UI-Aktia EM Frontier Bond+

Fund returns (net of fees)

MTD	12M	YTD	3Y	5Y
-0.3%	8.8%	2.9%	21.9%	27.9%

Fund top holdings

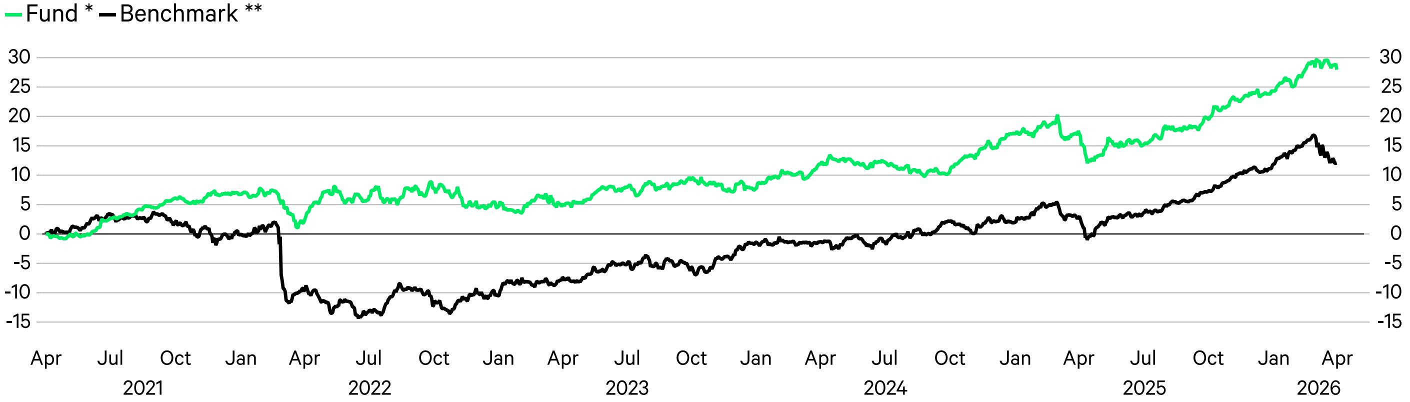
Kazakhstan	Uzbekistan	Uganda	Egypt	Nigeria
9.0%	8.6%	7.6%	7.1%	6.9%

Aktia

Summary

- The return of the EM frontier strategy was -0.3% in March
- The yield to maturity of the fund at the end of the month was 12.7%
- The war in Iran and the disruption of the Strait of Hormuz dominated headlines, with broader macroeconomic implications dependent on the duration of the conflict
- Should the conflict in the Middle East persists, frontier markets will again face a test of resilience, although from a stronger macro-economic starting point than in previous crises
- Geopolitical uncertainty soured global risk sentiment, leading to a repricing in frontier local currency markets, with performance diverging across countries
- Most frontier central banks held rates in March, while Ghana and Uruguay continued easing despite heightened external risks
- Egypt is among the most exposed to second-round effects, facing foreign portfolio outflows, albeit from a stronger starting point, while Kazakhstan appears to be better insulated
- Paraguay's guaraní bonds to enter the J.P. Morgan GBI-EM Global Diversified index from 30 April 2026
- Reduced exposure in Kenya by selling bonds
- Participated in Uzbekistan's new 3-year global bond issuance and tendered bond holdings maturing later this year
- Allowed FX forwards to mature across multiple currencies
- Maintained a well-diversified strategy across 32 countries

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



Returns (net of fees)

	MTD	3M	6M	YTD	12M	3Y (p.a.)	5Y (p.a.)	Since Inception (p.a.)
Fund*	-0.3%	2.9%	7.0%	2.9%	8.8%	6.8%	5.1%	4.3%
Benchmark**	-4.0%	0.4%	4.5%	0.4%	9.0%	6.6%	2.3%	1.7%
Difference	3.7%	2.6%	2.5%	2.6%	-0.2%	0.3%	2.7%	2.6%

Key Figures

	YTM	Mod. Duration	Countries	AUM (EUR)	Government Bonds	FX Forwards	Development Finance Institutions	Cash	Avg. Rating
Fund*	12.7%	2.4	32	1.07 billion	52.1%	30.4%	13.7%	3.8%	BBB+
Benchmark**	6.9%	4.9	14	-	100.0%	0.0	0.0%	0.0%	BBB+

* Shareclass I ** 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

The return of the EM frontier strategy was -0.3% in March, during a month in which the euro depreciated by around 2.2% against the US dollar. The U.S dollar strengthened as investors sought safety amid geopolitical tensions and rising energy prices, with most currencies weakening against the dollar. The fund's currency exposures that delivered the strongest returns against the dollar were Kazakhstan, Argentina and Guatemala, while exposures to Egypt, Namibia and Uruguay were the weakest performers. Frontier currencies are, on average, slightly overvalued in REER terms, while the current portfolio's currency mix is slightly undervalued by the same measure. Frontier 5-year nominal yields are close to their long-term averages. The fund's yield to maturity at the end of the month was 12.7%.

