Aecus Continental Europe Equity Fund

Investment Team Commentary | Q2 2026

Fund Portfolio Management Team:

Listen to the latest podcast ›

Arnaud Cosserat

Alistair Wittet

Sébastien Thévoux-Chabuel

Dear investor,

Welcome to the Aecus Continental Europe Equity Fund's Q2 2026 commentary.

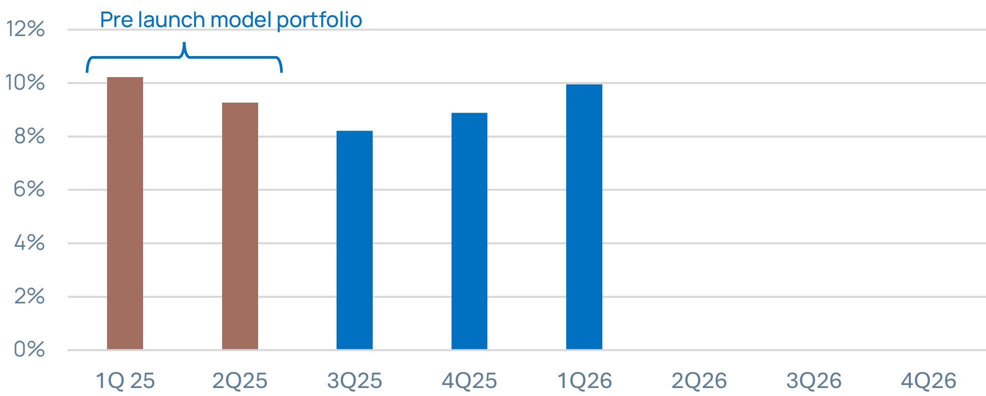
This quarter was again marked by the war in Iran, with share prices oscillating in reaction to each apparent resumption and resolution of the conflict. Meanwhile, Artificial Intelligence continued to divide the market between the so-called "winners" (semiconductor and datacenter exposed names) and the perceived "losers" (software and data businesses). Your portfolio has a balanced exposure to growth across multiple sectors, including a 20% exposure to AI-related stocks. With a significant portion of the portfolio now trading at multi-decade low valuations, we remain optimistic, particularly in light of continued strong fundamentals.

As usual, in this report, we outline our view of the portfolio fundamentals, portfolio performance, what we have been thinking about, the portfolio moves we have made over the period and our outlook.

Portfolio Fundamentals

During the second quarter, our companies released 1Q results which were strong overall. The **portfolio's organic growth rate is running at over 10%** (average, constant currency), **above our long-term expectations**.

Aecus Continental Europe Organic Sales Growth*



**Weighted average organic growth year-over-year (constant currency, excluding M&A)*
Source: Aecus Partners and LSEG.

Pleasingly, organic sales growth **strength has been broad based**:

- **Datacenter** exposed names reported **strong growth**, supported by the infrastructure buildout: Schneider Electric +11% organic sales growth, ASML +13%, Seagate Technology +41%, Mycronic +32%. The physical buildout is driving strong order books and revenues for all businesses exposed to these investments.
- **Consumer** companies Galderma (+25% organic growth), L'Oréal (+8%), EssilorLuxottica (+11%) all **grew strongly**.
- **Perceived AI losers** (software and data-related businesses) also **delivered good growth** such as Adyen (+20%), Experian (+9%) and Amadeus (+8%).
- In healthcare, **Straumann** delivered good organic growth and two months later issued a **positive profit warning**, upgrading margin and profit guidance for the year.

There were also **disappointments**:

- **bioMérieux's** organic sales contracted -4% due to a **weak flu season**.
- **Carl Zeiss Meditec** reported -4% organic growth due to **continued end-market weakness**. The company announced a comprehensive restructuring program, and a month later **Carl Zeiss AG** (the parent company) announced the intention to **increase its stake to circa 66%,** underscoring its confidence in the recovery under new management.
- **Construction and Beverages companies continue to face market challenges**. Organic growth for Sika, Kingspan and Campari were all relatively flat.
- Finally, **Coloplast reduced its full year organic revenue growth** expectation from +7% to +5 to 6% following a major reimbursement disruption for the recently acquired biologic grafts business.

