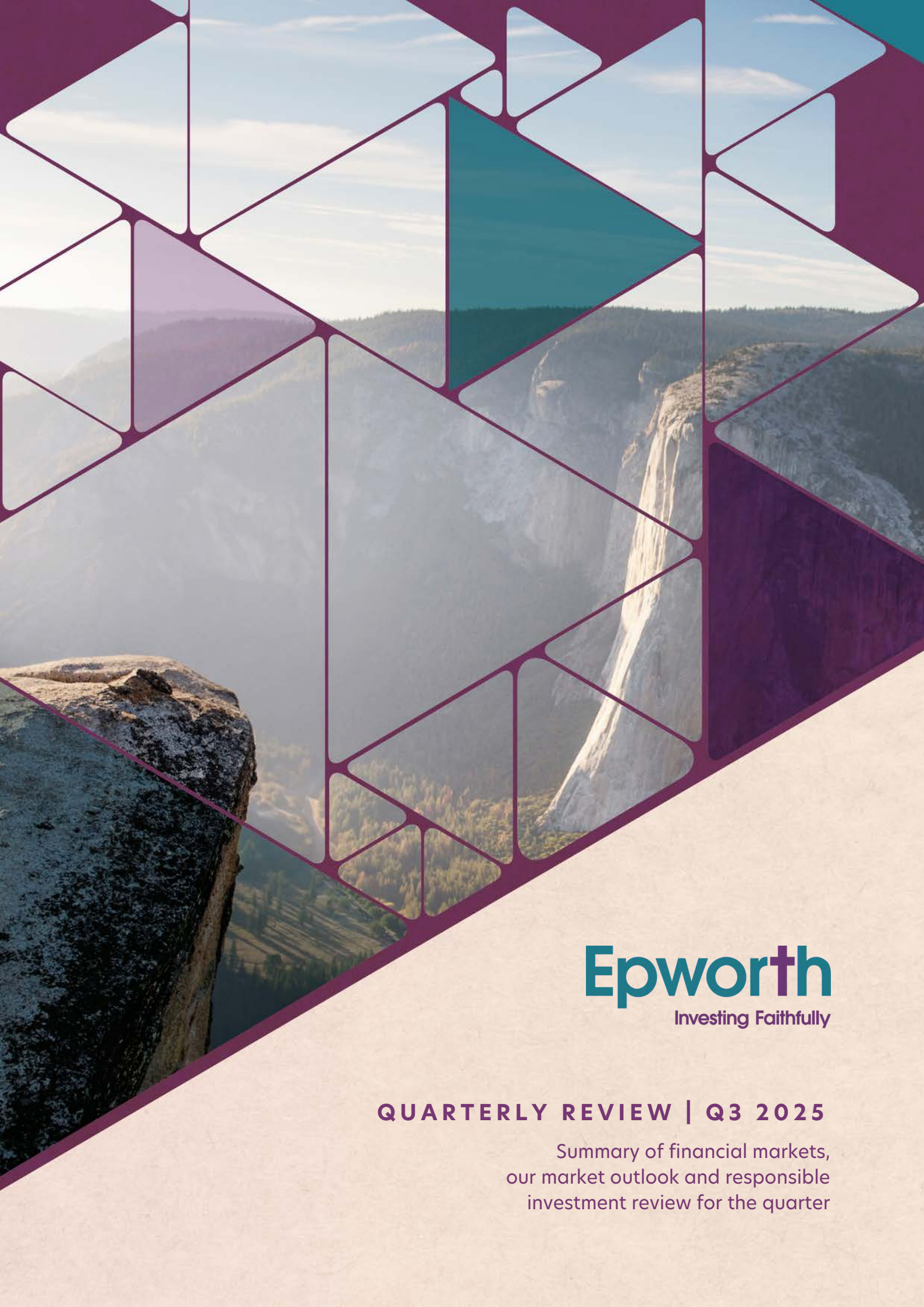




Epworth
Investing Faithfully

QUARTERLY REVIEW | Q3 2025

Summary of financial markets,
our market outlook and responsible
investment review for the quarter



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REVIEW OF THE QUARTER

ECONOMIC OVERVIEW



**The economic scene in
the UK is still dominated
by uncertainty**

Matt Jones – Head of Asset Allocation

The global economy continued to show resilience in the third quarter of 2025, as the dust settled from Trump's tariff upheaval amid ongoing regional conflicts. In the United States, GDP data has surprised to the upside. This was principally driven by investment in artificial intelligence capacity, including rapid build out of data centres and supportive energy infrastructure as the US continues to race against China on technological evolution. This was complemented by ongoing robust consumer spending, particularly amongst America's wealthier households.

