

BALTIC CORPORATE BOND FUND

PROSPECTUS

The logo watermark is centered on the page. It features a stylized 'M' above a graphic of a sun or starburst with radiating lines. Below this is the word 'MILVAS' in large, spaced-out capital letters, and 'EST. 2018' in smaller capital letters below it.

**Open-Ended Investment Fund Intended for Informed
Investors**

Approved on 23/11/2023 by MILVAS UAB Management Decision No. 29



DISCLOSURE

This Prospectus (hereinafter the Prospectus) is based on the information available at the publication date of the Prospectus. Unless expressly indicated and the content requires otherwise, all the information of the Prospectus must be perceived as corresponding to the actual circumstances at the publication date of the Prospectus.

The Fund is an open-end investment fund for informed investors who invest in investment instruments which are described in detail in this document and the Rules of the Fund.

This Prospectus is not and should not be considered as a recommendation to buy or sell the Fund units. When making their decision to enter into a sale and purchase agreement for the Fund units and acquire respective Fund units, investors must rely on their own assessment from analysing the Fund's prospects, the conditions of this Prospectus and the Rules of the Fund, including but not limited to, all the advantages and risks related to investment in the Fund. The contents of this Prospectus cannot be perceived as investment, legal or tax advice. To fully understand the advantages and risks related to investment in the Fund, each potential investor should consult his or her financial, legal, business or tax advisor.

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

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

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

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I. General information

Terms and definitions used in this document

All capitalised terms used herein are understood as they are specified in this section of the Rules. This section of the Rules only highlights the key terms.

Accelerated Redemption means redemption of units that can be submitted during the Fund's activity period and according to which the redemption of Investment Units is carried out for the NAV and the value of the Fund's investment units calculated at the end of the following calendar month.

Investment Fund (or Fund) means a collective investment undertaking Baltic Corporate Bond Fund intended for informed investors, the assets of which are held by legal or natural persons by right of common fractional ownership and are managed by trust by the management company of a collective investment undertaking.

Investment Unit means a transferable security evidencing the co-owner's right to a part of assets constituting an investment fund.

Investment Agreement means an agreement regulating the purchase of Investment Units.

Investor means a participant or a prospect participant of the collective investment undertaking intended for informed investors.

Law means the Law on Collective Investment Undertakings Intended for Informed Investors of the Republic of Lithuania.

Management Company means Milvas UAB acting in accordance with the law on collective investment undertakings intended for informed investors.

Net Asset Value (NAV) means the difference between the value of assets of an investment fund and non-current and current liabilities of the investment fund.

Prospectus means this document.

Regular Redemption means redemption of units that can be submitted during the Fund's operating period and according to which the redemption of Investment Units is carried out at the calculated NAV and the value of the Fund's investment units at the end of the third calendar month.

Supervisory Authority means the Bank of Lithuania.

1. Main information on the Fund

Main information about the Fund and the Management Company:

Name of the Fund	Open-ended investment fund intended for informed investors Baltic Corporate Bond Fund
Legal form	Open-ended investment fund intended for informed investors without any rights of a legal entity
Registered office	Konstitucijos pr. 15-94, Vilnius, Lithuania
Phone number	+370 625 92066
Email	info@milvas.lt

Website	www.milvas.lt
Start date of the business activity	28/05/2019
Duration	Open-ended
Name of the Management Company	Milvas UAB
Management Company address	Konstitucijos pr. 15-94, Vilnius, Lithuania
Management Company phone No.	+370 625 92066

Information on the depository:

Name	SEB bank
Company code	112021238
Address	Gedimino pr. 12, LT-01103 Vilnius, Lithuania
Type of company	Limited company
Main activity	Banking activity
Managers	Raimondas Kvedaras

Phone number	(8 5) 268 2800
Email	info@seb.lt
Name	SEB bank

2. Main information on the investment units offered by the Fund

The value of a Fund unit at the start date of the business activity is EUR 100 (one hundred euros).

3. Short description of investment strategy

The Fund shall invest in bonds issued by companies. The largest part of Fund’s assets shall be invested in bonds issued by companies operating in the Baltic States. The Fund shall invest in companies with the history of business activity that seek at diversifying their sources of liabilities and issuing their bonds publicly or non-publicly.

4. Risk related to the purchase of the investment units and investments

The main risks undertaken by the investors are listed below. This list of risks is not complete and essentially represents only general risks associated with the investment objects of the Fund.

Credit risk defines the risk occurring when the issuer is not able to fulfil its liabilities to the creditors. This risk is the most critical to those investing in held-to-maturity bonds. The credit risk is associated to the likelihood of issuer bankruptcy and the value of the assets recovered in case of bankruptcy — based on these factors, the issuers receive their credit rating. The likelihood of bankruptcy is related to the actual

conditions of economic life and financial market. In some cases, the number of bankruptcies increases exponentially (usually during a crisis). Therefore, a possibility of the Fund experiencing severe losses due to the issuers' failure to fulfil their liabilities exists.

Recovery risk and subordination: specific emphasis should be placed on the position of the bond in the issuer's capital structure, as it is directly related to the value of assets recovered in case of bankruptcy (recovery ratio). Retrospectively, subordinated bonds are characterised by the lowest recovery ratio. Low recovery ratio is also inherent to bonds issued not by the parent company of the issuer but rather its subsidiaries or special purpose vehicles (SPV). The recovery ratios are retrospectively lower during large scale economic crises. The Manager of the Fund shall aim at minimising the investments to subordinated bonds or bonds issued by subsidiaries, however, they cannot fully eliminate the possibility that in case of frequent bankruptcies, the value of Fund's assets can decrease significantly due to the low recovery ratio.

