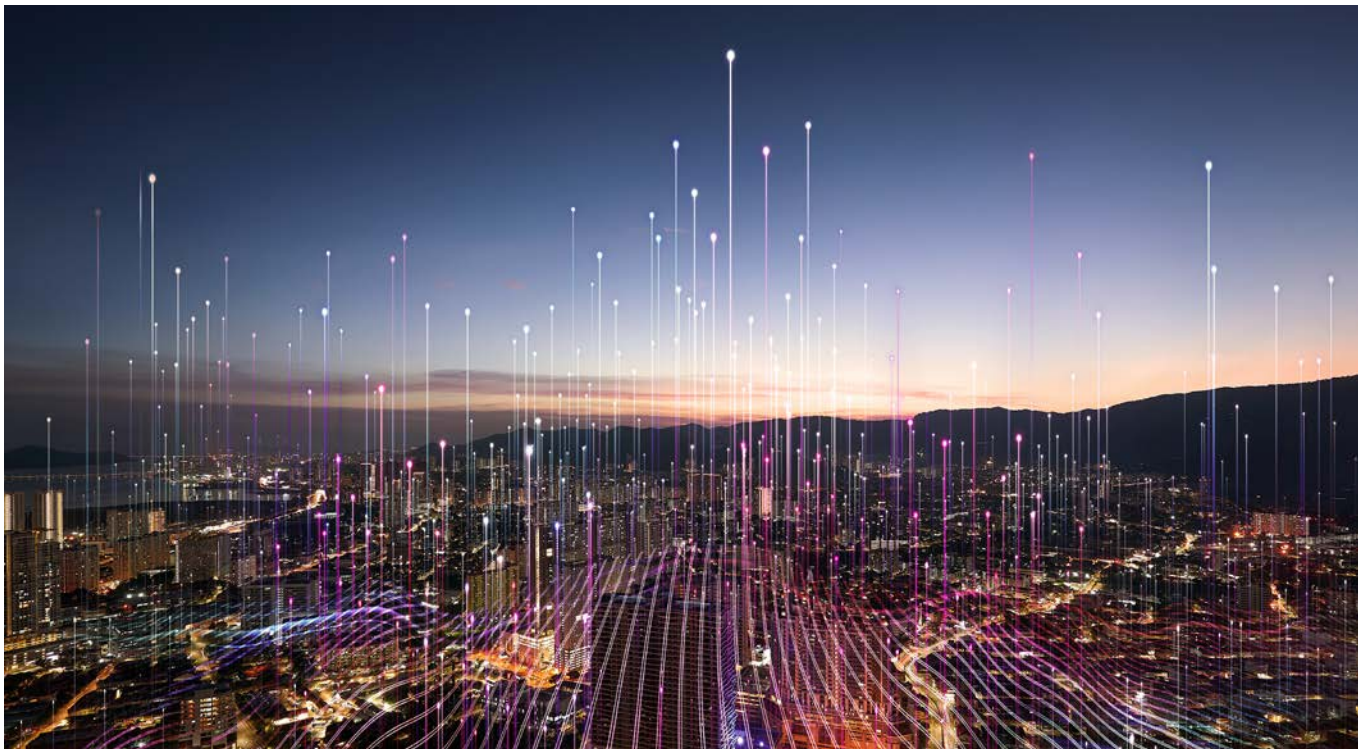


The next phase of emerging markets

AI, resilience and selective opportunities

Pulse on EM, September 2026



Pulse on EM is UBS Asset Management's regular emerging-market insights series, featuring expert views on EM equities, debt and multi-asset opportunities, with on-the-ground perspectives from our global investment teams.

Highlights

- Emerging equity and fixed-income markets recovered from July's uncertainty during August.
- The AI-driven equity-market rally resumed, underpinned by strong corporate earnings and further infrastructure expenditure. The MSCI Emerging Markets Index returned 3.2% over the month having risen by more than 20% in the second quarter.
- There was further uncertainty around the future path of monetary policy from the US Federal Reserve. Renewed weakness in the US dollar and a rise in Treasury yields drove a rally in EM bonds into the month end.

Active Multi-Asset: APAC team

Asian and EM equities outperformed global equities in August, while the US dollar softened modestly. Growth remained resilient, supported by a broadening manufacturing cycle and continued AI-related investment. However, persistent inflation and the prospect of further US monetary tightening kept pressure on bond yields. Higher oil prices added to inflation concerns and reduced the diversification benefit of duration, leaving energy-importing Asian economies particularly exposed.

