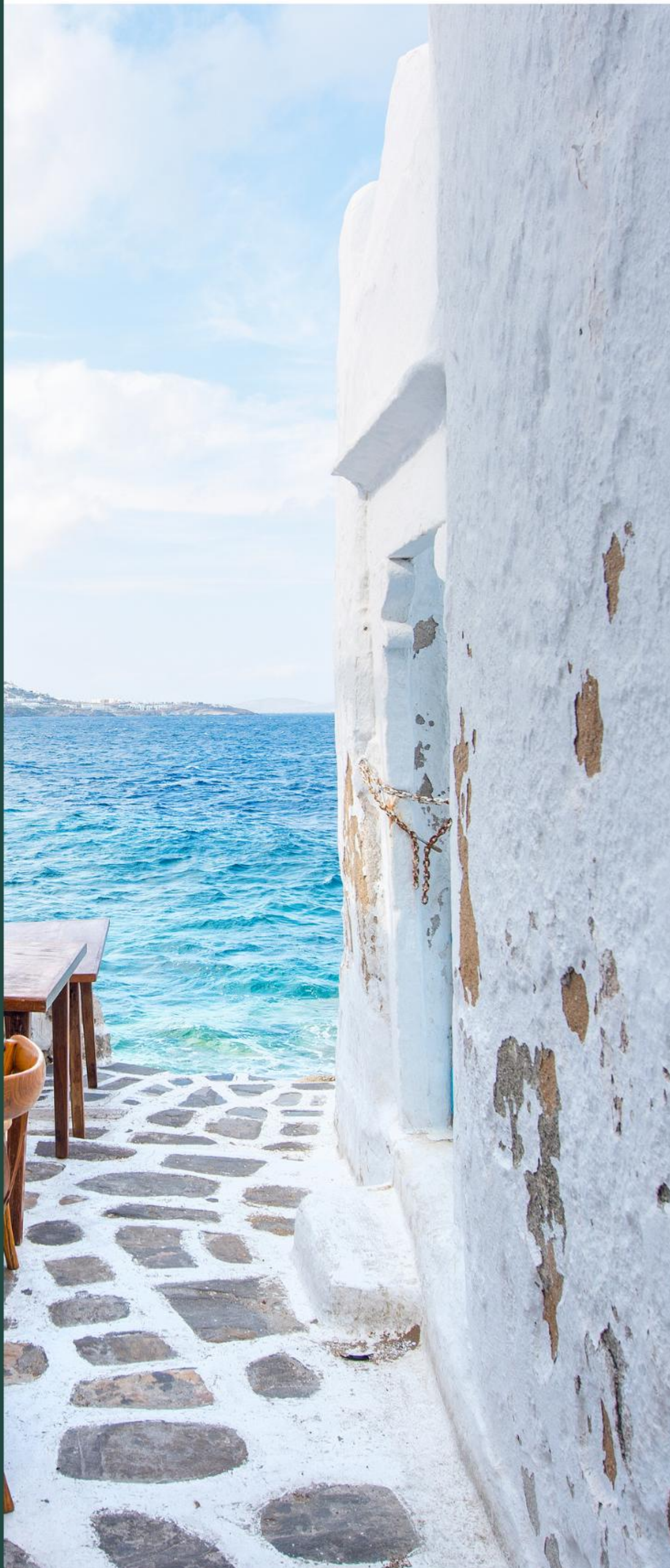
PELLA
RESPONSIBLE INVESTING



Quarterly Report

March 2026

MESSAGE FROM THE CIO

"In over two decades of investing, we have not seen such a wide gap between price and fundamental value. The companies we own are essential to the global economy. They are growing faster than the overall market, have stronger margins, and are considerably cheaper.

While it is uncomfortable to position away from the crowd, particularly in AI and momentum-driven areas, we believe current valuations represent a significant opportunity. In our view, quality companies currently being overlooked are likely to re-emerge strongly."

Jordan Cvetanovski
Chairman & Chief Investment Officer

Selling Shovels to the Copper Boom

When the California Gold Rush began, Levi Strauss did not go west to dig for gold. He went to sell goods to the people who did. As thousands of prospectors chased the dream of a life-changing strike, Strauss recognised that the dependable opportunity lay not in finding gold, but in supplying the miners with what they needed every day. Out of that boom came a business built on durable workwear rather than speculation.

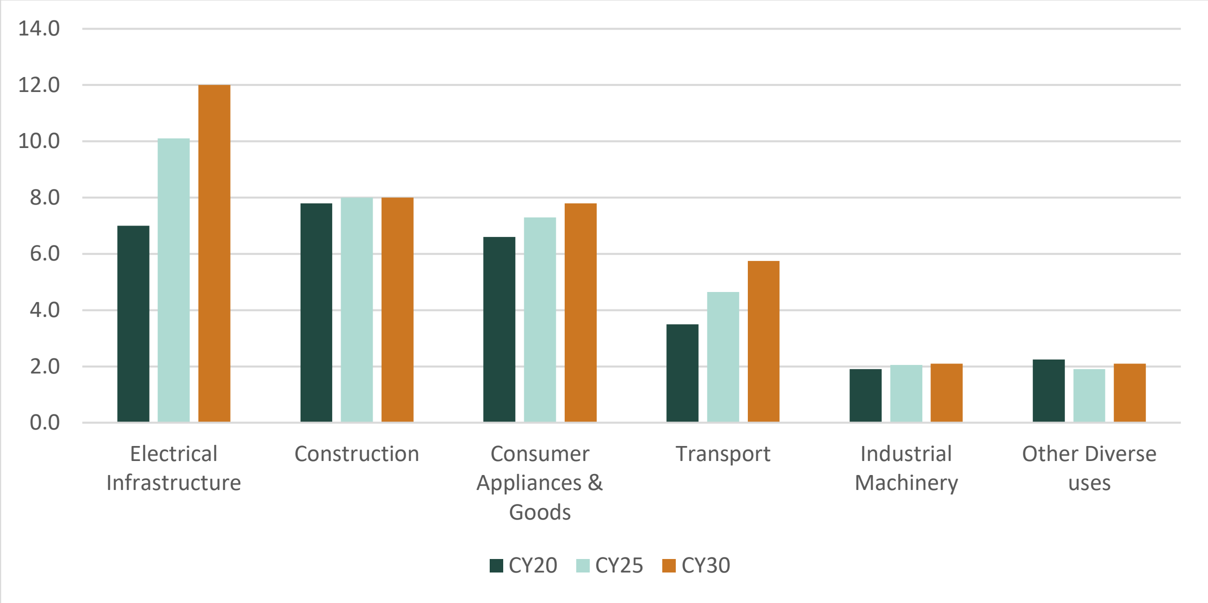
The same logic applies to copper today. We believe the copper price is positioned to rise materially, and when it does, some of the most attractive economics will sit not with the miners chasing the prize, but with the businesses selling them the essential equipment and services they need to operate. That is why the Fund holds investments in Sandvik, Metso and Epiroc.

