

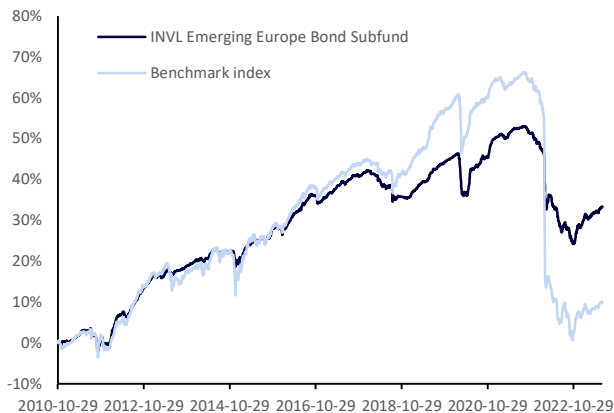
**STRATEGY**

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	7,9
Strategy AUM, EUR M	353
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**


	<b>Fund</b>	<b>Benchmark ***</b>
Return YTD	3,8%	3,7%
Return 1Y	3,1%	5,0%
Return 3Y	-6,5%	-30,0%
3 year annualized return	-2,2%	-11,2%
5 year annualized return	-0,7%	-4,9%
Volatility (St. deviation)*	2,3%	5,6%
Duration	2,8	
YTM	7,5%	
Sharpe ratio**	1,0	0,1

**FUND MANAGER COMMENT**

In June, INVL Emerging Europe bond subfund unit's value increased by 1.0% and slightly outperformed the benchmark index which printed a 0.9% gain. Year-to-date the fund generated 0.1% relative outperformance against the benchmark (3.8% compared to 3.7%) but managed to do that with lower volatility.

Central bankers both in Europe and the US continued to signal that their fight against inflation may not be over yet, so interest rates will have to stay in restrictive territory for longer. Although the FED kept interest rates unchanged at 5.25%, markets still expect additional minor hikes in the upcoming meetings as the labor market remains tight and the economy is showing resilience. ECB, on the other hand, continued its hiking effort and increased the deposit facility rate to 3.5%. Over the month, markets adjusted their rate expectations upwards, closer to central banks' views, in addition to very heavy US Treasury supply after the debt ceiling issue was solved, so major indices moved lower. On the other hand, CEE government bond index rose steeply mainly due to good performance in Romanian, Turkish (post-presidential election relief and apparent return to somewhat more orthodox monetary policy) and Ukrainian sovereign bonds (political instability in Russia helped fuel the optimism about potential outcome of the war). European high-yield bonds were also in the positive territory, mostly due to generous YTM of close to 8% and limited duration risk.

Fund's main positive contributors over the last month were Ulker, Kernel Holding and Synthos bonds. Over the month, besides balancing trades, the fund fully sold its holdings in PPF Telecom Group bonds as risk-return profile became relatively unattractive and investment case has already materialized. On the primary market, the fund has invested in Pepco Group bonds. Company is a large-scale European discounter with robust business model and attractive financial metrics. At the time of the issue, it offered 7.25% yield to maturity and received a BB+/BB-/Ba3 ratings. The fund continues to keep somewhat lower duration at around 2.9 years while maintaining YTM after hedge at 7.7% 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.*

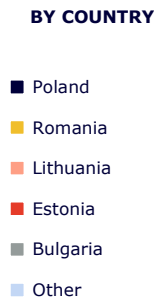
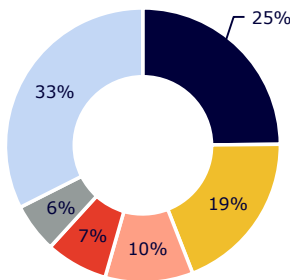
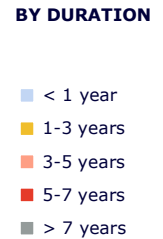
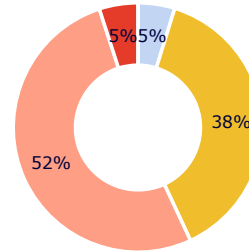
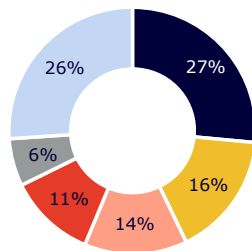
*\*\*Sharpe ratio measures the performance of an investment compared to a risk-free asset, after adjusting for its risk. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance. Sharpe ratio value corresponds to the period shown in the historical returns graph.*

*\*\*\*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**

PEGRP 2028s	Consumer Discretionary	6,2%
AKRPLS 2 7/8 06/02/26	Real Estate	5,9%
MAXGPE 6 1/4 07/12/27	Consumer Staples	4,5%
MSPSJ 4 1/4 05/19/26	Real Estate	4,2%
SNSPW 2 1/2 06/07/28	Materials	4,2%
MACEDO 1 5/8 03/10/28	Government	3,8%
GTCAPW 26s	Real Estate	3,5%
PKOBP 5 5/8 02/01/26	Financials	3,5%
PKNPW 1 1/8 05/27/28	Energy	3,4%
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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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](http://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](http://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.