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# **Nedgroup Investments Global Emerging Markets Equity Fund**

Quarter One, 2026

Marketing Communication

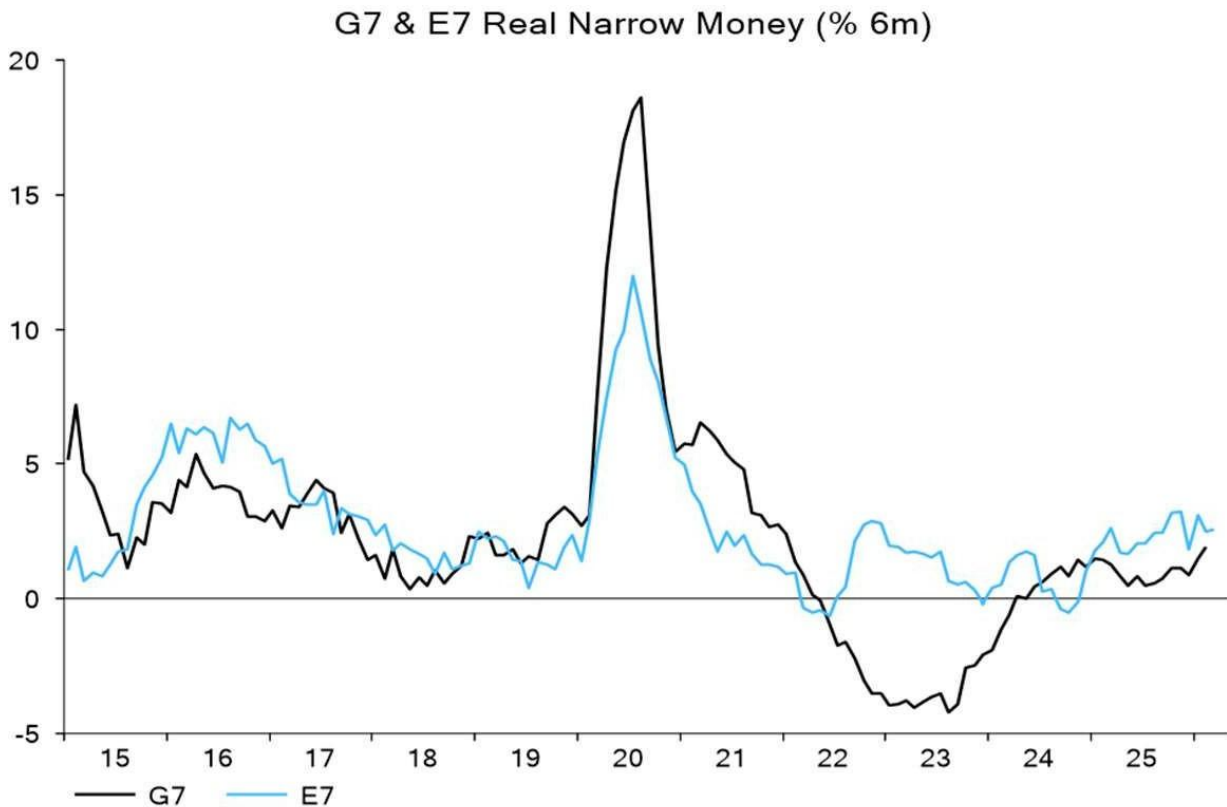




## Economic and Monetary Backdrop

EM equities outperformed developed markets in Q1 despite the outbreak of Gulf War III, consistent with a positive message from our seven-factor checklist at the start of the year. The checklist still favours EM but the net score has dropped a point to +2, reflecting a downgrade to neutral in the rating for global “excess” money. Higher energy costs due to the war are expected to result in a slowdown in real money growth, closing the current positive gap with industrial output momentum.

