



**CITADELE BALTIC SEA COUNTRIES
EQUITY FUND**

FULL PROSPECTUS

**MAIN RISK FACTORS RELATED TO ACQUISITION OF INVESTMENT FUND'S
INVESTMENT UNITS:**

Specific risk factors

Market volatility risk

Credit risk

Counterparty and settlement risk

Market liquidity risk

Currency risk

Interest rate risk

Activity risk

Results risk

Specific investment risk

General risk factors

Issuer's default risk

Inflation risk

Political risk

Vilnius, 2010

I. GENERAL INFORMATION ABOUT THE COLLECTIVE INVESTMENTS UNDERTAKING

1. Key data about the Fund

<i>Name</i>	Citadele Baltic Sea Countries Equity Fund (hereinafter, the Fund)
<i>Legal form</i>	Investment fund without the rights of a legal person
<i>Registered office</i>	Gyneju street 16, LT-01109 Vilnius, Lithuania
<i>Telephone, fax number</i>	+370 5 2649730 +370 5 2649731
<i>E-mail</i>	invest@citadele.lt
<i>Internet address</i>	www.citadeleinvest.lt
<i>The Fund's Activities commencement date</i>	August 25, 2004
<i>Title of the Management Company:</i>	UAB „Citadele investicijų valdymas” (hereinafter, the Management Company)
<i>Registered office</i>	Gyneju street 16, LT-01109 Vilnius, Lithuania
<i>Telephone, fax number</i>	+370 5 2649730, +370 5 2649733 +370 5 2649731
<i>Title of Custodian</i>	AB “Citadele” bankas (hereinafter called the Custodian)
<i>Registered office</i>	K.Kalinausko street 13, LT-03107 Vilnius, Lithuania
<i>Telephone, fax number</i>	+370 5 2664600, +370 5 2664601

2. Key data about the investment units offered by the Fund

The value the Fund's redeemable investment unit on the Fund's commencement date was LTL 100 (one hundred Lithuanian litas).

3. Short description of investment strategy

The Funds assets may consist only of:

1. SC¹ and money market instruments which are included into official list of the market which, pursuant to Sub-article 30 of Article 3 of the Law of the Republic of Lithuania On Markets in Financial Instruments, is deemed regulated market which operates in a Baltic Sea state, that is a member state;
2. SC and money market instruments which are admitted to trading in a Baltic Sea state's regulated market which is operating in accordance with established rules and which is acknowledged and accessible to public (when such market is in a Baltic sea state, which is not a member state, it has been provided in Paragraph 9 of these Rules);
3. newly issued SC, if issue conditions provide the commitment to include these securities into listing of a regulated market and if [the securities] are admitted into the listing not later than within one year subsequent to their issuance (when such market is in a Baltic sea state, which is not a member state, it is provided in Paragraph 9 of these Rules);
4. units or shares of other collective investment undertakings provided in the Rules of this Fund;
5. term deposits with maturity less than 12 months, which may be withdrawn upon demand at a credit institutions, head offices whereof is in a Baltic sea country (if a Baltic Sea Country is not an EU member – under provision that prudential supervision of such subjects shall be at least as stringent as in the European Union);
6. financial derivative instruments provided in Rules of the Fund;
7. money market instruments stated in Paragraph 8 of these Rules;

¹ SC = securities

8. Investment into money market instruments, which have not been admitted to trading in a regulated market, is allowed only if issue or issuer of these instruments is regulated in order to safeguard investors and their savings, and these instruments:

8.1. have been issued or guaranteed by a Baltic Sea state government, regional government, municipality or central bank, or;

8.2. have been issued by a subject whose securities are admitted to trading in the regulated markets set forth in the articles 1-2 of these Rules, or;

8.3. Issued or guaranteed by the subject whose activity risk is supervised in accordance with EU requirements or such requirements which are no less stringent than those established in the EU, or;

8.4. issued by the company who fulfils the Securities Commission criteria, and whose capital and reserves are at least ten million euro, who prepares consolidated financial accounts and performs financing function of the corporate group, when the securities of at least one company of its corporate group are admitted to trading in a regulated market, or if the said function is used to issue securities using bank loans, whereas investment into such instruments are secured not less than provided in sub-articles 8.1-8.3 of Article 8 of these Rules.

9. The Fund establishes the following list of additional securities exchanges:

9.1. Oslo Stock Exchange, Norway;

9.2. Moscow Interbank Currency Exchange and RTS Stock Exchange, Russia;

9.3. New York Stock Exchange, United States of America.

10. Not more than 10 percent of NA may be invested into money market instruments and/or securities which have not been provided in the Articles 1,2,3,4,5,6,7 of present Rules.

4. Risk factors related to acquisition and investment of investment units

<i>Specific risk factors characteristic to the Fund</i>	Market volatility risk Credit risk Counterparty and settlement risk Liquidity risk Currency risk Interest rate risk Activity risk Results risk Specific investment risk
<i>General risk factors</i>	Issuer's default risk Inflation risk Political risk The above risk factors have been described in detail in Article 30 hereof.
<i>Standard deviation</i>	18,05%

5. Date and place of publishing of the Prospectus

<i>Date of publishing of the Prospectus</i>	On the next day after approval by the Lithuanian Securities Commission.
<i>Place of publishing of the Prospectus</i>	www.citadeleinvest.lt

6. Communication of information about the Fund

<i>Place</i>	Gyneju street 16, LT-01109 Vilnius, Lithuania
<i>E-mail address</i>	invest@citadele.lt
<i>Internet address</i>	www.citadeleinvest.lt
<i>Time</i>	The Prospectus, incorporation documents, annual and semi-annual financial reports and other information

	about the Fund is available at the Management Company's registered office at Gyneju street 16 in Vilnius during business hours from 8.00 A.M. to 5.00 P.M., on Fridays - from 8.00 A.M. to 3:45 P.M., as well as at Distributors' distribution locations listed in this prospectus.
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7. Information about distributors of the Fund's investment units

