

Emerging Markets Debt

Why Invest In Emerging Markets Debt?

Sizeable, Diversified & Strong

Size

Growing asset class representing over 25% of the global fixed income universe

Diversification

Growing range of countries, currencies and corporate issuers

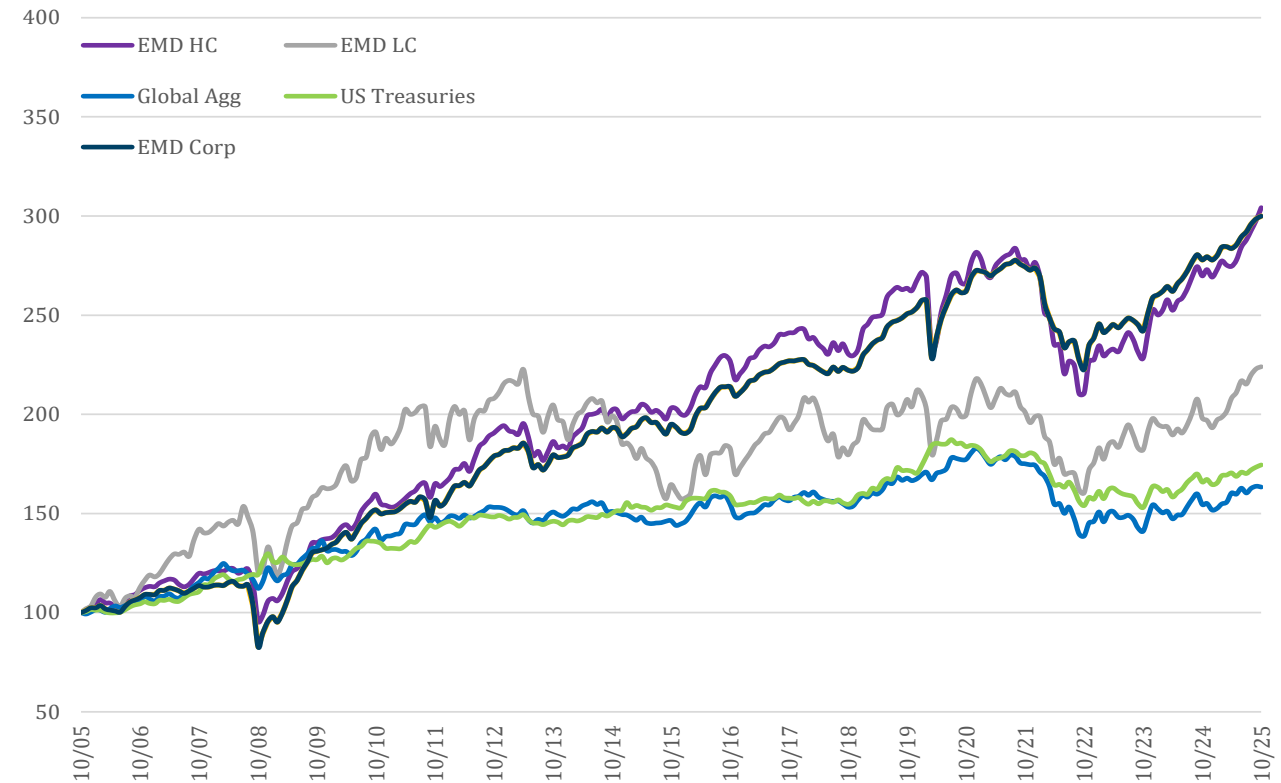
Fundamentals

Relatively strong credit fundamentals of sovereigns and corporates when compared to similarly rated developed markets credit

Sponsorship

Strong Multilateral and Bilateral support (IMF, World Bank, Regional Development Banks, China OBOR)

Historical Market Performance: Cumulative Returns (%)



As of October 31, 2025.

Source: Bloomberg, J.P. Morgan. EMD HC - J.P. Morgan EMBI Global Diversified Composite; EMD LC - J.P. Morgan GBI-EM Global Diversified Composite Unhedged USD; EMD Corp - J.P. Morgan Corporate EMBI Diversified Composite Index Level; US Treasuries - Bloomberg US Treasury Total Return Unhedged USD; Global Agg - Bloomberg Global Aggregate Total Return Index Unhedged USD.

Past performance is not indicative of future returns. A direct investment in an unmanaged index is not possible. Please refer to appendix for additional information.

Risk-Return of EMD Sub-Asset Classes

EMD Has Outperformed Many Other Asset Classes Over the Long Term With Less Risk

Under-Ownership

- Institutional investors remain under-allocated to EMD
- EMD remains under-represented in global fixed income indices

Inefficiency

Under-researched, under-reported universe creates opportunities for rigorous research to unlock alpha

