INVESTLINX® FOUNDER'S LETTER

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I. WHY ESTABLISH INVESTLINX®

I have spent most of my 25-years career in the investment management industry, primarily as Managing Director for private equity investments at EXOR, having also senior executive responsibilities at PartnerRe, a global reinsurance company in the EXOR's portfolio.

The investment management industry is a large and diversified industry and plays an important role in our society as it allows to allocate capital efficiently, to foster innovation and economic growth and ultimately to improve the productivity of people's savings and their economic wellbeing.

According to the European Fund and Asset Management Association[1], in 2022 there were €28.4 trillion of Assets under Management ("AuM") in Europe with more than 4,800 investment management firms offering thousands of products covering a wide range of possible investors' choices (from plain-vanilla money market funds to complex structured products or exotic funds). Given the broad offer available to investors in the market, why establish a new investment management firm offering traditional products such as allocation funds and equity funds?

The decision to establish Investlinx was driven by the belief that the investment management industry has inefficiencies in how investors capital is managed. According to S&P Global[2], more than 70% of actively managed funds in the Unites States underperformed their comparison index over a 15-years period, which leads to the conclusion that most investment management firms fail to generate value for their clients (investors should purchase index funds or passive ETFs rather than investing in similar actively managed funds).

There are several underlying causes of this inferior industry performance, which I have tried to address by establishing Investlinx.

1. ***Investment decisions based on lack of conviction, short-term focus and poor alignment of interests***

   Most fund managers own too many securities, as this approach would make easier to preserve their jobs by delivering performances not too different from the market. As a result of this approach, the performance of most actively manged funds is equal to the performance of the market index less the fund fees, which makes their underperformance inevitable.

   Owning too many securities has significant costs in term of performances for investors, as it makes difficult for fund managers to know and understand the companies in their portfolio (how well could you know the 100th company in your portfolio?) and hence to invest with knowledge and conviction.

[1] Source: European Fund and Asset Management Association (EFAMA), 2022 Asset Management report, Facts and Figures, 14th Edition, December 2022
[2] Source: S&P Indices vs. Active (SPIVA®) U.S. Scorecard, Mid-Year 2022

A second issue in the industry is the focus on short-term performances - compared to long-term value creation - as fund managers compensation typically contemplates a yearly bonus. Predicting the share price performance of companies over a 12-months period is a very challenging activity as the market in the short-term is driven by events which are difficult to be accurately forecasted and things that have never happened before are bound to occur with some regularity. As Friedrich Hayek said: *"The curious task of economics is to demonstrate to men how little they really know about what they imagine they can design"*. Focus on fund managers' performance over the long-term (3-to-5 years) would be a better approach to create value for investors, as forecasting the companies' share price over this timeframe can be done with reasonable chances of success, if fund managers know and understand the companies in their portfolio and therefore can reasonably assess their long-term profitability.

The third issue is the lack of alignment of interests between the investment firms and their investors as the capital of investment managers is rarely invested in their mutual funds or ETFs. Hence investment firms generate fees and profits from their funds or ETFs, no matter their investment performances.

These inefficiencies of the investment management industry have been appropriately addressed by private equity firms, given the number of companies in a private equity fund allows for an in-depth understanding of the businesses and the industries in which they operate; the average holding period of private equity companies is typically above 4 years; and private equity firms usually co-invests in their funds alongside their investors. As a result of this superior investment approach, private equity funds have delivered a 4.2% higher annualized return compared to public equity market indices since 2002[3], demonstrating that actively managed funds can consistently outperform passive indices or benchmarks, if properly managed.