Liquidity risk: typically, investment objects of the Fund are less liquid than the Government bonds which are more popular among investors. This often leads to a wide bid-ask spread on the market which in some cases may prevent the Fund from disposing of one or all of its bonds at best market price. This causes a risk that at some point the Fund's liquidity reserve may be insufficient to fulfil its obligations to investors.

Market risk: the market value of bonds held by the Fund may fluctuate and regularly change even when there are no company-related news or at a steady company risk level. Bond prices also depend on monetary policy and especially on the changes of

interest rates. These factors influence the Fund's NAV and in turn the value of investment units.

Operational risk: there is a possibility to incur losses caused by people, systems, inadequate or failed internal processes or external events, including legal risk. Should this risk materialise, there is a possibility of the decrease of the Fund's NAV and the value of its investment units.

Currency risk is associated with the part of Fund's assets invested in the bonds denominated in currencies other than euros. Foreign currency rates may fluctuate against the euro and, in some cases, decrease the return on investment. This is significant even when the foreign currency is pegged to euro and its exchange rate does not fluctuate over time. This causes a possibility of the Fund incurring losses related to changes in currency exchange rates.

Investment portfolio risk is caused by an excessive concentration of investments in a certain company, sector or bonds with similar characteristics. The Manager of the Fund aims at minimising this risk by diversifying the investments as specified in these Rules. This risk is particularly relevant during the first 24 months of the Fund's activity.

Political risk is related to a possibility to incur financial losses due to certain political decisions or events.

5. The Prospectus publishing date and place

This Prospectus is published at www.milvas.lt on the next day after receiving an approval from the Bank of Lithuania.

6. Where to access the Prospectus, documents of association, annual and semi-annual reports and other information on the Fund

The Prospectus, rules, various statements (including audit report) are provided at www.milvas.lt or at a personal request of potential buyers of the Fund units and current investors. All requests may be submitted via email info@milvas.lt or may be arranged for a meeting with the employees of the Management Company using the contact details provided on the website.

7. Underwriters of the investment units of the collective investment undertaking

The Fund units are offered by:

Name	Milvas UAB
Company code	304955295
Address	Konstitucijos pr. 15-94, Vilnius, Lithuania
Phone number	+370 611 31 863

8. Persons responsible for the information provided in the Prospectus

CEO	Igorius Pancerevas, +370 611 31 863
Fund manager	Tautvydas Marčiulaitis, +370 625 92 066

9. Information about the audit

Audit of the Fund and Management Company is carried out by:

Name	Mazars Lithuania Audit, UAB
Company code	303150218
Address	Lvivo 25, Vilnius
Phone number	+370 615 44719
Auditing license number	Nr. 001521

10. State taxation policy with respect to the collective investment undertaking and its participants

Profit tax and other taxes paid by the Fund:

The Fund is not a legal entity; therefore, it is not liable for taxes applied to legal entities.

Taxation policy to permanent residents of Lithuania:

Investors (permanent residents of Lithuania) undertake to pay a personal income tax the rate of which is set based on the valid legal acts of the Republic of Lithuania, calculated from all the capital revenue (capital appreciation) earned by the investor. Gains earned from the sale/transfer of financial instruments (including the transfer of the Fund units) are not subject to income tax unless they exceed the amount indicated in the valid legal acts of the Republic of Lithuania over one calendar year. The tax rate and the tax-free amount is subject to changes.

The Fund intends to regularly pay periodic payments (dividends) to its Investors. Where the Fund makes such payments, the Investors (permanent residents of Lithuania) shall pay a personal income tax, the rate of which is set based on the valid legal acts of the Republic of Lithuania, calculated from all the dividends the investor receives. Incomes received in the form of dividends are not subject to income tax unless they exceed the amount indicated in the valid legal acts of the Republic of Lithuania over one calendar year. The tax rate and the tax-free amount is subject to changes.

Taxation of income earned by an investor from the transfer of the Fund units or dividends may depend on the Investor's personal situation and/or location of investment. Therefore, in case of any questions concerning the investor's taxation he or she should approach professional consultants specialising in this field.

The State Tax Inspectorate of the Republic of Lithuania will provide you with all the relevant information about taxes related to investment funds.

Taxation of legal entities

Having transferred the Fund units, a legal entity participating in the Fund (including foreign undertakings operating through a permanent office in the Republic of Lithuania) acknowledges the gains (the difference between the purchase and sale prices of the Fund units), which are subject to income tax, the rate of which is set based on the valid legal acts of the Republic of Lithuania. The income shall be declared and the tax shall be paid in accordance with the procedure established by the law on income tax of the Republic of Lithuania.

Taxation of non-permanent residents of the Republic of Lithuania and foreign entities

Income profit received by a non-permanent resident of Lithuania or a foreign entity from capital increase is not subject to the Law on income tax of the Republic of Lithuania.

Additional disclosure:

Each member of the Fund is liable for proper calculation, declaration and payment of taxes for which he or she is liable. All the tax rates are subject to changes and may depend on various factors, including but not limited to, changes of the tax environment, personal situation of the investors and other reasons. The information on the taxes paid by the investors and the Fund provided herein is not and should not be considered a tax consultation.

11. Dates of the financial statements, profit distribution and financial year of the collective investment undertaking

Financial statements of the Fund are drawn up and published within 6 months from the end of the financial year.

