

CBL Global Emerging Markets Bond Fund



Class R Acc USD
Class R Acc EUR (hedged)

January 2021

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

- Absolute-return mindset
- Focus on bottom-up credit selection
- Country, industry and issuer diversification
- ESG risk integration into fundamental analysis

Ratings and Awards

Morningstar Rating™
(share class R Acc EUR Hdg)

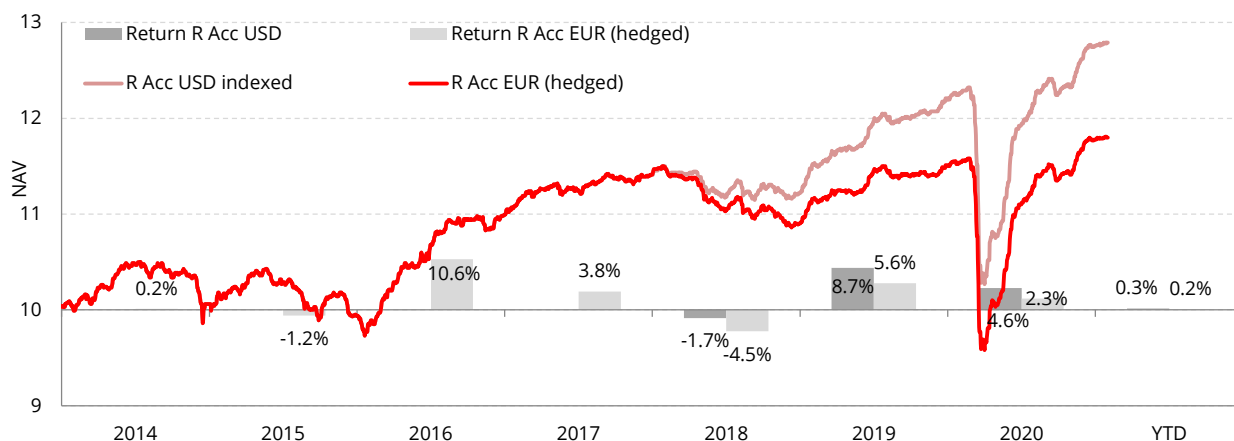


Fund Overview

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 31.7 mln
Management Fee	1.25% p.a.
Front Load Fee	Up to 1.0%
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	4.3 mln	22.5 mln

Performance History



Total Return by Period

	YTD	1M	3M	6M	1Y	2Y	3Y	5Y	SI	2020	2019	2018
Class R Acc USD	0.3%	0.3%	3.8%	5.3%	4.3%	5.4%	3.6%	-	3.8%	4.6%	8.7%	-1.7%
Class R Acc EUR (hedged)	0.2%	0.2%	3.4%	4.5%	2.3%	2.8%	0.9%	3.7%	2.2%	2.3%	5.6%	-4.5%

Top 10 Holdings

	Coupon	Maturity	Weight
MOL	1.50%	8-Oct-27	3.2%
NLMK	4.50%	15-Jun-23	3.0%
Credito Real	5.00%	1-Feb-27	3.0%
KazTransGas	4.38%	26-Sep-27	2.9%
ALROSA	3.10%	25-Jun-27	2.9%
Telefonica Celular	5.88%	15-Apr-27	2.9%
Ecopetrol	5.38%	26-Jun-26	2.9%
Chandra Asri Petrochemical	4.95%	8-Nov-24	2.9%
CTP	2.13%	1-Oct-25	2.9%
KUO	5.75%	7-Jul-27	2.8%
Total			29.4%

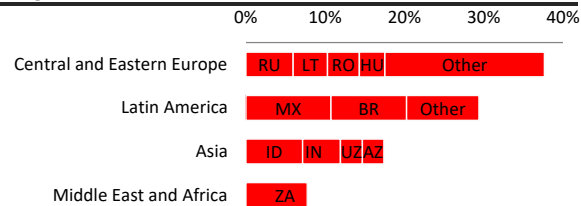
Portfolio Statistics

Yield-to-Worst (after hedge to USD)	4.2%
Modified Duration	4.0
Average Credit Rating	Ba2
Number of Holdings	40
Average Security Weight	2.4%

