

I. Main terms and conditions of the investment direction

1. **Name of the investment direction** – “Europe Equity”.
2. **Target market of the investment direction** – equities and equity-related securities in Europe.
3. **The Insurer and provider of the investment direction** – UAB Artea Life Insurance (hereinafter “Insurer”).
4. **Asset manager of the investment direction** – UAB Artea Life Insurance or assigned another asset manager (“Asset Manager”).
5. **Start date of the investment direction’s investment activities** – 1st of July 2022.
6. **Calculation of the price of the investment direction unit** – a price is calculated for the investment direction on each working day.
7. **The annual fee of the investment direction** – 0.95%.

II. Investment direction

8. The investment direction is an investment object owned by the Insurer that may be linked to a unit-linked life insurance policy (hereinafter “Contract”) specified by the Insurer, where the assets of the investment direction are invested according to the investment strategy detailed below.
9. The investment direction does not distribute its profit. Instead, any profit increases the price of the unit. The return of the investment direction depends on the performance of the underlying assets in the investment direction.
10. The Insurer defines the rules for the investment direction taking into account legislation requirements for investment direction’s assets under management (for ex. set diversification requirements).
11. Unless otherwise provided in these rules, the regulations concerning investment directions in the unit-linked product insurance terms and conditions (hereinafter “the Contract terms and conditions”) apply to the investment direction.

III. The investment strategy of the investment direction

12. The assets are invested in investment objects linked to the European equity market: stocks, exchange-traded funds, index funds or other objects that invest in the European equity market. Proportion of alternative investments may represent up to 30% of the assets. In order to reduce the investment risk in the event of adverse market conditions, part of the assets may be invested in money market instruments, money market funds, deposits with a maturity of 12 months or less.
13. The investment direction may also include cash.
14. The Insurer or Asset Manager can use the assets of the investment direction for trading in the marketplace of his choice.
15. Any dividends paid by the financial instruments and other returns are added to the price of the investment direction and reinvested in the financial instruments according to the Investment Decision Execution Policy.
16. The Insurer is entitled to temporarily deviate from the approved investment strategy when the market situation changes unpredictably, due to *force majeure*, a political event or for some other objective circumstances. The Insurer shall ensure the situation is rectified as quickly as possible in accordance with the investment strategy, while taking the shared interests of the clients into account. Such occasional deviations to the approved investment limits due to changes in the price of the financial instruments are not regarded as exceptions to the investment strategy.

IV. Risk profile of the investment direction

17. The investment direction is exposed to the equity markets’ return risk and capital risk. Return risk and capital risk mean that investors may lose the capital that they have invested as well as the returns in part or in full. The investment direction does not have a capital guarantee.
18. The value of the investment direction is calculated regularly at the market values of the financial instruments it contains. Changes in the equity, foreign exchange, fixed income, and alternative investment markets are reflected in the value of the direction, which can vary substantially in the short term.
19. The investment direction’s value is calculated in euros. The investor (hereinafter “Policyholder”) bears the foreign exchange risk for investments other than those denominated in euros. The investment direction is not covered by the Fund of Liabilities to Investors or the Deposit Insurance Fund.

V. Targeted investors

20. The investment direction suits investors who seek an average return on the equity markets in the long term and accept the risk of losing capital and returns.

VI. Investment direction’s fees and expenses

21. The annual investment direction fee is 0.95%. This fee is intended to cover the costs associated with managing the investment route and the administration of the insurance contract.
22. The annual investment direction fee and any other possible expenses associated with the investment direction’s direct investment, including safe custody expenses, acquisition and redemption fees, trading costs and any taxes and other charges, shall be deducted from the value of the investment direction at the time the unit price is calculated. The value of an investment direction may also be reduced by charges on third-party mutual funds, investment baskets or other financial instruments (or collections of financial instruments) in which the investment may be targeted.

VII. Calculation of the investment direction’s value

23. The Insurer (or Asset manager) calculates the value of the investment direction.
24. The value of the investment direction is calculated by deducting the investment direction fee and other investment and direction-related costs from the asset of the investment direction. The value of the investment direction is expressed in euros.

