



Virgin Media O2

Telecommunications, delivering innovative services to the UK population

FIRST BOUGHT

Since fund inception – July 2012.

WHAT IS IT?

The second largest Telecommunication operator in the UK. It provides Gigabit internet, video, fixed-line telephone and mobile services to residential and business customers. Their network now covers 2/3rds of all UK homes and 5G mobile network covers half of the UK population¹. Virgin Media O2 is a 50:50 joint venture between Liberty Global plc and Telefonica S.A.

WHY DO WE OWN IT?

Virgin Media O2 possesses two key competitive advantages – efficient scale and high switching costs – which enable the company to consistently generate stable and positive free cash flow. A solid financial position and credit ratings contribute to its long-term resilience, which we believe allow it to weather short-term challenges and adapt to changing market conditions. For this reason, we do not see competitor attempts at increasing broadband capacity as being successful and believe the market will consolidate. From a geographic standpoint, the UK scores well on our proprietary country vulnerability framework, which quantitatively analyses six key macroeconomic indicators with

KEY POINTS

- Virgin Media O2's main assets are its cable, fibre, and mobile networks which are expensive and hard to replicate for any new entrants to the market.
- The Gigabit serviceable internet footprint now reaches over half of all UK homes and 5G mobile network covers half the UK population.
- Liquidity is strong and leverage is manageable for the stable business profile.

¹ All information can be found on Virgin Media O2's investor relations website.

CONSIDER THE RISKS

Investors should consider the risks that may impact their capital, before investing. The value of your investment may fluctuate from the time of the original investment. Please refer to the risks section enclosed. A decision to invest should take account of all the characteristics and objectives described in the prospectus and KIID/KID and/or offering documents. The portfolio does not have a sustainable investment objective. While the evaluation of Sustainability Risks through the analysis of ESG factors is part of the investment process, it may not necessarily result in the exclusion of a security. Please refer to the sustainability related disclosures for information on the commitments of the portfolio: <https://www.wellington.com/en/legal/sfdr>.

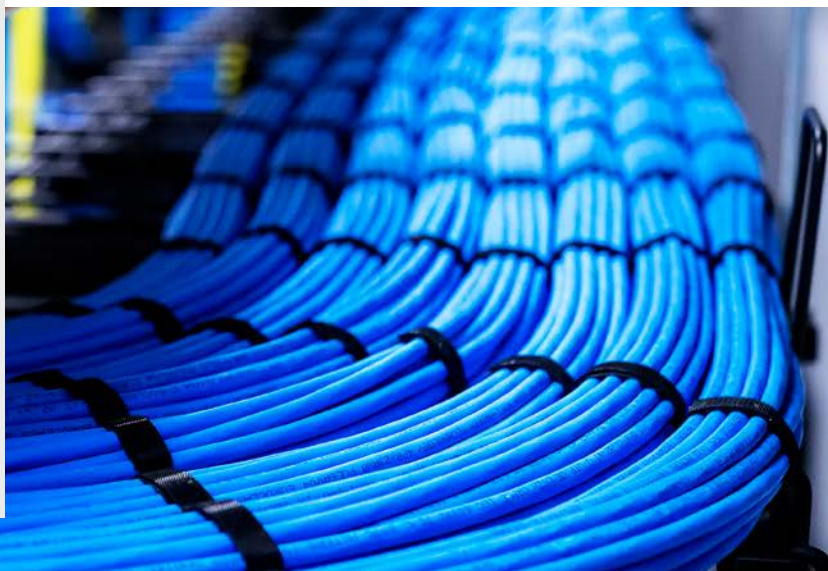
the aim of identifying imbalances or risk factors, suggesting to us that it will remain stable. We are comfortable with the sustainability profile of the company and do not believe Virgin Media O2 faces any material ESG concerns. In summary, Virgin Media O2's sustainable competitive advantage, solid sector and country positioning, and lack of ESG concerns have helped us build conviction in holding this company.

COMPETITIVE ADVANTAGE

We believe Virgin Media O2's position as a leading network owner and operator gives the company a competitive edge, with the cost and effort for competitors to replicate such infrastructure acting as a strong barrier to entry. Their range of differentiated and strategically bundled services creates cross-selling opportunities, making it more difficult for customers to switch to competitors and loyal customers tend to stick with their well-established brand, reducing churn and increasing revenue stability. Virgin Media O2's vertical integration with parent companies, Liberty Global and Telefonica, leads to better resource allocation and cost optimisation, and in our opinion, such integration enhances its competitive position. In summary, we believe Virgin Media O2's economic moat is fortified by its network infrastructure, brand loyalty, product differentiation and strong technical innovation.

