Contrarian Value Equity Fund

▶ Temperament. Duration. Alpha.

February 2026 Commentary | ISIN for Class D USD: IE00BF5FMG44

MARKETING COMMUNICATION

Our investment approach

- Contrarian investing is where quality and value meet.
- It starts with the best ideas not the index.
- It requires a patient temperament to generate long-term growth without taking investors off a cliff.

Portfolio Management Team

Brian A. Selmo

24 years in the industry

Mark Landecker

23 years in the industry

What do we mean by temperament and duration? Inside, we share the fund's return drivers, portfolio positioning and put the spotlight on a stock bought/sold.

Performance and markets

Heightened geopolitical tensions in the Middle East continued to drive market uncertainty, prompting a renewed focus on quality assets. While the human cost of conflict remains paramount, markets responded to shifting risk sentiment. Through this period, the Nedgroup Investments Contrarian Value Equity Fund delivered a return of 1.2%, broadly in line with the MSCI ACWI's 1.3%. Year to date, the fund has outperformed, returning 5.5% versus 4.3% for the index, supported by disciplined, valuation-driven stock selection.

Market leadership shifted during the period. Through February, concerns around near-term returns on AI-related capital expenditure led investors to rotate away from US megacap technology stocks, allowing non-US equities to outperform. This trend reversed in early March as geopolitical uncertainty triggered a flight to quality, benefiting US large caps.

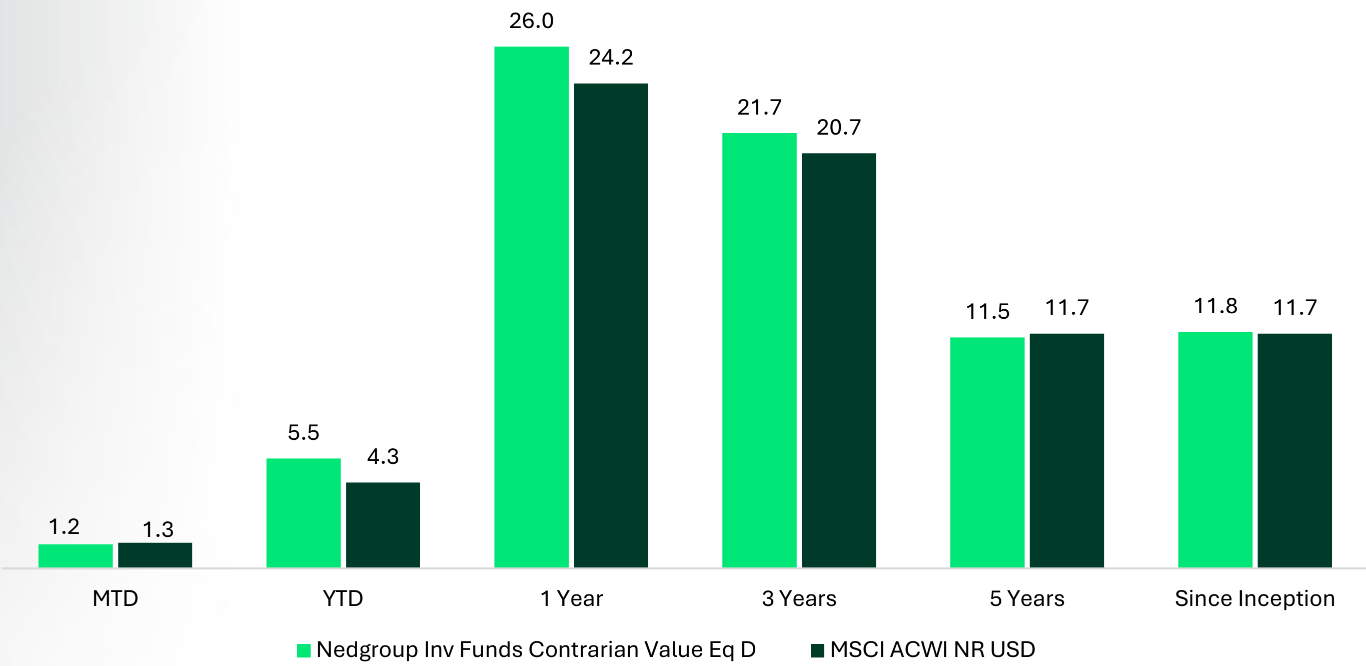
At a sector level, Materials and Industrials were the primary contributors for both the month and year to date. Within Materials, Amrize, IFF and Glencore delivered strong performance. Amrize continued to re-rate following its spin-out from Holcim, supported by above-industry margins and pricing power. IFF benefited from improved investor confidence as it sharpened its focus on core businesses and progressed with restructuring and debt reduction. Glencore delivered results ahead of expectations, supported by strong cash flows and rising prices across copper, coal and cobalt. In contrast, AI-exposed holdings including Alphabet, Meta and Amazon detracted from February performance amid rotating sentiment.

