30/09/2026

Ethical STEP to Balanced 2030

Third Quarter 2026 Update

SFDR – Art. 8

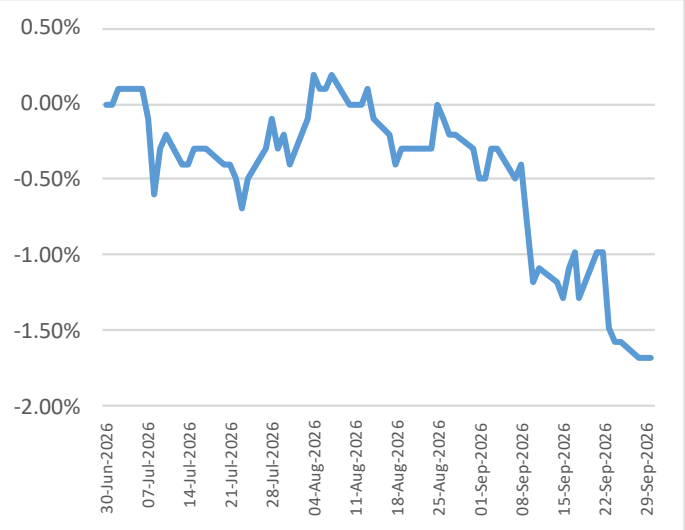
Launch date: 20.03.2026

Fund total net assets at 30.09.2026: € 261,853,583.27

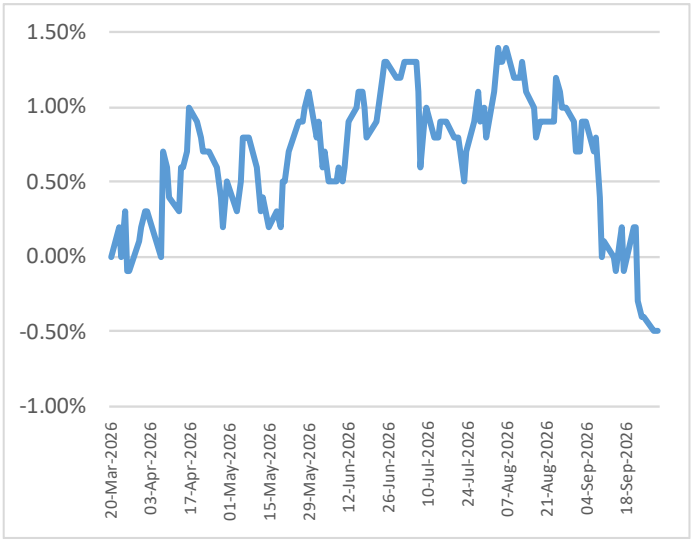
Retail Class - LU3283485434

Performance	Q3	Year to Date	Since inception
NEF STEP to Balanced (Class R)	-1.68%	-	-0.50%

