

Mondrian Local Currency Emerging Markets Debt Fund

Fund Overview

Investment Philosophy

- A value-oriented, defensive philosophy, which focuses on “emerging” or developing fixed income markets that offer high income in real (inflation-adjusted) terms and long-term capital growth.
- Considers the relative value of country bond markets as well as foreign currency valuations for a US dollar-based investor when selecting bonds for the Fund. Because of special risks associated with foreign currencies, the Fund may defensively hedge currency exposures.

Fund Performance*

(as of December 31, 2020)

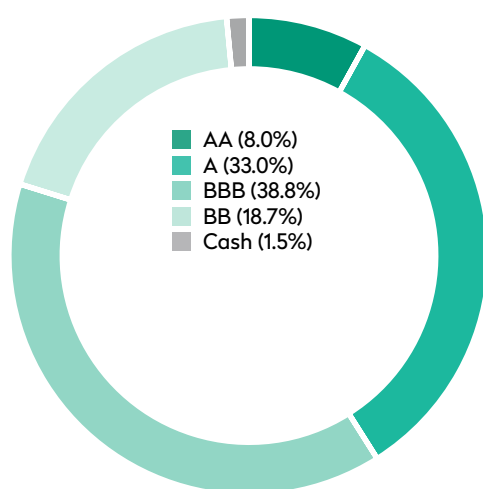
	Quarter to Date	Year to Date	12 Months	3 Yrs (Ann)	5 Yrs (Ann)	10 Yrs (Ann)	SI (Ann)
Fund NAV Return	10.7%	2.2%	2.2%	3.1%	7.1%	1.1%	1.1%
Benchmark Return	9.6%	2.7%	2.7%	3.0%	6.2%	2.0%	2.0%
Relative Returns	1.0%	-0.4%	-0.4%	0.1%	0.8%	-0.8%	-0.8%

Fund Characteristics

(as of December 31, 2020)

	Average Coupon	Average Maturity	Modified Duration	Number of Issues	Average Quality	Yield to Maturity
Fund	6.9%	7.4	5.4	52	BBB+	3.8%
Index	5.5%	7.3	5.4	251	BBB+	4.0%

Credit Rating Distribution



Average = BBB+

Country Allocation

	Bond Exposure	Currency Exposure	JPMorgan GBI-EM Global Div
Asia Pacific	31.2	25.6	35.0
Malaysia	7.1	7.1	6.9
Indonesia	10.5	6.3	9.5
Thailand	7.2	5.3	8.6
Philippines	0.0	0.0	0.2
China	6.3	6.8	10.0
Europe	23.4	30.3	28.3
Czech Republic	4.2	3.0	3.8
Hungary	3.8	3.8	4.0
Poland	8.7	6.7	8.1
Russia	6.8	9.7	7.4
Turkey	0.0	7.2	1.9
Romania	0.0	0.0	3.1
Latin America	36.5	34.8	29.1
Brazil	11.2	11.2	8.4
Chile	3.9	3.9	2.7
Colombia	7.9	7.9	5.6
Mexico	9.9	9.9	9.4
Peru	3.6	2.0	2.8
Dominican Republic	0.0	0.0	0.2
Uruguay	0.0	0.0	0.1
Middle East & Africa	7.5	7.5	7.6
South Africa	7.5	7.5	7.6
Cash	1.5	0.9	0.0
Total	100.0	100.0	100.0

Source: Mondrian Investment Partners Limited/JPM GBI-EM Global Div

*Portfolio Inception Date: December 13, 2010. Performance Inception Date: January 1, 2011.

Mondrian Global Fixed Income Fund, Mondrian Local Currency Emerging Market Debt Fund, Mondrian Emerging Markets Equity Fund, Mondrian Global Equity Fund and Mondrian Global Green Bond Fund are sub funds of Mondrian Funds Plc; a UCITS Fund.

See important notes on page 4.