The currency of the financial statements is euros.

The financial year of the Fund corresponds to the calendar year.

The profit may be distributed to the Fund's participants during the activity period of the Fund only in exceptional cases and after receiving an approval from 50% of the Fund's participants as specified in the Rules of the Fund. Generally, the income of the Fund shall be re-invested.

12. The rights of the participant

Every participant of the investment Fund has the following rights:

At any time, to request from the Management Company to redeem his/her Fund units at the conditions laid out in the Rules of the Fund and its Prospectus.

To receive a part of the Fund's income based on the conditions laid out in these Rules of the Fund and its Prospectus, should the Management Company reach a decision to distribute the income of the Fund.

If the Fund is dissolved, to receive a part of the Fund's assets based on the conditions laid out in these Rules and the Prospectus.

At any time, to request and receive the information on the Investment Fund and the Management Company, the units they hold and their value as set forth in the Law.

Having received a written advance approval from the Head of the Management Company, to sell, gift or otherwise transfer his or her Fund units (or their right of ownership) to third parties if the person in question has the status of an informed or professional investor and meets all the requirements of an Investor set forth in these Rules and the Prospectus.

To vote on the amendments of the Rules as defined in the Rules of the Fund.

To exercise other rights laid out in the Rules of the Fund, its Prospectus and legal acts of the Republic of Lithuania.

13. The Administration Manager, Chief Financial Officer, Consultants who prepared or participated in the preparation of this prospect and are responsible for the accuracy of the information, certify by signature that the information provided herein is accurate and that no facts that may

have material influence on the decisions of the investors have been omitted.

I, CEO of Milvas UAB Igorius Pancerevas, certify that the information provided herein is accurate and that no facts that may have material influence on the decisions of the investors have been omitted.

II. Information on the capital, distribution of income and costs

14. Equity capital

The Fund has no authorised capital. Its equity capital is at all times equal to the value of its net assets and fluctuates depending on the issue (sale) and redemption of the Fund units.

The initial capital of the Fund shall consist of the money transferred to the Fund by the investors in accordance with the initial sale and purchase agreements of the Fund units, based on which the Fund units shall be offered.

15. Net asset evaluation methods

The Fund's NAV is set at least once a month on the last business day of every month and at the end of each financial year.

When setting the Fund's NAV, the following are calculated:

- i) The value of all the assets;
- ii) The value of all the liabilities;
- iii) The NAV is considered as the difference between the value of all the assets of an investment fund and all its liabilities.

The calculation of assets and liabilities is based on their actual value which reflects the net asset value for which the Fund is most likely to dispose of its assets. The assets (or part thereof) may be written off only when the rights to the assets (or part thereof) have been exercised, when the rights have expired or when the said rights have been transferred. The liabilities (or part thereof) may be written off only when

they have been extinguished, i.e., when the contractual liabilities (or part thereof) have been fulfilled, have expired or have been cancelled.

The liabilities of the Fund are calculated in accordance with the Accounting Standards for Business.

The assets of the Fund (both liabilities and the NAV) are calculated in euros. If part of Fund's assets or liabilities are denominated in a foreign currency, while calculating the NAV such assets or liabilities are converted based on the euro foreign exchange reference rates published by the European Central Bank on the day that the monthly NAV is calculated or based on the euro foreign exchange reference rates published by the Bank of Lithuania in cases when the European Central Bank fails to publish the euro foreign exchange reference rates.

Debt securities and money market instruments not sold on regulated markets are evaluated as follows:

The instruments with a maturity period exceeding one year are evaluated as follows:

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

Where:

K — total value of the instrument (calculated for one hundred euros of the nominal value);

S_i — 1st cash flow of one hundred euros of the instrument's nominal value (coupon payment or a payment made at the time of redemption);

Y — profitability of the instrument (expressed as a percentage), evaluated based on the market data;

H — number of coupon payments per year (if the instruments have no coupons, this number corresponds to the standard number of coupon payments of other instruments);

n — number of outstanding coupon payments prior to the redemption of the instrument (if the instruments have no coupons, relative number of coupon payments);

Pi — number of coupon periods from the day the NAV was calculated until the payment day of the 1st cash flow (may be a fraction). If the instrument has custom coupon periods, please calculate the number of coupon periods assuming that all the periods are standard.

The instruments with a maturity period not exceeding one year are evaluated as follows:

$$K = \sum_{i=1}^n \frac{S_i}{1 + \frac{Y}{100} \times \frac{d_i}{360}}$$

Where:

K — total value of the instrument (calculated for one hundred euros of the nominal value);

Si — 1st cash flow of one hundred euros of the instrument's nominal value (coupon payment or a payment made at the time of redemption);

Y — profitability of the instrument (expressed as a percentage), evaluated based on the market data;

n — number of outstanding coupon payments prior to the redemption date of the instrument (if the instruments have no coupons, relative number of coupon payments);

di — number of days from the NAV calculation day until the redemption day (coupon payment day).

In other cases, and if other methods of valuation are more accurate than the above formulas, the instruments are evaluated:

- i) Using the profitability data and (or) prices provided by Bloomberg or Reuters news agencies;
- ii) Based on the average best purchase of specific issue of the day published by two commercial banks operating in the Republic of Lithuania;
- iii) Having assessed the value of securities by the method of accrued interests (amortised value of securities);
- iv) Based on the estimated sale price calculated using the discounted cash flow method;
- v) Based on the information on the price of financial instruments published by Nasdaq Baltics and taking into account the liquidity of the market and the number of transactions.

