

GLOBAL EVOLUTION

Q3 EMD OUTLOOK RESILIENCE IN UNCERTAIN TIMES

July 2025

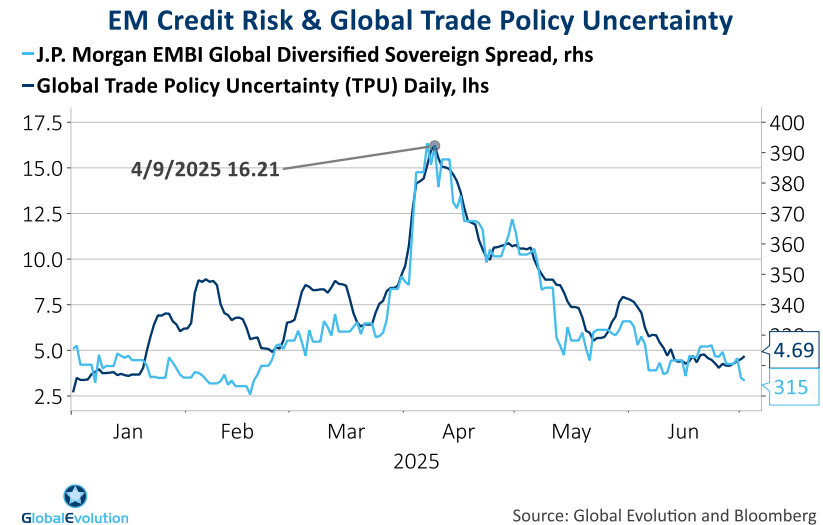
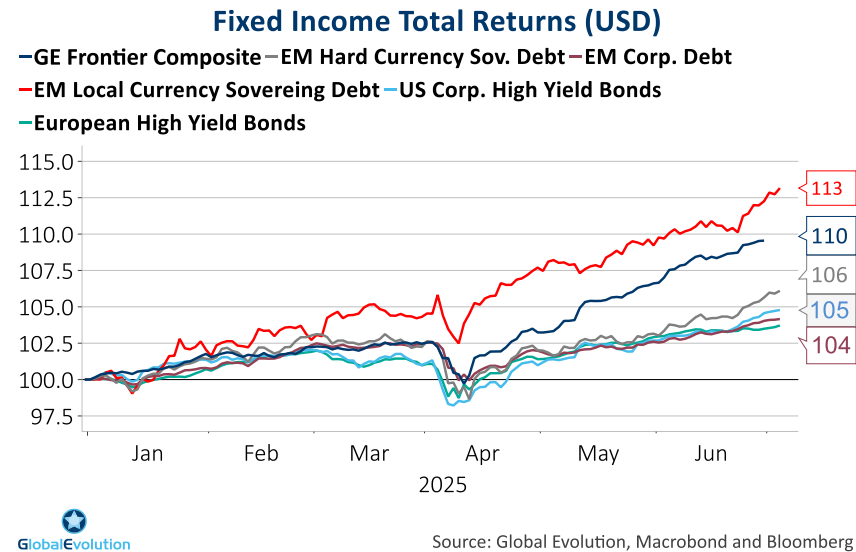


GlobalEvolution

FOR INSTITUTIONAL INVESTORS ONLY
- NOT FOR PUBLIC DISTRIBUTION

Q3 EM OUTLOOK - YTD REVIEW

EMD RESILIENCE: FLUKE OR FEATURE?



- EMD proved resilient in a volatile environment with strong year-to-date returns, outperforming DM peers such as US HY (LHS).
- **Tactically**, the strong performance of EM Debt is symptomatic of an environment shaped by **peak US exceptionalism** and elevated, but **declining policy uncertainty** (RHS).
- **Structurally, 3 DM-centric regime shifts support the relative performance of EMD**: High, but not extreme policy uncertainty & geopolitical risks driven out of DM, developed worlds newfound fiscal largesse and a tightening EM-DM inflation gap.

