

**Fund Commentary**
**Summary**

- The Fund's QAUSD class fell 0.22%
- Supply side bottlenecks persist; inflation readings remain elevated
- FOMC minutes point to Fed tapering before year end
- BoC ends asset purchases prematurely, BoE commentary increasingly hawkish
- UST yield curve flattens
- DXY Index (DXY) fell 0.11%

**Market Review**

October was a mixed month across asset markets: equity markets in general fared well with the S&P and Nasdaq both making new highs, gaining 6.91% and 7.27% respectively. In contrast, fixed income markets grappled with elevated inflation readings and more central banks moving to end/taper asset purchases or raise rates. The US debt ceiling limit was raised, providing a temporary reprieve. The UST yield curve flattened over the month as shorter dated USTs yields backed up while the UST 30-year yield compressed 12bps to 1.93%: the UST 2s30s spread tightened by 33bps to 143bps. However, there were some significant swings in USTs: the UST 10-year yield backed up 7bps to 1.56% at month end but it had reached a closing high of 1.70% during the month. The US dollar index (DXY) fell 0.11%.

China's Q3 GDP slowed to 4.9% yoy from 7.9% yoy in Q2: this came amid headwinds such as energy shortages, supply chain disruptions, Covid-19 outbreaks/restrictions, and the fallout of the Evergrande debt crisis on a highly leveraged property sector. In the US, the advance reading for 3Q GDP came in below expectations at an annualised rate of 2% but inflation readings remained elevated and the FOMC minutes pointed to the Fed starting to taper asset purchases before the year end. Other central banks also took a more hawkish tilt: the Bank of Canada moved more aggressively than expected by prematurely ending its asset purchase programme and commentary from the BoE remained hawkish. ECB President Christine Lagarde pushed back against the idea that the ECB needs to raise rates in 2022, saying that the ECB still views inflationary pressures as largely transitory, but investors viewed this with some scepticism.

**Portfolio Review**

The Fund's QAUSD class fell 0.22% over the month. The Fund's longer dated credit positions were among the top contributors supported by the rally in the long end of the UST curve. MDGH GMTN BV 6.875% 2041, China Development Bank 4% 2037 and State of Qatar 4.817% 2049 were among the top contributors to performance. The backdrop of stronger oil prices (Brent Crude gained 7.46% to close the month at USD84.38 per barrel) remains

supportive of a number of the GCC sovereign and quasi-sovereign positions along with Mexican oil producer Pemex. The holdings in Pemex 7.69% 2050 and Pemex 6.625% 2035 were also amongst the top contributors helped by signs of government support and attractive valuations. For example, Pemex 7.79% 2050, (which is split rated Ba3/BBB/BB-), trades on a yield of 8.08% and ~6.3 credit notches cheap on our models using the BBB best rating. We continue to target higher quality credits, particularly quasi-sovereign and sovereign issuers, with a portfolio weighted average rating of A2.

**Outlook**

Whilst energy prices eased a little from the peaks reached in late October, they remain at elevated levels. Europe has seen the most extreme price rises, with natural gas prices having risen fivefold. Whilst the Nord-Stream 2 pipeline between Russia and Germany was completed earlier this year, it will require agreement between the leaders of Russia, Ukraine, Germany, and the United States and, as such, resolution remains some way away and European energy prices are likely to remain at elevated levels for some time. Higher energy prices act as a tax on growth with energy importers likely to see widening current account deficits. Conversely, major energy exporters will see big improvements in their current account positions.

Global economic growth peaked in March of this year, and we have now entered a new phase of lower growth. Consumer confidence has been hit by a combination of higher energy prices, higher food prices and the prospect of higher taxes. Declining consumer confidence is usually associated with weaker growth prospects and with US Q3 GDP coming in at only 2%, growth is already weaker than many had anticipated even just a few months ago. Having peaked at 2.45% in mid-March, US 30-year bonds have fallen by 52 basis points as yield curves flattened in anticipation of further declines in economic prospects.

High quality bonds tend to perform well under conditions where growth is slowing, and this looks set to continue in the months ahead. Although the Fund only holds investment grade bonds (best rating basis), credit spreads are determined by relative pricing. With US BB High Yield trading around 3.4%, close to a record low, investment grade bonds, particularly the undervalued ones held within the portfolio, have plenty of scope to rally further. Investors still need income, increasingly so in a world of ageing populations, and that backdrop should be supportive for fixed income assets in general.

