Disclosure - Non-Independent Marketing Communication This is a non-independent marketing communication commissioned by Mid Wynd International (MWY) . The report has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on the dealing ahead of the dissemination of investment research.

Mid Wynd International (MWY)

MWY's holdings are trading at relative valuations last seen during the GFC.

Jean-Baptiste Andrieux Jean-Baptiste@keplerpartners.com

Overview

Investment objective

To achieve capital and income growth by investing on a worldwide basis.

Source: Morningstar

As at:	22/10/2026
Trust Name	Mid Wynd International
Ticker	MWY
Management Company	Lazard Asset Management
Manager Name	Barnaby Wilson; Louis Florentin-Lee;
Association of Investment Companies (AIC) Sector	Global
Dividend Yield	1.1%
Dividend Distribution Frequency	Semi-Annually
Latest Market Capitalisation	£204,969,865
Latest Net Gearing (Cum Fair)	-1%
Latest Ongoing Charge Ex Perf Fee	0.70%
Shares Outstanding	25,118,856
(Discount)/ Premium (Cum Fair)	-2.4%
Daily Closing Price	816p

Mid Wynd International (MWY) offers exposure to 'compounders', which are companies that can consistently generate high returns on capital and reinvest the cash they generate into their businesses to support future growth. Managers Louis Florentin-Lee, Barnaby Wilson, and Alistair Boyle aim to invest in companies with these characteristics when their shares trade at reasonable valuations, and to hold them for the long term.

Since the start of the year, the managers have reduced their exposure to semiconductor-related companies such as Taiwan Semiconductor Manufacturing Company (TSMC) and ASML. This was to manage their size in the **Portfolio**, as they have rallied strongly on the back of the build-out of AI infrastructure. Conversely, they have added to their positions in software businesses and introduced new holdings, such as financial technology firm Intuit. Many of these companies sold off in early 2026 as their business models have been seen as vulnerable to the rise of AI. However, the team believes these concerns may be excessive, as many of these companies benefit from competitive advantages that are hard to replicate.

The team has also initiated new positions in businesses they expect to benefit from secular growth trends. AutoZone, a US auto parts retailer, is one example. The managers expect it to gain from the ageing vehicle fleet in North America, rising miles driven, and increasing vehicle complexity.

In FY 2026, MWY increased its **Dividend** for a 14th consecutive year, strengthening its position among the AIC's next generation of dividend heroes, while offering a historic yield of c. 1%. The board also continued its share buyback programme at an elevated pace, helping to maintain a narrow Discount, which currently stands at c. 2%.

Analyst's View

While the AI driven market environment has proven difficult for MWY to navigate, as it has for many active strategies, we believe now could offer an attractive entry point in the trust. This is because its holdings are currently trading, in aggregate, at valuation levels last seen during the global financial crisis, which could provide scope for a rebound.

The managers believe that the market is wrong in its assessment of some "AI losers" as they think a broad-brush approach has been applied to a swathe of names, despite some of them having strong cash flows, recurring revenue streams, and competitive moats. They think these characteristics may prompt investors to eventually reassess the merits of companies in other parts of the market, with MWY providing exposure to a broad range of return drivers. In our view, the trust could also prove attractive in more difficult macroeconomic environments, such as those characterised by low growth and/or tight financing conditions. This is because the managers focus on companies with low capital intensity, recurring demand, and durable competitive advantages, which mean they should offer resilience in more challenging periods.

Finally, we note that the team has remained committed to its investment principles despite the headwinds, even when it might have been tempting for an active manager to change their approach and chase recent winners. To us, this demonstrates integrity and consistency. As such, we believe MWY can continue to serve as a vehicle for gaining exposure to high-quality companies.

Bull

- Portfolio holdings are trading at historically low relative valuations
- Could benefit from a broadening of market returns beyond the AI theme
- The managers have remained committed to their process rather than chasing recent winners

Bear

- May struggle if market returns remain concentrated in AI-related stocks
- No gearing could limit returns in rising markets
- The trust has shrunk as a result of significant share buybacks

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Portfolio

Mid Wynd International (MWY) provides investors with exposure to 'compounders'. These are companies that can consistently generate high returns on capital and reinvest their cash flows into their business, laying the foundation for even greater cash generation in the future. The managers of the trust, Louis Florentin-Lee, Barnaby Wilson, and Alistair Boyle believe that investors often underestimate these companies, as they assume their high returns cannot be sustained, allowing them to beat expectations and outperform the broader global equity market over the long term. As such, they aim to buy shares in these companies when they are trading at reasonable valuations and to hold them for the long term.

The managers place a strong emphasis on a company's competitive advantages, as these can protect it from new entrants, enabling it to continue to deliver high returns. For example, one of MWY's current top ten holdings is Visa, one of the three global leaders in the payments industry. The managers argue that Visa benefits from a strong network effect, as merchants are incentivised to accept its payment system given its widespread use among customers, making it difficult for new competitors to break through. In turn, the broad acceptance of Visa cards by merchants encourages consumers to choose them over those of a nascent competitor, creating a reinforcing cycle.

