Global Strategic Bond Fund

NEDGROUP INVESTMENTS

▶ Core. Nimble. Proven.

September 2025 Commentary

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

MARKETING COMMUNICATION

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.

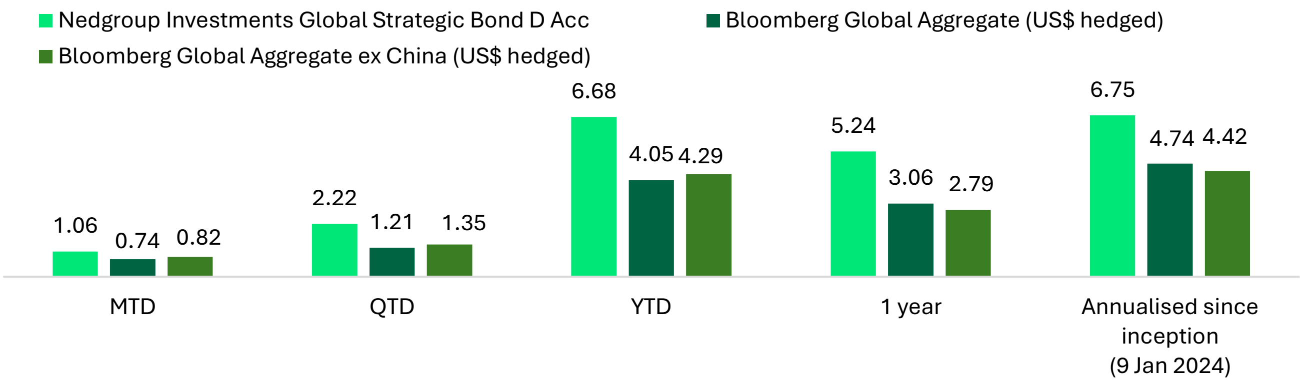
Performance and markets

Sometimes in fund management, it's just as much about positions you close as the ones you hold that drive performance. Since inception, our steepener strategy—positioning in short-dated bonds—has been a key driver of returns. We closed much of that position in September, enabling us to keep pace with government bond performance as the curve flattened. Once more, geographic dispersion dominated markets and our holdings in Canada and New Zealand contributed significantly.

In credit, markets posted an unseasonably strong month despite elevated issuance. We took advantage of the new issue market, having made room to add exposure. Being selective was key as much of the market priced through fair value.

Fund performance

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



Data as at 30 September 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 1.06%, Bloomberg Global Aggregate (US$ hedged), 0.74% and Bloomberg Global Aggregate ex China (US$ hedged), 0.82%.

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): +23bps		
Contribution		**Positioning comments**
Duration	+5bps	• We added duration and then sold, as yields fell on weaker US employment data.
Curve	0ps	• As yield curves flattened, we reduced our steepener position and benefitted as long end yields fell. Trading this move will have offset our exposure to shorter dated bonds.
Geography	0bps	• Our exposure to Canada and NZ was additive given they were the best performing markets. In addition, zero exposure to Japan 10 years - the worst performer in the G7 – was beneficial. • However, our UK/EU overweight offset the above as the US outperformed UK/EU.
Asset allocation	+16bps	• Spreads rallied and excess returns in credit across Europe and US were positive. • Our overweight BBB credit allocation helped.
Credit sector/ security selection:	+2bps	• We participated is some of the best performing new issues during the month.

Positioning recap and outlook

Total portfolio: Yield = 4.7% (% exc. futures), Duration = 6.0 years, ESG rating: A

Rates (weight = 31.8% (40% inc. futures), yield = 4.0%, duration = 5.9 years)

Positioning in sovereign bonds	Fund	Expected fund range	Index
	31.8% (40% inc. futures)	**30% - 40%**	**53%**
Investment perspectives	**Valuation** Most markets are close to fair value and in the balance. We expect returns to still be driven by income.	**Fundamentals** Weaker employment data is driving yields lower but growth is holding up and inflation remains sticky.	**Technicals** Record demand for government bonds; governments are keen to protect long end yields.

- Political noise continues across the G7, from France to Japan.
- The US government shutdown muddies the picture, with the labour market in focus.
- Central banks remain in wait-and-see mode.

Contribution data and positioning information as of 30 September 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.