**Fixed Income Team**
**Fund Objectives**

The Fund seeks to sustain higher income than typical investment grade indices, by targeting undervalued investments which amplify capital appreciation while reducing downside risk.

The Fund invests in investment grade bonds from those countries, and companies within those countries, which the manager considers have the greatest ability to pay their debts.

**Further Information**

Before making an investment and investor should ensure that they have read and understood the Key Investor Information Document and Prospectus, which can be found at <https://www.strattonstreet.com> and <https://fondsfinder.universal-investment.com/en>, where the risks associated with an investment in the Fund are set out in full.

Information in this fact sheet is at the last valuation point of the month of issue (except where indicated).

**Performance Summary**

Stratton Street UCITS – NFA Global Bond Fund UI QAUSD -0.22%

Bloomberg Barclays Global Aggregate Total Return Index Value Hedged USD -0.26%

**Contact Information**
**Stratton Street Capital LLP**

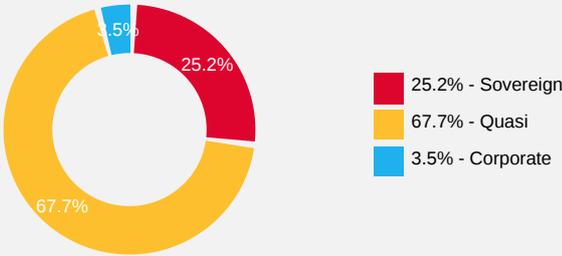
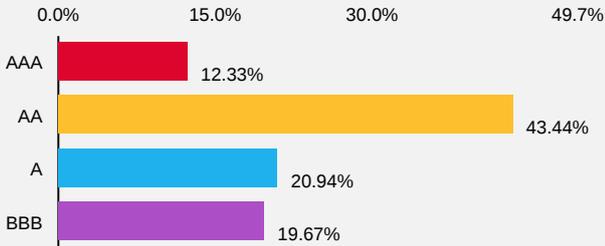
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Cumulative Performance	1m	YTD	1Yr	3Yr	5Yr	Since Inception (Ann.)
Class QAUSD	-0.22%	-2.50%	1.09%	25.65%	N/A	5.91%
Class QDUSD	-0.28%	-2.55%	1.04%	25.33%	N/A	5.47%
Class QAEUR Hedged	-0.26%	-3.02%	0.35%	18.18%	N/A	3.73%
Class QDEUR Hedged	-0.24%	-3.08%	N/A	N/A	N/A	N/A
Class QDGBP Hedged	-0.48%	-3.00%	0.50%	19.33%	N/A	4.24%
12 month Performance	30/09/2016 - 30/09/2017	30/09/2017 - 30/09/2018	30/09/2018 - 30/09/2019	30/09/2019 - 30/09/2020	30/09/2020 - 30/09/2021	
Class QAUSD	N/A	-1.07%	16.36%	5.46%	0.84%	
Class QDUSD	N/A	-2.91%	16.31%	5.29%	0.85%	
Class QAEUR Hedged	N/A	-3.66%	12.81%	2.86%	0.06%	
Class QDEUR Hedged	N/A	N/A	N/A	N/A	N/A	
Class QDGBP Hedged	N/A	-2.51%	14.25%	2.44%	0.50%	

Portfolio Statistics		Regional Breakdown (% NAV)	
Gross Redemption Yield	2.81%	Abu Dhabi	26.25%
Gross Running Yield	2.58%	Qatar	21.52%
12 Month Historic Yield (Class QDGBP)	1.66%	Mexico	12.74%
Number of Holdings	30	China	9.01%
Number of Countries	9	Canada	8.95%
Modified Duration	7.79	Chile	7.60%
Average Credit Rating of Portfolio	A2	United Kingdom	3.50%
<b>Entity Breakdown (% NAV)</b>  <ul style="list-style-type: none"> <li>25.2% - Sovereign</li> <li>67.7% - Quasi</li> <li>3.5% - Corporate</li> </ul>		Russia	3.43%
		Singapore	3.37%
		<b>Net Foreign Assets Breakdown (% NAV)</b>	
		7 Star	51.15%
		6 Star	0.00%
<b>Credit Rating Breakdown (% NAV)</b>		5 Star	3.43%
 <ul style="list-style-type: none"> <li>AAA: 12.33%</li> <li>AA: 43.44%</li> <li>A: 20.94%</li> <li>BBB: 19.67%</li> </ul>		4 Star	29.06%
		3 Star	12.74%

