

**HARMONIZED COLLECTIVE
INVESTMENT UNDERTAKING
DOVRE BALTIC SEA MANAGED
BY DOVRE FORVALTNING UAB**

Independent Auditor's Report
and financial statements for the period
from 19 May 2015 to 31 December 2015

HARMONIZED COLLECTIVE INVESTMENT UNDERTAKING DOVRE BALTIC SEA MANAGED BY DOVRE FORVALTNING UAB

Management company c.c. 302589746, address: Konstitucijos Ave. 7, LT09308 Vilnius

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INDEPENDENT AUDITOR'S REPORT

To the participants of harmonized collective investment undertaking Dovre Umbrella Fund subfond Dovre Baltic Sea managed by Dovre Forvaltning UAB:

We have audited the accompanying financial statements of harmonized collective investment undertaking Dovre Umbrella Fund subfond Dovre Baltic Sea managed by Dovre Forvaltning UAB (hereinafter – the Subfund), which comprise the Statement of Net Assets as at 31 December 2015 and the Statement of Changes in Net Assets for the period from 19 May 2015 (establishment date) until 31 December 2015, and explanatory notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Business Accounting 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Subfund as at 31 December 2015, and the changes in net assets for the period from 19 May 2015 (establishment date) to 31 December 2015 in accordance with the Business Accounting Standards of the Republic of Lithuania.

Deloitte Lietuva, UAB
Audit Company License No 001275

Arūnas Užbalis
Lithuanian Certified Auditor
License No 000543

Vilnius, Republic of Lithuania
18 April 2016

HARMONIZED COLLECTIVE INVESTMENT UNDERTAKING DOVRE BALTIC SEA MANAGED BY DOVRE FORVALTNING UAB

Management company c.c. 302589746, address: Konstitucijos Ave. 7, LT-09308 Vilnius

**STATEMENT OF NET ASSETS
31 DECEMBER 2015**


No.	Items	Note	2015, NOK	2015, EUR
A.	ASSETS		12,460,160	1,295,773
I.	CASH	3.2.1	1,288,030	133,947
II.	TERM DEPOSITS		-	-
III.	MONEY MARKET INSTRUMENTS		-	-
IV.	TRANSFERABLE SECURITIES		11,115,741	1,155,963
IV.1.	Non-equity securities		-	-
IV.1.1.	Non-equity securities of governments and central banks or guaranteed by governments and central banks		-	-
IV.1.2.	Other non-equity securities		-	-
IV.2.	Equity securities	3.2.2, 3.2.3	11,115,741	1,155,963
IV.3.	Units and shares of other collective investment undertakings		-	-
V.	RECEIVABLE ACCOUNTS		56,389	5,863
V.1.	Receivables from sales of investment		-	-
V.2.	Other receivables		56,389	5,863
VI.	INVESTMENTS AND OTHER ASSETS		-	-
B.	LIABILITIES		19,388	2,016
I.	Liabilities of financial and investment asset purchases		-	-
II.	Liabilities to credit institutions		-	-
III.	Liabilities from derivative contracts		-	-
IV.	Payable accounts to the management company and the custodian		19,388	2,016
V.	Other payables and liabilities		-	-
C.	NET ASSETS (A-B)		12,440,772	1,293,757

** Comparative information is not available since Subfund was established in reporting period.*

The accompanying notes are an integral part of these financial statements.

The financial statements have been approved and signed on 18 April 2016:


