Global Strategic Bond Fund

NEDGROUP INVESTMENTS

▶ Core. Nimble. Proven.

May 2026 Commentary, Marketing Communication

ISINs: Class D Acc USD: IE000H9BC817 | Class D Inc GBP hedged: IE000TEXPBZ5
Class D Inc EUR hedged: IE0009J3J172

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

Goldilocks has entered the building…if you look at equity markets, or credit indices for that matter you'd be forgiven for thinking we were all living in a world without risk. Even rates markets, which as recently as April feared inflation and aggressive central bank tightening, decided to rally in May.

We have some sympathy with that latter point. Energy price spikes are transient, and base effects should drive a disinflationary "crisis" over a typical G7 two-year forecast period. Of course, second round effects or renewed US/Iran aggression could quickly derail that trajectory.

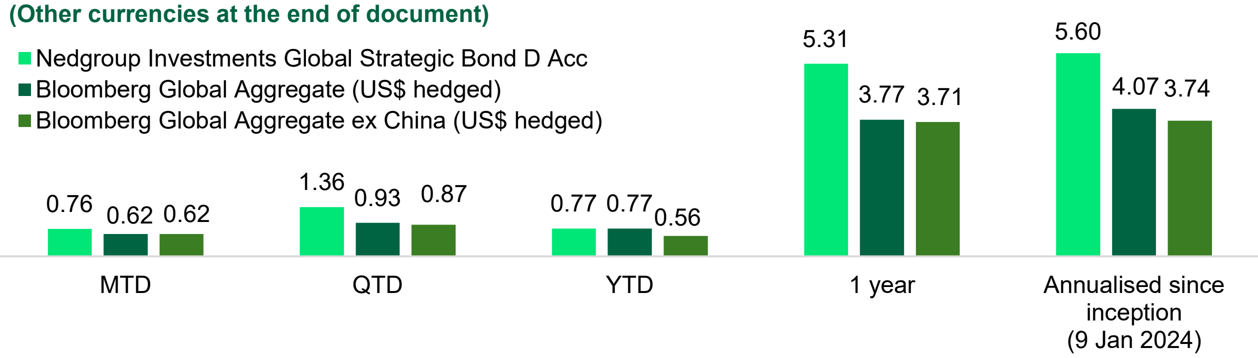
While we continue to run credit risk somewhat "light" relative to our normal levels, we remain modestly overweight versus the Bloomberg Global Aggregate. That positioning together with active duration management - where we moved to 6.5 years close to yield highs – contributed positively to relative performance over the period.

Strategically, we continue to see bonds at current levels as attractive. Yields have risen since the fund's launch, yet total return remains positive and in double digits. This highlights the power of income alongside alpha. We expect the former to continue driving inflation-beating returns, and the latter to provide incremental gains over the coming months.

Fund performance (USD)

(Other currencies at the end of document)

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



Data as at 31 May 2026. 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.

MONTHLY PORTFOLIO UPDATE

Key return drivers

Over the month, the fund returned 0.76%, Bloomberg Global Aggregate (US$ hedged), 0.62% and Bloomberg Global Aggregate ex China (US$ hedged), 0.62%.

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

Total excess return for the month (net vs Bloomberg Global Agg ex China): +14 bps		
Contribution		**Positioning comments**
Duration	+4bps	Successfully moved longer as yields rose and made modest gains exploiting headline driven volatility.
Curve	0bps	We removed most of our risk following recent successes from EU flattening. All seems directional, steepening in a bull market and vice versa.
Geography	+0bps	10% of the fund by duration is in Australia - the best performing major market. However, our lack of UK, France and Italy was a drag. Despite being a small part of the index, the moves were significant.
Asset allocation	+7bps	Spreads continued to tighten though our allocation to European investment grade dragged on potential excess return as spreads tightened just 2bps. US credit markets led the way as demand for yield products drove markets higher.
Credit sector/ security selection:	+3bps	Our European credit selection outperformed with decent spread tightening from Tereos, Tui , Motel One and Ford to name a few.

Positioning recap and outlook

Total portfolio: Yield = 4.7% (% exc. futures), Duration = 5.9 years, ESG rating: A

Rates (weight = 33.5% (50.6% inc. futures), yield = 4.2%, duration = 5.4 years)

Positioning in sovereign bonds	Fund	Expected fund range	Index
	34% (51% inc. futures)	**30% - 40%**	**53%**
Investment perspectives	**Valuation** Cheap strategically, rally into month-end on Iran solution makes us wary tactically.	**Fundamentals** CPI reported as rising globally, but less than feared. Too early to tell extent of 2nd round effects. Wages are key.	**Technicals** Long-term investors seem to have moved longer duration. Supply remains well within market comfort zones. No buyers' strike.

- The highest yields in decades created opportunity for market rally.
- Focus shifting from CPI worry to medium-term growth destruction.
- Great entry point for those not expecting 1980's style inflation.

Contribution data and positioning information as of 31 May 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 = 46.5%, yield= 5.1%, duration = 4.8 years)
(HY: weight = 15.5%, yield= 6.3%, duration = 3.2 years)

Positioning in corporate bonds	Fund	Expected fund range	Index
	Investment grade: 47%	20% - 60%	19%*
	High yield: 16%	20% - 30%	0%
Investment perspectives	**Valuations.** Spreads are back to near cycle tights as credit markets shrugged off any concerns around the impact of a prolonged Iranian war. US high yield was the best performing credit class though this masked bifurcated performance. Spreads widened in the lower rated CCC's on default concerns.	**Fundamentals** Earnings continued to outperform expectations. Recent surveys suggest companies will pass on less of the energy price increase to consumers than the 2022 spike due to a weaker employment market. How long can margins defy expectations?	**Technicals** Issuance picked up yet again in May, with European markets recording their busiest May and second busiest month on record. Issuance was skewed towards non-financials. Demand continued to remain solid, however. We expect the pace of issuance to slow in June.