In Industrials, demand for AI-related infrastructure supported Korean holdings Samsung C&T and LG Corp, alongside the positive impact of ongoing corporate governance reforms in Korea. Safran also contributed, benefiting from sector tailwinds, strong engine servicing demand and an improving growth outlook.

Market volatility continued to create attractive opportunities. The portfolio increased exposure to healthcare "picks and shovels" through additions to Baxter and Avantor and initiated a new position in Waters Corp. Weakness in Nintendo was used to add to the position, while strong performance led to trims in long-standing holdings Citi and Wells Fargo. Overall, the portfolio remains positioned to capitalise on valuation dislocations while maintaining a disciplined approach to risk.

Fund performance

Past performance is not indicative of future performance and does not predict future returns



Inception date 01/06/2018 Source: Morningstar, data to 28 February 2026.

Rolling 5-year returns (%, US$)

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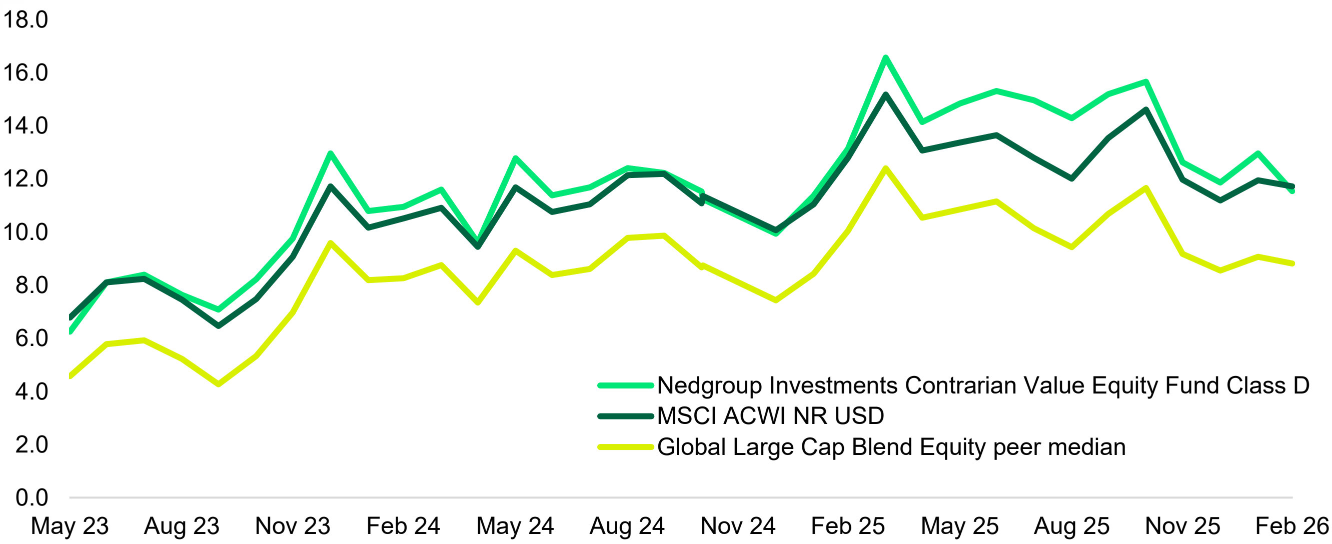

Source: Morningstar, data to 28 February 2026.

The share classes being offered in Germany are newly launched and do not have their own historical performance data. The performance information presented in this marketing material relates to the nearest comparable share class and is provided solely for indicative purposes. Differences in fees, and other factors may affect future performance. Investors should not rely solely on this information when making investment decisions. Fund returns are in US$ based on Class D Accumulation. MSCI index returns are with net dividends reinvested. Source: Morningstar, Nedgroup Investments.