<i>Name</i>	AB "Citadele" bankas
<i>Company code</i>	112021619
<i>Registered office</i>	K.Kalinausko street 13, LT-03107 Vilnius, Lithuania
<i>Telephone, fax number</i>	+370 800 72739, +370 5 266 46 01
<i>Name</i>	AS "Citadele banka"
<i>Company code</i>	Registration No. 40103303559
<i>Registered office</i>	Republikas laukums 2a, LV 1010 Riga, Latvija
<i>Telephone, fax number</i>	+371 7010000, +371 7010001

8. Persons responsible for information provided in the Prospectus

<i>Head</i>	Acting President Renata Bagavičienė Tel.: +370 5 264 97 33 , fax: ::+3705 264 97 31
<i>Chief Financial Officer</i>	<i>Chief Financial Officer</i> Danute Griežiene Tel.: +370 5 264 97 34, fax: +370 5 264 97 31

9. Audit information

<i>Audit company</i>	UAB „PricewaterhouseCoopers“
<i>Address</i>	Jasinskio street 16B, LT-01112 Vilnius,
<i>Telephone numbers</i>	+370 5 239 23 00
<i>Type of company</i>	Audit company
<i>Number and date of issuance of the auditing business license</i>	License No. 085086, issued on December 14, 2005

10. Country's tax policy with regard to the Fund and the Fund's investors

<i>Payable income tax and other taxes</i>	The Fund is not a legal person; therefore, it does not pay the taxes which are applicable to legal persons.
<i>Taxes payable by investors</i>	Upon redemption, resident investors (natural persons) pay 15 percent of personal income tax and 6 percent of the mandatory health insurance premium of the increase in value of investment units. However, this tax is applicable to those investment units which are submitted for redemption sooner than 366 days after their acquisition. Upon redemption, non-resident investors (natural persons) don't pay tax on the increase in value of their investment units. Where the Investor is a resident in the country with whom the Republic of Lithuania has entered into Agreement on the prevention of double taxation and tax avoidance, the rates and conditions prescribed in such agreement shall be applicable. Investors (legal persons), both residents and non-

	<p>residents, shall pay all mandatory taxes applied to legal persons.</p> <p>The tax is declared and paid after the end of the calendar year.</p> <p>The Fund's investors themselves shall be responsible for correct declaration and payment of applicable taxes.</p>
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11. Dates of financial reports and profit distributions, fiscal year

Financial report of the Fund shall be drawn up in accordance with procedure and dates prescribed in the normative acts of the Republic of Lithuania. During the Fund's operating duration the profits will not be distributed. The fiscal year of the Fund shall be the calendar year.

12. Rights of the Fund's investors:

1. to demand, at any time, that the Management Company redeems the Fund's investment units held by them;
2. to receive the remaining share of the dividable Fund;
3. to receive the information about the Fund as prescribed in the normative acts of the Republic of Lithuania.
4. to exercise other rights defined in the Fund Rules.

13. We hereby certify that information contained in this Prospectus is authentic, and no facts have been concealed that might be essential for Investor's decisions.

Acting President of the Management Company **Renata Bagavičienė**

Chief Financial Officer of the Management Company **Danute Griežiene**

II. DATA ABOUT CAPITAL, DISTRIBUTION OF REVENUES AND EXPENSES

14. Equity capital

The Fund shall not have authorized capital, whereas the Fund's equity capital shall be equal to the Fund's NA, and shall change depending on issue (sale) and redemption of the Fund's investment units.

Starting capital | 10,000.00 LTL (ten thousand litas)

The maximum amount and number of investment units permissible shall no be determined. On the Fund's starting date, the value of one investment unit was equal to LTL 100.00 (one hundred Lithuanian litas).

15. Methodology for valuation of NA

Rules for and frequency of NA evaluation

The Fund's NA value is calculated in accordance with the Methodology for Calculation of the NA Value approved by the Lithuanian Securities Commission. The Fund's NA value is calculated on each business day in accordance with procedure prescribed in the Fund Rules. When calculating NA, the following is calculated:

1. assets;
2. liabilities;
3. the difference between assets referred to in item 1 and liabilities referred to in item 2, which represents

	<p>the NA value.</p> <p>The Fund's NA value is calculated with the precision up to four digits after the comma and is rounded in accordance with mathematical rounding principles.</p> <p>When calculating NA value, the value of assets and liabilities denominated in a foreign currency shall be re-valued based on the official exchange rate of that particular foreign currency and Lithuanian litas, established by the Bank of Lithuania and valid on the date of evaluation.</p> <p>The fair value of financial instruments traded in regulated markets is determined based on the closing price published at the close of the stock exchange on the valuation date, except cases provided in the Fund Rules.</p> <p>Procedure for valuation of financial instruments not traded on regulated markets is provided in the Fund Rules.</p>
<i>Calculation of value of one investment unit</i>	Value of one investment unit of the Fund is calculated by dividing the Fund's NA value with the number of investment units.
Place, frequency and ways of communicating purchase (sales) price of one investment unit	<p>The Fund investor's amount of money shall be converted into investment units at the following price:</p> <p>In the event agreement on sale-purchase investment units is concluded prior to the end of the business hours of the Management Company and Distributor (5 P.M., on Fridays – 3.45 P.M., and on the day which precedes a holiday – 4 P.M. Lithuanian time), and the invested amount is transferred and applied to the Fund's account on that same current day, the amount invested by the Fund's investor shall be converted into investment units at the sales price valid on the day the agreement on sale – purchase of investment units was concluded.</p> <p>In the event the agreement on sale-purchase of investment units is concluded before the end of the working hours of the Distributor and the Management Company (- 5 P.M., Fridays – 3.45 P.M., and on the day which precedes a holiday - until 4 p.m. Lithuanian time), however, the invested amount is transferred and applied to the Fund's account on the next business day which follows the current working day, the amount invested by the Fund's Participant shall be converted into investment units at the sales price valid on the next business day which follows the day the agreement was concluded.</p> <p>Every business day, until 12:00, the Fund investment unit's value for the preceding day shall be communicated on www.citadeleinvest.lt website.</p>
<i>The Fund's base currency (in which NA are calculated)</i>	<p>The Fund's NA value shall be calculated in Lithuanian litas.</p> <p>When purchased, the investment units of the Fund shall be paid up in euros or Lithuanian litas. The value of</p>