Chinese equities regained momentum during the month, with onshore markets outperforming offshore equities as smaller-cap, technology and AI-related themes strengthened. China bonds and credit remained resilient, providing diversification amid a mixed economic backdrop: new data showed continued softness in domestic demand and investment in July, although exports and high-technology manufacturing continued to provide areas of resilience despite softer industrial activity.

Outlook and key risks

We remain constructive on EM and Asian risk assets, supported by resilient earnings and improving manufacturing and export momentum, but favor selective exposure over a broad increase in market beta. In North Asia, technology demand and earnings remain supportive, particularly in Taiwan and South Korea, although elevated volatility warrants a disciplined approach to risk-taking.

We remain mindful of valuation, positioning and liquidity risks, particularly after strong performance in parts of the technology supply chain. This argues for diversified exposure, disciplined profit-taking and a focus on areas where fundamentals, liquidity and portfolio contribution remain aligned. Key risks include renewed oil or geopolitical shocks, a stronger US dollar and a sharper reversal in AI-related positioning.

Within China, the domestic recovery remains uneven and performance dispersion across sectors is wide. In our view, a more targeted approach to AI supply-chain beneficiaries may offer a more attractive risk-reward profile than broad technology exposure. We continue to complement our growth positions with effective diversifiers across sectors, regions and asset classes to strengthen portfolio resilience in a volatile market.

Emerging market equities

EM equities rebounded 3.2% in USD terms in August, outperforming both developed markets and the US as the AI-led rally resumed across North Asia. Strong earnings, sustained AI infrastructure spending and upbeat semiconductor guidance boosted sentiment, with South Korea and Taiwan driving the rebound.

Across regions, EM Asia led performance, while Latin America underperformed due to weakness in Brazil. South Africa was the top-performing market and the Philippines the weakest. At the sector level, materials was the top performer, supported by gains in gold and copper prices, followed by health care.

Among the best-performing companies in August were South Africa's AngloGold Ashanti, which gained on from strength in gold prices, and Taiwan's MediaTek, which benefitted from continued demand across the AI and semiconductor ecosystem.

EM equities had recorded their strongest performance since 2009 in the second quarter, returning 23.3% in US dollar terms over the three months. This was supported by a resurgence in global risk appetite following the initial impact of the US-Iran conflict, as well as ongoing enthusiasm around the AI trade.

Why are we positive on EM equities?

We believe the medium-term outlook for EM equities is relatively favourable, based on resilient earnings across most regions, ongoing AI-related investment and a broadening set of structural growth drivers. However, there are a number of potential headwinds, from uncertainty around global interest-rate expectations and US dollar strength to geopolitical turbulence.

- The AI investment cycle remains a central pillar of our positive outlook, particularly within North Asian technology markets. Companies across semiconductors, memory, advanced packaging and broader AI infrastructure could benefit from continued investment by global technology leaders and hyperscalers.
- China remains a key opportunity, in our view, supported by an increasingly differentiated opportunity set and attractive valuations in selected sectors. While softer domestic activity and property-related headwinds remain a challenge, we believe a K-shaped recovery is more likely, with technology, AI, advanced manufacturing and globally competitive industrial companies demonstrating greater resilience than traditional economy and consumption-related segments.
- India's long-term structural investment case also remains compelling to us. While growth is moderating from post-pandemic highs, policy support, infrastructure investment and a gradual recovery in private capex may continue to underpin economic activity.

Emerging market fixed income

Concerns around fiscal and monetary policy in the US as well further weakness in the dollar supported EM bond performance in August. Speculation around a possible September increase in interest rates from the Federal Reserve helped drive US Treasury yields towards recent highs – despite the US government’s announcement of a bond buyback program.

EM sovereign debt, as measured by JP Morgan's EMBI Global Diversified Index, was up 0.89% over the month of August. By credit spectrum, high yield was up 1.06% and outperformed investment grade, which ended the month up 0.70%. On a year-to-date basis, EM sovereign debt is up 2.75% with high-grade down 0.19% and high-yield up 5.58%.

EM corporate debt, as measured by the CEMBI Diversified Index, was up 0.62% over the month. By credit spectrum, high yield was up 0.81% and outperformed investment grade, which ended the month up 0.48%. On a year-to-date basis, EM corporate debt is up 2.22% with high-grade up 0.66% and high-yield up 4.39%.

