

**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.

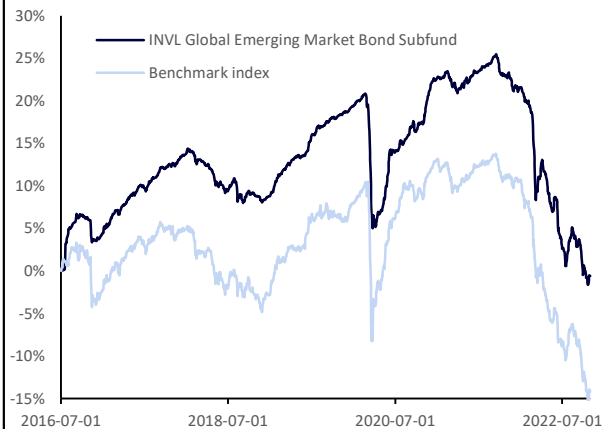
The fund is restricted to buying EUR and USD denominated securities only, while at the same time hedging the USD risk, providing its investors the return in EUR.

Recommended investment term – minimum 2 years.

**FACTS**

Management company	INVL Asset Management
ISIN code	LTIF00000666
Inception date	2016-07-01
Minimum investment	EUR 0
AUM, EUR M	6,3
Strategy AUM, EUR M	288
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.invl.com/en/investment/mutual-funds/invl-global-emerging-markets-bond-subfund/fund-information/>

**RESULTS**


	<b>Fund</b>	<b>Benchmark ***</b>
Return YTD	-18,2%	-22,5%
Return 1Y	-19,1%	-22,8%
Return 3Y	-16,0%	-19,5%
3 year annualised return	-5,6%	-7,0%
Return since inception	-0,6%	-14,2%
Volatility (St. deviation)*	3,4%	5,6%
Duration	3,9	5,3
YTM	8,4%	6,0%
Sortino ratio**	0,3	0,4

**FUND MANAGER COMMENT**

October was yet another somewhat negative month for the fund but INVL Global Emerging Market bond subfund performed relatively well in comparison – fund unit's value declined by a mere 0.2% while benchmark index fell more significantly by 1.5%. Fund's outperformance was helped not only by focus on good quality shorter duration corporate bonds but rather more by successful higher beta positions that rose significantly in value.

Although eurozone inflation in October rose to 10.7% year-on-year (largest contributor to price increases was the energy sector), ECB hiked interest rates yet another time by 0.75% (now reached 2%) and indicated that more hikes should be expected based on meeting-by-meeting evaluation - markets managed to digest the news in a positive way and found some relief. It mostly came from ECB's rhetoric that Europe may be heading into a recession what speculated the bets that the pace of rate increases could be expected to decline substantially as central bank will no longer be able to increase borrowing costs without derailing the economies. FED, on the other hand, reiterated their hawkish tone and stuck to the position that risk of tightening too much far outweighs the risk of doing too little, even though the rate of inflation seemed to have peaked already over the last 2 months. Even though EM central banks continue with interest rate hikes in order to tame inflation and bolster local currency FX rate, the pace has somewhat moderated and last month only a few countries pursued further increases that were more moderate.

Fund portfolio's higher-beta and decent quality positions helped the fund to outperform the benchmark index which is much more concentrated on Chinese bonds (XI's consolidation of power and implicit messages that national policy interests will be above the private market interests darkened the sentiment). Previous month's top performing positions were beaten-down longer duration bonds like the Bahamas, Pemex, Ivory Coast and Romania. On the other hand, worst contributors to fund's performance were Kernel Holding (for some time during the month, Russia backed off from Black Sea grain corridor agreement) and Camposol (unencouraging Q2 results resulted in significant selling pressure and a rating downgrade by one of the rating agencies). Over the month, fund invested into 2029 bonds of Sibanye-Stillwater which is the 3rd largest precious metal miner in the world with very attractive financials. Fund's YTM after hedge is about 8.4% for a duration of 3.9 years, which is still somewhat lower than benchmark's duration.

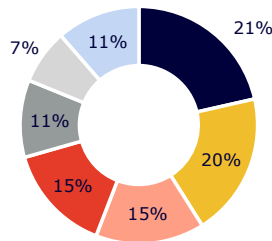
*\*Standard deviation is used to measure risk. Standard deviation is an indicator that measures how strongly fund's daily return deviates from its mean. The lower the standard deviation the lower the fund's risk. The standard deviation value corresponds to the period shown in the historical returns graph.*

*\*\*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.*

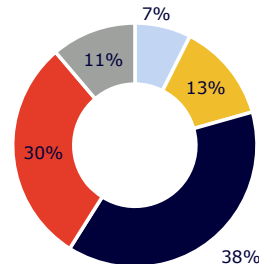
*\*\*\*Benchmark index:*

*50% JP Morgan Emerging Markets Bond Index (EMBI) Global Hedged Euro Index (JPEIGHEU Index);*

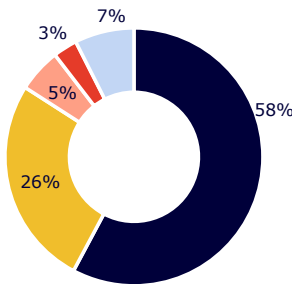
*50% JP Morgan Corporate EMBI Broad Hedged Level in EUR (JBBSHEUR Index).*

**BREAKDOWN OF INVESTMENTS**

**BY SECTOR**

- Consumer Staples
- Government
- Real Estate
- Energy
- Financials
- Cash and cash equivalents
- Other


**BY DURATION**

- < 1 year
- 1-3 years
- 3-5 years
- 5-7 years
- > 7 years


**BY COUNTRY**

- Central and Eastern Europe
- Latin America
- Other
- Africa and Mideast
- Cash and cash equivalents

**TOP 10 PORTFOLIO HOLDINGS**

ULKER 6.95 10/30/25	Consumer Staples	7,1%
AKRPLS 2 7/8 06/02/26	Real Estate	6,2%
MSPSJ 4 1/4 05/19/26	Real Estate	6,1%
SNSPW 2 1/2 06/07/28	Materials	5,9%
ROMANI 3.624 05/26/30	Government	4,8%
ARAGVI 8.45 04/29/26	Consumer Staples	4,5%
MAXGPE 6 1/4 07/12/27	Consumer Staples	4,5%
PEMEX 6.7 02/16/32	Energy	4,3%
HNTIOL 6 3/8 06/01/28	Energy	3,8%
PKNPW 1 1/8 05/27/28	Energy	3,8%

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 and low indebted as well as higher credit 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**

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.

**CONTACT**
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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](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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