INVL PENSIJA 1996–2002 INDEX PLUS

II QUARTER OF 2022

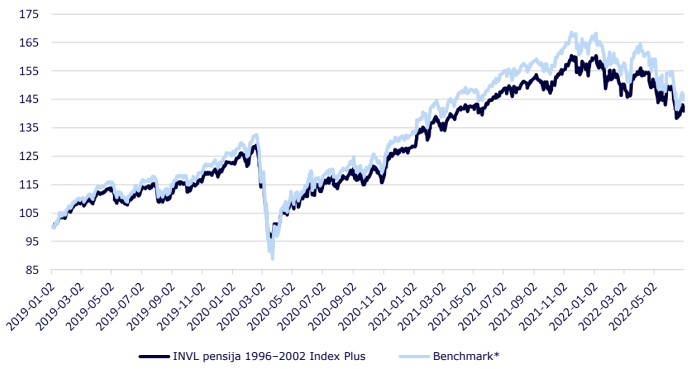
FUND'S STRATEGY

INVL pensija 1996-2002 is a pension accumulation fund for the target group of persons born in the years specified. In forming and managing its portfolio of investments, the ratio of risky to less risky asset classes is adapted to the length of time the fund's participants have left to take part in pension accumulation. The fund's management company invests the fund's assets according to a pre-selected investment strategy which changes over time. The investment strategy changes based on the age of the participants for whom the fund is intended. While participants are younger, the fund invests in risker asset classes and as the age of the fund's participants nears the age of retirement, to protect the accumulated amount, the weight of less risky asset classes increases.

COMMENT

The second quarter was another difficult time for the markets after a rough start to the year. Prices continued to correct during the quarter, with negative returns on all major world equity indices. We cannot, however, say that a recession is inevitable, since the periods of negative returns are being followed by episodes of rising stock values driven by positive expectations. Markets are in a state of extremely high volatility as different factors influence asset values in opposing ways. Investor sentiment has been negatively affected by the geopolitical tensions that the Russia-Ukraine war has sparked and by rising inflation. Seeking to curb inflation expectations, the US Federal Reserve and the European Central Bank have joined other central banks around the world in a cycle of monetary tightening. The Fed unveiled its most aggressive rate hike since 1994, while the ECB suspended additional bond purchases and is preparing to raise interest rates at upcoming meetings. Further economic developments will depend on whether the Fed and the ECB succeed in cooling inflation and overheated economies without excessively hurting growth or provoking a stagflationary debt crisis.
The main US stock index showed a technical correction of more than 20% in US dollar terms at the end of June from its peak at the beginning of the year. A review of historical crises shows a recovery is likely after such a significant market decline. Fluctuations of 20%-30% are nothing new for financial markets, so a drop like that should not be overly feared – over the long term the value of financial assets tends to rise. Usually during such market drops the ecosystem cleanses itself of inefficient and over-indebted companies (ones that regularly earn less profit than is needed to pay the interest on their debt) and paves the way for new innovations and a return to economic growth. But we cannot say for certain whether the market's trajectory going forward will be positive or negative. That will depend on a number of conflicting factors: further geopolitical developments, inflation rates, monetary tightening by the major central banks, economic indicators, corporate results for the first half of the year, the evolution of the COVID-19 pandemic, and so on.
We continue giving investments in value stocks a heavier weight in our funds than they have in the respective benchmark indices because we believe these stocks tend to outperform in an inflationary environment. We are also investing more in UK equities, as they are undervalued relative to other global stocks and rising commodity prices are bolstering the outlook for UK returns. Over the last quarter, UK equities lost less than 6% of their value, while European equities plummeted 9%.

PERFORMANCE SINCE FUND INCEPTION

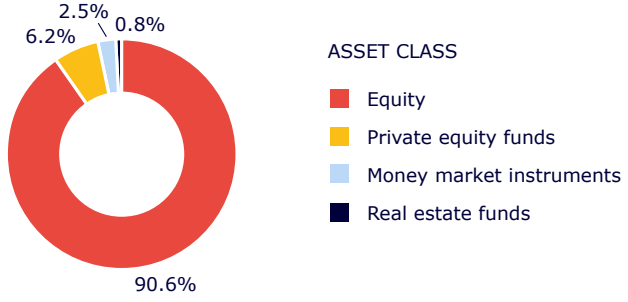


FUND'S RETURN IN DIFFERENT PERIODS

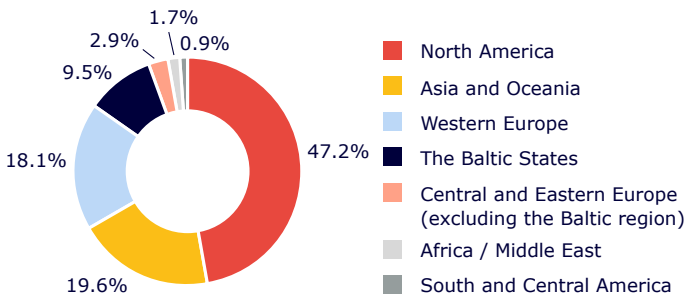
	Fund's return	Benchmark return
1 month	-5.36%	-6.09%
3 months	-8.48%	-10.31%
6 months	-11.59%	-12.88%
1 year	-11.59%	-12.88%
Since Fund Inception	40.91%	44.74%

Please note that the fund's past performance does not guarantee the same results and profitability in the future. Past performance is not a reliable indicator of future results.

