![INVL PENSIJA]

INVL PENSIJA 1961–1967

II QUARTER OF 2021

FUND'S STRATEGY

INVL pensija 1961-1967 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.

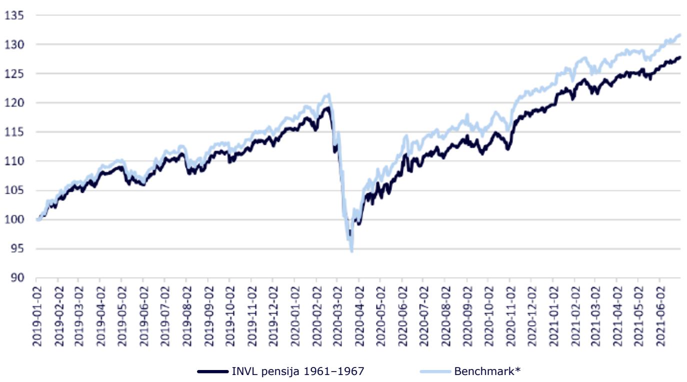
COMMENT

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. In the balanced funds, we continue to cover the allocation of bonds of emerging countries with separate investments by reducing the financial duration and increasing the average rating and quality of issuers, while maintaining similar yield to maturity. In this way, we have a better protection of the fund participants' assets against bond depreciation in case central banks halt accommodative policies and raise interest rates.

PERFORMANCE SINCE FUND INCEPTION

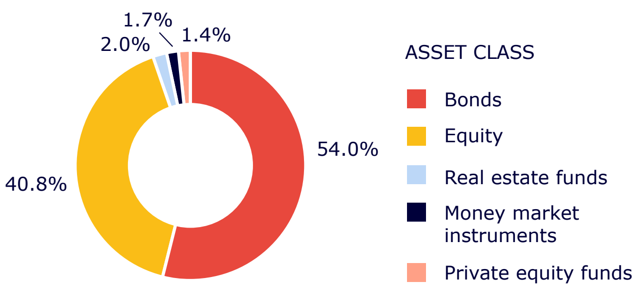


FUND'S RETURN IN DIFFERENT PERIODS

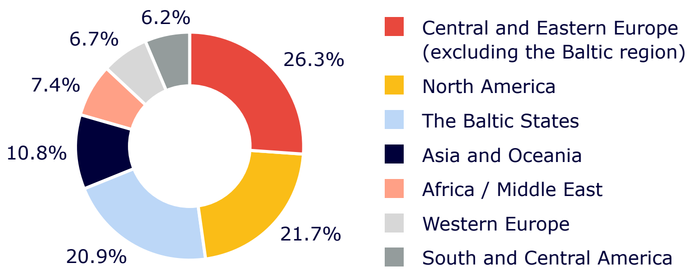
	Fund's return	Benchmark return
1 month	1.66 %	2.14 %
3 months	3.10 %	3.42 %
6 months	6.79 %	6.76 %
1 year	6.79 %	6.76 %
Since Fund Inception	27.79 %	31.70 %

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	104 335 027 EUR
Fund's unit value	1.2779 EUR
Number of Participants	17 918
Management fee	0,50%

CONTACTS

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*The benchmark of INVL Pensija 1961-1967 Fund (composite benchmark applied since 01/03/2021): 41.32% MSCI ACWI IMI Net Total Return USD Index (MIMUAWON Index) (converted into EUR) + 3.71% MSCI Emerging Markets Net Total Return USD Index (M1EF Index) (converted into EUR) + 3.00% European Central Bank ESTR OIS Index (OISESTR Index) + 10.66% Bloomberg Barclays Series-E Euro Govt 3-5 Yr Bond Index (BERPG2 Index) + 10.66% Bloomberg Barclays EuroAgg Corporate 3-5 Year TR Index Value (LEC3TREU Index) + 10.65% J.P. Morgan Euro Emerging Markets Bond Index (EMBI) Global Diversified Europe (JPEFEUR Index) + 10% J.P. Morgan Corporate Emerging Markets Bond Index (CEMBI) Broad Europe Index (JCBBEURO Index), insured by Bloomberg USDEUR 6 month Hedging Cost Index (FXHCUE6M Index) + 8.19% 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 1961-1967 Fund is reduced from the beginning of 2019 until the fixed share in 2028. 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 2024 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.