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Nedgroup Investments Global Emerging Markets Equity Fund

Quarter Three, 2026

Marketing Communication

Economic and Monetary Backdrop

The MSCI EM index lagged MSCI World in Q3, dragged down by a correction in Korea and further weakness in India.

The net score from our seven-factor EM checklist has fallen from +3 at the start of the year to +1 at end-Q2 and zero currently. The E7 / G7 real money growth gap and relative valuation remain positive but the global monetary backdrop now appears unfavourable, with six-month real narrow money growth below industrial output expansion. We downgraded the US dollar influence to neutral last quarter, on the view that Fed tightening could sustain a rally. Global industrial momentum and commodity prices are also scored as neutral, with the EM / DM earnings revisions ratio gap still negative.

Our global road map envisages an industrial slowdown into 2027, reflecting a fall in real money growth since early 2026 and a roll-over in the stockbuilding cycle. 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 exports lose momentum with a slowing global economy.

Our country ranking model continues to suggest overweighting China, Korea and Taiwan, although scores for the latter two have fallen from earlier in the year, reflecting a slowdown in earnings upgrades and high valuation respectively. Brazil has been downgraded to neutral on economic and earnings weakness (the model takes no account of political developments), while low scores are assigned to Saudi Arabia (real money contraction, rising current account deficit), Mexico (weak economy, earnings downgrades) and India (earnings downgrades, high valuation).

Portfolio strategy

The rally in EM equities through the first half, driven by the soaring earnings growth in North Asian technology stocks, stumbled in a sharp correction led by the South Korean memory giants. On a view that parabolic rallies in semiconductor names made them vulnerable to a pullback, we had been trimming AI exposure in June but should have been more aggressive. The portfolio fell 5.86% over the quarter, behind the benchmark loss of 0.37%. Stock selection and overweight positioning in South Korea, as well as stocks in Taiwan, made the largest negative contributions. Stock selection was negative in mainland China (partially offset by strong stock selection in Hong Kong) and India. Overweight exposure to Brazil was a positive as the market rallied on improving odds for right-wing presidential contender Flavio Bolsonaro in upcoming elections. Defensive and underweight positioning in the GCC was a positive contributor as a fragile US/Israel–Iran ceasefire broke down. Emerging European markets were broadly upbeat, particularly Greece and Poland, while Hungary had a pullback after a strong first half. Portfolio activity included adding to Brazil, India, Malaysia, Greece, Egypt and South Africa, and reducing China, Saudi Arabia, South Korea and Turkey.

North Asian technology exposure was the largest detractor in the quarter with AI supply chain stocks correcting following a sharp rally through the second half of 2025 and first half of 2026. Quarter-end repositioning triggered forced selling by highly levered South Korean retail speculators and hedge funds such as Situational Awareness. Volatility fed concerns over frontier lab economics, competition from Chinese open weight models, hyperscaler debt issuance and poor visibility for enterprise returns on AI investment. This was despite robust fundamentals, with hyperscaler capex continuing to accelerate, TSMC reaffirming customer demand and increasing capex by 55%, and high bandwidth memory pricing suggesting upside yet to be reflected in valuations. The portfolio's South Korean memory names in SK Hynix, Samsung Electronics and holding company SK Square de-rated even as they reported record revenues and profits for Q2. Samsung management expects supply constraints to tighten further in 2027 and the stock currently trades on a free cash flow yield of c.15% for 2026, with a PE of

3.1x for 2027. The performance of AI names in Taiwan was stronger with the exception of data centre networking specialist Accton Technology, which fell 28% (the stock is still up 49% for the year to date) on concerns it will struggle to sustain rapid revenue growth owing to bottlenecks in printed circuit boards, memory and advanced packaging. Thermal management technology provider AVC was one of the top contributors, reporting strong upward earnings revisions and gross margins. Cooling solutions are an increasingly important technology as hyperscalers build more power-dense compute clusters. This is leading to rising cooling content per server and an industry transition towards more advanced liquid and air-cooling architectures.

