

**HARMONIZED COLLECTIVE INVESTMENT UNDERTAKING  
SUBFUND „DOVRE BALTIC SEA“  
REPORT FOR THE FIRST HALF OF YEAR 2015**

**I. GENERAL INFORMATION**

**1. Subfund's information:**

Title – „Dovre Baltic Sea“;

Legal form – Subfund of Dovre Umbrella Fund type Harmonized collective investment undertaking;

Establishment date - 09 March 2015.

**2. Reporting period:**

01 January 2015 – 30 June 2015.

**3. Management 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. Subfund 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 Subfund units:**

	<b>At the end of the reporting period</b>	<b>In the beginning of the reporting period (since funds merger 2015.05.15)</b>	<b>A year ago</b>	<b>Two years ago</b>
<b>Net asset value (NAV)</b>	11.886.799,55 NOK; 1.349.775,68 EUR	12.799.360,48 NOK; 1.517.806,72 EUR	-	-
<b>Investment unit's (share's) value</b>	152,6106 NOK; 17,3293 EUR	156,0020 NOK; 18,4994 EUR	-	-
<b>Current number of Subfund units (shares)</b>	77.889,7324	82.046,1519	-	-

**6. Number and value of distributed and redeemed investment units (shares):**

	<b>Number of investment units (shares)</b>	<b>Value</b>
Distributed units	974,91	150.000,00 NOK; 17.032,87 EUR
Redeemed units	5.131,33	785.336,49 NOK; 89.176,91 EUR

### III. INDICATORS OF SUBFUND EXPENSES AND TURNOVER

#### 7. Deductions:

Deductions	maximum, (set in Subfund's documents)	applied during the reporting period	accrued during the reporting period	% of the average value of the reporting period NAV
For management			27.174,11 NOK; 3.150,83 EUR	0,223%
<i>fixed fee</i>	Management fee - 1,75% of annual NAV		27.174,11 NOK; 3.150,83 EUR	0,223%
<i>success fee</i>	-		-	-
For custodian	0,17% of annual NAV, but not less than 57,92 EUR per month		2.639,76 NOK; 306,08 EUR	0,022%
For transactions	0,3% of a transaction value		-	0,000%
Other expenses:			230,00 NOK; 26,67 EUR	0,002%
Other expenses to financial institutions	not more than 0,2 % of annual average NAV		230,00 NOK; 26,67 EUR	0,002%
Expenses included into Total Expense Ratio (TER)*			29.813,87 NOK; 3.456,90 EUR	0,244%
<b>Total amount of expenses</b>			<b>30.043,87 NOK; 3.483,57 EUR</b>	<b>0,244%</b>

\* 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.

#### 8. Remuneration to brokers:

Broker	Paid amount	Service
	-	brokerage
<b>Total:</b>	-	

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

There are no such agreements.

#### 10. An example of deductions influence on investment returns..

Presented only in annual reports.

