Ninety One

Investing for a world of change

Emerging Markets Sustainable Blended Debt Strategy

Total return strategy focused on emerging markets with positive ESG dynamics

Portfolio Managers	Peter Eerdmans, Grant Webster, Nicolas Jaquier
Strategy inception	September 2021
AUM	US$ 89.2 million as at 31 December 2024
Investment objectives and features	
Return target	To outperform the performance comparison index[1] (net of fees) over a full market cycle
Investment opportunity	Core solution for sustainable EM debt exposure, seeking to tap into the best opportunities among countries with improving ESG trends
Investment universe	Broad EM opportunity set, including hard currency bonds, FX and local rates, and green and sustainable bonds
Investment approach	Aims to generate improved risk-adjusted returns via a total-return, benchmark-agnostic approach. Places a heavy emphasis on proprietary, forward-looking ESG scores

The role the strategy can play in portfolios

Sustainable EM debt exposure

Provides access to a wide range of opportunities across the EM debt universe with a focus on countries with improving ESG metrics

Diversified growth solution

Actively invests across the entire investment universe, favouring markets with positive ESG dynamics and avoiding lowest scorers

Access to EM debt's yield pick-up

Aims to harness EM debt's yield pick-up and exploit the broad array of relative-value opportunities

Cost-effective and efficient solution

Bottom-up approach selects individual best ideas[1] to achieve desired asset allocation, avoiding excessive trading

Key characteristics

Internal parameters and current metrics[2]

	Min	Current	Max
Yield (%)	0	6.5	10
Duration (yrs)	4.5	6.0	7
EM FX (%)	30	46	70
Local Debt (%)	30	53	70
$ Sovereign Debt (%)	0	41	45
$ Corporate Debt (%)	0	3	20
Cash	0	2.90	10

Built on a tried and tested process

The Strategy builds off the **successful Ninety One Emerging Markets Blended Debt strategy** and process

Decision making is driven by a **strong proprietary ESG process**, focusing on identifying ESG trends.

ESG has a **50% weight** in investment scorecards. Portfolio includes **green bonds** and **sustainable bonds.**

Engagement with issuers to help improve sustainability

The amount of income payable may rise or fall.

Source: Ninety One, 31 December 2024. Emerging Markets Sustainable Blended Debt Strategy benchmark: 50% JPMorgan GBI-EM Global Diversified; 50% JPM EMBI Global Diversified. Indices are shown for illustrative purposes only. For further information on indices, please see the Important information section. [1] Best Ideas' represents our highest conviction ideas following fundamental analysis. [2] The portfolio may change significantly over a short space of time.

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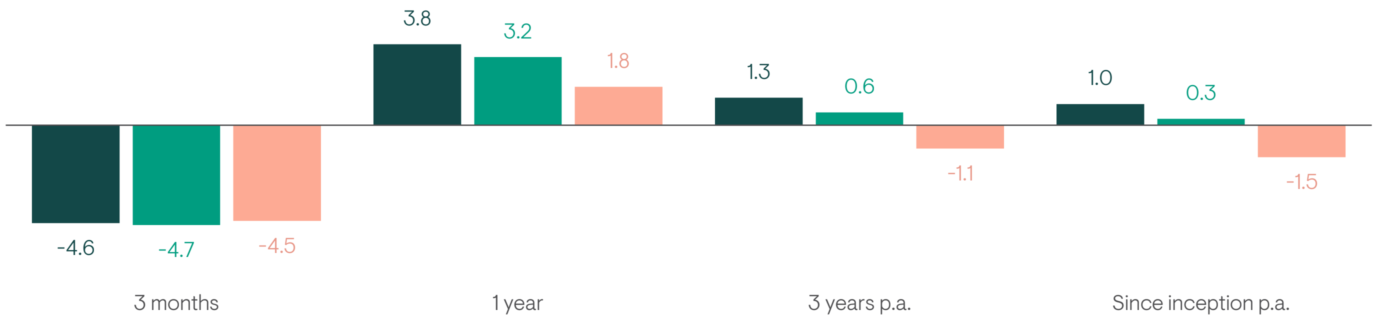
Track record

Annualised performance since inception in USD (%)



	2021 (Oct)	2022	2023	2024
Gross composite return	-0.6	-10.8	12.1	3.8
Net composite return	-0.7	-11.3	11.4	3.2
Benchmark	-1.5	-14.9	11.7	1.8