Indian equities remain out of favour as perceived “AI losers.” We have been underweight the market since late 2024 on a view that earnings upgrades had peaked, and that a stream of IPOs coming to market would soak up liquidity. This underweight has been a positive contributor to relative performance over the last 18 months. However, stock selection was negative during the quarter as Max Healthcare and HDFC Bank underperformed on disappointing operating results. Private hospital operator Max reported revenue growth of 9% over the prior quarter, trailing peer Apollo Hospitals which grew 16%. The soft topline was the result of discontinuing some uneconomic oncology treatments and hospital expansion delays, pushing back the growth and operating leverage from new bed openings. HDFC Bank is India’s leading private lender and is positioned to capitalise on growing demand for mortgages from a rapidly expanding middle class. Investors are waiting for evidence of profitability recovering following the HDFC– HFDC Bank merger in 2023. While loan growth is accelerating, HDFC reported margin compression and a lower ROE, reflecting funding cost pressures and a competitive lending environment. The stock currently trades on a P/B multiple of 1.86x versus the 5-year average of 2.71x, a bargain if new CEO Anup Bagchi can restore growth and profitability by harnessing a lending platform combining India's largest mortgage franchise with the biggest private-sector banking distribution network. India’s rise up the development ladder remains a compelling investment story, with the mid-cap segment offering the most dynamic opportunity set in EM. Economic and corporate earnings growth are accelerating, while the monetary backdrop is solid and the currency cheap. Further weakness could present opportunities to rebuild exposure.

In China, stock selection and an underweight were detractors, partially offset by defensive Hong Kong exposure in copper and gold miner Zijin and Bank of China HK. Advanced semiconductor equipment manufacturer AMEC and chip packing specialist JCET underperformed on negative sentiment for AI supply chain companies. Battery giant CATL fell on news that China temporarily suspended construction of new projects to manufacture batteries, pending a year-end review of industry capacity. Beijing seeks to curb excess capacity growth and price wars in the industry. The move is targeted at weaker players with low capacity utilisation, who will likely be denied approvals for future battery projects. CATL faces no such issue with utilisation of c.95%. In the long term it is likely to benefit as weaker competitors fold. However, we are unsure how the initiative will unfold and believe uncertainty will weigh on the stock in the near term. We reduced to a neutral weight and will wait for more clarity. More broadly, there is a rising risk of a trade backlash in response to China’s entrenched domestic overcapacity being exported to the world. Beijing is acting to address imbalances through stimulating domestic demand, but measures so far have been piecemeal. We have a long watchlist of cheap and high quality consumer businesses to add to the portfolio if the government moves to take more decisive steps to end China’s domestic malaise.

The portfolio is overweight a Brazilian market rallying on increasing odds right-wing presidential candidate Flavio Bolsonaro will beat incumbent Lula to take power in October elections. Rate-sensitive names such as Sao Paolo property developer Cyrela and investment bank BTG rallied as Brazilian yields fell anticipating a market- friendly administration. Defensive names including blue chip lender Itau and water utility SABESP underperformed. Our overweight to Brazil reflected a view that political risk was reflected in depressed valuations for high quality businesses executing well. As odds for Bolsonaro improved we added to risk in this area of the portfolio, rotating out of Itau in favour of car rental business Localiza. The company is Brazil’s dominant car rental and fleet management platform, benefiting from scale, nationwide distribution network and an integrated used-vehicle operation that supports attractive returns on capital and cash generation. The stock trades on 8.6x FY27E earnings (against a long term average of 10x), with earnings suppressed by high interest rates. We believe the market underappreciates potential for margin expansion, stronger ROIC and re-rating as rates normalize.

EM equities have been resilient despite Gulf War III pressuring energy prices, yields and the dollar higher. Our monetary indicators suggest an increasingly fragile backdrop in the months ahead for markets and economies. Deterioration in global liquidity is stemming from overly restrictive monetary policy in Japan and Europe, while data in the US and EM looks more robust. This points to a weaker global economy later in the year. Coupled with a cross-over of global real narrow money growth below industrial output growth earlier this year, the suggestion is that there is less economic and monetary firepower to support markets. Our bias will therefore be to reduce the risk allocation to the "speculation of choice" (AI) and seek out opportunities in less loved corners of the asset class.

