

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.

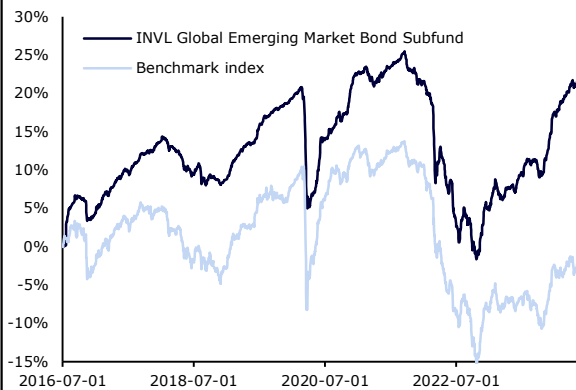
The fund is restricted to buying EUR and USD denominated securities only, while at the same time hedging the USD risk, providing its investors the return in EUR.

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	10.7
Strategy AUM, EUR M	343
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/en/private/investing/investment-funds/invl-global-emerging-markets-bond-subfund>

RESULTS


	Fund	Benchmark ***
Return YTD	3.6%	0.9%
Return 1Y	13.3%	6.8%
Return 3Y	-0.9%	-11.7%
3 year annualised return	-0.3%	-4.1%
Return since inception	21.9%	-1.5%
Volatility (St. deviation)*	3.4%	5.5%
Duration	3.5	6.3
YTM	6.2%	5.4%
Sortino ratio**	-0.4	-1.0

FUND MANAGER COMMENT

May was another positive month for INVL Global Emerging Markets Bond subfund as it returned 0.6% but lagged behind the benchmark index, which returned 1.6%. Nonetheless, relative performance year-to-date is still very positive, as the subfund has risen by 3.6%, while benchmark's return is around 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 up-tick 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%. From other Emerging Markets, South Africa's ruling party African National Congress (ANC) has received 40% of the votes and for the first time since the end of apartheid will need to form a coalition with another party to maintain a majority.

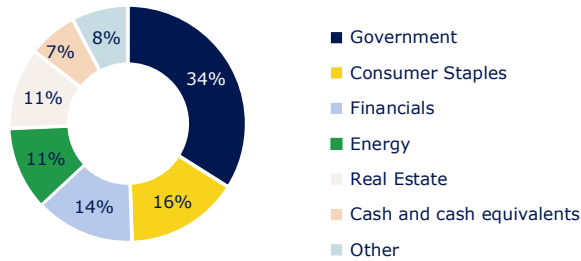
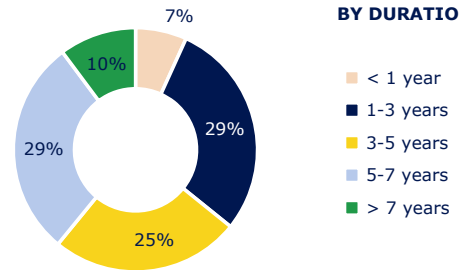
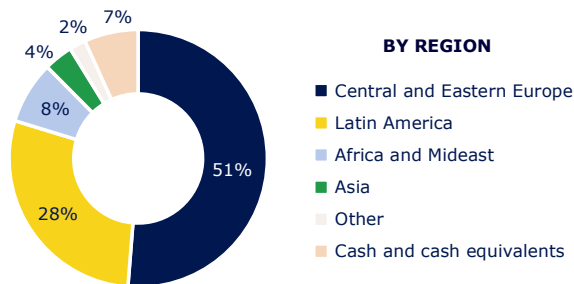
In the primary market the Fund participated in one new issue – Estonian Bank LHV Group's 2028 bonds. The bank is investment grade rated, is a structurally important issuer in the Baltics and has solid capitalization (CAR 21.7%), coupled with improving financials. Additionally, we added to one current position – Frigorifico Concepcion. Bond price faced significant downward pressure as preliminary auditor report indicated that some accounts of FRICON's subsidiary could not be accessed and approved. Moreover, some short sellers were quick to market this information widely, thus inducing weakness in the price. Since then, company addressed this issue publicly and have released a finalized annual report, where this issue is no longer apparent, and auditors were given full access to the subsidiary's accounts. The fund added to this position during the downturn at more than 20% yield to maturity. The fund maintains lower interest rate sensitivity than the benchmark (3.5 and 6.3 duration respectively) while having a higher yield to maturity (6.2% and 5.4% respectively).

*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	5.1%
SNSPW 2 1/2 06/07/28	Materials	4.2%
EPEN 6.651 11/13/28	Energy	4.2%
MBKPW 8 3/8 09/11/27	Financials	4.2%
ARAGVI 8.45 04/29/26	Consumer Staples	4.0%
GWILN 6 1/4 03/31/30	Real Estate	4.0%
ROMANI 3.624 05/26/30	Government	3.8%
PEPGRP 7 1/4 07/01/28	Consumer Discretionary	3.5%
PEMEX 6.7 02/16/32	Energy	3.3%
IVYCST 5 7/8 10/17/31	Government	3.1%

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 1.3 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.

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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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