FIXED INCOME: CAMRADATA AWARDS WINNERS AND RUNNERS-UP 2021

CAMRADATA

EMERGING MARKETS DEBT
– Blend (USD)

WINNER: Principal Global Investors
VEHICLE: Finisterre Emerging Market Total Return Composite

EMERGING MARKETS DEBT
– Corporates (USD)

WINNER: BlackRock
VEHICLE: BGF Emerging Markets Corporate Bond Fund

EMERGING MARKETS DEBT
– Government (USD)

WINNER: Aberdeen Standard Investments
VEHICLE: Aberdeen Standard Sicav I – Emerging Markets Total Return Bond Fund

EMERGING MARKETS DEBT
– Blend (USD)

RUNNER-UP: Wellington Management International Limited
VEHICLE: Emerging Markets Debt Separate Account/Composite

EMERGING MARKETS DEBT
– Corporates (USD)

RUNNER-UP: PineBridge Investments
VEHICLE: PineBridge Global Emerging Markets Investment Grade Corporate Bond Plus Composite

EMERGING MARKETS DEBT
– Government (USD)

RUNNER-UP: Fidelity International
VEHICLE: FF Emerging Market Debt (Hard Currency)

FIXED INCOME: CAMRADATA AWARDS WINNERS AND RUNNERS-UP 2021

EMERGING MARKETS DEBT
– Hard Currency (USD)

WINNER: Aviva Investors Global Services Limited
VEHICLE: Aviva Investors Emerging Market Corporate Bond

EMERGING MARKETS DEBT
– Local Currency (USD)

WINNER: MFS Investment Management
VEHICLE: MFS Emerging Markets Local Currency Debt

EUROPEAN BROAD BOND
(EUR)

WINNER: AXA Investment Managers
VEHICLE: AXA WF Euro Bonds

EMERGING MARKETS DEBT
– Hard Currency (USD)

RUNNER-UP: EFG Asset Management Limited
VEHICLE: New Capital Wealthy Nations Bond Fund USD

EMERGING MARKETS DEBT
– Local Currency (USD)

RUNNER-UP: Morgan Stanley Investment Management
VEHICLE: Emerging Markets Debt

EUROPEAN BROAD BOND
(EUR)

RUNNER-UP: Insight Investment
VEHICLE: European Aggregate Fixed Income (C0332)

EUROPEAN CORPORATE DEBT
(EUR)

WINNER: M&G Investments
VEHICLE: M&G European Credit Investment Fund

EUROPEAN HIGH YIELD
(EUR)

WINNER: PGIM Fixed Income
VEHICLE: European High Yield (Composite)

GLOBAL CORPORATE DEBT
(USD)

WINNER: Janus Henderson Investors
VEHICLE: Janus Henderson Global Investment Grade Fixed Income

EUROPEAN CORPORATE DEBT
(EUR)

RUNNER-UP: Columbia Threadneedle Investments EMEA APAC
VEHICLE: Threadneedle (Lux) European Corporate Bond (SXECBD)

EUROPEAN HIGH YIELD
(EUR)

RUNNER-UP: Janus Henderson Investors
VEHICLE: Janus Henderson Horizon Euro High Yield Bond Fund

GLOBAL CORPORATE DEBT
(USD)

RUNNER-UP: MFS Investment Management
VEHICLE: MFS Global Credit Fixed Income

FIXED INCOME: CAMRADATA AWARDS WINNERS AND RUNNERS-UP 2021

GLOBAL GOVERNMENT DEBT
(USD)

WINNER: Colchester Global Investors Limited
VEHICLE: The Colchester Global Bond Fund: USD Hedged Accumulation Class I

GLOBAL HIGH YIELD
(USD)

WINNER: Janus Henderson Investors
VEHICLE: Janus Henderson Horizon Global High Yield Bond Fund

MSFI
– Absolute Return (EUR)

WINNER: Invesco Ltd
VEHICLE: Invesco Global Total Return (EUR) Bond Fund

GLOBAL GOVERNMENT DEBT
(USD)