Best and Worst Countries by Net Impact

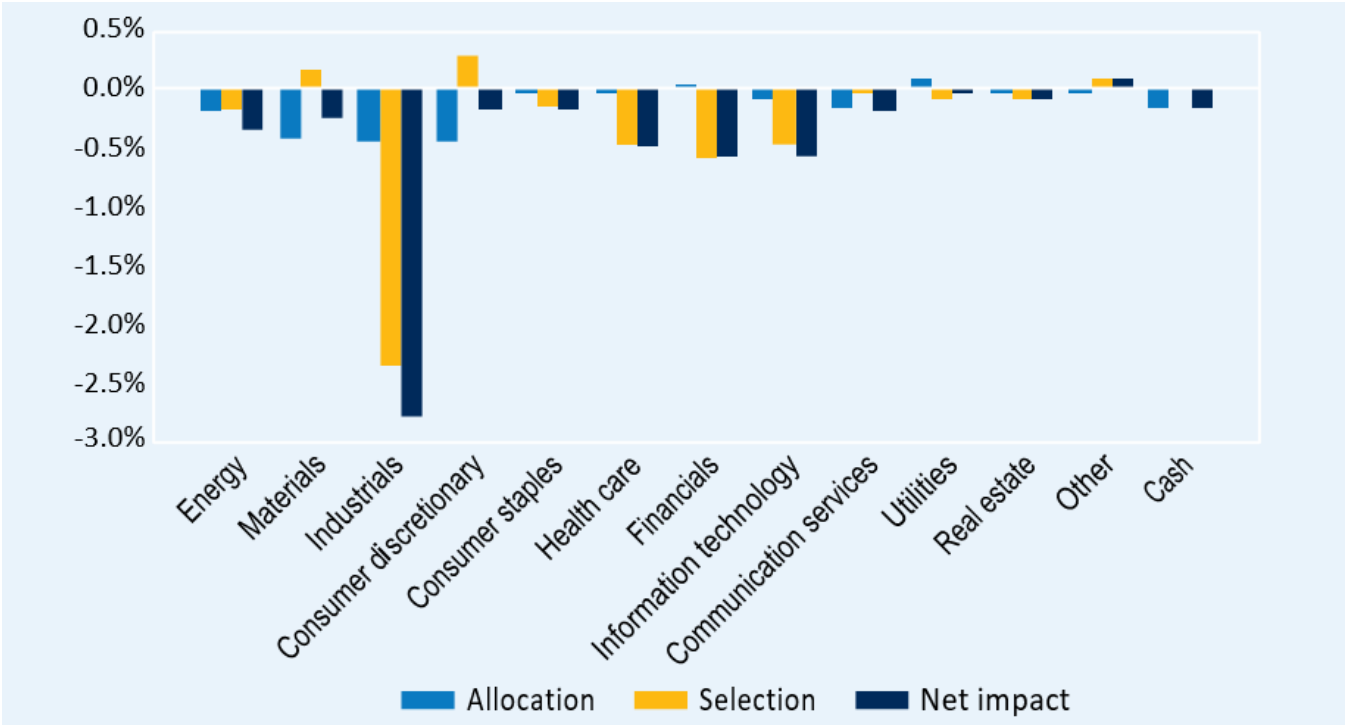
Past performance is not indicative of future performance and does not predict future returns

Country	Allocation	Stock Selection	Net Impact
Hong Kong	0.2%	0.0%	0.2%
Saudi Arabia	0.0%	0.0%	0.1%
United Arab Emirates	0.0%	0.1%	0.1%
Argentina	0.1%	0.0%	0.1%
United States	0.0%	0.0%	0.0%
Egypt	-0.2%	0.0%	-0.2%
India	0.1%	-0.5%	-0.5%
Taiwan	-0.2%	-1.1%	-1.3%
South Korea	-0.7%	-1.0%	-1.7%
China	-0.4%	-1.4%	-1.9%

