



**Open-End Fund intended for Well-Informed Investors**

INVL BRIDGE FINANCE

**PROSPECTUS**

**Fund units are designated only for well-informed investors.**

**Vilnius  
2024**

**FUND DETAILS****Fund**

Open-End Fund intended for Well-Informed Investors

**„INVL Bridge Finance“**

Legal form: an investment fund without a legal person status

Type: open-end investment fund, units of which are redeemed upon Investor's request in accordance with the procedure and frequency stipulated in the Article of the Fund

Code: I018, Unit ISIN Code: LTIF00000633, Tax Payer Code: 9002047664

Launch and term: 24<sup>th</sup> March, 2015 m - unlimited

**Management Company**

UAB "Mundus", turto valdymo bendrovė, company code: 303305451, address: Gynėjų 14, LT-01109 Vilnius, Lithuania, phone: +370 629 16 488, e-mail: [bridge@invl.com](mailto:bridge@invl.com), website: [www.bridge.invl.com](http://www.bridge.invl.com)

Permission for activity of the management company, acting in accordance with the Republic of Lithuania Law on Collective Investment Undertakings Intended for Well-Informed Investors No. 4, issued on the 23<sup>rd</sup> December, 2014

**Custodian**

AB "Šiaulių bankas", company code: 112025254, address: Tilžės 149, LT-76348 Šiauliai, Lithuania

**Independent Financial Auditor**

UAB "PricewaterhouseCoopers", company code: 111473315, address: J. Jasinskio 16B, LT-03163 Vilnius, Lithuania, phone: +370 5 239 2300

Permission for activity of audit No. 001273, issued 20<sup>th</sup> December, 2005

**Supervisory Authority**

Bank of Lithuania, company code: 188607684, address: Gedimino 6, LT-01103 Vilnius, Lithuania

**Delegated functions**

Distributors: UAB FMĮ "INVL Financial Advisors" services non-professional clients, company code: 304049332, address: Gynėjų 14, LT-01109 Vilnius, Lithuania and UAB "Gerovės valdymas" services clients represented under authorisation, company code: 302445450, address: Gedimino 20-27, LT-01103 Vilnius, Lithuania

Accountants, determining NAV and the price of the Fund unit: UAB "IMG Numeri", company code: 300602458, address: Vytenio 9, LT-03113 Vilnius, Lithuania

Fund Unit Registry Agents: AB "Šiaulių bankas", company code: 112025254, address: Tilžės 149, LT-76348 Šiauliai, Lithuania and, only for Fund units purchased via the Distributor UAB FMĮ "INVL Financial Advisors", UAB FMĮ "INVL Financial Advisors", company code: 304049332, address: Gynėjų 14, LT-01109 Vilnius, Lithuania

**NOTICE REGARDING RISK**

This prospectus (hereinafter - Prospectus) is based on the information available at the publication date of the Prospectus. Unless expressly indicated and the content requires otherwise, all the information of the Prospectus must be perceived as corresponding to the actual circumstances at the publication date of the Prospectus. Neither the submission of this Prospectus, nor signing an Investment agreement or the sale of Fund units under no circumstances can be the basis to assume that from the time Prospectus came into force there were no (financial or otherwise) changes in the activities of the Fund.

The Fund is an open-end investment fund for well-informed investors who invest in investment instruments which are described in detail in this document and the Fund's establishment document (hereinafter - Articles).

This Prospectus is not and should not be considered as a recommendation to buy or sell Fund units. When making their decision to enter into a sale and purchase agreement for Fund units and acquire according Fund units Investors must rely on their own assessment from analysing the Fund's prospects, the conditions of this Prospectus and Articles, including, but not limited to all the advantages and risks related to investment into the Fund.

The contents of this Prospectus cannot be perceived as investment, legal or tax advice. To fully understand the advantages and risks related to investment in the Fund, each potential Investor should consult his or her financial, legal, business or tax advisor.

This Prospect contains statements in future tense which are based on Management Company's beliefs, expectations and projections about future events and financial trends that might influence Fund's activities. The statements in future tense include information about possible or presumed Fund operating results, investment strategy, contractual relations, borrowing plans, investment conditions, effects of future regulation and other information. The statements in future tense are based on the information available as of the Prospectus preparation and/or amendment date. The Management Company undertakes to publicly revise or replace these statements only to the extent that it is required by applicable legislation.