	payments effected in Lithuanian litas shall be recalculated to euros in accordance with the official exchange rate established by the Bank of Lithuania.
16. Rules for income distribution and use	
<i>General principles and procedure for income distribution</i>	The Fund's income will not be distributed.
<i>Purposes for which the Fund's income will be used</i>	The Fund's income will be used to cover the Fund's expenses as well as the Fund's NA will be increased.
17. Expenses	
<i>Last year's Total Expense Ratio as percentage from NA value</i>	2,25 % When determining this ratio, not all types of the Fund's expenses and commissions paid directly by the investor are taken into account.
<i>Types and amounts of previous year's expenses that were not taken into account in determination of Total Expense Ratio</i>	1. Transaction expenses – 0,22%of the annual average NA value; 2. Distribution fees – 0.% of the annual average NA value.
<i>Portfolio turnover ratio</i>	9,58 This ratio defines how frequently the Fund sells financial instruments that make up the Fund's portfolio, therefore, the higher the ratio the more transaction expenses the Fund incurs.
<i>Maximum amount</i>	The Management Company shall calculate annual management fee which shall not exceed 2 percent of the Fund's average NA value per year. This value does not include the fee payable to the Management Company for distribution of the Fund's investment units. The remuneration (fee) paid to the Custodian for custody services shall not exceed 0.5% of the Fund's average NA value per year. The remuneration (fee) paid to the Distributor shall not exceed 5 percent of the amount invested by an investor. The remuneration (fee) paid to the Broker for brokerage in operations with securities shall not exceed 1 (one) percent of the value of concluded transactions. Pursuant to the normative acts, the remuneration paid to the Auditor who performs the Fund's auditing, shall not exceed 0.75% of the Fund's average NA value per year. Expenses for banking services shall be covered from the Fund's property in accordance with a price list approved by the credit institution whose services are used by the Fund. The total cost of the rate of 10 percent of the average annual value of NA
<i>List of expenses to be covered from NA</i>	Fee to the Management Company, Custodian and brokers, Distributors, Auditor, and charges for banking

	services
<i>Purpose and rationale of expenses</i>	The above expenses are allocated to pay for the services provided by the Management Company, Custodian, Distributors, Brokers, Auditor and banks, and are paid in accordance with signed contracts.
<i>Methods of calculation of Fee to the Management Company and the Custodian, amount of the Fee</i>	<p>2 percent fee to the Management Company for the Fund management shall be calculated on each business day, calculating the fee from the Fund's average NA value per year. A part of the annual fee for a particular day shall be calculated using that particular day's NA value of the Fund. For the purposes of fee calculation it is assumed that the year consists of 365 days, whereas the month has the calendar number of days. Fee to the Management Company for the Fund management shall be paid once a month by remitting it to the Management Company's account.</p> <p>Fee to the Custodian shall be calculated on each business day using that day's NA value of the Fund. Part of the annual fee corresponding for the day in question shall be calculated using that day's NA value of the Fund. For the purposes of the fee calculation it shall be assumed that the year consists of 365 days, but the month has the calendar number of days. Exact amount of annual fee to the Custodian is specified in the Custody Agreement between the Management Company and the Custodian. Fee to the Custodian shall be paid once a month, on the fifth day of each calendar month, paying a part of the fee for the previous calendar month.</p>
<i>Amount of remuneration payable to the Distributors</i>	<p>The Fund's investment units shall be sold for the Fund's NA value, applying a fee which shall not exceed 5%, to cover distribution expenses, out of this fee the remuneration shall be paid to the Distributor. The exact amount of the remuneration paid to the Distributor is specified in the Distribution Agreement concluded between the Management Company and the Distributor. The exact amount of remuneration payable to the Management Company for distribution of the Fund's investment units, which may not exceed 5% of investor's investment in the Fund, shall be determined by the resolution of the Executive Board of the Management Company.</p> <p>The following are the amounts of distribution fees when an investment is made in euros:</p> <p>If the value of an investment ranges from EUR 145 (one hundred forty five euros) to EUR 14481 (fourteen thousand four hundred eighty one euro) – 2 percent of the invested amount;</p> <p>If the value of an investment ranges from EUR 14481 (fourteen thousand four hundred eighty one euro) to EUR 28962 (twenty eight thousand nine hundred sixty two euros) – 1,5 percent of the invested amount;</p>

	<p>If the value of an investment ranges from EUR 28962 (twenty eight thousand nine hundred sixty two euros) to EUR 289620 (two hundred eighty nine thousand six hundred and twenty euros) – 1 percent of the invested amount;</p> <p>If the value of an investment exceeds EUR 289620 (two hundred eighty nine thousand six hundred and twenty euros) – 0 percent of the invested amount.</p> <p>The following are the amounts of distribution fees when an investment is made in Lithuanian litas (LTL):</p> <p>If the value of an investment ranges from LTL 500 (five hundred litas) to LTL 50,000.00 (fifty thousand litas) – 2 percent of the invested amount;</p> <p>If the range of the value of an investment exceeds LTL 50,000.00 (fifty thousand litas) and totals up to LTL 100,000.00 (one hundred thousand litas) – 1,5 of the invested amount.</p> <p>If the value of an investment exceeds LTL 100,000.00 (one hundred thousand litas)- 1 percent of the invested amount;</p> <p>If the value of an investment exceeds LTL 1,000,000.00 (one million litas) – 0 percent of the invested amount.</p>
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III. DATA ABOUT INVESTMENT UNITS

