



**Dr Henry Stipp**  
Fund Manager

### Key Facts

**Launch date:** August 2004

**Fund size:\***  
US\$ 182.6m

**Index:** JPM EMBI Global  
3-5 yrs

**Annual Management Fee  
(AU):** 1.40%

**ISIN (AU class):**  
LU0198726373

**Bloomberg:** AMESTAULX

\*As at 31.08.2011.

### Investor Profile

This Portfolio is suitable for investors who seek potential total return through income and capital appreciation; seek diversification within their investments through exposure to emerging market short-term debt; can tolerate the high volatility associated with emerging market debt; are willing to take on a high level of risk and have a long-term investment horizon. Please see key risks on back page which apply specifically to this Fund.

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## Threadneedle (Lux) Global Emerging Market Short-Term Bonds Fund

### About the Fund

The Threadneedle (Lux) Global Emerging Market Short-Term Bonds Fund seeks to achieve a total return from income and capital appreciation by investing principally in global emerging market debt. This will include securities issued or guaranteed by emerging market governments or financial institutions or corporations headquartered in emerging market countries. In addition the Portfolio can hold debt securities issued or guaranteed by G-7 sovereignties or supranational entities and in credit linked notes. The Fund may also invest in securities denominated in various currencies and will generally hedge non-US Dollar exposures.

The portfolio of securities will typically have an average duration of between 3 and 5 years. The strategy aims to maximise long-term returns by investing in the shorter part of the yield curve and by creating value built on strong macroeconomic convictions.

### Key features

- Target return of between 100-200 bps in excess of the JPM EMBI Global (annualised over rolling 3 years net of fees).\*
- Actively managed, research driven top-down macro approach.
- The fund will typically maintain an average duration of between 3 and 5 years.
- A focus on liquidity is key to the investment strategy with largely sovereign and quasi-sovereign holdings along with some corporate credit exposure (focused on higher quality issues).
- Invests primarily in US\$ denominated securities with tactical, off benchmark exposure to local currencies.

\*This is a target and is not guaranteed

### Why invest in Threadneedle (Lux) Global Emerging Market Short-Term Bonds Fund?

- Shorter-term bonds generally perform better than longer-term bonds in a low or rising rate environment.
- The fund offers investors a potentially less volatile route to gaining exposure to emerging markets through an asset class that we believe has significant growth potential.
- With its focus on shorter duration the fund aims to carry less interest rate risk.
- The fund is principally positioned within sovereign and quasi-sovereign bonds. These issues generally benefit from greater liquidity and ease of access to the market than corporate issues.
- The concentration on short-term debt offers investors the opportunity for greater diversification by managing the duration element of their portfolios.

## Investment philosophy and process

We believe that top-down macroeconomic analysis, driven by proprietary fundamental research, will be the key driver of investment performance. Liquidity considerations are paramount when we choose which securities best express this top-down view. We carry out a liquidity test where each holding must have at least three market makers and bond size must exceed US\$500m outstanding. Portfolio construction focuses on attractive opportunities rather than being benchmark led. We seek to exploit opportunities arising from the economic and political environment affecting emerging markets. Our approach is fundamentally driven, reinforced by technical analysis, to determine country allocation. Bottom-up stock selection is used to build the final portfolio.



## Threadneedle Emerging Market Debt Investment team

- Dr. Henry Stipp the fund's manager has 20 years' emerging market experience and is supported by a multi-disciplined investment team. Together they offer extensive experience of emerging markets, combining investment and economic expertise, including local experience in Latin America and within government organisations such as the IMF.
- In addition the fund manager draws on the views and ideas of Threadneedle's wider fixed income team as well as those of other investment disciplines with a view to optimising the fund's performance.

## Key risks

The Portfolio's investments involve credit, market, interest rate and counterparty risk – the risk that the issuer of a particular debt security may not pay interest or repay principal – the risk that the value of a particular security could go down, the risk that the value of debt securities will fall when interest rates rise and the risk that a counterparty will not perform as promised. There are also risks and costs associated with the use of derivatives that may result in additional losses to the Portfolio. Emerging market investments are more volatile and present higher risk than investments in more established markets. Investors should consider these risks when evaluating the potential benefits of investing in the Portfolio.



## Find out more

Speak to your usual Threadneedle Investments contact.  
Visit [threadneedle.com](http://threadneedle.com)

**Important Information:** All data as at 31.08.2011 unless otherwise shown. Past performance is not a guide to future performance. The value of investments and any income from them may go down as well as up.

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