

Asset Management / Fund Factsheet / 29.10.2021

Vontobel Fund - Emerging Markets Debt AI, EUR

Morningstar Rating as of 30.09.2021 ★★★★★

Marketing document for institutional investors in:
AT, CH, CL, DE, FR, IT, LI, LU, SG (professional investors)

Investment objective

This bond fund aims to generate the best possible investment returns over a full economic cycle, while respecting risk diversification.

Key features

The fund invests across emerging markets mainly in government and quasi-sovereign bonds of diverse qualities with different maturities in various hard currencies. In addition, the fund may have limited exposures to emerging market corporate bonds as well as emerging market currencies. The fund uses derivative financial instruments, primarily for hedging purposes.

Approach

The compact and agile investment team of experienced emerging market specialists focuses on spread optimization for a given level of risk. Based on in-depth research and using a proprietary valuation model, the portfolio managers continuously compare the levels of remuneration potential available across issuer qualities, countries, interest rates, currencies, and maturities within the investment universe to identify the most rewarding opportunities, which may be contrarian to mainstream views. To seize them, the team flexibly adapts the portfolio while keeping credit, interest rate and currency risks in check.

Risk and reward profile



| | |
|--|-------------------------------------|
| Portfolio management | Luc D'hooge / Wouter Van Overfelt |
| Fund domicile, legal structure | Luxembourg, UCITS |
| Currency of the fund / shareclass | USD / EUR |
| Launch date fund / shareclass | 15.05.2013 / 09.07.2014 |
| Fund size | USD 4,047.92 mio |
| Net asset value (NAV) / share | EUR 124.25 |
| Ref. index | J.P. Morgan EMBI Global Diversified |
| ISIN / WKN / VALOR | LU1086766554 / A1176S / 24882764 |
| Management fee | 0.55% |
| Ongoing charges (incl. Mgmt. fee) as of 28.02.2021 | 0.77% |
| Maximum entry / switching / exit fee ¹⁾ | 5.00% / 1.00% / 0.30% |
| Swing pricing | Yes |
| Distribution policy | distribution, annually |
| Last distribution on 25.11.2020 | EUR 5.61 |
| Distribution yield | 4.52% |

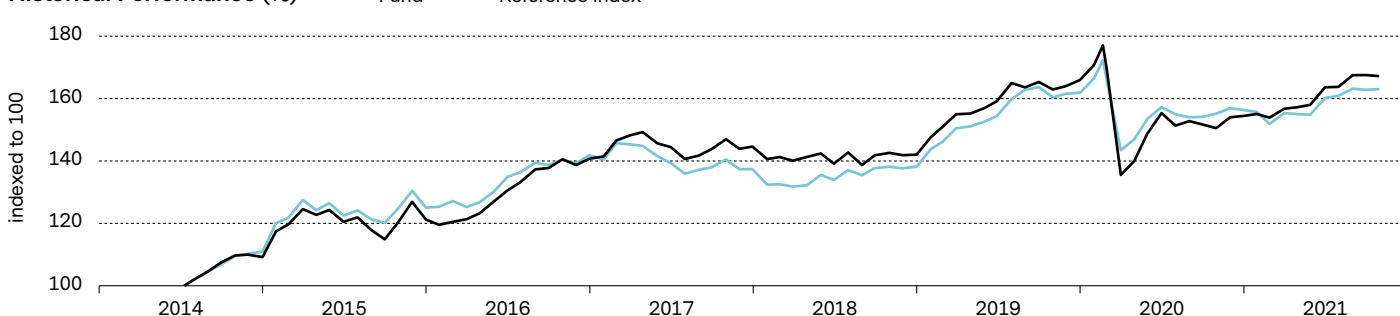
¹⁾ Refer to fund distributor for actual applicable fees, if any.

Portfolio Characteristics

| | Fund | Ref. index |
|--|----------|------------|
| Volatility, annualized ²⁾ | 14.91% | n.a. |
| Sharpe ratio ²⁾ | 0.40 | |
| Information ratio ²⁾ | negative | |
| Modified duration (years) | 7.08 | 7.82 |
| Average Rating | BB- | BB+ |
| Number of positions | 239 | 953 |
| Yield to maturity | 7.07% | 4.34% |
| Yield to maturity after hedging to USD | 7.23% | 4.31% |
| Yield to worst (YTW) | 7.06% | 4.31% |
| Tracking error, ex-post ²⁾ | 5.56% | |
| Option-adjusted spread, OAS (basis points) | 587 | 300 |

