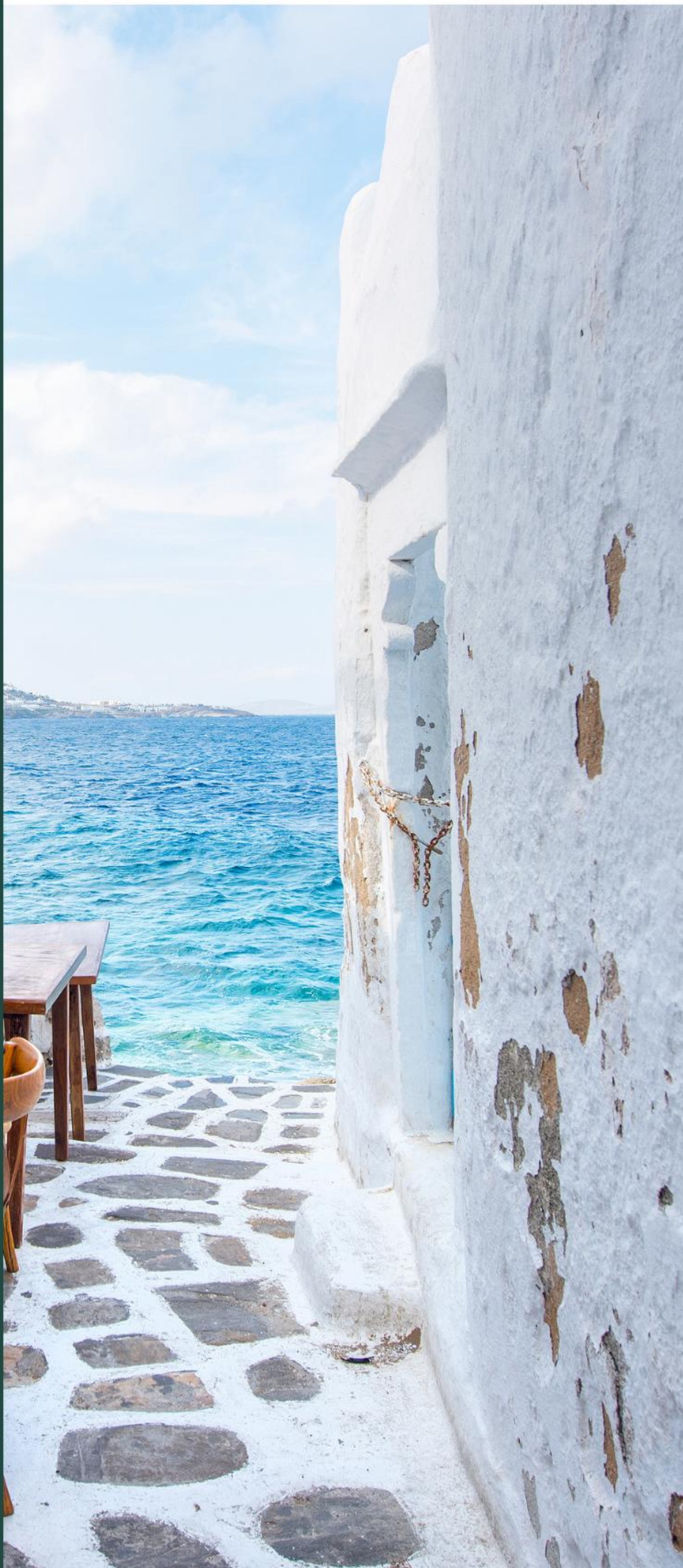


Quarterly Report

December 2025

GLOBAL MARKETS QUARTER IN REVIEW

As long-term investors, we believe we are operating in one of the most attractive environments we have seen in many years to be building positions in these types of companies. In our ten years together as a team, we have rarely seen such a broad and compelling opportunity set.

The current situation feels like a stretched elastic band. At some point, the weight of fundamentals and common-sense investing principles tends to reassert itself. When that happens, we believe the gap between business performance and share prices will close.

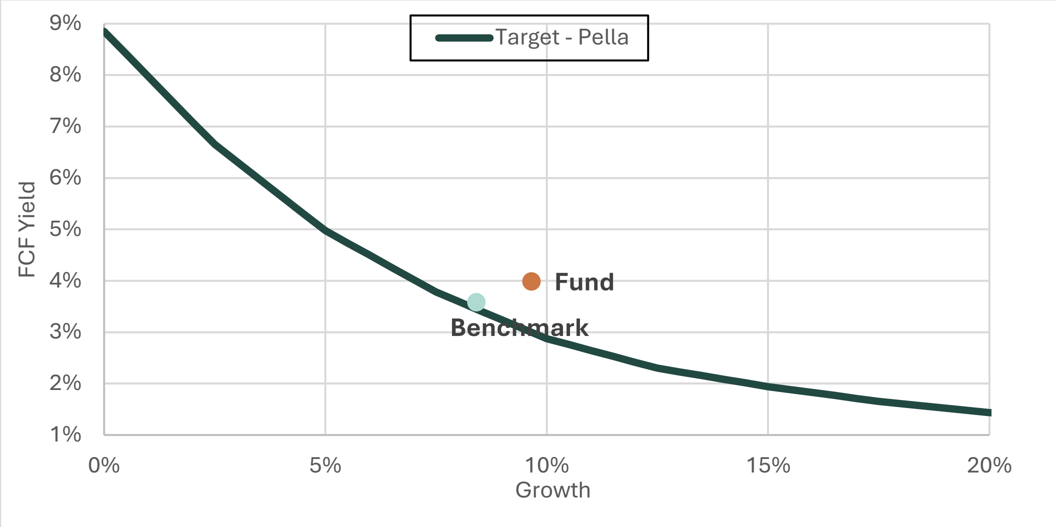
Jordan Cvetanovski
Chairman & Chief Investment Officer

The portfolio remains positioned to deliver its long-term objective in an environment that continues to present both challenges and opportunities. The Pella Global Generations Fund is built around high-quality companies with low gearing and consistent growth, bought at valuations that we view as attractive. In several cases, share prices imply that current headwinds will persist indefinitely, an outcome we do not regard as the most likely scenario. This report explains how the portfolio's free cash flow yield and growth characteristics compare with our target return framework, and why the current valuation gap matters. We then draw on Novo Nordisk and IMCD as illustrative case studies, highlighting how sentiment has moved ahead of fundamentals, and why a normalisation in trading conditions can drive both earnings growth and valuation recovery over time.

Valuation Metrics

Pella values companies using a free cash flow (FCF) yield and revenue growth framework. The objective is to construct a portfolio with FCF and growth characteristics that meet the target return, defined as the US 10 year Treasury yield plus a 4.5% risk margin, meaning our current target return is 8.5%. Figure 1 compares the Fund and the Benchmark's FCF yield and growth profiles with the combinations required to meet this target. As of December 2025, the Fund's characteristics imply a return above the target, while the Benchmark's characteristics fall slightly short.

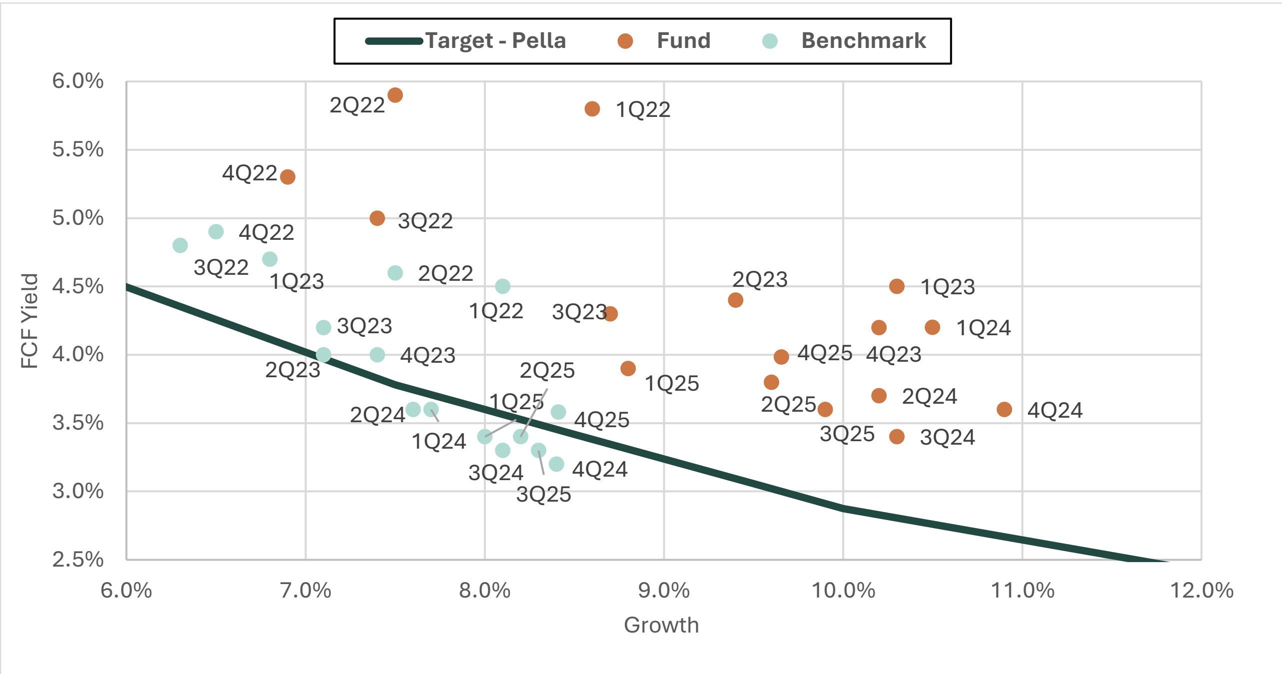
Figure 1 – Pella's FCF Yield-to-Growth Valuation Model



Source – Pella Funds Management

Figure 2 shows the Fund's (ochre dots) and the Benchmark's (green dots) FCF Yield-to-Growth characteristics since 1Q22, the Fund's inception. In 2022 and 2023, the Benchmark delivered FCF Yield-to-Growth characteristics that broadly satisfied Pella's return requirements. However, since 1Q24, the Benchmark has not met those requirements, with its implied characteristics falling short of the Fund's target return. In contrast, the Fund has continued to meet the FCF Yield-to-Growth profile required to deliver the target return throughout the period.

