



The strong recovery in emerging market debt continues

Q1 2024

Mohammed Elmi, CFA
Senior Portfolio Manager,
Emerging Market Debt

Jason DeVito, CFA
Senior Portfolio Manager,
Emerging Market Debt

After a difficult couple of years for the asset class, emerging market debt (EMD) is still one of the fastest growing parts of the wider fixed-income (FI) universe. Its broad, evolving and complex range of constituents present an often misunderstood market that we believe benefits from alpha-seeking active fund management. Additionally, we believe a separate allocation is warranted to potentially capture, and avoid missing, global alpha and diversification opportunities.

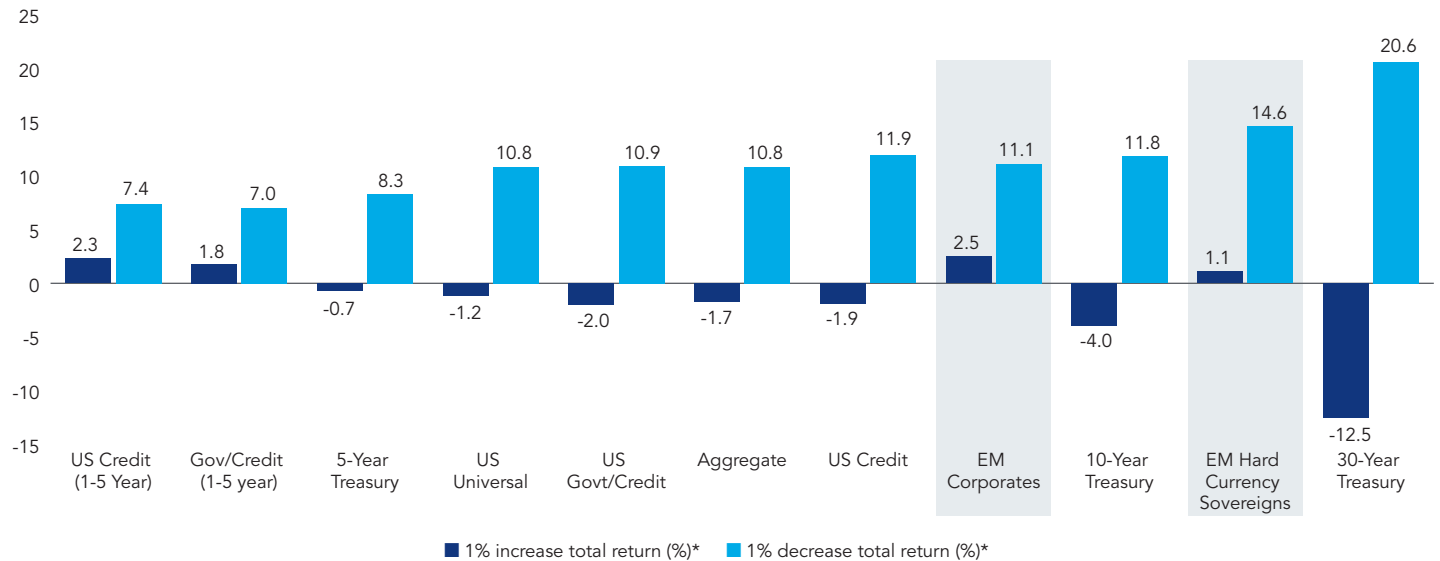
Our outlook for EMD is constructive based on a range of factors in place following a strong recovery in 2023 for the category. These include the anticipated extent of central bank easing, contrasting growth and inflation projections for developed (DM) and emerging (EM) markets, EM balance sheets (corporate and sovereign) and attractive valuations across EM.

Interest rate cycle

We expect the actions of the U.S. Federal Reserve (Fed) to be the key driver of global fixed-income assets in 2024. As of the year-to-date, a combination of strong high frequency data prints, a decent U.S. earnings season and sticky inflation data doesn't point to a slowing U.S. economy. The market has had to adjust from a late 2023 assumption of six rate cuts in 2024, to the three-to-four range, as consensus expectations of a U.S. slowdown shift to a soft landing scenario. Even with fewer cuts, we believe EM can outperform other fixed-income asset classes, due to its longer benchmark duration.

EM offers attractive return potential as rates shift

Hypothetical index total returns assuming 1% increase or decrease in the U.S. Treasury yield curve.



Asset Class	Effective duration (years)	YTW (%)
US Credit (1-5 Year)	2.53	4.87
Govt/Credit (1-5 year)	2.62	4.39
5-Year Treasury	4.49	3.83
US Universal	6.00	4.84
US Govt/Credit	6.44	4.45
Aggregate	6.24	4.53
US Credit	6.92	5.00
EM Corporates	4.31	6.81
10-Year Treasury	7.90	3.85
EM Hard Currency Sovereigns	6.77	7.84
30-Year Treasury	16.55	4.02

Sources: Bloomberg Indices, JP Morgan. Data as of 12/31/23.

