

Monthly commentary

MARCH 2026

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Some months seem like an eternity. March was one of those which took us for a full round trip on the emotional roller coaster, which proved difficult to manage given how impossible it is for an asset manager to position portfolios for diverging potential outcomes whose probabilities are near impossible to price. Escalation versus “deal”, all-out war versus “TACO”, at any time we could possibly swing between those extremes.

On a net basis, this still left most asset classes in negative territory for the month, with the “peak to trough” almost exactly spanning the whole month (a late bounce on negotiation hopes occurred on March 31, from the lows). Global fixed income performed best, as spread widening in particular was quite modest, with the ranking favouring the United States (-1.1% for U.S. investment grade (IG), -2% for U.S. high yield (HY) and the U.S. 10-year bond index) versus -2.6% for Euro IG and HY indices. Equity markets performance followed the same order, with U.S. indices down roughly 5-6% versus -9%+ for Europe and -13.5% for emerging markets (EM) equities, the latter compounded by currency weakness.

EM indices ranked from the modest -1.8% of the EM corporate index, to the -3.3% of the more liquid EM sovereign index, and the -5.6% of the GBI-EM local currency index. Such an erratic environment with a permanent conflict between headlines, our macro assessment thereof, and investment flows typically represents the biggest challenge to our approach. After the initial market shock, we proceeded to de-risk the portfolio, but mostly through liquid means, in order to retain upside optionality. Post month end, we re-engaged with risk, given fresh odds of a ceasefire. Hence overall, the Finisterre Emerging Markets Debt Total Return Strategy has shed some of its year-to-date outperformance through the episode, but also shown an ability to start limiting losses, while keeping enough recovery potential in the early days of April.

We feel that out of this crisis, not enough has been priced by developed markets (DM) equities and spreads in terms of the next few months’ impact on global supply chains, growth/inflation trade-offs, or fiscal pressures in some countries. Reported earnings and cashflows should show the true impact in 2Q and 3Q. Yet, this is unlikely to lead to an outright market panic, since this will only show up progressively in the data releases. For EMs, this means that we are transiting from a “goldilocks” moment to a more differentiated environment for a few months. Value has emerged in certain segments, and emerging markets debt (EMD) also offers clear winners from the situation. This should warrant a more differentiated approach but overall maintain the performance potential for the rest of the year, mostly from income and idiosyncratic situations.

Market views

Just to illustrate how crazy the past few weeks have been, we started the month with an off-market weekend hit of most military targets in Iran by a mighty aerial force of Israeli and U.S. bombers and finished it with talks of negotiations and ceasefire. In between, we were served with the full range of Trumpian postures, from the most aggressive to the most dovish with frequent U-turns in a matter of hours.

Yet, an uninformed observer of global risk assets would never guess that the overall modest (3-5%) retracement in equities, foreign exchange (FX) and credit spreads was caused by the largest energy supply shock since the 1970s. As we type, global equities and credit spreads have more than retraced their drawdown since late February, with the S&P marking a fresh all-time-high. This certainly shows a blend of complacency, some Pavlovian

“buy-the-dip” conditioning by retail investors, but more likely the near impossibility for a professional investor to position their portfolio for both a series of conflicting headlines and the potential for widely diverging outcomes. The net result was indeed a reduction in risk exposure in the early days by VAR sensitive macro hedge funds or CTA investors, as well as a general, but orderly risk reduction by traditional asset managers in the following few weeks. At no point, other than perhaps the first two trading days, did we feel any real capitulation, and redemption flows in EMD were indeed led by ETFs and retail-heavy benchmarked funds.

Hence, price action across EM and DM assets looked more like a downward sloping series of up and down waves, paced by True Social posts and subsequent oil price shifts. It all ended in a brutal recovery on the possibility of talks towards a ceasefire, therefore temporarily alleviating pressure on markets in early April. As we type, the apparent collapse of discussions which led to a full U.S. blockade of Iran related ships in the strait, have not dented market risk appetite much, as hope remains of further talks, given how desperate the U.S. now seems for a “deal”.

