

EMERGING MARKET DEBT

Time to ride?

Fixed Income Management Team



An affiliate of:

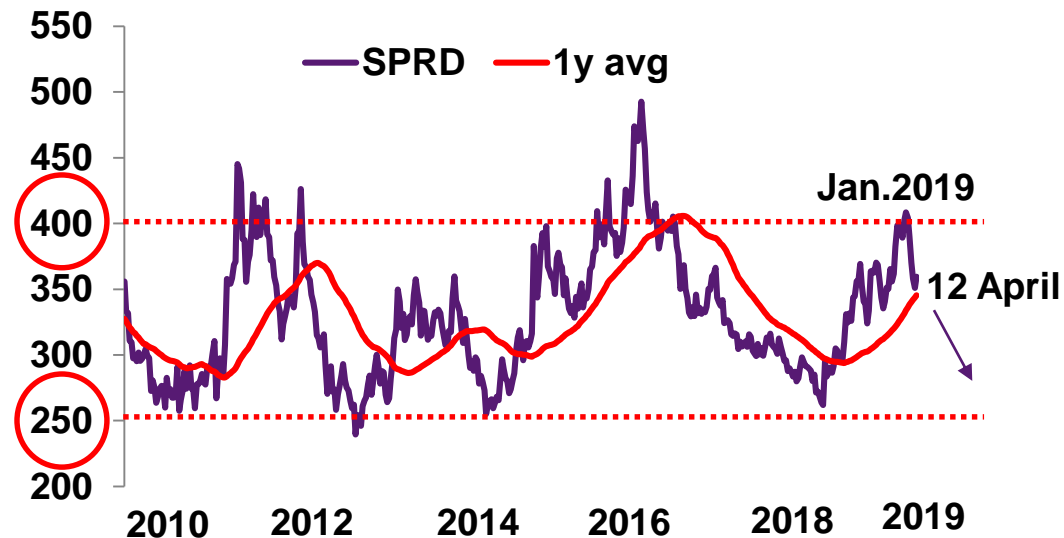


**“Spread narrowing in Q1.
Charts look good.
Country diversity brings
opportunity”**



HARD CURRENCY EMD SPREADS HAVE THE POTENTIAL TO NARROW FURTHER

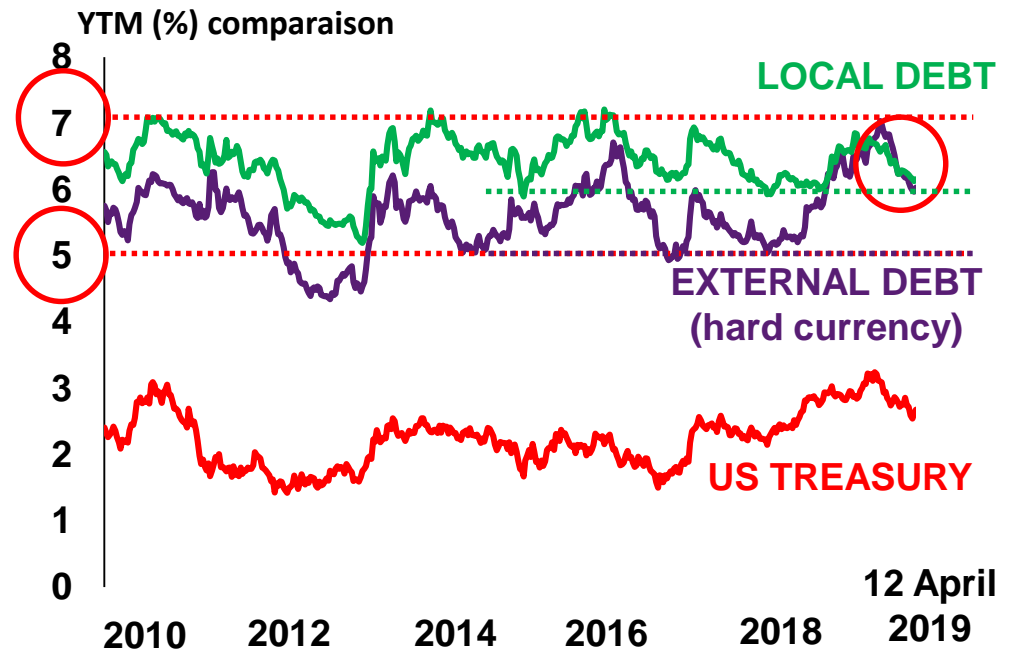
EMBI GLOBAL DIVERSIFIED SPREAD OVER US 10Y TREASURY (bp)



Source: Ostrum AM, Bloomberg, JP Morgan

The EMBI Global Diversified limits the weights of countries with larger debt stocks by only including a specified portion of these countries' eligible current face amounts of debt outstanding. The large markets are weighted lower, and the small markets are weighted higher than in the EMBI Global Index.