Q3 EMD OUTLOOK – IN A NUTSHELL

EMD & THE THREE PEAKS

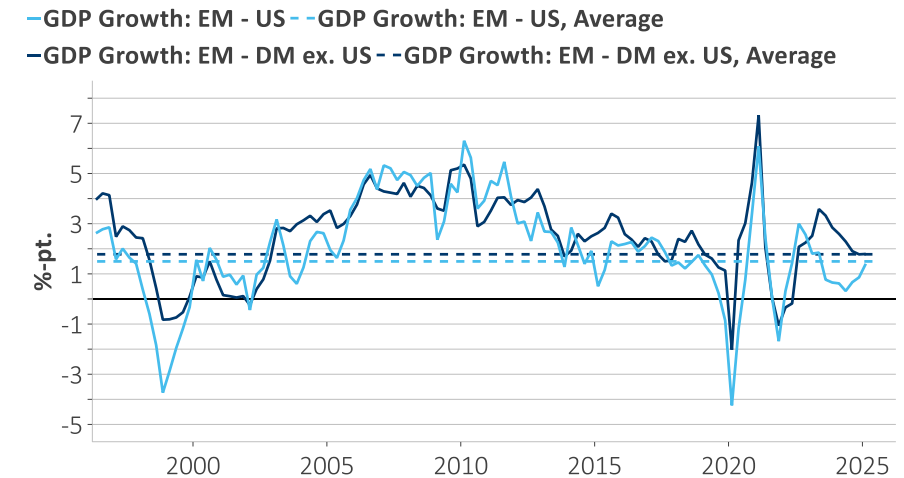
■ MACRO: Three reasons to be constructive

- I. **Peak US exceptionalism, cont'd:** Growth gap between the US and EM has widened as outlined in our Q2 outlook (RHS) due to “unintended” consequences of Trump 2.0 (confidence shock, front loading and shifting fiscal balance of power. As the RoW has stimulated more than the US lately (both in monetary and fiscal terms), we think this theme has legs.
 - II. **Peak policy uncertainty:** Trade policy uncertainty and geopolitical risks are likely to trend lower as Trump’s focus shifts towards the less disruptive part of his agenda (tax policy, deregulation).
 - III. **Peak growth pessimism:** Growth expectations & sentiment bottoming out together with soft data. Hard data could weaken over the coming months, but markets should look through this, provided policy signals point towards easing.
- **MAIN RISK: This stagflationary feeling...** The coming months might see US inflation temporarily spike due to tariffs and growth slow as frontloading effects reversing.

■ MARKETS: Buy into weakness

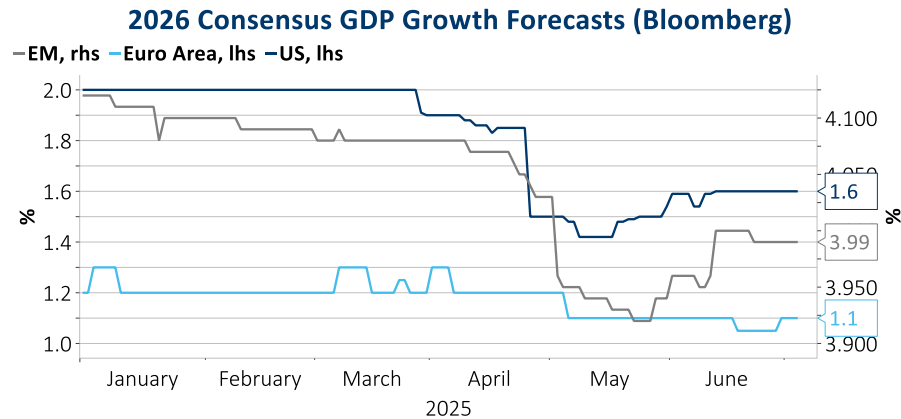
- **More growth rebalancing away from US, monetary easing and peak policy uncertainty provides a fertile ground for EMD returns.**
 - We keep a strategic preference for LC, while being neutral tactically after a strong run for EMFX year-to-date.
- **Policy-driven markets:** As long as policy uncertainty declines, we remain in buy-the-dip mode.
- **Uncertainty reigns & structural shifts abound.** Range of outcomes remain wide and vol high.

