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.

Primary market activity slowed down as market participants entered into wait and see mode as Donald Trump started operating from the White House as president. Weaker economic data out of the US prompted a marked compression in nominal yields with both real yields and inflation breakevens coming lower throughout the month. Animal spirits saw a reduction in excitement as the deployment of Trump's talking points regarding geopolitics and trade started tensions and speculations. In China, more work is pending to reignite economic activity and support the housing sector albeit the lack of major negative headlines kept sentiment stable. Commodity prices remained rangebound albeit some differentiation became apparent with tight copper supply helping its prices while petrochemical spreads remained low from excess Asian production. The USD lost some ground throughout the month as the weaker economic data coming out of the US and hopes of stronger investment commitments in Europe played out in the market. Nevertheless, no major spread shocks materialized for emerging markets and CEMBI delivered a return of slightly above 1.5% in USD with a slightly stronger performance coming out of IG names on the back of the growth dynamics in the US. Our EUR denominated institutional share class returned about 1.6% (gross) and was about 20bps ahead of its benchmark. Similarly, our USD I and II share classes returned 1.7% (gross) and were about 20bps ahead of the benchmark.

Asian credits regained their luster with the push for IG quality but also saw in recovery in the HY space and delivered a return of 1.7% in February (1.7% IG / 2.2% HY). The bounce in Asian HY papers had a lot to do with a recovery in Chinese real estate bonds after a weak showing in January. Chinese credits delivered a return of 1.9% in February with IG producing 1.7% and HY delivering 3.4%. The lack of negative headlines and a sensation of stability in the space helped to lift performance for these names. Our underweight in Chinese credits produced neutral relative performance as our avoidance of the risky HY real estate names (with very small weights in the benchmark) was compensated by our exposure to quality names in the IG space. Elsewhere in the region, the usual IG stalwart jurisdictions performed well with Thailand (2.2%), Taiwan (2.0%), and Korea (1.3%) performing well on the back of the move in interest rates. Korea's slight lag can be attributed partially to limited trading liquidity for these names but also to the sensitivity to trade disruptions for such an export-oriented economy.

Credits from LatAm nearly matched the performance in Asia with a return of 1.6% (2.1% IG / 1.3%HY) as the region has gradually attracted more interest into its IG space following the Russian invasion of Ukraine in 2022 when investors perceived China (and hence Chinese IG papers) to represent latent underlying geopolitical risks. Consequently, Mexican credits were among the top performers with a return of 2.1% (2.4% IG / 1.3% HY) as there are many long duration IG rated papers outstanding from issuers domiciled in this country. Trade tensions with the US did not deter IG investors, with many DM accounts seeking Mexican IG rated names to deploy capital in the fixed income universe. Our overweight in Mexican names yielded modest underperformance as we have focused on the shorter tenors and higher quality names. Similar to Mexican credits, names from Peru returned 1.4% (1.6% IG / 1.2% HY) as the lack of political noise, the recovery of copper prices, and the economic recovery in the country have kept it as one of the lowest beta spaces. Our modest overweight in these credits yielded modest relative outperformance.

CEEMEA was slightly behind the other 2 regions with a return of 1.3% (1.4% IG / 1.3% HY). The rich valuations of GCC domiciled credits probably limited the attractiveness of these names in the IG space hence Saudi Arabia (1.6%), Qatar (0.8%), and the UAE (1.0%) lagged other IG rated credits across EM on a total return basis. Our net underweight exposure to this basket of names yielded neutral relative performance. In the HY side of things in CEEMEA, Ukraine had another strong month with a return over 5% as ongoing negotiations and positive corporate performance supported valuations in February. The outlook for the war remains uncertain as the commitment of the US to support Ukraine has remained an open question meanwhile European countries are scrambling to find alternatives. Our modest overweight in Ukrainian credits yielded neutral relative performance in February. Lastly, our participation in a primary deal from Aragvi, the Moldovan agricultural and oil name, contributed positively to relative performance.

Rating actions among our holdings were positive in February with Peruvian miner Buenaventura upgraded to Ba3 from B1 (Moody's), Chilean TMT VTR upgraded to B3 from Caa1 (Moody's), and two names from Argentina made it to B- from CCC (Standard and Poor's). EM corporate issuance came in at about USD34bn which was a noticeable slowdown from the frenetic pace of activity seen in January. IG paper amounted to USD22bn of the total and Asian paper took almost USD9bn of the total while LatAm printed next to USD10bn and the MENA subregion produced USD13bn. Emerging Europe accounted for the remainder at almost USD2bn. Geopolitical uncertainties remain elevated and US fiscal and monetary policies still have left many questions unanswered. As expected, February was a cautious month for issuers but the recent move lower in benchmark rates might create windows of opportunity for issuers eager to tap the market.

03/03/2025	Return last month (USD)	Return YTD	Yield to Worst	*Last month*	*Δ YTD*	OAS Spread	*Last month*	*Δ YTD*
CEMBI EUR hedged	*1.42*	*2.10*						
EM Corporate Index	1.55	2.36	6.29	-0.24	-0.27	211	4	6
CEMBI Investment grade	1.65	2.29	5.44	-0.23	-0.24	121	5	8
CEMBI High Yield	1.41	2.45	7.87	-0.22	-0.30	377	5	3
EMBI	1.57	3.03	7.57	-0.18	-0.30	328	12	3
EMBI Investment grade	2.28	2.98	5.65	-0.23	-0.24	127	7	8
EMBI High Yield	0.91	3.06	9.81	-0.09	-0.33	559	21	0
Developed USD IG (JPM)	1.94	2.58	5.32	-0.22	-0.24	101	8	9
US High Yield Corp (BarCap)	0.67	2.05	7.15	-0.05	-0.34	280	19	-7
5Y US Treasury bond	1.46	2.07	4.06	-0.31	-0.32	n.m.		
10Y US Treasury bond	2.80	3.49	4.26	-0.33	-0.31	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 07th March 2025.

This material is produced by the BankInvest Group with the purpose to give general information about the performance of the fund and is not to be considered as investment recommendations. BankInvest assumes no responsibility for the completeness or accuracy of the disclosed information, whether provided by BankInvest or obtained from external sources, which BankInvest finds reliable. BankInvest is not responsible for transactions or omissions made on basis of the disclosed information. BankInvest recommends expert and professional advice on any intended investment decisions. Past performance is not a reliable indicator of future results. An investment decision should be made on basis of the current prospectus and Key Investor Information. Please see relevant documents at www.bankinvest.com.