



# Artea Emerging Markets Ex-Dictatorship Bond Subfund

2025 September

# Disclaimer

Artea Emerging Markets Ex-Dictatorship Bond subfund (hereinafter – the Subfund) is a subfund of the open-ended harmonized investment fund Artea Umbrella Fund, managed by UAB „Artea Asset Management“ (hereinafter – the Management Company).

The assets of the Subfund are invested in debt securities (bonds) of governments, municipalities, and companies in emerging countries (securities exchanges and markets). If investments are made in foreign currency, changes in the exchange rate may affect the return on investment.

Investing into Subfund’s investment units is related to the investment risk. Subfund’s past results only show the results of the Subfund’s activities for a past period, and the past period results do not constitute a reliable indicator of the future results. Past results do not guarantee future performance. If the return on investments previously was positive, it will not necessarily be so in the future since the value of investments can both rise and fall, the investor could regain less than invested. The Management Company does not guarantee the profitability of investments. The latest values of the Subfund investment units are published on the website <https://www.artea.lt/en/private/saving-investment/investing/investment-funds/artea-emerging-markets-ex-dictatorship-bond-subfund>.

Before making a decision to invest, the investor should personally or with the help of investment advisors assess the Subfund’s investment strategy, applicable fees and all investment-related risks. The investor should also carefully read the Subfund’s Rules, Prospectus, Key Investor Information Document and other documents intended for the investors, which are to be found on the website of the Management Company <https://www.artea.lt/en/private/saving-investment/investing/investment-funds/artea-emerging-markets-ex-dictatorship-bond-subfund> or may be obtained free of charge at the customer centres of the Management Company.

The Subfund uses a composite benchmark index which is chosen to reflect as precisely as possible the investment strategy (asset types and proportions) specified in the Rules and Prospectus, as well as the strategic distribution of the Subfund’s investments.

All the information presented is of a promotional nature and cannot be construed as a recommendation, offer or invitation to invest in the Subfund or any other financial instruments. The information provided here cannot be the basis for any subsequently concluded agreement. Although this information of a promotional nature is based on sources considered to be reliable, the Management Company shall not be held responsible for any inaccuracies or changes in the information, or for losses that may arise when investments are based on this information.





# Investment philosophy

Where does the alpha come from?



# Strategy

Focused Emerging Market government, quasi-sovereign and corporate bond TOP picks

Objective:	Strategy:
<p>maximization of risk-adjusted returns (<b>Sortino ratio</b>) and minimization of drawdowns</p>	<ul style="list-style-type: none"><li>• Focus on <b>hard-currency short-term sovereign and corporate debt securities</b> in Emerging Markets (currency risk hedged to EUR)</li><li>• Current average credit rating: <b>BB+</b></li><li>• Yield to maturity: <b>6.1%</b> (in EUR terms);</li><li>• Duration: <b>4.2 years</b></li></ul>



# Sources of alpha

**Exploiting off-benchmark opportunities**

**Avoiding value-destructive positions and volatility from serial defaulters or local currencies**

**Usage of arbitrage opportunities between single-issuer EUR and USD bonds**

**Active participation in primary and secondary markets**



# Typical issuers that the fund is looking for: case study

## Globalworth:

- Leading office investor and landlord in Central and Eastern Europe, with a portfolio of over 1 million sqm of assets:
  - Value of investment property at over 2.5 billion EUR;
  - Tenants mostly in Poland and Romania.
- Solid fundamentals, strong and stable cash flows, decent debt level – **LTV as of December 2024 was 38.1%, occupancy rate at 86.7%. EPRA net initial yield as of end of 2024 stood at 6.0%.**
- It is not included in the CEE bond benchmark due to lower than USD 500 M bond issue.
- BB-/BBB- rated issue offers a solid YTM of around 6.2%.



