

CBL Global Emerging Markets Bond Fund



Class R Acc USD
Class R Acc EUR (hedged)

February 2023

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

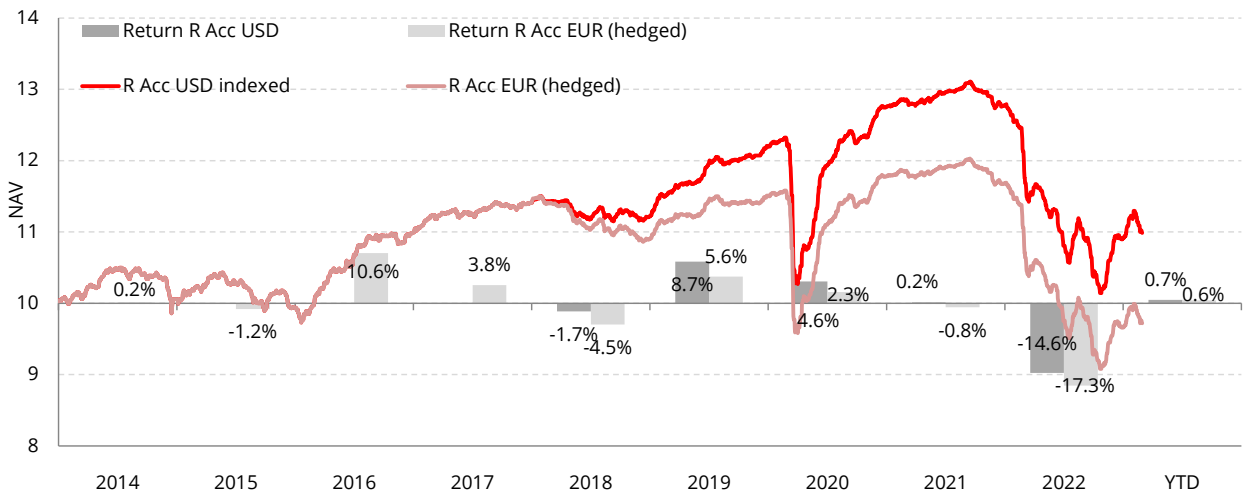
Morningstar Rating™ ★★★★

Fund Overview

Management Company	CBL Asset Management
Fund Managers	Andris Kotans, CFA Edgars Lao, CFA
Custodian bank	Citadele banka
Inception Date	25/06/2013
Fund Size	USD 22.6 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	3.2 mln	18.3 mln

Performance History



Total Return by Period

	YTD	1M	3M	6M	1Y	2Y	3Y	5Y	SI	2022	2021	2020
Class R Acc USD	0.7%	-2.1%	2.2%	0.4%	-8.4%	-7.5%	-3.5%	-0.8%	-0.7%	-14.6%	0.2%	4.6%
Class R Acc EUR (hedged)	0.6%	-2.2%	1.5%	-1.2%	-11.1%	-9.4%	-5.4%	-3.2%	-0.3%	-17.3%	-0.8%	2.3%

Top 10 Holdings

	Coupon	Maturity	Weight
Polski Koncern Naftowy ORLEN	1.125%	27-May-28	3.9%
Indonesia	1.100%	12-Mar-33	3.8%
Vivo Energy Investments	5.125%	24-Sep-27	3.8%
KUO	5.750%	7-Jul-27	3.5%
DP World	2.375%	25-Sep-26	3.4%
Endeavour Mining	5.000%	14-Oct-26	3.0%
GTC Aurora Luxembourg	2.250%	23-Jun-26	3.0%
JSW Steel	5.050%	5-Apr-32	2.9%
Sappi	3.625%	15-Mar-28	2.9%
CSN Resources	5.875%	8-Apr-32	2.8%
Total			33.0%

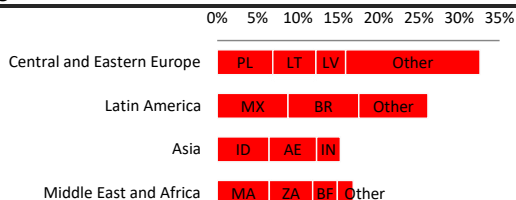
Portfolio Statistics

Yield-to-Worst (after hedge to USD)	8.2%
Modified Duration	4.3
Average Credit Rating	Ba1
Number of Holdings	37
Average Security Weight	2.5%

