ARTEA EMERGING MARKETS EX-DICTATORSHIP SUBFUND K

2026 Q2

STRATEGY

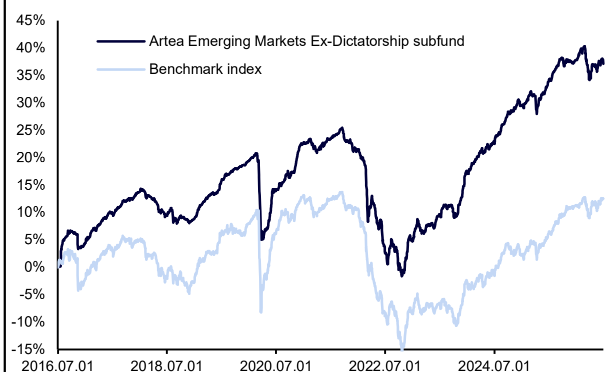
The objective of Artea Emerging Markets Ex-Dictatorship subfund Class K is a maximum total return, consistent with preservation of invested capital. Focused on hard-currency sovereign and corporate debt securities in Emerging Markets, the fund aims to capture higher yields and growth potential in rapidly 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.

FACTS

Management company	Artea Asset Management
Class ISIN code	LTIF00000666
Inception date	2016.07.01
Minimum investment	EUR 0
Total fund assets, EUR M	14.1
Strategy AUM, EUR M	336
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	-0.4%	1.1%
Return 1Y	2.3%	5.8%
Return 3Y	25.1%	20.5%
3 year annualised return	7.7%	6.4%
Return since inception	37.1%	12.5%
Volatility (St. deviation)*	3.2%	5.2%
Duration	4.6	6.0
YTM	6.3%	4.4%
Sortino ratio**	1.0	1.5

FUND MANAGER COMMENT

During the second quarter of this year, the Artea Emerging Markets Ex-Dictatorship Bond subfund rose by 2.1%, but lagged behind its benchmark index. The main reason for this was the lower financial duration of the bond portfolio.

Yields on government and corporate bonds fluctuated significantly during the quarter and reacted sensitively to the news regarding the war in Iran. Due to higher oil prices and inflation expectations, the European Central Bank raised interest rates by 25 basis points (from 2.0% to 2.25%). The US interest rate remained unchanged, but the new Federal Reserve Chairman, Kevin Warsh, demonstrated highly hawkish rhetoric in his first statement and abandoned traditional forward guidance. He made it clear that the 2% inflation target remains an unconditional priority, meaning high interest rates could persist longer than the market anticipated. In the face of higher uncertainty, the credit spread for European investment-grade and high-yield corporate bonds widened slightly, though it still remains at a very low level. The credit spread for emerging market bonds remained at a 20-year low compared to US Treasuries. In Central and Eastern Europe, Hungary experienced a historical political shift – Viktor Orbán suffered a defeat in the parliamentary elections after 16 years in power. The pro-European "Tisza" party not only won the majority of seats in parliament but also secured a two-thirds majority, which is required to pass constitutional amendments. As a result, Hungary's sovereign bonds are among the best-performing securities in Europe year-to-date.

During the second quarter, the fund participated in a couple of new bond issues – Movida 2033 at a 10% yield (in dollars) and Lietuvos Centrinė Kredito Unija 2035 at an 8.25% yield. Both companies are well known to the fund. The fund's return was negatively impacted by a drop in bond prices for the Moldovan company Trans-Oil at the very end of the quarter. This was due to emerging speculation that the company's main shareholder (not the company itself) was involved in commodity trading with Iran. Since the company has already taken action to factually refute these speculations, we expect the bond price to recover in the near future. Currently, the fund's duration is lower (4.6 compared to the benchmark's 6.0), while maintaining a higher yield (6.3% compared to the benchmark's 4.4%).

**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)

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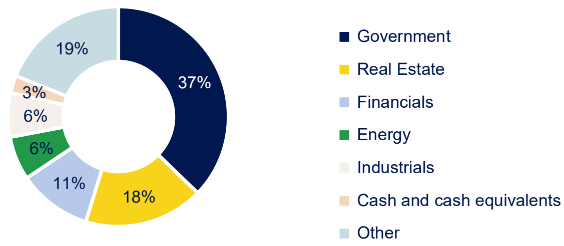
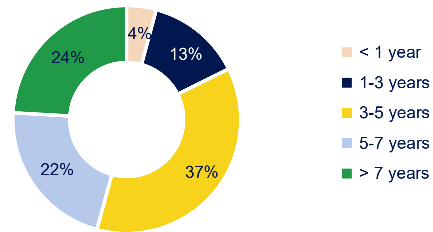
BREAKDOWN OF INVESTMENTS

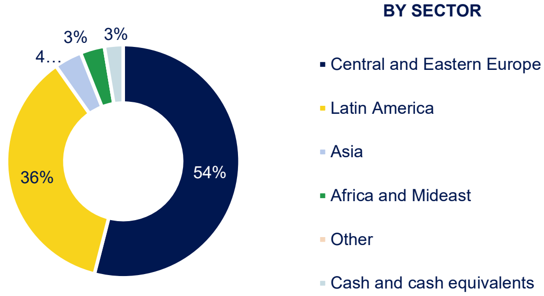
BY SECTOR



BY DURATION



BY SECTOR



TOP 10 PORTFOLIO HOLDINGS

Romania 5.625% 02/22/36	Government	4.4%
Ecopetrol 8.375% 01/19/36	Energy	4.2%
EEEC 6.5% 05/15/30	Utilities	3.9%
Globalworth Real Estate 6.25% 03/31/30	Real Estate	3.9%
Mexico 5.125% 05/04/37	Government	3.8%
MLP Group 6.125% 10/15/29	Real Estate	3.5%
Akropolis Group 6% 05/15/30	Real Estate	3.4%
Dominican Republic 7.45% 04/30/44	Government	3.2%
Brazil 5.625% 02/21/47	Government	3.0%
Colombia 7.5% 02/02/34	Government	2.9%

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 1.1 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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