Investment Objective

The Emirates Fixed Maturity Portfolio is a US Dollar denominated 4 year closed-ended fund, domiciled in Jersey which seeks to provide professional, institutional and high net worth investors with a professionally managed means of participating in fixed and floating rate securities from issuers predominantly in Emerging Markets. The fund will have a fixed maturity date and intends to distribute dividends on a quarterly basis.

The Team

With one of the largest track records in the MENA region, Emirates NBD Asset Management operates as an independent asset manager based in the DIFC and backed by Emirates NBD Bank PJSC, one of the largest financial service groups in the UAE.

The team employs sophisticated techniques to drive performance and control risk. This helps manage volatility during periods of market stress, as well as maintain performance above major peers during most periods. The Head of Fixed Income, Angad Rajpal has been in the industry for almost twelve years and is assisted by Director of Fixed Income Parth Kikani and Senior Portfolio Manager Chandru Bhatia, both of whom have over 10 years’ industry experience.

The portfolio managers are supported by three analysts. The team includes two CFA Charter Holders who provide in-depth company and security analysis, as well as a dedicated risk management function. The risk management function reports independently to the Investment Committee which provides investment oversight.

Performance

Key Metrics*

Yield to Maturity 5.91%
Current Yield 4.65%
Duration 0.45
Average Credit Rating* BBB-

Maturity Profile

Country Weights*

Sector Weights*

Contact Details

Email: assetmanagement@emiratesnbd.com
Tel: +971 4 370 0022
Website: www.emiratesnbd.com/assetmanagement
Commentary

The Emirates Fixed Maturity Portfolio - Tranche 1 was -1.66% during Q4 2021, and up 1.95% since inception (in October 2018) excluding dividend payments (of 1% each quarter since launch).

Over Q4 2021, US Treasury 10 year yields rose further by just 2 basis points to 1.51% from 1.49% (end-September 2021). Year to date Q4 2021, the 10 year yields have increased by 60 basis points underpinning the reflation story. The markets saw some volatility in the months leading up to December with yields trending higher to close the year as the Federal Reserve turned decidedly hawkish with its decision to speed up asset purchases to USD30 bn (from USD15 bn) for an earlier-than-expected end of tapering plan by March 2022 (from mid-2022). Citing a strengthening labour market and still elevated inflation, the DOT plot showed that the majority of FOMC members expect three rate hikes in 2021, another three hikes are expected in 2023 and two more in 2024 bringing the longer-term expected Fed Funds rate to 2.5%.

The final quarter of 2021 also saw policy makers in China step in to contain the ongoing liquidity crunch in the China property segment. The Chinese government initiated a managed debt restructuring of a developer and indicated further housing easing and reserve requirement ratio (RRR) cuts pointing to a possible policy inflection point which would stem well for the broader market. Going forward, the improving vaccination drives, reopening of economies and loose monetary policies will continue to support the "reflation" and "risk on" momentum as we look to wind down the FMP in the coming first quarter of 2022.

The top positive contributors for Q4 2021 for Emirates Fixed Maturity Portfolio - Tranche 1 were Delhi International Airport (air travel recovery) and Majid Al Futtaim Global Securities (retail sales recovery and Fitch rating affirmation). The main detractor for Emirates Fixed Maturity Portfolio - Tranche 1 for Q4 2021 was Times China Holding (contraction in sales and negative outlook). Rating changes during the quarter: Transnet SOC Ltd downgraded by Moody’s from Ba2 to Ba3.

As of 31st December 2021, the funds current yield is 4.65% with a duration of 0.45 years. The Z spread is 570bps with a weighted average rating of BBB-. The fund has declared a 1% dividend for Q4 2021.

Monthly Performance Data

<table>
<thead>
<tr>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2019</td>
<td>2.19%</td>
<td>0.80%</td>
<td>0.47%</td>
<td>0.50%</td>
<td>0.55%</td>
<td>1.74%</td>
<td>-0.09%</td>
<td>-0.73%</td>
<td>-0.27%</td>
<td>0.54%</td>
<td>0.35%</td>
<td>-0.23%</td>
</tr>
<tr>
<td>2020</td>
<td>0.73%</td>
<td>0.13%</td>
<td>-10.57%</td>
<td>3.15%</td>
<td>3.35%</td>
<td>1.61%</td>
<td>0.67%</td>
<td>1.42%</td>
<td>-0.96%</td>
<td>0.28%</td>
<td>0.98%</td>
<td>-0.11%</td>
</tr>
<tr>
<td>2021</td>
<td>0.34%</td>
<td>0.53%</td>
<td>-1.19%</td>
<td>0.50%</td>
<td>0.37%</td>
<td>-0.84%</td>
<td>0.06%</td>
<td>0.26%</td>
<td>-1.16%</td>
<td>-0.23%</td>
<td>-0.80%</td>
<td>-0.64%-2.80%</td>
</tr>
</tbody>
</table>

Note: Price return does not include distributed dividends.

Fund Codes and Fees

<table>
<thead>
<tr>
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<tbody>
<tr>
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<td>10.1953</td>
<td>Up to 0.70%</td>
<td>Up to 1%</td>
<td>JE0BBG5KMG27</td>
<td>EMFMU11JY</td>
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<td>I USD Inc 2</td>
<td>-</td>
<td>Up to 0.70%</td>
<td>Up to 1%</td>
<td>JE0BBL0GYY13</td>
<td>EMFU0J21Y</td>
</tr>
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I Pricing date as at 30.12.2021