Yield to Worst (%). Yield to worst is used as an approximation for the income return over a 12-month period.

*1% Increase scenario = Yield to Worst (YTW) - Effective duration. 1% Decrease scenario = Yield to Worst (YTW) + Effective duration. These hypothetical scenarios are for illustrative purposes only. They are based on a simple mathematical formula and are not a guarantee of future performance. Indexes are unmanaged and investments cannot be made in an index. Assumes parallel up/down shifts in the U.S. Treasury yield curve and that credit spreads remain constant over the observation period. Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices.

Hypothetical returns cannot be guaranteed and is not a reliable guide to future returns.

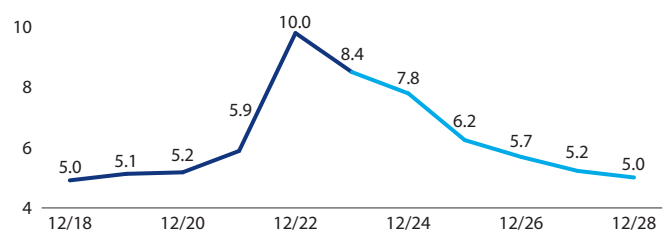
Growth

EM growth is projected to outperform DM again in 2023 according to J.P. Morgan global GDP growth forecasts. DM growth is projected to decline slightly from 1.6% in 2023 to 1.5% in 2024 before rising to 1.8% in 2025. By contrast, EM Growth is expected to remain at 4.1% in 2024 and to rise to 4.2% in 2025. An upward revision of 0.1 percentage point for 2024 since October 2023 reflects upgrades for several regions. EM services PMIs have continued to expand at a faster pace through January 2024 while the manufacturing sector has remained broadly stable around the 50-level expansion mark. The slowdown in China has been central to concerns about any deceleration but spillovers across EM have been felt mainly through two primary channels, exports and tourism.

Inflation

EM inflation prints have surprised to the downside, but much of this is tied to food and energy while core inflation remains somewhat stickier. EM rate-cutting cycles should nonetheless continue amid easing inflation and supportive global financial conditions. Inflation has potentially peaked in Mexico, Colombia, Hungary, India and South Korea. While some of the growth momentum from central bank response to inflation is behind us, the fact that oil and global food prices have been under downside pressure again suggests that the inflation improvements coming from the global commodity cycle are likely to continue.

Emerging markets CPI %



Source: International Monetary Fund. As of 9/30/23. 10/23 forward is projected.

China

With Premier Li Qiang announcing an unchanged growth target for 2024, it appears the economic ills are understood, but there is also no indication of any urgency to significantly increase the current level of policy support for China's economy. On the contrary, belt tightening and strong austerity measures were announced. What will make the growth target more challenging this year is the low base effects from last year. Hitting a 5% target was achievable off a zero covid lockdown policy, but will be much harder now that those numbers aren't baked in.

We do see a positive on industrial policy as President Xi Jinping appears determined to future-proof the Chinese economy via green policy; new energy vehicles, biomanufacturing, commercial aerospace, digital economy etc. These developments will probably be a new flash point with the U.S. via trade policy and tariff and tech export bans.

