

# MetLife Global Bond Fund

## Monthly Report

### Key facts

Portfolio inception date	6 April 2018
Liquidity	Daily
FUM	AUD 146.39m
Benchmark	Bloomberg Global Aggregate Index (AUD hedged)

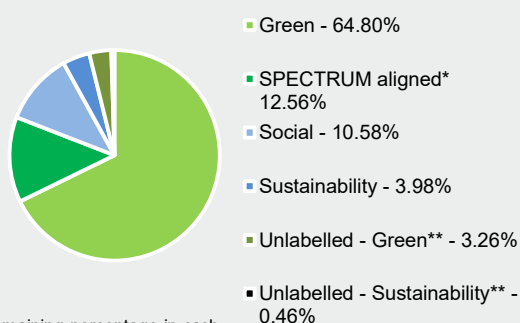
Characteristics	Portfolio	Benchmark
Modified Duration (years)*	6.17	6.29
Average Maturity	8.08	8.38
Yield to maturity (hedged) (%)†	4.59	4.19
Average coupon (%)	3.32	3.04
Average rating	AA-	AA-
Number of bonds	149	31465
Annualized tracking error (%)††	0.98	

\* 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 (%)
Federal National Mortgage Association	6.65
Inter-American Development Bank	6.61
Federal Home Loan Mortgage Corporation	5.38
KFW	5.01
International Bank for Reconstruction and Development	4.81

### 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) (%)	0.75	2.17	3.19	5.32	6.68	4.62	-0.43	1.26
Fund (net) (%)	0.70	2.03	2.87	4.72	6.10	4.07	-0.93	0.77
Benchmark (%)	0.75	1.93	2.33	4.78	6.55	4.35	-0.42	1.44
Excess Return** (%)	0.00	0.24	0.86	0.54	0.13	0.27	-0.01	-0.18

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 performed roughly in line with the benchmark over the month. Individual credit selection in euro denominated bonds was a drag on relative performance, however, our positioning in select credits at the long end of the US dollar bond curve proved positive, along with our security selection in UK Sterling denominated bonds.

### Contributors

- Individual credit selection in US dollar denominated bonds, notably at the long end of the curve
- Duration positioning in US dollar denominated bonds
- Individual credit selection in UK Sterling denominated bonds

### Detractors

- Individual security selection in euro denominated bonds
- Underweight duration position in Chinese renminbi denominated bonds

Signatory of:



## MARKET UPDATE

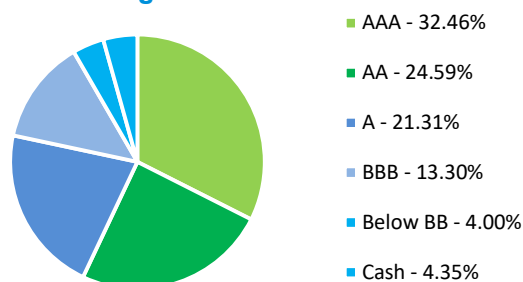
October saw a slightly decline of issuance in the impact bond market relative to the same period in the previous year, with approximately \$145 billion in green, social, and sustainability bonds issued during the period. However, total issuance YTD is still running slightly higher than 2024. Securitised social bonds issued by Ginnie Mae now make up a large proportion of total issuance, eclipsed only slightly by the amount of green bonds issued. US dollar denominated issuance has now outnumbered the amount of euro issuance due to the significant increase of labelled MBS deals.

There were new entries into the market, including an Asian Development Bank green bond issued for the first time in Ghanaian Cedi, further expanding the list of currencies available in this market.

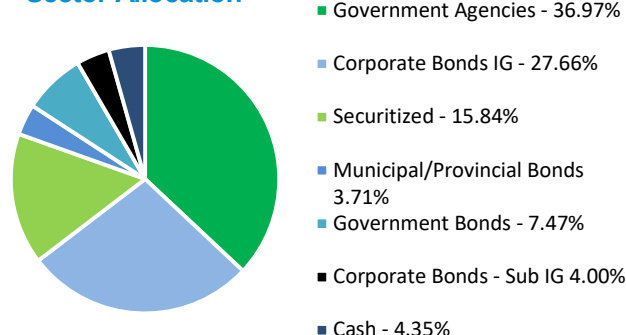
Recent economic data continues to paint a mixed picture across global markets, with US job growth remaining weak, reflecting reduced government hiring, fewer undocumented workers, and tariff-related uncertainty. Some analysts argue the labour market is simply adjusting to a new normal. On the fiscal front, Treasury data suggests spending cuts and tariff revenues are narrowing the deficit, but the IMF expects no lasting improvement.

