

**HARMONIZED COLLECTIVE INVESTMENT UNDERTAKING  
„DOVRE INSIDE NORDIC“  
REPORT FOR THE FIRST HALF OF THE YEAR 2012**

**I. GENERAL INFORMATION**

**1. Fund's information:**

Title – „Dovre Inside Nordic“;  
Legal form – Harmonized collective investment undertaking;  
Establishment date - 24 November 2011.

**2. Reporting period:**

01 January 2012 – 30 June 2012.

**3. Company's information:**

3.1. title – „Dovre Forvaltning“, UAB; company code - 302589746;  
3.2. address – Konstitucijos pr. 7, 09308, Vilnius, Lithuania;  
3.3. tel. no. +37052683461; fax. no. +37052683463; email: [info@dovreforvaltning.no](mailto:info@dovreforvaltning.no); web page - [www.dovreforvaltning.no](http://www.dovreforvaltning.no)  
3.4. operating license no. – VKĮ-018;  
3.5. fund's Manager – Rytis Simanaitis.

**4. Custodian's information:**

Title – Swedbank, AB; Code – 1202965;  
Address – Konstitucijos pr. 20A, 09321 Vilnius, Lithuania;  
Tel. no. +3705268422;  
Fax. no. +3705268417.

**II. NUMBERS AND VALUES OF NET ASSETS, INVESTMENT UNITS OR SHARES**

**5. Number and value of net assets and investment units (shares):**

	In the beginning of the reporting period	At the end of the reporting period	A year ago (2011.06.30)	Two years ago (2010.06.30)
Net asset value	304149,09 NOK; 137578,8 LTL	2994225,58 NOK; 1371624,79 LTL	-	-
Investment unit's (share's) value	100 NOK; 45,23 LTL	131,57 NOK; 60,27 LTL	-	-
Current number of investment units (shares)	0	22758,41	-	-

**6. Number and value of distributed and redeemed investment units or shares (during the reporting period):**

	Number of investment units (shares)	Value
Distributed investment units	22758,41	2759097,86 NOK; 1252125,88 LTL
Redeemed investment units	0	0

### III. INDICATORS OF FUND EXPENSES AND TURNOVER

#### 7. Deductions

Deductions	Deduction size		Deductions accrued during the reporting period	% of the average value of the reporting period's NAV
	maximum, (set in Fund's documents)	applied during the reporting period		
For management			14151,13 NOK; 6482,49 LTL	0,76
<i>fixed fee</i>	1,75% of the average annual NAV	1,75% of the average annual NAV	14151,13 NOK; 6482,49 LTL	0,76
<i>success fee</i>	-	-	0	0
For custodian	0,2% of the average annual NAV, but not less than 200Lt per month	0,2% of the average annual NAV, but not less than 200Lt per month	2217,96 NOK; 1016,03 LTL	0,12
For transactions	0,2% from a transaction, but not less than 120 Lt	0,2% from a transaction, but not less than 120 Lt	27014,13 NOK; 12374,90 LTL	1,44
For audit	0,5% of the average annual NAV	0,5% of the average annual NAV	6255,51 NOK; 2865,59 LTL	0,33
Other expenses:			900 NOK; 412,28 LTL	0,05
Internet banking fee (Swedbank Norway)	300 NOK per month	300 NOK per month	900 NOK; 412,28 LTL	0,05
Expenses for Fund documents' adjustment	1% of the average annual NAV	1% of the average annual NAV	0	0
Fee for the Fund's registration (for ISIN); annual fees to Lithuanian Central Securities Custodian	1.000 Lt	1.000 Lt	0	0
Fees for funds transfer and inclusion; fees related to Fund's accounts and their service	1% of the average annual NAV	1% of the average annual NAV	0	0
Expenses included into Total Expense Ratio			23524,60 NOK; 10776,38 LTL	1,26
Total amount of expenses			50538,73 NOK; 23151,29 LTL	2,70

#### 8. Payments to brokers

Broker	Paid amount
Swedbank, AB	7.274,05 LTL; 16.028,03 NOK
Carnegie ASA	4.520,43 LTL; 9.899,28 NOK
Netfonds Bank ASA	495,96 LTL; 1.086,82 NOK
<b>TOTAL</b>	<b>12.290,44 LTL; 27.014,13 NOK</b>

#### 9. Information about all agreements on payments' division and hidden commissions.

There are no such agreements.

