statements are presented in the explanatory notes.

Note 2. Net asset value, number and value of units

	Opening balance (01/01/2023)	Closing balance (31/12/2023)	1 year ago (31/12/2022)	2 years ago (31/12/2021)
Net asset value, EUR	9 923 566	10 492 246	9 923 566	10 489 292
Unit value, EUR	49,5541	53,6458	49,5541	49,5310
Number of units	200 257,075289	195 583,611094	200 257,075289	211 772,116339

Note 3. Number and value of units distributed and redeemed over the reporting period

	Reporting period		Previous reporting period	
	Number of units	Value, EUR	Number of units	Value, EUR
Distributed (by converting monetary funds into units)	43 604,291773	2 312 027	28 840,206226	1 357 194
Redeemed (by converting units into monetary funds)	48 277,755968	2 549 418	40 355,247276	1 913 033
Difference between the number and value of units (shares) distributed and redeemed	(4 673,464195)	(237 391)	(11 515,041050)	(555 839)

*The value of distributed units (by converting monetary funds to investment units) might not correspond to the amounts of contributions of participants reported in the statement of changes in net assets (2.1. and 2.2.), because in the table above it excludes the distribution fee (deductions are disclosed in Note 20).

Note 4. Structure of investment portfolio
2023

Issuer's name	Country of business	ISIN code	Currency	Quantity, items	Total acquisition value, in EUR	Total market value, in EUR	Share in net assets, %
Equity securities							
APRANGA PVA	LT	LT0000102337	EUR	190 000	384 904	505 400	4,82
VILKYŠKIŲ PIENINĖ	LT	LT0000127508	EUR	90 000	276 242	471 600	4,49
ŠIAULIŲ BANKAS	LT	LT0000102253	EUR	1 420 000	835 060	984 060	9,38
ROKIŠKIO SŪRIS	LT	LT0000100372	EUR	101 688	267 933	296 929	2,83
Akola Group	LT	LT0000128092	EUR	830 000	777 199	942 051	8,97
AB GRIGEO	LT	LT0000102030	EUR	467 410	178 684	511 814	4,88
TALLINNA KAUBAMAJA GRUPP AS	EE	EE0000001105	EUR	48 000	486 309	475 200	4,53
LATVIJAS BALZAMS	LV	LV0000100808	EUR	53 333	561 824	487 997	4,65
Telefonija*	RS	RSTLFNE22541	RSD	12 971	-	-	-
TALLINK GRUPP AS	EE	EE3100004466	EUR	934 463	560 233	644 779	6,15
PANEVĖŽIO STATYBOS TRESTAS	LT	LT0000101446	EUR	529 655	444 281	252 116	2,40
NOVATURAS AB	LT	LT0000131872	EUR	94 985	350 414	324 849	3,10
TALLINNA SADAM AS	EE	EE3100021635	EUR	340 000	615 272	383 520	3,66
Powszechny Zakład Ubezpieczeni	PL	PLPZU0000011	PLN	45 000	312 216	490 635	4,68
INTER CARS SA	PL	PLINTCS00010	PLN	3 500	264 366	487 602	4,65
SKANDINAVISKA ENSKILDA BAN-A	SE	SE0000148884	SEK	30 000	309 816	377 235	3,60
AB IGNITIS GRUPĖ	LT	LT0000115768	EUR	49 000	893 241	923 161	8,79
SWEDBANK AB - A SHARES	SE	SE0000242455	SEK	20 000	294 644	368 357	3,51
ENEFIT GREEN AS	EE	EE3100137985	EUR	139 675	590 818	496 684	4,73
VIENNA INSURANCE GROUP AG	AT	AT0000908504	EUR	17 000	382 219	450 500	4,29
AB IGNITIS GRUPE - REG S GDR	LT	US66981G2075	EUR	2 013	39 954	37 341	0,36
Total equity securities:					8 825 629	9 911 830	94,47

*Telefonija (ISIN RSTLFNE22541) is measured at a zero value due to the initiated bankruptcy procedure and suspension of trade in shares from 2 October 2014

Note 4. Structure of investment portfolio (continued)

Bank	Currency	Total market value, in EUR	Interest rate (%)	Share in net assets, %
Cash				
AB SEB bankas	EUR	532 332	-	5,07
AB Šiaulių bankas	EUR	3	-	-
AB SEB bankas	PLN	68 326	-	0,65
Total cash:		600 661		5,72

Name	Brief description	Total value	Share in net assets, %
Amounts receivable	Amounts receivable from sale of investments	2 836	0,03
Amounts receivable	Other amounts receivable	2 729	0,03
Amounts payable	Amounts payable to the Management Company and the D	(20 850)	(0,20)
Amounts payable	Other amounts payable	(4 960)	(0,05)
Total:		(20 245)	(0,19)

The Fund's investment portfolio is in line with the Fund's investment strategy.

