



see money differently



Nedgroup Investments Global Emerging Markets Equity Fund

Quarter Three, 2025

Marketing Communication

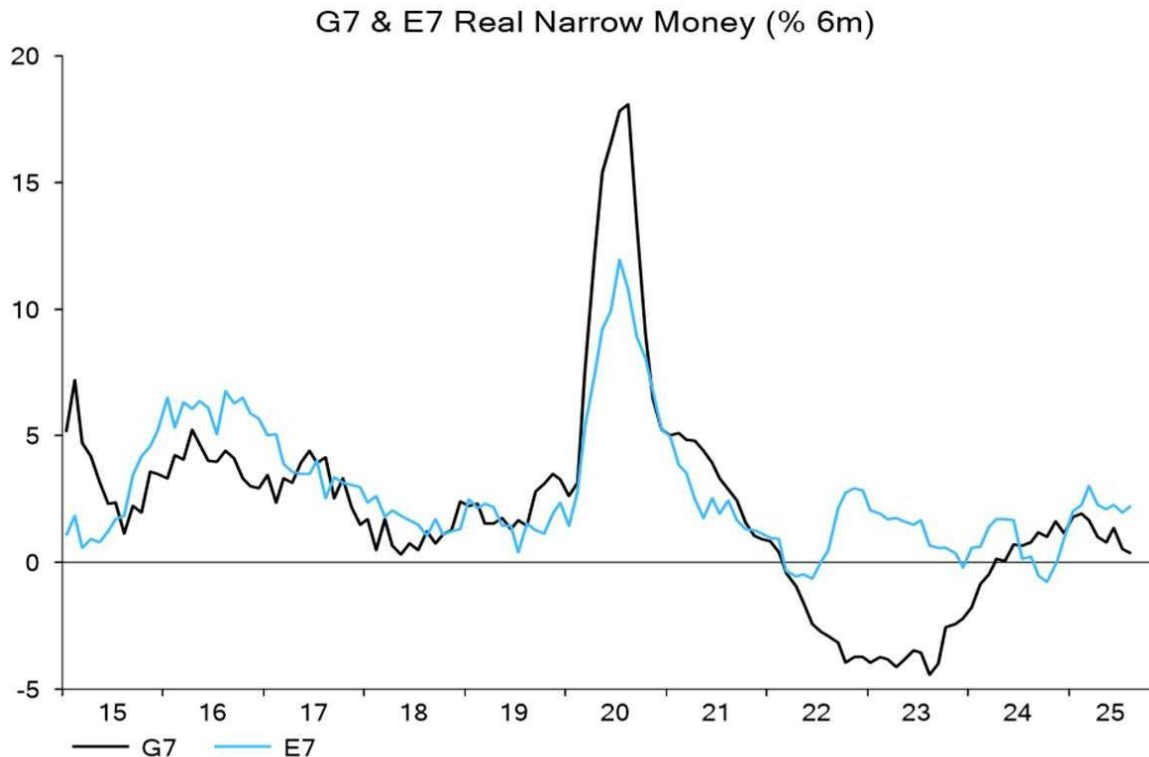


Economic and Monetary Backdrop

Global six-month real narrow money momentum has fallen from a March peak, suggesting that the global economy will lose momentum from late 2025, assuming a normal lag.

The fall in real money momentum has been modest but the expected slowdown could become more serious than others in recent years, for two reasons. First, the stockbuilding and housing cycles have entered time windows to begin downswings. Secondly, labour markets are showing signs of weakness, raising the risk of self-reinforcing negative dynamics.

The global monetary slowdown has been driven by the G7 component, with E7 real money momentum moving sideways at a respectable level, suggesting relative economic resilience:

