

Market commentary: Emerging market debt

Chart of the quarter: Emerging market real yields remain elevated

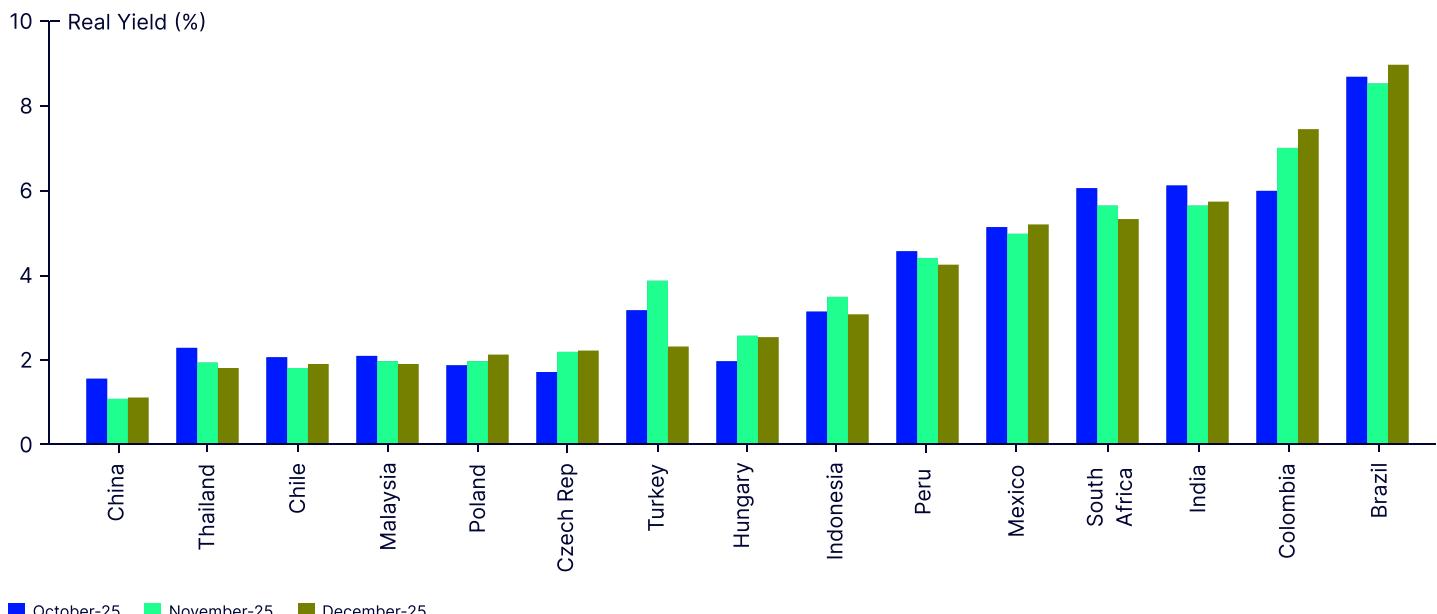
Real yields in emerging markets local currency debt remained elevated in Q4 2025, supported by a benign inflation trends, resilient growth in key EM economies, and a cautious monetary policy approach by major EM central banks (Figure 1). Most EM central banks kept policy rates unchanged, preserving carry appeal, while selective easing in a few markets extended scope for duration gains. The global disinflation trend continued in EM, reinforcing positive real returns.

Resilient EM debt rallies in Q4

Emerging market (EM) debt delivered a strong performance in the fourth quarter of 2025, supported by resilient macro fundamentals, robust investor demand, a weaker US dollar, and a dovish global monetary backdrop despite lingering trade and geopolitical risks.