The investment strategy to invest from 50 to 100 per cent of the Fund's net assets into the securities of companies quoted on Lithuania, Latvian, and Estonian stock exchanges has been maintained.

At the end of the year, most of the Fund's investments were made in the sectors of everyday and durable goods, finance and utility services in Vilnius, Tallinn, and Riga stock exchanges.

Changes in the value of the investment portfolio of the Fund mainly stemmed from market prices of financial instruments.

Note 4. Structure of investment portfolio (continued)
2022

Issuer's name	Country of business	ISIN code	Currency	Quantity, items	Total acquisition value, in EUR	Total market value, in EUR	Share in net assets, %
Equity securities							
APRANGA PVA	LT	LT0000102337	EUR	170 000	333 849	367 200	3,70
VILKYŠKIŲ PIENINĖ	LT	LT0000127508	EUR	94 234	257 583	451 381	4,55
ŠIAULIŲ BANKAS	LT	LT0000102253	EUR	1 350 000	748 333	926 100	9,33
ROKIŠKIO SŪRIS	LT	LT0000100372	EUR	97 629	255 698	288 982	2,91
LINAS AGRO GROUP AB	LT	LT0000128092	EUR	688 974	525 657	923 224	9,30
AB GRIGEO	LT	LT0000102030	EUR	575 000	339 340	404 800	4,08
TALLINNA KAUBAMAJA GRUPP AS	EE	EE0000001105	EUR	43 000	431 392	402 910	4,06
LATVIJAS BALZAMS	LV	LV0000100808	EUR	64 958	665 142	649 580	6,55
Telefonija*	RS	RSTLFNE22541	RSD	12 971	-	-	-
TELIA LIETUVA AB	LT	LT0000123911	EUR	220 000	347 566	436 700	4,40
PANEVĖŽIO STATYBOS TRESTAS	LT	LT0000101446	EUR	480 000	417 744	248 640	2,51
NOVATURAS AB	LT	LT0000131872	EUR	89 000	331 378	258 100	2,60
TALLINNA SADAM AS	EE	EE3100021635	EUR	315 000	578 405	448 560	4,52
Powszechny Zakład Ubezpieczeni	PL	PLPZU0000011	PLN	60 000	496 269	453 570	4,57
INTER CARS SA	PL	PLINTCS00010	PLN	4 750	277 468	467 346	4,71
SKANDINAVISKA ENSKILDA BAN-A	SE	SE0000148884	SEK	32 500	308 792	349 379	4
AB IGNITIS GRUPĖ	LT	LT0000115768	EUR	45 000	791 621	855 900	8,62
SWEDBANK AB - A SHARES	SE	SE0000242455	SEK	23 000	336 310	365 469	3,68
ENEFIT GREEN AS	EE	EE3100137985	EUR	102 269	392 753	447 734	4,51
VIENNA INSURANCE GROUP AG	AT	AT0000908504	EUR	19 000	424 339	424 650	4,28
AB IGNITIS GRUPE - REG S GDR	LT	US66981G2075	EUR	3 000	54 300	56 400	0,58
Total equity securities:					8 313 939	9 226 625	92,98

*Telefonija (ISIN RSTLFNE22541) is measured at a zero value due to the initiated bankruptcy procedure and suspension of trade in shares from 2 October 2014

Note 4. Structure of investment portfolio (continued)

Bank	Currency	Total market value, in EUR	Interest rate (%)	Share in net assets, %
Cash				
AB SEB bankas	EUR	685 085	-	6,90
AB Šiaulių bankas	EUR	3	-	-
Total cash:		685 088		6,90

Name	Brief description	Total value	Share in net assets, %
Amounts receivable	Amounts receivable from sale of investments	37 627	0,38
Amounts payable	Amounts payable to the Management Company and the Depository	(23 671)	(0,24)
Amounts payable	Other amounts payable	(2 103)	(0,02)
Total:		11 853	0,12

The Fund's investment portfolio is in line with the Fund's investment strategy.

The investment strategy to invest from 50 to 100 per cent of the Fund's net assets into the securities of companies quoted on Lithuania, Latvian, and Estonian stock exchanges has been maintained.

At the end of the year, most of the Fund's investments were made in the sectors of everyday and durable goods, finance, industrial and utility services in Vilnius, Tallinn, and Riga stock exchanges.

Changes in the value of the investment portfolio of the Fund mainly stemmed from market prices of financial instruments.

