Global Equity Fund

▶ Real Return Investing

July 2026 Commentary | ISIN for Class C USD: IE00BKXGF987

MARKETING COMMUNICATION

NEDGROUP INVESTMENTS

MONTHLY PORTFOLIO UPDATE

Our investment approach

- Focus on real returns with lower volatility and downside protection.
- High conviction portfolio of quality companies based on thematic idea generation.
- Strict valuation discipline to only invest when attractive real returns are achievable.

Portfolio Management Team

Ian Clarke

21 years in the industry

Andy Headley

30 years in the industry

Mike Moore

21 years in the industry

Performance and markets

July was a month characterised by a sharp rotation beneath the surface of global equity markets. While headline indices were broadly flat, investors reassessed the sustainability of returns from the AI investment cycle, resulting in significant weakness across semiconductor and AI-linked businesses. Rising tensions in the Middle East also pushed oil prices higher, reigniting inflation concerns and contributing to a rise in global bond yields. Against this backdrop, market leadership shifted decisively away from growth and technology stocks towards more defensive and value-oriented sectors. The environment proved favourable for many of the high-quality businesses held in the portfolio. The Nedgroup Investments Global Equity Fund returned 5,21% versus 0,51% for the benchmark. Performance was driven by strong company fundamentals rather than broader market enthusiasm for AI-related themes. **Microsoft** shares rose 25%, driven largely by a post-earnings rally, after the software company reported fourth-quarter results that beat expectations on key metrics, including cloud revenue. Analysts are optimistic about the acceleration at the company's Azure business. **Intercontinental Exchange (ICE)** (+23%) delivered robust second-quarter results and announced the acquisition of MarketAxess. The transaction significantly strengthens ICE's position within the global fixed-income ecosystem by combining market data, trading infrastructure and electronic execution capabilities. Strong growth in open interest across its exchanges, together with recurring revenues from data services and mortgage technology, reinforced the investment case that ICE remains a critical piece of global financial market infrastructure. **Thermo-Fisher Scientific** (+14,5%) raised its revenue forecast after stronger-than-expected spending by biotech and pharma customers and a rebound in laboratory instrument demand helped pushed second-quarter sales past expectations. Shares jumped. The clearest signal of increased customer demand came from the company's Analytical Instruments segment, which reached its fastest growth in two years. Segment revenue rose 6.9% to $1.8 billion after staying flat in the first quarter

Stock Spotlight: SAP

SAP (+18,6%) reported Q2 2026 cloud revenue growth of 24% easing market fears of a slowdown. The current cloud backlog surged 26% to 27% year-over-year reaching €22.9 billion, signalling robust long-term demand. Management noted that over 90% of their top 50 large deals signed in the quarter included an AI component, reinforcing customer adoption. The results indicated that artificial-intelligence tools and hardware spending aren't replacing SAP, which offers cloud services and operations software for enterprises. SAP's cloud business has benefited in recent years from enterprises shifting their data to the company's platform from on-site databases. But that shift has coincided with a decline in software support revenue and worries about artificial-intelligence tools lessening the need for certain enterprise software tools which has weighed on the stock. SAP claim the company's cloud platform offered embedded AI solutions that generic AI tools can't match. Continued execution and acceleration of the company's €10 billion share repurchase program provided ongoing capital return support, and there was the removal of some regulatory overhang was also helpful. On July 9, the European Commission closed its probe into SAP's on-premises maintenance policies after SAP offered binding servicing commitments. In late July, the German cartel office shelved a preliminary review regarding data access complaints from Celonis.

Our view: SAP's enterprise software controls core financial, supply chain, and HR workflows, making customer replacement rates exceptionally low. The aggressive push toward cloud ERP (S/4HANA) converts lumpy legacy license fees into predictable, higher-value recurring subscription models. Embedding business-context AI capabilities directly into core enterprise workflows creates an incremental monetisation lever and provides a 'smart bridge' for customers to navigate toward. A diversified global client base across multiple sectors provides consistent anti-cyclical revenue durability.

Key return drivers

Stock contribution : Month to date

Winners	Contribution (%)	Losers	Contribution (%)
Microsoft	1.06%	TransDigm Group	-0.14%
Amazon.com	0.76%	Vinci	-0.20%
Intercontinental Exchange	0.71%	Vulcan Materials	-0.25%
Thermo Fisher Scientific	0.68%	Hyatt Hotels Corporation	-0.32%
Mastercard Inc.	0.57%	ASML Holding N.V.	-0.55%

Sector contribution	Month to date (%)
Financials	1,94%
Information Technology	1,12%
Health Care	0,99%
Consumer Discretionary	0,62%
Consumer Staples	0,46%
Cash and equivalents	0,00%
Industrials	-0,01%
Materials	-0,25%

Portfolio positioning

Top 10 holdings	Portfolio weight
Amazon.com Inc	6,25%
Safran SA	5,46%
Microsoft Corp	5,30%
Airbus Group	5,27%
Mastercard Inc A	5,25%
Canadian Pacific Kansas City Ltd	5,09%
Thermo Fisher Scientific Inc	4,96%
Vinci SA	4,92%
London Stock Exchange Group	4,87%
Unitedhealth Group Inc	3,91%
Total	**51.3%**

Sector breakdown	Portfolio weight
Industrials	22,92%
Financials	20,64%
Health Care	16,80%
Consumer Discretionary	15,95%
Information Technology	11,66%
Consumer Staples	5,98%
Cash	3,53%
Materials	2,51%
Total	**100.0%**

Attribution analysis and positioning information as at 31 July 2026. Source: Nedgroup Investments, Veritas Asset Management.

Fund returns are in US$ based on Class C. MSCI index returns are with net dividends reinvested. Source: Morningstar

Notable News

- **Airbus** said it aims to generate €12 billion to €13 billion in adjusted operating profit in 2029 and initiate a major share buyback program over the course of the next three years, part of a plan to strengthen its balance sheet ahead of major investments next decade. The earnings guidance for this year is unchanged.
- **UnitedHealth Group** raised its outlook for the year and reported quarterly profit well ahead of Wall Street's views. The health conglomerate now expects adjusted profit to be $19.50 to $20 a share this year, a significant revision upward from more than $18.25 a share and above analyst views. A key measure of medical costs was much better than Wall Street analysts forecast in a Bloomberg survey, and profit in the quarter topped the highest estimate. UnitedHealth Chief Financial Officer Wayne DeVeydt said the new outlook would be the starting point for increasing profits next year at the pace the company has historically targeted. UnitedHealth has long sought to increase per-share profits on average by 13% to 16% annually. More favourable data on medical costs from the first half of the year gave the company the confidence to boost its forecast.
- **Dassault Systèmes** reported beats on revenue growth and Ebit in the second quarter. The group also reiterated its full-year guidance and said it will buy drug trial software company ArisGlobal for as much as $2 billion, expanding its push into life sciences. ArisGlobal deal, meant to strengthen group's life sciences offering, may be helpful as the segment has been a growth challenge for over three years now.

Contact us

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The price of shares may go down or up depending on fluctuations in financial markets outside of the control of the Investment Manager meaning an investor may not get back the amount invested.

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Risks and fees are outlined in the relevant Sub-Fund supplement.

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