October set the tone for the quarter as EM assets benefited from accommodative policy signals and steady growth data. The US-China trade truce eased pressure on global supply chains, while China's exports to non-US markets surged, bolstering confidence in EM. Asia's export resilience. The Association of Southeast Asian Nations (ASEAN) summit in October resulted in agreements on US trade deals with Malaysia, Thailand, Vietnam, and Cambodia, further boosting regional optimism. However, tariff overhangs on India and Brazil, with cumulative duties of up to 50%, persisted throughout the quarter, prompting both countries to accelerate export diversification strategies. Geopolitical risks remained a latent source of volatility in Q4. In the Middle East, a US-brokered ceasefire between Israel and Hamas in October halted two years of conflict, though sporadic violence resurfaced later. The Russia-Ukraine war evolved into a mixture of military operations and intensified diplomatic efforts. Despite progress in peace talks, key disputes over Donbas and security

Figure 1: EM real yields in Q4 2025



■ October-25 ■ November-25 ■ December-25

Sources: State Street Investment Management, Bloomberg, JP Morgan as of 31 December, 2025. Past performance is not a reliable indicator of future performance. Real Yields measured as nominal yields minus the CPI (Consumer Price Index).

guarantees stalled a formal ceasefire. US pressure on Venezuela intensified, culminating in fresh sanctions and tanker seizures in December, which elevated risk premiums. Meanwhile, oil prices declined steadily through Q4, as oversupply concerns and sluggish demand weighed on sentiment. Lower oil prices eased inflationary pressures for importers like India and Thailand, improving trade balances, while Gulf exporters accelerated borrowing to offset revenue shortfalls.

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Disinflation persisted across EM economies in Q4, supported by easing food and energy prices and stable domestic demand. India recorded a historic low Consumer Price Index (CPI) reading of 0.25%, year-on-year, in October, before ticking up to 0.71% in November—this is still well below the central bank's tolerance band. Monetary policy developments were pivotal in shaping EM debt dynamics in the quarter. The Federal Reserve (Fed) cut rates twice: in October, it lowered the target range by 25 basis points (bps) to 3.75%–4.00% and announced the end of quantitative tightening from December 1; in December, it reduced rates further to 3.50%–3.75%. These moves supported risk sentiment and drove spread compression in EM

hard-currency bonds to multi-year lows. The US government shutdown in November briefly clouded macro visibility, but revised data releases in December restored clarity, shifting investor focus back to EM-specific drivers. In Latin America, the Bank of Mexico cut its benchmark rate by a total of 50 bps in Q4 to 7.00% and the Central Bank of Chile cut its policy rate by 25 bps to 4.50%. In Europe, the National Bank of Poland cut its benchmark rate by 25 bps to 4.00%, while in Asia, the Reserve Bank of India (RBI), the Central Bank of Philippines and the Bank of Thailand each lowered their benchmark rates by 25 bps to 5.25%, 4.50%, and 1.25%, respectively. In China, the People's Bank of China (PBoC) maintained its one-year Loan Prime Rate and the five-year Mortgage Reference Rate at 3.00% and 3.50%, respectively, for a seventh consecutive month while resuming sovereign bond purchases to stabilize markets.

Overall, EM local currency debt posted positive returns in Q4, aided by currency gains against the US dollar, high real yields, and interest rate cuts. EM hard currency bonds also delivered gains, driven by sovereign spreads tightening to record lows, increased investor interest, and strong issuance activity. Improved global liquidity conditions and risk-on sentiment supported EM debt inflows. Net flows in Q4 were approximately +\$6.4 billion each for both hard currency and local currency emerging market bonds.¹

Figure 2: Emerging market debt index returns

| | 1m (%) | 3m (%) | 6m (%) | YTD (%) | 12m (%) | 3yrs (%) | 5yrs (%) |
|-------------------------------|-----------|-----------|-----------|------------|------------|-------------|-------------|
| In USD | | | | | | | |
| GBI-EM GD (EM Local Currency) | 1.49 | 3.34 | 6.24 | 19.26 | 19.26 | 9.48 | 1.12 |
| EMBI GD (EM Hard Currency) | 0.72 | 3.29 | 8.19 | 14.30 | 14.30 | 10.60 | 1.78 |
| CEMBI BD (EM Corporates) | 0.48 | 1.29 | 4.51 | 8.72 | 8.72 | 8.48 | 2.48 |
| In EUR | | | | | | | |
| GBI-EM GD (EM Local Currency) | 0.29 | 3.39 | 6.18 | 5.15 | 5.15 | 6.04 | 1.95 |
| EMBI GD (EM Hard Currency) | -0.47 | 3.34 | 8.14 | 0.78 | 0.78 | 7.12 | 2.62 |
| CEMBI BD (EM Corporates) | -0.71 | 1.33 | 4.45 | -4.14 | -4.14 | 5.07 | 3.32 |
| In GBP | | | | | | | |
| GBI-EM GD (EM Local Currency) | -0.02 | 3.43 | 8.23 | 11.05 | 11.05 | 5.48 | 1.45 |
| EMBI GD (EM Hard Currency) | -0.78 | 3.38 | 10.23 | 6.43 | 6.43 | 6.55 | 2.11 |
| CEMBI BD (EM Corporates) | -1.02 | 1.38 | 6.47 | 1.24 | 1.24 | 4.51 | 2.81 |