Investment philosophy

1. Sustainable investing in EMs can make a real difference: the vast majority of people and natural wealth resides in EMs, while EMs need to make the most progress towards Net Zero
2. Focusing on better ESG dynamics does not mean sacrificing returns. Engagement with issuers can help improve sustainability
3. In fact, we believe that countries with improving ESG metrics will build more sustainable economies and will unlock higher productivity, leading to outperformance of their assets
4. Detailed proprietary analysis can lead to successful forecasting of future ESG trends

Investment process

Combines complementary top-down and bottom-up components

Top-down
Dedicated process for overall risk exposure and asset allocation

Bottom-up
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**
- Individual country and currency selection is guided by **scorecard** rankings informed by our **qualitative scores** combined with **ESG analysis** and the output from our **proprietary quantitative models**

Portfolio built bottom-up given top-down risk allocation

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

Source: Ninety One as at 31 December 2024.
Where performance is gross of fees, returns will be reduced by management fees and other expenses. Net performance is net of the highest institutional segregated portfolio management fee. Both gross and net returns are in USD, shown net of all trading expenses. Income is reinvested.
Composite inception date: 1 October 2021. Returns of less than one year are not annualised.
Benchmark: 50% JPMorgan GBI-EM Global Diversified; 50% JPM EMBI Global Diversified. Indices are shown for illustrative purposes only.
For further information on indices please see the Important Information section.
Composite description: Total return strategy focussed on higher scoring ESG countries through exposure predominantly to sovereign debt.
For more information on the investment process please see the Important Information section.

Our approach to sustainable investing

We believe that EMs that exhibit **improving ESG trends** should outperform over the longer term; identifying these trends is a key focus for us. We would also argue that sharp deterioration in ESG momentum could lead to debt default.

These beliefs underpin our **regular engagement** with issuers in the investible universe across two structural themes: climate change & nature risks and budget transparency.

When assessing ESG risks we strongly believe in a qualitative assessment of the trend of a country.
We use our proprietary **ESG trend score** to assess the ESG risk for each country.

- If a country is doing well and heading in a positive direction, we view it as a positive scoring country even if it comes from a low ESG starting point.
- A country with perhaps better ESG levels but that is going the wrong way, is scored poorly.
- Any country that scores -1 or worse will be excluded from the portfolio*.

Our Climate and Nature Sovereign Index (CNSI) and our Net Zero Sovereign Index (NZSI) help inform our qualitative analysis.

The CNSI was developed in cooperation with WWF, and it aims to assess climate and nature risks based on a broad range of factors.

The NZSI, which builds on the CNSI, provides sovereign-debt investors with a high calibre, independently verified assessment of Paris alignment. The index aims to support sovereign-bond investors' engagements with governments, so that they can hold public officials to account and encourage positive change. For more information on these indices, please see our website.

ESG integration in sovereign emerging market debt

Proprietary ESG analysis

Sovereign ESG scorecard

- Comprehensive nine factor scoring of **ESG trends** based on **qualitative assessment** by regional specialists.
- Informed by analysis of third-party data, policy analysis and interaction with policy-makers.

Ongoing collaboration and interaction with the Sustainability team.

Investment process integration

ESG scores feed into all our investment scorecards across sovereign, FX and rates scorecards with 50% weight.

Complemented by a **Political Risk** score capturing shorter-term **governance** outlook.

Engagement with company management, NGOs and country policy makers.

Outcomes

Structured ESG process **embeds ESG risk management** in portfolio construction.