Figure 2 – Fund & Benchmark FCF Yield-to-Growth Characteristics Since 1Q22



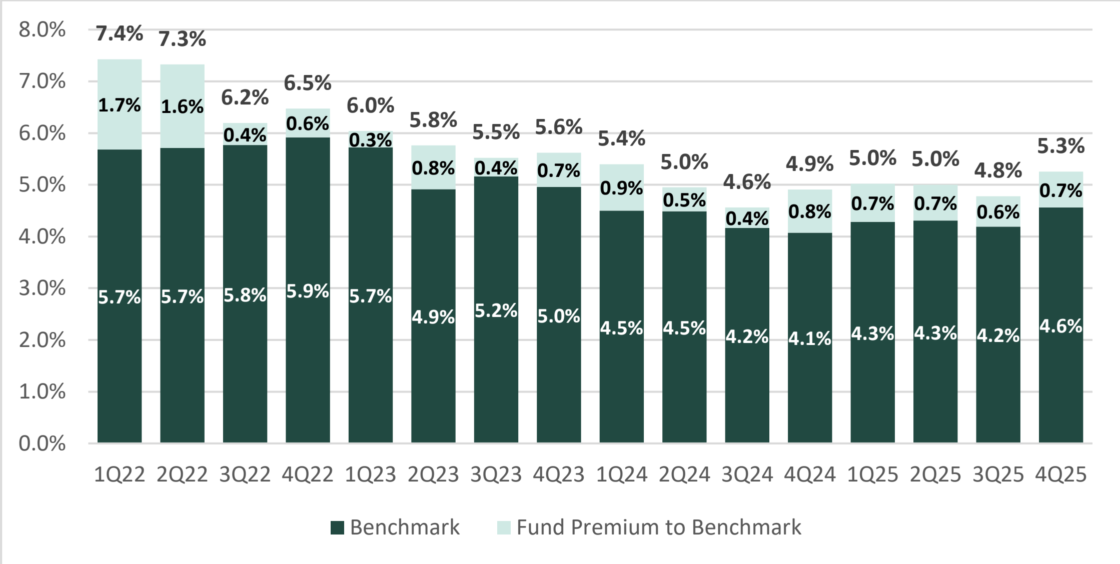
Source – Pella Funds Management

Analysis of the valuation metrics helps explain why we view the Fund's outlook versus the market as favourable. This requires combining our two key valuation inputs, FCF yield and growth, into a single measure. We do this by applying the growth outlook to the current FCF yield to estimate the implied forward FCF yield.

Figure 3 shows the implied three year forward FCF yield for the Fund and the Benchmark, calculated using current FCF yields and expected three-year growth rates. Using the 4Q25 data, we estimate that the Benchmark is offering a 4.6% three year forward FCF yield, while the Fund is offering 5.3%. This equates to a 0.7% yield premium for the Fund versus the

Benchmark, despite the sustainable revenue growth rate for the Fund also exceeding the market's sustainable growth rate.

Figure 3 – Fund and Benchmark Implied Three-Year Forward FCF Yield



Source – Pella Funds Management

It is worth considering why the Fund currently offers a FCF yield premium (i.e. valuation discount) to the Benchmark. One factor is that the Fund is underweight mega cap stocks, such as Nvidia, Alphabet, Amazon, Tesla, and Apple, which have become significant components of the Benchmark and do not screen as attractive under our framework. Another factor is that several of the Fund's positions are trading on attractive valuations, either because they were heavily sold off following issues experienced during 2025, or because they are being priced as though cyclical lows will persist indefinitely. In both cases we think the market is extrapolating recent conditions too far into the future, and that this mispricing should correct over time.

Two examples of portfolio companies that experienced issues during 2025 are Novo Nordisk and UnitedHealth Group. Novo Nordisk is a Danish pharmaceutical company. It is the world's largest provider of diabetes treatments and the second largest player in the anti-obesity market.

Novo Nordisk

During 2025, Novo Nordisk's share price fell 49% due to problems in its anti-obesity franchise. The company lost market share to Eli Lilly and to compounding pharmacies, and the Phase 3 CagriSema trial disappointed investors. Novo Nordisk's forward P/E multiple then derated to the lowest level on the series shown in Figure 4.

Figure 4 – Novo Nordisk Forward PE Multiple, X

Source - Factset

We think the market reaction is too severe. CagriSema delivered 22.7% mean weight loss at 68 weeks, below the 25% bar management had set, but the trial design was not optimal. Patients were allowed to adjust their dose instead of following a preset escalation schedule and this led to a lower percentage of patients ending on the highest dose. In addition, the 68 weeks duration limited time on the full dose, with the weight loss trajectory for a large percentage of the patients not having plateaued at 68 weeks, depressing the headline average. Novo Nordisk has initiated an additional Phase 3 trial that will have a longer 80 weeks duration and with a focus on dose escalation and re-escalation, which should give a cleaner read on peak and sustained weight loss. Results are expected in late 2026 and this uncertainty is already largely priced in.

Compounding pharmacies remain a material headwind. In the US, unapproved compounded or copycat GLP-1 products have taken meaningful share because they are cheaper and were previously more available than branded Wegovy. As of 31 July, 2025, the FDA had received 605 adverse event reports associated with compounded semaglutide (active pharmaceutical ingredient of Wegovy) and 545 associated with compounded tirzepatide (active pharmaceutical ingredient of Eli Lilly's Zepbound) and has noted that adverse event reporting is likely underreported. Regulators and politicians have begun to respond through FDA actions and, more recently, the introduction of the Safeguarding Americans from Fraudulent and Experimental (SAFE) Drugs Act of 2025, which targets mass compounded drugs. Over time, we expect tighter enforcement, more complex next generation agents such as CagriSema, and Novo Nordisk's own price cuts to narrow the gap between branded and compounded products and reduce this parallel market.

Novo Nordisk is also acting to stabilise market share against Eli Lilly. It reached an agreement with CVS earlier in the year for Wegovy to become the preferred GLP-1 medicine for obesity and it has also reduced prices significantly. Both semaglutide and tirzepatide deliver strong weight loss and glycaemic control, but semaglutide currently has a broader evidence base and approvals in areas such as cardiovascular risk reduction, heart failure with preserved ejection fraction, chronic kidney disease, and metabolic-associated steatohepatitis, a serious liver disease. These benefits can support reimbursement, including Medicare Part D coverage for Wegovy for its cardiovascular risk reduction indication in patients with established CVD. Taken together, CVS preferred status, pricing actions, and these clinical advantages place a floor under further share losses, and recent market data indicate Novo Nordisk's share has stabilised.

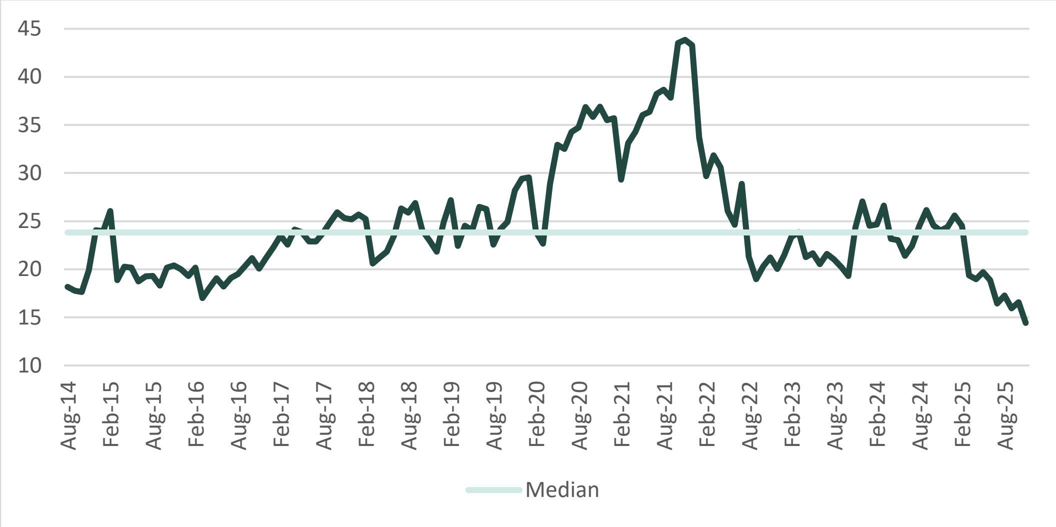
In summary, Novo Nordisk is trading on an attractive valuation after several issues in 2025, including a poorly structured CagriSema trial, share loss to Eli Lilly, and the rise of compounded copycat GLP-1s. However, each of these headwinds is being addressed, through a redesigned CagriSema Phase 3 trial, regulatory and political pressure on compounders, pricing actions, and stronger commercial positioning. As these issues are progressively resolved through 2026, we expect Novo Nordisk to deliver earnings growth and for its valuation multiple to rerate from depressed levels, allowing returns to be driven by both higher earnings and a higher P/E multiple.

