

Information about investment plan

Fund manager:	Luminor Asset Management IPAS
Plan asset manager:	Arturs Andronovs, CFA
Custodian bank:	Luminor Bank AS
Date of inception:	03.03.2009

Investment policy

The main objective of the Plan is to provide a long-term increase in the value of the investment plan in the long run, by investing up to 50% of investment plan's assets in capital securities (equities) and other financial instruments comparable to them in terms of risk.

Performance indicators

Investment plan units and value of plan assets

Period	30.06.2023	29.09.2023
Unit value, EUR	2,1612313	2,1468516
Asset value, EUR	331 588 334	327 804 627

Investment plan units and value of plan assets



Return on investment plan**

	Return	Industry average
3 months	-0,67%	-0,49%
6 months	2,26%	2,77%
12 months	5,47%	5,86%
5 years*	1,24%	1,53%
10 years*	2,57%	2,18%
Since Inception*	2,86%	-

* Calculated in annual terms using the ACT/365 convention.

** Past performance does not guarantee similar results in the future.

Investment plan manager's comment

The value of the Plan decreased by 0.67% in the third quarter of 2023. When evaluating the yield indicators of investment plans, it should be noted that they fluctuate and can therefore be objectively compared only over a longer period.

Following a quite successful first half of the year, both stock markets, and fixed income markets showed negative return in Q3. This period was a mirror image of the year 2022. Raw materials, namely, oil, surpassed the traditional asset classes thanks to considerable decrease in demand. Although prices of raw materials increased, inflation continued to fall. At the end of the quarter, the consumer price index in the euro area was 4.3%, which is the lowest indicator since October 2021. Also the latest data from US was favourable as the annual core inflation decreased from 4.3% in July to 3.9% in August of this year. It is worth noting that a major part of the increase of stock prices this year is related to the growing optimism about economic resilience. However, the indicators of economic data were weak in Q3 both in service, and manufacturing industry. On a quarterly basis, the ISM institute purchasing managers' index (PMI) in euro area showed a drop in all three months, whereas US indicators showed minimal increase as the demand for services increased slightly.

Players of the financial market finally took into account the message of central banks that interest rates will be "higher for a longer period". Loss on

TOP 10 investments

iShares Developed World ESGScreened Index Fund (IE)Inst Acc	8,76%
iShares Developed World Index Fund (IE)Inst Acc	8,72%
iShares North America Index Fund	8,11%
iShares Core MSCI World UCITS ETF	8,02%
iShares Euro Investment Grade Corporate Bond Index Fund	5,81%
Xtrackers II Germany Government Bond UCITS ETF	4,59%
SPDR Bloomberg Barclays Euro High Yield Bond Ucits ETF	4,38%
iShares Emerging Markets Index Fund (IE)	4,18%
Robeco Euro Credit Bond Fund	3,81%
iShares J.P.Morgan EM Bond Hedged UCITS ETF	3,40%

Geographical allocation

Global	13,63%
European Union (ex. Baltics)	29,16%
Baltic states (ex. Latvia)	11,86%
Latvia	7,62%
North America	20,02%
Asia	0,73%
Emerging Countries	16,99%

Asset type allocation

Bond funds	33,84%
Equity funds	42,63%
Corporate bonds	7,76%
Government bonds	11,05%
Venture capital	1,43%
Real estate funds	2,02%
Cash	1,27%
SFDR funds*	15,76%

* In accordance with Articles 6, 8 and 9 of the EU Regulation 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector.

Fees

Annual asset management fee

Fixed fees	0,50%
incl. Fund manager	0,43%
incl. Custodian bank	0,07%
Variable fee	from 0% to 0.60%

Transaction execution costs and other

commissions covered from the investment plan funds	0,06%
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Transaction costs associated with buying, selling and settling financial instruments. 12-month costs as at 31.12.2022.

Annual indirect costs

Incirect costs are costs included in the daily prices of investment and alternative funds, which are no seperately covered from the invesment plan's assets and which are weighted by the share of the respective fund in the investment plan at the end of the period.	0,31%
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bond markets in Q3 occurred during the period when US 10-year government bond yield, which is the global benchmark of loan costs, increased by approximately 75 base points, reaching slightly over 4.6%. Whereas the German 10-year Bund yield reached almost 3% at the end of Q3, which is the highest indicator in the last 12 years. Such developments triggered negative yield among bonds included in pension fund portfolios, where the weakest link was government bonds. During the quarter, investment category bond prices dropped by 1.6% on average, bonds of developing countries decreased by 3.1%, whereas high yield bonds increased by 1.6%. Since the global government bond market is negative for the third consecutive year, the future looks much brighter. There is a linear correlation between the initial yield and future yield of bonds. And, the yield of bonds reaching the highest level in several years, the possibility of higher profit of fixed income instruments increased significantly.

Upon increase of bond yield, stocks also have not been a suitable place to hide. On a quarterly basis, the value of the MSCI World stock index of developed countries in euro terms decreased by 0.5%, while the value of the MSCI Emerging Markets stock index of developing countries in euro terms closed the quarter without changes. Nine of 11 "S&P 500" index sectors and five of seven MSCI largest country/region indexes decreased in Q3. The only two positive regions were the United Kingdom and Japan, which rely on "defence" sectors, so they are frequently doing better during recession periods. After the considerable increase in the prices of stocks of large enterprises in the first half of the year, market leaders became "laggards". The short-term enthusiasm of large technology enterprises concerning artificial intellect decreased. At the same time, more expensive valuations compared to the average indicator of the last 10 years started to cause more pressure. As a result, the performance of stock funds was weaker.

The weak result of Q3 was affected by the unfavourable seasonality for stocks in August and September. However, the history of stocks shows favourable chances of closing the year with a better result. Since 1926, there have been ten occasions when the most followed US stock index S&P 500 increased by more than 10% in the first half of the year, and then was negative in Q3. In the last quarter it was positive eight times out of ten, occasionally reaching the average yield of 6.8%.

Developments in global stock markets are expected to continue to have a moderate impact on the Plan's performance in the coming quarters, given the proportion of the Plan's investments in stock markets and the volatility of stock markets.