



**DPAM L BONDS  
EMERGING MARKETS  
LOCAL CURRENCY  
SUSTAINABLE**

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January 2023

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# 1 WHY?

*Why Emerging Markets?*

*Why Sustainable?*

*Why Emerging Markets Sustainable at DPAM?*

*SFDR positioning*

*NZAM*

*Labels*

# 2 STRATEGY HIGHLIGHTS

*Key features & Investment philosophy*

*Investment process*

*Investment Team*

# 3 PORTFOLIO CHARACTERISTICS

*Portfolio Overview*

*Performance*

*Risk/return vs peer group*

*Currency distribution*

*Country & Regional distribution*

*Quartile & Rating distribution*

# 4 OUTLOOK

*Theme overview*

# 5 APPENDIX

*Share class details*

*Head and Local Offices*



# 1

## WHY?

*Why Emerging Markets?*

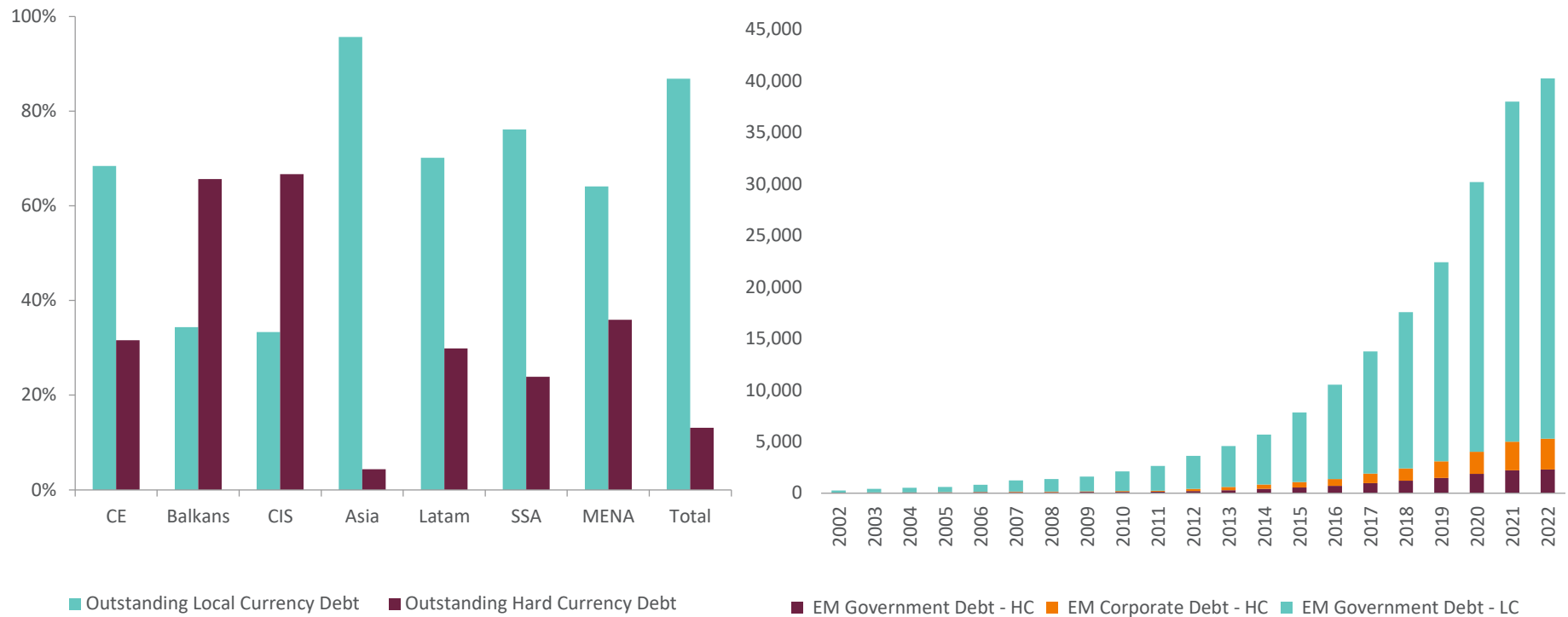
*Why Sustainable?*

*Why Emerging Markets  
Sustainable at DPAM?*



- Local debt is much larger than external debt market -

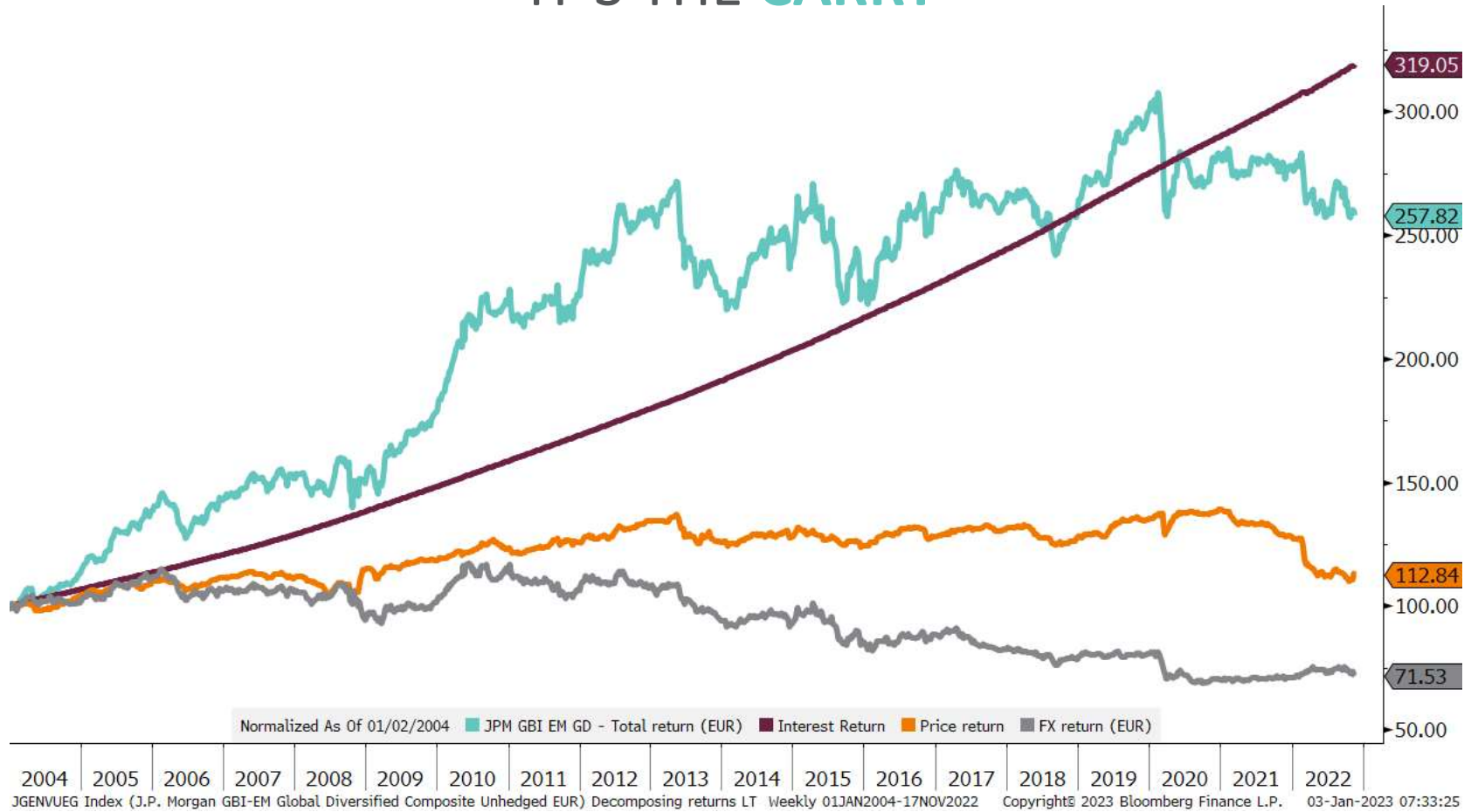
# EM DEBT MARKET STRUCTURE



Source: DPAM, Bloomberg, May 2022



- In the long run, the carry is realized -  
**“IT’S THE CARRY”**

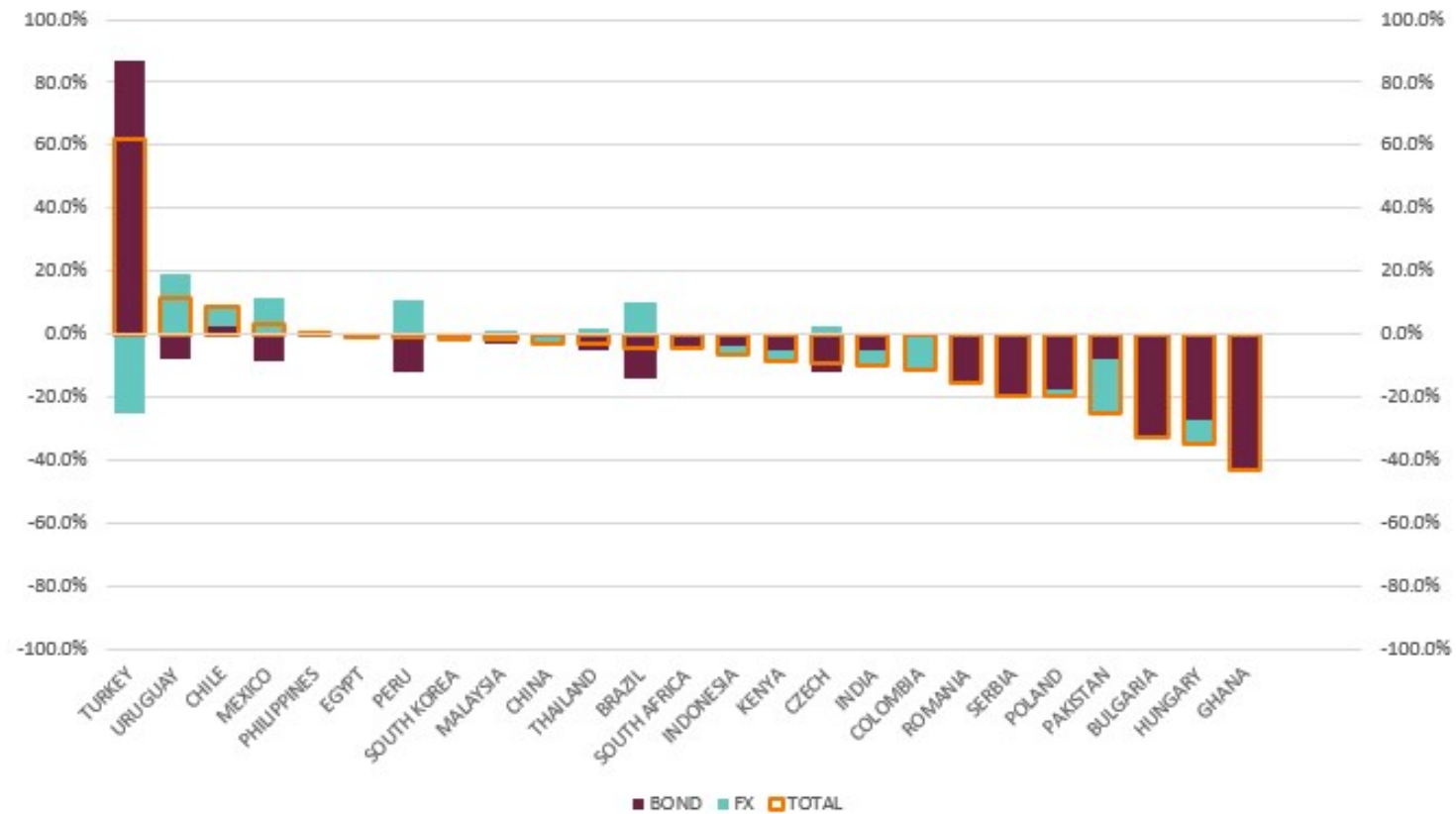


Source: DPAM, JP Morgan



- Potential for adding value through active management -

## HIGH DISPERSION OF RETURNS



Source: Bloomberg, DPAM, Year-to-date local returns in EUR till December 29<sup>th</sup>, 2022



## WHY SUSTAINABLE?

Foundation for a **positive economic development** in a sustainable way.

High quality governing institutions and social rest are keys for sustainable growth and stable economic environment.

**Optimization** of risk/return ratio.

Countries, like enterprises, are facing major revolutions and disruptive events like climate change, demographic shift, urbanization, resources scarcity. They have to evolve in a totally different environment than in the past. ESG factors integration is meaningful.

**Sustainable Development Goals (SDGs)** are now a reality – They require lots of investment for **countries' sustainable development**. Government bonds are also impacted by this trend.





- Long-standing track record in both EMD and Sustainable investments -

# WHY **EMD SUSTAINABLE** AT DPAM?



## **ACTIVE** ASSET MANAGER



## **SUSTAINABLE** INVESTOR



## **RESEARCH** DRIVEN



DPAM is an independent active asset manager part of a family owned **GROUP WITH ITS ORIGINS IN 1871**



**CLIENT-DRIVEN**, creating long-term partnerships with our customers with an international network of 8 local offices across Europe



**NON-BENCHMARK CONSTRAINT** active management with allocation to frontier markets enjoying important diversification benefits



DPAM is a **PIONEER IN SUSTAINABLE INVESTING** since 2002. Active ownership and ESG across asset classes and themes



**PROPRIETARY** fundamental and quantitative research provided by in-house Credit, Equity and SRI analyst teams



Since the start in March 2013 the **FUND OUTPERFORMS** indices and peer group



**PERFORMANCE-DRIVEN**, centralized asset management in Brussels and Paris



**EXPERIENCED MANAGEMENT TEAMS** supported by in-house Buy Side Research Team



**THE SUSTAINABILITY MODEL** manages to capture long term drivers of economic progress and is an important value add



Externally recognized by independent third parties: **LUXFLAG ESG LABEL** and the **FEBELFIN TOWARDS SUSTAINABILITY LABEL**



# SFDR POSITIONING

## RESPONSIBLE INVESTMENT

## SUSTAINABLE INVESTMENT


 **ESG INTEGRATION**

 **ACTIVE OWNERSHIP**

 **BASIC NEGATIVE SCREENING**

 **NORMATIVE & NEGATIVE SCREENING**

 **EXTENSIVE NEGATIVE SCREENING**

 **POSITIVE SCREENING**  
Best in class

 **SUSTAINABILITY THEMES**

Inclusion in investment decisions (PAI)

Influencing behaviour

Exclusions based on activity

Compliance with global standards / Exclusion of severe controversial behaviour (Min. social & gov. safeguards)

Extensive exclusions based on activity

Best in class, best approach Scorecards (PAI)

Impact investing

ARTICLE 8+ / 9

ARTICLE 8

OTHERS

+

-

SUSTAINABILITY RISKS

SFDR  
ARTICLE 9

The Sub-fund has a sustainable investment objective according to SFDR.



# THE NET ZERO ASSET MANAGERS INITIATIVE

273 signatories with USD 61.3 trillion in AUM

Founding Network Partners



- Going Beyond: a thorough feasibility study resulted in a Net Zero commitment -

## WHAT WE COMMIT TO



1 Support the goal of net zero green house gas emissions by 2050 or sooner, to limit global warming to 1,5°

2 Support investing aligned with net zero emissions

### FEASIBILITY STUDY TIMELINE



*Disclaimer: the exact approach and methodology is to be approved by an external party, i.e. CDP.*



# THE NET ZERO ASSET MANAGERS INITIATIVE

273 signatories with USD 61.3 trillion in AUM

1  
WHY?

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STRATEGY  
HIGHLIGHTS

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APPENDIX

- Science Based Targets Portfolio Coverage Approach -

## HOW WE ALIGN NET ZERO & RISK EXPOSURE/IMPACT

CARBON  
INTENSIVE  
SECTORS

### TARGET

75% of portfolio constituents has a Science Based Targets or emissions aligned with a 1.5°C scenario by 2030 (linear increase)

Scope: Article 8, 8+ and 9 funds  
Emissions scope 1 & 2 only (for now)  
100% portfolio coverage by 2040

OTHER  
SECTORS

### TARGET

Min. 50% of portfolio constituents has a Science Based Targets or emissions aligned with a 1.5°C scenario by 2030 (linear increase)

Scope: Article 8, 8+ and 9 funds  
Emissions scope 1 & 2 only (for now)  
100% portfolio coverage by 2040

### ENGAGEMENT UNTIL 2025

- Collaborative: annual collaborative engagement via 'CDP SBT campaign'
- Individual: focus on TCFD assessment scope

### ENGAGEMENT POST 2025

- TBD (more focus on escalation; voting/resolutions/statements/divestment)



- Externally recognized by an independent third party -

## CREDIBLE SUSTAINABILITY APPROACH



*DPAM L Bonds Emerging Markets Sustainable* received the **LuxFLAG ESG Label** (from 2018 onwards)

The Luxflag ESG label is the sustainability label awarded by the Luxembourg Finance Labelling Agency. More information on <https://luxflag.org/labels/esg/>



**INTERNATIONAL NON-PROFIT ASSOCIATION** backed by 7 credible private and public partners



**EVIDENCE OF ESG SCREENING** required for 100% of the portfolio according to LUXFLAG's ESG principles



**INDEPENDENT AUDIT** of the investment process & practices by an external auditing firm



Founded in 2014 to reassure investors of **A FUND'S INCORPORATION OF ESG CONSIDERATIONS**



**EXTENSIVE APPLICATION REVIEW** by a panel of industry experts, academics and researchers



**ANNUAL PROOF OF COMPLIANCE** and panel review required to obtain label renewal



- Externally recognized by an independent third party -

## CREDIBLE SUSTAINABILITY APPROACH



**DPAM L Bonds Emerging Markets Sustainable** received **Febelfin's 'Towards Sustainability' label** (from November 2019 onwards)

The Towards Sustainability label is the quality standard for sustainable and socially responsible financial products awarded by the Central Labelling Agency (CLA) in Belgium. More information on <https://towardsustainability.be/en/quality-standard>.