IMCD

IMCD is an example of a holding that the market is valuing as though cyclical lows will persist forever. IMCD was the Stock in Focus in our 3Q25 Quarterly Report, and interested readers can revisit that write up for a deeper explanation of our investment case.

IMCD's share price fell 47% in 2025 and, as with Novo Nordisk, its forward P/E multiple derated to the lowest level in the recorded history shown in Figure 5. It now trades on a 6.6% FCF yield with expected top line growth of around 6%, which implies an annual return of around 11%. The Benchmark offers less than 8.5% annual return on the same framing. On these metrics, IMCD is attractively valued versus its own history and versus the Benchmark.

Figure 5 – IMCD's Forward PE Multiple, X

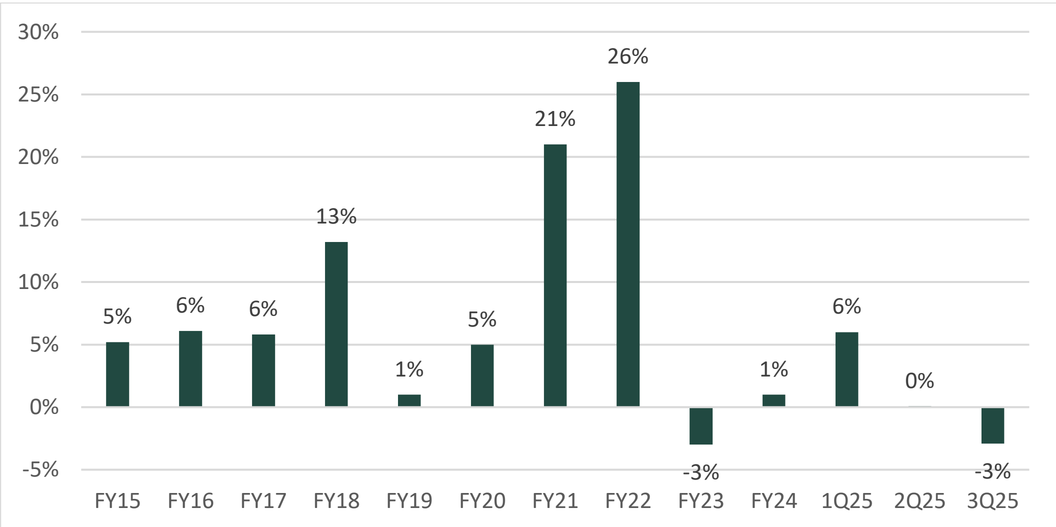


Source - Factset

The derating reflects a run of weaker than expected earnings as FY25 progressed, particularly in industrial, and beauty and personal care end markets. Management commentary pointed to customers ordering later, in smaller lots, with limited visibility. That ordering behaviour typically signals cautious inventory management rather than a sudden loss of customer relevance.

Figure 6 shows organic gross profit decelerating through FY25 and turning negative in 3Q25. Coming after weak FY23 and FY24, this has encouraged a structural bear case. However, the operational detail is more consistent with cyclical forces and inventory behaviour than with a broken model.

Figure 6 – IMCD Organic Gross Profit Growth



Source – IMCD, Pella Funds Management

IMCD benefitted significantly in FY21 and FY22 due to supply chain constraints, which led to both higher prices and volumes, with organic gross profit growth of 21% in FY21 and 26% in F22. However, as supply chain constraints began to ease and economic conditions became more challenging, especially in the industrial market segment, customers began to destock and organic gross profit declined by 3% in FY23.

Economic conditions remained challenging in FY24 and visibility also remained limited, leading to uncertain ordering patterns and smaller order sizes, as customers kept inventories lean and relied on just in time deliveries. This created postponements and timing shifts between months more than a steady deterioration. Weakness was most evident early in the year, amplified by pricing pressure in less differentiated parts of food and nutrition and temporarily softer demand in parts of pharmaceuticals.

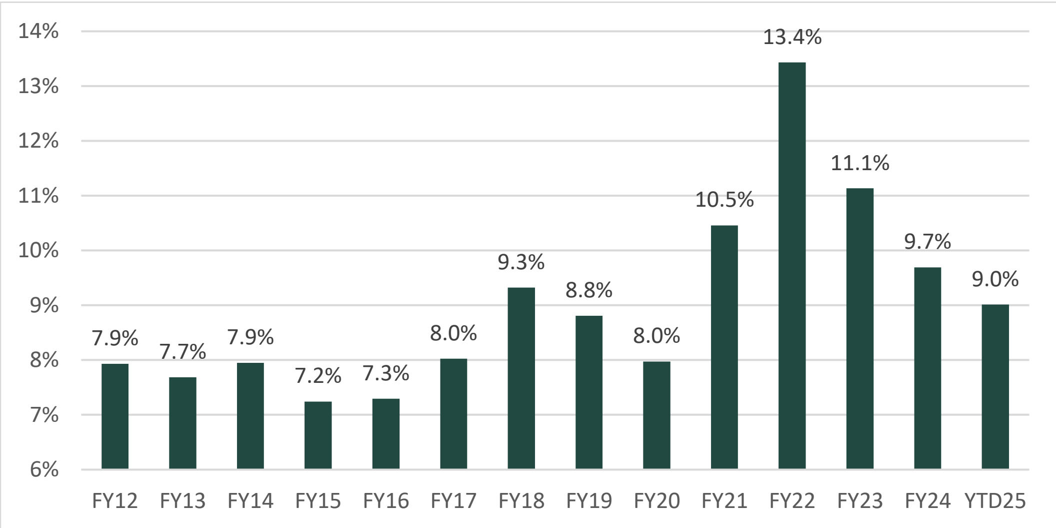
Overall, FY23 to FY24 reflected volumes and customer inventory settings rather than a loss of competitiveness.

FY25 saw a further slowdown. In 2Q25 demand softened after a stronger 1Q25, with tariff discussions and broader macro uncertainty deferring purchasing decisions. In 3Q25, ordering stayed cautious and just in time, with mixed end markets. Year to date, pharmaceuticals and food and nutrition were more resilient, while industrial and beauty and personal care were softer. IMCD also cited increased Chinese competition and pricing pressure in the semi specialty portfolio, especially in Asia-Pacific and Latin America, likely constraining gross profit at the margin.

The risk of chemical production shifting to China matters more for commodities than specialties. In specialties, IMCD's proposition relies on application know how, regulatory and quality requirements, and proximity to customers, which are harder to relocate and tend to support local ecosystems.

Acquisitions remain central to the model given a fragmented, relationship-based specialty distribution market. Buying established distributors is the fastest way to add supplier agreements, customer relationships, technical capability, and local footprint. The key test is returns on capital over time. Figure 7 shows ROIC has generally risen over the long run. While down from the post Covid peak, it remains above pre-Covid levels, consistent with cyclical pressure rather than persistent value destruction.

Figure 7 – IMCD's Historic Return on Invested Capital (RoIC) [(1)]

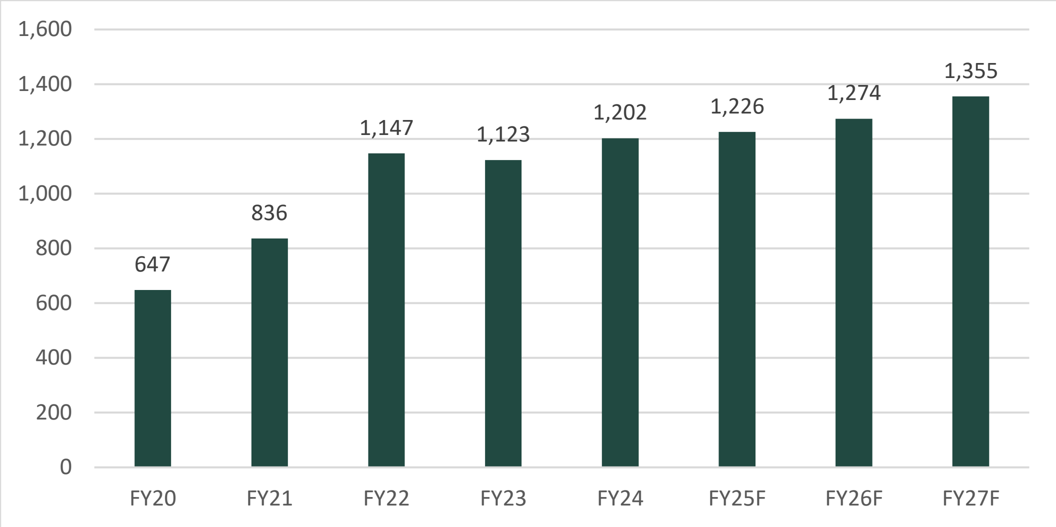


Source – Pella Funds Management

(1) RoIC = After tax EBIT divided by average invested capital. Invested capital = equity plus net debt

The irony is that market consensus still expects IMCD to grow (Figure 8). Not all of that growth will be organic, and some will come from acquisitions. As discussed above, IMCD's acquisitions have generally been accretive. If IMCD delivers on the expected growth, the structural bear case should weaken, which should support a rerating alongside higher earnings. Put differently, if IMCD's forward P/E rebounds to its historic median of 24x and the company delivers consensus EPS of €6.1, the share price would roughly double.

