

June 2026

THE POWER OF PERSPECTIVE

ADAPTABILITY AND INNOVATION

GUIDED BY
PERSPECTIVE

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INNOVATION



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ADAPTABILITY AND INNOVATION



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Portfolio managers **Tom Ross** and **Ian Bettney**, alongside tennis coach **Steve Whelan**, explore the parallels between tennis and fixed income. Perspective shapes interpretation, innovation alters the environment and opportunity set, and adaptability determines how responses evolve as conditions change.

KEY TAKEAWAYS

- ▶ In complex environments, outcomes are shaped by how information is interpreted rather than any single “correct” view. Perspective is therefore critical.
- ▶ Market moves are often driven by prevailing narratives rather than underlying fundamentals, particularly as innovation reshapes the environment and opportunity set. The ability to reassess information, challenge initial reactions and adapt positioning becomes critical to success.
- ▶ Effective investing requires a disciplined framework that integrates diverse perspectives and supports adaptability. Combining experience with structured processes and shared insights enables teams to identify opportunities and risks.



LESSONS BETWEEN TENNIS AND FIXED INCOME

Ecological dynamics suggests that outcomes emerge through the interaction between individuals and their environment. Decisions are shaped in real time by available information, context and constraints.

In complex environments, this places perspective at the centre. The ability to interpret information, adapt as conditions change and apply multiple lenses becomes a source of advantage.

How does your perspective shape the way you interpret situations and make decisions?

Steve Whelan: My starting point is always that behaviour is shaped by the interaction between the individual and their environment. In tennis, two players can stand in the same position, see the same ball and still make completely different decisions. That is because they perceive the situation differently. They pick up different information, filter it through different constraints, and act on it in their own way.

In the world of tennis, ecological dynamics gives me a framework for understanding that. It explains why there is no single, pre-programmed answer to every situation.

Ian Bettney: The same applies to markets, where different perspectives are at the heart of efficiency. Markets only function because there are opposing views. Every trade requires one party to express a view and another to take the opposite side.

For us, experience matters because it helps you recognise when the market is changing and understand what those differences mean. But experience only adds value if it stays open-minded. What matters is being able to see through your biases and avoid tunnel vision, which means inviting newer perspectives. If experience becomes too rigid, it can narrow your perspective.

Take the perceived risk in software loans earlier this year. Concerns about Artificial Intelligence (AI) disruption were increasing, which spilled over into securitised markets. After an initial one-way de-risk momentum, investors started to analyse the underlying risks in more detail and distinguish between different forms of exposure, and we've seen a recovery now in software where prices reattached to fundamentals. That is exactly where perspective matters: the market may move in one direction at first, but good decision-making comes from reassessing what is actually going on beneath the headline narrative.

Tom Ross: I think it's important to recognise that different environments require different interpretations. We can all look back at previous periods of volatility and use them as reference points, but each shock is different. It may be an inflation shock, a geopolitical shock or an economic shock, yet each one has its own characteristics. So the

challenge is not to rely on a fixed view or past bias, but to interpret what the current environment is telling you.

That's why **perspective, for us, has to be grounded in process**. We use a consistent framework globally across fixed income that helps us assess market dynamics, valuations and fundamentals, and then express a view accordingly. Discipline comes from being able to adapt that perspective as conditions change, rather than becoming anchored to a single way of thinking.

TAKEAWAY PERSPECTIVE:

Perspective is not static – it must be continuously tested and refined. It is shaped by context, sharpened by experience and tested by new information. In both investing and tennis, the quality of the decision often depends less on having one fixed answer and more on seeing the situation – from multiple lenses – to respond well and adapt as conditions change.



In constantly changing environments, how do you adapt in real time without losing discipline?

Steve Whelan: For me, adaptability sits right at the centre of performance. Tennis is highly variable. The ball does not land in the same place twice, the opponent is moving, the surface changes, the score changes, and even the atmosphere around the court can change how a match feels. So players cannot rely on a pre-made plan and simply execute it. They have to pick up relevant information and adjust in real time.

