

SYNERGY EUROPEAN CROWDLENDING FUND

Open type investment fund intended for informed
investors

FUND PROSPECTUS

MAIN RISK FACTORS:

General risk
Activity risk
Market risk
Concentration risk
Liquidity risk
Sector risk
Risk of large fluctuations in value
and high potential short-term losses
Credit risk
Interest rate risk
Inflation risk
Political and legal risk
Currency risk
Risk of conflict of interests
Operational risk

VILNIUS
December 2019

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TRANSLATION

RISK WARNINGS

This fund prospectus (hereinafter – the Fund Prospectus) has been drawn up on the basis of information held on the day of this Fund Prospectus publishing. All information provided in this Fund Prospectus must be understood as being in line with actual circumstances on the day of this Fund Prospectus publishing, unless otherwise provided and required by the context.

The Fund shall be an open type investment fund intended for informed investors investing in investment instruments, which are detailed in this document and Rules of the Fund. This Fund Prospectus shall not be and must not be considered a recommendation to buy or sell investment units of the Fund. By making decision to conclude a Fund Units Sale-Purchase Agreements and acquire investment units of the Fund, the investors must be guided by their own knowledge, obtained after assessing future perspectives of the Fund, conditions of this Fund Prospectus, the Rules of the Fund, including but not limited to, all advantages and risks, related to the investments in the Fund.

The contents of this Fund Prospectus cannot be understood as a piece of advice on investment, law or tax issues. In order to fully grasp advantages and risks related to the investments in the Fund, each potential investor should turn to his own consultants in the spheres of finance, law, business or taxes.

In this Fund Prospectus, one can find some statements in the future tense, which are based on, in the opinion of the Management Company, on expectations and forecasts concerning future events and financial tendencies that could influence the activity of the Fund. The statements presented in the future tense cover information on potential or implied outcomes of the activity of the Fund, strategy of investments, contractual relationships, borrowing plans, investment conditions, impact of future regulations and other information. Future statements are based on information available at the date of publication of this Prospectus.

Apart from the factors, examined in other items of this Fund Prospectus, there are many other important factors that may cause the fact that actual outcomes of the Fund activity will differ from forecast results. The main risks that could influence the results of the Fund activity shall be as follows: general risk, activity risk, market risk, concentration risk, liquidity risk, sector risk, risk of large fluctuations in value and high potential short-term losses, credit risk, interest rate risk, inflation risk, political and legal risks, currency risk, conflict of interest risk and operational risk, which are described in more detail in the Fund Prospectus hereinafter.

On the basis of this Fund Prospectus, it is intended to offer publicly investment units of the Fund in the Republic of Lithuania only. Please note that this Prospectus is not prepared in accordance with the Law on Securities of the Republic of Lithuania. Upon drawing up the Fund Prospectus, we have taken into account the rules for contents and submission of a document intended for core information provision to the investors as well as drawing up the prospectuses of collective investment undertakings approved by the Board of the Bank of Lithuania on 20 July 2012 by Decision No 86-4513. This Prospectus is not approved by the Bank of Lithuania.

Investment units of the Fund may be distributed publicly in the Republic of Lithuania only. The Fund units cannot be offered or sold directly or indirectly, and this Fund Prospectus or any other material, including advertising material, related to investment units of the Fund, cannot be distributed or published in any other country or jurisdiction, except the extent to which this is permitted by the law or jurisdiction of that country.

All disputes, disagreements and claims, arising from offering investment units of the Fund or from information provided in this Fund Prospectus, shall be resolved in a competent court of the Republic of Lithuania following legal acts of the Republic of Lithuania.

DEFINITIONS AND ABBREVIATIONS

Definitions hereinafter written in capital letters shall have the meaning provided in the table below. This table contains only the most important definitions used in the Fund Prospectus. The Fund Prospectus may contain interpretations or definitions of other concepts as well.

Euro or EUR	Official currency of the European Union Member States (including the Republic of Lithuania), members of the European Economic and Monetary Union.
Fund	Open type investment fund intended for informed investors “ Synergy European Crowdlending Fund ”, the assets of which are owned by right of common fractional ownership by natural and legal persons (investors), and which is managed by trust by the Management Company.
Fund Units Sale-Purchase Agreement or Investment Agreement	A sale-purchase agreement concerning investment units of the Fund, concluded between the investor and Management Company, where the amount invested is indicated, as well as the rights and duties of the Investors and Management Company, and other conditions of investment in the Fund.
NAV	Net Asset Value – difference between the value of assets comprising the Fund and non-current and current financial liabilities of the Fund.
Investor	Participant of the Fund (co-owner) or potential participant.
LCIUIII (IISKISJ)	Republic of Lithuania Law on Collective Investment Undertakings Intended for Informed Investors
Fund Prospectus	This document intended for Investors and containing thorough basic information on activity of the Fund and investment units of the Fund offered.
Success fee	A fee paid by the Investors for positive outcomes of the activity of the Fund, calculated of the Fund return (Fund Prospectus, point 13.4).
Rules	A document, where the rules on the Fund activity, rights and duties of the Management Company and Investors are established and other relevant information related to the activity of the Fund given, and which has been approved by the Bank of Lithuania.
Management Company	UAB “Synergy finance”, company code 301439551, address P. Lukšio St. 32, Vilnius, Lithuania.

I. GENERAL INFORMATION ON THE COLLECTIVE INVESTMENT UNDERTAKING

This Fund Prospectus has been drawn up in accordance with the Republic of Lithuania Law on Collective Investment Undertakings Intended for Informed Investors. This Fund Prospectus has not been approved by the Bank of Lithuania and has not been drawn up in accordance with the Republic of Lithuania Law on Securities.

This Fund is intended for informed investors only. Investments in the Fund are accompanied with long-term risks and higher than medium risks. The Fund cannot guarantee that Investors will recover investment losses.

1. Basic Data on the Collective Investment

Name	“Synergy European Crowdlending Fund” (hereinafter – the Fund).
Legislative form	Investment fund intended for informed investors.
Type	Open type investment fund.
Date of activity commencement	1 September 2016

Duration of activity	Unlimited
Management Company	UAB “Synergy finance” (hereinafter – the Management Company).
Management Company licence number and issue date	No. VĮK–020, 14 June 2012
Headquarters	P. Lukšio St. 32, Vilnius, Lithuania
Telephone	+370 610 04134
E-mail	info@synergy-finance.com
Website address	www.synergy-finance.com www.crowdlending.fund
Asset custodian	Swedbank, AB c/c: 112029651 Konstitucijos Ave., 20A, LT-09321 Vilnius, Lithuania Tel. +370 5 2132431, Fax: +370 5 2582700 info@swedbank.lt

2. Basic Data on Investment units Offered by the Undertaking

2.1. Investment units of the Fund, the value of one unit of which on the day of commencing the Fund's activity was EUR 100 (one hundred). After commencing distribution of Fund's units of class A and class B, the initial value of a new class unit was the same as the Fund Unit value calculated in that month. After commencing distribution of Fund's units of class I, the initial value of a class I unit will be the same as class B Fund Unit value calculated in that month.

3. Brief Investment Strategy Description

3.1. “Synergy European Crowdlending Fund” means a collective investment undertaking intended for informed investors, which will invest in equity and debt securities of companies, operating in per-to-peer lending and alternative financing sectors.

3.2. The Fund will not carry out funding activities directly and will not grant loans, just will invest in the shares and bonds of companies that will carry out the financing activities.

3.3. Mostly, the Fund will invest in companies during early stages of their activity, i.e., at the time when companies do not carry out any activity and may not have any outcomes of it.

3.4. The Fund shall invest all its assets in companies or start-ups operating in crowdlending and alternative financing sectors and characterized by high risk in the early stage of their activity.

3.5. All assets of the Fund or the majority of it may be invested in equity and / or debt securities of a single company, which further increases the risk of the Fund.

3.6. The Fund, upon investing in debt securities of companies (mostly non-public bonds up to 12-month term), will seek to receive regular income, meanwhile, investing in equity securities of companies, long-term investment value gains will be sought, providing both financial and intellectual capital.

3.7. Assessing investment perspectives, it will be aimed that return for investors would be 8 – 10 per cent per year.

4. Description of an Investor, to whom acquisition of Fund investment units is proposed

4.1. This Fund is intended for informed investors, seeking higher than medium return on the invested capital, to whom high risk and high concentration of investments in one financial instrument and sector are acceptable, and who manage to tolerate relatively high long-term risk. The funds of the Fund will be invested in the equity and debt securities of the undertakings operating in the European crowdlending and alternative financing sectors. At certain times, the Fund investments may be little diversified, therefore, an Investor must evaluate this risk. It is recommended that only experienced investors, in the investment portfolio of which this investment will be only a part of the total investments, would invest to the Fund. This Fund is recommended for investment to the persons who understand the principles of

activity of undertakings operating in the crowdlending and alternative financing sectors, the risk of private loans and investments, legal and regulatory environment.

