Global Equity Fund

▶ Real Return Investing

September 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

Global equity markets weakened in September as rising bond yields, higher oil prices and renewed inflation concerns weighed on investor sentiment. The US Federal Reserve and European Central Bank both raised interest rates, while government bond yields reached multi-year highs as investors reassessed the outlook for inflation and monetary policy. Despite the broader market weakness, AI-related technology stocks remained relatively resilient. The US market declined modestly as higher bond yields weighed on rate-sensitive sectors, offsetting continued strength in large-cap technology. Europe recorded its first monthly decline in six months as energy prices surged above $100 per barrel and inflation accelerated further. The UK also weakened as investors digested rising inflation and the likelihood of further monetary tightening. Against this backdrop, the Nedgroup Investments Global Equity Fund declined 6,09% versus -1,19% for the benchmark. **Amadeus IT (-12,9%)** was the largest detractor during the month – see below for more detail. **London Stock Exchange Group (-11,2%)** also weakened amid heightened bond market volatility and broader concerns around UK capital markets. Sentiment may have been impacted by the report that the number of listed companies on the LSE had hit a decade low. After a strong multi-year performance following its data transformation (spurred by the Refinitiv acquisition and Microsoft partnership) there has been some rotation out of the stock. On the positive side, **Thermo Fisher Scientific** rose **9,5%**. After a prolonged post-pandemic slowdown in life sciences spending, demand across pharmaceutical and biotechnology end markets has started to normalise. Growth in bioproduction and clinical research accelerated, while the analytical instruments division delivered its strongest growth in two years. Investor confidence was further boosted by the successful integration of the recently acquired Clario business, which has delivered cost synergies and stronger-than-expected earnings contributions ahead of schedule. The stock has been trimmed after a good run. **Waters Corporation (+6,3%)** contributed positively. The company delivered another earnings beat, upgraded full-year guidance and highlighted ongoing strength across both its legacy analytical instruments business and the recently acquired Biosciences and Diagnostic Solutions assets from Becton Dickinson. Management reported synergy realisation running ahead of expectations and pointed to particularly strong demand in China and India.

Stock Spotlight: Amadeus IT

The company lowered its full-year 2026 revenue guidance from high-single-digit to mid-to-high-single-digit growth, triggered by global travel uncertainty and airline capacity adjustments following escalating geopolitical disruptions. The International Air Transport Association (IATA) severely slashed its 2026 passenger demand growth forecast from 4.9% down to 2.1%. This macro deceleration directly squeezed Amadeus's core flight-booking transaction volumes. Some analysts have concerns that the combination of New Distribution Capability (NDC)—which allows airlines to sell directly to consumers—and generative AI tools could convert traditional Air Distribution into a much slower-growth business model over the medium term. This concern tends to be raised periodically, despite Amadeus having a strong structural case for becoming a significant AI winner rather than being disrupted by it. AI front-ends (like ChatGPT or travel assistants) can suggest destinations, but they cannot book flights, settle multi-currency payments, or handle airline seat allocation on their own. They require a connection to an underlying registry. Amadeus functions as a global neutral execution layer and system of record. For an AI agent to execute a complex travel task, it must feed into Amadeus's application programming interfaces (APIs) to check live availability, enforce corporate policy, and complete transactions.

Our view: As AI search intensity increases, Amadeus stands to collect structural transaction fees regardless of which AI assistant a consumer uses. The market's fear is that airlines will use AI to cut out middlemen and sell 100% directly via New Distribution Capability (NDC). However, this ignores the deep operational reality of Airline IT Solutions (like Amadeus Altéa).

Key return drivers

Stock contribution : Month to date

Winners	Contribution (%)	Losers	Contribution (%)
Thermo Fisher Scientific	0.46%	Stryker Corp.	-0.40%
ASML Holding N.V.	0.21%	Vinci	-0.41%
Waters Corporation	0.18%	Aon PLC	-0.51%
Microsoft	0.07%	Amadeus IT Group	-0.55%
		London Stock Exchange	-0.62%

Sector contribution	Month to date (%)
Information Technology	0,1%
Cash and equivalents	0,0%
Health Care	-0,1%
Materials	-0,3%
Consumer Staples	-0,4%
Consumer Discretionary	-1,1%
Industrials	-1,4%
Financials	-2,0%

Portfolio positioning

Top 10 holdings	Portfolio weight
Amazon.com Inc	6,40%
Microsoft Corp	5,90%
Mastercard Inc A	5,41%
London Stock Exchange Group	5,35%
Airbus Group	5,29%
Safran SA	5,16%
Vinci	5,06%
Thermo Fisher Scientific Inc	4,87%
SAP SE	3,93%
Intercontinental Exchange Inc	3,93%
Total	**51.3%**

Sector breakdown	Portfolio weight
Industrials	21,59%
Financials	21,09%
Consumer Discretionary	17,06%
Health Care	16,74%
Information Technology	13,01%
Consumer Staples	5,93%
Materials	3,53%
Cash	1,05%
Total	**100.0%**

Attribution analysis and positioning information as at 30 September 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

- **S&P Global:** Wells Fargo notes that according to media reports, S&P Global may be considering spinning out CapIQ and is in the early stages of weighing options for the platform. The firm views this news positively given investor concerns regarding the increasingly competitive market. AI-native startups such as Fiscal.AI, AlphaSense, Daloopa, Koyfin, and Xignite, among others are using AI to curate data and create competing offerings. While Wells does not believe they have meaningfully impacted CapIQ so far, their threat has weighed on investor sentiment. A spinoff may allow management to focus more time and resources on the other areas of its business where it has a deeper moat. The firm reiterates an Overweight rating on S&P Global with a price target of $525.
- **Canadian Pacific Kansas City**: CPKC has kicked off the new crop year with record shipments in August. The Canadian railroad has shipped 2.54 million metric tons of grain and grain products in August, representing 26,051 carloads in the month. The company said this marks a strong start to the new 2026-2027 crop year, which runs between August 1, 2026, through July 31, 2027.
- **Microsoft:** On 25 September, Microsoft unveiled a comprehensive overhaul of its AI tool. It consolidated its AI strategy into a single interface featuring Home, Code (enabling non-technical staff to build secure apps), and Autopilot (autonomous background agents). Crucially, they introduced a consumption-based "Copilot Credits" pricing model for advanced capabilities, convincing the market they can successfully monetise enterprise AI beyond standard software subscriptions. Market sentiment shifted heavily in the quarter from "who has the best raw AI model" to "who owns the enterprise context". The shift to a consumption-based "Copilot Credits" model allows Microsoft to expand margins exponentially by charging corporate customers based on actual AI computation usage. Azure has firmly cemented itself as the enterprise standard for corporate AI deployment. By aggressively deploying custom Cobalt 200 CPUs and Maia 200 AI accelerators across 25 data centres, Microsoft is actively slashing its reliance on expensive third-party hardware, maximising operating margins.

Contact us

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