

# Key investor information document – Glossary

TERMS	DEFINITION
<b>Absolute Return</b>	The appreciation or depreciation (expressed as a percentage of the Net Asset Value) that a Sub-Fund achieves over a given period of time as opposed to relative return which refers to a return that a Sub-Fund achieves over a given period of time in comparison to its benchmark or any other measure.
<b>Agency Mortgage-backed Security</b>	<p>A mortgage-backed security issued by a U.S. government-sponsored agency such as the Student Loan Marketing Association (Sallie Mae), the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac).</p> <p>See Mortgage-backed Security</p>
<b>Aggressively Managed</b>	A Sub-Fund that is typically managed with a lower reference to its benchmark. It is likely to have higher turnover and risk.
<b>Alpha</b>	In the context of Sub-Funds categorised as Alpha Plus, the term “Alpha” refers to risk adjusted performance of an investment.
<b>Asset-backed Security</b>	<p>An interest in a pool of assets, such as credit card debt or car loans, which is structured as a debt security. Asset-backed securities derive cash flow and credit characteristics from a pool of underlying assets.</p> <p>See Security</p>
<b>AUD</b>	Australian Dollar
<b>Average life</b>	<p>A measure of how long it takes, on average, for the assets underlying an asset-backed security to repay their principal.</p> <p>See Asset-Backed Security</p>

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### **Below Investment Grade**

Debt security that is rated below BBB-/Baa3 by Standard & Poor's or Moody's respectively, or otherwise similarly rated by another independent credit rating agency, indicating a reduced creditworthiness and increased risk of default by the issuer compared to investment grade debt securities. It will usually offer a higher yield to compensate for the increased risk of default by the issuer. Also known as high yield bond.

See Rating Agency, Debt Security, Investment Grade

### **Benchmark**

Reference against which the performance, risk characteristics or composition of the Sub-Fund may be measured.

### **Blue Chip companies**

Companies considered by the Investment Manager to be nationally recognised, well-established and financially sound.

### **Brady bond**

Bond denominated in USD that is issued by the government of developing countries under the Brady Plan. Named after former U.S. Secretary of the Treasury Nicholas Brady, the Brady Plan was specifically designed to assist Latin American countries to pay off a portion of their outstanding debt to the United States.

### **BRL**

Brazilian Real

### **CAD**

Canadian Dollar

### **Cash equivalent**

Security that can be readily converted into cash such as short-term government bonds like treasury bills; bank certificates of deposit; money market funds and other money market instruments.

See Money Market Instrument

### **CHF**

Swiss franc

### **China-Hong Kong Stock Connect Programmes**

These are securities trading and clearing-linked programmes aimed at achieving mutual stock market access between mainland China and Hong Kong.

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### Closed End Investment Funds

A collective investment scheme which issues a fixed number of shares.

### CNH

Chinese offshore RMB, accessible outside the PRC and traded primarily in Hong Kong. The government of the PRC introduced this currency in July 2010 to encourage trade and investment with entities outside the PRC. The value of CNY (onshore) and CNH (offshore) may be different.

### CNY

Chinese onshore RMB accessible within the PRC.

### Collateral

Property or assets that are offered to secure a debt security. This will act as security to the lender in case the borrower fails to meet his obligations.

### Commodity

Physical goods that fall into one of two categories: hard commodities such as metals (e.g. gold, copper, lead, uranium), diamonds, oil and gas; and soft commodities such as agricultural products, wool, cotton and foodstuff (e.g. cocoa, sugar, coffee).

### Contingent Convertible Bond

A type of convertible security where a bond will be exchanged for a set number of shares, usually of the issuing company, at a predefined price should a specific event occur. Such events include the share price of the issuer falling to a particular level for a certain period of time or the issuer's core tier 1 capital ratio (the issuer's capital versus the risk asset weighted assets on the issuer's balance sheet) falling to a particular level.

See Convertible Security

### Convertible Security

Type of investment (e.g. a bond) that can be exchanged for a set number of shares usually of the issuing company, at a predetermined price or date.

### Correlated

A statistical measure of how two assets move in relation to each other.

### Covered bond

A bond backed by assets such as a pool of mortgages that remain on the issuer's balance sheet. The holder of the covered bond is exposed not only to the non-repayment of the debts but also to the financial health of the issuer.

