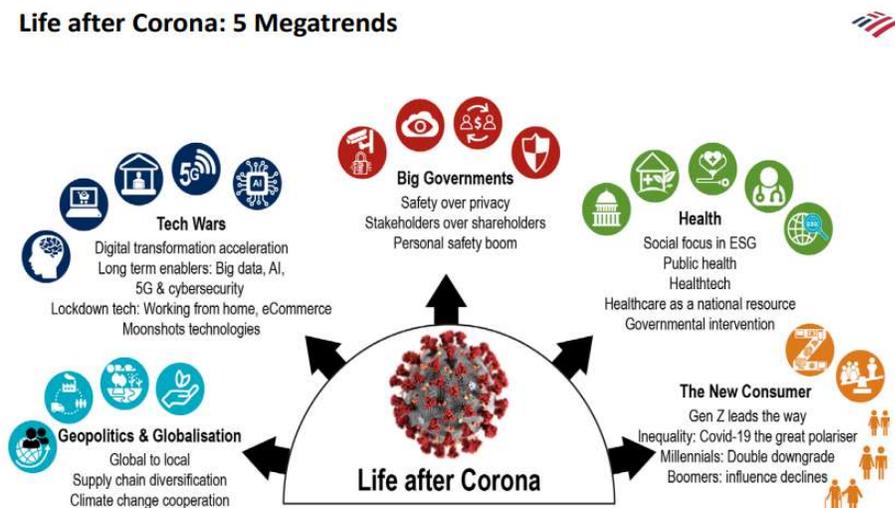


## Update: Emerging Markets Debt

Last week the Fixed Income Team attended the BofA Securities 2020 Emerging Markets (EM) Debt and Equity Virtual Conference. Typically, the team would attend the conference in person, however, due to the Covid-19 pandemic the conference was switched to a virtual format. The pandemic has impacted industries, companies and countries in vastly different ways. With this conference we had the opportunity to speak with the management (1x1) of over 30 companies in order to better understand this impact.

Across EM, high-level meetings were held with key companies from Asia, Central Eastern Europe Middle East & Africa (CEEMEA) and Latin America (Latam). In Asia, we met with management teams of Chinese Real Estate companies including Central China Real Estate Company, Indian renewable energy firms like Azure Power and Indonesian Coal Miners like PT Bumi. In CEEMEA, our meetings ranged from one on one sessions with management teams from banks in Nigeria to steel companies in Ukraine and Russia including MetInvest. The Latam meetings included meetings with management teams from multiple sectors and countries within the region, including the financial institutions Banco de Brasil, Grupo Aval and Itau, Pulp and Paper companies including Suzano and Klabin and transportation firms like Gol Intelligent Airlines.

### Life after Corona: 5 Megatrends



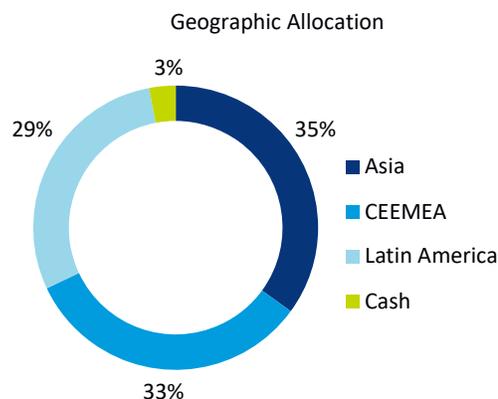
Source: BofA Global Research

Throughout Asia, CEEMEA and Latam there were a few common themes such as climate change cooperation, healthcare and digital transformation. Overall, there was a similarity around good Q1 performance until March, which is when most industries started seeing the impact of Covid-19 coupled with the oil price crash that impacted a large part of the world. Even with lockdowns in most countries around the world, business operations were not significantly disrupted for many of the companies we met with. In Latam, a number of sectors such as pulp and paper and the steel industry have seen an increase in export demand, as Asian and European economies start ramping up. The general tone is reassuring and positive as signs of recovery are starting to emerge. Meanwhile regulators and governments remain accommodative in order to absorb the demand side shock that we are currently seeing in the global economy.

The Emirates Emerging Market Debt Fund is well positioned to take advantage of the recovery which started in late April. Along with fundamental recovery across EMs, we have also started to see technical tailwinds as last week saw close to USD 2billion in inflows boosting liquidity into EM fixed income with valuations/yields looking very attractive.

### Emirates Emerging Market Debt Fund

Key Metrics	
Yield to Maturity	11.57%
Current Yield	7.31%
Dividend Yield (income class)	1.5% per quarter
Average Credit Rating	BB
YTD Performance	-8.68%



Source: Emirates NBD Asset Management as at 31<sup>st</sup> May 2020.

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