This was, however, coupled with a rise in inflation and a weakening jobs environment, especially in the private sector. The challenge with the jobs data would be disentangling whether the weakness is predominantly demand-led or due to Trump's immigration policies restricting the supply of labour. Regardless, this pushed the Federal Reserve to lower base rates in September for the first time since last year. All the while, inflation has not yet landed at its 2% target, raising the risk that the US enters another inflationary price spiral similar to the episode that did significant damage to investors in 2022.

Trump's attempted interventions in the US central bank's policies and personnel, in addition to the US's ever-growing debt pile, remain the pervasive narratives in the global bond market, undermining the US Treasury's once unquestionable safety. A weakening confidence in American institutions and credibility has caused foreign investors to reduce allocations to US assets and the dollar in favour of alternative havens, such as gold.



The UK also experienced an uptick in inflation to nearly 4%, compounded by a sluggish economic growth rate that has been hampered by recent government tax rises on businesses. The economic scene in the UK is still dominated by uncertainty surrounding the government's ability to keep its level of borrowing in line with levels acceptable to international investors. Having failed to pass measures to manage its spending plans, the government is instead seeking to raise further taxes, which risk further damaging the economy and investor confidence. The UK's long-term debt is the most expensive of the G7 nations and in September the 30-year bond reached its highest level since 1998, signalling the clear decline in investor confidence in the UK's financial position.

The UK only needs to look across the Channel to France to see the consequences of a country struggling in a political stalemate that is weighing heavily on its financial future. Since the summer, President Macron's seventh Prime Minister resigned after failing to agree a budget with political factions in a split French parliament, followed by Macron's eighth PM resigning after less than a month in the role for the same reason. This looks likely to eventually result in further elections, with no clear path to an effective government, all of which is weighing heavily on French assets. As a result, France now finds it more expensive to borrow to fund its government spending than previous Eurozone villains like Spain, Italy and Greece, illustrating the damaging debt spirals Western democracies increasingly seem to be entering.

Meanwhile in Asia, China's military parade in September showcasing its technological advancements with Putin and Kim-Jong Un in attendance sent a statement to the world about China's ambitions to challenge the US-led world order. Investors need to be well aware of the long-term geopolitical and regional economic risks which lie ahead of such a global power challenge, on a scale not seen since the cold war.



MARKET OUTLOOK

At Epworth, we remain sceptical of equity market valuations being applied to perceived beneficiaries of the rush to invest in AI. We continue to raise cash where valuations appear excessive, rotating into securities that appear unloved. We believe the AI trade is masking growing challenges facing US assets and the economy, meaning we are managing exposure to US equities and treasuries. We do not expect a US recession, but we do expect slower growth and sustained inflation to challenge US market leadership.

Epworth believes better value is available in the UK and European markets, though the recent equity rally is likely due a pause soon that may provide better entry points. This emphasises the need for diversification and balance within portfolios. As well as holding extra cash, high yielding infrastructure trading at large discounts to NAV offers attractions at current levels. In addition, Epworth's commodity positions in gold and carbon allowances have proven to not only provide diversification benefits to mitigate exogenous shocks, but also offer compelling investment stories of their own to add real value to portfolios.

Epworth remains negative on UK property in an environment of slow growth and elevated inflation, though at the margin the outlook here is starting to improve. The private equity market remains challenged, although the exit environment is finally starting to improve. Within bonds, UK sovereign bonds at historically high yields look reasonably priced despite risk around the government's November budget, with inflation likely to slow next year. Credit spreads on corporate debt remain historically tight, though this reflects generally solid business balance sheets, in stark contrast to governments.

SAFEGUARDING CHILDREN: TACKLING THE HEALTH AND WELLNESS DEFICIT

The fourth in this series of articles continues to explore investment issues affecting children that have, by and large, been neglected by responsible investors. Whilst the issues themselves may have been addressed, their relevance to an oft neglected constituency – children and young people – requires, in our view far more attention. This article, the second of three ‘deep dives’, concentrates on health and wellness, and how investors can be a focus for engagement around two material themes; the obesity crisis in mature economies, and malnutrition in developing ones.

