

The reasoning behind the amendment of the LHV Maailma Aktsiad Fond fund rules and an analysis of their materiality and of the influence to the fund's development and unit-holder's interests.

Hereby overview is justification of amendments and analysis of the materiality and an analysis of the effects on the development of the fund and on the interests of the unit-holders of the amendments made to the Fund rules of LHV Maailma Aktsiad Fond (hereinafter "Fund"), managed by Aktsiaselts LHV Varahaldus (hereinafter "Management Company").

The main amendments made to the fund rules of the Fund are as follows:

- a) **as the registrar of the class B units of the Fund (AS Eesti Väärtpaberikeskus, Estonian CSD) will no longer offer the registry keeping service to the Fund as of September 18, 2017, the respective units will move to the registry kept by AS LHV Pank, the registrar of the class A units. As prior to the effective date of the Fund rules there is no substantial difference between the class A and class B units of the Fund except for the registrar, on the effective date of the Fund rules, the class B units are exchanged for the current class A units of the Fund with the exchange ratio the nominal value of the class B unit/the nominal value of the class A unit. As a result of the amendment, as a rule the unit-holder who keeps the units of the Fund though any other account operator than AS LHV Pank, has to open an account with AS LHV Pank in order to make transactions with the units of the Fund. No information is displayed about the units on the securities account opened with another account operators;**
- b) The depositary of the Fund as of the effective date, is AS SEB Pank;
- c) There is an increase in the depositary's charge of the fund, being up to 0,18% *per annum*, if the amount of securities kept in countries other than EEA contracting countries and the United States of America is under 20% of the Fund's assets and up to 0,3% in other cases;
- d) The list of fees and charges paid on the account of the Fund is extended – the expenses of auditing the Fund's reports, the expenses in relation to exercising any rights arising from the assets of the Fund, legal expenses incurred by the Fund, expenses of conducting an analysis of the transaction counterparty of the Fund, the expenses of conducting an analysis in relation to the safekeeping of the Fund's assets in a country other than an EEA contracting state have been added;
- e) The unit-holders' data processing principles have been amended;
- f) Amendment of the Fund rules and if necessary, the liquidation of the Fund can be decided by the management board and no longer the supervisory board of the Management Company.

The wording of the clauses which have been substantially changed together with the justification for the amendment, causes for the amendment, analysis of the impact and assessment of materiality are presented the table in Annex 1. The effective date of the amendments is September 13, 2017.

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Please see Annex 1 – Overview: „The following clauses have been amended in the Fund Rules“.

Annex 1

The following clauses have been amended in the Fund Rules:

