UI-Aktia EM Local Currency Bond+

Fund returns (net of fees)

MTD	12M	YTD	3Y	5Y
-3.0%	8.1%	0.7%	19.9%	32.1%

Fund top holdings

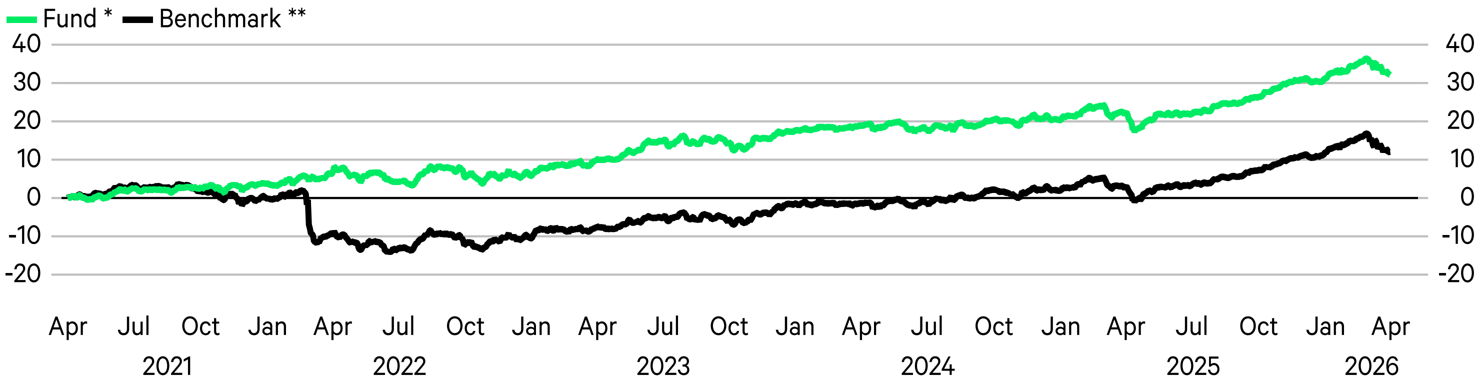
Brazil	Mexico	South Africa	Romania	india
9.7%	8.8%	7.7%	6.6%	5.9%

Aktia

Summary

- The escalation of the war in Iran led to a 4% decline in the market return
- The negative performance was driven by both FX and fixed income components
- The fund delivered a return of -3%, outperforming its benchmark
- As an energy exporter, Kazakhstan was the best-performing country in the fund
- The weakest contributors were South Africa and Egypt
- The fund outperformance was driven by an underweight in CEE countries and an off-benchmark allocation to Kazakhstan
- We increased exposure to Kazakhstan and Romania, while reducing exposure to Egypt
- The fund's yield to maturity (YTM) was 9.1% at the end of the month, providing a clear pickup compared to the benchmark's 6.9%, along with broader diversification.
- Risks are tilted to the downside, but current market valuations provide some buffer against elevated uncertainty.

Historical Returns of the Fund and the Benchmark Index (%, net of fees)



Returns (net of fees)

	MTD	3M	6M	YTD	12M	3Y (p.a.)	Since inception (p.a.)
Fund*	-3.0%	0.7%	4.6%	0.7%	8.1%	6.2%	3.7%
Benchmark**	-4.0%	0.4%	4.5%	0.4%	9.0%	6.6%	1.4%
Difference	0.9%	0.3%	0.1%	0.3%	-0.9%	-0.3%	2.3%

Key Figures

	YTM	Modified Duration	Countries	AUM (EUR)	Green Bonds	Government Bonds	FX Forwards	Development Finance Institutions	Cash	Average Rating
Fund*	9.1 %	4.0	20	262 million	1.5 %	66.7 %	14.4 %	13.0 %	5.9 %	BBB+
Benchmark**	6.9 %	4.9	14	-	0.0 %	100.0 %	0.0 %	-	0.0 %	BBB+

* Shareclass IX ** J.P. Morgan GBI-EM Diversified EUR Unhedged

Source: Aktia, J.P. Morgan and Bloomberg
Past performance does not predict future returns. Figures as of 31.3.2026.

Key Events

In March, the escalation of the war in Iran triggered a sharp surge in oil prices, undermining the growth outlook, reigniting inflation fears and potentially leading central banks to tighten monetary policies. As a result, the EM local currency bonds experienced the sharpest monthly drawdown in several years, with the benchmark returning -4.0% in EUR. The negative return was driven by both FX (-1.1%) and the fixed income component (-2.8%) as rates increased by 68bps to 6.89%. The fund returned -3.0% and outperformed its benchmark, driven by an underweight in CEE and off-benchmark investments in Kazakhstan.

