# Emerging Market Credit Opportunities (EMCO) Fund

Fact Sheet: October 2009

## Fund Description

The Emerging Markets Credit Opportunities Fund is an open-end Hedge Fund incorporated in the Dubai International Financial Centre (DIFC). The objective of the Fund is to provide investors with attractive total rates of return within the fixed income universe by undertaking to take advantage of credit opportunities in Emerging Market companies and countries.

## Executive Summary

| | |
|---|---|
| Fund Type | Hedge Fund |
| Domicile | DIFC, Dubai |
| Currency | US Dollar |
| Regulator | DFSA |
| Bloomberg Ticker | MCFEMCO |
| Net Asset Value | Monthly |
| Liquidity | Monthly |
| Management Fee | 2% p.a. |
| Auditor | Deloitte & Touche |
| Registrar, Administrator & Custodian | HSBC Middle East |

## Fund Summary

| | |
|---|---|
| NAV as at 29th Oct. | 8.785 |
| Yield | 9.36% |
| Average Coupon | 5.57% |
| Portfolio Modified Duration | 1.94 |
| Average Maturity | 5.45 years |
| Average Portfolio Rating | BB+ |

## Top 3 Long Positions

| Issuer | Weight % |
|---|---|
| Paiton Energy | 10.63 |
| Tata Motors | 10.62 |
| Singapore Telecom | 7.20 |

## Peer Comparison

| | 1 Mnth % | 3 Mnth % | YTD % |
|---|---|---|---|
| EMCO | 1.40 | 7.83 | 27.90 |
| JPMorgan EM Debt Fund | -0.67 | 7.50 | 31.86 |
| TCW EM Income Fund | 0.52 | 7.17 | 32.43 |
| DWS EM Fixed Income Fund | 0.49 | 7.23 | 23.97 |
| Ashmore EM Corporate HY Fund | 2.10 | 7.76 | 30.64 |
| T Rowe Price Inst. EM Bond Fund | -0.33 | 6.85 | 18.41 |

## Overview and Outlook

**Your fund gained 1.4% this month.**

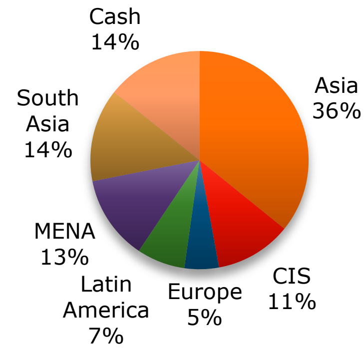
The fund is up 27.9% YTD, the performance can be attributed to the fund's positioning earlier in the year towards securities that we believed offered the most upside from the easing of the credit crisis in the emerging market space.

The best and worst performing holdings were Dar Al Arkan and Tata Motors, up 15% and down 2% respectively. This month we saw the rally that started from the lows in March beginning to fade as yields reached pre-Lehman levels and supply of new issues came to the market.

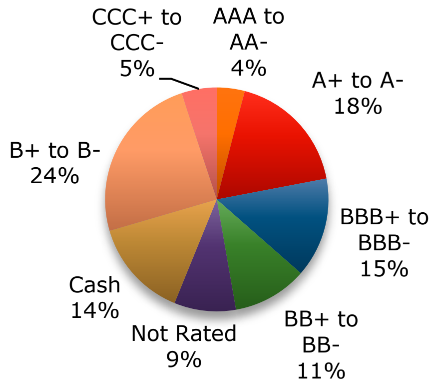
With this in mind, and the view that yields in the lower rated high yield issues are at the tights we exited all holdings which were B or lower during the month. In addition, we have participated selectively in the new issues with the view that we should be able to pick them some cheaper in the secondary market. Our view was justified as most emerging market new issues are trading below their issue prices.

We continue to believe that there is opportunity in strong BB rated high yield emerging market credits to generate returns with comfortable downside protection. The BB and higher space is where we still see corporate bonds with attractive yields supported by strong underlying fundaments.

## Regional Composition




## Ratings Breakdown



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