NIKKO ASSET MANAGEMENT
EMERGING MARKET DEBT

The Nikko AM Emerging Market Debt team operates an actively managed investment approach using both top
down asset allocation and fundamental bottom up security selection, and implementing their ideas through a
diversified portfolio. The team draws upon fundamental emerging market analysis as the primary contributor of
returns and complements pure issue selection with other drivers, including currency and interest rates.

Our Philosophy

The investment team believes the key to outperformance in Emerging Market Debt is
centred on a scenario investment approach which combines deep local intelligence with
a broad global perspective.

Key Differentiators

- Our offering combines the strengths of a Global Emerging Market Debt manager with our position as an Asian headquartered organisation, giving a unique perspective on emerging markets
- Our belief that outperformance is based on a scenario investment approach which combines a broad global perspective (Top-Down) and deep local intelligence (Bottom-Up)
  - Our unique Top-Down forward-looking analysis of the global drivers in the economy coupled with a dynamic asset allocation tool allows us to navigate in a turbulent global environment
  - Our fundamental Bottom-Up approach is thematic as opposed to a regional approach, which assists in making more informed investment decisions
- The Emerging Market Debt Research Team comes from diverse backgrounds with each individual having their own geographical speciality

Positive returns captured through…

Quality Research  Issue Selection  Interest Rate Forecasting  Currency Management

Nikko Asset Management Europe Ltd
1 London Wall
London EC2Y 5AD
United Kingdom
Phone: +44 (0)20 7796 9866
Fax: +44 (0)20 7796 9816
Email: EMEAenquiries@nikkoam.com
Raphael Marechal, Head Portfolio Manager – Emerging Markets

Raphael Marechal, joined Nikko AM in February 2016 to help spearhead the development of the firm’s Global Emerging Market capability. He brings over 20 years of experience in Fixed income, emerging market analysis and portfolio management to Nikko AM. Prior to Nikko AM, Marechal was at BlackRock where he co-managed a $3.0 billion Emerging Market Local Currency Strategy, as well as a $500 million Absolute Return strategy. Before BlackRock he held the position of Senior Portfolio Manager at a number of firms working in the Emerging Market space at FFTW and Fortis Investments and before that was Portfolio Manager at BAREP. He received a Master in Mathematics & Finance from the Grenoble Institute of Technology and also holds a DEA Finance from the IAE in Grenoble.

The Emerging Market Debt team of three investment professionals is headed by Raphael Marechal, who is supported by Lucas Irisik and Matthew Holdgate. The team sits within the wider Global Fixed Income team based in London, led by Andre Severino which consists of 11 investment professionals with an average of 15 years of investment management experience.

The London team has significantly broadened over time to support the strategies’ growth and cater to institutional portfolios. One of our biggest advantages is the fluid interaction across these four categories and the ability to execute decisions quickly. The diagram below illustrates the organisational structure in London.

The Emerging Market Debt team also draws upon insight from other Nikko AM investment teams. This allows the development of a holistic and balanced view, assisted by the local expertise and on-the-ground knowledge and research of these teams, who cover fixed income, equities and multi-asset.
Our Process

The investment process draws upon a global team of research analysts that follows a consistent investment process that incorporates quantitative and qualitative inputs from experienced investment professionals. The process is disciplined and transparent, which engages the team in a collaborative process to generate ideas and construct a high quality emerging market debt portfolio.

1) Global Drivers

Global Drivers:
- Bi-weekly market assessment based on the following factors:
  1. DM Monetary Policy
  2. EM Growth
  3. EM Dispersion
  4. Flows, Supply, Liquidity
  5. EU Stress
  6. Risk Appetite

2) Investment Themes

Investment Themes:
- Our Top Down market assessment helps to generate our investment themes.
- These themes are analysed in the context of systematic regional market assessment, in addition to drawing on currency and interest rates views of the wider Global Fixed Income team.

3) Fundamental Research

Fundamental Research:
- Fundamental country research performed by the team is the key in formulating high conviction FX, duration, yield curve calls.
- This analysis is formally updated on a quarterly basis in order to form agreement on respective markets.

