

EdenTree UK Equity Fund



Performance	3 months	6 months	1 year	3 years	5 years	10 years
Fund Performance (B Class)	3.5%	1.1%	10.8%	18.8%	9.2%	35.1%
FTSE All-Share TR GBP*	6.4%	13.7%	24.0%	46.5%	73.9%	123.4%
IA UK All Companies	3.9%	7.1%	15.2%	33.5%	41.9%	83.2%
Sector Quartile	3	4	3	4	4	4

Source: Morningstar. Figures compared on a Bid to Bid basis with Net Income Reinvested. Data as at 31.12.2025

Market review

In the final three months of 2025, global market performance was broadly strong, with most equity, bond and commodity indices generating positive returns. This rounded off a very strong year overall in which European equities were stand-out performers: Spanish equities generated a total return of 64% in sterling terms over the year, while the FTSE 100 rose 26%, its best performance since its rebound from the financial crisis.

Key to the positive global market performance was the continued easing of US interest rates and a softer inflationary backdrop, albeit this was amid a lack of inflation data following the US government shutdown during the quarter. Similarly in the UK, inflation showed further signs of easing, allowing the Bank of England (BoE) to resume interest rate cuts. For UK equities, overall performance was driven primarily by banks, mirroring their positive performance for much of 2025.

Performance and activity

The EdenTree UK Equity Fund underperformed its benchmark, the FTSE All Share, over the quarter. While we did have some exposure to the banking sector via Lloyds and Shawbrook (the latter having listed in London during the period), we did not have the same level of exposure as the index. We had no exposure to the oil and mining sectors, due to our sustainability screening process the EdenTree Standard, both of which performed well. At a more stock specific level, the share price of Bunzl, the UK distribution company, slipped as there was only a modest recovery in its troubled US business, while student accommodation provider Unite Group disappointed the market with some weak guidance for 2026.

In contrast, our holdings in the utilities sector, such as SSE and National Grid, contributed positively to the Fund's performance over the quarter, as the required growth in grid infrastructure investment, driven by the increased demand for electrification and data centres to support AI technologies, became increasingly apparent. Some of our mid-cap holdings also performed well, such as ground engineering group Keller and outsourcing group Mears. Mid-caps began to outperform slightly after the UK Budget in November, as the expectation of potential fiscal stability boosted UK domestic names.

One addition to the portfolio over the quarter was via the initial public offering of Shawbrook, a UK bank that focuses on a variety of specialist lending niches.

Outlook

We start 2026 with a familiar backdrop. UK equities are lowly valued both relative to their own history and to other markets. This is not without reason, certainly relative to the US where earnings growth is consistently higher. However, there is extreme policy uncertainty in the US and a significant risk of unintended consequences from chaotic and short-sighted government actions. This will present opportunities in equity markets, especially at a time of historic euphoria in terms of valuations in the US equity market.

Our portfolio contains a range of compounders (lower growth but reliably steady businesses) through to higher growth, more speculative businesses. We remain confident in the overall risk and reward prospects for the portfolio in light of this heightened level of uncertainty. It remains a widely diversified portfolio, which is spread across many different industries and sectors that we believe should offer resilience against the unpredictable. Vital to this is our investment process, which incorporates our thorough sustainability assessment, the EdenTree Standard.

Performance	Discrete Rolling 12 months	12 months to 31/12/2021	12 months to 31/12/2022	12 months to 31/12/2023	12 months to 31/12/2024	12 months to 31/12/2025
Fund Performance (B Class)		15.1%	-20.1%	6.4%	0.8%	10.8%
FTSE All-Share TR GBP*		18.3%	0.3%	7.9%	9.5%	24.0%
IA UK All Companies		17.1%	-9.2%	7.3%	8.0%	15.2%
Sector Quartile		3	4	3	4	3

Source: Morningstar. Figures compared on a Bid to Bid basis with Net Income Reinvested.

*As the Fund invests in a diverse range of UK companies and sectors, we compare the Fund's performance to the FTSE All Share Index. However, the portfolio manager is not bound or influenced by the index when making investment decisions.

Past performance is not necessarily a guide to future returns.

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Or call our support team on [0800 011 3821](tel:08000113821)**

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