

# CBL Eastern European Bond Fund



Class R Acc USD

Class R Acc EUR (hedged)

March 2025

## Investment Objective

To achieve long-term capital growth by investing in short-term and long-term debt securities issued or guaranteed by the governments, municipalities, central banks, credit institutions and corporations of Eastern European countries.

## Investment Process

- Focus on bottom-up credit selection
- Country, industry and issuer diversification
- Flexibility to evaluate any investment opportunity
- ESG risk integration into fundamental analysis

## Ratings and Awards

Morningstar Rating™

(primary sh. class R Acc USD)



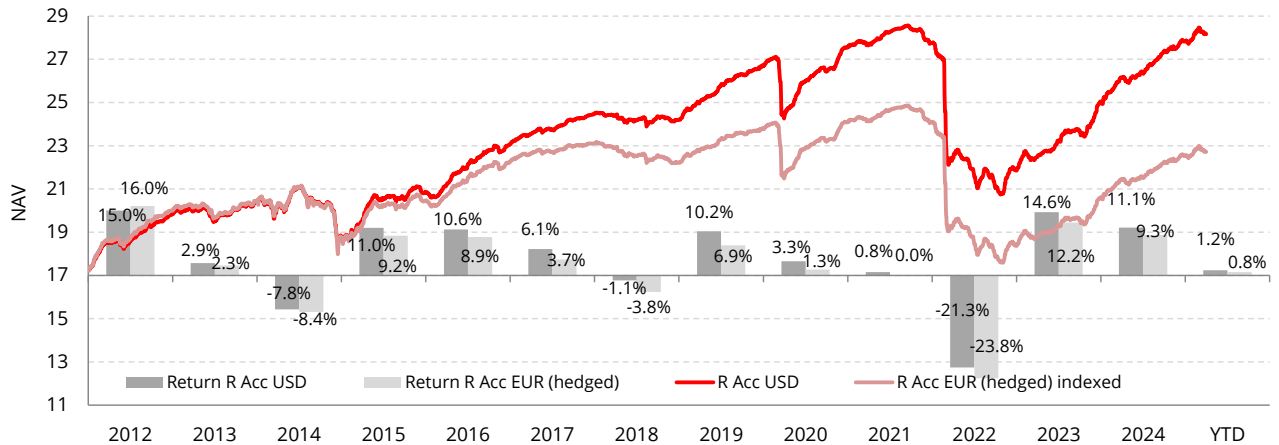
## Fund Overview

Management Company	CBL Asset Management
Fund Managers	Edgars Lao, CFA Artis Mezis
Custodian bank	Citadele banka
Inception Date	12/03/2003
Fund Size	USD 31.6 mln
Management Fee	1.00% p.a.
Front Load Fee	0%*
Issue/redemption	Daily
Distribution Status	Accumulative
Legal Status	UCITS IV, Latvia

\* CBL Asset Management does not charge any entry fees, but the person selling you the Fund may apply their own fees. In case of buying the Fund units outside of Citadele group, please check the pricelist beforehand.

	Class R Acc USD	Class R Acc EUR (H)
ISIN	LV0000400125	LV0000400174
Bloomberg Code	PAREUB LR	PAREUBA LR
Base Currency	USD	EUR
Share Class Size	2.4 mln	27.1 mln

## Performance History



## Total Return by Period

	YTD	1M	3M	6M	1Y	2Y	3Y	5Y	SI*	2024	2023	2022
Class R Acc USD	1.2%	-1.1%	1.2%	2.9%	7.6%	11.9%	7.8%	2.9%	4.8%	11.1%	14.6%	-21.3%
Class R Acc EUR (hedged)	0.8%	-1.2%	0.8%	2.2%	5.9%	9.9%	5.5%	1.0%	2.9%	9.3%	12.2%	-23.8%

\* Class R Acc EUR (hedged) investment policy changed to a bond-only from a balanced one in January 2012

## Top 10 Holdings

	Coupon	Maturity	Weight
Akropolis Group	2.875%	2-Jun-26	4.1%
Bank Gospodarstwa Krajowego	4.375%	13-Mar-39	4.0%
Bulgarian Energy Holding	2.450%	22-Jul-28	3.9%
Romgaz	4.750%	7-Oct-29	3.8%
Globalworth	6.250%	31-Mar-30	3.8%
CPI Property Group	6.000%	27-Jan-32	3.8%
LHV Group	5.375%	24-May-28	3.7%
Synthos	2.500%	7-Jun-28	3.5%
B2 Impact	6.378%	18-Mar-29	3.5%
North Macedonia	1.625%	10-Mar-28	3.5%
<b>Total</b>			<b>37.4%</b>

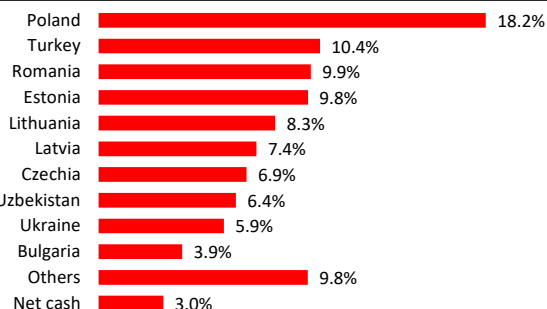
## Portfolio Statistics

Yield-to-Worst (after hedge to USD)	7.7%
Modified Duration	4.0
Average Credit Rating	Ba2
Number of Holdings	40
Average Security Weight	2.4%

