MetLife Global Bond Fund
Monthly Report

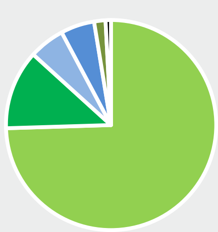
Key facts

Portfolio inception date	6 April 2018
Liquidity	Daily
FUM	AUD 147.74m
Benchmark	Bloomberg Global Aggregate Index (AUD hedged)

Characteristics	Portfolio	Benchmark
Modified Duration (years)*	6.24	6.32
Average Maturity	8.19	8.45
Yield to maturity (hedged) (%)†	4.79	4.37
Average coupon (%)	3.29	3.00
Average rating	AA-	AA-
Number of bonds	141	31174
Annualized tracking error (%)††	0.99	

* Modified duration is the weighted average duration of the portfolio, taking into account potential future interest rate changes.
†Hedged yield is an estimate calculated using: normal yield (bond market weightings x yield in each bond market) + hedged yield (interpolated yield of the forwards as of the hedged date x weight of currency hedged).
††Tracking error is ex-post calculated since inception.

Impact bond allocation



Remaining percentage in cash.
*When held SPECTRUM Aligned bonds relate to issuers that deliver products or services in a range of sectors, where at least 50% of revenues are generated from sectors aligned with eligible sectors (green, social, and sustainable) and there is a clear commitment in the issuers' strategy or mission to achieving UN SDGs. All other bonds are in our core SPECTRUM universe, where SPECTRUM is a label for our proprietary in-house analysis which we use to verify impact bonds.
**These are bonds that we have independently verified as having a positive environmental or social impact, despite not being self-labelled as a green/social/sustainable bond by the issuer.

Top 5 issuers

Issuer	Weight (%)
European Investment Bank	7.53
KFW	6.19
Federal Home Loan Mortgage Corporation	5.36
Inter-American Development Bank	5.16
International Bank for Reconstruction and Development	4.79

INVESTMENT OBJECTIVE

To seek to simultaneously create a positive and verifiable environmental and social impact whilst targeting a total return in excess of the Bloomberg Global Aggregate Index hedged to Australian dollars before fees and taxes over rolling three-year periods.

PERFORMANCE

	1mth	3mth	6mth	1yr	2yrs	3yrs	5yrs	ITD*
Fund (gross) (%)	0.07	1.00	2.50	3.80	4.37	2.24	-0.89	1.01
Fund (net) (%)	0.02	0.82	2.20	3.23	3.80	1.71	-1.39	0.52
Benchmark (%)	-0.15	0.39	2.10	3.34	3.99	2.28	-0.87	1.22
Excess Return** (%)	0.23	0.61	0.40	0.46	0.38	-0.04	-0.02	-0.21

Past performance is not a reliable indicator of future results.
*Performance figures after one year are annualised.
**Calculated using the gross of fees return.
***Values may not sum due to rounding.

PERFORMANCE COMMENT

The fund outperformed the benchmark over the month, predominantly due to individual credit selection in US dollar, euro, and sterling denominated bonds, particularly in entities that are lower down the credit curve. This was offset slightly by small duration deviations in Japanese, European, and UK bond markets.

Contributors

- Individual credit selection in US dollar denominated bonds
- Individual credit selection in euro denominated bonds
- Individual credit selection in UK sterling denominated bonds

Detractors

- Duration and curve positioning in Japanese yen denominated bonds
- Small overweight duration position in euro denominated bonds
- Small overweight duration position in sterling denominated bonds

Signatory of:

PRI Principles for Responsible Investment

MORNINGSTAR
Received
Morningstar © ESG Commitment
Level of Leader

Environmental Finance
Sustainable Debt Awards 2024
Winner
Impact report of the year
(for investors)

