Investment Objective

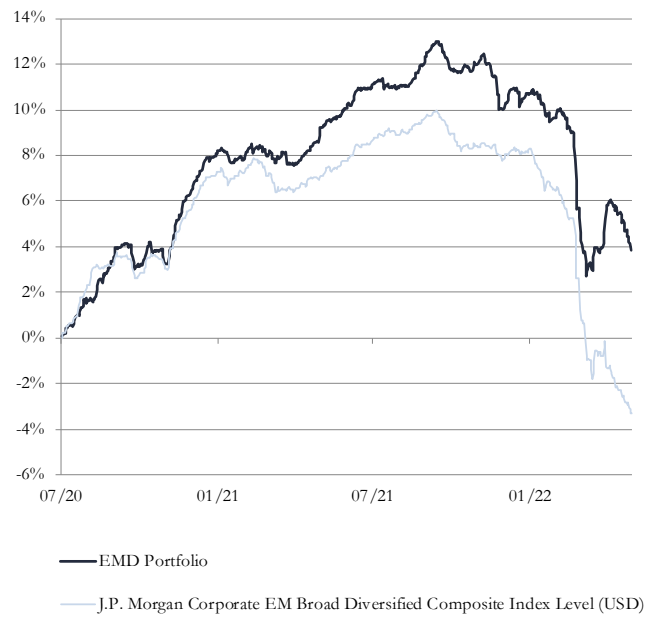
Our Emerging Market Corporate Debt strategy invests in a concentrated portfolio of hard currency corporate, emerging market debt.

We believe that a concentrated portfolio following our principles of quality and value is the best way to deliver income, upside opportunity and downside protection

This means that we invest in key businesses in their respective industries and geographies, with strong underlying fundamentals, able to navigate through cycles. We favour companies with strong business models, financial strength & predictable cash flows.

Investment objective to generate a total return of 4-6%, net of fees, from income and capital growth over the medium term with low volatility and exposure to macro-economic risks with a standard deviation of 4-6%.

EMD Strategy Performance, USD*



Strategy Characteristics

Average Credit Rating	BB-
Duration	3.9
Spread	561
Yield to Maturity	12.1%
Yield to Worst	11.9%
Current Yield	7.3%

Portfolio Comment

Our portfolio was down 1.7% for the month in USD, in what was a difficult month for risk assets globally. Expectations on how much and how fast the Fed will tighten monetary policy to tackle inflation were the main driver. The step-up in US interest rates was significant with the 10-year note widening 60bps to 2.9% and approaching the highest levels since the GFC. Meanwhile credit spreads were relatively flat (just 40bps wider YTD) reflecting continued support for robust standalone corporate fundamentals.

Uncorrelated to broader market dynamics, our two Ukrainian holdings continued their recovery. Agro-industrial business *MHP* (+19%) led following an update confirming they have all necessary resources to kick-off the spring sowing campaign imminently, whilst also signalling the potential to reclaim land as troops withdraw from the Kyiv region.

We used market volatility to further diversify our portfolio. Leading independent owner and operator of clean energy projects in India *Greenko* benefits from favourable industry tailwinds, a diverse asset base, good visibility on revenues, and strong shareholder support. Globally leading platinum mining group *Sibanye Stillwater* benefits from elevated prices, is in a net cash position and has recently made a strategic move into the green metal space.

We would argue that many of the macro concerns around slower global growth, higher inflation and tighter monetary conditions are now priced in but will continue to selectively add positions if market volatility continues.

Strategy Statistics

Cash %	5.8%	Average Monthly Return*		0.2%
IG/HY	0%/ 100%	Best Monthly Return*	Nov '20	3.1%
No. Issuers/ Issues	39/ 41	Worst Monthly Return*	Feb '22	-4.0%
No. Sectors	9	% Positive Months*		59.1%
Sharpe Ratio*	0.23	Volatility*		5.2%

Performance Analysis

				Cumulative					Annualised			
	Apr-22	3 Months	2022 YTD	1 Year	Since Change of Strategy*	3 Year	5 Year	Since Inception	Since Change of Strategy*	3 Year	5 Year	Since Inception
Portfolio	**-1.7**	**-5.3**	**-6.2**	**-4.9**	**+3.9**	-1.1	+2.4	+17.5	**+2.1**	-0.4	+0.5	+2.5
JPM CEMBI	*-2.0*	*-9.2*	*-10.7*	*-9.7*	-3.3	*+3.0*	*+11.3*	*+27.5*	*-1.8*	*+1.0*	*+2.2*	*+3.8*

Performance is of the Emerging Market Debt strategy with original inception date of 01/10/2015 and of change of strategy on 01/07/2020. Shown net of 1% fees per annum, deducted quarterly in arrears. Past performance is not a reliable indicator of future results; the value of any investment can fall as well as rise; and returns may increase or decrease as a result of currency fluctuations. Benchmark: JPM CEMBI Broad Diversified. Change of strategy was to invest in higher quality corporates with greater market liquidity, a move actively managed portfolio to constantly enhance overall portfolio yield, decreased cash levels within the portfolio to a normalised range of 0-5% and no sovereign debt. * Refers to the portfolio since change of strategy. Source: SS&C Technologies, Bloomberg.

