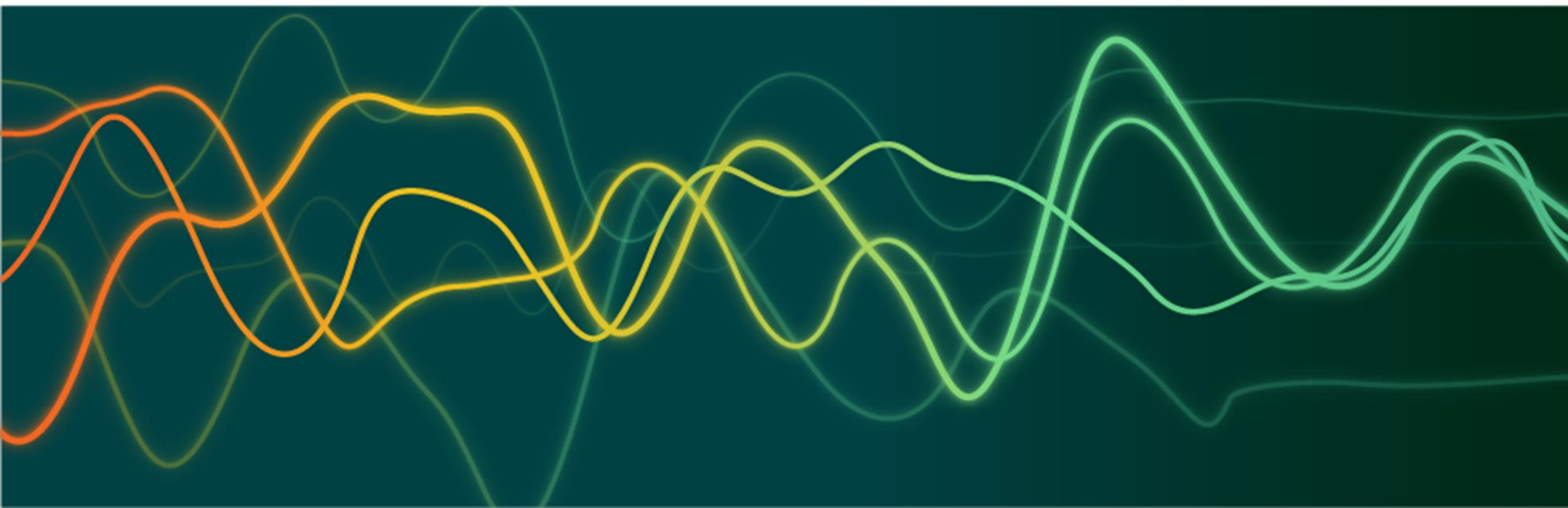


Emerging Markets Debt Monitor

Emerging Markets Investment Team

Q4 2025



Important Information and Disclosure

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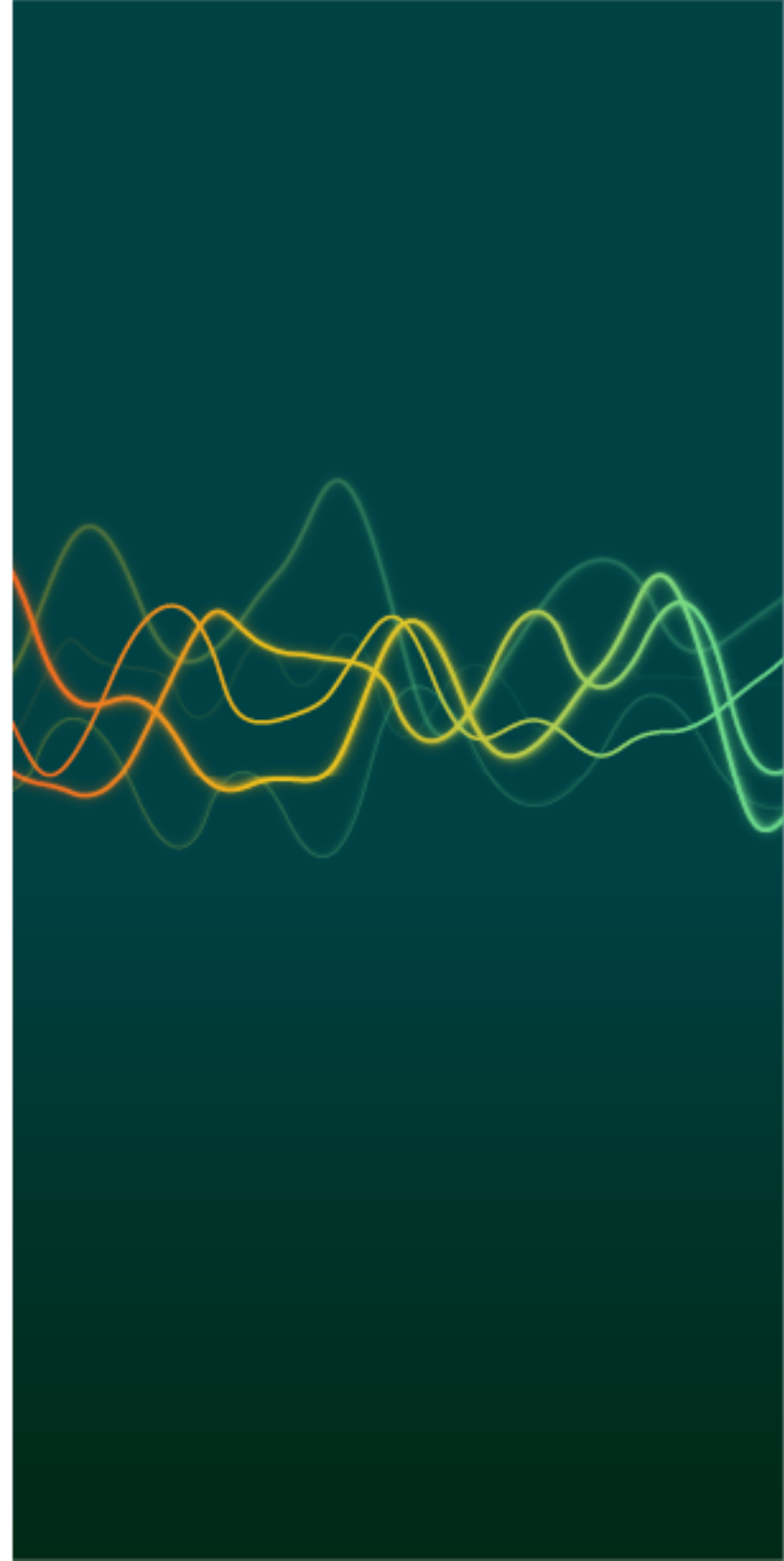
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Data provided is for informational use only. See end of report for important additional information.

Q4 2025 Recap



Q4 2025 RECAP

Q4 2025 Recap

- Both the local currency and hard currency segments of the Emerging Markets Debt market delivered strong performance for the quarter. The USD strengthened in October and most of November as the U.S. Fed's tone after the September rate cut was more cautious towards future cuts. In addition, EUR and JPY weakness during that period also helped to boost the USD. The USD then reversed course in December due to slower growth in Q3 and a 25bps rate cut. Local rates also broadly rallied aiding performance of the local segment of the asset class.
- Spreads tightened for both sovereign and corporate credit bringing spread levels to multi-year lows. Apart from spread widening following the April U.S. tariff announcements spreads have generally tighten during 2025 due to increased demand for the asset class, new issuances, and a weaker USD which has investors increasingly seeking opportunities outside the U.S.
- The U.S. and China established an updated trade deal in November. The U.S. lowered its fentanyl-related tariff to 10% and extended the expiration of select exclusions until November 2026. China suspended retaliatory tariffs, removed rare earth controls, and resumed soybean purchases. Despite periods of elevated tariffs China's exports remained strong but the domestic economy has significantly lost momentum.
- The EU approved a €90 billion aid package for Ukraine. The funds were financed through external borrowing rather than using frozen Russian assets, which was previously considered. Ukraine will only have to pay the loan back if Russia pays reparations. The first phase of a ceasefire between Israel and Hamas went into effect at the beginning of October triggering the release of hostages. Both sides have since accused the other of violating the ceasefire.
- President Milei's La Libertad Avanza (LLA) party redeemed themselves in the country wide midterm elections at the end of October. However, lack of confidence from the provincial election results led to large outflows and market mechanisms to defend the peso nearly depleted reserve levels. The U.S. government stepped in with a bailout. The government shifted its focus from fiscal tightening to liberalizing the economy with labor and pension reform to attract foreign investment. FX levels remain tightly controlled but a minor liberalization measure was announced in December allowing the FX bands to move a bit more.
- The asset class finished the year with strong inflows for both hard and local currency funds. The asset class saw a couple single weeks of outflows in mid-October and the first week of November as investors briefly turned risk off, but we also saw the largest weekly inflow in over two years in October as well. The hard currency segment of the asset class received \$6.4 billion while the local currency segment saw \$6.8 billion for inflows for the quarter.

Q4 2025 RECAP

Q4 2025 Recap, continued

ASIA

- Vietnam's ambitious reform agenda known as "Doi Moi 2.0" encountered significant political pushback in recent months, despite massive and widespread reforms early this year, due to the upcoming Party Congress in January. The meeting will decide five key leadership positions including the General Secretary. Slowed reform momentum is expected, but the amount of pushback introduced short-term uncertainty.
- Pakistan is making a concerted effort to adhere to its IMF program. In early December, the IMF approved the release of \$1.2B noting the country's progress on economic and climate reforms. The government is working to improve legislation to regain control over fiscal spending by restricting funds transferred to local governments. Currently, the State Bank of Pakistan raises the money but doesn't have control over how local governments spend it.
- South Korea's anti-establishment President, Lee Jae Myung, has pursued serious corporate governance reforms since coming into office in June. He set an ambitious target for the representative stock index, the KOSPI, to increase from 2500 to 5000 and during the quarter the index reached over 4220 which was a notable achievement. Despite positive reforms, severe pressure on the won persisted.

CEEMEA

- In November, South Africa experienced a historic shift in its policy framework as the Finance Minister announced a new inflation target of 3%. This will be phased in over two years and is the first change to the inflation target in about 25 years. The SARB cut the repo rate at its first meeting following the announcement noting an improved inflation outlook.
- Ghana's macro narrative was strong due to rapid disinflation to within the target band, reserve accumulation, policy normalization, and improved fiscal execution. The IMF released an additional tranche of funds under its extended credit facility citing economic stabilization and progress towards debt restructuring.
- Angola and Kenya returned to capital markets both issuing \$1.5 B Eurobonds easing near term financing risks. Angola's economy remains tightly tied to oil which raises concern for volatility due to commodity prices. Former Kenyan Prime Minister and opposition leader, Raila Odinga, passed away in October raising uncertainty around a coalition formation ahead of the 2027 election.

LATAM

- The U.S. significantly ramped up military pressure near Venezuela with the goal to forcing President Nicolás Maduro to negotiate or be displaced. Asset prices rallied due to the potential for a regime change. Pressure included hints of an onshore invasion, ground attacks, and the possibility of an old-school blockade.
- Brazil's political dynamics intensified ahead of next year's elections. President Lula will be running for reelection as the left candidate, and the right was undecided on its candidate but former President Bolsonaro surprised markets by announcing his son as the candidate instead of the more widely favored São Paulo Governor. The real weakened and rates sold off as a result.
- Ecuador's President Noboa introduced constitutional reforms that were overwhelming struck down by voters. This setback was a surprise and his first major electoral loss. Reforms included lifting a ban on foreign military bases, shrinking the size of Congress, and a rewrite of the Constitution. There was a brief market selloff following the results, but the market normalized.

Please reference page 2 "Important Information and Disclosure"

Q4 2025 RECAP

EM Corporate Credit – Q4 Update and Outlook

HIGHLIGHTS DURING THE QUARTER AND YEAR:

The CEMBI Broad Diversified Index returned 1.29% in Q4 2025, and 8.73% for the full year, 2025. EM corporate debt returns have lagged other EM indices, largely driven by the lower starting credit spreads in January 2025, select idiosyncratic defaults and the strength of EM currencies versus the dollar. EM corporate IG spreads find themselves near all-time highs today, driven in large part by the strong demand for IG risk across global fixed income and limited new issue supply. Some more specific trends we observe are as follows:

- Momentum in Argentina's reforms and positive midterm election results have caused a sharp rally in all Argentinian assets. A number of issuers out of Argentina tapped the market in 2025 to refinance previously raised local debt and to fund growth capex plans in the oil sector
- Turkish issuers are somewhat bifurcated. High quality, well-reputed issuers continue to enjoy a low cost of capital, in line with the sovereign move, while some of the recent new issuers in the market still have to borrow at higher rates due to a lack of local investor sponsorship and concerns around governance
- China property debt continues to restructure. The most recent wave saw debt investors being effectively forced to take equity in exchange of their debt claims with limited pushback from the international investor community. Property demand and prices remain weak, and we think there is no light at the end of this tunnel for a few more years
- Brazil saw a number of idiosyncratic distressed names, some expected, while others have caught the market by surprise (such as Ambipar). Bonds issued by Braskem, Brazil's largest petrochemical company are trading at distressed levels on the back of weak earnings leading to cash flow burn, and historical environmental claims. Other petrochemical credits in the asset class have also sold off to reflect these industry trends. This situation remains fluid and the outcome of these negotiations will have meaningful impacts on index returns given the size of this issuer in the benchmark
- A notable outperformer is Pemex, which, despite being officially part of the EM sovereign index, has been widely held by global investors for many years and has contributed meaningfully to performance of the asset class in 2025. While the credit remains in unsafe territory, the sovereign has made significant steps towards addressing the company's liquidity and near-term debt problems and market prices and ratings have adjusted to reflect this improvement
- Local issuance from corporates continues to compete heavily with international dollar issuance, especially in Asia where the absolute yields are lower.

Some notable things to watch out for in 2026 are:

- Oil prices declined ~20% in 2025 with many market participants expecting further weakness in 2026. OPEC+ has had coordination issues, new supply is coming online, the Russia-Ukraine conflict has had moments when a ceasefire seemed possible, and demand could weaken if global growth surprises to the downside. A decline of Brent to the low \$50 price would potentially cause a dislocation for many oil credits across global credit;
- Elections in Brazil and Colombia, both large issuer countries, will impact asset prices as the likely candidates sit on opposite ends of the political and economic spectrum;
- Contagion from exogenous macro events such as a pop in the AI bubble, or unforeseen conflicts.