25. The assets and liabilities of the investment direction denominated in other currencies are converted into euros on the basis of the reference rate for the euro and foreign exchange rates published by the European Central Bank.
26. Securities, money market instruments and standardized derivative contracts included in the investment direction are valued at the market value.
27. The units of investment funds and units issued by collective investment undertakings are valued at the last available price of the unit.
28. Deposits are valued by adding accrued interest to the deposit amount.
29. Other financial instruments and investment objects, as well as financial instruments and investment objects whose current market value is not known, are assessed using objective criteria. A more detailed valuation of financial instruments and investment objects is specified in the Insurer's internal valuation methodology for investment objects.
30. A value is calculated for the investment direction for the days those Lithuanian banks are generally open (working days). Based on any changes, market disturbances or other similar reasons possibly affecting the investment direction's investments, the Insurer (Asset Manager) can interrupt the calculation of the investment direction's value until the calculation of the value can be carried out normally.

VIII. Calculation of the unit price of the investment direction

31. The price of the investment direction unit is calculated by dividing the value of the direction by the number of investment direction units in circulation.
32. The unit price of the investment direction may be divided into fractions. The number of investment direction's units and the unit price are rounded to 4 decimal places. The unit price of the investment direction is expressed in euros. The latest unit price of the investment direction is available from the Insurer and on the Insurer's website.

IX. Link between investment direction and contract, and associated restrictions

33. Investment direction is linked to the Contract only for the purpose of calculation of capital accumulated in the Contract.
34. The subscription of the investment direction's units means tying a new payment after corresponding fees deduction under the customer's Contract or of already existing savings to the price of the investment direction's unit. The redemption of the investment direction units means the withdrawal of the Contract's savings tied to the investment direction or their transference to another investment direction.
35. The Insurer is entitled to refuse to execute the Policyholder's investment order due to linking the Contract with the investment direction. The Insurer has the right to limit the number of investment directions selected in the Contract, the combination with other investment directions offered by the Insurer or to determine the minimum number of units or the minimum amount in euros that may be linked to the Contract at any time.
36. The redemption price of the investment direction unit coincides with the price of the unit.
37. Investment assignments are executed in the order in which they are submitted.
38. The investment assignment can only be cancelled with the approval of the Insurer.
39. The Insurer is entitled to restrict investment direction unit redemptions and subscriptions due to market disturbances or other similar reasons, or if the restriction is deemed necessary to protect the interests of other Policyholders. Such a situation can arise, for example, due to a market disturbance, as a result of which the valuation and realization of the investment direction's investments and value calculation of the investment direction cannot be carried out reliably.
40. Investment risk borne by Policyholder as well covers such situations when investment direction unit redemptions and subscriptions are temporarily or permanently suspended by Insurer, Asset manager or state institution, as well as cases of suspension of investment direction unit valuation (unit price is not calculated on a particular day and it is determined later). In such cases investment unit price is calculated, Policyholder's investment orders or other transactions in respect to the Contract are executed as soon as subscription/redemption of investment units is reopened and unit price available.
41. The Insurer is entitled to change the Asset Manager of the investment direction and make changes to the rules of the investment direction. Changes are reported on the Insurer's website.

X. Termination of the investment direction

42. The Insurer is entitled to terminate the investment direction or to merge it with other investment direction, owned by the Insurer. Policyholders' notification procedure is set in the Contract terms and conditions.

XI. Ownership of and rights to the investment direction and its units

43. The Policyholder or beneficiaries do not have title or other rights to the investment direction or to its units linked to the Contract. The Insurer holds the title to the units of the direction and the financial instruments belonging to the direction linked to the Contract.

XII. Taxes and payments to authorities

44. If the investment direction or financial instruments in the direction are subject to direct or indirect taxes under a law or an order issued, or other fees imposed by the authorities, and which are payable by the Insurer, the Insurer is entitled to charge the corresponding sum from the investment direction's asset.
45. The investment direction's financial instruments may be subject to tax costs, which affect the price of the financial instrument's or investment direction's value.

XIII. Risks associated with the investment direction

46. MARKET RISK

Financial instruments are affected by market risk, i.e., risk which is caused by general economic development, in other words factors that affect the overall performance of companies operating on the markets and/or that the value of the investment changes as a result of changes in the economic outlook.

47. RETURN RISK

The performance of the investment direction is dependent on the performance of the target market, which may vary during the investment period. No guarantees can be made concerning the performance of the target market. The past performance of investments is no guarantee of future performance. Investing in the investment direction is not the same as investing directly in the target market.

48. INTEREST RATE RISK

Interest rate risk results from the value of the investment direction changing due to a change in the market interest rates.

49. CREDIT RISK

Credit risk means a loss or the weakening of the financial position because the issuer of a security or other debtor fails to meet his or her obligations. If the credit risk materializes, the investor bears the risk of losing the investment entirely or in part.

