

Sustainable Opportunities Balanced Fund Quarterly Update - Q2 2026

July 2026 - for existing investors only

Fund Objective: The aim of this multi-asset Balanced Fund is to provide capital growth and income, net of fees, over the longer term (rolling 5-year periods) and to support the development of sustainable societies by pursuing five environmental and social investment themes: Clean Energy, Food, Health & Well-Being, Resource Efficiency and Water. The Fund aims to ensure that at least 70% of the Scheme Property is invested in Sustainable Assets (83% as of 30 June 2026). At least 50% of the revenue generating activity of each company must be aligned with one or more of the Sustainable Development Goals (SDGs) for a company to be considered a Sustainable Asset. Sovereign debt instruments are recognised as Sustainable Assets when the issuing country meets certain criteria within the most recent Sustainable Development Solutions Network (SDSN) Sustainable Development Report.

Sustainable Opportunities Balanced Fund (B-Share) – Q2 2026 – overview

- Over the second quarter of 2026, the Fund returned +12.14%, ahead of the IA Mixed Investment 40%-85% Sector, which returned +9.47%.
- Investor confidence was supported by easing concerns over Middle East energy disruption, resilient corporate earnings and continued strength in artificial intelligence (AI)-related technology stocks.
- Since launch (1 March 2010), the Fund has returned +226.10%, outperforming the IA Mixed Investment 40%-85% Sector, which returned +185.29% over the same period.

Fund performance (to 30 June 2026)	3 Months %	1 Year %	3 Year %	5 Year %	Since Launch %
Sustainable Opportunities Balanced Fund - B Acc	12.14	15.95	28.59	23.72	226.10
IA Mixed Investment 40-85% Share Sector	9.47	17.05	38.15	32.44	185.29

Launch Date 01/03/2010. B Accumulation share class performance, inclusive of charges, in GBP with net income reinvested. The performance of other share classes may differ. The share price performance data uses an extended track record based on the Climate Assets Balanced A-Acc (donor share) up until 24 June 2012.

Source: FE fundinfo 30/06/2026. Past performance is not a guide to future performance and future returns are not guaranteed. The IA Mixed Investment 40-85% shares peer group is a risk-based peer group that is designed to provide a reflection of the returns an investor can expect for a given risk appetite. It is used for performance comparison purposes only.

Market review

Global markets continued to advance in June, with the MSCI All Country World Index delivering a strong 14.8% total return in sterling over the quarter. Investor confidence was supported by easing concerns over Middle East energy disruption, resilient corporate earnings and continued strength in Artificial Intelligence (AI) related technology stocks. Bond markets also contributed positively, with gilts rising 0.6% in June and 2.1% over the quarter, as moderating inflation concerns helped offset uncertainty surrounding the UK political outlook.

Oil prices fell 18% during June, returning to levels seen before the recent Middle East conflict and ending the month in the low US\$70s per barrel range. Although traffic through the Strait of Hormuz has not yet fully returned to normal, the decline in oil prices suggests investors believe the worst of the disruption has passed and that energy supplies will continue to recover. This helped improve market sentiment during the month and reduced concerns about a renewed inflation shock from higher energy costs.

AI remained a major driver of market performance, particularly in the US, where stocks delivered their strongest quarterly return in six years. Investors increasingly view AI as a genuine source of business growth rather than simply a market theme. Demand for AI services continues to rise rapidly, encouraging significant investment in data centres,

computing power and supporting infrastructure. While it remains unclear which businesses will ultimately emerge as the long-term winners, continued growth in AI spending has supported both company earnings and investor confidence, making technology shares some of the strongest performers of the quarter.

In the US, many investors had expected Kevin Warsh, President Trump's choice for Federal Reserve (Fed) Chair, to support lower interest rates. However, stronger than expected economic growth and persistent inflation have shifted expectations. Employment remains healthy, retail sales have improved and continued investment in AI is helping to support economic activity. With inflation still running above the Fed's target at 4.2%, markets now expect interest rates to remain higher for longer and have started to price in the possibility of a rate increase later this year.

