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Principal Finisterre

Principal Asset Management℠

FINISTERRE EMERGING MARKETS DEBT TOTAL RETURN STRATEGY

Monthly commentary

FEBRUARY 2026

Damien Buchet, CFA and Christopher Watson, CFA

Although this piece is supposed to address the previous month' events, the United States/Israeli strikes against Iran since the last day of February are now the elephant in the room. Iran's effort to retaliate across the whole Gulf region makes the global picture suddenly more challenging than a week ago. February exposed some of the fragilities we have long discussed about the excesses and disruptive power of artificial intelligence (AI) and the vulnerabilities of private credit. The significant spike in energy prices triggered by the war on Iran adds a significant source of concern for markets and investors. Yet, even if this warrants some tactical risk reduction, we caution against extrapolating the current stress out of proportion and making the current war-related energy price spike the tree that hides the AI, private debt, or global government bond yields forest. It is likely though, that we will need to price a more stagflationary environment for a few weeks or months, but this is a matter of finding the right balance of those risks over the next few days. Slightly higher yields and USD, lower equities and somewhat wider spreads are the price to pay for this uncertainty.

In February, the first concrete hints of AI disruption potential for legacy sectors like software came to the fore, and its potential linkage to private credit portfolios' exposure to those sectors, pressured the S&P down 0.8% and Nasdaq down 3.3% respectively. Rather than a major market drawdown, the theme was more of a rotation between perceived losers and winners of AI adoption. In response, rates moved lower in February as markets looked through broadly constructive U.S. data to focus on the disinflationary/productivity AI narrative, with U.S. Treasury (UST) 10-year yields dropping 30 basis points (bps) to 3.93%, revisiting their October 2025 lows. International markets were the standout performers in February, continuing the "sell America, buy diversification" trend from January. Japanese equities surged over 10% following a landslide election victory for Sanae Takaichi. Emerging markets (EM) equities were up 5.5%, European ones up 3.3%. The dollar was flat on the month in DXY terms but continued to weaken against broader EMs.

Against this backdrop emerging market debt (EMD) sovereign and corporates indices delivered positive returns at +1.29% and +0.9% respectively, mainly from carry and the netting of wider spreads (+15 bps) versus lower U.S. yields (-30 bps), while the local currency index benefitted modestly from a continuing foreign exchange (FX) performance, amidst stable local yields and a +0.5% carry contribution. The Finisterre Emerging Market Debt Total Return Strategy suffered from its lower exposure to U.S. duration underperforming the J.P. Morgan EMD Equal Weight reference Index by -0.22% on a gross basis (-0.29% net).

Market overview

The strength in U.S. rates in February was something of a surprise: broadly speaking data came in strong and yet rates rallied, as February data painted a picture of stabilisation rather than reacceleration: payrolls rebounded strongly (before slumping meaningfully in early March) and activity indicators firmed, but labor participation rose, wage momentum continued to cool on trend, and inflation—while still uncomfortably high at the core—did not show renewed acceleration. This leaves us with a picture of an economy strong enough to avoid a downturn but slowing enough to cap future nominal growth, coherent with a lack of Federal Reserve (Fed) urgency to cut further. The explanation for lower yields in February is rather to be found in fresh market worries about the disruptive potential of AI as markets began to question in earnest how AI might disrupt legacy business models (particularly in the software space). Additionally, concerns surrounding the $2 trillion private credit market intensified, driven by liquidity issues at major firms, fears of AI-driven disruptions to software companies, and rising default rates. Insurance company spreads also came under pressure as investors questioned the 'privatisation' of their lending portfolios. Data suggests that credit issues in private loan portfolios are mounting, and UBS analysts have forecast that defaults could hit 15% in a severe AI-driven software disruption. Another major focal point moved to the potential liquidity risk of some large vehicles when Blue Owl Capital altered withdrawal terms for several of its private credit funds (including OBDC II, OTIC, and OCIC) after redemption requests exceeded preset limits (typically 5% to 10% per quarter), raising questions about retail access to these products. Blackstone's flagship private credit fund also saw net outflows and breached its redemption limits.

We continue to treat those concerns merely as early signs of future potential systemic issues. The titans of the industry are quick to dismiss these concerns as overblown - but the scale of the industry and the meaningful role it plays in institutional and insurance asset portfolios means that it bears watching carefully. Yet we continue to think that 2026 is not the year where a full-blown crisis emerges.