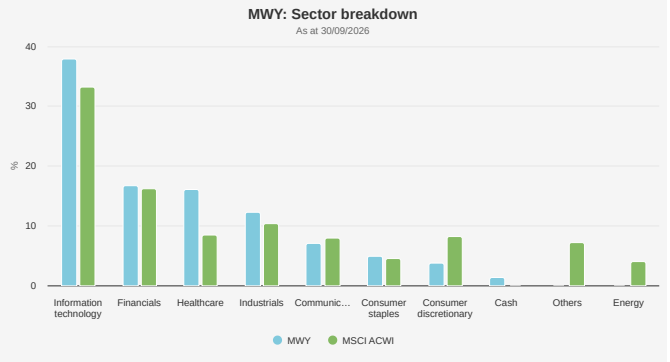
TOP TEN HOLDINGS

HOLDING	SECTOR	COUNTRY	WEIGHT (%)
Taiwan Semiconductor Manufacturing Company	Information technology	Taiwan	6.4
Apple	Information technology	United States	5.2
Microsoft	Information technology	United States	4.2
Visa	Financials	United States	4
ASML	Information technology	Netherlands	3.9
Amphenol	Information technology	United States	3.8
AMETEK	Industrials	United States	3.3
IQVIA	Healthcare	United States	3.2
Thermo Fisher Scientific	Healthcare	United States	3
Coca-Cola	Consumer staples	United States	2.6
Total			39.7

Source: Lazard Asset Management, as at 30/09/2026

It is also worth noting that although the team takes a bottom-up approach to portfolio construction, selecting stocks based on their individual merits rather than targeting specific allocations to individual countries or sectors, they tend to find more companies that meet their investment criteria in the information technology, healthcare, asset-light industrials, and financial services sectors, as reflected in the portfolio's current sector weights (see chart below). Conversely, MWY tends to have little or no exposure to sectors with a high proportion of cyclical companies, as the returns generated by these companies are often more dependent on the macroeconomic environment and can therefore be difficult to sustain over the long term.

SECTOR ALLOCATION



Source: Lazard Asset Management
Past performance is not a reliable indicator of future results.

Given the strong performance of semiconductor-related stocks since the start of the year, portfolio activity so far in 2026 has included trimming or selling holdings exposed to this industry. This reflects the team's view that many of these stocks are now trading at stretched valuations and to manage their size within the portfolio. For instance, positions in Taiwan Semiconductor Manufacturing Company, which operates the world's largest chip foundry, and ASML, the leading producer of advanced photolithography machines, were reduced, while the position in VAT Group, a vacuum valve supplier for semiconductor manufacturing, was sold.

The team also exited positions in companies where it believes competitive advantages and the ability to sustain high financial productivity are eroding. This includes, for example, apparel brand Nike, which is facing increased competition in China, historically one of the company's key markets, from domestic brands. The team also believes Nike has lost ground in some segments of Western markets, notably in running, where brands such as HOKA and ASICS have gained market share. They attribute this in part to Nike's decision to prioritise direct distribution over sales through third-party retailers, which has reduced the brand's presence on store shelves and given competitors more space to showcase their products.

Conversely, the managers have added to existing holdings or initiated new positions in companies whose shares sold off late last year and in early 2026 amid concerns that the rise of AI could threaten their business models. They believe that, in some cases, concerns over AI disruption are overstated, particularly for companies that benefit from proprietary data that AI cannot legally scrape or replicate and whose products are deeply embedded in their clients' activities, making any switch a significant undertaking for the clients. One such stock introduced into the portfolio this year is financial technology company Intuit, whose software products include TurboTax for tax preparation, QuickBooks for accounting, and Credit Karma for credit scores and reports. The team argues that the sensitive nature of financial data should protect the business from AI disruption and highlights that the company is integrating AI into its products, thereby enhancing its offering.

The team has also built new positions in businesses outside the perceived 'AI losers'. That includes AutoZone, a US auto parts retailer operating in an industry dominated by three major players. The managers believe the company is well positioned to benefit from several secular trends, such as an ageing vehicle fleet in the US, rising miles driven, and increasing vehicle complexity. Another new position is Bank of New York Mellon (BNY), a financial services company providing asset servicing and fund administration to institutional clients. The managers see significant competitive advantages in BNY's scale, integrated service model, and strong reputation among institutional clients, which they believe will enable the company to sustain high and consistent financial productivity. Furthermore, the managers believe the market is underestimating two potential drivers of growth. The first is BNY's shift towards a more commercial operating model, with greater emphasis on relationship-driven sales and proactive client engagement. The second is its increasing use of automation and AI, which they believe makes BNY one of the most advanced adopters of these technologies among institutional finance companies.

