

**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.

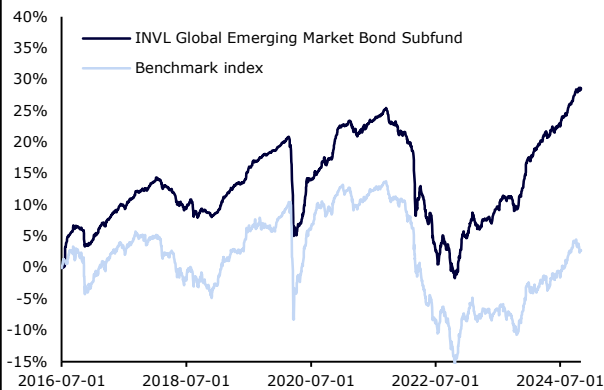
The fund is restricted to buying EUR and USD denominated securities only, while at the same time hedging the USD risk, providing its investors the return in EUR.

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	11.7
Strategy AUM, EUR M	330
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**


	<b>Fund</b>	<b>Benchmark ***</b>
Return YTD	9.2%	5.1%
Return 1Y	16.8%	14.2%
Return 3Y	4.5%	-7.6%
3 year annualised return	1.5%	-2.6%
Return since inception	28.4%	2.6%
Volatility (St. deviation)*	3.3%	5.4%
Duration	3.8	6.3
YTM	6.1%	4.8%
Sortino ratio**	-0.4	-1.0

**FUND MANAGER COMMENT**

During October INVL Global Emerging Markets Bond subfund returned a modest 0.2%, strongly outperforming the benchmark index which fell by 1.6%. The fund further extended its year-to-date lead to 3.7% (9.3% vs 5.6% respectively). As a result of its sustaining outperformance of the market, the fund has been recognized by Citywire, which awarded its managers the highest possible AAA rating.

In October, shifts in various U.S. presidential election polls began to favor Donald Trump, raising market expectations of potential policy changes, such as higher tariffs, lower corporate taxes and increased budget deficits. These prospects stoked inflation fears, pushing U.S. government bond yields up by approximately 0.5%. In contrast, European yields remained relatively stable, with the region's inflation rate at a modest 1.7% year-on-year in October, supporting expectations for continued interest rate cuts by the ECB. However, this trend did not carry over to Central and Eastern Europe's largest economies—Poland, Romania, and Hungary—where persistent inflation led central banks to hold rates steady. In Latin America, Moody's upgraded Brazil's credit rating to Ba1 (positive), citing higher projected GDP growth, structural reforms and relative political stability. Argentina's central bank lowered its main interest rate from 40% to 35%—the first reduction in nearly half a year. This move aligns with a recent easing of inflation, with monthly consumer price increases now at 3.5%, significantly down from the 25% rate seen at the start of 2024.

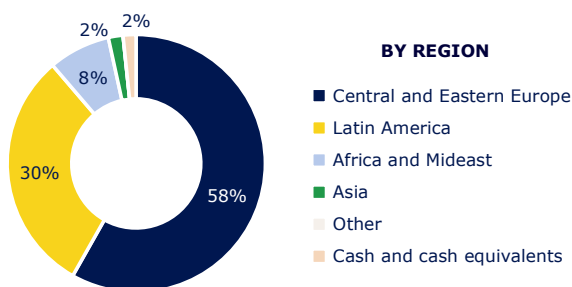
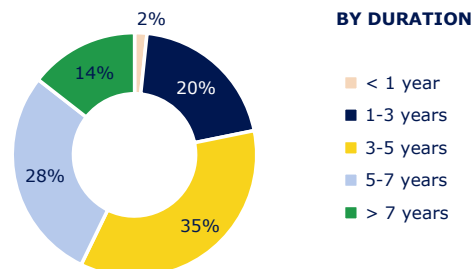
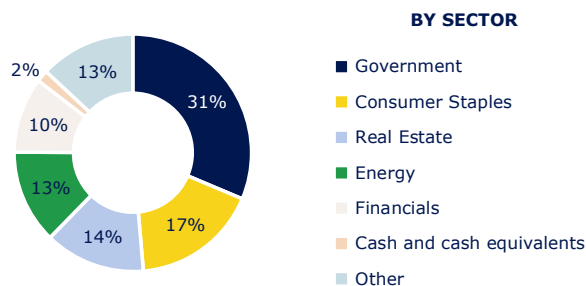
During the month the fund added one new position to its portfolio – bonds of a Polish real estate developer and operator MLP Group. The company has a high quality portfolio of logistics assets, conservative loan-to-value ratio of below 40% and good track record of tenant retention. The bond, which is certified as a green issue, was priced at 6.125% yield at the time of issue which we see as attractive for a quality issuer. Also, leveraging our familiarity with the Baltic bond market, we participated in the primary issue of Latvian bank BluOr, which issued a subordinated bond at 10% yield. On the other hand, we took profit in the bonds of mBank, as the yield contracted below 4.0%, signifying that the investment idea had materialised. Overall, the fund maintains lower interest rate sensitivity than the benchmark (3.8 and 6.3 duration respectively) while having higher yield to maturity (6.1% vs 4.8% respectively).

\*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)

**BREAKDOWN OF INVESTMENTS**

**TOP 10 PORTFOLIO HOLDINGS**

AKRPLS 2 7/8 06/02/26	Real Estate	4.7%
ROMANI 5 5/8 02/22/36	Government	4.3%
ARAGVI 8.45 04/29/26	Consumer Staples	4.3%
EPEN 6.651 11/13/28	Energy	4.1%
SNSPW 2 1/2 06/07/28	Materials	3.9%
GWILN 6 1/4 03/31/30	Real Estate	3.8%
ECOPET 8 7/8 01/13/33	Energy	3.7%
PEPGRP 7 1/4 07/01/28	Consumer Discretionary	3.7%
ULKER 7 7/8 07/08/31	Consumer Staples	3.5%
COLOM 7 1/2 02/02/34	Government	3.4%

The Fund 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 1.5 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](http://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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