The profitability of the **financial instruments of the Republic of Lithuania** is estimated based on the average best purchase of the specific issue of the day published by at least two commercial banks operating in the Republic of Lithuania. The value of financial instruments of the Republic of Lithuania bought at auction is established using the formulas approved by the Bank of Lithuania.

Fixed-term bank deposits are evaluated based on the amortised cost.

Cash and funds held at credit institutions are evaluated based on their nominal value.

The initial value of a Fund unit is EUR 100 (one hundred euros).

The value of the Fund units is calculated by dividing the NAV by the total number of issued units in circulation. The value of the Fund unit is rounded to the nearest four decimal places in accordance with the arithmetic rules for rounding.

The Fund's NAV and value of the investment units shall be published by 5 PM (Lithuanian time) of the 5th day of the following month on the website of the Management Company at www.milvas.lt.

16. Rules of income disbursement and use

The income of the Fund is used to cover the expenses of the Fund and increase the Fund's assets. The income may be distributed as follows:

- i) The Management Company is not obliged but plans to make periodic payments from the assets of the Baltic Corporate Bond Fund.
- ii) The Company plans but is not obliged to pay to the investors a part of the free money accumulated by the Fund until the 10th business day of every month without exceeding the 0.35% of the Fund's net asset value. Payments shall be made pro rata based on the number of units held by every Investor.
- iii) In cases when due to excess liquidity or other important reasons the Board of the Management Company reaches a decision to disburse a larger portion of the Fund's assets, the Management Company shall offer to the Investors to redeem a proportionate part of the Fund units.

iv) Having received an approval from at least 50% of all the participants holding the Fund's units, the Management Company shall redeem the number of the Fund's units indicated in the offer for the value of investment units of the next month. If less than 50% of the investors agree to disburse additional income which is not specified in point 9.2, the disbursement of the income shall not be initiated.

17. Expenses

The Total Expense Ratio (TER) is a percentage that shows an average share of the Fund's net assets is associated with its management expenses. These expenses directly lower the Investor's return on investment.

The TER during the first year of Fund's activity should not exceed 5%.

Later, the Fund's TER should normalise to approx. 2%. The largest share of this ratio, i.e., 1.4% is paid to the Management Company for the management of the Fund. This amount is also used to cover the accounting, audit and other expenses of the Fund.

The TER evaluation is carried out without taking into account the transaction expenses, which are usually included in the prices of securities, offering and redemption fees that are directly paid by the Investor transferring (selling) the Fund units.

The Portfolio Turnover Ratio (PTR) describes the trade activity of the financial instruments in the investment basket. The higher the ratio, the bigger costs are experienced by the Fund.

Estimated expense structure of the Fund

Management Company fee	1.4% of the average annual NAV of the Fund.
Depository fee	Up to 2% of the average annual NAV of the Fund <i>(no less than the minimal amount specified in the Rules of the Fund)</i>
Asset holding expenses	Up to 0.2% of the average annual NAV of the Fund.
Offering fee	Up to 1% of the invested amount (paid by the Investor)
Banking fees	These expenses are calculated based on the rates of credit institutions whose services are used. Banking fees shall not exceed 0.5% of the average annual NAV of the Fund.
Auditor fee	Covered by the Management Company
Accounting firm fee	Covered by the Management Company

The investor in the Fund may be subject to redemption fee, the size of which depends on the retention period of the Fund units. The rate of the fee is calculated based on the period from the day when the entries are made in the Investor's personal account until the day when the application for redemption is submitted:

If the Investor's application for the redemption of Fund units is granted after a	Up to 5% of the redemption amount
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period of less than 180 calendar days from the purchase date of the same units	
If the Investor's application for the redemption of the Fund units is granted after a period of less than 360 calendar days, but more than 179 calendar days from the purchase date of the same units	Up to 3% of the redemption amount
If the investor's application for the redemption of the Fund units is granted after a period of more than 359 calendar days from the purchase date of the same units	Not applicable
If the investor's Accelerated application for the redemption of the Fund units is granted after a period of more than 359 calendar days from the purchase date of the same units	Up to 1.5% of the redemption amount

The Management Company covers the accounting, audit, advertisement and other expenses specified in the Rules for the benefit of the Fund. These expenses are covered from the fee paid to the Management Company.

All the expenses covered by the Fund's assets shall not exceed 5% of the average annual NAV of the Fund.

III. Data on the investment units

18. Information on the investment units offered by the Fund

Type:

Fund units are transferable securities evidencing each investor's right to a fraction of the assets constituting a Fund.

Classes:

The Fund units are not grouped into classes.

Proof of the right of ownership:

The investor acquires the right of ownership when the money he/she invested is converted to the Fund units and the manager of personal accounts makes the relevant entry in the Investor's personal account of transferable securities.

The manager of personal accounts of the issued investment units:

Personal accounts are managed by:

Name	SEB bank
Company code	112021238
Address	Konstitucijos pr. 24, LT-08105 Vilnius
Main activity	Banking activity
Type of agreement with the management company	Depository services

Rights and obligations granted by the investment units

Every participant of the Investment Fund has **the following rights:**

At any time, to request from the Management Company to redeem his/her Fund units at the conditions laid out in the Rules of the Fund and its Prospectus.

To receive a part of Fund's income based on the conditions laid out in these Rules of the Fund and its Prospectus, should the Management Company reach a decision to distribute the income of the Fund.