RUNNER-UP: Payden & Rygel
VEHICLE: Payden Global Inflation-Linked Bond Fund USD

GLOBAL HIGH YIELD
(USD)

RUNNER-UP: Aegon Asset Management
VEHICLE: Aegon High Yield Global Bond

MSFI
– Absolute Return (EUR)

RUNNER-UP: M&G Investments
VEHICLE: M&G Alpha Opportunities Fund (A EUR Share Class)

MSFI
– Absolute Return (GBP)

WINNER: Invesco Ltd
VEHICLE: Invesco Tactical Bond Fund (UK)

MSFI
– Absolute Return (USD)

WINNER: Nomura Asset Management
VEHICLE: Nomura Funds Ireland Global Dynamic Bond Fund

UK BROAD BOND
(GBP)

WINNER: Aberdeen Standard Investments
VEHICLE: ASI Sterling Bond Fund

MSFI
– Absolute Return (GBP)

RUNNER-UP: M&G Investments
VEHICLE: M&G Alpha Opportunities Fund (B GBP Share Class)

MSFI
– Absolute Return (USD)

RUNNER-UP: Wellington Management International Limited
VEHICLE: Global Total Return Separate Account/Composite

UK BROAD BOND
(GBP)

RUNNER-UP: Fidelity International
VEHICLE: Fidelity Investment Funds Sterling Core Plus Bond Fund

RESULTS

FIXED INCOME: CAMRADATA AWARDS WINNERS AND RUNNERS-UP 2021

UK CORPORATE DEBT
(GBP)

WINNER: Columbia Threadneedle Investments EMEA APAC
VEHICLE: Threadneedle Pensions Corporate Bond Fund (EPFCB)

US BANK LOANS
(USD)

WINNER: Principal Global Investors
VEHICLE: Bank Loans Composite

US BROAD BOND
(USD)

WINNER: TCW Investment Management Company
VEHICLE: TCW Core Plus Fixed Income

UK CORPORATE DEBT
(GBP)

RUNNER-UP: Janus Henderson Investors
VEHICLE: Janus Henderson All Stocks Credit Fund

US BANK LOANS
(USD)

RUNNER-UP: PGIM Fixed Income
VEHICLE: US Senior Secured Loans Composite

US BROAD BOND
(USD)

RUNNER-UP: Macquarie Investment Management
VEHICLE: US Core Fixed Income Composite

US CORPORATE DEBT
(USD)

WINNER: Loomis Sayles
VEHICLE: Loomis Sayles Corporate Disciplined Alpha Composite

US HIGH YIELD
(USD)

WINNER: PGIM Fixed Income
VEHICLE: US Higher Quality High Yield Composite

US CORPORATE DEBT
(USD)

RUNNER-UP: TCW Investment Management Company
VEHICLE: TCW Corporate Bonds

US HIGH YIELD
(USD)

RUNNER-UP: AB (AllianceBernstein)
VEHICLE: AB US High Yield Composite

CAMRADATA AWARDS 2021

EUROPEAN HIGH YIELD (EUR)

PGIM FIXED INCOME

European High Yield (EUR)

WINNER: PGIM Fixed Income
VEHICLE: European High Yield (Composite)

Jonathan Butler, head of European leveraged finance, co-head of global high yield, PGIM Fixed Income

Key Facts

Asset Class: European Broad Bond
Style: High Yield
Benchmark Duration: 3 to 5 Years
Fund Size: € 108.08m
Inception Date: Nov 01, 2010
Currency: EUR
Min Investment: € 100m
Management Approach: Active
Address: Grand Buildings, 1-3 Strand Trafalgar Square London United Kingdom WC2N 5 HR
Website: www.pgimfixedincome.com

