



DPAM L Bonds Emerging Markets Sustainable

Local currency

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Agenda

Why

Strategy
highlights

Portfolio
characteristics

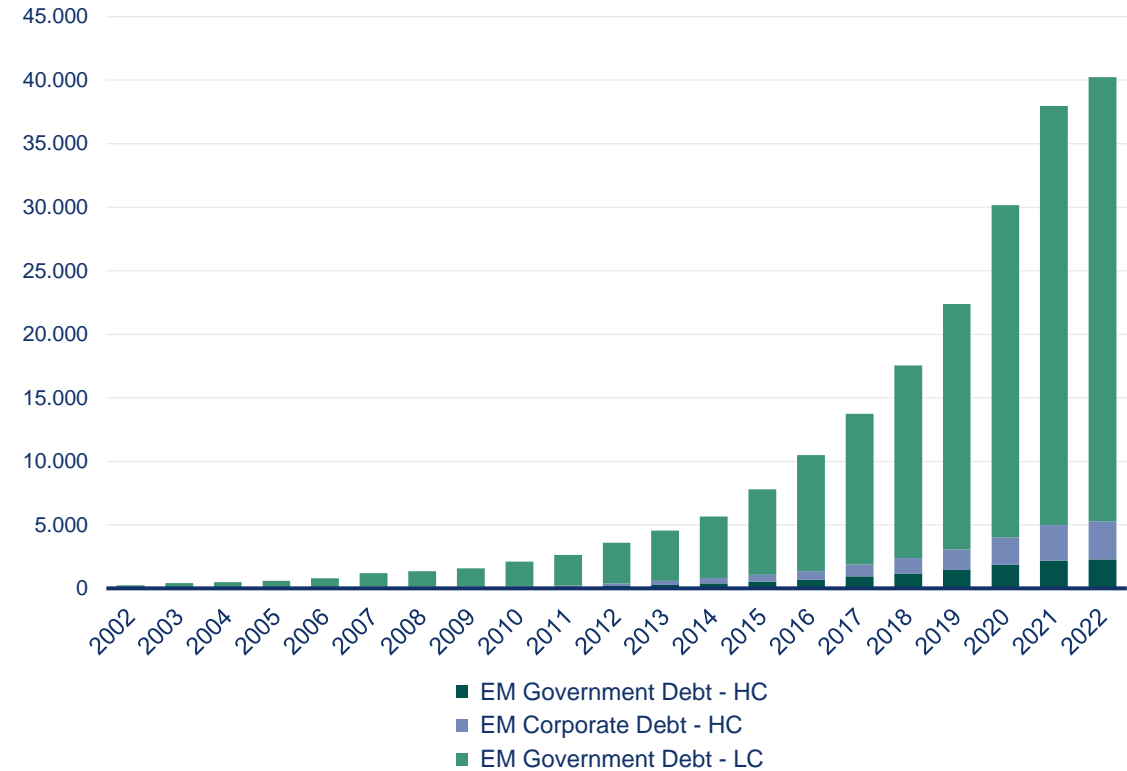
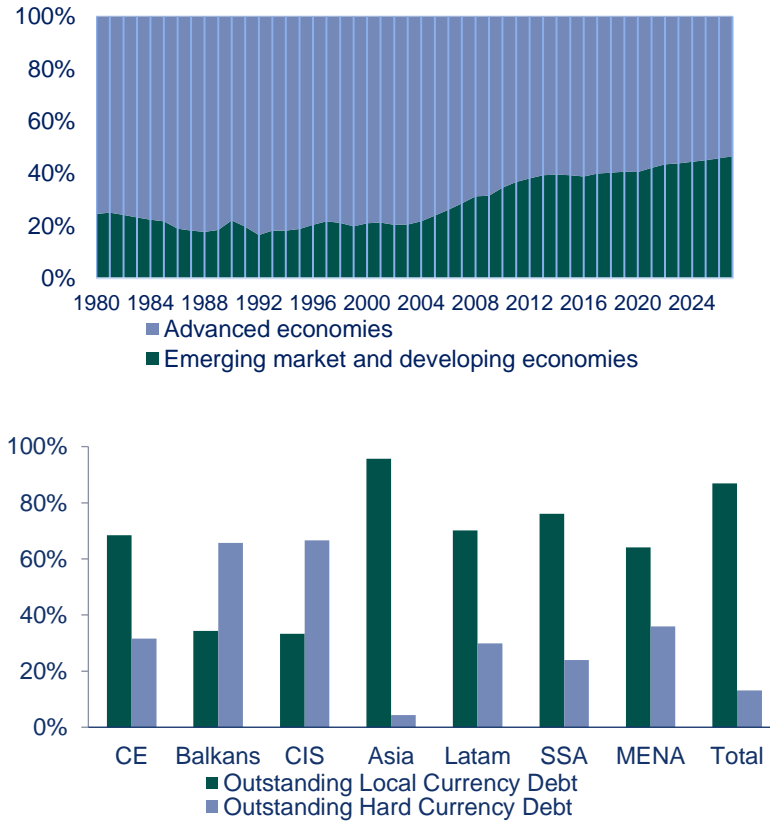
Outlook &
positioning

Appendix



EM debt market structure

EM share of global GDP growing - Local debt is much larger than external debt market

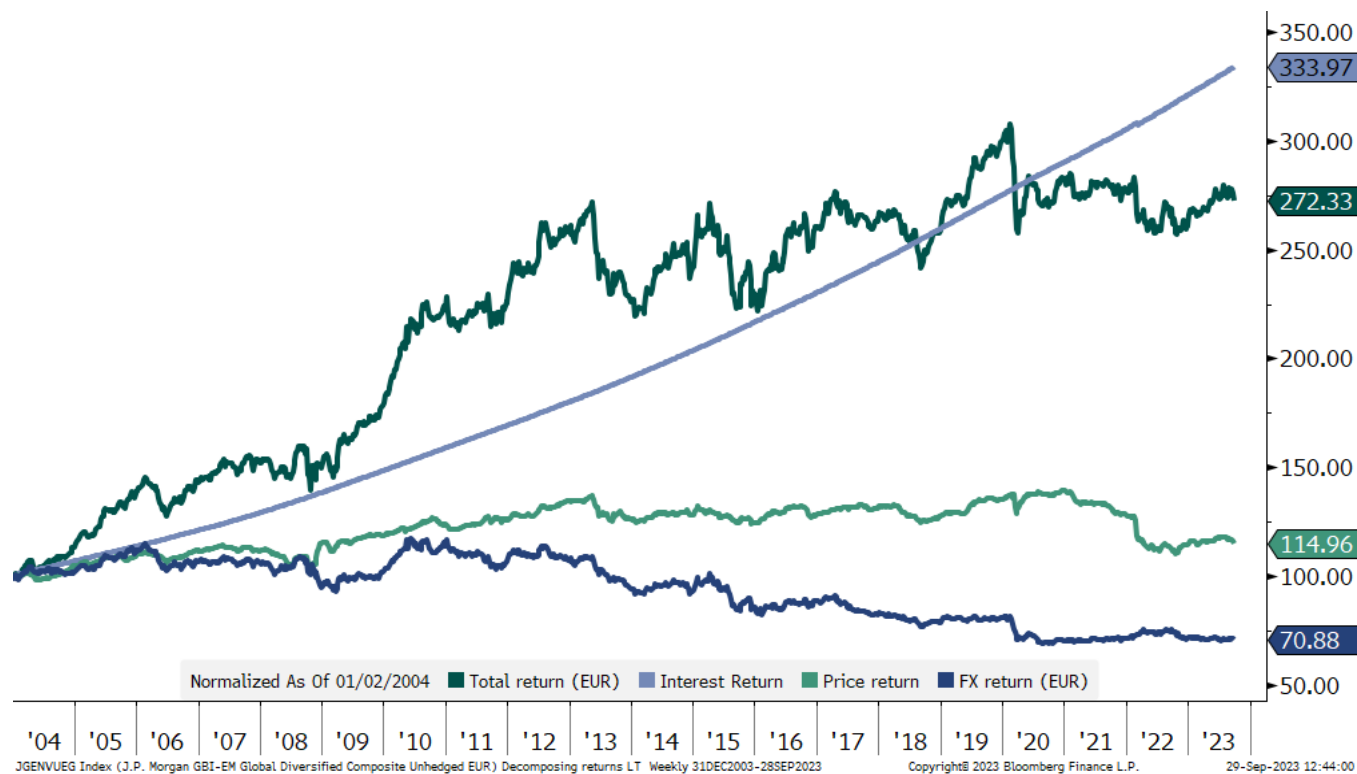


Source: DPAM, Bloomberg, May 2022



“It’s the carry”

In the long run, the carry is realized

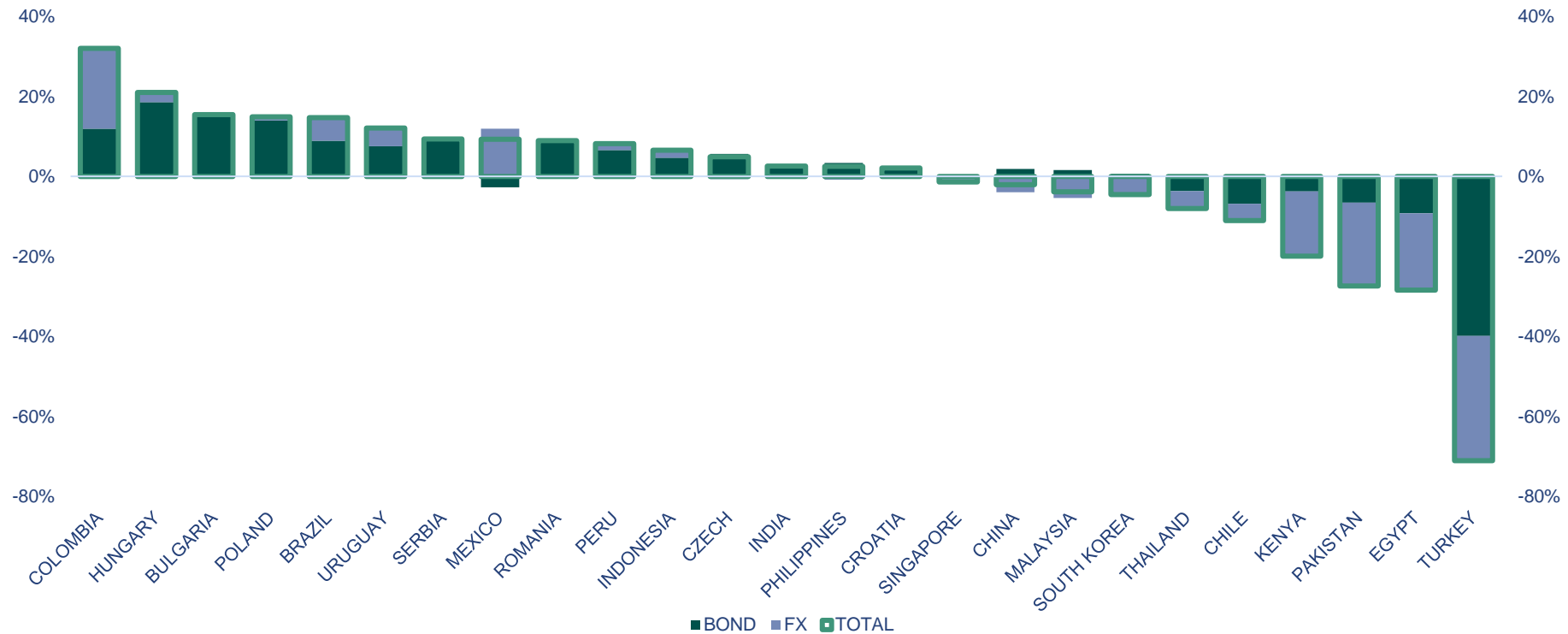


Source: DPAM, JP Morgan



High dispersion of returns

Potential for adding value through active management



Source: Bloomberg, DPAM, Year-to-date local returns in EUR till September 29th, 2023



Why sustainable?



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



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



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



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



Optimization of risk/return ratio



Why EMD sustainable at DPAM?

Long-standing track record in both EMD and Sustainable investments



**Active
Asset Manager**



**Sustainable
Actor**



**Research
Driven**



DPAM is an independent active asset manager part of a **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 has been **pioneering with responsible investments** since 2001. 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 active management, centralized asset management in Brussels



Experienced management team 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



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SFDR Positioning

The Sub-fund has a sustainable investment objective according to SFDR. More product-specific ESG information can be found on <https://www.dpamfunds.com/funds>.

SFDR Positioning

Responsible investment



ESG
integration



Active
ownership



Basic
negative
screening



Normative
& negative
screening

Inclusion in
investment
decisions (PAI)

Influencing
behaviour

Exclusions
based on activity

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

Sustainable investment



Extensive
negative
screening



Positive
screening
Best in
class



Sustainability
Themes

Extensive
exclusions
based on
activity

Best in class,
best approach
Scorecards (PAI)

Impact
investing

Article 8+/9

Article 8

Others



Sustainability risks

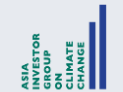




The Net Zero Asset Managers Initiative

273 signatures with USD 61.3 trillion in AUM

Founding Network Partners



What we commit to

Going beyond: a thorough feasibility study resulted in a Net Zero commitment

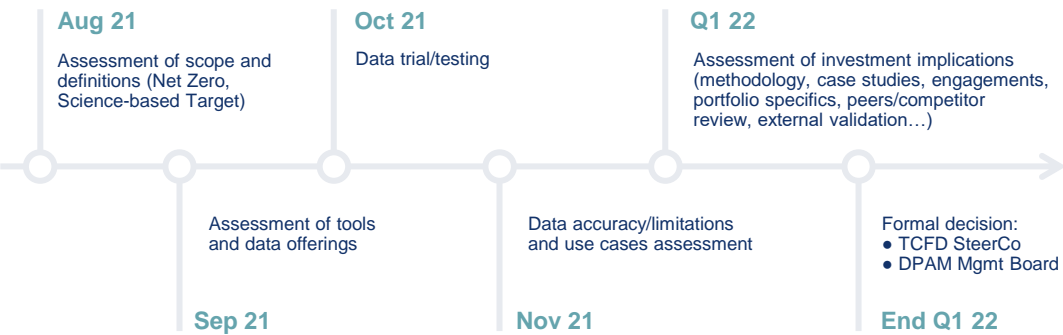
01

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

02

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 signatures with USD 61.3 trillion in AUM

How we align net zero & risk exposure impact

Science based Targets portfolio coverage approach





Credible sustainability approach

Externally recognized by an independent third party



**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



Founded in 2014 to reassure investors
of **A fund's incorporation of ESG
considerations**



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



Extensive application review by
a panel of industry experts,
academics and researchers



Annual proof of compliance and
panel review required to obtain label
renewal



Credible sustainability approach

Externally recognized by an independent third party



DPAM L Bonds Emerging Markets Sustainable received the '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. The Towards Sustainability quality standard and label were developed on the initiative of Febelfin. More information on <https://towardssustainability.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



Founded in 2019 to qualitatively and quantitatively **increase the level of socially responsible and sustainable financial products**



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



Extensive application review with focus on exclusions, impact, engagement, transparency & accountability



Annual proof of compliance with YoY increasingly stringent compliance requirements