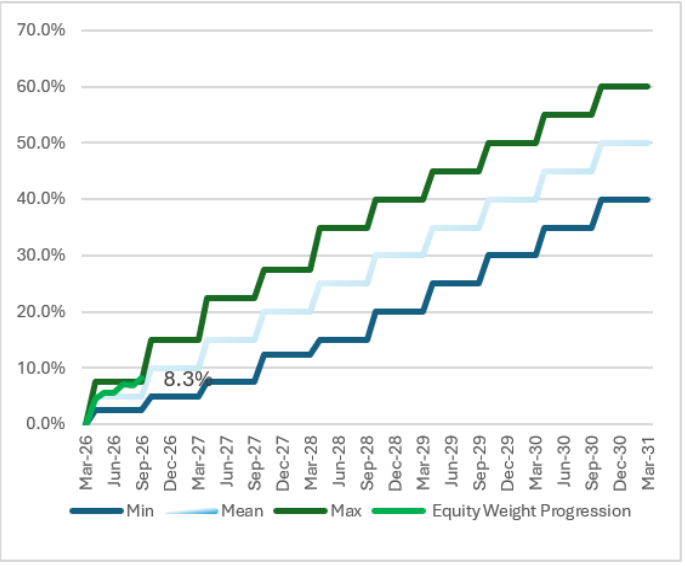
*Performance Q3 2026: **-1.68%***



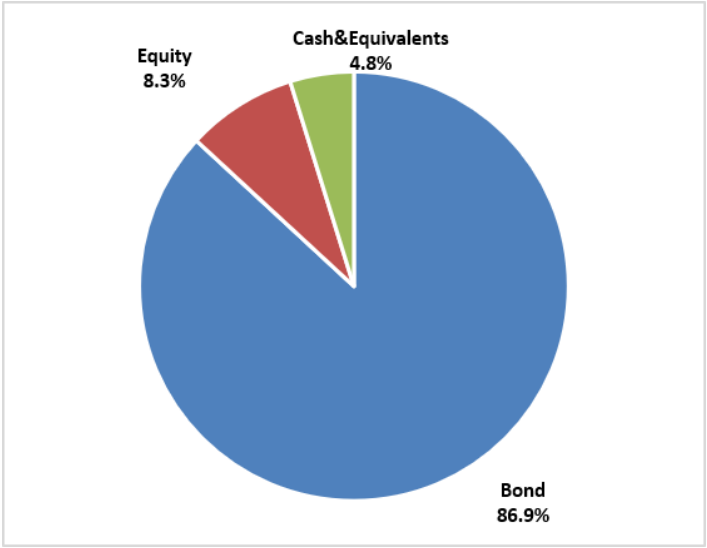
*Performance since launch: **-0.50%***



Equity Component Evolution



Breakdown by Asset Class



Source: Niche AM

Quarterly Commentary

General Commentary

The fund's quarter was affected by weakness in interest rates. The bond component made a negative contribution of 1.72% to the fund, partly offset by a positive equity contribution of 0.34%.
The average weight of the equity component during the quarter was 7%, i.e. the upper end of the 0% - 7.5% range set for this first phase of the fund. The decision to move quickly to the upper end of the range reflects the many opportunities we are finding in the equity market. Although the indices point to a market at its highs, thanks to the predominance of technology within them, in reality a great many companies are trading on very modest multiples.
We would point out that in the last days of September the range moved to 5% - 15% and, as we write, the fund is 9.5% invested.

The global corporate landscape continues to be split in two. One part has been "blessed" by the unbridled AI investment of the world's large technology companies, terrified by the realisation that falling behind in this area could spell the death of their business. The other is struggling with inflation, high interest rates, weak consumer purchasing power, high energy costs and Chinese dumping. The average produces a global economy that is growing, but in a highly anomalous way, accentuating the already wide polarisation of company valuations: on one side extremely full and generous (and well represented in the indices), on the other mercilessly low (and under-represented).

As we have highlighted in the past, growing polarisation can also be seen in household spending power. This is creating the social tensions we are witnessing. It is also creating the need for significant wage increases, particularly in minimum wages, and for greater economic and social protectionism. These are factors that reduce expectations of a rapid fall in inflation.

Meanwhile, another quarter has gone by, but apparently little has changed in the Ukrainian and Iranian war scenarios. Apparently.

In Iran, the naval blockade is jeopardising the political stability of the regime. This is pushing it to respond by putting pressure on the oil price in the hope of pushing Trump towards a deal. The world continues to suffer from this energy tax, which enriches the few and weakens the many. The standoff risks dragging on for months, weakening consumers and the market. However, we know well that the situation will have to change sooner or later and, when it does, it will happen dramatically quickly, with strong repercussions for the market.

In Ukraine, the situation has deteriorated markedly. Russia is losing around 50,000 soldiers a month trying to recapture part of the areas recently retaken by Ukraine. These are losses that can hardly be sustained for long, and Russia's state of stress is clearly visible in its recent horrific attacks on civilians and its threats against European politicians and business leaders. Putin cannot continue the war, nor can he exit it as the loser. Situations like this can lead either to more dramatic phases of war or to the opening of new peace talks. A more constructive phase of dialogue could be linked to Zelensky leaving the scene, which currently looks unlikely. However, the probable election of Le Pen in France in 2027 points to a reduction in European support for Ukraine and could therefore bring greater flexibility in Kyiv too. We would point out that the end of the war, or even a concrete prospect of it, would here too give a significant boost to part of the market.

In a number of sectors linked to these wars, we see a particularly attractive risk/return profile. In particular, we see limited downside if hostilities are prolonged, and significant upside in the event of a deal.
The long-term beneficiaries of the Iranian shock are undoubtedly renewables and electric mobility, both currently at very attractive valuations. The sectors that would benefit from an end to hostilities are travel, industrials and consumer products – all particularly depressed sectors that we are accumulating.

As regards the war in Ukraine, it is estimated that the country will need almost 600 billion dollars for reconstruction. This enormous sum will be spread across all the countries that have supported it, first and foremost Europe and the USA. This could be an exceptional catalyst for materials, construction and transport companies – all sectors that are extremely depressed today and that, here too, we are accumulating. In addition, the end of the conflict would lead to lower energy prices in Europe, with a likely reduction in the risk premium.