18. Data about investment units offered by the Fund

<i>Type</i>	The Fund's investment units
<i>Proof of title to securities</i>	Entry in the Participant's personal SC account, which is made when the Participant pays for purchased investment units.
<i>Manager of issued securities personal accounts</i>	UAB "Citadele investicijų valdymas" has delegated this function to its Custodian bank - AB "Citadele" bankas.
<i>Rights and obligations arising from issued investment units</i>	<p>The Fund's Participants have the rights:</p> <ol style="list-style-type: none"> 1. To demand, at any time, that the Management Company redeems the Fund's investment units held by them; 2. To receive the remaining share of the dividable Fund; 3. To receive information about the Fund as prescribed in the normative acts of the Republic of Lithuania; 4. To exercise other rights defined in the Fund Rules. <p>The Fund's Participants must comply with obligations prescribed in the Fund Rules.</p>
<i>Maximum number of investment units issued and in circulation</i>	The maximum number of issued investment units shall not be limited.

19. Dividends

No dividends shall be paid for the Fund's investment units. The Fund's participant may at any time request that the Fund redeems the Fund's investment units in participant's

possession for that day's price, which equals to that day's share of NA of the Fund, attributed to one investment unit of the Fund.

20. Liquidation

<i>Circumstances under which decision to liquidate the Fund can be taken</i>	Upon the resolution of the Management Company to wind up the Fund, the said Fund may be liquidated.
<i>Procedure for adopting a wind up resolution</i>	Resolution to wind up the Fund shall be passed in the Executive Board of the Management Company by majority vote of 2/3 of the present members of the Executive Board.
<i>Procedure for liquidation</i>	When the Management Company has passed the resolution to liquidate the Fund, the wind up procedure is carried out in accordance with requirements of the law of the Republic of Lithuania On Collective Investment Undertakings and other normative acts.
<i>Rights and obligations of the Participants upon liquidation of the Fund</i>	To receive their share of the dividable property of the Fund.

21. Rules for issue of securities and procedures for passing decision to issue investment units

The Fund's investment units shall be issued by every time signing sale-purchase agreement on investment units between the Investor and the Management Company. The minimum number of Fund's investment units to be purchased or the minimum investment amount shall be established by the Management Company's decision. The minimum amount of investment shall be EUR 145 (one hundred forty five euros) or LTL 500 (five hundred Lithuanian litas).

22. Rules and procedure for distribution (sale) of investment units

<i>Locations of distribution, telephone numbers</i>	AB "Citadele" bankas <i>Head Office</i> K.Kalinausko street 13, LT-03107 Vilnius Tel.: +370 5 2664600 AS "Citadele banka" Republikas laukums 2a, LV 1010, Riga, tel. (+371)7010000 The addresses of AS "Citadele banka" branches and service centers can be obtained at AS Citadele banka or by calling the above phone numbers during business hours as well as at the bank's website www.citadele.lv
<i>Basic provisions of contracts signed with distributors.</i>	Pursuant to the contract signed with the Management Company, the Distributor undertakes to distribute and to redeem the Fund's investment units. The fee for the distribution shall be determined in the contract between the Management Company and the Distributor.
<i>Distributors' liability</i>	The Distributor shall be held liable for the loss of the Fund Participant's property and (or) any shortages in it.
<i>Terms and procedure of concluding purchase – sales agreement</i>	The Fund's investment units shall be distributed to investors on business days from 8.00 A.M. to 5:00 P.M., on Friday from 8.00 A.M. to 3.45 P.M., and on the day which precedes a holiday from 8:00 A.M. until 4:00 P.M. (Lithuanian time) in the Fund prospectus specified

	<p>distribution places.</p> <p>The Management Company and/or the Distributor acting on behalf of the Management Company shall conclude with the Investor an agreement on purchase – sale of investment units. The agreement shall be made in two copies in a simple written form.</p>
<i>Terms of payment</i>	<p>Upon signing the agreement on purchase – sale of investment units, the Investor shall transfer invested amount on the day of signing the agreement on purchase – sale of investment units. The agreement on purchase – sale of investment units shall be automatically considered null and void in the event the invested amount fails to be transferred and applied to the Fund's account on the day of signing the said agreement or on the following business day.</p>
<i>Procedure for payment</i>	<p>The Investor shall pay for the acquired investment units by bank transfer or in cash at AB “Citadele” banka. Investment units can be paid up in euros or in Lithuanian litas.</p> <p>When the payment for the Fund’s investment units is made in a foreign currency (except euros and Lithuanian litas), it shall be deemed that the Fund Participant authorises the Management Company to exchange the foreign currency amount paid by the Participant to AB “Citadele” bankas or a part of the said amount, to euros at the exchange rate applicable by AB “Citadele” bankas on that day. The euros received shall be used by the Management Company to pay for investment units purchased by the Fund’s Participant.</p>
<i>Where and how the payment shall be made</i>	<p>Payment for investment units is made by transferring the funds to the Fund’s account with the Custodian, specified in the agreement on purchase-sale of investment units. Investment units shall be credited to the Fund's Participant's SC account held with and serviced by the Custodian, after the payment for the acquired investment units has been made.</p>
<i>Consequences of failure to make due payment</i>	<p>If the Investor fails to make due payment to the Fund’s account for the acquired investment units on the day of signing the agreement on purchase – sale of investment units, and the invested amount of money fails to be applied to the Fund’s account on the day of signing the agreement on purchase – sale of investment units or on the following business day, in such case, the agreement on purchase – sale of investment units shall be automatically considered as null and void.</p>
<i>Passing of title</i>	<p>Upon transferring the amount of money set forth in the agreement on purchase – sale of investment units, the title to the Fund's investment units shall be transferred to the Investor.</p>