Agenda



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highlights

Portfolio
characteristics

Outlook &
positioning

Appendix



Investment philosophy

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



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



Sustainable approach

Eligible Universe

Rank countries based on five dimensions of sustainability

Exclusion of non-democratic countries

Investment Rules

Invest minimum 40% in first quartile of ranking

Invest maximum 10% in last quartile of ranking



Active Management

No Benchmark

Country and Security Selection



Highly diversified High quality

Sovereign Debt

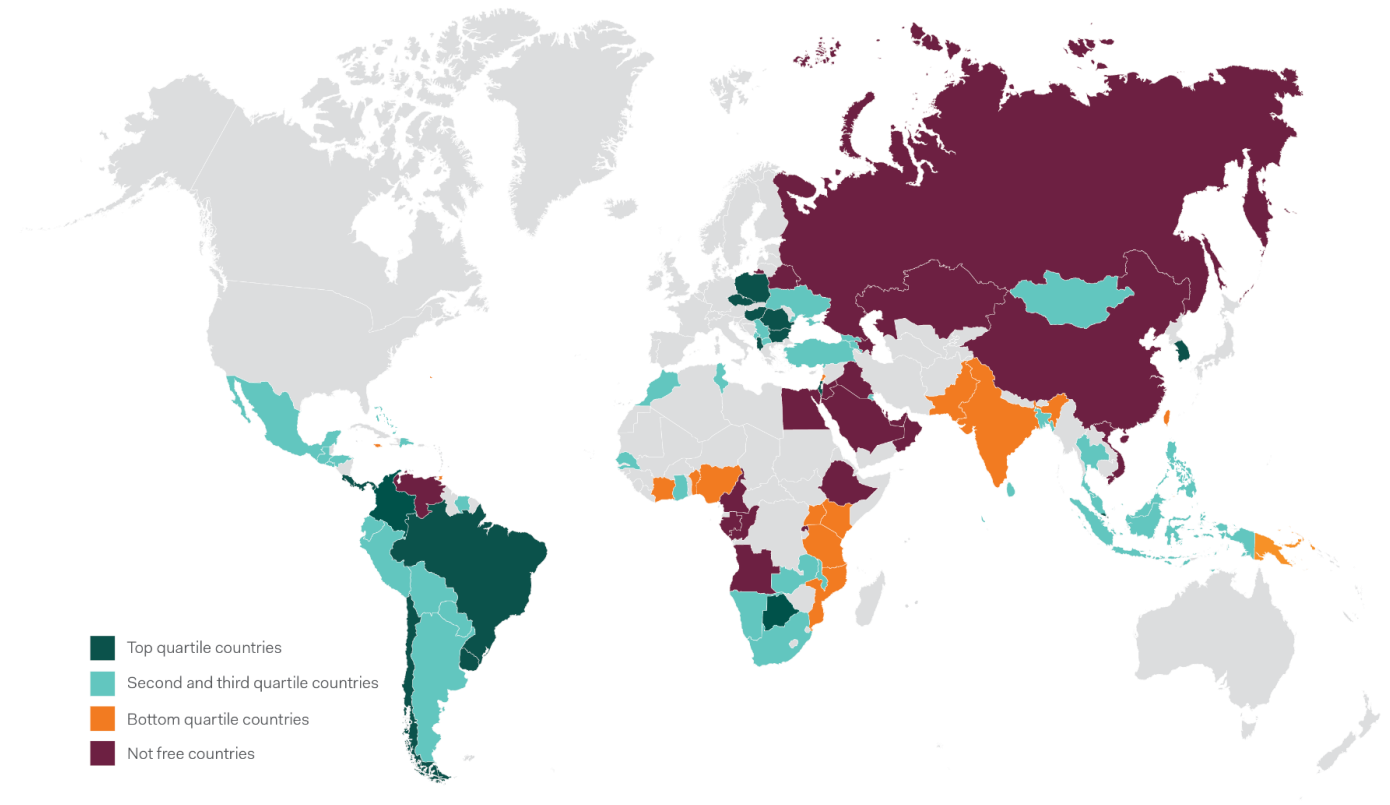
Local Currency

Frontier Markets



The world is so much larger than benchmarks

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



Source: DPAM, April 2023



Diversification is key

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

	BRAZIL REAL	COLOMBIAN PESO	MEXICAN PESO	POLISH ZLOTY	INDONESIAN RUPIAH	MALAYSIAN RINGGIT	SOUTH KOREAN WON	SOUTH AFRICAN RAND	URUGUAY PESO	Dominican Repub. Peso	Ghana Cedi	ZAMBIAN KWACHA	PAKISTANI RUPEE
BRAZIL REAL		0.52	0.53	0.36	0.29	0.22	0.31	0.49	0.47	-0.10	-0.04	0.07	-0.01
COLOMBIAN PESO	0.52		0.55	0.39	0.39	0.37	0.34	0.47	0.37	-0.15	0.05	-0.01	0.04
MEXICAN PESO	0.53	0.55		0.55	0.52	0.33	0.35	0.59	0.48	-0.15	-0.06	0.09	0.08
POLISH ZLOTY	0.36	0.39	0.55		0.47	0.50	0.48	0.54	0.31	-0.24	-0.01	0.04	-0.02
INDONESIAN RUPIAH	0.29	0.39	0.52	0.47		0.44	0.32	0.44	0.31	-0.23	0.05	0.12	0.07
MALAYSIAN RINGGIT	0.22	0.37	0.33	0.50	0.44		0.62	0.38	0.20	-0.21	0.04	-0.01	0.03
SOUTH KOREAN WON	0.31	0.34	0.35	0.48	0.32	0.62		0.43	0.20	-0.17	0.01	-0.07	0.02
SOUTH AFRICAN RAND	0.49	0.47	0.59	0.54	0.44	0.38	0.43		0.35	-0.15	-0.07	0.03	0.07
URUGUAY PESO	0.47	0.37	0.48	0.31	0.31	0.20	0.20	0.35		-0.06	0.03	0.09	-0.03
Dominican Repub. Peso	-0.10	-0.15	-0.15	-0.24	-0.23	-0.21	-0.17	-0.15	-0.06		-0.07	0.06	-0.04
Ghana Cedi	-0.04	0.05	-0.06	-0.01	0.05	0.04	0.01	-0.07	0.03	-0.07		-0.03	-0.06
ZAMBIAN KWACHA	0.07	-0.01	0.09	0.04	0.12	-0.01	-0.07	0.03	0.09	0.06	-0.03		0.04
PAKISTANI RUPEE	-0.01	0.04	0.08	-0.02	0.07	0.03	0.02	0.07	-0.03	-0.04	-0.06	0.04	

Source: Bloomberg, DPAM, 27/09/2019 to 27/09/2023, weekly rolling 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.



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

01

**Sustainability
analysis**

02

**Fundamental
analysis**

03

**Portfolio
construction**



01

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 four 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.



01

Investment process

ESG at the heart of the
investment process





01

EM Sustainability pillars

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



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%.



EM Sustainability ranking

An investable universe based on Sustainability

#	Top Quartile	H1 2023	H1 2022
1	Czech Republic	68	70
2	Chile	68	67
3	Hungary	66	66
4	South Korea	66	64
5	Poland	65	68
6	Uruguay	65	72
7	Singapore	65	63
8	Costa Rica	63	69
9	Romania	62	66
10	Israel	62	62
11	Brazil	61	62
12	Albania	61	65
13	Bulgaria	60	64
14	Colombia	59	58
15	Botswana	58	60
16	Panama	58	62

#	2nd & 3rd Quartile	H1 2023	H1 2022
17	Malaysia	57	61
18	Montenegro	57	59
19	Peru	56	59
20	Suriname	56	56
21	Georgia	56	59
22	Ecuador	56	59
23	Macedonia	56	56
24	Maldives	56	51
25	Serbia	56	57
26	Mexico	56	58
27	Sri Lanka	56	57
28	Argentina	55	61
29	Bahamas	55	57
30	Tunisia	55	57
31	Ukraine	55	57
32	Namibia	55	60
33	Thailand	55	57
34	Bolivia	54	58

#	2nd & 3rd Quartile	H1 2023	H1 2022
35	Turkey	54	53
36	Armenia	54	63
37	Ghana	54	63
38	El Salvador	53	52
39	Malawi	52	52
40	Bangladesh	52	53
41	Dominican Republic	51	59
42	Paraguay	51	59
43	Philippines	51	51
44	South Africa	51	53
45	Kuwait	51	57
46	Indonesia	51	55
47	Mongolia	50	55
48	Morocco	50	56
49	Guatemala	50	51
50	Senegal	50	55
51	Zambia	50	50
52	Honduras	50	49

#	Bottom Quartile	H1 2023	H1 2022
53	Jamaica	49	56
54	Tanzania	49	52
55	Kenya	48	55
56	Côte d'Ivoire	47	56
57	Benin	46	54
58	Lebanon	46	50
59	India	46	49
60	Uganda	45	50
61	Mozambique	44	43
62	Trinidad and Tobago	43	43
63	Nigeria	41	40
64	Papua New Guinea	40	43
65	Pakistan	40	39
66	Taiwan	-99	-99

#	Not free countries	H1 2023
1	United Arab Emirates	57
2	Qatar	55
3	Belarus	54
4	Russia	53
5	China	53
6	Bahrain	52
7	Saudi Arabia	51
8	Oman	51
9	Rwanda	50
10	Vietnam	50
11	Egypt	49
12	Jordan	49
13	Gabon	47
14	Kazakhstan	46
15	Venezuela	45
16	Azerbaijan	44
17	Ethiopia	43
18	Cameroon	39
19	Iraq	38
20	Angola	37

Source: DPAM, April 2023

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



Fixed Income Sustainable Advisory Board

Steering our country models

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

Aleksandar Rankovic
Professor at Sciences Po
(Paris)

Jan Schaerlaekens
Deputy at
Brussels Parliament

François Gemenne
Professor at Sciences Po
(Paris)
& ULB (Brussels)

Thomas Bauler
Assistant Professor
at ULB-IGEAT
(Brussels)



Internal members

Ophélie Mortier
RI Strategist
DPAM

Ives Hup
Global Key Accounts coordinator
DPAM

Céline Boulenger
Economist
Degroof Petercam



02

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.**



02

Fundamental analysis

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

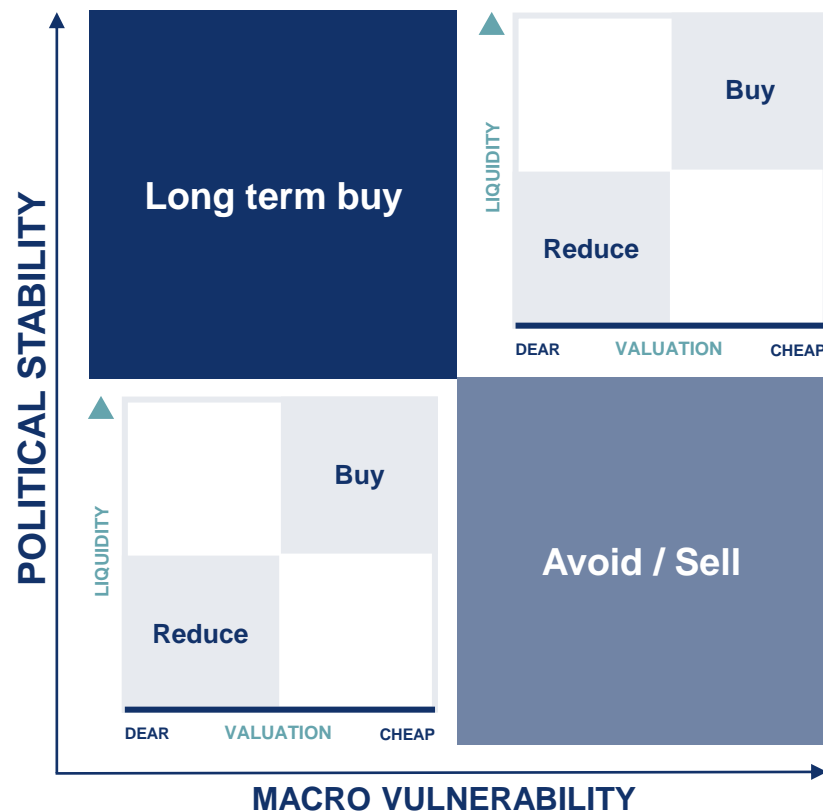




02

Fundamental analysis


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





Fundamental analysis

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

BRAZIL	
	
Luiz Inacio Lula da Silva (2022)	
Population (MM)	227.55
GDP per capita (USD MM)	8.918
DPAM CREDIT SCORE	
Economic Score	4.0
Institutional Score	7.0
Fiscal Score	8.1
External Score	1.5
Overall Score/Rank	5.2/27
DPAM ESG SCORE	
ESG score	60.86
ESG Rank	11
ESG Quartile	1
Rating	Ba2/BB-/BB
Last Update	11/09/2023

ECONOMIC STRENGTH
Largest economy in Latam, most diversified in the region
Extremely credible <u>central bank</u> . High level of international reserves. For instance, they warned on fiscal policy after the Lula victory, giving a more hawkish statement and willingness to look at the effects on inflation expectations. Expect to be careful on the timing of the first rate cut.
BOP improving on strong exports (China re-opening, grain crop) and slowing imports on lower consumer demand
Strong capital and liquidity ratios in the banking sector
Cheap and abundant <u>green energy</u> will continue to attract investment

POLITICAL STRENGTH
Lula is creating volatility, Haddad does the opposite
Transition PEC approved (145 BN or 1.5% of GDP) spending outside the spending cap, but less than asked for. Also it implies a new spending cap to be proposed and voted by August.
Haddad serves as an anchor, leading to a more pragmatic approach with an eye on the fiscal situation
Under the new fiscal framework, expenditure will be allowed to rise annually by up to 70 per cent of the preceding year's increase in government income. Within this, spending must grow annually by a minimum of 0.6 per cent above inflation, up to a maximum of 2.5 per cent.

OPPORTUNITIES
Favourable Term of Trade (ToT) and bullish outlook for commodities are supportive for BRL
Very low hard-currency denominated government debt (4.0%) and low foreign investor participation (9.4%)
Haddad proposes to increase revenues by R\$ 190bn, while reducing expenses by R\$50bn. Reversal of tax exemptions to large non-financial companies, tax credit system review.
Haddad proposal aims at eliminating the primary deficit over the next three years. 2023 -2.2%/2024 0% / 2025 0.5% and 2026 1%. Going forward, extra spending will only be possible when there is extra revenue. He has won an important victory with the partial suspension of gasoline tax subsidies.
The idea is that, while estimating revenue growth for the following year, the government already has the <u>cap for the increase in expenses</u> , regardless of whether the primary goal is attained. However, part of the expenses, such as health and education outlays and the minimum wage adjustment do not comply with the rule of growing below revenues. Bill on transfer prices, use of regional tax credits and reversal of tax breaks have already passed.
Trade surplus has had a structural shift up since COVID (USD 8bn in April 23) but exports in mining and agriculture hide Brazil's persistent manufacturing and services deficits. Oil exports are rising year by year.
The government proposes replacing five <u>taxes</u> , grouping them together to form a dual value-added tax (VAT), comprising Contribution on Goods and Services ("CBS"), under the jurisdiction of the federal Government, and a tax on Goods and Services ("IBS"), shared among states. The bill also creates a Selective Tax ("IS") for products that are detrimental to household health and the environment, which will be defined by complementary law.

VALUATION
Attractive carry-to-vol and real 10y rates
Deep and liquid local bond market, including <u>ILB</u> bonds
Probably one of the countries that is the furthest ahead in its monetary tightening process, resulting in a positive real-benchmark rate.

ECONOMIC WEAKNESS
PEC 55, approved in 2016 (Temer) freezes public spending for two decades, allowing healthcare, pension, infrastructure and defense expenditures only to rise with the <u>rate of inflation</u> . However, 95% of the budget is ringfenced and continuous attempts are made to <u>bypass the cap</u> (e.g. precatores)
Interests on outstanding <u>debt</u> outpace nominal GDP growth for years, resulting in a 'debt snowball effect'. Debt servicing costs are high, with interest/revenues at 20.1% and rising. Debt/GDP at 83-84% in 2023.
The PEC transition bill approved in Congress allows 2% of GDP of above cap spending, significantly weakening fiscal results in 2023
The 3.00% inflation target (2y ahead) is <u>de-anchoring</u> recently.
Vulnerability on weak Chinese economy (agricultural commodities) but oil exports increase and will continue to increase
Nominal growth pumped up revenues but is also used as denominator for public debt.

POLITICAL WEAKNESS
Fragmented congress with a majority of conservatives in both Senate and House of Representatives, makes reforms more difficult.
Government is pushing for large, above cap spending - Congress moderated proposal, but not as much as expected.
AUXILIO BRAZIL above cap spending (145BLN) -> MADE IT EASIER GOING FORWARD via Complementary Law Project (simple majority) <-> Constitutional Amendment
Lula has not hidden his dissatisfaction with Roberto Campos Neto's management at the Central bank. He wants to change the current inflation target (3.25% in 2023 and 3.00% in 2025)
Lula is discussing changes to the pricing of Petrobras (extension of fuel limits till H2 will cost 53BN or 0.6% of GDP)
Discussion of minimum wages ongoing
Political interference at state banks
The administration can eliminate the budget deficit without increasing taxes. Revenue collection goals are too optimistic and criticise the absence of any meaningful reduction in spending.

