

Global Strategic Bond Fund



► Core. Nimble. Proven.

February 2026 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

26 years in the industry



David Roberts

Co-portfolio Manager

36 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

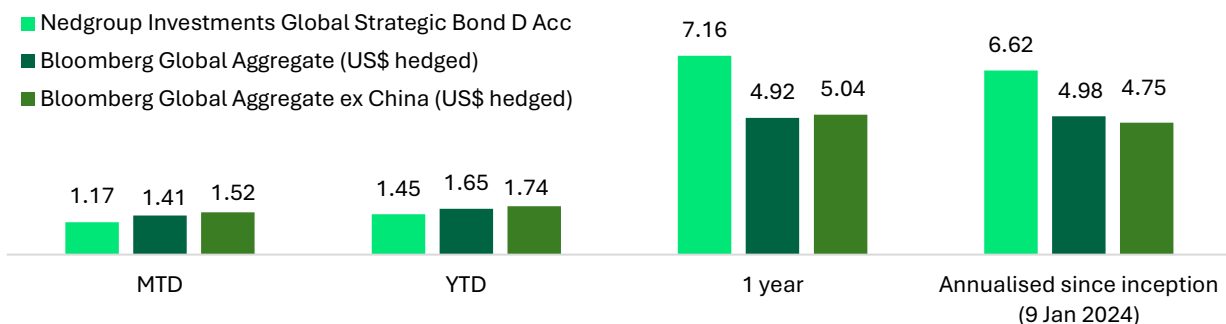
Month-end came as the US was still building its Gulf armada and had yet to strike Iran. Bonds had a stellar February as general risk-off sentiment prevailed. Sovereign debt led the way and yields in many jurisdictions fell below where we considered fair. Although core credit markets have little direct exposure to all things AI, be that specific funding or via software and business consulting services, the generally weaker tone pushed credit spreads wider.

Fund total return was above annualised run rate expectations. Return relative to index was low – duration was sold too soon and despite having less corporate bond exposure than we would normally, we still carried more than index.

We shall see what unfolds in coming weeks. We have scope to add materially to both credit and rates risk. It is unusual for each to sell-off simultaneously; however, in the short-term, continued Gulf tensions could be negative for growth and disruptive for energy prices.

Fund performance

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



Data as at 28 Feb 2026. 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 1.17%, Bloomberg Global Aggregate (US\$ hedged), 1.41% and Bloomberg Global Aggregate ex China (US\$ hedged), 1.52%.

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): -35bps		
Contribution		Positioning comments
Duration	-17bps	We shortened duration too soon. Bonds had rallied and with US terminal rate falling under 3% we took this as a value sign to reduce.
Curve	0bps	Little change.
Geography	0bps	Similar to above. We sold US duration and UST were amongst the best performers.
Asset allocation	-22bps	Both HY and IG lagged sovereign bonds on the month. Our HY weight was steady at around 15%, well below our median 25%. IG also was slightly under median but small overweight index. Note: Both IG and HY posted a positive total return, just not able to keep pace with sovereigns.
Credit sector/ security selection:	+4bps	Our credit selection outperformed credit markets overall with some even demonstrating spread tightening. Utilities in particular performed well as defensive sectors shone. Insurance took a hit from private credit concerns and we have little exposure. There were some names that dragged on performance including Ziggo, Zurich and Telefonica.

Positioning recap and outlook

Total portfolio: Yield = 4.3% (% exc. futures), Duration = 5.0 years, ESG rating: A

Rates (weight = 32.4% (28.7% inc. futures), yield = 3.8%, duration = 5.8 years)

Positioning in sovereign bonds	Fund	Expected fund range	Index
	32% (29% inc. futures)	30% - 40%	53%
Investment perspectives	Valuation Moved from slightly cheap to a little expensive (some US and Japanese bonds rallied 30bp from intra month wides). Hence we sold.	Fundamentals Dull! Rates rallied, credit sold off on geopolitical/AI related risk. Macro backdrop remains benign.	Technicals The wall of supply, the rotation from NL pension funds has made little difference. Market seems well balanced for now

- Yields fell in all major jurisdictions.
- Market levels are stretched and given our value model, we reduced duration.
- Economic conditions remain benign; politics has rekindled volatility.

Contribution data and positioning information as of 28 Feb 2026. 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 = 45.2%, yield= 4.7%, duration = 4.9 years)
(HY: weight = 15.6%, yield= 5.9%, duration = 3.7 years)

Positioning in corporate bonds	Fund	Expected fund range	Index
	Investment grade: 46%	20% - 60%	19%*
	High yield: 16%	20% - 30%	0%
Investment perspectives	Valuations Spreads widened in February, wiping out excess returns in credit YTD. There was some decompression with lower rated credit underperforming. Credit is still trading in expensive territory however.	Fundamentals Fundamentals remain strong but there are concerns building in some areas around the impact of AI and in others around the spike in oil price.	Technicals Continued strong supply with the second highest February on record. Dominated by mega deals from Oracle, Abbott and Alphabet. Expect strong issuance to continue. A lot of cash on the sidelines provides some comfort.

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

- Increasing concerns over private credit is weighing on lower rated high yield. Names are being punished for missed earnings estimates as investors hide in the more defensive areas of the market. Insurance took the brunt of the investment grade sell-off due to questions over asset quality in private markets.
- Combination of mixed economic signals, supply indigestion and AI disruption concerns drove a flight to quality within credit markets.