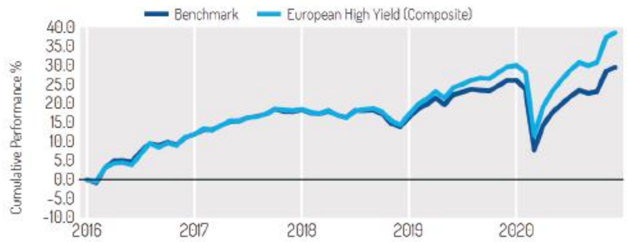
Statistics (3 years)

Annualised Mean: 5.85
Annualised Std Deviation: 10.03
Relative Geometric Mean: 2.44
Tracking Error: 0.85
Information Ratio: 2.87
Annual 12 Month Worst: -7.95%
Annual 12 Month Best: 13.37%

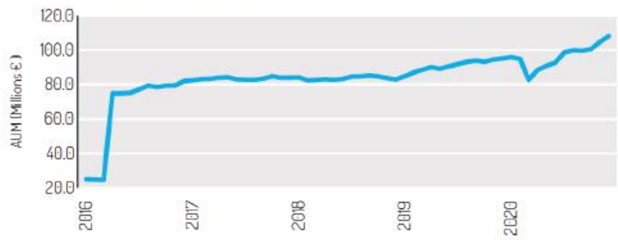
Firm Details

Year Founded:1875
Firm AUM: $ 968,178.60m (as of 31/12/2020)
UNPRI: Yes

CUMULATIVE PERFORMANCE VS BENCHMARK



ASSETS UNDER MANAGEMENT



RETURNS (DEC 2020)

	3m	6m	1yr²	3yr²	5yr²
Absolute	6.66%	9.91%	6.92%	5.47%	6.53%
Benchmark	5.54%	8.15%	2.69%	3.18%	5.08%
Relative	1.12%	1.76%	4.23%	2.29%	1.45%

² *Annualised Returns*

CAMRADATA AWARDS WINNER 2021

EUROPEAN HIGH YIELD: NOW IS A TIME OF OPPORTUNITY

BY **JONATHAN BUTLER**, HEAD OF EUROPEAN LEVERAGED FINANCE, CO-HEAD OF GLOBAL HIGH YIELD, PGIM FIXED INCOME

THIS PAST YEAR was one of uncertainty for many asset classes, and European High Yield was no different. In the spring of 2020, risk premiums rose significantly as many nations faced lockdown, and certain credits which operated in the most Covid-impacted sectors came under pressure. However by the end of the year, spreads had tightened, until they were almost unchanged from levels a year earlier. If 2020 was the year of uncertainty, then 2021 appears to be the year of opportunity in European High Yield. We believe that this will be an above coupon year for the asset class.

European High Yield is becoming a large, deep, and longstanding market, having grown rapidly since the Global Financial Crisis in 2009, ending last year with a market value of approximately $524 billion. There are now 805 bond issues making up the BofA Merrill Lynch European Currency High Yield Index (HP00), with a market value of $594 billion (as of end February 2021).[1]

From a default perspective, data suggests that defaults should decline to 2% for this current year.[2] This is not surprising, given that European corporate bonds have historically experienced relatively low default rates. Our bottom-up default analysis into the sector suggests that European defaults will remain well below 3% over the next 24 months. The fact that the European market has limited exposure to highly cyclical industries such as energy, gaming, lodging and leisure, which were negatively impacted by Covid-19, also plays a part. In the US, these sectors accounted for more than 55% of high yield defaults in 2020.[3]

FIGURE 1: Spread Volatility in B, BB, and CCC Credits

Range	Max spread in 2020	Min spread in 2020
EU BB	570	248
EU B	1110	483
EU CCC	1890	876

Range	Max spread in 2021	Min spread in 2021
EU BB	271	249
EU B	469	439
EU CCC	805	742

PGIM Fixed Income, as of 28th Feb 2021

Credit losses are often a key driver of both investor sentiment and risk appetite, and we expect investors to look for high-quality high yield assets in this sector in 2021. Central bank initiatives should also help mitigate risk. European policymakers have been proactive, creating timely, substantive, and co-ordinated fiscal responses to the Covid pandemic.