The Demand Case Is Already Here

Copper demand is growing faster than at any point in the last decade, and the drivers are structural rather than cyclical. S&P Global estimates total copper demand will rise from 28.4 million metric tons (Mt) in 2025 to 33.5Mt by 2030, an additional million tonnes of copper consumed every year, roughly double the pace of the prior fifteen years.

In 2025, electricity infrastructure overtook construction as copper's single largest demand source for the first time, rising from 24% of total demand in 2020 to 30% in 2025. That shift reflects simultaneous investment in power generation, grid modernisation and electrification across transport and industry. It is not speculative. The capital is already being deployed.

Figure 1 – Copper demand by sector, millions metric tons



Source – Benchmark Mineral Intelligence, Dec-25

Four distinct vectors are driving this growth: core economic demand from construction and machinery; energy transition (EVs, renewables, grids); AI and data centres; and defence. Of these, energy transition is the dominant force, accounting for 59% of incremental demand to 2030. Within that, EVs alone are responsible for 63% of the vector's growth, with demand rising from 2.3Mt in 2024 to 4.8Mt by 2030, driven by the simple fact that an electric vehicle uses approximately three to four times as much copper as a conventional combustion-engine car.

Data centres add a further and rapidly growing layer. S&P Global estimates AI and data centre-related copper demand will reach 1.8Mt by 2030, up from 1.0Mt in 2024. Every AI server rack requires between 100 and 1,000 kW of power, ten times more than a conventional server, and the copper required for power delivery, liquid cooling and grid connection scales accordingly. This was not a recognised demand vector four years ago.

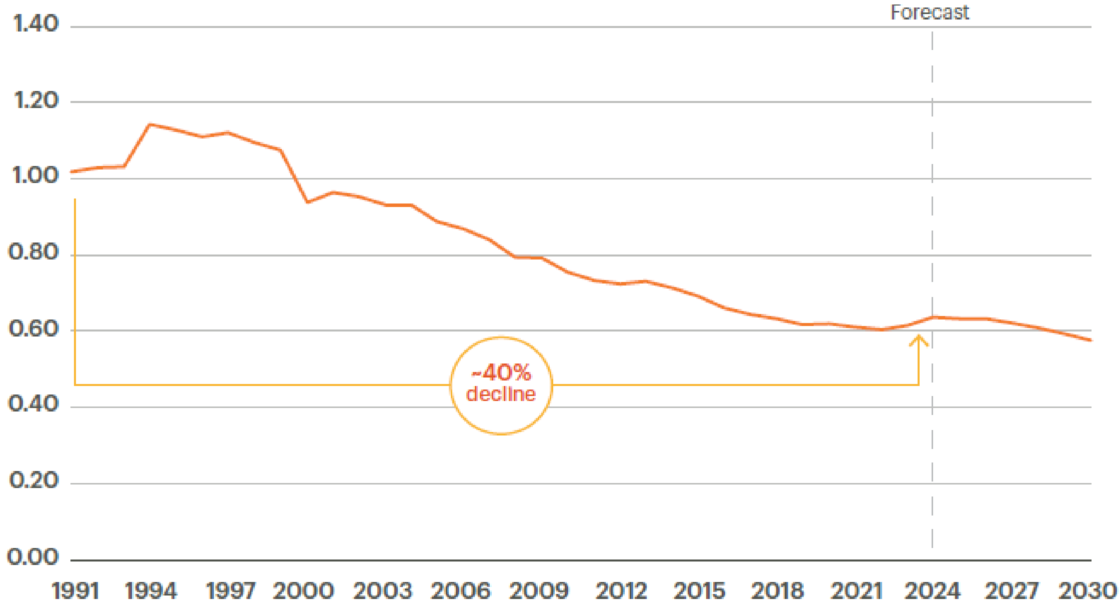
Supply Cannot Keep Up

Against accelerating demand, the supply picture is one of structural constraint. S&P Global's project pipeline analysis indicates that global mine supply, including all operating mines and committed projects, is expected to peak at 27.3Mt in 2030 and then decline to 25.1Mt by 2035, even as demand continues to grow. The IEA's base case is even starker, projecting primary mined supply falling below 19Mt by 2035.

Three structural forces are driving this divergence.

First, existing mines are depleting. BHP estimates average copper ore grades have fallen by approximately 40% since 1991. In South America, which accounts for the majority of global copper production, head grades have declined from 1.3% in 2000 to 0.7% today. The practical result is that miners must extract and process roughly twice as much rock to produce the same tonne of copper as two decades ago. BHP expects currently operating mines to produce around 15% less copper in 2035 than they do today, even after mine life extensions and brownfield expansions.