Portfolio Performance Update

- **Market polarisation was marked in the period**. Businesses linked to the **AI datacenter buildout** performed strongly while **AI "losers"** and defensive sectors (e.g. healthcare, consumer) underperformed the broader market.
- The Fund was up 9.9%[1] in Q2 2026 but is in slight negative territory YTD with a performance of -1.4%[1], masking a very contrasted picture beneath the surface.
  - The **portfolio's datacenter exposure** (circa 20%) continues to perform strongly, **constituting 3 of the top 5 contributors to performance for the quarter** (Seagate Technology, ASML and Schneider Electric). Fundamentals remain strong and valuations are expanding (more on this later)
  - **Meanwhile, many of our non-AI related companies** experienced ongoing **valuation multiple contraction**, in particular data-related businesses.

[1] Aecus Continental Europe Equity Fund A EUR ACC Class net performance to 30 June 2026

Top 5 contributors / detractors to performance over the period

	Contribution	Average weight	Q2 return
ASML	3.5%	8.0%	54.1%
Seagate Technology	3.4%	3.5%	148.4%
Schneider Electric	1.6%	6.6%	26.0%
Straumann	1.1%	3.9%	31.2%
Galderma	0.7%	3.6%	20.6%
EssilorLuxottica	-0.5%	3.0%	-15.9%
Lindt	-0.6%	3.3%	-15.0%
Coloplast	-0.6%	4.1%	-13.9%
Jeronimo Martins	-0.7%	3.7%	-16.4%
bioMérieux	-0.8%	2.8%	-24.4%

Source: Aecus Partners and LSEG Workspace as of 30/06/2026

What have we been thinking about?

On the ground research

In the second quarter we continued to **travel to see companies**. We visited Robertet in Grasse (France), Richemont in Geneva and met more than 30 companies at conferences. We have further trips planned for the third quarter and continue to value these interactions as an important input to our decision-making process, providing important qualitative insight in a world where company data is increasingly commoditised.

Earnings estimates are improving

In our experience, the best companies manage the tension that exists between maintaining a long-term strategy and delivering short-term results. They are **patient with their vision** but **impatient when they are not delivering to plan along the way**. We manage our portfolios in much the same way. Beyond organic growth, one metric we track closely is **earnings estimates** as a measure of whether companies are beating or disappointing expectations. We've noticed since the start of the year that these have been overwhelmingly **improving for our portfolio's companies**, turning positive in aggregate for the first time in 4 years. Headwinds from post-covid normalisation, the weak US Dollar and US tariffs have abated and in some cases are becoming tailwinds. Straumann's positive profit warning is a case-in-point, but we've seen estimates improve across the board.

Updated AI thoughts
We are bullish on AI. We believe it is a transformatory technology and that we are embarking on a decade-long investment in datacenters. We think this investment is structural as the technology is real and in demand.

However, we are cautious on investing broadly in AI. We prefer to concentrate our exposure to the volume of datacenters, rather than the bottlenecks where pricing, margins and returns are, in our opinion, running at unsustainable levels. Our exposure is to AI winners with more visible trajectories:
- Manufacturers of semiconductor equipment (ASML, BE Semiconductor Industries, Mycronic)
- Electrical infrastructure of datacenters (Schneider Electric)

All of these companies are high quality businesses, with sustainable moats and benefit from pricing that comes through innovation rather than supply/demand bottlenecks. However, we still look at this exposure with caution. Most businesses sell equipment meaning they are exposed to the second derivative of datacenter capacity: the pace of capacity additions. This makes these businesses inherently more cyclical than our typical company. We manage this risk in two ways. Firstly, we limit our exposure to this bucket, currently around 20% of the portfolio. And secondly, we are disciplined on valuation, which means prudently trimming when we see excess optimism embedded in share prices.

Managing very different "buckets" within the portfolio

About TSR
We use a "TSR" (total shareholder return) to assess three drivers of total shareholder return for each company over 5 years:
- Growth in net income (CAGR)
- Growth in shareholder available cash (free cash flow post M&A)
- P/E appreciation / compression: comparing the P/E multiple today versus 5Y estimate

The sum of the three components provides an estimated total shareholder return for each security over our 5-year investment horizon. We typically seek to invest in securities with a double-digit TSR. We monitor TSR at security and portfolio level.