In addition to the factors discussed in other sections of this Prospectus, there are a lot of other important factors that might influence the fact that the actual performance of the Fund will differ from the projected results.

Be warned that this Prospectus is not prepared in accordance with the Republic of Lithuania Law on Financial Securities. The Republic of Lithuania Law on Collective Investment Undertakings Intended for Well-Informed Investors (hereinafter – the CIUWII Law) and other legal acts.

Fund units are planned to be offered publicly only in the Republic of Lithuania based on this Prospectus. Fund units cannot be offered or sold directly or indirectly, as well as this Prospectus or other material, including promotional material related to Fund units, cannot be distributed or published in any other country or jurisdiction except to the extent that is permitted by laws of that country or jurisdiction.

Particular attention of Investors is drawn to the fact that this Prospectus or other information related to Fund units and their distribution cannot be used and is not intended to be used as an offer to sell or an encouragement to buy Fund units in the United States of America or Canada or to natural and legal persons of the United States of America or Canada.

All disputes, disagreements or claims arising from the offer of the Fund units or from the information provided in this Prospectus shall be resolved in the competent court of the Republic of Lithuania in accordance with the legal acts of the Republic of Lithuania.

1. Data of publication: 4 June, 2024<sup>1</sup>
2. Capitalized terms in the Prospectus have the meaning set out in the Articles, a document which sets out the relationship between the Management Company and the Investors.

### **I. REFERENCES TO THE DOCUMENTS OF THE FUND**

3. Investment strategy, permissible investment objects, diversification requirements are described in Chapter II of the Articles and in Chapter III of the Prospectus.
4. The Fund is intended for well-informed investors only, the requirements for whom, their rights and obligations are described in Chapter III of the Articles.
5. The rights and obligations of the Management Company are described in Chapter IV of the Articles.
6. The conditions and procedure for the sale and redemption of Fund units are described in Chapter V of the Articles.
7. The grounds and procedure for suspending the redemption of Fund units are described in Chapter VI of the Articles.
8. The procedure for distribution of free funds is described in Chapter VII of the Articles.
9. The expenses of the Fund and the Investors are described in Chapter VIII of the Articles.
10. The procedure for publishing information about the Fund is described in Chapter IX of the Articles.
11. The procedure for valuation of assets, calculation and publication of the value of the Fund unit is described in Chapter X of the Articles.
12. The procedure for determining the sale and redemption price of the Fund units is described in Chapter XI of the Articles.
13. The grounds and procedure for liquidation of the Fund are described in Chapter XII of the Articles.
14. The procedure for amending the Articles is described in Chapter XIII of the Articles.
15. Fund unit classes are described in Chapter XIV of the Articles.
16. The conditions and procedure for changing the Management Company and the Custodian are described in Chapter XV of the Articles.

### **II. DESCRIPTION OF AN INVESTOR FOR WHOM THE FUND UNITS ARE RECOMMENDED**

17. The Fund is designed for well-informed Investors who seek long-term capital growth and are prepared for short-term fluctuations of the value of their investments.
18. This Fund, as the main or complementary investment, is particularly suitable for Investors who seek to make a higher than inflation profit, as well as understand the risks of undertakings of collective undertakings and debt securities. At least medium investment risk, related to, among other factors, market fluctuations, investment concentration, liquidity, credit solvency, interest rate fluctuations, exchange rate fluctuations, political risk, and others, must be acceptable to the Investors of this fund.
19. Medium or longer investment horizon is recommended, i.e., at least 3 years.

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<sup>1</sup> Approved in the Minutes No. 2024-06-04/1 of the 2024-06-04 Board meeting of UAB "Mundus", turto valdymo bendrovė.

20. Previous investment experience is not necessary when investing in the Fund. The Fund, as a complementary investment, is also suitable for institutional investors who want to diversify their investment portfolio.

