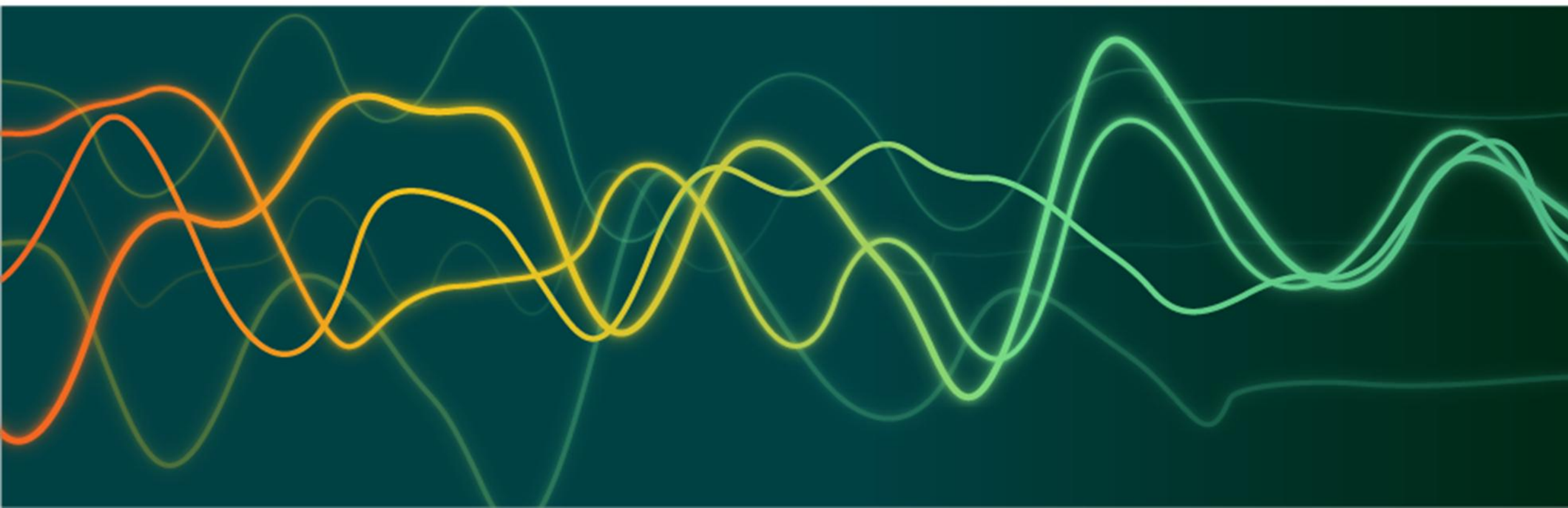


Emerging Markets Debt Monitor

Emerging Markets Investment Team

Q3 2026



Important Information and Disclosure

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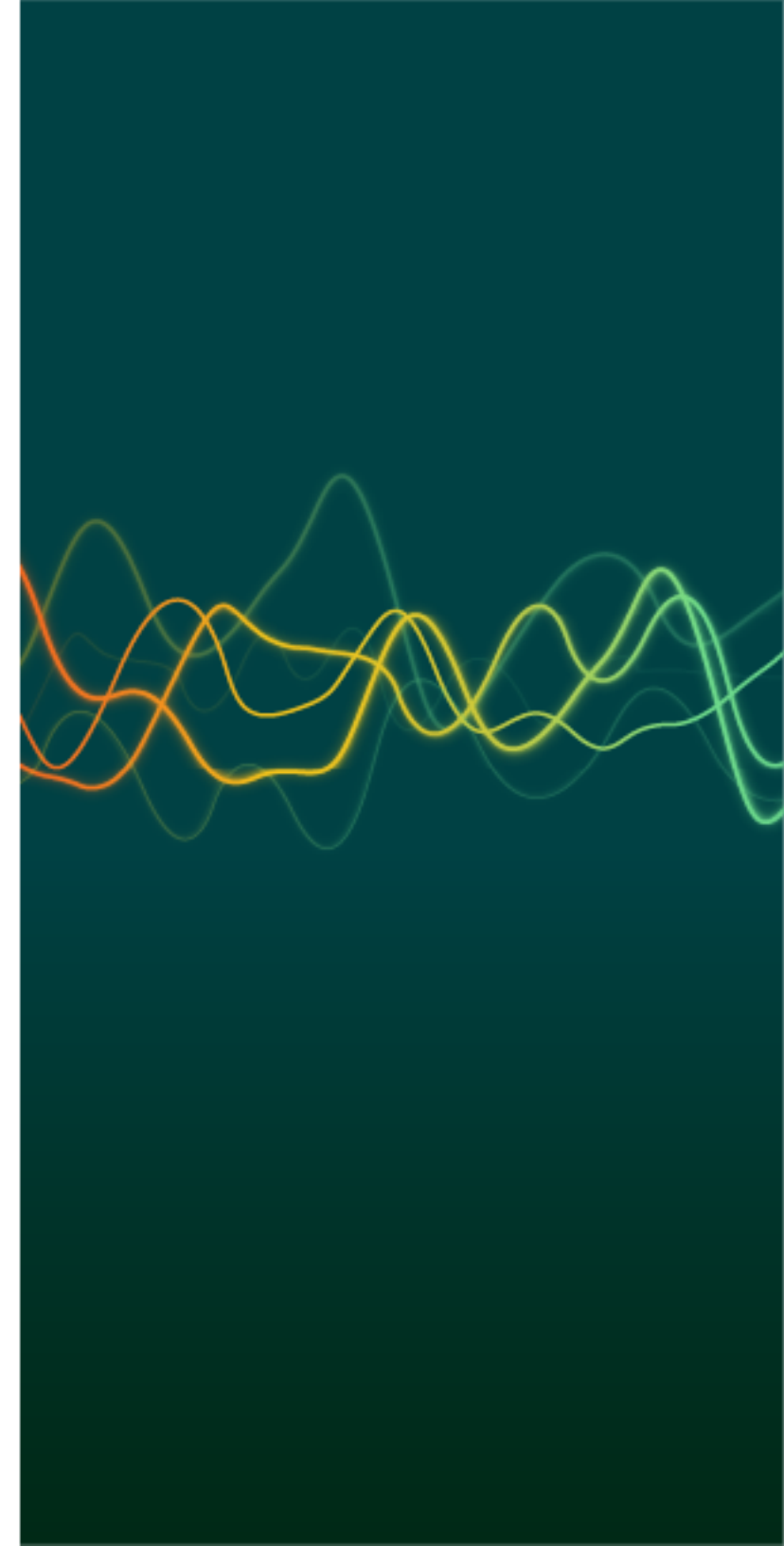
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EM SOVEREIGN CREDIT 26	EM CORPORATE CREDIT 31			



If you are viewing this book on your computer or tablet, **click or tap on the title box to jump to the beginning of each section.**

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

Q3 2026 Recap



Q3 2026 RECAP

Q3 2026 Recap

- Emerging markets debt delivered mixed performance in the third quarter, with a challenging September ultimately pushing returns into negative territory. A strengthening U.S. economy and tighter labor market shifted expectations toward Fed tightening, pushing U.S. Treasury yields higher, while renewed conflict in the Middle East drove oil prices higher and added to inflation concerns. EM rates also moved higher but outperformed developed markets during the selloff. EM currencies were mixed, with performance differentiated by growth, energy exposure and domestic monetary policy. Sovereign and corporate credit remained resilient for much of the quarter, before the rise in U.S. Treasury yields and concerns around financing conditions for more vulnerable sovereigns weighed on performance toward quarter-end and spreads widened.
- The shift away from global monetary easing that began in Q2 accelerated in the third quarter, as resilient growth and persistent inflation prompted central banks, particularly in developed markets, to adopt a more hawkish policy stance. Stronger U.S. growth and renewed energy-driven inflation pressures pushed U.S. rates higher and markets to price in Fed tightening. Within EM, policy became increasingly differentiated with Hungary, Brazil, and Kazakhstan cutting rates and the Czech Republic, South Korea, and South Africa hiking rates. Despite the global repricing, EM rates remained relatively resilient, with yields rising less than developed markets during the late-quarter selloff.
- Geopolitical tensions intensified during the third quarter following the collapse of the U.S.-Iran Memorandum of Understanding in July. The U.S. reimposed its naval blockade of Iranian oil exports and expanded economic sanctions, while Iran continued to threaten shipping through the Strait of Hormuz. The renewed confrontation pushed oil prices higher, adding to inflation concerns and the global rates selloff. Diplomatic efforts resumed in September, including through Qatari mediation, but failed to produce a durable breakthrough.
- The asset class continued to see consistent inflows in July and August as investors were attracted by high carry, a softer U.S. dollar, resilient fundamentals, and continued spread compression. The asset class continues to be generally under-owned by investors so even the attractive inflows in 2025 and 2026 did not claw back the assets lost between 2022-2024. As U.S. yields increased and oil prices resumed climbing, these headwinds started to turn investor risk -off. Despite the late quarter outflows, the quarter still recorded net inflows with \$1.3B for hard currency and \$4.1B for local currency bringing YTD net inflows to \$33.7B.

Q3 2026 RECAP**Q3 2026 Recap, continued****ASIA**

- Vietnam's reform story is still quite positive, although the quarter exposed growing concerns about how quickly the system can adjust to the government's growth ambitions. The agenda is focused on credit growth and increased infrastructure spending, but there are concerns if the country is moving too hard, too fast and if this will cause overheating, pressure on inflation, the currency, and excessive credit growth.
- India continues to face currency depreciation and balance of payments pressure. During the quarter, the government introduced a deposit inflow scheme to encourage non-resident Indians to place funds in Indian deposits. This helped reduce near-term balance-of-payments pressure and the policy is viewed as a short-term bridge rather than a solution to the structural imbalance.
- Taiwan and Korea remain heavily influenced by AI and semiconductor activity. The semiconductor-led production and export cycle is expected to spill over into broader economic activity, supporting stronger GDP growth. Currency implications are also important. Taiwan is attempting to prevent currency appreciation, while in Korea previously a very weak currency sharply reversed supported by rate-hike expectations, growth, and exports.

CEEMEA

- Tanzania opened its local government-securities market to non-residents in Q3, a positive structural reform that could broaden the investor base. However, operational hurdles around account opening, settlement, FX conversion and repatriation have limited foreign participation. Medium-term prospects remain positive, contingent on authorities resolving these implementation issues.
- Hungary's MNB lowered its inflation target from 3% to 2.5%, a meaningful structural change that shifts the economy's nominal anchor toward lower inflation and likely stronger NEER appreciation going forward. This change supports the path towards euro adoption since the 2.5% target is closer to historical Maastricht inflation requirements and helps align Hungary with the ECB framework.
- Senegal authorities announced plans to seek "enhanced" Common Framework treatment amid ongoing debt sustainability concerns. While restructuring had been broadly anticipated, the timing was unexpected. Authorities are seeking an expedited process to avoid the prolonged negotiations and implementation challenges faced by previous participants.

LATAM

- Argentina's economy is effectively in recession, with two straight quarters of negative growth. The commodity heavy export economy is booming, but it does not employ many people. Weak activity has affected general confidence, polling, and approval ratings. The prevailing hope is that the current weakness reflects hard fiscal and economic reforms that need to occur before conditions improve.
- Venezuelan assets rallied after the U.S. government announced it had acquired a stake in a private Venezuelan oil company, Blue Energy Partners. This is an extension of substantially more activity on the energy and mining front during the quarter. Re-engagement with multilateral institutions and international leaders increased, alongside growing discussion around the potential timing of an election.
- The Chilean President's approval rating declined rapidly amid weak domestic conditions and unemployment near 10%, prompting more targeted employment measures. While recent reforms and a positive investment pipeline support the medium-term outlook, improvements will take time to materialize. The mining sector has benefited from strong copper prices, but the country has faced a terms-of-trade headwind from the sharp rise in oil prices.

Please reference page 2 "Important Information and Disclosure"

Q3 2026 RECAP**EM Corporate Credit – Q3 Update and Outlook****HIGHLIGHTS DURING THE QUARTER AND YEAR:**

Investment grade corporates underperformed high yield, returning -2.3% versus -1.1%, respectively, given their greater sensitivity to U.S. interest rates. The CEMBI index continues to demonstrate lower volatility and less sensitivity to broader macro developments than the sovereign indices.

