This is a marketing communication. Please refer to the fund prospectus and offering documents, including the Key Information Document ("KID") or Key Investor Information Document ("KIID") as applicable, before making any final investment decisions. Investors should note that by making an investment they will own shares in the fund, and not the underlying assets.

Neuberger MENA Equities Fund

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Market Context

Q2 opened with a ceasefire in early April, followed by a gradual path toward a US-Iran Memorandum of Understanding ("MoU"). The market read this as a meaningful de-escalation signal; UAE markets, which have underperformed in Q1, outperformed in Q2 with the DFM and ADX up 13.4% and +3.7%, respectively, while Kuwait was up c.3%. On the flip side, some markets that outperformed in Q1 were down in Q2, such as the Tadawul (+7.9% in Q1, -2.7% in Q2), while Qatar recovered a marginal +0.8% after a 2.4% drop in Q1.

Although vessel activity has improved materially since the MoU, it remains below pre-conflict levels. Brent has retraced to US$70 – $75/bbl, minimizing the conflict premium, likely reflecting improving physical flows and a flatter forward curve as sustained disruption risk fades.

FOMC held rates in June as expected, but the tone was read as hawkish. The Fed's dot plot now shows no cuts until 2027, with a hike possible by year-end. Given dollar pegs, most GCC central banks are unlikely to diverge materially, while funding costs remain relatively contained. This is a headwind for rate-sensitive sectors, and reinforces our preference for businesses with structural demand rather than those reliant on rate cuts.

Valuations

GCC markets are entering H2 at mixed valuations following the Q2 recovery. Tadawul trades at approximately 16x trailing earnings, which is elevated relative to the S&P Pan Arab average of 14x, but well below its 19x three-year average. DFM has historically screened at single-digit to low-teens P/E, which partly explains why the relief rally there has been more pronounced and is now almost in line with its TTM average. Abu Dhabi and Kuwait trade above the S&P Pan Arab at 19x and 17x, respectively, while Qatar remains below at 11.7x TTM P/E. On balance, the conflict-driven drawdown created select pockets of value, but not uniformly across the region.

Key Themes and Observations

Real Estate

UAE: Although transaction activity is still below Q1 26 and Q2 25 levels, it is recovering. New launch activity has been soft in Q2, but is gradually picking up as well. Construction costs have risen sharply, with the average construction basket up c.24% vs. pre-conflict levels as per industry expert estimates, who also expect a normalization in the supply pipeline.

KSA: A notable positive: foreign ownership is now permitted across four major cities. This opens a relatively nascent, under-penetrated market to expats and foreign investors, with pricing still well below comparable global cities. The broader Saudi real estate market is coming off a soft 2025 base, which was weighed down by white land tax, rental caps and housing reforms. Near-term activity has been subdued, but these measures are building a more institutional, transparent market structure. We see this as constructive for a pickup into 2027 and perhaps as early as H2 2026.

Banking

GCC banks remain a key part of the index, and, at a system level, the sector still looks solid. NPLs remain low, coverage is healthy, LDRs are comfortably managed, and profitability has remained resilient despite the recent disruption. Sovereign support also remains an important backstop.

From a market perspective, performance has diverged. UAE banks outperformed KSA in Q2, supported by improving sentiment around strong infrastructure-led government spending, and energy-related capex. Deposit growth in the UAE has also been supported by government-related flows, supporting the sector, while non-funded income is diversified. Looking into H2, the main areas to watch are real estate and tourism-related exposures, as these are more sensitive to a prolonged disruption environment. However, the banks continue to have strong capitalization and government support.

KSA banks, on the other hand, underperformed in Q2 partly due to regional rotation, in our view, but they continue to screen attractively on valuation, macro resilience and defensiveness.

The Neuberger MENA Equities Fund USD I Accumulating Class (the "Fund") is actively managed, which means that the investments are selected at the discretion of the investment manager. The Benchmark, the S&P Pan Arab Composite Index (Net), is used for performance comparison purposes only. The Fund is actively managed and does not intend to track the Benchmark, nor is the Fund constrained by the Benchmark. The Benchmark has been selected as a performance comparator to provide a more accurate reflection against the Fund's holdings. The Fund may invest in constituents of the Benchmark and non-Benchmark related securities. The extent to which the Fund's holdings may deviate from the Benchmark may therefore be significant. Source of all data (unless stated otherwise): Neuberger.

