Contrarian Value Equity Fund

NEDGROUP INVESTMENTS

▶ Durability. Temperament. Alpha.

July 2026 Commentary | ISIN for Class D USD: IE00BF5FMG44

MARKETING COMMUNICATION

MONTHLY PORTFOLIO UPDATE

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

July proved to be another reminder that markets remain narrowly focused on a small number of macro narratives. Geopolitical tensions in the Middle East resurfaced, pushing oil prices higher, while concerns about the sustainability of AI-related spending again dominated investor attention. Meanwhile earnings season highlighted that not all companies exposed to AI experienced the same outcome. Markets at times treated these businesses as a single trade, but company fundamentals ultimately mattered. The result was a largely flat month for global equities, with the MSCI ACWI returning 0.1% in US dollar terms. Energy was the standout sector and the only area to deliver a double-digit return, while financials also advanced. Technology stocks, by contrast, declined by more than 5%.

Against this backdrop, the Fund returned 3.7% during the month. Performance reflected a recurring theme within the portfolio: returns came from businesses that looked very different from the market's most crowded positions. Positive earnings surprises emerged across a broad range of holdings and sectors, demonstrating the benefits of maintaining a diversified opportunity set and remaining focused on company-specific fundamentals rather than prevailing market narratives.

Healthcare was a particularly strong contributor. Several holdings delivered results that reinforced our view that the market had become overly pessimistic about their prospects. Baxter and Avantor produced better-than-expected earnings, improving confidence in their growth trajectory and operational progress. Becton Dickinson, Thermo Fisher and Bio-Rad Labs also generated double-digit returns over the month as evidence of a recovery in life sciences demand continued to build.

Consumer-oriented holdings were another significant source of returns. Heineken, Magnum Ice Cream, Sodexo and Amazon all contributed positively, although for very different reasons. In Heineken's case, management continued to demonstrate that cost-saving initiatives are translating into a more credible path to margin expansion. Premium beer volumes remained resilient while the no- and low-alcohol portfolio continued to grow at a healthy rate. Magnum Ice Cream showed similar characteristics, with operational improvements supporting margins while an exceptionally warm European summer boosted demand and helped strengthen free cash flow generation.

Sodexo also delivered encouraging results. Market expectations had become increasingly pessimistic following a period of operational challenges, yet the company reported better-than-expected organic growth and provided constructive guidance. The share price response reflected a growing recognition that the turnaround remains on track.

Amazon was another notable contributor. While AI investment remains the subject of significant market debate, cloud growth accelerated and provided early evidence that demand is beginning to translate into tangible financial outcomes. This was particularly important given investor concerns around the company's elevated capital expenditure programme and recent pressure on free cash flow generation.

We continue to find opportunities in businesses where short-term concerns have overshadowed long-term fundamentals. Many of our strongest performers this month were companies that had fallen out of favour and were trading at valuations that understated their resilience and earnings power. At the same time, we remain disciplined in trimming long-term winners where valuations have become increasingly demanding. As always, our focus remains on patiently allocating capital where the gap between price and intrinsic value is greatest, even when that means looking different from market indices.

