

see money differently



Nedgroup Investments Global Emerging Markets Equity Fund

Quarter Four, 2025

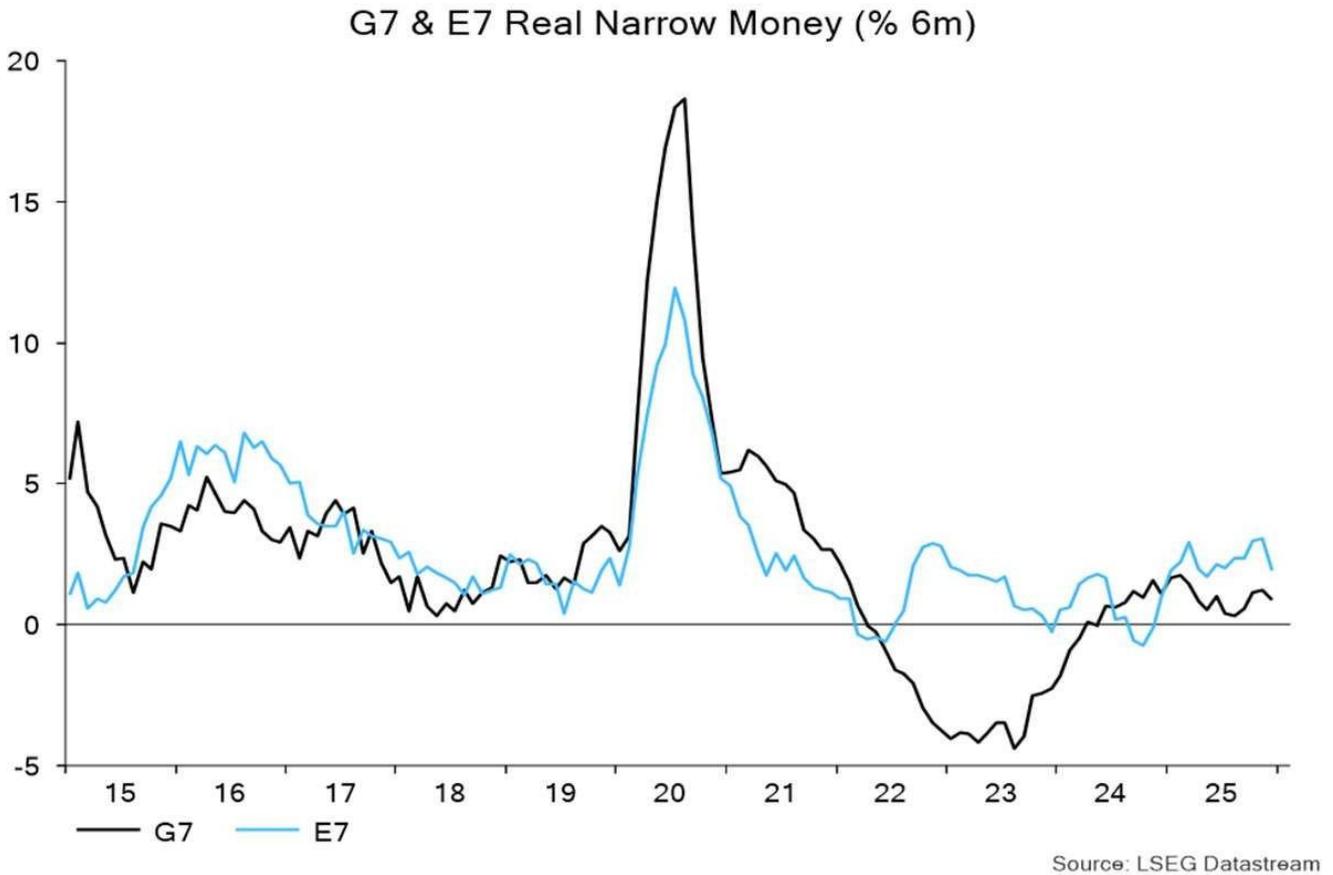
Marketing Communication





Economic and Monetary Backdrop

The outperformance of EM equities in 2025 was consistent with the signal from our seven-factor checklist, which remains net favourable at the start of 2026. Specifically, four factors are currently scored as positive – the E7 / G7 real money growth gap (see chart below), global “excess” money and trends in the US dollar and commodity



