

Emerging Markets Debt Strategy Overview

Philosophy

Emerging Debt Markets are sometimes slow to price developments, positive and negative. We believe that we can take advantage of mispricing through superior research and systematic forward-looking analysis. We aim to identify instances where consensus has become too bullish or too bearish and position accordingly.

Competitive advantages

- **Flexibility**
We understand that markets are constantly evolving. In our experience, the drivers of emerging market returns can vary over time. We have designed an investment process which aims to deliver performance in markets driven by both top-down (macro) and bottom-up (country specific) factors.
- **Risk control and focus on liquidity**
We consider risk management a true philosophy, and one that permeates every stage of our investment process. As part of this we are highly focused on liquidity, a factor that we believe renders us more nimble and responsive in changing markets.
- **Research**
Our research process is forward looking, disciplined and repeatable. Specifically an aspect of our research which we believe is critical in driving success is the discipline behind regular, structured, factor based research.
- **ESG integration**
Environmental, Social and Governance (ESG) factors are integrated in our country research directly impacting the country overall assessment. Furthermore, ESG integration at portfolio construction level is a key input into our position sizing and security selection discipline.

Objective

We strive to maximize risk adjusted returns in comparison to the market, over the market cycle. A cornerstone of our investment style is the aim to protect on the downside. We achieve this by having a firm discipline in position sizing as well as the flexibility to adjust the overall risk profile of the portfolio as market conditions warrant.

Investment process tenets

A flexible investment process designed to capture returns in markets driven by both top-down and bottom-up factors. Through this approach we aim to deliver more consistent risk adjusted performance, in varied market conditions.

Our research process is forward looking, disciplined and repeatable. Our six-factor country research model is designed to prevent confirmation bias, prompting analysts to consider a broad set of potential credit drivers.

Furthermore a characteristic of our research is an unwavering focus on price within the research framework. A price based approach means that research outcomes are directly exploitable and relevant for alpha generation.

An ESG assessment is vital when investing in emerging markets and a comprehensive ESG risk assessment is an integral part of our research, embedded in our approach for over a decade.

Performance Summary in USD* (% net of fees)

As of 30 Jun, 2020	3 m	6 m	YTD	1 yr	2 yr	3 yr	SI 30 Oct 11
EM Debt Strategy	13.27	-1.56	-1.56	2.14	6.10	3.68	5.55
JPM EMBI Glbl Div	12.26	-2.76	-2.76	0.49	6.30	3.60	5.40
Excess (a)	1.01	1.20	1.20	1.64	-0.20	0.08	0.15

Period	12 mths to 30/06/20	12 mths to 30/06/19	12 mths to 30/06/18	12 mths to 30/06/17	12 mths to 30/06/16
EM Debt Strategy	2.14	10.22	-0.99	5.74	8.38
JPM EMBI Glbl Div	0.49	12.45	-1.60	6.04	9.79
Excess (a)	1.64	-2.23	0.61	-0.31	-1.41

These figures refer to the past. Past performance is not a reliable indicator of future results. For investors based in countries with currencies other than the strategy currency, the return may increase or decrease as the result of currency fluctuations. Performance data is calculated on a net basis by deducting management fees (a model fee of 60bps has been applied) from the gross of fee return. The internally calculated gross of fee return excludes all costs (e.g. custody fees), save that it does not exclude costs associated with buying and selling securities within the portfolio. Income is re-invested on a gross of tax basis. Source: First Sentier Investors (UK) Funds Limited / JPMorgan

*First Sentier Investors Emerging Market Debt Composite.

RISK FACTORS

This is a financial promotion for The First Sentier Emerging Markets Debt Strategy. This information is for professional clients only in the UK and EEA and elsewhere where lawful. Investing involves certain risks including:

- **The value of investments and any income from them may go down as well as up and are not guaranteed. Investors may get back significantly less than the original amount invested.**
- **Credit risk:** the issuers of bonds or similar investments that the Fund buys may get into financial difficulty and may not pay income or repay capital to the Fund when due.
- **Interest rate risk:** bond prices have an inverse relationship with interest rates such that when interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.
- **Emerging market risk:** Emerging markets tend to be more sensitive to economic and political conditions than developed markets. Other factors include greater liquidity risk, restrictions on investment or transfer of assets, failed/delayed settlement and difficulties valuing securities.
- **Charges to capital risk:** The fees and expenses may be charged against the capital property. Deducting expenses from capital reduces the potential for capital growth.
- **Below investment grade risk:** below investment grade debt securities are speculative and involve a greater risk of default and price changes than investment grade debt securities. In periods of general economic difficulty, the market prices of these types of securities may decline significantly.