The Fund Rules currently in effect	The amended Fund Rules	The grounds for amendments and circumstances giving rise to amendments	The impact on the Fund and the unit-holders	Materiality of the amendment
1.4. The depositary of the Fund is a public limited company Swedbank AS, registry code 10060701, address Liivalaia 8, 15040 Tallinn, the Republic of Estonia (hereinafter: "Depositary").	1.4. The depositary of the Fund is a public limited company AS SEB Pank, registry code 10004252, address Tornimäe 2, 15010 Tallinn, the Republic of Estonia (hereinafter: "Depositary").	The amendment is made due to a change in depositary of the Fund and entering into an agreement with a new depositary. In selecting the depositary the Management Company has assessed the quality of the service offered by the depositary and also whether the depositary meets the necessary requirements.	The credit institution which safekeeps the Fund's assets and exercises supervision over the Management Company, changes. As the same set of requirements apply to depositaries, the change in the depositary has no direct effect on the unit-holder and should not according to the assessment of the Management Company, reduce the unit-holders' interest towards investing onto the Fund.	Of low importance
3.3. The Fund invests up to 100% of its assets in shares or in investment funds that invest into shares. Fund's assets are invested into deposits in credit institutions, money markets instruments, high grade bonds and other similar securities in order to manage liquidity, during times of redeeming or purchasing investments, when there are no suitable investment opportunities available or in a situation, where the upside potential of stock markets is limited.	3.3. The Management Company invests up to 100% of the market value of the assets of the Fund (hereinafter "Fund's assets") in shares or in investment funds that invest into shares. Fund's assets are invested into deposits in credit institutions, money markets instruments, high grade bonds and other similar securities in order to manage liquidity, during times of redeeming or purchasing investments, when there are no suitable investment opportunities available or in a situation, where the upside potential of stock markets is limited.	The amendment has been made with the aim to specify the basis for following the investment restrictions. The fund rules have so far been ambiguous in whether the restrictions are to be followed in relation to the net assets of market value of the assets.	The Management Company has interpreted the fund rules in a conservative manner, i.e. followed the investment restrictions on the basis of the net asset value which is slightly smaller than the market value of the fund. As the difference is marginal, the amendment has no material impact on the unit-holders nor reduces their interest toward investing into the Fund.	Of low importance
4.9. The Fund may hold and invest in the shares or units of other funds managed by the Management Company provided that the following conditions are met: 4.9.1. the investment policies of the funds differ significantly; 4.9.2. the Management Company does not charge an issue fee or redemption fee.	4.9. The Fund may hold and invest in the shares or units of other funds managed by the Management Company provided that the Management Company does not charge an issue fee or a redemption fee.	The amendment has been made due to the fact that the respective investment restriction has also been made less strict and the fact that the investment policies differ materially is no longer the prerequisite for investing into another fund managed by the management company.	According to the assessment of the Management Company, the amendment has no direct impact on the unit-holders and should not affect their interest towards investing into the fund, as the amendment is primarily of technical nature, made in order to harmonize the wording of the fund rules to that of the law and it has no substantial impact. When investing the Fund's assets into an investment fund managed by another management company, the Management Company has to follow its conflict of interest principles and the best interests of the unit-holders which for example would not allow investing into another fund solely for the purpose of collecting double the management fee.	Of low importance
5.3. The Fund has two classes of Units (hereinafter: "Class A unit" and "Class B unit"); 5.4. Class A unit: 5.4.1. The name of the Unit is LHV World Equities Fund A.	5.2. The Fund has one Unit class. The name of the Unit is LHV World Equities Fund unit. The nominal value of the Unit is 10 euros.	As the registrar of the class B units terminates the service offered to the fund, the respective units are transferred to the registry kept by AS LHV Pank. As there is no substantial difference between the class A and class B units, the class B units and on	The amendment has an impact on the class B unit unit-holders as in order to make transactions with the units in the future, they will have to open an account with AS LHV Pank. As a rule, current account operators no longer display information on the units.	Of low importance

