

EdenTree Managed Income Fund



Performance	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B Class)	0.3%	6.7%	8.2%	36.3%	51.6%	81.0%
FTSE All-Share TR GBP*	6.9%	11.6%	16.2%	50.0%	84.1%	118.3%
IA Mixed Investment 40-85% Shares	5.3%	9.4%	9.3%	31.0%	37.2%	90.8%
Sector Quartile	4	4	3	1	1	3

Source: Morningstar. Figures compared on a Bid to Bid basis with Net Income Reinvested. Data as at 30.09.2025

Market review

Global equities performed strongly over the third quarter of 2025, shrugging off concerns around US tariffs and weak employment data. Notably, US equities delivered their best September performance in over 15 years, with the S&P 500 rising by just over 4.00% in sterling terms.

Virtually all equity markets were strongly positive over the quarter. These moves were, once again, led by US mega-cap technology stocks plus many of the associated semiconductor industry names. Apple, Nvidia, Broadcom, Microsoft and Alphabet were the biggest contributors but stocks such as TSMC, ASML and Samsung were also strong. These performances were fuelled by the ongoing artificial intelligence (AI) feeding frenzy, where capital expenditure to build out the required infrastructure has provided a remarkable tailwind to many sectors, from semiconductors to data centre construction.

While AI continued to push the overall market higher, sectors deemed to be at risk from rapid AI progress were weak. This included areas like stock exchange operators and IT service providers, although there is much debate as to whether they are at risk or could indeed be beneficiaries. Consumer facing stocks also underperformed, such as food producers and leisure businesses, where there is evidence of weak consumer spending in the US, Europe and Asia.

The US Federal Reserve cut its federal funds target rate by 25 basis points (bps) to a range of 4.00-4.25% after nine months on hold; this was in response to sticky inflation, rising unemployment and mounting political pressure to cut rates. The Bank of England (BoE) lowered its headline rate by 25 bps to 4.00% in August, as weak economic growth persisted alongside stubbornly high services inflation. Meanwhile, the European Central Bank held its key interest rates steady at its most recent meeting, citing weak economic growth but steady, low inflation.

Performance and activity

The EdenTree Managed Income Fund underperformed its benchmark, the FTSE All Share, over the quarter, but remained in a first quartile position over three and five years.

A significant factor in the Fund's underperformance was its lack of exposure to the defence sector due to our sustainable screening process. More broadly, the persistence of elevated UK interest rates also weighed on the Fund's performance, affecting some of our longer-dated fixed income securities. However, the greater impact of higher UK interest rates was on our more interest-rate-sensitive equity positions. This was notable in the real estate investment trust (REIT) and infrastructure sectors and included our holdings in student property REIT Unite Group and wind farm operator Greencoat UK Wind.

More positively, our exposure to the financial sector continued to perform strongly, with holdings such as Standard Chartered and ABN Amro posting solid gains over the period, following robust Q2 2025 results.

Among our investment baskets, fixed income (which represents approximately 25% of the portfolio) and 'value/contrarian' (c. 28%) generated the best absolute returns. In contrast, 'dividend growth' (c. 20%) and infrastructure (c. 9%) were the worst performers. Our 'capital preserver' basket (c. 17%) was flat on the quarter.

Over the quarter, we took profits in PRS REIT, a REIT that builds and rents family homes, after it agreed to be acquired.

Outlook

At the start of the year, we were concerned that US valuations were inflated relative to history and other markets. With the market quickly recovering from the tariff-induced sell-off, we once again find ourselves wondering how long such high valuations can be justified at a time of weakening US growth and policy uncertainty. In particular, the great bulk of US equity market interest is concentrated in AI-exposed sectors, where a surge in capital expenditure stands in stark contrast to subdued performance elsewhere. A lot of 'hope' value is therefore embedded in an AI-led productivity boom, when the benefits are, in fact, debatable for significant elements of the broader economy.

Our view is that we can have some exposure to this trend through areas such as data centre and electricity infrastructure, where we can justify valuations and expect sustainable dividend growth. But overall, we remain defensively positioned. This is reflected in our 'capital preserver' basket, where we own stocks such as Veolia Environnement, and our 'value/contrarian' basket, where we own insurers and banks that trade at comparatively modest valuations and high dividend yields.

However, we have always held the view that we cannot build a portfolio around a specific set of potential circumstances and that a portfolio needs to be widely diversified to remain resilient through variable market conditions, hence our focus on investment baskets as a risk management tool.

Our remit remains to generate a resilient yield, with the scope for capital growth. Vital to this is our investment process, whereby sustainability factors are integrated into the investment management process, with our fund managers and sustainable investment team analysts side by side.

Performance Discrete Rolling 12 months	12 months to 30/09/2021	12 months to 30/09/2022	12 months to 30/09/2023	12 months to 30/09/2024	12 months to 30/09/2025
Fund (B Class)	25.0%	-11.0%	11.0%	13.5%	8.2%
FTSE All-Share TR GBP*	27.9%	-4.0%	13.8%	13.4%	16.2%
IA Mixed Investment 40-85% Shares	16.8%	-10.3%	5.3%	13.8%	9.3%
Sector Quartile	1	3	1	3	3

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

*FTSE All-Share Index – This benchmark is a comparator against which the overall performance of the Fund can be measured. It has been chosen as the Fund's average market and sector exposure is biased in favour of UK equities and corporate bonds. 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.

Past performance is not necessarily a guide to future returns.

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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.

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Firm Reference Number 527473.

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