

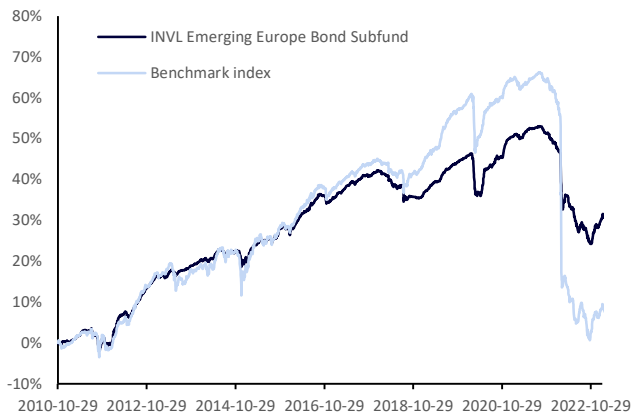
STRATEGY

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 subfund INVL Emerging Europe Bond Fund (hereinafter – the Master Subfund) 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 Subfund 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	INVL Asset Management
ISIN code	LTIF00000468
Inception date	2010-10-29
Minimum investment	EUR 0
AUM, EUR M	7,4
Strategy AUM, EUR M	326
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.invl.com/en/investment/mutual-funds/invl-emerging-europe-bond-subfund/fund-information/>

RESULTS


	Fund	Benchmark ***
Return YTD	1,7%	1,3%
Return 1Y	-5,9%	-11,1%
Return 3Y	-10,0%	-32,5%
3 year annualized return	-3,5%	-12,3%
5 year annualized return	-1,6%	-5,7%
Volatility (St. deviation)*	2,4%	5,6%
Duration	2,7	
YTM	6,9%	
Sharpe ratio**	0,9	0,1

FUND MANAGER COMMENT

In February, INVL Emerging Europe bond subfund ended the month almost at the neutral territory and declined by 0.1% which is arguably a more than satisfactory result given the negative market sentiment - benchmark index declined by 0.8% and allowed the fund to generate some substantial outperformance.

FED tuned down the pace of interest rate hikes and raised borrowing costs by 0.25% in February while ECB is still in the catch-up phase and had to hike again by 0.5%. As economic data continued to show signs of strength (i.e. unemployment in the US ticked down to 3.4% while eurozone composite PMI rose for 4th month in a row up to 52) but only headline inflation showed signs of easing, markets became worried that central banks might have more and steeper interest rate hikes up their sleeves since core inflation proved to be stickier than expected. Also, some European countries like Spain or Sweden posted inflation metrics above expectations, shattering markets' confidence that inflation pressures might be a thing of the past.

Longer duration sovereign bonds experienced more stress than shorter maturity high-yield bonds that accumulate higher coupons – as a result benchmark was mostly weighed down by further maturity government bond index. Mostly pressured sovereign bonds were of Croatia, Hungary, and Romania. Fund portfolio managed to outperform the benchmark as it was underweighted in duration (had lower sensitivity to interest rate movements) and put more focus on high-quality corporate bonds with medium-to-short maturity. Fund's top contributing positions last month were GTC Aurora (continued recovery from quite stressed prices), Kernel Holding (company published relatively good financial results and informed about shareholder's intention to raise company's liquidity via land purchase) and MAS Real Estate. On the other hand, North Macedonia was the worst performer – early in the month it placed a 4Y bond which was cancelled just 2 days before the settlement due to changes in the cabinet of ministers. Besides several balancing trades, fund exited its investment in TBC Bank bonds and entered a new position – Digi Communications (one of the leading telecommunication services providers in Romania) which exhibits steady growth in operations while maintaining healthy leverage after it sold its Hungarian operations early in 2022. Moreover, the fund participated in primary placement of Bank Gospodarstwa Krajowego bonds but as secondary market performed well, the bonds were sold quickly at a profit. The fund continues to keep somewhat lower duration at around 2.8 years while maintaining YTM after hedge at 7.1% and positioning itself by being exposed towards high quality corporates.

**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.*

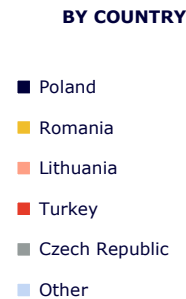
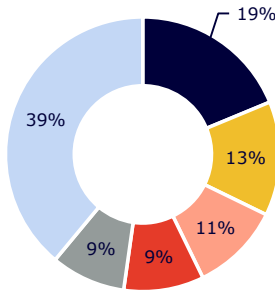
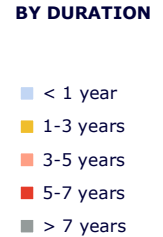
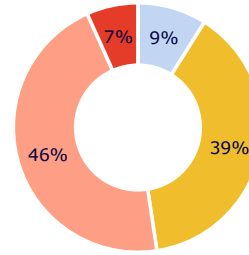
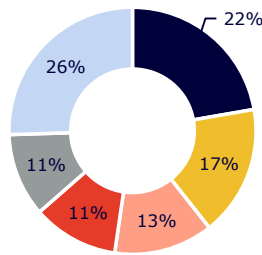
***Sharpe ratio measures the performance of an investment compared to a risk-free asset, after adjusting for its risk. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance. Sharpe ratio value corresponds to the period shown in the historical returns graph.*

****Benchmark index:*

50% JP Morgan Euro Emerging Markets Bond Index (EMBI) Global Diversified Europe (JPEFEUR Index)

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

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

BREAKDOWN OF INVESTMENTS

TOP 10 PORTFOLIO HOLDINGS

AKRPLS 2 7/8 06/02/26	Real Estate	6,1%
MAXGPE 6 1/4 07/12/27	Consumer Staples	4,4%
MSPSJ 4 1/4 05/19/26	Real Estate	4,4%
SNSPW 2 1/2 06/07/28	Materials	4,2%
NOVALJ 25	Financials	4,1%
GTCAPW 26s	Real Estate	3,7%
MACEDO 1 5/8 03/10/28	Government	3,6%
PKOBP 5 5/8 02/01/26	Financials	3,4%
PKNPW 1 1/8 05/27/28	Energy	3,3%
ULKER 6.95 10/30/25	Consumer Staples	3,3%

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 51%, Eurozone 93% (as of the end of Q3 2022).
- 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 Markets bond funds in the world by risk-adjusted returns.

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