

EMB: EM Bloom in the Doom

By Eric Fine, Portfolio Manager

VanEck Emerging Markets Bond UCITS Fund

USD R1 Inc: IE00BYXQJSJ74 EUR Hedged I1 Inc: IE00BYXQSD13
 USD I1 Inc: IE00BYXQSF37 EUR Hedged I2 Inc: IE00BYX22V58
 USD I2 Inc: IE00BYXQSG44



Fund Review

The VanEck Emerging Markets Bond UCITS (Class USD I1) returned 3.47% in April compared to a return of 2.82% for the 50/50 JPMorgan Government Bond Index-Emerging Markets Global Diversified (GBI-EM) local currency and the JPMorgan Emerging Markets Bond Index (EMBI) hard-currency index.

Local currency exposure is at 54.3%, Carry is 6.04%, yield to worst (YTW) is 7.3%, and duration is 5.5

Average Annual Total Returns (%) as of 30 April

	1 Mo	3 Mo	1 Yr	3 Yr†	10 Yr†	Life†
USD R1 Inc (Inception 12/06/14)	3.43	0.48	16.04	9.66	4.30	2.09
USD I1 Inc (Inception 20/08/13)	3.47	0.61	16.62	10.21	5.04	3.76
USD I2 Inc (Inception 20/08/13)	3.48	0.63	16.74	10.32	5.17	3.89
EUR Hedged I1 Inc (Inception 06/10/15)	3.28	0.11	13.89	7.90	2.75	3.06
EUR Hedged I2 Inc (Inception 22/08/17)	3.28	0.14	13.96	8.00	-	2.33
50% GBI-EM/50% EMBI – USD¹	2.82	-0.40	12.55	8.94	3.28	2.69

Past performance does not predict future returns. Investing is subject to risk, including the possible loss of principal. The performance is based on complete 12-month periods. The return may increase or decrease as a result of currency fluctuations. You cannot directly invest in an index.

†Periods greater than one year are annualized.

¹Life performance for the 50% GBI-EM/50% EMBI - USD benchmark is presented in U.S. Dollars (USD) as of Class I1 inception date of 20/8/2013

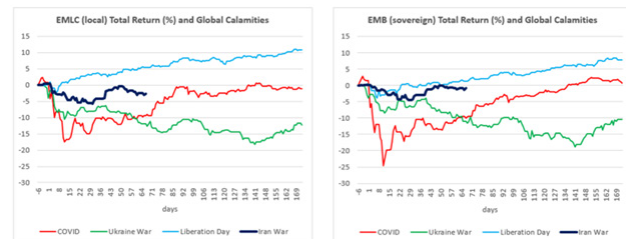
Past Performance - VAEMBR1

	2021	2022	2023	2024	2025
VanEck Emerging Markets Bond UCITS - USD R1	-4.6%	-7.6%	11.1%	2.6%	17.9%
Benchmark Index (50% GBI-EM/50% EMBI)	-5.3%	-14.7%	12%	2%	16.8%

Past performance is not a reliable indicator of future performance. Markets could develop very differently in the future. It can help you to assess how the fund has been managed in the past

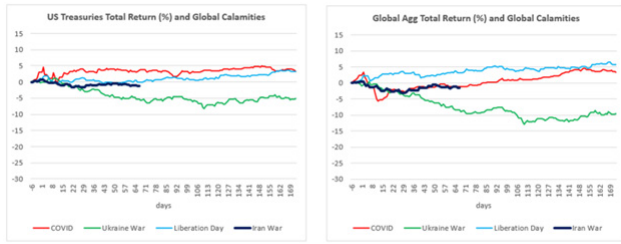
EM bonds continue to perform well during the most challenging geopolitical environment of our lifetimes (I'm lookin' at you, boomer). Yet again, emerging markets (EM) bonds are outperforming the Global Agg and US Treasuries. Our framing has been that EMs have many strong balance sheets, DMs have none. And EMs have many net exporters, DMs have one - the USA. Complicated charts alert! What we show below is that EM bonds are again concluding "meh" to a major risk event, while DM bonds are getting affected. Exhibit 1 shows EM local-currency and hard-currency bonds chugging along in the Iran war crisis, compared to other crises (Ukraine war, liberation day, Covid). Exhibit 2 shows DM was harder hit relative to its reactions in these same crises. The market is judging that DM should be discounting something worse than EM. We pound this point with Exhibit 3. This shows EMBX, its benchmark, and the Global Agg and US Treasuries over the past 5 years. Our benchmark outperforms the Global Agg and US Treasuries all the time, and we'll leave it to you to conclude on EMBX relative to our benchmark. (The backward-look on EM via the efficient frontier tells you to have way more than almost anyone has; see our white papers.)

Exhibit 1 – EM Local and Hard Yawning Compared to Previous Crises



Source: Morningstar, JP Morgan, ICE. Data as of May 2026.