4.2. Natural or legal persons wishing to become members of the Fund must meet the requirements for informed investors. The following persons shall be considered informed investors:

- 4.2.1. Investors, having the status of professional investors according to the Republic of Lithuania Law on Markets in Financial Instruments;
- 4.2.2. Natural persons without the status of professional investors that (i) have confirmed to the Management Company their status as informed investors in writing and (ii) invest / undertake to invest in the Fund no less than EUR 125 000 or an equivalent amount in any other currency; or the legal entity authorized to provide investment services in the Republic of Lithuania, having collected and evaluated the information referred to in Article 30 (1) of the Law on Markets in Financial Instruments, confirmed in writing that the securities of the collective investment undertaking are appropriate to the person in view of his risk tolerance and ability to absorb losses;
- 4.2.3. Natural persons without the status of professional investors that are managers of the Fund, to which they invest or undertake to invest, managers of the Management Company or the Fund itself or employees making investment decisions of the Management Company or the Fund itself (natural persons) (in case when a collegial body that makes investment decisions regarding asset management is created – each person within the body) (hereinafter – the person making investment decisions")
- 4.2.4. Legal entities without the status of professional investors, the principal activity of which is not investing in collective investment undertakings and which (i) have confirmed in writing their status as informed investors to the Management Company, and (ii) invest / undertake to invest in the Fund no less than EUR 125 000 or an equivalent amount in any other currency; or a legal entity authorized to provide investment services in the Republic of Lithuania, having collected and evaluated the information referred to in Article 30 (1) of the Law on Markets in Financial Instruments, has confirmed in writing that the securities of the collective investment undertaking are suitable for that person taking into account his risk tolerance and ability to accept losses..

4.3. Minimum investment amount for class A investors:

- 4.3.1. **EUR 10 000 000** (ten million);
- 4.3.2. Minimum investment amount to be invested repeatedly (i.e., when a person has already invested the minimum amount, shall be **EUR 100 000** (one hundred thousand);
- 4.3.3. From 1st January 2020, only investors who were class A Fund participants at the end of 2019 will be able to invest in class A Fund units.

4.4. Minimum investment amount for class B investors:

- 4.4.1. **EUR 10 000** (ten thousand);
- 4.4.2. Minimum investment amount to be invested repeatedly (i.e., when a person has already invested a minimum amount), shall be **EUR 10 000** (ten thousand).

4.5. Minimum investment amount for class I investors:

- 4.5.1. **EUR 1 500 000** (one million five hundred thousand);
- 4.5.2. Minimum investment amount to be invested repeatedly (i.e., when a person has already invested the minimum amount, shall be **EUR 100 000** (one hundred thousand).

4.6. The Management Company cannot guarantee that the investors will recover the invested funds. For these reasons, the Fund's potential participants are invited to analyze all the risks associated with investments carefully.

5. Information on time and place for familiarization with the Fund Prospectus, conclusion documents, annual and half-yearly reports and obtaining information on the Fund

5.1. All information required to be published in accordance with LCIUIII of the Republic of Lithuania, the Fund Prospectus and these Rules, is submitted in the Management Company's office, address P. Lukšio St. 32, Vilnius (during the work time of the Management Company, during business hours from 9:00 to 17:00), as well as on the Management Company's website www.synergy-finance.com and contacting the Management Company by e-mail info@synergy-finance.com or by phone +370 610 04134.

5.2. The Management Company shall submit periodic reports in accordance with the terms and procedure prescribed by the legal acts of the Republic of Lithuania. The annual report shall be drawn up no later than within 6 (six) months of the end of the reporting financial year. Fund participants shall be familiarized with this report using contacts and form,

indicated in investment agreements. The annual activity report to the Fund's participants is provided with a copy of the audit report.

5.3. If the information published in the Fund Prospectus or the Rules changes, the Fund Prospectus or the Rules shall be updated and submitted to the Bank of Lithuania no later than within 7 (seven) days after the date of such changes.

6. State Tax Policy of the Republic of Lithuania towards the Fund and its Participants

6.1. Hereinafter provided description of the tax regime in the Republic of Lithuania is descriptive, it is not a thorough analysis concerning all possible tax consequences, related to investments in the Fund. To the residents of a foreign country (natural persons and legal entities), if this country has entered into a double taxation treaty with the Republic of Lithuania, a different rate of taxation may be applied in the Republic of Lithuania, other than hereinafter described, taking into account the provisions of the corresponding agreement. It is likely that during operating period of the Fund, the tax regime will change in respect of both the Fund and the Fund participants.

6.2. **Taxes paid by the Fund.** Collective investment undertakings, established under the Republic of Lithuania Law on Collective Investment Undertakings Intended for Informed Investors are taxable units. The Management Company shall apply the tax treatment of the profits and / or the proceeds of the Fund.

6.3. **Taxation of natural persons** Upon redeeming investment units by the Fund, the income caused by increase in the value of the income received by a permanent resident in Lithuania that after deducting the value of unit acquisition and certain costs related to the acquisition exceeds EUR 500 within the tax period shall be taxable in Lithuania by income tax at 15 per cent (or 20 per cent) tax rate. The income, caused by the increase in investment unit value, of the non-permanent resident in Lithuania is not taxable.

6.4. **Taxation of legal entities.** At the time of drawing up the Prospectus of the Fund, in accordance with Article 12 (18) (non-taxable income) of the Law on Corporate Income Tax of the Republic of Lithuania, the income of the Lithuanian legal entity, including property appreciation income, dividends and other distributions received from holding the Fund's units, is included in non-taxable income. The income related to increase in property value of a person from abroad (except foreign legal entity acquiring investment units through headquarters) is not taxable in Lithuania.

6.5. **Taxation of the Management Company.** The Management Company's income from the Fund's management services is included in its taxable income, after which it pays 15 per cent (or 5 per cent) after deduction of authorized deductions.

6.6. **Taxation of the free funds paid by the Fund.** The free funds of the Fund to be paid to a permanent resident of Lithuania shall be taxable by personal income tax at 15 per cent (or 20 per cent) tax rate. The free funds of the Fund to be paid to a legal entity shall be taxable at a rate of profit tax applicable to this entity.

6.7. **The Fund shall not be a tax payer.** Fund participants (natural persons and legal entities) shall be themselves responsible for proper declaration and payment of taxes applicable. The Fund participants must themselves calculate, declare and pay the capital gain tax. The participants, in order to receive thorough consultations on the taxes and appropriate payment must turn to persons or institutions, having the right and capacity to provide such consultations. Information on tax rules applied during the period of acquisition of the Fund Units may be obtained at the State Tax Inspectorate or its territorial divisions.

7. Participant Rights and Duties

7.1. The Fund's participants have these rights:

- 7.1.1. to require that the Management Company would redeem the Fund's units held by the Participant in any time in accordance with the terms and conditions set out in the Rules and the Prospectus;
- 7.1.2. to receive part of the distributed free funds of the Fund in accordance with the procedure laid down in the Republic of Lithuania Law on Collective Investment Undertakings Intended for Informed Investors, the Fund Prospectus and the Rules if the Management Company in accordance with the procedure established in this Fund Prospectus adopts decision to distribute the funds;
- 7.1.3. to receive part of the Fund assets in accordance with the procedure laid down in the Republic of Lithuania Law on Collective Investment Undertakings Intended for Informed Investors, Fund Prospectus and the Rules that shall be paid in the case of liquidation of the Fund;
- 7.1.4. to obtain information on the Fund and the Management Company prescribed in the Republic of Lithuania Law on Collective Investment Undertakings Intended for Informed Investors;
- 7.1.5. having received a prior written consent from the Management Company, to transfer the Fund units held to third persons through the conclusion of an ordinary written agreement on transfer of the Fund units owned

- by the Investor, one copy of which within 5 (five) calendar days must be submitted to the Management Company;
- 7.1.6. having received a prior written consent from the Management Company, to pledge or in any other way encumber Fund investment units held or material rights granted by such units, within 5 (five) calendar days, submitting one copy of the agreement or transaction, creating such a pledge or restriction of material rights, to the Management Company;
- 7.1.7. other rights provided in the Fund Prospectus, the Rules and the legislation of the Republic of Lithuania regulating LCIUIII activities.
- 7.2. The Fund participants have the following responsibilities:
- 7.2.1. to inform the Management Company about the change of the name, surname, personal number, place of residence address, e-mail address, telephone, bank account and other requisites (if the investor is a natural person) or the name, legal entity code, the office address, addresses of the head or a representative, e-mail, bank account number and other requisites (if the investor is a legal entity) no later than within 10 (ten) calendar days from the day of change of this data or information;
- 7.2.2. fulfil all obligations, provided for in the Fund Units Sale-Purchase Agreement;
- 7.2.3. to transfer the Fund units held to third persons after obtaining a prior consent from the Management Company only (regarding suitability of the investor) through conclusion of an ordinary written agreement, one copy of which within 5 (five) calendar days must be submitted to the Management Company. In this case, the participant of the Fund, transferring the Fund units he owns must ensure that Fund units will be acquired by the informed investors;
- 7.2.4. to disclose to the Management Company information required by it, which shall be necessary to make sure that the Fund participant meets criteria applicable to the informed investors;
- 7.2.5. if a participant has become a holder of the Fund units by way of inheritance, yet he does not comply with the requirements provided in point 4.2, in this case, the participant must address the Management Company and submit a request for Unit redemption, while the Management Company must redeem the Fund units he owns in accordance with the procedure provided in point 16;
- 7.2.6. if the participant has become a holder of the Fund units by way of property division (in the case of divorce or similar), yet he does not comply with the requirements provided in point 4.2, in this case, the Participant must address the Management Company and submit a request for Unit redemption, while the Management Company must redeem the Fund units he owns in accordance with the procedure provided in point 16.
- 7.2.7. other responsibilities provided for in the Rules, the Fund Prospectus, the Fund Units Sales-Purchase Agreement and legal acts.