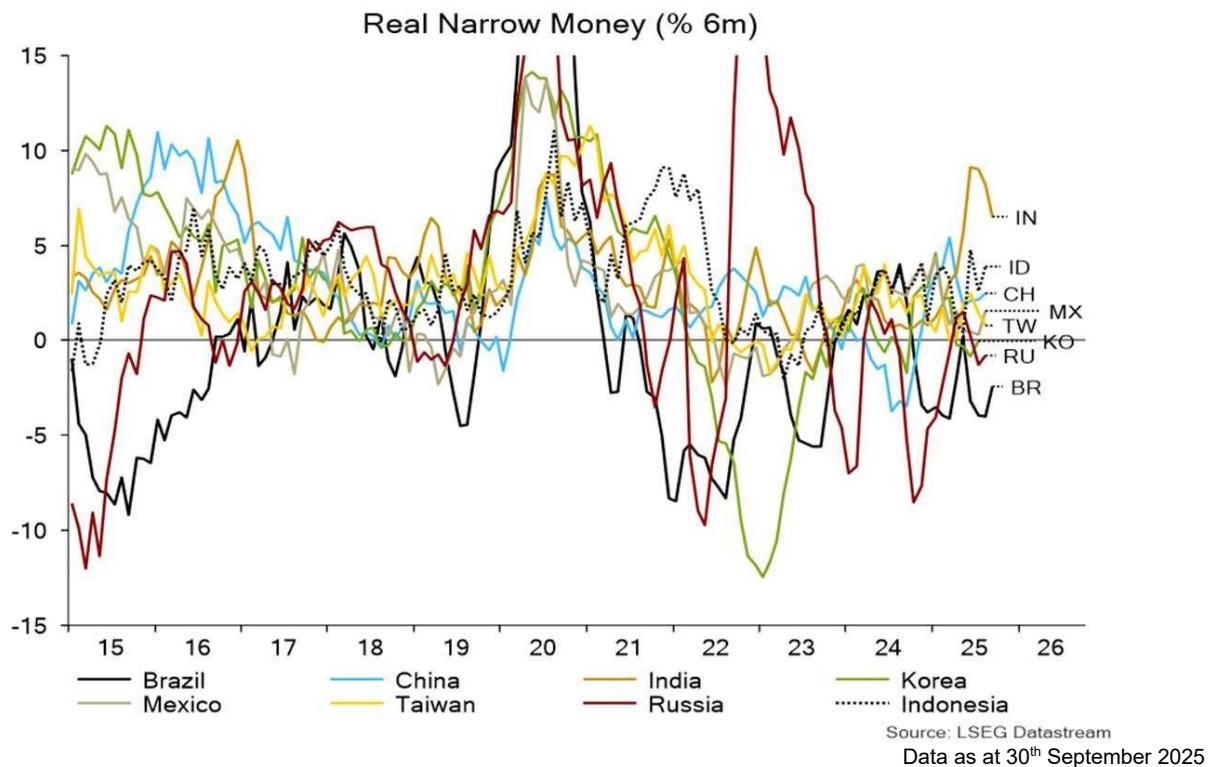


Source: LSEG Datastream
Data as at 30th September 2025

A key global development over the past year has been a further surge in China's trade surplus. This partly reflects a policy focus on expanding manufacturing supply but exporters and import-competing firms have also benefited from a 15% fall in the real effective exchange rate since 2022. A substantial appreciation is likely to be necessary to correct the imbalance and agreement on a controlled rise could be a component of an eventual US-China "deal".

Chinese six-month real money momentum fell back in the spring but has since recovered, through remains modest. A policy shift towards favouring a stronger currency would boost domestic monetary conditions by encouraging a repatriation of substantial offshore money holdings.





Elsewhere, money trends suggest continued economic strength in India and weakness in Brazil, where an associated fall in inflation is opening the door to rate cuts. Growth is subdued in Korea and Taiwan, arguing for policy easing to offset a likely cooling in exports.

EM equities outperformed DM on average historically when E7 real money growth was above the G7 level and global real money growth was above industrial output expansion. The two conditions have been met in most months in 2025, including on the latest readings.

Portfolio strategy

Emerging market equities continued their surge led by a bull market in China. The portfolio rose 9.3%, trailing the MSCI EM Index up 10.6%. Despite the strong absolute return, we are frustrated to lag in relative terms having called for a brighter outlook for EM equities over a year ago on the prospect of a USD bear market. A key negative has been the lack of reward for positioning in small and mid cap names. The MSCI EM Small Cap Index has returned 16.67% against 28.16% for the large cap index for the year to date. This was reflected in the drag from overweight positioning in smaller and less liquid markets across ASEAN. Stock picking in India was a detractor, partially offset by an underweight to the market which is consolidating after several years of strong gains. It is pleasing to see continued positive contributions from companies across consumer tech, industrials and financials businesses in China and Hong Kong. Artificial intelligence supply chain names in Taiwan and South Korea had a strong quarter on booming AI capex. Stock selection and an underweight in South Africa was negative as gold miners soared. Exposure in Argentina was hit by a setback for President Milei in a Buenos Aires provincial election. Activity included adding to Hong Kong, China, Brazil and South Africa. We reduced exposure to the UAE, India and ASEAN.