Three factors – the E7 / G7 real money growth gap (see chart below), valuations and the primary trend in the US dollar (weaker) – are judged to remain positive for EM, with the EM / DM revisions ratio gap the only negative:



Data as at 31 March 2026

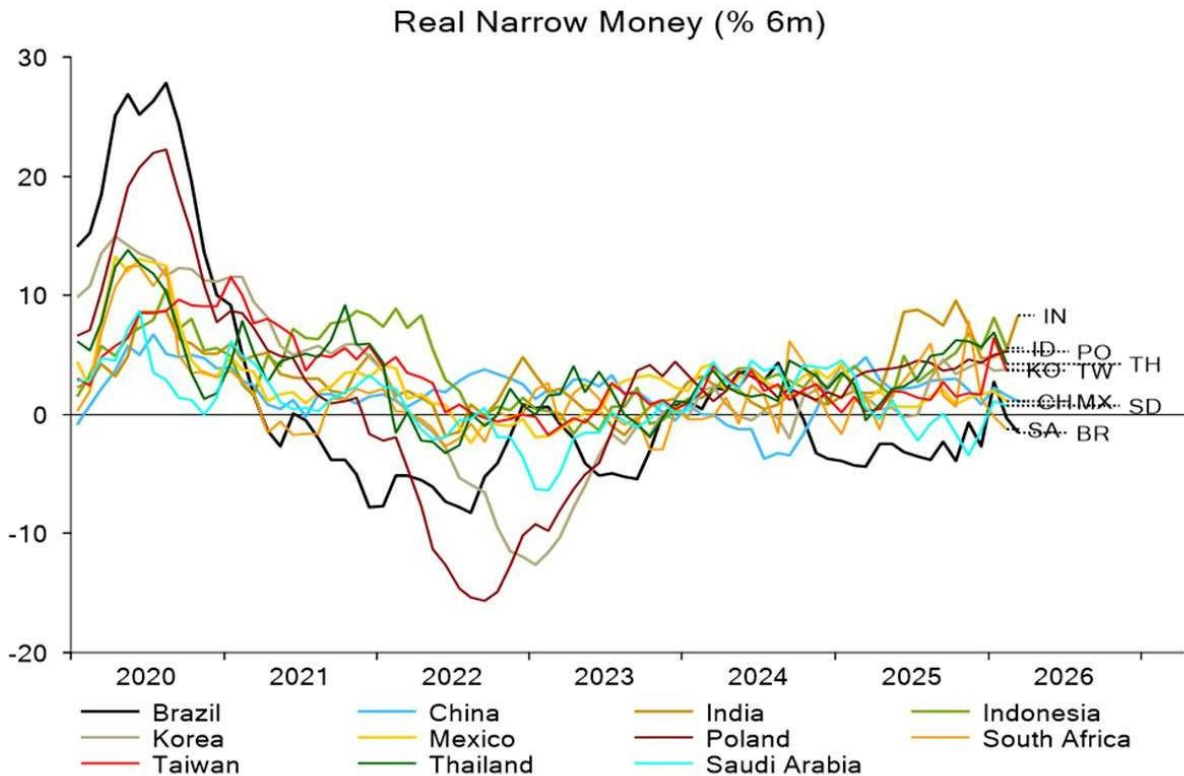
Our global outlook is informed by an assessment that the 3.5-year stockbuilding cycle, which last bottomed in 2023, is entering another weak phase. Downswings are usually associated with economic slowdowns (or worse) and underperformance of cyclical assets, including EM equities. However, EM gains during the upswing phase of the current cycle were smaller than average, both in absolute terms and relative to DM, suggesting potential for additional “catch-up” strength near term and / or less downside if market conditions deteriorate.

A slowdown in global growth would force the Chinese authorities to step up policy stimulus to offset a loss of export momentum. Currency weakness was previously a constraint on policy easing but the RMB has recently been under persistent upward pressure, partly reflecting a large and rising current account surplus. With the housing cycle bottoming out and consumer confidence off the floor, stimulus measures could prove more effective than in recent years.





Monetary trends are currently supportive of economic / market prospects in India, Indonesia and Poland, and relatively weak in Brazil and South Africa (chart below). Our baseline forecast of global economic deterioration suggests reducing exposure to cyclical sectors.



