

# VTB Capital IM RUSSIA EQUITY UCITS FUND

Société d'Investissement à Capital Variable  
Luxembourg

R.C.S. Luxembourg B54765

**Unaudited semi-annual report  
as at 30th June 2022**

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No subscription can be received on the basis of this financial report. Subscriptions are only valid if made on the basis of the current prospectus accompanied by the last key information document ("KID"), the most recent annual report and the most recent semi-annual report, if published thereafter.

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## Organisation

**Registered office** 106, Route d'Arlon  
L-8210 MAMER

### Board of Directors

*Chairman* Patrick LEHNERT  
Independent Director  
Porzellangasse 8  
AT-1090 VIENNA

*Directors* John David BREIT  
Independent Director  
400 West End Avenue, Apartment 14B  
10024 NEW YORK

André SCHMIT  
Independent Director  
28, rue Lehberg  
L-9124 SCHIEREN

**Management Company** LEMANIK ASSET MANAGEMENT S.A.  
106, Route d'Arlon  
L-8210 MAMER

### Board of Directors of the Management Company

**Chairman** Gianluigi SAGRAMOSO  
Lemanik Invest S.A.  
5, Via Bagutti  
CH-6900 LUGANO

**Directors** Philippe MELONI  
LEMANIK ASSET MANAGEMENT S.A.  
106, Route d'Arlon  
L-8210 MAMER

Carlo SAGRAMOSO  
Lemanik Invest S.A.  
5, Via Bagutti  
CH-6900 LUGANO

## Organisation (continued)

<b>Conducting officers of the Management Company</b>	Jean-Philippe CLAESSENS Alexandre DUMONT Philippe MELONI Armelle MOULIN Gilles ROLAND
<b>Depositary and principal paying agent</b>	QUINTET PRIVATE BANK (EUROPE) S.A. 43, boulevard Royal L-2449 LUXEMBOURG
<b>Domiciliary Agent</b>	LEMANIK ASSET MANAGEMENT S.A. 106, Route d'Arlon L-8210 MAMER
<b>Delegated registrar &amp; transfer and administrative agent</b>	KREDIETRUST LUXEMBOURG S.A. 88, Grand-Rue L-1660 LUXEMBOURG
<b>Sub-Delegated registrar &amp; transfer and administrative agent</b>	UI efa S.A. (formerly EUROPEAN FUND ADMINISTRATION S.A.) 2, Rue d'Alsace L-1122 LUXEMBOURG
<b>Investment manager</b>	LEMANIK ASSET MANAGEMENT S.A. 106, Route d'Arlon L-8210 MAMER (since 24th February 2022)  VTBC ASSET MANAGEMENT INTERNATIONAL LIMITED Four Floor, West Wing Trafalgar Court Admiral Park St Peter Port GUERNSEY, GY13RL (until 24th February 2022)
<b>Distributor agent</b>	LEMANIK ASSET MANAGEMENT S.A. 106, Route d'Arlon L-8210 MAMER (since 24th February 2022)  VTBC ASSET MANAGEMENT INTERNATIONAL LIMITED Four Floor, West Wing Trafalgar Court Admiral Park St Peter Port GUERNSEY, GY13RL (until 24th February 2022)

## Organisation (continued)

<b>Auditor</b>	ERNST & YOUNG S.A. 35E, avenue John F. Kennedy L-1855 LUXEMBOURG
<b>Representative in Switzerland</b>	CARNEGIE FUND SERVICES S.A. 11, rue du Général-Dufour CH-1204 GENEVA
<b>Paying agent in Switzerland</b>	BANQUE CANTONALE DE GENEVE 17, quai de l'Ile CH-1204 GENEVA

### **Additional information for the investors in Switzerland**

The Fund's publications in Switzerland are made in the "Swiss Official Gazette of Commerce" ("SOGC") as well as on [www.swissfunddata.ch](http://www.swissfunddata.ch).

The prospectus, the Key Information Document, the articles of association as well as the annual and semi-annual reports of the Fund are available free of charge at the office of the Swiss representative.

The issue price, the redemption price and the net asset value together with a footnote stating "excluding commissions" are published daily on [www.swissfunddata.ch](http://www.swissfunddata.ch).

### **Swiss representative and paying agent**

CARNEGIE FUND SERVICES S.A., 11, rue du Général-Dufour, CH-1204 GENEVA, is authorised by the Swiss Financial Market Supervisory Authority to act as the Fund's Swiss representative.

