

INVESTMENT GUIDELINES FOR ACTIVELY MANAGED PORTFOLIOS

1. OBJECTIVE OF THE ACCOUNT

Generate annual returns in excess of 30 basis points with respect to the Benchmark¹, measured in USD, within an ex-ante tracking error limit of 100 basis points, and complying at all times with the Investment Guidelines (see Note 1).

2. THE BENCHMARK (the “Benchmark”) (see Note 16)

Currency	Description	Identifier	Weight
USD	ICE BofA 0-3 Year US Treasury Index	G1QA	98.00%
	ICE BofA 3-5 Year US Treasury Index	G2O2	1.00%
	ICE BofA 1-5 Year AAA-AA Developed Markets US Foreign Government & Supranational Index	DS2V	1.00%
Total			100.00%

3. ELIGIBLE INVESTMENTS (see Note 2)

3.1. Eligible currencies: USD, EUR, JPY, NOK, SEK, AUD, NZD, CHF, GBP, CAD, HKD, SGD, CNH, KRW

3.2. Eligible sectors: the eligible sectors are presented in Table 1.

TABLE 1. ELIGIBLE SECTORS

Sector (see Note 3)	General Characteristics
Government	Sovereign debt in local currency
Government-related	Debt issued by: Supranational, Sovereigns in foreign currency, Agencies (explicitly guaranteed, government owned / sponsored), Local authorities
Mortgaged-backed securities (MBS)	100% guaranteed by <i>Fannie Mae, Freddie Mac or Ginnie Mae</i>
Corporate	Corporate debt
Securitized	Asset-Backed Securities (ABS) in the following categories: credit card, auto loans and auto lease receivables.

3.3. Eligible assets:

3.3.1. Money market: Certificate of deposits, Commercial paper, Discount notes / Bills, Short Term Investment Fund and Money Market Fund designated by the client

3.3.2. Bonds / Notes: zero coupon, fixed and floating rate coupon, inflation linked and bonds with embedded optionality limited to callable and puttable options (see Note 4)

¹Defined in Section 2

- 3.3.3. MBS: Pass-through and CMOs (restricted to: PACS, TACS, floating-rate bonds that are not support or subordinated tranches, and first or currently paying tranches of sequential bonds – see Note 4).
- 3.3.4. Investment Grade Corporate Bond ETF: LQD US, VCSH US, VCIT US (the exposure will affect the corporate sector limit in Table 2).
- 3.3.5. Asset-Backed Securities (AAA only) issued in the United States, limited to the following categories: credit card, auto loans and auto lease receivables. Exposure to ABS would be considered into the corporate sector total exposure.

3.4. Derivatives: currency forwards, bond and interest rate futures and TBAs (see Note 4).

4. LIMITS / RESTRICTIONS

4.1. Market risk (with respect to the Benchmark):

4.1.1. Maximum limits per sector for investments with more than 100 days to maturity (see Note 6):

TABLE 2. LIMITS PER SECTOR

Sector	Máx. % of the portfolio
Government	No limit
Government-related ¹	27%
MBS	23%
Corporate ²	7%

¹ The Local authorities subsector shall be constrained to maximum 7% of the portfolio

² The Securitized subsector shall be constrained to maximum 50% of the corporate limit

- 4.1.2. Effective duration: +/- 0.7
- 4.1.3. Effective convexity: above -1.
- 4.1.4. Spread duration: +/- 2
- 4.1.5. Currency deviations: up to +/- 4% in unhedged (active) currency exposure in any of the eligible currencies, subject to a max aggregate currency exposure of 8% of the portfolio. (see Note 7)

4.2. Credit risk:

- 4.2.1. Debt seniority: Eligible debt must be classified as Senior (unsubordinated). Guaranteed investments must rank *pari passu* with Senior debt of the guarantor.
- 4.2.2. Minimum credit rating: Issues / issuers must be rated by at least two agencies, and each agency must provide a minimum credit rating of: A-/A3/A- for sovereigns, agencies, supranational entities, A+/A1/A+ for corporates and local authorities and AAA for ABS (see Note 8).
- 4.2.3. In case one or more of the credit rating agencies (S&P, Moody's, Fitch) rates an issue or issuer with a short term credit rating, this must be A1/P1/F1 or higher.
- 4.2.4. Limits by issuer: maximum investments by issuer are presented in Table 3 (see Note 9).

