SKERRYVORE GLOBAL EMERGING MARKETS ALL-CAP EQUITY FUND
C SHARE CLASS

Quarterly Commentary

Report for the quarter ended 31 December 2025

Contents

Executive Summary

C SHARE CLASS – RETURNS TO 31 DECEMBER 2025

	1 Month (%)	3 Month (%)	6 Month (%)	1 Year (%)	2 Year p.a (%)	3 Year p.a (%)	Since Inception[1] p.a (%)
Fund (net)	-0.86	3.47	0.67	5.96	7.61	10.00	5.07
Benchmark[2]	1.28	4.09	13.88	24.01	21.18	17.03	6.82
Value Added	-2.14	-0.62	-13.21	-18.05	-13.57	-7.03	-1.75

TOP 10 HOLDINGS

Name	Weight (%)
HDFC Bank	4.59
Cipla	3.71
Franco Nevada	3.62
Heineken Holding	3.00
Bid Corporation	2.97
TSMC	2.95
Standard Bank Group	2.93
Raia Drogasil On	2.74
Mega Lifescience	2.72
Yifeng Pharmacy Chain	2.72

KEY CHARACTERISTICS

Number of holdings	55
Number of countries	19
Number of sectors	8
Number of industries	25
Active Share (%)	92.31

FUND VALUE

September 30, 2025	December 31, 2025
AUD 722,520,931	AUD 740,314,186

SHARE CLASS VALUE

September 30, 2025	December 31, 2025
AUD 131,723,389	AUD 134,824,052

THE FUND AT A GLANCE

Feature	Fund Facts
APIR code	BFL3229AU
Benchmark	MSCI Emerging Markets Index (AUD)
Investment objective	Achieve long-term capital appreciation through investing in companies, operating in, or exposed to, emerging markets
Portfolio managers	Glen Finegan, Nicholas Cowley, Michael Cahoon
Active stock limit	+10%
Cash	0-10%
Recommended investment period	Long term (five years plus)
Buy/sell spread	+/-0.25%
Entry/exit fees	Nil
Management fees and costs*	1.10% p.a. of Net Asset Value of the fund

1. Inception date – 02-Aug-2021
2. MSCI Emerging Markets Net Return (AUD)

Source: Clearwater Analytics as of 31 December 2025

Past performance does not predict future returns

*Management fees and costs consist of annual management fee rate and capped recoverable expenses. For a detailed split of the fees and costs, please refer to the fund(s) PDS.

Quarterly Commentary

INVESTMENT OVERVIEW

Global emerging market equities rose in Australian Dollar terms during the quarter. The fund rose in value and marginally underperformed the benchmark index[1].

Encouragingly the market has started to turn towards a broader range of stocks within the emerging markets universe and the fund has almost kept pace with the benchmark index in absolute terms despite continued strength in businesses benefitting from increasing levels of speculation around the growth in spending on AI infrastructure.

POSITIONING & STRATEGY

We are fundamental, long-term, bottom-up investors seeking to create a high-conviction portfolio of reasonably valued, high-quality companies that are exposed to, or operate in, emerging markets. Portfolio positioning is the output of our bottom-up based convictions, rather than a specific top-down view.

The portfolio delivered a positive absolute return, driven by bottom-up stock selection across a range of domestic and regional growth opportunities. Relative performance lagged a benchmark that was strongly influenced by a narrow set of AI-linked businesses, but the encouraging aspect of this is that our returns were generated without relying on that single theme.

A standout driver for the fund during the period came from the strength in select financial businesses. In India, **Kotak Mahindra Bank** performed well as investors continued to gravitate toward well-capitalised private-sector lenders with strong governance, stable deposit franchises and disciplined credit underwriting. In an Indian market where some areas have been priced for perfection, higher-quality banks with consistent execution can provide compounding returns and are priced at attractive valuations.

In South Africa, **Standard Bank** contributed strongly. The investment case is based on the compounding value of scale, distribution and operational leverage of its pan-African business, supported by a durable domestic deposit base in South Africa. With confidence in earnings delivery improving, these franchises can re-rate meaningfully from depressed starting valuations, particularly when capital strength and shareholder returns become harder for the market to ignore.