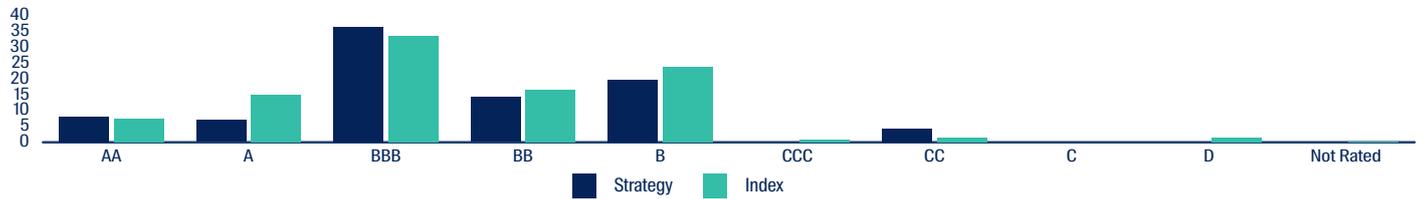
For a full description of the terms of investment and the risks please see the Prospectus and Key Investor Information Document for each Fund.

If you are in any doubt as to the suitability of our funds for your investment needs, please seek investment advice.

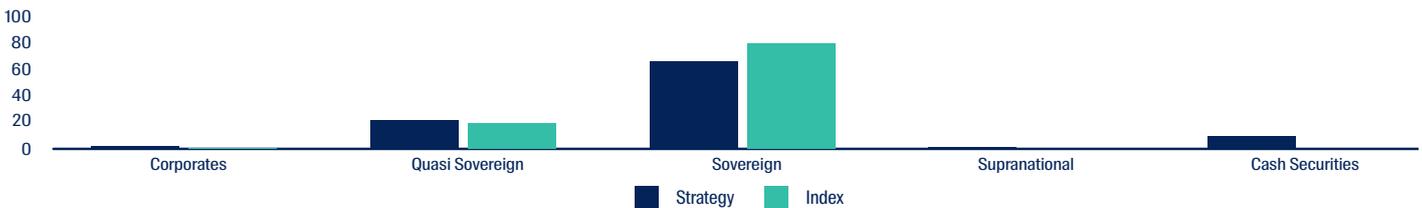
Strategy Characteristics	Strategy	Index
Yield	4.50	4.78
Modified Duration	7.76	7.65
Weighted Average Credit Rating	BB+	
Spread Duration	7.38	7.69

Source: First Sentier Investors and ICE BofAML

Quality exposure breakdown (%)

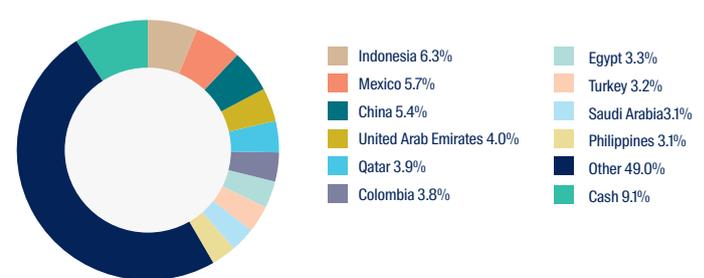


Industry exposure breakdown (%)



Top 10 largest issuers	Strategy (%)
MEXICO (UNITED MEXICAN STATES) (GOVERNMENT)	5.30
INDONESIA (REPUBLIC OF)	4.25
CHINA NATIONAL CHEMICAL CORP	4.05
ABU DHABI (EMIRATE OF)	4.04
QATAR (STATE OF)	3.93
COLOMBIA (REPUBLIC OF)	3.76
EGYPT (ARAB REPUBLIC OF)	3.33
TURKEY (REPUBLIC OF)	3.16
SAUDI ARABIA (KINGDOM OF)	3.14
PHILIPPINES (REPUBLIC OF)	3.11

Country exposure breakdown



Source: First Sentier Investors and ICE BofAML

For further institutional enquiries contact institutionalenquiries@firstsentier.com
 For wholesale enquiries contact enquiries@firstsentier.com

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