#### 10. An example on influence of deductions to investment returns (provided only in annual report).

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#### IV. INFORMATION ABOUT COLLECTIVE INVESTMENT UNDERTAKING'S FINANCIAL INSTRUMENTS PORTFOLIO

##### 11. Portfolio composition at the end of the reporting period:

Issuer title	Country	ISIN	Quantity, units.	Nominal value, Lt	Total purchase value, Lt	Total market value, Lt	Source for market value (web page)	Share of the issuer, %	Share in net assets, %
2	3	4	6	8	12	13	15	17	19
<b>Equities</b>		ISIN							
Listed in the official (or equivalent) trading list									
Bonheur ASA	NO	N00003110603	1.500,00	0,57	87.350,96	75.928,42	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,00368	
Hurtigruten ASA	NO	N00003325102	25.000,00	0,46	45.501,79	42.373,33	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,00595	
Intex Resources ASA	NO	N00003055808	26.894,00	0,01	86.445,44	68.991,29	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,02934	
Norsk Hydro ASA	NO	N00005052605	7.165,00	0,50	86.069,67	87.635,14	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,00035	
Songa Offshore ASA	NO	CY0100962113	10.500,00	0,38	76.000,65	67.916,42	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,00517	
Statoil ASA	NO	N00010096985	674,00	1,15	43.067,10	43.657,63	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,00002	
ElectroMagnetic GeoServices	NO	N00010358484	6.591,00	0,11	43.230,09	39.552,45	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,00332	
Yara International ASA	NO	N00010208051	401,00	0,78	43.296,15	47.540,03	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,00014	
Storebrand	NO	N00003053605	5.099,00	2,29	43.173,35	54.167,22	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,00113	
Aker Solutions	NO	N00010215684	1.130,00	0,76	42.791,31	43.430,14	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,00041	
Fred. Olsen Energy	NO	N00003089005	515,00	9,16	42.579,02	50.061,45	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,00077	
Aker	NO	N00010234552	591,00	12,83	42.671,81	44.535,28	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,00082	
Dolphin Group	NO	N00010170921	21.849,00	0,92	42.669,17	40.235,41	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,00717	
Norwegian Air Shuttle	NO	N00010196140	2.388,00	0,05	102.298,15	118.143,24	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,00685	
Det norske oljeselskap	NO	N00010345853	1.218,00	0,46	42.575,54	44.022,54	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,00095	
Golden Ocean Group	NO	BMG4032A1045	21.000,00	0,28	42.707,53	37.228,97	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,00463	
Seadrill	NO	BMG7945E1057	474,00	5,52	41.704,84	45.837,13	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,00010	
SpareBank 1 SMN	NO	N00006390301	3.227,00	9,16	41.845,01	47.452,03	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,00260	
SpareBank 1 SR-Bank	NO	N00010631567	3.019,00	11,45	40.429,90	44.393,46	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,00118	
Funcom	NO	NL0000062461	13.486,00	0,14	92.885,50	98.227,05	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,02040	
DNB	NO	N00010031479	2.078,00	4,58	55.102,47	56.115,15	<a href="http://www.oslobors.no">www.oslobors.no</a>	0,00013	
							-		
<b>Total</b>			154.799,00		1.184.395,45	1.197.443,78			

Listed in the additional (or equivalent) trading list								
Total			0	0	0			
traded in other regulated markets								
Total			0	0	0			
newly issued securities								
Total			0	0	0			
<b>TOTAL( EQUITIES )</b>			<b>154799</b>	<b>1184395,45</b>	<b>1197443,78</b>			<b>86,98 %</b>
<b>Non-equity securities</b>		ISIN						
Listed in the official (or equivalent) trading list								
Total			0	0	0			
Listed in the additional (or equivalent) trading list								
Total			0	0	0			
traded in other regulated markets								
Total			0	0	0			
newly issued								
Total			0	0	0			
<b>TOTAL (NON-EQUITY SECURITIES)</b>			<b>0</b>	<b>0</b>	<b>0</b>			
<b>Units (shares) of collective investment undertakings</b>		ISIN						
Units (shares) of collective investment undertakings (CIU), matching the requirements of the Law of CUI article 61 part 1								
Total			0	0	0			
Units (shares) of other collective investment undertakings								
Total			0	0	0			

<b>TOTAL (Collective investment undertaking units)</b>			0	0	0			
<b>Money market instruments</b>		Title						
Traded in regulated markets								
Total			0		0			
Other money market instruments								
Total			0		0			
<b>TOTAL (MONEY MARKET INSTRUMENTS )</b>			0		0			
<b>Deposits with credit institutions</b>								
<b>TOTAL (DEPOSITS WTH CREDIT INSTITUTIONS)</b>					0			
<b>Derivatives</b>		Title						
Traded in regulated markets								
Total					0			
other								
Total					0			
<b>TOTAL DERIVATIVES</b>					0			
<b>Cash</b>								
"Swedbank", AB	LT				179.265,78			
<b>TOTAL (CASH)</b>					179265,78			13,02 %
Other instruments unforeseen in the Law of CUI article 57 part 1		Brief description			Total value	Purpose		
<b>TOTAL (OTHER )</b>					0,00%			
<b>TOTAL</b>					1376709,5 6 LTL; 3005325,5 0 NOK			100,0 0%