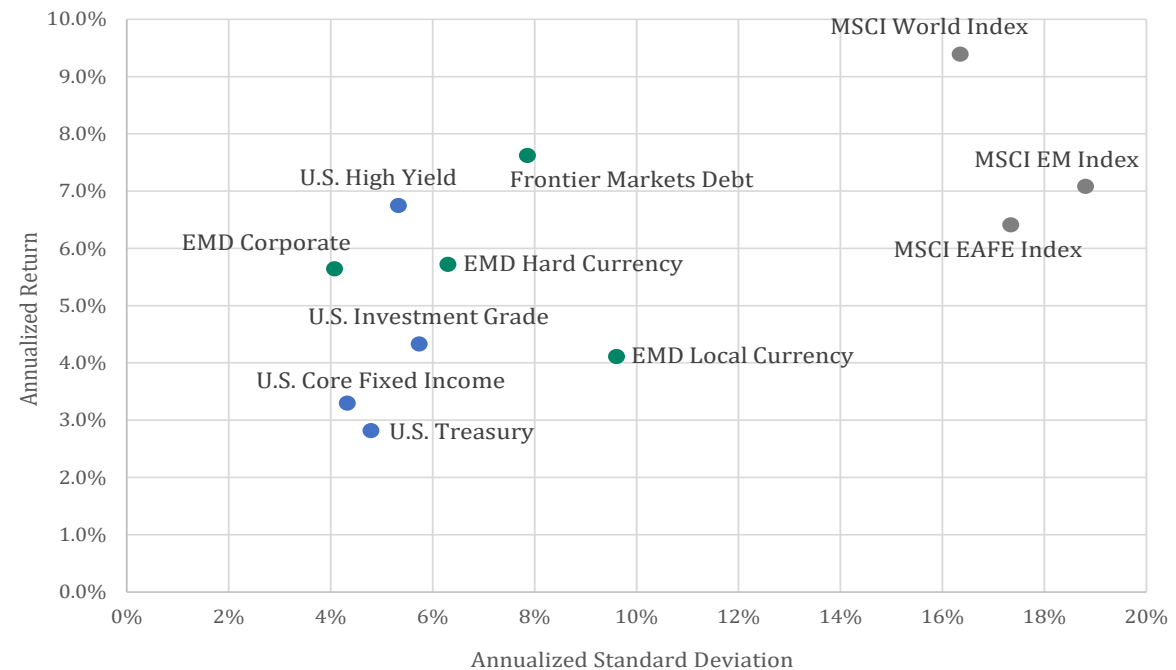
Undervaluation

Risk Premia overcompensates for volatility, default and loss given default risks

Yield

Yield advantage over developed market bonds

20 Years Ended October 31, 2025



We Believe There Are Significant Alpha Generation Opportunities

Source: FactSet.

Past performance is not indicative of future returns. A direct investment in an unmanaged index is not possible. Please refer to the appendix for additional index information. Benchmarks used: EMD Hard Currency – JP Morgan EMBI Global Diversified Index; EM Local Currency – JPM Morgan GBI EM Global Diversified Index; EM Corporate Debt – JP Morgan CEMBI Diversified Index; Frontier Markets Debt – JP Morgan Next Generation Markets Index; U.S. Core Fixed Income – Bloomberg U.S. Aggregate Index; U.S. High Yield – Bloomberg U.S. High Yield Index; U.S. Investment Grade – Bloomberg U.S. IG Corporate Index; U.S. Treasuries – Bloomberg U.S. Treasury Bills Index; MSCI Emerging Markets Index; MSCI EAFE Index; MSCI World Index.

Since 2004, EM Debt Has Displayed Lower Default Rates

Historically Lower Default Rates

Relative to other HY fixed income markets EM debt has a lower average default rate

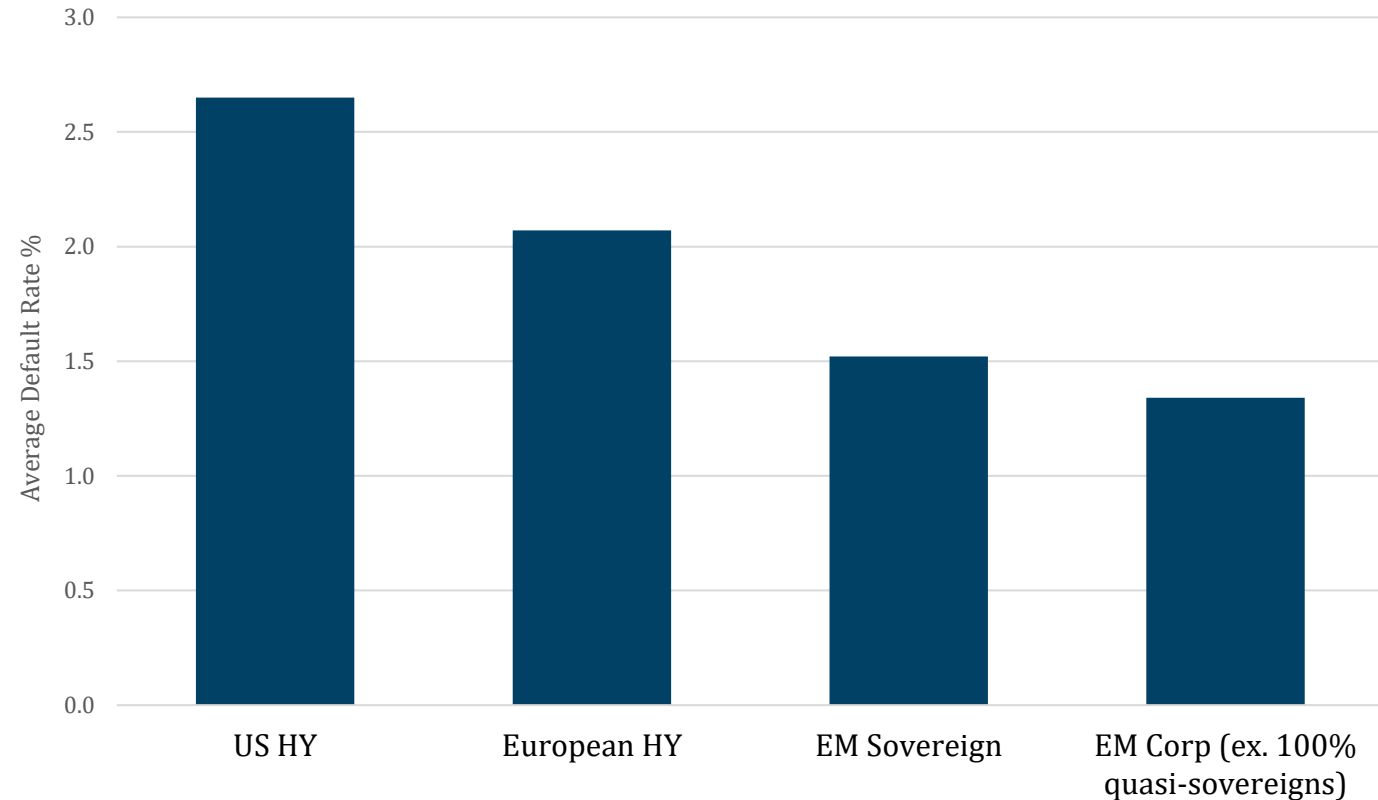
Resilient Recovery

In the rare instance of default, EMD sovereign have typically achieved a median recovery rate **north of 50 cents on the dollar.**