Data as at 31 December 2025

prices – with valuations and global industrial momentum neutral and the E7 / G7 earnings revisions gap negative. Further upside is also suggested by a comparison of returns in the current global stockbuilding cycle – which began in H1 2023 – with an average of the prior nine cycles extending back to the early 1990s. The maximum rise in EM equities in US dollar terms averaged 74% across those nine cycles versus a 46% gain so far in the current cycle. By contrast, DM equities – as measured by MSCI World – have already outpaced their prior cycle average.

The stockbuilding cycle, however, is well-advanced – it has averaged 3.5 years historically – and our base case is that a downswing will unfold during 2026, with another low in H1 2027. Equities and other risk assets typically weaken during downswings, with EM underperforming. We are hopeful that the current cycle will buck the latter regularity, given the lower-than-normal EM gain during the upswing.

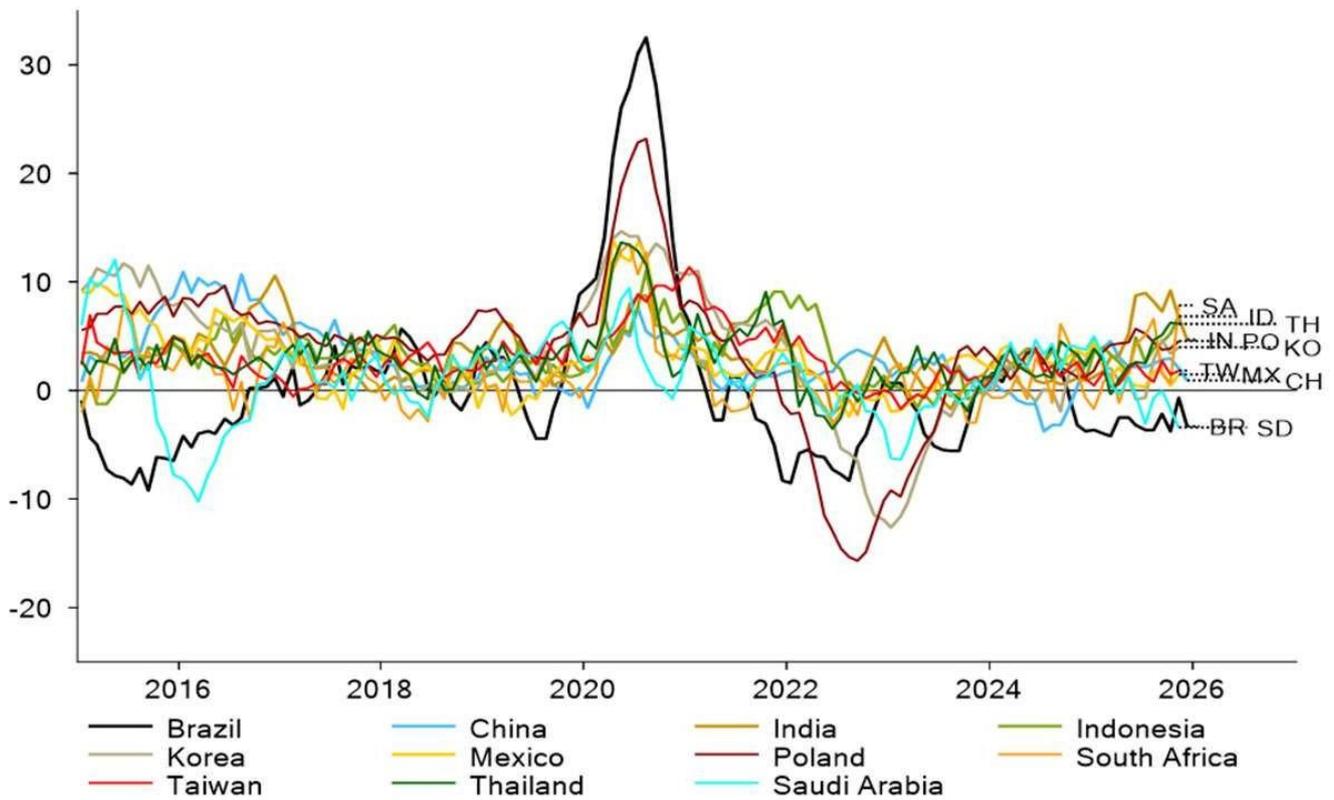
Current monetary trends are signalling another year of sluggish growth for the Chinese economy, suggesting that policy will remain easy and the authorities will continue to limit currency appreciation stemming from a current account surplus of 4-5% of GDP. The “risk” is that upward pressure becomes uncontrollable as a yuan carry trade starts to unwind, but we would view a significant rise as a medium-term positive, in part because it would necessitate more forceful domestic demand stimulus to offset a loss of export momentum.





