

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

Key vs Prior Quarter: **More Attractive** **Less Attractive**

**COMMENTS** (as of January 1, 2019)

<b>EMD UNIVERSE</b> MORE ATTRACTIVE	Volatility remained high in the 4 <sup>th</sup> quarter with spreads widening and yields rising. The output of our Country Model showed several countries moving to be more attractively valued. Overall, over 40% of the universe is in our Under Valued category.
<b>SOUTH AFRICA</b> MORE ATTRACTIVE	South Africa moved from Fairly Valued to Under Valued as the country's spreads widened significantly during the quarter, but the amount of increase was in-line with the market.
<b>TURKEY</b> UNCHANGED	Turkey remains rated as Under Valued and "Stable" in our model. Although the country is facing a crisis, there is still a relatively low risk of a sovereign default in the near-term. Spreads and yields stabilized and did not change much during the quarter.

Please note the chart and commentary above are as of January 1, 2019, 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)**

- Government Debt & Service
- Macroeconomics
- Balance of Payments
- Domestic Financial Markets

**Qualitative Factors (3)**

- Social Politics
- Long-term Growth Perspective
- International Politics

Credit scores are normalized from the aggregated seven factors.

**ABOUT THE PORTFOLIO TEAM**

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**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.

The information contained in this memorandum is intended for the sole use of prospective investors in understanding and evaluating the impact of market events and is not designed or intended to be used for any other purpose. The document may contain forward-looking statements, which are based on current opinions, expectations and projections. We undertake no obligation to update or revise any forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements. An investment in securities includes risk of loss. There is no guarantee that any investment in the securities mentioned will be profitable. This document is not intended as an offer or solicitation for the purchase or sale of any security or financial instrument or as a recommendation to invest in any of the securities or financial instruments discussed herein. Registration of an investment adviser with the SEC does not imply any level of skill or training.