

## I. MAIN TERMS AND CONDITIONS OF THE INVESTMENT BASKET

1. **Name of the investment basket** – INVL Nordic High Yield Debt.
2. **Target market of the investment basket** – Nordic market fixed income investments.
3. **The Insurer and provider of the investment basket** – gyvybės draudimo UAB „SB draudimas“ (hereinafter “Insurer”).
4. **Asset manager of the investment basket** – gyvybės draudimo UAB „SB draudimas“ or assigned another asset manager (“Asset Manager”).
5. **Start date of the investment basket’s investment activities** – 1<sup>st</sup> of July 2022.
6. **Calculation of the price of the investment basket unit** – a price is calculated for the investment basket on each working day.
7. **The annual investment basket fee** – 0.75%.

## II. INVESTMENT BASKET

8. The investment basket is an investment object owned by the Insurer that may be linked to a unit-linked life insurance policy (hereinafter “Contract”) specified by the Insurer, where the assets of the investment basket are invested according to the investment strategy detailed below.
9. The investment basket does not distribute its profit. Instead, any profit increases the price of the unit. The return of the investment basket depends on the performance of the underlying assets in the investment basket.
10. The Insurer defines the rules for the investment basket taking into account legislation requirements for investment basket’s assets under management (for ex. set diversification requirements).
11. Unless otherwise provided in these rules, the regulations concerning investment baskets in the unit-linked product insurance terms and conditions (hereinafter “the Contract terms and conditions”) apply to the investment basket.

## III. THE INVESTMENT STRATEGY OF THE INVESTMENT BASKET

12. A strategy for investing in fixed-income instruments that aims to achieve returns above those typically associated with fixed-income investment products. This is achieved by selecting debt securities or equivalent investment objects, usually collective investment undertakings. Most of the assets are invested in the Nordic region (Denmark, Norway, Finland, Sweden) corporate bonds that have a credit rating below investment grade.
13. Proportion of alternative investments can represent up to 30% of the assets. Derivatives can be used to hedge against currency exchange rate change risk.
14. The investment basket may also include cash.
15. The Insurer or Asset Manager can use the assets of the investment basket for trading in the marketplace of his choice.
16. Any dividends paid by the financial instruments and other returns are added to the price of the investment basket and reinvested in the financial instruments according to the Investment Decision Execution Policy.
17. The Insurer is entitled to temporarily deviate from the approved investment strategy when the market situation changes unpredictably, due to *force majeure*, a political event or for some other objective circumstances. The Insurer shall ensure the situation is rectified as quickly as possible in accordance with the investment strategy, while taking the shared interests of the clients into account. Such occasional deviations to the approved investment limits due to changes in the price of the financial instruments are not regarded as exceptions to the investment strategy.

## IV. RISK PROFILE OF THE INVESTMENT BASKET

18. The investment basket is exposed to the fixed income markets’ return risk and capital risk. Return risk and capital risk mean that

investors may lose the capital that they have invested as well as the returns in part or in full. The investment basket does not have a capital guarantee.

19. The value of the investment basket is calculated regularly at the market values of the financial instruments it contains. Changes in the equity, foreign exchange, fixed income, and alternative investment markets are reflected in the value of the basket, which can vary substantially in the short term.
20. The investment basket’s value is calculated in euros. The investor (hereinafter “Policyholder”) bears the foreign exchange risk for investments other than those denominated in euros. The investment basket is not covered by the Fund of Liabilities to Investors or the Deposit Insurance Fund.

## V. TARGETED INVESTORS

21. The investments basket suits investors who seek a higher return than those for fixed income investments in the long term and accept the risk of losing capital and returns.

## VI. INVESTMENT BASKET’S FEES AND EXPENSES

22. The annual investment basket fee is 0.75%. This fee is intended to cover the costs associated with managing the investment route and the administration of the insurance contract.
23. The annual investment basket fee and any other possible expenses associated with the investment basket’s direct investment, including safe custody expenses, acquisition and redemption fees, trading costs and any taxes and other charges, shall be deducted from the value of the investment basket at the time the unit price is calculated. The value of an investment basket may also be reduced by charges on third-party mutual funds, investment baskets or other financial instruments (or collections of financial instruments) in which the investment may be targeted.

## VII. CALCULATION OF THE INVESTMENT BASKET’S VALUE

24. The Insurer (or Asset manager) calculates the value of the investment basket.
25. The value of the investment basket is calculated by deducting the expenses of the investment basket from its assets, including management fee and expenses associated with investments. The value of the investment basket is expressed in euros.
26. The assets and liabilities of the investment basket denominated in other currencies are converted into euros on the basis of the reference rate for the euro and foreign exchange rates published by the European Central Bank.
27. Securities, money market instruments and standardized derivative contracts included in the investment basket are valued at the market value.
28. The units of investment funds and units issued by collective investment undertakings are valued at the last available price of the unit.
29. Deposits are valued by adding accrued interest to the deposit amount.
30. Other financial instruments and investment objects, as well as financial instruments and investment objects whose current market value is not known, are assessed using objective criteria. A more detailed valuation of financial instruments and investment objects is specified in the Insurer’s internal valuation methodology for investment objects.
31. A value is calculated for the investment basket for the days those Lithuanian banks are generally open (working days). Based on any changes, market disturbances or other similar reasons possibly affecting the investment basket’s investments, the Insurer (Asset Manager) can interrupt the calculation of the investment basket’s value until the calculation of the value can be carried out normally.

