CBL Global Emerging Markets Bond Fund

CBL ASSET MANAGEMENT

Class R Acc USD
Class R Acc EUR (hedged)

March 2024

Investment Objective

The investment objective is to achieve long-term capital growth by investing in debt securities issued or guaranteed by the governments, municipalities, central banks, credit institutions and corporations of developing countries.

Investment Process

- Focus on bottom-up credit selection
- Country, industry and issuer diversification
- ESG risk integration into fundamental analysis
- Promotes investments with a beneficial impact on environmental and social characteristics (as defined in Article 8 of the SFDR)

Ratings and Awards

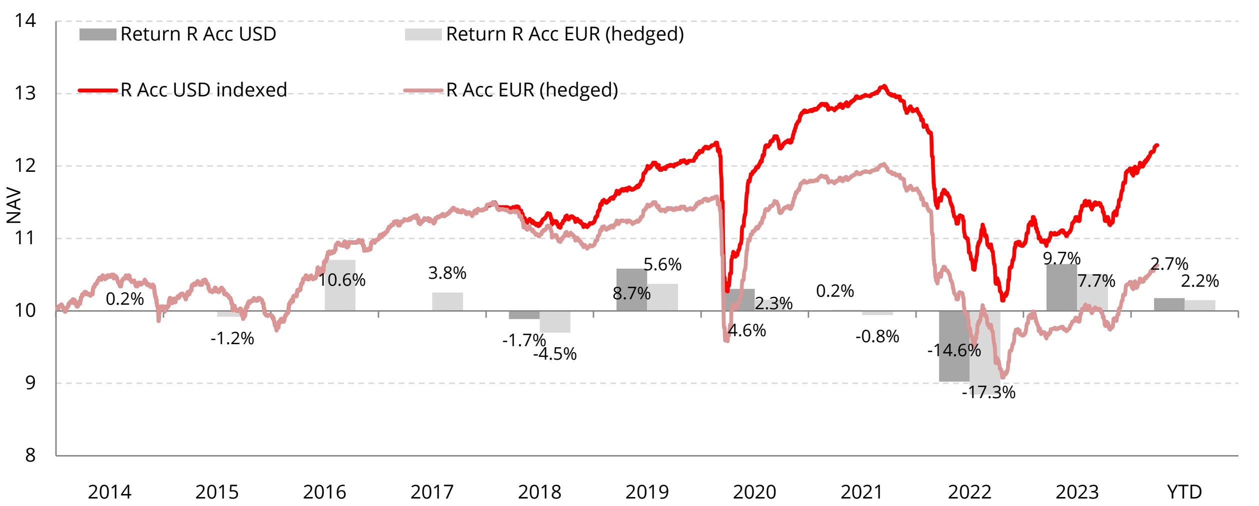
Morningstar Rating™

Fund Overview

Management Company	CBL Asset Management
Fund Managers	Edgars Lao, CFA
	Artis Mezis
Custodian bank	Citadele banka
Inception Date	25/06/2013
Fund Size	USD 21.4 mln
Management Fee	1.00% p.a.
Front Load Fee	0%
Issue/redemption	Daily
Distribution Status	Accumulative
Legal Status	UCITS IV, Latvia

	Class R Acc USD	Class R Acc EUR (H)
ISIN	LV0000400968	LV0000400828
Bloomberg Code	CBLGRAU LR	CITGEMB LR
Base Currency	USD	EUR
Share Class Size	1.6 mln	18.3 mln

Performance History



Total Return by Period

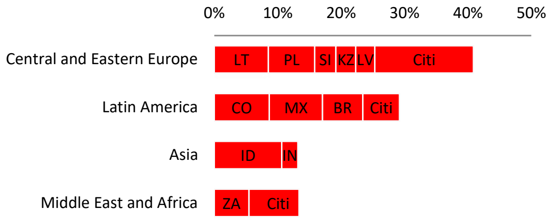
	YTD	1M	3M	6M	1Y	2Y	3Y	5Y	SI	2023	2022	2021
Class R Acc USD	2.7%	1.4%	2.7%	8.1%	11.6%	2.8%	-1.3%	1.1%	1.2%	9.7%	-14.6%	0.2%
Class R Acc EUR (hedged)	2.2%	1.3%	2.2%	7.2%	9.6%	0.3%	-3.3%	-1.1%	0.6%	7.7%	-17.3%	-0.8%

Top 10 Holdings	Coupon	Maturity	Weight
Indonesia	1.100%	12-Mar-33	4.0%
Polski Koncern Naftowy ORLEN	4.750%	13-Jul-30	3.7%
Perusahaan Listrik Negara	1.875%	5-Nov-31	3.7%
Colombia	5.625%	26-Feb-44	3.7%
Nova Ljubljanska Banka	7.125%	27-Jun-27	3.4%
CSN Resources	5.875%	8-Apr-32	3.2%
KazMunayGas	6.375%	24-Oct-48	3.1%
Nemak	2.250%	20-Jul-28	3.0%
Telecomunicaciones Digitales	4.500%	30-Jan-30	2.9%
Sappi	3.625%	15-Mar-28	2.9%
Total			**33.7%**

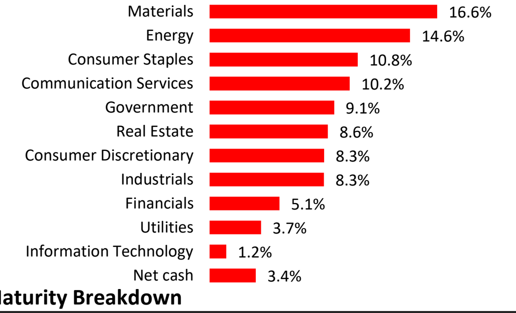
Portfolio Statistics	
Yield-to-Worst (after hedge to USD)	7.9%
Modified Duration	4.4
Average Credit Rating	Ba1
Number of Holdings	38
Average Security Weight	2.5%

