

## Select Fund: Global Fixed Income Class

Quarter 2 2025

### Objective

To maximise total return through income and capital gains by investing in medium to high-grade US dollar-denominated debt securities with a medium/long-term maturity profile and some top performing mutual funds to provide attractive opportunities for capital growth.

### Investment policy

The Fund will target a weighted average duration of six years and enhance returns through sector and credit diversification of securities and funds. Fund investments will include a range of top-performing offshore fixed income mutual funds in targeted areas.

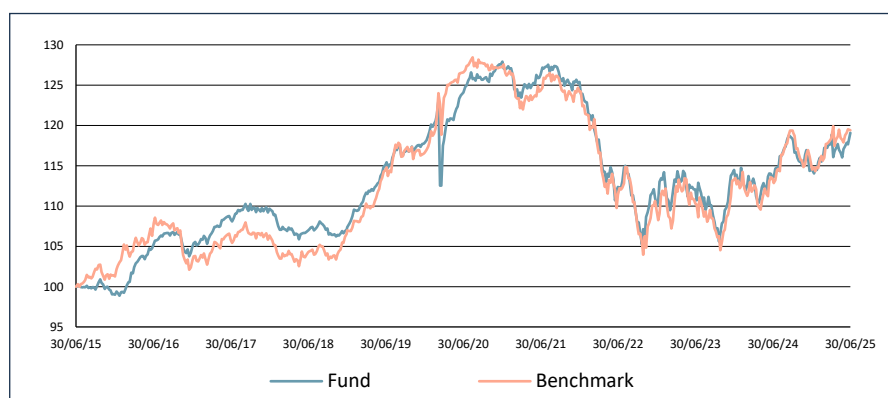
### Investment process

Important considerations for our fixed income investment choices are liquidity and safety of principal. Our philosophy is to focus on all elements of total return to incrementally outperform the benchmark (which excludes fees) on a consistent basis.

### Key facts as at 30 June 2025

|                         |                                   |
|-------------------------|-----------------------------------|
| Currency                | USD                               |
| Valuation               | Weekly                            |
| Dealings                | Friday                            |
| Front end fee           | None                              |
| Units available         | Accumulation                      |
| Identifier              | BUTSLFX BH                        |
| Fiscal year end         | 30 June                           |
| Minimum investment      | USD 10,000                        |
| Total expense ratio     | 1.34%                             |
| Size of fund (millions) | USD 36.15                         |
| NAV per share           | USD 22.13                         |
| Risk rating             | Moderate risk/<br>Moderate return |

### Performance chart



### Average annual compound returns

|           | QTD   | YTD   | 1 year | 3 years | 5 years | 10 years |
|-----------|-------|-------|--------|---------|---------|----------|
| Fund      | 1.21% | 3.92% | 4.90%  | 1.95%   | -0.82%  | 1.76%    |
| Benchmark | 1.86% | 5.32% | 7.11%  | 2.52%   | -0.96%  | 1.91%    |

### Fund review

The Global Fixed Income Class produced a return of 1.21%, net of fees, in Q2, underperforming the 1.86% return of the fund's benchmark. Performance was impacted by the steepening of the US Treasury curve as long-dated Treasuries sold off on tariff tensions, mixed Fed signals, and fiscal rhetoric, while short maturities proved more resilient. Our overweight to inflation protection, which lagged nominals, also detracted. Although we added credit risk during the April/May sell-off, the subsequent rapid rally in risk assets outpaced our defensive stance.

The second quarter was defined by a volatile mix of policy surprises, geopolitical tensions, and shifting macroeconomic signals. Markets opened on the back foot as Washington's abrupt "Liberation Day" tariff announcement in April triggered a sharp flight to safety. Investor sentiment was further tested in June when direct military exchanges between Israel and Iran caused a temporary spike in oil prices and haven demand. In both cases, however, the market response proved short-lived. Energy supply remained largely unaffected, and a swift rebound in risk appetite followed. Volatility declined, credit spreads tightened, and credit markets closed the quarter on a stronger footing.

In addition, throughout the quarter the Federal Reserve remained a source of relative stability. The policy rate was left unchanged, and balance sheet runoff continued as expected. Despite geopolitical uncertainty and easing inflation pressures, the Fed stuck to its data-dependent messaging. Markets

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began to firm around expectations for two 25bp rate cuts beginning later this year. However, longer-dated Treasury yields stayed elevated, reflecting rising term premium, persistent fiscal concerns, and an improving outlook for nominal U.S. growth. Inflation expectations also eased as commodity prices fell and global input costs softened despite the pressure from rising tariffs.

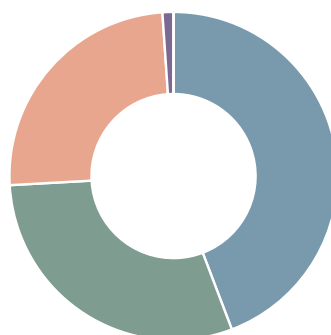
Credit markets tracked equity volatility closely, with spreads widening sharply in April before compressing into quarter-end. Risk sentiment improved swiftly, and while valuations became less attractive, corporate fundamentals remained broadly stable. Commodities and currency markets reflected the same push-pull dynamic - oil and gold both spiked on geopolitical risk, though only gold held its gains. Meanwhile, the U.S. dollar weakened again, as investors questioned the long-term implications of rising deficits and unilateral trade policy.

Against this backdrop, the Fund remains cautiously positioned. We continue to run a defensive risk profile, but have been selectively adding credit exposure - particularly at the short end of the curve, where carry is compelling and duration risk is minimal. In order to reduce tracking error we continue to selectively increase spread duration, as dovish monetary policy and solid nominal growth should help credit spreads remain anchored.

We remain neutral in overall duration, but see U.S. rates as attractive unless the growth outlook

re-accelerates meaningfully. Fiscal risks remain a dominant theme, but they are now well understood by the market. A greater source of volatility ahead would likely come from an unexpected growth rebound or a scenario in which the Fed delivers no rate cuts in 2025 - developments that could prompt a disorderly repricing across rates and risk assets. As such, we remain nimble and focused on preserving flexibility as the late-cycle environment continues to evolve.

## Asset allocation



|                            |       |
|----------------------------|-------|
| Government                 | 44.2% |
| Corporate                  | 29.9% |
| Securitised/Collateralised | 24.8% |
| Cash                       | 1.1%  |

## Top 10 holdings

|    |                                       |      |
|----|---------------------------------------|------|
| 1  | US TREASURY N/B 1.5 15/02/2030        | 5.5% |
| 2  | US TREASURY N/B 1.25 30/04/2028       | 4.5% |
| 3  | US TREASURY N/B .875 15/11/2030       | 4.4% |
| 4  | RENAISSANCERE FINANCE 3.45 01/07/2027 | 4.1% |
| 5  | US TREASURY STRIPS 0 15/11/2034       | 3.6% |
| 6  | US TREASURY N/B 0.625 15/05/2030      | 3.5% |
| 7  | US TREASURY N/B 1.125 15/05/2040      | 3.5% |
| 8  | US TREASURY STRIPS 0 15/11/2031       | 3.1% |
| 9  | US TSY INFL IX N/B 2.125 15/04/2029   | 2.9% |
| 10 | US TREASURY N/B .625 15/08/2030       | 2.9% |

## Benchmark composition

Merrill Lynch US Corp and Government 5-10 year A rated and above.

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