## Poland



## Regional Poland



## Warsaw



## Romania



\*In  are the number of standing properties in each region / city

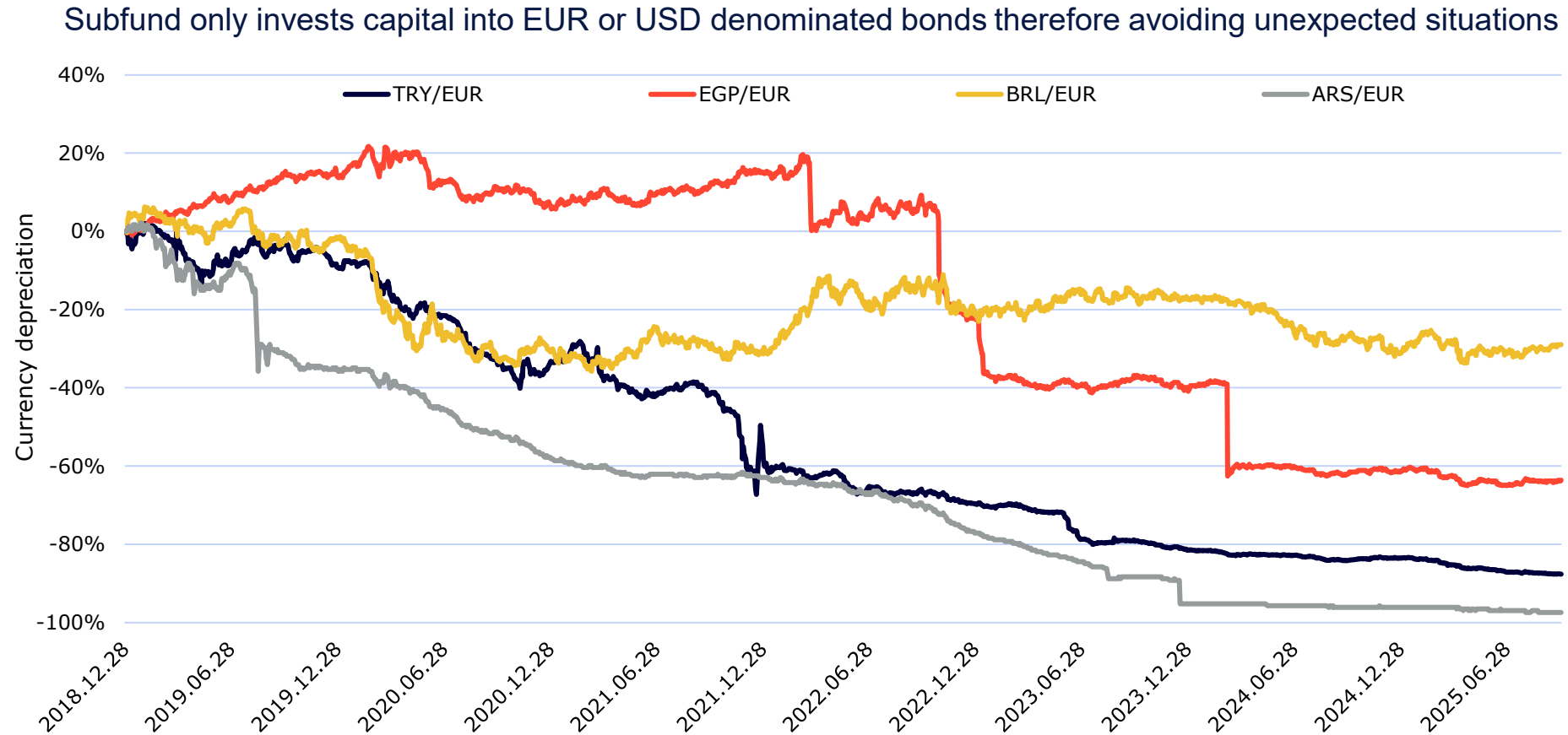
## Regional Romania Industrial



## Bucharest



# Hard currency only: avoiding the volatility of local currencies



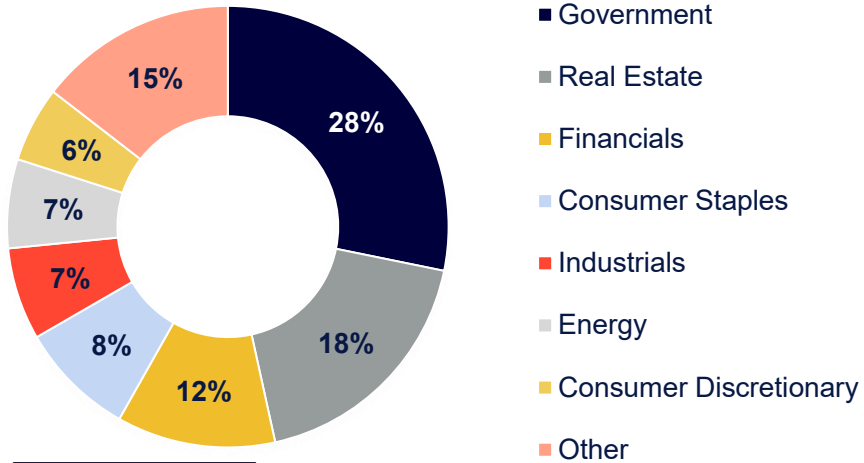


# Main characteristics and comparisons

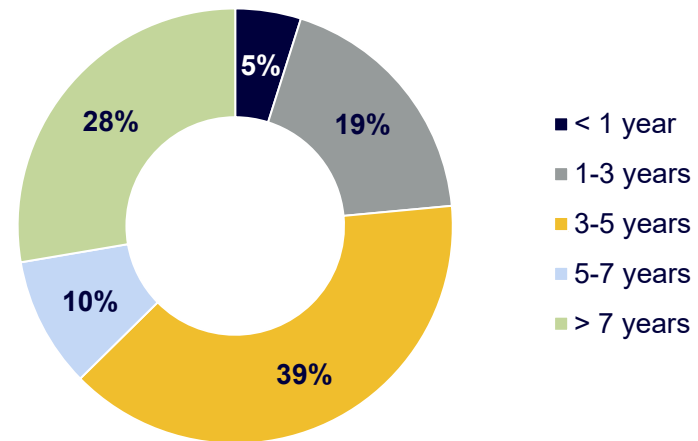


# Subfund investment breakdowns

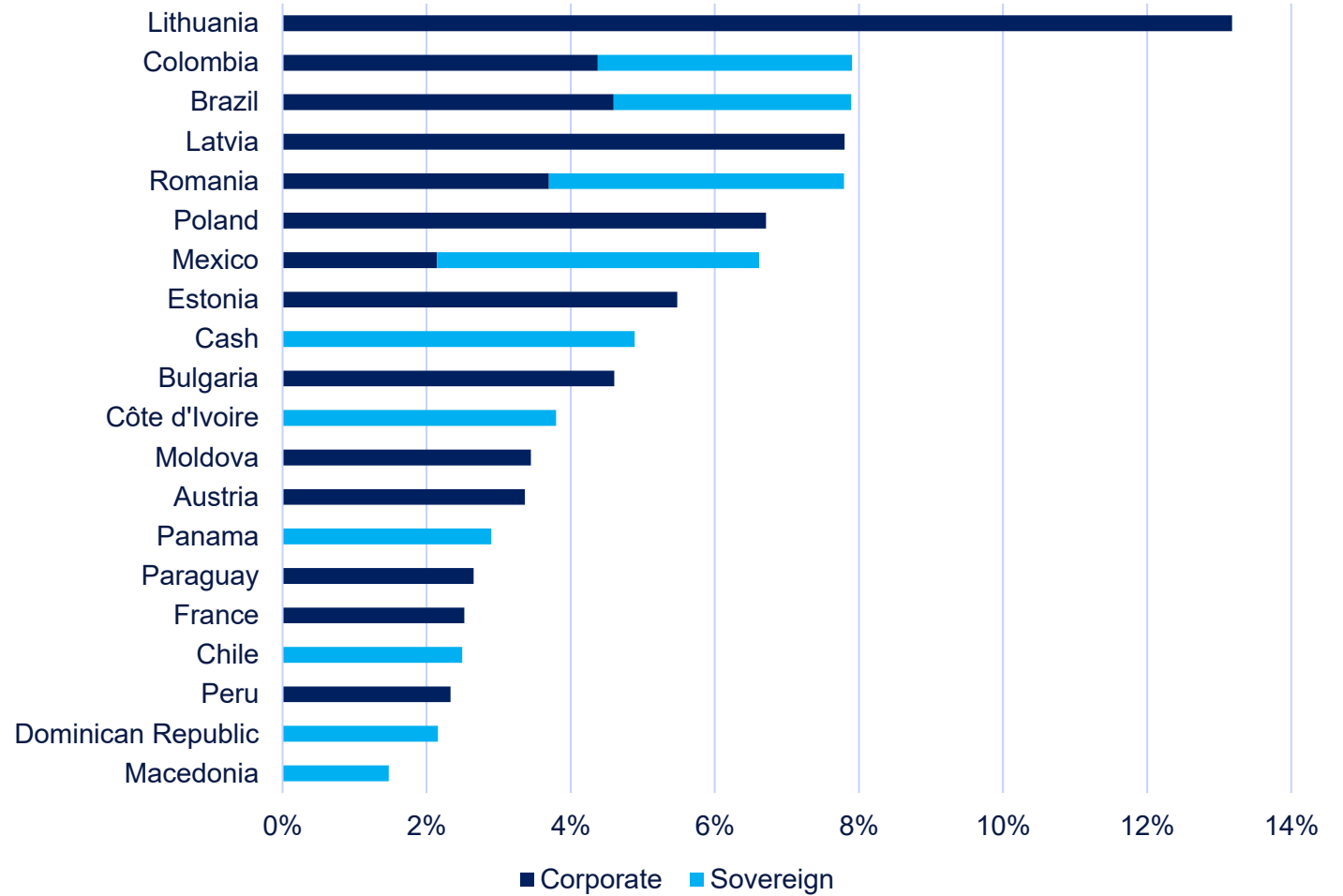
