

# EdenTree Global Sustainable Government Bond Fund



| Performance                              | 3 months | 6 months | 1 year | 3 years | 5 years | 10 years |
|------------------------------------------|----------|----------|--------|---------|---------|----------|
| Fund Performance (B Class)               | -3.0%    | -1.5%    | -1.2%  | -       | -       | -        |
| Bloomberg Gbl Agg Treasuries TR Hdg GBP* | -2.3%    | -1.3%    | -1.0%  | -       | -       | -        |
| IA Global Government Bond                | -2.8%    | -2.0%    | -1.8%  | -       | -       | -        |
| Sector Quartile                          | 4        | 3        | 2      | -       | -       | -        |

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

\*We compare the Fund's performance to the Bloomberg Global Aggregate Treasuries Total Return Hedged GBP Index. The Index provides a relevant comparator for the Fund due to its composition of global government bonds and its underlying risk characteristics. 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.

## Yields\*\*

|              |      |
|--------------|------|
| Distribution | 3.2% |
| Underlying   | 3.2% |
| Historic     | 3.3% |

Source: EdenTree. Data as at 30.09.2026

## Market review

Global bond yields rose significantly over the quarter as hopes for a resolution to the conflict in the Middle East faded, pushing energy prices higher. As inflation expectations increased alongside energy prices, markets began to price in further near-term interest rate hikes from major central banks, including the US Federal Reserve (Fed) and the European Central Bank (ECB), particularly towards the end of the period.

Several central banks raised their benchmark interest rates over the quarter. The Fed unanimously raised its target rate by 25 basis points (bps) to 3.75%-4.00%, marking its first rate hike since ending its interest rate cutting programme in December 2025, as it sought to support a return to its 2% inflation target. The ECB raised its benchmark interest rate by 25 bps to 2.50% in September, citing the need to contain inflationary pressures linked to higher energy prices. The ECB also revised up its growth and inflation projections for 2027 and 2028. The Bank of England maintained its base rate at 3.75%, despite some policymakers voting to hike. Elsewhere, the Bank of Japan and the Reserve Bank of Australia both further raised their benchmark interest rates by 25 bps, to 1.25% and 4.60%, respectively. For Australia, this is highest level since 2011, with policymakers warning of more hikes, if needed, to tame price increases. The Bank of Canada continued to hold its interest rate at 2.25% over the period.

Across most yield curves, shorter-dated maturities recorded the largest rise in yields. However, longer-dated bonds experienced more significant price declines given their greater sensitivity to interest-rate movements.

## Performance and activity

The EdenTree Global Sustainable Government Bond Fund lagged both its Bloomberg Global Aggregate Treasuries Index and the IA Global Government Bond sector over the period. Whilst there were some benefits from the Fund's security selection in euro, Japanese yen and US dollar denominated bonds, these gains were more than offset by the adverse contribution of not holding Chinese government debt, which rallied as other major sovereign yield curves rose. Longer-dated debt declined considerably as global bond markets repriced both the interest rate outlook and growing fiscal risks.

Over the quarter, cash subscriptions were deployed by adding to existing holdings, including the Canada 3% 2032 green government bond, Neder Waterschapsbank 1% 2030 green bond, OBL 1.3% 2027 green Bund, Japan Government 1.6% 2044 and US Treasury 4.375% 2043. The Fund also reduced its holding in the UK Treasury 0.875% 2033 green gilt, whilst holding a higher allocation to cash. This had the effect of increasing its allocation to sterling while further reducing its exposure to euro denominated debt,

where we anticipate greater potential for monetary policy tightening and increased idiosyncratic market volatility associated with the upcoming French budget negotiations.

Despite the impact of its geographic allocation, the Fund's reduced interest rate sensitivity in anticipation of these risks has nonetheless proved beneficial. The correlation between oil prices and global bond yields has also increased in the absence of a US-Iran truce, the uncertainty around which arguably reduces conviction towards a more significant shorter relative duration positioning.

## Outlook

Fiscal sustainability is becoming an increasingly important market theme across geographies. While geopolitical tensions remain a key source of uncertainty, bond markets are increasingly focused on elevated government debt levels, and their longer-term implications; higher refinancing costs; and continued bond issuance. Investors are responding by demanding greater compensation for lending over longer horizons, contributing to upward pressure on sovereign yields, despite early signs that growth is moderating across many developed economies.

Inflation remains the key variable for policymakers. Energy-related pressures and supply-side disruptions have the potential to keep inflation above target, yet softer demand and/or employment may exert downward pressure. As a result, major central banks are likely to remain data dependent, balancing inflation risks against signs of slowing growth. Policy divergence is also becoming more pronounced: the US economy continues to benefit from relatively stronger growth dynamics and greater energy independence, while the UK and Europe face a potent mix of weaker growth, higher energy prices and persistent fiscal pressures. This divergence may well create differentiated opportunities across underlying sovereign bond markets and influence relative-value decisions within global portfolios.

The Fund has maintained a shorter relative duration stance, reducing interest rate sensitivity in the US, Japan, Canada, the UK and Europe. Elsewhere and across most developed market economies, concerns around fiscal expansion continue to drive higher term premia, supporting a lower overall level of interest rate sensitivity, despite the attractive yield opportunities now available in intermediate maturities.

| <b>Performance</b> Discrete Rolling 12 months | 12 months to<br>30/09/2022 | 12 months to<br>30/09/2023 | 12 months to<br>30/09/2024 | 12 months to<br>30/09/2025 | 12 months to<br>30/09/2026 |
|-----------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Fund Performance (B Class)                    | -                          | -                          | -                          | -                          | -1.2%                      |
| Bloomberg Gbl Agg Treasuries TR Hdg GBP*      | -                          | -                          | -                          | -                          | -1.0%                      |
| IA Global Government Bond                     | -                          | -                          | -                          | -                          | -1.8%                      |
| Sector Quartile                               | -                          | -                          | -                          | -                          | 2                          |

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

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\*\*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 Annual Management Charge is 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.**

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