23. Rules and procedure for redemption of investment units, rules and procedure for suspension of redemption

<p><i>Investment units' redemption conditions, locations, contact telephone numbers,</i></p>	<p>AB “Citadele” bankas <i>Head Office</i> K.Kalinausko street 13, LT-03107 Vilnius Tel.: +370 5 2664600</p> <p>AS “Citadele banka” Republikas laukums 2a., LV 1010, Riga, Latvia tel. (+371)7010000</p> <p>The addresses of AS Citadele banka branches and service centers can be found at AS Parex Banka or by calling the above phone numbers during business hours and at the bank’s website www.citadele.lv</p>
<p><i>Procedure for submitting application for redemption of investment units</i></p>	<p>The Fund’s investment securities shall be redeemed after the Fund's Participant has filled-out and submitted an application, the form whereof has been prescribed by the Management Company. The investor can submit applications for redemption of the Fund’s investment units to the Management Company or the Distributor on business days from 8.00 A.M. to 5.00 P.M., on Friday – from 8 A.M. to 3.45 P.M. and on the day preceding a holiday - from 8.00 to 4.00 P.M.</p>
<p><i>Rules and procedure for settlement with investors for redeemed investment units</i></p>	<p>The Management Company shall redeem the Fund Participant’s investment units of for the price quoted on the day the redemption request was submitted. The investment units shall be redeemed in euros and Lithuanian litas. The value of the base currency of the Fund shall be recalculated into Lithuanian litas in accordance with the applicable official exchange rate of the euro and Lithuanian litas established by the Bank of Lithuania. The money received for the redeemed investment units shall be transferred to the account specified by the Fund’s Participant in the application for redemption of the Fund’s investment units.</p>
<p><i>Terms of settlement</i></p>	<p>Settlement for the redeemed investment units shall be made not later than within 7 days after receipt of the application for redemption of the Fund's investment units.</p>
<p><i>Liability of the Fund and the Distributor for timely and accurate settlement</i></p>	<p>Should the Management Company fail to settle accounts with the Participant within the specified period, the Management Company shall pay to the Participant penalties prescribed in the agreement on sale-purchase of investment units. Where the settlement has not been made on time due to the fault of the Custodian or a third party, the party responsible for the delay shall reimburse to the Management Company the losses arising due to untimely settlement with the Participant. The Distributor shall be held liable for losses or shortages in the Participant’s property arising due to the Distributor's fault.</p>
<p><i>Consequences of the request to</i></p>	<p>The Fund’s Participant who has submitted an application</p>

<i>redeem investment units for the Participant</i>	to redeem all of his or her investment units shall lose the status of the Fund's Participant on the day the application for redemption of the Fund's investment units was submitted. After the day the redemption application was submitted, such person shall no more be regarded as the Fund's Participant.
<i>Conditions precedent for suspension of redemption of investment units</i>	The redemption of investment units may be suspended if: <ol style="list-style-type: none"> 1. such suspension is necessary in order to protect the interests of the Fund's participants from possible insolvency of the Fund or from a fall in the redemption price in unfavourable SC market situation as well as upon decrease in the value of investment portfolio. 2. there is not enough money to effect settlement for the redeemed investment units, whereas the sale of SC owned by the Fund would be loss-making. 3. such remedy is applied by the Securities Commission of the Republic of Lithuania.
<i>The procedure of adopting a resolution to suspend redemption</i>	The rights to suspend redemption of the Fund's investment units shall be granted to: <ol style="list-style-type: none"> 1. the Management Company; 2. the Lithuanian Securities Commission. If the resolution on suspension of redemption has been adopted by the Lithuanian Securities Commission, only the Lithuanian Securities Commission shall have the right to renew redemption, or the court, which overrules the resolution adopted by Lithuanian Securities Commission. In other cases such rights shall be granted to the Management Company. The suspension of redemption period may not exceed 3 months during one year. <p>As of the moment the resolution to suspend redemption is passed it is prohibited to:</p> <ol style="list-style-type: none"> 1. accept applications for redemption; 2. effect settlements for investment units whose redemption was requested prior to the resolution on suspension of redemption was passed.
<i>Procedure and ways of informing the Investors about suspension of redemption of investment units</i>	Upon suspension of redemption of investment units, a notice whereof shall immediately be communicated to the persons who are intermediaries in redemption, also to the Lithuanian Securities Commission. The message shall also be communicated in the mass media. The same procedure as for suspension of redemption shall also be followed in communicating information about the decision to renew the redemption.

24. Rules for determining SC sales and redemption prices

<i>Frequency, basic principles and methods for determining investment units' sales and redemption prices</i>	Redemption and sales price of investment units is determined by dividing the Fund's NA value determined on the calculation date with the number of outstanding investment units. The Fund participant's amount of money shall be converted into investment units at the following price:
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If the agreement on sale-purchase of investment units is concluded prior to the end of Distributor and Management Company's business hours (5 P.M., on Friday – until 3.45 P.M. and on the day preceding a holiday – until 4.00 P.M. Lithuanian time), and invested amount of money is transferred and applied to the Fund's account on the same current day, the amount of money invested by the Fund's participant shall be converted into investment units at the price applicable on the day the agreement on sale-purchase of investment units was concluded.