Mondrian Local Currency Emerging Markets Debt Fund Overview

Portfolio (as of December 31, 2020)	Holdings (%) Bond Exposure	Holdings (%) Currency Exposure	JP Morgan GBI-EM Global Div
Asia Pacific	31.2	25.6	35.0
Malaysia	7.1	7.1	6.9
Malaysia Govt 3.733% 15-Jun-28	0.0		
Malaysia Govt 3.828% 05-Jul-34	0.2		
Malaysia Govt 3.885% 15-Aug-29	2.0		
Malaysia Govt 3.9% 30-Nov-26	0.5		
Malaysia Govt 3.906% 15-Jul-26	0.6		
Malaysia Govt 3.955% 15-Sep-25	1.3		
Malaysia Govt 4.059% 30-Sep-24	2.5		
Indonesia	10.5	6.3	9.5
Indonesia Govt 5.625% 15-May-23	1.0		
Indonesia Govt 7% 15-May-22	0.1		
Indonesia Govt 7% 15-May-27	1.1		
Indonesia Govt 8.375% 15-Mar-34	4.9		
Indonesia Govt 9% 15-Mar-29	3.3		
Thailand	7.2	5.3	8.6
Thailand 2.125% 17-Dec-26	0.2		
Thailand 2.875% 17-Dec-28	3.9		
Thailand 3.3% 17-Jun-38	1.0		
Thailand 3.65% 20-Jun-31	2.1		
Philippines	0.0		0.2
China	6.3	6.8	10.0
China 2.68% 21-May-30	4.7		
China 2.85% 04-Jun-27	0.9		
China 3.81% 14-Sep-50	0.7		
Europe	23.4	30.3	28.3
Czech Republic	4.2	3.0	3.8
Czech Republic 3.85% 29-Sep-21	1.0		
Czech Republic 4.7% 12-Sep-22	3.2		
Hungary	3.8	3.8	4.0
Hungary 2.5% 27-Oct-21	1.8		
Hungary 2.5% 24-Oct-24	1.9		
Poland	8.7	6.7	8.1
Poland Govt 2% 25-Apr-21	2.0		
Poland Govt 2.5% 25-Jul-26	2.1		
Poland Govt 4% 25-Oct-23	0.4		
Poland Govt 5.75% 25-Oct-21	1.3		
Poland Govt 5.75% 25-Apr-29	2.9		
Russia	6.8	9.7	7.4
Russia 7.05% OFZ 19-Jan-28	0.9		
Russia 7.7% 23-Mar-33	4.2		
Russia 8.15% 03-Feb-27	0.9		
Russia 8.5% 17-Sep-31	0.8		
Turkey	0.0	7.2	1.9
Romania			3.1
Latin America	36.5	34.8	29.1
Brazil	11.2	11.2	8.4
Brazil NTN-F 10% 01-Jan-21	2.6		
Brazil NTN-F 10% 01-Jan-23	2.1		
Brazil NTN-F 10% 01-Jan-25	3.0		
Brazil NTN-F 10% 01-Jan-27	3.5		
Chile	3.9	3.9	2.7
Republic of Chile 4.5% 28-Feb-21	1.3		
Republic of Chile 4.5% 01-Mar-26	1.8		
Republic of Chile 5% 01-Mar-35	0.8		
Colombia	7.9	7.9	5.6
Colombia Tes 6% 28-Apr-28	4.5		
Colombia Tes 7% 04-May-22	0.6		
Colombia Tes 7.5% 26-Aug-26	2.7		
Mexico	9.9	9.9	9.4
Mexico Bonos 10% 20-Nov-36	1.1		
Mexico Bonos 7.5% 03-Jun-27	4.8		
Mexico Bonos 8.5% 31-May-29	3.9		
Peru	3.6	2.0	2.8
Peruvian Govt 6.9% 12-Aug-37	2.6		
Peruvian Govt 8.2% 12-Aug-26	1.0		
Dominican Republic			0.2
Uruguay			0.1
Middle East & Africa	7.5	7.5	7.6
South Africa	7.5	7.5	7.6
Rep of South Africa 10.5% 21-Dec-26	3.1		
Rep of South Africa 6.25% 31-Mar-36	1.7		
Rep of South Africa 6.5% 28-Feb-41	0.5		
Rep of South Africa 8.25% 31-Mar-32	1.4		
Rep of South Africa 8.75% 28-Feb-48	0.8		
Cash	1.5	0.9	0.0
Total	100.0	100.0	100.0