Figure 8 – IMCD Gross Profit, €m



Source - Factset

Pella expects the IMCD position to deliver returns because the valuation already discounts a prolonged weak patch while the business retains the attributes that historically supported compounding, resilient niche positioning, a diversified end market mix, and a proven M&A engine. With a 6.6% FCF yield and expected top line growth of around 6%, the implied annual return is around 11%, ahead of the Benchmark on the same framing. Recent headwinds, destocking, volatile ordering, tariff uncertainty, currency drag, and pockets of pricing pressure, look cyclical rather than structural. As conditions normalise, earnings and visibility should improve, and a rerating toward more normalised multiples could add upside, with the current valuation providing downside support.

Conclusion

In summary, the portfolio offers attractive valuation metrics, reflecting our deliberate emphasis on valuation and the fact that several positions are priced as though current headwinds will persist indefinitely. We do not believe that is the right framing for Novo Nordisk and IMCD. Similar points could be made about other holdings, including the insurance brokers and UnitedHealth Group, but they are not covered in this report.

The opportunity is not just that the portfolio is currently cheap vs the fair value of its holdings, it is that earnings outcomes are likely to be better than what recent conditions imply, which creates scope for both earnings' growth and valuation normalisation over time. On the basis of the quality of the companies we hold, their low gearing, consistent growth, and current valuations, we believe the portfolio is positioned for its long-term return objective.

STOCK IN FOCUS

Waters

Waters is set up for a multi-year growth acceleration as cyclical recovery in instruments lines up with multiple company-specific and secular drivers. The central question is whether Waters can sustain more than 7% annual revenue growth over the next three years, which would justify the current valuation, given the business trades around a 4% free cash flow yield. Recent execution supports this target, with third quarter 2025 results showing 8% constant currency revenue growth, suggesting the re-acceleration is already underway rather than merely prospective.

Waters occupies a critical position in the life sciences ecosystem, selling equipment, consumables, and services used to separate and analyse complex mixtures. Its core platforms are liquid chromatography and mass spectrometry, commonly combined into LC-MS systems that are central to high sensitivity analysis and high purity separation across regulated end markets. The revenue mix is supportive of stability and reinvestment, with pharmaceuticals contributing nearly 60% of revenue and roughly 60% of FY24 revenue coming from recurring consumables and service contracts. This matters because regulated laboratories prioritise uptime, compliance, and method continuity, which typically reduces demand volatility relative to many other capital equipment categories.

The medium-term growth engine is an instrument replacement cycle that appears both large and durable. Historically, customers have upgraded on an 8-to-12-year cycle, but activity slowed after the post COVID funding boom as capital budgets normalised. Management describes the current upcycle as driven by replacing legacy Alliance HPLC systems with newer Arc HPLC and Alliance iS units, with clear support for instrument revenue through at least 2027.

Importantly, the cycle should be extended by lagging segments, including CROs, biotech, and parts of China, which have not yet fully re-engaged after delayed replacements.

Evidence of the replacement cycle is already visible in leading indicators and reported results. In 3Q25, replacement metrics were strong, with low double-digit growth in instrument orders and Alliance iS sales up roughly 300% year on year. The quarter also highlighted geographic strength in Asia, with China pharma sales up more than 20%, reflecting strong spending by CDMOs and biotech customers, which is consistent with a normalisation in purchasing confidence and an easing of deferred capex decisions. As placements rise, Waters typically benefits from pull-through into consumables and service revenue, reinforcing the annuity characteristics of the model and lifting visibility into future cash flows.

Beyond the cycle, Waters is positioned to capture several demand tailwinds that are tied to regulatory and manufacturing realities rather than discretionary research. In biologics, Waters' LC-MS and associated workflows are increasingly required for complex characterisation and quality control, and this segment is expected to add incremental growth over time, building on strong momentum in biologics related revenue. This is strategically important because large molecule quality assurance (QA) and quality control (QC) tend to be sticky, method driven, and compliance heavy, which makes the supplier relationship resilient once embedded.

GLP-1 drugs are a near-term example of how pharma manufacturing scale translates into testing demand. The rapid growth in diabetes and obesity therapeutics has created high volume QC workflows where LC performance,

reliability, and compliance are critical. Waters has been seeing this directly, with revenue from GLP-1 drug testing described as doubling year on year in 3Q25. This is attractive economically because it is recurring in nature, it expands the installed base, and it lifts utilisation of consumables and service contracts.

Environmental testing provides another durable tailwind, particularly around PFAS, the so-called forever chemicals. Demand is being driven by tightening regulation and the requirement for ultra-sensitive detection in water and environmental matrices, areas where LC-MS/MS systems and validated workflows are decisive. Orders for PFAS testing solutions grew by 30% again in the third quarter of 2025, supported by demand in the US and Japan, and Waters also pointed to innovation in this area, including recent product launches that contributed to new products growing around 50% year on year. This combination of regulation plus product refresh supports both volume and mix.

A major value-creation opportunity sits in software, centred on Empower, Waters' chromatography data system. Empower captures LC and MS data, maintains a compliant audit trail, and supports direct regulatory submissions, which has contributed to standardisation among large pharma and regulators. Waters estimates Empower holds more than 80% share in compliant informatics, which is a meaningful moat because laboratories have limited appetite to run multiple data systems in parallel, given validation burden and workflow disruption.

Empower is also a monetisation story. Historically, Empower gained share partly because Waters allowed free connectivity for third-party LC vendors, which helped adoption but left value on the table. Waters is now charging vendors to connect and is shifting customers to subscription, with management targeting growth from roughly US$300m today to about US$500m over five to six years, with a higher recurring mix. The subscription transition should lift recurring revenue per customer over time by increasing the effective annual run-rate from maintenance and subscription relative to historic perpetual licence economics.

Given the scale and margin profile of software, this is one of the cleaner ways for Waters to improve growth quality while supporting margins.

Regulatory evolution may further amplify demand for Waters' large molecule toolkit. A recent FDA draft guidance highlighted in the note allows biosimilar approval to be demonstrated via advanced analytical methods plus smaller observational studies rather than full interventional trials. If adopted broadly, the implication is a larger share of biosimilar development budgets shifting toward analytical characterisation and QC, areas where Waters' LC-MS platforms and integrated software are central, which could create a structural uplift in demand over time.

The financial profile supports a positive investment case because it combines defensiveness with reinvestment capacity. Waters has delivered high and stable profitability, with an operating income margin of 30% in FY24, reflecting strong competitive positioning and pricing discipline. The balance sheet remains conservative, with net debt around US$1.1b, approximately 1x EBITDA, preserving flexibility to invest through the cycle while limiting financial risk. Management execution and capital allocation are also part of the thesis, with CEO Udit Batra leading a shift away from a primarily buyback-led posture toward a more growth-oriented approach, including selective M&A, evidenced by the acquisition of Wyatt Technology and the integration of BD Biosciences and Diagnostics Solutions to deepen large molecule capability.

Waters has a credible path to sustained high single digit growth that is supported by a multiyear replacement cycle, high momentum in secular applications like GLP-1 and PFAS, and a high margin software monetisation opportunity in Empower. With a large recurring revenue base and strong positioning in regulated workflows, the company can compound cash flows while executing on a focused set of operational levers, which makes the risk-reward attractive if the current acceleration persists.

PORTFOLIO COMMENTARY

In 4Q25, the Fund returned -0.6%, underperforming the MSCI ACWI (NZ$, net) benchmark by 4.9%. While we are never satisfied with underperformance, the outcome reflected sector positioning rather than any deterioration in the quality of the underlying holdings.

Health care and mining-related industrials were the top contributors during the quarter. At the stock level, Metso, Waters Corporation, Edwards Lifesciences, TSMC and ASML were the largest contributors. In contrast, financials, most notably 3i Group and the insurance brokers Marsh & McLennan and Arthur J. Gallagher detracted from performance.

At the risk of prematurely calling a bottom in health care, we saw some encouraging signs as the quarter progressed. Several holdings moved higher towards the end of the period as investors began to question the sustainability of the breakneck pace of AI infrastructure spending. Almost all our health care holdings reported solid results, with the exception of Coloplast. Waters Corporation, Intuitive Surgical, HCA Healthcare and Edwards Lifesciences performed well and behaved as we would expect of high-quality businesses.

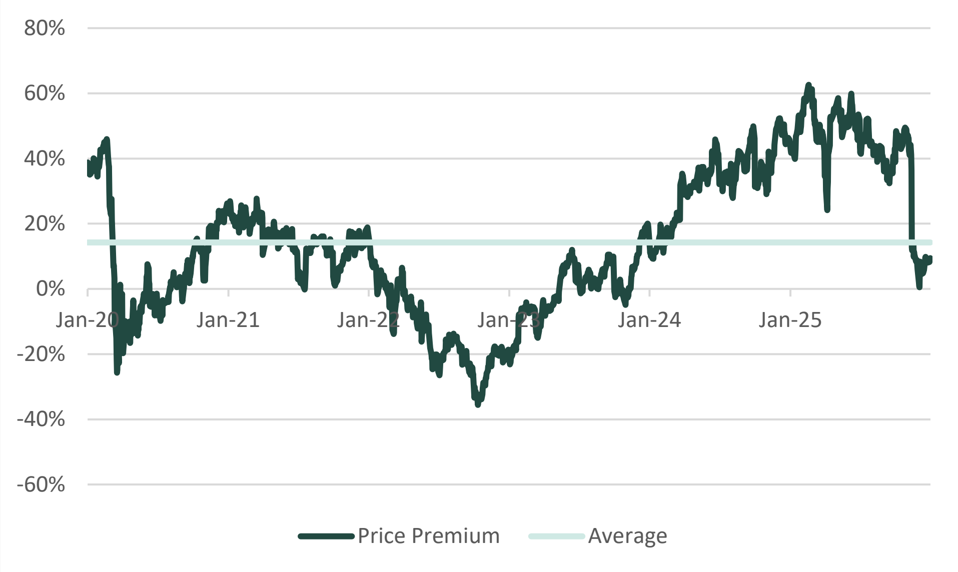
Novo Nordisk missed expectations marginally, but the share price has since responded positively, rising 21% from late December to early January. With the early approval and launch of its next-generation weight loss pill, several potential catalysts over the coming months, and valuations at historically low levels, we are cautiously optimistic that sentiment may be starting to turn.