Data as at 31 March 2026

## Portfolio strategy

After a roaring start to the year for EM equities, the outbreak of Gulf War III saw the asset class stumble. Energy prices surged as US-Israeli strikes on the ranks of senior Iranian leaders saw the regime respond by disrupting the passage of ships through the Strait of Hormuz. Markets have been caught between fears of the immediate inflationary impact of rising energy prices, the demand destruction a sustained oil shock would create, and hopes President Trump TACOs in the face of market turmoil and Congressional midterms to fudge a deal with the Iranian regime. The portfolio (D Class USD) outperformed amid the volatility, rising 2.3% with the MSCI EM Index down 0.2%. Stock picking across defence, AI supply chain leaders specialising in power efficiency, and lifting exposure to oil producers were positive contributors, helping preserve relative gains made in January and February. Trading activity reflects a view that the negative effects of conflict will not be swiftly reversed, negative for EM commodity importers. Whipsawing markets provided opportunities to tilt the portfolio toward areas that are more insulated from the energy shock including battery and solar power names in China and banks in Saudi Arabia. This was funded through trimming outperforming technology names in Taiwan, and economically sensitive names in countries dependent on Middle Eastern oil imports such as South Korea, India and ASEAN.

Exposure across the GCC was a detractor, with the largest drag from being underweight Saudi Arabia which despite the conflict is under-owned by EM investors, beneficiary of the stronger oil price, and supported by domestic allocators. Our overweight to the UAE was negative, driven by the decline in Dubai property developer Emaar, owner and operator of flagship properties such as the Burj Khalifa and Dubai Mall. The company is geared to Dubai's rapid economic growth, generating strong returns through an ecosystem of development, hospitality, and asset leasing. The regional conflict has hit Dubai's appeal as a hub for tourism and magnet for global talent. While the position is under review, Emaar's balance sheet leaves it well-positioned to weather a slowdown in property demand and tourism. In Egypt, holdings in Egyptian property developer TMG and Comi





Bank fell in March on fears a sustained oil spike will undermine the recent trend of falling inflation, rates, tourism boom and investment from GCC countries.

Towards the end of 2025, one of the most debated topics in the team was our heavy underweight to oil. While we remain structurally cautious on prospects for oil as an investment, we were conscious that the absence of any oil exposure had become a consensus position and uncomfortable given the weak oil price and US naval build up in the Persian Gulf. We lifted Energy exposure to an equal weight by the end of February in high quality names with assets outside of the GCC. We added Argentinian shale oil producer Vista and Petrochina based on their healthy returns on invested capital underpinned by growing production profiles and low lifting costs. In March, we added Petrobras which boasts high levels of cash generation from its Brazilian pre-salt fields that now account for 80% of output and rank among some of the most productive oil assets globally. Contributions from other commodities including gold and copper were positive over the quarter but suffered a March pullback. Following strong rallies and with a deteriorating global economic backdrop we decided to reduce copper and gold exposure by exiting Grupo Mexico, Chifeng Gold and Aura Minerals.

South Korean equities began 2026 by continuing their ascent powered by semiconductor companies including holdings SK Hynix and Samsung Electronics. This was further buoyed by progress in Value Up corporate governance reform efforts which saw the KOSPI double from mid-2025. Investors were quick to take profits in winners on the outbreak of conflict in March, exacerbated by concerns South Korea would be vulnerable to an energy shock as an export driven economy and oil importer. Memory names have been more insulated to the crisis than other exporters geared to consumer demand and rising materials costs. Supply of high bandwidth memory remains a bottleneck for AI training and inference as model sizes grow. The supply/demand mismatch in memory has been so great that Samsung Electronics and SK Hynix are now the second and fourth ranked companies by operating profit (2026 estimates) globally according to KB Securities. In Taiwan, strong stock picking contributions based around AI's energy bottleneck drove outperformance in names such as Asia Vital Components (AVC) and Delta Electronics. AVC rallied as the company emerges as a key provider of liquid cooling solutions, crucial technology as AI server power densities rise sharply with NVIDIA's new GPU platforms. Delta Electronics is focused on data-centre electrification and system design that combines power conversion, thermal management and microgrid solutions which maximise energy efficiency.

