

Global Strategic Bond Fund



► Core. Nimble. Proven.

September 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

Where to begin? For the first time since launch, we moved overweight duration and replaced the curve flattener with a steepener. Why? Bonds sold off in September and, in our view, presented an attractive long-term buying opportunity. The steepener reflects our view that markets expect too many hikes from central banks.

We were early. Yields continued to rise while curves flattened further as energy prices pushed ever higher. And the Federal Reserve hinted at demand-led inflation, thanks to the wealth effect and AI infrastructure spend (a case of double counting).

There's an old adage about the best time to catch a falling knife is after it hits the ground. We bought when it was still falling. Thing is, if you wait until it comes to rest, you are neither catching it nor is it falling. That's a different game entirely. It's the difference between certainty and playing value/probability. Fund management is, at best, an inexact science. That's why we believe the opportunity to buy is now, even if it proves to be too soon.

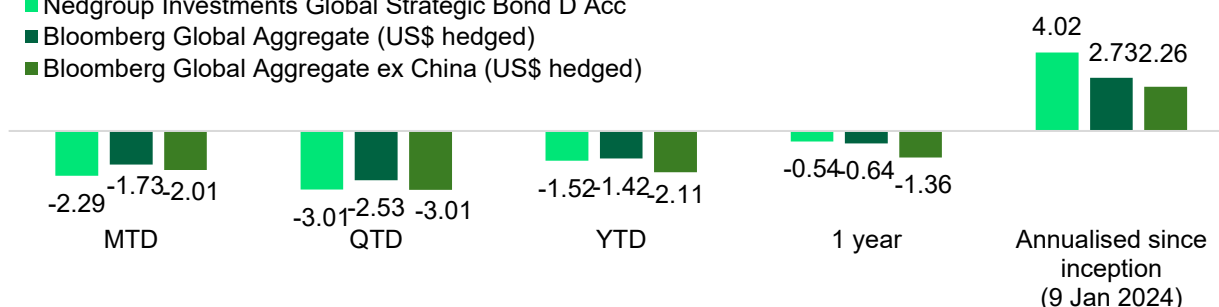
At current yields, the medium-term return outlook is hard to ignore.

Fund performance (USD)

(Other currencies at the end of document)

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

- Nedgroup Investments Global Strategic Bond D Acc
- Bloomberg Global Aggregate (US\$ hedged)
- Bloomberg Global Aggregate ex China (US\$ hedged)



Data as at 30 September 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.

Key return drivers

Over the month, the fund returned -2.29%, Bloomberg Global Aggregate (US\$ hedged), -1.73% and Bloomberg Global Aggregate ex China (US\$ hedged), -2.01%.

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): -28bps		
Contribution		Positioning comments
Duration	-4bps	We started underweight and moved to overweight too soon, paying away gains as the month wore on.
Curve	-19bps	We bought the short end and exited longs too soon. It's delivered strong performance for us, and from a medium-term perspective, it is worth taking profits and positioning against the flattening move. Why might we be wrong? A second-round CPI shock forcing 6+ rate hikes. Good luck with that.
Geography	+4bps	Being underweight Japan wasn't great, but our 30-year bonds actually went up in price (although, arguably, that was a curve effect), while having no exposure to Italy or France was additive.
Asset allocation	-10bps	Hardly a disaster. However, our overweight credit position (IG and HY) relative to the index was a small drag on performance. As you know, we want this to go further to add credit risk long-term.
Credit sector/ security selection:	1bps	Spreads rose across the board. Euro bonds suffered a bit more, offsetting any positive contribution from single-name selection.

Positioning recap and outlook

Total portfolio: Yield = 5.6% (% exc. futures), Duration = 6.6 years, ESG rating: A

Rates (weight = 34.5% (79.3% inc. futures), yield = 4.9%, duration = 4.9 years)

Positioning in sovereign bonds	Fund	Expected fund range	Index
	35% (79% inc. futures)	30% - 40%	53%
Investment perspectives	Valuation 4-5 hikes usually requires a proper cycle and a lot more than spiking energy prices, to justify it.	Fundamentals Underlying strength seems OK, however we know energy carnage is a growth tax. Probably no disaster, but still...	Technicals No one wants to own bonds. Short term, that adds to downward price momentum. Longer term, who is left to sell?

- Little change from last month: sovereign yields move to multi-decade highs.
- Macro data firms at the margin, favouring stable, rather than aggressive, monetary tightening.
- Markets have done the tightening. Worth taking advantage of: we move long.

Contribution data and positioning information as of 30 September 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 = 48.9%, yield= 6.0%, duration = 4.7 years)
(HY: weight = 12.6%, yield= 7.5%, duration = 3.5 years)

Positioning in corporate bonds	Fund	Expected fund range	Index
	Investment grade: 49%	20% - 60%	19%*
	High yield: 13%	20% - 30%	0%
Investment perspectives	Valuations. Spread widened but not nearly enough to change the expensive narrative. We won't change our overall portfolio beta until some tail risks are priced into the market.	Fundamentals Little change to the strong fundamental picture though there are signs of continued stress in the lowest rated high yield market. Concerns over the refinancing of private equity-sponsored deals are beginning to show.	Technicals Volatility in the rates markets meant supply was a little less than expected. US investment grade, in particular, benefitted from inflows as the all-in-yield helped prevent any significant moves in spread.

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

- Hyperscaler spreads tightened on the month so our Amazon exposure outperformed.
- We also managed to capture decent spread tightening by investing in new issues with attractive discounts to the secondary, cushioning against some of the widening seen during September. This tactic worked, particularly in the sterling market.
- The underperforming credits were concentrated in short-dated maturities where the impact of a significant move in short term rates created some pressure on spreads.