What our TSR models are telling us today
Today, unusually, we see circa 40% of the portfolio is forecast to benefit from an expanding valuation multiple over our 5-year horizon. We say unusually as we are cautious in our estimates of future P/E multiples, often forecasting deratings for our high-quality growth names, which historically, have tended to trade on relatively healthy multiples. Today, this bucket is overwhelmingly concentrated in healthcare and data-related businesses (perceived AI losers) and constitutes our "value" bucket, a concept we are not accustomed to talking about in our world of quality growth investing!

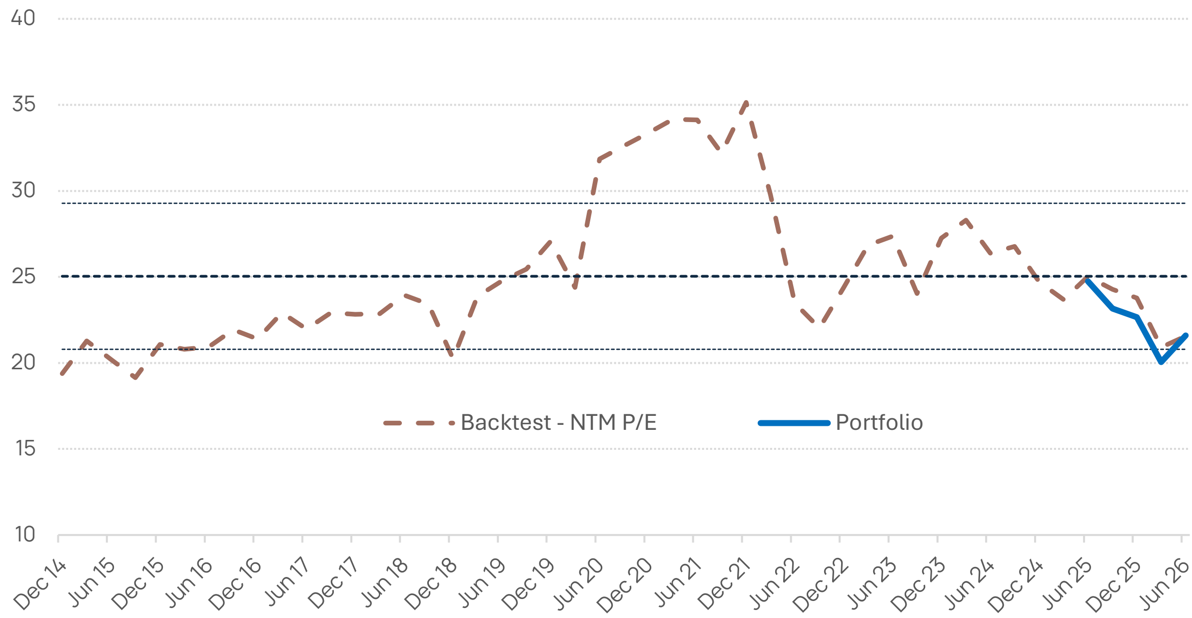
On the flipside, our AI-exposed names are seeing their valuation multiples expand on the back of strong fundamentals. This AI bucket constitutes circa 20% of the portfolio, a weight we maintain by trimming on constant strength.

The remainder of the portfolio, mostly consumer names, is broadly trading in line with historic valuation multiples.

At the portfolio level, this translates into an average valuation multiple that has declined by close to 15% since the fund launched one year ago, while earnings have grown by more than 10%. Valuations are now at the lower end of their historic range, excluding the Great Financial Crisis.

Valuations at lower end of historic range

Simulated portfolio: valuation back-test of current portfolio (NTM P/E)[2]



[2] *Source: LSEG Workspace/Aecus Partners as of 30/06/2026.*
Note for the back-test: simulated Price to Earnings for the next twelve months (NTM P/E) using the portfolio of the Aecus Continental Europe Equity Fund portfolio as of 30/06/2026. Portfolio weights as of 30 June 2026, rebalanced quarterly back in time. For any date of the simulation when a position was not yet listed, the portfolio was rebalanced excluding that stock. This does not reflect the actual portfolio P/E since launch, but a simulated calculation of a static portfolio measure for illustration purpose. The actual NTM P/E (ex-Cash) of the Fund since launch on 30/06/2025 is shown separately with the blue line.