On the EMs side, we highlight Colombia's continuing fiscal woes amidst a likely reconduction of the left to power, the upcoming Hungarian elections, and a couple of corporate situations in Brazil and Ghana.

Colombian assets have continued to struggle, with the currency giving back all of its recent outperformance versus the rest of LatAm and local yields rising to levels close to Brazil (around 14%). Colombian yields now look high versus peers and history but continue to reflect ongoing fiscal risks through the upcoming election. Indeed, polls are still showing the leftwing contender Ivan Cepeda as the front runner, ahead of hard right candidate Abelardo de la Espriella. That said, March 8th primary elections showed a strong support for a centre right challenger, Ms. Paloma Valencia, which could introduce some welcome diversity in the contest.

Colombia's fiscal metrics have deteriorated significantly under incumbent left wing president Gustavo Petro. As a result, a market relief is unlikely unless either (i) the probability of regime change begins to rise, or (ii) the incumbent candidate starts signalling willingness to tighten fiscal policy. At this stage, neither condition appears to be in place. Our positioning in Colombia reflects this cautious stance. We hold a 2-year IBR rates receiver, thinking that too many hikes are priced into the curve (a monetary policy trade), alongside a long CDS position reflecting still-fragile fiscal fundamentals. We also maintain exposure to local COLTES bonds in the shorter end of the curve to capture the attractive carry, while tactically hedging the COP.

Since the start of the Iran war, Hungary looks like a disproportionate victim of the energy crisis, likely because of large positioning in local assets and the currency by hedge funds and trend following funds. With the general election taking place on April 12th, polls are pointing to a growing gap in favour of the opposition alliance Tisza, led by Peter Magyar, suggesting a defeat for Viktor Orban. This would be a game changer for Hungary, especially regarding its relations with the European Union (EU) and reform prospects leading to a resumption of EU fund disbursements. A fiscal adjustment would also be welcome, although current global circumstances may limit its scope. We have reduced our HUF exposure but remain inclined to fade the current weakness on any signs of a pause in the Iran war.

Portfolio statistics

Strategy AUM USD mn (month-end)	7,468
Current yield[*1]	6.64%
YTW[*1]	8.49%
YTM[*1]	8.72%
Duration (cash adjusted)	4.37
Rating	BB
Cash & equivalents	13.05%
Net EM exposure	81.66%
Gross EM exposure	153.32%
Long	117.49%
Short	-35.83%

Active EM exposures	**Net**	**Gross**
Hard Currency Bonds	59.8%	59.8%
Local Currency Bonds	26.5%	26.5%
EM FX Total	11.4%	36.08%
CDS	-23.5%	23.47%
IRS	5.94%	5.94%

Cash / hedge exposures	**Net**	**Gross**
DM Rates	1.8%	1.8%
DM FX Total	-	-
US Treasury Notes	-	-
US T-bills	-	-
Free Cash	13.1%	13.1%

Top 5 sovereign / quasi exposures	**NAV**
ROMANIA (REPUBLIC OF)	2.65
COTE D IVOIRE (REPUBLIC OF)	1.98
UKRAINE REPUBLIC OF (GOVERNMENT)	1.59
PETROLEOS DE VENEZUELA SA	1.42
PETROLEOS MEXICANOS	1.36
Total top 5	**9.00**

Top 5 corporate exposures	**NAV**
ALDAR PROPERTIES PJSC	0.92
SAAVI ENERGIA LUXEMBOURG SARL	0.90
IVANHOE MINES LTD	0.89
VEON HOLDINGS BV	0.85
MIZRAHI TEFAHOT BANK LTD	0.85
Total top 5	**4.41**

Source: Principal Finisterre. As of 28 February 2026. Information shown above is from the representative portfolio of the Finisterre Emerging Markets Debt Total Return Strategy. NAV is defined as the sum of absolute market value adjusted for derivatives and hedges.

[*1] Yields and yield related characteristics shown are only one component of performance or expected performance and are not and should not be viewed as a statement of the current or future performance of the strategy. See the gross and net performance of the strategy.

