

**STRATEGY**

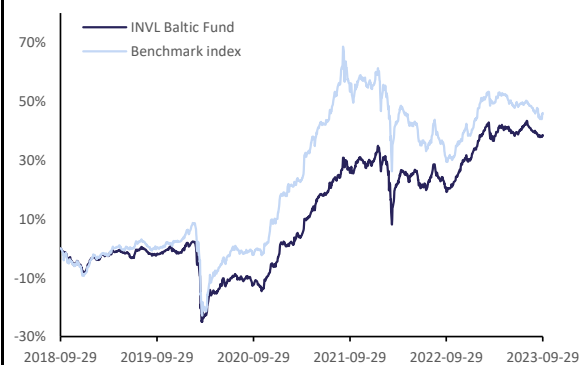
INVL Baltic Fund is investing into shares of companies listed on Baltic Stock Exchange or enterprises actively operating in the Baltic States. The fund is striving for maximum return by assuming high risk level. The fund focuses on long-term investments by identifying attractive economic sectors and 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	11,1
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**


	<b>Fund</b>	<b>Benchmark ***</b>
Return YTD	6,2%	5,2%
Return 1Y	16,2%	12,5%
Return 3Y	58,0%	49,1%
3 year annualized return	16,5%	14,3%
5 year annualized return	6,7%	7,9%
Volatility (St. deviation)*	11,5%	12,7%
Sharpe ratio**	0,6	0,6

**FUND MANAGER COMMENT**

**World.** Negative trends extended in world markets as investors finally realized that major central banks are more hawkish than was anticipated, so the new expression “higher for longer” has become the most cited. Inflation readings improved slightly while labor market stayed relatively strong. All in all, the probability of a recession somewhat increased and equities turned to south, but luckily for European investors, weaker euro against US dollar compensated nearly half of negative returns. So, in euros MSCI World Index printed 1.9% monthly decrease while MSCI Emerging Markets Index inched down 0.2%. Polish market showed weakness ahead of Parliament elections in October and on the bunch of populist decisions by the current Government, and respectively pushed down the whole Eastern European region. As a result, MSCI EM Europe Index dropped 6.9%.

**Baltic market.** Baltic equities showed healthy resistance to global trends despite slightly lower volumes. OMX Baltic Benchmark Index climbed 0.1% and Fund’s unit price decreased 0.5%. The underperformance mostly came from Polish investments as Inter Cars fell 4.5% and PKN Orlen dropped 10.0%. Linas Agro Group (-5.7%) dropped fourth month in a row and in our opinion is in deep undersold territory. Almost all banks and insurance companies outperformed the market with Swedish banks in a lead: SEB and Swedbank jumped 5.7% and 6.6% respectively. Only Siauliu Bank (-3.5%) printed negative monthly return. Ignitis Group (+2.5%) finally got some support when investors appreciated latest flow of positive news in combination with extremely low valuation and high dividend yield (close to 6.5%).

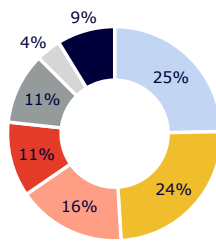
Looking ahead, the concentration of investors will turn to third quarter results, as it will allow to extrapolate the full year result with appropriate accuracy. And bearing in mind the retail type of the Baltic market, the potential annual dividend yields of the companies will be considered and will have more reflection on the market. In September we took partial profits by reducing stakes of Tallink Grupp, Vienna Insurance Group and Grigeo. Simultaneously we continued to add the shares of food sector companies – Vilkyskiu Pienine and Linas Agro Group. At the end of the month the funds portfolio was valued at weighted average P/E 8,6 and dividend yield 4.6%.

\*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.

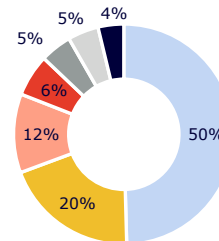
\*\*Sharpe ratio measures the performance of an investment compared to a risk-free asset, after adjusting for its risk. The greater a portfolio’s Sharpe ratio, the better its risk-adjusted performance. Sharpe ratio value corresponds to the period since the inception date.

\*\*\*Benchmark index:

100% OMX Baltic Benchmark Capped Gross Index.

**BREAKDOWN OF INVESTMENTS**

**BY SECTOR**

- Consumer Staples
- Financials
- Utilities
- Consumer Discretionary
- Industrials
- Cash and cash equivalents
- Other


**BY COUNTRY**

- Lithuania
- Estonia
- Poland
- Sweden
- Latvia
- Austria
- Cash and cash equivalents

**TOP 10 PORTFOLIO HOLDINGS**

AB IGNITIS GRUPĖ	9,3%	Utilities
LINAS AGRO GROUP AB	9,2%	Consumer Staples
ŠIAULIŲ BANKAS	9,0%	Financials
ENEFIT GREEN AS	6,7%	Utilities
AB GRIGEO	4,9%	Materials
TALLINK GRUPP AS	4,8%	Industrials
APRANGA PVA	4,6%	Consumer Discretionary
LATVIJAS BALZAMS	4,6%	Consumer Staples
Powszechny Zakład Ubezpiecze	4,6%	Financials
TALLINNA KAUBAMAJA GRUPP AS	4,6%	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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