

CBL Global Emerging Markets Bond Fund



Class R Acc USD
Class R Acc EUR (hedged)

February 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™

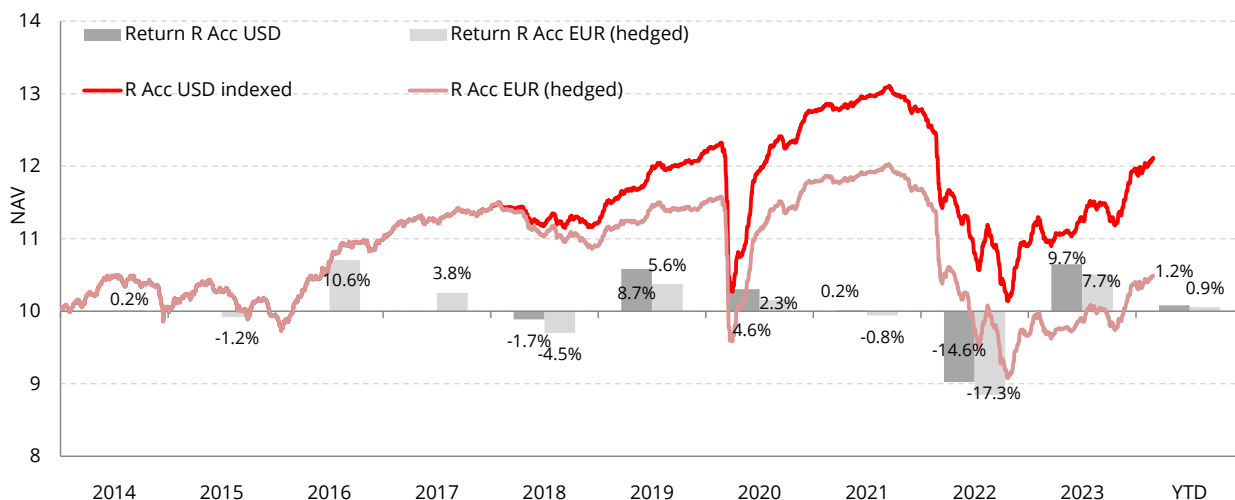


Fund Overview

Management Company	CBL Asset Management
Fund Managers	Edgars Lao, CFA Artis Mezis
Custodian bank	Citadele banka
Inception Date	25/06/2013
Fund Size	USD 21.1 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	18.0 mln

Performance History



Total Return by Period

	YTD	1M	3M	6M	1Y	2Y	3Y	5Y	SI	2023	2022	2021
Class R Acc USD	1.2%	0.8%	4.1%	5.5%	10.3%	0.5%	-1.9%	0.9%	1.0%	9.7%	-14.6%	0.2%
Class R Acc EUR (hedged)	0.9%	0.6%	3.7%	4.5%	7.9%	-2.0%	-4.0%	-1.2%	0.4%	7.7%	-17.3%	-0.8%

Top 10 Holdings

	Coupon	Maturity	Weight
Indonesia	1.100%	12-Mar-33	4.1%
Polski Koncern Naftowy ORLEN	4.750%	13-Jul-30	3.8%
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	3.1%
Sappi	3.625%	15-Mar-28	3.0%
Nemak	2.250%	20-Jul-28	3.0%
Telecomunicaciones Digitales	4.500%	30-Jan-30	3.0%
Frigorifico Concepcion	7.700%	21-Jul-28	2.9%
Total			33.7%

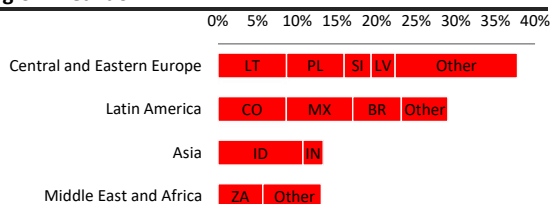
Portfolio Statistics

Yield-to-Worst (after hedge to USD)	7.9%
Modified Duration	4.0
Average Credit Rating	Ba1
Number of Holdings	37
Average Security Weight	2.5%

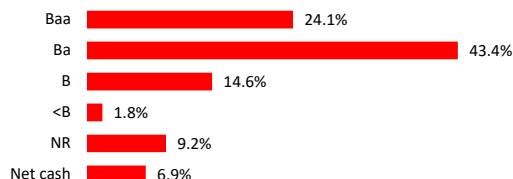
Performance Statistics (3Y)

	R Acc USD	R Acc EUR (H)
Volatility (St. Dev., %)	7.6%	7.7%
Sharpe Ratio	-0.3	-0.4
Sortino Ratio	-0.4	-0.5
Value-at-Risk (30d / 95%)	5.1%	5.4%