The price action at the country level was broadly driven by a combination of beta to global risk sentiment and the impact of elevated oil prices on terms of trade. Kazakhstan was the top-performing investment in the fund as the tenge appreciated more than 4% against the dollar, given Kazakhstan's oil exports account roughly 20% of GDP and the economy will benefit from the oil windfall. In addition, the currency benefitted from a high real rate (above 6%) and FX sales by the central bank to facilitate transfers to the budget and to sterilize gold purchases made in tenge. Other positive return contributors were Colombia and Brazil, both energy exporters. In March, the central bank of Brazil initiated its easing cycle with a cautious cut (-25bps to 14.75%), and while keeping doors open for further easing, the central bank acknowledged that the next rate decision is dependent on the development of the situation in the Middle East. At the end of the month, Brazil was among the very few EM countries where the market still priced in monetary policy easing over the course of this year. Regarding the upcoming presidential elections, the Atlas poll raised the market hopes of a shift to the political right, as the incumbent leftist president Lula had lost support and a right-wing candidate, Flávio Bolsonaro, had taken the top place in the second round.

The worst performing investments were South Africa as rates rose roughly 120bps and the rand weakened around 6% against the USD. When it comes to dependency on oil imports, South Africa is not a particularly extreme case among EM, but the market has a high beta characteristic against global risk sentiment. Additionally, a declining gold price, together with higher energy prices, weakened the terms of trade. Egypt was among the weakest performers, too, as the heavy capital outflow driven by foreign investors caused the pound to plunge more than 12% against the dollar. Although not directly involved in the conflict, Egypt has been one of the economies most exposed to the second-round effects of the war in Iran.

The fund's outperformance against the benchmark was driven especially by underweights in Hungary and Poland and off-benchmark position in Kazakhstan. Within CEE, Hungary and Poland have the highest dependency on energy imports. In addition, Hungary is also a large importer of electricity, and typically during under stress periods the European wholesale prices are driven by the highest marginal production cost, which tend to be natural gas. From the relative return point of view, off-benchmark investments in India and Egypt, and overweight in Uruguay were the main drags.

Key Events

Positioning
In March, we decreased our exposure in Egypt by letting NDF positions mature and added Romania and Kazakhstan. Egypt remains vulnerable to the war in Iran and related risks. Inflation had already been on an upward trajectory, reaching 13.4% in February, driven mainly by food prices and seasonal factors. Recent increases in domestic fuel prices, prompted by higher global oil prices, together with currency depreciation, are expected to push inflation higher still, as the energy import bill has risen by an estimated 2–2.5 times since the start of the conflict. Moreover, a prolonged conflict could weigh on remittance inflows from the Gulf region and cause significant damage to the tourism sector and dollar revenues from the Suez Canal.

Our exposure in Egypt is done only via short-term NDFs. Given the market positioning is now more neutral and implied rates for NDFs have adjusted higher (1 month at above 41% at the end of March) we decided to keep some of the investments. However, we monitor the situation in the Middle East, and we are ready to further decrease our investments should the war escalate further or risks for a prolonged crisis increase.

Romania's central bank has a strong preference for a stable currency, and the FX volatility against the euro is very low which adds defensiveness to the portfolio. We acknowledge the current macro environment adds challenges to Romania's fiscal consolidation path but compared to its regional peers the country's external balance is the least exposed to higher energy prices.

Kazakhstan is benefiting from higher oil prices with energy accounting for over half of export receipts and more than a third of fiscal revenues. Higher oil prices are also likely to support the current account, currency and disinflation. In early March, the National Bank of Kazakhstan (NBK) lowered its inflation forecast to 9.5%-11.5% from 9.5%-12.5%, with inflation expected to converge towards the 5% target by end-2028.

The fund's yield to maturity (YTM) was 9.1% at the end of the month, providing a clear pickup compared to the benchmark's 6.9%, along with broader diversification. The fund holds investments in 20 countries compared to 14 in the benchmark. The fund's frontier market exposure is around 10%. At month-end, active risk was approximately 2.0%, with the largest contributions coming from an overweight in Uruguay, a lack of duration in Hungary, and zero weight in China.