If the agreement on sale-purchase of investment units is concluded prior to the end of the Distributor and the Management Company's business hours (5 P.M., on Friday – until 3.45 P.M. and on the day preceding a holiday – until 4.00 P.M. Lithuanian time), however, the invested amount is transferred and applied to the Fund's account on the next business day, which follows the current business day when the agreement on sale-purchase of investment units was made, the Fund participant's amount of money shall be converted into investment units at the price applicable on the next business day, which follows the day the agreement on sale-purchase of investment units was made.

The value of the Fund's assets shall be established on every business day.

The Fund's NA value is determined by subtracting short-term and long-term financial liabilities from the market value of the Fund's assets, which is established in accordance with procedure and principles adopted by the Lithuanian Securities Commission.

Initial value of the Fund's investment unit was LTL 100 (one hundred litas).

The value of the Fund's investment unit is determined on each business day.

The value of the Fund's investment unit is determined by dividing the Fund's NA value established on the day of calculation by the number of the Fund's shares. The total value of all shares of the Fund is always equal to the Fund's NA value.

The value of the investment unit of the Fund shall be expressed at the precision of four digits after the comma and shall be rounded in accordance with mathematical rules of rounding.

Information about increasing of investment units' sales price or reducing of redemption price by distribution and redemption expenses

The redemption price of the Fund's investment units is determined by dividing the Fund's NA value by the number of all outstanding investment units. The redemption price shall not be reduced by redemption expenses. The entire sales price of the Fund's investment units, except the fee to cover distribution expenses, is included in the NA value.

<i>The amount of, purpose of, methods and procedure for calculation of the commission</i>	The Fund's investment units are sold for the Fund's NA value plus commission which may not exceed 5 percent (for covering distribution expenses). The investment units shall be sold to pension funds and investment funds managed by the Management Company for NA value.
<i>The procedure of communicating investment units' sale and redemption price</i>	The value of the Fund's investment unit shall be communicated not later than until 12.00 on the next business day for the previous business day on the website: www.citadeleinvest.lv .
<i>Possible commissions or expenses, except the ones mentioned above, which will be covered by the investors or from the Fund's property</i>	Apart from the above expenses, the Fund's property will be used to cover commissions for banking services related to the distribution and redemption of the Fund's investment units.

25. Factors which may influence the distribution

The Fund investment units' distribution may be influenced by amendments to the legal acts as well as the circumstances constituting force majeure as defined in the legal acts of the Republic of Lithuania.

IV. INFORMATION ABOUT INVESTMENT

26. Historical performance of the Fund.

The fund was established on July 8, 2004.

The Fund's investment unit's initial value was LTL 100 (one hundred Lithuanian litas).

On 31st of December 2009, the Funds net assets value totaled LTL 15,797,489,71, whereas the Funds net assets value for one investment unit totaled LTL 113,4787.

Date	December 31, 2005	December 31, 2006	December 31, 2007	December 31, 2008	December 31, 2009
The Fund's annual net rate of return expressed in absolute ratio and percents	LTL 39,97 37,81%	LTL 24,12 17,19%	LTL 14,17 8,45%	LTL -103,34 Lt -55,42%	LTL 31.71 38.07 %
The Fund's NA value	LTL 29. 118.463,37	LTL 86. 012.871,92	LTL 86.246.156,10	LTL 9.617.208,58	LTL 15.797.489,71
The Fund's NA value per investment unit	LTL 146,8151	LTL 170,9352	LTL 85,1047	LTL 81,7673	LTL 13,4787

The Funds average net rate of return during last 5 years – 1,51%

Previous activity does not guarantee future results.

27. Composition of investments portfolio

Types of assets in which investments can be made (or in which the Fund intends to invest), official listings of foreign stock exchanges, regulated markets (name, web

Types of assets in which the Fund's property can be invested are described in Article 3 of this Prospectus.

Vilnius Stock Exchange, Lithuania www.baltic.omxgroup.com

Tallinn Stock Exchange, Estonia www.baltic.omxgroup.com

Riga Stock Exchange, Latvia www.baltic.omxgroup.com

Helsinki Stock Exchange, Finland www.omxnordicexchange.com

page addresses).

Copenhagen Stock Exchange, Denmark www.omxnordicexchange.com
Stockholm Stock Exchange, Sweden www.omxnordicexchange.com
Warsaw Stock Exchange, Poland www.gpw.com.pl
Frankfurt Stock Exchange, Germany www.deutsche-boerse.com
Oslo Stock Exchange, Norway; www.ose.no;
Moscow Interbank Currency Exchange, Russia www.micex.ru ;
RUSSIAN TRADING SYSTEM Stock Exchange www.rts.ru;
New York Stock Exchange, United States of America www.nyse.com

28. The Fund's objectives and investment policy

Financial objectives, investment strategy and directions

The Fund's NA are invested in SC of the markets of the Baltic sea countries in accordance with the Fund Rules and effective laws, aiming for maximum return for the Fund's investors. The main investment object is equity securities (stocks). In order to ensure a more stable return and lower investment risk, up to 40% of the Fund's net assets can be invested in governments, municipalities or companies' debt securities (bonds).

Considering the possibility of the highest increase and risk management goals, the Fund's net assets may be invested into other kinds of property by changing portfolio composition in accordance with the Fund rules and effective legal acts.

Irrespective of the fact that actual portfolio composition has to be in compliance with restrictions and general rules established by laws, risk may still increase in respect of certain assets flows, industries, and geographical sectors.

Investment specialization

The Fund will limit its operations within a geographical zone, by investing only in the Baltic Sea countries: Lithuania, Latvia, Estonia, Denmark, Finland, Norway, Sweden, Germany, Poland, and Russia.

