

EdenTree UK Equity Opportunities Fund

Performance	3 months	6 months	1 year	3 years	5 years	10 years
Fund Performance (B Class)	-0.6%	0.5%	6.3%	27.3%	17.9%	57.4%
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	4	4	4	3	3	4

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

Market review

UK equities delivered positive returns over the quarter, with the FTSE All-Share Index rising in sterling terms. Performance was led by large-cap stocks, with the FTSE 100 outperforming the FTSE 250, FTSE Small Cap and FTSE AIM All-Share indices.

The domestic backdrop remained challenging, with political and fiscal uncertainty heightened by the extended lead-up to the November 2025 Budget. In December, the Bank of England (BoE) cut interest rates by 25 basis points to 3.75%, with the narrow 5-4 Monetary Policy Committee vote highlighting members' differing views on the pace of disinflation and the risk of inflation persistence.

Global equities were supported by a broadly more accommodative monetary policy stance. In the US, the Federal Reserve (Fed) cut the federal funds rate to a 3.50-3.75% range, citing a softening labour market despite inflation remaining somewhat elevated. In Europe, the European Central Bank (ECB) held its key interest rate at 2.00%, with President Christine Lagarde highlighting uncertainty around the inflation outlook alongside signs of resilience in the domestic European economy.

Geopolitical risks remained elevated, with the conflict in Ukraine ongoing, although the US administration appeared keen to push for a ceasefire. Elsewhere, a fragile ceasefire in Gaza continued to hold. In commodity markets, oil prices decreased over the period, reflecting concerns about a potential oversupply.

Performance and activity

The EdenTree UK Equity Opportunities Fund underperformed its benchmark, the FTSE All-share, during the quarter and also lagged the IA UK All Companies sector.

At the sector level, the Fund's overweight positions in software and computer services and industrial support services detracted from the Fund's performance. Our overweight position to the leisure goods and the travel and leisure sectors contributed positively. Stock-specific detractors included Autotrader, the digital automotive marketplace; Rightmove, the UK's leading property portal; and Wise, the international payments platform. Autotrader declined amid concerns around the rollout of a new product and the potential need to increase investment in artificial intelligence (AI). Rightmove's share price struggled following a trading update where it announced it would increase investment in AI, which is expected to weigh on the company's margins. Wise underperformed as operating costs rose faster than market expectations.

The Fund's top contributors included our overweight positions in Games Workshop, a designer, manufacturer and distributor of fantasy miniatures; Applied Nutrition, a sports and active nutrition brand; and SSP, a food and travel operator. The share prices of Games Workshop and Applied Nutrition both rose sharply following strong trading updates. SSP performed well due to strong full-year results and upgraded earnings forecasts for 2026.

In terms of activity, we opened positions in Bloomsbury, an independent academic and trade publisher whose catalogue includes Harry Potter; Bellway, a national housebuilder; and Wilmington, a provider of Governance, Resilience and Compliance (GRC) services. We also took part in the IPO of The Beauty Tech Group, an owner of premium own brands such as CurrentBody Skin, which operates a vertically integrated model focused on at-home beauty devices and selling direct-to-consumer through local-language websites. We increased our holdings in AJ Bell, Calnex, GlobalData, Grainger and Mortgage Advice Bureau. We took profits in Tatton Asset Management, Next and JTC. Alpha Group delisted following its successful takeover by Corpay.

Outlook

The global economy has remained broadly resilient, despite renewed trade tensions following the introduction of US tariffs. While a recent US-China trade truce has helped ease near-term concerns, relations between the two countries remain fragile and any fallout could have global consequences. Legal challenges, with the US Supreme Court expected to rule on the legality of the tariffs, also adds uncertainty. Against this backdrop, continued investment in artificial intelligence offers the potential to support productivity and medium-term growth.

In the UK, the economic outlook is mixed. Although the Budget was arguably better than expected, taxes were raised, with the continued freeze on personal allowances likely to weigh on consumer incomes. However, many of the tax increases are backloaded, limiting their immediate impact. Furthermore, measures such as helping to reduce household energy costs could help support consumer confidence. Ultimately, the Budget provided the Chancellor with an increased fiscal buffer and should contribute to disinflation, increasing the likelihood of further interest rate cuts from the Bank of England.

In Europe, the conflict in Ukraine continues to weigh on growth prospects, although increased fiscal stimulus in Germany could provide some offset. Geopolitical risks in the Middle East remain elevated, keeping oil prices sensitive to events in the region alongside OPEC+ policy and the developments in Venezuela.

Against this backdrop, we remain focused on identifying new opportunities in companies that meet our strict criteria of strong earnings growth, high margins and strong cash flows.

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)	22.5%	-24.4%	10.1%	8.8%	6.3%
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	1	4	1	2	4

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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