Dear Investor

February was a month where geopolitics and inflation data competed for investor attention, while EM corporate bonds again proved relatively resilient. The most important late month event was the 28 February U.S./Israeli strike campaign in Iran and the immediate regional retaliation. This raised uncertainty around energy supply, shipping routes and insurance costs, with particular focus on the Strait of Hormuz as a channel into global supply chains, risk appetite and inflation expectations. The development in Iran will drive global financial markets in March given the uncertainty around the duration of the strikes and the impact on oil price inflation expectations and interest rates.

At the same time, macro releases reinforced the "higher for longer" narrative. The U.S. Producer Price Index for January (released 27 February) surprised to the upside, with headline PPI +0.5% m/m and core PPI +0.8% m/m, which contributed to volatility into month end and kept markets cautious on the timing of any renewed easing. In broader risk markets, February was also characterized by meaningful sector rotation—with renewed debate around AI driven disruption and its implications for parts of the equity and credit complex—while defensives and energy linked exposures were more supported. Against this backdrop, the EM debt asset class continued to benefit from the same supportive pillars that have underpinned performance into 2026: still attractive carry, continued diversification demand, and, in many countries, credible policy frameworks—even though valuations remain tight and selectivity is increasingly important.

The strategy's EUR share class lagged the benchmark and saw an EUR return of 0.63 % (gross) relative to 0.78 % for its benchmark, while the USD share class returned +0.74% (gross), underperforming the benchmark by 16 bps. All underperformance was due to the distressed situation in Raizen - please see below.

Eastern Europe remained an important stabilizer in the portfolio, supported by carry and resilient pricing in core regional corporates and financials. The broader geopolitical backdrop stayed challenging as the Russia–Ukraine war reached its fourth anniversary and negotiations continued with little material progress to keep headline risk elevated across the region. Exposure to utilities in Czech Republic as well as broader Turkish exposures were positive contributors as the latter exposures remained anchored in shorter, high-carry instruments across banks and select corporates/infrastructure. Dispersion increased late in the month alongside global risk-off but carry remained an important return driver through February.

Middle East holdings were supported for much of the month by firm technical demand in higher-quality credits, but the Iran escalation at month-end brought higher headline volatility and a rise in risk premia which has extended into March. Overall, the region produced marginally positive performance in February.

Africa exposure remained diversified across frontier and crossover credits, with meaningful allocations to Nigeria (banks and related exposures) and Morocco (including OCP/Vivo Energy). The carry profile helped cushion the portfolio, while the market remained selective into month-end as global risk sentiment softened. The positive contribution from African credits mainly stemmed from exposure to Ghanaian oil company Kosmos which performed strongly on a new bond issuance which mitigated most refinancing concerns in the market.

Asia remained more mixed and defensive with total returns reflecting the region's higher-quality composition and continued global debate about AI-driven business model disruption for certain sectors. We maintained a valuation-disciplined stance, focusing on liquidity and carry rather than adding

duration-heavy exposure at tight spreads. Overall, Asia had a minor negative contribution to relative returns mainly due to underweights in China and Hong Kong.

Latin America underperformed other regions in February which was almost entirely driven by negative returns in Brazil. The bulk of the negative performance was related to fallen angel Raizen which saw its ratings downgraded from BBB- to CCC-area early in the month as the company has engaged with creditors and stakeholders to deal with its capital structure which has become unsustainable given the lack of expected capital injections by its shareholders.

Rating actions in February were slightly skewed to the upside yet also with one of the most dramatic downgrades in EM corporate debt history. On the positive side, Sands China and SK Hynix were upgraded one notch to BBB and BBB+ respectively by Fitch and S&P while Moody's upgraded Czechoslovak Group to Baa3 from Ba1 resulting in its first investment grade rating. Conversely, Far East Horizon saw S&P putting its BBB- rating on review for downgrade. Lastly, all three big rating agencies cut their ratings on Raizen to CCC territory from BBB- from Fitch and S&P and from Ba1 from Moody's making this one of the most dramatic rating changes seen in emerging market debt history. While having still a decent liquidity position, the company has now engaged with creditors and stakeholders for an upcoming restructuring of its capital structure and bond prices currently reflect that troubling situation.

Primary market continued at strength in February as more than USD 22 billion was priced in the market. This was predominantly driven by investment grade issuance out of Asia and the Middle East. Notably, for EM sovereign issuance February also saw larger than normal issuance and in fact EM sovereign high yield issuance was at the highest ever recorded for the month of February. While March normally is busier than February, we would anticipate that the military actions in the Middle East and elevated oil prices would put a lid on issuance in March.

09-03-2026	Return last month (USD)	Acc. Return to last month	Yield to Worst	*Last month*	*Δ YTD*	OAS Spread	*Last month*	*Δ YTD*
CEMBI EUR hedged	*0,78*	*1,37*						
EM Corporate Index	0,91	1,64	5,72	-0,10	-0,18	190	15	1
CEMBI Investment grade	0,94	1,23	5,15	-0,15	-0,12	105	10	7
CEMBI High Yield	0,85	2,25	7,24	0,02	-0,23	359	27	-5
EMBI	1,39	0,00	6,66	-0,13	-0,15	258	14	5
EMBI Investment grade	1,87	0,00	5,25	-0,19	-0,09	102	8	10
EMBI High Yield	0,89	0,00	8,37	-0,07	-0,17	443	20	3
Developed USD IG (JPM)	1,35	1,62	5,13	-0,13	-0,10	98	14	9
US High Yield Corp (BarCap)	0,19	0,69	6,71	0,13	0,18	291	26	25
5Y US Treasury bond	1,24	1,25	3,50	-0,29	-0,22	n.m.		
10Y US Treasury bond	2,50	2,05	3,94	-0,30	-0,23	n.m.		

Returns in USD except CEMBI EUR hedged.

Kind regards,

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