Note 5. Breakdown of investments by the criteria that meet the investment strategy

By industry sector

Breakdown of investments	Closing balance		Opening balance	
	Market value, in EUR	Share in assets, %	Market value, in EUR	Share in assets, %
Telecommunications	-	-	436 700	4,40
Optional goods and services	1 317 851	12,57	1 092 646	11,01
Everyday goods and services	2 673 777	25,47	2 716 077	27,37
Financial services	2 670 787	25,46	2 519 168	25,38
Industrial materials	1 280 415	12,21	697 200	7,03
Utility goods and services	1 457 186	13,88	1 360 034	13,71
Materials	511 814	4,88	404 800	4,08
Total:	9 911 830	94,47	9 226 625	92,98

By geographical area

Breakdown of investments and funds	At the end of the reporting period		Opening balance	
	Market value, in EUR	Share in assets, %	Market value, in EUR	Share in assets, %
Lithuania	5 849 982	55,74	5 902 515	59,48
Latvia	487 997	4,65	649 580	6,55
Estonia	2 000 183	19,07	1 299 204	13,09
Poland	978 237	9,33	920 916	9,28
Sweden	745 592	7,11	714 848	7,20
Austria	450 500	4,29	424 650	4,28
Total:	10 512 491	100,19	9 911 713	99,88

Note 6. Change in value of investments
2023

Items of the statement of net assets	Change, EUR					
	At the end of the previous reporting period	Acquired	Sold (redeemed)	Increase in value	Decrease in value	At the end of the reporting period
Time deposits	-	-	-	-	-	-
Money market instruments	-	-	-	-	-	-
Non-equity securities ²	-	-	-	-	-	-
Non-equity securities issued or guaranteed by governments and central banks	-	-	-	-	-	-
Other non-equity securities	-	-	-	-	-	-
Equity securities	9 226 625	3 344 674	3 236 982	3 981 823	3 404 310	9 911 830
Units and shares of collective investment undertakings	-	-	-	-	-	-
Derivative financial instruments ¹	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Total	9 226 625	3 344 674	3 236 982	3 981 823	3 404 310	9 911 830

¹ Balance at the end of the previous reporting period reflects the fair value of derivative financial instruments.

Acquired over the period equals zero, because the valuation of derivative instruments is made on the following day after the acquisition.

Sold (redeemed) over the period reflects the realised result of finalised transactions.

² Balance at the end of the previous reporting period reflects the fair value of non-equity securities at the beginning of the year plus accrued interest.

Acquired over the period reflects the acquisition value plus accrued interest of the predecessor client as at the date of acquisition.

Sold (redeemed) over the period reflects the sale value comprising accrued interest, acquisition cost and realised gain or loss.

Increase/decrease in value reflects accrued interest and revaluation result.

Note 6. Change in value of investments (continued)
2022

Items of the statement of net assets	Change, EUR					At the end of the reporting period
	At the end of the previous reporting period	Acquired	Sold (redeemed)	Increase in value	Decrease in value	
Time deposits	-	-	-	-	-	-
Money market instruments	-	-	-	-	-	-
Non-equity securities ²	-	-	-	-	-	-
Non-equity securities issued or guaranteed by governments and central banks	-	-	-	-	-	-
Other non-equity securities	-	-	-	-	-	-
Equity securities	9 405 560	3 523 827	3 467 313	6 277 205	6 512 654	9 226 625
Units and shares of collective investment undertakings	-	-	-	-	-	-
Derivative financial instruments ¹	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Total	9 405 560	3 523 827	3 467 313	6 277 205	6 512 654	9 226 625

¹ Balance at the end of the previous reporting period reflects the fair value of derivative financial instruments.

Acquired over the period equals zero, because the valuation of derivative instruments is made on the following day after the acquisition.

Sold (redeemed) over the period reflects the realised result of finalised transactions.

² Balance at the end of the previous reporting period reflects the fair value of non-equity securities at the beginning of the year plus accrued interest.

Acquired over the period reflects the acquisition value plus accrued interest of the predecessor client as at the date of acquisition.

Sold (redeemed) over the period reflects the sale value comprising accrued interest, acquisition cost and realised gain or loss.

Increase/decrease in value reflects accrued interest and revaluation result.

Note 7. Results of disposal of investments

In 2023 and 2022, the entity had no sale transactions involving financial instruments other than those measured at fair value.

Note 8. Derivative financial instruments

There were no such transactions concluded over the reporting period.