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Credit (IG: weight = 48.7%, yield= 4.9%, duration = 5.0 years)
(HY: weight = 16.5%, yield= 6.1%, duration = 3.1 years)

Positioning in corporate bonds	Fund	Expected fund range	Index
	Investment grade: 49%	20% - 60%	19%*
	High yield: 17%	20% - 30%	0%
Investment perspectives	**Valuations** Spreads tightened across investment grade and high yield, returning back to cyclical tights. Markets saw spread compression in IG, with BBBs outperforming. However, within high yield, CCCs failed to rally.	**Fundamentals** First Brands – auto supplier- hit the headlines with a sudden bankruptcy but there was little read across to public markets. Fundamentals remain solid and default rates - both within Europe and US - look set to fall over the coming months.	**Technicals** Seasonally large issuance did little to dampen the euphoria in credit markets. Issues were heavily oversubscribed.

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

- Lower rated debt struggled against an otherwise decent month for credit.
- Whilst there maybe little read into public markets from First Brands' bankruptcy, red flags are emerging within the loan market. Increased distress in software – the largest issuing sector – could be an early warning of an upcoming default cycle in loans and private credit. We continue to position defensively for carry, moving up in quality and up in seniority.

Portfolio changes and where next

September marked our exit from the curve steepener, though the move proved more "adieu" than goodbye - the US curve flattened by 25bps and then added back. Should labour market conditions deteriorate, the US curve can go further. In Europe, with the ECB's cutting cycle likely complete, we believe the peak of the European curve may be behind us. So, a flattener it is.

Our relative curve exposure is now at its lowest since inception. We continue to favour tactical over strategic positioning to add incremental alpha. Market direction will be a key driver of returns. Notably, during the last US Government shutdown, US yields fell 50bps - a repeat could prove favourable for bond performance. Time will tell.

Due to recent curve steepening, but more significantly, spread compression, we believe there are increasing opportunities to reach further down the maturity spectrum in credit and move up in seniority all whilst not compromising overall yield. We have already switched two hybrids into senior debt, including the BT trade detailed below and will continue to look for further switches.

Spotlight on an issuer: BT

BT - a core holding since launch - was switched from a hybrid position to a longer dated senior bond.

- **Valuation:** With sterling curves fairly steep, we saw value in extending duration within BT bonds. Compression has been a key theme this year and hybrid bonds have benefitted. This presented an opportunity to pick up yield and move up in quality into the longer duration senior debt.
- **Technicals:** The relative steepening of the gilt curve has weighed on longer-dated bond performance. We had anticipated some support from reduced long-end issuance and the BoE's tapering of QT. Additionally, senior bonds have exhibited lower volatility than hybrids, positioning them to outperform in a sell-off, despite their longer duration.
- **Fundamentals:** Fundamentals remain constructive. Line losses have improved, and margin expansion continues to validate the accelerated capex and fibre build out strategy.

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

What to watch out for next month

Rates:	Credit:
The absence or a delay of US data will keep the market on its toes, but the longer the government shutdown lasts, the greater the drag on growth, especially if federal layoffs accelerate. Central banks are likely to remain cautious yet policy divergence across the G7 is set to widen. Japan could raise rates whilst NZ appears poised to cut. France have a budget to sort out before the UK gets its turn to demonstrate fiscal discipline (one can hope).	As issuance nor political fracture did not prevent credit markets from rallying to cyclical tights, there appears to be little on the horizon to trigger credit volatility. To generate alpha against such a sanguine backdrop, we will continue seeking individual opportunities amongst primary and secondary markets while watching out for signs of stress. We do not want to become complacent.

Contact us

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This is a marketing communication. Please refer to the prospectus, the key investor information documents (the KIIDs/PRIIPS KIDs) and the financial statements of Nedgroup Investments Funds plc (the Fund) before making any final investment decisions.

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The price of shares may go down or up depending on fluctuations in financial markets outside of the control of the Investment Manager meaning an investor may not get back the amount invested.

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

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

Prices are published on the Investment Manager's website.

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Germany: The Fund's Facilities agent in Germany is Acolin Europe AG, with the registered office at Line-Eid-Strasse 6, 78467 Konstanz. The Prospectus (in English) and the PRIIPS KID (in German), may be obtained free of charge at the registered office of the Facilities agent, or electronically by Email via facilityagent@acolin.com, or by using the contact form at https://acolin.com/services/facilities-agency-services.

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