Opportunity for Investors

Buying bonds below recovery levels can create attractive upside potential

Average Default Rate From 2004 – June 30, 2025



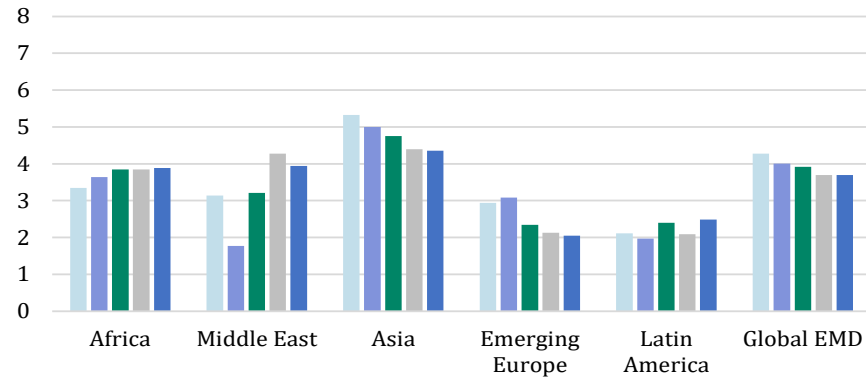
As of June 30, 2025.

Source: J.P. Morgan, Moody's and William Blair.

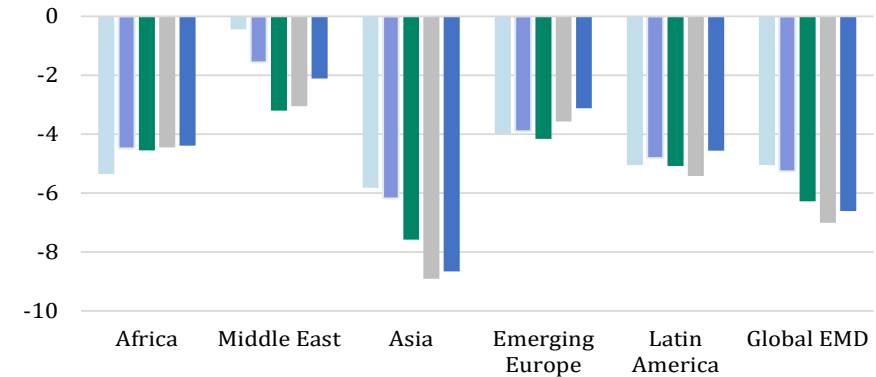
Why Invest In Emerging Markets Debt?

Resilient Growth Stabilizes Credit Metrics

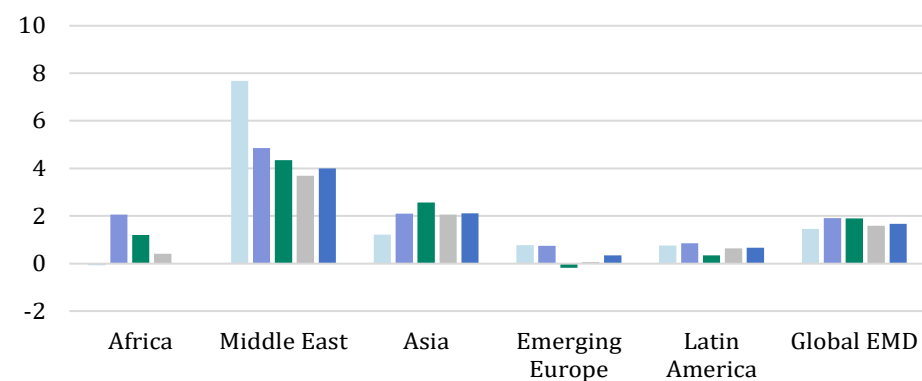
GDP Growth



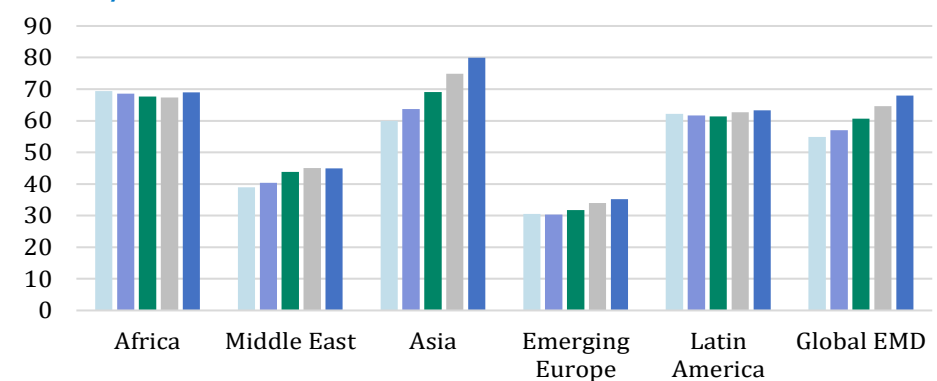
Fiscal Deficit



Basic Balance



Debt/GDP



■ 2023 ■ 2024 ■ 2025 ■ 2026F ■ 2027F

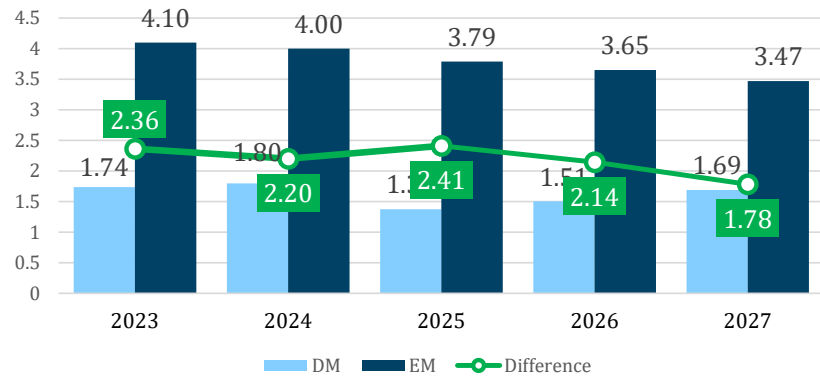
As of October 31, 2025, 2026, 2027 Forecast.