Sources: State Street Investment Management, Bloomberg, JP Morgan as of 31 December 2025. Past performance is not a reliable indicator of future performance. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable. Performance returns for periods of less than one year are not annualized.

Figure 3: ESG emerging market debt index returns

| | 1m (%) | 3m (%) | 6m (%) | YTD (%) | 12m (%) | 3yrs (%) | 5yrs (%) |
|-------------------------------------|--------|--------|--------|---------|---------|----------|----------|
| In USD | | | | | | | |
| JESG GBI-EM (ESG EM Local Currency) | 1.59 | 3.48 | 6.72 | 20.84 | 20.84 | 10.24 | 1.37 |
| JESG EMBI (ESG EM Hard Currency) | 0.63 | 3.01 | 7.50 | 13.27 | 13.27 | 9.71 | 0.90 |

Sources: State Street Investment Management, Bloomberg, JP Morgan as of 31 December 2025. Past performance is not a reliable indicator of future performance. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable. Performance returns for periods of less than one year are not annualized.

Figure 4: Key EM and Macro levels as of 31 December 2025

| Item | Δ 1 Month | Δ 3 Months | Δ YTD | Current level |
|--------------------|-----------|------------|----------|---------------|
| GBI-EM GD Yield | -3 bps | -6 bps | -52 bps | 5.87% |
| EMBI GD Yield | -3 bps | -28 bps | -106 bps | 6.81% |
| EMBI GD Spread | -16 bps | -30 bps | -72 bps | 253 bps |
| CEMBI BD Yield | 1 bps | 4 bps | -56 bps | 6.37% |
| CEMBI BD Spread | -14 bps | -6 bps | -21 bps | 269 bps |
| CDX.EM 5y | -11 bps | -23 bps | -48 bps | 124 bps |
| 10y UST | 15 bps | 2 bps | -40 bps | 4.17% |
| Dollar Index (DXY) | -1.14% | 0.56% | -9.37% | — |
| DOW 30 | 0.73% | 3.59% | 12.97% | 48063 |
| Oil (WTI) | -1.93% | -7.94% | -19.94% | \$ 57.42 |

Source: JP Morgan, Bloomberg as of 31 December 2025. Past performance is not a reliable indicator of future performance. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable.

Local currency market highlights

EM local currency debt returned +3.34% (in USD terms) in Q4 2025, as measured by the JP Morgan GBI-EM Global Diversified Index. A major contribution to this performance outcome came from bond component returns (+1.97%), which includes price and interest rate components. A combination of resilient growth, selective monetary easing in key EM economies, rate cuts by the Fed, and high EM real yields underpinned EM local currency bond gains in Q4. The foreign exchange (FX) return was also positive (+1.36%). The dovish messaging and rate cuts by the Fed in Q4, heightened policy and fiscal uncertainty in the US, divergent global interest rate policies, and a broad uptick in risk appetite weighed on the US dollar. Thirteen out of the 20 currencies in the index gained against the greenback in Q4. From a total return perspective, 19 of the 20 countries in the index posted positive returns. The GBI-EM GD Index yield decreased by 6bps in Q4.

Figure 5: Key return drivers of EM local government bond markets

| GBI-EM GD (EM local currency) | Monthly return (%) | 3 month return (%) | YTD return (%) |
|-------------------------------------|-----------------------|-----------------------|-------------------|
| In USD | | | |
| Total return (in \$) | 1.49 | 3.34 | 19.26 |
| FX return (vs \$) | 0.88 | 1.36 | 9.31 |
| Price return (local currency) | 0.11 | 0.53 | 4.13 |
| Interest return (local currency) | 0.51 | 1.44 | 5.82 |
| In EUR | | | |
| Total return (in €) | 0.29 | 3.39 | 5.15 |
| FX return (vs €) | -0.32 | 1.41 | -4.80 |
| In GBP | | | |
| Total return (in £) | -0.02 | 3.43 | 11.05 |
| FX return (vs £) | -0.63 | 1.46 | 1.10 |

Sources: State Street Investment Management, Bloomberg, JP Morgan as of 31 December 2025. Past performance is not a reliable indicator of future performance. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable. Performance returns for periods of less than one year are not annualized.

