

### MARKET REVIEW

Financial markets proved resilient in the third quarter following the jolt in late June from the surprising Brexit vote. Equity and fixed income markets posted strong returns, with the exception of developed market governments. The riskier segments of the market led the way with High Yield and Emerging Markets Debt roaring ahead in the fixed income markets and Emerging Equities and the Russell 2000 posting banner performance in equities. Commodity prices were more stable with oil nearly unchanged. The Federal Reserve left rates unchanged and interest rates rose modestly during the quarter with expectations that the Fed may raise rates in December. For the quarter, the ten-year Treasury yield rose by 11 basis points to 1.60%, still well below the 2.27% yield at the end of 2016.

USD sovereigns outperformed both EM local currency and EM corporates with a return of +4.0% as compared to +2.7% for local currency and +3.1% for EM corporates. Within U.S. dollar sovereigns, non-investment grade greatly outperformed higher quality with a return of +5.9% as compared to +2.5% for investment grade securities. The outperformance was partly due to investors' search for yield, which was evidenced by the strong performance of riskier assets across the board.

### MARKET HIGHLIGHTS

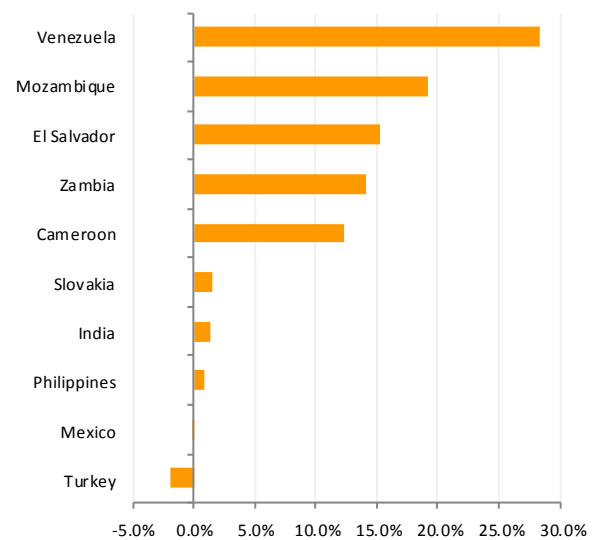
- ❖ Country returns varied significantly, but all regions and almost all countries were positive in U.S. Dollar EMD.
- ❖ In U.S. Dollar bonds, Venezuela was the top performer with a return of +28%. Other countries that performed well included Mozambique, El Salvador, Zambia, and Cameroon, each with a double digit return. Venezuela rose with the stabilization of oil prices and the perception that the country has a strong willingness to continue paying their debt despite challenging domestic financial conditions. Turkey was the only country with a negative return due to increased political instability within the country. Mexico returned 0%.
- ❖ South Africa stood out within local currency as their bonds continued to rebound with a +10% return for the quarter. Year-to-date, Brazil has been the stand out performer as the country's returns have topped +50%. Indonesia, Hungary, and Colombia also performed well during the quarter. Lagging countries included Mexico, Turkey, Peru, and Malaysia which all had a negative return.
- ❖ The spreads on EM US Dollar sovereign bonds tightened by 52 basis points (bps) to close the quarter at 336 bps over U.S. Treasuries. Yields declined by 39 bps to close at 4.98%.
- ❖ U.S. Treasuries declined moderately due to the perception that the Fed might raise rates in December of this year.

### MARKET PERFORMANCE (%) as of 9/30/16

	QTD	YTD	Annualized		
			1-Year	3-Year	5-Year
<b>JPM EMBI GD</b>	4.0	14.8	16.2	8.2	7.7
<b>JPM GBI-EM GD</b>	2.7	17.1	17.1	(2.6)	0.1
<b>JPM Corp EMBI BD</b>	3.1	11.1	11.6	6.4	7.0
<b>10-Yr Treasury</b>	(0.7)	7.1	5.6	5.4	3.1

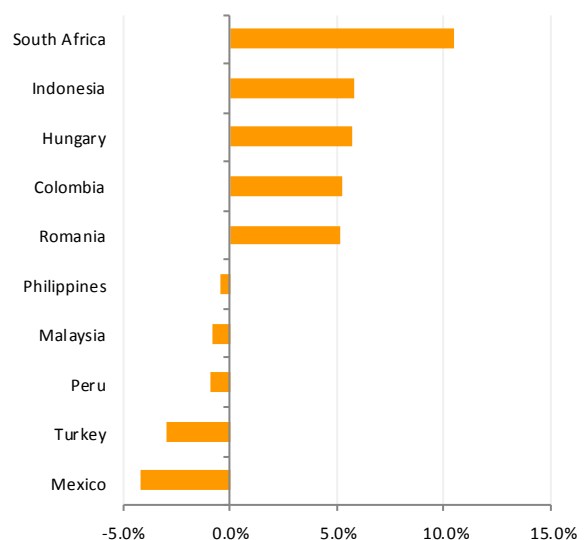
All returns expressed in US Dollars.