Figure 2 – Mined head grade, % copper



Source – BHP, How copper will shape our future, Sep-24

Second, the discovery pipeline is exhausted. There were 115 major copper discoveries in the decade to 2004, 81 in the decade to 2014, and just 14 in the decade to 2024. The implied cost of discovery has risen from $11 per tonne to $849 per tonne over the same period. On average, a new copper mine takes 17 years from first discovery to first production, a timeline that has been getting longer, not shorter, as permitting requirements multiply and project complexity grows.

Figure 3 - Copper in major discoveries by time period (1), (2)

	1995-2004	2005-2014	2015-2024
Number of discoveries	115	81	14
Copper in reserves, resources and past production (MMt)	515	445	27
Copper exploration budget ($M)	5,414	25,653	22,926

Source – S&P Global, New major copper discoveries remain scarce; late-stage assets drive growth, 17 Dec-25

(1) Only includes mines with at least 500,000 Mt of contained copper (reserves, resources, and past production)

(2) The year of discovery corresponds with the year of the initial drill program that identified potentially economic mineralization, eventually resulting in a definition of copper in reserves and resources

Third, the market itself is signalling tightness in real time. The annual benchmark treatment charge, the fee smelters earn for processing copper concentrate, reset to zero in 2026, down from $21.25 in 2025, against historic norms in the $80s. Spot treatment charges turned negative in late 2024, meaning smelters are now paying miners for the right to process their ore. This is not a forecasting model; it is the physical copper market telling us that mined supply is genuinely scarce relative to processing demand.

Disruption Risk is Underpriced

Supply cannot be replaced quickly when something goes wrong, and the system is increasingly exposed. In September 2025, a mud flood suspended all underground operations at Grasberg, the world's second largest copper mine. Freeport-McMoRan declared force majeure, and full production recovery is not anticipated until at least 2027. Separately, a tunnel collapse at Codelco's El Teniente caused a complete shutdown in July 2025. Combined with the ongoing closure of Cobre Panama (over 300,000 tonnes of annual production lost), these events removed a significant volume of supply from a market that was already tightening.

Disruption risk is becoming more structurally important. Over 50% of current copper production occurs in areas of high water stress, mines are progressively deeper and more technically complex, and community and regulatory disputes are an increasing feature of the permitting environment, particularly in Latin America. In a market that is already tightening, disruptions do not create temporary noise. They tighten an already constrained system.

A Consensus Supply Gap

The result of accelerating demand and constrained supply is a gap that begins emerging around 2030 and widens materially thereafter. This is not a single-source view, it is a consensus across major independent forecasters:

Figure 4 - Forecast copper supply shortfall in CY30, million metric ton

Source	Supply Gap
S&P Global	0.3Mt (primary basis)
IEA, Stated Policy Scenario	1.6Mt
IEA, Accelerated Policy Scenario	4.9Mt
BNEF	~4.0Mt
BHP	1.0 – 4.0Mt

Sources - IEA, Critical Minerals Outlook 2025, Jun-25; [IEA, Critical Minerals Dataset, May-25](); Bloomberg New Energy Finance (BNEF), Transition metals outlook; BHP, How copper will shape out future, Sep-24; S&P Global, Copper in the age of AI, Jan-26;

The copper miners themselves have reached similar conclusions. Rio Tinto has spoken of extremely strong demand combined with constrained supply and stated that the industry needs millions of tonnes of new mine supply by 2035 just to meet demand and offset grade decline and closures. Anglo American has argued that the current price increase is only now beginning to translate into returns comparable with prior cycles, because capital intensity and operating costs have risen so sharply since COVID, and that higher prices are very unlikely to be a short-term phenomenon. Southern Copper estimates a 320,000 tonne market deficit for 2026 alone.

Copper as an Ethical Investment

The scale of the projected supply gap raises an obvious question for any investor: is committing capital to expand copper mining, and the companies that enable it, consistent with a responsible investment framework? We believe the answer is clearly yes, and for reasons that go beyond simply accepting a necessary trade-off.

Copper stands out among critical minerals on three ethical dimensions. First, it is one of the most recyclable metals on Earth, recycled copper accounts for approximately 35% of annual consumption, and roughly 80% of all copper ever mined remains in productive use today. Second, its carbon footprint compares favourably with competing metals, at 3.2 kg CO_2e/kg virgin and just 0.7 kg recycled, well below cobalt, aluminium, nickel and silver. Third, and most fundamentally, copper is the indispensable enabler of the energy transition: without it, solar, wind and electric vehicles are not viable. Investing in copper is, in that sense, a direct expression of environmental values rather than a tension with them.

The ethical case for copper also has a direct bearing on its price outlook. Because copper is structurally indispensable to the energy transition, demand is largely inelastic, governments, utilities and automakers cannot simply substitute it away. That inelasticity, combined with the supply constraints described above, means the market must clear through price.

Why the Copper Price Must Rise

A widening supply gap, rising development costs and growing disruption risk together point to a materially higher incentive price for copper. S&P Global's analysis indicates that even at the 2025 average copper price of approximately $9,500 per tonne, only around 60% of the pipeline projects are economically viable, leaving 40% stranded and the supply gap unfilled. The price must rise to bring the next generation of higher-cost, more complex projects into production.

Trade tensions add a further structural dimension. Following the US Section 232 proclamation in July 2025, which imposed a 50% tariff on semi-finished copper products, traders rushed to ship refined copper into the United States ahead of potential broader tariffs. That pulled metal from global markets into US warehouses, fragmenting the inventory system. Even after refined copper was exempted from the tariff, the structural dislocation remained. The US copper market and the rest-of-world market are now increasingly separated pools, reducing the system's flexibility and supporting prices in both.

The Picks and Shovels Advantage

Our own data supports the case for owning mining equipment companies. Across seven major listed mining equipment businesses that have been listed for at least ten years, total shareholder returns (TSR) show a strong and consistent positive correlation with the copper price, ranging from 55% for Caterpillar to 83% for Metso. This holds across a period from 1997 to 2025, covering the dot-com bust, the China supercycle, the post-GFC collapse and the energy transition thesis.