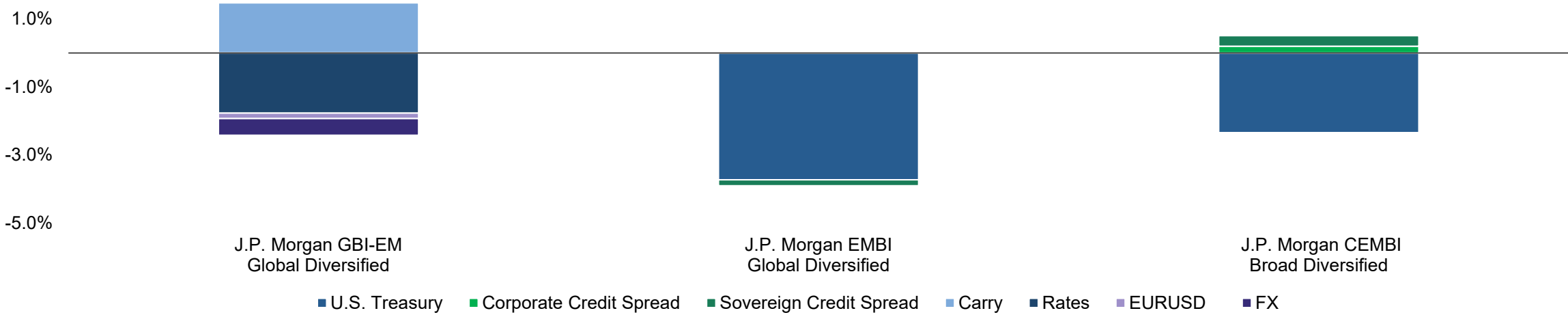
- The US-Iran conflict remained the dominant macro event for EM during the third quarter. Despite continued restrictions on the Strait of Hormuz, energy markets have adapted through alternative export routes and new shipping arrangements. Oil prices remain elevated, contributing to global inflationary pressures and higher U.S. Treasury yields. EM corporate credit has remained relatively resilient, supported by healthy fundamentals and improved earnings for certain commodity-related sectors. Primary markets also remained active, albeit at higher all-in funding costs.
- Some notable idiosyncratic developments this past quarter include:
 - Brazil HY corporates remain under pressure, with high local rates, weak cash flow and several large restructurings weighing on sentiment. Braskem has initiated an ~\$11bn restructuring, while Raizen continues to implement its recapitalization. Other lower single-B names like CSN and Oceanica also had idiosyncratic, market-moving events occur during the quarter
 - Colombian assets continued to re-rate following the change in political leadership and expectations for a more investment-friendly policy environment, particularly in energy, mining and infrastructure.
 - Argentine assets weakened, as concerns around the government's reform agenda and political support for President Milei drove wider sovereign spreads. Corporate credit proved more resilient, supported by strong local demand.
 - Indonesian assets remain pressured by concerns that President Prabowo's fiscal agenda and more populist policies could weaken the policy framework that has historically supported the country's investment grade rating.
 - Turkish corporates weakened following the local fund Ponzi scheme scandal, which raised concerns around financial-sector liquidity, corporate funding access and broader governance risks. The sell-off created greater differentiation between companies with strong governance and those that lack local support.

Broadly, credit spreads remained near historical tights in Q3 2026, but we believe some of this tightening reflects the lagged effect of the sharp move in U.S. Treasuries, as expected. The continued rapid issuance of debt in U.S. markets tied to the AI capex cycle is driving up the cost of capital everywhere and this should continue to weigh on valuations in the EM corporate market as well given the common buyer base of global credit risk. We continue to find interesting opportunities in the primary market, particularly among first-time issuers and companies looking to diversify away from expensive local funding markets. However, some of those issuers are taking a back seat with U.S. rates elevated.

Q3 2026 RECAP

Index Performance Recap

Q3 2026



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	-0.49%	-0.16%	-1.77%	1.47%	—	—	—	-0.94%
J.P. Morgan EMBI Global Diversified	—	—	—	—	-0.17%	0.04%	-3.73%	-3.86%
J.P. Morgan CEMBI Broad Diversified	—	—	—	—	0.31%	0.20%	-2.34%	-1.83%

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.

Q3 2026 RECAP

Index Performance Recap

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J.P. Morgan CEMBI Broad Diversified	—	—	—	—	0.31%	0.20%	-2.34%	-1.83%

YTD 2026

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	-0.97%	-0.67%	-2.16%	4.36%	—	—	—	0.56%
J.P. Morgan EMBI Global Diversified	—	—	—	—	2.67%	0.20%	-3.55%	-0.67%
J.P. Morgan CEMBI Broad Diversified	—	—	—	—	1.87%	0.43%	-1.96%	0.34%

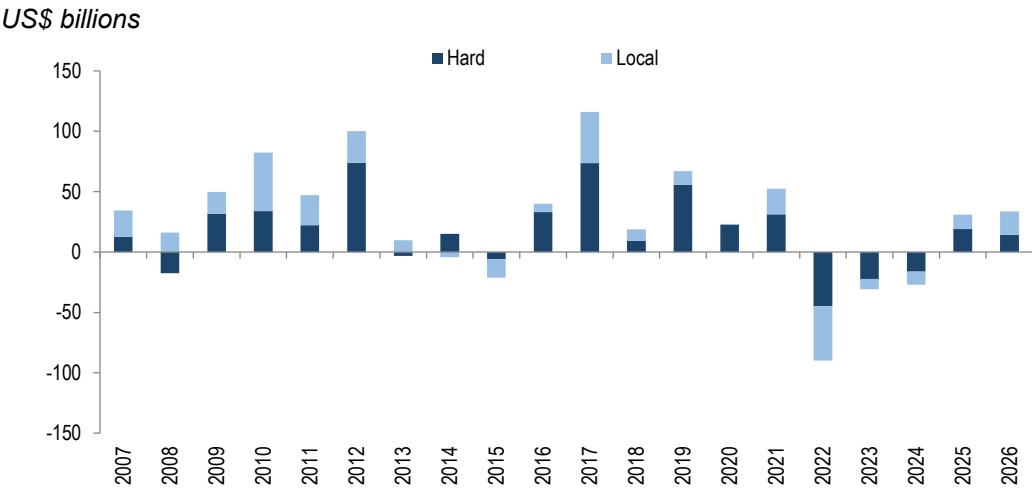
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Q3 2026 RECAP

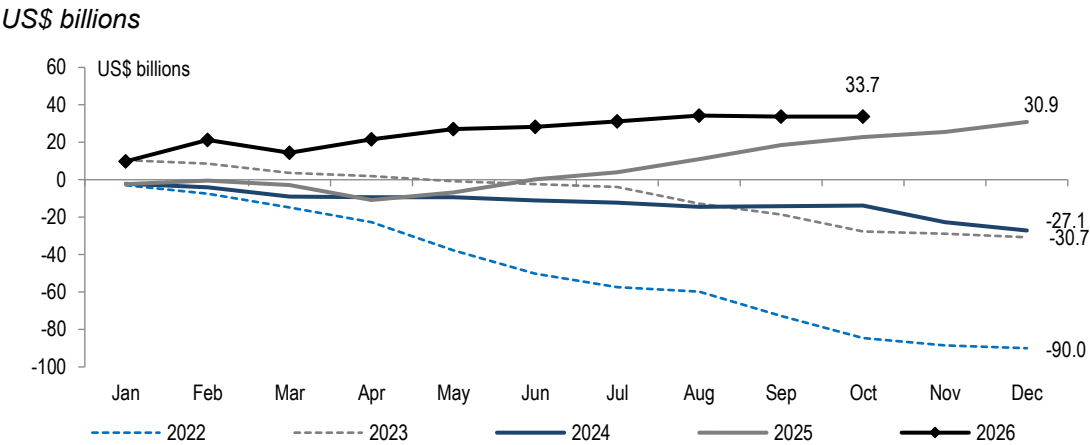
Technical: 2026 YTD Flows

- Inflows remained strong for July and August but were met with headwinds in the last three weeks of the quarter. Hard currency funds saw consistent outflows over that period while local currency funds held onto inflows until the last week of the quarter.
- Recent EMD outflows may indicate that higher developed-market yields are beginning to influence investor allocation decisions. Local-currency EMD flows have remained relatively resilient, but a sharp strengthening of the U.S. dollar could put increasing pressure on positioning in the asset class.

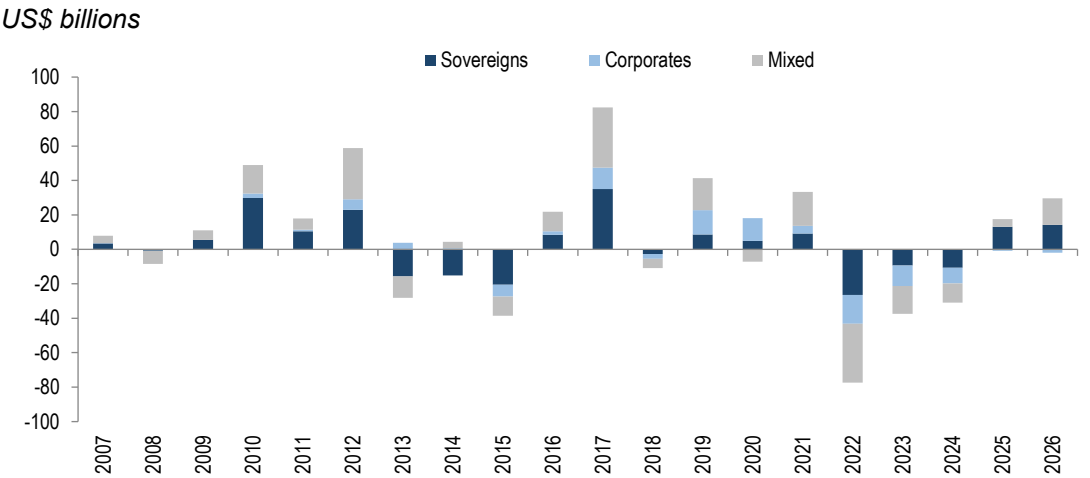
Annual Flows by Currency



Annual Cumulative Bond Flows



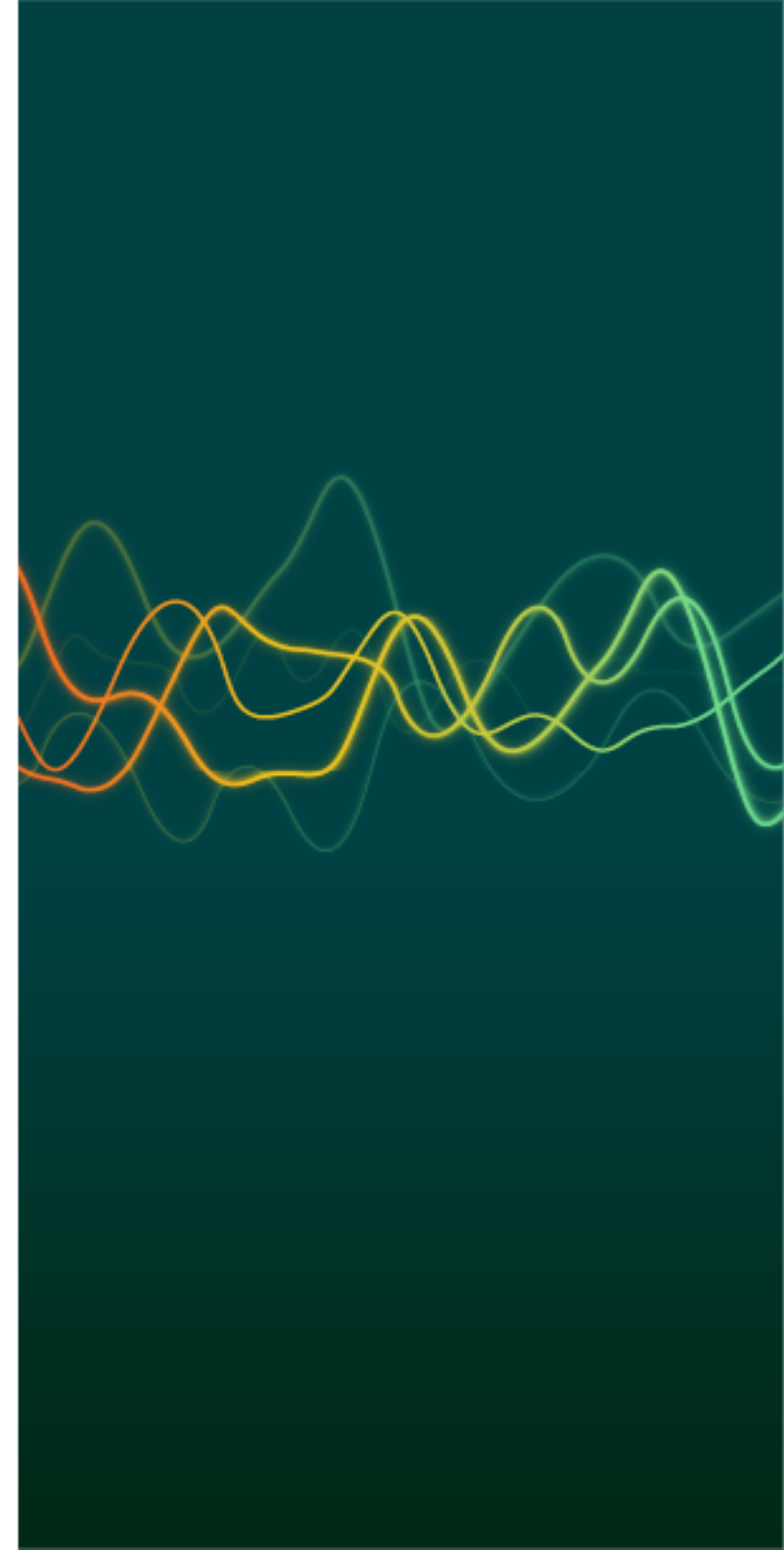
Annual Flows by Sovereign/Corporate/Mixed (Retail)



Source for all charts above: JPMorgan. All data as of 10/02/2026. For illustrative purposes only. Past performance is no guarantee of future results.