Figure 6: Best and worst performers across EM local government bond markets in USD*

| Q4 2025 | Country | Total return USD (%) | Bond return (%) | FX return (%) | Index weight (%) | Index impact (bps)** |
|---------------------|--------------------|----------------------|-----------------|---------------|------------------|----------------------|
| GBI-EM GD | | 3.34 | 1.97 | 1.36 | — | — |
| Top 5 performers | South Africa | 13.4 | 8.9 | 4.5 | 7.5% | 100 |
| | Turkey | 9.3 | 12.9 | -3.6 | 1.2% | 11 |
| | Uruguay | 6.5 | 4.4 | 2.2 | 0.2% | 1 |
| | Peru | 6.0 | 2.8 | 3.2 | 2.1% | 13 |
| | Malaysia | 4.4 | 0.7 | 3.7 | 9.9% | 44 |
| Bottom 5 performers | Dominican Republic | 1.2 | 2.4 | -1.2 | 0.3% | 0 |
| | Serbia | 0.7 | 0.8 | -0.1 | 0.3% | 0 |
| | Brazil | 0.4 | 3.3 | -2.9 | 6.3% | 2 |
| | India | 0.1 | 1.3 | -1.2 | 10.0% | 1 |
| | Colombia | -0.1 | -3.7 | 3.5 | 3.7% | 0 |

Source: State Street Investment Management, JP Morgan, Bloomberg as of 31 December 2025. Past performance is not a reliable indicator of future performance. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable. *Country and currency performance of JP Morgan GBI-EM Global Diversified Index. **Index impact is calculated by multiplying the period ending weight by total return.

South Africa was the best performer in Q4. In line with expectations, the South African Reserve Bank reduced its key repo rate by 25bps in November to 6.75%. Policymakers noted that the recent acceleration in inflation is temporary and that inflation remained on track to meet the new 3% medium-term target. The yield on the country's 10-year sovereign bond ended Q4 at 8.19%, down from 9.16% at the end of Q3. The South African rand appreciated against the US dollar by 4.1% in Q4 and closed at 16.56.

Turkey was another good performer in Q4. The Central Bank of Turkey reduced its key repo rate by 250bps to 38% in Q4 amid lower inflation data. The country's annual inflation rate declined to 31.07% in November from 32.87% a month earlier. The FX returns were negative, with the sharp depreciation of the Turkish lira in Q4 driven by a combination of monetary easing, political and institutional fragility, and macroeconomic imbalances. The Turkish lira depreciated against the US dollar by 3.3% in Q4 and closed at 42.96.

Malaysia was another good performer in the quarter. The Central Bank of Malaysia kept its key interest rate unchanged at 2.75% throughout Q4. Malaysia's annual inflation rate increased to 1.4% in November from 1.3% in October and was below market expectations of 1.5%. The Malaysian ringgit strengthened against the US dollar by 3.5% in Q4 to close at 4.06, driven by broad dollar weakness, macro stability, strong export-led growth, healthy trade balances, and contained inflation.

Colombia was among the relatively poorer performers in Q4, with bond component returns accounting for underperformance. The Central Bank of Colombia kept its benchmark interest rate unchanged at 9.25% throughout Q4. High interest rates limited duration gains, while fiscal slippage and a Fitch Ratings downgrade in December due to "persistently large fiscal deficits" raised risk premiums and triggered outflows. The FX component return was positive. The Colombian peso appreciated by 6.5% against the US dollar in Q4 and closed at 900.58.

India delivered a flat return in Q4, mainly because of negative FX returns offsetting positive bond component returns. In line with expectations, the RBI reduced its key repo rate by 25bps to 5.25% in its December meeting, amid confidence in a softer inflation outlook. Steep tariffs applied by the US, prolonged uncertainties on a US-India trade deal, and heavy foreign institutional investor outflows from Indian equity markets weighed on the currency. The Indian Rupee depreciated against the US dollar by 1.22% in Q4 and closed at 89.88.

