



GALLOWAY EMERGING MARKETS BOND FUND – January 2026

U.S. macro data continued to point to a resilient but gradually cooling economy. Headline inflation printed around 3% year over year, confirming a slow disinflation trend but still above the Fed's 2% target, while activity and labor market indicators remained broadly solid. Against this backdrop, the Federal Reserve kept policy rates unchanged at the January FOMC meeting and reiterated a clearly data-dependent stance. Futures curves imply one to two rate cuts later in 2026, conditional on further inflation moderation and some cooling in employment. In parallel, attention has turned to Fed leadership, with Kevin Warsh, widely perceived as more hawkish, as a potential successor to Chair Jerome Powell. So far, however, markets have not meaningfully repriced rates on this possibility, suggesting limited near-term concern about a sharp shift in policy reaction function. The 10-year Treasury yield ended the month 7bps higher at 4.24%, our fund recorded a positive return of **1.09%** in January.

Banco Central do Brasil, at the January Copom meeting, kept the Selic rate unchanged at 15.00%, maintaining a restrictive stance while acknowledging gradual disinflation. Meeting minutes showed a slightly more dovish tone, with softer forward guidance and increased data dependence. IPCA-15 rose 0.20% m/m, taking 12-month inflation to around 4.5%, still above target but easing. Market expectations continue to point to a first rate cut as early as March 2026, likely gradual. Samarco Mineração delivered strong operational results, with 2025 production reaching 15.1 Mt (+55% y/y), marking the completion of Phase 2 in June 2025 and the highest volumes since the restart. Pellet prices rose 6% QoQ in 4Q25, supporting revenues. Moody's reaffirmed the B2 rating with a Positive outlook.

Banco de México released the minutes of its December 2025 meeting, which detailed a 25 bp rate cut, bringing the policy rate to 7.00%, alongside a more cautious and data-dependent tone amid fiscal and tariff-related risks. Inflation closed 2025 at around 3.7% YoY, within Banxico's tolerance band, reinforcing the disinflation trend. Activity indicators remained soft, leading markets to price a slower and more gradual easing cycle ahead. On the Corporate side, Banorte reported 4Q25 results with recurring net income of MXN 15.96bn (+10% QoQ). From a credit perspective, asset quality remained stable, with NPLs at 1.4% and cost of risk at 1.4%. CET1 stood at 12.6% and total capital ratio at 20.1%, both well above regulatory minimum, while LCR reached 162%, supporting strong liquidity and capital buffers.

The fund currently has a yield to worst of **8.09%**, duration of **5.34** years and an average credit rating of **BB-**.

Kind regards,

*Institutional Class