Developments in the US-Israel conflict in Iran remains fluid. A planned meeting between US President Trump and China's President Xi has been postponed to May due to the conflict, adding further layer of uncertainty to already strained relations over trade and Taiwan. Markets have begun to price in a more protracted energy shock, leading to weaker risk sentiment and tighter financial conditions. The impact is uneven across regions, with MENA and Asia facing greater stress, while energy exporters and Latin America have been relatively supported. With risk assets under pressure, frontier markets have also seen a repricing, although performance has diverged across countries.

Impact of the US-Israel War in Iran: Duration Matters

Brent crude prices saw levels of over USD 115 per barrel and the European gas benchmark TTF, has also surged, rising by around 60% since the start of the conflict amid disruptions to energy exports from the Gulf Cooperation Council (GCC) countries. This raises the risk of an energy shock comparable to 2022. A prolonged closure of the Strait of Hormuz, through which around 20% of the world's oil exports pass, would significantly increase the risk of a global recession.

Many frontier markets have already begun introducing measures to manage energy consumption and ration supply. The impact of the conflict is transmitted through several key channels. First, higher energy prices feed through into domestic inflation in oil-importing economies, while also widening current account deficits in energy-importing economies, putting pressure on exchange rates and foreign-exchange reserves. Second, elevated fertiliser and food prices add further inflationary pressure and weaken external balances. Food carries a large weight in CPI baskets across frontier economies and remains politically sensitive, amplifying the impact of price increases. This could complicate upcoming elections in few frontier countries later this year, such as Ethiopia and Zambia.

Third, tourism flows may decline as regional uncertainty increases, particularly given the reliance of Asia-bound travel on major GCC aviation hubs. Remittances may also moderate if economic activity in these economies slows, especially in countries such as Pakistan, Bangladesh and Egypt that depend on inflows from the Gulf.

In addition, the conflict has contributed to tighter global financial conditions and weaker market sentiment, triggering capital outflows from some frontier markets where foreign participation in local currency debt markets had increased since mid-2025. That said, in many of frontier markets, foreign portfolio ownership is very low, limiting the scale of outflows. Nonetheless, the overall impact is likely to translate into increased fiscal pressures, as governments face higher subsidy costs for fuel and electricity while attempting to shield households from rising prices, leaving limited fiscal space. Countries with high debt and debt service burdens could face a further deterioration in debt sustainability.

The effects remain uneven across countries. Energy exporters such as Nigeria and Kazakhstan have benefited from higher prices, while most Asian frontier economies, which are predominantly energy importers, face a significant negative shock. Countries such as Pakistan and Sri Lanka

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have already started to introduce measures to manage energy shortages and adjust domestic pricing to protect public finances.

Beyond energy, second-round effects are likely to intensify. Higher fertiliser prices risk feeding into food inflation, particularly as economies move into the agricultural growing season. Additional pressures may emerge through chemicals and other input costs. At the same time, weaker global growth, potentially reducing demand for other commodities could further weigh on external balances.

Monetary policy responses will be critical. Central banks face a difficult trade-off between responding to higher inflation and avoiding an excessive tightening of financial conditions. Given that the shock is largely supply-driven, there maybe scope to look through part of the initial inflation impulse. However, prolonged price pressures and rising inflation expectations could still force policy tightening, raising the risk of amplifying demand shock. The duration of the conflict will therefore be the key determinant of the macroeconomic impact, with a short-lived disruption would lead to more manageable effects, while a prolonged shock would lead to more persistent inflation, tighter financial conditions and a more pronounced slowdown in global growth.