We believe that the volatility of 2020 has created a great deal of inefficiency in markets, which in turn has created opportunities for active asset managers. The variations in quality in Single B, BB and CCC credits across all parts of the spectrum is significant, for example (see Figure 1).

Europe has a higher-quality high yield market, compared to the US. It has double the amount of BB issuers, at around 70%. While BB spreads are generally fairly flat compared with the US market, spreads are frequently higher for the same rating tier in single B and CCC credit rating bands. The potential for higher returns is due to a smaller, less followed, less efficient market.

However, choosing the right risk-adjusted return opportunities requires in depth resources across research and portfolio management, as well as a collaborative process where credit selection is key.

As investors continue to search for yield in a low-rate environment, we believe assets will continue to flow into High Yield. We feel this will be a strong year for the sector, which could generate opportunities for investors and contribute to positive returns.

1 – https://indices.theice.com/home
2 – JP Morgan High Yield Talking Points, "2020: A Default Oddity", January 6, 2021
3 – JP Morgan as of September 30, 2020

CAMRADATA AWARDS 2021

US HIGH YIELD (USD)

PGIM FIXED INCOME

US High Yield (USD)

WINNER: PGIM Fixed Income
VEHICLE: US Higher Quality High Yield Composite

Robert Cignarella, CFA, managing director and head of US high yield, PGIM Fixed Income

Key Facts

Asset Class: US Broad Bond
Style: High Yield
Benchmark Duration: 3 to 5 Years
Benchmark: BARCLAYS US CORP HIGH YIELD - TR SINCE INCEPT.
Fund Size: $ 1,645.53m
Inception Date: Jul 01, 1998
Currency: USD
Min Investment: $ 200m
Management Approach: Active
Address: Grand Buildings, 1-3 Strand Trafalgar Square London United Kingdom WC2N 5 HR
Website: www.pgimfixedincome.com

Statistics (3 years)

Annualised Mean: 7.68
Annualised Std Deviation: 9.48
Relative Geometric Mean: 1.39
Tracking Error: 0.95
Information Ratio: 1.47
Annual 12 Month Worst: -5.38%
Annual 12 Month Best: 17.09%

Firm Details

Year Founded:1875
Firm AUM: $ 968,178.60m (as of 31/12/2020)
UNPRI: Yes

CUMULATIVE PERFORMANCE VS BENCHMARK

ASSETS UNDER MANAGEMENT

RETURNS (DEC 2020)

	3m	6m	1yr²	3yr²	5yr²
Absolute	5.78%	10.98%	7.29%	7.47%	8.53%
Benchmark	6.45%	11.34%	7.11%	6.24%	8.59%
Relative	-0.67%	-0.36%	0.17%	1.24%	-0.06%

² *Annualised Returns*

CAMRADATA AWARDS WINNER 2021

THE VELOCITY OF THE RECOVERY

BY **ROBERT CIGNARELLA**, CFA, MANAGING DIRECTOR AND HEAD OF US HIGH YIELD, PGIM FIXED INCOME.

What is your view of the U.S. high yield market for 2021?
Constructive. The U.S. high yield market has enjoyed fairly solid performance since last spring/summer and we believe it still offers value across select industries, issuers, quality ranges, and maturities.

There are opportunities but there are also risks. The vaccine rollout, easing of lockdowns, and additional fiscal stimulus (on top of already abundant global central bank support) point to stronger economic growth later this year. In fact, annual earnings are projected to be upwards of 20%. But those positives have to be weighed against the ripple effects and collateral damage from the pandemic.

Also on the table are potential tax policy changes and a revised climate change agenda under the new U.S. administration, a potential surge in mutant viruses, and other dynamics that may drive volatility. In our view, these potential risk factors could indeed provide opportunities to add value for select issuers.