FOR PROFESSIONAL, ACCREDITED INVESTORS AND WHOLESALE CLIENTS ONLY.

This is a marketing communication. Please refer to the prospectus of the Fund and to the KIID/KID and/or offering documents before making any final investment decisions. The example shown is for illustrative purposes only. It should not be assumed that an investment in the example has been or will be profitable. The commentary should not be taken as advice on an individual stock. Please refer to the annual and semi-annual report for the full holdings.



Risks

Below Investment Grade: Lower rated or unrated securities may have a significantly greater risk of default than investment grade securities, can be more volatile, less liquid, and involve higher transaction costs. | **Capital:** Investment markets are subject to economic, regulatory, market sentiment and political risks. All investors should consider the risks that may impact their capital, before investing. The value of your investment may become worth more or less than at the time of the original investment. The Fund may experience a high volatility from time to time. | **Credit:** The value of a bond may decline, or the issuer/guarantor may fail to meet payment obligations. Typically lower-rated bonds carry a greater degree of credit risk than higher-rated bonds. | **Emerging Markets:** Emerging markets may be subject to custodial and political risks, and volatility. Investment in foreign currency entails exchange risks. | **Hedging:** Any hedging strategy using derivatives may not achieve a perfect hedge. | **Interest Rates:** The value of bonds tends to decline as interest rates rise. The change in value is greater for longer term than shorter term bonds. | **Manager:** Investment performance depends on the investment management team and their investment strategies. If the strategies do not perform as expected, if opportunities to implement them do not arise, or if the team does not implement its investment strategies successfully; then a fund may underperform or experience losses. | **Sustainability:** An environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

Please refer to the fund prospectus and KIID/KID for a full list of risk factors and pre-investment disclosures.

The Wellington Global High Yield Bond Fund seeks long-term total returns. The Investment Manager will actively manage the Fund against the ICE BofA Global High Yield Constrained Index, seeking to achieve the objective by utilising bottom-up fundamental research to invest primarily in debt securities worldwide which are considered to be below investment grade.

IMPORTANT INFORMATION

This material has been prepared exclusively for use with professional, accredited or institutional investors, wholesale clients and non-retail investors for general information purposes only and does not take into account the investment objectives, financial situation or needs of any particular person. By accepting this material, you acknowledge and agree that this material is provided for your use only and that you will not distribute or otherwise make this material available to any person.

This material and its contents may not be reproduced or distributed, in whole or in part, without the express written consent of Wellington Management. This document is intended for marketing purposes only. It is not an offer to anyone, or a solicitation by anyone, to subscribe for units or shares of any Wellington Management Fund ("Fund"). Nothing in this document should be interpreted as advice, nor is it a recommendation to buy or sell securities. Investment in the Fund may not be suitable for all investors. Any views expressed in this document are those of the author at the time of writing and are subject to change without notice. Fund shares/ units are made available only in jurisdictions where such offer or solicitation is lawful. The Fund only accepts professional clients or investment through financial intermediaries. Please refer to the Fund offering documents for further risk factors, pre-investment disclosures, the latest annual report (and semi-annual report), and for UCITS Funds, the latest Key Investor Information Document (KIID) or Key Information Document (KID) before investing. For each country where UCITS Funds are registered for sale, the prospectus and summary of investor rights in English, and the KIID / KID in English and an official language, are available at www.wellington.com/KIIDs. For share/unit classes registered in Switzerland, Fund offering documents in English, French, Swiss French can be obtained from the local Representative and Paying Agent — BNP Paribas Securities Services, Selnaustrasse 16, 8002 Zurich, Switzerland. Wellington Management Funds (Luxembourg) and Wellington Management Funds (Luxembourg) III SICAV are authorised and regulated by the Commission de Surveillance du Secteur Financier and Wellington Management Funds (Ireland) plc is authorized and regulated by the Central Bank of Ireland. The Fund may decide to terminate marketing arrangements for shares/units in an EU Member State by giving 30 working days' notice.