Source: Oxford Economics, J.P. Morgan, William Blair.

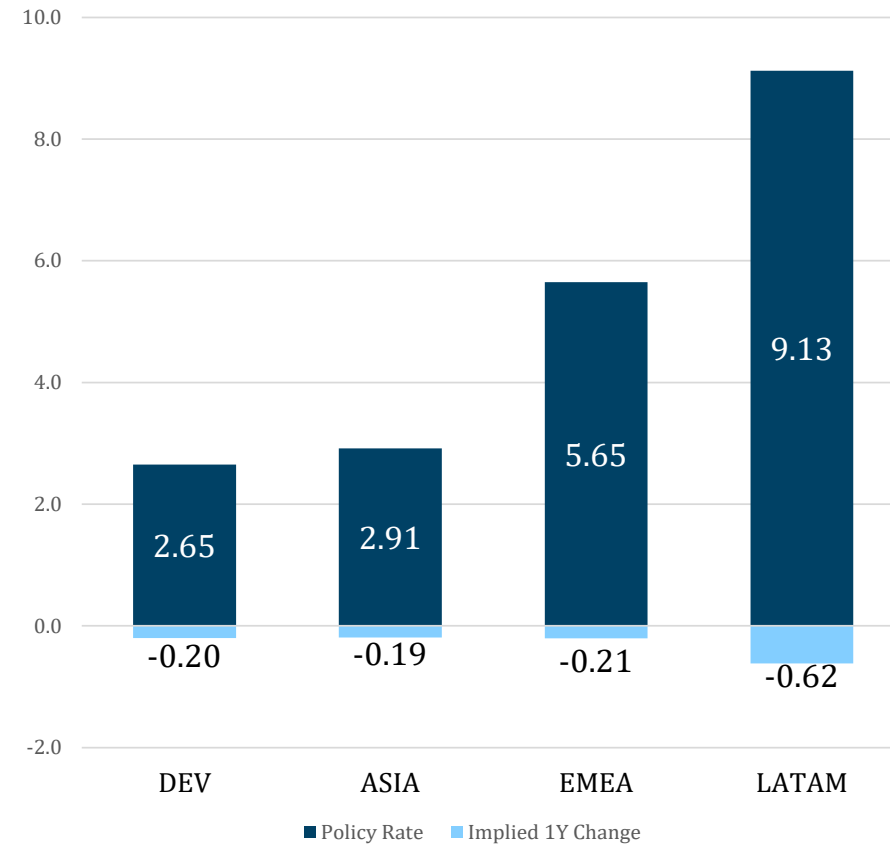
Emerging Market Fundamentals Look Resilient

When Emerging Economies Grow Faster Than Developed Economies,
Capital Flows & Returns Usually Follow

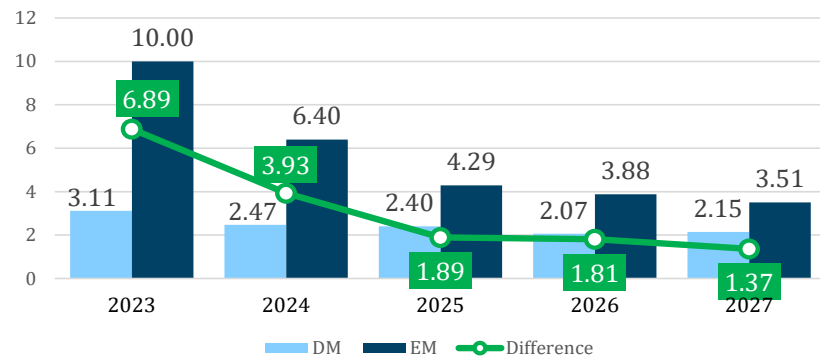
EM Growth Differential Remains Wide



EM Policy Rates Closer To Terminal Rates/Cuts



Inflation Is Expected To Fall Faster In EM Than DM



As of September 30, 2025, 2026, 2027 are total yearly forecasted data.

Source: Bloomberg, JP Morgan, and William Blair.

Why Invest In Emerging Markets Debt Now?

Countries Trading At Distressed Levels

Countries		Probability of Default	Average Market Price	Expected Recovery Price	Recovery Price Minus Market Price	Benchmark MV%	Benchmark MV%* Probability of Default
<u>Distressed</u>							
Bolivia	BO	70%	89	65	-24	0.21%	0.15%
Senegal	BO	40%	61	55	-6	0.25%	0.10%
Subtotal						0.21%	0.15%
<u>Non Performing</u>							
Venezuela	VE	100%	22	35	13	0.92%	
Lebanon	LB	100%	24	28	4	0.46%	
Ethiopia	ET	100%	107	90	-17	0.13%	
Subtotal						1.51%	1.51%

Default probabilities and expected recovery prices are derived by the William Blair EMD Team's internal forward-looking estimates.

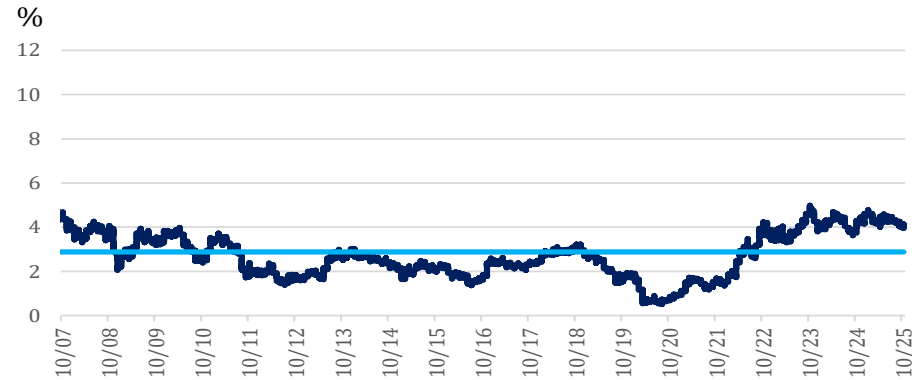
Source: William Blair. As of November 14, 2025.

