LHV Euro Bond Fund

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Comment from the fund manager

Romet Enok

The LHV Eurobonds Fund unit price rose by 0.12% in August.

We made no changes in the portfolio during the month. However, the fund's largest positions switched places, since the relatively higher interest on Eesti Energia bonds (4.6% and 7.875%) pulled it ahead of JP Morgan bank bonds in terms of volume.

The movements on the bond markets continued similarly to July, with government loan markets being under pressure. Interest levels closed out the month at higher levels on all the major bond markets. We have completely refrained from government bonds since the start, and still have no such investments in the portfolio. The latest inflation figures support the view that short-term interest rates may soon rise even higher. This would feed directly into the economy through higher Euribor rates. For borrowers, it means higher costs, and for investors – including for LHV Eurobonds Fund unit holders – a higher expected return. Despite the headwinds created by the substantial rise in interest rates, the fund's net result for the first year and a half in operation was +3.03%. To this point, we have purposely avoided making larger-scale investments into long-term bonds that offer the attraction of higher interest accruing on a day-to-day basis, but are considerably more exposed to the risk of price declines. Put very simply, when the 10-year bond is the standard most often referred to as regards interest rates, the level of interest-rate risk we have currently taken in our fund is 70% lower than that benchmark. As markets stabilize, we will devote more attention to longer-term bonds with higher interest rates. Already now, strong companies are paying 4–5% interest per year to borrow. The attractiveness of bonds of large international companies as a means of putting savings to work continues to grow.

Historical Results

	1 month	12 months
Fund	0,12%	1.37%

ISIN	EE3600001921
FOUNDED	02.12.2024
START OF OPERATION	28.01.2025
BASE CURRENCY	EUR
ASSET CLASS	BONDS
FUND SIZE	11 251 520

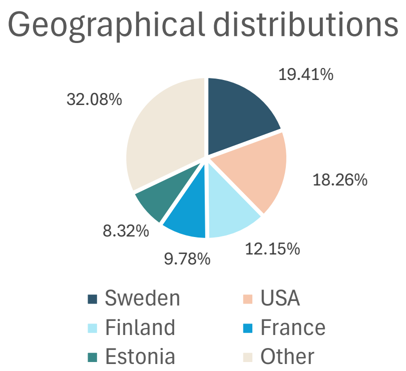
TOP 10 ISSUERS

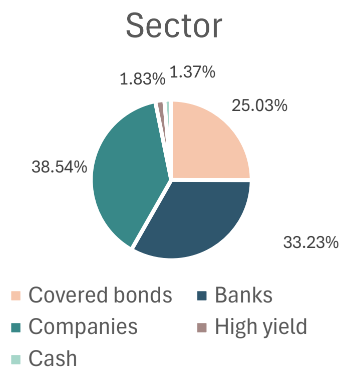
EESTI ENERGIA AS	6.48%
JP MORGAN CHASE & CO	6.47%
SKANDINAVISKA ENSKILDA BANKEN AB (SEB)	6.37%
INVESTOR AB	5.84%
SWEDBANK AB	4.66%
OP MORTGAGE BANK	4.56%
ING DIBA AG	4.53%
DBS BANK LTD	4.43%
CREDIT AGRICOLE HOME LOAN SFH	4.39%
ERSTE GROUP BANK	4.33%
10 BIGGEST TOTALS	**52.06%**
DIFFERENT INVESTMENTS	**30**

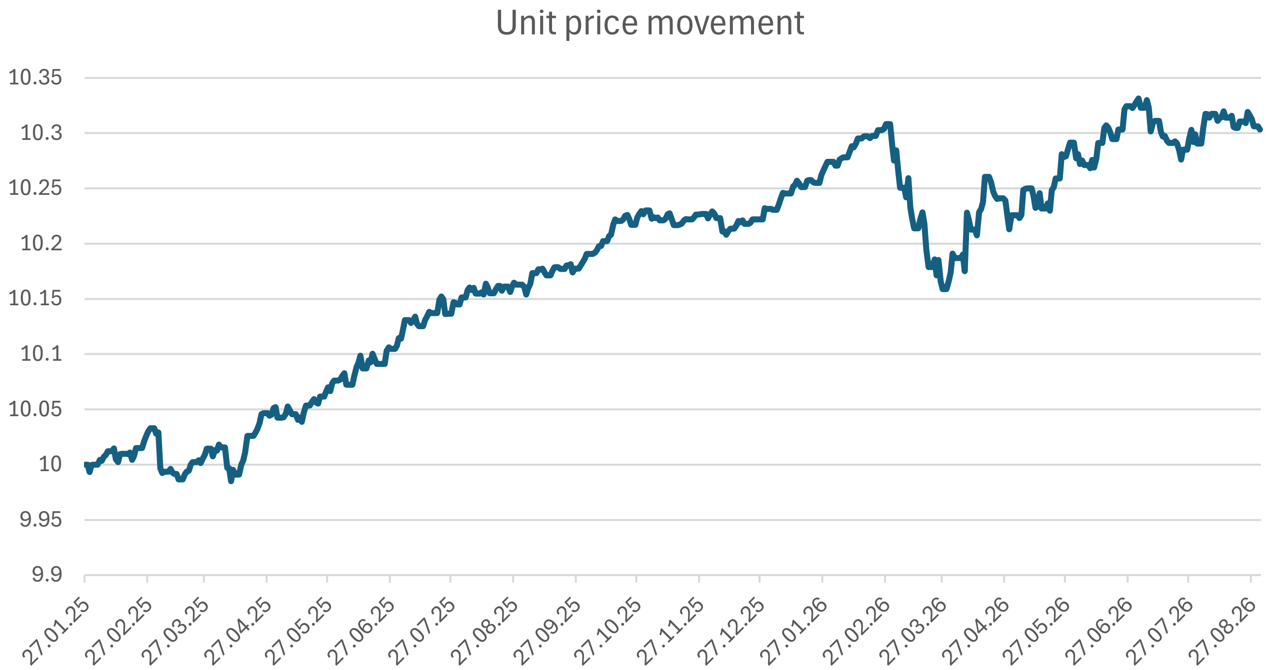
AVERAGE BONDS PERFORMANCES

AVERAGE YIELD TO MATURITY	3.58%
AVERAGE DURATION	2.79
AVERAGE CREDIT RATING	A2

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. Due to the fund's short history, data for the 2-, 3-, and 5-year returns are not available. The value of the amount invested in the fund is not guaranteed.







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