MARKET UPDATE

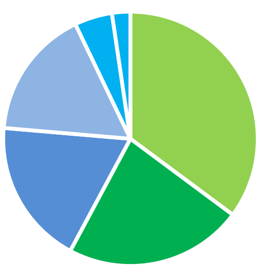
Issuance in the impact bond market was slightly stronger in July relative to the same period in 2024. Year to date issuance has been stronger so far in 2025 despite general market turbulence and shifting attitudes towards ESG in certain parts of the globe. There has been a noticeable increase in securitised issuance, as well as an increase in financial issuers coming to market this year, including BNG and Nonghyup bank with social bonds this month. Several utility companies with established impact bond curves issued green bonds in July, including United Utilities, Severn Trent, and Terna. Austria opted to return to the primary market with a small green deal denominated in Swiss Franc.

Credit spreads continued to grind tighter in July, as investors looked through the majority of tariff rhetoric from the US administration. While market participants were cautious about the upcoming August 1st deadline, there was still confidence that the final rates would end up lower than initially suggested, and the economy would be able to handle the impact.

The political impartiality of the Federal Reserve was called into question as there were suggestions that Jerome Powell could be removed from office, although that risk has subsequently receded.

Government bond yields moved wider more globally, with the 10 year yield on the US Treasury and German bund ending the month higher by 14bps and 9bps respectively. Curves have also continued to steepen as longer term inflationary impacts and deficit concerns are increasingly priced in.

Credit Rating Allocation



Sector Allocation

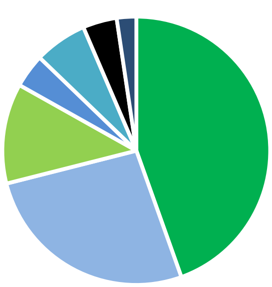


Chart weights are absolute. Values may not sum exactly to 100% due to rounding

PORTFOLIO POSITIONING

In bond market terms, we are overweight the dollar bloc, underweight Asia, and slightly overweight Europe. The fund's overall duration position is now largely neutral. In China we have a small underweight duration position, given the low level of yields in a global context and recent growth supportive economic measures. The fund now is close to a neutral duration position in the US, as the fears have increased of weaker growth going forward due to tariffs and other isolationist policies, although uncertainty remains.

Within Europe, we hold small overweight positions in the Norwegian krone, Swedish krona and UK Sterling denominated bond markets.

During the month we reduced curve positioning risk across both euro and sterling bond markets, and simultaneously reduced our overweight duration positions in each market to move them closer to neutral. We were also able to obtain more of the IBRD "Rhino" bond that our analysts favour.

We purchased two new green bonds and one new green ABS deal from the primary market over the month, issued by Sabesp, United Utilities, and Fleet Partners respectively. FleetPartners provide passenger and commercial vehicle leasing and fleet management services, primarily operating in Australia and New Zealand. The green ABS deal is backed by finance lease receivables, and the underlying vehicles backing the receivables are Battery-Electric Vehicles.

OUTLOOK AND STRATEGY

Our outlook on the global economy has shifted materially after the implementation of sweeping tariffs by the US administration. Over the first two quarters of 2025 there have been only a few other events that have been able to wrestle away investor focus. Tariff rhetoric has been surrounded by constant uncertainty, pauses, and reversals, and has led us to be more cautious on global growth going into the second half of the year. We have a preference for more defensive sectors, and credits in regions that are more likely immune to, or may even locally benefit from, the effects of tariffs. We are being very selective in what names and where we are willing to add credit risk, and retain the ability to add exposure to lower rated credit if we deem the levels to be appropriate.

Credit spreads have retraced significantly since their April wides, and remain at historically tight levels for this point in the credit cycle. However, companies have generally de-leveraged after years of near zero interest rates and have been positioned well to weather uncertainty.

The global economy is likely to suffer from the effects of US tariff policy but we do not expect growth to be sufficiently impacted enough to cause a recession. We expect Central banks to keep cutting at a similar rate, but we expect curves to steepen as longer term inflationary impacts and deficit concerns are increasingly priced in.

