



To Baltic Corporate Bond Fund

2022-03-29

Kaunas

The translation from Lithuanian language to English language of Independent Auditor`s Report, financial statements for the year ended 31 December 2021 of Baltic Corporate Bond Fund is provided on pages 1 - 15. The set of financial statements of Baltic Corporate Bond Fund for the year ended 31 December 2021 in Lithuanian language was issued on 18 February 2022 and is provided on pages 16 - 17.

Open-ended investment fund for informed investors

Baltic Corporate Bond Fund

Independent auditor 's report and financial statements

31 December 2021

Baltic Corporate Bond Fund
Date of approval of the founding documents of the Bank of Lithuania on the 27th of May 2019
Management company Milvas, UAB
304955295
Konstitucijos Ave. 15-94, Vilnius, The Republic of Lithuania
(all amounts are in euros unless otherwise indicated)

Table of Contents

STATEMENT OF NET ASSETS	3
STATEMENT OF CHANGES IN NET ASSETS	4
EXPLANATORY NOTES	5
INDEPENDENT AUDITOR'S REPORT	16

Baltic Corporate Bond FundDate of approval of the founding documents of the Bank of Lithuania on the 27th of May 2019

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304955295

Konstitucijos Ave. 15-94, Vilnius, The Republic of Lithuania

(all amounts are in euros unless otherwise indicated)

STATEMENT OF NET ASSETS

	Notes	31 December 2021	31 December 2020
A. ASSETS	4	15 274 724	7 339 079
1 CASH	1, 11	1 324 097	1 818 792
2 TERM DEPOSITS		-	-
3 INSTRUMENTS OF THE MONEY MARKET		-	-
3.1. Bills of the State Treasury		-	-
3.2. Other instruments of the money market		-	-
4 TRANSFERABLE SECURITIES	2, 11	13 950 626	5 514 187
4.1. Non-equity securities		13 950 626	5 514 187
4.1.1. Investment units and shares of other collective investment subjects		-	-
4.1.2. Other non-equity securities		13 950 626	5 514 187
4.2. Equity securities		-	-
4.3. Investment units and shares of other collective investment subjects		-	-
5 ADVANCED PAYMENTS		-	-
6 ACCOUNTS RECEIVABLE	3, 11	-	6 100
6.1. Amounts receivable from investment sales transactions		-	-
6.2. Other amounts receivable		-	6 100
7 INVESTMENT PROPERTY AND OTHER ASSETS		-	-
7.1. Investment property		-	-
7.2. Derivative financial instruments		-	-
7.3. Other assets		-	-
B. LIABILITIES		79 535	36 412
1 AOUNTS PAYABLE		79 535	36 412
1.1. Amounts payable for financial assets and investment property	5	-	-
1.2. Amounts payable to management entity and Depository	6	27 781	12 519
1.3. Other amounts payable	7	51 754	23 893
2 ACCRUED EXPENSES	8	-	-
3 FINANCIAL DEBTS TO CREDIT INSTITUTIONS		-	-
4 LIABILITIES FROM DERIVATIVE FINANCIAL INSTRUMENTS		-	-
5 OTHER LIABILITIES		-	-
C. NET ASSETS	9	15 195 188	7 302 667

Igorius Pancerevas
Director of the Management company

Signature

Date

Tautvydas Marčiulaitis
Fund manager

Signature

Date

Eladijus Kirijanos
Representative of the accounting firm

Signature

Date

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STATEMENT OF CHANGES IN NET ASSETS

	Notes	31 December 2021	31 December 2020
1 THE NET ASSETS VALUE IN THE BEGINING OF THE REPORTING PERIOD	9	7 302 667	5 034 870
2 INCREASES IN THE VALUE OF NET ASSETS			
2.1. Participant's contributions to the fund	9	7 640 000	2 185 000
2.2. Amounts received from other funds		-	-
2.3. Guarantee contributions		-	-
2.4. Investment Income		627 199	511 631
2.4.1. Interest income	2	627 199	511 631
2.4.2. Dividends	2	-	-
2.4.3. Lease income		-	-
2.5. Profit from investments value change and sales	2	368 443	-
2.6. Profit from foreign exchange rate change		-	-
2.7. Profit from transactions of the derivative financial instruments		-	1 650
2.8. Other increase in the net assets value		-	-
TOTAL INCREASES IN THE NET ASSETS VALUE		8 635 642	2 698 281
3 DECREASES IN THE NET ASSETS VALUE			
3.1. Payments to the participants of the fund	9	568 626	211 802
3.2. Payments to others funds		-	-
3.3. Loss from investment value change and sales	2	-	115 156
3.4. Loss from foreign exchange rate change		-	-
3.5. Loss from transactions of the derivative financial instruments		-	-
3.6. Management expenses:	10	174 495	103 525
3.6.1. Reimbursement to management entity		148 951	83 173
3.6.2. Reimbursement to Depository		13 228	12 000
3.6.3. Reimbursement to intermediaries		-	-
3.6.4. Audit expenses		-	-
3.6.5. Interest expenses		-	-
3.6.6. Other expenses		12 317	8 351
3.7. Other decrease in the net assets value		-	-
3.8. Compensation of the expenses (-)		-	-
TOTAL DECREASE IN THE NET ASSETS VALUE		743 121	430 483
4 Change in the value of net assets		7 892 521	2 267 798
5 Profit distribution		-	-
6 THE NET ASSETS VALUE AT THE END OF REPORTING PERIOD	9	15 195 188	7 302 667

Igorius Pancerevas
Director of the Management company

Signature

Date

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Fund manager

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Eladijus Kirijanovas
Representative of the accounting firm

Signature

Date

EXPLANATORY NOTE

I. GENERAL INFORMATION

The open-ended investment fund – BALTIC CORPORATE BOND FUND (hereinafter - the Fund) was established on 27 May 2019, which is intended for informed investors, after the Supervisory Authority of the Bank of Lithuania approved the Fund Rules.