Performance Statistics (3Y)	R Acc USD	R Acc EUR (H)
Volatility (St. Dev., %)	7.7%	7.7%
Sharpe Ratio	-0.2	-0.3
Sortino Ratio	-0.3	-0.4
Value-at-Risk (30d / 95%)	5.1%	5.4%

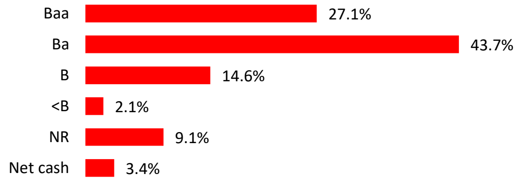
Region Breakdown



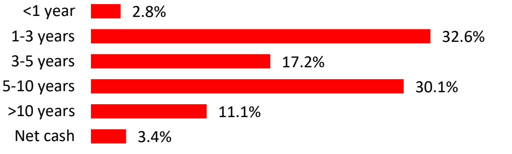
Sector Breakdown



Credit Rating Breakdown



Maturity Breakdown



Events of the Month

• March proved to be another solid month for the Emerging Market Eurobonds, as sovereigns rose by more than 2% while corporates added close to a percent, leading to an average result of 1.5%. The performance was mainly driven by a further spread compression, as benchmark rates remained broadly unchanged. Our Fund continued to perform in line with broader market, adding 1.4% in March;

• During the month, largest rating agencies made several announcements regarding the issuers that we hold in our Fund. In particular, Fitch affirmed Sappi's rating at BB+ with stable outlook, reflecting their view that Sappi's business transition and a strong position, will start improving earnings generation in the upcoming periods. Fitch also affirmed KUO's rating at BB with stable outlook, reflecting the expectation of KUO's deleveraging trend after 2024, as two of the issuer's business segments should be facing more favorable raw material operating environment. On the other hand, Fitch revised outlook on Nemak to negative, from stable, while affirming its assigned rating at BBB-. Meanwhile, Moody's downgraded issuer's ratings to Ba2 (from Ba1) with a stable outlook. In both cases, negative actions were triggered by Nemak's weakened profitability and the expectations that leverage will remain somewhat elevated. That being said, these comments are in line with our assessment of the companies;

• While we do not have any direct exposure to Panama, it is worth mentioning that Fitch stripped regional heavyweight nation of its investment grade credit rating by a notch to BB+, with stable outlook as the closure of a key copper mine last year added to the country's fiscal worries and risks undermining growth prospects. Moreover, analysts are expecting a similar move by Moody's later in the year;

• During the month, several news came from Türkiye. Fitch, the credit rating agency, raised Türkiye's sovereign rating to B+ with a positive outlook. The decision reflects increased confidence in the policies implemented by the country's central bank (CBRT), as, since June 2023, the CBRT has aggressively raised its policy rate to 50% to combat inflation, which reached 68% in March. Currently, Fitch has the highest rating on Türkiye among three largest international rating agencies. Following the sovereign credit rating upgrade, Fitch also upgraded several corporate issuers. These companies had previously been limited by Türkiye's sovereign credit rating due to their substantial exposure to the local economy. Finally, in the elections held at the end of the month, the main opposition party CHP secured victories in the major cities of Istanbul and Ankara. Notably, Türkiye's President Recep Tayyip Erdogan accepted this outcome, leading to an appreciation in Türkiye's asset prices;

• All of the main risk assets continued to perform in March, as optimism over economic resilience bolstered markets, with the US economy being particularly strong. With that being said, S&P500 advanced by another 3.2%. At the same time, while the latest inflation data proved to be stickier than expected, the 10-year US Treasury yield fell marginally and finished the month at 4.20%.

Contributors and Detractors

- Among sovereign issuers, Fund's relative performance lagged from having no exposure to highly speculative names in Africa (Ghana, Egypt, and Zambia, to name a few) and Latin America (Argentina and Ecuador) that rose by more than 10%;

+ On the other hand, Fund's relative performance gained mainly from superior security selection in Latina America, where Brazil and Colombia stood out the most;

+ Moreover, Fund's smaller exposure to Asia and no allocation to corporates in Middle East also helped.

Portfolio Positioning

• We used the opportunity of higher benchmark rates in the middle of the month and increased the Fund's duration, by extending maturity in Morocco-based OCP Eurobonds, switching from OCP'31 to OCP'44;

• Moreover, we also bought Kazakhstan's state-owned Kazmunaygas Eurobonds with maturity in 2048.

Outlook and Strategy

Average spread tightened by another 20bps in March, while taken separately, corporate segment has rarely been this expensive in the last ten years. That being case, with the start of rate cutting cycle starting to shift further down the road, EM yield, on average, still stands at attractive 7.15%, only somewhat lower where it was at the beginning of the year. Furthermore, as mentioned earlier, we remain on a lookout to secure attractive yields on higher quality issuers as the benchmark rates have turned higher.

Contact Information

CBL Asset Management
Republikas Laukums 2a
Riga LV-1010

Tel: (371) 67010810

asset@cbl.lv
http://www.cblam.lv/en

Signatory of:
PRI Principles for Responsible Investment

Disclaimer