Figure 5 - Mining Equipment TSR Correlation with Copper Price and Production

Company	Correlation with Copper Price (1)	Correlation with Copper Production (2)
Metso	83%	-35%
FLSmidth	78%	-6%
Sandvik	74%	-12%
Weir Group	72%	-21%
Hitachi Construction Machinery	65%	-1%
Komatsu	62%	-5%
Caterpillar	55%	-8%

Source – Pella

(1) LME, Copper Cash Official LME price ($/mt); correlations based on the period CY97 to CY25, except for Metso which is for the period CY07 to CY25 as Metso's IPO was during CY06

(2) US Geological Survey; correlations based on the period CY97 to CY24 (last year of official USGS figures), except for Metso, which is for the period CY07 to CY25

The correlation gradient is not random. The companies most exposed to mining, Metso (76% of sales from its Minerals division), FLSmidth (effectively a pure-play mining supplier), Sandvik (51% of revenue from mining), and Weir Group (75% of revenue from mining applications, ~23% specifically linked to copper), sit at the top of the table. The more diversified businesses with material construction and agriculture exposure, Caterpillar, Komatsu, Hitachi, sit lower. The purer the mining exposure, the stronger the link to the copper price.

The negative correlation with copper production is the most analytically important finding. It does not mean equipment companies are harmed by higher production. Rather, it reflects that current production is the wrong variable against which to judge them. These businesses are paid for exploration, project development, fleet replacement, wear parts and maintenance, all of which happen well before additional tonnes appear in official supply statistics. The copper price is the equity market's real-time signal for miners' expected returns and future capital spending. By the time production inflects, the equipment cycle has already run.

Declining ore grades reinforce this dynamic. Because more rock must be processed to produce each tonne of copper, the demand for crushing, grinding and processing equipment is rising even when production volumes are flat, which helps explain why Metso, the most processing-focused company in the table, shows both the highest copper price correlation and the most negative production correlation.

Beyond the correlation evidence, equipment companies offer structural advantages: recurring aftermarket revenues from parts, consumables and maintenance contracts (Weir Group derives approximately 80% of its revenue from aftermarket); no reserve depletion; limited expropriation and sovereign risk; and the ability to participate in activity across many mines, commodities and geographies simultaneously. Epiroc, excluded from the correlation analysis due to its shorter listing history following its 2018 spinout from Atlas Copco, adds further exposure through its leadership in underground mining electrification and autonomous drilling, a replacement cycle driven partly by regulatory mandate rather than solely by commodity price.

Conclusion

Just as Levi Strauss built a durable business by supplying the Gold Rush rather than joining it, the businesses that supply the copper industry offer a compelling way to participate in what we believe is a structural, multi-year theme. The demand case is already underway. The supply constraints are real, deepening and increasingly confirmed by the market itself. And unlike many commodity booms driven by speculative or discretionary demand, this one is anchored in the global energy transition, meaning the copper required is not optional, and the capital being deployed to produce it is serving a purpose that extends well beyond financial returns.

There are multiple ways to access this theme. Direct investment in copper miners can offer significant leverage to the copper price, and we have done so in the past and may do so again. At present, our exposure is expressed through equipment companies, Sandvik, Metso and Epiroc, whose recurring revenues, intellectual property moats and diversified customer bases offer an attractive risk-adjusted entry point into the same underlying story.

The copper boom is real, structural and ethically grounded. The equipment companies supplying it, with their recurring revenues, protected competitive positions and leverage to rising mining activity, represent, in our view, one of the most attractive ways to participate in it.

STOCK IN FOCUS

Sandvik AB took its name from the Swedish town where it was founded in 1862 (Sandviken). The company started life as a steel manufacturer before diversifying into other areas. Over the past decade, it embarked on a major rationalisation program, divesting approximately SEK 30 billion in non-core revenue while reallocating capital into acquisitions that added SEK 22 billion in turnover, specifically targeting digital innovation and higher-margin recurring revenue streams like aftermarket services and software. This compares with its 2025 revenue base of SEK 121 billion.

Today, Sandvik is high-tech engineering group and global manufacturer specialising in equipment, tools and materials used for mining, manufacturing, and infrastructure. It has a diversified global footprint. North America (26%) and Europe (25%) are its largest markets, followed by Asia (18%), Australia (12%), the Middle East and Africa (12%), and South America (7%).

Sandvik is a major player in two mission-critical tiers of the industrial value chain: (1) raw material extraction and (2) final manufacturing assembly. In each of these areas, it provides specialised products which have a relatively modest cost vs the financial impact to the customer of downtime and/or production failure.

The economics of the business tap into the "razor / razor blade" model, with the initial sale of heavy equipment driving longer-term consumption of aftermarket services and replacement parts. This bolsters the group's margins and helps to insulate its earnings from any quarterly fluctuations in equipment orders and invoicing.

Business Breakdown

Sandvik operates through three primary divisions: (1) Mining and Rock Solutions (SMR); (2) Manufacturing and Machining Solutions (SMS); and (3) Rock Processing Solutions.

Sandvik Mining and Rock Solutions (SMR) – 52% of group revenue

SMR is a global leader in the manufacture and sale of underground mining equipment (with an estimated market share of 30-35%), while also being strong in surface mining equipment. Additionally, SMR provides a wide range of tools and consumables such as drill bits, rods, and shank adapters. These are higher margin "aftermarket" products that provide the company with a recurring revenue stream.

The company established itself as a leader in the development of battery-electric mining equipment, as well as digital & autonomous solutions for the mining industry. Key products include AutoMine (a platform for autonomous and remote-controlled mobile equipment) and OptiMine (an analytics and process optimization suite for underground operations). These new areas also bring extra aftermarket opportunities, such as maintenance, parts, and even "Battery-as-a-Service" (BaaS) for the expanding fleet of battery-electric vehicles (BEVs).