**BELGIAN FINANCIAL SECTOR ASSOCIATION.** The quality standard and its label are a not-for-profit initiative, designed for retail, private and institutional clients in Belgium



**EVIDENCE OF COMPLIANCE WITH ESG CRITERIA OF THE QUALITY STANDARD** required for 100% of the portfolio according to Febelfin's ESG/SRI principles (accountability is key)



**INDEPENDENT AUDIT** of the investment process/practices and investees by an external auditing firm



Founded in 2019 to qualitatively and quantitatively **INCREASE THE LEVEL OF SOCIALLY RESPONSIBLE AND SUSTAINABLE FINANCIAL PRODUCTS**



**EXTENSIVE APPLICATION REVIEW** with focus on exclusions, impact, engagement, transparency & accountability



**ANNUAL PROOF OF COMPLIANCE** with YoY increasingly stringent compliance requirements



# 2

## STRATEGY HIGHLIGHTS

*Investment philosophy*  
*Investment objectives*  
*Key features*  
*Investment process*



- Actively managed, highly diversified portfolio based on a Sustainability Screening process -

# INVESTMENT PHILOSOPHY



## EMERGING & DEVELOPING LOCAL CURRENCY GOVERNMENT BONDS

Solid long-term track record in the management of EM bond portfolios



## ACTIVELY SUSTAINABLE

Unique proprietary screening model to assess the **sustainability** of Emerging and Developing countries



## ACTIVE MANAGEMENT

Security selection, country allocation, duration and yield curve positioning



## FUNDAMENTAL APPROACH

In-depth proprietary research



## PREFERENCE FOR VALUE

Search for relative value, volatility and yield curve optimization



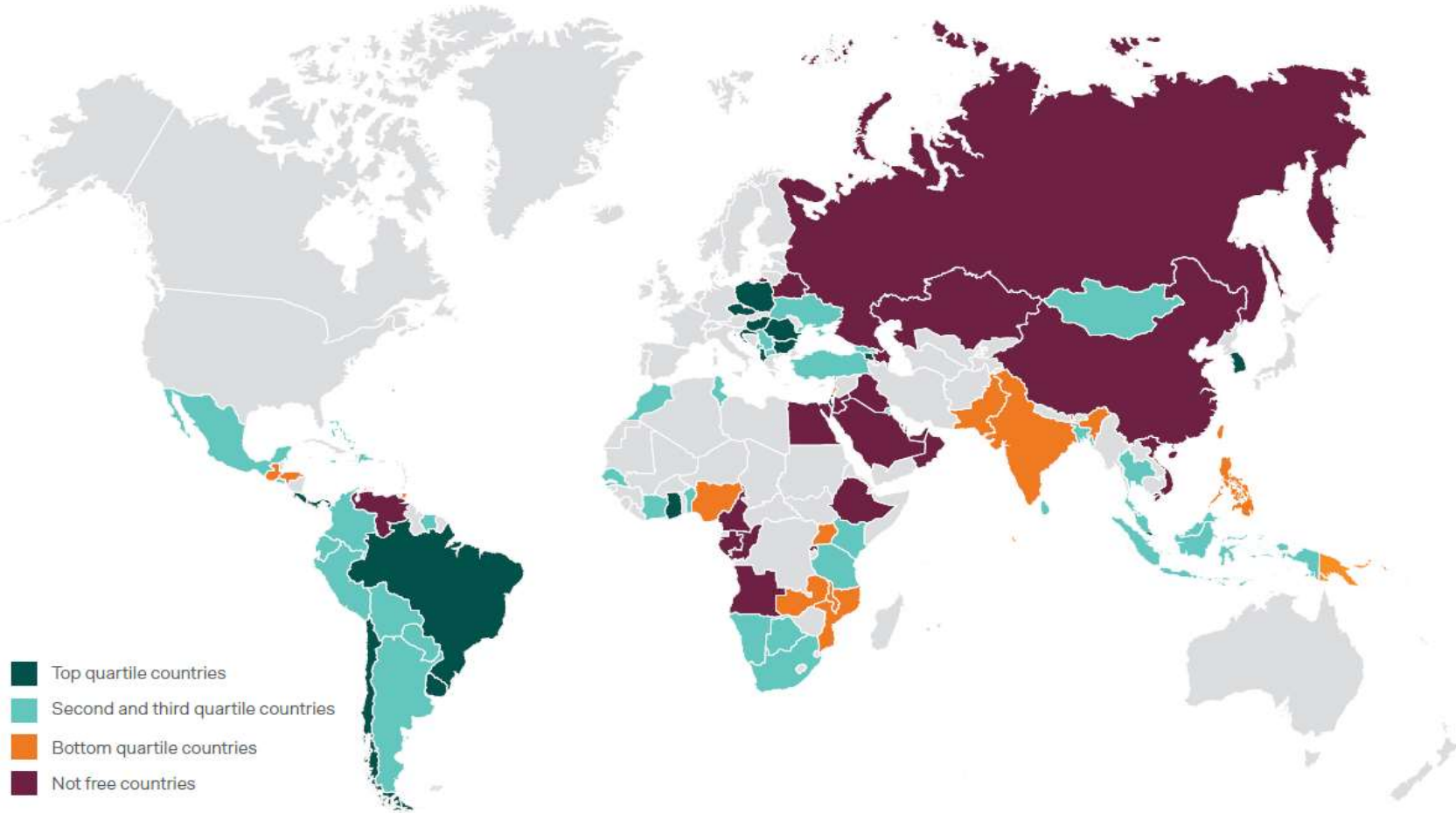


## KEY FEATURES & INVESTMENT PHILOSOPHY



- Diversification is most probably "Market's only Free Lunch" -

# THE WORLD IS SO MUCH LARGER THAN BENCHMARKS



Source: DPAM, July 2022



- Diversification is most probably “Market’s only Free Lunch” -

## DIVERSIFICATION IS KEY

|                       | BRAZIL REAL | COLOMBIAN PESO | MEXICAN PESO | URUGUAY PESO | INDONESIAN RUPIAH | MALAYSIAN RINGGIT | SOUTH KOREAN WON | SOUTH AFRICAN RAND | Dominican Repub. Peso | SRI LANKAN RUPEE | Ghana Cedi | ZAMBIAN KWACHA | PAKISTANI RUPEE |
|-----------------------|-------------|----------------|--------------|--------------|-------------------|-------------------|------------------|--------------------|-----------------------|------------------|------------|----------------|-----------------|
| BRAZIL REAL           |             | 0.55           | 0.57         | 0.46         | 0.46              | 0.39              | 0.39             | 0.57               | -0.12                 | 0.16             | 0.04       | 0.11           | 0.15            |
| COLOMBIAN PESO        | 0.55        |                | 0.66         | 0.50         | 0.47              | 0.47              | 0.41             | 0.53               | -0.17                 | 0.19             | 0.08       | 0.12           | 0.12            |
| MEXICAN PESO          | 0.57        | 0.66           |              | 0.47         | 0.65              | 0.52              | 0.52             | 0.76               | -0.23                 | 0.27             | 0.08       | 0.19           | 0.17            |
| URUGUAY PESO          | 0.46        | 0.50           | 0.47         |              | 0.28              | 0.38              | 0.30             | 0.33               | 0.03                  | 0.23             | 0.00       | 0.19           | 0.17            |
| INDONESIAN RUPIAH     | 0.46        | 0.47           | 0.65         | 0.28         |                   | 0.56              | 0.48             | 0.61               | -0.25                 | 0.22             | 0.15       | 0.23           | 0.21            |
| MALAYSIAN RINGGIT     | 0.39        | 0.47           | 0.52         | 0.38         | 0.56              |                   | 0.69             | 0.46               | -0.15                 | 0.18             | -0.07      | 0.18           | 0.09            |
| SOUTH KOREAN WON      | 0.39        | 0.41           | 0.52         | 0.30         | 0.48              | 0.69              |                  | 0.44               | -0.13                 | 0.18             | -0.19      | 0.10           | 0.02            |
| SOUTH AFRICAN RAND    | 0.57        | 0.53           | 0.76         | 0.33         | 0.61              | 0.46              | 0.44             |                    | -0.18                 | 0.19             | 0.07       | 0.14           | 0.26            |
| Dominican Repub. Peso | -0.12       | -0.17          | -0.23        | 0.03         | -0.25             | -0.15             | -0.13            | -0.18              |                       | -0.08            | 0.01       | 0.06           | -0.01           |
| SRI LANKAN RUPEE      | 0.16        | 0.19           | 0.27         | 0.23         | 0.22              | 0.18              | 0.18             | 0.19               | -0.08                 |                  | 0.11       | 0.14           | 0.20            |
| Ghana Cedi            | 0.04        | 0.08           | 0.08         | 0.00         | 0.15              | -0.07             | -0.19            | 0.07               | 0.01                  | 0.11             |            | 0.10           | 0.25            |
| ZAMBIAN KWACHA        | 0.11        | 0.12           | 0.19         | 0.19         | 0.23              | 0.18              | 0.10             | 0.14               | 0.06                  | 0.14             | 0.10       |                | 0.06            |
| PAKISTANI RUPEE       | 0.15        | 0.12           | 0.17         | 0.17         | 0.21              | 0.09              | 0.02             | 0.26               | -0.01                 | 0.20             | 0.25       | 0.06           |                 |

Source: Bloomberg, DPAM, 2020 and 2021, weekly data, Base Currency USD



## INVESTMENT OBJECTIVE



Offer investors exposure, through an **actively** managed portfolio, to debt securities issued or guaranteed by **emerging countries**, selected based on **sustainable development criteria**.



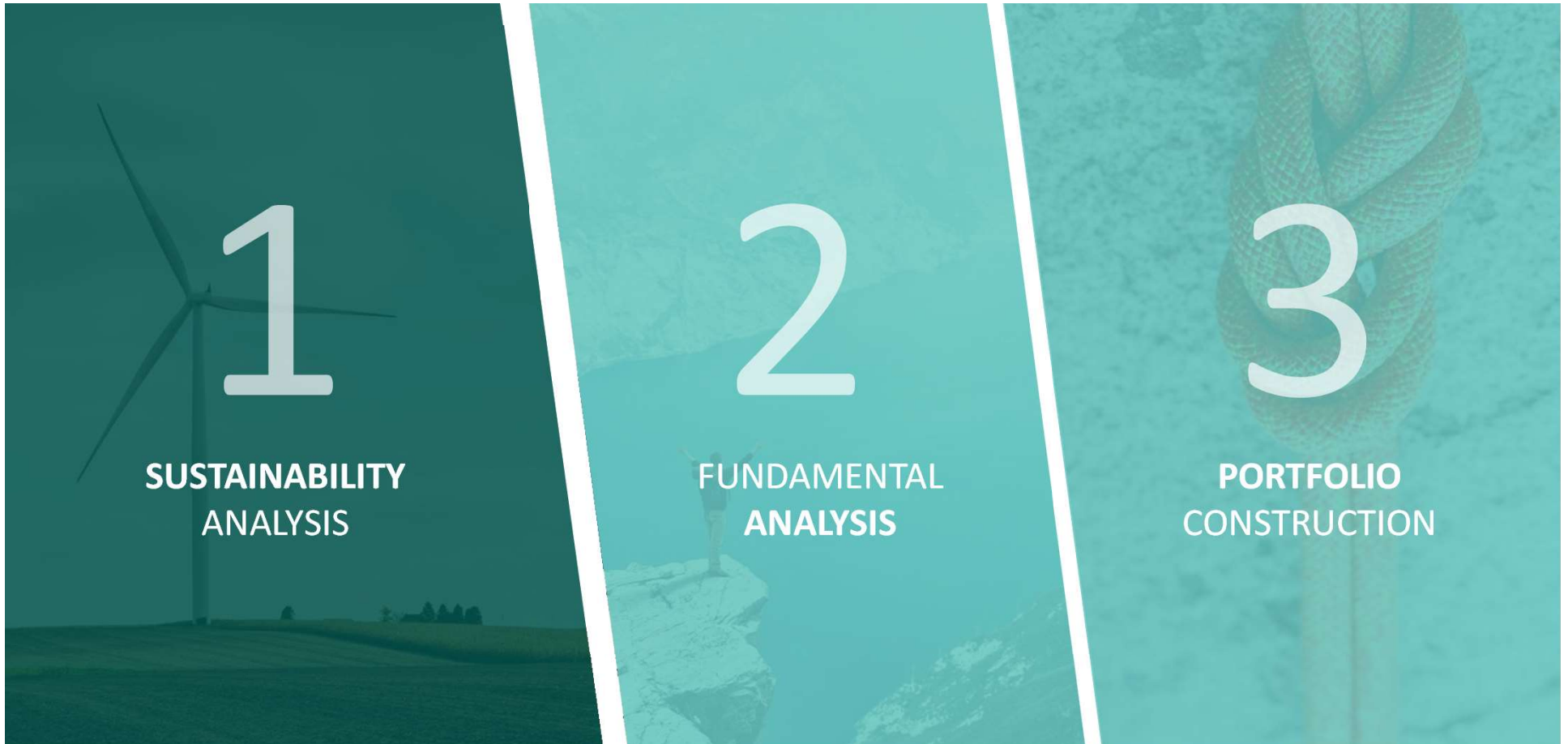
The sub-fund has a **sustainable investment objective** according to SFDR.



The **sustainability approach** is based on the following threefold commitment: (1) defend fundamental rights, (2) not to finance controversial activities that could affect the long-term reputation of investments and (3) to promote best practices and best efforts with regard to sustainability.



# INVESTMENT PROCESS



# 1

## SUSTAINABILITY ANALYSIS

*Pioneer in country sustainability ranking*

### SUSTAINABILITY AT THE HEART OF THE MODEL

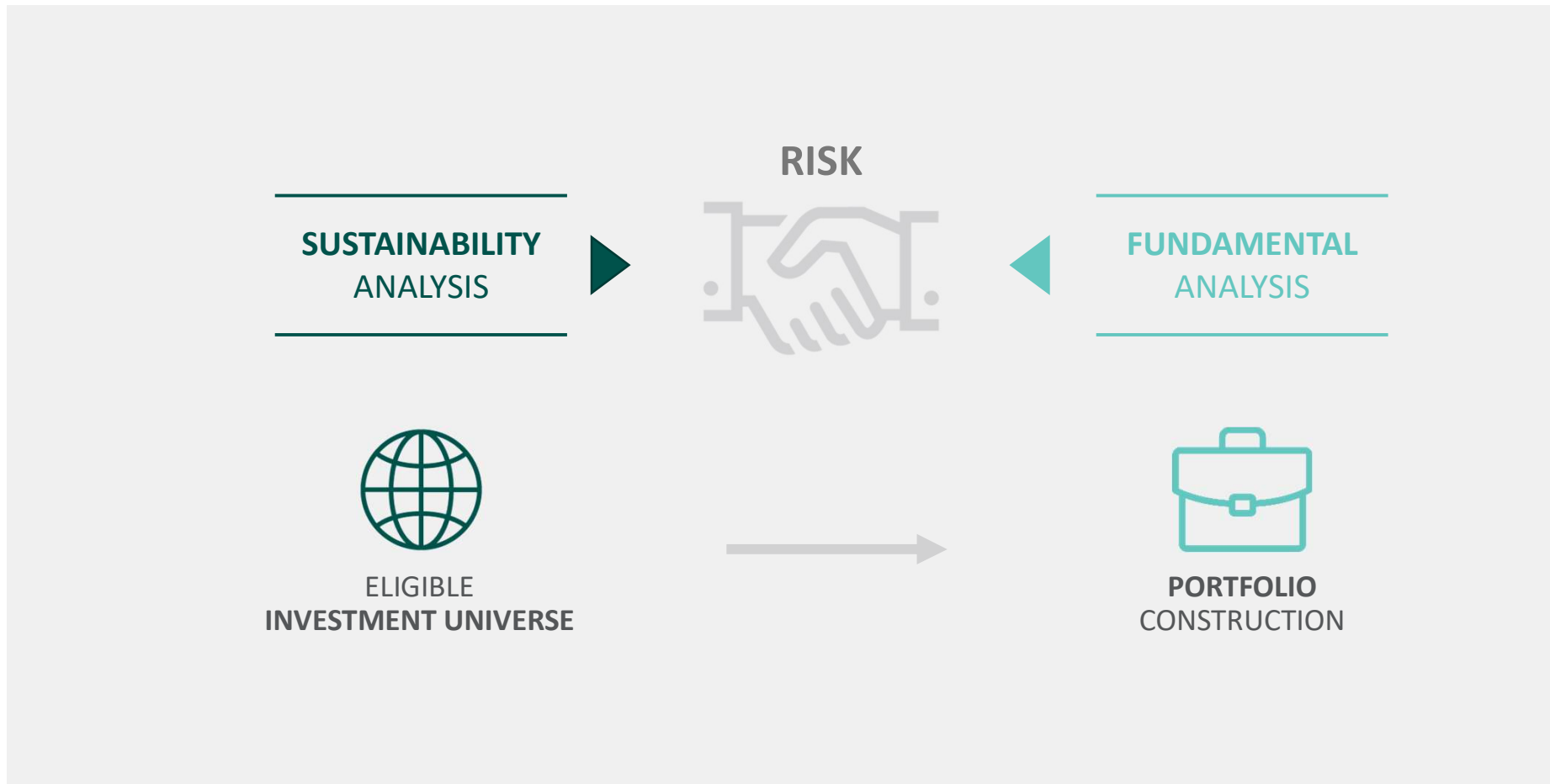
The first stage will **rank** emerging and (frontier) countries based on **objective** criteria, from **timely and objective data**, by **independent bodies** such as the WHO, World Bank, UN Development Program, on **five dimensions of sustainability**.

**Democracy** (political rights & civil rights) is at the very heart of the model. The source is NGO Freedom House who ranks countries in 3 groups: free, partially free and not free. The notion "electoral democracy" is key. Countries considered « **Not Free** » by Freedom House AND confirmed as « **Authoritarian** » in the Democracy Index from the Economist are **excluded** from the investable universe.



- ESG at the heart of the investment process -

# INVESTMENT PROCESS



- A Balanced Scorecard, Review driven Ranking based on +50 Key Criteria -

# EM SUSTAINABILITY PILLARS



The country model which originally consisted of 5 pillars, has been brought back to 4 pillars, the 'Economics' pillar having been absorbed by the pillars 'Education/Innovation' and 'Population, healthcare and wealth', This implies it remains present in the new model, for about 2.69%.





- An investable universe based on Sustainability -

# EM SUSTAINABILITY RANKING

| # Top Quartile   | H1 2022 | H1 2021 |
|------------------|---------|---------|
| 1 Uruguay        | 72      | 66      |
| 2 Czech Republic | 70      | 68      |
| 3 Costa Rica     | 69      | 63      |
| 4 Croatia        | 69      | 66      |
| 5 Poland         | 68      | 67      |
| 6 Chile          | 67      | 66      |
| 7 Hungary        | 66      | 62      |
| 8 Romania        | 66      | 60      |
| 9 Albania        | 65      | 60      |
| 10 Bulgaria      | 64      | 62      |
| 11 South Korea   | 64      | 63      |
| 12 Singapore     | 63      | 71      |
| 13 Ghana         | 63      | 53      |
| 14 Armenia       | 63      | 55      |
| 15 Brazil        | 62      | 58      |
| 16 Israel        | 62      | 65      |
| 17 Panama        | 62      | 59      |

| # 2nd & 3rd Quartile  | H1 2022 | H1 2021 |
|-----------------------|---------|---------|
| 18 Malaysia           | 61      | 65      |
| 19 Argentina          | 61      | 60      |
| 20 Namibia            | 60      | 54      |
| 21 Botswana           | 60      | 51      |
| 22 Ecuador            | 59      | 58      |
| 23 Georgia            | 59      | 58      |
| 24 Peru               | 59      | 58      |
| 25 Paraguay           | 59      | 58      |
| 26 Dominican Republic | 59      | 57      |
| 27 Montenegro         | 59      | 61      |
| 28 Colombia           | 58      | 59      |
| 29 Mexico             | 58      | 57      |
| 30 Bolivia            | 58      | 55      |
| 31 Ukraine            | 57      | 54      |
| 32 Sri Lanka          | 57      | 55      |
| 33 Serbia             | 57      | 57      |
| 34 Thailand           | 57      | 58      |

| # 2nd & 3rd Quartile | H1 2022 | H1 2021 |
|----------------------|---------|---------|
| 35 Tunisia           | 57      | 58      |
| 36 Bahamas           | 57      | 55      |
| 37 Kuwait            | 57      | 56      |
| 38 Jamaica           | 56      | 55      |
| 39 Morocco           | 56      | 54      |
| 40 Macedonia         | 56      | 58      |
| 41 Suriname          | 56      | 55      |
| 42 Côte d'Ivoire     | 56      | 48      |
| 43 Mongolia          | 55      | 56      |
| 44 Kenya             | 55      | 48      |
| 45 Senegal           | 55      | 48      |
| 46 Indonesia         | 55      | 56      |
| 47 Benin             | 54      | 43      |
| 48 Turkey            | 53      | 54      |
| 49 Bangladesh        | 53      | 49      |
| 50 South Africa      | 53      | 53      |
| 51 Tanzania          | 52      | 45      |
| 52 El Salvador       | 52      | 50      |

| # Bottom Quartile      | H1 2022 | H1 2021 |
|------------------------|---------|---------|
| 53 Malawi              | 52      | 47      |
| 54 Guatemala           | 51      | 50      |
| 55 Philippines         | 51      | 52      |
| 56 Maldives            | 51      | 58      |
| 57 Lebanon             | 50      | 50      |
| 58 Uganda              | 50      | 44      |
| 59 Zambia              | 50      | 47      |
| 60 India               | 49      | 50      |
| 61 Honduras            | 49      | 48      |
| 62 Trinidad and Tobago | 43      | 52      |
| 63 Mozambique          | 43      | 44      |
| 64 Papua New Guinea    | 43      | 39      |
| 65 Nigeria             | 40      | 38      |
| 66 Pakistan            | 39      | 41      |
| 67 Taiwan              | -99     | -99     |

| # Not free countries   | H1 2022 |
|------------------------|---------|
| 1 United Arab Emirates | 64      |
| 2 Qatar                | 63      |
| 3 Belarus              | 58      |
| 4 Oman                 | 55      |
| 5 China                | 55      |
| 6 Kazakhstan           | 54      |
| 7 Russia               | 54      |
| 8 Vietnam              | 52      |
| 9 Saudi Arabia         | 51      |
| 10 Bahrain             | 50      |
| 11 Egypt               | 50      |
| 12 Rwanda              | 49      |
| 13 Jordan              | 48      |
| 14 Azerbaijan          | 48      |
| 15 Venezuela           | 43      |
| 16 Gabon               | 39      |
| 17 Cameroon            | 38      |
| 18 Iraq                | 37      |
| 19 Ethiopia            | 36      |
| 20 Angola              | 35      |
| 21 Congo               | 27      |

Source: DPAM, July 2022

Constituent countries and overseas territories are Q4 – Countries with insufficient data receive a score of -99 and are Q4



- Steering our country models -

# FIXED INCOME SUSTAINABLE ADVISORY BOARD

## THE ROLE OF THE FISAB

To select the sustainable criteria which fulfil the preliminary requirements and are the most relevant in the framework of sustainability assessment of the universe

To determine the weights attributed to each indicator

To critically and accurately review the model and the ranking to ensure continuous improvement

To validate the list of eligible countries.