DISTRIBUTION BY ASSET TYPES



GEOGRAPHICAL DISTRIBUTION**



FUND' INFORMATION

Net Asset Value	17 697 471 EUR
Fund's unit value	1.4091 EUR
Number of Participants	16 003
Management fee	0.50%

CONTACTS

UAB „INVL Asset Management"
+370 700 55959
pensijos@invl.com
www.invl.com

Gynėjų g. 14, Vilnius;
Jonavos g. 7, Kaunas;
Minijos g. 19, Klaipėda.

*The benchmark of INVL Pensija 1996-2002 Index Plus Fund (composite benchmark applied since 22/03/2022): 89.00% MSCI ACWI IMI Net Total Return USD Index (MIMUAWON Index) (converted into EUR) + 8.00% MSCI Emerging Markets Net Total Return USD Index (M1EF Index) (converted into EUR) + 3,00% European Central Bank ESTR OIS Index (OISESTR Index) + 0.00% Bloomberg Barclays Series-E Euro Govt 5-7 Yr Bond Index (BERPG3 Index) + 0.00% Bloomberg Barclays EuroAgg Corporate 5-7 Year TR Index Value (LEC5TREU Index) + 0.00% J.P. Morgan Euro Emerging Markets Bond Index (EMBI) Global Diversified Europe (JPEFEUR Index) + 0.00% Bloomberg Pan-European High Yield (Euro) TR (I02501EU Index) + 0.00% J.P. Morgan Emerging Markets Bond Index (EMBI) Global Hedged Euro Index (JPEIGHEU Index).

The benchmark changes over time with regard to the average participant age. The total share of risky asset classes decreases by 5.12% / n each working day (where n means the number of working days during the current year). The share of risk asset classes (i.e. stocks) of INVL Pensija 1996- 2002 Fund is reduced from the beginning of 2046 until the fixed share in 2063. At the same time, the share of less risky asset classes (i.e. money market instruments and bonds) is increased. The degree of risk of bonds is reduced at the beginning of 2053 and 2059 by choosing shorter benchmarks of euro zone governments and investment-rating companies.

**Geographical distribution is indicated with regard to the countries of the economic logic of the investment, as well as to the investment components of collective investment undertakings (CIUs) and exchange traded funds (ETFs), according to their reports. If those reports do not provide the investment components of CIUs or ETFs, the country of registration of the CIU or ETF shall be taken into account.

For participants of 2nd pillar pension accumulation, the state social insurance old-age pension for the period prior to 31 December 2018 is being gradually reduced as established by law, except for participants of pension accumulation prior to 31 December 2018 who between 1 January 2019 and 30 June 2019 exercised the right to terminate pension accumulation – reduction of the state social insurance old-age pension will not apply to them. The state's additional contribution does not reduce the size of the old-age pension. A 2nd pillar pension accumulation agreement which is in effect may not be terminated except for a first-time agreement, which the participant has the right to terminate unilaterally within 30 calendar days of making the agreement by notifying the pension accumulation company about that in writing. Persons who became participants before 31 December 2018 had the right from 1 January 2019 to 30 June 2019 to terminate their participation in pension accumulation or suspend the transfer of pension contributions to the pension fund.

Accumulating in pension funds involves assuming investment risk. The pension accumulation company does not guarantee the profitability of pension funds. A pension fund's unit value can both rise and fall. You may recover less than you invested. Past results of the management of a pension fund's investments do not guarantee the same type of results and profitability in the future. The results of a past period are not a reliable indicator of future results.

We recommend selecting a pension fund responsibly and carefully, paying attention to the risks and applicable deductions associated with investments and carefully reading the pension fund rules which are an integral part of the pension accumulation agreement.

Depending on the amount accumulated in a 2nd pillar pension fund, it may be withdrawn as a lump sum (for less than EUR 5,000) or by periodic payments (for EUR 5,000 to EUR 10,000), or a pension annuity may be acquired (when EUR 10,000 to EUR 60,000 is accumulated) which may be one of three types: standard, standard with a guaranteed payment period, or deferred. In the case of a standard annuity, the entire accumulated amount is allocated to acquire the annuity, with pension payments starting as soon as the annuity is acquired and continuing as long as you live. For a standard annuity with a guaranteed payment period, payments are also made as long as you live, but time payment until the participant reaches the age of 80 is guaranteed – if the participant dies earlier, the unpaid amount can be inherited. For both types of standard annuity, the entire accumulated amount is allocated to acquire the annuity and the state social insurance fund pays the benefits in addition to the old-age pension paid by the state. In the case of a deferred annuity, until the age of 85 benefits are paid from the private pension fund (out of the assets remaining after acquisition of the deferred annuity) and those assets can be inherited. From the age of 85, meanwhile, benefits are paid by the state social insurance fund and are not inheritable. If more than EUR 60,000 is accumulated, then the pension assets exceeding that amount may be paid out as a lump sum, while the remainder is paid while you live according to the type of annuity acquired. You can learn more about pension annuities here.

All the information presented is of a promotional nature and cannot be construed as a recommendation, offer or invitation to accumulate money in pension funds managed by INVL Asset Management. The information provided here cannot be the basis for any subsequently concluded agreement. Although this information of a promotional nature is based on sources considered to be reliable, INVL Asset Management is not responsible for inaccuracies or changes in the information, or for losses that may arise when investments are based on this information.