

# SFDR Article 8 (Sub-)Funds – Website Disclosures

## Sections based on Articles 23 to 36 [SFDR Delegated Regulation \(EU\) 2022/1288](#)

**Full name of the Article 8 (sub-) fund:** TT EM Debt Fund (the “Fund”)

**Legal entity identifier:** 984500D8653E47FFC971

**Date of review:** 2 December 2024

*Disclaimer: The present working document may be subject to further regulatory changes.*

## ‘Sustainability-related disclosures’

### ‘Summary’

The investment objective of the Fund is to produce high income combined with positive total return by investing primarily in a diversified portfolio of fixed income instruments issued by both sovereign and corporate issuers in emerging markets.

To achieve the Fund’s investment objective while supporting the environmental and social characteristics promoted by the Fund, the Fund will invest in the securities of companies that contribute to the UN Sustainable Development Goals (“SDGs”) through their operations and/or products and which TT International Asset Management Ltd (the “**Investment Manager**”) also believes have sound prospects for sustainable growth and represent value in the form of assets and earnings, and in sovereign issuers that have a positive overall impact on the SDGs. The Fund promotes environmental or social characteristics, but does not have sustainable investment as its investment objective.

To assess the success of the Fund in achieving its objective, the Investment Manager will apply its proprietary scoring system to assess companies in terms of their contributions to the SDG: (i) companies that promote the SDG through their operations and/or products (the “**Corporate SDG Screen**”); and (ii) in sovereign issuers that have a positive overall impact on the SDGs, both as described below.

The Corporate SDG Screen quantifies each identified company’s contribution to the following goals through their operations and applies a positive, neutral or negative score to each company in each category: No Poverty (SDG 1), Good Health & Well-being (SDG 3), Quality Education (SDG 4), Gender Equality (SDG 5), Industry, Innovation and Infrastructure (SDG 9), Reduced Inequalities (SDG 10), Responsible Consumption and Production (SDG 12), Climate Action (SDG 13), and Peace, Justice and Strong Institutions (SDG 16). The Corporate SDG Screen deliberately covers ‘people’ (e.g., SDG 3) and ‘planet’ goals (e.g., SDG 13), not only ‘prosperity’ goals, as the Investment Manager believes that this is a more holistic approach and will be aligned with stakeholder value creation at a global scale, and even more so in emerging markets. The Investment Manager sources its data from third party research providers such as Bloomberg and MSCI, and also source data from the World Bank for quantifying contributions to SDG 16.. The Investment Manager aggregates the scores across the different SDGs and seeks to direct investments to the companies that have a positive overall score.

The Investment Manager will separately score sovereign issuers to determine their contribution to the SDGs and seek to direct investments to sovereigns that have a positive overall impact on the SDGs. In scoring sovereign issuers, the Investment Manager will take into account a country’s performance on issues including, but not limited to, governance indicators (SDG 16 - Peace, Justice and Strong Institutions), human development (SDG 3 - Good Health & Well-being, SDG 4 - Quality Education, and SDG 8 - Decent Work and Economic Growth), women’s rights (SDG 5 – Gender Equality), and the environment (SDG 6 – Clean Water and Sanitation, SDG 11 - Sustainable Cities and Communities, SDG 12 - Responsible Consumption and Production, SDG 13 - Climate Action, SDG 14 - Life below Water, and SDG 15 - Life on Land), which will be assessed by utilising third-party data such as from the World Bank, United Nations, and university research centres.

The Fund promotes the aforementioned environmental and/or social characteristics by endeavouring to invest at least 60 per cent. of the Fund’s Net Asset Value in issuers that the Investment Manager believes contribute to the SDGs through their operations and/or their products and in sovereigns that have a positive overall impact on the SDGs. For an investment by the Fund to be considered to be promoting environmental and/or social characteristics, the company must also follow good governance practices in accordance with Article 8 of SFDR.

The Fund is also subject to product-based exclusions, which is implemented by the Fund excluding companies that derive more than 10 per cent. of their revenues from tobacco manufacturing and thermal coal mining and extraction.

The Investment manager sources ESG data electronically from MSCI, Bloomberg and RepRisk, processes it at regular intervals, and feeds it into the Investment Manager’s decision-making process.

