

Table of Contents

Abrdn Pacific Equity Fund	4
AllianceBernstein Emerging Markets Debt Portfolio Fund	6
AllianceBernstein Emerging Markets Multi-Asset Portfolio	8
AllianceBernstein Global High Yield Portfolio	10
AllianceBernstein Low Volatility Equity Portfolio	14
AllianceBernstein Sustainable US Thematic Portfolio	17
Allianz Artificial Intelligence.....	19
Amundi Cash USD	21
Amundi Funds Pioneer US Bond	24
Amundi Funds Pioneer US Equity Fundamental Growth	27
Architas Flexible Bond Fund.....	30
Architas Flexible Equity Fund	30
Architas Multi-Asset Balanced Fund	31
AXA World Funds Europe Real Estate	31
AXA World Funds – Global Inflation Bonds.....	32
AXA World Funds Europe Small Cap	32
AXA World Funds - Global High Yield Bonds.....	33
BlackRock China Fund	34
BlackRock Global Allocation Fund.....	35
BlackRock Global Equity Income Fund	37
BlackRock World Energy Fund	39
BlackRock World Gold Fund.....	41
BlackRock World HealthScience Fund	42
BlackRock Latin American Fund	44
BlackRock World Mining Fund	46
BlackRock World Technology Fund.....	48
FAM Global Income Fund.....	50
FAM Global Opportunities Plus Fund.....	51
FAM Millennium Equity Fund	51
Fidelity Global Financial Services Fund	52
Franklin Global Sukuk Fund.....	53

Franklin Income Fund.....	55
Franklin India Fund.....	58
Franklin K2 Alternative Strategies Fund.....	59
Franklin Technology Fund.....	61
Franklin Templeton Western Asset Asian Opportunities	64
Franklin Templeton Western Asset Global Bond Trust.....	66
Fullerton Total Return Multi-Asset Advantage Fund.....	67
Fundsmith Equity Fund	69
Goldman Sachs Emerging Markets CORE Equity Portfolio	70
HSBC GIF Asia Bond.....	71
HSBC GIF Asia Pacific ex Japan Equity High Dividend	73
HSBC GIF Global Lower Carbon Equity.....	73
HSBC GIF Indian Equity	74
HGIF - Global Short Duration Bond.....	75
HSBC Portfolios World Select 5.....	76
Invesco Asia Consumer Demand Fund.....	76
Invesco Emerging Market ex-China Fund	78
Janus Henderson Fund - Continental European Fund	79
Janus Henderson Horizon Fund - Japan Opportunities Fund	81
Janus Henderson Horizon Fund - Pan European Absolute Return Fund	82
JPMorgan Global Income Fund.....	85
JPMorgan Greater China Fund.....	86
JPMorgan India Fund	87
Mirae Asset ESG Asia Great Consumer Equity Fund.....	88
Natixis Loomis Sayles Multisector Income Fund.....	91
Natixis Mirov a Global Sustainable Equity Fund	94
Neuberger Berman Strategic Income Fund	98
Nomura Japan High Conviction Fund.....	101
PGIM Global Total Return Bond Fund.....	102
Pictet Asian Local Currency Debt Fund	104
Pictet Global Emerging Debt Fund.....	104
Pictet Premium Brands Fund	105

Pictet Security Fund	106
PIMCO GIS Income Fund	107
PineBridge Asia ex-Japan Small Cap Equity Fund	108
Principal Preferred Securities Fund	110
Robeco SDG Credit Income Fund	113
Robeco Global Consumer Trends Fund.....	114
Schroder Asian Dividend Maximiser Fund	115
Schroder Asian Growth Fund	117
Schroder Asian Income Fund	119
Schroder ISF Global Equity Alpha Fund.....	121
Schroder ISF QEP Global Quality Fund.....	121
Schroder ISF Taiwanese Equity Fund	122
Schroder Global Emerging Market Opportunities Fund	123
Schroder Multi-Asset Revolution 30 Fund	126
Schroder Multi-Asset Revolution 50 Fund	127
Schroder Multi-Asset Revolution 70 Fund	129
Schroder Singapore Fixed Income Fund	131
Schroder Singapore Trust.....	132
Templeton China Fund.....	135
Templeton European Opportunities Fund.....	136
Templeton Latin America Fund.....	137
Templeton Shariah Global Equity Fund	139
United SGD Fund.....	141
United Asian Bond Fund	142
United Emerging Markets Bond Fund.....	143
United Singapore Bond Fund	144

ILP Sub-Funds available for HSBC Life Flexi Protector, HSBC Life Wealth Abundance, HSBC Life Wealth Accelerate, HSBC Life Wealth Harvest, HSBC Life Wealth Invest (Cash/SRS), HSBC Life Wealth Treasure, HSBC Life Wealth Voyage, Optimus, Polaris and Pulsar

Abrdn Pacific Equity Fund

Investment and Market Review

Overall, Asian equities proved resilient in 2025, delivering strong gains. The year began on an uncertain note, with persistent concerns about tariff risks, the direction of the US economy, and the US Federal Reserve's policy. The volatility was most extreme in February, when the launch of a low-cost Chinese artificial intelligence (AI) model, DeepSeek, took the world by surprise and led to market swings as investors scrambled to adjust expectations around AI, data centre capital expenditure and technology hardware demand. Thereafter, most markets recovered as the US appeared to be making progress on trade deals with several countries, including China. Support also came from robust returns in the technology sector, underpinned by the continued strength of the AI thematic. There was also growing optimism around subsiding trade tensions and ramped-up expectations of interest rate cuts.

Turning to performance, the Fund returned 17.61% in Singapore dollar terms, underperforming the benchmark index, which rose by 22.75%. Most of this underperformance occurred in the first and second quarters of 2025, when our quality bias hurt performance amid persistent style headwinds. China again proved pivotal as quality underperformed as a style in the first half, with value and state-owned enterprise (SOE) names performing better than privately owned enterprises, driven by a pronounced investor preference for yield, although we saw signs of this reversing in the latter months of 2025.

Stock selection was also a factor; specifically, the Fund's lack of exposure to Alibaba in February proved costly. In China, the DeepSeek announcement drove a sharp increase in AI-related stocks. As a result, the Fund's underweight exposure to **Alibaba** significantly detracted from performance, given that its share price spiked by more than 50% in the first quarter of 2025. To place our Alibaba positioning in context, we exited Alibaba in late 2024 despite its low valuations due to growing concerns about its struggling e-commerce business, which was losing market share to rivals such as PDD. Alibaba subsequently showed signs of turning around this e-commerce segment. As a result, we re-initiated our position in the company in March 2025. The AI theme also buoyed **Tencent**, a core fund holding, which has the second-largest cloud business in the country, behind Alibaba.

Elsewhere, the Fund's overweight exposure to India detracted from returns, as the market experienced profit-taking after buying interest returned in March. **Indian Hotels**, Info Edge India and Tata Consultancy Services (TCS) detracted from returns; we sold out of Info Edge and TCS in view of better prospects elsewhere. The Reserve Bank of India has started its rate-cutting cycle and injected liquidity into the market, and we expect India to continue generating comfortable double-digit earnings growth ahead.

Mitigating the losses was the strength in South Korea. Following the extreme market volatility caused by domestic political turmoil in December 2024, Korean stocks rebounded on optimism over growing political certainty and the new government's economic policies and market reform measures. More recently, we witnessed better-than-expected exports, particularly from the semiconductor sector, supported by strong

pricing and sustained AI-driven demand. Our exposure to **SK Hynix** and **Samsung Electronics** benefited from structurally supportive supply-demand dynamics. Prices rose as supply lagged demand growth, underpinned by rising memory needs as AI adoption accelerated. The semiconductor uptrend also spilled over to **Hyundai Electric**, which saw robust order books, extended lead times, and improved pricing in its core power equipment business amid supportive supply-demand dynamics.

The tech-heavy Taiwanese market also rallied due to growth in AI hardware demand, with **Chroma Ate** emerging as the top contributor. Chroma supplies testing equipment to the semiconductor industry, whose demand is closely tied to the rise of AI. There were also positive contributions from AI-exposed names, such as **ASE Technology** and **Accton Technology**.

Turning to portfolio activity, we maintained our discipline around earnings and cash flow visibility.

In China, we introduced a few new holdings across a range of sectors, including **Ping An Insurance**, which continues to demonstrate its ability to leverage on technology to build a robust financial supermarket; **Fuyao Glass**, the country's leading auto glass maker, with over 60% domestic market share and expanding globally; as well as **Xiaomi** on attractive valuations, given its good fundamentals and growth outlook in both the consumer electronics and electric vehicle (EV) markets. Conversely, we exited positions such as Inner Mongolia Yili, Nari Technology and Kweichow Moutai.

Elsewhere, in India, we turned more defensive and reduced our exposure to exporters, cyclicals, and IT services amid geopolitical headwinds, tariffs, slowing growth, and an earnings downgrade cycle. The divestments included Info Edge, TCS, and Power Grid Corp of India. At the same time, we added a new holding in **Mahindra & Mahindra**, which is expected to benefit from a strong SUV model cycle, a new line-up of electric vehicles, and improved capital allocation at the group level.

Turning to Taiwan, we bought **GlobalWafers**, a top-tier silicon wafer manufacturer critical to the global semiconductor supply chain, and **Nien Made**, a global leader in window coverings, given its vertically integrated model and exposure to the US housing market, making it a steady compounder with strong cash flow.

Finally, in Australia, we invested in **Medibank Private**, the best-quality player in the domestic private health insurance sector. We believe that it can maintain its market-leading profitability through the cycle, given its strong franchise and management. We also introduced Australian miner **Rio Tinto**, a proxy for China and the emerging markets' growth story. Its assets are world-class, and management has been disciplined through the cycle, focusing on bolstering the balance sheet, cutting costs and preserving cash.

Market Outlook and Investment Strategy

Looking forward, Asian corporates remain fundamentally sound, supported by low leverage, strong competitive positioning, and a broadly favourable macroeconomic environment with limited inflationary pressures. While challenges persist, the companies we hold are led by dynamic management teams, possess robust financials, and operate with high barriers to entry and globally competitive business models. These attributes have enabled them to navigate past shocks effectively, and we remain optimistic about their long-term growth prospects. We continue to believe that high-quality companies are best positioned to demonstrate resilience, particularly amid heightened volatility and macroeconomic uncertainty.

Source: abrdrn Asia Limited.

AllianceBernstein Emerging Markets Debt Portfolio Fund Investment and Market Review

In December, the Emerging Markets Debt Portfolio (Class A) increased in absolute terms and outperformed the J.P. Morgan Emerging Market Bond (EMBI) Global Diversified Index [1], which returned 0.72%. Year to date, the Portfolio increased absolute returns and outperformed the Benchmark's return of 14.30%. All returns are stated net of fees and in US-dollar terms.

Emerging-market (EM) debt assets posted positive returns in December. Hard-currency sovereigns were led by the high-yield component, as investment grade sovereigns were slightly negative over the month. Hard-currency corporates also had positive returns, with investment-grade corporates trailing high-yield corporates. Local-currency debt led EM returns during December, with local rates and EM currencies both contributing to results, as the US dollar fell against all developed-market (DM) currencies except the yen and was mixed versus EM currencies in December.

The Portfolio produced positive absolute returns and modestly outperformed its Benchmark in December. Off Benchmark exposure to South African local-currency debt was the largest contributor to relative performance, from both local rates and exposure to the South African rand. Our underweight exposure to and sector allocation in Peru contributed, particularly off-Benchmark exposure to Peruvian corporate debt. A country overweight to Argentina also contributed. Overall positioning in Brazil was the largest detractor to results, from off-Benchmark exposure to Brazilian local rates and the Brazilian real. An overweight to Senegal also detracted, as markets continued to react to concerns around the country's debt sustainability, along with an overweight Colombia.

During December, we added local-rates exposure to Brazil, increased our exposure to hard-currency sovereign and quasi-sovereign debt in Mexico, and also increased our exposure to hard-currency sovereign debt in South Africa.

Conversely, we reduced hard-currency sovereign debt positions in Colombia and Guatemala. We ended December with a slightly reduced Portfolio duration [2] overweight of about 0.8 years, compared to our Benchmark duration of 6.5 years.

Credit quality [3] remained at BB, compared to BB+ for the Benchmark. We ended the period with our largest nominal overweights in Mexico, Colombia and Turkey. Our largest underweights were in Saudi Arabia, the UAE and Indonesia.

Market Outlook and Investment Strategy

In December, DM government bond yields rose and returns fell in aggregate by 0.35%, as measured by the Bloomberg Global Treasury Index on a hedged-to-US-dollar basis. The sell-off was led by higher Japanese yields, as investors reacted to Japan's expansionary fiscal spending plans and the resumption of monetary tightening by the Bank of Japan. In the US, 10-year US Treasury yields rose 15 bps to 4.17%, while two-year yields fell 2 bps to 3.48%.

The EMBI Global Diversified Index rose 0.72% and outperformed the 0.35% loss among DM treasuries. The interest-rate sensitive investment-grade portion fell slightly by 0.01%, while the high-yield segment gained 1.45%. The sovereign portion of the index increased 0.89%, while quasi-sovereigns (which represent about 20% of the hard-currency index) posted a minor loss of 0.01%. Spreads overall tightened by 16 bps to 253 bps, ending the period with a yield of 6.81%.

Regionally in the hard-currency sovereign index, the mainly high-yield and commodity-exporting African region led with a gain of 2.40%, while the mainly interest-rate sensitive Asia region posted a minor gain of 0.02%.

Over the month, EM corporate bonds, as measured by the CEMBI Broad Diversified Index, rose 0.48% and underperformed the 0.89% gain among sovereign bonds in the EMBI Global Diversified Index. There was some divergence between investment grade and high yield, with investment-grade corporates rising 0.21%, while the high yield portion increased by 0.87%. Spreads overall tightened by 13 bps to 237 bps, and the corporate index is now yielding 6.37%. At a regional level in the headline CEMBI Broad Diversified Index, the EM Europe region led relative returns with a gain of 0.98%, while the Middle East region trailed with a gain of 0.23%. At the corporate sector level, the metals and mining sector led with a return of 0.88%, while the technology/media/telecom sector trailed with a gain of only 0.02%.

EM local-currency sovereign bonds rose 1.49%, with local rates increasing by 0.61%. Currency gains were 88 bps, as the US dollar was mixed against EM currencies in December. From a regional perspective in local-rates returns, the Middle East/Africa region led with a gain of 2.83%, while the LATAM region trailed with a loss of 0.06%. At the country level, South Africa rose 6.29%, while Brazil trailed with a loss of 2.43%. From an EM currency perspective against the US dollar, the South African rand rose 3.33%, while the Brazilian real trailed with a loss of 2.55% against the US dollar.

The global economy slowed in 2025 but proved resilient to significant shocks. We expect growth to pickup in 2026 though remain below trend. We believe that the range of possible outcomes has narrowed, given a low probability of sharp economic downturns or outsized inflation spikes. Numerous underlying factors remain—including budget deficits, trade flows, tariffs and AI capital investments—that could lead to isolated volatility and more economic divergence at the country level.

We have seen growth remain surprisingly resilient in both DM and EM, with the growth differential favoring EM. Within hard-currency assets, spreads remain historically tight while yields are high versus history. The asset class is also supported by technical factors, as high gross issuance this year was dominated by a few issuers, and as EM remains under-owned by investors globally following several years of net outflows. We are biased toward expecting US dollar depreciation, due to both cyclical factors such as slower growth and more structural factors such as US policy uncertainty, and the potential for reallocation away from US assets and toward the rest of the world. The US dollar depreciated significantly this year, boosting the returns of EM local-currency assets. Given the diversity of the asset class, selectivity in EM debt will be key going forward.

Source: AllianceBernstein L.P.

AllianceBernstein Emerging Markets Multi-Asset Portfolio

Investment and Market Review

Emerging-market (EM) equity stocks, as measured by the MSCI^[1] EM Index^[2], increased 15.88% for the six-month period that ended on 31 December 2025. Global markets rallied over the summer as investors maintained their enthusiasm for AI-related stocks, but uncertainty over future US Federal Reserve rate cuts grew after conflicting data on US employment and inflation. Remarks from Fed Chair Jerome Powell in August clarified the central bank's shifting focus to labour market weakness, and the Fed subsequently lowered interest rates three times in the second half of 2025. Concerns over technology stock valuations and future Fed monetary policy decisions weighed on US stocks throughout the fourth quarter as investors rotated from growth stocks into the more undervalued sectors of the market. Investors also looked to equity markets outside the US to diversify from large-cap technology.

Within large-cap markets, both growth and value stocks gained in absolute terms, with growth outperforming on a relative basis. Both large- and small-cap stocks increased in absolute terms, with small-cap stocks outperforming on a relative basis.

Fixed-income government bond market yields were volatile as investors reacted to tariff announcements, government budgets and deficits, central bank decisions, Fed independence, economic growth and inflation expectations, and US-dollar weakness. Global developed-market (DM) yields generally fell over the period, and government bond returns rose in aggregate. Returns were the highest in Switzerland, New Zealand and the UK, and fell in Japan, Australia and Sweden. Overall, DM investment-grade corporate bonds outperformed government bonds. Investment-grade corporates in the eurozone advanced and outperformed the gain among eurozone treasuries, while US investment-grade corporates also outperformed US Treasuries. DM high-yield corporate bonds had solid results and outperformed treasury markets. High-yield corporates in the eurozone and the US outperformed their respective treasury markets. EM hard-currency sovereign bonds outperformed DM treasuries by a wide margin, while EM hard-currency corporate bonds performed well overall. In both EM hard-currency indices, returns were supported the most by high-yield debt. EM local-currency bonds led other credit risk sectors with strong results as the US dollar was mixed against most DM and EM currencies during the period.

[1] MSCI indices measure the performance of different stock types in geographic areas. They track the performance of the stocks included in the index and are used as the base for exchange-traded funds.

[2] An investor cannot invest directly in an index, and index results are not indicative of the performance for any specific investment, including an AB fund. Indices do not include sales charges or operating

For the second half of 2025, Class A shares of the AB Emerging Markets Multi-Asset (EMMA) Portfolio increased in absolute terms but underperformed the Benchmark, the MSCI EM, net of fees. Our overall allocation to currency detracted during the period, while overall allocations to both equity and fixed income contributed. Security selection within equity, fixed income and currency detracted.

Xiaomi detracted on concerns around weaker smartphone sales and a slowdown in connected appliances as government subsidies tapered off. Investors remained concerned about the ramp up for Phase 2 of Xiaomi's electric vehicle factory, given current supply constraints and a potential delay in government approval for Phase 2.

Sino Biopharmaceutical detracted amid broad-based profit-taking in Chinese pharmaceutical and biotechnology names. In addition, expected out-licensing deals have yet to materialise in 2025, which disappointed the market.

Qifu Technology, a China-based credit-tech company, detracted after investor concerns grew over the potential impact of regulatory restrictions on loans with interest rates exceeding 24%.

Samsung Electronics contributed, supported by continued strength in conventional memory pricing, with fourth-quarter DRAM contract pricing up approximately 78% quarter over quarter (QoQ) versus the third quarter by December, and fourth-quarter NAND contract pricing up approximately 20%–25% QoQ. HBM pricing sentiment also improved, as reports indicated memory suppliers are seeking to hike HBM3E prices by 30% in 2026 thanks to soaring AI demand, reversing prior expectations of price declines. Additional positive catalysts include notably reduced Foundry losses with recovering utilisation, accelerated internal GPU development for Exynos and reports that Samsung's HBM4 is leading peers in NVIDIA's HBM4 performance tests.

Taiwan Semiconductor Manufacturing (TSMC), contract manufacturer of semiconductor chips, contributed despite a decline due to selloff in AI-related stocks driven by concerns over high valuations. TSMC remains a key player and continues to expand its operation to maintain its leading position in the semiconductor market, critical for the ongoing AI revolution.

SK Hynix contributed as the semiconductor vendor benefited from similar themes as Samsung Electronics, including conventional DRAM and HBM pricing strength.

At the end of 2025, the top five equity sector weights as percentages of equity holdings were: technology (23%), financials (20%), communication services (10%), consumer discretionary (7%) and industrials (6%).

Market Outlook and Investment Strategy

Over the second half of 2025, we added to the Portfolio's equity exposure at the margin and maintained a modest overweight, ending the year above long-term averages. From a foreign exchange (FX) perspective, we maintained our basket of EMFX exposure, reducing our strategic US-dollar allocation by approximately 5%.

On the equity side, our largest active overweights are in China, the United Arab Emirates, Poland and Chile, where we are finding attractive opportunities across a range of sectors. Within Poland, one of our largest active positions is in Bank Pekao—a high quality, dividend-rich Polish bank with resilient capital ratios and low loan-to-deposit ratios. We believe the company is well positioned to capitalise on the recovery in the loan market and has achieved promising growth in its loan portfolio and fee income across products, providing profitability resilience in the face of rate cuts. The growth is also supported by the bank's new management strategy to diversify into additional segments like small and medium-sized enterprises and retail, which might also structurally improve the bank's profitability.

On the fixed income side, our largest allocations remain in Mexico, Turkey and Colombia in absolute terms.

In the hard-currency sovereign space, we prefer selective high-yield exposure relative to investment grade, in part due to more attractive valuations. Although the size and composition of this high yield overweight has fluctuated in 2025, including reducing exposure to some of the lowest credit quality names, this theme remains in the Portfolio heading into 2026. At points throughout the year, we added exposure to local rates, particularly in countries like Mexico, South Africa and Brazil where real policy rates are high, where central banks have greater room to ease, in those with high sensitivity to DM duration[3], and with low sensitivity to risk assets more broadly.

Despite 2025 being marked by geopolitical risks from regional conflicts and tariff uncertainties, it was an excellent year for EM investors. Looking ahead, we expect EM assets to continue offering attractive opportunities in 2026, supported by easing monetary conditions and resilient fundamentals. However, risks remain—particularly related to US foreign policy uncertainties and ongoing regional tensions. In this type of environment, a flexible and global approach to EM is vital to capture opportunities and manage against risk.

Source: AllianceBernstein L.P.

AllianceBernstein Global High Yield Portfolio Investment and Market Review

In the second half of 2025, the Global High Yield Portfolio (Class A) delivered positive absolute returns but underperformed its Benchmark, the Bloomberg Global High Yield Index (hedged to USD), which returned 5.13% (all returns stated net of fees and in US dollar terms).

During the period, the Portfolio's underweight to emerging-market (EM) sovereigns largely detracted from relative performance. Security selection within EM corporates also hurt returns, though an underweight to the sector modestly contributed. An off-Benchmark allocation to investment-grade corporates was another detractor. However, our security selection within US high-yield corporates helped to offset some of those losses.

Fixed-income government bond market yields were volatile as investors reacted to tariff announcements, government budgets and deficits, central bank decisions, Fed independence, economic growth and inflation expectations, and US dollar weakness. Global developed-market (DM) yields generally fell over the period, and government bond returns rose in aggregate. Returns were the highest in Switzerland, New Zealand and the UK, and fell in Japan, Australia and Sweden.

Overall, DM investment-grade corporate bonds outperformed government bonds.

Investment-grade corporates in the eurozone advanced and outperformed the gain among eurozone treasuries, while US investment-grade corporates also outperformed US Treasuries. DM high yield corporate bonds had solid results and outperformed treasury markets. High yield corporates in the eurozone and the US outperformed their respective treasury markets. EM hard-currency sovereign bonds outperformed DM treasuries by a wide margin, while EM hard-currency corporate bonds performed well overall. In both EM hard-currency indices, returns were supported the most by high-yield debt. EM local-currency bonds led other credit risk sectors with strong results as the US dollar was mixed against most DM and EM currencies during the period.

Market Outlook and Investment Strategy

The global economy slowed in 2025 but proved resilient to significant shocks. Many investors remain complacent despite record equity valuations and tight credit spreads. In 2026, we expect global growth to remain below trend. We believe that the range of possible outcomes has narrowed, given a low probability of sharp economic downturns or outsized inflation spikes. Numerous underlying factors remain—including budget deficits, trade flows, tariffs and AI capital investments—that could lead to isolated volatility and more economic divergence at the country level.

In the US, economic growth held up better than expected in 2025, with 4.3% GDP growth in the third quarter, led by consumer spending and AI capital expenditures. On the fiscal front, the national debt continues to rise, despite record tariff income. Inflation remains elevated, and many companies have warned that further price increases are likely because tariff-free inventories have mostly been exhausted. Consumer confidence remains weak, mainly because of higher prices and job security, as the unemployment rate recently hit a four-year high of 4.6% and as employers pull back on hiring because of tariffs. The US economy is bifurcated with higher-income households holding up consumer spending while lower-income households are struggling—a so-called K-shaped economy. A retrenchment in US stocks could have a dramatic effect on aggregate consumption if higher-income households begin to curb spending. The outlook for monetary policy will likely be determined by labor market weakness and Fed independence, after the new chair is confirmed when Fed Chair Jerome Powell's term ends in May. The Fed expects GDP growth to be 2.3% next year, with core PCE inflation falling to 2.4% and the unemployment rate at 4.4%. The Fed expects only one rate cut next year, according to median Fed member dot plot projections.

In the UK, inflation recently fell more than expected, and the shift of climate change costs away from energy bills to general taxation could lower headline inflation by about 50 basis points (bps) starting in April. Private sector pay is falling closer to the Bank of England's (BoE's) 3.5% forecast. Consumer confidence remains weak, as evidenced by recent lackluster retail sales. The Autumn Budget of tax increases by Chancellor of the Exchequer Rachel Reeves raised the UK's tax burden to the highest level since the 1950s. The Office for Budget Responsibility reduced its five-year growth forecast by 30 bps per year to 1.5%, so Reeves is pinning her optimistic growth outlook on further cuts by the BoE. After the BoE voted in a tight 5-4 decision to cut the bank rate by 25 bps to 3.75%, BoE Governor Andrew Bailey warned that future easing would be a close call. Markets currently only expect one rate cut by the BoE next year.

In the eurozone, German Chancellor Friedrich Merz secured an absolute majority for a flagship pension bill, and the 2026 budget of €524.5 billion was approved by the government. The budget includes almost €127 billion to help the struggling economy, which has stagnated for the better part of the past four years. So far in Merz's term, Germany has shown little signs of recovery. The Bundesbank recently warned that the multiyear stagnation will only fade slowly, as it lowered its 2026 GDP forecast to 0.6% and said that risks "are tilted to the downside." The Bundesbank flagged that indicators did not yet point to an "early and noticeable boost to economic activity from higher public spending." The eurozone's growth prospects hinge on the effectiveness of new German spending. In France, Prime Minister Sébastien Lecornu was able to get the 2026 social security budget passed yet failed to get the overall budget approved for next year, so the French government will have to roll over the 2025 budget until negotiations resume in the

new year, leaving the deficit above 5.0%. The ECB is in a holding pattern on monetary policy and raised its 2026 GDP estimate to 1.2% from 1.0%, and ECB President Christine Lagarde noted that the eurozone economy “has been resilient” despite US tariffs.

Throughout the second half of 2025, we reduced our allocation to lower-rated high yield corporates to improve the quality of the Portfolio. As we shifted our positioning, we also took advantage of the opportunities in the new issue market. Corporate earnings continue to support credit markets, and new issue markets remain active and open to corporate issuers. Despite the recent strength, company fundamentals and balance sheets are continuing to weaken. Leverage and interest coverage were both at historically strong levels in recent years, but as growth has slowed and rates have remained restrictive, fundamentals have deteriorated somewhat. Additionally, consumer-facing companies have noted a “K-shaped” environment in which demand remains robust for higher-income consumers, but is increasingly challenged for lower-income consumers. Issuance from AI “hyperscalers” was topical in the back half of 2025, as many of these companies accelerated capex spending and turned to debt markets for the additional financing. Although these hyperscalers are primarily investment grade rated, the second-order effects of massive AI-related capex do have implications for high-yield issuers. For example, businesses supporting data center build-outs in construction and telecommunications may benefit from stronger demand and improved revenues, while issuers in other industries could face rising input costs and margin compression as hyperscalers’ capex needs drive up prices for energy, materials and other inputs. Even with broader macro concerns, spreads have remained well-supported by strong technicals, as demand for corporate bonds remains strong. Long-term valuations, as defined by yields, are still relatively attractive. Yield to worst (as measured by the Bloomberg Global High Yield Index) ended December at 6.7% and has historically been a good predictor of future returns.

Throughout the period, we increased our allocation to our euro high-yield. However, we still remain underweight relative to the Benchmark. We believe some allocation is warranted given the diversification benefit and an attractive hedging benefit that increases yield for US dollar-based investors (the hedging benefit of euro to US dollar was 1.68% as of December month-end). Fundamentals in the region also remain solid. Corporate balance sheets are in good shape, with leverage and interest coverage ratios near historical averages. In addition, defaults are largely isolated and not indicative of broader systemic risk. Recent decompression and growing dispersion have been among the most glaring trends, reinforcing the importance of active management in capturing value in mispricing while also avoiding the weaker credits. Looking ahead for euro high yield, current yield levels provide an income cushion against market volatility. With breakevens near 200 bps, spreads would need to widen materially before income is fully offset. This attractive setup could provide investors with resilient returns.

Throughout the period, we also took advantage of opportunities in the new issue investment-grade corporates market. The majority of our allocation remains in BBBs, where we have found that select BBBs can offer similar yields to what is currently available in the high-yield market. Spreads have continued to grind tighter, but all-in yields still look compelling. Additionally, corporate fundamentals have been solid, though weakening some, and BBB issuers are generally well-prepared to weather any unexpected economic stresses.

We see opportunity within a cohort of BBB-rated bonds, which we view as having a decent chance of being downgraded to high yield (BB). This cohort of bonds trades cheap to other BBBs and in line with the

broader BB space. Historically, fallen angels tend to outperform other BB bonds after being downgraded to high yield. Additionally, these companies are generally in a better fundamental position than existing BB rated companies. We see an attractive upside/downside opportunity in these potential fallen angels.

We are overweight the energy industry, where we see selective opportunities, supported by strong fundamentals and a favourable regulatory environment. We are constructive on midstream companies that are less sensitive to commodity prices, and we prefer higher-quality independent energy companies that have stronger balance sheets and scalability. Additionally, the space has seen significant mergers-and-acquisitions activity, a trend that can provide a substantial upside for bondholders in the event of a corporate action. We believe recent geopolitical events are unlikely to drive commodity prices meaningfully lower in the coming months given the long-term capital expenditures needed to increase the supply of crude oil in Venezuela.

Our positioning is skewed to larger, national champion banks, which have built up strong credit fundamentals and are well-positioned to navigate the current challenging and volatile macro and geopolitical backdrop. In particular, since the global financial crisis, banks have significantly strengthened capital adequacy, liquidity and asset quality metrics, even to the point where if there is a turn in the regulatory cycle to a somewhat looser approach (either a “simplification” or an actual “de regulation”), these metrics should remain solid. This remains supportive of bonds, even as credit spreads approach cyclical tight levels. Given our confidence in the larger, more diversified banks, we continue to look across the capital structure of these for the best relative value opportunities.

We modestly increased our allocation to EM sovereigns during the second half of 2025. However, the bulk of our EM allocation remains focused in EM corporates and quasi-sovereigns. Relative to some of their DM counterparts, EM corporates have attractive risk-adjusted returns as well as strong fundamentals. We favour companies with multinational exposure or those in defensive sectors with growth potential. We also see value in quasi-sovereigns, which may trade at levels similar to corporates but come with government support. We caution against concentrated positions and maintain diversification across more than 30 countries. Within our limited EM local allocation, most of the currency exposure is hedged back to the US dollar.

We diversify our exposure with securitised assets. Within our allocation, we are focused on residential mortgages. We like credit risk-transfer securities, which should benefit from the strong housing market in the US. Higher home prices have significantly increased homeowner equity, decreasing the loan-to-value ratios, particularly on more seasoned vintages. This provides an incentive for homeowners to stay current on their mortgages. We also like collateralised loan obligations (CLOs), which offer a spread pickup over similarly rated corporates. CLOs have credit enhancements—coverage tests that ensure sufficient funds to meet debt obligations on debt tranches and several restrictions on asset holdings. Finally, we maintain a small allocation to commercial mortgages, preferring older vintages with less exposure to the office sector.

Source: AllianceBernstein L.P.

AllianceBernstein Low Volatility Equity Portfolio

Investment and Market Review

US, international and emerging-market equity stocks rose during the six-month period that ended on 31 December 2025. Global markets rallied over the summer as investors maintained their enthusiasm for AI-related stocks, but uncertainty over future Federal Reserve rate cuts grew after conflicting data on US employment and inflation. Remarks from Fed Chair Jerome Powell in August clarified the central bank's shifting focus to labor market weakness, and the Fed subsequently lowered interest rates three times in the second half of 2025. Concerns over technology stock valuations and future Fed monetary policy decisions weighed on US stocks throughout the fourth quarter as investors rotated from growth stocks into the more undervalued sectors of the market. Investors also looked to equity markets outside the US to diversify from large-cap technology. Within large-cap markets, both growth and value stocks gained in absolute terms, with growth outperforming on a relative basis. Both large- and small-cap stocks increased in absolute terms, with small-cap stocks outperforming on a relative basis.

During the six-month period ending 31 December 2025 and for the full year, Class A shares of the Portfolio increased in absolute terms but underperformed the MSCI World Index, which rose 10.61% and 21.09%, respectively. (All returns stated net of fees and in US-dollar terms.) During the six-month period, security selection had a negative impact on performance, while sector selection was positive. Security selection within technology and industrials detracted the most, while selection within communication services and an underweight to consumer staples contributed.

Leading detractors for the six-month period included Wolters Kluwer, Fiserv and RELX Group. Wolters Kluwer underperformed on generative AI disruption fears and continued headwinds from US-dollar weakness. Wolters began commercialising its UpToDate medical AI product in October, which gave competitor OpenEvidence a lead in the market and escalated investor concerns.

Fiserv shares fell after the company reported 3Q:25 earnings that showed the company misrepresented prior results and new management slashed growth targets across all segments. Fiserv's previous 10%–12% growth targets were inflated by artificial and unsustainable boosts from its Argentina business; true underlying growth was in the 3%–6% range. Management cut Clover growth targets from 30% to 10% due to the prior CEO charging customers unfair fees and the need to now unwind those fees.

RELX also detracted on generative AI disruption fears and continued headwinds from US-dollar weakness. The market debated whether large language models could erode RELX's data moats in legal, risk and scientific, technical and medical segments, and sentiment worsened after ChatGPT tools gained traction.

Top contributors for the six-month period included Taiwan Semiconductor Manufacturing (TSMC), Prysmian Group and Merck. Shares of TSMC rose because of continued AI tailwinds with supportive AI capex guides from the mega-cap tech companies. TSMC also upgraded guidance, raising its full-year 2025 revenue growth guidance ahead of consensus expectations, adding credibility to its growth trajectory.

Prysmian outperformed as the market rotated from perceived generative AI losers into data centre manufacturers and AI winners. There were several large capex announcements from the hyperscalers, which drove outperformance of the electrical equipment and cable manufacturers who are enabling the grid for data centre build-outs.

Merck outperformed due to earnings beating expectations, pipeline wins, favourable policy development and a market rotation into defensive pharma names. Early in the quarter, the White House granted a three-year reprieve from proposed pharma tariffs, alleviating an overhang for the sector. Merck also has positive pipeline results that demonstrated a clearer earnings path post-Keytruda loss of exclusivity, including results in its phase study on one of its cardiac medications.

Market Outlook and Investment Strategy

We continue to believe that the global economy will expand in the coming months and quarters. While that expansion may not be robust by historical standards, the risks around our relatively benign base case seem to us to be more balanced: the asymmetry may be more to the downside, but an acceleration is also possible. We also believe that stretched valuations mean that investors should be cautious in their return expectations, even if we are right that the economic outlook is a decent one. With a lot of good news already priced into markets, even the generally positive news we expect may not drive large asset price returns.

The downside risks for 2026 emanate from both policy and economic variables. From a policy perspective, the Fed faces sticky inflation and a slower labour market. The unemployment rate has risen consistently over the last few months, which means that demand is falling faster than supply. Any additional decrease in labour demand could mean a pivot away from slow hiring and into large-scale layoffs, which have a much more pernicious effect on the economy.

The labour market is in flux. Demand for workers has deteriorated as growth has slowed, but migration and deportation policy has reduced labour supply in parallel. That has left the labour market in a curious equilibrium in which slow hiring by historical standards may be sufficient to absorb the much slower growth rate of the available workforce. If sustained, this equilibrium would lead to lower growth over time.

Inflation is a mixed bag. Goods prices are clearly being impacted by tariffs and are moving higher, while shelter inflation continues to decelerate. Overall inflation is above the Fed's target and unlikely to fall to that level over a reasonable forecast horizon; how the Fed responds to that systematic miss will be a very interesting question in the years to come. All major central banks, save the Bank of Japan (BOJ), are easing monetary policy.

From an economic perspective, while AI holds the promise of boosting productivity, history suggests the boost comes with a significant lag. Financial markets may not be patient enough to wait for evidence—in the form of profits—to support the valuation of many AI-related assets. Tech-related investment was a significant contributor to growth in 2025 and seems likely to continue supporting growth in 2026.

And, of course, US financial markets benefited from AI optimism in 2025. If that optimism fades and financial market volatility increases, however, it could both slow growth in the sector and generate a negative wealth effect in which consumption slows in response to lower financial asset prices.

The case for an acceleration rests on three primary planks. The first is the accelerating adoption of AI. Investment in data centres boosted growth, especially in the US, in 2025 and if that investment pays off in the form of increased productivity across the economy, growth could pick up. The second plank is the adjustment of companies worldwide to the relatively more settled tariff regime. The third is the

accumulated impact of monetary easing. Central banks around the world have cut rates significantly and we believe there is a bit more easing to come. As the rate cuts filter through to the real economy, they should support growth.

In Europe, fiscal policy looks set to be the major issue for 2026. Germany's plan for additional spending was the major upside economic surprise in 2025; now it is time for the plan to come to fruition. Should fiscal plans proceed as expected, it would provide important support for growth in 2026. Surging imports from China have pushed prices lower. The UK is in a different situation. The damage done to UK fiscal credibility over the last few years has lingered, causing persistently higher borrowing costs in what is already a sluggish economy. As long as fiscal policy remains responsible enough, we expect the Bank of England to deliver additional rate cuts.

While investment should improve further through expansive fiscal policy and disbursement of the recovery funds, this might take longer to be felt. Specifically, Germany is set to frontload its infrastructure spending in 2026–2027 but the pace remains uncertain. So far, implementation is limited, but governmental decisions in the next few months will likely set the stage and provide clarity. Growth is resilient, and inflation is on target, which makes the ECB satisfied and “in a good place” with its policy rates.

Japan remains idiosyncratic among the world's largest economies, with policy rates that are going up rather than down. While the BOJ has been cautious about raising rates after so many years of sluggish demand and price pressures, the recent strong performance of inflation and the weakening of the yen have paved the way for modest rate increases. In China, the impact of tariffs has added to what is already a challenging economic situation. Domestic demand remains sluggish and nominal GDP—growth unadjusted for inflation—is at its lowest growth rate in decades. China is exporting deflation to other countries in order to preserve production capacity at home. For now, the best the economy seems able to do for the time being is to muddle through.

How do these developments frame our equity strategy for 2026? In an environment of unprecedented underperformance of quality and minimum volatility stocks, AI-driven market dynamics with growing risk of a capex bubble, and sluggish macroeconomic growth and US policy uncertainty, we are focused on three areas.

First, focus on quality. Don't give up on resilient companies that can sustain profitability. Quality companies with consistent profitability and resilient business models tend to outperform over time. High-quality companies can also sustain earnings growth independent of macro conditions. Short-term lapses in quality stock performance don't signal a fundamental erosion of long-term potential. In our view, earnings and cash flows are still the best predictor of equity returns over long-term horizons.

In 2026, we believe quality stocks could become even more valuable in a portfolio. Our historical analysis suggests that periods of pronounced quality underperformance have typically been followed by quality outperformance in the subsequent market cycle. We believe this is an attractive point to increase exposure to high-quality franchises with compelling return profiles and valuations.

Second, focus on managing AI volatility, while keeping exposure for long-term returns. Complacency about volatility is a risk following a strong year for equities. US market dynamics and AI controversies could provoke turbulence in 2026. For example, the mega caps will face heightened scrutiny, and any AI-

related disappointments may prompt equity declines. In 2025, the S&P 500's relative volatility versus non-US markets reached a record high for the 21st century.

AI's rapid growth may unlock productivity gains and return potential, but transformational technology comes with considerable risks. Today, as the hyperscalers pour hundreds of billions of dollars into infrastructure capex, more questions are being asked about their future return on investment and whether we're in an AI bubble.

Given the scale of spending, bubble fears are understandable. That said, capex in public markets is mostly being financed from free cash flow rather than debt, which should help alleviate potential stresses. However, the next phase of AI is being financed by less stable sources, including circular deals between large players and private-credit structures that could be more vulnerable.

We are finding opportunities in oversold software and information services companies. We believe companies will need to invest in AI through these companies to support the current high levels of capex. Opportunities will also emerge among a broader range of companies that will become consumers and beneficiaries of AI.

Third, cast a wider net for long-term return potential. US equities remain expensive versus global peers. Regional diversification isn't just a risk-control tool—it's a source of differentiated returns to help fight concentrated leadership. Capital discipline in Europe and corporate governance reform in Japan can add uncorrelated sources of returns.

We think investors should have diversified exposure across business models, industries and regions. Remember that the early winners in the dot-com boom don't rule the web today and expand the search for companies that could become tomorrow's leaders. We continue to look for companies that offer a combination of quality and stability at attractive prices; these three core elements underpin our investment philosophy and are key to navigating the current market environment. Quality, stable companies can cushion on the downside across a broad array of sectors and industries.

We believe that equity portfolios designed to smooth volatility are especially appealing in the current market environment. For long-term, outcome-oriented investors, we believe that companies with these features are best positioned to deliver strong returns through changing environments.

Source: AllianceBernstein L.P.

AllianceBernstein Sustainable US Thematic Portfolio Investment and Market Review

Global equities (MSCI All Country World Index (ACWI)) increased 11.17% for 2H 2025 (USD terms).

Markets rallied over the summer on AI enthusiasm; uncertainty grew over future US Fed rate cuts due to mixed employment/inflation data.

Fed Chair Powell (August) highlighted labour market weakness; the Fed lowered rates three times in 2H 2025.

Q4: concerns over tech valuations and Fed policy drove rotation from growth to undervalued sectors; investors diversified outside US large-cap tech.

Growth and value both gained; growth outperformed. Large- and small-cap both rose; small-cap outperformed.

Portfolio Performance

Class A shares declined in absolute terms and underperformed MSCI ACWI (net of fees) in 2H 2025.

Stock selection detracted; sector selection positive overall.

Selection within technology and healthcare detracted most.

Overweight technology and underweight consumer staples contributed.

Detractors (examples discussed):

Xiaomi: negative EV headlines; regulatory delays, safety concerns, margin pressure in smartphones (rising memory costs).

Zebra Technologies: customers deferred hardware refresh cycles into mid-2026; trade policy uncertainty; slower organic growth.

Primo Brands: disappointing 2Q:25 earnings; cancelled orders/service disruptions; recovery plan underway; leadership changes added uncertainty.

Contributors (examples discussed):

Prysmian Group: strong demand in transmission/distribution; major contract wins; insulated from tariff risks via vertically integrated US operations; raised guidance; backlog through 2028.

TSMC: AI-driven demand optimism; rallied into year-end; disciplined capacity management and pricing power.

Flex: strong quarterly earnings; raised full-year guidance; momentum in power/compute tied to data centres and AI; expects FY2026 growth estimate (35%) likely exceeded.

Market Outlook and Investment Strategy

2025: volatile; returns driven by narrow AI-led rally; diversified thematic strategy faced relative headwinds despite strong underlying earnings growth.

Process improvements made without compromising long-term discipline.

Secular themes cited: Medical Innovation, Energy Transformation, Infrastructure Development.

2026 setup viewed as more constructive: portfolio valuations attractive; broader market leadership could improve relative outcomes.

Theme traction examples: FDA approved 57 novel drugs (2025); clean energy capacity additions >560 GW with battery storage deployments +40% YoY; >\$190bn from US bipartisan infrastructure law deployed in 2025.

Source: AllianceBernstein L.P.

Allianz Artificial Intelligence Investment and Market Review

Global equities delivered mixed results in December. While the MSCI All Country World Index (ACWI) was modestly higher, helped by Europe and Asia ex-Japan stocks, US equities were slightly lower over the period. This included the Technology-heavy Nasdaq Composite experiencing headwinds in December, as the index faced profit taking in larger Technology names, which had outsized gains earlier in the year. The end of the government shutdown in mid-November allowed for a clearer flow of economic data in December. This included non-farm payrolls rising modestly, retail sales exceeding expectations, and November consumer price index (CPI) coming in below expectations, while unemployment edged slightly higher. Equity markets also saw a continuation of the cyclical rotation, as the Materials, Financials, and Industrials sectors led performance for the MSCI ACWI. Utilities and Real Estate were the weakest performing sectors over the month.

Major central banks around the world were active in December. The US Federal Reserve (Fed) delivered a 25-basis point (25-bps) rate cut, bringing the federal funds rate to 3.5-3.75%, the lowest level in three years. Similarly, the Bank of England (BoE) lowered the base rate by 25 bps to 3.75% – also the lowest in three years. The European Central Bank (ECB) and People’s Bank of China (PBoC) both left their key borrowing rates unchanged. Japan remained an outlier, with the Bank of Japan (BoJ) delivering a 25-bps rate rise to 0.75% – the highest level since 1995 – amid rising inflation and continued Japanese yen weakness.

Brent crude oil prices eased in December, closing at just over USD 61 a barrel to round out their worst year since 2020. Prices hit a 5-year low on supply glut concerns and progress in the US-led Ukraine peace talks, before recovering on fading optimism over a potential ceasefire. This diminished the possibility of sanctioned Russian crude re-entering global markets. Gold prices rose amid heightened expectations of a Fed rate cut at its final meeting of the year and touched a series of fresh highs into month-end, closing the month of December just below USD 4,350 per ounce.

