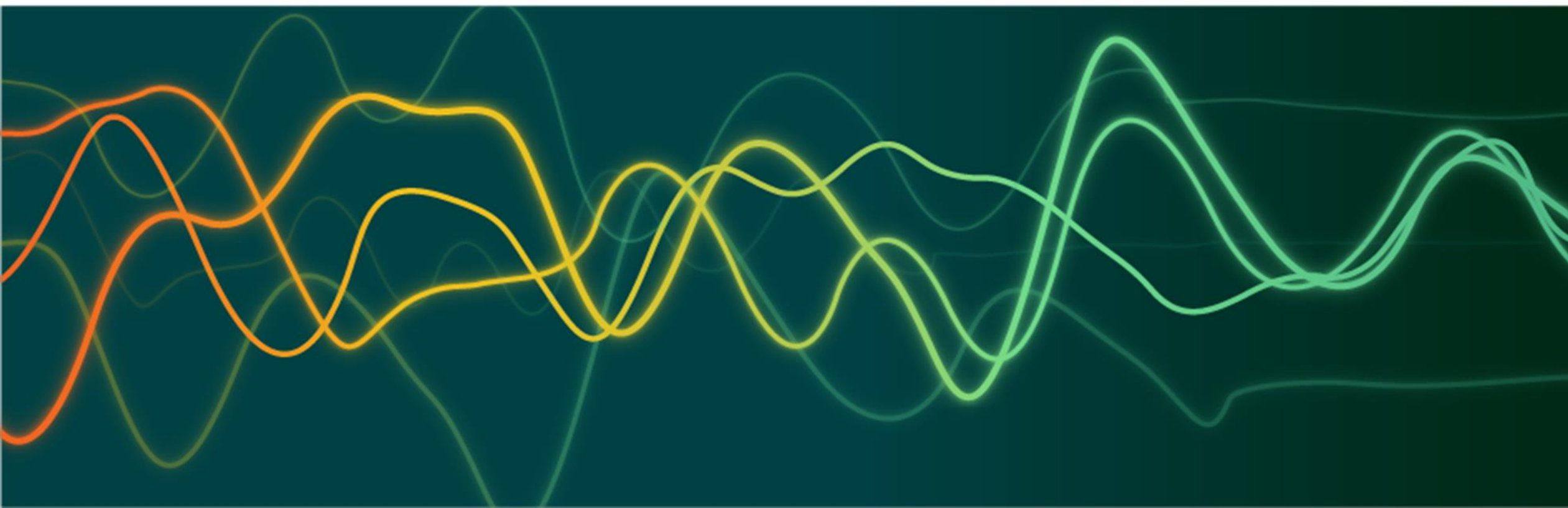


Emerging Markets Debt Monitor

Emerging Markets Investment Team

Q3 2025



Important Information and Disclosure

The views and opinions and/or analysis expressed are those of the author or the investment team as of the date of preparation of this material and are subject to change at any time without notice due to market or economic conditions and may not necessarily come to pass. Furthermore, the views will not be updated or otherwise revised to reflect information that subsequently becomes available or circumstances existing, or changes occurring, after the date of publication. The views expressed do not reflect the opinions of all investment personnel at Morgan Stanley Investment Management (MSIM) and its subsidiaries and affiliates (collectively “the Firm”) and may not be reflected in all the strategies and products that the Firm offers.

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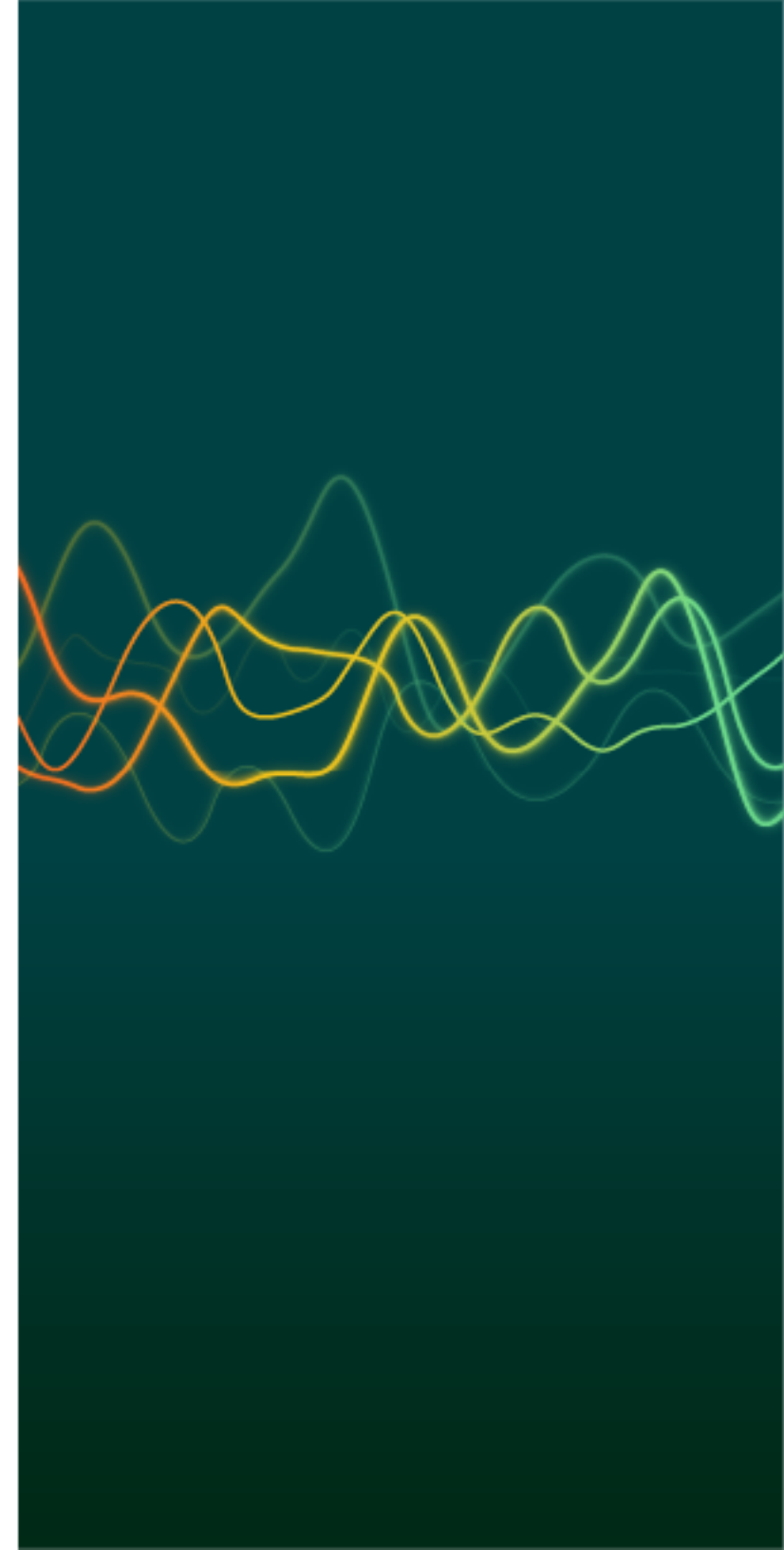
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If you are viewing this book on your computer or tablet, **click or tap on the title box to jump to the beginning of each section.**

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

Q3 2025 Recap



Q3 2025 RECAP

Q3 2025 Recap

- Performance was positive for EMD for the quarter. EM currencies broadly strengthened for most of the period against a weakening USD, although the USD weakened at a slower pace than the first half of the year. The USD briefly strengthened in July as some trade agreements with the U.S. reduced uncertainty and U.S. economic data remained strong despite lingering tariff noise.
- U.S. policy was top of mind for many investors between tariffs and the anticipation for a September rate cut. The EU, Indonesia, and Japan established new trade agreements while Brazil and India continued to navigate the threat of elevated tariffs. A trade truce between China and the U.S. was extended through November. China has displayed a strong negotiating position with the U.S., first through rare earth metals, now TikTok and a potential meeting with President Xi as leverage tools.
- The U.S. Fed is navigating a balance between inflation levels and the labor market. Firms may be holding off passing tariff costs to consumers until the last minute as tariff agreements are still being negotiated and the legality of sweeping tariffs remain in question. There were notable downward revisions to previous jobs reports and there is uncertainty going forward regarding a revised breakeven jobs figure considering immigration policy.
- Israel expanded its military operations in Gaza and began to take control of Gaza city in September. In early September Israel also launched an airstrike on Doha targeting Hamas leadership. This attack was met with pushback particularly from the Gulf region. The Israeli government lifted its deficit target to finance the ongoing war. EU leaders are looking to leverage frozen Russian central bank reserves as collateral for a reparations loan to Ukraine for support during the ongoing war. Trump's view on the war shifted during the quarter, which included a meeting with President Putin in Alaska, but by the end of the quarter he was disappointed in Putin's actions and was encouraging the EU to continue to provide weapons to Ukraine.
- A couple key elections happened during the quarter. In Argentina, the mid-term Buenos Aires provincial election was disappointing for President Milei's La Libertad Avanza (LLA) party. In Bolivia, the country indicated a move away from socialism for the first time in 20 years during the first round of Presidential elections.
- Performance for the underlying EMD risk factors were positive. The local segment of the asset class, while positive, was more muted compared to the first two quarters of the year. EM currencies had mixed performance at the individual country level but overall strengthened and EM rates rallied driven by a handful of big benchmark countries including Mexico, South Africa, and Indonesia. Performance for the hard currency segment of the asset class was driven by both sovereign and corporate spreads tightening and U.S. rates falling.
- The asset class continued to attract strong inflows with its 10th straight week of inflows to end the quarter. This is a sharp contrast to the first four months of the year which saw large outflows. The hard currency segment of the asset class saw \$7 billion while the local currency segment saw \$4.3 billion for inflows for the quarter.

Please reference page 2 "Important Information and Disclosure"

Q3 2025 RECAP

Q3 2025 Recap, continued

ASIA

- Vietnam's positive economic reforms and market-oriented policies that were implemented this year have been strong and the pace accelerated this quarter. The government ended its credit quota policy, shifting to a free market system. Capital flight has historically been an issue, but the government is embracing more liberal market practices by allowing savings in a variety of vehicles including gold and crypto.
- Policy turned increasingly negative in Indonesia as President Prabowo continued to implement unpredictable policies and tried to increase control of SOEs. The Danatara sovereign wealth fund plans to issue patriot bonds at fixed rates undercutting the going market rate. Indonesia's long standing, and well-respected Finance Minister was replaced in a cabinet reshuffle, and her replacement is focused on fiscal expansion.
- India has suffered a few setbacks YTD, first with the conflict with Pakistan where President Trump wanted credit for ending the conflict. The U.S. since imposed a 50% tariff on Indian imports sparking mutual tensions as neither country wants to cede. Then the U.S. announcement for an increase in H-1B visa fees will disproportionately hurt India more than any other country.

CEEMEA

- South Africa's inflation target revision was a focus for markets. The SARB cut the repo rate by 25bps in July, and the market interpreted the SARB Governor comments as a de facto shift towards a lower target. In September, the SARB and the National Treasury issued a joint statement confirming that work on the inflation target is close to complete.
- Egypt's economy continues to stabilize, but progress on structural reforms has marginally slowed. The central bank resumed easing with a 200bps cut in August, which was more than the market expected but inflation consistently came down over the previous 3-months. The VAT law was amended to remove some exemptions, but more amendments are needed. The government is working towards finalizing a \$4bn tourism development project with the Qatari Investment Authority.
- Monetary easing resumed in Nigeria as inflation has started to come down after five years of tightening. The central bank cut rates by 50bps in September. President Tinubu announced that the non-oil revenue target for 2025 has already been met due in part to improvements in the tax administration.

LATAM

- The Argentine economy slowed during the quarter due to FX weakness and interest rate hikes but election results for the President Milei's party in the Buenos Aires provincial election was the big development. Since the election, the central bank has been using considerable reserves to support the peso which is in sharp decline as investors withdraw given political uncertainty. The U.S. made a verbal commitment to provide swap lines.
- Ecuador passed a law to eliminate diesel subsidies which has been a huge drag on fiscal policy. Governments in the past have tried but failed to eliminate this subsidy due to protests for how this would impact living standards. President Noboa and his government are trying to enact this change in a sustainable way by redirecting a portion of the savings to social programs.
- Peru passed another pension withdrawal which makes this the eighth withdrawal since 2020. This latest withdrawal was a big surprise because it was passed in Congress quite quickly. Rates sold off following the announcement but were somewhat anchored by the global move lower.

Please reference page 2 "Important Information and Disclosure"

Q3 2025 RECAP

EM Corporate Credit – Q3 Update and Outlook

HIGHLIGHTS DURING THE QUARTER AND YEAR:

The CEMBI index returned 3.18% over Q3 2025, 185 bps from credit spread returns, with the balance coming from US rates. This compares with 2.80% for the EM local sovereign index and 4.75% for the EM hard currency sovereign index. Overall, the technical backdrop for fixed income assets has helped support credit spreads at tight absolute levels. For most of FY 2023 and 2024, buying was dominated by cross-over fixed income funds and local market participants. More recently, EM fund flows have picked up, and this represents incremental buyer appetite for what is a slow-growing asset class today. Credit spreads in DM remain at multi-year tightness as well, again driven by supportive technicals and lack of meaningful default activity. Despite the benign headline credit spread metrics, some cracks are beginning to appear at the idiosyncratic country and company level, some of which are highlighted below:

- Argentina: President Milei's dramatic reform progress hit a speed bump in Q3 with the results of elections in the Province of Buenos Aires revealing lack of support from his voter base. The market is justifiably concerned about the upcoming October elections, and assets sold off accordingly. Most of the pain has been felt in sovereign assets (credit, FX) but some corporates have also been impacted. The US has come in as a welcome backstop for Milei's reform program but the situation remains fragile;
- Braskem: One of the largest petrochemical company in the world is under stress on the back of persistently weak chemical spreads, disputes at the shareholder level, and finally topped off with a surprise announcement that the company has hired financial advisors and counsel to advise them on their capital structure. Braskem is one of the largest high yield issuers in the market and bonds are currently priced to reflect a high probability of default;
- Surprise events: Ambipar, a Brazilian industrial waste services company, saw its bond prices collapse after news leaked questioning the validity of its cash balance. Wesoda, a Turkish soda ash company and large recent issuer of bonds, has also seen a surprise dip in bond prices after an arrest warrant was issued for its principal shareholder. Both these episodes remind us of some of the challenges of investing in emerging markets corporate debt, and of the importance of carefully evaluating the governance quality of issuers and the reputation of sponsors.

