

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

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

COMMENTS (as of January 2020)

EMD UNIVERSE SLIGHTLY LESS ATTRACTIVE	Overall, the percent of Over Valued countries increased and Under Valued countries decreased as spreads tightened in EMD.
HIGHER QUALITY COUNTRIES LESS ATTRACTIVE	Several higher quality countries including Qatar, Peru, and Panama moved from Fair to Over Valued as spreads and yields moved lower over the quarter.
BRAZIL REMAINS UNDER VALUED	Brazil's new President, Jair Bolsonaro, has achieved notable wins in his first year including social security reform. Brazil's bonds have performed well in 2019, but remain slightly Under Valued.

Please note the chart and commentary above are as of January 1, 2020, 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

Yong Zhu, PhD, CFA
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19 Years EMD Experience

Ted Hu, PhD, CFA
Portfolio Manager
17 Years EMD Experience

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28 Years Industry Experience

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11 Years Industry Experience

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21 Years EMD Experience

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16 Years EMD Experience

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Senior Portfolio Specialist
32 Years Industry Experience

ABOUT OUR FIRM

DuPont Capital Management is an SEC registered investment advisor based in Wilmington, Delaware. Since the firm's establishment in 1993, we've had a long history of developing global investment opportunities in both traditional and alternative strategies across equity, fixed income and alternative investments. Our investment team structure gives us the ability to be flexible and adapt to changing market conditions. DuPont Capital's focus is delivering consistent investment management results for our clients. Our history of institutional asset management is rooted back to 1942 when our former parent company, DuPont, established a pension plan for its employees. Corteva Inc. succeeded DuPont as sponsor of the DuPont Pension Plan in 2019. DuPont Capital is a wholly owned subsidiary of Corteva and continues to manage the legacy DuPont Pension Plan.

DuPont Capital's President and CEO, Valerie Sill believes in education and diversity of experience as represented in our investment teams which are comprised of PhDs, engineers, medical doctors, and scientists. We believe their global expertise creates a portfolio implementation edge that benefits our clients.

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.