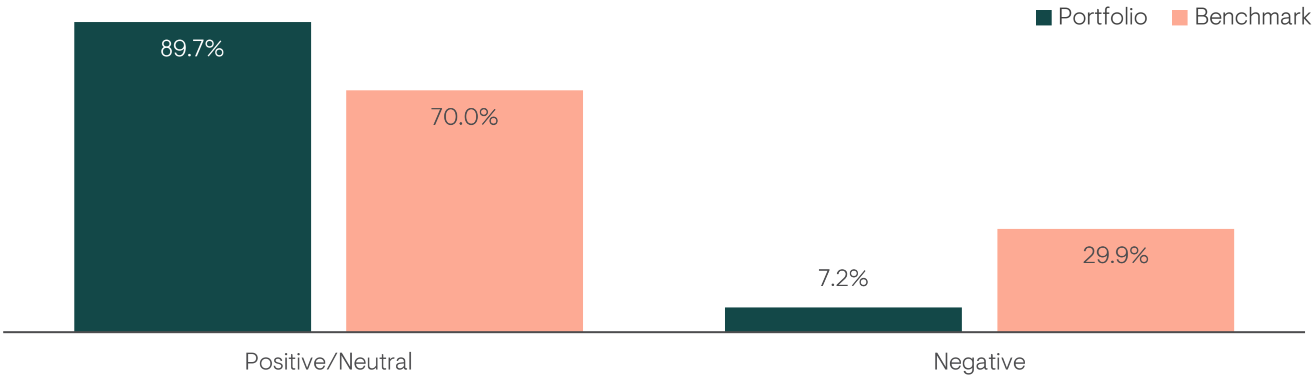
Ability to **tailor ESG solutions** for institutional clients.

Collaboration with clients ranging from sharing of quarterly ESG trend scorecards and qualitative views to ad hoc ESG interaction on particular topics, companies and countries.

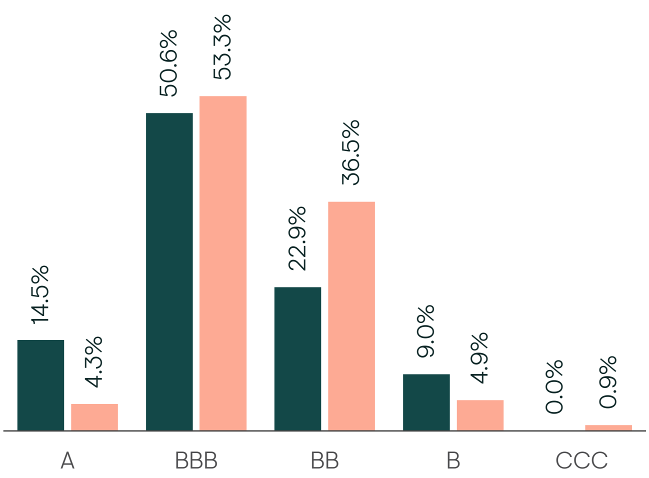
For more information on the investment process please see the Important Information section.
*This does not include Green, Social, Sustainable, or Supranational labelled bonds.

ESG framework trends (sovereign)

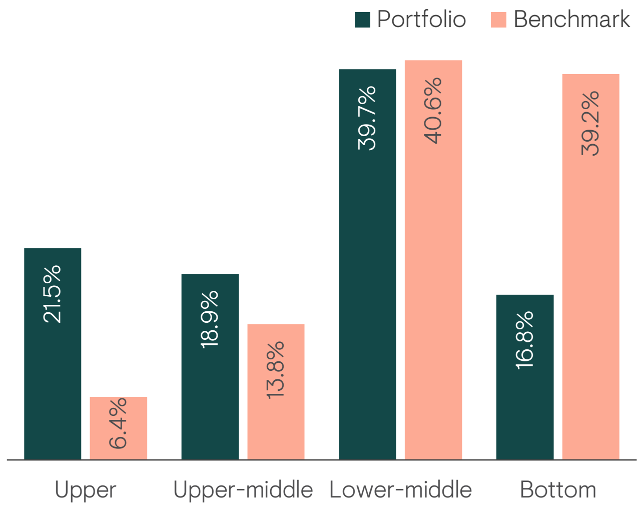
Percentage of portfolio and benchmark countries with positive, neutral and negative Ninety One ESG trend scores



MSCI exposure (ESG Rating Band)

