



An umbrella fund with segregated liability between sub-funds

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PERFORMANCE COMMENTARY – THIRD QUARTER 2025

Global equity markets saw broad positive returns in the third quarter of 2025, buoyed by resilient corporate earnings, enthusiasm for artificial intelligence (AI) and the U.S. Federal Reserve's first interest rate cut of the year. Emerging markets led the charge, with China buoyed by a U.S. trade truce and AI-related strength. South Korea's benchmark KOSPI Index reached new heights on tech sector performance and domestic policy optimism.

In developed markets, weaker currencies supported export-oriented indices: Japan's TOPIX Index delivered an 11.0% gain for the quarter, while the U.K.'s FTSE All-Share Index was up 6.9%. Looking further afield, Spain, Netherlands, Italy, Belgium and Canada outperformed a rallying U.S. market, which gained more than 8% (S&P 500 Index) on tech and communication stocks. Conversely, France and Germany languished on geopolitical and fiscal concerns, further weighed down by tepid growth prospects under new U.S. trade policy. Fund performance generally followed this geographic trend, with top contributions from the U.S., Japan and Canada, along with double-digit gains from select off-benchmark Asian economies.

At the sector level, financials was the top contributor, followed by health care, consumer discretionary and information technology (IT). Underperformance in a heated communication services sector hampered results. The MSCI World and ACWI Indices (gross dividends reinvested) returned 7.36% and 7.74% respectively, while the Polaris Global Value UCITS Fund ("the Fund") gained 4.69% at net asset value.

THIRD QUARTER 2025 PERFORMANCE ANALYSIS

The Fund outperformed in an overweight health care sector, with United Therapeutics Corp. (UTHR) the top overall contributor to portfolio performance. UTHR's momentum followed positive late-stage clinical trial results for Tyvaso in treating idiopathic pulmonary fibrosis (IPF). The drug's potential IPF indication could contribute an additional \$4-5 billion in peak sales to the already successful therapy that generated \$1.1 billion in revenue in 2024. AbbVie, Inc. reaffirmed expectations for high single-digit revenue growth through 2029, led by its flagship autoimmune drugs (Skyrizi and Rinvoq), which are collectively projected to exceed \$31 billion in sales by 2027. Investors looked beyond underwhelming second quarter results to focus on Jazz Pharmaceuticals' innovative oncology and neuroscience pipeline, excited by the FDA approval for brain tumor drug Modeyso.

Other areas of the industry didn't fare as well, as health insurers face ongoing financial and operational headwinds. UnitedHealth Group Inc. and CVS Health Corp. navigated the industry-wide pressures (each posting 10%+ returns for the quarter), while Elevance Health Inc.'s shares dropped sharply following a material cut to its profit guidance on higher medical expenses in Affordable Care Act plans.

The Carlyle Group Inc. was the top financial sector contributor, up more than 20% on strong fee-based credit and secondaries business. Carlyle has outpaced private equity peers, better able to capitalize on a lower interest rate outlook. Mitsubishi UFJ Financial Group performed well this quarter, primarily due to the supportive interest rate environment in Japan, strong fee income and lending growth, and gains from the sale of cross-held shares. Like many national peers, Mitsubishi is unwinding its cross-shareholdings as part of a shift toward more investor-friendly corporate governance. Shinhan Financial Group reported solid quarterly earnings, citing robust growth in non-interest income and capital ratio improvement. Japanese financial conglomerate Orix Corp. released quarterly results that exceeded plan, with key contributors from its real estate and energy divisions. Puerto Rico-based Popular, Inc. delivered strong earnings over the past few quarters, citing net interest margin expansion and higher net interest income from loan yields, fee generation and robust loan growth in commercial, mortgage, and construction lending. At the other end of the spectrum, SLM Corp. dropped after reporting higher private loan delinquency rates, as pandemic-era federal loan relief sputtered out, and missed payments increased due to inflation and rising housing costs.