EM- DM: Growth Differentials



Q3 EMD OUTLOOK - MACRO PLAYBOOK

PEAK GROWTH PESSIMISM



Source: Global Evolution, Macrobond and Bloomberg



Source: Global Evolution, Macrobond and Bloomberg

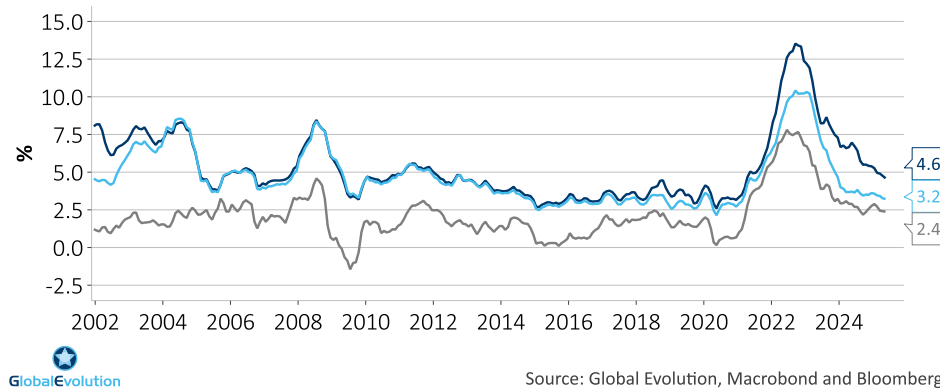
- US consensus **growth expectations are bottoming out**, US tax bill might be more expansionary than previously thought (LHS).
- US **soft data softening no more** & growth indicators have shown **remarkable resilience** (RHS), despite elevated policy uncertainty. Hard data (labour market & consumption) will weaken further, but markets should be able look through this, provided the policy backdrop continues to improve.
- That said, we could see some **near-term “pay-back”** from front-loading US imports.

Q3 EMD OUTLOOK - MACRO PLAYBOOK

MONETARY CONDITIONS EASING

Global Inflation

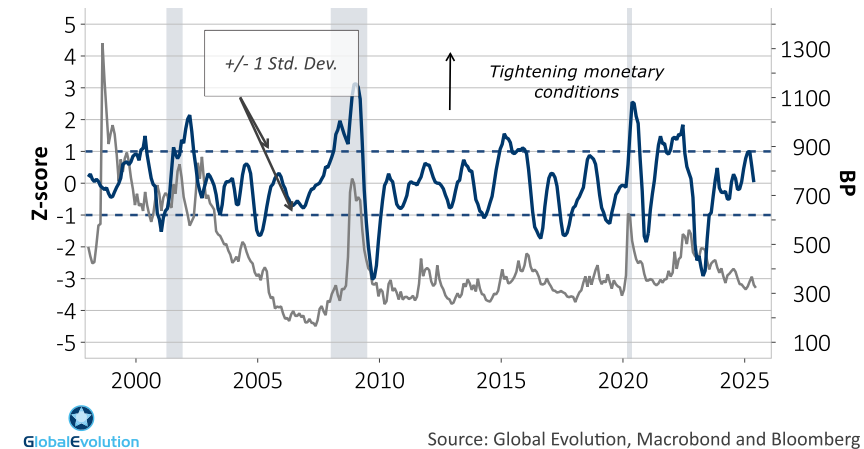
—OECD Major 7 CPI Total Index, Y/Y [c.o.p. 1 year] —EM CPI ex. China & Turkey, Y/Y
—EM CPI, Y/Y



Global Monetary Conditions

Grey Bands: US Recession (NBER)