Elsewhere, narrow money trends suggest potential for upside economic surprises in South Africa, ASEAN and India but disappointment in Brazil and Saudi Arabia (see chart below).

Real Narrow Money (% 6m)



Data as at 31 December 2025

Portfolio strategy

Emerging market equities posted a positive return for the final quarter with the MSCI EM Index up 4.73%. A weaker dollar and cheap valuations was fuel for the best annual performance for EM relative to DM equities in five years, and by the widest margin since 2017 according to Jefferies. Strong returns for the asset class this year have in large part been a re-rating story with the AI capex boom by far the biggest thematic driver of returns. This was reflected in our overweight and stock picking in Taiwan and South Korea leading contributions to performance for the quarter. Stocks in China and Hong Kong were a drag following a strong twelve month run. Absolute and relative returns in ASEAN continue to be lacklustre, despite being record cheap and enjoying the tailwind of a weakening dollar and central bank rate cuts. Latin American equities surged, with stock picking in Brazil and Argentina positive. Zero exposure in Saudi Arabia was a contributor as a weak oil price and domestic fiscal concerns weigh on the market. Polish equities rallied with our stocks and overweight positioning adding to relative returns. While our companies in South Africa kept pace with the market, our underweight continues to be a negative as precious metals stocks rally. Activity included adding to Brazil, India, Mexico, South Africa, South Korea and Taiwan, and reducing Hong Kong and China, Peru, Philippines and Thailand. It is worth also highlighting the increase in exposure to Materials across iron ore, gold and copper.

The portfolio is overweight the EM AI basket, with our investment universe home to a number of high quality “picks and shovels” companies in South Korea and Taiwan dominating in key bottlenecks for scaling up compute power. Stock picking and overweight positioning in South Korea was one of the largest contributors during the quarter. A combination of the market’s exposure to the AI capex boom, and potential for Value-Up corporate governance reforms to drive structurally higher shareholder returns saw the market double in 2025. Holding company SK Square was one of the top contributors and is a leader in exports to improve corporate governance centering on narrowing the stock price discount to the net asset value of its portfolio holdings. It also benefits from the fact that the largest portfolio investment is in high bandwidth memory (HBM) leader SK Hynix. Demand for HBM, a key component in GPU stacks which power AI, is so great that meeting demand means DRAM giants Hynix and our other portfolio holding Samsung Electronics must limit commodity memory supply supporting pricing and margins. Stock picking in Taiwan was also positive as our AI supply chain holdings including chip





cooling technology specialist Asia Vital Components and data centre designer and manufacturer Wiywynn rallied. While our view remains that this capex boom has some way yet to play out, we are focused on ensuring that the risk budget we allocate to these names reflects the inherent unpredictability of how this technology develops (as the Deepseek shock illustrated) and who ultimately captures the economic value from this surge in investment and innovation.