In consumer discretionary, U.S. beauty supply/hair color retailer Sally Beauty Holdings, Inc. posted better-than-expected quarterly results, with steady traffic in all business segments. The company raised its sales and operating margin outlook, while partnering with DoorDash to lean into the e-commerce channel. Chinese online

retailer Vipshop Holdings Ltd. guided for single-digit quarterly revenue growth, suggesting an inflection point. The company deployed a focused merchandise strategy targeting younger consumers and its high-value Super VIP base. Consumer engagement for Sony Group Corp.'s gaming platform and titles remained robust. The company continued to play into its strengths, investing in audio/video while divesting non-core business lines. Magna International Inc. traded higher as investors reassessed its earnings trajectory. Management revised up top-line guidance, supported by strong China production, while margins benefitted from restructuring initiatives.

Among discretionary sector decliners, LKQ Corp. reported soft results and cut its organic revenue and earnings outlook for the full year, driven by continued weakness in repairable claims in North America and geopolitical uncertainties in Europe. F&F Co.'s net profit declined and sales fell in the second quarter, as expenses rose and consumer spending on apparel slowed. Anticipation runs high that F&F will recover in the later part of 2025-early 2026 as consumption promotion policies ramp up in South Korea.

In IT, Samsung Electronics outperformed as it made solid progress in HBM4 with improving yield, while its HBM3 cleared Nvidia's performance benchmarks. The NAND market also began to show strength in demand and pricing. In addition, Samsung's foundry business secured a \$16.5 billion deal with Tesla to manufacture next-generation AI chips. Fellow South Korean chip producer SK Hynix Inc. finished mass production preparations for HBM4, which is expected to improve AI service performance by up to 69%. MKS Inc. continued to deliver impressive profitability despite its semiconductor business operating near trough demand. MKS expects it to recover as the DRAM and NAND markets are showing signs of improvement. Despite solid quarterly numbers and honing in on full-year revenue guidance, Capgemini SE shares dipped after announcing the acquisition of WNS for \$3.3 billion, as investors questioned demand for business process outsourcing. However, Capgemini has promoted this deal as foundational for global leadership in Agentic AI-powered intelligent operations.

Japanese trading company Marubeni Corp. closed in on its guidance targets, engaging in new investments, improving shareholder returns, and increasing the overall profit mix from non-resource businesses. The finance, leasing, and food/ agriculture divisions were particularly strong, while resource division profits declined. Elsewhere in industrials, General Dynamics (GD) reported second-quarter profits and revenue that topped Street expectations, as its core business divisions "fired on all cylinders". A new Pentagon contract boosted GD's submarine programs; defense tech cited a 5%+ uptick in revenues; and the aerospace division ramped up deliveries. U.K.-based International Consolidated Airlines gained more than 10%, driven by positive earnings results from U.S. peers and continued strength in air travel demand across core geographies.

The tariff fallout is impacting the heavy-duty truck market, with Daimler Truck Holding and Allison Transmission Holdings both down this quarter. Germany's Daimler cut its key profit forecast for 2025 due to continuous North America market weakness as cautious buyers postponed orders. New duties on steel and aluminum imports from Mexico may also impact topline growth. U.S.-based Allison reported softer sales in its North American on-highway and global off-highway segments. The company also faces a new 25% heavy truck tariff effective October 1, which impacts ~70% of its revenue; Allison management believes it can pass through the added cost. Teleperformance's specialized services segment disappointed due to the loss of a large contract and a broader slowdown in its translation division.

In materials, Lundin Mining Corp. had solid results with copper/gold production tracking to full year targets. In addition, favorable gold prices are helping lower consolidated costs. The next big milestone will be the 2026 technical report outlining the Argentina project development. Methanex Corp. had decent earnings on strong methanol prices and efficient integration of the OCI business. The deal strengthens Methanex's access to affordable natural gas feedstock, helping to buffer against global disruptions. Mondi PLC disappointed as first half 2025 results fell below expectations due to soft volume in flexible packaging; management warned of macroeconomic reverberations through year-end. The stock was subsequently sold.