Industrials also contributed meaningfully, supported by solid execution across our mining-related holdings. Metso was a notable contributor, and we remain comfortable with our exposure given the strength of these businesses and their long-term demand drivers.

Disappointingly, financials detracted from performance. Marsh & McLennan and Arthur J. Gallagher lagged in a more risk-seeking market environment, while 3i Group experienced a sharp decline following an unusual slowdown in Action’s sales growth, largely in France. In our view, the market has overreacted to this single data point, pushing the valuation back to levels last seen two years ago. The shares are now trading at only a modest premium to current NAV (Figure 9) and at a discount to expected 2026 NAV.

While challenges remain in France, Action continues to deliver solid like-for-like sales growth in its other markets. Store openings remain strong, with a long runway for expansion. We viewed the share price weakness as an opportunity and increased our position in 3i Group during the quarter.

Figure 9 - 3i Group Price to NAV History



Source – Pella Funds Management

Changes to the portfolio

We continued to take profits in the technology sector during the quarter, reducing overall exposure by a further 5% to approximately 13% of the Fund. This leaves our technology weighting in the low teens, one of the lowest levels since inception. The reduction reflects both profit-taking and a deliberate rebalancing in anticipation of a potential rotation away from AI-related investments and toward higher-quality compounders that have been relatively neglected.

Within financials, exposure increased modestly as we adopted a more defensive tilt. We reintroduced Deutsche Börse, a business we have owned previously and know well. Following recent weakness, we see an attractive opportunity to invest in a growing, predictable company that has historically benefited from increased market volatility and can act as a stabilising influence should market conditions become more challenging. We also added to our positions in insurance brokers Marsh & McLennan and Arthur J. Gallagher, whose shares weakened as markets rotated toward faster-growing areas. We value the stability and predictability these businesses provide, particularly in more uncertain environments.

Other additions included Hubbell and LivaNova. Hubbell provides exposure to the electrification theme through its role in electricity transmission and distribution and complements our existing investment in Schneider Electric. LivaNova holds strong niche positions in cardiopulmonary and neuromodulation therapies and is entering a meaningful product upgrade cycle at an attractive valuation.

We exited our position in Uber during the quarter after reassessing the long-term risks posed by autonomous driving technologies, which we believe represent a potential threat to the business model. More broadly, our caution towards technology led us to materially reduce several software holdings, including ServiceNow, Spotify and Microsoft. While we remain constructive on ServiceNow's long-term prospects and believe it stands to benefit from AI adoption, we have retained a smaller position and will continue to monitor developments through 2026.

Analysis of 2025 performance and why we see a tremendous opportunity

The Fund's underperformance in 2025 was highly unusual in the context of our strategy and long-term track record. Over more than two decades, our approach has delivered consistent outperformance across market cycles, making the outcome this year unusual and deserving of careful analysis.

Importantly, nothing fundamental has changed. The team is the same, the process is the same, and if anything, the overall quality of the businesses we own is higher today, while valuations are meaningfully lower. The scale of the underperformance was also well outside what we would typically expect given the Fund's historical risk profile, reinforcing that this was a rare outcome rather than a normal fluctuation.

That leads to the key question: ***did the portfolio move away from the characteristics that have driven long-term success?*** Our answer is no. The Fund remains invested in high-quality businesses with strong margins, leading market positions, and products and services that remain essential.

If the quality of the portfolio has been maintained, then the explanation lies in the market environment rather than the businesses themselves. Understanding that disconnect is central to why we believe the current setup presents a compelling opportunity over the next three to five years.

Did the portfolio deviate from the characteristics that have driven long-term success?

The Quality of Holdings

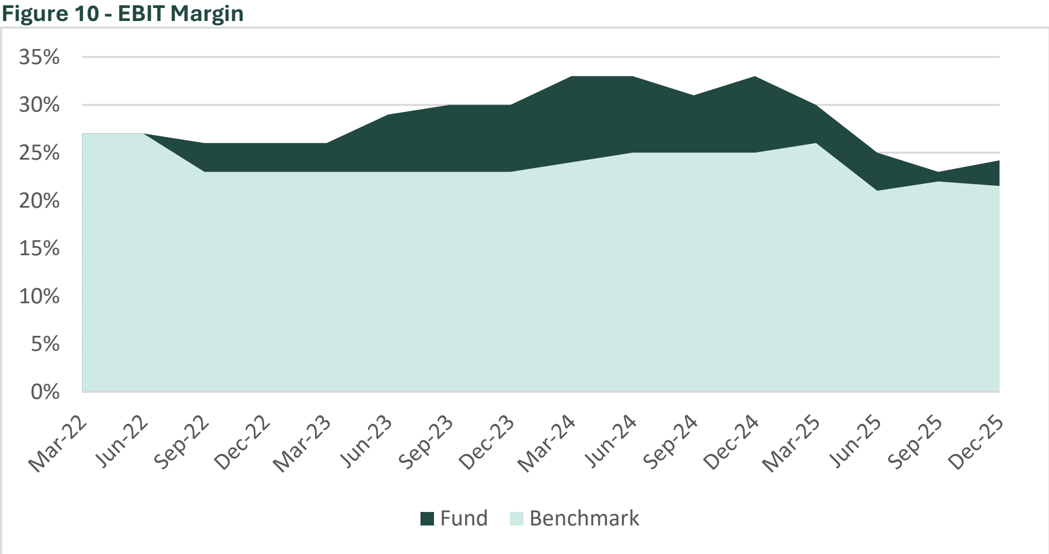
A core belief at Pella is that investing in high-quality businesses leads to superior and more predictable long-term outcomes. By quality, we mean companies with strong and sustainable margins and free cash flow, leading competitive positions, and products or services that remain essential over time.

Given the underperformance in 2025, it is reasonable to ask whether the quality of the portfolio changed. Our assessment is that it did not. We focus on a small number of indicators associated with durable business models, including operating margins, return on equity, and leverage.

EBIT Margins

We begin with operating margins. As shown in Figure 10 the Fund's aggregate EBIT margin has been consistently higher than the Benchmark since inception, except for a brief period in 2Q22. This margin advantage remained intact through 2025, with any modest compression reflecting our deliberate reduction in higher-margin technology exposure rather than a decline in underlying business quality.

Figure 10 - EBIT Margin



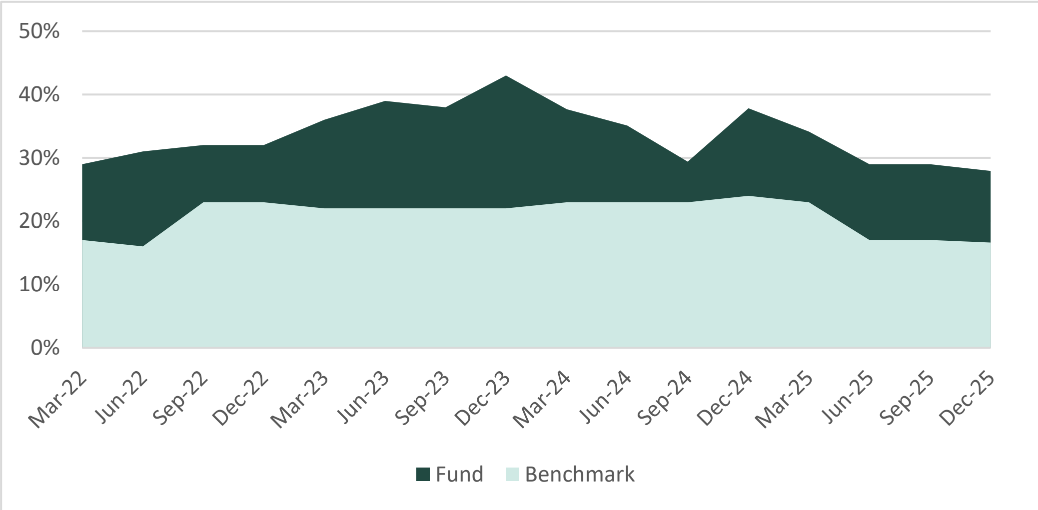
Source – Pella Funds Management

Return on Equity (ROE)

We also examine return on equity (ROE), which provides a useful measure of how effectively companies convert shareholder capital into profits. Higher ROE is generally associated with stronger profitability and more efficient capital allocation.

Figure 11 shows the Fund's ROE relative to the Benchmark over time. The portfolio has consistently exhibited a higher ROE than the index. Taken together with the margin analysis, this supports our view that the Fund has remained invested in businesses with superior economics.