Sky high local rates, a global sugar glut, and a badly timed capex cycle had put Raizen, a Brazilian sugar ethanol and fuel distribution issuer, in a tough spot. We had expected shareholders Shell and Cosan to come to the rescue but in February it became clear a quick and creditor friendly solution wasn't in the offing with the hiring of financial advisors. Bonds plunged from the $80s to the low $30s as the shareholders continued to bicker about capital injections to fix the balance sheet. We were too complacent about a prolonged trough in the bioethanol cycle, the shifting shareholder dynamics, and put too much emphasis on moral hazard risk which ultimately hasn't played out. We used the post earnings bounce to exit our position entirely. The company is now likely headed for a restructuring and have asked for a standstill on debt servicing.

Another of our corporate idiosyncratic opportunities has benefitted from a confluence of self-help measures to start the year. Oil exploration and production (E&P) company Kosmos bonds were hit by extreme oil bearishness late in 2025 coupled by guidance from their Ghana-based Jubilee oil field partner Tullow, that suggested the field would fail to rebound from a tough year. Our thesis has been underpinned by a belief that Kosmos's diversity of assets gives it optionality and that their core Jubilee field is not hopeless, it just needs investment. To start the year, Kosmos has delivered a highly successful new well at Jubilee, a new financing that builds their liquidity runway, and announced the sale of their aging Equatorial Guinea asset. Combined with the Iran-induced surge in oil prices (which they have been using to add hedges) this has helped bonds retrace all of their fourth quarter weakness and more. We had added risk on the name in the weakness and are taking some profits into strength.

Performance and portfolio

For the month of February, the strategy returned 0.97% gross (0.90% net) slightly underperforming the JPM blended index at +1.19%. Although high level EM performance continues to be strong, in part helped by continued inflows into the asset class, there was some dispersion under the surface. Local debt continued to generally trade well helped by the move in core rates with our positions in South Africa and Mexican local bonds performing strongly. Colombia local was a big underperformer with the central bank surprising markets with an aggressive 100 bps hike in base rate and with a sharp sell-off in local bonds as the Finance ministry was suspected to be selling bonds to fulfil cash needs. Sovereigns generally traded well helped by a move lower in U.S. yields while corporates were stuck between lower core rates and some wider credit concerns in software companies and private credit. Hence our largest contributor for the month was our long protection position in CDX HY and biggest detractor our position in Brazilian corporate Raizen.

Our positioning was mostly unchanged on the month but with some small tweaks. We remain underweight duration but added some risk in our MXN 2-year and CZK 5-year receivers while cutting our received position in Korea. In FX we remained long but added a 4% short position in ILS as a hedge against geopolitics and also a drawdown in U.S. equities.

Outlook

Going into the Iranian crisis, we continued to see the global economy in rude health despite the multiple uncertainties and disruptions of the past year. We retain a sanguine view that the starting point for EMD fundamentals and, even more so, technicals were at their strongest since pre-Covid days. We are not fundamentally shifting this view, the potential global disruptions from early March developments warrant at least a tactical reassessment.

Generally speaking, it makes sense for investors to fade spikes in risk premia that do not have a fundamental, lasting impact on economic realities. Investors cannot ignore, however, geopolitical developments that fundamentally change the price or availability of inputs over the longer term, as was the case for the lasting supply shock provoked by Covid-19.

Regarding the current Iranian situation, the key point of focus for markets should remain the global availability of oil and gas, and the capacity of Gulf countries to continue to keep supplying and delivering 20% of global production to the world economy. The key variable rests on the duration of any partial or total closure of traffic to oil and LNG tankers through the Strait of Hormuz.

In practical terms, 20 million of barrels per day of Gulf oil and gas flow through the strait. Alternative routes through existing land pipelines would, in the best case, only re-route 5 to 7 mbpd. This would leave the world economy in a substantial deficit, with Asia exposed as the buyer of 80% of GCC oil and Europe a major client for 35% of the region's LNG. We must consider that, given the associated halts in production in most Gulf countries, as tanker traffic stops and storages fill up, any normalization of the cross-strait security situation would still entail several weeks for supply to be back to normal.

Such a reduction in supply is coherent with Brent prices in the $100-$120 range. The ultimate consequence should be an adjustment higher to inflation and lower for global growth expectations. Several banks' back of the envelope calculations suggest anything between a 0.5%-1% surge in global inflation, for a 0.2%-0.4% decrease in global GDP, painting a definitely more stagflationary drift. This would entail a need for higher risk premia through the equity and credit complex, and, as seen last week, perhaps some newfound love for the USD, given a disproportionate impact on energy importers like Asia and Europe. That said, we do not think that global central banks will rush to act in the face of a surge in oil-driven headline inflation, which may end up being a tax on discretionary income. Only those central banks with credibility issues may be pressured to act (Indonesia? India?).