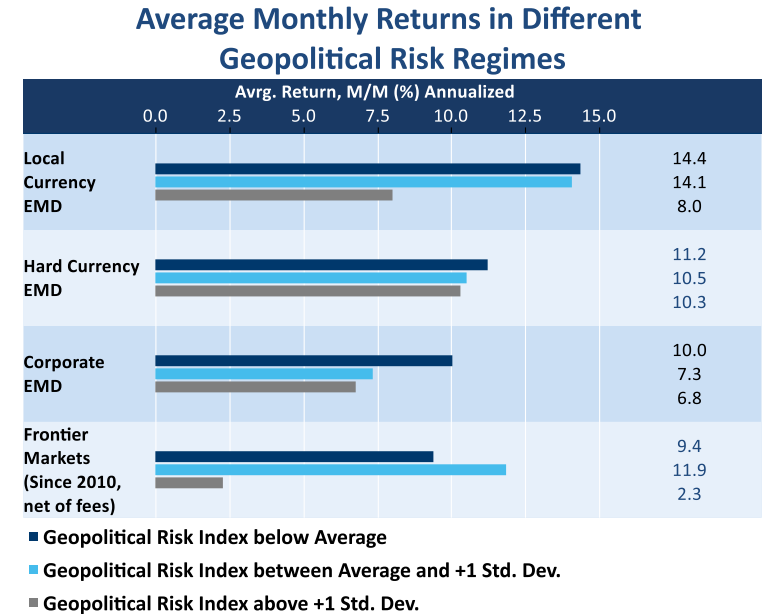
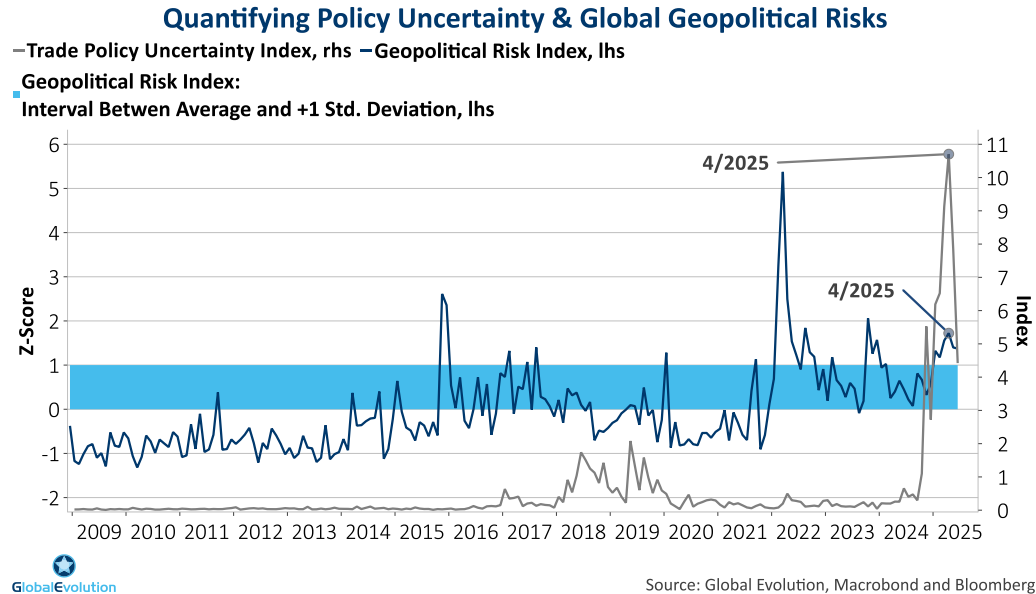
—GE US Monetary Condition Index, lhs —EMBIGD Sovereign Spreads, rhs



- While **DM inflation should level off above central bank targets**, EM is by-and-large back at pre-pandemic levels (LHS)
- Cutting cycle to be continued in EM and DM.
- **Monetary conditions easing** (RHS) amid central bank cuts, improving credit impulse & weak USD.
- **Unbalances easing cycle:** More easing outside the US, supporting growth rebalancing away from the US.

Q3 EMD OUTLOOK - MACRO PLAYBOOK

PEAK POLICY UNCERTAINTY – WHAT IT MEANS FOR EMD



- We believe tariff uncertainty peaked around April and the US effective tariff rates will be negotiated down below 20% → **declining US recession risk.**
- In our view, policy uncertainty & geopolitical risks and should **mean revert towards high, but not extreme levels** (light blue bar/ LHS).
- **Better than feared:** In such an environment, both local currency EM debt and frontier EM debt tend to perform (RHS).
- Policy uncertainty shock is more limited in EM as compared to DM, arguing for more real economic downside risks in DM.