*CIU (Collective Investment Undertaking)*

CUI 1 – CUI, which strategy is to invest into non-equity securities up to 100 proc. of NAV;;

CUI 2 – CUI, which strategy is mixed (balanced) investment;

CUI 3 – CUI, which strategy is to invest into equities up to 100 proc. of NAV;

CUI 4 – CUI which strategy is to invest into money market instruments up to 100 proc. of NAV;

CUI 5 – all other types of CUI (alternative; private capital; real estate; materials, etc.).

*Note.* Funds of funds should be assigned to a certain CUI group according to the investment strategy of funds' funds.

*Paragraph changes: No. 1K-24, 2008-12-11,*

*Žin., 2008, No. 145-5865 (2008-12-18)*

**12. Investment allocation according to the criteria of the investment strategy:**

Investment allocation	At the end of the reporting period		In the beginning of the reporting period	
	Market value	Share in assets, %	Market value	Share in assets, %
<b>According to investment objects</b>				
Equities	2613992,40 NOK; 1197443,78 LTL	86,98	0	0
Debt securities	0,00 NOK; 0,00 LTL	0,00	0	0
Cash	391333,10 NOK; 179265,78 LTL	13,02	304149,09 NOK; 137580 LTL;	100,00
<b>Total</b>	3005325,50 NOK; 1376709,56	100,00	304149,09 NOK; 137580 LTL	100,00
<b>According to sectors</b>				
Energy	983740,28 NOK; 450641,58	32,73	0	0
Materials	445690,70 NOK; 204166,45	14,83	0	0
Industrials	339174,00 NOK; 155372,22	11,29	0	0
Casual consumer discretionary	92500,00 NOK; 42373,33	3,08	0	0
Consumer discretionary	0,00 NOK; 0,00 LTL	0,00	0	0
Healthcare	0,00 NOK; 0,00 LTL	0,00	0	0
Financials	538460,01 NOK; 246663,15	17,92	0	0
Information Technology	214427,40 NOK; 98227,05	7,13	0	0
Telecommunication services	0,00 NOK; 0,00 LTL	0,00	0	0
Utilities	0,00 NOK; 0,00 LTL	0,00	0	0
Other	0,00 NOK; 0,00 LTL	0,00	0	0
<b>Total</b>	2613992,40 NOK; 1197443,78 LTL	86,98	0	0
<b>According to currencies</b>				
Norwegian krone	2613992,40 NOK; 1197443,78 LTL	86,98	0	0
Swedish krone	0	0	0	0
Danish krone	0	0	0	0
EUR (Finland)	0	0	0	0
<b>Total</b>	2613992,40 NOK; 1197443,78 LTL	86,98	0	0
<b>According to geographical area</b>				
Norway	2613992,40 NOK; 1197443,78 LTL	86,98	0	0
Sweden	0	0	0	0
Denmark	0	0	0	0
Finland	0	0	0	0
<b>Total</b>	2613992,40 NOK; 1197443,78 LTL	86,98	0	0
<b>According to other criteria</b>				
-	-	-	-	-
<b>Total</b>				

**13. Transactions of derivatives executed during the reporting period, except indicated in paragraph 11.**

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**14. Types, risks, quantitative limits and methods for risk assessment of derivatives indicated in paragraph 11.**

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**15. Total value of derivatives' liabilities (at the end of the reporting period).**

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**16. How the existing investment portfolio matches/not matches a collective investment undertaking investment strategy (investment trends, investment specialization, geographical area, etc.).**

The Fund's investment portfolio matches Fund's investment strategy. In accordance with the Fund's strategy the portfolio was complemented with shares of companies in which the related persons have increased their existing positions. The investment portfolio also matched with the geographic area restrictions.

**17. Factors which had the significant impact on the investment portfolio's structure and its value changes during the reporting period.**

The main factor that determined the portfolio's structure in the first quarter was a small Fund's NAV (net asset value), since the initial investment in the fund was received this quarter. That's why the Fund's portfolio in the first quarter was less diversified and has resulted in higher volatility. New investments and positive returns have doubled the Fund's NAV in the second quarter; the portfolio matched diversification criteria and the volatility has decreased. The most active related persons were in Norway and this determined the geographical allocation of the portfolio in the first half of year 2012.

**V. INVESTMENT RETURNS AND RISK INDICATORS**

This information is not provided in half-year reports.