Performance to 31 August 2026

	Ticker	1-Month	YTD
Rates (yield net change)			
US 5-year	USGG5YR Index	+5bps	+78bps
US 10-year	USGG10YR Index	+2bps	+58bps
German 10-year	GDBR10 Index	+12bps	+47bps
UK 10-year	GUKG10 Index	+1bps	+58bps
Credit (total return)			
USD investment grade	LUACTRUU Index	0.43%	-0.40%
EUR investment grade	LECPTREU Index	-0.22%	0.13%
US high yield	JUC0 Index	0.98%	2.58%
European high yield	HEC0 Index	0.32%	1.88%
EMD Sovereigns (USD)	JPEIDIVR Index	0.89%	2.75%
EMD Corporates (USD)	JCMDCOMP Index	0.62%	2.22%

Source: Bloomberg Finance LP

Past performance is not a guarantee for future results

Key developments in bond markets

In **Colombia**, new president Abelardo de la Espriella took office in early August, pledging roughly USD 6 billion in spending cuts. However, following a 7.4-magnitude earthquake on August 10 that has reconstruction costs estimated at about USD 10 billion, the fiscal outlook remains highly uncertain. The government is likely to maximize cheaper multilateral funding and reduce external bond issuance, which would support sovereign spread compression through lower supply.

Argentina's EMBI spreads surged back above 500 basis points for the first time in three months as markets began pricing uncertainty around the 2027 presidential election and the durability of Milei's fiscal reform agenda and peso stabilization program. The outlook remains binary: sustained reform credibility could retighten spreads, but any signs of policy discontinuity could push spreads materially wider.

In **Venezuela**, the US plan to control more than 65 billion barrels of oil reserves sparked a rally in sovereign and PDVSA bonds on hopes of higher production and repayment capacity. Restructuring prospects remain unclear, however, given uncertainty around cash-flow allocation and disputed interim authority. Outcomes for legacy bondholders are likely to depend on whether Washington prioritizes reconstruction or creditor recovery.

Recent polls in **Brazil** point to a narrowing gap between Flávio Bolsonaro and Lula in a potential runoff, as allegations involving Lula's son, "Lulinha," have begun to weigh on the president's campaign. Meanwhile, recent data releases have pointed to a softening economic backdrop, with delinquency rates rising. Although headline GDP growth for the second quarter beat expectations, the composition was less favorable: the upside surprise was attributable largely to inventory accumulation, while household consumption fell.

Credit rating updates

Pakistan was upgraded to B3 by Moody's from Caa1, reflecting improved fiscal and external buffers under its IMF program. The upgrade was quickly monetized: Pakistan raised a record USD 3 billion in a dual-tranche bond sale (5yr at 7.75%, 10yr at 8.25%), attracting nearly USD 6 billion in orders.

Kazakhstan was upgraded to BBB by S&P, which cited economic resilience amid global uncertainty and volatile commodity prices.

Ecuador was upgraded to B from B- by S&P due to improved access to financing from international capital markets and official lenders.

Benin was upgraded to Ba3 from B1 by Moody's, which cited years of strong fiscal performance under an IMF program, GDP growth of 8.1% in 2025 (the fastest rate since 1990) and sustained improvements in debt management.

EM debt outlook

EM fixed income remains attractively valued relative to some other fixed income sectors, which has supported crossover demand and inflows. Future flows may vary depending on market conditions. Index yields are near the top of their 15-year range, while hard currency EM sovereign and corporate debt indices have delivered high single-digit annualized returns over the past three years.¹ A stable or weaker US dollar could provide support for EM debt performance, a backdrop that has largely been absent over the last decade.

There are also several potential catalysts for further upside, including easing geopolitical tensions, ceasefire agreements and stabilization in China. In this environment, EM sovereign and corporate dollar-denominated debt may continue to benefit if current market conditions persist, although returns are uncertain and subject to changing economic and market conditions. Local-currency debt should also benefit over the long term, although periods of dollar strength could create short-term volatility.

China's growth has remained resilient despite trade tensions, and commodity prices have stayed elevated even during slower growth periods. Supply constraints and demand linked to decarbonization are likely to keep commodity prices supported, benefiting EM commodity exporters, which account for more than 60% of the EM sovereign hard currency index.

Technical factors also remain supportive. US policy uncertainty has driven increased allocations to EM, with inflows reaching a four-year high in 2025 and a further USD 34 billion year-to-date in 2026.² At the same time, net issuance of EM external debt is expected to remain constrained which may be supportive for bond prices. Investors remain underweight the asset class, but growing global interest and inflows reflect improving investor engagement with the opportunity set.