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

Attribution by Sector

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



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

Contribution Analysis

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

Top Contributors	Average Weight	Contribution
Asia Vital Components	1.8%	0.5%
China Construction Bank	2.2%	0.2%
Yageo Corporation	0.0%	0.2%
Mediatek Inc	3.1%	0.2%
BOC Hong Kong	1.3%	0.2%

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

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

Top Detractors	Average Weight	Contribution
Max Healthcare Institute Ltd	1.7%	-0.5%
Sk Square Co Ltd	2.1%	-0.5%
Taiwan Semiconductor Manufacturing	9.9%	-0.5%
Accton Technology Corp	1.7%	-0.4%
Taiwan Microloops Corp	0.6%	-0.4%

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

Activity During the Quarter

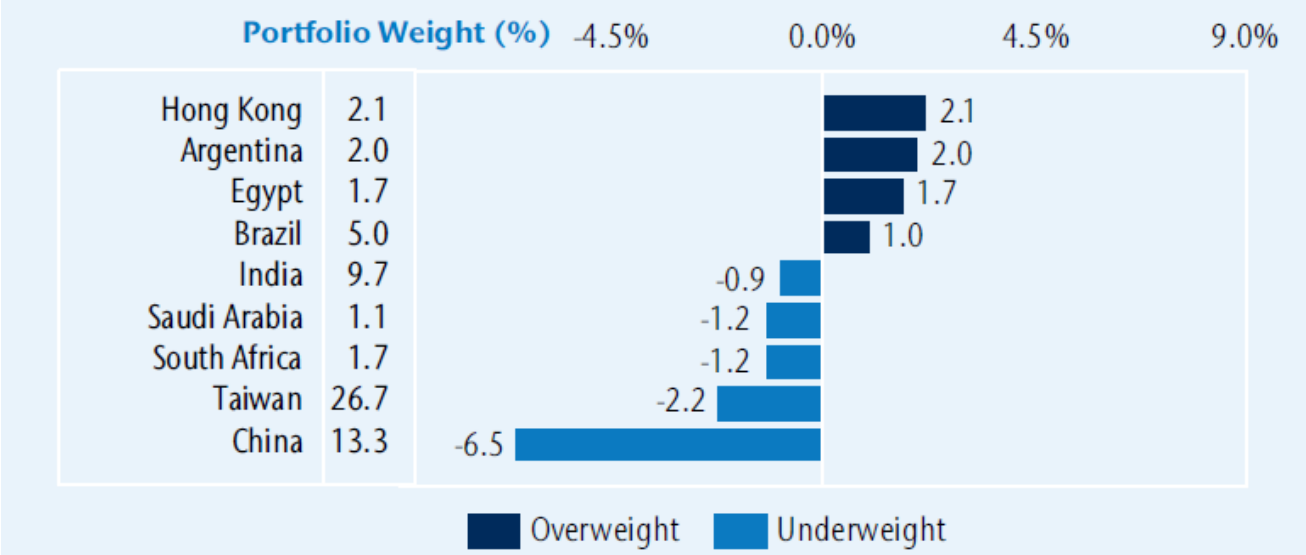
New	Exited
Industrial and Commercial Bank of China	Samsung C&T Corp
Nan Ya Plastics Corp	Larsen & Toubro Ltd
PetroChina Co. Ltd.	Cia Saneamento Basico De Sp
Alpha BANK SA	HD Hyundai Heavy Industries Co Ltd
Smartfit Escola De Ginastica E	Neway Valve Suzhou Co Ltd
Midea Group Co Ltd	Al Rajhi Bank
Shenzhen Mindray Bio-Medical E	Sanil Electric Co Ltd
Chroma Ate Inc	Hanwha Aerospace Co Ltd
Grupo Mexico Sab De Cv-Ser B	Taiwan Microloops Corp

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

Add	Reduced
Delta Electronics Inc	Asia Vital Components
Samsung Electronics Co Ltd	Mediatek Inc
Accton Technology Corp	Tencent Holdings Ltd
Sk Hynix Inc	Contemporary Amperex Technolog
Wiwynn Corp	ASE Technology Holding Co Ltd
China Construction Bank	Sk Square Co Ltd
Bharti Airtel Ltd	Unimicron Technology Corp
Commercial International Bank - Egypt (CIB)	JCET Group Co Ltd
SD Guthrie Bhd	Advanced Micro-Fabrication Equ