In the UK, the Bank of England is expected to raise interest rates once more this year. Inflation remains above target but is considerably lower than the levels experienced in 2022. Economic growth is encouraging, although more recent figures point to some moderation. Political developments are also being closely watched, but lower inflation concerns and hopes of a lasting peace in the Middle East helped support gilt markets, with UK government bonds returning 2.1% over the quarter.

Fund manager comment

The Fund delivered a strong quarter and ranked in the first quartile within its peer group, the IA Mixed Investment 40%-85%, outperforming by +2.67%.

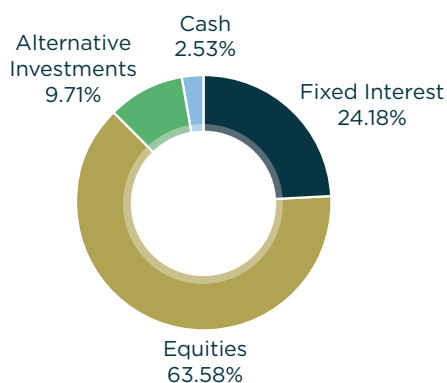
Our largest regional contributor to returns was North America followed by Europe. At the holding level, the top three contributors during the quarter were **AMD** (United States), **Infineon** (Germany) and **Intertek** (United Kingdom).

- AMD continues to gain market share in both server processors and AI accelerators, benefiting from growing adoption among hyperscale cloud providers. Investor confidence was further supported by strong earnings growth and a positive outlook, reflecting increasing demand for high performance computing solutions and AMD's strengthening position as a key beneficiary of the AI investment cycle.
- Infineon contributed positively as improving demand across several end markets, including electrification, renewable energy and industrial automation, supported earnings expectations. The company benefited from growing demand for power semiconductors used in AI data centres, where increasing computing power requires more sophisticated energy management solutions. Investors also responded positively to stronger guidance and improving margins.
- Intertek delivered solid revenue growth, margin expansion and strong cash generation despite a mixed economic backdrop. Sentiment was helped by the announcement of a strategic review that could unlock additional shareholder value through a separation of business divisions. Then followed the agreement to be taken over by Swedish private equity EQT for US\$14.5bn.

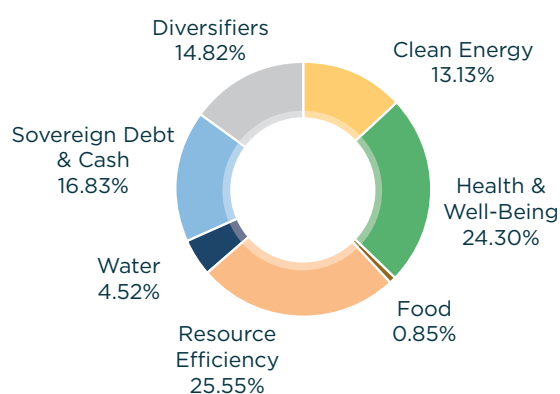
Companies providing the technology behind AI systems, including semiconductor manufacturers and equipment suppliers, continue to benefit the most from significant investment in data centres, computing power and supporting infrastructure. With that in mind, we locked in profits from **Taiwan Semiconductor Manufacturing** (Emerging Markets), **Infineon** and **AMD**.

References to specific securities are not recommendations to buy or sell those securities.

Asset allocation



Investment themes



Source: Ethical Screening and Quilter Cheviot, as at 30 June 2026.

Outlook

During the quarter, equities delivered strong returns, despite periods of market volatility, supported by resilient economic growth and corporate earnings. We continue to see a broadly supportive environment for risk assets, with growth remaining positive and inflation easing, although still above central bank targets.

Demand for AI services remains a key driver of earnings growth, particularly across technology and related sectors. Beyond AI, long term investment themes such as electrification, digital infrastructure and the energy transition also continue to create opportunities across a range of industries, including power networks, energy efficiency and storage.

We remain constructive but vigilant, as geopolitical tensions in the Middle East and policy changes under new leadership in the UK and US could create uncertainty.

Quilter Cheviot

- Quilter Cheviot Limited has 14 offices across the UK, Jersey and Ireland, and manages over £32.1 billion in assets on behalf of more than 35,000 clients (as at 31 March 2026).



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