Ninety One

Previously Investec Asset Management

Emerging Markets Local Currency Total Return Debt

Quarter ending September 2020

Contents

At Ninety One we believe in investing for a better tomorrow. We want to assist people around the globe to retire with dignity and meet their financial objectives by offering specialist, active investment expertise. We are a patient, long-term business offering organically-developed investment capabilities through active segregated mandates and mutual funds. Our clients include some of the world's largest private and public sector pension funds, financial institutions, corporates, foundations, central banks and intermediaries serving individual investors.

It all began in South Africa in 1991. Since then we have grown to become an established global investment management firm. We continue to develop our owner culture and are committed to building a long-term inter-generational business. The founding leadership is still in place, offering stability and a long-term investment outlook for clients.

We are deeply committed to creating a better, sustainable future. We are conscious of our responsibility, both as investors of other people's money and of our broader responsibility to society. Through our core investing activities, our leadership in the industry, our environmental initiatives and our commitment to our local communities, we seek to make a positive impact in all that we do.

Our overriding aim is to manage our investments to the highest standard possible and thereby exceed our clients' investment and service expectations.

For further information on the investment team, investment process, performance target and indices, please see the Important information section.

Executive summary

Ninety One has a long history of investing in emerging markets debt. Our business started in South Africa in 1991. Fixed income and cash management in the diverse markets of Africa has been a core part of this business since the beginning. At the same time, our London-based investment team has been investing in emerging markets debt for many years.

We have a broad range of dedicated Emerging Market Debt (EMD) strategies, including our flagship local currency debt strategy, a hard currency sovereign debt strategy, a corporate debt strategy and a blended debt strategy.

Our **Emerging Markets Local Currency Total Return Debt Strategy** is a diversified, benchmark agnostic, emerging market debt strategy that aims to generate improved risk-adjusted returns by taking a total return approach. The Strategy invests predominantly in local currency debt with diversifying allocations to hard currency sovereign and corporate debt.

A wide variety of strategies fall under the heading of 'total return'. The essential characteristic of such a strategy is that it is benchmark agnostic and therefore unconstrained by any benchmark. This amplifies the responsibilities of the manager who is required to go beyond a focus on alpha around a predetermined benchmark and to create a portfolio from scratch. Hence the name 'total return' as the manager carries full responsibility for the return performance of the portfolio.

Research undertaken by us suggests that the emerging market universe offers sufficient opportunities to create portfolios with risk characteristics that are appreciably better than the established benchmarks without much sacrifice by way of expected return. These portfolios need to have sufficient freedom to significantly down weight markets which are heavy weights in conventional benchmarks but exhibit above average return volatility.

We consider the following to be key characteristics of our total return approach:

- Our total return approach to local emerging markets debt is **benchmark agnostic**
- We aim to outperform* the **JPM GBI EM Global Diversified Index** with **lower volatility**
- Ex ante volatility is typically managed between 50 and 100% of this comparison index
- The portfolio **shares the broad risk profile** of the local emerging market debt universe
- The portfolio can reduce exposure to local emerging market debt to **preserve value**
- The **investment universe** comprises over 25 local currency and 60 hard currency markets
- Although **likely to vary substantially over time** the following are the expected ranges:
  - EMFX exposure: 50% to 110%
  - EM HC sovereigns and corporates: combined maximum of 30%
  - Duration: 3.5 to 5.5 years
  - Market beta: 0.5 to 1.1

*Performance targets are subject to change and may not be achieved, losses may be made.

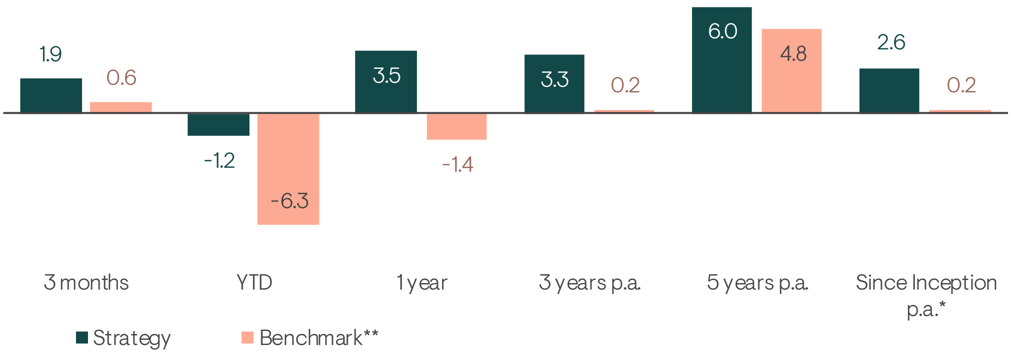
For further information on the investment team, investment process, performance target and indices, please see the Important information section.

