

STRATEGY

The objective of INVL Global Emerging Markets Bond Subfund is a maximum total return, consistent with preservation of invested capital. Focused on hard-currency sovereign and corporate debt securities in Emerging Markets, the fund aims to capture higher yields and growth potential in rapidly developing economies.

The fund is restricted to buying EUR and USD denominated securities only, while at the same time hedging the USD risk, providing its investors the return in EUR.

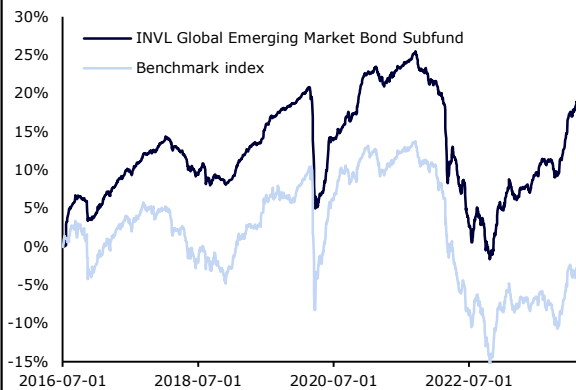
Recommended investment term – minimum 2 years.

FACTS

Management company	SB Asset Management
ISIN code	LTIF00000666
Inception date	2016-07-01
Minimum investment	EUR 0
AUM, EUR M	9.8
Strategy AUM, EUR M	255
Management fee	1.25%
Currency	EUR
Countries of distribution	Lithuania, Sweden, Finland, Norway

For more information on the fund (prospectus, benchmark, results) please click on the link below:

<https://www.sb.lt/lt/privatiems/investavimas/investiciniai-fondai/invl-besivystanciu-pasaulio-rinku-obligaciju-subfondas>

RESULTS


	Fund	Benchmark ***
Return YTD	1.7%	-0.5%
Return 1Y	12.3%	5.8%
Return 3Y	-2.4%	-12.4%
3 year annualised return	-0.8%	-4.3%
Return since inception	19.6%	-2.8%
Volatility (St. deviation)*	3.4%	5.6%
Duration	3.8	6.3
YTM	6.5%	5.6%
Sortino ratio**	-0.4	-1.0

FUND MANAGER COMMENT

February was the 4th positive month in a row for INVL Global Emerging Markets Bond subfund which returned 0.7% and outperformed the benchmark by 0.4% as a result of having quality issuers in its portfolio.

Committees of both main central banks (FED and ECB) maintained the rhetoric of not wanting to start cutting interest rates too quickly, as inflation is still above medium term targets in both the US and Eurozone area. As a result, risk free rates ended the month higher – US 10 year yield stands at 4.2% (up from 3.9%) and German 10-year currently offers 2.4% (2.2% last month). Despite this, higher risk corporate bonds performed well as credit spreads contracted, influenced by strong macroeconomic data and the ongoing soft-landing narrative. Sovereigns in Central and Eastern Europe were especially active in raising funds during the month – Romania (4 bn. EUR issued), Slovakia (3 bn. EUR issued) and Lithuania (1.5 bn. issued) all tapped the primary market. Outside of Europe, talks of a deal with the IMF and an agreement on a record 35 bn. USD investment from Abu Dhabi propelled Egypt's bonds higher, reflecting the hopes that with the increased financial help, the country will be able to ease its economic crisis.

