

STRATEGY

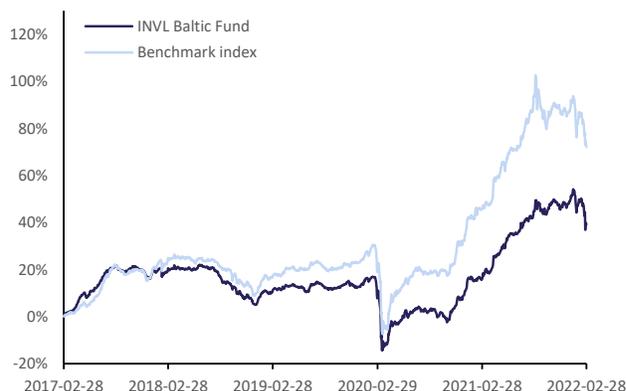
INVL Baltic Fund is investing into shares of companies listed on Baltic Stock Exchange or enterprises actively operating in the Baltic States. The fund is striving for maximum return by assuming high risk level. The fund focuses on long-term investments by identifying attractive economic sectors and 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	9,8
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	-6,5%	-8,2%
Return 1Y	20,4%	18,4%
Return 3Y	25,5%	47,3%
3 year annualized return	7,9%	13,8%
5 year annualized return	6,8%	11,5%
Volatility (St. deviation)*	10,7%	11,8%
Sharpe ratio**	0,6	1,0

FUND MANAGER COMMENT

February started with some upward trend as markets calmed down despite the increasing inflation and higher interest rates expectations. However, the War in Ukraine changed the sentiment radically and the wide risk-off regime has started. MSCI World index fell 2.4% and MSCI Emerging Markets index went down 2.9% (both in EUR). Meanwhile, Emerging Europe was hit heavily because of its closeness to the war zone as MSCI EM Eastern Europe ex Russia index dropped 14.2%.

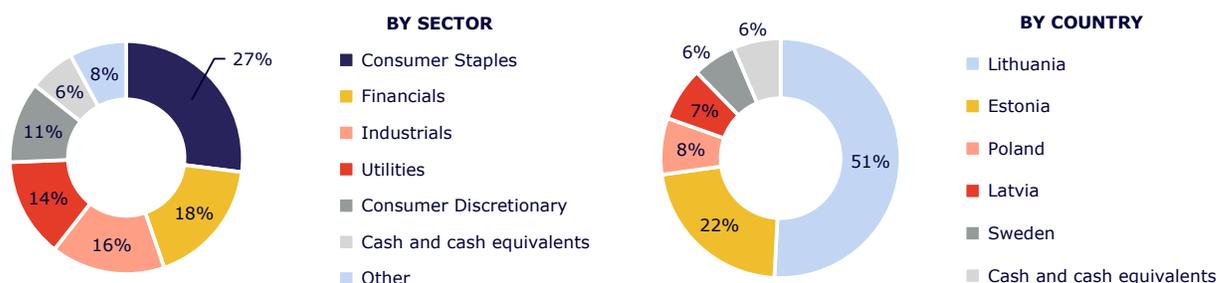
Baltic Equities were also hit, but at smaller degree: OMX Baltic Benchmark Capped index fell 6.6% and the price of Fund units decreased 6.2%. Investors hurried to sell all local names, especially ones, which had reasonable exposure to Russian, Ukrainian and Belorussian markets or may get substantial negative impact from the world's sanctions on Russia or increased energy and raw materials price. Only two stocks managed to finish the month with a positive return: "Vilkyskiu Pienine" (+3.4%) reported very solid 4th quarter results and 50% higher sales in January, "Merko Ehitus" (+0.4%) proposed rich dividends with expected yield above 6%. Value stocks with good dividend stories fell at comparatively slower pace, while banking stocks were amongst the biggest laggards due to sanctions on Russia and possible deterioration of credit portfolios quality. "Silvano Fashion Group", an underwear producer and retailer, which has production in Belorussia and main sales market is Russia, dropped 39% but further losses are more than predictable. Luckily, we sold this position last summer when signs of mutual EU/Belorussia sanctions have appeared. We decided to return to "Enefit Green" position. The company produces electricity in its own wind and solar farms and is benefiting from a record-high electricity prices. Trailing valuation multiples are starting to be attractive as the stock price went down while the profitability improved. We also slightly increased "Ignitis Group" stake also betting on high electricity prices and also on bold dividend yield. The cash position still stays above long-term average what serves as a good defense mean in the background of current high volatility environment.

*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

TOP 10 PORTFOLIO HOLDINGS

AB IGNITIS GRUPĖ	9,3%	Utilities
ŠIAULIŲ BANKAS	8,9%	Financials
LINAS AGRO GROUP AB	8,3%	Consumer Staples
LATVIJAS BALZAMS	7,3%	Consumer Staples
AS MERKO EHITUS	4,8%	Industrials
TALLINNA KAUBAMAJA GRUPP AS	4,7%	Consumer Staples
INTER CARS SA	4,7%	Consumer Discretionary
APRANGA PVA	4,7%	Consumer Discretionary
TALLINNA SADAM AS	4,5%	Industrials
VILKYŠKIŲ PIENINĖ	4,5%	Consumer Staples

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.

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