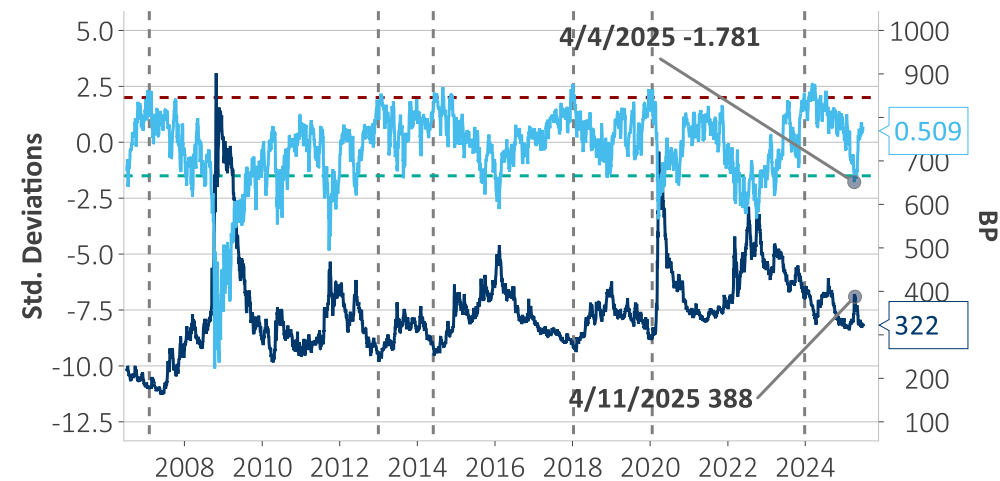
Q3 EMD OUTLOOK – MARKET EXPECTATIONS

EM RISK: BUY THE DIP

7

Tactical Signals: Risk Environment

—GE Risk Index, lhs —J.P. Morgan EMBI Global Diversified Sovereign Spread, rhs

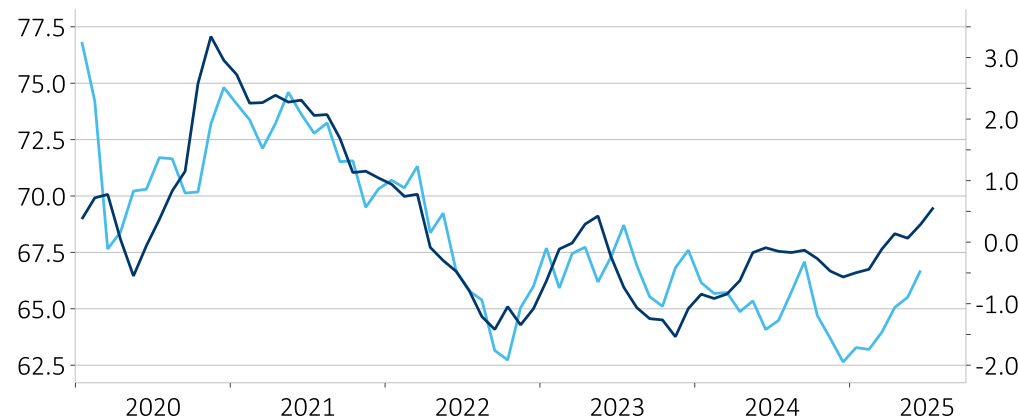


GlobalEvolution

Source: Global Evolution, Macrobond and Bloomberg

EM FX and Economic Momentum

—Global Economic Momentum Index, rhs [lag 1 month] —EM FX, lhs



GlobalEvolution

Source: Global Evolution, Macrobond and Bloomberg

- Our contrarian GE Risk Index triggered a positive signal for EM risk in April (LHS) → solid EMD 12M return expectations (carry-driven).
- Tactical signals point to **limited risk of spread widening overshadowing carry** as main return driver in hard currency debt.
- Resilient global growth in the context of peak US exceptionalism → **further Dollar weakness & and EM FX strength on a 12M horizon.**

GlobalEvolution

Prepared by Global Evolution as of July 03, 2025. See pp. 8-10 for definitions.

DEFINITIONS

| Abbreviation | Definition |
|--------------|----------------------------------|
| EMD | Emerging Market Debt |
| DM | Developed Markets |
| LHS | Left hand side |
| RHS | Right hand side |
| PCE | Personal Consumption Expenditure |
| mb/d | Million barrels per day |

