

Global Strategic Bond Fund



► Core. Nimble. Proven.

Q3 2025 Commentary

ISIN for Class D Acc USD: IE000H9BC817 | ISIN for Class D Inc GBP hedged: IE000TEXPBZ5

(classes not registered in Germany and used for indicative purposes only)

MARKETING COMMUNICATION

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

25 years in the industry



David Roberts

Co-portfolio Manager

40 years in the industry

What do we mean core and nimble? Inside, we share the fund's return drivers, portfolio positioning.

Performance and markets

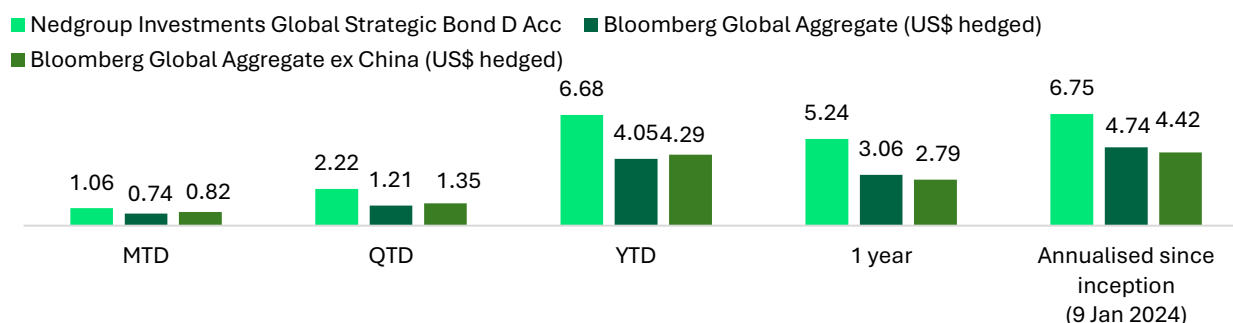
Rate markets continue to deliver volatility, enabling us to generate alpha. A mixed set of US economic data drove yields lower as investors priced in further rate cuts. The ECB emerged from the quarter appearing to have concluded its cutting cycle, while the BoJ still looks positioned to raise rates. Our position in New Zealand government bonds added significant value. Geographic divergence and therefore opportunities remain abundant.

We reduced our exposure to the steepener, a key contributor to performance this year. While we continue to prefer short-dated bonds, we used the opportunity to rotate into longer dated bonds and cut our position. The significant steepening of the curve across developed markets this year has removed a major valuation driver, prompting a more tactical approach.

Credit markets returned to a low volatility environment. Demand for the asset class drove large inflows across the board, compressing spreads back to cyclical tightness once more. Despite record US investment grade issuance in September, supply failed to meet investor appetite, with all-in-yields remaining attractive. Credit selection added to performance through a combination of higher beta telecom sector spread compression and new issue choice.

Fund performance

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



Data as at 30 September 2025. Fund returns are in US\$ based on Class D Acc, as the nearest comparable share class and is used for indicative purposes only. Bloomberg Global Aggregate Total Return Index (hedged to US\$) and Bloomberg Global Aggregate ex China Total Return Index (hedged to US\$). 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 quarter, the fund returned 2.22%, and Bloomberg Global Aggregate (US\$ hedged), 1.21% and Bloomberg Global Aggregate ex China (US\$ hedged), 1.35%.

A significant portion of our excess return this quarter stemmed from effectively navigating geopolitically-driven market volatility. This extended across asset allocation decisions — notably, our timely addition of corporate bonds following the Liberation Day dislocation and in government bond markets, as wide yield ranges created multiple value driven opportunities.

Key return drivers over Q3 2025	
Key drivers	Positioning and activity comments
Asset Allocation	<ul style="list-style-type: none"> Volatility continues to prove fertile hunting ground for active bond managers as rates sold off through July before rallying through to the end of September. Political noise has ramped up as we moved to the end of the quarter. We remain long-term believers in the power of economic fundamentals to prevail over political noise. We have kept our credit exposure steady given the lack of volatility in the asset class.
Credit (Macro)	<ul style="list-style-type: none"> We temporarily cut credit exposure during August in anticipation of a seasonally large new issue market in September. Though the weakness didn't transpire, we added value through our new issue selection. With valuations approaching cycle tights, there was little to change on geographic allocation; we maintained our preference for European exposure given valuations and fundamentals. We did, however, cut some of our cyclical exposure as the market, once again, priced in very little cyclical risk premium.
Credit (Micro)	<ul style="list-style-type: none"> Exposure to telecoms contributed to outperformance as higher beta credits, such as TDC and Telefonica hybrids, compressed significantly. We took advantage of curve steepening and spread compression to trade out of some corporate hybrids into longer dated seniors for yield pick up. Exposure to hybrids and lower tier 2 financials are towards the low end of our expected range given how expensive valuations are. We used the political noise to take advantage of a sell-off in Evoke, ahead of the UK budget. We believe the potential tax rise is already in the price.
Rates (Macro)	<ul style="list-style-type: none"> The US labour market remains the key focus, with the largest negative revision in 5 years setting the tone in August. The curve steepened as a result, supporting returns given our preference for shorter dated bonds. Since then, jobless claims have stabilised but the US government shutdown has muddled the picture. We reduced our exposure to the steepener and reduced duration as markets priced in terminal rates lower than 3%. From here, incremental shifts, as rates have moved higher, have enabled us to move duration back to 6 years. Across the G7, we added to 30-year bonds as yields reached post 1998 highs in the UK and Japan, offering attractive yields.
Rates (Micro)	<ul style="list-style-type: none"> US rates outperformed, Fed independence and Trump's Powell bashing has driven expectation for lower rates. Tariffs are starting to feed through into higher prices whilst nominal GDP is running above 4%. US Treasury yields at 4.15% is close to fair value. Exposure to New Zealand and Canada was supportive as they outperformed. Inflation remains sticky elsewhere, whilst pressure on the BoJ to raise rates saw yields creep higher. Fiscal concerns come into focus. France have a budget to sort out, the UK budget is looking ominous whilst the US has a ballooning deficit with a government currently shutdown. Japan may have a new PM that can shake things up there too.

