

EdenTree Sustainable Managed Income Fund

Performance	3 months	6 months	1 year	3 years	5 years	10 years
Fund Performance (B Class)	-0.9%	6.8%	10.9%	36.3%	34.6%	72.6%
FTSE All-Share TR GBP*	2.4%	7.2%	16.8%	53.9%	68.2%	118.4%
IA Mixed Investment 40-85% Shares	0.8%	10.4%	12.1%	39.4%	31.7%	84.6%
Sector Quartile	4	4	3	3	2	4

Source: Morningstar. Figures compared on a Bid to Bid basis with Net Income Reinvested. Data as at 30.09.2026

*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.

Market review

The third quarter of 2026 was an unusual one for equity markets. Two distinct forces supported returns. The first was a rebound in large-cap US technology stocks, with companies such as Apple and Microsoft recovering as enthusiasm for some areas of the artificial intelligence trade began to fade. The second was the strong performance of the energy sector, as the increasingly intractable war in Iran continued, disrupting the flow of oil and its derivatives, notably diesel, pushing oil prices well over \$100 a barrel.

These developments unfolded against a backdrop of growing concerns over the global economy. Government bond yields across many major economies rose to their highest levels in decades. US Treasuries were among the worst affected, with the ten-year yield rising by around 60 basis points (bps) to 5.28%, a level not seen since 2002. The Federal Reserve raised interest rates by 25 bps in September, a move many investors viewed as overdue. The European Central Bank also raised rates, while the Bank of England held fire, given a notable lack of inflationary follow-through into the broader UK economy as a result of high energy prices. While rising oil prices were clearly a factor in higher global rates, there was more to the move than this, principally a sense of foreboding around unchecked growth in US government debt, which hit \$40 trillion during the quarter.

In equity markets, the UK was among the strongest performers. Much of that outperformance was down to the large weighting of BP and Shell in the UK market, both of which rose sharply alongside surging oil prices.

Performance and activity

The EdenTree Sustainable Managed Income Fund underperformed its benchmark, the FTSE All-Share, over the quarter. The largest headwind was the sharp rise in oil prices, as the Fund has no exposure to the energy sector due to our sustainability assessment, the EdenTree Standard. The surge in bond yields also weighed on performance. Our fixed income allocation, which represents around 22% of the portfolio, was affected, as was our allocation to what we term 'capital preservers' – companies with high, steady dividend yields, which are therefore more sensitive to changes in interest rates. For example, National Grid fell by approximately 8%, and Dutch telecoms company KPN fell by around 7%, in sterling terms.

Our infrastructure holdings performed strongly over the quarter; these are mainly investment trusts exposed to renewable energy generation, such as wind and solar power. Given the surge in demand for electricity amid the rush to build data centres, these businesses have begun to perform well. Greencoat UK Wind rose by approximately 17%, while our infrastructure exposure as a whole rose by around 6%.

We added to our holdings in AstraZeneca and Standard Life during the quarter. The former has faced a challenging period in recent months despite retaining one of the most promising pipelines in the pharmaceutical sector. The latter has built a solid growth pipeline in the UK's pensions and savings industry and offers a high yield and strong dividend growth prospects. We trimmed our holdings in Standard Chartered and HSBC, as both had performed strongly over the previous 12 months.

Outlook

Equity markets continue to face a range of risks and, at present, uncertainty remains elevated.

The war in Iran remains a concern, with implications for energy prices and inflation. Interest rates, in general, seem unlikely to move sustainably lower without concerted efforts by governments to rein in budget deficits, which looks unlikely with populist leaders in place, or waiting in the wings. Both the US and France are vulnerable on this count. The French presidential election next year currently looks unlikely to deliver a party with any pretence of budgetary restraint. While US economic growth has held up well, this has so far been highly reliant on AI infrastructure spending, so is vulnerable to any setback in spending plans. Perhaps surprisingly, the UK economy has grown steadily this year. Whether the budget in late October manages to balance a delicate political trade-off between managing Labour Party priorities with bond market realities remains to be seen.

As income investors, we have little exposure to a potential technology sector sell-off. However, a broader market downturn would inevitably affect portfolio returns. Against this backdrop, diversification remains important. The portfolio is widely diversified, and our focus on sustainable sources of income typically leads us to attractively valued and less crowded areas of the market. In addition, we have around 22% of the portfolio invested in fixed income securities, which tend to be less volatile than equities and, depending on the market conditions, can help offset periods of equity market weakness.

Longer term, our focus remains unchanged: to generate a resilient yield, with the potential for capital growth. Vital to this is our investment process, which incorporates our thorough sustainability assessment, the EdenTree Standard.

Performance Discrete Rolling 12 months	12 months to 30/09/2022	12 months to 30/09/2023	12 months to 30/09/2024	12 months to 30/09/2025	12 months to 30/09/2026
Fund Performance (B Class)	-11.0%	11.0%	13.5%	8.2%	10.9%
FTSE All-Share TR GBP*	-4.0%	13.8%	13.4%	16.2%	16.8%
IA Mixed Investment 40-85% Shares	-10.3%	5.3%	13.8%	9.3%	12.1%
Sector Quartile	3	1	3	3	3

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

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Past performance is not necessarily a guide to future returns.

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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 EdenTree representatives.

Or call our support team on 0800 011 3821

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