### III. FUND INVESTMENT STRATEGY, INVESTMENT OBJECTS AND DIVERSIFICATION REQUIREMENTS

#### *Investment strategy*

21. The objective of the Fund is to earn a return for the Fund participants by acquiring non-equity securities issued by Target Companies which have a need of borrowed capital.
22. The Management Company invests the Fund's assets in:
- i. Target Alternative Financing Companies, the business of which is developed with financial and, on a need basis, intellectual capital contribution, and
  - ii. Target General Lending Companies.
23. The Fund seeks to provide the Target Companies with capital as long as they are not able to receive funding from other sources on better terms than, in view of to the Management Company, suits the investment interests of the Fund.
24. Fund asset growth is driven by the coupons on non-equity securities paid by the Target Companies whose rates are not lower than the cost of debt of companies with comparable investment risk in the capital markets or the growth of the value of Target Companies' non-equity securities that is of an equivalent rate.
25. The Fund implements the objectives of its investment strategy – medium-term investments in promising businesses – by providing bridge financing. Bridge financing is interim financing designed for improving the recipient's financial capabilities until it obtains a long-term capital source. The Fund provides interim financing by investing in continually re-financed short-term non-equity securities.
26. When achieving its goal, the Management Company adds to the value of the Fund's portfolio Target Companies by the following means:
- i. the Management Company, acting on behalf of the Fund and on its account, on a need basis, actively participates in the management of the Target Alternative Financing Companies by appointing its representative to the board of directors of the Company, who provides the competence needed at that time;
  - ii. the Fund provides interim financing until the Target Companies are ready to float their securities in the regulated markets, place them privately or receive financing from banks or other sources under more favourable conditions.
27. If the Management Company decides that continued investment in the Target Company's non-equity securities no longer suits the investment interests of the Fund or that the Target Company has reached the development stage that allows floating its securities in local or international capital markets or receiving financing from banks or other sources under more favourable conditions the Fund terminates the interim financing and searches for a new Target Company which would be a suitable investment of the Fund.

#### *Information About Investment Risk*

28. Diversification requirements are not applied to the Fund investment portfolio; therefore, Fund participants might face a high concentration risk.

29. The anticipated Fund investment risk budget expressed in an annual expected shortfall<sup>2</sup> at 1% of worst case scenarios is 40%. The Fund's investment expected shortfall is calculated and announced together with Fund NAV, whose calculation frequency is determined under Chapter X of the Articles. If the Fund investment risk indicator calculated by the Management Company exceeds the anticipated Fund investment risk budget, the Management Company must take measures in order to reduce the Fund investment risk within no more than 3 months after the day of calculating the Fund investment risk indicator which exceeds the anticipated Fund investment risk budget.

### **Investment Objects**

30. Fund investment objects are non-equity securities maturing in 1 year or less issued by the Target Companies, if they are not listed on regulated markets.
31. When choosing a Target Company, the Fund assesses the following main criteria:
- i. the potential for revenue, profit and Target Company value growth;
  - ii. the competence of the owners and (or) management in the field in which the activities are being carried out;
  - iii. sufficient collateral or cash flows to cover debt obligations.
32. To create an additional liquidity buffer and ensure the Fund's obligations to redeem Fund units in accordance with the procedure laid out in the Articles, the Fund invests part of the assets in very liquid and safe investment instruments. Suitable investments include short-term (up to 1 year) Government or corporate bonds with investment-grade ratings or money market instruments, collective investment undertakings that invest mainly in money markets, index funds, deposits. In addition, Fund can keep a certain amount of funds in cash.
33. Depending on the flow of cash invested in the Target Companies and Fund's liquidity risk management requirements, the part of liquid investments can constitute up to 20% of Fund's assets. In exceptional cases, for example, when looking for new Target Companies investments after realizing an investment, the part of liquid investments in the Fund can temporarily exceed 20% of Fund's assets.
34. For the purposes of securing and / or structuring Fund's investments to manage investment risk, assets other than those specified in Articles 30 and 32 of the Prospectus may be pledged or transferred to the Fund's ownership (after conversion, recovery or other action).

### **Investment Geography**

35. The Fund invests in Target Companies which are based (in order of priority) in Lithuania, other Baltic States, and other European Union member states. Other investment instruments (intended for the liquidity buffer) do not have geographical restrictions.

### **The Fields of Activities of Target Companies**

36. No less than 50 percent of the Fund's assets are invested in Target Alternative Financing Companies operating in alternative financing sector, for example, factoring, peer-to-peer lending, securitization, leasing and other credit services, as well as companies competing with commercial banks, except cases described in Articles 33 and 37 of the Prospectus.