Haven't U.S. high yield bond spreads already tightened considerably since last spring?
Spreads in the U.S. high yield market hovered near 350 bps in late February 2021 with considerably wider spreads in the triple-C and B-rated ranges. If we tranche out the risk, meaning defensive versus cyclical, about a third of the market right now is defensive, and two thirds is cyclical, including the virus-impacted sectors. But of that two-thirds, close to half of the issuers still have wider spreads than they did this time last year. Although lockdowns may suppress spread compression near term, we expect spreads to tighten another 100 bps over the next two years given encouraging long term growth prospects.

The real calculus is the velocity of the recovery in the back half of this year, in 2022, and in 2023. Other variables include the levels of cashflows and pent-up demand across industries and issuers, and the length of time it will take issuers to de-lever the excess debt and leverage they added to their balance sheets during the pandemic.

What is your default expectation for 2021?[1]
We expect U.S. defaults to decline to 3% or lower over the next 12 months, down from a recorded 6.7% in 2020. In fact, in January, there were no U.S. defaults or distressed exchanges for the first time since August 2018. One large U.S. bank pegs defaults at just 2% this year based on the prospects of a recovery. In addition, market participants are estimating several hundred billion dollars of credit rating upgrades to investment grade status over the course of 2021 and 2022.

Where do you see value today?
We see value across the non-investment grade spectrum – in broad market high yield, higher-quality high yield, and short-duration high yield. Cyclicals are generally cheap. The "reopening" trades across virus-impacted industries are still cheap. Even many fallen angels are attractive from excess return and total return perspectives.

In terms of industries, we like select independent power producers, housing, chemicals, and gaming. With respect to fallen angels, we expect spread compression to drive total return in autos, energy, and aerospace. Lodging and leisure still have room to run. Fast-food restaurant and same-store retail sales are trending higher. We expect the liquidity manoeuvres that a lot of these companies have put in place will bridge them into a more normal environment.

In the metals, mining, and more commodity-related sectors, we expect to see a continued reflation trade. There is an emerging fear of a longer-term inflation dynamic playing out, and that should translate into higher commodity prices globally, which may provide a tailwind in those sectors.

Most important are diversification and individual security selection given the unique challenges faced by different industries and issuers.

Extensive bottom-up research on an issuer-by-issuer basis and active management are essential to capturing value.

1 – Sources: PGIM Fixed Income, Credit Suisse, and JPMorgan.

CAMRADATA AWARDS 2021

GLOBAL GOVERNMENT DEBT (USD)

COLCHESTER® GLOBAL INVESTORS

Global Government Debt (USD)

WINNER: Colchester Global Investors Limited
VEHICLE: The Colchester Global Bond Fund: USD Hedged Accumulation Class I

Top: Ian Sims, chairman and chief investment officer, Colchester Global Investors

Above: Keith Lloyd, chief executive officer and deputy chief investment officer, Colchester Global Investors

Key Facts

Asset Class: Global Local Currency Government Fixed Income
Benchmark Duration: > 7 Years
Legal Structure: ICVC
Fund Size: $ 1,501.33m
Inception Date: Nov 30, 2012
Currency: USD
Min Investment: $ 3m
Management Approach: Active
Address: Heathcoat House 20 Savile Row London United Kingdom W1S 3PR
Website: www.colchesterglobal.com

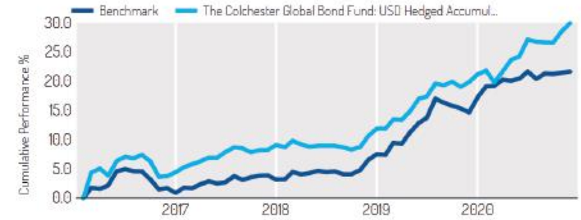
Statistics (3 years)

Annualised Mean: 6.15
Annualised Std Deviation: 3.09
Relative Geometric Mean: 0.96
Tracking Error: 2.76
Information Ratio: 0.35
Annual 12 Month Worst: 2.23%
Annual 12 Month Best: 10.72%

Firm Details

Year Founded: 1999
Firm AUM: $ 43,007m (as of 31/12/2020)
UNPRI: Yes

CUMULATIVE PERFORMANCE VS BENCHMARK



ASSETS UNDER MANAGEMENT

RETURNS (DEC 2020)