Investlinx adopts an investment approach similar to private equity within mutual funds and ETFs:

- We have set very high standards and an in-depth due diligence process to invest in our portfolio companies, with equity and fixed income portfolios expected to include between 30 and 70 securities each;
- Even if our portfolio is highly liquid and investors can redeem their capital daily from our funds, we consider ourselves to be long-term owners of our portfolio companies, in line with the recommended 6-years holding periods of our funds. Long-term ownership creates accountability in Investlinx investment team, as in my experience the fact that publicly listed companies may be easily sold on stock exchanges makes investment processes superficial and investment decisions prone to mistakes;

[3] Source: Blackrock, "On the historical performance of private equity", https://www.blackrock.com/institutions/en-us/insights/investment-actions/outperformance-of-private-equity

- The compensation of the Investlinx investment team does not envisage annual bonuses, but long-term equity incentives to align the team's financial rewards with the culture of long-term ownership and performance of Investlinx funds;
- Investlinx shareholders have invested their own capital in Investlinx ETFs, creating a strong alignment of interest with our investors.

I also believe that investments in publicly listed securities (such as mutual funds or ETFs) can deliver superior risk-adjusted returns than investments in private markets (such as private equity funds), given the high option value of liquidity and the fact that public markets are more likely than private ones to offer attractive investment opportunities amidst dislocations or distress in the market.

2. ***Complex value chain leading to high fees charged to investors, which may also create bias in investment decisions***

The wealth management industry has a complex value chain, which usually involves at least 3 parties: the relationship manager or financial advisor (whose role is to manage the relationship with the client), a corporate specialist (or more than one, whose role is to build an asset allocation based on the risk appetite of the investor) and the asset management companies providing the products used to build the investor's portfolio. Interactions within the value chains involve significant costs, primarily in IT, operations, due diligence, marketing and distribution, office and administrative expenses. Given each party in the value chain has to charge a fee to cover its own costs plus a reasonable profit margin, the overall fees paid by investors are high.

The average annual expense ratio of funds in Europe erodes a significant percentage of investors' real returns, typically more than 20% for equity funds and more than 30% for fixed income funds and allocation funds. This high level of fees for investment funds does not seem to be an attractive value proposition for investors, who ultimately bear all the risks of capital losses.

Higher fund fees compounded over several years can have a meaningful impact on the overall wealth of investors. As Albert Einstein said: *"Compound interest is the eighth wonder of the world. He who understands it, earns it … he who doesn't … pays it."*

Fee structures can also be very complicated, with performance fees, entry fees, exit fees and switching costs between funds that may be charged to investors. When performance fees are charged, investors share a meaningful percentage of their return with the fund managers in case of positive funds' performance but bear all the capital losses in case of negative performance. In addition to this asymmetry, performance fees may create bias in investment decisions as fund managers may be inclined to increase the returns (and hence the risks) of their funds to maximise their performance fees income.

At Investlinx:

- We have made the decision to launch our funds as ETFs, given ETFs are simple, do not require complex interactions and therefore have lower costs for investors and all the parties involved in the value chain;

- Investlinx ETFs bring together the simplicity and lower operating costs of ETFs with the benefits of actively managed funds;

- We charge a fixed Total Expense Ratio of 0.85% per annum in our funds, which is inclusive of our management fees and additional administrative expenses incurred by the funds. For the ***Investlinx Capital Appreciation ETF*** this level of fees is 42% lower than comparable funds in Europe, while for the ***Investlinx Balanced Income ETF*** is 36% lower[4]. We have decided to adopt a fixed total expense ratio to give investors certainty of their costs;

- We do not charge performance fees, as we believe such fees would create bias in our investment decisions;

- We also do not charge entry fees, exit fees, switching fees or any other hidden fees to give investors transparency and freedom to deploy or redeem their capital without having to incur any cost.

3. Unnecessary complexity in the investment management industry

Investors' needs and the principles of portfolio construction are simple:

a. Every investor has its own risk appetite for capital losses (which depends on age, annual income, overall wealth, short-term financial needs and other metrics) and should own a portfolio that delivers a return in line with this risk appetite;
b. The majority of investors' portfolio should include publicly-listed bonds and equity securities;
c. The higher the investor's risk appetite, the higher the percentage of equity securities that should be included in the portfolio.