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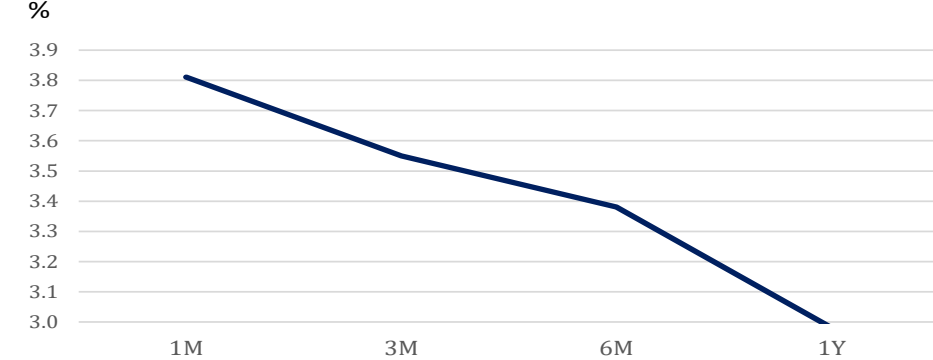
Why Invest In Emerging Markets Debt?

Yields At Multi-Decade Highs, Market Pricing Lower Rates In 2025

US Treasury 10-Year Yield %



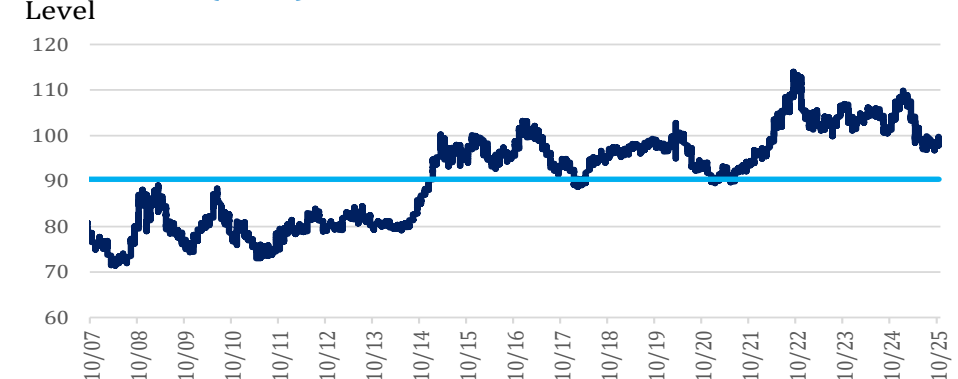
Market Implied USD Policy Rates



EM Debt Yield %



US Dollar (DXY)



— 10-Year Average

As of October 31, 2025.

Source: Bloomberg, JP Morgan, JP Morgan EMBI Global Diversified Yield-to-Maturity, William Blair, and the US Treasury.

Past performance is not indicative of future returns. A direct investment in an unmanaged index is not possible. Please refer to the appendix for additional information.

Why Invest In Emerging Markets Debt Now?

Improved Return Potential Based On Attractive Credit Spreads & Lower U.S. Treasury Rates

		10Y UST (%)						
		3.00	3.25	3.50	3.75	4.00	4.25	4.50
Spread	200	18.73	17.10	15.46	13.82	12.18	10.53	8.88
	225	17.15	15.51	13.87	12.23	10.58	8.93	7.27
	250	15.56	13.92	12.27	10.62	8.97	7.32	5.65
	275	13.96	12.32	10.67	9.02	7.36	5.70	4.04
	300	12.36	10.72	9.06	7.41	5.75	4.08	2.41
	325	10.76	9.11	7.45	5.79	4.13	2.46	0.79
	350	9.16	7.50	5.84	4.17	2.51	0.83	-0.84

This calculation is the sum of the spread return for each spread level on the left-hand side, the treasury return for each level of U.S. Treasury on the top of the chart, and the current yield of the index. Spread return is defined as spread change from current spread level.* Spread duration of index. Treasury Return is calculated as Treasury yield change* Treasury duration of index.

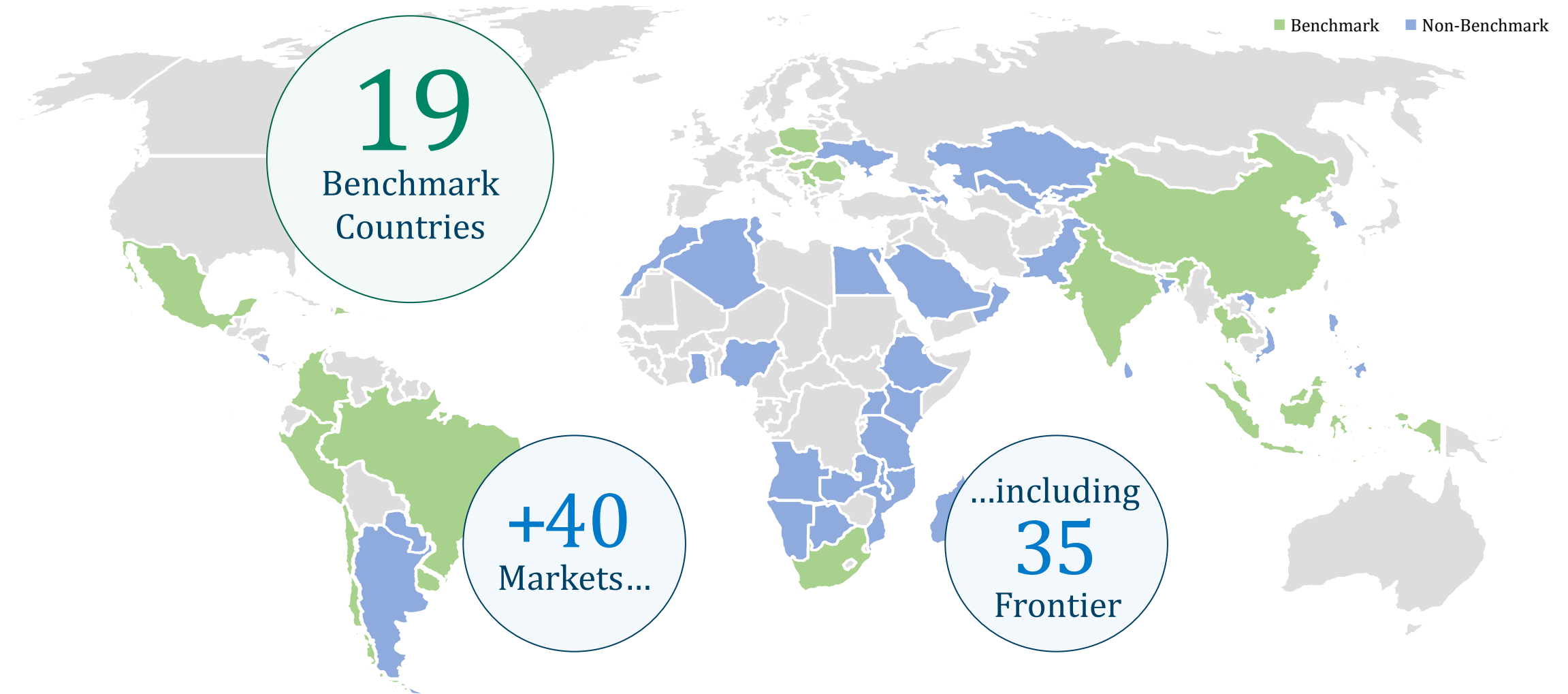
Source: William Blair. As of October 31, 2025, UST 10Y yield (USGG10YR) = 4.25% and spread (JPGCSOSD) 284 bps.