The AI power bottleneck also drove a positive contribution from China exposure, which was resilient through the market turbulence. We increased our position in the battery maker CATL and bought back into solar inverter and energy storage producer Sungrow. Last year China added an enormous 500 GW of power capacity to its grid, more than the rest of the world combined. Much of this comes from rapid growth of solar energy, by some measures now cheaper than coal power in China. The battery and power management technology supplied by CATL and Sungrow is crucial to this revolution. While US access to leading edge chips gives it an edge in raw compute power, China's strategy is to use more (and less efficient) chips to build larger datacentres. This relies on plentiful, cheap electricity and solar plus battery storage, the fastest scalable solution for adding vast amounts of new energy supply at a fraction of the cost in the US. Consumer internet holdings Trip.com and Tencent Music were detractors. Both face pressure from margin compression as they invest in longer term opportunities—Trip.com through overseas expansion, and Tencent Music in offline concerts. These investment headwinds have been amplified by a regulatory investigation into Trip for alleged monopolistic behaviour, and by intensifying competition for Tencent Music from TikTok, which is aggressively building its streaming user base. While both remain high quality businesses, we opted to exit Trip and reduce Tencent Music in absence of potential medium term catalysts.

Underweight positioning in India (held since late 2024) continues to be a positive contributor. The market is suffering from an exodus of foreign capital and robust IPO pipeline soaking up liquidity. India also resembles a "reverse AI trade," lacking exposure to hardware and infrastructure components of the AI supply chain. Its IT services sector, which employs 6 million people, is at risk of disruption as AI automates coding, testing, maintenance and support functions. Infosys was our only exposure here which we exited by the end of the period. HDFC Bank struggled with slower deposit growth, falling rates hitting net interest margins, and increased provisions weighing on profitability. Telecoms infrastructure provider Indus Towers was a relative outperformer in India on signs monetisation of its tower base is accelerating relative to new tower additions. Indonesia was





the only Asian market which underperformed India during the quarter. Rising governance risks and fiscal profligacy under President Prabowo led to us downgrade our macro score for the country and cut exposure. We held a zero weight as the market plummeted in January when MSCI flagged concerns over market liquidity and governance quality.

Central banks shifting to a tightening bias as a response to the Gulf War III energy shock is likely to be yet another policy mistake. Broad money growth remains weak, suggesting that inflation over the medium term is not the key risk. We are focused on the potential for energy-related demand destruction coming at the same time as housing and stock building cycles roll. Rallies on positive headlines from US-Iran negotiations may present good opportunities to continue trimming exposure where upside is most dependent on cyclical strength.

### 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	-0.1%	2.2%	2.1%
China	0.8%	0.0%	0.8%
Argentina	0.8%	0.0%	0.8%
South Korea	0.4%	0.0%	0.4%
Indonesia	0.2%	0.0%	0.2%
Brazil	0.0%	-0.2%	-0.2%
Hong Kong	-0.2%	0.0%	-0.2%
Saudi Arabia	-0.2%	0.0%	-0.2%
Egypt	-0.2%	-0.1%	-0.3%
Greece	0.0%	-0.3%	-0.3%