#### IV. INFORMATION ABOUT SUBFUND'S FINANCIAL INSTRUMENTS PORTFOLIO

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

Issuer title	Country	ISIN	Currency	Quantity	Total nominal value	Total purchase value		Total market value		Interest rate %	Source for market value (web page)	Share of the issuer, %	Share in net assets, %
						NOK	EUR	NOK	EUR				
<b>Equity</b>		ISIN											
Listed in the official trading list											-		
AB Vilkyskiu pienine	LT	LT0000127508	EUR	27.383	7.930,66	448.536,00	50.932,38	455.770,46	51.753,87		<a href="http://www.nasdaq OMXBaltic.com">http://www.nasdaq OMXBaltic.com</a>	0,22928	3,83
Apranga AB	LT	LT0000102337	EUR	7.467	2.162,59	178.862,13	20.310,24	178.204,55	20.235,57		<a href="http://www.nasdaq OMXBaltic.com">http://www.nasdaq OMXBaltic.com</a>	0,01350	1,50
AS O.k.-f.r. Olainfarm	LV	LV0000100501	EUR	1.548	2.198,16	105.378,93	11.966,04	109.741,32	12.461,40		<a href="http://www.nasdaq OMXBaltic.com">http://www.nasdaq OMXBaltic.com</a>	0,01099	0,92
Asseco Poland S.A.	PL	PLSOFTB00016	PLN	2.317	553,08	273.828,57	31.093,92	282.059,98	32.028,61		<a href="http://www.gpw.pl/">http://www.gpw.pl/</a>	0,00279	2,37
Bank Handlowy w Warszawie S.A.	PL	PLBH00000012	PLN	1.050	1.002,55	242.797,31	27.570,24	220.636,53	25.053,83		<a href="http://www.gpw.pl/">http://www.gpw.pl/</a>	0,00080	1,85
Bank of Siauliai AB	LT	LT0000102253	EUR	116.302	33.683,39	307.264,07	34.890,60	295.997,72	33.611,28		<a href="http://www.nasdaq OMXBaltic.com">http://www.nasdaq OMXBaltic.com</a>	0,03966	2,49
Bank Pekao S.A.	PL	PLPEKAO00016	PLN	2.423	578,38	978.713,73	111.135,38	916.573,18	104.079,17		<a href="http://www.gpw.pl/">http://www.gpw.pl/</a>	0,00092	7,70
Bank Zachodni WBK S.A.	PL	PLBZ00000044	PLN	515	1.229,32	404.622,76	45.945,92	369.438,17	41.950,62		<a href="http://www.gpw.pl/">http://www.gpw.pl/</a>	0,00052	3,10
City Service AB	LT	LT0000127375	EUR	7.462	2.161,14	111.713,98	12.685,40	106.456,85	12.088,44		<a href="http://www.nasdaq OMXBaltic.com">http://www.nasdaq OMXBaltic.com</a>	0,02361	0,89
Cyfrowy Polsat S.A.	PL	PLCFRPT00013	PLN	10.486	100,12	555.484,92	63.076,70	521.318,19	59.196,98		<a href="http://www.gpw.pl/">http://www.gpw.pl/</a>	0,00164	4,38
ING Bank Slaski S.A.	PL	PLBSK0000017	PLN	898	214,36	279.571,74	31.746,07	239.740,79	27.223,16		<a href="http://www.gpw.pl/">http://www.gpw.pl/</a>	0,00069	2,01
KGHM Polska Miedz S.A.	PL	PLKGM0000017	PLN	2.300	5.490,18	623.463,54	70.795,84	515.161,23	58.497,84		<a href="http://www.gpw.pl/">http://www.gpw.pl/</a>	0,00115	4,33
Klaipėdos Nafta AB	LT	LT0000111650	EUR	34.420	9.968,72	112.154,30	12.735,40	114.882,38	13.045,18		<a href="http://www.nasdaq OMXBaltic.com">http://www.nasdaq OMXBaltic.com</a>	0,00904	0,96
Linas Agro Group AB	LT	LT0000128092	EUR	19.827	5.742,30	120.478,47	13.680,63	119.605,44	13.581,50		<a href="http://www.nasdaq OMXBaltic.com">http://www.nasdaq OMXBaltic.com</a>	0,01247	1,00
Lubelski Wegiel Bogdank S.A.	PL	PLLWBGD00016	PLN	1.267	1.512,19	229.053,51	26.009,60	138.097,96	15.681,37		<a href="http://www.gpw.pl/">http://www.gpw.pl/</a>	0,00372	1,16
Merko Ehitus AS	EE	EE3100098328	EUR	1.369	926,81	111.518,91	12.663,25	101.271,23	11.499,60		<a href="http://www.nasdaq OMXBaltic.com">http://www.nasdaq OMXBaltic.com</a>	0,00773	0,85
Olympic Entertainment Group AS	EE	EE3100084021	EUR	34.794	13.917,60	557.672,32	63.325,08	566.864,72	64.368,90		<a href="http://www.nasdaq OMXBaltic.com">http://www.nasdaq OMXBaltic.com</a>	0,02292	4,76



trading list													
Total													
Listed in the additional trading list													
Total													
traded in other regulated markets													
Total													
newly issued													
Total													
<b>TOTAL (NON-EQUITY SECURITIES)</b>				-		-		-		-			
<b>Units (shares) of collective investment undertakings</b>		ISIN											
Total													
Other collective investement undertakings													
<b>Total</b>													
<b>Money market instruments</b>		Name											
Total													
Other money marker instruments													
Total													
<b>Total money market instruments</b>				-				-		-			
<b>Deposits with credit institutions (Swedbank)</b>													
<b>Total deposits</b>								-		-			0,00