TABLE 3. LIMITS BY ISSUER

Sector (see Note 3, 5, 14, 15)	Credit rating	Max % of the portfolio (Mkt. Value)
Sovereign debt in local currency	AAA	No Limit
	AA+,AA,AA-	No Limit
	A+,A,A-	2.00%
Government-related (agencies, supranational, sovereigns in non-local currency)	AAA	No Limit
	AA+,AA,AA-	13.00%
	A+,A,A-	1.00%
Corporate and other Government-related (Local Authorities)	AAA	10.00%
	AA+,AA,AA-	3.00%
	A+	1.00%
ABS (see Note 17)	AAA	1.00%
Short Term Investment Fund and Money Market Fund designated by the client	Not Applicable	No Limit

4.3. Liquidity Risk

- 4.3.1. Minimum issue size: Investments in the portfolio must have a minimum issue size equal to that used as an index rule by the Bloomberg Global Aggregate Index (see Note 10).
- 4.3.2. Maximum investment per issue: The portfolio must not hold more than 10% of the outstanding amount of any investment (see Note 10).
- 4.3.3. Maximum maturity for CD and CP: 190 days (see Note 6).

4.4. Counterparty risk (FX and MBS TBA trades)²

- 4.4.1. Minimum credit rating: FX counterparties: Spot currency transactions (settlement within two business days of trade date): A-; currency forwards (more than two business days between trade and settlement date): A- for counterparties with an ISDA agreement and A+ for other counterparties.³ Futures brokers: A- (spot currency transactions only). TBA counterparties: A. (see Note 8).
 - 4.4.2. Maximum exposure per FX counterparty (notional): 10% of the portfolio (see Note 11)
 - 4.4.3. Aggregate: the notional amount of all open FX operations may not exceed 50% of the value of the portfolio.
- 4.5. Other risks: no investments shall be made in any securities or other financial instruments issued or guaranteed directly, by (i) any entity located in or (ii) any entity whose parent or guarantor is located in, any of the “Ineligible Domiciles” listed in Table 4.

² The Adviser is permitted to use its own discretion to select counterparties for other instruments.

³ Only ISDA agreements that comply with the Investment Management Agreement.

TABLE 4. INELIGIBLE DOMICILES (EFFECTIVE AUGUST 31, 2021)

Albania	Dominica	Myanmar	South Sudan
Andorra	Grenada	Nauru	St. Kitts and Nevis
Anguilla	Haiti	Nicaragua	St. Lucia
Antigua and Barbuda	Iran	Niue	St. Vincent and the Grenadines
Aruba	Jamaica	Pakistan	Syria
Barbados	Korea (North)	Palau	The Bahamas
Belize	Macao SAR	Panama	Turks and Caicos Islands
Bonaire	Malaysia (Labuan)	Philippines	Uganda
Botswana	Malta	Saba	Vanuatu
Burkina Faso	Marshall Islands	Saint Eustatius	Yemen
Cambodia	Mauritius	Saint Maarten	Zimbabwe
Cayman Islands	Monaco	Samoa	
Cook Islands	Montserrat	Senegal	
Curaçao	Morocco	Seychelles	

4.6. Derivatives

- 4.6.1. Currency forwards: limited to the authorized currencies with the following maximum final maturity:
- a) Counterparties with an ISDA agreement⁴: 4 months.
 - b) Counterparties without an ISDA agreement: 35 days.
- 4.6.2. TBAs: limited to those with eligible underlying pools and maximum settlement date of 4 months.
- 4.6.3. Future contracts: limited to the exchanges and contracts shown in Table 5, with maximum expiration or delivery date of: a) 4 years for Euribor and Eurodollar b) 2 years for other contracts on interest rates c) 6 months for contracts on government bonds. As long as the underlying is eligible.
- 4.6.4. Future Brokers⁵ (executing brokers): future brokers must be direct members or members through its affiliates / subsidiaries of the clearing houses associated with the following exchanges: Chicago Board of Trade (CBOT), Chicago Mercantile Exchange (CME), Eurex and ICE Futures Europe – Financials. Future brokers should not be subsidiaries or affiliates of the Adviser. The minimum long-term credit rating is A-. The minimum short term credit rating is A1/P1/F1 (See note 8).