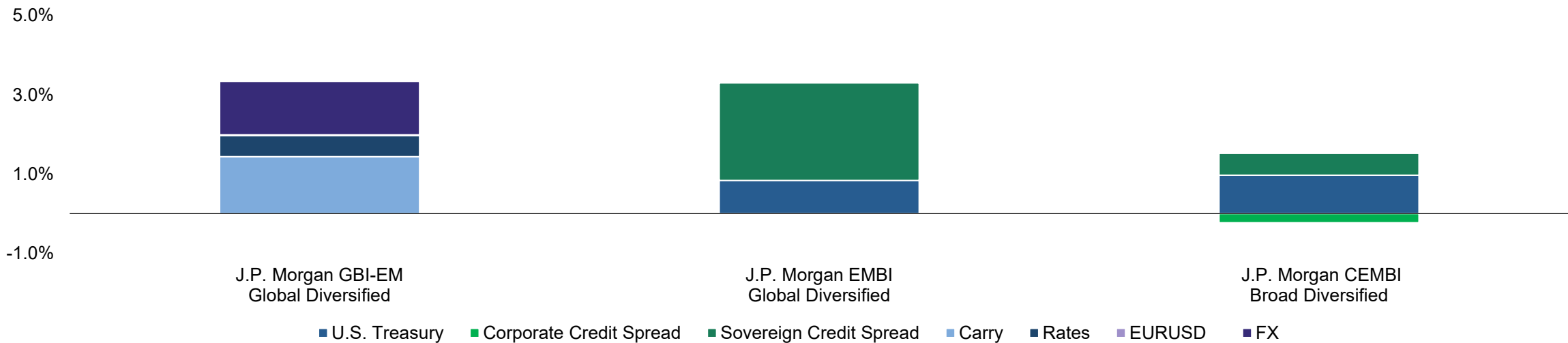
Absent a material negative event, we believe demand for fixed income will remain robust, and the more limited supply of new issuance will bode well for EM corporate credit spreads. Many credits remain useful diversifiers away from U.S. corporate debt, which is far more exposed to a slowdown in the U.S. economy. EM corporate issuers are generally less vulnerable to EM economic slowdowns, and fundamentals are relatively healthier.

Please reference page 2 "Important Information and Disclosure"

Q4 2025 RECAP

Index Performance Recap

Q4 2025



Index	FX	EurUsd Exchange Rate Move	Rates	Carry	Sovereign Credit Spread	Corporate Credit Spread	U.S. Treasury	Total Return
J.P. Morgan GBI-EM Global Diversified	1.35%	0.02%	0.53%	1.44%	—	—	—	3.34%
J.P. Morgan EMBI Global Diversified	—	—	—	—	2.46%	-0.01%	0.84%	3.29%
J.P. Morgan CEMBI Broad Diversified	—	—	—	—	0.55%	-0.23%	0.97%	1.29%

Source: J.P. Morgan, Morgan Stanley Investment Management calculations. Corporate Credit Spread and Sovereign Credit Spread return attributions are modeled by decomposing the overall spread return to its two components: the sovereign spread and the corporate spread over the sovereign. It is not possible to invest directly in an index. Data provided is for informational use only. **Past performance is no guarantee of future results.** See end of report for important additional information. Please refer to page 39 for a description of each index.

Q4 2025 RECAP

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2025

Index	FX	EurUsd Exchange Rate Move	Rates	Carry	Sovereign Credit Spread	Corporate Credit Spread	U.S. Treasury	Total Return
J.P. Morgan GBI-EM Global Diversified	6.84%	2.47%	4.13%	5.82%	—	—	—	19.26%
J.P. Morgan EMBI Global Diversified	—	—	—	—	7.78%	0.02%	6.50%	14.30%
J.P. Morgan CEMBI Broad Diversified	—	—	—	—	3.03%	-0.34%	6.03%	8.73%

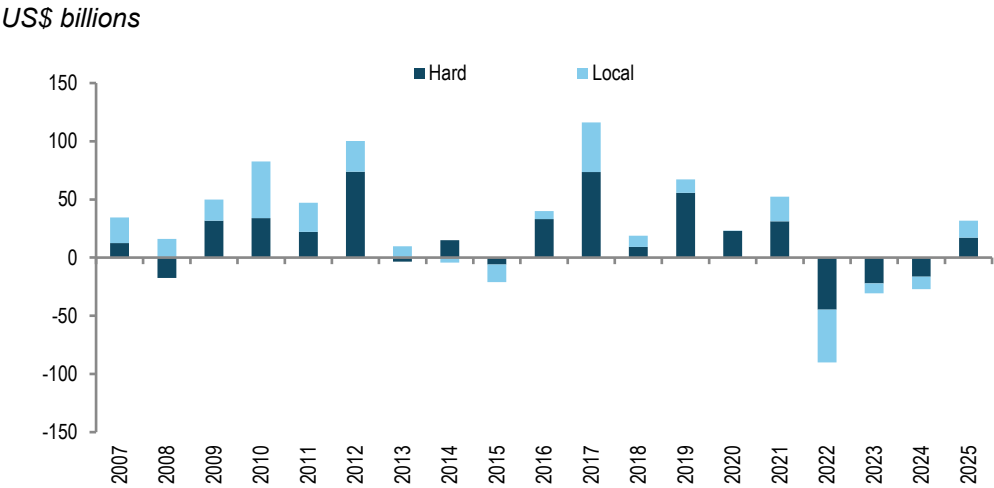
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Q4 2025 RECAP

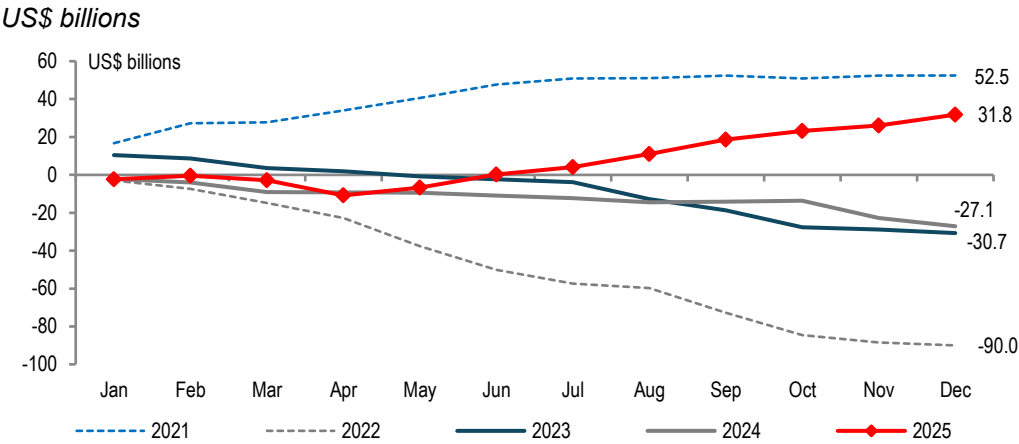
Technical: 2025 Flows

- Inflows were notable in 2025, but the first four months of the year painted a much different picture. Net outflows continued the theme the asset class experienced for the past three calendar years, but the asset class swiftly rebounded starting in May.
- Investors flocked to both hard currency and local currency funds during Q4. However, from May – December investors favored hard currency with inflows of \$27B compared to local currency funds which saw \$16B.

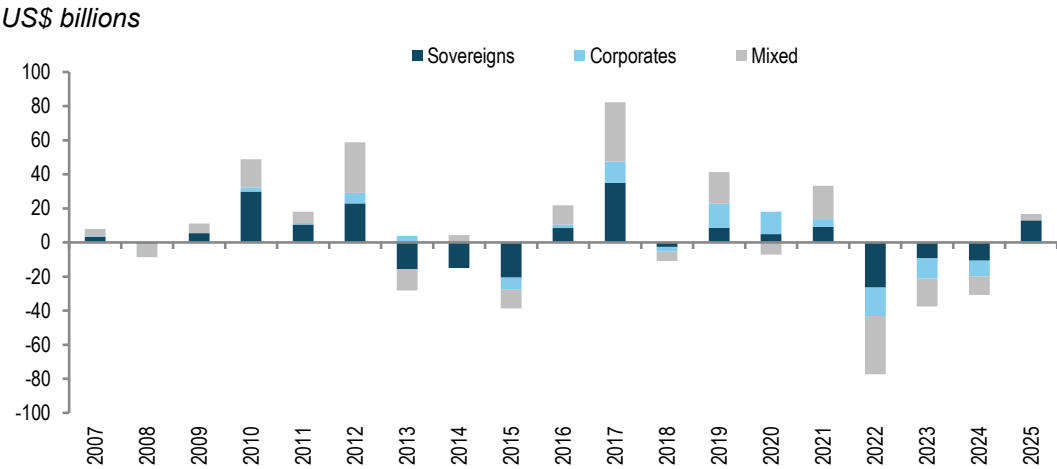
Annual Flows by Currency



Annual Cumulative Bond Flows



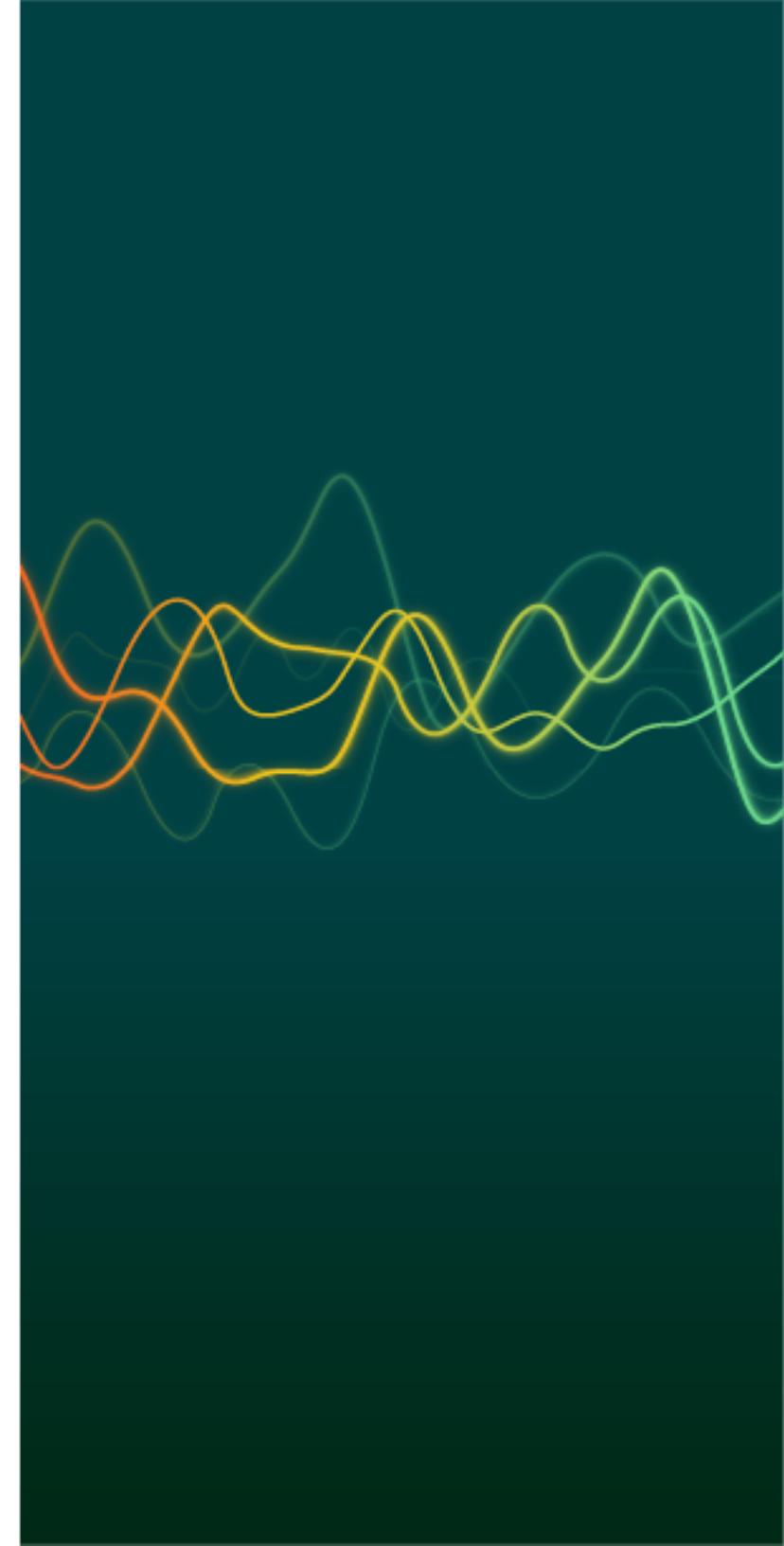
Annual Flows by Sovereign/Corporate/Mixed (Retail)



Source for all charts above: JPMorgan. All data as 12/31/2025. For illustrative purposes only. Past performance is no guarantee of future results.

Rotating Topic

U.S. involvement in Latin America



ROTATING TOPIC

Why is LatAm in Focus for the U.S.?

The Trump administration released its National Security Strategy in November 2025 which outlined a vision to “reassert and enforce the Monroe Doctrine to restore American preeminence in the Western Hemisphere.”

Strategic Context

KEY DRIVERS	DETAILS
Policy Framework	- Monroe Doctrine reaffirmed in 2025 NSS. Solidifying on paper a preexisting policy stance
Economic Goals	- Enhance U.S. private sector to compete and succeed in the region. - Partner with existing regional partners to create “tolerate stability” in the region
Security Priorities	- Migration control, anti-narcotics operations
Leadership Influence	- U.S. State Department Influence - U.S. Secretary of State, Marco Rubio, and U.S. Deputy Secretary of State, Chris Landau, are fluent Spanish speakers with deep knowledge of the region

Examples in Practice:

ACTION	PURPOSE
25% Tariffs on Mexico	- Pressure on migration and narcotics control. - Although these were walked back, created a credible threat especially with upcoming USCMA negotiations
Increased military presence in the Caribbean (+Venezuela)	- Ramped up pressure in the region Counter narcotics and “drug-trafficking” and create pressure for negotiations for Maduro’s exit – captured on January 3, 2026
Endorsed President Milei, and monetarily supported	- Heavy handed political influence and support a “like minded” leader. - - Stabilize FX, support aligned leadership
Regional Political Intervention	- Endorsed Honduran presidential candidate Nasry Asfura in the days ahead of the November election - Endorsed Argentine President Milei ahead of October 26 th midterms

The sharp shift in focus to the region may be welcome by some – namely “aligned” governments such as Ecuador, Argentina, and Chile (once the government turns over in March) – and dreaded by others.

