

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.

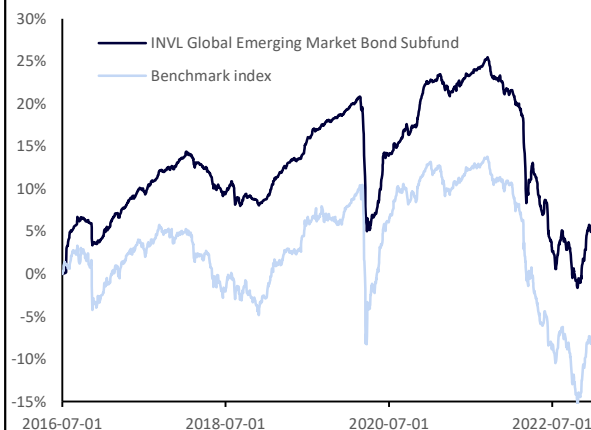
The fund is restricted to buying EUR and USD denominated securities only, while at the same time hedging the USD risk, providing its investors the return in EUR.

Recommended investment term – minimum 2 years.

FACTS

Management company	INVL Asset Management
ISIN code	LTIF00000666
Inception date	2016-07-01
Minimum investment	EUR 0
AUM, EUR M	6,8
Strategy AUM, EUR M	286
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.invl.com/en/investment/mutual-funds/invl-global-emerging-markets-bond-subfund/fund-information/>

RESULTS


	Fund	Benchmark ***
Return YTD	-13,9%	-17,4%
Return 1Y	-13,9%	-17,4%
Return 3Y	-12,3%	-15,2%
3 year annualised return	-4,3%	-5,4%
Return since inception	4,7%	-8,5%
Volatility (St. deviation)*	3,5%	5,7%
Duration	3,9	5,6
YTM	7,6%	5,3%
Sortino ratio**	-0,3	-1,0

FUND MANAGER COMMENT

In December INVL Global Emerging Market bond subfund printed yet another positive monthly return of 0.7% but generated some underperformance against the benchmark which increased by 0.8%. Extended benchmark rally was largely driven by Chinese corporate bonds which increased in value on covid restriction removal expectations. Chinese corporates account roughly for 25% of corporate sub-benchmark index bonds which, in turn, makes up 50% of the total benchmark weight. The fund, on the other hand, does not invest into Chinese corporate bonds, so although it somewhat underperformed against the benchmark, shorter average portfolio duration and cash cushion allowed it to generate less volatile return. Fund's 2022 return was -13.9% but significantly better than benchmark's which fell even more and declined by -17.4%.

Although inflation rate started to decrease in Europe and continued to go down in the US, markets were worried about the potential risk of overtightening by major central banks. Even though both FED and ECB turned to milder interest rate hikes and both lifted borrowing costs by 0.50% in December (versus 0.75% increases in previous months), comments made by officials on future scenarios were much more hawkish than markets anticipated. Both Lagarde and Powell seem determined to avoid interest rate cuts in 2023 even in an event of recession.

As developed bond markets experienced a negative month (10Y Bund finished 2022 at multi-year high of 2.57% while 10Y US Treasury increased again up to 3.87%), emerging market bonds were more resilient, and spreads have remained intact. Higher-beta sovereign bonds like Argentina, Ecuador, Nigeria and South Africa were the main advancers over the month. In contrast, countries like Peru (political uncertainty due to president's impeachment) and Panama were the main underperformers. Within the fund's portfolio, main positive contributors were Kernel Holding (found some support after heavy sell-off in prior months), Bahamas government (beaten-down high-beta name that survived the hurricane season with no substantial damage and benefited from risk-on sentiment) and Ulker (2025 maturity bond was heavily sold-off in prior months as uncertainty loomed but investors seem to have come to senses). Over the month both primary and secondary bond markets were rather quiet, so fund did not perform many trades. Fund added new positions in Eastern and Southern African Trade and Development Bank's 2028 and Indonesia 2031 sovereign bonds. Fund's YTM after hedge is about 7.6% for a duration of 3.9 years.

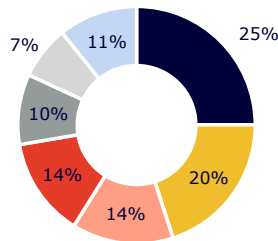
*Standard deviation is used to measure risk. Standard deviation is an indicator that measures how strongly fund's daily return deviates from its mean. The lower the standard deviation the lower the fund's risk. The standard deviation value corresponds to the period shown in the historical returns graph.

**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.

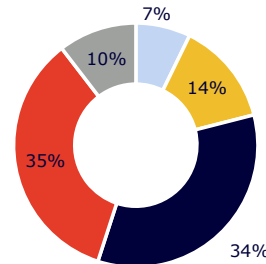
***Benchmark index:

50% JP Morgan Emerging Markets Bond Index (EMBI) Global Hedged Euro Index (JPEIGHEU Index);

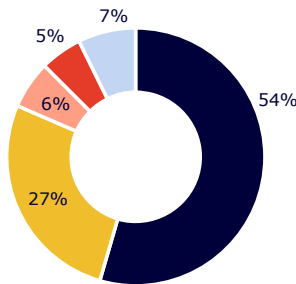
50% JP Morgan Corporate EMBI Broad Hedged Level in EUR (JBBSHEUR Index).

BREAKDOWN OF INVESTMENTS

BY SECTOR

- Government
- Consumer Staples
- Real Estate
- Energy
- Financials
- Cash and cash equivalents
- Other


BY DURATION

- < 1 year
- 1-3 years
- 3-5 years
- 5-7 years
- > 7 years


BY COUNTRY

- Central and Eastern Europe
- Latin America
- Africa and Mideast
- Other
- Cash and cash equivalents

TOP 10 PORTFOLIO HOLDINGS

ULKER 6.95 10/30/25	Consumer Staples	7,1%
MSPSJ 4 1/4 05/19/26	Real Estate	5,8%
AKRPLS 2 7/8 06/02/26	Real Estate	5,7%
SNSPW 2 1/2 06/07/28	Materials	5,5%
ROMANI 3.624 05/26/30	Government	4,6%
MAXGPE 6 1/4 07/12/27	Consumer Staples	4,2%
ARAGVI 8.45 04/29/26	Consumer Staples	4,0%
PEMEX 6.7 02/16/32	Energy	3,9%
PKNPW 1 1/8 05/27/28	Energy	3,6%
HNTOI 6 3/8 06/01/28	Energy	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

INVL investment management and life insurance group is a boutique asset management and life insurance company that offers a range of CEE-focused investment products since 2004. Team of ten portfolio managers, based in Vilnius, Lithuania (headquarters) and Riga, Latvia, use primarily fundamental value, bottom up approach and manage over 1.7 billion EUR in assets. Being nimble and highly competitive, INVL funds consistently rank high in international rankings. We adhere to the UN Principles for Responsible Investment (PRI) and are supervised by the Central bank of Lithuania.

CONTACT

INVL investment management and life insurance group
 Gyneju 14, 01109 Vilnius, Lithuania
 +370 610 18648
 vaidotas.rukas@invl.com
<http://www.invl.com>

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.invl.com 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.invl.com, 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 INVL 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, INVL 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.