Stig R. Myrseth
Director


Romena Urbonaitė
Accountant

HARMONIZED COLLECTIVE INVESTMENT UNDERTAKING „DOVRE BALTIC SEA“ MANAGED BY DOVRE FORVALTNING UAB

Management company c.c. 302589746, address: Konstitucijos 7, LT-09308 Vilnius

STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD FROM 19 MAY 2015 (ESTABLISHMENT DAY) TO 31 DECEMBER 2015

No.	Items	Note	2015, NOK	2015, EUR
I.	NET ASSET VALUE AT THE BEGINNING OF THE PERIOD		-	-
II.	INCREASES IN NET ASSET VALUE		-	-
II.1.	Contributions from Subfund participants	3.4	2,173,900	239,222
II.2.	Amounts received from other subfunds		12,800,336	1,517,864
II.3.	Guarantee income		-	-
II.4.	Interest income		10	1
II.5.	Dividends		279,231	30,729
II.6.	Gains from changes in value of investments and sales	3.5	1,785,782	42,230
II.7.	Gains from changes in foreign exchange rates		114,155	72
II.8.	Gains from derivative transactions		-	-
II.9.	Other increase in net asset value		327	34
II.10.	Translation difference		-	850
	TOTAL INCREASE:		17,153,741	1,831,002
III.	DECREASE IN NET ASSET VALUE			
III.1.	Payments to Subfund participants	3.4	1,639,356	185,560
III.2.	Payments to other subfunds		-	-
III.3.	Losses from changes in value of investments and sales	3.5	2,907,811	326,026
III.4.	Losses from changes in foreign exchange rates		3,000	7,749
III.5.	Losses from derivative transactions		-	-
III.6.	Management costs:		162,802	17,910
III.6.1.	Remuneration to the management company	3.12	138,003	15,164
III.6.2.	Remuneration to the custodian	3.12	13,406	1,473
III.6.3.	Remuneration to brokers	3.7, 3.12	10,701	1,197
III.6.4.	Audit costs		-	-
III.6.5.	Other costs	3.12	692	76
III.7.	Other loss in net asset value		-	-
III.8.	Cost reimbursement (-)		-	-
III.9.	Distribution of profit		-	-
III.10.	Translation difference		-	-
	TOTAL DECREASE:		4,712,969	537,247
IV.	NET ASSET VALUE IN THE END OF THE PERIOD		12,440,772	1,293,757


* Comparative information is not available since Subfund was established in reporting period.

The accompanying notes are an integral part of these financial statements.

The financial statements have been approved and signed on 18 April 2016:



 Stig R. Myrseth
 Director



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Management company c.c. 302589746, address: Konstitucijos 7, LT-09308 Vilnius

EXPLANATORY NOTES FROM 19 MAY 2015 (ESTABLISHMENT DAY) TO 31 DECEMBER 2015

1. GENERAL INFORMATION

1.1 General information about “Dovre Baltic Sea” subfund

“Dovre Baltic Sea” (hereafter – “Subfund”) is a subfund of Dovre Umbrella Type harmonized collective investment undertaking. It was established on 9 March 2015 and is managed by Dovre Forvaltning UAB.

Operation period of the Subfund is indefinite.

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

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

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

Reporting period – 19 May 2015 – 31 December 2015.

The Subfund has no employees.

The management fee – 1.75 % of Subfund's annual net assets value (NAV).

1.2 Investment policy and portfolio composition

Dovre Baltic Sea invests in equities, various rank government or corporate bonds (typically up to 1 year term, but in exceptional cases, where the manager sees a particularly favorable opportunity, and longer duration), investment funds and deposits (more detailed information is disclosed in Subfund's prospectus, which could be found in Dovre Forvaltning UAB website www.dovreforvaltning.com). The Subfund specializes in the geographical area: Lithuania, Latvia, Estonia, Poland and Norway. The Subfund shall not specialize in industries.

The Subfund is actively managed Subfund which goal is to gain investments units value growth.

Subfund is to be invested ~90% all of the time. In exceptional cases, in order to protect the interests of investors, the Subfund may be less invested.

The measures and instruments are used to ensure stable and good performance of the Subfund. The Subfund's manager is responsible for compliance with the objectives, measures and restrictions.

Despite regional, industrial or financial instruments limits are not set it is expected that average proportion will be as follows:

- 70% shares listed in Poland or collective investment undertakings investing into such shares;
- 20% shares listed in Baltic states (Lithuania, Latvia and Estonia) or collective investment undertakings investing into such shares;
- 10% cash and deposits (Lithuanian and /or Norwegian financial institutions), government or corporate non-equity securities with maturity up to 1 year listed in Lithuania, Latvia, Estonia, Poland or Norway or collective investment undertakings investing into such securities and also other money market instruments not included into regulated trading market and are in compliance to prospectus set criteria and Subfund geographic specialization.

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EXPLANATORY NOTES FROM 19 MAY 2015 (ESTABLISHMENT DAY) TO 31 DECEMBER 2015

2. 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.

Below are the basic accounting principles.

Functional and presentation currency

Items included in the Subfund's financial statements are measured using the currency of the primary economic environment in which the Subfund operates (the 'functional currency'). The functional currency of the Subfund is the Norwegian krone (NOK) as it mainly influences sale and purchase prices of the securities and major part of Subfund's participants reside in Norway. The management uses the NOK to manage business risks and exposures and to measure performance of the business.