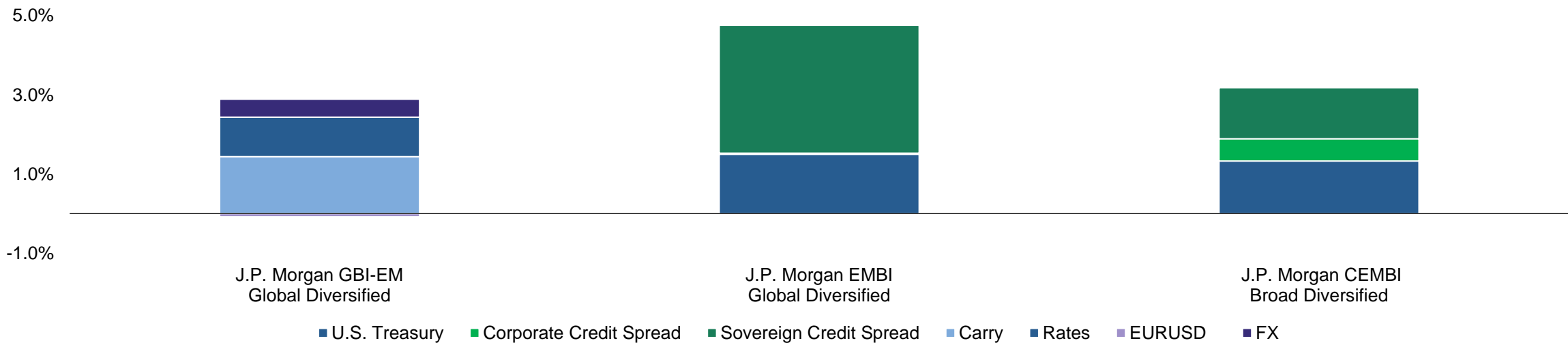
Outlook: We remain constructive on the asset class as an exciting place to identify unique risk-adjusted return opportunities. Benchmark level spreads, however, are less interesting on an absolute level but remain attractive relative to DM credit indices while still offering diversification benefits. Our opportunistic investment process remains a very profitable way to navigate this volatile asset class, capitalizing on security dislocations and mispricings that repeatedly occur on the back of negative or positive news events. As is always the case, pricing credit risk based on company level fundamentals, governance standards and country-level developments remain the key ingredients for long-term success.

Please reference page 2 "Important Information and Disclosure"

Q3 2025 RECAP

Index Performance Recap

Q3 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	0.45%	-0.08%	1.00%	1.44%	—	—	—	2.80%
J.P. Morgan EMBI Global Diversified	—	—	—	—	3.23%	0.03%	1.50%	4.75%
J.P. Morgan CEMBI Broad Diversified	—	—	—	—	1.29%	0.56%	1.33%	3.18%

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 2025 RECAP

Index Performance Recap

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J.P. Morgan CEMBI Broad Diversified	—	—	—	—	1.29%	0.56%	1.33%	3.18%

2025 YTD

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	5.06%	2.46%	3.58%	4.32%	—	—	—	15.41%
J.P. Morgan EMBI Global Diversified	—	—	—	—	5.01%	0.03%	5.62%	10.66%
J.P. Morgan CEMBI Broad Diversified	—	—	—	—	2.43%	-0.10%	5.02%	7.35%

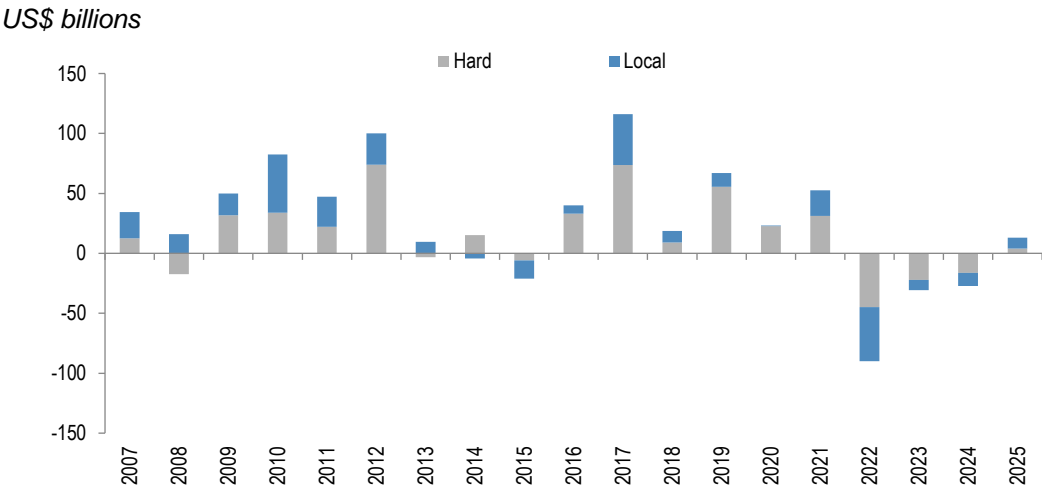
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Q3 2025 RECAP

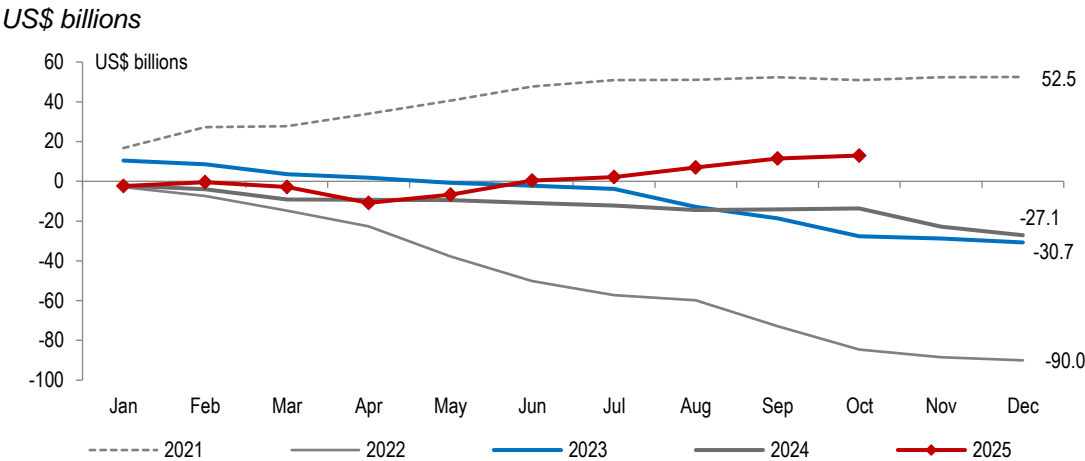
Technical: 2025 Flows

- During the first four months of the year the asset classes saw -\$10.8B in net outflows, continuing the theme from the last three years. Since May, the asset class has attracted \$23.8B in net inflows – inflows are both to local currency and hard currency funds.
- Investors are looking to emerging markets debt again for a variety of reasons including diversification, attractive income, and hedging U.S. dollar exposure.

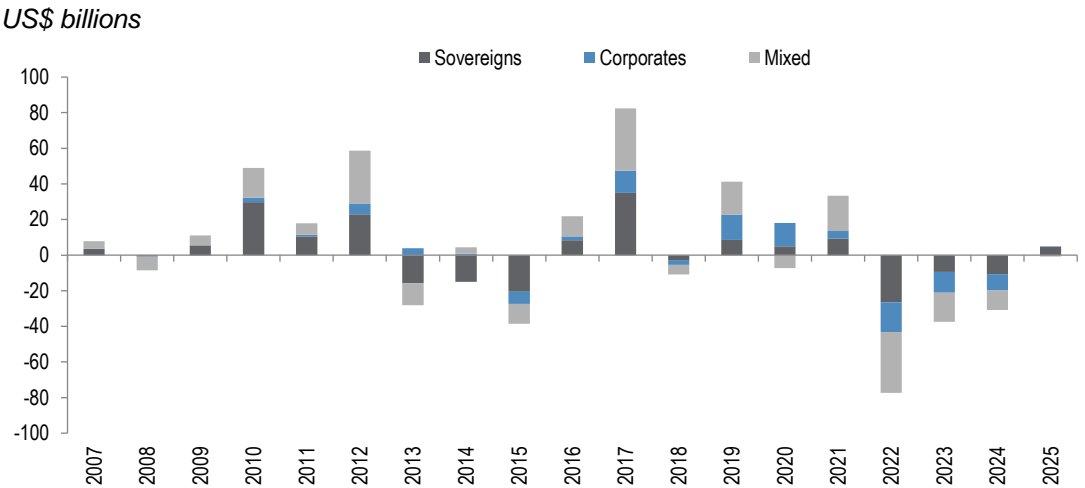
Annual Flows by Currency



Annual Cumulative Bond Flows



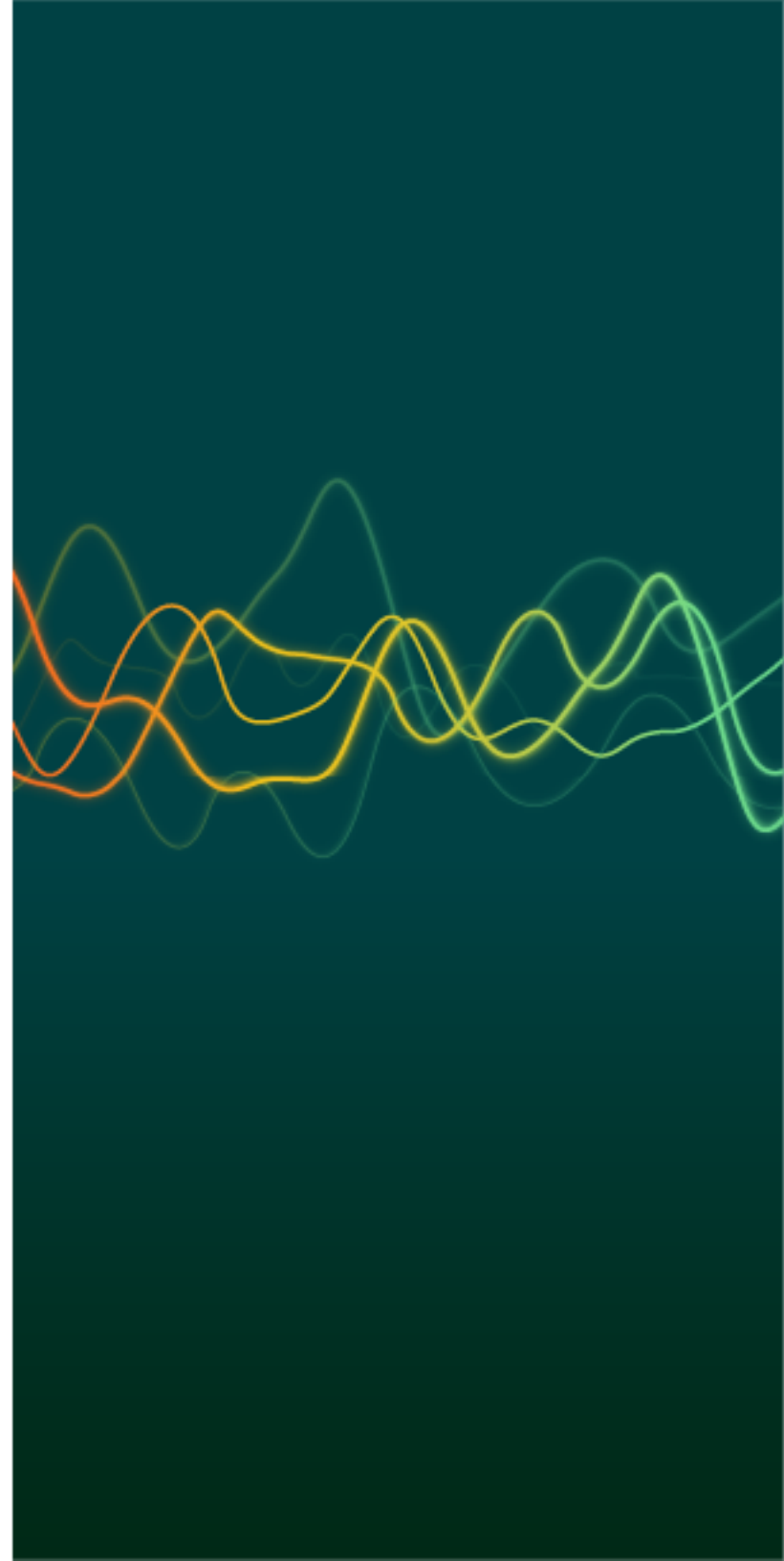
Annual Flows by Sovereign/Corporate/Mixed (Retail)



Source for all charts above: JPMorgan. All data as 9/30/2025. For illustrative purposes only. Past performance is no guarantee of future results.