Source: Morgan Stanley Investment Management, Bloomberg as of 12/31/2025. The views and opinions expressed are those of the Emerging Markets Debt Team at the time of the writing of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is no guarantee of future results.**

ROTATING TOPIC

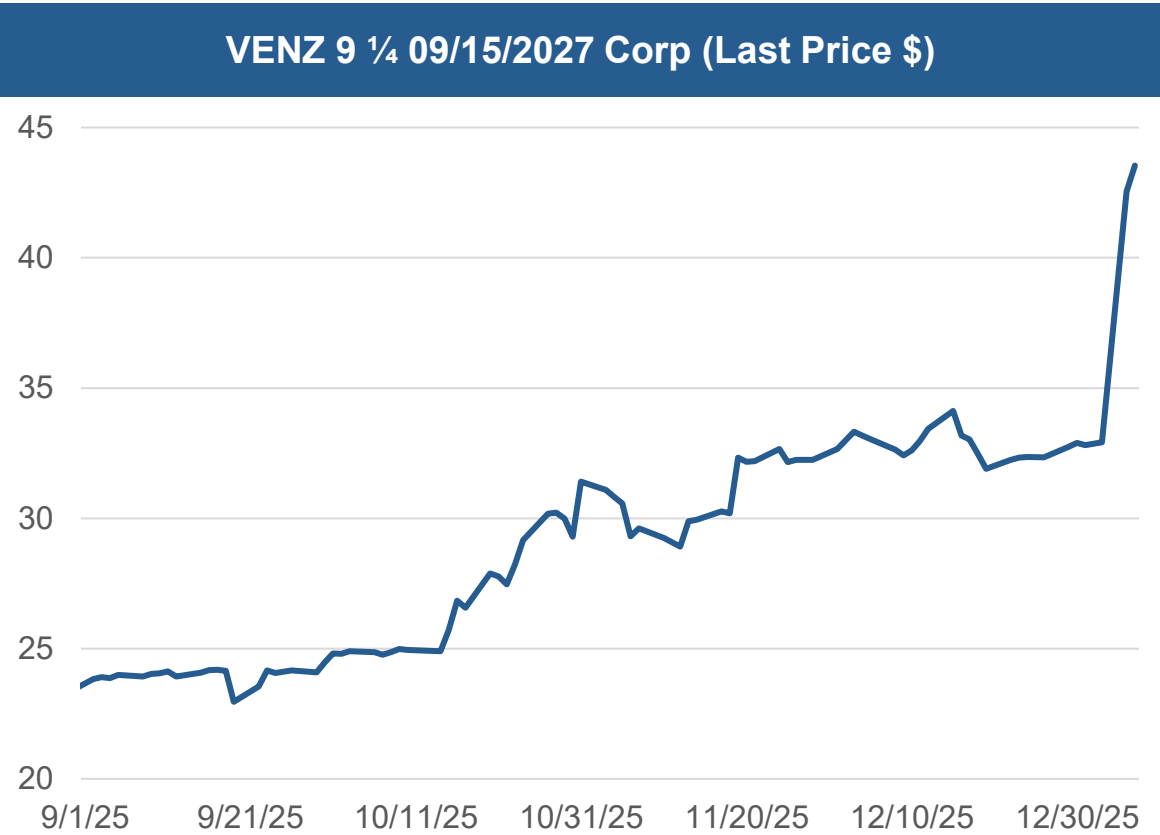
Military Escalation in the Caribbean (+Venezuela)

In 2025, the Trump administration slowly ramped up pressure on the region via a buildup of military assets.

DATE	ACTION
Aug 2025	Naval and air force deployment to Caribbean
Sep 2025	First strikes on alleged “drug-trafficking” vessels
Dec 2025	CIA drone strike on a Venezuelan dock, first strike on land
Jan 2026	Capture and extraction of President Maduro and his wife

As the buildup of pressure in the region escalated and targeted strikes on alleged drug boats occurred, asset prices notably rallied.

The eventual capture and extraction of President Maduro and his wife led to a jump in asset prices.



Source: Morgan Stanley Investment Management, Bloomberg as of 1/6/2026. The views and opinions expressed are those of the Emerging Markets Debt Team at the time of the writing of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is no guarantee of future results.**

ROTATING TOPIC

Heavy Handed Involvement in Argentina Politics

Following poor election results in the Buenos Aires provincial elections, Argentinians and international investors began to lose faith in the LLA party resulting in large outflows.

Swap line motivations for the U.S. and outlook

1. Financial Stabilization Support

Reserve levels were rapidly depleting. The \$20 billion swap line provided immediate liquidity to stabilize Argentina’s foreign exchange markets amid economic volatility.

2. Strategic Political Timing

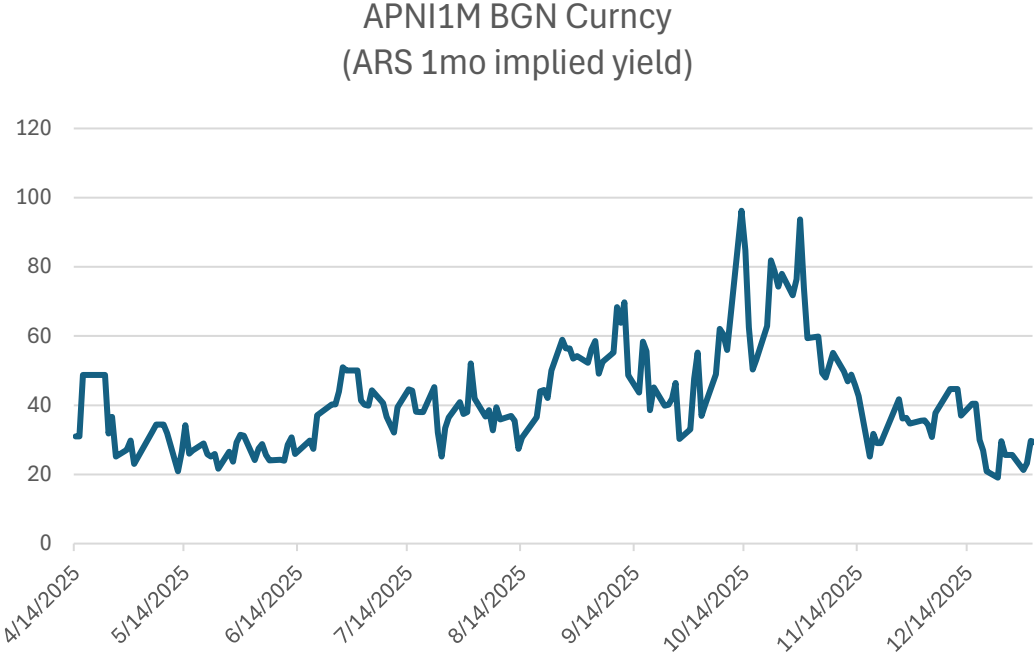
Swap line was announced in early October ahead of the midterm elections could have influenced the elections. Signaled U.S. endorsement of economic reforms under President Milei and the political partnership.

3. Geopolitical Leverage

The swap line acted as a geopolitical tool to reinforce U.S. influence in Latin America and counter China’s regional expansion.

4. Sustainability Challenges

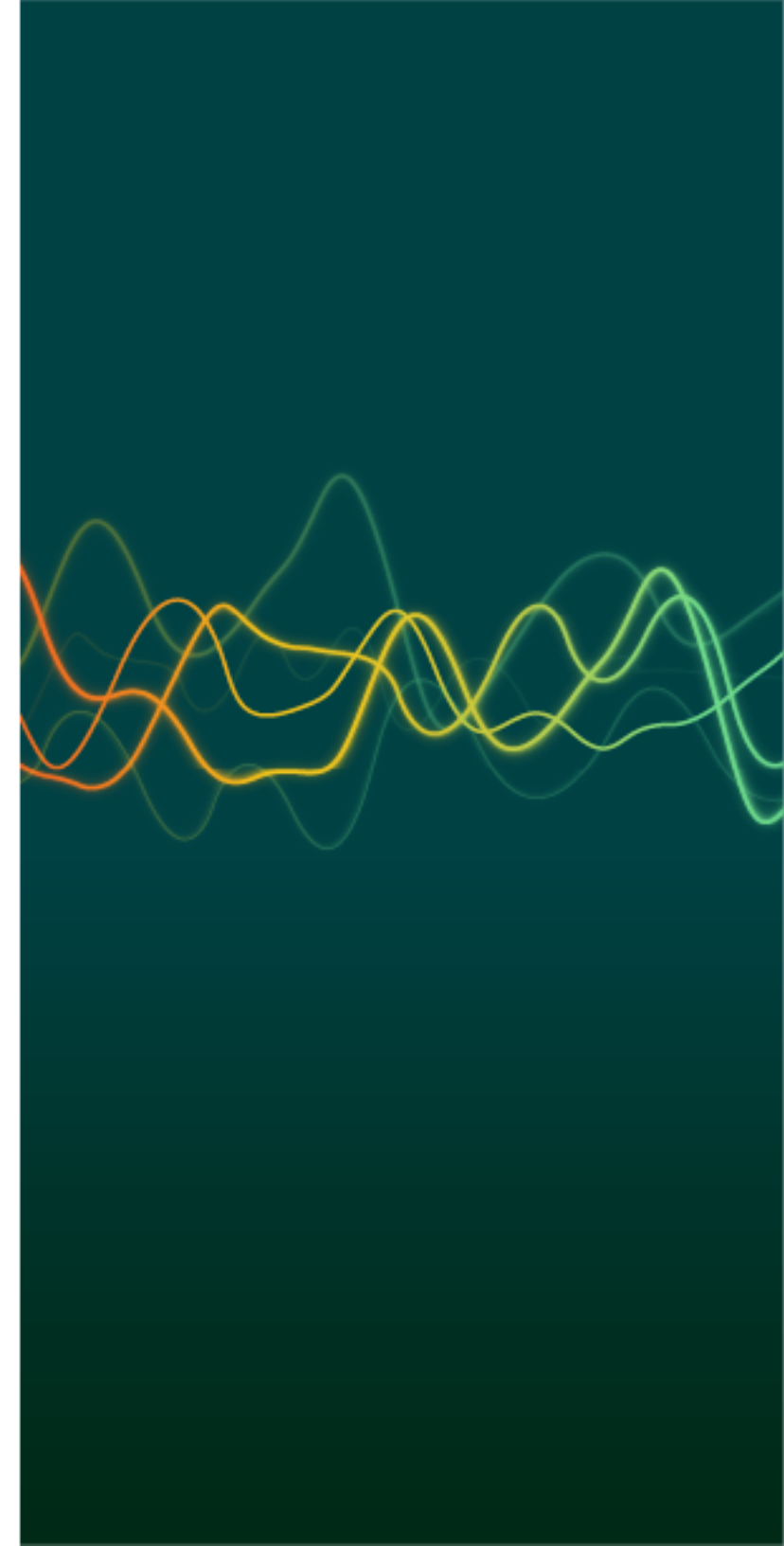
Despite short-term benefits, Argentina’s long-term issues like inflation and FX stability remain unresolved, posing challenges to stability.



Implied yields for ARS NDFs spiked in October leading up to the mid-terms due to the expectation the currency band wouldn’t hold due to depleting reserves.

Source: Morgan Stanley Investment Management and Bloomberg as of 12/31/2025. The views and opinions expressed are those of the Emerging Markets Debt Team at the time of the writing of this presentation and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. **Past performance is no guarantee of future results.**

Q1 2026 Outlook



Q1 2026 OUTLOOK

Q1 2026 Outlook

MACRO DRIVERS

- The U.S. experienced its longest government shutdown in history which led to gaps in economic data and delayed publication of crucial data which will bleed into Q1. The Fed cut rates twice in the quarter and there is the expectation for future cuts, but the timing and magnitude are uncertain as the Fed manages delayed economic data, increasing unemployment, and inflation levels.
- Average annual inflation is likely to continue to fall for many emerging markets countries relative to developed markets. As a result, many EM central banks will be positioned to continue to cut rates with further support from U.S. easing and a weaker USD.
- Geopolitical conflicts remain as the Russia-Ukraine war continues and both Israel and Hamas have accused each other of breaching the ceasefire. The U.S. was largely involved with the initial ceasefire and has announced the desire to implement phase two. Russia-Ukraine peace talks have continued, and the EU approved an aid package for Ukraine. Beyond the humanitarian tragedies of these conflicts, there have been global spillovers that continue to trickle through to the world economy.
- Demand for the asset class is likely to continue following strong returns in 2025 and attractive valuations plus improving fundamentals. From a broader standpoint, the current weaker USD environment and further U.S. policy uncertainty will point investors outside of the U.S. for investment solutions.

COUNTRY DRIVERS

- The U.S. continues to negotiate tariff policies on a country-by-country basis, and some countries are starting to feel the impacts. An evaluated 30% tariff on most South African imports remains amid tensions with the U.S. Trade disputes remain unsolved between India and the U.S. with an aggregate rate of 50% rate on many imports leading to balance of payment issues. Other countries will continue to navigate negotiations into 2026.
- There are dozen of countries holding elections next year. Some key ones to watch are upcoming presidential elections in Brazil, Colombia, and Peru. Major parliamentary elections will be held in Hungary, Lebanon, Israel, and Armenia.
- While the landscape is very differentiated, individual country level fundamentals continue to improve lowering the sovereign risk premium. Bottom-up country level evaluation will continue to be key to uncover value.

