

EdenTree Global Equity Fund

Q2 2025 Commentary



PERFORMANCE

	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Fund (B Class)	5.6%	0.0%	-0.4%	26.1%	38.6%	101.3%
MSCI ACWI Net TR GBP*	5.0%	0.6%	7.2%	46.8%	79.0%	222.2%
IA Global	5.6%	0.6%	4.5%	33.1%	52.2%	148.9%
Sector Quartile	3	3	4	3	3	4

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

MARKET REVIEW

Global equities fell at the start of the second quarter but then resurged, ending the period in positive territory. Trade talks dominated headlines, with the proposed list of reciprocal tariffs announced on President Trump's 'Liberation Day' catching the market off guard with their magnitude and scope. However, optimism built over the period, as pauses and delays to tariffs emboldened global markets to believe that US trade policy may not end up as restrictive as initially thought. The "Trump Always Chickens Out" (TACO) trade gained traction, with markets betting the President would eventually back down, particularly if markets balked too much.

Geopolitical tension significantly escalated in the Middle East between Iran and Israel, briefly spiking oil prices before a ceasefire was agreed. In Europe, early summer heatwaves weighed on infrastructure and served as a reminder that regardless of politics, climate change is happening at increasing frequency.

PERFORMANCE & ACTIVITY

The EdenTree Global Equity Fund outperformed its MSCI ACWI benchmark over the period, buoyed by positive stock selection as well as favourable currency tailwinds.

The Fund outperformed in every geographical region aside from the US, where our underweight to mega-cap technology stocks detracted. Sectorally, increased geopolitical tensions and the proposed increase in defence funding from other nations, as the US reduces its international support, benefited defence stocks. While the Fund does not hold defence stocks given our sustainable negative screening, we do support solutions companies that enable resilient and independent infrastructure, an essential component in an increasingly volatile world.

Holdings within our Cleaner, Safer, Circular theme performed well overall, with several rebounding sharply. Energy infrastructure stocks Prysmian and Schneider Electric outperformed, bouncing back with the AI theme given the increased energy demands.

Within our Disruptive Innovation theme, technology was the best performing sector after initially falling on the 'Liberation Day' tariff announcement. Semiconductor stocks led returns, as the AI trade returned. Taiwanese semiconductor chip tester Chroma was the Fund's top contributor, rising by approximately 68%, alongside chip manufacturer TSMC, which rose by roughly 24%. Mega-cap technology stocks not held in the Fund dragged on its relative performance, with Nvidia being the biggest detractor (circa 1% headwind) over the period.

In our Healthy Future theme, it was another tough quarter given the continued negative commentary from the US Administration. Our overweight in the healthcare sector dragged, although the Fund's holdings did outperform the

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benchmark by circa 3%. Pharmaceutical companies Sanofi and Merck & Co were top detractors, both with exposure to vaccines. The panel that recommends vaccines in the US was dismissed and replaced with fewer members, with several holding anti-consensus views on vaccines. For life science tools companies, proposed NIH budget cuts remained an overhang, although a pause in the termination of programs later in the quarter bought a little reprieve. We still view the current turbulence as a buying opportunity, with the sector supported by real, enduring healthcare challenges both in the present and future.

In terms of activity, in our Cleaner, Safer, Circular theme, we added Advanced Drainage Systems, which provides essential water piping used at the early stages of a construction project. We also introduced two new holdings: Builders FirstSource, a US distributor and manufacturer of building products, and TopBuild, a US insulation distributor and installer. We had reduced our exposure to interest-rate-sensitive US residential stocks in the quarters following the US election. However, we added back to this exposure, as we felt these stocks had sufficiently retraced. While US data is yet to conclusively support an interest rate cut, rhetoric from the White House made a dovish Federal Reserve Chair in situ next year seem inevitable.

OUTLOOK

Despite the opaque backdrop, the S&P 500 ended the quarter at an all-time high. Given this strong rally, we see a level of complacency in US equity markets. Few of the risks that sparked the initial sell-off have truly abated, and we expect unpredictable policy will remain in the driving seat for markets over the short term.

Looking ahead to next quarter, key dates for tariffs are fast approaching. These could be delayed again, but the continued uncertainty makes future planning for businesses significantly challenging and is not yet fully reflected in data. We believe we are resiliently positioned for a variety of outcomes. Notably, where we do see opportunities are areas that have already undergone sufficient deratings and where expectations are already low, such as healthcare and US residential.

Amid the tumultuous messaging from the US, Europe has been given the impetus to unite and invest. Defence is a key beneficiary of this, but infrastructure could also benefit. The AI boom is also steering focus to energy infrastructure and specifically, given the increased demands, the environmental impact of the sourced energy. The importance of these areas, as Europe is forecast to face more record-breaking heatwaves, is another reminder that investment is needed now.

Fast-moving markets such as these provide compelling opportunities for our long-term, active investment approach. We remain focused on maintaining our valuation discipline and allocating capital to high-quality business models that are addressing global environmental and social challenges, with scope for long-term structural growth and durable free cash flow generation.

PERFORMANCE DISCRETE ROLLING 12 MONTHS	12 Months to	12 Months to	12 Months to	12 Months to	12 Months to
	30/06/2021	30/06/2022	30/06/2023	30/06/2024	30/06/2025
Fund (B Class)	27.6%	-13.9%	13.9%	11.2%	-0.4%
MSCI ACWI Net TR GBP*	25.5%	-2.8%	13.5%	20.8%	7.2%
IA Global	25.9%	-9.1%	10.8%	14.9%	4.5%
Sector Quartile	2	3	2	3	4

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

Past performance is not necessarily a guide to future returns.

*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.

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For further information please speak to your normal EdenTree representative, visit www.edentreeim.com or call our support team on **0800 011 3821**

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