INVL GLOBAL EMERGING MARKETS BOND SUBFUND

June 2024

STRATEGY

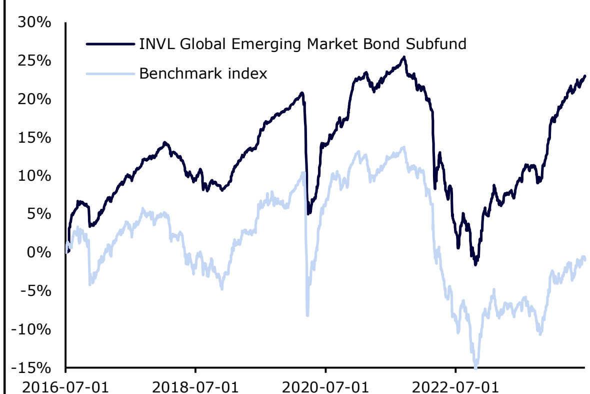
The objective of INVL Global Emerging Markets Bond Subfund is a maximum total return, consistent with preservation of invested capital. Focused on hard-currency sovereign and corporate debt securities in Emerging Markets, the fund aims to capture higher yields and growth potential in rapidly developing 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	10.4
Strategy AUM, EUR M	348
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	4.5%	1.4%
Return 1Y	12.1%	5.9%
Return 3Y	-0.5%	-11.8%
3 year annualised return	-0.2%	-4.1%
Return since inception	22.9%	-1.0%
Volatility (St. deviation)*	3.4%	5.5%
Duration	3.8	6.3
YTM	6.8%	5.3%
Sortino ratio**	-0.4	-1.0

FUND MANAGER COMMENT

June was another positive month for INVL Global Emerging Markets Bond subfund as it returned 0.9%, while benchmark appreciated by 0.5%. Looking at the return for the first half of the year, the return for the fund stands at 4.5%, outperforming the benchmark by 3.1% as a result of having quality issuers in its portfolio.

The European Central Bank delivered its first rate cut in five years, reducing the reference rate by the expected 25 basis points. Despite this, government bonds in several Western European countries faced downward pressure following the European Parliament elections, which saw a rise in the popularity of radical parties. However, this negative sentiment was contained and did not lead to wider market weakness, affecting only a few countries, most significantly France. US on the other hand is staying on course with rate cuts planned only towards the end of the year. Elections were in full swing in emerging markets as well, with most notable result coming from India. Even though Prime Minister N. Modi secured a third term, his party secured less than half (240; 44.2%) of seats in Parliament, much lower than Modi's target of 400 seats. Modi's party will now have to rely on the coalition to secure a majority for the first time since 2014. In Central and Eastern Europe S&P lowered the ratings of 3 Baltic counties (Lithuania and Latvia from A+ to A, Estonia from AA- to A+), citing increased geopolitical risks and higher defense spending, noting that they do not expect the war in Ukraine to spread to NATO countries. Nevertheless, Lithuania successfully issued a 1 billion EUR size 7-year bond, which was oversubscribed 3 times.

Apart from portfolio balancing trades, fund had one new addition to the portfolio. The fund bought Latvian airline operator AirBaltic 2029 secured bonds at 12.3%. Even though the issuer is B+ / B rated, Latvian state is the majority shareholder (97.97%) with track record of support for the company due to its large scale and direct/indirect importance for the economy. Overall, the fund maintains lower interest rate sensitivity than the benchmark (3.8 and 6.3 duration respectively) while having a more attractive yield to maturity (6.8% for the fund vs 5.3% for the benchmark).

**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)

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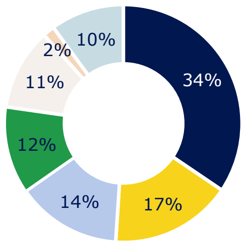
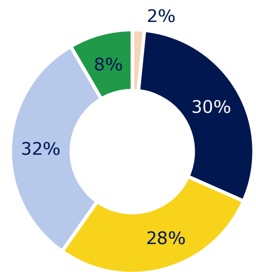
BREAKDOWN OF INVESTMENTS

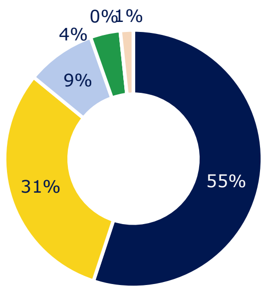
BY SECTOR



BY DURATION



BY REGION



TOP 10 PORTFOLIO HOLDINGS

AKRPLS 2 7/8 06/02/26	Real Estate	5.1%
EPEN 6.651 11/13/28	Energy	4.4%
MBKPW 8 3/8 09/11/27	Financials	4.4%
SNSPW 2 1/2 06/07/28	Materials	4.3%
ARAGVI 8.45 04/29/26	Consumer Staples	4.3%
COLOM 7 1/2 02/02/34	Government	3.9%
GWILN 6 1/4 03/31/30	Real Estate	3.9%
ROMANI 3.624 05/26/30	Government	3.9%
PEPGRP 7 1/4 07/01/28	Consumer Discretionary	3.6%
PEMEX 6.7 02/16/32	Energy	3.5%

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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