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Q1 2026 OUTLOOK

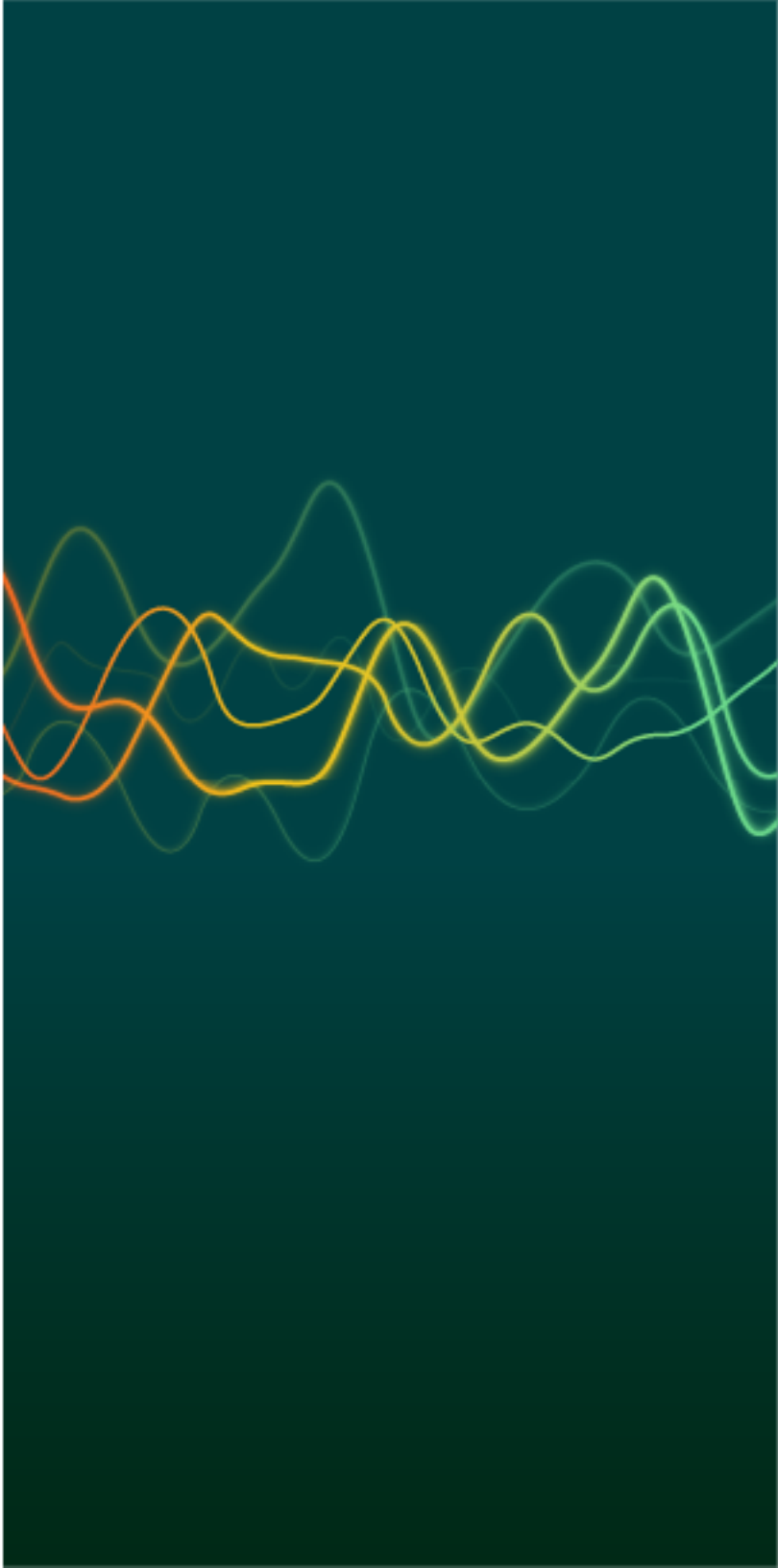
EMD Risk Factor Dashboard

Outlook and Summary

	Underweight	Moderate Underweight	Neutral	Moderate Overweight	Overweight	Summary
Currency				◆		We keep currencies at moderate overweight. Strong individual country fundamentals will continue to drive performance, and a likely weaker USD will be broadly supportive.
Local Interest Rates				◆		We keep local rates at moderate overweight. Real-yield differentials remain wide between DM and EM allowing for many EM central banks to continue to cut rates. The U.S. Fed also remains in a cutting cycle creating a supportive backdrop.
Sovereign Credit		◆				We move sovereign credit to moderate underweight. Credit spreads are tight and near multi-year lows, but the universe does still have select pockets of opportunity particularly off-benchmark.
Corporate Credit		◆				We move corporate credit to moderate underweight. Pockets of idiosyncratic stress in HY issuers have driven spreads wider while investment grade issuers are at historically tight levels.
EM Equity				◆		We keep EM equity at moderate overweight. Valuations remain low on absolute and relative basis. A weaker USD is also a tailwind for the asset class.

For informational purposes and does not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy. The tactical views expressed above are a broad reflection of our team's views and implementations, expressed for client communication purposes. Individual team allocations may differ. The information herein does not contend to address the financial objectives, situation or specific needs of any individual investor. The signals represent the Teams view on each asset class..

EM FX



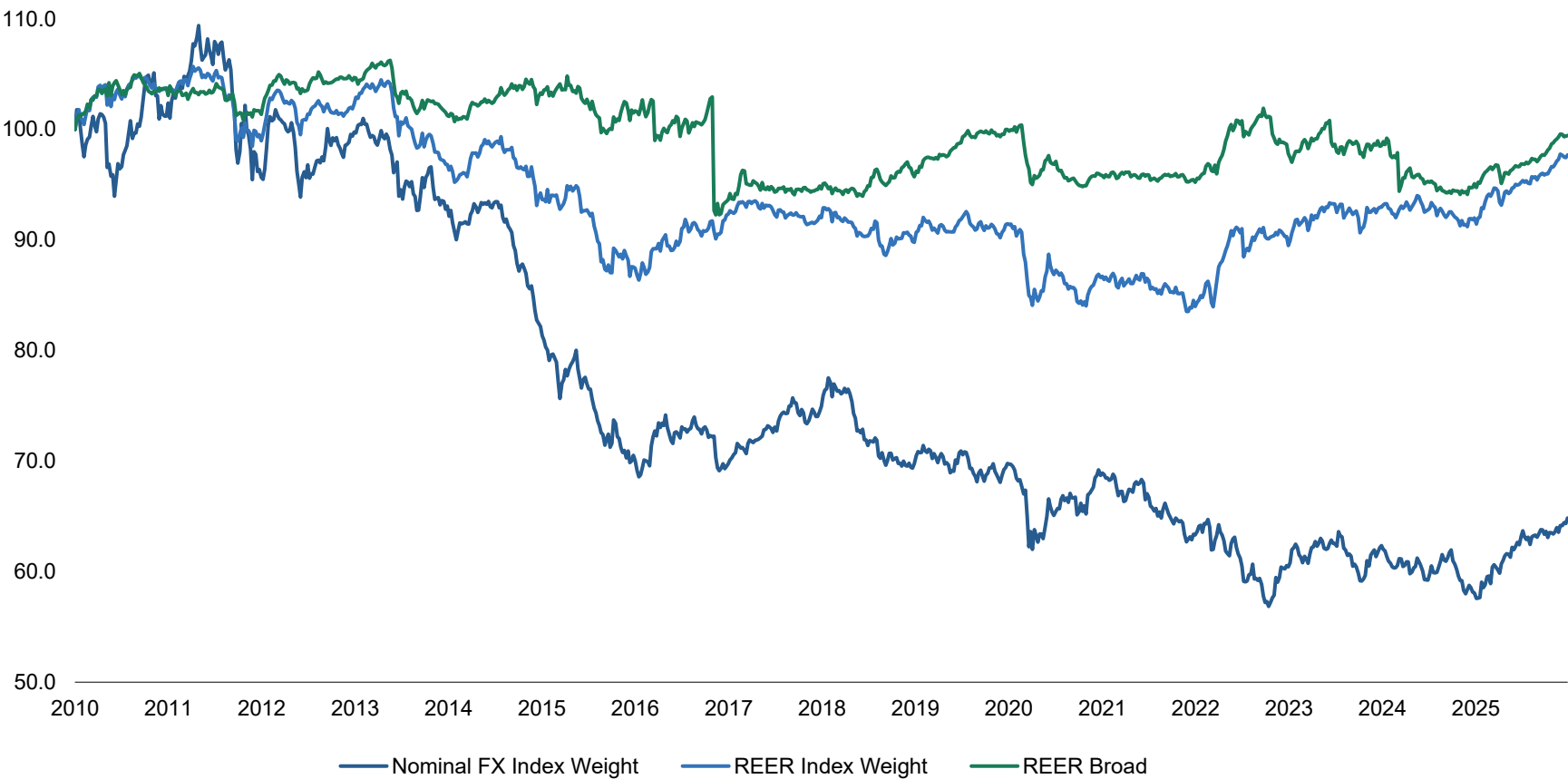
EM FX

Despite brief periods of USD strength early in the quarter, EM currencies broadly strengthened. Despite the strong rally YTD, EM currencies are still cheap compared to long term averages.

Nominal FX Index Weight: Nominal FX (in GBI-EM Index) has weakened significantly since 2018.

REER Index Weight: But looking at real effective exchange rate (REER) is a better way to get a sense of value. This shows less of a decline but still highlights recent volatility and current value.

REER Broad: If you broaden the universe beyond the GBI-EM benchmark it shows that FX is not as cheap by this measure but value remains.

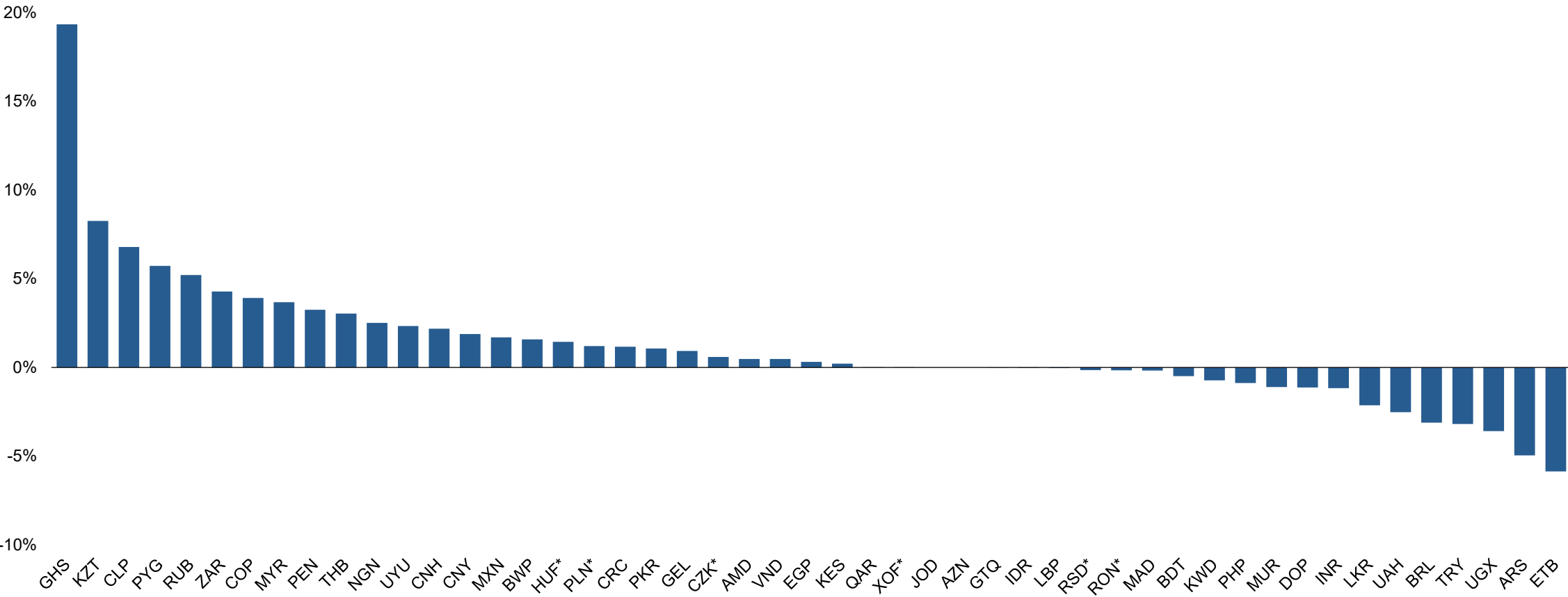


Source: J.P. Morgan, Barclays. Nominal FX Index Weight is the J.P. Morgan GBI-EM Global Diversified index currencies and weights. REER Index Weight is the Barclays real effective exchange rate data of the currencies in the J.P. Morgan GBI-EM GD. REER Broad uses Barclays real effective exchange rate data for the following countries equal weighted: Brazil, Chile, Colombia, Hungary, Indonesia, Malaysia, Mexico, Peru, Philippines, Poland, Romania, South Africa, Thailand, Turkey, China, India, Uruguay, Vietnam, Nigeria, Egypt. Data provided is for informational use only. **Past performance is no guarantee of future results.** See end of report for important additional information.

EM FX

Country level fundamentals drove currency appreciation for a number of EM countries. Most notably, the Ghanaian cedi strengthened due to disinflation, reserve accumulation, and improved fiscal policies. The Kazakhstani tenge benefited from a rate hike and additional gold sterilization to support the currency.

FX QoQ Change vs USD

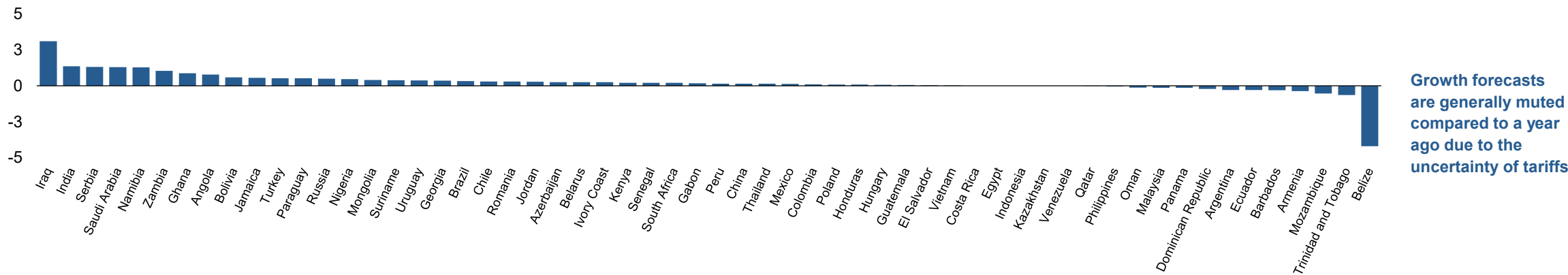


Source: Bloomberg, Morgan Stanley Investment Management. *Versus euro. Data provided is for informational use only. **Past performance is no guarantee of future results.** See end of report for important additional information.