If the Fund is dissolved, to receive a part of the Fund's assets based on the conditions laid out in these Rules and the Prospectus.

At any time, to request and receive the information on the Investment Fund and the Management Company, the units they hold and their value as set forth in the Law.

Having received a written advance approval from the Head of the Management Company, to sell, gift or otherwise transfer his or her Fund units (or their right of ownership) to third parties if the person in question has the status of an informed or professional investor and meets all the requirements of an Investor set forth in these Rules and the Prospectus.

To vote on the amendments of the Rules as defined in the Rules of the Fund.

To exercise other rights laid out in the Rules of the Fund, its Prospectus and legal acts of the Republic of Lithuania.

Every participant of the Investment Fund has **the following obligations:**

Immediately, but no later than within 10 calendar days from the fact, inform the Management Company about the changes of the information related to the Investor who is a natural person, including name, surname, personal number, residential address, email, phone number, bank account number and other details. Investors who are legal entities shall inform about the changes related to the company code, registered office address, head or authorised representative, email, phone number, bank account number and other details within 10 days from the date of the change.

To inform the Management Company in writing of his or her intent to sell, gift or otherwise transfer his or her Fund units (or their right of ownership) to third parties and refrain from the transaction unless the authorisation of the Management Company is obtained.

If the Fund units are considered a joint community property, prior to requesting to redeem the Fund units, the Investor shall submit a written proof that the spouse consents to the sale or a power of attorney certified by a notary public to perform this transaction without a separate consent from the spouse.

To fulfil all the obligations set forth in the Agreement on the sale and purchase of the Fund Units.

To perform other duties laid out in this Agreement, the Rules of the Fund, its Prospectus and other obligations set forth in the legal acts of the Republic of Lithuania.

19. Fund income disbursement (Dividends)

The income may be disbursed as follows:

- i) The Management Company is not obliged but plans to make periodic payments from the assets of the Baltic Corporate Bond Fund.
- ii) The Company plans but is not obliged to pay to the investors a part of the free money accumulated by the Fund until the 10th business day of every month without exceeding the 0.35% of the Fund's net asset value. Payments shall be made pro rata based on the number of units held by every Investor.
- iii) In cases when due to excess liquidity or other important reasons the Management Company reaches a decision to disburse the outstanding Fund money, the Management Company shall offer to the Investors to redeem a proportionate share of the Fund's investment units.
- iv) Having made an offer specified in point iii) and received an approval from at least 50% of all the participants holding the Fund units, the Management Company shall redeem the number of the Fund's investment units indicated in the offer for the value of investment units of the next month. If less than 50% of the investors agree to disburse the income, the disbursement of the income shall not be initiated.

20. Liquidation or dissolution

The Fund may be liquidated under the following conditions:

- i) Having assigned the management functions to another management company;
- ii) Having revoked the licence of the Management Company;
- iii) Having initiated compulsory liquidation of the Management Company;
- iv) When bankruptcy proceedings are initiated against the Management Company;

- v) Upon the Management Company's decision to liquidate;
- vi) In other cases specified in the legal acts of the Republic of Lithuania.

Decision to liquidate the Fund is approved by 2/3 votes of the members of Board of the Management Company. The whole liquidation process of the Fund is carried out in accordance with the Law and other legal acts of the Republic of Lithuania. The participant of the Fund has a right to a share of the liquidated Fund's assets.

21. Terms and conditions of the Fund unit issue and procedures for making decisions to issue the Fund units

When incorporating the Fund, the Management Company reached a decision to issue unlimited open-ended Fund units.

22. Terms and procedure for the offering (sale) of the investment units

Places where the units are offered, phone numbers:

The units are offered at the registered office of Milvas UAB. Contact phone numbers are +370 611 31 863 and +370 625 92 066.

Terms and procedure for the sale and purchase transaction:

The Fund units are sold once a month. The investor purchases the Fund units by signing a Fund investment agreement with the Management Company. The investment agreement may be concluded in writing and accessed by visiting the registered office of the company. The agreement is concluded in duplicate originals. The investors who have already concluded an Investment Agreement shall refer for the sale and purchase of the Fund units to the Management Company.

The minimum investment amount is 125 000 euros (one hundred and twenty-five thousand euros). The value of each additional investment in the Fund shall be no less than 10 000 euros (ten thousand euros).

The investors may participate in the Investment Fund only if they are considered to be informed or are professional investors.

Payment terms, procedures, consequences of failing to make the payment on time:

The amount for which the Investor purchases the Fund units is specified in the agreement on the sale and purchase of the Fund units. The Fund units may be settled only in euros.

Investors may submit their Investment Agreements, i.e., requests to purchase the Fund units at any time.

All the agreements concluded before the last business day of the previous calendar month and based on which the money was transferred to the account of the Fund by the last business day of the month on which the agreement was signed become enforceable on the first business day of the calendar month. The agreements are enforced based on the Fund's NAV and the value of the investment units calculated on the last business day of the previous calendar month.

Example: if the investor submits his/her request and signs an agreement before the 31st of May and makes the payment indicated in the investment agreement to the account of the Fund before the 31st of May, then the value of the investment unit shall be calculated based on the data of the 31st of May (or the last business day of May). Based on these

rules, it will be executed until the 5th of June. Therefore, the investor's money shall be converted to the Fund units no later than on the 5th of June, based on the value of the Fund's NAV and investment units on the month of May.