Performance

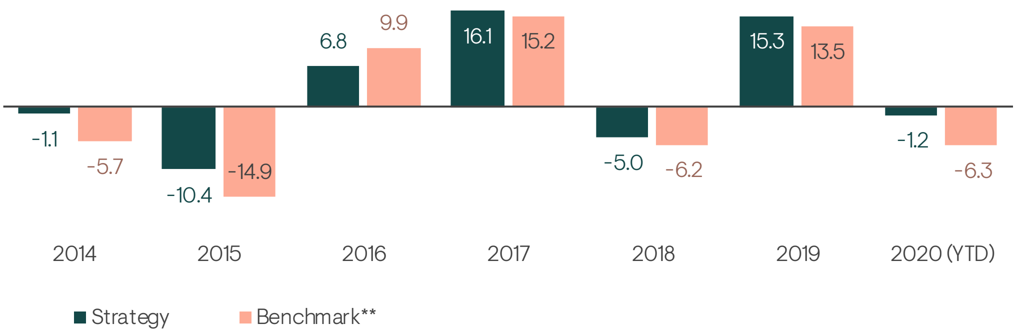
The Ninety One Emerging Markets Local Currency Total Return Debt Strategy was launched in December 2013. Since inception, the composite returned 2.6% p.a. against the performance comparison index which returned 0.2% p.a.

The performance of our Emerging Markets Local Currency Debt Total Return composite is represented in the charts below.

Emerging Markets Local Currency Debt Total Return composite – Annualised (gross) performance



Emerging Markets Local Currency Debt Total Return composite – Annual (gross) performance



Past performance is not a reliable indicator of future results, losses may be made.

Source: Ninety One, 30 September 2020.

Performance is gross of fees (returns will be reduced by management fees and other expenses incurred), income reinvested, in USD.

The periodic deduction of fees and expenses will have a compounding effect on performance. Example effect of management fees taken monthly over 10yrs on the value of a client's portfolio:

Initial value = $100m, assumed return = 10% p.a., grows to $259m (no fees), grows to $243m (0.65% p.a. net fees). The annualised returns over 10yrs are 10% (gross of fees) and 9.29% (net of fees).

* Emerging Markets Local Currency Total Return Debt Strategy inception date: 01 January 2014.

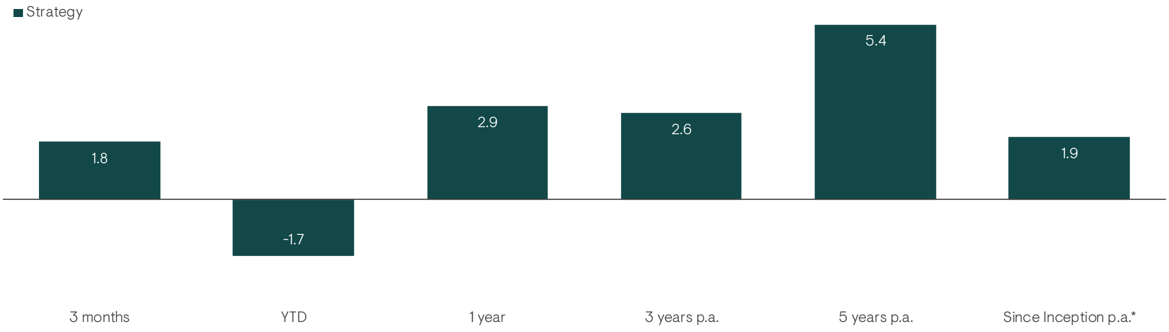
** Benchmark: JPMorgan GBI-EM Global Diversified. For further information on indices please see the Important Information section.

Investment advisory fees are described in Part 2A of the adviser's Form ADV.

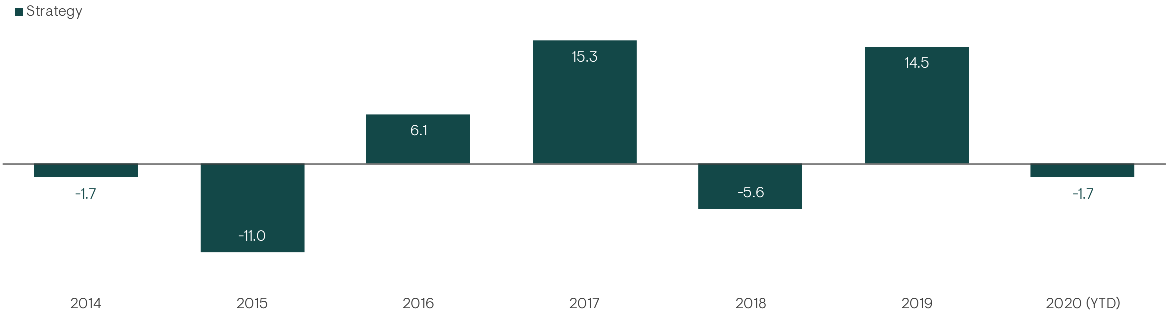
For further information on indices please see the Important Information section..

For further information on the investment team, investment process, performance target and indices, please see the Important information section.

Emerging Markets Local Currency Debt Total Return composite – Annualised (net) performance



Emerging Markets Local Currency Debt Total Return composite – Annual (net) performance



Past performance is not a reliable indicator of future results, losses may be made.

Source: Ninety One, 30 September 2020.

Performance is net of fees (net of the highest institutional segregated portfolio management fee), income reinvested, in USD.

* Emerging Markets Local Currency Total Return Debt Strategy inception date: 01 January 2014.

For further information on the investment team, investment process, performance target and indices, please see the Important information section

The Strategy has a total return perspective and therefore a preference to invest in an appropriately diversified portfolio of opportunities which provide in our opinion an attractive prospect of positive returns. The process targets markets with resilient structural features and reasonable valuations.