In the second half of September, market pressure on euro area rates intensified. France remained in the crosshairs, owing to a huge deficit and a lack of political will and/or ability to deal with it. What had until then been a problem of rate spreads spread to the equity market, leading to a sharp underperformance of the French stock market. France is full of fine companies at very attractive valuations and represents a significant part of the fund's portfolio (12%), so this has penalised us. However, we believe this phase may create new opportunities in the area that we are ready, with patience, to exploit. At present there is no end in sight to this crisis. However, the market has great powers of persuasion, and rates shooting up out of control can bring even the bellicose Gallic parliament to its senses. We would point out that the cost of French debt, unlike Italian debt, is low (2%), and a solid structural intervention on public spending (56% of GDP, the highest percentage among developed countries) to drastically cut the deficit (5.5% of GDP) would be more than enough to definitively fix the sustainability of its debt. Such an intervention requires a solid majority, for which we will have to wait a few more months, with the presidential elections and then the probable dissolution of the National Assembly. We shall see whether the market will be patient or whether ECB intervention will be needed, which in any case should only follow political guarantees on the deficit. At this stage, French rates are dragging Italian rates along with them, the most sensitive to the contagion effect, despite the balance of Italy's public debt thanks to its (slim) primary surplus.

Korea is also an area subject to strong volatility today. In reality, the country has historically been subject to big rallies and big falls. This is due to an extremely large and speculative retail component in equity investment. The Kospi then amplifies the volatility because of its excessive concentration (>50%) in two stocks, Samsung Electronics and SK Hynix. However, this market is not only one of the most attractive in the world from a valuation standpoint, it is also the country that, by excelling in research & development, has positioned itself perfectly to ride recent technological advances. Here the fund has a significant historical exposure, currently 9%, despite having halved its existing positions into strength over the last 18 months. These are around 40 very high-quality companies trading well below tangible net asset value and at 10x earnings.

As we write, the main market has retraced 40% from its June highs! We are following developments closely in order to opportunistically buy back some of the companies we sold.

Another area under pressure that offers an exceptional risk/reward profile is Indonesia. Here, an unfortunate alignment of cyclical and technical factors has led to a large outflow of foreign capital. To understand what happened, one first needs to understand the importance that indices have today. With the enormous growth of the passive component of the market and the industrialisation of asset management (which calls for a more passive approach), the money tracking indices, particularly MSCI, is enormous. When MSCI threatened to downgrade the country from emerging market to frontier market or even to "standalone" market (unclassified), the selling aimed at front-running the move was extreme. The threats – that is, the releases in which MSCI informed the market that it was analysing the possibility of downgrading the Indonesian market – numbered four and were spread over the last 12 months. Each time, the market suffered. All this while the Indonesian authorities were proceeding to do what MSCI had asked.
It must be said that the market was already starting from very attractive valuations. Today we have an extremely depressed market in a democratic nation with economic growth of 5-6%, excellent demographics, low public debt and a low deficit, and with corporate governance that has improved markedly compared with 12 months ago. We would point out that the country trades at around 6.5x 2026 earnings, against 21x for the closest market, India. We would also recall that until a few years ago India traded at multiples similar to Indonesia, before undergoing a colossal re-rating over five years. Equity markets can behave in extreme ways; emerging markets can behave even more extremely. Investing in them during phases of extreme undervaluation, when foreign investors are almost completely out, offers an exceptional risk/reward profile but requires patience.
Today, when you buy an emerging markets fund, you imagine being invested in a highly diversified way in agriculture, commodities, consumer goods for the growing middle class, civil infrastructure that connects countries, attracts tourism and helps urbanisation from the countryside, etc. Nothing could be further from the truth. The top ten stocks in the MSCI Emerging Markets index (the most widely followed emerging markets index in the world) account for 37%, and 9 out of 10 are technology stocks.
One might also imagine, especially after the geopolitical events involving Russia and Ukraine, that some filters would have been introduced for geopolitical risk or authoritarian governments. Nothing could be further from the truth. Today, around half of the MSCI Emerging Markets index is made up of China and Taiwan – the former an arrogant dictatorship and the latter a democracy under threat of invasion from the former. Indonesia's weight in the index? For the fourth most populous country in the world, with a USD 600 bn equity market, its weight in this index is around 1%. In short, at this point there is little further to fall. The fact that the Indonesian stock market has a sector breakdown typical of an emerging market, with no technology, plays a fundamental role in its index weight and, we believe, should play a (positive) role in fund managers' investment decisions.

An increasingly depressed area of the market is small and mid-cap companies. Here too, the index effect creates a vicious circle that depresses their prices. When these stocks are included in the main indices, they carry small weights. In the quantitative replication of ETFs or passive and semi-passive funds, they are excluded to avoid holding too many stocks. This leads to a loss of trading volume, which then also results in their removal from the index itself due to illiquidity. The stocks fall, but with ever fewer active managers it is increasingly difficult for them to be accumulated. This leads the families holding the majority stake, or private equity firms, to delist them. In this area there are very interesting opportunities that we are accumulating..
Another sector we are now accumulating is automotive, where we recently doubled our position, taking it to 3.3% of the portfolio. We are well aware of the sector's difficulties, particularly in Europe, but we believe current valuations more than price them in. Rarely in recent decades have multiples been so depressed, and never has the European car sector been so small in global indices (it is now 5 times smaller than it was 5 years ago, at just 0.2%). Today we finally have a chorus of voices within the EU calling for curbs on Chinese competition and stimulus for domestic production. When you look at Ferrari's valuation, you realise that on the stock market, as in life, in the short term it is a question of perception. With Ferrari, perception is extremely positive, and this adds a premium to its fundamental valuation. For much of the rest of the European carmakers, perception adds a large discount to their fundamental valuation. What is not perceived is that today there is probably more risk in investing in Ferrari than in investing in the other European carmakers.

