

# FIA Emerging Markets Local Currency Debt

Portfolio benchmark: JPM GBI Emerging Markets Global Diversified Index (USD) | As of December 31, 2016

## Investment objective

First International Advisors, LLC seeks to:

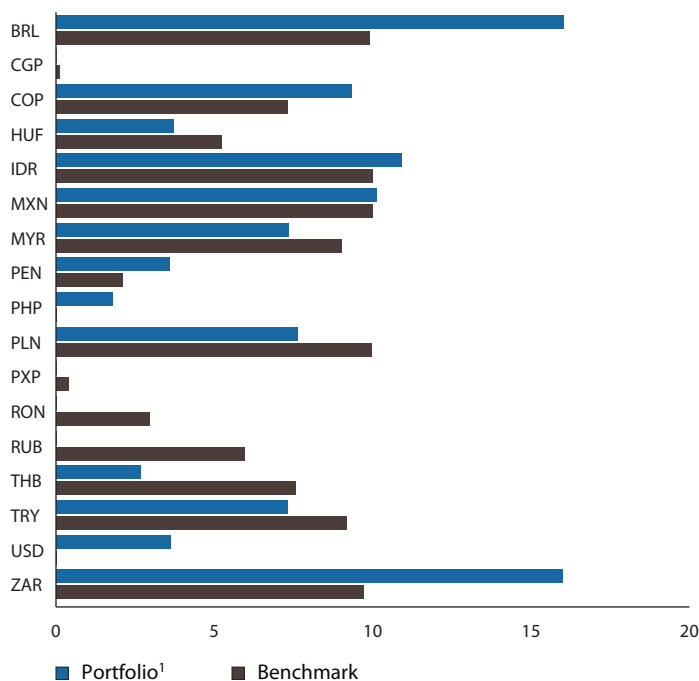
- Deliver a diversified, risk-controlled portfolio of emerging market fixed income securities
- Produce consistent value-added performance versus the JPM GBI Emerging Markets Global Diversified Index

## Investment process

**Emerging Markets Local Currency Debt** aims to capitalize on the increased opportunity of the global markets

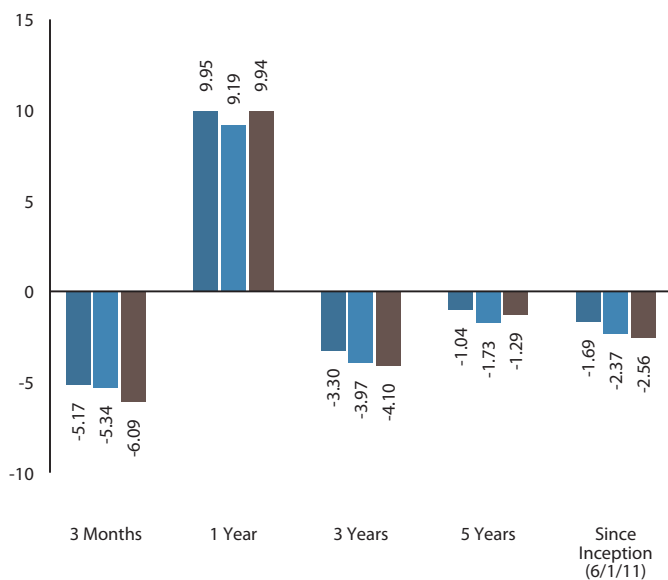
- A minimum of 70% is invested in investment-grade local currency securities from sovereign emerging-market issuers
- Additionally, up to 30% of the portfolio can be invested in other emerging-market debt securities, including a maximum of 25% in external sovereign debt; 15% in external corporate debt; and 15% in local-currency corporate debt
- The disciplined investment process considers emerging markets in a global context and invests opportunistically in the best value markets to provide a diversified portfolio providing optimum risk-adjusted returns
- Currency is treated as a separate asset class to help manage the overall risk profile and to enhance returns

## Market/currency exposure (%)



## Investment performance

Historical returns (%)



- FIA Emerging Markets Local Currency Debt Composite - Gross
- FIA Emerging Markets Local Currency Debt Composite - Net
- JPM GBI Emerging Markets Global Diversified Index (USD)

## Quality distribution (%)

	Portfolio <sup>1</sup>	Benchmark
AAA	4.70	0.00
AA	0.00	0.10
A	27.76	38.69
BBB	48.27	32.03
BB	15.58	29.18
B	0.00	0.00
NR	0.00	0.00
Cash	3.68	0.00

All returns for periods greater than one year are annualized. NOTE: The complete GIPS® compliant presentation can be found at the end of document.