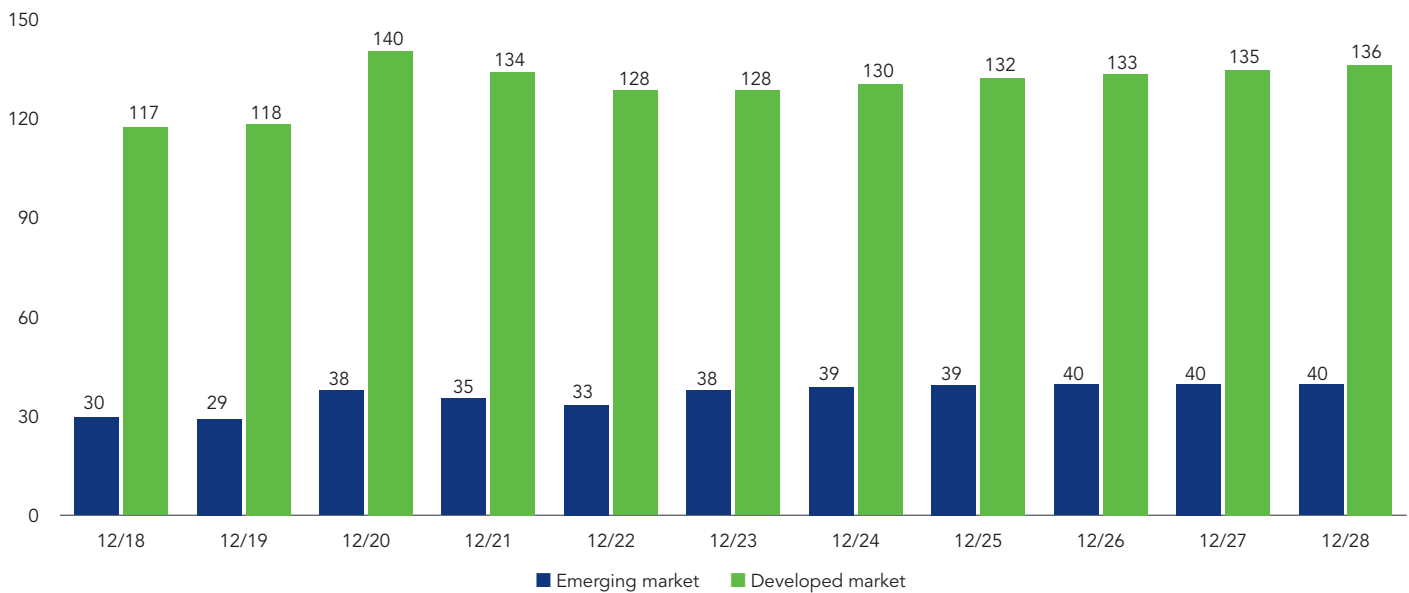
Debt

Fears of an all-out EM debt crisis have proven unfounded so far, although some EM economies have struggled to meet their obligations given rising debt-servicing costs and the difficulty of refinancing debt obligations in international capital markets. Sri Lanka and Ghana have defaulted, while Pakistan and Argentina have sought multilateral support to meet debt obligations. The international community has attempted to multilaterally support EM countries debt restructuring efforts through the Common Framework and other engagement initiatives. While we haven't seen the progress that we and other market participants would like on debt restructuring, the fact that the international community is an engaged stakeholder gives us some confidence.

The International Monetary Fund (IMF) forecasts that, over the next five years, most EM economies will be able to reduce debt-to-GDP levels; China, South Africa, Poland and Brazil are exceptions.

On an aggregate basis, EM debt to GDP is lower than in DM

Debt as percentage of GDP



Source: International Monetary Fund. As of 9/30/23.

Fiscal

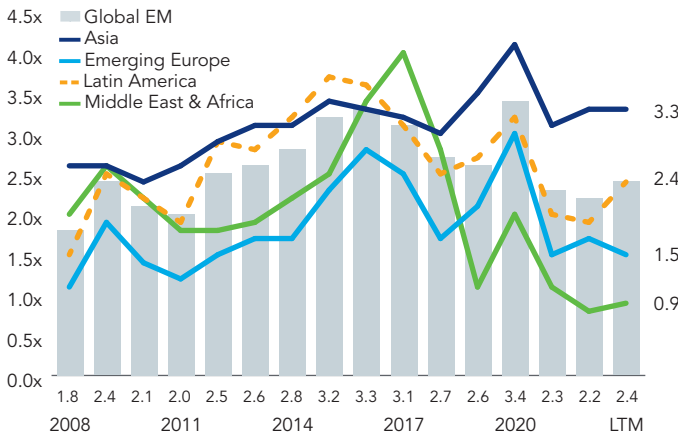
The International Monetary Fund (IMF) forecasts that the gap between EM spending and revenues will remain wide compared to the pre-pandemic average; this might leave them more exposed to foreign funding vagaries. Many EM governments are pledging fiscal consolidation in 2024 again, after having repeatedly postponed consolidation plans since the pandemic. Fiscal consolidation, such as in India, Malaysia and the Philippines, will primarily be led by widening the tax base and enhancing and streamlining revenue collection. Any eventual monetary easing in major economies should make it easier to finance debt internationally.

Corporate fundamentals

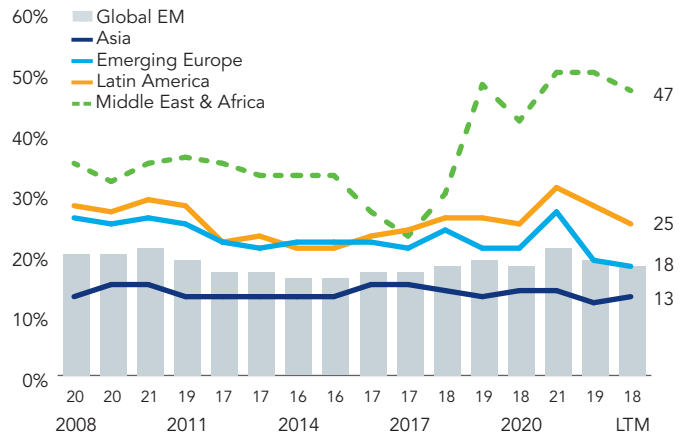
Fourth quarter 2023 reporting season commenced for EM corporates showing that fundamentals remained robust despite some continued deterioration in earnings before interest, taxes, depreciation, and amortization (EBITDA) margins in some sectors, such as Energy and Industrials. Net leverage remained near all-time lows of 1.2x and interest coverage at a strong 8.9x for global EM. EM high-yield net leverage of just 2.2x is materially below U.S. and European high-yield averages of 3.4x and 4.4x, respectively, while the differential for investment grade is near all-time wides with EM at 1.0x and DM at 2.8x. We continue to like select high-yield names particularly in countries with improving macroeconomic fundamentals.

