

# EdenTree Sustainable Global Equity Fund

Performance	3 months	6 months	1 year	3 years	5 years	10 years
Fund Performance (B Class)	-4.3%	1.2%	15.0%	25.6%	25.1%	120.2%
MSCI ACWI Net TR GBP*	-1.3%	2.1%	17.5%	50.4%	71.6%	241.7%
IA Global	-2.7%	-0.1%	13.1%	31.7%	38.4%	163.2%
Sector Quartile	3	2	2	3	3	4

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

## 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, as did other beneficiaries such as aluminium and fertiliser-products outside the Gulf.

## Performance and activity

The EdenTree Sustainable Global Equity Fund underperformed its MSCI ACWI benchmark over the period. It finished top of the third quartile in the IA Global sector over the quarter.

It is important to note that the Fund prices at noon UK time, whereas end-of-day calculation for its MSCI ACWI benchmark uses the last available official closing prices from the relevant stock exchanges. On the final day of the quarter, a significant equity market rally occurred in the afternoon following heightened expectations of progress towards a ceasefire in the US-Iran conflict. As a result, the Fund's NAV does not capture this late-day market move, which had a material temporary timing effect on reported relative performance. On a like-for-like adjusted basis, our internal performance attribution calculation indicates that Fund performance for the quarter was -2% gross against the index's -1.3%, representing -0.7% underperformance.

Geographically, Asia remained a strong contributor to returns, with the Fund's allocation to the region materially outperforming the benchmark, continuing a trend of sustained outperformance over the past five years. Despite this strength, we reduced our overweight position, as valuations became more demanding following several years of strong returns.

In terms of individual stock contributors, within our Disruptive Innovation pillar, Taiwanese company Chroma ATE rose by 83% over the quarter, reflecting its strong positioning in testing equipment for next-generation AI chips. TSMC also continued to perform well, gaining 14% over the quarter. Within our Cleaner, Safer, Circular pillar, our industrial holding Avient performed strongly. The company is a global leader in colour formulations and specialty polymers. Through its solutions, Avient allows brand owners to increase the proportion of recycled plastic in products without compromising on colour quality or design.

Turning to detractors, in our Disruptive Innovation pillar, Salesforce weighed on returns, as sentiment towards software companies deteriorated. Microsoft also declined over the quarter. While often categorised as a software company, around 40% of Microsoft's revenues are linked to intelligent cloud and data-centre-related activities. We continue to view the business through this broader lens rather than as a pure-play software exposure. In our Healthy Futures pillar, Boston Scientific detracted following a disappointing market reaction to its CHAMPION trial results, despite the results demonstrating strong clinical outcomes for one of its devices.

Portfolio activity reflected a reassessment of stretched valuations and our more defensive stance amid rising geopolitical risk. We trimmed our holdings in strong performers like TSMC and Chroma ATE, retaining only a very small holding in the latter. We also exited Salesforce, reflecting our concerns that AI could undermine the economics of traditional CRM platforms. We then added selectively into areas of market weakness. We added to Boston Scientific, as we believe it is well positioned within cardiovascular medical technology and offered an attractive entry point. We also increased exposure to US interest-rate-sensitive companies where valuations had adjusted meaningfully, including Builders FirstSource, and initiated a new position in TopBuild, a leading insulation provider benefitting from rising energy-efficiency requirements, towards the end of the period at a highly attractive valuation.

## Outlook

The economic impact of the US-Iran conflict remains uncertain. Higher commodity prices, particularly in energy markets, represent a potential headwind to growth, and the extent to which these pressures feed through to corporate earnings should become clearer over the coming months. Even if key trade routes normalise, we expect some tightening to persist across parts of the commodity complex, with prices likely to retain a security-of-supply premium following the disruption to refining and distribution.

Looking ahead, the divergence in monetary policy flexibility between the US and Europe remains a key focus. In our view, the US Federal Reserve has greater scope to ease policy than either the European Central Bank (ECB) or the Bank of England. The US' relative energy independence provides more insulation from externally driven inflation shocks, reducing the need to maintain a restrictive monetary policy for longer. This supports our positioning in US interest-rate-sensitive areas, such as Builders FirstSource and TopBuild, where we see greater scope for rate cuts to feed through to economic activity.

By contrast, the ECB may face a more difficult policy trade-off should energy-driven inflation remain elevated, limiting its capacity to ease and potentially weighing on European growth. While we are mindful of this risk, we retain selective exposure to Europe, with holdings such as Schneider Electric and Prysmian supported by long-term electrification and grid-investment themes linked to the AI infrastructure build-out and the energy transition.

Asia presents a more complex backdrop. The opposing forces of ongoing technology demand and heightened energy dependence are likely to continue to interact, creating a more challenging growth environment in the near term. We have moderated our exposure accordingly here.

Overall, the duration of the Middle East conflict remains a critical variable. Our positioning reflects a balance between maintaining exposure to long-term structural growth themes and recognising the near-term macroeconomic uncertainties that persist as the global economy absorbs the effects of geopolitical disruption and higher input costs.

<b>Performance</b> 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)	2.6%	-2.9%	12.0%	-2.4%	15.0%
MSCI ACWI Net TR GBP*	14.9%	-0.7%	22.1%	4.9%	17.5%
IA Global	8.1%	-2.8%	16.8%	-0.4%	13.1%
Sector Quartile	4	3	4	3	2

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

\*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.**

**This document has been prepared by EdenTree Investment Management Limited for Financial Advisors, other intermediaries and other investment professionals only.** It is not suitable for private individuals. This document has been produced for information purposes only and as such the views contained herein are not to be taken as advice or recommendation to buy or sell any investment or interest thereto.

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

**For further information please speak to your EdenTree representatives.  
Or call our support team on 0800 011 3821**

Monday to Friday 9am to 5pm. We may monitor or record calls to improve our service.

**Or visit us at**

**[www.edentreeim.com](http://www.edentreeim.com)**

Proudly part of the BENEFACT GROUP 



EdenTree Investment Management Limited (EdenTree) Reg. No. 2519319. Registered in England at Benefact House, 2000, Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester, GL3 4AW, United Kingdom.

EdenTree is authorised and regulated by the Financial Conduct Authority and is a member of the Investment Association.

Firm Reference Number 527473.

© EdenTree 2026. All data as at 31.03.2026