The financial statements of the Subfund, prepared in Norwegian krone, the functional currency of the Subfund, are translated to the presentation currency, Euro by using period end exchange rate for translation of assets and liabilities and average exchange rate for the year for translation of income and expenses (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at rates prevailing at the dates of the transactions). All resulting exchange differences are recognized as cumulative translation adjustments in other comprehensive income.

Exchange rates of the main currencies were as follows:

Currency	Exchange rate at the end of the period
	<u>31 December 2015</u>
EUR / NOK	<u>0.10399</u>
EUR/PLN	<u>0.23584</u>

Principles of recognition for increase and decreases in assets – Subfund'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, 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 Subfund only those deductions are carried out that are related to management of the Subfund and described in the Subfund Rules. The amount may not exceed the size stated in the Subfund Rules. All other expenses that are not mentioned in the Rules of the Subfund 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).

Derivative financial instruments are valued: According to the latest market value of a similar instrument. Assessment of these instruments is based on information from the financial markets. Forward and swap transactions are valued using the following formula: Value of a derivative financial instrument = payables

EXPLANATORY NOTES FROM 19 MAY 2015 (ESTABLISHMENT DAY) TO 31 DECEMBER 2015

from derivative financial instrument (current value) - (minus) receivables from the derivative financial instrument (current value).

Term deposits with banks are measured using amortized cost method.

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

Dividends on equity securities of companies in the Subfund's assets are accounted as the Subfund receive a right for profit distribution. 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 Subfund'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 mid-market price or 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 mid-market price or 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 subfund units. The net asset value of the Subfund and the price of Subfund units is determined daily. The net asset value is determined using the methods described in methodology for calculating net asset value. The price of Subfund units is determined dividing the net asset value by the number of shares. The price and the number of Subfund 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.

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Below are the basic calculation principles of Net asset value (NAV) and Subfund unit value

Subfund NAV is calculated each day according to the supervisory authority approved NAV calculation methodology and Management company's NAV calculation procedures. Calculation of NAV includes calculations of value of assets and value of liabilities. The difference between the calculated assets and the liabilities value comprises the net asset value of the Subfund (NAV).

Liabilities are calculated according to business accounting standards. Liabilities (or portions thereof) are debited only when they disappear, i.e. when the contract obligations are met, canceled or expired. Assets (or part thereof) are debited only when the rights are enforced to the property (or part thereof), when the rights expire or when the rights are passed.

When calculating net assets denominated in foreign currency, the value of the assets and liabilities is determined according to the Bank of Lithuania official currency exchange rate of the valued currency and NOK valid on valuation date.

Subfund NAV is calculated to four decimal places rounded according to the mathematical rules of rounding. The current day's NAV is calculated till 12.00 hrs. on the next working day. Day's NAV calculations include those transactions that were concluded prior to the date of NAV calculation 24 hrs. The Subfund unit value is determined each business day by dividing the NAV by the total number of circulating Subfund units. The Subfund unit value is calculated to four decimal places rounded according to mathematical rules of rounding.

3. OTHER IMPORTANT INFORMATION

3.1 Subfund was established during the reporting period (19 May 2015), therefore comparative information is not provided

3.2 Investment portfolio structure

3.2.1 Cash (2015.12.31):

Issuer title	Country	Currency	Value, NOK	Value, EUR	Share in net assets, %
Swedbank, AB	LT	NOK	1,288,030	133,947	10.34%
Total	-	-	1,288,0230	133,947	10.34%

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EXPLANATORY NOTES FROM 19 MAY 2015 (ESTABLISHMENT DAY) TO 31 DECEMBER 2015

