

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.

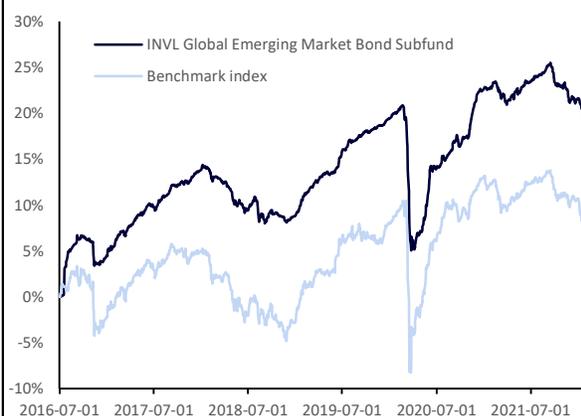
The fund is restricted to buying EUR and USD denominated securities only, while at the same time hedging the USD risk, providing its investors the return in EUR.

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 | 7,8 |
| Strategy AUM, EUR M | 262 |
| 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 | -1,6% | -2,6% |
| Return 1Y | -2,5% | -3,9% |
| Return 3Y | 7,9% | 6,6% |
| 3 year annualised return | 2,6% | 2,2% |
| Return since inception | 19,7% | 7,9% |
| Volatility (St. deviation)* | 2,9% | 5,4% |
| Duration | 4,8 | 6,4 |
| YTM | 5,2% | 4,0% |
| Sortino ratio** | 0,3 | 0,4 |

FUND MANAGER COMMENT

In January INVL Global Emerging Markets Bond subfund unit's value decreased by 1.6% but managed to significantly outperform the benchmark which printed an even larger loss of 2.6%. The fund saw lower volatility due to underweight in duration. In addition, overweight in corporate rather than long duration sovereign bonds and focus on strong high-quality issuers played a substantial role as well.

Start of the year was very tough both for equity and bond markets. Continued rise in inflation (US inflation year-on-year in December hit 7% - highest rate since the 1980s, while in eurozone prices climbed 5% - highest reading since adoption of the euro) and supportive labor market numbers stoked fears of rapid monetary policy tightening. Fears of hawkish DM central banks resulted in an upward shift of EUR and USD yield curves – meaning that both short and long duration bond prices declined. FED is on track to end its bond purchases in March while anticipated number of interest rate hikes kept rising over the month (markets now expect to see 4-5 hikes over 2022). ECB, on the other hand, did not signal potential hikes in 2022 but is also expected to finalize bond purchases over the year. As EM central banks conducted multiple decent-sized hikes over 2021 and were ahead of the US, in January EM bonds declined in line with US Treasury with spreads remaining intact. On the political front, most media attention was focused on Ukraine-Russia conflict as risk of potential invasion loomed and there was no definite solution for de-escalation of tensions. Russia not only kept its troops by the Ukrainian border but deployed even more military staff and equipment "for training" in Belarus while raising delusional demands for NATO to withdraw forces from some of its member states. Not surprisingly, Russian and Ukrainian sovereign as well as corporate bonds were the worst performers.

Among fund's positions, the worst monthly performers were Kernel Holding, Bahamas and Synthos. On the bright side, after the steep sell-off in Q4 and paused tightening, Turkish bonds staged a rebound and Ulker and Turk Telekom bonds were among the top performers. In addition, new Citadele subordinated issue, MAS Real Estate and Ardshinbank bonds remained resilient and printed positive monthly returns, helping the fund to outperform the benchmark. In beginning of the month, the fund increased its position in Ulker, switched to longer duration bonds of Kernel Holding. Moreover, the fund sold short duration North Macedonia 26s bonds and switched to Romania 30s which were experienced significant selling pressure in prior months. Fund's YTM after hedge is about 5.2% for a duration of 4.8 years, which is still lower than benchmark's duration.

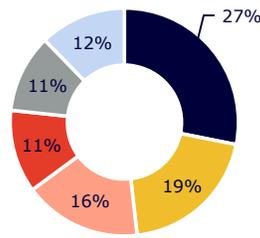
*Standard deviation is used to measure risk. Standard deviation is an indicator that measures how strongly fund's daily return deviates from its mean. The lower the standard deviation the lower the fund's risk. The standard deviation value corresponds to the period shown in the historical returns graph.

**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.

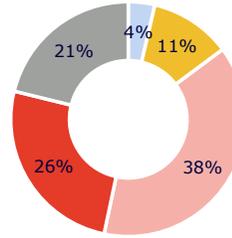
***Benchmark index:

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

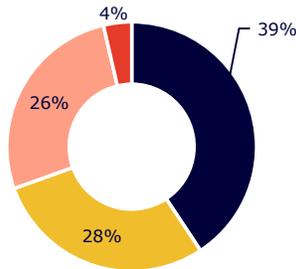
50% JP Morgan Corporate EMBI Broad Hedged Level in EUR (JBBSHEUR Index).

BREAKDOWN OF INVESTMENTS

BY SECTOR

- Government
- Consumer Staples
- Financials
- Real Estate
- Energy
- Other


BY DURATION

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


BY COUNTRY

- Central and Eastern Europe
- Africa and Mideast
- Latin America
- Asia

TOP 10 PORTFOLIO HOLDINGS

| | | |
|-----------------------|------------------|------|
| ULKER 6.95 10/30/25 | Consumer Staples | 6,7% |
| MSPSJ 4 1/4 05/19/26 | Real Estate | 6,1% |
| AKRPLS 2 7/8 06/02/26 | Real Estate | 5,2% |
| ARAGVI 8.45 04/29/26 | Consumer Staples | 4,7% |
| GEOCAP 6 1/8 03/09/24 | Financials | 4,7% |
| PTABNK 4 1/8 06/30/28 | Government | 4,5% |
| AZERBJ 5 1/8 09/01/29 | Government | 4,4% |
| DOMREP 4 7/8 09/23/32 | Government | 4,3% |
| CSOLNO 6 02/03/27 | Consumer Staples | 4,2% |
| PEMEX 6.7 02/16/32 | Energy | 4,0% |

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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