BENCHMARK AND INDICES

| Index | Definition | Index Returns | | | | |
|--|--|---------------|-------|--------|-------|-------|
| | | 2024 | 2023 | 2022 | 2021 | 2020 |
| J.P. Morgan EMBI GD | is the J.P. Morgan EMBI Global Diversified Index (EMBI GD): The index is a market capitalization-weighted total return index of hard currency (USD, EUR, GBP) denominated Brady bonds, loans, Eurobonds and local market debt instruments traded in emerging markets. | 6.54 | 11.09 | -17.78 | -1.80 | 5.26 |
| J.P. Morgan GBI-EM GD | is the J.P. Morgan Government Bond Index for Emerging Markets Global Diversified (J.P. Morgan GBI EM GD) : The index is a comprehensive global local emerging markets index, and consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure. | -2.38 | 12.70 | -11.69 | -8.75 | 2.69 |
| 50/50 Blended | (EMBIGDGBIEMGD) is a 50/50 blended benchmark of J.P. Morgan GBI-EM GD and EMBI GD used for Global Evolution strategies with both hard currency and local currency exposure. | 2.01 | 11.92 | -14.75 | -5.32 | 4.02 |
| J.P. Morgan CEMBI Broad Diversified HY | is a market capitalization weighted index consisting of US dollar denominated emerging market high yield corporate bonds. | 11.67 | 11.17 | -9.77 | 2.05 | 6.61 |
| J.P. Morgan EMBI Global Diversified HY | is a sub index consisting of the high yield part of J.P. Morgan EMBI Global Diversified Index (EMBI GD): The index is a market capitalization-weighted total return index of hard currency (USD, EUR, GBP) denominated Brady bonds, loans, Eurobonds and local market debt instruments traded in emerging markets. | 13.00 | 15.38 | -15.68 | -1.45 | 0.80 |
| J.P. Morgan CEMBI BD | is the J.P. Morgan Corporate Emerging Market Bond Index Broad Diversified, which track USD denominated debt issued by emerging market corporations. CEMBI BD is a granular asset class with 1,331 bonds of 609 different issuers from 52 different countries. | 7.63 | 9.08 | -12.26 | 0.91 | 7.13 |
| ICE BofaML | ICE BofaML Local Emerging Markets Non-Sovereign Index tracks the performance of local currency emerging markets non-sovereign debt publicly issued in the international markets. The index includes corporate and quasi-government debt, but excludes sovereign, central bank and supranational debt. | 8.42 | 9.43 | -11.08 | 0.83 | 8.80 |
| Bloomberg Barclays Asia Credit BBB+ and above | The Bloomberg Barclays Asia Credit BBB+ and above index is a customized Index which contains Asia Credit securities with a minimum rating of BBB+ | 4.04 | 6.84 | -9.67 | -0.50 | 6.78 |
| J.P. Morgan EMBI Global Diversified IG | is a sub index consisting of the investment grade part of J.P. Morgan EMBI Global Diversified Index (EMBI GD): The index is a market capitalization-weighted total return index of hard currency (USD, EUR, GBP) denominated Brady bonds, loans, Eurobonds and local market debt instruments traded in emerging markets. | 0.32 | 7.08 | -19.76 | -1.93 | 8.92 |
| S&P 500 | is the Standard & Poor's 500 Index: The index is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies by market value. The index is widely used as benchmark as reference of large-cap U.S. equities. | 23.31 | 24.23 | -19.44 | 26.89 | 16.26 |
| US DXY | is a measure U.S. Dollar index, which tracks the value of the U.S. dollar relative to the value of a basket of currencies of the majority of the U.S.'s most significant trading partners. | 7.06 | -2.11 | 8.21 | 6.37 | -6.69 |

IMPORTANT INFORMATION

There will be significant differences between a client portfolio's investments and the index. Indices may or may not reflect the reinvestment of dividends; interest or capital gains and the indices are not subject to any of the incentive allocation, management fees or expenses to which a client portfolio may be subject. It should not be assumed that the client portfolio will invest in any specific securities that comprise the index, nor should it be understood to mean that there is a correlation between a client portfolio's returns and the indices. Nor can one assume that correlations to the indices based on historical returns will persist in the future. The Index is included for informational purposes only.

