Allspring

Global Income Fund: A Year in Action

The **Allspring Global Income Fund** marked its first anniversary in October 2025, navigating a year defined by policy shifts and heightened market volatility. Explore the fund's positioning, performance attribution and an outlook from the team.

Find out more about the fund

Fund facts

- Launch date: 25-Oct-24
- Type: UCITS
- Benchmark: Bloomberg Global Aggregate Index (USD Hedged)[1]

Why Global Income?

- 6-month time horizon: Can anticipate and exploit market inflection points
- Multiple levers: Provides broad diversification by allocating across global fixed income sectors
- Unbiased approach: Seeks diversified and unbiased sources of alpha to generate compelling returns

Key takeaways

01 Strong market reactions observed over the year following the "tariff tantrum" and other policy shifts

02 The Global Income Fund has been able to react quickly to exploit market shifts, outperforming the benchmark

03 The fund remains diversified across multiple sectors across the fixed income universe

A reflection on the last year

The US economy grew 2.1% year over year through October 2025, slowing from 2.8% in 2024. This deceleration reflects the policy shock introduced in Q2 2025 following rapid implementation of fiscal, trade and immigration reforms. Their volatile rollout heightened uncertainty, weighing on consumption, accelerating imports and stalling hiring and capital spending.

Global growth also moderated, with GDP expected near 3.0%. Early optimism faded as trade realignments triggered downward revisions to forecasts. Central banks responded with synchronised rate cuts to offset tighter financial conditions and trade disruptions.

Markets reacted sharply to "Liberation Day" with a "Sell America" trade: Treasury yields spiked, the dollar weakened, gold rallied and safe-haven currencies (JPY, CHF, EUR) strengthened. Risk assets sold off broadly as investors reassessed US policy risk. In the US, tariff reductions, limited retaliation, passage of the "One Big Beautiful Bill" and strong fundamentals—healthy balance sheets and robust services—helped stabilise conditions.

Globally, cheap energy, stable labour markets, solid wage growth and coordinated monetary easing supported recovery. Slower inflation and a modest uptick in unemployment enabled the US Federal Reserve (Fed) to deliver "insurance" cuts in Q3 2025. The "Sell America" trade reversed: yields fell, the dollar regained ground and credit spreads tightened.

1.The fund uses the Bloomberg Global Aggregate Index (USD Hedged) for performance comparison. The investments of the sub-fund may deviate significantly from the components of and their respective weightings in the benchmark.

Looking ahead

US growth faces structural headwinds from reduced immigration and lingering trade frictions. However, optimism persists that AI-driven productivity, strong domestic investment and deregulation could restore potential growth to prior levels. Inflation hovers near 3%, unemployment remains within full-employment ranges and the Fed reaffirmed its easing bias, signalling readiness to cut rates in 2026 if conditions weaken.

Globally, central banks are nearing neutral rates, pointing to slower easing ahead. Whilst risks remain, coordinated policy and underlying resilience have stabilised markets, supporting a cautiously optimistic outlook for 2026.

How has fund positioning shifted over the year?

Q4 2024

- The fund began the period broadly diversified, employing the team's multiple levers with an emphasis on European credit allocations, based on relative value and a hedged yield advantage.
- Securitised allocations played a central role, including securitised credit and US agency MBS exposure.
- Duration was modestly overweight the fund's strategic neutral of four years.
- As the US presidential election approached, the team reduced the fund's non-USD currency exposure and trimmed duration slightly.

Q1 2025

- Credit allocations were reduced as credit spreads approached their tightest levels in 20 years.
- The team moved from European to US credit as relative valuations had shifted up slightly in quality as the Trump administration implemented its broad agenda.
- The portfolio had overall less credit exposure prior to the "Liberation Day" tariff announcement in the US.