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### Credit strategy

Investment strategy that seeks to benefit from investing in credit related strategies. This could be on a relative value or directional (i.e. buying securities considered undervalued and selling short securities considered overvalued) approach in credit oriented instruments.

### Currency Financial Derivative Instrument

A type of financial derivative instrument where the underlying asset is a currency or exchange rate, such as a currency futures contract.

See Financial Derivative Instrument

### Currency overlay

Active currency management with the aim of generating additional returns.

### CZK

Czech Koruna

### Deal Risk Premium

The difference between the current market price of shares in a target company and the price offered by an acquiring company for the target company's shares to compensate for the risk that the deal may not go through. A target company is a company that is, or may become, involved in a merger or other corporate activity.

### Debt Security

Debt Security includes a range of investments, the most common of these are bonds whereby one party (the buyer) lends money to another party (the issuer) in exchange for the right to receive an interest rate payment (coupon) and, at maturity, the principal amount or face value. Debt securities can be classified by the type of interest rate paid (fixed or floating (variable) rate) and by the type of issuer (corporate and government). Debt securities include for example bonds, debentures and capital notes.

See Maturity

### Directional Risk

Risk of underperforming the benchmark as a result of the Sub-Fund not having direct exposure to a particular security, sector or country that increases in value

### Diversified Portfolio

Portfolio that invests in a wide variety of companies or securities.

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**Domicile** The term “domiciled” refers to the country where a company is incorporated and has its registered office.

**Duration** Duration represents the sensitivity of a debt security or a portfolio to changes in interest rates which is expressed in years. The higher the duration number, the greater the interest rate risk or reward for debt security prices. It is calculated by the average time in years it takes to receive payment from a debt security.

See also Debt Security, Weighted Average Duration, Maturity

**Efficient Portfolio Management** An investment technique aimed at either reducing risk, reducing cost or generating additional capital or income with a level of risk consistent with the risk profile of the Sub-Fund.

**Emerging Markets** Emerging markets are typically those of less developed countries with relatively low per capita income, often with above-average economic growth potential but involving greater volatility and higher risks than established markets. For example, countries that are included in indices such as the MSCI Emerging Markets Index.

**Equity Security** Type of investment that represents an interest in a company. Equity exposure may be achieved through investment in shares, depository receipts, warrants and other participation rights. Equity exposure may also be achieved, to a limited extent, through investment in convertible securities, index and participation notes and equity linked notes.

**Equity Swaps** An agreement to exchange generally a fixed or floating interest rate return for the return on an equity security or equity index

See Financial Derivative Instrument

**EUR** Euro

**Eurobond** Bond issued in a currency other than the currency of the country or market in which it is issued.

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### Event Driven strategy

Investment strategy that aims to benefit from the ability to understand the likelihood of an event being completed such as a merger, corporate restructuring or bankruptcy as well as the time frame in which it will occur.

### Exchange Traded Commodity

A type of investment that tracks the performance of either individual commodities or commodity indices and which is traded on a stock exchange.

See Commodity

### Exchange Traded Fund

A type of investment that represents a pool of securities which typically track the performance of an index and which is traded on a stock exchange.

### Extension risk

Risk that rising interest rates will slow the rate at which loans in a pool will be repaid, thereby delaying the repayment of the principal to investors.

### Financial Derivative Instrument

Type of investment which derives its value from the value and characteristics of one or more underlying assets such as a security, an index or an interest rate. They are leveraged (or geared), therefore a small movement in the value of the underlying asset can cause a large movement in the value of the financial derivative instrument. Also known as a derivative.

See Leverage

### Forward Currency Exchange Contract

Agreement between two parties to exchange one currency for another at a specific price on a future (forward) date. Also known as a forward.

### Frontier countries

These are the least developed of the emerging market countries. For example, countries that are included in indices such as MSCI Frontier Market Index.

### Future

An agreement to buy or sell an asset on or before a future date at a specific price.

### GBP

United Kingdom pounds sterling

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### Gross Exposure

The value of a Sub-Fund's long and short positions when added together, often expressed as a percentage of the Net Asset Value.

See Net Exposure.

### Growth

In the context of Sub-Funds invested in a growth style biased portfolio, Sub-Funds that primarily invest in equity securities whose fundamentals (i.e. sales, earnings, assets) are expected to grow at an above-average rate relative to the market.