The possibility that portfolio structure or investment strategy will result in large volatility in net asset value

The Fund's property shall be invested only in liquid securities, which are regularly traded in organized markets. Nevertheless, there is a small probability that fluctuations of the Fund's net asset value will be substantial (especially if there are sharp market fluctuations).

Does the Fund intend to use derivative transactions?

The Fund provides the possibility to use derivative investment instruments in order to hedge the risk related to possible negative market movements or in order to increase portfolio's return.

The benchmark index applied to the Fund's management

When choosing a benchmark index for the Fund, it was taken into consideration that the Fund's investment strategy provides that the main investment trend of the Fund are equities (shares). The Funds investments geography was also considered. The comparative index of choice – MSCI AC Europe index is in conformity with raised criteria and reflects investment strategy at its maximum as it is possible. MSCI AC Europe Index calculation methodology and composition can be found at the following internet address:

	http://www.msctbarra.com/products/indices/stdindex/performance.html
<i>Has the Fund invested (or intends to invest) more than 35 percent of NA into transferable securities or money market instruments, issued and guaranteed by the Republic of Lithuania, governments of EU states as well as municipalities thereof, other states or international organizations the members thereof is at least one European Union state?</i>	The Fund has not made and does not intend to make any such investments.
<i>Information about the Fund's management methods</i>	The Fund's investment portfolio is often adjusted in view of changes in capital and securities markets.
<i>All possible restrictions of investment strategy; instruments and tools which can be applied to pursue investment objectives, procedure and purpose of applying such instruments and tools</i>	Investment policy shall not be restricted more than it is prescribed by laws of the Republic of Lithuania and (or) the Fund Rules.
<i>Purpose of and possibilities for taking a loan</i>	A loan can be taken if it is necessary to ensure the Fund's liquidity; the amount of the loan shall not exceed 10 percent of the NA value, and the maturity of the loan shall not exceed 3 months.

29. Profile of a typical investor of the Fund

<i>Short description of an investor</i>	The Fund targets those investors with greater than average investment experience who wish to invest into the securities of issuers of Baltic Sea states. Typical investor orients himself or herself to no less than three year long investment period and tolerates higher than average Fund's value fluctuations intensity. Recommended investment duration into this Fund – longer than three years period. Risk level – higher than average.
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30. Investment risk and its management

<i>Investment risk and the methods for risk management</i>	<p>Specific risks:</p> <p><i>Market volatility risk</i></p> <p>Market volatility risk – is the main risk – the possibility that SC price or the price of other financial instruments will increase or decrease, thus, affecting the Fund's return. In order to avoid the market fluctuations, the Fund's investment portfolio will be diversified, investments will be made in prospective securities for a longer period of time.</p> <p>However, there is a possibility of negative</p>
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macroeconomic changes which might affect the entire SC market.

Credit risk

Credit risk – the possibility that issuer whose SC is held in the Fund’s investment portfolio, or the counterparty acting on behalf of the Fund partially or fully defaults on his liabilities (for example, a company is not capable of redemption of its bonds upon maturity). In order to avoid this type of risk issuers shall be analyzed on the regular basis in order to assess their reliability.

Counterparty and settlement risk

Counterparty and settlement risk is a probability that a counterparty may fail to fully implement its liabilities assumed when concluding a transaction, or fails to transfer SC or funds due to the default of yet another party of the transaction. Most of the transactions which are concluded by the Fund shall be exercised following the settlement synchronicity principle. There is a transaction counterparty and settlement risk when concluding extra - stock exchange transactions regarding SC and derivative investment instruments. Such risk shall be minimized by concluding transactions with those financial institutions which have impeccable reputation.

Market liquidity risk

Market liquidity risk – there is a possibility that due to low market liquidity the Fund will not be able to sell its assets in a timely manner for a fair price, or the Fund will not be able to sell them at all, thus incurring a loss. Liquidity risk shall be minimized by diversifying the Fund’s portfolio and by making investments in liquid SC.

Currency risk

Currency risk – possibility that due to exchange rate fluctuations the value of investments denominated in foreign currency will diminish. There is a certain risk of loss in the event the rate of Lithuanian litas against the base currency is changed or another base currency is used. There is also a risk related to the introduction of the common EU currency - the euro. Exchange rate risk can be hedged using derivative instruments.

Interest rate risk

Changes in interest rates can directly affect the value of securities in the Fund’s portfolio. Interest rates risk can be hedged using derivative instruments or by immunizing the portfolio.

Activity risk – in the event the Fund’s participants submit considerable amount of applications to redeem investment units, the Fund may have difficulties to settle accounts with the participants in time.

	<p><i>Results risk</i> – price fluctuation of purchased financial instruments may differ from its estimated fluctuation</p> <p><i>Specific investment risk</i> – the Fund invests into funds which are managed by many investment managers. There is a risk that an individual fund may fail to implement its commitments.</p>
	<p><i>General risk factors</i></p> <p><i>Issuer’s default risk</i></p> <p>Issuer’s default risk can arise due to specifics of issuer’s activity and/or successful/unsuccessful performance which can influence the price of issued SC. In order to decrease this type of risk, detailed analysis of the issuer’s operations is made and the Fund’s investments are diversified.</p> <p><i>Inflation risk</i></p> <p>Inflation risk means that the Fund’s rate of return will diminish due to inflation.</p> <p><i>Political/country risk</i></p> <p>Political/country risk means that there is a possibility that in the country, where the Fund's assets have been invested, might be negative changes in growth and/or negative events might occur (changes of political, economic and legal nature, disturbances, war), which may substantially affect investment management. In order to diminish this risk, on-going supervision and analysis of political and economic events is carried out in the countries where the Fund’s investments are made. In order to reduce previously specified risks, the Management Company shall use generally accepted risk management methods: investment diversification, derivative instruments, and portfolio immunization.</p>
<p><i>Possible results of using derivatives for risk management</i></p>	<p>The purpose of using derivative instruments for a certain period of time is to protect against and to minimize the impact of undesirable risk factors over the value of the portfolio.</p>
<p><i>Where and when information about the risks can be received</i></p>	<p>Information about the risks is provided during business hours by the employees of the Management Company at +370 5 2649740</p>