Market Outlook and Investment Strategy

As we look ahead to 2026 and beyond, we maintain a constructive outlook for equities. An improved economic and earnings growth backdrop across more sectors should drive a broadening out effect in the equity market. Many major central banks have cut interest rates or signalled future cuts to keep financial conditions supportive of economic growth. In the US, the Trump administration’s pro-business agenda also provides tailwinds through tax cuts, deregulation, domestic investments, and manufacturing reshoring. These efforts should help stimulate growth for both consumers and corporations across more areas of the economy.

The topic of an AI bubble has been a key area of focus for the media and many investors. In our view, it is too early to draw a conclusion. We think it is important to highlight that current valuations and capital

intensity are materially lower than the dotcom bubble. Also, the AI capital expenditure cycle is being funded by some of the biggest and most profitable companies in the world. There are likely pockets of speculation with some data centre projects and private companies, and we may see period of digestion at some point in a few years.

While the Technology sector may continue to perform well, we expect improved earnings growth from a wider set of companies across other sectors. This should lead to broader equity market participation, creating a healthier and more balanced environment compared to one dominated by a concentrated group of mega cap stocks. The Fund is designed to invest across a broad spectrum of technologies and industries embracing the disruptive power of AI. This includes sectors such as Financials, Health Care, Consumer, and Industrials that are beginning to see early benefits from AI. As earnings re-accelerate across more companies and sectors, we believe this creates compelling stock selection opportunities for our diversified AI investing approach.

From an innovation perspective, progress with AI development is accelerating as more powerful capabilities become readily available from this robust infrastructure buildout wave. We are beginning to enter the next wave, where AI pilots go into production. The advancements of AI-enhanced products or services can drive new levels of productivity, cost savings and revenue opportunities across industries. Given the transformative potential of AI investments, we believe profit margins may not simply hold steady but could in fact grow, supporting valuations for innovative companies that are investing now to disrupt the status quo.

AI infrastructure: The ongoing expansion of global AI data centres remains stronger than many investors appreciate, and concerns about capital spending are likely to persist as we climb the wall of worry. There are many bottlenecks to this new AI industrial revolution buildout, which continues to provide many compelling opportunities. Some key areas include accelerated computing chips, semiconductor manufacturing equipment, power production and power efficiency, and advanced networking.

AI applications: Over the next few years, AI applications and software will evolve from being helpful tools to a partner that acts on our behalf. We are moving away from the era of “static apps” toward a future of “collaborative autonomous agents” that can reliably act, remember context over time, and adapt to any situation. This new wave of intelligent applications should drive more automation, deliver significant efficiency gains, and open new monetisation opportunities. While the 2025 software spending environment has been mixed, we believe the backdrop could stabilise and improve in 2026.

AI-enabled industries: We are still in early stages of true AI adoption across industries. Innovative companies that have been early AI adopters are moving more pilot projects into production, accelerating financial and competitive benefits compared to their peers. We believe leading AI adopters in the Financial Services, Health Care, Industrials and Consumer sectors are beginning to see the early benefits of AI driving better financial results. These opportunities remain underappreciated by investors and represent an attractive area for alpha generation in our view.

The AI revolution is only beginning, and its trajectory promises to dramatically reshape the global economy. Recent advancements in AI demonstrated its potential, yet we are only in the early chapters of a much larger transformation that will gain momentum as innovation brings us closer to artificial general intelligence – potentially within the next decade. AI is rapidly redefining processes and competitive

dynamics in every sector. In the next decade of AI, we believe more alpha generation may come from the companies that help enable AI transformation. The innovators in each industry will be ones that truly embrace AI to significantly boost productivity, reduce costs, and launch new products or services. Stockpicking will be essential to capturing the benefits of this opportunity, especially in an environment characterised by disruption and change. As we have done since the launch of the Fund almost a decade ago, our focus remains on identifying the innovative companies best positioned to leverage AI to deliver the most shareholder value creation over the long term.

Source: Allianz Global Investors and Voya Investment Management

Amundi Cash USD

Investment and Market Review

In 2025, the US administration's policies triggered significant volatility, with fears ranging from a recession, a fiscal crisis and threats to Fed independence.

2025, began with optimism, driven by the idea that government would pursue pro-growth policies.

That optimism faded quickly as concerns over tariff policy intensified, culminating on 'liberation day' when President Trump announced higher tariffs than anticipated.

Market reaction was strong: US yields fell across the curve, growth projections collapsed, recession fears mounted and risky assets sold-off.

Fiscal concerns were another hot topic in 2025, when congressional discussions centered on the "one big beautiful bill" widely seen as a fiscally irresponsible.

The drama continued as President Trump signaled intentions to fire Chair Powell and then when he announced the dismissal of Governor Cook.

Finally, tariff revenues began to bolster government receipts, helping to calm fiscal fears.

Despite the tariffs escalation episode, the US economy demonstrated resilience, supported by strong AI-driven capital expenditures and a strong consumption. However, from the summer, labor market deteriorated, with a decline in job creations and a rise in the unemployment rate to 4.4%. Inflation (core PCE) which fell back below 3%, has started to rise again from June, linked to the increase of tariffs.

After lowering its key rates by 100 bps in the last quarter of 2024, the Fed first decided to maintain its key rates unchanged within a range of 4.25% to 4.50%. The US Central Bank justified this cautious approach by the high uncertainty caused by the increase in tariffs and its potential impact on inflation, while at the same time the labor market remained generally balanced.

Finally, Fed decided to ease its monetary policy with a first rate cut (of 25 bps) in September, in response to the deterioration of the labor market, following by two other 25 bps cuts in October and December, bringing the Fed funds rate to a range of 3.50-3.75%.

It should be noted that none of these three cuts were unanimous: the FOMC appeared very divided between committee members advocating for rapid rate cuts due to the deterioration of the labor market and those favoring a more cautious approach for fear that inflation would remain well above the Fed's 2% target for too long.

In 2025, short-term rates were largely impacted by the volatility of markets' expectations about the evolution of the Fed's monetary policy, whereas credit spreads remained fairly contained in comparison.

Given rate cuts anticipations, the OIS swap curve has always been inverted: in 2025, the spread 12 month versus 3 month OIS swap was -30 bps on average, with a lowest in April (-54 bps) following an aggressive markets' rate cuts pricing and a highest in February at -6 bps.

Large banks issuance levels came from 4.38%, 4.40% and 4.43% (3, 6 and 12-month maturities) at the end of January 2025 to reach 3.74%, 3.75% et 3.70% at the end of December 2025, a drop of 64, 65 and 73 bps in 2025, respectively for 3, 6 and 12-month maturities.

In money market, credit spreads fluctuations were relatively immune despite a volatile and uncertain market environment: the average credit spreads versus SOFR swaps from a majority of issuers was: +9 bps, +17 bps et +29 bps respectively for 3-, 6- and 12-month maturities.

In comparison the spread evolution of the 1-3 years USD-IG Corporate index reached a highest to 117 bps in April (after the "liberation day") and then, decreased quickly to finally reach 70 bps at the end of December, a level close to the one in the beginning of the year.

In 2025, front-end market also experienced repo market pressures stemming from seasonal thinning of bank balance sheet, elevated post-debt limit T-bill issuance, and a TGA (Treasury General Account) that hit a \$1tr in late October. Those ingredient have kept repo levels near the top of the Fed's range. In comparison with the Fed funds rates, the SOFR-Fed Funds spread was +3 bps on average in 2025 and was systematically positive from September, reaching a highest at 36 bps the 31st of October.

Fund's main Investment strategy:

Taking into account the volatility of rate cut expectations in 2025, the duration management strategy was a key driver of performance in 2025. On average the WAM was 51 days (for a maximum authorized of 90 days). Periods when the market anticipated aggressive rate cuts that seemed to contradict the Fed's statements, WAM was significantly reduced. This was the case in September, and October, when WAM dropped to around thirty days.

The credit duration (WAL) was relatively stable in a range between 120 and 150 days, with an average of 132 days.

As always, diversification of the investments within the portfolio has been central of the management strategy.

Sector diversification: the average exposure on banking sector was 58%, 20% for corporates and 5% on Supranational or Agency entities.

Geographical diversification: the securities within the portfolio belonged to about fifteen different countries. Security exposure to a single country rarely exceeded 10%.

In 2025, the average number of issuers within the portfolio was 75 for 128 different lines.

Diversification by instruments: except the liquidity exposure, which represented on average 17% of the fund's AUM, the portfolio held on average 59% in money market instruments (Commercial Papers, Certificates of Deposit) and 24% in bond securities (only liquid issues with an initial outstanding amount of at least \$500M).

The exposure to issuers rated BBB was 10% on average in 2025.

The average long-term rating of the investments during the period under review was A+.

The fund, rated AAF/S1 by Fitch, must comply with the WARF index (Weighted Average Rating Factor), an indicator of the credit risk of the portfolio measured by Fitch. In 2025 the WARF of the fund averaged 0.44 in 2025, well below the limit assigned to an AAF-rated fund (0.90).

Market Outlook and Investment Strategy

At its December meeting, the Fed updated its quarterly economic forecasts, projecting growth of 2.3% in 2026, an unemployment rate of 4.4%, and inflation at 2.5% (core PCE).

Taking these forecasts into account, Fed members anticipate lowering rates once in 2026 and once in 2027, bringing key rates down to 3%.

The Fed also announced that it would purchase Treasury securities (mostly T-bills) over the coming months for an amount of \$40 billion. This decision aims to maintain a sufficiently ample level of reserves and allow a reduction in tensions observed in the money market over the past several months.

On the economic side, last job reports delivered a modestly constructive signal, suggesting job growth is not materially decelerating. Regarding inflation, last data are not decelerating as fast as expected.

In this context, Fed could decide to hold its key rates longer than initially anticipated.

The appointment of the future Fed Chairman is far to be a close deal and President Trump could ultimately be forced to choose a successor less “political” and therefore less accommodating.

Over January 2026, markets already revised down their interest cuts expectations, factoring less than 2 cuts in 2026 with a first cut occurring not before S2-2026.

Investment Strategy:

US money market rates have flattened making investments on fixed income securities less penalizing. Therefore we anticipate a WAM extension over the coming months.

On the credit side we maintain a cautious approach: risks are still present such as the high or even excessive valuation of the stock market driven by AI, concerns about independence of the FED, increasingly complicated geopolitical context with recent events in Iran, Venezuela and Greenland.

On the top of that, credit spreads in the money market are close to their recent lows.

By consequence, the credit duration of the portfolio (WAL) should stay close to its current level (140-150 days).

Source: Amundi

Amundi Funds Pioneer US Bond
Investment and Market Review

In December, investors eagerly anticipated the resumption of US economic reporting following the two-month government shutdown, yet the resulting data failed to provide the clarity many had hoped for. The long-awaited reports were plagued by conflicting signals and reliability concerns, leaving the read on the economy open to interpretation. Employment data for October and November was notably mixed; private payrolls grew by a better-than-expected 121,000 while the headline unemployment rate climbed from 4.4% to 4.6%. The increase may have been misleading, however, as the Bureau of Labor Statistics noted that the rise was driven by a sharp expansion in the labor force rather than a decline in total employment. Inflation figures for October and November suffered from particularly serious data quality issues, as many manual price observations essential to the Consumer Price Index (CPI) calculation process were never completed. This forced the BLS to rely on statistical interpolation to fill the gaps, leading most investors to view the reported cooling of annual headline inflation to 2.7% as less reliable. Ultimately, the deluge of distorted data failed to shift broader economic views or trigger significant movement in the financial markets. Interest rates oscillated within a narrow range and measures of expected rate volatility declined as well. Amid this backdrop, the Federal Reserve proceeded with a widely anticipated 25-basis-point interest rate cut at its December meeting and brought the target range for the Federal Funds rate down to 3.50%–3.75%. However, the accompanying statement and press conference tempered expectations for further immediate easing, signaling that another rate cut in January 2026 was unlikely.

The Bloomberg US Aggregate index generated a monthly return of -0.15%, as all non-Treasury spread sectors outperformed government bonds. Agency Mortgage-Backed Securities (MBS) led the fixed-income market with a 0.21% return, outperforming comparable Treasuries by a notable 0.47%. Investment-grade corporate bonds also showed resilience, rebounding from two months of lackluster performance to beat comparable Treasuries by 0.26%. Meanwhile, securitized credit sectors maintained their consistent trend of modest monthly outperformance. The "plus" sectors of the fixed-income market delivered solid results across the board. US high yield bonds returned 0.6%, leveraged loans gained 0.7% and emerging markets saw gains of 0.4% for sovereign debt and 0.5% for corporate debt.

Fourth Quarter

During the fourth quarter, the Bloomberg US Treasury index gained a modest but positive 0.90% return. Performance within the Treasury market was bifurcated; intermediate Treasuries gained 1.15% and significantly outperformed long-term Treasuries, which ended the quarter nearly flat at -0.05%. This divergence was driven by a steepening yield curve, as yields on the 30-year bond rose five basis points while intermediate yields declined. The broader Bloomberg US Aggregate index outperformed Treasuries with a 1.10% total return, largely propelled by the strength of Agency Mortgage-Backed Securities (MBS). The Agency MBS market, which returned 1.71%, as measured by the Bloomberg US Agency MBS Index, for the quarter and outperformed comparable Treasuries by 0.69%, was supported by historically low interest rate volatility and a nine-basis-point compression in option adjusted spreads. In contrast, investment-grade corporate bonds slightly lagged Treasuries with a 0.84% total return, whereas securitized credit sectors managed to post modest outperformance. High yield and emerging market

sectors logged positive performance as well. The Bloomberg US High Yield Index and the Bloomberg Emerging Market Corporate Index both returned 1.3%, while the Morningstar US Leveraged Loan Index followed closely at 1.2%. The Bloomberg Emerging Market Sovereign Debt Index posted a particularly robust 2.5% return, an outperformance led primarily by a remarkable 36% surge in Venezuelan government debt. Rounding out the quarter, the US dollar DXY Index appreciated by 0.6%, while oil prices, as measured by the WTI Index, faced downward pressure, ending the period with an 8% decline.

Calendar Year 2025

Despite a bumpy ride tied mainly to tariff-driven volatility, 2025 proved to be a strong year for most financial assets. Investors found support in the trifecta of continued global economic growth, widespread optimism surrounding artificial intelligence (AI) advancements and key interest rate cuts by global central banks. After holding policy rates steady for the first eight months of the year, the Federal Reserve initiated a shift lower, implementing 25-basis-point cuts at each of its final three meetings. This brought the target range for the Federal Funds rate down to 3.50%–3.75% by year-end. The US Treasury market reflected this policy shift, with the yield curve experiencing a "bull steepening." Two-year yields dropped by 0.78%, and ten-year yields fell 0.43%, while 30-year yields actually edged 0.05% higher. The overall US Treasury index delivered a solid 6.32% return. The broader US Aggregate index materially outperformed, returning 7.30%, as every spread sector provided excess returns over government debt. Agency Mortgage-Backed Securities (MBS) led the pack with an 8.58% total return, followed by strong performance from Investment-Grade corporate bonds at 7.77%. Securitized credit sectors also posted solid results but lagged the relative performance of Agency MBS and corporates. The "risk-on" backdrop was understandably supportive to the plus sectors as well. US high yield corporates gained 8.6%, leveraged loans posted a 5.9% return, emerging market corporates achieved 8.7% and emerging market sovereign debt surged by an impressive 12.4%.

Performance Review

The Amundi Funds US Bond Fund slightly trailed the Bloomberg U.S. Aggregate Bond Index for the month and quarter, while outperforming the Index for the calendar year 2025.

Month

Contributors

Our 8% overweight to Financials was the primary, albeit modest contributor, as the sub-sector outperformed comparable Treasuries for the month.

Detractors

Security selection within Agency MBS proved to be a modest detractor, specifically within select Ginnie Mae pools.

Quarter

Contributors

Security selection within Industrials was a main contributor due to outperformance from select Technology and Auto issuer exposure.

Our modest exposure to Catastrophe Bonds contributed as premiums remained elevated, and insured losses were less than anticipated given a benign 2025 hurricane season.

Detractors

Security selection within Agency MBS proved to be a modest detractor, specifically within select Ginnie Mae pools.

Our 2% overweight to Industrials slightly lagged as the sub-sector underperformed comparable Treasuries.

Calendar Year 2025

Contributors

Our yield curve steepening position aided positive relative performance, as the curve steepened notably for the year, led by our overweight to the 5-year part of the curve.

The portfolio's relative long duration position contributed, as Treasury yields fell across the curve with the exception of the back end. The portfolio held an average overweight of 0.42 years during the period. Our broad spread sector overweight's, primarily to corporates, as well as exposure to Catastrophe Bonds and Securitized, were beneficial in a year in which risky assets comfortably outperformed government bonds.

Detractors

Security selection within Agency MBS was the only modest laggard, specifically within select higher coupon Ginnie Mae pools.

Market Outlook and Investment Strategy

The US economy proved remarkably resilient in 2025, weathering historic increases in import tariffs with surprising strength, and stands well-positioned for solid growth in 2026. Multiple tailwinds are converging to support continued economic expansion. Consumer spending will receive a substantial boost from over \$100 billion in personal tax refunds flowing from OBBBA changes, while business investment spending is expected to climb on the back of easier financial conditions, favorable tax law adjustments and diminished policy uncertainty. Critically, we anticipate a broadening-out of capital expenditures beyond the AI-focused investment activity that dominated 2025, supporting a more diversified and sustainable growth foundation. Stronger household consumption and business investment dynamics should arrest the softening in labor demand witnessed throughout 2025, though we don't expect a dramatic employment surge. Instead, job growth will likely settle at more modest levels than recent years and could remain constrained by two structural forces: AI-driven productivity gains that allow companies to do more with existing workforces and slower labor force expansion resulting from reduced immigration flows. These dynamics represent a fundamental shift in the employment landscape rather than cyclical weakness. After reducing interest rates at its final three meetings of 2025, the Federal Reserve appears poised for a quieter start to 2026, likely adopting a wait-and-see posture as it assesses whether the economy's momentum can be sustained without additional monetary accommodation.

Treasury yields are currently trading near fair value and, as such, overall duration positioning remains relatively close to the benchmark. We do, however, anticipate yield curve steepening pressure will persist in the new year. Within the risk-free space, inflation-indexed Treasuries appear attractive relative to nominal Treasuries; this outlook is supported by modest implied breakeven-inflation rates, the Federal Reserve's ongoing tolerance for above-target inflation and the potential for a more dovish leadership transition at the central bank in 2026. Current portfolio positioning carefully balances a cautiously optimistic economic outlook against the reality of relatively tight valuations across most fixed income spread sectors. Though we are modestly overweight these sectors, our exposure remains conservative

relative to long-term strategic targets. We are focusing on high-quality, short-to-intermediate duration securities to buffer against spread volatility, while prioritizing opportunistic and active security selection and sector allocation themes to enhance performance.

Market Outlook and Investment Strategy

The sustained rally in US equities over the past three years has demonstrated remarkable resilience, with markets not merely looking past significant uncertainties - including evolving tariff policies, fiscal debates, and geopolitical tensions - but actually advancing in spite of them. Although the market's three year advance has been driven by exceptionally narrow groups of stocks; Artificial Intelligence and profitless growth companies.

What's particularly noteworthy is the market's apparent confidence that potential headwinds to revenue and earnings growth will remain largely theoretical. Consumer spending has held firm, and the broader economy continues to show strength despite mounting questions about sustainability. This resilience, while impressive, naturally invites scrutiny as we enter 2026.

Economic fundamentals tell a more complex story. The labor market is softening, sub-prime auto loan delinquencies are high, and corporate bankruptcies are increasing. We should see fiscal stimulus in 2026, supported by dovish Fed policy, but even the outlook on the latter has become murky. Overall market valuations have returned to cyclically adjusted highs despite some economic softening.

The portfolio maintains its defensive orientation with overweight positions in non-bank financials and healthcare for stock-specific reasons, while remaining underweight information technology for risk control. This positioning acknowledges AI's transformative potential while maintaining discipline around concentration risks, preparing for inevitable volatility periods that will create opportunities to purchase secular growth stocks at more reasonable valuations. Risk management remains key in navigating markets in an increasingly narrow and expensive market. The portfolio's approach prioritizes sustainable risk-adjusted returns over short-term benchmark tracking

Source: Amundi

Amundi Funds Pioneer US Equity Fundamental Growth Investment and Market Review

US equity markets closed the fourth quarter with solid gains, extending a remarkable streak of positive momentum - the third consecutive quarterly advance and the third straight year of double digit returns. The S&P 500 Index (SPX) gained 2.56% for the quarter, while the Nasdaq 100 Composite added 2.42% and the Russell 2000 Index increased 2.10%.

The value versus growth narrative shifted decisively during the quarter, with the Russell 1000 Value Index returning 3.66% - more than triple the 1.08% advance posted by the Russell 1000 Growth Index.

The quarter benefitted from a recovery in healthcare stocks, which had lagged for much of the year due to public policy related concerns. Information technology, which led the market for much of the past three

years, underperformed as investors became more cautious about artificial intelligence related investments.

For the full calendar year, the SPX advanced 17.43% on the back of artificial intelligence spending. Communication services and information technology outperformed while most other sectors struggled to keep pace. Though only two of the Magnificent 7 stocks – Alphabet and Nvidia – outperformed for the year, the market nonetheless remained narrow with the equal-weight S&P 500 returning just 10.80%, a 6.63 percentage deficit compared with its capitalization weighted counterpart.

The portfolio outperformed the Russell 1000 Growth Index's 1.08% return in the fourth quarter. The portfolio's outperformance was driven by favorable sector allocation and strong stock selection, primarily in the health care sector.

Two of the top contributors in the quarter were Advanced Micro Devices (AMD) and Eli Lilly (LLY). AMD reporting robust third-quarter results, helping to drive the stock performance in the quarter. The semiconductor leader continues positioning itself as a compelling Nvidia alternative with its MI350 GPU architecture, attracting major AI infrastructure investments from Microsoft, OpenAI, and Oracle. AMD's net profit margin remains well below Nvidia's, presenting significant upside potential as GPU demand accelerates.

Shares of Eli Lilly surged on strong GLP-1 drug performance (Mounjaro and Zepbound), amplified by an agreement with the government making weight-loss treatments more accessible to millions of Medicaid and Medicare recipients.

Pinterest (PINS) and Uber (UBER) were among the top individual detractors for the quarter.

Pinterest (PINS), a visual discovery platform, retreated following third-quarter earnings that reflected tariff-related advertising spending softness. We view this as an outsized market reaction given the company's solid 16% year-over-year revenue growth. Pinterest's AI-powered Performance Plus advertising tool shows early adoption momentum, streamlining campaign management for advertisers. Trading at 16x P/E, the stock offers substantial upside potential with proper execution.

Uber, a global technology platform for ride-hailing and delivery, underperformed in the quarter after weaker than expected financial guidance for the coming quarter. We believe the company remains well positioned to grow bookings at a double digit rate driven by ride sharing and delivery. Scale efficiencies should result in earnings-per-share growth that is twice the rate of bookings growth in the next 3 years. UBER is an example of the type of company this portfolio favors: those that generate highly profitable growth rather than those that sacrifice profitability for growth. Longer-term, Uber's partnership with Nvidia and Stellantis to build 5,000 autonomous vehicles for use in UBER's fleet provides a path forward as autonomous vehicle usage gains traction.

The portfolio's year-to-date underperformance relative to the Russell 1000 Growth Index stems from three primary market dynamics:

Valuation Polarization in US Large Cap Growth

As shown below, the market rewarded stocks in the second and fourth P/E quintiles while penalizing the third quintile, which consists of reasonably priced quality growth—our core positioning. The portfolio was

25% overweight 3rd quintile stocks, which generated approximately half the return of the overall Russell 1000 Growth Index.

P/E Quintile Range	Portfolio Weight Variation	Benchmark Return
1 st quintile: 39-290x	-8.58	12.65
2 nd quintile: 29-39x	-11.27	18.86
3 rd quintile: 22-29x	25.17	9.46
4 th quintile: 16-22x	-3.98	41.36
5 th quintile: 5-16x	-1.04	17.94
Overall Russell 1000 Growth Index		18.35%

AI Infrastructure Premium

The portfolio suffered from underweight positions in premium-valued AI infrastructure plays like Broadcom and Palantir, which commanded investor attention despite stretched valuations.

AI Integration Discount

Companies successfully integrating AI capabilities — including portfolio holdings Pinterest and Salesforce — faced investor skepticism as markets adopted a "wait-and-see" approach toward AI-driven revenue acceleration. While current market dynamics favor valuation extremes, we maintain conviction in our disciplined approach to reasonably priced, quality growth companies positioned for sustainable long-term value creation.

Market Outlook and Investment Strategy

The sustained rally in US equities over the past three years has demonstrated remarkable resilience, with markets not merely looking past significant uncertainties - including evolving tariff policies, fiscal debates, and geopolitical tensions - but actually advancing in spite of them. Although the market's three year advance has been driven by exceptionally narrow groups of stocks; Artificial Intelligence and profitless growth companies.

What's particularly noteworthy is the market's apparent confidence that potential headwinds to revenue and earnings growth will remain largely theoretical. Consumer spending has held firm, and the broader economy continues to show strength despite mounting questions about sustainability. This resilience, while impressive, naturally invites scrutiny as we enter 2026.

Economic fundamentals tell a more complex story. The labor market is softening, sub-prime auto loan delinquencies are high, and corporate bankruptcies are increasing. We should see fiscal stimulus in 2026, supported by dovish Fed policy, but even the outlook on the latter has become murky. Overall market valuations have returned to cyclically adjusted highs despite some economic softening.

The portfolio maintains its defensive orientation with overweight positions in non-bank financials and healthcare for stock-specific reasons, while remaining underweight information technology for risk control. This positioning acknowledges AI's transformative potential while maintaining discipline around concentration risks, preparing for inevitable volatility periods that will create opportunities to purchase secular growth stocks at more reasonable valuations. Risk management remains key in navigating markets

in an increasingly narrow and expensive market. The portfolio's approach prioritizes sustainable risk-adjusted returns over short-term benchmark tracking.

Source: Amundi

Architas Flexible Bond Fund

Investment and Market Review

Architas Flexible Bond Z USD delivered a return of 5.52% for the 6-month period ending 31st December 2025. This was ahead of its internal benchmark (35% ICE BofA Gbl HY TR USD Hdg + 35% JPM EMBI Global Diversified TR USD + 15% Bloomberg Global Aggregate Corporate TR Hedged USD + 15% JP Morgan JACI TR). Credit markets across regions and rating delivered positive returns as markets saw strong investor demand for the relatively high yields on offer. Central banks were mostly on hold or easing which also helped to support bond prices. Portfolio Construction was a detractor to performance with an underweight to Asian high yield and allocations to cash detracting from performance. Manager selection was a key driver of outperformance with the emerging market debt sleeve, notably NeubergerBerman strongly outperforming the benchmark. Barings and BlackRock in the high yield sleeve also delivered excess returns. The portfolio remains balanced across the fixed income spectrum with allocations to high yield, emerging market debt and investment grade bonds.

Source: Architas

Architas Flexible Equity Fund

Investment and Market Review

In H2 2025 the fund returned 11.2% (Gross) and outperformed MSCI World Index (10.6%) as well as the combined benchmark (10.8%)*. For the whole year 2025 the fund returned 22.3% (Gross) and delivered an outperformance vs MSCI World (21.1%). BNPP AM - RESTRICTED 2025 was a geopolitically and economically turbulent year. Despite that, global equities surged, with many indices touching a series of fresh record highs over the year. Emerging markets outperformed developed markets driven by low positioning, a dovish Fed and expectation of a weaker USD. Based on MSCI factor indices, the relative performance of global factors over the year was volatile. While factors like Minimum Volatility and Value outperformed in the first four months due to "Liberation Day" volatility, the second half was led by Growth and Small Cap. In H2/2025, manager selection was a positive contributor for the fund. In Europe all active managers contributed positively. In the US, the result was more mixed but still overall positive: Systematic managers outperformed (e.g. Blackrock fund), while an SFDR Article 8 climate ETF contributed negatively. In addition, a tactical investment in a Value fund had a small negative impact. In the global manager sleeve a shift from a Quality, fundamental manager to systematic, low Tracking Error funds paid off as both newly added funds (Nordea and Robeco) outperformed their benchmark. Japan and Asia ex Japan were allocated through passive investments. Asset allocation in H2/2025 overall was positive, mainly due to a off-benchmark allocation to EM and Emerging Asia (new benchmark MSCI World doesn't include Emerging Markets).

Source: Architas

Architas Multi-Asset Balanced Fund Investment and Market Review

In H2 2025 the fund returned 8.09% (Gross) outperforming its benchmark (7.58%). For the whole year 2025 the fund returned 15.33% (Gross) marginally underperforming its benchmark (15.47%). 2025 was a geopolitically and economically turbulent year. Despite that, global equities surged, with many indices touching a series of fresh record highs over the year. Emerging markets outperformed developed markets driven by low positioning, a dovish Fed and expectation of a weaker USD. Based on MSCI factor indices, the relative performance of global factors over the year was volatile. While factors like Minimum Volatility and Value outperformed in the first four months due to “Liberation Day” volatility, the second half was led by Growth and Small Cap. In H2/2025, manager selection was a positive contributor for the fund. In Europe all active managers contributed positively. In the US, results were more mixed. Systematic managers outperformed (e.g. Blackrock fund), while the growth manager underperformed. In Asia ex Japan, selection was particularly strong with JPM Asia Pac materially outperforming. In Japan, the allocation was through passive investments. In global aggregate, Pimco Global Bond ESG was especially strong, outperforming its benchmark by 1.3%. Asset allocation in H2/2025 was also positive, mainly due to an overweight in Global Equities funded by an underweight in Global Agg. Global equities outperformed global agg by 8.8% in H2.

Source: Architas

AXA World Funds Europe Real Estate Investment and Market Review/ Outlook

Risk assets increased during the month on the back of rate cuts by the Federal Reserve and Bank of England. The US finally released employment data after the longest government shutdown in history, which further confirmed a low-hire, low-fire job market. Geopolitical tensions in Latin America continued with the US military seizing a sanctioned oil tanker off the coast of Venezuela, while the US approved its largest ever arms package to Taiwan. France faces an emergency stopgap legislation to avoid a government shutdown as lawmakers abandoned 2026 budget talks, failing to agree on a compromise bill.

Within the European property sector performance was largely positive but was weighted down by German residential stocks. Hotels and healthcare outperformed, returning 4.7% and 1.5%, respectively. Meanwhile, residential and retail underperformed, returning -4.2% and 0.2%, respectively. In terms of regions, Australia (1.7%) was the strongest, outperforming Europe (-0.2%), Asia-Pacific (-0.9%), and the US (-3.7%) in euro terms. The European real estate index underperformed the broader European equity index with the FTSE EPRA NAREIT Developed Europe Capped 10% returning -0.2% versus 2.8% for the STOXX Europe 600.

Our fund (I EUR share class, net of fees) underperformed its benchmark by 34bps over the month (-0.54% vs. -0.20%) due to allocation effect, while selection effect was positive. Our overweight exposures to Unibail-Rodamco-Westfield, British Land, and Catena contributed. Meanwhile, our overweight exposures to TAG Immobilien, VGP, and LEG Immobilien detracted.

Source: AXA Investment Manager

AXA World Funds – Global Inflation Bonds

Investment and Market Review

Inflation-linked bonds overall performance was negative over the month. Only Japanese linkers and ultra long UK linkers posted positive performance. In terms of breakevens, performance was negative as inflation sentiment was harmed by disappointing inflation prints (arguably with a lot of noise in the US), lower oil prices and hawkish Central Banks.

In this context, The Federal Reserve, Bank of England, and European Central Bank have all reached a pivotal "wait and see" phase in their respective monetary policies. The Federal Reserve delivered a widely anticipated 25-basis-point rate cut to a range of 3.50%–3.75%, but signaled a potential pause in further reductions. Chair Jerome Powell noted that interest rates are now at the upper end of "neutral" estimates and are no longer considered highly restrictive, suggesting the Fed has successfully recalibrated policy to guard against labor market risks. Similarly, the Bank of England cut its Bank Rate by 25 basis points to 3.75% as inflation risks eased; however, the move was characterized by a somewhat hawkish vote split that led to an increase in gilt yields, reflecting a cautious approach to further easing despite a softening labor market.

In contrast to the US and UK, the European Central Bank opted to keep interest rates on hold as widely expected. President Christine Lagarde maintained a strictly neutral and data-dependent stance, refusing to provide forward guidance or indicate whether the next move would be a hike or a cut. By acknowledging various "optionalities" without expressing a preference, the ECB highlighted the high level of economic uncertainty that currently prevents it from committing to a specific policy path. Collectively, these moves suggest that while the era of aggressive tightening is over, central banks are now moving with extreme caution to balance growth risks against lingering inflation concerns.

Source: AXA Investment Manager

AXA World Funds Europe Small Cap

Investment and Market Review

The blitzkrieg between Iran and Israel enabled the United States to act as a global referee, ensuring no escalation of the conflict in the Middle East. The closure of the Strait of Hormuz would have driven oil prices sky high, which would not have been in the best interests of China, the region's largest oil buyer. At the same time, a number of factors enabled US stock market indices to end the month at record highs, including the bilateral trade agreements signed with many countries, the alignment of the majority of EU countries with the 5% threshold of GDP for defence budgets, macroeconomic indicators that now seem to rule out any risk of recession and expectations of a more aggressive cut in key rates. Those who thought they were witnessing the end of American exceptionalism were misguided.

In Europe, the ECB continued its monetary easing cycle by cutting its rates 25 basis points, bringing cuts to 100 basis points year-to-date. The German fiscal expansion plan should help drive growth in the area, prompting a holding pattern for the ECB, which is waiting to be able to measure the extent of the combined impact on growth and inflation of additional tariffs, imported Chinese deflation, the rise of the

euro against the dollar and the German fiscal package. Against this backdrop, the yield curve rose and equity indices tended to consolidate.

Over the month the price of crude rose, exceeding \$70/barrel at the height of the Israeli-Iranian crisis to end the month at around \$65/barrel. The greenback continued to depreciate against the euro, as did the pound sterling. Volatility indices fell. From a sectoral standpoint, there was no clear trend. The exception was the oil sector, which benefited from the rise in oil prices, whereas other sectors posted mixed performances. Sectors that outperformed included utilities, IT, construction, industrials and, to a lesser extent, banking. Conversely, consumer staples underperformed. Lastly, small caps outperformed large caps.

Over the month of June, the fund significantly underperformed its index, the STOXX Small 200. The allocation effect was slightly positive, notably due to the underweight in consumer non-cyclicals, while stock-picking weighed on performance mainly in consumer discretionary, materials, industrials and financials

Source: AXA Investment Manager

AXA World Funds - Global High Yield Bonds

Investment and Market Review

The AXA World Funds Global High Yield Bonds fund slightly outperformed (USD, net and gross) its benchmark, the ICE BofA Developed Markets High Yield Constrained Index (USD hedged), during the month of December. The outperformance was driven by the fund's macro risk positioning. More specifically, relative performance was positively impacted by the fund's overweight to the B-rated segment of the market, which outperformed, and by the fund's underweight to the BB-rated segment, which underperformed. Those factors were partially offset by negative security selection, most notably in the highest yielding portion of the market. Cash holdings were a further small drag on performance as the market produced a solid positive total return.

From a sector perspective, security selection in the Retail and Telecommunications sectors had the largest positive impacts on relative performance. The Retail sector outperformance was driven by the fund's lack of exposure to Saks Global Enterprises. Performance was negatively impacted by security selection in the Leisure and Basic Industry sectors.

The fund finished the month with a yield-to-worst of 6.37% (exclusive of cash), in-line with the benchmark yield-to-worst of 6.32%. The fund's duration-to-worst of 2.7 (ex-cash) was below the benchmark's level of 2.9. The global developed high yield bond market generated a solid positive return in December, supported by favorable economic data releases and another US Federal Reserve rate cut. We continue to believe that the default rate of the global developed high yield bond market is unlikely to increase to a level significantly higher than its long-term average. Based on our view of the current environment, we maintain that the global developed high yield market can deliver an attractive carry-driven return over the next 12 months.

Source: AXA Investment Manager

BlackRock China Fund
Investment and Market Review

- The fund outperformed its benchmark this month.
- Chinese equity extended gains in June, driven by continuing US-China trade talks, Israel-Iran de-escalation and southbound inflows. Equity performance peaked in mid-June, as the US-China 2-day trade talks in London agreed to implement the truce reached in Geneva. Market volatility kicked in after the outbreak of Israel-Iran military actions, which was followed by a fast de-escalation.
- Sector attribution:
 - IT was this month's biggest contributor over the month thanks to our overweight to the sector particularly positioning in Taiwanese tech companies.
 - Consumer Discretionary also contributed to relative performance, helped by both our underweight allocation and stock selection.
 - On the other hand, stock selection in Health Care sector was the worst performing sector for the month.
 - Stock picking in Materials also weighed on our relative performance.
- Stock attribution:
 - Our off-benchmark holdings in Taiwanese semiconductor company TSMC were the top contributors to performance this month. Taiwanese equities continued to rebound alongside renewed AI optimism, driven by easing tariff risks and upbeat capex outlooks by US tech majors.
 - Our overweight in China International Capital Corp was another significant contributor as the stock rallied on strong IPO pipeline and increasing trading velocity this year.
 - Software and cloud company Kingdee also helped performance after the company announced a raise in price for their services.
 - On the other hand, online travel agent Trip.com was the worst performing stock for the month, as the stock price slid on the news that JD.com is tapping into online travel booking business.
 - Jiangsu Hengrui Pharmaceuticals also detracted, as the stock fell on profit-taking.

- In June, we initiated new positions in China International Capital Corp on strong IPO pipeline and increasing trading velocity this year.
- We also bought Pop Mart as the company shows continued growth in China as well as overseas.
- We continued to top up Xiaomi after the stock had priced in the negative sentiment on social media. Xiaomi's IoT and headset business remains strong with auto also attracting young generation.
- We trimmed Trip.com given more competition in online travel booking business after JD.com announced to tap into the space.
- We sold out of Mengniu Dairy as we saw raw price hikes which will squeeze Mengniu's margin.
- We also sold out Far Eastone Telecom which we bought for defensiveness before.

Market Outlook and Investment Strategy

- We are most overweight Information Technology sector via Taiwan and selective Chinese tech companies.
- We are also overweight Financials via high yielding banks, brokers and stock exchange.
- On the other hand, we are most underweight Consumer Discretionary sector due to intensifying competition among consumer Internet companies.
- We are also underweight Energy due to worries around sanction risks and energy prices.

Source: BlackRock (Luxembourg) S.A.

BlackRock Global Allocation Fund

Investment and Market Review

Global stocks, as measured by the MSCI World Index, advanced +0.8% in December, led higher by European and Chinese shares. Unlike the Fed, the European Central Bank (ECB) elected to hold rates steady following its December meeting, upgraded growth forecasts for the eurozone to +1.4% for 2025, and signaled that inflation was stabilizing near 2%. Meanwhile in China, positive manufacturing data provided a key boost to stocks. Official data showed Chinese manufacturing activity climbing to a 6-month high in December, with overall manufacturing activity returning to expansion for the first time since March. This marked the end of the longest manufacturing slump on record in China, signaling improved industrial momentum and supporting cyclical, export-oriented stocks. U.S. stocks initially rallied following the Fed's rate decision but fell for four consecutive days in the year's final sessions to close the month and the year on a weak note. Nevertheless, despite the absence of a "Santa Claus" rally, most major U.S. stock indexes finished 2025 very close to all-time high levels. From a style perspective, value outperformed growth in December, with cyclical segments such as Financials, Materials, and Industrials performing the best from a sector perspective. Meanwhile, the economy's "defensive" sectors, including Utilities, REITs, Healthcare, and Consumer Staples generally finished the month with negative returns and were the largest underperformers within the major global stock indexes.

Within fixed income, bonds experienced a mixed month as credit rallied while duration weighed. Performance dispersion was quite wide across bond sectors during December, as longer-maturity issues struggled with rising rates at the back end of the Treasury curve, despite Fed rate cuts at the very front-end reflecting lingering concerns about inflation and continued resilience in overall U.S. economic performance. Weakness in long-duration bonds not only weighed on the 10-Year U.S. Treasury Index but also on U.S. investment grade bonds, which tend to possess a material degree of duration exposure. Meanwhile, U.S. high yield bonds enjoyed strong absolute and relative performance due to continued signs of solid U.S. economic strength in several key areas other than the labour market, including U.S. services surveys and durable goods orders. International bonds, including emerging market sovereigns, experienced solid gains in December on signs of stabilizing inflation overseas, coupled with a resumption in U.S. dollar weakness

Our equity exposure rose to 64% in December, up from 63% the previous month, reflecting a modest overweight versus the benchmark level of 60%. Looking ahead, tax rebates, deregulation, and potential rate cuts could support economic growth, though elevated valuations and AI-driven labour disruption risks remain. Overall, we anticipate continued, though slower, gains if AI adoption expands margins and earnings growth beyond the Technology and Communication Services sectors, and therefore remain comfortable with a modest equity overweight.

Equity positioning remains concentrated in large, cash-flow-generative growth companies, particularly those at the forefront of technology and AI. These firms are characterized by robust earnings growth, high returns on equity, and strong profitability, with investments in automation, software, and data infrastructure driving exceptional productivity gains. This positioning is complemented by exposure to Healthcare, Energy, and Financials, with the latter potentially poised to benefit from deregulation.

Financials experienced the largest increase during the month, driven by market gains and purchases within the fund. We expanded sector exposure in anticipation of solid economic growth, a favourable yield curve, and continued regulatory easing. Within financials, additions were made across U.S. and European banks. In the U.S., allocations focused on banks with diverse business models positioned to benefit from a more flexible regulatory environment that could unlock lending capacity, enhance profitability, and support renewed consolidation and competition. Meanwhile, additions to European banks targeted institutions with strong fee-earning power and exposed to growth in net interest income.

The team increased allocation to Information Technology, which saw the highest net purchases among all sectors; however, overall exposure declined month-over-month due to the broader market pullback in tech. Within Technology, we selectively added to semiconductor companies, viewing December's weakness as a valuation-driven opportunity, as we believe sentiment toward AI has become excessively negative. The portfolio's largest overweight remains in software, which is particularly well positioned to benefit from the ongoing acceleration in AI adoption.

We continue to have a constructive outlook across technology and AI, however, as we anticipate an environment of greater dispersion going forward, disciplined stock selection is essential, with a focus on identifying companies best positioned to leverage AI for productivity gains and distinguishing potential outperformers from possible laggards.

Healthcare experienced the largest decrease during the month, though the reduction was modest overall. The team selectively trimmed pharmaceutical exposures, primarily as part of a systematic process, reflecting negative sentiment in the space. This weakness aligns with a broader risk-on environment, where defensive sectors lose relative appeal. We continue to maintain an overweight in medical technology companies positioned at the intersection of health and innovation, benefiting from aging demographics and ongoing technological advancements.

Source: BlackRock (Luxembourg) S.A.

BlackRock Global Equity Income Fund Investment and Market Review

Global equity markets closed the year with a tone shift. At first glance it may appear that December was dominated by a momentum reversal, whereby some of the best performing assets underperformed. This would be true looking at the softer performance of some of the U.S. AI megacaps and hyperscalers, as with the weakness in Gold. Looking deeper, elsewhere others of the more impressive global equity market stories of the year continued to drive higher – including South Korea, where the index enjoyed the second-best year on record. Indeed the 2025 theme of the emergence of outperformance in pockets of EM and Asia continued to be underpinned by Dollar weakness, as the Federal reserve delivered another 25bps cut early in the month.

In the U.S., softer labour data and cooling inflation reinforced expectations for further rate cuts. Powell's comments suggesting job growth was overstated added to the dovish tone. Markets interpreted the combination of expected rate cuts and strong GDP data (released just before Christmas) as a positive signal. It suggested a supportive backdrop of monetary easing alongside robust economic growth. This pushed the S&P 500 higher led by sectors outside Tech and the AI theme, including Financials and Industrials, while the Nasdaq declined over the month. December's gains capped a strong year for the S&P 500, up 16.4%, though short of the 20% advances seen in both 2023 and 2024.

Whilst the U.S. was propelled by hopes of lower rates, Europe's path is harder to gauge. Early hawkish signals from the ECB and warnings of upside inflation risks tempered expectations, even as fiscal developments in France and Germany offered some support. Still, European markets moved higher with Banks rallying in sympathy with U.S. peers.

Whilst the Fed cut rates and Europe remained on pause, Japan moved in the opposite direction, hiking to the highest level in decades. However, cautious remarks on future hikes created a disconnect between the yield curve and the Yen, which weakened. Markets were led by Financials, benefitting from the curve move, alongside Industrials, particularly robotics. Japan and other Asian markets, including South Korea, were strong, while China ended the year slightly weaker despite an overall solid performance.

Commodities reflected the volatility theme. Oil drifted lower despite geopolitical tensions, while precious metals staged a strong finale: silver surged +10.3% on Dec 26 (its biggest daily jump since 2008, hitting \$77/oz) then plunged -9.0% on Dec 29 with further swings into year-end. Gold and silver capped off a historic year up +65% and +148%, respectively - the strongest annual gains since 1979. Crypto markets echoed the turbulence, swinging sharply on shifting Fed expectations.

Performance Overview:

The A2 share class returned 0.82% over the course of the month (net of fees) underperforming the benchmark by 22 bps.

Stock selection in Technology and Industrials detracted the most from relative returns. Additionally, stock selection and an underweight in Materials also detracted.

A combination of stock selection and sector allocation in Financials contributed the most to relative returns over the month. Additionally, stock selection Communication Services also contributed.

Stocks

Equity markets navigated a mixed backdrop in December. Cyclical tailwinds emerged as the Fed began cutting rates amid perceptions of a resilient economy and strong U.S. consumer demand. This helped boost performance in Financials and Industrials. December also saw a bifurcation amidst the Technology sector and AI thematic. Some of the best performing names such as Broadcom and Alphabet underperformed, as part of the broader momentum reversal and profit taking into the end of the year. However, the reversal in Technology was not indiscriminate as Nvidia, TSMC and memory related names outperformed. Elsewhere, financials broadly benefited from a steep yield curve and resilient economic conditions, creating a supportive backdrop for profitability.