Global breakdown of EMD gross leverage and EBITDA margin

Gross leverage



EBITDA margin



Sources: J.P. Morgan, Bloomberg Finance L.P., CapitalIQ. Data as of 9/30/23. Note: Excluding 100%-quasis, financials, real estate, and defaulted companies. 2022 and LTM additionally excludes Russian corporates. EM results are based on partial 3Q23 earnings of 240 of 360 companies, blended with earlier results for those that have not yet reported.

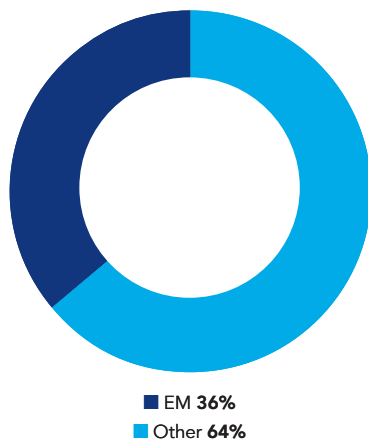
Commodities

We expect commodity prices to remain supportive of EM despite China’s growth weakness. Even with short-term supply outweighing global demand thanks to non-OPEC production, oil is range-bound and at current levels is in excess of external and fiscal break evens for oil exporters. For industrial metals, we believe prices should remain supported by the green transition at play in the U.S., China and Europe. Capacity and supply increases should moderate in 2024 in most metals due to lack of new projects.

Valuations

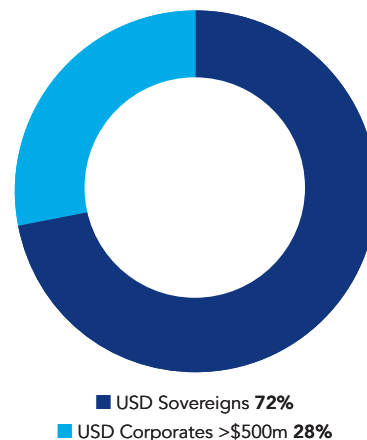
While headline spreads at first glance seem fairly valued, this hides the dispersion within the EMD asset class. Long-end investment grade (IG) and EM high yield still look interesting, and with current HY spreads implying a 48% default rate and IG an almost 15% default rate, we believe EM risks are mispriced. We believe that together with the treasury component, yield/carry will be a large contributor to 2024 EMD performance, and EM HY yields currently around 11% are attractive.

Global High Yield Index



Source: Chart 1: Barclays as of 9/30/23 2023.

Hard Currency Split



Source: Chart 2: JP Morgan as of 12/29/23.

Technicals

By and large, we have seen heavy outflows from EMD over the past few years, as high core rates have proved a challenge. This has left many fixed-income investors underweight the asset class, making it a much cleaner picture. After a tepid 2023, the EM primary issuance market has gotten off to a strong start in 2024. In January we saw \$46 Billion of sovereign issuance, the strongest January on record. Over the past two years investment grade issuers and mid-beta HY issuers enjoyed market access at elevated rates. Frontier sovereigns were locked out of the primary market, faced with the prospect of issuing at double-digit yields most chose to tap other funding sources such as multilateral development bonds and the syndicated loan market. However, the Fed pivot rally late last year helped ease funding conditions, and Cote d’Ivoire recently became the first sub-Saharan African country to re-issue in the Eurobond market with a \$2.6B two tranche deal across a conventional and a sustainable bond. With a strong order book of over 3x, it is encouraging to see both risk appetite return, and market access fully restored.

Headwinds/risks

Short-term headwinds in terms of a number of EM elections are well understood, and we embrace the volatility and seek to exploit any spread dislocations that arise. The main election to watch out for ex-EM and arguably more important than any single EM election is November in the U.S. The winner will likely determine a number of issues regarding geopolitics, trade, IMF funding, etc.

Long-term headwinds with regards to the deglobalization of global trade, capital flows, supply chains and even migration flows, will remain. But, these changes will be slow and measured, and 40 years of globalization cannot be rolled back fully.

