INVL GLOBAL EMERGING MARKETS BOND SUBFUND

November 2024

STRATEGY

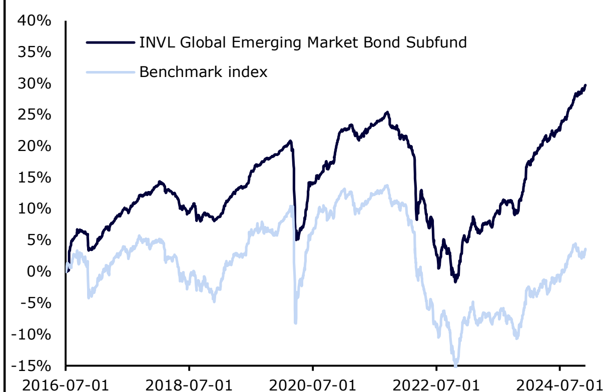
The objective of INVL Global Emerging Markets Bond Subfund is a maximum total return, consistent with preservation of invested capital. Focused on hard-currency sovereign and corporate debt securities in Emerging Markets, the fund aims to capture higher yields and growth potential in rapidly developing 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	11.8
Strategy AUM, EUR M	335
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	10.3%	6.2%
Return 1Y	14.2%	10.4%
Return 3Y	7.0%	-5.5%
3 year annualised return	2.3%	-1.9%
Return since inception	29.7%	3.7%
Volatility (St. deviation)*	3.3%	5.4%
Duration	4.2	6.3
YTM	5.8%	4.6%
Sortino ratio**	-0.4	-1.0

FUND MANAGER COMMENT

November was a positive month for INVL Global Emerging Markets Bond subfund which performed in line with the benchmark, both returning 1.0%. Moreover, the fund's year to date return is now in double digits and strongly outperforms the benchmark (10.3% and 6.2% respectively).

After spiking by around 0.5% in October, 10-year US government yields remained largely unchanged in November, as investors awaited for more tangible signs of policy shifts from the newly elected US president. In Euro area, with inflation hovering around the European Central Bank's target of 2 percent, risk-free rates continued to turn downwards. In Central Eastern Europe the most significant news came from Romania, where a relatively unknown far-right candidate Calin Georgescu amassed the largest number of voters (~23%) in the first round of presidential elections. While the result was very surprising (early polls estimated for Georgescu not to proceed to the 2nd round of elections), the current expectation is for pro-EU population to unite against Georgescu (in the first round votes were very split between several pro-EU candidates) and vote in favour of a pro-Western liberal candidate Elena Lasconi. In Latin America, Brazil continued its policy tightening by increase interest rates by 50 bps to 11.25% as inflation concerns persist. In China, investor sentiment remained cautious as the economy continued to slow, with the government's efforts to stimulate growth through infrastructure projects and targeted fiscal support not fully offsetting the broader structural issues in the housing market and local government debt. In December, Romania's Constitutional Court ordered a re-run of first round due to suspected third party interference.

During the month the fund added one new position to its portfolio – bonds of Romanian CEC Bank. The company is owned by the Romanian government, has strong capitalisation level and conservative leverage metrics, while it issued the bond at an attractive 5.625% yield to maturity. Moreover, we switched to newly issued bonds of Moldavian Trans-Oil. The old notes were tendered at 100.5 price, while the new issue was priced at 11.5% yield, thus solving the company's refinancing needs while offering an attractive yield to investors. Overall, the fund maintains lower interest rate sensitivity than the benchmark (4.2 and 6.3 duration respectively) while having higher yield to maturity (5.8% vs 4.6% 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)

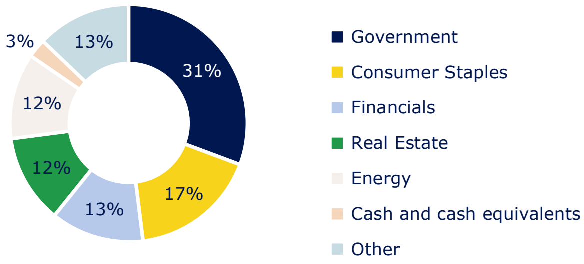
INVL × ŠIAULIŲ BANKAS

INVL GLOBAL EMERGING MARKETS BOND SUBFUND

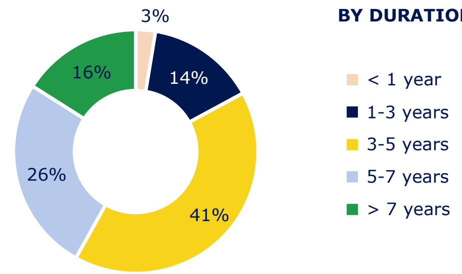
November 2024

BREAKDOWN OF INVESTMENTS

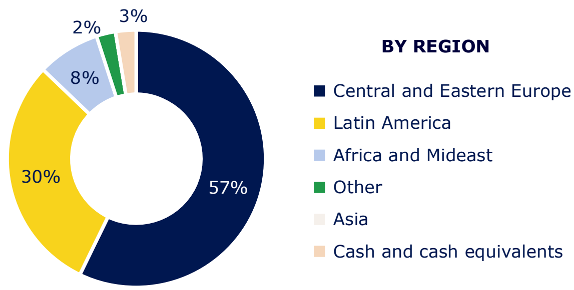
BY SECTOR



BY DURATION



BY REGION



TOP 10 PORTFOLIO HOLDINGS

ROMANI 5 5/8 02/22/36	Government	4.3%
SNSPW 2 1/2 06/07/28	Materials	4.0%
ECOPET 8 7/8 01/13/33	Energy	3.9%
ARAGVI 11 1/8 11/20/29	Consumer Staples	3.8%
GWILN 6 1/4 03/31/30	Real Estate	3.8%
PEPGRP 7 1/4 07/01/28	Consumer Discretionary	3.7%
ULKER 7 7/8 07/08/31	Consumer Staples	3.6%
COLOM 7 1/2 02/02/34	Government	3.5%
MLGPW 6 1/8 10/15/29	Real Estate	3.3%
PEMEX 6.7 02/16/32	Energy	3.3%

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.

CONTACT

SB Asset Management

Gyneju 14, 01109 Vilnius, Lithuania

+370 37 301 337

info@sb.lt

http://www.sb.lt

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.sb.lt 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.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.
All information and review of funds' past performance results cannot be considered as personal recommendation to invest in investment funds, managed by SB Asset Management. Any information presented herein cannot be part or included in any transaction or agreement whatsoever. While this review was prepared and concluded based on the content of reliable sources, SB Asset Management is not responsible for any inaccuracies or changes in such information, including losses that may occur when investments are made based on information presented herein.