Rotating Topic

EM Corporate Debt: Investment Opportunity Set



ROTATING TOPIC

Highlights of the EM Corporate Asset Class

The growth of the asset class into a \$1.5 trillion market today has played a key role in funneling long-term global savings towards EM corporates’ capex projects

- Total size of the asset class = ~\$2 Trillion
 - US Investment Grade = ~\$7 Trillion
 - US High Yield = ~\$1.5 Trillion
- # of countries = ~70
- # of issuers = ~1,200
 - US Investment Grade = ~900
 - US High Yield = ~850
- Key sectors: Oil & gas, banks, power generation, telecommunications, chemicals, protein, technology, real estate, utilities, metals/mining, infrastructure, consumer
- Top 10 country weights: China, Mexico, Saudi Arabia, Brazil, Korea, UAE, Chile, India, Indonesia, Turkey

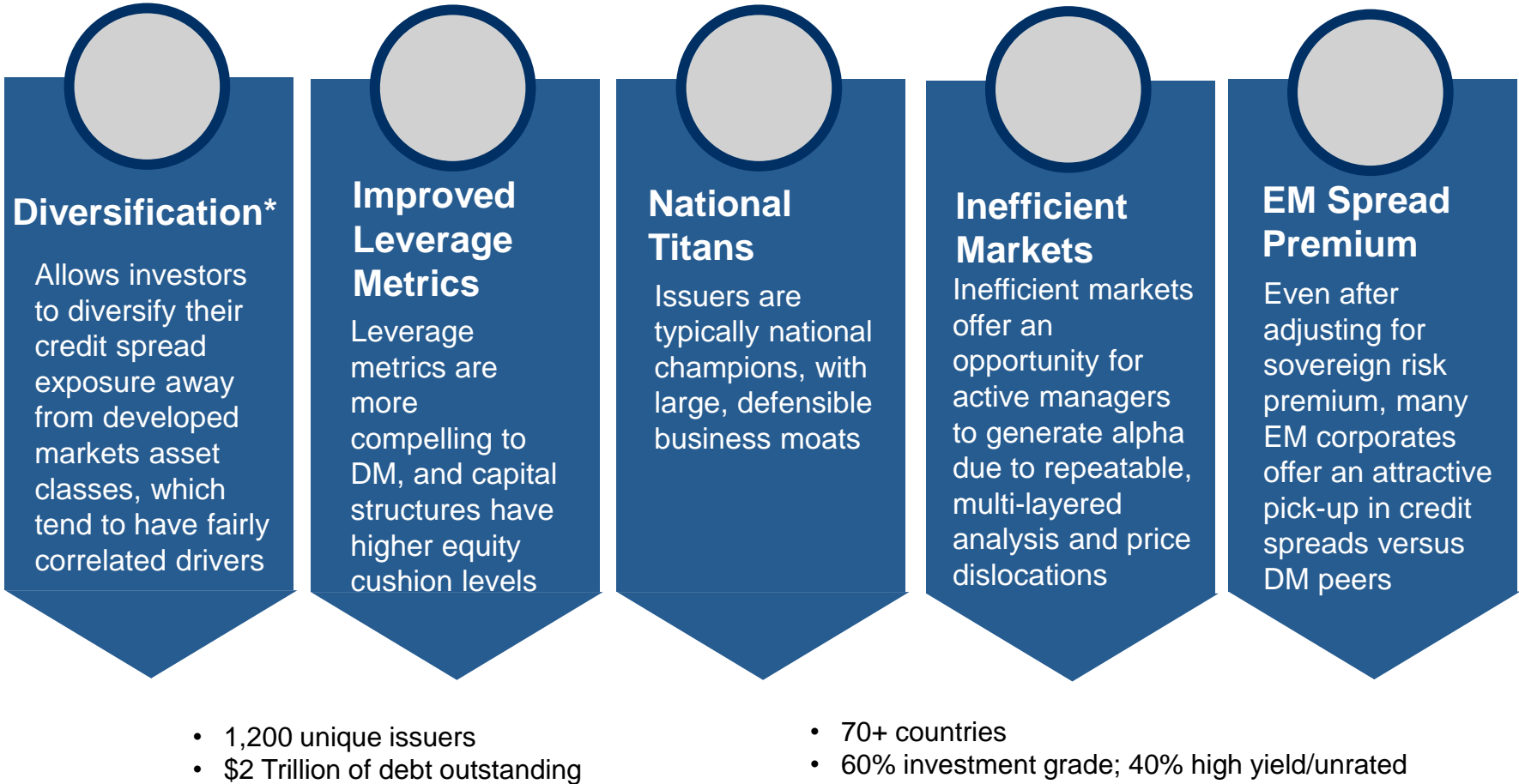
Illustrative Cap Structure: EM vs. US			
EM Corp		US Corp	
Bank Debt	<ul style="list-style-type: none">Local bank debt raised from relationship banks (1x debt / EBITDA)	Bank Debt	<ul style="list-style-type: none">Syndicated bank loan debt (up to 3 – 4x debt / EBITDA)
Bonds	<ul style="list-style-type: none">International bonds denominated in USD (2x – 3.5x debt / EBITDA)	Bonds	<ul style="list-style-type: none">Unsecured high yield bonds (4 – 6x debt / EBITDA)
Equity	<ul style="list-style-type: none">Listed or unlisted equity. Sponsor family or group often owns a significant majority of the shares outstanding (6x – 10x TEV / EBITDA)	Equity	<ul style="list-style-type: none">Private equity ownership (8 – 12x TEV / EBITDA)

Source: Morgan Stanley Investment Management As of 9/30/2025. 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

Why Invest in the Asset Class?

The EM Corporate Debt asset class has offered compelling risk-adjusted returns for investors (as measured by Sharpe ratios), when compared with other global fixed income indices



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ROTATING TOPIC

Addressing Some Common Investor Concerns

A diversified risk/return profile due to different structures and end borrowers

Jurisdiction Risk

- Indentures are governed by NY or English law. International courts must recognize foreign insolvency proceedings, which provides some protections for bond holders
- Shareholders often look for an investor friendly outcome due to family sponsorship and multi-generational ownership of the business
- Historical default rates (except for FY 2022) in line with global credit benchmarks

Corporate Governance and Corruption Risk

- Although only the highest quality EM issuers tend to be able to access international markets, this risk has to be carefully researched and monitored
- Partnering with owners and executives that are credible and lending alongside other well-regarded institutions are some potential mitigants

Foreign exchange risk

- Most issuers earn either directly in hard currency or have earnings streams that are FX linked
- Uncommon for an issuer to borrow in hard currency while earning in local currency

Liquidity in the Market

- Liquidity is bifurcated: Large capital structures trade at relatively low transaction costs. Small and mid-sized issuers tend to be less liquid and as such, position sizing should be carefully calibrated by fund managers, especially in daily liquidity funds

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ROTATING TOPIC

Why Have an Opportunistic Strategy?

We believe an opportunistic credit strategy is best suited for the EM corporate asset class.

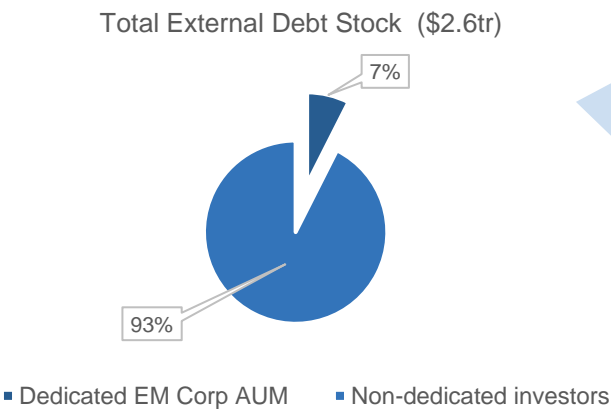
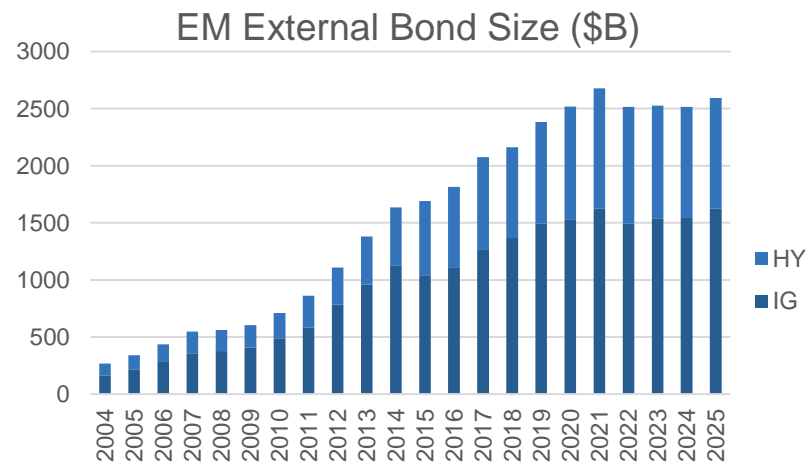
Market is less efficient

- Varying degree of risk appetite and focus
- Lack of issuer coverage from the sell-side
- Recurring patterns of market-dislocation
- Ability to engage in deal structuring
- Opportunity to improve credit spreads via active engagement with issuers

The benchmark is a random assortment of issuers, sectors and countries

- Disproportionally weighted to larger market cap countries
- Rated issuers from Single-A to CCC
- Small, but rapidly growing private EM lending space offers attractive off-benchmark investment opportunities

The EM corporate total debt stock grew rapidly through 2020, and has plateaued since. Analyst teams remain small relative to the size of the opportunity set



Most of the debt stock is held by non-EM corporate dedicated funds creating all sorts of technical inefficiencies in the marketplace

Source: Morgan Stanley Investment Management As of 9/30/2025. JP Morgan, Bloomberg, CapitalIQ. 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

Other Key Agenda Items

Fundamental health of issuers

- Average credit metrics of EM IG and HY issuers well inside Developed Market counterparts

Correlations with global risk

- Beta and correlation metrics to US equities lower versus US HY

Default and recovery experience

- History default levels in line with US HY
- Spike in 2022/2023 on the back of Russia-Ukraine and the China property crisis
- Average recoveries of 35% - 40% slightly below US HY

Growth of EM private credit

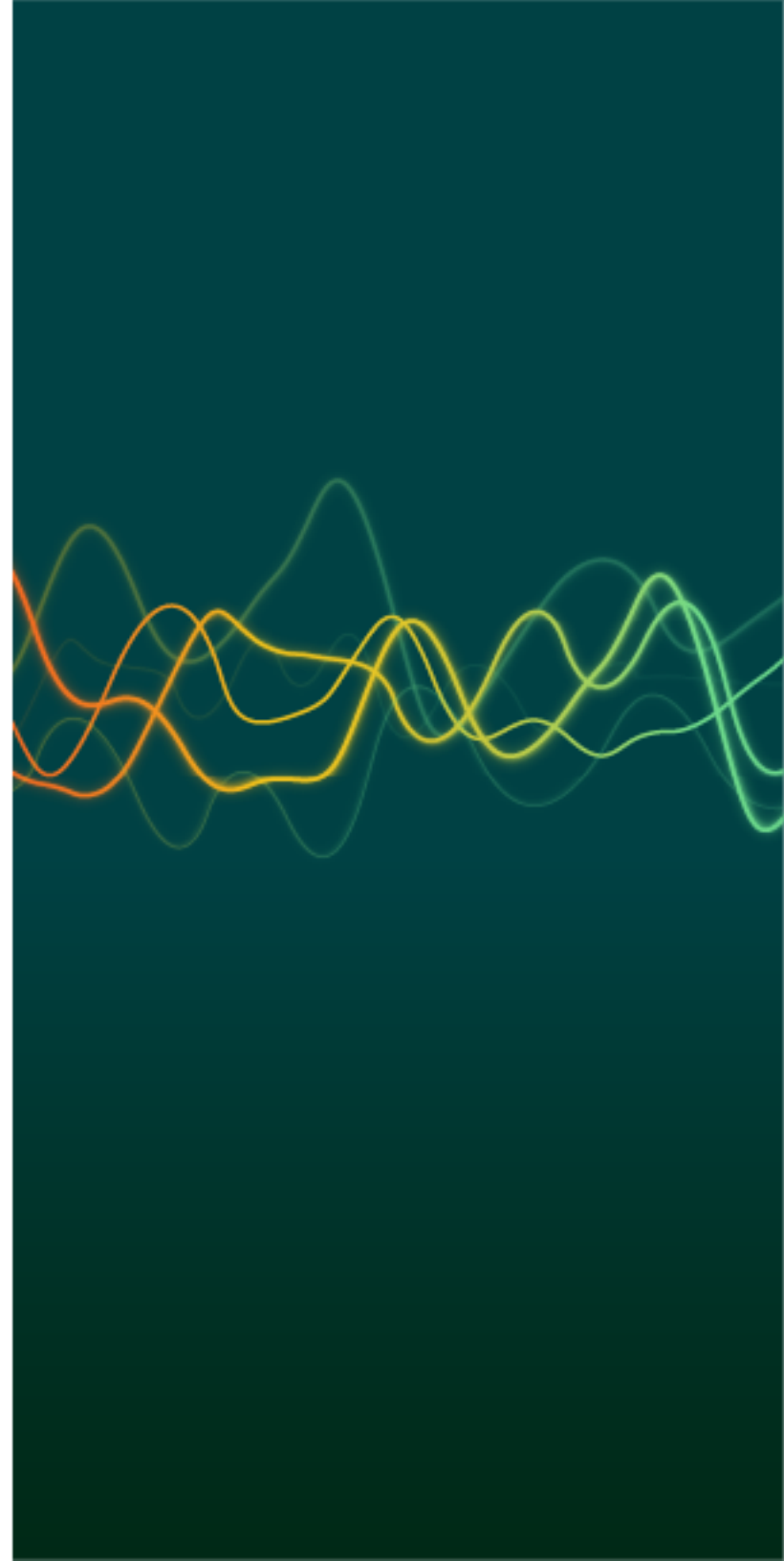
- EM direct lending is growing as issuers look for bespoke financing solutions from international capital providers

Local EM corporate debt

- Remains an uninteresting sector today. China and India are the two largest markets but dominated by local players

Source: Morgan Stanley Investment Management As of 9/30/2025. 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.**

Q4 2025 Outlook



Q4 2025 OUTLOOK

Q4 2025 Outlook

MACRO DRIVERS

- The U.S. Fed cut rates in September which was largely expected by the market. Additional rate cuts are expected for 2025, but how many is up for debate. The Fed is caught between balancing inflation and timing of a potential increase from tariffs and a worsening labor market.
- Inflation uncertainty, a byproduct from broad tariffs, lingers in the U.S. as some companies have absorbed the costs while others have started to pass the costs onto the consumer. Meanwhile, many EM countries are experiencing further disinflation due to decreased demand, which should allow central banks in many to continue easing cycles. Gold continues to attract demand as a safe haven and an alternative for fiat currencies. Prices spiked after April 2nd tariffs and have continued to consistently increase.
- Geopolitical conflicts remain as the Russia-Ukraine and Israel-Hamas wars continue. President Trump's rhetoric towards Ukraine remained inconsistent during the period yet settled in disappointment with Putin and support for Ukraine. Military operations expanded in Gaza and beyond with an airstrike on Qatar. World leaders continue to push towards ceasefires and resolutions.
- Demand for EM assets picked up during the quarter and is likely to continue. Investors are continuing to look outside the U.S. considering uncertain policy.

