Contrarian Value Equity Fund

▶ Temperament. Duration. Alpha.

November 2025 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

Elevated market concentration meant that November was a reminder of how quickly sentiment can shift, with volatility driven by concerns over AI spending and valuations alongside the prospect of private credit defaults. Against this backdrop, differentiated exposure was key. The MSCI ACWI ended the month flat at 0.0%, while the Nedgroup Investments Contrarian Value Equity Fund delivered 1.5%. Year to date, the Fund outperformed, returning 22.1%, ahead of the index at 21.1%.

The strongest drivers of returns in November came from Communication Services, Health Care and Materials, while Industrials detracted despite being the leading sector year to date. IT weighed on the index, but our differentiated exposure proved additive, led by TE Connectivity — one of the top contributors for the year.

Within Communication Services, Alphabet was the largest contributor both for November and year to date. Confidence in its AI capabilities grew with the launch of Gemini 3, while Berkshire Hathaway's disclosed stake and strong cloud results highlighted growth beyond advertising— a perspective we have long held as bottom-up investors. Yet discipline remains central to our process: with risk-reward dynamics evolving since our initial investment over a decade ago, we trimmed the position further this month.

Nexon, the gaming manufacturer behind Dungeon & Fighter, delivered the highest portfolio returns in November, buoyed by strong earnings, a dividend doubling, and a new buyback program. As valuations approach their course, we have been trimming exposure. Charter Communications weighed on returns both for the month and year to date, with its announced merger and broadband challenges pressuring sentiment. We believe Charter's differentiating strength lies in convergence—bundling wired broadband with mobile services to deliver lower-cost, higher-value offerings. Over the next 5–7 years, convergence is expected to be as powerful a growth driver as the risks posed by incremental cable competition, and position sizing reflects this balance.

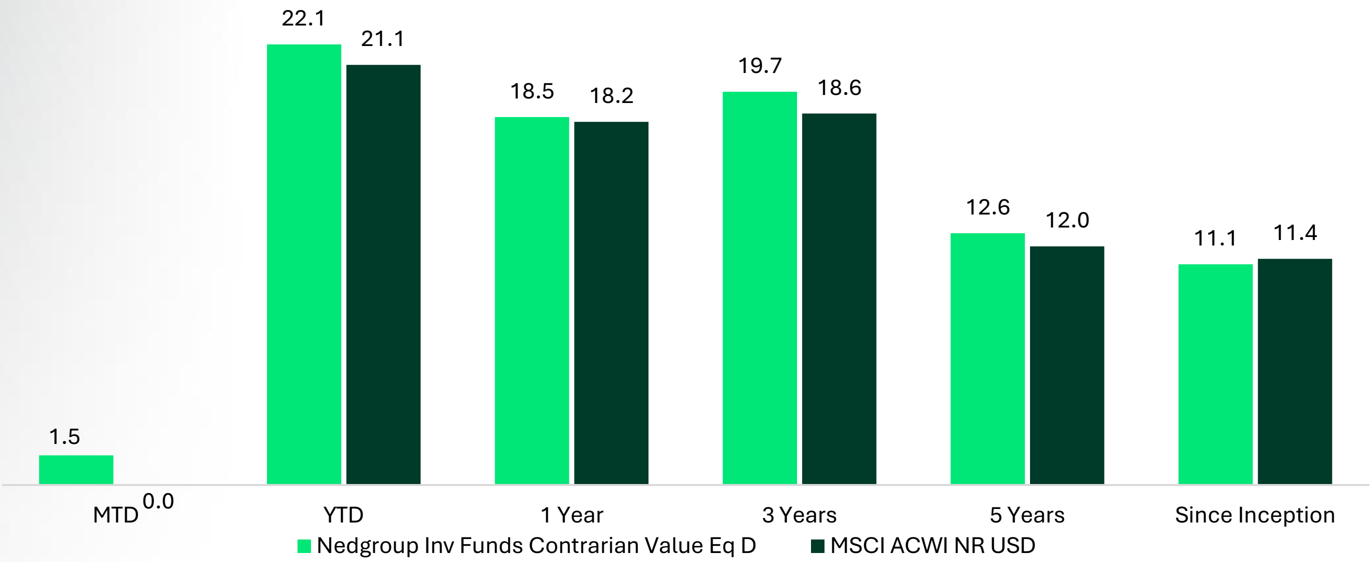
Health Care was led by Becton Dickinson, our growing position in mission-critical equipment, which posted strong results and enhanced shareholder returns through dividends and buybacks. In Materials, IFF lifted on strong earnings and reaffirmed guidance.

