

# Global Equity Fund



## ► Real Return Investing

May 2026 Commentary | ISIN for Class C USD: IE00BKXGF987

MARKETING COMMUNICATION

### Our investment approach

- Focus on real returns with lower volatility and downside protection.
- High conviction portfolio of quality companies based on thematic idea generation.
- Strict valuation discipline to only invest when attractive real returns are achievable.

### Portfolio Management Team



**Ian Clarke**

21 years in the industry



**Andy Headley**

30 years in the industry



**Mike Moore**

21 years in the industry

### Performance and markets

Global equities extended their gains in May, supported by resilient corporate earnings and improving investor sentiment as geopolitical tensions in the Middle East eased. Progress towards a potential US–Iran agreement and a sharp decline in oil prices helped reduce inflation concerns and supported risk assets. The market environment remained constructive, with global equities delivering positive returns, led by growth stocks and continued strength in artificial intelligence (AI) and technology-related sectors. However, as in prior months, performance remained narrow and concentrated, with a limited group of companies—particularly those exposed to AI infrastructure and semiconductor demand—driving a disproportionate share of returns. Emerging markets (+9,7%) outperformed developed markets (+4,6%), led by Korea and Taiwan, where strong earnings growth and continued investment in AI supply chains supported equity returns. In contrast, Europe and the UK lagged global leaders. European equities were supported by technology and industrials but continued to face weaker growth dynamics and rising inflation pressures, while UK returns were more modest given lower exposure to high-growth technology sectors and a more mixed domestic backdrop. Against this backdrop, The Nedgroup Investments Global Equity Fund returned 2,7% for the month of May. Returns were supported by strong absolute contributions from high-quality holdings, which lagged the pace of the broader AI-led rally on a relative basis. At the sector level, Consumer Discretionary contributed 1,1%, while Information Technology and Industrials added 1,06% and 0,80%, respectively. Waters Corporation rose 24%. Safran was up 13% after reporting strong Q1 earnings. LEAP engine deliveries and high-margin aftermarket services provided underlying momentum, while strong global passenger traffic and robust demand for defence equipment also helped sentiment. Amadeus IT (+11%) reported 8% revenue growth and achieved earnings per share of €0.86, which beat analyst forecasts by 6.25%. London Stock Exchange Group (-6%) shares fell back after a very strong first few months, primarily due to lingering fears over artificial intelligence disrupting its core financial data business, and broader macroeconomic concerns. The AI risk is overblown in our view, as LSEG has close integration with Microsoft and proprietary data moats act as strong insulators. We estimate only 6% of the business is at risk of AI disruption.

### Stock Spotlight: Waters Corporation

Waters supplies lab equipment and technology across the world, with the majority of its revenue coming from biopharma clients who use its tools for research and drug development. Shares rose sharply due to an exceptionally strong first-quarter earnings report, beating both revenue and earnings estimates, alongside a raised full-year profit forecast. The quarter marked the successful first consolidation of the Biosciences and Diagnostic Solutions division (formerly acquired from Becton Dickinson), which generated an impressive \$520 million, exceeding expectations. This acquisition helped broaden Waters' reach in clinical and diagnostic applications, as the unit manufactures products that help detect infectious diseases and cancer.

**Our view:** The results are a strong proof point and should serve as a major clearing event for those still sceptical of the deal, which was the opportunity to initiate a position. Due to robust demand for drug development tools, Waters raised its full-year 2026 adjusted EPS guidance to \$14.40 - \$14.60 and bumped its organic constant-currency revenue growth forecast to 6.5% - 8.0%.

## Key return drivers

### Stock contribution : Month to date

| Winners            | Contribution (%) | Losers                    | Contribution (%) |
|--------------------|------------------|---------------------------|------------------|
| Waters Corporation | 0.63%            | Unilever PLC              | -0.08%           |
| Safran             | 0.56%            | Intercontinental Exchange | -0.13%           |
| Microsoft          | 0.49%            | Vinci                     | -0.18%           |
| Amadeus IT Holding | 0.38%            | London Stock Exchange     | -0.34%           |
| Compass Group      | 0.35%            | Zoetis                    | -0.62%           |

| Sector contribution    | Month to date (%) |
|------------------------|-------------------|
| Consumer Discretionary | 1.11%             |
| Information Technology | 1.06%             |
| Industrials            | 0.80%             |
| Health Care            | 0.33%             |
| Consumer Staples       | 0.09%             |
| Materials              | 0.00%             |
| Cash and equivalents   | 0.00%             |
| Financials             | -0.52%            |

## Portfolio positioning

| Top 10 holdings                  | Portfolio weight |
|----------------------------------|------------------|
| Amazon.com Inc                   | 6,14%            |
| Vinci SA                         | 5,19%            |
| Canadian Pacific Kansas City Ltd | 5,04%            |
| London Stock Exchange Group      | 5,02%            |
| Microsoft Corp                   | 4,90%            |
| Safran SA                        | 4,86%            |
| Airbus Group                     | 4,78%            |
| UnitedHealth Group Inc           | 4,76%            |
| Mastercard Inc A                 | 4,42%            |
| Thermo Fisher Scientific Inc     | 4,12%            |
| <b>Total</b>                     | <b>49.2%</b>     |

| Sector breakdown       | Portfolio weight |
|------------------------|------------------|
| Industrials            | 22,18%           |
| Financials             | 18,19%           |
| Health Care            | 17,04%           |
| Consumer Discretionary | 16,15%           |
| Information Technology | 12,48%           |
| Consumer Staples       | 7,45%            |
| Cash                   | 6,24%            |
| Materials              | 0,28%            |
| <b>Total</b>           | <b>100.0%</b>    |

Attribution analysis and positioning information as at 31 May 2026. Source: Nedgroup Investments, Veritas Asset Management.

## Notable News

- **Mastercard** - Shares fell back despite exceeding revenue and earnings estimates, primarily due to macroeconomic anxiety (specifically the impact of the Middle East conflict on cross-border travel) and broader sector headwinds. Even though the company posted an encouraging 16% revenue growth and raised its 2026 guidance, investors remained concerned about the impact of the ongoing Middle East conflict on lucrative cross-border transaction volumes, which are a major driver of Mastercard's revenue. The broader payment processing sector faced valuation pressures following U.S. President Donald Trump's vocal support for the bipartisan Credit Card Competition Act, threatening traditional merchant and swipe fee revenues. Despite high penetration in developed nations, cash and checks still represent a massive addressable market globally, with secular shift to digital with a long runway. Mastercard is successfully compounding revenue through faster-growing, non-transactional services like cybersecurity, fraud prevention, data analytics, and consulting which are growing in importance with the shift to digital/AI.
- **Vinci's** quarterly revenue number fell short of expectations, largely driven by a 5.3% drop in the construction division due to project phasing and severe weather in Central Europe. Vinci said the weather impact amounted to around 6% on the affected construction division, which generates around €400 million in quarterly revenue. The construction division runs at a 4.2% EBIT margin against a 12.8% group average, meaning the earnings impact of the miss was smaller than the headline revenue figure implied and it is temporary in nature. Order intake rose 5% to €17.4 billion, the strongest quarterly reading in five quarters. Cobra IS orders surged 68% year-on-year to €2.2 billion, including electrolyzer contracts in Spain and offshore platform work in Germany. Vinci Energies orders rose 7% to €6.8 billion, which reflected structural demand driven by "energy security challenges".

## Contact us

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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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