Portfolio Moves

In Q2 2026, we built new positions in a handful of small and mid-cap names, notably Mycronic, Robertet, BE Semiconductor Industries, Rational and Vaisala. These names had been in our short list for some time and were funded by exiting Rémy Cointreau, Assa Abloy and Novo Nordisk, as well as trimming some of the stronger performing names, in particular ASML and Seagate Technology.

- **Mycronic** is a Swedish manufacturer of high-precision electronics systems which has successfully built and bought leading positions in Printed Circuit Boards and Advanced Packaging, two areas where we see structural demand.
- **Robertet** is a French producer of natural fragrances, flavours and ingredients with leading positions in premium and naturally derived products. We believe the company's vertically integrated sourcing model, strong customer relationships and exposure to the structural growth in natural ingredients make it a high-quality compounder with attractive long-term growth prospects.
- **BE Semiconductor Industries** (Besi) is a Dutch manufacturer of semiconductor assembly and packaging equipment with leading positions in die attach, hybrid bonding and advanced packaging technologies. We believe the company is exceptionally well positioned to benefit from the structural growth in advanced packaging driven by AI, high-performance computing and increasing semiconductor complexity.
- **Rational** is a high-quality manufacturer of professional thermal cooking appliances. We have long admired this German leader but have held off for valuation reasons. With multiples having now normalised in our view, we built an initial position.
- **Vaisala** is a Finnish manufacturer of environmental and industrial measurement equipment with leading positions in weather, climate and industrial process monitoring. We believe the company's strong market positions, high levels of recurring revenue and exposure to structural trends in climate resilience, electrification and industrial automation support attractive long-term growth prospects.

Outlook

The current financial commitments to datacenters will make AI one of the largest capital deployments in human history. The speed of deployment has created bottlenecks along the supply chain, which in turn have triggered strong price increases and earnings growth. This acceleration, or momentum, has been a major performance driver of global equity markets over the past 12 months. As long-term investors, we place more emphasis on the sustainability of growth rather than its acceleration, which is short term by nature.

In the meantime, market dynamics are creating inefficiencies which, as active managers, we are looking to exploit. Our style discipline may hurt the Fund's relative performance over certain short-term periods, but we believe it will pay off longer term.

We are pleased with the portfolio's fundamentals. The average organic sales growth has beaten our expectations in this first year of the fund's history, and, as headwinds abate, earnings are following. The portfolio's valuation has come down, weighing on performance. The market's volatility has created buying and selling opportunities, leading us to trade at slightly higher levels more recently. Overall, year 1 portfolio turnover was 30.2%[3], at the top of our 20-30% anticipated range. At a time of such fast moving change, it is important we stay nimble.

Looking forward, we see secular growth coming from multiple sources, including outside of AI. Ferrari's new model launches (Luce and 12 Cilindri Manuale), at premium prices, will help drive value growth even as the company holds back volumes. Galderma is seeing unabated demand for its latest fillers and biostimulators while Rational continues dominating the market with their combi-cookers. For the portfolio, we forecast double-digit earnings growth over the coming 5 years underpinned by solid organic sales growth and accompanied by an attractive free cash flow yield.

We thank you again for your interest in the Fund and warmly welcome you questions and comments.

Until next quarter,

Alistair, Arnaud & Sébastien

[3] Calculated using UCITS method for portfolio turnover rate (PTR) defined as the lesser of total purchases and total sales over the period, divided by average net assets.