As always, however, in order to correctly assess the macro impact of oil and commodity price shocks, we have to think of the 3-to-6-month price average, rather than volatile spot prices. Hence the above asset price risks would only really be sustained if the closure exceeded 6-to-8 weeks.

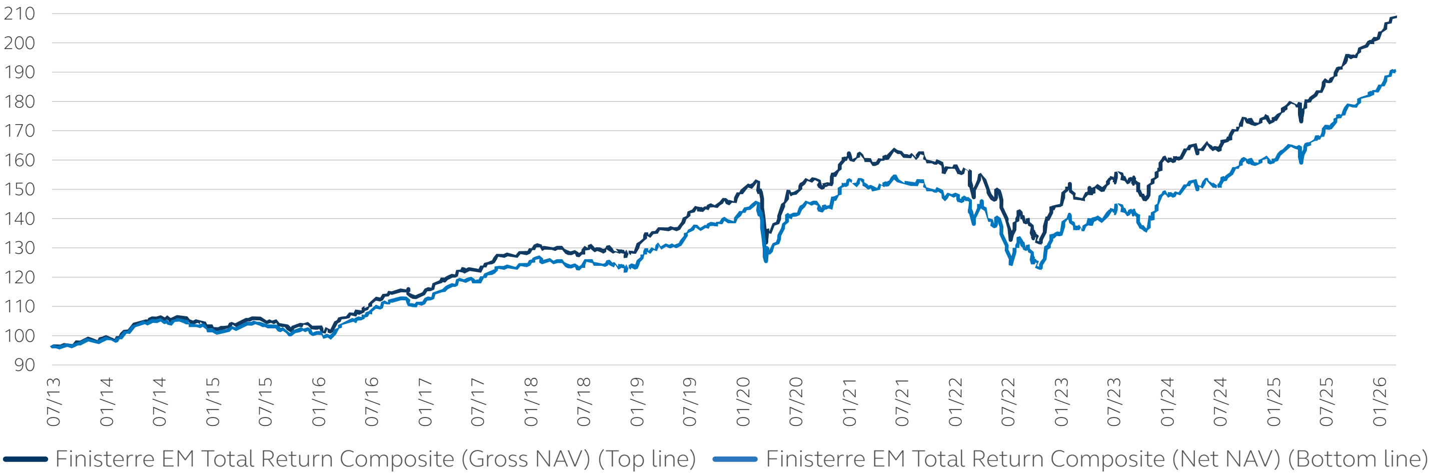
There are many reasons to believe that we should return to something like pre-crisis supply normality in a reasonable time frame. The Iranian regime is clearly not a 'paper tiger' but it is hardly a bastion of strength either. The country has been weathering a deep economic crisis for many years and is isolated from global markets. Its offensive and defensive capabilities are being degraded quickly and its 'total war' approach to its neighbours is increasing its diplomatic isolation. With the possible exception of Vladimir Putin, no one really benefits from this crisis. Asian and European importers are livid, as are Iranian's exporter neighbours. The Iranians hope that by creating a seismic ruction in global energy markets, Israel and the U.S. will be forced to return quickly to the negotiating table. On the U.S. side, the Washington Post adequately describes President Donald Trump's limitations on Iran as the "3M": munitions, markets, and mid-terms. In other words, our view is that the current situation represents an unstable equilibrium which satisfies no one (except perhaps Israel's Prime Minister Benjamin Netanyahu), and therefore, a fresh equilibrium will soon have to emerge, which will have to be priced by markets. It will either involve a regime collapse (which we still see as unlikely in the short term), a move to a protracted but contained conflict which still allows for oil traffic to resume, or a negotiated deal as both sides test their own limits.