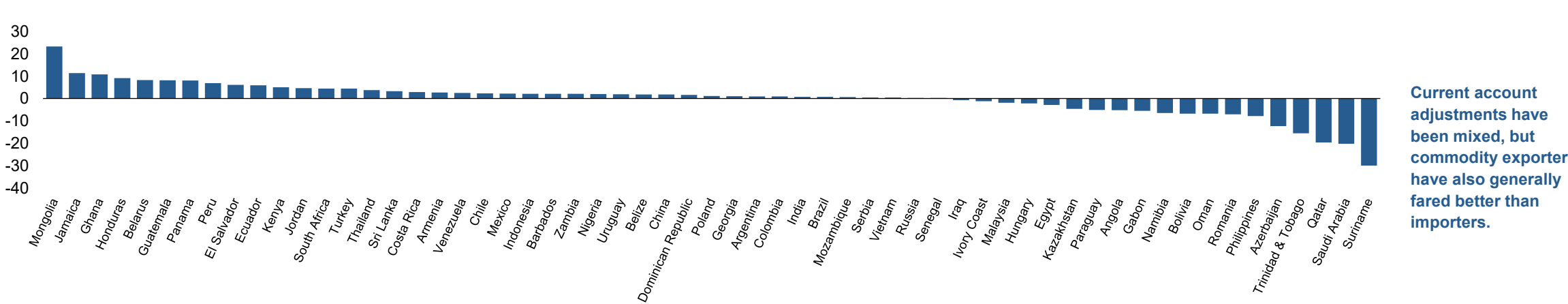
EM FX

EM FX Likes Good Growth and Strong External Balance

% Change in IMF Growth Forecasts (From April 2024 WEO to October 2025 WEO)

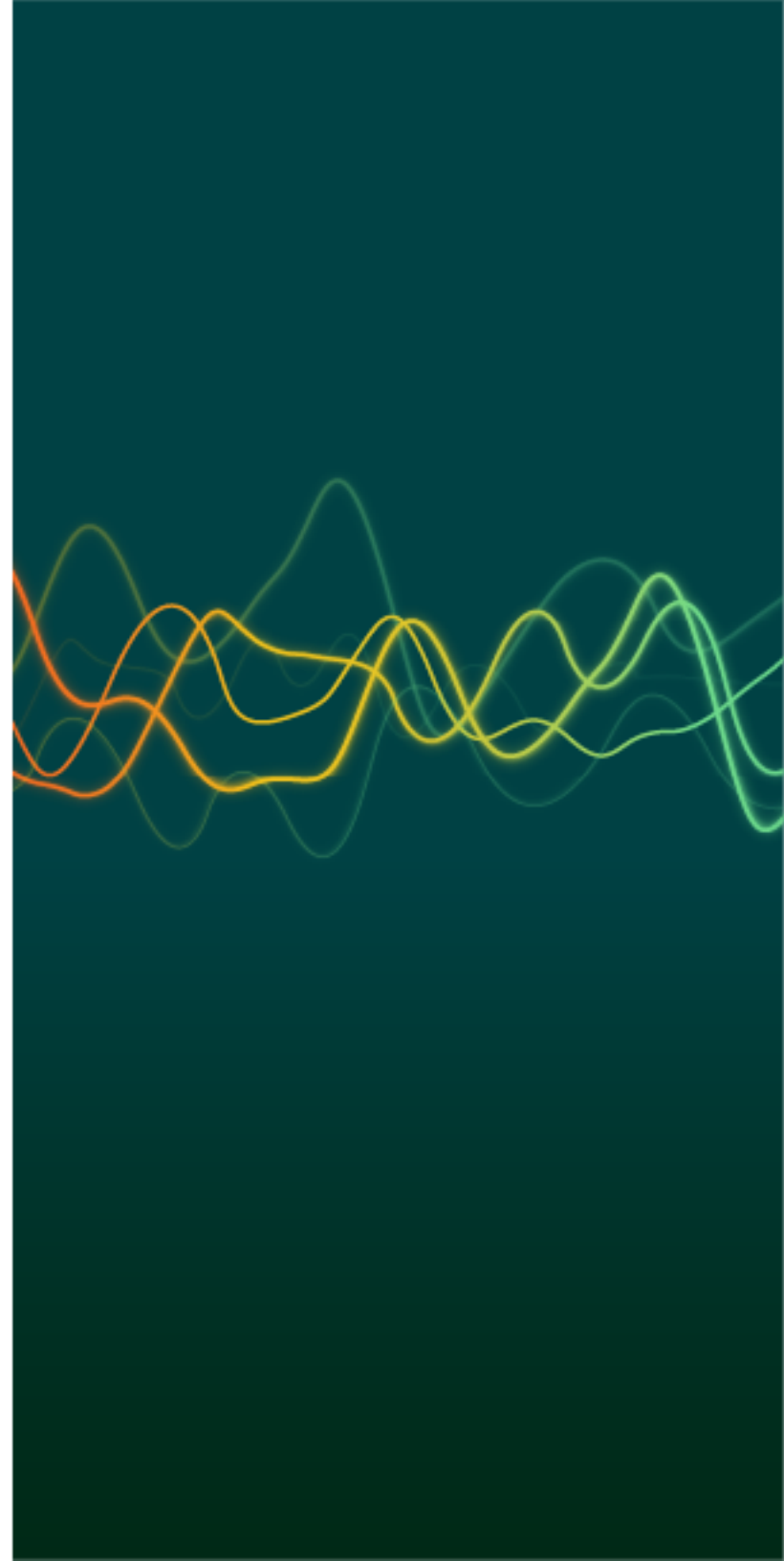


Current Account % Change as % of GDP (2013 to 2025 Estimates)



Source: IMF World Economic Outlook (WEO). Data provided is for informational use only. See end of report for important additional information.

EM Interest Rates

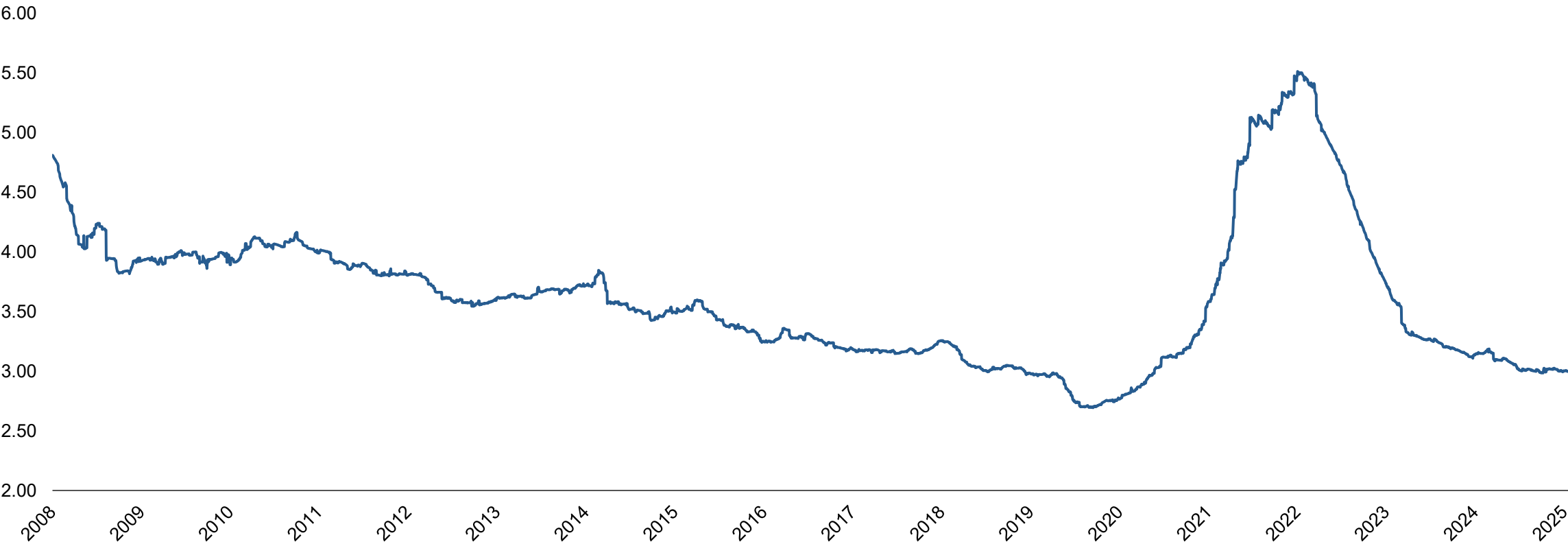


EM INTEREST RATES

Inflation expectations started to moderate as some EM countries approach target levels, but expectations maintain a downward trend.

EM Consensus CPI Expectations ¹

(% Change YOY)

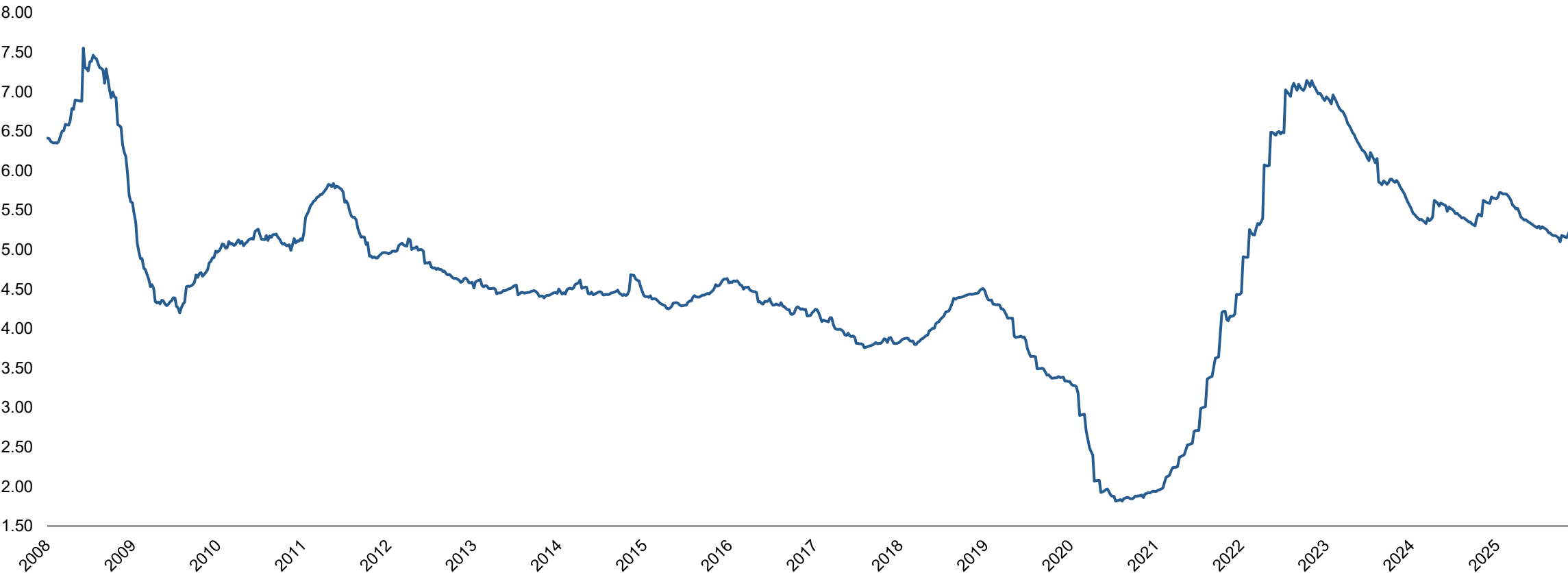


Source: Bloomberg, Morgan Stanley Investment Management. As of 12/31/2025.
1. Data is the equal weighted average of headline inflation expected in 18-30 months by economists surveyed by Bloomberg, which includes all countries in the J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) Global Diversified,. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. Data provided is for informational use only. **Past performance is no guarantee of future results.** See end of report for important additional information.

EM INTEREST RATES

Many EM countries have contained their inflation levels. Although the number of rate cuts across the asset class have moderated, many countries are positioned to continue a rate cutting cycle.

EM Consensus Policy Rate Expectations ¹



Source: Bloomberg, Morgan Stanley Investment Management. As of 12/31/2025.
1. Data is the equal weighted average of expected policy rates in 12 months by economists surveyed by Bloomberg, which includes all countries in the J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) Global Diversified. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. Data provided is for informational use only. **Past performance is no guarantee of future results.** See end of report for important additional information.

EM INTEREST RATES

Real yield differentials marginally increased for most of the quarter but ultimately ended the quarter slightly lower. The U.S. Fed cut rates in October and December and future cuts are expected. Although EM disinflation has slowed, inflation levels are low which continues to provide room for select central banks to continue rate cuts.