**Sector**



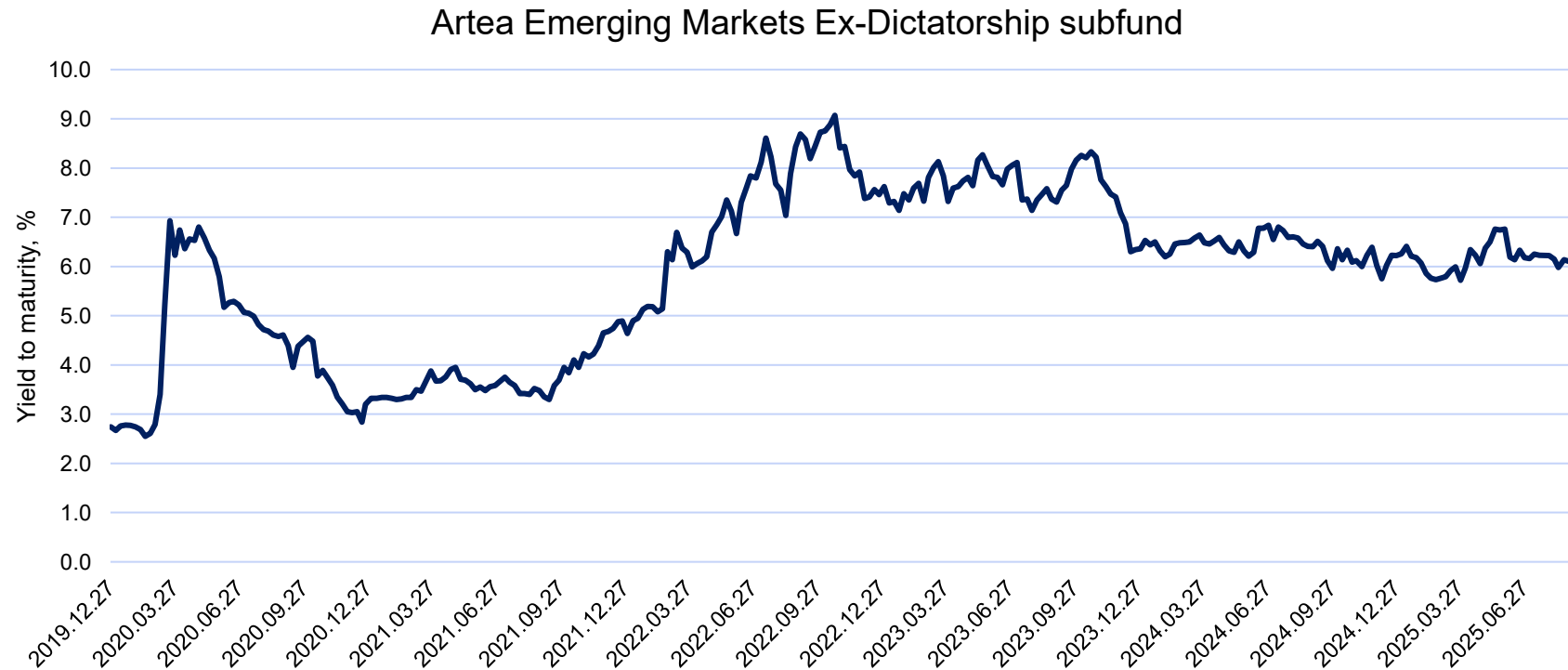
**Duration**



**Country and credit profile**



# Subfund's yield has remained attractive

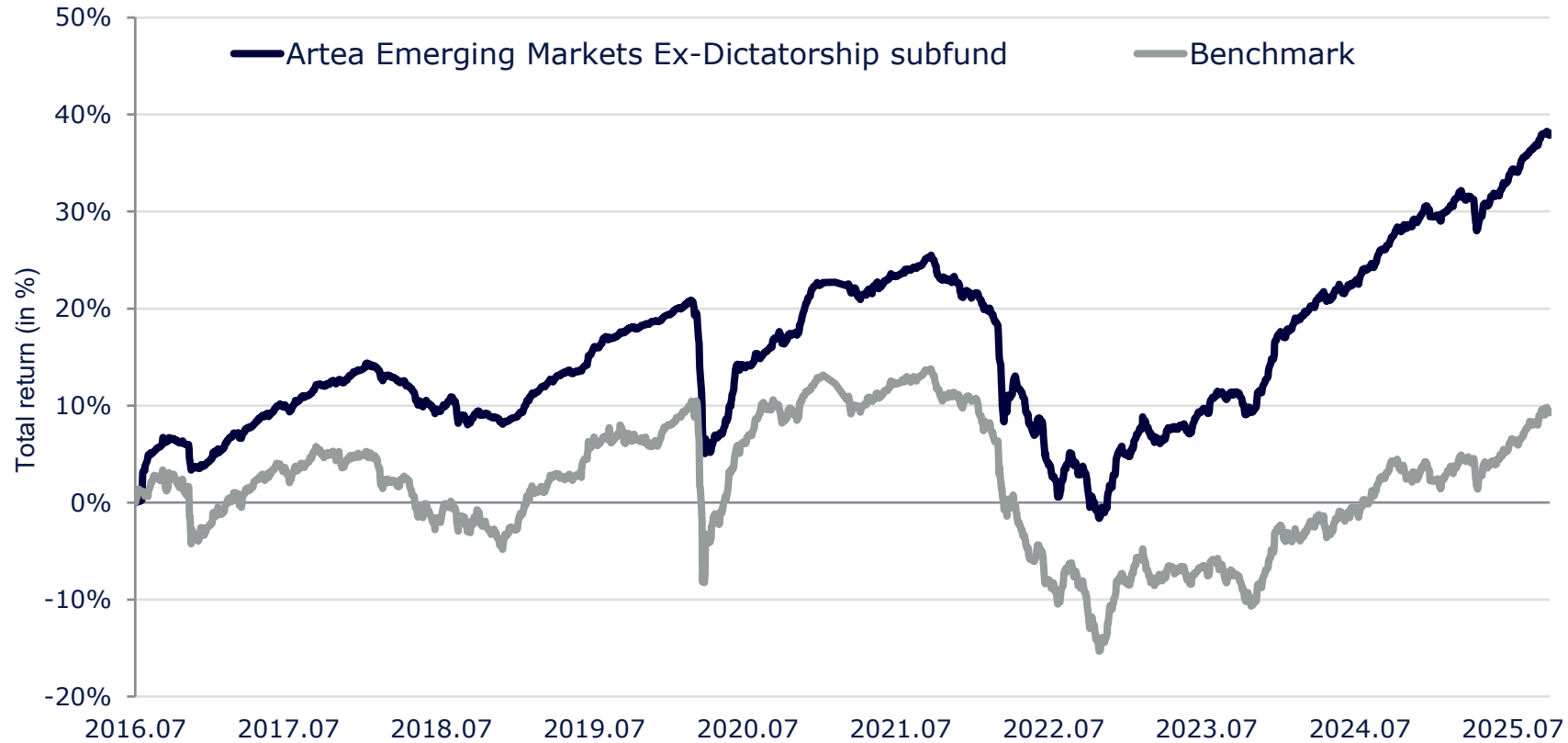


# Top 5 investments

EASEUR 6 1/2 05/15/30 (EEEC)	4.6%	<ul style="list-style-type: none"><li>- EEEEC accounts for ~40% of the electricity distribution market in Bulgaria, is vertically integrated and has a monopoly in the western part of the country;</li><li>- 5% YTM for a 3Y duration, Ba2/BB rated issue.</li></ul>