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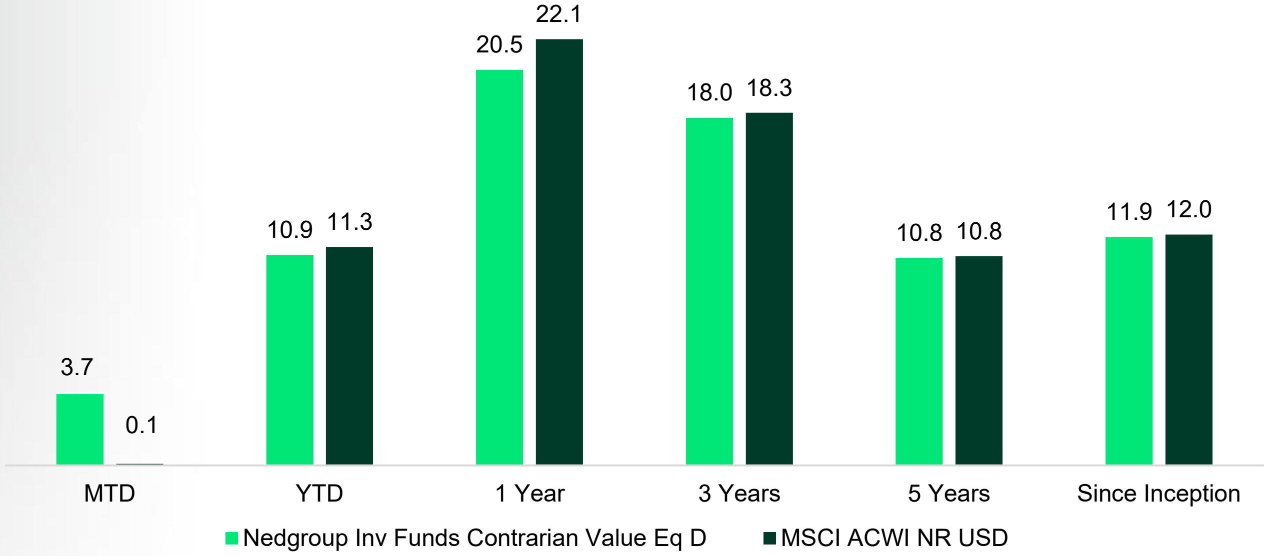
Fund performance

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



Inception date 01/06/2018 Source: Morningstar, data to 31 July 2026.
Performance figures are based on the 15:00 (3pm) Irish-domiciled fund valuation point.

Rolling 5-year returns (%, US$)

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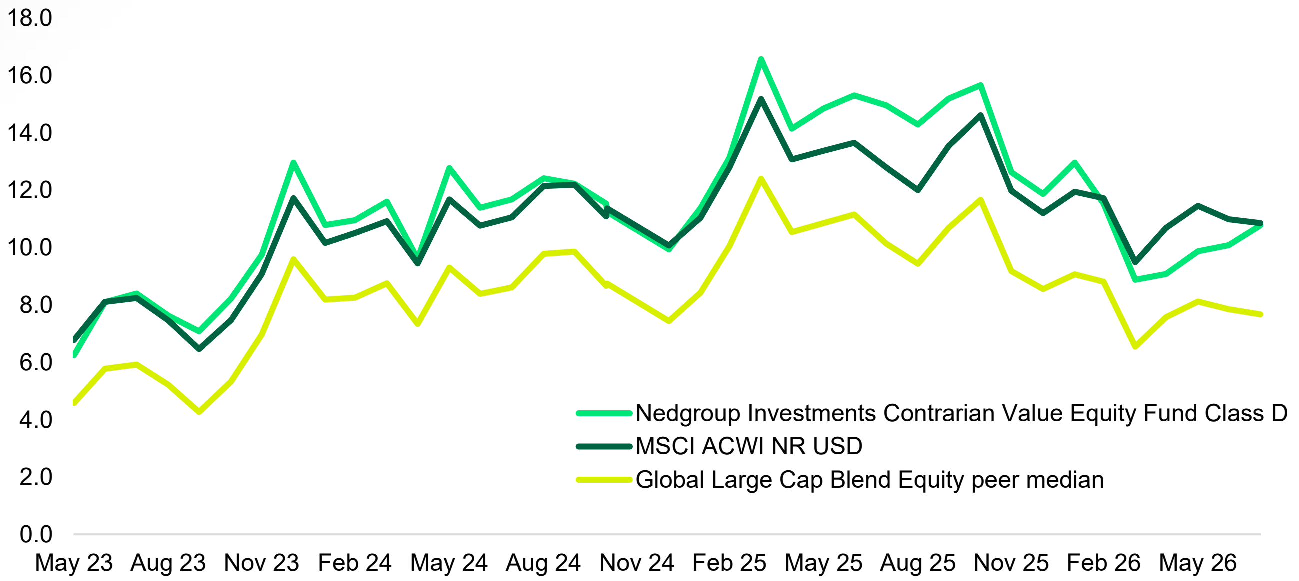

Source: Morningstar, data to 31 July 2026.
Performance figures are based on the 15:00 (3pm) Irish-domiciled fund valuation point.

