

EdenTree Multi-Asset Balanced Fund

Performance	3 months	6 months	1 year	3 years	ITD*
Fund Performance (B Class)	1.5%	6.7%	4.7%	26.3%	6.10%
IA Mixed Investment 40-85% Shares**	5.3%	9.4%	9.3%	31.0%	18.97%
Sector Quartile	4	4	4	3	4

Source: Morningstar. Figures compared on a Bid to Bid basis with Net Income Reinvested. Data as at 30.09.2025.

*Inception date: 01.07.2021

Market review

US trade policy remained a key investor focus during the third quarter. While tariff negotiations helped avoid some of the steep increases initially proposed by President Trump, there were some unexpected outcomes, with Switzerland and India facing a 39% and 50% tariff, respectively. However, with tariffs broadly not as high as initially proposed, global markets responded positively and advanced throughout the quarter.

The MSCI World Index climbed by 9.4% in sterling terms. In the US, the S&P 500 Index and the NASDAQ Composite added 10.2% and 13.5%, respectively, in sterling terms. In the UK, the FTSE All-Share rose 6.9% in sterling terms, with large companies outperforming small and mid-caps. Meanwhile, in Europe, the FTSE World Europe Index ex UK rose 5.1% in sterling terms. Japan's Topix gained 10.4% in sterling terms, and the MSCI Emerging Market Index rallied 13.0% in sterling terms. In addition, 'growth' outperformed 'value' during the quarter.

The positive sentiment was bolstered by data suggesting the economic impact from tariffs hadn't been as negative as initially feared. However, signs of weaker US employment prompted the US Federal Reserve (Fed) to cut interest rates at its September policy meeting to a range of 4.00-4.25%. While this move boosted risk assets, concerns grew over the Trump administration's pressure on the Fed's independence.

The Bank of England cut rates by 25 basis points (bps) to 4.00% during the quarter while the European Central Bank (ECB) kept interest rates unchanged. The fiscal scenario in Europe was less stable, however, with the French Prime Minister François Bayrou being forced to resign amid budget tensions in September, which negatively impacted the country's equity and bond markets.

In fixed income markets, global bonds also advanced, with US Treasuries receiving a boost from the Fed interest rate cut in September. Over the period, 10-year US government bond yields fell slightly from 4.2% to 4.1%. In Europe, the German 10-year government bond yield rose from 2.6% to 2.7% over the quarter.

Performance and activity

The EdenTree Multi-Asset Balanced Fund underperformed the IA Mixed Investment 40-85% sector over the period.

Within the EdenTree Multi-Asset Balanced Fund's equity allocation, the portfolio's exposure to European equities through its holding in EdenTree's European Equity Fund was a key contributor to performance for the quarter, despite the broader European equity market underperforming other geographies. The portfolio benefitted from strong stock selection, as well as its overweight exposure to the financial sector, notably banks. Banks extended their outperformance for the year due to improved investor confidence, with companies in the sector also supported by takeover speculation. The portfolio's technology-related holdings also performed well on the back of renewed optimism about the rollout of artificial intelligence (AI). However, in terms of the EdenTree Multi-Asset Balanced Fund's wider geographic allocation, the portfolio's underweight exposure to the US – particularly the rallying technology sector – proved to be a headwind.

The Fund's exposure to global equities via EdenTree's Global Equity Fund and Green Future Fund contributed positively to the Fund's performance in absolute terms. The Fund's UK equity exposure was also marginally positive in absolute terms, although it proved to be a drag on relative performance. Its holdings in the EdenTree UK Equity Fund and the EdenTree UK Equity Opportunities Fund have a significant focus on small and mid-cap companies, a segment of the market that underperformed during the quarter.

The contribution to performance from the Fund's fixed income holdings was marginally positive. We remain cautious towards credit and feel that spreads are too low given the uncertain economic environment; consequently, the portfolio is skewed towards quality government bonds over credit.

Despite interest rate cuts from central banks during the quarter, concerns that the long end of the yield curve will move higher weighed on the infrastructure space. The portfolio's infrastructure exposure, which is held via the EdenTree Green Infrastructure Fund, detracted from overall performance. The contribution of the EdenTree Multi-Asset Balanced Fund's real estate exposure, which is held through a mix of UK and overseas real estate investment trusts (REITs), was also negative during the period, as sentiment towards the sector is also guided by long bond yields.

Outlook

While the impact of the new US tariff regime on the global economy remains uncertain, global markets are expected to maintain their current optimism. However, any clear tariff-related impacts are likely to influence market sentiment. Central bank activity may also influence markets during the fourth quarter, amid expectations that the Fed could ease monetary policy again before the end of the year. The ECB may also surprise with a further cut, although we believe this is less likely.

Tactical Asset Allocation***

From an asset allocation perspective, we remain cautious, as we believe the US tariffs – and the uncertainty surrounding them – will inflict some level of economic damage. Our equity exposure remains tilted away from the US, and we continue to focus on more value-orientated areas of the economy, as we still see value as being the most attractive area of the market right now. Within fixed income, we are now strongly underweight credit versus quality and are neutral in terms of duration.

We continue to view infrastructure positively and feel that current valuation levels are attractive; as a result, we continue to favour infrastructure assets over real estate.

Performance Discrete Rolling 12 months	12 months to 30/09/2021	12 months to 30/09/2022	12 months to 30/09/2023	12 months to 30/09/2024	12 months to 30/09/2025
Fund Performance (B Class)		-17.7%	6.5%	13.2%	4.7%
IA Mixed Investment 40-85% Shares**		-10.3%	5.3%	13.8%	9.3%
Sector Quartile		4	2	3	4

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

*Inception date: 01.07.2021

**As the Fund invests in a range of assets, investors may compare the Fund's performance to the Investment Association Mixed Investment Sector 40-85% shares. Funds in this sector must have between 40% to 85% invested in company shares. However, the Manager is not bound or influenced by the sector category when making investment decisions.

***Our tactical asset allocation decisions are informed by the quarterly meeting of EdenTree's Tactical Asset Allocation Committee, which analyses prevailing macroeconomic conditions, discusses positioning within each of the sub-funds and determines the appropriate factor exposures for the multi-asset portfolios.

Past performance is not necessarily a guide to future returns.

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A full explanation of the characteristics of the investments is given in the Key Investor Information Document (KIID). Any forecast, figures, opinions, statements of financial market trends or investment techniques and strategies expressed are, unless otherwise stated, EdenTree Investment Management's own at the date of this document. They are considered to be reliable at the time of writing, may not necessarily be all-inclusive and are not guaranteed as to accuracy. There is no guarantee that any forecast made will come to pass.

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Or call our support team on

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Firm Reference Number 527473.

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