The last point we touch on is hydrogen – an important material used in many sectors (fertilisers, steel, refining, food, electronics), as well as an energy carrier. The first use, as a material, is massive. The second, as energy, is not yet, owing to a series of technical problems that are still difficult to solve. As a material, 99% of the hydrogen used is grey hydrogen, i.e. derived from gas. In Europe, the RED III directive establishes that from 2030 a significant share of the hydrogen consumed in the EU must be green and produced domestically. If this legislation is not watered down, there will be a significant bottleneck in a couple of years. In 2021 the sector was in a bubble. Today, with important deadlines ahead of us, it is depressed like many sustainability-related sectors.

Equity Component Commentary

At the end of the quarter, the equity component comprised more than 220 stocks. We are aligning it with the portfolio of NEF Ethical Global Trends (EGT), an alignment that is taking place gradually rather than mechanically. The fund invests in areas where the opportunities are most attractive, avoiding areas that have appreciated strongly and from which EGT is gradually exiting. The fund now holds around two-thirds of the stocks in the EGT portfolio.
Geographically, emerging countries account for around 30% of the equity component (around 2% of the fund). This is a classic emerging markets component, exposed to commodities and to growth in consumption and infrastructure, and not a reflection of the current composition of emerging market indices, which are packed with technology.

Another third is in the euro area, where we believe the timing for investing is perfect given the many anxieties weighing on stocks: energy costs, the intensifying conflict in Ukraine, rising rates, the French crisis, growing discontent over falling purchasing power, and the crisis in some industries suffocated by Chinese dumping. These problems are leading EU and national political authorities towards more effective strategies to protect industry, accelerate energy independence and raise wages. In a complicated environment, growth nonetheless remains positive, driven by the many global investment trends we see: AI, the energy transition, deglobalisation and rearmament.
We then have 11% invested in the UK, one of the most depressed equity markets in the West, and 12% invested in the USA, where we look for opportunities outside technology in sectors such as pharmaceuticals, food and industries that benefit from tariffs on Chinese imports.
By sector, we favour consumer stocks, currently squeezed by the (temporary) loss of purchasing power, and industrials, boosted by protectionist regulation. The financial sector, although attractive, has a much lower weight than in EGT because, given the environment, we would rather use any periods of weakness to increase its weight.

Bond Component Commentary

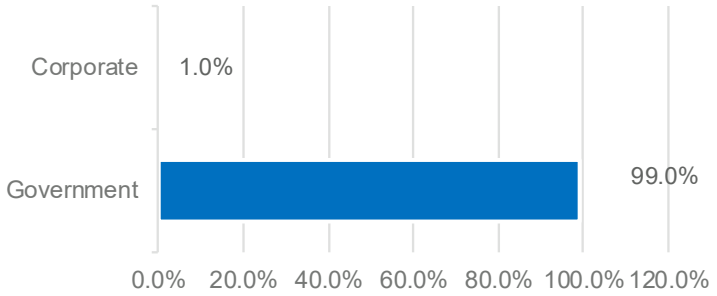
At the end of the third quarter, the bond portfolio represented 86.9% of the fund's NAV, compared with 91.2% at the end of June, owing to the increase in the equity component mentioned above.
The portfolio has not changed its approach: a large exposure to government bonds with high credit quality (AA rating) and a very limited exposure to corporate bonds (<1% of NAV), where we see no value. Portfolio duration rose during the quarter from 3.39 to 3.69, remaining at levels that are not high but rising. The increase was made opportunistically during the quarter, taking advantage of phases of market volatility against a backdrop of a generally significant rise in yields, driven by the interest rate increases announced by the main developed-market central banks to counter inflation, even though this is largely driven by geopolitics.
The increase in duration was achieved by buying long-dated bonds, as we believe the yields reached in this part of the curve are at attractive levels in absolute terms, creating an opportunity to lock them in. A further rise in rates from current levels would probably lead to an economic slowdown, which would then probably be followed by a stabilisation of interest rates.
The country that saw the largest increase in long duration was the United Kingdom, given the high yield on offer combined with a public debt situation that is less complex/worrying than in other developed countries, all the more so considering the clear determination to tackle it. Also on a country basis, it is worth noting that the exposure to Italian bonds is focused only on the very short end of the curve, as we believe that the current very positive perception is not fully supported by fundamentals, and given clients' typically already marked exposure to Italy. We prefer instead to gradually extend duration in France, well aware that the current tensions could continue for a long time given the fragmentation of the National Assembly. As already highlighted, France has a significantly lower cost of debt than Italy (2% vs 3%). France's problem is therefore linked to its deficit, and resolving it, although politically difficult, could be much faster than resolving Italy's problem, which will require many years of austerity and political and social balance.