COUNTRY DRIVERS

- U.S. tariff policies continue to be negotiated on a country-by-country basis, and a few countries established new agreements. This will continue as a handful of countries are still navigating elevated tariff threats and China's trade truce in its current form expires in November.
- Q4 elections to watch include the national Argentine mid-term election in October, the Chilean and Honduran general elections in November, and Ivory Coast Presidential election in October.
- The broad asset class has performed well YTD aided by macro factors and individual country level fundamentals. Bottom-up country level evaluation will continue to be key to uncover value in the very differentiated landscape.

The views expressed are those of the Strategy's investment team and are current only through the date stated on the cover of this presentation. These views are subject to change at any time without notice based upon market or other conditions, and Morgan Stanley Investment Management disclaims any responsibility to update such views. Different views and opinions may be expressed by others. These views may not be relied upon as investment advice and, because investment decisions are based on many factors, may not be relied upon as an indication of trading intent on behalf of any Morgan Stanley Investment Management strategy. Please see additional important information and disclosure contained in the Appendix.

Q4 2025 OUTLOOK

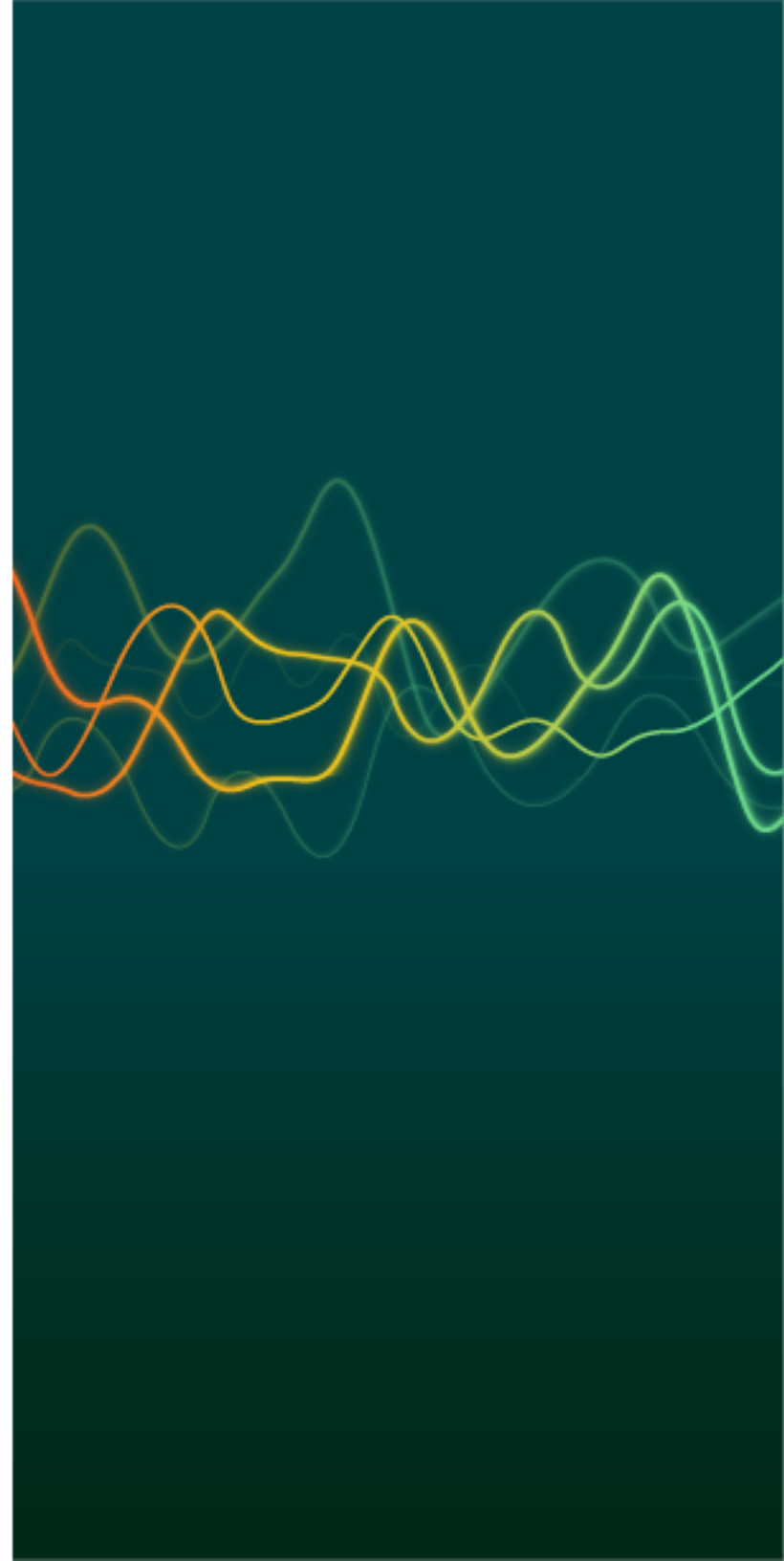
EMD Risk Factor Dashboard

Outlook and Summary

	Underweight	Moderate Underweight	Neutral	Moderate Overweight	Overweight	Summary
Currency				◆		We keep currencies at moderate overweight. A weaker U.S. dollar and strong individual country fundamentals will continue to drive performance.
Local Interest Rates				◆		We keep local rates at moderate overweight. Real-yield differentials remain wide between DM and EM. A U.S. Fed rate cut, and potentially additional cuts are supportive for the macro.
Sovereign Credit			◆			We keep sovereign credit at neutral. Select off-benchmark countries continue to provide valuable opportunities. Credit spreads at the broad benchmark level are approaching recent historical tight levels.
Corporate Credit			◆			We keep corporate credit at neutral. Fundamentals remain strong with pockets of weakness in sectors exposed to cyclical downturns. Overall credit spread levels at or close to fair value.
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



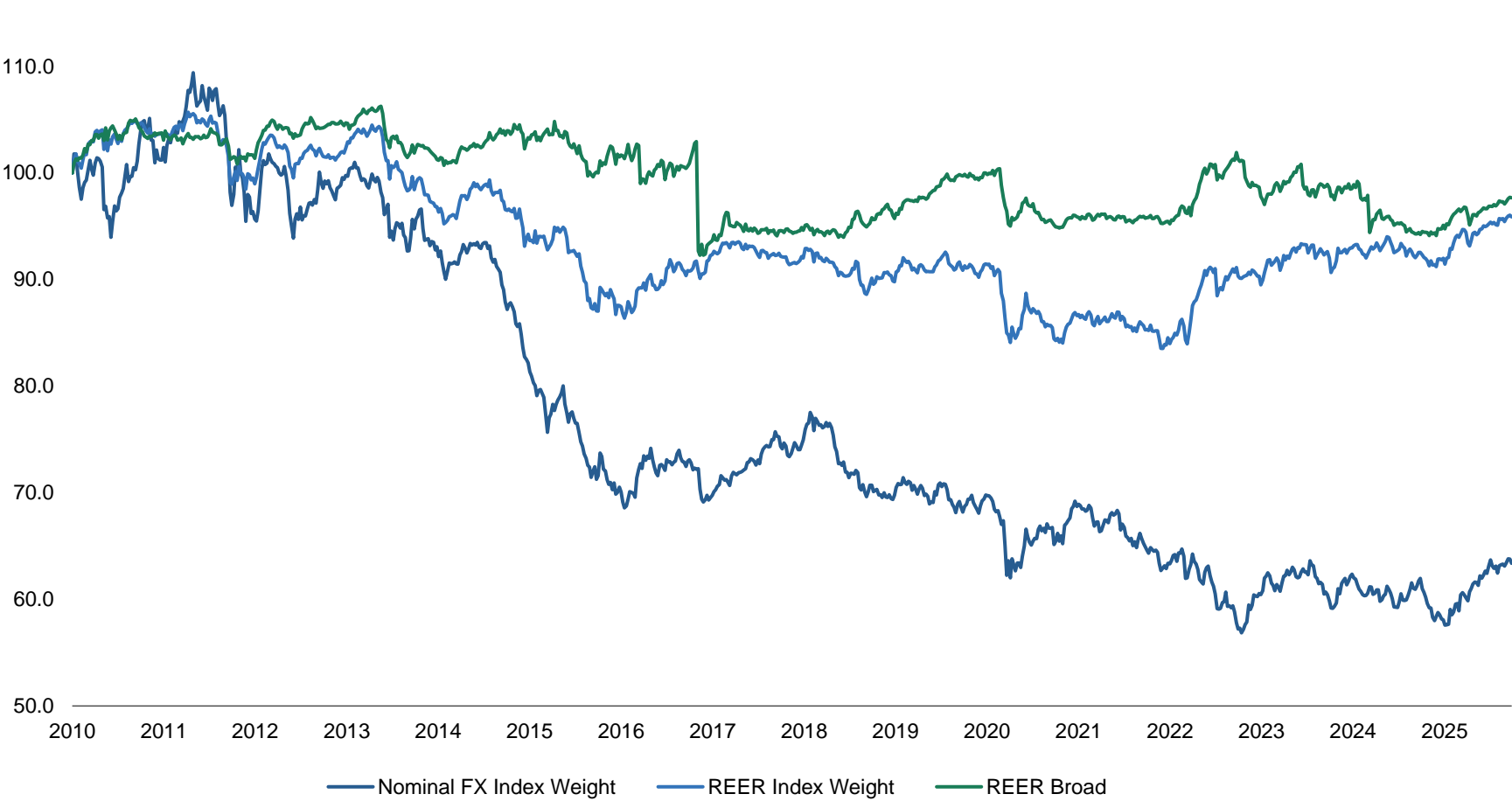
EM FX

EM currencies continued to strengthened vs. the U.S. dollar. The U.S. dollar continues to feel downward pressure due to persistent U.S. policy uncertainty.

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.

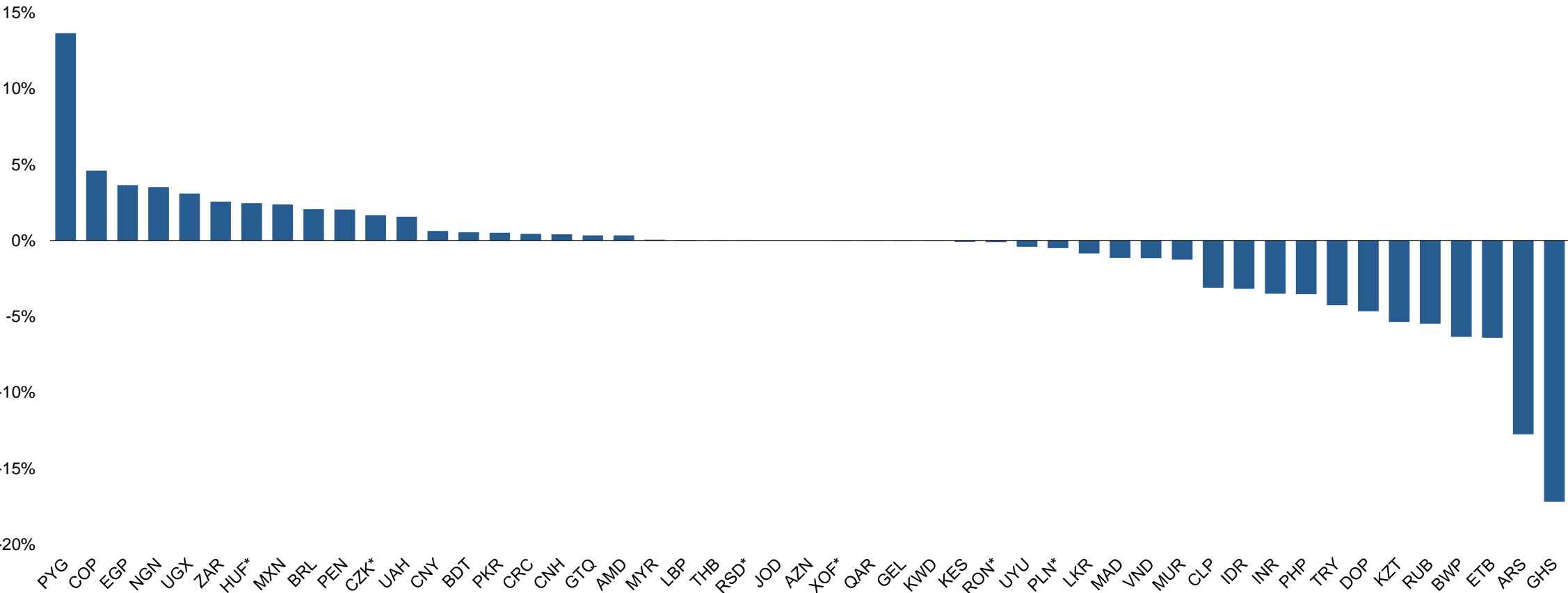


Source: J.P. Morgan, Barclays. Nominal FX Index Weight is the J.P. Morgan GBI-EM Global Diversified index currencies and weights. REER Index Weight is the Barclays real effective exchange rate data of the currencies in the J.P. Morgan GBI-EM GD. REER Broad uses Barclays real effective exchange rate data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

Despite a weaker USD for most of the quarter, country level fundamental drove currency moves. The Argentine peso sharply sold off following President Milei’s LLA party’s poor performance in the Buenos Aries provincial election triggering worries of reform setback. The Indian rupee sold off due to trade tensions with the U.S. and an increase in H-1B visa fees.