Why do investment management firms create and market hundreds of products to meet simple investors' needs? Unfortunately, most investment management firms try to "sell" new products or funds for every new fashionable theme or sector - even if these products have limited value added to investors' portfolios - hoping that some of these funds will randomly succeed. While I am writing of this letter, it appears that Artificial Intelligence ("AI") is the most fashionable

[4] Please refer to the comparison between Investlinx ETFs Total Expense Ratio (TER) and the average expense ratios of Equity funds and Allocation funds distributed in Belgium Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Spain, Sweden, Switzerland, UK.. Source: Morningstar "Global Investor Experience Study: Fees and Expenses" research, March 30th 2022.

theme, so you should expect to receive a brochure of an AI fund soon. The benefits of such thematic or niche funds are questionable, as they target a very narrow investment universe exposed to the same underlying business trends. Investors would be better served by having the managers of their global funds decide which AI companies include in their portfolios, as these managers would be able to compare the expected returns and risks of AI companies with the ones in other sectors to build a diversified portfolio.

In addition to products proliferation, another unnecessary complexity of the investment management industry is the tiered products fee structure: products with a higher level of risk (eg. equity funds) have higher fees than products with a lower level of risks (eg. allocation funds or fixed income funds) and hence are more profitable for the investment managers. This leads to bias in marketing and distribution processes as products with a higher level of fees (and hence higher risk) may be preferred to products with a lower level of fees (and lower risk).

The third complexity in the industry is the excessive use of derivatives, leverage, securities lending and other complex or exotic investment techniques, which usually brings unnecessary costs or risks for investors.

At Investlinx:

- We offer only two products whose objective is to meet different investors' return objectives and risk appetites;

- Our products are simple: a fund which primarily invests in listed equities of leading global companies (***Investlinx Capital Appreciation ETF***) and a fund which invests approximately half of the portfolio in listed fixed income securities and half in listed equity securities (***Investlinx Balanced Income ETF***);

- Our products can be easily purchased as an ETF on stock exchanges (currently the Italian Stock Exchange, but we hope to add new listings in the next few years), avoiding unnecessary complexity;

- Our products have the same fee (0.85% annual Total Expense Ratio) to avoid bias in our marketing and distribution processes;

- To avoid unnecessary risks and costs for our investors, we do not use leveraged positions, do not short securities, do not use derivatives and do not lend the securities in our Funds.

As a result of all these choices, Investlinx brings a distinctive value proposition in the industry for investors, financial intermediaries and financial advisors.

As E.F. Schumacher said: *"Any intelligent fool can make things bigger, more complex, and more violent. It takes a touch of genius, and a lot of courage, to move in the opposite direction."*

Our ETFs are targeted to private investors - either directly or through financial intermediaries and financial advisors - and institutional investors, primarily insurance companies, pension funds and family offices, given the convenience of ETFs to be traded on regulated stock exchanges during market hours and the higher liquidity and transparency of ETFs compared to traditional mutual funds.

We also offer Investlinx funds through traditional mutual fund share classes as we acknowledge that certain institutional investors, intermediaries or financial advisors may prefer to invest through a traditional mutual fund rather than through an ETF.

We offer individual Separately Managed Accounts for institutional investors through discretionary portfolio management services or investment advisory services, given these investors may require customised solutions or tailor-made products.

We also provide investors with regular and free updates about our portfolios, funds performance, strategy and any relevant market dynamics. These updates can help investors make more informed decisions and better understand their investments in our fund.

II. HOW WE INVEST AT INVESTLINX®

Investlinx follows simple investment principles, which are based on the experience and knowledge developed during my career and on the lessons learned from past mistakes.

1. ***We only invest in what we know and understand***

   Knowledge and understanding of portfolio companies are the best risk management tool and the best protection from capital losses in your portfolio. One of the first rule that I adopted when I started my investment career is *"Losing capital by making wrong investment decisions is a possibility, but I need to be able to explain what went wrong and why"*.

   This may seem obvious, but it is actually not. How many investors do really understand the complexity of the cryptocurrency ecosystem?