Stock picking in mainland China and Hong Kong was negative as the market cooled following a strong run earlier in the year. Audio streaming platform Tencent Music was a detractor, fading on a lack of near term catalysts. We recently met with management who are confident ARPU growth – the key driver of margin expansion and profitability in a saturated market - will be sustained through moving more content behind the paywall, investing in podcasting as well as fan based interaction and online concerts. Contract biologics drug manufacturer Wuxi Bio fell -23.3% on a broader biotech sector de-rating reacting to geopolitical concerns over an update to the US Biosecure Act and its potential to prohibit the company from contracting with US pharma companies. Ultimately, the update was not as strict as feared and we expect the stock to re-rate on its growing pipeline of drug development project wins with an order backlog worth over US\$20 billion, supporting a revenue CAGR of c.15% and gross margin expanding above 40%.

India was one of the biggest laggards in EM this year, having underperformed broader Asian equities by the largest margin in decades. Late last year we flagged our concerns that earnings beats looked to be topping, while a flurry of private equity-led IPOs was soaking up liquidity and removing support for lofty valuations. We took portfolio exposure underweight but opted against dismantling the Indian portfolio on a view that the long term structural strengths of the market (improving institutional quality and domestic liquidity) remain intact. Some of our big winners from previous years such as private hospital operator Max Healthcare (-11.7% over 2025) and Pepsico bottler Varun Beverages (-26.7%) were sources of profit for investors funding trades in markets like South Korea and China. Intense and unseasonal rainfall in India hit sales growth for Varun. While expanding operations in South Africa are providing a sales and margin boost, we reduced the position through the second half of the year as it looks expensive on c.40x 2026 earnings against a soft domestic backdrop. Although Max also trades on rich multiples, its growth pipeline of brownfield and greenfield developments, fast growing and highly profitable international patient business, and low doctor attrition of c.1- 1.5% remain compelling. The quarter saw a recovery in our telecoms names which had struggled earlier in the year. Bharti Airtel is enjoying stronger pricing power in a three player market. Indus Towers is India's largest tower infrastructure provider and is benefiting from the 5G-led data boom. The company reported all round revenue, earnings and profitability beats, as well as better visibility for future dividends as capex moderates and improving receivables boost free cash flows.

In Latin America, huge gains in the Bovespa Index in 2025 bely Brazil's economic and political malaise. Presidential elections in 2026 provide an opportunity for a reset should voters opt for an economic conservative over populists Lula and Flavio Bolsonaro. The result is far from certain and our response is to hold a neutral weighting to the country while limiting exposure to companies with high exposure to the domestic economy. For example, positions in Vale and Aura Minerals are investments in iron ore and gold cycle upswings. Brazil's largest jewellery brand Vivara is a resilient domestic story, which outperformed as it continues to grow store count while sustaining high profitability through its suite of popular brands. The company continues to sustain strong earnings growth despite falling consumer demand for jewellery, meaning growth is coming from expanding market share. Argentinian shale oil company, Vista Energy posted a strong quarter leading us to exit as it hit what we believe to be a rich valuation given oil price weakness.

Elsewhere, contributions from stocks in Poland were positive, led by fast fashion retailer LPP where margins are rising after the company decided to moderate its store roll out plans. An underweight to Saudi Arabia continues to work in part on persistent oil price weakness. Stock picking in Egypt was positive as property developer TMG rallied on high recurring income streams from its projects and growth prospects through expansion in Saudi Arabia. The Egyptian stock market is also well supported by the macro, with a strengthening currency and disinflationary backdrop opening the door for the central bank to cut rates by up to 700 bps over the next twelve months (following 625 bps of cuts in 2025). Underweight positioning in South Africa continues to detract from performance as the market outperforms led by precious metals stocks.

Emerging markets appear poised to break out of nearly two decades of sideways price action and over a decade of underperformance relative to developed markets. As argued in previous commentaries the shift is fuelled by the virtuous circle of a weaker dollar feeding a stronger monetary backdrop and reflation in EM, supporting corporate ROEs and profit margins. Price to earnings ratios can move higher as flows chase the story. As this new cycle matures we think it will pay to look beyond the AI basket into relatively neglected corners of our markets for companies that are well-gearred to these trends.





