

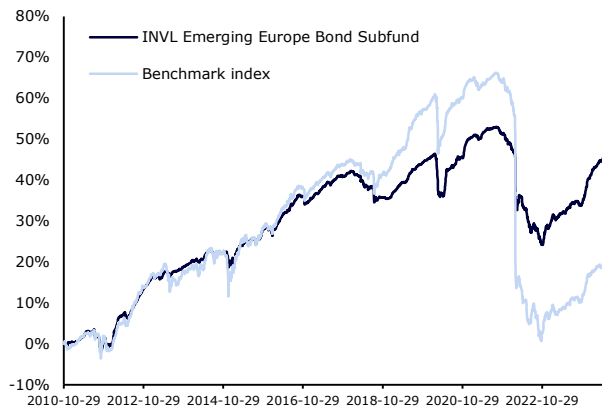
**STRATEGY**

The objective of the subfund is to ensure balanced growth of the assets of the subfund by investing at least 85 percent of its net assets in the investment units of Class I of the fund INVL Emerging Europe Bond Fund (hereinafter – the Master Fund) of the umbrella investment fund INVL Fund intended for institutional investors established in the Grand Duchy of Luxembourg. This way, the subfund will operate as a feeder subfund. In its turn, the Master Fund invests up to 100 percent of its assets in government and corporate debt securities in Emerging Europe. Recommended investment term – minimum 1 - 2 years.

**FACTS**

Management company	SB Asset Management
ISIN code	LTIF00000468
Inception date	2010-10-29
Minimum investment	EUR 0
AUM, EUR M	8.3
Strategy AUM, EUR M	256
Management fee	0.45%
Currency	EUR
Countries of distribution	Lithuania, Latvia, Denmark, Finland, Norway, Germany

For more information on the fund (prospectus, benchmark, results) please click on the link below:  
<https://www.sb.lt/en/private/investing/investment-funds/invl-emerging-europe-bond-subfund>

**RESULTS**


	<b>Fund</b>	<b>Benchmark ***</b>
Return YTD	3.8%	2.4%
Return 1Y	10.7%	10.1%
Return 3Y	-4.1%	-26.9%
3 year annualized return	-1.4%	-9.9%
5 year annualized return	0.9%	-4.2%
Volatility (St. deviation)*	2.3%	5.4%
Duration	2.8	
YTM	5.6%	
Sharpe ratio**	1.2	0.2

**FUND MANAGER COMMENT**

May was another positive month for INVL Emerging Europe Bond Fund as it returned 0.8% and performed more or less in line with the benchmark index, which returned 0.9%.

In May 2024, the divergence between the US and Europe regarding anticipated interest rate actions persisted. Minutes from the latest Federal Open Market Committee meeting suggested that officials are still concerned on the progress of bringing inflation down to target levels. Conversely, the market is pricing in a 25-basis point interest rate in Eurozone with almost 100% certainty, even though the latest reading showed a slight uptick in inflation (to 2.6% YoY). Before the start of the holiday season, primary market was very active in May. LHV Group and NLB Group refinanced upcoming maturities, while EPH Financing International raised 500 million EUR for sustainability linked projects. Latvian airline operator AirBaltic (rated B/B+) issued a bond with a staggering 14.5% coupon, which seemed very appealing to investors, as it is secured and the Latvian government is the majority shareholder – the bond has rallied in the secondary market and is currently trading at 12.5%.

In the primary market the Fund participated in one new issue – Estonian Bank LHV Group's 2028 bonds. The bank is investment grade rated, is a structurally important issuer in the Baltics and has solid capitalization (CAR 21.7%), coupled with improving financials. Also, we switched from shorter to longer duration bonds of NLB Group (from 2025 maturing ones to 2030) – largest Slovenian bank which operates in nearly a dozen Central and Southern European countries. Lastly, profit was taken in Turkish food and beverage manufacturer Ulker. Position has strongly outperformed the benchmark index since acquisition in October 2020 as yield contracted substantially (position was sold at 5.2% yield after hedging costs). The fund maintains lower interest rate sensitivity than the benchmark (2.8 and 4.5 duration respectively) while having a comparable yield to maturity (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.