Brazil also delivered a flat return in Q4. Brazil's central bank kept its Selic rate steady at 15% through Q4, stating that a prolonged hold is required to bring inflation towards the target. Brazil was impacted by a widening primary fiscal deficit, driven by rigid mandatory spending (pensions, debt service consuming over 90% of the federal budget), delayed budget approval involving legislative gridlock, and grant-payment disputes. The Brazilian real depreciated against the US dollar by 2.88% in Q4 and closed at 5.47.

Performance comparison of JPM local currency benchmark vs ESG local currency benchmark

The JP Morgan ESG GBI-EM Index returned +3.48% (in USD terms) in Q4 2025, outperforming the standard JP Morgan GBI-EM Global Diversified Index return of +3.34%. This outperformance was driven by relative index overweights in Czech Republic (+2.1%), Poland (+1.8%), Romania (+1.4%), Hungary (+0.9%), Thailand (+0.7%) and South Africa (+0.6%), which contributed a total of +0.29% to excess returns. These contributions were partially offset by relative underweights in India (-2.8%), China (-2.8%), Indonesia (-2.8%) and Turkey (-0.3%) that detracted -0.17% from excess returns as the Indian, Chinese, Indonesian and Turkish local bonds posted positive returns in Q4.

Figure 7: Key return drivers of ESG EM local government bond markets

| JESG GBI-EM GD (EM local currency) | Monthly return (%) | 3 month return (%) | YTD Return (%) |
|------------------------------------|--------------------|--------------------|----------------|
| In USD | | | |
| Total return (in \$) | 1.59 | 3.48 | 20.84 |
| FX return (vs \$) | 0.96 | 1.46 | 10.77 |
| Price return (local currency) | 0.13 | 0.61 | 4.38 |
| Interest return (local currency) | 0.50 | 1.41 | 5.69 |

Sources: State Street Investment Management, Bloomberg, JP Morgan as of 31 December 2025. Past performance is not a reliable indicator of future performance. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable. Performance returns for periods of less than one year are not annualized.

Hard currency market highlights

EM hard currency sovereign debt returned +3.29% (in USD terms) in Q4 2025, as measured by the JP Morgan EMBI Global Diversified Index. The spread component return (+2.43%) was the major contributor to the total return outcome, with the JPM EMBI GD spread tightening by 30bps in Q4. EM sovereign spreads compressed in Q4 and stayed at multi-year lows, aided by improved fundamentals, increased inflows, Fed rate cuts and idiosyncratic tail risk reductions in certain instances via support from the International Monetary Fund (IMF). Investor traction towards EM hard currency debt improved in Q4, with an uptick in global risk-on sentiment. The compression in Investment Grade-

High Yield (IG/HY) spreads in Q4 resulted in the HY sub-index outperforming IG counterparts by +4.34%. The contribution from the treasury component was also positive (+0.84%), with the JPM EMBI GD yield decreasing by 28bps in Q4.

Figure 8: Relative over/underweights (JESG GBI-EM vs GBI-EM GD)

| Sep. 2025 | Country | JESG GBI-EM (%) | GBI-EM GD (%) | Relative weight (%) |
|--------------------|----------------|-----------------|---------------|---------------------|
| Top 5 Overweights | Czech Republic | 6.7 | 4.7 | 2.1 |
| | Poland | 10.0 | 8.1 | 1.8 |
| | Romania | 4.7 | 3.3 | 1.4 |
| | Hungary | 3.3 | 2.3 | 1.0 |
| | Thailand | 9.2 | 8.5 | 0.7 |
| Top 5 Underweights | Mexico | 10.0 | 10.0 | 0.0 |
| | Turkey | 0.9 | 1.2 | -0.3 |
| | Indonesia | 7.3 | 10.0 | -2.7 |
| | India | 7.2 | 10.0 | -2.8 |
| | China | 7.2 | 10.0 | -2.8 |