²⁾ calculated over 3 years

Historical Performance (%)



| | 11.20 - 10.21 | 11.19 - 10.20 | 11.18 - 10.19 | 11.17 - 10.18 | 11.16 - 10.17 | 1 m | year to date | 2020 | 2019 | 2018 | 3 yrs p.a. | 5 yrs p.a. | since inception |
|------------|------------------|------------------|------------------|------------------|------------------|------|-----------------|------|------|------|---------------|---------------|--------------------|
| Fund | 11.1 | -7.6 | 14.2 | -3.0 | 4.6 | -0.2 | 8.3 | -6.9 | 16.9 | -1.8 | 5.4 | 3.5 | 67.2 |
| Ref. index | 5.1 | -3.3 | 16.1 | -1.7 | 0.0 | 0.2 | 4.3 | -3.4 | 17.2 | 0.6 | 5.7 | 3.0 | 63.1 |

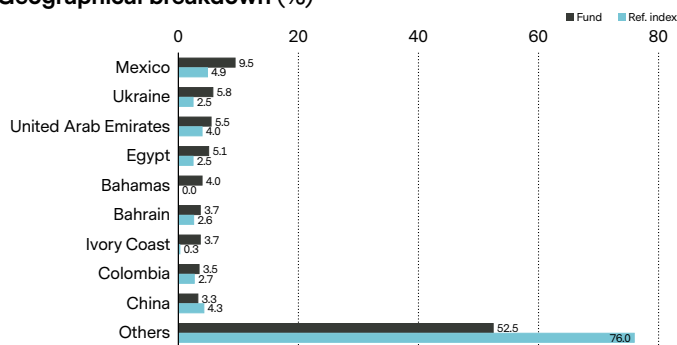
Past Performance is not a guide to current or future performance. Performance data do not take account of the entry / exit commissions and costs incurred, and reflect gross distributions reinvested. Performance of a fund can rise or fall, i.a. as a result of currency fluctuations.

A previous version of this document contained an inaccurate name of the Reference Index, which has been corrected in the current version.

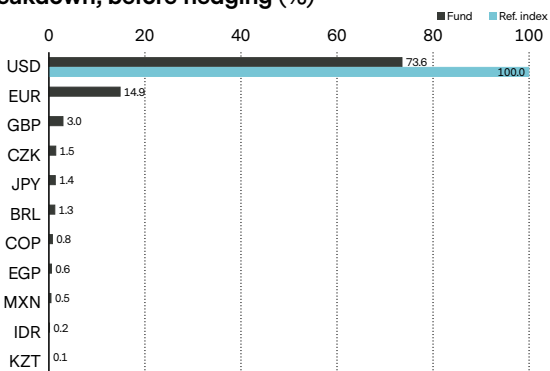
Major positions (%)

| | |
|--|-------------|
| 0% Ukraine 31.05.2040 FRN Reg-S Senior | 3.0 |
| 4% Gov of Sharjah 28.07.2050 Reg-S Senior | 2.9 |
| 5.625% United Mex States 19.03.2114 Reg-S Senior | 2.6 |
| 8.95% Bahamas 15.10.2032 | 2.4 |
| 8.875% Egypt 29.05.2050 Reg-S Senior | 2.2 |
| 6.75% PEMEX 21.09.2047 Senior | 2.1 |
| 8.375% Papua New Guinea 04.10.2028 Reg-S Senior | 1.7 |
| 7% Bahrain 26.01.2026 Reg-S Senior | 1.7 |
| 4.375% Gov of Sharjah 10.03.2051 Reg-S Senior | 1.7 |
| 0.5% Ecuador 31.07.2040 FRN Reg-S Senior | 1.6 |
| Total | 21.9 |

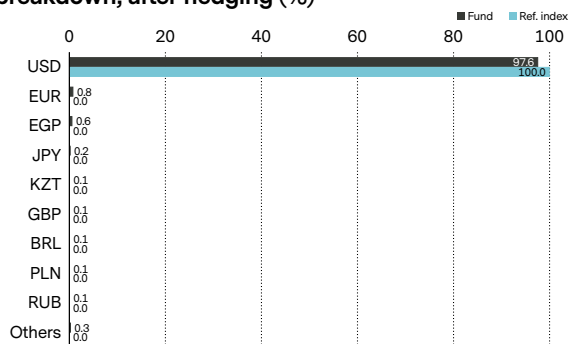
Geographical breakdown (%)



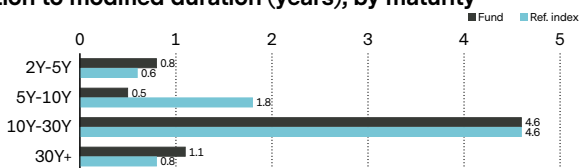
Currency breakdown, before hedging (%)