Bond Portfolio

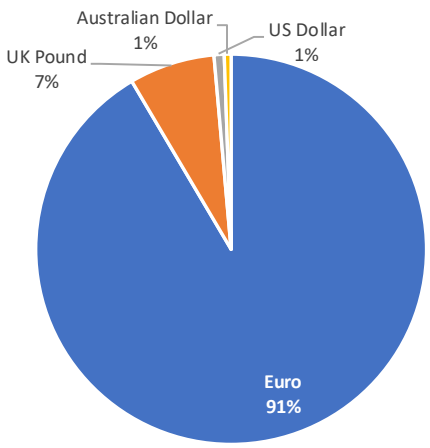
Characteristics

	30/06	30/09
Coupon	1.91	1.99
Yield to Maturity	2.86	3.54
Yield to Worst	2.86	3.54
Average Life (yrs,) to Maturity	4.27	4.91
Effective Duration	3.39	3.70
Spread Duration	3.39	3.69
Option Adjusted Spread	14.33	20.47
Convexity to Maturity	0.291	0.357

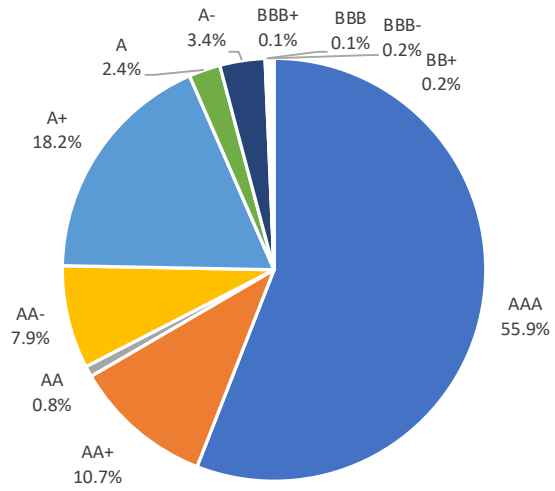
Breakdown by Bond Type



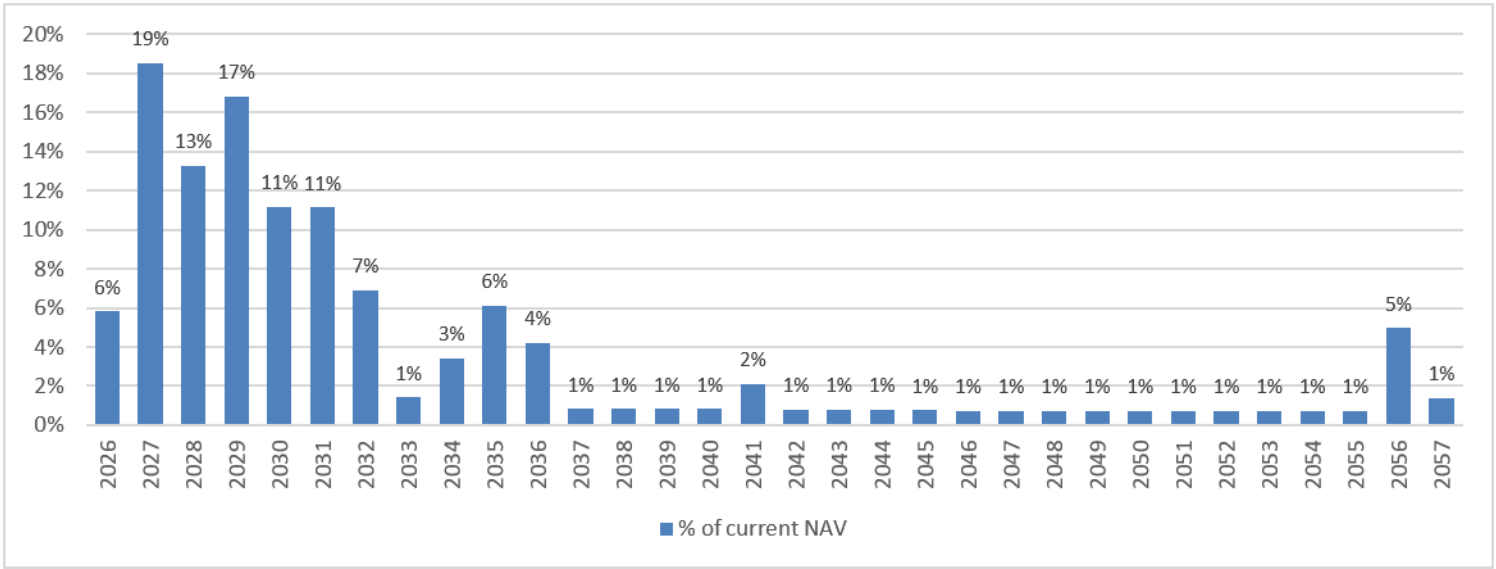
Breakdown by Currency



Breakdown by rating: **Avg Rating: AA**

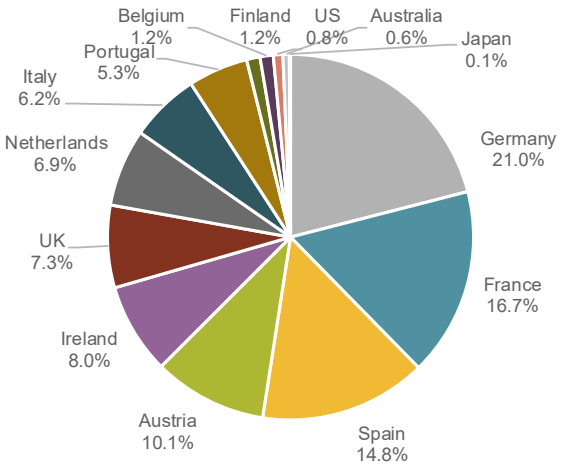


Cashflow Timeline



Source: Niche AM, Refinitiv

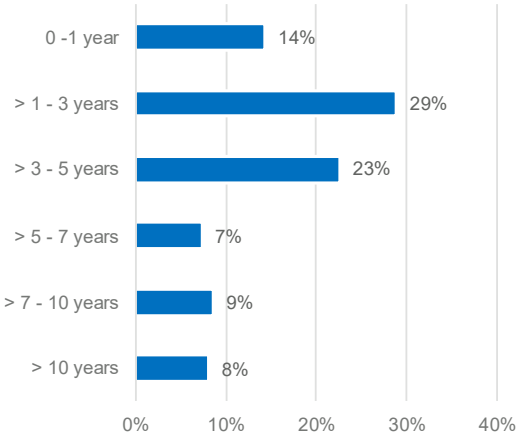
Geographic Breakdown



Contribution to Performance

	Avg Weight	Return	Contribution
NEF Ethical Step to Balanced 2030(Class R)			**-1.68%**
Italy	5.8%	0.5%	0.03%
U.S.A.	0.8%	-0.4%	0.00%
Japan	0.1%	-3.7%	0.00%
Australia	0.2%	-4.7%	-0.01%
Finland	0.7%	-3.0%	-0.02%
Belgium	0.6%	-3.1%	-0.02%
Netherlands	6.5%	-1.4%	-0.09%
Ireland	7.0%	-1.6%	-0.11%
Austria	9.3%	-1.3%	-0.12%
Portugal	5.1%	-2.4%	-0.12%
Germany	19.7%	-0.8%	-0.15%
U.K.	6.5%	-2.5%	-0.16%