**VI. FINANCIAL STATUS**

**22. Financial reports prepared in accordance with laws and legislations of the Republic of Lithuania:**

**22.1. Statement of net assets**

No.	Assets	Comment no.	Financial year	Past financial year
<b>A.</b>	<b>ASSETS</b>		<b>3005325,49 NOK; 1376709,55 LTL</b>	-
I.	CASH		391333,10 NOK; 179264,78 LTL	-
II.	TERM DEPOSITS		0	-
III.	MONEY MARKET INSTRUMENTS		0	-
III.1.	Government treasury bills		0	-
III.2.	Other money market instruments		0	-
IV.	TRANSFERABLE SECURITIES		0	-
IV.1.	Non-equity securities		0	-
IV.1.1.	Non-equity securities guaranteed by/of governments and central banks		0	-
IV.1.2.	Other non-equity securities		0	-
IV.2.	Equity securities		2613992,39 NOK; 1197443,77 LTL	-
IV.3.	Units of other collective investment undertakings and shares		0	-
V.	ACCOUNTS RECEIVABLE		0	-
V.1.	Receivables from sales of investments		0	-
V.2.	Other receivables		0	-
VI.	INVESTMENTS AND OTHER ASSETS		0	-
VI.1.	Investment assets		0	-
VI.2.	Derivatives		0	-
VI.3.	Other assets		0	-

<b>B.</b>	<b>LIABILITIES</b>		<b>3005325,49 NOK; 1376709,55 LTL</b>	-
I.	Liabilities of financial and investment asset purchases		0	-
II.	Liabilities to credit institutions		0	-
III.	Liabilities from derivative contracts		0	-
VI.	Accounts payable to the management company and the custodian		4844,4 NOK; 2219,17 LTL	-
V.	Other payables and liabilities		6255,51 NOK; 2865,59 LTL	-
<b>C.</b>	<b>NET ASSETS</b>		<b>2994225,58 NOK; 1371624,79 LTL</b>	-

## 22.2. Statement of changes in the net assets

No.		Comment no.	Financial year	Past financial year
<b>I.</b>	<b>NET ASSET VALUE AT THE BEGINNING OF THE PERIOD</b>		<b>0,00</b>	-
<b>II.</b>	<b>INCREASES IN NET ASSET VALUE</b>			
II.1.	Contributions from Fund participants		2759097,86 NOK; 1263915,14 LTL	-
II.2.	Amounts received from other funds		0,00	-
II.3.	Margins		0,00	-
II.4.	Interest income		0,00	-
II.5.	Dividends		6375,00 NOK; 2920,32 LTL	-
II.6.	Gains from investments		611251,12 NOK; 280008,03 LTL	-
II.7.	Gains from changes in foreign exchange rates		4392,19 NOK; 2012,02 LTL	-
II.8.	Gains from derivative transactions		0,00	-
II.9.	Other increase in net asset value		0,00	-
	<b>TOTAL INCREASE:</b>		<b>3381116,17 NOK; 1548855,51 LTL</b>	-
<b>III.</b>	<b>DECREASES IN NET ASSET VALUE</b>			
III.1.	Payments to Fund's participants		0,00	-
III.2.	Payments to other funds		0,00	-
III.3.	Loss from investments		333090,68 NOK; 152585,51 LTL	-
III.4.	Losses from changes in foreign exchange rates		2616,78 NOK; 1198,72 LTL	-
III.5.	Losses from derivative transactions		0,00	-
III.6.	Management costs:		0,00	-
III.6.1.	Remuneration to the management company (distribution fee included)		14725,66 NOK; 6745,68 LTL	-
III.6.2.	Remuneration to the custodian		2217,96 NOK; 1016,03 LTL	-
III.6.3.	Remuneration to brokers		27014,13 NOK; 12374,90 LTL	-
III.6.4.	Audit costs		6255,51 NOK; 2865,59 LTL	-
III.6.5.	Other expenses		969,88 NOK; 444,29 LTL	-
III.7.	Other decrease in net asset value		0,00	-
III.8.	Cost reimbursement (-)		0,00	-
III.9.	Profit distribution		0,00	-

	<b>TOTAL DECREASE:</b>		<b>386890,59 NOK; 177230,71 LTL</b>	-
<b>IV.</b>	<b>NET ASSET VALUE AT THE END OF THE PERIOD</b>		<b>2994225,58 NOK; 1371624,79 LTL</b>	-

## 22.3. EXPLANATORY NOTES

### 1. GENERAL INFORMATION

“Dovre Inside Nordic” (hereafter – “Fund”) is a harmonized collective investment undertaking, it was established on 24 November 2011 and is managed by Dovre Forvaltning UAB.

Operation period of the Fund is indefinite.

Management Company - Dovre Forvaltning UAB, c.c. 302589746, address Konstitucijos 7, Vilnius.