Domestic political instability has dogged Indonesia, Thailand and the Philippines, with Malaysia's steady leadership under Prime Minister Anwar the exception. Global tari uncertainty has also hit the sentiment for these trade exposed economies. Poor macro is overwhelming strong fundamentals and depressed valuations for the companies we hold, with Indonesian blue chip corporate lender Bank of Central Asia the largest detractor in ASEAN. The region is yet to benefit from a falling dollar and easing monetary policy globally. In response, we reduced Indonesia and Thailand while remaining overweight Malaysia and the Philippines. While Malaysia has underperformed wider EM, we see potential in the government's development of a special economic zone in Johor bordering Singapore. An investment boom is underway in Johor centring on AI datacentres, taking advantage of the country's cheap land, energy and water. Our position in engineering firm

Gamuda outperformed the region, and is geared into these trends as well as boasting a strong roster of projects across Asia.

We had been reducing our exposure in India into the end of 2024 on a view high multiples and deteriorating liquidity left the market looking fragile. Max Healthcare has been one of the portfolio's biggest winners in recent years, but conversely one of the largest detractors in the quarter despite reporting solid results. Max keeps signing new deals to add beds in its network and is maintaining its track record of turning around hospital assets. As a long duration name, the company is vulnerable to negative market sentiment and liquidity shifts. India remains the best structural story in EM and recent underperformance has brought valuations back to a more reasonable level, while liquidity is improving on aggressive central bank rate cuts.

The combination of China's fragile economy and strong money growth creates a dynamic we call "excess liquidity", where there is more money than the economy needs. This money tends to wash into financial assets and is currently fuelling a liquidity driven bull market. Stock picking among quality growth names in China had been the primary headwind for the strategy over the past few years. As the market narrative shifts from "uninvestable to irresistible" China, we are seeing flows favour our style of high quality and growing businesses. The rally has been led by AI-driven re-rating, as it becomes clear the gap between the US and China in AI foundation models is narrowing. Chinese firms are arguably making progress at a fraction of the cost of US hyperscalers, with access to cheap electricity channelled through a well-constructed grid a crucial advantage.

The combination of low costs for training and inference as well as a culture of open source models will feed growth of the world's largest ecosystem of AI apps. Tech leaders like Alibaba and Tencent were among the top performers on expectations they are positioned to capitalise on this development. BABA's aggressive cloud capex, dominant market share, and strong AI model suite position it to grow into an "AWS of China." Battery leader CATL rallied over 60%, a player in confronting the AI energy bottleneck, providing electricity storage and grid stability as renewable sources of energy scale up. While exciting, there is much more to play in China outside of the tech giants. For example, contract drug manufacturer Wuxi Biologics was a major contributor and is benefiting from a recovery in demand for drug discovery and research flowing through to rising profits and an improving order backlog.

Tech infrastructure and semiconductor positions in South Korea and Taiwan had a strong quarter boosted by hyperscaler AI capex mania. In South Korea, holding company SK Square rallied on its exposure to high bandwidth memory leader SK Hynix with an added tailwind from the Value-up corporate reform drive. Value-Up enjoys bipartisan political support and critically, reform of the Commercial Act was passed through the Minjoo-controlled legislature in July, making directors accountable to all and not just major shareholders. SK Square is a beneficiary, trading at a 55% NAV discount to underlying assets and leading peers in governance reform, including cumulative voting and independent board oversight. Management is executing a Value-up plan with aggressive buybacks, divestments, and dividend payouts, targeting a 40% NAV discount. The company's portfolio is anchored by Hynix (88% of NAV), with plans to streamline loss-making ventures and redeploy capital to boost shareholder value. If reforms persist, SK Square could enjoy a significant re-rating, emblematic of broader market upside in Korea. In Taiwan, leading contributors were AI infrastructure leaders such as high speed networking equipment maker Accton and Asia Vital Components, which specialises in cooling modules, computer fans, and cases.