	3m	6m	1yr²	3yr²	5yr²
Absolute	2.61%	4.54%	8.41%	6.28%	5.62%
Benchmark	0.26%	0.98%	6.11%	5.41%	4.42%
Relative	2.35%	3.56%	2.30%	0.87%	1.20%

² Annualised Returns

CAMRADATA AWARDS 2021

US BROAD BOND (USD)

US Broad Bond (USD)

WINNER: TCW Investment Management Company
VEHICLE: TCW Core Plus Fixed Income

Group managing directors at TCW Investment Management company:
Top left: Tad Rivelle, chief investment officer – fixed income
Top right: Laird Landmann, co-director fixed income
Bottom left: Steve Kane, generalist portfolio manager
Bottom right: Bryan Whalen, generalist portfolio manager

Key Facts

Asset Class: US Broad Bond
Style: N/A
Benchmark Duration: Broad Market
Benchmark: Bloomberg Barclays U S Aggregate United States Dollar (Total Return)
Fund Size: $ 122,623.62m
Inception Date: Aug 01, 1996
Currency: USD
Min Investment: $ 75m
Management Approach: Active
Address: 25 Hanover Square London United Kingdom W1S 1JF
Website: www.tcw.com

Statistics (3 years)

Annualised Mean: 6.36
Annualised Std Deviation: 3.54
Relative Geometric Mean: 1.27
Tracking Error: 0.65
Information Ratio: 1.96
Annual 12 Month Worst: 0.62%
Annual 12 Month Best: 12.18%

Firm Details

Year Founded: 1971
Firm AUM: $ 247,615.60m (as of 31/12/2020)
UNPRI: Yes

CUMULATIVE PERFORMANCE VS BENCHMARK

ASSETS UNDER MANAGEMENT

RETURNS (DEC 2020)

	3m	6m	1yr²	3yr²	5yr²
Absolute	1.33%	2.69%	9.56%	6.49%	5.24%
Benchmark	0.67%	1.29%	7.51%	5.34%	4.44%
Relative	0.66%	1.40%	2.06%	1.15%	0.81%

² Annualised Returns

CAMRADATA AWARDS 2021 RUNNER-UP

CAMRADATA AWARDS 2021

EMERGING MARKETS DEBT - CORPORATES (USD)

PineBridge® INVESTMENTS

Emerging Markets Debt - Corporates (USD)

RUNNER-UP: PineBridge Investments
VEHICLE: PineBridge Global Emerging Markets Investment Grade Corporate Bond Plus Composite

Steve Cook, co-head, emerging markets fixed income, PineBridge Investments

Key Facts

Asset Class: Emerging Markets Hard Currency Corporate Fixed Income

Style: N/A

Benchmark Duration: 5 to 7 Years

Benchmark: Manager Supplied Benchmark

Fund Size: $ 643.29m

Inception Date: Oct 31, 2010

Currency: USD

Min Investment: $ 50m

Management Approach: Active

Address: 65 East 55th Street New York NY United States 10022

Website: www.pinebridge.com

Statistics (3 years)

Annualised Mean: 8.17

Annualised Std Deviation: 7.53

Relative Geometric Mean: 2.06

Tracking Error: 2.09

Information Ratio: 0.98

Annual 12 Month Worst: -0.91%

Annual 12 Month Best: 13.37%

Firm Details

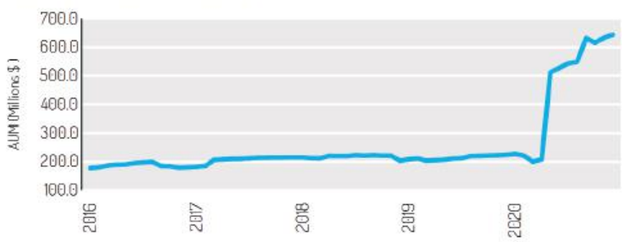
Year Founded: 1996

Firm AUM: $ 126,304.80m (as of 31/12/2020)