Frontier Central Banks Easing Cycle Paused Amid Heightened Geopolitical Tensions
March monetary policy committee meetings were the first after the start of the war in Iran, with central banks beginning to assess the implications for inflation and external stability. However, February inflation data do not yet reflect the recent surge in energy prices. A sustained energy price shock risks feeding into tighter global financial conditions, particularly if markets begin to reprice the path of US monetary policy. Renewed expectations of Federal Reserve tightening would represent a headwind for risk assets, including frontier markets. Against this backdrop, major developed market central banks, including the Federal Reserve and the European Central Bank, left policy rates unchanged in March. Most frontier central banks remained on hold, reflecting heightened uncertainty and the need to preserve policy flexibility. At the same time, weakening currencies have started to create pressure on foreign exchange reserves in several frontier economies. Should the conflict in the Middle East persist, easing cycles across frontier markets are likely to be prudently scaled back or delayed, particularly in more vulnerable economies such as Egypt and Zambia.

Despite these risks, a few frontier central banks continued to ease monetary policy in March. The Central Bank of Uruguay (BCU) cut its policy rate by 75 bps to 5.75%, marking its seventh consecutive reduction since the easing cycle resumed in July 2025. Fitch Ratings noted that Uruguay's interest rate cuts reflect progress in lowering inflation and strengthening monetary policy credibility, although structural constraints such as high dollarisation, indexation and limited financial depth remain. Also, the Bank of Ghana lowered its benchmark rate by a larger-than-expected 150 bps to 14%, citing favourable domestic macroeconomic conditions. Inflation has continued to decline, reaching a near three-decade low of 3.3% in February, supported by high real interest rates and a strong exchange rate. The central bank also highlighted strong external buffers, with gross international reserves rising to a record of USD 14.5 billion, equivalent to 5.8 months of import cover. Authorities indicated that these buffers provide capacity to manage potential volatility stemming from the conflict in Iran. In contrast, the Bank of Uganda tightened liquidity conditions by increasing the cash reserve requirement in March, reflecting a more cautious stance amid rising external risks.

Egypt Resilience Tested by Second-Round Effects
Egypt has been among the frontier economies most affected by the second-round consequences of the war in Iran, despite not being directly involved in the conflict. Foreign portfolio outflows from the domestic debt market estimated in the USD 6-8 billion range, following a build-up of offshore holdings to around USD 32 billion prior to the war, have contributed to significant currency weakness and rising government bond yields, with the Egyptian pound reaching record lows after depreciating 14.4% against the USD YTD.

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A key mitigating factor has been the flexible exchange rate regime introduced under the IMF programme, which has allowed the currency to act as a shock absorber. At the same time, Egypt enters the current episode from a stronger external position than during the previous crises, with net foreign assets reaching USD 29.5 billion in January and net international reserves rising to USD 52.7 billion in February, of which 21 billion is in gold. Inflation had already begun to move higher driven higher, reaching 13.4% in February, driven by food prices and seasonal factors. Recent increases in domestic fuel prices with petrol and diesel raised by about 14-17% in response to higher global oil prices, alongside currency depreciation are expected to push inflation further upwards. This represents a clear deviation from the disinflation path anticipated prior the war in Iran. On the fiscal side, the authorities remain focused on maintaining fiscal discipline while protecting vulnerable households through targeted measures. The government has also committed to clearing arrears to international energy companies by the end of the fiscal year. However, the external environment remains challenging, with the energy import bill estimated to have increased by 2-2.5 times since the start of the conflict. While Egypt continues to benefit from strong relationships with the GCC countries, declining real interest rates and rising inflation risks may reduce the attractiveness of local currency assets relative to peers such as Ghana, and Nigeria. In this environment, the Central Bank of Egypt is likely to remain cautious, with limited scope for policy easing while uncertainties remain elevated, although the easing cycle was previously expected to continue this year. There are still headwinds that must be tackled. Debt levels remains high at 85% according to the IMF, with debt service amounting for over 70% of government revenues.

Kazakhstan's Strong External Position and Improving Inflation Path

Kazakhstan, a major oil exporter with energy accounting for over half of export receipts and more than third of fiscal revenues, is benefiting from higher oil prices, reflected in an appreciating tenge in March, 4.3% against the USD. 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 the end of 2028. The pass-through from the January VAT increases has been more moderate than expected, although risks remain from planned increases in regulated prices and still-elevated inflation expectations.