Stock selection and an underweight in South Africa were negative as gold miners rallied. While holding Chifeng Gold in China has outperformed, we have been behind the curve in South Africa. We have no advantage in prognosticating on the direction of the gold price. However, a confluence of factors including central bank gold buying since the start of the Ukraine-Russia war and difficulties among the G7 countries in stepping back from fiscal and monetary excesses are supportive. On this view, Goldfields was added to the portfolio, which is one of the lowest cost gold miners globally, profitable above a gold price of \$1600/ounce and boasting a growing production profile. Argentinian holdings were hit by currency pressures and doubts over popular support for President Milei's economic reforms following his party's heavy defeat to the Peronists in a Buenos Aires provincial election. We exited bank Galicia while retaining shale oil producer Vista. Galicia remains highly profitable and in a dominant market position with a growing loan book. However, the risk of a weakening peso sending rates higher undermines our thesis that the company will benefit from an economic turnaround under Milei. Vista is more politically and economically insulated as an exporter and importance to Argentina's energy independence. It looks extremely cheap with a growing production profile and low lifting costs expected to underpin EBITDA growth of 41% in 2025.

Over the last three years to the end of the quarter EM equities have compounded at an annualised rate of 18%. Our markets remain under-owned and boast cheap valuations relative to US stocks. Easing financial conditions should support a recovery in earnings growth. We are also believers that you can have too much of a good

thing, and that emerging markets are a host to a number of attractive structural thematicatics outside of the AI fervour that are unique to our investment universe. Returns have so far been driven by local allocators, with foreign investors sitting on the sidelines – although interactions with attendees on our usual conference circuit suggest that this could be about to change.

Best and Worst Countries by Net Impact

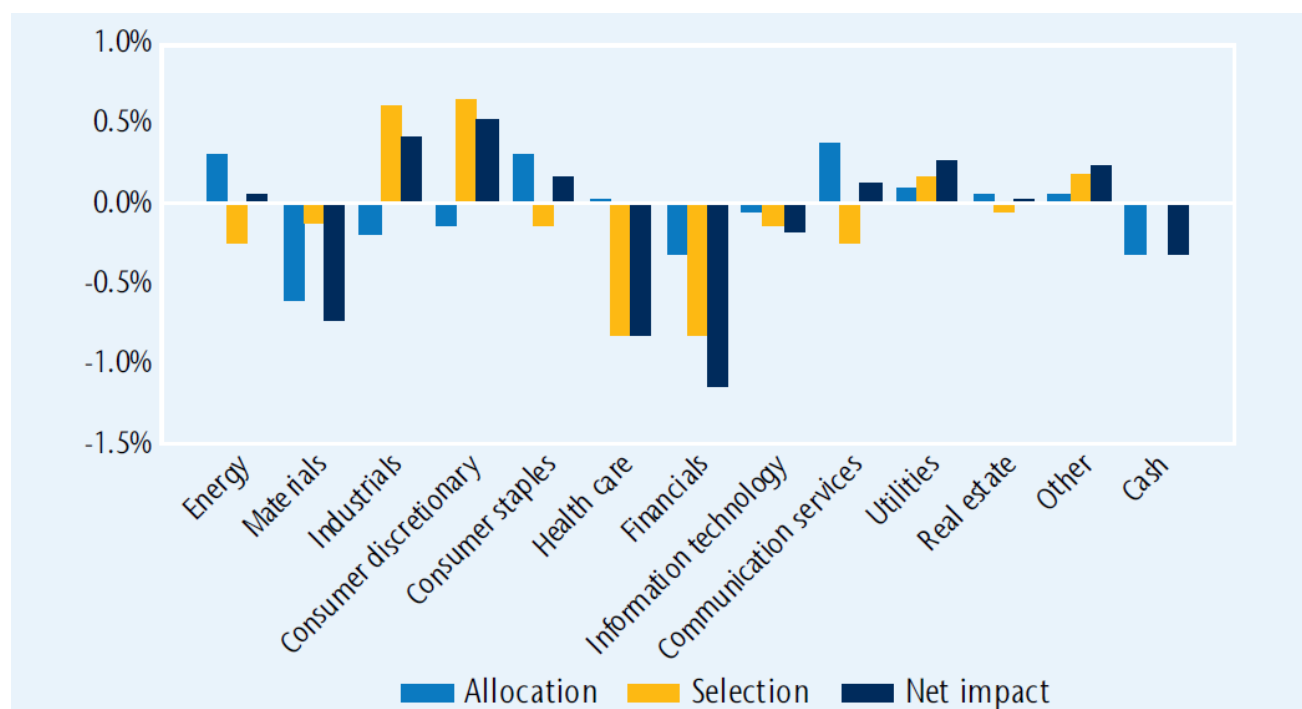
Past performance is not indicative of future performance and does not predict future returns

