Coeli | FRONTIER MARKETS STRATEGY

Quarterly Investor Letter – Q2 2026

The fund returned 9.2% (gross of fees) in 2Q26 led by gains in Kazakhstan, Georgia, Egypt and Kenya. Over the same period MSCI Frontier Markets TR ('MSCI FM') increased 11.2%, half of which came from the VinGroup of companies in Vietnam.

The strong quarter means that at 1H26 the fund has returned 10.2% in USD (gross of fees) with strong contributions from our holdings in Georgia, Nigeria and Kazakhstan. These returns are inline with the fund's index, MSCI FM, which, quite peculiarly, also returned 10.2% over the same period.

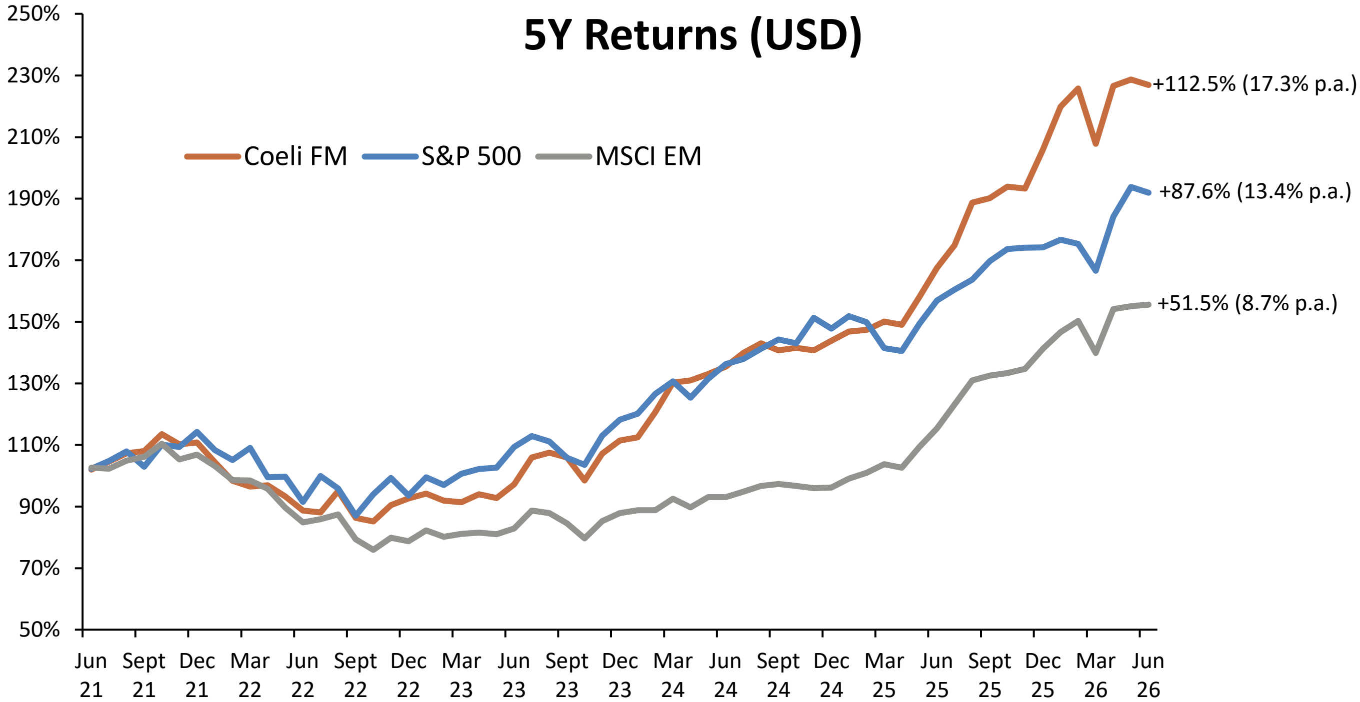
The deescalation of tension in Iran provided a backdrop for strong global returns in the second quarter of the year. As has been seen so many times before – including 'Liberation Day' and COVID in recent times – the market over-reaction to geopolitical events proved a buying opportunity for long-term investors. As we detailed in our 1Q26 letter, we do not see any impact on the long-term structural growth opportunities of our companies from the events in Iran.