In Canada, this material is provided by Wellington Management Canada ULC, a British Columbia unlimited liability company registered in the provinces of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Quebec, and Saskatchewan in the categories of Portfolio Manager and Exempt Market Dealer. ■ UK, issued by Wellington Management International Limited (WMIL), authorised and regulated by the Financial Conduct Authority (Reference number: 208573). ■ Europe (ex. UK and Switzerland), issued by marketing entity Wellington Management Europe GmbH which is authorised and regulated by the German Federal Financial Supervisory Authority (BaFin). Shares of the Fund may not be distributed or marketed in any way to German retail or semi-professional investors if the Fund is not admitted for distribution to these investor categories by BaFin. In Spain CNMV registration number 1236 for Wellington Management Funds (Luxembourg) CNMV registration number 1182 for Wellington Management Funds (Ireland) plc. ■ In Dubai, this material is provided by Wellington Management (DIFC) Limited (WM DIFC), a firm registered in the DIFC with number 7181 and regulated by the Dubai Financial Services Authority ("DFSA"). To the extent this document relates to a financial product, such financial product is not subject to any form of regulation or approval by the DFSA. The DFSA has no responsibility for reviewing or verifying any prospectus or other documents in connection with any financial product to which this document may relate. The DFSA has not approved this document or any other associated documents nor taken any steps to verify the information set out in this document, and has no responsibility for it. Any financial product to which this document relates may be illiquid and/or subject to restrictions on its resale. Prospective purchasers should conduct their own due diligence on any such financial product. If you do not understand the contents of this document you should consult an authorised financial adviser. This document is provided on the basis that you are a Professional Client and that you will not copy, distribute or otherwise make this material available to any person. ■ In Hong Kong, Wellington Management Hong Kong Limited (WM Hong Kong), a corporation licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), and Type 9 (asset management) regulated activities. ■ Wellington Private Fund Management (Shanghai) Limited (WPFM), which is an unregulated entity incorporated in China, is a wholly-owned subsidiary of WM Hong Kong. Wellington Global Private Fund Management (Shanghai) Limited (WGPFM) is a wholly-owned entity and subsidiary of WPFM and is registered as a private fund manager with Asset Management Association of China to conduct qualified domestic limited partnership and management activities. In mainland China, this material is provided for your use by WPFM, WGPFM, or WMHK (as the case may be). ■ In Singapore, Wellington Management Singapore Pte Ltd (WM Singapore) (Registration Number 201415544E), regulated by the Monetary Authority of Singapore. WM Singapore is regulated by the Monetary Authority of Singapore under a Capital Markets Services Licence to conduct fund management activities and deal in capital markets products, and is an exempt financial adviser. ■ In Australia, Wellington Management Australia Pty Ltd (WM Australia) (ABN19 167 091 090) has authorized the issue of this material for use solely by wholesale clients (as defined in the Corporations Act 2001). ■ In Japan, Wellington Management Japan Pte Ltd (WM Japan) (Registration Number 199504987R) is registered as a Financial Instruments Firm with registered number: Director General of Kanto Local Finance Bureau (Kin-Sho) Number 428 a member of the Japan Investment Advisers Association, the Investment Trusts Association, Japan (ITA) and the Type II Financial Instruments Firms Association (T2FIFA). ■ WM Hong Kong and WM Japan are also registered as investment advisers with the SEC; however, they will comply with the substantive provisions of the US Investment Advisers Act only with respect to their US clients. Wellington Management Funds ("the Funds") may not be offered to citizens and residents of the United States or within the United States, its territories, or possessions (other than to distributors and financial intermediaries). None of the Funds have been or will be registered under the US Securities Act of 1933, as amended (the "Securities Act"), and none of such shares may be offered, sold, transferred or delivered, directly or indirectly, in the United States or to United States residents or citizens (other than to distributors and financial intermediaries). None of the Funds have been or will be registered as an investment company under the US Investment Company Act of 1940, as amended (the "1940 Act"). Interests in the Funds may be offered through an affiliate of Wellington Management Company LLP; Wellington Funds Distributors, Inc., an SEC-Registered Broker/Dealer, Member FINRA and SIPC. Office of Supervisory Jurisdiction: 280 Congress Street, Boston, MA 02210. Tel: 617-951-5000 Fax: 617-951-5250.

Not FDIC Insured — No Bank Guarantee — May Lose Value.

©2024 Wellington Management. All rights reserved. As of 1 January 2024. WELLINGTON MANAGEMENT FUNDS® is a registered service mark of Wellington Group Holdings LLP | 98278_3

WELLINGTON
MANAGEMENT®