   To comply with this principle, we have excluded certain companies from our portfolio, primarily avoiding R&D risks (evaluating R&D pipelines and assessing their effectiveness from publicly available information is very difficult), complex technologies that can be disrupted by innovations (we acknowledged our inability to accurately estimate the long-term profit streams of these businesses) and commodities (commodity prices are inherently difficult to forecast and we decided our team did not have an edge to be able to allocate capital wisely in this sector).

2. ***We are buy and hold investors***

   Even if our funds are open-ended and provide daily liquidity to our investors, we consider ourselves to be long-term investors. As highlighted in this letter, this investment approach has significant advantages and we do not believe in fund managers' ability to time the market and be able to make reasonable predictions on the short-term price fluctuations.

3. ***We invest in companies with attractive business models and sustainable competitive advantages***

   We look for quality companies that are attractively priced and can generate a high return on their capital employed for a sustained period of time.

   Finding these companies is very difficult as they need to possess competitive advantages that competitors cannot easily replicate and, once we find these companies, we need to make sure they are attractively priced to deliver an appropriate return to our investors.

   In addition, we need to check that these companies have strong management teams, who have a track record of sound capital allocation (investing in a company generating a high return on capital but deploying this capital in unsound acquisitions or poorly performing business lines would be equivalent to invest in a mediocre company generating a poor return on capital).

   Given only few companies meet these selective criteria, our equity and fixed income portfolios are expected to include approximately 30-70 positions each.

   Pricing power, operating leverage, cost competitive advantages, network effects, brand awareness, IP protection, differentiated or proprietary distribution models are examples of features of our portfolio companies.

4. ***We invest in companies exposed to structural growth opportunities***

   We look for company that are exposed to structural growth opportunities because they can reinvest their profits in their business and hence provide investors with superior compounded returns over the long term. In addition, growth provides a cushion against possible mistakes in investment decisions as shortfalls in expected companies profitability and return on capital is more quickly recovered in higher growth companies compared to lower growth ones.

5. ***We seek to build global and resilient portfolios***

   We primarily invest in companies domiciled in developed markets as they provide a better environment where to invest our capital (better availability of information, superior audit

standards, proper governance) compared to emerging markets. We prefer to own companies that have global operations to benefit from the geographic diversification of their earning streams and from their exposure to emerging markets (we think that – except in limited circumstances - it is safer to have exposure to emerging markets through global companies domiciled in North America and Western Europe, rather than through local companies).

We aim to build resilient portfolios through our securities selection process, sectors diversification and by having exposure to diversified revenue streams. We seek to mitigate the portfolio downside by selecting a reasonable number of companies that have revenue and earnings stability and low leverage.

We are transparent on our five investment principles because it is important that our investors understand what we are trying to achieve and how we approach it. The observability of our investment principles should help to build trust and healthy long-term relationships with our investors.

III. HOW WE WILL MEASURE INVESTLINX® SUCCESS

Our goal at Investlinx is to provide investors with quality portfolios at competitive costs that deliver attractive returns over-time.

By attractive returns we do not mean the highest returns in the market, as this would imply managing our funds with a level of risk not suitable to most investors. By attractive return we mean the highest returns in the market adjusted for risk, where risk is measured as the fund's drawdown over a rolling 12-months period.

If we are successful in delivering our return objectives, investors should find more compelling allocating their capital to Investlinx ETFs rather than to other actively managed funds, passive ETFs, or benchmark funds. We aim to provide investors currently owning traditional mutual funds (representing approx. 90% of AuM in Europe[5]) a better and cost competitive alternative to their existing investments through our ETFs.

We do not see ourselves a competitor but a complement of the existing ETFs in the market as our products are unique. ETFs using a benchmark are good instruments for investors or fund managers whose investment decisions are driven by top-down, macro or technical factors, as these instruments allow to efficiently track the performance of asset classes. Investors should have exposure to both actively managed funds and benchmark funds in their portfolios, as these investment strategies are complementary. In Europe there are few actively managed ETFs and most of them are focused on niches or specific themes. Investlinx ETFs give exposure to actively managed global and diversified portfolios and aim to be a core component of investors' portfolios, complementing their passive or benchmark ETFs.

