Aecus Europe Equity Fund

Commentary | Q1 2026

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Note on Performance Information

In accordance with Article (4) of Commission Regulation (EU) No 583/2010, implementing Directive 2009/65/EC (the UCITS Directive), Fund performance data may only be shown after 12 months of performance history

Dear Investors,

Welcome to the Aecus Europe Equity Fund's first quarter commentary for 2026, summarising the period from 31 December 2025 to 31 March 2026.

The period was marked by the war in Iran, driving down share prices for the market and the portfolio alike. From a fundamental standpoint, while the direct effects of the war are limited (sales exposure to the Middle East is just 2%), it is the second order impacts on inflation and interest rates that are more relevant. We continue to believe it is quality businesses that are best placed to face these challenges.

Valuations, meantime, have contracted further, pointing to attractive double-digit medium-term return potential for the portfolio. The full year earnings season confirmed that 2025 ended strongly for portfolio companies and leads us to look towards 2026 with confidence.

As usual, in this report, we outline our view of the portfolio fundamentals, the share price performance of our companies, the topics that have preoccupied the investment team, the portfolio moves we have made over the period and our outlook. Please note that as we are still within the first 12 months of the Fund, we are unable to provide fund performance statistics, in accordance with European regulation.

Portfolio Fundamentals

Q1 was 2025 results season

With companies reporting prior calendar year results and providing guidance for the years ahead, Q1 is always a good opportunity to take the pulse of portfolio fundamentals.

- Weighted average portfolio **constant currency organic sales growth for 2025** was **+9%,** somewhat **ahead of our expectations**. This remains a crucial metric for us, as we believe that

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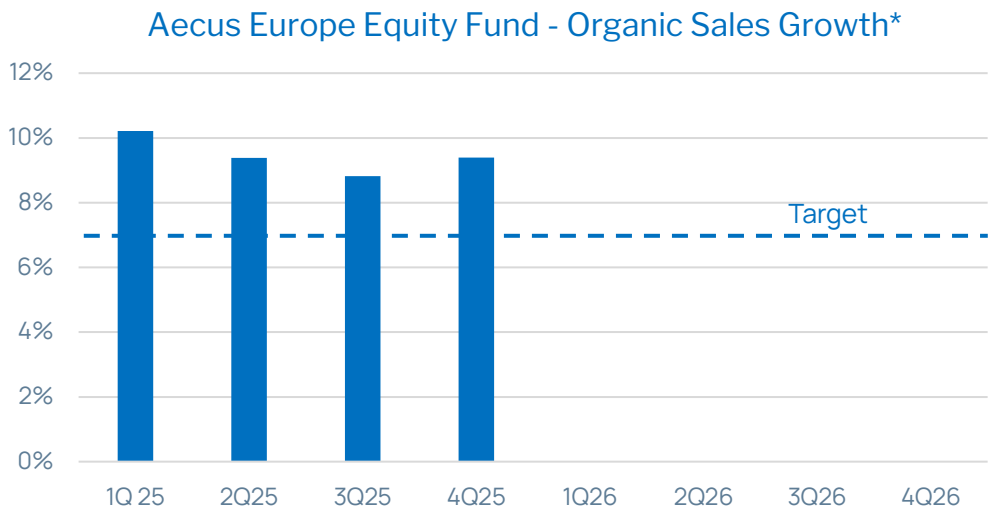
organic growth is the most repeatable, most visible and usually the most profitable form of growth. The weaker US Dollar led to reported sales growth of +7%, due to portfolio companies' 35% revenue exposure to North America.

- Despite multiple macro headwinds (tariffs, currency fluctuations, geopolitical uncertainty and consumer softness), the **portfolio in aggregate delivered +7% earnings per share growth**. Excluding currency effects, **we estimate this translates to double digit growth**. The resilience of the portfolio's earnings to tariffs and weak consumer confidence demonstrates our portfolio companies' quality and defensive characteristics.
- **2026 guidance**, for those companies who provide it, points to **another strong year ahead of high-single digit organic sales growth.**



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

Those companies that impressed us most:

- **Galderma,** the recently listed leader in dermatological beauty, upgraded its 2025 guidance twice during the year and raised its mid-term outlook too. The company is seeing **better than expected demand for its fillers and biostimulators portfolio**, while also **raising its peak sales estimate for Nemluvio,** a patented cream for severe skin irritations. In February, L'Oréal increased its stake to 20% and has requested 2 seats on the board. We have been adding to our position.
- **ASML** reported a strong set of 2025 results and **guided to another year of double-digit growth in 2026**, despite market fears 6 months ago that revenue would decline. As we expected, the boom in datacenter and AI spending is feeding down the funnel to the only manufacturer of advanced lithography machines: **ASML**. **It remains the portfolio's top position.**

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- **Campari** delivered gravity-defying underlying organic growth in 4Q25 of +4.7% in a declining spirits market. The Aperol engine returned to growth while free cash flow improved handsomely.

