

Dear Clients and Partners,

Please find below the investment update covering May.

- **Financial markets:** Equity markets have evolved in a scattered manner, with negative month-over-month growth rates for emerging countries (MSCI Emerging Markets: -1.65%) and Europe (Euro Stoxx 50: -2.21%), whereas in the US, the S&P500 increased by +0.47%. Regarding the bond market, the JP Morgan Emerging Market Bond Index (EMBI) was down -0.60%. Recession risks are still present, with inverted yield curves in the US and in the Eurozone. Indeed, 10-year yields are respectively 3.64%, and 2.96%, below the 2-year yields of 4.74%, and 3.22%. Commodity prices decreased by -5.50% over May (Bloomberg Commodity Index). For just over a year now, the price of crude oil (Brent) follows a downward trend and closed at USD 72.8 at the end of the month.
- **Macro update:** The US economy grew by 1.1% in Q1 2023, slowing from 2.6% expansion in Q4 2022 while the Eurozone grew slightly by 0.1%, following a flat Q4 2022. On the inflation front, it decreased in the US to 4.9% in April, the lowest in two years. Food prices increased at a slower pace, while energy costs continued to drop. In the EU, inflation slightly accelerated to 7% in April, from 6.9% in March. In this macro context, both the ECB and the FED decided to increase their rates by +25 bps. Inflation in the Eurozone is projected to decrease next year, averaging 5.8% in 2023, and 2.8% in 2024.
- **Emerging markets:** Sovereign bonds with high-risk levels are currently gaining popularity among Wall Street investors who are looking for substantial returns. Government bonds associated with higher risk have performed exceptionally well this month. El Salvador, Nigeria and Bolivia have achieved impressive month-to-date returns in June, respectively 13.1%, 6.7%, and 7.5%, outperforming the average return of 1.7% for emerging markets. In Nigeria, the Naira plunged to a record low of 600 per USD, following a 30% devaluation by the Central Bank. Additionally, inflation hit a nearly 18-year high at 22.4%, driven by rising food prices. In Costa Rica, the CB lowered its benchmark interest rate by 50 bps to 7%. Amid a financial crisis, Sri Lanka's economy contracted by 11.5% YoY, for the fifth consecutive quarter. Lastly, despite an ongoing war, Ukraine's inflation slowed down to 15.3% YoY, mainly due to increased food and fuel supplies.
- **Demand:** Symbiotics Investments disbursed USD 55.6 million to 14 institutions in May, for a total of USD 291.3 million year-to-date. The strongest origination for the month came from Europe and Central Asia (62% of all loans) followed by Africa (31%) and Asia (6%). Symbiotics Investments issued a gender-focused bond for Khan Bank in Mongolia, via the Vision Microfinance Dual Return Fund. This partnership represents a milestone in the financial industry's commitment to addressing gender disparities and fostering inclusivity.

Should you have any questions, please contact your relationship manager.

Sincerely,

Symbiotics Asset Management