Wellington Global Total Return Fund (UCITS)

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MARKET REVIEW

Broadly encouraging economic releases contributed to rising sovereign yields, against the backdrop of political uncertainty stemming from the US elections and intensifying tension in the Middle East. Most fixed income sectors outperformed duration-equivalent government bond.

US economic data releases were mixed, strained in part by the impact of two major hurricanes. The unemployment rate held steady and weekly jobless claims were rangebound., while nonfarm payrolls fell short of expectation. Retail sales broadly gained across most categories, however consumers remained frustrated by persistently higher prices. The ISM manufacturing index continued in contraction territory as production and demand cooled, while cost of inputs remained a hinderance. Eurozone annual inflation edged higher, while constrained new orders and backlogs weighed on manufacturing PMI. German's IFO business climate index rose, with assessment of current conditions and expectations both improving. UK's S&P global manufacturing PMI dipped slightly but stayed in expansionary territory. China's Caixin manufacturing PMI beat expectations as new orders grew at the fastest rate in four months. Industrial production advanced, owing to equipment sector and high-tech manufacturing. Japan's machine tool orders, a leading indicator of future capital spending, declined on the year. In Canada, auto purchases lifted retail sales, the unemployment rate ticked down, and urban housing starts advanced.

Major central banks' paths to policy normalization diverged; however, global developments pointed to a potential slowdown in rate cuts. The ECB cut rates for a third time, as anticipated. In the UK, Chancellor Rachel Reeves' Budget announcements would add up to £141 billion net borrowing over the next five years, significantly higher than the levels expected in the March Budget and the £85 billion consensus. Most other major central banks left policy rates unchanged.

FUND PERFORMANCE AND ATTRIBUTION

Interest rate strategies were positive. Our short positions in UK Gilts, JGBs and long-dated US Treasury bonds were additive to performance. Sovereign bond yields moved higher across major developed economies over the course of October, reversing the downward trajectory from August and September. US Treasury yields increased from still-strong economic data and additional inflation risk premium from tariff risks as former President Trump gained in the polls. UK Chancellor Rachel Reeves' Budget sent gilt yields close to their highest level since the 2008 global financial crisis as the announcements would add up to £141bn net borrowing over the next five years, significantly higher than the levels expected. Japanese government bond yields hit their highest level in more than two months, spurred by rising US Treasury yields, as markets unwind bets on aggressive Fed rate cuts.

Currency strategies were negative. Our tactical long position in EUR vs USD was a notable detractor, this was on the view that while the euro area economy continued to stand out as soft relative to US, there were still datapoints that challenge the idea the euro area needs a fast and aggressive cutting cycle. Partially offsetting this was our short ZAR position. ZAR weakened against the dollar as its keenly awaited budget speech by the finance minister failed to impress investors and markets adjusted for a shallower Fed rate-cut cycle amid uncertainty around the US election. Within DM FX, our short position in SEK also contributed to performance, as the US dollar experienced a broad-based appreciation against its G10 counterparts.

Credit strategies were positive, Our allocations to high yield and investment grade corporate credit were additive as spreads tightened across regions and quality spectrum

FUND POSITIONING AND OUTLOOK

We favor a curve steepening bias in US and Euro Area duration. We still see misalignment between cyclical and structural forces, although the gap has been closing since the Fed's September rate-cut. The feedthrough from easier policy setting to financial conditions and growth leads is coming through quickly, which should put a floor on cyclical downside. Over the medium term, structural factors such as deglobalization, demographics, and fiscal policy will likely keep average inflation higher and more volatile.

We are short Japanese duration. The Bank of Japan policy rates are still too low given the reflation forces at play in the Japanese economy. Inflation expectations are firmly above 2% and continue to rise, which is not yet mirrored in the Japanese inflation linkers.

We are short UK duration. The UK has a structural inflation problem which a combination of looser fiscal and easing monetary policy is not only unable to address, but potentially embedding in the economy.

We are tactically positioned in G10 currencies with a focus on idiosyncratic stories and valuations. We favor tactical long exposures to CHF and NOK as well as tactical short positionings in EUR and SEK vs USD. We think the market has attached a more positive narrative to Mexico than is justified, and the currency's valuation needs a correction. That said, the MXN has had a big shift in valuation, market positioning and sentiment over the past five months since their local election.

We maintain our short exposure to select EM currencies (ZAR, MXN, CNH) vs USD. We believe the good news is priced in regarding South Africa's coalition government, and that the proof now will come through their ability to deliver on reforms and improving the growth outlook. Short ZAR positioning should also act as a hedge against lower commodity prices and China failing to follow through on stimulus measures. We think the market has attached a more positive narrative to Mexico than is justified, and the currency's valuation needs a correction.

PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS. AN INVESTMENT CAN LOSE VALUE.

Fund performance is based on USD N Acc share class and are net of fees and expenses. Other share class performance may differ.| Index used in the calculation of attribution data: ICE BofA 3 Month Splice.| Fund performance is net of actual (but not necessarily maximum) withholding and capital gains tax but are not otherwise adjusted for the effects of taxation and assume reinvestment of dividends and capital gains.| If an investor's own currency is different from the currency in which the fund is denominated, the investment return may increase or decrease as a result of currency fluctuations.| The views expressed are in the context of the investment objective of the Fund only and should not be considered a recommendation or advice.

RISKS

CAPITAL: Investment markets are subject to economic, regulatory, market sentiment and political risks. All investors should consider the risks that may impact their capital, before investing. The value of your investment may become worth more or less than at the time of the original investment. The Fund may experience a high volatility from time to time. **CREDIT:** The value of a bond may decline, or the issuer/guarantor may fail to meet payment obligations. Typically lower-rated bonds carry a greater degree of credit risk than higher-rated bonds. **CURRENCY:** The value of the Fund may be affected by changes in currency exchange rates. Unhedged currency risk may subject the Fund to significant volatility. **DERIVATIVES (D+E) (MKT):** Derivatives may provide more market exposure than the money paid or deposited when the transaction is entered into (sometimes referred to as Leverage). Market movements can therefore result in a loss exceeding the original amount invested. Derivatives may be difficult to value. Derivatives may also be used for efficient risk and portfolio management, but there may be some mismatch in exposure when derivatives are used as hedges. The use of derivatives forms an important part of the investment strategy. **EMERGING MARKETS:** Emerging markets may be subject to custodial and political risks, and volatility. Investment in foreign currency entails exchange risks. **HEDGING:** Any hedging strategy using derivatives may not achieve a perfect hedge. **INTEREST RATES:** The value of bonds tends to decline as interest rates rise. The change in value is greater for longer term than shorter term bonds. **LEVERAGE:** The use of leverage can provide more market exposure than the money paid or deposited when the transaction is entered into. Losses may therefore exceed the original amount invested. **MANAGER:** Investment performance depends on the investment management team and their investment strategies. If the strategies do not perform as expected, if opportunities to implement them do not arise, or if the team does not implement its investment strategies successfully; then a fund may underperform or experience losses. **QUANTITATIVE MODEL/SYSTEMS:** The Fund uses quantitative investment models in the management of this investment strategy. Assumptions employed in the models used could over time prove to be incorrect which may have a negative impact on the investment performance. **SHORT SELLING:** A short sale exposes the Fund to the risk of an increase in market price of a security sold short; this could result in a theoretically unlimited loss. **SUSTAINABILITY:** A Sustainability Risk can be defined as an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

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