3.2.2 Equity securities (2015.12.31):

Issuer title	Country	ISIN	Currency	Quantity	Total nominal value, NOK	Total nominal value, EUR	Total purchase value, NOK	Total purchase value, EUR	Total market value, NOK	Total market value, EUR	Share of the issuer	Share in net assets
AB Vilkyškių pieninė	LT	LT0000127508	EUR	27,383	-	-	489,766	50,932	460,801	47,920	0.22928%	3.70%
Altor Bank S.A.	PL	PLALIOR00045	PLN	1,722	39,054	4,061	323,677	33,660	259,707	27,008	0.00246%	2.08%
Apranga AB	LT	LT0000102337	EUR	7,467	-	-	195,303	20,310	185,251	19,265	0.01350%	1.49%
AS O.k.-fr. Olainfarm	LV	LV0000100501	EUR	1,548	-	-	115,065	11,966	105,836	11,006	0.01099%	0.85%
Asseco Poland S.A.	PL	PLSOFTT00016	PLN	3,475	7,881	820	448,692	46,661	447,643	46,552	0.00419%	3.59%
Bank Handlowy w Warszawie S.A.	PL	PLBH00000012	PLN	1,050	9,525	991	261,945	27,241	171,217	17,805	0.00080%	1.37%
Šiaulių bankas AB	LT	LT0000102253	EUR	116,302	-	-	335,508	34,891	333,271	34,658	0.03966%	2.67%
Bank Pekao S.A.	PL	PLPEKA000016	PLN	2,423	5,495	571	1,055,899	109,806	788,558	82,005	0.00092%	6.33%
Bank Zachodni WBK S.A.	PL	PLBZ00000044	PLN	1,079	24,471	2,545	743,073	77,275	694,974	72,273	0.00109%	5.58%
Cyfrowy Polsat S.A.	PL	PLCFRPT00013	PLN	10,486	951	99	599,293	62,322	496,557	51,639	0.00164%	3.99%
Eurocash S.A.	PL	PLEURCH00011	PLN	5,422	12,297	1,279	526,891	54,793	596,389	62,021	0.00391%	4.79%
ING Bank Śląski S.A.	PL	PLBSK0000017	PLN	898	2,037	212	301,620	31,366	238,587	24,811	0.00069%	1.91%
KGHM Polska Miedz S.A.	PL	PLKGHM0000017	PLN	2,300	52,162	5,425	672,632	69,949	331,178	34,440	0.00115%	2.66%
Klaipėdos nafta AB	LT	LT0000111650	EUR	34,420	-	-	122,464	12,735	122,133	12,701	0.00904%	0.98%
Linus Agro Group AB	LT	LT0000128092	EUR	19,827	-	-	131,553	13,681	125,833	13,086	0.01247%	1.01%
LPP S.A.	PL	PLLPP0000011	PLN	29	132	14	514,965	53,553	365,355	37,994	0.00158%	2.93%
mBank S.A.	PL	PLBRE0000012	PLN	456	4,137	430	323,128	33,603	324,731	33,770	0.00108%	2.61%
Merko Ehitus AS	EE	EE3100098328	EUR	1,369	-	-	121,770	12,663	111,633	11,609	0.00773%	0.90%
Olympic Entertainment Group AS	EE	EE3100084021	EUR	29,794	-	-	521,428	54,225	512,833	53,331	0.01963%	4.12%
PGE Polska Grupa Energetyczna	PL	PLPGER000010	PLN	11,995	272,038	28,290	550,876	57,287	347,936	36,183	0.00064%	2.79%
Polski Koncern Naftowy Orlen	PL	PLPKN0000018	PLN	6,360	18,030	1,875	987,323	102,675	978,668	101,775	0.00149%	7.85%
Polskie Gorn.Naft.1 Gazo.	PL	PLPGNIG00014	PLN	31,768	72,047	7,492	462,864	48,135	370,324	38,511	0.00054%	2.97%
Powszechna K.O.(PKO)Bk Polski	PL	PLPKO000016	PLN	17,207	39,024	4,058	1,281,646	133,283	1,066,531	110,912	0.00138%	8.56%
Powszechny Zakład Ubezpieczen	PL	PLPZU0000011	PLN	9,040	20,502	2,132	963,391	100,186	697,479	72,533	0.00105%	5.60%
PRFoods AS	EE	EE310010031	EUR	19,547	-	-	133,454	13,878	73,306	7,623	0.05053%	0.84%
Rokiškio sūris AB	LT	LT0000100372	EUR	7,698	-	-	102,893	10,700	105,114	10,931	0.02146%	0.84%
Silvano Fashion Group AS	EE	EE3100001751	EUR	11,974	-	-	161,199	16,764	147,382	15,327	0.03039%	1.18%
Tallink Grupp AS	EE	EE3100004466	EUR	21,052	-	-	157,900	16,421	173,488	18,042	0.00314%	1.39%
Tallinna Kaubamaia Grupp AS	EE	EE0000001105	EUR	3,348	-	-	190,269	19,787	216,990	22,566	0.00822%	1.74%
TEO LT AB	LT	LT0000123911	EUR	27,392	-	-	276,571	28,763	266,036	27,666	0.00470%	2.14%
Total:	-	-	-	434,831	-	-	13,073,058	1,359,511	11,115,741	1,155,963	-	89.21%

