Global Fixed Income ESG Fund

Q3 2020 Factsheet

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The Objective of the Cameron Hume Global Fixed Income ESG Fund ("the Fund") is to deliver a total return from income and long-term capital appreciation.

ESG Screening: The Fund will invest in corporates and sovereigns that manage their Environmental, Social and Governance ("ESG") exposures better than their peers. The peer group is the Bloomberg Barclays Global Aggregate Index ("BBGA"), which is a broad-based measure of the global fixed income markets. We believe that issuers that have taken the greatest steps to consider and mitigate their ESG exposures will have an advantage over those that have failed to do so. We demonstrate the effect of this approach by using data from MSCI's ESG service to compare the ESG characteristics of the portfolio to those of the Bloomberg Barclays Global Aggregate Index. The Fund excludes issuers involved in the production of controversial weapons and countries that are subject to UN or European Union sanctions.

Investment Process: We create a portfolio that seeks active returns from a global opportunity set encompassing interest rates, currency, inflation and credit markets in developed and emerging economies. The Fund therefore consists of specific positions where our fundamental views suggest that current market pricing is it at odds with our expectations of how these factors are likely to evolve. For example, we believe that global rates and inflation markets can be inefficient and that the response of implied forward rates to economic developments will differ across markets and by their position within the term structure. The Fund therefore has forward positions where our fundamental macroeconomic views suggest there are specific opportunities.

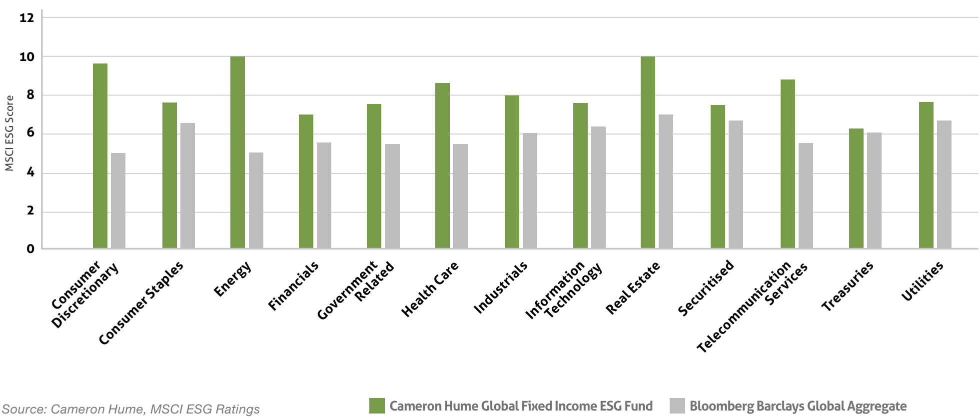
Investment Team

Guy Cameron (CIO); Dr Kevin Kidney, CFA; Jin Wong, CFA; Caspar Cook, CFA; Josef Svoboda, CFA; Alex Everett, CFA.

Fund Characteristics

ESG Comparison Chart

This is an ESG score comparison between our ESG fund and the Bloomberg Barclays Global Aggregate Index (BBGA).



Source: Cameron Hume, MSCI ESG Ratings

ISIN	IE00BG105F03*
SEDOL	BG105F0*
AUM	USD293m
Ongoing Charge Figure (OCF)$	0.35%
Credit Quality	A
Modified Duration	7.4 years
WAM	11.62 years
YTM	0.94%
# Instruments	289

Performance (ending Sep 2020)	Cumulative return		
	ESG Fund (%)	BBGA hedged (%)	Excess (%)
1 Month	+0.62	+0.37	+0.25
Q3 2020	+1.22	+0.73	+0.49
2 Years	+15.40	+15.22	+0.17
Since Inception 24 Jul 2018	+14.52	+15.15	-0.63

*Founding US dollar Share Class

$The Ongoing Charge Figure is the overall cost shown as a percentage of the value of assets of the fund. It is made up of the Annual Management Charge (AMC) and other charges. It does not include any initial charges or the cost of buying and selling for the fund. The OCF can help compare the annual operating expenses of different funds.*

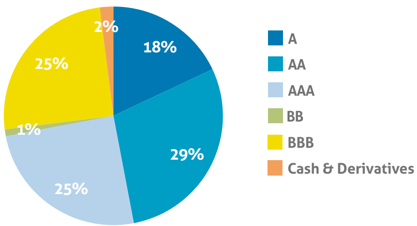
Total Return

Source: Cameron Hume, Northern Trust

Portfolio Volatility (Ex Ante)

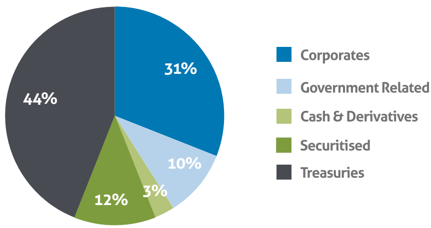
Source: Cameron Hume, MSCI BarraOne

Credit Quality Allocation



Source: Cameron Hume

Sector Allocation



Source: Cameron Hume

ESG Commentary: During the quarter we added the newly issued, euro-denominated, 10-year social bond from French REIT issuer Icade, who have an A-rating for ESG. The bond was issued relatively wide to the existing Icade spread curve and the proceeds will be used to finance hospital care real estate, which aligns with one of the UN Sustainable Development goals.

We also added the newly issued 10y Green bond from Johnson Controls, the proceeds of which will be used to support the company's '2025 Sustainability' goals. Johnson Controls is a top-rated, AAA, ESG issuer owing to the company's relatively strong programmes for reducing environmental emissions.

Global Macro Commentary: The global economic recovery continued. Brexit and the US election are the dominant risk events ahead, but ongoing COVID-19 outbreaks across G10 economies continued to disrupt services activity in Q3. With extraordinary fiscal support measures having largely been unwound in the UK and US, the economic rebound is likely to slow into year end. During the quarter the Federal Reserve formalised their average inflation targeting (AIT) framework and the European Central Bank is likely to outline a similar policy by year end. Should inflation remain low in 2021 then this will likely encourage further stimulus from both central banks. Whilst the low in Treasury yields is likely behind us for this part of the cycle, yields are unlikely to rise materially due to extraordinary forward guidance and QE operations.

Portfolio Commentary:
During the quarter performance benefited from a narrowing of European semi-core spreads, expressed through a long position in Spain forwards against short euro rates forwards. A modest long in US Treasury forwards also added to returns. Exposure to Japanese yen investment grade credit and Australian swap spreads also added to returns. Both FX and rates option volatility exposures contributed to performance.

Global Macro Outlook: The immediate outlook for US Treasury yields is dependent upon the outcome of the US Presidential election. A definitive win of both the Presidency and Congress by the Democratic Party is likely to lead to a further, substantial fiscal package in early 2021. However, should the GOP retain their hold on the Senate then we would expect only modest further fiscal support, regardless of who wins the Presidency. Yield curves are likely to steepen in both scenarios through the early stages of this cycle as the global recovery broadens. We expect shorter-dated yields will remain low through 2021 owing to dovish central bank forward guidance and low realised inflation.

Contact

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