In 2025, around 68% of SMR's revenue came from the provision of aftermarket products and services. Organic order growth in 2025 was 17% and SMR's EBITDA margin was 21% (slightly higher than the group-wide EBITDA margin of 20%).

Sandvik Manufacturing and Machining Solutions (SMS) – 39% of group revenue

SMS drives its revenue through the continuous consumption of carbide metal-cutting tools in high-precision manufacturing. It also has a subscription-based digital business that includes Computer-Aided Manufacturing (CAM) and metrology software.

The company recently decided to split the SMS business into two standalone areas, (1) Machining and (2) Intelligent Manufacturing to isolate the higher-growth digital/software business (which is targeting a 15% revenue CAGR) from the more mature core hardware business (which is targeting a 3% CAGR).

While the group's mining-related business (SMR) is what we would call "longer-cycle", SMS's manufacturing focus makes it more of a "shorter-cycle" business. However, this cyclicality is somewhat dampened by the diversity of its end-markets (including General Engineering, Aerospace, Medical and Automotive) and the contribution from aftermarket products and services.

While the company doesn't quantify the aftermarket vs equipment split of SMS's revenues, it describes the aftermarket contribution as "significant", as the consumable tooling model drives a large amount of recurring revenue. Meanwhile, the software business is 60% recurring today, with a target of 80% by 2030.

In 2025, SMS's organic order growth was 4% and its EBITDA margin was 20% (roughly in line with the group-wide margin).

Sandvik Rock Processing Solutions (SPRS) – 9% of group revenue

SRPS sells rock crushers, screens, and wear parts for the downstream processing stage of mining and infrastructure projects. These products are also used for demolition and recycling.

A healthy contribution from aftermarket revenue (around 59% of SRPS's total revenue in 2025) acts as a cushion against the cyclical fluctuation in some of its end-markets. Management has been repositioning this historically lower-margin division around energy-efficient equipment to drive replacement rates. According to the company, its latest electric cone crushers and "fine crushing" technologies are up to 10 times more energy-efficient than traditional grinding.

In 2025, SRPS's organic order growth was 3% and its EBITDA margin was 15% (vs the group-wide EBITDA margin of 20%).

Competitive Positioning

Sandvik's positioning in its largest area of business, Mining and Rock Solutions, is very strong. This is especially the case in underground mining (where the market is highly specialised and very concentrated).

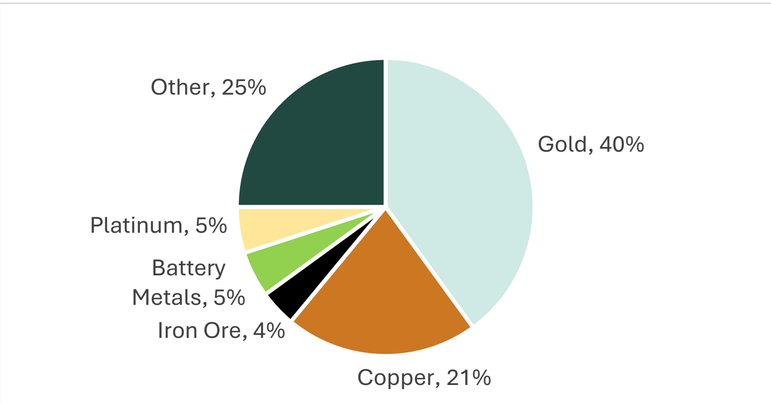
Sandvik's positioning in its next largest area of business, Manufacturing & Machining Solutions is also strong. This is particularly the case in premium precision tooling, where it holds the #1 global market share in inserts and is tied for #1 in round tools. In the software component of the business, Sandvik holds the #2 global position in CAM software. However, it has less market power in the mid-market machining segment due to the presence of regional manufacturers and lower-cost providers.

The group's competitive positioning in its smaller Rock Processing business is less impressive. While Sandvik is a leader in certain niches, the overall market is fragmented and highly reliant on distributors (vs the direct service relationships seen in mining).

Good Leverage to copper and gold (plus, as a current bonus, Tungsten)

The Mining and Rock Solutions business has an attractive commodities exposure mix, with a skew towards copper and gold

Figure 6 – Sandvik Mining and Rock Solutions: Commodity Exposure (2025)



Source – Company reports

For reasons outlined in the 'Message from the CIO', we believe that copper has a very strong structural growth outlook which should support sustained growth in the demand for new equipment and aftermarket services. Meanwhile, the recent surge in the gold price is already resulting in a significant amount of new development activity.

Sandvik's Manufacturing & Machining Solutions business also provides significant exposure to the hard-to-access tungsten market. Tungsten prices have risen by more than 500% since early 2025 due to a perfect storm of Chinese export controls, heightened military demand, and significant supply constraints.

- Sandvik is one of the few Western companies with its own supply of Tungsten.
- It uses this supply to produce tungsten powder, around half of which is used internally in the manufacture of drill bits and cutting tools, while the other half is sold to external customers.
- Therefore, Sandvik is benefiting from the higher tungsten price in two different ways: (1) higher revenue and profits from the sale of tungsten powder to external customers; and (2) retention of some of the tungsten-related price increases in the drilling/cutting tools market.
- Materiality to the group? In 1Q25, metal powders (primarily tungsten) only made up around 2% of total group orders. By 4Q25, this had already risen to around 5%. In the upcoming 1Q26 results, it is likely to have risen further to as much as 7-8% of total group orders.

Conclusion

Sandvik has a very strong competitive position in its major markets. It also has appealing short-term growth drivers (gold mining capex, tungsten powder) and longer-term structural drivers (copper demand, electrified/autonomous mining equipment, intelligent manufacturing).

This gives us confidence that the company will achieve its 2025-2030 growth targets.