There were also disappointments in the results season, namely:

- **Carl Zeiss Meditec** (circa 2% position) reported disappointing fiscal 2026 first quarter results and removed their FY26 guidance, just a month after it was issued. They are also searching for a new CEO. We continue to believe Carl Zeiss has amongst the best and most admired product portfolios in the industry, but we **now need to gain confidence** in the ability of the new management team to execute on that potential. The position remains under review.
- **Dassault Systèmes** (circa 2% position) issued disappointing 2026 guidance, expecting only +3-6% constant currency EPS growth. After a challenging 2025, the company has taken the decision to guide conservatively. We await evidence of stabilisation in their Life Sciences and Mainstream verticals before turning more positive.
- **Lindt** (circa 4% position) also issued lower than expected 2026 guidance of +4-6% organic sales growth (vs +6-8% expected). We see this as transitory, following 3 years of sharp price increases to offset cocoa cost inflation.

Portfolio Performance Update

Following the first 12 months of the Fund, we will be providing Fund performance data and performance attribution information regarding key contributors and detractors.

In Q1 the Fund's NAV[1] fell from €94.5365 to €86.5554, whilst the MSCI Europe index fell by 0.9%.

Performance in 2026 to date has been marked by two important factors:

1. **AI investments continue to surprise positively**, leading TSMC, the world's leading chip manufacturer, to upgrade substantially its capital expenditure expectations. This lifted the entire semiconductor value chain, and in particular the portfolio's holdings in **Seagate Technology**, **ASML** and **VAT** (and to some extent **Halma**).

2. **The war in the Middle East led equity markets to fall sharply in March**, with the Fund marginally underperforming in the sell-off. **Traditionally defensive sectors** such as Healthcare and Consumer Staples **did not prove defensive**, while the Energy sector rallied. This reflects the market's continued focus on inflation and interest rates, to which the Healthcare and

[1] S EUR ACC share class of the Aecus Europe Equity Fund

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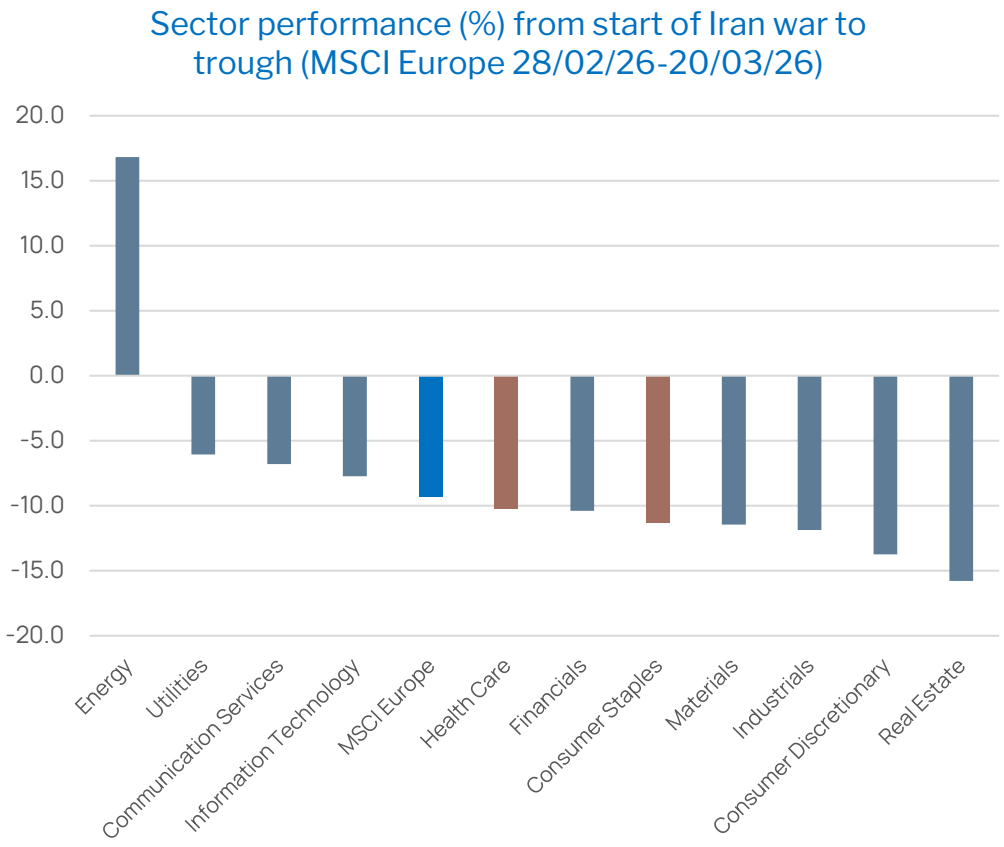
Consumer Staples sectors are more sensitive, rather than the economic cycle, to which these sectors are less sensitive (hence their 'defensive' moniker).