1 Source: JP Morgan and Bloomberg data.

2 Source: JP Morgan and Bloomberg data.

For global professional / qualified /institutional clients and investors.

Americas

The views expressed are a general guide to the views of UBS Asset Management as of September 2026. The information contained herein should not be considered a recommendation to purchase or sell securities or any particular strategy or fund. Commentary is at a macro level and is not with reference to any investment strategy, product or fund offered by UBS Asset Management. The information contained herein does not constitute investment research, has not been prepared in line with the requirements of any jurisdiction designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. The information and opinions contained in this document have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith. All such information and opinions are subject to change without notice. Care has been taken to ensure its accuracy but no responsibility is accepted for any errors or omissions herein. A number of the comments in this document are based on current expectations and are considered "forward-looking statements." Actual future results, however, may prove to be different from expectations. The opinions expressed are a reflection of UBS Asset Management's best judgment at the time this document was compiled, and any obligation to update or alter forward-looking statements as a result of new information, future events or otherwise is disclaimed. Furthermore, these views are not intended to predict or guarantee the future performance of any individual security, asset class or market generally, nor are they intended to predict the future performance of any UBS Asset Management account, portfolio or fund.

Canada

For Permitted Clients Only. Services to Canadian persons for any strategy herein are provided by UBS Asset Management (Canada) Inc., a Nova Scotia corporation and a member of the UBS Asset Management business division of UBS AG, a publicly traded Swiss bank (NYSE: UBS). UBS Asset Management (Canada) Inc. is an indirect wholly-owned subsidiary of UBS AG and is registered as a portfolio manager (in all provinces of Canada), exempt market dealer (in all provinces of Canada and Yukon), commodity trading manager (Ontario), adviser – commodity futures (Manitoba) and investment fund manager (Ontario, Quebec and Newfoundland), all pursuant to Canadian securities law. This document can be distributed in Canada to Accredited Investors who qualify as Permitted Clients only. Any investment or fund referred to in this document may be a connected or related issuer of UBS Asset Management (Canada) Inc. in connection with a distribution of the investment or fund to investors in Canada. **The information contained herein, while obtained from sources believed to be reliable, is not guaranteed as to its accuracy or completeness and confers no right to potential purchasers. This document has been prepared solely for informational purposes by or for UBS Asset Management (Canada) Inc. and its affiliates. This information is being provided for discussion purposes only and is superseded in its entirety by any applicable private placement memorandum and associated limited partnership agreement or organizational documentation (collectively "Offering Documentation"). Investors should carefully review applicable Offering Documentation prior to investing as information contained herein may differ from the information contained in the Offering Documentation.**

EMEA

For marketing and information purposes by UBS.

Before investing in a product please read the latest prospectus and key information document carefully and thoroughly. Any decision to invest should take into account all the characteristics or objectives of the fund as described in its prospectus, or similar legal documentation. Investors are acquiring units or shares in a fund, and not in a given underlying asset such as building or shares of a company. The information and opinions contained in this document have been compiled or arrived at based upon information obtained

from sources believed to be reliable and in good faith, but is not guaranteed as being accurate, nor is it a complete statement or summary of the securities, markets or developments referred to in the document. Members of the UBS Group may have a position in and may make a purchase and / or sale of any of the securities or other financial instruments mentioned in this document. Units of UBS funds mentioned herein may not be eligible for sale in all jurisdictions or to certain categories of investors and may not be offered, sold or delivered in the United States. The information mentioned herein is not intended to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not a reliable indicator of future results. The calculated performance takes all costs on the fund level into consideration (ongoing costs). The entry and exit costs, which would have a negative impact on the performance, are not taken into consideration. If whole or part of the total costs to be paid is different from your reference currency, the costs may increase or decrease as a result of currency and exchange rate fluctuations. Commissions and costs have a negative impact on the investment and on the expected returns. If the currency of a financial product or financial service is different from your reference currency, the return can increase or decrease as a result of currency and exchange rate fluctuations. This information pays no regard to the specific or future investment objectives, financial or tax situation or particular needs of any specific recipient. Future performance is subject to taxation which depends on the personal situation of each investor and which may change in the future. The details and opinions contained in this document are provided by UBS without any guarantee or warranty and are for the recipient's personal use and information purposes only. This document may not be reproduced, redistributed or republished for any purpose without the written permission of UBS Asset Management Switzerland AG or a local affiliated company. Source for all data and charts (if not indicated otherwise): UBS Asset Management. This document contains statements that constitute "forward-looking statements", including, but not limited to, statements relating to our future business development. While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. A summary of investor rights in English can be found online at: ubs.com/funds-regulatoryinformation.