BENCHMARK AND INDICES

| Index | Definition | Index Returns | | | | |
|---|---|---------------|--------|--------|-------|--------|
| | | 2024 | 2023 | 2022 | 2021 | 2020 |
| WTI Crude Oil | is the West Texas Intermediate, also known as Texas light sweet and is a grade of crude oil used as a benchmark in oil pricing. | 0.10 | -10.73 | 6.71 | 55.01 | -20.54 |
| LMEX | is the London Metal Exchange (LME) index which is a commodities exchange in London, England, that deals in metal futures. | 3.81 | -5.57 | -11.51 | 31.85 | 20.09 |
| 10 yr UST | Bloomberg US Government 10 Year Term Index Total Return. | -3.68 | 0.53 | -13.93 | -5.51 | 7.52 |
| J.P. Morgan NEXGEM | is J.P. Morgan's Next Generation Markets Index: The index tracks dollar-denominated government bonds issued by frontier markets. It is a fixed-income benchmark that provides exposure to non-investment grade rated, smaller, less liquid population of emerging market economies. The index closely follows the methodology of EMBI GD. | 11.37 | 21.01 | -18.45 | -1.32 | 2.71 |
| MSCI EM | is Morgan Stanley Capital International (MSCI) index for Emerging Markets: The index is used to measure equity market performance in global emerging markets. The index captures large and mid representation across 24 EM countries and covers approx. 85% of the free float-adjusted market capitalization in each country. | 7.50 | 9.83 | -20.09 | -2.54 | 18.31 |
| Bloomberg Global Bonds | is the Bloomberg Barclays Global aggregate Index that is a flagship measure of global investment grade debt from measured from 24 local currency markets. It is a multi-currency benchmark which includes treasury, government-related, corporate and securitized fixed-rate bonds from developed and emerging markets issuers. | -1.69 | 5.72 | -16.25 | -4.71 | 9.20 |
| J.P. Morgan - Corporate EMBI Broad Diversified Maturity 1-3 years | J.P. Morgan Corporate EMBI Broad Div. Maturity 1-3: is a US dollar denominated Emerging Market Corporate Bond Index that represents short duration corporate debt with a duration of up to 3 years. | 8.48 | 8.00 | -7.77 | 1.80 | 5.12 |
| 1/3 J.P. Morgan EMBI GD + 1/3 J.P. Morgan GBI-EM GD + 1/3 J.P. Morgan CEMBI BD | This is a combined benchmark of the three indices EMBI GD, GBI-EM GD and CEMBI BD, each making up a third. This benchmark captures both the sovereign bonds market in hard and local currencies as well as the corporate bonds market for corporates denominated in USD, meaning it covers a wide spectrum of the emerging market. | 3.86 | 11.01 | -13.87 | -3.26 | 5.12 |
| 50% J.P. Morgan EMBI GD IG + 50% J.P. Morgan CEMBI BD IG | This is a 50/50 blended benchmark of J.P. Morgan EMBI GD IG and CEMBI BD IG, thereby covering the investment grade part of both the sovereign and corporate bonds market denominated in hard currencies (only USD denominated bonds for the corporate market). | 2.61 | 7.34 | -17.00 | -0.92 | 8.24 |

IMPORTANT INFORMATION

There will be significant differences between a client portfolio's investments and the index. Indices may or may not reflect the reinvestment of dividends; interest or capital gains and the indices are not subject to any of the incentive allocation, management fees or expenses to which a client portfolio may be subject. It should not be assumed that the client portfolio will invest in any specific securities that comprise the index, nor should it be understood to mean that there is a correlation between a client portfolio's returns and the indices. Nor can one assume that correlations to the indices based on historical returns will persist in the future. The Index is included for informational purposes only.

DISCLAIMER & IMPORTANT DISCLOSURES

Global Evolution Asset Management A/S ("GEAM") is incorporated in Denmark and authorized and regulated by the Danish FSA (Finanstilsynet). GEAM DK is located at Buen 11, 2nd Floor, Kolding 6000, Denmark.

GEAM has a United Kingdom branch ("Global Evolution Asset Management A/S (London Branch)") located at Level 8, 24 Monument Street, London, EC3R 8AJ, United Kingdom. This branch is authorized and regulated by the Financial Conduct Authority under FCA # 954331. In Canada, while GEAM has no physical place of business, it has filed to claim the international dealer exemption and international adviser exemption in Alberta, British Columbia, Ontario, Quebec and Saskatchewan.

In the United States, investment advisory services are offered through Global Evolution USA, LLC ("Global Evolution USA"), a Securities and Exchange Commission ("SEC") registered investment advisor. Global Evolution USA is located at: 250 Park Avenue, 15th floor, New York, NY. Global Evolution USA is a wholly owned subsidiary of Global Evolution Financial ApS, the holding company of GEAM. Portfolio management and investment advisory services are provided to GE USA clients by GEAM. GEAM is exempt from SEC registration as a "participating affiliate" of Global Evolution USA as that term is used in relief granted by the staff of the SEC allowing U.S. registered investment advisers to use investment advisory resources of non-U.S. investment adviser affiliates subject to the regulatory supervision of the U.S. registered investment adviser. Registration with the SEC does not imply any level of skill or expertise. Prior to making any investment, an investor should read all disclosure and other documents associated with such investment including Global Evolution's Form ADV which can be found at <https://adviserinfo.sec.gov>.

In Singapore, Global Evolution Fund Management Singapore Pte. Ltd ("Global Evolution Singapore") has a Capital Markets Services license issued by the Monetary Authority of Singapore for fund management activities. It is located at Level 39, Marina Bay Financial Centre Tower 2, 10 Marina Boulevard, Singapore 018983.