4) Portfolio Construction

Portfolio Construction:
- The portfolio manager constructs a portfolio that seeks return from multiple sources including opportunities in the interest rate curve, carry, roll down, and currency appreciation.
- The Investment Management team combine our top down and bottom up process to generate alpha.

Embedded Risk Management

Ongoing risk management is integral to the entire investment process with constant dialogue between our investment and independent risk management teams in ensuring that risks are identified, evaluated, monitored and mitigated. For the Emerging Market Debt strategy the investment management team is responsible for Systematic and Unsystematic risk in the portfolio. The investment risk team is responsible for the monitoring and escalation of risk.

Nikko AME’s risk management department closely monitors market, credit, operational and portfolio management risk and takes appropriate measures to minimise the impact of potential risk. The risk management process starts with Risk Budgeting and the Risk Management Department which conducts independent, detailed analysis of portfolio risk and characteristics, as well as performance attribution and peer group analysis. The risk process consists of risk budgeting and monitoring with clearly detailed escalation procedures at every step.

The Risk Management Department truly understands the investment management process and therefore feedback and a meaningful dialogue between the investment team and risk managers takes place as part of the firm’s continuous communication flows.
Emerging Market Local Currency Debt Strategy

The Nikko AM Emerging Market Local Currency Debt Strategy launched in December 2016. This is the team’s flagship emerging market investment strategy, aimed at institutional investors, with wide investment powers permitting Raphael to use his discretion and showcase Nikko AM’s Emerging Market Debt capabilities, via a UCITS pooled vehicle.

The strategy aims to achieve a positive long term total return by investing in emerging market bonds denominated in Emerging Market local currencies and seeks to achieve a relative return of +1.5% (gross) over the JP Morgan GBI EM Global Diversified.

The strategy is designed to recognise the asymmetrical risk profile of EMD and has a strong emphasis on capital preservation, to display lower volatility and drawdowns than the index.

The strategy seeks to:

- Invest globally drawing on a strong belief in the value of proprietary fundamental research from Nikko AM’s extensive research capabilities
- Actively managed through both top down and bottom up approaches, implemented through a diversified portfolio
- 2-4% target tracking error
- Analysis supported by proprietary fundamental research and quantitative tools

Emerging Market Capabilities

The team is continually reviewing its product line up to cater for global demand and has been able to develop new Emerging market products. We believe our thematic process gives the ability to generate consistent alpha across a wide range of products and the ability to also combine EMD capabilities with other investment centres to offer blended products.

<table>
<thead>
<tr>
<th>Emerging Market Debt</th>
<th>EM Debt</th>
<th>Strategies Managed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raphael Marechal</td>
<td>Liquid access to EM Debt</td>
<td>EM Debt</td>
</tr>
<tr>
<td>Head Portfolio Manager</td>
<td>Key global drivers used to generate investment themes</td>
<td>EM Short Duration</td>
</tr>
<tr>
<td></td>
<td>Portable alpha – themes implemented across mandates</td>
<td>EM External/Local Debt</td>
</tr>
</tbody>
</table>

“The current low yield global environment means investors have to be more proactive in their fixed-income portfolio allocation. Crucial emerging market reform and current market conditions make the case for a formidable entry point into emerging markets.”
About Nikko Asset Management

Nikko Asset Management is one of the largest global asset management companies headquartered in Asia, with offices across 9 countries, representing over 30 nationalities. Our global investment teams share local expertise and regional perspectives to gain unparalleled insights into the issues that drive investment performance globally. This allows us to cut through the noise to determine the real opportunities and risks for our clients.

Important Information

This document is prepared by Nikko Asset Management Co., Ltd. and/or its affiliates (Nikko AM) and is for distribution only under such circumstances as may be permitted by applicable laws. This document does not constitute investment advice or a personal recommendation and it does not consider in any way the suitability or appropriateness of the subject matter for the individual circumstances of any recipient.