<sup>2</sup> Expected shortfall is defined as  $ES_\alpha = \frac{1}{1-\alpha} \int_\alpha^1 q_u(F_L) du$ , where  $q_u(F_L)$  is the quintile function of  $F_L$ ,  $F_L$  is the distribution function of  $L$ ,  $L$  is losses,  $\alpha$  is the confidence level of the indicator. Expected shortfall is estimated using quantitative methods, utilising the Normalised Inverse Gaussian distribution, fitted from first four moments closest to the moments of the historic empirical distribution and at least 10 000 simulations. Historical monthly performance in euro data of the financial instruments that the Fund has invested in or of close equivalents is used for estimation. For estimation the Management Company uses the longest time series available to it, but not shorter than 5 years.

37. No more than 50 percent of the Fund's assets are invested in short-term debt securities issued by Target General Lending Companies', the sector of activities of which are not restricted. Temporarily, no longer than for 6 months in succession during one calendar year, a part of the Fund's assets invested in Target General Lending Companies can exceed 50 percent of total Fund's assets.

#### ***Changes in the Investment Strategy***

38. In case the Management Company considered changing the investment strategy, all Fund participants must be informed about such decision at least 1 month prior to the board meeting where the question of changing the strategy is to be raised. The decision regarding changing the strategy should be made by the board of the Management Company in accordance with the procedure set out in the Articles after clear arguments were provided to and no sufficient objections received from the Investors. The detailed procedures of changing the Fund's Articles are determined under article XIII of the Articles.

#### ***Limitations***

39. Fund's assets, the value of which cannot exceed 100% of Fund's NAV can be lent or transferred as collateral. The maximum Fund's asset lending term cannot exceed 5 years. The decision regarding Fund's asset lending is made by the management of the Management Company. It is prohibited to lend Fund's assets to its participants.
40. If needed, Fund borrows funds in order to obtain additional funding for financing the acquired investment objects. The Fund can borrow up to 100% of Fund's NAV. The Fund engages in loan agreements for terms of less than 5 years.
41. More than 50% of Fund's assets have to be constituted by assets of Investors not related to the Management Company, including the commitments signed by the Investors.

### **IV. SUBSCRIPTION FEE**

42. The Subscription Fee for the acquired Fund units is calculated as an addition to NAV attributed to one Fund unit.
43. The Subscription Fee charged by the Management Company depends on the investment amount:
- 2,0 per cent, if the investment amount is up EUR 125 000.
  - 1,0 per cent, if the investment amount is equal to or more than EUR 125 000 EUR, but less than EUR 500 000.
  - 0,0 per cent, if the investment amount is equal to or more than EUR 500 000.
44. The Subscription Fee charged by Distributors can be different based on the Distributor, but, in any case, cannot exceed the maximum limit set in the Articles of the Fund. Specific information about the amount of the Subscription Fee is available at Fund distribution locations and is provided before acquiring the Fund units.
45. The Subscription Fee for professional investors, natural persons who are executives or employees of the Management Company, natural persons who are executives or employees of the Management Company's parent company and its subsidiaries can be determined under a separate agreement between the Investor and the Management Company or Distributor.

### **V. ACCOUNTS**

46. Fund units can be paid for only by transferring money to the account:  
LT92 7189 9000 1590 0411 (SWIFT code CBSBLT26)

47. In the cases provided for in the Investment Agreement, the funds intended to pay for the Fund units may be transferred to the Investor's account opened with the Distributor or to the Distributor's clients' account. In this case, the Distributor is responsible for the transfer of funds to the Fund's account within the terms and in accordance with the procedure specified in the Investment Agreement.

## VI. INVESTMENT RISKS

48. Investments in Fund units involve long-term and above-average risk. This section of the Prospectus provides information on risk factors that, in the opinion of the Management Company, may affect the Fund's performance. There may be additional risk factors which are not listed in this section, because the Management Company is not aware of them or considers them insignificant at the time of preparation of this Prospectus. The decision to invest in Fund units should not be made solely based on the following risk factors. Before making investment decisions, the Investor must note that he or she can recover a smaller amount than he or she invested.
49. To effectively manage the following risks, the Management Company will use generally accepted risk management methods (e.g., conduct due diligence of potential Target Companies, where appropriate, actively participate in the management of Target Companies, sign investment agreements intended to protect Investors' interests). The following risk factors may adversely affect the Fund's NAV and, respectively, the value of Fund units.