Although many macro current risks are well known, we also can't discount geopolitical tensions and situations such as Russia-Ukraine, Gaza-Israel and the Red Sea trade disruptions. These are of course unknowns, and we continue to monitor such risks and act prudently.

Our strategy/positioning.

With flat spread curves we see opportunities in the HY/Frontier arena when combined with long-end IG bond attractive positioning. We also seek to take advantage of the moderating inflation in EM countries by taking select EM local exposure in countries that are expected to cut interest rates.

Past performance is no guarantee of future results.

Views are as of 2/29/24 and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security or sector.

Investments are subject to risks and fluctuate in value.

International investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards. Prices of emerging-market and frontier-market securities can be significantly more volatile than the prices of securities in developed countries, and currency risk and political risks are accentuated in emerging markets.

Bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices.

High yield, lower-rated securities generally entail greater market, credit/default and liquidity risks, and may be more volatile than investment-grade securities.

Diversification does not assure a profit nor protect against loss.

J.P. Morgan Emerging Markets Bond Index Global ("EMBI Global") tracks total returns for traded external debt instruments in the emerging markets and is an expanded version of the JPMorgan EMBI+. As with the EMBI+, the EMBI Global includes U.S. dollar-denominated Brady bonds, loans, and Eurobonds with an outstanding face value of at least \$500 million. It covers more of the eligible instruments than the EMBI+ by relaxing somewhat the strict EMBI+ limits on secondary market trading liquidity.

Bloomberg US 1-5 Year Credit Index measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government-related bond markets with a maturity greater than 1 year and less than 5 years. It is composed of the US Corporate Index and a non-corporate component that includes non-US agencies, sovereigns, supnationals and local authorities constrained by maturity.

Bloomberg 1-5 Year Government/Credit Index is a broad-based benchmark that measures the non-securitized component of the US Aggregate Index. It includes investment-grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related and corporate securities that have a remaining maturity of greater than or equal to one year and less than five years.

Bloomberg US Aggregate Bond Index: Is an unmanaged index composed of securities from the Bloomberg Government/Corporate Bond Index, Mortgage-Backed Securities Index and the Asset-Backed Securities Index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indices are rebalanced monthly by market capitalization.

Bloomberg US Universal Index represents the union of the US Aggregate Index, US Corporate High-Yield, Investment-Grade 144A Index, Eurodollar Index, US Emerging Markets Index and the non-ERISA eligible portion of the CMBS Index. The index covers USD-denominated, taxable bonds that are rated either investment grade or below investment grade.

Bloomberg US Government/Credit Index includes all medium and larger issues of U.S. government, investment-grade corporate and investment-grade international dollar-denominated bonds.

Bloomberg US Intermediate Government/Credit Index is an unmanaged index based on all publicly issued intermediate government and corporate debt securities with maturities of 1-10 years. This index represents asset types which are subject to risk, including loss of principal.

Bloomberg Municipal Bond Index is a market-value-weighted index for the long-term tax-exempt bond market. To be included in the index, bonds must have a minimum credit rating of Baa. They must have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990 and must be at least one year from their maturity date.

CFA® is a trademark owned by the CFA Institute.

The value of investments and income from them may go down as well as up, and you may not get back the original amount invested.

Any investments overseas may be affected by currency exchange rates. Past performance is not a reliable indicator of future results and targets are not guaranteed. Investments in emerging markets tend to be more volatile than those in mature markets and the value of an investment can move sharply down or up. Where the strategy invests in debt instruments (such as bonds) there is a risk that the entity who issues the contract will not be able to repay the debt or to pay the interest on the debt. If this happens then the value of the strategy may vary sharply and may result in loss. The strategy makes extensive use of Financial Derivative Instruments (FDIs), the value of which depends on the performance of an underlying asset. Small changes in the price of that asset may cause larger changes in the value of the FDIs, increasing either potential gain or loss.

For professional investors only. This is a marketing communication. It does not constitute a solicitation or offer to any person to buy or sell any related securities, financial instruments or financial products. No action should be taken or omitted to be taken based on this document. Tax treatment depends on personal circumstances and may change. This document is not advice on legal, taxation or investment matters so investors must rely on their own examination of such matters or seek advice. Before making any investment (new or continuous), please consult a professional and/or investment adviser as to its suitability. Any opinions expressed may change. All figures, unless otherwise indicated, are sourced from Federated Hermes. Whilst Federated Hermes has attempted to ensure the accuracy of the data it is reporting, it makes no representations or warranties, expressed or implied, as to the accuracy or completeness of the information reported. The data contained in this document is for informational purposes only, and should not be relied upon to make investment decisions. Federated Hermes shall not be liable for any loss or damage resulting from the use of any information contained on these pages. All performance includes reinvestment of dividends and other earnings. Please consider all strategy characteristics when investing and not just ESG characteristics.

