Money Wise UK®

Growing together, with integrity and respect


# GIB AM Sustainable World Corporate Bond Fund: Fund Manager Review – January 2026

## Strategy Overview

The GIB AM Sustainable World Corporate Bond Fund is a global, Article 9, multi-thematic credit strategy. It invests across investment-grade, high-yield and emerging-market corporate bonds to deliver income and capital growth while allocating only to issuers that make a measurable positive contribution to People and Planet.

A custom Bloomberg benchmark blends global IG, HY and EM corporates in roughly a 60/20/20 split. This is designed to be structurally more return-seeking and diversified than a pure global IG corporate index, whilst remaining anchored in investment-grade quality.

Active management is exercised primarily through security selection, sector and capital-structure allocation, and a disciplined duration-times-spread (DTS) risk-budgeting framework, rather than big macro or duration bets.

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## Team

The fund is managed by Samantha Lamb (Head of Fixed Income) and Pascal Nicoli.

- **Samantha Lamb** – 20+ years' experience in global credit. She started as a high-yield analyst and later ran global IG mandates at Standard Life / Aberdeen, where she also led ESG integration for fixed income and launched one of the firm's early sustainable credit funds. She joined GIB to build a "blank sheet" sustainable fixed income platform where sustainability is embedded, not bolted on.
- **Pascal Nicoli** – background in structured credit and emerging-market debt, previously managing long/short EM and global credit strategies at GIB. He brings deep experience in EM corporates, subordinated financials and capital-structure analysis.

GIB AM is a small, high-conviction multi-boutique with c. US$4bn AUM across global credit and EM equities, with teams in London, New York and the GCC. The sustainable credit team works as an integrated unit, with sustainability and credit research carried out together rather than via a centralised ESG overlay.

## Investment Process

### Universe and Benchmark

- Starting universe: c. 4,500 issuers / 20,000 bonds across global IG, HY and EM corporates in hard currencies.
- Custom benchmark: Bloomberg Global Aggregate IG Corporate including strategic allocations to HY and EM corporates. Back-tests suggest this blend has historically delivered around 100 bps p.a. more than pure global IG credit.
- Government bonds (mainly G7) are used tactically for liquidity and portfolio management, but are not counted as "sustainable investments".

### Sustainable Framework (Article 9)

The fund is classified as Article 9 SFDR and targets 100% sustainable investments (ex-cash/derivatives).

- **Dual-thematic lens – "People" and "Planet"**
  - *People* themes: Health, Inclusivity and Safety (e.g. affordable healthcare, cardiovascular disease and diabetes treatment, access to finance, education).

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- *Planet* themes: Clean Energy, Circularity and Efficiency (e.g. renewables, power grids, energy-efficient buildings, circular packaging, water/waste treatment).

**Multi-Thematic Approach**

ESG CERTIFIED BY MAINSTREET PARTNERS

**PEOPLE**

| | |
|---|---|
| **Inclusivity** | 44.6% |
| Responsible Finance | 24.4% |
| Connectivity | 13.2% |
| Savings Gap | 3.2% |
| Payments | 1.1% |
| Affordable Housing | 1.0% |
| SME Support | 0.9% |
| Education | 0.8% |
| **Health** | 9.7% |
| Affordable Care | 3.4% |
| Cardiovascular | 2.4% |
| Medical Innovation | 1.6% |
| Diabetes | 1.2% |
| Nutrition | 1.2% |
| **Safety** | 9.2% |
| Insurance | 4.6% |
| Clean & Safe Mobility | 3.6% |
| Product Testing | 1.0% |

**PLANET**

| | |
|---|---|
| **Efficiency** | 14.0% |
| Buildings | 7.6% |
| Industrial Decarbonisation | 2.7% |
| Sustainable Logistics | 1.6% |
| Industrial Automation | 1.1% |
| Frontier Technology | 1.1% |
| **Circularity** | 11.8% |
| Renewable Materials | 7.0% |
| Water | 2.5% |
| Waste Treatment & Recycling | 1.3% |
| Sustainable Commodities | 1.1% |
| **Clean Energy** | 10.7% |
| Renewable Energy | 9.1% |
| Power Grid | 1.0% |
| Electricity Networks | 0.5% |

- **Alignment threshold** – at least 30% of revenues or capex must be aligned to one or more themes for an issuer to enter the investable universe. This focuses the fund on what companies do, not just how they behave.
- **"Do no significant harm" tests** – controversial weapons, tobacco and other harmful sectors are excluded. In practice the fund holds no conventional Oil & Gas producers: fossil-fuel issuers fail the thematic and DNSH criteria.
- **ESG metrics and PAIs** – the team monitors principal adverse impact indicators, controversies and UN Global Compact breaches. Portfolio carbon intensity is around 48% lower than the benchmark, and there is regular reporting of theme alignment and climate metrics.