<p>5.4.2. The nominal value of the Unit is 10 euros.</p> <p>5.4.3. The Register of the Units is kept by LHV. The Register is maintained and the registry data are preserved pursuant to the register maintenance contract entered into by the Management Company and LHV.</p> <p>5.5. Class B unit:</p> <p>5.5.1. The name of the Unit is LHV World Equities Fund B.</p> <p>5.5.2. The nominal value of the Unit is 6.39 euros.</p> <p>5.5.3. The Register of the Units is kept by EVK. The provisions of the Estonian Central Register of Securities Act shall be applied to keeping the register of Units.</p>		<p>the effective date of the fund rules exchanged for the current class A units with the exchange ratio: nominal value of the class B unit/nominal value of the class A unit.</p>	<p>The impact on the unit-holders who keep the units on a securities account opened with AS LHV Pank, is low.</p>	
<p>10.1. The Management Company is paid a monthly fee for the management of the Fund at the account of the Fund (hereinafter: "Management Fee"). The annual rate of the Management Fee is 2% (two percent) of the market value of the net assets of the Fund.</p>	<p>10.1. The Management Company is paid a monthly fee for the management of the Fund at the account of the Fund (hereinafter: "Management Fee"). The maximum annual rate of the Management Fee is 2% (two percent) of the market value of the assets of the Fund.</p>	<p>Reaalselt on mõlemat tasu senini arvestatud Fondi vara puhasväärtuselt. The amendment has been made with the aim to specify the basis for calculation of the management fee. So far, the fund rules have been ambiguous in whether the management fee (and the depositary's charge) are to be calculated on the basis of the net asset value or the market value of the assets of the fund.</p>	<p>As the net asset value of the Fund is by the amount of the Fund's liabilities smaller than the market value of the assets of the Fund, the amendment results in an increase in the management fee rate. As the liabilities are usually of marginal value compared to the market value of the assets, the change is minimal. The amendment may however have an impact on the unit-holders in a situation where the liabilities are bigger.</p>	Material
<p>10.2. The Depositary is paid a monthly charge for its depositary service at the account of the Fund (hereinafter: "Depositary's Charge"). The annual rate of the Depositary's Charge is 0.2124% of the market value of the Fund's assets including VAT. The Depositary's Charge is increased by 0.0354% if the aggregate market value of Romanian, Bulgarian, Croatian, Slovak, Slovenian, Serbian, Ukrainian and Russian securities exceeds 30% of the market value of the Fund's assets and increase by 0.0590% if the aggregate market value of the securities of the aforementioned countries exceeds 50%.</p>	<p>10.2. The Depositary is paid a monthly charge for its depositary service at the account of the Fund (hereinafter: "Depositary's Charge"). The annual rate of the Depositary's Charge is up to 0.18% of the Fund's assets, provided that the amount of the securities held in countries other than the EEA contracting states and the United States of America does not exceed 20% of the Fund's assets and up to 0.3% in other cases. VAT is added to the Depositary's Charge in the amount specified in the applicable law.</p>	<p>The aim of the amendment is to set a new depositary's charge rate which arises from the depositary agreement entered into with the new depositary of the Fund. The depositary's charge rate is higher than the rate in the current fund rules. The Management Company has paid the exceeding amount on its own account. In selecting the new depositary, the cost of the depositary services was one of the aspects considered.</p>	<p>For the Fund, the Depositary's charge increases and as the depositary's charge is paid on the account of the Fund, it has an impact on the unit-holders and may affect their interest towards investing into the Fund.</p>	Material
<p>10.4. Other costs related to holding and entering into transactions with the assets of the Funds, including expenses related to acquisition of securities and disposal thereof (transaction fees, brokerage fees, transfer fees, subscription fees, exchange fees, registry fees, state fees, etc.), and bank charges for banking services (money transfers, international money transfers, account debiting and</p>	<p>10.4. Additionally, the following fees and expenses are paid on the account of the Fund:</p> <p>10.4.1. the costs related to holding and entering into transactions with the assets of the Fund, including expenses related to acquisition of securities and disposal thereof (transaction fees, brokerage fees, transfer fees, subscription fees, exchange fees, registry fees, state fees, etc.), and</p>	<p>The amendment has been made as a result of the investment funds act which entered into force in 01/10/2017, which enables other expenses specified in the fund rules to be paid on the account of the Fund in addition to the management fee, the depositary's charge and the transaction fees. The Management Company wishes to use the possibility without increasing the total</p>	<p>Although the Management Company did not increase the maximum rate of expenses, the management company is allowed to pay legal fees on the account of the fund. If the Management Company decides to use the right, it might have an effect on the ongoing charges of the fund. The amendment therefore has a material impact on the unit-holders and may according to the assessment of the Management Company reduce the interest towards investing into the Fund.</p>	Material

crediting, currency conversion etc.), are paid out of the Fund. Additionally, fees related to borrowing on behalf of the Fund are paid out of the Fund.	<p>bank charges for banking services (money transfers, international money transfers, account debiting and crediting, currency conversion etc.);</p> <p>10.4.2. fees related to borrowing on behalf of the Fund;</p> <p>10.4.3. the expenses of auditing the Fund's reports;</p> <p>10.4.4. the expenses in relation to exercising any rights arising from the assets of the Fund;</p> <p>10.4.5. legal expenses incurred by the Fund;</p> <p>10.4.6. expenses of conducting an analysis of the transaction counterparty of the Fund;</p> <p>10.4.7. the expenses of conducting an analysis in relation to the safekeeping of the Fund's assets in a country other than an EEA contracting state.</p>	limit of the fees and charges paid on the account of the Fund.		
12.6. The Management Company has the right to send notices and reports about the Fund to the postal or e-mail address of the unit-holders.	<p>13.1. The Management Company processes personal data of the unit-holders disclosed to the Management Company in the course of Fund management or in any other way for the following purposes:</p> <p>13.1.1. personal data (e.g. name, personal identification code, date of birth, language of communication, etc.) – is used mainly for identifying the unit-holder;</p> <p>13.1.2. contact data (e.g. address, telephone number, e-mail address, etc.) – is used mainly to provide the unit-holder information and financial services promotions;</p> <p>13.1.3. information on the risk tolerance, investment objectives and the recommended duration of the investment – is used mainly to assess the suitability of the fund for the unit-holder.</p> <p>13.2. The Management Company processes the unit-holders personal information also in customer groups for the purpose of conducting statistical analyses as well as reporting and managing risks.</p> <p>13.3. The Management Company may use the unit-holder's personal data (incl. electronic contact data) made available for the Management Company in the course of offering the Fund</p>	The amendment has been made with the aim to specify the unit-holders' personal data processing principles and increase the number of purposes for which the Management Company may use the personal data of the unit-holders.	Although the personal data processing principles do not likely have a great impact on the interest of the unit-holder towards investing into the Fund, any change in the personal information processing principles has an effect on the unit-holders, making it possible to process the personal data of the unit-holders to a greater extent and to forward the information to third persons for other purposes than providing fund management service.	Material