MEX 5 1/8 05/04/37 (Mexican Government)	4.5%	<ul style="list-style-type: none"><li>- Mexico is the 15th largest economy in the world and a leading exporter in the Latin American region;</li><li>- Investment-grade issuer (Baa2/BBB/BBB-) with a moderate level of public debt (around 50% of GDP).</li></ul>
ECOPET 8 3/8 01/19/36 (Ecopetrol)	4.4%	<ul style="list-style-type: none"><li>- Ecopetrol is the largest petroleum company in Colombia, 88.5% owned by the Colombian state;</li><li>- Acceptable leverage metrics (company-utilized Gross Debt/EBITDA ratio at the end of September 2024 stood at 2.1x).</li></ul>
ROMANI 5 5/8 02/22/36 (Romanian Government)	4.1%	<ul style="list-style-type: none"><li>- Relatively low level of public debt (close to 60% of GDP);</li><li>- Investment grade rating (BBB-/BBB-/Baa3) and NATO membership;</li><li>- Around 6% YTM for a 7.5Y duration bond.</li></ul>
AKRPLS 6 05/15/30 (Akropolis Group)	4.0%	<ul style="list-style-type: none"><li>- Dominant shopping and entertainment center operator in the Baltics;</li><li>- Attractive YTW of around 4.8% for a BB+ rated, less than 4Y duration issue;</li><li>- Conservative net LTV at 21% as of 2025 H1.</li></ul>



# Significant outperformance against the benchmark



	Ann. return	Volatility	Sharpe ratio	YTM	Modified duration
Subfund	3.6%	3.3%	1.1	6.1% (in EUR)	4.2 years
Benchmark*	1.0%	5.4%	0.2		

Source: Bloomberg, Artea Asset Management, September 2025. Volatility and Sharpe ratio are calculated based on daily returns.