<sup>1</sup> This information is based on a representative account within the FIA Emerging Markets Local Currency Debt Composite. The representative account has been selected by meeting the following criteria: 1) the account is in the FIA Emerging Markets Local Currency Debt Composite, 2) Wells Capital Management represents that the holdings, characteristics and risk profile are representative of the strategy/style of the FIA Emerging Markets Local Currency Debt Composite. Any changes to the representative account must be approved by one of the Co-Heads of Portfolio Risk Management and Analytics. Source: Bloomberg, BofAML, WellsCap FIRE

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## Sector allocation (%)

	Portfolio <sup>1,2</sup>	Benchmark
Sovereign (Investment Grade)	73.64	70.82
Sovereign (Below Investment Grade)	15.58	29.18
Quasi Sovereign	4.70	0.00
Corporate (Investment Grade)	2.40	0.00
Corporate (High Yield)	0.00	0.00
Cash	3.68	0.00

## Investment team

	Position
Tony Norris	Senior Portfolio Manager
Peter Wilson	Senior Portfolio Manager
Michael Lee	Senior Portfolio Manager
Alex Perrin	Senior Portfolio Manager
Christopher Wightman	Senior Portfolio Manager
Mark Cole	Portfolio Manager & Trader

## Portfolio characteristics

	Portfolio <sup>1,2</sup>	Benchmark
Number of holdings	30	201
Average maturity (years)	5.88	7.32
Average duration (years)	4.48	4.91
Average quality (S&P)	BBB+	BBB+
Yield to maturity	7.51%	6.65%
Average coupon	6.77%	6.13%

	Position
Richard Bishop, CFA	Portfolio Manager & Trader
David Moon, CFA	Senior Credit Analyst
Brian Barry, CFA	Credit Analyst
Anna Tabor, CFA	Portfolio Analyst
Lauren Van Biljon, CFA	Emerging Market & Sovereign Analyst
Waiyee Mo	Portfolio Specialist

1 This information is based on a representative account within the FIA Emerging Markets Local Currency Debt Composite. The representative account has been selected by meeting the following criteria: 1) the account is in the FIA Emerging Markets Local Currency Debt Composite, 2) Wells Capital Management represents that the holdings, characteristics and risk profile are representative of the strategy/style of the FIA Emerging Markets Local Currency Debt Composite. Any changes to the representative account must be approved by one of the Co-Heads of Portfolio Risk Management and Analytics.

2 Source: FIA Proprietary Models & Systems, using IDC third-party pricing.

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## GIPS® compliant presentation

Period	Gross Annual Return (%)	Net Annual Return (%)	Primary Index Return (%)	Composite 3 Yr Std Dev (%)	Primary Index 3 Yr Std Dev (%)	Internal Dispersion (%)	Number of Accounts	Composite Assets (\$-mm)	Total Firm Assets (\$-mm)
2016	9.95	9.19	9.94	11.33	11.97	N.A.	1	42.0	330,718
2015	-15.48	-16.08	-14.92	9.74	10.35	N.A.	1	46.4	349,342
2014	-2.70	-3.38	-5.72	11.11	11.77	N.A.	3	234.3	351,065
2013	-8.76	-9.40	-8.98	N.A.	N.A.	N.A.	3	251.0	357,113
2012	15.02	14.22	16.76	N.A.	N.A.	N.A.	3	281.2	332,154
2011 (IP)	-4.17	-4.57	-7.69	N.A.	N.A.	N.A.	1	53.7	330,855

IP = Returns are for the period from June 1, 2011 (Inception) through December 31, 2011.

Primary Index = JPM GBI Emerging Markets Global Diversified Index (USD)

1. Wells Capital Management ("WellsCap") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. WellsCap has been independently verified for the periods from January 1, 1997 through December 31, 2015. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The FIA Emerging Markets Local Currency Debt Composite has been examined for the periods from June 1, 2011 through December 31, 2015. The verification and performance examination reports are available upon request.

