

STRATEGY	FACTS	
The objective of the subfund is to ensure balanced growth of the assets of the subfund by investing at least 85 percent of its net assets in the investment units of Class I of the fund Artea Europe and Baltic Bond Subfund (hereinafter – the Master Fund) of the umbrella investment fund Artea Fund intended for institutional investors established in the Grand Duchy of Luxembourg. This way, the subfund will operate as a feeder subfund. In its turn, the Master Fund invests up to 100 percent of its assets in government and corporate debt securities in Emerging Europe. Recommended investment term – minimum 1 - 2 years.	Management company ISIN code Inception date Minimum investment AUM, EUR M Strategy AUM, EUR M Management fee Currency Countries of distribution	Artea Asset Management LTIF00000468 2010.10.29 EUR 0 8.6 337 0.45% EUR Lithuania, Latvia, Denmark, Finland, Norway, Germany

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-europe-and-baltic-bond-subfund>

RESULTS																																
	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Fund</th> <th style="text-align: center;">Benchmark ***</th> </tr> </thead> <tbody> <tr> <td>Return YTD</td> <td style="text-align: center;">4.6%</td> <td style="text-align: center;">4.9%</td> </tr> <tr> <td>Return 1Y</td> <td style="text-align: center;">4.6%</td> <td style="text-align: center;">4.9%</td> </tr> <tr> <td>Return 3Y</td> <td style="text-align: center;">25.1%</td> <td style="text-align: center;">24.0%</td> </tr> <tr> <td>3 year annualized return</td> <td style="text-align: center;">7.7%</td> <td style="text-align: center;">7.4%</td> </tr> <tr> <td>5 year annualized return</td> <td style="text-align: center;">1.4%</td> <td style="text-align: center;">-4.4%</td> </tr> <tr> <td>Volatility (St. deviation)*</td> <td style="text-align: center;">2.2%</td> <td style="text-align: center;">5.2%</td> </tr> <tr> <td>Duration</td> <td style="text-align: center;">3.7</td> <td></td> </tr> <tr> <td>YTM</td> <td style="text-align: center;">4.0%</td> <td></td> </tr> <tr> <td>Sharpe ratio**</td> <td style="text-align: center;">1.4</td> <td style="text-align: center;">0.4</td> </tr> </tbody> </table>		Fund	Benchmark ***	Return YTD	4.6%	4.9%	Return 1Y	4.6%	4.9%	Return 3Y	25.1%	24.0%	3 year annualized return	7.7%	7.4%	5 year annualized return	1.4%	-4.4%	Volatility (St. deviation)*	2.2%	5.2%	Duration	3.7		YTM	4.0%		Sharpe ratio**	1.4	0.4	
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### FUND MANAGER COMMENT

Artea Emerging Europe Bond Fund ended the year more or less unchanged, with 2025 performance standing at 5.4%.

US Federal Reserve delivered a third 25 basis point cut of the cycle, as labour market remained weak. Looking forward, while the market is expecting 2-3 further cuts in 2026, it is not at all convinced on their timing. ECB left policy rate unchanged as officials are seeing cutting cycle most likely complete. In Central Eastern Europe Fitch downgraded Hungary's outlook to negative (while keeping rating BBB) citing large deficits, rising debt (close to 75% debt/GDP) and weak growth. For Hungary, 2026 will see an important parliamentary election that may mark either a continuation of the current political model or the first meaningful challenge to it in over a decade. The fund currently has no exposure to Hungary. All in all, Central and Eastern Europe had a very strong year relative to Western Europe, with sovereign index returns of 5.2% and 0.6%, respectively.

Primary market in Central Eastern Europe was rather muted, especially in benchmark size issues. Fund's purchases were targeted at adding to already owned top picks. We bought Latvenenergo at 3.8% yield and added to Limak Cemento at 9.2% yield (in USD). Also, we exited AirBaltic 2029 bonds at a profit as company results have not improved and prospects of an IPO have been delayed significantly.

\*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.