So far, the reaction of EMD assets to the crisis feels more like a classic positioning shakeout which typically happens once or twice a year. The most crowded consensus trades have been the worst affected, sometimes disproportionately versus the true macro impact of the situation. The action has mainly been in local markets, mostly through the FX channel, with certain free-floating currencies like the HUF, CLP, ZAR, or crowded ones like the EGP or PEN suffering more. South African and Mexican long duration bonds, CEE rates markets also suffered significantly. Some macro logic exists though in the underperformance of key Asian currencies importing most of their energy from the Gulf : KRW, MYR, TWD, PHP. In Hard currency, while U.S. yield widening played out, credit spreads have remained very well behaved and EMD funds have not seen major outflows for now.

We are still hesitant to engineer a major strategic risk reduction across our portfolios and have preferred to act on liquid assets, like FX and some liquid long-end local bonds, in order to tactically reduce our VAR over the past week, while remaining on the front foot if some asset prices appear unfairly punished for technical reasons. We now hold 15% in cash, have lowered our FX exposure from 40% to 19% in a week by reducing ZAR, MXN, BRL, eliminating KRW and CZK exposure, entering fresh shorts on IDR, INR, TWD, THB fully hedging our CE4 FX vs EUR, and retaining 10% in long CDS index and single name protection. We are still optimistic that this crisis will not lead to a lasting shift in the narrative, but uncertainties exist and we are therefore minded to approach markets with more caution than we felt a week ago. Yet, should signs emerge of a solution, we want to be able to quickly get back to our initial risk-on stance, which we think will ultimately dominate for the rest of the year.

Growth of $100

Composite performance (cumulative since inception)



Source: Principal Finisterre, As of 28 February 2026.
Finisterre EM Total Return Composite inception date 31 May 2013.
Past performance does not guarantee future return.

	Returns (%)		Annualised returns (%)					Volatility (%)					Sharpe ratio				
	MTD	YTD	1-year	3-year	5-year	10-year	ITD	1-year	3-year	5-year	10-year	ITD	1-year	3-year	5-year	IDT	10-year
Finisterre EMTR Composite (gross)	0.97	3.49	16.42	12.44	5.43	7.29	5.94	3.24	3.97	4.73	4.34	4.03	4.70	2.95	1.12	1.43	1.62
Finisterre EMTR Composite (net)	0.90	3.35	15.47	11.61	4.67	6.51	5.17	3.24	3.98	4.73	4.34	4.03	4.44	2.76	0.97	1.25	1.45
EMBI Global Diversified	1.39	2.08	13.24	11.03	2.95	4.43	4.09	3.43	4.41	5.69	6.07	5.86	3.63	2.37	0.51	0.68	0.72
CEMBI Broad Diversified	0.90	1.65	7.98	8.57	2.85	4.88	4.29	1.82	2.15	2.79	3.04	3.00	4.21	3.82	1.01	1.40	1.56
GBI-EM Global Diversified	1.29	3.49	20.15	10.37	2.59	4.06	1.05	4.32	5.94	7.22	8.37	8.62	4.25	1.66	0.35	0.12	0.47
JPM EM Equal Weight Total Return	1.19	2.41	13.72	10.02	2.84	4.52	3.19	2.60	3.66	4.71	5.27	5.25	4.96	2.61	0.59	0.60	0.84

Gross returns (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013						-3.37	0.10	0.19	0.68	1.73	-0.47	0.76	-0.47
2014	-0.75	2.37	1.95	1.55	0.72	0.53	0.18	0.18	-0.53	-0.62	-0.36	-1.34	3.86
2015	-0.54	0.64	0.45	1.53	0.36	-0.53	-0.36	-0.89	-1.80	1.28	0.63	-1.08	-0.36
2016	-0.64	0.92	2.81	1.59	0.52	1.99	1.61	1.76	0.74	0.49	-2.09	1.07	11.21
2017	1.63	2.10	1.33	1.47	0.38	-0.32	1.45	1.73	0.88	0.21	0.44	0.57	12.51
2018	1.93	-0.85	-0.27	-0.58	-0.46	-0.44	2.12	-1.08	0.75	-1.52	-0.03	0.36	-0.14
2019	4.24	0.99	0.34	0.55	0.39	2.87	1.85	-0.37	0.75	1.28	-0.33	2.51	16.04
2020	0.94	-1.50	-8.54	1.85	5.14	2.20	2.59	0.29	-1.64	0.50	3.63	3.09	8.15
2021	-0.58	-0.23	-0.97	1.02	1.32	-0.10	-0.63	0.74	-1.61	-0.42	-2.16	1.44	-2.24
2022	-0.94	-3.18	2.16	-3.72	0.57	-7.83	0.53	0.48	-4.68	0.25	6.83	1.36	-8.60
2023	3.91	-2.09	1.19	1.25	-0.05	2.34	1.28	-1.54	-2.35	-1.42	5.21	3.56	11.52
2024	-0.32	0.86	2.04	-1.28	0.84	-0.38	2.00	1.99	2.42	-1.35	1.05	-0.51	7.46
2025	2.08	1.51	-0.62	1.18	0.94	2.51	0.80	2.08	1.58	1.53	0.90	0.97	16.57
2026	2.50	0.97											3.49

