Select Fund: Global Fixed Income Class

Quarter 1 2026

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.

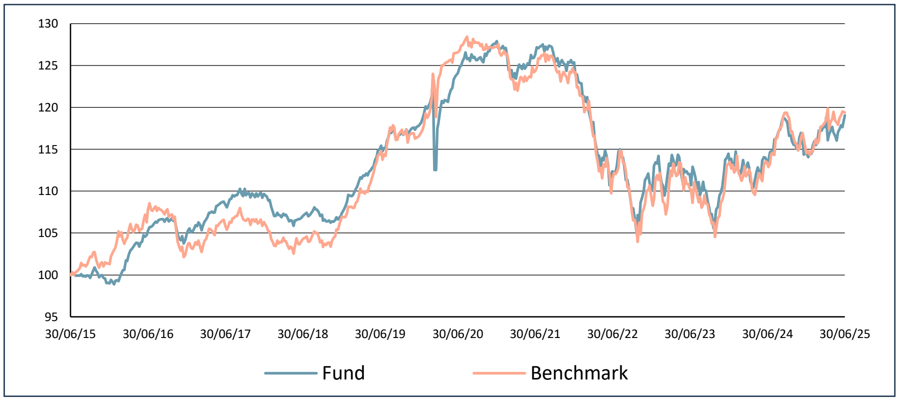
Investment process

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 31 March 2026

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	1.36%
Size of fund (millions)	USD 36.47
NAV per share	USD 22.6838
Risk rating	Moderate risk/ Moderate return

Performance chart



Performance returns

	QTD	YTD	1 year	3 years*	5 years*	10 years*
Fund	-0.42%	-0.42%	3.72%	2.59%	-0.23%	1.77%
Benchmark	-0.21%	-0.21%	4.60%	3.55%	0.35%	1.65%

**Annualized*

Fund review

The Global Fixed Income Class produced a return of -0.42%, net of fees, slightly underperforming the -0.21% return of the fund's benchmark. The fund entered the quarter: underweight duration, overweight inflation protection, a small overweight corporate credit allocation, and positioned for Treasury curve flattening. This largely proved effective as government bond yields rose especially at the short end of the curve. What dissapointed was the muted move in long dated inflation expectations but the minor increase in credit spreads was beneficial for the fund.

This quarter began with softer US economic data, falling bond yields, and renewed confidence that central banks could continue easing. It ended with a geopolitical shock, a sharp rise in energy prices, and a rapid repricing of inflation risk. The Supreme Court ruling against President Trump's emergency tariffs briefly looked like a step towards lower policy uncertainty, while data through February was good for bond markets and revived expectations for rate cuts. By quarter-end, the US-Israeli attack on Iran and the resulting surge in oil prices had become the dominant force across markets, forcing investors to reassess inflation, growth, and positioning.

February was supportive for government bonds, especially in the US, where weaker economic data encouraged markets to price a more dovish Fed path. US Treasury yields fell across the curve, and the view heading into March was that softer growth would give policymakers room to ease further. Instead,

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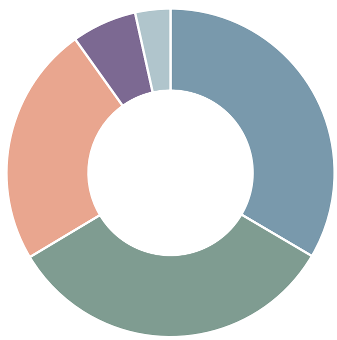
the inflation shock from the Middle East overrode that logic. By quarter-end, Fed expectations had swung from cuts being firmly priced to a more cautious stance, while US Treasury yields rose, led by the short end. The 2-year yield moved to 3.80%, while the 10-year rose to 4.32%, leaving the curve flatter.

Outside the US moves in global government bonds were mixed, but the message was the same: energy vulnerability and fiscal credibility mattered. The UK was the weakest performer in the G10, with 10-year gilt yields finishing the quarter close to 5% as investors focused on the fiscal backdrop and sensitivity to higher imported energy costs. Italy and Japan also struggled as more energy-exposed markets, while Canada was relatively stable thanks to its energy independence.

Credit spreads were surprisingly calm given the scale of the geopolitical event. US investment grade spreads widened just 12bps. This suggests markets still expect the conflict to be contained and do not believe the shock will immediately feed into a significant deterioration in growth or corporate fundamentals. Mortgage-backed securities (MBS) also held up better than the move in rates volatility might have implied. Even with the MOVE index rising sharply, agency MBS were broadly unchanged, helped by 30-year US mortgage rates moving back towards 6.48%, limiting new issuance and improving the technical supply backdrop.

Looking ahead, we expect to take profits on part of the fund's inflation protection as the initial energy shock increases the probability of a potential growth slowdown. We are also likely to add exposure to the 2-year part of the yield curve, where zero Fed rate cuts are now priced, providing additional optionality to hedge a broader slowdown in global growth and with the expectation of a steeper curve. Credit spreads remain relatively tight, offering limited opportunity, though we will stay nimble. Unlike the previous energy price spike in 2022 the global economy does not have the level of broad fiscal and monetary support to turn a temporary inflation shock into a more permanent embedded inflation problem as a result we remain sanguine on global bond yields.

Asset allocation



Corporate	33.5%
Government	33.0%
Securitised/Collateralised	23.7%
High yield	6.4%
Cash	3.5%

Top 10 holdings

1	PIMCO US SHORT-TERM HIGH YIELD CORP BOND FUND	5.0%
2	US TREASURY N/B .875 15/11/2030	4.6%
3	US TREASURY N/B 0.625 15/05/2030	3.6%
4	US TREASURY N/B 1.125 15/05/2040	3.5%
5	US DOLLAR CASH	3.5%
6	US TREASURY STRIPS 0 15/11/2034	3.3%
7	US TREASURY N/B .625 15/08/2030	3.0%
8	TSY INFL IX N/B 1.875 15/07/2034	2.9%
9	US TREASURY N/B 4.5 15/11/2033	2.8%
10	US TSY INFL IX N/B 1.875 15/07/2035	2.8%

Benchmark composition

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

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