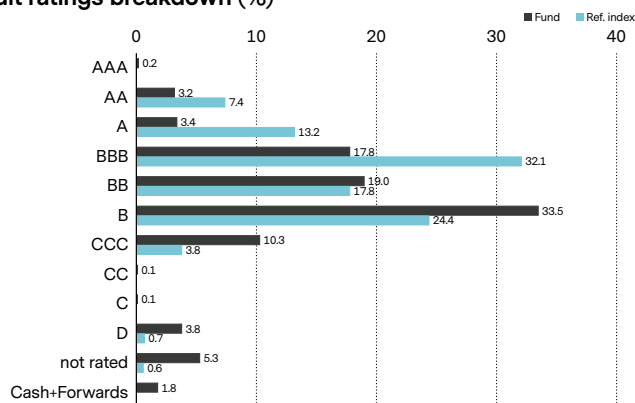
Currency breakdown, after hedging (%)



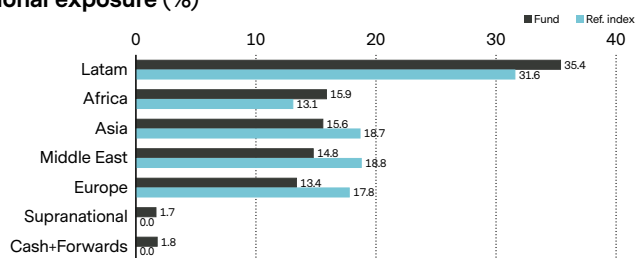
Contribution to modified duration (years), by maturity



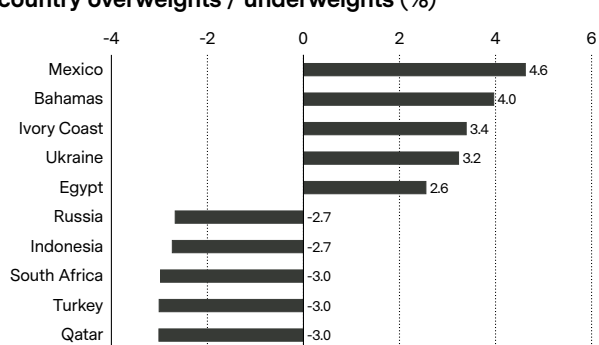
Credit ratings breakdown (%)



Regional exposure (%)

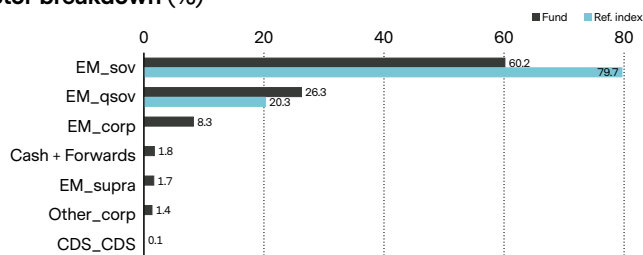


Major country overweights / underweights (%)



Values reflect the country exposure of the fund relative to the Reference index.

Sector breakdown (%)



Risks

- Limited participation in the potential of single securities.
- Investments in foreign currencies are subject to currency fluctuations.
- Success of single security analysis and active management cannot be guaranteed.
- It cannot be guaranteed that the investor will recover the capital invested.
- Derivatives entail risks relating to liquidity, leverage and credit fluctuations, illiquidity and volatility.
- Interest rates may vary, bonds suffer price declines on rising interest rates.
- Investments in emerging markets may be affected by political developments, currency fluctuations, illiquidity and volatility.
- The Sub-Fund's investments may be subject to Sustainability Risks. Information on how sustainability risks are managed in this Sub-Fund may be obtained from Vontobel.com/SFDR.