Federated Hermes refers to Federated Hermes Limited ("Federated Hermes"). The main entities operating under Federated Hermes are: Hermes Investment Management Limited ("HIML"); Hermes Fund Managers Ireland Limited ("HFML"); Hermes Alternative Investment Management Limited ("HAIML"); Hermes Real Estate Investment Management Limited ("HREIML"); Hermes Equity Ownership Services Limited ("EOS"); Hermes Stewardship North America Inc. ("HSNA"); Hermes GPE LLP ("Hermes GPE"); Hermes GPE (USA) Inc. ("Hermes GPE USA"), Hermes GPE (Singapore) Pte. Ltd ("HGPE Singapore"), Federated Investors Australia Services Pty Ltd. ("FIAS") and Federated Hermes Japan Ltd ("FHJL"). HIML, HAIML and Hermes GPE are each authorised and regulated by the Financial Conduct Authority. HAIML and HIML carry out regulated activities associated with HREIML. HIML, Hermes GPE and Hermes GPE USA are each a registered investment adviser with the United States Securities and Exchange Commission ("SEC") and HAIML and HFML are each an exempt reporting adviser. HGPE Singapore is regulated by the Monetary Authority of Singapore. FHJL is regulated by Japan Financial Services Agency. FIAS holds an Australian Financial Services Licence. HFML is authorised and regulated by the Central Bank of Ireland. HREIML, EOS and HSNA are unregulated and do not engage in regulated activity.

In the European Economic Area ("EEA") this document is distributed by HFML. Contracts with potential investors based in the EEA for a segregated account will be contracted with HFML.

Issued and approved by Hermes Investment Management Limited which is authorised and regulated by the Financial Conduct Authority. Registered address: Sixth Floor, 150 Cheapside, London EC2V 6ET. Telephone calls may be recorded for training and monitoring purposes. Potential investors in the United Kingdom are advised that compensation may not be available under the United Kingdom Financial Services Compensation Scheme.

In Argentina: These materials and the information contained herein does not constitute and is not intended to constitute an offer and accordingly should not be construed as such. The products or services referenced in these materials may not be licensed in all jurisdictions, and unless otherwise indicated, no regulator or government authority has reviewed these materials, or the merits of the products and services referenced herein. These materials and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by any applicable laws and regulations. These materials are directed at and intended for institutional investors (as such term is defined in each jurisdiction in which these materials are being marketed). These materials are provided on a confidential basis for informational purposes only and may not be reproduced in any form. Before acting on any information in these materials, prospective investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant jurisdictions and obtain independent advice if required. These materials are for the use of the named addressee only and should not be given, forwarded or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

In Australia: This Strategy Document relates to potential offer of financial products or investment opportunities in Australia (Investment opportunities). Both Hermes Investment Management Ltd (HIML) and Federated Investors Australia Services Ltd. ACN 161 230 637 (FIAS) are the distributors of the Investment opportunities. HIML does not hold an Australian financial services licence (AFS licence) under the Corporations Act 2001 (Cth) ("Corporations Act"). HIML operates under the relevant class order relief from the Australian Securities and Investments Commission (ASIC) while FIAS holds an AFS licence (Licence Number - 433831).

The offer of Investment opportunities only made in circumstances under which no disclosure is required under Chapter 6D and Part 7.9 of the Corporations Act. Nothing in this Strategy Document is, or purports to be, an offer to a person to whom disclosure would be required under Chapter 6D or Part 7.9 of the Corporations Act.

This Strategy Document is not a disclosure document under Chapter 6D of the Corporations Act or a product disclosure statement for the purposes of Part 7.9 of the Corporations Act. This Strategy Document has not been and will not be lodged with ASIC and does not contain all the information that a disclosure document or a product disclosure statement is required to contain. The distribution of this Strategy Document in Australia has not been authorised by ASIC or any other regulatory authority in Australia. In addition, the Fund is not a registered managed investment scheme, as defined in the Corporations Act.

This Strategy Document is provided for general information purposes only and is not intended to constitute, and does not constitute, the provision of any financial product advice or recommendation and must not be relied upon as such. This Strategy Document is not intended to influence a person in making a decision in relation to a particular financial product or class of financial products, or an interest in a particular financial product or class of financial products.

This Strategy Document has been prepared without taking account of your objectives, financial situation or needs and you should obtain independent professional financial advice that considers your circumstances before making any financial or investment decisions.

In Bahrain: This document has not been approved by the Central Bank of Bahrain which takes no responsibility for its contents. No offer to the public to purchase the strategies will be made in the Kingdom of Bahrain and this document is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

In Brazil: The strategies may not be offered or sold to the public in Brazil. Accordingly, the strategies have not been nor will be registered with the Brazilian Securities Commission – CVM nor have they been submitted to the foregoing agency for approval. Documents relating to the strategies, as well as the information contained therein, may not be supplied to the public in Brazil, as the offering of strategies is not a public offering of securities in Brazil, nor used in connection with any offer for subscription or sale of securities to the public in Brazil.

