

**GENERAL INFORMATION**
**INVESTMENT STRATEGY**

Start of operations	2022 07 01
Net asset value	16 288 182,31 EUR
Unit value of investment direction	99,93 EUR
Management fee	1,00 %

A combined strategy of investing in stocks and bonds, including their equivalent financial instruments, with the aim of outperforming fixed-income investment returns with less risk than equity markets. This is achieved through the active portfolio management using a variety of investment objects such as collective investment undertakings, stocks, debt securities, derivatives or alternative investments. The strategic weight for asset classes other than debt securities is 25%, but the share of these investments can vary between 10% and 40% of the assets depending on market conditions and other circumstances. This means that the proportions of fixed income, equities and alternative investments can vary significantly between periods. Proportion of alternative investment may represent up to 30% of the assets. Derivatives can be used to hedge against currency exchange rate change risk.

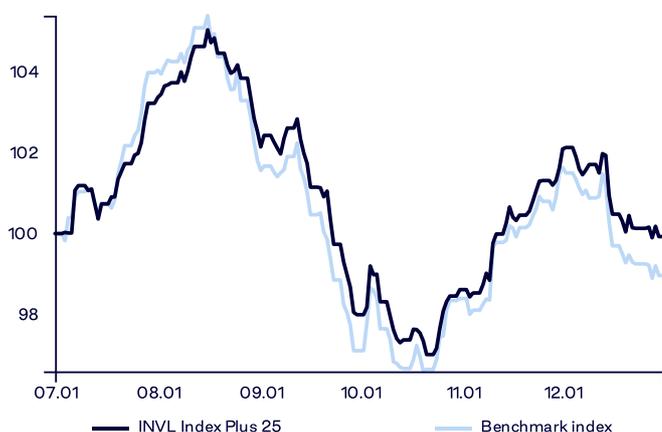
**COMMENT**

Q4 2022 started on a positive note, with a growing number of price indicators suggesting that inflationary pressures have finally peaked. October's US inflation data (published on 10 November) showed the first serious slowdown in the rate of increase in the consumer price index. A similar trend was also evident in Europe, where the situation was also dampened by the retreat of energy prices from their highs during a relatively warm winter. Although both the Fed and the ECB took a softer approach to interest rate hikes, both raising base rates by 0.50% in December (compared to 0.75% in previous months), the comments from central bankers on the outlook for the future were somewhat gloomier than the financial markets had expected. Both ECB President Christine Lagarde and Fed President Jerome Powell seem determined to avoid cutting interest rates in 2023, even in the event of a potential economic downturn. Although the actions of the central banks have led to a record rise in yields (US 10-year bond yields rose from 1.5% to 3.9% over the year, while German yields rose from 0% to 2.6%), and a consequent fall in bond prices, a large part of the negative developments have already materialised or have been factored into the prices of financial instruments. As a result, the reduced sensitivity of bonds to further interest rate rises and the significant rise in interest rates provide a favourable environment for a recovery in bond prices, which we consider as an acquisition opportunity.

Equity markets in the main regions of the world remained significantly unchanged during the quarter, with the exception of Western Europe, which generated a return of close to 10% during the quarter. There was no region among the major equity indices that had a positive return in 2022, apart from a few individual country markets such as Brazil. From a historical perspective, over the last 75 years, the S&P 500 index of US equities has averaged a return of close to 15% (in dollars, excluding dividends) for 1 calendar year after a negative year, while negative returns have been recorded for two consecutive years on only three occasions. It is true that past performance is no guarantee of future results.

As part of our Index Plus investment strategy, we have made a couple of investments in Baltic stocks – Ignitis Grupė and Linas Agro Group. We believe that the current valuations of the companies do not reflect their true value and growth potential. Also, the significant rise in interest rates has led us to allocate a small part of our assets to the bonds of Slovenia's largest bank, which are expected to earn long-term returns close to those expected from the equity markets, while at the same time allowing the direction to reduce the level of risk and volatility expected.

The yield on the bond component is currently 5.6% to maturity, compared to 4.9% for the benchmark. We are also maintaining the shorter financial duration of the strand at 4 years compared to 4.5 years for the benchmark. This attractive expected risk-return ratio is achieved through active investments in individual debt instruments and actively managed funds.

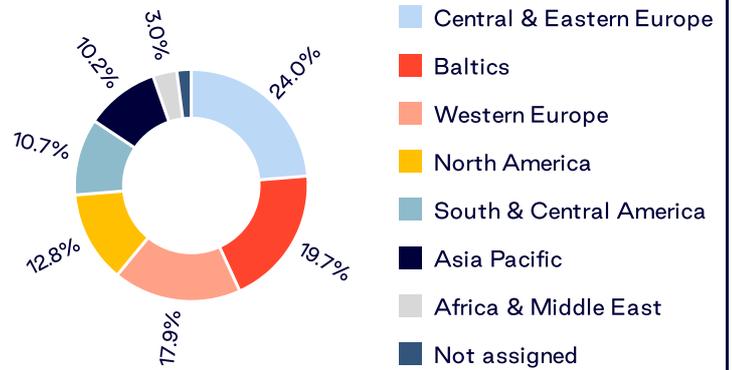
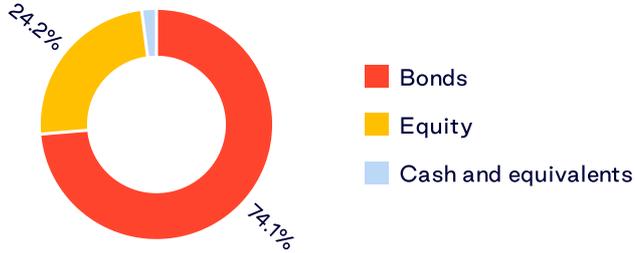
**GRAPH SINCE THE ESTABLISHMENT OF THE INVESTMENT DIRECTION**
**RETURN ON INVESTMENT IN DIFFERENT PERIODS**


	Investment direction	Benchmark index*
2022 Y. IV QUARTER	1,97 %	1,92 %
Since creation	-0,07 %	-1,04 %

Please note that past results of the Investment Direction do not guarantee the same results and profitability in the future. Past performance is not a reliable indicator of future performance.

DISTRIBUTION BY WEALTH TYPE

GEOGRAPHICAL DISTRIBUTION\*\*



\* From July 1, 2022, the composite comparative index is applied:

22,50% MSCI ACWI IMI Net Total Return USD Index (MIMJAWON Index) (converted to EUR)  
2,50% MSCI Emerging Markets IMI Net Total Return USD Index (MIMUEMRN Index) (converted to EUR)  
18,00% Bloomberg Barclays Series-E Euro Govt 3-5 Year Bond Index (BERPG2 Index)  
18,00% Bloomberg Barclays EuroAgg Corporate 3-5 Year TR Index Value (LEC3TREU Index)  
14,40% J.P. Morgan Euro Emerging Markets Bond Index (EMBI) Global Diversified Europe (JPEFEUR Index)  
14,40% Bloomberg Pan-European High Yield (Euro) (I02501EU Index)  
7,20% J.P. Morgan Emerging Markets Bond Index (EMBI) Global Hedged Euro Index (JPEIGHEU Index)  
3,00% European Central Bank ESTR OIS Index (OISESTR Index)

\*\* The geographical distribution is indicated considering the countries of the economic logic of the investments, as well as the investment components of collective investment funds (CIF) and exchange-traded funds (ETF), guided by their reports. If these reports do not specify the investment components of the CIF or ETF, the country of registration of the CIF or ETF is used.

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