II. DATA ON THE CAPITAL, ALLOCATION OF THE INCOME AND EXPENDITURE

8. Equity

8.1. The Fund shall not have any authorised capital. The equity of the Fund shall be equal to the Fund net asset value (NAV) and change depending on the issuance (selling) and redemption of the Fund units as well as on the change in the Fund NAV.

8.2. The Management Company shall not allocate an initial amount for formation of the Fund. The Fund shall be formed from cash contributions made by the Fund participants.

9. Net Asset Valuation

9.1. The Fund's net assets and unit values are calculated in accordance with the NAV calculation procedures approved by the Board of the Management Company and prepared in accordance with the net asset value calculation methodology approved by the Bank of Lithuania.

9.2. The Fund's NAV is calculated according to the NAV calculation procedure specified in this Fund Prospectus and in accordance with the following principles:

- 9.2.1. the investment unit value of each class of the Fund's units will be calculated and published separately for each class;
- 9.2.2. firstly, the total assets of the Fund shall be calculated, in accordance with the requirements for the calculation of assets (and NAV), specified in this chapter and the Rules;
- 9.2.3. the general fees, which are related to the entire Fund (but not with a specific Fund unit class), are deducted from the total value of the Fund's asset (for example, auditing, legal costs, etc., except Management and Success Fees);

- 9.2.4. NAV percentage part that falls on the particular Fund's class, which is used for calculation of X period Fund's classes NAV, is determined comparing final Fund different classes NAV of X-1 period:
 - 9.2.5. the Fund's asset, which are reduced according to the share of total taxes, is divided proportionally according to the particular class percentage part of the Fund's NAV, calculated in accordance with the point 9.2.4;
 - 9.2.6. after deducting of the general taxes, the particular class Fund asset value is reduced by the part of the relevant class Management Fee;
 - 9.2.7. after withdrawing the Management Fee from a respective Fund Unit class, part of the Fund NAV falling to a respective class shall be reduced by a Success Fee applied to a particular class (if applicable);
 - 9.2.8. after withdrawing of the Success Fee from a respective class of the Fund units, the NAV of a respective class of the Fund units shall be received. This NAV of a respective class shall be divided by the number of all issued units of this class, and, thus, the value of a unit of a respective class shall be determined;
 - 9.2.9. having calculated the final values of a particular class Fund units, the requests received in the reporting period concerning Fund Unit acquisition and redemption shall be fulfilled. After fulfilling of these requests, the final NAV of the Fund shall be determined;
 - 9.2.10. having calculated the final NAV of the Fund Unit classes (including unit distribution and redemption), the percentage part of a respective class NAV shall be determined (dividing the NAV of the particular class of the Fund units by the NAV of the entire Fund), which shall be used for the future (monthly) NAV calculations.
- 9.3. The value of the Fund's unit of the particular class is determined by dividing the Fund's particular class NAV by the total number of Fund particular class units in circulation. The fund unit value is determined to four decimal places and rounded according to mathematical rounding rules.
- 9.4. The Fund's NAV and the investment unit value are calculated once a month for the last working day of the calendar month.
- 9.5. The Fund's NAV and unit value are calculated and published in euro.
- 9.6. The value of the NAV and the investment unit as of the last calendar business day shall be calculated no later than before the 5th (fifth) business day of the following month at 12:00 according to Lithuania time, and announced on the Internet site www.synergy-finance.com.
- 9.7. Calculating the value of the Fund NAV, the following shall be determined:
- 9.7.1. asset value;
 - 9.7.2. liability value;
 - 9.7.3. difference in values of the assets and liabilities which, namely, shall reflect the value of NA.
- 9.8. The calculation of the assets and liabilities shall be based on their fair value, which reflects the net asset value, for which it shall be most likely to sell these assets.
- 9.9. The assets and obligations of the Fund shall be calculated in compliance with requirements of the Business Accounting Standards.
- 9.10. The assets of the Fund (or part thereof) shall be written off only then, when:
- 9.10.1. the title to these assets (or part thereof) has been implemented;
 - 9.10.2. the time for title validity expires or when this title is transmitted.
- 9.11. Liabilities (or part of them) need to be written off only when they are extinguished, i.e. when the Fund's obligations are implemented, cancelled or expire.
- 9.12. The fair value of the financial instruments, that are traded in the trading places, shall be determined on the basis of a closing price announced as of the day of valuation, if trading in foreign markets was taking place yet, or a likely selling price if after closing the market the last market price or a closing price has changed markedly. If it is not possible to determine the value on the basis of a closing price, the value shall be determined applying another method most suitable for determining the value of a particular financial instrument indicated in the Bank of Lithuania valuation methodology for net assets.
- 9.13. Equity securities, which are not traded in trading places, shall be valued in the following order:
- 9.13.1. the valuation shall be carried out applying the conservatism principle of ownership, i.e., referring to the financial statements of companies held by the Fund and drawn up in accordance with the procedure prescribed in legal acts, as well as audited (if an audit is mandatory). In this case, the value of equity securities will be considered an equity sum, present in financial statements, divided by the number of all

- equity securities and multiplied by the number of securities of that company, which the Fund has. In the case of negative equity, it shall be considered that full amount of equity securities is equal to EUR 1 (one). The equity securities will be valued in accordance with the procedure prescribed in this item at least once a quarter. If there is a possibility and in order to reflect more accurately the value of equity securities, by a resolution of the Management Company, the valuation may be carried out more often (once a month);
- 9.13.2. if, in the opinion of the Investment Committee or the Management Company, the financial statements drawn up (equity value) do not reflect accurately or correctly the equity value of the company, the Management Company may order an audit of the financial statements. In this case, the financial statements and equity value of the company must be confirmed by an auditor operating in the country of the office of the independent legal entity;
- 9.13.3. if, in the opinion of the investment Committee or the Management Company, the equity of the Company does not reflect the fair value (e.g., when the value of the company consists of the brand, competitive advantage, specific assets controlled, real estate controlled, licences held, patents, etc.), then the Management Company may order valuation of the company. In this case, the value of the equity securities shall be determined by an independent business valuator entitled to be engaged in this type activity.
- 9.14. A business valuator, valuating equity securities, which are not traded in the regulated market, must comply with the following minimum criteria:
- 9.14.1. a business valuator must have a qualification certificate issued by a competent authority institution of a corresponding state, in the territory of which the business is valued, allowing engaging in the activity of valuation of the assets, the valuation of which is carried out;
- 9.14.2. a business valuator (a natural person) shall be prohibited from valuation of a business unit or a company (shares) owned by him or shares of which are owned by the business valuator or owned by persons related by blood-kinship to him, or when a business unit or a company (shares) is held in trust by companies, enterprises or organizations, to the heads of which, the business valuator is related by blood-kinship;
- 9.14.3. to have a registered office (a branch) in a corresponding state, in the territory of which the asset valued is situated.
- 9.15. The assets shall be valued under organization and supervision of the Management Company. The administration manager of the Management Company must ensure and control that the subject performing valuation of Fund assets would comply with requirements set out for an asset valuator.
- 9.16. Non-equity securities and financial market instruments shall be valued in compliance with requirements of the accounting standards applicable.
- 9.17. Debt securities issued by the companies shall be valued with reference to a valuation model chosen, indicated in the procedures for NAV calculation, approved by the Management Company Board. In the cases, when debt securities issued by the companies have no yield (Y) or it is impossible to identify it, the interest calculated to debt securities shall be calculated instead, i.e., the principle of the accrued interest shall be used.
- 9.18. The dividends for equity securities of companies shall be accounted into the Fund assets from the day of declaration of dividends. The day of declaration of dividends shall be a day, on which this information is declared on the websites of stock exchanges when this information is submitted by the Asset Custodian or when this information is made available to shareholders. If the sum of dividends received does not coincide with the dividends approved at the general meeting of shareholders of the company, in this case, the asset value and NAV of the Fund of the day when dividends have been received shall be adjusted accordingly. The difference appeared shall be captured as the increase or decrease in the investment value.
- 9.19. The units of collective investment undertakings (shares) shall be valued with reference to the NAV, established by the collective investment undertaking.
- 9.20. Term deposits in banks shall be valued at amortized cost.
- 9.21. The cash and funds in credit institutions, except term deposits, shall be valued at a nominal value.
- 9.22. Other assets shall be valued at the most probable selling price, established on the basis of valuation model chosen, indicated in the procedures of NAV calculation, applied and accepted in financial markets and approved by the Management Company.
- 9.23. When calculating the NAV of the Fund in foreign currency, the value of assets valuated and liabilities shall be determined on the basis of the exchange rate between the euro and the foreign currency on the valuation day, established with reference to the Republic of Lithuania Accounting Law and the accounting policies approved by the Management Company.

