NEDGROUP INVESTMENTS

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Nedgroup Investments Global Emerging Markets Equity Fund

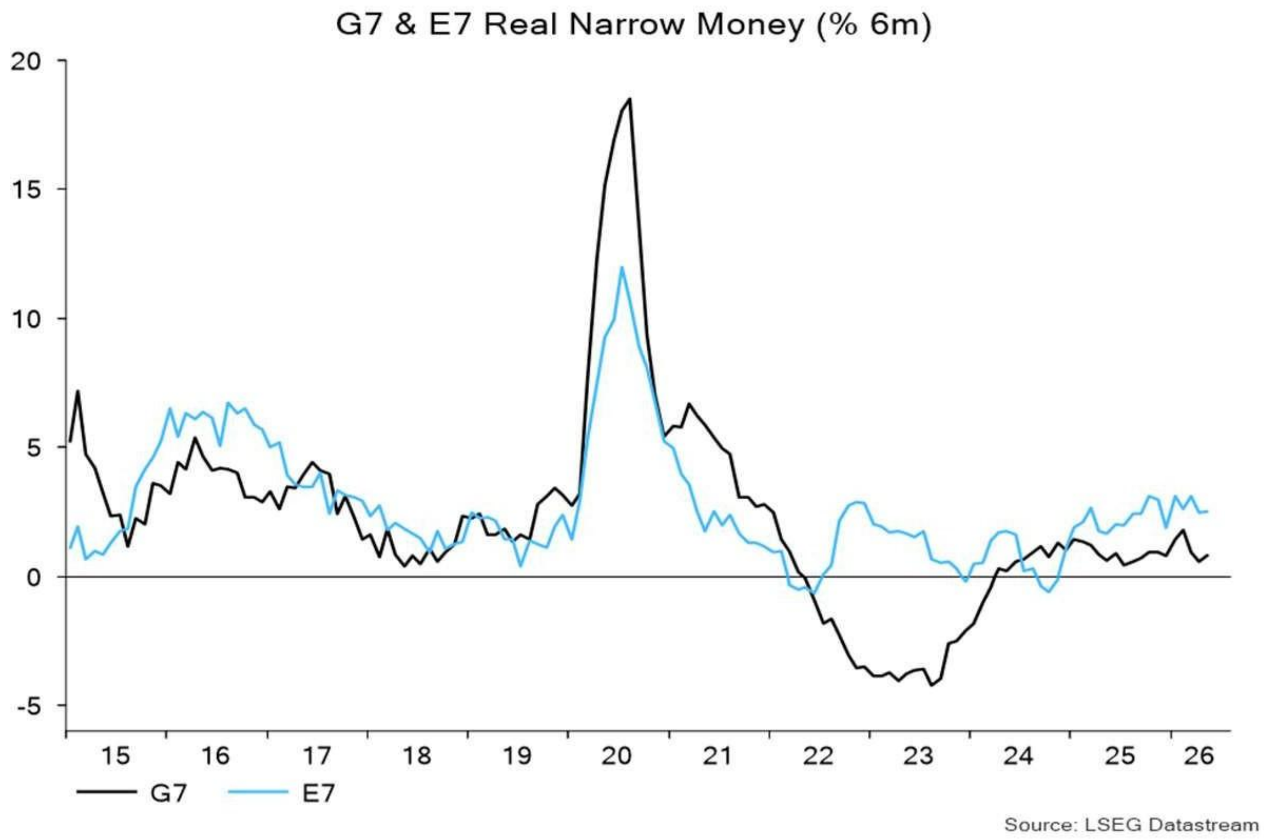
Quarter Two, 2026

Marketing Communication

Economic and Monetary Backdrop

Strong EM outperformance in Q2 was entirely attributable to Korea and Taiwan – the remainder of the MSCI index fell slightly in US dollar terms, dragged down by weakness in Hong Kong-listed Chinese shares and Brazil. The net score from our seven-factor EM checklist fell from +3 to +2 between December and March and is judged to have declined further to +1 currently.