Custodian, that protects the assets of the Fund, – Swedbank AB, cc 112029651, address Konstitucijos 20A, Vilnius.

Audit company – Deloitte Lietuva UAB, c.c. 111525235, address Jogailos g. 4, Vilnius.

Reporting period – 24 November 2011 – 31 December 2011.

The Fund has no employees.

The management fee - 1,75 % of Fund's average annual NAV.

Benchmark is selected as the composite index, consisting of:

45 %	Oslo Børs Benchmark index
25 %	OMX Stockholm Benchmark Cap GI
10 %	OMX Copenhagen Benchmark Cap GI
10 %	OMX Helsinki Benchmark Cap GI
10 %	Norway Government Bond Index 0.25 years (ST1X)

### 2. INVESTMENT POLICY AND PORTFOLIO COMPOSITION

Fund’s purpose - to achieve returns on investment greater than those of the chosen benchmark index by investing in companies in which related persons\* make transactions. The Fund's investment strategy is based on the fact that it is believed that related persons have the informational advantage that is revealed by their transactions (which are announced on the public stock exchanges). It should be noted that the investments are based on both related persons transactions, strategic and tactical asset allocation in order to increase the Fund's return.

To indicate which sectors or what size companies the related persons will do most transactions in is practically impossible, therefore, in implementing this strategy large fluctuations in net assets are possible.

It is likely that the Fund's resources will be invested mainly in shares, but the Fund may also invest in varying lengths and different grade corporate debt securities and derivative financial instruments to manage currency risk (derivatives are used to compensate for the change in the Fund's assets due to

exchange rate fluctuations. Using derivatives to manage currency risk may cause interest rate and counterparty risk). In order to ensure liquidity, the Fund will keep a cash position, which can be invested in short-term highly liquid money market instruments: deposits, short-term government securities, money market funds. Related party transactions are tracked from and the Fund invests in Nordic region (Denmark, Norway, Sweden and Finland). The Fund does not set limits for individual regions or sectors; therefore, there may be periods when the risk increases with certain narrow asset classes, industry sectors and geographical distribution.

List of financial instruments in which the Fund invests / can invest is stated in the Fund's full prospectus paragraph 27.

\* Related person - a person working for the company, including CEO, partners, or any other persons holding an analogous situation, or persons, directly or indirectly related to the company control. As well as persons who have close relationship with the company's related parties, or there is reason to believe that such persons have a close relationship with the company's related parties.

### **3. RISK MANAGEMENT POLICY**

Risk factors associated with acquisition of units: investors should note that the Fund's unit value can either increase or decrease and investors may receive less than invested. The past returns on investment do not guarantee the same returns will be achieved in the future.

Risk factors associated with investing in securities:

#### *Specific risk*

Specific risk – risk that the prices of securities that are in the Fund's investment portfolio will change due to risk factors relating to the issuer of the securities. To reduce this risk, the Fund's investment portfolio will be diversified among different issuers of securities, which are active in different regions and industries.

#### *Market liquidity risk*

Under exceptional circumstances for markets or when there is a need for the Fund to sell a large quantity of securities due to lack of market liquidity the Fund may incur losses. When making investment decisions security's liquidity will be taken into account.

#### *Market volatility risk*

Fluctuations in the market risk - the risk that affects constant stock price volatility in the market (the prices may rise and fall). There are many factors that determine the overall market volatility: the macroeconomic environment, sentiment, political events and expectations for the future, natural disasters and more. The Fund will seek to reduce the risk by diversifying the portfolio.

#### *Fund operational risk*

There is a risk that if there is a sharp rise in redemption applications of Fund units, the Fund will be unable to pay the members of the Fund for the units redeemed. To reduce this risk, the Fund will invest as much as possible in liquid securities. Also part of the Fund assets will be kept as cash or cash equivalents.

### *Exchange rate fluctuations*

There is a risk that the value of investments will be reduced by the unfavorable exchange rate changes, which are not directly related to the Fund securities' results. The Fund has not established any upper or lower limits on investments in the specific currency-denominated securities. The Fund may manage the risks by using derivative instruments (forward exchange transactions and currency options). Derivative financial instruments will be used to offset any adverse change in the Fund's assets due to exchange rate fluctuations.

### *Inflation risk*

Real Fund growth may be lower due to inflation; in addition the inflation directly affects the interest rate changes, which may have an impact on Fund investment portfolio. Historically, investments in equity securities provide sufficient protection against inflation, so the Fund will seek to reduce this risk by investing primarily in equity securities. It should be noted that investment is made in the Nordic Europe region, which normally has low inflation rates, so this should not significantly affect the risk of the portfolio.