Outlook

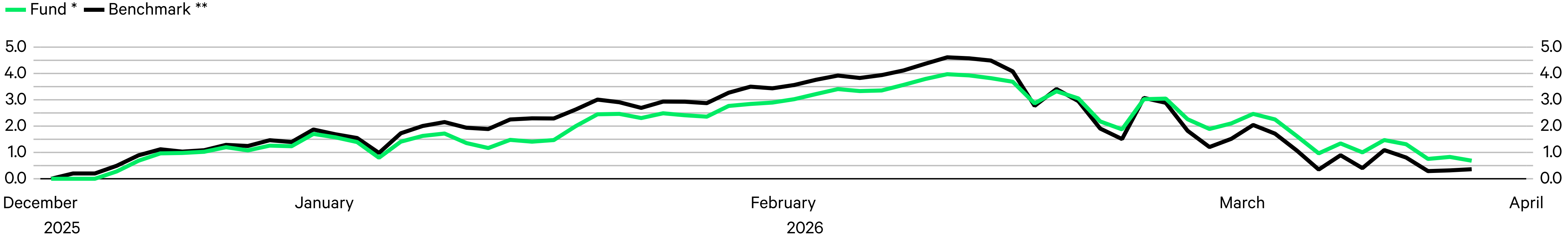
In 2026, EM (ex-China) growth is expected to remain close to the current trend, slightly above 3% with inflation pressures under central banks' control. However, due to the war in Iran, risks have increased. If oil prices are to stay elevated for a prolonged time that would exert weaker growth especially in oil-importing economies, coupled with upward pressure on inflation and increased fiscal burdens over the medium term. The continuation of disruptions in the Strait of Hormuz would further challenge export-oriented economies by constraining trade flows and raising transportation costs. Higher global financing costs, driven in part by wider term premium, may add an additional layer of fiscal strain. However, many EM central banks have rebuilt their FX reserves, giving them capacity to smooth excessive currency volatility and protect financial stability. Furthermore, given inflation has been under control in several EM countries and real policy rates are elevated, our base case is that at the current juncture most EM central banks are likely to monitor developments and possibly postpone cuts rather than respond by hiking.

So far, emerging markets have shown strong resilience despite trade tensions, tariff threats, and geopolitical risks. Having said that, we think EM local currency market valuations have a buffer to face the current uncertainty. Still-high nominal and real rates offer attractive carry and protection against elevated uncertainty. EM FX valuation is neutral to slightly rich after strong performance in 2025, but we do not see valuations as stretched. Overall, emerging market local currency bonds provide strong diversification benefits against global risks.

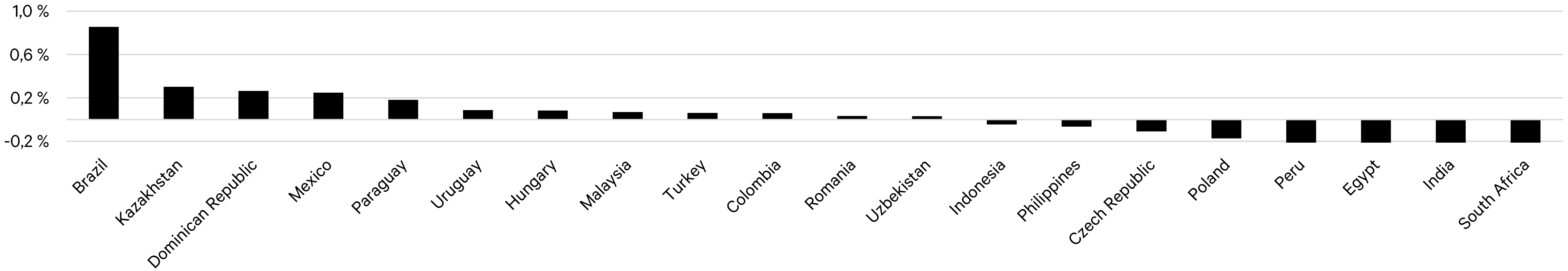
Our direct exposure to the Middle East is low, and we have been selective on Asian countries, which appear to be vulnerable to the current instability due to sensitivity to both oil prices and export demand. Due to US political risks and geopolitical tension, we increased the portfolio's diversification (both from a country and factor point of view) throughout the last year. Furthermore, our strategy's positioning regarding the price of oil is more balanced than the benchmark due to our relatively low weight in Asia and exposure to off-benchmark oil producing countries, such as Kazakhstan.