BANQUE CANTONALE DE GENEVE, 17, quai de l'Île, CH-1204 GENEVA assumes the functions of the Fund's paying agent in Switzerland.

## Statement of net assets <sup>1)</sup>

as at 30th June 2022

(in USD)

### Assets

Securities portfolio at market value	10,270,025.75
Cash at banks	1,762,946.45
Income receivable on portfolio	200,112.38
Other receivables	10,138.01
Prepaid expenses	3,323.93
Total assets	12,246,546.52

### Liabilities

Payable on redemptions of shares	254,764.18
Expenses payable	191,514.69
Total liabilities	446,278.87
Net assets at the end of the period	11,800,267.65

### Breakdown of net assets per share class

Share class	Number of shares	Currency of share class	NAV per share in currency of share class	Net assets per share class (in USD)
RUI	98,791	USD	69.50	6,865,847.75
RUA	270,072	USD	11.99	3,237,448.70
RUIDM	1,817	USD	44.18	80,274.99
RUADM	100	USD	40.52	4,052.12
REI	24,529	EUR	56.35	1,445,711.00
REIDY	3,156	EUR	50.57	166,933.09
				11,800,267.65

<sup>1)</sup> see note 2a

The accompanying notes are an integral part of these financial statements.

**Statement of operations and other changes in net assets <sup>1)</sup>**  
from 1st January 2022 to 30th June 2022  
(in USD)

<b><u>Income</u></b>	
Dividends, net	304,511.34
Bank interest	4,580.10
Total income	309,091.44
<b><u>Expenses</u></b>	
Management fees	61,194.68
Depository fees	5,473.48
Banking charges and other fees	14,820.98
Transaction fees	20,458.22
Central administration costs	28,233.84
Professional fees	26,993.15
Other administration costs	43,974.20
Subscription duty ("taxe d'abonnement")	1,013.20
Bank interest paid	17.35
Other expenses	56,405.54
Total expenses	258,584.64
Net investment income	50,506.80
<b><u>Net realised gain/(loss)</u></b>	
- on securities portfolio	-962,075.59
- on foreign exchange	5,706.70
Realised result	-905,862.09
<b><u>Net variation of the unrealised gain/(loss)</u></b>	
- on securities portfolio	-14,075,688.21
Result of operations	-14,981,550.30
Dividends paid	-3,529.56
Subscriptions	342,984.83
Redemptions	-1,197,229.46
Total changes in net assets	-15,839,324.49
Total net assets at the beginning of the period	27,639,592.14
Total net assets at the end of the period	11,800,267.65

<sup>1)</sup> see note 2a

The accompanying notes are an integral part of these financial statements.

## Statistical information <sup>1)</sup>

as at 30th June 2022

(in USD)

Total net assets	Currency	31.12.2020	31.12.2021	30.06.2022
	USD	18,828,513.91	27,639,592.14	11,800,267.65

Net asset value per share class	Currency	31.12.2020	31.12.2021	30.06.2022
RUI	USD	133.79	156.37	69.50
RUA	USD	23.44	27.05	11.99
RUIDM	USD	-	101.54	44.18
RUADM	USD	-	93.78	40.52
REI	EUR	92.68	116.58	56.35
REIDY	EUR	-	104.63	50.57

Number of shares	outstanding at the beginning of the period	issued	redeemed	outstanding at the end of the period
RUI	101,858	2,212	-5,279	98,791
RUA	291,742	1,230	-22,900	270,072
RUIDM	1,817	-	-	1,817
RUADM	100	-	-	100
REI	24,529	-	-	24,529
REIDY	3,156	-	-	3,156

### TER per share class as at 30.06.2022 <sup>2)</sup>

(in %)

RUI	1.45
RUA	2.17
RUIDM	0.39
RUADM	0.81
REI	1.44
REIDY	0.35

Dividends paid	Currency	Dividend per share class	Ex-dividend date
RUIDM	USD	1.0154	25.01.2022
RUIDM	USD	0.8332	27.01.2022
RUADM	USD	0.9378	25.01.2022
RUADM	USD	0.7688	27.01.2022

<sup>1)</sup> see note 2a

<sup>2)</sup> see note 7

## Statement of investments and other net assets <sup>1)</sup>

as at 30th June 2022

(in USD)