Q2 2025

- The fund exploited widening credit spreads during the sharp sell-off, swapping BBB-rated credit for a combination of BB-rated US high yield bonds and US agency MBS (see case study on following page).
- The fund extended duration, reaching 0.4 years long to the strategic neutral, and added back to non-USD currency as the USD weakened.
- The fund's diversified set of securitised exposures was added to, since their spread compensation remained closer to long-term averages, providing broad diversification and strong liquidity.

Q3 2025

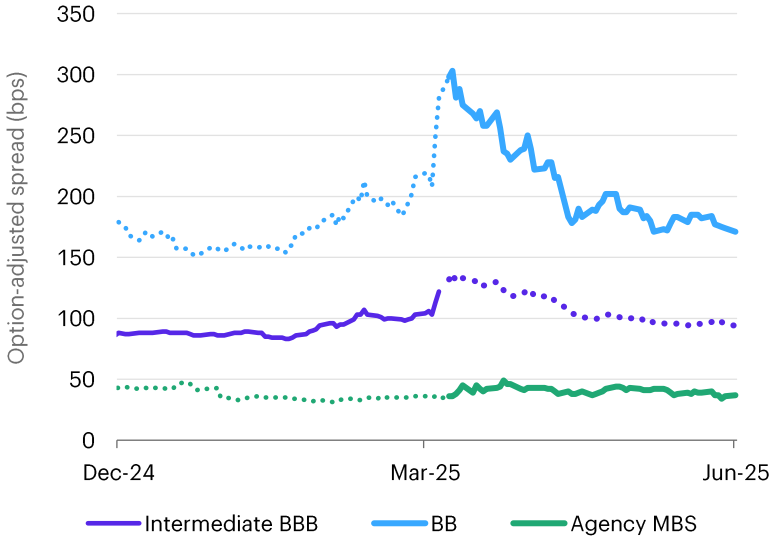
- In August, reports showed the US jobs market balanced, but more fragile and shallower than previously appreciated.
- In September, the US Federal Open Market Committee delivered an "insurance cut" to support growth, leading to a US rates rally and duration brought back to the strategic neutral.
- The fund's overall credit exposure had been reduced, positioned higher in quality.

Case study: "Liberation Day" tariff announcement, April 2025

THE IMMEDIATE AFTERMATH

- Credit spreads across many sectors widened.
- US BB-rated bond spreads widened by over 100 bps in early April—more than BBB-rated bonds—reaching their widest level in two years.
- The team sought to exploit this shift in relative value.

Spread sector response to "tariff tantrum"



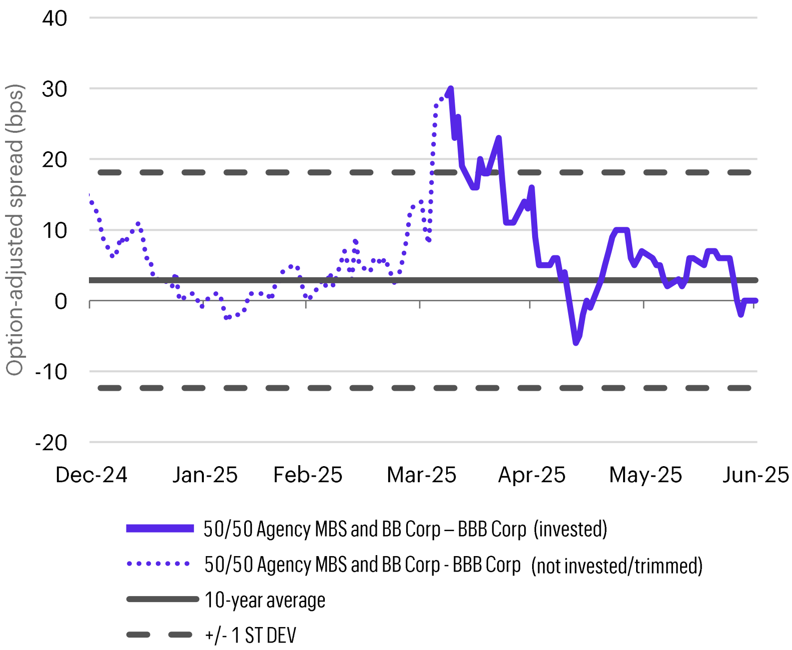
Please note: the dashed line indicates when the team was not in the trade. The solid line indicates when the team entered the trade.

