

UI-Aktia EM Local Currency Bond+

Fund returns (net of fees)

MTD	12M	YTD	3Y	5Y
1.7%	11.7%	2.4%	21.9%	34.8%

Fund top holdings

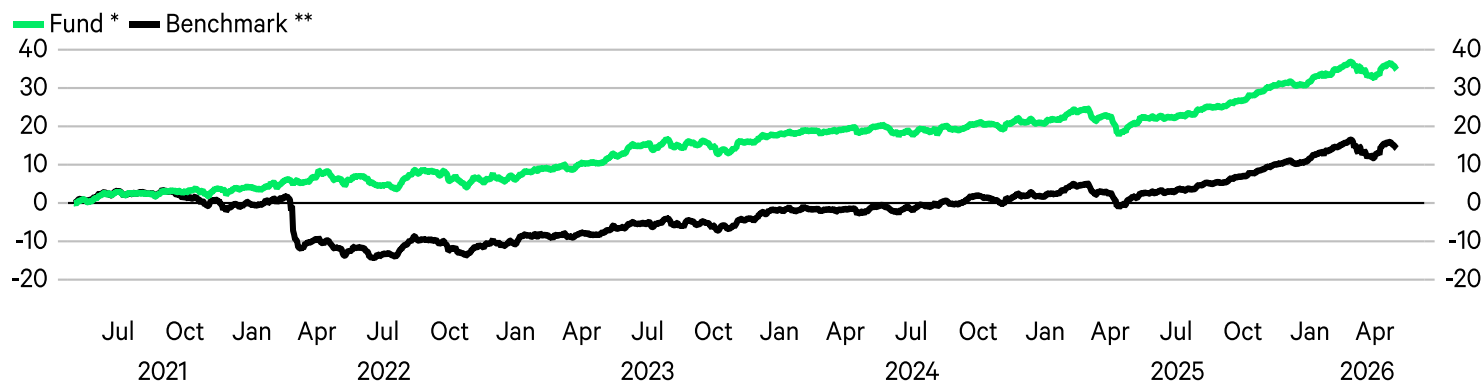
Brazil	Mexico	South Africa	Romania	India
9.7%	9.0%	8.1%	6.5%	5.8%

This is a marketing communication. Please refer to the prospectus of the PRIIPS KIID before making any final investment decisions. Past performance does not predict future returns. The investment manager of the Fund is Aktia Asset Management, which is a part of Aktia Bank Plc. The Fund is domiciled in Luxembourg and the fund management company is Universal-Investment-Luxembourg S.A.

Summary

- Emerging market local-currency bonds delivered a strong 2.2% return.
- Both fixed income and FX component contributed to the return.
- The fund returned 1.7%, and the underperformance came mainly from Hungary.
- The war in Iran drove market risk sentiment.
- Hungary performed best due to the election outcome.
- Romania was the worst performer after the government breakdown.
- Our frontier investments in Paraguay and Kazakhstan attributed the most.
- A lack of duration in Hungary was the biggest detractor in relative performance.
- Risks are tilted to the downside, but current market valuations provide some buffer against elevated uncertainty.

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



Returns (net of fees)

	MTD	3M	6M	YTD	12M	3Y (p.a.)	Since inception (p.a.)
Fund*	1.7%	0.9%	3.8%	2.4%	11.7%	6.8%	3.8%
Benchmark**	2.2%	0.3%	4.6%	2.5%	12.7%	7.4%	1.6%
Difference	-0.5%	0.6%	-0.8%	-0.2%	-0.9%	-0.6%	2.2%

Key Figures

	YTM	Modified Duration	Countries	AUM (EUR)	Green Bonds	Government Bonds	FX Forwards	Development Finance Institutions	Cash	Average Rating
Fund*	8.6 %	4.2	20	262 million	1.5 %	70.9 %	11.7 %	12.1 %	5.3 %	BBB+
Benchmark**	6.7 %	5.0	15	-	0.0 %	100.0 %	0.0 %	-	0.0 %	BBB+

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

Source: Aktia, J.P. Morgan and Bloomberg

Past performance does not predict future returns. Figures as of 30.4.2026.

Key Events

In April, emerging market local-currency bonds recovered from the drawdown triggered by the war in Iran. However, the market lost momentum toward the latter part of the month as disruptions in the Strait of Hormuz persisted and oil prices climbed. The market delivered a 2.2% return, with gains coming from both the fixed income (1.6%) and FX components (2.4% vs. USD and 0.6% vs. EUR). The average yield level declined by 24 bps to 6.65%. The fund's return of 1.7% lagged the benchmark, mainly due to a lack of duration in Hungary, which rallied on the back of a market-positive election outcome.