THREATS
Deforestation is a national security risk for Brazil. Hydro electricity generation accounts for 64% of Brazil's electricity. Rainfall in the Amazon changes upon deforestation, affecting water supplies. Urban productivity increases lead to less demand for land (Worldbank Study).
The structurally low growth in Brazil is a result of 'crowding out' of the private sector. High debt levels and accompanying high rates, have favored investments in sovereign debt, rather than investing the money into the real economy; Also it raised the cost for private sector financing; It has the <u>lowest investment rates</u> amongst BRIICS countries (12%). Brazil made little progress in diversifying its economy. Manufacturing added value dropped from 34% of GDP to less than 10% (Dutch disease and middle income trap). Brazil dropped on the Economic Complexity Index in recent years.
Almost 80% of Brazilian families are indebted and 30% of them are struggling to service their debt due to the extremely high levels of interest rates on private loans. High income inequality.
Change state-owned company laws, reducing quarantine time for politicians from 36 months to 30 days, could induce more interference in governance
High level of income inequality and polarization (Bolsonaro)
Brazil ranks low (124th on 190) in the ease of doing business, far below other BRIICS; it ranks 106th on 180 on the CPI index (#corruption index)(behind South-Africa 70th)(#Lava Jata corruption scandals)

VALUATION
70% of the debt stock is indexed on monetary policy rate (Letras) or inflation (B/C series)
Crowded on the side of the BRL, move below 5 vs USD unlikely for now

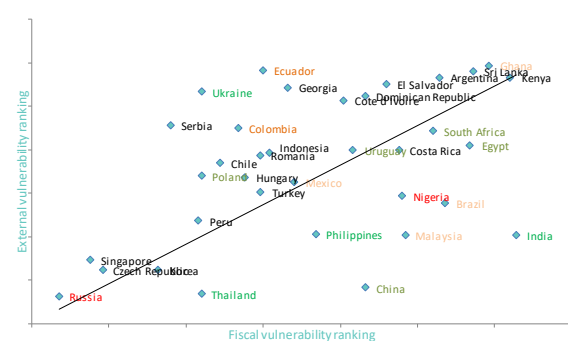


Country analysis

Bottom-Up Approach

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	16.79	10.83	37.09	114.60	0.13
Russia	1.08	1.59	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	1.82	-0.53	27.36	138.70	6.57
Poland	0.37	1.25	0.52	50.37	122.33	4.30
Ukraine	0.38	2.10	1.46	45.13	117.47	9.27
Chile	0.37	2.57	1.67	28.27	120.98	3.83
Malaysia	-0.30	3.38	-1.24	61.81	321.93	11.16
Nigeria	-0.34	4.37	-2.20	26.67	333.07	27.18
South Africa	-0.37	4.00	-1.90	63.28	212.62	13.78
Brazil	-0.50	4.91	-1.27	78.32	201.85	14.54
Argentina	-0.61	4.29	-0.27	94.75	278.68	14.77
Ghana	-0.83	4.43	-1.23	63.88	384.91	31.33
India	-0.87	7.51	-2.80	69.86	344.15	23.65
Kenya	-0.88	7.85	-3.90	62.35	349.56	22.13
Egypt	-1.18	8.04	1.62	85.29	422.29	47.81
Sri Lanka	-1.42	4.52	0.49	84.95	653.63	46.19

Country	Score External sector	CAB 2019	Basic Balance 2019	Gross sov Xternal D/GDP 2019	Ext int. payment / exports 2019	Net sov. FX positions/GDP 2019
Singapore	1.1	15.62	24.13	0.56	1.59	-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	36.75	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



Country	10Y nominal yields	Z score nominal 10y	Real 10y yields - Current	Real 10y Z-score	Real 10y - OI forecast	Term premium 2y10y	Term premium Z-score	Cost of hedge - 21d	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	3.42	1.39	0.58	0.25	7.14	0.76
Indonesia	7.13	-0.17	4.94	1.50	4.47	1.47	1.51	8.11	1.98
Brazil	6.99	-1.90	5.05	-0.30	4.43	3.21	1.82	3.69	5.25
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	-0.67	1.65	-0.43	1.11	0.51	-1.18	2.66	1.25
South Korea	1.37	-1.61	1.67	0.71	0.87	0.58	0.45	0.08	1.29
Singapore	0.87	-2.78	1.57	0.45	1.17	0.59	-0.94	0.18	0.69
Turkey	11.68	0.13	0.29	0.38	1.18	2.70	1.27	12.68	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	-1.09	-0.62	2.24	2.48	0.00	2.43
Germany	-0.40	-1.37	-1.00	-0.67	-0.80	0.26	-1.84		
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

Currency	FX Score	Deviation from REER 10y average	Real rate	Growth 2020	CAB 2020	Months of FX Reserves/Imp. ports
SGD	0.35	-3.0%	0.70	-5.7%	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	-85.2%	-0.25	-6.8%	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%	3.90	7.16
INR	0.14	3.0%	-0.80	4.2%	-0.90	7.44
IDR	0.13	-1.4%	1.59	0.39%	-2.20	6.05
MKN	0.08	-21.1%	2.60	-7.8%	-0.40	3.97
THB	0.05	4.2%	1.60	-5.4%	3.50	8.48
COP	0.04	-19.8%	-0.63%	13.4%	-4.40	7.49
CLP	0.00	-12.2%	-2.55%	-4.0%	-0.80	4.37
TRY	0.00	-28.8%	-2.25%	-4.0%	-1.00	4.75
ZAR	-0.02	-19.4%	0.30	-6.9%	-1.60	4.61
HUF	-0.07	-8.3%	-2.10%	-4.3%	-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%	-2.13%	-6.8%	-1.00	8.24
PEN	-0.18	7.5%	-1.45%	13.0%	2.20	10.67
RON	-0.20	0.0%	-0.88%	-5.0%	-3.50	4.13
ARS	-0.28	-26.1%	-7.10%	-7.4%	-0.15	5.29

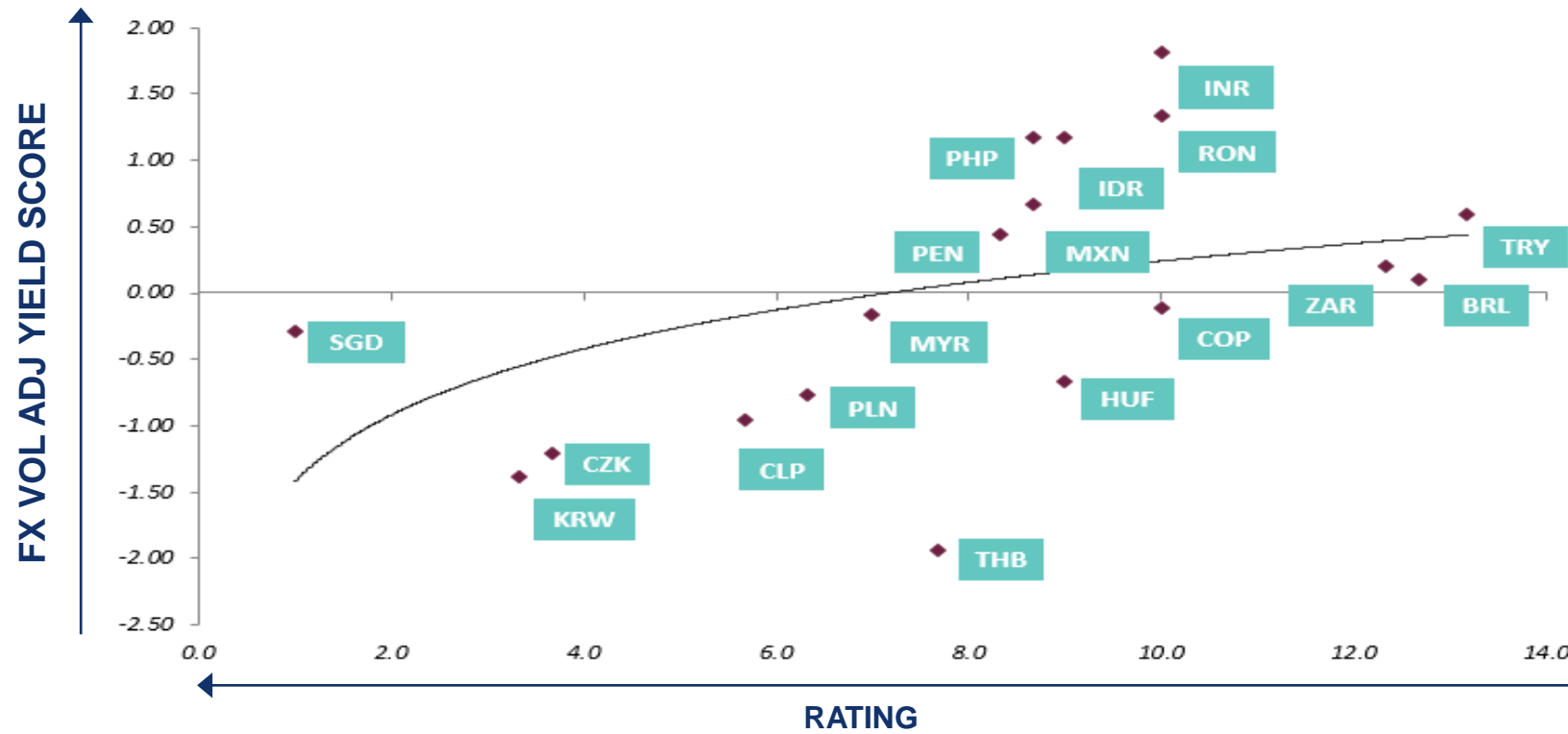
Currency	Momentum 200 DMA	RSI 14d	Deviation from REER 1y average	Deviation from REER 10y average	Carry/Vol	Real rate	Cost of hedge
IDR	1.6%	39.00	-0.7%	-1.4%	89%	1.59	11.11
CLP	-1.7%	52.59	-3.2%	-12.2%	0%	-2.58	0.00
PHP	1.5%	44.43	3.8%	7.0%	46%	0.55	2.28
RON	1.2%	41.04	1.1%	0.0%	38%	-0.85	2.82
HUF	0.6%	38.58	-2.7%	-8.3%	4%	-2.10	0.40
PLN	0.1%	41.55	-2.2%	-4.2%	2%	-2.95	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
CHF	-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%	-1.53	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
MKN	-7.4%	45.33	-12.2%	-21.1%	31%	2.60	5.18
BRL	-13.9%	49.13	-21.3%	-35.2%	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%	-2.25	12.54
ARS	-12.1%	92.84	6.2%	-26.1%	406%	-7.10	61.74

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



Valuation process

Cheap / Dear analysis



Source: Bloomberg, DPAM, April 2022



03 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



Fixed income expertise

It's a team effort



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**



Global themes

Top-down approach

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)

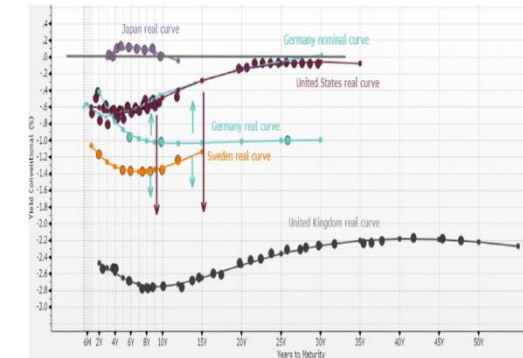
Global Real Rates

GLOBAL REAL RATES

Keep on eye on the SYSY 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.



DM Curves

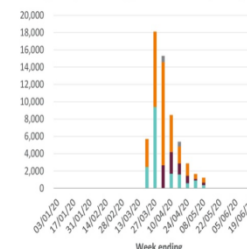


DM Monetary Policy

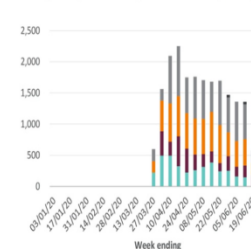


QE

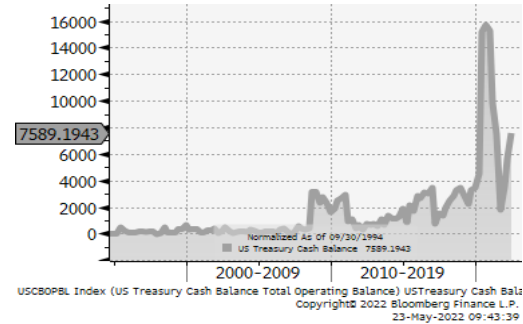
Weekly RBA purchases of government bond (AUD m)



Weekly RBNZ purchases of government bonds (NZD m)



US Treasury Cash Balance



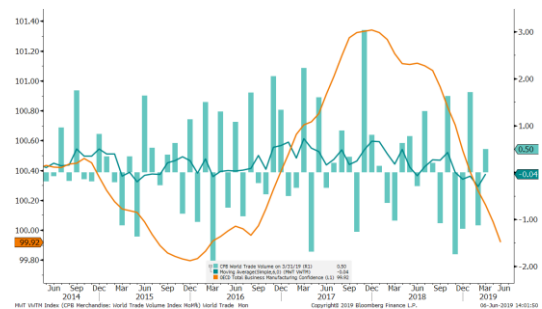
Source: IMF, Worldbank, Datastream, Bloomberg, DPAM



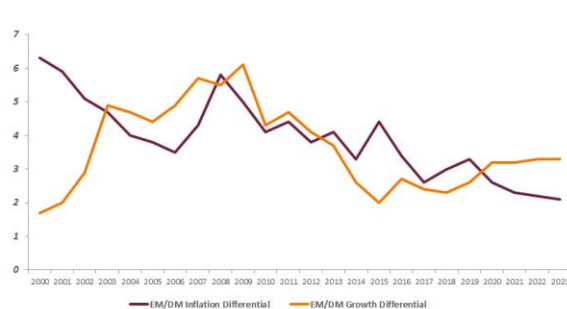
Emerging market themes

Top-down approach

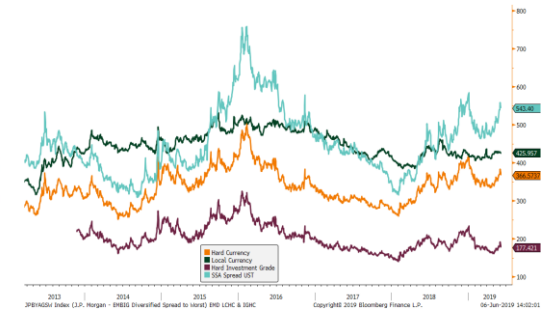
World Trade and Business Confidence



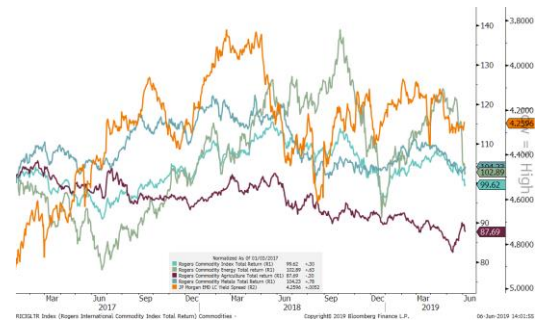
Growth and Inflation Outlook



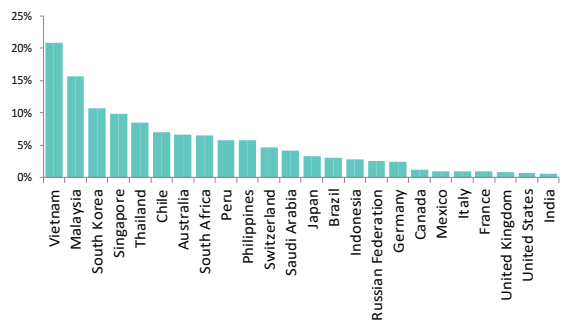
Spreads EM versus DM



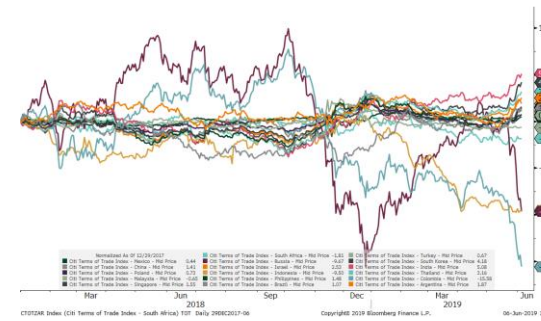
Commodities



Exports to China



Real Effective Exchange Rates



Source: IMF, Worldbank, Datastream, Bloomberg, DPAM



Current portfolio construction

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



FX strategy

DPAM L Bonds Emerging Markets Sustainable

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.

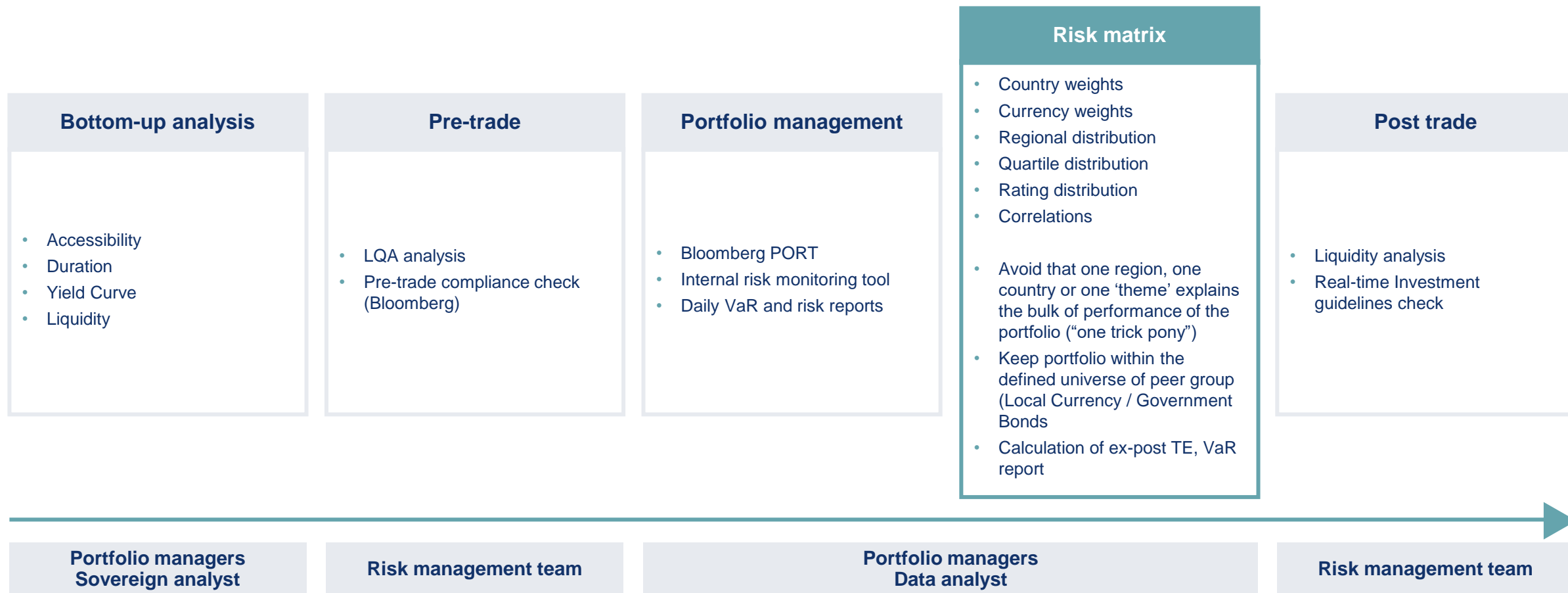
Under no circumstances the fund is allowed to sell FX exposure without underlying bond position.

