# INVL BALTIC FUND

May 2021

## 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.

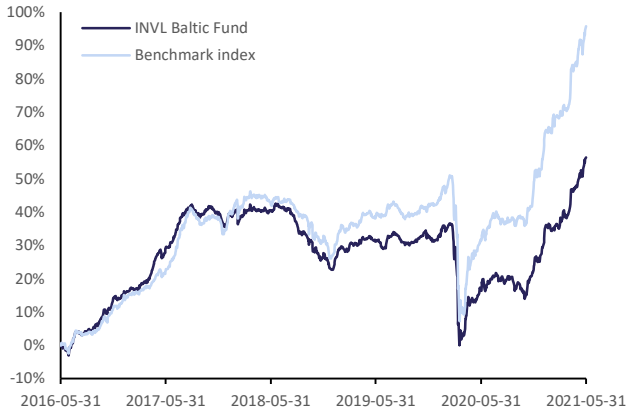
Recommended investment period – more than 5 years.

## FACTS

| | |
|---|---|
| Management company | INVL Asset Management |
| ISIN code | LTIF00000096 |
| Inception date | 2005-12-15 |
| Minimum investment | EUR 0 |
| AUM, EUR M | 9,5 |
| 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 | 21,0% | 25,7% |
| Return 1Y | 34,3% | 48,8% |
| Return 3Y | 11,5% | 37,7% |
| 3 year annualized return | 3,7% | 11,2% |
| 5 year annualized return | 9,2% | 14,4% |
| Volatility (St. deviation)* | 9,9% | 10,8% |
| Sharpe ratio** | 0,9 | 1,3 |

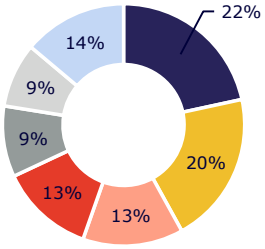
## FUND MANAGER COMMENT

Even though countries have been reporting very strong economic data, the reaction of the markets was rather sluggish, after an already strong performance this year. Countries continued gradual reopening, thanks to an ongoing vaccine rollout, meanwhile Governments and Central Banks continued fiscal and monetary support. Consequently, economic activity bounced, raising concerns that positive data surprises may result in more persistent inflation. MSCI World Index climbed 1.6% (in USD terms) and outperformed MSCI Emerging Markets Index for a fourth month in a row, which gained 1.2%. However, weak USD against EUR wiped out some 1.5% of the returns for euro area investors. Europe was the best performing major market as STOXX 600 climbed 2.1%, while Emerging Europe area outperformed Global equities - MSCI Emerging Europe ex Russia Index jumped 12.1%.

Meanwhile, Baltic equities lagged Emerging Europe area, after several months of continuous outperformance, as OMX Baltic Benchmark Capped Gross Index gained 6.0%. The Fund's units value increased by 5.7%. Retail investors were looking for investment opportunities amongst the laggards and smaller capitalization companies. As a result, Siauliu Bank outperformed other financials and jumped 17.1% (LHV Group +0.8%, Coop Bank -3.4%). Investors maintained their positive attitude towards Grigeo, on the back of high dividend yield and bonus share issue, as its stocks gained 18.2% (in addition to +22% in April). As reopening continued, consumer discretionary names were also in focus: Novaturas gained 14.5% and Apranga was up 7.5%. No significant changes were made in the fund's portfolio during the month. The positions of Grigeo and Siauliu Bank were gradually reduced after recent gains. We increased the weight of Ignitis group, betting on strong Q1 report, and Apranga – in line with growing sales and insiders' activity. We also added some shares of Panevezio Statybos Trestas. Major arguments – extremely low P/B ratio, successful exit from Russia, U-219 office building being close to fulfilment and some first efforts of the new management team to be more open towards the public and investors.

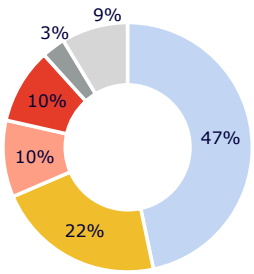
**Standard deviation is used to measure risk. Standard deviation is an indicator that measures how strongly fund's daily return deviates from its mean. The lower the standard deviation the lower the fund's risk. The standard deviation value corresponds to the period shown in the historical returns graph.*
***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 shown in the historical returns graph.*
****Benchmark index:*
*100% OMX Baltic Benchmark Capped Gross Index.*

## BREAKDOWN OF INVESTMENTS




**BY SECTOR**

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




**BY COUNTRY**

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

**TOP 10 PORTFOLIO HOLDINGS**

| | | |
|---|---|---|
| AB "Ignitis grupė" | 9,5% | Utilities |
| Šiaulių bankas | 9,3% | Financials |
| Linas Agro Group | 6,7% | Consumer Staples |
| Latvijas balzams | 6,4% | Consumer Staples |
| Inter Cars S.A. | 4,5% | Consumer Discretionary |
| Grigeo | 4,5% | Materials |
| Tallink Grupp | 4,3% | Industrials |
| Tallinna Sadam | 4,2% | Industrials |
| Apranga | 4,1% | Consumer Discretionary |
| Telia Lietuva | 3,9% | Telecommunication Services |

## REASONS TO INVEST

• GDP contraction in 2020 was significantly lower in comparison to other major European economies. Over the last year Baltic states' nominal GDP shrank merely by 1.5% while eurozone experienced a 3.3% drop (as of the end of Q3 2020).

• 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 Asset Management is a boutique asset management 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 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.

## CONTACT

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Before investing, please consider the funds' investment objectives, risks, and fees applied. To obtain more information about the fund, please visit www.invl.com, where you can find fund's key facts, NAV's, Rules, Prospectus and KIID which contain this and other important information.
All funds presented in the factsheet has benchmark. Benchmark indexes and their composition is selected to more accurately reflect the fund's investment strategy, defined in fund Rules and Prospectus.
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