Portfolio changes and where next

We ended February with less duration than index and less credit risk than our norms. Each market had performed well as evidenced by 27th February showing a fund all-time high. Taking profit for clients, especially on rates seemed no bad idea.

The immediate impact of the Iran situation has been to see rates back up (worries over oil induced inflation offsetting safe haven status) and almost all risk assets further underperform. If the situation continues and rates sell off further, and spreads widen we can anticipate adding to both.

Away from the Gulf, economic data remains supportive for bonds. The other key focus has been AI rotation and if that continues, we will anticipate reaching levels to add more core credit to the fund. Too soon for now.

Spotlight on an issuer: Thom

- Thom is a HY European affordable jewellery retailer with over 900 stores across France and Italy alongside smaller positions in Germany, Belgium and Luxembourg.
- Fundamentals:** Thom is inherently exposed to precious metal prices, despite a hedging policy that provides some respite, the relentless rally in gold has exposed the company to a continued downward gross margin impact. It's business position is robust and network sales have continued to grow, but there are doubts as to whether the consumer can absorb further price increases. Management point to further margin impacts and net leverage will climb from 3.9x to above 5x.
- Valuation:** The bonds repriced from 104 to 97 on the dire outlook presented by management at the FY25 results. We took advantage. We viewed a downgrade likely but felt the move was overdone. Bonds subsequently rebounded towards par, the longer term risks remained and the quick repricing vindicated our short-term view – we deemed it prudent to take profit.
- Technicals:** S&P did downgrade Thom to B from B+ and Moody's moved to a negative outlook on the B2 rating as expected. Thom still trades below liberation day levels and has become increasingly volatile as investor positioning is yet to settle on the name,

Contribution data and positioning information as of 28 Feb 2026. Yield shown is yield to worst. Source: Nedgroup Investments

What to watch out for next month

Rates:

Economics continues to take a back seat to geopolitics/AI worries.

Those have taken yields a little too low, leaving us to trim fund duration.

A back up toward mid February levels (call it 20-25bp in major markets) and we will likely move much closer to index duration.

Oil prices seem key for now.

Credit:

The length of Iranian conflict will drive how significant the credit sell-off will be. The credit market was already weakening due to supply, valuation and mixed economic signals. A prolonged period of uncertainty could further question the extent of credit "cockroaches" and what it means for liquidity.

Contact us

Email: Clientsolutions@nedgroupinvestments.com

London: 7th Floor, 12 Arthur Street, EC4R 9AB, +44 (0) 7960 901396

Disclaimer

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.

These documents are available from Nedgroup Investments (IOM) Ltd (the Investment Manager) or via the website: www.nedgroupinvestments.com, where the prospectus is available in English and the KIIDs/KIDs in English and the official languages of each country of registration.

This document is of a general nature and for information purposes only, it is not intended for distribution to any person or entity who is a citizen or resident of any country or other jurisdiction where such distribution, publication or use would be contrary to law or regulation. Whilst the Investment Manager has taken all reasonable steps to ensure that this document is accurate and current at the time of publication, we shall accept no responsibility or liability for any inaccuracies, errors or omissions relating to the information and topics covered in this document.

The Fund is authorised and regulated in Ireland by the Central Bank of Ireland. The Fund is authorised as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 as amended and as may be amended, supplemented, or consolidated from time -to-time and any rules, guidance or notices made by the Central Bank which are applicable to the Fund. The Fund is domiciled in Ireland. Nedgroup Investment (IOM) Limited (reg no 57917C), the Investment Manager and Distributor of the Fund, is licensed by the Isle of Man Financial Services Authority. The Depository of the Fund is Citi Depository Services Ireland DAC, 1 North Wall Quay, Dublin 1, Ireland. The Administrator of the Fund is Citibank Europe plc, 1 North Wall Quay, Dublin 1, Ireland.

The sub-funds of the Fund (the Sub-Funds) are generally medium to long-term investments, and the Investment Manager does not guarantee the performance of an investor's investment and even if forecasts about the expected future performance are included the investor will carry the investment and market risk, which includes the possibility of losing capital.

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.

Distribution: The prospectus, the supplements, the KIIDs/PRIIPS KIDS, constitution, country specific appendix as well as the annual and semi-annual reports may be obtained free of charge in English for the prospectus and in English together with the relevant local languages for the KIIDs/KIDs from the country representative, the Investment Manager, or at www.nedgroupinvestments.com. The Investment Manager may decide to terminate the arrangements made for the marketing of its collective investment undertakings in accordance with Art 93a of Directive 2009/65/EC and Art 32a of Directive 2011/61/EU.

Switzerland: The Representative is Acolin Fund Services AG, Maintower, Thurgauerstrasse 36/38, 8050 Zurich, Switzerland, whilst the Paying agent is Banque Heritage SA, Route de Chêne 61, CH-1211 Geneva 6. Nedgroup Investments (IOM) Limited is affiliated to the Swiss ombudsman: Verein Ombudsstelle Finanzdienstleister (OFD), Bleicherweg 10, CH-8002 Zurich.

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>.

U.K: Nedgroup Investments (UK) Limited (reg no 2627187), authorised and regulated by the Financial Conduct Authority, is the facilities agent. The Fund and certain of its sub-funds are recognised in accordance with Section 264 of the Financial Services and Markets Act 2000.

Isle of Man: The Fund has been recognised under para 1 sch 4 of the Collective Investments Schemes Act 2008 of the Isle of Man. Isle of Man investors are not protected by statutory compensation arrangements in respect of the Fund.