- Mining: 8% revenue growth CAGR (c6.5% organic, remainder from M&A).
- Machining: 3% revenue growth CAGR (primarily organic).
- Intelligent Manufacturing: 15% revenue growth CAGR (primarily organic).
- Rock Processing: 9% revenue growth CAGR (50/50 organic vs M&A).
- Group Total: 7% revenue growth CAGR (c5% organic, remainder from M&A).

The stock has appealing financial dynamics (strong and expanding margins, healthy balance sheet, good cash conversion) and, despite its outperformance in recent times, the valuation equation still looks reasonable on a price-for-growth basis. The significant amount of repeat revenue coming from Sandvik's "aftermarket" business also makes it a safer and more diversified way to play the commodity cycle than directly owning mines.

Therefore, we remain comfortable with our position in the stock.

PORTFOLIO COMMENTARY

The first two months of 2026 began with cause for optimism, AI capital spending was holding firm, financial conditions remained broadly supportive, and many forecasters expected central banks to ease rates before year-end. What followed dismantled much of that picture in a matter of weeks.

The joint US-Israeli military campaign against Iran on February 28 and the retaliatory closure of the Strait of Hormuz, sent oil prices surging >70% to levels not seen since mid-2022. Equities and bonds sold off together through March, an unpleasant combination for any diversified portfolio, and a reminder that the macro environment can shift faster than consensus expects.

Regardless of how the situation evolves, the damage to supply chains and input costs has largely been done. Prices for base metals, chemicals and fertilisers have risen materially and these effects are now feeding through into inflation, effectively removing the prospect of near-term rate cuts that were considered the base case only a few months ago.

Despite all this turmoil, the S&P 500 remains close to all-time highs, something we find increasingly difficult to reconcile given underlying fundamentals.

Unusual Market

The events of the quarter are yet another sign that we are in a highly unusual market. We have endured several difficult periods over the last 25 years, but 2025 and the early part of 2026 stand apart.

Deep value businesses and fast-growing AI-related momentum strategies dominated "Growth at a Reasonable Price" (GARP) strategies. We saw stocks like Palantir trading at extreme multiples, while cyclical cement and steel companies traded at premiums to high-quality, long-term compounders.

Diversification acted as a drag, and there was an extreme concentration to AI-linked technology, industrials and utilities. This is at odds with our philosophy and mandate.

Fund Performance

Against this backdrop, the Fund returned –5.5% in Q1 2026, underperforming the MSCI World benchmark, which declined 2.4%, by 3.1%.

At the stock level Nutrien, CATL, OneStream, ASML and IMCD were the largest contributors. In contrast, 3i Group, Boston Scientific, Novo Nordisk, UnitedHealth Group and AJ Gallagher detracted from performance.

The Fund's concentrated exposure to healthcare was the primary detractor, with several high-quality companies declining sharply despite continued strong operational performance. We view this not as a deterioration in fundamentals, but as the result of an aggressive rotation toward AI-linked themes and away from areas of certainty.

There were areas of strength. Industrials contributed positively, and our exposure to Asia, particularly selective Chinese consumer businesses performed well. Our underweight to large-cap technology also began to help after being a headwind in prior periods.

The AI/Software Paradox

We have seen extraordinary concentration in AI-related companies alongside widespread destruction in the broader software sector. Not only have AI companies absorbed the lost market capitalisation, but they have also added value above and beyond this. The market appears to be pricing in a world where AI investment exceeds $1 trillion annually and continues to accelerate.

Parts of the software sector have been sold down 60–90%, despite continuing to grow. ServiceNow, to take one example, kept delivering strong results and pointed explicitly to AI-driven tailwinds in its own business, yet its shares fell materially. The market has moved into a “shoot first, ask questions later” mindset, pricing in a level of AI disruption that if proven incorrect, offers a significant opportunity.

Portfolio Changes

Portfolio activity during the quarter was the most significant in some time. The combination of an energy shock, a rotation away from AI-linked software, and Europe's fiscal shift allowed us to introduce new positions, add to existing positions and exit others.

The most significant change was a sharp reduction in Information Technology, from 13% to 7% of the portfolio. We exited OneStream, ServiceNow and Spotify. The OneStream exit follows a takeover offer for that company. The Spotify exit reflects our concern about the impact music labels’ new pricing model will have on Spotify’s margins. The ServiceNow exit follows that company passing through our stop-loss risk limits.

Capital was redeployed primarily into materials, which grew from 4% to 12% of the portfolio through new positions in Newmont, Symrise, and SIG Group, alongside meaningful additions to Nutrien and the mining cycle beneficiaries.

Copper, gold, silver, and aluminium have all risen sharply, and we believe the supply constraints driving strength are structural, not cyclical. We believe that businesses linked to commodities offer genuine value and exposure to important themes that are unlikely to fade; strategic materials demand, food security and the energy transition.

Within industrials, additions to Bilfinger and Sandvik took the sector to 25% of the portfolio, our largest sector exposure. Both are high-quality European compounders benefiting from infrastructure investment and the ongoing realignment of global supply chains. We also added ING Groep to financials and LivaNova to healthcare, while exiting HDFC Bank and Coloplast. UnitedHealth was reduced significantly in accordance with our risk controls, given that company’s share price weakness, though we retain exposure to what we believe remains an excellent business at an increasingly attractive price.

The effect of these changes on the portfolio's fundamental characteristics is notable. The forward P/E declined from 28x to 19x, now a notable discount to the MSCI World at 21x. Free cash flow yield improved from 4.1% to 4.7%, against a benchmark that sits at 3.2%. Revenue growth expectations eased modestly as we exited higher growth names, but the Fund’s return on equity of 24% remains well above the Benchmark’s 17%. Active share increased to 96%.

Outlook and Positioning

Understandably, this may appear a challenging backdrop. However, we have rarely been more enthusiastic about the fund’s holdings. In over two decades of investing, we have not seen such a wide gap between price and fundamental value. The companies we own are essential to the global economy. They are growing faster than the overall market, have stronger margins, and are considerably cheaper.

