

Asset Management / Fund Factsheet / 31.08.2021

# Vontobel Fund - Sustainable Emerging Markets Debt I, USD

Marketing document for institutional investors in: CH

## Investment objective

This bond fund aims to outperform its benchmark over a 3-year rolling period, by investing primarily in emerging market debt securities that seek to promote environmental or social characteristics.

## Key features

The fund invests across emerging markets mainly in government, quasi-sovereign, and corporate bonds of diverse qualities with different maturities in various hard currencies, and seeks to promote environmental or social practices. The fund uses derivative financial instruments, primarily for hedging purposes.

## Approach

The compact and agile investment team of experienced emerging market specialists uses a proprietary sustainability model to define the investment universe. It consists of a quantitative screening based on third party and in-house provider data followed by a qualitative analysis of the material sustainability risks. The J.P. Morgan ESG EMBI Global Diversified Index is used as a performance measure. The team focuses on optimizing the level of spread 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.

Portfolio management	Sergey Goncharov / Luc D'hooge
Fund domicile, legal structure	Luxembourg, UCITS
Currency of the fund / shareclass	USD / USD
Launch date fund / shareclass	30.09.2020 / 30.09.2020
Fund size	USD 134.50 mio
Net asset value (NAV) / share	USD 115.61
Ref. index	J.P. Morgan ESG EMBI Global Diversified
ISIN / WKN / VALOR	LU2145396086 / A2QD0S / 53671344
Management fee	0.625%
Ongoing charges (incl. Mgmt. fee) as of 28.02.2021	0.79%
Maximum entry / switching / exit fee <sup>1)</sup>	5.00% / 1.0% / 0.30%
Distribution policy	reinvesting

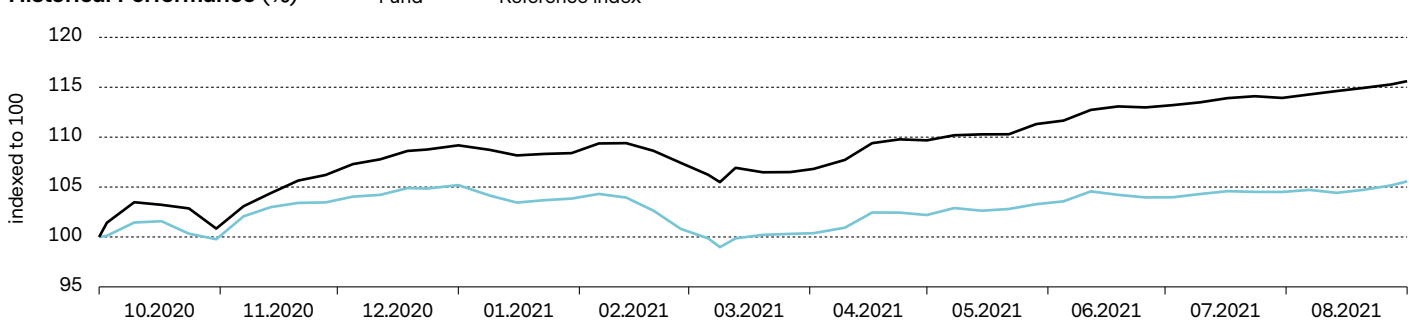
<sup>1)</sup> Refer to fund distributor for actual applicable fees, if any.

## Portfolio Characteristics

	Fund	Ref. index
Volatility, annualized <sup>2)</sup>	n.a.	n.a.
Sharpe ratio <sup>2)</sup>	n.a.	n.a.
Information ratio <sup>2)</sup>	n.a.	n.a.
Modified duration (years)	7.15	8.30
Average Rating	BB	BB+
Number of positions	93	700
Yield to maturity	5.45%	3.84%
Yield to maturity after hedging to USD	5.58%	3.83%
Yield to worst (YTW)	5.34%	3.83%
Tracking error, ex-post <sup>2)</sup>	n.a.	n.a.
Option-adjusted spread, OAS (basis points)	470	277

<sup>2)</sup> According to the EU's Markets in Financial Instruments Directive (MiFID) and its implementation in national law, performance-related information may only be shown to retail clients if it covers a period of at least 12 months.