The fund's 2Q26 returns lagged many global indexes, which, with the exception of European equites, benefitted from extraordinary gains in the chip sector. Despite this short-term under-performance, the fund's long-term returns remain sound, outperforming all major indexes. Over the last five years, which includes all the recent AI-hype, the fund has returned a compound annual growth rate ('CAGR') of 17.3% p.a., which is some 3.9% p.a. (or 35% in total) better than the S&P 500 and 8.6% p.a. (71% over the whole period) more than MSCI Emerging Markets ('MSCI EM'), the index for larger developing markets. This outperformance has been driven by superior operating results, with headwinds from changes in valuation. Thus, over that period the fund's trailing P/E valuation has fallen by -40%, to 8.3 x, while the same multiple for the S&P 500 and MSCI EM have remained flat.

Excluding Europe, recent global index returns are highly correlated to the expectations within AI. Nowhere was this as extreme as MSCI EM, where the 78% of the total index return for 1H26 was driven by three chip producing companies – SK Hynix, Samsung and TSMC. Our portfolio has no direct and very limited indirect exposure to AI. Instead, our companies capture the structural growth in nascent industries where people are transition to the middle class. It is essentially a traditional convergence story that has allowed our portfolio to compound earnings at over 16% p.a. (in USD) over the last decade. We are not arguing that the structural growth in frontier markets is superior to what AI promises; it is simply different. That difference is precisely what makes it a useful diversifier for any portfolio.

Quarterly return review

The fund returned 9.2% in the second quarter of the year as fears from the war in Iran eased. Most markets posted solid, double digit returns during the quarter with Nigeria, Kenya and Egypt being particularly strong.



Note: All returns in USD, Coeli FM gross of fees
Source: Bloomberg, MSCI; Coeli; 30.06.2026

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Returns in Vietnam, our largest market, bucked this trend falling -3%. The market has been characterised by: 1) foreign outflows (Asian investors moving to Korea, Taiwan and Japan); 2) local concentration on the VinGroup of companies (the parent is up 951% over the last 18 months and trades on 145 x trailing earnings); and 3) exceptional earnings growth (our portfolio posted EPS growth of 45% in 1Q26 v 1Q25). We cannot control (or even predict) the first two characteristics; they are a visceral example of the market being a voting machine in the short-term. However, the continued strong underlying operating performance of our portfolio and near record low valuations bode very well for future returns.