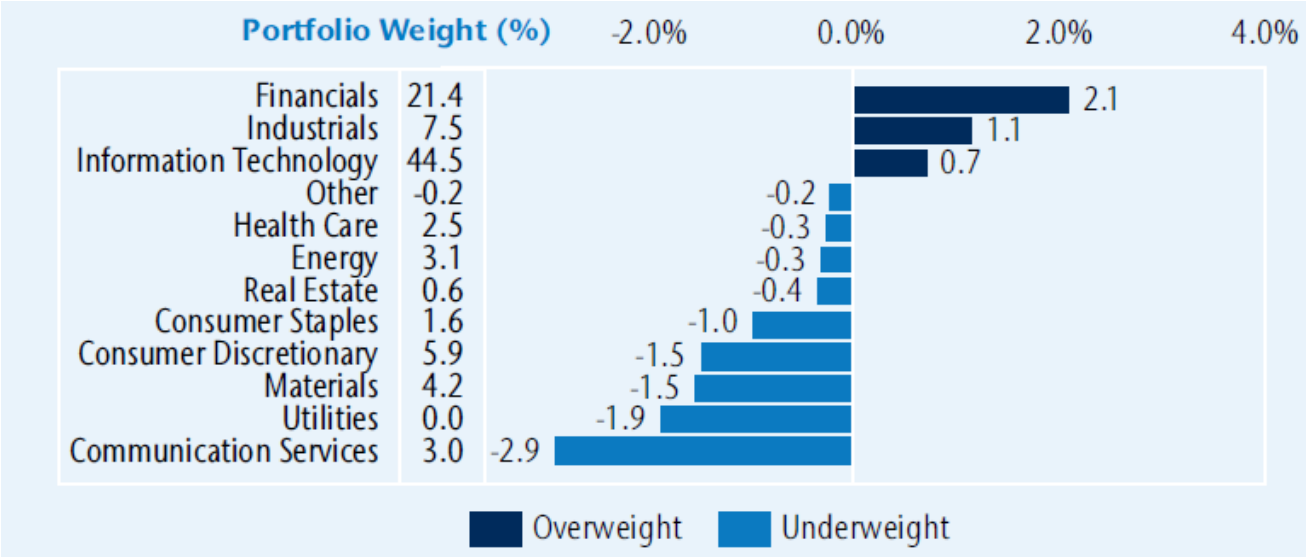
Source: NS Partners Ltd, data as at 30 September 2026

Top Country Over/Under Weights vs MSCI EM Index



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

Sector Allocation Over/Under Weights vs MSCI EM Index



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

Top 5 Overweights vs MSCI EM Index

Company Name	Country	Sector	Active Weight
Delta Electronics Inc	Taiwan	Information Technology	2.5%
Vista Energy Sab De Cv	Argentina	Energy	2.0%
China Construction Bank	China	Financials	1.8%
Accton Technology Corp	Taiwan	Information Technology	1.7%
ASE Technology Holding Co Ltd	Taiwan	Information Technology	1.5%

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

Top 5 Underweights vs MSCI EM Index

Company Name	Country	Sector	Active Weight
Taiwan Semiconductor Manufac	Taiwan	Information Technology	-5.7%
Tencent Holdings Ltd	China	Communication Services	-1.3%
Hon Hai Precision Industry	Taiwan	Information Technology	-0.8%
Alibaba Group Holding Ltd	China	Consumer Discretionary	-0.8%
ICICI Bank Ltd	India	Financials	-0.6%

Source: MSCI, NS Partners Ltd, data as at 30 September 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.

These documents are available from Nedgroup Investments (IOM) Ltd (the Investment Manager) or via the website: www.nedgroupinvestments.com, where the prospectus is available in English and the KIIDs/KIDs in English and the official languages of each country of registration.

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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.
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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