In Brunei: This document is intended for distribution only to specific classes of investors as specified in the Order and must not, therefore, be delivered to, or relied on by, a retail client. The Autoriti Monetari Brunei Darussalam is not responsible for reviewing any documents in connection with these strategies. Prospective purchasers of the strategy should conduct their own due diligence.

In Chile: Federated Hermes is not registered or licensed in Chile to provide managed account services and is not subject to the supervision of the Comisión para el Mercado Financiero of Chile ("CMF"). The managed account services may not be publicly offered or sold in Chile.

In China: This document does not constitute a public offer of the strategies in the People's Republic of China (the "PRC"). The strategies are not being offered or sold directly or indirectly in the PRC to or for the benefit of, legal or natural persons of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the strategies or any beneficial interest therein without obtaining all prior PRC's governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this document are required by the issuer and its representatives to observe these restrictions.

In Colombia: This document does not have the purpose or the effect of initiating, directly or indirectly, the purchase of a product or the rendering of a service by Federated Hermes ("investment adviser") to Colombian residents. The investment adviser's products and/or services may not be promoted or marketed in Colombia or to Colombian residents unless such promotion and marketing is made in compliance with decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign financial and/or securities related products or services in Colombia. The investment adviser has not received authorisation of licensing from the Financial Superintendency of Colombia or any other governmental authority in Colombia to market or sell its financial products or services in Colombia. By receiving this document, each recipient resident in Colombia acknowledges and agrees that such recipient has contacted the investment adviser at its own initiative and not as a result of any promotion or publicity by the investment adviser or any of its representatives. Colombian residents acknowledge and represent that (1) the receipt of this presentation does not constitute a solicitation from the investment adviser for its financial products and/or services, and (2) they are not receiving from the investment adviser any direct or indirect promotion or marketing of financial products and/or services.

In Hong Kong: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. The strategies are not authorised under Section 104 of the Securities and Futures Ordinance of Hong Kong by the Securities and Futures Commission of Hong Kong. Accordingly, the distribution of this document, and the placement of interests in Hong Kong, is restricted. This document may only be distributed, circulated or issued to persons who are professional investors under the Securities and Futures Ordinance and any rules made under that Ordinance or as otherwise permitted by the Securities and Futures Ordinance.

In Israel: This document has not been approved by the Israel Securities Authority and will only be distributed to Israeli residents in a manner that will not constitute "an offer to the public" under sections 15 and 15a of the Israel Securities Law, 5728-1968 ("the Securities Law") or section 25 of the Joint Investment Trusts Law, 5754-1994 ("the Joint Investment Trusts Law"), as applicable. The strategies are being offered to a limited number of investors (35 investors or fewer during any given 12 month period) and/or those categories of investors listed in the First Addendum ("the Addendum") to the Securities Law, ("Sophisticated Investors") namely joint investment funds or mutual trust funds, provident funds, insurance companies, banking corporations (purchasing strategies for themselves or for clients who are Sophisticated Investors), portfolio managers (purchasing strategies for themselves or for clients who are Sophisticated Investors), investment advisors or investment marketers (purchasing strategies for themselves), members of the Tel-Aviv Stock Exchange (purchasing strategies for themselves or for clients who are Sophisticated Investors), underwriters (purchasing strategies for themselves), venture capital funds engaging mainly in the capital market, an entity which is wholly-owned by Sophisticated Investors, corporations, (other than formed for the specific purpose of an acquisition pursuant to an offer), with a shareholder's equity in excess of NIS 50 million, and individuals in respect of whom the terms of item 9 in the Schedule to the Investment Advice Law hold true investing for their own account, each as defined in the said Addendum, as amended from time to time, and who in each case have provided written confirmation that they qualify as Sophisticated Investors, and that they are aware of the consequences of such designation and agree thereto; in all cases under circumstances that will fall within the private placement or other exemptions of the Joint Investment Trusts Law, the Securities Law and any applicable guidelines, pronouncements or rulings issued from time to time by the Israel Securities Authority. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Any offeree who purchases strategies is purchasing such strategies for its own benefit and account and not with the aim or intention of distributing or offering such strategies to other parties (other than, in the case of an offeree which is a Sophisticated Investor by virtue of it being a banking corporation, portfolio manager or member of the Tel-Aviv Stock Exchange, as defined in the Addendum, where such offeree is purchasing strategies for another party which is a Sophisticated Investor). Nothing in this document should be considered investment advice or investment marketing as defined in the Regulation of Investment Counselling, Investment Marketing and Portfolio Management Law, 5755-1995. Investors are encouraged to seek competent investment counselling from a locally licensed investment counsel prior to making the investment. As a prerequisite to the receipt of a copy of this document a recipient may be required by the Issuer to provide confirmation that it is a Sophisticated Investor purchasing strategies for its own account or, where applicable, for other Sophisticated Investors. This document does not constitute an offer to sell or solicitation of an offer to buy any securities other than the strategies offered hereby, nor does it constitute an offer to sell to or solicitation of an offer to buy from any person or persons in any state or other jurisdiction in which such offer or solicitation would be unlawful, or in which the person making such offer or solicitation is not qualified to do so, or to a person or persons to whom it is unlawful to make such offer or solicitation.