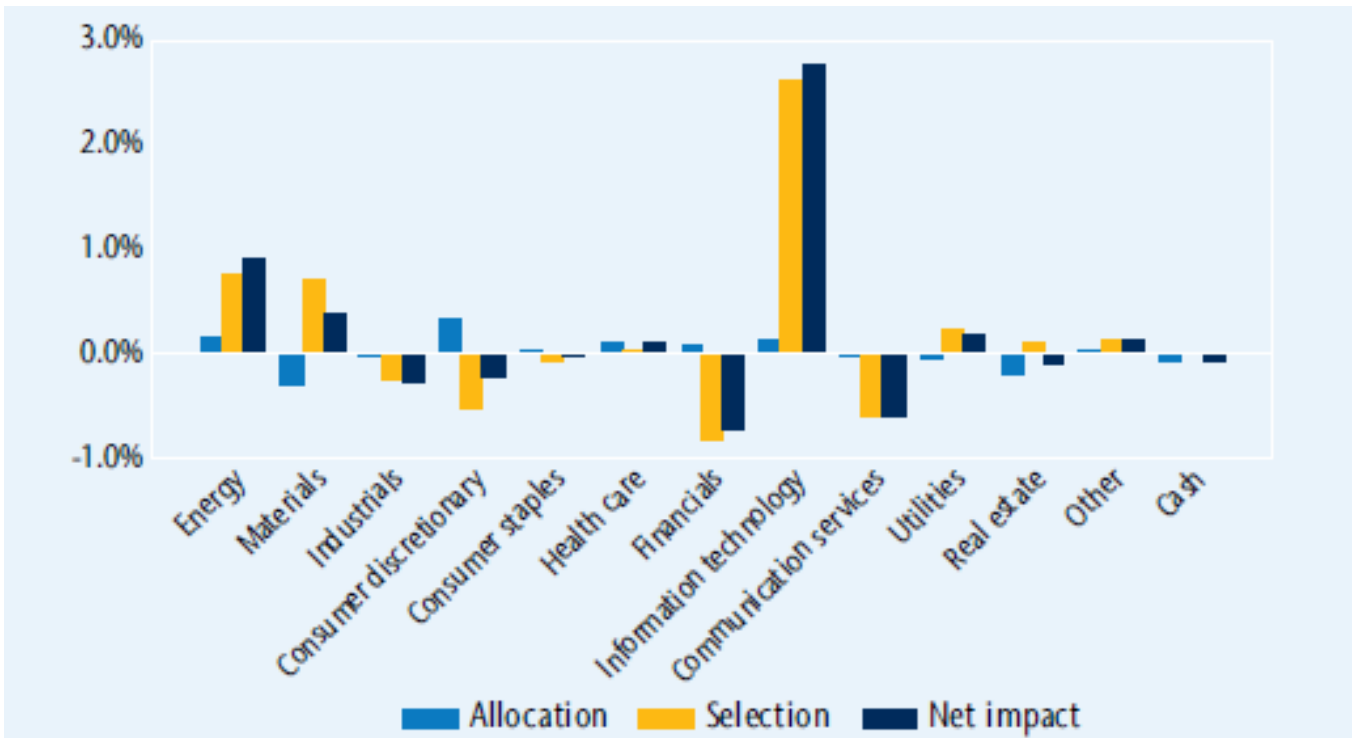
Source: NS Partners Ltd, data as at 31 March 2026





## Attribution by Sector

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



Source: NS Partners Ltd, data as at 31 March 2026

## Contribution Analysis

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

Top Contributors	Average Weight	Contribution
Delta Electronics Inc	2.6%	0.6%
Vista Energy Sab De Cv	1.2%	0.5%
ASE Technology Holding Co Ltd	2.7%	0.4%
Aura Minerals Inc	0.9%	0.4%
Asia Vital Components	1.5%	0.3%

Source: NS Partners Ltd, data as at 31 March 2026



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Top Detractors	Average Weight	Contribution
Hdfc Bank Limited	2.5%	-0.6%
Allwyn AG	0.8%	-0.2%
Larsen & Toubro Ltd	1.3%	-0.2%
360 ONE WAM Ltd	0.9%	-0.2%
Tencent Music Entertainment Gr	0.6%	-0.2%