Sources: State Street Investment Management, Bloomberg, JP Morgan as of 31 December 2025. Country exposures are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Figure 9: Key return drivers of EM hard currency government bond markets in USD

| EMBI GD (EM hard currency) | Monthly return (%) | 3 month return (%) | YTD return (%) |
|----------------------------|--------------------|--------------------|----------------|
| In USD | | | |
| Total return (in \$) | 0.72 | 3.29 | 14.30 |
| Spread Return | 1.26 | 2.43 | 7.32 |
| Treasury Return | -0.53 | 0.84 | 6.50 |
| IG Sub-Index | -0.01 | 1.14 | 10.38 |
| HY Sub-Index | 1.45 | 5.48 | 18.28 |

Sources: State Street Investment Management, Bloomberg, JP Morgan as of 31 December 2025. Past performance is not a reliable indicator of future performance. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable. Performance returns for periods of less than one year are not annualized.

Figure 10: Best and worst performers across EM hard currency government bond markets*

| Q4 2025 | Country | Total return (%) | Spread return (%) | Treasury return (%) | Index weight (%) | Index impact (bps)** |
|---------------------|--------------------------------|------------------|-------------------|---------------------|------------------|----------------------|
| | EMBI Global Diversified | 3.29 | 2.43 | 0.84 | — | — |
| Top 5 Performers | Argentina | 37.3 | 36.1 | 0.8 | 2.7% | 101 |
| | Venezuela | 35.2 | 33.8 | 1.0 | 1.0% | 35 |
| | Bolivia | 18.2 | 16.9 | 1.1 | 0.2% | 4 |
| | Ecuador | 17.6 | 16.5 | 0.9 | 1.5% | 27 |
| | Ethiopia | 11.9 | 10.8 | 1.0 | 0.1% | 2 |
| Bottom 5 performers | Latvia | 0.0 | 0.0 | 0.0 | 0.2% | 0 |
| | Peru | -0.4 | -1.0 | 0.6 | 2.5% | -1 |
| | Mozambique | -1.3 | -2.4 | 1.1 | 0.1% | 0 |
| | Gabon | -2.6 | -3.7 | 1.1 | 0.2% | -1 |
| | Senegal | -18.0 | -19.4 | 1.7 | 0.2% | -4 |

Source: State Street Investment Management, JP Morgan, Bloomberg as of 31 December, 2025. Past performance is not a reliable indicator of future performance. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable. *Country and currency performance of JPM EMBI Global Diversified Index **Index impact is calculated by multiplying the period ending weight by total return.

Argentina was one of the outperformers in Q4, with the spread component largely accounting for the performance and the 101bps contribution to the index return. Argentina's dollar bonds rallied in Q4 due to strong macro stabilization—fiscal surplus, disinflation, and IMF-backed reforms—combined with political support after midterm election results and credit rating upgrades. Investor confidence surged further with successful new bond issuance and narrowing spreads, making Argentina the top-performing country in Q4.

Venezuela was another good performer in Q4, contributing 35bps to index returns. The rally in Venezuelan dollar bonds early in the quarter was fueled by renewed investor hopes of a political transition towards a more market friendly direction, against the backdrop of continued pressure from the US on President Nicolas Maduro. This speculative rally was driven by optimism that any shift in power could finally pave the way for bondholders to recover value on deeply distressed issues.

Ecuador also performed well in the quarter, contributing 27bps to index returns. Ecuador was a strong performer in 2025 following the re-election of President Daniel Noboa in April, and the market advanced again in Q4 despite a referendum in which constitutional changes backed by Noboa were rejected. In November, Fitch Ratings upgraded Ecuador's Long-Term (LT) debt ratings to 'B-' from 'CCC+' and assigned a Recovery Rating of RR3, removing it from "Under Criteria Observation".

Senegal was among the underperformers in Q4, detracting 4bps from index returns. Senegal continued to underperform as the country grapples with the US\$7 billion of 'hidden' borrowing that was uncovered last year. Senegal's debt-to-GDP ratio is now above 100%. The country's prime minister rejected restructuring of its debts and doubts over fiscal sustainability remain. In November, S&P Global Ratings lowered its long-term foreign currency sovereign rating on Senegal to 'CCC+' from 'B-', citing its precarious debt situation.