## 7-MEMBERS ADVISORY BOARD DEDICATED TO COUNTRY SUSTAINABILITY

| EXTERNAL MEMBERS  |              | INTERNAL MEMBERS   |
|---|---|--|
| <b>Aleksandar Rankovic</b><br><i>Professor at<br/>Sciences Po (Paris)</i> | <b>François Gemenne</b><br><i>Professor at<br/>Sciences Po (Paris)<br/>&amp; ULB (Brussels)</i> | <b>Ophélie Mortier</b><br><i>RI Strategist<br/>DPAM</i>            |
| <b>Jan Schaerlaekens</b><br><i>Deputy at<br/>Brussels Parliament</i>      | <b>Thomas Bauler</b><br><i>Assistant Professor at<br/>ULB-IGEAT (Brussels)</i>                  | <b>Ives Hup</b><br><i>Global Key Accounts coordinator<br/>DPAM</i> |
|   |   | <b>Céline Boulenger</b><br><i>Economist<br/>Degroof Petercam</i>   |



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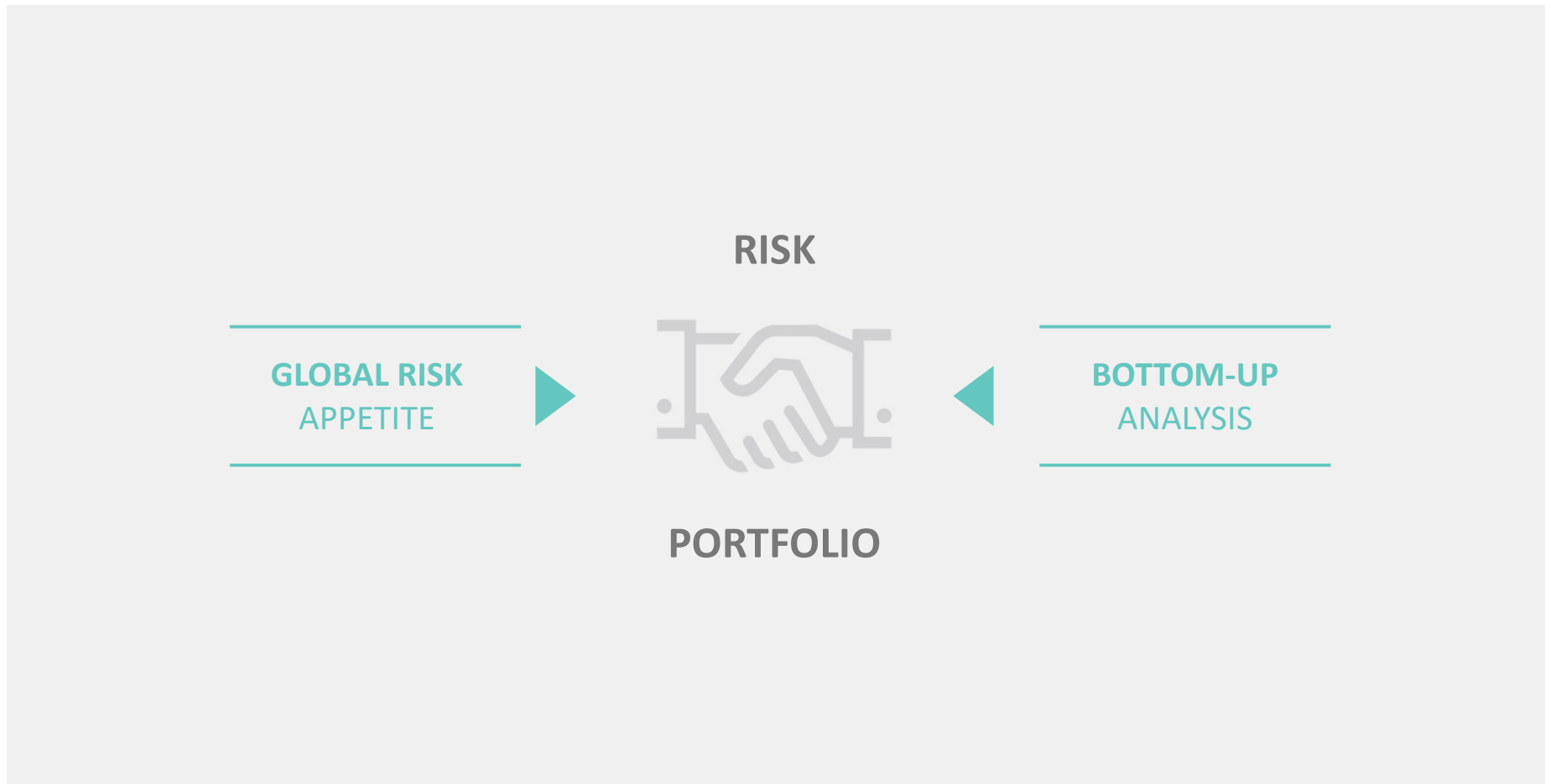
FUNDAMENTAL  
ANALYSIS

Fundamental analysis of the economic, political, interest rate and financial health outlook coupled with a comprehensive risk assessment. Equally key will be market liquidity and general risk appetite. The result is an **unconstrained investment view** on Emerging Markets. We try to find the **sweet spot balancing risk mitigation from sufficient diversification with the attractive cost-benefit profile of a targeted conviction portfolio.**



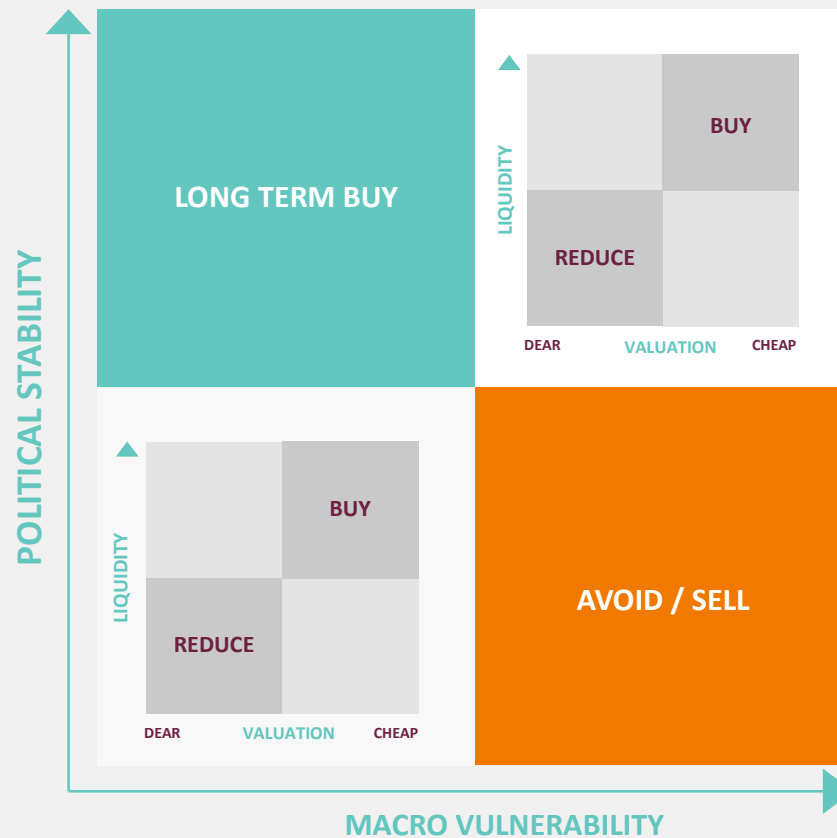
- Top-down and bottom-up coupled with a comprehensive risk analysis -

## FUNDAMENTAL ANALYSIS




- Conviction portfolio based on in-debt macro- and political risk analysis -

## FUNDAMENTAL ANALYSIS



- Conviction Portfolio based on bottom-up macro- and political risk analysis -

# FUNDAMENTAL ANALYSIS

| URUGUAY   |               |
|---|---------------|
|  |               |
| <i>Luis Lacalle Pou (2020)</i>  |               |
| Population (MM)   | 3.61          |
| GDP per capita (USD MM)   | 15,438        |
| <b>DPAM CREDIT SCORE</b>  |               |
| Economic Score  | 3.8           |
| Institutional Score   | 2.0           |
| Fiscal Score  | 6.0           |
| External Score  | 4.5           |
| <b>Overall Score/Rank</b>   | <b>3.99/5</b> |
| <b>DPAM ESG SCORE</b>   |               |
| ESG score   | 71.65         |
| ESG Rank  | 1             |
| ESG Quartile  | 1             |
| Rating  | Baa2/BBB/BBB- |
| Last Update   | 20/04/2022    |

| ECONOMIC STRENGTH  |
|--|
| Strong economic recovery after the pandemic, driven by FDI (UPM USD 3bn), high commodity prices and exports as well as industrial production                   |
| The Central bank has taken a more pro-active stance fighting inflation, created a new short term policy instrument and enhanced transparency and communication |
| With 29.5% of GDP international reserves, the country ranks second after Peru in the region  |
| Moderate current account deficit on the back of a resilient balance of goods and services  |
| Managable debt/GDP (59.6%) with 12.9 years average maturity  |

| POLITICAL STRENGTH   |
|--|
| Strong political commitment to fiscal discipline based on prudent macro-economic management within a rule based framework (target on structural fiscal balance (-2.1% for 2022), target cap on real growth in primary expenditure (2.3%) and legally binding maximum net indebtedness (USD 2.990)) |
| More centric parties, with less ultra left and ultra right parties than surrounding countries, results in lowest political risk in the region  |

| OPPORTUNITIES   |
|---|
| Mainly agriculture & paper pulp exporter, not super well diversified  |
| Top ESG performer and bastion of institutional, social and political stability. Uruguay ranks 2nd in the world in share of electricity production from renewables. The central bank joined the Network for greening the financial system (NGFS) in November 2020, recognizing climate change as a systemic risk |
| Very well educated population   |
| Strong institutional framework. Very business friendly and succesful at attracting foreign investment. Investment will remain high in 2022 with Durzano Pulp mill and Central Railway project   |

| VALUATION   |
|---|
| Does not intend to issue local currency this year, but USD ESG linked bond        |
| Inflation linked bonds have low volatility and attractive yield                   |
| Least volatile currency in the region   |
| Nominal bonds trade close to inflation level, are attractive at 9.50/10.00% range |

| ECONOMIC WEAKNESS   |
|---|
| Despite the new macro-economic framework capping spending, the past track record is not fully convincing, structural rigidities in spending   |
| Uruguay has a bad track record in managing inflation. CB range is 3.00% to 6.00% but has never been in the range over the last 5 years. The new system of inflation indexation, which includes semi-annual indexation and an add-on based on past inflation will rather boost inflation |
| Fierce competition from Argentina, due to the strong devaluation of the ARS, especially in tourism sector   |
| Only 47.3% of debt is in local currency, Ambition is set at maximum 50% share of FX debt by 2024 (53.7% now)  |

| POLITICAL WEAKNESS   |
|--|
| The recent referendum outcome benefits the current admistration, but the outcome was very close and is a test for the 2024 Presidential campaign |
| No party holding a big share in either house of the legislature - 5 party coalition  |

| THREATS / CHALLENGES   |
|--|
| De-dollarization of the economy is slow, limiting the efficiency of monetary policy.                     |
| Urgent Consideration Law (LUC) referendum, which gives more power to policy could create room for abuses |
| Argentinians have stored large amounts of money with Uruguayan banks                                     |
| Modest medium term growth prospects  |
| Relatively high unemployment rate (10.5%)  |

| VALUATION  |
|--|
| Local bond markets are shallow, pretty illiquid, not many bonds available, pension funds act as a last resource of liquidity |
| In case of stress B/O on bonds can widen to 40/50bp  |

Source: DPAM



- Bottom-Up Approach -

# COUNTRY ANALYSIS

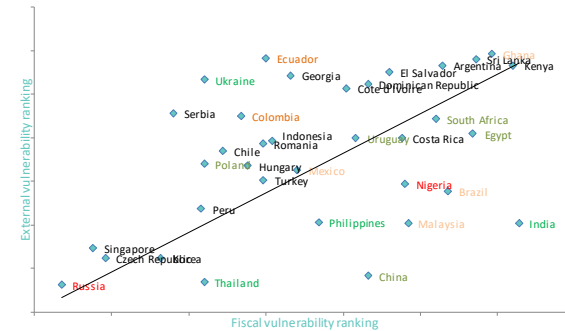
## Fiscal monitor

| Country        | Fiscal score | GG balance 2019 | GG primary balance 2019 | GG debt/GDP 2019 | GG debt Revenue 2019 | Int exp/rev 2019 |
|----------------|--------------|-----------------|-------------------------|------------------|----------------------|------------------|
| Singapore      | 1.79         | 10.79           | 10.83                   | 37.09            | 114.60               | 0.13             |
| Russia         | 1.08         | 0.59            | 2.49                    | 15.05            | 42.00                | 2.50             |
| Czech Republic | 0.72         | 0.06            | 0.83                    | 31.21            | 74.13                | 1.84             |
| Korea          | 0.53         | 0.06            | 0.86                    | 37.11            | 161.91               | 3.49             |
| Serbia         | 0.52         | 0.10            | 2.00                    | 51.52            | 124.74               | 4.60             |
| Thailand       | 0.45         | 0.58            | 0.43                    | 36.53            | 171.20               | 4.75             |
| Peru           | 0.43         | 0.82            | -0.53                   | 27.36            | 138.70               | 6.57             |
| Poland         | 0.37         | 0.25            | 0.52                    | 50.37            | 122.33               | 4.30             |
| Ukraine        | 0.38         | 0.20            | 1.46                    | 45.13            | 117.47               | 9.27             |
| Chile          | 0.37         | 0.57            | -1.67                   | 28.27            | 120.98               | 3.83             |
| Malaysia       | -0.30        | 0.38            | -1.24                   | 61.81            | 321.93               | 11.16            |
| Nigeria        | -0.34        | 0.37            | -2.20                   | 26.67            | 333.07               | 27.18            |
| South Africa   | -0.37        | 0.00            | -1.90                   | 63.28            | 212.62               | 13.78            |
| Brazil         | -0.50        | -0.91           | -1.27                   | 78.32            | 201.85               | 14.54            |
| Argentina      | -0.61        | -0.29           | -0.27                   | 94.75            | 278.68               | 14.77            |
| Ghana          | -0.83        | -0.43           | -1.23                   | 63.88            | 384.91               | 31.33            |
| India          | -0.87        | -0.51           | -2.80                   | 69.86            | 344.15               | 23.65            |
| Kenya          | -0.88        | -0.85           | -3.90                   | 62.35            | 349.56               | 22.13            |
| Egypt          | -1.18        | -0.04           | 1.62                    | 85.29            | 422.29               | 47.81            |
| Sri Lanka      | -1.42        | -0.52           | 0.49                    | 84.95            | 653.63               | 46.19            |

## External monitor

| Country        | Score External sector | CAB 2019 | Basic Balance 2019 | Gross sav External O/GDP 2019 | Ext int. payment / exports 2019 | Net sav. FX positions/GDP 2019 |
|----------------|-----------------------|----------|--------------------|-------------------------------|---------------------------------|--------------------------------|
| Singapore      | 1.1                   | 15.62    | 24.13              | 0.56                          | 4.59                            | -75.41                         |
| Thailand       | 0.7                   | 6.32     | 5.56               | 6.68                          | 0.71                            | -40.64                         |
| Russia         | 0.6                   | 4.93     | 4.28               | 4.48                          | 1.50                            | -28.99                         |
| Korea          | 0.5                   | 3.65     | 2.13               | 6.88                          | 1.07                            | -24.07                         |
| China          | 0.4                   | 1.37     | 1.65               | 1.90                          | 2.39                            | -22.91                         |
| Czech Republic | 0.4                   | 0.32     | 1.60               | 15.58                         | 1.20                            | -50.24                         |
| Malaysia       | 0.4                   | 3.45     | 4.37               | 19.11                         | 1.90                            | -26.84                         |
| India          | 0.3                   | -1.94    | 0.29               | 3.37                          | 2.69                            | -9.55                          |
| Philippines    | 0.2                   | -1.25    | 1.97               | 12.39                         | 2.33                            | -10.61                         |
| Nigeria        | 0.1                   | -1.63    | -3.78              | 14.09                         | 2.29                            | -4.45                          |
| Ukraine        | -0.3                  | -2.96    | 0.93               | 32.50                         | 6.34                            | 19.04                          |
| Cote d'Ivoire  | -0.3                  | -4.37    | -2.45              | 32.41                         | 5.99                            | 14.73                          |
| Colombia       | -0.3                  | -4.61    | -2.41              | 24.77                         | 10.72                           | -2.30                          |
| Georgia        | -0.3                  | -5.73    | 0.26               | 36.76                         | 5.28                            | 14.42                          |
| Ghana          | -0.3                  | -2.81    | 1.68               | 38.81                         | 6.63                            | 22.24                          |
| Kenya          | -0.4                  | -4.34    | -2.48              | 32.14                         | 8.00                            | 21.92                          |
| El Salvador    | -0.4                  | -3.68    | 1.32               | 34.78                         | 3.64                            | 56.97                          |
| Sri Lanka      | -0.4                  | -2.22    | -1.20              | 41.51                         | 7.06                            | 31.32                          |
| Ecuador        | -0.5                  | -0.78    | 0.83               | 36.76                         | 10.70                           | 49.06                          |
| Argentina      | -1.0                  | -1.37    | 0.27               | 49.93                         | 21.20                           | 59.24                          |

