

STRATEGY

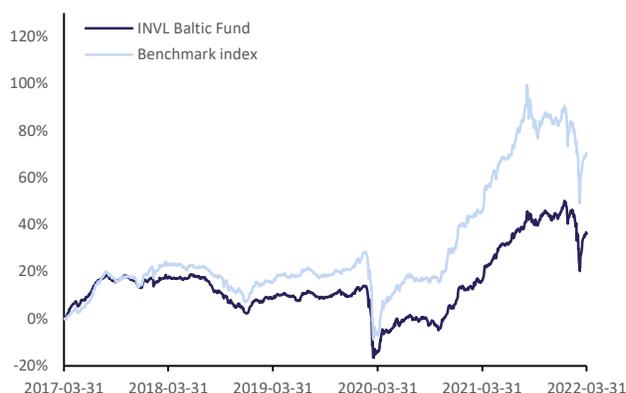
INVL Baltic Fund is investing into shares of companies listed on Baltic Stock Exchange or enterprises actively operating in the Baltic States. The fund is striving for maximum return by assuming high risk level. The fund focuses on long-term investments by identifying attractive economic sectors and 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	-6,2%	-7,5%
Return 1Y	17,2%	17,1%
Return 3Y	25,4%	47,9%
3 year annualized return	7,8%	13,9%
5 year annualized return	6,3%	11,3%
Volatility (St. deviation)*	11,2%	12,5%
Sharpe ratio**	0,6	0,9

FUND MANAGER COMMENT

Russian war against Ukraine, inflation and interest rate hikes to fight it where the center themes in March. Developed market equities recovered part of their losses as MSCI World index gained 3.9%, but global Emerging Markets fell another 1.2% and extended year-to-date losses to some 6% (all in EUR). Meanwhile, Emerging Europe equities jumped 5.7% (versus 14.2% drop in February).

Baltic equities also finished in positive territory as OMX Baltic Benchmark Index inched up 0.7% (-6.6% in February) while the price of the Fund units increased 0.3%. The result is impressive when bearing in mind that intra-month loss was as big as minus 12%. Companies reported affirmative Q4 and full 2021 results, and some already proposed bold dividends with yields ranging from 3% to 7%. This, in combination with somewhat eased global tensions, led to the recovery.

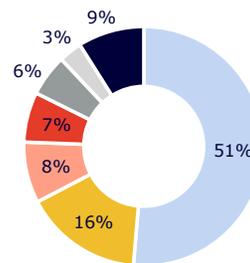
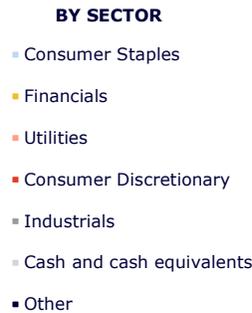
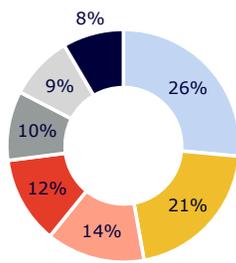
During the month, out of our universe, 19 shares went up and 15 were down. The best performer was traveling tours operator "Novaturas" (+12.9%) and the biggest laggard – clothes producer and retailer "Silvano Fashion Group" (-16.7%) which has production in Belorussia and the largest sales market in Russia. Amongst top performers it is worth mentioning fashion clothes retailer "Apranga" (+11.6%) – major shareholder was quite an active buyer on market until the restricted period started what suggested that exceptionally high dividend yield (even double-digit) is very possible. One of our favorite picks, "Vilkyskiu pienine" (+5.1%) reported very strong Q4, based on what trailing 12 months P/E is ~5 and EV/EBITDA ~4.5. Financial names also outperformed the market, the only exception was "Siauliu Bank" (-1.5%) as investors saw the risk of not paying dividends which later appeared was based on nothing. The spread in quotes of "Ignitis Group" GDRs in London and stocks in Vilnius during some days was around 5% and that was good reason do another arbitraging round. On the other hand, shares of the company now are valued at P/E 8.5, EV/EBITDA 7.1 and dividend yield 6.3%, what in our view is more than attractive, thus we are happy to have it as a significant position. To compare, Estonian "Enefit Green" is valued at P/E 12.5, EV/EBITDA 8.5 and DY 4.0%. We also decided to reduce the weight of "Merko Ehitus" as we expect a big drop in margins due to higher raw materials prices, and "Tallink Grupp". We think that the recovery of the company will take longer than initially expected due to high fuel prices and lower traveling volumes in spotlight of war.

*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

ŠIAULIŲ BANKAS	8,8%	Financials
LINAS AGRO GROUP AB	8,2%	Consumer Staples
AB IGNITIS GRUPE - REG S GDR	6,8%	Utilities
LATVIJAS BALZAMS	6,8%	Consumer Staples
INTER CARS SA	5,0%	Consumer Discretionary
APRANGA PVA	4,9%	Consumer Discretionary
AB GRIGEO	4,8%	Materials
VILKYŠKIŲ PIENINĖ	4,7%	Consumer Staples
ENEFIT GREEN AS	4,5%	Utilities
TALLINNA KAUBAMAJA GRUPP AS	4,5%	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 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
INVL Asset Management

Gyneju 14, 01109 Vilnius, Lithuania
 +370 686 15273
 tomas.dacys@invl.com
<http://www.invl.com>

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