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Yield is only one component of expected performance and is not and should not be viewed as a statement of the future performance of the strategy. Please refer to the performance summary for complete performance information.

Emerging Markets Debt: Local Currency

Investment Universe

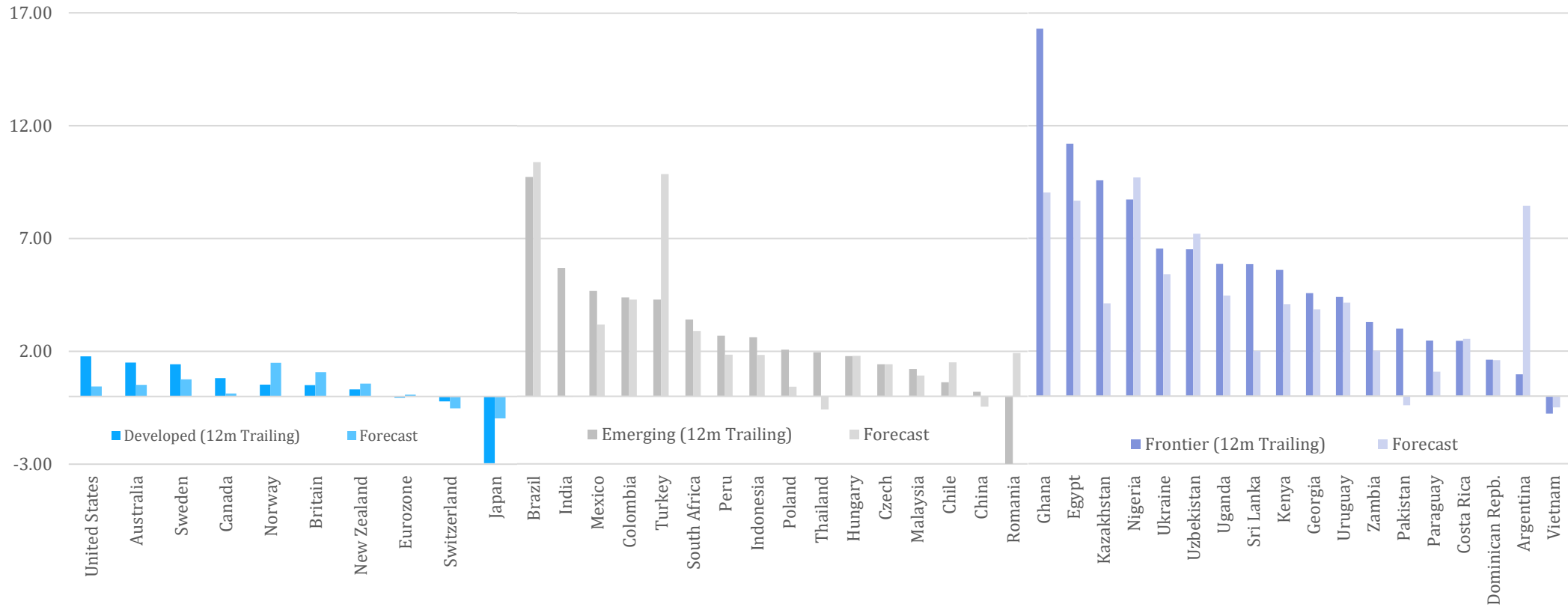


Source: JP Morgan, William Blair.

Why Invest In EMD LC?

