



ARTEA EMERGING MARKETS EX-DICTATORSHIP BOND SUBFUND

April 2025

STRATEGY FACTS

The objective of Artea Emerging Markets Ex-Dictatorship 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.

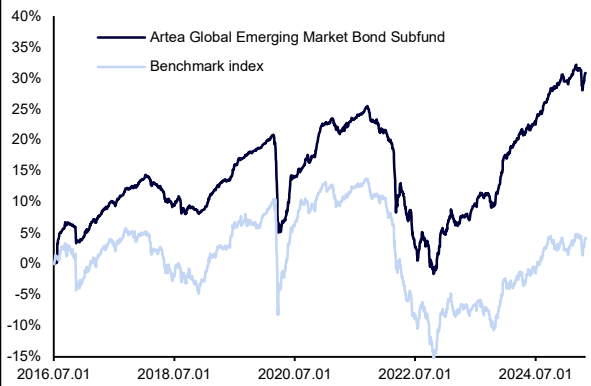
The fund is restricted to buying EUR and USD denominated securities only, while at the same time hedging the USD risk, providing its investors the return in EUR.

Recommended investment term – minimum 2 years.

Management company	Artea Asset Management
ISIN code	LTIF00000666
Inception date	2016.07.01
Minimum investment	EUR 0
AUM, EUR M	11.8
Strategy AUM, EUR M	341
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.artea.lt/en/private/saving-investment/investing/investment-funds/artea-emerging-markets-ex-dictatorship-subfund>

RESULTS



	Fund	Benchmark ***
Return YTD	1.0%	1.8%
Return 1Y	8.0%	7.3%
Return 3Y	19.7%	8.7%
3 year annualised return	6.2%	2.8%
Return since inception	30.8%	4.1%
Volatility (St. deviation)*	3.3%	5.4%
Duration	3.9	6.1
YTM	6.4%	4.2%
Sortino ratio**	0.4	-0.3

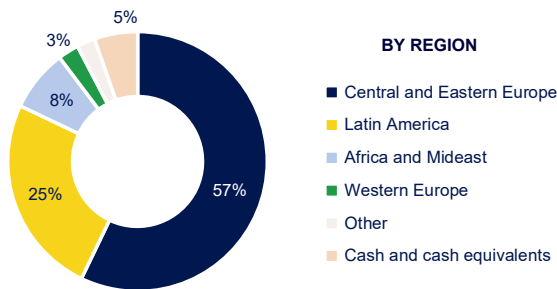
FUND MANAGER COMMENT

Bond markets experienced a slightly negative month, thus Artea Emerging Markets ex-Dictatorship subfund returned -0.3%, similar to benchmark's -0.2% return during April.

Tariffs were the primary focus this month. On April 2, 2025—an event that quickly became known as “Liberation Day”—U.S. President unveiled a broad and aggressive tariff strategy. His administration implemented a flat 10% tariff on nearly all imported goods, effective as of April 5. This was followed by a second wave of targeted “reciprocal” tariffs, rolled out on April 9, which imposed significantly higher duties on imports from over 60 countries. This brought significantly increased volatility to US treasury market with yields jumping from 4.0% to 4.5% in a matter of few days. However, some of the initial tariffs were later paused and the start of trade negotiations calmed the markets, with UST 10Y yield ending the month largely unchanged at 4.2%. Continued disinflationary trends and expected economic headwinds from uncertain global trade policy resulted in a sixth consecutive rate cut by European Central Bank. Primary market was relatively muted during April, however, activity started picking up again in the last week of the month. In fears of economic effect of tariffs and combative stance of US, spreads of Latin American governments shot up during the month. South Africa faced internal political tensions in April 2025 as coalition partner the Democratic Alliance opposed the proposed national budget and rejected the planned increase in VAT, prompting a re-tabling of the budget.

The Fund participated in two high yield Baltic primary market issuances – Vanagas Asset Management 10% coupon 2027 bond and LHV Group 9.5% coupon perpetual issue. Vanagas is a residential real estate developer with proven track record, significant equity buffer and good diversification between developed properties. LHV Group is a well-known issuer in the Baltics (we have been investors in 2027 and 2028 bonds), the 9.5% yield was seen as very attractive and the bond is already trading above par value. Other trades were oriented at adding to current top picks in the portfolio. Overall, the fund maintains lower interest rate sensitivity than the benchmark (3.9 and 6.1 duration respectively), while providing better yield to maturity (6.4% vs 4.2% respectively).

*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:
 100% Bloomberg EM USD Aggregate Total Return Index Value Hedged EUR (H00014EU Index)

BREAKDOWN OF INVESTMENTS

TOP 10 PORTFOLIO HOLDINGS

SNSPW 2 1/2 06/07/28	Materials	4.0%
ROMANI 5 5/8 02/22/36	Government	3.9%
ULKER 7 7/8 07/08/31	Consumer Staples	3.9%
GWILN 6 1/4 03/31/30	Real Estate	3.7%
ARAGVI 11 1/8 11/20/29	Consumer Staples	3.7%
PEPGRP 7 1/4 07/01/28	Consumer Discretionary	3.6%
ECOPET 8 7/8 01/13/33	Energy	3.5%
PEMEX 6.7 02/16/32	Energy	3.3%
MLGPW 6 1/8 10/15/29	Real Estate	3.3%
COLOM 7 1/2 02/02/34	Government	3.2%

The Fund does not have exposure to Russian and Belarusian bonds

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 corporate bonds and less indebted as well as better 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

Artea Asset Management is the investment management company of Artea bankas group. The team of experienced investment managers is one of the largest and most capable in the Baltic States and has been managing clients' assets since 2003. Investment managers make investment decisions on behalf of more than EUR 1.5 billion of clients assets.

Investment managers are guided by the principles of long-term investing and fundamental investment analysis while specializing in Central and Eastern European equity and bond markets. The team flexibly take advantage of investment opportunities that arise in the markets. The managers' expertise is proven by consistently high ratings in international fund rankings.

CONTACT

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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.artea.lt, 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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