10. Dates of drawing up the Fund financial accountability and profit distribution, financial year. The calendar year is considered to be the Fund's financial year. Annual financial accountability of the Fund must be drawn up and audited within 6 (six) months of the end of the financial year, and announced to the Fund participants no later than within 6 (six) months of the end of the reporting financial year. Fund half-yearly report must be drawn up within 2 (two) months of the end of the half year.

11. Procedure of income allocation and use. Fund income shall not be allocated to the Fund participants, it shall be for increase in the value of the Fund net assets. The Management Company (under approval of the investment committee only) may adopt decision to pay the participants the free funds of the Fund.

12. The Procedure for Payment of Free Funds of the Fund

12.1. The Management Company (only under approval of the investment committee) may adopt the decision to pay the Fund participants a part of the free funds of the Fund. The decision to pay the free funds of the Fund shall be adopted when after calculating of the Fund NAV, a surplus liquidity (a sum in cash) appears in the Fund, but there are no alternatives under which this sum could be invested with profit.

12.2. For the sake of clarity, it is pointed out that in the case above, the Fund participants will be paid income of the Fund not by paying the dividends but redeeming part of the Fund units.

12.3. The Management Company shall adopt decision regarding distribution of payment of Fund free funds (income received) and amount of free funds to be distributed (with approval of the Investment committee). Investment units of the Fund may be redeemed with reference to the Fund NAV of the last business day of any month.

12.4. After the Management Company has adopted the decision (with approval of the investment committee) regarding payable amount of the Fund free funds, this amount shall be distributed to the participants of all classes of the Fund in proportion to the part of free funds falling to that class, divided by a number of Fund units of a particular class, and each participant shall be paid an amount of free funds belonging to him in proportion to the number of units he holds.

12.5. By a resolution of the Management Company (after approval from the investment committee) the part of the free funds of the Fund allocated and payable shall be a liability of the Fund to the Investors. Those persons shall have the right to receive free payable funds, who had been the Fund participants at the end of the day of a resolution, concerning the payment of free funds of the Fund. The Management Company within 10 (ten) business days from the adoption of the resolution concerning payment of free funds of the Fund shall inform each participant on the amount payable to him and on the date of payment. Payment shall be made in cash by bank transfer to the account of the Investor's bank, indicated in the Fund Units Sale-Purchase Agreement. The Management Company shall approve transfers for redeemed Fund units no later than by the last business day of the following month (following the month, in which the resolution was adopted concerning distribution of the free funds to the Investors). The funds may reach accounts of the participants later, depending on a bank, where the account of the Investor is, specific agreements between the Investors and banks regarding bank transfer execution and other reasons not controlled by the Management Company, and this will not be considered the Management Company being late to pay for the redeemed Fund units.

13. Costs

13.1. **The intended structure of costs.** The Fund shall cover the following costs from the net assets:

- 13.1.1. remuneration of the Management Company (Management Fee and Success Fee);
- 13.1.2. remuneration of the Fund Asset Custodian;
- 13.1.3. Fund audit costs;
- 13.1.4. Fund accounting costs (if an accounting company is outsourced);
- 13.1.5. financial intermediary fees;
- 13.1.6. asset and business valuation fees (Fund NAV valuation);
- 13.1.7. fees of management of securities and other accounts;
- 13.1.8. remuneration of lawyers for services provided to the Fund;
- 13.1.9. Fund formation document amendment costs;
- 13.1.10. notary fees, registration charges, legal fees;
- 13.1.11. litigation costs;
- 13.1.12. consulting costs.

13.2. The costs indicated in point 13.1 of the Fund Prospectus will be covered on the basis of actual invoices, and no restrictions will be imposed on them, unless there shall be cases, in respect of which it will be provided otherwise.

13.3. Management fee. Asset Management Fee determined by the Fund in percentage shall be calculated from the respective part of the average annual Net Asset Value (NAV) falling to the class of Fund units. Management Fee for the Fund managing shall be calculated each month following the accrual principle, of respective NAV of the Fund, existing in the current month, falling to the class of Fund units. In a particular month, the Management Fee shall be calculated by multiplying the NAV of a particular Fund Unit class held in this month by the percentage of annual Management Fee and dividing by 12 (number of months in the year). The Management Fee shall be paid every month by the 10th (tenth) day of the following month. The amount of the Management Fee applied to each class of the Fund units is provided for in the table of point 14.2 of the Fund Prospectus.

13.4. Success fee. Success Fee, related to the results shall be applied to class B and class I of the Fund, it shall be calculated as a certain percentage of the earned return of the Fund. The amount of the Success Fee as percentage is provided in point 14.2 of the Fund Prospectus. The Success Fee shall be calculated every month charging the amount of the Success Fee from the value of the monthly Fund Unit gains. Success Fee shall be calculated applying the principle of a High Water Mark (HWM) and it is charged from the monthly gains of the Fund Unit value only in the case if the value of a Unit exceeds all values of the Fund Unit that have ever existed. For example, if the value of the Fund Unit drops, the Success Fee, upon applying the High Water Mark principle, shall not be charged. Applying this principle, it shall be ensured that upon fluctuation in the value of investment unit value during a long period, Fund participants should not pay the Success Fee several times. The Fee shall be applied at level of a particular class of the Fund units, not for each Fund participant separately. This means that upon assessment of the amount of the Success Fee, the gains in a particular class Fund Unit value shall be taken into account, not a change in the investment value of each Fund participant. Accrued and unpaid Success Fee is calculated on the last business day of each month and the Fund's NAV is reduced by its amount. The accrued Success Fee is calculated using the formula:

$$S = \text{Max} \left[\frac{M}{100} \times (P - HWM) \times N; 0 \right]$$

where:

M – Success Fee percentage rate;
 P – intermediate unit value (before Success Fee);
 HWM – the limit of the highest unit value achieved;
 N – the number of units issued.

The accrued Success Fee calculated on the last business day of each month shall be paid to the Management Company by the 10th (tenth) day of the following month. If the value of the Fund's unit calculated at the end of the month is higher than the previous upper limit, this value becomes the new highest limit achieved (HWM).

13.5. Asset Custody Fee. Remuneration of an Asset Custodian shall be fixed, not exceeding EUR 500 (five hundred) per year. In the course of activity of the Fund, additional services may be rendered by the Asset Custodian, which will be paid according to the current Custodian's fees. Remuneration of the Asset Custodian shall be paid quarterly.

13.6. Remuneration of the Fund Auditor. Remuneration of the audit company shall be paid based on the actual costs of the Fund, still not exceeding 1.0 per cent of the average annual net asset value of the Fund. Remuneration of the audit company shall be calculated every month. Part of the annual remuneration payable falling to that month shall be calculated taking into account the audit agreement conditions. Remuneration falling to be paid for a particular month shall be calculated taking into consideration number of months in the year.

13.7. Remuneration of financial intermediaries and other costs related to the investment. Remuneration of the intermediaries in financial instrument trade shall be paid for mediation in buying and selling financial instruments. This fee shall be calculated every month provided that at least one transaction had taken place. The remuneration of the intermediaries shall be paid in accordance with the procedure and terms set forth in the Service Agreement. These costs cannot exceed 1.0 per cent of the average annual net asset value of the Fund.

13.8. Property and business valuation costs. The remuneration of the property valuers shall be based on the actual costs of the Fund. The remuneration of the valuers shall be paid when the valuation reports are submitted and the invoices issued to the Fund.

13.9. Remuneration of financial institutions for services rendered (currency exchange, funds transfer and other costs) as well as legal fees, incurred by the Fund in the course of the activity, are paid in accordance with rates and procedure under agreements with service providers.

13.10. Remuneration of distributors. The Distribution fee is intended to cover the costs of distributing of the Fund's units. It is not included in the Fund's unit selling price, which is paid by the Investor in accordance with the Fund Units Sale-Purchase Contract or the application for the acquired Fund units. Distribution fee shall be deducted from a full

amount invested, which shall be transferred by the participant for the Fund units acquired, thus, amount invested in the Fund shall be reduced by a distribution fee amount applicable. This distribution fee shall be calculated and deducted by the Management Company itself. Distribution Fees, established for a particular class of the Fund units and amount invested are provided in point 15.4 of the Fund Prospectus.

13.11. **Other potential charges or costs.** Additional costs may arise in the course of activity by the Fund (legal fees, notary fees, asset registration charges, etc.) These charges shall be based on actual Fund operating costs and must be justified.

13.12. Information on hidden commissions and tax sharing arrangements

13.12.1. There are no hidden commissions.

13.12.2. The Management Company may enter into contracts with the companies to be entrusted with the functions of search, analysis and selection of funding niches, crowdlending platforms and loan exchanges. The fee for the services rendered may be paid to such companies, it is deducted from the Fund Management and Success Fee paid to the Management Company. The total part of costs of the Fund will not be increased by this fee.

13.12.3. Agreements concluded between the Management Company and the distributors of the Fund's investment units may provide that the Management Company will pay all or part of the Fund's distribution fee to the distributors. These Agreements may also provide that the Management Company will pay to the distributors a proportion of the Management Fee calculated on the amount invested by such investors to whom the Fund's units have been distributed by a particular distributor.

III. DATA ON THE FUND UNITS

14. Main information about the fund units

14.1. **Type of the Fund units.** Fund units are transferable securities, which prove the right of each participant of the Fund (Investor) to the share of the assets forming the Fund.