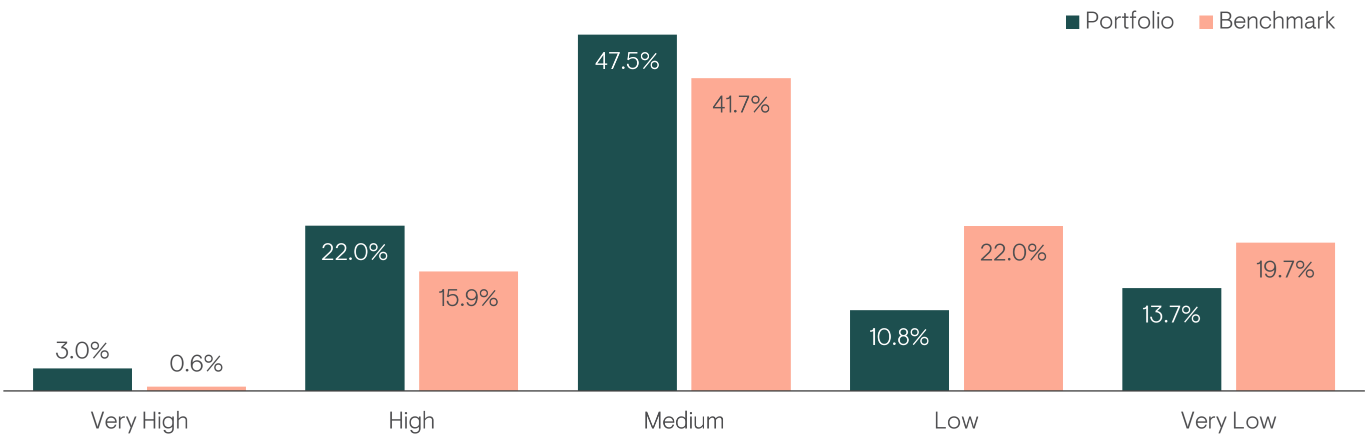


Income-adjusted ESG score



Net Zero Sovereign Index total score*

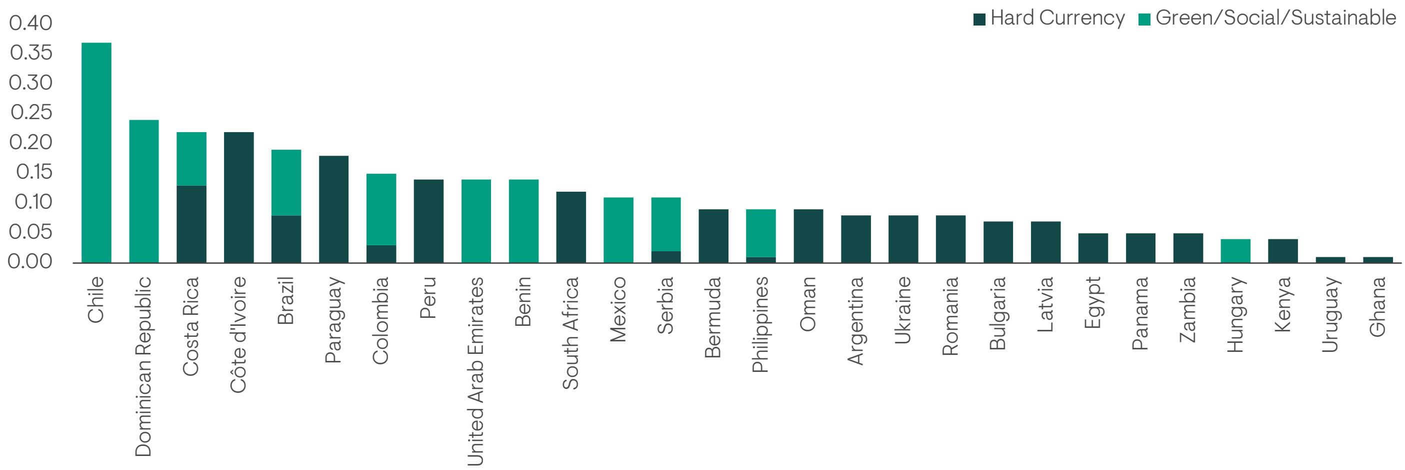
The below chart compares your portfolio's degree of alignment with Ninety One's net-zero pathway with the benchmark. It shows how the portfolio is aligned to the quartile rankings across the entire universe (including developed markets):