The Fund is an open-ended investment fund intended only for informed investors, the sale and redemption of the units of is restricted in accordance with the procedures established in the Rules. The legal form of the Fund is an investment fund without the status of legal personality.

Fund units have been distributed since 29 May 2019.

The objective of the fund is to earn moderate returns for investors from investments in corporate debt securities issued in the Baltic States. The fund may also invest part of its money in corporate bonds issued in other countries (European Economic Area), which will be assigned an ISIN code. Part of the Fund's assets will always be held in cash in order to create a liquidity barrier and meet the liquidity needs of investors.

The financial year of the Fund coincides with the calendar year. The life of the fund is indefinite. Reporting period of the financial statements 01/01/2021 – 31/12/2021.

The investment fund BALTIC CORPORATE BOND FUND is managed by Milvas, UAB (hereinafter - the Management Company), established and registered in 20 November 2018, company code – 304955295, registered office address – Konstitucijos str.. 15-94, Vilnius, Republic of Lithuania, data on the Management Company are collected and stored in the Register of Legal Entities. On 18th of March 2019 by the decision of the director of the Supervisory authority of the Republic of Lithuania, the Company was issued a management company license entitling it to manage collective investment undertakings for informed investors operating in accordance with the Law on Collective Investment Undertakings for informed investors of the republic OF Lithuania, no. 241-60.

The Fund's depository is SEB bankas, AB, company code 112021238, located at Konstitucijos str. 24, Vilnius, operating under the license no. 2, issued by Bank of Lithuania.

The Fund is audited by BDO auditas ir apskaita, UAB, company code 135273426, registered office address Kęstučio str. 58-5, Kaunas.

II. ACCOUNTING POLICIES

The Management Company, when managing the Fund's accounting and compiling financial statements, follows the Law on Accounting of the Republic of Lithuania, the Law on Collective Investment Undertakings of the Republic of Lithuania, Business Accounting Standard 39 of the Republic of Lithuania, general accounting principles set out in Business Accounting Standards acts of the republic of Lithuania and other legislation.

The financial statements have been prepared on a going concern basis and are based on the assumption that the Fund will be able to continue as a going concern in the foreseeable future.

The Fund's accounting is managed separately from the Management Company in accordance with the approved chart of accounts. The Fund complies with the Law on Collective Investment Undertakings for Informed Investors of the Republic of Lithuania (CIUII).

The currency, in which the Fund's Net Asset Value (NAV) is calculated, is euro.

The amounts in these financial statements are presented in the currency of the Republic of Lithuania - Euro (EUR).

The accounting principles applied in the preparation of these financial statements are set out below:

II. ACCOUNTING POLICIES (continuation)

1 Investments of the Fund

The fund will invest in corporate debt securities - bonds. The majority of the Fund's assets will be invested in publicly and privately issued debt securities issued by sustainable growth companies in the Baltic States that seek to diversify their sources of liabilities and has a history of operations. In order to maintain sufficient liquidity, part of the Fund's assets may be invested in corporate bonds issued in the European Economic Area, which may be denominated in a currency other than the one Fund uses. Also, part of the Fund's assets will be held in cash or cash equivalents.

The aim will be to invest the Fund's assets in short- and medium-term debt securities in such a way as to ensure that the weighted average duration of the Fund's investments is between three and five years. Part of the Fund's assets may be invested in bonds related to derivatives, such as early redemption bonds. The Fund will invest in both quoted and unquoted bonds; therefore, part of the Fund's assets may be invested in illiquid financial instruments. However, the Fund will only invest in those financial instruments that will be assigned an ISIN code.

The Fund is subject to the following restrictions on financial risks that are acceptable or cannot be hedged:

Credit risk

Defines the risk when an issuer is unable to meet its obligations to creditors. For those investing in bonds before maturity, this risk is most significant. Credit risk is related to the probability that an issuer will go bankrupt and the value of assets that can be recovered in the event of bankruptcy, based on the credit ratings assigned to issuers. The probability of bankruptcy is related to the conditions in the real economy and the financial market. In some cases, the number of bankruptcies increases significantly (mostly during crises). Therefore, there is a possibility that the Fund may incur significant losses due to the default of issuers.