Potential outperformance

This approach should typically give rise to a lower volatility return signature than the broader market (e.g. GBI-EM Index). It means that the Strategy is often defensively positioned and given our approach to bottom-up investment selection and portfolio construction we expect to outperform the index during difficult periods for emerging market assets.

Potential underperformance

The Strategy will tend to underperform the broader market (e.g. GBI-EM Index) when markets are trending strongly, particularly in a highly correlated fashion. Our challenge is to keep up with the index during rising markets.
Our top-down process becomes important in this context as we set our ex-ante volatility targets on the back of our view on the overall prospects for emerging market assets.

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For further information on the investment team, investment process, performance target and indices, please see the Important information section.

Our investment expertise

Within Global Emerging Market Debt, we have two sub-teams; Emerging Market Sovereign & FX and Emerging Market Corporate Debt. The Sovereign & FX team is organised by region, typically working in pairs to cover the regions across three asset classes: sovereign local debt, hard currency debt, and currencies. The Corporate Debt team is organised by sector. The teams work closely together, bisecting countries and sectors to support broader investment views and themes. Investment ideas are generated by the analysts before being debated by the broader team. Once a suggested trade has been approved by the PMs it will filter into relevant strategies via the team's disciplined portfolio construction process.

We regard the strengths of the team as follows:

- Stable team with a strong shared culture
- As one of the pioneers in EMD, we have extensive experience in local, hard and corporate EMD
- Semi-annual team off-sites facilitate development and innovation.
- The team leverages Ninety One's wider multi-specialist investment framework
- Dedicated portfolio management team focused on finding best ideas across asset categories

Antoon de Klerk and **André Roux** are the co-portfolio managers for the Strategy and take full responsibility for positioning and performance. The team chart is provided below:

Antoon de Klerk
Strategy Leader

André Roux
Strategy Leader

Investment Specialists – Sovereign & Currency

Vivienne Taberer LatAm	Wilfred Wee Asia
Michail Diamantopoulos CE	Thys Louw Africa & Top-Down
Peter Eerdmans Top-Down	Werner Gey van Pittius EEMEA
Grant Webster EEMEA & Top-Down	Roger Mark EEMEA
Mark Evans Asia	Peter Kent Top-down

Investment Specialists – Corporate

Victoria Harling Corporate Strategist	Stacy Xie Financials	Tammy Lloyd Telecoms
Alexandre Almosni Liquidity, Risk and Quant	Kevan Salisbury Oil & Gas	Antonio Luiz Gomes Utilities
Leah Parento Transport & Consumer	Alan Siow Real Estate	Rahul Bhat Metals & Mining

Internal Support

Julia Poszmik Business Manager	Tom Peberdy Portfolio Specialist

Quantitative Support

Nicholas Marshall Quantitative Analyst*	Jonathan George Analyst*

Global Investment Infrastructure Support

Trading | Environmental, Social and Governance (ESG) | Risk & Performance | Implementation

The investment team is subject to change not necessarily with prior notification. As at September 2020. *Shared resource with South Africa Rates.

Detailed biographies of Strategy Leaders can be found in the Appendix.

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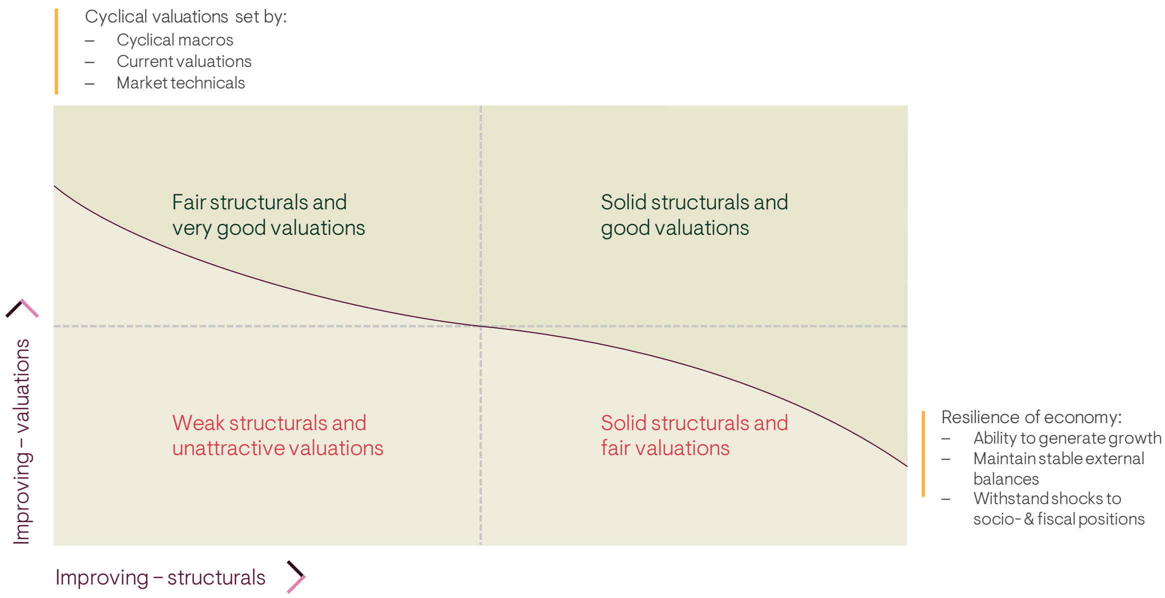
For further information on the investment team, investment process, performance target and indices, please see the Important information section.