Note 9. Costs of intermediary fees

Name of the intermediary	Description of services rendered	Fee for the services during the reporting period, EUR	Fee for the services during the previous reporting period, EUR	Relationship of the intermediary to the management company
AB SEB bankas	Commission fee for intermediation services in transactions involving securities	6 793	14 209	AB SEB bankas is the depository of the Fund managed by the management Company
UAB FMĮ ORION SECURITIES	Commission fee for intermediation services in transactions involving securities	1 437	284	The management company and intermediary have signed an agreement on intermediation services.
Wood & Company	Commission fee for intermediation services in transactions involving securities	-	82	The management company and intermediary have signed an agreement on intermediation services.
InterCapital Securities Ltd	Commission fee for intermediation services in transactions involving securities	182	434	The management company and intermediary have signed an agreement on intermediation services.
Total:		8 412	15 009	

Note 10. Note 10. Dividends and other benefits assessed and/or paid to the participants that do not result in changes in units

The Fund did not pay and did not account for any dividends payable to its clients over the reporting period.

Note 11. Borrowings and loans granted

The Fund had no borrowings for its own needs as at the end and over the reporting period.

Note 12. Third-party guarantee commitments in respect of the undertaking's yield

There were no third-party guarantee commitments in respect of the undertaking's yield as at the end and over the reporting period.

Note 13. Related-party transactions over the reporting period and previous reporting period

Parties are considered to be related when one party has a possibility to control the other or have a significant influence on the other party in making financial or operating decisions.

As at 31 December 2023, the parties related to the Fund included the management company UAB SB Asset Management (31 December 2022: management company UAB INVL Asset Management), entities under its control, managers, shareholders as well as other AB Šiaulių bankas group entities related through the shareholder.

As at 31 December 2023, the related parties did not hold units in the Fund.

As at 31 December 2022, UADB INVL Life held 13,388.264905 investment units in the Fund.

During the previous reporting period and the reporting period until 30 November 2023, management company UAB INVL Asset Management and from 30 November 2023 UAB SB Asset Management were a related parties to which management fee disclosed in Note 20 was calculated.

Note 14. Significant effect of changes in accounting estimates, or if these were not made, adjustments to comparative information due to changes in accounting policies or correction of errors

During the reporting period from 1 January 2023 to 31 December 2023, the Fund applied the policies which were the same as the previous year.

Note 15. Brief description of significant events after the end of the reporting period that, if not disclosed, might have material impact on the ability of users of these financial statements to make decisions

There were no significant subsequent events after the end of the reporting period.

Note 16. Significant changes in assets and liabilities that occurred after the date of calculation net asset value and that were not included in net asset value

There were no significant changes in assets and liabilities after the end of the reporting period.

Note 17. Other significant information on the financial position of the collective investment undertaking, factors and circumstances that had impact on assets and liabilities of the collective investment undertaking

There is no other material information about the fund's financial position.

Note 18. Financial risk and risk management methods
Description of risks that affect the Fund

The Fund's exposure to financial risks is managed through the diversification of the investment portfolio based on diversification principles defined in the Fund's rules and legal acts regulating the Fund's activities.

The Fund's portfolio risk and liquidity are assessed periodically and reported to the Investment Committee.

Risks relating to the Fund's investments and their management:

Inflation risk

The actual growth in the Fund's assets may be lower due to inflation. Moreover, inflation has a direct effect on changes in interest rates which, in turn, affect the value of the Fund's investment portfolio. Historically, investments into equity instruments provide sufficient protection from inflation.

Interest rate risk

As the majority of the Fund's investment portfolio consists of shares, the direct impact of this risk on the Fund's return on investments is minimal.

Credit risk

Credit risk is managed by diversifying the investment portfolio as prescribed by laws, which means that investments in the investment portfolio are distributed so that investments in the entity's transferable securities or money market instruments may exceed 5 per cent but no more than 10 per cent of net assets, provided that the total amount of the investments is not higher than 40 per cent of net assets.

Foreign exchange risk

Foreign exchange risk is a risk to incur losses due to adverse fluctuations in foreign currency exchange rate against the euro. In managing this risk, the Fund may use derivative financial instruments.

Liquidity risk

There were no significant financial liabilities in the structure of the Fund at the end of the reporting period.

This risk is managed on the basis of exposure limits: exposure limit per single counterparty or issuer may not exceed 20% of net asset value.

Sensitivity analysis – share market risk

Beta ratio is the best measure of the Fund's sensitivity to market risk (calculated using the Fund's data and the Fund's benchmark index data).

At the end of 2023, the fund's Beta ratio was 0.9 (for 12 months). This implies that a 1% change in the fund's benchmark index resulted in on average 0.9% change in value.

The sensitivity analysis is based on the following assumptions:

- historical correlation that existed between the Fund's investments and their benchmark index will still be relevant in the future;
- there is a linear correlation between the Fund's value and the values of benchmark index over time.

Note 19. Return on investments and benchmarks for investments
19.1. Benchmark index (if selected) and its brief description:

With the effect from 15 December 2005 the Fund used the benchmark index OMX BALTIX.

