

**LETTER FROM THE PRESIDENT OF THE
MANAGEMENT BOARD
OF CASPAR ASSET MANAGEMENT S.A.**





Dear Shareholders!

I am pleased to present to you the Annual Report of Caspar Asset Management S.A.

Our performance is directly influenced by the size and structure of the individual client assets and investment fund portfolios we manage. Client interest in the range of products and services offered by Caspar Asset Management S.A. and the other Group entities (Caspar Towarzystwo Funduszy Inwestycyjnych S.A. and F-Trust S.A.) is closely related to the situation on the financial markets and investment results, both those achieved by us nominally and in comparison with benchmarks and competitive products.

Last year, on the occasion of the publication of the 2022 Annual Report, we identified that 2023 could be a very challenging year both for us and for the financial industry as a whole.

On the one hand, we were faced with persistently high levels of inflation and interest rates in 2023, which had a direct impact on the attractiveness of equity and mixed products, which make up the vast majority of assets under management and administration. Hence, bonds and other debt products were of great interest to our investors especially in the first half of the year, with a consequent impact on lower margins in 2023 across the Group.

In addition, the Company invested a significant proportion of its assets under management in life sciences companies, including biotechnology companies, which are more sensitive to interest rates. Weak sentiment and the economic

climate in the sector materially affected investment performance.

On the other hand, despite, weaker conditions in key global economies, the prospect of recession or slowing economic growth, key equity indices driven largely by optimism about the development of artificial intelligence rose to record levels in 2023. At the same time, there was a significant increase in risk and uncertainty related to the geopolitical situation in the recent period. The possible escalation of the conflict in the Middle East and the ongoing war between Russia and Ukraine, the duration and ultimate economic impact of which for the whole of Europe is difficult to estimate, affected and will continue to affect investor sentiment and the markets.

All of these circumstances meant that risk management played an important role in 2023 as part of the investment decisions made for both equity, mixed and debt products.

In 2023, Group companies focused mainly on maintaining relationships with existing clients, as it was very difficult to acquire new clients in the current economic environment and with investment performance below benchmarks on most of the products managed by the Company. Despite these circumstances, Caspar Towarzystwo Funduszy Inwestycyjnych S.A. set up another new closed-end investment fund for dedicated clients in 2023.

At the end of December 2023, the Company had total assets under management of over PLN 1.902 billion (-4.49% y/y). Revenue from core operations of Caspar Asset Management S.A. as at 31 December 2023 was PLN 19,843 thousand, compared with PLN 22,682 thousand at the end of 2022, while consolidated revenue from core operations as at 31 December 2023 was PLN 31,532 thousand, compared with PLN 34,518 thousand at the end of 2022.

In 2023, the Company worked hard to diversify its product offering, including, among other things, the introduction of new investment strategies, which should have a positive impact on greater revenue stability in the long term. At the same time, we were developing the range of debt products - the Caspar Bonds Subfund of the Caspar Umbrella Open Investment Fund, created in mid-2022, reached over PLN 90 million in assets at the end of December 2023 and continues to increase in value. The development

of the offer, including the expansion of the range of debt and mixed products, is aimed at meeting the specific needs of a new group of clients on the Polish market - family foundations, whose number is growing dynamically.

In the current competitive environment with increasing fixed costs of the business, we are considering M&A transactions as a complement to organic growth. On 25 October 2023, F-Trust S.A. signed a letter of intent with iWealth Management Sp. z o.o. regarding the merger of the aforementioned companies. In the Company's opinion, this merger may significantly strengthen the competitive position of those companies due to possible synergy effects resulting, among others, from leveraging and complementing the potential of the merging companies, optimising and increasing the scale of operations and reducing costs. Following the potential merger, the Group will have the second largest independent distributor of investment funds in Poland.

We are entering 2024 with greater optimism. The probable change in monetary policy by the US Federal Reserve to a softer stance should make the bull market in equities likely to extend to a wider range of companies, particularly industries and sectors with attractive fundamentals. One of

these sectors may be the life sciences sector, where in past quarters we saw an outflow of investor capital after an earlier pandemic boom. The increase in investment in tools using artificial intelligence should benefit a wider range of IT companies than last year. A relatively large and experienced investment team provides the opportunity to generate good investment performance in various market scenarios. In our view, the prerequisite for such investment performance, particularly in the current year, is the appropriate selection of companies and their adequate diversification.

Acknowledgements for the work in the difficult and challenging year 2023 are due to our entire team.

We would also like to thank our Shareholders, Clients and Partners for the year we have had together, wishing that the next year would bring much success and satisfaction.

Yours faithfully,

Hanna Kijanowska,

President of the Management Board