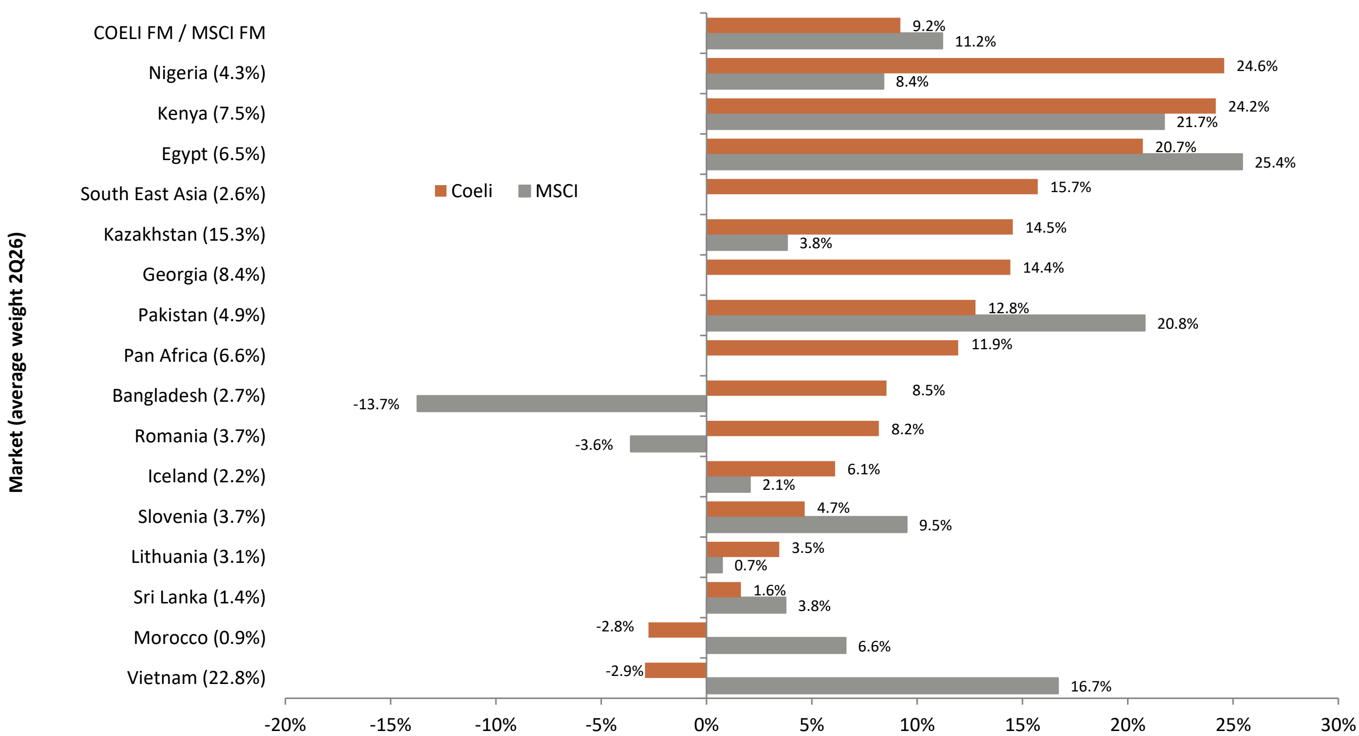
Below we discuss some of the more significant portfolio events from the quarter.

Guaranty Trust Bank ('GTB'), our sole holding in **Nigeria**, continued its good performance, adding a further 25% to returns in 2Q26, taking the 1H26 result to 60%. During the quarter we visited Lagos and Abuja, including meeting with Segun Agbaje, GTB's CEO. As we detail below, we were impressed by the reforms that have been undertaken by the country in recent years, which should unlock substantial growth in future years. As the highest quality bank in the country, which gives them access to the lowest cost of deposits, and a loan-to-deposit ratio of just 24%, GTB is well poised to benefit from this coming growth. While excess capacity mutes loan demand in the corporate sector, GTB is focused on scaling its retail business and is investing heavily in tech to cater to the upper-middle class cohort of 25–35 year-olds. Outside of Nigeria, its Ghanese operations are performing exceptionally well.

In **Kenya** all the fund's holdings performed solidly, however, **Equity Group**, led the way increasing 26% during 2Q26, taking full year returns to 29%. These returns were supported by continued strong earnings. Thus, during the quarter Equity reported a 24% increase in earnings per share ('EPS') in 1Q26 v 1Q25, measured in USD. Results were particularly strong in DRC, which accounts for 34% of group assets, where earnings increased by over 50%, driven by asset growth of over 30%. Meanwhile in Kenya loan growth remains weak as the economy continues to recover from the series of macro stresses over the last five years but asset quality improved with non-performing loans ('NPLs') falling by 300 basis points ('bps'). Equity Bank's 1Q26 results translated into an annualised return on equity ('ROE') of 25.4% and return on assets ('ROA') of 3.9%, which is highly attractive given the company's lowly valuation metrics: P/B 0.9 x; a 2026 P/E of 3.7 x; and a dividend yield close to 9%.

Both of the fund's holdings in **Egypt** performed well in the second quarter of the year, driving the country return to 21% in USD. Results released by **Fawry**, Egypt's leading digital payments company, which increased 19% in the quarter, were particularly impressive. Its 1Q26 revenue was 34% higher than 1Q25, driven by increased business activity (throughput). Fawry's financial services business delivered outstanding results with its consumer finance, buy-now-pay-later, book increasing by 124% and loans to small SMEs increasing by 35%, year-on-year ('YoY'). Earnings in 1Q26 were equally impressive resulting in an annualised ROE of 38% and return on invested capital ('ROIC') of 28%. At 17 x forward earnings, Fawry is trading at a standard deviation below its historical average.