Quarterly Commentary for Quarter 4, 2020

Market Background

Over the fourth quarter, the JP Morgan GBI-EM Global Diversified Index rose 9.6% in US dollar unhedged terms. In local currency terms the index rose 2.8%, with benchmark EM currencies rising 6.7% on average against the US dollar. The strongest performing markets were South Africa (+21.3%), Mexico (+15.5%) and Colombia (+15.4%). Currency was the main driver of outperformance in the case of all three markets. The weakest performing markets were the Philippines (+1.3%), Uruguay (+2.5%) and Malaysia (+4.1%). Currency was the chief detractor in the case of all three markets.

Investment Performance

During Q4 as a whole, the fund returned 10.7% on an NAV basis, outperforming the benchmark by 1.0%. Both currency and country allocation were positive for relative performance. In terms of currency allocation over the quarter, the largest effects came from the Turkish lira and Colombian peso overweights along with the Romanian leu and Peruvian sol underweights. The largest country positives came from the duration underweights to China, Indonesia and the Czech Republic.

Investment Outlook

The year just passed has seen our call of the fall in the value of the US dollar played out mainly against developed market currencies, yet the US dollar remains overvalued against many emerging market currencies according to our Purchasing Power Parity valuation metrics. This is amongst the reasons why the local currency emerging market debt asset class is particularly attractive. Prospective Real Yields within the asset class are higher and are widely dispersed; indicating greater value opportunities and finally nominal yields are considerably higher, with the yield on the local currency emerging market debt benchmark, the JP Morgan GBI-EM Global Diversified Index at 4.2% as at 31st December 2020 compared to a yield of just 0.6% for US treasury bonds.

The local currency emerging market debt asset class is one where value opportunities often present themselves as the year just passed has shown. At the end of the first quarter of 2020, Prospective Real Yields and our currency valuation metrics were showing strong signals in a number of markets, notably Mexico, Chile and Colombia, with the Turkish lira also showing extreme undervaluation against the US dollar. Following our process of investing in high Prospective Real Yield markets and undervalued currencies, we took advantage of these opportunities as they arose culminating in another year of outperformance against the local currency benchmark index.

As we embark on a new year, we continue to follow our investment methodology of investing in high Prospective

Real Yield markets and undervalued currencies. Our significant overweight to the Turkish lira, which reached an extreme of undervaluation late last year is beginning to bear fruit as the central bank hiked interest rates in order to contain inflation expectations, thereby attracting strong portfolio inflows and leading to an appreciation of the lira. However, given the sharp inversion of the yield curve in Turkey, we do not have any allocation to the bond market given long term yields do not compensate for inflation and sovereign credit risks. We are also overweight Colombia as both Prospective Real Yields and currency valuations are attractive and we are also overweight the Chilean peso and Brazilian real where currency valuations are attractive.

Prospective Real Yields in Indonesia and Russia are attractive and we are overweight the bond markets there, though underweight the Indonesian rupiah as there are other more attractively valued currencies to be invested in – the Russian rouble being one of them, where we are overweight. Finally we are broadly neutral to the Chinese bond market, which reached its full weight of 10% in the benchmark index at the end of last year; though maintain an underweight to the Chinese renminbi, which along with the Indonesian rupiah is one of the less attractively valued currencies.