Rotating Topic

LatAm Elections: The Right Gains Ground



ROTATING TOPIC

Peru Election: Strong Fundamentals Meet a More Stable Post-Election Political Landscape

Stronger institutional guardrails and reduced fragmentation improve prospects for policy continuity and macro stability.

Prolonged Political Instability

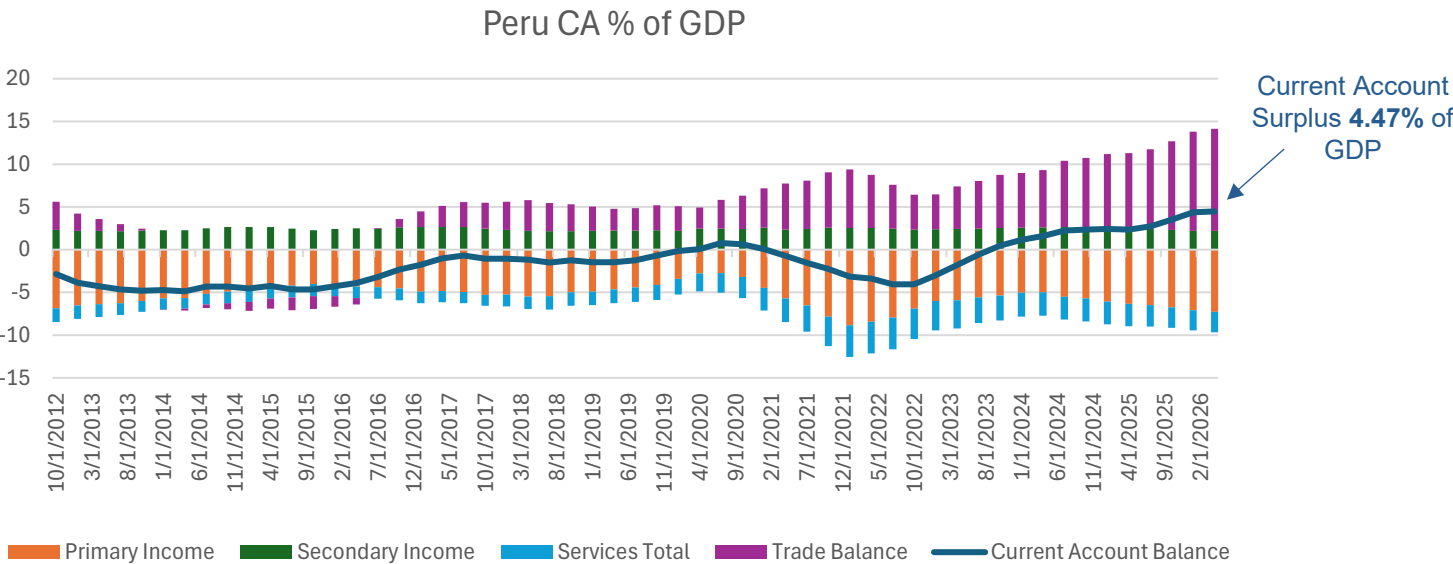
- **Nine presidents in ten years:** Years of presidential removals and congressional conflict left voters frustrated despite resilient institutions.
- Country remained geographically split: Andean regions leaned left; coastal areas favored market-friendly options.
- Crime and security dominated the recent campaign.

Election Results

- An exceptionally close runoff was ultimately decided by Lima, northern coastal and overseas votes, with President Fujimori prevailing by a narrow margin.
- No party controls Congress outright, but fewer parties and Senate oversight should improve governability.

Outlook

- **Economic Management:** Growth remains resilient, inflation anchored, and BCRP held its policy rate steady at 4.25% despite temporary shocks.
- **Expenditure Control:** Trade and current account surpluses, plus one of the region’s largest reserve cushions, limit external vulnerability.
- **Improved Political Stability:** The return to bicameralism with this election raises barriers to impeachment, constitutional change, AFP withdrawals and other disruptive measures.



Source: Macrobond and Bloomberg L.P. as of 9/30/2026. 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

Colombia Election: Market Relief, but Fiscal Delivery Remains the Test

Colombia entered the election facing fiscal challenges, concerns over institutional independence and weak investor confidence, with significant implications for future economic policy.

What was at stake



ADLE / de la Espriella

Market-friendly reset: orthodox staffing, fiscal adjustment, lower institutional risk.

Cepeda / Petro-aligned left

Continuation risk: Petro-era policy direction, weaker consolidation signal, more pressure on institutions.

ADLE narrowly defeated Iván Cepeda in the June 21 runoff, ending the immediate risk of Petro-aligned policy continuity but revealing a highly polarized electorate.

Reform focus under ADLE

- **Economic management:** finance-minister choice, credible BanRep approach, and orthodox policy appointments.
- **Fiscal package:** Medium Term Fiscal Framework, 2027 budget, tax proposals, and emergency/budget restraint measures.
- **Expenditure control:** front-loaded cuts, fuel/utility pricing discipline, and Treasury liquidity management.
- **Growth stance:** stronger support for investment and less hostility toward energy development.

Source: Morgan Stanley Investment Management and Macrobond as of 9/30/2026. 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

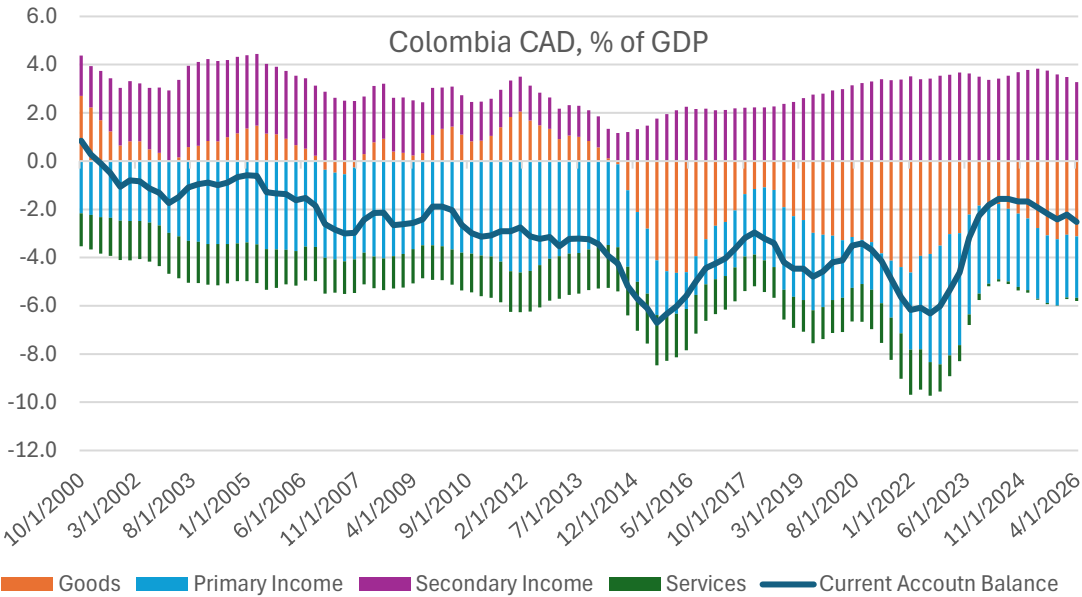
Colombia Election Continued:

The election reduced institutional risk, but the durability of the market rerating depends on credible fiscal repair and coalition execution.

Reform Focus Under ADLE Continued

Fiscal Challenge
~2.2% of GDP
in 2027

- Broader multi-year adjustments will be needed to restore fiscal sustainability
- Key story is the adjustment in the services deficit, structurally positive for the current account deficit, but has been offset by the goods deficit



Outlook for ADLE

- Election result reduced the tail risk of deeper Petro-style economic management
- Durability depends on delivering budgets, spending cuts and policy appointments — not rhetoric.
- Coalition management is the key political challenge: ADLE must maintain support from traditional parties to advance fiscal reforms.
- Downside scenario is gridlock if coalition discipline breaks before fiscal repair is locked in.

Source: Morgan Stanley Investment Management and Bloomberg, L.P. as of 9/30/2026. 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

Brazil First Round Election:

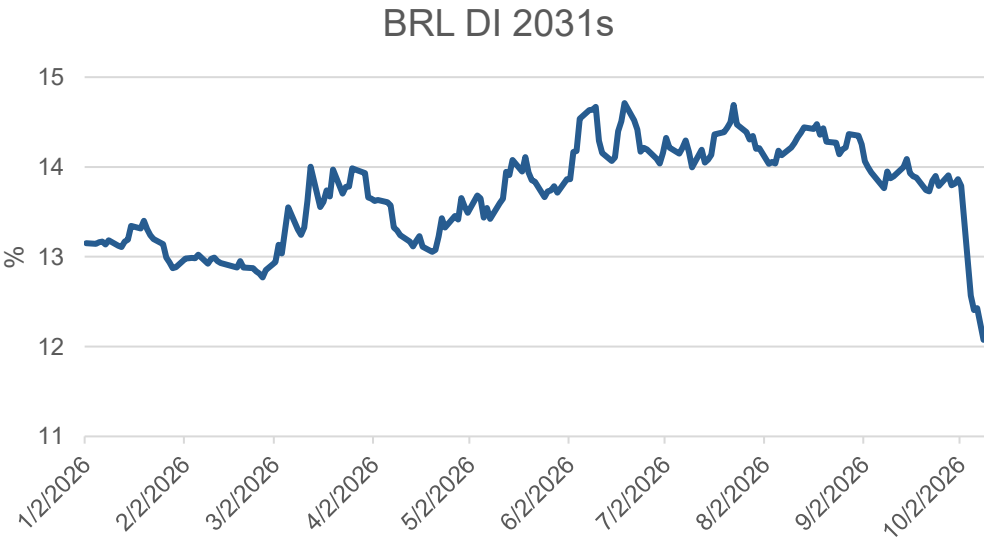
Flávio Bolsonaro’s stronger-than-expected first-round performance in Brazil’s presidential election reinforced the recent shift toward right-leaning governments across Latin America

Brazil: Surprise Momentum on the Right

- Bolsonaro delivered a stronger-than-expected performance in the first round of elections, outperforming incumbent President Lula. He will enter the runoff with momentum and a vote advantage.
- Following the first round, Bolsonaro’s Liberal Party (PL) secured the largest representation in both chambers of Congress, with a stronger center-right presence potentially supporting the next administration’s reform agenda.
- While both candidates acknowledge the need for fiscal adjustment, the issue received limited attention during the campaign. The key test will be whether meaningful fiscal consolidation measures emerge following the second round.