Investment philosophy

We believe a total return strategy that aims to deliver superior risk adjusted returns is best served by a bottom-up approach to investment that rewards economies with structural resilience. We believe resilient economies produce resilient returns and hence emphasis this structural characteristic in our assessment of investment opportunities in currencies and in local currency and hard currency bond markets. We interpret this assessment as a "hurdle" which shorter term cyclical dynamics and valuations have to satisfy. In addition, we apply diversification through a disciplined portfolio construction process, incorporating carefully structured risk budgeting to manage direct risk and moderate overall portfolio volatility. We believe this lends further resilience to portfolio returns and is the best way to calibrate risk in accordance with our top-down views. The scorecard approach pioneered by the benchmark relative team has been adapted to the total return philosophy, enabling the strategy to leverage fully off the cyclical and top-down views of the broader team.

As stated above - we combine our assessment of an economy's structural characteristics with shorter term cyclical views. Our cyclical views consider three sets of factors, changing economic fundamentals, valuations and market price behaviour. Strong and improving structural stories have lower hurdles for potential inclusion into the portfolio.

A portfolio biased to strong structurals



Source: Ninety One. For illustrative purpose only.

We apply **diversification** through a disciplined portfolio construction process, incorporating carefully structured risk budgeting to manage overall portfolio volatility. In keeping with our bottom-up approach we have strong conviction that a wide range of independent ideas leads to much more consistent returns.

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For further information on the investment team, investment process, performance target and indices, please see the Important information section.

Investment process

Our investment process combines top-down and bottom-up analysis. The bottom-up process is the key driver of investment decisions and ultimately portfolio performance. We use scorecards to create separate rankings of currency, local and hard currency bond markets. The scores capture a wide range of factors, reflecting our assessment of a combination of structural characteristics and cyclical dynamics. The top-down process determines the general outlook for emerging markets and aims to identify different themes in the market. The top-down process comes in at the portfolio construction stage where it provides checks and balances to the bottom-up investment ideas.

Top-down	Bottom-up
Dedicated process for overall risk exposure and asset allocation	**Rigorous approach** to bottom-up selection driven by views of regional and sector specialists

Final portfolio

Structured approach seeks to capture **analyst views** and **manage risk**
We use **bottom-up high conviction ideas** to build portfolio in line with top-down targets

Portfolio built from bottom-up, with top-down risk allocation

Bottom-up process

We maintain distinct scorecards for local bond markets, hard currency bond markets and currency markets. The scorecards comprise a combination of quantitative and qualitative factors.

Scorecards are split into two sections: structural dynamics and cyclical valuation. Markets are ranked as attractive where cyclical valuations more than "compensate" for structural characteristics.

Scorecards are updated weekly. The quantitative models are maintained by and shared with the broader team. Analysts are responsible for checking the data and running the models.

The final scorecard is debated in a weekly team meeting. Changes in scores are highlighted and changes in the ranking will trigger trade reviews. We do not adopt a rigid approach where the top scoring country will automatically have the largest weight in the portfolio. As a guide the top-third countries are buy candidates whilst the bottom-third are sell candidates.

Bottom-up process – Structural Analysis

Our structural analysis aims to evaluate and rank countries in terms of the longer term drivers of emerging market asset returns. It consists of an assessment of structural resilience and long term valuation assessments. The conclusions of this analysis are systematically encapsulated in the weekly scorecards.

We focus on three dimensions of economic resilience: growth resilience, external vulnerability and fiscal/social sustainability.

For the countries in our universe, each of these dimensions are scored independently, based on a combination of both descriptive current data and forward looking judgemental expectations.

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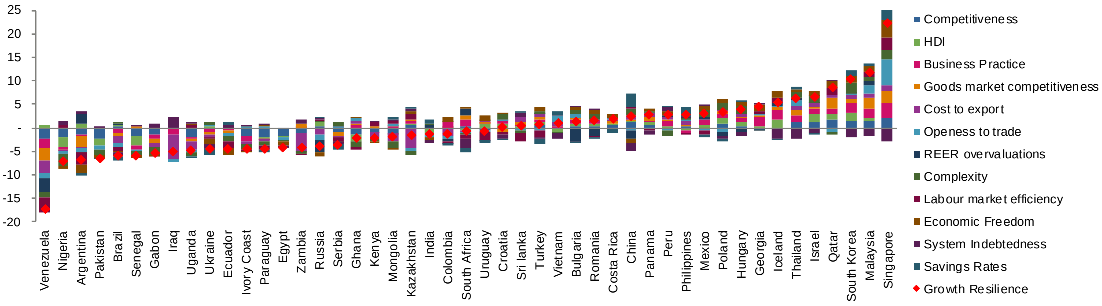
For further information on the investment team, investment process, performance target and indices, please see the Important information section.