We feel that any ceasefire deal leading to a reopening of the Strait of Hormuz will be a weak one leading to a fragile equilibrium. It will not necessarily mean a quick return to normality for the global economy. The next step for risk assets will be about adequately pricing the aftermath and its impact on the global growth versus inflation trade off, the timeline to normalization of shipping flows, and energy supply chains disruptions, and all their indirect impacts in terms of aluminum, copper smelting, plastics, and fertilizers production, potentially leading to renewed food inflation later in the year. We fully expect many countries, burnt by their low levels of oil, gas, and products reserves, to scramble to rebuild inventories and adopt hoarding behaviors on many critical resources. For those reasons, we think that the new oil price normal for the rest of 2026 is likely closer to \$90-\$110 per barrel rather than the previous \$60-\$70. Some level of demand destruction will have to happen in response, yet the macro impact will differ according to policy choices and flexibility, as countries balance between rationing and fiscalization of the costs.

When it comes to interest rates and monetary policy expectations, the best possible path for any central bank faced with a potential stagflationary shock is to buy as much time as possible even in the face of a short term jump in headline inflation, in order to correctly assess the possible aftermath in terms of demand, jobs, investment, and consumption destruction. Although the endgame may well be rate cuts, some central banks with credibility issues may still need to tighten policy first in order to maintain confidence.

Hence, although the repricing in front-end EM and DM rates since late February has been fast and furious, we should differentiate between markets where potential cuts have merely been unpriced, and those where we have started to price active rate hikes. Except for central banks dealing with policy credibility issues or a sharp slippage in inflation expectations, we are in agreement with the unpricing or postponement of cuts but feel biased to fade the pricing of active hikes.

Looking at end-2026 EM policy rate expectations in market pricing against the pre-Iran (February 2027) baseline, the moves are striking in their breadth. In EMEA, by end March, Hungary has repriced by about +120 basis points (bps), South Africa by more than +100 bps, Czech Republic by +85 bps and Poland by +60 bps— all without any corresponding shift in the rhetoric of the respective

Portfolio statistics

Strategy AUM USD mn (month-end) 7,147

Current yield^{*1} 6.41%

YTW^{*1} 7.34%

YTM^{*1} 7.46%

Duration (cash adjusted) 3.32

Rating BB

Cash & equivalents 16.35%

Net EM exposure 47.10%

Gross EM exposure 138.84%

Long 92.97%

Short -45.87%

Active EM exposures	Net	Gross
Hard Currency Bonds	58.1%	58.1%
Local Currency Bonds	23.1%	23.1%
EM FX Total	-12.3%	22.81%
CDS	-28.3%	28.34%
IRS	3.48%	3.48%

Cash / hedge exposures	Net	Gross
DM Rates	-	-
DM FX Total	-	-
US Treasury Notes	-	-
US T-bills	-	-
Free Cash	16.4%	16.4%

Top 5 sovereign / quasi exposures	NAV
CHILE (REPUBLIC OF)	1.97
PETROLEOS DE VENEZUELA SA	1.60
UKRAINE REPUBLIC OF (GOVERNMENT)	1.52
ANGOLA (REPUBLIC OF)	1.43
PETROLEOS MEXICANOS	1.41
Total top 5	7.93

Top 5 corporate exposures	NAV
IVANHOE MINES LTD	0.93
SAAVI ENERGIA LUXEMBOURG SARL	0.91
VEON HOLDINGS BV	0.89
ALDAR PROPERTIES PJSC	0.89
CZECHOSLOVAK GROUP AS	0.88
Total top 5	4.50

Source: Principal Finisterre. As of 31 March 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.

central banks, which have signaled no urgency to hike. In LatAm, Mexico has repriced +56 bps despite Banxico being on an easing cycle, and Brazil has added +100 bps to end-2026 pricing even as analysts still expect cuts on net from current levels.

Most of those moves occurred in the first days of the war and mostly reflect a significant positioning shakeout of crowded positions, by hedge funds, CTAs and, to a lower degree, EMD mutual funds.

On paper, some of these levels do look attractive for front-end receivers. Despite a strong retracement on ceasefire hopes, real rates in Hungary, Czech, and South Africa remain meaningfully above neutral, and even in Mexico and Poland the implied policy paths appear to embed more tightening than the macro backdrop warrants. The problem is that the current environment is precisely the one in which realised inflation tends to surprise to the upside before it surprises to the downside. We have already seen this play out in a few EMs (Peru, Mexico, and Philippines), where energy pass-through is pushing near-term CPI prints higher than consensus had anticipated. Until that pipeline of upside CPI surprises has run its course—which may take two to three months from the initial shock—the front end may remain to normalize a lot, even where valuations argue for it.

