Global Strategic Bond Fund

▶ Core. Nimble. Proven.

June 2026 Commentary, Marketing Communication

ISINs: Class D Acc USD: IE000H9BC817 | Class D Inc GBP hedged: IE000TEXPBZ5
Class D Inc EUR hedged: IE0009J3J172

Our investment approach

- Actively managed, core global bond portfolio focused on developed market liquid issuers, in hard currency.
- Nimble decision-making driven by valuations, fundamentals and technicals.
- Alpha generation through relative value, duration and credit selection.

Portfolio Management Team

Alex Ralph

Co-portfolio Manager

26 years in the industry

David Roberts

Co-portfolio Manager

36 years in the industry

What do we mean core and nimble? Inside, we share the fund's return drivers, portfolio positioning and put the spotlight on a bond bought/sold.

Performance and markets

There is a temptation simply to cut and paste commentary from May. Market returns were again modestly positive and fund returns ahead. Once more, however, the benign outcomes hide underlying volatility — at least in rates markets.

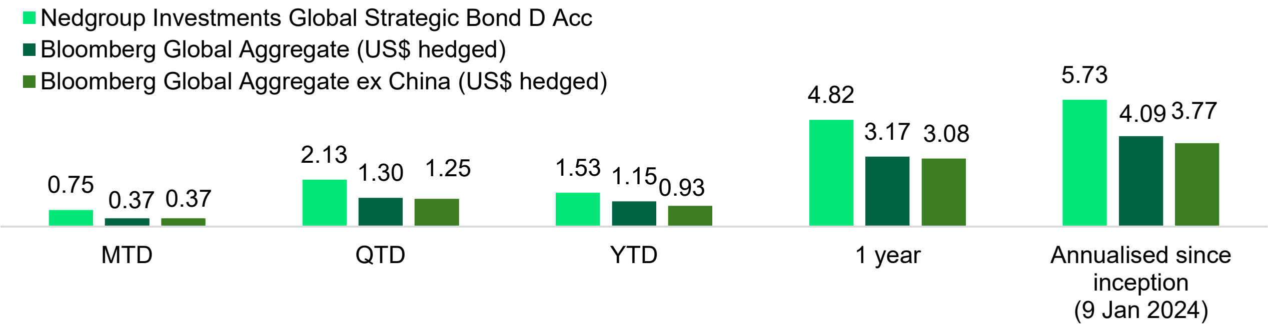
Corporate bonds seem to have given up any form of worry, with spreads over government debt remaining stable at levels that are low by historic standards. The latest narrative, one we have heard many times before, is that corporate balance sheets are in such rude health that global conglomerates are now less risky than G7 sovereign debt.

That last point is one of many warning signs. History offers plenty of lessons that those fully invested in corporate debt would do well to heed. As we have for several months, we continue to benefit from high quality, short maturity carry and are not prepared to chase the market here.

Rates continue to offer opportunity, with markets flipping between cuts and hikes, driven by moves in oil. One advantage of our approach is that even when credit is lacklustre, we can seek alpha elsewhere.

Fund performance (USD)
(Other currencies at the end of document)

Past performance is not indicative of future performance and does not predict future return



Data as at 30 June 2026. Source: Morningstar, Bloomberg. The share classes being offered in Germany are newly launched and do not have their own historical performance data. The performance information presented in this marketing material relates to the nearest comparable share class and is provided solely for indicative purposes. Differences in fees, and other factors may affect future performance. Investors should not rely solely on this information when making investment decisions.

MONTHLY PORTFOLIO UPDATE

Key return drivers

Over the month, the fund returned 0.75%, Bloomberg Global Aggregate (US$ hedged), 0.37% and Bloomberg Global Aggregate ex China (US$ hedged), 0.37%.

The excess return has been attributed vs Bloomberg Global Agg ex China using a top-down methodology:

Total excess return for the month (net vs Bloomberg Global Agg ex China): +38bps		
Contribution		**Positioning comments**
Duration	+12bps	As yields moved higher early in the month, we increased duration to 6.5 years - the longest since launch. When markets rallied, we took some profit.
Curve	+3bps	One that got away? We neutralised curves too soon and long-dated bonds (especially in the US) outperformed. That continued irrespective of whether markets expected hikes or cuts from the Fed.
Geography	+8bps	Australia continued to do well. We took profits on our Canada and UK positions in May. Moving underweight in each too soon was suboptimal. A zero weight to Italy and France added marginal benefit as did a continued underweight to Japan.
Asset allocation	+6bps	Limited spread widening within European investment grade, our largest position, meant excess returns were still positive. Only European high yield managed to generate greater excess thanks to income. US credit lagged due to significant underperformance from telcos and continued issuance out of AI-related sectors.
Credit sector/ security selection:	+9bps	Our high yield names generated decent outperformance thanks to issuers like B&M, Tui and Motel One, to name a few.