Currency	Number / nominal value	Description	Cost	Market value <sup>2)</sup>	% of total net assets *
<b>Investments in securities</b>					
<b>Transferable securities admitted to an official stock exchange listing</b>					
<b>Shares</b>					
GBP	19,200	Evrax PLC	81,535.81	6,464.66	0.05
USD	47,563	Avangardco Inv Public Limited GDR repr 1/40th Shs Reg-S	659,448.64	0.00	0.00
USD	162,800	Evrax PLC	601,530.76	54,814.92	0.46
USD	287,200	Gazprom PJSC spons ADR repr 2 Shares	1,822,114.65	1,089,234.18	9.23
USD	80,000	Globaltrans Investment Plc GDR repr 1 Sh Reg S	586,830.33	230,853.80	1.96
USD	6,530	HeadHunter Group PLC ADS repr spons ADR DR	267,569.55	54,855.35	0.47
USD	45,400	Noventiq Holdings plc DR	341,937.00	28,993.61	0.25
USD	23,980	Novolipetsk Steel (NLMK) GDR repr 10 Shares	483,192.58	293,049.84	2.48
USD	27,450	Oil Co Lukoil PJSC spons ADR repr 1 Share	2,041,069.67	981,973.73	8.32
USD	13,000	Ozon Holdings Plc ADR DR repr spons	272,973.96	100,572.56	0.85
USD	33,300	Ros Agro Plc DR GDR	473,096.50	263,508.07	2.23
USD	21,300	Severstal PAO spons GDR repr 1 Share Ser Oct 06	290,227.65	161,954.93	1.37
USD	4,150	TCS Group Holding Plc GDR repr 1 Share A Reg S	330,294.37	68,583.73	0.58
USD	1,190,200	United Co Rusal Intl Pjsc	978,357.30	583,651.59	4.95
			9,148,642.96	3,912,046.31	33.15
<b>Total shares</b>			9,230,178.77	3,918,510.97	33.20
<b>Transferable securities dealt in on another regulated market</b>					
<b>Shares</b>					
RUB	1	Interreg Dist Grid Co Cent PJSC	0.05	0.00	0.00
RUB	77,449	Raspadskaya PJSC ADS	645,954.53	209,692.68	1.78
RUB	20,800	Seligdar PAO	15,678.32	7,772.37	0.07
			661,632.90	217,465.05	1.85
USD	704,600	Alrosa PJSC	869,078.14	436,986.27	3.70
USD	78,600	Gazprom Neft PJSC	502,888.40	285,281.43	2.42
USD	17,980	Magnit PJSC	1,227,243.18	698,050.95	5.92
USD	838,700	Magnitogorsk Iron Stl Wks PJSC	655,556.96	246,592.86	2.09
USD	2,120	MMC Norilsk Nickel PJSC	593,919.90	337,925.99	2.86
USD	47,700	NovaTek Joint St Co	968,801.71	447,460.62	3.79
USD	1,650	Polyus PJSC	277,120.17	133,771.53	1.13
USD	243,400	Rosneft Oil Co	1,558,533.04	807,728.58	6.85
USD	500,700	Sberbank of Russia PJSC	1,781,955.57	574,273.01	4.87
USD	4,725,000	Segezha Group PJSC	595,357.93	349,310.65	2.96
USD	354,700	Seligdar PAO	289,009.03	132,541.34	1.12
USD	12,700	Severstal PAO Reg	269,650.39	96,564.68	0.82
USD	206,000	Tatneft PJSC Pref	1,201,706.05	752,779.42	6.38
USD	0.8571	Territorial Generat Co 1 PJSC	0.00	0.00	0.00
			10,790,820.47	5,299,267.33	44.91
<b>Total shares</b>			11,452,453.37	5,516,732.38	46.76
<b>Other transferable securities</b>					
<b>Shares</b>					
GBP	114,039	Ruspetro Ltd Reg	788,811.51	0.00	0.00

<sup>1)</sup> see note 2a

<sup>2)</sup> see note 2b

\* Minor differences may arise due to rounding in the calculation of percentages.

The accompanying notes are an integral part of these financial statements.

**Statement of investments and other net assets <sup>1)</sup> (continued)  
as at 30th June 2022  
(in USD)**

Currency	Number / nominal value	Description	Cost	Market value <sup>2)</sup>	% of total net assets *
USD	21,139	Cian Plc ADR repr	353,470.82	52,750.68	0.45
USD	208	Phosagro PJSC GDR Regs	4,502.01	5,005.00	0.04
USD	32,292	Phosagro PJSC GDR Regs	698,937.66	777,026.72	6.58
			1,056,910.49	834,782.40	7.07
		<b>Total shares</b>	1,845,722.00	834,782.40	7.07
		Total investments in securities	22,528,354.14	10,270,025.75	87.03
		Cash at banks		1,762,946.45	14.94
		Other net assets/(liabilities)		-232,704.55	-1.97
		<b>Total</b>		11,800,267.65	100.00

<sup>1)</sup> see note 2a

<sup>2)</sup> see note 2b

\* Minor differences may arise due to rounding in the calculation of percentages.