The Investment Manager's approach to integrating ESG factors, such as physical climate risk, health and safety, and corporate governance, into the investment process includes carrying out in-depth research (including utilising the Investment Manager's proprietary ESG company screen, governance model, and ESG checklist), active ownership (such as exercising voting rights and engagement with the relevant company/issuer) and collaboration within the investment industry. The aim of the ESG screen and checklist is to identify areas of concern or missing information so as to guide further bottom-up research. If a target company is flagged for scoring poorly on particular criteria, or if it does not report on certain data points, then the analyst will endeavour to investigate and include their findings in the evaluation of the security. By implementing this ESG approach to the process of identification and selection of eligible securities, the potential impact on the return of the Fund is limited.

The Investment Manager is reliant on the experience and skill of its investment personnel and the data that is available to them. The data that the Investment Manager acquires from third-parties and develops internally using its own research and ESG analysis may be subject to inaccuracies, limitations or biases that may impact the environmental or social characteristics promoted by the Fund. The scoring system relies on third-party data and certain company developments may not be reflected real-time in the data and may understate or overstate the SDG alignment of a given company. However, the Investment Manager does not consider that any limitations that may be inherent in its methodologies or data sources will affect the sustainable characteristics promoted by the Fund.

The Fund does not designate a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product. It designates the J.P. Morgan EMBI Global Diversified Index and the J.P. Morgan Government Bond-Emerging Market Global Diversified Index (the "**Benchmark Indices**"), as reference benchmarks for performance measurement purposes only.



## **‘No sustainable investment objective’**

The Fund promotes environmental and/or social characteristics, but does not have sustainable investment as its investment objective.

The Investment Manager considers adverse impacts on sustainability factors through its exclusionary criteria, as follows:

- The Fund excludes issuers which derive more than 10 per cent. of their revenues from thermal coal mining and extraction. The Fund therefore partially considers the Principal Adverse Impact (“PAI”) indicator 4: Exposure to companies active in the fossil fuel sector.

- PAI indicator 14: Exposure to controversial weapons is captured by the Investment Manager-level exclusion policies.

Information in relation to the Investment Manager-level exclusion policies can be found in the Investment Manager’s ESG policy at the following link: [Responsible Investing – TT International](#).

Specific impacts such as greenhouse gas (“GHG”) intensity and board gender diversity form a part of the Corporate SDG Screen. PAI indicator 15: GHG Intensity and PAI indicator 16: Investee countries subject to social violations as applicable to sovereigns form a part of the Investment Manager’s sovereign scoring framework.

The Fund does not explicitly consider other PAI indicators.

These indicators will form the basis for the Investment Manager’s engagement efforts with issuers.

The Fund will provide information on the indicators considered by the Investment Manager with the Fund’s annual report.

## **Website section ‘Environmental or social characteristics of the financial product’**

The Fund promotes environmental and/or social characteristics by endeavouring to invest at least 60 per cent of the Fund’s net asset value in issuers that the Investment Manager believes contribute to the SDGs their operations and / or their products and in sovereigns that have a positive overall impact on the SDGs. The Investment Manager uses a proprietary SDG scoring system to assess issuers in terms of their contributions to the SDGs, aggregates the scores across different environmental and social SDGs, and seeks to direct investments to the issuers that have a positive overall score. The Fund will exclude companies that derive more than 10 per cent. of their revenues from tobacco manufacturing and thermal coal mining and extraction. For an investment by the Fund to be considered to be promoting environmental and/or social characteristics, the company must also follow good governance practices in accordance with Article 8 of SFDR. The Fund does not have sustainable investment as its investment objective.

To assess the success of the Fund in achieving its objective, the Investment Manager will apply its proprietary scoring system to score companies in terms of their contributions to the SDG: (i) companies that promote the SDG through the Corporate SDG Screen; and (ii) sovereign issuers that have a positive overall impact on the SDGs, both as described below.

The Corporate SDG Screen quantifies each identified company’s contribution to the following goals through their operations and applies a positive, neutral or negative score to each company in each category: No Poverty (SDG 1), Good Health & Well-being (SDG 3), Quality Education (SDG 4), Gender Equality (SDG 5), Industry, Innovation and Infrastructure (SDG 9), Reduced Inequalities (SDG 10), Responsible Consumption and Production (SDG 12), Climate Action (SDG 13), and Peace, Justice and Strong Institutions (SDG 16).