Example No. 2: If the investor submits his/her request and signs an agreement on the 31st of May, but makes the payment indicated in the investment agreement to the account of the Fund during the month of June, the contribution of the Investor shall be converted to the Fund units based on the Fund's NAV and the value of the investment units on the month of June. This means that the investor's money shall be converted to the Fund units on the 5th of July, based on the Fund's NAV and the value of the investment units on the month of June.

If the Fund units are transferred, the entries in the personal accounts of the Investors are made within three days from the day when the Management Company received the documents evidencing the transfer transaction.

The Fund units may be offered only to professional or informed investors as described in the legal acts of the Republic of Lithuania.

Should for any reason the Investor fail to fulfil his/her obligations specified in the Investment Agreement and settle for the Fund units, the Management Company has a right:

- i) To unilaterally terminate all the agreements with the investor;
- ii) To cancel the agreement that the investor fails to honour;
- iii) To reach a mutually acceptable arrangement and change the investment conditions if such changes do not breach the Rules. All the arrangements of such type shall be made in writing.

Starting point of the right of ownership

The investor acquires the right of ownership when the money he/she invested is converted to the Fund units and the manager of personal accounts makes the relevant entry in the Investor's personal account of transferable securities.

23. Terms and procedure for the redemption of the investment units, suspension of redemption

Places where the units are redeemed, phone numbers:

The units are redeemed at the registered office of Milvas UAB. Contact phone numbers are +370 611 31 863 and +370 625 92 066.

Procedure for submitting an application for redemption of the investment units:

Redemption of the Fund units is not limited. The Fund units shall be redeemed upon request from the Investors during the activity period of the Fund. The Fund units are redeemed by referring to the Management Company in writing. The Fund units are redeemed by submitting a completed free-form application. The application may be written or sent via email. The Investor submitting the application has to confirm in writing that the units to be redeemed are his/her personal property. In cases when the Fund units are considered a joint community property, the Investor shall submit to the Management Company a power of attorney certified by a notary public to

perform such transactions without a separate consent from the spouse; alternatively, the application for the redemption of units shall be signed by both spouses.

The application for the redemption of the Fund units shall include the number of sold Fund units.

Terms and procedure for the settlement with the participants of the Fund after the redemption of the units:

The investors are free to submit applications for the redemption of the Fund units at any time. However:

- i) At the moment the investor submits his/her application for the regular redemption of the Fund units, the submission date of the request is documented. The redemption of the Fund units is initiated 3 calendar months after the submission date, based on the NAV and the value of the Fund units calculated at the end of the third calendar month.

Example: The investor submits an application for the redemption of his/her Fund units on the 15th of April. The submission date of the request is documented. The redemption is initiated three months after this date and the redemption amount is calculated based on the NAV and the value of the Fund units calculated on the last business day of the month of July (the closest calculation day of the NAV and the value of the Fund units).

- ii) At the moment the investor submits his/her application for the accelerated redemption of the Fund units, the submission date of the request is documented. The redemption of the Fund units is initiated the

following calendar month after the submission date, based on the NAV and the value of the Fund units calculated at the end of the following calendar month.

Example: The investor submits an application for the redemption of his/her Fund units on the 15th of April. The submission date of the request is documented. The redemption is initiated the following month after this date and the redemption amount is calculated based on the NAV and the value of the Fund units calculated on the last business day of the month of May.

- iii) The employee of the Management Company receiving the application for the redemption of the Fund units informs the investor in writing about the specific day, when the value for which the Fund units held by the Investor shall be redeemed is calculated.
- iv) Investors have the right to submit requests to cancel the Regular Redemption of Units. Requests to cancel a Regular Redemption of Units are accepted no later than 15 calendar days before the last day of the month at the end of which value of the units to be redeemed would be calculated. The management company, taking into account the interests of all investors of the Fund, may grant or reject such a request and informs the investors about the decision in writing.

Terms of settlement with the participants of the Fund, the underwriter's responsibility to make payments duly and on time:

The redemption of investment units is settled by making a payment to the account indicated by the Investor in the Investment Agreement no later than within 5 business days from the date when the NAV and the value of the Fund units, for which

the redemption has been carried out, was published. The Management Company undertakes to make a payment within 5 business days. If for some reasons, not directly related to the Management Company, the payment shall be credited to the Investor's account later than the set period, this shall not constitute a delayed payment.

If the payment to the Investor is not made during the set period due to the fault of the Management Company, having received a written request from the Investor, the Management Company undertakes to pay the Investor the delay interest set out in the Civil Code of the Republic of Lithuania.

The Management Company may exercise its right to suspend the redemption and settlement processes in accordance with the procedure established by the Rules of the Fund and its Prospectus if the liquidity reserve is not sufficient to redeem the Fund units or in case of other serious reasons. Every Investor shall be informed of such cases personally.

24. Procedure for establishing the redemption and sale price of the investment units

Main principles, methods and frequency of sale and redemption of the investment units

The Fund's net asset value is determined by subtracting the Fund's financial liabilities from the market value of the Fund's assets.

The value of one Fund unit is calculated by dividing the Fund's NAV by the number of all Fund units in circulation.

The initial value of an investment unit is 100 euros (one hundred euros).

The redemption price of the investment units is established based on the value of the Fund units calculated on the next business day of the previous month (preceding the month when the redemption is carried out) (redemption is carried out on month X based on the value of units established on month X-1, which is calculated on the last business day of month X-1 and published on the 5th business day of month X). This value is established together with the NAV in accordance with the procedure laid out in the Rules of the Fund. If the redemption fee is applied as specified in the Rules of the Fund before settling with the Investor (transferring him/her the money), a redemption fee is withdrawn from the amount offered for the sale of the Fund units, while the outstanding amount is transferred to the Investor.