In Brazil, **Itaúsa** added meaningfully as the market became more constructive on the earnings power and capital returns of high-quality financial holdings. The key point is that these moves were not driven by speculative narratives. They reflect mature, cash-generative franchises where incremental improvements in the operating environment are being translated into tangible earnings upgrades and a reduction in risk premia.

PORTFOLIO ACTIVITY

This quarter's activity reflects our belief that, even as the emerging markets index becomes increasingly concentrated in a narrow group of semiconductor and Chinese technology businesses, the opportunity set for long-term investors remains far broader. Rather than chase benchmark momentum, we continued to recycle capital toward businesses where fundamentals, governance and valuation offer what we consider a more attractive balance of potential return and risk.

We added a new position in **Hefei Meiya**, a Chinese manufacturer of optoelectronic sorting equipment best known for optical colour sorters that improve food-processing yield and quality. The company is founder-led, with the Chairman retaining a significant equity stake, which we believe creates strong alignment with minority shareholders. Operationally, the core business has demonstrated steady pricing power and stable gross margins, while continued investment in research and development is expanding the addressable opportunity into adjacent areas such as dental applications and industrial inspection. After a material de-rating over recent years, the shares now offer what we consider an attractive combination of free cash-flow generation, a healthy dividend yield and long-term growth optionality.

Quarterly Commentary

We also re-initiated **Koç Holding**, Turkey's leading industrial investment holding company, to gain diversified exposure to a collection of high-quality domestic franchises with disciplined capital allocation and meaningful hard-currency linkage through exports and overseas operations. Following a period of unusually strong consumption in 2023 and 2024, profits across parts of the group have normalised in 2025. While this has lowered near-term dividend expectations, we view it as a step toward a more sustainable earnings base that is currently being discounted by the market. With the holding company trading at a historically wide discount to net asset value, we believe the prospective long-term reward is compelling.

Finally, we purchased a position in **Shoprite**, South Africa's leading food retailer. We see the local retail landscape shifting towards operators that combine value, convenience and credible online execution. Shoprite's Sixty60 online shopping platform is a clear differentiator in this respect. A share price that has moved sideways for an extended period has, in our opinion, improved the valuation backdrop.

On the sell side, we exited **Clicks** following a strong contribution since our initial purchase in 2020. With management turnover increasing and competitive intensity rising, we felt the balance of risk and reward had become less favourable, particularly given the likelihood of incremental investment to defend market position. With the shares above our estimate of fair value, we recycled capital into higher-conviction opportunities within the portfolio.

REFLECTIONS ON 2025

We maintained our alignment-based investment philosophy and 'quality at a reasonable price'-focussed investment process and produced an absolute return in Australian Dollar terms slightly above our 10-12% annualised long-term target. The strategy has, however, lagged the emerging markets index on a relative basis by the largest margin in a calendar year in the team's history. We recognise that this can create significant discomfort for our investors who themselves have clients and investment committees to report to.

From an absolute return perspective little went wrong in the portfolio over the course of the year. The holding in **Tata Consultancy Services** performed poorly, and despite significantly reducing the position into post-Covid-period strength, we could in hindsight have been more aggressive. What has been challenging is that index returns for a short six-month period between May and October became closely tied to the AI hardware and supply chain. Our relative performance has been impacted by our willingness to reduce exposure to names such as TSMC into this feeding frenzy.

To us, TSMC's valuation and growth expectations look stretched. The shares are pricing in an optimistic outlook as investors attempt to forecast unprecedented levels of investment in AI infrastructure. The assumptions underlying this growth are looking increasingly speculative.

Although the technology may be revolutionary, it is not yet clear that the current level of investments will generate an acceptable return for those hyper-scalers, start-ups and governments deploying the capital. If these constituents cannot produce an acceptable level of return it puts at risk future demand growth for the providers of AI compute such as TSMC. We aim to use conservative forward-looking assumptions in all our valuation work and see limited absolute returns from here. The semiconductor industry is also seeing increasing levels of government interference as countries look to create national champions, potentially leading to less rational future competition and, possibly, poor capital allocation to appease politicians.