14.2. **Classes.** Fund units of three classes (A, B and I) may form the Fund:

14.2.1. From 1st January 2020, only Investors who were class A Fund participants at the end of 2019 will be able to invest in class A Fund units.

14.2.2. Upon commencement of the distribution of class I Fund units, the starting price of a class I Fund unit will be equal to the current month class B Fund unit price. Upon commencement of the distribution of class I Fund units, the value, which is analogous to the numerical value of the class B upper limit (HWM) is determined for this class.

Management fee

Class A – 1.0 per cent from this Fund unit class NAV.
Class B – 1.0 per cent from this Fund unit class NAV.
Class I – 1.0 per cent from this Fund unit class NAV.

Success fee

Class A – not applicable.
Class B – 20.0 per cent from this Fund unit class investment return.
Class I – 10.0 per cent from this Fund unit class investment return.

Underwriting fee

Class A – up to 1.0 per cent of the invested amount.
Class B – up to 2.0 per cent of the invested amount.
Class I – not applicable.

Redemption fee

Class A – 1.0 per cent.
Class B – 1.0 per cent, if the Fund's units are redeemed without maintaining them more than 1 (one) year from the date of acquisition of units of the Fund.
Class I – 1.0 per cent.

Minimum investment amount

Class A – EUR 10 000 000. Investing repeatedly EUR 100 000.
Class B – EUR 10 000. Investing repeatedly EUR 10 000.
Class I – EUR 1 500 000. Investing repeatedly.

14.3. **Series.** Fund's investment units are not divided into series.

14.4. **Manager of personal accounts of issued investment units.** UAB “Synergy finance.”

14.5. **Rights and obligations provided with regard to issued investment units, granted voting rights and possible restrictions on the right to vote, restrictions, applied for transferring of issued investment units.** The Fund's units grant their holders the rights and obligations set out in point 7 of the Fund Prospectus. Fund units do not grant voting rights. When the Fund units are seized or otherwise restricted in the manner prescribed by legal acts, the restrictions provided for in the legal acts shall apply.

15. **Conditions of the issue of Fund investment units and procedures of adoption of decisions for issue of investment units**

15.1. **Procedures and conditions of distribution (sale) of Fund units.** Fund units are distributed only to Investors who meet the conditions set out in the point 4 of the Fund Prospectus. The Management Company and the Investor enter into the Fund Units Sale-Purchase Agreement (hereinafter – the Agreement). The Contract shall be made in writing in duplicate. The terms and conditions of purchase and redemption of units, the invested amount for which units are purchased, the class of purchased Fund units are provided in the Agreement. Fund units will be purchased at the Management Company on business days or at the Distributor.

15.2. The participant, who has invested at least a minimum amount and wishes to acquire more Fund units, must submit an application for purchase of Fund units to the Management Company or the Distributor. The Application shall be completed in cases, when the Investor has already entered into the Agreement with the Management Company and it is presented in the manner provided for in the Agreement and the Fund prospectus.

UAB “Synergy finance”

Address: P. Lukšio St. 32, Vilnius, Lithuania

Tel: +370 610 04134

E-mail: info@synergy-finance.com

Working hours: 9:00 – 17:00

15.3. **Fund investment units are purchased in the following order.** The Fund's investment units are acquired by signing the Fund Units Sale-Purchase Agreement and transferring the funds to the Fund's account specified in the Agreement. Investors may enter into the Fund Units Sale-Purchase Agreement on working days until **12:00** of the last working day of the calendar month contacting the Management Company. After conclusion of the Fund Units Sale-Purchase Agreement, funds for Fund units must be included in the Fund's account, specified in the Agreement, no later than by **24:00** on the last working day of the calendar month in which the Agreement is concluded. If the cash is credited to the Fund's account, specified in the Agreement, by **24:00** on the last day of that month according to Lithuania time, cash is converted into the Fund units according to the price of the Fund units of that month.

15.4. **Underwriting fee.** The distribution fee is intended to cover the costs of distributing of the Fund's units. It is not included in the Fund's unit selling price, which is paid by the Investor in accordance with the Fund Units Sale-Purchase Agreement or the application for the acquired Fund units. The Management Company itself calculates and debits this fee. The distribution fee may not exceed **2.0** per cent of the amount invested.

15.4.1. **1.0** per cent distribution fee is applied to Fund **class A**, irrespective of the amount invested;

15.4.2. distribution fee applied to Fund **class B** depends on the amount invested; (i) if the amount invested is up to **EUR 124 999 – 2.0** per cent; (ii) if the amount invested is between **EUR 125 000** and **EUR 249 999 – 1.5** per cent; (iii) if the amount invested is between **EUR 250 000** and **EUR 499 999 – 1.0** per cent; (iv) if the amount invested exceeds **EUR 500 000 – 0.5** per cent;

15.4.3. there is no distribution fee for **class I** of the Fund;

15.4.4. distribution fee is not applicable to the Management Company, the Management Company's shareholders and employees and their family members;

15.4.5. distribution fee may be reduced or waived in individual cases if such decision is made by the Management Company.

15.5. **Payment terms, payment order.** The Investor must pay for the acquired Fund units by transfer to account **No LT29 7300 0101 4934 8882**, located at Swedbank, AB. Only euro cash (the Fund's currency) can be paid for the acquired Fund units. If the Investor does not transfer funds for the acquired Fund's investment units into the Fund's account by 24:00 on the last day of the month in which the Agreement is concluded, the Fund Units Sale-Purchase Agreement is cancelled.

15.6. **The moment of occurrence of the right to property.** The right of ownership of the Fund's units arises when the Investor pays for the Fund's units to be acquired and the responsible person makes an entry in the Investor's personal investment unit account. The entry is made immediately in the account, when the Fund's units are issued. Upon

completion of the Fund Units Sale-Purchase Agreement (i.e., the conversion of cash into units of the Fund), the Management Company notifies the Investor about the fulfillment of the Fund Units Sale-Purchase Agreement no later than the next business day by e-mail or in any other way specified in the Agreement and the calculated NAV of the Fund, the value of the investment unit and the number of units purchased.

16. Conditions and procedures of redemption of Fund units

16.1. **Places of submission of documents of redemption of Fund investment units** Fund units can be redeemed at the Management Company or at the Distributor:

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Address: P. Lukšio St. 32, Vilnius, Lithuania
Tel: +370 610 04134
E-mail: info@synergy-finance.com
Working hours: 9:00 – 17:00

16.2. **Conditions and procedures of redemption of investment units** The Fund participant, who wishes to sell units of the Fund, must submit an application for redemption of Fund units in the determined form to the Management Company or the Distributor. The number and class of redeemed Fund units must be stated in the redemption application. Applications for redemption of Fund units are accepted on working days at the Management Company or at the Distributor. The application for redemption of Fund units may also be submitted by e-mail or other telecommunication means in accordance with the terms and conditions of the Fund Units Sale-Purchase Agreement.

16.3. **Fund investment units are redeemed in the following order.** Applications for redemption of Fund units are executed once a month according to the NAV of that month. The redemption application must be submitted not later than 2 (two) months prior to **12:00** on the last business day of the month, NAV of which is used for redemption of owned Fund units. For example, to redeem Fund units based on March NAV, the redemption application must be submitted by **12:00** of the last working day of January.

16.4. **The day of execution of applications for redemption of Fund units.** Redemption applications shall be executed no later than at 12:00 on the 5th (fifth) business day of the following month.

16.5. **Conditions and procedures of settlement with members after submission of the redemption documents.** Money for redeemed Fund units is transferred to the participant's bank account, which is specified in the redemption documents. The currency of redemption of the units is euro (the Fund's currency).

16.6. **Terms of settlement with the participants, the Fund's and the distributor's responsibility for the timeliness and appropriateness of the settlement.** Fund units redeemed must be settled by the last business day of the month in which redemption applications are executed if satisfaction of the request for redemption of Fund units is not suspended. For example, an application for redemption of Fund units submitted before 12:00 on the last working day of January, will be accounted according NAV of March, which is calculated and announced before the 5th (fifth) business day of the following month (April), and money for redeemed Fund units is transferred to the participant by the last business day of April. The Management Company undertakes to execute the order by the last business day of the month, but cannot determine when the funds will reach the Fund's participant's account, which is not considered to be a late payment by the Management Company. The Management Company may suspend redemption and settlement in accordance with the procedure specified in the Rules and the Fund Prospectus, if the Fund does not have sufficient liquid assets for the redemption of the Fund units, also, when the Fund has no possibility to borrow funds for the purpose of settlement for redeemed Fund units or for other important reasons (unfavorable situation in financial markets, etc.). In such circumstances, the Fund participant will be informed personally in the manner specified in the Investment agreement.

16.7. **Consequences of demand to redeem investment fund units for the investor.** The Management Company has the obligation to redeem the units and settle with the participant for redeemed units of the Fund from the date of acceptance of the participant's request for redemption of the units. Ownership rights of the Fund's investment units are lost after the entry is made in the participant's personal account of investment units, and the Management Company redeems the Fund units. After doing so, the participant loses all the rights granted to the unit holder (including the right of ownership), except for the right to receive cash for the units redeemed within the terms and conditions set out in this Fund Prospectus.