Figure 11 - ROE



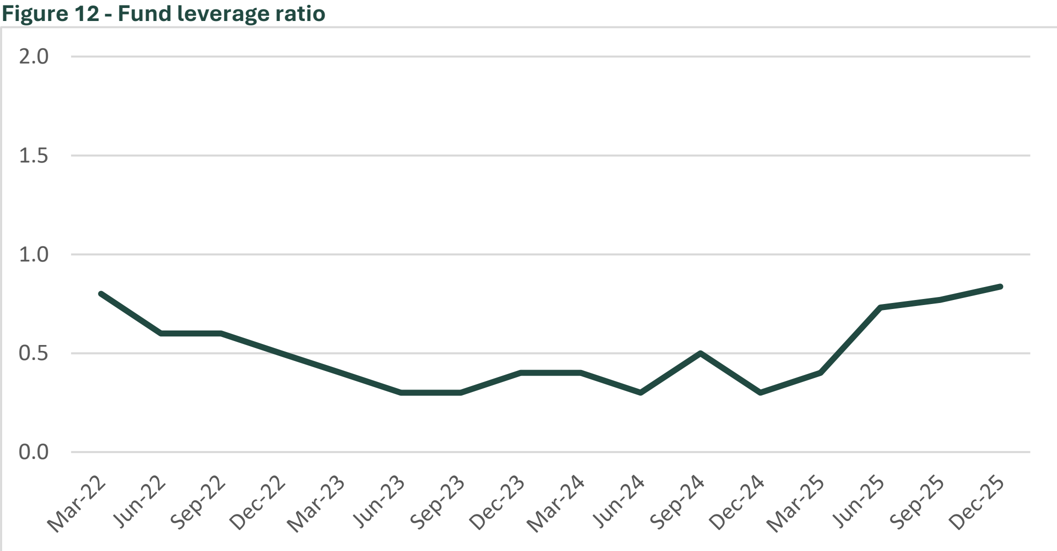
Source – Pella Funds Management

Leverage

For completeness we also look at balance sheet strength. We assess leverage using net debt to EBITDA and maintain strict limits on balance sheet risk. The Fund excludes companies with leverage above 4x net debt to EBITDA and is typically most comfortable well below 2x net debt to EBITDA.

As shown in Figure 12, portfolio leverage has remained conservative since inception, generally below 1x net debt to EBITDA. This discipline was maintained through 2025 and reinforces our view that balance sheet risk was not a contributor to the Fund's underperformance.

Figure 12 - Fund leverage ratio



Source – Pella Funds Management

(1) Leverage measured as net debt/EBITDA and excludes banks and insurers

While no single metric captures business quality in full, the evidence is consistent across both quantitative measures and our qualitative assessment. The portfolio has continued to exhibit superior margins, strong returns on equity, and conservative balance sheets relative to the Benchmark. Just as importantly, these characteristics reflect long-standing businesses with proven operating histories.

We therefore do not believe the underperformance in 2025 was driven by a deterioration in the quality of the companies we own. The portfolio remained aligned with our definition of quality throughout the year.

What about Growth?

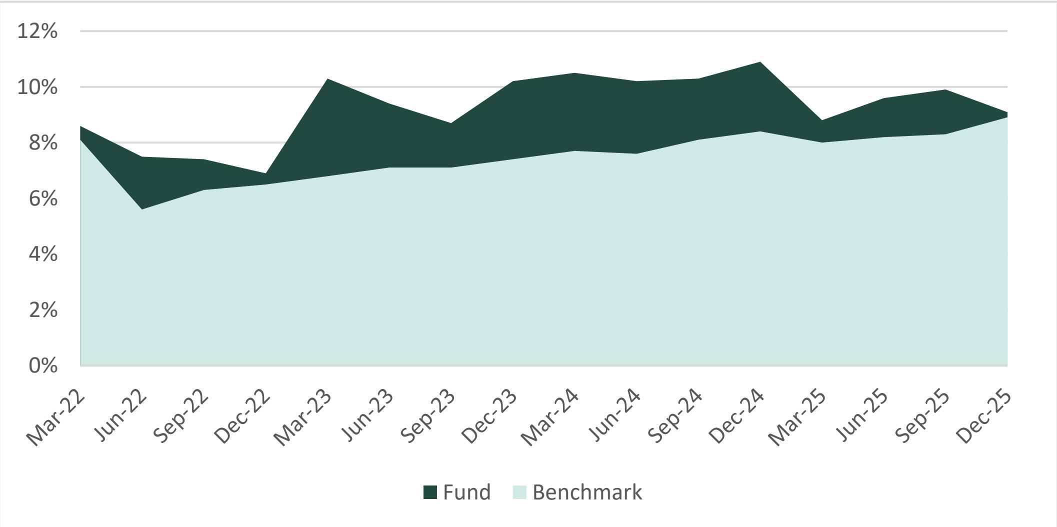
Another core belief at Pella is that our businesses must grow. Growth not only reflects the quality and relevance of a company's products or services but also underpins the long-term power of compounding.

Given this, it is reasonable to ask whether we sacrificed growth in favour of quality during 2025. Based on our analysis, we did not. Using consensus expectations for three-year forward growth, the portfolio has consistently exhibited stronger growth prospects than the Benchmark over time. While the differential narrowed during the past year, this is largely explained by our deliberate reduction in technology exposure and a greater emphasis on steadier businesses, such as Deutsche Börse and insurance brokers, to balance potential market volatility.

Even with this shift, the portfolio continued to offer a growth premium relative to the Benchmark. We therefore conclude that we have not traded growth for quality. The portfolio remains invested in businesses that we expect to compound over time.

Figure 13 illustrates the Fund's and the Benchmark's expected revenue growth since inception. The Fund's expected growth has been higher than the Benchmark's in all periods. The differential was narrow in 4Q25 but remained positive.

Figure 13 - Expected revenue growth



Source – Pella Funds Management

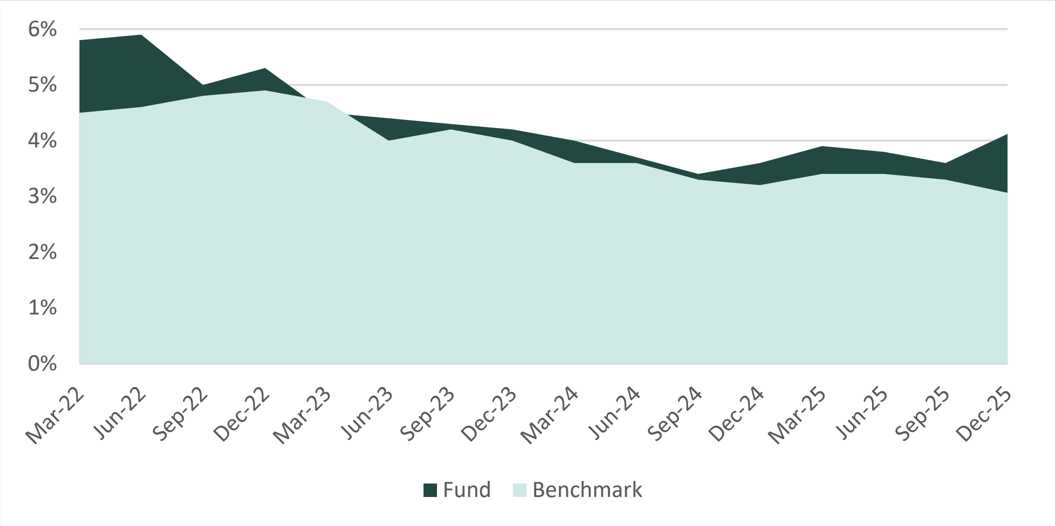
Valuation

Having established that the portfolio is invested in higher quality, growing businesses, a natural question is whether this came at the expense of valuation discipline. We do not believe it did.

We assess valuation using free cash flow yield, which we view as the clearest expression of underlying profitability and apply conservatively, adjusting for items such as stock-based compensation. On this basis, the Fund has consistently traded at a lower valuation than the Benchmark.

Valuations became more attractive during 2025 as the portfolio cheapened while Benchmark valuations increased. This runs counter to the assumption that investing in quality and growth requires paying a premium. By this measure, valuation was not a driver of underperformance and has, if anything, become increasingly supportive.

Figure 14 - FCF Yield



Source – Pella Funds Management

Overall, the Fund maintained both a higher FCF yield and higher expected growth than the Benchmark during 2025, consistent with the Fund's valuation framework.

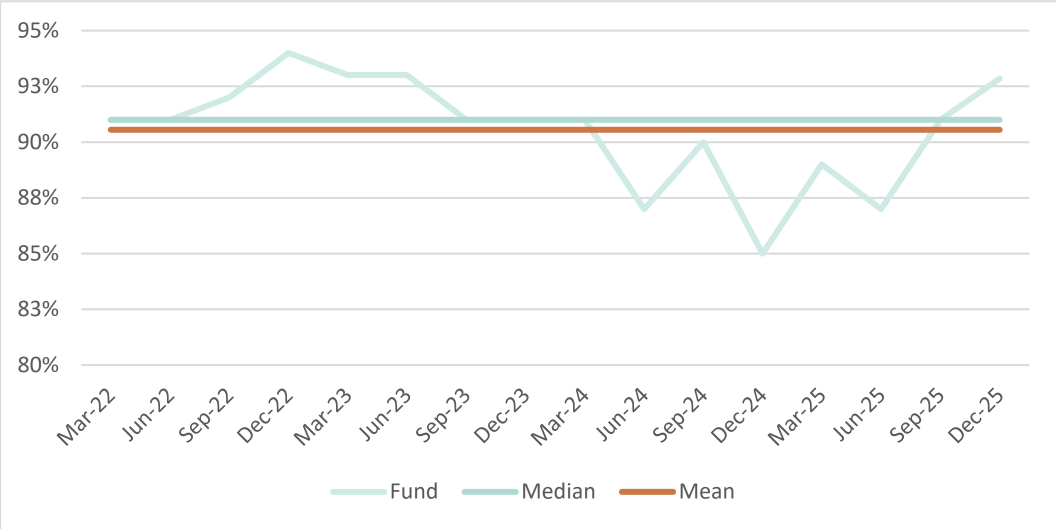
Portfolio Risk: Despite quantitative characteristics, have we simply picked the wrong stocks?