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EXPLANATORY NOTES FROM 19 MAY 2015 (ESTABLISHMENT DAY) TO 31 DECEMBER 2015

3.2.3 Investment allocation according to the criteria of the investment strategy:

Investment allocation	2015.12.31		
	Market value, NOK	Market value, EUR	Share in assets, %
According to investment objects			
Equities	11,115,741	1,155,963	89.21%
Debt securities	-	-	-
Term-deposits	-	-	-
Total	11,115,741	1,155,963	89.21%
According to sectors	-	-	-
Energy	1,819,061	189,170	14.60%
Materials	331,178	34,440	2.66%
Industrials	111,635	11,609	0.90%
Casual consumer discretionary	2,477,254	257,618	19.88%
Consumer discretionary	982,044	102,126	7.88%
Healthcare	105,836	11,006	0.85%
Financials	4,575,055	475,775	36.72%
Information Technology	447,643	46,552	3.59%
Telecommunication services	266,035	27,666	2.14%
Utilities	-	-	-
Total	11,115,741	1,155,963	89.21%
According to geographical area	-	-	-
Lithuania	1,598,439	166,227	12.83%
Latvia	105,836	11,006	0.85%
Estonia	1,235,632	128,498	9.92%
Poland	8,175,834	850,232	65.62%
Total	11,115,741	1,155,963	89.21%

3.3 Number and value of net assets and investment units:

	At the end of the reporting period		In the beginning of the reporting period (from establishment 19.05.2015)	
	NOK	EUR	NOK	EUR
Net asset value	12,440,772	1,293,758	12,799,360	1,517,807
Investment unit's (share's) value	145.3024	15.1105	156.0020	18.4994
Current number of investment units (shares)	85,619.8443		82,046.1519	

3.4 Number and value of distributed and redeemed investment units or shares (2015.12.31):

	Number of investment units (shares)	Value, NOK	Value, EUR
Distributed investment units	14,569.89	2,173,900	239,222
Redeemed investment units	10,996.20	1,639,356	184,921

EXPLANATORY NOTES FROM 19 MAY 2015 (ESTABLISHMENT DAY) TO 31 DECEMBER 2015

3.5 Investment value changes during the reporting period:

Item	At the beginning of the year		Purchased		Sold (redeemed)		Increase in value*		Decrease in value**		At the end of the reporting period	
	NOK	EUR	NOK	EUR	NOK	EUR	NOK	EUR	NOK	EUR	NOK	EUR
Equities	-	-	13,926,200	1,623,156	1,688,430	183,397	1,785,782	42,230	2,907,811	326,026	11,115,741	1,155,963
Total	-	-	13,926,200	1,623,156	1,688,430	183,397	1,785,782	42,230	2,907,811	326,026	11,115,741	1,155,963

* Investments increase in value consists from realized securities sales result (19,746 NOK; 4,430 EUR), realized currency exchange result (872,314 NOK; 719 EUR) and also unrealized securities sale result (116,770 NOK; 25,142 EUR) and unrealized currency exchange result (776,952 NOK; 11,939 EUR).

** Investments decrease in value consists from realized securities sales result (1,103,074 NOK; 38,480 EUR), realized currency exchange result (83,402 NOK; 12,431 EUR) and also unrealized securities sale result (877,659 NOK; 234,913 EUR) and unrealized currency exchange result (843,676 NOK; 40,202 EUR).

3.6 Investment sales results (gains and losses):

Gain on sale of investments: 892,060 NOK; 5,149 EUR

Loss on sale of investments: (1,186,476) NOK; (50,911) EUR

3.7 Payments to brokers:

Broker	Paid amount, 2015		Service
	NOK	EUR	
Swedbank, AB	8,240	925	Brokerage and depository
Neonet AB	2,461	272	Brokerage
Total	10,701	1,197	

EXPLANATORY NOTES FROM 19 MAY 2015 (ESTABLISHMENT DAY) TO 31 DECEMBER 2015

3.8 Financial risk

Risk factors associated with acquisition of units: Subfund's unit value can either increase or decrease. 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 Subfund's investment portfolio, will change due to risk factors relating to the issuer of the securities. To reduce this risk, the Subfund's investment portfolio is diversified among different issuers of securities, which are active in different regions and industries (Note 3.2.4).