MetLife Global Bond Fund
Quarterly portfolio impact update

IMPACT REPORTING

At MIM, in accordance with issuers annual reporting cycles, we produce a comprehensive annual impact report, which details the environmental and social impacts supported by the projects and activities associated with the bonds held in the portfolio. This quarterly update is a forward-looking snapshot showing selected expected impacts of the portfolio based on the information provided at issuance.

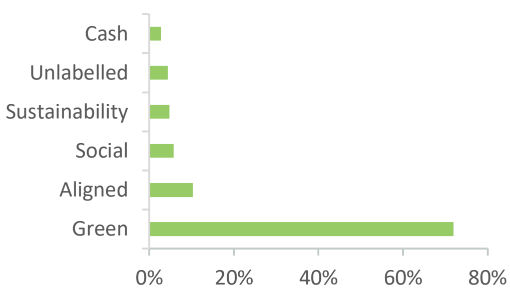
The second quarter of the year always sees the Sustainability Team take a particular focus on impact report production, with the reports being released in Q3. Key enhancements to note this year are associated with the method of data collection, the net zero assessments and the thematic engagement on nature.

This year we have been able to use a third-party machine learning application for the initial data collection. In previous years this has been a manual task, but this year a machine learning application was available that did a good job of pulling the issuer data. Data still required a high-level of human review but overall, this was an enhancement to the data collection process.

Two net zero assessments were carried out; one at the use of proceeds level and the other on held issuers. We brought the project level assessment in-house and continued to do the issuer level assessment in-house. We have expanded the discussion of the results in the report.

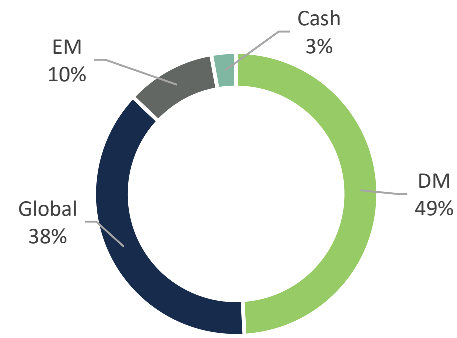
The thematic engagement topic for the year was nature – an expansion on the biodiversity engagement run last year. The objective was to better understand best practice via early TNFD adopters.

Distribution by bond type
% of portfolio holdings YTD to 30th June 2025



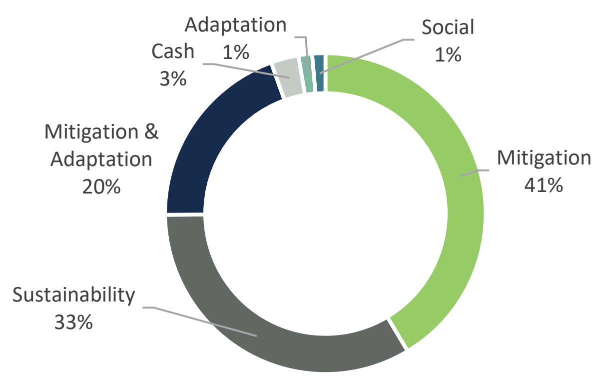
Over Q2 2025, portfolio holdings were 72% in green bonds, 10% in aligned bonds, 6% in social bonds, 5% in sustainability bonds and 4% in unlabelled bonds (green and sustainability). The remaining 3% was held in cash.

Expected project geographic distribution
% of portfolio holdings YTD 30th June 2025



The fund is invested in impact bonds across geographically diverse areas, including developed market focussed issuers such as NWB Bank Green Bond, the Dutch sustainable water bank, and Asian Development Bank Green Bond, which invests in emerging markets across Asia.

Expected project Impact goal distribution
% of portfolio holdings YTD 30th June 2025



Reflecting the heavy concentration of the portfolio in green bonds (72%), the majority of the portfolio supports climate change solutions through mitigation and adaptation focused allocations, most closely related to SDG 7 - affordable and clean energy, SDG 9 - industry, innovation and infrastructure, SDG 11 – sustainable cities and communities and SDG 13 - climate action.

