

Performance	3 months	6 months	1 year	3 years	ITD*
Fund Performance (B Class)	1.3%	2.2%	4.4%	15.2%	-0.3%
iBoxx Glo Green Soc Sust Bond Hdg TR GBP**	0.9%	2.0%	4.5%	17.2%	-2.6%
IA Global Corporate Bond	1.0%	3.4%	5.8%	17.4%	4.9%
Sector Quartile	1	4	3	2	4

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

*Inception date: 24.01.2022

Yields***

Distribution	3.9%
Underlying	3.4%
Historic	3.5%

Source: EdenTree. Data as at 31.12.2025

Market review

With the exception of the UK, global bond yields rose or were broadly flat over the quarter, as market participants pared back their expectations of further interest rate cuts. In Europe, fiscal concerns combined with stronger-than-expected GDP growth further contributed to the expectation that interest rates were at a broadly neutral level. In the UK, lower inflation, weakening employment data and a government budget that increased fiscal headroom contributed to a fall in yields.

During the quarter, the US Federal Reserve (Fed) cut its benchmark interest rate by 25 basis points (bps) twice, bringing the target range to 3.50%-3.75%, as Chair Jerome Powell cited growing concerns over a weakening labour market. However, stronger-than-expected growth and employment data have since tempered expectations for further easing in the coming weeks. The European Central Bank, having cut by a cumulative 100 bps so far this year, maintained its benchmark interest rate at 2.00%, with upward revisions to inflation contributing to a more hawkish outlook. The Bank of England (BoE) cut its benchmark interest rate by 25 bps to 3.75% in December, its fourth cut this year, while maintaining guidance for a gradual downward path if inflation continues to fall. The Bank of Canada cut its benchmark interest rate by a further 25 bps to 2.25% in October following a further fall in inflation, though recent economic performance has tempered expectations for further cuts.

Credit spreads were broadly stable over the quarter, remaining near historically tight levels following their earlier rally alongside risk assets. Underlying sovereign bond prices were, therefore, the main driver of performance.

Performance and activity

The Global Impact Bond Fund outperformed its iBoxx Global Green Social Sustainability benchmark and the IA Global Corporate Bond sector over the quarter. The Fund's performance benefitted from its overweight allocation to longer-dated securities in sterling, with gilt yields declining the most amongst major economies. Performance also benefitted from overweight allocations in sterling and dollars as European sovereign bonds underperformed.

Over the period, the Fund continued to reduce its interest rate sensitivity, particularly through its euro allocation. It also opened new positions in high-quality credits in Europe and the US.

The Fund initiated holdings in the Iberdrola 3.75% perpetual (2031 call), NXP Semiconductors 5% 2033s and HA Sustainable Infrastructure 6.15% 2031. The Fund added to positions in CaixaBank 3.625% 2032 (2031 call) and NXP Semiconductors 3.4% 2030.

Following an outflow, the Fund reduced its position in Ile-de-France Mobilités 4.3% 2043 EUR bond, German Bund 0% 2050, European Union 2.75% 2037, German Bund 2.3% 2033, Motability 3.875% 2034, International Development Association 0.35% 2036, Welsh Water 5.375% 2044, Severn Trent 4% 2034 and Yorkshire Water. The Fund also exited positions in the Bazalgette Finance 2.75% 2034, International Bank for Reconstruction and Development 0.7% 2046, French OAT 0.5% 2044, Motability 2.125% 2042, Pearson 3.75% 2030, Vattenfall 2.5% perpetual (2027 call), ING Bank 4.625% 2027 (2026 call), Iberdrola 1.45% perpetual (2026 call) and Yorkshire Water 5.5% 2035. Its holding of Co-Operative Group 11% 2025 matured in December.

Outlook

A clear distinction has developed between central banks that are close to their perceived neutral policy rates and those that are not. Key market drivers include the resumption of interest rate cuts by the Fed and the more gradual easing by the BoE. If evidence of disinflation builds, further rate reductions by the BoE are expected, particularly as the policy rate approaches a “neutral” level. As such, the Bank of Japan is an outlier, with its policymakers in pursuit of higher interest rates.

Heightened uncertainty on inflation and fiscal policy is likely to weigh on the longer end of yield curves, supporting higher term premia. The upcoming change in the Fed’s leadership is also noteworthy, with Powell’s replacement’s likely propensity to be dovish increasing the prospect of more near-term Fed rate cuts.

Credit spreads remain close to historic tight, limiting the appeal of riskier corporate bonds (as the compensation for associated risks, including default, diminishes) and reinforcing the need for a flexible, selective investment approach. New corporate issuance offers compelling value, where attractive all-in yields provide opportunities across sectors.

Market participants increased their scrutiny of budget deficits across major economies, including the US, UK and France, with concerns around governments’ abilities to deliver fiscal consolidation remaining high. At the same time, inflation stickiness provides a further challenge, with markets adjusting to a new normal where inflation may average closer to 3% than 2%, potentially constraining the pace and depth of future interest rate cuts. As such, we continue to favour shorter and intermediate tenors, notably in sterling and US dollars, while remaining cautious of lower-quality corporate debt given historically tight risk premia.

We, therefore, remain vigilant in seeking out opportunities to add to high-quality credits and carry, scrutinising the robustness of business models and cash flows to ensure adequate compensation for risk. We are moderating our longer relative duration bias, as central banks conclude their rate cutting cycle, with term structure positioned to benefit from potential yield curve steepening. We continue to rely on higher credit quality to enhance overall portfolio liquidity while preserving capital.

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)			7.6%	2.6%	4.4%
iBoxx Glo Green Soc Sust Bond Hdg TR GBP**			8.2%	3.6%	4.5%
IA Global Corporate Bond			6.7%	4.0%	5.7%
Sector Quartile			2	3	3

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

*Inception date: 24.01.2022

**This benchmark is a comparator against which the overall performance of the Fund can be measured. It has been chosen based on the Fund’s multi-currency portfolio of debt instruments, the bulk of which possess a clear use of proceeds and as such are labelled Green, Social and/or Sustainable. The portfolio manager is not bound or influenced by the index when making investment decisions and the Fund’s holdings may deviate from the benchmark’s constituents.

***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 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 Distribution Yield is higher than the Underlying Yield because the Fund’s expenses are charged to capital. This has the effect of increasing the distributions for the year and constraining the Fund’s capital performance to an equivalent extent. 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.

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

**For further information please speak to your EdenTree representatives.
Or call our support team on 0800 011 3821**

Monday to Friday 9am to 5pm. We may monitor or record calls to improve our service.

**Or visit us at
www.edentreeim.com**

Proudly part of the BENEFACT GROUP 



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.

© EdenTree 2026. All data as at 31.12.2025