## Historical Performance (%)



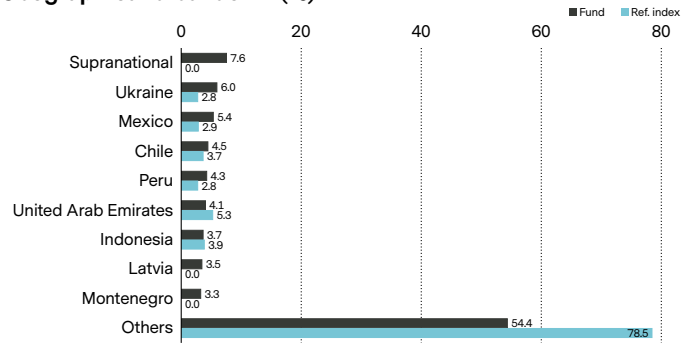
	09.20 - 08.21	09.19 - 08.20	09.18 - 08.19	09.17 - 08.18	09.16 - 08.17	1 m	year to date	2020	2019	2018	3 yrs p.a.	5 yrs p.a.	since inception
Fund	n.a.	n.a.	n.a.	n.a.	n.a.	1.5	5.9	9.2	n.a.	n.a.	n.a.	n.a.	15.6
Ref. index	n.a.	n.a.	n.a.	n.a.	n.a.	1.0	0.4	5.2	n.a.	n.a.	n.a.	n.a.	5.6

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.

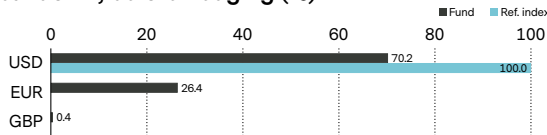
**Major positions (%)**

6.75% Air Baltic Corp 30.07.2024 Senior	3.5
3.2% Sharjah 13.07.2031	3.0
8.375% Papua New Guinea 04.10.2028 Reg-S Senior	2.7
3% Singapore Airlines 20.07.2026 Senior	2.7
9.875% Maldives 08.04.2026	2.7
2.875% Montenegro 16.12.2027 Reg-S Senior	2.5
8.95% Bahamas 15.10.2032 Senior	2.2
4.45% Saka Energ Indo 05.05.2024 Reg-S Senior	2.2
5.875% Dominican Republic 30.01.2060 Senior	2.1
4.5% Bolivia 20.03.2028 Reg-S Senior	2.1
<b>Total</b>	<b>25.7</b>

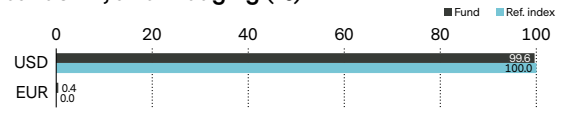
**Geographical breakdown (%)**



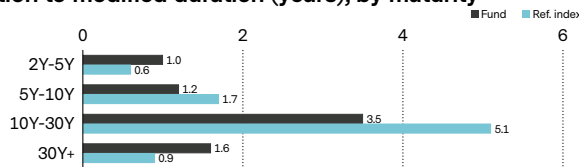
**Currency breakdown, before hedging (%)**



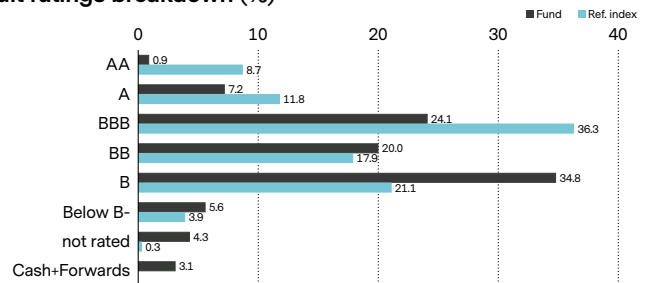
**Currency breakdown, after hedging (%)**



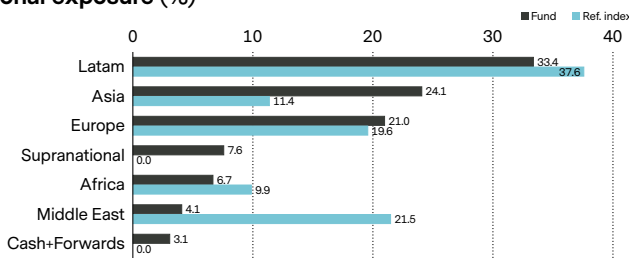
**Contribution to modified duration (years), by maturity**