Market Outlook and Investment Strategy

We are constructive on the outlook into 2026 and are expecting a broadening out of economic activity. Through 2025 we experienced significant market volatility driven by political uncertainty, tariffs and associated inflationary risks. This occurred against economies collared by high interest rates thus generating low levels of activity. However, we have seen tariffs managed by trade deals and corporate mitigation, and we think inflation has been contained. This has allowed the Federal Reserve to join the European Central Bank in beginning its rate cutting cycle, which we expect to provide support to the global economy going forward.

We expect this drives a resurgence of activity, particularly for large data centre projects budgeted for by large technology companies looking to support their artificial intelligence ambitions. In portfolios we continue to have very high levels of investment in this space as we expect transformational results. We see attractive use cases in customised advertising and expect more to come across our software investments, which we expect to be long-term winners. By investing across the full value chain, we are actively managing the risks inherent in the high levels of capital deployment we are seeing.

On valuations, we are highly cognisant that expectations are high in certain areas of the market: technology shares, in particular. As such we continue to build portfolios with a variety of growth drivers beyond technology and find increasingly rich pickings. Amidst macro concerns, micro trends have remained strong and corporate earnings have thus far broadly indicated resilience in the face of higher barriers to trade. Through 2025 the consumer has been under pressure from slowing, if any, real wage growth and weighed down by general economic uncertainty. This has played out in disappointing growth rates for consumer companies. However ultimately whilst we see that the consumer has been under pressure we view this as largely a confidence issue rather than one of financial distress. Going

forward, further support from easing economic policy and rising confidence should enable stronger spending trends into 2026 and so we have started broadening our investments back into the consumer space. Where we have exposure to Consumer, we prefer companies with quality characteristics such as brand equity and advantages of scale and where we have conviction in the idiosyncratic theses which we believe can drive outperformance.

There are, of course, risks abound to navigate. We have been surprised by the scale, speed and scope of the US administration's policies. Whilst the S&P500 has reached record highs, we have increasingly seen the dollar devaluing despite a persistently high US 10Y view reflecting the lack of fiscal discipline shown by the Trump administration. In our view, we may continue to see USD weakness versus other currencies as an 'escape valve' which reconciles high equity valuations with emerging macro risks. This outlook has led us to re-evaluate our regional positioning. Geopolitics, inflationary risks, fragile fiscal positions and continued high absolute levels of interest rates all remain watch items. While we are generally optimistic, we remain diversified, disciplined, and watchful. We continue to prize quality companies able to generate earnings from unshakeable competitive positioning. This continues to characterise both our investment process and our investments in the portfolio.

Source: BlackRock (Luxembourg) S.A.

BlackRock World Energy Fund Investment and Market Review

- The BGF World Energy Fund returned -0.4% during December, compared to its benchmark, the MSCI World Energy 30% buffer 10/40 index, which returned -0.9%.

Market

- Global equity markets rose modestly in December, with notable dispersion across the different market sectors.
- Geopolitical risk remained a feature with US naval build up offshore Venezuela and a blockade of sanctioned oil tankers.
- US economic data releases included noise from the earlier government shutdown, but overall suggested a softening labour market. The US Fed cut interest rates and kept open the potential for additional cuts in 2026.
- Strength in the price of copper and gold/silver was supportive for materials companies, whilst expectations for further Fed rate cuts in 2026 and of OBBBA tax cuts to begin to flow through in early 2026, provided apparent support for cyclical/economically sensitive sectors, including autos.
- Dispersion and rotation within technology stocks, with a number of AI and related equipment stocks that have led markets higher through 2025, displaying weakness over the month, (4 of the Mag7 stocks fell over the month).
- At the sector level, materials, financials and industrials delivered stronger returns over the month, whilst utilities, real estate and consumer staples companies fell.
- Global equity markets represented by the MSCI All Country World Index returned 1.0%.

- In terms of energy-specific news, Venezuela’s tanker disruptions and OPEC’s continued pause in restoring barrels kept supply concerns elevated.
- Tensions between Saudi Arabia and the UAE added to geopolitical uncertainty, though no immediate resolution is expected.
- Sentiment on natural gas remained constructive, supported by strong utility investment trends. Key beneficiaries include NextEra, General Electric and Siemens Energy, reinforcing the theme of infrastructure-led demand growth.
- Crude prices declined during the period, driven by persistent oversupply. This aligns with our outlook for continued market surplus through the first half of 2026. The Brent oil price was down -4.2% and the WTI oil price down -2.3%, ending the month at \$61/bbl and \$57/bbl respectively.
- The US Henry Hub natural gas price fell -23.7% during the month to end at \$4/mmbtu.

Stocks

- At the sector level, the Fund’s overweight position in the integrated and underweight position in the E&P sub-sectors were the largest positive contributors, though this was partially offset by its underweight in the oil services sub-sector.
- The Fund’s lack of position in the refining companies Marathon petroleum and Phillips 66 contributed positively to relative performance over the month, as refining margins softened amid optimism for a potential Ukraine–Russia ceasefire.
- The Fund’s overweight position in the integrated oil company Exxon was also a positive contributor. Exxon’s strategic update that highlighted reduced capital expenditure and higher production targets was well received by the market.
- The Fund’s lack of position in the integrated oil company BP contributed due to a CEO transition and the sale of Castrol, a high-quality asset divested to fund share buybacks.
- On the negative side, the gains from not owning the refining companies mentioned above were offset by our overweight in other refining names, such as Valero and HF Sinclair.
- The Fund’s modest overweight in the integrated oil company GALP also detracted from relative returns over the month. GALP faced headwinds after farm-down of its Namibia asset to TotalEnergies, which was perceived negatively for GALP.

Portfolio activity

- During the month the Fund exited positions in an E&P and an integrated oil company, initiated exposure to gas infrastructure names, and trimmed refining allocations to reflect evolving margin dynamics.

Market Outlook and Investment Strategy

- The Fund is overweight France, the UK, and Canada, while underweight US. We have an overweight to the Integrated, Distribution and Uranium sub-sectors, and an underweight to E&P, Refining & Marketing and Oil Services.
- 2026 begun with the US invasion of Venezuela and capture of President Maduro. Our view is that the impact of this development on energy equities is likely minimal, and we continue to position the Fund defensively. However, importantly, energy company valuations remain lower than the broader market and low relative to their own history.
- Oil markets remain heavily oversupplied, and Venezuela news removes another upside tail risk to oil prices as Venezuelan production continues to flow. In the short term, this should pave the way for oil market fundamentals to reconnect with equity prices.
- Oil prices are likely to continue showing a strong oversupply >2mbpd through mid - 2026, between \$50–60/bbl on average this year, biased to the downside. We expect oil demand to remain strong through 2026.
- Over the medium term, there is scope to see Venezuelan output grow towards >3mbpd, but we think of this as achievable next decade. Our medium-term pricing outlook also remains at ~\$70/bbl.
- The AI arms race for computing power is also an energy arms race that requires an “all of the above” approach to solving for the increased energy demand.
- The US has a pressing need for power generation. Demand for electricity is inflecting higher, driven by AI data centers, reshoring of manufacturing, increased air conditioning, and EVs, which we expect to increase demand for power generation particularly from natural gas (LNG investment and infrastructure) and onshore renewables over the coming years.
- We see strong demand growth for LNG from major energy importers: particularly Europe with the ongoing need to replace lost Russian gas imports, but also China and Japan.
- Inflation appears set to remain sticky and higher, due to tariffs, reshoring of supply chains and geopolitical fragmentation, with oil and other commodities typically acting as a hedge to higher inflation.

Source: BlackRock (Luxembourg) S.A.

BlackRock World Gold Fund
Investment and Market Review

The fund returned 0.81% in December (net), underperforming its benchmark by +0.15%. For the year 2025, the fund returned 8.08% (net), underperforming its benchmark by -0.37%.

Within high yield credit, security selection within Packaging (o/w Kleopatra), Retailers (u/w Saks Global) and Metals and Mining (o/w Samarco) sectors contributed to the performance results over the month of December. For the year 2025, security selection within Technology (o/w Atos SE), Chemicals (u/w Braskem), and Wirelines (o/w Level 3 Financing) sectors contributed to performance.

Conversely, security selection within Cable and Satellite (u/w CSC Holdings), Financial Other (o/w Adler Financing), and Midstream (u/w New Fortress Energy) sectors detracted from performance results over the month of December. For the year 2025, underweight allocation to Foreign Agencies (u/w Petroleos Mexicanos) and security selection within Cable and Satellite (u/w Dish) and Independent Energy (o/w Gran Tierra Energy) sectors detracted from performance.

Main Portfolio Changes:

Broadly, there were no significant changes to the fund's investment themes or positioning in December.

The fund's portfolio risk remained consistent over the month (beta was 1.06)

Market Outlook and Investment Strategy

The fund's core issuer/credit biases remain centered on cash-flow views, determination of a specific catalyst, and/or idiosyncratic characteristics; top issuer overweight include Beignet Investor (Media & Entertainment), Hub International (Property & Casualty), and Allied Universal Holdco (Consumer Cyclical Services).

From a credit standpoint, we remain underweight BB-rated credits and overweight B-rated names and select BBB-rated names with improving credit positions or attractive yields.

In addition to credit, we've held marginable positions in equity and equity-like (preferred and convertible) instruments to enhance the fund's total return profile but will tactically implement hedges to mitigate this risk when markets warrant. We also hold a tactical allocation to CLOs.

Generally, the portfolio remained well-diversified with 550+ issuers, an average issuer-level position of roughly 17bps, with the top 25 names constituting 20.61% of the portfolio.

Source: BlackRock (Luxembourg) S.A.

BlackRock World HealthScience Fund Investment and Market Review

Performance Overview

- The BGF World Healthscience Fund returned -0.5% during the month of December (A2 share class, net of fees in USD), outperforming the MSCI World Health Care Index, which returned -0.8%.

Market

- Global equities finished the month higher, with the MSCI All Country World Index up +1.0% USD in December. Developed markets lagged, as the MSCI World Index returned +0.8% during the month.
- December closed with mixed sector dynamics. Technology cooled after a strong year while defensive sectors regained footing. Technology slid by -0.5% for the month while Energy rose by 3.1% and Financials gained 3.7%.

- On December 10, the Federal Reserve reduced its target range by 25bps to 3.50%-3.75%, marking the third consecutive cut in 2025. The decision was contentious with a 9-3 vote reflecting the split between members concerned about inflation and those prioritizing labor market stability.
- Corporate earnings momentum persisted into year-end. FactSet estimates suggested 7.7% year-over-year earnings growth. Full year S&P 500 profits grew by roughly 12.9%, beating forecasts and supporting valuations at a forward P/E of 22.4, above the 5-year average of 20.0 and 10-year average of 18.7.
- The STOXX Europe 600 slipped 0.2% on the final trading day but capped a strong year with a +17% annual gain, while the Euro STOXX 50 advanced 18% for 2025. Banks and defense stocks led performance, supported by fiscal stimulus and rotation into cyclicals. The ECB maintained its policy stance, holding rates steady as inflation hovered near target and medium-term expectations remained anchored.
- Asia-Pacific markets rallied on global rate-cut optimism. December saw a sharp rebound across Asia, supported by the Fed's third rate cut and China's pro-growth measures. Japan's Nikkei rallied past 50,000 while the Topix hit record levels mid-month before moderating after the Bank of Japan raised rates to 0.75%. South Korea's KOSPI and Taiwan posted strong late-month gains, reversing early weakness as semiconductor demand and AI infrastructure spending drove flows.

Sectors

- In December, healthcare broke its streak of 4 consecutive months with positive returns, with the MSCI World Health Care Index returning -0.8%. 3 out of the 4 subsectors posted negative returns during the month, with Medical Devices & Supplies being the largest laggards, returning -3.3% over the period. Conversely, Pharmaceuticals companies buoyed performance, posting a +1.9% return during December.
- The STOXX Global Breakthrough Healthcare Index, which tracks smaller-cap, innovation-driven healthcare companies, lagged broader healthcare equities. The index returned -1.8% in December.
- U.S. medical supplies company Medline debuted on the NASDAQ on December 17th. The company became the largest initial public offering of the year, with shares closing at nearly 41% higher than the IPO price. Medline's success bolsters optimism around further healthcare IPOs heading into 2026.
- The U.S. and U.K. reached an agreement in principle to eliminate U.S. tariffs on U.K.-origin pharmaceuticals and medtech in exchange for U.K. commitments on drug pricing and market access. The deal reduces trade and supply-chain risk for large multinational healthcare companies.

Stocks

- An off-benchmark position in **Medline** was the largest contributor to relative returns, as the company's stock rose sharply following its successful IPO.
- An overweight position in **Roche** also contributed to relative returns, as the pharmaceutical firm's stock gained after publishing a positive breast cancer study readout.

- An underweight position in **Essilor Luxottica** was another contributor to relative performance. The healthcare supplies company's stock faced pressure given concerns surrounding an acquisition made.
- The largest detractor from relative performance was an overweight position in **Medtronic**, which saw its stock price decline as investors sold shares to lock in gains after a period of strong performance.
- Another detractor from relative performance was an overweight position in **Cencora**, which saw its stock price pressured as investors sold shares to lock in gains after a period of strong performance.
- Lastly, an underweight position in **Novo Nordisk** detracted from relative returns. The pharmaceuticals company's stock rose on the back of news that the FDA approved its oral GLP-1 drug.

Changes

- During the month, the fund increased its exposure to the pharmaceuticals subsector. In contrast, the fund moderately reduced its exposure to medical devices & supplies companies.
- At the individual security level, the fund increased its positions in pharmaceuticals firms **Merck** and **Novartis**, as the team considers the risk reward profile to be attractive due to their product pipeline. Furthermore, the fund increased its exposure to **Vertex Pharmaceuticals**, as recent periods of underperformance created an attractive opportunity from a valuation perspective.
- Conversely, the fund reduced its positions in **Abbott** and **Thermo Fisher** as a source of funds. Furthermore, the fund exited its position in **Labcorp** as a source of funds.

Market Outlook and Investment Strategy

- We continue to expect a high degree of stock dispersion in the sector driven by increasing scientific innovation, emerging technologies and policy shifts underscoring a flexible approach to investing across the sector while emphasising scientific attributes at the company level.
- Since Pfizer reached an agreement with the Trump administration on September 30 under the Most Favoured Nation (MFN) Executive Order, several other pharmaceutical companies have followed suit. These developments have provided muchneeded clarity on the policy front, easing the overhang that has persisted since the MFN announcement in May. With increased clarity, investors can refocus on the sector's stable underlying fundamentals. With the sector still trading at discount to the broader equity market, we believe the risk/reward profile remains attractive.
- Over the long-term, secular drivers for the sector remain in place; firstly, aging demographics in both developed and developing countries and secondly, innovation in medical science and technology. The combination of these secular trends, with favourable valuation creates an attractive long-term investment opportunity.

Source: BlackRock (Luxembourg) S.A.

BlackRock Latin American Fund
Investment and Market Review

Emerging Markets gained +12.0% in 2Q25, outpacing Developed Markets (+11.5%) and the US (+11.2%), despite geopolitical volatility driven by uncertainty surrounding where US 'Liberation Day' tariffs would settle following a quick 90-day pause on individualized reciprocal tariffs on most countries to allow for negotiations.

Latin America was the quarter's best performing region, up +15.2%. Mexico was up +20.5% benefitting from a relatively low 7-8% accumulated tariff ahead of the 90-day pause. Brazil (+13.3%) was less sensitive to Liberation Day effects, as investors remained more focused on central bank action. Whilst May was weak relative, the BRL appreciated +5.4% against the US Dollar in June and whilst the central bank delivered a 25bp rate hike, CPI appears to be slowing earlier than expected, which could signal the current tightening cycle soon coming to an end. Peru (+18.7%) outperformed, whilst Colombia (+12.4%) and Chile (+10.4%) lagged.

Market Outlook and Investment Strategy

Latin American equities have re-bounded sharply in 2025, and have outperformed both broader MSCI EM and MSCI World proving to be an unlikely defensive candidate amid an increasingly volatile world. Within Latin America, inflation has surprised to the downside in some countries, interest rate expectations are falling, and earnings across several sectors are beating forecasts. Despite this, valuations remain attractive.

We see interesting bottom-up opportunities particularly in Mexico and Brazil. In Mexico, we do not see a major change in the secular trend of nearshoring of supply chains, as Mexico will remain a much cheaper location to manufacture than the United States. Sheinbaum's pragmatic approach to trade negotiations underscores this view.

Whilst we have recently taken some profits on our domestic Brazil exposure, we remain positive on the country on a 12-18 month view and believe there is still room for significant upside. We favour companies with lower leverage and stronger earnings outlook. Given cheap valuations, we also see the potential for share buybacks supporting the market in 2025.

The BGF Latin America Fund returned +19.5% (A2, USD net) in Q2 2025. Outperforming its benchmark, the MSCI EM Latin America 10/40 Index, which returned +15.5%.

From a country perspective Brazil was the largest contributor. An overweight to and stock selection within Mexico also helped. On the other hand, off-benchmark exposure to Argentina detracted from returns. So did security selection within Chile.

From a security lens, an overweight to a collection of Brazilian consumer names did well with Azzas 2154, Lojas Renner and Alpargatas all contributing to performance after delivering strong Q1 earnings. XP, the Brazilian investment management platform, also did well on the back of decent results. Another stock that did well was financial technology and software solutions provider StoneCo. The stock rose alongside the Brazilian market and following news of a potential acquisition of their subsidiary Linx, by Brazilian software company Totvs. Our overweight to Brazilian Health Care name Rede D'or was another positive for the fund.

On the flipside, our overweight position in IT services firm Globant was the worst performer over the quarter. The stock pulled back on a poor set of earnings and weaker than expected guidance, which in our view was due in part to management extrapolating one-off weaknesses in the first four months of the year to FY 2025. Brazilian iron ore producer Vale was another detractor as the stock fell on the back of a 1Q production miss due to heavy rainfall. An underweight to digital banking platform provider NU Holdings also hurt.

We made some changes to the portfolio over the course of the quarter. We sold out of Brazilian electric utility company Energisa and added to Brazilian car rental company Localiza as we see greater upside for the latter. We also took some profits on our Brazilian consumer names by reducing Azzas 2154 and Assai, the supermarket chain. We initiated a position in Brazilian pulp and paper company Klabin, as we believe their leverage can come down as new assets are brought online. We also added to our holding in Brazilian logistics company, Rumo, taking advantage of the share price weakness following their 1Q earnings release. We think the initial share price weakness, which was due to higher-than-expected 1Q capex numbers, was an overreaction as the full year guidance was maintained.

The portfolio's largest overweight exposure is Brazil, where we are most overweight the Consumer Discretionary and Health Care sectors. Mexico is our second largest overweight. Our largest underweights are Chile and Peru. At the sector level, we are most overweight Consumer Discretionary and Health Care, while being most underweight Financials and Utilities.

Source: BlackRock (Luxembourg) S.A.

BlackRock World Mining Fund Investment and Market Review

- The BGF World Mining Fund rose 8.1%, underperforming its benchmark, the MSCI ACWI Metals & Mining 30% Buffer 10/40 Index which returned 8.5%.

Fund performance in U.S. dollar terms and net of fees for the A share class

December was a strong month for the mining sector, driven by robust performance from the precious metals complex, lithium, nickel and copper. Positive sentiment was further supported by signs of moderating cost inflation for mining companies, easing monetary policy and strong metals demand across precious and base metals.

Gold rose 3.0% in December, starting at US\$4,200/oz and ending at US\$4,325/oz. Early gains were fuelled by a weaker U.S. dollar, strong ETF demand, and the Fed's 25bps rate cut, while mid-month momentum reflected escalating U.S.–Venezuela tensions. Prices peaked near US\$4,550/oz before Christmas on safe-haven buying, then eased as CME raised margin requirements and year-end profit taking weighed on liquidity.

Significant moves were observed in the silver market, with the spot premium on the Shanghai Gold Exchange widening relative to COMEX futures and LBMA spot prices. This was driven by robust demand for physically-backed silver ETFs, silver's designation as a critical mineral in the U.S., new export controls in China, and sustained positive industrial demand from sectors such as solar, electric vehicles, and AI applications.

Copper prices rose 10.9% over the month to US\$12,453/tonne, underpinned by sustained demand from electrification, renewable energy projects, and AI data centre buildouts, coupled with supply constraints from declining ore grades and operational disruptions. The U.S. Federal Reserve rate cut of 25bps in December and a broader weakening of the U.S. dollar, which fell 1.1%, further supported the copper price.

Bulk commodities posted modest gains, with iron ore (62% Fe) up 1.9%, reflecting a modest improvement in Chinese steel demand amid property sector challenges. Industrial activity in China expanded driven primarily by an increase in domestic orders, as the Caixin Manufacturing PMI rose from 49.9 in November to 50.1 in December.

Stocks

Our overweight to senior gold producers, Agnico Eagle Mines, AngloGold Ashanti and Kinross Gold, weighed on relative returns, as the stocks declined at month-end due to profit-taking.

From a sub-sector perspective, our underweight positions in steel and diversified miners contributed positively to relative performance. Conversely, not holding silver miners detracted from relative returns, as silver companies posted strong gains on the back of silver rallying by 33.5% over the month.

Our underweight position in Freeport-McMoRan detracted from relative returns, as the company delivered positive performance following a reassuring update on the phased restart of the Grasberg mine and largely steady output projections for 2026.

Portfolio activity

We trimmed some of the outperformer positions across gold and copper, such as Agnico Eagle Mines and Southern Copper, respectively, to take profit on recent performance.

Market Outlook and Investment Strategy

Our outlook for the mining sector remains constructive across most commodities, with particular strength in gold, copper, and aluminium. Copper demand is set to accelerate, driven by electrification, rising power needs, the build-out of data centres tied to artificial intelligence adoption, and the broader energy transition. Supply constraints persist, as operational disruptions at existing mines and multi-decade lead times for new projects continue to underpin structural deficits in the base metal. Aluminium faces a global supply deficit due to European production cuts and Chinese capacity limits, amid strong demand from construction and autos.

Falling U.S. interest rates should boost metal demand. Lower rates enhance the appeal of non-yielding metals like gold and silver and reduce financing costs for industrial and green energy projects. This dynamic is reinforced by a weaker U.S. dollar, which makes dollar-denominated commodities more affordable globally, further supporting demand and prices.

Resource nationalism and geopolitical tensions have become critical drivers of metal demand, shifting priorities from cost efficiency to strategic security. Governments and companies are focused on securing mineral supply, with many building strategic stockpiles of critical metals to mitigate future supply shocks and protectionist trade measures.

Mining companies remain committed to capital discipline, emphasizing cost control and operational efficiency, which supports free cash flow margins. Rather than investing aggressively in production growth, miners are prioritizing debt reduction, cost optimization, and shareholder returns. This approach limits new supply and encourages a 'buy versus build' strategy to secure access to mining assets, creating opportunities for M&A activity that could benefit select players.

Lastly, we see an exciting outlook for gold producer earnings and it is our largest sub-sector exposure today. Our outlook for gold over the next 12 months is that it continues to trend higher, albeit at a more moderate pace relative to 2025. The structural drivers of gold for 2025 remain in place in 2026, including high government debt-to-GDP ratios and subsequent currency aversion trade, elevated geopolitical risks and strong central bank purchases. Looking ahead, share price performance among gold miners will be driven more by company-specific actions in our view, such as disciplined capital allocation, strategic growth, and cost control, rather than just gold price sensitivity, which shaped the story in 2025. We continue to position our portfolio to capture companies that demonstrate sustainable growth, extend mine life, and prioritize shareholder returns.

Source: BlackRock (Luxembourg) S.A.

BlackRock World Technology Fund

Investment and Market Review

- The BGF World Technology Fund returned **-0.1%** in December (A2 share class in USD, net of fees), underperforming its benchmark, the MSCI ACWI Information Technology 10/40 Index, which returned **+0.9%**.
- Global equities were mixed in December. The MSCI ACWI rose by 1.0% while the Nasdaq 100 slid by 0.4%. The choppy performance in December saw the ACWI dip mid-month before rallying to close out the year up +22.3%. The strength of the markets is noteworthy given the MSCI ACWI had risen strongly in the prior two years, gaining 22% in 2023 and 18% in 2024.
- December closed with mixed sector dynamics. Technology cooled after a strong year while defensive sectors regained footing. Technology slid by -0.5% for the month while Energy rose by 3.1% and Financials gained 3.7%.
- On December 10, the Federal Reserve reduced its target range by 25bps to 3.50%-3.75%, marking the third consecutive cut in 2025. The decision was contentious with a 9-3 vote reflecting the split between members concerned about inflation and those prioritizing labour market stability. CME FedWatch data showed market-implied odds for the cut at 84.8% going into the meeting but traders now anticipate a pause in early 2026 before potential further easing.
- Corporate earnings momentum persisted into year-end. FactSet estimates suggested 7.7% year-over-year earnings growth. Full year S&P 500 profits grew by roughly 12.9%, beating forecasts and supporting valuations at a forward P/E of 22.4, above the 5-year average of 20.0 and 10 year average of 18.7.

- The STOXX Europe 600 slipped 0.2% on the final trading day but capped a strong year with a +17% annual gain, while the Euro STOXX 50 advanced 18% for 2025. Banks and defence stocks led performance, supported by fiscal stimulus and rotation into cyclicals. The ECB maintained its policy stance, holding rates steady as inflation hovered near target and medium-term expectations remained anchored.
- Asia-Pacific markets rallied on global rate-cut optimism. December saw a sharp rebound across Asia as the Fed's third rate cut and China's pro-growth measures fuelled risk appetite. Japan's Nikkei rallied past 50,000 while the Topix hit record levels mid-month before moderating after the Bank of Japan raised rates to 0.75%. South Korea's KOSPI and Taiwan posted strong late-month gains, reversing early weakness as semiconductor demand and AI infrastructure spending drove flows.

Market Outlook and Investment Strategy

- Mid-December saw renewed volatility as investors digested higher-for-longer rate signals and selective profit-taking in Allinked names. However, the theme's durability was reaffirmed by strong year-end flows into AI infrastructure leaders, emphasizing investor conviction despite macro noise.
- Technology remains the dominant growth engine, with AI adoption accelerating beyond hyperscalers into enterprise workflows and agentic applications. While policy uncertainty persists, markets are increasingly pricing them as manageable. Structural drivers, such as cloud optimization, semiconductor innovation, and automation, continue to anchor the sector's long-term trajectory, reinforcing AI as a secular pillar of performance.
- AI markets are clearly progressing beyond the early infrastructure-heavy "picks and shovels" phase. After several quarters dominated by semiconductors and model-training hardware, growth is now broadening across the application and automation layers. Enterprise AI platforms, agentic systems, domain-specific copilots, and workflow automation providers are experiencing accelerating adoption, creating a more balanced opportunity set across both hardware and software.
- The AI infrastructure cycle remains strong, fueled by next-generation Blackwell-class accelerators and an industry-wide push to expand compute capacity. Hyperscalers persist in scaling aggressively, but sovereign AI initiatives across Asia, Europe, and the Middle East are now deploying capital at competitive levels. This is driving sustained demand for advanced GPUs, networking, optical interconnects, power systems, and emerging accelerator architectures, while simultaneously catalyzing the development of more resilient regional supply chains.
- Infrastructure and models remain core pillars of our positioning. A backdrop of constructive sentiment, improving earnings visibility, and intermittent volatility strengthens the case for active stock selection. As the AI buildout deepens and competitive moats widen across the ecosystem, we see structural tailwinds that support long-term outperformance for wellpositioned technology leaders.

- We are selectively increasing exposure to companies with demonstrated AI monetization, durable competitive advantages, and clear pathways to scaled adoption. Opportunities remain compelling where valuations do not fully reflect multi-year growth trajectories, particularly in hardware, infrastructure, and enabling technologies that benefit directly from expanding AI workloads and real-world deployment

Source: BlackRock (Luxembourg) S.A.

FAM Global Income Fund
Investment and Market Review

FGI delivered a positive return of +3.53% in the first half of 2025, achieving top-quartile peer ranking within its Morningstar category over the past quarter and over the longer track record of the strategy. The strong performance was achieved amid a highly volatile macro environment, underscoring the strategy's ability to generate stable income while preserving capital.

Markets navigated multiple shocks over the past few months, including renewed trade tensions under Trump 2.0, geopolitical tensions in the Middle East, and corresponding sharp moves in both equity and fixed income markets. In this context, FGI's multiple engines of income proved effective:

- Emerging Market (EM) credit was a key contributor over Q1 2025. EM corporates, supported by healthier fundamentals and proactive central banks delivered strong performance on the back of their compelling yields and capital gain potential.
- Developed Market (DM) Investment Grade bonds: We added to higher quality DM credits going into Q2 2025 which helped to improve the portfolio's overall credit quality and income stability. This was beneficial in the ensuing volatility triggered by the escalation of tariff threats by the US on major trading partners in April.
- Alternative income: Our positions in Insurance-Linked Securities (ILS) continued to provide steady and uncorrelated income, reinforcing portfolio resilience during market drawdowns. The strategy's diversified streams of income allowed FGI to maintain a consistent monthly distribution of \$0.51 through 1H 2025.

Market Outlook and Investment Strategy

Uncertainty remains elevated as we look forward to the second half of 2025. Geopolitical developments, shifting U.S. trade policy, sticky inflation, and a volatile interest rate backdrop present both challenges and opportunities for investors. In this environment, FGI is focused on delivering continued high income while actively managing risks. We maintain a preference for 1. higher quality, shorter-duration credit as well as 2. alternative income sources such as ILS help to reduce exposure to spread volatility and long-duration risk. More tactically, the portfolio has selected positions in EM credits which still offer better all-in yield as well as improving fundamentals. While volatility is expected to persist, the current environment of falling recession risks and higher yields offers a sweet spot for fixed-income heavy strategies. The team remains agile and risk-aware, dynamically adjusting exposures in response to evolving market conditions. Alongside fixed income, the portfolio also retains a stable equity positioning on the back of continued earnings tailwinds for capital gain potential.

Source: Finexis

FAM Global Opportunities Plus Fund

Investment and Market Review

The first half of 2025 was marked by historic levels of volatility across asset classes — triggered by geopolitical shocks, unpredictable policy shifts and escalating trade tensions. Against this turbulent backdrop, FGOP’s flexible multi-asset strategy delivered strong returns of 6.04%, achieving top-quartile peer rankings within its Morningstar category over the past 1-month and 3-month periods. Equities were notably volatile in April, when the S&P 500 recorded one of its sharpest two-day drops in history, only to rebound to all-time highs by the end of the quarter. The strategy utilized protective put-spread strategies when volatility (and insurance cost) is low, taking a prudent approach to manage risks. These actions helped contain the downside e.g. FGOP’s max drawdown in April is -7% vs. S&P 500’s -12%, while still maintaining strong upside capture during subsequent rebounds. Fixed Income played a key stabilizing role. The portfolio tilted toward high-quality investment-grade bonds and tactically added to duration during periods of market stress, benefitting from falling yields driven by softer growth expectations and fiscal concerns in the U.S. Alternatives also helped in cushioning drawdowns and diversifying returns. The portfolio’s allocation to Gold delivered strong gains supported by central bank demand and geopolitical tensions, while positions in Insurance linked securities (ILS) contributed steady, uncorrelated returns.

Market Outlook and Investment Strategy

Uncertainty remains elevated as we look forward to the second half of 2025. Geopolitical developments, shifting U.S. trade policy, sticky inflation, and a volatile interest rate backdrop present both challenges and opportunities for investors. FGOP maintains a constructive view on equities with worst-case tariff risks easing and fundamentals still holding up. At the same time, we continue to utilize asymmetric protective strategies to protect against potential volatility as trade talks and macro data unfolds. Within fixed income, we favour investment-grade credit for its resilience, while staying underweight duration amid rising long-end yield volatility linked to fiscal uncertainty. The portfolio has also reduced USD exposures given concerns around its “twin deficits”, which presents further headwind for the currency. Looking forward, FGOP flexible multi-asset strategy, and active and prudent approach is crucial for navigating the uncertain environment ahead.

Source: Finexis

FAM Millennium Equity Fund

Investment and Market Review

The first half of 2025 was marked by historic levels of volatility across asset classes — triggered by geopolitical shocks, unpredictable policy shifts and escalating trade tensions. Against this backdrop, FME was not spared from the initial volatility but subsequently rebounded to deliver positive return of +5.23%. The year had a challenging start, with the US leading declines as President Trump’s escalated tariff threats in April. In this backdrop, FME’s globally diversified portfolio and timely portfolio adjustments managed to cushion downside risks; such as reducing US tech exposures earlier in the year on the back of China’s DeepSeek AI breakthrough which caused investor to question the dominance of US tech firms. As reference, FME’s maximum decline of -16.5% compares favourably to S&P 500’s -18.9% over the same period. April marked a turning point for global equities. Following historic volatility sparked by reciprocal tariffs, FME recovered strongly alongside the recovery in global equity markets, achieving strong Q2

51

returns of 8.91%. Overall, FME achieved similar returns to the S&P 500 year-to-date with better diversification and less risk.

Market Outlook and Investment Strategy

As we enter the second half of 2025, markets have staged an impressive recovery following April's historic volatility. While US equities have recovered meaningfully, the durability of the "US exceptionalism" trade is increasingly in question amid elevated policy unpredictability. Against this backdrop, we are maintaining a diversified allocation across regions and styles, avoiding concentrated risks until there is greater clarity on the trajectory of global trade negotiations. Looking ahead, we're watching key signposts closely - including upcoming earnings results and further direction on U.S. trade policy - to guide positioning. We remain cautiously optimistic on the back of progress in trade negotiations and continued earnings resilience but remain focused on managing risks that may present themselves in the second half of the year.

Source: Finexis

Fidelity Global Financial Services Fund

Investment and Market Review

Global equities advanced during the fourth quarter amid interest rate cuts by major central banks, improving liquidity conditions, and a supportive backdrop for cyclical sectors including financials. Regional equity performance diverged over the period. US markets posted positive returns, underpinned by resilient economic data and earnings momentum, although gains were more subdued given elevated valuations. UK and Europe ex-UK equities performed well, with the former benefitting from exposure to the mining sector and overseas earnings.

European financials stocks also rallied, benefitting from lower interest rates that improved lending prospects and asset quality. Japanese equities lagged the broader market, reflecting a tightening policy stance and ongoing trade and tariff-related tensions. The Bank of Japan raised rates in December and signalled further rate hikes in 2026. Artificial intelligence (AI) remained a key theme; however, investors became increasingly concerned, with greater scrutiny of valuations and balance-sheet strength, leading to increased divergence among US mega-cap stocks. More broadly, elevated valuations across core equity markets led to a rotation toward quality and value-oriented stocks, alongside greater global diversification, as investors sought to reduce concentration risk and construct more balanced portfolio exposures. At an industry level, banks rallied, supported by stable margins, solid balance sheets, easing regulatory pressures, and improving credit demand, while financial services and capital markets lagged.

The FF Global Financial Services Fund (A-Euro) delivered 3.0% returns and underperformed the comparative index, which returned 5.0% over the fourth quarter. Relative underperformance was driven primarily by the fund's underweight exposure to banks, which rallied strongly during the period, as well as unfavourable security selection within capital markets and insurance sectors.

Capital markets holdings hurt returns

These included positions in Interactive Brokers Group which was weighed down by concerns around the prospect of declining net interest income amid expectations of further policy rate cuts. The position in 3i

Group also declined, with management adopting a cautious stance on the transaction market and the wider environment). VZ Holding experienced higher personnel and operating costs that led to its downturn, while Intercontinental Exchange fell as it was impacted by concerns around the outlook for cyclical business segments.

Insurance holdings delivered mixed performance

Within insurance, holdings in Arthur J Gallagher, Brown & Brown and AXA were impacted by a combination of disappointing earnings, integration and margin pressures from acquisitions, analyst downgrades, and a sector-wide transition to a weaker insurance pricing environment. IA Financial Corporation benefited from strength across its wealth management and US insurance businesses.

Banks rallied amid improved confidence in credit quality and easing regulatory pressures

Bank holdings in Singapore (DBS Group), US (Wells Fargo & Co.) and Japan (such as Mizuho Financial Group) contributed positively, but this was not sufficient to offset the impact of the rally in stocks of European banks.

Market Outlook and Investment Strategy

The portfolio managers design the portfolio to give clients exposure to interest rate-sensitivity and market-sensitivity similar to the index, while owning companies with relatively higher quality and/or long-term growth prospects, and maintaining a valuation discipline. The fund has an overweight stance in “multi-sector holdings” including Berkshire Hathaway and Investor AB.

Key focus areas

The fund is positive on “investment banking & brokerage” (e.g., Interactive Brokers Group) & “asset management & custody banks” (e.g., Ares Management). These businesses have demonstrated strong ability to deliver organic growth over time and benefit from robust public equity markets. Many brokers are a good sources of earning interest income as they provide the fund rate-sensitivity, but they are more attractive than banks as they grow faster, have higher returns limited credit risk. Within insurance, the fund has an overweight position in insurance brokers (e.g., Arthur J. Gallagher) and financial exchanges & data (e.g., Intercontinental Exchange), reflecting their consistent track records of growth and low volatility. The fund is also having overweight allocation to reinsurance businesses (e.g., Munich Re), supported by strong balance sheets, favourable organic growth outlooks. Elsewhere, the managers like the low cyclical, strong secular growth, and high returns of exchanges, data providers, and insurance brokers. Alternatives give the fund exposure to capital markets and stock market beta, but with better secular growth than investment banks and/or mutual funds.

Source: FIL Investment Management

Franklin Global Sukuk Fund Investment and Market Review

After starting 2025 on a strong note, global equities collectively declined during the rest of the first quarter due to investor concerns about US economic growth, President Donald Trump’s trade policy and a broadening trade war. Despite reaching new closing highs earlier in the quarter, the Dow Jones Industrial

Average and the S&P 500 Index ended the quarter with negative returns. The technology-heavy NASDAQ Index suffered a significantly larger decline as investors remained concerned about the potential effects of a Chinese company's new artificial intelligence (AI) model on US companies' AI spending. European stocks produced strong gains during the period amid signs of economic improvements and interest-rate cuts. Better-than-expected earnings reports by some companies and increased fiscal budgets by many of the region's countries, notably Germany, supported investor sentiment. In Asia, stocks collectively posted a modest gain, driven by the strong performance of Chinese stocks amid investor enthusiasm about the new AI model and signs of a more supportive stance from the Chinese government. As measured by MSCI indexes in US-dollar terms, developed market equities modestly underperformed a global index, while emerging market equities significantly outpaced it with positive results. In terms of investment style, global value stocks generated strong gains and substantially outperformed global growth stocks. Most fixed income spread sectors recorded positive total returns during the quarter. Higher-rated credits generally fared better than their lower-rated counterparts. Over the period, US Treasury yields fell across much of the curve.

Global aggregate bond indexes registered positive total returns in US-dollar terms over the first quarter of 2025. The US Federal Reserve (Fed) maintained the federal funds target rate at a range of 4.25%–4.50% at its meetings in January and March. At the press conference following the March meeting, Fed Chair Jerome Powell indicated that the central bank's forecast of weaker economic growth and higher inflation in 2025 generally balanced out, thus maintaining its prediction of approximately 50 basis points (bps) in rate cuts for this year. The European Central Bank delivered rate cuts of 25 bps at both its January and March meetings, noting after the latter that it will follow a data-dependent, meeting-by-meeting approach given the increasing uncertainty about trade policy. Against this backdrop, the Sukuk market was also up.

Global aggregate bond indexes registered positive total returns in US-dollar terms over the second quarter of 2025. The US Federal Reserve (Fed) maintained its target range for the federal funds rate at 4.25%–4.25% over the period, signalling a data-dependent approach in response to the tariff-related turmoil in the aftermath of "liberation day." Headline-related US policy risks magnified the lack of clarity about the growth and inflation outlook, with June's Fed meeting resulting in updated forecasts that suggested widening divisions between policymakers on the Fed rate path. The European Central Bank reduced interest rates by 50 basis points to 2.00% during the period. Policy easing was driven by a significant repricing in the euro since early March, tighter financing conditions and lower energy prices. Against this backdrop, the Sukuk market was also up.

Global aggregate bond indexes registered positive total returns in US-dollar terms over the third quarter of 2025. The US Federal Reserve (Fed) made its first interest-rate cut of the year in September, lowering the target range by 25 basis points to 4.00%–4.25%. The Fed cited growing downside risks to employment, while noting that inflation remains elevated. Investor expectations are for two further cuts this year. The European Central Bank (ECB) held its key interest rates steady over the quarter. Inflation hovered around the 2% medium-term target, while core inflation showed signs of moderation. Growth and trade tensions posed downside risks, however, prompting the ECB to maintain its data-dependent, meeting-by-meeting approach. Against this backdrop, the Sukuk market was also up.

Global aggregate bond indexes registered positive total returns in US-dollar terms over the fourth quarter of 2025. The US Federal Reserve (Fed) reduced rates by 25 basis points at both its October and December meetings, lowering the target range to 3.50%–3.75%. However, December’s decision highlighted significant internal divisions within the Federal Open Market Committee. The European Central Bank (ECB) held its key interest rates steady over the quarter. ECB President Christine Lagarde said that although the economy had remained resilient, uncertainty over trade and international conflicts would see the central bank maintain its data-dependent, meeting-by-meeting approach. Against this backdrop, the Sukuk market was also up.

Market Outlook and Investment Strategy

We are generally of the view that too many rate cuts may already be priced in and would argue that a terminal rate closer to 3.5% may make more sense.

Our analysis differs from the consensus in two key areas: We see economic growth in the United States remaining more resilient, declining somewhat in the fourth quarter of 2025 and the first quarter of 2026, before recovering to 2.1% by the end of the year. Consensus had growth lower—closer to 1.5%, but that is gradually changing. We see core inflation remaining around 3%, well above the Fed target of 2%, at the end of 2026. Therefore, we see some value in the long end of the US curve, not so much in the short end, which is more vulnerable to changing rate-cut expectations. This is, however, a conducive market for fixed income, where income and diversification, or capital protection, are on offer, particularly in high-quality fixed income sectors, of which global sukuk are good examples.

We continue to maintain a defensive and highly selective stance with respect to credit risk, ensuring that risk is taken only where compensation is commensurate.

Despite our tactically defensive posture, it is important to keep in mind that Gulf Cooperation Council (GCC) bonds and global sukuk continue to stand out globally, supported by impressive credit fundamentals. GCC issuers benefit from stronger sovereign balance sheets, higher reserves-to-gross domestic product ratios and lower debt burdens compared to their global peers. These structural advantages translate into a more efficient compensation per unit of risk, making the region particularly attractive in a world of elevated debt and compressed spreads.

The relative strength of GCC fundamentals provides a buffer against potential market stress, reinforcing the case for long-term allocations to global sukuk.

Source: Franklin Templeton

Franklin Income Fund

Investment and Market Review

US stocks generally rose in January 2025 amid many companies’ strong earnings results and guidance, as well as investor optimism for deregulation and tax cuts under President Donald Trump. Consequently, the S&P 500 Index and the Dow Jones Industrial Average (DJIA) reached new record highs during the month. However, concerns about a Chinese startup’s new artificial intelligence (AI) model that rivals US AI models, along with President Trump’s threatened tariffs on Canada, Mexico and China, triggered market volatility. Against this backdrop, the S&P 500 Index and the DJIA ended the month off record highs but still posted

solid gains, while the technology-heavy NASDAQ Composite Index posted a more modest positive return. Ten out of the 11 S&P 500 sectors rose, led by communication services, health care and financials, while information technology declined. In terms of market capitalisation, mid-cap stocks performed best, followed by large-cap and small-cap equities.

US stocks experienced heightened volatility during 2025's first quarter amid concerns about US President Donald Trump's tariff policies and their impact on economic growth, inflation and the US Federal Reserve's (Fed's) interest-rate path, with some investors fearing a potential recession or stagflation (i.e., economic stagnation and high inflation). Underwhelming earnings reports and guidance from some companies, as well as significantly lower consumer confidence, also hindered sentiment. Despite reaching record highs early in the quarter, the S&P 500 Index and the Dow Jones Industrial Average ended the period with negative returns. The technology-heavy NASDAQ Composite Index suffered a significantly larger decline than the other two indexes as investors remained concerned about the potential effects of a Chinese company's new artificial intelligence (AI) model on US companies' AI spending. Against this backdrop, four out of the 11 S&P 500 sectors posted negative returns; consumer discretionary and information technology (IT) sold off the most, while the energy sector was a bright spot for performance as investors turned more defensive. Small-capitalisation stocks struggled over the quarter, followed by large- and mid-cap equities.

US stocks advanced during the second quarter of 2025 as equity markets rebounded from April's lows and continued to rally through June, despite bouts of volatility. Temporary delays in tariff hikes, reduced fears of a recession, growing expectations of interest-rate cuts later in the year and easing geopolitical tensions helped drive US stocks higher. Major US indexes fluctuated, but each posted positive returns by period-end. The S&P 500 Index trended upwards and ended the quarter with solid gains after facing significant declines in early April and hitting new record highs at the end of June, marking a sharp turnaround from the "Liberation Day" slump. The technology-heavy Nasdaq Composite Index performed strongly during the quarter, bolstered by better-than-expected earnings reports from certain mega-capitalisation, tech-related companies. The Dow Jones Industrial Average also ended the quarter with solid returns despite initial volatility. In this environment, eight out of the 11 S&P 500 sectors rose; information technology (IT), communication services, industrials and consumer discretionary led returns, while energy, health care and real estate retreated. Large-cap equities gained the most, followed by mid- and small-cap stocks

US equities delivered strong performance over 2025's third quarter, buoyed in part by easing trade tensions and optimism surrounding artificial intelligence. The US Federal Reserve's (Fed's) interest-rate cut in September also supported market sentiment, as did robust corporate earnings. Both the S&P 500 Index and the Nasdaq Composite Index ended the quarter at new record highs. Returns for the Dow Jones Industrial Average were more muted, while the small-capitalisation (small-cap) Russell 2000 Index delivered a relatively strong quarterly performance, beating its previous November 2021 peak. Against this backdrop, 10 out of 11 S&P sectors had positive returns, led by information technology (IT), communication services and consumer discretionary, while consumer staples declined during the period. By investment style, small-cap stocks performed better than their large- and mid-cap counterparts.