In Japan: Federated Hermes Japan Ltd is registered as a Financial Instruments Business Operator in Japan (Registration Number: Director General of the Kanto Local Finance Bureau (Kinsho) No. 3327), and conducting the Investment Advisory and Agency Business as defined in Article 28 (3) of the Financial Instruments and Exchange Act (FIEA). Federated Hermes Japan Ltd is acting as agent or intermediary for the conclusion of investment advisory contracts or discretionary investment contracts between affiliated companies within the Federated Hermes group and Japanese licensed discretionary investment managers, trust banks and other Japanese financial institutions. Federated Hermes Japan Ltd is a member of Japan Investment Advisers Association (JIAA). Reference to Federated Hermes in this material is not limited to Federated Hermes Japan Ltd, but includes group affiliates.

In Kuwait: This document is not for general circulation to the public in Kuwait. The strategies have not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of the strategies in Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the strategies is being made in Kuwait, and no agreement relating to the sale of the strategies will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the strategies in Kuwait.

In The Sultanate of Oman: The information contained in this document neither constitutes a public offer of securities in the Sultanate of Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations to the Capital Market Law (issued by Decision No.1/2009). Additionally, this document is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the Sultanate of Oman.

In Peru: All content in this presentation is for information or general use only. The information contained in this presentation is referential and may not be construed as an offer, invitation or recommendation, nor should be taken as a basis to take (or stop taking) any decision. This presentation has been prepared on the basis of public information that is subject to change. This information may not be construed as services provided by Federated Hermes, Inc. within Peru without having the corresponding banking or similar license according to the applicable regulation.

In South Africa: This document is not intended and does not constitute an offer, invitation, or solicitation by any person to members of the public to invest. This document is not an offer in terms of Chapter 4 of the Companies Act, 2008. Accordingly this document does not, nor is it intended to, constitute a prospectus prepared and registered under the Companies Act.

In South Korea: Hermes Investment Management Limited is not making any representation with respect to the eligibility of any recipients of this document to acquire the strategies therein under the laws of Korea, including but without limitation the Foreign Exchange Transaction Act and Regulations thereunder. The strategies have not been registered under the Financial Investment Services and Capital Markets Act of Korea, and none of the strategies may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea.

The strong recovery in emerging market debt continues

In Spain: This document is issued by Hermes Fund Managers Ireland Limited, Branch in Spain, with Fiscal Identity Number W0074815B, registered in the Mercantile Registry of Madrid, - Volume 40448, Book 0, Sheet 16, Section 8, Page M-718259, first registration, with domicile at Paseo de la Castellana 18, 7º planta, 28046 Madrid - Spain, and registered in the Comisión Nacional del Mercado de Valores with official registration number 36.

In Thailand: The document has not been approved by the Securities and Exchange Commission which takes no responsibility for its contents. No offer to the public to purchase the strategies will be made in Thailand and this document is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

In United Arab Emirates (Excluding Dubai International Financial Centre and Abu Dhabi Global Market): This document, and the information contained herein, does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates and accordingly should not be construed as such. The strategies are only being offered to a limited number of sophisticated investors in the UAE who (a) are willing and able to conduct an independent investigation of the risks involved in an investment in such strategies, and (b) upon their specific request. The strategies have not been approved by or licensed or registered with the UAE Central Bank, the Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE. The document is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). No transaction will be concluded in the UAE and any enquiries regarding the strategies should be made to Hermes Investment Management Limited in London.

In Uruguay: These materials and the information contained herein does not constitute and is not intended to constitute an offer and accordingly should not be construed as such. The products or services referenced in these materials may not be licensed in all jurisdictions, and unless otherwise indicated, no regulator or government authority has reviewed these materials, or the merits of the products and services referenced herein. These materials and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by any applicable laws and regulations. These materials are directed at and intended for institutional investors (as such term is defined in each jurisdiction in which these materials are being marketed). These materials are provided on a confidential basis for informational purposes only and may not be reproduced in any form. Before acting on any information in these materials, prospective investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant addressee only and should not be given, forwarded or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

INSTITUTIONAL Sales Material. Not for distribution to the public.

For professional investors only.