Important Information

Issued by Aecus Partners SAS which is regulated by the Autorité des Marchés Financiers (AMF). RCS Paris n° 933 708 976 Agrément AMF n°GP20240027 (https://www.amf-france.org/fr, 17 place de la Bourse – 75002 Paris). The Fund is a sub-fund of the ICAV, an umbrella fund with segregated liability between sub-funds. The Fund is authorised by the Central Bank of Ireland as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations. The ICAV has delegated UCITS management company functions to Aecus Partners SAS as its UCITS management company. The ICAV is authorised by the Central Bank of Ireland pursuant to the Regulations and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations. The distributor of the Fund is Aecus Partners SAS. This financial promotion has been approved by Zeyro (FRN 1001386) on 15 April 2026. This Fund may be suitable for investors seeking long-term capital growth from European equities, who can commit to a five-year investment horizon and tolerate medium volatility and potential capital loss. It is not suitable for investors requiring capital protection, guaranteed returns, or access to capital within five years.
This document is a communication for information purposes only intended for professional clients. Please refer to the Fund's prospectus and key information document before making any final investment decision. These documents are available free of charge, in paper or electronic format, from the Fund's Investment Manager, as well as on the Manager's website: https://www.aecuspartners.com. This material may not be copied, reproduced, communicated or redistributed, in whole or in part, without prior authorisation from Aecus Partners SAS. Any entity responsible for forwarding this material to other parties takes responsibility for ensuring compliance with applicable financial promotion rules. This material does not constitute a subscription offer and cannot be equated with a recommendation or investment advice. This material is not intended to provide, and should not be relied on for, accounting, legal or tax advice. This material has been provided to you for informational purposes only and may not be relied upon by you in evaluating the merits of investing in any securities or interests referred to herein or for any other purposes. Any specific securities identified and/or described in this document do not represent all of the securities purchased, sold, or recommended for the Fund and no assumptions should be made that the securities identified and discussed were or will be profitable. The information contained in this material may be partial information and may be modified without prior notice. It is not individually tailored for or directed to any particular client or prospective client. Prospective investors should consult their financial adviser before making an investment decision. The sources used to carry out this reporting are considered reliable, however no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors and omissions (including responsibility to any person by reason of negligence) is accepted by Aecus Partners SAS, its officers, employees or agents. Aecus Partners SAS accepts no responsibility for any direct or indirect losses caused by the use of the information provided in this document.

All data is as at the document date unless indicated otherwise. Performance data herein relates to the Aecus Continental Europe Equity Fund (the "Fund"). Net asset value performance (NAV) data has been calculated on a NAV-to-NAV basis and is net of management fees and operating expenses, with any income reinvested. A detailed description of the charges that apply is set out in the Prospectus. The ongoing charges figure may change over time. Company holdings and performance are likely to have changed since the report date. Company information, including performance calculations and other data, is provided by Aecus Partners SAS. Past performance may not be a reliable guide to future performance and investors may not get back the amount invested. If an investor's own currency is different from the currency in which the Fund is denominated, the investment return may increase or decrease as a result of currency fluctuations. **All investments involve risk**. **The value of the investment and the income from it will vary. The figures quoted relate to past periods and past performance is not a reliable indicator of future performance**. The Fund uses the MSCI Europe ex UK Net Index (source: MSCI) as a comparator benchmark to compare performance. The Fund is actively managed and is not constrained by any benchmark. Glossary of terms: please refer to the website. Access to funds of an ICAV managed by Aecus Partners SAS may be subject to restrictions regarding certain persons or countries.

EEA - Access to the Fund may be subject to restrictions regarding certain persons or countries. The Fund's Prospectus and KIDs can be obtained by visiting www.aecuspartners.com/documents and are available in one of the official languages of each of the EU Member States into which the Fund has been notified for marketing under the Directive 2009/65/EC (the UCITS Directive). The Fund is currently notified for marketing into a number of EU Member States under the UCITS Directive.

UK - This Fund is a sub-fund of an Irish UCITS authorised by the Central Bank of Ireland and is not authorised by the UK Financial Conduct Authority (FCA). The Fund is recognised in the United Kingdom under the Overseas Funds Regime (OFR) in respect of certain share classes only. Only those share classes that have been recognised under the OFR may be marketed to investors in the UK. As an overseas fund recognised under the OFR, the Fund is not subject to UK sustainable investment labelling and disclosure requirements. The protections provided by the UK regulatory system, including access to the Financial Services Compensation Scheme (FSCS) and the Financial Ombudsman Service (FOS), do not apply. This document is for information purposes only and does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised. Cancellation rights do not apply, and U.K. regulatory complaints and compensation arrangements may not apply. This material is issued and approved by Aecus Partners SAS which is authorised and regulated by the Autorité des Marchés Financiers (AMF).
Glossary of terms: please refer to the website
Contacts Aecus Partners: bonjour@aecuspartners.com – +33 (0)1 84 80 81 82 – 128 rue du Faubourg Saint-Honoré – 75008 Paris