Fiscal policy remains a key uncertainty. Planned consolidation starting this year and quasi-fiscal stimulus through Baiterek National Managing Holding will need to be closely monitored, as any slippage or additional transfers from the National Fund in a higher oil price environment could weaken the disinflation path. Higher oil prices are also likely to support the current account. The NBK forecasts GDP growth of 3.5-4.5% this year, below government expectations of 5.4%. The central bank has indicated limited scope for rate cuts in the first half, with any easing likely to be deferred to the second half and dependent on fiscal discipline. Foreign investor participation in the domestic bond market has continued to increase also this year, with no significant outflows observed during the recent geopolitical volatility, but foreign investor participation is still expected to be less than 10% of total ownership. Currency strength is also likely to support disinflation, with the tenge appreciating against key trading partner currencies. Kazakhstan recently approved constitutional changes in a nationwide referendum, strengthening the role of the presidency and formalising succession through the introduction of a vice-presidential role. With President Tokayev's term set to expire in 2029, the reforms raise questions around the succession process, including whether he will step down as indicated or transition into a new role as a vice president. From an investor perspective, however, the reforms are unlikely to alter the near-term macroeconomic outlook.

Pension Reform In Paraguay

Paraguay has approved a reform of its public-sector pension system, known as the Reforma Caja Fiscal. The law increases contribution rates for both employees and the state, tightens retirement

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conditions across several public-sector groups and reduces the need for rising budget transfers. The final version is a diluted form of the initial drafts, reflecting the politically sensitive nature of the reform and the significant opposition it faced. Nevertheless, the measures are intended to stabilise the pension system and support the government's broader fiscal-consolidation and credit-strengthening agenda. According to the Ministry of Finance, the approved reform is expected to reduce the pension deficit by around 21%. However, Finance Minister Carlos Fernández Valdovinos has acknowledged that the reform does not provide a long-term solution and will most likely need to be revisited in the future. In the last day of the month the finance minister resigned on the request of the President Santiago Pena citing a need for a new competencies to focus on economic growth. J.P. Morgan announced that Paraguay's three quaraní-denominated global bonds will be included in the GBI-EM Global Diversified index from 30 April 2026, with an expected 9 bps weighting and total notional value of approximately USD 2.3 billion.

Changes in the Portfolio

Heightened geopolitical risks in the Middle East pose risks to the Kenyan economy, so we reduced our exposure to Kenyan bonds in March. We also let several currency forwards to mature, including Algeria, Bangladesh, Dominican Republic, Mongolia, Mozambique, Paraguay, Uzbekistan, and Uruguay. Uzbekistan issued a new 3-year soum-denominated international bonds, in which we participated, while also launching a cash tender offer to repurchase bonds maturing later this year that we held. Our strategy remains well-diversified across 32 countries.

Outlook

Carry remains the primary driver of returns in frontier local currency debt, reflecting the high yield levels of the asset class. Local frontier markets are still largely driven by domestic factors, leaving them relatively insulated from external shocks at a time of heightened geopolitical and geoeconomic uncertainty. A more benign global environment in 2026, characterised by a weaker US dollar and lower global borrowing costs, should further support capital inflows into frontier local currency markets. Investor interest, which picked up last year, is likely to be sustained as interest rate differentials versus developed markets remain wide and easier global monetary conditions underpin demand for higher-yielding risk assets. Unlike many other asset classes, frontier local currency debt does not look expensive compared to its history, while fundamentals remain healthy.

US and Israel's attack on Iran has left markets in uncertainty, the outlook therefore needs to be revised should the conflict prolong. The largest movements in yield levels have been concentrated in Egypt, while asset prices more broadly have remained relatively moderate. Importantly, the Frontier strategy has no exposure to countries directly affected by the conflict. Higher oil prices would be supportive for oil-exporting frontier markets, improving current accounts, reserve accumulation and fiscal balances through stronger revenues. Key beneficiaries within the portfolio include Kazakhstan, Azerbaijan and Angola.

By contrast, the most direct and broad-based risks are concentrated in oil-importing countries, including Kenya, Sri Lanka, Bangladesh and Pakistan, where higher energy prices feed into inflation, FX pressures and weaker external balances. This could place strain on reserves as central banks intervene to smooth currency volatility and as current account deficits widen. For euro-based investors, a strengthening US dollar would partly offset these effects, as the strategy has a EUR/USD beta of around 0.66. If the conflict were to persist, which is not our base case, risks would increasingly center on inflation, sustained dollar strength, refinancing conditions and external balances, potentially forcing central banks to keep policy rates higher for longer. While financing risks could rise over time, high real rates and low foreign participation provide resilience, and frontier markets' historically low correlation to global risk sentiment continues to support the strategy's attractive carry and diversification profile.