In the UK, September inflation held at 3.8%, prompting a sharp drop in gilt yields and easing pressure ahead of the 26 November budget. However, a £30–35 billion shortfall still looms. The EU is urging China to resolve export curbs, while China continues injecting liquidity into its bond markets. Japan held rates at 0.5% despite expectations of a hike, and the Fed signalled uncertainty over a December rate cut, pushing US yields higher. In the UK, government bond yields are now at their highest since 2008, in anticipation of the volatility surrounding the upcoming budget.

### Credit Rating Allocation



### Sector Allocation



## 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 and Swedish krona and denominated bond markets.

During the month we reduced our exposure in Japanese yen denominated bonds to move our position back to neutral, buying Australian dollar credits in the process. We also added some exposure to New Zealand dollar bonds, selling US dollar bonds, in order to take advantage of the hedged yield and rolldown characteristics of that curve. We moved back to neutral in the UK sterling bond market ahead of the upcoming budget, taking profit from the recent rally.

We also rotated exposure in some individual names in the low IG and sub-IG space, to take advantage of recent relative performance and to slightly reduce our overall spread duration.

During the month, we added multiple green bonds in the primary market, issued by Autoliv, Keb Hana Bank, and Muenchener Hypothekenbank. We also added a new social municipal issue from the state of New York, and a SPECTRUM Aligned issue from Banque Ouest Africaine de Developpement. Muenchener Hypothekenbank is a German bank, and their green bond framework finances new and existing loans to green residential and commercial buildings. The residential buildings must meet certain energy efficiency criteria, effectively meaning they must belong to the top 15% best performing buildings in the country or have performance equivalent to an EPC rating of B or above.

## OUTLOOK AND STRATEGY

Our global economic outlook remains closely tied to evolving US policy, particularly around trade, tariffs, and geopolitics. The Federal Reserve has grown increasingly concerned about softening employment data, worsened by significant immigration policy shifts. In response to slack in the labour market and its dual mandate, the Fed lowered rates again during October, although the outlook beyond this meeting is increasingly murky. Policy rate decisions at future meetings will depend on how inflation, growth, and employment trends unfold. Internally, debate continues over the appropriate level for the neutral rate, which is shaping medium-term expectations for both policymakers and markets.

Globally, disinflation is creating space for central banks to ease, though this is offset by tighter fiscal policy and lingering tariff-related uncertainty. Despite the overuse of the term "uncertainty," credit markets remained resilient, with spreads tightening toward historic lows—reflecting strong liquidity and investor confidence. While further tightening seems unlikely, we expect credit to stay well-supported barring a sharp deterioration in growth, underpinned by robust demand and healthy private sector balance sheets.

In this environment, we are highly selective in adding credit risk. We continue to upgrade portfolio quality and liquidity by trimming expensive issuers, allowing flexibility to reinvest should spreads widen. Our focus remains on enhancing yield through targeted credit opportunities, particularly in shorter-duration assets to mitigate spread volatility. We also actively monitor yield curve dynamics to optimise roll-down and hedged yield strategies.

# MetLife Global Bond

## Quarterly portfolio impact update

### Sustainability update

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. During Q3, we have distributed the 2025 impact reports that provide information on all holdings across 2024. This quarterly update is a forward-looking snapshot showing selected expected impacts of the 2025 portfolio based on the information provided at issuance.

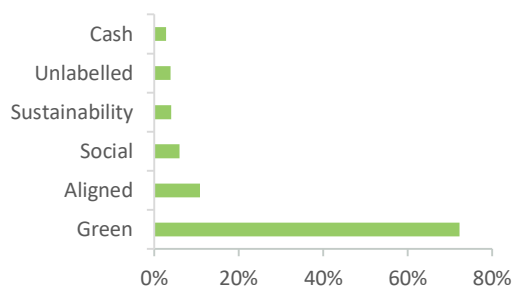
The Net Zero Banking Alliance (NZBA) has dissolved as a membership alliance and will now operate as a guidance framework offering resources for banks to set decarbonization targets. In response to this announcement, we have engaged with 12 banks relevant to our sustainability strategies. 8 have responded, with 7 confirming that they remain committed to upholding the decarbonisation targets established through their involvement in the NZBA.

The International Energy Agency (IEA) published its Renewables 2025 report, which forecasts the deployment of renewable energy until 2030. Most nations are expected to see renewable capacity expand more quickly between 2025 and 2030 than in the preceding 5 years. However, these projections are about 5% lower than those issued last year mainly due to policy shifts in the United States and China. Regardless, China continues to account for c.60% of global renewable capacity growth.

In relation to nature, the International Organization for Standardization (ISO) has launched an international standard to support organisations to take action on biodiversity. It embeds biodiversity into core governance and risk management practices. In a similar vein, the Science Based Targets initiative (SBTi) has begun a consultation on updates to its Forest, Land and Agriculture (FLAG) Guidance specifically on the no-deforestation commitment. This focus on nature chimes with our thematic engagement on the topic discussed in your 2025 impact report.