## Vulnerability map



## Rates scorecard

| Country        | 10Y nominal yields | Z score nominal | Real 10Y yields-current | Real 10Y Z-score | Real 10Y Z-score CPI forecast | Term premium 2y10y | Term premium Z-score | Cost of hedge | Hedged yield |
|----------------|--------------------|-----------------|-------------------------|------------------|-------------------------------|--------------------|----------------------|---------------|--------------|
| South Africa   | 9.44               | 1.28            | 5.34                    | 3.01             | 5.99                          | 4.27               | 3.32                 | 4.13          | 5.31         |
| Malaysia       | 2.89               | -2.94           | 5.79                    | 3.40             | 3.39                          | 0.58               | 0.25                 | 2.34          | 0.76         |
| Indonesia      | 7.13               | -0.17           | 4.94                    | 1.50             | 4.47                          | 1.47               | 1.51                 | 10.11         | -3.98        |
| Brazil         | 6.99               | -1.90           | 5.05                    | -0.30            | 4.43                          | 3.21               | 1.82                 | 1.69          | 0.25         |
| Thailand       | 1.25               | -2.05           | 4.69                    | 2.60             | 2.35                          | 0.72               | -0.17                | 0.32          | 0.93         |
| Colombia       | 6.50               | -0.96           | 3.65                    | 0.19             | 3.10                          | 3.03               | -0.74                | 3.29          | 3.21         |
| Mexico         | 5.99               | -0.59           | 3.15                    | 0.58             | 3.09                          | 1.17               | 0.03                 | 5.18          | 0.81         |
| Israel         | 0.66               | -1.67           | 2.23                    | 0.49             | 0.96                          | 0.61               | -2.38                | -0.57         | 1.23         |
| Peru           | 3.89               | -1.74           | 2.11                    | -0.82            | 2.09                          | 2.93               | 1.72                 | 1.25          | 2.64         |
| Romania        | 3.91               | -0.87           | 1.65                    | -0.43            | 1.31                          | 0.51               | -1.18                | 2.66          | 1.25         |
| South Korea    | 1.37               | -1.62           | 1.67                    | 0.71             | 0.67                          | 0.58               | 0.45                 | 0.08          | 1.29         |
| Singapore      | 0.87               | -2.78           | 1.57                    | 0.45             | 1.37                          | 0.59               | -0.94                | 0.18          | 0.69         |
| Turkey         | 11.68              | 0.13            | 0.29                    | 0.38             | 1.18                          | 2.70               | 1.27                 | 32.68         | -1.00        |
| Philippines    | 3.27               | -1.97           | 1.17                    | -0.54            | 1.07                          | 0.64               | -1.91                | 2.28          | 0.99         |
| USA            | 0.71               | -2.76           | 0.61                    | 0.05             | -0.09                         | 0.51               | -1.00                |               |              |
| India          | 5.82               | -2.51           | -0.02                   | -0.64            | 1.02                          | 1.48               | 3.52                 | 4.39          | 1.43         |
| Hungary        | 2.31               | -1.05           | 0.11                    | -0.98            | -0.69                         | 1.18               | -0.30                | 0.40          | 1.91         |
| Chile          | 2.43               | -2.17           | -0.32                   | 0.71             | -0.62                         | 2.24               | 2.48                 | 0.00          | 2.43         |
| Germany        | -0.40              | -1.37           | -1.00                   | -0.67            | -0.80                         | 0.26               | -4.84                |               |              |
| Poland         | 1.43               | -1.81           | -1.47                   | -2.42            | -1.62                         | 1.21               | 0.17                 | 0.22          | 1.21         |
| Czech Republic | 0.88               | -0.83           | -2.02                   | -1.77            | -1.72                         | 0.87               | -0.48                | 0.03          | 0.84         |

## FX fundamental scorecard

| Currency | FX Score | Deviation from REER 10y average | Real rate | Growth 2020 | CAB 2020 | Months of FX Reserves/Imp orts |
|----------|----------|---------------------------------|-----------|-------------|----------|--------------------------------|
| SGD      | 0.35     | -3.0%                           | 0.70      | 1.7%        | 15.00    | 5.47                           |
| CNY      | 0.34     | 5.1%                            | 1.35      | 1.7%        | 0.50     | 13.90                          |
| RUB      | 0.32     | -13.1%                          | 2.10      | -4.8%       | 0.55     | 13.85                          |
| BRL      | 0.28     | -35.2%                          | -0.25     | -6.0%       | 1.15     | 12.92                          |
| MYR      | 0.24     | -10.5%                          | 2.50      | 2.8%        | 1.35     | 5.04                           |
| KRW      | 0.22     | -2.0%                           | 0.00      | -0.5%       | 0.90     | 7.16                           |
| INR      | 0.14     | 3.0%                            | -0.80     | 4.20        | -0.90    | 7.44                           |
| IDR      | 0.13     | -1.4%                           | 1.59      | 0.39        | -2.20    | 6.05                           |
| MXN      | 0.08     | -21.1%                          | 2.60      | -7.8%       | -0.40    | 3.97                           |
| THB      | 0.05     | 4.2%                            | 1.60      | -5.4%       | 0.50     | 8.48                           |
| COP      | 0.04     | -19.8%                          | -0.65     | -3.8%       | -4.60    | 7.49                           |
| CLP      | 0.00     | -12.2%                          | -2.58     | -1.0%       | -0.80    | 4.37                           |
| TRY      | 0.00     | -28.8%                          | -2.25     | -4.0%       | -1.00    | 4.75                           |
| ZAR      | -0.02    | -19.4%                          | 0.30      | -6.5%       | -1.60    | 4.61                           |
| HUF      | -0.07    | -8.3%                           | -2.10     | -4.2%       | -0.80    | 2.71                           |
| PHP      | -0.07    | 7.0%                            | 0.55      | -2.7%       | -0.50    | 7.43                           |
| PLN      | -0.10    | -4.2%                           | -2.95     | -3.8%       | -0.20    | 3.83                           |
| CZK      | -0.15    | 0.5%                            | -2.35     | -6.5%       | -1.00    | 8.24                           |
| PEN      | -0.18    | -9.5%                           | -1.55     | -3.0%       | -2.20    | 10.67                          |
| RON      | -0.20    | 0.0%                            | -0.85     | -5.0%       | -3.50    | 4.13                           |
| ARS      | -0.28    | -26.1%                          | -7.10     | -7.4%       | -0.15    | 5.29                           |

## FX value scorecard

| Currency | Momentum 200 DMA | RSI 14d | Deviation from REER 1y average | Deviation from REER 10y average | Carry/Vol | Real rate | Cost of hedge |
|----------|------------------|---------|--------------------------------|---------------------------------|-----------|-----------|---------------|
| IDR      | 1.6%             | 39.00   | -0.7%                          | -1.4%                           | 89%       | 1.59      | 11.11         |
| CLP      | -1.7%            | 52.59   | -3.2%                          | -12.2%                          | 0%        | -2.58     | 0.00          |
| PHP      | 1.5%             | 44.43   | 3.8%                           | 7.0%                            | 46%       | 0.55      | 2.28          |
| RON      | 1.2%             | 41.04   | 1.1%                           | 0.0%                            | 38%       | -0.83     | 2.82          |
| HUF      | 0.6%             | 38.58   | -2.7%                          | -8.3%                           | 4%        | -2.10     | 0.40          |
| PLN      | 0.1%             | 41.55   | -2.2%                          | -4.2%                           | 2%        | -2.98     | 0.22          |
| KRW      | -1.1%            | 45.28   | -1.6%                          | -2.0%                           | 1%        | 0.00      | 0.06          |
| CZK      | 0.0%             | 37.36   | -3.1%                          | 0.5%                            | 0%        | -2.38     | 0.03          |
| SGD      | -0.4%            | 38.58   | -1.2%                          | -3.0%                           | 4%        | 0.70      | 0.18          |
| CNY      | -0.5%            | 45.58   | 0.6%                           | 5.1%                            | 41%       | 1.35      | 1.88          |
| THB      | 0.2%             | 22.68   | -3.9%                          | 4.2%                            | 6%        | 1.60      | 0.32          |
| COP      | -4.7%            | 49.52   | -4.8%                          | -19.8%                          | 21%       | -0.63     | 3.29          |
| MYR      | -1.4%            | 41.55   | -4.1%                          | -10.5%                          | 26%       | 2.50      | 1.64          |
| PEN      | -3.2%            | 68.05   | 3.8%                           | 7.5%                            | 18%       | -1.55     | 1.25          |
| RUB      | -3.0%            | 40.75   | -5.2%                          | -13.1%                          | 33%       | 2.10      | 4.58          |
| INR      | -4.4%            | 55.25   | -1.2%                          | 3.0%                            | 67%       | -0.80     | 4.40          |
| MXN      | -7.4%            | 45.33   | -12.2%                         | -21.1%                          | 31%       | 2.60      | 5.18          |
| BRL      | -13.9%           | 49.13   | -21.3%                         | -36.2%                          | 8%        | -0.25     | 1.69          |
| ZAR      | -8.3%            | 44.69   | -11.8%                         | -19.4%                          | 24%       | 0.30      | 4.13          |
| TRY      | -10.6%           | 54.55   | -6.9%                          | -28.8%                          | 78%       | -2.28     | 12.54         |
| ARS      | -12.1%           | 92.84   | 6.2%                           | -26.1%                          | 406%      | -7.10     | 61.74         |

Source: FitchConnect, IMF, Worldbank, Datastream, Bloomberg, DPAM



- Cheap / Dear Analysis -

## VALUATION PROCESS



Source: Bloomberg, DPAM, April 2022





## 3

PORTFOLIO  
CONSTRUCTION

Aim to build a **well-diversified portfolio** with sustainability considerations (min 40% of AUM in countries of the top quartile, max 10% invested in the last quartile), concentration risks and the unconstrained investment view.



The Fund is **not managed against any specific benchmark**. It will refrain from investing in countries solely with the aim of getting closer to a benchmark.



- It's a Team Effort-

# FIXED INCOME EXPERTISE

## RATES

- Euro government
- Global government
- Inflation linked
- **Emerging government**

## CREDIT

- Euro Investment Grade
- High Yield & Emerging Corporate
- Convertibles (Paris)

## MULTI-STRATEGY

- Unconstrained Investment Grade
- Unconstrained High Yield
- Climate (Thematic)

## COUNTRY & ESG RESEARCH

## CREDIT & ESG RESEARCH

## MACRO ECONOMIC RESEARCH

## DATA ANALYSIS



# FIXED INCOME FUND MANAGERS



**Sam Vereecke, PhD, CFA**  
CIO Fixed Income,  
Member of the Management  
Board

24  
'09



17  
'07

**Ronald Van Steenweghen**  
Fund manager

EURO GOVERNMENT



06  
'16

**Lowie Debou, CFA**  
Fund manager



24  
'09

**Sam Vereecke, PhD, CFA**  
CIO Fixed Income

GLOBAL GOVERNMENT / SUSTAINABLE



11  
'22

**André Figueira de Sousa**  
Fund manager



34  
'18

**Michaël Vander Elst**  
Fund Manager

EMERGING MARKETS SUSTAINABLE



16  
'19

**Hugo Verdière, CFA**  
Fund manager



06  
'22

**Caleb Coppersmith**  
Sovereign analyst

GOVERNMENT  
BONDS

CORPORATE  
BONDS



16  
'11

**Anahi Machado Tironi**  
Fund manager

INVESTMENT GRADE / SUSTAINABLE



21  
'04

**Steven Decoster**  
Fund manager



24  
'05

**Bernard Lalière**  
Head of Credit

HIGH YIELD



30  
'04

**Marc Leemans, CFA**  
Fund manager



25  
'18

**Laurent Le Grin, CFA**  
Fund manager

CONVERTIBLE BONDS / SUSTAINABLE



12  
'18

**Boris Rochereuil, CFA**  
Fund manager

CONVERTIBLE  
BONDS

AGGREGATE



17  
'07

**Ronald Van Steenweghen**  
Fund manager

CLIMATE SUSTAINABLE



16  
'11

**Anahi Machado Tironi**  
Fund manager



15  
'21

**Raffaele Prencipe**  
Fund manager

GLOBAL UNCONSTRAINED



31  
'09

**Peter De Coensel**  
CEO DPAM



24  
'09

**Sam Vereecke, PhD, CFA**  
CIO Fixed Income



17  
'07

**Ronald Van Steenweghen**  
Fund manager



05  
'20

**Jean-Charles Sohounou**  
Fixed income portfolio data analyst

FIXED INCOME

# Years of experience  
# Entry date



- Top-Down Approach -

# GLOBAL THEMES

## Inflation Outlook

### INFLATION OUTLOOK: UPSIDE RISKS

#### SUPPLY SHOCKS

- Real estate prices: asset-rich versus asset-poor consumers
- Oil: Increasing cost of finding and extracting oil relative to the general price level since 1970
- End of Moore's Law: for past 40 years we could buy a new phone, PC or laptop every 18 months with twice the power for the same price. That stopped.
- Monopoly: rise of market power in US and globally has depressed consumers' welfare but provides mega large caps with pricing power.
- Cost of going Green: for every 1% increase in renewable power in electricity grid consumers face 5% increase in electricity bill (generators are intermittent so need for idled baseload to cover...is costly)
- Deglobalization: globalization has 'helped' lower the Western middle classes' share of global income growth. Expect fiscal policy to start addressing this inequality
- Supply chain reshoring/onshoring

#### DEMAND SHOCKS

- Across the cycle fiscal stimulus (supporting demand)
- Growing welfare & dependency culture (supporting demand)
- Growing geopolitical stress leads to rising militarization (supporting demand)
- Lockdowns (loss of demand)

## DM Monetary Policy



## Global Real Rates

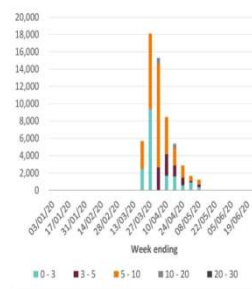
### GLOBAL REAL RATES

Keep an eye on the 5YSY US inflation swap indicator. Flexible FED QE program holds 10 year UST between 0.50% and 1.00%. Investors seeking inflation protection push 10 year real rates deeper into negative territory. Inflation expectations rise. US TIPS are part of the FED QE package. We observe a break-down of a historical relationship.

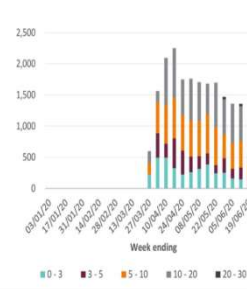


## QE

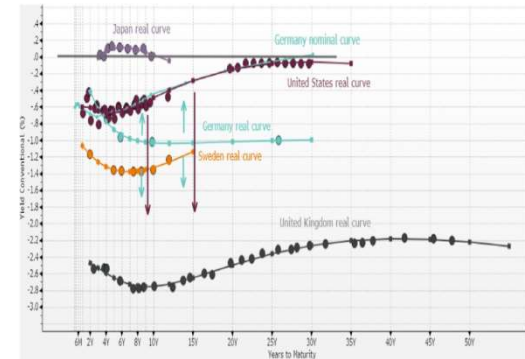
Weekly RBA purchases of government bond (AUD m)



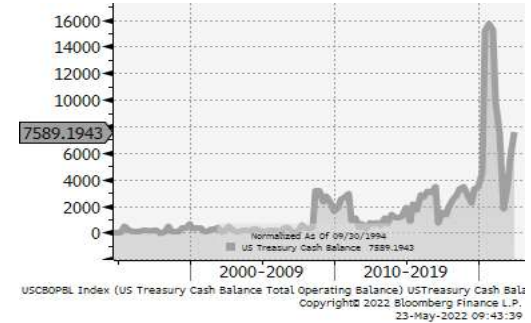
Weekly RBNZ purchases of government bonds (NZD m)



## DM Curves



## US Treasury Cash Balance



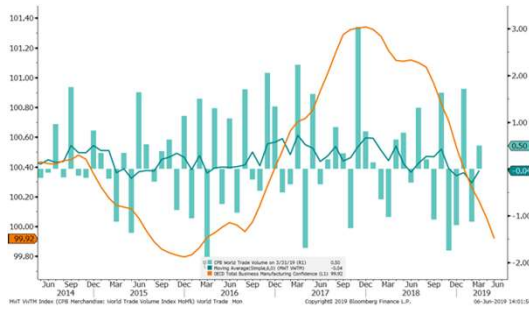
Source: IMF, Worldbank, Datastream, Bloomberg, DPAM



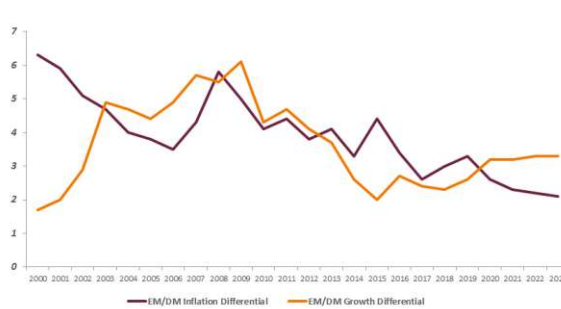
- Top-Down Approach -

# EMERGING MARKETS THEMES

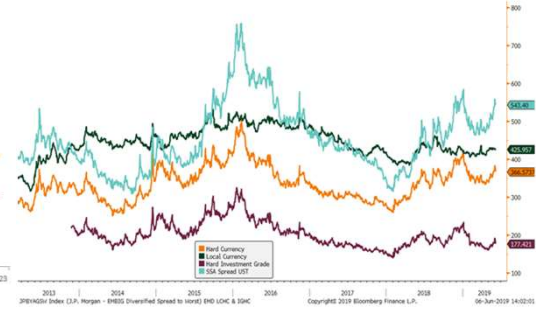
**World Trade and Business Confidence**



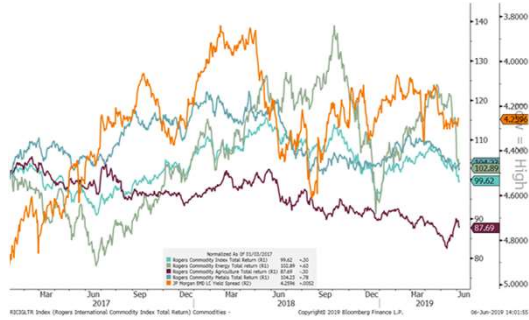
**Growth and Inflation Outlook**



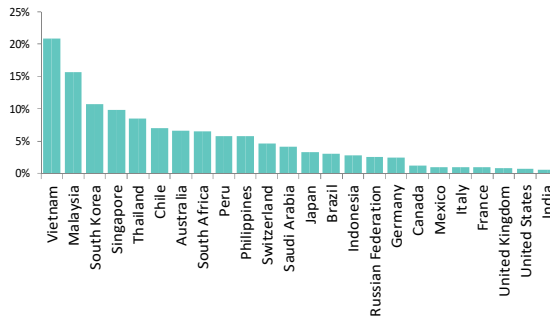
**Spreads EM versus DM**



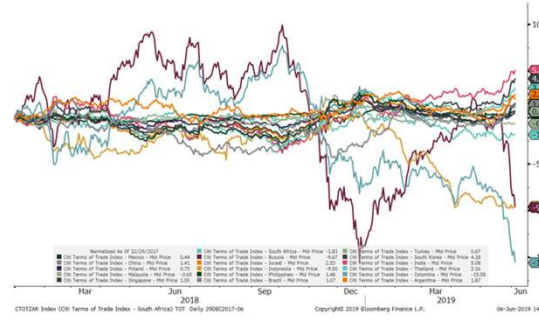
**Commodities**



**Exports to China**



**Real Effective Exchange Rates**



Source: IMF, Worldbank, Datastream, Bloomberg, DPAM



- Sustainability and Risk Guidelines -

# KEY INVESTMENT GUIDELINES

|                 |                   |   |
|-----------------|-------------------|---|
| SUSTAINABLE     | Democracy         | <ul style="list-style-type: none"> <li>Exclusion of countries defined as 'Not Free' by the Freedom House</li> <li>Confirmed 'Authoritarian' by the EIU</li> </ul>   |
|                 | ESG Ranking       | <ul style="list-style-type: none"> <li>Minimum 40% in the top quartile</li> <li>Maximum 10% in the bottom quartile</li> <li>Transition of 3 months</li> </ul>       |
| RISK GUIDELINES | Country Weight    | <ul style="list-style-type: none"> <li>Maximum 15% per individual country (3% for frontier countries)</li> <li>Total frontier markets weight maximum 20%</li> </ul> |
|                 | Currency Exposure | <ul style="list-style-type: none"> <li>Maximum 30% hard currency</li> <li>Maximum 20% per single currency</li> </ul>  |
|                 | Issue Size        | <ul style="list-style-type: none"> <li>Minimum USD 100 million outstanding at the time of purchase</li> <li>Maximum 10% of the outstanding issue size</li> </ul>    |
|                 | Rating            | <ul style="list-style-type: none"> <li>No minimum rating</li> <li>Maximum 30% of non-rated bonds</li> </ul>   |
|                 | Other             | <ul style="list-style-type: none"> <li>Maximum 10% cash</li> <li>Derivatives allowed for hedging and investment</li> <li>No uncovered short FX</li> </ul>           |



- DPAM L Bonds Emerging Markets Sustainable -

## FX STRATEGY

The Fund aims to be fully invested in **local currency bonds**, “carrying” the full FX risk. Decomposition of EMD Total Return shows that the **carry** on the bonds largely compensates the investor for the FX risk. Whilst FX volatility is closely monitored and part of the investment decision, alpha creation via FX strategies is not targeted.

In times of expected FX volatility and/or depreciation, the fund might hedge some or all the FX exposure by selling FX exposure forward (NDF). When the hedging cost exceeds the yield on the bonds, the fund will consider selling the bonds.