Source: Aecus Partners, LSEG Workspace as of 20 March 2026

The last major economic downturn was almost 20 years ago, which may explain the market's lesser focus on cyclicality as a factor. We are of the opinion that economic cycles are not a thing of the past, and continue to prefer companies that are defensive, in the traditional sense of the term. We believe the indiscriminate nature of the selling is creating unique buying opportunities in defensive sectors.

Among the **top contributors**

- **Seagate Technology, ASML** and **VAT** all benefitted from earnings upgrades on the back of stronger than expected semiconductor spending to support datacenter buildouts.
- **Campari** delivered better than expected Q4 results, as discussed above.

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Among the **top detractors**

- **Carl Zeiss** reacted to the weak results noted above.
- **Coloplast** continued to slide on minor earnings downgrades. The company has named a new CEO, Gavin Wood, who will start on May 1st.
- **Experian, Adyen** and **RELX** fell following Claude AI's latest release, triggering a sell off concerning perceived "AI losers". We added marginally to **Experian** and **RELX** on the weakness, based on the belief that not all software businesses will suffer from AI. More on this later.

What have we been thinking about?

Company research

Our main activity is researching companies, both those we own, and those we don't. This is the most important ingredient of our long-term performance.

In addition to the usual management meetings, our **investment team hit the road to meet companies at their headquarters**. We travelled, among others, to Switzerland to meet **VAT**, to London to meet **Wise** and to Amersham to meet divisional management of **Halma**. We have further trips planned for Q2.

In addition, we worked on a number of **new ideas** across different sectors from LNG transportation to biscuits and from veterinary product providers to semi suppliers, mostly in the mid-cap space. We will continue to explore new ideas wherever we can to replenish our portfolio bench and create as much competition for capital as we can in the portfolio.

The impact of the War in the Middle East

The direct impacts of the war in Iran appear to be fairly limited, the **Middle East accounts for just 2% of portfolio sales**. The indirect implications are far more relevant, from the inflationary effects of the war, not least on consumption, to the implications for interest rates. **We view these indirect impacts as part of the usual macro uncertainties companies face** and believe it is quality businesses that are best armed to deal with them. Like most, we hope for a quick resolution to the conflict.

As the CFO of a portfolio company remarked to us, "running a globally active company like ours is much more challenging than it was five years ago". Whether it be tariffs, the wars in Russia and the Middle East, supply chain stresses or currency fluctuations, global businesses do indeed face more challenges than before. Swiss companies are looking to reduce their Swiss Franc cost base due to the currency's

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strength, healthcare companies are building local manufacturing presence in China to be eligible for local to local sourcing, US exposed companies are looking to optimise their supply chains to minimise the effects of tariffs, and where they can't avoid them they are pushing through price increases. We do not believe this changes the long-term prospects for high quality global businesses – countries still want access to the best products and services and are willing to pay for it - but it sets the bar higher for innovation and operational flexibility. The ability for a company to adapt is becoming an increasingly important investment criterion in our selection process.