The Corporate SDG Screen deliberately covers ‘people’ (e.g., SDG 3) and ‘planet’ goals (e.g., SDG 13), not only ‘prosperity’ goals, as the Investment Manager believes that this is a more holistic approach and will be aligned with stakeholder value creation at a

global scale, and even more so in emerging markets. The Investment Manager sources its data from third party research providers such as Bloomberg and MSCI, and also source data from the World Bank for quantifying contributions to SDG 16. The Investment Manager aggregates the scores across the different SDGs and seeks to direct investments to the companies that have a positive overall score.

The Corporate SDG scoring system applies specific metrics to each SDG; for example, for SDG 3 “Good Health & Well-being”, a “people” goal, the following metrics are applied:

- Staff turnover: high employee turnover is penalised in the scoring framework;
- Controversial workplace practices: the company gets penalised in the scoring framework if it has faced significant recent controversy or criticism regarding employee health and safety; and
- Monitoring employee satisfaction: the company monitoring employee satisfaction is a positive; the converse is a negative

The Investment Manager aggregates the scores across the different SDGs and seeks to direct investments to the companies that have a positive overall score.

For companies that do not have a positive score on the Corporate SDG Screen, the Investment Manager verifies the issuer’s product alignment with the SDGs, quantifying the revenues referencing MSCI and Bloomberg, as well as by undertaking its own analysis.

The Investment Manager will separately score sovereign issuers to determine their contribution to the SDGs and seek to direct investments to sovereigns that have a positive overall impact on the SDGs. In scoring sovereign issuers, the Investment Manager will take into account a country’s performance on issues including, but not limited to, governance indicators (SDG 16 - Peace, Justice and Strong Institutions), human development (SDG 3 - Good Health & Well-being, SDG 4 - Quality Education, and SDG 8 - Decent Work and Economic Growth), women’s rights (SDG 5 – Gender Equality), and the environment (SDG 6 – Clean Water and Sanitation, SDG 11 - Sustainable Cities and Communities, SDG 12 - Responsible Consumption and Production, SDG 13 - Climate Action, SDG 14 - Life below Water, and SDG 15 - Life on Land), which will be assessed by utilising third-party data such as from the World Bank, United Nations, and university research centres.

The sovereign scoring system applies specific metrics to the above selected SDGs; for example, for SDG 5 “Gender Equality”, a “people” goal, the following indicators, or the equivalent, are to be applied:

- Equal opportunity to enter the workforce: In practice, do women enjoy the same opportunities to enter the workplace?
- Equal opportunity to high paying jobs: In practice, do women and men have equal access to high paying jobs?
- Access to affordable and quality childcare: In practice, do women have access to affordable and quality childcare services?

## Website section ‘Investment strategy’

The Fund seeks to achieve its investment objective by primarily investing in a diversified portfolio of fixed income instruments issued by both sovereign and corporate issuers in emerging markets, which will include bonds, fixed income derivatives, foreign exchange derivatives, fixed income derivatives, contingent convertible bonds and collateralised loan obligations (“**Fixed Income Instruments**”).

The Fund’s investment universe includes both hard currency issued Fixed Income Instruments (predominantly USD but may also include EUR, GBP and JPY) as well as emerging market local currency issued Fixed Income Instruments. Hard currency refers to a

currency which is unlikely to depreciate suddenly or fluctuate greatly in value. Hard currency issued Fixed Income Instruments refer to instruments issued in the form of hard currency (predominantly USD and may also include EUR, GBP and JPY). Under normal market conditions, 75 per cent. of the Net Asset Value of the Fund will be invested in issuers domiciled in emerging markets. The Fund will not focus on a particular emerging market sector when investing in issuers domiciled in emerging markets.

The Fixed Income Instruments in which the Fund invests may be fixed and floating rate as well as non-investment grade. The Fund may invest up to 100 per cent. of its Net Asset Value in non-investment grade Fixed Income Instruments. Non-investment grade Fixed Income Instruments are Fixed Income Instruments that are rated BB+ or lower by a rating agency (including S&P, Fitch and Moody's) or are unrated but determined by the Investment Manager to be of comparable quality.

The Fund's financial performance will be compared to a blended benchmark, 50 per cent. of which is comprised of the J.P. Morgan EMBI Global Diversified Benchmark and the remaining 50 per cent. is comprised of the Government Bond Emerging Market Global Diversified Index (each a '**Benchmark**' and together the '**Benchmarks**').