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.



Risk monitoring

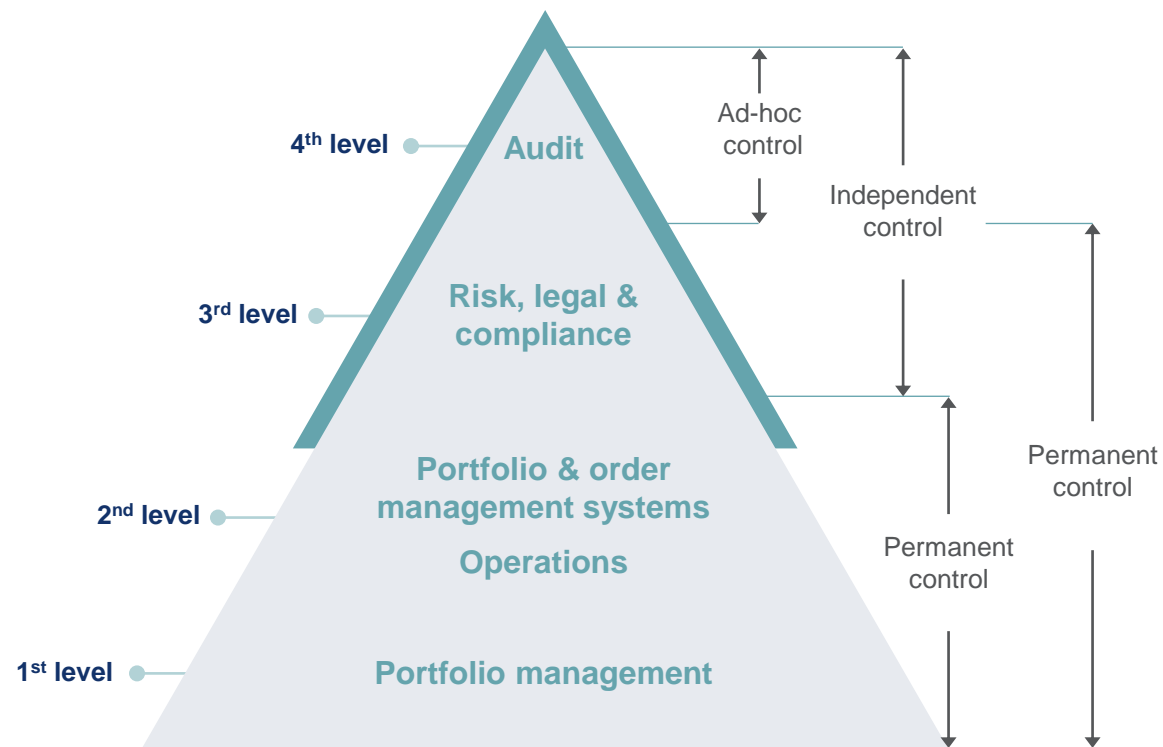
From conviction to portfolio





Risk monitoring

Risk management at all levels

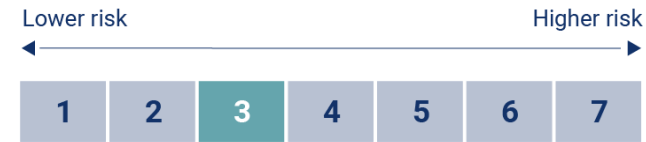




Risk & Reward profile

Risk and Reward profile

Summary risk indicator (SRI)



SRI calculated according to PRIIPs (EU) N° 1286/2014 regulation

Product Characteristics

No benchmark

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

ISIN CODE (F) LU0907928062

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

SFDR Article 9

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



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

Currency risk

The fund may be invested in assets denominated in currencies other than EUR and could therefore be affected by fluctuations in exchange rates

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



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

06 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



Céline Boulenger

Macroeconomist

05 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

Chief Sustainable Investment Officer

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

Agenda

Why

Strategy
Highlights

**Portfolio
Characteristics**

Outlook &
Positioning

Appendix

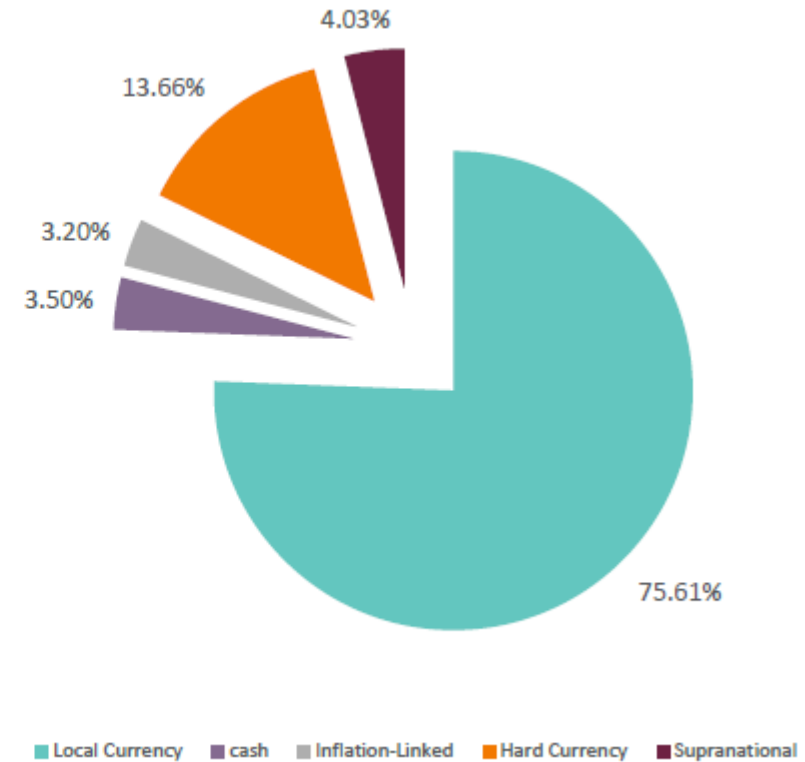


Portfolio overview

Main characteristics

DPAM L BONDS EMERGING MARKETS SUSTAINABLE
portfolio analysis
as of 28/09/2023

	Portfolio
Yield	8.97
Modified Duration	5.58
Average Coupon	5.60



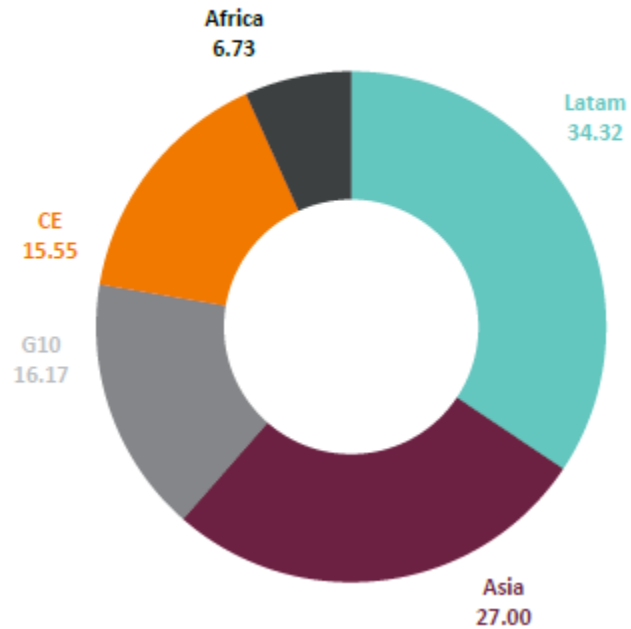
Source: DPAM, Based on Bloomberg data: data are temporary and can be different from the management report



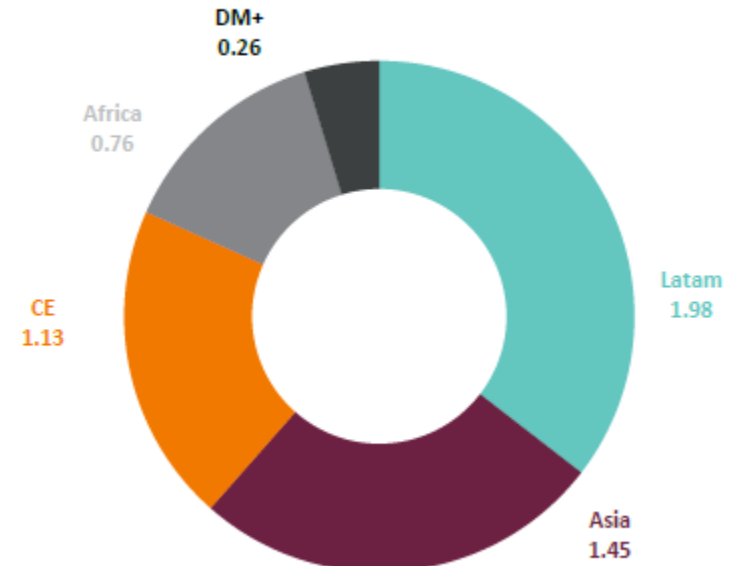
Portfolio overview

Regional breakdown per currency

FX regional exposure (% AUM)



Curve exposure per currency (CTMD in bps)



Source: DPAM, 28.09.2023, Based on Bloomberg data: data are temporary and can be different from the management report



Country breakdown

Exposure per country

DPAM L Bonds Emerging Markets Sustainable Positions by Country								
Rank	Country	LC	LC Cash	EUR	USD	Bond Total	FX	TOTAL
1	Brazil	9.98	0.01	0.00	0.00	9.98	0.00	9.98
2	Indonesia	9.60	0.35	0.00	0.00	9.60	0.00	9.60
3	Mexico	9.59	0.00	0.00	0.00	9.59	0.00	9.59
4	South Africa	7.26	0.00	0.00	0.08	7.34	-1.71	5.63
5	Poland	5.20	0.01	0.00	0.28	5.48	-0.71	4.77
6	Malaysia	4.62		0.00	0.00	4.62	0.00	4.62
7	Uruguay	4.53		0.00	0.00	4.53	0.00	4.53
8	India	4.42	0.00	0.00	0.00	4.42	1.79	6.21
9	Colombia	3.91	0.09	0.00	0.22	4.13	0.00	4.13
10	Romania	3.27	0.03	0.43	0.00	3.70	0.00	3.70
11	Peru	3.63		0.00	0.00	3.63	0.00	3.63
12	Czech Republic	3.23	-0.01	0.00	0.00	3.23	0.00	3.23
13	Chile	2.66		0.00	0.00	2.66	0.00	2.66
14	Singapore	2.41	0.02	0.00	0.00	2.41	-0.57	1.84
15	South Korea	1.76		0.00	0.39	2.15	0.00	2.15
16	Hungary	2.11	0.01	0.00	0.00	2.11	1.52	3.63
17	Serbia	0.62	0.00	1.08	0.00	1.70	0.00	1.70
18	Ivory Coast	0.00		1.49	0.00	1.49	0.00	1.49
19	Sri Lanka	1.37		0.00	0.07	1.44	0.00	1.44
20	Tunisia	0.00		1.16	0.25	1.41	0.00	1.41
21	Bahamas	0.00		0.00	1.36	1.36	0.00	1.36
22	Benin	0.00		1.24	0.00	1.24	0.00	1.24
23	Dominican Republic	0.01		0.00	1.20	1.21	0.00	1.21
24	Senegal	0.00		0.27	0.75	1.02	0.00	1.02
25	Philippines	0.83		0.00	0.00	0.83	0.00	0.83

Source: DPAM, 28.09.2023, Based on Bloomberg data: data are temporary and can be different from the management report



Performance contribution YTD*

Strong start of the year



Past performance does not predict future returns

	Unhedged Weight (%)	Contribution	CTR (Local Rates)	CTR (FX)	CTR (Residuals)		Unhedged Weight (%)	Contribution	CTR (Local Rates)	CTR (FX)	CTR (Residual)
Africa / Middle East	15.73	-0.22	0.67	-0.89	0.00	Eastern Europe	16.60	2.06	2.01	0.05	0.00
Ghana	0.33	0.04	0.07	-0.03	0.00	Armenia	0.01	0.00	0.00	0.00	0.00
Ivory Coast	1.98	0.08	0.08	0.00	0.00	Czech Republic	2.86	0.11	0.14	-0.03	0.00
Kenya	0.91	-0.02	0.02	-0.04	0.00	Hungary	1.55	0.24	0.24	0.00	0.00
Lebanon	0.00	0.00	0.00	0.00	0.00	Macedonia	0.08	0.01	0.01	0.00	0.00
Mozambique	0.34	0.04	0.03	0.01	0.00	Poland	6.87	0.95	0.86	0.09	0.00
Namibia	0.23	0.02	0.01	0.00	0.00	Romania	3.03	0.41	0.43	-0.02	0.00
Senegal	1.00	0.07	0.06	0.01	0.00	Serbia	1.69	0.15	0.15	0.00	0.00
South Africa	8.19	-0.55	0.22	-0.76	0.00	Ukraine	0.35	0.16	0.16	0.01	0.00
Tunisia	0.61	0.02	0.02	0.00	0.00	Georgia	0.01	0.00	0.00	0.00	0.00
Uganda	0.50	0.06	0.06	0.00	0.00	Montenegro	0.14	0.02	0.02	0.00	0.00
Zambia	0.48	0.01	0.09	-0.08	0.00	South & Central America	25.57	4.33	2.73	1.61	0.00
Benin	1.17	-0.01	-0.01	0.00	0.00	Brazil	8.76	1.54	0.97	0.58	0.00
Asia Pacific	23.19	0.53	0.94	-0.41	0.00	Chile	3.28	0.00	0.10	-0.10	0.00
Indonesia	8.83	0.65	0.58	0.07	0.00	Colombia	4.52	1.63	0.75	0.89	0.00
Malaysia	6.16	-0.06	0.23	-0.28	0.00	Costa Rica	0.11	0.01	0.01	0.00	0.00
Papua New Guinea	0.27	0.05	0.04	0.01	0.00	Dominican Republic	1.02	0.03	0.02	0.01	0.00
Philippines	0.60	0.04	0.03	0.01	0.00	Ecuador	0.23	-0.06	-0.05	-0.01	0.00
Singapore	4.32	-0.05	0.03	-0.09	0.00	Peru	3.44	0.47	0.42	0.04	0.00
South Korea	2.76	-0.08	0.04	-0.12	0.00	Uruguay	4.18	0.71	0.52	0.19	0.00
Thailand	0.25	-0.02	-0.01	-0.01	0.00	Guatemala	0.03	0.00	-0.01	0.01	0.00
Central Asia	4.54	0.39	0.35	0.05	0.00	Cash	3.87	-0.03	0.00	-0.03	0.00
India	4.07	0.26	0.26	0.00	0.00	CHF	0.02	0.00	0.00	0.00	0.00
Pakistan	0.07	0.03	0.02	0.01	0.00	EUR	2.13	0.00	0.00	0.00	0.00
Sri Lanka	0.25	0.09	0.06	0.03	0.00	GBP	0.00	0.00	0.00	0.00	0.00
Mongolia	0.16	0.02	0.01	0.01	0.00	USD	1.72	-0.03	0.00	-0.03	0.00
North America	10.50	1.67	0.41	1.26	0.00	Derivatives	0.00	0.11	-0.24	0.35	0.00
Bahamas	1.09	0.18	0.17	0.02	0.00	Forwards	0.04	0.37	0.01	0.36	0.00
Mexico	9.40	1.49	0.24	1.25	0.00	Futures	-1.00	-0.26	-0.25	0.00	0.00
						Derivatives	0.96	0.00	0.00	0.00	0.00
						Grand Total	100.00	8.85	6.86	1.99	0.00

Source: DPAM, September 29th, 2023 - (*) Based on Bloomberg data: data are temporary and can be different from the management report. Tables are calculated on gross data and do not include fees. As such the grand total may/will defer from the actual total