31. Investment consultants

-

V. MANAGEMENT

32. Management scheme

-

33. Management bodies

-

34. General meeting of shareholders

-

35. Members of executive bodies, supervisory board

Members of Supervisory Board :

Vladimirs Ivanovs – Chairman of the Board;

Deniss Moščenko – Board Member;

Andris Kotāns – Board Member;

Sergejs Zaicevs – Board Member;

Skirmantas Jareckas – Board Member.

36. Information about the Management Company

<i>Full name</i>	Private Limited Liability Company (UAB) „Citadele investicijų valdymas”
<i>Registered office</i>	Gyneju street 16, LT-01109 Vilnius, Lithuania
<i>Registration number</i>	111829843
<i>Number of licence for management services</i>	Licence No. VĮK-007 issued by Lithuanian Securities Commission
<i>Methodologies for calculating remuneration</i>	The remuneration for the Management Company shall be calculated on every business day based on the Fund's NA value on that day. The fee which represents the remuneration paid to the Management Company shall be calculated following the synchronicity principle.
<i>Managers of the Management Company, their participation in the activities of other companies</i>	<p><i>Chairman of the Executive Board Acting President – Renata Bagavičienė</i> Does not own any shares in the Management Company and does not participate in the activities of other companies.</p> <p><i>Executive Board Member, Chief Financial Officer - Danute Griezėiene.</i> Does not own any shares in the Management Company. Participation in the authorized capital of other companies does not exceed 5 percent.</p>
<i>Other entities managed by the Management Companies</i>	<p>The Management Company manages two pension funds that accumulate a part of the state social insurance payments: conservative investment fund “CITADELE PENSION 1” and active investment fund “CITADELE PENSION 2”.</p> <p>1. The assets of “CITADELE PENSION 1” are invested only in debt securities issued or guaranteed by governments or central banks of the Republic of Lithuania, European Union, or the member countries of the Organisation of Economic Co-operation and Development, or by the European Central Bank.</p>

	2. In order to increase returns for the Pension fund, up to 50% of the assets of "CITADELE PENSION 2" are invested in equity markets and, in order to ensure the stability of the Fund's returns, up to 25% of the assets of the Pension fund are invested in debt SC and money market instruments of governments and corporations, as well as term - deposits with credit institutions.
<i>Statutory capital of the Management Company</i>	The authorized capital of the Management Company is LTL 3 580 000 (three million five hundred eighty thousand litas). All authorized capital has been fully subscribed and paid-up.

37. Custodian

<i>Custodian</i>	AB "Citadele" bankas
<i>Company code</i>	112021619
<i>Registered office</i>	K.Kalinausko street 13, LT-03107 Vilnius, Lithuania
<i>Telephone and fax numbers</i>	+370 5 266 46 00, +370 5 266 46 01
<i>E-mail address</i>	info@citadele.lt
<i>Internet address</i>	www.citadele.lt
<i>Type of company</i>	Joint-stock company
<i>Date and place of registration</i>	AB "Citadele" bankas registered in the State Enterprise Register of Legal Entities
<i>Type of activity</i>	Commercial banking
<i>Managers</i>	Supervisory Board: Guntis Belavskis – Chairman of the Board Aldis Paegle – Board Member Valters Abele – Board Member. Executive Board: Alma Vaitkunskienė – Chairperson of the Executive Board and the Head of Administration. Gintaras Radavičius – Executive Board Member, Deputy Chairman of the Executive Board Audrius Bernotas – Executive Board Member Jonas Grincius – Executive Board Member Skirmantas Jareckas -. Executive Board Member

38. Financial intermediaries

The Fund's custodian AB "Citadele" bankas and AS "Citadele banka", Riga, Republic of Latvia, shall provide brokerage services when concluding transactions with the Fund's securities.

AB "Citadele" bankas, registered office address: K.Kalinausko street 13, LT-03107 Vilnius, Lithuania. AB "Citadele" bankas primary activities – banking services.

Exact intermediation fees have been set forth in the agreement on provision of intermediation services.

The remuneration paid to AB "Citadele" bankas for mediation services may not exceed 1 percent of the annual average NA value of the Fund.

The remuneration shall be calculated on every business day, if at least one transaction is made on that day.

AS "Citadele banka", registered office address: Republikas laukums 2a, LV-1010 Riga, Latvia. Primary activities – banking services.

Concrete amounts of intermediation services are applied as provided in signed securities account opening agreement and securities transactions implementation agreement.

The remuneration paid to AS "Citadele banka" for intermediation services may not exceed 1 percent of the annual average NA value of the Fund.

The remuneration shall be calculated on every business day, if at least one transaction is made on that day.

39. Delegation of functions

Functions which are allowed to be delegated

The Management Company has the right to delegate part of its functions to another company:

1. Servicing of personal accounts of the Fund's participants – [delegated] to AB "Citadele" bankas (Vilnius, Lithuania);
2. Distribution and redemption of the Fund's investment units – [delegated] to AB "Citadele" bankas (Vilnius, Lithuania) and AS "Citadele banka" (Riga, Latvia).

40. Other important information which, in the opinion of the management, can influence investors when making investment decisions

The Management Company is not aware of any important information other than that provided in this Prospectus, which may influence investors in making investment decisions.

Acting President Renata Bagavičienė

Chief Financial Officer Danute Griežiene