Frontier currencies strengthened on average against the USD in 2025, a rare event over the last 15 years, during which the previous best performance against the USD was around -2% on a 12-month rolling basis. The FX strength was the result of several simultaneous factors: USD weakness, EM FX strength, price increases in industrial and precious metals, and attractive real yields coupled with credible central bank policies and broader reforms. Many of these factors should continue into 2026, increasing the potential for a stable frontier FX component in the coming year. At the same time, the frontier local currency market should be relatively well shielded from AI-related capex disappointments. While a large shock to equity markets will not leave the frontier markets completely unscathed, previous large equity shocks have only had a 5-6% negative impact on the strategy, and direct links to AI capex are mostly through the limited number of copper exporters in the portfolio.

Macroeconomic fundamentals in frontier economies have improved since the pandemic, as evidenced by a rising number of sovereign credit rating upgrades over the past years. IMF projections indicate that frontier economies will grow on average about 2.8 percentage points faster than developed economies in 2026, although growth rates vary widely across countries. Several frontier economies, including Ethiopia, Uzbekistan, Uganda, and Côte d'Ivoire, are expected to grow above 6%. Stronger growth prospects in many frontier economies continue to be supported by favourable demographics, particularly rising working-age populations. While domestic factors remain key drivers, shifts in global power dynamics, trade patterns, and demand for strategic and critical minerals are increasingly shaping the external environment and creating opportunities for resource-rich frontier economies. In parallel, many frontier countries across regions are seeking deeper regional trade and economic integration, while maintaining relationships with major global powers.

Outlook

Inflationary pressures across frontier economies have moderated and, on average, are expected to continue easing toward longer-term averages in 2026. As a result, the inflation differential between frontier and developed economies is projected to narrow further, primarily reflecting faster disinflation in frontier economies following earlier price shocks. Inflation dynamics have improved in many frontier countries, supported by tighter monetary policy and a slowdown in administered price adjustments, including fuel and utility prices, as observed in for example in Egypt and Uzbekistan. At the same time, food price inflation remains a key source of risk, given its dependence on local harvest conditions and weather-related shocks. While most frontier economies have reached inflation targets, others, including Egypt, Nigeria, Zambia, Kazakhstan and Argentina are expected to continue a gradual disinflation process from elevated levels.

Fiscal positions in many frontier economies are likely to remain under pressure in 2026 as governments face competing demands on limited public resources, including infrastructure investment, climate adaptation, security and defence, social resilience and education. In this context, strengthening fiscal revenues and broadening the tax base remain critical priorities, as durable primary surpluses is key to placing public debt on a sustainable downward path. Public debt ratios in several frontier economies are stabilising, supported by robust real GDP growth prospects, although this trend remains uneven across countries. Frontier economies with high debt levels and elevated debt-service burdens, including Egypt, Argentina, Sri Lanka, Zambia, and Mozambique, will require monitoring, while others such as Azerbaijan, Kazakhstan, Guatemala and Uzbekistan maintain low debt levels. A relatively weaker US dollar and tighter sovereign spreads have further supported improvements in external debt ratios and broader market access also for frontier issuers.

Domestic political dynamics remain the single most important factor shaping longer-term economic outcomes in frontier economies, particularly where institutional capacity is weak, and policy credibility remains fragile. Electoral cycles in 2026 will therefore represent a key source of both risk and opportunity, although the election calendar is lighter than in previous year, with elections scheduled in countries such as Armenia, Ethiopia, and Zambia. Ultimately, economic performance will depend on policy choices, particularly the implementation of structural reforms aimed at building more resilient economies and deeper domestic capital markets. In this context, the IMF continues to play a central role, not only through financing and policy conditionality, but also by catalysing funding from multilateral development banks. Several frontier countries will have IMF programme expire in 2026, including Ghana, Tanzania, Bangladesh, Cotê d'Ivoire, and Egypt, while countries such as Kenya, Mozambique, and Uganda remain in discussions with the IMF regarding potential programme engagement. Market speculation around new IMF programmes continues in countries such as Bolivia and Angola, although no formal requests have been announced to date.