### Distribution by bond type

% of portfolio holdings YTD to 30<sup>th</sup> September 2025



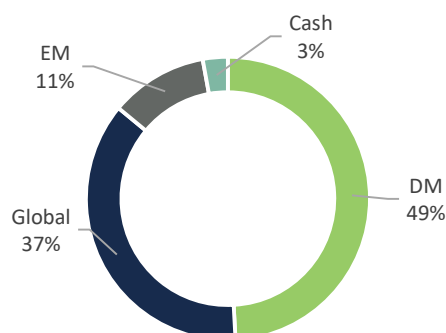
Over Q3 2025, portfolio holdings were 72% in green bonds, 11% in aligned bonds, 6% in social bonds, 4% in sustainability bonds and 4% in unlabelled bonds (green and sustainability). The remaining 2.8% was held in cash.

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

Sources: BNP Paribas, Weekly Sustainable Capital Markets Update, Credit Agricole CIB Sustainable Finance Newsletter

### Expected project geographic distribution

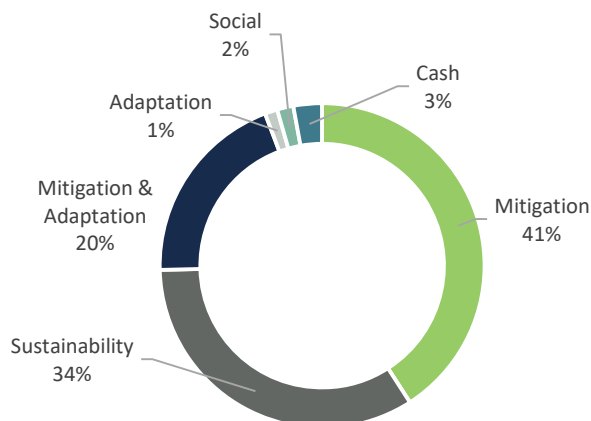
% of portfolio holdings YTD 30<sup>th</sup> September 2025



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 30<sup>th</sup> September 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.



Impact Bond Highlight  
Sabesp  
Included and purchased in portfolio

Moody's: WR  
Fitch: BB+  
S&P: BB

Issuer Description

Sabesp is Sao Paulo's main water and sanitation utility. It was created in 1973 through the merger of six state entities and operates in 375 municipalities across Brazil. Sabesp's core business is supplying water and wastewater services, under long-term concessions. By population served, Sabesp is one of the largest water utilities globally, providing water to 28.1 million and sewage services to 25.1 million people.

Sustainability Bond Framework

Sabesp's sustainability framework focuses on environmental and social impact through several Blue, Green and Social categories. Blue bonds are closely linked to green bonds but with a specific focus on water-related projects. Under this framework, Blue financing instruments are dedicated to projects in sustainable water and wastewater management, aquatic biodiversity conservation, and climate adaptation, with most allocations expected to go towards these categories. Additional green categories include renewable energy and energy efficiency. The social categories include affordable basic infrastructure and socioeconomic empowerment and advancement.

The framework is material to Sabesp's core business operations and directly supports Brazil's Basic Sanitation Legal framework for achieving national water coverage targets. Brazil faces a significant sanitation gap as 32 million people lack safe drinking water and 90 million people are without sewage collection. Sabesp will play a critical role in helping to reduce this gap and achieving Brazil's national targets for near-universal access by 2033. Although Sao Paulo and municipalities covered by Sabesp already have strong coverage, significant and continued investment delivered by this framework, will be necessary to expand capacity to cover underserved communities, and modernise existing infrastructure.

The Green, Blue and Social categories eligibility criteria are well defined and comprehensive, with stipulations such as desalination plants will be powered with renewable energy. Clearly defined exclusions are in place and there is project selection and management oversight from the 'Sustainable Finance Working Group'. Sabesp commit to reporting annually on allocation and impact, with a number of robust metrics. These include water and sewage service coverage across municipalities, sewage collection, volumes of water treated, and additional metrics covering renewable energy share in electricity consumption and aquatic/terrestrial biodiversity conservation.

Example expenditure

This Framework was released in April 2025 so there is no available allocation or impact report. However, Sabesp's July 2025 issuance was a blue bond, with 100% of proceeds allocated to water-related activities. These projects include improving access to safe drinking water and sewage services, reinforcing water infrastructure, and preventing pollution. This allocation directly supports Brazil's national targets for universal water access, as well as the expansion of Sabesp's operations.

Sabesp Bond Transaction Details

Issue date	Size	Maturity date	ISIN
July 2025	USD 500m	08/20/2030	USL07120AB17

MIM verification summary

The sustainability bond framework is distinctive because it operates in a context different from most water utilities, in that it addresses Brazil's significant sanitation gap rather than focusing solely on efficiency and maintenance. With 32 million people without access to safe drinking water and 90 million without sewage collection, the bond is positioned to deliver significant positive impact in reducing this sanitation gap. The direct alignment with Brazil's Sanitation Legal Framework ensures that financing contributes to one of Brazil's most critical development objectives.