Country	Allocation	Stock Selection	Net Impact
China	-0.5%	1.1%	0.7%
South Korea	0.0%	0.4%	0.4%
Taiwan	-0.2%	0.5%	0.3%
Hong Kong	0.3%	0.0%	0.3%
Singapore	0.1%	0.0%	0.1%
India	0.2%	-0.4%	-0.2%
Indonesia	0.0%	-0.3%	-0.3%
South Africa	-0.2%	-0.1%	-0.4%
Philippines	-0.3%	-0.1%	-0.4%
Argentina	-0.6%	0.0%	-0.6%

Source: NS Partners Ltd, data as at 30 September 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 30 September 2025

Contribution Analysis

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

Top Contributors	Average Weight	Contribution
Contemporary Amperex Technolog	1.3%	0.6%
Wuxi Biologics Cayman Inc	1.0%	0.5%
Futu Holdings Ltd	1.4%	0.5%
Sk Square Co Ltd	0.4%	0.4%
Accton Technology Corp	2.0%	0.3%

Source: NS Partners Ltd, data as at 30 September 2025

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Top Detractors	Average Weight	Contribution
Max Healthcare Institute Ltd	2.7%	-0.8%
Indus Towers Ltd	1.1%	-0.5%
Bharti Airtel Ltd	2.1%	-0.5%
Qifu Technology Inc	0.8%	-0.4%
Hugel Inc	0.7%	-0.4%

Source: NS Partners Ltd, data as at 30 September 2025

Activity During the Quarter

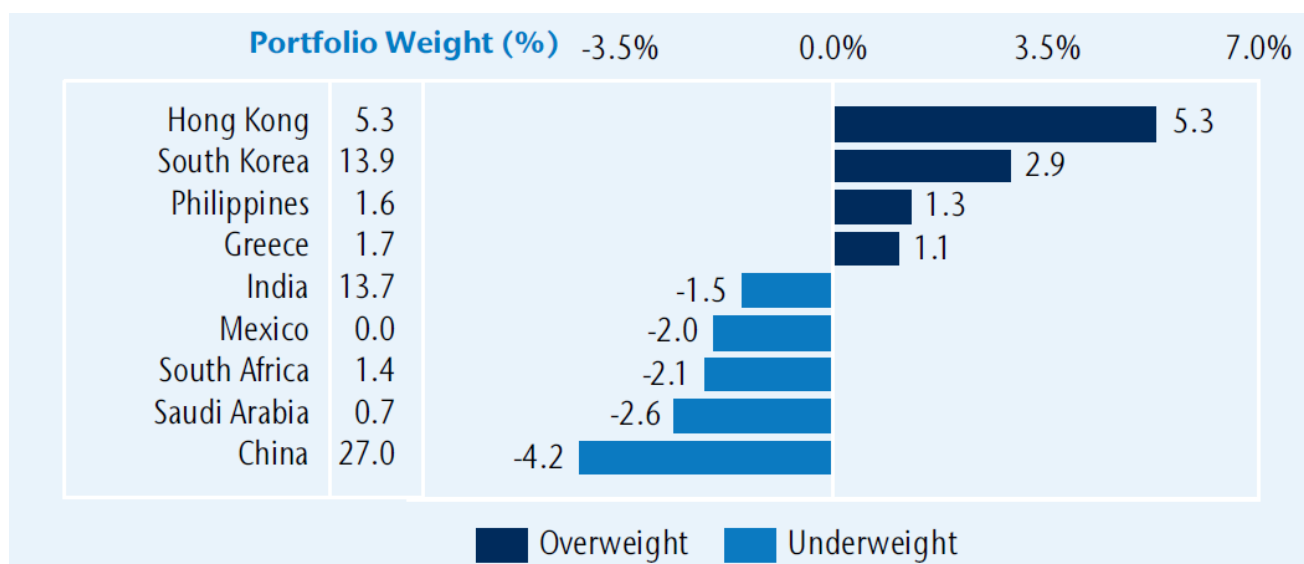
New	Exited
Wuxi Biologics Cayman Inc	Axis Bank Ltd
Tencent Music Entertainment Gr	Bank Central Asia Tbk Pt
Wiwynn Corp	China Yangtze Power Co Ltd-A
Sk Square Co Ltd	Rumo SA
Samsung C&T Corp	Saudi Awwal Bank
Hon Hai Precision Industry	Anta Sports Products Ltd
Sands China Ltd	Hugel Inc
Neway Valve Suzhou Co Ltd	China Merchants Bank-H
21Vianet Group Inc	Adnoc Gas Plc