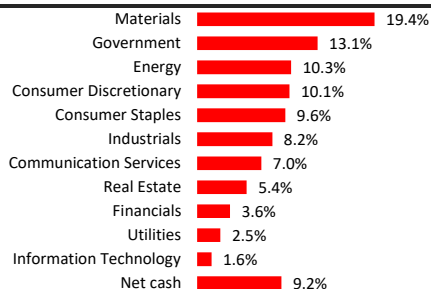
Performance Statistics (3Y)

	R Acc USD	R Acc EUR (H)
Volatility (St. Dev., %)	12.4%	12.7%
Sharpe Ratio	-0.3	-0.3
Sortino Ratio	-0.4	-0.4
Value-at-Risk (30d / 95%)	5.4%	5.9%

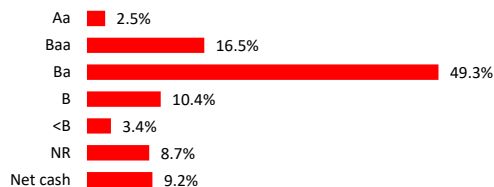
Region Breakdown



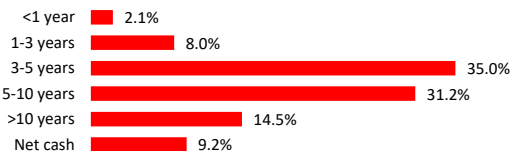
Sector Breakdown



Credit Rating Breakdown



Maturity Breakdown



Events of the Month

- Emerging market Eurobonds reversed the trend and fell by 2% in February with sovereigns detracting by slightly more than the average figure, while corporates fared somewhat better. Our Fund performed in line with broader market, retreating by 2.1%;
- Eurobonds of Camposol, Peru-based producer of food products, continued to face elevated volatility amid political protests in the country and oscillating food markets. In February, Camposol was the top performer in the Fund's portfolio, adding 12%. We used this opportunity to exit the name as we anticipate upcoming financials to be weak and liquidity squeeze to continue, as the ongoing road blockages in Peru can potentially harm deliveries and further strain the company's cash flow;
- GOL, one of the main airline carriers in Brazil, announced that it plans to exchange its notes, a deal that would involve its holding company Abra Group, a cash rise, and an ad hoc group of largest creditors. While initially appreciating to the news, by the end of the month, GOL was the worst performer in the Fund, detracting by more than 13%;
- Corporate earnings season in the EM began with broadly mixed results. With few exceptions among regions and industries, both revenues and profitability expectedly seem to be dropping, driven by continued cost inflation, while in several cases that has translated in higher volumes sold;
- Early in February, devastating earthquake struck parts of Turkey and Syria. According to the assessments of the Turkish Enterprise and Business Confederation (Turkonfed), human tragedy of the death toll is in excess of 72,000 and the group estimates total costs of the earthquake damage at USD84.1bn. EBRD assesses potential losses could equal up to 1% of Turkey's GDP in 2023. The Fund holds a stake in Arcelik's Eurobonds that seems to be unaffected by the tragedy, and was broadly flat during the month, outperforming corporate segment;
- Stronger than expected macro data, the Fed's interest rate hike by 25 basis points and chairman Powell's statement that the Fed remains concerned about doing too little to tame inflation, pushed S&P500 lower by 2.6% while Stoxx 600 managed to squeeze out a 1.7% gain. Both the 10-year US Treasury and Bund yields finished the month up by some 40bps at 3.9% and 2.65%, respectively.

Contributors and Detractors

- + Fund's outperformance within corporate segment was driven by our larger exposure to the Baltic market, while also Poland helped, amid recovering GTC Eurobonds;
- Within sovereigns, our Fund's relative performance lagged due to the security selection in Europe (longer dated Romania and exposure to Ukraine). That underperformance was offset to some extent by having no investments in Ecuador that fell by more than 30%, amid disappointing outcome of regional elections and constitutional referendum.

Portfolio Positioning

- During the month we continued to gradually reduce Adani Ports 2027 Eurobonds, until the entire stake of the Fund had been sold;
- In LatAm, we switched from Ecopetrol 2030 to Colombia Telecom 2030 Eurobonds and we also used the rebound to sell Peru based Camposol 2027 Eurobonds;
- We increased our exposure to Africa by opening a position in attractively valued Morocco-based state-owned fertilizer producer's OCP 2031 Eurobonds.

Outlook and Strategy

Following the recent uptick in benchmark yields, the average yield in Emerging market bond market has reached 8% level, indicating that investors are very well compensated for participating in global EM bond market. Meanwhile, the credit quality of the issuers, by and large, remains decent. In sum, we see that by applying active bottom-up bond selection, emerging market bonds remain a very attractive asset class for investors currently offering a very attractive entry point.

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Signatory of:



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