

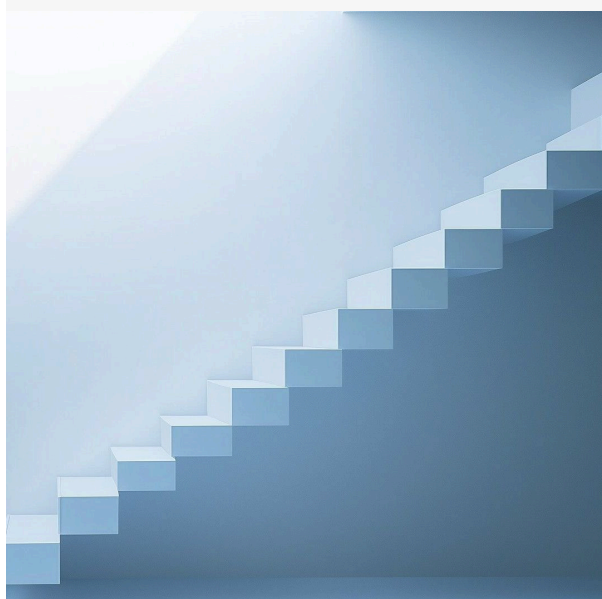
Update from Marsham

The Middle East conflict continued to dominate global markets during April. The Fed held rates steady, with the latest FOMC meeting striking a hawkish tone in line with our long-held conviction that US rates will settle higher than market expects. We maintained positioning from last month, when we substantially reduced duration and rotated into shorter-dated bonds offering attractive yields with limited duration risk. This has proven a significant performance driver, insulating the portfolio from volatility while capturing historically attractive yields.

In Europe, the economic backdrop remains challenged. The ECB held rates steady, citing heightened upside inflation risks and downside growth risks, with the conflict's duration and intensity a key determinant. While elevated oil prices are putting pressure on inflation, we view this shock as less severe than 2022 with a fundamentally different macro environment. As such, we believe market rate pricing remains overstated with near-term moves looking modest and skewed to the upside.

In the UK, the macro environment has now for some time remained one of sluggish growth, softening labour, and negative outlook. The BoE held rates steady, mirroring the Fed and ECB's 'wait-and-see' approach. In our view, the BoE's projections overstate inflation persistence and understate the risk of economic weakness. As with Europe, elevated oil prices will push up inflation, though the impact should prove less severe than 2022. However, we believe that the UK's structural headwinds – stagnant growth, labour market deterioration, and political uncertainty – point to rates settling below current market pricing. We therefore maintain our long duration stance, viewing rate cuts as delayed rather than priced out.

While geopolitical macro risks remain elevated, we believe we are well positioned for the volatile backdrop. The situation continues to warrant close monitoring. Our strategy allows for the required flexibility to actively adjust our positioning accordingly. Disciplined security selection remains critical, and we reinforce our priority on fundamental research and stress testing on all investment names. As such, we have confidence in the ability of our portfolios to deliver strong returns while weathering volatility.



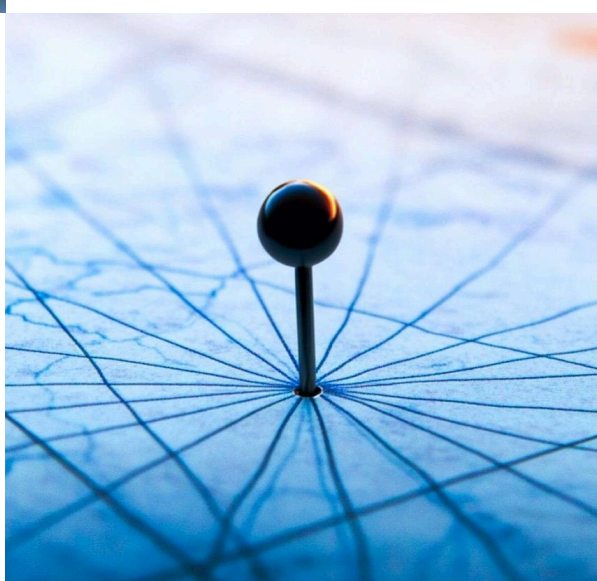
PERFORMANCE

Our funds have posted the following performance year-to-date:

- +1.4%** in the USD fund
- 0.1%** in the EUR fund
- 2.3%** in the GBP fund

POSITIONING

In the **USD** fund, we maintain a bias to shorter-dated credits with attractive yields, favouring resilient, policy-agnostic credits – overweight higher-quality IG and underweight cyclicals and high yield. In **EUR**, we maintained intermediate duration with a tilt in short-dated bonds at attractive valuations, favouring subordinated financials, communications, and utilities. In **GBP**, we maintained long duration favouring high-quality credits.



INSIGHTS

Read our latest editorial 'Fixed Income - Navigating Macro Divergence' where we discuss the benefits of pure play investments into global developed markets currency zones.

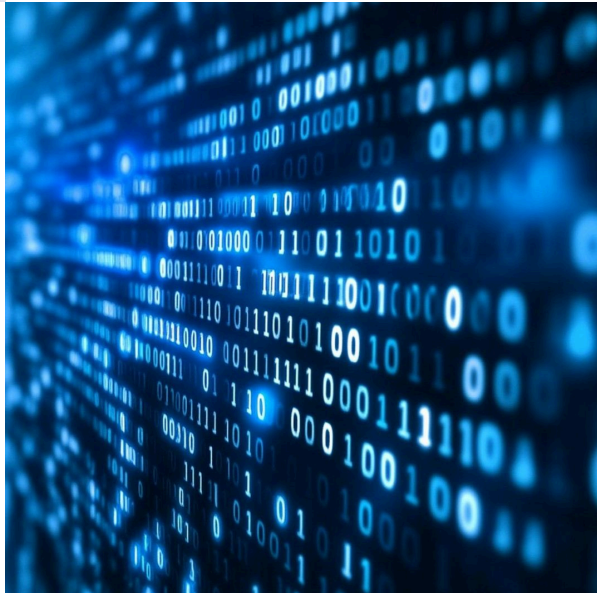
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FUND FACTSHEETS

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