With the effect from 1 January 2007, the Fund uses the benchmark index 1,0 * OMX Baltic Benchmark Capped Gross index (OMXBBCPG index) which reflects changes in shares of the companies in the Baltic countries.

Note 19. Return on investments and benchmarks for investments (continued)
19.2. Change in value of investment unit and change in value of benchmark index (%):

	During the reporting period	1 year ago	2 years ago	10 years ago
Change in value of unit ¹ , %	8,26	0,05	34,50	9,40
Change in value of benchmark index, %	6,39	(11,05)	39,23	13,17
Standard deviation of change in value of units ² , %	5,63	13,06	8,02	6,31
Standard deviation of change in value of benchmark index ³ , %	5,90	13,99	10,81	7,09
Correlation factor between value of unit and value of benchmark index ⁴	94,36	95,11	83,08	96,01
Index tracking error ⁵ , %	4,00	4,54	6,52	4,14
Alfa ratio ⁶ , %	2,39	11,46	11,69	(0,80)
Beta ratio ⁷ , %	0,90	0,93	0,56	78,56

¹ Change in value of unit (share) does not take into account deductions of contributions.

² Standard deviation of change in value of unit is a standard risk indicator, which shows how far the changes in value of unit are spread above and below the mean change.

³ Standard deviation of change in value of benchmark index is a statistical risk indicator, which shows how far the changes in value of benchmark index are spread above and below the mean change.

⁴ Correlation factor between value of unit and value of benchmark index is a ratio, which shows statistical dependence between the values of unit and the values of benchmark index.

⁵ Index tracking error is a ratio, which shows how closely the changes in value of unit match (or follow) the changes in value of benchmark index.

⁶ Alfa ratio is a ratio, which shows the difference between the change in value of the accounting unit of pension fund and the change in value of benchmark index, given a comparable risk level.

⁷ Beta ratio is a ratio, which shows the scope of change in value of the accounting unit of pension fund as compared to the change in the value of benchmark index.

19.3. Average change in value of investment unit and average change in value of benchmark index (%):

	Over the last 3 years	Over the last 5 years	Over the last 10 years	Since the start of operations
Average change in value of unit ¹	13,36	8,96	7,72	3,47
Average change in value of benchmark index ²	9,63	10,11	9,02	5,21
Average standard deviation of change in value of unit ³	9,45	11,30	9,31	11,85
Average standard deviation of change in value of the Fund's benchmark index	10,81	12,50	10,21	14,05

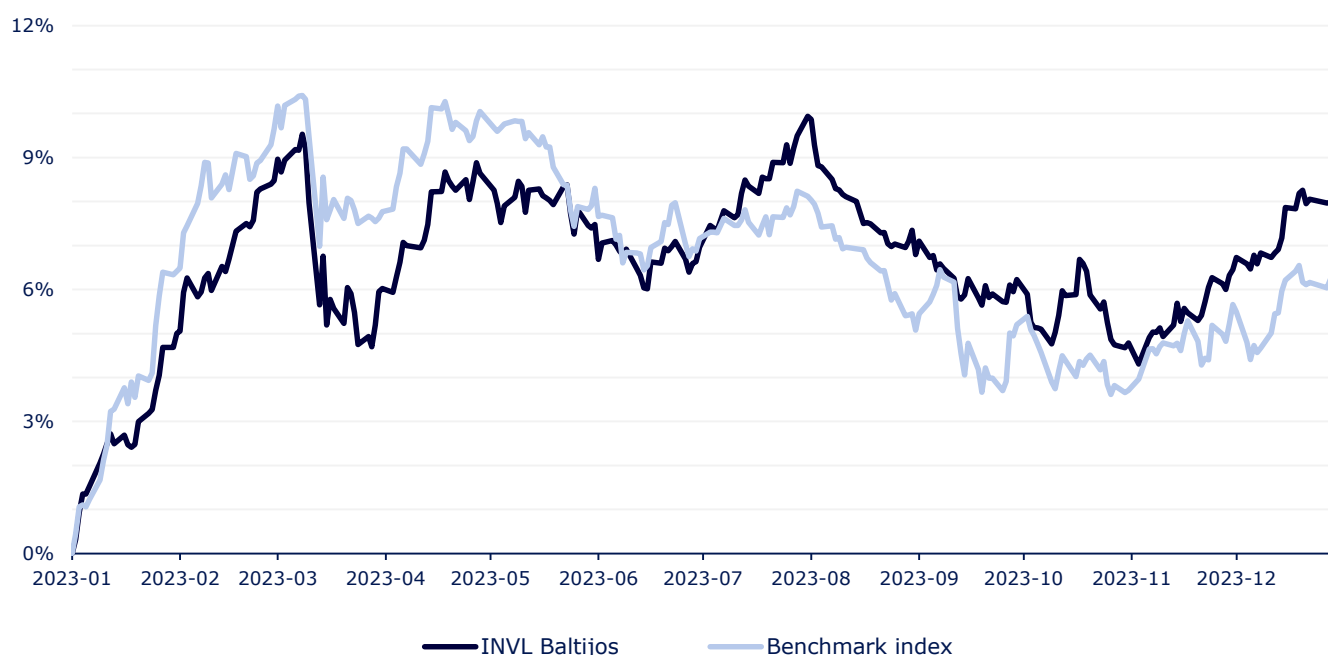
¹ Average change in value of unit is calculated as a geometric mean of annual changes in value of the investment unit.