Industrials detracted in November, with Uber Technologies weighing despite delivering 45% returns year to date. While revenue and earnings exceeded expectations, questions around earnings quality and ongoing legal pressures weighed on the stock. This dynamic highlights why we emphasise long-term earnings power over the noise of quarterly results.

It is no coincidence that many of this year's detractors—Vail Resorts, Pernod Ricard, Fortune Brands, Hoshizaki, Icon, Nippon Paint—are relatively new additions to the portfolio. As contrarian value investors, we deliberately seek resilient businesses where market sentiment has yet to catch up with fundamentals. Volatility will persist into 2026, but our discipline remains unchanged: conducting deep fundamental research to give us the conviction to hold companies with enduring strength, even when the prevailing narrative is against them.

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 30 November 2025.

Rolling 5-year returns (%, US$)

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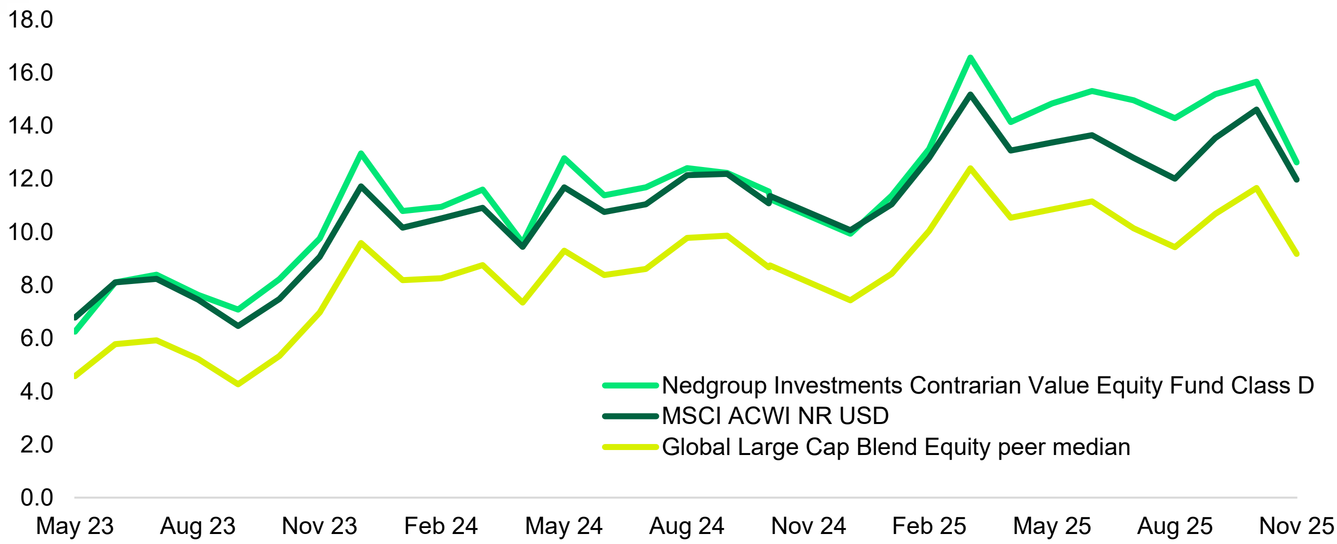

Source: Morningstar, data to 30 November 2025.

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.

