

GENERAL INFORMATION
INVESTMENT STRATEGY

Start of operations	2022 07 01
Net asset value	12 702 420,79 EUR
Unit value of investment direction	99,74 EUR
Management fee	1,20 %

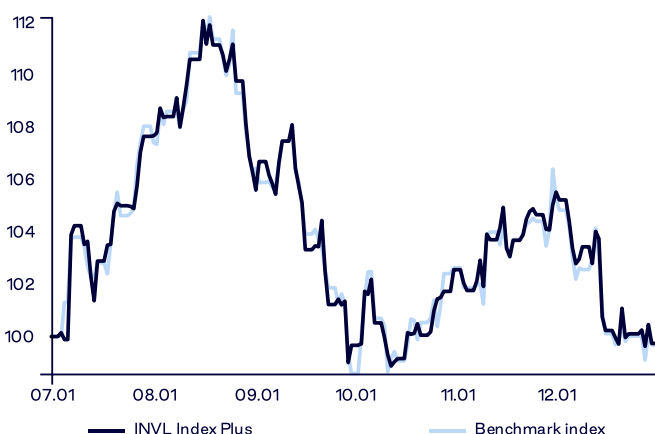
A strategy investing in stocks, including their equivalent financial instruments, which aims to achieve an average return on equity markets. This is achieved through the active portfolio management using a variety of investment objects such as collective investment undertakings, stocks, debt securities, derivatives or alternative investments. The strategic weight for asset classes other than debt securities is around 100%, but the share of these investments can vary between 70% and 100% 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

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 US Federal Reserve (Fed) and the European Central Bank (ECB) took a softer approach to interest rate hikes, both increasing base rates by 0.50% in December (compared to 0.75% in the previous months), the central bankers' remarks on the outlook for the future were a bit 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 bond 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 corresponding fall in bond prices, a large part of the negative developments have already materialised or are being factored into the prices of financial instruments.

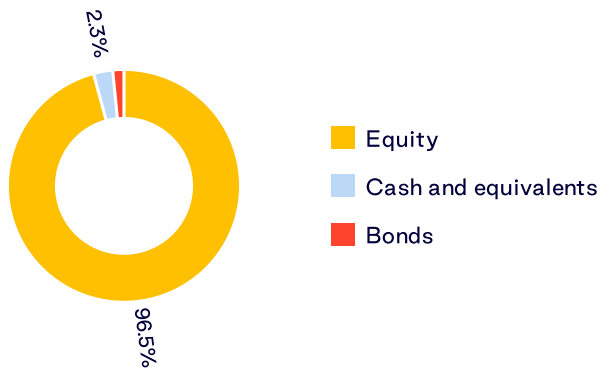
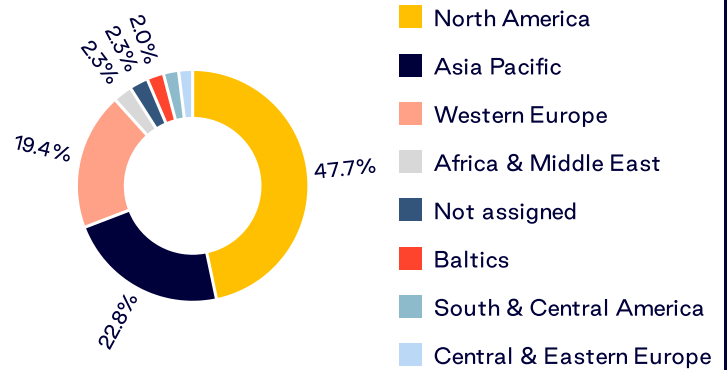
Equity markets in the main regions of the world remained significantly unchanged during the quarter, with the exception of Western Europe, which generated a return of close to 10% during the quarter. Among the main equity indices, there was no region with a positive return in 2022, apart from a few individual 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 only been recorded three times for two consecutive years. It is true that past performance cannot guarantee 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 – as part of our equity strategy. 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 portion of assets to bonds of the largest Slovenian bank, which should earn long-term returns close to those expected from equity markets, while allowing the direction to reduce the level of risk and volatility expected.

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


	Investment direction	Benchmark index*
2022 Y. IV QUARTER	0,07 %	1,11 %
Since creation	-0,26 %	-0,32 %

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:

87,30% MSCI ACWI IMI Net Total Return USD Index (MIMUAWON Index) (converted to EUR)
 9,70% MSCI Emerging Markets IMI Net Total Return USD Index (MIMUEMRN Index) (converted to EUR)
 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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