This document is for information purposes only and is not intended to be an offer, or a solicitation of an offer, to buy or sell any investments or participate in any trading strategy. Moreover, the information in this material will not affect Nikko AM’s investment strategy in any way. The information and opinions in this document have been derived from or reached from sources believed in good faith to be reliable but have not been independently verified. Nikko AM makes no guarantee, representation or warranty, express or implied, and accepts no responsibility or liability for the accuracy or completeness of this document. No reliance should be placed on any assumptions, forecasts, projections, estimates or prospects contained within this document. This document should not be regarded by recipients as a substitute for the exercise of their own judgment. Opinions stated in this document may change without notice.

In any investment, past performance is neither an indication nor guarantee of future performance and a loss of capital may occur. Estimates of future performance are based on assumptions that may not be realised. Investors should be able to withstand the loss of any principal investment. The mention of individual stocks, sectors, regions or countries within this document does not imply a recommendation to buy or sell.

Nikko AM accepts no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of this document, provided that nothing herein excludes or restricts any liability of Nikko AM under applicable regulatory rules or requirements.

All information contained in this document is solely for the attention and use of the intended recipients. Any use beyond that intended by Nikko AM is strictly prohibited.

Japan: The information contained in this document pertaining specifically to the investment products is not directed at persons in Japan nor is it intended for distribution to persons in Japan. Registration Number: Director of the Kanto Local Finance Bureau (Financial Instruments firms) No. 368 Member Associations: The Investment Trusts Association, Japan/Japan Investment Advisers Association/Japan Securities Dealers Association.

United Kingdom and rest of Europe: This document constitutes a financial promotion for the purposes of the Financial Services and Markets Act 2000 (as amended) (FSMA) and the rules of the Financial Conduct Authority (the FCA) in the United Kingdom (the FCA Rules).

This document is communicated by Nikko Asset Management Europe Ltd, which is authorised and regulated in the United Kingdom by the FCA (122084). It is directed only at (a) investment professionals falling within article 19 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, (as amended) (the Order) (b) certain high net worth entities within the meaning of article 49 of the Order and (c) persons to whom this document may otherwise lawfully be communicated (all such persons being referred to as relevant persons) and is only available to such persons and any investment activity to which it relates will only be engaged in with such persons.

United States: This document is for information purposes only and is not intended to be an offer, or a solicitation of an offer, to buy or sell any investments. This document should not be regarded as investment advice. This document may not be duplicated, quoted, discussed or otherwise shared without prior consent. Any offering or distribution of a Fund in the United States may only be conducted via a licensed and registered broker-dealer or a duly qualified entity. Nikko Asset Management Americas, Inc. is a United States Registered Investment Adviser.

Singapore: This document is for information purposes only and comes with no guarantee as to the specific investment objective, financial situation and particular needs of any specific person. You should seek advice from a financial adviser before making any investment. In the event that you choose not to do so, you should consider whether the investment selected is suitable for you. Nikko Asset Management Asia Limited is a regulated entity in Singapore.

Hong Kong: This document is for information purposes only and comes with no guarantee as to the specific investment objective, financial situation and particular needs of any specific person. You should seek advice from a financial adviser before making any investment. In the event that you choose not to do so, you should consider whether the investment selected is suitable for you. The contents of this document have not been reviewed by the Securities and Futures Commission or any regulatory authority in Hong Kong. Nikko Asset Management Hong Kong Limited is a licensed corporation in Hong Kong.

Australia: Nikko AM Limited ABN 99 003 376 252 (Nikko AM Australia) is responsible for the distribution of this information in Australia. Nikko AM Australia holds Australian Financial Services Licence No. 237563 and is part of the Nikko AM Group. This material and any offer to provide financial services are for information purposes only. This material does not take into account the objectives, financial situation or needs of any individual and is not intended to constitute personal advice, nor can it be relied upon as such. This material is intended for, and can only be provided and made available to, persons who are regarded as Wholesale Clients for the purposes of section 761G of the Corporations Act 2001 (Cth) and must not be made available or passed on to persons who are regarded as Retail Clients for the purposes of this Act. If you are in any doubt about any of the contents, you should obtain independent professional advice.

