"VOICES OF NS INVESTMENT TEAM"

The NS Financial Post

EDITOR'S EDITION

This release contains information from NS Partners SA. For more details, visit www.nspgroup.com or contact ir@nspgroup.com.

7 AUGUST 2026

MARKETS ARE NOT PRICING A BUBBLE. THEY ARE PRICING AN EARNINGS REVOLUTION

THE REAL QUESTION FOR INVESTORS IS NOT WHETHER EQUITY VALUATIONS HAVE BECOME STRETCHED. IT IS WHETHER THE EXTRAORDINARY EARNINGS GROWTH CURRENTLY UNDERPINNING THEM CAN ENDURE.

The relentless rise of US equities may look excessive. The profit numbers suggest otherwise.

Wall Street's latest ascent to record highs has reignited a familiar debate. Investors, policymakers and commentators increasingly question whether the market has become detached from reality.

It is an understandable concern. The S&P 500 has delivered a remarkable performance over recent years, led by a handful of mega-cap technology companies whose market capitalisations now rival the GDP of major economies. To many observers, the rally appears speculative, fuelled by enthusiasm

> *"The concern today is arguably not whether there is a stock market bubble, but whether there is an earnings bubble."*
>
> -Pierre Mouton,
> *Head of Long Only Investments*

surrounding artificial intelligence and an abundance of liquidity.

Yet the numbers tell a far more nuanced story. Markets are indeed trading at all-time highs. More importantly, so are earnings.

The distinction matters.

Historically, periods of excessive market exuberance share a common characteristic: valuations expand much faster than corporate profitability. During the dot-com era, for example, investors paid increasingly higher multiples for businesses whose earnings often failed to materialise. Price appreciation was driven primarily by optimism.

Today's environment looks markedly different.

Recent earnings seasons have produced one of the most significant upward revisions in corporate profit expectations seen in years. First-quarter earnings surprised decisively to the upside, triggering a substantial repricing of consensus forecasts. More strikingly, the same phenomenon is unfolding again during the current second-quarter reporting season.

Such large-scale revisions are rare. Analysts are normally accused of excessive optimism; in recent quarters they have instead been repeatedly forced to raise estimates as companies continue to outperform expectations.

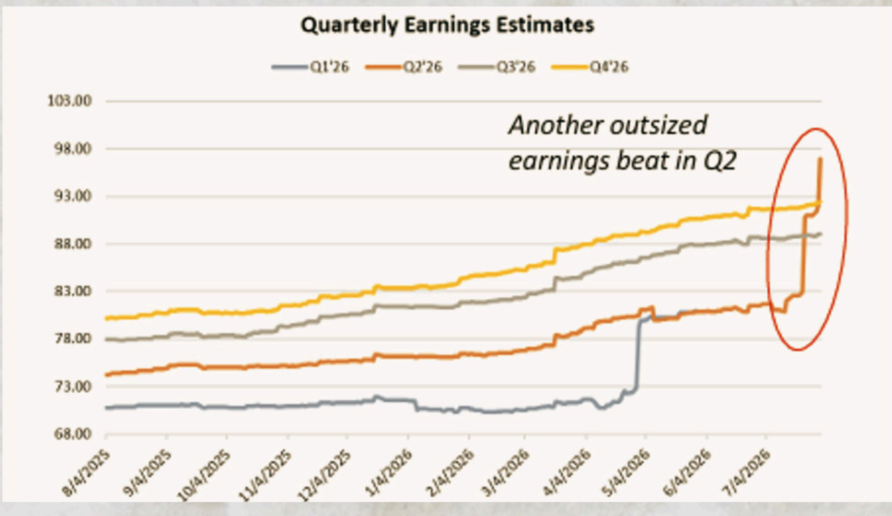
The consequence is a powerful acceleration in earnings growth.

Consensus forecasts currently anticipate S&P 500 profits expanding by roughly 30% in 2026, followed by an additional 13% in 2027 and 14% in 2028. Taken together, this implies cumulative earnings growth of approximately 67.5% over the next three years.

That figure deserves perspective.

Imagine the S&P 500 were to generate a respectable annual return of 10% over the same period. By the end of 2028, the index would stand approximately 33% higher than today. If earnings simultaneously increased by nearly 68%, investors would effectively be paying a lower multiple for corporate profits than they are today. Under such a scenario, the market could be more than 20% cheaper on an earnings basis despite posting substantial price gains.