Risk/Return since inception*

Double alpha at work

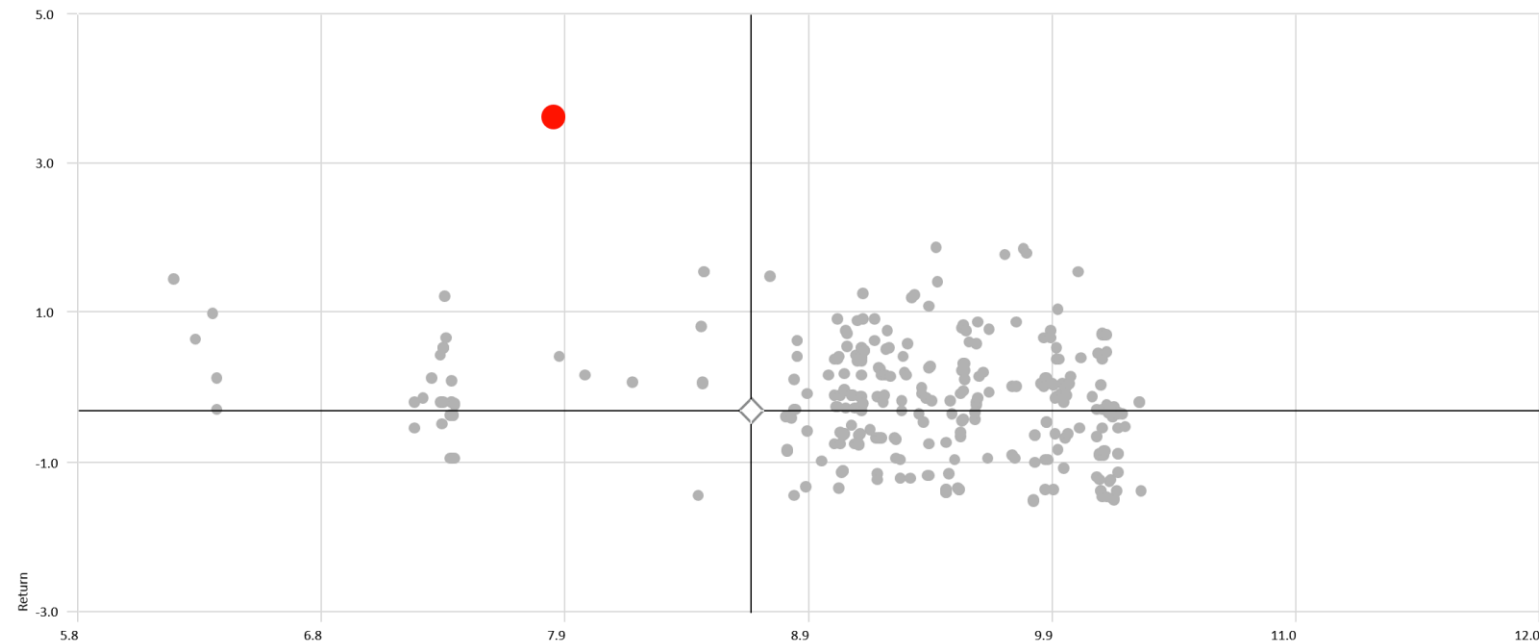


Past performance does not predict future returns

Risk-Reward

Time Period: 1/04/2013 to 30/09/2023

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



● DPAM L Bonds Emerging Markets Sust F EUR

◇ EAA Fund Global Emerging Markets Bond - Local Currency

Source: Morningstar Direct

*Actual inception 18/03/2013

Source: Morningstar Direct



Investment growth since inception

Double alpha at work

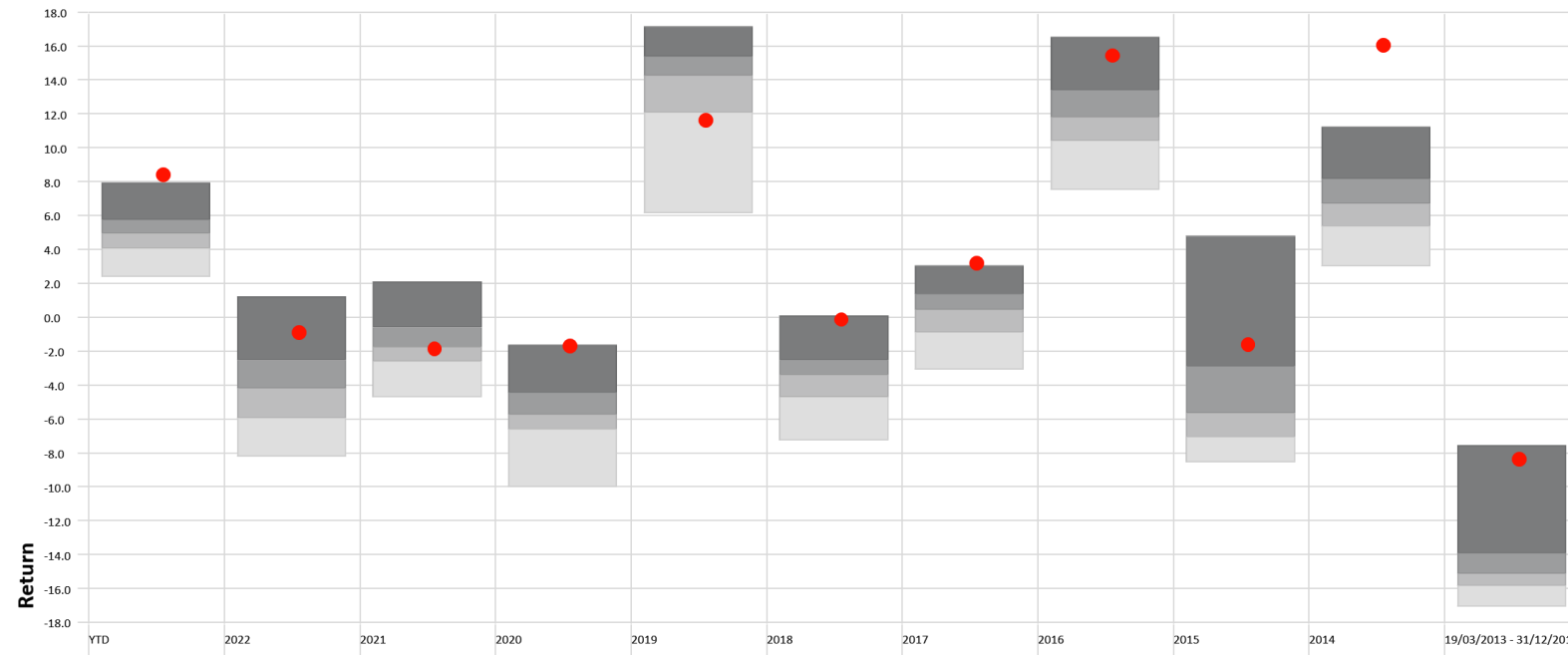


Past performance does not predict future returns

Performance Relative to Peer Group

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

■ Top Quartile ■ 2nd Quartile ■ 3rd Quartile ■ Bottom Quartile



● DPAM L Bonds Emerging Markets Sust F EUR

Source: Morningstar Direct

Source: Morningstar Direct

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Positioning**

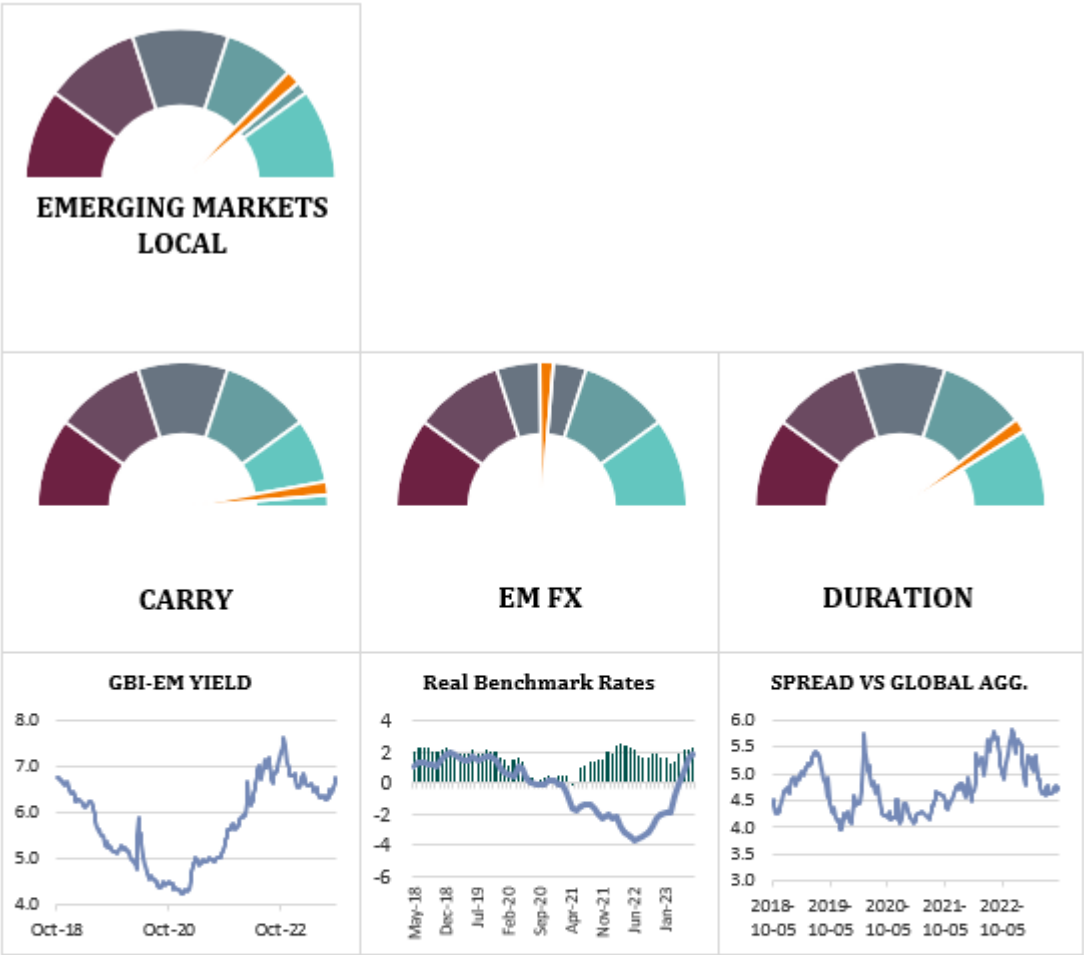
Appendix

"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."



Outlook

Positive



Yield	8.90	Spread EM/DM	2.35	Spread at fund level	4.94
Carry (bp/month)	75				
Protection (bp)	160				
Carry is attractive at 75bp/month, protects the investor against rate increases by 145bp over the next 12 months		EM CB will take cautious stance. Expect neutral EMFX performance - High FX implied yields - Future rate cuts already discounted in market expectations		Spreads are tighter but expect duration gains when DM policy reversal cycle starts - Curve steepening - Move to belly of the curve	



Will US yields stop rising?

Current yield levels are attractive from a long-term investment perspective, attractive real-rates

Markets witnesses typical end of cycle volatility, momentum for higher yields but 'oversold' market

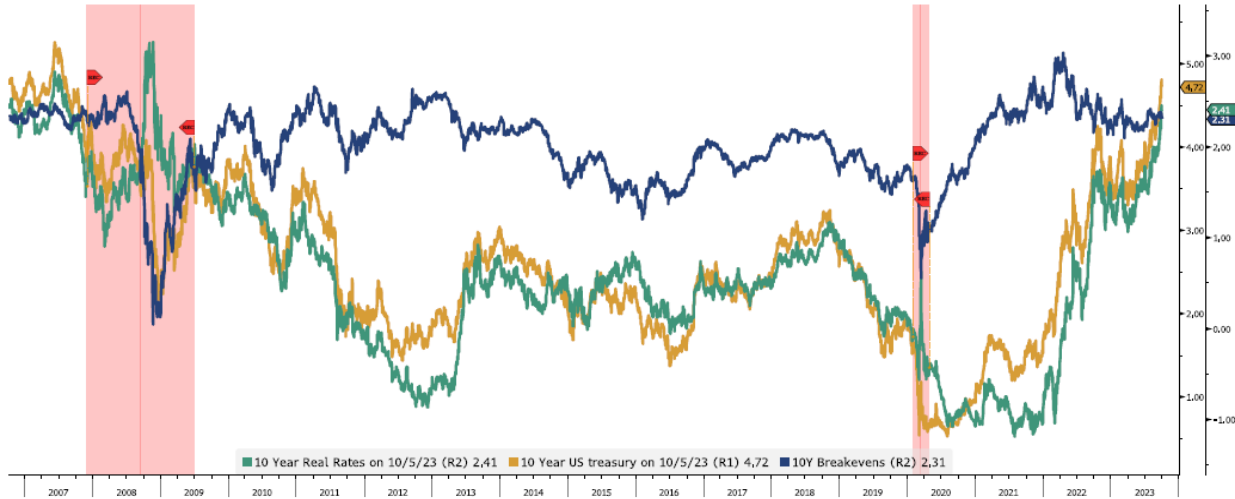
The experiment to combine monetary tightening ,fiscal easing and the end of the ZIRP era results in even more volatility

Bank credit growth and PPI growth suggest a US recession is coming, inflation is heading to FED target, but deficit funded government spending is still delivering growth

Eurozone and China are already in recession, resilient US job market

Impact of supply on bond yields is overstated by the market, but more supply and less demand (QT/Japan) will need to be absorbed by the market

United States real rates

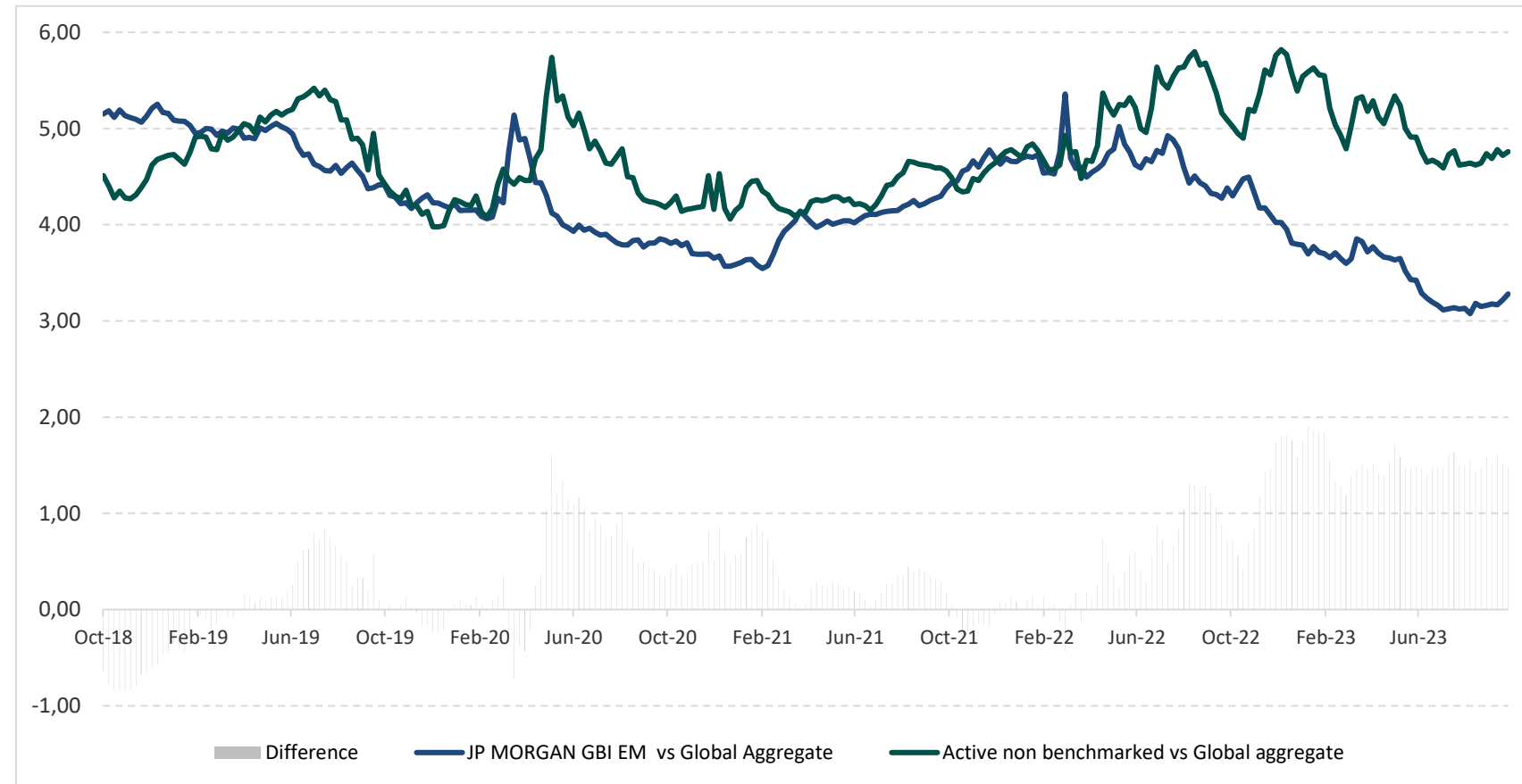


Source: Bloomberg, October 6th, 2023



Are local currency spreads to tight?

