

GENERAL INFORMATION
INVESTMENT STRATEGY

Start of operations	2022 07 01
Net asset value	18 243 691,22 EUR
Unit value of investment direction	98,58 EUR
Management fee	1,10 %

A combined strategy of investing in stocks and bonds, including their equivalent financial instruments, with the aim of outperforming fixed-income investment returns with a higher risk than the fixed income 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 around 50%, but the share of these investments can vary between 30% and 70% 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 investments may represent up to 30% of the assets. Derivatives can be used to hedge against currency exchange rate change risk.

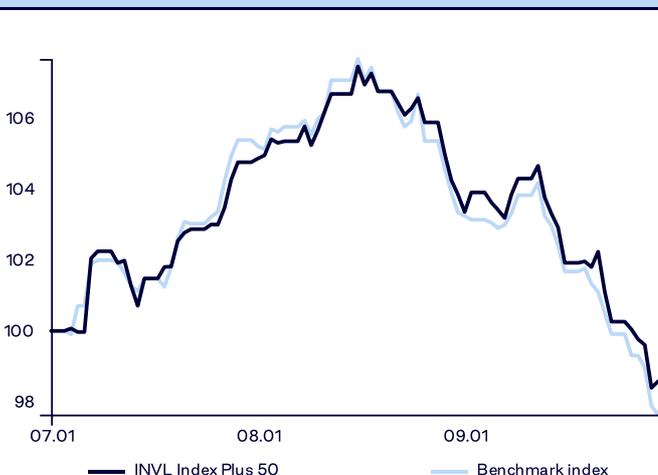
COMMENT

The third quarter of the year has been very volatile, with global equity markets remaining largely unchanged at the end of the quarter. In July, investors started to take more seriously the possibility that the US Federal Reserve (Fed) could cut interest rates in 2023 due to a slowing economic growth. This had a positive impact on equity markets, with stock returns close to 10% in July. However, such hopes were not fulfilled when the Fed gathered in Jackson Hole in August, where the US central bank reaffirmed its commitment to fight inflation, despite the short-term slowdown in growth or the difficulty for consumers. This, together with inflation still above expectations, was the main reason why financial markets corrected in the second half of Q3, with US equity indices ending the quarter in bear market territory (bonds). Similar trends were also evident in Europe, where the energy crisis is exacerbating the situation.

The third quarter was not without a long-standing historical phenomenon: the euro fell below the USD 1 mark for the first time in 20 years (the last time the EUR/USD was below 1 occurred in 2002). However, as the US is the main region where most of the equity allocation is concentrated, the strong dollar mitigated the decline in the performance of the investment programs/baskets that started in mid-August. Although it is difficult to predict the ups and downs of the stock market in the short term, in the long term the value of financial assets tends to increase.

As part of the Index Plus strategy, we have made our first Plus element investments. Two of them were focused on Baltic equities – Ignitis Group and Linas Agro Group. We see a lot of potential in these companies – Ignitis Group has a lot of potential in the green energy segment and is not overvalued, while Linas Agro is one of the few winners in the current inflationary environment, thanks to its strong growth in trading volumes and, over the long term, attractive synergies with the newly acquired Kauno Grūdai Group. Also, we have made two tactical decisions by investing in the US value stocks and UK corporate equities – these two investments are much more cheaply valued than the major equity indices and we believe that these stocks tend to outperform in an inflationary environment.

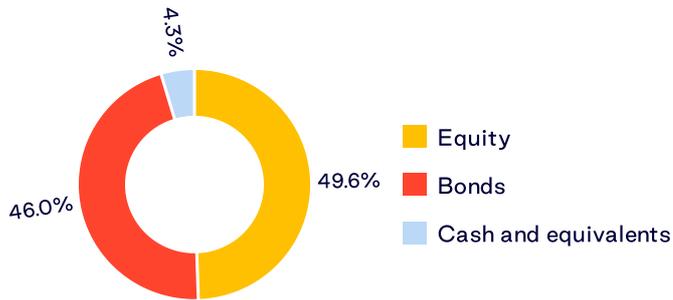
In fixed income investments, current bond yields are becoming increasingly attractive due to rising interest rate expectations. As almost all types of bonds have fallen during the ongoing sell-off this year (sovereign and corporate bonds, as well as bonds with lower and higher credit ratings), high yields can no longer be found only in the riskiest bonds, but also in safer ones.

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


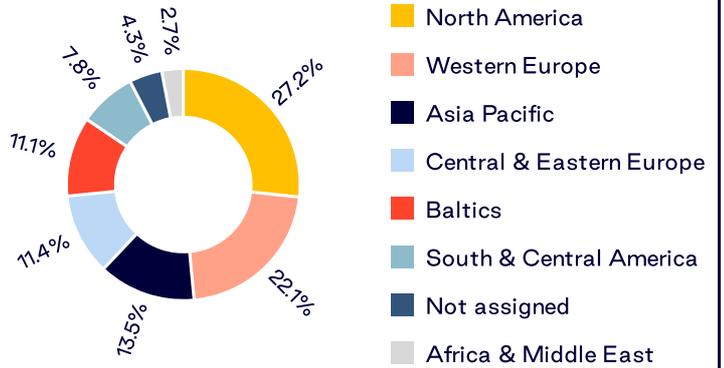
	Investment direction	Benchmark index*
2022 Y. III QUARTER	-1,42 %	-2,36 %

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.

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GEOGRAPHICAL DISTRIBUTION**



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

45,00% MSCI ACWI IMI Net Total Return USD Index (MIMUAWON Index) (converted to EUR)
5,00% MSCI Emerging Markets IMI Net Total Return USD Index (MIMUEMRN Index) (converted to EUR)
11,75% Bloomberg Barclays Series-E Euro Govt 3-5 Year Bond Index (BERPG2 Index)
11,75% Bloomberg Barclays EuroAgg Corporate 3-5 Year TR Index Value (LEC3TREU Index)
9,40% J.P. Morgan Euro Emerging Markets Bond Index (EMBI) Global Diversified Europe (JPEFEUR Index)
9,40% Bloomberg Pan-European High Yield (Euro) (IO2501EU Index)
4,70% 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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