

# EdenTree Green Future Fund

## Q2 2025 Commentary



### PERFORMANCE

	3 Months	6 Months	1 Year	3 Years	ITD*
Fund (B Class)	7.4%	1.7%	3.3%	29.2%	17.3%
MSCI ACWI Net TR GBP**	5.0%	0.6%	7.2%	46.8%	39.1%
IA Global	5.6%	0.6%	4.5%	33.1%	23.1%
Sector Quartile	2	2	3	3	3

Source: Morningstar. Figures compared on a Bid to Bid basis with Net Income Reinvested.  
Data as at 30.06.2025

### MARKET REVIEW

Despite the volatility sparked by President Trump's tariffs and their subsequent pause, global markets ended the second quarter of 2025 higher, reflecting economic, consumer and corporate resilience.

In Europe, markets received a lift from strong fiscal support, which will boost municipal spending, stimulate infrastructure projects and fund defence, particularly in Germany. Elsewhere, markets largely disregarded the escalation of tensions in the Middle East, when war broke out between Israel and Iran.

Despite growing pressure from the US administration to cut interest rates, the Federal Reserve (Fed) kept its monetary policy on hold, with policymakers waiting to assess the inflationary impact of the President's trade policies before easing policy further. Conversely, the European Central Bank cut its key interest rate by 25 basis points (bps) in both April and June to help bolster the region's flagging economy. The Bank of England cut interest rates by 25 bps in May but held them in June.

### PERFORMANCE & ACTIVITY

The EdenTree Green Future Fund outperformed both the MSCI ACWI Net TR Index and the IA Global sector over the period. This outperformance was notable given the Fund's lack of exposure to the rallying defence and technology sectors (which do not align with the Fund's remit of investing in environmental solutions).

Of the Fund's seven themes, six contributed positively, with the exception of water infrastructure. The environmental services and alternative energy themes contributed significantly. Given market concerns about the cut in incentives for renewables in Trump's Big Beautiful Bill, the strong performance for alternative energy highlighted the importance of our selective approach – we don't have any direct exposure to either wind or solar energy producers, instead favouring enablers of grid resilience (such as Prysmian SPA).

Another key contribution came from our energy efficiency theme. In an environment where the cost of capital is high and geopolitical tensions are fracturing global supply chains, companies are increasingly looking to optimise their costs and ensure their operations remain resilient. Ferguson Enterprises, Schneider Electric and Cadence Design Systems all performed strongly on the back of robust first quarter earnings.

From a stock perspective, further contributors included Federal Signal – a big beneficiary of US municipal spending; Prysmian – whose first quarter earnings beat expectations; and environmental consultant Stantec, which benefited from its work with various governments looking to develop large-scale infrastructure projects.

The biggest detractors to performance came from our lack of exposure to technology stocks, which experienced a sharp recovery from their April lows. Mueller Water also detracted after its strong first quarter earnings were deemed to have

# EdenTree Green Future Fund

## Q2 2025 Commentary



materially benefited from pre-orders ahead of the tariffs.

In terms of portfolio activity, Macquarie Asset Management completed its acquisition of waste-to-product company Renewi in June, and we redeployed profits across several high-quality environmental solutions enablers with attractive valuations. We added to our circular economy holdings by topping up Japanese environmental solutions provider Daiseiki; within energy efficiency, we added to Regal Rexnord, Alfa Laval and Miura; and in the water theme, we increased our position in Advanced Drainage Systems.

### OUTLOOK

Given the strong relief rally, we feel markets are not factoring in potential earnings impact from tariffs or a less robust economic outlook. In many companies' first quarter outlooks, they expressed confidence in their ability to pass on tariff-related costs to the consumer and were not anticipating any notable demand destruction. We expect to uncover more information about the consequences of Trump's policies from second quarter earnings.

Due to this lack of clarity on economic and corporate prospects, the Fund retains its fairly defensive positioning, which is well diversified from both a regional perspective and across our seven environmental themes.

Despite this near-term uncertainty, rising pressure on the planet's natural resources remains clear, reinforcing our conviction that the green revolution will offer investors compelling risk-adjusted returns over the long term, regardless of economic cycles and geopolitical discord. Our process continues to target companies providing valuable and much-needed environmental solutions. We focus on companies with wide economic moats, strong profitability profiles, robust balance sheets and business models that do not rely on government subsidies or tax breaks.

### PERFORMANCE DISCRETE ROLLING 12 MONTHS

	12 Months to 30/06/2021	12 Months to 30/06/2022	12 Months to 30/06/2023	12 Months to 30/06/2024	12 Months to 30/06/2025
Fund (B Class)			13.4%	10.4%	3.3%
MSCI ACWI Net TR GBP**			13.5%	20.8%	7.2%
IA Global			10.8%	14.9%	4.5%
Sector Quartile			2	3	3

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

Past performance is not necessarily a guide to future returns.

\*Inception: 24.01.2022

\*\*The MSCI ACWI GBP Net Total Return Index was adopted as the Fund's comparative benchmark on 1 January 2024, replacing the FTSE World TR GBP Index. As the Fund invests globally in companies whose products address environmental and sustainability challenges, we compare the Fund's performance to the MSCI ACWI GBP Net Total Return Index. The portfolio manager is, however, not bound or influenced by the index when making investment decisions and the fund's holdings may deviate from the benchmark's constituents.

# EdenTree Green Future Fund

## Q2 2025 Commentary



**This document has been prepared by EdenTree Investment Management Limited for Financial Advisors, other intermediaries and other investment professionals only. It is not suitable for private individuals.** This document has been produced for information purposes only and as such the views contained herein are not to be taken as advice or recommendation to buy or sell any investment or interest thereto.

Please note that the value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations, you may not get back the amount originally invested. Past performance is not necessarily a guide to future returns.

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.

---

For further information please speak to your normal EdenTree representative, visit [www.edentreeim.com](http://www.edentreeim.com) or call our support team on **0800 011 3821**

EdenTree Investment Management Limited (EdenTree) Reg. No. 2519319. Registered in England at Benefact House, 2000, Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester, GL3 4AW, United Kingdom.

EdenTree is authorised and regulated by the Financial Conduct Authority and is a member of the Investment Association.

Firm Reference Number 527473.