

31 July 2017

Finisterre EM Debt Fund - I Acc EUR Hedged

Investment Manager

Finisterre Capital[^] specialises in the management of emerging markets fixed income total return investment strategies. Finisterre manages emerging markets funds in a variety of asset classes, including sovereign debt, local currency debt, corporate credit and foreign exchange.

[^]Principal Global Investors, LLC has been appointed as Investment Advisor to the Fund, and has appointed Finisterre Malta Limited and Finisterre Capital LLP as the Sub-Investment Advisors.

Fund Managers

Bertrand Lavigne

BA Engineering, ENSIMAG
21 Yrs Industry Exp

Edward Lynch

MSC, University College Dublin
17 Yrs Industry Exp

Investment Objective

The investment objective of the Fund is to generate medium to long term positive total returns from a combination of current income and capital appreciation by investing in global emerging market securities. The Fund invests primarily in sovereign and corporate credits, local fixed income instruments, currencies and other debt securities. The Fund will take long and short positions and use financial derivative instruments.

Fund Facts

Fund Size	€139.9m
Launch Date	06 Oct 2016
Base Currency	USD
Hedging	Class
Min Investment	US\$2,000,000
Management Fee	1.50% pa
Performance Fee	15%
Fund Domicile	Ireland
UCITs Qualifying	Yes
Pricing	Daily
Dealing	10am Dublin
Income Distribution	Accumulated

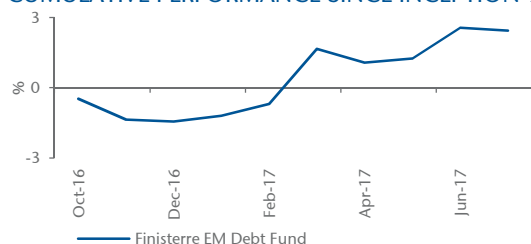
HISTORICAL MONTHLY NET PERFORMANCE %

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	SI [†]	ITD ^{††}
2016	-	-	-	-	-	-	-	-	-	-0.47	-0.89	-0.09	-	-	-
2017	0.25	0.51	2.37	-0.58	0.17	1.30	-0.12	-	-	-	-	-	3.94	2.44	2.44

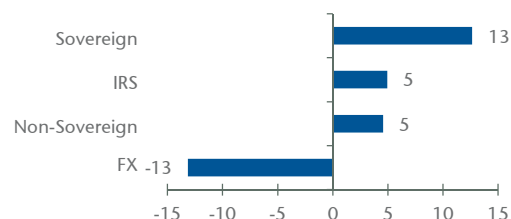
[†]Since Inception Cumulative Return (net). ^{††}Since Inception Annualised Return

Fund performance is calculated on a Nav to Nav basis, including net of trustee and management fees. See performance notes.**

CUMULATIVE PERFORMANCE SINCE INCEPTION %



MONTHLY ATTRIBUTION BY STRATEGY (bps)



MONTHLY (TOP 5 PnL) COUNTRY ATTRIBUTION

Contributors	Strategy	Return Attribution (bps)
Mexico	Sovereign	-6
	Forward	7
	IRS	1
	Non-Sovereign	6
Greece	Sovereign	4
Austria	Sovereign	4
Czech	Sovereign	3
	Forward	-2
	IRS	2
France	Sovereign	3

Detractors	Strategy	Return Attribution (bps)
Hungary	Sovereign	1
	Forward	-7
	IRS	0
Argentina	Sovereign	-5
	Forward	0
Germany	Sovereign	10
	Forward	-10
	IRS	0.1
Turkey	Sovereign	0
	Forward	-0.1
	IRS	0
Thailand	Forward	-0.1
	IRS	0.03

FUND ANALYSIS

EM 10Y Equivalent Exposures

Long Exposure (EM 10Y equiv. as x of NAV)	0.15x
Short Exposure (EM 10Y equiv. as x of NAV)	-0.19x
Net Exposure (EM 10Y equiv. as x of NAV)	-0.04x
Gross Exposure (EM 10Y equiv. as x of NAV)	0.35x
VaR (% NAV) [99.99% 5D]	0.25%
VaR (% NAV) [99% 1D]	0.07%
SDV01 (bp NAV)	0.00bps

RISK SUMMARY

Annualised Vol	3.33%
Sharpe Ratio***	1.01
Spread Duration	0.00yrs
Average Duration	0.15yrs

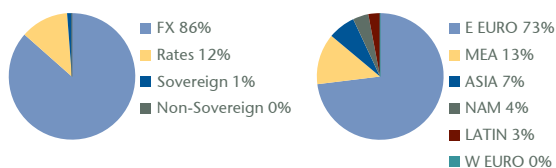
***Sharpe Ratio vs. 1 Month Treasury Bill.