The accompanying notes are an integral part of these financial statements.

## Industrial and geographical classification of investments <sup>1)</sup> as at 30th June 2022

### Industrial classification

(in percentage of net assets)

Energy	38.77 %
Raw materials	30.68 %
Non-cyclical consumer goods	8.15 %
Financials	5.45 %
Industrials	2.43 %
Technologies	1.55 %
Total	<u>87.03 %</u>

### Geographical classification

(by domicile of the issuer)  
(in percentage of net assets)

Russia	79.73 %
Cyprus	6.79 %
United Kingdom	0.51 %
Total	<u>87.03 %</u>

<sup>1)</sup> see note 2a

## Notes to the financial statements

as at 30th June 2022

### Note 1 - General Information

VTB Capital IM RUSSIA EQUITY UCITS FUND (the "Fund") is a "*société anonyme*" which was incorporated in Luxembourg by notarial deed on 13th May 1996 for an indefinite duration, under the Luxembourg laws as a "*société d'investissement à capital variable*" and originally under the name THE MC RUSSIAN MARKET FUND.

The Fund qualifies as an undertaking for collective investment in transferable securities under Part I of the amended law of 17th December 2010 relating to Undertakings for Collective Investment (the "2010 Law").

The Fund is registered with the Luxembourg Register of Commerce and Companies under the number B 54765.

The Fund has designated LEMANIK ASSET MANAGEMENT S.A. as Management Company pursuant to the stipulations of Chapter 15 of the 2010 Law.

The reference currency of the Fund is USD.

### Note 2 - Significant accounting policies

#### a) Presentation of the financial statements

The financial statements of the Fund are established in accordance with the Luxembourg legal and regulatory requirements concerning undertakings for collective investment and with generally accepted accounting principles in Luxembourg.

#### Going concern:

The financial statements of the SICAV have been prepared on a going concern basis. However, due to the current Russian – Ukrainian conflict, the Moscow Stock Exchange was suspended on 24th February 2022. As a result, the pricing of the shares listed on the Moscow Stock Exchange have been suspended at this date and as a consequence no available and reliable pricing source can be used to determine the value of the Russian shares of the Fund and the Board of Directors resolved to suspend the Fund's net asset value computation, issue, redemption, and conversion of shares from 24th February 2022 until further notice. This situation indicates the existence of a material uncertainty that may cast significant doubt on the ability of the Fund and to continue as a going concern. The Board of Directors continue to closely monitor the evolving situation and going concern status of the Fund.

#### b) Valuation of assets

The value of any cash in hand or on deposit, discount notes, bills, demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received, is equal to the entire amount thereof, unless the same amount is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the Board of Directors may consider appropriate in such case to reflect the true value thereof.

The value of all portfolio securities and money market instruments or derivatives that are listed on an official stock exchange or traded on any other regulated market is based on the last available price on the principal market on which such securities, money market instruments or derivatives are traded, as supplied by a recognized pricing service approved by the Board of Directors. If such prices are not representative of the fair value, such securities, money market instruments or derivatives as well as other permitted assets may be valued at the latest available bid price. If such price is not representative of the fair value, such securities, money market instruments or derivatives may be valued at a fair value at which it is expected that they may be resold, as determined in good faith by and under the direction of the Board of Directors.

## Notes to the financial statements (continued)

as at 30th June 2022

The securities and money market instruments which are not quoted or traded on a regulated market are valued at a fair value at which it is expected that they may be resold, as determined in good faith by and under the direction of the Board of Directors.

The value of the participations in investment funds is based on the last available valuation. Generally, participations in investment funds are valued in accordance with the methods provided by the instruments governing such investment funds. These valuations shall normally be provided by the fund administrator or valuation agent of an investment fund. To ensure consistency within the valuation of the Fund if the time at which the valuation of an investment fund was calculated does not coincide with the valuation time of the Fund, and such valuation is determined to have changed materially since it was calculated, then the net asset value may be adjusted to reflect the change as determined in good faith by and under the direction of the Board of Directors.

