Emerging Markets ex-China Equity Strategy

Quarter 2, 2026

Quarterly Headlines

The MSCI EM ex-China Index gained 34.5% in the second quarter, resuming its upward trend following March's sell off triggered by the Iran conflict. The quarter ended with the US and Iran agreeing a memorandum of understanding to establish a framework for peace.

EM returns were highly concentrated in AI enablers expected to benefit from rising AI capital expenditure. These beneficiaries were primarily located in South Korea (+87.6%) and Taiwan (+48.9%), driving the exceptional performance of both markets. Outside these areas, most markets and sectors lagged the broader index. EMEA rose just 2.3%, while Latin America declined 3.6%, highlighting the narrow nature of EM returns during the quarter.

The portfolio underperformed the index, reflecting a combination of top-down positioning and stock selection. Valuations of South Korean and Taiwanese AI beneficiaries increasingly imply a prolonged period of exceptional growth and profitability that we consider unlikely. As a result, our underweight positions in both markets and the IT sector were the largest contributors to relative underperformance. Elsewhere, positioning in Brazil and an overweight allocation to Indonesia also detracted from returns.

At the sector level, the underweight position in IT, an overweight allocation to the weak communication services sector, and stock selection within financials were the main detractors from relative performance.

Strategy at a Glance

- Strategy Inception: December 2022
- Investment Team Size of 7
- Value-oriented strategy
- Detailed, long-term fundamental analysis
- Consistent application of income-oriented valuation approach
- History of outperformance versus the benchmark
- Portfolio contains 40 - 60 issuers
- Annual turnover is generally 30 - 50%

Investment Professionals

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Performance Summary

	Composite (Gross)	Composite (Net)	Benchmark
Quarter 2, 2026	14.9%	14.7%	34.5%
1 Year	38.1%	37.1%	63.1%
3 Years (Annualized)	22.0%	21.2%	28.3%
Since Inception (Annualized) January 1, 2023	22.9%	22.1%	27.2%

Attribution

Market and Currency	Stock Selection	Total
-9.0%	-6.1%	-14.6%

Sector	Stock Selection	Total
-6.1%	-9.1%	-14.6%

All returns in: USD
Composite: Emerging Markets excluding China
Benchmark: MSCI Emerging ex-China Index
Source: MSCI and Mondrian
All information is dated as at the end of the Quarter, unless otherwise stated. Refer to Important Notes and Disclosures.

Country Allocation

Country	Portfolio Weight	Relative Weight
Taiwan	27.1%	-6.6%
South Korea	20.3%	-9.0%
India	10.9%	-2.8%
Other EMEA	7.3%	+3.1%
Brazil	7.3%	+2.6%
UAE	4.7%	+3.3%
Mexico	4.4%	+2.3%
Indonesia	3.3%	+2.8%
Saudi Arabia	2.8%	-0.1%
Other Latin America	2.6%	+1.4%
Malaysia	1.9%	+0.8%
Philippines	1.9%	+1.5%
South Africa	1.6%	-2.0%
Other North America	1.4%	+1.4%
Other Asia Pacific	1.4%	+0.2%

Sector Allocation

Sector	Portfolio Weight	Relative Weight
Info. Technology	42.6%	-10.1%
Financials	22.0%	+3.8%
Materials	6.7%	+1.2%
Energy	5.3%	+2.2%
Comm. Services	5.1%	+2.2%
Cons. Discretionary	4.9%	+1.3%
Industrials	4.4%	-2.5%
Health Care	2.4%	+0.7%
Consumer Staples	2.3%	-0.3%
Utilities	1.8%	-0.1%
Real Estate	1.4%	+0.6%
Cash	1.0%	-

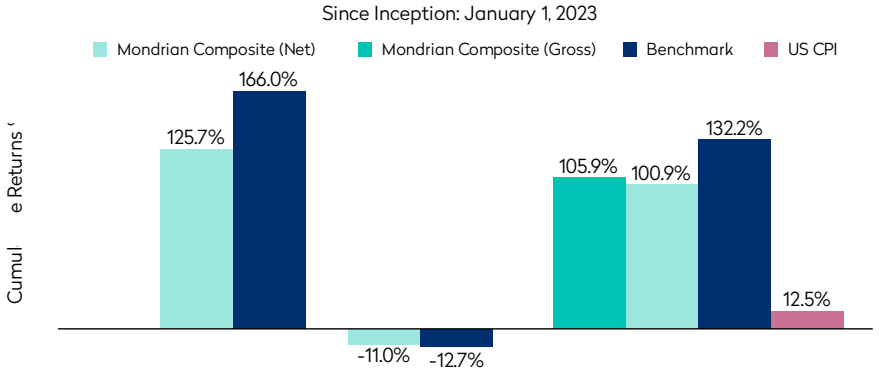
Strategy Characteristics

	Portfolio	Benchmark
Weighted Average P/E (trailing 12 months)	14.6x	20.7x
Weighted Average P/B	2.2x	3.3x
Weighted Average Dividend Yield	3.2%	1.8%
Number of Holdings	50	602
Weighted Average Market Cap (USD, billion)	532.5	645.3
Median Market Cap (USD, billion)	21.1	11.9

Our Organization

- Founded in 1990, with over 35 years of stable, consistent leadership
- Over USD 50 billion under management and advisement
- Mondrian is employee-owned; approximately half of employees are partners today
- Consistent, income-oriented value discipline has been applied to all products since the firm's inception
- Highly experienced team of 49 investment professionals in London

Defensive Characteristics



	Bull Market	Bear Market	Total
No. of Quarters	11	3	14

All returns in: USD
Benchmark: MSCI Emerging ex-China Index
Source: MSCI and Mondrian
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Important Notes and Disclosures

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All portfolio data is based on the Mondrian Representative Account for the strategy.

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This Periodic Update contains supplemental information which complements the Mondrian Emerging Markets excluding China Composite GIPS compliant presentation. Additional information is available upon request.

A Bull Market period is defined as one in which the benchmark showed a positive return, and a Bear Market period when the benchmark showed a negative return.

Calculations for P/E, P/B, dividend yield and market caps are based on generally accepted industry standards. All Strategy characteristics are derived by first calculating the characteristics for each security, and then calculating the weighted-average of these values for the Strategy. The details of exact calculations can be provided upon request. All characteristic data provided is produced using Mondrian's accounting system data.

Past performance is not indicative of future results. An investment involves the risk of loss. The investment return and value of investments will fluctuate. There can be no assurance that the investment objectives of the strategy will be achieved.

Performance results marked "Gross" do not reflect deduction of investment advisory fees but are net of transaction costs and withholding tax. Investment returns will be reduced accordingly. Performance returns marked "Net" reflect deduction of investment advisory fees and are calculated by deducting a quarterly indicative fee from the quarterly composite return. The indicative fee is defined as being the effective fee rate (or average weighted fee) at the composite's minimum account size. Actual net composite performance would be higher than the indicative net performance shown because some accounts have sliding fee scales and therefore lower effective fee rates.

Views expressed were current as of the date indicated, are subject to change, and may not reflect current views. Views should not be considered a recommendation to buy, hold or sell any security and should not be relied on as research or investment advice. This Periodic Update may include forward-looking statements. All statements other than statements of historical facts are forward-looking statements (including words such as "believe," "estimate," "anticipate," "may," "will," "should," "expect"). Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Various factors could cause actual results or performance to differ materially from those reflected in such forward-looking statements.

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