Information on the increase of the Fund unit price or reduction of the redemption price:

The sale price of the investment units may be increased by the front-end load described in the Rules. This fee is added to the amount indicated in the Investment Agreement.

If redemption fee is applied as specified in the Rules of the Fund, before settling with the Investor (transferring him/her the money) a redemption fee is withdrawn from the amount offered for the sale of the Fund units, while the outstanding amount is transferred to the Investor.

Procedure for publishing the sale and redemption prices of the investment units or shares:

Together with the evaluation of the Fund's NAV, the price of Investment Units is calculated on a monthly basis, at the last business day of every month. The calculated

Fund's NAV and the values of the investment units are published on the website of the Management Company no later than 5 PM (Lithuanian time) of the 5th business day of the next calendar month.

Potential fees or expenses (except for the indicated above) paid by the participants of the Fund or covered from the Fund's assets:

All the taxes paid by the participants of the Fund or covered from Fund's assets are described in point 17 of the Prospectus. The participants of the Fund are not subject to any other fees.

25. Factors that may influence the offering of the investment units

The offering of the investment units may be influenced by changes of the legal acts or force majeure.

IV. Information on investments and risk types

26. History of the Fund's activities

The start date of the Fund's activities is May 2019. During the six months of 2019 Fund generated net return of 4.13% to investors; during the full year of 2020 Fund generated net return of 4.97% to investors; during the full year of 2021 Fund generated net return of 8.24% to investors.

27. Composition of investment portfolio

The Fund shall invest into debt securities issued by companies operating in the Baltic States. As stated in the Rules of the Fund, the Fund may invest a part of the money in the bonds issued by companies operating in other states (belonging to the Europe

Economic Area). A part of the Fund's assets is held in cash to have a liquidity cushion and meet the liquidity needs of the Investors.

28. Objectives and investment policy of the Fund

This Fund aims at ensuring a fair return for Investors from investments into corporate bonds (i.e., investment objects of the Fund). The largest portion of the Fund's assets (at least 51%) shall be invested in publicly and privately offered debt securities issued by the companies demonstrating sustainable growth, having a history of activities and seeking at diversifying their sources of liabilities. To ensure sufficient liquidity, a part of the Fund's assets (no more than 49%) may be invested in bonds issued by the companies operating in the European Economic Area (EEA) that may be denominated in currencies other than the currency of the Fund. No less than 5% of the Fund's assets shall be held in cash or its equivalents.

The Fund is a long-term investment instrument that the investor should hold for at least 3 years. The Manager of the Fund considers the average weighted maturity period of the bonds held by the Fund to be 3–5 years. From the long-term perspective, the Fund will seek at ensuring an average annual return of 5–7% (after deducting all the taxes and fees).

Investment decisions are made by the Investment Committee of the Management Company consisting only of the employees of the Management Company. The Board of the Company shall appoint the members of this Committee for a two-year term. The Committee may only consist of people who meet the requirements set forth in the provisions of Resolution No. 03-217 of the Board of The Bank of Lithuania of 20 November 2018 on the Approval of the Guidelines for the Assessment of Members of the Management Body and Key Function Holders of the Financial Market Participants Supervised by the Bank of Lithuania.

The Investment Committee undertakes to approve all the investment decisions. Investment decision shall be considered approved after reaching a consensus between all the members of the Investment Committee. The Investment Committee decisions shall be made in writing and signed by all the members of the Committee specifying the date of the decision and detailing as much as possible the investment object for which the decision was made.

Since the largest share of the Fund's assets shall be invested in debt securities issued by the companies operating in the Baltic States which are not very liquid, the investors of the Fund face an increased liquidity risk. The Management Company aims at reducing this risk by investing a share of the Fund's assets into liquid transferable securities and keeping a part of the assets as cash or its equivalents.

A part of the bonds purchased by the Fund shall be associated with the issuer's right to redeem them at an earlier time or the investor's right to sell them at an earlier time. Based on Directive 2014/65/EU of the European Parliament and related legal acts, such bonds are considered derivatives of the financial instruments. Unlike the typical derivatives of the financial instruments, whose main risk arises due to the fact that at some point the financial instrument acquired by the investor may become worthless, bonds relating to the options only carry the risk of changes of the final yield, if the issuer or the investor exercises his or her right to early sale or redemption. This risk may reduce the yield of the financial instrument but does not cause any additional risks to the invested capital.

The Fund shall not use any benchmark.

The value of the Fund may be subject to significant fluctuations only in the presence of great recession or severe turbulence in the financial markets. Under normal

conditions, the value of the Fund should grow moderately since the investment objects of the Fund are the instruments of the fixed yield.

The Fund shall not borrow or lend any money.

29. Description of a typical investor in the Fund

This Fund is intended only for professional or informed investors aiming at earning a moderate long-term return and able to assume medium risk directly related to the economic growth of the Baltic States. A typical investor should be a high net worth individual and invest only a portion of his or her assets in the Fund.

Based on the legal acts of the Republic of Lithuania, the Fund is only intended for:

- i) Professional investors — professional clients as defined in the Law on Markets in Financial Instruments of the Republic of Lithuania.
- ii) Natural persons without the status of professional investors who have confirmed in writing to the Management Company their status as that of informed investors and who satisfy at least one of the following requirements:
 - a. Invest or undertake to invest no less than EUR 125 000 or an equivalent amount in another currency;
 - b. Legal entities (or an equivalent entity in another member state) with the right to provide investment services in the Republic of Lithuania having assessed that person's knowledge and experience in the area of investment and confirmed in writing that such a person is capable of adequately perceiving the risk related to investments into the Fund.