⁴ Only ISDA agreements that comply with the Investment Management Agreement

⁵ The credit rating criteria apply at the time of negotiation.

TABLE 5. ELIGIBLE EXCHANGES / CONTRACTS

<u>Exchange</u>	<u>Contract</u>
CME group	US Treasury Bond and Notes, FED Funds, Eurodollar
Eurex	European sovereign issuers permitted in the Investment Guidelines
ICE Futures Europe – Financials	Euribor, Euroswiss, Short Sterling
	Long Gilt
	Japanese Government Bond
Osaka Exchange Inc	Japanese Government Bond
Bourse de Montréal	Canadian Government Bond
Nasdaq OMX	Swedish Government Bond
Sydney Futures Exchange	Australian / New Zealand Government Bonds
Korea Exchange - KRX	South Korean Government Bond

- 4.6.5. Leverage: The sum of the notional amounts (in absolute value) of all net futures, TBA's and currency forward positions shall not exceed the market value of the portfolio. (see Note 12).
- 4.6.6. Assets delivered or received as collateral must be only cash and securities that comply with the investment guidelines.

5. ADDITIONAL CONSIDERATIONS

- 5.1. All Investment Guidelines apply at the time of purchase of an investment. In the case an investment becomes noncompliant after this (*passive breach*), the Adviser shall notify the client as soon as practicable. In the absence of instructions from Client regarding the affected asset, the Adviser must ensure that the portfolio is compliant with the Investment Guidelines no later than 20 business days after the event. (see Note 13)
- 5.2. The Adviser may not invest in securities issued by itself, its parent company or any of its affiliates (or any special purpose subsidiary for which it serves as incorporator, manager, trustee or in which it is an investor).

6. NOTES⁶

Note 1. Annual excess returns and the tracking error limit are included as reference but are not Investment Guidelines; not attaining these returns or exceeding this limit is not a breach of the Investment Guidelines.

Note 2. The Client retains, at its discretion, the right to prohibit specific investments even if they fully comply with the Investment Guidelines. The Advisor shall contact the Client before investing if the Advisor has any question regarding whether the proposed investment is permissible under the Investment Guidelines

⁶ These notes are an integral part of the Investment Guidelines

- Note 3.** Sectors are defined in line with the Bloomberg Global Aggregate Index. In particular, to determine to which subsector an issuer/issue in the Government-related sector corresponds to, this index criteria should be used.
- Note 4.** Private placements issued by government or government-related issuers are considered eligible investments. Private placements issued by other type of issuers are not considered eligible investments.
- Note 5.** MBSs, CMOs and TBAs are restricted to those where the underlying is issued / guaranteed by *Fannie Mae, Freddie Mac or Ginnie Mae* and they will be considered to be credit exposure to the corresponding agency. TBAs that have UMBS as the underlying will be considered to be credit exposure to both Fannie Mae and Freddie Mac.
- Note 6.** For purposes of control, the maturity of an investment is calculated as the difference between the current date and its maturity date.
- Note 7.** Exchange rate deviations by currency are calculated as the net position in that currency against the Benchmark. The aggregate currency exposure shall be calculated as the sum of all currencies that have a net long position against the Benchmark.
- Note 8.** The minimum credit rating corresponds to the lowest long term credit rating issued by S&P, Moody's and Fitch Ratings, taking into account that the issuer /issue or the counterparty must be rated by at least two of these agencies. In the case of investments, to determine which rating is used as reference for each agency a) the rating of the issue should prevail and, only if the issue has no ratings, the ratings of the issuer can be used, and b) if the issue is guaranteed, the credit rating of the guarantor can be used. Lastly, if the issuer or counterparty is an affiliate or a subsidiary that is not rated but its parent is, the credit rating of the parent may be used as a rating for the issuer as long as there is a guarantee over the operations of the affiliate or subsidiary, or for the counterparty only if there exists evidence of the parent's support. For ABS only rating at issue level should be used.
- Note 9.** For eligible central banks without a credit rating, the rating of the sovereign will be used as a proxy and its exposure will be included under the credit limit of the sovereign.
- Note 10.** For MBS and CMOs the issue size corresponds to the generic aggregate at issuance. For ABS the issue size corresponds to the invested tranche. These limits do not apply to money market investments. For investments denominated in currencies that are not included in the Bloomberg Global Aggregate Index, the minimum issue size will be equal to that of investments denominated in US dollars converted to the corresponding currency equivalent using FX rates of the previous year-end.
- Note 11.** For purposes of calculating the exposure per counterparty, exposure will only be considered net for contracts in the same currency and with the same maturity date.
- Note 12.** For futures and TBA, net positions are defined as long minus short positions, but only when they refer to the same contract. For futures on interest rates, only 25% of the notional amount should be taken into account in the calculation. The futures on interest rates that these guidelines refer to are futures whose underlying is an actual interest rate, instead of a bond. For purposes of calculating exposure to currency forwards, exposure will only be considered net for contracts in the same pair of currencies. Spot currency transactions (settlement within two business days of trade date) will be excluded from the calculation.
- Note 13.** Outstanding FX positions that no longer comply with the Investment Guidelines will be kept until maturity, unless there are ISDA or Netting Agreements in place with the counterparty, in which case the position should be netted on the following 5 business days after the date in which they no longer comply.