Best and Worst Countries by Net Impact

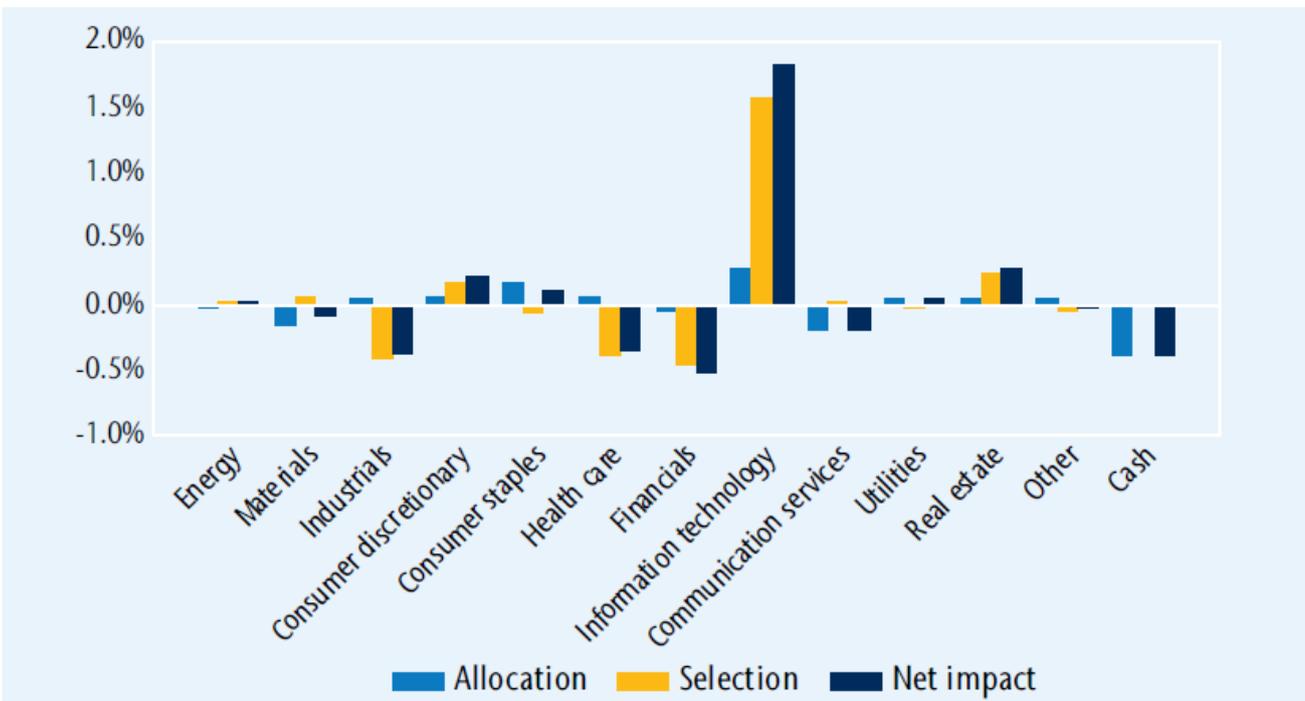
Past performance is not indicative of future performance and does not predict future returns

Country	Allocation	Stock Selection	Net Impact
Taiwan	0.0%	1.3%	1.2%
South Korea	0.6%	0.5%	1.1%
Saudi Arabia	0.3%	0.0%	0.3%
Argentina	0.2%	0.0%	0.2%
Poland	0.1%	0.1%	0.2%
Greece	0.0%	-0.1%	-0.1%
Philippines	0.0%	-0.1%	-0.1%
Singapore	-0.3%	0.0%	-0.3%
Hong Kong	-0.5%	0.0%	-0.5%
China	0.6%	-1.8%	-1.3%

Source: NS Partners Ltd, data as at 31 December 2025

Attribution by Sector

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



Source: NS Partners Ltd, data as at 31 December 2025



Contribution Analysis

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



Top Contributors	Average Weight	Contribution
Asia Vital Components	2.2%	0.7%
Sk Square Co Ltd	1.2%	0.5%
Sk Hynix Inc	2.9%	0.5%
Vivara Participacoes Sa	1.2%	0.3%
LPP S.A.	0.9%	0.3%