\*Benchmark index – indicator against which the subfund's return is compared:

100% Bloomberg EM USD Aggregate Total Return Index Value Hedged EUR (H00014EU Index). Previous benchmark index (until 30th November 2023): 50% J.P. Morgan Emerging Markets Bond Index (EMBI) Global Hedged Euro Index (JPEIGHEU Index), 50% J.P. Morgan Corporate EMBI Broad Hedged Level in EUR (JBBSHEUR index)



# Superior longer-term returns\* compared to peers (sorted by 5Y)

Funds	YTD	2Y	3Y	5Y	Since 2016.07.01
<b>Artea Emerging Markets Ex-Dictatorship Subfund</b>					
Performance	6.7%	25.3%	38.6%	18.7%	38.1%
No. of competitors	168	168	168	168	168
Ranking	97	41	29	7	1
Quartile	3	1	1	1	1

Funds	YTD	2Y	3Y	5Y	Since 2016.07.01	3Y Sortino	Max DD in 3 years
Peer #1	5.4%	28.7%	46.7%	60.3%	--	1.8%	-5.6%
Peer #2	6.4%	18.3%	25.4%	32.9%	--	1.1%	-4.9%
Peer #3	9.4%	42.5%	68.4%	31.4%	--	1.7%	-10.0%
Peer #4	6.7%	23.9%	43.3%	31.1%	26.1%	2.0%	-6.0%
Peer #5	11.1%	35.9%	64.4%	20.7%	--	1.9%	-8.6%
Peer #6	4.9%	18.8%	26.8%	19.1%	--	0.9%	-7.2%
<b>Artea Emerging Markets Ex-Dictatorship Subfund</b>	<b>6.7%</b>	<b>25.3%</b>	<b>38.6%</b>	<b>18.7%</b>	<b>38.1%</b>	<b>2.5%</b>	<b>-3.1%</b>
Peer #8	10.2%	36.4%	53.0%	16.6%	--	1.5%	-7.5%
Peer #9	5.7%	23.0%	36.7%	16.0%	34.3%	1.4%	-5.0%
Peer #10	0.5%	20.3%	26.1%	15.7%	26.1%	0.7%	-10.9%
.....							
Peer #165	7.3%	13.0%	13.1%	-11.5%	0.9%	0.2%	-9.0%
Peer #166	4.3%	15.8%	19.7%	-11.6%	--	0.6%	-9.7%
Peer #167	7.1%	13.2%	15.7%	-13.7%	-1.2%	0.3%	-9.6%
Peer #168	6.8%	12.1%	14.3%	-14.8%	--	0.2%	-10.2%
Peer #169	-2.7%	3.2%	-1.0%	-20.7%	--	-0.5%	-10.3%

Source: Bloomberg, September 2025. Sortino ratio is calculated using monthly return data of 3 years.

Peers have been selected based on internal evaluation in effort to find comparable funds: i.e. those with sufficient track record, similar investment strategies etc.

