



Letter to shareholders

Dear Shareholders,

The largest stock positions in the Vltava Fund portfolio at the beginning of 2022 were Berkshire Hathaway, Magna Corporation, Sberbank, Alimentation Couche-Tard and JP Morgan. Our portfolio is concentrated into investments we believe offer the best combination of expected return and risk. Sufficiently attractive investment opportunities are relatively rare, and therefore we strive to use them to our maximum advantage. The portfolio has undergone relatively minor changes over the past year. We sold shares of Union Pacific and Teekay LNG Partners. On the other hand, we added to the portfolio shares of Willis Towers Watson and Williams-Sonoma. We currently hold 20 stock positions. The ten largest of these comprise approximately 73% of our portfolio.

At the beginning of 2022, the market was valuing the Fund's portfolio at just over ten times the trailing 12 months' earnings. This means that the net earnings of our companies over the past year have been approximately 9.5% of their market capitalisation (that is the earnings yield, which is the inverse of the P/E). In our view, this is a very attractive valuation given the quality and prospects of these companies, and especially in comparison to the low interest rates. Measured by the current profitability of the companies, and despite the significant increase in NAV over the past year, our portfolio is cheaper today than it was at the start of 2021.

Our estimate as to the current fundamental value of Vltava Fund's portfolio at the end of 2021 is approximately 30% greater than the Fund's present NAV. During this year, the

fundamental value of the Fund's portfolio should continue to grow, especially due to the expected ongoing increase in profitability of the individual companies compared to 2021.

There are basically three things that affect development of the portfolio's fundamental value: First, our estimate as to the fundamental values of the individual companies. Second, the passage of time itself, because the fundamental value of a company evolves over time and tends to grow strongly as more and more capital is reinvested. Third, our stock selection and our transactions, whereby we swap companies in the portfolio with lower potential for companies with higher potential. We cannot influence the prices of individual stocks, but we can determine their selection, and that is our focus. Long-term growth in the fundamental value of well-selected stocks will gradually pull their prices upwards. This is one of the few things upon which we can rely.

Over the past 13 years, which means since the Great Financial Crisis and the change of our investment strategy for the one we still follow today, Vltava Fund's NAV has increased by 403.4%. World stock markets have grown by 263.1% over the same period.

In the next section of the annual report, you will find, as you do every year, the quarterly letters to shareholders from the past year (together these present a picture of our investments and views over the past year) and more detailed data, including full historical results and audited accounts.

We thank you for your support and patronage through the past years, and we look forward to co-operating with you in the years to come.

Daniel Gladiš, February 2022



For more information

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Disclaimer:

The Fund is licensed as an Alternative investment fund by the Malta Financial Services Authority (MFSA) and is dedicated to qualified investors.

This document expresses the opinion of the author as at the time it was written and is intended exclusively for promotional purposes. The investor should base his or her investment decision on consideration of comprehensive information about the Fund.

Our projections and estimates are based on a thorough analysis. Yet they may be and sometimes will be wrong. Do not rely on them and take your own views into consideration when making your investment choices. Estimating the intrinsic value of the share necessarily contains elements of subjectivity and may prove to be too optimistic or too pessimistic. Long-term convergence of the stock price and its intrinsic value is likely, but not guaranteed.

Only a qualified investor pursuant to § 272 of Act No. 240/2013 Coll. may become a shareholder of the Fund. Persons who are not qualified investors pursuant to the aforementioned provision of the Act shall not be allowed to invest.

The value of an investment may increase and decrease. Neither return of the amount originally invested nor increase in the value of such investment is guaranteed. The Fund's past performance is not a reliable indicator of future investment returns.

The information contained in this letter to shareholders may include statements that, to the extent they are not recitations of historical fact, constitute forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements may include financial and other projections, as well as statements regarding our future plans, objectives or financial performance, or the estimates underlying any of the foregoing. Any such forward-looking statements are based on assumptions

and analyses made by the Fund based upon its experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the given circumstances. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks, assumptions and uncertainties. In evaluating forward-looking statements, readers should specifically consider the various factors which could cause actual events or results to differ materially from those contained in such statements. Unless otherwise required by applicable securities laws, we do not intend, nor do we undertake any obligation, to update or revise any forward-looking statements to reflect subsequent information, events, results or circumstances or otherwise.

Before subscribing, prospective investors are urged to seek independent professional advice as regards both Maltese and any foreign legislation applicable to the acquisition, holding and repurchase of shares in the Fund as well as payments to the shareholders.

The shares of the Fund have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act") or under any state securities law. The Fund is not a registered investment company under the United States Investment Company Act of 1940 (the "1940 Act").

The Fund is registered with the Czech National Bank as a foreign alternative investment fund for offer only to qualified investors (not including European social entrepreneurship funds and European venture capital funds) and managed by an alternative investment fund manager.

Investment returns for the individual investments are not audited, are stated in approximate amounts, and may include dividends and options.