Self-Sufficiency and Energy Supply

News flow this quarter reinforces our thesis on energy supply security and logistics development across the region.

The UAE has announced a target to reduce Hormuz dependency to zero for energy exports; this runs alongside its OPEC exit and continued push toward gas and power self-sufficiency, which is broadly supportive of private sector expansion. The Habshan–Fujairah pipeline is already 50% complete, potentially finishing in 2027. Beyond energy, projects related to the development of emergency reservoirs and desalination plants are also being discussed.

Kuwait is actively exploring alternative pipeline routes through neighbouring countries. Saudi Arabia demonstrated resilience during the conflict, with its pre-built pipeline infrastructure holding up. Qatar has announced plans to recover halted production in the coming months.

Kuwait Reforms

Recent fiscal reforms have addressed a meaningful backlog and are now largely priced in. That argues for a selective, valuation-disciplined approach until more growth-oriented structural reforms come into view. Potential housing laws and stimulus measures to support homeownership remain key catalysts to watch as the conflict overhang recedes, potentially catalysing a new growth cycle.

Project Rationalisation — Saudi Arabia

Tighter liquidity and more selective project spending are concentrating activity around developments with clearer cash-flow visibility and defined return thresholds. We stay selective and focused on prioritised sectors. With oil losing its conflict premium, this discipline becomes even more important.

Insurance — Saudi Arabia

The sector is entering a structurally positive growth phase: rising penetration, broader health and motor coverage, stronger enforcement and regulatory tailwinds. The recently announced national strategy provides a clearer runway for insurers to capitalise on this growth, and Q2 saw the announcement of a new growth strategy by one of KSA's key insurers.

AI and Data Centre Localisation

Localisation of AI infrastructure and data centres is shaping up as a multi-year, relatively non-cyclical demand driver. Key beneficiaries: telecom and connectivity providers, power and infrastructure platforms, and data centre developers with proven execution and scalable capacity.

Portfolio Positioning

We did not chase the UAE relief rally, particularly in real estate and banks, as we believe the near-term share price performance is more headlines-driven after a sharp de-rating.

We added to insurance names following a new growth strategy plan, consistent with our view on structural sector growth, and added to ADNOC subsidiaries who are well-positioned beneficiaries for a potential investment cycle as the UAE progresses its OPEC exit and progresses toward energy self-sufficiency.

We also added to sectors that de-rated despite inherent resilience, e.g., education. Fundamentals didn't meaningfully weaken, but valuations cheapened, creating an attractive entry. We added exposure to food production, which has shown pricing power amidst inflation, while the trajectory for input costs is trending lower.

In Q2, the performance of the Neuberger MENA Equities Fund (the "Fund") was driven primarily by stock selection in KSA and an underweight to UAE banks and real estate. Our UAE underweight was a headwind to performance in the second half of Q2, which partially impacted the Fund's outperformance.

Outlook

The de-escalation trade has largely played out in our view, as markets have recovered meaningfully from their March troughs and we think the easy re-rating is behind us. From here, further share price re-rating will reside on fundamentals and earnings.

Key variables we are watching into H2:

- **Oil trajectory**: with the conflict premium largely eroded, the path for oil will hinge on supply and demand signals from the global economy.
- **Hormuz normalisation**: pace of vessel activity recovery and whether shipping data converges toward pre-conflict levels.
- **Fed**: any acceleration of the hiking path vis-à-vis inflation figures.
- **Saudi project spending**: clarity on capital allocation priorities as Vision 2030 programmes are stress-tested against lower oil.
- **UAE population dynamics**: a key variable for real estate and consumer-facing sectors.

We remain cautiously optimistic, selectively positioned in structural themes with resilient demand, and patient on sectors where the recovery story requires more confirmation.

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This Fund meets the requirements of Article 6 of the SFDR. Further information is available in the Fund's offering documents and at www.nb.com.

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