Was the underperformance in 2025 a result of poor stock selection. Reviewing the year at a stock level, we do not believe this was the case. While there were a small number of notable detractors, including UnitedHealth and Novo Nordisk, the magnitude of losses was well within the range observed in prior years. Loss-making investments are an inherent feature of a concentrated portfolio, and the experience in 2025 was not unusual in that regard.

The more important question is whether the portfolio deviated from known stylistic risk characteristics. Specifically, did the Fund move materially further away from the Benchmark, or did we increase the level of active risk taken?

Active Share provides a clear answer. Since inception, the Fund has consistently exhibited a high Active Share, reflecting our benchmark-unaware approach and concentrated portfolio construction. The level of Active Share in 2025 was broadly consistent with prior years, indicating no meaningful change in portfolio differentiation.

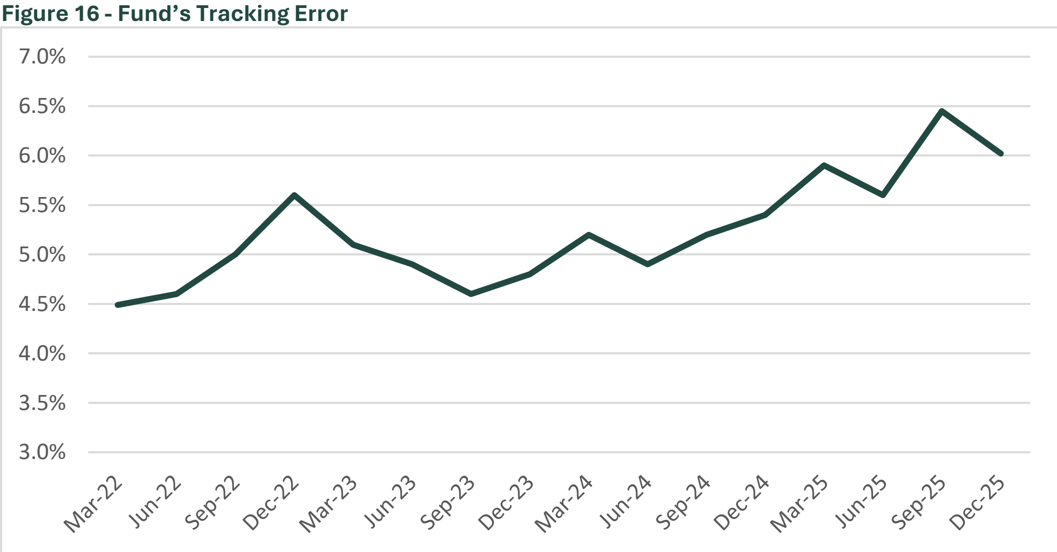
Figure 15 - Fund's Net Active Share



Source – Bloomberg Port

Tracking error tells a similar story. While not a target, the Fund's tracking error has remained stable over time, typically in the 5–6% range. Against this backdrop, an underperformance of close to 15% in 2025 represents a statistically rare outcome — approximately a 2.5 standard deviation event. This strongly suggests that the result was driven by an unusually adverse market environment rather than a change in process or risk-taking.

Figure 16 - Fund's Tracking Error



Source – Bloomberg Port

This supports the view that 2025 was a highly unusual year, driven less by changes in our approach and more by a set of exceptional market conditions. Several factors likely contributed:

- Momentum and value strategies were strongly favoured, with valuation expansion in parts of the market and segments of the value universe now trading at elevated levels.
- Heightened political and policy uncertainty, including health care and trade-related risks, weighed on established businesses reliant on stable regulatory and operating environments.
- AI-related enthusiasm, passive flows and market concentration continued to drive index performance, with a narrow group of stocks accounting for a disproportionate share of returns.

While it is not unusual for one or more of these factors to detract from relative performance in any given year, what made 2025 exceptional was the number of such forces occurring simultaneously and the extent to which they reinforced each other. This confluence of conditions is consistent with a statistically rare outcome for the Fund.

Looking ahead

While there is a possibility that some of the negative factors that affected performance in 2025 continue into 2026, we believe this is highly improbable. A number of the forces that drove last year's outcome are already showing signs of strain.

- **The AI trade increasingly exhibits bubble-like behaviour**, with valuations in parts of the market becoming detached from both fundamentals and near-term reality. We have been progressively stepping away from areas where enthusiasm has overtaken common sense.
- **The momentum trade has become extreme** and remains highly correlated to the AI narrative. History suggests these phases tend not to persist indefinitely.
- **The value trade is vulnerable to changing macro conditions**, particularly if interest rates move lower or the reality of slower economic growth begins to assert itself.
- **The political backdrop is likely to evolve**, with upcoming US mid-term elections introducing the potential for meaningful shifts in policy direction and market expectations.
- **Quality compounders are simply too cheap.** Many of the businesses we own continue to grow cash flows despite lagging share prices. If the market is unwilling to recognise that value in the near term, these companies increasingly have the capacity to do so themselves through capital management, including buybacks.

Putting short-term forecasting, tea leaves, and crystal balls to one side, our conviction remains unchanged. We firmly believe that investing in cheap, high-quality, growing businesses leads to superior outcomes over the long term. As long-term investors, we believe we are operating in one of the most attractive environments we have seen in many years to be building positions in these types of companies. In our ten years together as a team, we have rarely seen such a broad and compelling opportunity set.

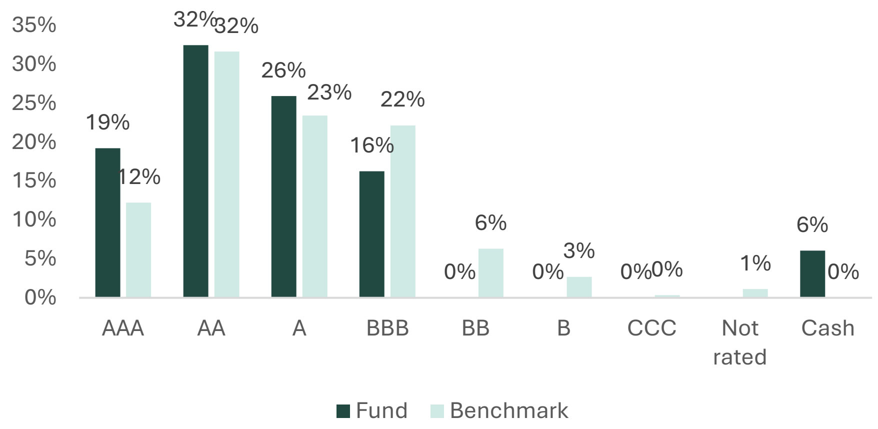
The current situation feels like a stretched elastic band. At some point, the weight of fundamentals and common-sense investing principles tends to reassert itself. When that happens, we believe the gap between business performance and share prices will close.

RESPONSIBLE INVESTING

During 4Q25, Pella met its Responsible Investing (RI) targets. The Fund avoided companies on its [exclusion list], achieved superior ESG metrics to its Benchmark (MSCI ACWI) and kept portfolio carbon intensity at least 30% lower than the Benchmark. Pella also continued to be an active steward, engaging in initiatives aligned with our RI standards.

Figure 17 shows the Fund's average exposure to stocks rated AAA or AA by MSCI was 52%, compared to 44% for the Benchmark. Exposure to companies rated BBB or lower was 16%, versus 32% for the Benchmark. This supports the view that the Fund maintained stronger ESG characteristics than the Benchmark during the quarter.

Figure 17 - Fund Vs. Benchmark ESG rating distribution [1]

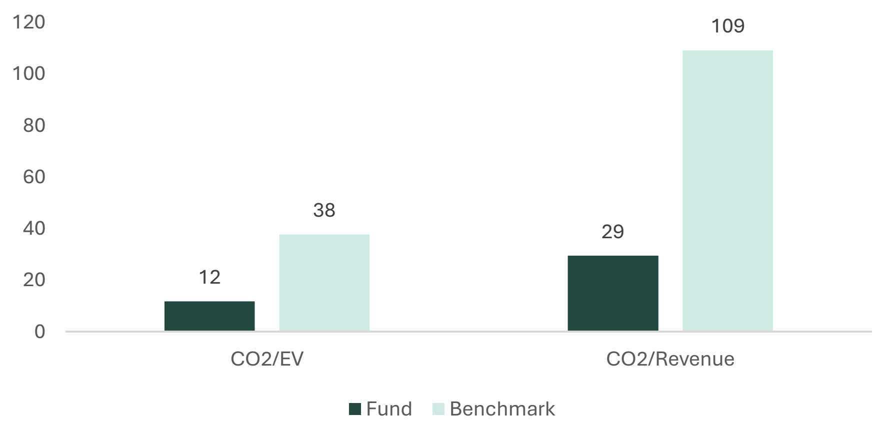


Source – Pella, MSCI ESG Manager

(1) Calculated using each stock's average weight over the quartile and their quarter end MSCI ESG rating

Figure 18 compares the Fund's carbon intensity relative to enterprise value and revenue, showing levels approximately 69% and 73% lower than the Benchmark, respectively. This comfortably exceeds the Fund's target of being at least 30% below the Benchmark.