6% IS A CRITICAL LEVEL FOR LOCAL DEBT AND MID-RANGE FOR EXTERNAL DEBT

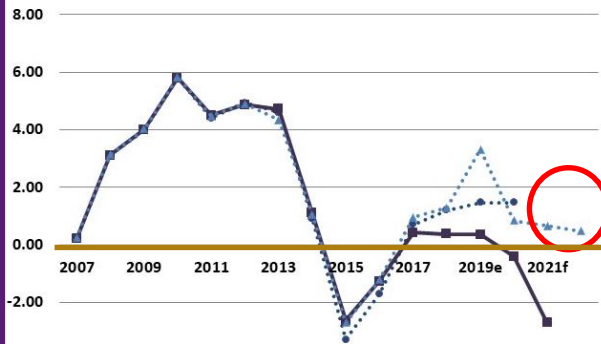


Source: Ostrum AM, Bloomberg, JP Morgan

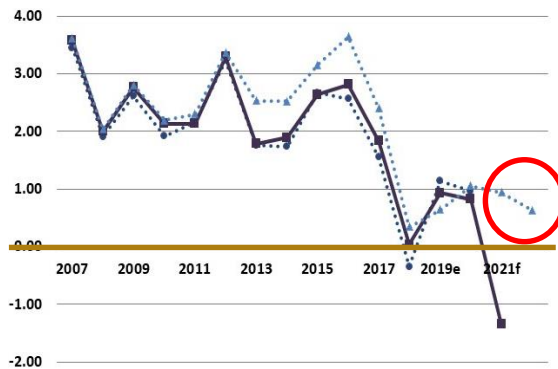
MACRO CHECK-IN

THE “USUAL SUSPECTS” ARE STILL LAGGING...

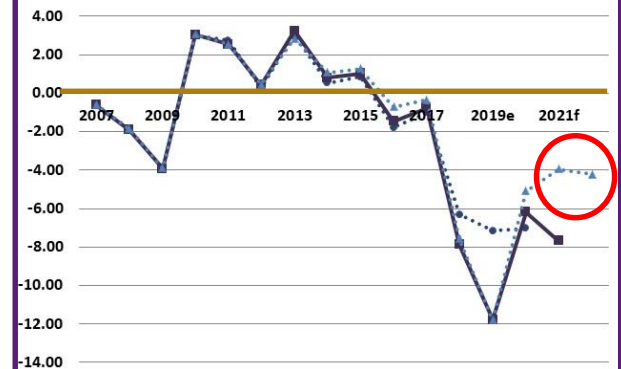
BRAZIL HIGH YIELD



MEXICO INVESTMENT GRADE



TURKEY HIGH YIELD



... 20/08/2018

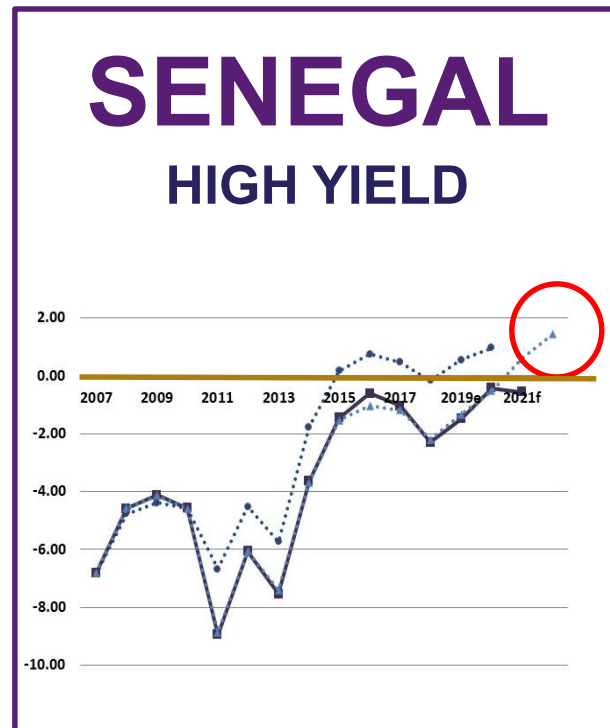
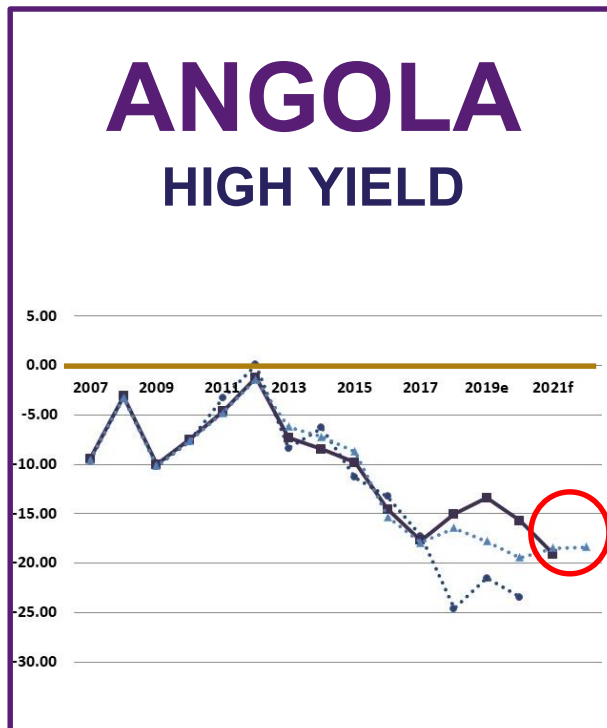
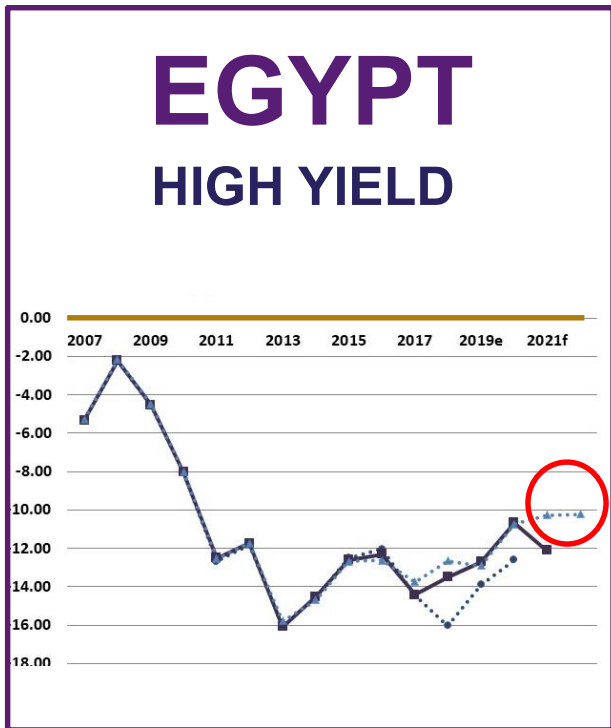
—■— 14/12/2018