The Fund outperformed the benchmark in energy and consumer staples – largely attributable to singular standouts in each sector. Marathon Petroleum Corp. benefiting from a rebound in refining margins on firm fuel demand. In consumer staples, Swiss chocolatier Barry Callebaut gained 25%+ despite reporting weak volume and downgrading full-year guidance, indicative of a rebound from depressed valuation levels and some signs of cocoa price stabilization. The latter sector would have been even stronger if not for lackluster results from Nomad Foods and Ingredion Inc.

Fund holdings in communication services failed to keep pace with sector benchmark gains. Publicis Groupe's shares faced selling pressure despite beating quarterly estimates and raising annual revenue guidance, as management called out cautious client behavior, slowing ad market demand, and AI-induced deflationary pricing on the earnings call. Ipsos underwent a CEO leadership change in the quarter, as Ipsos' board demanded

acceleration of digital transformation, data analytics, and AI capabilities to meet shifting client demands. Both French companies also suffered as political turmoil roils the country, with two prime ministers ousted in no confidence votes followed by another resignation.

During the quarter, we exited Canadian Tire and Tecnoglass, as good performance stretched valuations. Coffee company JDE Peet's was sold at a healthy profit when the company accepted an all-cash takeover offer at a 20% premium from Keurig Dr Pepper. Mondy, NOV Inc., Science Applications International and Crocs, Inc. were sold, as each faced current business cycle pressures compounded by clouded long-term visibility. We invested in HD Hyundai Electric as utility grid demand for electrical transformers is driving a multi-year backlog. Global logistics provider DHL Group was added for its international division, DHL Express. 75% of DHL Express' shipments go to global markets outside the U.S., where it holds the leading market share. This international footprint reduces the company's exposure to U.S. trade policy and tariffs, while benefitting from supply chain re-routing across Asia. Another new buy was Lantheus Holdings, a leading precision diagnostic company focused on imaging solutions (PET scans) for prostate cancer, cardiovascular disease and potentially Alzheimer's. We see promising volume trends with broader adoption of PET imaging.

INVESTMENT ENVIRONMENT AND STRATEGY

The current "two-speed" economy is characterized by a narrow AI-driven boom versus subdued growth across most other industries. While equity performance has been positive, it is heavily concentrated: just seven mega-cap U.S. tech stocks drove nearly 60% of the S&P 500 gains in 2025 to date. The frothy valuations in the AI tech sector should make investors cautious. Why? 1) If the AI boom busts, concentrated indices could be in for a material correction and 2) the market's enthusiasm for AI has overshadowed underlying global economic weakness – wrought from sticky inflation, high tariffs, moderating wage growth and geopolitical instability.

Amidst these macro concerns, we uncover attractively-priced opportunities in economically-sensitive sectors. Financials present an attractive case, with stable net interest margins and loan growth supporting earnings, even as credit and real estate risks linger. Defensives can also weather this storm: consumer staples may benefit from steady demand for essential goods and healthcare spending remains consistent. We certainly won't shun tangential opportunities in the AI space either, as evidenced by Samsung and SK Hynix above. Industrials are poised to gain from productivity improvements tied to AI integration and supply-chain modernization, without the "euphoria" pricing attached to tech leaders. Utilities also represent a defensive play, bolstered by the structural energy needs of AI data centers, offering stable growth in uncertain times. From a geographic perspective, Europe and emerging markets offer more balance, diversified across financials, industrials, energy, and consumer goods compared to tech-heavy U.S. indices.

Stripping AI from the equation, we see cause for action. Global economies must control inflation without stalling growth, restore fiscal discipline, invest in infrastructure and innovation, and strengthen real wages. Signs of recovery are already appearing in Asia, Spain, and the Nordic region, and we see the next leg of growth coming from multiple engines, not just one. As economies execute on these fronts, the stage is set for sustainable, broad-based global growth. We are positioned to capture that shift, with a clear target toward outperformance.

