What a Difference a Summer Makes

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Market Review

As summer draws to a close, markets have taken a completely different turn. Following a volatile first quarter, **the period that followed the publication of Q2 earnings results has reaffirmed the merits of our positioning: maintaining a contrarian exposure to software and healthcare stocks has proven to be both a powerful and a diversifying source of returns.**

On the software front, which is our largest overweight, fears of AI disruption were tempered by a very good earnings season, as software companies are quickly adapting their offering to integrate AI agents.

Although monetization is too early to significantly impact the revenue line, usage is here, and constructive comments around internal efficiencies linked to AI are a long-term positive. Additionally, private equity and corporate acquirers stepped in to show interest from depressed multiple levels in the likes of Accelerant, CCC Intelligent Solutions (a portfolio company), and Workday[1], helping to set a floor for software valuations.

1. The information regarding companies contained in this document should in no way be construed as an opinion by Edmond de Rothschild Asset Management (France) on the future performance of the share prices of the companies in question, nor, where applicable, on the likely performance of the financial instruments that these companies may issue. No information contained in this document may be construed as a solicitation to buy or sell these shares. The composition of the portfolio may change in the future.

Key Drivers of Performance

Over the past three months, EdR Fund Big Data I EUR returned +13.21%, compared with +3.50% for the MSCI World[2]. This strong rebound has more than offset the first-quarter underperformance and places the fund well ahead of its benchmark with a year-to-date return of 22.74%, compared with 14.63% for its benchmark index. Stock selection has been the largest driver of returns, underlining the value of our active, bottom-up investment process.

> *“ This strong rebound has more than offset the first-quarter underperformance and places the fund well ahead of its benchmark with a year-to-date return of 22.74%, compared with 14.63% for its benchmark index.”*

Our healthcare names were among our top contributors, supported by both our overweight positioning and stock picking, followed by software, hardware, and communication services[3]. The strongest individual contributors reflected the breadth of the portfolio's exposure to the most innovative segments, across both tech and non-tech players.

Veeva Systems[4] benefited from strong adoption within top 20 biopharma clients, accelerating growth and encouraging progress in agentic AI solutions. Illumina[4] delivered robust quarterly results and raised guidance, supported by strong clinical demand for its NovaSeq X sequencing platform. OVH Groupe, Bruker, and NetApp[4] also contributed strongly, with each benefiting from structural demand in sovereign cloud, life sciences, and AI infrastructure, respectively.

Portfolio Adjustments

We made selective changes to the portfolio during the period. We sold AXA[4] and initiated a position in Munich Re[4], reducing exposure to French political-risk headlines while adding a world-class reinsurer with a particularly strong capital base, a conservative balance sheet, and a high-quality fixed-income portfolio.

2. Source: Edmond de Rothschild Asset Management (France). **10-year annualised performance of EdR Fund Big Data (I-EUR share class): 14.92%, compared with 12.67% for the MSCI World (NR). Data as of 27/08/2026.**
Past performance is not a guarantee of future results. Performance is not consistent over time. Performance figures do not take into account fees and commissions incurred in connection with the issuance and redemption of shares, but include ongoing expenses, intermediary fees, and any performance fees charged.

3. Source: Edmond de Rothschild Asset Management (France). Data as of the end of August. The composition of the portfolio may change over time. The investment process described in this document presents several internal limits decided by the portfolio management team. This reflects the current investment process that may change in the future.

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According to us, Munich Re also offers an interesting entry point into the practical deployment of AI in claims and risk workflows.

Outlook & Positioning

The unwinding of a highly leveraged AI-focused portfolio in July reminded us that markets do not reward investors simply for anticipating the future; they reward those able to remain solvent and disciplined as it unfolds.

> *"We are in a super cycle of AI, and its monetization is just getting started."*

We are in a super cycle of AI, and its monetization is just getting started, but we are also operating against the backdrop of potentially persistent "higher for longer" rates concerns. We believe the Fund remains well positioned as it retains a balanced, low-duration profile. Its forward P/E of around 16x remains below that of the MSCI World (at 18x), while its free-cash-flow yield is materially higher than its universe (4.5% vs 3.3%)[5].

We continue to favour companies with limited leverage, strong cash generation and resilient business models. While we recently took some profits on some of our outperforming software holdings, **we continue to believe that vertical and data-centric software are among the most attractive beneficiaries of the AI supercycle,** as artificial intelligence expands addressable markets and supports long-term value creation.

Our approach remains anchored around three pillars:

- **Disciplined stock picking in** data-driven companies;
- **Diversification** across sectors, style factors, and market capitalizations;
- **Strict risk management**.

These three components have historically been key drivers of outperformance and remain for us well suited to the current market environment.

5. Source: Edmond de Rothschild Asset Management (France). The investment universe referred to is the MSCI World. Data as of the end of August.

Main investment risks

RISK INDICATOR: 1 2 3 **4** 5 6 7

This is a marketing communication. Please refer to the UCITS prospectus and key information documents before making any final investment decision.
EdR Fund Big Data is a sub-fund of the Luxembourg SICAV authorised by the CSSF and authorised for marketing in Austria, Switzerland, Germany, Spain, France, United Kingdom, Italy, Luxembourg and Portugal.
Unit I of this UCI is rated in category 4. The risk indicator rates this fund on a scale of 1 to 7. This indicator is used to assess the level of risk of this product in comparison to other funds and a category 1 rating does not mean that the investment is risk free. In addition, it indicates the likelihood that this product will incur losses in the event of market movements or our inability to pay you. This indicator assumes that you hold the product until the end of the recommended holding period of this fund. The actual risk may be very different if you choose to exit before the end of the recommended holding period of this Fund.
The risks outlined below are not exhaustive. Please refer to the prospectus for information on other risks.
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