## Dear Investor

*Please note that information regarding companies (issuers) and financial instruments (e.g. shares or bonds) in this investor letter shall not be considered as investment recommendations to buy, sell or hold any financial instruments. Information about companies and financial instruments shall only be considered as information concerning the fund's portfolio and risk profile for that quarter.*

The markets remained in their usual summer lull with only upside in mind. The proximity of Jerome Powell's speech at the Jackson Hole even toward the end of the month concentrated minds as somewhat higher readings in inflation suggested interest rate cuts would not be a topic to consider. Nevertheless, Mr. Powell pivoted toward a focus on the employment mandate and highlighted rate cuts were on the table, hence propelling risk asset valuations higher. Emerging markets were not isolated from this with strong performance, particularly in EM equities and local currency, and CEMBI returned about 1.3% in USD. The perspective of a longer cycle of weakness for the USD has increased interest in all emerging market products in the market. In the meantime, trade tension headlines took a backseat and Chinese attempts to stimulate their economy were also relevant. Our EUR denominated institutional share class returned about +1.1% (gross) and was in line with its benchmark. Our USD share class returned +1.3% (gross) and were also in line with its benchmark.

Returns were broadly uniform across regions in EM but Asian corporates lagged modestly at 1.2% (1.2% IG / 1.4% HY). Chinese names returned 1.2% (1.1% IG / 1.6% HY) as real estate credits got a boost from new positive headlines in the space signaling the government was more willing to support the sector through purchases of homes from distressed operators. We have largely avoided this sector owing to the lack of visibility into the credit profile of many operators or the willingness and ability of the government to provide support. Nevertheless, our underweight positioning in Chinese names produced positive relative performance in August owing to bottom up selection. Elsewhere in the region, corporates from Thailand delivered returns of 1.8% (2.1% IG / 1.1% HY) as the preponderance of interest rate sensitive and long duration names got a boost from Jerome Powell's dovish pivot at Jackson Hole despite the steepening of the yield curve in the US as the decoupling in spread action continues each time a perceived "own goal" takes place in US policymaking. Our underweight in long papers from Thailand yielded a modest drag on relative performance in August.

CEEMEA corporates returned 1.3% (1.2% IG / 1.3% HY) with resilience across the oil names in both IG and HY. The GCC IG low beta credits from the UAE, Qatar, and Saudi Arabia posted acceptable returns in the vicinity of 1.0% on average on the market's excitement with Brent prices approaching USD70 and the bid for risk assets in general following the Fed's dovish pivot. Our underweight exposure to this basket of names yielded neutral relative performance. Elsewhere in CEEMEA, credit selection paid off as oil related names in Ghana posted weak returns of -2.8% particularly affected by the decline in Tullow owing to operational setbacks which hurt sentiment over the potential turnaround of the company. Our overweight exposure to names from Ghana yielded neutral relative performance since we have preferred Kosmos Energy over Tullow. Lastly, Turkish corporates were among the strongest in the regional block with a return of 1.6% driven by continued optimism with the turnaround of the state of the country's economy as the disinflation process has continued. Our overweight in Turkish names yielded modest outperformance.

LatAm corporates returned 1.4% (1.3% IG / 1.5% HY) with HY names getting a boost from a turnaround in the narrative in Colombia. These credits returned 2.5% (1.4% IG / 2.6%) as both improvement in sovereign sentiment but also improvements in bottom-up stories, particularly the oil-linked names and longer tenor papers, lifted the space. Our modest overweight positioning produced small negative performance as we have avoided the longest tenors in this jurisdiction. Mexican credits were also strong performers with a return of 1.9% (1.5% IG / 2.7% HY) with a combination of long duration and distressed names driving performance in this jurisdiction. Our overweight in Mexican names yielded modest underperformance owing to our preference for shorter tenors and our avoidance of the weakest names. Lastly, credits from Argentina managed to post a small positive return of 0.1% despite the economic and political problems at the sovereign level with a marked weakness in FX during the month. Our underweight in these names generated outperformance.

Rating actions among our holdings were balanced with Gruma reaching BBB+ from BBB with S&P and Muthoot Finance reaching BB+ from BB with Fitch. Kosmos Energy was downgraded to B- from B+ with Fitch and Braskem was downgraded to BB- from BB by Fitch. EM corporate issuance came in at about USD24bn which was somewhat underwhelming but understandable given the expectations built around the speech at Jackson Hole and the controversies surrounding threats to FED independence. Asia priced about USD16bn of the total while the Middle East and Africa did USD4bn of the total. LatAm printed USD2.7bn and the remainder came from Emerging Europe. IG papers accounted for USD18bn of the total priced. Primary activity may remain highly tactical should volatility return to the markets or, following the FED's dovish pivot, should a seizing of the opportunity and search for yield attract flows into emerging markets.

| 02-09-2025 | Return last month (USD) | Return YTD | Yield to Worst | *Last month* | *Δ YTD* | OAS Spread | *Last month* | *Δ YTD* |
|---|---|---|---|---|---|---|---|---|
| *CEMBI EUR hedged* | *1.07* | *4.92* | | | | | | |
| EM Corporate Index | 1.29 | 6.33 | 6.03 | -0.19 | -0.53 | 196 | 0 | -10 |
| CEMBI Investment grade | 1.22 | 6.14 | 5.24 | -0.15 | -0.44 | 104 | 1 | -9 |
| CEMBI High Yield | 1.37 | 6.61 | 7.56 | -0.28 | -0.61 | 368 | -32 | -7 |
| EMBI | 1.63 | 8.73 | 7.30 | -0.15 | -0.56 | 297 | -1 | -28 |
| EMBI Investment grade | 1.34 | 7.15 | 5.52 | -0.11 | -0.37 | 101 | -1 | -18 |
| EMBI High Yield | 1.93 | 10.26 | 9.43 | -0.24 | -0.71 | 525 | -8 | -34 |
| Developed USD IG (JPM) | 1.02 | 5.45 | 5.30 | -0.08 | -0.26 | 89 | 3 | -3 |
| US High Yield Corp (BarCap) | 1.25 | 6.35 | 6.74 | -0.33 | -0.75 | 271 | -6 | -16 |
| 5Y US Treasury bond | 1.36 | 5.48 | 3.74 | -0.28 | -0.64 | n.m. | | |
| 10Y US Treasury bond | 1.68 | 6.47 | 4.28 | -0.15 | -0.29 | n.m. | | |

Returns in USD except CEMBI EUR hedged

*Kind regards,*

*Aksel Madslien, Chresten Hagelund, Eduardo Ordoñez, Jakob Christensen, and Søren Bertelsen.*

***BI Asset Management Fondsmæglerselskab A/S "BankInvest"***

*Last edited 11th September 2025.*