- iii) Natural persons without the status of professional investors who are Managers of the Management Company of the Fund or persons making investment decisions on the management of assets.
- iv) Legal entities without the status of professional investors whose main business activity is not investment in collective investment undertakings if they have confirmed in writing to the Management Company their status as that of informed investors and who satisfy at least one of the following requirements:
 - a. Invest or undertake to invest not less than EUR 125 000 or an equivalent amount in another currency;
 - b. Legal entities (or an equivalent entity in another member state) with the right to provide investment services in the Republic of Lithuania having assessed that person's knowledge and experience in the area of investment and confirmed in writing that such a person is capable of adequately perceiving the risk related to investments into the Fund.

30. Investment risks and risk management

The main risks associated with the Fund are specified in point 4. To manage these risks, the Management Company shall firstly aim at diversifying Fund's assets as follows:

- 1) No less than 51% of the Fund's assets shall be invested in bonds issued by the companies operating in the Baltic States.
- 2) No less than 5% of the Fund's assets shall be held in cash or its equivalents.

- 3) No more than 49% of the Fund's assets shall be invested in bonds issued by the companies operating in the European Economic Area (EEA) that may be denominated in currencies other than the currency of the Fund.
- 4) The Fund shall not invest more than 10% of its assets in one bond issuance of the same company. The Fund may invest up to 15% of its assets in different bond issuances of the same company.
- 5) Contributions held by the Fund shall be divided between different credit institutions operating in the Republic of Lithuania.

To manage the risks, the Fund shall additionally try to avoid concentrating on a one narrow sector or industrial branch. Furthermore, additional quantitative and qualitative methods shall be used on a case-by-case basis, based on which the Investment Committee shall aim at reducing the possible risks.

Information on the risks may be provided by the Manager of the Fund by visiting the registered office of the Management Company or writing an email at info@milvas.lt.

31. Investment consultants

None.

V. Management

32. Management scheme

The Fund is not a legal entity. The Management Company manages the Fund's assets by trust as described by the legal acts of the Republic of Lithuania. Therefore, the management scheme of the Fund is not relevant.

33. Rights and obligations of the management bodies and supervisory board

The Fund is not a legal entity. The Management Company manages the Fund's assets by trust as described by the legal acts of the Republic of Lithuania. Therefore, the Fund does not have any management bodies or a supervisory board.

34. General meeting of shareholders

The Fund is not a legal entity. The Management Company manages the Fund's assets by trust as described by the legal acts of the Republic of Lithuania. Therefore, the Fund does not hold a general meeting of shareholders.

35. Members of the management bodies and supervisory board

The Fund is not a legal entity. The Management Company manages the Fund's assets by trust as described by the legal acts of the Republic of Lithuania. Therefore, the Fund does not have any supervisors or members of its management bodies.

36. Information on the management company

Full name, address, company code, type of company, number of permit to engage in management activities, fee calculation methods:

Full name	Milvas UAB
Company code	304955295

Registered office	Konstitucijos pr. 15-94, Vilnius, Lithuania
Licence number	No. 241-60
Fee calculation methods	Management Company fee and its calculation methods are described in point 17 of this Prospectus.

Names and surnames of the Management Company's managers, information on their participation in other companies, institutions or organisations

Igorius Pancerevas — CEO and the Chairman of the Board of the company. Does not participate in other companies.

Tautvydas Marčiulaitis — Member of the Board. Does not participate in other companies.

Petras Šlekys — Member of the Board Director of GAP technologijos UAB, Member of the Board of Altechna UAB, Member of the Board of Altechna R&D UAB, President of Vilnius Old Town Rotary Club.

Material provisions of the Agreement with the Management Company that may be relevant to the investors:

None.

Other Funds managed by the Management Company:

Equity and Options Trading Fund (I152).

Authorised capital of the Management Company, size of the subscribed and paid-up capital

The authorised capital of the Management Company is 22 000 euros (twenty two thousand euros). This capital is subscribed and fully paid-up.

37. Depositary

Name	SEB bank
Company code	112021238
Address	Konstitucijos pr. 24, LT-08105 Vilnius
Type of company	Limited company
Main activity	Banking activity
Managers	Raimondas Kvedaras
Phone number	(8 5) 268 2800
Email	info@seb.lt

38. Financial intermediaries

Name	SEB bank
Company code	112021238
Address	Konstitucijos pr. 24, LT-08105 Vilnius

Main activity	Banking activity
Type of agreement with the management company	Mediation when selling or purchasing securities.
Fee calculation expenses	Actual expenses based on rates approved by SEB bank AB.

39. Assignment of administrative functions

The Management Company has appointed the following company to manage the accounting functions of the Fund (bookkeeping and taxation):

Name	M-Finance UAB
Company code	301507123
Address	Užupio g. 23-2, LT-01202 Vilnius, Lithuania
Main activity	Accounting services
Head	Eladijus Kirijanovas
Type of agreement with the management company	Accounting of Management Company and Fund
Fee calculation expenses	Actual expenses based on the agreement between the Management Company and M-Finance. The

	Management Company covers all the accounting costs related to the Fund.
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40. Other important information that according to the managers may affect investment decisions.



MILVAS

EST. 2018