On 24th February 2022, due to the political situation in Ukraine and Russia and the subsequent decision of the Moscow Exchange to suspend trading on all of its markets, the Board of Directors of the Fund resolved to suspend the calculation of the Net Asset Value (the "NAV") of the Fund, such suspension is still effective to date.

The Board of Directors decided that an unofficial NAV should be calculated as at 30th June 2022 (the "June NAV") in order to prepare the semi-annual report as at 30th June 2022.

Considering in relation to assets listed in the Moscow Stock Exchange (the "MOEX") that:

- the listed securities held by the Fund are currently priced using the last available price from the MOEX;
- foreign investors (such as Luxembourg investment Funds) are not allowed to trade on MOEX and cannot find liquidity outside of Russia for these assets due to broad interpretations of sanctions laws by service providers;
- a discount on the prices available on MOEX to compensate the lower liquidity, the extremely high settlement risk, and the risk of expropriation by the Russian government is considered as a necessary measure.

By circular resolution dated 4th January 2023, the Board of Directors of the Fund resolved:

1. to apply a discount of 50% to the MOEX prices for the valuation of the below securities in relation to the June NAV;

<b>Security name</b>	<b>ISIN</b>
Severstal PAO Reg	RU0009046510
Magnitogorsk Iron Stl Wks PJSC	RU0009084396
Gazprom Neft PJSC	RU0009062467
NovaTek Joint St Co	RU000A0DKVS5
Polyus PJSC	RU000A0JNAA8
Territorial Generat Co 1 PJSC	RU000A0JNUD0
Raspadskaya PJSC ADS	RU000A0B90N8
Interreg Dist Grid Co Cent PJSC	RU000A0JPPL8
Alrosa PJSC	RU0007252813
MMC Norilsk Nickel PJSC	RU0007288411
United Co Rusal Intl PJSC	RU000A1025V3
Segezha Group PJSC	RU000A102XG9
Seligdar PAO	RU000A0JPR50
Magnit PJSC	RU000A0JKQU8
Rosneft Oil Co	RU000A0J2Q06
Sberbank of Russia PJSC	RU0009029540
Tatneft PJSC Pref	RU0006944147

## Notes to the financial statements (continued)

as at 30th June 2022

- to apply a fair value at GBp 27.72 for Evraz (GB00B71N6K86), this security is currently not traded in Russia but is still listed on LSE, even if it is suspended;
- to apply a discount of 50% to the MOEX prices of the valuation of the below securities (that were converted in local shares) in relation to the June NAV;

Security name	ISIN
Gazprom PJSC spons ADR repr 2 Shares	US3682872078
Globaltrans Investment Plc GDR repr 1 Sh Reg S	US37949E2046
HeadHunter Group PLC ADS repr spons ADR DR	US42207L1061
Novolipetsk Steel (NLMK) GDR repr 10 Shares	US67011E2046
Ozon Holdings Plc ADR DR repr spons	US69269L1044
Oil Co Lukoil PJSC spons ADR repr 1 Share	US69343P1057
Phosagro PJSC GDR Regs	US71922G3083
Phosagro PJSC GDR Regs	US71922G4073
Ros Agro Plc DR GDR	US7496552057
Severstal PAO spons GDR repr 1 Share Ser Oct 06	US8181503025
Noventiq Holdings plc (formerly Softline Hg Plc) DR	US83407L2079
Cian Plc ADR repr	US83418T1088
TCS Group Holding Plc GDR repr 1 Share A Reg S	US87238U2033

- to apply a fair value at 0 for the June NAV for Ruspetro Ltd Reg (GB00BZ042F58) and Avangardco Inv Public Limited GDR repr 1/40th Shs Reg-S (US05349V2097) as both have been bankrupt, not been traded for years;
- to instruct UI efa S.A. (formerly European Fund Administration S.A.), acting as sub-delegated Administrative agent of the Fund to calculate the unofficial NAV of the Fund as of 30th June 2022, in order to prepare the semi-annual accounts of the Fund, taking into consideration the above decisions.

### c) Acquisition cost of securities in the portfolio

The acquisition cost of the securities held by the Fund that are denominated in currencies other than the reference currency of the Fund is converted into this currency at the exchange rate prevailing on the date of purchase.

### d) Net realised gain/(loss) on securities portfolio

The realised gains and losses on securities portfolio are calculated on the basis of the average acquisition cost and are disclosed net in the statement of operations and other changes in net assets.

### e) Investment portfolio income

Dividend income is recorded at the ex-date, net of any withholding tax.