Major Markets - 2Q26 (USD)



Source: Bloomberg, MSCI, Coeli; 30.06.2026; Returns are in USD, gross of fees and of indicative use only

Note: There are no MSCI indexes for Pan Africa, Georgia or Rwanda. Local indexes are used, where possible. All markets over 1% average weight during FY2025

Kaspi, the fund's largest holding in **Kazakhstan**, increased 22% during the quarter. Operationally, the company's e-commerce performance continues to be a highlight, with consolidated gross merchandise value ('GMV') transacted on its platform increasing 41% in 1Q26 v 1Q25. Take rates in that business – that is the revenue it generates from the GMV – are increasing, up 90 bps YoY to 15.8%, as it continues to monetise its platform with revenue from advertising and delivery increasing 73% YoY.

There are also encouraging signs in Turkey, where Kaspi's subsidiary, Hepsiburada, which it acquired last year, reported a 23% YoY increase in orders at 1Q26, driven by a 14% increase in order frequency. Currently an average consumer in Turkey makes 7 purchases per year, compared to 27 in Kazakhstan so the room for future growth is substantial. Additionally, the company received regulatory authority to acquire Rabobank in Turkey, which will allow them to integrate a number of payments and financing solutions, which has proven so successful in Kazakhstan.

Despite the decent return in 2Q26, Kaspi remains outrageously inexpensive with a forward P/E of 6.6 x and an annualise dividend yield of 8%. Meanwhile, as a clear demonstration of the management's capital discipline, they continue to buyback shares. Finally, during the quarter Tencent and Mikheil Lomtadze, Kaspi's CEO, led a consortium that purchased 3% of the company's shares from Barings, a long-term private equity owner, highlighting management's belief in the company's future prospects.

Georgia Capital ('GCAP'), a **Georgian** investment company and our largest holding in that country, continued its outstanding performance of the last four years, increasing a further 16% in 2Q26. These returns were led by a 23% share price increase in Lion Financial, GCAP's largest holding, which is also listed. Lion Financials' earnings continue to be strong with profits in Georgia increasing 13% in 1Q26 (v 1Q25) while in Armenia the company's results were 33% higher. GCAP currently trades at a 19% discount to its unlisted portfolio, which in itself is conservatively valued and growing at 10-15% p.a. Notwithstanding this valuation discount, which reached over 80% a few years back, has reduced materially and we have trimmed our ownership in the company, accordingly.

Sea Limited ('SEA'), a **South-East Asia's** largest e-commerce platform, increased 16% in 2Q26. During the quarter the company released strong 1Q26 results with all three business areas – e-commerce (Shopee), fintech (Monee) and gaming (Gareena) – reporting topline growth in excess of 40% YoY. In 1Q26 Shopee posted revenue growth of 44% (YoY) which resulted from a 30% expansion of GMV, driven by higher volumes from increasing order frequency and a double-digit growth in active customers.

As we discussed in our 1Q26 letter, SEA is currently investing in Shopee's logistics, VIP program and live content for social commerce. This means that growth in EBITDA (+9% YoY) lagged revenue growth. Whether these investments will result in an improved future profit pool is the key topic debated by market participants. We are confident that they look a lot like similar investments Amazon made in 2004-06 in Amazon Prime and Fulfilment By Amazon, which led to significant and sustained growth in both revenue and free cash flow ('FCF') in subsequent years. Currently members of Shopee's VIP program accounts for just 2.4% of all active buyers (compared to 75% of Amazon's customers in the US) and 20% of GMV; that is, they buy 10 x more than non-members. Thus, it makes sense for the company to try and increase adoption of its VIP program.

Phu Nhuan Jewelry ('PNJ'), **Vietnam's** largest jewellery chain store, was the fund's worst performing stock in 2Q26, falling -12%. This weak performance is reflective of the lack of (local retail) investor appetite for any stock that is not part of the VinGroup in Vietnam at the moment (see below) rather than operating performance. Thus, during the quarter PNJ reported record earnings with topline growth of 79% (1Q26 v 1Q25), driving a 117% increase in earnings. This impressive result was driven by strong demand, rising gold prices and effective inventory management ahead of the peak buying season. As a result of this bizarre divergence in stock returns and operating performance, PNJ is trading on a 2026 P/E of 9 x, based on our estimates, which is two standard deviations below its historical average. We have been adding on weakness.