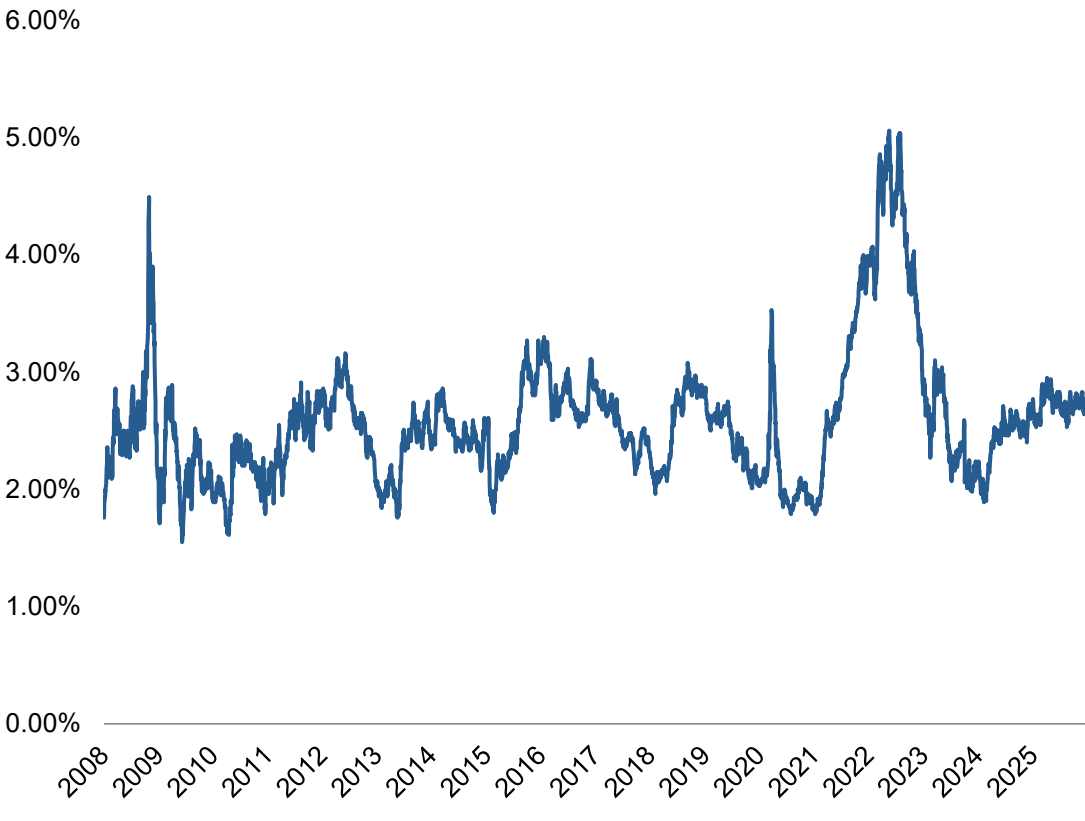
EM-DM Real Yields

(Using Inflation Forecasts)



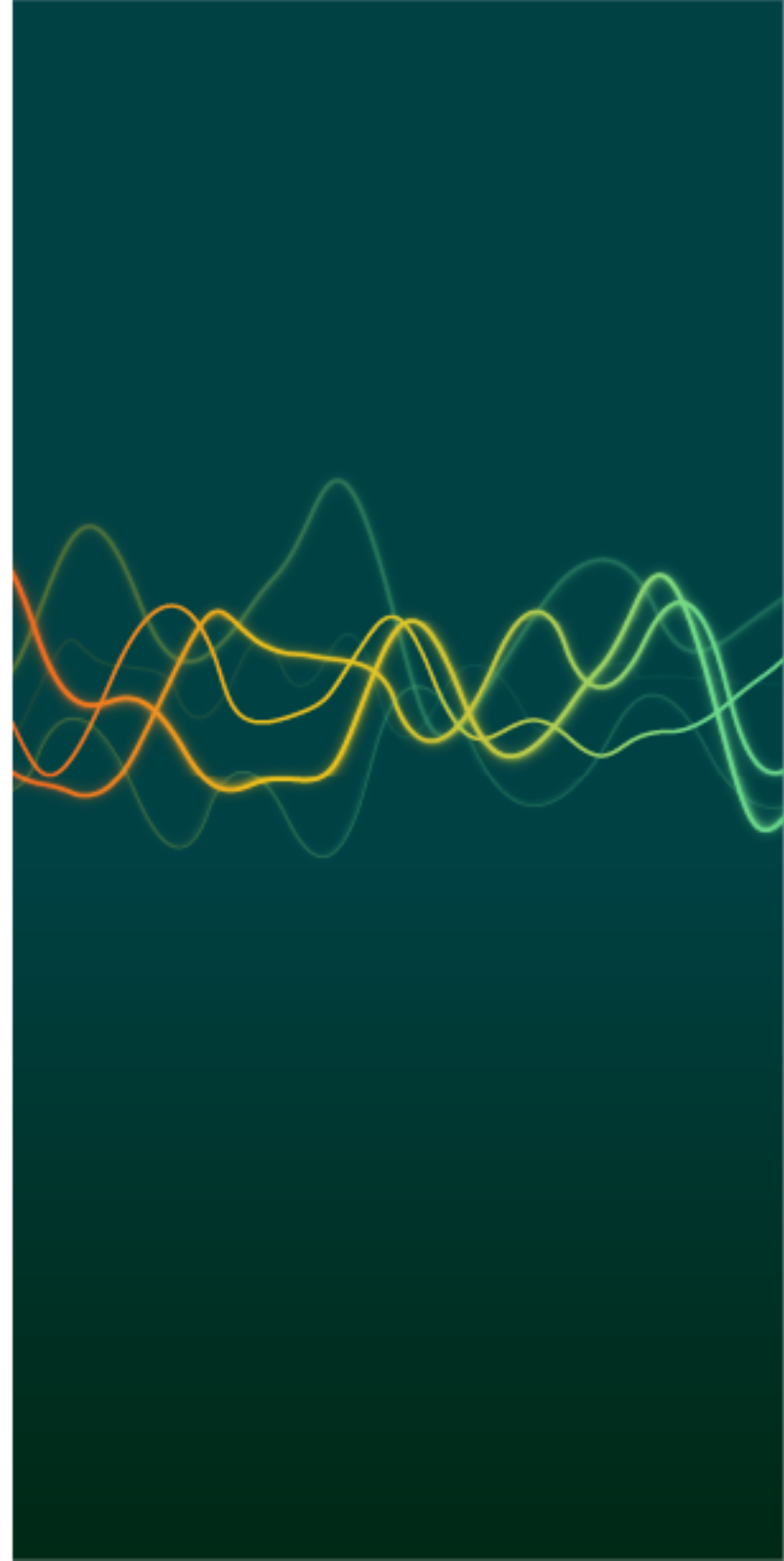
EM-DM Real Yield Differential

(Using Inflation Forecasts)



Source: Bloomberg, J.P. Morgan, Morgan Stanley Investment Management. As of 12/31/2025. Real yields are calculated as nominal yield minus headline inflation expected in 18-30 months by economists surveyed by Bloomberg. Excludes Argentina, Turkey, and Romania. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass. Data provided is for informational use only. **Past performance is no guarantee of future results.** See end of report for important additional information.

EM Sovereign Credit



EM SOVEREIGN CREDIT

- Spreads consistently tightened during the quarter to multi-year lows.
- Notable bifurcation remains in the market and even increased during the period as lower credit-quality countries broadly outperformed higher-credit quality countries
- Fundamentals remain mixed although broadly appear to be improving. Fiscal policy will be critical moving forward and is likely to vary significantly by country
- As always, idiosyncratic troubled spots remain as do opportunities and, as always, specific circumstances need to be analyzed country-by-country

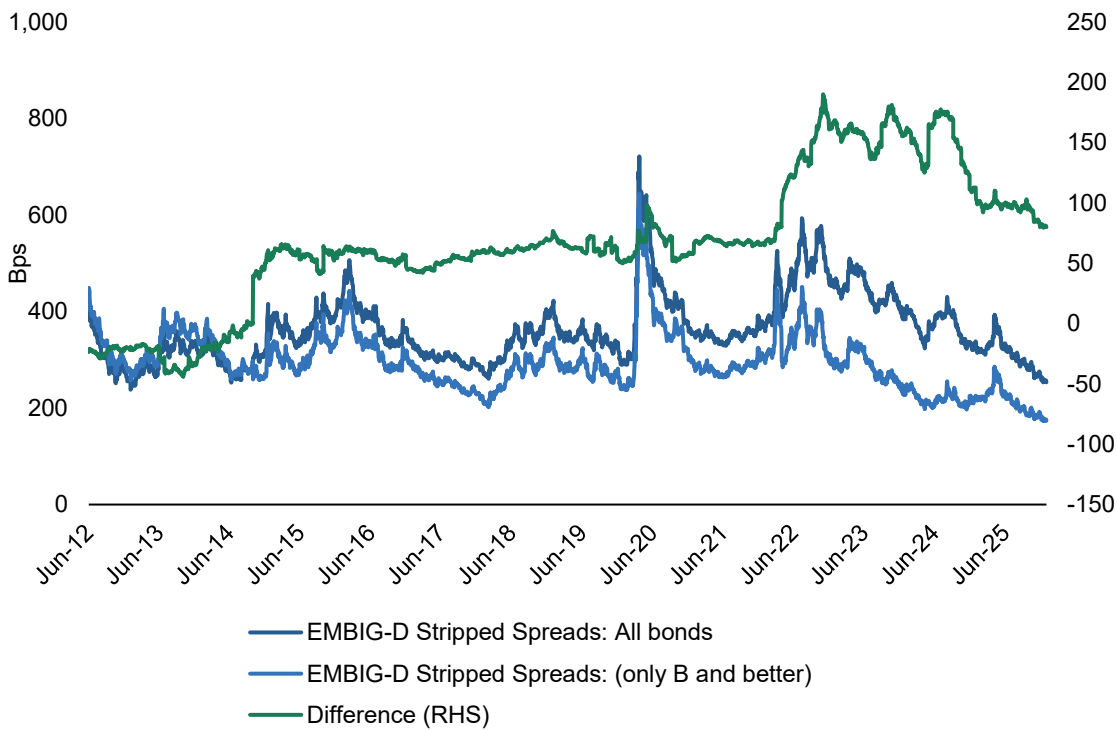
5-Year Equal Weight Sovereign Spread



Source: J.P. Morgan, Barclays. Nominal FX Index Weight is the J.P. Morgan GBI-EM Global Diversified index currencies and weights. REER Index Weight is the Barclays real effective exchange rate data of the currencies in the J.P. Morgan GBI-EM GD. REER Broad uses Barclays real effective exchange rate data for the following countries equal weighted: Brazil, Chile, Colombia, Hungary, Indonesia, Malaysia, Mexico, Peru, Philippines, Poland, Romania, South Africa, Thailand, Turkey, China, India, Uruguay, Vietnam, Nigeria, Egypt. Data provided is for informational use only. **Past performance is no guarantee of future results.** See end of report for important additional information.

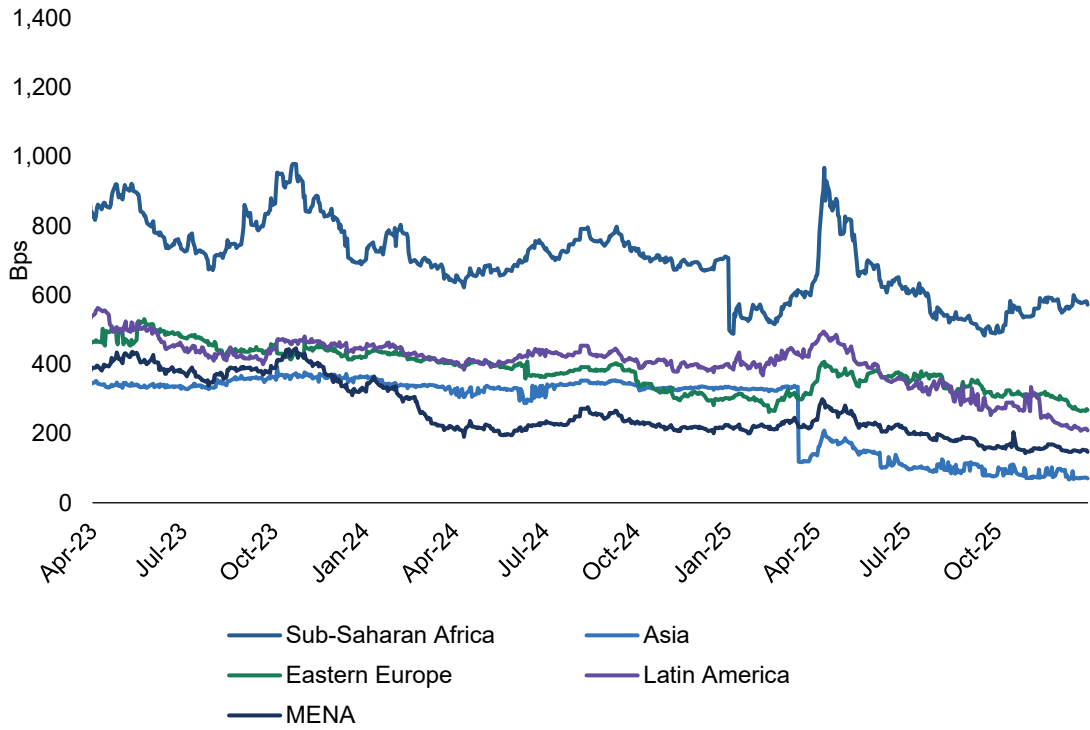
EM SOVEREIGN CREDIT

Spread levels tightened across both investment grade and high yield issuers.



Spreads regionally tightened across the investment universe except for Sub-Saharan Africa which widened primarily due to Senegal.

5-Year Equal Weight Sovereign Spread by Region

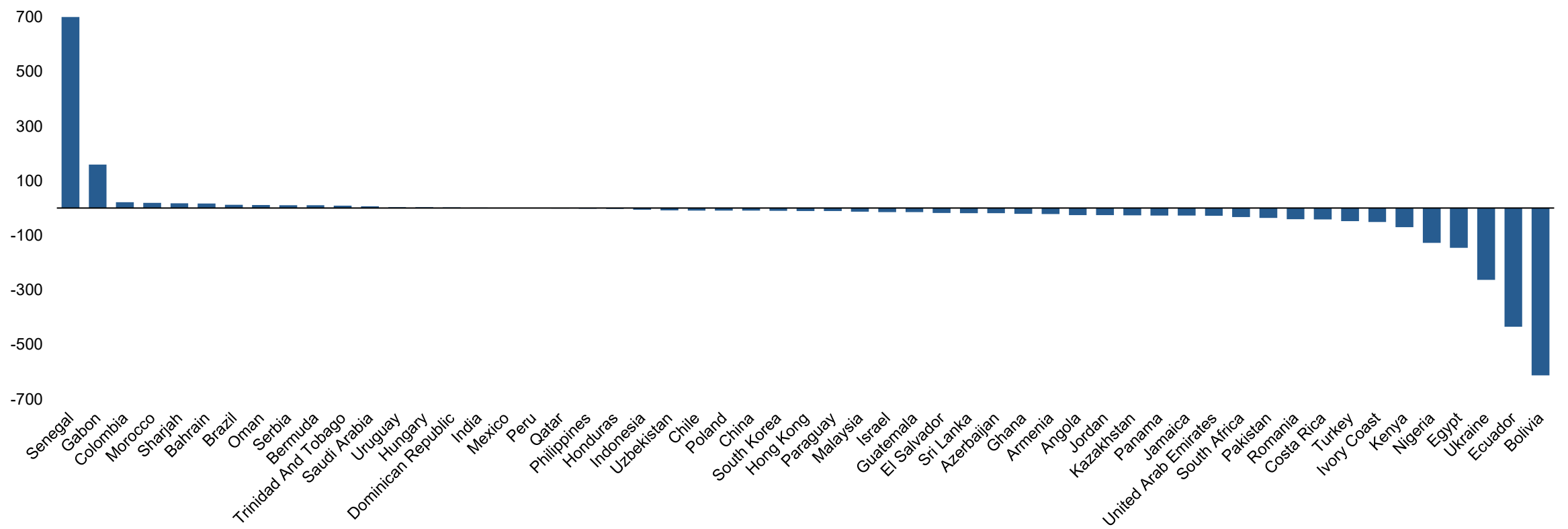


Source: Morgan Stanley Investment Management proprietary data and calculations. As of 12/31/2025. Excludes Argentina. Underlying individual country spreads are capped at 2,000 bps. All spreads are modeled five year par equivalent spreads allowing for like comparisons across countries and time. This differs from EMBI data which is comprised of discount and premium bonds with different maturities. Data provided is for informational use only. **Past performance is no guarantee of future results.** See end of report for important additional information.