OUR RESPONSE: A MEASURED APPROACH

SOLD some intermediate BBB-rated bonds

BOUGHT a combination of BB-rated bonds and US agency MBS

Risk neutral sector trade



THE OUTCOME

+ The fund moved up in ratings quality as well as higher spread, higher yield, and improved liquidity relative to the intermediate BBB-rated bonds held previously.
+ The chart below shows the option-adjusted excess spread of the combined BB/MBS holdings over the BBB-rated bonds. The solid line on the chart indicates when the team entered this combination trade.
+ Within days, a 90-day hold on tariffs was announced, triggering a rapid market correction where equities rallied and credit spreads narrowed.
+ As BB-rated spreads narrowed, the team trimmed those positions and re-purchased BBB-rated bonds.
+ MBS continued to be held given their attractive spreads relative to long-term averages and increased liquidity profile of those positions.

Source: Bloomberg Finance L.P. Intermediate BBB = Bloomberg US Intermediate Credit Baa Average OAS (BUICOAS) Index, BB = Bloomberg US Ba US High Yield Average OAS (BCBAOAS) Index, MBS= Bloomberg US MBS (LUMSOAS) Index. 10-year average from 30-Jun-15 to 30-Jun-25. As of 30-Jun-25.

Performance

The Allspring Global Income Fund outperformed the Bloomberg Global Aggregate Index (USD Hedged), returning 6.11% versus 4.99% for the one-year period ending 31-Oct-25[2].

AS AT 31-OCT-25	1 MONTH	3 MONTH	YTD	1 YEAR	SINCE INCEPTION
Allspring Global Income Fund–Class I (USD)	0.43	2.40	6.19	6.73	6.11
Bloomberg Global Aggregate Index (USD Hedged)	0.79	2.09	4.87	5.30	4.99

2. Allspring as at 31-Oct-25 for the Class I USD. **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.

Contributors

- Relative rate exposure: this was the largest contributor, where the fund was overweight US rates, which fell during the period, and underweight European and Japanese rates, which underperformed.
- Curve positioning: the fund was positioned for a steepening curve.
- Sector allocation: the fund was overweight credit and sectors such as US and European high yield and local currency emerging markets.
- Quality allocation: quality allocation helped contribute to performance.

Detractors

- Currency allocation: this was the fund's largest detractor, as non-USD holdings were hedged back to the USD, which weakened for much of the period.
- Security selection: selection was driven by the fund's use of TBA (to-be-announced) US agency MBS holdings versus holding specified pools. Beyond the TBA impact, selection contributed to performance.

Portfolio management team

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Specialisation: Securitised

Michael Schueller, CFA
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Michal Stanczyk
Portfolio Manager
Specialisation: Rates

Sarah Harrison
Senior Portfolio Manager
Specialisation: Euro high yield

Fund risks

Debt securities risk

Debt securities are subject to credit risk and interest rate risk and are affected by an issuer's ability to make interest payments or repay principal when due.

High yield securities risk

High yield securities are rated below investment grade, are predominantly speculative, have a much greater risk of default and may be more volatile than higher-rated securities of similar maturity.

Global investment risk

Securities of certain jurisdictions may experience more rapid and extreme changes in value and 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.

Emerging market 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.

Asset-backed securities risk

Asset-backed securities may be more sensitive to changes in interest rates and may exhibit added volatility, known as extension risk, and are subject to prepayment risk.

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.

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.

Leverage risk

The use of certain types of financial derivative instruments may create leverage, which may increase share price volatility.

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