Figure 18 - Fund Vs. Benchmark carbon intensity [1], [2], [3]



Source – Pella, MSCI ESG Manager

(1) Calculated using average stock weights over the quarter

(2) Carbon intensity to EV = tonnes (mils) of CO2 (scope 1 and 2) per US$m of EV

(3) Carbon intensity to sales = tonnes (mils) of CO2 (scope 1 and 2) per US$m of sales.

Pella participated in all its shareholder votes during the quarter, and our voting string are summarised in Figure 19.

Figure 19 - Pella's 2Q25 voting track record

Company	Meeting Type	Vote String
Novo Nordisk	Extraordinary	BBBBB
ResMed	Annual	FFFFFFFFFFFFFF
Coloplast	Annual	FFFFFFFFFFFF
ServiceNow	Special	F
Microsoft	Annual	FFFFFFFFFFFFFFFFFFFF
Spotify	Extraordinary	FF
Contemporary Amperex Tech. Ltd	Extraordinary	FFFFFFFFFAAFFFF

Source – ISS
B = Abstain; F = For; A = Against

Below is an explanation of votes where Pella either differed from management's recommendation, or the proposal related to material environmental, social, or governance issues.

Novo Nordisk - the meeting system did not allow an Against vote, only For, Abstain, or Do Not Vote. Given the lack of an Against option, Pella used Abstain.

Pella ABSTAINED on the election of Lars Rebien Sørensen as Chair because the proposal would install a non-independent chair who remains chair of the controlling Foundation, concentrating power and weakening perceived independence during a period of major strategic change. Pella also did not see a sufficiently transparent rationale or due diligence to assess whether a full board overhaul was warranted or whether the new slate would better protect minority shareholders, given independence levels that do not align with best-practice expectations for controlled companies.

Pella ABSTAINED on the elections of Cees de Jong as Vice Chair, Britt Meelby Jensen, Mikael Dolsten, and Stephan Engels because the controlling shareholder did not provide a compelling, transparent case for replacing the board or evidence the proposed slate is better placed to oversee strategy execution. Pella also had governance concerns about the non-transparent, unilateral process and resulting non-independent board leadership, which weakens confidence that minority shareholders' interests will be protected.

Microsoft - Pella voted FOR the proposal to report on risks of the European Security Program being utilised for censorship of legitimate speech because the program expands AI-enabled cybercrime reporting through partnerships that also address "hate speech" and "harmful content," terms that can be applied broadly and may be used to restrict legitimate speech. The reporting request would clarify governance and safeguards and help assess potential censorship, data, legal, reputational, and financial risks.

Pella voted FOR the proposal to report on risks of censorship in generative AI because content moderation categories such as "misinformation" and "hate speech" can be vague and subjective, creating a risk of suppressing legitimate viewpoints on sensitive topics. Reporting is a practical governance step given prior public backlash on censorship errors and the potential for reputational and legal risk, while clearer assessment and mitigation would support user trust and align with Microsoft's stated commitments.

Pella voted FOR the proposal to report on AI data usage oversight because AI models rely on large datasets and there are credible concerns that training data can include scraped personal information without consent, creating ethical, legal, and regulatory risk given Microsoft's central role in AI through OpenAI. Reporting on oversight and effectiveness metrics would improve transparency, reduce downside risk, and support trust and competitive positioning.

Pella voted FOR the proposal to report on risks of operating in countries with significant human rights concerns because expanding data centres in locations such as Saudi Arabia can increase privacy and surveillance risk, and Microsoft has not clearly explained how it will enforce its Trusted Cloud Principles where local laws may fall short of international human rights standards. A due diligence report would improve transparency on assessment, stakeholder engagement, and mitigation, helping investors judge whether these risks are being managed appropriately.

Pella voted FOR the proposal to conduct a human rights risk assessment because the UN Guiding Principles expect companies to run and report on human rights due diligence that identifies and mitigates harms, and Microsoft has not clearly explained how it assesses customer end use or whether those processes are effective. Given serious allegations that its cloud and AI tools could be used in conflict or surveillance contexts, improved assessment and disclosure would help address potential legal, operational, and reputational risk.

Pella voted FOR the proposal to report on risks of using AI and machine learning tools for oil and gas development and production because these tools can enable new fossil fuel development, creating material reputational and legal risk, including employee pushback and accusations of greenwashing alongside climate commitments. Reporting would improve transparency and help investors assess Microsoft's climate-related financial risk from selling advanced technology to the fossil fuel sector.

Contemporary Amperex Technologies Limited - Pella voted AGAINST granting the board a general mandate to issue shares because it would allow issuance without pre-emptive rights and the company did not specify a discount limit for issuance for cash and non-cash consideration.

Pella also voted AGAINST approving an additional cap for provision of guarantees because the company may be guaranteeing obligations for subsidiaries it does not fully own without explaining why other shareholders are not providing equivalent support. This could leave the company taking disproportionate risk relative to its ownership interest, which is not in shareholders' interests.

During the quarter, in conjunction with Pangolin Associates, Pella Funds Management completed its FY25 carbon footprint analysis. Following that analysis Pella acquired carbon offsetting credits in the Cardamom REDD+ Project, Cambodia. The Cardamom REDD+ Project, is a large forest conservation and carbon credit initiative in south-west Cambodia. It protects roughly 497,000 hectares of tropical rainforest in the Cardamom landscape, aiming to reduce deforestation and forest degradation while supporting biodiversity and local livelihoods. The project is registered under Verra's Verified Carbon Standard and also uses Climate, Community and Biodiversity criteria, with a goal of avoiding around 3m tonnes of CO2e emissions each year.

Finally, as part of Pella's Pledge 1% commitment, Pella organised a bush regeneration volunteer day with Willoughby Council during the quarter. The event was rained out, and Pella will reschedule the volunteer day in 1Q26.

PERFORMANCE

Pella Global Generations PIE Fund, net of fees and expenses, NZD

Inception 4 April 2025	Fund	Benchmark	Relative
1 month	-0.6%	0.9%	-1.5%
3 months	-0.6%	4.3%	-4.9%
1 year	-	-	-
Inception to date	15.8%	31.0%	-15.1%

Past performance is not indicative of future performance.

FUND HOLDINGS

Pella Global Generations PIE Fund

Name	Country	Sector (GICS)
3I GROUP PLC	United Kingdom	Financials
AIA GROUP LTD	China	Financials
ANTA SPORTS PRODUCTS LTD	China	Consumer Discretionary
ARTHUR J GALLAGHER & CO	United States	Financials
ASML HOLDING NV	Netherlands	Information Technology
BOSTON SCIENTIFIC CORP	United States	Health Care
BROADCOM INC	United States	Information Technology
COLOPLAST-B	Denmark	Health Care
CONTEMPORARY AMPEREX TECHN-H	China	Industrials
DEUTSCHE BOERSE AG	Germany	Financials
EDWARDS LIFESCIENCES CORP	United States	Health Care
EPIROC AB-A	Sweden	Industrials
HCA HEALTHCARE INC	United States	Health Care
HDFC BANK LTD-ADR	India	Financials
HUBBELL INC	United States	Industrials
ICICI BANK LTD-SPON ADR	India	Financials
IMCD NV	Netherlands	Industrials
INTUITIVE SURGICAL INC	United States	Health Care
KONE OYJ-B	Finland	Industrials
LIVANOVA PLC	United States	Health Care
MARSH & MCLENNAN COS	United States	Financials
MASTERCARD INC - A	United States	Financials
METSO CORP	Finland	Industrials
Microsoft Corp	United States	Information Technology
MIDEA GROUP CO LTD	China	Consumer Discretionary
NOVO NORDISK A/S-B	Denmark	Health Care
NUTRIEN LTD	Canada	Materials
ONESTREAM INC	United States	Information Technology
RESMED INC	United States	Health Care
SCHNEIDER ELECTRIC SE	France	Industrials
SERVICENOW INC	United States	Information Technology
SIKA AG-REG	Switzerland	Materials
SPIRAX GROUP PLC	United Kingdom	Industrials
SPOTIFY TECHNOLOGY SA	Sweden	Communication Services
TAIWAN SEMICONDUCTOR-SP ADR	Taiwan	Information Technology
UNITEDHEALTH GROUP INC	United States	Health Care
VINCI SA	France	Industrials

Holding as of 31 December 2025, alphabetically ordered. For full holdings data, including segmentation please refer to the month end Fact Sheet.

KEY INFORMATION

CIO & PM	Jordan Cvetanovski
Launch Date	4 April 2025
Management Fee	0.85%
Buy / Sell Spread	+0.25%/-0.25%
Minimum Investment	NZ$25,000 initial investment/ NZ$5,000 additional investments
Pricing Frequency	Daily
Tax	Based on prescribed investor rate (PIR)
Benchmark*	MSCI ACWI (net, NZD)

** The fund's investable universe differs to the benchmark and may have a different return and risk profile to the benchmark. The fund's negative screen excludes several activities that are included in the benchmark such as fossil fuel mining; transportation; weapons; alcohol; casinos; and companies rated CCC by MSCI. The fund can invest in companies that are not in the benchmark if those companies satisfy the fund's liquidity requirements*

Platform Availability

Name	
Adminis	✓
Apex	✓
FNZ Custodians	✓
Online Direct Application	✓

Please contact Pella Funds Management to request your preferred platform.

Contact Us

Joy Yacoub
Head of Distribution
M: 0414 226 007
E: joy.yacoub@pellafunds.com

Pella Funds Management