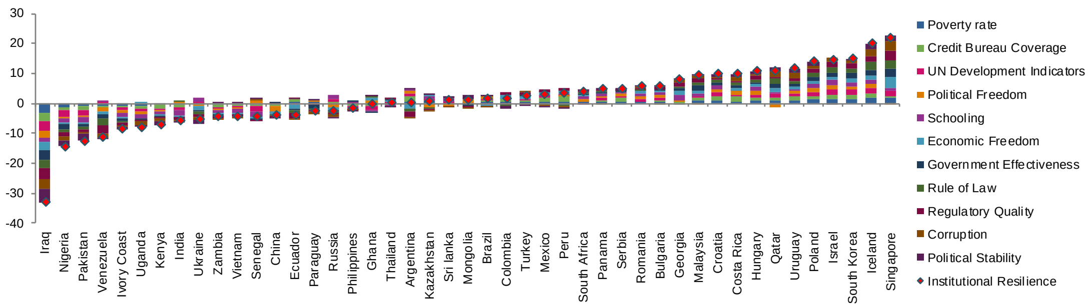
The descriptive characterisation of each dimension of resilience assimilates a wide range of relevant measures. A country z-score for each measure is typically calculated from cross-country data and these z-scores are then aggregated to provide a single quantitative score to represent a country's current status in respect of each resilience dimension.

The critically important forward-looking assessment of each country is done as a partnership between the portfolio managers and the regional specialists in the broader Emerging Market Sovereign & FX team. The assessment process combines the longer term economic perspectives of the portfolios managers with the in-depth market and country knowledge of the regional specialists to capture the resilience trends in each country. The process is entirely judgemental, but draws on country research and visits, regional debates and broader top down discussion and analysis. Sample z-scores are shown below:

Growth resilience



Institutional resilience



Source: Ninety One, November 2015. Forecasts are inherently limited. For illustrative purposes only. These charts highlight the sum of Z-scores for a number of factors we consider underpin growth and institutional resilience. Several of these inputs are global indices that are updated annually. These indices do not cover all the countries in our investment universe.

Long-term valuation follows a similar process. Several proprietary models are used to create a quantitative ranking of long term value. For our currency scorecard we have developed a variant of the Balassa Samuelson real currency model to represent the prospects for medium term appreciation/depreciation of a currency.

These value scores are supplemented by a judgemental overlay that represents the longer term views of the regional specialists as distilled by of the portfolio managers.

A final structural ranking is obtained by combining resilience and valuation scores for each asset category (currency, local bonds, and hard currency bonds).

Bottom-up process – Cyclical valuation of local currency bond markets

Our cyclical valuation of local currency bonds draws directly on the bottom-up process followed by the broader EM Sovereign and Currency team. The team carries out detailed analysis of local bond markets and has a tried and tested scorecard approach to ranking opportunities in these markets. The goal of the local bond process is to come to a country ranking of the local duration opportunities. Four quant models for local bond valuations are utilised: a fair-value model, a spread model, a vulnerability model and a trend model.

Judgmental scores are the responsibility of the regional specialists. The regional specialists will cover their countries in great detail and decide on the scores for each factor.

The starting point is a detailed analysis of the economic fundamentals of the country such as growth, inflation, external balance as well as a range of policy settings and specific country risk factors. Cyclical valuation is another key driver of our assessment. We have several proprietary models where we analyse real and nominal rates and calculate how these compensate for country, inflation and currency risks.

Finally, we look at market behaviour, particularly investor positioning, supply/demand and technical trends. Crowded trades pose big risks and we tend to be contrarian and look for value when other investors are selling in a panic.

Bottom-up process – Cyclical valuation of EM currency markets

Our cyclical analysis of currencies is also derived from the process followed by the broader EM Sovereign and Currency team. The goal of the broader currency process is to come to a country ranking of shorter term currency opportunities.

An important part of the valuation of currencies is our proprietary tool, the Fundamental RISK Indicator (FRISKI). The main risk of investing in emerging markets currencies is the risk of a major currency crisis. There is academic evidence that most currency crises can be anticipated if you know what to look for. FRISKI monitors the behaviour of five fundamental variables and forecasts the probability of a crisis within the next twelve months. The factors: external debt; the real exchange rate; exports; the fundamental balance of payments and reserve cover have all proved effective in anticipating the emerging currency crises of the past. This 'probability of crisis' is then compared with the 'reward' in each currency based on carry, volatility and trend. In short, the model identifies markets that have low crisis risk, high carry, low volatility and a positive trend. The model has a 50% weight in the cyclical valuation section.

The second pillar of our bottom-up cyclical valuation is a judgemental analysis of the 'Compelling Forces' driving currency markets; simply put we endeavour to find currencies with sound fundamentals, that are undervalued and lastly, in terms of market behaviour, look for currencies where the market is starting to price this in.

For further information on the investment team, investment process, performance target and indices, please see the Important information section.