FX QoQ Change vs USD

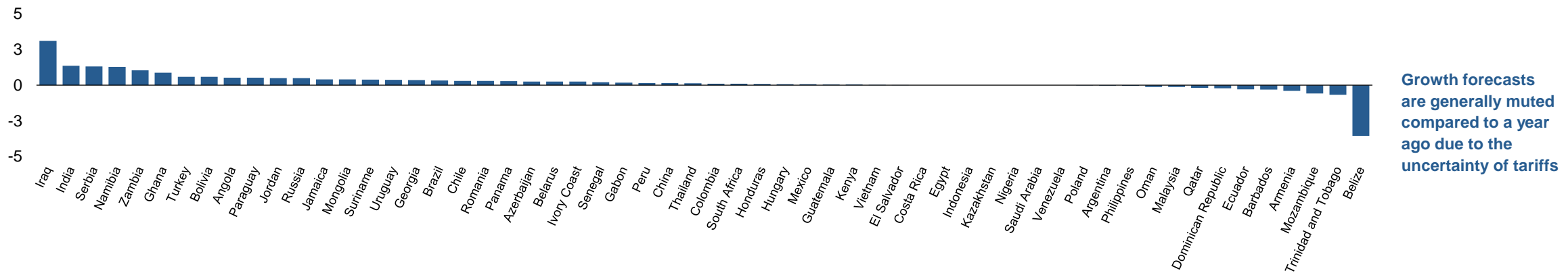


Source: Bloomberg, Morgan Stanley Investment Management. *Versus euro. Data provided is for informational use only. **Past performance is no guarantee of future results.** See end of report for important additional information. Ethiopian Birr (ETB) was devalued during the period QoQ change -51%.

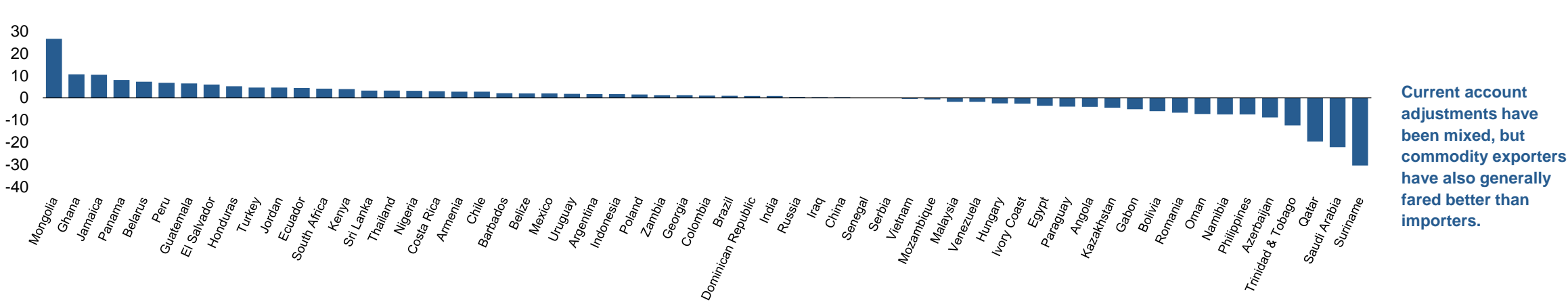
EM FX

EM FX Likes Good Growth and Strong External Balance

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

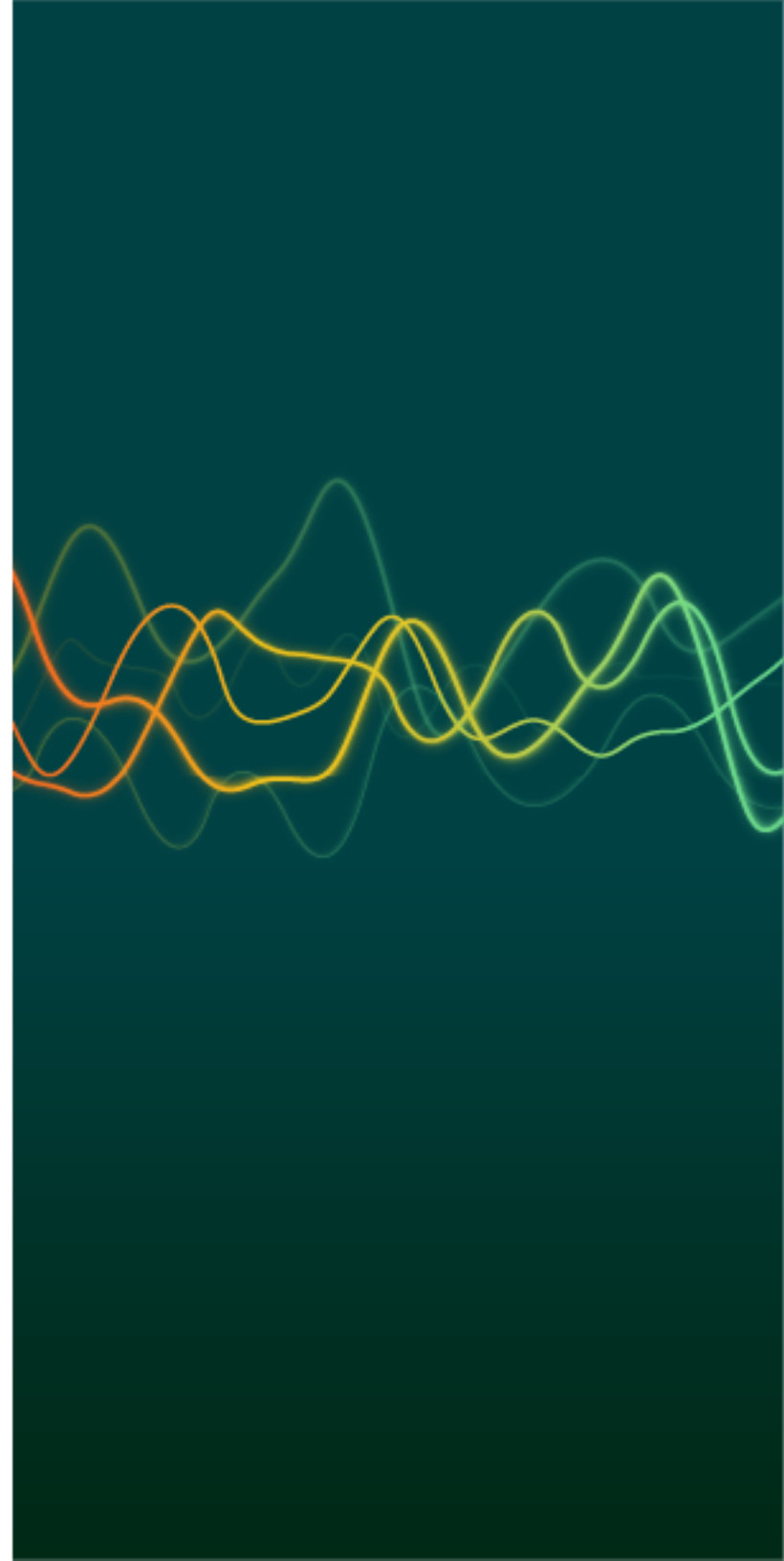


Current Account % Change as % of GDP (2013 to 2025 Estimates)



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

EM Interest Rates

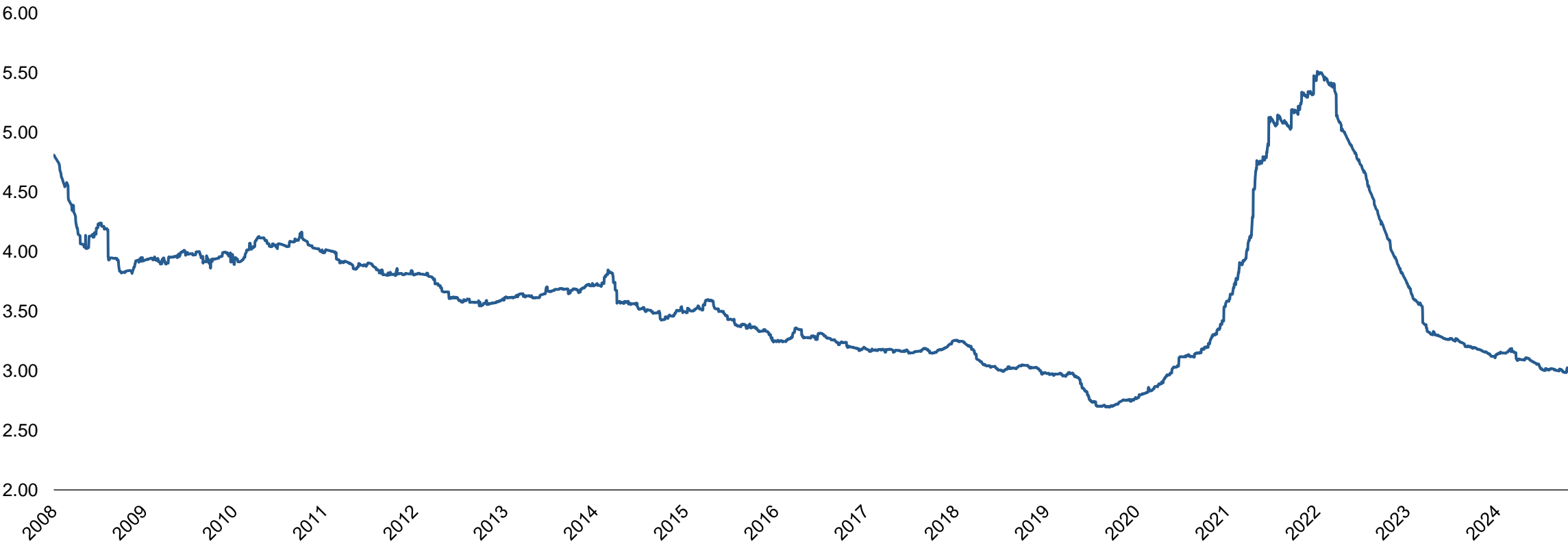


EM INTEREST RATES

Inflation expectations maintain a downward trend as U.S. tariffs help maintain broad disinflationary pressure in many parts of the world.

EM Consensus CPI Expectations ¹

(% Change YOY)

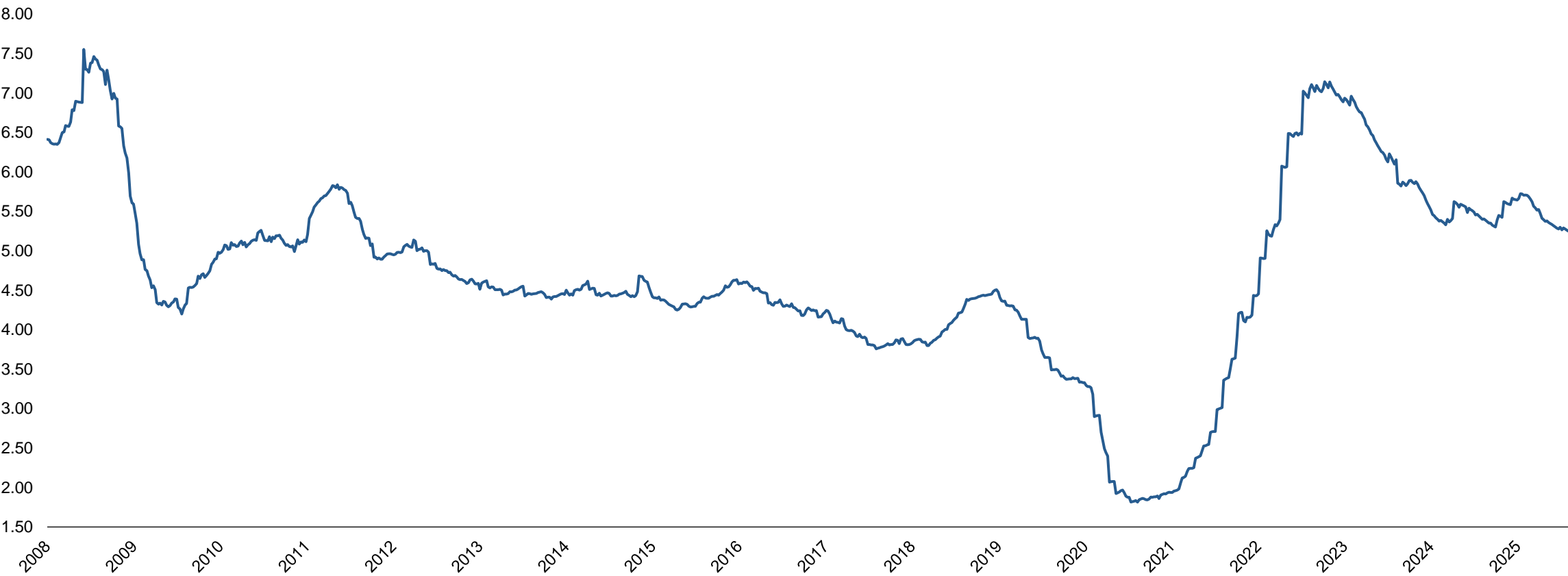


Source: Bloomberg, Morgan Stanley Investment Management. As of 9/30/2025.
1. Data is the equal weighted average of headline inflation expected in 18-30 months by economists surveyed by Bloomberg, which includes all countries in the J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) Global Diversified,. 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

Inflation is contained or continued to come down in many emerging markets countries. The U.S. Fed’s rate cut in September and the expectation for additional cuts in the near future should be a macro support and permit select countries to continue to cut rates.