Real Interest Rates Expected To Remain High

Attractive Real Policy Rates



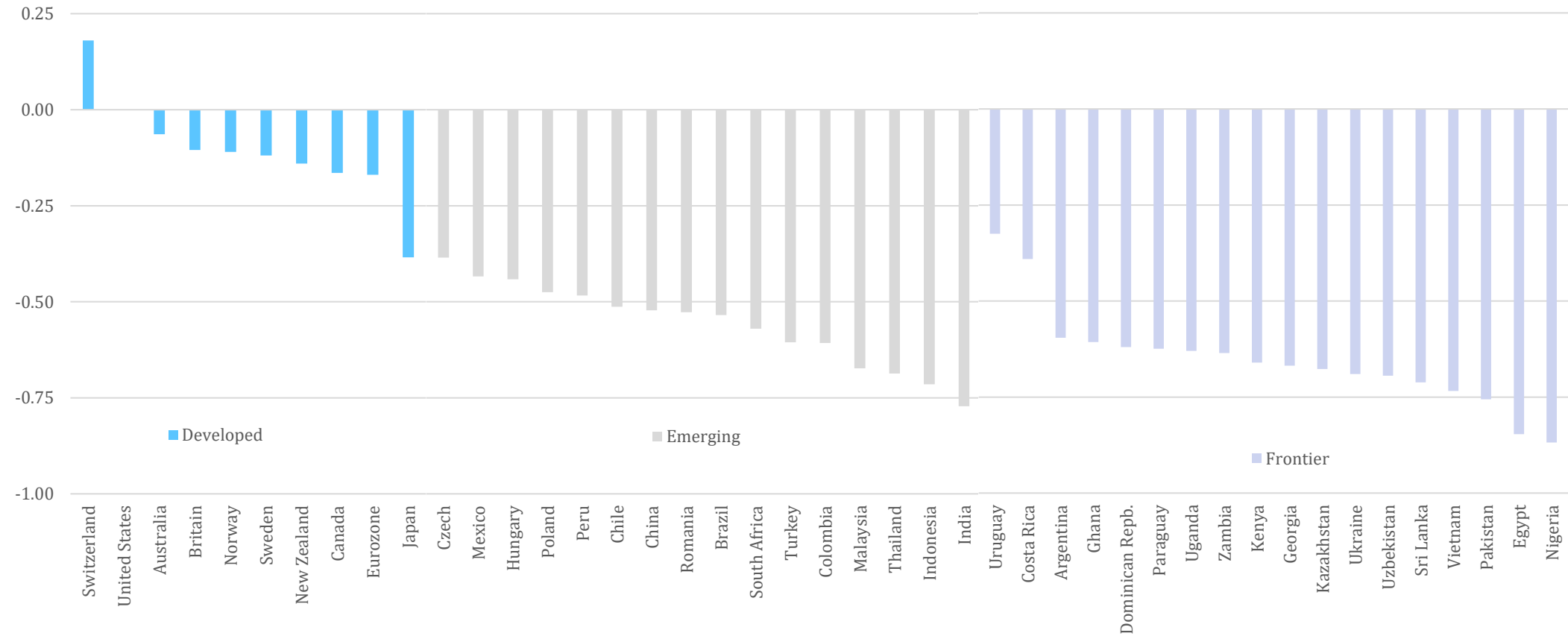
As of September 30, 2025. Forecast is 12 months ahead.

Source: Oxford Economics, William Blair.

Why Invest In EMD LC?

Attractive Long Term Currency Valuations

Spot Currency Deviations From PPP Conversion Rate Per Dollar



As of September 30, 2025.

Source: Bloomberg, William Blair.

Emerging Markets Debt: Outlook Framework

NEUTRAL

Global Outlook & EMD Fundamentals

- + EM fundamentals remain constructive, with countries better positioned to tolerate a deterioration in global trade
- + Multilateral and bilateral support continues to be robust
- U.S. policy uncertainty, trade tensions, and ongoing geopolitical conflicts contribute to a volatile market environment
- Despite resilient economic conditions, benign inflation dynamics, and scope for trade negotiations, the risk of retaliatory measures in response to elevated U.S. tariffs poses challenges to both growth and inflation

POSITIVE

Technical Conditions

- + Recent inflows might indicate rotation into EMD
- + Higher investor cash levels
- Market volatility creates greater uncertainty for investor flows

NEUTRAL

Valuations

Hard Currency

- + Yield levels above long-term averages
- + Attractive High Yield credit spreads
- Investment Grade credit spreads less attractive

Local Currency

- + Currency (FX) valuations appear attractive
- + Real interest rate differential favors EM versus DM
- Less compelling value in low beta markets

POSITIVE

Opportunities

- + Constructive long-term view, despite near-term risks
- + Value in high beta: position for High Yield/Investment Grade spread compression
- + Scope for fundamentals differentiation: favor countries with stronger ability to withstand rising trade tariffs and continue to favor countries with easier access to multilateral and bilateral funding
- + Select opportunities in the EMD frontier, local and corporate credit spaces

■ Positive ■ Neutral ■ Negative

As of October 31, 2025.

Not intended as investment advice. Information is current as of the date indicated and is subject to change without notice.

Conclusion

- **Misunderstood Asset Class:** Sizeable, growing, yet under-owned and under-represented
- **Resilient Fundamentals:** EM economic growth has outperformed expectations, despite concerns about U.S. tariffs. Expansion of intra-EM trade and reliable access to multilateral/bilateral funding helps buffer against global uncertainties.
- **Supportive Liquidity Conditions:** Benign inflation and steady capital inflows have enabled EM central banks to ease policy
- **Robust Technical Conditions:** Subdued net new debt issuances, light positioning, high investor cash levels, and portfolio inflows
- **Yields Remain Elevated:** Relative to long-term averages. We continue to see more attractive opportunities in high-yield relative to investment-grade.
- **Attractive Real Interest Rate Differentials & Attractive Long-Term Currency Valuations**

Appendix

Biographies – Emerging Markets Debt Team



Marcelo Assalin,
CFA
Partner

Marcelo Assalin, CFA, partner, is the head of the emerging markets debt (EMD) team at William Blair Investment Management, on which he also serves as a portfolio manager. Marcelo is also a member of Investment Management's leadership team.

Before joining the firm in 2020, he was head of EMD at NN Investment Partners, a role he began in 2015, and lead portfolio manager for blended debt portfolios. Previously, Marcelo was the lead portfolio manager for NNIP's local currency strategies. Before joining NNIP in 2013, he was a senior EMD portfolio manager and head of emerging market sovereign debt and local currency at ING IM USA (now Voya Financial). Before that, Marcelo worked in various capacities, including CIO from 2005 to 2008, at SulAmerica Investimentos. He began his career as a credit analyst at Bank Boston in Sao Paulo, where he covered Brazilian companies.



Marco Ruijer,
CFA
Partner

Marco Ruijer, CFA, partner, is a hard currency portfolio manager on William Blair's emerging markets debt (EMD) team.

Before joining William Blair, Marco was the lead portfolio manager on NN Investment Partners' EMD team, where he was responsible for managing EMD hard currency portfolios. Before joining NNIP in 2013, Marco was a senior fund manager for EMD at Mn Services in the Netherlands, where he managed various EMD portfolios. Before that, he worked with Mn Services' investment strategy and risk management team. Marco began his career in 1998 as an investment trainee at Mn.