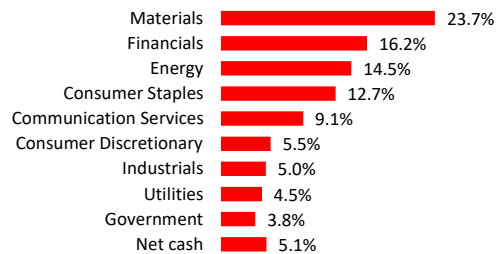
Performance Statistics (3Y)

	R Acc USD	R Acc EUR (H)
Volatility (St. Dev., %)	10.7%	11.0%
Sharpe Ratio	0.2	0.2
Sortino Ratio	0.2	0.1
Value-at-Risk (30d / 95%)	1.6%	2.0%

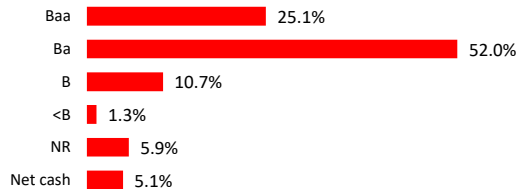
Region Breakdown



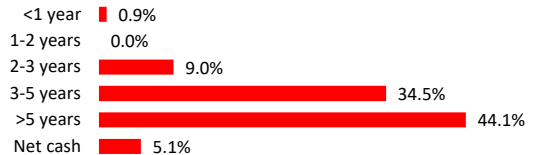
Sector Breakdown



Credit Rating Breakdown



Maturity Breakdown



Events of the Month

- During the first month of the new year, vaccination programs kicked off across the world, however, at the pace that is somewhat disappointing. Market sentiment was further dented by the uncertainties over USD1.9tn US stimulus plan and disputes over vaccine supply in Europe. As a result, risk assets shed some of the previous gains, with main US and European equity indices (S&P500 and Stoxx 600, accordingly) drifting lower, on average, by around 1%;
- On the other hand, Brent oil price was up by another 8%, as a result of Saudi Arabia's announced plan to limit oil supply, pledging voluntary output cuts. Meanwhile, the 10-year UST yield closed the month at 1.07%, adding some 15bp in January, hovering above 1% level for the first time since last March. In other news, Joe Biden was sworn in as the 46th US president;
- Emerging market Eurobonds also fell and lost 0.6%, on average, with sovereigns detracting slightly more than 1.0% and corporates closing broadly flat. Our Fund managed to outperform the broader market, climbing 0.3%;
- In Brazil, protesters took to the streets, demanding president's impeachment amid growing anxiety over slow Covid-19 vaccination roll-out and a surge in death toll from the pandemic. Meanwhile, protesters in Moscow and in at least another 100 cities across the country, gathered to support detained opposition leader Alexey Navalny, who has been arrested since mid-January. As reported, protesters were met with one of the fiercest crackdowns in recent history in Russia.

Contributors and Detractors

- + Overall, our Fund managed to outperform broader market in both sovereign and corporate segments;
- + Sovereign segment outperformance came from having no exposure to Mexico and Ecuador that both detracted;
- + Meanwhile, the Fund's corporate segment outperformance came from superior security selection in Latin America (both Mexico and Brazil) and from having larger exposure to European issuers, as well as from our off-benchmark bets in the region;
- Relative performance had somewhat negative contribution from having no exposure to Middle East corporates.

Portfolio Positioning

- During the month, we replaced National Bank of Uzbekistan with its peer Ipoteka Bank, as we saw more relative upside potential in the latter one;
- We also participated in the repurchase offer of Brazil-based Marfrig Eurobonds while simultaneously buying company's longer maturity Eurobonds;
- Moreover, we also increased our exposure to Tupy, a Brazil-based producer of parts for the automotive industry;
- On the other hand, we slightly trimmed our position in Sappi, a South African paper and pulp producer.

Outlook and Strategy

Global risk assets are pressured by massive and still growing liquidity on one hand and tighter and tighter valuations on the other. As a result, we see rising potential for a broader market drawback at some point, which could also affect riskier fixed income markets. Therefore, we plan to tactically take off some chips from the table in the areas where further upside seems limited and to reduce the overall risk level in the portfolio somewhat further. At the same time, we see that emerging markets compares very well with developed market high yield asset classes in terms of risk premia relative to companies' fundamental credit quality (e.g., measured by financial leverage). Hence, our medium to long-term outlook remains positive.

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