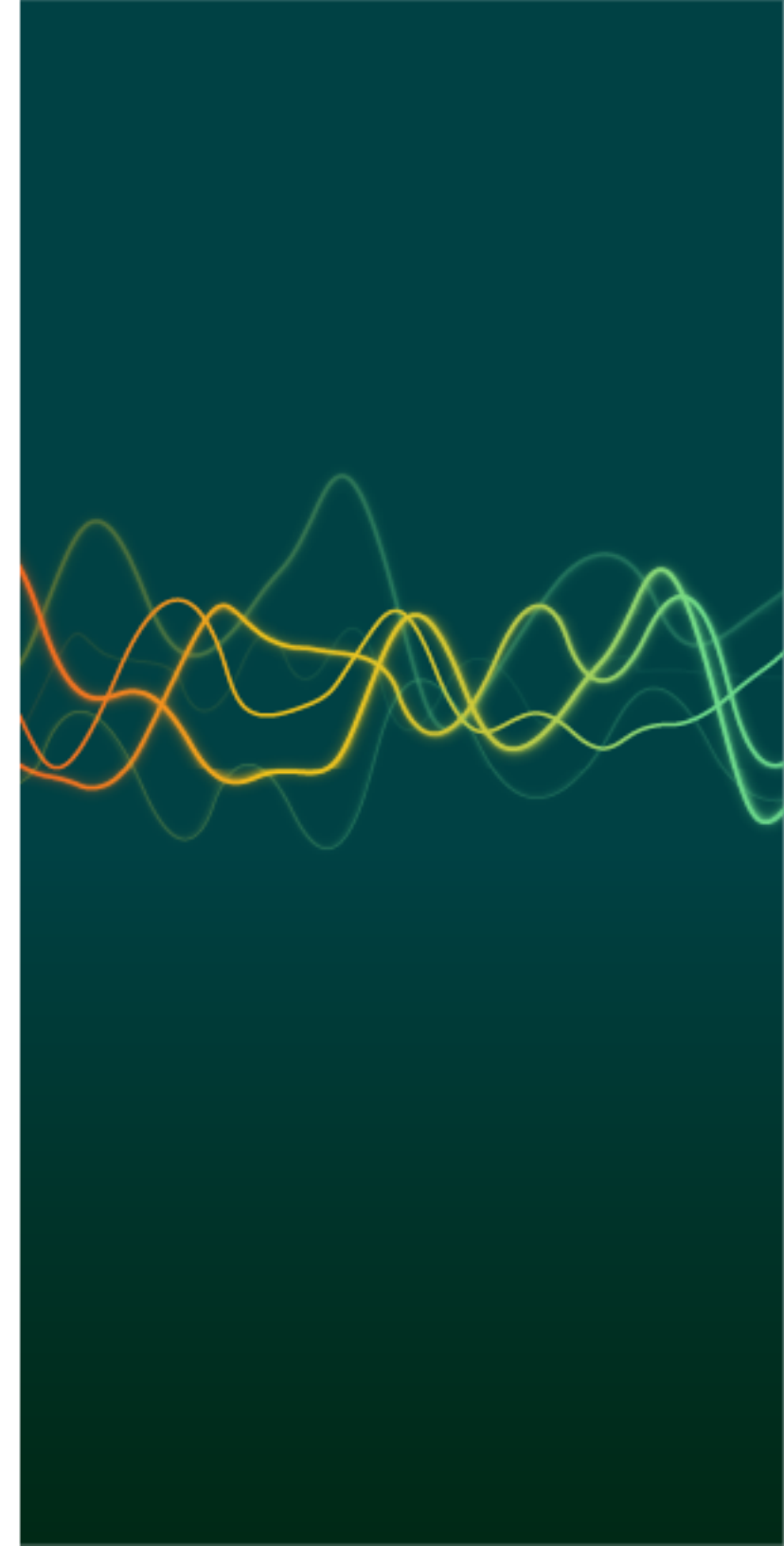
Assets Rallied in Response

- **BRL appreciated ~4.5%** vs. USD following the election. Sovereign and corporate credit spreads tightened notably.
- BRL DI interest rates tightened from 13.9% to 12.1%, a **180 bps rally** in the week after the election



Source: Morgan Stanley Investment Management and Bloomberg, L.P. as of 9/30/2026. 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.**

Q4 2026 Outlook



Q4 2026 OUTLOOK**Q4 2026 Outlook****MACRO DRIVERS**

- The shift away from global monetary easing is expected to continue as resilient U.S. growth and persistent inflation increase the likelihood of Fed tightening. Across EM, monetary policy is increasingly differentiated, with some central banks moving toward rate hikes while others maintain an easing bias amid diverging growth and inflation dynamics.
- Geopolitical uncertainty is expected to remain elevated following the collapse of the U.S.-Iran Memorandum of Understanding and renewed hostilities in the Middle East. Despite diplomatic negotiations resuming in September, the absence of a durable agreement leaves the potential for further escalation and disruption to global trade and energy markets. Prolonged tensions could weigh on risk appetite and increase volatility across EM assets, particularly in countries with greater external financing vulnerabilities.
- Oil prices are likely to remain a key driver of inflation and monetary policy expectations as disruptions to Iranian exports and continued threats to shipping through the Strait of Hormuz constrain global energy supply. Sustained higher prices could delay monetary easing in select countries, pressure external balances and increase fiscal burdens for energy-importing countries. On the other hand, oil exporters outside of the Middle East may benefit from stronger revenues and improved external positions, creating further differentiation across EM debt markets.

COUNTRY DRIVERS

- Despite a more challenging global backdrop, improving country-level fundamentals continue to create attractive opportunities across EM debt. Reform momentum, fiscal consolidation and strengthening external balances have supported credit improvement in select countries. However, higher global borrowing costs and refinancing needs could increase pressure on more vulnerable sovereigns.
- Upcoming elections will remain important catalysts for fiscal policy, reform momentum and investor confidence across EM. Brazil's October presidential runoff will be closely watched for its implications for fiscal consolidation, while Nigeria's early 2027 elections and Argentina's 2027 presidential race could test support for ongoing economic reforms. Election outcomes and shifting political expectations may create opportunities as markets reassess sovereign risk premiums.
- Countries with improving fundamentals and credible policy frameworks should be better positioned to withstand global macroeconomic shocks, while those with deteriorating policies, elevated refinancing needs and limited fiscal flexibility could remain vulnerable. This divergence reinforces the importance of bottom-up country selection to identify opportunities and risks.

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Q4 2026 OUTLOOK

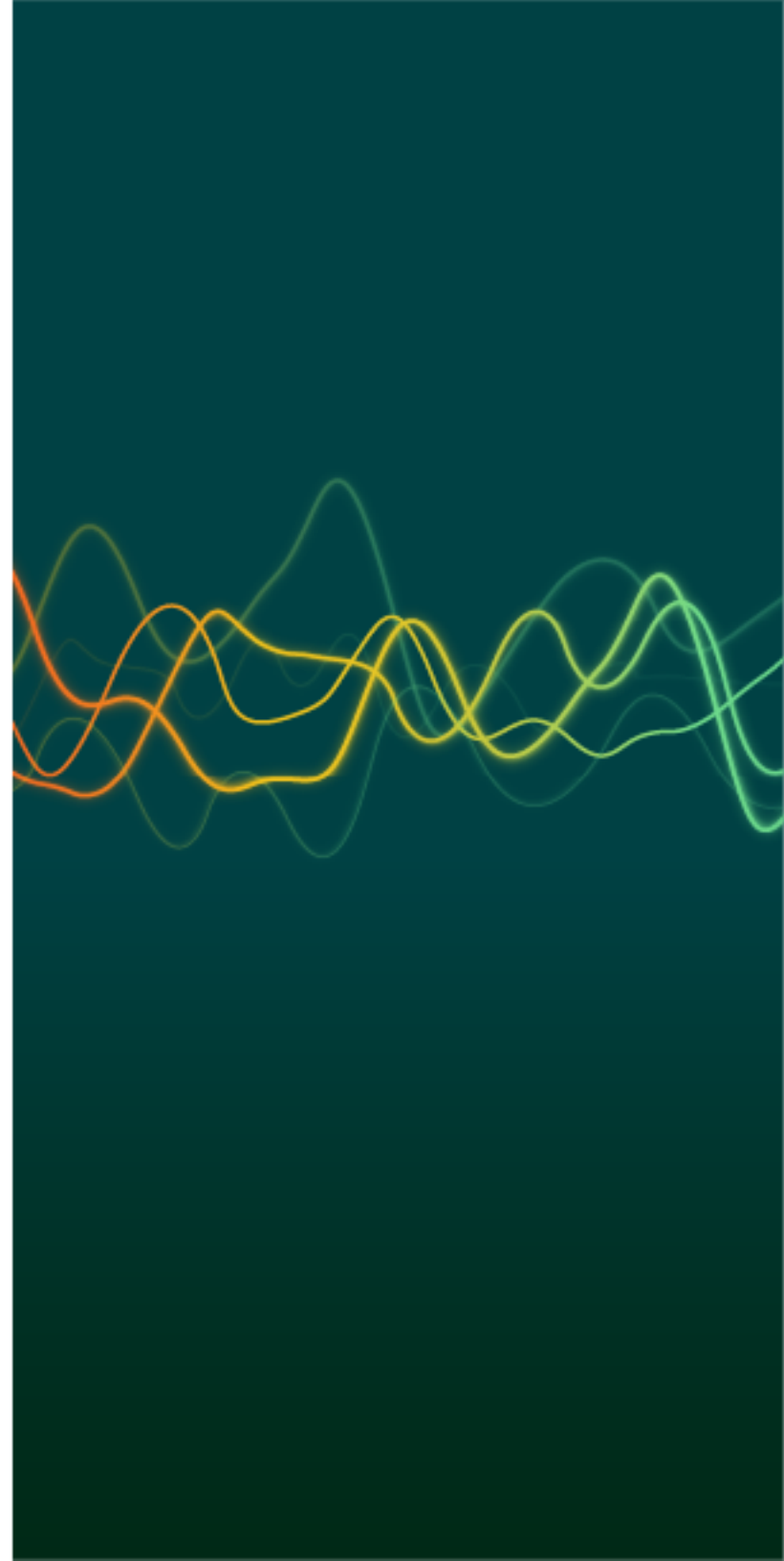
EMD Risk Factor Dashboard

Outlook and Summary

	Underweight	Moderate Underweight	Neutral	Moderate Overweight	Overweight	Summary
Currency						We keep currencies at a moderate overweight. The macro environment has turned less supportive on the margin with U.S. rates repriced higher and growth surprised on the upside supporting the USD. Select currencies continue to offer attractive carry and valuations supported by positive fundamentals.
Local Interest Rates						We move local rates to neutral. Real yield differentials versus DM have shrunk as DM has generally tightened. If EM easing paths are delayed, investors may continue to earn meaningful carry while waiting for inflation and policy conditions to improve.
Sovereign Credit						We keep sovereign credit at a moderate underweight. Spreads held up relatively well through most of September despite macro volatility. Recent widening appears more consistent with a repricing of risk premia than with the onset of a broad EM credit deterioration cycle.
Corporate Credit						We keep corporate credit at neutral. Spreads proved resilient despite Treasury pressure, fundamentals remain healthy, and high local funding costs create selective primary and secondary opportunities.
EM Equity						We keep EM equity at neutral. Valuations remain reasonably attractive, though index level performance increasingly driven by industry concentration in semiconductor sector.

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 intend to address the financial objectives, situation or specific needs of any individual investor. The signals represent the Team's view on each asset class.

EM FX



EM FX

EM currency weakness in September, driven by a more hawkish Fed, a sharp reversal in the U.S. dollar, and higher oil prices, was sufficient to offset the currency strength seen earlier in the quarter.

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.

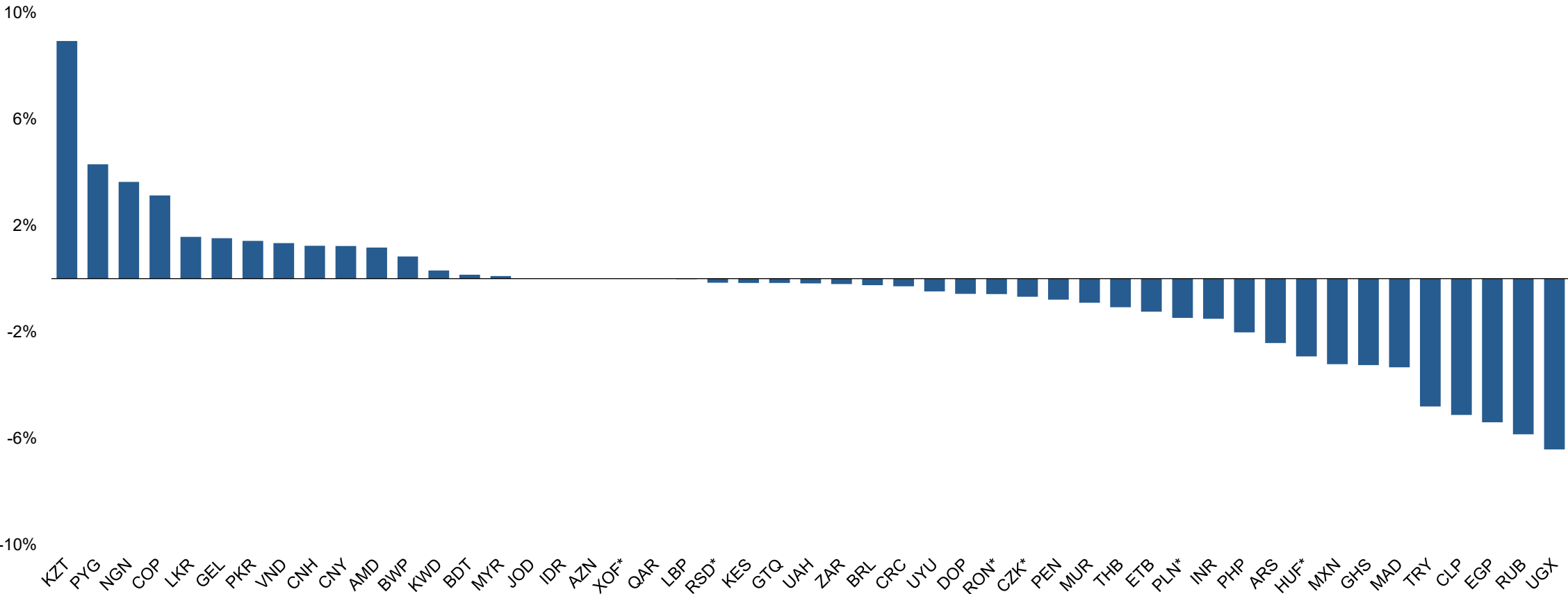


Source: J.P. Morgan, Barclays. Nominal FX Index Weight is the J.P. Morgan GBI-EM Global Diversified index currencies and weights. REER Index Weight is the Barclays real effective exchange rate data of the currencies in the J.P. Morgan GBI-EM GD. REER Broad uses Barclays real effective exchange rate data 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