Lewis Jones,
CFA, FRM

Lewis Jones, CFA, FRM, is a local currency portfolio manager on William Blair's emerging markets debt (EMD) team. He also researches Latin American local currency markets.

Before joining William Blair, Lewis was the lead portfolio manager for EMD local currency strategies at NN Investment Partners; he also covered Latin America. Before joining NNIP in 2016, Lewis was an EMD portfolio manager at BNP Paribas Investment Partners and Fischer Francis Trees & Watts. Before that, Lewis held emerging markets fixed-income research and portfolio management roles at Rexiter Capital Management.



Daniel Wood

Daniel Wood is a hard and local currency portfolio manager on William Blair's emerging markets debt (EMD) team.

Before joining William Blair, he was a senior portfolio manager on NN Investment Partners' EMD team. Before joining NNIP in 2017, he was a portfolio manager at BNP Paribas. Before that, he was an analyst on the emerging markets fixed-income team at Rexiter, where he was instrumental in the setup of the investment process and responsible for raising capital and investment performance. Daniel began his career in 2000, holding various middle-office, marketing, and client service roles for Fidelity, Schroders, and State Street.

Education:

B.A., business administration & accounting,
University of São Paulo

M.A., international financial economics,
University of Amsterdam

B.Com., University of Alberta

B.A. (honors), finance & accounting, economics,
accountancy, University of Brighton

Glossary – Terms

Alpha: A measure of a portfolio's return in excess of the market return, after both have been adjusted for risk. It is a mathematical estimate of the amount of return expected from a portfolio above and beyond the market return at any point in time. For example, an alpha of 1.25 indicates that a stock is projected to rise 1.25% in price in a year over the return of the market, or the return when the market return is zero. When an investment price is low relative to its alpha, it is undervalued and considered a good selection.

Beta: A quantitative measure of the volatility of the portfolio relative to the overall market, represented by a comparable benchmark. A beta above 1 is more volatile than the overall market, while a beta below 1 is less volatile, and could be expected to rise and fall more slowly than the market.

Convexity: A measure of the sensitivity of a fixed income investment's duration to changes in yield.

Developed Markets: Using the Morgan Stanley Capital International (MSCI) geographic definition, this region includes United Kingdom, Europe (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Spain, Sweden and Switzerland), Japan, Pacific Asia (Australia, Hong Kong, New Zealand, and Singapore) and the Western Hemisphere (Canada and other Americas).

Duration: A measure of the price sensitivity of a fixed income investment to a change in interest rates, stated in years.

Emerging Markets: Using MSCI's geographic definition, this region includes Emerging Markets Asia (China, India, Indonesia, Malaysia, S Korea, Taiwan, and Thailand), Emerging Markets Europe, Mid-East and Africa (Czech Republic, Hungary, Poland, Russia, Turkey, Egypt, Morocco, and S Africa), and Latin America (Argentina, Brazil, Chile, Columbia, Mexico, Peru and Venezuela).

Frontier Markets: Less advanced capital markets in the developing world.

FX: In finance, an exchange rate is the rate at which one currency will be exchanged for another. It is also regarded as the value of one country's currency in relation to another currency.

Option-Adjusted Spread (OAS): A measure of the spread of a fixed income investment's yield relative to a benchmark, adjusted to consider an embedded option.

Recovery Rate: The extent to which principal and interest on defaulted debt can be recovered, expressed as a percentage of face value.

Risk (Standard Deviation): A measure of the portfolio's risk. A higher standard deviation represents a greater dispersion of returns, and thus a greater amount of risk. The annualized standard deviation is calculated using monthly returns.

Spread Duration: A measure of the price sensitivity of a fixed income investment to a change in credit spreads.

Tracking Error: Tracking Error measures, the extent to which a portfolio tracks its benchmark. The tracking error of an index portfolio should be lower than that of an active portfolio. The tracking error will always be greater than zero if the portfolio is anything other than a replication of the benchmark.

Yield to Maturity: A representation of the rate of return anticipated on a bond if held until its maturity.

Yield to Worst: A representation of the lowest potential yield that an investor would receive on a bond if the issuer does not default.

Glossary – Indices

Bloomberg Barclays US Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury.

Bloomberg Barclays US Aggregate Credit Index measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranational and local authorities.

Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays US Corporate High Yield Index measures the USD-denominated, high yield, fixed-rate corporate bond market.

JP Morgan Emerging Markets Bond Index (EMBI) Global Diversified tracks the total return of U.S.-dollar denominated debt instruments issued by sovereign and quasi-sovereign entities.

JP Morgan Government Bond Index-Emerging Market (GBI-EM) Global Diversified is a comprehensive global local emerging market index, consisting of regularly traded, liquid fixed-rate, domestic currency government bonds.

JP Morgan Corporate Emerging Markets Bond Index (CEMBI) Diversified is a uniquely-weighted version of the CEMBI index designed to result in more balanced weightings for countries included in the index.

JP Morgan CEMBI Index is a market capitalization weighted index consisting of U.S.-dollar denominated corporate bonds issued by emerging markets entities.

JP Morgan Next Generation Markets Index tracks U.S.-dollar denominated debt issued by sovereign and quasi-sovereign issuers in frontier markets. The index provides a benchmark for the smaller, less liquid population of emerging market credits.

JP Morgan U.S. High Yield Index measures the performance of U.S.-dollar denominated below investment grade corporate debt publicly issued in the U.S. market.

JP Morgan U.S. Investment Grade Corporate Index measures the performance of U.S. investment grade corporate debt.

MSCI EAFE Index is a stock market index that is designed to measure the equity market performance of developed markets outside of the U.S. & Canada.

MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

MSCI Euro High Yield Index measures the performance of Euro-denominated, below investment grade bonds.

MSCI World Index is a market cap weighted index of stocks from companies throughout the world and is used as a common benchmark for 'world' or 'global' stock funds intended to represent a broad cross-section of global markets.

Note: JP Morgan indices: Information has been obtained from sources believed to be reliable, but J.P. Morgan does not warrant its completeness or accuracy. The indices are used with permission. The indices may not be copied, used, or distributed without JP Morgan's prior written approval. Copyright JPMorgan Chase & Co. All rights reserved.

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