Obesity is complex and global and represents an acute public health risk that reduces life expectancy and life chances as well as aggravating the likelihood of contracting chronic illnesses such as type 2 diabetes, respiratory disease, cardio-vascular disease and a range of cancers.



A UK Government Obesity Profile published in 2024¹ suggested around 64% of the adult population is overweight or living with obesity, whilst an NHS Survey² from the same year, put obesity among the under 18s as 12% of those aged 2-10 and 19% for those aged 11-15. This worrying statistic suggests that unless addressed in the very young (toddlers and infants) the likelihood of the problem spiralling in later adolescence is very great. It's worth noting that as well as the human cost, obesity related costs to the NHS exceed £6.5bn a year (all age groups) and that whilst obesity manifests itself across all demographics, it is particularly prevalent among more deprived communities and can be linked to other social vulnerabilities such as poor housing and poverty.

It could be argued there is nothing more pressing than driving a progressively improving health & wellness agenda where it concerns young people given the benefit transfers into adult life chances and higher life expectancy. There is clearly a vital public policy role here, and successive governments have played a part in ‘nudging’ behaviour via instruments such as the sugar tax. Introduced in 2018 and applied to

drinks with added sugar content up to a certain threshold, this has acted as a product refreshment incentive to manufacturers in order to avoid the tax. The threshold was set at 5g/100ml of product, with a higher rate applied where the added sugar content is over 8g/100ml. The evidence is compelling; between 2015–2019 total sugar content reduced by 35.4% with sales weighted average sugar content reducing by 43.7% to 2.2g/100ml³. Whilst Government is the central actor for public health interventions, investors have a powerful role to play via engagement with food and beverage manufacturers to place product refreshment at the heart of any discussion.

One such area where investors have been instrumental actors in changing behaviour is encouraging food retailers to place 'sweet treats' away from the checkout area where impulse buys are more likely. Tesco was the first major food retailer to do this in 2014, however as late as 2023⁴ a survey suggested a quarter of



shops visited were 'flouting' guidelines around where confectionary, crisps and high-in-salt-content snacks were being positioned in store, suggesting there is still work to do. Investors can engage meaningfully for change across the health spectrum from food and beverage manufacturers to processors, restaurants (particularly on-the-go outlets) and food retailers.

A useful investor tool to inform thinking is the 'Access to Nutrition Index' (ATNI) which benchmarks company performance across a number of indicators including access to affordable and healthy diets, and at least 50% of sales being derived from 'healthy' products. ATNI's overall mission is to see half of global food sales derived from healthy products by 2030. The latest Index surveys 30 global companies representing 23% of the global food market⁵. Their overall findings from the 2024 Index suggests that whilst companies are moving faster and further to refashion their products, there is a pressing need to be bolder if global obesity trends are to be checked – for instance Nestlé is shown as deriving 33% of sales from healthy products, compared to Danone's 70%⁶. These results provide a template for focused engagement. Worryingly, the Index suggests the crisis of poor dietary health is growing fastest in low to middle income countries, where there is an increasing take up of highly processed diets that are now



standard in high income countries. Investors can exert influence here to ensure products sold in low to middle income countries are focused strongly on healthy outcomes, especially where public health policy intervention may be weak or absent.

Finally, the flip side of addressing the health and wellness deficit is malnutrition. Although especially pronounced in low-income countries, it is not exclusively so. In the UK this is an increasing health concern where under-nutrition linked to poverty is being seen in stunted growth and other health related conditions among young children. This is a complex area, but the Food Foundation⁷ suggests 10% of children in the UK may be living in households linked to extreme food insecurity. Typically, malnutrition is associated with low-income territories where food security may be poor owing to rural poverty or crop failure. ATNI's third theme is reducing diet-related illness and improving health for all. The Index notes here that whilst adult underweight prevalence has halved between 2000 and 2020, the impacts, especially on poorer economies is brutal in health and economic terms. Investors have a role to play in supporting increasing access to healthier options that are fortified with minerals and vitamins absent from the standard diet. Examples include Nestlé fortifying a range of children's cereals with zinc, iron, Vitamin A and a number of essential micro-nutrients. Soberly, the Index notes however, that access to affordable options remains poor, with overall product healthiness remaining lowest for products sold in low-income countries.

Health & wellness represents a complex arena of issues for investors, but one that affects children and young people in the most profound way given the impact on future life chances. Food and beverage related companies may represent a material part of any investment portfolio, and for responsible investors, this is an area where maximum engagement and influence can and should be exerted.