Chart weights are absolute. Values may not sum exactly to 100% due to rounding

Impact Bond Highlight
Virgin Media O2
Included and purchased in portfolio

Moody's: Ba3
Fitch: BB+
S&P: B+

Issuer Description

Virgin Media O2 are a UK based company formed in 2021 through a joint venture combining Virgin Media's broadband and TV infrastructure with O2's mobile network services. The issuer is the UK's largest gigabit broadband provider and major mobile network operator, playing a key role in the UK's digital infrastructure.

Green Bond Framework

Virgin Media O2's framework focuses on climate mitigation through investments in several eligible green categories including energy efficiency, renewable energy, clean transportation and circular economy adapted products.

The framework is aligned with the issuer's 2040 net zero commitment and plan to upgrade the entire fixed network to full fibre by 2028. The nationwide fibre rollout is approximately 85% more energy efficient than the legacy copper infrastructure and is directly supported under the framework's energy efficiency eligibility criteria. Investments in increasing fibre infrastructure are expected to reduce operational emissions and contribute to longer term net zero goals, nationally. Additionally, the total fibre footprint will cover up to 80% of the UK. This has a social co-benefit as more remote areas of the country will be covered by high-speed networks.

The framework lays out clear eligibility criteria, with quantitative measures used when applicable, and internal oversight from the "Environmental Steering Committee", which was set up following the formation of the joint venture. In the framework, Virgin Media O2 commit to annual reporting of net proceeds, including full allocation by project category, share of financing vs. refinancing, and impact reporting metrics such as energy use per terabyte data, emissions intensities and recycling rate of products. This structure offers a high level of transparency, oversight and alignment with Virgin Media O2's climate strategy.

Example expenditure

The primary allocation of proceeds has been to the energy efficiency category. While this category does not have a specific quantitative threshold for energy savings, it provides clear direction of allocations towards projects that inherently reduce energy use and emissions. For example, the majority of spending has gone towards modernizing the mobile and fixed networks, including upgrades to 5G coverage, transmission systems, and the aforementioned fibre footprint expansion. 5G networks are significantly more energy efficient, as they use up to 90% less energy per unit of data compared to 4G and, as previously noted, fibre is approximately 85% more efficient than legacy infrastructure.

Additional funding has supported efficiency retrofits in data centres, which includes smart cooling systems with airflow optimisation as well as smart connectivity solutions, reducing emissions per unit of data transferred.

Virgin Media O2 Bond Transaction Details

Issue date	Size	Maturity date	ISIN
June 2021	GBP 675m	15/07/2031	XS2358483258

MIM verification summary

The green bond framework is well structured and clearly aligned with Virgin Media O2's overall climate strategy. There is a focus on areas of material environmental impact, particularly full fibre deployment and network energy efficiency. The use of proceeds categories and eligibility criteria are robust and relevant, and quantitative energy usage and emissions metrics are used to qualify impact. Notably, electricity usage per petabyte of data has decreased by 36.4% and 5G coverage has increased from 0% to 28% since 2020, as evidence for the achievement of the overall climate strategy.

The focus of this framework primarily sits under the energy efficiency category, however the additional categories such as clean transportation and circular economy provide further opportunity for decarbonisation and positive impact. Virgin Media O2's overall operations are within a sector with a relatively low direct environmental and social risk, alongside an ambitious and operationally relevant sustainability strategy. The framework provides a credible instrument for financing its sustainability goals, qualifying its inclusion in the SPECTRUM universe.

Credit

Virgin Media O2's solid fundamentals reflect its defensive credit profile supported by its inflation protected revenue model (CPI-linked pricing in the UK) and a leading position as an integrated fixed-mobile operator. The company's fully upgraded gigabit-speed network gives it an edge over competitors. Management confirmed the pause of the NetCo stake-sale to align with the JV partner Telefonica's review of assets, including Telefonica potentially taking full control of VMED (currently a joint-venture with Liberty Global). Despite intense competition, the issuer benefits from adequate FCF generation and a well-capitalised debt structure, with no material repayments before 2028.