The Investment Manager engages both a bottom up and top-down process in the identification of investment opportunities. From a top-down perspective, the Investment Manager seeks to identify macro catalysts related to global macro data (specifically, global macro conditions in respect of sovereigns and corporates. From a bottom-up perspective, the Fund is expected to invest in four key sub-asset classes of Fixed Income Instruments which are detailed in the Fund supplement: (1) Emerging Markets Sovereign Credit; (2) Emerging Markets Corporates Credit; (3) Emerging Markets Interest Rates and Local Currency Fixed Income Instruments; and (4) Emerging Markets Currencies.

The investment manager will adopt product-based exclusions, excluding companies that derive more than 10 per cent. of their revenues from tobacco manufacturing and thermal coal mining and extraction. The Investment Manager uses third-party data providers such as Bloomberg to identify and exclude the relevant companies that generate more than 10 per cent of their revenues from the listed sectors from the Fund's investment universe.

The Fund may, as an exception, invest in sustainably labelled Fixed Income Instruments ("**Sustainably Labelled Instruments**") issued by otherwise excluded companies, which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of coal, such as renewable energy or energy efficiency, based on information available in the Fixed Income Instrument issuance documentation. The Sustainably Labelled Instruments will either be issued under the International Capital Markets Association ("**ICMA**") principles or alternatively each Sustainably Labelled Instrument will be independently assessed by the Investment Manager in reference to its sustainable bond framework ("**Sustainable Bond Framework**") to ensure the credibility of its sustainable nature. The ICMA principles will apply with respect to Sustainably Labelled Instruments and an independent assessment by the Investment Manager will be required for local currency Sustainably Labelled Instruments where the ICMA certification for such local currency Sustainably Labelled Instruments is not available. This independent assessment will involve the Investment Manager assessing each Sustainably Labelled Instrument in line with the four core components of ICMA's green bond principles ("**Green Bond Principles**"). The Green Bond Principles are process guidelines which recommend transparency and disclosure and promote the integrity in the development of the green bond market by clarifying the approach for issuance of a green bond. The Green Bond Principles include the consideration of (i) use of proceeds; (ii) process for project evaluation and selection; (iii) management of proceeds; and (v) reporting. Where proceeds from a Sustainably Labelled Instrument are not invested in accordance with the Sustainable Bond Framework, provided that the issuer is otherwise investible by the Fund in accordance with the Fund's investment policies, the Fund may still acquire the Fixed Income Instrument, but it will not be classified as a Sustainably Labelled Instrument by the Investment Manager and will not count towards the class of investments that promote environmental and social characteristics of the Fund. Further, where the Investment Manager becomes aware that Fixed Income Instruments held by the Fund no longer qualify as eligible in accordance with the Green Bond Principles or the Investment Manager's Sustainable Bond Framework or have matured, such Fixed Income Instruments will not count towards the class of investments that promote environmental and social characteristics of the Fund.

To achieve the objective of the Fund, the Investment Manager will invest at least 60 per cent. of the Fund's net asset value in issuers that the Investment Manager believes contribute to the SDGs through their operations and/or their products and in sovereigns that have a positive overall impact on the SDGs.

The Investment Manager's approach to monitoring for good governance practices is to carry out in-depth research (including utilising the Investment Manager's proprietary ESG company screen, governance model, and ESG checklist).

The Investment Manager reviews investee companies' governance track record (i.e. treating minorities fairly, the alignment of executive remuneration with shareholders). The Investment Manager references proxy research and its own governance model in assessing good governance practices.

The Investment Manager references proxy research for assessing companies' current governance practices, as well as reviewing their historical actions. The Investment Manager engages in dedicated active ownership (exercising voting rights where possible and engagement with relevant companies) to ensure that companies continue to adhere to good governance practices.

## **Website section 'Proportion of investments'**

The Fund promotes environmental and social characteristics and while it does not have sustainable investment as its objective, the Investment Manager will invest at least 60 per cent. of the Fund's net asset value in issuers that the Investment Manager believes contribute to the SDGs through their operations and/or their products and in sovereigns that have a positive overall impact on the SDGs.