US equities delivered solid gains during the fourth quarter of 2025, maintaining their upwards trajectory against a backdrop of generally robust corporate earnings, despite some mixed economic signals and investor concerns about stretched technology valuations. Continued monetary easing by the US Federal

Reserve (Fed) along with a constructive shift in US-China relations supported investor sentiment. The outperformance of the Magnificent Seven mega-capitalisation technology stocks boosted returns for the S&P 500 Index and the Nasdaq Composite Index, while the relatively strong performance of the Dow Jones Industrial Average reflected the enduring strength of blue-chip companies. Against this backdrop, nine out of 11 S&P sectors delivered positive returns, led by health care and communication services. Conversely, real estate and utilities declined during the period. By investment style, large-cap stocks performed better than their mid- and small-cap counterparts.

Market Outlook and Investment Strategy

Economy: The economic growth outlook continues to be a major area of focus for the fund. The US economy remains resilient, but ongoing uncertainty in monetary, fiscal and trade policy could weigh on investor sentiment and the broader economy. Moreover, while the labour market has incrementally cooled, unemployment levels are still low on a historical basis. We continue to monitor financial conditions as a leading indicator of future economic performance and Fed policy. We expect stimulative benefits from 2025 fiscal policy to support growth in early 2026.

Equities: Market breadth in equity markets has narrowed in recent months. While index level valuations are elevated, opportunities continue to evolve below the index levels, which we feel favours active management. Recently, we have found select opportunities within the IT and utilities sectors. Ultimately, given current valuations, we remain selective in engaging with equities and continue to focus on broad diversification across sectors while maintaining flexibility to capitalise on potential dislocations. As income-focused investors, our asset allocation mix is driven primarily by bottom-up security selection, with a focus on company fundamentals as opposed to the direction of the broader equity market. While the capital return story differs by sector, our holdings are focused on businesses that show an ability to support attractive dividend yields and grow them over time.

Treasuries/Government-Backed Bonds: Interest-rate volatility has declined despite continued uncertainty regarding tariffs and concerns about their ultimate impact on growth, inflation and corporate fundamentals. Government securities continue to provide an attractive investment opportunity, in our view, as yields remain elevated based on recent history. We believe they continue to offer good diversification potential and can serve as a ballast to help hedge portfolios during market volatility.

Investment-Grade Corporate Bonds: Absolute yield levels remain attractive for an income-generating strategy, but credit spreads have contracted materially over the past year, which has decreased the attractiveness of investment-grade corporate bonds, in our assessment. With credit spreads at historically tight levels, we believe future returns may be driven by interest-rate moves and carry rather than further spread compression.

High-Yield Corporate Bonds: Although we think the high-yield market offers attractive yields, we remain balanced and selective due to the potential for higher refinancing costs impacting companies' fundamentals. We continue to have a vigilant approach to security selection within our high-yield portfolio, with our preference for companies that have a greater degree of flexibility to deal with upcoming maturities.

Source: Franklin Templeton

Franklin India Fund

Investment and Market Review

Indian equities declined in January 2025. Corporate earnings in India and sluggish consumption continued to disappoint investors. Concerns over domestic earnings were exacerbated after several well-known companies reported results that fell short of consensus expectations.

Corporate earnings in India and sluggish consumption continued to disappoint investors. Concerns over domestic earnings exacerbated after several well-known companies reported results that fell short of consensus expectations. Despite a long-anticipated reduction in India's interest rates—the first since 2020—investor concerns on US trade tariffs and uncertainty around future interest-rate cuts in the United States caused Indian equities to continue their slide. However, better-than-expected macroeconomic data including gross domestic product (GDP) and inflation improved sentiment as we entered March. Improving valuations also made Indian equities more attractive to investors. In all, while Indian equities recovered in March, declines in the first two months of the year led to an overall fall for the first quarter.

Indian equities rose on improved macroeconomic data, namely easing inflation and better-than-expected gross domestic product growth for the January to March quarter.

Information technology (IT) stocks suffered from a large fee hike in H1-B, or non-immigrant visas in the United States, which would complicate Indian IT companies' operations in the United States. The government's overhaul of the goods and services tax structure, however, caused a broad-based rally and helped to overcome some weakness.

Indian equities fared well this quarter, although the pace of outperformance weakened in December as investors locked in profits. Inflation continued to be tame, while the economy reported brisk growth of 8.2% in the second quarter of fiscal year 2026.

Market Outlook and Investment Strategy

India is poised for earnings recovery in 2026, as supportive fiscal and monetary policies continue to underpin the resilience of domestic consumption. With valuations also becoming more favourable and US tariff risks potentially easing, we are cautiously optimistic about India's outlook following a turbulent year.

Earnings recovery, less demanding valuations: The year 2025 was marked by unprecedented global trade disruptions and geopolitical headwinds. In this environment, forward earnings estimates in India have gone through multiple downgrades throughout 2025. The current projections put India's earnings-per-share (EPS) growth for fiscal year 2026 (ending in March 2026) at around 10%, slowing down from 12% in the previous year. For the full year of 2026, we believe EPS growth in India can recover to a mid-teen percentage level, with some positive momentum already showing in the July–September 2025 quarterly results season. Earnings revisions have also stabilised in late 2025, and estimates for one-year roll-forward EPS have been improving since September 2025.

Policy benefits coming through, long-term growth intact: In 2025, the Indian government rolled out a series of fiscal policies to boost demand and stimulate growth. Chief among these are the income tax concessions targeting mainly the middle class, announced in February, and an overhaul of the GST brackets that effectively reduces rates for a large variety of products, implemented in September. With

the Reserve Bank of India also cutting policy rates by a combined 125 basis points in 2025 amid low inflation rates, India has a palette of pro-growth policies that should yield their full effects entering 2026. Forward-looking confidence among both urban and rural consumers has been robust against this backdrop. All told, we see sufficient policy tailwinds for consumer spending growth and private sector capital expenditure recovery going forward.

Source: Franklin Templeton

Franklin K2 Alternative Strategies Fund Investment and Market Review

After starting 2025 on a strong note, global equities collectively declined during the rest of the first quarter due to investor concerns about US economic growth, President Donald Trump's trade policy and a broadening trade war. Despite reaching new closing highs earlier in the quarter, the Dow Jones Industrial Average and the S&P 500 Index ended the quarter with negative returns. The technology-heavy NASDAQ Index suffered a significantly larger decline as investors remained concerned about the potential effects of a Chinese company's new artificial intelligence (AI) model on US companies' AI spending. European stocks produced strong gains during the period amid signs of economic improvements and interest-rate cuts. Better-than-expected earnings reports by some companies and increased fiscal budgets by many of the region's countries, notably Germany, supported investor sentiment. In Asia, stocks collectively posted a modest gain, driven by the strong performance of Chinese stocks amid investor enthusiasm about the new AI model and signs of a more supportive stance from the Chinese government. As measured by MSCI indexes in US-dollar terms, developed market equities modestly underperformed a global index, while emerging market equities significantly outpaced it with positive results. In terms of investment style, global value stocks generated strong gains and substantially outperformed global growth stocks. Most fixed income spread sectors recorded positive total returns during the quarter. Higher-rated credits generally fared better than their lower-rated counterparts. Over the period, US Treasury yields fell across much of the curve.

The second quarter of 2025 began with US President Donald Trump's announcement of reciprocal tariffs that were more sweeping and severe than many had expected, leading to significant financial market volatility. However, global trade tensions eased during the rest of the quarter as the United States delayed planned tariff hikes, reducing investor fears of a global recession. Investors remained concerned about elevated inflation levels in certain regions over the period, but reduced recession fears helped in improving consumer sentiment. The onset of the Israel-Iran conflict in the Middle East in mid-June and its tenuous ceasefire at month-end had minimal impact on global equity markets. Investors largely looked through the risks, although oil price volatility briefly rose due to concerns that a broadening of the conflict could have uneven impacts globally. Against this backdrop, global equity markets collectively rose during the quarter after bouncing back from their April lows. In the United States, the S&P 500 Index dropped significantly in early April, then trended higher and closed the period with solid gains after hitting new record highs at the end of June. As measured by MSCI indexes in US-dollar terms, developed market equities rose during the quarter but slightly trailed the global index. Emerging market stocks produced positive returns, aided by a weaker greenback, and outpaced global stocks. In terms of investment style, global growth stocks significantly outperformed global value stocks. Credit markets broadly witnessed positive absolute returns over the period, as spreads tightened. Higher-rated credits are generally

underperforming their lower-rated counterparts. US Treasury (UST) yield changes were mixed. Very short- and intermediate-dated yields witnessed declines, while longer-maturity UST yields increased.

Global equity markets advanced through the third quarter of 2025 as tariff anxieties gradually eased, central banks tilted more accommodative and technology leadership persisted. July's tone improved on clearer trade signals and resilient US earnings; August added gains despite episodic volatility around new tariff measures and September capped the quarter with a Federal Reserve rate cut that steadied rate-sensitive assets and lifted risk appetite. The Fed lowered its target rate by 25 basis points to 4.00–4.25%, while the European Central Bank (ECB) and Bank of England (BoE) held policy steady. Together, these dynamics, calmer rate volatility and robust corporate results underpinned risk assets into quarter-end. Against this backdrop, the MSCI All Country World Index advanced in USD terms, with growth outpacing value and large caps edging small caps. Within the index, 10 of the 11 sectors advanced, led by information technology and communication services, followed by materials and consumer discretionary. Consumer staples was the sole decliner. US equities led developed markets over the quarter as strong earnings, fading recession fears and AI-linked capital spending kept risk appetite firm, but emerging markets stocks outperformed the US and developed markets. Credit markets witnessed positive absolute returns over the period as spreads tightened. Lower-rated credits such as high-yield bonds generally outperformed their higher-rated counterparts. Over the period, US Treasury (UST) yields moved lower with the yield curve steepening. Commodity indexes generally appreciated mildly and unevenly during the quarter. Precious metals and base metals outperformed, while energy and crop products weakened. Benchmark US and international crude oil futures prices fell 4.2% and 0.9%, respectively, as traders continued to watch for signs of a glut that's widely expected to arrive in the fourth quarter and extend into 2026.

Global equities rose in the fourth quarter, led higher by emerging markets (EM) and European stocks. Equity markets were characterised by a rotation towards value, as investors worried about the elevated valuations of technology stocks amid fears of an artificial intelligence (AI) bubble. Continued monetary easing by the US Federal Reserve (Fed) supported equities, but investors weighed some softer sentiment across the AI complex, shifting expectations for Fed action and uneven macroeconomic signals. The MSCI All Country World Index (ACWI) advanced 3.0% and modestly outperformed developed, non-US markets, but failed to keep pace with EM. US equity returns were subdued as markets digested slower earnings momentum and growing differentiation within technology. The S&P 500 Index was up 2.7%, in line with the Nasdaq Composite Index. Global fixed income markets strengthened during the period, and credit markets witnessed positive absolute returns despite stable to modestly wider spreads. Sectors viewed as more risky, such as EM and high-yield bonds, broadly outperformed. The US Treasury yield curve steepened, with shorter-maturity yields falling as intermediate- and longer-term yields rose.

Market Outlook and Investment Strategy

As we enter 2026, we believe the macro landscape will become defined less by a single dominant narrative and more by the collision of multiple regimes—economic, geopolitical and market-structural—operating on different time horizons, together, creating an environment both unusually fluid and path-dependent.

In our view, the global cycle is drifting into an asymmetric phase. Central banks have begun easing, but the global cycle is not synchronising. The US remains resilient; Europe is stabilising from a low base and parts of Asia are navigating divergent policy paths. Rate cuts are adding liquidity back into the system, but

we believe this liquidity is arriving at a moment when valuations—across equities, credit and alternatives—are already demanding.

We view geopolitical risk as now a structural input, not a tail event. President Trump has reset expectations around US trade policy, regulatory positioning and geopolitical posture. Simultaneously, the broader global reordering highlighted by thinkers like Ray Dalio continues to shape supply chains, capital flows and national priorities. These forces raise the probability of episodic dislocations, where geopolitical catalysts interact with crowded positioning to produce outsized price moves.

While markets appear calm—exemplified by a Volatility Index consistently below 20—dispersion under the surface is expanding. Credit spreads are near historic tights; equity concentration is elevated and several asset classes are priced for near-perfection. We believe these conditions leave markets prone to sharp, sentiment-driven air pockets.

Meanwhile, public and private balance sheets alike have benefitted from the long arc of declining rates. As the world transitions towards a more normalised rate environment—even with cuts beginning—questions around debt sustainability, refinancing dynamics and long-duration cash flows are likely to resurface. Investors will need to differentiate between liquidity-supported resilience and genuine balance-sheet strength.

Source: Franklin Templeton

Franklin Technology Fund
Investment and Market Review

Global equities started 2025 on a strong note as they collectively advanced in January amid a generally solid economic backdrop. However, investors expressed concerns about US President Donald Trump's tariff plans and a potential global trade war, as well as the disruptive emergence of Chinese startup company DeepSeek's new artificial intelligence (AI) model. Within IT, the hardest-hit industries during the stock selloff were semiconductors and semiconductor equipment as well as technology hardware, storage and peripherals. Several key factors were behind the January weakness in these areas, including (1) a selloff in AI-related stocks as the introduction of China's DeepSeek-R1; (2) Trump's tariff threats on imports from Canada and Mexico as well as tariffs implemented on imports from China, including specific levies on semiconductor chips, copper, aluminium and other items that would likely increase costs for tech companies reliant on these materials; and (3) existing concerns about stretched IT stock valuations as the aforementioned events unfolded, which led to increased scrutiny.

After starting 2025 on a strong note, global equities collectively declined during the rest of the first quarter (1Q25) due to investor concerns about US economic growth, President Donald Trump's trade policy and a broadening trade war. Semiconductor stocks suffered the brunt of the selloff, and while all five other IT-related industries were also out of favour with many investors, there was some resilience in IT services as the group declined modestly compared to the rest.

Global equities collectively rose during 2025's second quarter (2Q25) after bouncing back from their April lows. Nine out of the 11 global equity sectors advanced; information technology (IT), communication services and industrials produced the highest returns, while energy and health care

retreated. The IT and communication services sectors spearheaded the 2Q25 rally in both US and global equity markets despite pockets of ongoing geopolitical and tariff-driven volatility, with semiconductor and software industry stocks leading IT higher.

Global equities delivered solid gains in the third quarter of 2025 (3Q25), buoyed in part by easing trade tensions and optimism surrounding artificial intelligence (AI) advancements. Central bank actions—notably the US Federal Reserve’s (Fed’s) policy interest-rate cut and its signalling of potential further monetary easing—supported market sentiment, while generally robust corporate earnings further bolstered investor confidence. Global information technology (IT) stocks underscored the market’s volatility but ultimately topped all 10 other major equity sectors in 3Q25. Their 12.8% gain (per MSCI) was supported by robust earnings and forward guidance from many IT and tech-adjacent firms—especially those tied to AI, cloud, data infrastructure, semiconductors and software.

US equities delivered solid gains over the fourth quarter of 2025, maintaining their upward trajectory against a backdrop of generally robust corporate earnings, despite some mixed economic signals and investor concerns about stretched valuations in technology-related stocks. Continued monetary easing by the US Federal Reserve, along with a constructive shift in US–China relations, also underpinned investor sentiment. The outperformance of the Magnificent Seven mega-capitalisation technology stocks during the quarter boosted returns for the S&P 500 Index and the Nasdaq Composite Index, while the relatively strong performance of the Dow Jones Industrial Average reflected the enduring strength of blue-chip companies. By investment style, value investing surpassed growth in the large-, mid- and small-capitalisation tiers, with large-cap stocks performing better than their mid- and small-cap counterparts.

The IT sector’s underperformance had several overlapping catalysts and contrasted with the surge in AI and cloud-computing momentum, which drove outsized revenue growth among major tech firms, lifting investor expectations despite macroeconomic headwinds. In general, some investors began to question whether lofty expectations for future AI-enabled growth were still justified. Additionally, as 2025 progressed, expectations that the Fed would lower interest rates were scaled back. That “higher for longer” dynamic impacted interest-rate-sensitive growth stocks, many of which populate the IT sector.

Market Outlook and Investment Strategy

We remain positive on technology sector fundamentals heading into 2026 and see the sector’s growth durability as deserving of a premium. We believe economic growth and inflation signals point to a supportive environment for growth equities. While tariff uncertainty isn’t completely behind us, we think the more pertinent macroeconomic debates will shift towards the pace of monetary easing, the impact of lower US taxes on consumer spending and business investment, deregulation and AI-driven productivity gains. All of these topics hold the potential to be amplified as we approach the US mid-term elections in November. We recognise the growing role of AI-related capital investment in driving economic growth and believe sustained demand will continue to fuel heavy investment in compute capacity and broader IT systems. This megatrend (i.e., a long-term structural shift) positions the IT sector for robust earnings growth well into 2026, according to our analysis.

We think recent “AI bubble” fears are overblown. In 2026, we believe we’ll shift from a period of strong AI adoption to one of value creation, which could help alleviate these fears. While market participants are drawing comparisons to the dot-com bubble (which peaked in early 2000), we’re less concerned because today’s AI era lacks three traits that bubbles typically share: speculative demand, euphoric stock valuations and excessive financial risk-taking. Today, demand for AI compute capacity far exceeds supply, while IT sector valuation at its 2025 peak was roughly half the level seen at the dot-com peak. Additionally, financial strain across the system is lower these days, reflecting the robust cash-flow generation of the largest AI capex spenders. We are watching for any changes to the three factors outlined above, but for now we believe the current AI investment trajectory is sustainable.

We continue to position the portfolio towards durable growth opportunities tied to AI and broader “digital transformation” themes. Our current portfolio exposure to the AI theme is expressed across many different industries, from semiconductors and tech/communications hardware to software, internet and media. While some areas, such as semiconductors and related hardware, are in advanced stages of demand realisation, we believe the market may be underestimating their growth durability as the need for compute (i.e., processing capacity and computational resources) accelerates. Others, like software, are still in the early stages of AI adoption, with enterprises still experimenting and working through implementation, resource and compliance challenges. We expect the list of AI beneficiaries to broaden further as model costs decline and capabilities improve. This dynamic has been unfolding in line with our expectations and is supported by strong earnings from key technology leaders that highlighted robust cloud and AI infrastructure demand.

The latest corporate earnings season (covering 3Q25) offered signs of fairly steady IT investment despite macro uncertainty, with a continued emphasis on both AI infrastructure and applications that drive productivity (similar to what we saw in the first half of 2025). We picked up encouraging demand signals from cloud service providers as their customers build and adopt AI applications and models at a rapid pace. This flowed through to the chipmakers and hardware companies serving the AI data centre market, and growth estimates for 2026 were raised accordingly. Enterprises and government agencies have been contending with policy uncertainty and finite IT budgets, but software companies that drive efficiency, enable more effective use of proprietary data and enable workforce AI adoption are still seeing healthy demand. We will continue to monitor these and other key data points.

GenAI’s return on investment (ROI) should continue to show substantial progress, in our view. For much of the last two years, there has been a lag between AI model “intelligence,” which has advanced rapidly, and the deployment of models for economically useful tasks. Over the next 12 to 24 months, we believe advances in AI agents’ ability to manage long, complex, domain-specific tasks will narrow this gap and unlock significant economic value. This is already visible in software engineering, a high-value discipline that has already been unquestionably transformed by AI. By some measures—including a real-world economic benchmark called GDPval, created by OpenAI’s research team—the latest AI models now surpass industry experts on a series of common tasks performed across 44 different work occupations. While this will take time to diffuse across the economy, we continue to believe the implications are significant for the tech sector and beyond. Increased knowledge worker productivity should also translate to higher demand for compute

capacity as software tools bring these AI automation capabilities into the enterprise environment. Beyond knowledge work, we also anticipate progress in “physical AI” categories such as autonomous driving and robotics, with 2026 being a potential inflection year for the former. We also expect advancements in agentic commerce, which applies AI agents to the purchasing of goods and services online.

IT sector valuation multiples have pulled back since October and appear reasonable to us. On a price/earnings basis, at year-end 2025, the MSCI World IT Index was trading at a premium to the broader MSCI World Index that was a standard deviation below its five-year average, reflecting investor concerns about the durability and magnitude of the AI investment cycle. On a price-earnings-growth (“PEG ratio”) basis, the IT sector began 2026 trading at a discount to the broader market. We think IT sector earnings growth is more durable than the market is giving it credit for. This context is important to us, as we believe above-market sector earnings growth has been one of the key contributing factors to IT outperforming the broader global equity market in nine of the last 10 years (2022 was the sole exception).

Potential risks we are monitoring include: (1) GenAI disruption (e.g., incumbent companies that fail to keep up with technological change, new AI model architectures that may change infrastructure requirements, etc.); (2) the balance of supply and demand for GenAI infrastructure and the prospect of increased financial strain (e.g., escalating debt financing, slowing venture financing in the private markets); (3) geopolitical risks, including the ongoing evolution of US tariff policy and potential second-order impacts, along with advanced-technology export restrictions imposed on China—and the extent to which these restrictions accelerate China’s homegrown efforts to compete effectively in advanced semiconductors, hardware design and manufacturing; (4) regulatory or societal pushback on AI’s advancements, including its consumption of land and energy and its impact on jobs; and (5) ongoing macroeconomic risk, including the possibility of decelerating global gross domestic product growth and/or rising inflationary pressures, and the extent to which they impact technology spending.

We maintain our long-term orientation. The fund remains positioned to potentially benefit from robust long-term secular growth drivers, which we frame across five thematic pillars: AI proliferation, intelligent infrastructure a

Source: Franklin Templeton

Franklin Templeton Western Asset Asian Opportunities Investment and Market Review

The Fund delivered 1.69% in the first quarter of 2025. Asian local currency bond markets saw broadly positive gains in 1Q 2025 on the back of gains on both bond returns as well as currency returns. Yields declined led by moves in USTs (10yr -36bps), Asian bond markets saw more muted moves in higher UST beta markets such as Singapore (-17bps), Korea (-10bps) and Malaysia (-4bps). India (-18bps) and Thailand (-19bps) outperformed on expectations for faster monetary policy easing. China (+14bps) and Indonesia (+1bps) saw relative underperformance. China’s underperformance driven by continued delay in signs of significant monetary easing even as growth challenges persist while Indonesia was driven by concerns

over fiscal policy shifts, headlines on the finance minister potential resignation as well concerns over the strategic direction of its newly established sovereign wealth fund.

The Fund benefited from the overweight duration position in India and the Philippines as well as an underweight in the China. In terms of curve positioning, Indonesia long end overweight was a detractor as was the Philippines, while Thailand, Malaysia and India curve positioning were contributors. In the FX space, Asian currencies mostly saw gains on the back of broader USD weakness, edged on by strengths in EUR and JPY though relatively Asian currencies underperformed the pair. SGD led gainers at +1.7%, with most other Asian currencies seeing muted gains of between +0.2 to +1.2% Indonesian Rupiah was the underperformer with declines of 4.1%. Again, Indonesian Rupiah's weakness driven by concerns highlighted above.

The Fund delivered 6.11% in the second quarter of 2025. The US and China agreed on details of a trade framework that would ease restrictions on US tech and on Chinese rare earth exports. Local emerging market (EM) government bond yields generally ended the quarter lower, following their US counterparts. Asian local currency markets saw stronger gains in 2Q 2025, doubly already decent gains in 1Q 2025, both local bond returns and currency returns were positive. The latter on the back of continued decline in local bond yields with monetary policy easing across Asia and continuing expectations of further easing given low inflationary pressures and the need to support growth in a tenuous global trade policy environment. The latter broadly driven by continued weakness in the USD as other currency majors led gains.

Outperformers in Asia local bond markets for the quarter were Singapore, Hong Kong, Indonesia and Thailand, a mix of both higher quality and higher yield markets. In the higher quality market, these alternative AAA markets continue to attract diversification flows while the higher yield markets were driven by domestic economic weakness, hence, expectations of further easing and a priori low foreign investor levels. In the FX space, Asian currencies mostly saw gains on the back of broader USD weakness, edged on by strengths in EUR and JPY. Asian currencies that stood out were the Korean Won, Singapore Dollar and Malaysian Ringgit. The laggard was the Indian Rupee largely driven by RBI's desire to build reserves.

The Fund delivered -0.73% in the third quarter of 2025. The fund saw losses of 0.73% while the benchmark saw losses of 0.41% or an underperformance of 32bps.

The largest detractor was selection which detracted by 15bps of which 10bps was attributed to selection in Thailand. Curve was a detractor of 13 bps while duration was a contributor at 6bps. FX was a detractor at 12bps. Asian currencies were a broadly negative in Q3, broadly with losses of 1.2% as a complex against the USD while the same complex saw an aggregate gain of 3.8% in Q2, resulting in YTD gains of 2.6%. Korean Won, Indian, Rupee, Philippine Peso were the main underperformers with losses of more than 3% against the USD while the Chinese Yuan (+0.6%), Malaysian Ringgit (+0.1%) and Thailand Baht (+0.1%) held up marginally.

On the rates side, it was a mixed bag and while USTs saw a broad bull flattening led by the front end. Singapore, Indonesia, Thailand, Philippines mirrored those moves albeit with varying magnitudes on idiosyncratic endogenous factors. For the quarter, Indonesia, Singapore, Thailand were markets that saw positive gains in local bond markets while Korea, Hong Kong, China and India saw yields rise with the

underperformer at the index level for the quarter being China with losses of -1.2%. Domestic monetary policy, local market technicals were key drivers in the asynchronous moves in these local markets

In December, the Federal Open Market Committee (FOMC) cut rates by 25 basis points (bps) for the third consecutive meeting, bringing the fed funds target rate range to 3.50%–3.75%. The committee added language to its statement linking “the extent and timing” of further policy actions to incoming data and the evolving outlook. The US Federal Reserve (Fed) also resumed reserve purchases to provide for ample liquidity and smoother policy transmission. US third-quarter gross domestic product rose 4.3% (annualised) on strong consumer spending and investment.

The unemployment rate reached 4.56%, while inflation moderated with headline Consumer Price Index (CPI) at 2.7% and core CPI at 2.6%. The fund’s A USD ACC shares returned 0.95% in December.

Market Outlook and Investment Strategy

Western Asset’s outlook remains constructive, though we recognise that growth momentum is tempered by uncertainty in areas such as geopolitics and fiscal sustainability.

With the US heading towards the 2026 midterm elections and China facing structural growth headwinds, the baseline is that the late 2025 US-China trade truce broadly holds, limiting further escalation in tariff and export control actions. For Asia, that implies lower “incremental” trade policy uncertainty than during earlier periods of escalation, even if strategic competition remains.

Overall, Asian assets could remain supported by contained macroeconomic volatility and easier global liquidity conditions, while foreign exchange upside will hinge importantly on the yuan’s path and its spillovers to broader regional currency performance

Source: Franklin Templeton

Franklin Templeton Western Asset Global Bond Trust

Investment and Market Review

Fixed-income markets were volatile in January, due in part to US policy uncertainty as the Trump administration took office. The President’s rhetoric regarding tariffs and protectionist measures contributed to this volatility—especially his announcements related to Mexico, Canada, China and the EU. However, reports suggested that actual policy measures could be milder than the most aggressive options discussed.

March was yet another eventful month as financial markets digested US tariff announcements, geopolitical developments and plans for increased European fiscal spending. Global government bond yields generally ended June lower. Corporate bond spreads narrowed, and the US dollar weakened. Geopolitical tensions in the Middle East escalated as Israel launched an attack on Iran. This saw oil prices spike amid fears of a broader escalation and a significant disruption to global trading.

In September, the US Federal Reserve (Fed) lowered its policy rate for the first time this year, by 25 basis points (bps) to a target range of 4.0%–4.25%. This was widely expected following a series of

soft labour market data, which shifted the balance of risks toward the employment side of the Fed's dual mandate.

In December, the Federal Open Market Committee cut rates by 25 basis points (bps) for the third consecutive meeting, bringing the fed funds target rate range to 3.50%–3.75%. The committee added language to its statement linking “the extent and timing” of further policy actions to incoming data and the evolving outlook. The underweight on Japanese duration, Steeper US yield curve, Flatter Japanese yield curve, Overweight US agency mortgage-backed securities and Overweight Australian dollar and Polish zloty added to returns.

Market Outlook and Investment Strategy

Western Asset's outlook remains constructive, though we recognise that growth momentum is tempered by uncertainty in areas such as geopolitics and fiscal sustainability.

US financial conditions are largely supportive, which, alongside proposed fiscal loosening and solid household balance sheets, points towards a positive foundation for growth in 2026. Headwinds remain, including doubts over the state of the US labour market, core inflation lingering above target and the potential lagged impact of tariffs. Having cut rates at three successive meetings since September, the Fed may now moderate its pace of easing and await further signals from the post-shutdown data releases. Fiscal vulnerabilities and persistent inflation may see the yield curve steepen further.

European growth is expected to benefit from German and European Union fiscal support with the ECB judging the eurozone economy to be “in a good place” with growth remaining positive and inflation close to 2%. In Japan, above-trend growth is expected in 2026 with a more expansionary fiscal policy under the new prime minister. The gradual pace of BoJ policy rate hikes is expected to continue. In China, policy is expected to focus on reflation and improving domestic confidence with further fiscal and regulatory support.

While we retain a modest overweight to interest-rate duration, we are concentrated in shorter maturities and biased to select countries and regions such as core Europe, Australia and the United Kingdom. While fundamentals remain positive, spreads are at the tight end of historical ranges in many sectors and warrant caution. We will continue to look for further periods of volatility to add to spread risk.

Source: Franklin Templeton

Fullerton Total Return Multi-Asset Advantage Fund Investment and Market Review

Global equity markets ended 2025 on a firm footing, with risk assets rebounding in the second half of 2025. During this period, we witnessed easing trade tensions, resilient corporate earnings, and growing expectations of monetary easing, despite bouts of volatility in Q4 as investors digested central bank

movements and some geopolitical events. Major developed market benchmarks extended their gains, supported by resilient earnings and growing confidence that inflation is on a sustainable downward path. The month of December was characterised by choppy trading in the run-up to the US Federal Reserve's final meeting of the year, followed by a renewed rally as the Fed delivered the third and final 25 basis point rate cut for the year.

Equity markets delivered solid gains in the second half, regaining composure after the sharp "Liberation Day" sell-off in April. While technology and AI-related stocks led performance for most of the period thanks to the AI productivity tailwind and improved monetisation potential, the sector exhibited softer performance as concerns over the sustainability of heavy AI capital expenditure drove some profit-taking in Q4. The recovery was broad-based, with European and Asian markets also delivering solid performance largely in line or better than the US.

In 2025, the US market benefitted from a combination of strong nominal growth, disinflation and lower policy rates, albeit at the cost of rising worries about fiscal sustainability as investors focused on the implications of large deficits and the growing debt servicing costs. Longer-dated US Treasury yields surged to multi-year highs earlier in 2025 as markets digested the administration's expansive spending plans, before stabilising later in the year as the Fed's easing cycle gained traction. Against this backdrop, December saw a sharp initial back-up in developed market yields amid speculation that central banks outside the US might adopt a more hawkish tone, followed by a retracement after the Fed's December cut and the announcement of earlier-than-expected Treasury bill purchases. This was interpreted as an additional source of liquidity support, reinforcing the perception that the policy stance had turned more accommodative, although long-end yields remain sensitive to uncertainty around the pace of Fed easing.

At the end of 2025, investment-grade spreads stayed compressed relative to historical levels, reflecting strong corporate balance sheets and an absence of broad-based default stress. The US dollar, which had already weakened materially over 2025, drifted lower in December from further pressure following the Fed cut and announcement of bill purchases. This caused the US dollar index to close the year 9.4% lower as investors continue to reassess the dollar's safe-haven role given the fiscal deficits and tariff policy.

Across Asia, equity performance in Q4 was mixed. North Asian markets that are closely linked to the global technology and semiconductor cycle generally participated in the late-year rally. However, Chinese equities continued to grapple with a challenging domestic backdrop, where property sector stress, an ageing population and uneven consumption weighed on the macro outlook even as policymakers maintained a supportive stance through targeted fiscal measures and incremental monetary easing.

Commodity markets exhibited meaningful divergence throughout 2025. Gold rounded off the year delivering 64.6%, its best annual return since the late 1970s as investors sought safe-haven assets to hedge against policy and geopolitical uncertainties, while the softer US dollar also supported the advance in gold. In contrast, Brent crude ended the year 18.5% lower as the global oil market continues to navigate dynamics of surplus supply and concerns over global demand.

Market Outlook and Investment Strategy

We maintain our baseline view that resilient earnings coupled with moderating inflation and gradual global rate easing can sustain growth and support risk assets going into 2026, albeit with sporadic volatility as markets recalibrate to policy guidance and trade headlines. With the Fed's December rate cut bringing the total to three cuts in 2025, the policy backdrop remains supportive for risk assets as liquidity conditions ease, with the expectation of more rate cuts in 2026.

We maintain a constructive yet selective stance on equities, and will continue to diversify allocations across regions and sectors nimbly to mitigate idiosyncratic and policy risks given evolving tariff regimes and cross-border complexity. While we see scope for further upside in drivers such as AI and automation, we are also cognisant of stretched valuations and vulnerability from the interconnectedness of the AI ecosystem. We are keeping a close watch on indicators which may suggest a pullback is imminent. We have also diversified our investment thesis in other broad themes, such as policy shifts and the reconfiguration of supply chains as re-globalisation takes place.

Within fixed income, we maintain broad diversification and balanced duration, prioritising high-quality carry and selective credit where spread compensation aligns with fundamentals and liquidity. We remain positive on Asian investment grade credit, especially high-quality issuers in sectors with resilient cash flows and robust fundamentals.

At the same time, we are closely monitoring incoming economic data and policy signals, including the evolution of global growth and inflation, the pace and breadth of global monetary easing, and developments in trade and fiscal policy. Our observation is that traditional diversification via long-dated government bonds is becoming less reliable in a world where fiscal dynamics, debt sustainability concerns, and changes in the safe-haven nature of US Treasuries and USD become more dominant drivers. In recognition of this phenomenon, we continue to place emphasis on a more dynamic approach to portfolio construction, diversification and nimbleness in reallocating capital as the macro narrative evolves. In this climate of optimism tempered by policy and geopolitical uncertainty, we remain selective, focused on identifying durable winners and capturing regional and thematic opportunities as they arise, while maintaining attention to robust tail-risk management.

Source: Fullerton

Fundsmith Equity Fund Investment and Market Review

The T Class Accumulation shares in Euros fell -5.2% in the first six months of the year, 1.8 percentage points less than what is perhaps the most obvious comparator — the MSCI World Index (€ net). (Note we do not hedge currency exposure and so the main difference in performance between the different currency share classes is due to currency movements in the period. These currency movements also impact the performance of the comparator, MSCI World Index.)

Novo Nordisk alone accounted for all the underperformance during the period. Its ability to snatch defeat from the jaws of victory in respect of its leadership in weight loss drugs continues to be remarkable. Its inability to deal with the US legal and regulatory system's approach to its success would be interesting to observe from a safe distance. Novo is controlled by a foundation which we have seen as a strength in

terms of its ability to make good long-term decisions. It has now fired its CEO. We wait with increasingly thin patience to see whom it appoints as replacement and what changes they bring. Another adverse factor affecting our Fund's performance has been the US Dollar. The majority of the companies we invest in are based in the United States, report in US Dollars and more importantly have the majority of their revenues in this currency. Therefore, the move in the Euro vs US Dollar exchange rate from \$1.04 at the beginning of the year to \$1.17 at the end of June (12% depreciation) has had a major effect. This can be seen in the fact that the US Dollar denominated share class (I Acc USD) was up by 6.8% in the first half of 2025. I doubt this performance by the Dollar relative to the Euro is a reflection of the strength of the Eurozone economy, and in fact the USD Trade Weighted Index has fallen by around 7.5%.

Market Outlook and Investment Strategy

During the period we began accumulating stakes in Zoetis, the animal health company, Intuit, the accounting software business and EssilorLuxottica the global eyewear manufacturer and we sold our positions in PepsiCo and Brown-Forman. As a result, our portfolio turnover in the first half was 8.9% and the voluntary dealing (dealing not caused by redemptions or subscriptions) cost €0.5m during the half year (0.006% or 0.6 of a basis point). The Ongoing Charges Figure for the T Class Accumulation shares was 1.08% and with the cost of all dealing added, the Total Cost of Investment was 1.10%. We continue to invest with the aim of long-term superior performance adjusted for risk and thank you for your continued support.

Source: Fundsmith

Goldman Sachs Emerging Markets CORE Equity Portfolio Investment and Market Review

The MSCI Emerging Markets Index (USD, NTR) gained 33.57% in the calendar year 2025.

During the period, at a quarterly level, the index moved 2.93% in the first quarter of 2025, followed by 11.99% in the second quarter of 2025, 10.64% in the third quarter of 2025, and finally closing with 4.73% in the fourth quarter of 2025.

Among related benchmarks, during the same period, the MSCI EM Asia Index (USD, NTR) gained 32.11%, the MSCI EM LatAm Index (USD, NTR) gained 54.81%, while the MSCI EM Europe and Middle East Index (USD, NTR) gained 17.67%.

Among countries, on a relative basis, stocks in Korea and China contributed most positively to benchmark returns, primarily driven by gains from Information Technology and Communication Services sectors. On the flip side, stocks in Indonesia and Saudi Arabia contributed most negatively to benchmark returns, primarily driven by challenged performance in Utilities and Consumer Staples sectors.

In terms of size factor, large caps outperformed small caps significantly, while in terms of style factors, Value remained flat with respect to Growth.

The Goldman Sachs Emerging Markets CORE Equity Portfolio Class I Shares (Acc.) (Close) returned +3.89% during the period, outperforming its benchmark, MSCI Emerging Markets (Net Total Return, Unhedged, USD) (+2.99%), by 90 bps on a net basis. The Goldman Sachs Emerging Markets CORE Equity Portfolio Base Shares (Acc.) (Close) returned +3.86% during the period, outperforming its benchmark, MSCI Emerging

Markets (Net Total Return, Unhedged, USD) (+2.99%), by 87 bps on a net basis. Both bottom-up stock selection and top-down country selection contributed positively to relative returns during the period.

Among investment themes, signals within the Themes and Trends pillar contributed most positively to relative returns followed by the suite of signals within Sentiment Analysis, and Fundamental Mispricings. Conversely, signals within the High-Quality Business Models pillar detracted during the period.

Within Themes and Trends, industry momentum factors performed well. These factors aim to identify trending industries that have exhibited strong historical performance. Meanwhile, signals gauging analyst & management sentiment within the Sentiment Analysis pillar helped relative performance. Additionally, within Fundamental Mispricings, factors evaluating relative valuation added to the relative returns of the portfolio. On the downside, factors looking at management quality

Market Outlook and Investment Strategy

Among investment themes, signals within the Themes and Trends pillar were challenged during the period. Signals within High-Quality Business Models also hurt relative performance. Conversely, signals within the Fundamental Mispricings pillar contributed particularly strongly to relative returns followed by the suite of signals within Sentiment Analysis. The factors looking at economic linkages within the Themes and Trends pillar hurt relative performance the most. These factors use machine learning and natural language processing techniques to identify underlying connections between stocks that the broader market may not fully recognize. Moreover, within High-Quality Business Models, signals gauging financial quality detracted considerably during the period. On the other hand, within Fundamental Mispricings, relative valuation factors performed well. These signals focus on a company's current valuation relative to peers in the market. Meanwhile, signals gauging hedge fund short sentiment within the Sentiment Analysis pillar helped relative performance. Among sectors, holdings within the Materials sector detracted the most from relative performance, with an overweight position within the Chemicals industry being especially challenged. On the upside, holdings within the Financials sector contributed the most to excess returns, with an overall overweight position within the Banks industry contributing particularly strongly. At an individual stock level, an overweight position in Kingsoft Corp Ltd, held primarily due to views on Themes and Trends related factors did not do well. Conversely, an overweight position in SK Hynix Inc, held primarily due to views around Sentiment Analysis related factors, performed well. Among countries, the position in Taiwan detracted the most from relative performance. On the other hand, the positioning in Korea helped relative performance during the period.

Source: Goldman Sachs

HSBC GIF Asia Bond

Investment and Market Review

The Asia credit market posted positive returns over the past six months. The US Treasury yield curve steepened, as yields for maturities of 5-year and above remained largely stable, while those for 3-year and below declined more significantly. High yield (HY) bonds outperformed investment grade (IG) bonds over the period.

Performance within the investment-grade space was led by Indian infrastructure, Indian metals & mining, and Taiwanese financials. In contrast, Malaysian transport, Chinese metals & mining, and Singaporean

industrials modestly underperformed during the period. Within the high-yield space, select Hong Kong property and Chinese high-yield industrial credits benefited from successful liability management exercises, while Sri Lankan quasi-sovereigns also emerged as top performers. Conversely, the Chinese real estate sector was among the worst performers during this period, impacted by adverse developments among select issuers. Certain distressed issuers in Chinese power utilities and the Philippine real estate sector also underperformed.

Market Outlook and Investment Strategy

Looking ahead to 2026, the outlook for the Asia credit market remains positive, underpinned by a stable macroeconomic environment, strong credit fundamentals, and favourable technical factors. The global landscape—marked by potential disruptions and ongoing macroeconomic and geopolitical risks—continues to influence market movements. Although tighter spreads have raised the bar for future outperformance, we remain optimistic about Asia credit, given its resilience and low-beta profile, which can provide stability in volatile markets. We continue to see opportunities for spread tightening in select segments and believe that strategic country and sector allocation will be key to driving credit performance.

The Asia USD investment-grade segment remains resilient, underpinned by stronger fundamentals, moderate supply, and robust local demand. Asian IG corporates have notably enhanced their credit quality, with rating upgrades outpacing downgrades. Consequently, fallen angel risk has diminished and is projected to decline further in 2026, reflecting a reduction in borderline credits.

On the technical side, after three years of shrinking net supply, we may see a modest increase in market supply during 2026. However, this is expected to be offset by robust demand, underpinned by sustained regional wealth generation and strong liquidity. It is also important to recognize that technical support may vary across different market segments. With high all-in yields, shorter duration, and a quality focus, Asia credit remains a compelling diversification option.

In terms of positioning, we reduced holdings in selected Chinese internet companies and Mongolian quasi-sovereign credits in response to changing fundamentals and relative valuations, reallocating capital to select Korean private corporates. We further scaled back exposure to the Chinese real estate sector, as the sustainability of the property market rebound remains uncertain pending further fiscal policy implementation. Throughout December, the fund maintained overweight exposure to Hong Kong investment-grade corporates, Chinese high-yield industrials, and Indian private non-bank financial companies (NBFCs). Our preference for Hong Kong investment-grade corporates is driven by their robust and stable credit fundamentals. China's high-yield industrial sector primarily consists of short-dated bonds, which can serve as hold-to-maturity instruments. Our preferred issuers maintain sufficient cash liquidity to cover near-term debt obligations. We continue to favor Indian private NBFCs, driven by India's strong economic recovery, supportive RBI policies encouraging lending, and a sovereign upgrade. Furthermore, potential equity raises within the sector provide additional positive catalysts. Meanwhile, the fund remains underweight in Korean credits and Indonesian sovereign debt, though we have slightly reduced our underweight in Indonesia sovereigns this month. Bank subordinated debt continues to appeal to us due to its relatively defensive nature and attractive yields. On the other hand, we remain underweight in sovereign and quasi-sovereign bonds, as they generally offer lower yields compared to other sectors. The latest portfolio allocations also include Asian local currency bond funds. Our modestly long duration position reflects our expectation that USD yields will continue to decline as restrictive policy is eased to

support a gradually weakening US labour market. We have actively managed our duration exposure through interest rate futures.

Source: HSBC AM

HSBC GIF Asia Pacific ex Japan Equity High Dividend Investment and Market Review

MSCI AC Asia Pacific ex Japan gained 14.68% over second half 2025 (SGD term). In terms of geography, Korea and Taiwan were the best performing countries while New Zealand was the worst performing country. In terms of sectors, Information Technology was the top performing one while Healthcare underperformed.

The fund outperformed against the benchmark on a 6-month basis. Positive stock selection effect in Mainland China and Consumer Discretionary positively contributed to performance, partially offset by the unfavourable stock selection effect in Korea as well and Energy.

In terms of positioning, we are most overweight to Hong Kong and Financials. On the other hand, we are most underweight to Australia and Healthcare as of end December 2025.

Market Outlook and Investment Strategy

Despite enjoying a strong 2025 outperformance, we continue to be constructive on Asian equities in 2026. US policy support in terms of a more measured tariff policy as well as monetary easing will likely continue in 2026. On the other hand both fiscal and monetary policy support in Asia continue. A weaker US dollar is also mostly good for Asian equities. Although index level valuation is not cheap in absolute terms, the wide variation in valuation between Asian regional markets suggests differing return opportunities within the region and underscores the importance of alpha over beta and benefits active equity managers like ourselves.

Source: HSBC Global Asset Management

HSBC GIF Global Lower Carbon Equity Investment and Market Review

Over the review period, the fund underperformed its market cap weighted index. Our overall exposure to Styles as well as our stock selection detracted from performance. Within Styles, our dynamic Industry Momentum factor finished as the best performing factor as it managed to pick up on the performing industries amid the elevated market volatility across major regions globally. Meanwhile, our exposure to Lower Carbon companies weighed on performance slightly. Finally, our exposures to Size, Quality, Low Risk and Value detracted from performance in the review period.

On a stock level basis, our overweight exposure to Banco Santander and Capital One Financial as well as our underweight allocation to UnitedHealth Group contributed to performance. Conversely, our underweight allocations to Broadcom, Tesla and Palantir Technologies weighed on performance.

