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 global financial markets found a more stable footing with US risk finding ground to recover while European and other risk assets remained stable. The expectation that US tariff threats and overall vociferousness could be less stringent than feared and positive signs from US economic activity data helped to lift sentiment. The Federal Reserve's (FED) soothing words helped draw attention away from a somewhat more stagflationary outlook reflected in the FED's data releases. US real rates and inflation breakevens climbed slightly higher and so did nominal rates with a bias toward curve steepening. Primary market activity in EM picked up toward the end of the month seizing the window of opportunity. Nevertheless, president Trump's expected "liberation day" reciprocal tariffs can bring more questions to the market in April. CEMBI delivered a return of slightly above 0% in USD with a mild preference for IG over HY albeit spreads have remained orderly behaved throughout the year with modest widening. This outperformance has probably reflected the aggressive valuations of US risk assets to start the year, the perception of self-inflicted pain for the US economy, and the strong fundamentals across many emerging markets hence traditional correlations across asset classes have been challenged in 2025. Our EUR denominated institutional share class returned about -0.23% (gross) and was about 16bps behind its benchmark. Our USD I and II share classes returned -0.02%% (gross) and were about 8bps behind the benchmark.

Asian credits resumed their multi-month trend of weakness with a modest negative return of close to 0.0% (-0.1% IG / +0.4% HY) as the preponderance of IG in the space worked against the region's returns amid somewhat higher rates in the US benchmark. Chinese credits yielded a more appealing 0.3% return (0.1% IG / +1.0% HY) as the country's embattled real estate HY sector continued its rollercoaster ride and saw a surge on hopes of further stimulus coming from the Chinese authorities as a reaction to the measures being undertaken by the US (similar to the move in European equities in recent weeks). Our underweight footprint in these credits yielded modest negative relative performance since we have avoided the highest beta names in the real estate sector. Indonesian credits were some of the hardest hit during the month returning -0.8% (-0.3% IG / -0.6%) as concerns over sovereign fiscal dynamics and outsized military influence in government hit the space. Our overweight exposure to these credits yielded a negative return contribution on the back of our exposure to KIJAIJ which came under pressure toward the end of the month.

LatAm names fared somewhat better with a return of close to 0.05% in March (0.3% IG / -0.1% HY) albeit the optical strength in IG reflected moves in Peru, an IG stalwart, as well as split rated entities in Colombia which still keep one credit rating in the IG space. The Peruvian universe is limited in names and our almost neutral exposure to Peruvian credits yielded modest negative relative performance as we have focused on the higher yielding names in this space. Conversely our underweight in Colombian names contributed with neutral relative performance driven by credit selection. Elsewhere in the region, Mexican corporates delivered a return of -0.2% (0.0% IG / -0.9% HY) as IG reflected a higher rate environment while HY reflected underperformance among distressed names which had enjoyed stability or even outperformance in recent weeks. Our overweight exposure to Mexican names produced positive relative performance since we have avoided the longest tenors in IG and the riskiest names in HY.

CEEMEA credits delivered the highest returns in March with almost 0.1% (0.3% IG / 0.1% HY). The aggregate strong showing in IG masked a rather dispersed picture with IG stalwarts Saudi Arabia and Czech Republic delivering returns close to 0% while other jurisdictions in the GCC or Eastern Europe posted positive returns. In fact, our underweight in GCC names, with a tilt towards the UAE, delivered positive relative performance as industrial and oil names from the UAE continue to make inroads with investors. At the other end of the credit quality spectrum, Turkish credits faced a new round of volatility after president Erdogan's arrest of a potential competitor for the upcoming elections. As usual, FX volatility returned and inflation expectations suffered thus threatening the ongoing economic stabilization program. Our small overweight in these names produced neutral relative performance since our preference for names with strong shares of hard currency in their revenue was not defensive amid the volatility but out preference for short tenors proved defensive.

Rating actions among our holdings were positive in February with Muthoot, the Indian financial company, being upgraded to BB+ from BB by S&P ratings. EM corporate issuance came in at about USD50bn which was an improvement from February, this being a seasonally low month, but still lower than the peak years of the low interest rate era. IG paper amounted to USD42bn of the total and Asian paper took almost USD37bn of the total while LatAm printed next to USD1bn and the MENA subregion produced USD7bn. Emerging Europe accounted for the remainder at almost USD5bn. Geopolitical uncertainties remain elevated and US fiscal and monetary policies still have left many questions unanswered. As expected, March 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 once there is more clarity in the global markets.

07/04/2025	Return last month (USD)	Return YTD	Yield to Worst	*Last month*	*Δ YTD*	OAS Spread	*Last month*	*Δ YTD*
CEMBI EUR hedged	*-0.07*	*1.67*						
EM Corporate Index	0.07	2.09	6.52	0.12	-0.04	258	15	52
CEMBI Investment grade	0.20	2.77	5.45	0.05	-0.23	143	6	30
CEMBI High Yield	-0.11	1.16	8.45	0.22	0.28	462	28	87
EMBI	-0.76	1.41	7.92	0.21	0.06	383	21	58
EMBI Investment grade	-0.19	3.32	5.68	0.09	-0.21	146	7	27
EMBI High Yield	-1.30	-0.44	10.63	0.37	0.49	664	38	105
Developed USD IG (JPM)	-0.28	2.69	5.38	0.10	-0.18	124	9	32
US High Yield Corp (BarCap)	-1.02	-0.73	8.30	0.58	0.81	427	67	140
5Y US Treasury bond	0.59	3.58	3.66	-0.07	-0.72	n.m.		
10Y US Treasury bond	0.35	5.49	3.98	0.00	-0.59	n.m.		

Returns in USD except CEMBI EUR hedged

Kind regards,

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