### Hedge/Hedging

A strategy that aims to offset or limit losses from changes in the price of an asset held in a Sub-Fund.

See Financial Derivative Instrument

### HKD

Hong Kong Dollar

### HUF

Hungarian Forint

### Inflation-linked Debt Security

A debt security the payments of which are periodically adjusted according to a government published inflation index.

See Debt Security

### Investment Grade

Generally they are debt securities that are deemed by a credit rating agency as more capable of meeting payment obligations than below investment grade debt securities. They are rated at least BBB-/Baa3 or higher by Standard & Poor's or Moody's respectively, or otherwise similarly rated by another independent credit rating agency, on the basis of creditworthiness or risk of default by the issuer.

See Rating Agency, Below Investment Grade, Debt Security.

### Investment Manager

Responsible for deciding how assets of a Sub-Fund are invested in line with the Sub-Fund's Investment Objective and Policy.

### JPY

Japanese Yen

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## KRW

South Korean Won

## Leverage

Method of achieving an increased exposure to an underlying asset through the use of financial derivative instruments. A small movement in the value of the underlying asset can cause a large difference in the value of the financial derivative instrument. Also known as gearing.

See Financial Derivative Instrument

## Liquidity

The degree to which an asset can be bought or sold in the market without significantly affecting the asset's price.

## Long (position/exposure)

To take long positions or have long exposure means holding or buying an asset.

See Short

## Long/Short Equity strategy

Investment strategy that involves buying long equity securities that are expected to increase in value or are deemed attractive and selling short equity securities that are expected to decrease in value or are not deemed attractive.

## Maturity

The date on which a debt security is due to be repaid.

See Debt Security

## Mid capitalisation companies

Mid capitalisation companies are those whose market capitalisation is typically within the market capitalisation of companies in the Russell Midcap Index at the time of purchase

## Money Market Instrument

Instrument normally dealt in on the money market which is liquid and has a value which can be accurately determined at any time, for example treasury and local authority bills and certificates of deposit.



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### **Mortgage-backed security**

A specific type of asset-backed security where the underlying assets include but are not limited to commercial and residential mortgages and the mortgage-backed securities may be agency (created by quasi US government agencies) and non-agency (created by private institutions).

### **Net Exposure**

The value of a Sub-Fund's long positions minus short positions, often expressed as a percentage of the Net Asset Value.

See Gross Exposure.

### **NOK**

Norwegian Krone

### **NZD**

New Zealand Dollar

### **Opportunistic / Global Macro strategy**

Investment strategy that bases its investment decision primarily on economic and political factors worldwide (macroeconomic principles).

### **PLN**

Polish Zloty

### **Portfolio Hedge strategy**

Investment strategy that aims to benefit from offsetting risks inherent in other parts of the portfolio

### **PRC**

The People's Republic of China and for the purpose herein, excluding Hong Kong, Macau and Taiwan.

### **Quantitative Screening**

Selection based on a mathematical analysis of the measurable figures of a company, such as the value of assets or projected sales. This type of analysis does not include a subjective assessment of the quality of management.

### **Rating Agency**

Independent organisation such as Standard & Poor's that rates companies, banks and other financial institutions on their ability to meet their financial commitments.

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**Real Estate Investment Trust (“REIT”)** Type of investment that is dedicated to owning, and in most cases, managing real estate. This may include, but is not limited to, real estate in residential (apartments), commercial (shopping centres, offices) and industrial (factories, warehouses) sectors. Certain REITs may also engage in real estate financing transactions and other real estate development activities.

**Reference Currency of the Share Class** Currency in which the Net Asset Value per share is expressed.

**Reference Currency of the Sub-Fund** Currency in which the assets of a Sub-Fund are valued for accounting purposes but which is not necessarily the same as the currency in which Share Classes of the Sub-Fund are denominated or the currency of the Sub-Fund’s investments.

**Relative Value strategy** Investment strategy that aims to benefit from price differences of one security compared to another related security or the market overall.

**Repurchase Agreement** A buyer of a repurchase agreement agrees to provide cash to a counterparty (the cash receiver or seller) who sells securities and agrees to repurchase those securities from the buyer for a greater sum of cash at some later date, that greater sum being the cash lent and an additional amount (constituting interest, known as the “repo rate”). The securities sold by the cash receiver are often referred to as “collateral”.