Spain	12.1%	-2.5%	-0.30%
France	16.4%	-3.9%	-0.64%
Equity	7.0%	5.7%	0.34%
Cash & Cash Equivalents &Fees*	2.1%		-0.30%

Breakdown by Maturity



Contribution to Performance

	Avg Weight	Return	Contribution
NEF Ethical Step to Balanced 2030(Class R)			**-1.68%**
0 -1 year	15.4%	0.5%	0.07%
> 1 - 3 years	30.4%	-0.4%	-0.13%
> 5 - 7 years	7.7%	-4.0%	-0.31%
> 10 years	5.8%	-6.8%	-0.39%
> 7 - 10 years	8.4%	-5.4%	-0.45%
> 3 - 5 years	23.3%	-2.2%	-0.51%
Equity	7.0%	5.7%	0.34%
Cash & Cash Equivalents &Fees*	2.1%		-0.30%

**Includes interest on cash balances and income from securities lending*

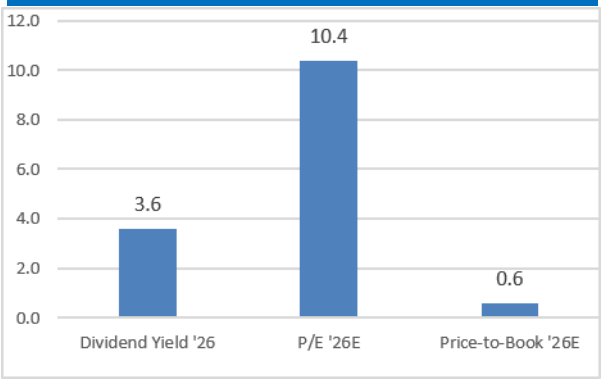
Top 10 holdings

Italy Buoni Ordinari Del Tesoro Bot Zcp 14-10-26	5.17%
United Kingdom Gilt 5.375% 31-01-56	3.54%
Republique Federale D Germany 2.1% 15-11-29	3.44%
Ireland Government Bond 1.35% 18-03-31	3.16%
Bundesschatzanweisungen 2.5% 14-06-28	2.68%
Bundesschatzanweisungen 2.1% 15-03-28	2.67%
Austria Government Bond 0.0% 20-02-30	2.60%
Spain Government Bond 2.6% 31-05-31	2.48%
Bundesschatzanweisungen 2.0% 16-12-27	2.46%
Austria Government Bond 0.5% 20-02-29	2.25%