This most recent quarter demonstrated that the portfolio can generate positive returns through diversified, bottom-up stock selection in financials, healthcare and industrial franchises, without reliance on the market's current dominant theme. If AI demand proves more volatile or less durable than current expectations imply, we believe the fund's focus on cash-generative businesses with visible growth and sensible valuations should be very well placed to protect and grow capital.

Quarterly Commentary

OUTLOOK

In an increasingly volatile political environment strong corporate governance is more important than ever to protect investors. We actively seek out owners and management teams with long track records of treating all their stakeholders fairly.

Many years of experience of investing in inflation-prone emerging markets has taught us to seek out companies with strong pricing power. A proven ability to create intellectual property, ownership of strong brands and well-managed retail franchises are some of the attributes of companies we have seen navigate previous periods of inflation.

Regulated assets or assets at high risk of being regulated often lack pricing power, which can leave them more exposed to inflationary pressures, and for that reason we have tended to avoid holding these in our portfolios.

The fund has a significant exposure to high-quality domestic franchises such as leading retailers, soft drinks makers and financial institutions meeting unmet needs. These may prove to be more defensive thanks to the demographic opportunity available in some emerging markets, which can be seen in structural trends such as urbanisation, rising incomes and shifting consumption patterns.

Strong balance sheets help companies weather economic cycles, and as a result we won't invest in businesses with a record of excessive borrowing and our investment philosophy and process have proven adept at weathering stormy waters in the past.

Finally, we believe valuations for businesses within our portfolio look attractive on an absolute basis and the long-term return opportunity in emerging markets continues to be a very attractive one.

1. Benchmark MSCI EM Net Total Return Index (AUD), as of 31 December 2025

Past performance does not predict future returns

Investment Results

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Value Added	-2.14	-0.62	-13.21	-18.05	-13.57	-7.03	-1.75

FUND OBJECTIVE

The fund's objective is to achieve long-term capital appreciation through investing in companies operating in, or exposed to, emerging markets.

COMMENTARY

Global emerging market equities rose in Australian dollar terms during the quarter. The fund rose in value and underperformed the benchmark index.

HOLDING LEVEL COMMENTARY

The largest positive contributor to return was from the Brazilian pharmacy chain **Raia Drogasil.** After a mis-step in execution during the early part of 2025 the business has recovered its momentum with strong like-for-like sales above the industry average and sequentially improving cost-control. Its digital offering is growing significantly and helping the business drive market-share gains.

The second largest positive contributor to returns was from **WEG** which is a leading global electrical equipment and automation company. The rate of growth has moderated but the business continues to post solid results at high levels of profitability. We have reduced the holding size slightly to reflect the reduced upside to our estimate of fair value. WEG is becoming a global leader within its industry, but we're conscious that demand can be cyclical and would look to add on any significant cyclical weakness in its end markets.

The largest negative contributor to returns was from the holding in the Chinese medical devices business **Shenzhen Mindray** as the business continues to be weighed down by weak domestic demand. International revenues continue to improve with international sales +13% yoy and now making up over 50% of total sales. We bought the shares in 2025 expecting the domestic businesses to be weak, with long-term value creation driven by growth in international markets which is not reflected in the current share price.

STOCK LEVEL ATTRIBUTION

TOP CONTRIBUTORS TO RETURN

Name	Contribution (%)
Raia Drogasil	0.95
WEG	0.64
Standard Bank Group	0.62
TSMC	0.45
Airtac International	0.39

TOP DETRACTORS TO RETURN

Name	Contribution (%)
Shenzhen Mindray	-0.40
Mercadolibre	-0.39
Yifeng Pharmacy Chain	-0.37
Sendas Distribuidora	-0.34
Advantech	-0.32

The second largest contributor to returns was from our holding in Latin America's leading e-commerce ecosystem **Mercadolibre.** The company continues to post exceptionally strong results however the market has become concerned that increasing investments by the likes of Amazon and Temu may pressure near-term profitability as the business invests to protect its competitive moat. We had reduced the position size in the previous quarter believing that the shares were getting more appropriately valued and there are higher conviction areas within the portfolio to add the capital raised. We continue to believe in the long-term opportunity for the business and shares.