Net returns (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013						-3.44	0.03	0.12	0.61	1.66	-0.54	0.69	-0.94
2014	-0.82	2.30	1.88	1.48	0.65	0.47	0.11	0.12	-0.58	-0.68	-0.41	-1.40	3.10
2015	-0.60	0.58	0.40	1.48	0.30	-0.59	-0.41	-0.95	-1.86	1.23	0.58	-1.14	-1.05
2016	-0.70	0.86	2.75	1.53	0.46	1.93	1.55	1.70	0.68	0.43	-2.15	1.01	10.43
2017	1.57	2.05	1.27	1.42	0.32	-0.37	1.39	1.67	0.82	0.15	0.38	0.51	11.73
2018	1.86	-0.90	-0.33	-0.64	-0.53	-0.50	2.06	-1.15	0.69	-1.59	-0.10	0.30	-0.90
2019	4.18	0.93	0.27	0.49	0.33	2.81	1.79	-0.43	0.69	1.21	-0.39	2.45	15.20
2020	0.88	-1.56	-8.60	1.79	5.08	2.13	2.52	0.23	-1.70	0.44	3.56	3.02	7.34
2021	-0.64	-0.29	-1.04	0.96	1.26	-0.16	-0.69	0.68	-1.67	-0.48	-2.22	1.38	-2.94
2022	-1.00	-3.23	2.10	-3.77	0.51	-7.89	0.47	0.42	-4.74	0.20	6.76	1.31	-9.23
2023	3.85	-2.14	1.13	1.20	-0.11	2.29	1.22	-1.60	-2.40	-1.48	5.16	3.50	10.79
2024	-0.38	0.80	1.99	-1.34	0.78	-0.43	1.94	1.93	2.36	-1.42	0.98	-0.58	6.70
2025	2.01	1.44	-0.69	1.11	0.87	2.44	0.73	2.01	1.51	1.46	0.83	0.90	15.61
2026	2.43	0.90											3.35

12-month net rolling return (%)

	Mar 2021-Feb 2022	Mar 2022-Feb 2023	Mar 2023-Feb 2024	Mar 2024-Feb 2025	Mar 2025-Feb 2026
Net	-6.14	-3.71	9.46	10.00	15.47

Source: Principal Finisterre, As of 28 February 2026.
Finisterre EM Total Return composite inception date: 31 May 2013.
Past performance is not indicative of future performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees, accrued daily YTD figures are compounded monthly. Additional information on calculation of composite performance data is available on request. Actual investment advisory fees charged to clients may vary. Portfolio performance, characteristics and volatility may differ from the benchmark shown.

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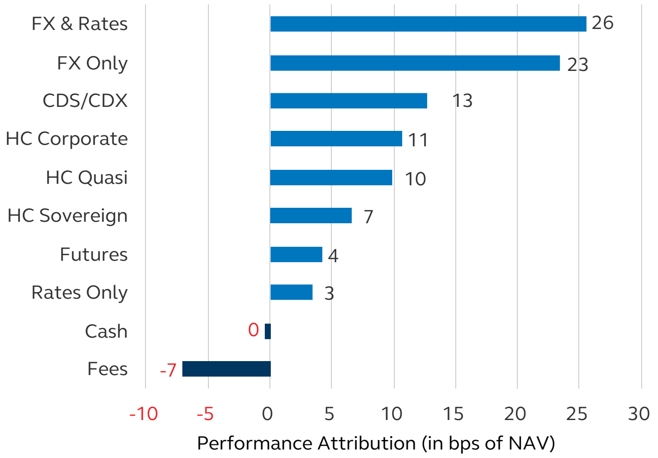
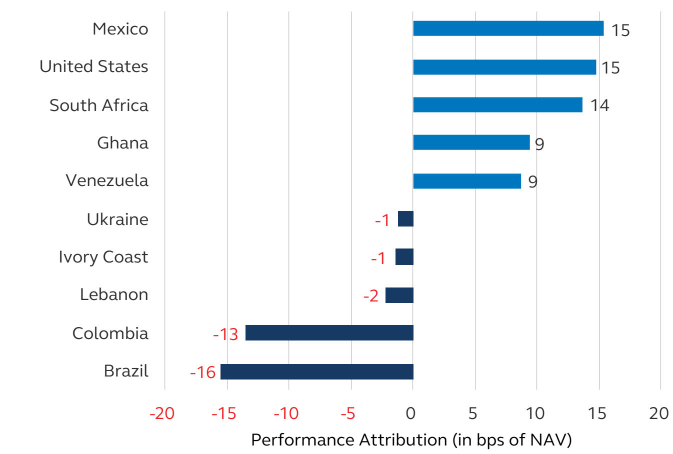
Monthly composite attribution