Market Outlook and Investment Strategy

The Fund's investment strategy uses a systematic bottom-up multi-factor investment process, based on five factors (Value, Quality, Momentum, Low Risk and Size), with an aim to maximise the portfolio's risk-adjusted return. Over most of the review period (until 15th May) the strategy aimed to significantly lower carbon intensity and an enhanced ESG profile compared to the benchmark (MSCI World). From 16th of May onwards, the strategy aims to invest in the climate transition by investing in companies that are on a credible pathway towards Net Zero, and through green solutions. The fund continues to deliver a lower carbon intensity than its benchmark.

As US exceptionalism fades, a regime of G-zero economics is emerging – characterised by a fragmentation of global leadership, along with supply shocks, constrained growth, and high and volatile inflation. Our base case is that tariffs settle close to current levels, but with high policy uncertainty risking a sharper downturn and elevated market volatility. US growth is “catching down” to other developed markets. Trade disruption is likely to have diverging effects on Asian economies while macro policies should support growth.

The strategy's balanced exposure to factors should continue to help navigate the current macro environment and market conditions, and best serve long term outcomes. The consideration of both current carbon and forward-looking carbon metrics in the portfolio construction should also help investors with climate transition goals and mitigate climate risks in their portfolios in the long run, irrespective of current market scenarios.

Source: HSBC Global Asset Management

HSBC GIF Indian Equity Investment and Market Review

The S&P IFCI/India Gross Index lost 1.45% over the second half of 2025 (SGD term). In terms of sectors, Consumer Discretionary was the top performing one while Real Estate underperformed.

India underperformed the region during this period on the back of waning earnings momentum, absence of a US India trade deal, domestic growth concerns and a depreciating rupee.

The fund outperformed the benchmark on a 6-month basis. Positive stock selection effect in Financials and Industrials were the largest contributors to performance. On the other hand, unfavourable allocation effect in Real Estate was the largest detractor to strategy performance.

The largest stock contributor over 2H25 was Multi Commodity Exchange India while the largest stock detractor was DLF Ltd.

In terms of sector positioning, we are most overweight to real estate and most underweight to Utilities as of December 2025.

Market Outlook and Investment Strategy

India's corporate earnings have stabilized and exited the mid cycle slowdown over the last year. Fiscal and monetary policies are now supportive of earnings growth. We continue to expect earnings growth and improving ROE profile to be the primary driver to returns. Relative valuation premium against Asia have fallen to 48% (end December) from recent peak of over 90% and below 5-year average of 60%. Higher

absolute P/E is backed by strong fundamentals, strong domestic flows, and should be read in the context of a mid-high teens earnings growth in the coming 2 years

Source: HSBC Global Asset Management

HGIF - Global Short Duration Bond Investment and Market Review

Over the 6-month period, the fund's value rose by 2.90%, outperforming the benchmark by 0.65% (gross).

Rates performance was mixed over the period but it was negative overall. Our overweight to Canada and Brazil contributed positively over the second half of 2025, as well as the UK curve steepener position. However, long duration in Australia and the US detracted, more than offsetting the positives over the period.

Within credit, Asset Allocation was the largest contributor to outperformance, followed by Security Selection. Allocation to Corporate Financials was the main contributor, closely followed by Corporate Non-Financials. Allocation to Securitised Credit was also positive, but to a much lesser extent.

Currency performance was negative mainly driven by long JPY and EUR vs USD positions.

Market Outlook and Investment Strategy

The Fund slightly reduced its overweight duration profile in the first half of the period and maintained its overweight to the end of December. In the first half of the period, we increased duration in Canada by reducing European, US and UK overweight duration and we switched the Canadian duration position into Australian position. In the second half of the period, we lowered duration in Germany, UK and Australia, before adding back some duration to both Australian and UK in November. In December, we switched some Euro 5yr duration into US 5yr duration.

Our overweight to credit was relatively unchanged over the period, despite meaningful changes to geographic, sector and credit quality which included selective high yield and emerging market opportunities as we tailor the fund exposure to the environment. We continue to have an overweight to Securitised Credit, as it provides an additional dimension of returns through high income generation, and a low correlation to traditional fixed income securities -increasing portfolio diversification. Our fundamental analysis and valuation driven investment continues to focus on investment resilience, selling more fully valued securities and replacing these with positions that have better upside potential.

In FX, early in the period we switched the short USD view from JPY to EUR and in August, we re-opened the long JPY vs USD position, and we closed our long EUR and GBP (vs USD) positions towards the end of the period.

Source: HSBC Global Asset Management

HSBC Portfolios World Select 5

Investment and Market Review

Despite some tariff related volatility and investor fears over an AI bubble persisting going into the second half of 2025, trade tensions eased by the end of the year, with major economies reaching agreements with the US. Additionally, further rate cuts by the Fed supported a recovery in risk assets over the period. Global equities delivered 11.4% over the period, driven by strong performance from the emerging markets, UK, Japan, and the US. The US dollar gained slightly over the second half of 2025, aided by the Fed signalling a cautious approach to further rate cuts in the last quarter of 2025. Gold returns were very strong over the period, due to being safe haven in an environment of geopolitical uncertainty. Global bonds also delivered positive returns, with price gains supported by continued rate cuts in the US and the UK, as well as fiscal policy stimulus in Europe and the UK.

As a result of the market performance, all five World Selection Portfolios delivered strong positive absolute returns over the period.

Market Outlook and Investment Strategy

Over the medium term we anticipate global asset markets to be driven by three key themes, we have positioned our portfolios to capture these opportunities.

Cautious optimism: Positive market sentiment continues on the back of rate cuts in the US and resilient corporate earnings, which should support economic activity and risky assets, while the AI theme could also continue to drive returns. Against this backdrop, we remain tilted towards equities.

We balance portfolio risk with a higher allocation to gold, defensive currencies such as Swiss Franc, Japanese Yen, and a tilt away from more cyclical assets such as property, high yield credit. We also prefer commodities and US quality equities.

Selective cyclical strength: Within Europe, we remain tilted towards Spain, European banks, European utilities, European travel and European small caps. In the US, we prefer US financials, US communication services, and US healthcare, while being short in the US materials and US consumer staples sectors. We are tilted towards Japan. Within emerging markets, we added a position in South African equities and hold a long China short Indian equities relative value position. We added positions in Hong Kong equities and India local bonds.

Navigating the rate cycle: We continue to prefer a diversified government bonds exposure, with tilts towards Gilts, Bunds, Japanese bonds, Canadian bonds and Treasuries. We also look for relative value opportunities in the bonds space, based on price attractiveness, economic data indicators and interest rates in different regions (e.g. long Australian bonds versus short Canadian bonds).

Source: HSBC Global Asset Management

Invesco Asia Consumer Demand Fund

Investment and Market Review

The Invesco Asia Consumer Demand Fund Z-Acc (USD) returned 4.28% over the month, while the MSCI AC Asia ex Japan Index (Net Total Return) returned 6.06%. While the fund delivered positive performance, it did not rally as much as the reference benchmark. For instance, our holding in an Indonesian lifestyle retailer lagged. However, we remain confident in its mid-premium market positioning, which we believe is well-placed to benefit from rising income levels and has significant long-term growth potential. Meanwhile, some of our non-benchmark holdings made strong contributions and ranked among the top performers. Notably, our position in an online video gaming company within the communication services sector added significant value. Other top contributors include our non-benchmark holdings in a Chinese medical technology company.

Market Outlook and Investment Strategy

This thematic equity fund captures the increasing opportunities in domestic consumption in Asian economies tapping into the mega consumer trends such as: new Asia Consumers, Digital frontier and also Wellness. We adhere to the bottom-up investment process, focusing on companies with sustainable leadership and competitive advantages that we believe are trading at a discount to their fair values. Our sector positioning tilted towards consumer discretionary and staples, and selected internet names. During the month we have slight movement in our portfolio, including exiting an exposure in a Thai banking group, as well as a home improvement retailer company.

In the second half of 2025, we expect macroeconomic factors to remain the dominant force shaping Asia's markets, potentially outweighing domestic drivers in the near term. Any shifts in global trade policy or tariff structures could trigger unexpected market reactions. Given the current environment, we believe it is essential to closely monitor business sentiment and consumer confidence across the region. These indicators provide valuable insight into the pace of corporate investment and consumer spending as Asia adapts to evolving trade dynamics. A sustained recovery in business investment and resilient consumer demand would reinforce the region's growth outlook, while any deterioration may signal the need for further policy support. Monitoring these trends can help investors assess near-term economic momentum and the effectiveness of policy responses. We continue to see structural growth opportunities in areas such as artificial intelligence, innovation, digital infrastructure, and domestic consumption. In China, we believe both domestic consumption and AI adoption represent long-term trends, supported by favourable policies and the expanding application of AI technologies. In India, economic resilience and opportunity continue to stand out amid global uncertainty. The macroeconomic backdrop remains robust, underpinned by strong domestic demand, structural reforms, and a stable policy environment. These dynamics highlight two key structural investment themes: the Consumption Explosion, driven by a young and growing population, and the Manufacturing Renaissance, supported by government initiatives and private sector expansion. ASEAN is expected to maintain steady economic momentum in the near term, despite global headwinds. The region benefits from strong fundamentals, including accelerating urbanisation, a youthful population, rising domestic consumption, and stable employment trends—all of which support continued growth. Taiwan and South Korea play a pivotal role in the global AI value chain, with several leading companies at the forefront of innovation. We expect Taiwan, Korea, and China to benefit from their growing technical capabilities, contributing to greater efficiency and cost-effectiveness for businesses adopting AI solutions. Valuations across Asian equities remain attractive. Compared to

developed markets, Asia trades at a meaningful discount. This valuation gap, combined with ample liquidity—particularly in a weaker US dollar environment—offers compelling entry points for long-term investors. With earnings growth expected to stabilise and macro risks increasingly priced in, we believe the current environment presents a favourable backdrop for selective exposure to Asia equities.

Source: Invesco

Invesco Emerging Market ex-China Fund

Investment and Market Review

The fund delivered a negative return over the month, behind that of the benchmark index. Stock selection in South Africa detracted, particularly Naspers after a pullback in the share price despite a positive set of earnings. Not holding Ashanti Gold also weighed on relative performance. Technology stocks came under pressure over the month amid valuation concerns, this impacted the likes of Samsung Electronics, Yageo and TSMC. Overall stock selection in Korea contributed positively, with holdings in financials performing robustly in a weak market. The fund's underweight position in India detracted, although this was partly offset by the positive impact of stock selection with financials, particularly Shriram Finance making solid gains. Several Latin American holdings were amongst the biggest contributors to relative performance. Telefonica Brasil delivered solid results, driven by subscription growth, while Ambev benefited from evidence of improved margins and the announcement of a share buyback programme. Bradespar also outperformed after strong results, while US-listed holdings EPAM Systems and Laureate Education also contributed strongly.

South Korea and Brazil are the largest overweight positions in the fund. In South Korea, improvements in corporate governance and dividend payouts are being underappreciated by the market, which has provided an opportunity to own operationally solid companies with good balance sheets, as well as an ability and desire to improve shareholder returns over time. In Brazil, broadly speaking, we believe that valuations remain attractive, below historic averages, and with high dividend yields on offer, with the fund having a spread of holdings across energy, financial, consumer, and materials stocks. The fund continues to have broad exposure to the Emerging Market (EM) consumer and dominant semiconductor companies in Taiwan and Korea. Meanwhile the fund's underweight positions in India, Saudi Arabia, and Taiwan reflects generally high valuations in these markets.

Market Outlook and Investment Strategy

Emerging Market ex-China equities currently offer strong earnings growth, with reasonable valuation levels across much of the universe. However, the asset class continues to trade at a significant discount to global equities, particularly the US market. While we remain mindful of geopolitical risks and the uncertainty that may come with the US administration's pursuit of protectionist policies, EM corporates generally have healthy balance sheets and competitive advantages, which could make them more resilient than what is being implied in valuations. Moreover, if specific channels of global trade are forced to reconfigure away from China, other EM countries could benefit, which would likely see further growth in intra-EM trade

Source: Invesco

Janus Henderson Fund - Continental European Fund Investment and Market Review

European equities fell modestly in June in euro terms, although the currency's strengthening meant that the fund's benchmark index was positive in US dollar terms.

Equities came under pressure around mid-June as Israel attacked Iran, claiming Tehran was close to building a nuclear weapon, which prompted retaliatory strikes. Later in the month, the US also bombed Iranian nuclear facilities, although investors appeared unfazed as Israel and Iran agreed to a ceasefire. Oil prices briefly spiked, but quickly normalised as the two sides agreed to end their attacks. Sentiment towards equities was further buoyed by expectations of looser monetary policy in the US and progress in US/China trade talks.

Ongoing optimism about the European economy in the wake of recent fiscal spending plans in Germany and elsewhere added to the supportive backdrop. The eurozone's first-quarter economic growth was revised upwards to 0.6% from a previous estimate of 0.3%, helped by a rise in exports ahead of US trade tariff announcements. Less positively, anxiety about the lack of a trade deal with the US ahead of the deadline in July dampened investor sentiment at times.

The European Central Bank (ECB) lowered its key deposit rate by 25 basis points to 2.0% early in the month following news that eurozone consumer price index (CPI) inflation had eased below the central bank's 2.0% target. However, ECB President Christine Lagarde indicated that the monetary policy easing cycle could be nearing its end.

Portfolio review

Top positive contributors to relative fund performance in June included Dutch semiconductor equipment companies ASM International and BEI. Shares in the sector were lifted by growing optimism that the semiconductor cycle would rebound, driven by artificial intelligence (AI)-related chip demand.

Another positive contributor was Siemens Energy, a provider of equipment and services to the power industry. The shares continued to benefit from sustained favourable supply-demand dynamics in the gas turbine market, driven by increasing global energy demand.

By contrast, the holdings in defence-related companies Leonardo and Rheinmetall were among the biggest detractors from fund performance. The sector experienced some profit taking in June, following a period of exceptional performance fuelled by anticipated increases in defence spending. These share price falls came despite news that NATO members had agreed to spend 5% of GDP on defence and security by 2035.

Shares in France-based global food and beverage firm Danone also underperformed in what was a weaker month for more defensive areas of the market as investors' appetite for risk generally improved.

In terms of trading activity, we established a position in Infineon, which produces semiconductors for cyclical industries. We have recently become more positive about the semiconductor cycle, where in our

view the recent weakness was more of pause in the upwards trend than the onset of a downturn. We believe Infineon is well-placed to benefit from the growing demand for power chips, fuelled by the growth of data centres and generative AI.

We also opened a position in Heidelberg, as we wanted to diversify the fund's construction exposure. The firm has a diversified global footprint, with operations in Europe, the US and emerging markets. With interest rates in Europe at more palatable levels for consumers and businesses, we hold a positive view on the outlook for the region's construction sector. In particular, Heidelberg has a large presence in Germany and we think it is well-positioned to benefit from the country's upcoming increase in infrastructure spending.

For similar reasons, we added a new position in Legrand, the global specialist in electrical and digital building infrastructure. The France-based firm could also benefit from the improved outlook for Europe's construction sector, as well as rising demand for data centre products.

Turning to sales, we exited the position in diversified building materials group CRH to fund the purchase of Heidelberg. We like CRH but wanted to reduce the fund's position in the US construction sector. Similarly, we sold Nestlé to fund opportunities elsewhere, and also amid some concerns about its organic growth algorithm.

Market Outlook and Investment Strategy

Despite the recent rise in geopolitical tensions, we remain positive about the outlook for European equities. The asset class has delivered strong gains so far this year, outperforming US equities. The question now is whether this can translate into something more meaningful and longer-lasting. European equities have continued to trade close to record discounts compared to US equities, while international investors remain underexposed. We believe these factors should provide a margin of safety during periods of macroeconomic volatility.

Furthermore, we think a combination of positive economic and market trends should provide a more benign environment for European economies than we have seen in recent years. Germany's announcement of €1 trillion in infrastructure and defence spending - effectively overriding its self-imposed debt break - is an encouraging sign of renewed commitment to tackling some of Europe's most pressing issues. More time is undoubtedly needed for true structural reforms to enhance Europe's competitiveness, but initiatives in multiple areas - such as easing financial regulation, the capital markets union, and the reduction of general bureaucracy - are already underway.

Against this backdrop, we are positive about European stocks, although this view is certainly not without near-term risks. The impending deadline for the EU-US trade talks on 9 July remains the key event in the near term. However, the announced tariffs on Europe are largely manageable for most companies in our view - with some exceptions such as those with large production footprints in South-East Asia.

Meanwhile, US economic data has recently been more mixed, while the full impact of uncertainty around US import tariffs hangs over the global economy. We continue to closely monitor the indirect impact of

the announced tariff measures on the global economy, and hence European companies. Although these factors add a degree of uncertainty, we are optimistic that European equities can continue to perform.

We maintain a balanced portfolio with a mixture of both cyclical and defensive stocks.

Source: Janus Henderson

Janus Henderson Horizon Fund - Japan Opportunities Fund Investment and Market Review

The fund rose over the period under review, compared with a return of 11.16% in the TOPIX.

Global equities rose strongly during the reporting period, as trade tensions eased and the US Federal Reserve restarted its interest rate-cutting campaign. The gains, which were supported by continued interest in artificial intelligence (AI), helped stock indices, including the MSCI World Index, hit record highs across the globe. Nevertheless, concerns about elevated valuations pressured the technology sector towards the end of the period.

In Japan, equities rose as they benefited from looser global monetary policy, a Japan/US trade agreement, economic optimism and positive sentiment towards AI. These factors lifted the TOPIX to an all-time high and offset fears of an AI bubble. The pro-growth policies of Prime Minister Sanae Takaichi, who took office in October and announced a huge stimulus package in November, also cheered investors.

The Bank of Japan (BoJ), which maintained its cautious approach for most of the period, raised interest rates by 25 basis points to a 30-year high of about 0.75% in December. Annual core inflation, which excludes fresh food prices, continued to exceed the BoJ's 2% target. Third-quarter GDP shrank by an annualised 2.3%, marking the first decline in six quarters. The result, which followed 2.1% growth in the second quarter, was partly attributed to a drop in exports due to higher US tariffs earlier in the year.

The yen weakened against the US dollar as trade worries abated, while the BoJ's incremental approach to policy tightening and uncertainty about the government's fiscal position also weighed on the currency.

Significant price movements in a small number of AI-related stocks from August to October negatively impacted relative performance. However, we believed that this level of price volatility would be transient and that the fund could benefit when market conditions normalised.

The leading detractors were Nippon Sanso and DMG Mori. Shares in Nippon Sanso, an industrial gas company, fell after it reported weaker quarterly results. In addition, it provided cautious full-year guidance as the industry faced sluggish demand due to macroeconomic and geopolitical uncertainty. DMG Mori, Japan's largest machine tool company, issued a severe profit warning in the fourth quarter. We exited the position.

Top positive contributors included Shimizu and Tokyo Ohka Kogyo (TOK). Construction firm Shimizu reported strong operating income in its first-half results as it continued to show margin improvements. The company had a healthy order book and maintained its optimistic full-year guidance amid higher

corporate and government capital expenditure. Investors also responded positively to its capital management policy. Photosensitive materials producer TOK posted robust quarterly results due to strong demand for generative AI-related semiconductors.

The fund initiated several positions, including TOK and Chugai Pharmaceutical. At the time of purchase, we felt TOK was attractively valued and strongly aligned to the AI theme. For Chugai, we liked the continued sales growth of its core products. In addition, we thought that investors had underestimated the potential royalty payments for orforglipron, a weight-loss pill that Chugai has licensed to Eli Lilly. Elsewhere, we exited Shin-Etsu Chemical as the outlook for its major business lines deteriorated.

Inflation has continued to be a persistent feature in Japan and has prompted changes in both corporate and consumer behaviour. Importantly, inflation has fed through to corporate earnings and equity performance. In the fourth quarter, both the TOPIX and the Nikkei 225 Index reached new highs, supported by companies that have successfully passed on higher costs to consumers and benefited from improved operating margins. Encouragingly, wage growth has begun to catch up with inflation, which has supported domestic demand and added resilience to the economy.

We believe that Prime Minister Takaichi could bring much-needed stability and predictability, which we expect to be positive for the equity market. Moreover, we think her leadership could catalyse a re-rating (where stocks are reassessed by investors) of Japanese equities, as she advocates for a mild 'demand-pull inflation', where demand for goods and services exceeds supply and lifts prices, driven by wage growth.

AI remains a global investment theme and Japan is no exception. Investor interest has largely focused on high-volatility stocks, although we have also seen a broader search for quality AI beneficiaries. This shift has expanded the opportunity set, which has allowed us to add positions in what we have viewed as attractively valued, high-quality companies aligned with the theme.

Source: Janus Henderson

Janus Henderson Horizon Fund - Pan European Absolute Return Fund Investment and Market Review

Allow us to address the elephant in the room straight away. As we type these lines, the European Union is awaiting its imminent tariff letter from the US. The deadline for further negotiations has once again been pushed out to 1 August. So far, the US has precious little to show for all the trade negotiations that took place - not just with the EU but all major trading partners around the globe - since its 'Liberation Day'. In our view, the absence of any tangible agreement, with the exception of a letter of intent with the UK, increases the likelihood that a mutually agreeable deal with the EU will be struck.

We also note that European rhetoric and action against China, and retaliatory signalling and actions by China, have clearly increased in these recent months. We interpret this to be a sign of European alignment with US trade policy on what surely has been the most negatively lopsided trade relationship for both.

But as we have written repeatedly over the last few months, we believe this whole topic will remain fluid and noisy for some time to come. It will likely continue to make markets volatile, although perhaps less

so than in April given increasing desensitisation to the news rollercoaster and increasing investor reluctance to chase new headlines with stock trades.

A pressing question for us is why the market has been switching around its favourites at the time of writing. In our view, it is a confluence of the alignment of a number of positive factors such as: 1. A decent US-EU trade deal seeming more likely than not. 2. Abating geopolitical risks, such as the conflict between Iran and Israel and the subsequent rise in the oil price. 3. The US Federal Reserve now seeming more dovish, and the replacement for Chair Powell coming clearly into view with the prospects of much more accommodative monetary policy. 4. Progressing de-regulation in Europe and the US. 5. Global financial conditions being already reasonably accommodative, and prospects for an economic rebound in the second half of 2025 (and into 2026), which we think should gather steam should the Fed cut interest rates. 6. Fiscal stimulus getting bigger, evidenced by the German infrastructure and defence packages, the US "Big Beautiful Bill" and China's fiscal stimulus measures. 7. German industry launching its own 3-year, €300 billion private investment commitment for domestic manufacturing (led by Siemens and Deutsche Bank) and backed by a planned tax relief package from the German government (a key date is the 21 July German Investment Summit in the Chancellery).

Thus, after a period of sideways consolidation, yield curves are steepening again across the Western world. This was also furthered by the drama unfolding in the UK around promised welfare spending cuts being voted down in parliament and risking the next budgetary crisis.

This all leads to our next question, which is do we expect the market rotation to last? Our short answer is, we believe so. It is often in these bullish market phases where fiscal and monetary (and potentially external) events align that leadership of stocks, sectors, and stocks within sectors, changes. Stocks priced for perma-recession or long-term poor sector prospects often experience the greatest rate of change - for example, they suddenly get reappraised from being "left for dead" to "still alive to survive" another cycle. These quite bullish market phases have regularly tended to be led by financial services, banks, consumer discretionary and basic materials stocks. Underperformers in these periods have frequently included technology, real estate, consumer staples and healthcare stocks. Within these sectors, it is often the more cyclical, lower-quality stocks trading at lower valuations that have tended to perform better in these market phases. Market breadth has also typically widened - i.e. instead of a narrow leadership group, many stocks have participated in a broad-based bull market. The market statistics that we track seemingly tell us the present set-up is still quite vulnerable, meaning the 'pain trade' for the market remains one of further rotation.

After a mild drawdown in June, the fund suffered for the first week of July before bouncing back strongly. During this time, we reacted to the shifting market environment by making a number of changes. We reduced the fund's exposure to the momentum style by jettisoning some year-to-date big winner stocks - for example, in the areas of banks and defence. We also added new long positions in areas such as automotive original equipment manufacturers (OEMs), hotels, mining, pulp, paper and packaging, and asset gatherers (from the consumer discretionary, basic materials sectors and financial services sectors). On the short side of the book, we exited some crowded short positions and entered new idiosyncratic ideas that feel less commonly travelled.

Market Outlook and Investment Strategy

The final question we must ask is whether our portfolio changes are enough. For now, we believe so given the much improved behaviour of the portfolio during the week that we write this. The changes we have made to overall sector exposures, but within the sectors, have resulted in an overall tilt towards what we see as more attractively priced, somewhat more cyclical stocks at the more value-end of the spectrum (on a net exposure basis). Should the market prove us wrong, not least on the above-mentioned noise around trade tariffs, we are ready to act very quickly and cut gross exposure quite radically. This would be in keeping with our investment DNA of humbleness and retrenching should the overall book not work, until we have found a formula that rewards us for deploying capital again.

Source: Janus Henderson

JPMorgan Global Income Fund Investment and Market Review

Over the month, we maintained our overall equity allocation. However, we added to our existing JPM Nasdaq Equity Premium Income ETF (JEPQ) allocation. The trade was funded by increasing our exposure to S&P shorts and reducing Nasdaq long futures.

The equity portion of the portfolio contributed to overall performance. Our allocation to global equities contributed the most on the back of the improving economic outlook. Looking beyond the near term, we believe growth should start to accelerate. Fed policy easing is on the horizon, and policy uncertainty should be in the rear-view mirror. Our allocation to US equities (via Nasdaq futures and physical holdings) contributed. The combination of the tax and fiscal bill passing and tariffs potentially nearing an endgame boosted business confidence. The emerging market equities allocation also contributed as China's renewed sentiment and a weaker dollar boosted valuations. Elsewhere, our European equities allocation also contributed to overall performance.

Within credit, our allocation to US high yield contributed. It's worth noting that over last three months, US high yield was the top performing regional sector, supported by higher all-in yields and a stronger recovery in spreads following the April sell-off.

Our duration positioning, expressed via US Treasuries futures, contributed. We believe that the near-term catalysts for a move lower in rates appear absent, with the Fed signalling a patient approach to cutting rates given the risks to both unemployment and inflation.

Our allocations to emerging market debt and non-agency securitised also contributed. Within hybrids, our allocation to preferred equity also contributed marginally

Market Outlook and Investment Strategy

While the economic landscape presents near-term challenges, we believe the US economy remains resilient. Data coming out of the US is expected to remain volatile as the impacts of immigration reforms and tariffs begin to materialise, and we expect US growth will be slightly below trend in 2025.

Looser financial conditions are an upside risk for growth outside of the US and may serve to narrow the US versus Rest of the World growth gap in 2026.

We maintain a neutral view on equities, with overweight to credit and duration. We continue to hold a cautious stance on duration and see opportunity in credit, particularly US high yield. Although spreads are narrow compared to historic levels, fundamentals and technicals remain supportive and all-in yields are attractive

Source: JPMorgan Asset Management

JPMorgan Greater China Fund

Investment and Market Review

Navigating a complex geopolitical landscape and persistent trade tensions, markets in the Greater China region contributed over the month. MSCI Golden Dragon was led by equities in Taiwan and Hong Kong. The month began with cautious optimism as US-China trade negotiators reached a provisional rare earth agreement during their London talks. China accelerated exports of critical magnets, particularly for the automotive and defense sectors, in exchange for eased US restrictions on ethane and chip design software. In the Mainland, this de-escalation reduced near-term pressure for domestic stimulus, though June's manufacturing PMI remained contractionary at 49.7, albeit improving for the second consecutive month, led by new export orders helped by front-loading ahead of the tariff pause expiry. Amidst the volatility in the Middle East, markets demonstrated resilience with indices fully recovering as oil prices stabilized and shipping lanes remained open. In Taiwan, the market contributed, fueled by momentum in the technology sector on the back of strong AI demand narratives and continued Taiwan dollar appreciation. Hong Kong equities continued their upward momentum driven by optimism surrounding US-China trade negotiations.

Concurrently, China stepped up its 'anti-involution' campaign under presidential directive, expanding scrutiny to curb irrational competition in sectors like auto, solar, and commodities. Regulators mandated supply rationalization and reductions in subsidy wars, enforcing a shift toward 'highquality development'. Additionally, the month witnessed increased competition among internet platforms, with new entrants such as JD.com, challenging incumbents in the OTA (online travel agency) and instant delivery segments. This triggered some contributions divergence within sectors.

Sector allocation detracted, as stock selection remained broadly flat. The overweight position in consumer discretionary and stock selection in industrials and healthcare were the key detractors. Consumer names such as Meituan and Trip.com detracted on concerns around competition from the entry of JD.com in their respective segments, as mentioned above. Within industrials, XCMG, Zhuzhou CRRC Times and Airtac detracted due to concerns around delayed domestic stimulus. Jiangsu Hengrui detracted as the stock detracted during the biotech rally. Technology hardware names such Elite Material, Aspeed and MPI contributed due to strong AI server and ASIC demand. The contribution from these names offset the detraction from the structural underweight in TSMC. Not owning a Chinese EV company contributed as the stock corrected due to regulatory scrutiny on aggressive price cuts. Xiaomi contributed on the successful launch of its new EV (YU7). Kingdee contributed in the absence of any company-specific news.

In terms of portfolio activity, we initiated a position in a technology name involved in advanced packaging, funded by taking profits in some other technology names. We added to a power equipment name due to secular growth opportunities in the sector. We also added to an internet name given its attractive valuation.

Market Outlook and Investment Strategy

In the Mainland, the outlook from here is likely to hinge on US-China tariff talks and domestic policy agility. We continue to believe that, in pursuit of its 2025 GDP target, China will remain reactive to external events. For now, given the temporary de-escalation of the tariff war, Beijing is likely to rely on existing measures,

with limited new stimulus for consumption. In the meantime, some irrational industry competition, marked by aggressive price cuts and consumer subsidies, has drawn regulatory scrutiny. The authorities have urged more rational competitive behaviour and a shift toward 'high-quality development', which we believe should create opportunities. We maintain our focus on technology names, given the use cases for AI post-DeepSeek and also the drive for technology self-sufficiency in China. We continue to hold contrarian China consumption names, for example in areas which may see moderating industry competition.

In Taiwan the focus remains on the technology sector, with potential opportunities arising from changes in China's stimulus strategy. In Hong Kong, in the short term, the market is likely to remain range-bound, given the recent rally and technical rebound in HIBOR as the HKD tests the weaker end of its USD peg. US trade negotiations will be closely monitored as investors remain optimistic given the progress thus far, while liquidity conditions have been supportive for valuations, especially with the expectation of further Fed rate cuts in the second half of 2025.

Source: JPMorgan Asset Management

JPMorgan India Fund

Investment and Market Review

Indian equity markets rose higher in June but underperformed MSCI Asia Pacific ex Japan and EM indices. The rise was driven by the outsized rate cut by the RBI, de-escalation of tensions between Iran and Israel, cooling of oil prices end-June and INR ending June with a modest appreciation. However, further upside was capped on concerns over the growth outlook and high valuations. RBI cut repo rates by 50bps while changing the stance from accommodative to neutral. It also cut the cash reserve ratio, thereby injecting liquidity into the system. Macro indicators were mixed – May CPI reported its lowest print since February 2019 while the composite PMI in June rose to a 14-month high. However, May IP slowed versus April. Foreign investors inflows in June were the highest since September 2024, while domestic institutional investor inflow remained strong. All sectors closed in the green barring Consumer Staples.

The portfolio performed in line with the benchmark for the month. Stock selection in Financials and lack of exposure to Utilities contributed positively. This was partially offset by stock selection in Consumer Discretionary and Consumer Staples. Stock selection in Financials added to returns primarily led by the outsized rate cut and liquidity injection by the RBI, leading to an uplift in equity markets. With the recent cut, cumulative rate cuts since February 2025 stands at 100bps. The positive sentiment in the equity markets helped market proxies, benefitting the exposure to Multi Commodity Exchange and HDFC Asset Management. Additionally, lack of exposure to Utilities, specifically, NTPC and Gail India, helped performance.

On the other hand, stock selection in Consumer Discretionary detracted from performance, primarily led by automobile stocks. Specifically, overweight exposure to Tata Motors and Bajaj Auto hurt performance. While the former continues to bear the brunt of tariff uncertainty, which could impact margins, and headwinds in the China market as demand for premium cars continues to fall, the latter reported weak 2W and 3W volumes, much lower than peers. This was partially offset by the overweight exposure to Mahindra & Mahindra, which continued to outperform post strong quarterly results. Further, stock

selection in Consumer Staples hurt performance, primarily led by the overweight exposure to alcoholic beverages company, United Spirits, and Colgate Palmolive. Both companies have cited weak demand due to high consumer inflation; however, recent improvement in headline inflation should provide a breather.

In terms of trading activity, the portfolio sold out of one of its positions in financials after the recent rally led to a reduction in the expected return of the stock and, in lieu, added to another existing name in the same sector

Market Outlook and Investment Strategy

India's economy faces growing complexity, prompting the central bank to adopt supportive policies as it realigns with trend growth, yet long-term structural opportunities remain intact. India's economic landscape is navigating a period of increasing complexity, with the central bank stepping in with a more supportive monetary policy to mitigate emerging challenges. The economy, which had been expanding above its trend rate, is now realigning with this trajectory, with potential for temporary dips below trend in the upcoming quarters. That said, the macroeconomic environment is showing signs of balance and potential recovery led by tight fiscal management, upfronting of government capex and low inflation. Rural consumption is seeing a clear sign of revival but urban consumption still remains tepid.

After the recent rally from March, overall market valuations are back to elevated levels. While earnings forecasts are optimistic, the downgrade cycle is potentially coming to an end. Tariff-related risks add another layer of complexity, particularly affecting IT services due to the corporate sentiment in the US as well as automotive sectors, though opportunities might emerge once India negotiates a Free Trade Agreement with the US. Additionally, opportunities are selectively emerging across consumption as the government tries to revive growth. The period should present opportunities and we remain vigilant in seeking them.

Source: JPMorgan Asset Management

Mirae Asset ESG Asia Great Consumer Equity Fund

Investment and Market Review

The MSCI Asia ex Japan index returned 2.75% (in USD terms) for the month. Relative to the rest of the regions, Korea and Malaysia were the top performers, while China and Hong Kong were the main underperformers. Sector-wise, Information Technology and Materials were the top performers, while Health Care and Real Estate were the main underperformers.

China equities decreased by 1.21% (in USD terms) in December. The year-end was marked by caution due to weaker macro data, limited new policy support, and concerns over Vanke's default risk. November data showed weak domestic demand, though strong exports kept industrial production growth on track. Housing market weakness persisted, with new and secondary home prices falling and most activity indicators contracting sharply. China's industrial profits remained weak, growing just 0.1% y/y in January–November and falling 13.1% in November.

India declined by 0.48% (in USD terms) in December. Compared to its peers, the performance was muted due to strong capital market momentum, persistent INR weakness, no conclusion of the India-US trade

deal and global risk-off ex commodities. In December, the Monetary Policy Committee voted unanimously to cut policy rates by 25bps, taking the repo rate to 5.25%, while retaining its neutral stance. November's CPI inflation grew 0.7% y/y. Composite PMI fell to 58.9 in Dec (vs 59.7 in Nov). October's IP printed at 0.4% y/y.

Taiwan equities rose by 5.85% (in USD terms) in December. Taiwan continued to see foreign outflows in December. Taiwan is the most expensive market in Asia compared to its historical FTM PE average. The central bank kept rates on hold, citing constructive growth and benign inflation. November exports and industrial production were strong, especially in tech and capital goods.

Korea equities increased by 12.74% (in USD terms) in December. Korea was the best-performing market in the month, mainly driven by Information Technology. The market saw foreign equity inflows in December and is currently trading slightly below its historical average. Korea's December 2025 exports reached US\$69.6bn, rising 3.1% m/m (seasonally adjusted), with a strong three-month trend of 10.1% (seasonally adjusted annual rate). Growth was driven by tech exports, led by mobile devices and semiconductors.

Among ASEAN market, Malaysia, Thailand, Singapore, Philippines, and Indonesia returned 6.54%, 2.76%, 1.18%, 1.16%, and -0.44% (in USD terms) in December respectively. Bank Indonesia held its policy rate at 4.75%, reflecting caution over global growth risks such as US tariffs and weak demand from China. Bank Indonesia raised its 2026 GDP growth target to 4.9–5.7% on improving domestic consumption and investment, it still sees the need for further policy easing due to weak transmission to bank lending and tepid foreign inflows.

The portfolio returned 4.17% (in USD terms) for the reporting period, outperforming the benchmark by 1.42%.

By country/geographical area, Korea and China were the top contributors, with a total effect of 0.86% and 0.49% (in USD terms) respectively, mainly driven by the positive allocation effect in Korea and the positive selection effect in China. Meanwhile, Taiwan and Malaysia were the primary detractors, with a total effect of -0.24% and -0.05% (in USD terms) respectively, due to the negative allocation effect in both Taiwan and Malaysia.

By sector, Information Technology and Industrials were the top contributors, with a total effect of 1.38% and 0.64% (in USD terms) respectively, mainly driven by the positive selection effect in both Information Technology and Industrials. Meanwhile, Consumer Staples and Communication Services were the primary detractors, with a total effect of -0.43% and -0.42% (in USD terms) respectively, due to the negative selection effect in Consumer Staples and the both negative allocation effect and selection effect in Communication Services.

Market Outlook and Investment Strategy

Global equities closed 2025 on a strong note, rallying in December as the market began to price in the realization of the Fed's dovish pivot. The employment data weakness highlighted in November indeed catalyzed a shift in monetary policy tone, and with the formal conclusion of quantitative tightening (QT), liquidity conditions have visibly improved. While the rotation away from pure US-centric technology leadership continued, capital flows dispersed more evenly across global markets, driven by year-end

portfolio rebalancing and optimism surrounding the 2026 outlook. The stabilization of US-China relations following the November framework trade deal has further reduced the geopolitical risk premium, allowing investors to focus on fundamental earnings recovery rather than macro-political tail risks.

Asian markets benefited significantly from this improved liquidity environment, ending the year with renewed momentum. As anticipated, the tightness in the US banking system is being addressed through measures resembling quantitative easing, which has weakened the US dollar and provided a tailwind for Emerging Asia. We remain confident in our assessment that Asian market earnings growth will bottom out in the first half of 2026. The region is currently positioned for a dual-engine recovery: an earnings upcycle driven by the tech hardware sector and a valuation re-rating in countries undergoing structural governance reforms. Looking ahead to the first quarter of 2026, we expect volatility to remain manageable prior to the scheduled Trump-Xi meeting in April and the succession of the Fed Chair in May, while we will closely monitor potential risks from the recent movement of the US towards its neighboring countries and its potential impact on oil prices.

For China, the market has begun to look past the lingering weakness in the property sector, focusing instead on the tangible policy support outlined for the 15th Five-Year Plan. The Central Economic Work Conference revealed Beijing's intention to prioritize domestic demand revival through proactive fiscal policy and moderately loose monetary policy. Additionally, the government's emphasis on high-quality development, specifically in AI, robotics, and green manufacturing, is translating into resilient earnings for leaders in these spaces. We maintain our constructive view for 2026, expecting that the de-escalation of trade tensions will allow Chinese equities to narrow the valuation gap with their developed market peers. Furthermore, a healthy market correction in 4Q supports our positive view for 2026, resulting in lowered valuations. While broad consumption remains tepid, specific consumption-related names with strong balance sheets are trading at historically attractive valuations.

We maintain our high conviction in the Korean market heading into the new year. The structural thesis we identified, driven by the "Value-up" corporate governance reforms and supply chain realignment in the US, is gaining broader recognition among global institutional investors. While Korea was a top performer in 2025, the valuation gap remains wide, suggesting the rally has further room to run. The semiconductor sector continues to benefit from the "AI supercycle," which has dampened the traditional cyclicality of earnings, especially in the memory sector. Many other companies in various sectors, particularly industrials, are expected to continue to benefit from the US' effort to reduce critical supply-chain dependence on China. Furthermore, with the new government demonstrating a firm commitment to shareholder return policies, we expect the "Korea discount" to continue shrinking throughout 2026. Additionally, improved relations between China and Korea will provide better opportunities for Korean companies in various consumer sectors, including entertainment and food.

Taiwan's equity market finished the year resiliently, reinforcing its critical position in the global technology supply chain. The country's semiconductor leadership is deepening, driven by an acceleration in demand across key pillars, including advanced foundry services, ASIC design, power management, etc. As global tech giants race to develop proprietary AI chips, Taiwan's ASIC design houses are seeing robust order books, while foundry utilization rates for advanced nodes remain at peak levels due to tight capacity for high-performance computing. Additionally, the immense energy requirements of AI data centers have triggered a supercycle for power management semiconductors, benefiting local suppliers who are

essential to energy efficiency. While the index remains heavily weighted toward the IT sector, these sub-sector dynamics suggest high-quality growth. We remain positive about Taiwan's role in the AI era, though we keep monitoring for sector rotation risks in 2026 as global growth broadens.

The Indian market showed distinct signs of stabilization in December, confirming our view that the earnings downgrade cycle is nearing its end. While the lack of direct AI exposure limited its participation in the 2025 tech rally, this characteristic is increasingly viewed as a defensive asset. As global investors grow wary of potential valuation bubbles in the AI sector, India is emerging as a rational hedge with solid domestic fundamentals. With foreign inflows returning and government consumption-boosting policies expected to impact the real economy in 2026, we believe India offers a better risk-reward profile for the coming year compared to 2025.

Source: Mirae

Natixis Loomis Sayles Multisector Income Fund Investment and Market Review

- The Fund outperformed its Reference Index.
- On average, overall portfolio duration was shorter than the reference index, which helped performance as the curve steepened.
- Exposure to non-US dollar was positive particularly South African Rand, British Pound Sterling and Turkish Lira.
- The allocation to high yield corporate credit contributed. Within the sector, finance companies contributed.
- Security selection in convertible securities were contributors as higher-conviction communications and cruise line issuers were positive. • Exposure to equity securities slightly detracted, particularly healthcare

Most segments of the bond market produced positive total returns in the second quarter, albeit with elevated volatility. The first week of April brought significant disruptions across the financial markets, as President Donald Trump's "Liberation Day" trade plan levied tariffs well in excess of what investors had been anticipating. Risk assets initially plunged on expectations that the protectionist policy shift would lead to rising inflation and slower economic growth. The downturn proved short-lived, however, as President Trump responded to market turmoil by enacting a 90-day pause on new tariffs within a week of the initial announcement. The markets quickly stabilized following the pivot, and volatility subsided over the remainder of the period as investors returned their attention to the backdrop of steady growth and slowing inflation. The fixed-income market further benefited from an emerging consensus that the US Federal Reserve was poised to begin resume cutting interest rates in the second half of the year. Credit-oriented market segments performed well in this environment and generally outpaced government debt. Most segments of the US Treasury market posted positive total returns in the second quarter. Yields, after falling sharply in the first week of April due to uncertainty surrounding trade policy, reversed course and turned higher through mid-May amid renewed optimism about the economic outlook. (Prices and yields move in opposite directions.) Yields then began to trend lower thanks to the combination of weaker-than-

expected economic data and growing expectations that the US Federal Reserve would begin to ease policy in the latter half of the year. Five- and 10-year issues delivered the best performance, but rising yields on the long end of the curve resulted in negative total returns for 30-year bonds. After an initial downturn caused by worries about the potential impact of tariffs, investment-grade corporate bonds recovered to post gains for the second quarter. The positive total return was driven by the combination of falling US Treasury yields, a contraction in yield spreads, and income return. While all major segments of the corporate bond market gained ground, the best returns came from lower-rated debt, bonds with maturities in the five- to 10-year range, and more economically sensitive issuers. High-yield bonds delivered robust total returns and outperformed the investment-grade category in the second quarter. After an initial sell-off caused by concerns about the potential impact of rising U.S. tariffs, high yield staged a strong recovery over the remainder of the period thanks to the combination of falling US Treasury yields and a decline in yield spreads. Intermediate-term issues (those with five to 10-year maturities) outpaced the broader category. Lower-rated securities outperformed their higher-rated counterparts, primarily as a result of elevated investor risk appetite late in the quarter. Agency mortgage-backed securities (AMBS) registered positive total returns in the second quarter. Higher-coupon issues outperformed durationequivalent US Treasuries, while lower-coupon securities underperformed. (Duration is a measure of interest rate sensitivity.) Securitized debt generally outpaced Treasuries, albeit with some pockets of underperformance for certain subsectors. Asset-backed securities (ABS), non-agency residential mortgage-backed securities (NARMBS), commercial mortgage-backed securities (CMBS), and collateralized loan obligations (CLOs) all provided positive returns. The international bond markets generally performed well in the second quarter thanks to the backdrop of modest global growth, falling inflation, and expectations for accommodative policy from most major central banks. Emerging-market issues gained ground and outpaced the US market, reflecting investors' effort to add portfolio risk as concerns about US tariffs faded. Returns were particularly strong when currency translation was incorporated due to the pronounced strength in foreign currencies against the dollar.

Market Outlook and Investment Strategy

The second quarter of 2025 saw a significant increase in financial market volatility, marked by an escalation in the global trade war, uncertainty in US fiscal policy and intensifying geopolitical risk in the Middle East. Risk assets sold off aggressively to start the quarter as President Donald Trump announced widespread reciprocal tariffs on April 2nd (aptly named "Liberation Day"), disrupting global trade and triggering uncertainty in growth and inflation expectations. As yields surged and liquidity thinned, the bond market flashed warning signs. A weak 3-year note auction set the tone, and with 10- and 30-year auctions looming, Trump took the off-ramp and paused tariffs for 90 days, which calmed investor concerns in the short-term. Investors shifted their focus towards uncertainty around US fiscal policy in mid-May as Moody's downgraded the US government's credit rating from Aaa to Aa1 and further highlighted long-term deficit concerns. This was quickly followed by the passing of the One Big Beautiful Bill Act by the House of Representatives, which has the potential to further exacerbate the fiscal gap. Lastly, in mid-June, geopolitical risk rose as Israel launched surprise attacks on key military and nuclear facilities in Iran. The US joined shortly thereafter to assist in striking Iranian nuclear sites, however, a ceasefire was announced shortly thereafter on June 24th. Despite the myriad of events, the 10-year US Treasury was stable quarter-over-quarter, moving from 4.21% to 4.24%, and, as expected, the Federal Reserve (Fed) remained on hold

during their May and June meetings. Investment grade and high yield spreads initially widened but bounced back and ended the quarter near their pre-sell off levels.