Under no circumstances the fund is allowed to sell FX exposure without underlying bond position.

It is allowed to buy FX exposure without an underlying bond position or in addition to an existing bond exposure. The fund could for instance do so, when the implied forward yield on the NDF is more attractive than the yield of the bond.



- From conviction to portfolio -

# RISK MONITORING

## RISK MATRIX

### BOTTOM-UP ANALYSIS

- Accessibility
- Duration
- Yield Curve
- Liquidity

### PRE-TRADE

- LQA analysis
- Pre-trade compliance check (Bloomberg)

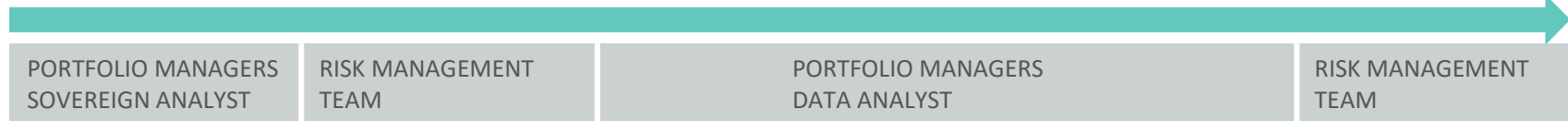
### PORTFOLIO MANAGEMENT

- Bloomberg PORT
- Internal risk monitoring tool
- Daily VaR and risk reports

- Country weights
- Currency weights
- Regional distribution
- Quartile distribution
- Rating distribution
- Correlations
- Avoid that one region, one country or one 'theme' explains the bulk of performance of the portfolio ("one trick pony")
- Keep portfolio within the defined universe of peer group (Local Currency / Government Bonds)
- Calculation of ex-post TE, VaR report

### POST TRADE

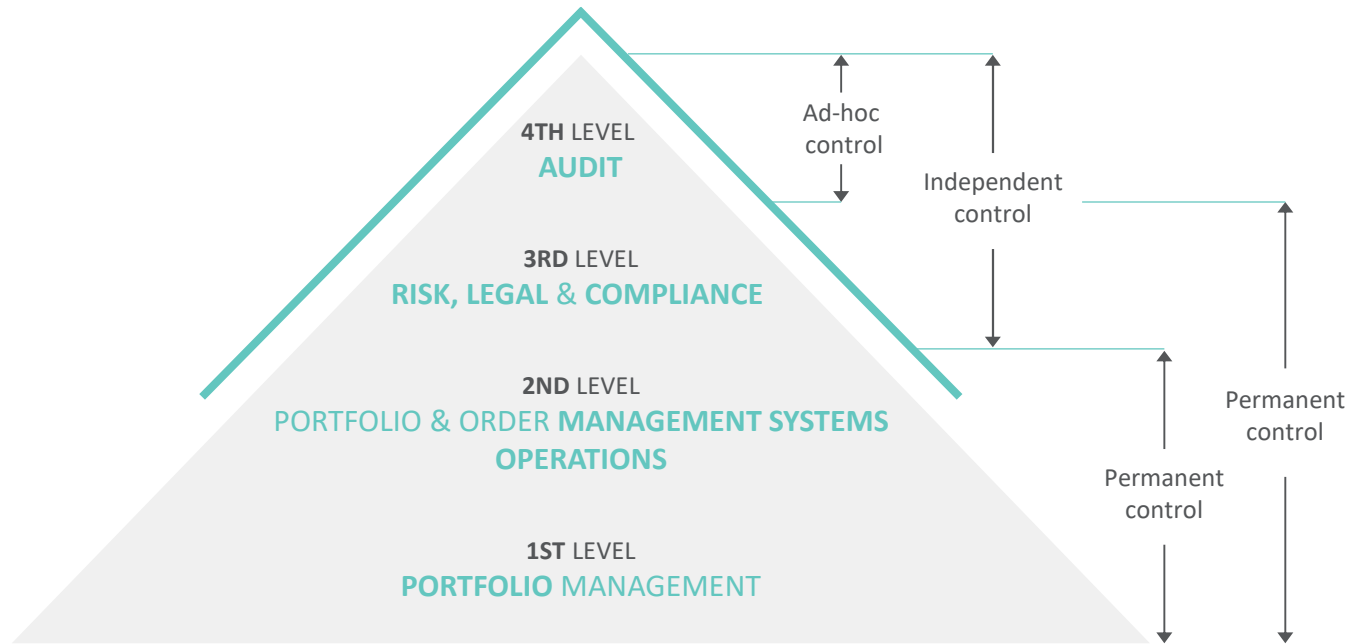
- Liquidity analysis
- Real-time Investment guidelines check



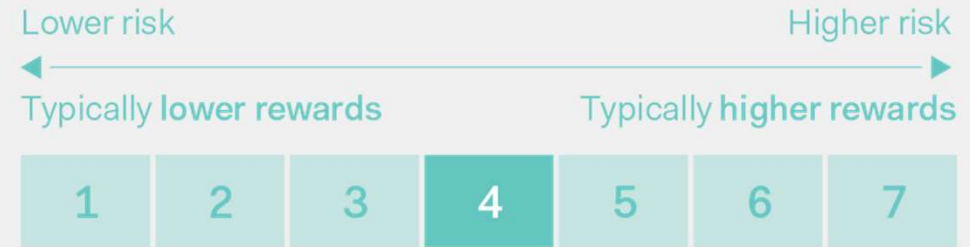


- Risk Management at all levels -

# RISK MONITORING



## RISK AND REWARD PROFILE



SRRR calculated according UCITS (EU) regulation N°583/2010  
 An overview and description of the risks are available on the next page.

## PRODUCT CHARACTERISTICS

ISIN CODE (F) LU0907928062

DPAM L Bonds Emerging Markets Sustainable is a sub-fund of DPAM L Fund, SICAV under Luxembourg law.

### No benchmark

The sub-fund is actively managed, and no benchmark is used

### SFDR Article 9

The sub-fund has a sustainable investment objective according to SFDR framework

# RISK & REWARD PROFILE



# POTENTIAL RISKS



Depreciation of currencies



Spread widening



Credit risk



Illiquidity of securities, more difficult to sell



Operational and management risk including concentration and counterparty risk



Rising interest rates

## Credit risk

Risk that a bond will lose all its value if the issuer of the bond is unable to repay its debt on the due date

## Liquidity risk

Some financial securities may be impossible to sell quickly at a given instant or may have to be sold at a discount

## Counterparty risk

The sub-fund can lose money as a result of the failure of a market player with which it does business

## Operational risk

In any market, especially in emerging markets, the sub-fund may lose some or all of its money in the event of default in the custody of assets, fraud, corruption, political measures or any other adverse event

## Concentration risk

Where the sub-fund concentrates its investments on one country (or one region or sector) that is affected by an adverse event, its value may fall

## Management risk

Under abnormal market conditions, standard management techniques may be ineffective or unfavorable

## Derivatives risk

Some derivatives may increase the volatility of the sub-fund or expose the sub-fund to losses higher than the price of these derivatives.

We refer to the prospectus and KIID for more explanation and a complete overview of the risks, as available on [www.dpamfunds.com](http://www.dpamfunds.com).





## MICHAËL VANDER ELST

*Fund Manager Emerging Markets Bonds*

34 Years of experience

### 2017

*DPAM: Fund Manager Emerging Markets Bonds*

---

### 2015

*AXA BANK EUROPE: Investment Portfolio Management & ALM (IRRBB) expert*

---

### 2009

*ABN AMRO (the Netherlands): Head of Government Bond Trading*

---

### 2006

*BNP Paribas (previously Fortis Belgium): Head of Principal Strategies*

---

### 2000

*BNP Paribas (previously Fortis Belgium): Head of Government Bond Trading*

---

### 1994

*ABN AMRO: Senior Bond , STRIPS and Interest Rate Swaps Trader*

---

### 1988

*ING (previously BBL): Sales/Trading Belgian Equities & Bonds*

---

### Education

*KU Leuven (University of Leuven, Belgium):  
Master in Applied Economics, Diplomatic Sciences*



## HUGO VERDIÈRE, CFA

*Fund Manager Emerging Markets Bonds*

16 Years of experience

**2019**

*DPAM: Fund Manager Emerging Markets Bonds*

---

**2015**

*Candriam : Senior Fund Manager, Credit and Global Bonds*

---

**2011**

*EDF Investments Group: Fund Manager, Project Finance*

---

**2011**

*Amundi: Fund Manager, Global Bonds*

---

**2007**

*SOGECAP: Fund Manager Asset Allocation*

---

**2006**

*Exane BNP Paribas: Sell-Side Equity Analyst Assistant*

---

**Education**

*ESSEC Business School (France): MSc in Management*



## CALEB COPPERSMITH

*Sovereign Analyst Emerging Markets*

5 Years of experience

### 2022

DPAM: *Emerging Market Debt – Sovereign Analyst*

---

### 2019

Moody's Investors Service (Singapore): *Sovereign Risk Group – Analyst*

---

### 2018

Moody's Investors Service (Sydney): *Financial Institutions Group - Analyst*

---

### 2017

Macquarie Bank: *Corporate Banking Analyst*

---

### Education

University of Auckland (New Zealand): *Bachelor of Commerce in Economics (Hons) and Finance*



# JEAN CHARLES SOHOUEYOU

*Fixed Income Data Analyst*

5 Years of experience

## 2020

DPAM: *Fixed Income Data Analyst*

---

## 2019

CNP ASSURANCES: *Fund Analyst*

---

## 2017

ROTSCHILD & CO: *Risk Analyst*

---

## Education

Paris-Dauphine University (France): Bachelor degree in Maths  
Paris-Dauphine University (France): Master degree in Maths for Finance  
Paris-Dauphine University (France): Master Asset Management



# CÉLINE BOULENGER

*Macroeconomist*

5 Years of experience

## 2019

Bank Degroof Petercam: *Macroeconomist, specialised focus on EM*

---

## 2017

Georgia State University: *Lecturer in Economics and Environmental Economy*

---

## Education

University of Houston (USA): *PhD in Economics*





# OPHÉLIE MORTIER

*Responsible Investment Strategist*

20 Years of experience

**2016**

DPAM: *Responsible Investment Strategist*

---

**2012**

PIAM: *Responsible Investment Coordinator*

---

**2009**

PIAM: *Fixed Income Macro-coordinator*

---

**2005**

Petercam: *Institutional Sales and Account Manager*

---

**2002**

Pragma Consulting: *Consultant Institutional Portfolio Managers*

---

**Education**

ICHEC Brussels(Belgium): *Master in Commercial and Financial Sciences*

# 3

## PORTFOLIO CHARACTERISTICS

- Portfolio overview*
- Regional breakdown*
- Country breakdown*
- Performance contribution YTD*
- Peers analysis and drawdown*



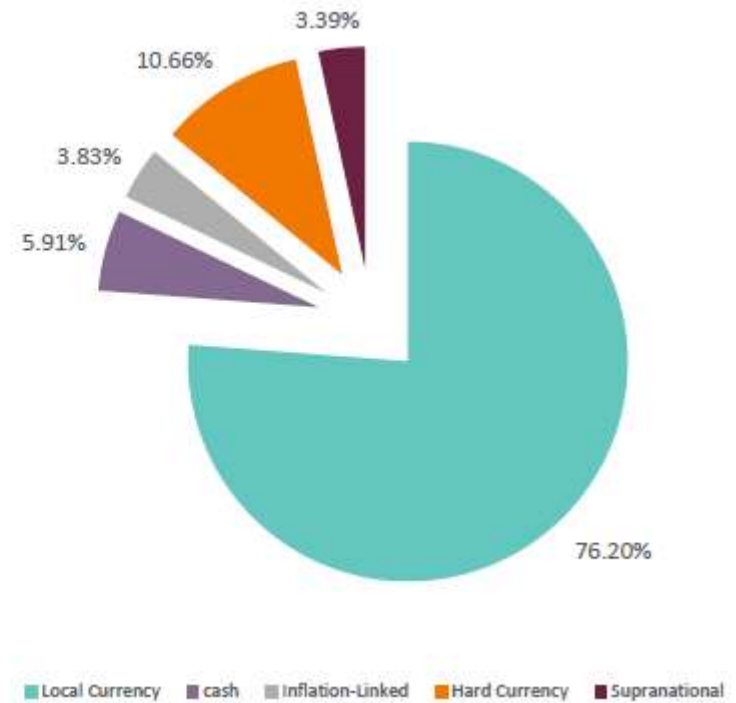
- Main characteristics -

# PORTFOLIO OVERVIEW

## DPAM L BONDS EMERGING MARKETS SUSTAINABLE

portfolio analysis  
 as of 30/12/2022

|                   | Portfolio |
|-------------------|-----------|
| Yield             | 8.11      |
| Modified Duration | 5.23      |
| Average Rating    | Baa2      |
| Average Coupon    | 5.35      |



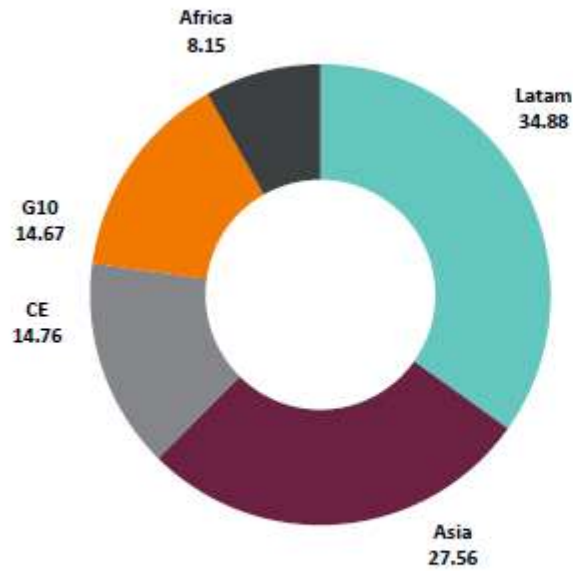
Source: DPAM, December 30<sup>th</sup>, 2022



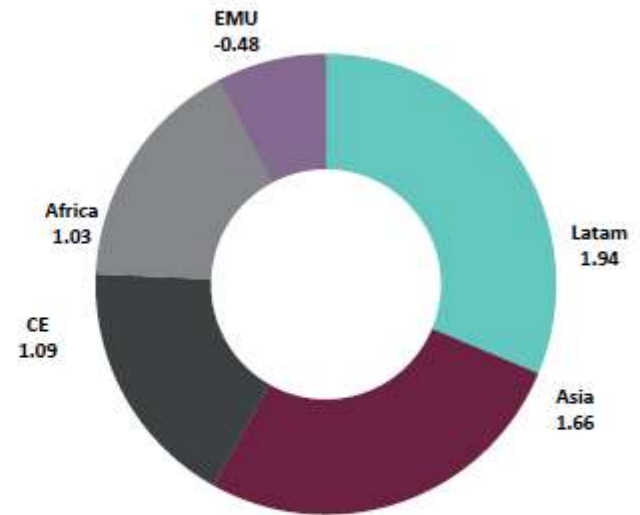
- Regional breakdown per currency -

# PORTFOLIO OVERVIEW

FX regional exposure (% AUM)



Curve exposure per currency (CTMD in bps)