At index level, local currency emerging market yields versus global aggregate yields are currently around pre-GFC levels. Indices, are too narrow and have a clear overweight to Asian local markets. Many of these markets have local yields below US-treasuries

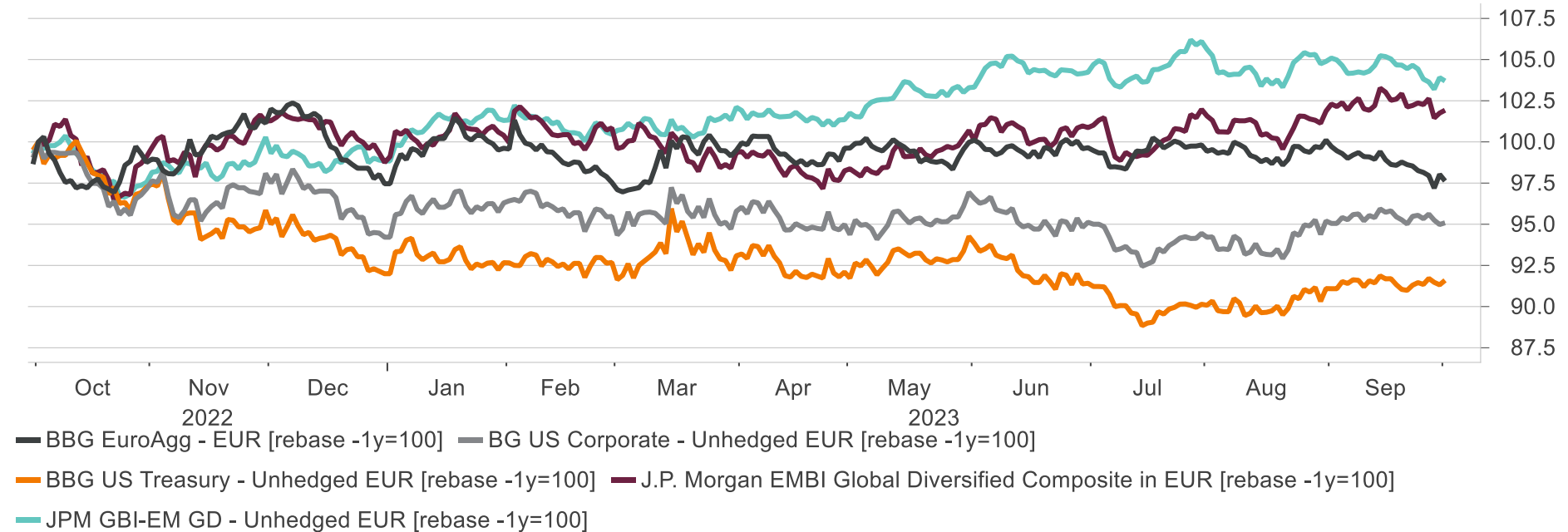




EMD resilience

Local debt is a good diversifier

EM local debt performance in the Fixed Income space



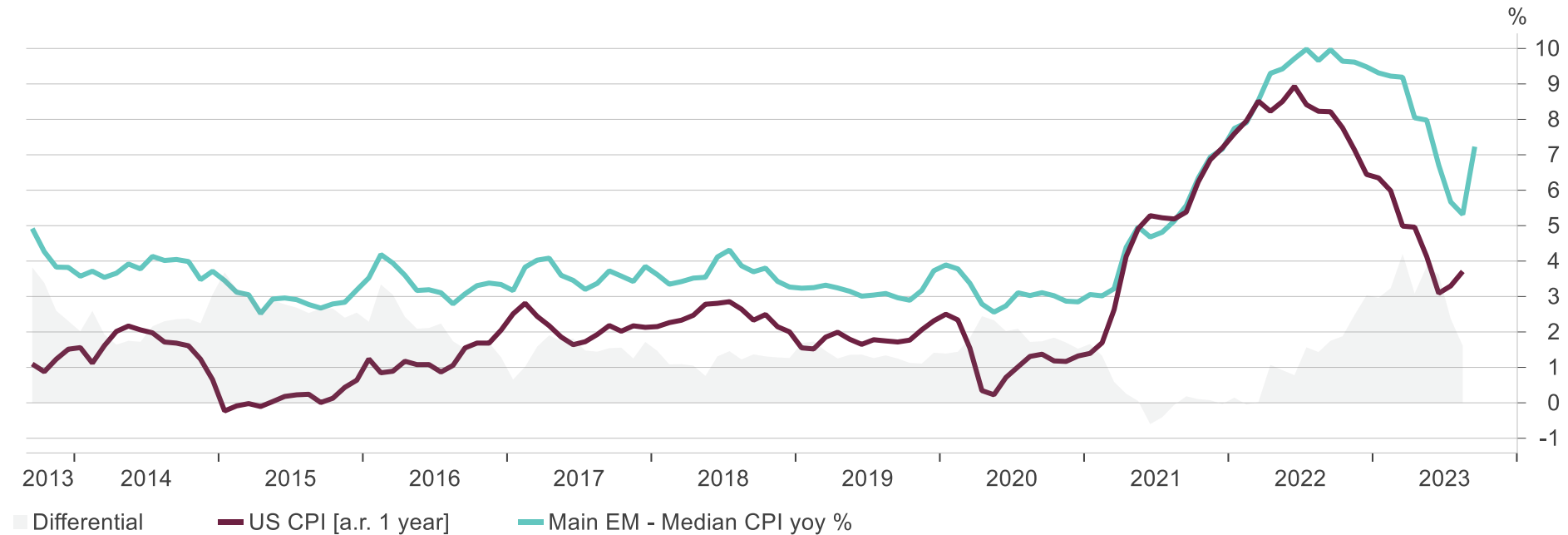
DPAM, JPM, Bloomberg, Macrobond, 2/10/2023



Inflation differential

Local fixed income to benefit from lower inflationary pressure

Median EM Headline CPI vs US



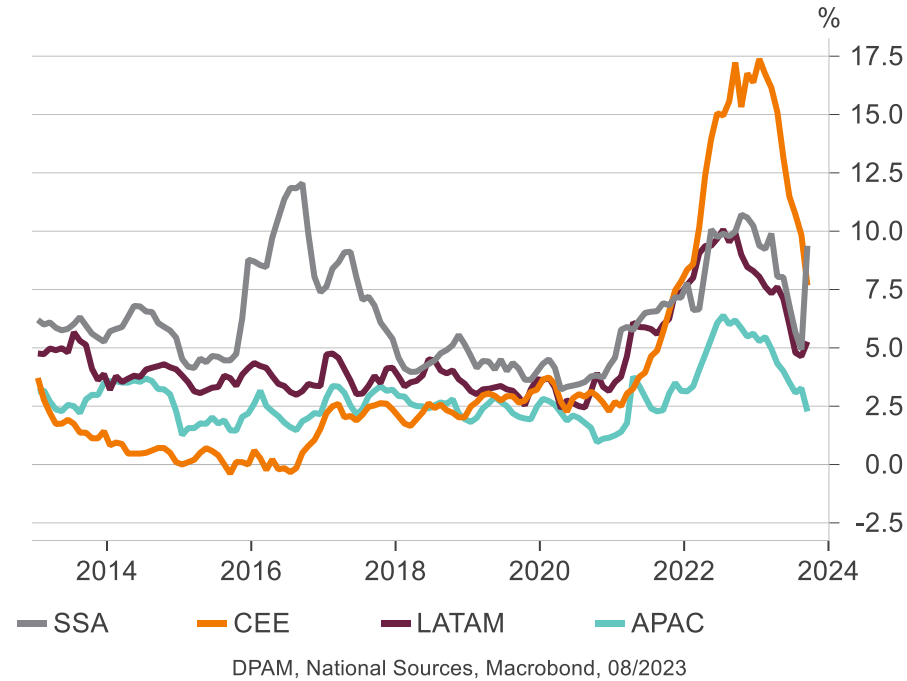
DPAM, Macrobond, National Authorities, 08/2023



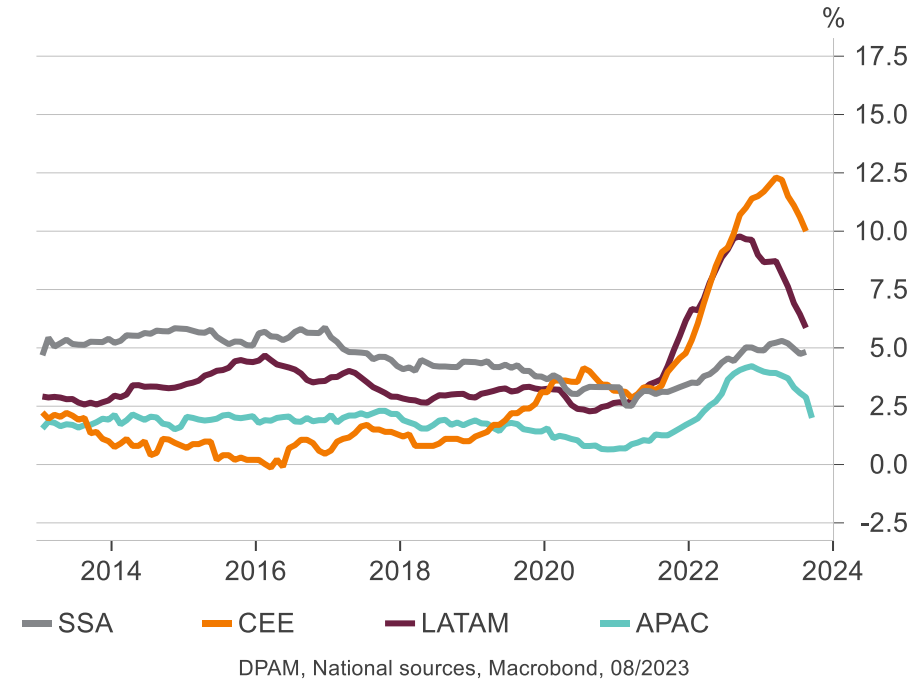
Inflation has peaked

Core inflation has started to decelerate in EM

Headline CPI YoY, Median per region



Core EM CPI Yoy, Median per region

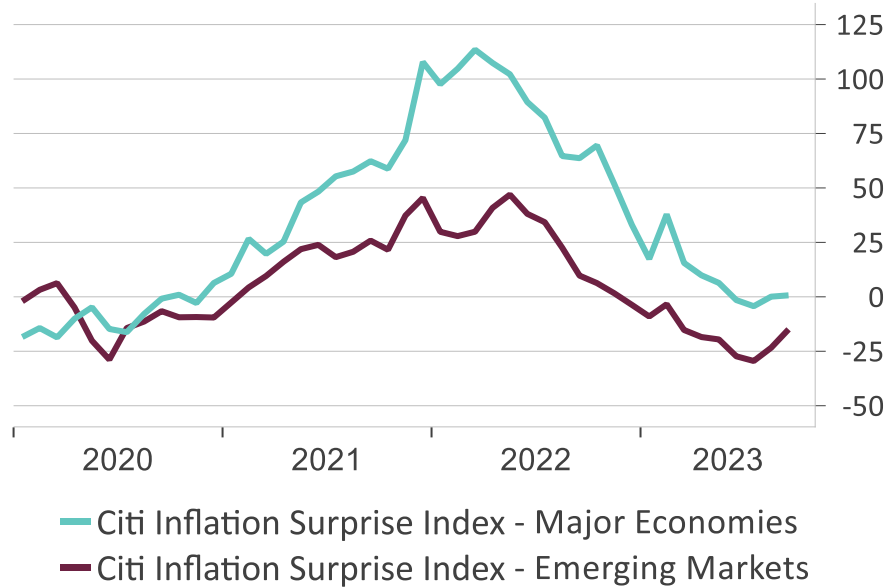




Can inflation rebound?

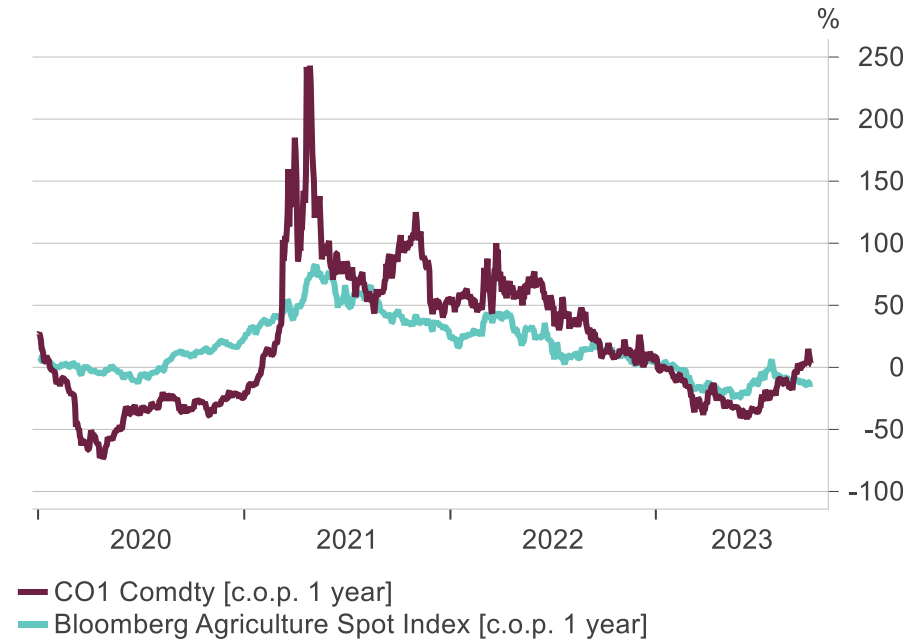
Going the last mile will be slower

Inflation Surprises, index level



DPAM, Citi, Bloomberg, Macrobond, 09/2023
NB: Positive number means higher than expected inflation

