GALLOWAY EMERGING MARKETS BOND FUND – April 2025

In April, the U.S. economy showed signs of deceleration. Key indicators such as manufacturing output, construction activity, and consumer spending weakened. Despite this, the labor market remained strong, with 177,000 jobs added and unemployment holding at 4.2%. Inflation remained above the Fed's target, with PCE projected at 2.7% for the year. The Federal Reserve revised its 2025 GDP growth forecast down to 1.7%. Politically, the Trump administration intensified its interventionist agenda, issuing over 140 executive orders, including sweeping tariffs on Chinese imports, prompting retaliation and further trade uncertainty. These actions contributed to heightened market volatility and business confidence erosion. The 10-year US Treasury yield ended the month down 5bps at 4.16%, after a volatile period that saw it range between 4.49% and 4.00%. Meanwhile our fund had a negative performance of only **0.37%** during April.

Argentina took a major step toward macroeconomic stabilization by securing a $20 billion agreement with the IMF. The deal includes a $12 billion upfront disbursement and supports a comprehensive reform package centered on fiscal discipline, deregulation, and external sector normalization. As part of the program, the government introduced a managed exchange rate band between ARS 1,000 and 1,400 per USD, gradually phasing out long-standing FX controls. This move seeks to improve price discovery, boost reserves, and unlock foreign investment. On the macro side, growth continues to recover gradually, with two consecutive quarters of expansion, while poverty has begun to decline after peaking in early 2024. President Milei maintains momentum on structural reforms despite political resistance, reinforcing his commitment to stabilization and market-oriented policies. We view these developments as constructive for our positions in Argentine sovereign bonds, which remain exclusively focused on government-issued instruments.

Colombia's central bank made a cautious but positive move by lowering its benchmark interest rate by 25bps to 9.25%. This decision, made unanimously, reflects ongoing disinflation, with headline CPI easing to 5.1%, and early signs of economic recovery. The government has revised its GDP growth forecast for Q1 2025 to 2.5%, driven by strong private consumption and investment activity. However, fiscal challenges and a weaker global environment still pose risks to external financing conditions. While inflation and interest rates are stabilizing, growth remains moderate. On the corporate side, Ecopetrol, our largest position in the country, secured a significant loan facility from Banco Santander. This strategic financing supports Ecopetrol's efforts to strengthen its liquidity profile and stabilize gross leverage, helping the company navigate the ongoing volatility in the global commodities market.

The fund currently has a yield to worst of **8.87%**, duration of **4.71** years and an average credit rating of **BB-**.

Kind regards,

*Institutional Class