**Risk-Free Rate of Return** The risk-free rate of return represents the expected return from an investment that is perceived to be risk-free. For example, the interest rate on cash or cash-equivalent securities, such as U.S. Treasury bills, is often referred to as the risk-free rate of return.

**RMB** Renminbi, the official currency of the Peoples Republic of China (PRC); is used to denote the Chinese currency traded in the onshore (CNY) renminbi and the offshore (CNH) renminbi markets (primarily in Hong Kong).

**RQFII** A Renminbi qualified foreign institutional investor where an investment quota is granted to the Investment Manager for the purposes of investing directly in domestic securities of the PRC under the RQFII Regulations.

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### Security

Negotiable instrument representing financial value. Securities are broadly categorised into: equity securities (shares in companies and other securities equivalent to shares in companies); debt securities (bonds and other forms of securitised debt) and any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange.

See Equity Security, Debt Security and Financial Derivative Instrument

### SEK

Swedish krona

### SGD

Singapore dollar

### Share Class(es)

Separate classes of shares issued within each Sub-Fund which may each be subject to a specific charge and fee structure, minimum subscription amount, currency or dividend policy.

### Short (position/exposure)

The use of financial derivative instruments to generate a positive return if the price of the underlying asset falls.

See Long

### Short selling / Selling short

The taking of a short position.

See Short

### Stock Deal

Merger in which the acquiring company offers shareholders of the target company shares in the acquiring company in exchange for shares of the target company. A target company is a company that is, or may become, involved in a merger or other corporate activity.

### Structured Product

Type of investment based on a basket of underlying securities such as equity and debt securities and financial derivative instruments where the return is linked to the performance of the underlying securities or index.

See Equity Security, Debt Security, Financial Derivative Instrument

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<b>Sub-Fund</b>	A fund with a separate pool of assets and liabilities with its own investment objective, policy and currency in which it is denominated.
<b>Subordinated debt security</b>	<p>A debt security that ranks below other debt securities sold by the issuer, with regard to claims on assets or earnings should the issuer fail to meet its payment obligations.</p> <p>See Debt Security</p>
<b>Sustainable Companies</b>	Companies that have effective governance and superior management of environmental and social issues.
<b>TBAs (To-Be-Announced)</b>	A forward contract on a generic pool of mortgages. The specific mortgage pools are announced and allocated prior to delivery date.
<b>Time deposit</b>	Deposit held in a financial institution, usually a bank, for a certain period of time.
<b>Total Return Swap</b>	A derivative contract in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation to another counterparty.
<b>UCIs</b>	See Undertakings for Collective Investment
<b>UCITS</b>	UCITS stands for Undertakings for Collective Investments in Transferable Securities. UCITS are a type of UCI or fund governed either by the amended EC Directive 85/611 of 20 December 1985 or by the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended (the UCITS Directive).
<b>Value</b>	Sub-funds investing in value-oriented portfolios are Sub-funds that invest primarily in equities trading at a discount with respect to their fundamentals (i.e. turnover, earnings and assets) and are therefore considered to be undervalued.

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### **Volatility**

Statistical measure of the variation of price for a given security or Sub-Fund. Commonly, the higher the volatility, the riskier the security or Sub-Fund.

### **Warrant**

Type of investment that gives the owner the right, but not the obligation, to buy securities such as shares at an agreed price by a future date.

### **Weighted Average Duration**

The average duration of all the securities in a portfolio, calculated by weighting the duration of individual securities by their size relative to the portfolio as a whole.

See Duration

### **Weighted Average Market Capitalisation**

The average market capitalisation of all the securities in a portfolio, calculated by weighting the market capitalisation of individual securities by their size relative to the portfolio as a whole.

### **Weighted Average Maturity**

The average time to maturity of all the securities in a portfolio, calculated by weighting the maturity of individual securities by their size relative to the portfolio as a whole. The higher the weighted average to maturity, the longer the securities in the portfolio have until maturity. Commonly used as a simple indicator of interest rate sensitivity in a portfolio of short-term money market instruments.

See Maturity

### **Yankee Bond**

Bond denominated in USD that is issued in the US by foreign banks and corporations.