Positioning recap and outlook

Total portfolio: Yield = 4.8% (% exc. futures), Duration = 5.8 years, ESG rating: A

Rates (weight = 33.7% (46.9% inc. futures), yield = 4.3%, duration = 5.8 years)

Positioning in sovereign bonds	Fund	Expected fund range	Index
	34% (47% inc. futures)	30% - 40%	53%
Investment perspectives	**Valuation** Still cheap for the long-term investor with yields remaining close to decade long highs in most of the G7.	**Fundamentals** Oil at $70 a barrel (WTI) will become deflationary quickly and should keep central banks on hold, if it remains there.	**Technicals** Fixed income and hedge fund buyers emerged in the recent sell-off. So demand may ebb a little. Few PMs seem max long though.

- Once more sovereign bonds were only interested in oil prices.
- Some of the more extreme inflation forecasts started to be priced out of markets.
- Q3 could be constructive should economists start to predict central banks will cut next, a complete full circle back to the end of February assumptions.

Contribution data and positioning information as of 30 June 2026. Yield shown is yield to worst. Source: Nedgroup Investments. Valuations are based on a medium-term outlook. For government bonds, this is determined by market returns (beta) relative to inflation/inflation expectations and real growth. For corporates, this is determined by adjusting expected excess returns for risk (default and volatility). Valuation based strategic positioning may be adjusted for shorter term technical or fundamental economic factors.

Credit (IG: weight = 48.4%, yield= 5.2%, duration = 4.8 years)
(HY: weight = 13.6%, yield= 6.0%, duration = 3.1 years)

Positioning in corporate bonds	Fund	Expected fund range	Index
	Investment grade: 48%	**20% - 60%**	**19%***
	High yield: 14%	**20% - 30%**	**0%**
Investment perspectives	**Valuations.** Minimal spread widening does not change the picture of expensive valuations with little cushion to building risks. European high yield, for example, is still trading at the 4th percentile for the period post global financial crises.	**Fundamentals** Little change to solid fundamentals. European IG EBITDA growth was the strongest QoQ since 2022. However, balance sheets are clearly weakening in some areas due to the ginormous AI capex roll-out.	**Technicals** The anticipated slowdown in issuance from May failed to materialise. US and European investment grade recorded its largest ever new issue volumes for June. European high yield saw its 5th largest monthly issuance on record. Some credit asset classes also recorded outflows. Technicals have started to weaken

*"Pure" IG credit. Add in Std the index has 47%

Portfolio changes and where next

The market continues to offer opportunities to generate alpha from diverging macroeconomic and interest rate cycles across developed economies. Markets had moved to price in multiple rate hikes which requires oil to remain at or above current levels. Higher yields drew consensus positioning towards longer duration bonds. We expect any further weakness in commodity prices, and/or deterioration in macro data could provide scope for bonds to rally from here.

Credit remains a low beta asset class, however, there are signs volatility could pick up soon. Whilst there is a cushion from market participants appearing underinvested, outflows and continued record breaking issuance is starting to weigh on the asset class. In response, we continue to trim the underlying credit beta of our holdings: taking profits in Tui, rotating from subordinated to senior debt in Ziggo and swapping Var Energy hybrid into a utility hybrid. Additionally, we will seek to take advantage of the improved new issue premium now available in primary markets.

Spotlight on an issuer sold: Tui

- Tui is a German, listed travel company that operates airlines, holidays, hotels and cruise ships.
- **Fundamentals:** Tui cut its guidance in April as the Middle East conflict was set to drive higher fuel prices, extra repatriation costs and weakened travel demand. Operational efficiencies and an improved cost base supported underlying earnings, whilst consumers continued to book holidays just choosing to book closer to departure dates and understandably, choosing Western Mediterranean destinations, over Eastern.
- **Valuation:** When the bonds dropped 3% in March, we bought on valuation grounds. We believed Tui's flexibility in the short-term would limit the downside impact. Additionally, their hedging policy was more robust than some of its airline peers. As tensions eased, the bonds rebounded and we exited for a 3.5% total return over the 10 weeks since purchase.
- **Technicals:** Against the backdrop of management's commitment to medium-term leverage guidance, the 2029 bonds looked attractive from a carry perspective, offering almost 6% coupon with a short-dated maturity. Elevated breakevens provided downside protection at the point of investment, while leaving room for spread compression should Middle East tensions ease.