Performance attribution by sector (bps)

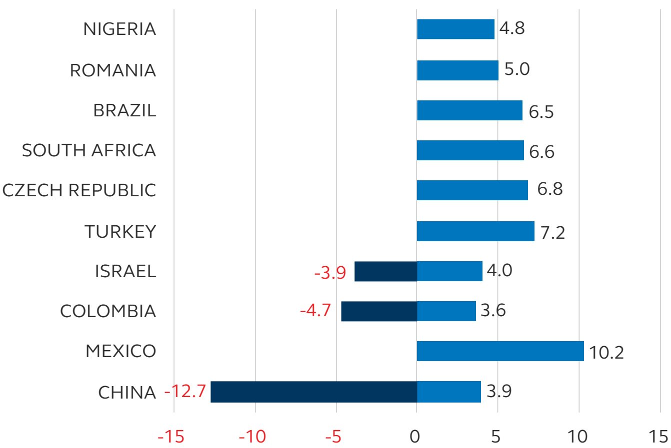


By country (top 5 contributors and detractors, bps)

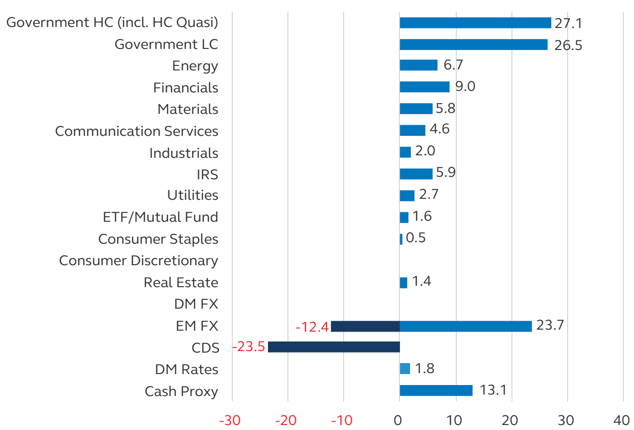


Month-end representative portfolio exposures

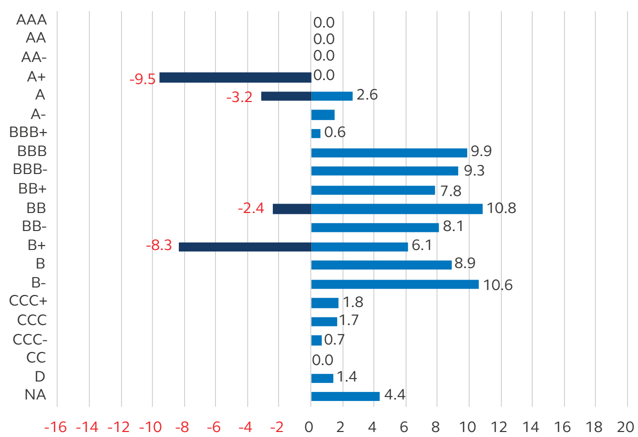
Top 10 country gross exposure (% NAV)