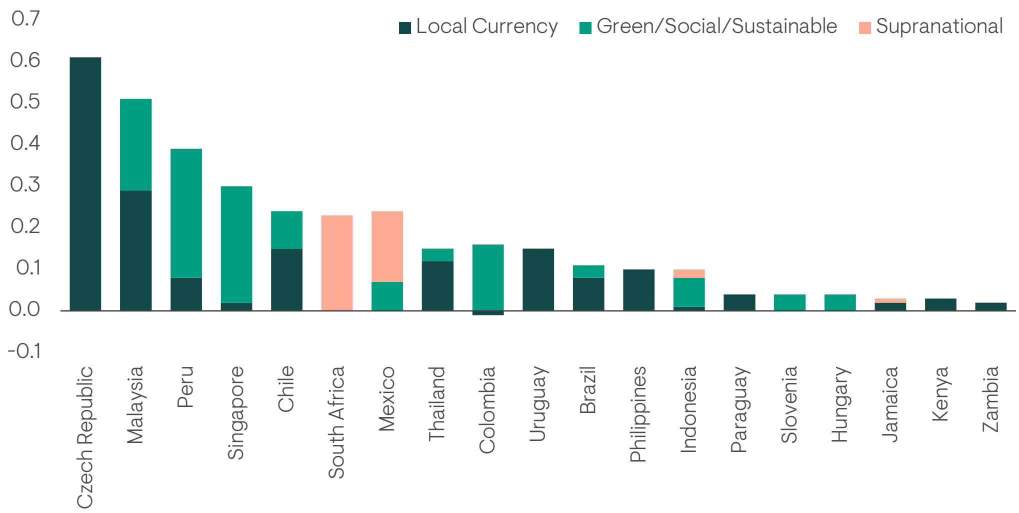
Source: Ninety One Portfolio metrics 30 June 2024, Ninety One internal ESG scorecard, Haver, EDGAR emissions data (2021).
Portfolio metrics will not necessarily add to 100% as they include the absolute sovereign exposure of the portfolio and do not include allocations to cash, corporate or other instruments. The benchmark will sum to 100% of the sovereign benchmark weighting for the portfolio.
Income adjusted ESG score-A country's ESG performance tends to have a strong correlation to income levels. We thus correct for this, to highlight the dispersion in different countries ESG metrics that is not accounted for simply by higher level of GDP per capita. The model output is based on three separate regression models of ESG datasets on income per capita. Namely, World Bank Governance Indicators, UN Human Development Index and Yale's Environmental Performance Index
Benchmark: 50% GBI EM Global Diversified; 50% JP Morgan EMBIG Diversified.
For further information on specific portfolio names and investment process, please see the Important information section.

Portfolio characteristics

Hard Currency Spread Duration: 3.12 years



Local Currency Modified Duration: 3.55 years



The portfolio through the lens of our ESG framework

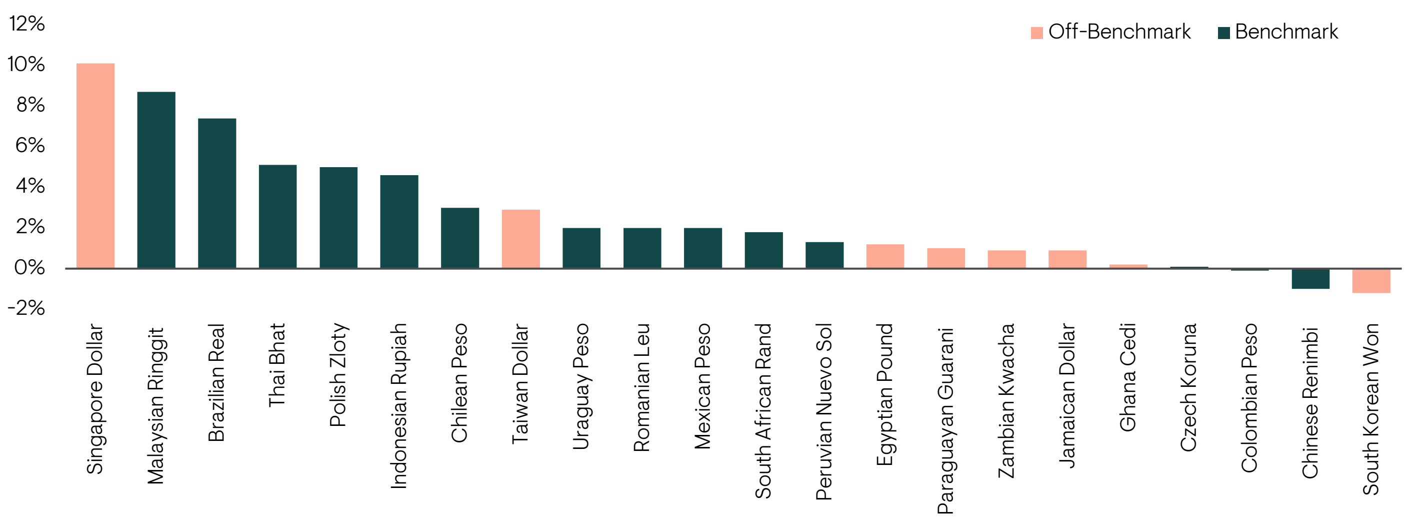
39.5%

Exposure to green and impact bonds (including 4.75% GSS Supranational)