Going forward, we believe the US economy will remain in the late cycle phase of the credit cycle, supported by the recent backtrack in tariff policy, a healthy mid-to-high income consumer and stable corporate fundamentals. Our base case calls for trend/below trend US growth and we do not anticipate a recession at this time. The risk of global trade seizing up and causing widespread recession appears to be diminished by tariff pause extensions, temporary truces and the potential for trade deals. In Europe, the shift toward more expansionary fiscal policy should raise long-term trend growth rates for those economies through large investments in the economy. This could offset any negative impact with a potential change in the US trade relationship, the effects of which will be hard to predict. In China, the government will likely continue to bolster domestic demand while it seeks to play defense in the face of tariff pressures, however, we believe uncertainty remains regarding the scale and effectiveness of such measures. A substantial trade deal could present an upside surprise. US inflation has been sticky and continues to print above the Fed's target. The tariff backtrack in the second quarter has alleviated some of the concerns of inflationary pressures in the short-term, but we believe risks to unstable inflation remain. We believe prices may experience a temporary spike in the coming months as companies pass through tariff-related cost increases. In addition, the risk of a re-escalation in the global trade war remains as the 90-day pause on higher tariff rates ends on July 9th. On a long-term basis, we have been suggesting that inflation may remain unstable and potentially experience higher lows in future cycles due to structural factors, such as the fiscal deficit, trade protectionism, deglobalization, decarbonization and aging demographics. From a growth perspective, labor market health and ongoing job creation should keep consumer spending on firm footing, in our view. Absent a significant shock to the economy, we believe growth should remain positive, which puts the Fed in a difficult position – should they focus on growth or inflation? In our view, the Fed may be comfortable with inflation hovering above their 2% target, explaining it away as transitory (again), in order to prevent the labor market from softening too much. The Fed seems to be in a “wait-and-see” mode and likely continues to be data dependent, focusing on developments in the trade war, the budget and events of the Middle East. We believe a key risk is the structural economic and demographic factors that are weighing on the US fiscal deficit. Large nondiscretionary spending, mostly related to entitlements and defense, have led to a deficit that is structural rather than counter-cyclical. Debt servicing costs have also risen significantly, as interest rates have increased and the overall debt burden has expanded. Currently, the fiscal deficit is unsustainable and has the potential to stimulate inflation, which in turn could raise borrowing costs across the economy. The One Big Beautiful Bill Act extends most of Trump's tax provisions, raises the debt ceiling and potentially increases the annual deficit over the next decade. Unless there is significantly higher growth (which we believe is unlikely), expenditures are reduced or another large source of revenue materializes (tariffs), we do not see a stabilization or contraction in the deficit occurring in the near term. US budget negotiations are ongoing, however, fiscal rectitude does not seem to be attainable – and this may reflect the reality that the mid-term elections are approaching quickly. Our structural view of higher interest rates remains intact. We believe Treasury supply will continue to be a topic of heavy discussion, which could increase interest rate volatility and put a floor under long-term Treasury yields. We believe the long end of the curve, at this point, is not adequately pricing in potential risks. We believe long-term fair value for the 10-year US Treasury is approximately 4.50-4.75%, based on a 1.75-2.00% real rate and 2.75% breakeven rate; however, Trump's policies could push the fair value target slightly higher. Our investment

process lends itself to constantly reassessing value through our risk premium framework. Our Credit Health Index (CHIN) within investment grade and high yield corporate credit suggest defaults/losses will be in line with historical averages for this part of the cycle. Geopolitical and fiscal uncertainties have provided pockets of spread widening, however, risk premiums remain below the lower end of our value range. We believe that credit health remains stable as corporate fundamentals, technicals and earnings growth continue to be positive even as the economy has potentially started to downshift. It is difficult to see any real signs of credit deterioration, and in our opinion, corporate balance sheets can weather potential volatility in the macroeconomic backdrop. We believe that long-term value has returned to fixed income markets with a combination of discount-to-par (positive convexity) and favorable yields. As investors sit on record levels of cash, we expect strong demand will likely support bond markets. The fiscal gap remains a long-term threat to yield stability, and investors will need to be compensated for a potential rise in yields at the long end. Fortunately, bondholders can manage through this uncertainty. In this environment, we believe that reinvestment rate risk is on the side of the fixed income investor, but the challenge is getting to progressively higher step-ups of yield while maintaining or growing principal. Given our expectation for a relatively benign loss environment, we believe investors should also consider moderately leaning into credit risk for any potential extra carry pick-up. We are mindful of the risks going forward, such as a growing US deficit, trade protectionism (tariffs) and geopolitical risk. Each of these risks could further elevate market volatility and create additional buying opportunities in credit, interest rates and currencies, for which we would consider redeploying reserves faster. In today's environment, we believe bond investors should maintain flexibility with regards to interest rate and credit risk, considering the risk/reward of the intermediate part of the curve against the long-term risks associated with long-end curve exposures while being selective in potential opportunities in investment grade credit, high yield credit, bank loans and securitized credit, in our opinion.

Source: Natixis

Natixis Mirov a Global Sustainable Equity Fund Investment and Market Review

Global developed equity markets, measured by the MSCI World Index, were higher in the second quarter of 2025, rallying after first quarter weakness, contributing to year-to-date performance. Global equities are now in positive territory year to date in U.S. dollar terms, while slightly lower in euro terms as the U.S. dollar has fallen in value more than 10% (vs a basket of currencies from major U.S. trading partners) to start the year. While U.S. policy uncertainty on trade/tariffs, Russia/Ukraine and the Middle East, immigration, drug pricing, and budget reconciliation ('One Big Beautiful Bill'), etc. continued to drive lower visibility, a 90-day pause and ongoing negotiations have helped to ease market volatility related to the U.S. reciprocal tariffs announcement on 2 April that was initially more extreme than expected. Additionally, a New York Trade Court ruling declared a significant portion of Trump's tariffs illegal. However, uncertainty persists. Softer economic data combined with hotter U.S. inflation numbers and Fed cautiousness also contributed to risk-off sentiment during the first quarter of 2025. However, after U.S. consumer confidence plunged in April to levels seen at the height of the COVID-19 pandemic, it rebounded slightly in May, helping to ease fears of a potential consumer-led recession. At the same time, corporate earnings have been resilient, and there is no strong evidence yet of significant consumer

weakness, particularly in the middle to high income segments of the population. Markets rallied higher in recent months, rising on any developments perceived as positive. The S&P 500 rallied almost 25% in USD since 9 April (when President Trump announced the 90-day pause on the higher reciprocal tariffs for most countries) through the end of June to finish at a new all-time high, with the Stoxx 600 Europe also nearing new highs, despite an overall worse situation and still much higher effective tariff rate than prior to April. As the 9 July end of the 90-day tariff pause nears, we may see increased volatility. Year to date by region, European equities have outperformed on U.S. uncertainty and positive developments in the region (e.g., German election outcome, ECB rate cut), while U.S. equities underperformed year-to-date. For the second quarter, U.S. equities have rebounded following tariff pauses, etc. to perform about in line with European equities. Year to date by GICS sectors, the Consumer Discretionary sector performed worst, with the Health Care and Energy sectors also underperforming the broader MSCI World Index. On the other hand, Industrials, Financials and Utilities outperformed on average, while tech and Magnificent 7-heavy Information Technology and Communication Services performed in the middle of the pack, having outperformed more recently during the second quarter.

The Mirova Global Sustainable Equity Fund R/A-NPF (USD) underperformed the global equity market, represented by the MSCI World Index (Net) EUR, during the month of June. The Fund returned 2.21%, while its benchmark returned 4.32%. In terms of attribution by GICS sectors, sector allocation effect was a slight positive contributor to relative performance, while stock picking effect detracted. Regarding sector allocation effect, our overweight to Information Technology sector and underweight to Consumer Staples contributed positively to relative results. Our overweight to Health Care and our underweight to Communication Services detracted from relative results. Regarding stock picking, stock picking within Financials, Industrials and Information Technology were the key detractors from relative results. Finally, our regional positioning, with an overweight to Europe and underweight to the U.S., was a slight detractor. In terms of stock picking, within Financials, Mastercard was the main detractor from relative performance. Mastercard, as well as Visa, underperformed in part on reports of major U.S. retailers Walmart and Amazon exploring the use of their own stablecoins and in part on geopolitical tensions in the Middle East. Investors initially reacted negatively to the stablecoin news as it was viewed as a move that could potentially direct payment volumes away from the traditional payments largely facilitated by Mastercard and Visa. This came alongside the U.S. Senate voting to pass the GENIUS Act, which represents efforts to establish a comprehensive federal framework for the regulation of payment stablecoins. Overall, our view is that the market overreacted to the potential threat, and that this is not an imminent risk to Visa and Mastercard. Firstly, none of these concerns are new. Many of the big fintech companies like PayPal have already accepted crypto payments for some time. Every now and then there is news on disintermediation, but nothing has proven formidable against Visa and Mastercard thus far. Crypto could be useful in specific industries such as Gaming, but it is far from prevalent. Mega retailers such as Walmart and Amazon have been exploring alternative payment methods (i.e., other than through Visa and Mastercard rails) for several years. Merchants have also explored lower cost rails, but consumer behavior has proven very difficult to change. C2 - Internal Natixis Considering the time needed for regulatory approval and implementation and adoption, the process may take longer than people think and with limited use cases. The fortress-like moat Visa and Mastercard have built will be very hard to break. Secondly, the recent pullback is also partly due to the market taking some risk off on the back of the Middle East conflict, with concerns related to reduced travel and, to a lesser extent, inhibited cross-border payments in the Middle East region. Both stocks recovered quickly after tensions eased in the Middle East. Within Industrials,

Waste Management was the main relative detractor as it underperformed the broader Industrials sector, particularly as investors favored the Aerospace & Defense industry within the sector following the launch of Europe's rearmament plan to increase defense spending. Finally, Waste Management held its Investor Day in late June, with some share price weakness following, as financial targets may have disappointed the market. We attended the Investor Day and, overall, management emphasized that WM can be a "forever stock" with a long runway for growth along with a people-focused culture, customer centricity, and operational excellence focus. There are some puts and takes on the outlook that could lead to some upside on outcomes including tax policy and/or additional M&A. The company has recently acquired Stericycle and appears to be figuring out what the optimized business model for this segment will look like, as the legacy company was not managed well. Overall, our views on management and the business and the long-term investment case remain positive. Within Information Technology, Accenture was the main detractor from relative performance as they underperformed the broader IT sector that performed very strongly during the month. While Accenture delivered a good fiscal third quarter that beat expectations, including the tariff headwinds, lower federal spending and challenging macro, and raised FY25 EPS and free cash flow, as well as the low end of revenue guidance, the market reacted to light bookings and next quarter revenue guidance that wasn't as strong as expected given the FX benefit. Investors often extrapolate the health of Accenture by single bookings numbers that the company doesn't manage to, and, in this case, it was lighter than expected. Accenture continues to be a leading global IT services company that is well positioned to benefit from broader adoption of AI as they enable their customers to implement AI applications in their own day-to-day operations. While stock picking within Information Technology overall detracted from relative performance, certain picks within the sector performed well and contributed positively to relative performance. Taiwan Semiconductor and Nvidia shares performed well since their early April year-to-date lows in part on a general rebound in growth stocks and on headlines that the Trump administration may take a different approach regarding its crackdown on chip exports, on tariff negotiations viewed as more positive than the initial early-April situation, and on the news that the U.S. was considering a major AI chip sale to the UAE follow President Trump's trip to the Middle East. The companies also delivered strong financial results. Taiwan semi reported financial results that beat both top and bottom-line consensus forecasts, reaffirmed its 2025 guidance of mid-20% revenue growth, and maintained capex guidance of \$38-42bn. During the earnings call, the company said it is not witnessing tariff impact on consumer behavior so far and it expressed confidence about AI chip demand from American companies, supporting the need to boost production capacity. Taiwan Semi reported May sales in mid-June as well that suggested Q2 may surpass guidance despite currency headwinds. Meanwhile, at the end of May, NVIDIA also reported a great first quarter. There was not much that went wrong with this quarter for NVIDIA considering there was a lot of nervousness going into it given China exposure and production issues. The Q2 guide was in line to better, with revenue growth for Q2 guided at +51.3% YoY growth with the \$8bn in China revenue removed. The high-performance GB200 chips are rolling out quickly, and they are just about to start shipping GB300s which do not require a new architecture, so there will be fewer problems if any with production. The company also talked up the Sovereign end market potential becoming more meaningful, and Enterprise is seeing an inflection due to AI agents. With China de-risked (market assuming \$0), downside risk is lower than before. We maintain conviction in the long-term investment case for both Taiwan Semiconductor and Nvidia.

Market Outlook and Investment Strategy

Our overall base case is that the situation in the second half of 2025 and into 2026 is more negative than the base case we had entering 2025, primarily due to U.S. policy uncertainty and the impact of tariffs. However, the significant downside risk under the scenario of stagflation with high inflation and low economic growth is now less likely. We believe the risk to our outlook is skewed toward the upside. We continue to seek attractive points of entry, focusing on areas of growth and preparing for further signs of stabilization. However, given the market has already rebounded significantly since President Trump's April 2nd Liberation Day, we remain prudent overall. For more information on the team's views on the macro and market situation as we move into the second half of 2025, please see our mid-year outlook write-up.

Regarding portfolio positioning, we continue to maintain the portfolio's barbell positioning overall, which we believe positions the portfolio for resilience relative to the broad market in a variety of market environments. A barbell position means that the portfolio is well balanced between 1) exposure to cyclical and growth-oriented sectors like higher growth tech areas, the consumer, and renewables and 2) defensive areas such as the Healthcare and Utilities sectors, more defensive consumer names and tech names that are less exposed to tariff impacts with strong recurring revenues. Specifically relative to the broad market, our portfolio is more defensively positioned which is illustrated by our relative overweight to Healthcare, Utilities, Food Production, and Technology names with recurring revenues compared to the MSCI World Index. Our geographical positioning is also more defensive, with an overweight to Europe with European stocks that are very diversified in terms of their revenue, supply chains, and production and whose valuations are reflecting a more negative scenario compared to the relatively positive scenario U.S. stocks seem to be priced for. We also analyze very closely how portfolio companies manage their supply chains in order to minimize the risks of U.S. tariffs exposure. For instance, we have less exposure to the cyclical industrial names likely to be impacted by tariffs and no direct exposure to China. Finally, we continue to focus on higher quality stocks with strong balance sheets, lower levels of debt and stable earnings and margins, alongside quality management teams, which generally exhibit outperformance in a risk-off scenario. Overall, the way that we invest is based on the idea that the world is slowly changing. We have very strong transitions between how we live today and how we will live in ten years' time, and this continues to be true. These are secular demographic, environmental, technological and cultural or governance transitions, many of which persist regardless of what any election brings in any part of the world and regardless of economic cycles. We must still deal with climate change, but perhaps slightly differently from an investment point of view, as are increasingly confronted with the consequences of climate change, such as natural disasters, and what it means for the companies we invest in. We still have an aging population. We still have urbanization that is accelerating, an emerging middle class in developing countries, and growing economic inequalities in general. We still have generational shifts that impact the way we do business as well. We believe that these long-term themes will continue to be drivers of performance. As long-term investors, it's extremely important for us to maintain that long-term thinking and to translate that into ideas in the portfolio, taking into account current valuations. We continue to diversify the portfolio across and within the major long-term trends driving the economy. Following our approach that has been in place for more than ten years, focusing on how the world is changing, while managing risk relative to the benchmark and the market environment, we believe we are well positioned to manage through this shifting context.

Source: Natixis

Neuberger Berman Strategic Income Fund

Investment and Market Review

The Fund delivered a positive total return for the quarter. From a sector perspective, absolute returns were positive across all major allocations in the fourth quarter. Agency MBS was the largest contributor to absolute performance, followed by securitized credit, high yield, and US government securities (including Treasuries and TIPS), with additional positive contributions from senior floating rate loans and CLOs, investment grade credit, emerging market debt and non-US DM government exposures. Duration, tactical interest rate positioning and currency were also positive drivers of absolute performance. There were no material detractors over the period.

During the quarter, we made some relative value positioning adjustments. We reduced exposure to FX (primarily JPY and EUR), agency MBS, TIPS, high yield CDX/TRS (to add to high yield bonds), select non-US DM government bonds (primarily UK, Canada, Austria and Germany) and bank loans. In addition to adding to US and non-US DM high yield bond, we added primarily to emerging market debt, select non-U.S. DM government bonds (Japan), investment grade credit (including hybrids), CLOs, securitized credit, US agencies, US Treasuries and slightly to select municipals.

In December, U.S. and global investment grade (IG) fixed income delivered modestly negative total returns of -0.15% and -0.21%, respectively, as measured by the Bloomberg U.S. Aggregate Index and Bloomberg Global Aggregate Index (USD hedged). For 4Q 2025, the Bloomberg U.S. Aggregate Index and Bloomberg Global Aggregate Index (USD hedged) each returned 1.10% and 0.79%, respectively. For the full year 2025, the Bloomberg U.S. Aggregate Index and Bloomberg Global Aggregate Index (USD hedged) returned 7.30% and 4.86%, respectively. Risk assets saw mostly positive returns in December and the fourth quarter and for the full year, returns were broadly in positive territory as investor demand for spread sectors remained solid, credit spreads finished the year tighter and corporate fundamentals were generally resilient amid an ongoing Fed easing cycle and a supportive global policy backdrop.

U.S. government yields were mixed across the curve in the fourth quarter of 2025. The 2-year yield decreased by 13 bps to 3.48%, while the 5-year yield edged down by 1 bp to 3.73%. In contrast, the 10-year yield rose by 2 bps to 4.17%, and the 30-year yield increased by 12 bps to 4.85%. The 10-year TIPS yield moved higher by 13 bps, closing the quarter at 1.93%. These shifts reflect ongoing adjustments to expectations regarding inflation, economic growth, and the fiscal outlook. Yields across other major developed countries were also mixed but generally moved higher over the quarter. The U.K. 10-year yield declined by 22 bps to 4.48%, while Germany's 10-year yield rose by 14 bps to 2.85%. Japan's 10-year yield saw a notable increase of 42 bps to 2.06%. Other moves included a rise of 25 bps for 10-year yields in Canada to 3.43%, and an increase of 3 bps for Spain's 10-year to 3.29%. New Zealand's 10-year yield climbed 21 bps to 4.40%, Australia's 10-year yield rose by 44 bps to 4.74%, and Italy's 10-year yield inched up by 2 bps to 3.55%.

For the fourth quarter, Global IG Corporates returned 0.93%, U.S. IG Corporates were up 0.84%, and Agency MBS delivered a gain of 1.71%. U.S. High Yield posted a return of 1.32%, pan-European High Yield (USD hedged) was up 1.17%, and Senior Floating Rate Loans returned 1.18%. Pan-European IG Corporates (USD hedged) returned 1.05%. Hard Currency Emerging Markets debt generated a strong

return of 3.29%, while Local Currency Emerging Markets debt (USD hedged) posted a gain of 1.69%. U.S. TIPS and U.S. CMBS recorded returns of 0.13% and 1.36%, respectively. These results reflect ongoing market adjustments to global economic conditions, interest rate expectations, and the evolving credit landscape over the quarter.

Credit Markets and Spreads

In December, most fixed income spread sectors tightened, with the exception of U.S. TIPS breakevens, which moved modestly higher. Over the fourth quarter, spread performance was more mixed: high yield, global and U.S. investment grade corporates and senior floating rate loans saw modest spread widening, while Agency MBS, hard currency emerging markets and Pan-European IG corporates tightened, and CMBS and Pan-European high yield were unchanged. These moves reflected a balance between still-supportive economic data and credit fundamentals on one hand, and shifting interest rate expectations and late-cycle concerns on the other. Defensive sector fundamentals and supply/demand dynamics continued to influence spread behavior, while market focus on asset quality persisted.

- Global Aggregate Corporate spreads moved 3 bps tighter in December but were 2 bps wider over 4Q, finishing at 80 bps.
- Spreads on U.S. IG Corporates decreased by 2 bps for the month but widened 4 bps for the fourth quarter, closing at 78 bps.
- Pan-European IG Corporate spreads compressed 4 bps month-over-month and were 1 bp tighter over the quarter, reaching 79 bps.
- U.S. Agency MBS spreads contracted by 7 bps during the month and 9 bps over 4Q, landing at 22 bps.
- U.S. High Yield corporate spreads tightened by 11 bps in December but were 1 bp wider for the quarter, ending at 281 bps.
- Pan-European High Yield corporate spreads narrowed by 7 bps on the month and were unchanged over the quarter, finishing at 281 bps.
- Senior Floating Rate Loan spreads tightened 7 bps in December but were 3 bps wider over the quarter, ending at 429 bps.
- Hard Currency Emerging Markets spreads moved 16 bps tighter in December and a notable 30 bps tighter over the fourth quarter, closing at 253 bps.
- U.S. CMBS spreads narrowed by 1 bp for the month and were unchanged over 4Q, ending at 81 bps.

Overall, demand for fixed income remained robust, with investor interest supported by stable fundamentals and the search for yield, despite ongoing uncertainty.

Market Outlook and Investment Strategy

U.S. inflation has drifted closer to target, with year over year CPI, core CPI and PCE running in the mid 2% range. Tariffs continue to look more like one off price level shocks than a source of persistent inflation, as firms adjust supply chains and pass through to final prices remains limited. Against this backdrop, the Fed delivered a 25 basis point cut in December 2025, taking the funds rate to 3.50–3.75%

and signaling a cautious, data dependent stance, with further easing contingent on continued disinflation and labor market softness. That said, we expect the Fed to continue interest rate adjustment, delivering one more cut in 1Q2026 with the neutral rate settling at 3.25 – 3.50% but believe a Fed Independence premium sets a lower bar for the possibility of more cuts.

Across developed markets, most central banks have shifted from tightening to a pause or early easing phase, while several emerging markets, having hiked early, are gradually lowering rates as inflation moderates and currencies remain broadly stable. Technical demand for fixed income is supportive and corporate fundamentals are generally solid, though any renewed growth or policy shock could see volatility rise from currently contained levels.

Tariff shocks and prior price spikes have largely produced level effects rather than a sustained inflation impulse, allowing major central banks to move carefully. In the euro area, headline and core HICP have eased toward roughly 2–2½%, reinforcing the ECB’s decision to hold its deposit rate at 2.0% and proceed meeting by meeting after an initial easing phase. Germany’s more expansionary fiscal stance—centered on higher defense outlays and a multi year infrastructure program—is expected to provide a modest cyclical tailwind into 2026 and beyond. In the UK, the Bank of England has lowered Bank Rate to 3.75%, but still elevated services inflation argues for a gradual, cautious easing path, with expectations converging toward a low 3% terminal rate over the next couple of years. In the U.S., resilient domestic demand and sticky core services keep the Fed focused on balancing further disinflation against weakening labor data. Meanwhile, China’s accommodative policy mix—moderately loose monetary settings and targeted fiscal and housing measures—aims to stabilize the property sector and sustain growth.

Credit remains well supported. Ongoing inflows, healthy refinancing access and resilient balance sheets underpin both investment grade and high yield markets. European credit continues to trade comparatively tight versus U.S. peers, and elevated dispersion—particularly in lower rated high yield—keeps idiosyncratic risk high and underscores the importance of security selection. We remain constructive but selective on fixed income, favoring shorter to intermediate durations and active, quality oriented credit exposure. Corporate fundamentals, on average, feature moderate leverage, solid liquidity, and manageable near term maturities, while full valuations and episodic macro or policy shocks argue for a relative value approach and nimble deployment into dislocations rather than outright beta risk.

Country specific risks remain important. In Europe, France’s fiscal trajectory and recent budget tensions have been reflected in wider OAT–Bund spreads. Even so, low realized volatility in core markets and still attractive carry continue to compress broader sovereign and corporate risk premia. More broadly, elections and fiscal settings are likely to be key macro swing factors in 2026, with near term event risk offset by medium term growth upside as earlier tariff and energy headwinds fade. In emerging markets, Venezuela remains a high beta case where an incomplete political transition and uncertain timing of sovereign restructuring keep risk premia elevated, even as a more constructive U.S. policy stance and gradual oil sector normalization create potential medium term upside for recoveries. That said, near-term effects on oil prices, and therefore on rates, should be largely immaterial.

With policy and macro conditions still in flux, volatility risks persist into 2026, reinforcing the case for discipline and active management. Emphasizing quality, valuation discipline, and careful use of market

dislocations remains prudent, as uneven policy easing, evolving fiscal and election risks, and lingering tariff and geopolitical uncertainties are likely to widen the gap between winners and losers across fixed income sectors.

Source: Neuberger Berman

Nomura Japan High Conviction Fund Investment and Market Review

The Japanese equity market advanced in June. At the beginning of the month, the equity market weakened amid concerns over trade friction between the US and China. The market later recovered after President Trump and Chinese President Xi Jinping spoke over the phone to address concerns about the escalating retaliatory tariffs each country was imposing on the other. The talks helped to ease market anxiety regarding trade tensions. However, around mid-month, the market reaction was mixed as investors carefully measured the impact the military conflict between Israel and Iran might have on the global economy. Toward the end of the month, the market reacted positively to news that Israel and Iran had agreed to a ceasefire. Expectations that the Federal Reserve Board (FRB) might implement a policy interest rate cut at its July monetary policy meeting helped the market to advance. Market sentiment recovered by the end of the month, and the Nikkei and TOPIX both surpassed their respective year highs during this period. The Japanese equity market ended higher on the month.

The benchmark TOPIX index advanced by 1.96% for the month of June 2025. The equity component of the fund outperformed the index by 1.11% in relative terms, with an absolute return of 3.07% for the review period. Equity market gains were weighed down this month by concerns related to US tariff and trade policies, together with rising geopolitical risk. However, these concerns gave way to improved market sentiment. Combined with rising expectations of a US interest rate cut and the rise of Nvidia's stock price, the market later rallied to a new year-to-date high. Growth stocks outperformed in terms of style. The Russell Nomura Growth Index saw significant gains from Mitsubishi Heavy Industries and Nintendo. However, with relatively low weights in the automotive and financial sectors, the fund underperformed the growth index, despite outperforming the benchmark TOPIX. Stronger performers that contributed positively included stocks with healthy business performances, such as Visional, Japan Elevator Service, and Asics. Holdings among semiconductor-related stocks also added value. Positions that detracted from the performance included the absence of Softbank Group and Advantest, both of which saw their stock prices advance along with rising AI related expectations. The absence of a position in Nintendo, a leading entertainment-related stock, also detracted from the performance. Disappointing outcomes from some high-quality stocks such as Daiichi Sankyo and Keyence also detracted from the performance.

Market Outlook and Investment Strategy

Among recent purchases, we increased the position in Sysmex despite its underperforming stock price. We expect to see a turnaround driven by recovery in its China operations and new product launches in blood cell measurement and blood coagulation products. We also added to the position in Sony Group. The stock price has underperformed slightly against major export-oriented stocks. We also increased the

weighting of NOF Corporation, where growth is expected in pharmaceuticals (drug delivery systems), functional chemicals (cosmetic materials), and defence-related sectors. We also added to the stock position in Keyence, as the stock price has recently underperformed other stocks in the factory automation industry. As for sales, we partially reduced the weightings of Plus Alpha Consulting, Japan Elevator Service Holdings, Obic, and GMO Payment Gateway. All of these companies have seen solid business performances, and their stock prices have recently advanced significantly. Excluding Obic, the sales were concentrated in small- to mid-cap growth stocks.

According to the Nomura Securities Financial & Economic Research Centre, corporate earnings for the fiscal year ending March 2026 are expected to decrease by 8.1% (yoy) based on forecasts as of 30 June 2025 for the Russell/Nomura Large Cap Index, excluding financials and on a consolidated basis. Nomura's corporate earnings growth forecast for the fiscal year ending March 2027 indicates a continuing earnings recovery, with growth of 13.2% in terms of recurring profits.

Source: Nomura

PGIM Global Total Return Bond Fund

Investment and Market Review

With 2026 underway, a few factors are readily apparent across the global fixed income markets: the slow-going bull market remains in the sweet spot; attractive yield levels should continue to accrue into solid returns over the intermediate to longer term; and the unusual geopolitical backdrop and asynchronous central bank cycles should continue to create opportunities to add value through active management.

Although events like Q1's tariff unveiling and accompanying market swoon created bumps along the way, the ongoing economic expansion with moderate growth and inflation has kept yields generally high and range bound—an environment where the highest-yielding sectors continued to post the highest returns.

Although excess returns from spread products were once again positive in 2025—as they have been throughout the three years of the bull market—they were more muted. Spreads are narrower, and the bulk of the capital gains potential from narrowing spreads is well behind us at this point of the cycle.

Thanks to the positive yield curve and a slight drop in yields, Treasuries finally outperformed cash and joined the bull market last year. Two prevailing themes from late 2025—renewed divergence across global monetary policy rates and the repricing of term premia—will likely remain at play within developed market rate complexes with 2026 underway. So, while we expect a smaller return contribution from spread product going forward, long-term fixed income should pick up a tailwind from the yield advantage and roll down benefits provided by the newly positive yield curves.

In the U.S., the Fed's 25 bp rate cut in December carried a dovish tone, leading to a bull steepening along the curve with only slight movement in the 10-year yield. The narrow move on the 10-year underscored its prevailing low-volatility, range-bound conditions throughout 2025. The low-volatility conditions in the U.S. were further amplified by the selloff across other developed market yield curves late last year. Indeed, at the front of the curve, the 2-year U.S. yield outperformed its global counterparts by a wide margin as the end of several policy easing cycles came into sight

Over the coming 12 months, our “Muddle Through” base case for the U.S. sees further weakening in the labor market against a backdrop of stubbornly high inflation between 2.5- 3.0%. The Fed, torn between the conflicting signals of its dual mandate, will likely chart a patient path to the estimated neutral range of monetary policy (i.e., 3.0-3.25%) in 2026. While not our base case, once a new Fed chair is confirmed, the potential exists for the policy rate to decline towards a sub-neutral range of 2.0-2.5% in the second half of 2026.

In Europe, our base case also anticipates near-trend growth (~1.2- 1.4%) as rising real incomes and fiscal support underpin the consumer, while exports and investment remain challenged. A mild, but extended, period where inflation undershoots the ECB’s 2% target may incentivize the ECB to implement another 25 bps rate cut to bring the deposit rate to the lower side of neutral at 1.75%.

While we can hardly be certain as to what this year will bring, our a priori is more of the same: high and range bound yields look set to persist, allowing this slow-go bull market to continue, where returns accrue not by a quick drop in yields and rise in prices, but rather thanks to the ongoing earning of yield itself.

Additionally, albeit by thinner margins and with more idiosyncratic risk, spread product looks set to deliver positive, but perhaps narrower, excess returns. Additionally, newly positive yield curves should give long-term fixed income a performance advantage relative to cash in the quarters ahead.

We remain guardedly optimistic on entry into what stands to be year four of the “yield is destiny” bond bull market, where high and range bound yields result in solid returns, and confusion creates ample opportunities for adding value through active management. Given a wide spectrum of risks and outcomes, vigilance remains in order.

Market Outlook and Investment Strategy

The Fund outperformed its benchmark, the Bloomberg Global Aggregate Bond Index, by +37 bps (gross).

Overall security selection was the largest contributor to performance during the period, with selection in U.S. sovereign credits, U.S. investment grade corporates, and emerging-market investment grade bonds contributing the most. This was partially offset by selection in taxable municipal bonds and emerging-market high yield bonds, which detracted.

Overall sector allocation also contributed to performance, with an overweight to emerging-market high yield sector, and an underweight to U.S. investment grade corporate sector contributing the most. This was partially offset by an underweight to the MBS sector, along with overweights to the emerging-market investment grade and U.S. sovereign credit sectors, which detracted from performance.

Within credit, positioning in media & entertainment, banking, and REITS contributed to performance. Positioning in midstream energy detracted.

From a market perspective, having more risk, on average, over the period than the relevant benchmark contributed to results. The Fund’s duration positioning, in both developed and emerging markets, detracted from results. The Fund’s yield curve positioning contributed to results

Source: PGIM

Pictet Asian Local Currency Debt Fund

Investment and Market Review

The index returned 0.11% in USD terms over the quarter, bringing total returns for 2025 to 6.44%. In the fourth quarter, both rates and FX produced marginally positive performance, with Malaysia and China as the main contributors. Performance was hindered by the negative returns from South Korea. A weaker US Dollar continued to help drive performance modestly in Q4, as did ongoing expectations of rate cuts from selected EM central banks. Resulting inflows into the asset class alongside a supportive macro backdrop, including two Fed rate cuts during the period, also helped support overall returns.

Market Outlook and Investment Strategy

Emerging Markets have delivered strong returns in 2025, and supportive fundamentals and technicals remain largely intact. We enter 2026 with a broadly constructive outlook, supported by high real yields, a gradual EM easing cycle and a softer to range-bound US Dollar, but with elevated dispersion and event risk at the country level. EM growth is forecast to remain at around the same trend-like pace next year, helped by fading tail risks on tariffs, easier monetary policy delivered in 2025, and ongoing tech capex. The combination of moderating growth and benign inflation in the US continues to point to a favourable backdrop for the asset class. The differentiation between low and high yielders will continue as there is less room for central banks to cut rates in countries where rates are already low. Fiscal policy will also come into play in countries where governments look to counter growth headwinds with policy tools at hand.

While the large disinflation wave is subsiding, we expect inflation to settle close to target in most countries in 2026. Whilst we believe there is room for rate cuts in selected EM countries, we have turned overall more cautious on duration going into the start of 2026. This has mainly been implemented via developed market positions rather than a change in sentiment on the outlook for Asia local rates, given the view that attractive carry in EM will continue to deliver returns. Our current positioning in rates remains concentrated in higher yielders such as Indonesia and the Philippines. On the FX side, we maintain the conviction that we are in a softer Dollar cycle more broadly and, as such, we remain long Asian currencies. This includes, in particular, the Chinese Renminbi and Korean Won.

Source: Pictet

Pictet Global Emerging Debt Fund

Investment and Market Review

In Q4 2025, EM hard currency debt delivered robust performance, with the index returning 3.29% in USD terms over the quarter. The main contributors to this positive outcome were high-yield names, notably Argentina, Bolivia and Ecuador. Argentina's bonds saw significant gains following Milei's success in October's mid-term elections, while Bolivia and Ecuador benefited from improved sentiment due to the increased likelihood of reform. Sovereign hard-currency debt remained well-supported by strong growth, ongoing credit rating upgrades and narrowing spreads as fundamentals improved and inflows picked up. Additionally, total returns were further bolstered by favourable performance in US Treasuries and the

supportive macro backdrop, including two Fed rate cuts during the period. Overall, the asset class delivered a year-to-date return of 14.30%, making it one of the topperforming credit segments in 2025.

Market Outlook and Investment Strategy

The fund delivered strong outperformance versus the benchmark over the quarter. Active positioning in hard-currency names as well as off-benchmark positions in EM local bonds and currencies contributed positively to performance. In hard currency, performance was driven by overweight positioning in high-yield names. The largest contributor to performance was the overweight in Argentina, where Milei's mid-term election win caused Argentinian assets to rally, given the significant reduction in political uncertainty. The overweight in Venezuela was also positive for performance, as investors speculated on the likelihood of regime change and debt restructuring. Similarly, Suriname and Ecuador positioning was positive for performance following successful debt restructuring and positive IMF developments. The most notable negative contribution was the overweight position in Senegal, where bond prices experienced a significant drop, given a pause in IMF negotiations and the resulting concerns regarding debt sustainability. Off-benchmark local positions in South Africa and Turkey added further support to relative performance.

Emerging Markets delivered strong returns in 2025, and supportive fundamentals and technicals remain largely intact. While tighter credit spreads limit further compression, attractive carry and selective capital gains opportunities persist. Valuations are tight, but demand for yield and improving macro signals could drive gains, though we need to be mindful of potential volatility given several significant upcoming EM elections and lingering geopolitics. Rating upgrades should continue to outpace downgrades in 2026, mainly in HY, though some IG sovereigns face downgrade risk. Fiscal discipline and solid growth underpin a broadly stable outlook for EM sovereign debt, with modest spread widening expected. EM growth should remain on trend, supported by easier policy and tech capex, while inflation stabilises as ratecutting cycles end.

Emerging markets continue to exhibit strong sentiment across asset types. The underlying fundamentals continue to improve, with a strong credit-rating upgrade cycle and plenty of risk premium still embedded in lower-rated credits. Carry also remains a key theme, which provides a strong underpinning to long-term total returns. Against this backdrop, we continue to retain an overweight stance in lower-quality names whilst turning slightly more cautious on duration. Key overweight positions are in Argentina, Egypt, Benin and Suriname. The duration of the fund has been achieved largely via a reduction in US Treasury futures, and we remain structurally underweight in investmentgrade names, with the largest underweight positions being in Uruguay, Malaysia and China.

Source: Pictet

Pictet Premium Brands Fund Investment and Market Review

In the fourth quarter, equity markets finished on a positive note as investors felt reassured by receding China-US tensions, favourable monetary policies in the West and solid macro data coming from the US. In this context, Premium Brands delivered overall better-than-expected Q3 publications with a constructive tone for the future. The Luxury sector showed sequential acceleration versus Q2, helped by strong US sales and improvement in China. Beauty brands also experienced improving demand, led by fragrance and

skincare. In Travel, US markets continued to normalise, but hotels with asset-light business models generated healthy cashflows and the very high-end segment remained strong. In Sports, trends were mixed, with smaller innovative brands gaining share in a highly competitive environment.

Market Outlook and Investment Strategy

In Q4, the Premium Brands strategy delivered mid-single-digit returns and outperformed the MSCI World Index (€). The Travel sector was the largest contributor, helped by the end of the US shutdown and resilient travel trends, particularly in the luxury hotel category. Luxury goods also outperformed after a period of poor returns as a number of major houses boosted creativity and store initiatives and revamped management leadership, as illustrated by LVMH and Kering. The Sport segment was the primary detractor, as quarterly results were mixed and tariffs continued to drive concerns on future operating margins.

We initiated a new position: China Resources Mixc Lifestyle, an experience-focused luxury mall operator in China, reflecting our conviction in the long-term growth of luxury spending in the region. Estée Lauder was also started as a new investment, as we recognised the company's turnaround potential. Our position in Marriott was meaningfully increased, following a period of underperformance. We also continued to increase Kering, as the company's turnaround story could finally unfold under new leadership. Four positions were completely exited from the strategy: Starbucks, Lululemon, Sprouts Farmers Market and Toll Brothers. Ferrari was substantially trimmed following the resetting of its 2030 plan, with lowered financial goals.

Source: Pictet

Pictet Security Fund

Investment and Market Review

Global equity markets delivered healthy gains in Q4 2025, extending the strong rally that began in spring as investors disregarded concerns about valuations, inflation and policy uncertainty. The Federal Reserve's first rate cut since 2024 and expectations of further easing fuelled risk appetite, with nearly all major equity indices and sectors participating in the advance. Within equity sectors, healthcare and materials led the rally while consumer-related sectors lagged. Strong AI-related investment boosted industrial metals (copper), while geopolitical and macroeconomic uncertainty fuelled demand for gold and silver. US equities performed well, with the S&P 500 gaining 2.3% and posting a new all-time high. Both the Nasdaq 100 and Russell 2000 reached record highs during the quarter.

Market Outlook and Investment Strategy

The strategy underperformed the MSCI ACWI World over the quarter, with Physical Security Products being positive while IT Security Products and Security Services were negative. Within the Physical Security Products segment, the top contributor was Thermo Fisher, and Zebra brought up the rear. Within Security Services, the top contributor was Fair Isaac, and Fiserv brought up the rear. Within IT Security Products, the top contributor was KLA, and Zscaler brought up the rear.

Over the quarter, our trading activity led to a decrease in the Physical Security Products segment and an increase in IT Security Products. Within the Physical Security Products segment, we decreased our

infrastructure safety subsegment. ☒ In IT Security Products, we increased our exposure in the semiconductor security subsegments. Over the quarter, we bought four companies, and we sold four.

Source: Pictet

PIMCO GIS Income Fund Investment and Market Review

2025 was a year of broad-based gains across asset classes, underpinned by renewed easing from the Federal Reserve and diverging global policy paths. U.S. yield curves steepened while corporate credit spreads remained tight. Despite intermittent policy uncertainty—including tariff volatility and a late-year restart of official data—disinflation persisted, labor conditions softened, and long-end yields remained sensitive to term premium dynamics. By year end, risk-on sentiment was widespread, and all major asset classes posted positive returns.

- **Easing resumed at the Fed, while global policy diverged.** After holding rates steady for the first half of the year, the Fed restarted cuts with three 25 bp reductions in the second half. The ECB and BoE eased toward neutral ranges, while BoJ normalization pushed JGB yields to multi-decade highs.
- **Curves steepened and the term premium ended positive across major markets.** Front-end U.S. yields fell as the Fed cut rates, while long-end yields fluctuated with supply, deficit, and trade narratives. Into year end, the 2s/10s spread remained firmly positive at roughly 70 bps (10-year ~4.17%, 2-year ~3.47%).
- **Credit spreads stayed tight amid robust risk appetite.** Global investment grade credit returned 10.5%, despite elevated issuance—particularly from companies financing AI-related infrastructure such as data centers, power, and connectivity. High yield bonds delivered another year of solid returns, supported by continued economic outperformance.
- **Tariffs and policy uncertainty shaped market narratives.** The U.S. raised tariff rates to levels not seen since the 1930s, fueling early-year trade concerns. While an immediate tariff-driven inflation spike did not materialize, fiscal uncertainty contributed to long-end volatility and reinforced term premium sensitivity, supporting curve steepening across major markets.
- **Risk assets enjoyed an “everything rally.”** While equities posted strong gains (MSCI World +21.6%; EM +34.4%), fixed income was a key beneficiary of easing and attractive starting yields. Global bonds returned +8.2% in USD terms, supported by carry and rate cuts, with credit sectors outperforming - investment grade +10.5% and high yield +12.1% - delivering solid returns amid tight spreads and improved liquidity. Emerging market debt led with +13.5%, underscoring the value of diversification across global fixed income.

Market Outlook and Investment Strategy

Strategic Liquidity – The Fund continues to focus on maintaining high levels of liquidity (cash, Treasuries and Agency MBS) to provide additional flexibility and potentially deploy capital opportunistically.

Interest Rate Strategies – The Fund has modestly reduced duration in recent months as yields have rallied, with a preference for US rates. The exposure focuses on the front and intermediate segments of the yield curve where we see the most attractive opportunities. We maintain a long exposure to US TIPS to protect

the portfolio against elevated inflation risks. Elsewhere, the Fund maintains a modest long position in UK duration and Australian duration, and a short position to Japanese duration, given the potential for further tightening from the BoJ.

Mortgage-Backed Exposures – We continue to like non-Agency mortgage-backed securities due to their attractive yields and risk profile. Our exposure is mainly in senior tranches of legacy, well seasoned deals, with very solid underlying fundamentals that should be resilient even in very distressed house price scenarios. We also continue to hold select higher coupon Agency MBS and senior AAA-rated tranches of CMBS indices. Both sectors provide "safe spread" along with an attractive risk profile in the event of a flight to quality. We remain focused on maintaining flexibility and ensuring a high level of liquidity in the portfolio.

Corporates – Within investment grade corporates we continue to like systemically important banks with strong capital positions and direct support from central banks, with a focus on the most senior parts of banks' capital structures. Outside of financials, sector exposure is a function of bottom-up credit selection rather than any specific sector views. The Fund is highly selective in cash High Yield bonds, with a focus on short dated senior and secured bonds, as well as select hung loans and restructuring opportunities. The Fund continues to maintain an allocation to high yield CDX, which benefit from superior liquidity versus cash bonds.

Emerging Markets – Exposure to emerging markets remains modest. We still believe that EM assets can be a good source of carry and diversification, but we keep individual country exposures small. We are focused on select regions which provide higher yields and what we perceive is limited potential for long-term financial loss. We are generally focused on sovereigns and quasi-sovereigns, specifically on organizations that have close government ties.

Currency – Currency positions continue to be modest as currencies can be more volatile than other asset classes. We remain tactical in our currency positioning, holding a long exposure to a basket of higher carry EM currencies with short positions in select low carry EM currencies. We also have long exposure to a number of DM currencies we believe are attractively valued while maintaining short positions in other DM currencies where macro momentum is sluggish.

Source: PIMCO

PineBridge Asia ex-Japan Small Cap Equity Fund Investment and Market Review

The MSCI All Country Asia Pacific ex Japan Small Cap Daily Total Return Net Index recovered a bit in December. Indonesia and Taiwan contributed to the Index performance, while China and Hong Kong detracted from the Index performance.

The fund slightly underperformed its benchmark index during December. One of our holdings, a Taiwan networking component manufacturer, outperformed due to better-than-expected 2025 fourth quarter sales and the market started to price in a new networking switch customer for 2026. On the other hand,

a Taiwan undisrupted power supply manufacturer underperformed due to the rising concern over competition in Europe.

Looking ahead to 2026, while global demand and trade dynamics remain uncertain, we maintain a bottom-up approach, prioritizing companies with strong fundamentals, scalable models and exposure to secular growth themes best positioned to deliver long-term value.

In December, the MSCI All Country Asia Pacific ex Japan Small Cap Index gained 0.81%, stabilizing from the correction seen in November triggered by AI valuation concern and the Federal Reserve (the Fed) interest rate outlook.

Indonesia's equity market ended December on a strong note, driven by expansionary manufacturing activity and better sentiment on public-owned sectors, such as commodities and telecom.

The Taiwan market saw strong performance as AI demand continued to result in supply constraint across the technology supply chain, such as in memory, foundry and advanced packaging.

China underperformed in December as the market was concerned about further moderation in consumption and property markets and a lack of stimulus from the key political meetings during the month.

The fund slightly underperformed (gross and net of fees) its benchmark, the MSCI All Country Asia Pacific ex Japan Small Cap Daily Total Return Net Index, during December.