More explanations of financial terms can be found at ubs.com/glossary

Australia

Confidential. For Professional/Institutional Investors only. Not for Retail distribution. This document is intended to provide general information only and has been provided by UBS Asset Management (Australia) Ltd (ABN 31 003 146 290) (AFS Licence No. 222605). For professional/institutional investors only. This document and its contents have not been reviewed by, delivered to or registered with any regulatory or other relevant authority in any jurisdiction. This document is for informational purposes and should not be construed as an offer or invitation to the public, direct or indirect, to buy or sell securities. This document is intended for limited distribution and only to the extent permitted under applicable laws in any jurisdiction. No representations are made with respect to the eligibility of any recipients of this document to acquire interests in securities under the laws of any jurisdiction. Using, copying, redistributing or republishing any part of this document without prior written permission from UBS Asset Management is prohibited. Any statements made regarding investment performance objectives, risk and/or return targets shall not constitute a representation or warranty that such objectives or expectations will be achieved or risks are fully disclosed. The information and opinions contained in this document is based upon information obtained from sources believed to be reliable and in good faith but no responsibility is accepted for any misrepresentation, errors or omissions. All such information and opinions are subject to change without notice. A number of comments in this document are based on current expectations and are considered "forward-looking statements". Actual future results may prove to be different from expectations and any unforeseen risk or event may arise in the future.

The opinions expressed are a reflection of UBS Asset Management's judgment at the time this document is compiled and any obligation to update or alter forward-looking statements as a result of new information, future events, or otherwise is disclaimed. You are advised to exercise caution in relation to this document. The information in this document does not constitute advice and does not take into consideration your investment objectives, legal, financial or tax situation or particular needs in any other respect. Investors should be aware that past performance of investment is not necessarily indicative of future performance. Potential for profit is accompanied by possibility of loss. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Source for all data and charts (if not indicated otherwise): UBS Asset Management.

Singapore

This document and its contents have not been reviewed by, delivered to or registered with any regulatory or other relevant authority in any jurisdiction. This document is for informational purposes and should not be construed as an offer or invitation to the public, direct or indirect, to buy or sell securities. This document is intended for limited distribution and only to the extent permitted under applicable laws in any jurisdiction. No representations are made with respect to the eligibility of any recipients of this document to acquire interests in securities under the laws of any jurisdiction. Using, copying, redistributing or republishing any part of this document without prior written permission from UBS Asset Management (Singapore) Ltd. is prohibited. Any statements made regarding investment performance objectives, risk and/or return targets shall not constitute a representation or warranty that such objectives or expectations will be achieved or risks are fully disclosed. The information and opinions contained in this document is based upon information obtained from sources believed to be reliable and in good faith but no responsibility is accepted for any misrepresentation, errors or omissions. All such information and opinions are subject to change without notice. A number of comments in this document are based on current expectations and are considered "forward-looking statements". Actual future results may prove to be different from expectations and any unforeseen risk or event may arise in the future. The opinions expressed are a reflection of UBS Asset Management (Singapore) Ltd's judgment at the time this document is compiled and any obligation to update or alter forward-looking statements as a result of new information, future events, or otherwise is disclaimed. You are advised to exercise caution in relation to this document. The information in this document does not constitute advice and does not take into consideration your investment objectives, legal, financial or tax situation or particular needs in any other respect. Investors should be aware that past performance of investment is not necessarily indicative of future performance. Potential for profit is accompanied by possibility of loss. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Source for all data and charts (if not indicated otherwise): UBS Asset Management (Singapore) Ltd. (UEN 199308367C)