Bottom-up process – Combining Structural analysis and Cyclical valuation

A final scorecard is derived for each asset category (currency, local bonds, hard currency bonds) from the relevant structural and cyclical scorecards. In this scorecard the structural score is converted, based on a proprietary transformation function, into a threshold score that we interpret as a minimum requirement that the cyclical valuation score has to satisfy. Markets are then ranked in term of the cyclical value that they offer above or below the threshold score associated with their respective structural characteristics. Example of EM FX scorecard:

EM currencies

Country	Structural Dynamics						Cyclical Valuation					Structural Hurdle	Distance over/(under) hurdle
	External Resilience	Grow th Resilience	ESG	Fiscal Heath	Long term valuation	**Sub-total**	Fundamentals	Valuation	Technicals	Quant Inputs	**Sub-total**		
Thailand	0.00	0.00	1.00	0.67	0.00	0.48	0.41	0.50	-1.67	1.09	0.70	-0.17	0.87
Israel	1.00	1.00	0.00	0.00	-1.00	0.24	0.41	1.00	-1.67	1.09	0.77	-0.08	0.85
Peru	2.00	2.00	1.00	-1.00	1.00	0.73	0.31	-0.50	0.00	0.79	0.42	-0.30	0.72
Indonesia	1.00	1.00	2.00	-0.67	1.00	0.72	-0.09	1.00	-3.33	0.81	0.42	-0.29	0.71
Egypt	1.00	1.00	0.00	1.00	1.00	0.98	0.25	0.50	-1.67	0.24	0.22	-0.48	0.70
Russia	0.00	0.00	1.00	0.67	-1.00	-0.03	0.19	-0.50	1.67	1.33	0.70	0.01	0.69
Hungary	0.00	0.00	1.00	0.33	0.00	-0.07	0.06	0.50	1.67	1.07	0.68	0.02	0.66
Thailand	0.00	0.00	-1.00	-2.00	1.00	-0.06	0.22	0.00	1.67	1.01	0.62	0.02	0.61
Malaysia	-1.00	-1.00	1.00	1.33	-1.00	0.20	0.66	1.50	-1.67	0.30	0.54	-0.06	0.60
South Korea	0.00	0.00	1.00	-0.33	-3.00	-0.25	-0.13	1.50	-3.33	1.09	0.63	0.08	0.55
Chile	1.00	1.00	1.00	-0.33	0.00	0.31	0.09	1.00	-1.67	0.58	0.42	-0.10	0.52
Romania	-1.00	-1.00	0.00	0.67	0.00	0.07	0.22	1.00	-1.67	0.62	0.48	-0.02	0.50
China	0.00	0.00	1.00	1.67	-1.00	0.57	0.13	0.50	-1.67	0.20	0.17	-0.21	0.38
Colombia	-1.00	-1.00	0.00	-0.67	-2.00	-0.35	0.13	1.50	1.67	0.20	0.41	0.11	0.30
Czech	1.00	1.00	0.00	0.33	-1.00	0.48	0.09	1.00	-1.67	0.14	0.12	-0.16	0.29
Ghana	1.00	1.00	-1.00	-0.33	1.00	0.10	0.09	-1.00	5.00	0.37	0.21	-0.03	0.25
South Africa	1.00	1.00	1.00	1.67	0.00	0.64	0.03	-1.00	1.67	0.13	-0.03	-0.24	0.22
Brazil	0.00	0.00	1.00	1.00	-1.00	-0.17	0.09	1.00	0.00	0.00	0.18	0.05	0.13
Uruguay	0.00	0.00	0.00	-1.67	-2.00	-0.49	-0.50	0.50	0.00	0.71	0.27	0.17	0.10
Philippines	1.00	1.00	0.00	-1.67	-1.00	-0.07	0.03	0.50	0.00	0.00	0.09	0.02	0.06
Mexico	0.00	0.00	1.00	-0.33	0.00	0.04	0.09	-1.00	0.00	0.29	0.03	-0.01	0.04
Poland	0.00	0.00	1.00	0.00	-1.00	-0.29	0.28	0.00	-1.67	0.00	0.04	0.09	-0.05
India	1.00	1.00	0.00	-0.67	-2.00	-0.22	-0.22	-0.50	0.00	0.15	-0.07	0.07	-0.14
Argentina	-2.00	-2.00	-1.00	-1.67	-1.00	-0.94	-1.16	-0.50	3.33	1.16	0.23	0.45	-0.21
Turkey	-1.00	-1.00	-2.00	0.00	-1.00	-0.83	-0.69	-1.00	0.00	0.00	-0.37	0.36	-0.73
Nigeria	-1.00	-1.00	-1.00	-0.67	-1.00	-1.06	-0.53	-1.50	0.00	-0.21	-0.50	0.55	-1.05

Candidates for full risk unit holdings

Candidates for half risk unit holdings

Candidates for exclusion from portfolio

For illustrative purposes only. Source: Ninety One, 30 September 2020. For further information on investment process and specific portfolio names, please see the Important Information section

Top-down process

Our top-down analysis helps to decide the ex-ante volatility tolerance range for the portfolio. It also informs our allocation of this risk to respectively: currency, local rates and hard currency rates.

A monthly Macro Research Group meeting is a forum where various investment teams review the global economic environment. The meeting covers developed and emerging economies in depth. This is followed by a monthly Top-down EMFI meeting. This is an opportunity for the Emerging Markets Fixed Income teams to assess the fundamental trends in emerging market economies, to review the valuations of emerging market asset categories and to survey market positioning and technical trends.