Glossary

Derivative is a financial security whose price is determined based on an underlying benchmark or asset such as stocks, bonds, commodities, currencies, interest rates, or market indexes. Examples are futures, options and credit default swaps. **Distribution**, or dividend, is a payment by a fund to its investors who hold distributing share classes (compartments with payouts). The distribution (or dividend) yield is calculated as all payouts over a period divided by the price per share (typically, the latest NAV), and may be affected by variable payments seasonality. **Distribution policy** of a fund defines the dividend distribution for its share classes to investors. Accumulating share classes reinvest the income received from the fund holdings back into the fund and do not distribute to shareholders. Distributing shares typically make cash payments to shareholders on a periodic basis. **Duration**, or Macaulay Duration, indicates the number of years an investor would need to maintain a position in the bond until the present value of the bond's cash flows equals the amount paid for the bond. The longer the duration, the more a bond's price will be affected by changes in interest rates. Duration may also be used to compare the risk of debt securities with different maturities and yields. **ESG** Environmental, social and governance (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments. **Forward**, or forward contract, is an agreement between two parties to buy or sell an asset at a specified price on a future date, and is often used for hedging purposes or commodities trading, where a forward contract can be customized to an amount, delivery date, and commodity type (e.g. food, metals, oil or natural gas). **Future**, or futures contract, is a legal agreement to buy or sell a particular commodity asset, currency or security at a predetermined price at a future point in time. They are standardized contracts in terms of quality and quantity which facilitates trading on a futures exchange. **Hedged share class** is type of share class that hedges currency risks. It protects investors against unwanted currency exchange (FX) fluctuations, which may be larger than underlying investment returns. To achieve this, the share class must cover hedging costs, resulting in a higher total cost to investors. **Hedging** describes the steps taken to offset the risk of a loss or unwanted gain, for example by hedging the risk of foreign currency exposure, an investor can benefit from holding a diverse range of global companies without being exposed to global foreign exchange movements. **Index** is a portfolio that holds a broad range of securities, based on pre-defined rules. Indexes such as the FTSE 100 or DAX 30 are used to represent the performance of particular markets and thus act as a reference point for performance measurement of other portfolios. An index used as reference for performance comparisons, is called a "reference index". **Information ratio** is a measurement of portfolio returns in excess of the reference index per unit of return volatility. It is used to measure a portfolio manager's ability to generate excess returns relative to a reference index. **ISIN** (International Securities Identification Number) is a unique code that identifies a specific financial security. It is assigned by a country's respective national numbering agency (NNA). **Management fee** is a fee which covers the costs charged to a fund relating to portfolio management services and, if applicable, to distribution services. **Maturity** indicates the length of time until the initial investment amount of a bond is due to be repaid. "Average maturity" is calculated on a bond portfolio by weighting each bond's residual maturity by its relative size. **Modified duration** is an adjusted version of Macaulay Duration and measures the percentage change in a bond price as a result of a change in yield. It is used to measure the sensitivity of a bond's cash flows to a change in interest rates and is more commonly used than Macaulay Duration. **Net Asset Value (NAV) / share** also known as the share price of a fund, represents the value per share of the fund. It is calculated by dividing the fund's assets less its liabilities by the number of shares outstanding. For most funds it is calculated and reported daily. **Number of positions** shows the number of single investments/securities in the portfolio of the fund. **Ongoing charges** expresses the sum of the costs of running a fund on an ongoing basis, like the management fee and various legal and operating costs. It is calculated retroactively over a period of 12 months as a percentage of the fund assets. If the available data is insufficient, for example, for newly launched funds, ongoing charges may be estimated using data from funds with similar characteristics. **Option** is a derivative, financial instrument whose price derives from the value of underlying securities, like stocks. Call/put options give buyers the right (but not the obligation) to buy/sell an underlying asset at an agreed price and date. **Option-adjusted spread (OAS)** measures the yield differential between a bond with an embedded option and the risk-free rate of return. It allows comparing prices of bonds with different embedded options. Typically, a larger OAS implies greater returns for greater risks. **Rating**, or credit rating, assesses a bond issuer's ability to repay on time all its debt (interest and principal). High ratings, like AAA or Aaa, indicate low risk (i.e., low probability of default), while ratings such as BBB- or Baa3 indicate a higher risk. **Share class** is a compartment of a fund with a distinct client type, distribution policy, fee structure, currency, minimum investment, or other characteristics. The characteristics of each share class are described in the fund prospectus. **Sharpe ratio** measures excess return per unit of risk. The ratio is the average return earned in excess of the risk-free rate per unit of volatility. A portfolio with a higher Sharpe ratio is considered superior relative to its peers. **SRRI** is a value based on a sub fund's volatility, providing a gauge of the overall risk and reward profile of the sub fund. **Swing pricing** is an industry standard mechanism to protect long term investors in a fund against trading costs occurring when investors enter or exit the fund. This is achieved by adjusting the NAV upwards or downwards respectively so that the additional trading costs caused by subscriptions or redemptions are borne by investors trading in the fund. Full details of the Swing Pricing mechanism are given in the fund prospectus. **Tracking error** is the standard deviation of the difference between the returns of a fund and its reference index, expressed as a percentage. The more actively a fund is managed, the higher the tracking error. **VALOR** is an identification number issued by SIX Financial Information and assigned to financial instruments in Switzerland. **Volatility** measures the fluctuation of a fund's performance over a certain period. It is most commonly expressed using the annualized standard deviation. The higher the volatility, the riskier a fund tends to be. **WKN** (or Wertpapierkennnummer) is an identification code of securities registered in Germany, issued by its Institute for Issuance and Administration of Securities. **Yield to maturity (YTM)** measures the return of the fund if all the bonds in the portfolio of the fund were held to maturity. The ratio is expressed as an annual return in percent. **Yield to maturity after hedging to another currency** provides the yield to maturity in the denominated currency, after adjusting for the hedging costs of all assets denominated in other currencies. **Yield to worst (YTW)** represents the lowest potential annual return of a bond that does not default, for instance, if a bond may be called by the issuer prior to maturity.

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