

# Climate Transition Global Buy and Maintain Fund

## OBJECTIVES AND PROCESS

- Seeks total return, maximising investment income whilst preserving capital
- Invests two-thirds of its assets in investment-grade credit debt securities—graded such at the time of purchase—issued by corporate issues domiciled anywhere in the world
- May invest up to one-third of its total assets in below-investment-grade debt securities
- Will hedge non-GBP-denominated investments to the GBP
- Will target to decarbonise the sub-fund by 2050
- Uses a negative screen to exclude securities issued by companies based on their exposure to ESG risks
- May invest up to 30% of its total assets in perpetual bonds
- May invest up to 15% of its total assets in emerging markets
- May also use derivatives for hedging, efficient portfolio management or for investment purposes
- Focus on bottom-up credit research with a focus on well-underwritten credits and relative value
- Intends to hold bonds until maturity

## KEY RISKS

**Debt securities risk:** Debt securities are subject to many factors, including, but not limited to, changes in interest rates and an issuer's ability and willingness to make payments when due.

**Global investment risk:** Securities of certain jurisdictions may be affected by uncertainties such as international political developments, currency fluctuations and other developments in the laws and regulations of countries in which an investment may be made. These may result in rapid and extreme changes in securities prices.

**High yield securities risk:** High yield securities are rated below investment grade, have a higher risk of default and prices may be more volatile than higher-rated securities of similar maturity.

**ESG risk:** Applying an ESG screen for security selection may result in lost opportunity in a security or industry resulting in possible underperformance relative to peers, ESG screens are dependent on third party data and errors in the data may result in the incorrect inclusion or exclusion of a security.

**Contingent Convertible Bonds risk:** These instruments can be converted from debt into equity because of the occurrence of certain predetermined trigger events including when the issuer is in crisis resulting in possible price fluctuations and potential liquidity concerns.

**Currency risk:** Currency exchange rates may fluctuate significantly over short periods of time and can be affected unpredictably by intervention (or the failure to intervene) by relevant governments or central banks, or by currency controls or political developments.

**Emerging markets risk:** Emerging markets may be more sensitive than more mature markets to a variety of economic factors and may be less liquid than markets in the developed world.

**Leverage risk:** The use of certain types of financial derivative instruments may create leverage which may increase share price volatility.

**US Government Obligations risk:** Securities issued by US Government agencies or government sponsored may not be backed by the full faith and credit of the US Government and may be negatively impacted by adverse market and credit events.

## Calendar-year performance (%)

Past performance is not indicative of future results.

	2024
Class I Dist. (GBP) (23 Aug 2023)*	1.76
ICE BofA Sterling Corporate Index (GBP)	2.06

## Performance (%)

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since incep.
Class I Dist. (GBP) (23 Aug 2023)*	0.19	3.45	6.78	5.79	—	—	—	7.85
ICE BofA Sterling Corporate Index (GBP)	0.13	3.22	6.56	5.87	—	—	—	8.00

Past performance is not indicative of future results. Performance calculations are net of all applicable fees and are calculated on a NAV-to-NAV basis (with income re-invested). Performance shown is for class and currency indicated and returns may increase/decrease as a result of currency fluctuations. \*Share class inception date

## Fund Performance

The fund returned 0.19% in November on a net basis, versus the ICE BofA Sterling Corporate Index which returned 0.13%, an outperformance of 6 basis points (bps).

## Asset Class Review

Risk sentiment waned in early November, as investors digested a more uncertain path for U.S. monetary policy and reacted to multiple institutional warnings, including from the Bank of England and IMF, concerning public market AI valuations.

The market capitalisation of U.S. chip maker Nvidia had recently surpassed the GDP of Germany; exceeding \$5 trillion. Investor sensitivity to a potential equity market correction dampened broader risk appetite. Expectations for December's FOMC meeting also proved volatile; the probability of a 25bp December rate cut decreased to a low of 29% mid-month.

Multiple events stabilised broader market sentiment: the reopening of the U.S. Government (after a historic 43-day stalemate), above expectation earnings from Nvidia (coupled with a Q4 guidance upgrade) and intervention from New York Fed President Williams (signalling support for a December rate cut).

In the U.S., official data proved elusive as the government sought to catch up after the recent shutdown. Private data, including ADP employment continued to indicate weakness in the labour market, with a decrease in employment, whilst University of Michigan consumer sentiment deteriorated (second lowest reading on record).