TOP 10 HOLDINGS % (RATES: EM 10Y Equiv.)

	Fund exposure as % NAV
ISRAEL_LMFI	0.8
CZECH	0.6
REPUBLIC_LMFI	
SINGAPORE_FXT	0.4
HUNGARY_LMFI	0.3
SINGAPORE_LMFI	0.1
BRAZIL_LMFI	0.1
AUSTRIA_EDT	0.1
SOUTH AFRICA_LMFI	0.1
EUROZONE_FXT	-1.0
CZECH	-5.5
REPUBLIC_FXT	
Total	-4.1

Top 10 holdings % EM 10Y equivalent exposures is given in terms of NAV% by position – US, UK and German treasuries are excluded. The strategy exposure pie-chart is given in terms of ratios of standalone strategy VaR vs. total standalone strategy VaR and the regional exposure pie-chart is given in terms of ratio of regional EM 10Y equivalent exposure vs. total EM 10Y exposure (US rates hedges excluded).

MONTH-END PORTFOLIO RISK BY STRATEGY & REGIONAL EXPOSURE



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Fund Codes

Accumulation Units:

Bloomberg	PGIFIEH ID
ISIN	IE00BBPRCF15
Lipper	68265268
SEDOL	BBPRCF1
Valoren	22418205

Country Registration

Austria, Belgium, Finland, France, Germany, Guernsey, Ireland, Italy*, Jersey, Luxembourg, Netherlands, Singapore*, Spain, Sweden, Switzerland and UK

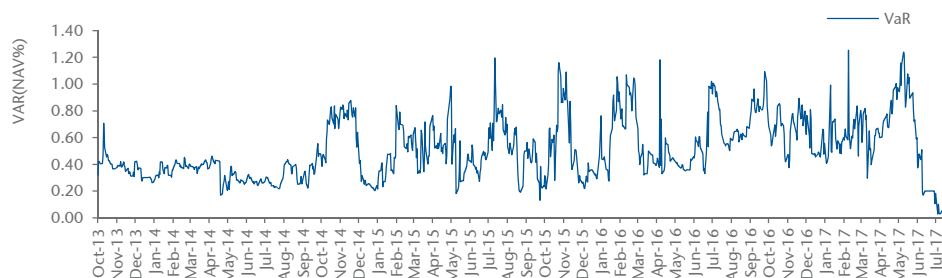
MONTH-END EM 10Y EQUIV. EXPOSURES BY COUNTRY %

Top 5 Longs	Strategy	Net Exposure (% NAV)
ISRAEL	Credit, FX	0.85
SINGAPORE	FX, Rates	0.50
HUNGARY	Credit	0.27
BRAZIL	FX, LM Rates	0.12
SOUTH AFRICA	Credit, FX, LM Rates	0.11
Top 5 Shorts	Strategy	Net Exposure (% NAV)
CZECH REPUBLIC	FX, LM Rates	-4.88
EUROZONE	LM Rates	-0.99

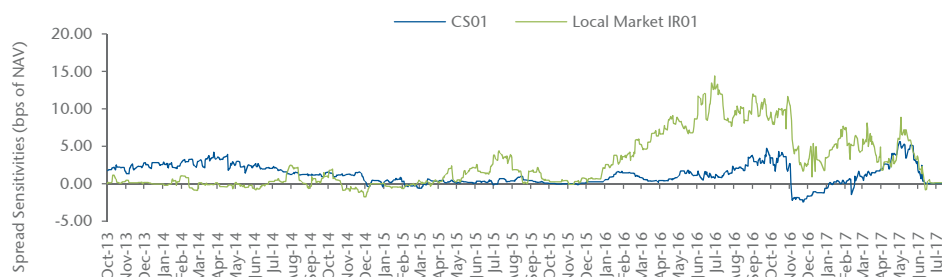
CURRENCY EXPOSURE (MV in NAV %)