Egyptian local assets significantly underperformed in March as the Iran war broke out. The Egyptian pound was the worst hit of all EM currency, losing 12% over the month (although recovered 4% so far in April). The distinct lack of central bank intervention to quell the fall is signalling a decisive shift to policy orthodoxy. Concerns about a wider current account deficit and heavy foreign investor positioning drove the underperformance. Egypt came into this crisis with a much stronger external position, however in a clear break from the past, the authorities decided to preserve their ample FX reserves buffers and limit intervention to support the currency. Thus, Egypt maintains healthy FX reserves of \$53 billion including gold (equivalent to 6.9 months of imports) and no FX parallel market premium has emerged. We had already divested from all our external debt in Egypt before the war and have reduced our allocation to Egyptian local T-bills into the war. We are considering the conditions for a return at those levels.

Lebanon bonds underperformed in March as the Iran war broke out and Israeli forces expanded attacks on Lebanon to combat Hezbollah. The fresh ceasefire between Israel and Lebanon remains fragile but has provided a welcome relief to Lebanese bond prices over our current expected recovery value. As a result, we have been trimming our positions there, as the net impact of the recent war will only compound potential reconstruction costs which may impact recovery expectations further. Additionally, the International Monetary Fund (IMF) has clearly stated that the Gap Law draft, supposed to lead the restructuring of the banking sector, is incompatible with their requirements, signalling that they are not close to an agreement yet.

After underperforming in March, Ukrainian bonds are feeling bolstered by the likely unlocking of the European Union's EUR 90 billion support package following the drastic change in government in Hungary on April 12. Ukraine has also managed to raise its profile with GCC countries by providing precious advice in terms of drone warfare, which may open financial benefits. Meanwhile, the lifting by the U.S. of sanctions on Russian oil looks only temporary. Finally, the IMF Board approved a new four-year programme worth \$8.1 billion, and although the next \$690 million disbursement is being held up by the Ukrainian parliament's inability to pass tax and SOE governance reforms, the current IMF meetings in DC have at least provided clarity that a fresh debt restructuring is not in the cards. We have added to our Ukrainian A coupon bond positions ahead of the Hungarian election.

Portfolio performance and activity

The Emerging Markets Debt Total Return Strategy returned -3.84% on a gross basis (-3.91% net) for the month of March, underperforming the blended benchmark which returned -3.55%. The biggest detractors were our positions in local bonds as the dollar strengthened against EMFX and duration sold off as the market focussed on the sharp inflationary impacts of the surge in global energy prices. The negative price action was exacerbated by a market that had broadly added to long EM positions over the past 12 months, especially in places such as Egypt and South Africa local bonds. Our FX exposure accounted for -1.3% of our losses for the month. Our largest positive contributor was our position in Venezuela which was one of the only beneficiaries of the conflict benefitting from being a large oil producer and with improving ties with the U.S. We also saw a positive performance from our credit hedges, partially cushioning the widening in credit spreads.

As expectations shifted towards a more protracted war and a more adverse scenario in the magnitude and duration of the energy price shock, we significantly derisked the portfolio. The largest reduction was in liquid FX with a reduction from approximately 38% portfolio exposure to almost flat in net exposure terms. The main reductions came in beta currency pairs including ZAR, BRL, MXN, and PEN while also paring down carry trades in EGP and TRY. We also took outright short positions in Asian currencies including INR and TWD which are most exposed to the GCC exports of energy and also hedged remaining Eastern European exposure against EUR. We also actively reduced high beta exposures in local bonds focussing on high Value at Risk (VaR) positions in long end South African, Mexican and Brazilian local bonds. We also sold down high beta credit positions in Romania, Kenya, Ivory Coast and Pakistan. We also further built up positioning in long protection adding Xover during the start of the month. While outright VaR has remained somewhat constant on the month, this misses the broader recalibration of VaR higher driven by the recent volatility. We are running a portfolio beta of approximately 0.7x from 1.2x pre-conflict and have

taken a defensive stance while there remains elevated uncertainty on the length and breadth of the conflict. As a result, we managed to drastically lower the portfolio market beta from 1.2 to 0.6, before approaching 0.9 as we write in mid-April. This remains a testimony of the flexibility of the strategy but also of the discretionary nature of key strategic decisions along the cycle. A number of attractive opportunities have re-surfaced in Eastern European and Latin rates and bonds at attractive carry, and we have been able to ramp up risk in more idiosyncratic stories from Hungary, which we raised significantly before the election on both FX and local bonds, Ukraine USD bonds, the continuation of strong performance in Venezuela, and various corporate and sovereign ideas in Angola and Ghana.