Performance Overview

YTD Performance (%, net of fees)



YTD Contribution by Country (ppts)



Source: Aktia and Bloomberg
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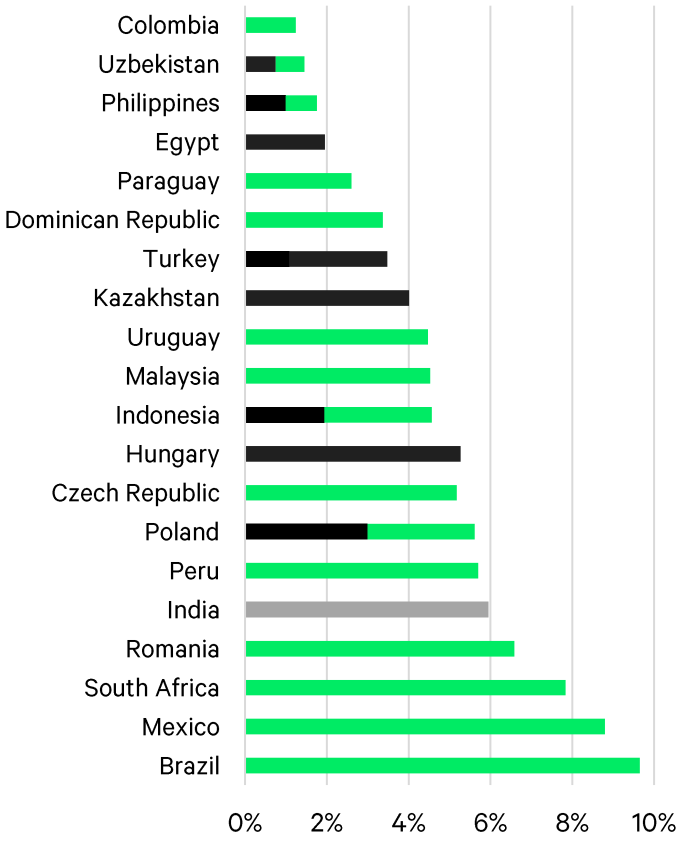
* Shareclass IX

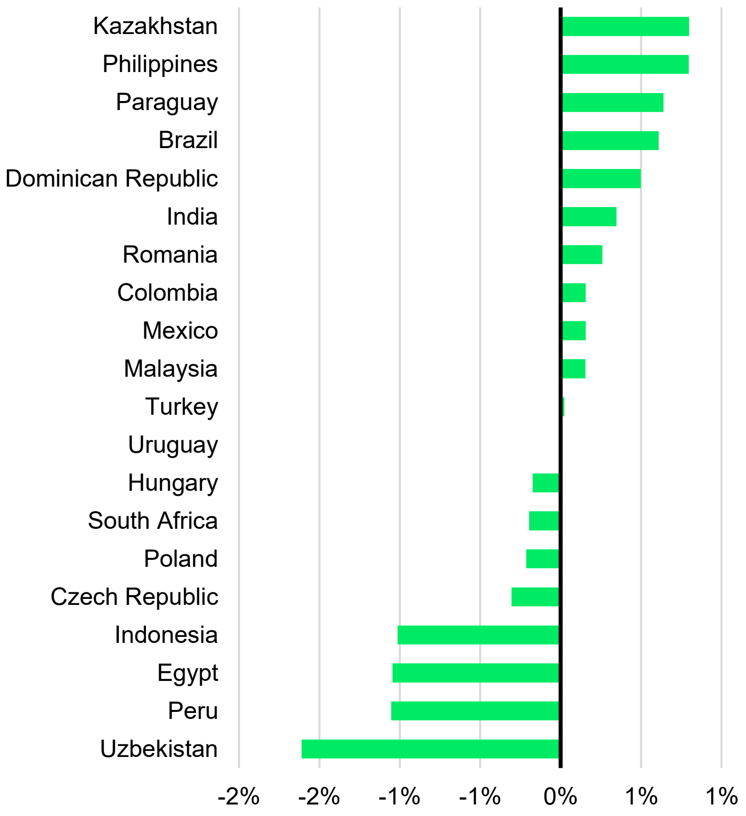
** J.P. Morgan GBI-EM Diversified EUR Unhedged