Recovery risk and subordination

The position of the bond in the issuer's capital structure is particularly important as it is directly related to the value of the assets that will be recoverable in the event of the issuer's bankruptcy (hereinafter - the "recovery ratio. Subordinated bonds have the lowest recovery rates in history. Bonds issued by subsidiaries or special purpose vehicles (SPVs), rather than the principal issuer, also have a low recovery rate. Recovery rates have historically been lowered during large-scale economic crises. The Fund Manager will seek to minimize investments in subordinated bonds and bonds issued by not the main companies, but there is a risk that the value of the Fund's assets may decline significantly due to the high number of bankruptcies and the low recovery ratio.

Liquidity risk

In the typical case, the Fund's investment objects will be less liquid than government bonds, which are more common for investors. Therefore, when trading these products, there are often significant differences between the bid and ask spreads in the market, which may prevent the realization of the best market price of one or all of the Fund's bonds in certain periods. Therefore, when trading these products, there are often significant differences between the bid and ask spreads in the market, which may, in certain periods, prevent the realization at the best market price of one or all of the Fund's bonds. As a result, there is a risk that at some point the Fund will not have sufficient liquid assets to meet its obligations to investors.

Market risk

The market value of the Fund's bonds may fluctuate and fluctuate constantly, even in the absence of company-related news or changes in the Company's level of risk. Bond prices also depend on monetary policy, especially changes in interest rates. These factors will also have an effect on the Fund's NAV and therefore the value of the investment units.

Operational risk

There is a risk of loss due to people, systems, inadequate or failed internal processes, or the impact of external events, including legal risks. If this risk materializes, there is a possibility that the Fund's NAV, and therefore the value of investment units, would decrease.

II. ACCOUNTING POLICIES (continuation)

2 Financial risk management policy (continue)

Currency risk

Currency risk is associated with the portion of the Fund's assets that will be invested in non-euro denominated bonds. Foreign currencies may fluctuate in regard to the euro and, in some cases, changes in exchange rates may reduce the return on investment. This is the case even when a foreign currency is pegged to the euro and its exchange rate in regard to euro does not fluctuate historically. Therefore, the Fund is likely to incur exchange rate losses.

Risk of investment basket

This risk is due to the excessive concentration of investments in bonds with a certain company, sector or similar characteristics. The Fund Manager will seek to minimize this risk by diversifying its investments. This risk is particularly relevant during the first 24 months of the Fund's operation.

Political risk

The possibility of incurring financial losses as a result of certain political decisions or political events.

3 Criteria for recognizing assets and liabilities

The increased value of cash in the bank account or the value of the cash equivalents acquired is entered in the cash account. Impairment of this account is recorded accordingly.

Financial assets are recorded when the Fund receives or acquires the right to receive cash or another financial asset according to an existing contract. Planned transactions, guarantees received and sureties are not recognized as assets of the Fund until they meet the definition of a financial asset. Acquired assets are recorded on the date of trade.

The increase in the value of the securities is recorded when the securities are acquired, if the advance is paid, the increase in the advance is recorded. The increase in value is recorded when the value of the securities increases. Accordingly, the impaired portion of securities is recorded when securities are sold, when securities are redeemed by the issuer, and when securities are impaired. The date of entry in the accounts is the date on which the assets are acquired or transferred.

Financial liabilities are recorded only when the Fund has a present obligation to pay cash or another financial asset. Planned transactions, guarantees provided and sureties that have can still be not executed are not recognized as financial liabilities of the Fund until they meet the definition of a financial liability.

4 Accounting rules for deductions to the management company and the depositary and other expenses

The Fund may incur only such expenses as are related to the management of the Fund and are specified in the Fund Rules. All other expenses that are not specified in the rules or exceeding the established amounts covers the Management Company.

The Fund's management fee, expenses for depositary, expenses for intermediaries for intermediation in buying and selling securities, expenses for recording securities, banking services, litigations, recoveries and legal services are covered from the Fund's net assets.

The total expenses paid out of the Fund's assets will not exceed 5% of the Fund's average annual NAV.

Maximum expenditures have also been set for individual types of expenditure:

Cost item	Maximum amount
Management fee (fixed amount)	1.40%*
Depositary fee	0.20%*

* The maximum percentage is determined from the average annual NAV.

II. ACCOUNTING POLICIES (continuation)

4 Accounting rules for deductions to the management company and the depositary and other expenses (continued)

The distribution fee of the Fund's investment units is paid by each investor separately by concluding an investment agreement and / or by paying the purchase price of the Fund's investment units.

5 Methods and assumptions for valuation of assets and liabilities, periodicity of revaluation of investments

The statement of net assets includes the fair value of the Fund's assets and liabilities in the end of the reporting period.

Financial instruments that are not traded on a regulated market or have a very low liquidity are valued at denomination plus accrued interest unless there are objective reasons to believe that the price should be different, that is to say, reasons that would allow an objective empirical substantiation of the argument that the issuer will not be able to, or there is a real possibility that the issuer will not be able to redeem the entire bond issue and investors will not recover all the money invested.

Financial instruments that are quoted and admitted to trading on a regulated market are valued as follows:

1. Using the latest average market price or BGN (Bloomberg Generic Value) mid price which Bloomberg publishes.
2. If mentioned price is not provided, BVAL (Bloomberg Evaluated Pricing Service) mid price or average market price is used.
3. Clean average prices or profitability data provided by Nasdaq Baltic.
4. According to the given average purchase price or bid price which is for a specific emission, newest but not earlier than 7 working days, calculating from the an instrument valuation date, and published by commercial banks which have a license issued by at least two relevant supervisory authorities located in Lithuania or European union. The list of eligible banks is specified in Annex 1.