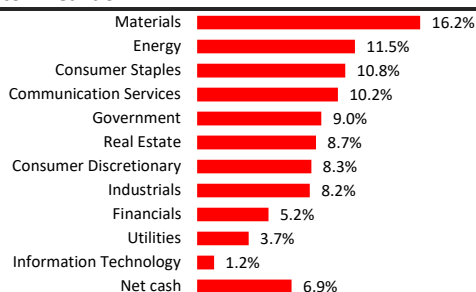
Region Breakdown



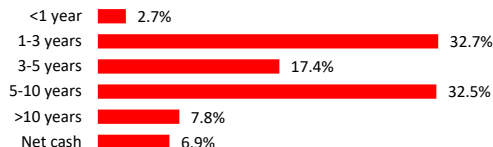
Credit Rating Breakdown



Sector Breakdown



Maturity Breakdown



Events of the Month

- Emerging Market Eurobonds showed overall a solid performance, with sovereigns regaining most of January's losses, advancing by 1%, while corporates kept the pace and rose by another 0.7%. Our Fund performed in line with broader market, adding 0.8% in February;
- 2024 is marked to be fulfilled with political events across the globe, with more than 40% of the world's population participating in their respective elections, and February was no exception with a flurry of politics-driven news. Among most notable ones, in Senegal, parliament initially voted to postpone the presidential election until December. Chaos ensued, and eventually, the vote was overturned. Amidst this turbulence, we used the opportunity and during the rebound we sold Senegal'37, as we still perceive potential political uncertainties; moreover, planned oil&gas production also hasn't materialized as expected, adding to the bleak outlook;
- In Indonesia, voters went to the polls to elect the president, national assembly, and other legislative bodies. According to an unofficial count Prabowo Subianto secured a first-round victory in the presidential race, bypassing the need for a run-off in June. Seeing that there are indications of continuity from the previous administration's progressive policies, which contributed to the country's elevated GDP growth, we see that this outcome bodes well for local assets, at least in the short term;
- Annual GDP growth accelerated in 4Q23 in the vast majority of EM countries, but mostly missed expectations due to weaker results on a quarterly basis. The largest negative surprise came from Mexico, where fourth quarter GDP growth fell below 3% mark for the first time in two years. In Turkey, annual GDP growth also decelerated, but remained solid on a quarterly basis. Apart from few other exceptions like Brazil and Romania, most of the CEE and Latin American countries were mired in stagnation in 2023. Meanwhile, the growth is expected to pick up and become more uniform in both regions in 2024, with largest Latin American economies forecasted to grow on average by 1.5-2.0%, CEE – by 2.0-3.0%. Asian economies are expected to grow twice as quickly – in-between 4 to 6%;
- One of the top performers in our Fund was Moldova-based Trans-Oil, as the overall outperformance was driven by several factors – the company announced solid operational figures, while later Fitch upgraded issuers credit rating by a notch to B+ with Stable outlook, reflecting, among other things, strengthened credit profile, increased scale of operations, and wider geographical diversification outside Moldova. While we realize that there are elevated regional risks at the moment, and we continue to monitor them, we currently do not have plans to exit the name;
- Most of the risk assets continued to perform also in February, as the sentiment was boosted by soft landing optimism, reinforced mainly by solid US GDP growth and ongoing strength in the labor market. As a result, S&P500 advanced by notable 5.3%. On the other hand, the Fed noted that further evidence of disinflation is needed before starting rate cutting cycle, and that translated into a higher 10-year US Treasury yield that rose by 34bps and finished the month at 4.25%.

Contributors and Detractors

- Within sovereign segment, Fund's relative performance lagged from having no exposure to Egypt, as Eurobonds there rallied by more than 20% on average, as the IMF announced that the Fund and the state was getting closer to a loan deal;
- We also missed the rally in several other highly speculative names in Latin America (i.e., Ecuador and Argentina);
- + On the other hand, Fund's relative performance gained from corporates in Latin America (superior picks in both Mexico and Colombia) and Europe (overweight in Moldova, as well as from our bond selection in the Baltics).

Portfolio Positioning

- During the month, we were fairly active and made several trades within the portfolio. We sold Senegal'37 Eurobonds, amid heightened political tensions. We also reduced JSW Steel'32, as the name had outgrown our internal limits;
- On the other hand, we increased Fund's stake in Nova Ljubljanska Banka'27 Eurobonds, amid attractive valuations;
- We also executed several switch trades, in particular, we replaced Romania'42 with Silknet'27 Eurobonds. And we also sold Ulker'25 and replaced the name with TAV Airports'28, an international airport operator, based in Turkey.

Outlook and Strategy

In February, average spread across the EM bond market tightened by some 30bps, remaining below long-term average level, reaffirming that it is not outright cheap. On the other hand, while we acknowledge that the start of rate cutting cycles have shifted beyond March, EM yield, on average, stands above the level it finished at by the end of 2023, and still is attractive for long term investors, at 7.4%. That being said, we are monitoring the opportunities to secure attractive yields on higher quality issuers, if at some point the benchmark rates turn higher, reinforcing the argument for active portfolio management.

Contact Information

CBL Asset Management
Republikas Laukums 2a
Riga LV-1010

Tel: (371) 67010810

asset@cbl.lv

<http://www.cblam.lv/en>

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