July 2025

¹ UK Government Obesity Short Statistical Summary 2024 [Obesity Profile: short statistical commentary May 2024 – GOV.UK](#)

² NHS September 2024 [NHS England » One in eight toddlers and primary school aged children obese](#)



³ Institute for Government 'Sugar Tax' 2022 [Sugar tax | Institute for Government](#)

⁴ Obesity Health Alliance/Food Active Survey reported by The Guardian December 2023 [Supermarkets in England 'blatantly disregarding' rules over where they place crisps, sweets and fizzy drinks | Health | The Guardian](#)

⁵ Access to Nutrition Index 2024 www.accesstonutrition.org

⁶ ATNI ibid

⁷ Food Foundation 2017 [1-Briefing-Malnutrition_vF2.pdf](#)

Online Resources

Access to Nutrition Index www.atni.org

NHS advice [Advice for parents of overweight children - NHS](#) and [How to help your child gain weight - NHS](#)

HOW ETHICAL SCREENING WORKS: BEHIND THE SCENES AT EPWORTH

Introduction: More Than a Filter

Ethical investment isn't just about ticking boxes or avoiding bad headlines. At Epworth, it's a deeply considered process of discernment—one that reflects Christian theology, moral clarity, and long-term stewardship.

But how does it actually work?

In this article, we take you behind the scenes of our ethical screening process—explaining how companies are assessed, monitored, and selected (or rejected) based on faith-informed principles.

What Is Ethical Screening?

Ethical screening is the process of evaluating companies to determine whether they meet a defined set of moral, social, and environmental criteria. It helps ensure that investments are aligned with a set of values—in our case, Christian values.

At Epworth, screening is not an afterthought or marketing overlay. It is integrated into every stage of our investment process, from initial research to portfolio construction and ongoing monitoring.

Step 1: Define the Principles

We start with theological and ethical foundations, not just financial ones. Our screening criteria are shaped by:

- The social teaching of the Methodist Church, the Catholic Church (including Mensuram Bonam), and other ecumenical voices
- Core Christian convictions around human dignity, care for creation, justice for the poor, and non-violence
- Longstanding guidance from the Joint Advisory Committee on the Ethics of Investment (JACEI) and our internal Ethical Advisory Committee

These principles guide everything we do — not only who we exclude, but who we actively support.



Step 2: Exclude Harmful Activities

We apply clear ethical exclusions to companies whose core activities conflict with Christian values. These include:

- Fossil fuel extraction and thermal coal
- Adult entertainment and pornography
- High-interest or predatory lending (e.g. payday loans)
- Tobacco and gambling
- Weapons, especially indiscriminate or nuclear systems
- Severe human rights violations
- Child labour and exploitative supply chains

These exclusions are based on thresholds. For example, a company may be excluded if more than 5% of its revenue comes from tobacco, or if it fails to meet basic standards of labour rights across its operations.

Step 3: Positive and Cautionary Screening

In addition to negative screens, we apply positive and cautionary filters to assess a company's wider ethical profile.

We look at:

- Environmental performance (e.g. carbon targets, biodiversity policies)
- Supply chain transparency and fair treatment of workers
- Executive pay fairness and tax responsibility
- Business models aligned with health, education, or sustainable housing
- Public controversies or litigation that raise ethical red flags

Some companies may pass a basic exclusion test but still pose ethical concerns. In such cases, they may be held under close review, flagged for engagement, or excluded on a discretionary basis.



Step 4: Independent Research and Oversight

Our ethical screening is supported by:

- Independent third-party data providers (for objective ESG and controversy assessments)
- Internal ethics analysts who cross-reference company reports, NGO data, and news sources
- Ethical Advisory Committee (including external theological and sector experts)
- Ongoing collaboration with Christian networks, mission bodies, and partner denominations

We don't rely on a single source—and we don't make decisions lightly.

Step 5: Active Engagement and Ongoing Monitoring

Screening isn't static. We continuously monitor portfolio holdings for new developments, including:

- Mergers and acquisitions that change a company's business model
- Controversies or scandals (e.g. human rights violations, environmental harm)
- Shifts in revenue streams or regulatory breaches
- Performance against previous engagement commitments

Where problems emerge, we either:

- Engage the company directly and seek change
- Escalate through investor coalitions or shareholder voting
- Divest if change is not forthcoming and the issue breaches our policy



Why This Matters for Trustees and Charities

Ethical screening ensures that your investments are not only financially sound but morally credible. As a trustee or treasurer, you are accountable to regulators, donors, and beneficiaries.