The remaining portion of the Fund's investments will be classified as "Other" and limited to maximum 40 per cent. of the Fund's net asset value which will be invested in securities that meet the Fund's investment policies, but do not promote the SDGs through their operations and / or products and sovereigns that may not have a positive impact on the SDGs, in addition to hedging instruments and cash.



## Website section ‘Monitoring of environmental or social characteristics’

The Investment Manager believes that having an in-depth understanding of the relevant ESG issues applicable to the Fund's investments is a necessary aspect of evaluating the risk associated with a relevant investment. The Investment Manager incorporates such ESG considerations into the investment process at the selection stage as a mandatory part of assessing a potential investment and into the ongoing assessment and management of investments throughout the full life cycle of the Fund. This allows the Investment Manager to identify any ESG Risks before they escalate into events that may have investment ramifications and may potentially threaten the value of the Fund over and above the general risk factors set out under the heading “Risk Factors” of the Prospectus.

Prior to any investment the Investment Manager will:

- verify that a prospective investee issuer does not derive more than 10 per cent. of its revenues from tobacco manufacturing and thermal coal mining and extraction;
- Review investee issuers’ governance track record (i.e. treating minorities fairly, the alignment of executive remuneration with shareholders); and
- The Investment Manager uses an automated order management and trading platform called Longview, supplied by software firm Linedata Services, that has a compliance module built into it which is used for coding investment restrictions and exclusions.

On a periodic basis the Investment Manager will:

- at least annually, review the Fund’s portfolio and investment universe to confirm that issuers continue to be correctly classified pursuant to the investment strategy.
- verify the SDG alignment of the portfolio as asset values change and will rebalance the Fund’s portfolio as required.

## Website section ‘Methodologies for environmental or social characteristics’

To assess the success of the Fund in achieving its objective, the Investment Manager will apply its proprietary scoring system to score companies in terms of their contributions to the SDG: (i) companies that promote the SDG through their operations and/or products (the “**Corporate SDG Screen**”); and (ii) in sovereign issuers that have a positive overall impact on the SDGs, as described below.

The Corporate SDG Screen quantifies each identified company’s contribution to the following goals through their operations and applies a positive, neutral or negative score to each company in each category: No Poverty (SDG 1), Good Health & Well-being (SDG 3), Quality Education (SDG 4), Gender Equality (SDG 5), Industry, Innovation and Infrastructure (SDG 9), Reduced Inequalities (SDG 10), Responsible Consumption and Production (SDG 12), Climate Action (SDG 13), and Peace, Justice and Strong Institutions (SDG 16). The Corporate SDG Screen deliberately covers ‘people’ (e.g., SDG 3) and ‘planet’ goals (e.g., SDG 13), not only ‘prosperity’ goals, as the Investment Manager believes that this is a more holistic approach and will be aligned with stakeholder value creation at a global scale, and even more so in emerging markets. The Investment Manager sources its data from third party research providers such as Bloomberg and MSCI, and also source data from the World Bank for quantifying contributions to SDG 16. The Investment Manager aggregates the scores across the different SDGs and seeks to direct investments to the companies that have a positive overall score.

The Investment Manager will separately score sovereign issuers to determine their contribution to the SDGs and seek to direct investments to sovereigns that have a positive overall impact on the SDGs. In scoring sovereign issuers, the Investment Manager will take into account a country’s performance on issues including, but not limited to, governance indicators (SDG 16 - Peace, Justice and Strong Institutions), human development (SDG 3 - Good Health & Well-being, SDG 4 - Quality Education, and SDG 8 - Decent Work and Economic Growth), women’s rights (SDG 5 – Gender Equality), and the environment (SDG 6 – Clean Water and Sanitation, SDG 11 - Sustainable Cities and Communities, SDG 12 - Responsible Consumption and Production, SDG 13 - Climate Action, SDG 14 - Life below Water, and SDG 15 - Life on Land), which will be assessed by utilising third-party data such as from the World Bank, United Nations, and university research centres.

The Fund promotes the aforementioned environmental and/or social characteristics by endeavouring to invest at least 60 per cent. of the Fund’s Net Asset Value in issuers that the Investment Manager believes contribute to the SDGs through their operations and/or their products and in sovereigns that have a positive overall impact on the SDGs. For an investment by the Fund to be considered to be promoting environmental and/or social characteristics, the company must also follow good governance practices in accordance with Article 8 of SFDR.