... 11/04/2019

Source: Internal Scoring Ostrum AM

MACRO CHECK-IN

“NEXT GENERATIONS” STAND OUT



... 20/08/2018

—■— 14/12/2018

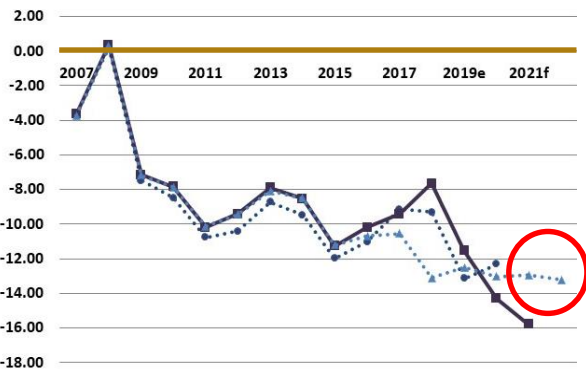
... 11/04/2019

Source: Internal Scoring Ostrum AM

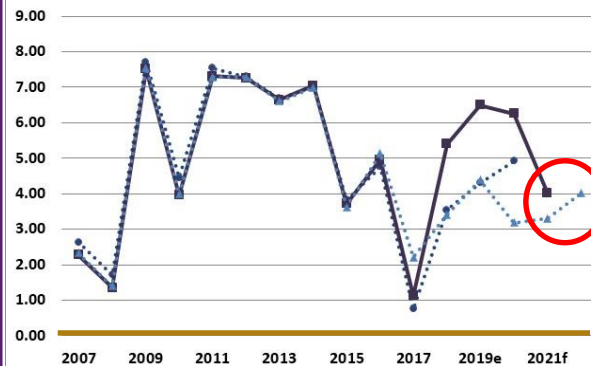
MACRO CHECK-IN

2019 ELECTIONS BRING OPPORTUNITIES

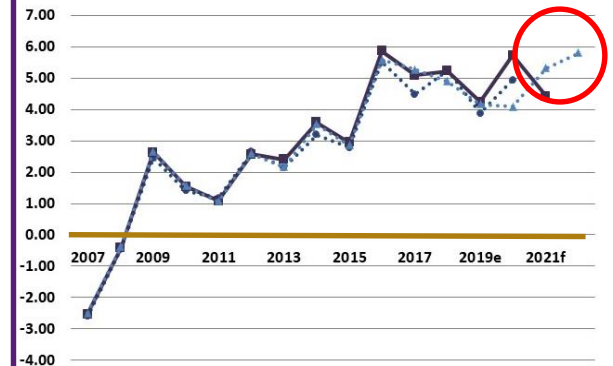
NIGERIA HIGH YIELD



KAZAKHSTAN INVESTMENT GRADE



INDONESIA INVESTMENT GRADE



... 20/08/2018

■ 14/12/2018

... 11/04/2019

Source: Internal Scoring Ostrum AM

“EMD is no longer a crowded trade. Long term trends indicate it may be time to ride again”



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