² Average change in value of benchmark index is calculated as a geometric mean of annual changes in value of the investment unit.

³ Average standard deviation of change in value of unit is a standard annual deviation of change in value of the investment unit over the specified period.

Note 19. Return on investments and benchmarks for investments (continued)

Change in value of unit and benchmark index during the period between January 2023 and 31 December 2023 (UNAUDITED).



Other information

Disclosure of information related to sustainability

According to Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector ("SFDR") and Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment ("Taxonomy"), the information on how and to what extent environmental or social characteristics are ensured (where the Fund discloses information according to Article 8 of SFDR) or information about the environmental targets to which it is contributed and a description of investments into sustainable economic activity (where the Funds discloses information according to Article 9 of SFDR) shall be provided by a financial product (Fund) in a periodic report.

In 2023, the Fund did not promote specific environmental and/or social characteristics and did not have a sustainable investment objective and therefore made disclosures under Article 6 of the SFDR. As a result, the Fund's investments did not take into account the EU's criteria for environmentally sustainable economic activity.

In making investment decisions, the Fund has not taken into account the principal adverse impacts of investment decisions on sustainability factors as defined in the SFDR. According to the managers, the possibilities for collecting information were limited at the time.

In making investment decisions during the reporting period, the aim was to assess all risks and factors that could affect the value and performance of investments. Accordingly, ESG (environmental, social, and governance) factors and risks relevant to the specific investment were also assessed, alongside an assessment of all other risks and factors that may have a real or potential negative impact on the value of the investments.

Information on the acquisition of the business of AB Šiaulių bankas

On 1 December 2023, AB Šiaulių bankas acquired the management businesses of pillar II and III pension funds and of investment funds intended for retail customers from the Investment Management and Life Insurance Group Invalda INVL. The management of the above-mentioned products was taken over from UAB INVL Asset Management by UAB SB Asset Management, a company of AB Šiaulių bankas Group. Following the transaction, the Management Company now operates a significant pillar II and III pension fund and investment fund business in Lithuania, with the potential for further expansion, which was the primary objective of the transaction.

Note 20. Expense ratios and turnover rates:
2023

Deductions	Rates of deductions (%)		Amount of deductions charged for the reporting period, in EUR	Percentage of average net asset value for the reporting period
	Maximum rates as per founding documents	Rates applied during the reporting period		
Management fee				
Fixed rate	Up to 2% of the Fund's average annual net asset value	2% of the Fund's average annual net asset value	221 936	1,98
Success fee	Not applicable	Not applicable	-	-
Other operating costs (Subfund distribution fee)	No more than 3% of the invested amount	No more than 2% of the invested amount until 30/11/2023 and not applicable from 01/12/2023	435	-
Depository fee	No more than 0.25% of the Fund's average annual net asset value	No more than 0.25% of the Fund's average annual net asset value	11 997	0,11
Transaction fee	No more than 0.75% of the average annual value of transactions executed	No more than 0.75% of the average annual value of transactions executed	8 412	0,08
Audit fee	No more than 0.5% of the Fund's average annual net asset value	No more than 0.5% of the Fund's average annual net asset value	9 680	0,09
Fee charged by the bank for keeping records of participants			4 041	0,04
Other operating costs (bank charges)			1 021	0,01
Other operating costs (fees charged by the market maker, quotation costs and one-off fees)	No more than 0.5% of the Fund's average annual net asset value	No more than 0.5% of the Fund's average annual net asset value	7 970	0,07
Other operating costs (third party fees charged on services of the Depository through use of services provided by other financial institutions)			100	-
Total expenses included in TER, in EUR				256 745
TER as % of NAV*				2,29
Total expenses, in EUR				265 592
PTR (%)**				15,35

*Total expense ratio (TER) is a percentage value, which shows what part of average net assets of an undertaking is used to cover its management costs. These costs are directly deducted from the investor's return on investments. It is important to note that TER does not take into account the transaction costs, taxes on contributions.