Wiggly Worms – continuing to show signs of stabilisation

In our December 2025 commentary we showed how earnings estimates for portfolio businesses had experienced a Covid boom and a post covid hangover, more recently suffering from the weak US Dollar and tariffs. At the time we noted recent signs of stabilisation. We updated the chart below to show that stabilisation has continued. The recent strengthening of the US Dollar is not yet reflected in these estimates and should provide further support.

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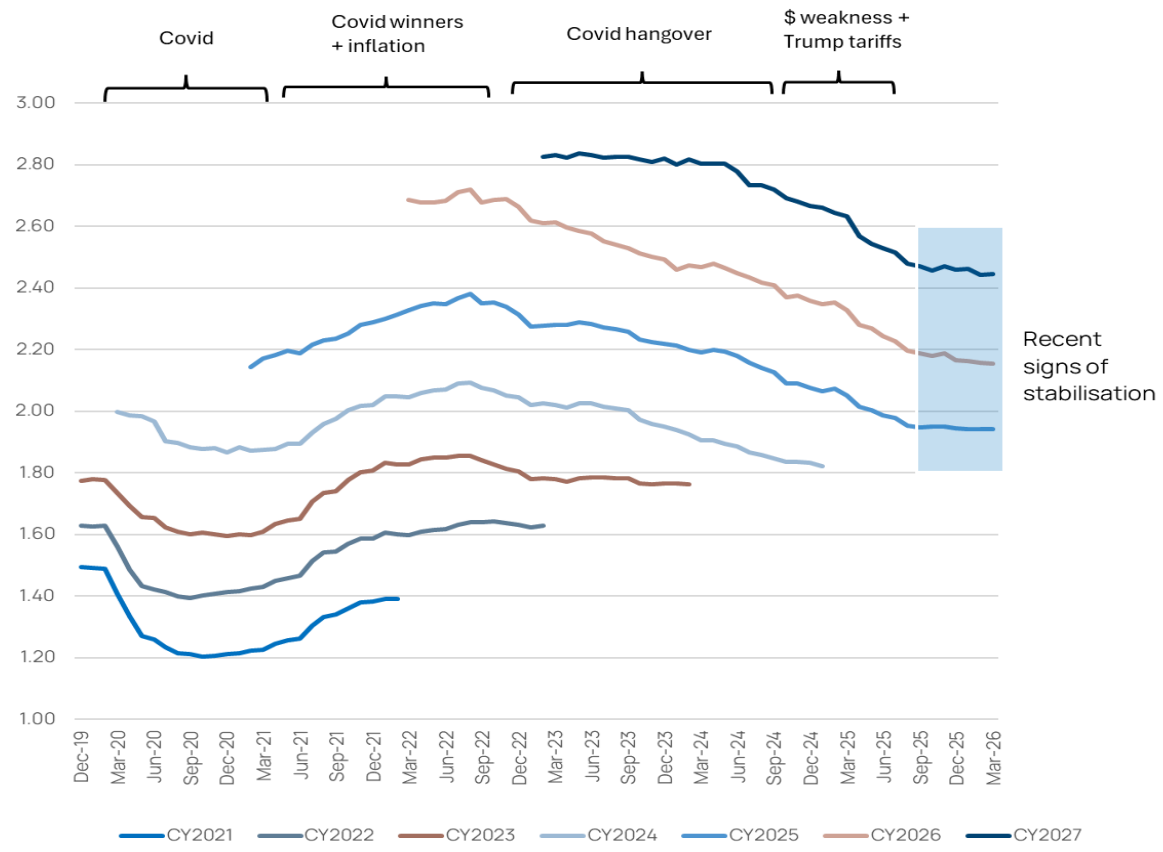
Wiggly Worms: earnings estimates showing signs of stabilisation[2] (simulated back-test of the March 2026 portfolio)



Artificial Intelligence

AI remains a key focus. In the quarter, perceived AI victims (**RELX, Experian, Amadeus, Dassault Systèmes, Adyen**, combined 15%[3] of the portfolio) de-rated by between 20% and 40%, before partially rebounding. **The market fears the phantom threat of AI and is selling indiscriminately.** We are taking a more nuanced approach and have developed an AI Disruption Risk Index based on 10 software moats to appraise the AI risk (or opportunity) for each of our data and software businesses. Some moats are