Market outlook and portfolio strategy

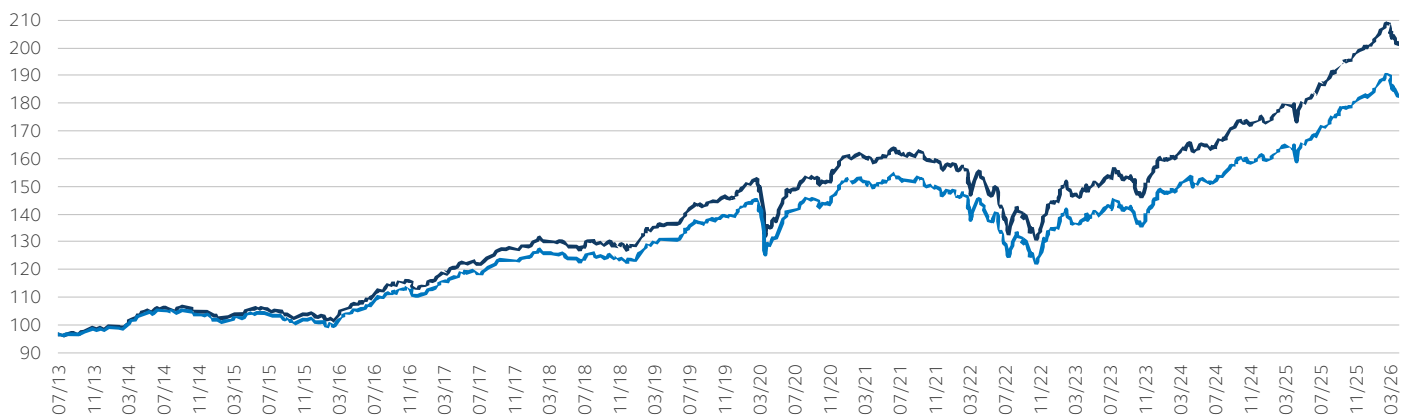
As we type this report in April, the odds of a ceasefire and/or a longer lasting deal have improved, together with market levels revisiting the highs of the year, whether in terms of equity or credit spread levels, this is time for a colder assessment of the legacy effects. We have highlighted above our doubts about the solidity of any potential "deal" between the U.S. and Iran, our perception that legacy macro impacts are not adequately priced, and that the net outcome of the past six weeks has been to re-create some space between winners and losers. We entered 2026 with a very constructive view of EMD's ability to deliver another year of solid performance, based on both improving macro-outlooks for most countries amidst a near goldilocks global environment for debt investors, but also thanks to very positive technicals marked by a significant level of under-ownership by yield-hungry global investors looking for diversification. While most of these assessments remain valid, as we retain faith in the resilience and policy flexibility of the EM space as a whole, the net outcome of the recent period has been to re-create some discrepancies between net winners and losers from the recent developments.

The absence of capitulation by global investors at the worst moments of the recent crisis highlights this technical solidity, and makes us think that, even if we see some valuation issues, in certain segments, what we need to see is a progressive adjustment to fairer values, rather than any outright market panic.

Going forward, the new macro reality we are likely to face for the next few months, is one of higher energy prices, some necessary tightening in financial conditions and global demand, more conservative central banks, but a still range bound USD, amidst prospects of a progressive global recovery from the recent disruptions. We are somehow back to the pre-War environment where we expected 2026 EMD returns to be driven by a combination of income and "Alpha" generation. If anything, the potential for differentiation, relative value ideas, value opportunities or special situations has only increased with the recent events. Counting on ongoing interest for our asset class in coming months this remains an attractive space to generate performance in 2026.