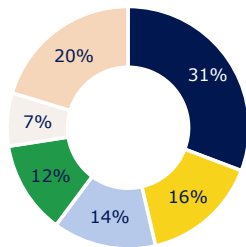
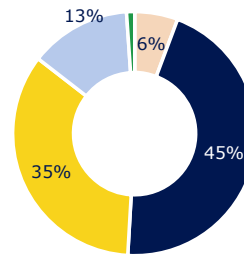
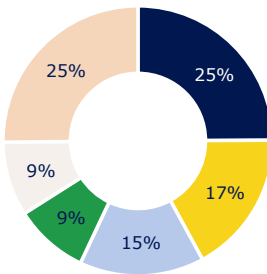
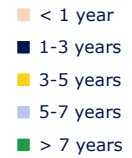
\*\*Sharpe ratio measures the performance of an investment compared to a risk-free asset, after adjusting for its risk. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance. Sharpe ratio value corresponds to the period shown in the historical returns graph.

\*\*\*Benchmark index:

50% Bloomberg Pan Euro EM: Europe Total Return Index Unhedged EUR (I04339EU Index)

40% Bloomberg Pan-European High Yield (Euro) TR Index (I02501EU Index)

10% European Central Bank ESTR OIS Index (OISESTR Index)

**BREAKDOWN OF INVESTMENTS**

**BY SECTOR**

**BY DURATION**

**BY COUNTRY**

**TOP 10 PORTFOLIO HOLDINGS**

AKRPLS 2 7/8 06/02/26	Real Estate	5.5%
PEPGRP 2028s	Consumer Discretionary	5.3%
MACEDO 1 5/8 03/10/28	Government	4.2%
EPEN 6.651 11/13/28	Utilities	4.2%
SNSPW 2 1/2 06/07/28	Materials	4.1%
GWILN 6 1/4 03/31/30	Real Estate	4.1%
ARAGVI 8.45 04/29/26	Consumer Staples	3.7%
LITHUN 28	Government	3.5%
TVLRO 8 7/8 04/27/27	Financials	3.5%
LHVGRP 8 3/4 10/03/27	Financials	3.5%

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

**REASONS TO INVEST**

- Combination of only hard currency (EUR or USD) sovereign and corporate debt ensures attractive yield, while limited credit and duration risk provides for low volatility.
- Fund maintains average investment grade credit rating. Lower government debt levels – Central and Eastern Europe 53%, Eurozone 90% (as of the end of Q3 2023).
- Active share of over 80% (creating value through off-benchmark picks, participation in primary issues, inefficiencies in the market).
- Historical Sharpe ratio exceeding 0.9 places the fund among the best Emerging Europe bond funds in the world by risk-adjusted returns.

**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 1.3 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.

**CONTACT**
**SB Asset Management**

Gyneju 14, 01109 Vilnius, Lithuania

+370 37 301 337

info@sb.lt

http://www.sb.lt

Performance presented in the factsheet represents only fund's past performance results, which is no guarantee for future results. Investment return and principal value will fluctuate, so your investments may have a gain or loss. Current today's performance may be higher or lower than that quoted in the factsheet. The Management Company does not guarantee fund's performance results or ensure profit against loss. Please visit [www.sb.lt](http://www.sb.lt) for most recent month-end performance.

Before investing, please consider the funds' investment objectives, risks, and fees applied. To obtain more information about the fund, please visit [www.sb.lt](http://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.

All information and review of funds' past performance results cannot be considered as personal recommendation to invest in investment funds, managed by SB Asset Management. Any information presented herein cannot be part or included in any transaction or agreement whatsoever. While this review was prepared and concluded based on the content of reliable sources, SB Asset Management is not responsible for any inaccuracies or changes in such information, including losses that may occur when investments are made based on information presented herein.

Breakdown of top holdings and investment characteristics is based on a look-through approach using feeder fund's investment into master fund.