	Fund Exposure as % NAV
SGD	0.43
ZAR	0.05
BRL	0.05
GBP	0.05
CNH	0.04
TRY	0.00
PLN	0.00
ILS	0.00
HUF	-0.01
EUR	-0.99
CZK	-5.45
Other	0.00
Total	-5.82

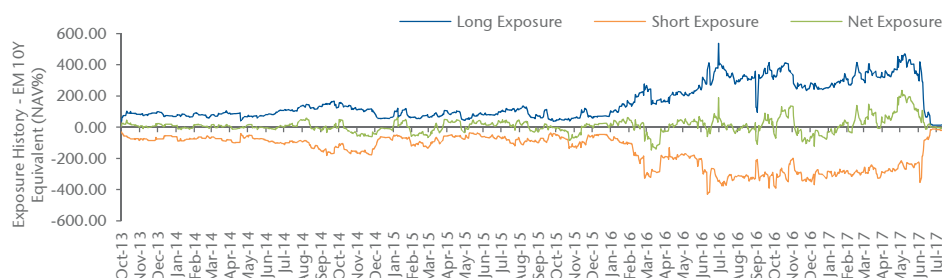
VAR HISTORY (1D 99%) - UCITS DAILY VAR LIMIT = 4.47%



SPREAD SENSITIVITY HISTORY



LONG/SHORT EXPOSURE HISTORY



FUND MANAGEMENT COMMENTARY

Market Review

There was more positive news for the finance industry with the appointment of Randal Quarles expecting less onerous regulation. He has been a vocal supporter of Taylor rule for monetary policy. The Fed talked of balance sheet reduction which caused some duress initially in emerging markets, but by the time they will get around to this it will be September or later, and we believe the market will likely have a much greater level of comfort. The Bank of Canada raised rates for first time since 2010, citing stronger growth.

Fund Review

The risk in the portfolio continues to be low. The political noise in the world continues to drive short-term price movements but the overall positive tone for emerging market assets continues with a soft broad dollar and inflation data retreating again in developed markets. The Fund is mainly invested in liquid emerging market assets. The main positive returns were driven by positions in Czech, Hungarian, Israeli, and Brazilian paper.

Market Outlook

We maintain our structural positive view on Brazilian assets. Scandal continued to rumble across South America, which had no discernible impact on the long end bonds here, which we continue to monitor closely. The euro traded much higher. In Asia, we like the idea of exploring short dated out-of-the money calls in USD/KRW. The LDP in Japan, the yen should continue to do well with oil prices low and the dollar soft. China has been quiet markets-wise. Venezuela continued a slide into the abyss. The medium-term is going to be very tough for South Africa. We are expecting the eastern part of the EU to be a source of volatility in the future. Steeper local yield curves should follow. At the OPEC meeting in St Petersburg, Ecuador admitted it was not sticking to quota and our assumptions on a floor on oil prices may be tested – we are glad to have reduced positions in oily credits.

PERFORMANCE NOTE

All figures sourced by Principal Global Investors unless otherwise stated as at July 2017. Performance is calculated on a NAV-to-NAV basis, includes the reinvestment of all investment income, and does not take into account subscription fees and/or tax, but does include trustee and management fees. The NAVs used in these calculations reflect the month-end market close prices of assets. The actual performance an investor receives reflects the NAVs at which they trade the Fund, which are calculated at the Fund's Valuation Point – as such, the two returns will differ. The performance information reflects performance of the I class accumulation units. All performance figures are stated in EUR. Investments do not always add up to 100% due to rounding. The current document is intended for information purposes only and shall not be used as an offer to buy and/or sell shares. Fund performance data is supplied by the Fund's administrator, BNY Mellon. The Fund's attribution data is supplied by the Investment Manager. Please note that the pricing sources and timing of pricing snaps used in the attribution and final Administrator return calculation may differ.

DISCLOSURE

*Where applicable: In Singapore, the Fund is registered as a Restricted Scheme and in Italy for Qualified Investors only.

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