### *Interest rate risk*

Change in interest rates can directly affect the Fund's portfolio securities values. Since the majority of Fund investment portfolio will consist of shares, the direct impact of this risk to the Fund's investment returns will be minimal. The Fund will not forecast and will not manage interest rate risk.

### *Counterparty and settlement risk*

The risk of loss resulting from a counterparty failing to meet its financial obligations. The Fund will seek to minimize risk through transactions only with reliable, excellent reputation financial institutions. Most of the Fund transactions will be conducted in accordance with the payment principle. The Fund's investment portfolio will be diversified in order to reduce positions of substantial influence on the entire investment portfolio, however, there is no guarantee that the Fund's portfolio value will grow.

### *Fund investment objective and investment policy risk*

There is a risk that the chosen Fund strategy will not work as expected. There is no guarantee that Fund objectives will be achieved.

### *Chosen risk management methods*

In order to effectively manage the above mentioned risks, the Management Company will use the generally accepted risk management techniques (portfolio diversification, derivatives financial instruments, portfolio immunization, etc.).

Each risk's management methods are described above in the specific risk profile.

### Provide the potential results for use of derivatives to manage the risks

In case of non-standard market situations, the Fund may use derivative financial instruments to manage currency risk. Derivative financial instruments will be used to offset any adverse change in the Fund's assets caused by fluctuations in exchange rates.

Fund's assets may be invested in such derivative instruments only for risk management purposes:

- FX forwards - to hedge against exchange rate fluctuations affect towards Fund's assets;
- FX swaps - to hedge against exchange rate fluctuations affect towards Fund's assets;
- FX Options - to hedge against exchange rate fluctuations affect towards Fund's assets.

#### **4. ACCOUNTING POLICY**

The financial statements have been prepared in accordance with the Lithuanian Business Accounting Standards, Collective Investment Undertakings and Accounting laws, Net asset value calculation methods and other by-laws approved by the Government of the Republic of Lithuania. Reports submitted in Lithuanian national currency - litas („LTL“) and Norwegian kroner („NOK“).

Below are the basic accounting principles.

Principles of recognition for increase and decreases in assets – Fund's assets increase or decrease in value due to changes of stock prices and exchange rates. Increase in assets is recognized by getting: new contributions, investment income from sales, and interest on securities, investment income and gains of foreign exchange rate changes. A decrease in assets is recognized by making possible deductions: payment of asset management fee, the redemption payments. A decrease in asset value is caused by realized losses, unrealized losses and by negative changes in exchange rates.

Rules for deductions to the management company and the custodian - from the assets of the Fund only those deductions are carried out that are related to management of the Fund and described in the Fund Rules. The amount may not exceed the size stated in the Fund Rules. All other expenses that are not mentioned in the Rules of the Fund or exceed the limits stated in the Rules are covered by the management company.

Investment valuation methods:

- Instruments', traded on regulated markets, fair value is determined by the market's publicly announced closing price on the valuation date (submitted by news agency Bloomberg, FactSet, Reuters and so on), except in cases where:

1. instruments are traded in more than one regulated market, in which case the fair value used is of the regulated market where the trading of these instruments tend to have more liquidity, regularity and frequency of data;
2. if it is impossible to select the market based on the criteria above, the data must be determined on the basis of the fair value using the regulated market's data, where the instrument's issuer's head office is;
3. if during the last trading session the instruments have not been traded on a regulated market, in which case the closing prices of the last day when trading took place is used, but the closing price cannot be more than 30 days old if since the last trading day no events occurred which would make the current market price significantly lower or higher than the last closing price;
4. if an instrument has not been traded on a regulated market for more than 30 days before the assessment date, or has been traded less than described in calculation procedure, in which case its value shall be determined as instruments that are not traded on regulated markets. If this situation reoccurs several times, the board of the Management Company must assess whether the continued designation of such instruments to the instruments traded on regulated markets is right, and whether their status should not be permanently established as an instrument not traded on regulated markets.

- The newly issued transferable securities are valued at purchase price up to the listing on a regulated market.

- Valuing of debt securities and money market instruments traded on regulated markets:

1. Instruments that have longer than one year maturity are valued by the following formula:

$$K = \sum_{i=1}^n \frac{S_i}{\left(1 + \frac{Y}{100}\right)^{\frac{P_i}{H}}},$$

where:

K – total value of the instrument (calculated in nominal value);

Si - nominal value of the i-th cash flow of the instruments (coupon payment or redemption of the amount paid);

Y - yield of the instrument (in percentage), measured by market data;

H - number of coupon payments per year (if the instrument does not have a coupon, it is considered that this number coincides with the usual other instrument's number of coupon payments);

n - the remaining number of coupon payments until maturity (if the instrument has no coupon - conditional number of coupon payments);

Pi - The number of coupon payments in the NAV calculation date to the i-th cash flow payment date (could be a fraction). If the instrument has non-standard coupon periods, calculations are made as using an equivalent number of periods that there would be if they were standard.