Crucially, the team starts with the whole company, not bond labels; green/social/sustainability bonds are used only where the issuer's core business already passes the sustainable framework.

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## Credit and Risk Framework

Two core beliefs drive the credit process:

- **The world is changing faster** – portfolios must avoid structurally challenged "Yellow Pages" business models.
- **Credit is a mean-reverting asset class** – valuation and spread history matter.

Practical implementation:

- **Long-term spread valuation** – sectors, ratings and geographies are assessed versus their own 10-year mean and standard deviation. This helps identify where credit risk is well or poorly rewarded.
- **DTS (duration-times-spread) risk budget** – credit risk is scaled up or down through the cycle via a DTS "beta" versus the custom benchmark. At launch, when spreads were materially cheap, DTS beta was above 2x; as spreads have ground to near-record tights the team has reduced DTS beta to just under 1x.
- **Duration and FX** – duration is kept close to benchmark (~5 years) and all non-USD exposures are hedged back to USD; GBP and EUR share classes then hedge from USD to the base currency. Duration and FX are not major alpha drivers.

## Portfolio Characteristics and Positioning (31 Oct 2025)

| Fund Characteristics | Fund | Benchmark |
|---|---|---|
| Yield to Worst | 5.3 | 5.4 |
| Spread (bps) | 118 | 131 |
| Duration | 5.0 | 5.0 |
| Average Credit Rating | BBB+/BBB | BBB+/BBB |
| MSCI ESG Rating** | A | A |
| Liquidity (LQA) | 58 | 56 |
| Weighted Average Coupon (%) | 4.6 | 4.8 |

| Credit Rating (%) | Fund | Benchmark |
|---|---|---|
| AAA | 0.2 | 0.4 |
| AA | 1.7 | 5.6 |
| A | 26.1 | 30.0 |
| BBB | 44.6 | 35.8 |
| BB | 22.2 | 17.8 |
| B | 2.2 | 10.3 |
| Other | 3.2 | 0.1 |

Source: Bloomberg, MSCI & GIB AM

## Key statistics

- Fund size: c. US$105m
- Holdings: 146 line items (80–100 core issuers)
- Yield to worst: 5.3%
- Duration: 5.0 years
- Average rating: BBB+/BBB

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- Portfolio volatility: 3.4%; tracking error 0.3%; beta 1.0

## Capital structure & quality

- c. 84% senior bonds; c. 14% subordinated financial and non-financial; small AT1/Tier 1 allocation.
- Tilted towards BBB and BB relative to a pure IG index, with limited exposure to single-B HY.

## Country and sector tilts

- Overweight: Italy, Spain, UK, Switzerland, Mexico.
- Underweight: US, Canada, Germany, Japan, Australia.
- Sector overweights: Materials, Real Estate, Insurance, Banking and Renewable Energy.
- Sector underweights: Consumer Staples, Financial Services (non-bank), Retail & Wholesale, Consumer Discretionary Services.
- **No exposure to Oil & Gas producers.**

**Top holdings** include global banks (JPMorgan, Bank of America, BNP Paribas, Santander, Caixabank, NatWest), European utilities and grid operators (e.g. Enel), and solution-oriented corporates such as Crown (circular aluminium packaging). The top 10 issuers account for roughly 17% of the fund.

## Positioning stance

- DTS beta around **0.9–0.95**, reflecting a cautious credit stance with spreads near long-term tights.
- Preference for **up-in-quality** switches after strong rallies, selective short-dated HY to enhance carry, and underweight lower-quality high yield where compensation is inadequate.
- Overweight **EUR IG vs USD IG** where curves are steeper and spread compensation stronger.