### General and Fluctuation Risk

50. The value of Fund's investments may increase or decrease; therefore, the Fund unit's value may fluctuate significantly during the period of the Fund's operation. The value of Fund's investments may increase or decrease significantly in a sufficiently short period of time and, as a result, the Fund's NAV may increase or decrease significantly in a sufficiently short period of time. A significant increase or decrease in the Fund's NAV over a sufficiently short period of time may result in sudden significant fluctuations (increase or decrease) in the value of the Fund units. The historical results of the Fund do not guarantee the same results in the future.

### Market Risk

51. There is a risk that deteriorating global, regional or national conditions (such as macroeconomic changes, political, legal risks or actions of investors in a particular region) may reduce the value of the Fund's acquired assets or income, which may reduce the Fund's investment value.

### Concentration Risk and Risk of no Diversification Requirements

52. The Fund's investment portfolio is not subject to diversification requirements, as the Fund is intended for well-informed investors only. Thus, there is a risk that one unsuccessful investment may have a material impact on the Fund's NAV and, consequently, on the Fund's performance. The Fund's investment strategy is based on concentrated investments, which means that the investment risk is not widely diversified and there is a risk of concentration by asset class, sector or region. In addition, the market may be in a situation where the concentration of similar funds in certain asset classes may be very high, leading to the risk that all similar funds will try to liquidate their positions at the same time, thus negatively affecting the liquidation value of their assets.

### Liquidity Risk

53. When investing in financial instruments with limited liquidity (especially when investing over-the-counter), there is a risk that their realization will take longer than planned; therefore, there may be a temporary lack of funds required for timely redemption of Fund units. Efforts are made to minimize part of this risk by investing in money market instruments or other highly liquid financial instruments.



**Credit Risk**

54. As the majority of the Fund's assets consist of debt securities of Target Companies, the Fund is exposed to credit risk - a possible default of a counterparty, i.e. inability or avoidance to redeem debt securities. At least one of the following investment protection measures is used by the Fund to manage credit risk:

- Equity requirement for the Target Company,
- Pledge of assets or shares of the Target Company,
- Signing of uncontested promissory notes,
- Regular reporting by the Target Company to the Management Company,
- Another risk management measure deemed appropriate by the Management Company for the case of a specific Target Company.

**Interest Rate Risk**

55. There is a risk that, if inflation increases, central banks will raise interest rates and servicing of loans related to the Fund's investments will become more expensive, which may reduce the value of Fund's investments. Changes in interest rates may also directly affect the value of the securities in the Fund's portfolio. Interest rate risk can be mitigated by acquiring shorter-term debt securities.

**Financing and Leverage Risks**

56. There is a risk that deteriorating global, regional or national economy will make it difficult / expensive for the Fund to obtain new loans for acquisition or project development or to refinance old loans, which may reduce the value of Fund's investments. Leverage risk is also related to the increased impact of the impairment of financial instruments purchased with borrowed funds on the Fund's performance. The higher the leverage, the higher both the potential investment return and the investment risk.

**Exchange Rate Risk**

57. This is the risk of incurring losses due to adverse changes in foreign exchange rates. Investors can hedge against currency risk by purchasing appropriate financial derivatives.

**Inflation Risk**

58. If inflation accelerates, the value of the Fund unit may decrease accordingly, moreover, the nominal increase in the value of Fund's assets may not compensate for the real decrease in the value of Fund's assets due to inflation.

**Political and Legal Risks**

59. Funds that invest in a single geographical region or economic sector are exposed to higher political and / or legal risks. Political risk is inherent in all developing countries. Non-EU countries, especially developing countries, are at increased political risk. Political instability in a country may result in legal, tax, fiscal and regulatory changes, such as nationalization, confiscation, restrictions on the free movement of capital and other political decisions that would adversely affect the value of Fund unit. The value of Fund units or the amount of income received by the Investor from the investment may be affected by changes in legal acts and the tax environment. To mitigate this risk, the Fund seeks to avoid investing in financial instruments in regions with increased political and legal risk.

**Operational Risk**

60. The success of Fund's investments depends to a large extent on the investment decisions made by the responsible persons of the Management Company and on the experience and abilities of these persons. There is no guarantee that the employees of the Management

Company will manage the Fund for the entire duration of its operation. The operational risk is sought to be reduced by selecting experienced and qualified Fund managers, analysts, partners, including the Custodian.

#### **Regulatory Risk**

61. The Fund operates in accordance with the regulation established by the CIUWII Law. Compared to the regulation of other collective investment undertakings, the legal regime established in the CIUWII Law reduces diversification requirements, investment restrictions for collective investment undertakings, as well as does not require them to have a Depository, therefore the Management Company itself controls the Fund's assets.

