

FUND'S STRATEGY

The Fund invests in stocks, bonds and investment funds, the investment directions of which are stocks, bonds, and immovable property. The fund is recommended for people who assume an average risk as an additional investment instrument, which provides the possibility to take advantage of the tax benefit and thus effectively manage personal finance. Composition: up to 70% – shares.

COMMENT

Financial markets continued their upward trend in the second quarter of the year, with the end of June marking the fifth consecutive month of growth for the S&P 500, the most popular index tracking US markets. Despite investor optimism about the economic recovery and the surge in consumption following the end of constraints, markets continued to be worried by expectations of rising inflation. The Consumer Price Index rose by as much as 5% in May, which is the highest level since 2008. Along with the easing of quarantine restrictions and the recovery in consumption, economies started to heat up again, and central banks therefore needed to be alert - FED has announced that interest rate hikes should not be expected in 2024, but in 2023 already. Although FED's tougher tone was expected to lead to a slowdown in market growth, optimistic investors do not believe that a rate hike would fundamentally change the stock landscape in the longer term. Thus, despite a successful start of the quarter for value stocks, growth stocks were again at the forefront in June.

In the second quarter, inflation and central banks' reactions to rising inflation expectations were the main topics among bond market participants. In theory, rising inflation is a threat to bond prices because it "eats" their returns, and as already mentioned, the US recorded a 5% rise in the Consumer Price Index in May. Nevertheless, the US Federal Reserve maintained the narrative that it expected the spike in inflation in 2021 to be only temporary, with price increases being driven by temporary factors such as a low price base in 2020, a sharp rebound in consumer demand, and temporary disruptions in the supply chain. The financial markets believed the central banks' stance and the US 10-year bond yield fell (as the yield falls, the price of the bond rises) from 1.74% to 1.47%, while the German 10-year bond yield rose only slightly from -0.29% to -0.20%. For their part, central banks of emerging markets also started interest rate hike cycles to counter rising inflation expectations and to protect their currencies from depreciation.

In the second quarter of the year, in the funds managed by us, we continued to allocate a higher proportion of investments to value and minimum volatility stocks as we believe that these stocks tend to perform better in an inflationary environment. The pension fund also invests around 30% of its assets in real estate. The return on Western European RE significantly exceeded the major European stock index return as investors sought shelter from relatively highly valued stock indices by allocating capital to alternative asset classes, including RE.

PERFORMANCE SINCE FUND INCEPTION

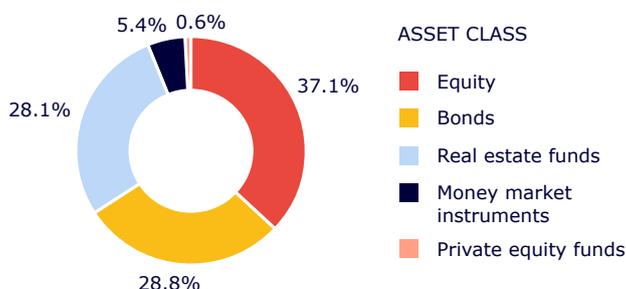
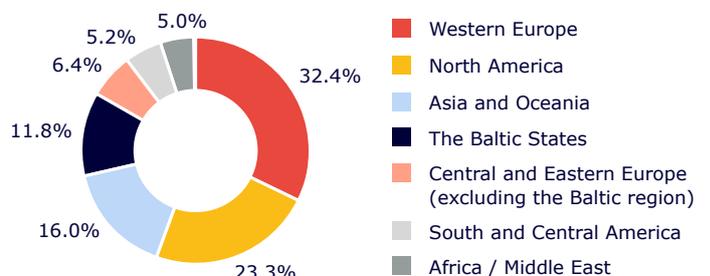

The Fund operated as SWEDBANK PAPILDOMOS PENSIJOS FONDAS from 13/05/2013. INVL Asset Management took over management of the fund from 2 November 2017. The full historical chart of the fund can be found here: <https://www.invl.com/en/pension/iii-pillar-pension/performance-of-iii-pillar-pension-funds/invl-apdairus/>

FUND'S RETURN IN DIFFERENT PERIODS

	Fund's return	Benchmark return
II quarter of 2020	4.57 %	5.68 %
1 year	5.91 %	7.41 %
3 years	20.26 %	25.40 %
5 years	33.04 %	49.28 %
Since Fund Inception	42.23 %	93.42 %

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.

¹ INVL Asset Management has been managing the Fund since 2 November 2017.

DISTRIBUTION BY ASSET TYPES

GEOGRAPHICAL DISTRIBUTION**

FUND' INFORMATION

Net Asset Value	3 416 334 EUR
Fund's unit value	0.412 EUR
Number of Participants	1 362
Management fee	1.50 %
Partial withdrawal fee***	10%

CONTACTS

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*The pension fund benchmark was applied since 13 May 2008. The composite benchmark has been applied since 01/03/2021: 30% FTSE EPRA/NAREIT Developed Europe Total Return Index + 28% MSCI ACWI IMI Net Total Return USD Index (converted into EUR) + 15% Bloomberg Barclays Global-Aggregate Total Return Index Value Hedged EUR + 15% J.P. Morgan EMBI Global Core Hedged EUR + 7% MSCI Emerging Markets Net Total Return USD Index (M1EF Index) + 5% European Central Bank ESTR OIS Index (OISESTR Index).

**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.

***Deduction for the withdrawal of part of the funds accumulated in the Fund (from the amount to be withdrawn) applies when the funds are withdrawn within two calendar years from the last withdrawal. This deduction does not apply to pension fund participants who have acquired the right to a pension benefit in accordance with the procedure established in the Pension Fund Rules.

While participating in a 3rd pillar pension fund, you will be required to pay the fees specified in the rules of the respective fund. The money accumulated in a pension fund is invested according to the investment strategy specified in the rules of the relevant pension fund. When saving in pension funds, you assume the investment and investment-related risk. The value of a pension fund can go both up and down, and you can get back less than you invested. Past performance of a pension fund does not guarantee the same results and profitability in the future. Past performance is not a reliable indicator of future results. When seven or fewer years remain before retirement, consider investing in a conservative investment pension fund (INVL STABILO III 58+/INVL Stable).

Before you make an investment decision, assess all the risks associated with the investment yourself or with a help of investment consultants. Carefully read the rules of the pension fund, which are an integral part of the pension accumulation agreement.

A fund participant may choose from the following forms of pension payment: a lump sum, periodic payments in instalments (conversion of a portion of fund units in the pension account into money to be paid out at regular intervals) or purchase of an annuity from a life insurance company.

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