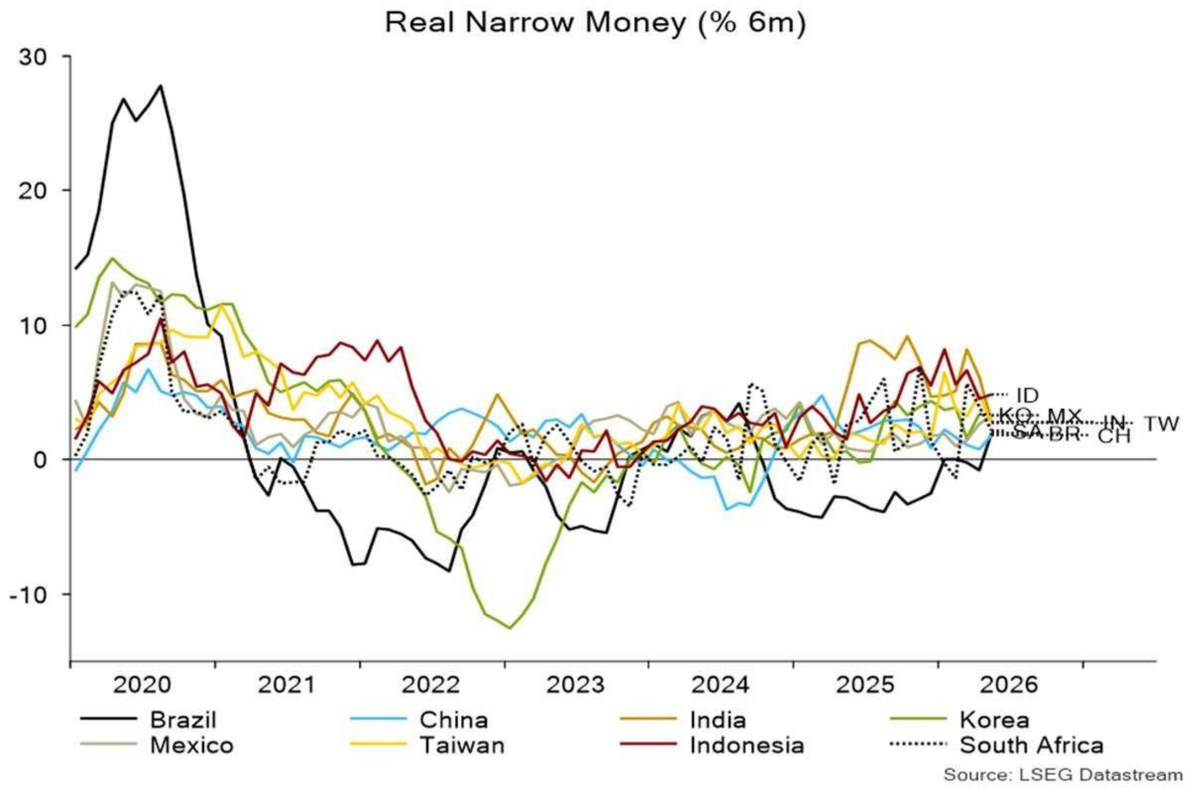
The E7 / G7 real money growth gap and relative valuation remain positive but the US dollar factor has been downgraded – economic news suggests a stronger case for policy tightening in the US than elsewhere, which could sustain the currency's recent rally. The EM / DM earnings revisions ratio gap is still negative, with the global excess money backdrop, industrial momentum and commodity prices neutral.



Data as at 30 June 2026

Our global road map envisages an industrial slowdown in H2, reflecting a fall in real money growth since early 2026 and an expected unwind of a boost from recent heavy stockbuilding. Any weakness would likely be associated with softer commodity prices, raising the possibility of downgrades to two more of the checklist factors.

China continues to run a two-speed economy reliant on exports to offset sluggish consumption. Growth has been just sufficient to satisfy policy-makers but not strong enough to boost earnings and excite investors. Equities likely require a catalyst of further policy stimulus, which could be forthcoming if upcoming Q2 GDP numbers disappoint and / or exports lose momentum with a slowing global economy.