Portfolio Allocation

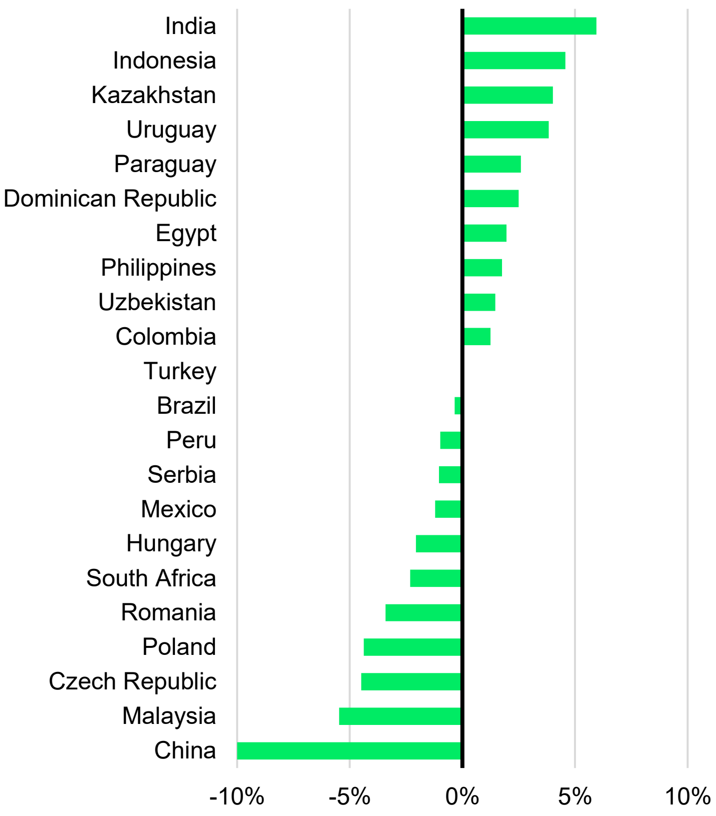
Country Weights by Currency and Instrument (%)



YTD Country Allocation Change (ppts)



Fund* Country Allocation vs Benchmark** (ppts)



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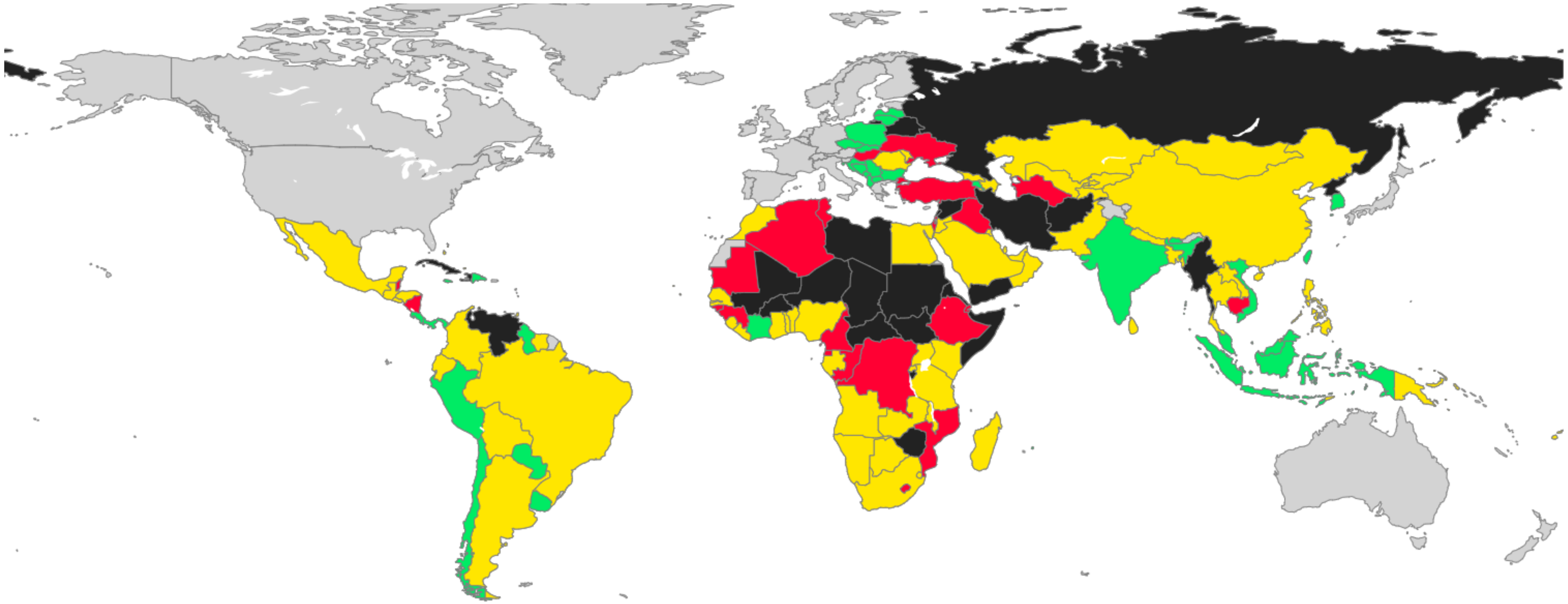
Aktia EMD Investment Universe



Non-investable

No government funding (FX positions/AAA investments possible)

Investments possible, active monitoring of development

Investable

More information on Aktia's principles for responsible investing can be found at https://www.aktia.fi/fi/assetmanagement/responsibility

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