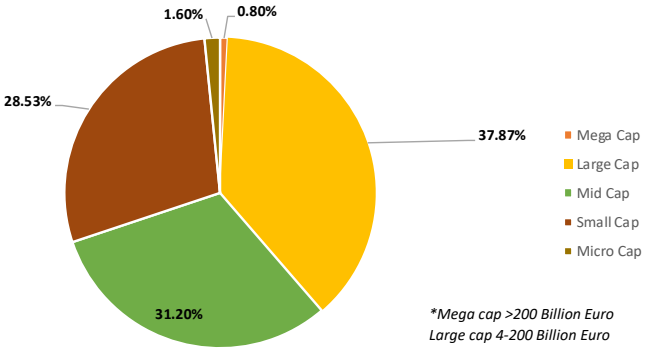
Source: Niche AM, Refinitiv

Equity Portfolio

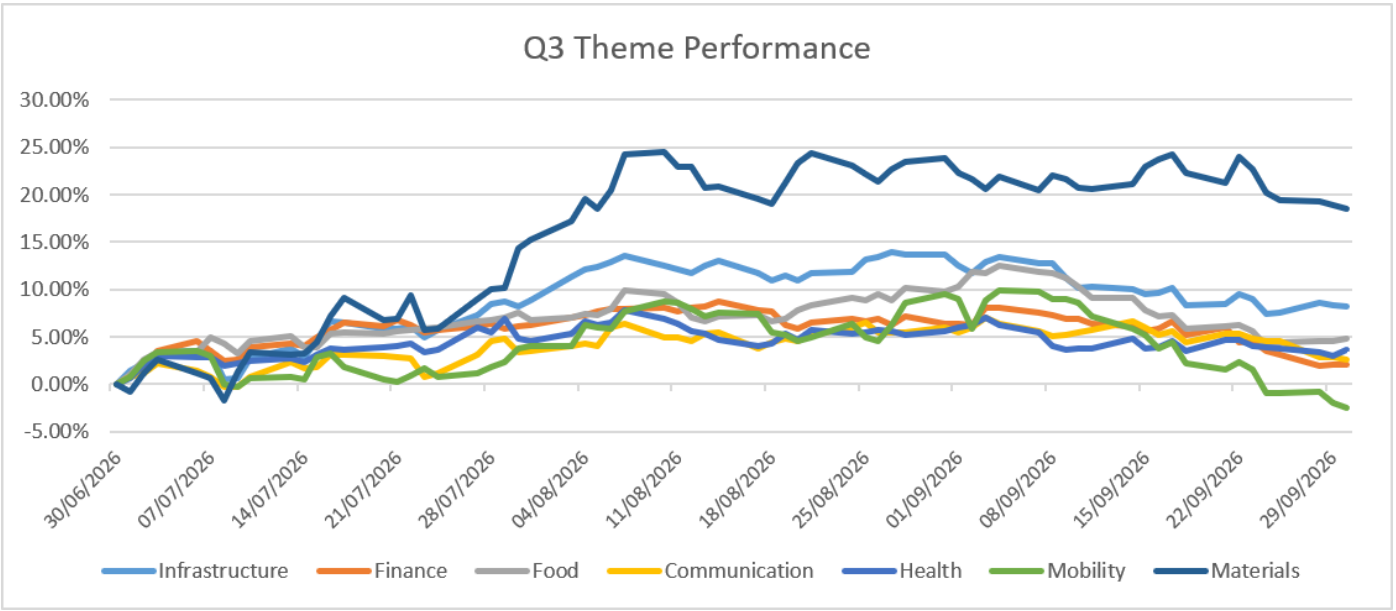
Valuations



Breakdown by Market Capitalisation*



*Mega cap >200 Billion Euro
Large cap 4-200 Billion Euro
Mid cap 900 Million Euro - 4 Billion Euro
Small cap 90 Million Euro - 900 Million Euro
Micro cap <90 Million Euro



