

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.

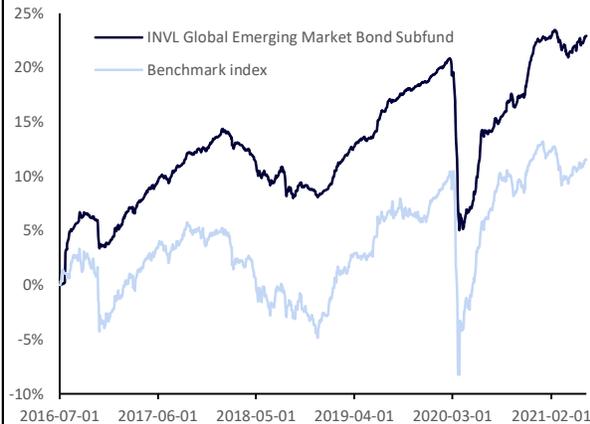
The fund is restricted to buying EUR and USD denominated securities only, while at the same time hedging the USD risk, providing its investors the return in EUR.

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 | 8,8 |
| Strategy AUM, EUR M | 216 |
| 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


| | Fund | Benchmark *** |
|-----------------------------|-------------|--------------------------|
| Return YTD | 0,2% | -1,4% |
| Return 1Y | 10,5% | 7,9% |
| Return 3Y | 11,4% | 12,3% |
| 3 year annualised return | 3,7% | 3,9% |
| Return since inception | 22,9% | 11,5% |
| Volatility (St. deviation)* | 3,0% | 5,7% |
| Duration | 4,4 | 6,7 |
| YTM | 3,4% | 4,0% |
| Sortino ratio** | 0,4 | 0,2 |

FUND MANAGER COMMENT

In May INVL Global Emerging Markets Bond subfund unit's value increased by 0.5% but underperformed against the benchmark, which climbed by 0.8%. Nevertheless, outperformance since the beginning of the year is still 1.6% (0.2% return vs -1.4% return).

Global bond and equity markets were mostly trading in a sideways market (in EUR terms) during May as investors were looking for strong catalysts, either to the upside or the downside. On one hand, a sharp rebound in economic activity continued as vaccination pace accelerated, consumers showed strength and PMIs were high in the expansionary territory. Nevertheless, bottlenecks in the global supply chain and extended surge in commodity prices remind everyone of the dangers of inflation looming just around the corner. Investors were kept on their toes as rising inflation expectations are commonly associated with higher probability of tapering and/or rising interest rates, negatively impacting bond prices. Nevertheless, mixed data from the labor market and some other indications gave more breathing space for Central Banks to keep accommodative policies going, at least for the time being, on both sides of the Atlantic.

Out of the larger benchmark countries, Turkey and Ukraine were the top performers. Turkish bonds continued their rebound from March lows, even though President Erdogan had indicated that he expects to see a rate cut in July or August. Regarding other developments, as Russia pulled its troops from the Ukrainian border, the latter had a positive month. In the meantime, media's attention shifted towards Belarus and an unprecedented level of "state terrorism" when a commercial flight was forced to land in Minsk, to arrest an opposition journalist. Fund's top performers were Ellaktor (climbed further after the approval of equity injection), Bahamian government bonds (cruise operators reopened their routes and the country also secured a loan from the World Bank) and Ukrainian issuers. Worst performing position was EEPME 2029 bond, which is a Colombian government-owned utility provider and moves in tandem with the sovereign issue. Colombian government was downgraded from BBB- to BB+ by S&P after government failed to pass the necessary laws which should have helped the fiscal balance. CEE primary market was active last month – fund participated in the issues of two real estate managers - MAS Real Estate Inc. and Akropolis - as well as a Polish chemical producer Synthos. In addition, Morocco 2032 issue was switched to Azerbaijan 2029 bond (issuer has a much healthier public balance and shorter duration) while Dominican Republic bonds were switched to a slightly longer duration due to a steep yield curve. Fund's YTM after hedge is about 3.4% for a duration of 4.4 years, which is still considerably lower than the benchmark.

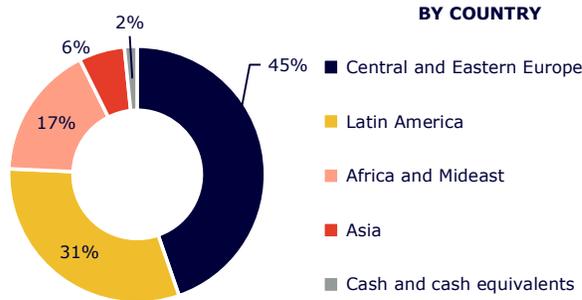
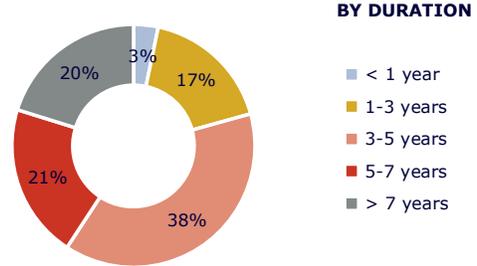
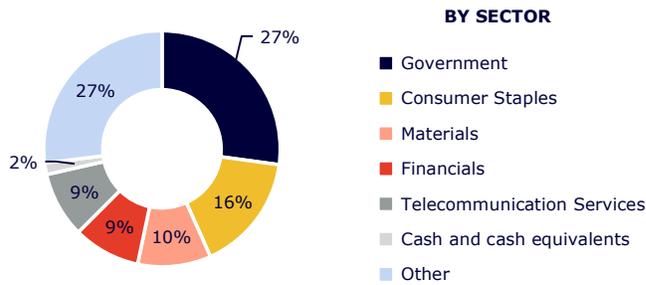
*Standard deviation is used to measure risk. Standard deviation is an indicator that measures how strongly fund's daily return deviates from its mean. The lower the standard deviation the lower the fund's risk. The standard deviation value corresponds to the period shown in the historical returns graph.

**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 monthly 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

TOP 10 PORTFOLIO HOLDINGS

| | | |
|-----------------------|------------------|------|
| PETBRA 5.093 01/15/30 | Energy | 4,1% |
| ULKER 6.95 10/30/25 | Consumer Staples | 4,1% |
| AKRPLS 2 7/8 06/02/26 | Real Estate | 4,0% |
| ARAGVI 8.45 04/29/26 | Consumer Staples | 4,0% |
| SNSPW 2 1/2 06/07/28 | Materials | 3,9% |
| GEOCAP 6 1/8 03/09/24 | Financials | 3,9% |
| MACEDO 3.675 06/03/26 | Government | 3,8% |
| EPPME 4 1/4 07/18/29 | Utilities | 3,7% |
| MEX 4 3/4 04/27/32 | Government | 3,7% |
| AZERBJ 5 1/8 09/01/29 | Government | 3,7% |

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 Asset Management is a boutique asset management 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 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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Before investing, please consider the funds' investment objectives, risks, and fees applied. To obtain more information about the fund, please visit 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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