NEDGROUP INVESTMENTS

Key return drivers

Stock contribution: Month to date

Winners	Contribution (%)	Losers	Contribution (%)
Alphabet	1.06%	TE Connectivity	-0.36%
Analog Devices	0.55%	Naspers & Prosus	-0.28%
Intl Flavors & Fragrances	0.35%	Charter Communication	-0.25%
Becton Dickinson	0.31%	Safran	-0.18%
Marriott International	0.21%	Amazon.com	-0.16%

Stock contribution: Year to date

Winners	Contribution (%)	Losers	Contribution (%)
Alphabet	3.58%	Comcast Corporation	-1.36%
TE Connectivity	2.41%	CarMax	-1.30%
JDE Peet's	2.35%	Charter Communications	-0.95%
Citigroup	2.32%	Intl Flavors & Fragrances	-0.69%
Safran	1.62%	Vail Resorts	-0.36%

Sector contribution	Month to date (%)	Year to date (%)
Communication Services	0.71%	3.95%
Consumer Discretionary	-0.30%	0.59%
Consumer Staples	0.13%	2.96%
Energy	0.12%	0.36%
Financials	0.20%	2.88%
Health Care	0.48%	1.57%
Industrials	-0.31%	5.05%
Information Technology	0.12%	3.70%
Materials	0.43%	2.13%
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	8.05%
Analog Devices	4.52%
Meta Platforms	3.94%
TE Connectivity Plc	3.75%
Becton Dickinson	3.66%
JDE Peet's	3.63%
Heineken Holding	3.61%
Citigroup	3.60%
International Flavors & Fragrances	3.58%
Amazon.com	3.18%
Total	**41.5%**

Sector breakdown	Portfolio weight
Communication Services	17.13%
Consumer Discretionary	11.90%
Consumer Staples	8.87%
Energy	2.48%
Financials	7.49%
Health Care	11.35%
Industrials	13.93%
Information Technology	9.95%
Materials	11.12%
Real Estate	0.00%
Total	**94.2%**

Stock spotlight: Nexon

Nexon is a leading global video game publisher with a portfolio of highly durable franchises. Its flagship title, Dungeon & Fighter, has generated lifetime revenue exceeding the combined global box office of all Star Wars films—a testament to the scale and stickiness of its intellectual property (IP). Other long-standing titles like MapleStory reinforce Nexon's moat, built on decades of player engagement and high switching costs. These games function as social ecosystems, where players invest significant time and money, creating a powerful barrier to churn.

- **Current Dynamics:** Historically, video gaming has been viewed as a hit-driven business with volatile cash flows. Nexon's differentiated model challenges this perception: its core franchises have demonstrated multi-decade longevity, supported by continuous content updates and community engagement. However, recent valuation strength reflects optimism around Arc Raiders, a new title from Nexon's Embark studio that has surged in popularity on Twitch and Steam. While promising, this success introduces uncertainty, as the durability of Arc Raiders remains unproven compared to Nexon's established pillars.

- **Strategic Positioning:** Nexon's strategy centres on leveraging its IP advantage and expanding its portfolio through acquisitions like Embark. The company benefits from structural tailwinds in gaming - rising monetization, growing global player bases, and the increasing value of IP in an era of cross-platform entertainment. Tencent's minority investment underscores Nexon's strategic importance within the industry.

- **Investment Thesis:** Nexon has delivered strong long-term performance since our initial investment in 2018, driven by the resilience of its core franchises and the addition of new titles that have become meaningful pillars. This trajectory validates the thesis that these games behave more like "digital theme parks," where new player cohorts are layered over time, creating long-lasting engagement and monetization. Its proven franchises offer exceptional durability, and management continues to innovate through new titles and acquisitions. However, with the share price re-rating and a growing share of earnings tied to unproven games, the risk/reward has normalized. Nexon remains a high-quality operator in an attractive industry, but we have been reducing the position on recent strength, as valuation now prices in much of the upside from Arc Raiders and long-term IP durability.

This position was 0.1% of the portfolio as at month-end.

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

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