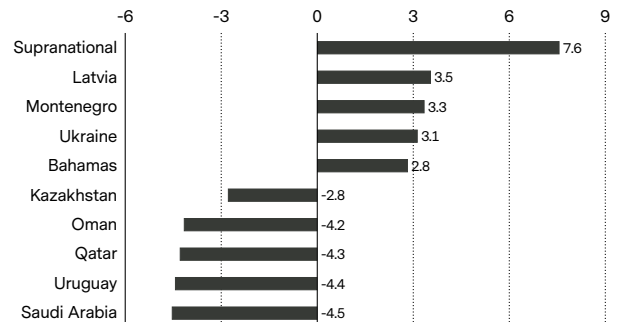
**Credit ratings breakdown (%)**



**Regional exposure (%)**

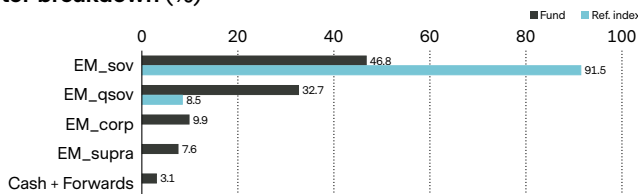


**Major country overweights / underweights (%)**



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. The sustainability risks that the Sub-Fund may be subject to are likely to have an immaterial impact on the value of the Sub-Funds' investments in the medium to long term due to the mitigating nature of the Sub-Fund's ESG approach.
- The Sub-Funds' performance may be positively or negatively affected by its sustainability strategy.

- The ability to meet social or environmental objectives might be affected by incomplete or inaccurate data from third-party providers.
- Information on how environmental and social objectives are achieved and how sustainability risks are managed in this Sub-Fund may be obtained from [Vontobel.com/SFDR](http://Vontobel.com/SFDR).

## Glossary

**Benchmark:** An index that is used to measure the performance of an investment fund with the purpose of tracking the return of such index or of defining the asset allocation of a portfolio or of computing the performance fees. **Beta:** A measure of sensitivity - given as the average percentage change in the price of a fund when the market (benchmark) rises or falls by 1%. A value over (under) 1 means that on average the fund exhibits more (less) volatility than the benchmark. The figure is calculated on a 3-yearly basis. **Duration (Modified Duration):** Duration is an indication of how much a bond's price could be affected by a change in interest rates. **Effective Duration:** Is a measure of the potential impact on a bond or portfolio price of a 1% change in interest rates across all maturities. **Hedging:** Where a Class of Shares is described as hedged ("Hedged Share Class"), the intention is to hedge the Net Asset Value in the Reference Currency of the Sub/Fund into the Currency of the Hedged Share Class. **Index:** Is a characteristic portfolio considered representative of a particular market or a portion of it, and serves as a performance measurement for such a market. An index, or combination thereof, used as reference for performance comparison, is then called "reference index". **Information ratio:** The information ratio (IR) is a ratio of portfolio returns above the returns of a benchmark to the volatility of those returns. **Jensen's Alpha:** Yield indicator. If the average return on a security or portfolio is larger than its expected return, the alpha is positive. If the average return is smaller than expected, the alpha is negative. **Management Fee:** Is a fee which covers all costs relating to possible services rendered in connection with investment management and distribution. Please refer to the fund's prospectus for a complete description. **NAV:** The Net Asset Value (NAV) represents the value per share. It is calculated by dividing the total net asset value of the fund (the value of the fund's assets less its liabilities) by the number of shares outstanding. **Ongoing charges:** Expresses the sum of the costs of running a fund on an ongoing basis, like 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. When insufficient data is available, Ongoing Charges may be estimated using data of funds with similar characteristics. **Performance Fee:** The payment made to an Investment Manager if certain performance levels are achieved (often over and above any levels set out in the investment objective) within a set time period. Please refer to the fund's prospectus for a complete description. **Sharpe Ratio:** The Sharpe ratio indicates the additional reward per unit of risk compared to a risk-free investment. It reveals how much performance was achieved at what level of risk. **Tracking error:** Measure of the deviation of the return of a fund compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment fund is managed, the smaller the tracking error. **Volatility:** Volatility (or risk or standard deviation) is an indicator of the range of fluctuation of the annualized performance of a fund over a certain period. **Weighted Average Coupon (WAC):** The coupon is the annual interest rate paid by a bond issuer on the face value of the bond. **Yield to Maturity:** The rate of return anticipated on a bond if it is held until the maturity date. **Yield to Worst:** The lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions are used by the issuer.

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