The value of financial instruments of the Government of the Republic of Lithuania acquired by auction is determined using formulas approved by the Bank of Lithuania.

Time deposits at banks are valued at a value of amortized prime cost. Cash and cash equivalents at credit institutions other than time deposits are valued at nominal value.

6 Unit valuation rules

The Fund's units show the participant's share of the Fund's assets.

The Fund's currency – euros are used to pay for the acquired Fund's units. The total value of all the Fund's units in circulation is always equal to the value of the Fund's net assets. The value of a fund unit (its parts) is set to 4 (four) decimal places and rounded according to mathematical rounding rules. The Fund's unit value is determined by dividing the Fund's net asset value, determined on the day of calculation, by the number of Fund's units in circulation.

7 Cash equivalents

Cash includes money in the Fund's bank accounts. Short-term deposits (up to 3 months) that cannot be withdrawn from a credit institution's account without losing accrued interest are classified as time deposits. Time deposits are recorded at nominal value, with interest accruing using a straight-line basis method until maturity.

II. ACCOUNTING POLICIES (continuation)

8 Structure of investment portfolio

The Management Company will seek to diversify the Fund's investment portfolio in accordance with the requirements of the CIUII and related legal acts in force on the date of approval of the Rules. It is intended that at least 70% of the Fund's assets will be invested in corporate bonds issued in the Baltic States, at least 5% of the Fund's assets will be held in cash or cash equivalents, and no more than 25% of the Fund's assets will be invested in corporate bonds issued in the European Economic Area, which may be denominated in a currency other than the one used by the Fund. V

The Fund will not invest more than 10% of the Fund's assets in one specific bond issue of one company. Up to 15% of the Fund's assets may be invested in different bond issues of the same company.

The Management Company may not comply with the investment restrictions for up to 24 months from the start of the Fund's operations.

III. NOTES

1 CASH

	31-12-2021	31-12-2020
Cash at a bank account	1 324 097	1 818 792
Total	1 324 097	1 818 792

Cash flow statement

	31-12-2021	31-12-2020
1 Cash flows from operating activities		
1.1. Cash inflows of the reporting period	8 378 869	4 738 420
1.1.1. Money received for sold financial assets and investment property	7 745 569	4 231 240
1.1.2. Interest received	633 299	507 181
1.1.3. Dividends received	-	-
1.1.4. Lease payments received	-	-
1.1.5. Other activities inflows	-	-
1.2. Cash payments of the reporting period	(15 984 824)	(5 227 574)
1.2.1. Payments for acquisitions of financial assets and investment property and to fulfill liabilities	(15 813 565)	(5 118 669)
1.2.2. Payments related to general and administrative needs	(22 721)	(21 516)
1.2.3. Allowances related to management	(148 538)	(87 388)
1.2.4. Other allowances	-	-
Net cash flows from operating activities	(7 605 955)	(489 153)
2 Cash flows from financing activities		
2.1. Sale of shares, received of contributions of the company	7 652 025	2 190 575
2.2. Redemption of shares, reimbursement of contributions of the company	(121 700)	-
2.3. Payments from profit	(419 065)	(187 909)
2.4. Loans received	-	-
2.5. Loans returned	-	-
2.6. Interest paid	-	-
2.7. Cash flows related to other financing sources	-	-
2.8. Other increases in cash flows from financing activities	-	-
2.9. Other decreases in cash flows from financing activities	-	-
Net cash flows of financing activities	7 111 261	2 002 666
3 Foreign exchange rate change influence on net cash balances	-	-
4 Increase (decrease) of net's cash flows	(494 695)	1 513 513
5 Cash at the beginning of the period	1 818 792	305 279
6 Cash at the end of the period	1 324 097	1 818 792

2 Change in the value of investments

	31-12-2020	Purchased	Sold (redeemed)	Change in value	31-12-2021
Debt securities					
Quoted	3 831 581	10 490 386	4 849 449	288 580	9 761 097
XS2033386603	820 013	212 761	-	78 731	1 111 504
XS1843432821	633 731	-	-	62 335	696 066
LT0000432528	112 235	224 609	182 277	2 642	157 209
EE3300111343	85 075	378 024	159 313	5 220	309 007
EE3300001577	503 338	191 549	188 485	8 579	514 981
EE3300111251	3 121	-	3 195	73	-
EE3300111558	-	255 325	175 122	3 424	83 627
LT0000404238	514 197	989 076	402 603	10 642	1 111 311
LT0000404246	20 648	49 254	70 254	352	-
LT0000404725	202 167	288 121	217 940	3 105	275 452
LT0000404832	368 424	601 529	961 786	(8 166)	-
LV0000802411	568 633	-	571 705	3 073	-
EE3300001999	-	803 000	2 162	54 795	855 633
EE3300002138	-	247 600	69 346	2 864	181 118
LT0000404790	-	1 062 546	623 489	(9 010)	430 047
LT0000405243	-	420 500	100 646	2 471	322 325
LT0000432114	-	38 520	39 275	755	-
LV0000802213	-	49 737	49 000	(737)	-
LV0000802478	-	644 331	204 700	(646)	438 986
LV0000802536	-	490 222	-	10 444	500 667
LV0000850048	-	159 232	-	1 028	160 260
LV0000870079	-	128 000	134 511	6 511	-
NO0011128316	-	500 000	-	18 689	518 689
SE0013719788	-	909 300	204 444	8 253	713 109
XS2346869097	-	1 182 570	489 195	(13 851)	679 524
XS2378483494	-	664 581	-	37 002	701 583

