GALLOWAY EMERGING MARKETS BOND FUND – June 2026

The U.S. economy remained resilient during June as investors increasingly shifted their attention toward inflation and monetary policy. Although the reopening of the Strait of Hormuz reduced some of the most acute risks to global growth, higher energy prices continued to exert pressure on inflation expectations. Against this backdrop, the Federal Reserve kept interest rates unchanged for a fourth consecutive meeting, maintaining the federal funds rate within the 3.50% to 3.75% range under the leadership of its new Chairman, Kevin Warsh. Policymakers emphasized their commitment to price stability while acknowledging persistent inflationary pressures and elevated uncertainty. Although labor market conditions remain stable and economic activity continues to expand at a moderate pace, markets increasingly expect interest rates to remain higher for longer, particularly if inflation proves more persistent than anticipated. As a result, Treasury yields remained elevated, with the 10-year Treasury yield trading close to 4.5% throughout the month, while investors continued to adjust to a more cautious Federal Reserve communication framework. In this environment, the fund delivered a return of **0.13%** in June, bringing its year-to-date performance to **2.56%**.

Political developments were a key focus across Latin America during June. Colombia elected Abelardo de la Espriella as its next president, while Peru elected Keiko Fujimori, adding to a regional landscape that already includes Argentina under President Javier Milei's market-oriented reform agenda. Although the political and economic realities differ across these countries, the recent electoral outcomes reflect growing public support for platforms centered on fiscal discipline, lower government intervention, stronger incentives for private investment and renewed support for strategic sectors such as energy and mining. In many cases, these proposals emerged against a backdrop of persistent fiscal imbalances, elevated inflation, weak productivity growth, rising public debt and increasing concerns over public security. For investors, attention will now shift from the electoral cycle to the implementation of these agendas, particularly their ability to restore fiscal credibility, strengthen business confidence and attract long-term private capital.

Argentina continued to show signs of macroeconomic stabilization during June, supported by improving investor confidence, a stronger external position and continued progress under the government’s economic reform agenda. Inflation continued its downward trend, while fiscal discipline and a stable exchange rate contributed to a more constructive macroeconomic environment. During the month, the administration also introduced a broad corporate law reform aimed at modernizing the business environment, increasing contractual flexibility and improving the country's long-term investment framework, although its approval remains subject to the legislative process. Overall, the macroeconomic backdrop remains significantly stronger than in previous years, supporting a gradual recovery in market confidence. The Argentine sovereign bond due in 2033 was one of the main highlights in the portfolio, contributing positively to the fund’s performance during the month.

In Colombia, political developments dominated market attention during June following the victory of right-wing candidate Abelardo de la Espriella in the presidential election. The outcome was generally well received by financial markets, with investors anticipating a more market-friendly policy agenda and a stronger commitment to fiscal discipline. Nevertheless, the new administration inherits a challenging macroeconomic backdrop, characterized by persistent fiscal deficits, rising public debt, subdued private investment and still-elevated inflation. With the central government deficit reaching 6.4% of GDP in 2025 and net public debt standing at about 58.5% of GDP, restoring fiscal credibility while supporting economic growth will be among the government's main priorities. The Ecopetrol bond remained one of the portfolio's strongest contributors to performance during the month.

In this context, the fund has a yield to worst of **8.43%**, a duration of **4.41** years, and an average credit rating of **B+**.

*Institutional Class (CLASS C USD) – ISIN: LU1090153773 – TICKER: GALGEMC.