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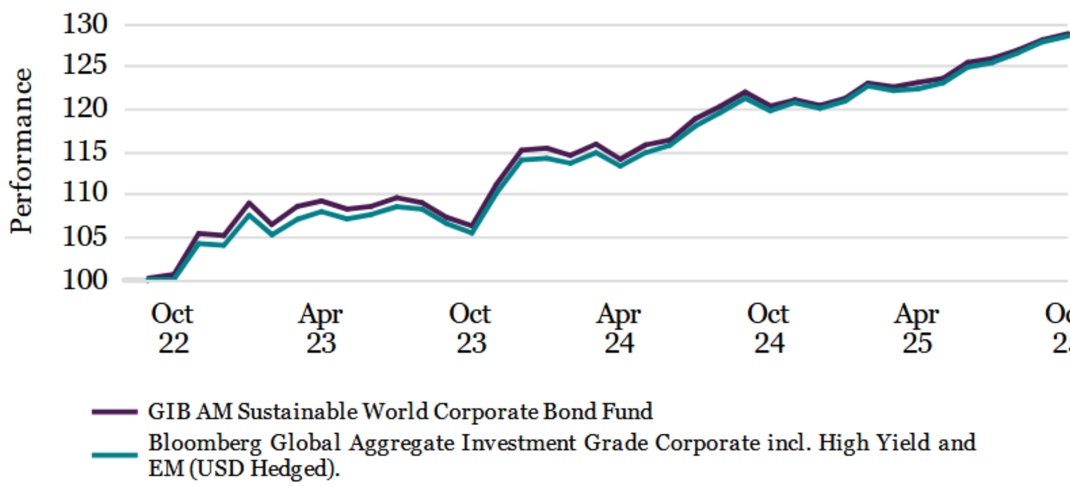
## Performance

(Net performance, USD-hedged institutional share class, to 31 Oct 2025 – past performance is not a guide to future returns.)

### Performance Since Inception

Past performance does not predict future returns.




### Performance (%)

| | 1 m | 3 m | 6 m | YTD | 1 Yr | SI Cum.* | SI Ann.* |
|---|---|---|---|---|---|---|---|
| Fund (Net) | 0.56 | 2.33 | 4.67 | 7.01 | 7.07 | 28.94 | 8.57 |
| Fund (Gross) | 0.61 | 2.49 | 5.00 | 7.57 | 7.74 | 31.45 | 9.25 |
| Benchmark | 0.52 | 2.48 | 5.07 | 7.06 | 7.34 | 28.65 | 8.49 |
| Excess Return (Net) | 0.04 | (0.15) | (0.40) | (0.05) | (0.27) | 0.29 | 0.08 |
| Excess Return (Gross) | 0.09 | 0.01 | (0.08) | 0.51 | 0.40 | 2.80 | 0.76 |
| Morningstar Quartile Ranking | 3 | 3 | 2 | 1 | 1 | 1 | 1 |

*Since Inception - 29 September 2022.
Morningstar Universe: Global Corp Bond USD Hedged
Gross performance is calculated gross of investment management fees & administration charges.

- 1 month: +0.56% vs +0.52% benchmark
- 3 months: +2.33% vs +2.48% benchmark
- 6 months: +4.67% vs +5.07% benchmark
- 1 year: +7.07% vs +7.34% benchmark
- Since inception (Nov 2022, annualised): +8.57% p.a. vs +8.49% p.a. benchmark

Gross performance indicates a larger excess of roughly 0.75% p.a. once management fees are added back.

The strategy has also outperformed a pure Bloomberg Global Aggregate Corporate IG index over three years and ranks around the first quartile of its global corporate bond peer group over that period. Most value added has come from sector allocation and security selection, rather than duration or FX positioning.

The fund has demonstrated good capital preservation in rising-yield environments, with drawdowns muted relative to global IG credit when government bond yields have moved higher.

## Investment Themes and Differentiators

1. **Multi-thematic sustainable credit** – People & Planet framework brings equity-style thematic thinking into credit, focusing on sectors with structural demand tailwinds (diabetes, medical devices, circular packaging, renewable infrastructure) while still prioritising downside protection.
2. **Whole-company sustainability** – issuer-level assessment of business models; labelled bonds from misaligned issuers are avoided. Labels confirm, rather than drive, inclusion.
3. **Custom diversified benchmark** – EM and HY exposures are built into the benchmark, so investors know where the structural risk comes from; HY/EM risk is not hidden as an "off-benchmark lever".
4. **DTS risk budget** – credit risk is scaled systematically via DTS rather than implicitly via yield hunting; risk was raised when spreads were cheap and has been reduced as spreads have compressed.
5. **Valuation discipline** – long-term spread z-scores by sector/rating/geography provide a robust framework for deciding where to allocate or withdraw risk.
6. **Boutique agility** – a small, focused team can implement ideas quickly without large-house bureaucracy or legacy constraints.

## Strengths

- Purpose-built Article 9 process, not a retrofitted ESG overlay.
- Clear thematic and valuation framework, with sustainability integrated at issuer level.
- Transparent, diversified benchmark that explicitly incorporates EM and HY.
- DTS-based risk management provides a clear link between valuation and risk-taking.
- Lower portfolio carbon intensity and zero direct exposure to fossil-fuel producers.
- Evidence of good downside protection and competitive risk-adjusted returns since launch.