<b>Derivatives</b>		Name											
Derivatives traded in regulated markets													
Total													
other													
Total													
<b>Total derivatives</b>								-	-				
<b>Cash</b>													
"Swedbank", AB	LT		NOK					1.283.888,01	145.788,68	0			
<b>Total cash</b>								<b>1.283.888,01</b>	<b>145.788,68</b>				<b>10,78</b>
<b>Other instruments unforeseen in the Law of CUI article 57 part1</b>	Brief description						Total value			Purpose			
Payables								(16.913,79)	(1.920,60)				
Receivables								116.467,67	13.225,19				
<b>TOTAL (OTHER)</b>								<b>99.553,88</b>	<b>11.304,59</b>				<b>0,84</b>
<b>TOTAL</b>								<b>11.906.054,30</b>	<b>1.351.962,11</b>				<b>100,00</b>

*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	10.522.612,41 NOK; 1.194.868,84 EUR	88,38%	-	-
Debt securities	-	-	-	-
Term-deposits	-	-	-	-
<b>Total</b>	<b>10.522.612,41 NOK; 1.194.868,84 EUR</b>	<b>88,38%</b>	-	-
<b>According to sectors</b>				
Energy	2.304.085,66 NOK; 261.634,66 EUR	19,35%	-	-
Materials	713.426,67 NOK; 81.011,37 EUR	5,99%	-	-
Industrials	101.271,23 NOK; 11.499,60 EUR	0,85%	-	-
Casual consumer discretionary	1.540.361,94 NOK; 174.911,93 EUR	12,94%	-	-
Consumer discretionary	969.440,86 NOK; 110.082,43 EUR	8,14%	-	-
Healthcare	109.741,32 NOK; 12.461,40 EUR	0,92%	-	-
Financials	3.808.839,88 NOK; 432.503,25 EUR	31,99%	-	-
Information Technology	282.059,98 NOK; 32.028,61 EUR	2,37%	-	-
Telecommunication services	693.384,87 NOK; 78.735,58 EUR	5,82%	-	-
Utilities	-	-	-	-
<b>Total</b>	<b>10.522.612,41 NOK; 1.194.868,83 EUR</b>	<b>88,38%</b>	-	-
<b>According to geographical area</b>				
Norway	-	-	-	-
Poland	7.554.901,55 NOK; 857.877,87 EUR	63,45%	-	-
Lithuania	1.619.415,26 NOK; 183.888,64 EUR	13,60%	-	-
Latvia	109.741,32 NOK; 12.461,40 EUR	0,92%	-	-
Estonia	1.238.554,28 NOK; 140.640,92 EUR	10,40%	-	-
<b>Total</b>	<b>10.522.612,41 NOK; 1.194.868,83 EUR</b>	<b>88,38%</b>	-	-

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

-

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

-

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

-

**16. Further information related to risk amount of derivatives.**

-

**17. How the existing investment portfolio matches/does not match to Subfund's investment strategy (investment trends, investment specialization, geographical area, etc.).**

In May subfund was merged with Dovre Baltic sea fund. Portfolio that subfund took over meet the criteria of subfund's strategy. In the remaining time of reporting period decisions made were within strategic and geographical boundaries.

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

The main influencing factor on subfund's performance was downwards trend in the markets. Polish index fell approximately 7,7% and Baltic markets fell around 0,6% in one and half months' time.

## **V. INVESTMENT RETURNS AND RISK INDICATORS**

This information is not provided in half-year reports.

