

LHV Euro Bond Fund

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Comment from the fund manager

Romet Enok



In September, interest rates rose so rapidly that the decline in the prices of the bonds held by the fund outstripped the accruing interest. As a result, the fund fell by 0.67% over the month.

For the second consecutive month, the market was dominated by downward pressure on government bond prices. Although the financial media have tried to attribute this to energy prices (oil in particular), the picture is probably somewhat more complex. France, which has been at the centre of movements in the government bond market in Europe, is far from the most energy-dependent country, and has debt considerably lower than most major economies. France is, however, one of Japanese investors' favourite securities in Europe, and combined with the rise in interest rates in Japan itself in recent months (and weeks), this combination of factors is probably more responsible for the sudden price movements than energy prices, the massive funding needs of AI data centre construction, political infighting or budget deficits.

As we have also emphasized in previous monthly reviews, we have so far not invested in government bonds. Despite the sharp price declines (for example, the long-term bonds issued by the Estonian government in the spring have shed nearly 6% of their price in just a few months), corporate securities remain more attractive. Our portfolio continues to be focused on large companies and banks in the Nordics and the US. The rise in interest rates has meant that even though we have focused more on shorter-term securities, the average expected interest income going forward has already risen to around 3.9%. We have not yet made any transactions to shift the portfolio towards bonds with longer maturities or issued by smaller companies.

Historical Results

	1 month	12 months
Fund	-0.67%	0.50%

ISIN	EE3600001921
FOUNDED	02.12.2024
START OF OPERATION	28.01.2025
BASE CURRENCY	EUR
ASSET CLASS	BONDS
FUND SIZE	10 822 983

TOP 10 ISSUERS

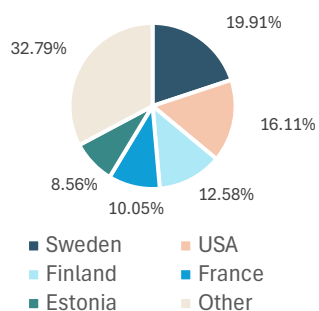
JP MORGAN CHASE & CO	6.68%
EESTI ENERGIA AS	6.66%
SKANDINAVISKA ENSKILDA BANKEN AB (SEB)	6.59%
INVESTOR AB	5.91%
SWEDBANK AB	4.83%
OP MORTGAGE BANK	4.71%
ING DIBA AG	4.70%
CREDIT AGRICOLE HOME LOAN SFH	4.58%
DBS BANK LTD	4.58%
ERSTE GROUP BANK	4.49%
10 BIGGEST TOTALS	53.73%
DIFFERENT INVESTMENTS	28

AVERAGE BONDS PERFORMANCES

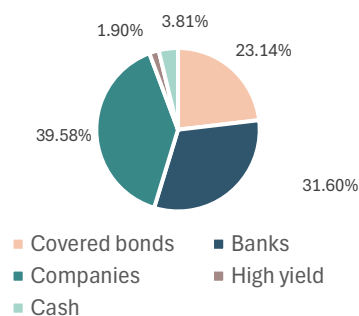
AVERAGE YIELD TO MATURITY	3.91%
AVERAGE DURATION	2.84
AVERAGE CREDIT RATING	A2

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.

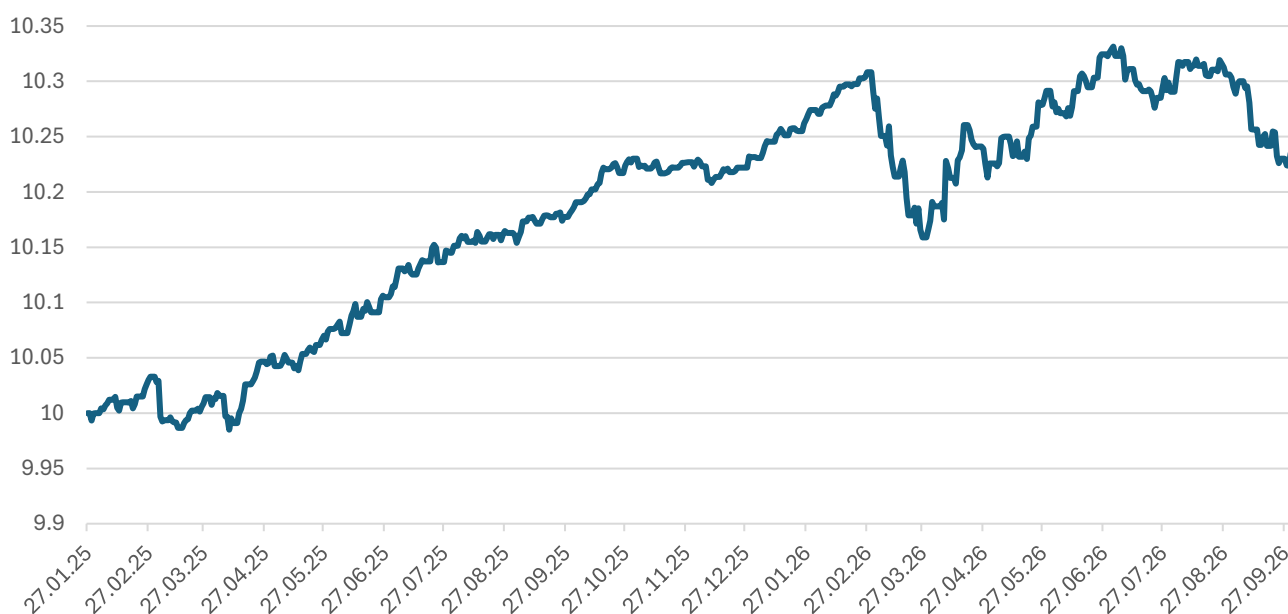
Geographical distributions



Sector



Unit price movement



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