Top 5 Credit Holdings

Issuer	Sector	% of Total Portfolio
Hta Group Ltd	Industrial	3.8%
Liquid Telecom Finance	Communications	3.6%
Ihs Netherlands Holdco	Industrial	3.4%
Seplat Energy Pl	Energy	3.2%
Petroleos Mexicanos	Energy	3.2%

Top 5 Countries of Risk

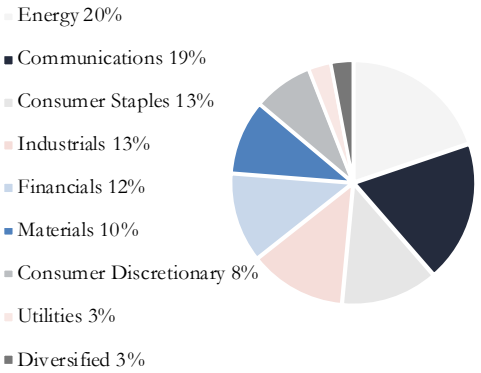
Country	% of Total Portfolio
Mexico	18.6%
Brazil	15.0%
Turkey	13.7%
South Africa	9.8%
Nigeria	6.7%

4 Carlton Gardens
London SW1Y 5AA
United Kingdom
Tel: +44 20 3478 1800

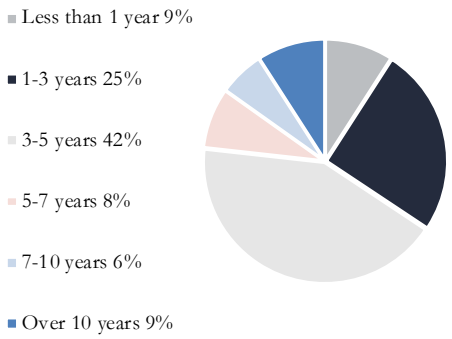
J. Stern & Co.
www.jsternco.com
info@jsternco.com

Gartenstrasse 10
8002 Zurich
Switzerland
Tel: +41 44 552 80 70

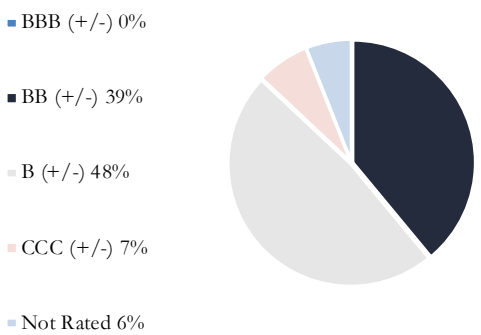
Sector Split



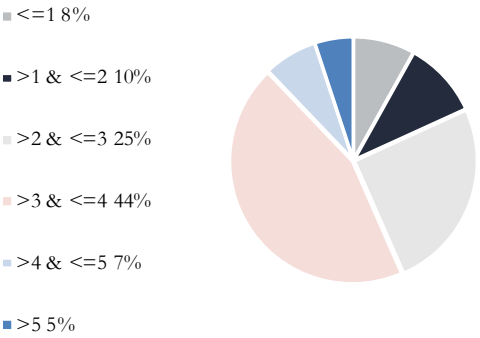
Years to Maturity/ Call



Credit Rating (exc. cash)



Duration



Monthly Performance, % Total Return, USD

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD		JPM CEMBI		Excess return	
2015	-	-	-	-	-	-	-	-	-	+3.9	-0.8	-2.2	+0.8		+0.3		+0.5	
2016	-0.2	+1.6	+3.7	+2.4	+0.6	+2.1	+0.5	+1.2	+0.6	-0.5	-1.2	+0.6	+11.9		+9.7		+2.2	
2017	+0.3	+1.2	-0.3	+0.7	+0.5	-0.2	+0.3	+1.2	+0.5	+0.3	+0.1	+0.4	+5.1		+8.0		-2.9	
2018	-0.2	-0.5	-0.3	-2.8	-1.2	-1.2	+1.9	-3.4	+2.4	+0.4	-0.8	+0.1	-5.5		-1.6		-3.8	
2019	+3.7	+1.3	+0.6	+0.4	+0.3	+2.4	+0.7	-1.8	+1.3	+0.6	-0.3	+0.9	+10.6		+13.1		-2.5	
2020	+0.6	-1.6	-18.7	+5.5	+5.2	+2.3	+1.6	+1.9	-0.4	+0.1	+3.1	+1.6	-1.1	*+8.2**	+7.1	*+7.3**	-8.3	*+0.9**
2021	-0.3	+0.2	-0.4	+1.5	+0.8	+1.0	-0.1	+1.2	-0.5	+0.2	-1.8	+0.6	+2.4		+0.9		+1.5	
2022	-0.9	-4.0	+0.4	-1.7	-	-	-	-	-	-	-	-	-6.2		-10.7		+4.5	

Strategy Information

Key Features	
Portfolio Managers	Charles Gélinet, Jean-Yves Chereau
Investment period	Agreed at outset; normally up to 3 months
Bespoke	Target bond list and industry exposures adjusted to reflect individual preferences and requirements, including environmental, social and governance reasons, client's exposure to other assets, whether liquid or illiquid, tax constraints or any other reason
Portfolio Minimum*	Minimum portfolio size of $6,000,000 **Minimum size of investment reflects the amount required to achieve sufficient diversification across the strategy (at least 30 bonds), based on minimum bond denominations of $200,000 for the majority of names.*
Sizing	Usually 30-50 holdings of c. 2-3% each, dependent on the size of portfolio
Cash reserve	Aim for 0-5% to provide flexibility for cash calls and opportunistic purchases
Fees	Standard fee 1% p.a. charged quarterly in arrears, no performance fee or hidden 'fund' charges. Tiered fee structure, lower fees for larger accounts
Hedging of FX or Market	By exception, if and when required, where we explore pricing and take time to explain to the client.
Custody	Flexible, maintain your own custodian or start a new relationship through us
Other Banking Services	Would be provided by the custodian, but can include leverage, mortgages, credit cards, insurance etc, depending on the custodian rather than us.
Eligibility	Restricted to professional or elective professional clients