## VI. FINANCIAL STATUS

### 23. Financial reports prepared in accordance with laws and legislations of the Republic of Lithuania:

#### 23.1. Statement of net assets:

No.		2015.06.30	2014.06.30
<b>A.</b>	<b>ASSETS</b>	<b>11.922.968,09 NOK; 1.353.882,71 EUR</b>	-
I.	CASH	1.283.888,01 NOK; 145.788,68 EUR	-
II.	TERM DEPOSITS	-	-
III.	MONEY MARKET INSTRUMENTS	-	-
IV.	TRANSFERABLE SECURITIES	10.522.612,41 NOK; 1.194.868,84 EUR	-
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	10.522.612,41 NOK; 1.194.868,84 EUR	-
IV.3.	Units and shares of other collective investment undertakings	-	-
V.	RECEIVABLE ACCOUNTS	10.522.612,41 NOK; 1.194.868,84 EUR	-
V.1.	Receivables from sales of investment	-	-
V.2.	Other receivables	116.467,67 NOK; 13.225,19 EUR	-
VI.	INVESTMENTS AND OTHER ASSETS	-	-
<b>B.</b>	<b>LIABILITIES</b>	<b>36.168,54 NOK; 4.107,03 EUR</b>	-
I.	Liabilities of financial and investment asset purchases	-	-
II.	Liabilities to credit institutions	-	-
III.	Liabilities from derivative contracts	-	-
VI.	Payable accounts to the management company and the custodian	19.254,75 NOK; 2.186,42 EUR	-
V.	Other payables and liabilities	16.913,79 NOK; 1.920,60 EUR	-
<b>C.</b>	<b>NET ASSETS (A-B)</b>	<b>11.886.799,55 NOK; 1.349.775,68 EUR</b>	-

### 23.2. Statement of changes in net assets:

No.		2015.06.30	2014.06.30
<b>I.</b>	<b>NET ASSET VALUE AT THE BEGINNING OF THE PERIOD</b>	-	-
<b>II.</b>	<b>INCREASES IN NET ASSET VALUE</b>		
II.1.	Contributions from Subfund participants	150.000,00 NOK; 17.392,43 EUR	-
II.2.	Amounts received from other funds	12.800.335,74 NOK; 1.484.192,79 EUR	-
II.3.	Margin	-	-
II.4.	Interest income	1,24 NOK; 0,14 EUR	-
II.5.	Dividends	103.617,30 NOK; 12.014,38 EUR	-
II.6.	Gains from change in value of investments and sales	267.458,73 NOK; 31.011,71 EUR	-
II.7.	Gains from changes in foreign exchange rates	22.422,74 NOK; 2.599,91 EUR	-
II.8.	Gains from derivative transactions	-	-
II.9.	Other increase in net asset value	-	-
III.10	Gains from translation difference	-	-
	<b>TOTAL INCREASE:</b>	<b>13.343.835,75 NOK; 1.547.211,36 EUR</b>	-
<b>III.</b>	<b>DECREASE IN NET ASSET VALUE</b>		
III.1.	Payments to Subfund participants	785.336,49 NOK; 91.059,39 EUR	-
III.2.	Payments to other funds	-	-
III.3.	Losses from change in value of investments and sales	641.630,42 NOK; 74.396,74 EUR	-
III.4.	Losses from changes in foreign exchange rates	-	-
III.5.	Losses from derivative transactions	-	-
III.6.	Management costs:	30.043,87 NOK; 3.483,57 EUR	-
III.6.1.	Remuneration to the management company	27.174,11 NOK; 3.150,83 EUR	-
III.6.2.	Remuneration to the custodian	2.639,76 NOK; 306,08 EUR	-
III.6.3.	Remuneration to brokers	-	-
III.6.4.	Audit costs	-	-
III.6.5.	Other costs (e-banking costs)	230,00 NOK; 26,67 EUR	-
III.7.	Other loss in net asset value	25,43 NOK; 2,95 EUR	-
III.8.	Cost reimbursement (-)	-	-
III.9.	Distribution of profit	-	-
III.10	Loss from translation difference	0,00 NOK; 28.493,02 EUR	-
	<b>TOTAL DECREASE:</b>	<b>1.457.036,20 NOK; 197.435,67 EUR</b>	-
<b>IV.</b>	<b>NET ASSET VALUE IN THE END OF THE PERIOD</b>	<b>11.886.799,55 NOK; 1.349.775,68 EUR</b>	-

### 23.3. Explanatory notes

#### 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 09 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 – 1 January 2015 – 30 June 2015.

The Subfund has no employees.

The management fee - 1,75 % of Subfund's annual net assets value (NAV).

#### 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 (Prospectus par. 27). The Subfund specializes in the geographical area: Lithuania, Latvia, Estonia, Poland and Norway. The Subfund shall not specialize in industries.