III. NOTES (continued)

2 Change in the value of investments (continued)

	31-12-2020	Purchased	Sold (redeemed)	Change in value	31-12-2021
Debt securities					
Unquoted	1 682 606	4 474 180	2 047 121	79 863	4 189 529
EE3300111509	399 300	-	396 000	(3 300)	-
LT0000402901	252 778	-	-	-	252 778
EE3300001536	210 193	-	206 100	(4 093)	-
EE3300111756	203 871	-	-	-	203 871
LT0000310526	616 464	500 046	1 135 000	18 490	-
EE3300002146	-	384 784	-	19 566	404 350
EE3300002153	-	391 480	-	12 548	404 028
LT0000311672	-	1 000 000	-	31 781	1 031 781
LT0000311904	-	230 500	-	666	231 166
LT0000405235	-	350 000	-	6 378	356 378
LT0000405334	-	512 575	-	(12 575)	500 000
LT0000405425	-	304 795	310 021	5 226	-
LT0000405854	-	300 000	-	1 438	301 438
LT0000405904	-	500 000	-	3 740	503 740
Total	5 514 187	14 964 565	6 896 569	368 443	13 950 626

The Baltic Corporate Bond Fund is actively managed in accordance with Article 2.4 of the Fund Rules. Therefore, not all bonds are held to maturity. Bonds that are quoted on the market are valued at the market price on the day the Fund's net asset value and unit value are determined, in accordance with the fund rules and the prospectus. These price changes each month are reflected in both the net asset value and the unit value. Bonds that are unquoted on the market are valued on an accrual basis. Also, taking into account the fund's key documents and the internal documents of the management company, it is decided whether the unlisted bonds do not show any signs of impairment, assessing both the over-the-counter transactions and the financial position of those companies.

At the end of 2021, the fund had the following unlisted bonds: (i) LT0000402901, (ii) EE3300111756, (iii) EE3300002146, (iv) EE3300002153, (v) LT0000311672, (vi) LT0000311904, (vii) LT0000405235, (viii) LT0000405334, (ix) LT0000405854, (x) LT0000405904. At the end of the reporting period, the financial position of their issuers, based on their financial and operating statements, was sound and therefore valued according to an accrual interest method without depreciation of a price, in a usual way, in accordance with the Fund's rules, the prospectus and the company's internal documents.

During 2021, the Fund received interest income of EUR 627,199.

	31-12-2019	Purchased	Sold (redeemed)	Change in value	31-12-2020
Debt securities					
Quoted	2 841 533	4 507 498	(3 413 823)	(103 627)	3 831 581
XS2033386603	725 948	102 122	-	(8 058)	820 013
LV0000802304	537 675	176 321	(721 149)	7 153	-
XS1843432821	530 406	287 301	(107 133)	(76 843)	633 731
LT0000432528	491 885	501 703	(882 102)	749	112 235
EE3300111343	220 503	64 240	(201 164)	1 496	85 075
XS1831877755	197 936	-	(170 492)	(27 444)	-
EE3300111608	103 086	337 093	(435 276)	(4 903)	-
EE3300110741	34 095	107 903	(138 124)	(3 873)	-
EE3300001577	-	513 963	(29 857)	19 233	503 338
EE3300111251	-	5 995	(3 150)	277	3 121
EE3300111558	-	55 065	(55 116)	51	-
LT0000404238	-	732 697	(200 857)	(17 643)	514 197
LT0000404246	-	100 090	(80 634)	1 192	20 648
LT0000404725	-	200 000	-	2 167	202 167
LT0000404832	-	367 258	-	1 166	368 424
LV0000802221	-	285 335	(289 312)	3 977	-
LV0000802411	-	670 413	(99 458)	(2 323)	568 633
Unquoted	1 900 381	922 085	(1 128 330)	(11 529)	1 682 606
EE3300111509	454 758	-	(52 690)	(2 768)	399 300
LT0000402901	252 778	-	-	-	252 778
EE3300001536	101 986	106 963	-	1 244	210 193
EE3300111756	-	205 101	-	(1 229)	203 871
LT0000310526	-	610 021	-	6 443	616 464
EE3300111764	554 652	-	(550 000)	(4 652)	-
EE3300001569	333 207	-	(331 000)	(2 207)	-
EE3300001437	203 000	-	(194 640)	(8 360)	-
Total	4 741 914	5 429 583	(4 542 153)	(115 156)	5 514 187

At the end of 2020, the fund had these unlisted bonds: (i) EE3300111509, (ii) EE3300001536, (iii) EE3300111756, (iv) LT0000402901, (v) LT0000310526. Bonds (ii) and (iv) were redeemed during the post - balance sheet period, their issuers were in a sound financial position at the end of the reporting period and were therefore valued using an accrual interest method without depreciating the price. The issuers of the bonds (i), (iii) and (v) were in a sound financial position according to their financial and operating statements, the issuers fulfilled their obligations and therefore there was no basis to write down these bonds, their value was accounted for in accordance with the Fund's rules, prospectus and internal company documents. During 2020, the Fund received EUR 511,631 in interest income.