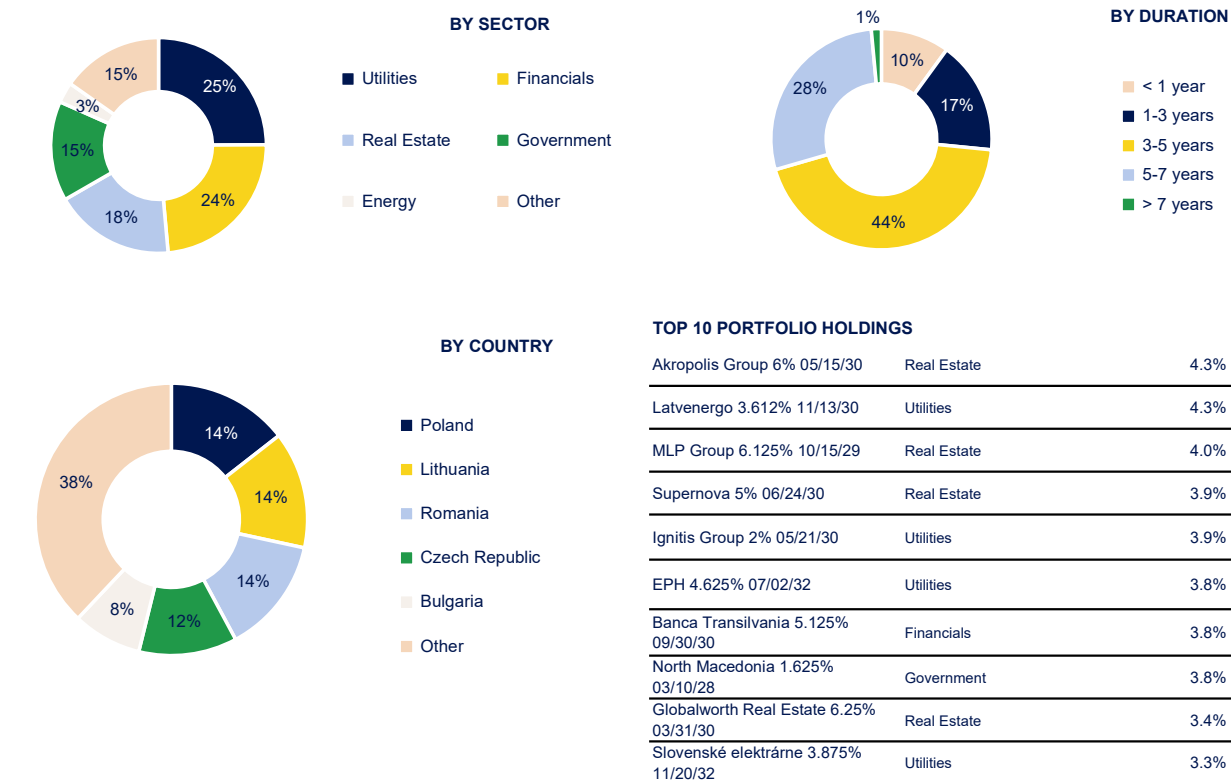
\*\*Sharpe ratio measures the performance of an investment compared to a risk-free asset, after adjusting for its risk. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance. Sharpe ratio value corresponds to the period shown in the historical returns graph.

\*\*\*Benchmark index (since 30 November 2023):

50% Bloomberg Pan Euro EM: Europe Total Return Index Unhedged EUR (I04339EU Index)

40% Bloomberg Pan-European High Yield (Euro) TR Index (I02501EU Index)

10% European Central Bank ESTR OIS Index (OISESTR Index)

**BREAKDOWN OF INVESTMENTS**


The Fund does not have exposure to Russian and Belarusian bonds

**REASONS TO INVEST**

- Combination of only hard currency (EUR or USD) sovereign and corporate debt ensures attractive yield, while limited credit and duration risk provides for low volatility.
- Fund maintains average investment grade credit rating. Lower government debt levels – Central and Eastern Europe 54%, Eurozone 88% (as of the end of Q1 2025).
- Active share of over 80% (creating value through off-benchmark picks, participation in primary issues, inefficiencies in the market).
- Historical Sharpe ratio exceeding 1 places the fund among the best Emerging Europe bond funds in the world by risk-adjusted returns.

**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 1.6 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.

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Performance presented in the factsheet represents only fund's past performance results, which is no guarantee for future results. Investment return and principal value will fluctuate, so your investments may have a gain or loss. Current today's performance may be higher or lower than that quoted in the factsheet. The Management Company does not guarantee fund's performance results or ensure profit against loss. Please visit [www.artea.lt](http://www.artea.lt) for most recent month-end performance.

Before investing, please consider the funds' investment objectives, risks, and fees applied. To obtain more information about the fund, please visit [www.artea.lt](http://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.

All information and review of funds' past performance results cannot be considered as personal recommendation to invest in investment funds, managed by Artea Asset Management. Any information presented herein cannot be part or included in any transaction or agreement whatsoever. While this review was prepared and concluded based on the content of reliable sources, Artea Asset Management is not responsible for any inaccuracies or changes in such information, including losses that may occur when investments are made based on information presented herein.

Breakdown of top holdings and investment characteristics is based on a look-through approach using feeder fund's investment into master fund.