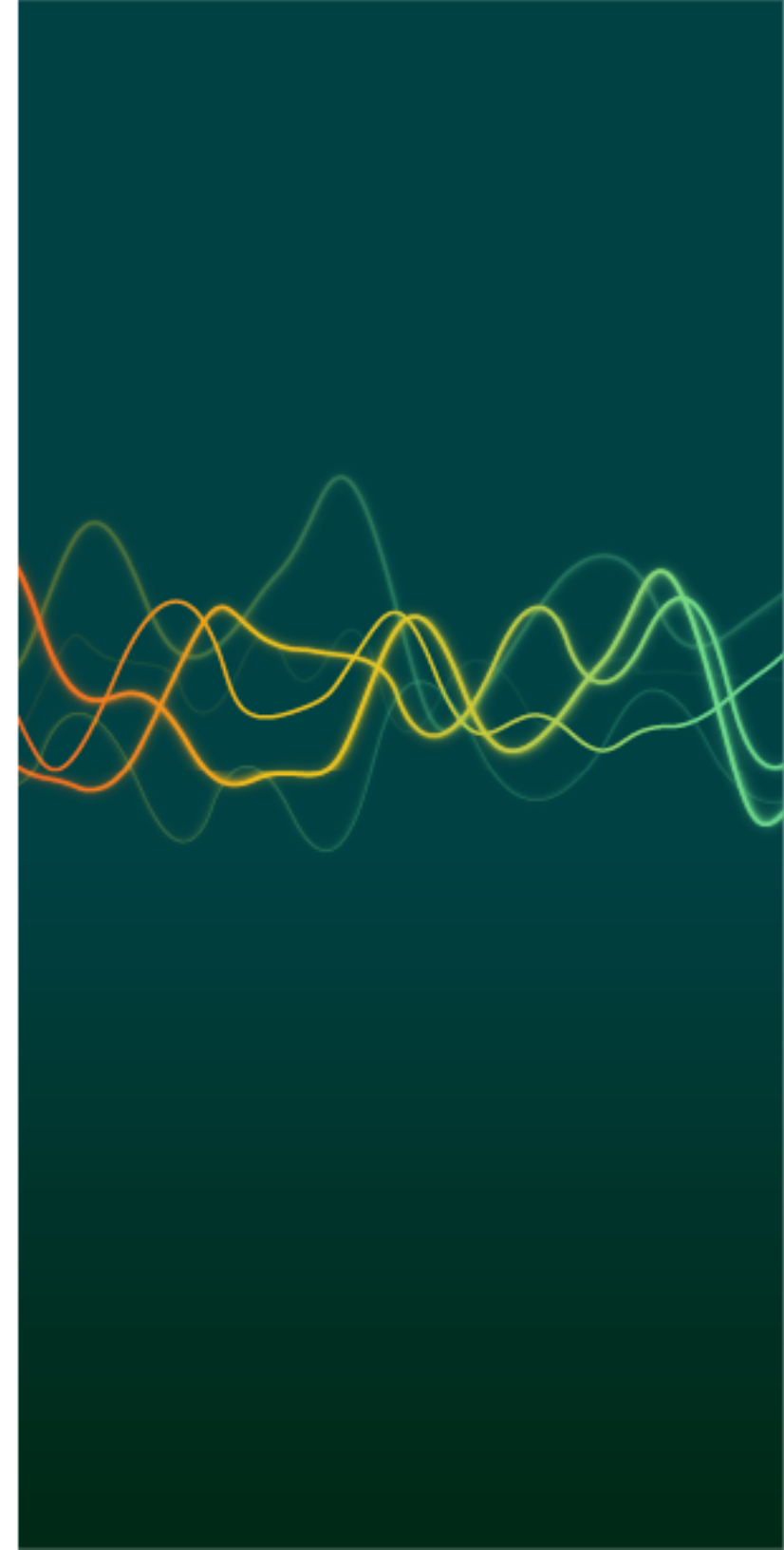
External factors weighed on many EM currencies. Kazakhstan, Nigeria and Colombia were among the bright spots, benefiting from improving fiscal balances, continued reform momentum and support from elevated oil prices.

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 Interest Rates

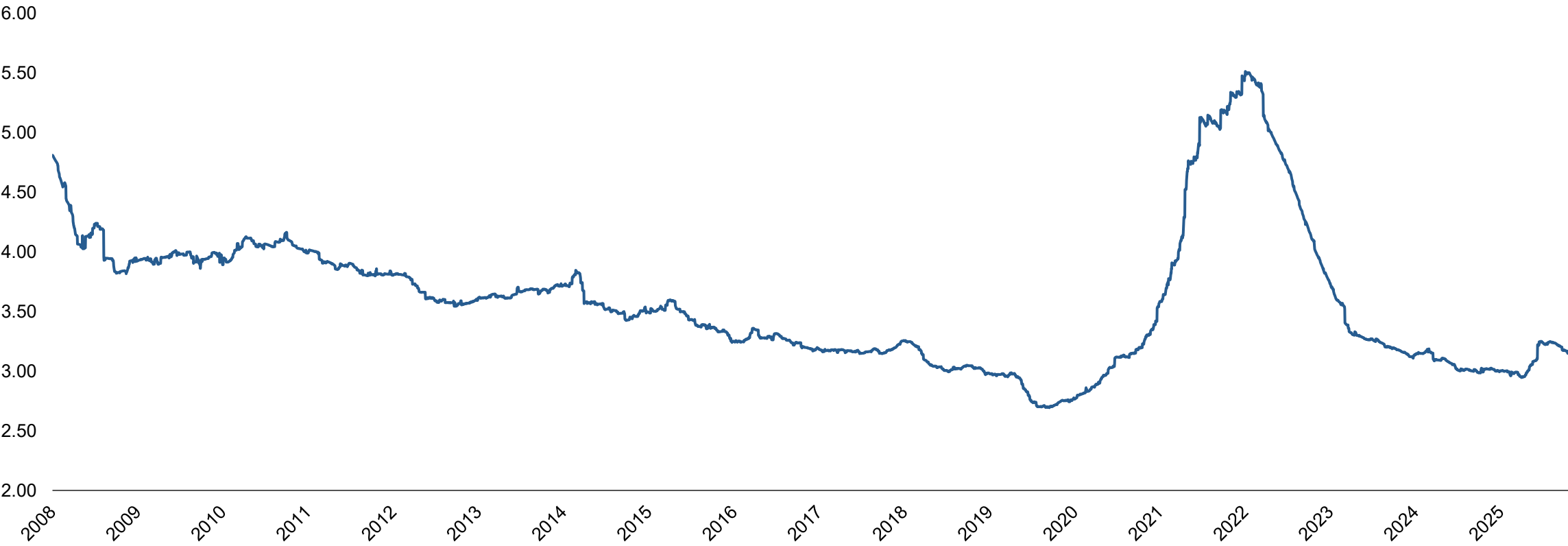


EM INTEREST RATES

EM inflation expectations declined through much of Q3 as moderating price pressures and credible monetary policy helped contain the impact of elevated energy prices. Expectations edged higher in September amid renewed geopolitical tensions but remained relatively well anchored despite rising oil prices.

EM Consensus CPI Expectations ¹

(% Change YOY)



Source: Bloomberg, Morgan Stanley Investment Management. As of 9/30/2026.
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

Despite increasingly divergent policy paths, EM consensus policy rate expectations rose during the third quarter as resilient U.S. growth and renewed inflation concerns from higher energy prices reduced expectations for further easing.

EM Consensus Policy Rate Expectations ¹



Source: Bloomberg, Morgan Stanley Investment Management. As of 9/30/2026.
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 between EM and DM narrowed during the third quarter as developed market yields rose more sharply amid a hawkish shift in global monetary policy expectations. Despite the compression, EM real yields remained relatively attractive, providing continued support for local currency debt.

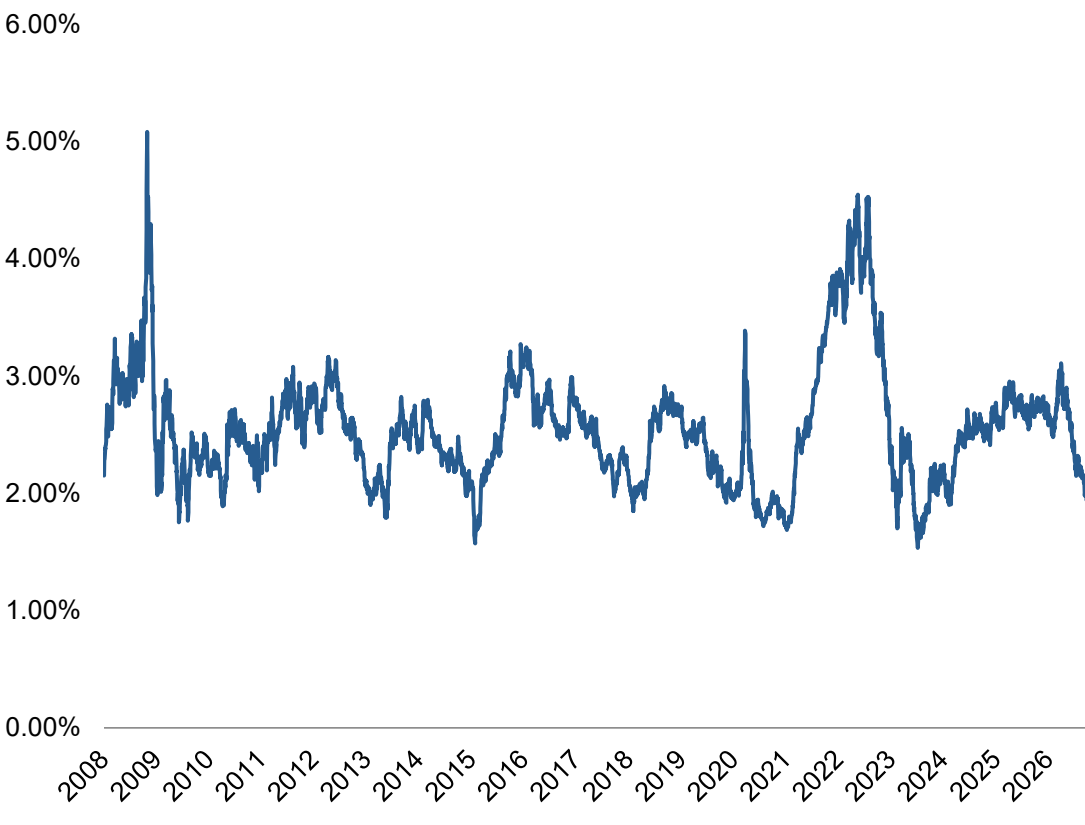
EM-DM Real Yields

(Using Inflation Forecasts)