Data as at 30 June 2026

Our systematic country ranking model has become slightly less positive on Korea (weaker PMI), also favouring Hong-Kong listed China (low valuation, strong external position) and Brazil (stronger PMI, low valuation, rising real money growth) as well as several smaller markets (Hungary, Peru, Colombia). It suggests underweighting India (weak earnings revisions, falling real money growth) and Mexico (weak earnings revisions, overvalued currency), with smaller GCC markets and Poland also scoring poorly.

Portfolio strategy

Emerging markets shrugged off concerns over US-Iran conflict during the second quarter to cap a strong period for EM equities, nearly doubling since the beginning of 2025. The portfolio rose 28.98% over the quarter, outperforming the benchmark up 24.05%. Overweight positioning in companies which harnessed tailwinds from AI demand and corporate Value-Up reform led outperformance in South Korea. Taiwan exposure was a drag, with our overweight in AI supply chain niches positive but offset by trimming Mediatek after a strong rally, which subsequently went on to more than double in a month. In China, strong relative performance came through stock picking in technology and industrials while remaining underweight a weak market. Defensive exposure in India was a negative as the market bounced following a period of weakness. Banking exposure in the GCC underperformed as the oil price fell, offset by underweight positioning across the region. Argentinian oil exposure was a detractor and overweight positioning in Brazil was negative as the market fell. Portfolio activity included adding to Brazil, China, Hungary, India, South Korea and Taiwan, and reducing UAE, Hong Kong, Peru and Poland.

Performance in EM this year has been incredibly narrow with less than 20% of stocks outperforming, largely AI capex beneficiaries in South Korea and Taiwan. Over the last 12 months the portfolio has generated alpha from stock selection across the tech supply chain, with an added boost from modest overweight positioning in these countries. Our holdings control bottlenecks across advanced memory and logic chips, packaging, networking and thermal cooling, capturing extraordinary cash flows as US hyperscalers race to expand compute. This is why on some valuation metrics the beneficiaries of this demand look cheap despite parabolic rallies - TSMC trades on 19x 2027 earnings with a 65% gross margin. Portfolio activity in the region has been aimed at sweating the capital through stock picking and risk control to generate stronger risk-adjusted returns. We took advantage of the US-Iran linked volatility in markets by adding to oversold positions in North Asian tech, before trimming a June rally. We initiated Microloops (Taiwan), a thermal management specialist gaining share in the AWS ASIC ecosystem, driving ASPs, margins and earnings higher. These companies are in the midst of an earnings boom set off by surging demand running into supply constraints. How long will this capex cycle last? Major investment booms are almost always propelled to the point where excess capacity emerges. While demand for compute is incentivising supply additions, this is unlikely to alleviate the chip squeeze in the next few years if AI demand among consumers and enterprises continues to accelerate.

An underweight and stock selection in China were positives. Positioning reflects a view that authorities in Beijing are content pursuing exchange rate stability and investment in strategic industries over domestic reflation. Our response has been to tilt the portfolio away from companies being squeezed by weak domestic demand and towards companies leading efforts to bolster energy security (battery manufacturer CATL), industrial upgrades (industrial valve producer Neway), and tech sovereignty (chip packaging specialist JCET). Consumer exposure in Tencent and Alibaba underperformed as doubts over the ROI from AI investment, concerns their LLM models lag behind AI-native disrupters like Deepseek, and potential for agentic technology to disrupt traditional consumer apps weigh on these stocks. We trimmed exposure to both companies given the uncertainty, but opted not to exit as we believe there are arguments they will be beneficiaries of AI deployment. Tencent can leverage its social, payments and communications ecosystem through Wechat, and Alibaba is developing China's leading cloud platform.