European economic data remained resilient. Eurozone composite PMI increased to 52.8 (October: 52.5), signalling the strongest private sector expansion since May 2023. Euro area inflation remained stable at 2.2% (Oct: 2.1%). In the U.K., however, incoming data disappointed as uncertainty spiralled into the 2025 budget. Chancellor Reeves, somewhat, chaotically announced a £26 billion package of tax rises.

Credit spreads as measured by the Bloomberg Global Aggregate Corporate Index widened by 3bps, in November, from a spread of government bonds +79bps to +82bps, leading to an excess return of -0.06%.

Investors should note that, relative to the expectations of the Autorité des Marchés Financiers, this fund presents disproportionate communication on the consideration of non-financial criteria in its investment policy.



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## GENERAL FUND INFORMATION

**Portfolio managers:** Henrietta Pacquement, CFA<sup>\*</sup>; Alex Temple; Scott Smith, CFA<sup>\*</sup>; Jonathan Terry, CFA<sup>\*</sup>; and Mark Cole

**Benchmark:** ICE BofA Sterling Corporate Index<sup>1</sup>

**Fund inception:** 23 Aug 2023

**Management approach:** Actively managed

**Sustainable Finance Disclosure Regulation:** Article 8<sup>1</sup>

Basic Industry and Insurance sectors underperformed, whilst Telecoms, Healthcare, and Banks sectors outperformed. In Europe, Automotive spreads outperformed after a better-than-expected Q3 earnings season.

November saw another wave of hyperscaler supply with GOOGL, META, and AMZN bringing a combined \$40bln to the USD corporate market. GOOGL also issued a 6 tranche €6.5bln deal in the euro market. The deluge of global supply (\$140bln and €100bln respectively) left investors increasingly selective, with average book coverage ratios decreasing and new issue premiums expanding. Fund flow trends remained supportive; however the pace of inflows did slow compared to October.

## Fund Attribution

### Credit

- Credit contributed 7bps over the month, dominated by positive security selection (+6bps).

### Rates

- Rates contributed 0bps to performance.

### Sector attribution

- An overweight to the Banking sector contributed 3bps (allocation: 2bps; selection: 1bp).
- An underweight to the 'Other Financial' sector contributed 2bps.
- There were no notable detracting sectors during the period.

### Security Attribution

- Notable contributors included exposure to a longer dated, low cash price, WPP (WPPLN) issue and a recent new issue by hyperscale META: contributing 6bps and 2bps respectively.
- Detracting credits, included off benchmark allocations to paper and packaging company Suzano and tech giant Oracle: each contributed -1bp respectively.

## Strategy Outlook

Looking ahead, we continue to expect growth to moderate as the effects of tariffs begin to work their way through the system. The Federal Reserve will maintain a flexible stance in navigating these evolving conditions. Supportive supply and demand technicals should continue to provide a favorable backdrop for credit and help keep spreads largely rangebound in the near term. However, as economic pressure becomes more visible in the data, we anticipate modest widening in spreads.

### Credit:

Credit spreads are tighter than they were pre-Liberation Day and not far from year-to-date tights. There are several positives for high-grade bonds now. Yields remain at the upper end of historical averages and positive supply/cash flow technicals are intact. We do not believe that spreads will widen aggressively, but we do expect them to continue to drift progressively wider.

### Rates:

We expect the rates cycle of the US and Europe will begin to converge as the Federal Reserve has commenced cutting. We expect the ECB to remain on hold at these levels for some time, allowing additional government spending to take the lead in driving regional

<sup>1</sup>Promotes environmental and social characteristics but does not have a sustainable investment objective. The companies listed should not be considered a recommendation to purchase or sell any particular security. The companies may or may not be in the portfolio.



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growth. As for the Fed, we are expecting one more cut prior to year-end. These estimates remain fluid as new data and developments emerge.

## **Economic activity:**

We expect the tariff impact to weigh on demand, bringing lower GDP growth in the latter part of this year. We also expect tariffs to have an inflationary impact and economic data realizing tariff effects to begin materializing in the tail end of the year.



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1. The fund uses the ICE BofA Sterling Corporate Index for performance and carbon intensity comparison. The investments of the sub-fund may deviate significantly from the components of and their respective weightings in the benchmark. The benchmark index is not consistent with the environmental or social characteristics promoted by the sub-fund. ©2025 . ICE Data Indices, LLC. All rights reserved.

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