The Fund is also subject to product-based exclusions, which is implemented by the Fund excluding companies that derive more than 10 per cent. of their revenues from tobacco manufacturing and thermal coal mining and extraction.

## Website section ‘Data sources and processing’

- **MSCI** data covers environmental opportunity, climate change, water, biodiversity, human and labour rights, corruption and bribery.
- **Bloomberg** metrics mostly cover companies' ESG disclosure and policies, but also specific environmental and social metrics such as fatalities (employees and contractors), employee turnover, unionisation rates, number of environmental fines, and hazardous waste volumes. Bloomberg data is also used to identify and exclude the relevant companies from the Fund's investment universe that generate more than 10 per cent of their revenues from fossil fuels and related sectors, tobacco, cannabis, alcoholic beverages, gambling, weapons, and adult entertainment.
- **RepRisk** data is used to highlight factors including the companies with the most severe controversies and their current "controversy score", any recent increases in this score, whether the company is a known or probable violator of UN Global Compact principles, the country-sector risk score and what drives the risk, be it environmental, social or corruption, fraud and/or unethical behaviour issues.

The data is sourced electronically, processed at regular intervals and fed into the Investment Manager's decision-making process.

## **Website section ‘Limitations to methodologies and data’**

The Investment Manager is reliant on the experience and skill of its investment personnel and the data that is available to them. The data that the Investment Manager acquires from third-parties and develops internally using its own research and ESG analysis may be subject to inaccuracies, limitations or biases that may impact the environmental or social characteristics promoted by the Fund. The scoring system relies on third-party data and certain company developments may not be reflected real-time in the data and may understate or overstate the SDG alignment of a given company. However, such limitations should not affect the E/S characteristics promoted by the Fund.

## Website section ‘Due diligence’

The Investment Manager engages a “bottom-up” selection process to invest in four key sub-asset classes of Fixed Income Instruments (“**Sub-Asset Classes**”), as set out below in greater detail and is expected to rely on both external and proprietary research for each type. External research may be issued by multi-national institutions (for example investment banks), academic research or sell side brokers (for example research brokerage firms). Proprietary research encompasses the Investment Manager initially carrying out due diligence on prospective Fixed Income Instruments and in instances whereby the initial due diligence is positive the Investment Manager will subsequently complete a formal assessment in advance of the Fund investing in the prospective Fixed Income Instrument. Initial due diligence will involve engagement by the Investment Manager with Fixed Income Instrument issuers and policy makers, identification of mispricing opportunities in relation to sovereign and corporate Fixed Income Instruments, completion of technical research on market structures and the completion of multiple scenario analysis. The Investment Manager’s market structure technical research will include an assessment by the Investment Manager of the investor types across multiple economic agents primarily in emerging markets such as pension funds, insurance companies and banks. Further, the Investment Manager’s completion of multiple scenario analysis for the purpose of initial due diligence will include the Investment Manager assessing the potential risk and reward of investment opportunities primarily in emerging markets that may arise from potential macroeconomic outcomes and which correspond to economic or political events. The Investment Manager’s formal assessment will involve interaction with executive management of corporate and sovereign Fixed Income Instrument issuers, in-depth modelling of the associated credit risk of such issuers, analysis of balance sheets, debt sustainability, liquidity positions, monetary policy, inflation outlook, an assessment of the banking section and market structure of the emerging markets together with a consideration of emerging markets global macro conditions.

### 1. Emerging Markets Sovereign Credit

The Investment Manager will be researching sovereign (including quasi-sovereign) investment opportunities across the entire credit risk spectrum. It will include credit derivatives. The universe encompasses both investment grade and high yield issuers including stressed and distressed Fixed Income Instruments. The Investment Manager will focus on specific fundamentals including the balance of payments and fiscal profile of these issuers. Such process will focus on short- and medium-term macro catalysts, as described above, which are likely to have an impact on the valuation of the Fixed Income Instruments both from a fundamental and technical perspective.