China

For eligible investors under the relevant laws and regulations of the People's Republic of China ("PRC") only. This document and its contents have not been reviewed by, delivered to or registered with any regulatory or other relevant authority in the PRC. This document is for informational purposes and should not be construed as an offer or invitation to the public, direct or indirect, to buy or sell securities. This document is intended for limited distribution and only to the extent permitted under applicable laws in the PRC. No representations are made with respect to the eligibility of any recipients of this document to acquire interests in securities under the laws of the PRC. Using, copying, redistributing or republishing any part of this document without prior written permission from UBS Asset Management is prohibited. Any statements made regarding investment performance objectives, risk and/or return targets shall not constitute a representation or warranty that such objectives or expectations will be achieved or risks are fully disclosed. The information and opinions contained in this document is based upon information obtained from sources believed to be reliable and in good

faith but no responsibility is accepted for any misrepresentation, errors or omissions. All such information and opinions are subject to change without notice. A number of comments in this document are based on current expectations and are considered "forward-looking statements". Actual future results may prove to be different from expectations and any unforeseen risk or event may arise in the future. The opinions expressed are a reflection of UBS Asset Management's judgment at the time this document is compiled and any obligation to update or alter forward-looking statements as a result of new information, future events, or otherwise is disclaimed. You are advised to exercise caution in relation to this document. The information in this document does not constitute advice and does not take into consideration your investment objectives, legal, financial or tax situation or particular needs in any other respect. Investors should be aware that past performance of investment is not necessarily indicative of future performance. Potential for profit is accompanied by possibility of loss. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. Source for all data and charts (if not indicated otherwise): UBS Asset Management. The securities or products mentioned herein may only be permitted to be offered to approved PRC investors and/or eligible investors under the relevant PRC laws and regulations. The relevant PRC investors shall obtain applicable approvals/licenses/registrations from the relevant authorities (if applicable), and comply with the relevant laws and regulations.

Hong Kong

This document and its contents have not been reviewed by, delivered to or registered with any regulatory or other relevant authority in any jurisdiction. This document is for informational purposes and should not be construed as an offer or invitation to the public, direct or indirect, to buy or sell securities. This document is intended for limited distribution and only to the extent permitted under applicable laws in any jurisdiction. No representations are made with respect to the eligibility of any recipients of this document to acquire interests in securities under the laws of any jurisdiction.

Using, copying, redistributing or republishing any part of this document without prior written permission from UBS Asset Management is prohibited. Any statements made regarding investment performance objectives, risk and/or return targets shall not constitute a representation or warranty that such objectives or expectations will be achieved or risks are fully disclosed. The information and opinions contained in this document is based upon information obtained from sources believed to be reliable and in good faith but no responsibility is accepted for any misrepresentation, errors or omissions. All such information and opinions are subject to change without notice. A number of comments in this document are based on current expectations and are considered "forward-looking statements". Actual future results may prove to be different from expectations and any unforeseen risk or event may arise in the future. The opinions expressed are a reflection of UBS Asset Management's judgment at the time this document is compiled and any obligation to update or alter forward-looking statements as a result of new information, future events, or otherwise is disclaimed. You are advised to exercise caution in relation to this document. The information in this document does not constitute advice and does not take into consideration your investment objectives, legal, financial or tax situation or particular needs in any other respect. Investors should be aware that past performance of investment is not necessarily indicative of future performance. Potential for profit is accompanied by possibility of loss. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Source for all data and charts (if not indicated otherwise): UBS Asset Management.

© UBS 2026. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

UBS Asset Management is a large-scale asset manager, with a presence in more than 20 countries worldwide. We take a globally connected approach to find the answers to our clients' investment challenges and draw on the best ideas and capabilities of our global set-up. To provide you with first class solutions, UBS Asset

Management may outsource business areas and services to (other) business divisions of UBS Group AG, affiliated companies of UBS Group AG and carefully selected third party service providers on a global level. This applies both with respect to different services provided to you as a prospect and as a client, such as analyzing and providing investment solutions, negotiations regarding our future relationship, onboarding, as well as to ongoing know-your-client due diligence, transactions, processing of securities and other financial instruments, compliance, risk management and monitoring, data processing, and IT and back- and middle-office services. Such a global approach may require transmitting client data to affiliated companies and carefully selected third party service providers. This might include entities that are not subject to banking secrecy (if applicable at all) and or that are not subject to the data protection laws applicable in your location, the location of the UBS Asset Management entity you are in contact with, or to your future relationship with UBS Asset Management. This global approach also may require storing client data in global IT systems. UBS Asset Management is subject to statutory obligations regarding the confidentiality of data relating to the business relationship with its clients.

You can rely on UBS Asset Management and its affiliated companies treating all data with strictest confidentiality; third party service providers are carefully selected and contractually bound to strictest confidentiality obligations in line with highest UBS standards.

S-09/2026 M-007182



[ubs.com/am-linkedin](https://www.ubs.com/am-linkedin)

© UBS 2026. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

www.ubs.com/am