## VIII. CALCULATION OF THE UNIT PRICE OF THE INVESTMENT BASKET

## RULES OF THE INVESTMENT BASKET INVL NORDIC HIGH YIELD DEBT

32. The price of the investment basket unit is calculated by dividing the value of the basket by the number of investment basket units in circulation.
33. The unit price of the investment basket may be divided into fractions. The number of investment basket's units and the unit price are rounded to 4 decimal places. The unit price of the investment basket is expressed in euros. The latest unit price of the investment basket is available from the Insurer and on the Insurer's website.

### IX. LINK BETWEEN INVESTMENT BASKET AND CONTRACT AND ASSOCIATED RESTRICTIONS

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34. Investment basket is linked to the Contract only for the purpose of calculation of capital accumulated in the Contract.
35. The subscription of the investment basket's units means tying a new payment after corresponding fees deduction under the customer's Contract or of already existing savings to the price of the investment basket's unit. The redemption of the investment basket units means the withdrawal of the Contract's savings tied to the investment basket or their transference to another investment basket.
36. The Insurer is entitled to refuse to execute the Policyholder's investment order due to linking the Contract with the investment basket. The Insurer has the right to limit the number of investment baskets selected in the Contract, the combination with other investment baskets offered by the Insurer or to determine the minimum number of units or the minimum amount in euros that may be linked to the Contract at any time.
37. The redemption price of the investment basket unit coincides with the price of the unit.
38. Investment assignments are executed in the order in which they are submitted.
39. The investment assignment can only be cancelled with the approval of the Insurer.
40. The Insurer is entitled to restrict investment basket unit redemptions and subscriptions due to market disturbances or other similar reasons, or if the restriction is deemed necessary to protect the interests of other Policyholders. Such a situation can arise, for example, due to a market disturbance, as a result of which the valuation and realization of the Investment Basket's investments and value calculation of the Investment Basket cannot be carried out reliably.
41. Investment risk borne by Policyholder as well covers such situations when investment basket unit redemptions and subscriptions are temporarily or permanently suspended by Insurer, Asset manager or state institution, as well as cases of suspension of investment basket unit valuation (unit price is not calculated on a particular day and it is determined later). In such cases investment unit price is calculated, Policyholder's investment orders or other transactions in respect to the Contract are executed as soon as subscription/redemption of investment units is reopened and unit price available.
42. The Insurer is entitled to change the Asset Manager of the investment basket and make changes to the rules of the investment basket. Changes are reported on the Insurer's website.

### X. TERMINATION OF THE INVESTMENT BASKET

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43. The Insurer is entitled to terminate the investment basket or to merge it with other investment basket, owned by the Insurer. Policyholders' notification procedure is set in the Contract terms and conditions.

### XI. OWNERSHIP OF AND RIGHTS TO THE INVESTMENT BASKET AND ITS UNITS

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44. The Policyholder or beneficiaries do not have title or other rights to the investment basket or to its units linked to the Contract. The Insurer holds the title to the units of the basket and the financial instruments belonging to the basket linked to the Contract.

### XII. TAXES AND PAYMENTS TO AUTHORITIES

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45. If the investment basket or financial instruments in the basket are subject to direct or indirect taxes under a law or an order issued, or other fees imposed by the authorities, and which are payable by the Insurer, the Insurer is entitled to charge the corresponding sum from the investment basket's asset.
46. The investment basket's financial instruments may be subject to tax costs, which affect the price of the financial instrument's or investment basket's value.

### XIII. RISKS ASSOCIATED WITH THE INVESTMENT BASKET

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#### 47. MARKET RISK

Financial instruments are affected by market risk, i.e., risk which is caused by general economic development, in other words factors that affect the overall performance of companies operating on the markets and/or that the value of the investment changes as a result of changes in the economic outlook.

#### 48. RETURN RISK

The performance of the investment basket is dependent on the performance of the target market, which may vary during the investment period. No guarantees can be made concerning the performance of the target market. The past performance of investments is no guarantee of future performance. Investing in the investment basket is not the same as investing directly in the target market.

#### 49. INTEREST RATE RISK

Interest rate risk results from the value of the investment basket changing due to a change in the market interest rates.

#### 50. CREDIT RISK

Credit risk means a loss or the weakening of the financial position because the issuer of a security or other debtor fails to meet his or her obligations. If the credit risk materializes, the investor bears the risk of losing the investment entirely or in part.