Exhibit 2 – DM Bonds More Hit By Iran (Or They Just Keep Sucking)



Source: Morningstar, JP Morgan, ICE. Data as of May 2026.

Exhibit 3 – VanEck EM Bond Fund > EM Bonds > Agg > Treasuries (Ask Us For 10y Chart...Please!)

as of 4/30/2026	MTD	YTD	2025	2024	2023	2022	2021	5 Years
VanEck Emerging Markets Bond ETF	3.61	2.88	19.05	3.05	10.97	-7.22	4.30	4.53
50% JPM GBI-EM GD and 50% JPM EMBI GD	2.82	1.02	16.75	2.01	11.92	-14.75	-5.32	2.41
ICE BofA Gbl Brd Mkt TR USD	1.08	-0.04	8.08	-2.08	8.56	-18.87	-5.24	-1.81
ICE BofA Current 10-Y US Trisy TR USD	-0.21	-0.31	7.82	-1.89	2.83	-18.28	-3.88	-1.40

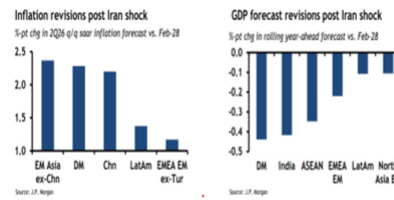
Source: Morningstar. Data as of April 2026.

EM economies are largely experiencing less inflationary and growth problems from the war than DM economies. EM central banks are also more hawkish than DM central banks. We’ve long described EMs as not subject to fiscal dominance, and they keep acting that way with risks to hawkishness from most EM central banks, so this does not surprise us at all. Here’s a graph to make it more real. It shows that EM is suffering less in inflation and growth terms, but even better, it’s a description of our views/positioning, in a way, which we described in more detail in our recent IMF takeaways. The ideas are:

- a) EM suffering less than DM
- b) Latam and EMEA and SSA especially (Latam and SSA have been stalwarts for us)
- c) North Asia is ok because NIIP (we wrote a whole piece on this!...“The Curiously Unpopular Case for CNY Appreciation”)
- d) South Asia is not in a good position (we have zero or underweight exposures to the south Asian importers such as India, Indonesia, Thailand, Philippines)

Exhibit 4 – EM>DM, Exporters > Importers

EM > DM, Exporters > Importers



Source: JP Morgan. Data as of 4/11/26. Data performance is an indication of future results.

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Source: International Monetary Fund. Data as of April 2026.

EM bonds are “in”, and it’s a bit too much...but just a bit. We argue that “de-dollarization” is too consensus right now in our IMF takeaways and that this makes us only bullish USD against the majors (JPY, GBP, EUR). Although EM has many winners against USD including exporters, many of these are frothy. The backward look on carry/vol says nobody has enough EM debt exposure. And, we’ve been publishing charts showing EMFX volatility is lower than DMFX volatility...and EM local bond volatility is lower than DM bond volatility. If you can ignore nearly double the carry and lower volatility, maybe abandon finance as a discipline. Also, some major color points such as:

- a) Chinese Government Bonds (CGBs) are up and US Treasuries are down during war
- b) Asia “divides” between exporting/strong USD position “North” (China, Korea, Taiwan, Malaysia, Singapore) and importing/weak USD position “South” (India, Indonesia, Philippines, Thailand, Pakistan)
- c) Democratic Republic Congo issues oversubscribed inaugural bond in midst of war
- d) All our investor discussions continue or accelerate (instead of being postponed which is low-deviation “normal”).
- e) Bolivia (stalwart holding) exhibits market access with bond issuance second week of May

Exposure Types and Significant Changes

The changes to our top positions are summarized below. Our largest positions in April were Brazil, Malaysia, South Africa, Colombia, and Chile

- We increased our hard currency sovereign exposure in Oman, Morocco, Kazakhstan, and Serbia. Oman is the least exposed to the region's geopolitical noise, and Morocco's exposure to the war is partly offset by several structural advantages, including being a major exporter of phosphatic fertilizers and the fact that the Gulf is not the main energy source for the country. This improved the policy/politics and economic test scores for both countries. Serbia can benefit from correlations with Europe/Euro, which strengthened the technical test score. And Kazakhstan is the largest oil producer in Central Asia, which gives a boost to its technical and policy/politics test scores.
- We also increased our local currency exposure in Singapore, Czech Republic, Malaysia, and Brazil. Singapore and Malaysia are safe Asian credits, with limited headwinds from the Middle East conflicts. Czech Republic's correlation with Europe/Euro is a major positive against the backdrop of no serious domestic risks. In terms of our investment process, this improved the technical test scores for these countries. Brazil benefits from more market-friendly election polls and the central bank's cautious policy stance. Brazil's growth, external balance, and budget revenue are also positively correlated with higher oil prices. These factors strengthen the policy and technical test scores for the country.
- We increased our hard currency sovereign exposure in the Democratic Republic of the Congo and hard currency corporate exposure in Turkey. The former was an attractively priced new issue, and the latter cheapened a lot during the initial stage of the Iran war, with the improved technical test score.
- We reduced our local currency exposure in Thailand, South Korea, South Africa, Poland, and Hungary. Poland is becoming a fiscally problematic credit, which worsens its economic and policy test scores. The other three countries have significant exposure to the Middle East conflict: Thailand is a net oil importer, and its tourism revenue can be hurt by flights' rerouting. South Korea depends on LNG