UNPRI: Yes

CUMULATIVE PERFORMANCE VS BENCHMARK

ASSETS UNDER MANAGEMENT



RETURNS (DEC 2020)

	3m	6m	1yr²	3yr²	5yr²
Absolute	5.37%	9.22%	13.17%	8.18%	8.39%
Benchmark	2.71%	5.41%	7.45%	6.35%	6.23%
Relative	2.66%	3.81%	5.72%	1.83%	2.15%

² Annualised Returns

CAMRADATA AWARDS RUNNER-UP 2021

THE NEW CORE FIXED INCOME STAPLE

BY **STEVE COOK**, CO-HEAD, EMERGING MARKETS FIXED INCOME, PINEBRIDGE INVESTMENTS.

CONCERNS REGARDING THE inflationary impact of demand-focused fiscal stimulus have caused bond yields to increase. However, while rates have risen, high government debt levels paired with systemically low rates of inflation are likely to prolong the low rate environment. Investors are dually challenged by interest rate volatility and what are still low global bond yields and must reevaluate their fixed income portfolios to ensure they deliver both stability and income throughout a market cycle.

In this environment, certain areas of emerging market (EM) debt have a place in core fixed income allocations – specifically, the $2.5 trillion universe[1] of investment grade IG debt issued by EM corporate and sovereign issuers in US dollars.

"THE CONSISTENT RELATIONSHIP BETWEEN EM IG AND US IG CREDIT IS IMPORTANT."

How do yields and spreads measure up?
The first point of comparison between IG EM debt and US core fixed income is yield – as EM debt can help solve the low yield challenge. Over the past decade, hard-currency IG EM debt has typically offered investors roughly 1.10% of excess yield over IG US credit, with surprising consistency[2].

The consistent relationship between EM IG and US IG credit is important for investors looking to enhance yield without introducing meaningful deviation from internal benchmarks. It is also indicative of a similar relationship in spreads. Over the past decade, US IG spreads have occupied a 183 basis point (bp) range, while the ranges for IG EM corporate and EM sovereign debt have been 237 bps and 188 bps, respectively[2]. Not surprisingly, IG EM corporate and sovereign debt have shown 0.88 and 0.85 correlations to US credit since 2010[2], respectively.

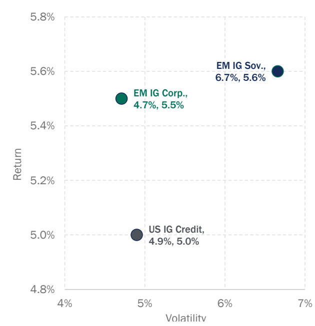
While investors might assume that IG EM debt offers higher yield in exchange for higher volatility, IG EM corporate debt has generated higher total returns than US credit with lower annualised volatility over the past decade.

The growth and maturation of EM debt markets will inevitably lead to an increased allocation to EM debt within core FI portfolios. Today, the rationale for such consideration may lead to 2021 being a pivotal moment in that rotation.

Yield to worst of IG credit markets

Source: J.P. Morgan, Bloomberg Barclays and PineBridge Investments as of 9 March 2021. EM Corp. is J.P. Morgan CEMBI Broad Div. IG, EM Sov. is J.P. Morgan EMBI Global Div. IG, US Credit is Bloomberg Barclays US Credit.

Trailing 10-year risk-adjusted returns



Source: J.P. Morgan, Bloomberg Barclays and PineBridge Investments as of 28 February 2021. EM Corp. is J.P. Morgan CEMBI Broad Div. IG, EM Sov. is J.P. Morgan EMBI Global Div. IG, US Credit is Bloomberg Barclays US Credit. For illustrative purposes only. We are not soliciting or recommending any action based on this material. Any views represent the opinion of the Investment Manager, are valid as of the date indicated, and are subject to change.

1 – Source: J.P. Morgan as of 31 December 2020
2 – Source: J.P. Morgan, PineBridge and Bloomberg Barclays as of 9 March 2021