While it is uncomfortable to position away from the crowd, particularly in AI and momentum-driven areas, we believe current valuations represent a significant opportunity. In our view, a huge swath of quality companies are currently being overlooked and are likely to re-emerge strongly.

We are beginning to see early signs of this. Industrial companies such as IMCD, Sika, and Spirax have started to recover, and we see significant upside potential should valuations normalise. Similarly, insurance brokers AJ Gallagher and Marsh Mclennan, are showing increasing resilience.

Our experience with ASML remains instructive. Despite a sharp decline driven by short-term concerns, we maintained conviction in its long-term importance to the AI ecosystem. That patience was ultimately rewarded as the stock recovered strongly. We see similar characteristics across a meaningful portion of the portfolio today.

The healthcare sector remains the most notable laggard. Companies such as Boston Scientific, Edwards Lifesciences, and Intuitive Surgical continue to deliver strong results, yet valuations remain depressed. In our view, this reflects sentiment and policy uncertainty rather than fundamentals and we are adding selectively to these positions.

In short: the portfolio enters Q2 2026 in its strongest fundamental shape in several years, better valued, more defensively positioned, and with a wider quality advantage relative to the benchmark. The environment is difficult, but we believe the companies we own are well placed for what comes next, and we are excited about the opportunity in front of us.

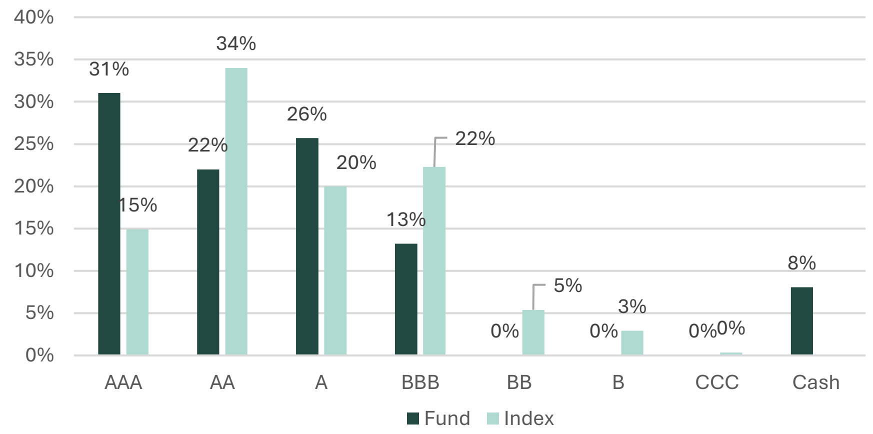
RESPONSIBLE INVESTING

During 1Q26, Pella met its Responsible Investing (RI) targets. The Fund avoided companies on its exclusion list, achieved superior ESG metrics to its Benchmark (MSCI ACWI), kept portfolio carbon intensity at least 30% lower than the Benchmark, and Pella continued to be an active steward of the capital it manages.

Figure 7 shows the Fund's average exposure to stocks rated AAA or AA by MSCI was 53%, compared to 49% for the Benchmark. Exposure to companies rated BBB or lower was 13%, versus 29% for the Benchmark. This supports the view that the Fund maintained stronger ESG characteristics than the Benchmark during the quarter.

Fund Characteristics

Figure 7 - Fund Vs. Benchmark ESG rating distribution [1]

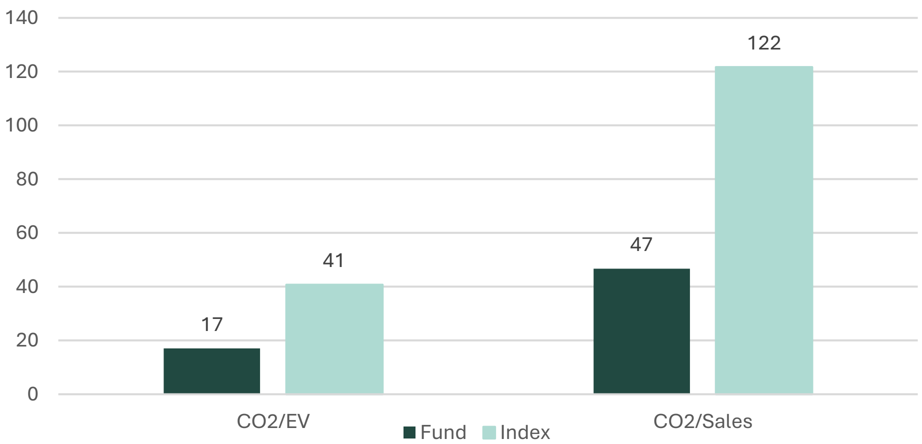


Source – Pella, MSCI ESG Manager

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

Figure 8 compares the Fund's carbon intensity relative to enterprise value and revenue, showing levels approximately 59% and 62% lower than the Benchmark, respectively. This comfortably exceeds the Fund's target of being at least 30% below the Benchmark.

Figure 8 - 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.

Voting Activities

Pella participated in all its shareholder votes during the quarter, and our voting string are summarised in Figure 9.

Figure 9 - Pella's 1Q26 voting track record

Company	Meeting Type	Vote String
ICICI Bank Limited	Special	A
Kone Oyj	Annual	FFFFFFFAFFFAAFFFFFFFA
Novo Nordisk A/S	Annual	FFBFFFFFBFFFFFFFF
Sika AG	Annual	FFFFFFFAFFFFFFAFFFFFFFFA
Waters Corporation	Special	FF

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.

ICICI Bank – Pella voted AGAINST the proposal to elect Vijayalakshmi Iyer as Director as Vijayalakshmi Iyer is a director on the board of company's wholly owned subsidiary for over eight years. The proposed appointment is for a five-year period, and consequently, her association during the proposed term of appointment on the board of the company (including tenure served at WOS) will exceed 10 years.