Nigeria's New Dawn?

During the quarter we visited Abuja and Lagos in Nigeria, meeting a vast array of corporates, policy makers and other market participants. We were very impressed by what we saw.

Under President Tinubu's leadership the current administration has implemented many significant reforms, including the removal of the fuel subsidy, which previously accounted for a quarter of all government spending and more than healthcare, education and social security combined.

In addition, the government has unified the foreign exchange rate, undertaken important tax reforms which has increased the tax take from 10% to 14% of GDP while providing relief for low-income earners and SMEs, implemented major fiscal reforms, made important steps towards improving security and launched a student loan program to improve access to education throughout the country. Meanwhile the Central Bank has held a tight monetary policy and started reforming the banking sector.

The initial impact of reforms is difficult. The removal of the fuel subsidises, and devaluation of the local currency ('NGN') led to a tripling of petrol prices and doubling of public transport fares. The impact on the general population is clear; according to the World Bank's data the poverty rate has increased from 40% to 65%.

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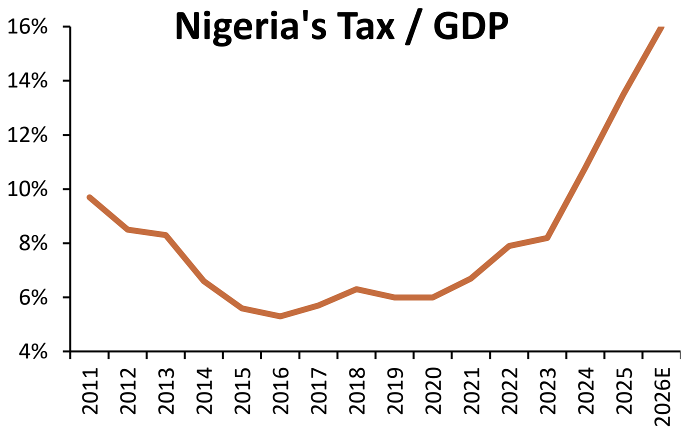
It is now important that the improved growth rates (GDP growth now exceeds 4% for the first time in a decade) trickle through to the man on the street.

Encouragingly the senior officials that we met with, including the Minister of Finance, and Governor of the Central Bank, appeared both extremely competent and focused on ensuring this happened, particularly with an election due in early 2027.



Source: OECD, Coeli

Sometimes it is easiest to reform once you have hit rock bottom and Nigeria had dug a deep hole for itself. Notwithstanding we came away amazed about depth and the breadth of the undertakings so far; we have been talking about many of these issues for the last 20 years so it is very encouraging to finally see some action being undertaken. A lot more needs to be done but the foundation for growth is now set.

The VinGroup problem

Again, in the second quarter of 2026, VinGroup ('VIC') and its listed subsidiaries in Vietnam were the largest detractors to the fund's relative return, adding almost 5 percentage points ('ppts') to MSCI FM's total return in 2Q26.

Since the start of 2025, VIC has increased 951% and is now, by far, the largest constituent of MSCI's FM index at 9.4%. Since the start of 2025 VIC and its listed subsidiaries have added 16.6 ppts to MSCI FM's total return.

We have previously detailed why we do not own these companies (refer most recently to our 4Q25 note) and the recent returns have not changed our opinion of the group's quality. Foreigners have sold over USD 2,449 m in these three companies since the start of 2025 so the returns are driven by locals. This has the unfortunate side-effect that the local pool of assets is selling out of other companies, including our high-quality holdings, which grew EPS by 45% in 1Q26 v 1Q15, to finance their purchases of the VinGroup.

The underperformance from these parabolic returns is frustrating but also not uncommon in the world's least efficient markets. We remain patient and focused on filling the portfolio with high quality compounders.

Valuation remains undemanding; uniquely

Despite the strong returns in the second quarter of the year the fund remains reasonably priced, trading on a trailing P/E of 8.3 x, which is more than one standard deviation below its historical average.