Market liquidity risk

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

Market volatility risk

Fluctuations in the market price - 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, expectations for the future, natural disasters and more. The Subfund seeks to reduce the risk by diversifying the portfolio.

Subfund operational risk

There is a risk that if there is a sharp rise in redemption applications of Subfund units, the Subfund will be unable to pay the members of the Subfund for the units redeemed. To reduce this risk, the Subfund will invest as much as possible in liquid securities. Also part of the Subfund assets are 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 Subfund securities' results. The Subfund has not established any upper or lower limits on investments in the specific currency-denominated securities. The Subfund may manage the risks by using derivative instruments (forward exchange transactions and currency options). Derivative financial instruments could be used to offset any adverse change in the Subfund's assets due to exchange rate fluctuations.

Inflation risk

Real Subfund growth may be lower due to inflation, in addition the inflation directly affects the interest rate changes, which may have an impact on Subfund investment portfolio. Historically, investments in equity securities provide sufficient protection against inflation, so the Subfund 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, in management opinion, this should not significantly affect the risk of the portfolio.

Interest rate risk

Change in interest rates can directly affect the Subfund's securities portfolio values. Since the majority of Subfund investment portfolio consists of shares, the direct impact of this risk to the Subfund's investment returns will be minimal. The Subfund 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 Subfund seeks to minimize risk through transactions only with reliable, excellent reputation financial institutions. Most of the Subfund transactions will be conducted in accordance with the payment principle. The Subfund's investment portfolio is diversified in order to reduce positions of substantial influence on the entire investment portfolio, however, there is no guarantee that the Subfund's portfolio value will grow.

HARMONIZED COLLECTIVE INVESTMENT UNDERTAKING DOVRE BALTIC SEA MANAGED BY DOVRE FORVALTNING UAB

Management company c.c. 302589746, address: Konstitucijos 7, LT-09308 Vilnius

EXPLANATORY NOTES FROM 19 MAY 2015 (ESTABLISHMENT DAY) TO 31 DECEMBER 2015Subfund investment objective and investment policy risk

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

Chosen risk management methods

In order to effectively manage the above mentioned risks, the Management Company uses 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.

3.9 Benchmarking:

Benchmark component parts	Index name
70 %	WIG20TR Index
20 %	OMX Baltic Benchmark Capped Index GI
10 %	Norway Government Bond Index 0.25 years (ST1X)

NASDAQ OMX index calculation methodology details are available on NASDAQ OMX's website <http://www.nasdaqomxbaltic.com>, index column. WIG information about the WIG index family is given in the Warsaw Stock Exchange website (<http://www.gpw.pl/>) index column. ST1X index calculation methodology detailed information is available on the website <http://www.oslobors.no>. WIG and OMX selected indices consist of various industrial and service sectors highest liquidity and market capitalization companies' shares from the relevant stock exchange. ST1X index reflects the yields of money market instruments. Currency of the benchmark is NOK.

3.10 Investment returns (calculations are performed in subfund currency – NOK):

	Reporting period	
	NOK	EUR
Unit value change	(6.86)%	(18.32)%
Benchmark index value change	(9.03)%	(20.19)%
Annual total investment return	(6.86)%	(18.43)%
The annual net return on investment	(7.89)%	(19.34)%
Standard deviation of return	10.95%	10.88%
Standard deviation of benchmark return	11.81%	11.92%
Subfund unit and benchmark correlation coefficient values	97.92%	97.17%
Index tracking error	2.66%	2.64%
Alfa ratio	2.65%	8.85%
Beta ratio	93.85%	115.29%

The annual net return on investment – return on investment, calculated on the basis of the contributions and deductions from the assets of the Subfund.

Standard deviation of return – a statistical risk ratio showing how strongly the return fluctuates in relation to the average return.

Standard deviation of benchmark return – statistical risk ratio showing how strongly the benchmark return fluctuates relative to the average return.

Subfund unit and benchmark correlation coefficient – an indicator that shows a statistical dependence of Subfund return and benchmark return.

Index tracking error – a statistical risk indicator that shows the standard deviation of the difference between the return for the Subfund and for the benchmark.

Alfa ratio – an indicator, which shows the difference between the return of the Subfund and the return of the benchmark with comparable risk measures.

Beta ratio – indicator, which shows how the value of the Subfund unit changes when the benchmark value changes.

