

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.

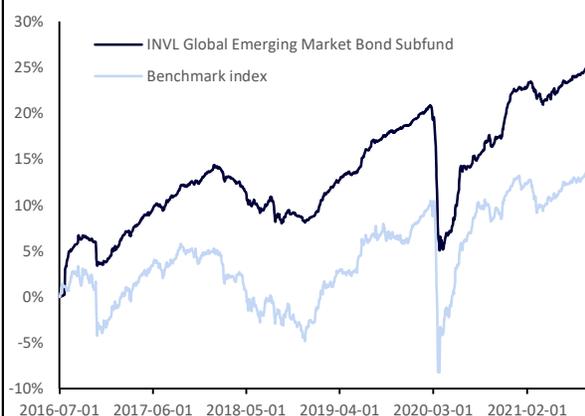
The fund is restricted to buying EUR and USD denominated securities only, while at the same time hedging the USD risk, providing its investors the return in EUR.

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	8,6
Strategy AUM, EUR M	222
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	1,8%	0,4%
Return 1Y	7,7%	3,6%
Return 3Y	15,3%	16,3%
3 year annualised return	4,8%	5,1%
Return since inception	24,9%	13,6%
Volatility (St. deviation)*	2,9%	5,6%
Duration	4,8	6,6
YTM	3,4%	3,6%
Sortino ratio**	0,5	0,5

FUND MANAGER COMMENT

In August INVL Global Emerging Markets Bond subfund unit's value increased further by 0.7% but underperformed against the benchmark which exhibited more volatility and managed to gain 0.9%. Nevertheless, YTD performance of the fund is still robust as it leads the benchmark by 1.4% (1.8% vs 0.4%).

Risk-free fixed income instruments had a rather neutral month after the release of FED minutes and Jackson Hole symposium in the second half of August - policymakers' stance was interpreted as dovish even though signals were clearly mixed. FED's Jerome Powell confirmed that taper is likely to start still in 2021, which in theory should cause a fall in bond prices. However, bond prices did not decline on a continued belief that recent spike in inflation is going to be transitory and as employment situation is still not ideal, policymakers will not be in a hurry to raise interest rates. Moreover, on the health front, the Delta variant continued its spread across the globe resulting in stronger support for bonds, especially sovereign. US 10-year government bond YTM slightly up from 1.22% to 1.31% while Germany 10-year bund YTM up from -0.46% to -0.38%. Emerging market and CEE fixed income markets saw an even stronger month (they have a stronger degree of correlation with equity markets than risk-free bonds) on the back of a solid monthly return in equity markets.

During August, EM bond universe saw significant buying interest and lower rated countries (within B, CCC/CC/C rating brackets) such as Zambia, Argentina, Tunisia, Lebanon, Ecuador were the top performers in search of higher yield. As a result, the fund lagged benchmark's performance due to low weight of risky issuers with very low rating. There were also multiple events in EM which attracted the media attention but did not have a real impact on fund's performance. Firstly, as month progressed, Chinese government released even more restrictive policies which will aim at extending communist party's influence over various sectors. Also, some highly leveraged troubled companies such as Evergrande Group continued their decline on rising fears of bankruptcy and struggling operating results. Elsewhere, US and allies were forced to evacuate Afghanistan as Taliban progressed at a rapid pace and took control of the country's territory. Bonds of neighboring countries such as Uzbekistan, Pakistan saw some weakness, but it was short-lived.

Among fund's top performers were Ellaktor (continued positive momentum from the news of an additional equity injection), Hunt Oil Peru (this position was recently added to portfolio in expectations of political stabilization in Peru. Company shows rather stable operating results and has an investment grade rating from Fitch while offering over 5.5% YTW in USD terms for 4Y duration), Ukraine (talks of IMF's stand-by agreement extension and generally positive momentum). Fund trimmed its exposure towards Petroleo Brasileiro as YTW premium is now even negative compared to sovereign. In addition, fund took profit and sold its position in Maxima Grupe which now has very low duration and yield is significantly lower than that of its sister company Akropolis Group (BB+/BB+). Moreover, fund purchased bonds of Camposol (Ba3/BB-) – leading Peruvian agro-industrial company active in production and distribution of food products such as blueberries, avocados, mangos. At the time of investment, YTW was 5.2% in USD terms for less than 4-year duration. Fund's YTM after hedge is about 3.4% for a duration of 4.8 years, which is considerably lower than benchmark's duration.

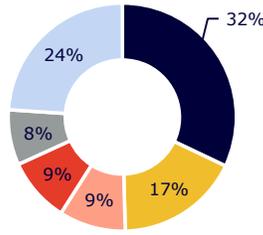
*Standard deviation is used to measure risk. Standard deviation is an indicator that measures how strongly fund's daily return deviates from its mean. The lower the standard deviation the lower the fund's risk. The standard deviation value corresponds to the period shown in the historical returns graph.

**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.

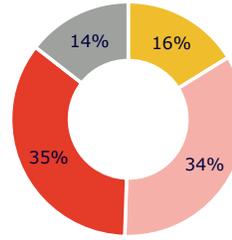
***Benchmark index:

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

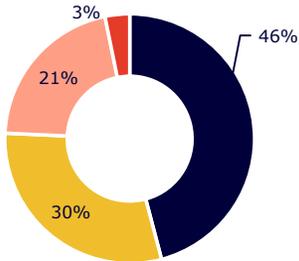
50% JP Morgan Corporate EMBI Broad Hedged Level in EUR (JBBSHEUR Index).

BREAKDOWN OF INVESTMENTS


- BY SECTOR**
- Government
 - Consumer Staples
 - Telecommunication Services
 - Real Estate
 - Energy
 - Other



- BY DURATION**
- 1-3 years
 - 3-5 years
 - 5-7 years
 - > 7 years



- BY COUNTRY**
- Central and Eastern Europe
 - Latin America
 - Africa and Mideast
 - Asia

TOP 10 PORTFOLIO HOLDINGS

MSPSJ 4 1/4 05/19/26	Real Estate	5,1%
ULKER 6.95 10/30/25	Consumer Staples	4,3%
ARAGVI 8.45 04/29/26	Consumer Staples	4,2%
GEOCAP 6 1/8 03/09/24	Financials	4,1%
MEX 4 3/4 04/27/32	Government	4,0%
PTABNK 4 1/8 06/30/28	Government	4,0%
AKRPLS 2 7/8 06/02/26	Real Estate	4,0%
AZERBJ 5 1/8 09/01/29	Government	4,0%
DOMREP 4 7/8 09/23/32	Government	3,9%
SNSPW 2 1/2 06/07/28	Materials	3,9%

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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