### f) Conversion of foreign currencies

Cash at banks, other net assets, liabilities and the market value of the securities in portfolio expressed in currencies other than the reference currency of the Fund are converted into this currency at the exchange rate prevailing on the date of the financial statements. Income and expenses expressed in currencies other than the reference currency of the Fund are converted into this currency at the exchange rate prevailing on the date of the transaction. Net realised gains or losses on foreign exchange are disclosed in the statement of operations and other changes in net assets.

## Notes to the financial statements (continued)

as at 30th June 2022

The Net Asset Value of the Fund is calculated in USD for Class RUI, RUA, RUADM and RUIDM shares and the financial statements are expressed in this currency.

The Net Asset Value of the Fund is calculated in EUR for Class REI and REIDY shares.

### g) Transaction fees

Transaction costs disclosed under the item "Transaction fees" in the expenses of the statement of operations and other changes in net assets are mainly composed of broker fees incurred by the Fund and of fees relating to transactions paid to the depositary.

### Note 3 - Management fee

LEMANIK ASSET MANAGEMENT S.A has been appointed as the new Management Company of the Fund. The Management Company is entitled to a fee amounting to a maximum of 0.30% of the Fund's Net Asset Value per annum payable on a monthly basis with a minimum of EUR 25,000 per annum.

The functions of portfolio management and distribution have been delegated to VTBC ASSET MANAGEMENT INTERNATIONAL LIMITED, which acts as Investment Manager.

The Fund pays an aggregate management fee as follows:

Share Class	Management Fee (%)	TER Cap
RUI	max 1.00% p.a.	1.80%
RUA	max 2.25% p.a.	3.05%
REI	max 1.00% p.a.	1.80%
RUADM	max 2.25% p.a.	3.05%
RUIDM	max 1.00% p.a.	1.80%
REIDY	max 1.00% p.a.	1.80%

which is payable quarterly in arrears based and calculated on the average weekly Net Asset Value of each Class.

In the above table, the Classes of Shares naming has to be read as follows:

The first letter of any Class of Shares is a "R".

The second letter corresponds to the currency ("E" for Euro, "U" for USD and "D" for Dollar).

The third letter identifies the type of eligible investors ("I" for Institutional and "A" for Retail).

For distributing Classes of Shares, the fourth letter will be a "D", the fifth letter corresponding to the dividend frequency ("M" for monthly and "Y" for yearly).

### Note 4 - Total Expenses Ratio Cap ("TER Cap")

The Total Expenses Ratio (the "TER") is the ratio of the gross amount of the expenses of the UCITS to its average net assets. Such TER is expressed as a percentage of the Net Asset Value. It is calculated at the level of each Class of Shares.

The TER will include all the charges paid by the Fund in accordance with the signed agreements, namely the audit fees, Management Company fees, the Administrative, Registrar and Transfer Agent fees, Depositary Bank fees, Domiciliary Agency fees, as well as all other fees, taxes and operating expenses attributable to that Share Class and to the Fund.

The TER will exclude the subscription or redemption fees paid directly by the investor, the Investment Management fee, the portfolio transaction costs which means the fees on the number of transactions charged by the Transfer Agent of the Fund and the charges on the trades and on investment returns.

## Notes to the financial statements (continued)

as at 30th June 2022

However, by circular resolution dated 25th August 2021, the Board of Directors of the Fund has decided to set a limit to the TER (the "TER Cap") that will be charged to the Shareholders.

Such TER Cap is fixed for each Class of Shares. This means that:

- if the TER is lower than the TER Cap, the Shareholders pay the TER; and
- if the TER is higher than the TER Cap, the Shareholders pay the TER Cap.

If the TER is higher than the TER Cap, the Investment Manager, in order to favour the attractiveness of the Fund, is willing to bear the amounts in excess, netted with its own Investment management fee (the "TER Netting") and until the other service providers have been paid based on the aggregated detailed three months TER breakdown calculation per share class. In other words, the TER Cap is accrued daily and is booked as a receivable for a three month period maximum until the Investment Manager has paid the TER Netting.

In the case where the TER Netting amount is greater than the Investment Management Fees, the Investment Manager will compensate the Share Class with the incurred difference based on the attestation prepared on a quarterly basis and provided by the Fund.

As the Sub-Fund is composed of different classes of shares with different levels of Investment management fee, a different TER Cap will be calculated and disclosed for each share class as follows: For the classes of shares where the Investment Management Fees are up to 1.00%, the TER Cap will be 1.80%, whereas for the classes of shares where the Investment management fee is up to 2.25%, the TER Cap will be up to 3.05%.