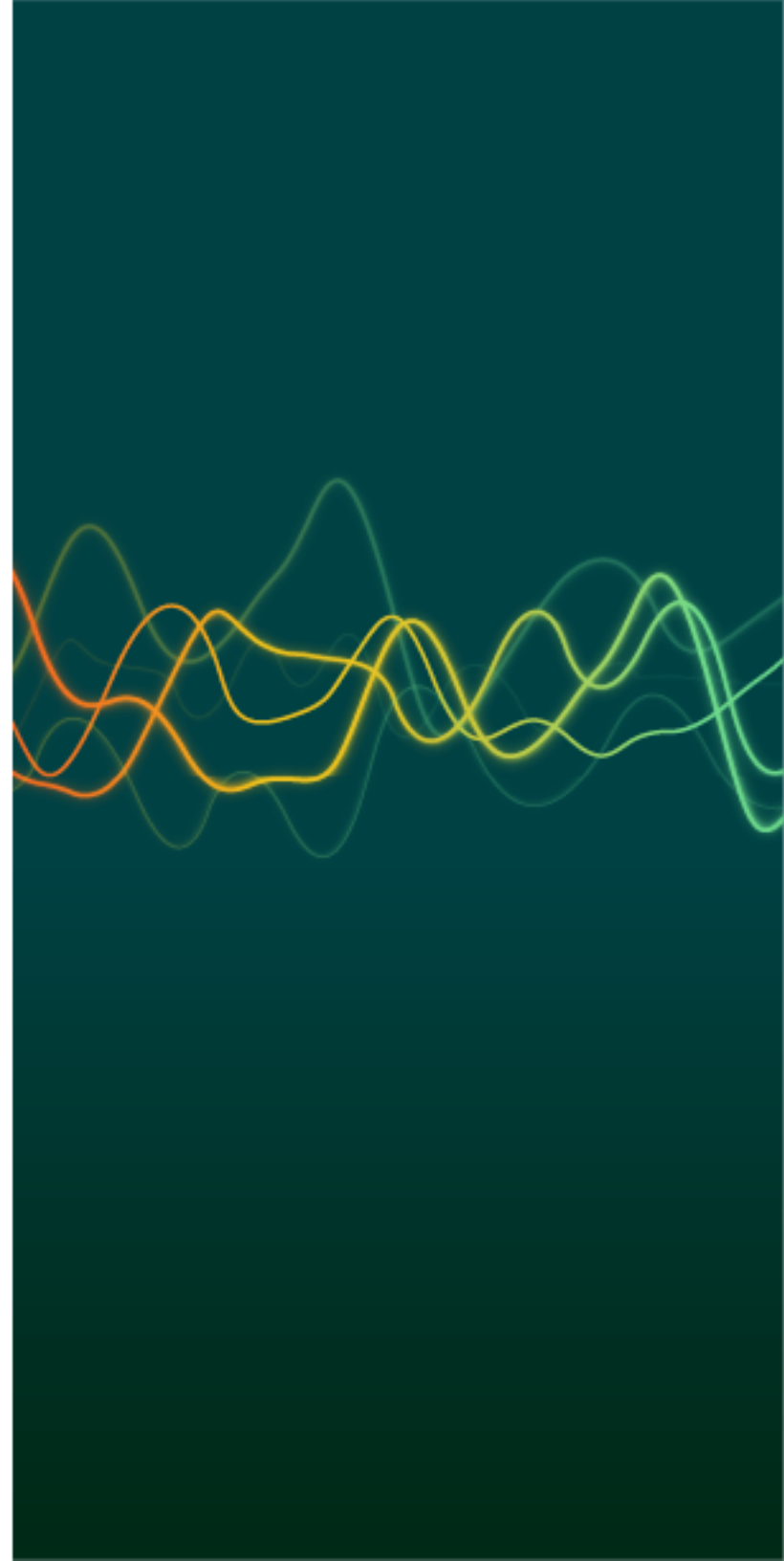
EM-DM Real Yield Differential

(Using Inflation Forecasts)



Source: Bloomberg, J.P. Morgan, Morgan Stanley Investment Management. As of 9/30/2026. 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

- Credit spreads held on well through most of September, but asset class outflows combined with idiosyncratic country-level developments led to marginal widening in the back half of the month.
- 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 they 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

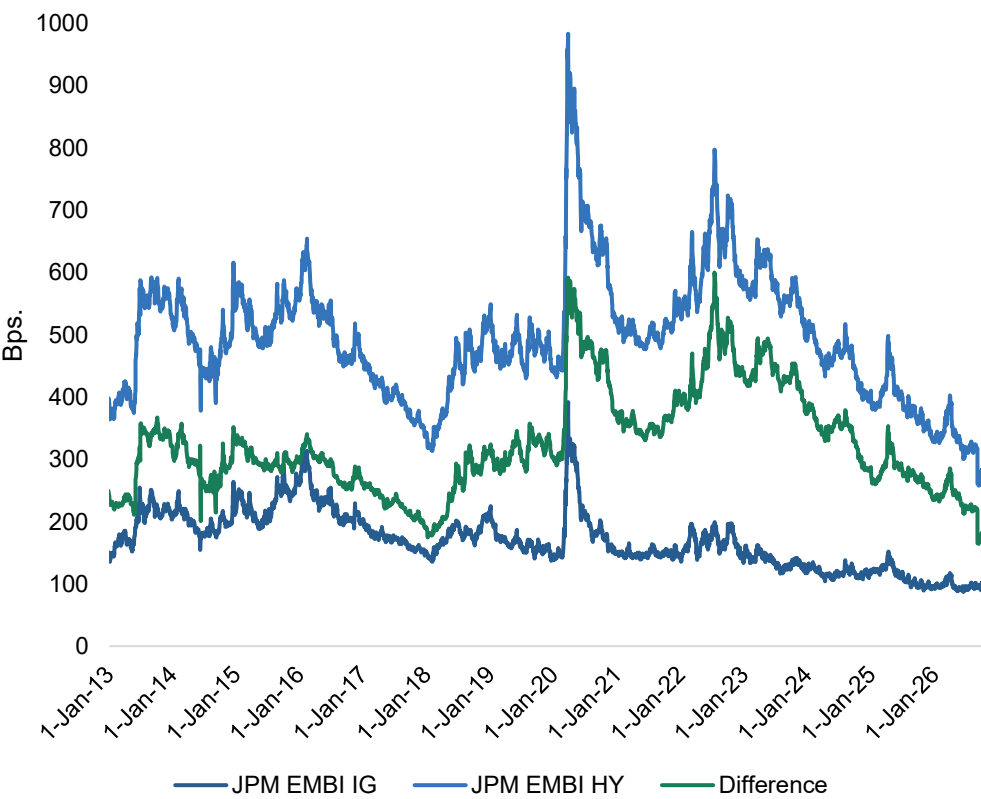
5-Year Equal Weight Sovereign Spread



Source: Morgan Stanley Investment Management proprietary data and calculations. As of 9/30/2026. Excludes Argentina. Underlying individual country spreads are capped at 5,000 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.

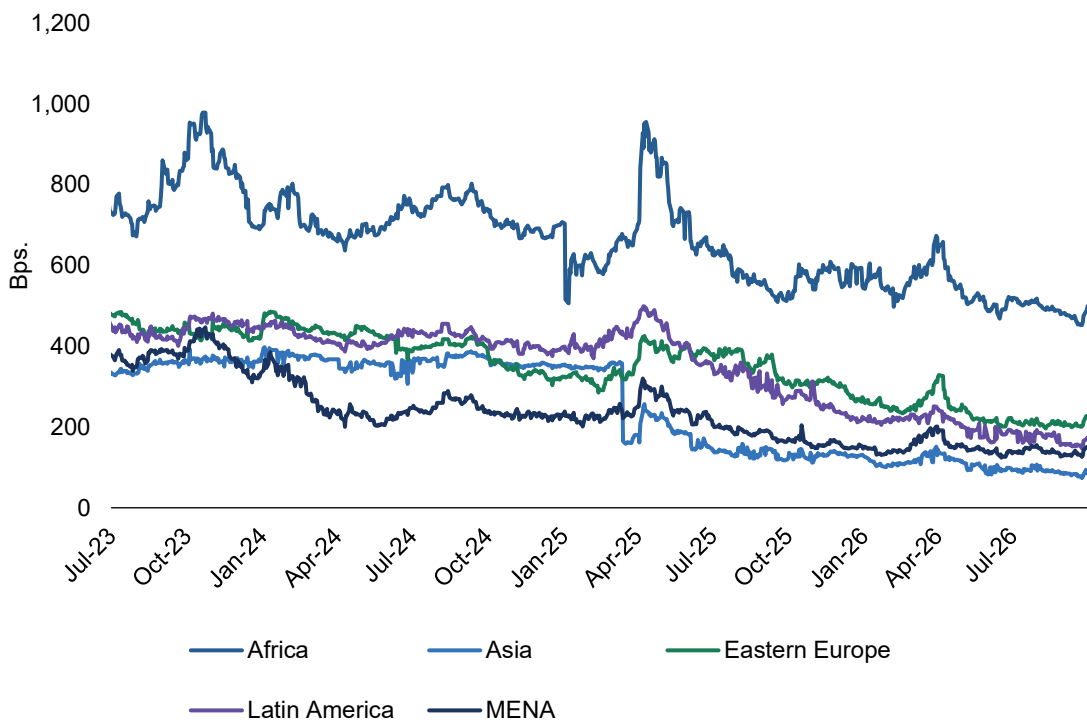
EM SOVEREIGN CREDIT

Spread levels tightened for both investment grade and high yield issuers for most of the quarter but both segments widened during the last few days of the quarter.



Spreads held on relatively well through September volatility, but across regions marginally widened during the last few days of the period.

5-Year Equal Weight Sovereign Spread by Region

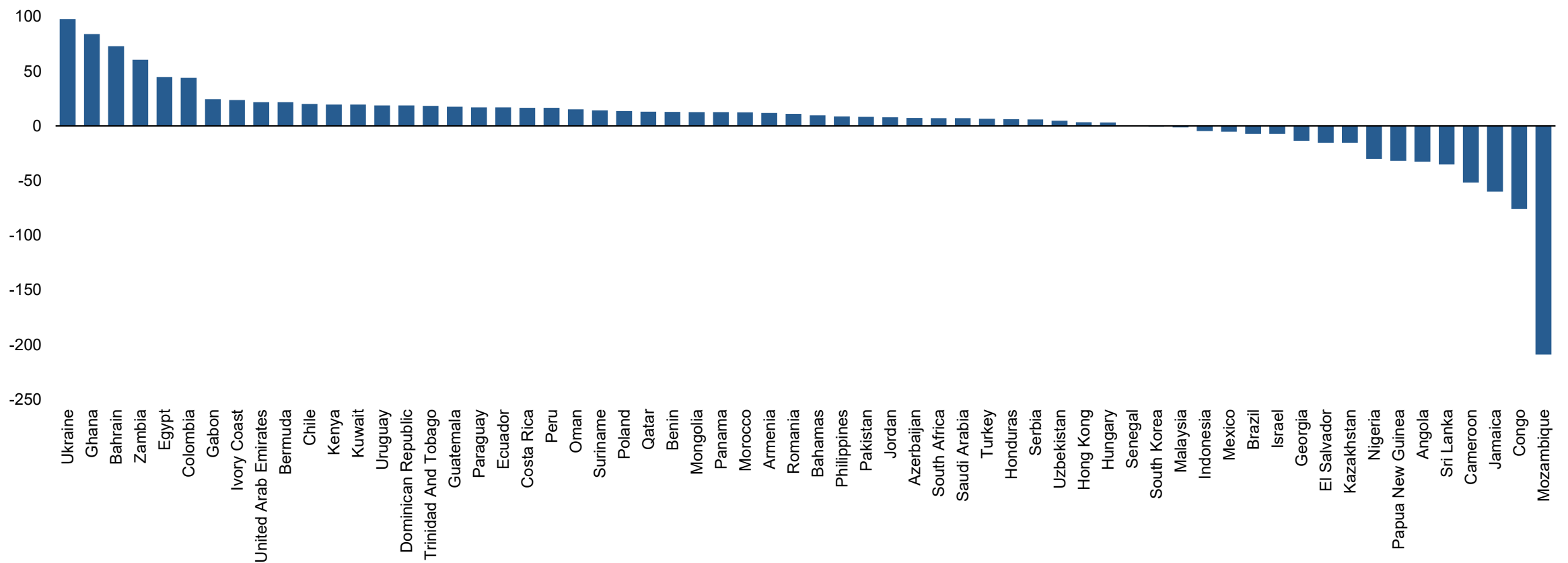


Source: Morgan Stanley Investment Management proprietary data and calculations and JP Morgan Markets. As of 9/30/2026. Excludes Argentina. Underlying individual country spreads are capped at 5,000 bps. All spreads are modeled five year par equivalent spreads allowing for like comparisons across countries 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

Sovereign credit performance remained differentiated, with Mozambique benefiting from improving prospects for LNG investment and future export revenues, while Ukraine faced renewed pressure from the prolonged war, elevated financing needs and uncertainty around continued international support.