#### 51. COUNTERPARTY RISK

Counterparty risk arises due to the other party in a financing or derivative contract and materializes if the counterparty is unable or unwilling to meet his or her obligations. If the counterparty risk materializes, the market value of the contract concluded with the counterparty is subject to risk. The investor bears the risk of losing the investment entirely or in part if the counterparty risk materializes due to the insolvency of the derivative counterparty prior to the redemption of the investment.

#### 52. FOREIGN EXCHANGE RISK

If the financial instruments include investments other than euro denominated investments, changes in exchange rates may affect the performance of the financial instrument.

#### 53. LIQUIDITY RISK

The markets' liquidity risk means that investments cannot be or cannot easily be realized or covered at the current market price or that a value cannot be determined for the investments due to the markets' lack of depth or because the markets are not working due to disturbance. The value of an investment may need to be defined in an exceptional manner at an exceptional time as the result of a market disturbance.

#### 54. SUSTAINABILITY RISK

Sustainability risk is an environmental, social or governance (further – ESG) event or situation that may have a real or significant adverse effect on the value of an investment. Sustainability risks can occur through a variety of other risks (e.g., market liquidity, credit, etc.) and have a material effect on investments, fluctuations in the value of assets, affect liquidity or the unit price of the investment basket. The impact of sustainability risks may vary depending on the investment, e.g., investments in high-carbon sectors may be more exposed to climate change risks. All or a combination of these factors can have an unpredictable impact on the investments of an investment avenue and a significant impact on the value of the assets of the investment avenue. The assessment of sustainability risk depends on the class of business sector. Different sectors require different data and tools to apply due diligence and to assess the materiality and

impact of sustainability risk. In order to mitigate this risk, the Insurer (Asset Manager) also assesses the sustainability factors relevant to the specific investment being analyzed and the sustainability risks associated with them.

### XIV. RISK AND OBSERVATIONS RELATED TO UNIT-LINKED CONTRACT INSURANCE

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55. Risk is always inherent in investment activities. The performance of unit-linked insurance policies is based on the performance of the investment baskets selected by the Policyholder. The value of the investment basket may rise or fall, and the Policyholder bears the risk of the financial consequences of his or her investment decisions and of losing his or her insurance savings. The Policyholder should take into account that the past performance of investments is no guarantee of future performance.
56. The information and calculations concerning the returns, fees and expenses for the investment basket do not take into account the Contract fees.
57. The investment basket is not covered by Fund of Liabilities to Investors or the Deposit Insurance Fund.
58. Policyholders independently decide on the selection of investment baskets in accordance with their own investment objectives and bear the risk of a decrease or loss in the value of the capital accumulated under the Contract.
59. Neither the Insurer (Asset manager) nor its agents are liable for the performance of the investments, or the selection of the investment baskets linked to the Contract.
60. Policyholders must carefully familiarize themselves with precontractual information, the Contract terms and conditions, price lists, key information documents and other information relating to the investment baskets before conclusion or change of the Contract or selecting or changing investment basket.
61. Changes in legislation, other regulations and official procedures or the decisions of courts of law can affect the business operations, financial position, and performance of the Insurer as well as the market value of the investments in the investment basket. Additionally, the investor bears the risk of changes in taxation affecting taxation of the Contract or benefits under them.
62. If there is conflict between the terms and conditions in other language and in Lithuanian, the Lithuanian version shall prevail.

### XV. PRE-CONTRACTUAL SUSTAINABILITY DISCLOSURE

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63. INVL Nordic High Yield Debt does not promote any specific ESG characteristics or have a sustainable investment objective. The INVL Nordic High Yield Debt considers sustainability risks through the analysis of ESG criteria when assessing investment risks and opportunities but may invest in issuers with low ESG profile.
64. However, the INVL Nordic High Yield Debt may have investments that focuses on companies that meet specific criteria, including ESG scores, and/or relate to certain sustainable development themes and demonstrate adherence to environmental, social, and corporate governance practices. Accordingly, such investments may conclude smaller part of total assets compared to other investments, which do not meet specific sustainability criteria. Such investment may (i) underperform the market as a whole if such investments underperform the market and/or (ii) underperform relative to other investments that do not utilize ESG criteria. Insurer (Asset Manager) of Investment Basket may sell investments for ESG related concerns that both are performing and subsequently perform well.
65. INVL Nordic High Yield Debt does not currently consider the principal adverse impacts of investment decisions on sustainability factors. This is principally because of a lack of consistent, accessible, and accurate data from the underlying portfolio investments, and no agreed framework for reporting across the industry. The Insurer will review this position regularly and will update investors accordingly with relevant information, should the position change. INVL Nordic High Yield Debt does not take into account the EU criteria for environmentally sustainable economic investments as defined by the Taxonomy Regulation. However, it cannot be excluded that some investments might be aligned with the Taxonomy Regulation criteria for environmentally sustainable economic activities.