Investment Strategy

- Very overweight Turkish lira; no exposure to Turkish bonds
- Overweight exposure to Brazil
- Modest overweights to Chile and Colombia
- Broadly neutral Chinese duration; underweight Chinese renminbi
- Broadly neutral Mexican peso; overweight Mexican duration
- Underweight Peruvian sol; overweight Peruvian duration
- Small overweight to Russian rouble; overweight Russian duration
- Broadly neutral South Africa
- Broadly neutral to Malaysia
- Neutral to Hungarian forint; underweight Hungarian duration
- Underweight Indonesian rupiah; overweight Indonesian duration
- Underweight Poland, Romania and Czech Republic
- Underweight to Thailand
- No exposure to Uruguay or Dominican Republic

Fund Transactions

There were no strategic Fund transactions in December.

Contact Us

Mondrian Investment Partners Limited

Fifth Floor, 10 Gresham Street
London EC2V 7JD

Telephone: +44 20 7477 7000

Mondrian Client Service and
Business Development Team
(London)

Email: csl@mondrian.com

Important Notes

1. Calculations for Average Coupon, Average Maturity, Modified Duration, Average Quality, and Yield to Maturity are based on generally accepted industry standards. All Fund characteristics are derived by first calculating the characteristics for each security, and then calculating the weighted-average of these values for the Fund. The details of exact calculations can be provided upon request.
2. Past performance is not indicative of future results. An investment in the Fund involves the risk of loss. The investment return and value of Shares in the Fund will fluctuate. When a redemption is made, the Shares may be worth more or less than when originally purchased.
3. There can be no assurance that the investment objectives of the Fund will be achieved.
4. The Fund is managed in accordance with the investment objective and guidelines and other terms and conditions described in the Prospectus and Fund Supplement. The Fund is not managed in accordance with the individual guidelines of any one investor.
5. The Total Assets of the Fund and the Fund Return are calculated using the official Net Asset Value data of the Fund. All other information has been calculated using Mondrian's accounting system data, which may differ from official Net Asset Value data of the Fund, for example because of timing of the accounting of Administrative Expenses and pricing for securities.
6. All performance information provided in this Fund Overview is net of Transaction Expenses, Administrative Expenses and Management Fees but gross of the Subscription and Redemption charges (each as described in the Supplement to the Prospectus).

Subscription Charges and Redemption Charges are automatically deducted from subscription payments and redemption proceeds. Investor returns will be reduced by Subscription Charges and Redemption Charges paid.

7. The JP Morgan Global Bond Index – Emerging Market Global Diversified (GBI-EM Global Div) is a broad measure of the local currency denominated debt of emerging market countries. It currently comprises 18 emerging market countries and applies a 10% maximum cap on any one country, with the excess distributed proportionately across the rest of the Index. The Index is measured in US dollar terms and is unhedged.
8. This Fund Overview is confidential and only for the use of investors in the Fund and their advisers. This Fund Overview may not be redistributed or reproduced, in whole or in part.
9. Views expressed were current as of the date indicated, are subject to change, and may not reflect current views. Views should not be considered a recommendation to buy, hold or sell any security and should not be relied on as research or investment advice.
10. This Fund Overview may include forward-looking statements. All statements other than statements of historical facts are forward-looking statements (including words such as "believe," "estimate," "anticipate," "may," "will," "should," "expect"). Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Various factors could cause actual results or performance to differ materially from those reflected in such forward-looking statements.

Key Investor Information Documents for qualified investors only in Switzerland.

Qualified investors can obtain the extract prospectus (edition for Switzerland), the Key Investor Information Documents, the memorandum and articles of association, the extract annual and semi-annual report, and further information free of charge from the representative in Switzerland: Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva, Switzerland, web: www.carnegie-fund-services.ch. The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Île, CH-1204 Geneva. For the units of the Funds distributed to qualified investors in Switzerland, the place of performance is Geneva.

Mondrian Investment Partners Limited is authorised and regulated by the Financial Conduct Authority.

www.mondrian.com