Brent and soft commodities prices, yoy %



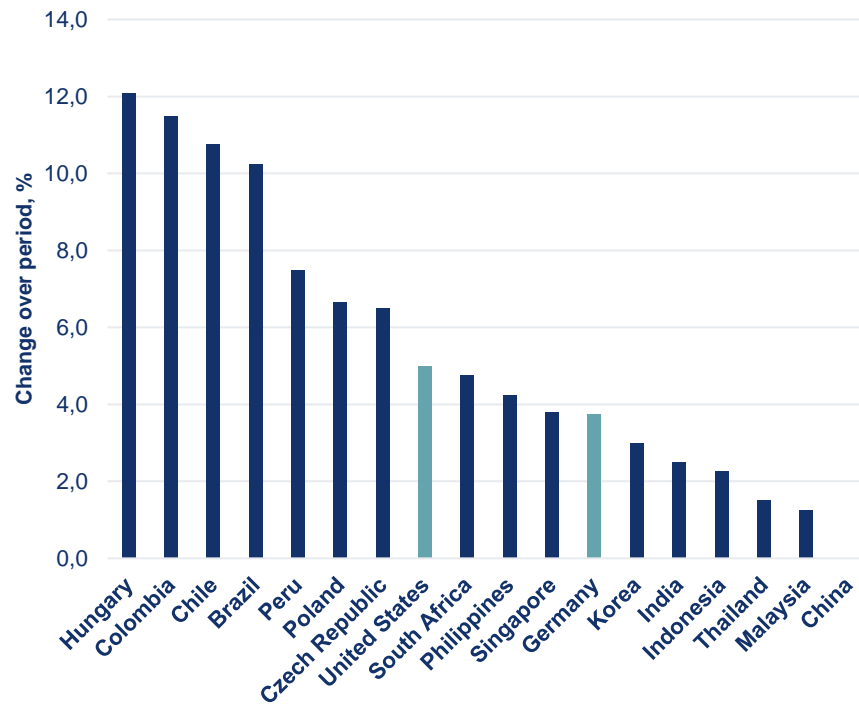
DPAM, Bloomberg, Macrobond, 2/10/2023



Proactive central banks

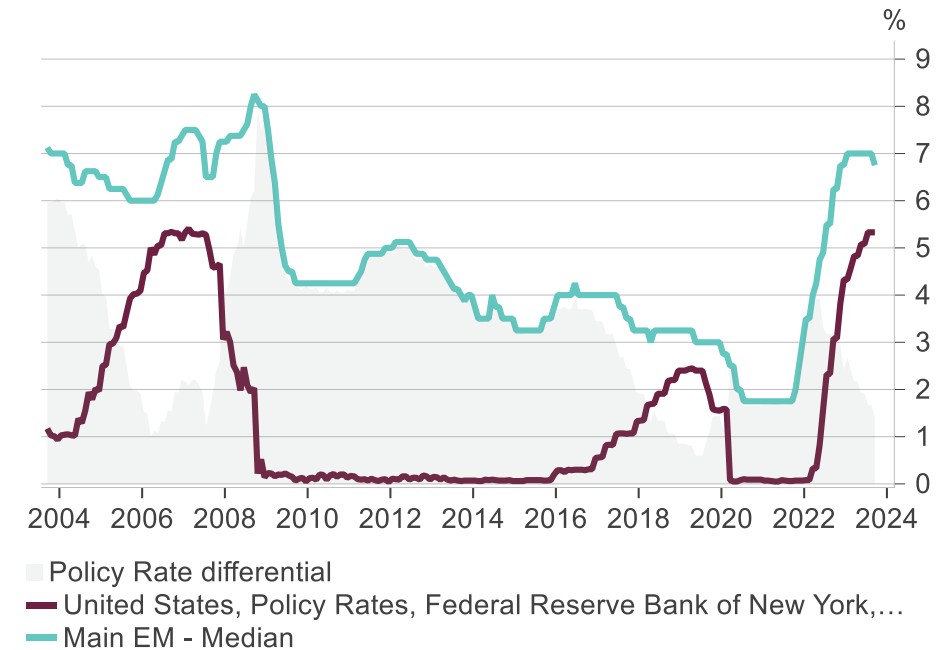
EM central banks led the hiking cycle

Past 2y change in monetary policy rates



Source: DPAM, Bloomberg, 01.06.2023

EM Median Policy rate vs the Fed



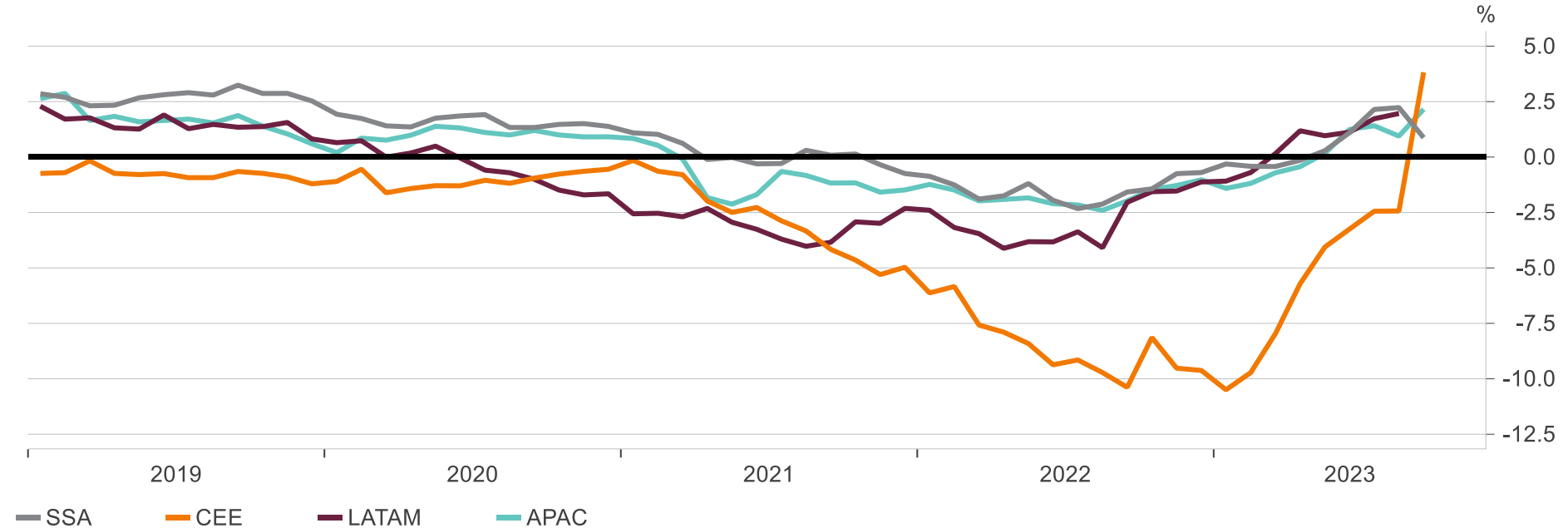
DPAM, Macrobond, National Authorities, 09/2023



Real rate buffer

Real rates have improved sharply, giving room for policymakers

Real Policy Rates, Median per region



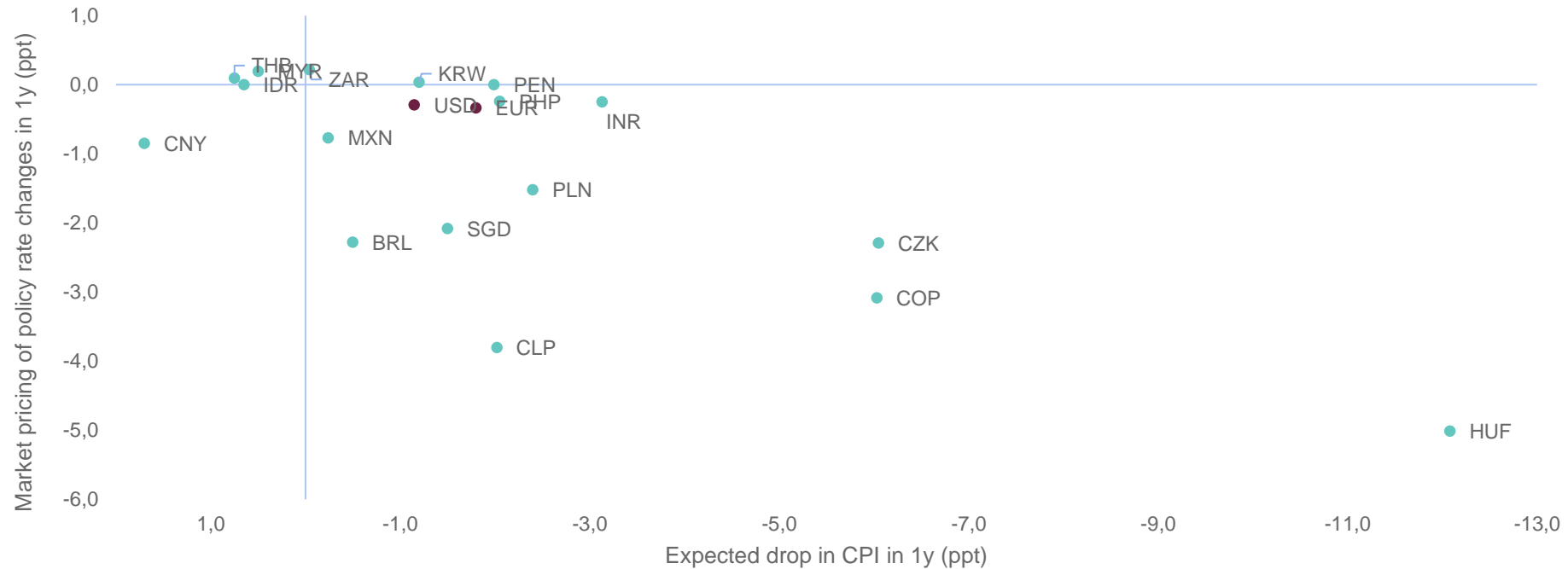
DPAM, Macrobond, National sources, 08/2023



Easier monetary policies

EM central banks to lead the cutting cycle, except in Asia

Market pricing of cuts consistent with expected decrease in inflation



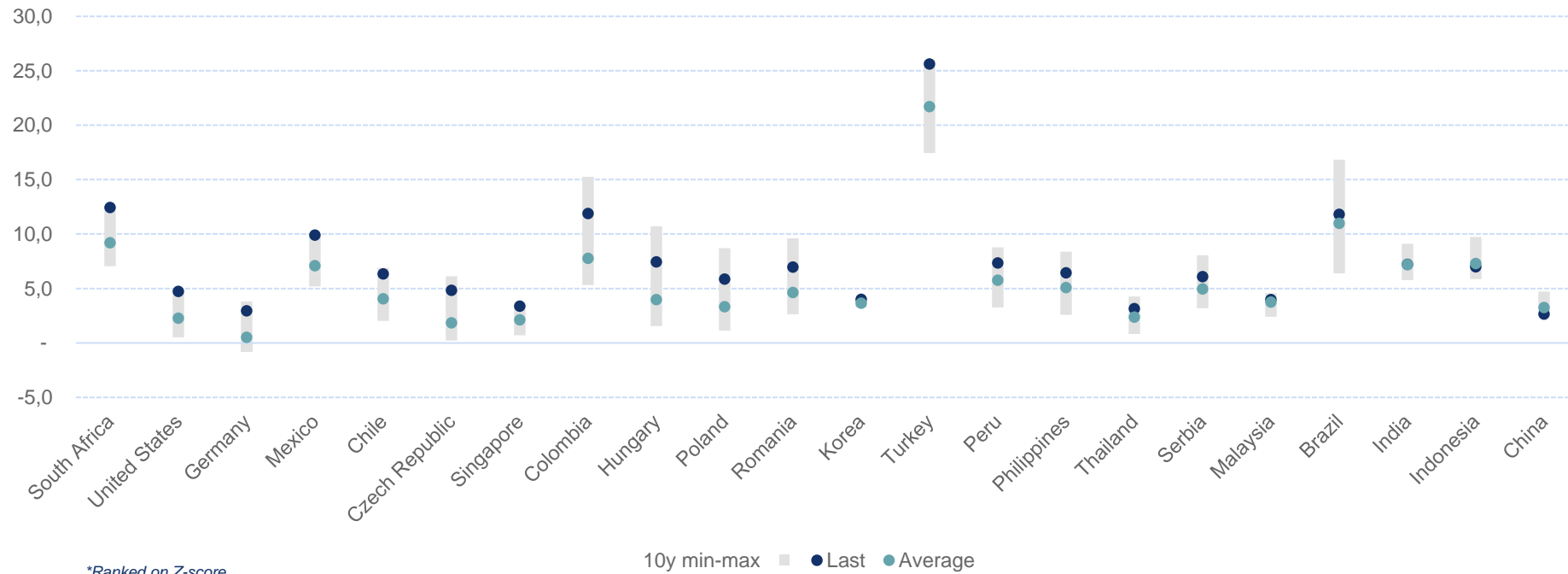
Source: DPAM, Bloomberg, 10.02.2023



High nominal yields

Nominal bond yields look attractive

10y bond yield based vs 10y history*



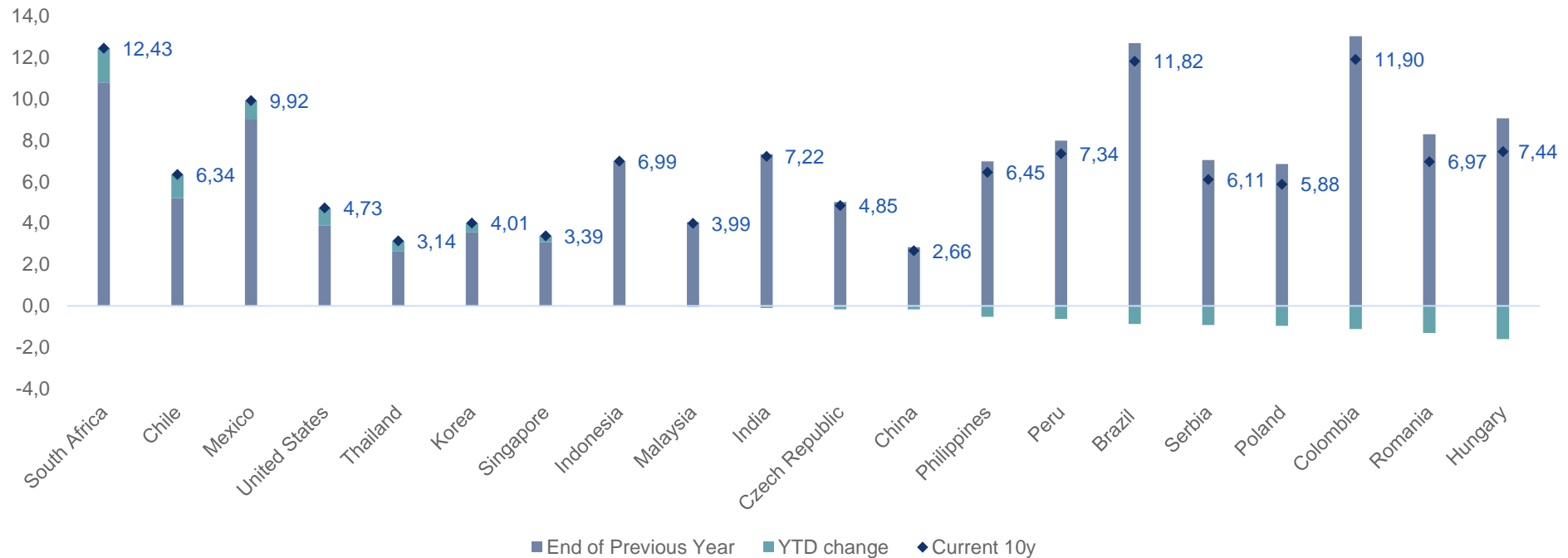
Source: DPAM, Bloomberg, 10.02.2023



High nominal yields

Some long-term bond yields moved lower despite core rates

Change in 10y bond yield, YTD



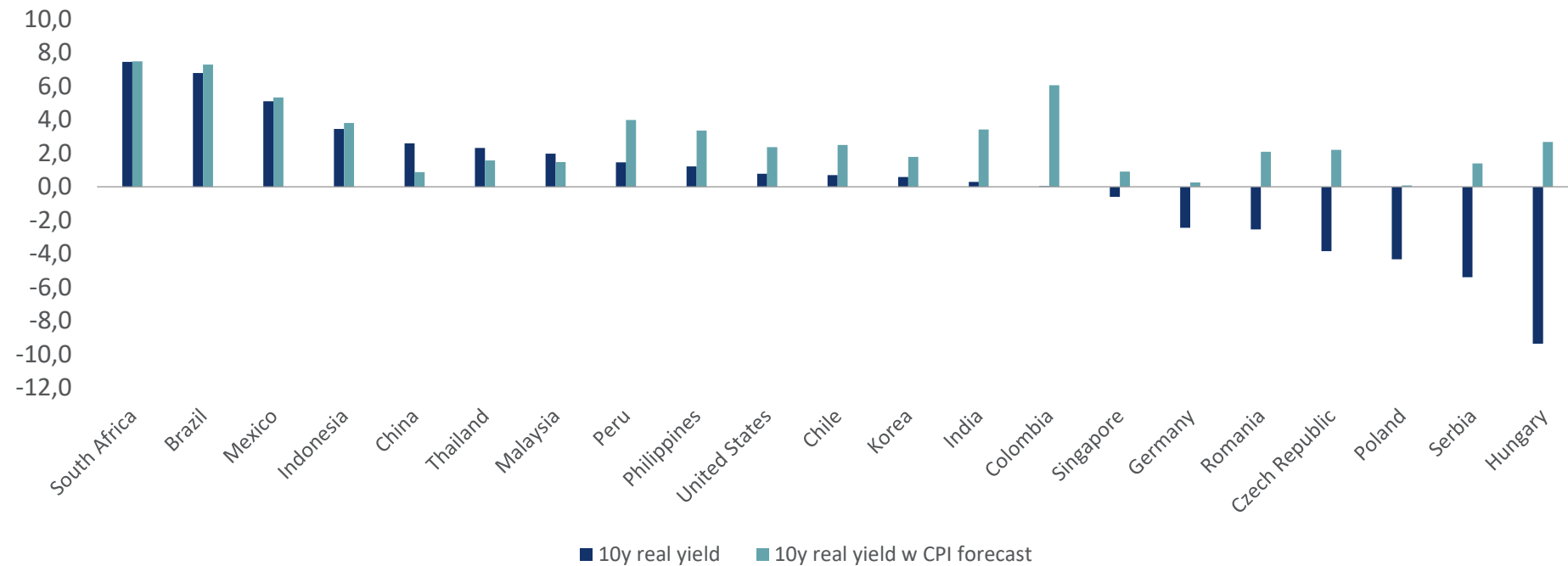
Source: DPAM, Bloomberg, 10.02.2023



Real yields

Some real yields are already very compelling

10y Real yields



Source: DPAM, Bloomberg, 10.02.2023



Real GDP % y/y	2023	2024
Argentina	-3.3	-1.7
Brazil	3.0	1.5
Chile	-0.2	2.3
Colombia	1.5	1.4
Ecuador	1.1	1.4
Mexico	3.4	1.8
Peru	0.7	3.3
Uruguay	1.0	2.5

Source: JP Morgan, Bradesco



Latin America

Brazil

- Looming domestic demand
- Non-cyclical items: high agricultural exports and Oil & Gas exports
- BCB will continue cutting rates (11.75% EoY)
- Primary balance target at 0% will be challenging

Mexico

- Booming domestic demand
- X-M are negative, despite rising exports
- Banxico will keep rates high for longer
- Local yields are very attractive and spreads are back to more neutral levels

Colombia

- Tight labor market conditions
- Persistent core inflation on indexation processes
- Economic slowdown more significant than expected
- BanRep to start easing in Q4
- Good progress on fiscal rule

Peru

- Higher than expected headline CPI, affected by food
- EX-food softening
- BCDP to start easing soon
- Less crowded positioning

Uruguay

- Wage negotiations ongoing
- Election cycle next year
- At 3.9%, inflation is below CB's mid-point, 24M - expectations at 6.9%, above the 6% target
- CB is probably done
- 2033 re-opening coming

Chile

- BCDC end of year target 7.75%-8.00% (9.50% now), considering FX variations
- New constitution presentation Nov 7th

Still robust growth in the two biggest Latin American economies, other economies are slowing down