#### **Transaction, Counterparty and Settlement Risks**

62. There is a risk that a counterparty buying or selling an asset will default on its obligations, i.e., will not transfer cash or assets to the Fund, or the transaction may not be settled in general and the Fund may incur significant costs that will have a significant and negative impact on the overall performance of the Fund.

#### **Investor Risk**

63. The Investment Agreement with each of the Investors is a separate transaction, independent of the Investment Agreements with other Investors, therefore each Investment Agreement may have specific provisions.

#### **Risk of Conflicts of Interest**

64. There is a risk that there will be situations where the interests of the Management Company (or its related persons) and the Fund may differ or the interests of individual Investors may differ (e.g., regarding the timing of acquisition or sale of the Fund's investment objects), that is, a conflict of interest may arise. To mitigate this risk, the Fund enters into service agreements with companies related to the Management Company only at arm's length. In addition, the Management Company seeks to reduce this risk in accordance with the approved internal procedures and the requirements of the applicable legislation, thus ensuring the transparency of investing and investment supervision.

#### **Tax Risk**

65. There is a risk that changes in economic conditions and political situation of the countries in which the Fund invests will result in new taxes on the Fund and the Fund's investments and / or an increase in existing taxes, which may reduce the Fund's return on investment.

#### **Geopolitical Risk**

66. There is a risk that the Fund's operations may be affected by geopolitical changes (e.g., state conflicts, internal state conflicts, uprisings, wars) and as a result the value of Fund's investments may decrease or the Fund's acquired investment objects may not be realized at the desired time.

#### **Forward-looking Statements Risk**

67. The forward-looking statements of the Management Company and its employees have not been analysed, verified or otherwise confirmed. The forward-looking statements are based on the Management Company's and its employees' assessment, opinion, expectations and forecasts regarding future events and financial trends that may affect the Fund's operations. Forward-looking statements include information about the Fund's potential or expected performance, investment strategy, contractual relationships, borrowing plans, investment terms, the effects of future regulation and other information. The Management Company and its employees cannot guarantee that the forward-looking statements will correspond correctly and in detail to future events and circumstances. The Management Company and its employees do not

represent or warrant that the statements will be accurate in the future or that the Fund will be profitable. The Management Company and its employees shall not undertake to revise or amend the forward-looking statements, except to the extent required by applicable national law.

#### **Asset Valuation Risk**

68. The assets acquired by the Fund are valued in accordance with the basic rules set out in the Articles. Valuation of individual assets held by the Fund means only the determination of the value of the assets, which does not automatically mean the exact realisation price of the assets held by the Fund, which depends on many circumstances, e.g., economic and other conditions beyond the control of the Management Company and its employees. Thus, the realisation price of Fund's assets may be higher or lower than the established value of Fund's acquired assets.

#### **New Investment Risk**

69. While executing the Fund's investment strategy, investments will be made after the conclusion of the Investment Agreement, therefore Investors may not be able to assess the conditions related to the Fund's future investments. Investors may need to trust the decisions of the Management Company, but the Management Company does not guarantee or warrant that the Fund's investments will be successful and that the Fund's investment objectives will be achieved.

#### **Risk Related to the Fund's Potential Liability**

70. There is a risk that the Fund's operations and the Fund's overall performance may be adversely impacted by claims for undisclosed or unidentified liabilities and / or breaches related to the Fund's acquired investment objects, which may result in the Fund's liability and / or the value of Fund's investments may decrease significantly as a result. To mitigate this risk, the Fund conducts due diligence on assets prior to acquisition, where possible and justified, and seeks to include in contracts conditions that adequately protect the Fund from such liabilities and / or breaches or takes other action; however, the Management Company does not guarantee and warrant that the risk mitigation measures will be effective and will allow to avoid the Fund's liability completely.