This bond was purchased for this portfolio in Q2 2025.

Source: VMED O2 Green Bond Framework

Impact Bond Highlight

Celulosa Arauco y Constitución

Excluded from SPECTRUM universe

Moody's: Baa3
Fitch: BBB
S&P: BBB-

Verification Process Overview

The SPECTRUM process is primarily one of positive selection, a judgement based and forward-looking approach. It involves a detailed assessment to understand the investment's environmental, social and governance performance alongside the impacts – desired and undesired; direct and indirect – that could be associated with that investment. While we do apply exclusions on tobacco, gambling, thermal coal mining or production and the manufacture or sale of weapons and/or ammunition for corporate issuers and we review sanction lists and ESG performance for non-corporates, we primarily focus on positive selection, rather than negative screening, to ensure all issues and issuers meet the highest standard.

A framework can be excluded from our investable universe during our initial screening process, as an outcome of our full verification review or verification rescore process. Typically, when a deal is announced, both the sustainability and credit teams undertake a first high-level review of the issuer and framework to identify any red flags highlighting clear misalignment with our SPECTRUM process that would trigger an immediate exclusion. If no such red flags are identified, both teams proceed with conducting a full verification review. If the outcome of the review indicates that the issuer or the framework fails to meet our evaluation criteria from either a sustainability or credit perspective (or both), the framework is excluded from the SPECTRUM Bond® universe. If the sustainability and credit verification reviews lead to a framework being included in our investable universe, the framework is regularly rescored to capture updated research/developments and determine whether the framework's position within the investable universe is still valid. If a framework is shifted from included to excluded in our investable universe, then the Portfolio Management team have 30 days to sell all held securities, in line with the divestment timeframe outlined in our Responsible Investment Policy.

Issuer Description

Celulosa Arauco y Constitucion S.A. is a global forestry and pulp company based in Chile but with presence in 11 countries. Arauco manage over 1.8 million hectares of forestland and serve a global customer base. Arauco promotes its leadership in sustainable forestry and renewable energy, however, it has been repeatedly linked to serious environmental and social controversies. These include deforestation, displacement of indigenous communities and pollution incidents in areas that are ecologically sensitive.

Sustainability Bond Framework

Arauco sets out broadly sustainable eligible categories with green projects including sustainable forest management, water management, pollution control, biodiversity, and renewable energy, alongside social categories like affordable housing, essential services and local entrepreneurship. However, as Arauco failed the initial responsible issuer screening process, its sustainability bond framework was not evaluated in a full verification review.

MIM verification summary

Due to Arauco's involvement in several environmental and social controversies, relating to deforestation, pollution and breaching of indigenous rights our decision was to exclude Arauco from the SPECTRUM universe.

Arauco was found to lack the safeguards that is expected of a responsible issuer. There have been allegations of deforestation made against Arauco for three decades, with allegations of land burning for clearing, and the removal of forests in southern Chile for replacements of eucalyptus and pine monocultures. Arauco have also been involved in pollution incidents of nearby rivers through wastewater dumping or through toxic chemical leakage. Compounding this issue, Arauco were found liable for falsifying environmental and pollution reports, with additional government reports showing that wildlife populations have not recovered since the incidents.

Indigenous communities in Arauco, Malleco and Cautin Provinces of southern Chile have strongly opposed Arauco's projects, after having much of their land seized during the military dictatorship in Chile between 1973-1990. Protests and poor relations have lasted for decades, leading to the deaths of protestors and an increased militarisation of indigenous districts.

With the longstanding controversies, and without the structural mechanisms to actively reduce risks tied to Arauco's core operations, the issuer does not meet the standards for inclusion. Arauco's labelled bonds are therefore excluded from the SPECTRUM universe and not available for purchase.

Sources: Environmental Paper, Observatorio Latinoamericano de Conflictos Ambientales, International Work Group for Indigenous Affairs, Global Forest Coalition

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MetLife
Investment
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