Source: NS Partners Ltd, data as at 31 March 2026

### Activity During the Quarter

New	Exited
Vista Energy Sab De Cv	Mediatek Inc
China Construction Bank	Grupo Mexico Sab De Cv-Ser B
PetroChina Co. Ltd.	Picc Property & Casualty -H
Banco Btg Pactual Sa-Unit	Chifeng Jilong Gold Mining Co
The Saudi National Bank	Hong Kong Exchanges and Clearing Ltd
Wiwynn Corp	Trip.com Group Ltd
H World Group Ltd	Jbs Nv
Credicorp Ltd	Aura Minerals Inc
CK Hutchison Holdings Limited	Vivara Participacoes Sa

Source: NS Partners Ltd, data as at 31 March 2026

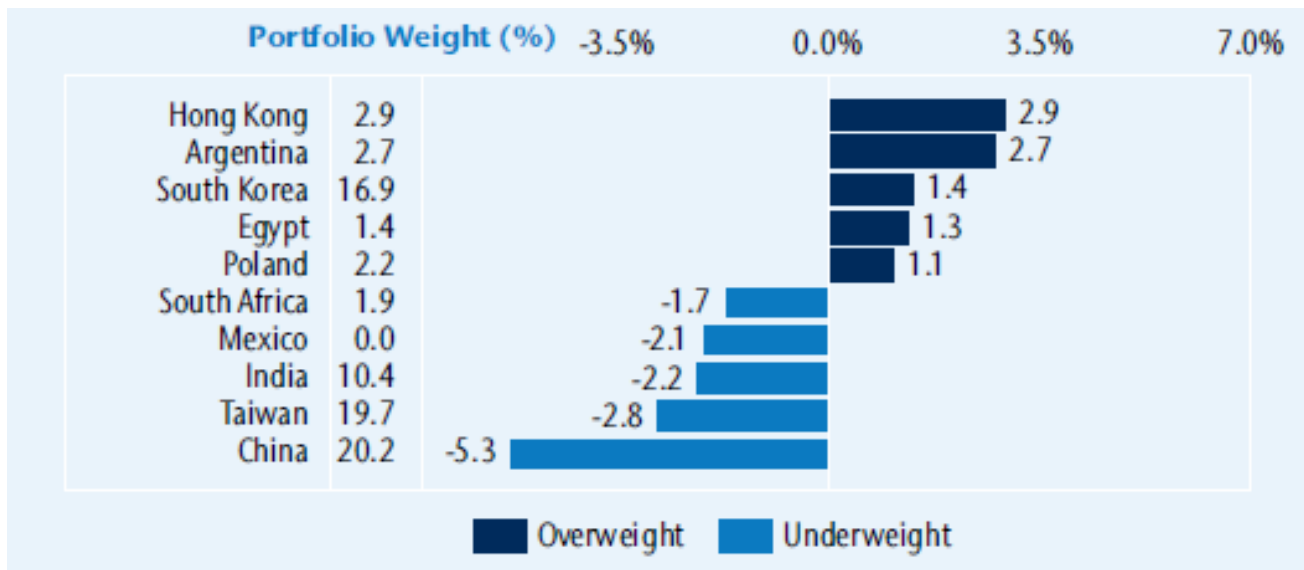
Add	Reduced
ASE Technology Holding Co Ltd	Accton Technology Corp
Contemporary Amperex Technolog	AIA Group Ltd
Larsen & Toubro Ltd	Taiwan Semiconductor Manufac
Otp Bank Plc	Kb Financial Group Inc
HD Hyundai Heavy Industries Co Ltd	Hanwha Aerospace Co Ltd
Abu Dhabi Islamic Bank	Tencent Holdings Ltd
Indus Towers Ltd	Delta Electronics Inc
Emaar Properties Pjsc	Samsung Electronics Co Ltd
Bharat Electronics Ltd	Bharti Airtel Ltd