EM SOVEREIGN CREDIT

Spreads broadly tightened during the quarter but there were a few country level outliers in both extremes. Both Moody’s and S&P downgraded Senegal debt due to continued debt management uncertainty. Bolivian spreads tightened as President Rodrigo Paz was sworn in welcoming a new era for the country after nearly 20-years of one-party rule.

Q4 2025 Change in 5-Year Spread

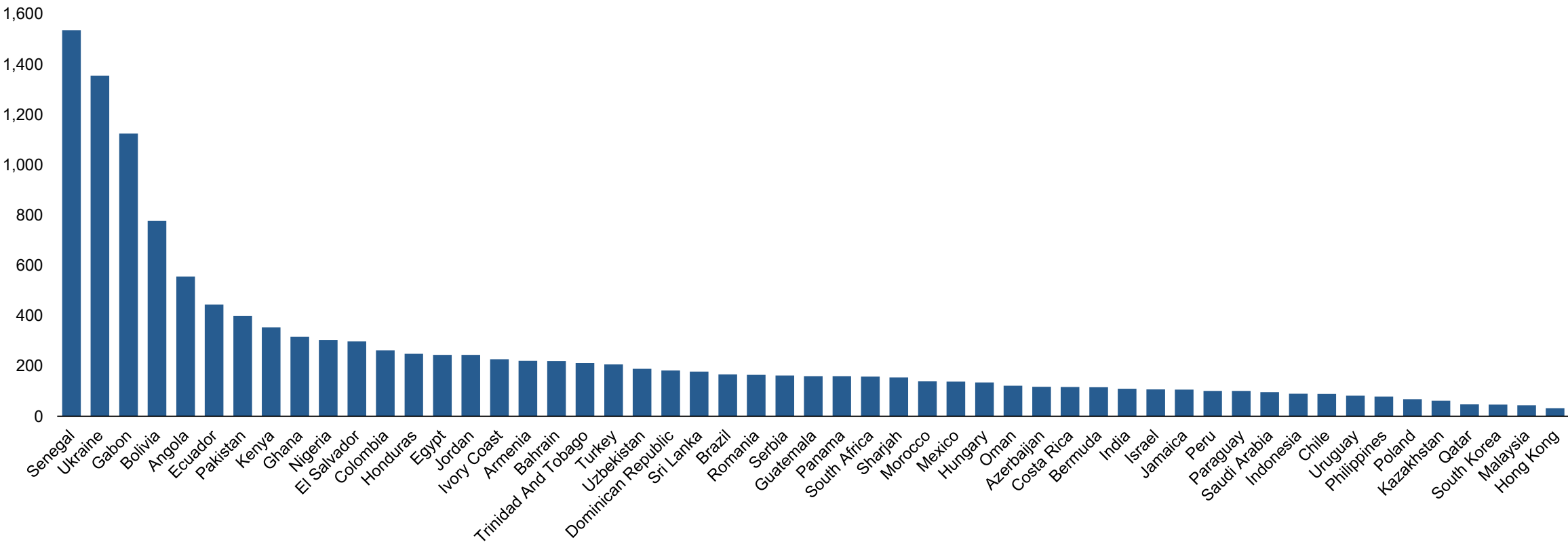


Underlying individual country spreads are capped at 2,000 bps. Source: Morgan Stanley Investment Management proprietary data and calculations. As of 12/31/2025. Data provided is for informational use only. **Past performance is no guarantee of future results.** See end of report for important additional information.

EM SOVEREIGN CREDIT

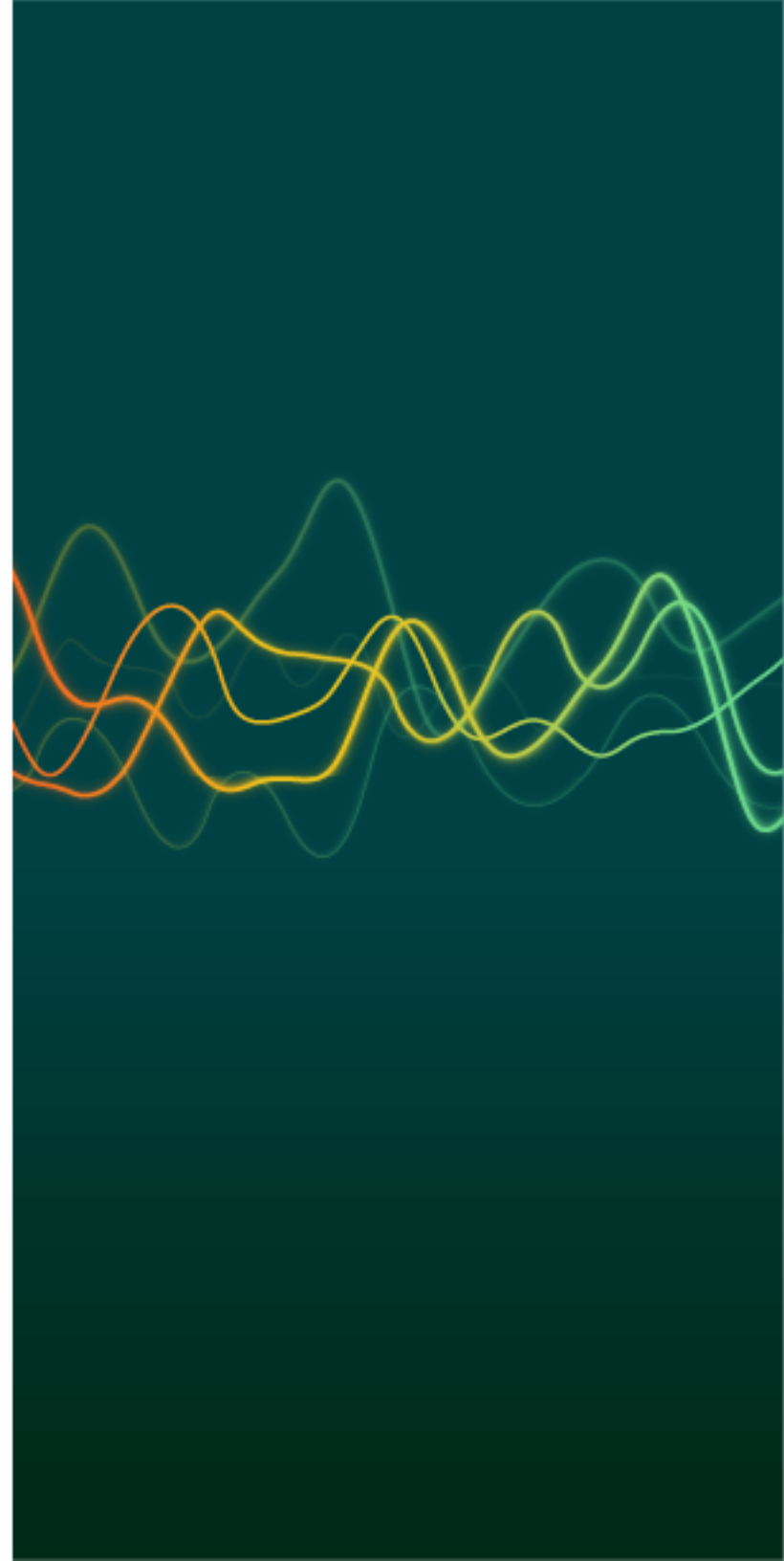
Variance among issuers increased while the bifurcation based on issuer credit quality remained notable.

5-Year Spreads



Underlying individual country spreads are capped at 2,000 bps. Source: Morgan Stanley Investment Management proprietary data and calculations. As of 12/31/2025. Data provided is for informational use only. **Past performance is no guarantee of future results.** See end of report for important additional information.

EM Corporate Credit

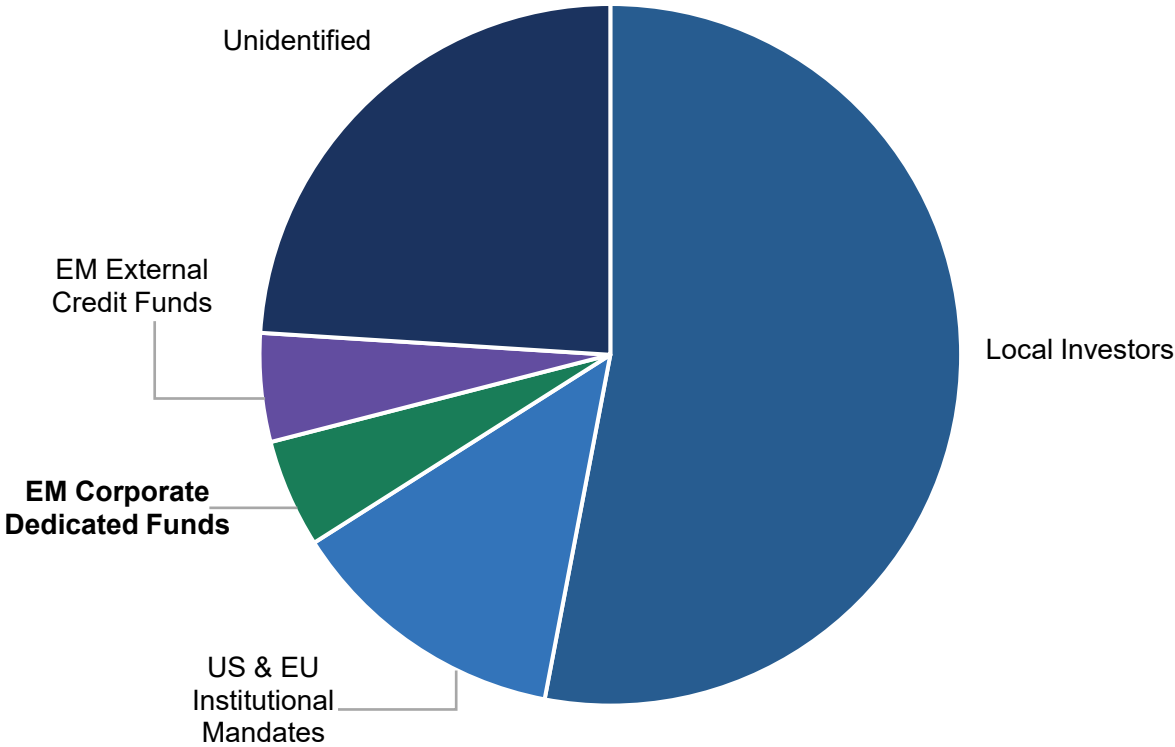


EM CORPORATE CREDIT

Investor Base

EM Corporate Debt Market is Unique Because of its Disparate Buyer Base

- The market attracts capital from a diverse mix of investors with various mandates from EM sovereign and global corporate strategies to local pension funds and private banks.
- While dedicated EM corporate debt managers are growing in number and in size, this group remains a small subset of the buyer universe.
- Our expertise in, and focus on conducting detailed bottoms-up analysis on company fundamentals combined with our world-class sovereign research capabilities uniquely positions us to identify mispriced securities in the marketplace.



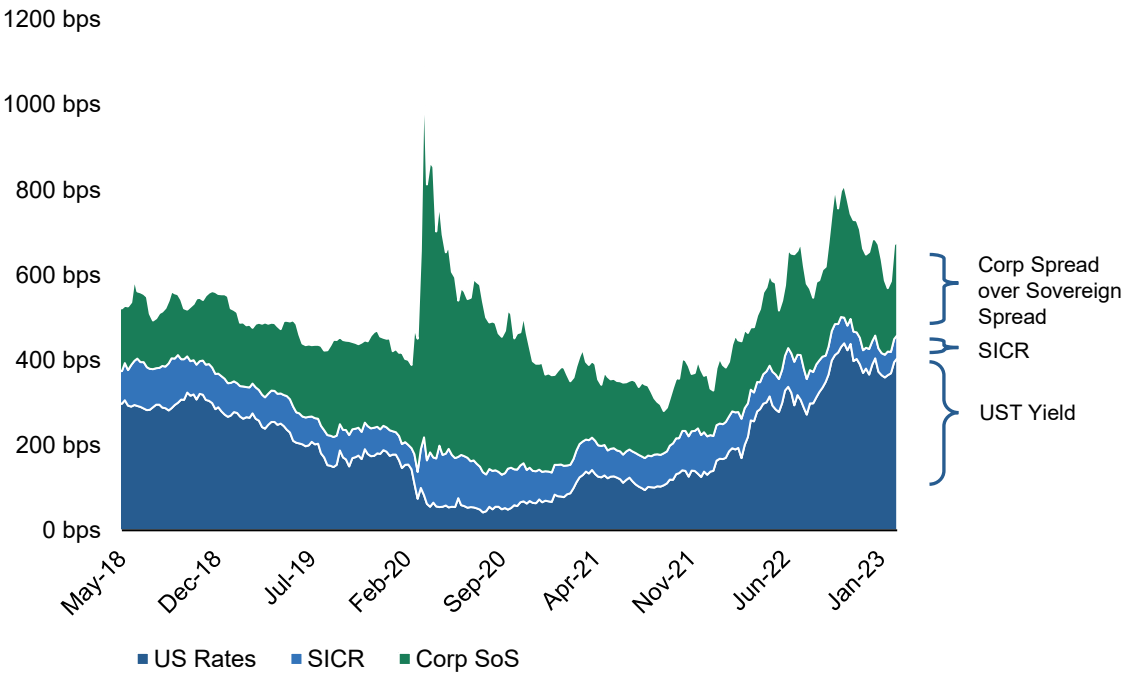
Source: JP Morgan Markets as of 12/31/2022. This represents how the portfolio management team generally implements its investment process under normal market conditions