### TOP/BOTTOM COUNTRY RETURNS - JPM EMBI GD



Sources: JP Morgan, DCM  
All returns expressed in US Dollars.

### TOP/BOTTOM COUNTRY RETURNS - JPM GBI-EM GD



Sources: JP Morgan, DCM  
All returns expressed in local currency.

**PERFORMANCE (%)** as of 9/30/2016

	QTD	YTD	1-Year	3-Year	5-Year	Since Inception
Fund	4.95	16.00	19.41	9.31	--	9.28
Benchmark	4.04	14.77	16.20	8.19	--	8.06
<b>Relative Performance</b>	<b>0.91</b>	<b>1.23</b>	<b>3.20</b>	<b>1.12</b>	<b>--</b>	<b>1.22</b>

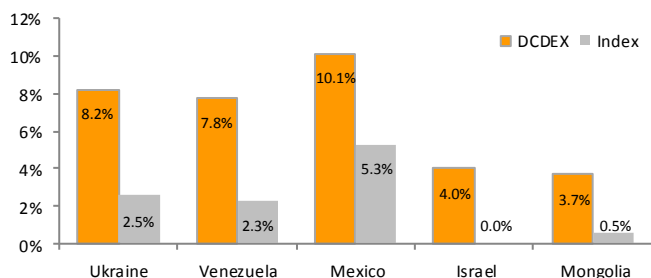
Relative performance represents the arithmetic difference of Fund and benchmark returns. All returns greater than one year are annualized. Inception date is September 27, 2013. All returns are expressed in US Dollars and Fund returns are net of fees. The benchmark used is the JP Morgan EMBI Global Diversified Index.

Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. For performance current to the most recent month-end, please call 1-888-447-0014. Performance results reflect the reinvestment of dividends and other earnings. Total returns reflect waivers and/or expense reimbursements by the manager and/or distributor for some or all of the periods shown. Performance would have been lower without such waivers. The quoted returns do not reflect a 2% redemption fee on shares redeemed within 60 days of purchase. The total expense ratio is 3.34% and the Net Expense Ratio is 0.89%. The Adviser has contractually agreed to reduce and/or reimburse certain expenses until August 31, 2017. Furthermore, the Adviser may recoup such amounts for up to three years from the year it reduced and/or assumed expenses.

**RELATIVE PERFORMANCE:**

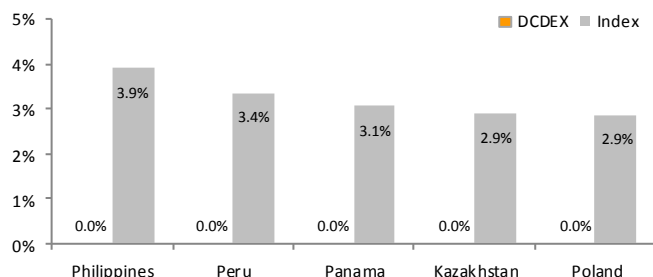
- ❖ The DuPont Capital Emerging Markets Debt (DCDEX) mutual fund outperformed the index for the quarter, returning +5.0% versus +4.0% for the JP EMBI Global Diversified Index.
- ❖ An overweight to and positioning in Venezuela was the main positive contributor to performance during the quarter.
- ❖ Other countries that had a positive impact on relative returns included Brazil, Ukraine, Dominican Republic, and Egypt.
- ❖ The Fund's overweight to and a small local currency allocation to Mexico detracted from returns.
- ❖ Underweights to several countries detracted from returns including Peru, Kazakhstan, Uruguay, and El Salvador.