1. Inception date – 02-Aug-2021
2. MSCI Emerging Markets Net Return (AUD)

Source: Clearwater Analytics as of 31 December 2025

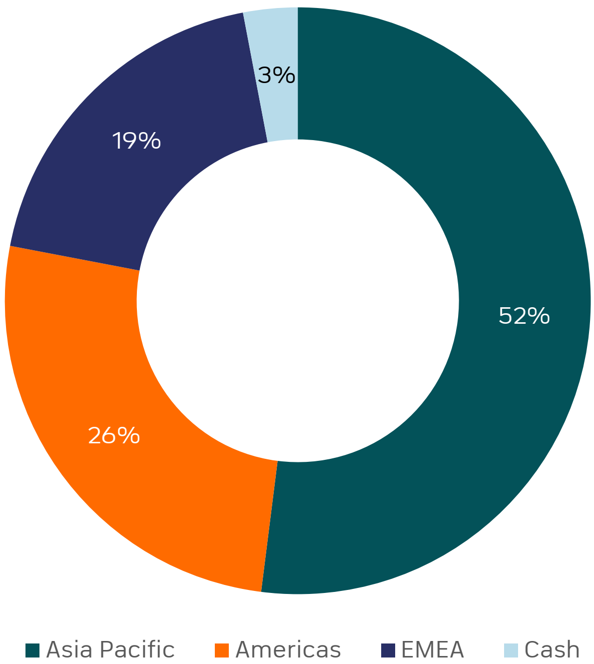
Past performance does not predict future returns

Portfolio Characteristics

COUNTRY WEIGHTS

Country	Portfolio (%)	Benchmark[1] (%)
India	18.73	15.29
China	11.69	27.63
Taiwan	11.60	20.60
Mexico	9.70	1.94
Brazil	9.10	4.32
South Africa	7.37	3.81
Canada	3.62	0.00
Greece	3.20	0.56
The Netherlands	3.00	0.00
Indonesia	2.98	1.16
Chile	2.73	0.57
Thailand	2.72	1.00
Portugal	2.28	0.00
Switzerland	2.23	0.00
Japan	1.88	0.00
Philippine	1.75	0.37
Uruguay	1.14	0.00
Hong Kong	0.93	0.00
Turkey	0.72	0.42
Cash	2.61	0.00

REGIONAL WEIGHTS



SECTOR WEIGHTS

Sector	Portfolio (%)	Benchmark[1] (%)
Consumer Staples	37.54	3.71
Financials	17.99	22.28
Information Technology	11.05	28.27
Industrials	9.03	6.94
Health Care	8.95	3.10
Consumer Discretionary	6.94	11.65
Materials	4.02	7.09
Communication Services	1.88	9.41
Energy	0.00	3.92
Utilities	0.00	2.28
Real Estate	0.00	1.34
Cash	2.61	0.00

1. Benchmark MSCI EM Net Total Return Index (AUD)

Source: CWAN as of 31 December 2025
Totals may not sum to 100% due to rounding
Past performance does not predict future returns

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Information for investors in Australia and New Zealand

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- The Fund's investment programme is speculative in nature and entails substantial risks.
- The investments of each Fund may be subject to sudden and large falls in price or value and there could be a large loss upon realisation of a holder's investment, which could equal the total amount invested.
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- Equity prices fluctuate daily, based on many factors including general, economic, industry or company news. In difficult market conditions, the Fund may not be able to sell a security for full value or at all. This could affect performance and could cause the Fund to defer or suspend redemptions of its shares.

Disclaimer

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- A substantial portion of the trades executed for the Fund take place on non-AUS exchanges.
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GET IN TOUCH

skerryvoream.com

1800 895 388 (AU) or 0800 442 302 (NZ)

client.experience@bennelongfunds.com

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The fund is open to investors directly via the PDS (available on our website) or via the following platforms: AMP North - BT (Panorama) - Hub24 – Macquarie Wrap - Netwealth – Mason Stevens - Powerwrap – Praemium

Visit how to invest to find out more.

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