> *"For now, the evidence suggests equity markets are climbing not on speculation, but on profits."*
>
> -Pierre Mouton,
> *Head of Long Only Investments*



Soucrces: NS Partners, Raymond James, as of 4 July 2026. This document includes historic results and past performance is not a reliable indicator of future results. The views expressed are for informational purposes only and should not be considered investment advice or a recommendation to buy or sell any security or fund. Please see the disclaimer at the end of this presentation.

"VOICES OF NS INVESTMENT TEAM"

The NS Financial Post

EDITOR'S EDITION

This release contains information from NS Partners SA. For more details, visit www.nspgroup.com or contact ir@nspgroup.com.

7 AUGUST 2026

In other words, rising markets do not necessarily imply rising valuations.

Indeed, one of the most overlooked developments of the past two years is the relative stability of valuation multiples. The broad S&P 500's price-to-earnings ratio has moved little despite repeated record highs. Outside the headline index, the picture is even more striking. Technology sector valuations have actually compressed as earnings have grown faster than share prices. In many cases, fundamentals have caught up with the enthusiasm.

The market's current behaviour therefore appears less speculative than commonly perceived. Investors are not merely paying higher prices for the same profits. They are responding to a dramatically improved earnings outlook.

The obvious question is what is driving this surge.

The answer lies largely in an investment cycle of historic proportions.

Artificial intelligence has triggered what may become one of the largest capital expenditure booms in modern corporate history. Hyperscalers, semiconductor manufacturers and digital infrastructure providers are collectively committing hundreds of billions of dollars to build the computing capacity required for the next generation of AI applications.

The beneficiaries extend far beyond chipmakers. Every layer of the technology ecosystem, from networking equipment to cloud services and enterprise software, is experiencing demand levels that would have looked unrealistic only a few years ago.

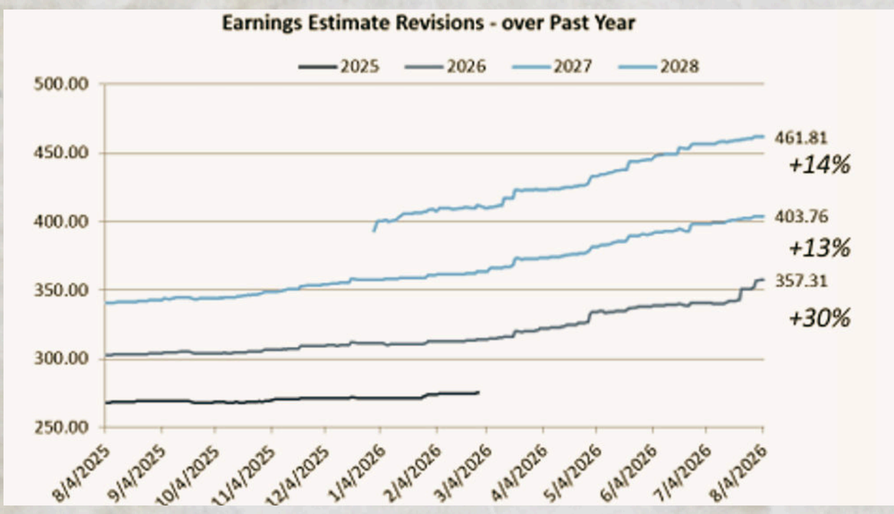
The stock market is therefore not simply discounting an idea. It is discounting observable profit growth generated by a tangible investment cycle.

That does not mean risks are absent.

In fact, investors may be asking the wrong question.

The concern today is arguably not whether there is a stock market bubble, but whether there is an earnings bubble.

The distinction is subtle but critical. If profits continue expanding at current rates, many valuation concerns will naturally dissipate over time. If, however, earnings growth proves dependent on an unsustainably high level of AI-related capital expenditure, today's confidence may eventually face a meaningful challenge.



> ***"The widening gap between narrative and profitability is creating fertile ground for disciplined stock pickers"***
>
> -Pierre Mouton,
> *Head of Long Only Investments*

Soucrces: NS Partners, Raymond James, as of 4 August 2026. This document includes historic results and past performance is not a reliable indicator of future results. The views expressed are for informational purposes only and should not be considered investment advice or a recommendation to buy or sell any security or fund. Please see the disclaimer at the end of this presentation.

"VOICES OF NS INVESTMENT TEAM"

The NS Financial Post

EDITOR'S EDITION

This release contains information from NS Partners SA. For more details, visit www.nspgroup.com or contact ir@nspgroup.com.

7 AUGUST 2026

The crucial variable is therefore not valuation multiples but future investment intensity.