Frontier central banks still have room to ease monetary policy, and the ongoing easing is expected to continue across most frontier economies, especially if the Fed continues to cut rates and inflation stabilises or moderates further. Real interest rates remain elevated in many countries, but declining inflation should allow for gradual policy rate cuts, particularly among several African central banks. We believe this could result in yields coming down 50 bps.

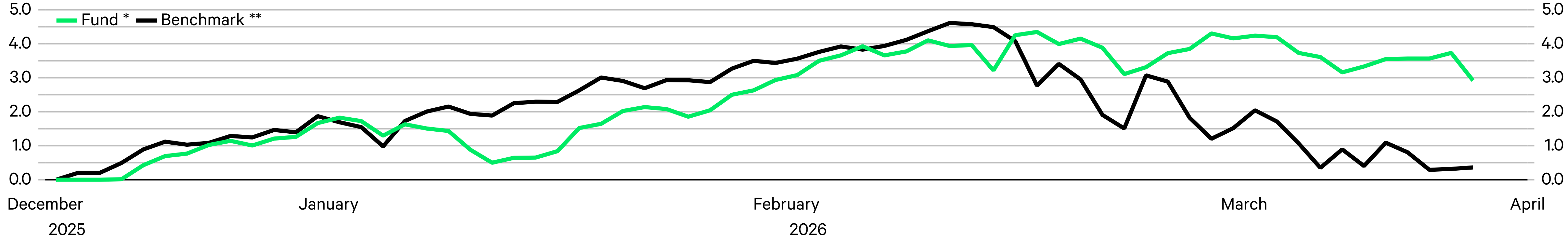
Outlook

The war in Iran has increased uncertainty around the external positions of frontier economies, primarily through higher energy prices. A prolonged closure of the Straight of Hormuz would push energy prices higher over the course of the year, increasing pressure particularly on oil-importing countries. However, we expect that global energy prices will trend lower over the longer term, which would support the current accounts of oil-importing frontier economies, such as Kenya, Pakistan and Bangladesh in the portfolio. Other current account factors, such as commodity prices, tourism, remittances and foreign direct investment, should remain supportive through 2026 unless the conflict in the Middle East is prolonged.

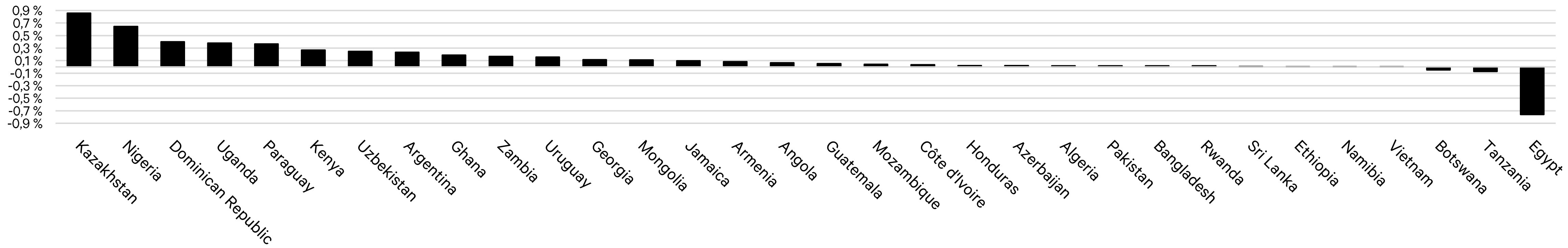
We expect frontier local currency fixed income markets to continue offering attractive return opportunities in 2026. Markets are pricing in larger currency depreciations in only a few countries, and exchange rate volatility is expected to remain contained, as many frontier currencies have been more stable or even have appreciated over the past year. The conflict in Iran does increase volatility in the short term, but our expectations are that it won't be long lasting. At the same time, we don't not foresee sovereign credit events outside of Mozambique and Malawi. The large and heterogeneous frontier universe requires active country selection, with investment outcomes primarily driven by idiosyncratic domestic factors. Maintaining a diversified basket of frontier local currency exposures remains key to managing risk. Foreign investor positioning in frontier local markets is generally low, although exposures are more concentrated in countries such as Egypt and Nigeria, where changes in risk appetite will have a larger effect than elsewhere. On a related note, the 2026 could be pivotal for frontier local currency government bond markets, as J.P. Morgan is expected to publish its long-anticipated index for the market. The effect might very well be inflows, but we expect that process to be gradual. A positive trend expected to continue is the issuance of global bonds, which are euroclearable and USD settled bonds in local currencies. In recent years, these instruments have improved foreign investor access to markets such as Jamaica and Paraguay without the need to establish local custody accounts. As a result of these global bond issuances, Paraguay now set to be included in the J.P. Morgan EM LC index.