An ethically screened portfolio helps you:

- Avoid reputational risk
- Fulfil your charitable objectives
- Report transparently to your board, auditor, or synod
- Demonstrate alignment between mission and money

A Christian Approach in a Complex World

We know ethical decisions are not always black and white. That's why we apply discernment, dialogue, and due diligence — guided by Christian wisdom and real-world expertise.

Some dilemmas require trade-offs. Some issues evolve. But one thing remains constant: our commitment to putting faith at the heart of finance.

Conclusion: Screening With Integrity

At Epworth, ethical screening is more than a process — it's a principled expression of our identity. It ensures that our clients' investments reflect not just best practice, but the best of their values.

Whether you're a church, charity, religious order or mission agency, you can invest confidently—knowing that every company has been screened with care, prayer, and conviction.



RESPONSIBLE INVESTMENT REVIEW

FRC Stewardship Code

During the quarter, we were delighted to receive confirmation that our latest submission to the FRC Stewardship Code has been approved – securing our place as proud signatories for another year. This year's theme, "Stewardship with Values, Voices, Vigilance and Vision," resonates deeply with our mission, reflecting our commitment to ethical investment guided by integrity, influence, and responsibility. You can explore our full report here: [Epworth Stewardship Code Report 2025](#).

Methodist Conference

It was also a significant quarter for the wider Methodist family. The Methodist Conference convened and endorsed the JACEI Annual Report, celebrating the tireless work that JACEI and the CFB carry out year-round to align investment with Christian values. The Conference welcomed the report warmly, acknowledging the careful stewardship demonstrated throughout the year. You can read the full report here: [JACEI Annual Report 2025](#).

Barclays

Epworth held significant engagement sessions with Barclays, involving introductions to senior figures within the bank's sustainability and climate strategy teams. We are looking forward to meeting with the CEO soon to discuss the bank's climate change commitments and its recent controversial withdrawal from the Net Zero Banking Alliance. Barclays was the latest in a line of banks to withdraw from the alliance, following the re-election of Donald Trump. The alliance has since folded following a vote from its remaining members.



Telecoms

Epworth recently engaged with two telecommunications companies, Verizon and Vodafone, focusing specifically on initiatives that empower women.

Navigating DEI in a Shifting Landscape: Verizon's Commitment to Inclusion

Epworth met with Verizon in its capacity as a shareholder to explore the company's work in digital inclusion and social impact. A key part of the discussion focused on Diversity, Equity, and Inclusion (DEI)—an area where Verizon has historically taken a strong and visible stance.

Epworth raised questions about how Verizon is navigating the increasingly politicised environment surrounding DEI in the United States. In response, Verizon acknowledged that it had been forced to adjust its public messaging following an investigation by the Federal Communications Commission (FCC), but was clear that its internal strategy and commitment to gender inclusion remain unchanged.

Verizon reaffirmed its support for female representation in the tech sector and its broader DEI goals, despite external pressures. Epworth welcomed this clarity and asked whether Verizon collects and publishes demographic data on participants in its philanthropic programmes. Verizon explained that, due to privacy concerns—particularly in the current political climate—it does not publish such data, especially when it involves students and minors.

The conversation also touched on the resilience of Verizon's philanthropic commitments. Despite the challenging environment, the company has not scaled back its social impact work. In fact, it has introduced two new programmes in recent months, reinforcing its long-term dedication to equity and inclusion.

Epworth appreciated Verizon's transparency and its willingness to engage in a candid discussion about the risks and responsibilities of maintaining a DEI agenda in a contentious political context.



Vodafone's M-PESA: Financial Inclusion Through Mobile Innovation

Epworth met with Vodafone to explore the company's development initiatives, in particular, M-PESA, Vodafone's mobile money platform.

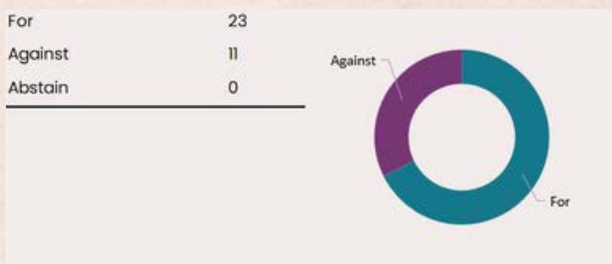
Launched in 2007 in Kenya, M-PESA began as a simple way to transfer phone credit via SMS. It has since evolved into Africa's largest fintech platform, enabling over 51 million customers to conduct more than \$314 billion in transactions annually. The platform supports a wide range of services including domestic and international money transfers, bill and tax payments, merchant payments, salary disbursements, and short-term loans and micro-lending. The service is especially impactful in unbanked and underbanked communities, offering a secure and affordable way to manage money using basic mobile phones.