Source: NS Partners Ltd, data as at 30 September 2025

Add	Reduced
Samsung Electronics Co Ltd	Taiwan Semiconductor Manufac
Futu Holdings Ltd	Alibaba Group Holding Ltd
Trip.com Group Ltd	Tencent Holdings Ltd
Mao Geping Cosmetics Co Ltd	Kb Financial Group Inc
Bank Pekao Sa	Hanwha Aerospace Co Ltd
-	Qifu Technology Inc
-	Indus Towers Ltd
-	Picc Property & Casualty -H

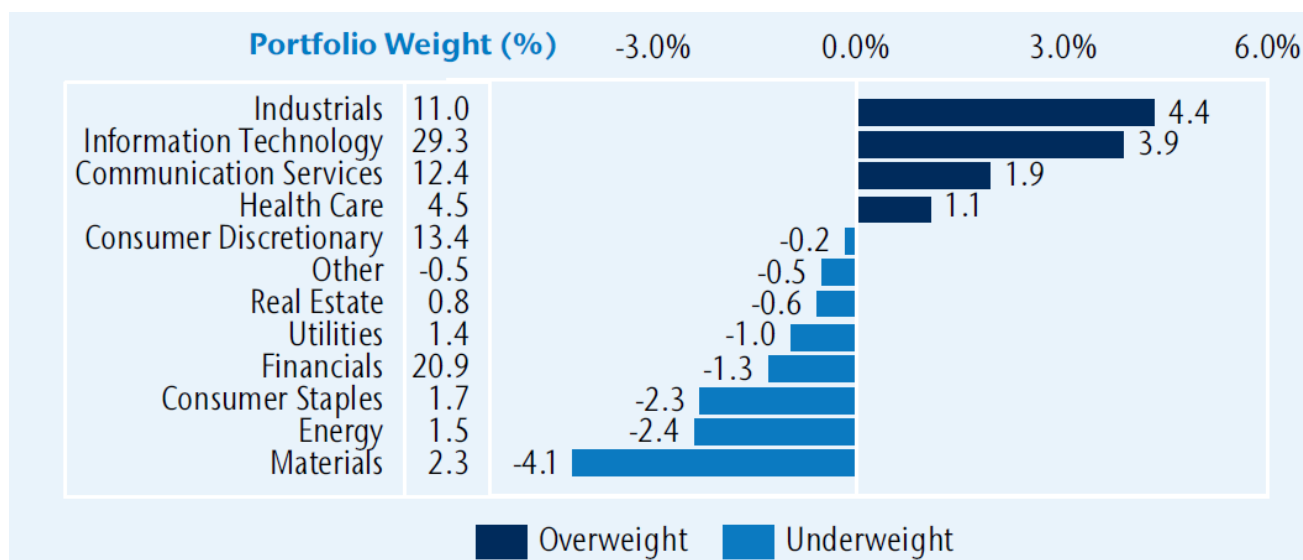
Source: NS Partners Ltd, data as at 30 September 2025

Top Country Over/Under Weights vs MSCI EM Index



Source: MSCI, NS Partners Ltd, data as at 30 September 2025

Sector Allocation Over/Under Weights vs MSCI EM Index



Source: MSCI, NS Partners Ltd, data as at 30 September 2025

Top 5 Overweights vs MSCI EM Index

Company Name	Country	Sector	Active Weight
Accton Technology Corp	Taiwan	Information Technology	2.3%
Asia Vital Components	Taiwan	Information Technology	2.2%
Max Healthcare Institute Ltd	India	Health Care	2.0%
Tencent Holdings Ltd	China	Communication Services	2.0%
Samsung Electronics Co Ltd	South Korea	Information Technology	2.0%

Source: MSCI, NS Partners Ltd, data as at 30 September 2025

Top 5 Underweights vs MSCI EM Index

Company Name	Country	Sector	Active Weight
Taiwan Semiconductor Manufac	Taiwan	Information Technology	-1.4%
Reliance Industries Ltd	India	Energy	-1.0%
China Construction Bank	China	Financials	-1.0%
Meituan	China	Consumer Discretionary	-0.7%
Mediatek Inc	Taiwan	Information Technology	-0.7%

Source: MSCI, NS Partners Ltd, data as at 30 September 2025

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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Prices are published on the Investment Manager's website.

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