By geographic location, our stock selection in Korea and Australia detracted from the fund's performance, while stock selection in Hong Kong and India contributed to the performance.

By sector, our stock selection in information technology contributed to performance, while our stock selection in materials and consumer staples detracted from the performance.

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Market Outlook and Investment Strategy

Asia's equity markets entered 2026 with continuous volatility, exacerbated by geopolitical tension, trade dynamics, Fed transition uncertainty and rich valuation in certain areas. While challenges remain, the region offers diverse opportunities across technology, consumption and infrastructure.

For technology, while debate over AI bubble risk will continue to stay, we remain positive about the technology development and the investment opportunities in the Asian supply chain, especially in the areas with rising adoption, content upgrade, and/or supply tightness, such as datacenter networking and some components and materials.

In China, while several macroeconomic indicators started to show moderation in late 2025, we continue to see selective opportunities with structural growth drivers and/or those benefitting from a cyclical upturn, such as AI infrastructure, travel and innovative drugs, with globally competitive domestic firms offering long-term appeal.

Looking ahead to 2026, while global demand and trade dynamics remain uncertain, we maintain a bottom-up approach, prioritizing companies with strong fundamentals, scalable models and exposure to secular growth themes best positioned to deliver long-term value.

Source: PineBridge

Principal Preferred Securities Fund

Investment and Market Review

December was marked by stabilization in equity markets following the volatility seen in November, with risk sentiment gradually improving as fears around an imminent “AI bubble” unwound and began to ease. Equity markets recovered early-month losses as investors focused on resilient corporate earnings, the U.S. Federal Reserve (Fed) rate cut, moderating inflation, and continued consumer spending. Credit spreads tightened modestly over the course of the month, retracing part of their November widening, as demand for carry re-emerged and new issuance was readily absorbed. While pockets of valuation concern remain, particularly within high-growth technology, the overall tone into year-end shifted toward cautious optimism, supported by moderating inflation data and Fed rate cuts. Markets closed the year on firmer footing, though investors remain attentive to valuation discipline and the durability of earnings growth as 2026 approaches.

- The Fed continued its easing cycle, delivering an additional 25 basis points (bps) rate cut in December following the October reduction. Chairman Powell emphasized that further policy adjustments in 2026 remain data-dependent rather than pre-committed, noting the need to balance moderating labor market conditions against still-elevated inflation risks. With the balance-sheet runoff concluded, the Fed maintained full reinvestment of maturing Treasuries and continued redirecting former MBS runoff into Treasuries, supporting front-end liquidity into year-end. Money market conditions remained orderly and reserves stabilized.

- The economic picture in the U.S. remains mixed with high productivity and innovation driving parts of the economy higher while the labor market continues to cool with lower income consumers struggling to deal with higher prices. The term “affordability” has become more of a political issue. High-frequency labor market indicators continued to soften, with job openings and hiring intentions trending lower, and payroll growth moderating further toward below-trend levels. Consumer spending slowed into year-end but remained positive, supporting earnings even as forward-looking indicators continued to soften. Corporate commentary during the bulk of Q4 reporting maintained a cautious tone, with management teams pointing to subdued global demand, ongoing margin

pressure, and limited visibility on new orders. Against this backdrop, policymakers remain firmly data dependent as they weigh decelerating growth and labor market cooling against inflation components that are easing only gradually.

- Supply: U.S. banks shrinking, corporate hybrids growing. The preferred and capital securities market, excluding CoCos, as evidenced by the IIPS Index, has been in a growth phase over the past few years. This growth phase was primarily driven by the supply out of U.S. utilities as they looked to fund their capital expenditure needs due to the explosive growth in data centers. The corporate hybrids in the IIPS Index have gone from \$56 billion at the end of 2023 to \$106 billion today. The projection is for an additional \$25-30 billion of issuance in 2026 and 2027.

- On the other hand, U.S. bank preferreds in the IIPS Index continued to shrink over the past couple of years, going from \$94 billion at the end of 2022 to \$64 billion today. There was -\$12 billion of net issuance from U.S. banks in 2025. The watering down of the “Basel 3 endgame” for U.S. banks and the subsequently anticipated lighter regulatory environment would mean lower capital needs for U.S. banks, contributing to the reduction in U.S. bank preferreds. This made for strong performance in U.S. bank preferred as demand for QDI paper remains strong.

- The European Central Bank (ECB) maintained its policy rate at 2% for a fifth consecutive meeting, reinforcing the view that monetary policy reached a prolonged pause phase. Chairwoman Christine Lagarde reiterated that the euro-area economy continues to expand at a modest pace, supported by resilient labor markets and still-sound private-sector balance sheets, even as external demand remains uneven. Inflation developments remain broadly consistent with the ECB’s prior projections, with services inflation continuing its gradual deceleration and goods prices remaining contained. The July U.S.-EU trade framework continues to underpin bilateral trade flows and helped limit further supply-chain disruptions, though manufacturing activity and export-oriented sectors remain subdued, particularly in Germany and northern Europe.

- European banks extended their solid fundamental performance through year-end, culminating in a powerful finish to an exceptionally strong 2025. Bank equities rallied sharply in December, with the SX7E Index posting gains of over 9% for the month and significantly outperforming broader European markets, reflecting continued investor confidence in the sector. Credit markets remained constructive throughout the period, underpinned by strong earnings delivery, robust capital generation, and stable asset quality. Q3 earnings results reaffirmed resilient net interest income, disciplined cost management, and only limited signs of credit normalization. Loan growth remained soft but broadly in line with expectations, driven more by muted corporate demand than by tighter lending standards. Investor appetite for AT1 CoCos and Tier 2 capital instruments stayed firm, supported by attractive carry, improving confidence in European bank capital frameworks, and compelling relative value versus U.S. peers. Overall, European financials closed the year as one of the strongest-performing sectors globally, with both equity and credit markets reflecting the strength of underlying fundamentals.

- Preferred and capital securities coupon income continues to trend higher, supported by refinancing activity. Securities issued in the low-rate regime of 2020–2022 continue to be called or refinanced at meaningfully higher coupons. As a result, indicative index coupons in the preferred market are trending higher, providing additional carry to buffer returns in a more uncertain macro environment. The coupon on the IIPS Index climbed from 5.49% to 5.92% over the course of 2024 and is currently

at 6.38%. Elevated income remains a key component of total return potential near-term.

- Despite tight spreads on a historical basis, attractive coupon carry and a supportive interest rate

Market Outlook and Investment Strategy

Income: Capital security issuance has become standardized with fixed-to-fixed reset coupon structures. Coupons on the IIPS Index declined from about 6.75% to a low of 5.25% in early 2022 as central banks kept rates low. Since then, the coupon climbed to over 6.3% today. Back in late 2021 and early 2022 rates were very low, and bonds were typically issued as long dated NC5 or PerpNC5. These bonds were issued in a lower rate environment have coupons with 3 and 4 handles, which will either get called away in 2026 and 2027 or get reset higher. This should be constructive for coupon income in our asset class and will put preferred and capital securities in the unique position of being able to increase coupon income in a central bank easing cycle.

- Lower interest rate sensitivity: The commoditization of fixed-to-fixed coupon structures has resulted in our asset class having lower effective durations and therefore lowered interest rate sensitivity in preferred and capital securities.
- Supply: The investment universe has grown due to issuance from utility and energy companies, given the increased demand for power as an offshoot of the AI boom. This is constructive from an income perspective because spreads on non-financial hybrids are typically wider than their financial counterparts. It also allows for diversification benefits. The investment universe has also grown given Tier1 issuance from Canadian banks. Recently issued corporate hybrids are structured as 30nc10 bonds that have a strong incentive to be called on the first call date, given that equity credit from S&P falls off then. Additionally, European and Japanese 30nc10 insurance issuance possesses 100 bps step-ups which makes extension a more remote possibility.
- Interest rates: We are seeing strains in the U.S. economy with weaker consumer spending and sentiment, business outlook, and the labor market. As such, we expect that rates across the yield curve could trend lower as the Fed uses its tools to combat weakness in the U.S. economy. This could involve continued rate cuts and efforts to drive longer term rates down as well. Therefore, we have increased duration in our strategies and are favoring trades where we can extend duration and pick up coupon and coupon yield.
- Spreads: Spreads are rich on a historical basis. This, combined with uncertainty in the U.S. economy due to tariffs, is causing us to take a more cautious approach to spread duration in our strategies. AT1 CoCos in particular have become quite rich with the CDLR Index at +227 bps. We reduced the weight of CoCos in our strategies of late and will continue to look to sell bonds that are rich and reinvest into utilities and Canadian bank limited resource capital notes (LRCNs). We are also being defensive by switching into higher coupon/higher reset bonds.
- Credit: o Large U.S. banks remain well-capitalized, with Tier 1 ratios comfortably above regulatory minimums, supported by resilient net interest margins. o Insurance companies are benefiting from higher reinvestment yields, but face volatility in asset valuations and rising climate-related claim risks. But the P&C industry remains well capitalized and continues to have pricing power. For institutional, professional, qualified and/or wh

Source: Principal

Robeco SDG Credit Income Fund Investment and Market Review

Credit spreads moved within relatively narrow ranges through the fourth quarter, with brief phases of moderate widening that were quickly reversed as technical conditions remained supportive. As a result, overall credit excess returns were only slightly positive. The macro environment was influenced by patchy data availability due to the US government shutdown, softer labour indicators later in the quarter, and shifting expectations around monetary easing. The Fed delivered two 25 bps cuts—one in October and one in December—while signalling that additional easing was not assured. Mixed labour data and dissenting votes at the December meeting underscored a more divided policy backdrop.

Government bond yields followed the changing macro narrative. Five-year Treasury yields were broadly stable over the quarter: they declined to 3.59% in October and November before rising to 3.73% in December as markets reassessed the economic outlook. In Europe, more hawkish ECB messaging and higher inflation projections pushed Bund yields higher. Corporate fundamentals were generally solid, supported by decent automotive volumes, strong bank earnings, and broadly stable results across most sectors. The chemical sector remained weak, while some homebuilding-related areas also faced pressure. Earnings misses often triggered sharper market reactions, increasing dispersion.

Primary markets were very active. November saw one of the heaviest new-issue calendars of the year, including large multi-tranche supply from major tech issuers funding AI-related investments. These deals came at relatively cheap levels and briefly pushed investment grade spreads wider. Emerging-market debt delivered decent performance, supported in many cases by high commodity prices, although select Brazilian corporates continued to struggle due to idiosyncratic issues rather than broader market deterioration.

Market Outlook and Investment Strategy

The outlook for 2026 suggests a broadly constructive environment for credit markets. Global growth is expected to remain solid, with both European and US economies expanding close to trend. Inflation in the US remains above target, but the Fed is likely to prioritize supporting activity rather than tightening policy aggressively. Recent months have seen low volatility in credit markets, and index spreads continue to trade near historically tight levels. If the anticipated benign economic backdrop materializes, spreads can likely remain around current levels, with returns driven increasingly by carry rather than further spread compression. However, markets are not fully pricing potential tail risks, leaving valuations sensitive to any shift in the macro narrative.

Corporate fundamentals remain healthy on average, though dispersion is expected to stay elevated. Some issuers continue to face more challenging balance-sheet dynamics, reinforcing the importance of careful issuer selection. In a carry-focused environment, the BB segment of the high-yield market is expected to perform well, while many emerging-market countries—particularly in Latin America—should continue to benefit from elevated commodity prices. The banking sector is likely to remain resilient, supported by

stable credit losses and decent economic growth, whereas the chemical sector is expected to face ongoing pressures.

Across sectors, issuance is likely to increase, partly driven by higher investment in AI-related projects and a pickup in M&A activity. Larger net supply could lead to moderate spread repricing. In utilities, substantial expected issuance makes us more cautious on hybrid bonds. Beyond 2026, elevated fiscal spending and rising government debt levels may contribute to a higher term premium, reinforcing a preference for short to intermediate maturities over longer-duration exposure.

Source: Robeco

Robeco Global Consumer Trends Fund Investment and Market Review

Gross domestic product in the United States grew at an annualised rate of 4.3%, the fastest rate of growth in at least two years. The numbers allayed fears about a potential slowdown in consumer spending. Despite the underlying strength in the economy, the Federal Reserve decided to further lower its key interest rate by a quarter of a percentage point to a target rate of 3.75%. The reason for the cut seemed to be mostly about the weaker jobs growth, but inflation needs to be monitored closely. Investor concerns about sticky inflation are reflected in the 10-year treasury yields which have remained above 4% despite the Federal Reserve cutting interest rates three times since September.

The MSCI All Country World Index (in EUR) returned -0.2% (+1.0% in USD) last month. Robeco Global Consumer Trends lagged the performance of the reference index and dropped -1.9% (-0.7% in USD). Calendar year 2024 returns were roughly flat for euro-based investors at -0.7% but +12.6% in USD, compared to 7.9% (22.3% in USD) for the MSCI All Country World Index.

From a sector perspective, communication services led the gains in 2025, while unfortunately both the consumer discretionary and consumer staples sectors lagged the overall market significantly. The financials sector was also among the biggest gainers last year, led by the banks and European banks in particular. Bank stocks performed well in 2025, primarily due to higher interest rates boosting net interest income, higher investment banking fees from M&A and initial public offerings, alongside potential regulatory easing and successful cost management. Near the end of the year the energy sector also recovered as tensions around Venezuela increased.

Last month, our AI Revolution and Next Generation Consumer themes outperformed the market while our Health & Hygiene and Experience Economy themes were the biggest laggards.

Within the Experience Economy basket, both Nintendo (-20%) and Netflix (-13%) lagged significantly. Nintendo was hurt by the steep rise in memory prices potentially weakening future margins for the Switch 2 and some reports of weaker gaming console spending during the holiday season. Netflix lost ground after the company made a nearly \$100 billion dollar bid for the content and studio assets of Warner Bros Discovery. Paramount is also interested and has launched a higher, yet hostile, bid for the media conglomerate. Investors are understandably concerned about the high deal value, the risk of a prolonged regulatory approval process, and whether the bid signals something about the intermediate growth prospects for Netflix.

In our Health & Hygiene theme, EssilorLuxottica (-13%) underperformed after Google announced it is developing artificial intelligence-powered smart glasses, leading to increased competition for EssilorLuxottica in this segment. However, we view the weakness as overdone as more competition could be a potential key to accelerate the market adoption of smart glasses. Furthermore, the collaboration between Meta and EssilorLuxottica remains market-leading given their strong brand portfolio (Rayban and Oakley), the extensive retail store distribution network, and vertical integration advantages.

Within our Next Generation Consumer theme, Spanish retailer Inditex (+17%) jumped after reporting a robust operating performance despite the macro uncertainty. Margins improved thanks to tight cost control and their fully integrated omnichannel approach continues to drive strong execution.

Finally, in the AI Revolution basket, both MongoDB (+26%) and new addition Samsung Electronics (+19%) registered steep gains. MongoDB reported earnings way ahead of expectations, driven by a better than expected margin performance. Samsung Electronics shares have been driven by the strength in memory prices (see below), while the valuation is very attractive.

Market Outlook and Investment Strategy

Given the uncertain macro and geopolitical climate, our quality growth style seems well suited for the current investment climate. We believe long term investors should focus on high quality businesses with valuable intangible assets, high margins, and superior returns on capital. Companies with these traits have historically delivered above average returns while offering downside protection. These firms are also poised to deliver healthy revenue and earnings growth, and we expect them to generate attractive long-term returns as a result.

We believe premium valuations for these businesses are justified given the quality of their business models, the high levels of earnings growth and the sustainability of their franchises.

Source: Robeco

Schroder Asian Dividend Maximiser Fund

Investment and Market Review

The fund seeks to provide an income of 7% p.a. via a covered call option overlay and an actively managed equity portfolio, which is primarily invested in equities of Asia-Pacific companies (excluding Japan), which are selected for their income and capital growth potential. The fund continued to deliver on its income target in 2025. In performance terms, while strongly positive, the fund lagged the MSCI AC Pacific ex Japan in 2025; although finished ahead of the MSCI AC Pacific ex Japan High Dividend Yield index.

The underlying equity portfolio ended the year modestly behind the MSCI AC Pacific ex Japan Index (comparator index). Regional stock selection was positive but was offset by allocation effects. Strong stock selection in Australia was the leading contributor to relative performance with lesser selection contributions from Hong Kong, Singapore and Thailand. Stock selection and underweight position in Korea was the most significant drag on relative performance. The Korean market has been the strongest performer in 2025, up almost 100% in US dollar terms, driven by IT companies benefiting from increased AI-related spending. Our holdings have failed to keep pace, with the absence of memory producer SK Hynix accounting for the majority of the negative impact from Korea. There was some positive offset from

our Samsung Electronics position. China selection was also a drag on relative performance, notably our lack of exposure to Chinese internet platform companies, which delivered strong returns. These companies typically offer low dividend yields and therefore do not align with the fund's income objective, making them less likely to be included in the portfolio. An additional drag on performance came from our off-benchmark exposure to India. From a sector standpoint, financials and real estate stock selection was strong. Selection and underweight information technology was the most significant area of detracting, reflecting the absence of SK Hynix.

While continuing to deliver the required income enhancement, the options detracted from performance over 2025 in mark-to-market terms (weighing -4.35%). The effect is also negative in net cash terms (reflecting only expired options), weighing -3.38%. A total of 1103 option positions have been sold over the 31 expired tranches, of which 296 have finished in-the-money, requiring a settlement. TSMC, Hon Hai, Samsung Electronics, BOC, Singtel, and ASE Technology have been among the stocks to finish in-the-money, but having had notional decisions in place on all of these names (indicating caution in the overwriting), we were able to capture a greater share of the increase than if the stocks had been fully overwritten.

Market Outlook and Investment Strategy

Continuing the pattern seen through much of 2025, December was a month of healthy gains for the regional index, powered by strength in large-cap semiconductor stocks in Korea and Taiwan. This leaves the Asia ex-Japan index up more than 30% for the full year in US dollar terms – one of the strongest annual returns of the last 30 years. Equity markets have continued to rally, reflecting hopes that the underlying US policy backdrop remains equity-market friendly and that further reductions in local interest rates can be expected, especially as US labour markets weaken.

With growth in the first nine months of 2025 in China close to the official 5% target, there appears to be less urgency for more fiscal measures currently. However, the broader bottom-up growth picture on the ground in China feels a lot more challenging. Activity levels and pricing in the residential property market have deteriorated again recently, and the sector remains a drag on household confidence and broader consumer spending. The employment picture remains weak (particularly for younger workers), wage growth has slowed and continued anti-corruption crackdowns are putting pressure on areas of discretionary spending. In our view, the economic backdrop in China therefore remains fragile and deflationary, the earnings picture is very mixed, and an export slowdown going into 2026 could exacerbate deflationary forces. However, the government's efforts to tackle deflationary problems and excess capacity are being viewed positively at the margin and feeding a healthier narrative on the equity market outlook. The local A-share market also has a history of developing its own strong momentum, sucking in domestic fund flows once it starts to break out on the upside. We have started to see signs of this in recent months, with increased retail trading activity, account openings and margin finance balances. We remain underweight the China market, in part due to our zero exposure to some of the low yielding internet platform companies which are a sizeable part of the benchmark. This underweight to mainland China is partly offset by an overweight to Hong Kong.

The North Asian markets of Korea and Taiwan have been very strong in recent months, led by the technology sector. Confidence has continued to improve in recent weeks on the outlook for AI-related capex and new data centre infrastructure around the world. Earnings revisions for key large-cap

technology stocks across these two markets remain positive, and valuations are at marked discounts to US peers, which is helping stock price performance.

With the recent strength in markets, aggregate price-to-earnings multiples for regional equities are now above long-term average levels. In our view, they are not pricing in any real downside risk from a global growth slowdown or more serious tariff impacts. Market performance this year has become increasingly tied to AI, and continued momentum in AI-related capex spending globally therefore remains key to the future performance of Asian equities.

The outlook for US interest rates and the US dollar also will remain very important to regional returns. Rate cuts and a weaker dollar are now a firm consensus view, so anything that disrupts this picture could put pressure on valuations.

Although the macroeconomic backdrop for markets remains volatile and the range of outcomes is wide, we continue to see attractive longer-term opportunities across Asian equities. Despite the strength of the rally this year, global investor participation in China and the broader region remains fairly limited. Continued positive performance, alongside stabilising US-China relations, could help improve perceptions of risk and attract more flows.

Turning to dividends, payout ratios remain reasonable and underlying earnings are looking positive, which could lead to corresponding growth in local dividends. Perhaps a bigger unknown is the outlook for currencies.

We continue with our bottom-up investment approach and look for good companies where we can clearly see a strong income case and the potential for capital growth, while remaining disciplined about valuations. We remain heavily underweight China, although we are overweight Hong Kong which offsets this to some extent. We are also overweight Singapore. Sectorally, our largest overweights continue to be real estate, financials, and consumer staples. The largest underweights are consumer discretionary, industrials, information technology, and health care sectors.

In terms of the option strategy, we continue to employ multiple overlapping option trades (overwriting around 8% of the NAV in any single tranche). This creates regular expiries and hence regular opportunity to trade new options – meaning we can tailor the overlay as markets move and help to smooth through shifts in share prices, volatility and dividend expectations. At present, around 40% of the fund's NAV is overwritten with options, on which the fund can capture upside up to the level of the individual strike prices. ~60% have no options and can therefore rise unconstrained.

Source: Schroder Investment Management Limited

Schroder Asian Growth Fund
Investment and Market Review

2025 marked one of the strongest years of performance for Asian markets, notwithstanding significant volatility. The region has been a principal beneficiary of AI capex, with consolidated industry structures in Taiwan and Korea enjoying attractive returns. These markets dominate foundry, memory, server assembly, power systems and chip testing required for AI to flourish. The region is also seeing improving corporate governance, with Korea the standout market in the region as it also re-rated amid improved

dividend payout ratios and minority shareholder protection. Meanwhile, India and select ASEAN markets lagged as economic momentum was more subdued.

In China, with growth in the first nine months of 2025 close to the official 5% target, there appears to be less urgency for more fiscal measures currently. However, the broader bottom-up growth picture on the ground in China feels a lot more challenging. Activity levels and pricing in the residential property market have deteriorated again recently, and the sector remains a significant drag on household confidence and broader consumer spending. The employment picture remains weak (particularly for younger workers), wage growth has slowed, and continued anti-corruption crackdowns are putting pressure on areas of discretionary spending. In our view, the economic backdrop in China therefore remains fragile and deflationary, the earnings picture is very mixed, and an export slowdown going into 2026 could exacerbate deflationary forces. However, the government's efforts to tackle deflationary problems and excess capacity are being viewed positively at the margin and feeding a healthier narrative on the equity market outlook. The local A-share market also has a history of developing its own strong momentum, sucking in domestic fund flows once it starts to break out on the upside. We have started to see signs of this in recent months, with increased retail trading activity, account openings and margin finance balances.

The North Asian markets of Korea and Taiwan have been very strong in recent months, led by the technology sector. Confidence has continued to improve in recent weeks on the outlook for AI-related capex and new data centre infrastructure around the world. Earnings revisions for key large-cap technology stocks across these two markets remain positive, and valuations are at marked discounts to US peers, which is helping stock price performance.

The Indian market continued to underperform the broader regional index in 2025, coming off a very high base after its relative strength in 2023 and 2024. Domestic fund flows remain very robust, supporting valuations, but foreigners have been net sellers as attention has turned to other regional markets, and high headline multiples remain a headwind. Sentiment has been further undermined recently by the surprise imposition of 50% import duties in the US market due to a falling-out between the two countries over the issue of Indian purchases of Russian oil. Although the listed equity market has very limited direct export exposure, these tariffs, if sustained, could impact employment in certain sectors, while weaker export revenues could also pressure the local currency.

With the recent strength in markets, aggregate price-to-earnings multiples for regional equities are approaching one standard deviation above long-term average levels. In our view, they are not pricing in any real downside risk from a global growth slowdown or more serious tariff impacts. Market performance this year has become increasingly tied to AI, and continued momentum in AI-related capex spending globally therefore remains key to the future performance of Asian equities. Although the macroeconomic backdrop for markets remains volatile and the range of outcomes is wide, we continue to see attractive longer-term opportunities across Asian equities. Despite the strength of the rally this year, global investor participation in China and the broader region remains fairly limited. Continued positive performance, alongside stabilising US-China relations, could help improve perceptions of risk and attract more flows.

Market Outlook and Investment Strategy

Source: Schroder Investment Management Limited

Schroder Asian Income Fund
Investment and Market Review

2025 marked a transformative year for Asian markets, with the region delivering its strongest performance in eight years and significantly outpacing developed markets in the West. The MSCI Asia Pacific ex-Japan Index surged +21.9%, driven by a combination of artificial intelligence breakthroughs, supportive monetary policies, and robust economic growth in the region, despite the external headwinds from trade tensions and geopolitical uncertainties over the year.

South Korea was a standout contributor. A combination of AI excitement, corporate governance reforms and a low entry point after difficult 2024 made Korean equities the top performer in this year. Chinese equities also experienced a strong year, achieving double-digit gains. Advances in homegrown Chinese AI boosted the tech sector, while efforts to diversify trade relationships meant that China's exports were resilient despite US tariffs. On the other hand, markets such as Thailand, Indonesia, and Malaysia underperformed due to domestic policy uncertainties and the looming threat of US tariffs which weighed down these export-dependent economies.

The rally in risk assets extended to fixed income, where spreads compressed across the board. This was largely fuelled by a favourable macroeconomic environment, where Federal Reserve interest rate cuts enhanced global liquidity and boosted the appeal of higher-yielding Asian assets. Strong investor demand for all-in yield, coupled with a limited supply of new bond issuance, created strong technical support for the market. The JP Morgan Asia Credit Index (SGD Hedged) returned +5.3%, building on the recovery momentum that began in 2024. Both investment-grade and high-yield segment gained over the year, with high-yield bonds outperforming investment-grade counterpart.

The Fund posted a return of +11.7% for 2025, net of fees, in SGD terms. Equities were the main driver of positive returns, with our tactical overlays in equity index futures and Global ex-Asia allocation contributing positively as well.

Markets experienced a volatile start to the year due to heightened uncertainty, as Trump was re-elected. In particular, the introduction of "reciprocal tariffs" across all trading partners on 2nd April triggered a sharp sell-off in risk assets. We adopted a cautious stance by promptly de-risking the portfolio to manage downside risk, before re-risking when clearer signs of a sustainable recovery emerged. The active decisions to re-risk, underpinned by our positive outlook on equities later in the year as well as our tactical allocations to higher beta markets such as Taiwan, South Korea, and US technology, enabled a strong recovery.

Within equities, returns were mostly attributed to holdings in Technology and Financials mainly in South Korea and Taiwan, as both sectors witnessed broad-based gains in the latter half of the year. The former was helped by sustained enthusiasm towards Artificial Intelligence, while the latter propped up by a dovish macroeconomic environment and resilient technicals. These gains helped mitigate heightened volatility among AI-related names near the end of the year from valuation concerns. Additionally, exposure to China and Hong Kong benefitted in Q3, after China's central bank unveiled the biggest monetary and liquidity stimulus package since the pandemic and progressed in trade negotiations with

the US. Lastly, our exposure in high-quality Singapore Banks and Real Estate added value. Investors flocked to the relatively safer Singapore market in the name of diversification, amidst other initiatives such as the Equity Market Development Programme which supported sentiment.

Fixed income returned positively with Hong Kong bonds delivering strong gains, led by insurance, financials, and TMT. Chinese bonds also did well, supported by technology and consumer names in the e-commerce retail space with stronger growth prospects, alongside our exposure to Australian banks and real estate names. From a credit rating perspective, investment grade bonds fared better than high yield names. This benefitted our exposure to high-quality diversified Financials, as select holdings were helped by ratings upgrades.

Within Global ex-Asia, catastrophe bonds and US Energy Infrastructure generated alpha, while providing alternative sources of attractive yields for the strategy. Our position in the US Semiconductor ETF also contributed positively, supported by solid corporate earnings. We retained our exposure to European High Yield and Emerging Market Local Government Bonds, as they were aided by a weaker Dollar and strong fundamentals.

Overall, maintaining our risk-on stance proved beneficial as Asian markets continued to rise in the latter half of the year. This was achieved by raising our index futures exposure by targeting beneficiaries of the abovementioned tailwinds, namely Taiwan, South Korea as well as China and Hong Kong. Correspondingly, we reduced our fixed income exposure as spreads continued to remain tight in general. Meanwhile, we kept our negative outlook on duration through short positions in US 2-year Treasuries bond futures. This contributed earlier in the year when short-term yields increased due to tariffs and fiscal discipline concerns.

Market Outlook and Investment Strategy

A supportive global macro backdrop should continue to support Asian assets going into 2026. Ample liquidity conditions, resilient regional growth and supportive policy stance are among supportive factors. The prospect of an extended Fed cutting cycle, alongside with a weakening US dollar, also creates a tailwind for Asian markets by easing financial conditions and making regional assets more attractive to global investors. With inflation largely subdued across the region, policymakers have greater flexibility to implement pro-growth policies. We also see opportunities that the recovery can broaden out from the tech sector to non-tech sectors, such as easing trade tensions and recovering US domestic demand becoming supportive of external demand recovery, in particular non-tech exports

While the overall environment for Asian assets remains constructive, we are also aware of a potential diverging landscape where selective opportunities can outweigh broad-market gains. For now, we prefer markets with strong cyclical and structural tailwinds, such as Korea, Taiwan, and China. In contrast, for market such as Indonesia, weaker capex cycle may still a drag on growth, and trade uncertainties could continue to weigh on sentiment. A close watch on the transmission of monetary easing to the real economy and improvements in domestic fiscal policy are warranted. We continue to emphasize that tapping into Asia's resurgence through a Multi-Asset approach remains a compelling strategy at this pivotal point in the cycle.

Source: Schroder Investment Management Limited

Schroder ISF Global Equity Alpha Fund

Investment and Market Review

Global equity markets advanced in June, overcoming mid-month volatility driven by geopolitical tensions in the Middle East. The fund outperformed the MSCI World index over the period. Drivers of fund performance

Holdings in communication services, consumer discretionary, and industrials added value, while those in healthcare and information technology weighed on returns. By region, allocations to North America, the emerging markets, and Pacific ex-Japan contributed most to returns. Communication services holdings, Netflix, Spotify, and Meta were among the top performers. Technology holdings KLA, Arista Networks, and TSMC also contributed positively. Nvidia, Haleon, and Visa were among the biggest individual detractors. Our zero-weight allocations to Oracle and Amazon were a headwind over the period.

Market Outlook and Investment Strategy

Our outlook, while broadly unchanged, remains under constant review given the potential for US trade policies to undermine global growth and negatively impact business confidence and consumer sentiment.

The short-term and long-term effects of these measures are uncertain, and markets dislike unpredictability, but we are already seeing downgrades to global growth estimates as companies delay capital investment plans and consumer spending slows in light of increased uncertainty and adverse near-term implications of Trump's proposals. There is likely to be continued volatility in the nearterm, which may create shorter-term dislocations and opportunities as an active manager.

Source: Schroder Investment Management Limited

Schroder ISF QEP Global Quality Fund

Investment and Market Review

The QEP Global Quality strategy lagged the MSCI AC World index over the final quarter of 2025, but remains ahead of the index over 2025 as a whole. Contributors to performance in the quarter were mixed, with preferred attractively priced areas aiding relative returns though this was offset by structural growth pockets. Stock selection across quality cyclical spaces was positive and a key contributor in Q4. Positioning in Financials (Banks, Investment Services) and select higher quality Utilities provided a tailwind. Holdings in Real Estate, a sector we have added to and are now overweight, provided a further tailwind as our favoured names performed strongly. Offsetting these gains were exposure to structural growth names where valuations are reasonable. Detractors were focused in Communication Services (Online Services) and Technology (Application Software) as markets rotated again in the final quarter. A lower exposure to Materials also dragged given the sector's strong end of year performance.

Global equity markets delivered robust returns in 2025 overcoming a challenging start to the year driven by policy uncertainty, elevated valuations and geopolitics. Looking back to the start of year, we had highlighted several defining themes for equity markets, including the dominance of Artificial Intelligence

(AI) led growth, elevated market concentration, the likelihood of higher volatility and the importance of focusing on mispricing rather than attempting to forecast short term macro outcomes. As the year concluded, these themes remained highly relevant, albeit they evolved with the environment entering 2026 increasingly pointing to a modest re-acceleration in economic activity. At the forefront of many of these themes was the US economy, which enters the new year with some momentum. Growth remained robust through 2025, supported by a resilient consumer and strong productivity gains. Fiscal stimulus, notably through tax cuts, provides an additional impulse into the coming year. While employment trends softened, they did not deteriorate to levels historically associated with recession, and productivity improvements helped offset labour market cooling without impacting inflation. Monetary policy has also become more supportive, but easing is unlikely to be meaningfully stimulative. The post pandemic environment of structurally higher interest rates appears intact, reinforcing the importance of balance sheet resilience and capital discipline. Companies that can self-fund growth, defend margins and allocate capital efficiently are likely to be rewarded, while those reliant on leverage face greater scrutiny. This environment strengthens the case for a quality focused approach that looks beyond headline growth and instead emphasises returns on capital, financial strength and a growth profile that can be maintained over the longer term.

AI also remains a dominant structural force, but the narrative shifted over the course of the year. During 2025, there was a step change in both the scale and financing of AI related investment, with widespread adoption of investment grade debt to fund data centre buildouts and the associated energy and infrastructure requirements. AI related borrowing now represents a meaningful share of the US investment grade credit market, raising legitimate questions about the sustainability of debt funded capital expenditure into 2026. In the near term, company fundamentals remain supportive. Management commentary was constructive, earnings broadly followed through, and capital expenditure guidance continued to rise. However, as the cycle matures, scrutiny is intensifying around returns on invested capital, monetisation timelines, power constraints and the risk of diminishing marginal returns, particularly for the largest participants.

Market Outlook and Investment Strategy

Source: Schroder Investment Management Limited

Schroder ISF Taiwanese Equity Fund

Investment and Market Review

Taiwan equities saw another strong year as they continued to benefit from technology-driven demand. 2025 marked the third consecutive year that AI was the dominant narrative in the market, with the tech-heavy Taiwan market outperforming most other Asian markets for the full year. During the period, the fund registered robust performance and outperformed the target benchmark. Strong stock selection within technology, materials, and underweight in financials were among the key contributors. Meanwhile, softer selection in industrials and overweight in communications trimmed some outperformance. At the individual stock level, Delta Electronics benefited from optimism around high-voltage direct current adoption, driven by rising power requirements in AI server racks. Circuit board copper clad laminates producer, Taiwan Union Technology, was another notable contributor and rose on the back of semiconductor upcycle. Meanwhile, Gold Circuit also traded higher as a beneficiary of rising AI server

penetration and server PCB upgrade. Conversely, underweight in TSMC due to the regulatory single issuer limit at 10% detracted from relative performance as the leading semiconductor foundry name gained. E-paper developer E Ink declined amid slower large-format signage adoption, while market rotated to chase AI-related hardware plays. Elsewhere, Taiwan dollar appreciation and rising price competition for inverters saw lower-than-expected revenue for uninterruptible power system manufacturer Voltronic Power.

Market Outlook and Investment Strategy

In 2025, Taiwan continued to benefit from its pivotal role in the global AI supply chain. Leading foundry and memory players retained their formidable competitive positions amid the formation of the global AI industry. Outside of technology, the export sector has been holding up well despite rising of US tariff risks during the year.

Following the extended market rally since 2023, many AI-related equities are now trading at elevated valuations, prompting concerns of a possible “AI bubble” in the current market. In 2026, Taiwanese markets are likely to experience increased volatility, as the stretched valuations will make them more vulnerable to adverse news – particularly regarding the absence of robust monetisation from hyperscalers' significant capital expenditure. This uncertainty could heighten fears of a pronounced deceleration in AI-related capital spending heading into 2027 and beyond. In addition to elevated valuations and ambiguous future monetisation prospects, shifting expectations for US Federal Reserve rate cuts are also expected to add extra volatility to high-duration growth stocks in the technology sector in the next 6-12 months.

There is limited visibility at present regarding both the AI capex outlook for 2027 and beyond, as well as the long-term monetisation prospects for leading cloud service providers. Against this backdrop, our portfolio strategy remains balanced: we retain holdings in technology firms that continue to benefit from ongoing AI capital expenditure trends, while also maintaining an overweight position in Taiwanese telecommunications companies due to their defensive qualities and attractive dividend yields.

Source: Schroder Investment Management Limited

Schroder Global Emerging Market Opportunities Fund

Investment and Market Review

Emerging market (EM) equities delivered strong double-digit gains over 2025, ending comfortably ahead of the MSCI World. The first half of the year was characterised by ongoing trade tariff and US policy uncertainty, with significant, albeit relatively short-lived, volatility caused by President Trump's “Liberation Day” tariffs announced on 2 April. The remainder of the year saw various countries progress towards broad trade deals with the US. While there is ongoing uncertainty on end-state tariffs for many countries, tariff risk may have a positive skew. Meanwhile, investor enthusiasm for technology-oriented stocks – driven by artificial intelligence (AI) capital spending – boosted many of the tech-heavy index markets, including Korea and Taiwan, but also China. In addition, monetary policy easing in some EM economies as well as in the US, where the Federal Reserve cut its policy rates three times over the period, as well as a notably weaker US dollar over the year supported EM returns in general.

Colombia was the top-performing index market over the year, on the back of robust returns from index heavyweight Bancolombia. Korea was also notably strong and benefited from the demand for AI related technologies and an improving political environment.

Rising metals prices contributed to the South African index market's returns, as did a weaker US dollar and monetary policy easing as the central bank cut interest rates four times over the year. Greece, Poland, Peru, Chile and Czech Republic also delivered high double-digit returns in US dollar terms. The Mexican index market outperformed against a backdrop of improving terms of trade with the US, ongoing strength in the US economy (which Mexico is closely economically linked to) and a number of interest rate cuts.

The Brazilian market gained, helped by dollar weakness. The central bank raised the policy rate four times in the first half of the year — reaching 15% by mid-June — responding to inflationary pressure. Political uncertainty created some market volatility in the second half of the year.

Taiwan outperformed, driven by the rally in AI-related stocks, although uncertainty about tariffs on the technology sector weighed on the market earlier in the period. China ended the period just behind the EM index. The market performed well for most of 2025, owing largely to investor optimism about its AI capabilities and progress on trade talks with the US. However, the final quarter of the year saw the market give back some gains as investors took profits with softer macro data, limited new policy support and heightened concerns about ongoing weakness in the property market, weighing on sentiment towards the end of the year.

The UAE, Kuwait and Qatar underperformed, against a backdrop of weaker energy prices, while India lagged the EM index by some margin owing largely to ongoing growth concerns, earnings disappointments, high market valuations and uncertainty relating to US trade tariffs.

The Philippines, Turkey, Indonesia and Saudi Arabia all declined in US dollar terms over the year with US-dollar pegged Saudi Arabia particularly hard hit by the combination of weaker energy prices and heightened geopolitical tensions in the Middle East.

Fund performance

The fund outperformed its benchmark over the calendar year. Among the core markets, Taiwan contributed the most to overall performance given strong positive stock selection (off-benchmark Taiwan Union Tech, overweight Delta Electronic, ASE Technology, Unimicron Technology) as well as positive country allocation. Brazil also added to returns on the back of positive country allocation and stock selection (overweight BTG Pactual, zero-weight Petrobras, overweight Itau Unibanco, Sabesp, zero-weight WEG). The country allocation effect in Greece more than offset the small negative impact of stock selection (zero-weight Alpha Services, National Bank of Greece, off-benchmark Metlen) in that market. On the negative side, both Poland and Mexico (which was removed from the core country list in May) detracted as negative stock selection (Poland: off-benchmark Inpost, Grupa Pracuj, Kruk, Mexico: overweight ASUR, Gruma) offset positive country allocation.

Among the non-core markets, our lack of exposure to Saudi Arabia and our choice of stocks in Korea (off-benchmark Wonik, overweight SK Hynix, Naver, Samsung Electronic) added the most to returns. South African stock selection (off-benchmark Motus Holdings, overweight Naspers, Absa Group) was the main detractor. .

Market Outlook and Investment Strategy

Global markets appear to have shrugged off the geopolitical disruption caused by President Trump's military action in Venezuela in early January and continue to advance as the supportive themes of 2025 remain in play. These include ongoing progress towards broad global trade deals, investor enthusiasm for technology stocks - driven by AI capex - and monetary policy loosening in some economies.

Ongoing US policy uncertainty and the economy's large twin deficits have contributed to weakness in the US dollar, from richly valued levels. This, together with increased global liquidity, is a tailwind for EM in general – not only should a weaker dollar create a deflationary impulse on domestic inflation, which will allow some loosening of monetary policy in certain economies, but it should also support capital inflows, lower debt-servicing costs and boost corporate earnings. While it is difficult to predict short-term currency moves, our view remains that the dollar will weaken over the medium-term.

Meanwhile, global trade should be supported by ongoing resilience in US demand, and the re-routing of Chinese trade is underway. There is ongoing uncertainty on end-state tariffs for many countries, but tariff risk may have a positive skew.

The technology cycle should provide further support as we expect AI-related capex demand to remain strong during 2026, driven by capex commitments by US hyperscalers. However, markets anticipate this and increased visibility on 2027 capex will be important.

In China, the equity market performed well for much of 2025 helped by improved sentiment, although the final quarter of the year saw some of these gains reverse as investors took profits. The macroeconomic backdrop remains soft, but not weak enough to prompt meaningful policy action. We continue to expect policy support to be incremental and reactive, with the focus on achieving the 5% growth target, and execution will be key. However, the improvement in trade relations with the US has removed a key geopolitical overhang for Chinese assets which, together with China's leading tech and AI development position, should be supportive of the equity market.

Headline EM valuations are expensive across a range of metrics, but the underlying country picture is more nuanced. After strong rallies in north Asia, all the large Asian markets are now expensive; however, parts of Latin America and Emerging Europe remain undervalued. Positive earnings revisions are coming through in market leading areas but need to broaden out to provide a fundamental basis for sustained performance this year. Easier monetary policy should provide space for this to happen.

Near term, the key risks for EM continue to be the policy uncertainty associated with the Trump administration, and its implications for global growth, policy developments in China, and a sooner-than-expected slowdown in AI demand. Geopolitics is a further area to monitor, both in terms of US-China relations, as well as the ongoing conflicts in Ukraine and the Middle East, and US ambitions elsewhere.

Source: Schroder Investment Management Limited

Schroder Multi-Asset Revolution 30 Fund

Investment and Market Review

Throughout 2025, global financial markets demonstrated remarkable resilience in the face of policy changes, geopolitical events, and shifting economic expectations. Early in the year, investors navigated sudden alterations in trade policy, while the second half was characterised by evolving views on fiscal and monetary stimulus. Despite these challenges, strong momentum in Artificial Intelligence, moderating inflation pressures and robust corporate earnings provided crucial support.

Equity markets performed strongly. The MSCI AC World Index delivered a substantial gain of +15.1% in SGD terms for the year, reflecting broad-based advances across global shares. South Korea stood out as the top-performing major equity market, underpinned by leadership in semiconductors and technology. The MSCI South Korea Index soared +88.9%, far outpacing other regions..

In fixed income, bond market sentiment improved notably. The yield on the US 10-year Treasury declined from 4.57% at the start of the year to 4.17% by year-end, as interest rate reductions by the Federal Reserve and easing inflation buoyed both sovereign and credit markets.

Commodities rebounded, overcoming earlier volatility to register a full-year gain of +9.0%, aided by robust demand and disruptions to supply. Gold posted an extraordinary performance, with a surge of +54.9% that was fuelled by heightened geopolitical risk and sustained demand for safe-haven assets.

Currency markets reflected changing global conditions as well. The USD depreciated -9.4% in 2025, with broad-based declines against major peers on the back of softer growth expectations, reduced interest rate differentials and wider geopolitical uncertainty. On the other hand, the SGD appreciated by +5.9% against the greenback, underscoring continued local confidence as investors aimed to diversify from the dollar.

All returns above are quoted in SGD terms, unless otherwise stated.

SMART 30 delivered positive returns. Equities were the largest contributors; the decision to increase our overall equity exposure to an overweight position since May proved beneficial as global equities continued their advance amid expectations of monetary easing and strong economic data. Notably, our allocation to Global and US equities delivered a substantial return contribution while our tactical positions in Nasdaq, Asia and emerging market equities, along with an increased allocation to Europe, also added value.

Fixed income detracted from performance, mainly due to holdings in long-dated US Treasuries held during the second quarter as yields at the longer end rose amid concerns over persistent inflation and the sustainability of US government debt. The negative impact was partially offset by our positions in credits and Singapore government bonds which returns positively as spreads tightened and yields fell over the period. Gold added meaningfully to returns, supported by ongoing central bank purchases and heightened fiscal risks, underscoring the portfolio's emphasis on effective diversification.

The Fund outperformed its reference benchmark over the period. Asset allocation was the biggest contributor to relative returns, helped by an overweight in equities, notably in Asia and Emerging Markets. An underweight in fixed income and overweight in Gold were also positive contributors. Within fixed

income, allocations to Asian credit and Singapore government bonds added value as they outperformed the FTSE World Government Bond index. Security selection also contributed positive, driven mainly by outperformance in the underlying Global, US and Asia equity strategies although part of the relative was offset by negative selection in Global bonds.

Market Outlook and Investment Strategy

Recent US economic data support our view that the US consumer remains resilient and labour market conditions are supportive. Looking ahead to 2026, ongoing political headlines, particularly relating to Trump, merit continued monitoring. His pressure on the Federal Reserve Chair has raised medium-term concerns regarding central bank independence and credibility. While this has not materially affected near-term outcomes, the risk of sustained political interference could erode market confidence in monetary policy over time. Combined with our above-consensus outlook on US growth, these factors underpin our continued caution on duration.

With recession risk low and inflation under control, it is difficult to see a catalyst for an equity bear market. Valuations are challenging but we expect corporate earnings to drive returns this year. We remain positive equities with a preference for diversification and value outside the US. Geopolitical risk is impossible to predict but we need to recognise that the international, rules-based order, that has been in place since 1945 is being challenged and gold remains a helpful diversifier in this regard.