The fund's undemanding valuation stands in stark contrast to the rest of the world where global indexes are trading at the very top of their historical trading ranges.

The fund's discount to MSCI EM has increased again and is now at a whole 56%. In other words, investors pay more than twice as much for the same level of earnings in MSCI EM v the fund. Since the establishment of the fund in 2014, there has only been one observation where the discount to MSCI EM has been larger, in September 2024 when the fund was 57.6% cheaper. In the subsequent 12 months the fund out-performed MSCI EM by 17% in USD (gross of fees).

There is no guarantee that the next 12 months will be just as profitable, of course. However, the fund's superior long-term earnings capacity – over the last 10 years the fund's earnings have grown by more than 14% p.a. (i.e. every year) faster than MSCI EM – and lower valuation provides a fantastic starting point.

VinGroup Contribution to MSCI FM

Company	Weight in MSCI FM 30/6/26	Total Return Since YE24	Total Return 2Q26	Contribution to MSCI FM Since YE24	Contribution to MSCI FM 2Q26
VinGroup	9.4%	951%	63%	12.7%	3.8%
VinHomes	2.3%	282%	53%	3.6%	1.1%
Vincom Retail	0.5%	67%	15%	0.4%	0.1%
Total	**12.2%**			**16.6%**	**5.0%**

Source: Bloomberg, MSCI, Coeli; 30.06.2026; Returns are in USD

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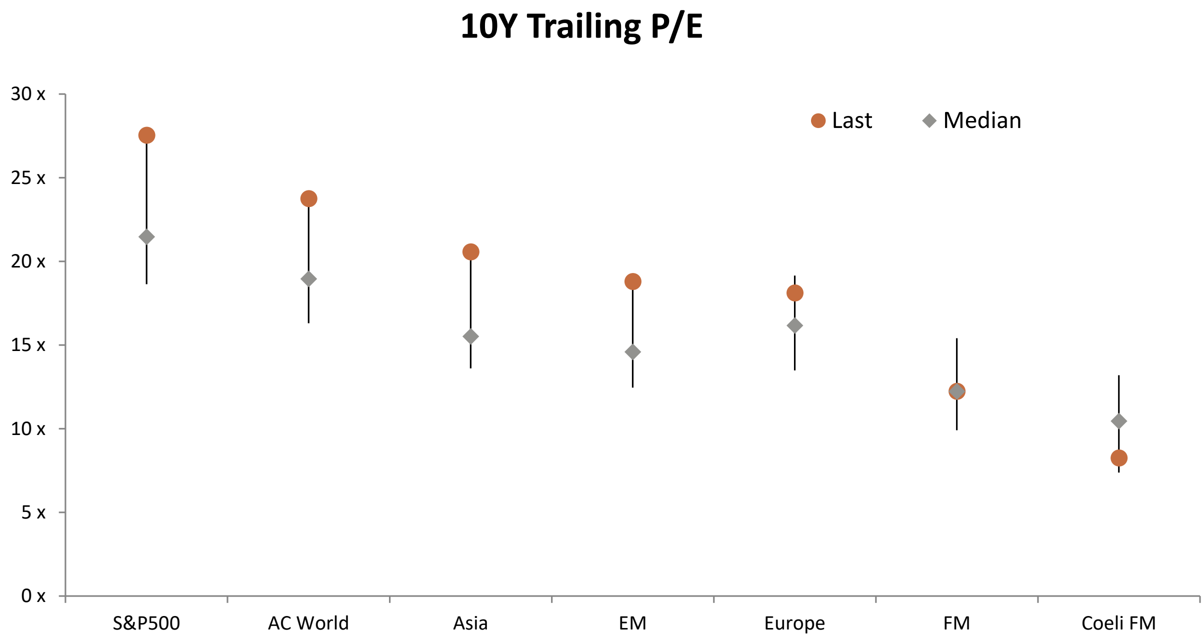

Source: Bloomberg, MSCI, Coeli; 30.06.2026

Conclusion

As we conclude the first half of 2026 the fund remains well placed to generate solid long-term returns:

1) strong returns in 2Q26 were driven by sound operating performance, with 1Q26 earnings strong, across the aboard;

2) the fund's valuation, trailing P/E of 8.3 x, remains well below its historical average and at a near record discount to MSCI EM;

3) there has been no material impact to the long-term strategic investment case of our companies from the events in Iran; and

4) the fund has no direct exposure to AI, which means that it is a good differentiator to almost all global indexes.