For now, there is little evidence of an imminent slowdown. Most major technology companies continue to signal strong spending intentions, while demand for computing infrastructure remains well above available supply. Industry forecasts generally suggest the current AI investment cycle has several years left to run, with peak spending unlikely before the end of the decade.

Nevertheless, history reminds investors that no capital expenditure boom lasts forever.

Railways, telecom networks and the internet all experienced periods of extraordinary investment followed by phases of consolidation and normalisation. AI is unlikely to prove different. At some point, hyperscalers will move from expansion to optimisation. When that moment arrives, markets will need a new source of earnings acceleration to sustain current expectations.

That, rather than today's valuation levels, represents the true strategic challenge for investors.

The lesson from the current market is straightforward. Record highs should not automatically be interpreted as signs of excess. Prices can look expensive in isolation while becoming increasingly reasonable when judged against a rapidly improving earnings outlook.

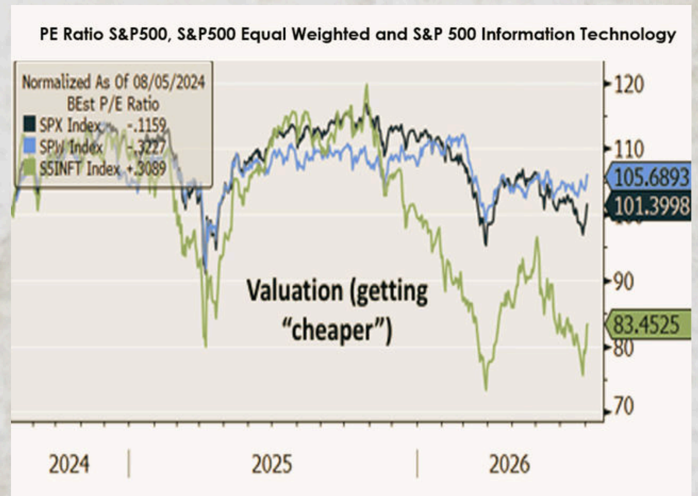
For now, the evidence suggests equity markets are climbing not on speculation, but on profits.

The real test lies ahead: determining how long the earnings boom can continue once the AI investment frenzy eventually begins to mature.

If earnings drive markets, stock selection drives returns.

The implications for portfolio construction are significant. If future returns are increasingly determined by earnings delivery rather than valuation expansion, broad market exposure alone may not be sufficient. The widening dispersion between companies capable of converting AI-related investment into lasting profitability and those merely participating in the narrative is likely to create fertile ground for active management.

Within this context, our Global Blended Equity strategy seeks to identify businesses whose earnings power is underestimated by the market and whose long-term competitive advantages position them to benefit from structural growth trends. Our investment process is built on the conviction that sustainable wealth creation ultimately stems from owning exceptional companies through extended periods of earnings compounding. As the current market cycle evolves, we believe this discipline remains one of the most reliable ways of transforming a powerful macroeconomic theme into attractive long-term investment outcomes.



Soucrces: NS Partners, Bloomberg, as of 5 August 2026. This document includes historic results and past performance is not a reliable indicator of future results. The views expressed are for informational purposes only and should not be considered investment advice or a recommendation to buy or sell any security or fund. Please see the disclaimer at the end of this presentation.

"VOICES OF NS INVESTMENT TEAM"

The NS Financial Post

EDITOR'S EDITION

This release contains information from NS Partners SA. For more details, visit www.nspgroup.com or contact ir@nspgroup.com.

7 AUGUST 2026

Disclaimer

Past performance is not indicative of future results. The views, strategies and financial instruments described in this document may not be suitable for all investors. Opinions expressed are current opinions as of the date(s) appearing in this material only. References to market or composite indices, benchmarks or other measures of relative market performance over a specified period of time are provided for your information only. NS Partners provides no warranty and makes no representation of any kind whatsoever regarding the accuracy and completeness of any data, including financial market data, quotes, research notes or other financial instruments referred to in this document. This document does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it would be unlawful to make such offer or solicitation. Any reference in this document to specific securities and issuers are for illustrative purposes only and should not be interpreted as recommendations to purchase or sell those securities. References in this document to investment funds that have not been registered with the Finma cannot be distributed in or from Switzerland except to certain categories of eligible investors. Some of the entities of the NS Partners group or its clients may hold a position in the financial instruments of any issuer discussed herein, or act as advisor to any such issuer. Especially for ESG purposes, although NS Partners SA information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG parties"), obtain information (the "information") from sources they consider reliable, none of the ESG parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. None of the information can in and for itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. Additional information is available on request.