Source: Nedgroup Investments.

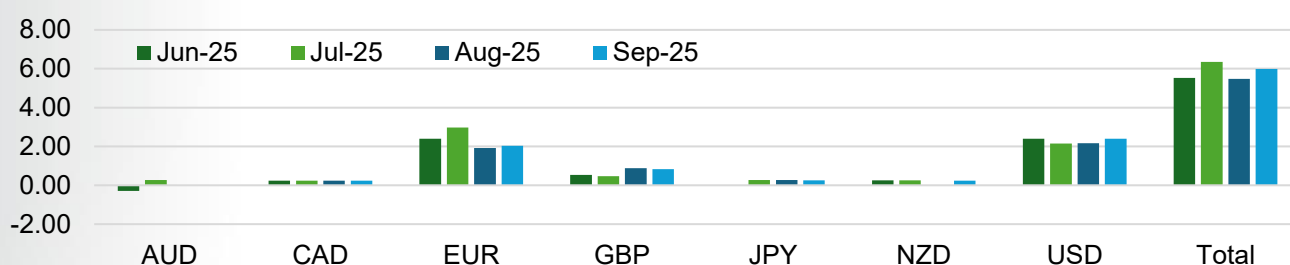
Activity at a glance over the quarter

Total portfolio: Yield = 4.7% (% exc. futures), Duration = 6.0 years, ESG rating: A

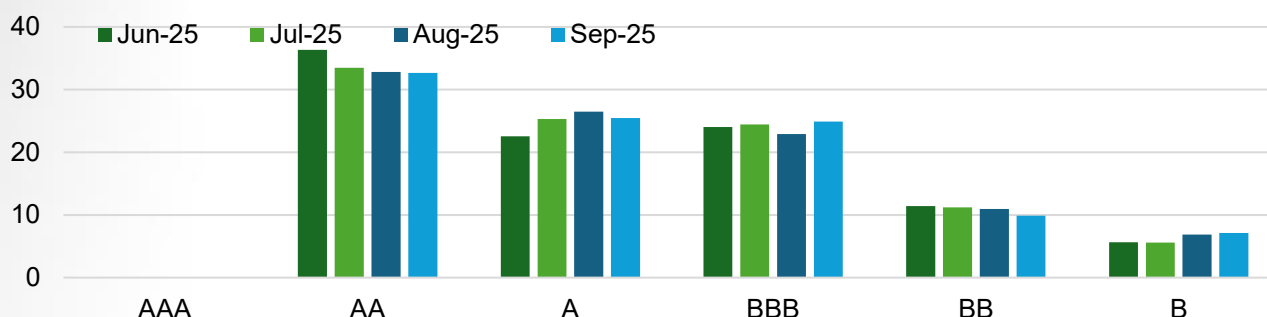
Rates (weight = 31.8% (40% inc. futures), yield = 4.0%, duration = 5.9 years)

Credit IG: weight = 48.7%, yield= 4.9%, duration = 5.0 years | HY: weight = 16.5%, yield= 6.1%, duration = 3.1 years

Portfolio by duration contribution and currency (years)



Portfolio by credit quality (%)



Portfolio by sector (%)	Jun-25	Jul-25	Aug-25	Sep-25
Sovereign	33.0	32.6	30.7	31.8
Bond futures	4.4	13.6	3.7	8.4
Credit	65.6	64.3	62.4	65.2
Basic Materials	-	-	-	-
Communications	12.5	13.2	13.2	13.5
Consumer, Cyclical	10.4	10.3	9.6	10.2
Consumer, Non-cyclical	6.2	6.5	6.0	6.0
Energy	2.8	2.8	2.0	2.0
Financial	20.2	20.4	19.4	20.1
Industrial	3.7	1.7	2.7	2.7
Technology	-	-	-	-
Utilities	9.8	9.4	9.4	10.6

Fund allocations may not sum to 100% due to the use of futures for duration management and does not imply the fund is short cash or levered. Source: Nedgroup Investments

What to watch out for next quarter

Rates:

Cross market opportunities will continue with diverging economical and political outcomes. Rates aren't too far from fair value and we aren't too far from neutral duration as a result. Governments' ability to temper concerns on deficits will be the focus.

Credit:

Technicals continue to drive credit markets. Supply dynamics will improve in the final quarter with a cut in gross supply thanks to seasonal dynamics. What could derail this benign backdrop? A US jobs market weakening further than expected or political instability. Either way, valuations are stretched so we need to remain cautious.

Contact us

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Past performance is not indicative of future performance and does not predict future returns.

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

Prices are published on the Investment Manager's website.

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