Fund Information							
Fund Launch Date	9 December 2016						
Fund Size	US\$63.07m						
Gross Exposure	96.37%						
Pricing Frequency	Daily						
Domicile	Luxembourg						
Exit Charge	None						
Share Class	QA USD	QD USD	QA EUR Hedged	QD EUR Hedged	QA GBP Hedged	QD GBP Hedged	RD EUR Hedged
NAV per Share	132.38	108.88	119.73	97.17	N/A	101.84	N/A
Minimum Initial Investment	€100,000	\$100,000	£100,000	€100,000	\$100,000	£100,000	No minimum
Minimum Additional Investment	None	None	None	None	None	None	None
Entry Charge	Up to 3%	Up to 3%	Up to 3%	Up to 3%	Up to 3%	Up to 3%	Up to 3%
Ongoing Charge (as at 31/12/2020)	1.05%	1.14%	0.97%	0.94%	1.68%	1.03%	N/A
Launch Date	13/12/2016	09/12/2016	30/11/2016	01/11/2020	Inactive available on demand	30/11/2016	Inactive available on demand
ISIN	LU1483930100	LU1483929862	LU1483930282	LU1483929946	LU1483930365	LU1483930019	LU1483930449
Bloomberg Ticker	SNFAQAU LX	SNFAQDU LX	SNFAQAE LX	SNFAQDE LX	tbc	SNFAQDG LX	tbc

Source: Stratton Street Capital LLP, Bloomberg.

<sup>1</sup> 12M Historic Yield is calculated as the sum of the last two declared dividends per share as a percentage of the current NAV per share.

**Important Information**

This marketing material has been approved in the UK by Stratton Street Capital LLP which is a limited liability partnership incorporated and registered in England and Wales under partnership OC306260 with its registered office at 200 Aldersgate Street, London EC1A 4HD. Stratton Street Capital LLP is regulated by the Financial Conduct Authority.

The distribution of Shares in the Fund in Switzerland will be exclusively made to, and directed at, qualified investors ("Qualified Investors") as defined in the Swiss Collective Investment Schemes Act of 23 June 2006, as amended, and its implementing ordinance. Accordingly, the Fund has not been and will not be registered with the Swiss Financial Market Supervisory Authority. The Fund's Prospectus and/or any other offering materials relating to the Shares may be made available in Switzerland, free of charge, solely by the Swiss representative and/or authorized distributors to Qualified Investors. The Swiss representative is 1741 Fund Solutions AG and the Swiss paying agent is Telco AG. In respect of the Shares distributed in or from Switzerland, the place of performance and jurisdiction is the registered office of the Swiss representative.

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An investment in the Fund would not constitute a substantial part of a typical investor's investment portfolio and is not suitable for an investor who cannot sustain a loss on their investment. There is no guarantee of the Fund's future performance and past performance is not a reliable indicator of future performance. The value of your investment and the income derived from it can go down as well as up, and you may not get back the money you invested. The risks associated with making an investment in the Fund are described in the Prospectus but investors should note, in particular, the following: 1) the Fund may invest a part of its assets in debt securities issued by governments or companies. As a result, it is subject to the risk of the insolvency of the issuers of the debt in which they invest; 2) The Fund is subject to the risk of the insolvency of its counterparties; and 3) The Fund invests in one or more financial derivative instruments. While the use of derivatives can be beneficial, derivatives also involve risks different from, and in certain cases, greater than, the risks presented by more traditional investments. The use of derivatives to hedge against losses may also reduce the profit opportunities of the Fund.

Attention Singapore Investors: In the event of any conflict or inconsistency between the information set out in this document and that of the Prospectus, the information set out in the Prospectus shall prevail. Please take note of the notice to Singapore Investors in the Prospectus.