As the closure of the Strait of Hormuz continued, pressure from higher oil prices persisted and inflation fears moved back to the forefront. Indeed, in several countries, the effects of the energy shock were already visible in higher inflation prints. Central banks have mostly remained on hold in their monetary policy stance, with the only exception being the Philippines, where the central bank raised the policy rate by 25 bps to 4.5%. Even though the market was largely driven by improved risk sentiment, the most significant moves—both positive and negative—were driven by domestic policy developments, with Hungary being the best performer and Romania the weakest as political uncertainty dragged sentiment.

Hungary was the best-performing country as the forint strengthened 5.5% against the euro and bond yields declined by around 120 bps on the back of the election, where the opposition secured a landslide win. After governing for 16 years, Orbán's Fidesz lost the election and the Tisza party won a supermajority in parliament, giving it full control of the legislative process. As a result, the new government is less likely to face constraints on reform implementation, even though Fidesz retains influence in key institutions.

There is a good chance that the EU will restore Hungary's access to funding even before reforms are fully implemented, providing a positive impulse for growth through a pickup in investment activity, both public and private. Euro adoption, if introduced as a formal goal of the incoming government, would serve as a strong fiscal anchor due to the need to work toward fulfilling the Maastricht criteria.

Romania was the worst-performing market in April, driven by political uncertainty as the senior ruling party, the Social Democrats (PSD), withdrew political support for PM Ilie Bolojan (National Liberal Party) and resigned from the cabinet. Furthermore, at the end of the month, the PSD, together with the opposition, filed a no-confidence motion against the government, and it was widely expected that the motion would pass (as it did in early May). Romanian local-currency bonds underperformed as the political crisis added uncertainty regarding reform momentum and much-needed fiscal consolidation. In addition, RRF funding from the EU, with its August 2026 deadline, is at risk. The currency was under pressure as well, and the central bank loosened its grip on EUR/RON, allowing the leu to weaken by around 2% against the euro. Most likely, the central bank has not abandoned its FX peg against the euro; rather, it followed the same pattern as in 2025, amid political drama around the presidential election, and allowed the currency to adjust to a new equilibrium. The central bank is already dealing with high inflation, and excessive leu weakness and FX pass-through to inflation would work against its inflation target.

Key Events

The Peruvian sol also weakened on election-related uncertainty. First-round results are expected in mid-May, with current indications pointing to a runoff between the right-wing Keiko Fujimori and the leftist candidate Roberto Sánchez who, among other things, campaigns on constitutional reform, state sovereignty over natural resources, and a more interventionist approach to the mining sector. A Fujimori victory would be more market-friendly, but polls suggest a tight race, with a large share of undecided voters. Even if Sánchez has a real chance of winning, tail-risk scenarios are likely mitigated due to the fact that right-wing parties hold a majority in Congress.

Other markets were largely driven by overall risk sentiment. Markets that underperformed during the March sell-off tended to outperform in April, with Brazil being an exception as it delivered strong performance in both months. Brazilian investments combine a favourable energy balance, high nominal and real yields, liquidity, and macroeconomic stability. In addition, the prospect of a more market-friendly presidential election outcome later this year is providing further support for Brazilian assets.

Relative to the benchmark, the fund's best positions were our off-benchmark frontier investments in Paraguay and Kazakhstan. Paraguay continued its solid performance, with GBI-EM index inclusion likely providing additional support. Kazakhstan, which is an oil exporter, benefited from higher oil prices. Our exposure in Hungary was the biggest single negative contributor to the fund's performance. Hungarian government bond yields started to decline even

before the election, and the biggest move was seen when the market opened after the election weekend, so the fund missed the early upside from the bonds. Furthermore, our underweight in South African government bonds reduced relative returns due to their high beta. Our off-benchmark investments in Indonesia and India continued to perform poorly.

Past performance does not predict future returns.

Positioning

The fund invested in Hungarian government bonds for the first time in years. Following the positive election outcome, we upgraded Hungary back to yellow in our Traffic Light model after years in red, which meant that government bonds were excluded from our investable universe. We believe the clear election victory of Péter Magyar's Tisza party gives the incoming government a strong opportunity to roll back the structural changes implemented under Orbán. In addition, the country is likely to pivot more decisively toward Brussels and the West, improving access to EU funding that has been blocked due to the Orbán administration's policies that conflict with EU principles. Going forward, we expect Hungary to move toward a prudent fiscal policy stance, especially if euro adoption becomes a formal strategy for the government. We kept our Hungary exposure unchanged but switched half of it into government bonds.

The fund's yield to maturity (YTM) was 8.6% at the end of the month, providing a clear pickup compared to the benchmark's 6.7%, along with broader diversification. The fund holds investments in 20 countries compared to 14 in the benchmark. The fund's frontier market exposure is around 11%. At month-end, active risk was approximately 2.0%, with the largest contributions coming from an overweight in Uruguay, a zero weight in China and frontier exposure in Kazakhstan.

Outlook

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

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

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



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