New Zealand: Nikko Asset Management New Zealand Limited (Company No. 606057, FSP22562) is the licensed Investment Manager of Nikko AM NZ Investment Scheme and the Nikko AM NZ Wholesale Investment Scheme.

This material is for use of researchers, financial advisers and wholesale investors (in accordance with Schedule 1, Clause 3 of the Financial Markets Conduct Act 2013 in New Zealand). This material has been prepared without taking into account a potential investor’s objectives, financial situation or needs and is not intended to constitute personal financial advice, and must not be relied on as such. Recipients of this material, who are not wholesale investors, or the named client, or their duly appointed agent should consult an Authorised Financial Adviser and the relevant Product Disclosure Statement or Fund Fact Sheet (available on our website www.nikkoam.co.nz),
Kingdom of Bahrain: The document has not been approved by the Central Bank of Bahrain which takes no responsibility for its contents. No offer to the public to purchase the Strategy will be made in the Kingdom of Bahrain and this document is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

Kuwait: This document is not for general circulation to the public in Kuwait. The Strategy has not been licensed for offering in Kuwait by the Kuwaiti Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of the Strategy in Kuwait on the basis a private placement or public offering is, therefore, restricted in accordance with Decree Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the Strategy is being made in Kuwait, and no agreement relating to the sale of the Strategy will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Strategy in Kuwait.

Kingdom of Saudi Arabia: This document is communicated by Nikko Asset Management Europe Ltd (Nikko AME), which is authorised and regulated by the Financial Services and Markets Act 2000 (as amended) (FSMA) and the rules of the Financial Conduct Authority (the FCA) in the United Kingdom (the FCA Rules). This document should not be reproduced, redistributed, or sent directly or indirectly to any other party or published in full or in part for any purpose whatsoever without a prior written permission from Nikko AME.

This document does not constitute investment advice or a personal recommendation and does not consider in any way the suitability or appropriateness of the subject matter for the individual circumstances of any recipient. In providing a person with this document, Nikko AME is not treating that person as a client for the purposes of the FCA Rules other than those relating to financial promotion and that person will not therefore benefit from any protections that would be available to such clients.

Nikko AME and its associates and/or its or their officers, directors or employees may have or have had positions or material interests, may at any time make purchases and/or sales as principal or agent, may provide or have provided corporate finance services to issuers or may provide or have provided significant advice or investment services in any investments referred to in this document or in related investments. Relevant confidential information, if any, known within any company in the Nikko AM group or Sumitomo Mitsui Trust Bank group and not available to Nikko AME because of regulations or internal procedure is not reflected in this document. The investments mentioned in this document may not be eligible for sale in some states or countries, and they may not be suitable for all types of investors.

Oman: The information contained in this document neither constitutes a public offer of securities in the Sultanate of Oman as contemplated by the Commercial companies law of Oman (Royal decree 47/74) or the Capital Markets Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations to the Capital Market law (issued by Decision No. 1/2009). This document is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the Sultanate of Oman.

Qatar (excluding QFC): The Strategies are only being offered to a limited number of investors who are willing and able to conduct an independent investigation of the risks involved in an investment in such Strategies. The document does not constitute an offer to the public and should not be reproduced, redistributed, or sent directly or indirectly to any other party or published in full or in part for any purpose whatsoever without a prior written permission from Nikko Asset Management Europe Ltd (Nikko AME). No transaction will be concluded in your jurisdiction and any inquiries regarding the Strategies should be made to Nikko AME.

United Arab Emirates (excluding DIFC): This document and the information contained herein, do not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates and accordingly should not be construed as such. The Strategy is only being offered to a limited number of investors in the UAE who are (a) willing and able to conduct an independent investigation of the risks involved in an investment in such Strategy, and (b) upon their specific request.

The Strategy has not been approved by or licensed or registered with the UAE Central Bank, the Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE. This document is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee’s consideration thereof).

No transaction will be concluded in the UAE and any inquiries regarding the Strategy should be made to Nikko Asset Management Europe Ltd.

Issued by Nikko Asset Management Europe Ltd.
Authorised and regulated in the UK by the Financial Conduct Authority.
Number 122084.