50. COUNTERPARTY RISK

Counterparty risk arises due to the other party in a financing or derivative contract and materializes if the counterparty is unable or unwilling to meet his or her obligations. If the counterparty risk materializes, the market value of the contract concluded with the counterparty is subject to risk. The investor bears the risk of losing the investment entirely or in part if the counterparty risk materializes due to the insolvency of the derivative counterparty prior to the redemption of the investment.

51. FOREIGN EXCHANGE RISK

If the financial instruments include investments other than euro denominated investments, changes in exchange rates may affect the performance of the financial instrument.

52. LIQUIDITY RISK

The markets' liquidity risk means that investments cannot be or cannot easily be realized or covered at the current market price or that a value cannot be determined for the investments due to the markets' lack of depth or because the markets are not working due to disturbance. The value of an investment may need to be defined in an exceptional manner at an exceptional time as the result of a market disturbance.

53. SUSTAINABILITY RISK

Sustainability risk is an environmental, social or governance (further – ESG) event or situation that may have a real or significant adverse effect on the value of an investment. Sustainability risks can occur through a variety of other risks (e.g., market liquidity, credit, etc.) and have a material effect on investments, fluctuations in the value of assets, affect liquidity or the unit price of the investment direction. The impact of sustainability risks may vary depending on the investment, e.g., investments in high-carbon sectors may be more exposed to climate change risks. All or a combination of these factors can have an unpredictable impact on the investments of an investment avenue and a significant impact on the value of the assets of the investment avenue. The assessment of sustainability risk depends on the class of business sector. Different sectors require different data and tools to apply due diligence and to assess the materiality and impact of sustainability risk. In order to mitigate this risk, the Insurer (Asset Manager) also assesses the sustainability factors relevant to the specific investment being analyzed and the sustainability risks associated with them.

XIV. Risk and observations related to unit-linked insurance contract

54. Risk is always inherent in investment activities. The performance of unit-linked insurance policies is based on the performance of the investment directions selected by the Policyholder. The value of the investment direction may rise or fall, and the Policyholder bears the risk of the financial consequences of his or her investment decisions and of losing his or her insurance savings. The Policyholder should take into account that the past performance of investments is no guarantee of future performance.

55. The information and calculations concerning the returns, fees and expenses for the investment direction do not take into account the Contract fees.

56. The investment direction is not covered by Fund of Liabilities to Investors or the Deposit Insurance Fund.

57. Policyholders independently decide on the selection of investment directions in accordance with their own investment objectives and bear the risk of a decrease or loss in the value of the capital accumulated under the Contract.

58. Neither the Insurer (Asset manager) nor its agents are liable for the performance of the investments, or the selection of the investment directions linked to the Contract.

59. Policyholders must carefully familiarize themselves with precontractual information, the Contract terms and conditions, price lists, key information documents and other information relating to the investment directions before conclusion or change of the Contract or selecting or changing investment direction.

60. Changes in legislation, other regulations and official procedures or the decisions of courts of law can affect the business operations, financial position, and performance of the Insurer as well as the market value of the investments in the investment direction. Additionally, the investor bears the risk of changes in taxation affecting taxation of the Contract or benefits under them.

61. If there is conflict between the terms and conditions in other language and in Lithuanian, the Lithuanian version shall prevail.

XV. Pre-contractual sustainability disclosure

62. "Europe Equity" does not promote any specific ESG characteristics or have a sustainable investment objective. The "Europe Equity" considers sustainability risks through the analysis of ESG criteria when assessing investment risks and opportunities but may invest in issuers with low ESG profile.

63. However, the "Europe Equity" may have investments that focuses on companies that meet specific criteria, including ESG scores, and/or relate to certain sustainable development themes and demonstrate adherence to environmental, social, and corporate governance practices. Accordingly, such investments may conclude smaller part of total assets compared to other investments, which do not meet specific sustainability criteria. Such investment may (i) underperform the market as a whole if such investments underperform the market and/or (ii) underperform relative to other investments that do not utilize ESG criteria. Insurer (Asset Manager) of investment direction may sell investments for ESG related concerns that both are performing and subsequently perform well.

64. "Europe Equity" does not currently consider the principal adverse impacts of investment decisions on sustainability factors. This is principally because of a lack of consistent, accessible, and accurate data from the underlying portfolio investments, and no agreed framework for reporting across the industry. The Insurer will review this position regularly and will update investors accordingly with relevant information, should the position change. "Europe Equity" does not take into account the EU criteria for environmentally sustainable economic investments as defined by the Taxonomy Regulation. However, it cannot be excluded that some investments might be aligned with the Taxonomy Regulation criteria for environmentally sustainable economic activities.