A lawsuit was filed against the Fund, with which the bankruptcy administrator and the creditor of a former Target Company sought to annul the transfers of EUR 1,408,000 made by this Target Company to the Fund on the 3<sup>rd</sup> May, 2021. On the 6<sup>th</sup> May 2024 Vilnius Regional Court, after hearing the civil case No e2-440-562/2024 at first instance, ruled against the Fund by ordering from the Fund the sum of EUR 1,408,000, together with procedural interest of 6 % per annum on the amount ordered, the costs of the proceedings of EUR 6,400 and the postage costs of EUR 25.56. The Management Company shall, in accordance with the judgment of the court of first instance and the provisions of Lithuanian Financial Reporting Standard 39 applicable to the Fund and the Fund's Rules, make provisions for the full ordered amount of EUR 1,408,000 and for the costs of the proceedings in the amount of EUR 6,425.56 for the calculation of the Fund's NAV for May 2024. The Management Company, taking into account the opinion of the lawyers representing the Fund, and having assessed the arguments of the Court, has decided to appeal the judgment and to defend the rights and interests of the participants in the Fund.

#### **Risk Related to Non-Custody of Certain Fund's Assets with the Custodian**

71. There is a risk that the interests of Investors may be adversely impacted by the Fund's acquisition of assets that cannot physically be held with the Custodian, such as private equity securities used as collateral for private debt investments.

#### **Competition Risk**

72. The Fund will compete with other investors, including but not limited to other investment funds, when investing in investment objects. Thus, there is a risk that competition with other investors will require the Fund to enter transactions on less favourable terms than would otherwise be the case, which could reduce the Fund's return on investment.

#### **Risk of Non-Redemption of Fund Units**

73. There is a risk that the redemption of Fund units may be suspended or Fund units may not be redeemed at all due to the Fund's inability to meet its obligations (insolvency of the Fund).

#### **Sustainability Risk**

74. There could exist an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

Sustainability risk can also manifest itself through other types of risk (including, but not limited to, market, liquidity, credit, etc.). The impact of sustainability risk may vary depending on investment, e.g. investments in sectors with high levels of carbon dioxide emissions may be more exposed to climate change risks. All or a combination of these factors may have an unpredictable effect on the Fund's investments and a significant impact on the value of a Fund's unit. Sustainability risk assessment depends on the class of business sector. Different sectors require different data and tools to apply due diligence and assess the significance and impact of sustainability risks. In order to reduce this risk, the Management Company also assesses the sustainability factors relevant to the specific analysed investment and the sustainability risks related to them.

#### **Other Risk Factors**

75. There may be other risk factors (other than those discussed above) independent of the Fund and the Management Company, which may adversely affect both the overall market and the value of individual investments constituting the Fund's assets, which may reduce the value of Fund units.

#### **Regarding Additional Information on Risks**

76. Regarding additional information on risks and their management, please contact the Management Company.

### **VII. INVESTMENT DECISION MAKERS**

77. The Board of the Management Company is responsible for investment decisions making of the Fund.

### **VIII. DISCLOSURE OF SUSTAINABILITY-RELATED INFORMATION**

78. When making their investment decisions, the Fund and the Management Company acting on its behalf seek to assess all risks and factors that may affect the value and performance of investments. Accordingly, the Fund and the Management Company acting on its behalf take into account the environmental, social and governance (ESG) sustainability factors and risks relevant to the specific investment under analysis.
79. Although the Fund has integrated sustainability risk assessment into its investment decision-making procedures and applies certain other ESG practices, the principal adverse impacts on sustainability factors as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability disclosures in financial services sector are presently not taken into account when making investment decisions. In the Management Company's judgement, there is limited scope for gathering information and data from reliable sources in relation to the matters discussed in this clause.
80. The Fund does not aim to make sustainable investments as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, nor is it intended to promote environmental or social performance or any combination of these characteristics. Investments

related to this Fund do not take into account the EU's criteria for environmentally sustainable economic activity.

#### IX. INDUCEMENT

81. Part and / or all the Management Company's remuneration to Distributors (or an individual Distributor) for the services they provide to the Management Company may be linked to the Fund's Subscription fee and / or the Fund's Management fee received by the Management Company.

#### X. ADDITIONAL INFORMATION ABOUT THE FUND

82. The Prospectus, the Articles, the Key Information Document, the Fund's annual and semi-annual reports and information about the Fund are available on the Management Company's website or by contacting the Management Company at Gynėjų 14, LT-01109 Vilnius, Lithuania, phone: +370 672 30426, e-mail: [bridge@invl.com](mailto:bridge@invl.com), or the Distributors UAB FMĮ "INVL Financial Advisors", address Gynėjų 14, LT-01109 Vilnius, Lithuania and UAB "Gerovės valdymas", address Jogailos g. 3, LT-01103 Vilnius, Lithuania.

TRANSLATION