3 Receivables

	31-12-2021	31-12-2020
Other receivables	-	6 100
Total	-	6 100

31 December 2020 the receivable arises from a technical mismatch related to the accrued interest that has occurred making a transaction on a regulated market.

III. NOTES (continued)

4 Asset structure

Asset structure 31 December 2021

	Country	Currency	Nominal, acquisition	Annual interest rate	Maturity	Fair value, EUR	Portion of net assets, %
Cash						1 324 097	8.71%
SEB Bankas, AB	LT	EUR				1 324 097	8.71%
Non-Equity securities						13 950 626	91.81%
LT0000432528	LT	EUR	156 600	5.00%	2022-06-03	157 209	1.03%
EE3300111343	EE	EUR	299 200	5.50%	2023-04-05	309 007	2.03%
XS1843432821	LV	EUR	700 000	6.75%	2024-07-30	696 066	4.58%
XS2033386603	EE	EUR	1 004 000	13.00%	2023-08-07	1 111 504	7.31%
LT0000402901	LT	EUR	250 000	8.00%	2022-08-10	252 778	1.66%
LT0000404238	LT	EUR	1 087 000	6.08%	2024-12-17	1 111 311	7.31%
EE3300001577	EE	EUR	502 700	6.25%	2025-01-22	514 981	3.39%
EE3300111756	EE	EUR	202 000	11.50%	2022-06-01	203 871	1.34%
EE3300111558	EE	EUR	80 000	6.00%	2028-11-28	83 627	0.55%
LT0000404725	LT	EUR	272 500	6.50%	2023-10-30	275 452	1.81%
EE3300001999	EE	EUR	798 000	8.00%	2031-02-05	855 633	5.63%
LT0000404790	LT	EUR	428 500	5.00%	2023-12-04	430 047	2.83%
LT0000405235	LT	EUR	350 000	8.00%	2024-04-10	356 378	2.35%
LT0000405243	LT	EUR	320 500	5.00%	2022-11-19	322 325	2.12%
LT0000311672	LT	EUR	1 000 000	5.00%	2022-05-13	1 031 781	6.79%
XS2346869097	LT	EUR	700 000	2.88%	2026-06-02	679 524	4.47%
EE3300002153	EE	EUR	400 000	12.50%	2022-12-01	404 028	2.66%
EE3300002146	EE	EUR	400 000	13.50%	2024-06-01	404 350	2.66%
EE3300002138	EE	EUR	179 300	4.75%	2026-06-10	181 118	1.19%
LV0000802478	LV	EUR	438 000	6.75%	2024-06-18	438 986	2.89%
SE0013719788	SE	EUR	700 000	5.00%	2024-07-08	713 109	4.69%
LV0000850048	LV	EUR	160 000	9.75%	2023-08-25	160 260	1.05%
XS2378483494	EE	EUR	663 800	11.00%	2026-10-06	701 583	4.62%
NO0011128316	LU	EUR	500 000	10.75%	2026-10-26	518 689	3.41%
LT0000405904	LT	EUR	500 000	6.50%	2024-11-19	503 740	3.32%
LV0000802536	LV	EUR	500 000	8.00%	2023-11-25	500 667	3.29%
LT0000405334	LT	EUR	500 000	6.00%	2023-12-28	500 000	3.29%
LT0000405854	LT	EUR	300 000	7.50%	2023-06-07	301 438	1.98%
LT0000311904	LT	EUR	230 500	6.50%	2022-12-17	231 166	1.52%
Equity securities						-	0.00%
Receivables						-	0.00%
Total						15 274 724	100.52%

Non-equity securities were evaluated at amortized cost using the effective interest method, minus the impairment.

Asset structure 31 December 2020

	Country	Currency	Nominal, acquisition	Annual interest rate	Maturity	Fair value, EUR	Portion of net assets, %
Cash						1 818 792	24.91%
AB "SEB Bankas"	LT	EUR				1 818 792	24.91%
Non-equity securities						5 514 187	75.51%
XS2033386603	EE	EUR	804 000	13.00%	2023-08-07	820 013	11.23%
XS1843432821	LV	EUR	700 000	6.75%	2024-07-30	633 731	8.68%
LT0000432528	LT	EUR	111 800	5.00%	2022-06-03	112 235	1.54%
EE3300111509	EE	EUR	396 000	10.00%	2021-08-31	399 300	5.47%
LT0000402901	LT	EUR	250 000	8.00%	2022-08-10	252 778	3.46%
EE3300111343	EE	EUR	82 400	5.50%	2023-04-05	85 075	1.16%
EE3300001536	EE	EUR	206 100	11.00%	2021-10-25	210 193	2.88%
EE3300001577	EE	EUR	489 900	6.25%	2025-01-22	503 338	6.89%
EE3300111251	EE	EUR	3 000	8.00%	2027-12-28	3 121	0.04%
EE3300111756	EE	EUR	202 000	11.50%	2022-06-01	203 871	2.79%
LT0000310526	LT	EUR	627 700	9.00%	2021-03-15	616 464	8.44%
LT0000404238	LT	EUR	513 000	6.00%	2024-12-17	514 197	7.04%
LT0000404246	LT	EUR	20 300	5.50%	2021-12-16	20 648	0.28%
LT0000404725	LT	EUR	200 000	6.50%	2023-10-30	202 167	2.77%
LT0000404832	LT	EUR	367 200	6.00%	2022-06-10	368 424	5.05%
LV0000802411	LV	EUR	559 800	8.00%	2023-10-19	568 633	7.79%
Equity securities						-	0.00%
Receivables						6 100	0.08%
Total						7 339 079	100.50%