Sometimes that adjustment is a process. Roger Federer, for example, was a classic server and volleyer, but he changed the way he played to be much more from the baseline over the course of his career as the game evolved. Novak Djokovic's serve and movement adapted as he got older because of injuries. Other times it is in the moment. In the 2022 Australian Open final, Rafael Nadal was initially losing and broke some strings but still believed he had time on his side to get them fixed and go on to win the match. For me, these are powerful illustrations of perspective and adaptability interacting.

Elite performers evolve continuously, training in discomfort to excel development. They can move their perspective from attack to defence literally in the blink of

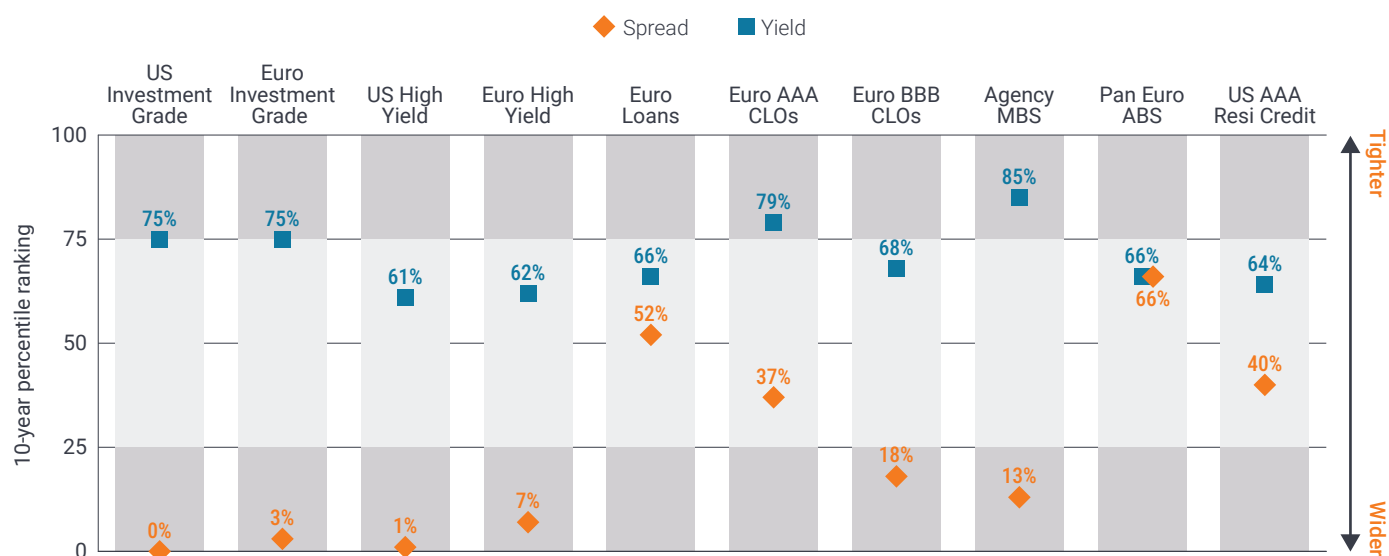
an eye. Mistakes are not failures; they are information. If a player hits long or into the net, that gives them feedback they can use to calibrate the next decision.

Tom Ross: When I think about adaptation in portfolio management, it is along similar lines – adjusting proactively and not just reactively.

For example, shifting between offence and defence in fixed income, depending on the environment. When spreads are tight, we may adopt a more defensive stance, but this does not mean doing nothing. For us, defence can still involve playing constructive positions – allocating to securitised credit, for example, where spreads per unit of risk remain attractive.

As volatility creates more attractive entry points, we can move onto the offensive and allocate to areas such as high yield, emerging markets or investment grade corporate credit, where there is greater potential for spread tightening.

Relative value varies across fixed income



Source: Janus Henderson Investors, Bloomberg, J.P. Morgan, ICE, Citi, as at 31 May 2026.