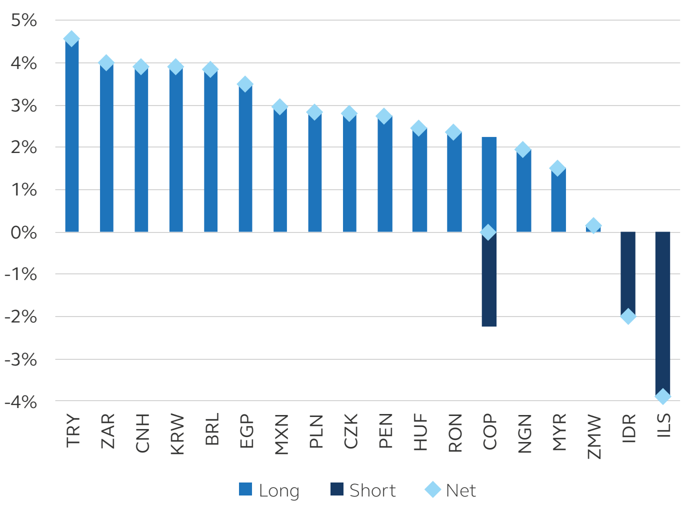
Sector allocation (% NAV)



Credit allocation (% NAV)



Local currency exposure (% NAV)



Source: Principal Finisterre. Data as of 28 February 2026. Monthly attribution is shown based upon gross performance.

Investment objective

The Finisterre Emerging Markets Debt Total Return Strategy is an active, unconstrained, adaptive, long-biased, benchmark-agnostic multi-EMD fixed income strategy. The strategy seeks to earn a high yield utilizing an unconstrained, holistic approach to the entire EM fixed income universe and associated derivative instruments.

Investment team

DAMIEN BUCHET, CFA - Chief Investment Officer, Principal Finisterre
CHRISTOPHER WATSON, CFA - Senior Portfolio Manager, Principal Finisterre

About Principal Finisterre

Our vision remains today what it was at our launch: to remain an investment manager with an unrelenting focus on active investing in Emerging Market Debt.

We are a solutions-driven organization and aim to deliver the investment knowledge and experience that our clients need, combined with striving to consistently provide competitive investment performance and outstanding service.

JP Morgan EM Equal Weight Index: An equal-weighted blend of CEMBI Broad Diversified, EMBI Global Diversified, and GBI-EM Global Diversified, gross of withholdings taxes, rebalanced monthly.

CEMBI Broad Diversified: Corporate Emerging Markets Bond Index – Broad Diversified is a market capitalization weighted index consisting of USD denominated emerging market corporate bonds with a broad distribution of country weights.

EMBI Global Diversified: Emerging Markets Bond Index – Global Diversified is liquid U.S. dollar emerging markets debt benchmark that tracks total returns for actively traded external debt instruments in emerging markets.

GBI-EM Global Diversified: Government Bond Index-Emerging Markets Global Diversified is a comprehensive Emerging Markets debt index that tracks local currency bonds issued by Emerging Market governments that do not have explicit capital controls.

MOVE Index: The Move Index is a measure of price volatility in government bonds

Indices are unmanaged and do not take into account fees, expenses and transaction costs are not available for direct investment.

Composite Performance results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite performance is presented net of foreign withholding taxes on dividends, interest income, and capital gains. Gross performance shown does not reflect the deduction of investment management fees and certain transaction costs, which will reduce portfolio performance. Net performance results reflect a reduction for investment advisory fees based on the firm's applicable asset management fee schedule. Additional information on calculation of composite performance data is available on request. Actual investment advisory fees charged to clients may vary.

Each portfolio included in the composite is managed according to its own individual investment restrictions and limitations and therefore their characteristics may vary from those of the Representative Portfolio shown.

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Investing involves risk, including possible loss of principal. Past Performance does not guarantee future return. All financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment amount cannot be guaranteed. Fixed-income investment options are subject to interest rate risk, and their value will decline as interest rates rise. Derivatives are volatile and carry a high degree of risk, including liquidity risk. Leverage can magnify losses as well as gains. Investment in foreign currency can result in losses and values may fluctuate based on foreign exchange rates, exchange restrictions, or other actions of governments or central banks. Currency hedging may reduce but will not remove risk. Hedging will incur more transaction costs and fees which will affect overall return. International and global investing involves greater risks such as currency fluctuations, political/social instability, and differing accounting standards. Risk is magnified in emerging markets, which may lack established legal, political, business, or social structures to support securities markets. Emerging market debt may be subject to heightened default and liquidity risk.

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