Global Strategic Bond Fund

▶ Core. Nimble. Proven.

November 2025 Commentary

ISIN for Class D Acc USD: IE000H9BC817 | ISIN for Class D Inc GBP hedged: IE000TEXPBZ5

MARKETING COMMUNICATION

NEDGROUP INVESTMENTS

MONTHLY PORTFOLIO UPDATE

Our investment approach

- Actively managed, core global bond portfolio focused on developed market liquid issuers, in hard currency.
- Nimble decision-making driven by valuations, fundamentals and technicals.
- Alpha generation through relative value, duration and credit selection.

Portfolio Management Team

Alex Ralph

Co-portfolio Manager

25 years in the industry

David Roberts

Co-portfolio Manager

35 years in the industry

What do we mean core and nimble? Inside, we share the fund's return drivers, portfolio positioning and put the spotlight on a bond bought/sold.

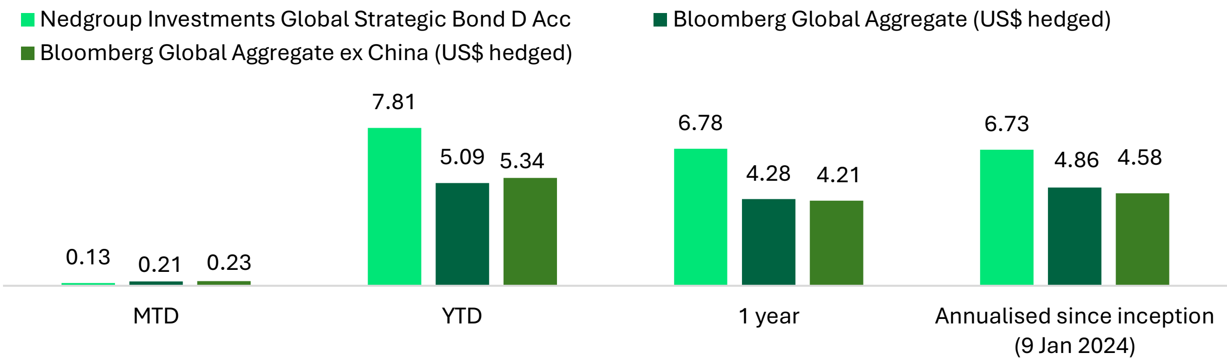
Performance and markets

Bond markets remained volatile in November, extending the pattern seen year to date. Index and fund returns were modestly positive, disguising most of the intra month moves. For the first time this year, fund returns were below the Bloomberg Global Aggregate Index. We realigned some of the geographic positions, buying cheaper markets with a longer-term view. In hindsight, we did this too soon, though we did lock down some of the index-plus performance over the past twelve months.

Risk assets flip flopped, with allocation to credit a modest drag for monthly returns. That said, our higher-quality corporate credit was mostly immune to the travails of tech and crypto – as one would expect.

Fund performance

Past performance is not indicative of future performance and does not predict future return.



Data as at 30 November 2025. Fund returns are in US$ based on Class D Accumulation. Bloomberg Global Aggregate Total Return Index (hedged to US$) and Bloomberg Global Aggregate ex China Total Return Index (hedged to US$). Source: Morningstar, Bloomberg. The share classes being offered in Germany are newly launched and do not have their own historical performance data. The performance information presented in this marketing material relates to the nearest comparable share class and is provided solely for indicative purposes. Differences in fees, and other factors may affect future performance. Investors should not rely solely on this information when making investment decisions.

Key return drivers

Over the month, the fund returned 0.13%, Bloomberg Global Aggregate (US$ hedged), 0.21% and Bloomberg Global Aggregate ex China (US$ hedged), 0.23%.

The excess return has been attributed vs Bloomberg Global Agg ex China using a top-down methodology:

Total excess return for the month (vs Bloomberg Global Agg ex China): -10bps		
Contribution		**Positioning comments**
Duration	0bps	• Fund duration ranged from 5.5-6.25 years, however, capital values at the index level were little changed hence zero contribution.
Curve	0ps	• Similar to duration comments above. US and EU curves steepened which at the margin would have been a gain. However, the EU flattener broadly offset positive contribution from the US.
Geography	-10bps	• A reversal of last month. We flipped Australia from short to long too soon. Gains from our ongoing low weight to Japan offset our underweight in US bonds
Asset allocation	-5bps	• We remain overweight index in corporate credit. IG spreads widened a little, arguably performing better than expected as gold, crypto stumbled and equity markets remained volatile. Additionally, European credit followed equities by slightly underperforming US.
Credit sector/ security selection:	+5bps	• Individual credits outperformed their respective benchmarks. We had a few credits whose spreads tightened significantly such as Verallia. Utilities and autos –our favoured sectors – performed well.

