DuPont CAPITAL

Real-time insight on how DuPont Capital has positioned its portfolios as a function of key factors driving the markets.

We believe country selection is critical to successful, risk-managed investing in Emerging Markets Debt. A key element of our approach is our proprietary country selection analytics. Our 7-factor country credit model generates a credit score for each country, which is used to assign the country to either the Mature, Stable, Risky, or Distressed credit categories. We then apply fair value criteria unique to each credit category to assess whether a country is under, over, or fairly valued. Our 'Focus List' contains bonds that are (i) under valued based on our valuation model, and (ii) have an attractive risk/reward profile. The list generally includes bonds from under valued countries and local currency bonds from select fairly valued countries.

The chart below represents the classification of U.S. Dollar denominated bonds based on the results of our modeling. Changes to the model from the previous quarter have been highlighted.

CATEGORY	UNDER VALUED	FAIRLY VALUED	OVER VALUED
MATURE	Mexico	Chile, China, India, Israel, Indonesia, Kuwait, Malaysia, Panama, Peru, Russia, UAE	Hungary, Korea, Latvia, Lithuania, Philippines, Poland, Qatar, Slovakia, Saudi Arabia, Thailand
STABLE	Argentina, Bahrain, Egypt, El Salvador, Jordan, Oman, Pakistan, Sri Lanka, Turkey, Ukraine	Brazil, Bulgaria, Costa Rica, Cyprus, Dominican Republic, Ghana, Greece, Kenya, Mongolia, Namibia, Paraguay, Senegal, South Africa, Tanzania	Bolivia, Colombia, Croatia, Guatemala, Kazakhstan, Morocco, Romania, Serbia, Trinidad and Tobago, Uruguay, Vietnam
RISKY		Angola, Lebanon, Suriname, Zambia	Armenia, Azerbaijan, Belarus, Cameroon, Cote D'Ivoire, Ethiopia, Gabon, Georgia, Honduras, Iraq, Jamaica, Nigeria, Tunisia
DISTRESSED	Mozambique, Venezuela		Belize, Ecuador
	Key vs Prior Quarter: More Attractive Less Attractive		

COMMENTS (as of April 1, 2018)

EMD UNIVERSE MORE ATTRACTIVE	EMD held in well despite an increase in overall market volatility. Spreads widened slightly and yields moved higher across many countries in the EMD Universe. As a result, a few countries are now more attractively valued.
TURKEY MORE ATTRACTIVE	Spreads and yields in Turkey rose more than the index during the quarter, shifting the country into the Under Valued category of our model. Politics in Turkey continue to be challenging and warrant caution before establishing or increasing a position.
PAKISTAN MORE ATTRACTIVE	Spreads and yields for Pakistan rose significantly following more hostile U.S. policy that included a significant cut of financial aid previously provided to the country.

Please note the chart and commentary above are as of April 1, 2018, and are subject to change without notice. The above chart is provided to demonstrate our investment philosophy and analytical process only, and should not be considered a recommendation. Investing involves risks.

7-factor country credit model used to rank and categorize each country.

Quantitative Factors (4)	Qualitative Factors (3)
• Government Debt & Service	• Social Politics
• Macroeconomics	• Long-term Growth Perspective
• Balance of Payments	• International Politics
• Domestic Financial Markets	

Credit scores are normalized from the aggregated seven factors.

About The Portfolio Team

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19 Years EMD Experience

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17 Years EMD Experience

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16 Years EMD Experience

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32 Years Industry Experience

About Our Firm

DuPont Capital has a long history of institutional asset management. Our parent company, DuPont, established a retirement pension plan for employees in 1942, and in 1975 created a separate pension management division.

In 1993, DuPont Capital was established and became an SEC registered investment advisor. We share our parent company's history of innovation, and over the years, have been on the forefront of developing global investment opportunities in both traditional and alternative strategies across equity, fixed income, and alternative investments.