**Portfolio turnover rate (PTR) is a rate, which shows the level of trading activity in instruments that form the portfolio of the collective investment undertaking. The undertakings with high PTR rate incur higher transaction cost.

Note 20. Expense ratios and turnover rates (continued)
2022

Deductions	Rates of deductions (%)		Amount of deductions charged for the reporting period, in EUR	Percentage of average net asset value for the reporting period
	Maximum rates as per founding documents	Rates applied during the reporting period		
Management fee				
Fixed rate	Up to 2% of the Fund's average annual net asset value	2% of the Fund's average annual net asset value	194 088	1,98
Success fee	Not applicable	Not applicable	-	-
Other operating costs (Subfund distribution fee)	No more than 3% of the invested amount	No more than 2% of the invested amount	213	-
Depository fee	No more than 0.25% of the Fund's average annual net asset value	No more than 0.25% of the Fund's average annual net asset value	10 660	0,11
Transaction fee	No more than 0.75% of the average annual value of transactions executed	No more than 0.75% of the average annual value of transactions executed	15 009	0,15
Audit fee	No more than 0.5% of the Fund's average annual net asset value	No more than 0.5% of the Fund's average annual net asset value	9 680	0,10
Fee charged by the bank for keeping records of participants			3 442	0,04
Other operating costs (bank charges)			325	-
Other operating costs (fees charged by the market maker, quotation costs and one-off fees)	No more than 0.5% of the Fund's average annual net asset value	No more than 0.5% of the Fund's average annual net asset value	6 010	0,06
Other operating costs (third party fees charged on services of the Depository through use of services provided by other financial institutions)			50	-
Total expenses included in TER, in EUR				224 255
TER as % of NAV*				2,29
Total expenses, in EUR				239 477
PTR (%)**				37,98

*Total expense ratio (TER) is a percentage value, which shows what part of average net assets of an undertaking is used to cover its management costs. These costs are directly deducted from the investor's return on investments. It is important to note that TER does not take into account the transaction costs, taxes on contributions.

**Portfolio turnover rate (PTR) is a rate, which shows the level of trading activity in instruments that form the portfolio of the collective investment undertaking. The undertakings with high PTR rate incur higher transaction cost.

Note 20. Expense ratios and turnover rates (continued)

All services which were provided during the audit of the Fund's annual financial statements are presented below:

	Reporting period	Previous reporting period
Audit of the financial statements under the agreements	8 954	8 954
Expenses of assurance and other related services	-	-
Expenses of tax advisory	-	-
Expenses of other services*	726	726
Total:	9 680	9 680

* The audit firm provided translation services of the audit of financial statements

Note 21. Cash flows

	Items of cash flows	Financial year	Previous financial year
I.	Cash flows from operating activities	-	-
I.1.	Cash inflows over the reporting period	3 762 144	3 896 809
I.1.1.	Proceeds on disposal of financial assets and investment assets	3 271 773	3 429 686
I.1.2.	Interest received	-	-
I.1.3.	Dividends received	490 371	467 123
I.1.4.	Cash inflows on sale of derivative financial statements	-	-
I.1.5.	Cash inflows from other activities	-	-
I.2.	Cash outflows for the reporting period	3 613 669	3 761 667
I.2.1.	Payments on acquisition of financial assets and investment assets, and liabilities settled	3 344 674	3 523 827
I.2.2.	Payments related to management	256 343	227 927
I.2.3.	Deposits placed	-	-
I.2.4.	Cash outflows on sale of derivative financial statements	-	-
I.2.5.	Other cash outflows	12 652	9 913
	Net cash flows from (used in) operating activities (I.1- I.2)	148 475	135 142
II.	Cash flows from financing of activities	-	-
II.1.	Cash inflows over the reporting period. Sales of investment units	2 312 027	1 357 194
II.2.	Cash outflows over the reporting period. Redemption of investment units	2 546 439	1 913 124
II.3.	Dividends paid	-	-
II.4.	Proceeds from borrowings	-	-
II.5.	Repayment of borrowings	-	-
II.6.	Interest paid	-	-
II.7.	Cash flows relating to other finance sources (+/-)	-	-
II.8.	Other increase in cash flows from financing activities	558	585
II.9.	Other decrease in cash flows from financing activities	94	-
	Net cash flows from financing activities (II.1- II.2- II.3 + II.4-II.5 - II.6 + II.7 + II.8 - II.9)	(233 948)	(555 345)
III.	Foreign exchange effect on the balance of cash (+/-)*	1 046	(2 607)
IV.	Net increase (decrease) in cash flows (+/-)	(84 427)	(422 810)
V.	Cash at the beginning of the period	685 088	1 107 898
VI.	Cash at the end of the period	600 661	685 088

* Also includes a difference between the transaction's settlement date and the transaction's conclusion date due to foreign exchange effect.