EM Consensus Policy Rate Expectations ¹



Source: Bloomberg, Morgan Stanley Investment Management. As of 9/30/2025.
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 stayed relatively flat quarter-over-quarter but briefly increased in early September in anticipation of the U.S. Fed’s rate cut. Several DM central banks including the BoE, RBA, and the Bank of Canada cut rates while EM central banks also continued to cut rates.

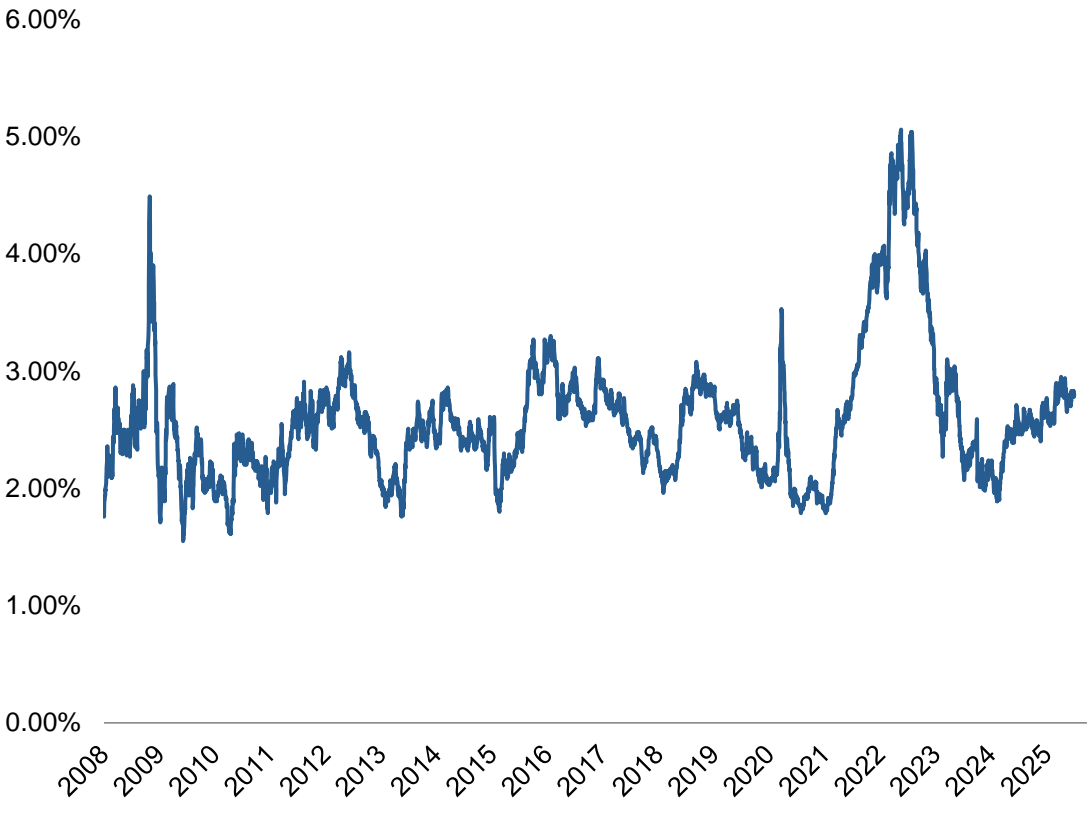
EM-DM Real Yields

(Using Inflation Forecasts)



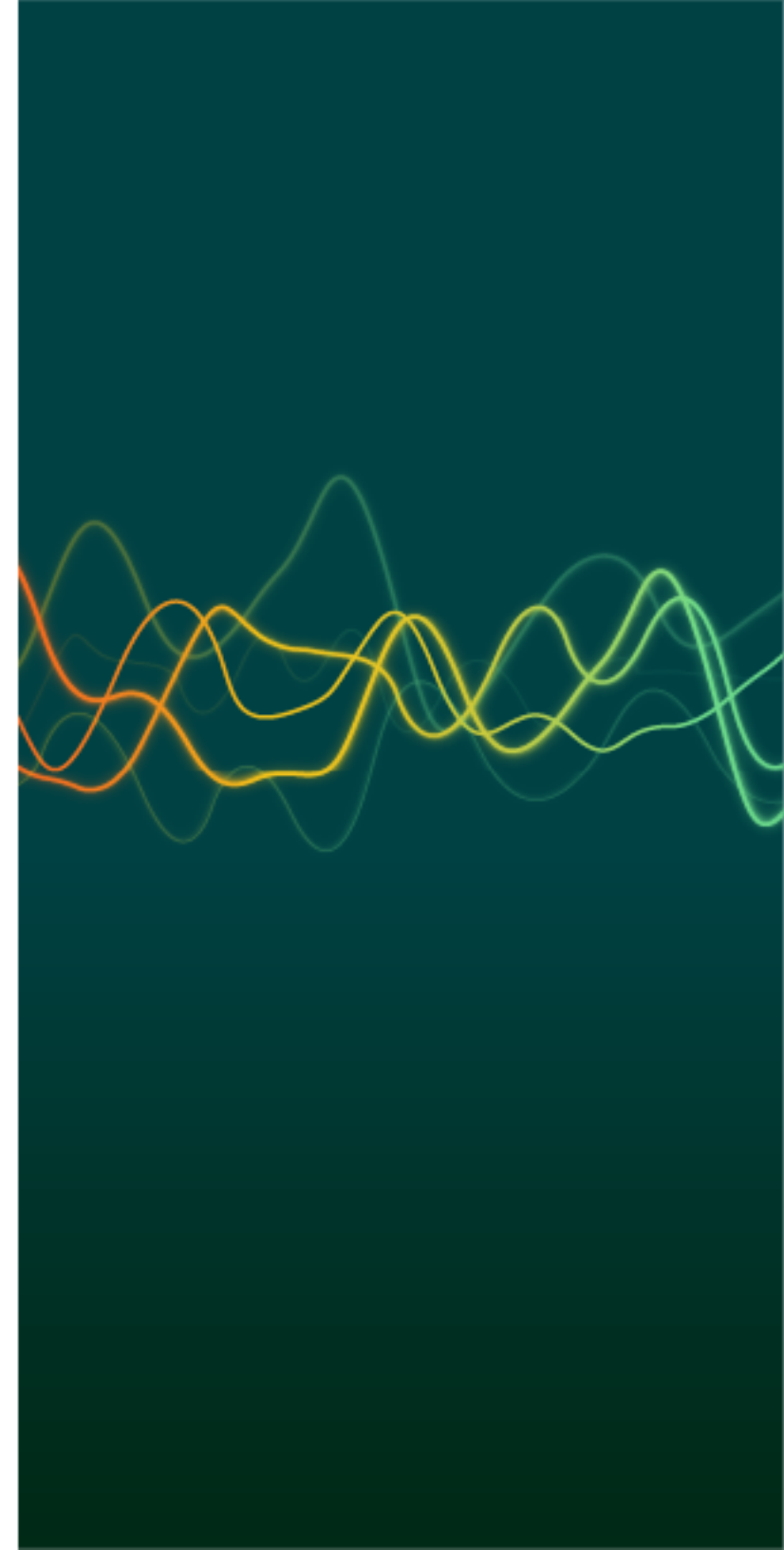
EM-DM Real Yield Differential

(Using Inflation Forecasts)



Source: Bloomberg, J.P. Morgan, Morgan Stanley Investment Management. As of 9/30/2025. 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.
- 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

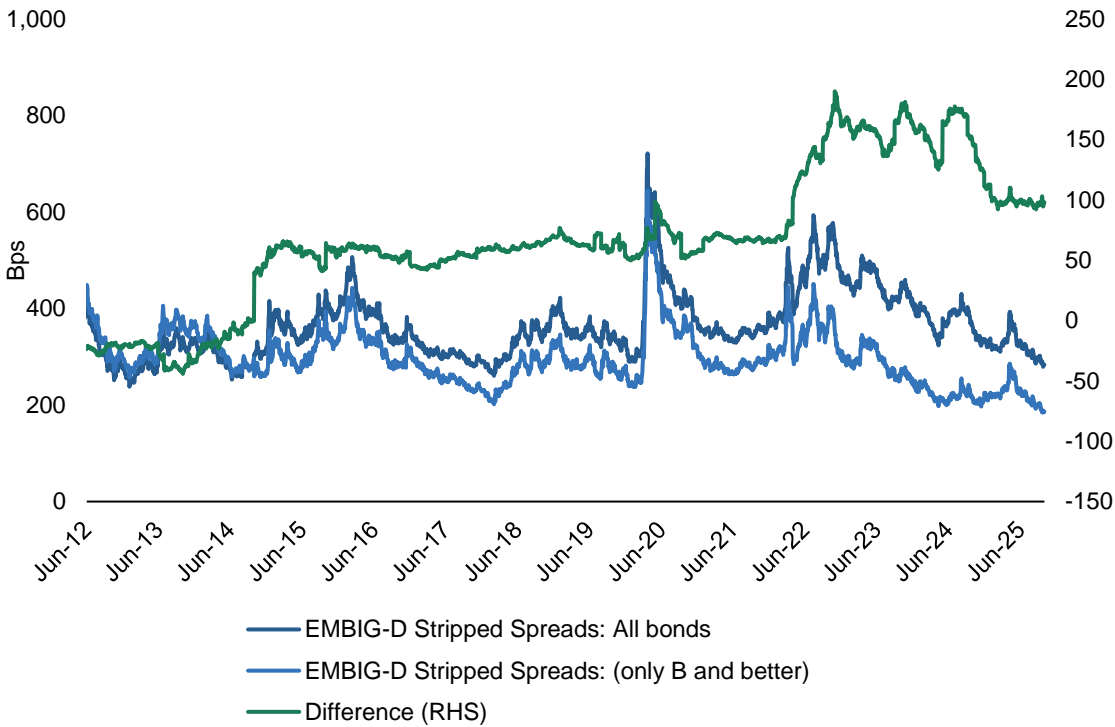
5-Year Equal Weight Sovereign Spread



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.

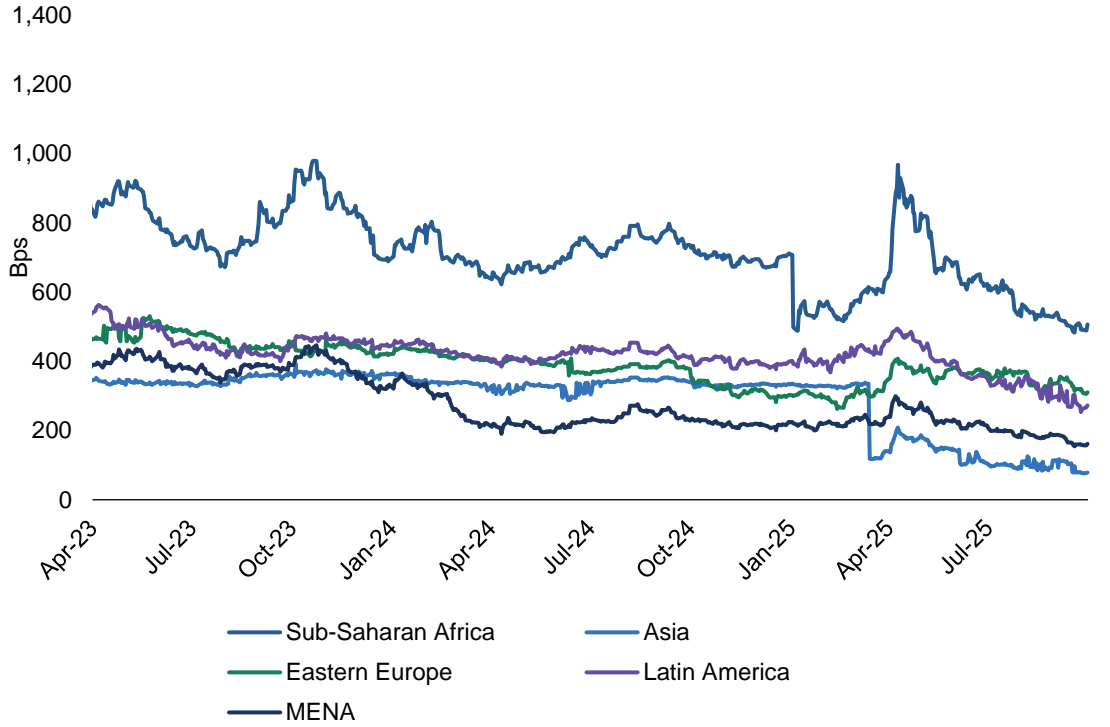
EM SOVEREIGN CREDIT

Country selection is particularly important to capture unique value and mispricings in lower quality issuers.



Spreads tightened across the investment universe but most notably in sub-Saharan Africa where spreads tightened over 100bps quarter-over-quarter.