8.8%

Exposure to supranational bonds

EMFX Exposure: +60.04%



Source: Ninety One, based on ESG scorecard as of 30 September 2024.
This is not a buy, sell or hold recommendation for any particular security. There is no guarantee that the Strategy is currently investing and/or will invest in the securities in the future. This portfolio may change significantly over a short period of time.
Based on a related portfolio with substantially similar objectives as those of the services being offered.
Benchmark: 50% GBI EM Global Diversified; 50% JP Morgan EMBIG Diversified. For Illustrative purposes only.
For further information on specific portfolio names and investment process, please see the Important information section.

Investment team

Peter Eerdmans
Portfolio Manager
Joined the industry in 1995

Grant Webster
Portfolio Manager
Joined the industry in 2006

Nicolas Jaquier
Portfolio Manager
Joined the industry in 2005

The portfolio managers are supported by a specialist team with extensive years experience of investing across the spectrum of EMD from corporates to frontier currencies.

For further information on the investment team, please see the Important Information section.

Why Ninety One for Emerging Market Sustainable Blended Debt

1
Our EM heritage gives us a rich and differentiated perspective on this diverse opportunity set

2
Our holistic approach ensures that our top-down asset allocation is optimally expressed through our best bottom-up ideas

3
We aim to stay ahead of an evolving universe through our proprietary innovation to deliver strong client outcomes

4
15 years of ESG integration in our EM debt business is evidence of our culture of doing the right thing

Why Ninety One

Ninety One is a global investment manager with emerging market roots and a commitment to developing specialist investment teams organically. Our heritage and approach let us bring a different perspective to active and sustainable investing. As active and responsible investors, we manage our clients' money to meet their long-term financial objectives.

Our investment expertise spans the equity, fixed income, multi-asset and alternative asset classes. Our specialist investment teams invest actively across global, emerging and frontier markets.

Established in South Africa in 1991, as Investec Asset Management, we started offering domestic investments in an emerging market. In 2020, almost three decades of organic growth later, we demerged from Investec Group and became Ninety One.

The firm seeks to create profitable partnerships between clients, shareholders and employees. Our aim is to exceed our clients' and service expectations and to manage their money to the highest possible standard.

General risks: The value of investments, and any income generated from them, can fall as well as rise. Costs and charges will reduce the current and future value of investments. Past performance does not predict future returns. Investment objectives may not necessarily be achieved; losses may be made. Target returns are hypothetical returns and do not represent actual performance. Actual returns may differ significantly. Environmental, social or governance related risk events or factors, if they occur, could cause a negative impact on the value of investments.

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. **Interest rate:** The value of fixed income investments (e.g. bonds) tends to decrease when interest rates rise. **Sustainable Strategies:** Sustainable, impact or other sustainability-focused portfolios consider specific factors related to their strategies in assessing and selecting investments. As a result, they will exclude certain industries and companies that do not meet their criteria. This may result in their portfolios being substantially different from broader benchmarks or investment universes, which could in turn result in relative investment performance deviating significantly from the performance of the broader market. **Emerging and Frontier 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.

Ninety One contact details

Australia
Telephone: +61 2 9160 8400
australia@ninetyone.com

Europe and United Kingdom
Europe: +44 (0)20 7597 1999
UK: +44 (0)20 7597 1800
enquiries@ninetyone.com

South Africa
Telephone: +27 (0)21 901 1000
enquiries@ninetyone.com

Botswana
Telephone: +267 318 0112
botswanaclientservice@ninetyone.com

Hong Kong
Telephone: +852 2861 6888
hongkong@ninetyone.com

Singapore
Telephone: +65 6653 5550
singapore@ninetyone.com

Channel Islands
Telephone: +44 (0)1481 710 404
enquiries@ninetyone.com

Namibia
Telephone: +264 (61) 389 500
namibia@ninetyone.com

United States
US Toll Free: +1 800 434 5623
usa@ninetyone.com

www.ninetyone.com
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Important information