16.8. Redemption fee

- 16.8.1. The Fund's **class A** is subject to a **1.0** per cent redemption fee;
- 16.8.2. The Fund's **class B** is subject to a **1.0** per cent redemption fee only if the Fund's units are redeemed without retaining them for more than 1 (one) year from the date of purchase of the Fund's units;

- 16.8.3. The Fund's **class I** is subject to **1.0** per cent redemption fee;
- 16.8.4. Redemption fee is not applicable to the Management Company, the Management Company's shareholders, employees and their family members;
- 16.8.5. Redemption fee may be reduced or waived in individual cases, if such decision is made by the Management Company.

17. Exchange of Fund's investment units Fund units are not exchangeable.

18. Conditions and procedures for suspension of Fund units redemption.

18.1. The Management Company and the Bank of Lithuania have the right to suspend redemption of the Fund units.

18.2. Fund units redemption may be suspended if:

- 18.2.1. it is necessary to protect the interests of the Fund participants against the possible insolvency of the Fund or a fall of the redemption price, when the financial markets are in a bad situation and the value of the Fund's investment portfolio is reduced;
- 18.2.2. there is not enough money to pay for the Fund's units to be redeemed, and the sale (disposal) of available financial instruments would be unprofitable or unavailable due to low liquidity;
- 18.2.3. the Bank of Lithuania adopts such an impact measure.

18.3. From the moment of adoption of the decision to suspend redemption of the Fund units, it is forbidden to accept applications for redemption of Fund units, to pay for redeemed Fund units, which were required to be redeemed prior to the adoption of the decision to suspend redemption.

19. Methods and procedure for informing of investors about the decision to suspend redemption of investment units

19.1. The Bank of Lithuania shall be immediately notified of the suspension of redemption of the Fund's units, it shall be published on the website of the Management Company www.synergy-finance.com, the Fund's participants shall also be informed about it by e-mail specified in the Investment Agreement.

19.2. If the Bank of Lithuania has made a decision to suspend redemption of Fund units, only the Bank of Lithuania or a court shall have the right to renew it. In other cases, the Management Company has such a right.

19.3. The decision to renew the redemption of the Fund's units must be notified in the same manner as the suspension of redemption.

20. Rules for the sale of the investment units and determining of the redemption price

20.1. When the Fund issues units of different classes, Fund unit sales and redemption prices will be calculated and published separately for each class in accordance with the principles set out in this Fund Prospectus.

20.2. The Fund's NAV and the investment unit value are calculated once a month for the last working day of the calendar month. Net assets are calculated in accordance with NAV calculation procedures approved by the Board of the Management Company, which are prepared in accordance with the net asset value calculation methodology approved by the Bank of Lithuania. The Fund's NAV is equal to the difference of values of assets and liabilities. The value of the Fund's unit is determined by dividing the Fund's NAV by the total number of Fund units in circulation. The fund unit value is determined to four decimal places and rounded according to mathematical rounding rules.

20.3. The sale price of the Fund is not increased by distribution costs. The Investor pays a distribution fee when investing in the Fund (the maximum distribution fee is 2.0 per cent (Fund Prospectus point 15.4) The distribution fee is deducted from the invested amount and the remaining amount is invested in the Fund.

20.4. The Fund's redemption price is calculated once a month on the last business day of the month.

20.5. The Fund's redemption fee is not deducted from the Fund's assets and it is not included in the unit price, the participant that sells the Fund units, pays it additionally. When the Fund's units are redeemed, the amount of cash, which is paid to the participant, is reduced according to the amount of the redemption fee. 1.0 per cent redemption fee is applied in certain cases in the Fund (Fund Prospectus point 16.8)

21. Information on increase of the investment unit selling price or reduction of the redemption price by distribution and redemption costs

21.1. Unit sales and redemption prices are not increased or reduced by any other costs or taxes, except for the distribution fee (Fund Prospectus point 15.4) and redemption fee (Fund Prospectus point 16.8).

21.2. **Announcement procedure of sale and redemption prices of the investment units.** The Fund's net asset value and unit price are calculated and published no later than by 12:00 of 5 (fifth) working day of the following month, according to Lithuania time, on the website of the Management Company www.synergy-finance.com.

IV. INVESTMENT INFORMATION

22. Fund Objectives and Investment Strategy

22.1. **Description of the Fund's objectives.** The main objective of the Fund is to earn returns to the Fund's participants by investing in equity and debt securities of companies operating in the crowdlending and alternative financing sectors. The Fund will seek to earn a stable income investing the Fund's funds in debt securities of the companies (usually up to 12 months non-public bonds). The interest on the bonds to be acquired will be no less than the similar financial risk companies' debt prices on the capital markets. Investing in equity securities of companies will aim at a long-term increase of the value of investments providing both financial and intellectual capital. Assessing perspectives for investment in companies, it will be aimed that return for Investors would be 8 – 10 per cent per year.

22.2. **Investment strategy.** The Fund will invest in companies, which act in the field of crowdlending and alternative financing, like, for example, financing of business, financing of real estate projects, financing of working capital, financing of trade companies, factoring, leasing companies, *peer-to-peer lending* companies, and the companies, which provide different funding and compete with traditional sources of funding. The Fund will invest in companies operating in the territory of Lithuania, the Baltic States or Europe. The companies will use the financial resources they receive in their core business by providing crowdlending and alternative financing to legal and natural persons and thus developing a market for alternative financing sources. This means that the Fund will not exercise direct financing activities and will not make loans, it will only invest in the shares of companies and non-public bonds. Targeted investments will be selected in order to earn for investors 8 – 10 per cent annual return on investment.

22.3. **Initial investment.** One investment in a target company that will provide alternative financing and crowdlending, with the primary goal of having a highly diversified portfolio is provided in the Fund's initial stage (first year), (division according to the types of the provided funding, deadline, countries, sectors, etc.).

22.3.1. There are currently 3 potential financing niches that the target company will be able to invest in: (i) **business financing** (factoring with insurance, working capital with mortgages, equipment leasing with mortgages, investment projects, loan syndication, business start-ups with mortgages, purchase of short-term bonds, etc.); (ii) **financing of real estate (RE) projects** (staged RE development funding, RE renovation funding, development of commercial RE, interim financing, syndication of real estate loans, Profit sharing RE development, etc.); (iii) **other** (with mortgages, car leasing with insurance, RE leasing with insurance, one instalment loans with insurance, unprotected loans, etc.).

22.3.2. Most of the funding provided by the target company will be directed to short-term (up to 12 months) business financing solutions through crowdfunding platforms and loan exchanges. The remainder of the funds can be invested directly, i.e. lending to loan operators or businesses or investing in non-public bonds.

22.3.3. The portfolio of the target company will be very diversified, it is planned to hold about 10 – 20 thousand different investments, no more than 5 per cent of the total portfolio value will be allocated to the largest investment. The reduction of non-systemic risk and minimizing of possible errors in selecting investments will be ensured in this way.

22.3.4. The target company will be able to provide funding in two ways: **directly** and / or **through crowdfunding platforms**. It will be aimed to finance directly the higher value projects (for direct engagement, better risk assessment, greater transparency, etc.), meanwhile, the smaller amounts will be financed through existing crowdfunding platforms and loan exchanges, which will also be evaluated accordingly (their riskiness, history, transparency, legal regulation, etc. will be assessed). It should be emphasized that the target company will not provide loans directly to natural persons, but may divert part of the investment to this sector through peer-to-peer lending platforms and loan exchanges.

22.3.5. The target company's expected funding algorithm can be distinguished into two main stages: (i) selection of platforms and (ii) selection of funded projects.

22.3.6. The selection of the platforms could be divided to the following stages: the platform's financial back and reputation analysis; evaluation of the existing legal framework of the platform; platform risk management and IT security assessment; evaluation of platform money management and investment conditions, etc. The assessment of the suitability of potential funding platforms is done periodically. Some platforms are removed from the watch list while other platforms are added depending on the situation or changed market

circumstances. The target company will use around 10 different platforms for diversifying of investments, with no more than 50 per cent of the portfolio size for investment through a single platform.