Source: NS Partners Ltd, data as at 31 December 2025

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

Top Detractors	Average Weight	Contribution
Wuxi Biologics Cayman Inc	0.9%	-0.3%
Tencent Music Entertainment Gr	1.3%	-0.3%
Grab Holdings Ltd	1.0%	-0.3%
21Vianet Group Inc	0.7%	-0.3%
Contemporary Amperex Technolog	1.7%	-0.2%

Source: NS Partners Ltd, data as at 31 December 2025

Activity During the Quarter

New	Exited
Mediatek Inc	Wiwynn Corp
Grupo Mexico Sab De Cv-Ser B	Wuxi Biologics Cayman Inc
Delta Electronics Inc	Xiaomi Corp-Class B
Zijin Mining Group Co Ltd-H	ICICI Bank Ltd
ASE Technology Holding Co Ltd	Credicorp Ltd
Infosys Ltd	Vista Energy Sab De Cv
HD Hyundai Heavy Industries Co Ltd	Sands China Ltd
Emaar Properties Pjsc	DB Insurance Co Ltd
Grupo Financiero Banorte - O	Adnoc Drilling Co Pjsc

Source: NS Partners Ltd, data as at 31 December 2025

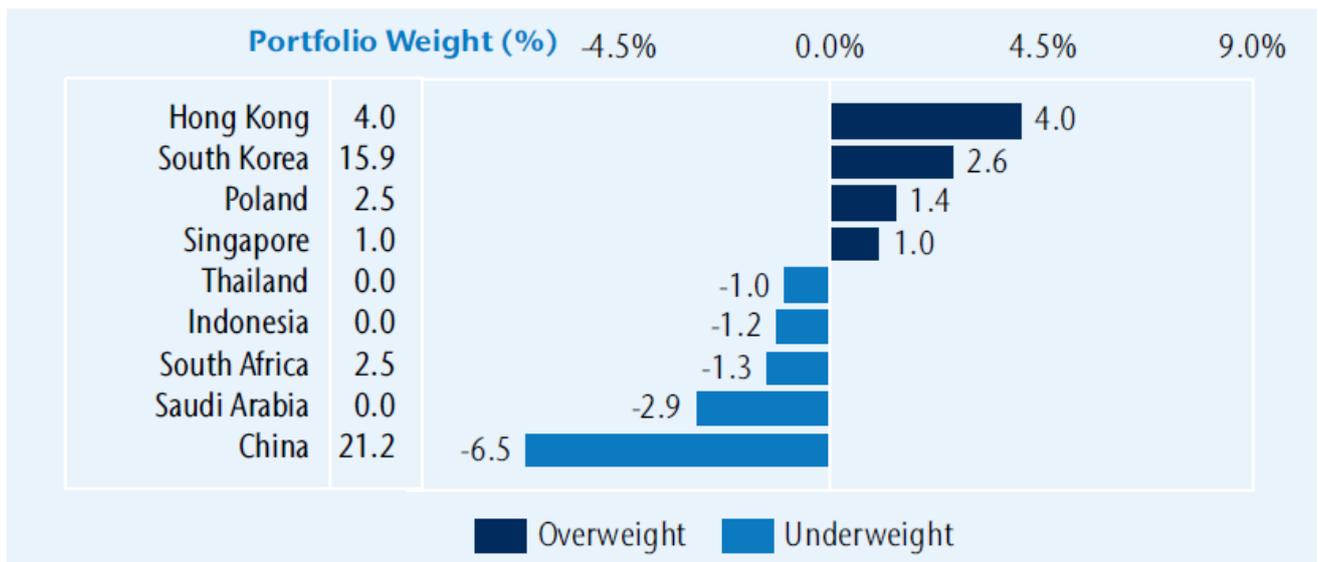




Add	Reduced
Kb Financial Group Inc	Asia Vital Components
Hanwha Aerospace Co Ltd	Sk Square Co Ltd
Accton Technology Corp	Sk Hynix Inc
Firststrand Ltd	Samsung Electronics Co Ltd
Aura Minerals Inc	Taiwan Semiconductor Manufac
Hdfc Bank Limited	Vivara Participacoes Sa
Vietnam Enterprise Investments	Hong Kong Exchanges and Clearing Ltd
Abu Dhabi Islamic Bank	Woori Financial Group Inc
Cgn Mining Co Ltd	Cholamandalam Investment And