We maintain our negative view on the US dollar, especially given risks of a politically induced, dovish Fed, and are constructive on emerging market debt as a means of benefiting from weaker US dollar trends and more disciplined fiscal policy.

In conclusion, we continue to believe that cyclical risks are contained but recognise that valuations are challenging and political risk is heightened. We are managing these risks by combining a long position in equities (with diversifying exposures to Value) with gold and underweight in duration and the US dollar.

Source: Schroder Investment Management Limited

Schroder Multi-Asset Revolution 50 Fund

Investment and Market Review

Throughout 2025, global financial markets demonstrated remarkable resilience in the face of policy changes, geopolitical events, and shifting economic expectations. Early in the year, investors navigated sudden alterations in trade policy, while the second half was characterised by evolving views on fiscal and monetary stimulus. Despite these challenges, strong momentum in Artificial Intelligence, moderating inflation pressures and robust corporate earnings provided crucial support.

Equity markets performed strongly. The MSCI AC World Index delivered a substantial gain of +15.1% in SGD terms for the year, reflecting broad-based advances across global shares. South Korea stood out as the top-performing major equity market, underpinned by leadership in semiconductors and technology. The MSCI South Korea Index soared +88.9%, far outpacing other regions..

In fixed income, bond market sentiment improved notably. The yield on the US 10-year Treasury declined from 4.57% at the start of the year to 4.17% by year-end, as interest rate reductions by the Federal Reserve and easing inflation buoyed both sovereign and credit markets.

Commodities rebounded, overcoming earlier volatility to register a full-year gain of +9.0%, aided by robust demand and disruptions to supply. Gold posted an extraordinary performance, with a surge of +54.9% that was fuelled by heightened geopolitical risk and sustained demand for safe-haven assets.

Currency markets reflected changing global conditions as well. The USD depreciated -9.4% in 2025, with broad-based declines against major peers on the back of softer growth expectations, reduced interest rate differentials and wider geopolitical uncertainty. On the other hand, the SGD appreciated by +5.9% against the greenback, underscoring continued local confidence as investors aimed to diversify from the dollar.

All returns above are quoted in SGD terms, unless otherwise stated.

SMART 50 delivered positive returns. Equities were the largest contributors; the decision to increase our overall equity exposure to an overweight position since May proved beneficial as global equities continued their advance amid expectations of monetary easing and strong economic data. Notably, our allocation to Global and US equities delivered a substantial return contribution while our tactical positions in Nasdaq, Asia and emerging market equities, along with an increased allocation to Europe, also added value.

Fixed income detracted from performance, mainly due to holdings in long-dated US Treasuries held during the second quarter as yields at the longer end rose amid concerns over persistent inflation and the sustainability of US government debt. The negative impact was partially offset by our positions in credits and Singapore government bonds which returns positively as spreads tightened and yields fell over the period. Gold added meaningfully to returns, supported by ongoing central bank purchases and heightened fiscal risks, underscoring the portfolio's emphasis on effective diversification.

The Fund outperformed its reference benchmark over the period. Asset allocation was the biggest contributor to relative returns, helped by an overweight in equities, notably in Asia and Emerging Markets. An underweight in fixed income and overweight in Gold were also positive contributors. Within fixed income, allocations to Asian credit and Singapore government bonds added value as they outperformed the FTSE World Government Bond index. Security selection also contributed positive, driven mainly by outperformance in the underlying Global, US and Asia equity strategies although part of the relative was were offset by negative selection in Global bonds.

Market Outlook and Investment Strategy

Recent US economic data support our view that the US consumer remains resilient and labour market conditions are supportive. Looking ahead to 2026, ongoing political headlines, particularly relating to Trump, merit continued monitoring. His pressure on the Federal Reserve Chair has raised medium-term concerns regarding central bank independence and credibility. While this has not materially affected near-term outcomes, the risk of sustained political interference could erode market confidence in monetary

policy over time. Combined with our above-consensus outlook on US growth, these factors underpin our continued caution on duration.

With recession risk low and inflation under control, it is difficult to see a catalyst for an equity bear market. Valuations are challenging but we expect corporate earnings to drive returns this year. We remain positive equities with a preference for diversification and value outside the US. Geopolitical risk is impossible to predict but we need to recognise that the international, rules-based order, that has been in place since 1945 is being challenged and gold remains a helpful diversifier in this regard.

We maintain our negative view on the US dollar, especially given risks of a politically induced, dovish Fed, and are constructive on emerging market debt as a means of benefiting from weaker US dollar trends and more disciplined fiscal policy.

In conclusion, we continue to believe that cyclical risks are contained but recognise that valuations are challenging and political risk is heightened. We are managing these risks by combining a long position in equities (with diversifying exposures to Value) with gold and underweight in duration and the US dollar.

Source: Schroder Investment Management Limited

Schroder Multi-Asset Revolution 70 Fund Investment and Market Review

Throughout 2025, global financial markets demonstrated remarkable resilience in the face of policy changes, geopolitical events, and shifting economic expectations. Early in the year, investors navigated sudden alterations in trade policy, while the second half was characterised by evolving views on fiscal and monetary stimulus. Despite these challenges, strong momentum in Artificial Intelligence, moderating inflation pressures and robust corporate earnings provided crucial support.

Equity markets performed strongly. The MSCI AC World Index delivered a substantial gain of +15.1% in SGD terms for the year, reflecting broad-based advances across global shares. South Korea stood out as the top-performing major equity market, underpinned by leadership in semiconductors and technology. The MSCI South Korea Index soared +88.9%, far outpacing other regions..

In fixed income, bond market sentiment improved notably. The yield on the US 10-year Treasury declined from 4.57% at the start of the year to 4.17% by year-end, as interest rate reductions by the Federal Reserve and easing inflation buoyed both sovereign and credit markets.

Commodities rebounded, overcoming earlier volatility to register a full-year gain of +9.0%, aided by robust demand and disruptions to supply. Gold posted an extraordinary performance, with a surge of +54.9% that was fuelled by heightened geopolitical risk and sustained demand for safe-haven assets.

Currency markets reflected changing global conditions as well. The USD depreciated -9.4% in 2025, with broad-based declines against major peers on the back of softer growth expectations, reduced interest rate differentials and wider geopolitical uncertainty. On the other hand, the SGD appreciated by +5.9% against the greenback, underscoring continued local confidence as investors aimed to diversify from the dollar.

All returns above are quoted in SGD terms, unless otherwise stated.

SMART 70 delivered positive returns. Equities were the largest contributors; the decision to increase our overall equity exposure to an overweight position since May proved beneficial as global equities continued their advance amid expectations of monetary easing and strong economic data. Notably, our allocation to Global and US equities delivered a substantial return contribution while our tactical positions in Nasdaq, Asia and emerging market equities, along with an increased allocation to Europe, also added value.

Fixed income detracted from performance, mainly due to holdings in long-dated US Treasuries held during the second quarter as yields at the longer end rose amid concerns over persistent inflation and the sustainability of US government debt. The negative impact was partially offset by our positions in credits and Singapore government bonds which returns positively as spreads tightened and yields fell over the period. Gold added meaningfully to returns, supported by ongoing central bank purchases and heightened fiscal risks, underscoring the portfolio's emphasis on effective diversification.

The Fund outperformed its reference benchmark over the period. Asset allocation was the biggest contributor to relative returns, helped by an overweight in equities, notably in Asia and Emerging Markets. An underweight in fixed income and overweight in Gold were also positive contributors. Within fixed income, allocations to Asian credit and Singapore government bonds added value as they outperformed the FTSE World Government Bond index. Security selection also contributed positive, driven mainly by outperformance in the underlying Global, US and Asia equity strategies although part of the relative was were offset by negative selection in Global bonds.

Market Outlook and Investment Strategy

Recent US economic data support our view that the US consumer remains resilient and labour market conditions are supportive. Looking ahead to 2026, ongoing political headlines, particularly relating to Trump, merit continued monitoring. His pressure on the Federal Reserve Chair has raised medium-term concerns regarding central bank independence and credibility. While this has not materially affected near-term outcomes, the risk of sustained political interference could erode market confidence in monetary policy over time. Combined with our above-consensus outlook on US growth, these factors underpin our continued caution on duration.

With recession risk low and inflation under control, it is difficult to see a catalyst for an equity bear market. Valuations are challenging but we expect corporate earnings to drive returns this year. We remain positive equities with a preference for diversification and value outside the US. Geopolitical risk is impossible to predict but we need to recognise that the international, rules-based order, that has been in place since 1945 is being challenged and gold remains a helpful diversifier in this regard.

We maintain our negative view on the US dollar, especially given risks of a politically induced, dovish Fed, and are constructive on emerging market debt as a means of benefiting from weaker US dollar trends and more disciplined fiscal policy.

In conclusion, we continue to believe that cyclical risks are contained but recognise that valuations are challenging and political risk is heightened. We are managing these risks by combining a long position in equities (with diversifying exposures to Value) with gold and underweight in duration and the US dollar.

Source: Schroder Investment Management Limited

Schroder Singapore Fixed Income Fund

Investment and Market Review

The latter half of 2025 was marked by a complex and evolving economic landscape, influenced by significant developments in trade policies, central bank actions and geopolitical tensions. These factors played a crucial role in shaping market sentiment and economic performance across major regions, each demonstrating varying degrees of resilience and policy responses.

In the United States, the economy presented mixed signals. While Q3 GDP growth was robust, driven by consumer spending and increased government expenditure, the labour market showed signs of softening, with unemployment rates rising towards the end of the year. The Federal Reserve (Fed) adopted a dovish stance, implementing three rate cuts in the second half of 2025 to support economic growth amid persistent inflationary pressures. This approach reflected a careful balance between fostering growth and managing inflation. Trade tensions, particularly with China, remained a concern, although some easing was noted by October. Political events, including a government shutdown, added to market volatility, impacting economic data releases and sentiment.

China's economy faced persistent deflationary pressures, with consumer prices fluctuating throughout the period. Despite these challenges, GDP growth exceeded expectations, supported by government measures to boost credit availability and stabilise financial markets. The People's Bank of China (PBOC) maintained key lending rates at historic lows, reflecting a cautious approach to support economic momentum amid weak domestic demand and deflationary risks. Market sentiment stabilised with modest recoveries in manufacturing and services, although domestic demand remained subdued and the property sector continued to weigh on overall activity.

Asian economies demonstrated resilience, with strong export performance driven by sectors like Korea's semiconductor industry and Malaysia's trade agreements. However, geopolitical tensions and trade restrictions posed potential risks to export-driven growth. Central banks across the region adopted varied approaches, with some implementing rate cuts to stimulate economic growth, while others maintained or raised rates to manage inflation and currency stability. Political changes and fiscal policies in countries like Indonesia and Thailand influenced economic stability and growth forecasts. The region's ability to navigate global challenges underscored its economic resilience during this period.

In Singapore, economic growth accelerated in late 2025, with Q4 GDP rising 5.7% YoY and capping full-year growth at 4.8%. This was driven by buoyant manufacturing activity, especially in technology and pharmaceuticals, which offset more modest gains in services and construction. Despite a year-end moderation in non-oil domestic exports, tech exports remained strong. Core inflation was steady, sustained by healthcare costs, while core momentum stayed firm. Looking ahead, Singapore's resilience is balanced by external uncertainties, with policy remaining focused on sustaining stability and long-term growth.

Singapore bonds delivered 1.35% over 2H 2025. The government bonds sector, measured by Markit iBoxx ALBI Singapore Government Total Return Index, returned 1.58%, outperforming the spreads segment, reflected by the Markit iBoxx ALBI Singapore Non-Government Total Return Index, which posted 0.78%.

Performance

The Schroder Singapore Fixed Income Fund outperformed its benchmark, the Markit iBoxx ALBI Singapore over the second half of 2025. The Fund posted 6-month returns (net of fees) of 1.61% (I SGD Acc share class) and 1.41% (A SGD Acc share class), while its benchmark returned 1.35%.

Rates strategies weighed on active returns for the period. Gain from the Fund's tactical long US duration positioning vis US Treasury futures were more than offset by the Fund's underweight Singapore duration stance and tactical SGS curve positioning.

Spreads strategies, on the other hand, contributed to active returns. The Fund's underweight to Singapore Quasi-Sovereign, overweight to SGD credits in the Financial sector as well as allocation to the Asian USD credits space via the Schroder Asian Investment Grade Credit Fund meaningfully aided returns. This was marginally dragged by the underweight to Singapore Real Estate and Utilities.

Market Outlook and Investment Strategy

Singapore enters 2026 on a solid footing, supported by broad-based strength in trade-related services and the tech sector, underpinned by a still-robust global tech cycle. This resilience could translate into a positive output gap and a robust labour market. That said, sharply weaker global growth, a downturn in the tech cycle, and heightened uncertainty around trade policies among major trading partners, represent the key downside risks to growth. Inflation is likely to remain contained, although there are nascent signs of fading disinflationary spillovers from global oil and regional non-oil factors.

We expect the MAS to keep the powder dry, safeguarding policy flexibility in a highly uncertain and volatile global environment. Singapore rates have outperformed last year, and the discount to equivalent USD rates remains sizable. As such, we are underweight duration – particularly at the front-end and long-end of the curve – reflecting, respectively, the feedthrough from the current SGD NEER policy, and a normalization of longer-end rates. We continue to maintain duration exposure in the belly, given the attractive risk-reward from the upward-sloping yield curve. We are also monitoring the risk of a SGD NEER slope steepening amid a still positive output gap.

Against a backdrop of a still growing economy and expectations of stable credit fundamentals among SGD credit issuers, SGD credit spreads are likely to remain relatively tight by historical standards. We see limited room for further tightening and a higher probability of modest widening from current levels. Accordingly, we stay selective and maintain our exposures primarily in Financials sector. The outlook for Singapore banks' asset quality remains healthy, with no major stress observed in small business, trade-reliant, or commercial real estate loans thus far, despite global macro risks. Along with ample capital cushions and provisioning, this positions Singapore banks favourably relative to regional peers.

Source: Schroder Investment Management Limited

Schroder Singapore Trust Investment and Market Review

Singapore's stock market ended 2025 with its strongest performance in over a decade, as the Straits Times Index (STI) delivered a total return of +28.55% (SGD terms). This outpaced most Asian peers, though it

trailed market leaders such as South Korea. The rally was underpinned by resilient blue-chip stocks, supportive policy measures, and Singapore's safe-haven appeal.

Within sectors, industrials led the gains, highlighted by ST Engineering, which benefited from increased defence and aerospace demand and a record order book of S\$32.6 billion. Financials followed, as banks like DBS and OCBC reached all-time highs due to robust earnings and attractive dividend yields. Property (UOL, CDL) and telecoms (Singtel) also performed well, supported by asset sales, lower interest rates, and regional recovery, while mid- and small-cap names such as First Resources added breadth to the overall market.

The revitalisation of Singapore's equity market was driven by MAS's major reforms and the staged injection of S\$5 billion through the EQDP, which boosted liquidity, IPO activity, and investor interest—leading to strong gains in both the main index and overall trading volumes.

Fund Performance:

The Fund outperformed its benchmark in CY2025, primarily driven by positive sector allocations—namely, an underweight position in Consumer Discretionary, an overweight in Telecom, and strong stock selection within Consumer Staples. This outperformance was somewhat offset by an underweight allocation in Industrials.

At the stock level, several key decisions contributed positively to performance. Our underweight position in UOB benefited the portfolio, following the bank's announcement of a surprise reserve increase for stressed property exposures, which led the market to anticipate slower earnings and dividend growth. In the telecommunications sector, our overweight in Singtel was advantageous, supported by robust third-quarter results, consistent delivery on its shareholder return policy, and optimism regarding a potential data centre acquisition. Within Consumer Discretionary, the underweight in Singapore Airlines added value, as the airline underperformed due to weaker earnings, particularly from losses at its Air India associate.

Conversely, some positions detracted from returns. Our allocation within Industrials was a headwind to performance. Specifically, the underweight in Jardine Matheson weighed on returns as it executed on its restructuring plan. Additionally, the overweight in Yangzijiang Shipbuilding detracted, as concerns around Trump's tariffs and implications for cargo volumes weighed on share price. Furthermore, an overweight position in Mapletree Logistics weighed on performance, reflecting ongoing headwinds in the REIT sector—including foreign exchange depreciation and weaker contributions from China.

In terms of portfolio activity made in 2025, we initiated a position in Keppel DC REIT, recognising its strong potential for sustained rental reversions within the domestic data centre segment. We also initiated exposure in iFAST, supported by ongoing earnings recovery and positive developments across its business lines. We continued to increase our holdings in Mapletree Pan Asian Commercial Trust, driven by signs of stabilisation in the Hong Kong retail market and expectations that a lower interest rate environment would further support earnings. Similarly, we increased our allocation to City Developments, reflecting the company's improving residential sales momentum and proactive capital recycling efforts, both of which are expected to enhance dividend payouts and support a re-rating of the stock. Meanwhile, we exited our position in Genting Singapore in light of increased economic uncertainty and its impact on discretionary spending.

Market Outlook and Investment Strategy

Singapore Equities market has had a stellar run over the past two years, as the combination of economic growth post Covid, and the decision by MAS to revitalize the Singapore Equities market has brought attention back to the local bourse.

Stepping into 2026, we are now entering the main phase of deployment for the remaining c.S\$3.9bn by MAS' Equity markets Development Program (EQDP). To recap, MAS announced in Nov'25 that six fund managers will be allocated S\$2.85bn to invest in the Singapore Equities market. MAS is expected to review the remaining submissions and expect the next phase of appointments for the remaining S\$1.05bn will be announced in Q2 2026. We expect actual cash deployment for S\$2.85bn allocation will happen in 1Q 2026 at the earliest, and in 2H 2026 for the remaining S\$1.05bn.

An important feature of the EQDP is the expectation that selected fund managers will raise additional third-party capital to complement MAS's allocations. This has the potential to significantly enhance market liquidity and drive greater interest in Singapore equities. The programme's ultimate goal is to attract high-quality, new economy companies to list locally, reversing the decline in listings seen over the past decade. If successful, this will further solidify Singapore's reputation as a preferred listing venue for regional players and reinforce its status as a financial and wealth management hub in Asia.

Despite the phased rollout of the EQDP, the market has already witnessed a notable increase in trading activity. In 2025, SGX daily traded value grew +21% YoY to S\$366bn, or an average daily trade value of S\$1.51bn. This is the highest turnover achieved in the Singapore Equities market since 2010. There has also been renewed IPO momentum, with seven new mainboard listings in 2025 and more anticipated in the years ahead.

Looking ahead, investor attention is firmly focused on the US interest rate outlook this year, particularly given the upcoming appointment of a new Federal Reserve Chair in May 2026. There is significant market speculation regarding whether the new Chair will adopt a more accommodative stance towards rate cuts than the current Chair, Jerome Powell. President Donald Trump has been vocal in advocating for lower rates to alleviate the burden of fiscal debt interest payments, and should his appointee share this perspective, there may be scope for greater policy easing than the two rate cuts currently anticipated by the market.

In Singapore, the prospect of declining interest rates has already led to a marked decrease in benchmark rates: the 3-month SORA has dropped to 1.18% (from 3.07% at end-2024), and the 10-year government bond yield stands at 2.16% (down from a high of 3.09% in January 2025). At the same time, continued inflows of deposits have reinforced the perceived stability of the Singapore dollar, increasing local liquidity and exerting further downward pressure on rates.

This environment has begun to compress net interest margins (NIMs) for domestic banks, though some have proactively hedged their rate exposures. Importantly, lower interest rates and the upturn in equity market activity create a more favourable backdrop for loan growth and market-making, placing the onus on management teams to adapt strategically to these evolving conditions

Broadening the view to the overall economy, Singapore posted stronger-than-expected GDP growth of 4.8% in 2025, driven by a rebound in industrial activity. As borrowing costs fall, previously delayed corporate investment plans are being put back on the table. Improvements in earnings and returns on equity among non-financial sectors over the past year further support optimism that a declining rate environment will sustain the current growth trajectory.

Given these developments, our portfolio remains tilted towards companies poised to benefit from lower interest rates, such as property companies and select industrials. We continue to seek out businesses demonstrating robust growth potential and strong fundamentals in this evolving landscape. With additional capital from the EQDP expected to flow into the market, we anticipate better price realisation for well-managed local companies. Our ongoing focus is to identify and add high quality stocks that offer a compelling combination of asset quality and attractive valuations as opportunities arise.

Source: Schroder Investment Management Limited

Templeton China Fund

Investment and Market Review

Chinese stocks advanced over the 1st month of 2025. China's fourth-quarter 2024 gross domestic product (GDP) growth exceeded expectations and translated into a full-year GDP growth of 5%, which matched the government's target. US President Donald Trump's earlier preference not to impose tariffs on China sent the equity markets into positive territory; however, at time of writing, this decision has been reversed. Chinese authorities continued to announce policies to shore up growth, which includes expanding the scope of home appliances for trade-ins. There were also measures to stabilise the country's stock markets, such as guidance for listed companies to increase share repurchases.

Chinese equities advanced on the back of continued stimulus measures from regulatory authorities in March. The China government work report's focus on technology was viewed as signs of support for the sector. This sent technology stocks higher. Plans to boost consumption across a multitude of sectors were also revealed.

Chinese equities advanced for the second quarter of 2025. A framework agreement covering tariff rates between China and the United States has receded some uncertainties. China also released support measures and eased monetary policy; this included reducing its benchmark lending rates.

Chinese equities continued their ascent. A technology rally unfolded in China, as technology companies reported artificial intelligence (AI) product rollouts, fostering confidence in these companies' expenditure on AI. Chinese semiconductor firms benefitted from the government's intent to strengthen its domestic semiconductor industry.

Chinese equities gave up three straight quarters of gains and ended the final quarter of the year with a decline. Chinese equities came under pressure after the Politburo signalled a more restrained approach for its stimulus in 2026.

Market Outlook and Investment Strategy

China is at an interesting point in the cycle. Following a prolonged period of underperformance relative to developed markets, sentiment has turned positive as government policy has pivoted to be stimulative. However, we have yet to see economic growth recover. This has led to a disconnect in the market between sentiment and fundamentals; it is also one where we can add value—a stock-picker’s market.

We see several themes that didn’t exist a year ago playing out. Anti-involution, which is supply-side reform, is one example. The goal of the government’s “anti-involution” campaign is to promote industrial consolidation and sustainable growth via rigorous enforcement of regulations.

AI is another big theme; in China, the story is about import substitution, using its own data to develop AI models, data centres and innovative services. The build-out in China is as big as that in the United States. Autonomous driving is also an important theme, and we think China may lead the charge, just as it did in EVs.

Taking a long-term view, valuations of Chinese equities remain attractive. Over the past few years, Chinese stocks have faced significant pressure and have been largely overlooked by investors. However, the pivot in policy support appears to have sparked a notable shift in investor sentiment, which is evident among both domestic and foreign investors. In addition to boosting market confidence, investors are also re-evaluating the growth potential of Chinese companies. Valuations, which had been suppressed, are now being reassessed, with many investors recognising the underlying value and growth prospects.

Despite continuing volatility, we believe market sentiment towards China has clearly improved. That said, we still approach investing with a well- rounded perspective. We remain cognisant of the key risks in the investment universe, and we are keeping a close eye on geopolitical tensions and government policies. We abide by our bottom-up investment approach and leverage our on-the-ground presence and extensive network for a balanced view. This network goes beyond just companies, channel checks and independent research providers. We continue to keep a watchful eye on changes in the investment environment to identify opportunities

Source: Franklin Templeton

Templeton European Opportunities Fund Investment and Market Review

European stocks produced strong gains for the first quarter and outperformed equities in other major regions, as measured by MSCI indexes in euro terms, amid signs of economic improvements in the eurozone and the United Kingdom, interest-rate cuts by the European Central Bank and the Bank of England, and early optimism about a potential Russia-Ukraine ceasefire. Better-than-expected earnings reports by some companies and increased fiscal budgets by many of the region’s countries, notably Germany, further supported investor sentiment.

European stocks collectively gained in the second quarter of 2025, driven by a shift in investor sentiment. Some easing in trade tensions and geopolitical risks (especially after the Israel-Iran ceasefire) supported European equity markets. Additionally, signs of progress in trade negotiations

between the United States and the European Union boosted confidence and helped ease fears of a global recession, as did the 90-day truce on US-China “reciprocal” and retaliatory tariffs in May.

European equities posted a positive third quarter (in euro terms) but lagged the United States and Asia, with gains arriving unevenly across months. The MSCI Europe Index rose higher as improving earnings and buyback activity balanced idiosyncratic political risks. September’s turbulence in France—Prime Minister Bayrou’s defeat and the subsequent appointment of Sébastien Lecornu—kept sovereign spreads in focus, and Fitch’s downgrade to A+ underscored fiscal concerns, though equity reactions were contained. In the United Kingdom, Gilt volatility moderated into month-end, allowing the FTSE 100 Index to mark fresh record highs.

European equities were among the strongest performers globally in the fourth quarter, supported by a combination of defensive earnings profiles, sector composition, and improving policy clarity. Political and fiscal noise persisted, particularly in France, but equity markets remained relatively insulated. The European Central Bank (ECB) kept interest rates on hold through the quarter, while communication increasingly emphasized optionality rather than a preset easing path.

Market Outlook and Investment Strategy

European equities appear well positioned for 2026, in our view, supported by improving earnings momentum, attractive income characteristics, and supportive valuations. Importantly, European equities continue to trade at a meaningful discount to global peers, providing longer term valuation support even without a re rating.

The region should benefit from a gradual shift toward broader global diversification, in our view. Capital flow dynamics remain supportive, with elevated US fiscal deficits and prospective Federal Reserve rate cuts into 2026 encouraging increased exposure outside the US. Europe also offers a relatively stable macro backdrop, characterised by lower inflation risk, a predictable monetary policy environment, and the prospect of incremental fiscal stimulus, particularly from Germany given its comparatively strong public balance sheet.

From a bottom up perspective, sectors tied to domestic investment appear most attractive. Utilities and Industrials are well positioned to benefit from higher infrastructure, energy transition, and defence related spending across the region, while offering reasonable valuations and resilient margin profiles. Within technology, select areas linked to power semiconductors and advanced manufacturing continue to offer structural growth exposure, supported by recovering industrial and automotive demand and rising AI related investment.

Source: Franklin Templeton

Templeton Latin America Fund

Investment and Market Review

Equities in the emerging Latin America (LatAm) region advanced as a whole during the first quarter of 2025. A delay in the imposition of US tariffs on goods from Mexico provided some relief. Rising metal commodities proved supportive for Brazil’s mining stocks.

Equities in the emerging Latin America (LatAm) region advanced as a whole during the second quarter of 2025. Strong earnings results from several key Brazilian companies—despite high interest rates—helped support the country’s equity market. Brazil’s central bank continued to increase interest rates during the quarter, but this did not dampen investor sentiment in Brazilian equities. This positivity was also inherent in Mexico, where its central bank lowered benchmark interest rates. The region is also seen as relatively buffered from tariffs and major geopolitical conflicts.

Equities in the emerging Latin America (LatAm) region advanced as a whole during the third quarter of 2025. Investor confidence was bolstered during the period by market-friendly political movements and structural reform expectations in the region

Equities in the emerging Latin America (LatAm) region advanced as a whole during the fourth quarter of 2025, led by Chilean equities due to higher copper prices. Mexico’s central bank slid in a final interest-rate reduction in December, easing its benchmark interest rate to 7%, its lowest level since June 2022. Brazil’s economy contracted in October from a month ago, a tell-tale sign that short-term activity is cooling under tight monetary policy

Market Outlook and Investment Strategy

We head into 2026 with renewed optimism. Underpinning this positivity is our expectations of more pro-market policies, which could come with potential leadership changes in the LatAm region.

Mexico kickstarted its leadership change in 2024, with the current president proven to be extremely pragmatic in handling trade negotiations with the United States. We share the optimism of Mexico’s president regarding the US-Mexico-Canada Agreement (USMCA) review, who stated in mid-December 2025 that this is progressing on the right track. Chile elected its latest president in mid-December 2025, which would accelerate spending cuts and pro-market reforms, but a divided Congress may slow down the pace of these changes. Stable institutions, coupled with this pro-market government, keep Chile as a “safe haven” regionally while the government tries to shore up a sluggish economy.

Brazil represents a significant investment asymmetry between valuations and growth. Price-to-earnings valuations are between one and two standard deviations below the average. This level of valuation may indicate to investors that Brazil is in another crisis, but the big macroeconomic variables are well-behaved. Inflation is close to the central bank’s range and gross domestic product growth has been a resilient 2%. There are several stocks with dividend yields in excess of 10%, which we think is a by-product of high interest rates. The good news is that, in the short run,

Brazil is close to the beginning of an easing cycle, which could be a catalyst to a recovery in Brazilian equities. We also believe valuations in Brazil are not currently pricing in the very real possibility of a change in the country’s government, which will restart a cycle of reforms that has stalled in the last three years. Colombia stands out as the country with the strongest growth in the region, but this comes with macro vulnerability.

In a nutshell, LatAm equities have delivered more than 50% returns in 2025 (as per the portfolio’s benchmark). We expect LatAm offers further outperformance potential, supported by deeply discounted equity and currency valuations, solid momentum, and improving macroeconomic

conditions. Our investment approach remains long term, focusing on what we view as well-managed companies with strong cash flows, good value and growth potential, and/or market leadership in their respective industries.

Source: Franklin Templeton

Templeton Shariah Global Equity Fund Investment and Market Review

Global equities started 2025 on a strong note as they collectively advanced in January amid a generally solid economic backdrop. However, investors expressed concerns about US President Donald Trump's tariff plans and a potential global trade war, as well as the emergence of China-based open-source artificial intelligence (AI) model DeepSeek. On the economic front, global manufacturing activity expanded in January for the first time in seven months, and flash reports for the same month showed that global services activity continued to grow in many regions. As measured by MSCI indexes in US-dollar terms, developed market equities outpaced emerging market equities, while global value stocks substantially outperformed global growth stocks.

After starting 2025 on a strong note, global equities collectively declined during the rest of the first quarter due to investor concerns about US economic growth, President Donald Trump's trade policy and a broadening trade war. On the economic front, global manufacturing activity expanded in March for the third consecutive month, and flash reports for March showed that global services activity continued to grow in several regions during the quarter. In this environment, the MSCI All Country World Index delivered a negative return in US-dollar terms, due mainly to losses in the information technology (IT), consumer discretionary and communication services sectors. Developed market equities underperformed emerging market equities, while global value stocks generated strong gains and outperformed global growth stocks.

The second quarter of 2025 began with US President Donald Trump's early April announcement of "reciprocal" tariffs that were more severe than expected, leading to significant financial market volatility. However, global trade tensions subsequently eased as the United States delayed planned tariff hikes, reducing investor fears of a global recession. The onset of the Israel-Iran conflict in mid-June had minimal impact on global equity markets, although oil price volatility briefly rose due to concerns of a broadening conflict. Against this backdrop, the MSCI All Country World Index (MSCI ACWI) of stocks generated positive returns in US-dollar terms as nine out of the 11 global equity sectors advanced, led by the information technology (IT), communication services and industrials sectors. Emerging market equities outperformed developed market equities, while global growth stocks outperformed global value stocks.

Global equity markets advanced through the third quarter of 2025 as tariff anxieties gradually eased, prospects of accommodative central bank policies grew, and technology leadership persisted. Against this backdrop, the MSCI All Country World Index rose in US-dollar (USD) terms, with growth stocks outpacing value stocks. Ten of 11 sectors advanced in the third quarter, led by information technology (IT) and communication services. Regionally, US equities led developed markets, buoyed by strong earnings, fading recession fears, and artificial intelligence (AI) enthusiasm. The US Federal Reserve's (Fed) 25-basis-point rate cut in September propelled US indexes to record highs.

European equities also posted USD gains but lagged the US and Asia markets. Improved earnings and buyback news supported regional sentiment, with British stocks marking record highs and the French market holding relatively steady despite the country's political turbulence. The European Central Bank kept rates unchanged throughout the quarter; the Bank of England stood pat after cutting in August. Asian equities delivered some of the strongest gains globally. In Japan, the US-Japan trade deal struck in July reduced market anxiety around US tariffs, helping investors look past political uncertainties following the election defeat of the ruling Liberal Democratic Party in July. The Bank of Japan continued to hold rates steady, and the timing of monetary policy tightening remains unclear. Chinese stocks also gained but saw some volatility, as optimism around AI self-sufficiency clashed with macroeconomic concerns around US trade tensions, shrinking manufacturing activities and deflation.

Global equity markets posted moderate gains in the fourth quarter of 2025, marking a period of consolidation after the stronger advance seen in the third quarter. The quarter unfolded against a backdrop of easing but uneven monetary policy expectations, greater dispersion across regions and sectors and a rotation away from the most crowded growth themes. October extended the post-summer rally as interest-rate cuts and resilient earnings supported risk appetite; November saw a pause as investors reassessed valuations and policy timing; and December stabilised sentiment as central banks delivered broadly dovish outcomes while flagging increased data dependence into 2026. Against this backdrop, the global equity benchmark MSCI All Country World Index (ACWI) gained in US-dollar (USD) terms, with value stocks edging growth stocks. Financials, materials, health care and energy emerged as relative leaders, supported by higher bond yields, firm commodity pricing and resilient balance sheets. Information technology (IT) and consumer discretionary lagged, as enthusiasm around artificial intelligence (AI) related capital expenditure (capex) moderated and valuation scrutiny intensified.

Market Outlook and Investment Strategy

We start the year of 2026 with a cautiously optimistic view. Favourable monetary conditions—with the Fed projecting to cut rates at least once this year—should combine with economic resilience and easing inflationary pressure to provide a conducive environment for risk assets. Signs of improved sentiment are already visible, in our view, as market performance is now broadening beyond the narrow set of mega-capitalisation technology leaders that had largely driven the rally of the past three years. This is evidenced by the improved showing in segments of the cyclical and defensive sectors in the fourth quarter. As well, flows into non-US regions look likely to continue, potentially allowing Europe and APAC (Asia-Pacific) markets to extend their rally from last year.

The reasonably positive outlook will not distract us from our diversified and disciplined investment approach. We continue to see a stockpickers' market where dispersion of quality and returns remains elevated, necessitating a strong focus on valuation discipline, bottom-up stock selection and diligence in risk/reward adjustments. Our ability to identify a diverse range of mispricing opportunities across the quality, growth and value segments should continue to position us to sustainably compound long-term returns as the year progresses. The recent addition of Norwegian aluminium company Norsk Hydro—a high-quality cyclical favoured for its cost position and the

growth tailwinds in a tightening aluminium market—to the portfolio further underlined our stockpicking expertise, in our view.

In terms of portfolio structuring—we expect IT to remain a key sector, as AI should remain a viable theme in 2026. As mentioned, we do not share the market worry over a potential AI bubble burst, as our core allocations continue to deliver the kind of earnings growth that justify their asking prices. However, cognisant of valuations and the evolving bottlenecks of the AI ecosystem, we are also diversifying our exposure to the “picks and shovels” in the value chain. These include, for instance, enablers of semiconductor production and energy-related providers. Energy shortage—not just access to chips—is increasingly cited as a key hurdle for hyperscalers’ capacity growth in the coming years. Our decision to initiate a new position in Siemens Energy in November and subsequently expand it reflected our aim to capture the opportunities emerging on this front. The German company is one of the global energy solutions leaders, with ample exposure to the growing power demand driven by AI data centres and tailwinds arising from energy transition trends.

At the same time, we look to maintain our overweight exposure to health care, following our decisions in 2025 to build positions in undervalued sector leaders and enhance our defensive growth bulwark. As their earnings potentially bottom out and regulatory risks moderate, we expect to reap the benefits of these preemptive moves. That underlying rationale of skating to where the puck is going, instead of where it is now, remains pertinent in 2026 and will inform our thinking as we explore a diverse set of best-in-class ideas to strengthen our portfolio. From growth to defensives to cyclicals, our investments will be style- and sector-agnostic. At their core, the companies that we are interested in are characterised by the same compelling qualities—they are strong businesses and resilient compounders that are under- or reasonably valued relative to their intrinsic worth, in terms of earnings power, free cash flows generation, balance sheet quality and shareholder returns, among other factors.

Source: Franklin Templeton

United SGD Fund

Investment and Market Review

US Treasuries (UST) sold off in the first half of November 2025, driven by the US government reopening and uncertainty surrounding the incoming data deluge. However, losses were pared towards the end of November 2025 following a wave of dovish Fed Speak in response to softer economic data. The 2-year and 10-year UST yields ended at 3.49 per cent (-8 basis points, bps) and 4.01 per cent (-6bps), respectively.

Overall market sentiment was fragile in November 2025. Global equities faced pressure amid concerns over valuations and massive funding for Artificial Intelligence (AI), while credit spreads widened to offset lower UST rates as all-in yields from fixed income investments declined. In China, debt repayment concerns at property developer China Vanke prompted investors to further derisk. China’s new home sales remained depressed in October 2025, and economic data continued to show weakness.

The JP Morgan Asia Credit Index (JACI) Investment Grade credit spreads widened to 112bps (+13bps) after reaching a historic low spread of 98bps in October 2025. Meanwhile, Asia ex-Japan G3 currency primary issuance rebounded to US\$28 billion in November 2025 (October 2025: US\$14 billion; November 2024:

US\$16 billion), bringing year-to-date supply to US\$216 billion (+25 per cent year-on-year (y/y)). The largest issuers in November 2025 included CHINA (China Government, US\$4 billion), INDON (Indonesia Government, US\$2.2 billion), and BBLTB (Bangkok Bank PCL, US\$1.1 billion).

With spreads hovering near historical lows and all-in yields remaining low, we see limited opportunities in Asia credits. The portfolio strategy will focus on carry opportunities and identifying relative value through switch trades.

Market Outlook and Investment Strategy

We continue to prioritise coupon returns while aiming to diversify across various markets. Our focus remains on defensive sectors such as Utilities, Telecommunications, Consumer goods, Insurance, and Government-related entities, with resilient balance sheets, credits with leading market shares and of systemic importance. Overall, we favour financials over non-financial corporates based on their strong fundamentals and attractive valuations.

The Fund will continue to: 1) Assess the relative value of bonds in the portfolio; 2) Focus on companies that have good access to capital markets and have defensive business models; 3) Invest in bonds maturing/callable/puttable on rolling three years for the purpose of return enhancement; 4) Maintain 1-3 per cent cash for liquidity; and 5). Hedge foreign currency risk to the Singapore Dollar.

Source: UOB AM

United Asian Bond Fund

Investment and Market Review

US Treasuries (UST) sold off in the first half of November 2025, driven by the US government reopening and uncertainty surrounding the incoming data deluge. However, losses were pared towards the end of November 2025 following a wave of dovish Fed Speak in response to softer economic data. The 2-year and 10-year UST yields ended at 3.49 per cent (-8 basis points, bps) and 4.01 per cent (-6bps), respectively.

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With spreads hovering near historical lows and all-in yields remaining low, we see limited opportunities in Asia credits. The portfolio strategy will focus on carry opportunities and identifying relative value through switch trades.

Market Outlook and Investment Strategy

We continue to stay up in credit quality while aiming to diversify across various markets, maintaining our preference for defensive sectors with resilient balance sheets, credits with leading market shares and of systemic importance. Instead, we continue to focus on corporate bonds with improving fundamentals and credit spread compression.

The Fund will: 1) Assess the relative value of bonds in the portfolio; 2) Focus on companies that have good access to capital markets and have defensive business models; 3) Benchmark duration along the curve relative to the benchmark to capture potential curve steepening; 4) Focus on credit spread compression by selecting corporates with improving fundamentals that have attractive yields/spreads but are not captured in their current pricing.

Source: UOB AM

United Emerging Markets Bond Fund

Investment and Market Review

For the six months to December 2025, the Fund rose 5.90% compared to the benchmark, JP Morgan EMBI Global Diversified (EMBIGD) Composite index (SGD terms), which returned 9.24%.

Key detractors to performance include our positioning in Venezuela, Argentina, Egypt, and South Africa; while Indonesia, Bahrain, Ireland, Peru, Turkey, Senegal, China, etc. were the main contributors to performance.

As of 31 December 2025, the Fund was invested 34% in Americas, 24% in Africa / Middle East, 21% in Europe, 16% in Asia Pacific and 5% in Central Asia. The remainder was held in other regions and a combination of cash and cash equivalents.

High-yield (HY) credit has been the top-performing asset class within emerging markets (EM) during this period. One of the central themes of President Trump's second term has been the pursuit of potential resolution of ongoing wars and regional conflicts. At the same time, global investors have been discussing a shift away from U.S. assets in response to tariffs and broader economic uncertainties. Together, these dynamics have supported a broad rally in EM bonds across markets such as Venezuela, Bolivia, Lebanon, Ecuador, Ukraine, and Egypt.

Positive global market sentiment and EM hard currency fund flows have also supported a broad range of EM HY credits, particularly in lower-rated sovereigns.

For the six months to December 2025, EMBIGD Composite Index (USD terms) returned +8.19%. The EMBIGD High-Yield Index returned +11.23%, outperforming its investment-grade (IG) counterpart (+5.21%).

From a regional perspective, Africa led performance, delivering +13.2%, ahead of Latin America (+9.7%), Europe (+7.2%), and Asia (+4.8%).

Global EM issuance volumes rose 11% year-on-year, reflecting improved market access and investor appetite. Meanwhile, in the U.S., the 2-Year Treasury yield declined by 25bps to 3.47%, while the 10-Year yield decreased by 6bps to 4.17%, resulting in a steepening of the 2yr-10yr curve by 19bps to +69bps.

Commodity and currency markets also saw notable moves: Brent crude oil prices fell by 8.9%, the U.S. dollar strengthened by 1.5%, while gold surged by 31%, underscoring a shift in investor preference toward safe-haven assets.

Market Outlook and Investment Strategy

Heightened geopolitical risks, ongoing tariff disputes, and volatility associated with unpredictable U.S. policy have enhanced the appeal of IG EM credits, which offer superior stability and downside protection in risk off conditions. Nevertheless, EM assets remain significantly correlated with broader global risk markets, and a deceleration in AI driven global capex could temper growth expectations and contribute to wider credit spreads globally, including within the EM sovereign space.

Our portfolio positioning reflects our preference in EM IG space. While we remain prudent in the current environment, we continue to seek opportunities through relative value trades. Notably, EM yields remain elevated, and carry continues to be a key long-term driver of returns.

Source: UOB AM

United Singapore Bond Fund

Investment and Market Review

After some pullback in growth-related data in October 2025, most indicators exhibited a strong rebound in November 2025, supported by sustained global demand for Artificial Intelligence (AI) related products. The manufacturing Purchasing Managers' Index (PMI) for October 2025 continued to suggest expansion at 50.0, with the electronics sub-sector PMI at 50.4. The Non-oil Domestic Exports (NODX) for October 2025 surged to +22.2 per cent year-on-year (y/y) due to robust growth in electronics and non-monetary gold exports. October's industrial production also jumped to +29.1 per cent y/y, marking the fastest increase since 2010, driven by electronics and biomedical output. Inflation rose further in October 2025. Headline Consumer Price Index (CPI) was +1.2 per cent y/y, with core inflation also at +1.2 per cent y/y. The rise was broad-based, notably across services, food, and retail segments, while electricity and gas prices fell at a slower pace. The Monetary Authority of Singapore (MAS) is maintaining its forecast for headline and core inflation to average 0.5-1.5 per cent in 2025.

Issuance activity of SGD corporate credit picked up in November 2025, with SGD 3.47 billion of bonds issued (September: SGD 2.95 billion). The Housing & Development Board (HDB) has issued SGD\$1 billion, 7-year bond at 2.022 per cent. Besides that, City Development Limited issued 300 million of 5-year bonds at 2.40 per cent while its sponsored REIT, CDL Hospitality Trust, issued 150 million of Perpetual bonds (Perps), non-callable for 5 years at 3.7 per cent. Local building contractor cum real estate landlord/developer Wee Hur Holdings Limited also did another SGD 30 million re-tap of its inaugural 5-year bond.

Outside the real estate space, Starhub issued another 300 million of 10-year senior unsecured bond at 2.550 per cent, on the back of its SGD 200 million Perps NC7 (non-callable for 7 years) issuance in October 2025. Lastly, Banco Santander issued 250 million 6NC5 (6-year non-callable for 5 years) TLAC (Total Loss-Absorbing Capacity) senior bonds at 2.35 per cent, while Saudi National Bank issued 425 million of 10NC5

Tier 2 bonds at 3.4 per cent. Some GCC (Gulf Cooperation Council) banks like First Abu Dhabi and Qatar National Bank also issued 2-year senior unsecured bonds in the private placement format at about 2.0 per cent.

The SGS yield curve underperformed in November 2025, with yields from the 5-year part of the curve increasing by 10-15 basis points (bps), while the front end stayed unchanged. On the contrary, US Treasuries (UST) yield ended November 2025 by 6 to 8 bps lower, led by the front to intermediate end. The performance of the SGS bond is likely due to profit-taking/reduced market liquidity following the final SGS auction in October 2025. Also, we have consistently been of the view that SGS bond yields were trading too low relative to where the domestic economy is at. Thus, this correction seems natural.

Looking ahead, SGS yields continue to experience some widening pressure in early December 2025 but remain lower versus previous episodes. Current 10-year and 30-year SGS yields of 2.1 per cent and 2.3 per cent, respectively, are still at the low end of their long-run averages (10-year: 2.00 to 2.50 per cent; 30-year: 2.30 to 2.80 per cent). As such, SGS yields may continue to move wider into early 2026. With the better-than-expected strength of the domestic economy and the recent pick-up in inflation, MAS should keep its Singapore Dollar Nominal Effective Exchange Rate (S\$NEER) policy unchanged (i.e. small appreciation) in January 2026's meeting.

Market Outlook and Investment Strategy

The Fund continues to overweight corporate credits for the purpose of overall yield enhancement and keeps a neutral duration position relative to the benchmark. We will continue to look out for relative-value trades and bonds from good-quality issuers.

SGS bond comprises about 40 per cent of the Fund, and we will hold at this weight, comprising holdings at the intermediate to long end of the yield curve. This is in line with the strategy to be neutral on duration relative to the benchmark.

Source: UOB AM