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EXPLANATORY NOTES FROM 19 MAY 2015 (ESTABLISHMENT DAY) TO 31 DECEMBER 2015

3.11 The daily change in the value of Subfund unit, investment portfolio's daily return and the benchmark index (calculations are performed in subfund currency - NOK):

	Over the last 3 years	Over the last 5 years	Over the last 10 years	Since inception	
				EUR	NOK
The average return	-	-	-	(0.04)%	(0.13)%
The average return of the benchmark	-	-	-	(0.06)%	(0.14)%
The average gross return on investment	-	-	-	(0.04)%	(0.13)%
The average net return on investment	-	-	-	(0.05)%	(0.13)%
The average standard deviation of the Subfund return	-	-	-	10.95%	10.88%

The average return – change of the value of the unit during the same period, expressed as a daily interest rate.

The average return of the benchmark – benchmark's value change over the period, expressed as a daily interest rate.

The average net return on investment – corresponding period's net return on investment, expressed as a daily interest rate.

The average standard deviation of the Subfund return – the standard deviation of the period, expressed as a daily interest rate.

3.12 Deductions for 2015:

Deductions	Deduction size		Deductions accrued during the reporting period		% of the average value of the reporting period's NAV
	maximum, (set in Subfund's documents)	applied during the reporting period	NOK	EUR	
For management			138,003	15,164	1.118%
<i>fixed fee</i>	Management fee – 1.75% of annual NAV		138,003	15,164	1.118%
<i>success fee</i>			-	-	-
For custodian	0.17% of the annual NAV, but not less than 57.92 EUR per month		13,406	1,473	0.109%
For transactions	0.3% from a transaction		10,701	1,197	0.087%
Other expenses:			692	76	0.006%
Expenses included into Total Expense Ratio (TER)*			151,409	16,637	1.226%
TER % from Net Assets			1,226		
Total amount of expenses			162,802	17,910	1.313%
Portfolio turnover rate**			(8.2502)		

* *Total Expense Ratio (TER)* – percentage, which indicates the average amount of net assets that will be allocated to cover the management costs. These expenses directly reduce the investor's return on investment. The transaction costs (remuneration to brokers) are not included into TER

** *Portfolio turnover rate (PTR)* – index, which describes the trading activity of the collective investment undertaking's portfolio measures. Subjects with higher PTR have higher transaction costs.

HARMONIZED COLLECTIVE INVESTMENT UNDERTAKING DOVRE BALTIC SEA MANAGED BY DOVRE FORVALTNING UAB

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EXPLANATORY NOTES FROM 19 MAY 2015 (ESTABLISHMENT DAY) TO 31 DECEMBER 2015

3.13 Cash flows of the reporting period:

	Cash flows	2015, NOK	2015, EUR
I.	Cash flows from main activity	(1,181,467)	(129,247)
I.1.	Cash inflows of the reporting period	1,984,995	216,854
I.1.1.	Money received from the sale of financial and investment property	1,681,738	182,790
I.1.2.	Interest received	8,075	916
I.1.3.	Dividends received	295,182	33,148
I.2.	Cash payments of the reporting period	(3,166,462)	(346,101)
I.2.1.	Cash payments for financial assets and investment property acquisition; fulfilled obligations	(3,031,917)	(331,381)
I.2.2.	Management-related payments	(134,545)	(14,720)
I.2.3.	Other payments	-	-
	Net cash flow from main activity	(1,181,467)	(129,247)
II.	Cash flows from financing activities	2,361,216	271,956
II.1.	Cash inflows of the reporting period. Purchase of investment units	4,006,894	458,369
II.2.	Payouts of the reporting period. Redemption	(1,639,356)	(185,650)
II.3.	Payment of dividends	-	-
II.4.	Loans	-	-
II.5.	Repayment of loans	-	-
II.6.	Interest paid	-	-
II.7.	Cash flows related to other subfunding sources	2,335	254
II.8.	Other increase (decrease) in liabilities	(8,657)	(1,107)
	Net cash flows from financing activities	2,361,216	271,956
III.	Exchange rate changes influence on cash and cash equivalents	108,281	(8,762)
IV.	Net cash flow increase (decrease)	1,288,030	133,947
V.	Cash in the beginning of the reporting period	-	-
VI.	Cash at the end of the reporting period	1,288,030	133,947

Responsible persons

Names, surnames, titles and contact information of the people who are responsible for the report:

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