5-Year Equal Weight Sovereign Spread by Region

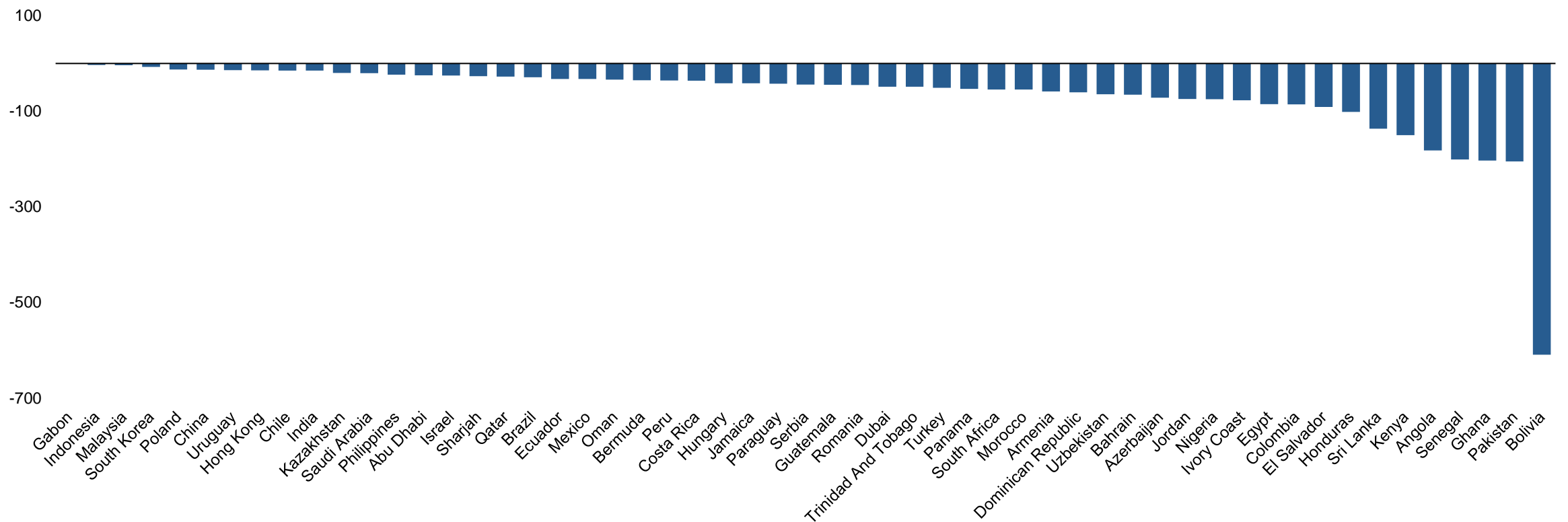


Source: Morgan Stanley Investment Management proprietary data and calculations. As of 9/30/2025. Excludes Argentina. Underlying individual country spreads are capped at 2,000 bps. All spreads are modeled five year par equivalent spreads allowing for like comparisons across countries and time. This differs 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 supported by increased demand for the asset class, encouraging growth expectations, and less trade uncertainty compared to earlier in the year. Bolivia held the first round of the general election, despite the need for a runoff the election there is the potential to move away from socialism.

Q3 2025 Change in 5-Year Spread

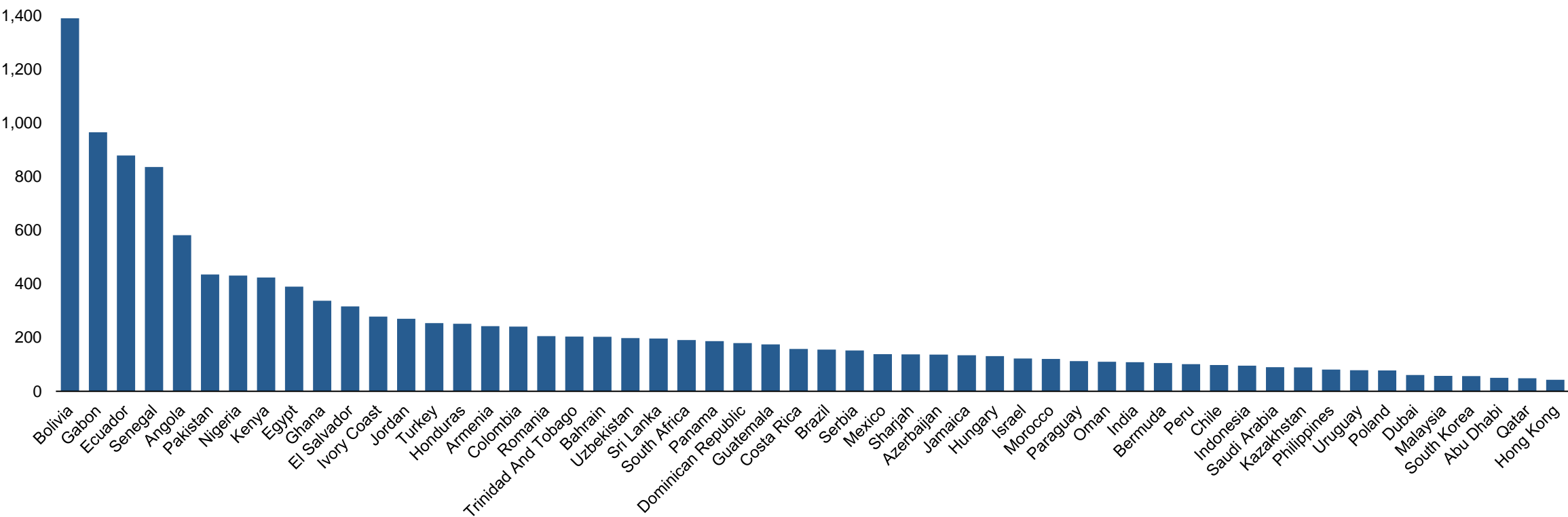


Underlying individual country spreads are capped at 2,000 bps. Source: Morgan Stanley Investment Management proprietary data and calculations. As of 6/30/2025. Data provided is for informational use only. **Past performance is no guarantee of future results.** See end of report for important additional information.

EM SOVEREIGN CREDIT

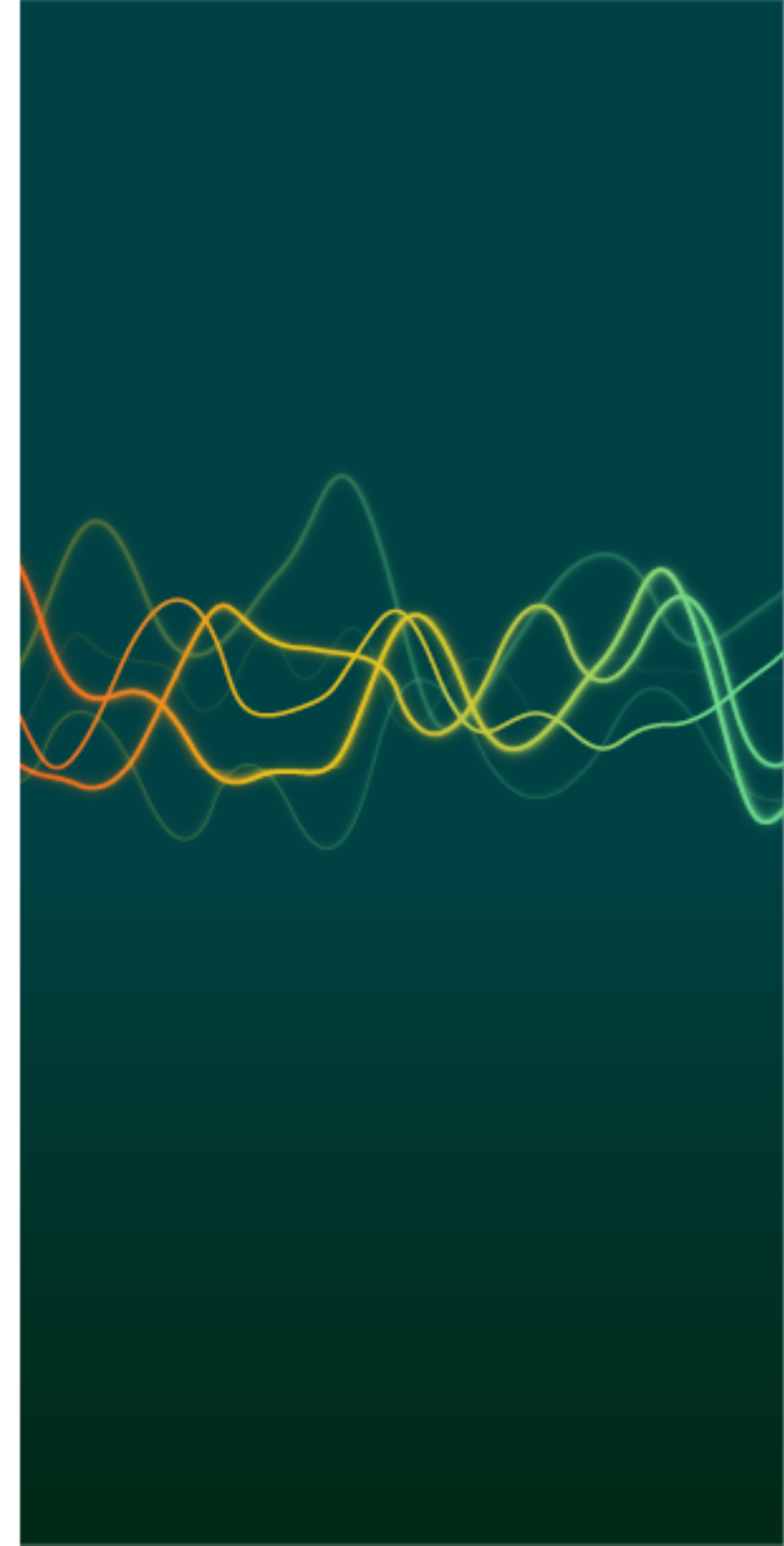
Variance among issuers increased while the bifurcation based on issuer credit quality remained notable.

5-Year Spreads



Underlying individual country spreads are capped at 2,000 bps. Source: Morgan Stanley Investment Management proprietary data and calculations. As of 6/30/2025. 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

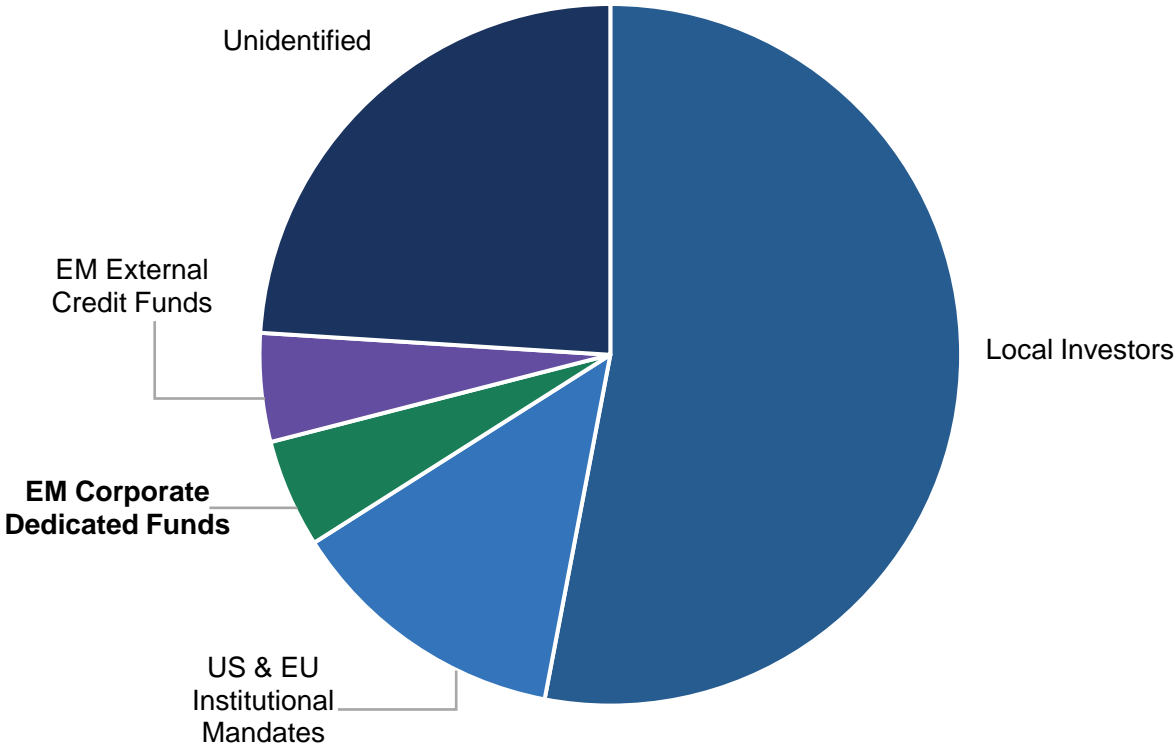


EM CORPORATE CREDIT

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.