Source: NS Partners Ltd, data as at 31 December 2025

Top Country Over/Under Weights vs MSCI EM Index

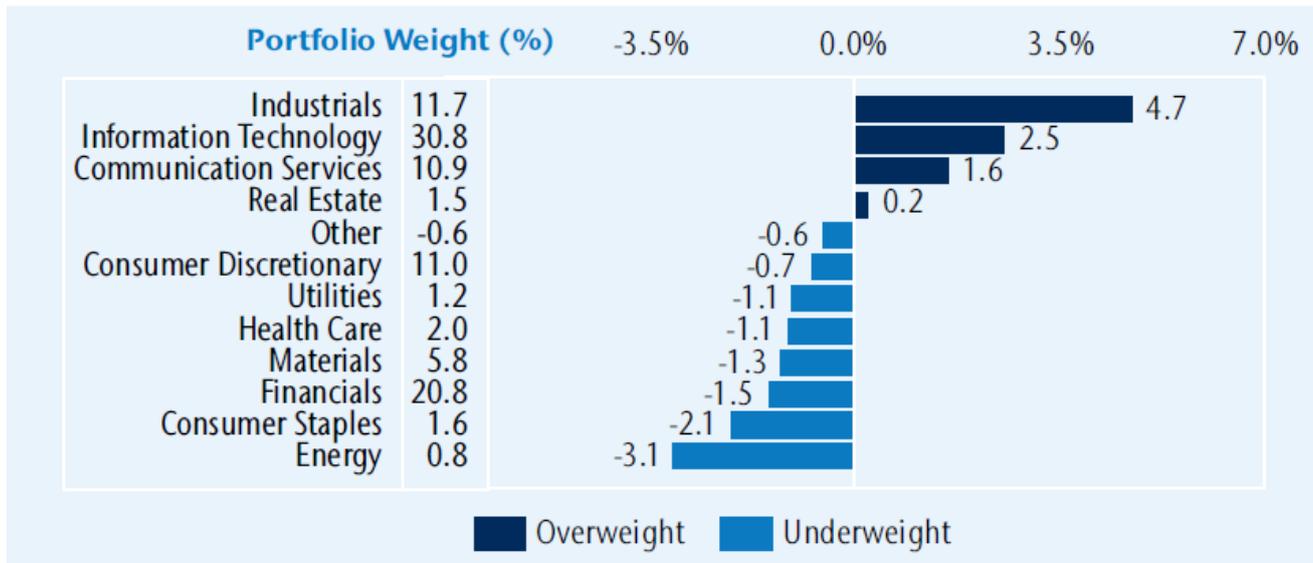


Source: MSCI, NS Partners Ltd, data as at 31 December 2025





Sector Allocation Over/Under Weights vs MSCI EM Index



Source: MSCI, NS Partners Ltd, data as at 31 December 2025

Top 5 Overweights vs MSCI EM Index

Company Name	Country	Sector	Active Weight
Accton Technology Corp	Taiwan	Information Technology	3.1%
Tencent Holdings Ltd	China	Communication Services	2.1%
Hdfc Bank Limited	India	Financials	2.0%
Max Healthcare Institute Ltd	India	Health Care	1.9%
Samsung Electronics Co Ltd	South Korea	Information Technology	1.8%

Source: MSCI, NS Partners Ltd, data as at 31 December 2025

Top 5 Underweights vs MSCI EM Index

Company Name	Country	Sector	Active Weight
Taiwan Semiconductor Manufac	Taiwan	Information Technology	-2.1%
Reliance Industries Ltd	India	Energy	-1.1%
China Construction Bank	China	Financials	-0.9%
Xiaomi Corp-Class B	China	Information Technology	-0.9%
ICICI Bank Ltd	India	Financials	-0.8%

Source: MSCI, NS Partners Ltd, data as at 31 December 2025





Disclaimer

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

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

Prices are published on the Investment Manager's website.

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