

# KEY INVESTOR INFORMATION

This document provides you with key investor information about this fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this fund. You are advised to read it so you can make an informed decision about whether to invest.

**Baltic Horizon Fund (the “Fund”)  
(ISIN: EE3500110244 – Public Units)**

**This alternative investment fund is managed by Northern Horizon Capital AS (the “Management Company”)**

## OBJECTIVES AND INVESTMENT POLICY

The objective of the Fund is to combine attractive income yields with medium to long-term value appreciation by identifying and investing primarily in real estate, portfolios of real estate, real estate companies and/or securities related to real estate and successfully exiting from these investments. The Fund invests in real estate located in Estonia, Latvia, and Lithuania, with a particular focus on the capitals - Tallinn, Riga, and Vilnius - and a preference for city centres within or near the central business districts. The Fund will invest in all types of real estate properties, including retail, office, and logistics properties. Notably, the portfolio transaction costs of acquisition of real estate are in general higher than regulated securities transactions and they are born by the Fund. The investments into real estate property are made either directly by acquiring title to the property or indirectly through holding shares in investment vehicles (e.g. special purpose vehicles, joint ventures) that hold title to the property. The Management Company holds investments through a separate investment vehicle for each investment that is made indirectly and aims to hold 100% shares in respective special purpose vehicles (SPV).

At least 80% of the Fund’s gross asset value must be invested in real estate and securities relating to real estate. Up to 20% of the Fund’s gross asset value may be invested in deposits and financial instruments.

The assets of the Fund may be invested in derivative instruments only for the purpose of hedging the property loan risk.

The Management Company has, on behalf of the Fund, the right to guarantee an issue of securities, provide surety, take

loans, issue debt securities, enter into repurchase transactions or reverse repurchase agreements, and conclude other securities borrowing transactions.

The objective of the Fund is to provide its investors with consistent and above average risk-adjusted returns by acquiring high quality cash flow generating commercial properties with the potential for adding value through active management, thereby creating a stable income stream of high yielding current income combined with capital gains. The Management Company targets to pay out to unit-holders at least 80% of the distributable cash flow semi-annually or on a more frequent basis. All investment decisions are discretionary choices of the Management Company.

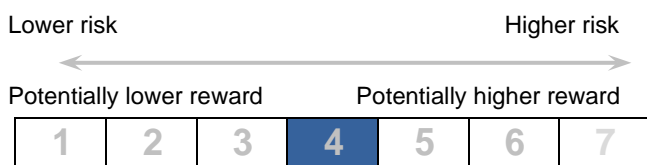
The Fund is incorporated as a closed-ended contractual investment fund and registered in Estonia. The assets of the Fund are held with depositary and segregated from the assets of the Management Company.

The Fund aims to leverage its assets by borrowing an amount of up to 50% of the value of its assets with the only objective to make investments. At no point in time may the Fund’s leverage exceed 65% of the value of its assets.

The units of the Fund are listed on Nasdaq Tallinn and dual listed on Nasdaq Stockholm. The Fund does not redeem units.

A typical investor of the Fund is either an institutional or a retail investor seeking to have a medium or long term indirect exposure to commercial real estate property.

## RISK AND REWARD PROFILE



The risk and reward indicator illustrates where the Fund is positioned in terms of its possible risks relative to its potential rewards. The higher the Fund’s position on this scale, the greater the possible reward, but also the greater risk of losing money. This risk indicator is calculated using historical data, which cannot be used as a prediction for the future. Therefore the risk classification may change over time. Even if a fund is in the lowest risk class you can lose money, as no investments are entirely risk-free. However, liability of each investor in the Fund is limited to the value of its units.

The Fund is in level 4 due to (i) the risks related to illiquidity and market risks related to commercial Baltic real estate

investments and (ii) as a consequence of that a listed fund could experience price volatility as it may be subject to speculative trading on the stock exchange.

The following are additional risks not covered by the risk and reward category:

- An investment in the Fund involves a high degree of financial risk. Investors may lose all or part of their investment in the Fund. The Fund’s investing and trading involves the risk of incurring substantial losses.
- Investors must buy and sell units on a secondary market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees for doing so. In addition, investors may pay more than the current net asset value when buying units and may receive less than the current net asset value when selling them.
- There can be no guarantee that an active secondary market will develop or be sustained in relation to the units

or that the units will trade at prices close to their underlying net asset value per unit.