Non-equity securities were evaluated at amortized cost using the effective interest method, minus the impairment.

5 Amounts payable for financial and investment assets

There are no amounts payable for financial and investment assets

III. NOTES (continued)

6 Amounts due to the Management Company and the Depository

	31-12-2021	31-12-2020
Management company	20 849	8 338
Depository	6 932	4 181
Total	27 781	12 519

7 Other receivables

	31-12-2021	31-12-2020
Periodic payments to investors	51 754	23 893
Total	51 754	23 893

8 Accrued expenses

	31-12-2021	31-12-2020
Other accrued expenses	-	-
Total	-	-

9 Number and value of net assets, investment units

	01-01-2021	31-12-2021	31-12-2020	31-12-2019
Net asset value, EUR	7 302 667	15 195 188	7 302 667	5 034 870
Value of investment unit, EUR	105.6678	109.9410	105.6678	104.1323
Number of investment units (shares) in circulation	69 109.6828	138 212.2272	69 109.6828	48 350.7029

Number and value of investment units distributed and redeemed during the reporting period

	Number of investment units (shares)		Value, EUR	
	2021	2020	2021	2020
Distributed (by converting funds into investment units)	70 217.5444	20 758.9799	7 640 000	2 185 000
Redeemed (by converting investment units into cash)	(1 115.0000)	-	(121 700)	-
Difference between the number and value of distributed investment units (shares) and redeemed investment units (shares)	69 102.5444	20 758.9799	7 518 300	2 185 000

Amount of periodic payments made to investors during the reporting period

	2021	2020
Amount of periodic benefits paid	446 926	211 802
Total	446 926	211 802

On 13th of January according to the decision of the Management Company, if the value of a Fund unit increases by 0.35% or more before the payment of periodic payments, 0.35% of the Net Asset Value of the respective month will be paid to the Fund's unit-holders.

10 Expenditure ratios of a collective investment undertaking

Expenditure indicators on 31st of December 2021

<u>Deductions</u>	Deduction amount		Amount of deductions accrued during the reporting period, EUR	% of the average net asset value during the reporting period
	Maximum	The one used in the reporting period		
For management			148 951	1.33%
Constant size	1.40%	1.33%	148 951	1.33%
Success fee			-	0.00%
To the depository	0.20%	0.12%	13 228	0.12%
For the formation of transactions			-	0.00%
For audit			-	0.00%
For accounting services			-	0.00%
For legal services			-	0.00%
For interest on loans received			-	0.00%
Other operating expenses			12 317	0.11%
Amount of expenditures included in the TER *			174 495	1.55%
TER% of NAV * 0.00%				0.00%
Amount of total expenditures	5.00%	1.55%	174 495	1.55%

The average net asset value during the reporting period was €1,230,375.33.

III. NOTES (continued)

10 Expenditure ratios of a collective investment undertaking (continued)

Expenditure indicators for 2020 31 December

Deductions	Deduction amount		Amount of deductions accrued during the reporting period, EUR	% of the average net asset value during the reporting period
	Maximum	The one used in the reporting period		
For management			83 173	1.36%
Constant size	1.40%	1.36%	83 173	1.36%
Success fee			-	0.00%
To the depository	0.20%	0.20%	12 000	0.20%
For the formation of transactions			-	0.00%
For audit			-	0.00%
For accounting services			-	0.00%
For legal services			-	0.00%
For interest on loans received			-	0.00%
Other operating expenses			8 351	0.14%
Amount of expenditures included in the TER *			103 525	1.70%
TER% of NAV * 0.00%				0.00%
Amount of total expenditures	5.00%	1.70%	103 525	1.70%

The average net asset value during the reporting period was €6,105,963.07.

* Total Expense Ratio (TER) is a percentage that represents the average proportion of a fund's net assets that is used to cover its management costs. These costs directly reduce the return on investment for the investor. It should be noted that transaction costs are not taken into account when calculating the TER.