2. WellsCap is a registered investment adviser and a wholly owned subsidiary of Wells Fargo Bank, N.A. Since the firm's creation in 1996, the firm has acquired a number of investment teams and/or assets through mergers and acquisitions. These include assets and/or investment teams from Norwest Investment Management Inc., Sutter Advisors, LLC, Montgomery Asset Management, Benson Associates, Strong Financial Corporation, Evergreen Investments, First International Advisors, LLC, Metropolitan West Capital Management, LLC, EverKey Global Partners and ECM Asset Management Limited. In all cases, the investment teams involved in each acquisition and merger remain autonomous teams within WellsCap.

3. The FIA Emerging Markets Local Currency Debt Composite ("Composite") is managed by First International Advisors, LLC. The Composite includes all discretionary accounts over \$2 million managed in this style. The strategy aims to capitalize on the increased opportunity from this asset class seeking to exceed the return of the J.P. Morgan GBI Emerging Markets Global Diversified Index. The strategy looks to add value against the benchmark in the following ways: Market allocation (Interest rate environment), currency management and duration management. Diversification "off index" is allowed into country of issuer allocation (sovereign spread risk), and sector issuance (diversification into corporate risk). Any diversification "off index" is limited to no more than 30% of the portfolio. The investment team uses proprietary investment technology, an experienced team of investment professionals, and active management within a structured process. Investment results are measured versus the J.P. Morgan GBI Emerging Markets Global Diversified Index. The exchange rate source of the benchmark is WM Reuters 4pm GMT. The exchange rate source of the Composite is Bloomberg, 4pm London. The Composite creation date is November 1, 2011. The Composite inception date is June 1, 2011. Effective June 29, 2012, Christopher Wightman, senior portfolio manager, has been added to the portfolio management team at First International Advisors.

4. Composite returns are net of transaction costs and non-redeemable withholding taxes, if any, are expressed in US dollars, and reflect the reinvestment of dividends and other earnings. Returns include the effect of foreign currency

exchange rates. For accounts based to currencies other than US\$, the performance has been converted into U.S. dollars using the relative foreign exchange forward contract cost for the month to adjust performance. One month forward foreign exchange contracts are priced using the differential in one month's interest rates between two currencies involved. Accounts are hedged to prevent any foreign currency fluctuation. Gross composite returns do not reflect the deduction of investment advisory fees. Net composite returns are calculated using a model investment advisory fee, which is the maximum annual advisory fee based upon the fee schedule in effect during each respective performance period. Any changes to the fee schedule are reflected in the calculation of the net composite returns beginning with the period in which the fee schedule is revised. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. WellsCap's fee schedules are available upon request and may also be found in Part 2 of Form ADV. The published fee schedule for this strategy is 0.70% for the first \$50mm, 0.60% for the next \$50mm, and 0.55% over \$100mm. Additional information regarding WellsCap's policies for valuing accounts, calculating performance and preparing compliant presentations are available upon request.

5. Internal dispersion is the equal weighted standard deviation of the annual gross returns of all accounts included in the composite for the entire year. For years where there are 5 or fewer accounts in the composite for the entire year, dispersion is not presented as it is not a meaningful statistical calculation. The 3-year annualized standard deviation measures the variability of the gross composite returns and the index returns over the preceding 36-month time period. The notation "N.A." (not available) will appear for periods, if any, where 36 monthly returns are not available for the composite and/or the index.

6. Index returns are provided to represent the investment environment existing during the time periods shown and are not covered by the report of independent verifiers. The J.P. Morgan GBI Emerging Markets Global Diversified Index tracks local currency bonds issued by emerging markets governments, excluding Argentina, China and India. For comparison purposes, the index is fully invested, which includes the reinvestment of income. The returns for the index do not include any transaction costs, management fees or other costs.

7. Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and/or restrictions, inception date and other factors. Performance for some accounts in this composite may be calculated by third-parties that use different security pricing and performance methodologies. Past performance is not indicative of future results. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. Our registration as an Investment Adviser does not imply any level of skill or training. For a complete list of WellsCap composite descriptions, please see <https://wellsap.com/about-us/business-risk-compliance.jsp>.

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