- 22.3.7. The selection of financing niches could be divided into the following stages: the sample of all selected niches to be funded that are available on the market is composed; according to the elimination algorithm, financing niches that do not meet the criteria are eliminated; the portfolio is formed in line with the diversification strategy.
- 22.3.8. The target company investment portfolio is formed to minimize the risk of under-diversification. **Diversification rules:** no more than 50 per cent of capital is invested through one platform; direct investments (loans to business entities) no more than 50 per cent of capital; up to 100 per cent of capital can be invested in one country (in the long term, one country should make up to 50 per cent of the capital); it is possible to invest up to 100 per cent of necessary funding to a specific financing instrument (loan) (in the long term, the aim is to make an investment in a particular instrument up to 50 per cent of the value of the financing it needs); no more than 5 per cent of capital is invested into one instrument (loan).
- 22.3.9. The competent persons, who have experience in evaluating loans and peer-to-peer lending platforms abroad will implement the assessment of funded niches and peer-to-peer lending platforms. The persons, who have created the unique peer-to-peer lending platform and the methodology for the assessment of loans (risk assessment, document conformity assessment, insolvency assessment, etc.) will participate in the decision-making team, thus their accumulated experience will be used to make the Fund's investment decisions.
- 22.4. **Investment policy.** The Fund will invest in securities of the companies, which are active in the peer-to-peer lending and alternative financing sectors and operate in Lithuania, the Baltic countries and the whole European territory.
- 22.5. **Investment geography.** The Fund will invest (by priority) in companies operating in Lithuania, the Baltic States or the whole European territory. Geography of other investment instruments, to which the Fund can invest for maintaining of liquidity, is not limited.
- 22.6. **Fund investment property form.** The Fund will invest directly in equity and debt securities issued by legal entities, it can also provide different types of loans.
- 22.7. **The Fund's investment objects.** The Fund will invest in equity and debt securities issued by companies and may also provide different types of loans.
- 22.8. In order to provide the Fund with an additional source of liquidity and to enable the Fund to meet its obligations to redeem units of the Fund on a monthly basis or with unoccupied funds at its disposal, part of the Fund's resources may also be redirected to other investment vehicles (money market instruments, deposits, units of collective investment undertakings, derivative financial instruments, etc.) allowed by LCIUIII.
- 22.9. **Borrowing and use of leverage**
- 22.9.1. It is prohibited to lend the Fund's property to the Fund's participants, the Management Company, the Management Company's employees or members of the investment committee.
- 22.9.2. The Fund may borrow funds to fund the Fund's acquired investment objects additionally and thus seek greater return on investment for the Fund's participants. The maximum debt ratio of the Fund is not more than 100 per cent of Fund NAV.
- 22.10. **Managing of the Fund's funds before acquiring of investments.** The Fund may invest funds in other financial instruments specified in the Fund Prospectus and the Rules, as well as term deposits in the banks operating in the territory of the Republic of Lithuania in the interim period, until investments in selected objects are performed. The Management Company makes decisions on the management of the Fund's funds before the investment.
- 22.11. **Net return on investments.** Targeted average annual net investment return of the Fund is 8 – 10 per cent without leverage and after deducting all costs of the Fund specified in this Fund Prospectus. This targeted return on investment will be used as a key indicator for assessing and selecting potential investments however, this does not mean that the Management Company warrants that the Fund's target return will be achieved.
- 22.12. **Benchmark.** The benchmark is not used.
- 22.13. **Possibility of high NAV fluctuations.** The composition of the Fund's investment portfolio may cause large positive or negative NAV fluctuations due to the nature of the planned investments, leverage used and any unforeseen legal or political changes.
- 22.14. **Diversification requirements.** The Fund's investments are not subject to portfolio diversification requirements, i.e. up to 100 per cent of the NAV of the Fund's assets may be invested in one investment object.

22.15. **Investment consultants.** The Fund shall have the right to use the services of external investment advisors in case of need. The Management Company has not entered into any contracts with investment advisors on the date of publication of the Fund Prospectus. The Management Company makes investment decisions regarding the management of the Fund's assets. During the course of the Fund's activities, the Management Company may form an investment committee (not composed of specialists employed by the Management Company) to act as an advisory body for investment decisions regarding the management of the Fund's assets.

22.16. The Management Company undertakes to ensure that according to LR LCIUIII the Fund will meet the following 3 criteria:

- 22.16.1. the Fund is intended for more than one investor unrelated to the Management Company;
- 22.16.2. more than 50 per cent of the Fund's total NAV and Investor's (outstanding) liabilities amount must be the overall amount of NAV and subscribed (outstanding) liabilities, which falls to Investors not related with the Management Company.
- 22.16.3. during liquidation of the Fund, the assets of the Fund are realized by selling them to investors, who are not related to the Management Company.

22.17. **Procedure for changing of investment strategy.** When changing the investment strategy, the general procedure for amending the Fund Rules (instruments of incorporation) and the Prospectus set forth in this Prospectus and the Rules shall be followed. The amendment of the investment strategy is considered as the fundamental change of the Fund's documents.

22.18. **Places to get acquainted with the history of the Fund.** The summarized data of the Fund's activities are provided in the Fund's annual and semi-annual reports. For further information, contact the Management Company.

V. INFORMATION ON RISKS AND THEIR MANAGEMENT

23. Risk factors, related to the acquisition and investment of the Fund's investment units

23.1. **General risks.** Investments in the Fund's investment units are related to long-term and higher-than-average risks. The information, presented in this section of the Fund Prospectus, reflects the risk factors that, in the opinion of the Management Company, are relevant to the Fund's operations. The information, presented in this part of the Fund Prospectus, should not be regarded as the comprehensive and all-dimensional assessment of the risk factors associated with the Fund's activities or proposed investments. Additional risk factors not listed in this clause for the fact that at the time of publication of this Fund Prospectus, the Management Company does not know about them or may consider them to be insignificant, may exist. The decision to invest in the Fund's units should not be taken solely on the basis of the following risk factors. Before making an investment decision, the investor must note that the value of the Fund's investment units may rise or fall. The Management Company cannot guarantee that the investors will recover the invested funds. The requirements for investment portfolio diversification are not applied to the Fund.

23.2. In order to effectively manage the risks below, the Management Company will use commonly accepted risk management techniques (for example, performing the detailed analysis of potential investment objects, through active participation in the management of companies, etc.). The following risk factors may adversely affect the Fund's NAV and, respectively, the value of the Fund's investment units. The risks listed below are described in the order of priority. The listed risks may affect the value of investments and cause the Fund's NAV decrease.

23.3. **Operational risk.** The Fund intends to invest in companies operating in the crowdlending and alternative financing sectors. As a result, the Fund's activity and investment risks are the same as those of direct investment in a variety of alternative financing products (direct funding to natural or legal persons).

23.4. **Market risk.** This is a risk of incurring of losses due to reduction of value of financial instruments in the Fund's investment portfolio. Negative macroeconomic environment of a specific country or region, overall market downturn, slowdown of a particular sector (crowdlending and alternative financing), to which the Fund invested directly or indirectly, negative changes, correspondingly would affect the value of the Fund units negatively. Market risk can be reduced through portfolio diversification, i.e. investing in different sectors, geographic regions, etc.

23.5. **Concentration risk.** The Fund's assets investment limits are not regulated as strictly as limits of other investment funds. The Fund may invest in a limited number of investment instruments, so there is a risk of concentration in the asset class, sector or region. This means that even one unsuccessful investment can have a significant negative impact on the overall performance of the Fund. In such a situation, there is a high risk that the Fund's assets will be lost. This risk will be mitigated by careful selection of investment instruments by the Fund.

23.6. **Liquidity risk.** The Fund will invest in companies whose securities (stocks or bonds) are not traded on trading venues. This means that in a situation where the Fund will need to liquidate part of its available investment (after investors decide to withdraw some of the funds, etc.), the Fund may be forced to sell assets with a significant discount, especially if it is needed within a relatively short period of time (up to 30 days). Given that such financial instruments (unlisted shares or bonds) are less attractive to investors, than listed shares or bonds or real estate, finding buyers at an attractive price can be difficult or even impossible.

23.7. **Sector risk.** Given that this is a fairly young sector where clear business practices and operating business models are not yet well established, there is a serious risk, that targeted companies may face natural business risks inherent in new and highly competitive sectors.

23.8. **Risk of high value fluctuations and potential large short-term losses.** Loans provided by target companies could be equated to risk of speculative grade bonds, issued by small or medium-sized companies. This asset class is very sensitive to the economic cycle and as the economic downturn begins, the percentage of bankruptcies may rise to 20 – 30 per cent (example of the developed world). Considering that Lithuania and other Baltic countries are still classified as higher risk countries, it could be assumed that in the event of a crisis, the share of insolvent loans may be higher (particularly in the case of small businesses).

23.9. **Credit risk.** This is the risk that the debtor will not be able to fulfill its obligations or it will be late to fulfill its obligations to the Fund or the investment object. Credit risk is particularly related to debt securities, money market instruments and deposits.

23.10. **Interest rate risk.** Changes of interest rates may have a direct impact on the value of financial instruments in the Fund's portfolio. Interest rate risk can be reduced by investing in shorter term debt securities.

23.11. **Risk of inflation.** There is a risk that the Fund's investment value will decrease as a result of high inflation, in addition, the increase of the value of the Fund's assets may not offset the Fund's assets real value decline due to inflation.

23.12. **Political and legal risk.** Funds investing in one country, geographic region or economic sector face greater political and / or legal risks. Political instability in the country can lead to legal, tax, fiscal and regulatory changes, such as restrictions of nationalization, confiscation, freedom of movement of capital, and other political decisions that would have a negative impact on the value of the Fund unit. Changes in legislation and tax environment may affect the value of the Fund's units or the amount of the investor's investment income. In order to mitigate this risk, the Fund will endeavor not to invest in financial instruments of countries or regions with increased political and legal risk.

23.13. **Currency risk.** There is a risk that the value of investments will be reduced by unfavorable changes in exchange rates, which are not directly related to the performance of the securities constituting the Fund. The Fund has not set any upper or lower limits for investments in foreign currency denominated financial instruments.

23.14. **Risk of conflict of interests.** Certain conflicts of interest between the Fund, the Management Company, the investment committee, Fund participants, etc. may arise during the period of operation of the Fund. The Management Company will endeavor to minimize this risk in accordance with the approved internal policies and requirements of the applicable legislation, thus ensuring the transparency of investment and investment supervision.