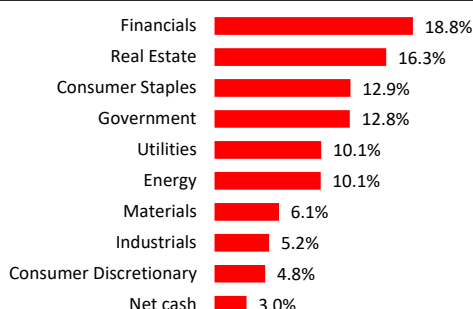
## Performance Statistics (3Y)

	R Acc USD	R Acc EUR (H)
Volatility (St. Dev., %)	5.5%	5.6%
Sharpe Ratio	0.9	1.0
Sortino Ratio	1.7	1.7
Value-at-Risk (30d / 99%)	4.4%	5.0%

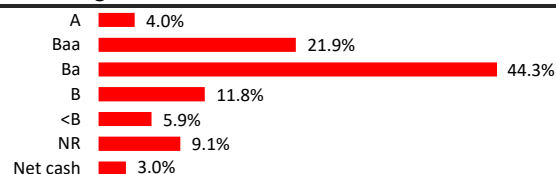
## Country Breakdown



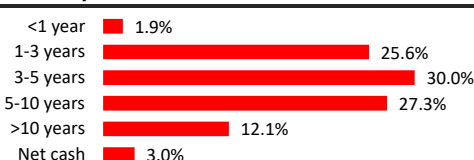
## Sector Breakdown



## Credit Rating Breakdown



## Maturity Breakdown



## Events of the Month

- The Eastern European bond market ended the first quarter of 2025 on a negative note, posting a decline of 0.9%, driven by rising risk premia toward the end of March. Our Fund slightly underperformed the broader market during the month, recording a decline of 1.1% in value;
- In March, Eastern European Eurobond issuance slowed to EUR 7.7 billion, with sovereigns dominating. Romania raised EUR 2.75bn, Poland's BGK EUR 2.25bn; Montenegro successfully placed a EUR 850mn 7-year bond at a yield of 4.875%, with the order book oversubscribed threefold; Armenia issued a USD 750 million 10-year Eurobond at an elevated yield of 7.1% to finance its budget deficit. In Kazakhstan, Development Bank of Kazakhstan tapped the market with a USD 500 million 5-year bond at 5.625%. On the corporate side, Kaspi.kz, an investment-grade Kazakh technology company, launched its inaugural Eurobond—a USD 650 million 5-year note priced at a 6.25% yield;
- In the Baltics, issuance was active across both financial and real estate sectors. Šiaulių Bankas (soon Artea Bankas) placed a EUR 300mn MREL bond at 4.597%, and Estonia's Coop Pank issued EUR 250mn covered bonds at 3.147%. Eleving Group reduced its planned EUR 50mn tap to EUR 40mn at 10%. At the same time, the local primary markets were particularly active in the real estate sector: Kvartalas, the developer of the business center Švaržėlė, saw strong investor demand, raising EUR 12 million—up from the initial EUR 10 million target—at a 7% yield; Sostinės bokštai, behind the business center Hero, increased its offering from EUR 5.5 million to EUR 7.364 million, pricing the bond at 7.831%; Metanira, a developer of residential property in Spain, had a more modest result, securing EUR 2.65 million of the targeted EUR 3.745 million at a 10% yield. At the end of the month, NordSpace, a real estate lessor focused on small business units, completed its EUR 3 million bond placement with strong demand, ultimately upsizing the deal to EUR 3.3 million at a 12% yield.
- During the month, Turkish assets saw heightened volatility, as local authorities detained Istanbul Mayor Ekrem Imamoglu, following the annulment of his university diploma, in a move that potentially disqualifies him from contesting in 2028 presidential election, as he has been seen as the main challenger to Erdogan's AKP party. Following the news, unrest sparked across Turkey, lira depreciated over 10% before stabilizing, while corporate Eurobonds ended the month 1.2% lower;
- Risk-off mode prevailed in March, as major indexes declined, with S&P 500 down by 5.6% and Stoxx 600 followed suit with a 4.2% drop. As investors turned to safer assets, it is worth mentioning that gold prices rose by more than 9%. Meanwhile, the Fed kept its main interest rate on hold and the 10-year US Treasury yield remained flat by the month end at 4.2%. In contrast, the 10-year Bund yield rose by more than 30bps to 2.74%, as Germany announced historical shifts in its fiscal policy, exempting defense from its fiscal rule. Among other things, there was also a statement about the creation of an SPV worth EUR500bn for a 10-year infrastructure investment program.

## Contributors and Detractors

- + The Fund gained the most from some bond repricing in Latvia, also it was less affected by the volatility in Turkey's assets due to lower exposure and better bond selection;
- On the other hand, the Fund was negatively affected by a drop in GTC Aurora Eurobond price due to potential financial problems at the Company's majority shareholder.

## Outlook and Strategy

In early April financial markets experienced a notable turbulence following the announcement of significant U.S. tariffs by President Donald Trump. These tariffs, which included a universal 10% levy on all imports and higher rates for specific countries, led to a sharp decline in equity valuations, an increase in bond risk premia, and a drop in benchmark yields. As a result, the average yield in the Eastern European bond market rose to approximately 7.7%, returning to levels observed at the beginning of the year. Given the potential negative implications of these tariffs on the global economy, market weakness may persist in the coming weeks and could potentially enhance return prospects for investors considering entry at a later stage.

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