24. Entire text of the auditor's report:

Presented on pages 2 to 5 of the financial statements.

25. Information on investment income and expenses of the collective investment undertaking over the reporting period:

I.	Income from investing activities	
1.	Interest income	-
2.	Realised gain (loss) on investment in:	150 736
2.1.	equity securities	150 736
2.2.	non-equity securities	-
2.3.	money market instruments	-
2.4.	derivative financial instruments	-
2.5.	units of other collective investment undertakings	-
2.6.	real estate objects	-
2.7.	other investment instruments	-
3.	Unrealised gain (loss) on:	426 777
3.1.	equity securities	426 777
3.2.	non-equity securities	-
3.3.	money market instruments	-
3.4.	derivative financial instruments	-
3.5.	units of other collective investment undertakings	-
3.6.	real estate objects	-
3.7.	other investment instruments	-
4.	Other income:	517 757
4.1.	income from lease of real estate	-
4.2.	positive foreign exchange effect	23 554
4.3.	other	494 203
	Total income	1 095 270
II.	Expenses	
1.	Operating expenses:	265 592
1.1.	deductions of management fee	222 371
1.2.	deductions of depository fee	11 997
1.3.	intermediary fee	8 412
1.4.	audit fee	9 680
1.5.	deductions of other fees and charges	13 132
2.	Other expenses:	23 607
2.1.	interest expenses	-
2.2.	expenses related to the managed real estate objects	-
2.3.	negative foreign exchange effect	23 607
2.4.	other	-
	Total expenses	289 199
III.	Net income	806 071
IV.	Payments (dividends) to holders of investment units	-
V.	Re-invested earnings	806 071

26. Other significant information on the financial position of the collective investment undertaking, factors and circumstances that had impact on assets and liabilities of the collective investment undertaking:

There is no other material information about the fund's financial position.

VII. INFORMATION ON PAYMENT OF DIVIDENDS

27. Information on dividends declared and/or paid:

Information is provided in Note 10.

VIII. INFORMATION ON THE INVESTMENT PORTFOLIO OF THE COLLECTIVE INVESTMENT UNDERTAKING

28. Collective investment undertaking’s borrowings for its own needs as at the end of the reporting period:

Information is provided in Note 11.

IX. OTHER INFORMATION

29. No longer valid.

30. Explanations, comments, graphic illustrations and other important information on the activities of collective investment undertaking enabling the investor to assess appropriately all changes in and results of operations of the undertaking:

Information is provided in Note 19.

X. ACCOUNTABLE PERSONS

31. First and last names (names of legal entities), addresses, titles and registration numbers of permits to engage in relevant activities of consultants whose services were used in the preparation of the financial statements (finance dealer firms, auditors etc.):

No services of consultants were used in the preparation of these financial statements.

32. First and last names, job titles and workplace of persons who prepared the financial statements (if other than employees of the company):

The financial statements were prepared by the employees of the management company.

33. Statement and signatures made by the management company’s head of administration, chief financier, persons who prepared the financial statements and consultants to confirm that information contained in the financial statements is true and fair and that there are no omissions of facts that might substantially affect the values of reported items:

I, Vaidotas Rūkas, Director of UAB SB Asset Management, hereby confirm that information contained in these financial statements is true and fair and that there are no omissions of facts that might substantially affect the assessment of the fund’s results.

(signature)

I, Aušra Montvydaitė, Head of Investment Accounting Team of UAB SB Asset Management, hereby confirm that information contained in these financial statements is true and fair and that there are no omissions of facts that might substantially affect the assessment of the fund’s results.

(signature)

34. Persons responsible for information contained in these financial statements:

34.1. Members of the undertaking’s managerial bodies, employees and head of administration responsible for the preparation of financial statements;

Full name	Vaidotas Rūkas	Aušra Montvydaitė
Position	CEO	Head of Investment Accounting Team
Telephone number	+370 610 18648	+370 626 45582
Email address	vaidotas.rukas@sb.lt	ausra.montvydaite@sb.lt

34.2. When the financial statements have been prepared by or with assistance of consultants, please specify their full names, telephone and fax numbers, email addresses (if a consultant is a legal entity, please specify its name, telephone and fax numbers, email address and full name(s) of a consultant’s representative(s)); please indicate, which specific sections have been prepared by or with assistance of consultants and the scope of their liability.

No services of consultants were used in the preparation of these financial statements.

XI. SUSTAINABILITY INFORMATION (UNAUDITED)

Sustainability information is provided in Note 19.