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 (%)
Amazon.com	0.38%	Samsung C&T	-0.44%
Heineken Holding	0.36%	Analog Devices	-0.31%
Baxter International	0.33%	NXP Semiconductors	-0.29%
Nippon Paint Holdings	0.29%	Citigroup Inc	-0.20%
Avantor	0.28%	Fortune Brands Innovations	-0.19%

Stock contribution: Year to date

Winners	Contribution (%)	Losers	Contribution (%)
Analog Devices	1.46%	Naspers & Prosus	-0.69%
Alphabet	1.19%	Meta Platforms	-0.59%
Glencore	0.94%	Comcast Corporation	-0.37%
Samsung C&T	0.93%	Liberty Broadband	-0.32%
International Flavors & Fragrances	0.63%	TE Connectivity	-0.25%

Sector contribution	Month to date (%)	Year to date (%)
Communication Services	0.12%	-0.57%
Consumer Discretionary	0.99%	1.30%
Consumer Staples	0.72%	1.30%
Energy	0.05%	0.57%
Financials	0.55%	1.31%
Health Care	1.15%	1.79%
Industrials	-0.13%	2.75%
Information Technology	-0.13%	1.70%
Materials	0.38%	1.79%
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	6.1%
Heineken Holding	3.7%
Analog Devices	3.6%
International Flavors & Fragrances	3.5%
Citigroup	3.5%
Amazon.com	3.1%
Safran SA	3.0%
Becton Dickinson and Co	2.9%
Arthur J Gallagher & Co	2.8%
Meta Platforms	2.7%
Total	**34.9%**

Sector breakdown	Portfolio weight
Communication Services	13.9%
Consumer Discretionary	10.6%
Consumer Staples	9.0%
Energy	1.1%
Financials	10.6%
Health Care	13.6%
Industrials	14.2%
Information Technology	10.1%
Materials	10.9%
Real Estate	0.0%
Total	**93.9%**

Stock spotlight: Nintendo

Nintendo owns one of the world's most valuable portfolios of entertainment intellectual property, including Mario, Zelda, Pokémon, Donkey Kong and Animal Crossing. While often viewed as a cyclical gaming company tied to console launches and hardware demand, we believe this perspective understates the long-term value of its franchise portfolio and its ability to monetise these assets across an expanding range of entertainment channels.

- **Current Dynamics:** Following the launch of the Nintendo Switch 2, investor attention has largely focused on hardware demand, console sales and the potential impact of higher component costs on margins. While these factors may influence near-term earnings, we believe they risk obscuring the durability of Nintendo's underlying business. The company's growing installed user base, expanding digital ecosystem and ownership of iconic intellectual property provide a strong foundation for long-term value creation.

- **Strategic Positioning:** Nintendo is increasingly evolving from a traditional console manufacturer into a broader entertainment company built around a collection of globally recognised brands. Digital game sales, downloadable content, subscriptions and online services provide higher-margin and more recurring revenue streams than hardware sales alone. Beyond gaming, initiatives spanning film, theme parks, merchandise and mobile experiences broaden audience reach and create additional avenues for monetisation, reinforcing the relevance of Nintendo's franchises across generations of consumers.

- **Investment Thesis:** We view Nintendo as a high-quality owner of scarce and enduring intellectual property rather than simply a hardware producer. Its franchises have demonstrated remarkable longevity, supported by deeply engaged fan communities and significant barriers to replication. As management continues to expand monetisation beyond console sales, Nintendo increasingly resembles other franchise-driven entertainment businesses where value creation is driven by the ownership and commercialisation of iconic brands. While hardware cycles may create periods of volatility, we believe the market underappreciates the long-term earnings power embedded within Nintendo's portfolio of franchises and its ability to compound value over time.

This position was 1.20% of the portfolio as at month-end.

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Risks and fees are outlined in the relevant Sub-Fund supplement.
Prices are published on the Investment Manager's website.

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