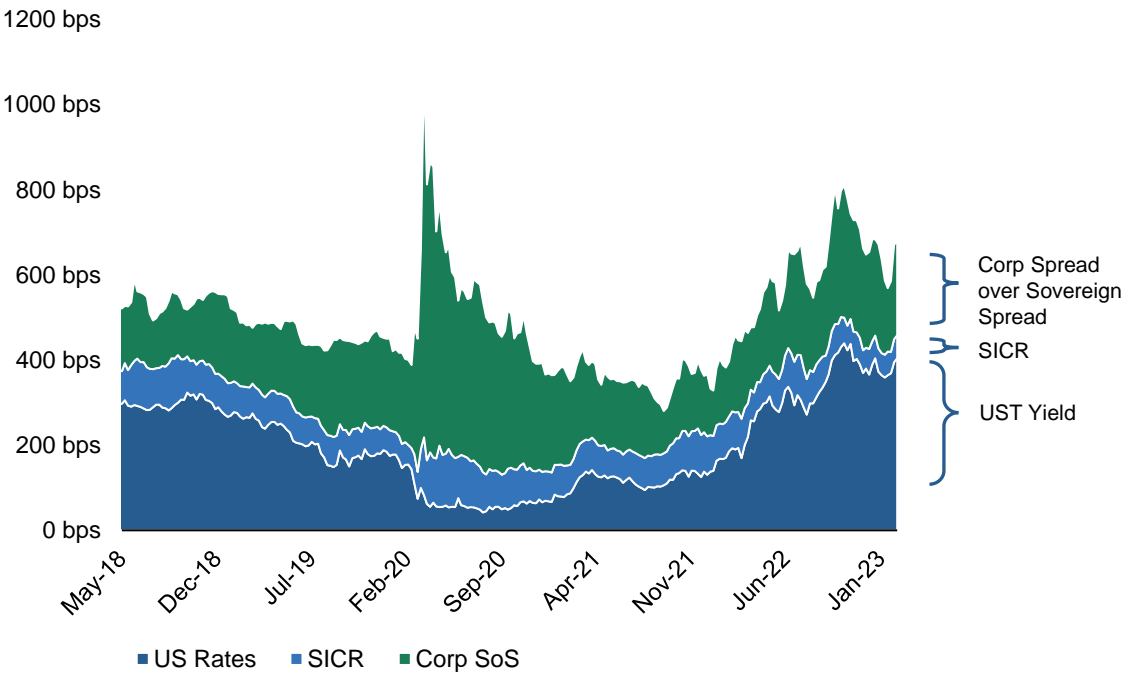
Source: JP Morgan Markets as of 12/31/2022. This represents how the portfolio management team generally implements its investment process under normal market conditions

EM CORPORATE CREDIT

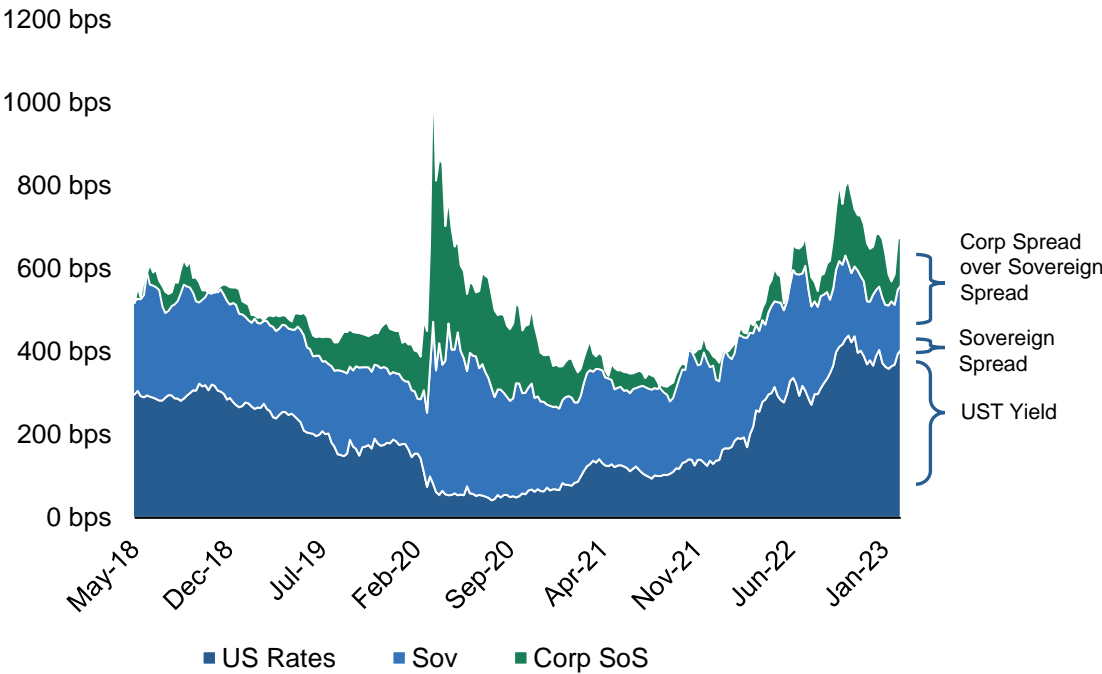
Our Approach

- 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.

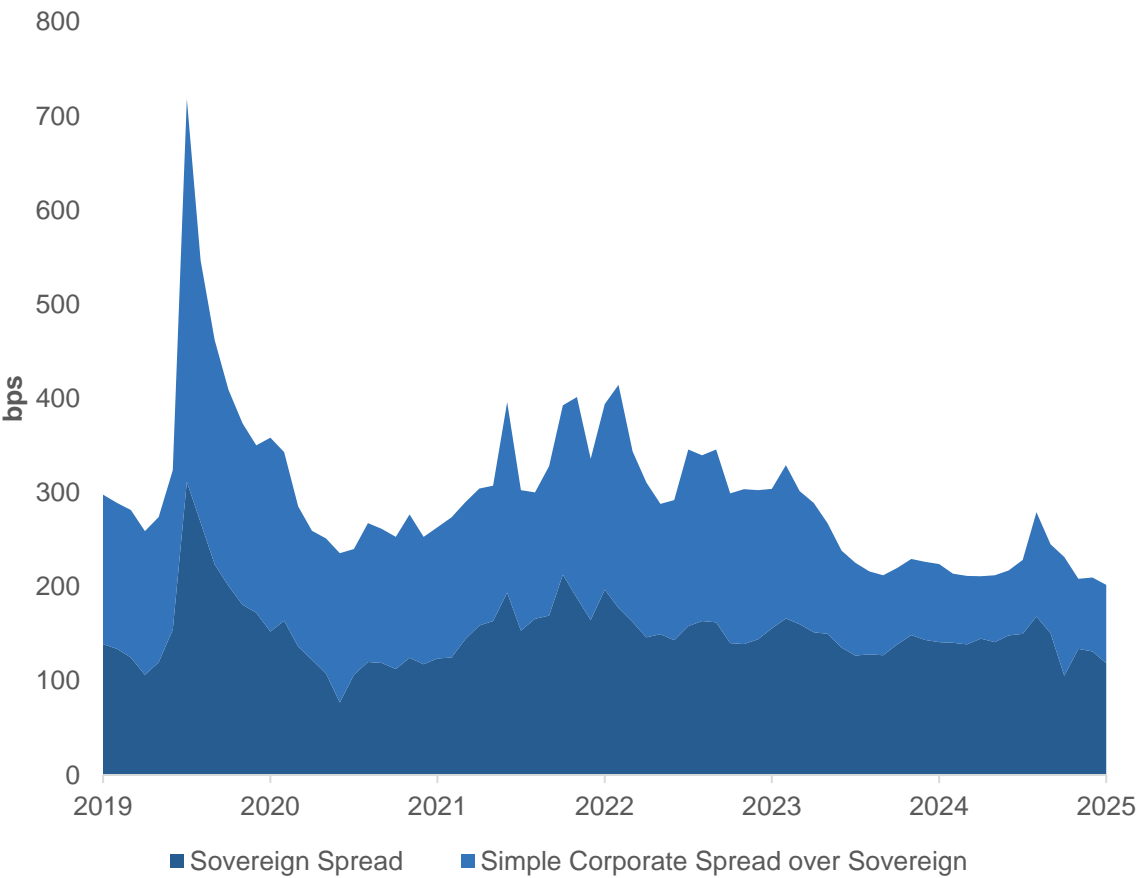
EM CORPORATE CREDIT

Valuations

Broadly speaking, spreads across the EM Corporate space are tight and yields are low relative to historical levels for the assets class but still provide some pickup to developed market yields while maintaining stronger fundamentals. The spread compression year to date has been driven by the IG segment of the asset class while the HY segment remains wide to historical levels.

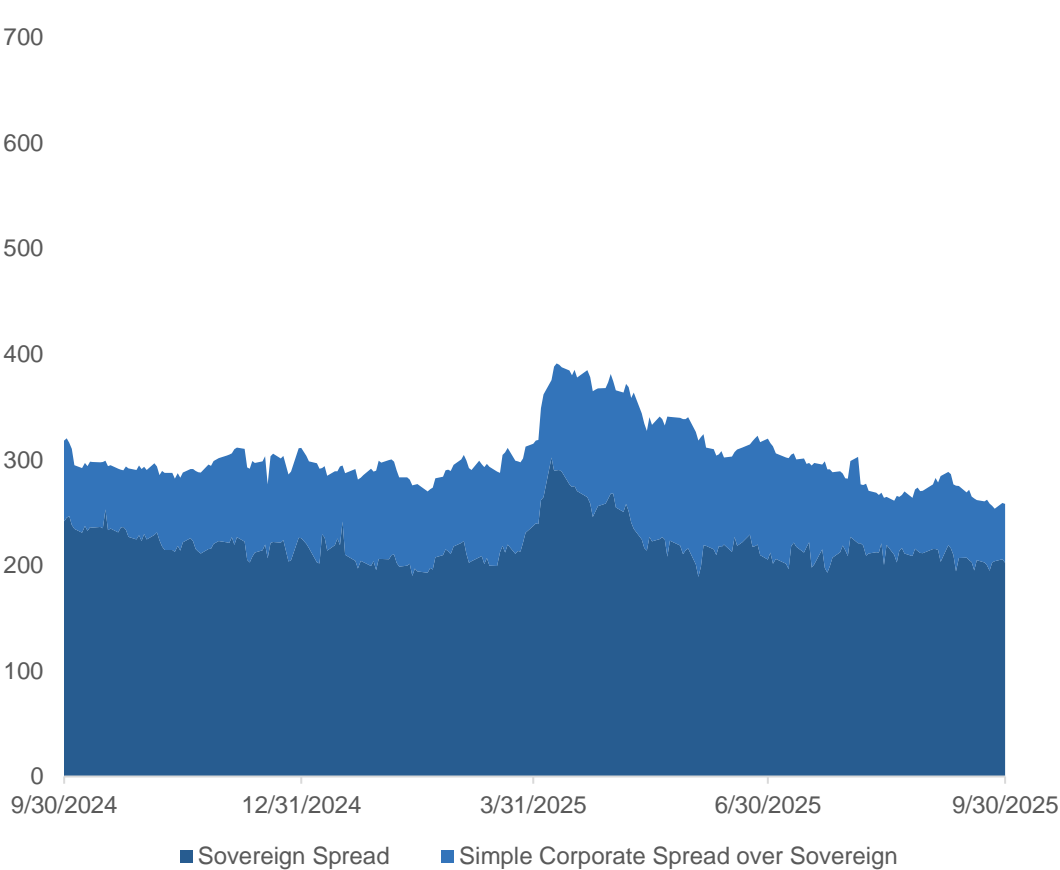
Spread Over Sovereign (CEMBI)

(5-Year Period)



Spread Over Sovereign (EV Universe)

(1-Year Period)



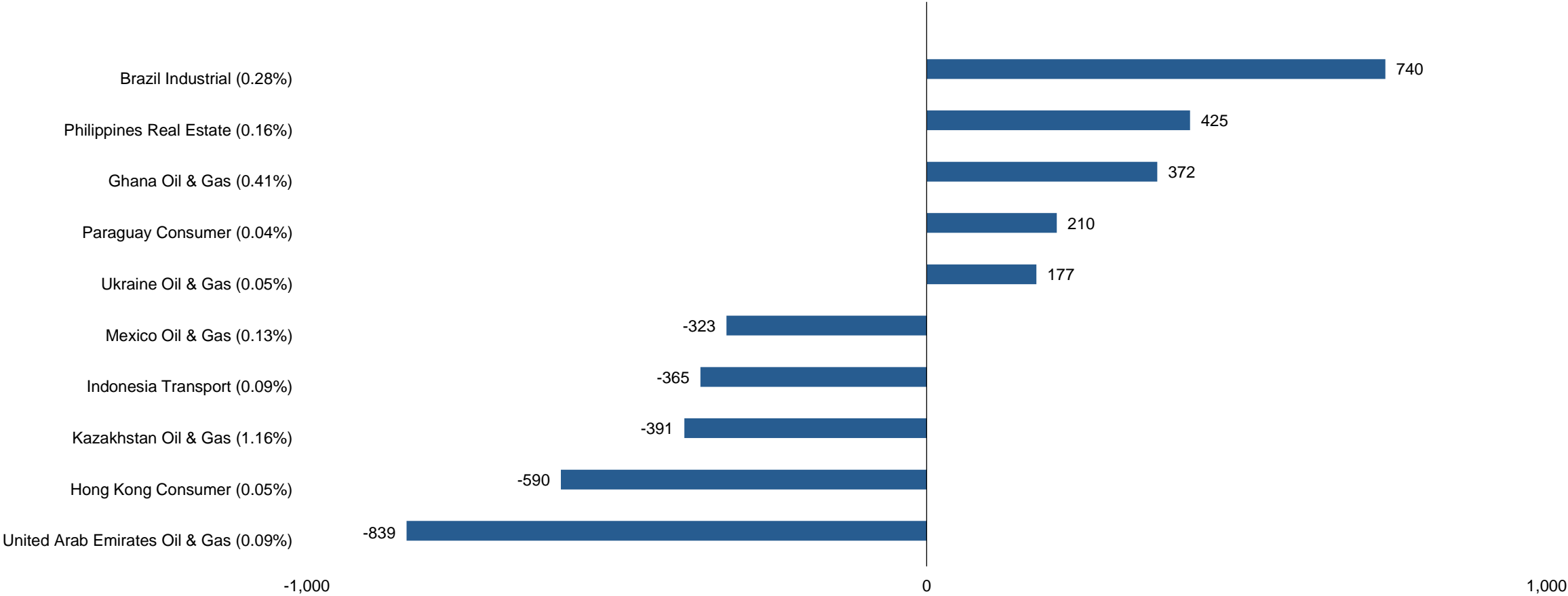
Source: Morgan Stanley Investment Management proprietary data and calculations. As of 9/30/2025. CEMBI bonds used in calculation. Data provided is for informational use only. **Past performance is no guarantee of future results.** See end of report for important additional information.

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)

Q3 Top Country-Sector Spread Changes



Source: JP Morgan. As of 9/30/2025. 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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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.

The principal risks involved with investing in the asset classes shown are interest-rate risk, credit risk and liquidity risk, with each asset class shown offering a distinct combination of these risks. Generally, considered along a spectrum of risks and return potential, U.S. Treasury securities (which are guaranteed as to the payment of principal and interest by the U.S. government) offer lower credit risk, higher levels of liquidity, higher interest-rate risk and lower return potential, whereas asset classes such as high-yield corporate bonds and emerging market bonds offer higher credit risk, lower levels of liquidity, lower interest-rate risk and higher return potential. Other asset classes shown carry different levels of each of these risk and return characteristics, and as a result generally fall varying degrees along the risk/return spectrum.

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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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