Gabon was among the underperformers in Q4, detracting 1bp from index returns. In December, Fitch Ratings downgraded Gabon's Long-Term Foreign-Currency Issuer Default Rating to 'CCC-' from 'CCC', citing steep fiscal deficits, liquidity challenges, and increasing external and domestic arrears. Gabon continued to face liquidity challenges in its foreign and local currency debt markets and investor sentiment was impacted negatively by the delayed engagement with the International Monetary Fund (IMF).

Peru was among the underperformers in Q4, detracting 1bp from index returns. Peru's quarter was marked by explosive social unrest, a rapid impeachment of president Dina Boluarte, an interim administration under José Jeri, and stalled reforms ahead of crucial elections in 2026. Persistent clashes between the executive and legislature, delays in structural reforms, and a weaker-than-expected growth outlook kept investor sentiment subdued and spreads widened relative to peers.

Performance comparison of JPM hard currency benchmark vs ESG hard currency benchmark

The JP Morgan ESG hard currency index returned +3.01% (in USD terms) for Q4 2025, underperforming the standard benchmark JP Morgan EMBI Global Diversified Index which posted a gain of +3.29%. A major contribution to underperformance came from the compression in sovereign spreads in Q4 that benefited the standard benchmark more than the ESG benchmark. This was due to a greater allocation to the high yield segment (50% vs the ESG benchmark's 46%). In broad terms, the standard benchmark benefited slightly more compared to the ESG benchmark from market risk-on sentiments, Fed rate cuts, idiosyncratic country developments, and increased inflows toward the asset class. The HY sub-index of the standard benchmark outperformed the HY sub-index of the ESG benchmark by around +0.29% and the IG sub-index of the ESG benchmark outperformed the IG sub-index of the standard benchmark by around +0.06% in Q4.

Figure 11: Key return drivers of ESG EM hard currency government bond markets in USD

| JESG EMBI (ESG EM hard currency) | Monthly return (%) | 3 month return (%) | YTD return (%) |
|----------------------------------|--------------------|--------------------|----------------|
| In USD | | | |
| Total return (in \$) | 0.63 | 3.01 | 13.27 |
| Spread Return | 1.23 | 2.17 | 6.32 |
| Treasury Return | -0.60 | 0.82 | 6.54 |
| IG Sub-Index | 0.01 | 1.20 | 10.75 |
| HY Sub-Index | 1.36 | 5.19 | 16.27 |

Sources: State Street Investment Management, Bloomberg, JP Morgan as of 31 December 2025. Past performance is not a reliable indicator of future performance. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable. Performance returns for periods of less than one year are not annualized.

Figure 12: Relative over/underweights (JESG EMBIG vs EMBI GD)

| Dec. 2025 | Country | JESG EMBI (%) | EMBI GD (%) | Relative Weight (%) |
|--------------------|--------------|---------------|-------------|---------------------|
| Top 5 Overweights | Romania | 4.5 | 2.8 | 1.7 |
| | Poland | 4.4 | 2.9 | 1.5 |
| | Hungary | 4.2 | 2.8 | 1.4 |
| | Uruguay | 3.5 | 2.2 | 1.3 |
| | Saudi Arabia | 5.9 | 5.2 | 0.7 |
| Top 5 Underweights | Indonesia | 3.3 | 4.2 | -0.9 |
| | Turkey | 3.4 | 4.3 | -0.9 |
| | Mexico | 3.6 | 5.2 | -1.6 |
| | Malaysia | 0.5 | 2.5 | -2.0 |
| | China | 1.4 | 3.4 | -2.0 |

Sources: State Street Investment Management, Bloomberg, JP Morgan as of 31 December 2025. Country exposures are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Endnote

1 Source: JP Morgan.

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Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise bond values and yields usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. International Government bonds and corporate bonds generally have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns. Investing in high yield fixed income securities, otherwise known as junk bonds, is considered speculative and involves greater risk of loss of principal and interest than investing in investment grade fixed income securities. These lower-quality debt securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. Increase in real interest rates can cause the price of inflation-protected debt securities to decrease. Interest payments on inflation-protected debt securities can be unpredictable.

Investing in foreign domiciled securities may involve risk of capital loss from unfavorable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations.

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Currency Risk is a form of risk that arises from the change in price of one currency against another. Whenever investors or companies have assets or business operations across national borders, they face currency risk if their positions are not hedged.

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