

STRATEGY

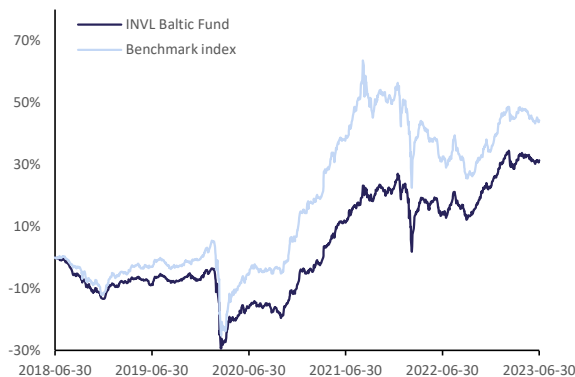
INVL Baltic Fund is investing into shares of companies listed on Baltic Stock Exchange or enterprises actively operating in the Baltic States. The fund is striving for maximum return by assuming high risk level. The fund focuses on long-term investments by identifying attractive economic sectors and picking undervalued companies.

Recommended investment period – more than 5 years.

FACTS

Management company	INVL Asset Management
ISIN code	LTIF00000096
Inception date	2005-12-15
Minimum investment	EUR 0
AUM, EUR M	11,6
Management fee	2%
Subscription fee	2%
Currency	EUR
Countries of distribution	Lithuania, Latvia, Sweden, Denmark, Finland, Norway, Germany

For more information on the fund (prospectus, benchmark, results) please click on the link below:
<https://www.invl.com/en/investment/mutual-funds/invl-baltic-fund/fund-information/>

RESULTS


	Fund	Benchmark ***
Return YTD	7,0%	7,2%
Return 1Y	14,9%	8,9%
Return 3Y	56,6%	52,3%
3 year annualized return	16,1%	15,1%
5 year annualized return	5,6%	7,6%
Volatility (St. deviation)*	11,5%	12,7%
Sharpe ratio**	0,5	0,6

FUND MANAGER COMMENT

World. Saying “Sell in May and go away” didn’t work in June, as stocks gains accelerated. Inflation pressure eased somewhat but both, FED and ECB, continued to signal that their fight against inflation is not over yet. So, interest rates will have to stay in restrictive territory for longer than market participants anticipate. Meanwhile labor market remained tight and economy showed resilience. All in all, MSCI World index jumped 6.1% in US dollars and 3.3% - in euros. MSCI EM Index climbed 1.1% and STOXX 600 2.3% (both in euros). One of the best performing markets was Emerging Europe as its index jumped 9.1%.

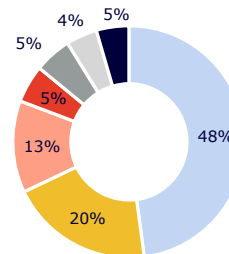
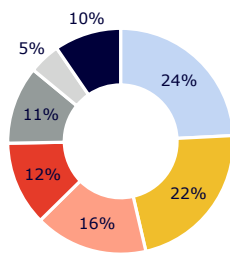
Baltic Market. Our region didn’t follow the global trends: Nasdaq OMX Baltic Capped Index fell 1.1 % while Fund’s units were down 0.5%. Market volumes decreased below regular averages and it was released much less corporate news. Strong Emerging Europe market had a positive impact on Fund’s performance because of our exposure to few Polish names: PKN Orlen (+9.4%), Inter Cars (+9.3%) and PZU (+4.4%). Swedish banks Swedbank (8.1%) and SEB (+3.7%) significantly outperformed Baltic peers. As a result, we decided to do small rebalancing: slightly reduced share of Swedish banks in the Fund’s portfolio and increased stake of Siauli Bank (+0.8%), which remains the cheapest financial stock in the region (P/B ~0.9 and P/E ~5.5 while return on equity exceeds 16%). Companies engaged with food products business were the laggards in June. Respectively, one of our largest picks, Linas Agro Group dropped 11.3%. Company reported losses in the 3rd quarter of the current financial year, which were more than expected when looking at the global trends of grains and fertilizers markets and met our projections. However, investors punished the company by higher degree as company’s insider sold big stake of the shares just few weeks before the release. From our side we treated this activity as rather one-off event and took an opportunity to increase our stake in the portfolio at lower price. As well we’ve taken in mind the projections of the management to reach full year EBITDA target what makes current valuation very attractive (EV/EBITDA ~5, P/E ~6.5).

*Standard deviation is used to measure risk. Standard deviation is an indicator that measures how strongly fund’s daily return deviates from its mean. The lower the standard deviation the lower the fund’s risk. The standard deviation value corresponds to the period shown in the historical returns graph.

**Sharpe ratio measures the performance of an investment compared to a risk-free asset, after adjusting for its risk. The greater a portfolio’s Sharpe ratio, the better its risk-adjusted performance. Sharpe ratio value corresponds to the period since the inception date.

***Benchmark index:

100% OMX Baltic Benchmark Capped Gross Index.

BREAKDOWN OF INVESTMENTS

TOP 10 PORTFOLIO HOLDINGS

AB IGNITIS GRUPĖ	9,2%	Utilities
LINAS AGRO GROUP AB	9,1%	Consumer Staples
ŠIAULIŲ BANKAS	8,1%	Financials
ENEFIT GREEN AS	6,7%	Utilities
LATVIJAS BALZAMS	5,2%	Consumer Staples
INTER CARS SA	4,9%	Consumer Discretionary
TALLINK GRUPP AS	4,8%	Industrials
AB GRIGEO	4,6%	Materials
Powszechny Zakład Ubezpieczeni	4,6%	Financials
TALLINNA KAUBAMAJA GRUPP AS	4,4%	Consumer Staples

REASONS TO INVEST

- GDP growth in the last 5 years has been significantly higher in the Baltic States - on average 3% per annum, in comparison to eurozone experiencing around 1% growth per annum (as of the end of Q4 2021).
- Active fund management allows choosing only the most attractive companies based on their valuations, management and growth opportunities.
- Fund management team takes active participation approach in cases of misconduct regarding minority shareholders in order to improve their corporate governance.

COMPANY

INVL investment management and life insurance group is a boutique asset management and life insurance company that offers a range of CEE-focused investment products since 2004. Team of ten portfolio managers, based in Vilnius, Lithuania (headquarters) and Riga, Latvia, use primarily fundamental value, bottom up approach and manage over 1.7 billion EUR in assets. Being nimble and highly competitive, INVL funds consistently rank high in international rankings. We adhere to the UN Principles for Responsible Investment (PRI) and are supervised by the Central bank of Lithuania.

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