Contribution data and positioning information as of 30 June 2026. Yield shown is yield to worst. Source: Nedgroup Investments

What to watch out for next month

Rates:

US bonds lagged most of the G7, fair enough given the US is less exposed to oil swings and uncertainty around Warsh remains elevated.

We would expect most G7 markets (ex Japan) to move to price out rate hikes. Until then, we continue with a strategy of being neutral to long.

If it becomes apparent demand has been destroyed by conflict and energy spikes, we may run that for longer even if expected yields fall a bit further from end of June levels.

Credit:

Supply should finally fall with summer helping steady weakening technicals.

We will keep an eye on orderbook sizes for signs of stabilisation. The big picture remains whether 1) the roll out of AI capex finally breaks the market and/or 2) the increasing default rate picture in private credit spills into public markets.

We believe it continues to a case of when rather than if.

Fund performance (GBP)

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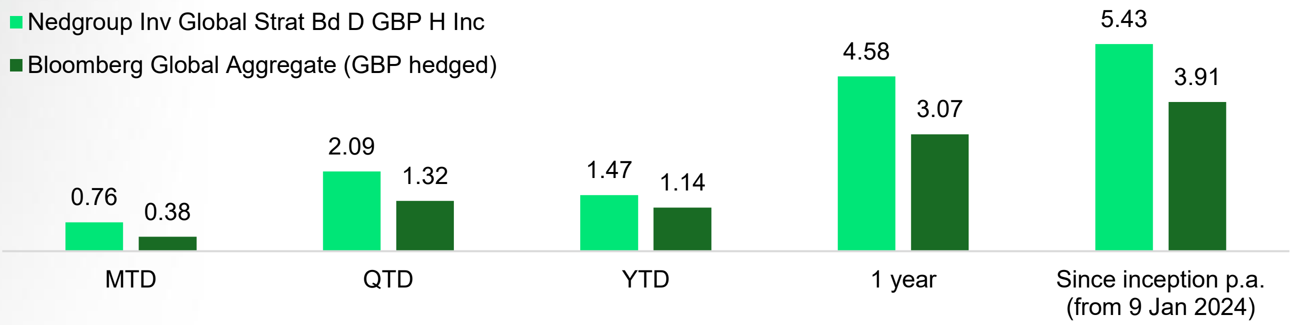
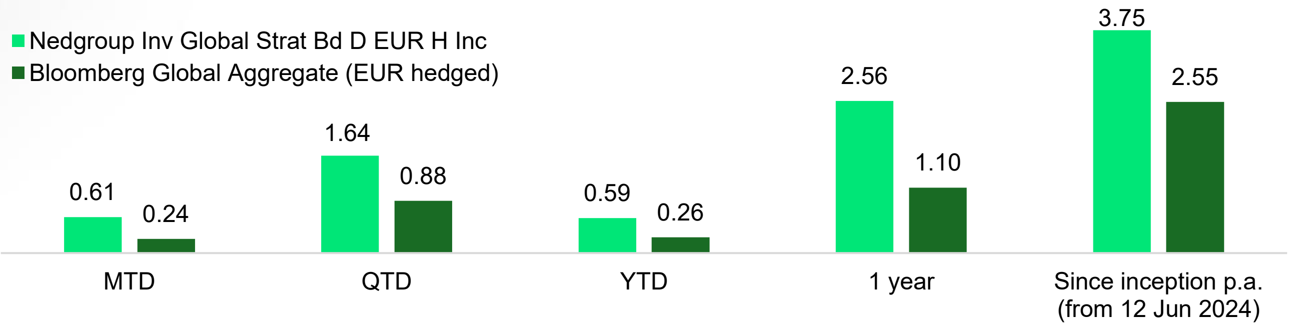


Fund performance (EUR)



Data as at 30 June 2026. Inception date of shareclass. Source: Morningstar. The share classes being offered in Germany are newly launched and do not have their own historical performance data. The performance information presented in this marketing material relates to the nearest comparable share class and is provided solely for indicative purposes. Differences in fees, and other factors may affect future performance. Investors should not rely solely on this information when making investment decisions.

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Risks and fees are outlined in the relevant Sub-Fund supplement.

Prices are published on the Investment Manager's website.

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