



## PORTFOLIO BREAKDOWN

All data source LGIM unless otherwise stated. Totals may not sum due to rounding.



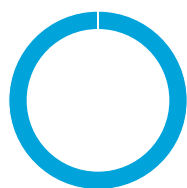
■ Top 10 issuers 17.8%  
■ Rest of portfolio 82.2%  
No. of issuers 163

### TOP 10 ISSUERS (%)

|                             |     |
|-----------------------------|-----|
| Ukraine                     | 2.3 |
| Province of Buenos Aires    | 2.1 |
| Republic of Colombia        | 1.9 |
| Republic of Panama          | 1.9 |
| Republic of The Philippines | 1.8 |
| Petroleo Brasileiro SA      | 1.7 |
| Republic of Turkey          | 1.6 |
| Kazmunaygas National Co     | 1.5 |
| Gazprom                     | 1.5 |
| Government of Mexico        | 1.5 |

### TOP SECTOR OVER/UNDERWEIGHTS (%)

|                      | Fund | Benchmark | Relative |   |
|----------------------|------|-----------|----------|---|
| Sovereign            | 50.6 | 45.4      | 5.2      | ■ |
| Oil & Gas            | 11.2 | 8.2       | 3.0      | ■ |
| Cash and Equivalents | 2.0  | -         | 2.0      | ■ |
| Basic Materials      | 6.5  | 6.6       | 0.0      |   |
| Utilities            | 5.3  | 5.3       | -0.1     |   |
| Technology           | 0.5  | 0.6       | -0.1     |   |
| Health Care          | 0.8  | 1.1       | -0.3     | ■ |
| Consumer Services    | 2.4  | 3.2       | -0.8     | ■ |
| Real Estate          | 2.0  | 2.9       | -0.9     | ■ |
| Consumer Goods       | 1.3  | 2.3       | -0.9     | ■ |
| Financial Services   | 1.0  | 2.0       | -1.0     | ■ |
| Industrials          | 2.0  | 3.1       | -1.1     | ■ |
| Banks                | 11.9 | 13.8      | -1.9     | ■ |
| Telecommunications   | 2.6  | 4.6       | -2.0     | ■ |



### CURRENCY (%)

■ USD 100.0

This is the currency breakdown before allowing for any hedging the fund may use. We aim to hedge the portfolio 100% back to the base currency.

### CREDIT RATING (%)

|                       | Fund | Benchmark | Relative |   |
|-----------------------|------|-----------|----------|---|
| AAA                   | 0.0  | -         | -        |   |
| AA                    | 3.9  | 1.1       | 2.8      | ■ |
| A                     | 5.7  | 14.8      | -9.1     | ■ |
| BBB                   | 36.2 | 37.5      | -1.3     | ■ |
| BB                    | 20.6 | 21.3      | -0.7     | ■ |
| B                     | 28.6 | 21.4      | 7.2      | ■ |
| Split Rated (B & CCC) | 1.8  | 0.7       | 1.1      | ■ |
| CCC and below         | 0.9  | 1.0       | -0.1     |   |
| NR                    | 0.3  | 2.2       | -1.9     | ■ |
| Cash                  | 2.0  | -         | 2.0      | ■ |

## FUND MANAGER COMMENTARY

Emerging market debt had a better month in December. Total returns were supported by substantially lower US treasury yields (10-year treasury yields were around 30bps lower over the month), which more than offset the month's credit spread widening. Over December the EMBIG Diversified sovereign index returned 1.35% (with spreads widening by 20bps) and the CEMBI Broad Diversified corporate index returned 0.81% (with spreads widening by 22bps).

Within the corporate space, our bond selection in the financial and oil & gas sectors contributed positively to the fund's relative performance. In sovereigns, our overweight in Argentina detracted, while our underweights in Poland, Russia and Hungary also contributed negatively in an environment of rallying US treasury yields. However, bonds from Turkey, Ukraine and Ecuador helped performance.



### UDAY PATNAIK

Uday is responsible for developing LGIM's emerging market capabilities within the Multi-Strategy Fixed Income team. Uday joined LGIM in April 2014 from Gulf International Bank (UK) Ltd where he held the title of Chief Investment Officer with primary responsibility for managing the flagship EMD hedge fund and other fixed income portfolios. Uday has an MBA in finance from the University of Chicago and a BSc degree in industrial management from Carnegie Mellon University.

## KEY RISKS

- This fund holds bonds that, rather than being traded on an exchange, are traded through agents, brokers or investment banks matching buyers and sellers. This makes the bonds less easy to buy and sell than investments that are traded on an exchange and on any particular day there may not be a buyer or a seller for the bonds. In times of market uncertainty or if an exceptional amount of withdrawals are requested it may become less easy for your fund to sell investments and the Manager may defer withdrawals, or suspend dealing. The Manager can only delay paying out if it is in the interests of all investors and with the permission of the fund trustee or depositary.
- The fund invests directly or indirectly in bonds which are issued by companies or governments. If these companies or governments experience financial difficulty, they may be unable to pay back some or all of the interest, original investment or other payments that they owe. If this happens, the value of your fund may fall.
- This fund invests in countries where investment markets are considered to be less developed. This means that investments are generally riskier than those in developed markets because they: may not be as well regulated; may be more difficult to buy and sell; may have less reliable arrangements for the safekeeping of investments; or may be more exposed to political and taxation uncertainties. The value of the fund can go up or down more often and by larger amounts than funds that invest in developed countries, especially in the short term.
- The fund could lose money if any institution providing services such as acting as counterparty to derivatives or other instruments, becomes unwilling or unable to meet its obligations to the fund.
- Derivatives are highly sensitive to changes in the value of the asset on which they are based and can increase the size of losses and gains. The impact to the fund can be greater where derivatives are used in an extensive or complex way.
- The fund may have underlying investments that are valued in currencies that are different from the currency of this share class. Any such investments will be impacted by exchange rate fluctuations and this may affect the value of your investment and any income from it. Currency hedging techniques may be applied to reduce the impact of exchange rate fluctuations but may not entirely eliminate it.
- We may take some or all of the ongoing charges from the fund's capital rather than the fund's income. This increases the amount of income, but it reduces the growth potential and may lead to a fall in the value of the fund.
- Investment returns on bonds are sensitive to trends in interest rate movements. Their values are likely to fall when interest rates rise. Such falls may be more pronounced in a low interest rate environment. Bonds with a short time to go before their maturity date will fall by less than bonds with a longer time to their maturity date.

For more information, please refer to the key investor information document on our website [↗](#)

## COUNTRY REGISTRATION

 Germany  Luxembourg  Switzerland  United Kingdom

## Important information

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**Internal Fund Code: 5427**



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We are one of Europe's largest asset managers and a major global investor, with assets under management of £984.8 billion (as at 30 June 2018). We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

Assets under management include derivative positions and assets managed by LGIMA, an SEC Registered Investment Advisor.

## DEALING INFORMATION

Valuation frequency Daily, 23:00 CET

Dealing frequency Each Business Day

Settlement period T+3

Administrator/Custodian Northern Trust

## CODES

ISIN LU1815131286

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