Note: Yields shown in USD. US IG: ICE BofA US Corporate Index, Govt OAS (option-adjusted spread over government), yield to worst (YTW); EUR IG: ICE BofA Euro Corporate Index, Govt OAS, yield is estimated based on generic US Govt 5-year plus EUR IG Govt OAS; US HY: ICE BofA US High Yield Index, Govt OAS, YTW; EUR HY: ICE BofA Euro High Yield Index, Govt OAS, yield is estimated based on generic US Govt 3-year plus EUR HY Govt OAS; AAA EUR CLO: J.P. Morgan Euro AAA CLO Index (prior to 31/01/18 Citi Velocity EUR CLO 2.0 AAA Index), swap spread, yield is estimated based on 4-year USD swap rate plus spread; BBB EUR CLO: J.P. Morgan Euro CLO BBB Index (prior to 31/01/18 Citi Velocity EUR CLO 2.0 BBB Index), yield is estimated based on 4-year USD swap rate plus spread; Agency MBS: Bloomberg US Mortgage Backed Securities (MBS) Index, OAS, yield to worst (YTW); Pan Euro ABS: Bloomberg Pan European Floating ABS Bond Index, swap spread, yield is estimated based on 3-month USD swap rate plus spread; US AAA Resi Credit is Non QM AAA (Non-Qualifying Mortgage): J.P. Morgan NQM A1 index data is from January 2019 - yield and spread percentiles are calculated from that date. Euro Loans: S&P UBS Western European Leveraged Loan Index. Yield to worst is the lowest possible yield a bond with a special feature (such as a call option) can achieve provided the issuer does not default. For an index, this statistic represents the weighted average across all the bonds in the index. **There is no guarantee that past trends will continue, or forecasts will be realised. Yields may vary over time and are not guaranteed. Actual results may vary, and the information should not be relied upon as a performance guarantee.**

Nevertheless, adaptability must sit within a framework. To maintain discipline under pressure, I come back to process. We use tools such as quantitative signals and stop-loss disciplines because they help reduce emotion and behavioural bias in difficult situations. That does not eliminate judgement, but it provides structure when conditions are moving quickly, as seen during the recent volatility linked to events in the Middle East.

Ian Bettney: Adaptability and perspective also appear in market technicals. In the AAA collateralised loan obligation (CLO) market, the term curve is currently very steep, reflecting different appetite. At the short end, strong buyer demand compresses spreads, while at the longer end new issuance is creating technical pressure and pushing spreads wider. So even within the same instrument, different investors can legitimately reach different conclusions depending on the risk profile they want.

That is why adaptability is about more than reacting to headlines. It is about recognising how the market structure itself is evolving. If everyone rushes in one direction, the real opportunity may lie in stepping back, re-underwriting the risk and identifying where relative value has emerged.



TAKEAWAY PERSPECTIVE:

Adaptation works best when it is anchored by discipline. In tennis, this means training in discomfort to develop skills, rather than avoiding it. In investing, using frameworks that reduce emotional decision-making and looking beyond market noise to re-examine underlying risk. In each case, the goal is not to eliminate uncertainty, but to respond to it with a process that is robust enough to hold under pressure.

How does innovation change your approach – and how do you differentiate lasting progress from noise?