Performance Overview

YTD Performance (%, net of fees)



YTD Contribution by Country (ppts)



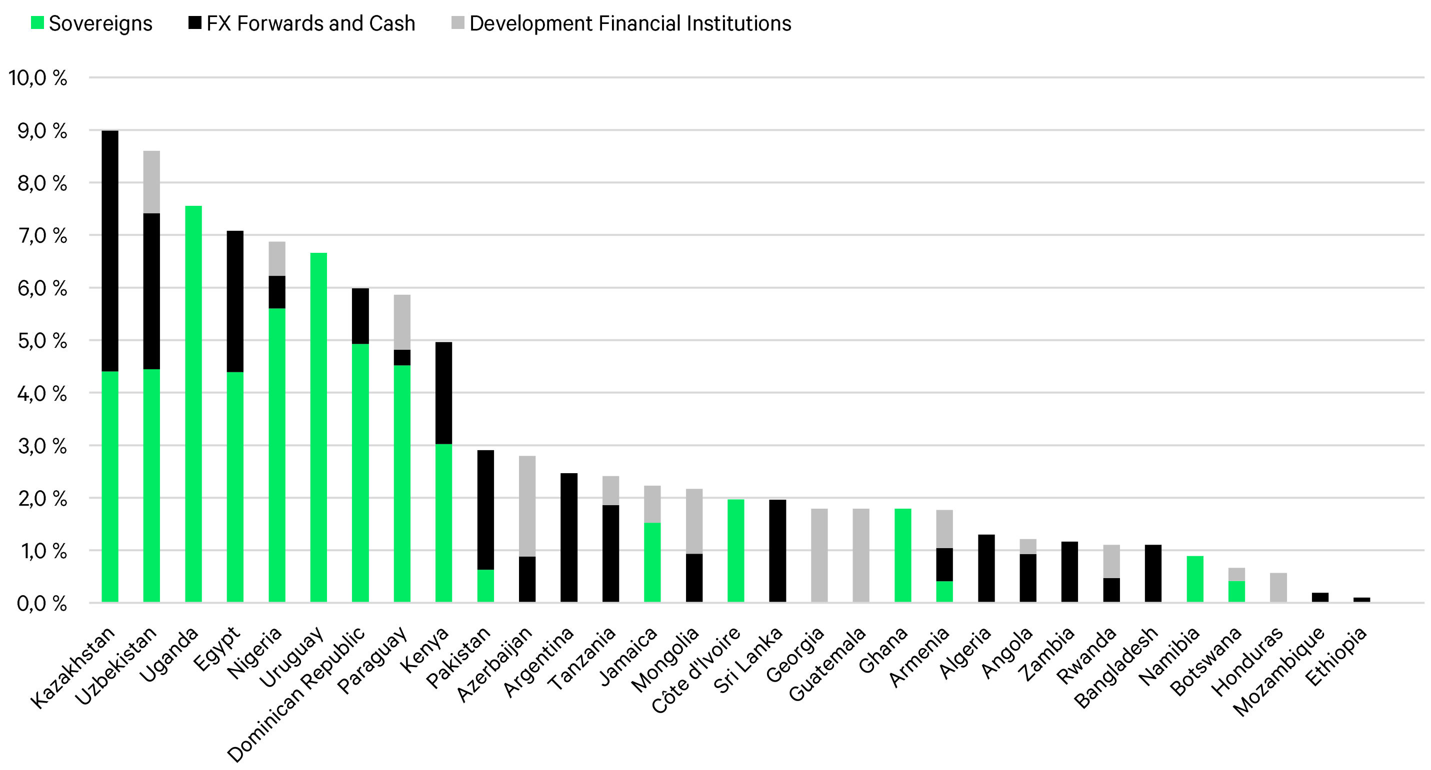
Source: Aktia and Bloomberg
Past performance does not predict future returns. Figures as of 31.3.2026.