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IMPORTANT INFORMATION

The information presented is supplemental. It should not be considered as a recommendation to purchase or sell a particular security mentioned, may change at any time and may not represent current or future investments. References to individual securities throughout this document are intended to illustrate contributors to recent performance or market trends and to provide examples of thematic or security-specific catalysts identified by the investment team as part of its investment process. References to specific securities should not be viewed as representative of an entire portfolio, nor should the performance of any particular security be viewed as representative of the performance experienced by any other security or portfolio. The MSCI World Index, gross dividends reinvested, measures the performance of a diverse range of global stock markets in the United States, Canada, Europe, Australia, New Zealand and the Far East. The MSCI ACWI Index, gross dividends reinvested, captures large- and mid-cap representation across 23 developed markets and 24 emerging markets countries. One cannot invest directly in an index.

RISKS

Potential investors should be aware that an investment in a Fund may be exposed to other risks of an exceptional nature from time to time. Investment in the ICAV carries with it a degree of risk. There can be no assurance that

a Fund will achieve its investment objective and there is potential for an investor to lose some or all of its investment in a Fund. Different risks may apply to different Funds and/or classes. Prospective investors should review the Prospectus carefully in its entirety and consult with their professional advisors before making an application for Shares. The Fund is subject to the following risks, without limitation:

Equity Security Risk: the value of a company's equity securities is subject to changes in the company's financial condition and overall market and economic conditions.

FDI and Leverage Risk: FDI may fluctuate in value rapidly and leverage through FDI may cause losses that are greater than the original amount paid for the relevant FDI.

Emerging Markets Risk: emerging market securities may expose the Fund to more social, political, regulatory or currency risks than developed market securities and may be subject to heightened Liquidity Risk.

MLP Risk: MLPs expose the Fund to risks associated with the underlying assets of the MLPs and risks associated with pooled investment vehicles. There is also a risk that an MLP may not be treated as a partnership for U.S. federal income tax purposes, and the purpose of the Fund's investment in MLPs depends largely upon this.

Liquidity Risk: there may be insufficient buyers or sellers to allow the Fund to buy or sell certain types of securities readily, which may impact the Fund's performance or (in extreme circumstances) an investor's ability to redeem.

Counterparty Risk: a party with whom the Fund contracts for securities may fail to meet its obligations (e.g. fail to settle an FDI) or become bankrupt, which may expose the Fund to a financial loss.

Currency Risk: changes in exchange rates may reduce or increase the value of non-U.S. Dollar denominated assets held by the Fund. There can be no guarantee that currency hedging will be successful in mitigating such effects.

Operational Risk: material losses to the Fund may arise as a result of human error, system and/or process failures, inadequate procedures or controls.

For more information on these and other applicable risks see the sections "Investment Risks and Special Considerations" and "Investment Risks Applicable to each Fund" in the Prospectus.

DISCLOSURES

The Fund is actively managed and not constrained by any benchmark. The Fund invests in securities of foreign issuers, including issuers located in countries with emerging capital markets. Investments in such securities entail certain risks not associated with investments in domestic securities, such as volatility of currency exchange rates, and in some cases, political and economic instability and relatively illiquid markets. Options trading involves risk and is not suitable for all investors. Before investing you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the Prospectus and Key Investor Information Documents (KIIDs). Please read the Prospectus and KIIDs carefully before you invest. A Prospectus is available for PCM Global Funds ICAV (the ICAV) and KIIDs are available for each share class of the Fund. The ICAV's Prospectus can be obtained from pcmglobalfundsicav.com and is available in English. The KIIDs can be obtained from pcmglobalfundsicav.com and are available in one of the official languages of each of the EU Member States into which the Fund has been notified for marketing under the Directive 2009/65/EC (the UCITS Directive). In addition, a summary of investor rights is available from pcmglobalfundsicav.com. The summary is available in English. The Fund is currently notified for marketing into a number of EU Member States under the UCITS Directive. The ICAV can terminate such notifications for any share class and/or the Fund at any time using the process contained in Article 93a of the UCITS Directive. The Fund is offered solely to non-U.S. investors under the terms and conditions of the Fund's current Prospectus. Performance data shown represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate so shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than quoted. The Fund is authorised in Ireland and regulated by the Central Bank of Ireland.

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