During the meeting, Epworth explored how Vodafone ensures access to M-PESA for those without smartphones. Vodafone explained that it refurbishes trade-in devices from other markets and partners with manufacturers like Google and Nokia to offer low-cost smartphones. These are made available through upfront payments or handset loans, with credit risk managed by the ability to disconnect devices if payments are missed.

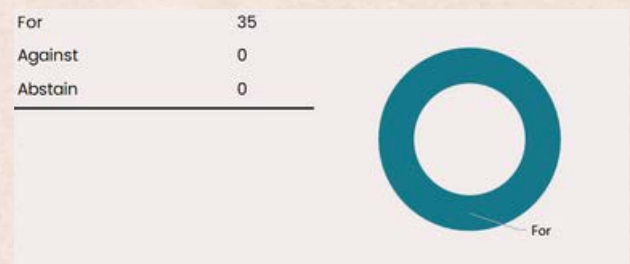
Epworth was particularly interested in the gender impact of M-PESA, especially in supporting female-led businesses. While Vodafone did not have published data at the time, it agreed to review whether more disclosure could be made—highlighting Ethiopia as a market where the impact might be especially notable.

EPWORTH VOTING SUMMARY Q3 2025

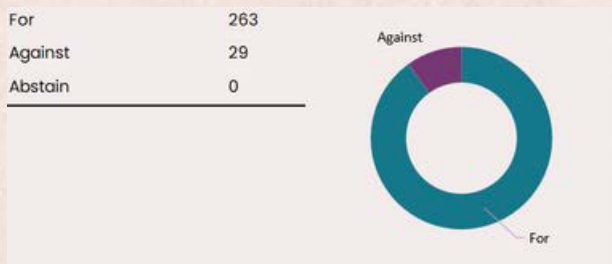
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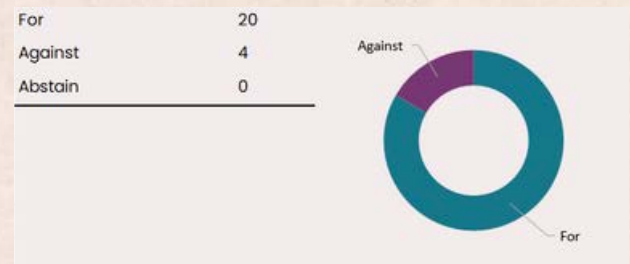
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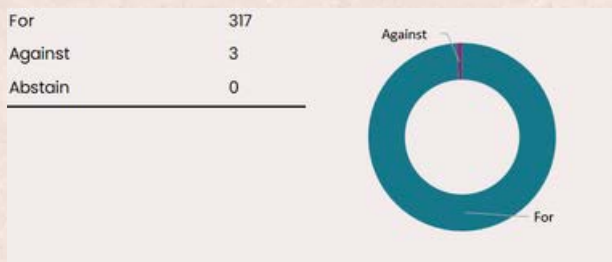
Directors



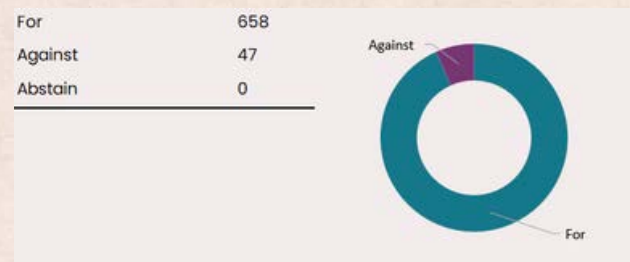
Executive Pay Schemes



Other



Total votes



Epworth Investment Management adheres to the principle that one of the privileges of owning shares in a company is the right to vote on issues submitted to a shareholder vote. Voting is carried out at all UK and global company meetings, in which Epworth invests, in line with a collaborative Church Investors Group (CIG) policy which is reviewed annually. The voting template is implemented by the CIG's service provider, ISS (Institutional Shareholder Services). The latest policy for voting can be found on the Epworth website. The above charts detail the number of votes we have participated in during the last quarter as well as how we have voted.



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