Defensive positioning in India detracted as the market rallied. Telecoms infrastructure provider Indus Towers was the worst performer as a period of favourable economics fades with a large volume of site renewals due over the next 12 months, exposing the company to competitive pressure. The position was sold as while the company has a strong competitive position and structural growth prospects from rising mobile data demand, margins and cash flows are likely to be squeezed. India has gone from being one of the best equities markets in the world over several decades to being abandoned as an "AI loser" due the disruption of its 5 million strong IT services sector. Since the end of 2024, India's weighting in the MSCI EM benchmark has fallen from nearly 20% to 9% today as Taiwan and South Korea have surged from a quarter to almost 50%. A stream of IPOs coming to market soaking up liquidity has been an added drag. On a price to earnings basis MSCI India trades one standard deviation above a 20-year average premium to MSCI EM of 1.5x. However, there are pockets of value across financial services, banks, real estate, healthcare and retail staples. While earnings growth for the market is below the highs of 2022-2024 (over 30%), it appears to have troughed at 5.8% in 2025 and forecast to accelerate into the mid-teens by 2027. We will be travelling to India in the coming months on the hunt for opportunities.

Stock selection and an overweight in Brazil were negative on concerns for government fiscal policy, inflation, and a slowing economy. Upcoming presidential elections add to anxiety with incumbent Lula's odds of victory improving. His opponent Flavio Bolsonaro's campaign has been hit by allegations of corrupt dealings with an imprisoned banker at the centre Brazil's largest ever banking fraud investigation. Brazil's central bank indicated "asymmetric" inflation risks could mean an incipient easing cycle may be brief. Portfolio companies sensitive to the rate environment such as residential developer Cyrela and water utility SABESP underperformed despite robust operating performance. The market is among the cheapest in the world on a forward P/E of 8x. With Brazil having been knocked out of the FIFA World Cup, presidential campaigning is set to pick up in earnest, and we are watching for signs Bolsonaro may be swept aside for a more moderate challenger. Argentinian shale oil producer Vista was the largest detractor in Latin America as oil plunged on the US-Iran ceasefire. The investment case remains compelling even at a weaker oil price as Vista's asset base remains highly profitable at $70 Brent, allowing the company to fund growth via strong cash flows. An underweight in South Africa was positive, while stock selection was mixed. Firstrand outperformed, boosted by country level credit upgrades along with a positive reception to news that it may sell its UK operations. Miner Goldfields underperformed and was sold as headwinds are building including a peaking stockbuilding cycle (gold is positively correlated with the cycle), the excess monetary environment becoming less favourable and extreme prior gains in the gold price. Exposure in Egypt was the largest beneficiary of conflict easing in the Middle East with the market rising over 20%. Property developer TMG and Comi International Bank benefit from falling energy costs leading to easing inflationary, yield and currency pressures, and reinvigoration of tourism and foreign investment.

Global monetary data suggests economic weakness ahead. Rather than fading the short term spike in inflation stemming from the US-Iran war which appears to be cooling as energy prices fall, central banks risk fighting the last war by keeping policy tight. These drivers of economic and market weakness appear partially offset by a frenzy of investment and activity as AI is rolled out across industries. AI diffusion is in its early stages, but we have already had a taste of its potential for creative destruction in areas like software coding. Just as railways, automobiles and the internet created new industrial ecosystems that were hard to envisage when these technologies were in their infancy, investors face the difficult task of imagining how AI will create new sources of demand and wealth creation. The portfolio today is focused on infrastructure providers where earnings and margins are surging and where new supply will be difficult to bring online. While these companies trade on reasonable valuations relative to growth and profitability, we participate with healthy scepticism as transformative innovation is rarely a linear process.

