

LHV Euro Bond Fund

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Comment from the fund manager

Romet Enok



Of all financial markets, bonds are the one most engaged in raising new capital through the issuing of new securities. Activity on this market tends to be at its lowest ebb in August, when much of Western Europe goes on holiday. This was the case this year as well, and the return for the month was +0.2%, which is a middling result in terms of our goals.

In this situation, we were active on the secondary market, and acquired new investments primarily in countries in the northern half of Europe – Netherlands, Sweden and Belgium. As of the end of the month, there was a change in the fund's largest investments, as Investor AB became the third-largest holding. This is a unique industrial conglomerate whose main assets constitute holdings in about 10 industries listed on the Stockholm stock exchange. In turn, these companies' products span a wide range, from Husqvarna robot lawn mowers to Saab fighter jets. For decades, diversified industrial enterprises like GE, Siemens and Japanese manufacturers dominated the world economy (often with energy, medical equipment and consumer goods under one umbrella). But in fact it is Investor AB that has proven the most successful. One factor may be the management model used, where each industry in the group is a long-established listed company in its own right and in charge of its own financial administration. As a result, Investor AB itself borrows to a very limited extent while maintaining an extremely high credit rating. That's a rare combination – and one that we really like. The annual interest rate on a five-year loan for companies like these is currently 3%. That description applies fairly well to the entire fund's portfolio as it stands today, as we have thus far focused on the strongest segment on the market.

The fund's assets grew in August with the addition of new investors, which once more raised the proportion of cash in the portfolio. As expected, the share of cash will fall back in the coming weeks as new investments are placed, since longer-term securities continue to be more attractive as an investment than the short-term interest rates being offered.

ISIN	EE3600001921
FOUNDED	02.12.2024
START OF OPERATION	28.01.2025
BASE CURRENCY	EUR
ASSET CLASS	BONDS
FUND SIZE	12 560 599

TOP 10 ISSUERS

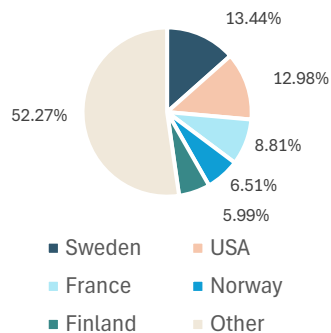
JP MORGAN CHASE & CO	6.15%
SKANDINAVISKA ENSKILDA BANKEN AB (SEB)	5.84%
INVESTOR AB	5.29%
KBC GROUP NV	4.98%
BANCO SANTANDER SA	4.15%
ING DIBA AG	4.15%
DBS BANK LTD	3.99%
CREDIT AGRICOLE HOME LOAN SFH	3.90%
ERSTE GROUP BANK AG	3.86%
LUMINOR	3.82%
10 BIGGEST TOTALS	46.13%
DIFFERENT INVESTMENTS	30

AVERAGE BONDS PERFORMANCES

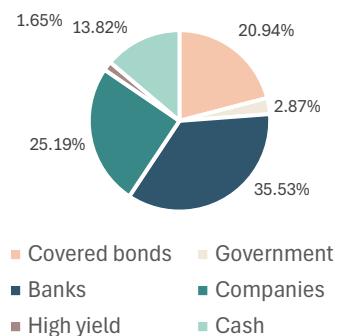
AVERAGE YIELD TO MATURITY	3.17%
AVERAGE DURATION	3.50
AVERAGE CREDIT RATING	A1

The past performance of the investment fund does not guarantee or indicate the future performance of the fund in subsequent periods. The information provided should not be construed as investment advice, an investment recommendation, or any other investment or ancillary service. Please refer to the fund's prospectus and the key investor information, and request additional information lhv.ee/en/investment-funds. The LHV Euro Bond Fund is managed by AS LHV Asset Management. The historical average returns of the fund for calendar years are presented as geometric averages.

Geographical distributions



Sectors



Unit price movement



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