Portfolio changes and where next

- We have moved long duration.
- We have moved to a curve steepener from flattener.
- We favour German short dated bonds.
- We continue to reduce credit beta.

These are material changes. For the first time since launch, we believe bonds are materially undervalued over a multi-year horizon. We have been consistent: we are in the old normal, where rates of 4–5% are expected. Yields are above those levels in the US and UK and are approaching them in long-dated German bonds. We should own the market.

Credit is a different matter, still ignoring imminent growth and political risk. We are not chasing it. Yet.

Spotlight on an issuer bought and sold: Heathrow

- **Technicals:** Heathrow's capital structure consists of bonds issued out of the regulated entity, which are secured on airport assets and operating cash flows, and the holding company where bonds are secured by share pledges to the regulated entity. The latter has a BB rating reflecting the structural subordination. Heathrow's scale and favourable presence with the infrastructure investor base enable it to fund more aggressively above the regulated entity. Heathrow issued the holding company bonds in July, and pricing offered sufficient compensation for the subordination relative to the existing curve.
- **Fundamentals:** Heathrow's results in June painted a more cautious outlook for the remainder of the year despite passenger traffic remaining resilient. Heathrow is in a more capital intensive phase and leverage has moved higher as a result. Capex is expected to remain elevated and there remains uncertainty around potential funding for a third runway. Uncertainty remains around the return outlook for the next regulatory period.
- **Valuation:** Both the senior bonds and Gatwick's high yield bonds provided useful compensation at new issue and we saw decent value. The bonds performed and spreads rallied 40bps outright and 30bps relative to Gatwick. We took profit as we saw limited room for further moves from here given the more cautious view we have on Heathrow's fundamentals alongside an overall tight valuation backdrop.

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

What to watch out for next month

Rates:

Will growth (whether consumption or pure AI spend) falter? Will stresses on G20 economies from high yields and excess debt force intervention? Will oil settle? It should if, as we are led to believe, Middle East flows are almost at pre-February levels.

Lots to think about. Prevailing levels look attractive. We are adding on the basis that we are not expecting quite as many hikes as markets are predicting.

Credit:

Stress is starting to show in some areas – particularly low rated credits and French names.

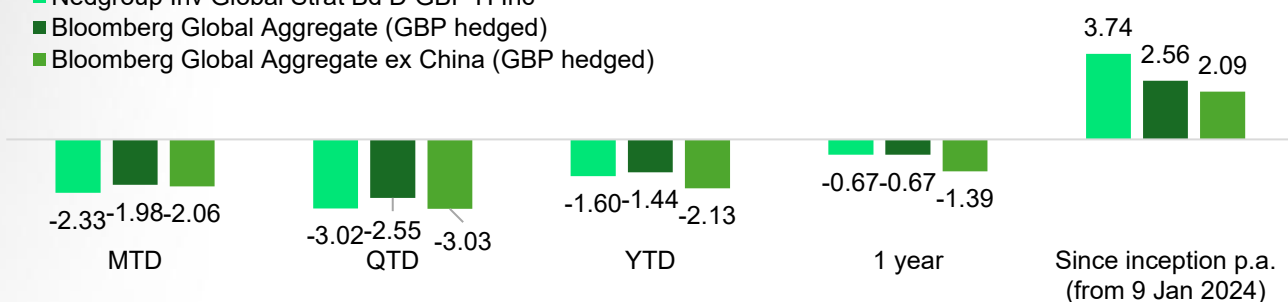
The big question is whether this spills into the broader market. Anthropic's investor day during October may answer that question.

We are highly sceptical on the ability of companies to generate a decent return on AI investments so we await the upcoming noise with intrigue.

Fund performance (GBP)

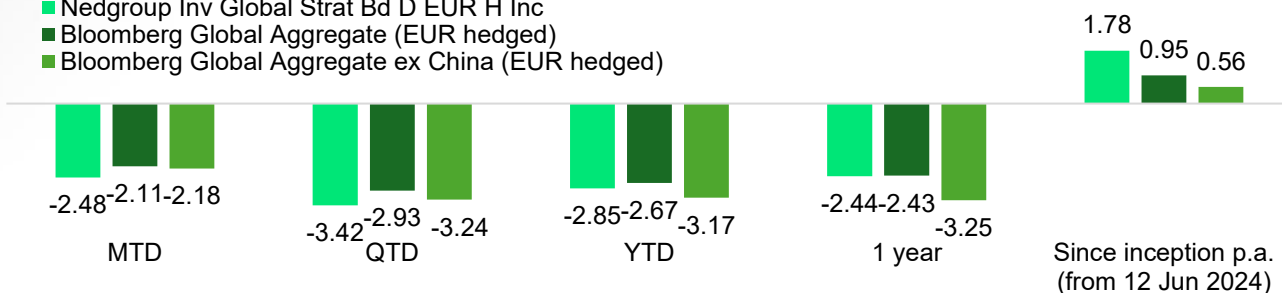
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- Nedgroup Inv Global Strat Bd D GBP H Inc
- Bloomberg Global Aggregate (GBP hedged)
- Bloomberg Global Aggregate ex China (GBP hedged)



Fund performance (EUR)

- Nedgroup Inv Global Strat Bd D EUR H Inc
- Bloomberg Global Aggregate (EUR hedged)
- Bloomberg Global Aggregate ex China (EUR hedged)



Data as at 30 September 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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