Q3 2026 Change in 5-Year Spread

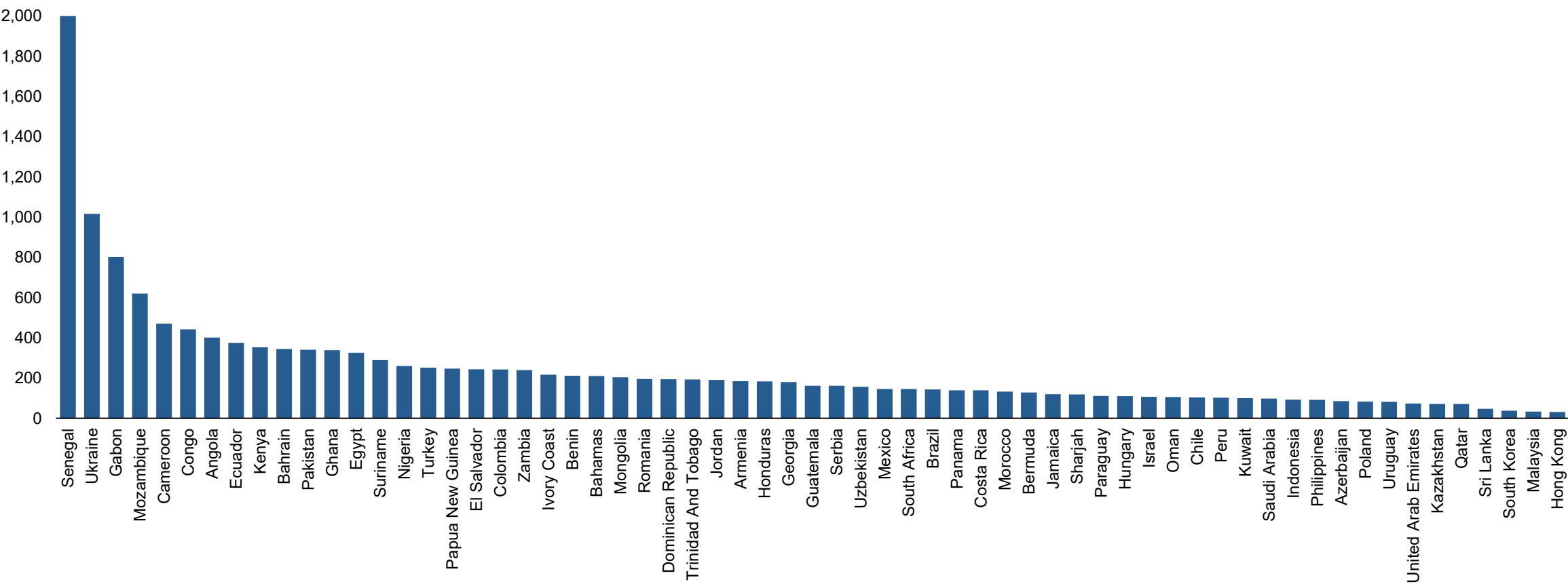


Underlying individual country spreads are capped at 2,000 bps. Source: Morgan Stanley Investment Management proprietary data and calculations. As of 9/30/2026. Data provided is for informational use only. **Past performance is no guarantee of future results.** See end of report for important additional information.

EM SOVEREIGN CREDIT

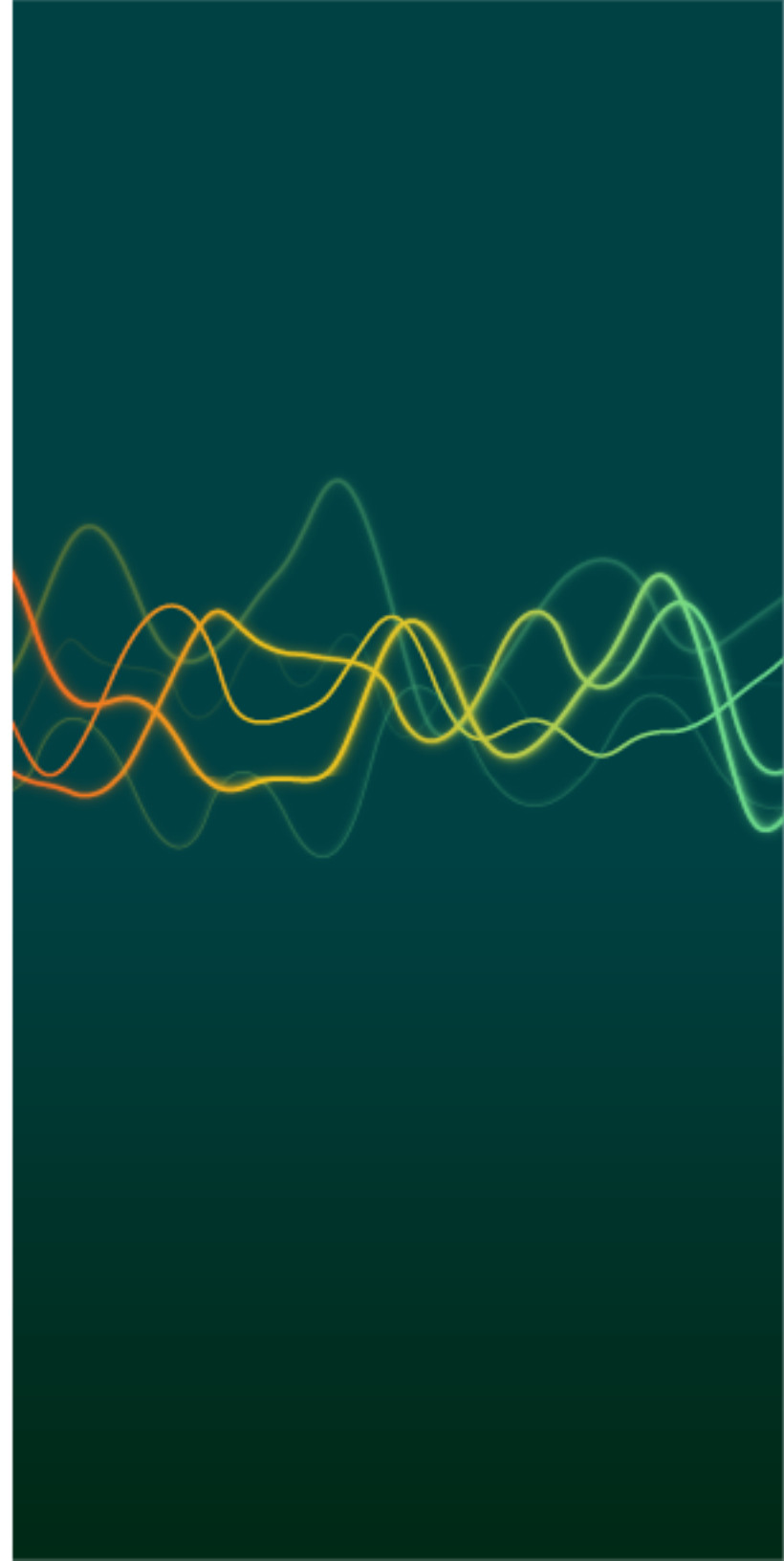
Variance among issuers increased while the bifurcation based on issuer credit quality remained notable.

5-Year Spreads



Underlying individual country spreads are capped at 2,000 bps. Source: Morgan Stanley Investment Management proprietary data and calculations. As of 9/30/2026. 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

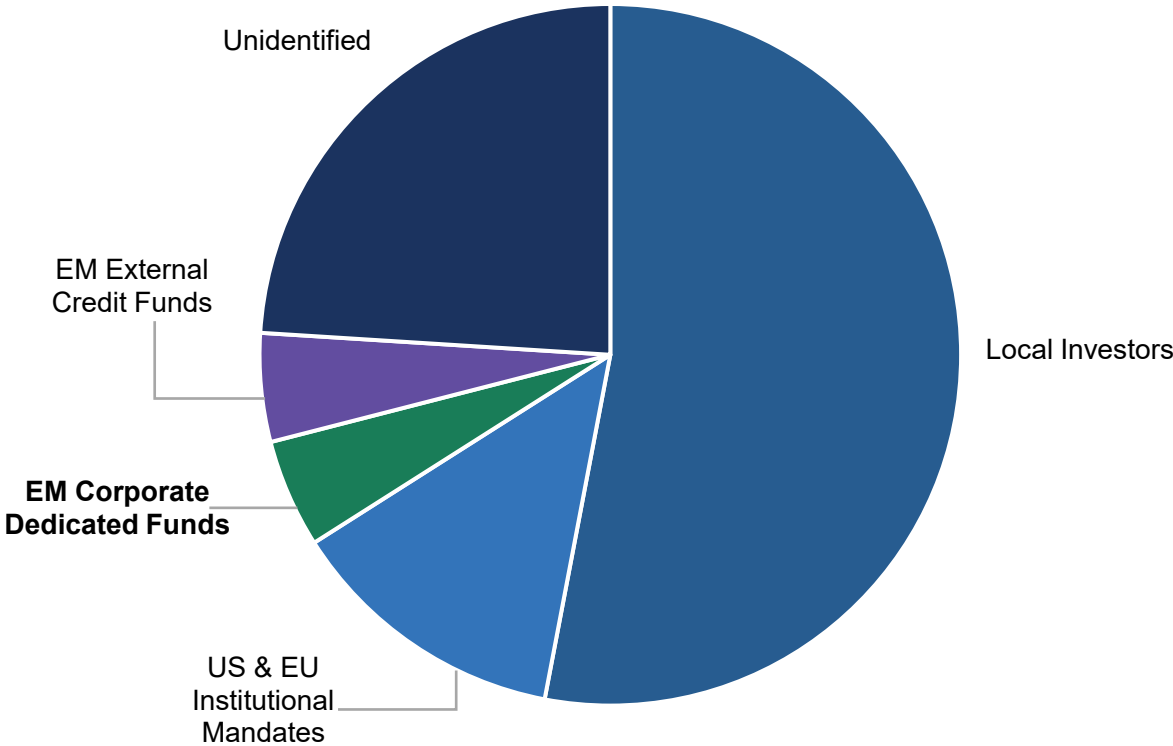


EM CORPORATE CREDIT

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 bottom-up analysis on company fundamentals combined with our world-class sovereign research capabilities uniquely positions us to identify mispriced securities in the marketplace.



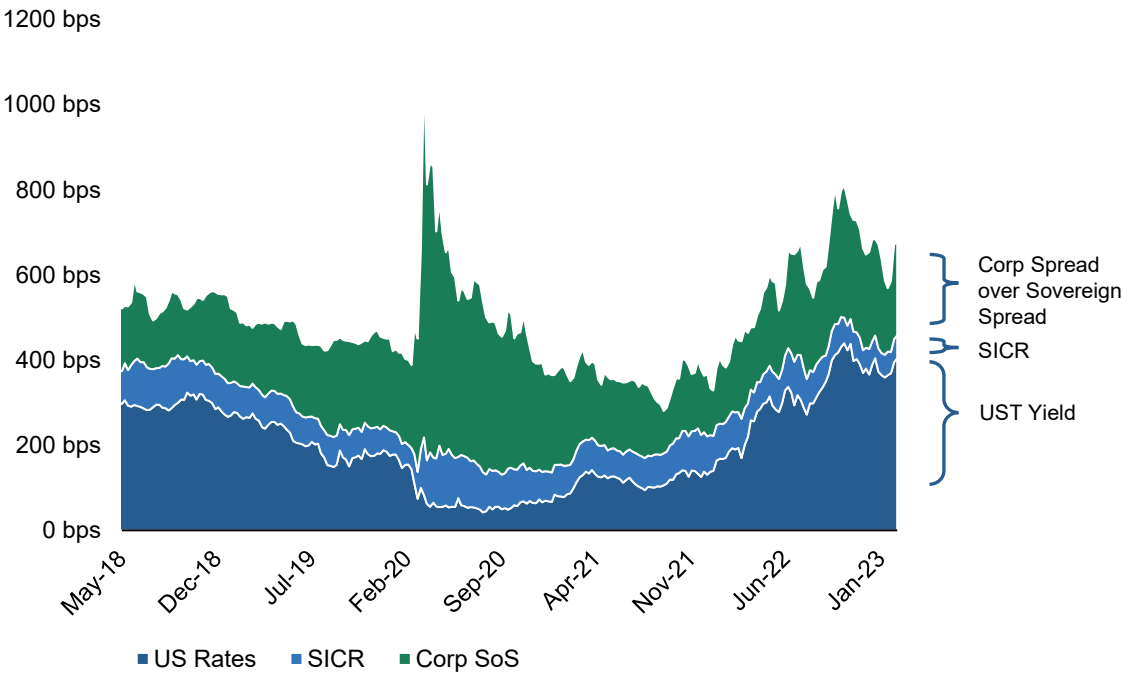
Source: JP Morgan Markets as of 12/31/2022. This represents how the portfolio management team generally implements its investment process under normal market conditions.