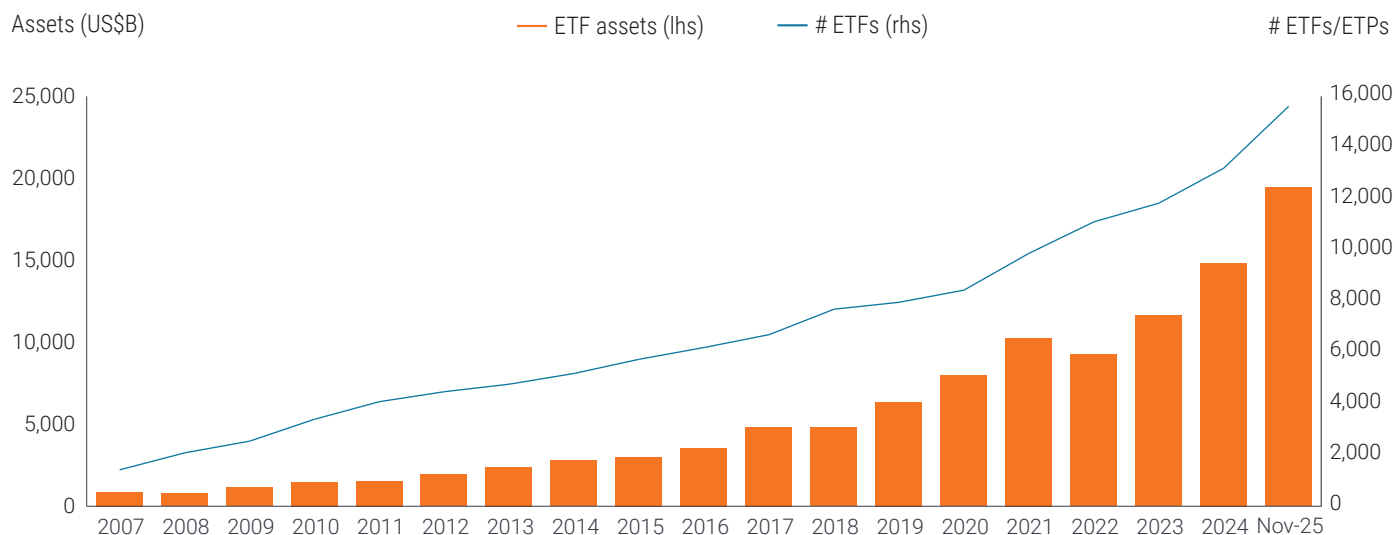
Steve Whelan: If you look at tennis over time, innovation has changed the game materially. Back in the 70s, there were wooden rackets, heavy tennis balls and slow tennis courts. As technology and the game advanced, we've seen lighter rackets, lighter balls and faster courts emerge, and consequently more athletic players develop. Another evolution is AI line calling. Innovation shapes the environment that players interact with, so inevitably influences how the sport is played.

Tom Ross: In fixed income, innovation creates opportunity, but it can also create disruption. AI is creating investment opportunities in areas such as data

centres, power demand and related components, while at the same time creating disruption risks in parts of software and services. So innovation opens some doors while closing others.

Newer fund structures, such as ETFs, have already broadened investor participation in parts of the market like CLOs. Looking ahead, developments such as tokenisation may go further by widening market access, improving liquidity and enhancing efficiency. But the discipline remains the same: we need to distinguish between durable and beneficial change for clients and short-term excitement.

Growth of assets in the global ETF industry



Past performance does not predict future returns

Source: ETFGI as at 30 November 2025.

Ian Bettney: What I would add is that innovation can affect not only what we invest in, but how the market infrastructure itself functions. For example, tokenisation and blockchain in the context of lending and payments. The ability to use blockchain as a lender of record could completely transform mortgage payments.

If those technologies are adopted more broadly, they could change how cashflows are tracked, how capital is transferred and how parts of the financial system operate. Sometimes the more durable value of innovation lies not in the immediate opportunities, but in the operational changes it enables underneath the surface.

TAKEAWAY PERSPECTIVE:

When evaluating innovation, the question is whether a development genuinely improves the opportunity set, market efficiency or the quality of decision-making. The more durable value of innovation often lies beneath the surface, in how it reshapes market structure, access and efficiency over time. Ultimately, it requires both perspective to interpret its significance and adaptability to respond effectively as its impact unfolds.



A union between mindset and method

At its core, ecological dynamics frames decision-making as an interaction between individuals, their environment and the information available in real time. In both tennis and investing, outcomes are not pre-determined but emerge through how that information is interpreted and acted upon.

Perspective shapes **interpretation**. **Adaptability** determines **response**. **Innovation** reflects how the **environment evolves** – and how those **responses adjust** over time.

In a team setting, this interaction becomes collective. Different perspectives – across players on court in doubles or investors across regions – act on the same underlying information. Experience strengthens this process, not by anchoring decisions to the past, but by improving how opportunities are recognised and acted upon.

Taken together, this reflects how these attributes combine effectively in investing: integrating perspectives, adapting within a disciplined framework and responding collectively to evolving conditions. In complex environments, that interaction between mindset and method is what underpins resilience and better long-term outcomes.

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