GEAM, Global Evolution USA, and Global Evolution Singapore, together with their holding companies, Global Evolution Financial ApS and Global Evolution Holding ApS, make up the Global Evolution group affiliates ("Global Evolution").

Global Evolution, Conning, Inc., Goodwin Capital Advisers, Inc., Conning Investment Products, Inc., a FINRA-registered broker-dealer, Conning Asset Management Limited, Conning Asia Pacific Limited, Octagon Credit Investors, LLC, and Pearlmark Real Estate, L.L.C. and its subsidiaries are all direct or indirect subsidiaries of Conning Holdings Limited (collectively, "Conning") which is one of the family of companies whose controlling shareholder is Generali Investments Holding S.p.A. ("GIH") a company headquartered in Italy. Assicurazioni Generali S.p.A. is the ultimate controlling parent of all GIH subsidiaries. Conning has investment centers in Asia, Europe and North America.

Conning, Inc., Conning Investment Products, Inc., Goodwin Capital Advisers, Inc., Octagon Credit Investors, LLC, PREP Investment Advisers, L.L.C. and Global Evolution USA, LLC are registered with the SEC under the Investment Advisers Act of 1940 and have noticed other jurisdictions they are conducting securities advisory business when required by law. In any other jurisdictions where they have not provided notice and are not exempt or excluded from those laws, they cannot transact business as an investment adviser and may not be able to respond to individual inquiries if the response could potentially lead to a transaction in securities.

Conning, Inc. is also registered with the National Futures Association. Conning Investment Products, Inc. is also registered with the Ontario Securities Commission. Conning Asset Management Limited is Authorised and regulated by the United Kingdom's Financial Conduct Authority (FCA#189316); Conning Asia Pacific Limited is regulated by Hong Kong's Securities and Futures Commission for Types 1, 4 and 9 regulated activities; Global Evolution Asset Management A/S is regulated by Finanstilsynet (the Danish FSA) (FSA #8193); Global Evolution Asset Management A/S (London Branch) is regulated by the United Kingdom's Financial Conduct Authority (FCA# 954331); Global Evolution Asset Management A/S, Luxembourg branch, registered with the Luxembourg Company Register as the Luxembourg branch(es) of Global Evolution Asset Management A/S under the reference B287058. It is also registered with the CSSF under the license number S00009438.. Conning primarily provides asset management services for third-party assets.

This publication is for informational purposes and is not intended as an offer to purchase any security. Nothing contained in this communication constitutes or forms part of any offer to sell or buy an investment, or any solicitation of such an offer in any jurisdiction in which such offer or solicitation would be unlawful.

All investments entail risk, and you could lose all or a substantial amount of your investment. Past performance is not indicative of future results which may differ materially from past performance. The strategies presented herein invest in foreign securities which involve volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for investments in emerging and frontier markets. Derivatives may involve certain costs and risks such as liquidity, interest rate, market, and credit.

This communication may contain Index data from J.P. Morgan or data derived from such Index data. Index data information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2024, J.P. Morgan Chase & Co. All rights reserved.

This communication may contain aggregate peer analysis data has been obtained from eVestment Alliance LLC and its affiliated entities (collectively, "eVestment"). eVestment reserves all rights, including to ownership and distribution. eVestment collects information directly from investment management firms and other sources believed to be reliable; however, eVestment does not guarantee or warrant the accuracy, timeliness, or completeness of the information provided and is not responsible for any errors or omissions. Performance results may be provided with additional disclosures available on eVestment's systems and other important considerations such as fees that may be applicable. Not for general distribution. * All categories not necessarily included; Totals may not equal 100%. Copyright 2013-2024 eVestment Alliance, LLC. Returns less than a year are not annualized.

While reasonable care has been taken to ensure that the information herein is factually correct, Global Evolution makes no representation or guarantee as to its accuracy or completeness. The information herein is subject to change without notice. Certain information contained herein has been provided by third party sources which are believed to be reliable, but accuracy and completeness cannot be guaranteed. Global Evolution does not guarantee the accuracy of information obtained from third party/other sources.

The information herein is not intended to provide, and should not be relied upon for, accounting, legal or tax advice or investment recommendations.

Legal Disclaimer ©2025 Global Evolution.

This document is copyrighted with all rights reserved. No part of this document may be distributed, reproduced, transcribed, transmitted, stored in an electronic retrieval system, or translated into any language in any form by any means without the prior written permission of Global Evolution, as applicable.