The Subfund will invest in those financial instruments that meet the Subfund's objectives and investment policy. The major part of Subfund's assets will be invested into listed stocks. The goal of the

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.

The Management Company which manages the assets of the Subfund may not borrow on the account of the Subfund except for loans with duration of 3 months up to 10% of its net assets to maintain liquidity. This shall not constitute a prohibition to borrow foreign currency for the purpose of acquisition of transferable securities or money market instruments, provided the lender has submitted at least an equivalent amount in another currency in order to secure repayment of the loan.

#### 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.

## **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.

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

*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 Subfund'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 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.

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

Subfund's 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.

### **Financial risk**

Risk factors associated with acquisition of units: investors should note that the Subfund'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 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 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 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 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, expectations for the future, natural disasters and more. The Subfund will seek 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 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 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 will 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 this should not significantly affect the risk of the portfolio.

#### Interest rate risk

Change in interest rates can directly affect the Subfund's portfolio securities values. Since the majority of Subfund investment portfolio will consist 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 will seek 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 will be 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.

#### Subfund 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 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.

## 24. Full text of audit opinion

-

## 25. Information on Subfund's operating income and expenses incurred during the reporting period:

<b>I.</b>	<b>Income from investment activities</b>	
1.	<i>Income on interest</i>	1,24 NOK; 0,14 EUR
2.	<i>Realized gains on investments in:</i>	126.040,05 NOK; 14.614,28 EUR
2.1.	equity securities	126.040,05 NOK; 14.614,28 EUR
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>	(374.171,69) NOK; (43.385,03) EUR
3.1.	equity securities	(374.171,69) NOK; (43.385,03) EUR
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>(248.130,40) NOK; (28.770,60) EUR</b>
<b>II.</b>	<b>Costs</b>	
1.	<i>Operating expenses:</i>	30.069,30 NOK; 3.486,52 EUR
1.1.	deductions for management	27.174,11 NOK; 3.150,83 EUR
1.2.	deductions for custodian	2.639,76 NOK; 306,08 EUR
1.3.	payments to brokers	-
1.4.	payments for audit	-
1.5.	other deductions and expenses	230,00 NOK; 26,67 EUR
2.	<i>Other expenses (subscription fee)</i>	25,43 NOK; 2,95 EUR
	<b>Total costs</b>	<b>30.069,30 NOK; 3.486,52 EUR</b>
<b>III.</b>	<b>Net income</b>	<b>(278.199,70) NOK; (32.257,12) EUR</b>
<b>IV.</b>	<b>Payments (dividends) to Subfund units holders</b>	-
<b>V.</b>	<b>Reinvested earnings</b>	-

## 26. Other significant information about the Subfund's financial situation. Factors and circumstances that have an impact on the collective investment undertaking's assets or liabilities.

-

## VII. INFORMATION ON DIVIDEND PAYMENT

**27. 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 Subfund does not pay dividends.

## VIII. INFORMATION ABOUT BORROWED FUNDS

**28. Collective investment undertaking's 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 Subfund's net assets, %
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

## IX. OTHER INFORMATION

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

-

## X. RESPONSIBLE PERSONS

**30. Names (legal titles), addresses, license numbers and business names of consultants, whose services were used in preparing this report (brokerage firms, auditors, etc.).**

-

**31. Names, surnames, titles and workplaces of persons who prepared the report (if they are not employees of the Company).**

-

**32. Signatures of the director of the Management company and persons who prepared the report as confirmation that the information presented in this report 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 Gytė Maleckaitė, certify that the information presented in this report is correct and there is no omission likely to have a significant impact on the values of the indicators:

\_\_\_\_\_

I, Subfund's "Dovre Baltic Sea" accountant Solveiga Brazauskaitė, certify that the information presented in this report is correct and there is no omission likely to have a significant impact on the values of the indicators:

\_\_\_\_\_

**33. Persons responsible for the information provided in this report:**

**33.1. Names, surnames, titles and contact information of persons who prepared the report**

Gytė Maleckaitė, tel. +37052683461, fax. +37052683463, gm@dovreforvaltning.no.

Solveiga Brazauskaitė, tel. +37052683460, fax. +37052683463, sb@dovreforvaltning.no.

**33.2. Names, surnames and contact information of the consultants.**

Consultants' services were not used for preparation of this report.