23.15. **Operational risk.** The success of the Fund's investment will largely depend on the investment decisions made by the responsible people of the Management Company and the investment committee and on the experience, qualifications and abilities of these people. There is no guarantee that the same employees of the Management Company or the investment committee will manage the Fund for the entire term of its activities.

23.16. **Other risk factors.** There may also be other global risk factors (other than those listed above) that are independent of the Fund and the Management Company (for example, the war, natural disasters, cross-border political conflicts, etc.) that may adversely affect both the overall market and the value of individual financial instruments that make up the Fund's assets, which may result in a decrease of the value of the Fund's units.

24. **Further information on the Fund's risks can be obtained from the Management Company.**

VI. MANAGEMENT

25. **Information about the Management Company**

25.1. Data of Management company

Name of the Management Company	UAB "Synergy finance"
Address	P. Lukšio St. 32, Vilnius, Lithuania
Company code	301439551
Company type	Joint Stock Company
License number and date of granting of the Management Company	No. VĮK-020, 14 June 2012

25.2. Managers of Management company

Arūnas Čiulada	Chairman of the Board, Director. Member of Lithuanian Investments Managers Association (LIVA) board. UAB "Viešųjų investicijų plėtros agentūra", independent member of supervisory board. UAB "Investicijų ir verslo garantijos", member of supervisory board. Shareholder of management company UAB "Lighthouse Asset Management".
Artūras Milevskis	Member of the board, Head of Investment Management Unit.
Lukas Macijauskas	Member of the board, Funds manager. Member of the board of Management Company UAB "Lighthouse Asset Management".

26. Investment Committee In order to ensure more effective management of the Fund's assets, the Management Company may establish an investment committee of the Fund management, which would act as an advisory body during making of Fund's investment decisions. The investment committee should consist of at least 2 (two) members.

26.1. The Head of the Administration of the Management Company approves the composition of the investment committee. The Head of the Administration of the Management Company must make sure that the members of the investment committee meet the requirements of education, qualifications and professional experience and the requirements of the good repute as laid down by law.

26.2. Members of the investment committee must meet the following minimum requirements:

- 26.2.1. to have a positive work and business ethics reputation;
- 26.2.2. to be of good repute (absence of criminal convictions);
- 26.2.3. to have at least 3 (three) years of work experience in the area of finances or investment management;
- 26.2.4. to have a university degree in the area of the law or social sciences (finance, economics, business management, etc.).

26.3. If the investment committee consists of only 2 (two) members, then investment proposals must be made unanimously. If the committee is composed of more than 2 (two) members, decisions are taken according to the majority vote principle.

27. Authorized capital of Management Company. The amount of the signed and paid by the Management Company capital is **EUR 159 000** (one hundred and fifty-nine thousand).

VII. OTHER IMPORTANT INFORMATION

28. Functions delegation. In accordance with the procedure established by legal acts, the Management Company has the right to delegate part of the Fund management functions to another company having the right to perform the respective functions. The executives of such a company and the staff, who will actually carry out the activities which have been outsourced to the firm receiving the assignment, must be of good repute, with qualifications and professional experience in the field in which the functions to be implemented will be performed. Where such individual functions include licensed activities, the Management Company shall have the right to delegate these functions only to licensed entities.

28.1. Due to increased operational efficiency and lack of specialized human resources, the Management Company may delegate certain functions related to the search, analysis and selection of financing niches, crowdlending platforms and loan exchanges to a company that may be an unlicensed financial market participant.

28.2. In the case set forth above, such company will operate under the supervision of the Management Company and such company or its designees will not be entrusted with the investment decision-making function of the Fund. The services provided by the Company in no way limit the liability of the Management Company. In all cases the investment decisions of the Fund shall be taken by the Fund Manager appointed by the Management Company. The Management Company will transfer part of the Fund Management and Success Fee to such Company for such delegated functions, however, the delegation of such functions will not result in an increase in the Fund's overall costs and the Management Company will reimburse the Company for the functions performed by such Company from its receivables for the management of the Fund.

29. Distributors of the Fund investment units

Name	AB "Šiaulių bankas"
Company code	112025254
Registered office	Tilžės St. 149, Šiauliai, Lietuva
Telephone:	1813
E-mail	info@sb.com
Website address	www.sb.lt

Name	UAB FMĮ „Myriad capital“
Company code	304039352
Registered office	Liepyno St. 25A, Vilnius, Lietuva
Telephone	+370 645 30102
E-mail	info@myriadcapital.lt
Website address	www.myriadcapital.lt

30. Information about asset custodian

Name	Swedbank, AB
Company code	1202965
Office address	Konstitucijos Ave. 20A, Vilnius, Lithuania
Company type	Stock Company
Main activities:	Main activities: financial services

31. Audit company

Name of audit company	UAB "Grant Thornton Baltic"
Address	A. Goštauto St. 40 B, Vilnius, Lithuania
Telephone number	+370 5 2127856
Company type	Audit company
Number of permission to perform audit business	No 001445

32. Financial intermediaries

Name of the mediator	“Swedbank”, AB
Company code	1202965
Office address	Konstitucijos Ave., 20A, LT-09321 Vilnius, Lithuania
Company type	Stock Company
Main activity:	Financial services provision
Type of agreement with Management Company	Mediator for transactions by using financial measures

33. Fund liquidation

33.1. The Fund may be liquidated in the following cases:

- 33.1.1. when the Management Company's license is cancelled;
- 33.1.2. having started a compulsory liquidation procedure of the Management Company;
- 33.1.3. bankruptcy proceedings are initiated against the Management Company;
- 33.1.4. after the Management Company makes a decision to liquidate;
- 33.1.5. after the Management Company makes a decision to liquidate the Fund;
- 33.1.6. in other cases, stipulated in legislation.

33.2. In case the Fund is intended to be liquidated because of the circumstances related to the business of the Management Company, the Management Company, under request of the Fund participants, must provide a possibility to overtake the management of the Fund by other management company, entitled to manage the Fund.

33.3. In case the Fund is intended to be liquidated by the decision of the Management Company, the Fund participants and creditors of the Fund must be informed about this before 6 (six) months. In case, when another management company appears during the term of 6 (six) months, which agrees to overtake management of the Fund (and it has the license, providing such right), the Management Company must transfer the management of the Fund to the new management company. In case a sale transaction is not performed in a term of 6 (six) months, the Fund may be started to liquidate.

33.4. **Decision making procedure.** A decision to liquidate the Fund under the initiative of the Management Company is made in a board meeting of the Management Company. In case the right of the Management Company to manage the Fund terminates (having canceled the license of the Management company, having started a compulsory liquidation procedure of the Management Company after a bankruptcy case is started to the Management Company, after the Management Company makes a decision to liquidate) and the Fund is not transferred to be managed to the other management company, decision making and liquidation procedures are determined in the predetermined by Law on the Collective Investment Undertakings for the Informed Investors of the Republic of Lithuania and other legislation order.

33.5. **Liquidation procedure.** When liquidating the Fund under the initiative of the Management Company (after a decision is made to liquidate the Fund and / or after the Management Company makes a decision to liquidate itself), the Management Company board determines liquidation and asset division procedure, by following the procedure stipulated in the Law on the Collective Investment Undertakings for the Informed Investors of the Republic of Lithuania and other legislation and by representing interests of the Fund participants. The procedure determines the information of the Fund's participants, the terms and conditions of the realization / division of the Fund's assets, the last date of calculation of the net assets, the terms and conditions of settlement. The Fund shall be liquidated upon division of the assets and settlement with all participants of the Fund.

33.6. Fund participants and creditors must be informed about the decision of the Management Company to liquidate the Fund before the beginning of the Fund liquidation. The notification must include the reasons of the Fund liquidation and a description of the liquidation procedure.

33.7. Upon the decision of the Management Company to liquidate the Fund, the sale and redemption of Fund units are terminated.

33.8. In case, when the claims regarding obligations, which must be fulfilled at the expense of the Fund, are examined in the court during the Fund liquidation process, the Fund may be liquidated only after the decisions in such cases become effective.

33.9. During the Fund liquidation, assets of the Fund are realized to the persons not related to the manager of the Fund (Management Company).

33.10. **Rights of the participants when liquidating the Fund.** When liquidating the Fund, having satisfied the requirements of the creditors, the Fund participant is entitled to get part of the divided Fund assets, proportionate to the number of units he holds.

34. Other important in the opinion of the managers information, which may have influence on the investors when making a decision. Managers of the Management Company do not know other important information, not provided in this Fund Prospectus, which may have influence to the procedure of decisions making by the investors.

35. Persons, responsible for information provided in the Fund Prospectus

Name and surname	Artūras Milevskis
Position	Head of Investment Management Unit
Telephone number	+370 610 04134
E-mail address	arturas@synergy-finance.com

Approval with the signature of manager of administration, who has prepared the Fund Prospectus and who is responsible for the fairness of information provided in it that the information provided in the Fund Prospectus is correct and does not include not revealed facts, which could have influence on the decisions of investors:

Director	Arūnas Čiulada
Head of Investment Management Unit	Artūras Milevskis