*"Pure" IG credit. Add in Std the index has 47%

Portfolio changes and where next

Rates markets have calmed down a bit. Yields in most geographies remain elevated though and markets continue to price for rate hikes. We are starting to see a degree of dispersion – the US Treasury market lagged Europe, Gilts rebounded from political lows. That dispersion, fragmentation may offer a better alternative than outright duration positioning as a source of alpha in the short term.

There has been a small degree of position rotating within our credit holdings as we seek out alpha opportunities. Weightings have also edged higher; however, we are still well below our mandate's average credit positioning. Credit has been remarkably stable – demand has been high and the quality and breadth of issuer does support a thesis of just "shut your eyes and buy". We are all long enough in the tooth to recognise that as a warning sign.

Spotlight on an issuer: Heimstaden Bostad (HEIBOS)

- HEIBOS is a Swedish real estate issuer with a portfolio of mainly residential properties across Europe.
- **Fundamentals**: There has been a marked improvement in financial performance, driven by strong like-for-like revenue growth. The company's privatisation strategy has delivered proceeds for deleveraging, which enabled S&P to revise its outlook from negative last year. Management is now targeting a further improvement in the interest coverage ratio.
- **Valuation**: Spreads widened by nearly 60bps in March, reflecting a weaker credit backdrop and the repricing of ECB expectations. We viewed the move in the 3.5-year bond as overdone and added to the position. The bond subsequently rallied by 40bps into May. However, with 2–3 ECB hikes still priced in and the potential for HEIBOS' interest coverage ratio to come under pressure, we took profits.
- **Technicals**: Investors de-risked in March, with positioning turning net short. Higher beta travel and rate-sensitive names bore the brunt of the sell-off, which we took advantage of. Positioning has since shifted back towards adding risk, but at this stage we see less scope for technical drivers.

Contribution data and positioning information as of 31 May 2026. Yield shown is yield to worst. Source: Nedgroup Investments

What to watch out for next month

Rates:

What Donald does next...as has been the case for over a year.

Lower oil, rates rally with the short end leading the way.

Expect ECB to hike, likely one and done with possibility of reversing recent underperformance to US.

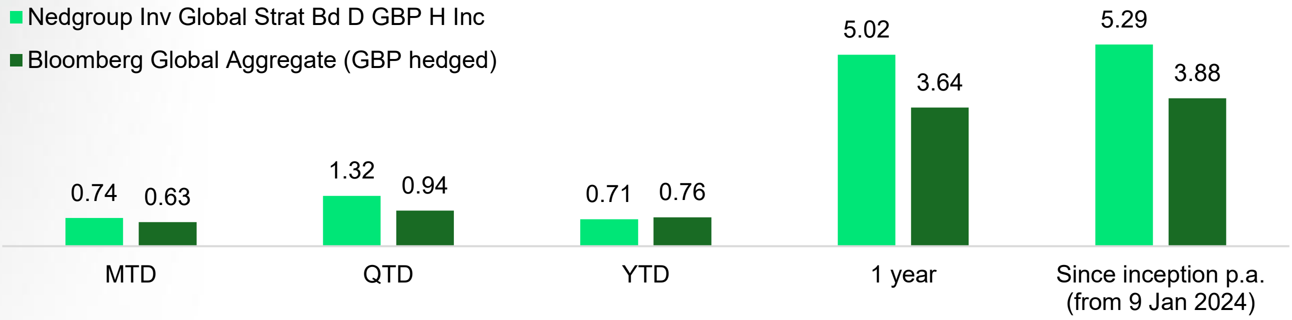
The sideshow for us that is the UK? Recent relative rally may be challenged by renewed political speculation. Avoid for now.

Credit:

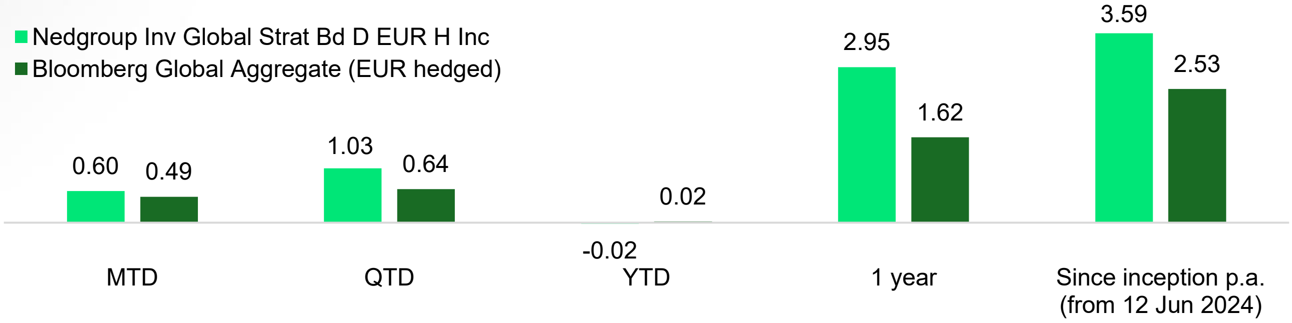
With supply falling in the summer months, the technical backdrop in credit should improve at the margin. With little to derail fundamentals we can easily justify the base case of credit remaining in a narrow trading range. There is little to no deterioration priced into the market, however, we maintain a cautious approach.

Earnings expectations should deteriorate as the prolonged closure of the Strait of Hormuz impacts results in the second half of the year.

Fund performance (GBP)



Fund performance (EUR)



Data as at 31 May 2026. Inception date of shareclass. Source: Morningstar. 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.

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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.

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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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