Kone - Pella voted AGAINST the proposal to re-elect Matti Alahuhta as director is warranted due to Matti's status as non-independent members of the remuneration committee combined with insufficient overall independence of said committee.

Pella voted AGAINST the proposal to re-elect Anna Herlin as director is warranted due to Anna's status as non-independent members of the remuneration committee combined with insufficient overall independence of said committee.

Pella voted AGAINST the proposal to re-elect Jussi Herlin as director, which is warranted due to Jussi's presence on both the audit and the remuneration committees.

Pella voted AGAINST the proposal to approve issuance of shares and options without pre-emptive rights, which is warranted because it explicitly includes the possibility to issue additional super voting shares.

Novo Nordisk – across several proposals Novo Nordisk did not offer an Against vote, only For, Abstain, or Do Not Vote. Given the lack of an Against option, Pella used Abstain.

Pella ABSTAINED from the proposal to approve the remuneration report, which was warranted because Novo Nordisk's poor performance over the preceding year made support for the remuneration report inappropriate, and as Pella's voting policy expressly considers performance and remuneration when assessing resolutions, Abstain was the closest available option where the meeting system did not permit an Against vote.

Pella ABSTAINED from the proposal to re-elect Kasim Kutay as a director, which is warranted because, while his tenure on the board during a period of severe underperformance and operational missteps warranted a protest vote, the ballot did not offer an Against option, making Abstain the only available way to register that concern. Pella wrote to the Novo Nordisk Board of Directors to set out its concerns and the reasons for its vote.

Sika – Pella voted AGAINST the re-election of Justin Howell as director, which is warranted for lack of diversity on the board.

Pella voted AGAINST the proposal to transact other business (voting) - this was not a voting item on the meeting agenda. Rather, it is a set of additional instructions to the proxy in case new voting items or counterproposals are introduced at the meeting. As the content of any new voting items or counterproposals is not known at this time, there is a risk that such proposals introduced at the meeting may not be in shareholders' interests.

Other Activities

During the quarter, Pella continued its initiative to encourage all portfolio holdings to align with the Science Based Targets initiative (SBTi). Pella contacted Arthur J. Gallagher, Contemporary Amperex Technology Co. Ltd. (CATL), HCA Healthcare, HDFC Bank, Hubbell, ICICI Bank, Intuitive Surgical, LivaNova, Midea Group, Nutrien and TSMC.

The strongest progress was with HDFC Bank. Pella connected HDFC Bank's Deputy Vice President of ESG & Environmental Sustainability with consultants at Pangolin Associates to explore the process for obtaining SBTi approval. Those discussions remain ongoing, and Pella will continue to engage in the hope that HDFC Bank becomes SBTi approved.

There was also progress with LivaNova, which responded with a letter stating that "*we regularly evaluate our sustainability initiatives as part of our broader business strategy and will take this into consideration as part of our ongoing review procedures*".

The other companies were less responsive. Pella will continue this initiative by monitoring their progress, following up with those that did not respond, and engaging with new positions to encourage SBTi alignment.

Finally, as part of Pella's Pledge 1% commitment, Pella volunteered at Thread Together, along with Evergreen Consultants and GB Consulting. Thread Together is an Australian charity that rescues brand-new unsold clothing from fashion brands and retailers, then distributes it free of charge through a national network of registered charities to people experiencing hardship. It aims to address clothing insecurity while also reducing textile waste by keeping new clothing out of landfill and in circulation. (Thread Together).

PERFORMANCE

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

Inception 4 April 2025	Fund	Benchmark	Relative
1 month	-4.7%	-2.4%	-2.3%
3 months	-5.5%	-2.4%	-3.1%
1 year	-	-	-
Inception to date	9.4%	27.8%	-18.4%

Past performance is not indicative of future performance.

FUND HOLDINGS

Name	Country	Sector (GICS)
3i Group Plc	United Kingdom	Financials
AIA Group Ltd.	Hong Kong	Financials
ANTA Sports Products Ltd.	China	Consumer Discretionary
Arthur J. Gallagher & Co.	United States	Financials
ASML Holding NV	Netherlands	Information Technology
Bilfinger SE	Germany	Industrials
Boston Scientific Corp.	United States	Health Care
Broadcom Inc.	United States	Information Technology
Contemporary Amperex Technology Co., Ltd.	China	Industrials
Deutsche Börse AG	Germany	Financials
Edwards Lifesciences Corp.	United States	Health Care
Epiroc AB	Sweden	Industrials
HCA Healthcare, Inc.	United States	Health Care
Hubbell, Inc.	United States	Industrials
ICICI Bank Ltd.	India	Financials
IMCD NV	Netherlands	Industrials
ING Groep NV	Netherlands	Financials
Intuitive Surgical, Inc.	United States	Health Care
Kone Oyj	Finland	Industrials
LivaNova Plc	United Kingdom	Health Care
Marsh & McLennan Cos., Inc.	United States	Financials
Mastercard, Inc.	United States	Financials
Metso Corp.	Finland	Industrials
Microsoft Corp.	United States	Information Technology
Midea Group Co. Ltd.	China	Consumer Discretionary
Newmont Corp.	United States	Materials
Novo Nordisk A/S	Denmark	Health Care
Nutrien Ltd.	Canada	Materials
ResMed, Inc.	United States	Health Care
Sandvik Aktiebolag	Sweden	Industrials
Schneider Electric SE	France	Industrials
SIG Group AG	Switzerland	Materials
Sika AG	Switzerland	Materials
Spirax Group Plc	United Kingdom	Industrials
Symrise AG	Germany	Materials
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology
UnitedHealth Group, Inc.	United States	Health Care
VINCI SA	France	Industrials
Waters Corp.	United States	Health Care

Class B and C as of 31 March 2026, 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.

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Pella Funds Management

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