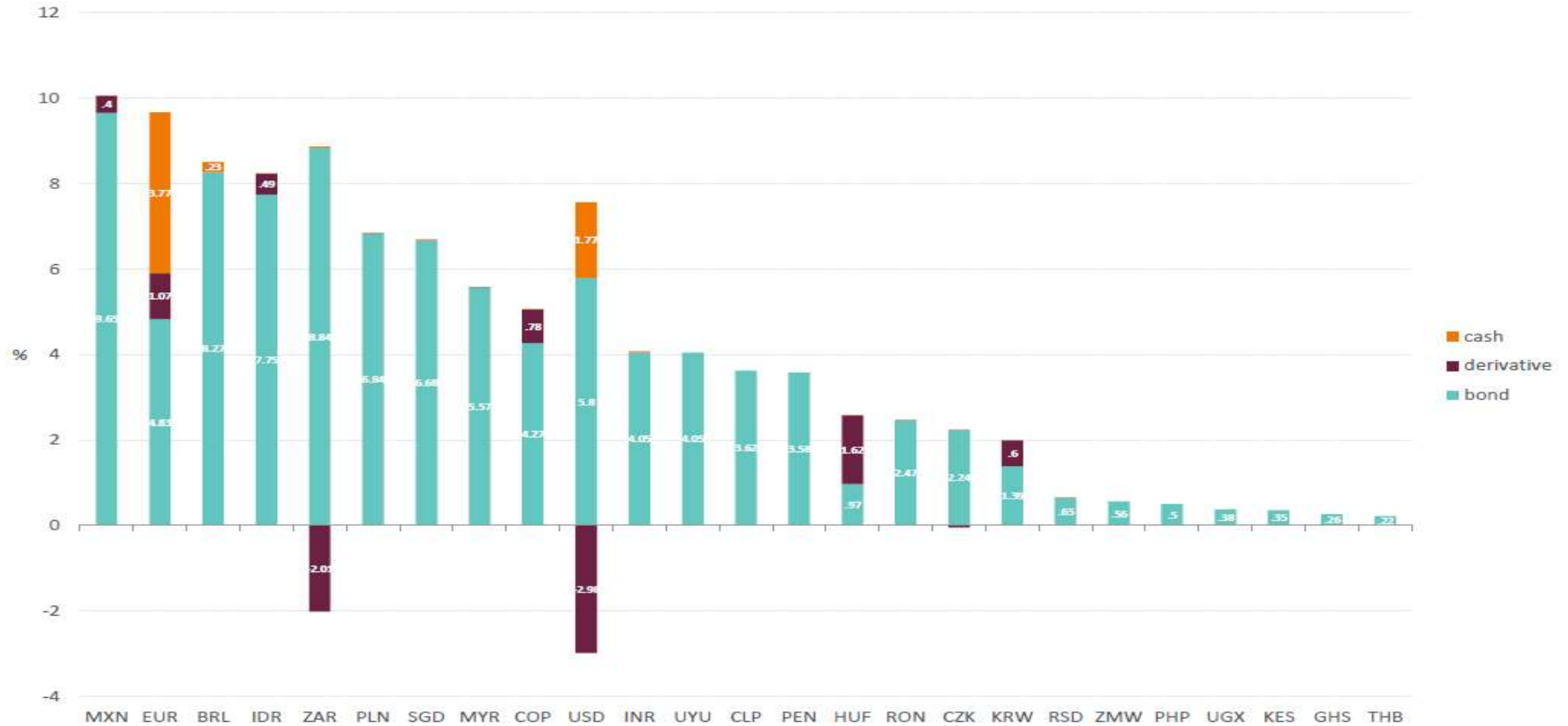


Source: DPAM, December 30<sup>th</sup>, 2022



- FX exposure by currency -

# PORTFOLIO OVERVIEW



Source: DPAM, December 30<sup>th</sup>, 2022



- Exposure per country -

## COUNTRY BREAKDOWN

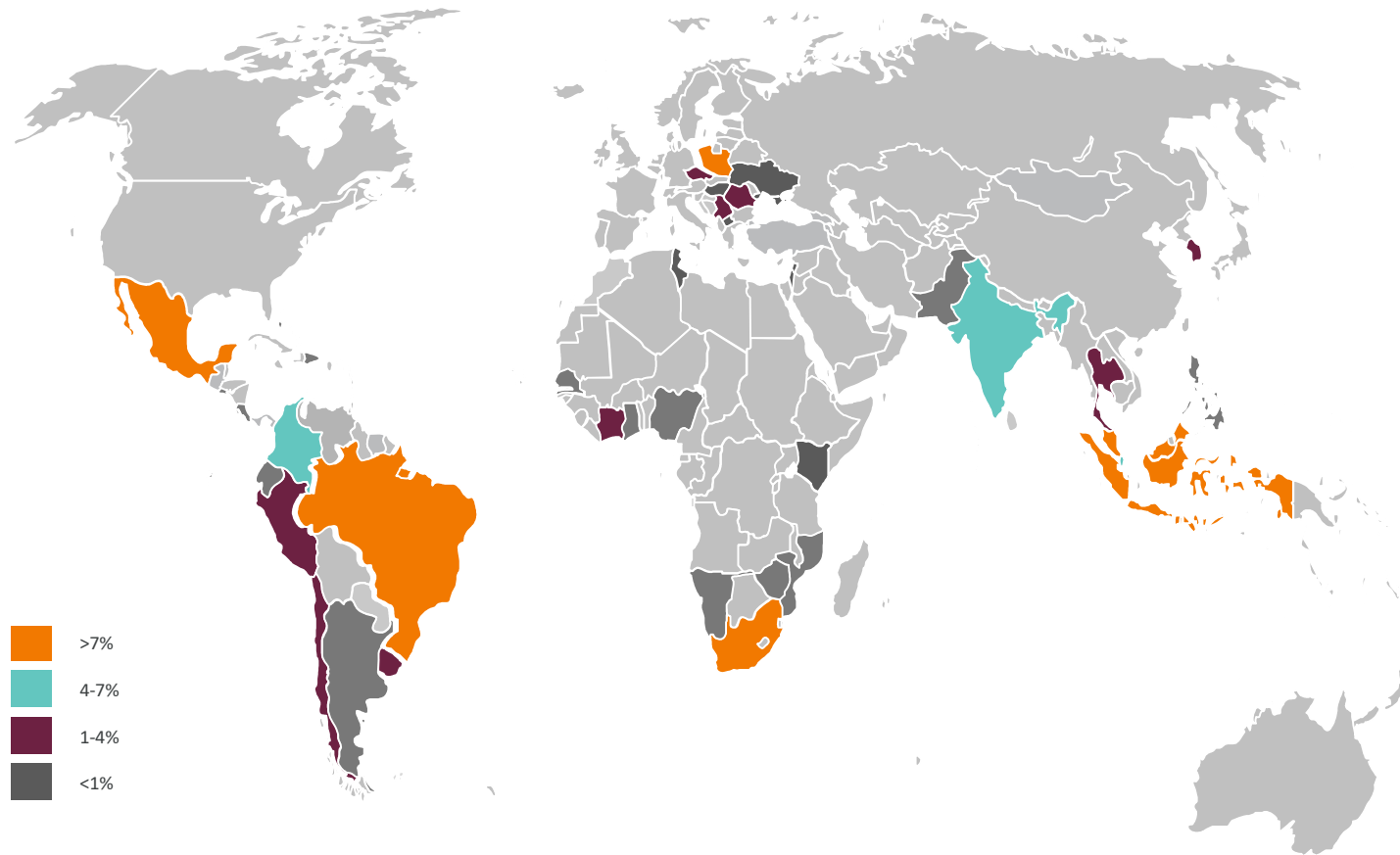
| DPAM L Bonds Emerging Markets Sustainable Positions by Country |                |      |         |      |      |            |       |       |
|--|----------------|------|---------|------|------|------------|-------|-------|
| Rank   | Country        | LC   | LC Cash | EUR  | USD  | Bond Total | FX    | TOTAL |
| 1  | Mexico         | 9.72 |         |      |      | 9.72       | 0.40  | 10.12 |
| 2  | South Africa   | 8.91 | 0.03    |      | 0.12 | 9.03       | -2.02 | 7.01  |
| 3  | Brazil         | 8.12 |         |      |      | 8.12       |       | 8.12  |
| 4  | Indonesia      | 7.75 |         |      |      | 7.75       | 0.50  | 8.25  |
| 5  | Poland         | 6.91 |         |      | 0.05 | 6.96       |       | 6.96  |
| 6  | Singapore      | 6.68 | 0.02    |      |      | 6.68       |       | 6.68  |
| 7  | Malaysia       | 5.59 |         |      |      | 5.59       |       | 5.59  |
| 8  | Colombia       | 4.22 |         |      |      | 4.22       | 0.80  | 5.02  |
| 9  | India          | 4.05 | 0.03    |      |      | 4.05       |       | 4.05  |
| 10   | Uruguay        | 4.03 |         |      |      | 4.03       |       | 4.03  |
| 11   | Chile          | 3.69 |         |      |      | 3.69       |       | 3.69  |
| 12   | Peru           | 3.60 |         |      |      | 3.60       |       | 3.60  |
| 13   | Romania        | 2.49 |         | 0.31 |      | 2.80       |       | 2.80  |
| 14   | Ivory Coast    |      |         | 2.47 | 0.19 | 2.66       |       | 2.66  |
| 15   | Czech Republic | 2.26 |         |      |      | 2.26       |       | 2.26  |
| 16   | South Korea    | 1.33 |         |      | 0.34 | 1.68       | 0.61  | 2.29  |
| 17   | Senegal        |      |         | 0.33 | 1.04 | 1.37       |       | 1.37  |
| 18   | Serbia         | 0.66 |         | 0.63 |      | 1.28       |       | 1.28  |
| 19   | Bahamas        |      |         |      | 1.09 | 1.09       |       | 1.09  |
| 20   | Hungary        | 0.96 |         |      |      | 0.96       | 1.65  | 2.61  |
| 21   | Kenya          | 0.36 |         |      | 0.53 | 0.89       |       | 0.89  |
| 22   | Tunisia        |      |         | 0.29 | 0.34 | 0.63       |       | 0.63  |
| 23   | Benin          |      |         | 0.58 |      | 0.58       |       | 0.58  |
| 24   | Ecuador        |      |         |      | 0.55 | 0.55       |       | 0.55  |
| 25   | Zambia         | 0.55 |         |      |      | 0.55       |       | 0.55  |
| 26   | Philippines    | 0.50 |         |      |      | 0.50       |       | 0.50  |
| 27   | Ghana          | 0.29 |         |      | 0.18 | 0.47       |       | 0.47  |
| 28   | Ukraine        |      |         | 0.12 | 0.28 | 0.40       |       | 0.40  |
| 29   | Uganda         | 0.37 |         |      |      | 0.37       |       | 0.37  |
| 30   | Mozambique     |      |         |      | 0.24 | 0.24       |       | 0.24  |

Source: DPAM, December 30<sup>th</sup>, 2022



- DPAM L Bonds Emerging Markets Sustainable -

## COUNTRY WEIGHTS



Source: DPAM, December 30<sup>th</sup>, 2022



Past performance does not predict future returns

- EMFX offsetting local rates -

## PERFORMANCE CONTRIBUTION YTD

|                             | Unhedged Weight (%) | Contribution | CTR (Local Rates) | CTR (FX)     | CTR (Residuals) |
|-----------------------------|---------------------|--------------|-------------------|--------------|-----------------|
| <b>Africa / Middle East</b> | <b>16.5</b>         | <b>-0.06</b> | <b>-0.14</b>      | <b>0.08</b>  | <b>0.00</b>     |
| Ghana                       | 0.7                 | -0.31        | -0.17             | -0.14        | 0.00            |
| Ivory Coast                 | 2.1                 | -0.01        | 0.00              | -0.01        | 0.00            |
| Kenya                       | 0.8                 | 0.02         | 0.02              | 0.00         | 0.00            |
| Lebanon                     | 0.0                 | -0.01        | -0.01             | 0.00         | 0.00            |
| Mozambique                  | 0.2                 | 0.01         | 0.01              | 0.00         | 0.00            |
| Namibia                     | 0.2                 | 0.00         | 0.00              | 0.00         | 0.00            |
| Nigeria                     | 1.0                 | -0.12        | -0.25             | 0.13         | 0.00            |
| Senegal                     | 1.1                 | -0.17        | -0.18             | 0.01         | 0.00            |
| South Africa                | 9.0                 | 0.45         | 0.35              | 0.09         | 0.00            |
| Tunisia                     | 0.5                 | -0.02        | -0.03             | 0.01         | 0.00            |
| Uganda                      | 0.3                 | 0.04         | 0.04              | 0.00         | 0.00            |
| Zambia                      | 0.5                 | 0.04         | 0.04              | -0.01        | 0.00            |
| Benin                       | 0.1                 | 0.04         | 0.04              | 0.00         | 0.00            |
| <b>Asia Pacific</b>         | <b>26.6</b>         | <b>0.38</b>  | <b>-0.07</b>      | <b>0.45</b>  | <b>0.00</b>     |
| Indonesia                   | 8.8                 | 0.19         | 0.31              | -0.12        | 0.00            |
| Malaysia                    | 7.3                 | 0.18         | 0.04              | 0.14         | 0.00            |
| Maldives                    | 0.1                 | -0.01        | -0.02             | 0.01         | 0.00            |
| Papua New Guinea            | 0.2                 | 0.00         | -0.01             | 0.01         | 0.00            |
| Philippines                 | 0.8                 | -0.03        | -0.02             | -0.01        | 0.00            |
| Singapore                   | 6.9                 | 0.17         | -0.27             | 0.44         | 0.00            |
| South Korea                 | 2.3                 | -0.14        | -0.11             | -0.02        | 0.00            |
| Thailand                    | 0.2                 | 0.01         | 0.00              | 0.01         | 0.00            |
| <b>Central Asia</b>         | <b>4.8</b>          | <b>-0.12</b> | <b>0.07</b>       | <b>-0.19</b> | <b>0.00</b>     |
| India                       | 4.7                 | -0.09        | 0.09              | -0.18        | 0.00            |
| Pakistan                    | 0.0                 | -0.01        | 0.00              | 0.00         | 0.00            |
| Sri Lanka                   | 0.0                 | -0.02        | -0.02             | 0.00         | 0.00            |
| <b>North America</b>        | <b>8.4</b>          | <b>0.86</b>  | <b>0.17</b>       | <b>0.69</b>  | <b>0.00</b>     |
| Bahamas                     | 0.7                 | 0.09         | 0.07              | 0.02         | 0.00            |
| Mexico                      | 7.7                 | 0.77         | 0.10              | 0.68         | 0.00            |

|                                    | Unhedged Weight (%) | Contribution | CTR (Local Rates) | CTR (FX)     | CTR (Residual) |
|------------------------------------|---------------------|--------------|-------------------|--------------|----------------|
| <b>Eastern Europe</b>              | <b>16.4</b>         | <b>-2.98</b> | <b>-2.90</b>      | <b>-0.08</b> | <b>0.00</b>    |
| Albania                            | 0.1                 | -0.03        | -0.03             | 0.00         | 0.00           |
| Armenia                            | 0.1                 | 0.01         | 0.01              | 0.00         | 0.00           |
| Czech Republic                     | 4.1                 | -0.63        | -0.72             | 0.09         | 0.00           |
| Hungary                            | 1.3                 | -0.53        | -0.42             | -0.10        | 0.00           |
| Macedonia                          | 0.2                 | -0.01        | -0.01             | 0.00         | 0.00           |
| Poland                             | 5.6                 | -0.32        | -0.23             | -0.08        | 0.00           |
| Romania                            | 2.5                 | -0.26        | -0.26             | 0.00         | 0.00           |
| Serbia                             | 1.9                 | -0.19        | -0.19             | 0.00         | 0.00           |
| Ukraine                            | 0.6                 | -1.05        | -1.07             | 0.02         | 0.00           |
| Georgia                            | 0.1                 | 0.02         | 0.02              | 0.00         | 0.00           |
| <b>South &amp; Central America</b> | <b>24.4</b>         | <b>0.94</b>  | <b>-0.57</b>      | <b>1.52</b>  | <b>0.00</b>    |
| Argentina                          | 0.1                 | -0.03        | -0.05             | 0.02         | 0.00           |
| Brazil                             | 8.1                 | 0.94         | 0.38              | 0.56         | 0.00           |
| Chile                              | 2.9                 | 0.40         | 0.23              | 0.18         | 0.00           |
| Colombia                           | 4.8                 | -1.21        | -0.81             | -0.39        | 0.00           |
| Costa Rica                         | 0.6                 | 0.07         | -0.01             | 0.09         | 0.00           |
| Dominican Republic                 | 0.1                 | 0.01         | -0.01             | 0.01         | 0.00           |
| Ecuador                            | 0.5                 | -0.10        | -0.14             | 0.04         | 0.00           |
| El Salvador                        | 0.0                 | 0.00         | 0.00              | 0.00         | 0.00           |
| Peru                               | 3.4                 | 0.17         | -0.20             | 0.38         | 0.00           |
| Uruguay                            | 3.9                 | 0.68         | 0.04              | 0.65         | 0.00           |
| <b>Cash</b>                        | <b>2.8</b>          | <b>-0.01</b> | <b>0.00</b>       | <b>-0.01</b> | <b>0.00</b>    |
| CHF                                | 0.0                 | 0.00         | 0.00              | 0.00         | 0.00           |
| EUR                                | 1.3                 | 0.00         | 0.00              | 0.00         | 0.00           |
| GBP                                | 0.0                 | 0.00         | 0.00              | 0.00         | 0.00           |
| USD                                | 1.5                 | -0.01        | 0.00              | -0.01        | 0.00           |
| <b>Derivatives</b>                 | <b>0.0</b>          | <b>0.57</b>  | <b>0.74</b>       | <b>-0.17</b> | <b>0.00</b>    |
| Forwards                           | 0.0                 | -0.26        | -0.09             | -0.17        | 0.00           |
| Futures                            | -4.5                | 0.83         | 0.83              | 0.00         | 0.00           |
| Derivatives                        | 4.5                 | 0.00         | 0.00              | 0.00         | 0.00           |
| <b>Grand Total</b>                 | <b>100.00</b>       | <b>-0.41</b> | <b>-2.71</b>      | <b>2.31</b>  | <b>0.00</b>    |

Source: DPAM, December 30<sup>th</sup>, 2022





Past performance does not predict future returns

- Double alpha at work -

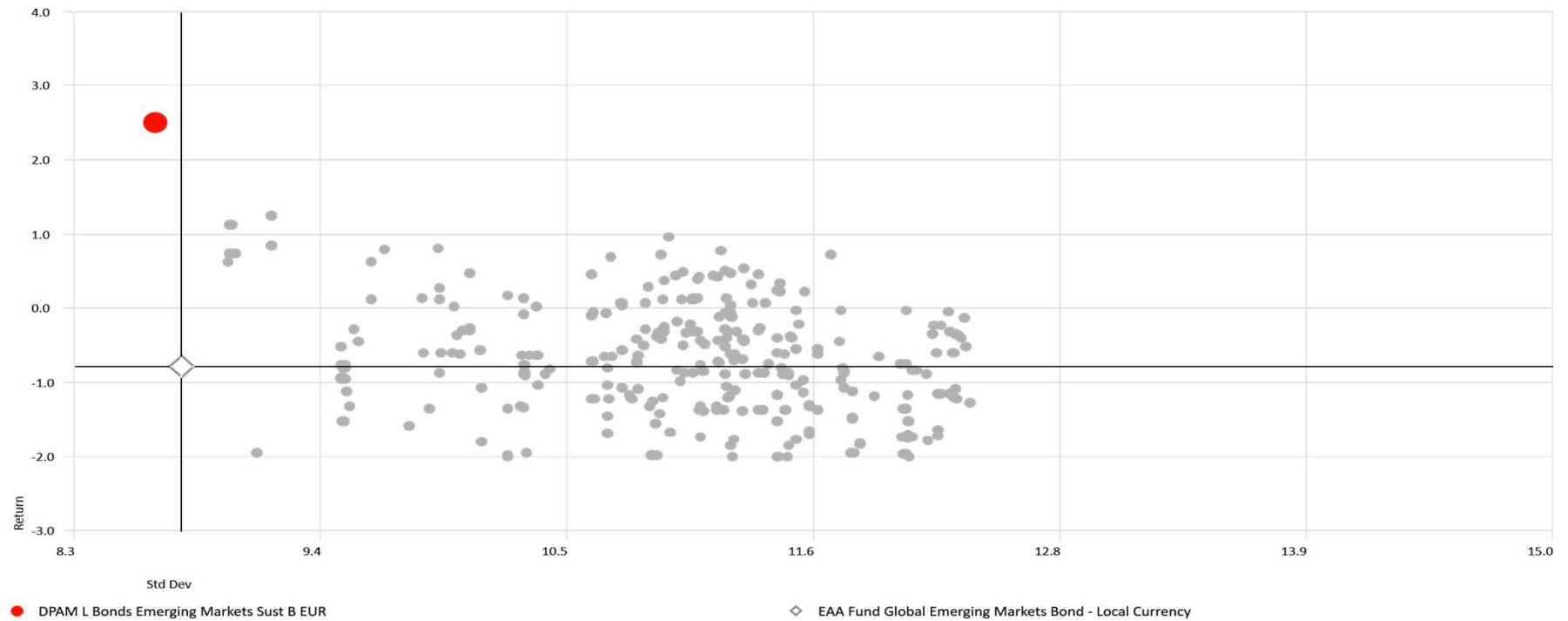
# RISK/RETURN SINCE INCEPTION\*

\*Actual inception 18/03/2013

## Risk-Reward

Time Period: 1/04/2013 to 31/12/2022

Peer Group (5-95%): Funds - Europe/Africa/Asia - Global Emerging Markets Bond - Local Currency Currency: Euro Source Data: Daily Return



Source: Morningstar Direct

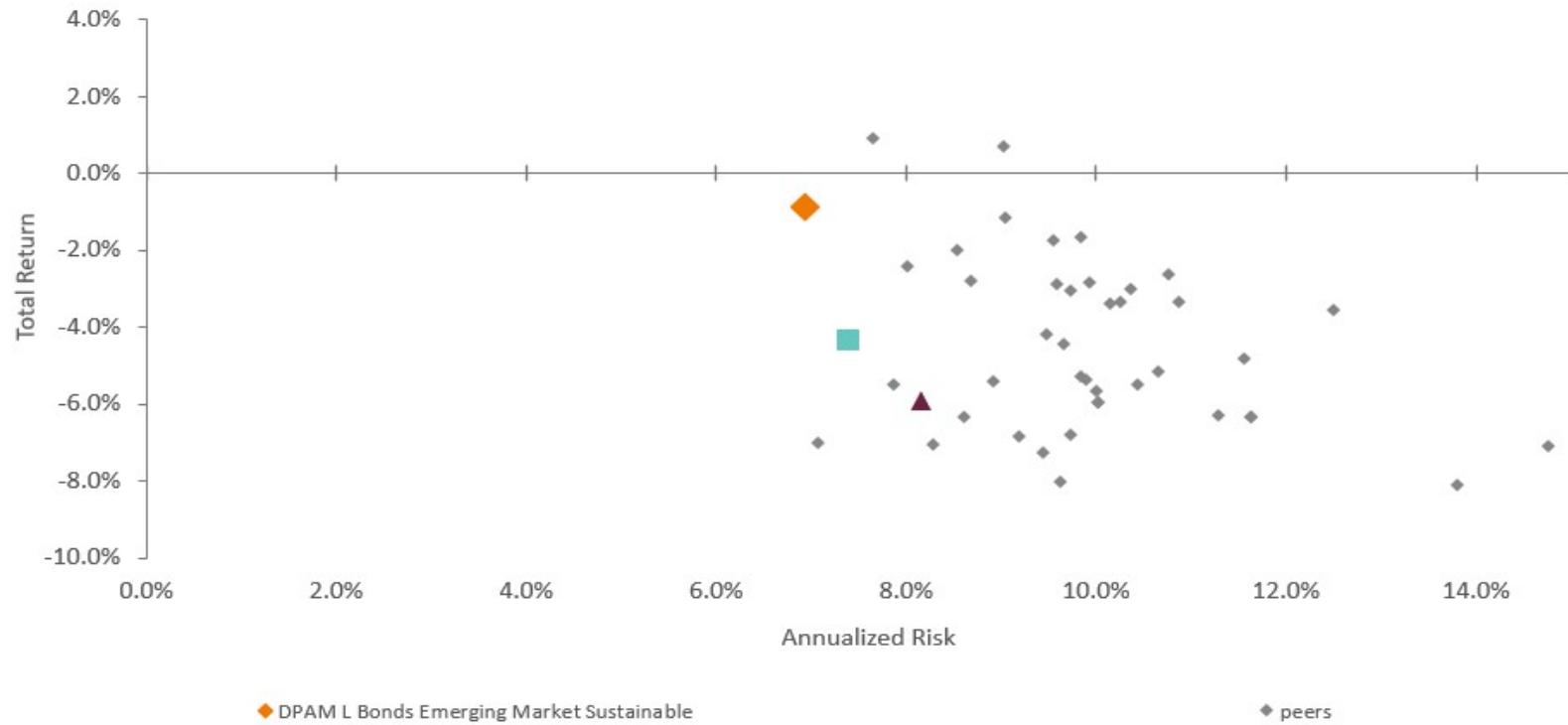
Source: Morningstar Direct



Past performance does not predict future returns

- Absence of Russia has been a major driver of relative performance -

## FUND PERFORMANCE YTD



Source: DPAM, December 30<sup>th</sup>, 2022



# 4

## OUTLOOK



*“The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and/or current market conditions and are not an exact indicator. What you will get will vary depending on how the market performs and how long you keep the investment/product.”*



- Opportunities for investors -

## OUTLOOK: THE (UN) SURPRISING RESILIENCE



IS INFLATION  
PEAKING?