The framework also aligns with Sabesp's own operational targets, which aim for near universal coverage across all municipalities, and interim targets of 99% water supply, 96% sewage collection, 89% sewage treatment by 2028. This framework is directly material to achieving these targets and helps to address individual municipality's challenges such as providing coverage to informal settlements and physical infrastructure gaps.

The recent blue bond issuance demonstrates the frameworks focus on blue categories, which are directly aligned with Sabesp's core water utility business. Green and social categories are intended to provide support to infrastructure, but no allocation to these categories has been made yet. As with all water utilities, Sabesp operate in a sector with high environmental and social relevance, with significant potential for positive impact. Though recently issued with no available post-issuance report yet, the detail and comprehensiveness of proposed metrics provides confidence in the materiality of the impact. Therefore, we view the framework as a credible instrument to finance important social and environmental objectives in Brazil, qualifying its inclusion in the SPECTRUM universe.

Credit

Following its 2024 privatization, SABESP benefits from a strengthened regulatory framework and extended concessions through 2060. With R\$21.9 billion in revenue and a 53.7% EBITDA margin as of March 2025, Sabesp maintains solid financials and manageable leverage. Its ambitious R\$70 billion CapEx plan aims to achieve 99% water and 90% sewage coverage by 2029, supported by IG-style covenants and government-backed tariff mitigation fund GAUSP.

*This bond was purchased for this portfolio in Q3 2025.*

*Source: Sabesp Sustainable Finance Framework*



## Impact Bond Highlight

### Nippon Steel Corporation

#### Excluded from SPECTRUM universe

Moody's: Baa2  
Fitch: WD  
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

Nippon Steel Corporation is the world's fourth largest steelmaker primarily operating out of Japan, with major subsidiaries in the United States, Brazil, China, Indonesia, Thailand and Australia. Nippon Steel produce a range of steel products for key industries such as automotive, construction, energy, and infrastructure. Traditional steelmaking processes are inherently energy intensive because of the extremely high temperatures required. Nippon Steel have been implementing technological innovations, aimed at reducing steelmaking blast furnace emissions through hydrogen injection and carbon capture. However, technical and commercial limitations remain a challenge for group level sustainability ambitions, with an emissions profile not anticipated to decrease until the 2040s.

## Green Bond Framework

Nippon Steel released a green bond framework with one eligible category and one broadly defined project: Funding the production, research and development expenses for electrical steel sheets for eco-friendly cars. The eligibility criteria includes "other related expenses" which remains undefined and open to broad interpretation. The framework also lacks definitions for expected terms such as an "eco-friendly car". This vagueness of the framework reduces transparency and our confidence in its environmental impact. Impact reporting is minimal and heavily assumption based. It relies on a single theoretical CO2 avoided metric which is derived from estimating shipment volumes and vehicle emissions assumptions. The lack of key data and methodology transparency undermines the credibility of the framework's reported impact.

## Example Expenditure

All expenditure has been fully allocated to production facilities of steel sheets for eco-friendly cars. The allocation reporting lacks further granularity, with no breakdowns of distribution.

## MIM verification summary

When assessing sustainable finance frameworks, the sustainability team looks for clear criteria for the use of proceeds, which reduces any ambiguity surrounding the potential impact of the framework. Despite Nippon Steel's framework only having one eligible category and project, it lacks an adequate level of detail. There are poorly defined terms like "other related expenditures" which leave room for broad interpretation and reduces our confidence in the environmental materiality of the proceeds. An "eco-friendly car" is also not defined, which is a significant omission, given the wide variation in lifecycle emissions between vehicle types.

Reporting on allocation and impact is similarly vague and does not provide an acceptable level of granularity or transparency, making it difficult to track whether funding is being used appropriately. The reporting of impact as a whole is minimal, with a lack of useful metrics and relevant geographical and contextual information provided. Environmental impact is presented through only one metric which is a theoretical CO2 reduction based on estimated shipment volumes and assumptions around vehicle emissions savings. Key data inputs and a more detailed breakdown of the methodology is not disclosed due to high confidentiality. This lack of verifiable data, alongside several assumptions, lowers the credibility of this metric.

Given the poorly defined eligibility criteria and the lack of credibility and granularity surrounding the proposed impact of the framework, this issuer is therefore excluded from the SPECTRUM universe and not available for purchase.

**Sources:** Nippon Steel Corporation Green Bond Framework, Reporting on Nippon Steel Corporation's 7<sup>th</sup> and 8<sup>th</sup> Series of Unsecured Straight Bonds (Green Bond)

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