imports from the Gulf. And South Africa is vulnerable to higher energy prices and trade disruptions. These factors worsened technical and economic test scores for these countries. Hungary staged a massive rally going into the elections, and it is prudent to take profits since the market-friendly outcome had materialized.

- We also reduced our hard currency sovereign exposure in Venezuela, Kenya, Uruguay, and Angola. We took profits in Venezuela, as price action is now running ahead of fundamentals. Further, Venezuela's assets are likely to get hit in the case of a ceasefire/lower oil prices, whereas Machado's return might create additional domestic political noise. These factors worsened the technical and policy/politics test scores for the country. Kenya's status as a net oil importer worsened its economic and technical test scores. Angola benefitted from the Iran-war related spike in the price of oil (being a net exporter), but the sovereign spread is now the tightest since 2018, which worsened valuations and the technical test score for the country.
- Finally, we reduced our local currency exposure in Mexico, Colombia, and Chile. We took profits in Mexico, as bonds are no longer in the top valuation bucket, the USMCA noise is getting stronger, and the central bank still wants to cut rates. These factors worsened the policy/politics and technical test scores for the country. We also took partial profits in Colombia as volatility might increase going into the presidential election in May, worsening the policy/politics test score. As regards Chile, higher oil prices worsened the country's terms of trade, which in turn weighed on the economic and technical test scores.

Major Risks of Investing in the VanEck Emerging Markets Bond Fund

- **Emerging Market Risk:** In emerging markets, the legal, judicial and regulatory infrastructure is still developing and there is much legal uncertainty both for local market participants and their counterparties. Investments in these countries may involve specific political, economic and financial risks that have a significant impact on valuations and liquidity of those investments. They are also exposed to additional risks that are difficult to calculate and would not arise with investments made in OECD countries or other emerging markets.

- **Currency Risk:** Some of the Fund's assets can be invested in currencies, other than the Fund's currency. The performance of the Sub-Fund can be subject to elevated volatility on the downside as well as on the upside due to currency fluctuations. Northbound investments by the Fund in the Bond Connect Securities will be traded and settled in Renminbi / RMB, the official currency of China. The RMB is currently not a freely convertible currency.
- **Credit Risk:** The Fund will invest in bonds that are subject to varying degrees of risk that the issuers of the securities will have their credit ratings downgraded or will default, potentially reducing the value of the securities.

For the other risk factors and information, please refer to the KID and the Prospectus, available at www.vaneck.com

IMPORTANT INFORMATION

Please refer to the Prospectus – in English language - and the KID/KIID - in local language - before making any final investment decisions and for full information on risks. These documents can be obtained free of charge at www.vaneck.com, from the ManCo or from the appointed facility agent.

VanEck Emerging Markets Bond UCITS ("Fund") is a sub-fund of VanEck ICAV, a UCITS umbrella fund, registered with the Central Bank of Ireland and actively managed. The ManCo transferred the investment management for the Fund to Van Eck Associates Corporation, an investment company regulated by the U.S. Securities and Exchange Commission (SEC). The Product described herein aligns to Article 8 Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector. Information on sustainability-related aspects pursuant to that regulation can be found on www.vaneck.com. Investors must consider all the Fund's characteristics or objectives as detailed in the prospectus, in the [sustainability-related disclosures](#) or related documents before making an investment decision.

Source: VanEck.

Performance quoted represents past performance. Current performance may be lower or higher than average annual returns shown. Performance data for the Irish funds is displayed on a Net Asset Value basis, in Base Currency terms, with net income reinvested, net of fees. Returns may increase or decrease as a result of currency fluctuations.

Investors must be aware that, due to market fluctuations and other factors, the performance of the funds may vary over time and should consider a medium/long-term perspective when evaluating the performance of funds.

The value of the Fund may fluctuate significantly as a result of the investment strategy. The Fund's holdings are disclosed on each dealing day on www.vaneck.com under the Fund's Holdings section and as per PCF under the Documents section and published via one or more market data suppliers. For details on the regulated markets where the Fund is listed, please refer to the Trading Information section on the Fund page at www.vaneck.com. Investing in the Fund should be interpreted as acquiring shares of the Product and not the underlying assets. Tax treatment depends on the personal circumstances of each investor and may vary over time. The ManCo may terminate the marketing of the Fund in one or more jurisdictions. The summary of the investor rights is available in English at: [summary-of-investor-rights.pdf](#).