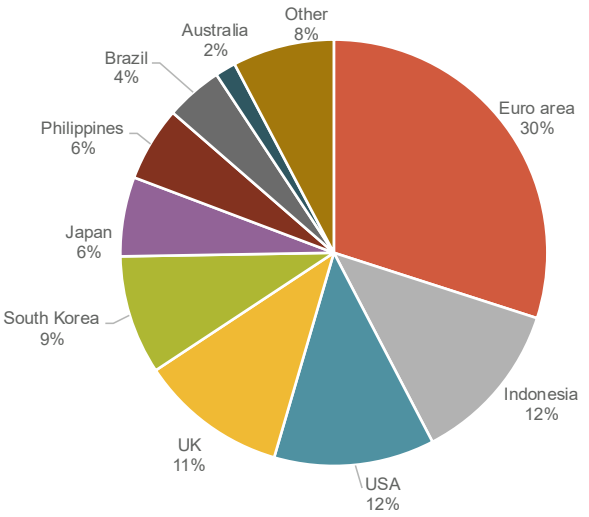
Top Equity holdings

Top 100 NAV 5.0% Equity 60.2%
Top 50 NAV 3.1% Equity 37.3%
Top 25 NAV 1.8% Equity 22.2%
Top 10 NAV 0.9% Equity 10.5%
Top 5 NAV 0.5% Equity 5.7%

Company	GICS Sector	NAV Weight	Equity Weight
LG Chem Ltd*	Materials	0.11%	1.37%
CANON INC.	Information Technology	0.11%	1.30%
Proximus NV	Communication Services	0.08%	1.02%
Alstom SA	Industrials	0.08%	1.01%
First Solar, Inc.	Information Technology	0.08%	1.01%
Webuild SpA	Industrials	0.08%	0.98%
Stellantis N.v	Consumer Discretionary	0.08%	0.97%
easyJet plc	Industrials	0.08%	0.97%
Vistry Group PLC	Consumer Discretionary	0.08%	0.93%
Azzas 2154 S.A.	Consumer Discretionary	0.08%	0.91%

Source: Niche AM

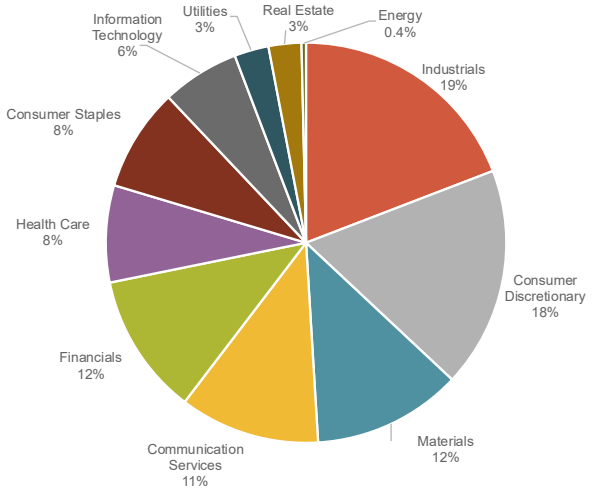
Geographic Breakdown



Equity Contribution by Region/Country

	Avg Weight	Return	Contribution
NEF Ethical STEP to Balanced 2030			**-1.68%**
Europe	**3.1%**	**0.3%**	**0.01%**
U.K.	0.9%	10.7%	0.09%
Germany	0.6%	-5.5%	-0.04%
France	0.6%	-7.0%	-0.04%
Italy	0.3%	-2.5%	-0.01%
Netherlands	0.1%	-7.9%	-0.01%
Spain	0.1%	0.5%	0.00%
Finland	0.1%	5.3%	0.00%
Other	0.4%	1.4%	0.00%
Asia & Pacific Basin	**2.6%**	**8.0%**	**0.21%**
Indonesia	1.0%	7.7%	0.07%
South Korea	0.7%	16.8%	0.11%
Philippines	0.4%	-3.5%	-0.01%
Japan	0.4%	11.1%	0.03%
Australia	0.1%	-6.1%	0.00%
Other	0.1%	2.3%	0.00%
North America	**1.0%**	**7.2%**	**0.06%**
U.S.A.	0.9%	6.9%	0.06%
Canada	0.0%	4.6%	0.00%
Africa & Middle East	**0.1%**	**39.1%**	**0.03%**
Latin America	**0.2%**	**5.9%**	**0.03%**
Fixed Income	91.0%	-1.9%	-1.72%
Cash&Equivalents&Fees*	2.1%		-0.30%

Sector Breakdown



Equity Contribution by Sector

NEF Ethical Step to Balanced 2030(class R)			**-1.68%**
	Avg Weight	**Return**	**Contribution**
Industrials	1.4%	9.0%	0.13%
Consumer Staples	0.6%	7.4%	0.05%
Materials	0.9%	4.3%	0.04%
Financials	0.9%	3.9%	0.04%
Consumer Discretionary	1.1%	2.6%	0.03%
Information Technology	0.4%	6.1%	0.03%
Utilities	0.2%	8.0%	0.01%
Communication Services	0.8%	1.3%	0.01%
Energy	0.0%	32.2%	0.01%
Real Estate	0.2%	0.6%	0.00%
Health Care	0.5%	0.2%	0.00%
Fixed Income	91.0%	-1.9%	-1.72%
Cash & Cash Equivalents &Fees*	2.1%		-0.30%

**Includes interest on cash balances and income from securities lending*

Source: Niche AM, Refinitiv

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