EMERGING MARKETS  
CENTRAL BANKS ACTION



VALUE



CARRIED AWAY BY  
THE CARRY?



LIMITED DRAWDOWN  
DIVERSIFICATION IS KEY – DEFAULT RISK

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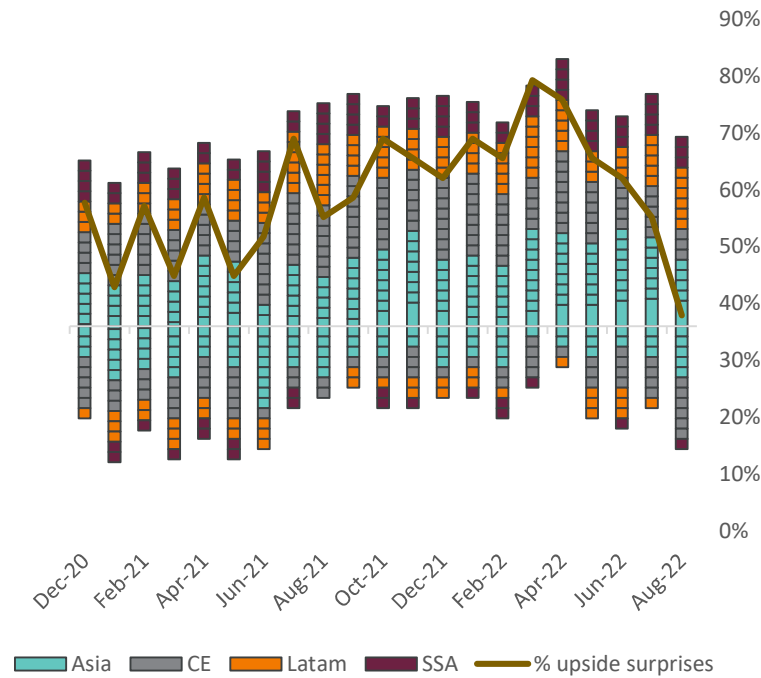
*“The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and/or current market conditions and are not an exact indicator. What you will get will vary depending on how the market performs and how long you keep the investment/product.”*



- A peak in inflation would be bullish for local debt -

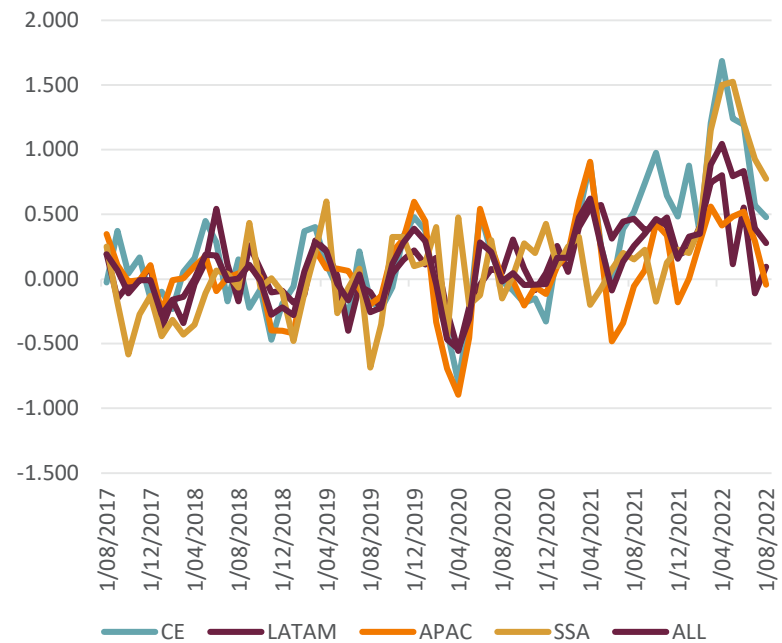
# INFLATION PEAKING?

### Inflation surprises



Source: DPAM, Bloomberg, August 22

### Monthly regional CPI changes

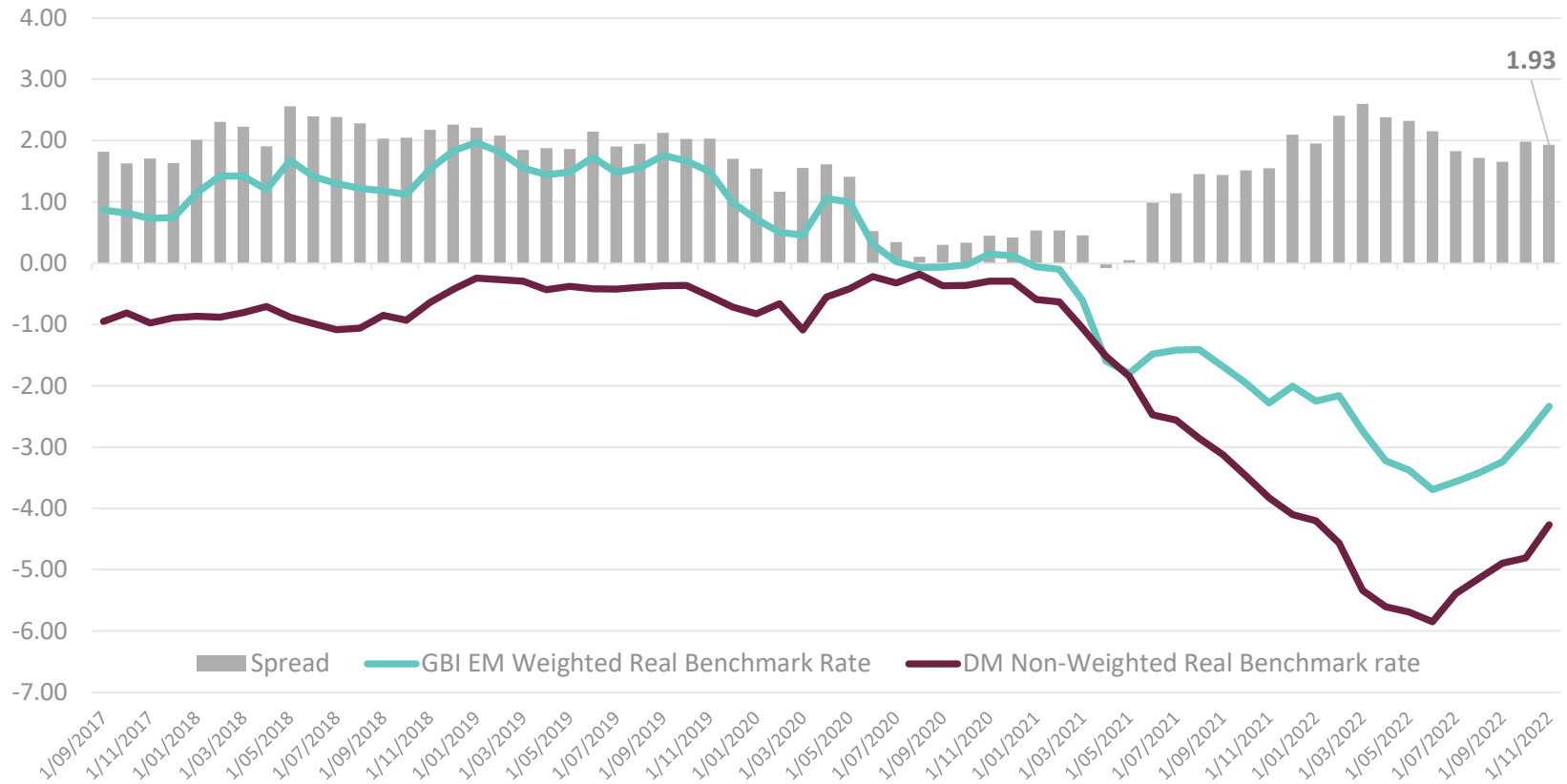


Source: DPAM, Bloomberg, August 22



- EM Central Banks have reacted much quicker ... -

## REAL RATE BUFFER

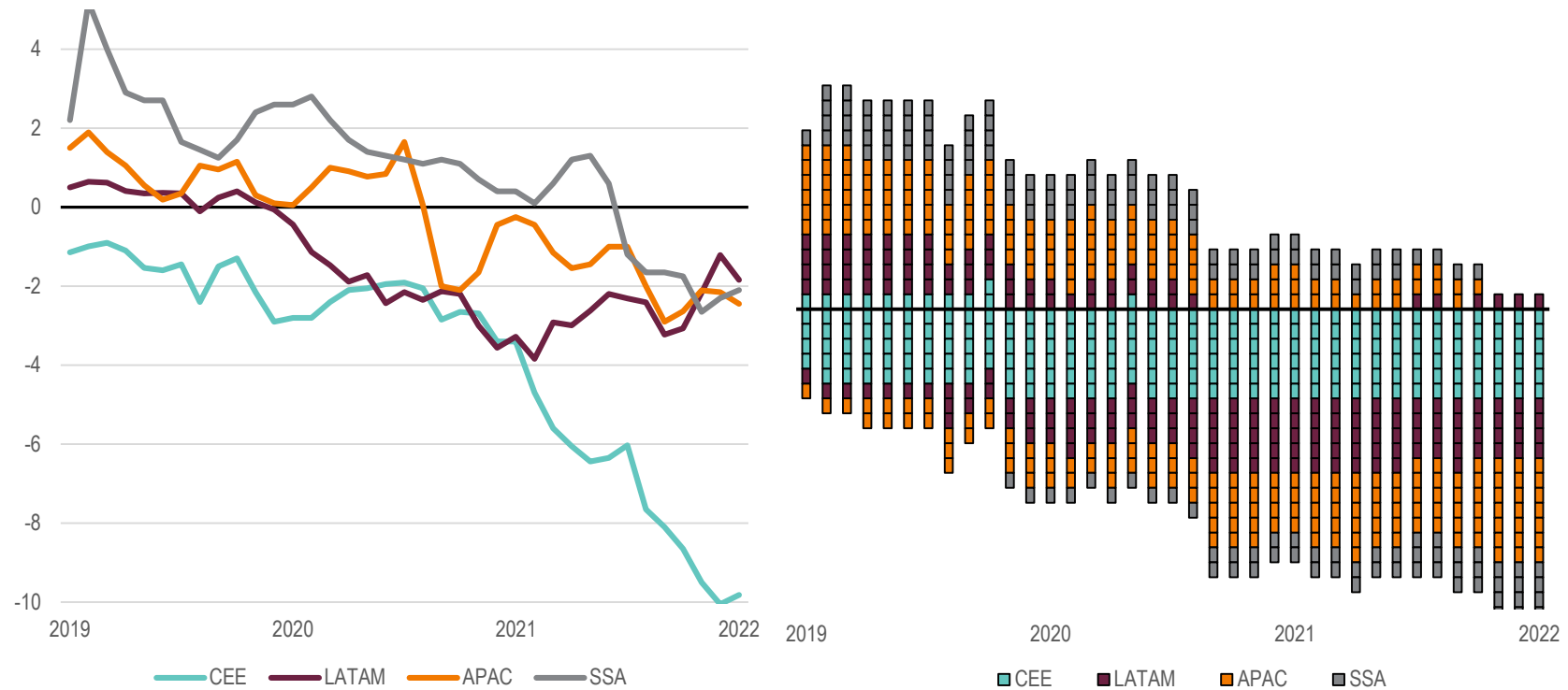


Source: Bloomberg, DPAM, December 15<sup>th</sup>, 2022



- ... but regional differences are significant -

## REGIONAL REAL RATES



Source: Bloomberg, DPAM, September 27th, 2022



- Some EM Central Banks are near the end while some just started to hike -

# DESYNCHRONIZED HIKING CYCLE

| Change             | 26,063        | 461        | 731    | 877    | 1,192  | 1,081  | 2,173  | 1,989  | 1,775  | 1,805  | 3,379  | 2,824  | 2,377  | 2,598  | 1,352  | 1,450  |        |
|--------------------|---------------|------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Country            | Period Change | Start Rate | Sep-21 | Oct-21 | Nov-21 | Dec-21 | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 | Aug-22 | Sep-22 | Oct-22 | Nov-22 |
| China              | -20           | 2.20       | 0      | 0      | 0      | 0      | -10    | 0      | 0      | 0      | 0      | 0      | -10    | 0      | 0      | 0      | 0      |
| India              | 190           | 4.00       | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 40     | 50     | 0      | 50     | 50     | 0      | 0      | 0      |
| Indonesia          | 175           | 3.50       | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 25     | 50     | 50     | 50     | 50     |
| Malaysia           | 100           | 1.75       | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 25     | 0      | 25     | 0      | 25     | 0      | 25     |
| Pakistan           | 900           | 7.00       | 25     | 0      | 150    | 100    | 0      | 0      | 0      | 250    | 150    | 0      | 125    | 0      | 0      | 0      | 100    |
| Philippines        | 300           | 2.00       | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 25     | 25     | 75     | 50     | 50     | 0      | 75     |
| South Korea        | 250           | 0.75       | 0      | 0      | 25     | 0      | 25     | 0      | 0      | 25     | 25     | 0      | 50     | 25     | 0      | 50     | 25     |
| Sri Lanka          | 950           | 6.00       | 0      | 0      | 0      | 0      | 50     | 0      | 100    | 700    | 0      | 0      | 100    | 0      | 0      | 0      | 0      |
| Thailand           | 75            | 0.50       | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 25     | 25     | 0      | 25     |
| Armenia            | 350           | 7.00       | 25     | 0      | 0      | 50     | 0      | 25     | 125    | 0      | 0      | 0      | 0      | 25     | 50     | 0      | 50     |
| Georgia            | 100           | 10.00      | 0      | 0      | 0      | 50     | 0      | 0      | 50     | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      |
| Russia             | 100           | 6.50       | 25     | 75     | 0      | 100    | 0      | 1,150  | 0      | -600   | -300   | -150   | -150   | 0      | -50    | 0      | 0      |
| Ukraine            | 1,700         | 8.00       | 50     | 0      | 0      | 50     | 100    | 0      | 0      | 0      | 0      | 1,500  | 0      | 0      | 0      | 0      | 0      |
| Costa Rica         | 825           | 0.75       | 0      | 0      | 0      | 50     | 50     | 0      | 75     | 150    | 0      | 150    | 200    | 0      | 100    | 50     | 0      |
| Dominican Republic | 550           | 3.00       | 0      | 0      | 50     | 100    | 50     | 0      | 50     | 0      | 100    | 75     | 0      | 75     | 25     | 25     | 0      |
| Guatemala          | 200           | 1.75       | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 25     | 25     | 0      | 0      | 75     | 0      | 75     |
| Czech Republic     | 625           | 0.75       | 75     | 0      | 125    | 100    | 0      | 75     | 50     | 0      | 75     | 125    | 0      | 0      | 0      | 0      | 0      |
| Hungary            | 1,150         | 1.50       | 15     | 15     | 30     | 30     | 50     | 50     | 100    | 100    | 50     | 185    | 300    | 100    | 125    | 0      | 0      |
| North Macedonia    | 175           | 1.25       | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 25     | 25     | 25     | 50     | 0      | 50     | 0      | 0      |
| Poland             | 665           | 0.10       | 0      | 40     | 75     | 50     | 50     | 50     | 75     | 100    | 75     | 75     | 50     | 0      | 25     | 0      | 0      |
| Romania            | 550           | 1.25       | 0      | 25     | 25     | 0      | 25     | 50     | 0      | 50     | 75     | 0      | 100    | 75     | 0      | 75     | 50     |
| Serbia             | 350           | 1.00       | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 50     | 50     | 50     | 25     | 25     | 50     | 50     | 50     |
| Brazil             | 850           | 5.25       | 100    | 150    | 0      | 150    | 0      | 150    | 100    | 0      | 100    | 50     | 0      | 50     | 0      | 0      | 0      |
| Chile              | 975           | 1.50       | 0      | 125    | 0      | 125    | 150    | 0      | 150    | 0      | 125    | 75     | 75     | 0      | 100    | 50     | 0      |
| Colombia           | 925           | 1.75       | 0      | 75     | 0      | 50     | 100    | 0      | 100    | 100    | 0      | 150    | 150    | 0      | 100    | 100    | 0      |
| Paraguay           | 750           | 1.00       | 50     | 125    | 125    | 125    | 25     | 25     | 50     | 50     | 50     | 50     | 25     | 25     | 25     | 0      | 0      |
| Peru               | 675           | 0.50       | 50     | 50     | 50     | 50     | 50     | 50     | 50     | 50     | 50     | 50     | 50     | 50     | 25     | 25     | 25     |
| Uruguay            | 625           | 5.00       | 0      | 25     | 50     | 0      | 75     | 75     | 0      | 125    | 75     | 0      | 50     | 50     | 0      | 50     | 50     |
| Israel             | 315           | 0.10       | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 25     | 40     | 0      | 50     | 75     | 0      | 75     | 50     |
| Turkey             | -1,000        | 19.00      | -100   | -200   | -100   | -100   | 0      | 0      | 0      | 0      | 0      | 0      | -100   | -100   | -100   | -150   | -150   |
| Mexico             | 550           | 4.50       | 25     | 0      | 25     | 50     | 0      | 50     | 50     | 0      | 50     | 75     | 0      | 75     | 75     | 0      | 75     |
| Morocco            | 50            | 1.50       | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 50     | 0      | 0      |
| Tunisia            | 100           | 6.25       | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 75     | 0      | 0      | 0      | 0      | 25     | 0      |
| Ghana              | 1,350         | 13.50      | 0      | 0      | 100    | 0      | 0      | 0      | 250    | 0      | 200    | 0      | 0      | 300    | 0      | 250    | 250    |
| Kenya              | 175           | 7.00       | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 50     | 0      | 0      | 0      | 75     | 0      | 50     |
| Mozambique         | 0             | 16.25      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      |
| Nigeria            | 500           | 11.50      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 150    | 0      | 100    | 0      | 150    | 0      | 100    |
| South Africa       | 350           | 3.50       | 0      | 0      | 25     | 0      | 25     | 0      | 25     | 0      | 50     | 0      | 75     | 0      | 75     | 0      | 75     |
| Uganda             | 350           | 6.50       | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 100    | 100    | 50     | 0      | 100    | 0      |
| Zambia             | 50            | 8.50       | 0      | 0      | 50     | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      |