We utilise a simple asset allocation scorecard to rank the EM asset categories, including currency, local debt and hard currency debt. This helps us to determine whether we will add to or reduce risk in the portfolio.

In addition, our top-down process includes a view as to what themes are likely to dominate emerging markets in the months to come. Is it for instance the search for yield, diminishing liquidity, the commodity sell-off, current account problems or will the market be looking for countries that are cheap/offer value? These themes will influence our bottom-up decision-making and country and currency selection in each of the sub-components.

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For further information on the investment team, investment process, performance target and indices, please see the Important information section.

Portfolio construction and implementation

Our risk budgeting approach to portfolio construction is designed to provide a stable consistent framework for allocating exposure and results in well-diversified portfolios that can benefit from multiple sources of return suited to our clients' needs.

Typically, we will have 20-35 absolute positions based on currency, local and hard country scorecard rankings. We will not let one or two positions dominate. Positions are implemented in terms of risk units. The size of a risk unit will vary depending on whether a country is classified as high, medium or low risk. Importantly, we use forward looking risk measures to classify countries in addition to backward looking risk (volatility). We will not allocate more than two risk units to each active position.

	Typical position	FX examples	Bond examples
Low risk	3% – 12% in FX 0.2 – 0.6 local / hard duration contribution	Taiwan dollar, Chinese renminbi	Taiwan, Israel
Medium risk	2% – 10% in FX 0.1 – 0.5 local / hard duration contribution	Peruvian sol, Czech koruna	Thailand, Chile
High risk	1% – 8% in FX 0.1 – 0.4 local / hard duration contribution	Brazilian real, Turkish lira	South Africa, Indonesia
Frontier	1% – 6% in FX 0.1 – 0.3 local / hard duration contribution	Egyptian pound, Ukraine	Nigeria, Uruguay

These are internal parameters, which are subject to change not necessarily with notification to investors.

In cooperation with our legal and admin departments, we determine the best way to access local markets (e.g. onshore, offshore, credit-linked notes, etc.). Implementation is assisted by state-of-the-art portfolio management and risk systems. think Folio, our main portfolio management system, allows straight-through processing, what-if analysis and ensures that all transactions are within individual portfolio guidelines. The MSCI Barra One risk model is used for real-time ex-ante risk analysis and to calibrate risk budgeting. Our independent Investment Risk team also uses Barra to calculate and monitor tracking error and Value-at-Risk on a daily basis. When certain levels are reached, specific action is required from the portfolio manager. In addition, a monthly risk report and a detailed quarterly report back are conducted by the risk manager and senior management.

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Investment risk management and key characteristics

We have a comprehensive Governance and Oversight structure in place at Ninety Oneh to manage risk throughout the business and this includes our approach to investment risk. Managing risks across our investment strategies is an integral part of the portfolio management process and consists of both explicit limits as well as additional measures to ensure that the appropriate level of risk is employed to meet the risk and return objectives of our investors.

The four main areas that are of primary focus to Ninety One from an investment risk perspective are:

1. **Philosophy and Process:** Ensuring that investment capabilities adhere to investment style and mandate.
2. **Research and Analysis:** Confirming that suitable research and analysis underpins the investment decision-making process.
3. **Concentration and Liquidity:** Cognisance of the strategy's concentration and liquidity characteristics.
4. **Risk Measurement:** Making sure appropriate risk measurement and stress testing is carried out.

Investment characteristics

The investment characteristics and risk controls of Ninety One's Emerging Markets Local Currency Total Return Debt Strategy are as follows:

Emerging Markets Local Currency Total Return Debt strategy

Portfolio construction	Benchmark agnostic
Performance target over market cycle	Typically, benchmark + with 25% less volatility

Risk controls	Internal parameters
Active Positions (Bond & FX)	Typically the fund would have exposure to the debt of 25-45 countries where the debt could be sovereign and/or corporate debt denominated in local currency and/or hard currency.
Typical EM FX exposure	50% to 110%
Typical EM Hard Currency Sovereign	Opportunistic, up to 30%
Typical use of Frontier	Up to 20%
Duration	Typically 3.5-5.5 years
Market beta	Typically 0.5 to 1.1

Performance targets are subject to change and may not be achieved, losses may be made.

These are internal parameters, which are subject to change not necessarily with notification to investors.

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For further information on the investment team, investment process, performance target and indices, please see the Important information section.

General risks:

The value of investments, and any income generated from them, can fall as well as rise. Where charges are taken from capital, this may constrain future growth.

Past performance is not a reliable indicator of future results. If any currency differs from the investor's home currency, returns may increase or decrease as a result of currency fluctuations.

Investment objectives and performance targets are subject to change and may not necessarily be achieved, losses may be made.

Specific risks:

Currency exchange: Changes in the relative values of different currencies may adversely affect the value of investments and any related income.

Default: There is a risk that the issuers of fixed income investments (e.g. bonds) may not be able to meet interest payments nor repay the money they have borrowed. The worse the credit quality of the issuer, the greater the risk of default and therefore investment loss.

Derivatives: The use of derivatives may increase overall risk by magnifying the effect of both gains and losses leading to large changes in value and potentially large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss.

Emerging market (inc. China): These markets carry a higher risk of financial loss than more developed markets as they may have less developed legal, political, economic or other systems.

