

EdenTree Sustainable Short Dated Bond Fund

Performance	3 months	6 months	1 year	3 years	5 years
Fund Performance (B Class)	-0.5%	1.5%	2.2%	14.1%	9.8%
iBoxx Non-Gilts ex BBB 1-5 TR GBP*	-0.5%	1.4%	2.4%	14.8%	8.8%
IA £ Corporate Bond	-2.0%	0.7%	1.5%	17.3%	-0.5%
Sector Quartile	1	1	1	4	1

Source: Morningstar. Figures compared on a Bid to Bid basis with Net Income Reinvested. Data as at 30.09.2026

*As the Fund has greater exposure to short dated corporate bonds over gilts, we compare the Fund's performance to the iBoxx Non-Gilts 1-5 years ex BBB Benchmark. However, the portfolio manager is not bound or influenced by the index when making investment decisions.

Yields**

Distribution	4.6%
Underlying	4.3%
Historic	4.1%

Source: EdenTree. Data as at 30.09.2026

Market review

Global bond yields rose significantly over the quarter as hopes for a resolution to the conflict in the Middle East faded, pushing energy prices higher. As inflation expectations increased alongside energy prices, markets began to price in further near-term interest rate hikes, particularly towards the end of the period.

UK government bond yields moved higher; the FTSE UK Gilts Under 5-Years Index yield rose from 4.16% to 4.80% over the quarter. The Bank of England continued to hold its benchmark interest rate at 3.75% at both its July and September meetings, despite some policymakers voting in favour of a hike.

In the US, the Federal Reserve (Fed) unanimously raised its benchmark interest rate by 25 basis points (bps) to 3.75%-4.00%. Whilst the Fed acknowledged that economic activity had expanded at a solid pace in the face of heightened uncertainty, it noted inflation remained elevated compared to its 2% target. As such, an adjustment to its current "accommodative" stance was warranted. The European Central Bank (ECB) further raised its benchmark interest rate by 25 bps to 2.50% in September, citing inflationary pressures from the conflict in the Middle East. The ECB revised up its growth and inflation projections for 2027 and 2028.

Credit spreads widened modestly, notably in September. As energy price rises resumed, risk sentiment weakened, despite resilient economic growth and employment survey data.

Rising underlying gilt yields, along with wider credit spreads, weighed on corporate bond markets. Lower-quality credit underperformed as risk appetite softened, although corporate bonds still outperformed government bonds. Sovereign debt experienced a more pronounced repricing, particularly at longer maturities, as fiscal concerns intensified.

Performance and activity

The EdenTree Sustainable Short Dated Bond Fund modestly underperformed its benchmark, the iBoxx Non-Gilts 1-5 years excluding BBB Index, over the period, but significantly outperformed the IA Sterling Corporate Bond sector. The Fund's lower relative interest-rate sensitivity proved beneficial, as yields rose more considerably at the short end, while its credit selection, particularly within financials, also contributed positively to returns. However, these gains were more than offset by the Fund's positioning along the yield curve, with an overweight around the five-year tenor point.

Credit spreads widened over the period, with lower-rated bonds underperforming compared to higher-quality bonds as risk premia increased. Against this backdrop, the Fund's increased allocation to AAA-rated covered floating rate notes (FRNs) aided performance, as gilt yields rose in anticipation of interest rate rises from major central banks.

During the period, the Fund initiated positions in the newly issued Fédérations des caisses Desjardins 5.342% 2031. It also initiated positions in several secondary market issues, including Compass Group 4.375% 2032, ABN Amro 4.75% 2029 and ABN Amro 4.144% December 2028 FRN. The Fund also added to existing holdings in Rabobank 5.1442% 2031 (2030 call), London Metric 4.5% 2029, Bank of Nova Scotia 4.237% Mar 2030 FRN and Bank of Nova Scotia 4.287% Sept 2028 FRN, thereby increasing its exposure to FRNs and reducing interest rate sensitivity.

Following the early redemption of holdings in DNB Nor Bank 4% 2027 and Hiscox 6% 2027, the proceeds were reinvested into similarly shorter-duration corporate bonds.

Outlook

Fiscal sustainability is becoming an increasingly important market theme across geographies. While geopolitical tensions remain a key source of uncertainty, bond markets are increasingly focused on elevated government debt levels, and their longer-term implications; higher refinancing costs; and continued bond issuance. Investors are responding by demanding greater compensation for lending over longer horizons, contributing to upward pressure on sovereign yields, despite early signs that growth is moderating across many developed economies.

Inflation remains the key variable for policymakers. Energy-related pressures and supply-side disruptions have the potential to keep inflation above target, yet softer demand and/or employment may exert downward pressure. As a result, major central banks are likely to remain data dependent, balancing inflation risks against signs of slowing growth. Policy divergence is also becoming more pronounced: the US economy continues to benefit from relatively stronger growth dynamics and greater energy independence, while the UK and Europe face a potent mix of weaker growth, higher energy prices and persistent fiscal pressures. This divergence may well create differentiated opportunities across underlying sovereign bond markets and influence relative-value decisions within global portfolios.

Credit markets have remained resilient despite higher yields and tighter financial conditions. Corporate fundamentals are generally supportive, refinancing activity has been orderly and default expectations for public credit are contained. However, with spreads close to historically tight levels, future returns are likely to be driven more by income generation and security selection than by further spread compression.

As such, we continue to favour a disciplined and selective approach, seeking out opportunities to add to high-quality credits, and scrutinising the robustness of business models and cash flows to ensure adequate compensation for risk. We maintain a shorter duration stance, albeit whilst still seizing opportunities to lock-in attractive higher yields, particularly in newly issued corporate debt that offers better risk premia.

Performance Discrete Rolling 12 months	12 months to 30/09/2022	12 months to 30/09/2023	12 months to 30/09/2024	12 months to 30/09/2025	12 months to 30/09/2026
Fund Performance (B Class)	-8.2%	4.8%	7.0%	4.4%	2.2%
iBoxx Non-Gilts ex BBB 1-5 TR GBP*	-10.6%	5.9%	7.1%	4.7%	2.4%
IA £ Corporate Bond	-20.8%	7.1%	11.1%	4.0%	1.5%
Sector Quartile	1	4	4	2	1

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

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**The Distribution Yield reflects the amounts that may be expected to be distributed over the next 12 months as a percentage of the mid-market share price of the Fund as at the date shown. The Underlying Yield reflects the annualised income net of expenses of the Fund (calculated in accordance with the relevant accounting standards) as a percentage of the midmarket share price of the Fund as at the date shown. Both Yields are based on a snapshot of the portfolio on that day. The yields do not include any preliminary charge and investors may be subject to tax on distributions. The Historic Yield reflects distributions declared over the past twelve months as a percentage of the share price.

Past performance is not necessarily a guide to future returns.

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