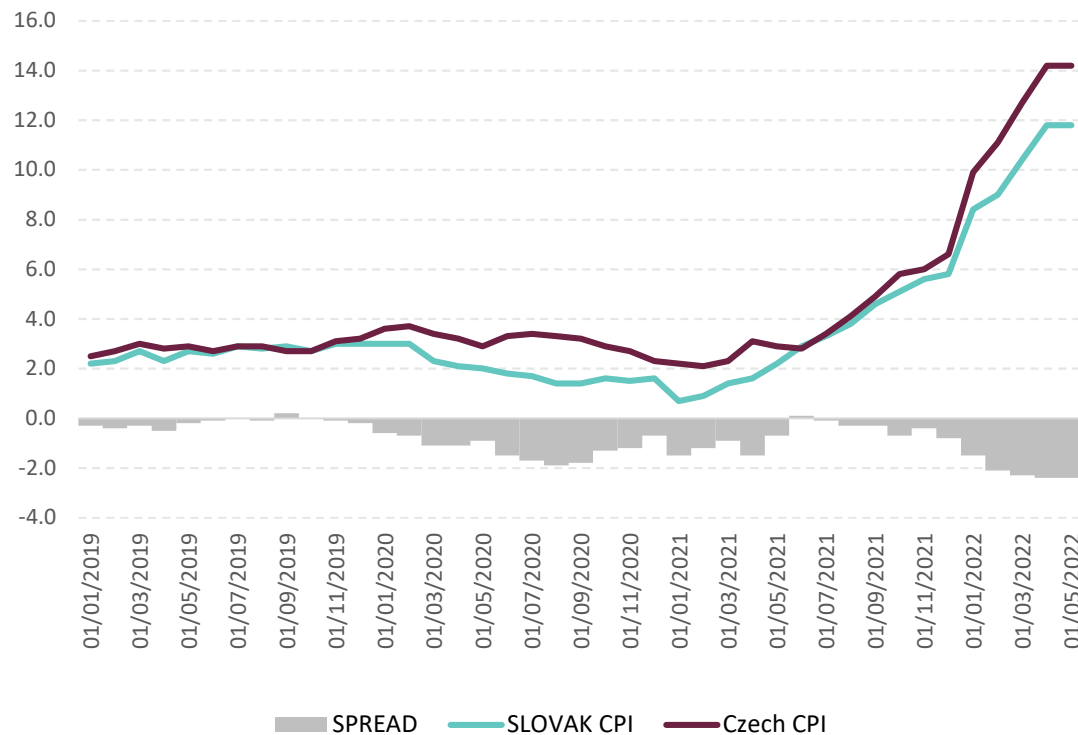
Source: Bloomberg, DPAM, Central Bank reports, December 15<sup>th</sup>, 2022





- How effective are rate hikes? -

## THE HIKING PARADOX



- Rate hikes have no effect on inflation due to supply shortages or uncertainties caused by war
- Long lags, effective only after softening occurred due to base effects



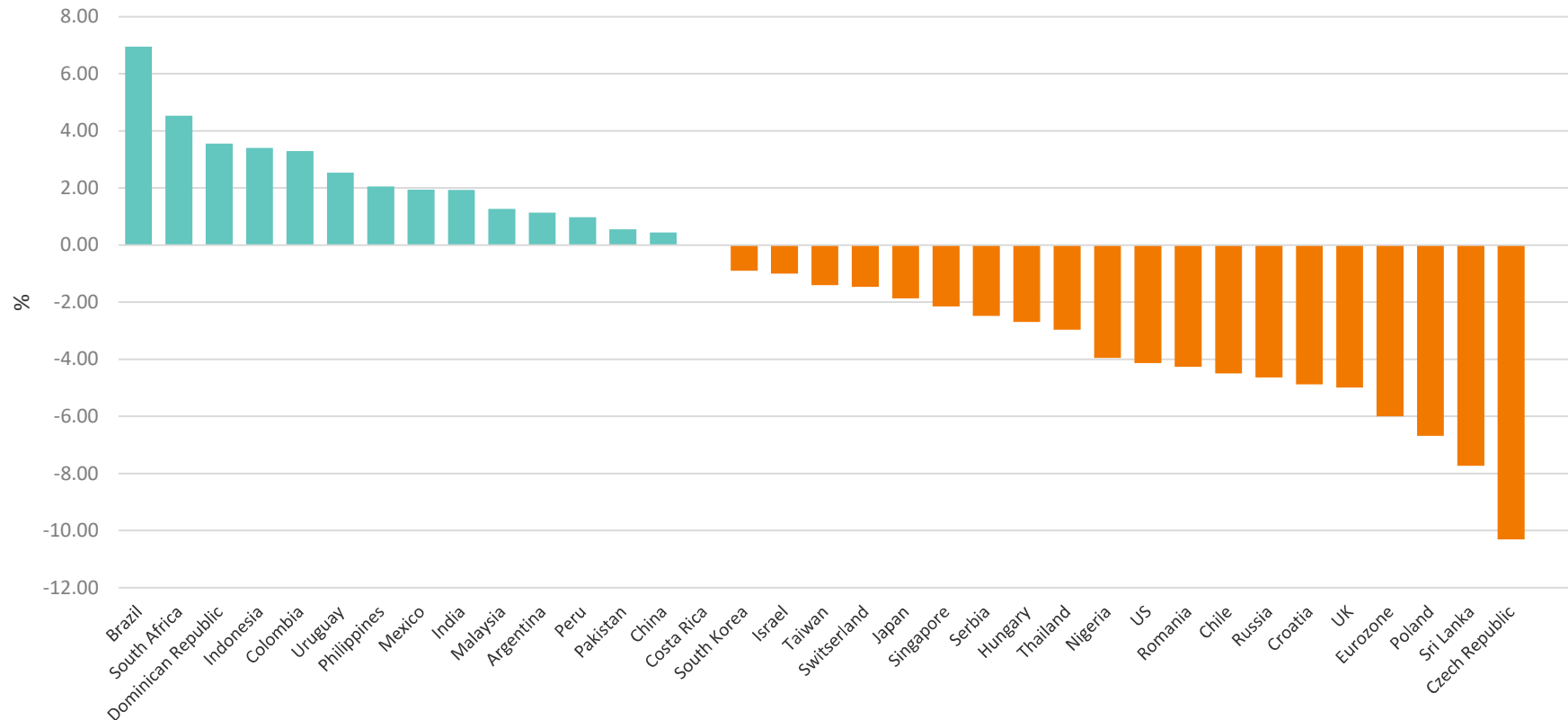
- Rate hikes strengthen the FX and better anchor inflation expectations

Source: Bloomberg, DPAM, May 2022



- 10-year real yields based on 12M ahead inflation expectations -

## REAL YIELDS



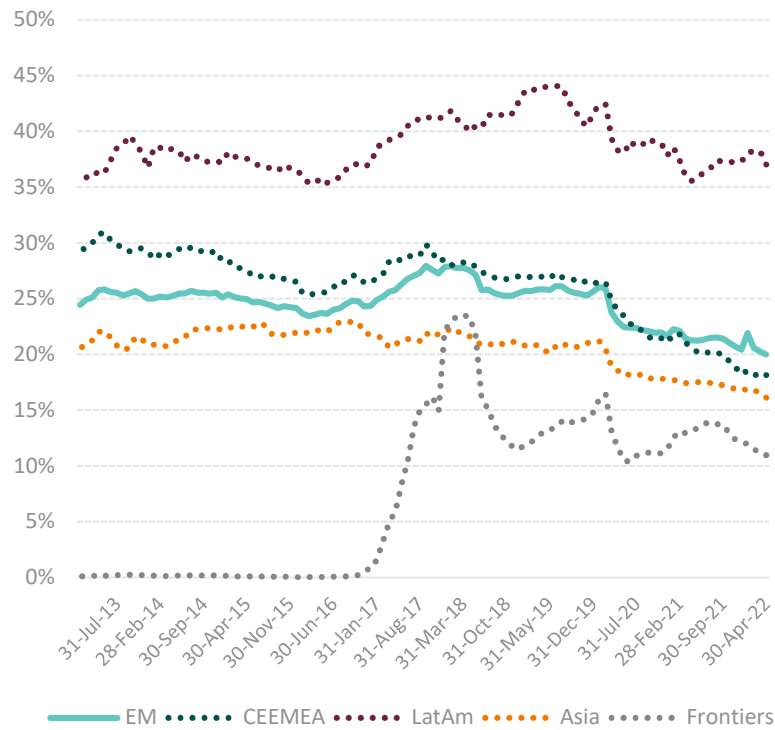
Source: Bloomberg, DPAM, September 27<sup>th</sup>, 2022



- Low positioning implies little selling pressure -

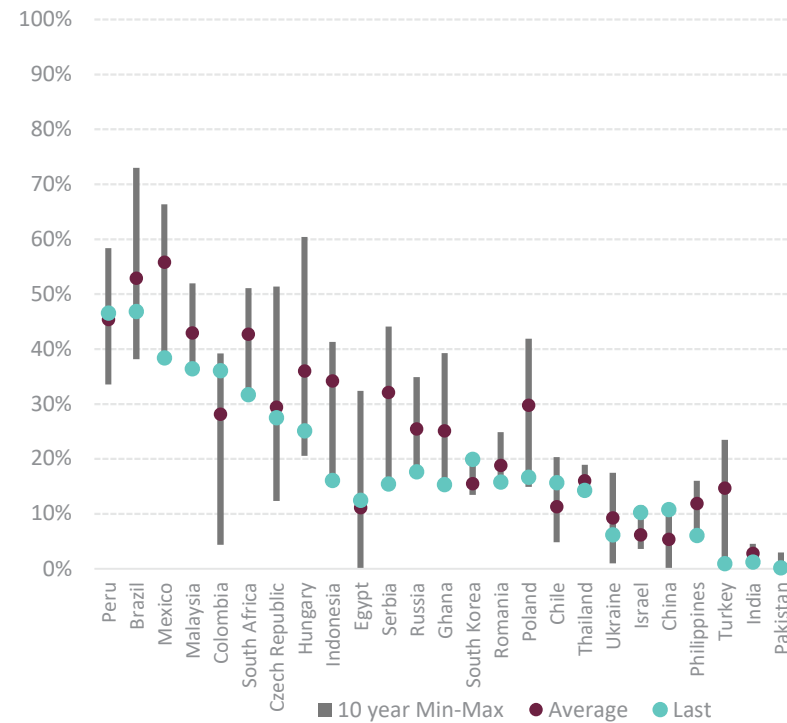
# LOW POSITIONING

Foreign holdings (% local debt outstanding)



Source: Deutsche Bank, Central Bank websites, data as of 30/04/2022

Foreign holdings per country (% local debt outstanding)



Source: Deutsche Bank, Central Bank websites, data as of 30/04 to 30/06/2022



Past performance does not predict future returns

- Positive years tend to be 'very' positive, negative years not -

## LIMITED DRAWDOWN



Source: DPAM, December 30<sup>th</sup>, 2022



- Traditional indices are not diversified enough -

# MIND INSUFFICIENT DIVERSIFICATION

|  | A | B | DPAM L EMD SUSTAINABLE |
|--|---|---|------------------------|
|--|---|---|------------------------|

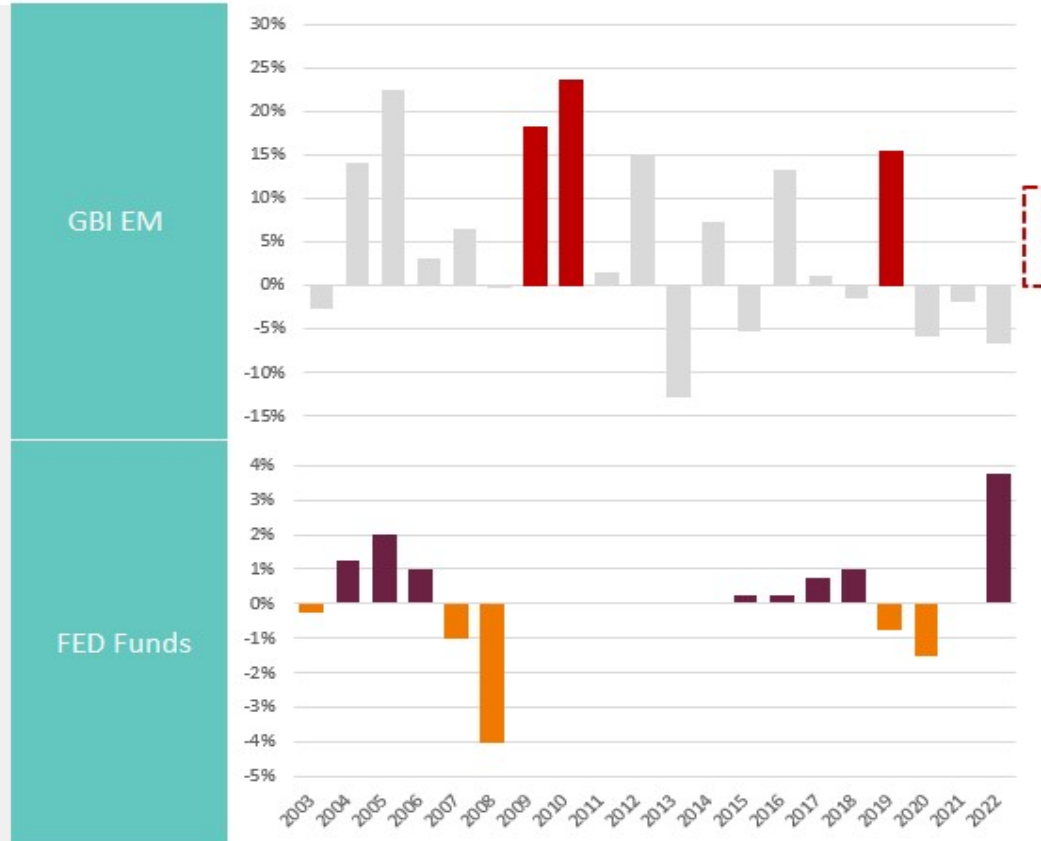
|             |       |       |                 |
|-------------|-------|-------|-----------------|
| # countries | 20    | 18    | Typically 30/35 |
| TOP 5       | 50.7% | 49.9% | 42.5%           |
| TOP 10      | 85.7% | 81.6% | 68.7%           |
| APAC        | 40.4% | 55.5% | 33.9%           |

Source: Bloomberg, DPAM, April 22<sup>nd</sup>, 2022





Emerging markets realize double digit returns the year(s) following a peak in FED Funds



- Risks comes from Local Politics through a barrage of elections in high-profile EM Countries -

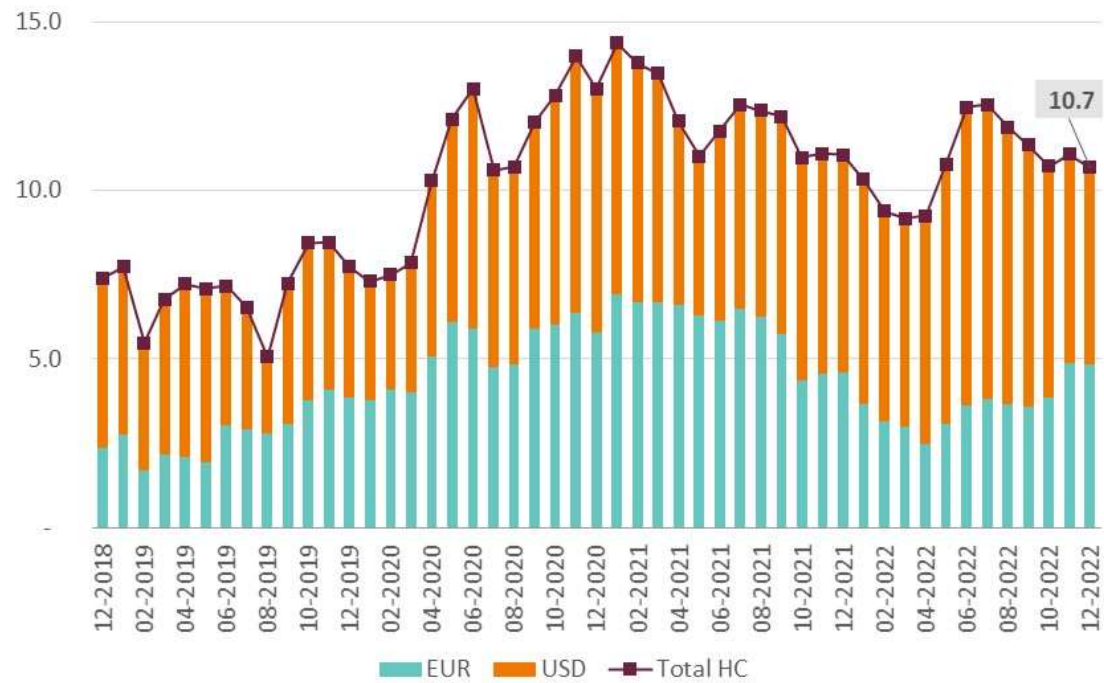
## POLITICAL AGENDA

| COUNTRY        | ELECTION      | DATE      |
|----------------|---------------|-----------|
| Tunisea        | Legislative   | 01-Jan-23 |
| Czech republic | Presidential  | 25-Feb-23 |
| Nigeria        | General       | 01-Feb-23 |
| Jamaica        | Local         | 23-Mar-23 |
| Thailand       | General       | 01-Mar-23 |
| Benin          | Legislative   | 30-Apr-23 |
| Paraguay       | General       | 01-Apr-23 |
| Montenegro     | Presidential  | 18-Jun-23 |
| Turkey         | General       | 24-Jun-23 |
| Guatemala      | General       | 23-Jul-23 |
| Malaysia       | General       | 01-Jul-23 |
| Pakistan       | General       | 01-Oct-23 |
| Ukraine        | Parliamentary | 01-Oct-23 |
| Argentina      | Presidential  | 01-Oct-23 |





# HARD CURRENCY EXPOSURE



# DPAM L BONDS EMERGING MARKETS SUSTAINABLE SHARE CLASS DETAILS

| ISIN         | Share class | Currency | Distribution type | Client Type | Status   | Countries registered for sale |    |    |    |    |    |    |    |    |    |    |    |    |
|--------------|-------------|----------|-------------------|-------------|----------|-------------------------------|----|----|----|----|----|----|----|----|----|----|----|----|
|              |             |          |                   |             |          | BE                            | LU | NL | FR | CH | DE | AT | IT | ES | UK | FI | SE | SG |
| LU0907927171 | A           | EUR      | Dist              | Retail      | Launched | ◆                             | ◆  |    | ◆  | ◆  | ◆  | ◆  | ◆  | ◆  |    |    |    | ◆  |
| LU0907927338 | B           | EUR      | Cap               | Retail      | Launched | ◆                             | ◆  |    | ◆  | ◆  | ◆  | ◆  | ◆  | ◆  |    |    | ◆  | ◆  |
| LU0966596107 | B CHF       | CHF      | Cap               | Retail      | Launched |                               | ◆  |    |    | ◆  |    |    |    |    |    |    |    | ◆  |
| LU1200235353 | B USD       | USD      | Cap               | Retail      | Launched | ◆                             | ◆  |    |    | ◆  |    |    |    | ◆  |    |    |    | ◆  |
| LU0907927841 | E           | EUR      | Dist              | Instit      | Launched |                               | ◆  | ◆  | ◆  | ◆  | ◆  | ◆  | ◆  | ◆  |    |    |    | ◆  |
| LU0907928062 | F           | EUR      | Cap               | Instit      | Launched |                               | ◆  | ◆  | ◆  | ◆  | ◆  | ◆  | ◆  | ◆  |    | ◆  |    | ◆  |
| LU0966596362 | F CHF       | CHF      | Cap               | Instit      | Launched |                               | ◆  |    |    | ◆  |    |    |    | ◆  |    |    |    | ◆  |
| LU1200235437 | F USD       | USD      | Cap               | Instit      | Launched |                               | ◆  | ◆  | ◆  | ◆  | ◆  |    |    | ◆  |    |    |    | ◆  |
| LU0907928575 | L           | EUR      | Cap               | Retail      | Launched |                               | ◆  |    | ◆  | ◆  | ◆  | ◆  | ◆  | ◆  |    |    |    | ◆  |
| LU0966596529 | V           | EUR      | Dist              | Clean       | Launched | ◆                             | ◆  | ◆  | ◆  | ◆  | ◆  | ◆  | ◆  | ◆  | ◆  |    |    | ◆  |
| LU0966596875 | W           | EUR      | Cap               | Clean       | Launched | ◆                             | ◆  | ◆  | ◆  | ◆  | ◆  | ◆  | ◆  | ◆  | ◆  |    |    | ◆  |
| LU1874836387 | W CHF       | CHF      | Cap               | Clean       | Launched |                               | ◆  |    |    | ◆  |    |    |    |    |    |    |    | ◆  |
| LU1200235601 | W USD       | USD      | Cap               | Clean       | Launched |                               | ◆  | ◆  | ◆  | ◆  | ◆  | ◆  | ◆  | ◆  |    |    |    | ◆  |

**Singapore:** only registered for sale for professional investors, not registered for public sale








Source : DPAM, 30/09/2022



# HEAD OFFICE Belgium

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