Growth of \$100

Composite performance (cumulative since inception)



— Finisterre EM Total Return Composite (Gross NAV) (Top line) — Finisterre EM Total Return Composite (Net NAV) (Bottom line)

Source: Principal Finisterre. As of 31 March 2026.

Finisterre EM Total Return Composite inception date 31 May 2013.

Past performance does not guarantee future return.

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	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)	-3.84	-0.48	12.66	10.55	4.82	6.58	5.58	3.67	4.05	4.78	4.37	4.05	3.25	2.47	0.98	1.34	1.46
Finisterre EMTR Composite (net)	-3.91	-0.68	11.74	9.73	4.06	5.80	4.81	3.67	4.05	4.78	4.37	4.05	3.03	2.29	0.83	1.16	1.29
EMBI Global Diversified	-3.27	-1.26	10.38	9.45	2.47	3.75	3.79	3.74	4.43	5.68	6.07	5.85	2.64	2.04	0.43	0.64	0.61
CEMBI Broad Diversified	-1.83	-0.21	5.93	7.60	2.60	4.35	4.11	1.94	2.12	2.79	3.04	2.99	2.97	3.46	0.92	1.35	1.40
GBI-EM Global Diversified	-5.55	-2.25	11.76	6.84	2.06	2.57	0.59	5.17	6.11	7.27	8.30	8.64	2.15	1.08	0.28	0.07	0.31
JPM EM Equal Weight Total Return	-3.55	-1.23	9.38	8.00	2.42	3.61	2.88	3.09	3.74	4.73	5.25	5.26	2.90	2.06	0.51	0.54	0.68

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	-3.84										-0.48

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	-3.91										-0.68

12-month net rolling return (%)

	Apr 2021-Mar 2022	Apr 2022-Mar 2023	Apr 2023-Mar 2024	Apr 2024-Mar 2025	Apr 2025-Mar 2026
Net	-3.16	-4.63	10.39	7.11	11.74

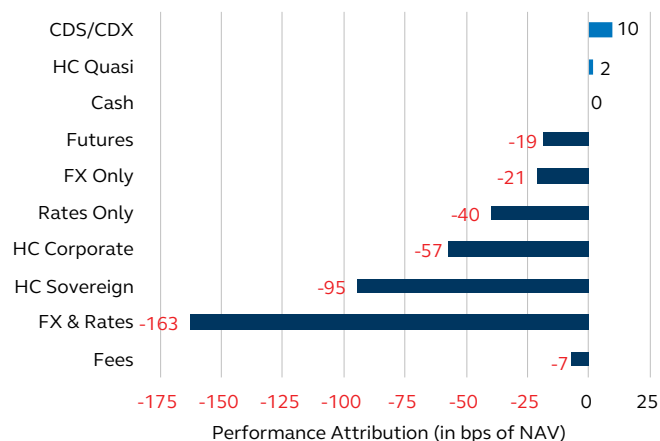
Source: Principal Finisterre. As of 31 March 2026.

Finisterre EM Total Return composite inception date: 31 May 2013.

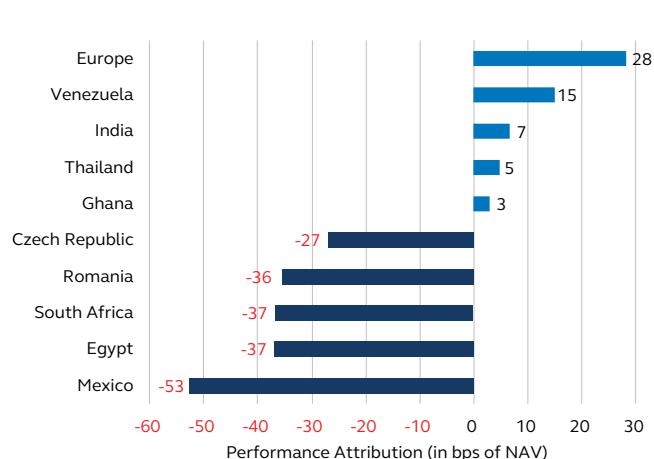
Past performance is not indicative of future performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees, accrued daily YTD figures are compounded monthly. Additional information on 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.