**TOP 5 OVERWEIGHT COUNTRIES**



Sources: JPMorgan, DuPont Capital

**TOP 5 UNDERWEIGHT COUNTRIES**



Sources: JPMorgan, DuPont Capital

**CURRENT POSITIONING**

- ❖ There was more movement within our country models during the quarter. Due to the significant rally, valuations of many countries are less attractive. On a country fundamental basis, Indonesia moved up to "Mature" and Turkey moved down to "Stable".
- ❖ Country and currency allocations have not materially changed. We increased positions in Petrobras and Pemex to 6.05% and 3.10% respectively. The outlook for Petrobras continues to get better due to improving credit fundamentals, lower political risk and higher oil prices.
- ❖ The risk-adjusted returns for Ukraine and Venezuela remain favorable. We believe Venezuela will continue to pay their debt, and is working to restructure debt that will soon mature. Other overweight positions include Mexico, Brazil, and Argentina.
- ❖ The Fund continues to hold a small allocation to local-currency EM bonds with a total allocation of about 6% of the total Fund. Positions are in Mexico and Brazil.
- ❖ In addition to Ukraine and Venezuela, the Fund's main overweights are Mexico, Israel, and Mongolia.
- ❖ The Fund's main underweights are mostly countries that have lower yields and are either overvalued or fairly valued in our model including Poland, Philippines, Peru, and Panama.
- ❖ Over-weights in Venezuela and Ukraine as well as quasi-sovereign, local currency, and corporate positions, contribute to a yield advantage over the index of over 160 bps.

**CHARACTERISTICS**

	Fund	JPM EMBI Global Div
SEC Yield (with waiver)	6.4%	---
SEC Yield (without waiver)	3.7%	---
Effective Duration (Years)	7.1	6.9
Average Maturity (Years)	12.5	10.3
Number of Issues	43	533

Sources: JP Morgan, DuPont Capital

Effective duration is a duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change.

**SECTORS**

	Hard Currency	Local Currency
Sovereign	42.4%	5.8%
Quasi-Sovereign	47.2%	0.0%
Corporate	4.6%	0.0%
Total	94.2%	5.8%

Sources: JP Morgan, DuPont Capital

**MARKET OUTLOOK**

Emerging Markets Debt performance continued its ascent in September. Both hard and local currency have had a huge run year-to-date with returns for each sector exceeding +14%. As a result, several countries have moved in our models, indicating they have less value than earlier in the year. Overall, our models show that EMD is close to fair value. We continue to have a positive long-term outlook because we feel that EMD fundamentals for several countries have improved this year, and we expect the asset class will continue to develop and mature over the next several years. In addition, yields in developed countries remain near historically low levels and we believe EMD could attract additional investor flows, particularly from cross-over accounts. However, the financial markets could experience a quick downturn if global economic growth shows signs of deceleration. In addition, the market is pricing in one Fed hike this year and with a very gradual pace for supplemental increases in 2017. This pace could accelerate if U.S. growth picks up in the fourth quarter or if inflation moves higher. We are optimistic overall, but remain cautious of local currency. As such, the Fund only has about a 6% allocation to the sector. In hard currency, the risk-adjusted returns for Ukraine, Venezuela, Israel, and Mongolia remain attractive.

The information contained in this memorandum is intended for the sole use in understanding and evaluating the impact of market events on DCDEX and is not designed or intended to be used for any other purpose. The document may contain forward-looking statements, which are based on current opinions, expectations and projections. We undertake no obligation to update or revise any forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements.

**Risk Considerations**

Mutual fund investing involves risks, including possible loss of principal. The Fund invests primarily in markets of emerging countries, which are riskier than more developed markets and may be considered speculative. Emerging markets are riskier than more developed markets because they tend to develop unevenly or may never fully develop. Emerging markets are more likely to experience hyperinflation and currency devaluations, which adversely affect returns to U.S. investors. In addition, many emerging securities markets have far lower trading volumes and less liquidity than developed markets.

The value of debt securities generally falls when interest rates rise. The Fund may invest without limit in below-investment grade debt securities commonly called "high yield" securities or "junk bonds." Such securities may have greater default risk, less liquidity, and greater price volatility than investment-grade bonds.

**Investors should consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus contains this and other information about the Fund and may be obtained by calling 1-888-447-0014 or by accessing [www.mutualfunds.dupontcapital.com](http://www.mutualfunds.dupontcapital.com). Please read the prospectus carefully before investing.**

Shares of the DuPont Capital Emerging Markets Debt Fund are distributed by Foreside Funds Distributors LLC.