- Note 14.** a) The issuer exposure is calculated by adding the positions of related issuers (See Table Note 14).
 b) In the event that the related issuers have a different credit rating, aggregate exposure may not exceed the limit set for the highest rated issuer and the exposure of each issuer may not exceed the limit set for its rating.

Table Note 14 - Related Issuers	
Sector	Related Issuers
Corporate	Parent Company and Subsidiaries or Branches
Local Authorities	Local or Regional Government and entities that are guaranteed by the Local or Regional Government
Government-related	Government-related and Subsidiaries

- Note 15.** In case an issuer has debt programs/issues with different ratings (by having debt programs with and without a guarantee provided by a third party), the aggregate exposure to the issuer may not exceed the limit set for the highest rated issue and the exposure of each issue may not exceed the limit set for its credit rating.

Note 16. SOURCE ICE DATA INDICES, LLC (“ICE DATA”), IS USED WITH PERMISSION. ICE® IS A REGISTERED TRADEMARK OF ICE DATA OR ITS AFFILIATES, AND BOFA® IS A REGISTERED TRADEMARK OF BANK OF AMERICA CORPORATION LICENSED BY BANK OF AMERICA CORPORATION AND ITS AFFILIATES (“BOFA”) AND MAY NOT BE USED WITHOUT BOFA'S PRIOR WRITTEN APPROVAL. ICE DATA, ITS AFFILIATES AND THEIR RESPECTIVE THIRD PARTY SUPPLIERS DISCLAIM ANY AND ALL WARRANTIES AND REPRESENTATIONS, EXPRESS AND/OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, INCLUDING THE INDICES, INDEX DATA AND ANY DATA INCLUDED IN, RELATED TO, OR DERIVED THEREFROM. NEITHER ICE DATA, ITS AFFILIATES NOR THEIR RESPECTIVE THIRD PARTY SUPPLIERS SHALL BE SUBJECT TO ANY DAMAGES OR LIABILITY WITH RESPECT TO THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE INDICES OR THE INDEX DATA OR ANY COMPONENT THEREOF, AND THE INDICES AND INDEX DATA AND ALL COMPONENTS THEREOF ARE PROVIDED ON AN “AS IS” BASIS AND YOUR USE IS AT YOUR OWN RISK. ICE DATA, ITS AFFILIATES AND THEIR RESPECTIVE THIRD PARTY SUPPLIERS DO NOT SPONSOR, ENDORSE, OR RECOMMEND BANCO DE LA REPÚBLICA, OR ANY OF ITS PRODUCTS OR SERVICES.

Note 17. ABS issuer limits should be monitored at the SPV level