### 2. Emerging Markets Corporates Credit

The Investment Manager will also be focusing on corporate Fixed Income Instrument issuers in emerging markets, by pursuing an analysis of the credit fundamentals of issuers affected by macro catalysts, as described above, and by inflection points which correspond to a change in an issuer risk and an improvement in credit risk. Emerging markets are prone to macro catalysts which may trigger a deviation in the value of emerging market Fixed Income Instruments from such instruments’ fair value. For example, high yield stressed and distressed bonds are typically associated with such deviations in fair value. By carrying on fundamental research on the probability of default and recovery rates of issuers, the Investment Manager can identify investment opportunities arising from such macro catalytic events which can generate excess returns or higher for investors. Such investment opportunities are expected to encompass investment grade and high yield issuers including distressed issuers and sometimes defaulted Fixed Income Instruments.

### 3. Emerging Markets Interest Rates and Local Currency Fixed Income Instruments

The Investment Manager will be pursuing analysis on local currency Fixed Income Instruments (sovereign and corporates) and interest rate markets. It will focus on local interest rates in emerging markets and other out of benchmark opportunities. The Investment Manager will pay special attention to monetary policy, fiscal policy and macro data as well as market technical factors, described above. It will also assess the top-down macro catalysts, as described above, which will affect global interest rates as well as specific flow data, as described above.

### 4. Emerging Markets Currencies

In addition to local interest rates markets, FX will be treated as a means of generating a separate Sub-Asset Class for the Fund. The Investment Manager will carry out in depth research on FX valuations as well as market technical factors described above in

emerging markets. The FX valuations research carried out by the Investment Manager will involve the assessment of divergences between currency valuation methodologies in emerging markets. It is expected that most of the Fund trades will be directional, however the Investment Manager may also identify options across FX, interest rates and credit markets together with curve trades (i.e. relative value investment ideas across curves (usually expressed through “steepners” or “flatteners”, i.e., trading opportunities related to the changes of credit and rate curves)) which are expected to improve the overall risk profile of the Fund.

In addition, the Investment Manager, integrates a rigorous and systematic ESG process into its identification and selection of eligible securities at each stage of the investment process.

The Investment Manager's approach to integrating ESG factors, such as physical climate risk, health and safety, and corporate governance, into the investment process includes carrying out in-depth research (including utilising the Investment Manager's proprietary ESG company screen, governance model, and ESG checklist), active ownership (such as exercising voting rights where possible and engagement with the relevant company/issuer) and collaboration within the investment industry.

The Investment Manager's ESG checklist considers specific environmental, social, and governance issues and leverages the single company ESG screen described above. For example, the ESG checklist for governance considers the following areas:

- TT Governance score – comparison to home market and emerging markets peers, noting the highest governance risk area;
- Related party transactions and amounts as a percentage of pre-tax income sourced from the relevant company's financial statements;
- Remuneration KPIs for management;
- Number of accounting flags and any other audit flags;
- Scope of the corruption policy – detailed, general, or none.

The aim of the ESG Screen and checklist is to identify areas of concern or missing information so as to guide further bottom-up research. If a target company is flagged for scoring poorly on particular criteria, or if it does not report on certain data points, then the analyst will endeavour to investigate and include their findings in the evaluation of the company. By implementing this ESG approach to the process of identification and selection of eligible securities, the potential impact on the return of the Fund is limited.

TT's Head of ESG, who is a member of the investment team, has remuneration targets reflecting the inclusion of a sustainable risk analysis framework within our investment approach as a firm. Our analysts and portfolio managers in turn have explicit key performance indicators related to following TT's investment processes, which include the incorporation of ESG risks in their investment research. Adhering to TT's investment processes and procedures is a pre-requisite for all employees and is assessed at the semi-annual review process ahead of the more quantitative assessment of investment performance contributions to our clients' portfolios. The efficacy of TT's procedures is evaluated via its Compliance Monitoring Programme, as well as internal and/or external audits.

## Website section ‘Engagement policies’

The Investment Manager believes that it is in the best interests of its clients to be responsible in its approach to investment. The Investment Manager aims to engage with the management of all the companies in the Fund’s portfolio on a regular basis. The purpose of such engagement is to ensure that management objectives and expectations are closely aligned with the investment goals of the Fund. Please see the Investment Manager’s full [Engagement and Voting Policy](#).

## **Website section ‘Designated reference benchmark’**

The Fund does not designate a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product. It designates the J.P. Morgan EMBI Global Diversified Index and the J.P. Morgan Government Bond-Emerging Market Global Diversified Index as reference benchmarks for performance measurement purposes only.