



## Performance Update

Mirabaud Global Emerging Market Bond Fund (I cap USD) delivered in June a return of 3.95%.

After a very strong start to the month of June, Emerging Market Fixed Income entered a period of consolidation which can very well last throughout the summer. Hard currency debt performed well, particularly the segment of Sovereign Debt which posted gains of 3.51% during the month, driven by strong performance in High Yield. Corporate bonds did well too at +2.75% whilst local markets gave up the gains made in the first week to end the month flat.

The fund saw it's highest contribution to performance coming from Angola, the UAE and Indonesia, as well as off-benchmark names in the energy and financial sector.

## Portfolio Activity

The primary market was once again the main source of activity, with a large number of Sovereign and Corporate issuers across both Investment Grade and High Yield bringing new deals in rapid succession. We have been allocating to a large number of them at yields that are still above pre-Covid 19 levels.

## Market Review & Outlook

The International Monetary Fund revised global growth outlook sharply lower to -4.9% for 2020 with emerging markets expected to contract by -3% and developed markets by -8%.

China passed the new security law for Hong Kong. In response, the US House of Representative unanimously passed a sanctions bill that is similar to but not identical to the one passed in the Senate recently. This bill will have to be approved by the Senate before it goes to the President.

The Organisation of the Petroleum Exporting Countries (OPEC+) agreed to a one month extension to supply cuts and offenders to comply going forward. OPEC+ decision allows for a compromise of the divergent Russian and Saudi Arabian view on the oil market and to recalibrate supply cuts, on an ongoing basis, with an aim to get the oil curve in backwardation.

In an anticipated move, Moody's downgraded India's sovereign credit rating to Baa3, lowest investment grade rating, however, it left the country on negative outlook. S&P and Fitch also have a BBB- rating on Indian sovereign but with a stable outlook.

Ecuador kicked off its bond restructuring program with an aggressive timeline of finalising the transaction by the end of July. Jamie Nebot, a centre right candidate, announced that he will not be running for presidency in the 2021 elections. This opens up the crowded centre right space, positive for investors.

The NBU (National Bank of Ukraine) Governor Smoliy resigned, citing political pressure. NBUs independence has been a key point of concern for the IMF which recently approved a USD5bn, 1.5yr Stand By Agreement.

Finally, South Africa's Finance Minister Mboweni presented the Supplementary Budget Review estimating fiscal deficit to reach 14.6% this year, more than double the earlier projections. The local government bond issuance is likely to see an increase to about ZAR10.6bn per week from a low of ZAR3.3bn in 2018.

Annual Performance (%)	2016	2017	2018	2019	YTD 2020
Mirabaud - Global Emerging Market Bond Fund I cap. USD	-	-	-4.70	12.92	-7.13
50%JPM GBI-EM Brd. D/50%JPM EMBI GI. USD	-	-	-4.57	13.35	-3.61

Shareclass inception date: 31/10/2017. All data sourced from Mirabaud Asset Management.

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