Positioning recap and outlook

Total portfolio: Yield = 4.5% (% exc. futures), Duration = 5.4 years, ESG rating: A

Rates (weight = 31.8% (39% inc. futures), yield = 3.9%, duration = 4.3 years)

Positioning in sovereign bonds	Fund	Expected fund range	Index
	31.8% (39% inc. futures)	**30% - 40%**	**53%**
Investment perspectives	**Valuation** Most markets close to fair value and in balance. Expect returns to be driven by income. No change	**Fundamentals** Macro is generally fine. Several markets now price for rates "on hold", with others mainly driven by politics.	**Technicals** Who will lead the Fed? Will the UK press give Gilts a chance post budget? Will the Japanese PM prevent a rate hike? Politics may offer investors the biggest December and early 2026 opportunity.

- G10 data points to a rate cycle nearing its end.
- Total return outlook remains very much in line with our "old normal".

Contribution data and positioning information as of 30 November 2025. Yield shown is yield to worst. Source: Nedgroup Investments. Valuations are based on a medium-term outlook. For government bonds, this is determined by market returns (beta) relative to inflation/inflation expectations and real growth. For corporates, this is determined by adjusting expected excess returns for risk (default and volatility). Valuation based strategic positioning may be adjusted for shorter term technical or fundamental economic factors.

Credit (IG: weight = 45.9%, yield= 4.8%, duration = 5.1 years)
(HY: weight = 17.8%, yield= 6.0%, duration = 3.8 years)

Positioning in corporate bonds	Fund	Expected fund range	Index
	Investment grade: 46%	20% - 60%	19%*
	High yield: 17%	20% - 30%	0%
Investment perspectives	**Valuations** Spreads widened a little, predominately on heavy supply. Concerns over no December Fed rate cut weighed on the market mid-month, but spreads soon recovered. Valuations remain stretched.	**Fundamentals** Results continued to support the market however there are signs of an increasing M&A market.	**Technicals** November supply accelerated beyond market expectations to the busiest November on record. December should see supply slow considerably due to seasonal factors.

*"Pure" IG credit. Add in Structured, Agency and EM and the index has 47%

- Despite high yield markets recovering towards the end of the month, idiosyncratic risk remains. Post budget, UK gaming sector reacted strongly to greater tax rates than anticipated. Evoke bonds fell 11% whilst Entain rose 1.5% due to differing survival probabilities. We had sold Evoke and purchased Entain pre-budget.
- Much anticipated tech issuance continued with Google and Amazon. We expect significant supply in 2026 to fund AI expansion. Given company preference for long dated bonds, credit curves should continue to steepen.

Portfolio changes and where next

Macro data is consistent with government bonds close to fair value. Growth and inflation are likely to slow across the G7 from current levels. This is despite a series of rate cuts in most major economies during 2025.

Most commentators expect central bank rate cuts to be limited to US and UK markets. Europe, NZ/Australia and Canada are seen as changing little in 2026 and Japan should hike. The monetary cycle is thus still out of synch and continues to offer cross market opportunity. However, as November proved, there are also threats.

Bond market total returns for 2025 should close out in line with our "old normal" views, albeit dragged a little lower by Japanese markets. That's no surprise and the reason why we have kept duration close to home and been underweight Japan over the year. Our view continues to be that smaller, more frequent alpha opportunities are more sensible for clients than large directional beta bets.

Spotlight on an issuer: Verallia

Verallia is one of the world's largest producers of glass packaging for beverages and food products. Founded in France, the company supplies globally, with increasing presence in Latin America.

- **Fundamentals:** the market dynamic remains challenging for Verallia and earnings have suffered. Leverage has ticked up towards 3x and guidance for the full year has been cut. There are few signs of a market recovery but the company has a diverse customer base, sufficient liquidity and is well positioned to benefit from increasing volumes with three new plants yet to fully ramp up.
- **Technicals:** both Moody's and S&P revised the company's outlook to negative following the latest earnings miss and downgrade to forecast. There is increasingly a fallen angel risk if the cyclical recovery continues to be delayed.
- **Valuation:** the bonds were priced at new issue considerably back from the current curve to compensate investors for the downgrade risk and the delayed recovery. The new issue concession on offer provided a favourable risk-reward opportunity, and after pricing the bonds rallied 25bp over the month.

Contribution data and positioning information as of 30 November 2025. Yield shown is yield to worst. Source: Nedgroup Investments

What to watch out for next month

Rates:	Credit:
Who will Trump announce as Fed Chair? Will G7 politics dominate economics and if so, what opportunity will that create? Will Japan raise rates as they should and if so, will that mark a (positive) turn for JGB prices? As 2025 closes out, can we expect anything less from 2026 than ongoing volatility and alpha opportunity?!	With technicals improving, we expect December to be non-eventful from a technical and fundamental picture. However, there are possible downside risks from a weakening US consumer, and the market will look for reassurance from economic releases.

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Risks and fees are outlined in the relevant Sub-Fund supplement.

Prices are published on the Investment Manager's website.

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