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
South Korea	1.2%	3.5%	4.6%
China	1.5%	1.0%	2.5%
South Africa	0.4%	0.1%	0.5%
Indonesia	0.4%	0.0%	0.4%
Mexico	0.4%	0.0%	0.4%
United Arab Emirates	-0.2%	-0.1%	-0.3%
Poland	-0.1%	-0.2%	-0.3%
Taiwan	-0.3%	0.0%	-0.4%
Hong Kong	-1.1%	0.0%	-1.1%
Argentina	-1.1%	0.0%	-1.1%

Source: NS Partners Ltd, data as at 30 June 2026

Attribution by Sector

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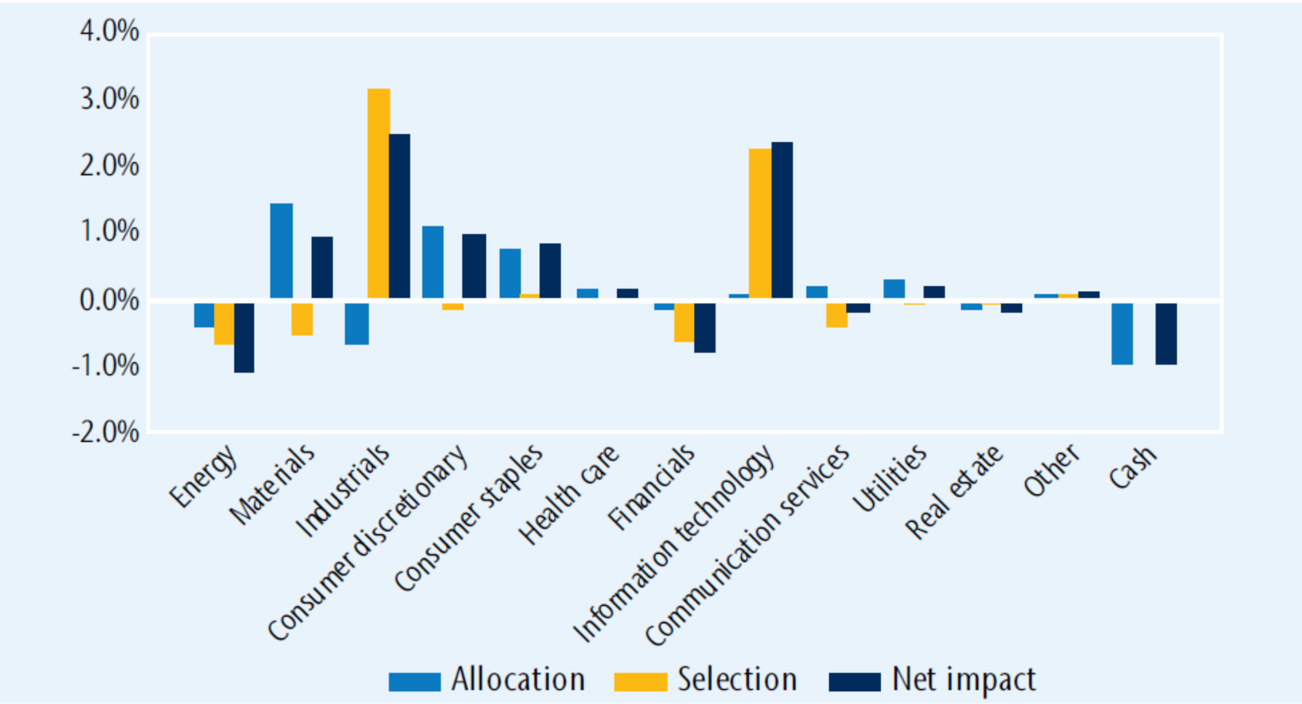

Source: NS Partners Ltd, data as at 30 June 2026

Contribution Analysis

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

Top Contributors	Average Weight	Contribution
Sk Square Co Ltd	1.9%	1.6%
Taiwan Semiconductor Manufac	9.7%	1.2%
JCET Group Co Ltd-A	1.2%	0.9%
Samsung C&T Corp	1.5%	0.8%
Taiwan Microloops Corp	0.7%	0.7%

Source: NS Partners Ltd, data as at 30 June 2026

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Top Detractors	Average Weight	Contribution
Mediatek Inc	1.4%	-0.9%
Asia Vital Components	2.2%	-0.8%
Delta Electronics Inc	2.7%	-0.6%
Wiwynn Corp	2.0%	-0.6%
Samsung Electro-Mechanics Co	0.2%	-0.4%