Have a great summer,
Hans-Henrik and James

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FRONTIER MARKETS STRATEGY

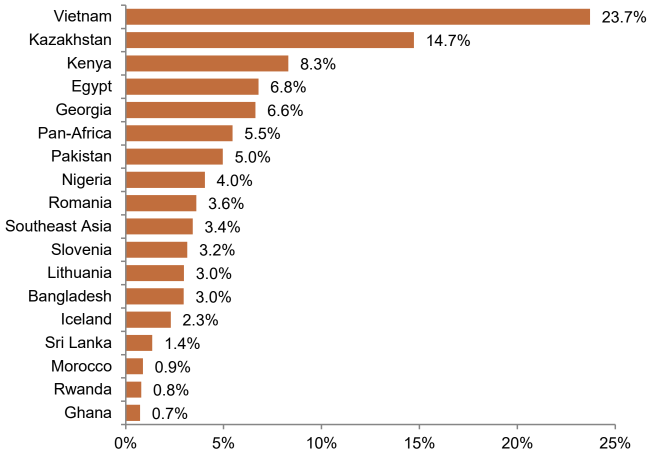
Top ten holdings

COMPANY	COUNTRY	NAV%
KASPI.KZ	KAZAKHSTAN	9.2%
MOBILE WORLD	VIETNAM	8.9%
HALYK BANK	KAZAKHSTAN	5.5%
HELIOS TOWER	PAN-AFRICA	5.5%
PHU NHUAN JEWELRY	VIETNAM	4.2%
GUARANTY TRUST BANK	NIGERIA	4.0%
COMMERCIAL INTL BANK	EGYPT	3.8%
SAFARICOM	KENYA	3.8%
GEORGIA CAPITAL	GEORGIA	3.7%
BANCA TRANSYLVANIA	ROMANIA	3.6%
TOTAL		**52.2%**

Valuation

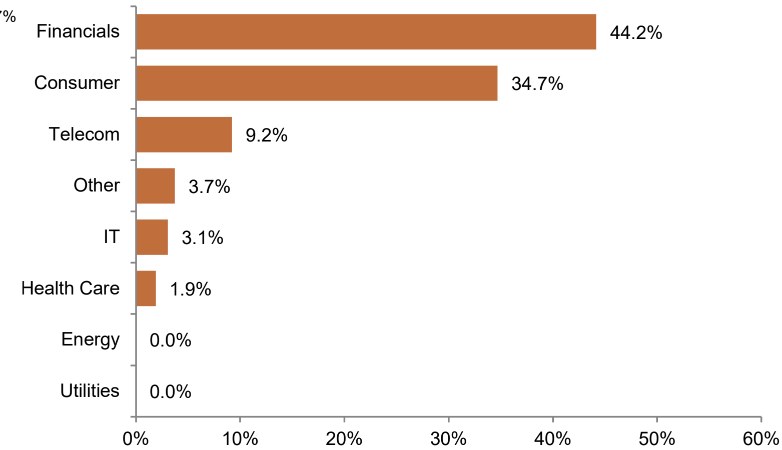
FINANCIAL RATIO	COELI FM	MSCI FM	MSCI EM
Trailing P/E	8.3 x	12.2 x	18.7 x
Fwd 12M Est P/E	7.3 x	12.0 x	12.6 x
P/B	1.9 x	1.9 x	2.5 x
Dividend Yield	4.4%	3.5%	1.9%
Current ROE	34.7%	16.1%	13.7%
Current ROA	7.1%	2.8%	2.3%
25 vs 24 Earnings growth (weighted averages, excludes outliers)	21.8%	10.9%	8.9%
10Y (2015-2025) Earnings CAGR (weighted averages, excludes outliers)	16.1%	1.6%	1.8%

Country allocations



Source: Bloomberg; Coeli; 30.06.2026

Sector allocations



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