2. Instruments that have a shorter maturity than one year are valued by the following formula:

$$K = \frac{S_i}{1 + \frac{Y}{100} \times \frac{d}{360}},$$

where:

K - total value of the instrument (calculated in nominal value);

Si - nominal value of the i-th cash flow of the instruments (coupon payment or redemption of the amount paid);

Y - yield of instruments (in percentage), measured by market data;

d - number of days from the NAV calculation date to the redemption date (coupon payment date).

3. In other cases, if you get a more accurate assessment than using 1 and 2 above, these instruments are evaluated:

3.1. Via Bloomberg, FactSet, Reuters news agency provided profitability information and (or) prices.

3.2. According to two commercial banks announced specific issue's that day's best purchase (the largest BID) average.

3.3. View of the same maturity, rating and similar conditions of release, securities value.

3.4. According to the expected sale price determined by the discounted cash flow method.

- Derivative financial instruments are valued:

1. According to the latest market value of a similar instrument. Assessment of these instruments is based on information from the financial markets.
2. Forward and swap transactions are valued using the following formula:  
Value of a derivative financial instrument = payables from derivative financial instrument (current value) - (minus) receivables from the derivative financial instrument (current value).
3. The value of unlisted derivatives that have a right or an obligation to sell is determined by subtracting the market price from the transaction price.
4. Unlisted derivatives that have a right or an obligation to buy is determined by subtracting transaction price from the market price.

- Collective investment undertakings (hereinafter - CIU) units (shares) are valued:

1. According to the latest publicly announced redemption price.
2. If the CIU is listed on the market, the latest published market price is used.
3. If the CIU is not listed on the market, using the independent news agency Bloomberg, FactSet, Reuters offered unit price.
4. If, pursuant to paragraphs 2-3 CIU unit prices cannot be reasonably determined, information provided by the management company of the Fund whose units are assessed, is used:
  - 4.1. The unit price published on the fund's management company's website;
  - 4.2. Fund's units price estimates published at the end of month (quarter);
  - 4.3. Other telecommunications, facsimile, if the genuinity of the information transmitted is ensured.

- Term deposits with banks are valued by face value / amortized cost value method.

- Cash and balances with credit institutions are valued at face value.

- Dividends on equity securities of companies in the Fund's assets are accounted on an accrual basis on the date of publication of a dividend. The date of dividend announcement is considered to be when such information is published in the stock exchange websites or when this information is presented by the Custodian. If the amount of dividends received does not match the company's general shareholders' meeting approved dividends, the Fund's NAV is accordingly adjusted on the business day on which the dividends are received. The resulting difference is recorded as investment gain or losses.

- Money market instruments with a maturity or the remaining maturity of less than 397 days, or instruments whose yield is regularly adjusted at least every 397 days, or instruments which have very similar risks, including credit and interest rate risk, to those financial instruments with maturities and yields mentioned above are measured using amortized cost method.

- Instruments', traded on regulated markets and multilateral trading systems, fair value is determined by the closing price on the multilateral system of trade in which these instruments tend to have more liquidity, regularity and frequency (these characteristics are best described by the average volume and the average number of trades during the past 12 months).

- Instruments', traded only on the multilateral trading system, fair value is determined by the closing price on the multilateral trading system in which trading in these instruments tends to have more liquidity, regularity and frequency (these characteristics are best described by the average volume and the average number of trades during the past 12 months).

The frequency of investment valuation- evaluation of investments is done when calculating net asset value which is carried out every day.

Realized and unrealized gain/loss in investments – in the statement of changes in net asset the realized gain/loss is calculated as the difference between the selling price and the price at the start of the

reporting period or the purchase price if the purchase has taken place within the reporting period. Unrealized gains are calculated as the difference in the price of securities at the start and at the end of the reporting period or the purchase price and the price at the end of the reporting period if the securities were purchased during the reported period.

Rules for determining the price of fund units – The net asset value of the Fund and the price of Fund units is determined daily. The net asset value is determined using the methods described in methodology for calculating net asset value. The price of Fund units is determined dividing the net asset value by the number of shares. The price and the number of Fund units is determined to four decimal places.

Cash and cash equivalents – Cash in the bank account and cash equivalents. Cash equivalents are considered to be short term (up to three months) liquid investments that can be quickly converted into cash and their risk of price variation is insignificant. Equity investments are not considered to be cash equivalents.

Effective interest rate method – a method for determining the amortized purchasing price and for the distribution of interest income to a specific period. Effective interest rate is an interest rate that discounts future cash-flows to the price of the financial instrument during the tenure of the instrument or if necessary for a shorter period.