Source: NS Partners Ltd, data as at 31 March 2026



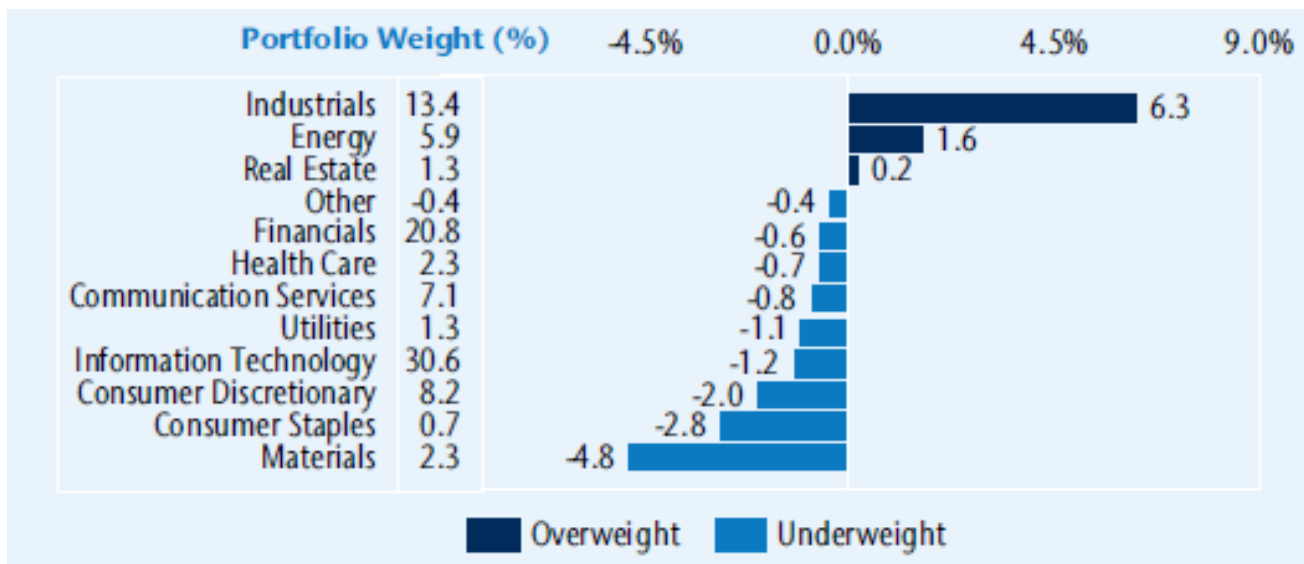


### Top Country Over/Under Weights vs MSCI EM Index



Source: MSCI, NS Partners Ltd, data as at 31 March 2026

### Sector Allocation Over/Under Weights vs MSCI EM Index



Source: MSCI, NS Partners Ltd, data as at 31 March 2026





## Top 5 Overweights vs MSCI EM Index

Company Name	Country	Sector	Active Weight
Vista Energy Sab De Cv	Argentina	Energy	2.7%
ASE Technology Holding Co Ltd	Taiwan	Information Technology	2.5%
Contemporary Amperex Technolog	China	Industrials	2.0%
Samsung Electronics Co Ltd	South Korea	Information Technology	1.7%
Asia Vital Components	Taiwan	Information Technology	1.6%

Source: MSCI, NS Partners Ltd, data as at 31 March 2026

## Top 5 Underweights vs MSCI EM Index

Company Name	Country	Sector	Active Weight
Taiwan Semiconductor Manufac	Taiwan	Information Technology	-3.5%
Reliance Industries Ltd	India	Energy	-0.9%
Hon Hai Precision Industry	Taiwan	Information Technology	-0.7%
Mediatek Inc	Taiwan	Information Technology	-0.7%
Xiaomi Corp-Class B	China	Information Technology	-0.7%

Source: MSCI, NS Partners Ltd, data as at 31 March 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](http://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 sub-funds of the Fund (the Sub-Funds) are generally medium to long-term investments and the Investment Manager does not guarantee the performance of an investor's investment and even if forecasts about the expected future performance are included the investor will carry the investment and market risk, which includes the possibility of losing capital.

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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Isle of Man: The Fund has been recognised under para 1 sch 4 of the Collective Investments Schemes Act 2008 of the Isle of Man. Isle of Man investors are not protected by statutory compensation arrangements in respect of the Fund.

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