\*return after fees



# Reasons to invest in global Emerging Markets

## Economic growth advantage

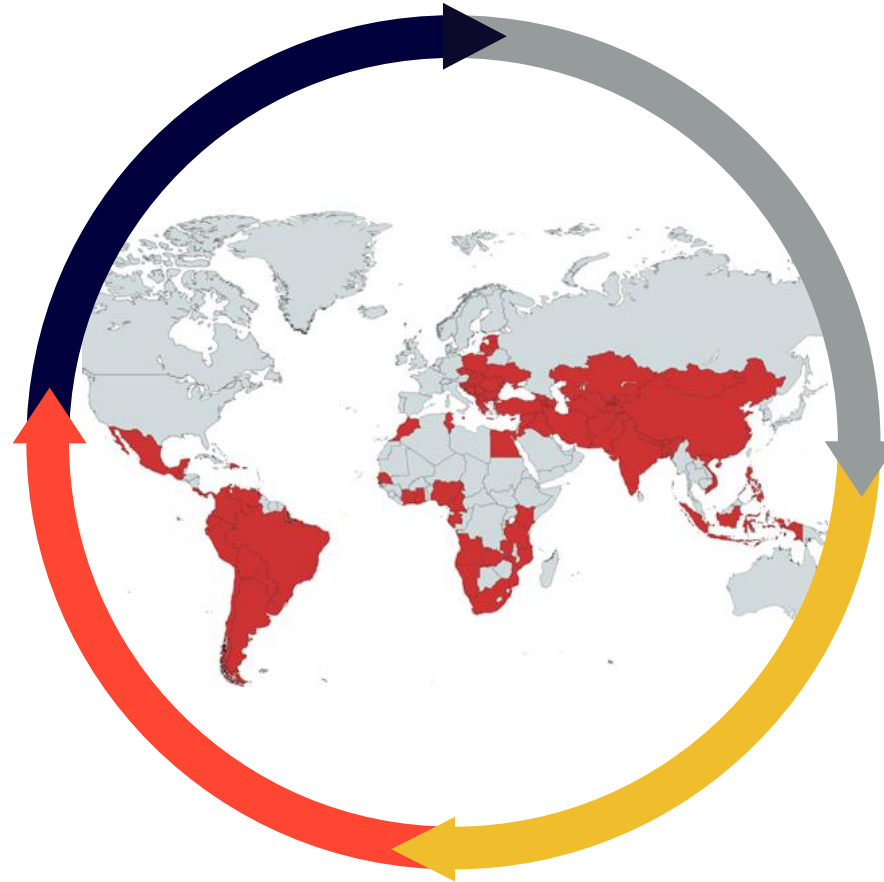
	Annual GDP growth 2017-2021	2022	Projected 2027
DM	1.5%	2.4%	1.7%
EM	3.5%	3.7%	4.3%

Source: IMF

## Lower public debt levels

	Government debt to GDP	
	2023	Projected 2027
DM	111%	114%
EM	68%	75%

Source: IMF



## Demographic advantage over developed markets

	Working age population	
	2020	Projected 2050
DM	0.8 bn	0.7 bn
EM	4.2 bn	5.3 bn

Source: World bank

## Higher potential and attractive yields

	YTM % (in USD)
EM sovereign USD bonds	6.3%
EM corporate USD bonds	5.7%
10-year US Treasury	4.1%

Source: Bloomberg



# Summary



## Asset class

Under-researched region which offers attractive opportunities for active bond selectors.



## Team

Experienced team with solid track record in very active management of Emerging Europe bonds and equities.



## Strategy

A proven strategy of bottom-up bond picking and exploiting market inefficiencies to generate alpha.



## Balanced risk / return

Short duration and hard currency investments that allow to earn sufficient returns with very moderate drawdowns.

## Subfund facts

**Inception:** 2016

**Management fee:** 1.25%

**2023 TER as % of NAV:** 1.51%

**AUM:** EUR 12.3 M / Strategy AUM: EUR 374 M

Custody: SEB bank (Lithuania) / Auditor: KPMG

ISIN: LTIF00000666 / Bloomberg: INVLGEM





# Additional information





# ESG & sustainability



# ESG integration (Article 6 under SFDR\*)

“Avoid” approach with focus on downside risks

Two main ESG strategies used across fixed income strategies:

## **Negative / exclusionary screening**

- No involvement / significant income from controversial weapon production and sales, tobacco, alcohol, gambling, pornography sectors.

## **ESG integration**

- Bloomberg ESG score which includes a set of standardized ESG metrics as well as indicators published by third parties are considered in investment decision making.

\*<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019R2088>





Thank you & all the best  
in the good work  
that you do