EM CORPORATE CREDIT

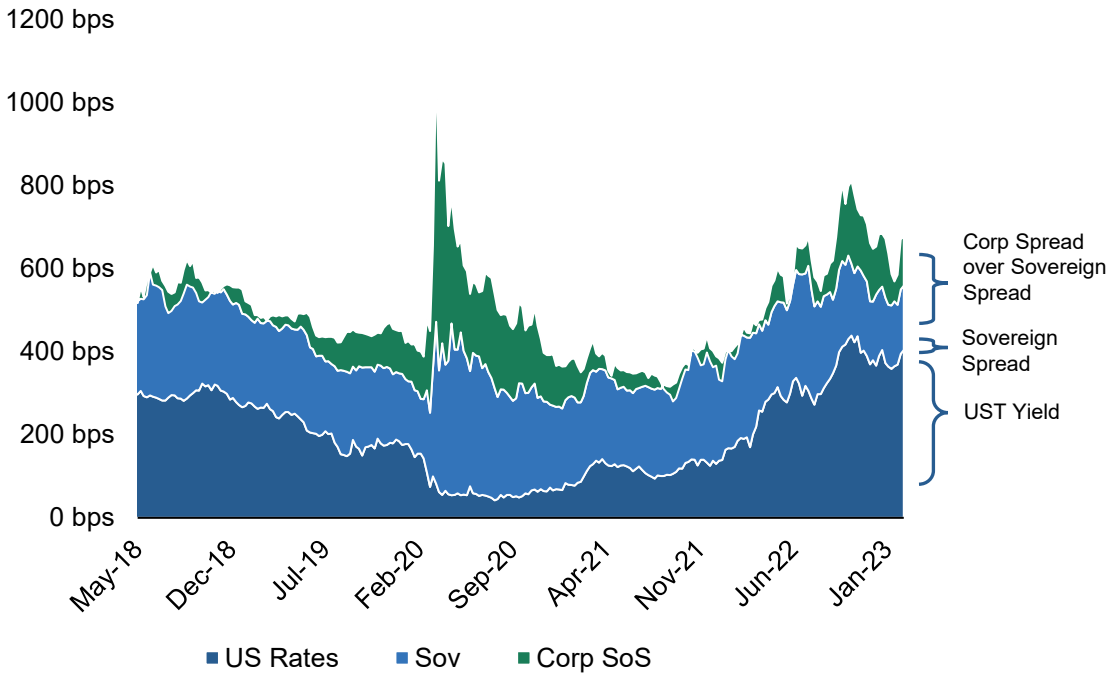
Our Approach

- We decompose risk premia into three components: **U.S. 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.

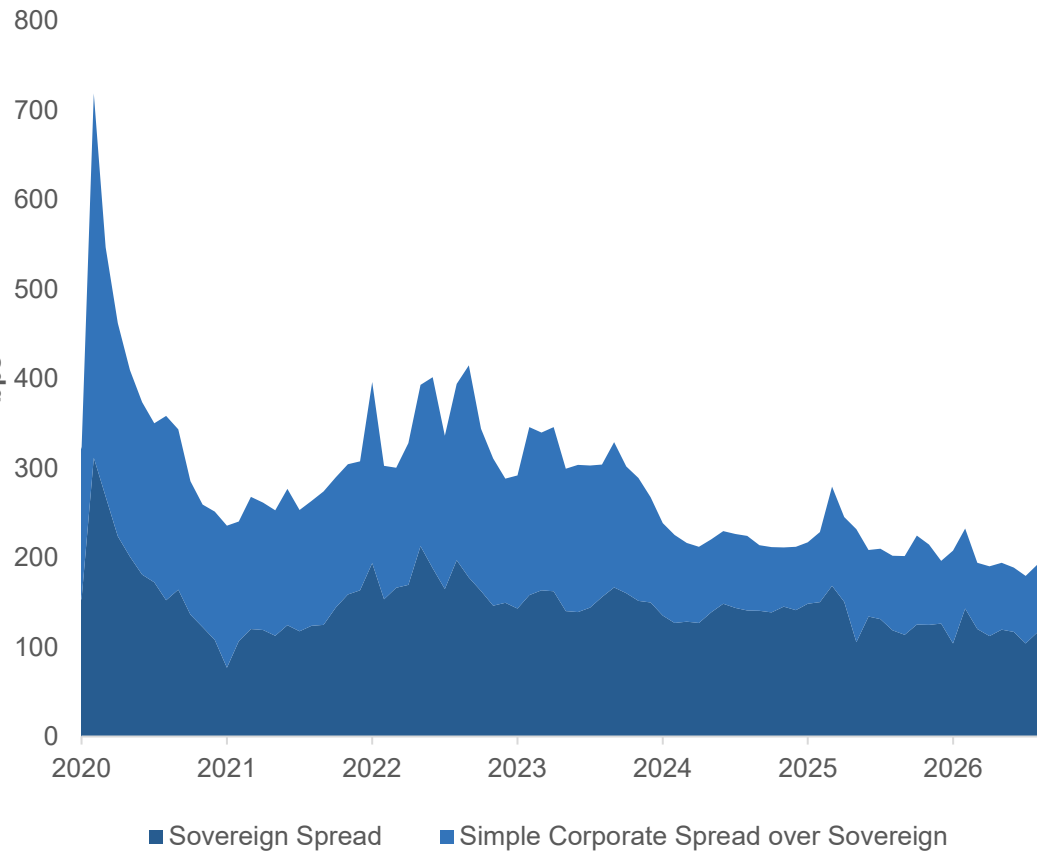
EM CORPORATE CREDIT

Valuations

Overall, EM corporate credit proved relatively resilient in Q3 2026 despite negative total returns, with the CEMBI Broad Diversified down 1.83%. The U.S.-Iran conflict and elevated oil prices kept inflation and Treasury yields under pressure, but corporate fundamentals, commodity-linked earnings and active primary markets helped cushion spreads. Spreads remained near historical tights, though higher U.S. rates and AI-related credit supply are likely to keep valuation pressure elevated.

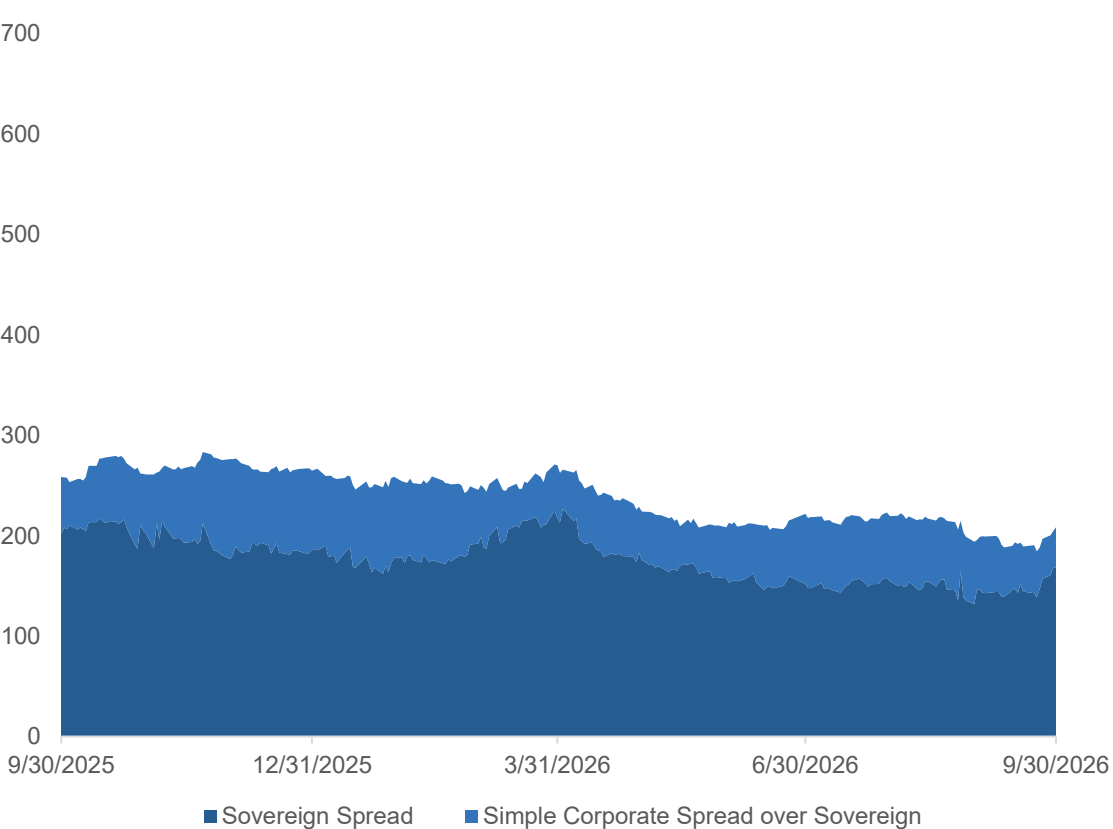
Spread Over Sovereign (CEMBI)

(5-Year Period)



Spread Over Sovereign (EV Universe)

(1-Year Period)



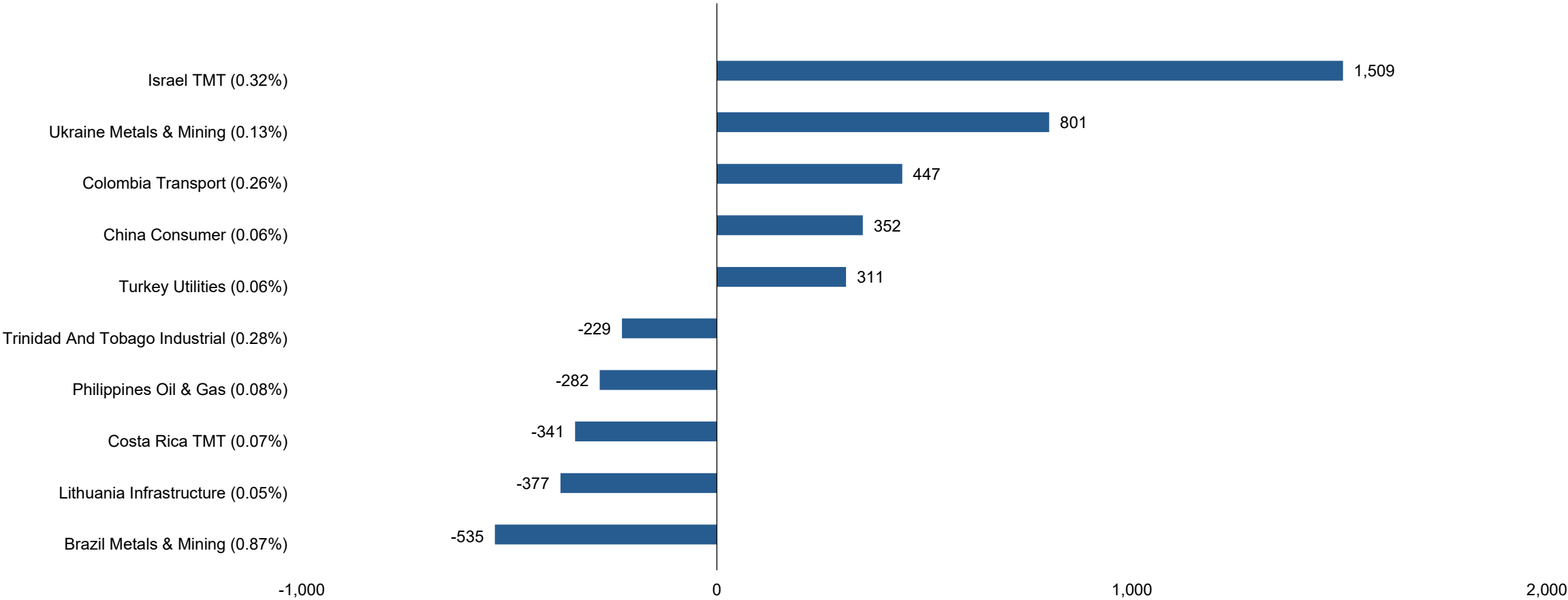
Source: Morgan Stanley Investment Management proprietary data and calculations. As of 9/30/2026. CEMBI bonds used in calculation. Data provided is for informational use only. **Past performance is no guarantee of future results.** See end of report for important additional information.

EM CORPORATE CREDIT

Sector Spread Changes

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

Q3 Top Country-Sector Spread Changes



Source: JP Morgan. As of 9/30/2026

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

IMPORTANT ADDITIONAL INFORMATION

Risk Considerations

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Elements of this report include comparisons of different asset classes, each of which has distinct risk and return characteristics. Every investment carries risk, and principal values and performance will fluctuate with all asset classes shown, sometimes substantially. Asset classes shown are not insured by the FDIC and are not deposits or other obligations of, or guaranteed by, any depository institution. All asset classes shown are subject to risks, including possible loss of principal invested.

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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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