### Note 5 - Central administration costs

The item "Central administration costs" disclosed in the statement of operations and other changes in net assets is mainly composed of administrative agent, transfer agent, and domiciliation fees.

### Note 6 - Subscription duty ("taxe d'abonnement")

The Fund is governed by Luxembourg law.

Pursuant to the legislation and regulations in force, the Fund is subject to an annual subscription duty "*taxe d'abonnement*" of 0.05% which is payable quarterly and calculated on the basis of the net assets on the last day of each quarter.

Pursuant to Article 175 (a) of the amended law of 17th December 2010, the net assets invested in undertakings for collective investment already subject to the "*taxe d'abonnement*" are exempt from this tax.

### Note 7 - Total Expenses Ratio ("TER")

The TER disclosed under "Statistical information" of this Annual Report are calculated in accordance with the "Guidelines on the calculation and disclosure of the TER of collective investment schemes" issued on 16 May 2008 and as modified on 5 August 2021 by the Asset Management Association Switzerland.

Normally the TER is calculated for the last 12 months preceding the date of the financial statements.

## Notes to the financial statements (continued)

as at 30th June 2022

TER ratios have been calculated as per AMAS Directive by taking into consideration the expenses related to the share classes:

- RUI, RUA and REI recorded during the period from the 1st July 2021 to 23rd February 2022 (last official NAV)
- RUIDM recorded during the period from 7th December 2021 (date of the 1st NAV) to 23rd February 2022 (last official NAV)
- RUADM recorded during the period from 19th November 2021 (date of the 1st NAV) to 23rd February 2022 (last official NAV)
- REIDY recorded during the period from 14th December 2021 (date of the 1st NAV) to 23rd February 2022 (last official NAV).

From 24th February 2022 to 30th June 2022, the TER could not be calculated accurately due to the suspension of NAV calculation.

Transaction fees are not taken into account in the calculation of the TER.

### Note 8 - Directors' fees

Some Directors are entitled to a fee for services at a rate determined by the Board of Directors or the Shareholders in general meeting.

### Note 9 - Changes in investments

The statement of changes in investments for the reporting period is available free of charge at the registered office of the Fund and at the office of the representative in Switzerland.

### Note 10 - Valuation

The Board of Directors of the Fund confirmed the presence of the security Ruspetro Ltd Reg (GB00BZ042F58) in the portfolio of the sub-fund VTB Capital IM RUSSIA EQUITY UCITS FUND.

On the basis of the recent events on the security, the Board of Directors of the Fund resolved to change its valuation price so as to protect the interest of investors.

The Board of Directors of the Fund resolved to price the security as 0 as from 2nd January 2021.

The sub-fund VTB Capital IM RUSSIA EQUITY UCITS FUND is also invested in the security Avangardco Inv Public Limited GDR repr 1/40th Shs Reg-S (US05349V2097), it has been bankrupt, not been traded for years.

The Board of Directors of the Fund resolved to apply a fair value at 0 for the semi-annual report as at 30th June 2022.

## Notes to the financial statements (continued)

as at 30th June 2022

### Note 11 - Events

#### Suspension of the Calculation Net Asset Value

Due to the political tensions between Ukraine and Russia, the Moscow Exchange suspended, on Thursday 24th February 2022, trading on all of its markets until further notice.

By circular resolution dated 24th February 2022, the Board of Directors of the Fund has resolved:

1. to suspend the calculation of the Net Asset Value of the Fund as from 24th February 2022 until the Moscow Exchange restart trading;
2. to suspend the issue, the redemption and the conversion of shares of all share classes of the Fund as from 24th February 2022 until the Moscow Exchange restart trading;
3. to inform European Fund Administration, acting as sub-delegated Administrative agent of the Fund, of these decisions;
4. to inform the shareholders of the Fund of the suspension of the Net Asset Value of the Fund and of the issue, redemption and conversion of shares of the Fund.

Due to the recent developments in Ukraine and the subsequent international sanctions imposed on Russia, trading with Russia related entities and on Russian securities has been suspended.

By circular resolution dated 3rd March 2022, the Board of Directors of the Fund has resolved:

1. to extend the suspension of the calculation of the Net Asset Value of the Fund until further notice;
2. to extend the suspension of the issue, the redemption and the conversion of shares of all share classes of the Fund until further notice;
3. to inform the shareholders of the Fund of these decisions;
4. to inform UI efa S.A. (formerly European Fund Administration S.A.), acting as sub-delegated Administrative agent of the Fund, of these decisions.