[5] Source: European Fund and Asset Management Association (EFAMA) – Fact Book 2022

The issue with passive or benchmark ETFs is that investors are emotional and lack self-discipline, usually buying at the top of the market motivated by fear of missing out positive returns and selling at the bottom of the market driven by fear of losing capital. This means they may forfeit a meaningful share of their returns when investing through passive or benchmark ETFs. This behaviour is understandable as investors are aware that their capital is not actively managed during period of market dislocations and may prefer to sell their ETFs rather than incurring the risk of additional capital losses.

Actively managed ETFs also allow for better risk management compared to passive or benchmark ETFs. We live in a rapidly changing environment, probably the most uncertain in my 25-years career, where investment decisions need to be constantly challenged and assumptions re-evaluated. A portfolio of 60 per cent stocks and 40 per cent bonds lost more than 15% in 2022, the worst performance in several decades and a performance not dissimilar than equity funds. That undermined a formula at the cornerstone of portfolio construction through benchmark indices based on the inverse correlation between bond and equities. Actively managed ETFs have the flexibility to deviate from benchmark allocations and may prevent these drawdowns.

An additional goal we have established at Investlinx is to share regular updates about our views, on-going market developments and our portfolios with all interested investors, even if they decide not to invest their capital in our funds (we acknowledge that our investment principles may not be a good fit for all investors). For this reason, we have given the opportunity to everyone to subscribe to Investlinx updates on our website www.investlinx-etf.com (only the email is required for the registration). By doing so, we hope to help interested investors to make more informed decisions in how they chose to invest their capital.

It will take time to develop the ETFs market in Europe. Investing in ETFs requires asset allocation and portfolio construction skills and most private investors do not possess those skills. In addition, the selection process of ETFs is complicated for both institutional and private investors as there are thousands of ETFs available in the market and proper due diligence is required to compare products and assess ETF risks such as counterparty risk, leverage and derivatives, securities lending.

At Investlinx we have made it easier for investors to buy our ETFs by embedding asset allocation and portfolio construction in our products through active management and by offering only 2 simple ETFs. We look forward to partnering with financial intermediaries and financial advisors to increase adoption of ETFs in Europe to bring meaningful benefits to their clients.

* * *

I would like to close this letter by thanking EXOR for being a shareholder of Investlinx and an investor in our ETFs. I have spent most of my career at EXOR and most of the principles and observations of this letter come from what I have learned from very talented individuals during my

tenure at EXOR. I am delighted to have EXOR as a partner and to continue our professional journey together.

Your sincerely,

Mario Bonaccorso
Founder of Investlinx Investment Management Ltd.

February 27th, 2023

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Investment in shares of the ETFs is subject to risks, the predominant risks being concentration risk, portfolio currently risk, share class currency risk and ETF class and non-ETF class risk. The information provided above does not constitute investment advice and/or recommendations or tax, legal or economic advice and is not an offer or solicitation to buy or sell shares in the ETFs mentioned. In particular, this information does not replace appropriate personal and product-related advice. If you are in any doubt as to the meaning of the information provided, please consult your financial advisor or other independent professional advisor.

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The value of your investment and any income on it may go down as well as up, and may vary. Income may fluctuate in accordance with market conditions and taxation arrangements. An investment in shares of the ETFs should only be made by persons who can sustain a loss on their investment. Any such investment should not constitute a substantial portion of an investment portfolio and may not be appropriate for all investors. Your investment may also be subject to currency, interest rate, as well as market fluctuations. Consequently, an investor may not get back a sum equal to the amount originally invested.

The levels and bases of taxation are dependent on individual circumstances and subject to change and therefore it is highly recommended that you consult a professional tax advisor.