Source: NS Partners Ltd, data as at 30 June 2026

Activity During the Quarter

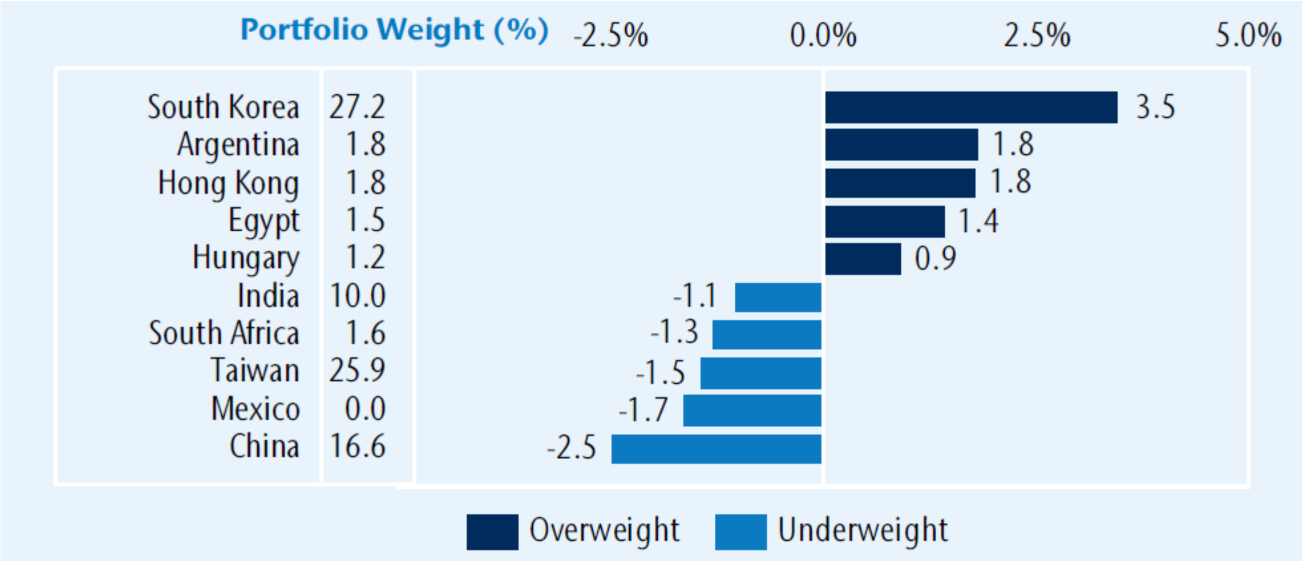
New	Exited
Mediatek Inc	Credicorp Ltd
Unimicron Technology Corp	PetroChina Co. Ltd.
Advanced Micro-Fabrication Equ	Indus Towers Ltd
Acter Group Corp Ltd	H World Group Ltd
Billionbrains Garage Ventures	Emaar Properties Pjsc
Itau Unibanco Holding S-Pref	360 ONE WAM Ltd
Zhongji Innolight Co Ltd-A	LPP S.A.
BOC Hong Kong	Futu Holdings Ltd
Weichai Power Co Ltd-H	Allwyn AG

Source: NS Partners Ltd, data as at 30 June 2026

Add	Reduced
Sk Square Co Ltd	Samsung Electronics Co Ltd
Zijin Mining Group Co Ltd-H	ASE Technology Holding Co Ltd
Hdfc Bank Limited	Taiwan Semiconductor Manufac
Cyrela Brazil Realty Sa Emp	Tencent Holdings Ltd
Max Healthcare Institute Ltd	Accton Technology Corp
Bharat Electronics Ltd	Wiwynn Corp
Neway Valve Suzhou Co Ltd	Samsung C&T Corp
Bharti Airtel Ltd	Alibaba Group Holding Ltd
Asia Vital Components	Taiwan Microloops Corp