EM CORPORATE CREDIT

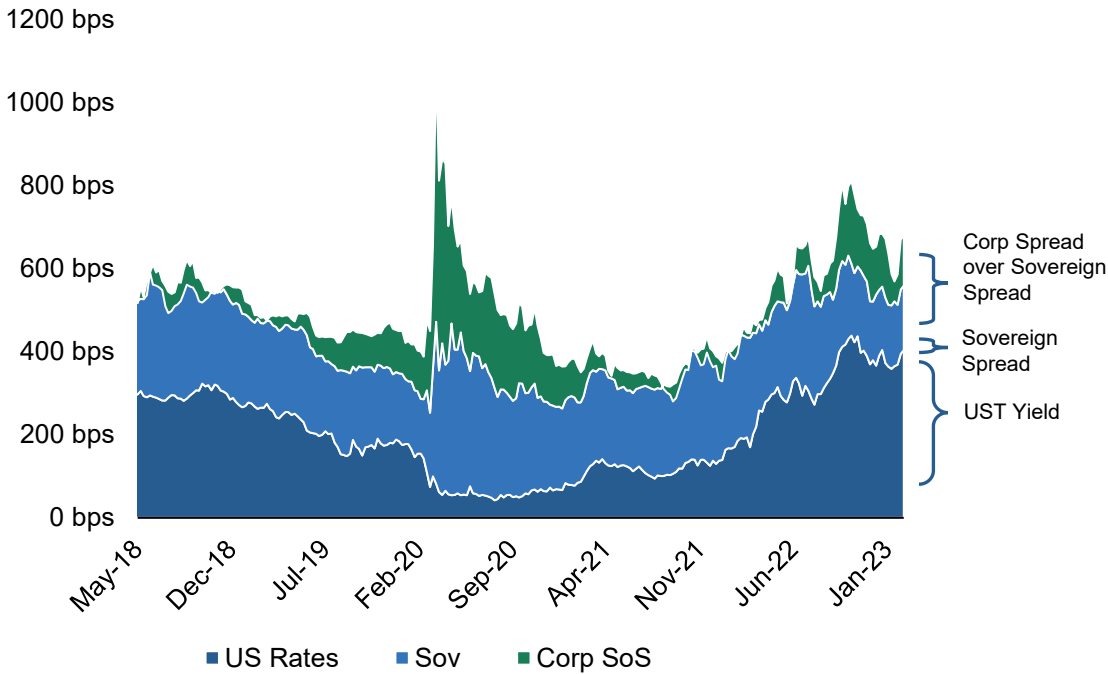
Our Approach

- We decompose risk premia into three components: **US treasury, sovereign-induced corporate credit (SICR), and corporate spread over sovereign spread.**
- We believe our proprietary SICR method most accurately isolates sovereign credit risk premium from corporate risk.
- $SICR = Probability(Sovereign\ default \cap Corporate\ default\ given\ sovereign\ default) \times (1 - Loss\ given\ default)$

South American Chemicals Company - Morgan Stanley's SICR Analysis



South American Chemicals Company – Traditional Analysis



Source: Morgan Stanley Investment Management proprietary data and calculations. Data provided is for informational use only. **Past performance is no guarantee of future results.** See end of report for important additional information. This represents how the portfolio management team generally implements its investment process under normal market conditions.

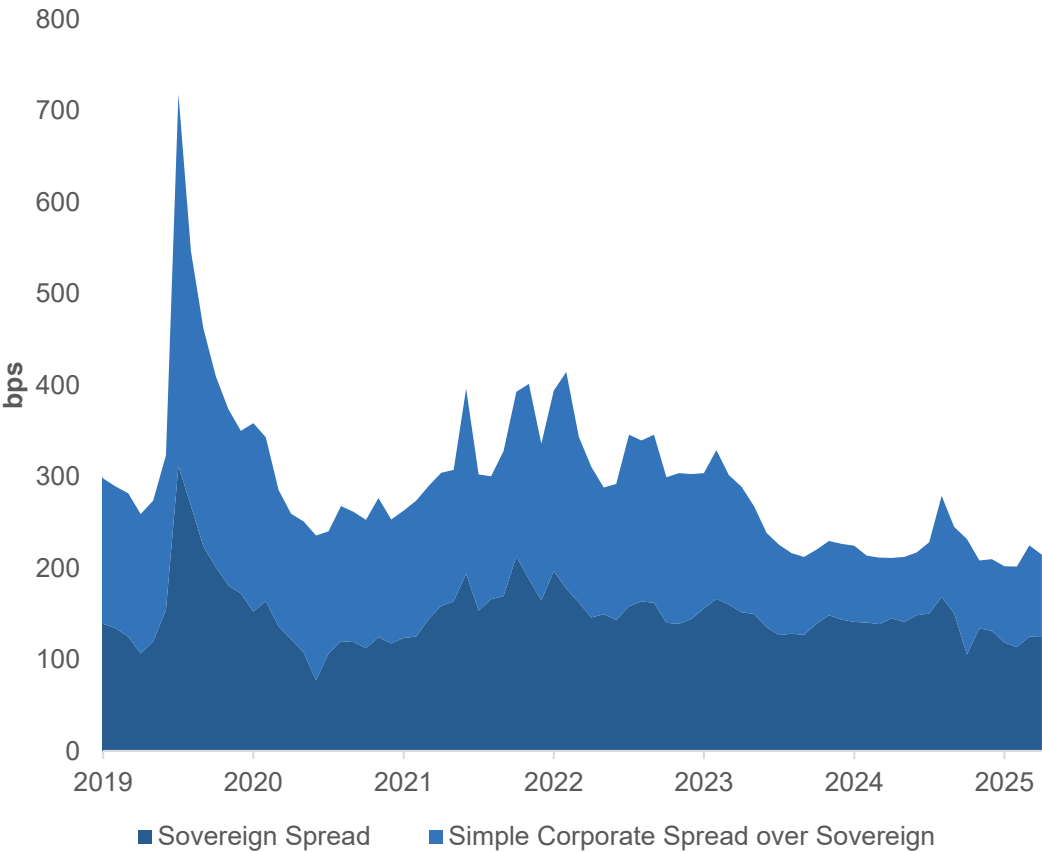
EM CORPORATE CREDIT

Valuations

Demand for high quality high yield EM corporate debt has remained strong, and credit spreads have moved lower over the course of the year, but many lower-rated corporates have experienced deteriorating fundamentals and/or rising default risk, and credit spread levels have widened to reflect that. Market appetite for complex high yield corporates remains relatively low. At the same time, spreads on high rated credits are at historically tight levels.

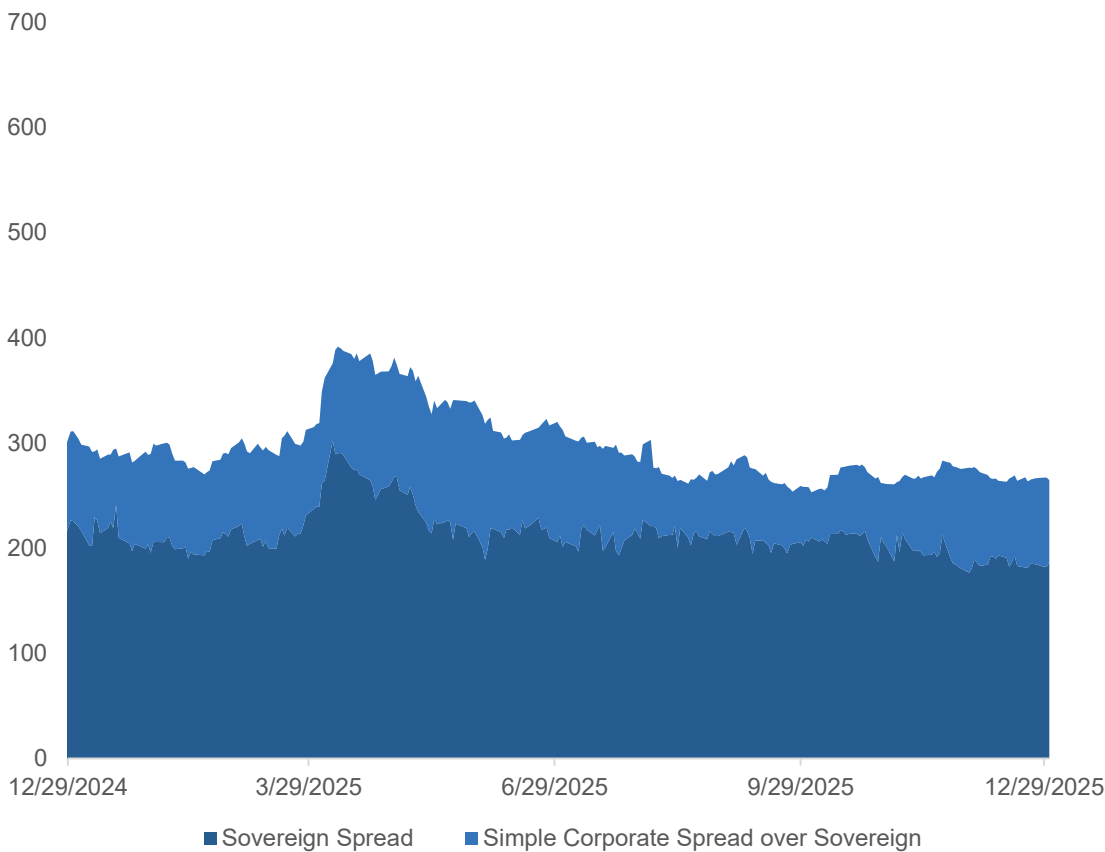
Spread Over Sovereign (CEMBI)

(5-Year Period)



Spread Over Sovereign (EV Universe)

(1-Year Period)



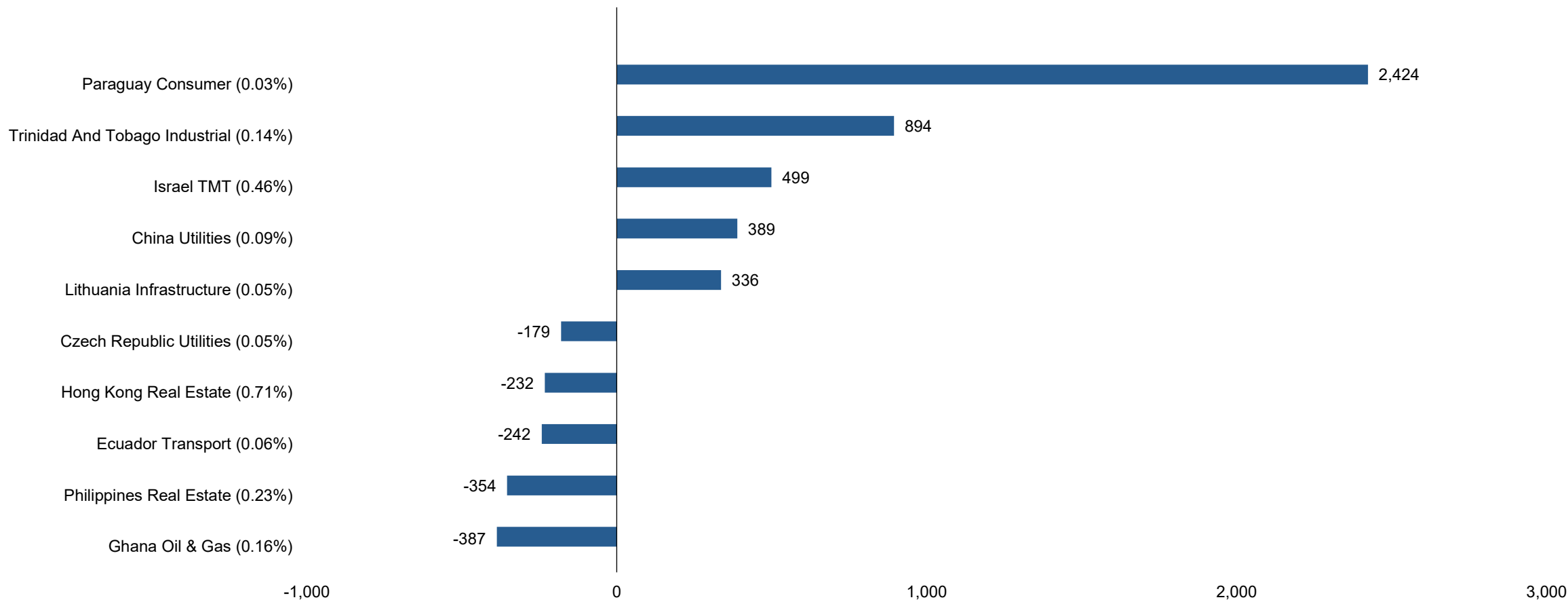
Source: Morgan Stanley Investment Management proprietary data and calculations. As of 12/31/2025. CEMBI bonds used in calculation. Data provided is for informational use only. **Past performance is no guarantee of future results.** See end of report for important additional information.

EM CORPORATE CREDIT

Sector Spread Changes

The chart below highlights spread moves within the corporate asset class bucketed by country-sector (weighting is in parenthesis)

Q4 Top Country-Sector Spread Changes



Source: JP Morgan. As of 12/31/2025

Data provided is for informational use only. **Past performance is no guarantee of future results.** See end of report for important additional information.

IMPORTANT ADDITIONAL INFORMATION

Risk Considerations

RISK CONSIDERATIONS

There is no assurance that a Portfolio will achieve its investment objective. Portfolios are subject to market risk, which is the possibility that the market values of securities owned by the Portfolio will decline and may therefore be less than what you paid for them. Market values can change daily due to economic and other events (e.g. natural disasters, health crises, terrorism, conflicts and social unrest) that affect markets, countries, companies or governments. It is difficult to predict the timing, duration, and potential adverse effects (e.g. portfolio liquidity) of events. Accordingly, you can lose money investing . Fixed-income securities are subject to the ability of an issuer to make timely principal and interest payments (credit risk), changes in interest rates (interest-rate risk), the creditworthiness of the issuer and general market liquidity (market risk). In a rising interest-rate environment, bond prices may fall and may result in periods of volatility and increased portfolio redemptions. In a declining interest-rate environment, the portfolio may generate less income. Investments in foreign instruments or currencies can involve greater risk and volatility than U.S. investments because of adverse market, economic, political, regulatory, geopolitical, currency exchange rates or other conditions. In emerging or frontier countries, these risks may be more significant. Investors should be aware that this strategy may be subject to additional risks, which should be carefully considered prior to any investment decision

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Risk Considerations

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J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) Global Diversified is an emerging market debt benchmark that tracks local currency bonds issued by emerging market governments. **J.P. Morgan Emerging Markets Bond Index (EMBI) Global Diversified** is an unmanaged index of USD-denominated bonds with maturities of more than one year issued by emerging markets governments. **J.P. Morgan Corporate Emerging Market Bond Index (CEMBI) Broad Diversified** is an unmanaged index of USD-denominated emerging market corporate bonds. **ICE BAML U.S. High Yield Index** is an unmanaged index of below-investment grade U.S. corporate bonds. **ICE BAML US Corporate Index** is an unmanaged index that measures the performance of investment-grade corporate securities.

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