#### Suspension of the investment management contract

With the entry into force of the sanctions against the Russian Federation in connection with the conflict between Ukraine and the Russian Federation, VTB Capital Investment Management could no longer continue the management of the VTB Capital IM RUSSIA EQUITY UCITS FUND; therefore, Lemanik Asset Management S.A., the Fund Management Company, has suspended the investment management contract on 24th February 2022.

Currently, Lemanik Asset Management has taken over the investment management to the Fund on an interim basis and in coordination with the Board of Directors of the Fund.

There are no COVID-19 events having an impact on the Fund's Portfolio to be reported.

The Board and the Manager continue to watch the efforts of governments to contain the spread of the virus and monitor the economic impact, if any, on the companies in the portfolio.

## Notes to the financial statements (continued)

as at 30th June 2022

### Note 12 - Subsequent events

As of the date of this report, the Fund wishes to inform its stakeholders of three significant events that occurred after the close of the reporting period ending 30th June 2022.

1. With effect from 15th May 2023, EUROPEAN FUND ADMINISTRATION S.A. changed its name to UI efa S.A..
2. Termination of Registrar, Transfer and Administrative Agent: The Fund's Administrative Agent has tendered his resignation, effective 30th June 2023, resulting in the termination of the Registrar, Transfer and Administrative Agency Agreement.
3. Termination of the Management Company Agreement: The Fund's Management Company Agreement, dated 20th July 2020, is due to terminate on 23th October 2023.

The resignation of the administrative agent and the management company could have implications for the management of the Fund's assets.

Please be aware that these events are currently under review, and their implications are being carefully assessed. While these developments are being managed in accordance with the relevant legal and regulatory framework, there may be uncertainties and potential impacts on the Fund's operations and management.

The Fund remains committed to upholding transparency and ensuring stakeholders are informed as the situation progresses. Further updates will be provided as necessary to keep all stakeholders apprised of any significant changes or developments.

## **Additional information**

as at 30th June 2022

### **1 - Remuneration policies and practices**

The Management Company has established and applies a remuneration policy and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, rules, the Prospectus or the Articles of Incorporation, nor impair compliance with the Management Company's obligation to act in the best interest of the Fund (the Remuneration Policy).

The Remuneration Policy includes fixed and variable components of salaries and applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company, the Fund or the Sub-Funds. Within the Management Company, these categories of staff represent 23 persons.

The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company, the Fund and the Shareholders and includes measures to avoid conflicts of interest.

In particular, the Remuneration Policy will ensure that:

a) the staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;

b) the fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;

c) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks.

The following table shows the fixed and variable remuneration in 2022 for the identified staff (23 persons), who is fully or partly involved in the activities of all the funds managed by the Management Company. For the purposes of the below disclosures, where portfolio management activities have not been delegated and are performed internally, the remuneration of the relevant identified staff has been included.

#### **Staff expenses split into fixed and variable remuneration**

Wages and salaries

- a. Fixed
- b. Variable

## Additional information (continued)

as at 30th June 2022

Staff expenses broken down by categories of staff subject to UCITS V pay rules (in EUR)

Staff code	Fixed remuneration	Variable Remuneration	Total
S	1,885,745.44	346,000.00	2,231,745.44
R	1,273,028.24	132,500.00	1,405,528.24
C	247,140.83	37,000.00	284,140.83
O	0	0	0.00

S = Senior Management.

R = Risk takers, which includes staff members whose professional activities can exert material influence on UCITS or AIFs managed by Lemanik Asset Management S.A. ("LAM").

C = Staff engaged in control functions (other than senior management) responsible for risk management, compliance, internal audit and similar functions.

O = Any other staff member receiving total remuneration that takes them into the same remuneration bracket as senior management and risk-takers, whose professional activities have a material impact on LAM's risk profile.

A paper copy of the summarised Remuneration Policy is available free of charge to the Shareholders upon request.

No material changes have been made to the remuneration policy.

## 2 - Information concerning the transparency of securities financing transactions and of reuse of cash collateral (regulation EU 2015/2365, hereafter "SFTR")

During the reporting period, the Fund did not engage in transactions which are subject to the publication requirements of SFTR. Accordingly, no information concerning the transparency of securities financing transactions and of reuse of cash collateral should be reported.