

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.

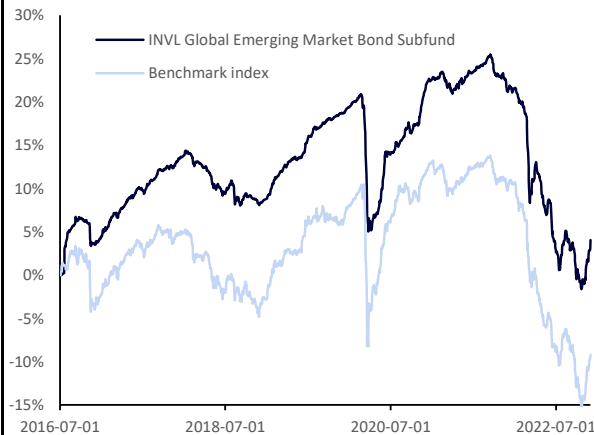
The fund is restricted to buying EUR and USD denominated securities only, while at the same time hedging the USD risk, providing its investors the return in EUR.

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	6,6
Strategy AUM, EUR M	294
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	-14,4%	-18,0%
Return 1Y	-14,2%	-17,3%
Return 3Y	-12,4%	-14,6%
3 year annualised return	-4,3%	-5,1%
Return since inception	4,0%	-9,2%
Volatility (St. deviation)*	3,5%	5,7%
Duration	4,3	5,6
YTM	7,9%	5,3%
Sortino ratio**	0,3	0,4

FUND MANAGER COMMENT

After an extended break, November was sharply positive month both for global equity and bond markets. INVL Global Emerging Market bond subfund printed a solid 4.6% monthly increase in value but generated some underperformance against the benchmark which climbed by 5.8%. Benchmark index rally was largely driven by higher duration EM sovereign bonds which account for 50% of total weight in the index. The fund, on the other hand, kept underweighting long duration sovereign bonds and put more focus on high quality corporate issuers. Fund's YTD outperformance remained substantial.

In contrast to previous months this year, speculations of approaching halt in interest rate hikes (pivot) on both sides of the Atlantic led to excessive optimism among investors. Inflation data cheered the sentiment further when US October inflation came in at 7.7% year on year change instead of expected 8%. It resulted to higher conviction of the markets that FED will soon stop the hikes since price increases are showing signs of easing. Some ripple effect was also observed as other bond markets rallied too – less pressure from leading the central bank and USD depreciation provided support for energy importers which now expect moderation in energy cost increases due to cheaper USD. On the factual front, both ECB and FED delivered additional hefty 0.75% interest rate hikes during their latest meetings, but expectations of future hikes have eased off.

With a risk-on mood in financial markets, spreads of EM sovereign and corporate (both investment grade and high yield) bonds have fallen leading to outperformance against developed market fixed income securities. Nearly all sovereign bonds (especially those with longer duration) went up sharply in prices. On the fund level, previous month's top performing positions were Kernel Holding (markets interpreted financial results favorably), Bahamas (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 with a return in risk appetite, investors seem to have come to senses). Over the month fund sold its positions in NOVALJ 2025 and GEOCAP 2024 bonds. On the contrary, it participated in the tap of LHVGRP 2025 and new issue of NOVALJ 2032 subordinated bond – both are leading blue-chip banks in Estonia and Slovenia respectively. Moreover, several other highly successful trades were done – in beginning of November fund bought SOAF 2052 and PERU 2032 bonds in order to increase average portfolio duration and after a very successful month, these positions were closed after taking substantial profits. Fund's YTM after hedge is about 7.4% for a duration of 4 years.

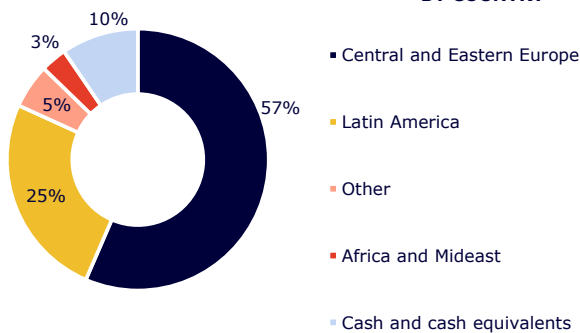
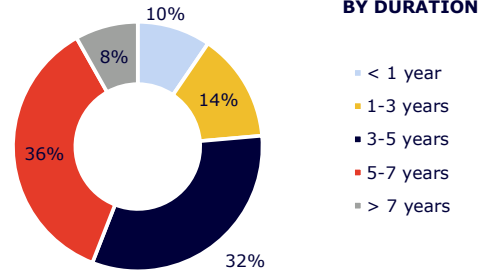
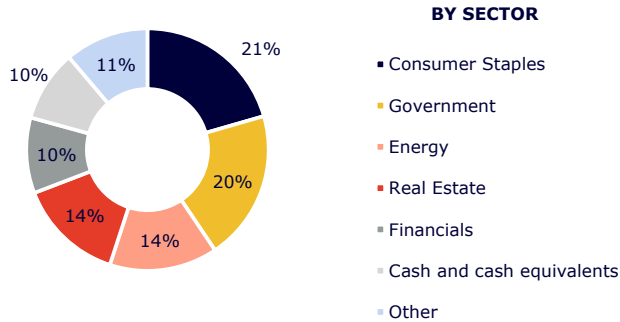
*Standard deviation is used to measure risk. Standard deviation is an indicator that measures how strongly fund's daily return deviates from its mean. The lower the standard deviation the lower the fund's risk. The standard deviation value corresponds to the period shown in the historical returns graph.

**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

TOP 10 PORTFOLIO HOLDINGS

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

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 and low indebted as well as higher credit 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.

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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.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.

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