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## Risks and Watch-Points

- Forward-looking returns constrained by tight spreads in both IG and HY markets.
- Structural allocations to HY and EM corporates introduce spread, credit and liquidity risk versus pure IG peers.
- The fund remains relatively small, which brings agility but also some business-risk considerations.
- Strong exclusion stance, particularly zero Oil & Gas, can create tracking error and relative underperformance in commodity-led rallies.
- As with any systematic valuation framework, model risk exists if historical relationships between spreads and default risk change materially.

## Role in a Diversified Portfolio

Within a diversified portfolio the fund can be used as:

- A core global corporate bond allocation for investors seeking Article 9-level sustainability, not simply ESG integration.
- A sustainability-led alternative to traditional global credit where committees are uncomfortable with financing fossil-fuel producers or want a clearer line of sight from impact themes to holdings.
- A diversifier to equity-heavy sustainable allocations, providing a more stable return stream (c. 3–4% volatility, 5-year duration) and income grounded in resilient business models.
- A credit sleeve within multi-asset or CRP frameworks, for clients who want their bond allocation to contribute positively to sustainability outcomes as well as income and risk management.

## Money Wise UK View

From a Money Wise UK perspective, the GIB AM Sustainable World Corporate Bond Fund stands out for three things: authenticity of sustainability, clarity of process, and disciplined risk management.

Unlike many ESG credit strategies that start with labelled bonds or exclude only the most controversial sectors, GIB begins with the whole company. The 30% revenue/capex alignment threshold ensures that portfolio companies are genuinely contributing to People and Planet themes, rather than simply optimising disclosure. Labelled bonds are helpful but never sufficient on their own.

The Duration Time Spread (DTS) framework is also a major positive. Too often, credit funds increase risk by drifting down the quality spectrum or stretching into longer duration in search of yield, without a clear articulation of how much credit risk they are actually taking. Here, DTS provides a simple but powerful measure of risk, tying together spread and duration and allowing the team to deliberately dial risk up or down. The journey from >2x DTS at launch to <1x in 2025 as spreads tightened illustrates genuine discipline.

Finally, this is not a “dark green at any price” strategy. The team is pragmatic about transition – prepared to back utilities and industrials that are clearly decarbonising and solving real problems, even if their carbon footprints are not yet the lowest in the market. For advisers, that balance between impact, resilience and valuation is critical. It makes the fund suitable as a core sustainable credit holding rather than a narrow green satellite.

## Insights from the Money Wise UK Podcast (June 2025)

The June 2025 conversation with Samantha Lamb surfaced several points that reinforce the points made in this review.

1. **Green optics vs real sustainability** – Samantha was explicit that issuing a green bond does not make an unsustainable business model acceptable. The fund only buys labelled bonds where the underlying company already meets the thematic and DNSH tests. This aligns with growing client demand to understand “what am I actually funding?” rather than just seeing a label.
2. **Structural change and “Yellow Pages” risk** – the discussion around avoiding businesses whose revenues are tied to channels unlikely to exist in a decade (the “Yellow Pages” analogy) underpins the People & Planet themes. The portfolio is intentionally tilted towards sectors with long-term demand visibility, such as healthcare, medical technology, circular packaging and grid infrastructure.
3. **Credit as a mean-reverting asset class** – Samantha’s framing of credit as mean-reverting, with spreads oscillating around long-term averages, was particularly helpful. The use of 10-year spread z-scores and DTS turns this philosophy into a practical risk budget, rather than an abstract concept.
4. **Benefits of being small and unconstrained** – discussion on how being a smaller, focused house allows GIB to design the process from scratch, rather than layering ESG on top of legacy systems. That agility and cultural alignment are valuable for advisers looking for genuinely sustainable solutions rather than retrofits.

## Summary and Verdict

The GIB AM Sustainable World Corporate Bond Fund is a thoughtfully engineered, genuinely sustainable global corporate bond strategy. It combines a clear multi-thematic framework, robust Article 9 alignment, a diversified custom benchmark and a DTS-based risk budget to deliver a balanced profile of income, sustainability and capital preservation.

Performance since inception has been competitive, with good downside characteristics and no obvious penalty for its sustainability stance.

Verdict: Positive – a credible core sustainable credit allocation suitable for diversified portfolios and CRP/CIP frameworks where clients want their fixed income to support real-world sustainability outcomes as well as their financial objectives.

### Disclaimer

Past performance is not a reliable guide to future results. The value of investments can fall as well as rise, and investors may not get back the amount originally invested.

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