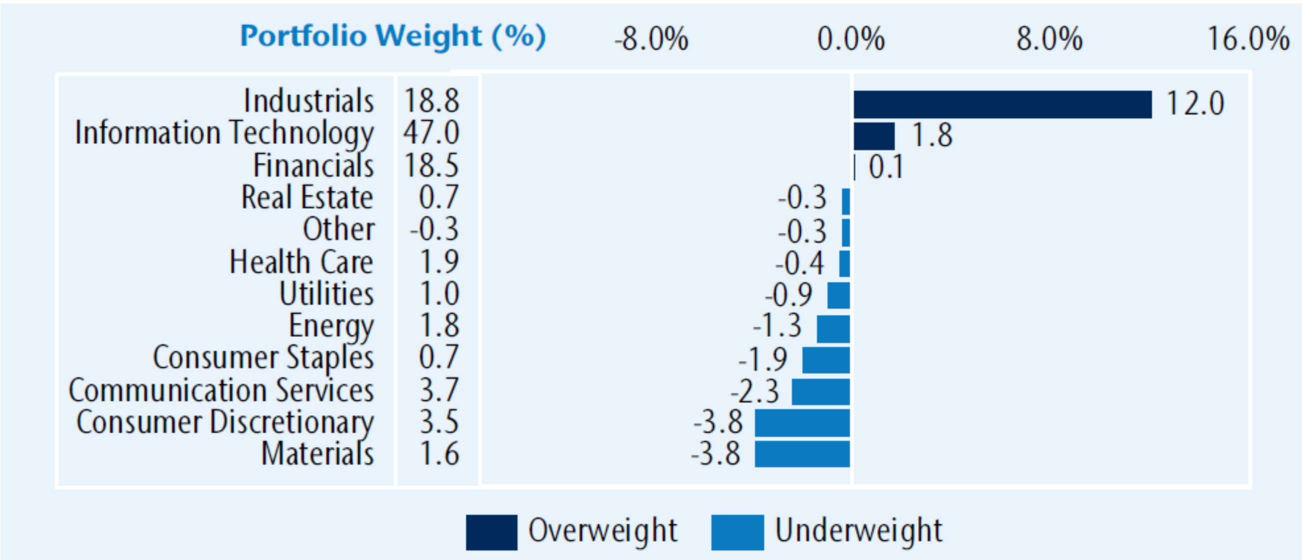
Source: NS Partners Ltd, data as at 30 June 2026

Top Country Over/Under Weights vs MSCI EM Index



Source: MSCI, NS Partners Ltd, data as at 30 June 2026

Sector Allocation Over/Under Weights vs MSCI EM Index



Source: MSCI, NS Partners Ltd, data as at 30 June 2026

Top 5 Overweights vs MSCI EM Index

Company Name	Country	Sector	Active Weight
Sk Square Co Ltd	South Korea	Industrials	2.6%
ASE Technology Holding Co Ltd	Taiwan	Information Technology	2.3%
Mediatek Inc	Taiwan	Information Technology	2.1%
JCET Group Co Ltd	China	Information Technology	2.1%
Asia Vital Components	Taiwan	Information Technology	1.9%

Source: MSCI, NS Partners Ltd, data as at 30 June 2026

Top 5 Underweights vs MSCI EM Index

Company Name	Country	Sector	Active Weight
Taiwan Semiconductor Manufac	Taiwan	Information Technology	-5.6%
Hon Hai Precision Industry	Taiwan	Information Technology	-0.8%
Reliance Industries Ltd	India	Energy	-0.7%
ICICI Bank Ltd	India	Financials	-0.6%
United Microelectronics Corp	Taiwan	Information Technology	-0.5%

Source: MSCI, NS Partners Ltd, data as at 30 June 2026

Disclaimer

This is a marketing communication. Please refer to the prospectus, the key investor information documents (the KIIDs/PRIIPS KIDs) and the financial statements of Nedgroup Investments Funds plc (the Fund) before making any final investment decisions.

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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.
Prices are published on the Investment Manager's website.

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