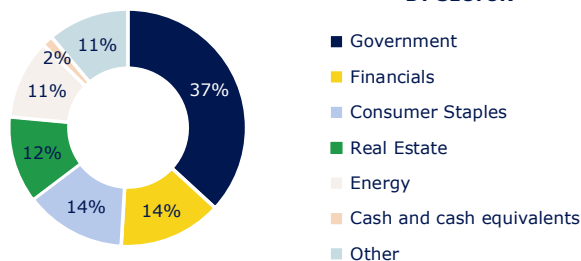
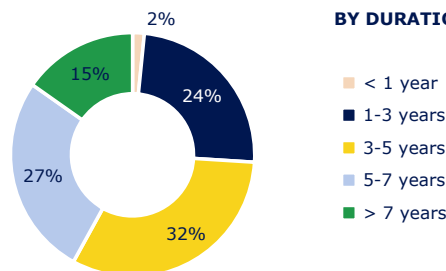
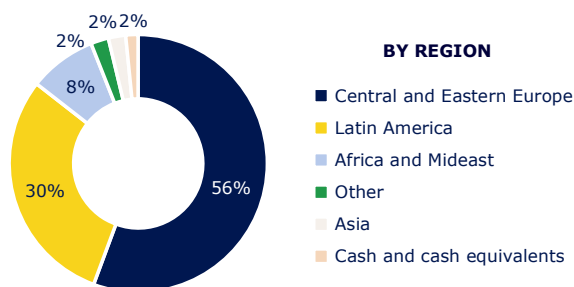
The fund added several new positions during the month. First of all, the fund invested in Czech utilities company EPH Financing 2028 bonds. The company has a diversified asset base between Central Eastern and Western Europe, has low indebtedness and offers a very attractive 6% yield for an investment grade rated issue. Secondly, the fund invested in NEPI Rockcastle 2030 bonds (bought at 5% yield), as the company operates a large, diversified ~7 bn. EUR real estate portfolio, is conservatively leveraged and has a strong cash flow generation profile. Also, the Fund participated in the aforementioned Romanian 12 year primary market issue in order to somewhat lengthen portfolio duration. In terms of position performance, Moldavian Trans-Oil contributed the most to the positive fund performance. The bond currently yields 20+% (in USD) as the group is near a conflict zone, however, it displayed solid operational results, continues to diversify operations geographically and recently got an improved rating from Fitch (from B to B+). Overall, the fund maintains lower interest rate sensitivity than the benchmark while having a higher yield to maturity (currently 6.5% vs 5.6%).

*Standard deviation is used to measure risk. Standard deviation is an indicator that measures how strongly fund's daily return deviates from its mean. The lower the standard deviation the lower the fund's risk. The standard deviation value corresponds to the period shown in the historical returns graph.

**Sortino ratio is used to measure the risk-adjusted return of the portfolio. It is a modification of the Sharpe ratio but penalizes only those returns falling below required rate of return. Sortino ratio is obtained from Bloomberg which measures the ratio over a 3-year period at a daily granularity.

***Benchmark index:

100% Bloomberg EM USD Aggregate Total Return Index Value Hedged EUR (H00014EU Index)

BREAKDOWN OF INVESTMENTS
BY SECTOR

BY DURATION

BY REGION

TOP 10 PORTFOLIO HOLDINGS

AKRPLS 2 7/8 06/02/26	Real Estate	5.5%
SNSPW 2 1/2 06/07/28	Materials	4.5%
MBKPW 8 3/8 09/11/27	Financials	4.5%
ROMANI 3.624 05/26/30	Government	4.2%
ARAGVI 8.45 04/29/26	Consumer Staples	4.1%
GWILN 2.95 07/29/26	Real Estate	4.1%
PEPGRP 7 1/4 07/01/28	Consumer Discretionary	3.7%
PEMEX 6.7 02/16/32	Energy	3.4%
IVYCST 5 7/8 10/17/31	Government	3.3%
DOMREP 4 7/8 09/23/32	Government	3.2%

The Fund does not invest and does not have exposure to Russian and Belarusian bonds

REASONS TO INVEST

- Historically, Emerging market economies have been growing almost twice as fast as Developed markets.
- Government debt levels in emerging markets are twice as low as in developed countries.
- High active share investing into up to 25 most attractive investments by identified market mispricings, EUR and USD issues arbitrage and off-benchmark opportunities while avoiding certain issuers.
- Relatively low volatility due to investments in shorter-duration corporate bonds and less indebted as well as better rated government and off-benchmark picks.
- Combination of only hard currency (USD risk hedged to EUR) sovereign and corporate debt ensures attractive yield, while limited credit and duration risk provides for low volatility.

COMPANY

SB Asset Management is the investment management company of Šiaulių bankas group. The team of experienced investment managers is one of the largest and most capable in the Baltic States and has been managing clients' assets since 2003. Investment managers make investment decisions on behalf of more than EUR 1.2 billion of clients assets.

Investment managers are guided by the principles of long-term investing and fundamental investment analysis while specializing in Central and Eastern European equity and bond markets. The team flexibly take advantage of investment opportunities that arise in the markets. The managers' expertise is proven by consistently high ratings in international fund rankings.

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Before investing, please consider the funds' investment objectives, risks, and fees applied. To obtain more information about the fund, please visit www.sb.lt, where you can find fund's key facts, NAV's, Rules, Prospectus and KIID which contain this and other important information.

All funds presented in the factsheet has benchmark. Benchmark indexes and their composition is selected to more accurately reflect the fund's investment strategy, defined in fund Rules and Prospectus.

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