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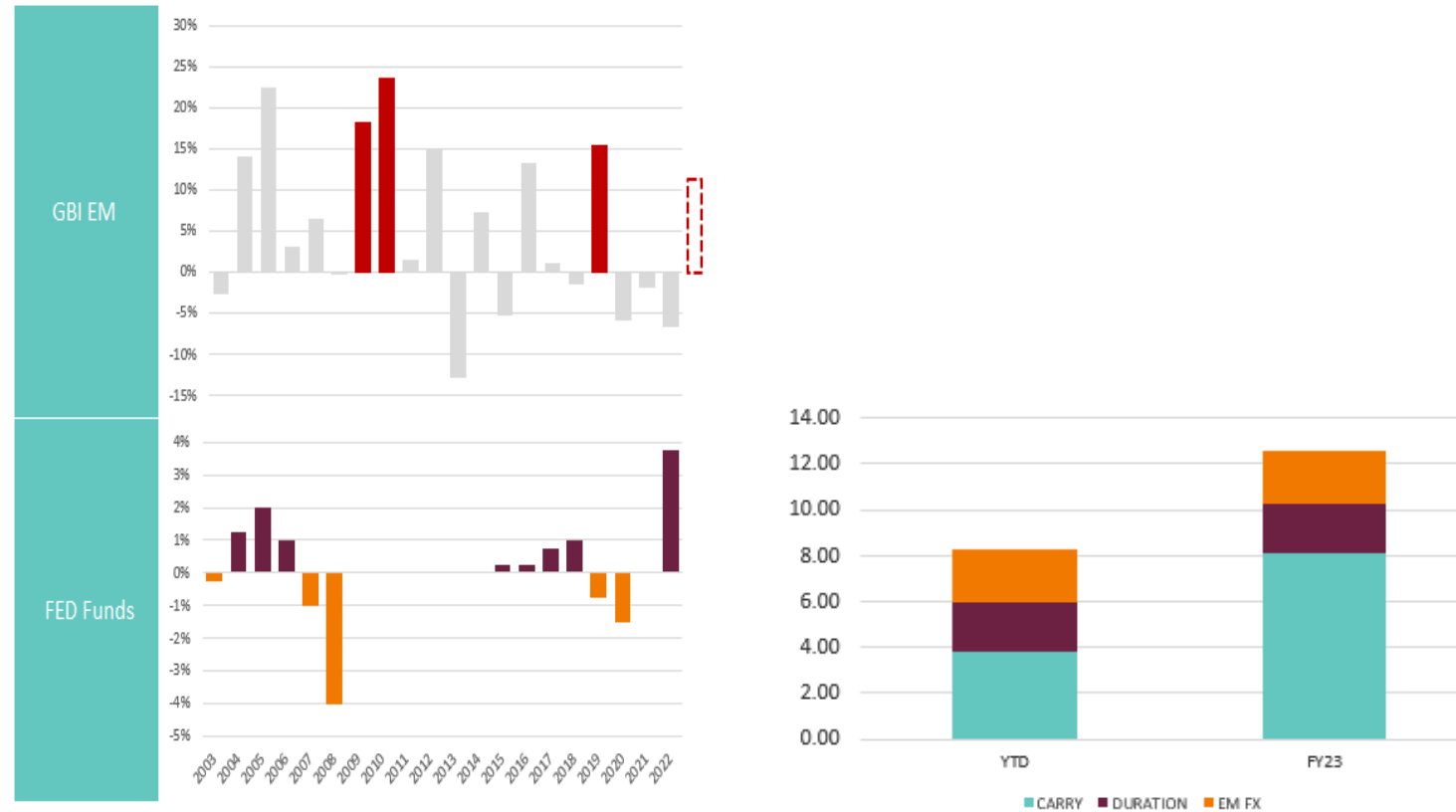
Outlook &
Positioning

Appendix



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

 Past performance does not predict future returns



Source: Bloomberg, DPAM, December 30th, 2022

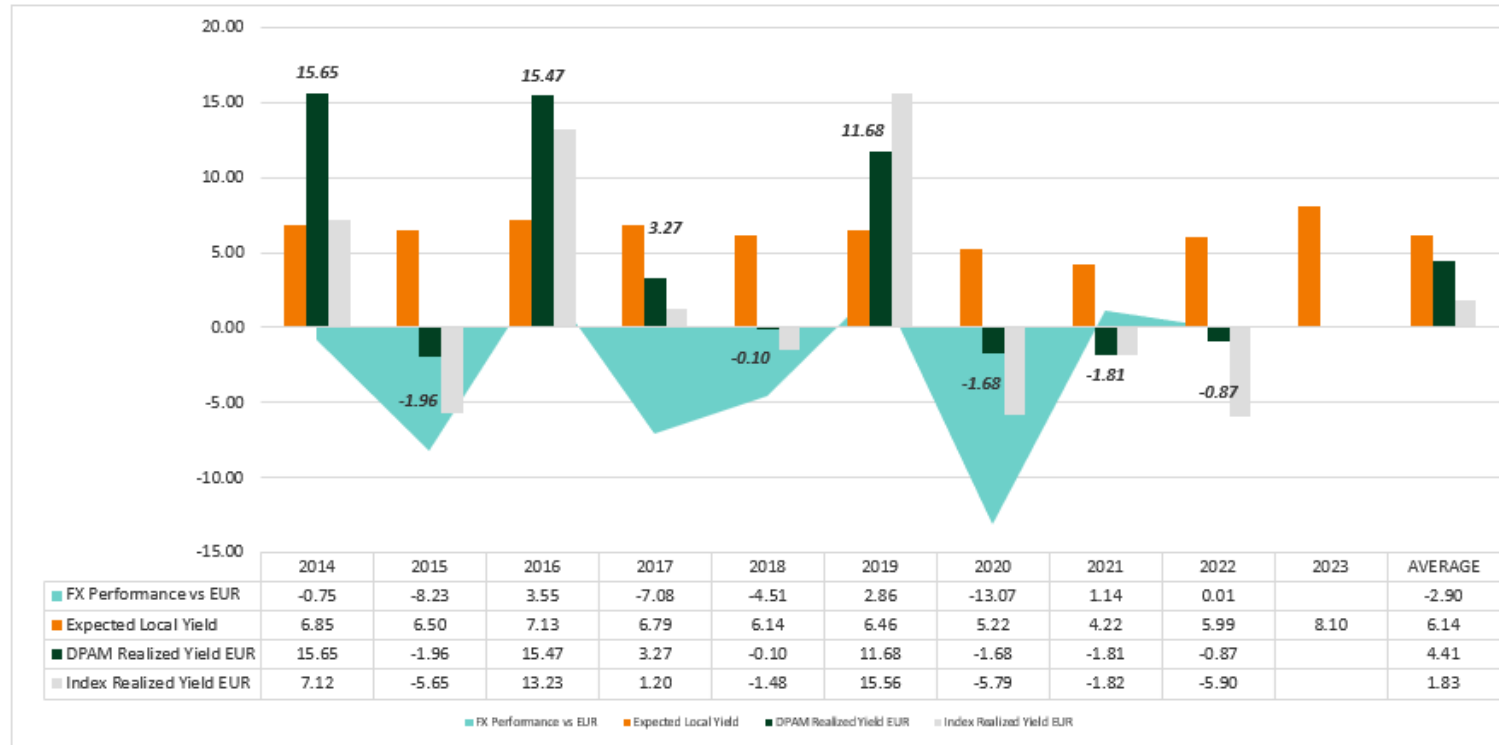


Limited drawdown

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



Past performance does not predict future returns



Source: DPAM, December 30th , 2022



Political agenda

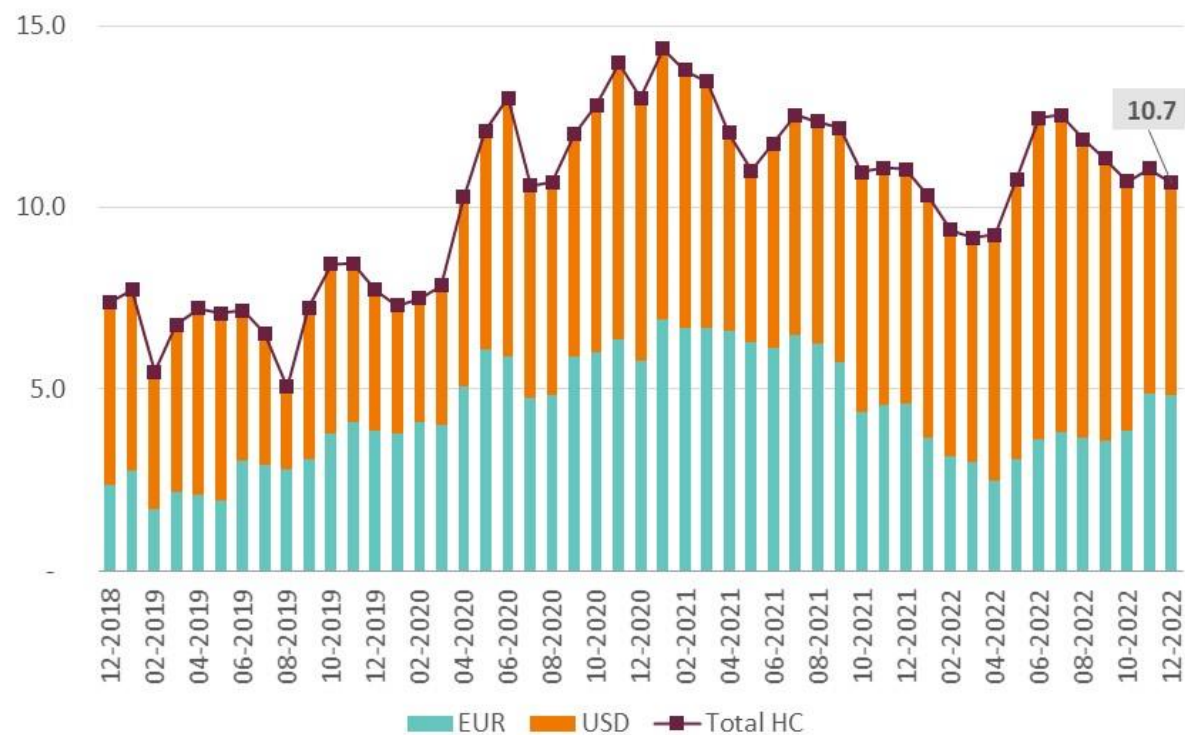
Risks comes from Local Politics through a barrage of elections in high-profile EM Countries

COUNTRY	ELECTION	DATE
Ecuador	Presidential (2nd round)	15-Oct-23
Poland	Legislative	15-Oct-23
Argentina	Presidential	22-Oct-23
Colombia	Regional	29-Oct-23
Chile	Referendum	20-Dec-23
Bagladesh	General	13-Jan-24
Taiwan	Presidential	14-Jan-24
Senegal	Presidential	01-Feb-24
El Salvador	General	14-Feb-24
Indonesia	Presidential	25-Feb-24
Dominican Republic	Presidential	01-May-24
North Macedonia	Presidential	05-May-24
Panama	General	19-May-24
Mexico	General	02-Jun-24
South Africa	Presidential	02-Jun-24

Source: DPAM, October 2023



Hard currency exposure



Source: DPAM, December 30th , 2022

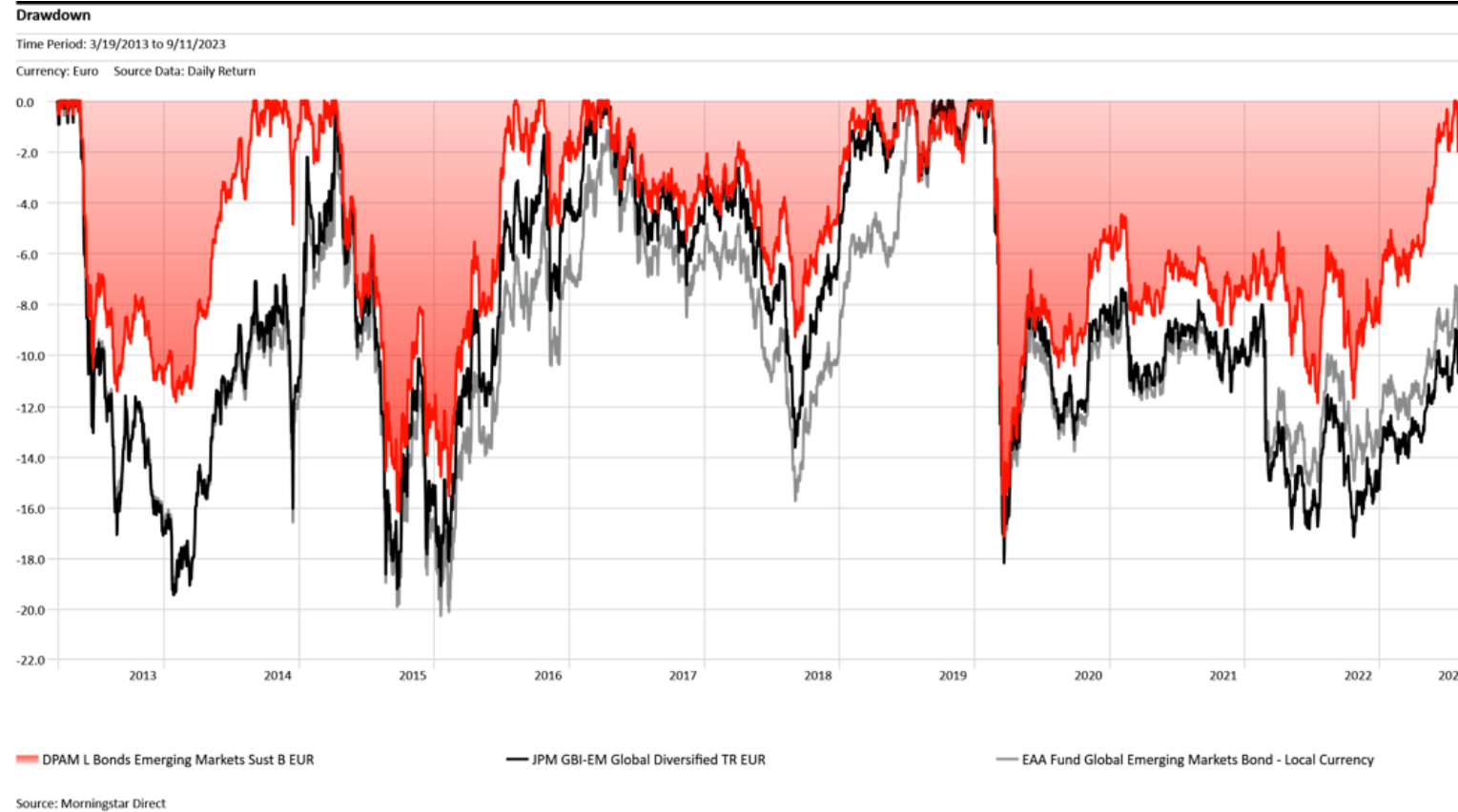


Limited drawdown

DPAM L Bonds Emerging Sustainable vs peers



Past performance does not predict future returns



Source: DPAM, 11.09.2023



DPAM L Bonds Emerging Markets Sustainable

Share Class Details

						Countries registered for sale												
ISIN	Share class	Currency	Distribution type	Client Type	Status	BE	LU	NL	FR	CH	DE	AT	IT	ES	PT	UK	FI	SE
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		◆	◆	◆	◆	◆	◆	◆	◆				

Source: DPAM, 10.2023



DPAM L Bonds Emerging Markets Sustainable

Share Class Details - Fees

ISIN	Share class	Currency	Minimum investment	Entry fee	Exit fee	Management fee	Performance fee	Ongoing costs	Transaction costs
LU0907927171	A	EUR	0.001 share	Maximum 2%	0%	0.90%	-	1.10%	0.70%
LU0907927338	B	EUR	0.001 share	Maximum 2%	0%	0.90%	-	1.07%	0.70%
LU0966596107	B CHF	CHF	0.001 share	Maximum 2%	0%	0.90%	-	1.08%	0.70%
LU1200235353	B USD	USD	0.001 share	Maximum 2%	0%	0.90%	-	1.08%	0.70%
LU0907927841	E	EUR	EUR 25'000	Maximum 1%	0%	0.45%	-	0.59%	0.70%
LU0907928062	F	EUR	EUR 25'000	Maximum 1%	0%	0.45%	-	0.59%	0.70%
LU0966596362	F CHF	CHF	CHF 25'000	Maximum 1%	0%	0.45%	-	0.58%	0.70%
LU1200235437	F USD	USD	USD 25'000	Maximum 1%	0%	0.45%	-	0.58%	0.70%
LU0907928575	L	EUR	EUR 1'000	Maximum 2%	0%	1.35%	-	1.53%	0.70%
LU0966596529	V	EUR	0.001 share	Maximum 2%	0%	0.45%	-	0.63%	0.70%
LU0966596875	W	EUR	0.001 share	Maximum 2%	0%	0.45%	-	0.63%	0.70%
LU1874836387	W CHF	CHF	0.001 share	Maximum 2%	0%	0.45%	-	0.62%	0.70%
LU1200235601	W USD	USD	0.001 share	Maximum 2%	0%	0.45%	-	0.62%	0.70%

Entry Fee: Maximum fee applicable when purchasing a sub-fund. Actual rates may be lower. Contact your financial advisor or distributor for more information. The entry fee reduces the potential growth and return on your investment.

Swing pricing: this sub-fund applies swing pricing. In accordance with the terms of the prospectus, the Board of Directors of the sicav DPAM L determines the threshold value and the value of the swing factors. Please consult the website www.dpamfunds.com to know the applicable threshold value and swing factors.

Source: DPAM, 10.2023

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