[2] *Source: LSEG Workspace/Aecus Partners as of 26/03/2026.*
Evolution of consensus next twelve months Earnings Per Share (NTM EPS) estimate for a given calendar year aggregated by asset weight at portfolio level of the Aecus Europe Equity Fund and based on LSEG Workspace market consensus.
Portfolio weights as of 26 March 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. "CY": Calendar Year
[3] Portfolio weight as of 31 March 2026

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stronger than others in the AI era. Proprietary data, regulatory/compliance lock in and network effects are far stronger than workflow moats, public data and talent scarcity. As a result, we exited Accenture last year and added marginally to **RELX** and **Experian** during the sell-off earlier this year. The internet was a revolutionising technology in the late 1990s, and while it was disruptive to some, it was above all a **powerful tool for those incumbents that adopted and adapted to it**. **We see AI in a similar way**.

On the flip side, the **portfolio has circa 15%[3] exposure to businesses involved in the AI infrastructure build-out,** from semiconductors, to datacenter power and networking leaders.

Portfolio Moves

During the quarter we took advantage of market volatility to trade more than usual. We exited Assa Abloy, Nemetschek and Novo Nordisk and built new positions in **Ferrari** and **Richemont**. These companies offer high-quality growth by combining scarce, heritage-driven brands with pricing power, loyal global customer bases, and controlled distribution, enabling high-margin, repeatable growth. We substantially increased our position in **Halma**, added to **Sika** and topped up **RELX** and **Experian** on weakness. We trimmed our semiconductor exposure (**ASML**, **VAT** and **Seagate Technology**) on price strength.

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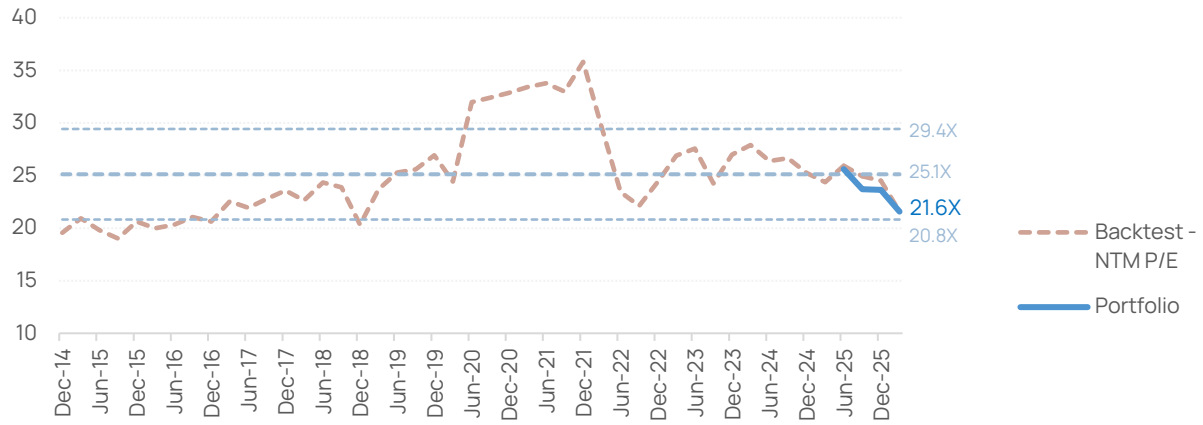
Outlook

Valuations of quality businesses have continued to normalise from their 2021 peak. Comparing the valuation of today's portfolio with its own simulated history, the portfolio in aggregate trades on a similar multiple today to what it would have done a decade ago, before quality-growth valuations expanded.

Simulated portfolio: valuation back-test of the current portfolio (NTM P/E)[4]



In the meantime, earnings estimates continue to show signs of stabilisation. We estimate low double-digit earnings per share growth for the coming 5 years, far above the MSCI Europe index. Our Total Shareholder Return model points to low-mid teens annual returns over the coming 5 years, with valuation no longer expected to be a headwind for the first time since the pre-covid era.

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

Until next quarter,

Alistair, Arnaud & Sébastien

[4] *Source: LSEG Workspace/Aecus Partners as of 26/03/2026.*
Note for the back-test: simulated Price to Earnings for the next twelve months (NTM P/E) using the portfolio of the Aecus Europe Equity Fund portfolio as of 26/03/2026. Portfolio weights as of 26 March 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 Aecus Europe Equity Fund since launch on 30/06/2025 is shown separately with the blue line.

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