	<p>management service for the purpose of offering the unit-holder a service or a product offered by the Management Company or a company belonging to the same consolidation group as the Management Company. The unit-holder has a right at any time to refuse to receive any further advertisements and personal offers, which includes the right of the unit-holder to refuse any advertisements and personal offers before their receipt by submitting the relevant request.</p> <p>13.4. By submitting a declaration of intent for acquiring the Units, the unit-holder shall give the management Company the consent to communicate the unit-holder's information to the persons belonging to the same consolidation as the Management Company and other persons who have been specified in the authorized processors list published on the Management Company's web page and to process the personal data pursuant to the customer data processing principles in the Management Company's consolidation group, made available on the Management Company's web page and at the seat of the Management Company.</p>			
<p>13.2. Liquidation of the Fund shall be decided by the supervisory board of the Management Company. In the cases provided for in the Investment Funds Act, the Depositary can act as the liquidator.</p>	<p>14.2. Liquidation of the Fund shall be decided by the management board of the Management Company. In the cases provided for in the Investment Funds Act, the Depositary can act as the liquidator.</p>	<p>The amendment has been made as a result of the investment funds act which entered into force in 01/10/2017, which grants the management board of the management company the right to decide on the liquidation of the fund.</p>	<p>The fact which of the boards of the management company decides on the liquidation of the fund, should not have an impact on the unit-holders' interest towards investing into the fund.</p>	<p>Of low importance</p>

14.1. The supervisory board of the Management Company may adopt a decision to amend the Fund Rules at its own discretion and may amend essential terms and conditions related to, for instance, the investment restrictions of the Fund or the fees or charges related to the Fund.	15.1. The management board of the Management Company may adopt a decision to amend the Fund Rules at its own discretion and may amend essential terms and conditions related to, for instance, the investment restrictions of the Fund or the fees or charges related to the Fund.	The amendment has been made as a result of the investment funds act which entered into force in 01/10/2017, which grants the management board of the management company the right to decide on the amendment of the fund rules in the course of day-to-day business activities.	The fact which of the boards of the management company decides on the amendment of terms, should not have an impact on the unit-holders' interest towards investing into the fund.	Of low importance
14.2. Subsequent to registering the amendments by the Financial Supervisory Authority, the Management Company shall without delay publish a notice regarding amending the Fund Rules in at least one daily national newspaper and on the website specified in the prospectus. The amendments to the Fund Rules take effect in 1 month after publishing the corresponding notice unless the notice prescribes a later date.	15.2. Subsequent to registering the amendments by the Financial Supervisory Authority, the Management Company shall without delay publish a notice regarding amending the Fund Rules on the Management Company's web page, pursuant to the requirements specified in the Investment Funds Act. The amendments to the Fund Rules take effect in 1 month after publishing the corresponding notice unless the notice prescribes a later date.	The amendment has been made as a result of the investment funds act which entered into force in 01/10/2017, pursuant to which the management company no longer has to publish a notice on the suspension of the redemption in a daily national newspaper. The respective notice only has to be published on the web page of the Management Company. Considering the channels used by the Management Company for communicating with the unit-holders, it did not seem relevant to keep following the requirement on a voluntary basis.	On the web page of the management company, more information has to be published than used to be required in the case of a daily newspaper notification. As already in the past the notification made in the newspaper referred to the more specific information provided on the web page specifically regarding the nature and the impact of the amendments, more information has been received from the web page. The amendments may primarily affect the people who read the notice from the newspaper and turned to the seat of the management company for further information, the number of such customers is very small is according to the estimates of the management company.	Of low importance