Interest rate: The value of fixed income investments (e.g. bonds) tends to decrease when interest rates rise.

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For further information on the investment team, investment process, performance target and indices, please see the Important information section.

Environmental, Social and Governance integration

Environmental, Social and Governance (ESG) integration is a priority for the leadership at Ninety One. We believe it adds more value to our clients to treat material ESG issues as an integral part of the investment analysis process rather than as a separate procedure.

We have a dedicated global ESG team, which is steered by a senior Investment Governance Committee. Together with all the investment teams, the ESG team focuses on integration strategies, ESG research and engagement efforts.

ESG within a total return approach

- Governance factors are crucial to economic management, development and resilience
- Social factors are similarly important drivers of social cohesion and ultimately economic progress
- Environmental factors are of growing relevance to sustainable growth and performance
- ESG factors are incorporated in our social sustainability scores
- Historic data inputs include indices of governance and opportunity, of social development and cohesion, and of environmental performance and carbon usage
- We take a view on trends in the structural constituents of social sustainability
- Regional specialists are required to monitor, assess and score long term ESG trends
- ESG views of the regional specialist also feed into the social element of cyclical scorecards

For further information on the investment team, investment process, performance target and indices, please see the Important information section.

Appendix

Strategy leader biographies

Antoon de Klerk

Portfolio Manager
Joined the firm in 2006
Joined the industry in 2005

Antoon is an investment specialist and portfolio manager in the Global Emerging Market Debt team at Ninety One. He is a portfolio manager for our Emerging Markets Local Currency Debt, Emerging Markets Local Currency Total Return Debt, and African Fixed Income strategies. He also has joint regional research responsibilities for Africa. He joined the Ninety One Group in 2005 as part of the Ninety One chartered accountant (TOPP) Programme. After spending time in accounts and investment banking where he was involved with merger and acquisition advisory work, he joined Ninety One in 2006. Antoon holds a Master's degree (cum laude) in Economics and an honours degree in Accounting from the University of Stellenbosch and is a Chartered Accountant (SA). Antoon studied in Germany as part of his post-graduate economic studies.

André Roux

Portfolio Manager
Joined the firm in 1999
Joined the industry in 1999

André is a portfolio manager within Ninety One's Fixed Income team. He manages our Emerging Markets Local Currency Total Return Debt Strategy. André relocated to Singapore in 2014 to help build the Asian fixed income business. Previously André had spent 14 years leading and developing the South African fixed income business. Prior to joining the firm in 1999, he was the deputy director general of the Department of Finance, where he took responsibility for macroeconomic, fiscal and tax policy and intergovernmental fiscal relations. Prior to that, André spent two years at the Development Bank of Southern Africa. This followed an academic career during which he published on fiscal and development issues. André holds a Master of Philosophy degree in Economics from Cambridge University, a Master of Science degree in Mathematics from Oxford University and a Bachelor's degree from the University of Cape Town.

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For further information on the investment team, investment process, performance target and indices, please see the Important information section.

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Additional information on our investment strategies can be provided on request.

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Indices are shown for illustrative purposes only, are unmanaged and do not take into account market conditions or the costs associated with investing. Further, the manager's strategy may deploy investment techniques and instruments not used to generate Index performance. For this reason, the performance of the manager and the Indices are not directly comparable.

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Investment Team

There is no assurance that the persons referenced herein will continue to be involved with investing for this Strategy, or that other persons not identified herein will become involved with investing assets for the Manager or assets of the Strategy at any time without notice. References to specific and periodic team meetings are not guaranteed to be held or fully attended due to reasonable priority driven circumstances and holidays.

Investment Process

Any description or information regarding investment process or strategies is provided for illustrative purposes only, may not be fully indicative of any present or future investments and may be changed at the discretion of the manager without notice. References to specific investments, strategies or investment vehicles are for illustrative purposes only and should not be relied upon as a recommendation to purchase or sell such investments or to engage in any particular Strategy. Portfolio data is expected to change and there is no assurance that the actual portfolio will remain as described herein. There is no assurance that the investments presented will be available in the future at the levels presented, with the same characteristics or be available at all. Past performance is no guarantee of future results and has no bearing upon the ability of Manager to construct the illustrative portfolio and implement its investment strategy or investment objective.

Performance Target

The target is based on Manager's good faith estimate of the likelihood of the performance of the asset class under current market conditions. There can be no assurances that any Strategy will generate such returns, that any client or investor will achieve comparable results or that the manager will be able to implement its investment strategy. Actual performance of Strategy investments and the Strategy overall may be adversely affected by a variety of factors, beyond the manager's control, such as, political and socio-economic events, adverse changes in the interest rate environment, changes to investment expenses, and a lack of suitable investment opportunities. Accordingly, target returns may be expected to change over time and may differ from previous reports.

Specific Portfolio Names

References to particular investments or strategies are for illustrative purposes only and should not be seen as a buy, sell or hold recommendation. Unless stated otherwise, the specific securities listed or discussed are included as representative of the Strategy. Such references are not a complete list and other positions, strategies, or vehicles may experience results which differ, perhaps materially, from those presented herein due to different investment objectives, guidelines or market conditions. The securities or investment products mentioned in this document may not have been registered in any jurisdiction. More information is available upon request.