Monthly composite attribution

Performance attribution by sector (bps)

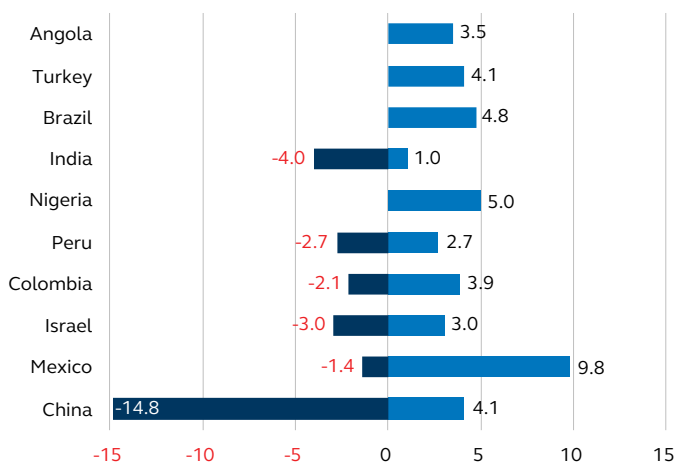


By country (top 5 contributors and detractors, bps)

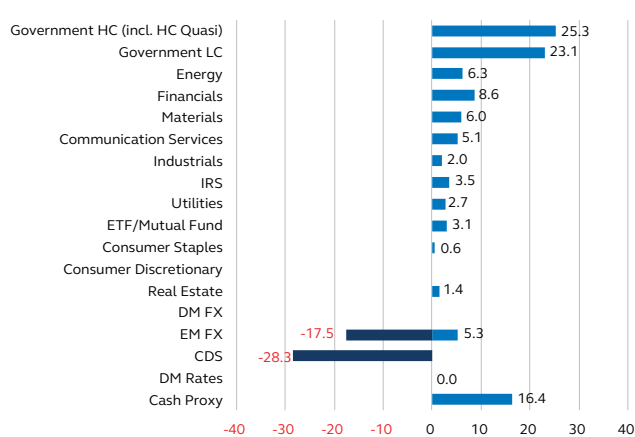


Month-end representative portfolio exposures

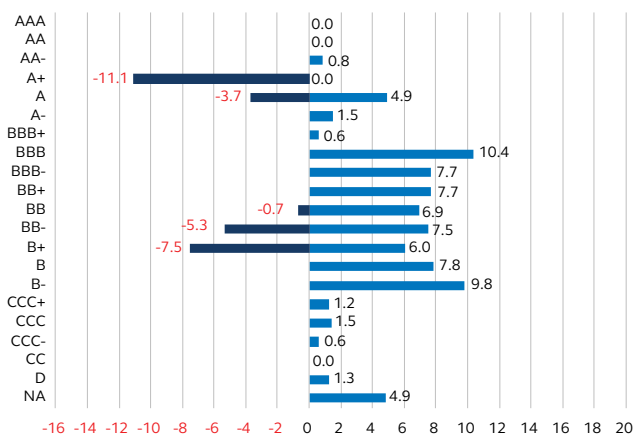
Top 10 country gross exposure (% NAV)



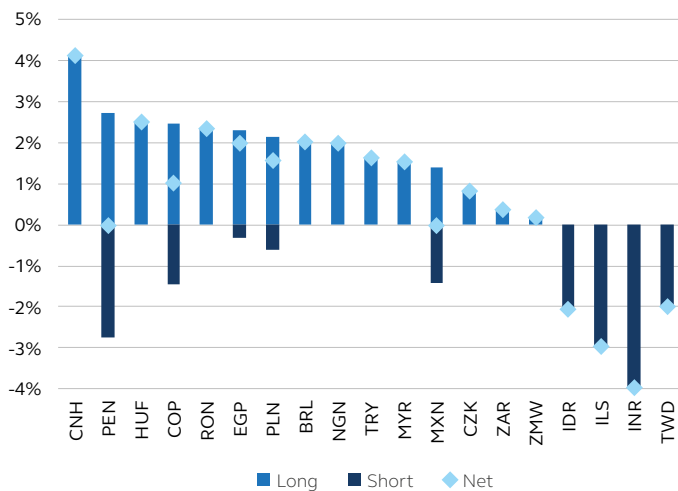
Sector allocation (% NAV)



Credit allocation (% NAV)



Local currency exposure (% NAV)



Source: Principal Finsterre. Data as of 31 March 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.

Risk Considerations

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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