

EdenTree Green Impact Equity Fund

Performance	3 months	6 months	1 year	3 years	ITD*
Fund Performance (B Class)	1.3%	2.2%	16.6%	24.0%	27.4%
MSCI ACWI Net TR GBP**	-1.3%	2.1%	17.5%	50.4%	55.6%
IA Global	-2.7%	-0.1%	13.1%	31.7%	31.9%
Sector Quartile	1	1	2	3	3

Source: Morningstar. Figures compared on a Bid to Bid basis with Net Income Reinvested. Data as at 31.03.2026

*Inception date: 24.01.2022

Market review

The first quarter of 2026 was shaped by a sharp deterioration in global equity market performance, driven initially by a sell-off in software and technology-related stocks and then by escalating geopolitical risk with the sudden onset of war in the Middle East.

Early in the quarter, investors reassessed company valuations within the software sector, driven by concerns that software and data-driven businesses could be disrupted by rapid advancements in artificial intelligence (AI). This sell-off in software names was sharp and often indiscriminate, despite evidence that many of these companies could benefit from AI.

Market attention then turned decisively to the developing conflict in Iran, with few hiding places for investors. In March, bond markets sold off sharply as the market rapidly priced in a series of interest rate rises, where prior to the start of the war, further central bank cuts had been expected. Gold performed badly, belying its safe-haven status, with investors seemingly taking profits here to meet margin calls elsewhere. Equities, however, bore the brunt. European and Asian markets fell more sharply than the US, reflecting their greater exposure to higher energy costs. There were some winners – oil-related equities rose, alongside other beneficiaries such as aluminium and fertiliser-products outside the Gulf.

Performance and activity

The EdenTree Green Impact Equity Fund delivered a positive return over the quarter, outperforming both the MSCI ACWI Net TR Index and the IA Global sector. This outperformance was achieved despite a challenging backdrop, with rising oil prices acting as a headwind for the Fund given its lack of direct exposure to oil-related stocks.

From a sector perspective, a positive stock selection effect in technology was the largest contributor to the Fund's performance. Here, the Fund retains exposure to the semiconductor and semiconductor equipment space, which continues to benefit from AI-related infrastructure spending. This was reflected in robust fourth-quarter and full-year 2025 earnings, with holdings such as Applied Materials, Lattice Semiconductor and Analog Devices performing positively over the period. Also within technology, the Fund's underweight position in software supported relative performance. Software stocks were affected by concerns that the development of new AI agents could undermine traditional software-as-a-service (SaaS) models, triggering a broad sell-off.

Within the industrial sector, the Fund's performance was supported by investor preference for hard assets with a low risk of obsolescence, known as HALO stocks. This benefitted several portfolio holdings, including power and data solutions provider Prysmian and waste management services provider Clean Harbours. The latter also benefitted from rising oil prices, which positively impacts the outlook for profitability in the company's recycled oil business.

At the thematic level, Clean Energy was the strongest contributor to performance. Holdings including Veolia, Daiseki and Greencoat Renewables gained ground on the back of strong earnings. The Iran conflict also started to reawaken discussions about energy security, which not only reinforces the case for renewables but also the need for greater grid resilience. In addition to Prysmian, another notable contributor here was Alfa Laval, which is involved in the manufacture of heat pumps. Rising energy costs also supported energy efficiency stocks, many of which continue to benefit from the build-out of energy-intensive AI data centres. By contrast, Sustainable Transport and Natural Capital were the weakest-performing themes during the quarter. These both largely consist of stocks within the consumer discretionary sectors, an area of the market that was negatively impacted by macro concerns and fears over higher living costs.

Other notable detractors included intelligent lighting solutions provider Acuity, which lost ground after its latest results failed to meet expectations; architectural and engineering software developer Autodesk, which was caught up in the negative sentiment towards software stocks; and insulation manufacturer Rockwall, which lost ground amid concerns that a more negative economic environment would weigh on the construction sector.

Over the three-month period, the most notable adjustments to the portfolio were made in the Energy Efficiency and Clean Energy themes. Within the former, the Fund's positions in the semiconductor equipment manufacturing company Applied Materials, as well as the semiconductor developers Analog Devices and Lattice Semiconductor, were all trimmed following periods of strong share price performance. A portion of those proceeds were recycled into the Fund's existing position in the building products specialist Acuity. Within Clean Energy, some profits were taken in SSE and Prysmian following a period of strong share price performance.

Outlook

With the situation in the Middle East still uncertain, the outlook for global equity markets remains unclear. Any prolonged period of elevated energy prices would be detrimental, risking higher inflation, weaker economic growth and renewed pressure on interest rates. We expect to see renewed investor focus on energy security, supply resilience and the near-shoring of supply chains. These are all areas of focus for our investment strategy, so while a period of prolonged uncertainty will present challenges, it may also give rise to opportunities.

Current geopolitical tensions do not diminish the long-term secular drivers underpinning our investment strategy. The planet's finite natural resources remain under pressure from a growing global population and the shifting consumer preferences of a rising middle class. Therefore, we expect to continue seeing growth for the companies providing sustainable and environmental solutions to these challenges.

As such, our portfolio position is little changed, and we remain highly diversified from market, regional and factor standpoints. In terms of stock selection, we continue to invest in companies with established market positions that have strong profitability profiles, are cash generative and have robust balance sheets. In this period of uncertainty, it is our view that such companies will be in an advantageous position, as they will be able to better withstand tougher market conditions and are less exposed to higher borrowing costs.

Performance Discrete Rolling 12 months	12 months to 31/03/2022	12 months to 31/03/2023	12 months to 31/03/2024	12 months to 31/03/2025	12 months to 31/03/2026
Fund Performance (B Class)		0.9%	9.7%	-3.1%	16.6%
MSCI ACWI Net TR GBP**		-0.7%	22.1%	4.9%	17.5%
IA Global		-2.8%	16.8%	-0.4%	13.1%
Sector Quartile		1	4	3	2

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

*Inception date: 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 Index. As the Fund invests in a diverse range of global companies and sectors, we compare the Fund's performance to the MSCI ACWI GBP Net Total Return 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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