### 23. Audit report.

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### 24. Information on collective investment undertakings operating income and expenses incurred during the reporting period:

<b>I.</b>	<b>Income from investment activities</b>	
1.	<i>Interest income</i>	-
2.	<i>Realized gains on investments in:</i>	251987,34 NOK; 115432,88 LTL
2.1.	equity securities	251987,34 NOK; 115432,88 LTL
2.2.	government's non-equity securities	-
2.3.	companies non-equity securities	-
2.4.	financial instruments	-
2.5.	derivative financial instruments	-
2.6.	other collective investment undertakings units	-
2.7.	other	-
3.	<i>Unrealized gain (loss) from:</i>	26173,10 NOK; 11989,63 LTL
3.1.	equity securities	26173,10 NOK; 11989,63 LTL
3.2.	government's non-equity securities	-
3.3.	companies non-equity securities	-
3.4.	financial instruments	-
3.5.	derivative financial instruments	-
3.6.	other collective investment undertakings units	-
3.7.	other	-
	<b>Total income</b>	<b>278160,44 NOK; 127422,52 LTL</b>
<b>II.</b>	<b>Costs</b>	
1.	<i>Operating expenses:</i>	
1.1.	deductions for management	14151,13 NOK; 6482,49 LTL
1.2.	deductions to custodian	2217,96 NOK; 1016,03 LTL
1.3.	payments to intermediaries	27014,13 NOK; 12374,90 LTL
1.4.	payments for audit	6255,51 NOK; 2865,59 LTL
1.5.	other deductions and expenses	900 NOK; 412,28 LTL
2.	<i>Other expenses (distribution fee)</i>	574,53 NOK; 263,19 LTL
	<b>Costs total</b>	<b>51113,26 NOK; 23414,47 LTL</b>

III.	Net income	227047,18 NOK; 104008,04 LTL
IV.	Payments (dividends) to unit holders	-
V.	Reinvested earnings	-

**25. Other significant information about collective investment undertakings financial condition, factors and circumstances that have an impact on the collective investment undertaking's assets or liabilities.**

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#### VII. INFORMATION ON DIVIDEND PAYMENT

**26. Provide information on the charged and (or) paid dividends (half-yearly report - interim dividends after taxes), the period for which the dividends were paid, the payment date, the dividend amount per unit (share), and other relevant information.**

The Fund does not pay dividends.

#### VIII. INFORMATION ABOUT THE FUNDS BORROWING

**27. Collective investment undertaking borrowed funds at the end of the reporting period:**

No	Loan amount	Loan currency	Loan collection date	Maturity of the loan	The interest rate	Purpose of borrowing	Creditor	Borrowed funds compared with the fund's net assets (%)
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total	0	0	0	0	0	0	0	0

#### IX. OTHER INFORMATION

**28. Notes, comments, pictorial and graphic material, and other important information about the fund for an investor to properly evaluate the changes in the entity's operations and results.**

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#### X. RESPONSIBLE PERSONS

**29. Consultants, whose services were used in preparing this report (brokerage firms, auditors, etc.), full names (legal title), address, license number and business name.**

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**30. Persons who prepared the report names and surnames, titles, affiliation (if persons are not employees of the Company).**

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**31. Administration manager's, chief accountant's and consultants', who prepared this report, signatures and statements that the information presented is correct and there is no omission likely to have a significant impact on the values of the indicators.**

I, UAB Dovre Forvaltning Deputy CEO Gyte Maleckaite, certify that the information is correct and there is no omission likely to have a significant impact on the values of the indicators.

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I, UAB Dovre Forvaltning CFO Vidmantas Liepuonius, certify that the information is correct and there is no omission likely to have a significant impact on the values of the indicators.

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I, UAB Dovre Forvaltning Accountant Egle Jonaityte, certify that the information is correct and there is no omission likely to have a significant impact on the values of the indicators.

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**32. Persons responsible for the information:**

**32.1. persons responsible for the report (names, phone and fax numbers, e-mail addresses);**

Gyte Maleckaite, +37052683461, fax +37052683463, gm@dovreforvaltning.no.

Vidmantas Liepuonius, +37052661032 fax +37052683463, vl@vilsentras.lt.

Egle Jonaityte, +37052683460, fax +37052683463, ej@dovreforvaltning.no.

**32.2. if the report is prepared by consultants or it is prepared through consultants, indicate the consultants' names, phone and fax numbers, e-mail addresses (if a consultant is a legal person - its title, telephone and fax numbers, e-mail address and representative (s), name); note which specific components were prepared by consultants or are inspired by what they support, and the consultants' responsibilities.**

Consultants were not used to prepare this report.