11 Information on the distribution of the investment instruments portfolio of the collective investment undertaking

	31-12-2021		31-12-2020	
	Market value in EUR	Portion of net assets, %	Market value in EUR	Portion of net assets, %
PAGAL TURTO KLASĖ	15 274 724	100.52%	7 339 079	100.50%
Cash	1 324 097	8.71%	1 818 792	24.91%
Deposits	-	-	-	-
Money market instruments	-	-	-	-
Non - equity securities	13 950 626	91.81%	5 514 187	75.51%
Equity securities	-	-	-	-
Other instruments	-	-	6 100	0.08%
REAL ESTATE BY TYPE	-	-	-	-
High quality assets	-	-	-	-
Development projects	-	-	-	-
Distressed property	-	-	-	-
REAL ESTATE BY SECTOR	-	-	-	-
Office centers	-	-	-	-
Shopping malls	-	-	-	-
Logistics centers	-	-	-	-
REAL ESTATE BY GEOGRAPHY	-	-	-	-
Lithuania	-	-	-	-
Latvia	-	-	-	-
Estonia	-	-	-	-
BY CURRENCY	15 274 724	100.52%	7 339 079	100.50%
EUR	15 274 724	100.52%		7 339 079

12 Return on investment and risk indicators of a collective investment undertaking

	Accounting reference period			
	This	Before 1 year	Before 2 years	Before 10 years
Change in the value of an investment unit, EUR	4.2732	1.5355	4.1323	-
Annual gross return on investment	9.09%	6.36%	8.16%	-
Annual net return on investment	7.74%	4.99%	6.72%	-
Standard deviation of the change in the value of the unit, EUR	0.3541	2.2783	0.2034	-

The Fund has a gross return on investment of 8.20% since inception and a net return on investment of 6.83% since inception.

	During last			From the beginning of operations
	3 years	5 years	10 years	
Average change in the value of an investment unit, %	-	-	-	3.21%
Average gross return on investment	-	-	-	7.74%
Average net return on investment	-	-	-	6.34%
Standard deviation of the change in the value of the investment unit, EUR	-	-	-	1.4106

* The Fund has been operating for less than 3 years

III. NOTES (continued)

13 Return on investment and risk indicators of a collective investment undertaking (continued)

	During this period		During last period	
	Date	Value	Date	Value
The lowest investment unit value is set	2021-01-29	106.1077	2020-03-31	98.7427
Maximum investment unit value is set	2021-12-31	109.9410	2020-12-31	105.6678

The annual net return on investment is the return on investment that takes into account trading and management costs.

The annual gross return on investment is the return on investment that takes into account trading costs.

The standard deviation of the change in the value of an investment unit is a statistical indicator of risk, which shows how strongly changes in the value of a unit fluctuate compared to their average change.

Average change in the value of a unit of account (investment) is the geometric mean of annual changes in the value of a unit of account during a given period.

Average gross return on investment is the total return on investment for the relevant period, expressed as annual interest.

Average net return on investment is the net return on investment for the relevant period, expressed as annual interest.

14 Values of net assets, units (shares) and benchmark of a collective investment undertaking

The fund does not use a benchmark.

15 Remuneration costs for intermediaries

There were no salaries for intermediaries.

16 Related party transactions

Fund management fee expenses and balance on 31st of December 2021 presented at Notes 6, 10.

There were no transactions with other funds managed by the Management company during 2021.

Purchase and sale transactions of investment units with related parties (EUR)

Both direct and over-the-counter transactions are shown here
Over-the-counter transactions are transactions between investors.

	2021	2020
Distributed investment units	-	-
Redeemed investment units	-	-
Balance at end of period	-	-
Share of all fund units	-	-

17 Subsequent events

Prior to the preparation of these reports, there were no significant post-balance sheet events after 31st of December 2021 of the Baltic Corporate Bond Fund. The impact of the CoViD-19 pandemic on the Baltic Corporate Bond Fund remained minimal. Considering the expected normalization processes in the real economy, as well as the economic indicators of the Baltic countries, the performance of local companies and other information known at the time of preparation of statements, there is no reason to believe that CoViD-19 will have a significant impact on Baltic Corporate Bond Fund operations in 2022.

<u>Igorius Pancerevas</u> Director of Management company	_____ Signature	_____ Date
<u>Tautvydas Marčiulaitis</u> Fund manager	_____ Signature	_____ Date
<u>Eladijus Kirjanovas</u> Representative of the accounting firm	_____ Signature	_____ Date

INDEPENDENT AUDITOR'S REPORT

To the Management and those responsible for the management of the Baltic Corporate Bond Fund, an open-ended investment fund for informed investors.

Conclusion about the audit of the financial statements

Opinion

We have audited the financial statements of the Baltic Corporate Bond Fund, an open-ended investment fund for the informed investors (the "Fund"). These financial statements consist of statement of net assets as at 31st of December 2021, statement of changes in net assets, explanatory notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Fund as at December 31, 2021, and its financial performance for the year then ended in accordance with the Business Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Fund's financial reporting process.

The persons responsible for management must supervise the process of preparation of the financial statements of the Fund.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Article 39(4) of the law on collective Investment undertakings for informed investors of the Republic of Lithuania stipulates that a collective investment undertaking must submit an audit report about financial statements to the supervisory authority together with the audited financial statements.

We confirm that our audit opinion expressed in paragraph 'Opinion' is in line with the financial statements audit report that we have submitted to the Fund's management and the Bank of Lithuania together with this auditor's opinion.

BDO auditas ir apskaita, AB
Audit company's certificate
No.001496

Jolanta Dalia Staliūnienė
Certified auditor of the Republic of
Lithuania
Auditor Certificate No. 000259

Vilnius, the Republic of Lithuania
February 18, 2022