- The Fund relies upon the performance of the Management Company (and its key personnel) and the successful implementation of the strategy. The loss of the

services of key personnel or poor performance of the Management Company could have a material adverse effect on the Fund.

For full details of the risks the Fund may be exposed to, please refer to the “Risk Factors” section of the prospectus.

## CHARGES

The charges paid are used to pay the costs of running the Fund. These costs reduce the potential growth of the value of the Fund. More detailed information on charges can be found in section 15 “Fees and expenses paid out of the fund” of the Fund rules and in the prospectus which are available on the website of the Fund at [www.baltichorizon.com](http://www.baltichorizon.com). Upon investor’s request a description of the charges is made available on paper free of charge.

One-off charges taken before or after you invest	
<b>Entry charge</b>	None
<b>Exit charge</b>	None
These charges below are the maximum that might be deducted from the money actually invested.	
Charges taken from the Fund over a year	
<b>Ongoing charges</b>	2.1%
Charges taken from the Fund under certain specific conditions	
<b>Performance Fee*</b>	20%

\*If the annual adjusted funds from operations of the Fund divided by the average paid in capital during the year (calculated on a monthly basis) exceeds 8% per annum, the Management Company is entitled to a performance fee in the amount of 20% of the amount exceeding 8%. However, the Performance fee for the year shall not exceed 0.4% of the Fund’s average NAV (Net Asset Value) per year (upper Performance fee limit).

The entry and exit charges shown are maximum figures. In some cases you might pay less. Please refer to your financial advisor or the distributor for the actual entry and exit charges.

The ongoing charges figure shown here is based on the year 2019 expenses, ending 31 December 2019. Under the Fund rules the ongoing charges may not exceed 30% of the net asset value of the Fund per calendar year, whereas, in practice they are much lower. The figure does not include performance fees and portfolio transaction costs, except costs paid when buying or selling units in another collective investment undertaking (if any).

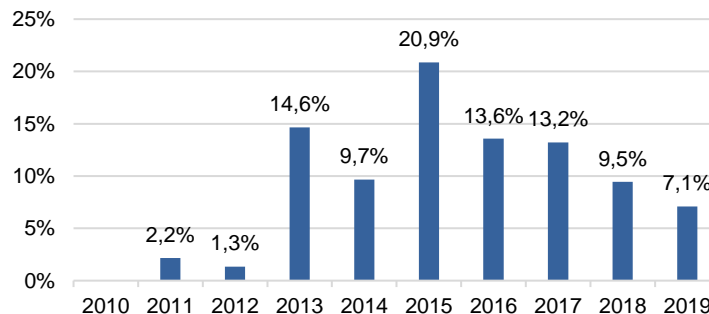
Full details of the exact charges and costs are published in the Fund’s annual report of the year 2019. The figure will vary from year to year.

## PAST PERFORMANCE

The Fund was launched in May 2016. However, as the Fund merged with Baltic Opportunity Fund (“BOF”) and received the assets and liabilities of BOF, past performance of the latter is also presented. BOF came into existence in September 2010.

Past performance is shown after deduction of ongoing charges but excludes entry/exit charges.

Please be aware that past performance is not a reliable indicator of future results. The performance is calculated in euros.



## PRACTICAL INFORMATION

The depositary of the Fund is Swedbank AS, a public limited company registered in the Estonian Commercial Register under the registry code 10060701.

Practical information about the Fund, the Fund rules, latest prices of units, copies of its prospectuses and its latest annual and interim reports can be found in English. They are available free of charge for the investors and will be available free of charge at [www.baltichorizon.com](http://www.baltichorizon.com).

This key investor information document is available in Estonian, Lithuanian, English, Swedish, Danish and Finnish and is available free of charge at [www.baltichorizon.com](http://www.baltichorizon.com). If there are any discrepancies between the documents, the document in English prevails.

The Management Company may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the prospectus for the Fund.

The Estonian taxation regime may have an impact on the personal tax position of the investors.

The Fund is registered in Estonia. The Fund is not an undertaking for collective investment in transferable securities (UCITS) and is not subject to the risk diversification requirements applicable to UCITS.

This Fund is authorised in Estonia and regulated by the Estonian Financial Supervision Authority. The Management Company is authorised in Estonia and regulated by the same authority.

This key investor information is accurate as at 3 April 2020.