Key return drivers

Stock contribution: Month to date

Winners	Contribution (%)	Losers	Contribution (%)
International Flavors & Fragrances	0.60%	ICON	-0.67%
Heineken Holding	0.59%	Alphabet	-0.59%
Analog Devices	0.54%	Amazon.com	-0.38%
Amrize	0.47%	Meta Platforms	-0.36%
Safran SA	0.38%	Naspers & Prosus	-0.23%

Stock contribution: Year to date

Winners	Contribution (%)	Losers	Contribution (%)
Analog Devices	1.12%	ICON	-0.68%
Samsung C&T	0.84%	Naspers & Prosus	-0.42%
Glencore	0.74%	Amazon.com	-0.26%
International Flavors & Fragrances	0.72%	Citigroup	-0.17%
Heineken Holding	0.61%	Aon	-0.12%

Sector contribution	Month to date (%)	Year to date (%)
Communication Services	-0.65%	0.42%
Consumer Discretionary	-0.42%	-0.45%
Consumer Staples	0.49%	0.74%
Energy	0.25%	0.60%
Financials	-0.31%	-0.39%
Health Care	-0.57%	-0.13%
Industrials	1.23%	2.42%
Information Technology	0.66%	1.25%
Materials	1.37%	2.17%
Real Estate	0.00%	0.00%

Performance, contribution data and positioning information as of reporting month end. Source: FPA, Factset, Nedgroup Investments

Portfolio positioning

Top 10 holdings	Portfolio weight
Alphabet	6.7%
Analog Devices	4.2%
Heineken Holding	4.0%
International Flavors & Fragrances	3.9%
JDE Peet's	3.4%
Comcast Corporation	3.4%
Citigroup	3.3%
Meta Platforms	3.3%
Safran SA	3.2%
Becton Dickinson and Co	3.1%
Total	**38.6%**

Sector breakdown	Portfolio weight
Communication Services	16.35%
Consumer Discretionary	10.84%
Consumer Staples	9.95%
Energy	2.52%
Financials	6.61%
Health Care	11.35%
Industrials	14.58%
Information Technology	8.92%
Materials	12.16%
Real Estate	0.00%
Total	**93.3%**

Stock spotlight: Baxter International

Baxter is a global medical devices company supplying essential products used daily in hospitals, including IV fluids, infusion systems, tubing, and hospital beds. Across its core categories, the company is a leading supplier, with products that are integral to hospital care delivery. This supports a resilient demand profile given the mission-critical nature of its offering.

- **Current Dynamics:** Baxter's valuation reflects legacy challenges rather than a deterioration in the core franchise. The Hillrom acquisition added complexity and balance sheet pressure, while execution missteps in 2022–23 disrupted product delivery and weighed on sentiment. These issues ultimately led to a management change, with Andrew Hider appointed CEO in mid-2025, formally commencing his role in late Q3 / early Q4. Prior to joining Baxter, Hider was CEO of ATS, where the business delivered strong revenue growth, margin improvement and shareholder value creation, reflecting a disciplined focus on execution and portfolio optimisation. Baxter has since progressed a balance sheet repair plan, including the separation of its Kidney Care / acute therapies business, which is expected to generate approximately USD 3 billion in proceeds, to be used to support debt reduction. Despite these steps, the market continues to value the company at a depressed ~8–9x earnings.

- **Strategic Positioning:** Baxter remains a critical supplier within global healthcare systems. Hospitals are typically reluctant to switch providers for core consumables and equipment due to regulatory requirements, logistical complexity, and patient safety considerations. Under new leadership, with a simplified portfolio and renewed focus on execution, the company is positioned to stabilise operations and gradually restore credibility.

- **Investment Thesis:** The position in Baxter reflects a valuation disconnect driven by balance sheet stress and past execution issues, rather than a permanent impairment of the underlying business. The thesis rests on three pillars: (1) balance sheet repair through asset sales and disciplined capital allocation; (2) operational stabilisation under new management, supporting a return to modest growth; and (3) the potential for a meaningful re-rating as leverage normalises toward peer levels. Global medtech peers such as Medline, Stryker and Becton Dickinson typically trade in the mid-teens to ~20x earnings. Even a partial re-rating toward the lower end of this range would imply substantial upside from current levels, before dividends or buybacks. While leverage remains elevated, it is part of the opportunity rather than the thesis, and the essential nature of Baxter's products helps limit downside risk.

This position was 0.96% of the portfolio as at month-end.

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