

STRATEGY

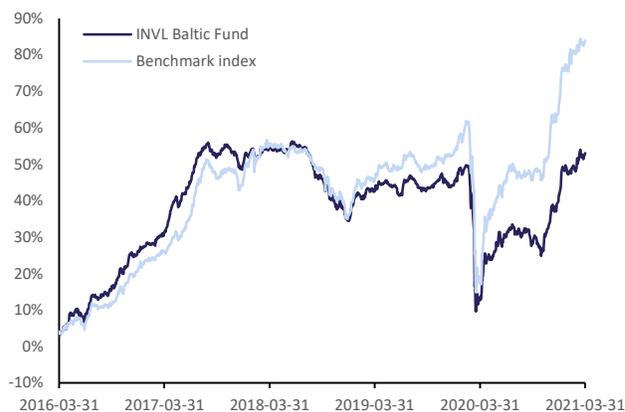
INVL Baltic Fund is investing into shares of companies listed on Baltic Stock Exchange or enterprises actively operating in the Baltic States. The fund is striving for maximum return by assuming high risk level. The fund focuses on long-term investments by identifying attractive economic sectors and 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 | 8,3 |
| 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 | 8,0% | 10,2% |
| Return 1Y | 34,6% | 54,8% |
| Return 3Y | -1,0% | 18,3% |
| 3 year annualized return | -0,3% | 5,8% |
| 5 year annualized return | 8,2% | 12,1% |
| Volatility (St. deviation)* | 9,9% | 10,6% |
| Sharpe ratio** | 0,8 | 1,1 |

FUND MANAGER COMMENT

Global equities extended gains in March as MSCI World Index gained 6.2% (in euros) and for a second month in a row outperformed MSCI Emerging Markets Index, which climbed 1.3%. Nearly 3% of the returns were generated by strong USD against euro. The core reason of investors' optimism is wide recovery of the economies in the post-pandemic world. In the countries where vaccination process is going fast, the number of covid-19 cases started to decrease rapidly and respectively the lockdowns started to ease. US composite PMI figure stays well above 50 points level, indicating expansion of the economy, while in Europe it climbed above this level in March. In connection with easing lockdowns and potential growth of spending, the concerns of inflation increased further and pushed yields higher. Respectively, the rotation from growth stocks to value continued, consequently, financials were among top gainers.

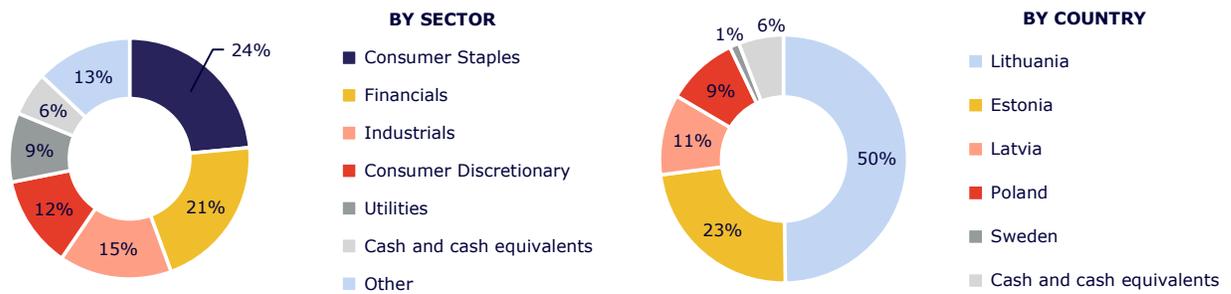
OMX Baltic Capped Gross Index printed 2.1% monthly gain and outperformed Emerging Europe ex-Russia Index (+0.2%) a third month in a row. Simultaneously, the Fund outperformed the benchmark index by 1.3 p.p. and significantly reduced the underperformance since the beginning of the year. 6 stocks in the Fund's portfolio generated double digit returns, with tours operator Novaturas (+17.8%) in top gainer's place. The company restarted flights to some destinations and agreed with State Investment Management Agency on 10€ million investments via convertible and ordinary bonds. The outside Baltics picks also performed very well: Inter Cars (+15,3%) is steadily reporting growing sales, while insure PZU (+13.7%) gained on the general optimism about the financial stocks and high dividend expectations. The recent decision to increase Coop Bank (+12.7%) was proper, but our bold investment into Ignitis Grupe (-2.2%) is still lagging the market, as strong supply of GDRs in London does not let the stock price move higher in Vilnius. We also increased the weight of Linas Agro Group, despite somewhat weaker third quarter results than the market expectations. The management explanation behind lower figures were reasonable, and the fulfilment of full-year targets will result in attractive valuation multiples.

*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 | 8,5% | Financials |
| Linus Agro Group | 7,2% | Consumer Staples |
| Latvijas balzams | 7,0% | Consumer Staples |
| Merko Ehitus | 4,9% | Industrials |
| Telia Lietuva | 4,5% | Telecommunication Services |
| AS Coop Pank | 4,5% | Financials |
| Tallinna Sadam | 4,5% | Industrials |
| Tallinna Kaubamaja Grupp | 4,3% | Consumer Staples |
| Inter Cars S.A. | 4,3% | Consumer Discretionary |

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.

CONTACT

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