



GALLOWAY EMERGING MARKETS BOND FUND – October 2025

In late October, the Federal Reserve delivered a 25bps rate cut, bringing the federal funds range to 3.75%–4.00%. The minutes emphasized a cautious stance: although labor market momentum has cooled and financial conditions tightened, policymakers stressed that future cuts are not pre-committed. Elevated inflation risks and uncertainty around the growth outlook remain key considerations. Notably, the ongoing U.S. government shutdown has limited access to timely macro data, complicating policy calibration and reinforcing a “data-dependent but data-constrained” environment. While the move eases funding conditions, the Fed’s tone signals a measured and conditional easing cycle, rather than the start of aggressive accommodation. The 10-year Treasury yield ended the month 7bps lower at 4.08%, meanwhile our fund had a positive performance of **1.96%** during October.

Argentina delivered a very constructive backdrop in the October mid-terms, reinforcing confidence in the reform cycle and political stability. President Milei’s La Libertad Avanza coalition significantly outperformed expectations, securing roughly 41% of the national vote and gaining meaningful ground in Congress. This result not only validated the administration’s reformist agenda but also strengthened its ability to negotiate and advance legislation, reducing perceived governability risks. The decisive gains in strategic provinces and the coalition’s reinforced position across both chambers, including veto power in the Senate and a near-blocking minority in the lower house, significantly enhance legislative leverage and materially improve prospects for advancing the reform agenda. Market reaction has been swift and positive. After a period of pre-election volatility and de-risking, Argentine bonds rallied sharply, with upside remaining as spreads compress toward peers and long-duration paper plays catch-up. The better-than-expected vote, coupled with continued U.S. support and improving macro signals, suggests an extended window for asset outperformance.

Mexico’s economy entered October with mixed but broadly resilient fundamentals. Incoming data continued to confirm above-expected activity earlier in the year, with first-half growth near 1.8%, though momentum softened through the third quarter as forward indicators moderated. Manufacturing confidence remained below the 50 thresholds for an eighth consecutive month, reflecting cautious sentiment among industrial firms amid weaker external demand and tighter financial conditions. Fiscal dynamics also drew attention: updated projections indicated federal debt could approach ~52% of GDP by end-2025, marking a historic high and reinforcing the need for disciplined fiscal management as revenues normalize post-election. Despite these cyclical headwinds, structural drivers such as nearshoring continue to support a constructive medium-term outlook, particularly in logistics, industrial real estate and banking. In corporate results, BBVA México delivered a standout quarter, posting 9.6% YoY loan growth, 26.4% ROE, and strong asset quality (1.7% NPLs, 182% coverage), supported by 20.0% total capital and 16.3% CET1. Fitch upgraded the bank to BBB+, underscoring the strength of Mexico’s financial system and its capacity to extend credit into a more selective growth environment.



The fund currently has a yield to worst of **8.17%**, duration of **5.15 years** and an average credit rating of **BB-**.

Kind regards,

*Institutional Class