* Shareclass I

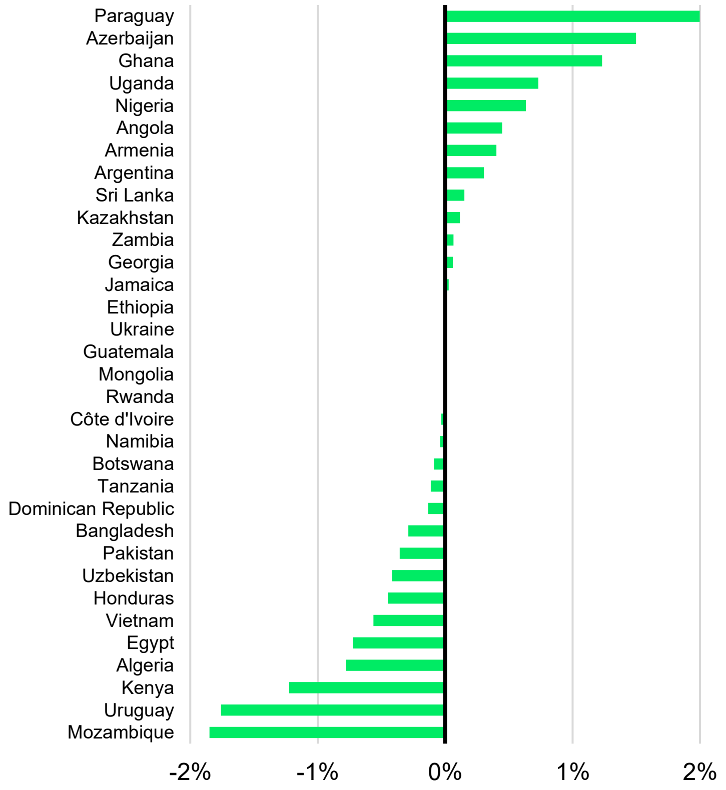
** J.P. Morgan GBI-EM Diversified EUR Unhedged

Portfolio Allocation

Country Weights by Currency and Instrument



YTD Allocation Change (ppts)



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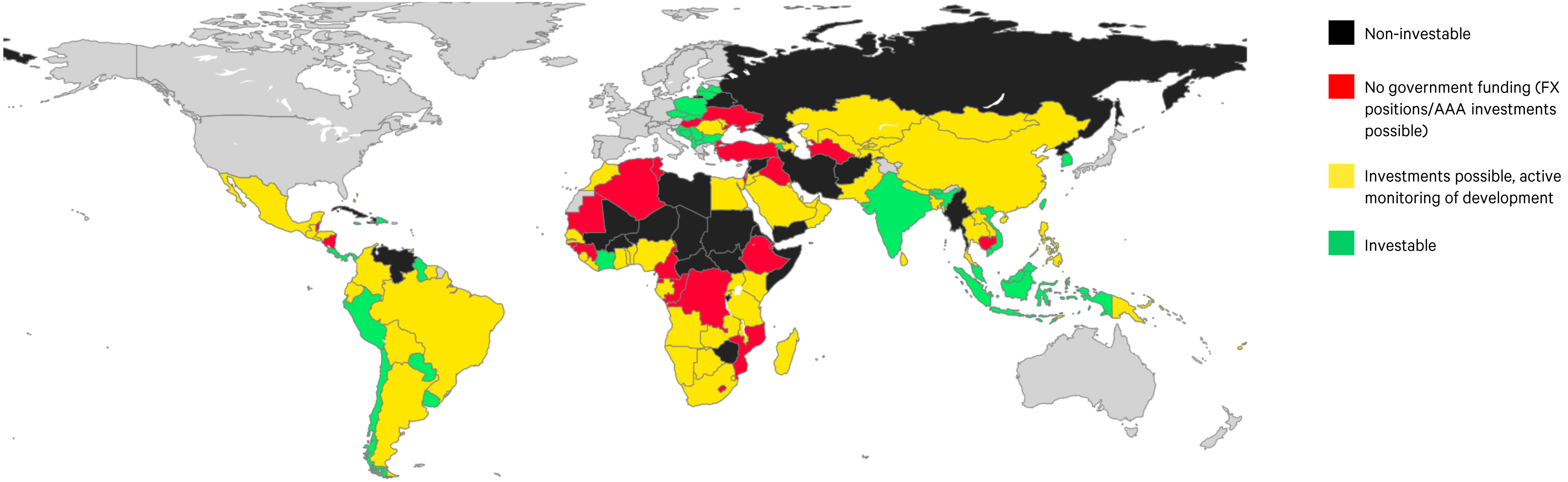
Aktia EMD Investment Universe



Past performance does not predict future returns.

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

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