Gearing

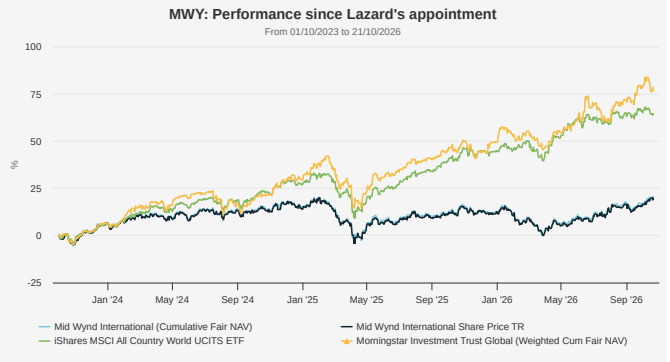
MWY's policy allows for borrowings up to 30% of its net assets. However, the trust is currently ungeared and has no borrowing facility in place. The board assesses that there is no requirement for it in the short term but will keep the option to deploy gearing under review, on the basis that the benefit to shareholders has to outweigh the associated costs.

Performance

Lazard was appointed investment manager of MWY on 01/10/2023, with the aim of applying the Lazard Global Quality Growth strategy to the trust. Their investment approach focuses on companies that can consistently sustain high levels of financial productivity, notably thanks to strong competitive advantages. However, Lazard's appointment took place amid the AI rally, during which market returns became increasingly concentrated in AI-related stocks. This created a headwind for the strategy, given the managers' bottom-up approach – considering the individual merits of companies rather than market themes – and their emphasis on having a diversified range of return drivers within the portfolio.

As a result, MWY has trailed its benchmark between Lazard's appointment and 21/10/2026, generating NAV and share price total returns (TRs) of 20.7% and 19.7%, respectively, compared with a 65.0% return for the MSCI ACWI. It is worth noting that many active strategies have struggled to keep pace with the broader global equity market over this period. For example, every strategy in the Morningstar Investment Trust Global sector, bar one exception, has underperformed the MSCI ACWI. The outlier was a higher risk strategy that benefited from significant exposure to AI-related stocks and from IPOs of companies previously held in its portfolio of private assets, pushing the sector's weighted average return to 78.6%.

PERFORMANCE SINCE APPOINTMENT



Source: Morningstar

Past performance is not a reliable indicator of future results

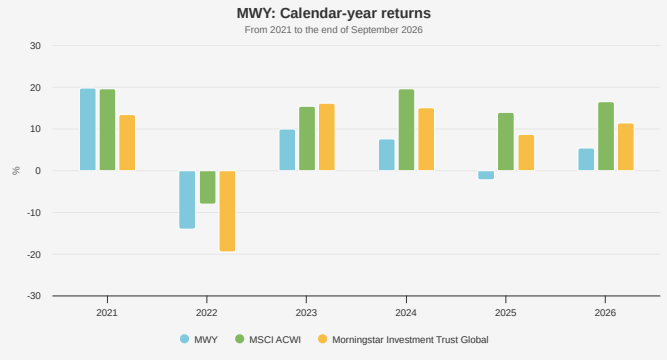
We now look at the performance of the trust in individual calendar years. In 2024, the first full year under Lazard's management, market returns were driven by US tech mega-caps seen as AI winners, in particular NVIDIA, the world's leading supplier of graphic processing units. However, MWY did not hold this stock, as the managers did not have strong conviction that the company would be able to sustain its high return on capital, given that semiconductor companies have historically tended to be highly cyclical. This means they can experience periods of very high returns but have often struggled to sustain them consistently over the long term.

In 2025, MWY was impacted by the continuation of the AI rally, notably in the second half of the year, as well as by the sell-off in software companies. The latter reflected growing concerns that AI could erode their business models, with the sell-off continuing into early 2026. However, the team believes these concerns may be overdone, highlighting that many of these companies benefit from proprietary data

that AI cannot legally replicate, while their products tend to be deeply embedded in their clients' activities, making it difficult for them to switch. As such, the managers have added to their positions in 'AI losers' and introduced new holdings among this cohort, including financial technology company Intuit.

The AI rally continued in 2026 but shifted towards companies providing essential components for the build-out of AI infrastructure, notably businesses supplying memory chips such as Micron Technology, SK Hynix, and Samsung Electronics. The trust has had no exposure to these names, given their cyclical nature and their reliance on continued capital expenditure from hyperscalers to sustain their high returns. Nonetheless, this was partly offset by holdings such as Taiwan Semiconductor Manufacturing Company, the world's largest chip foundry, and ASML, the leading producer of advanced photolithography systems. While these two businesses are embedded in the semiconductor supply chain, they tend to have more predictable cash flows than pure chip designers.

CALENDAR-YEAR PERFORMANCE



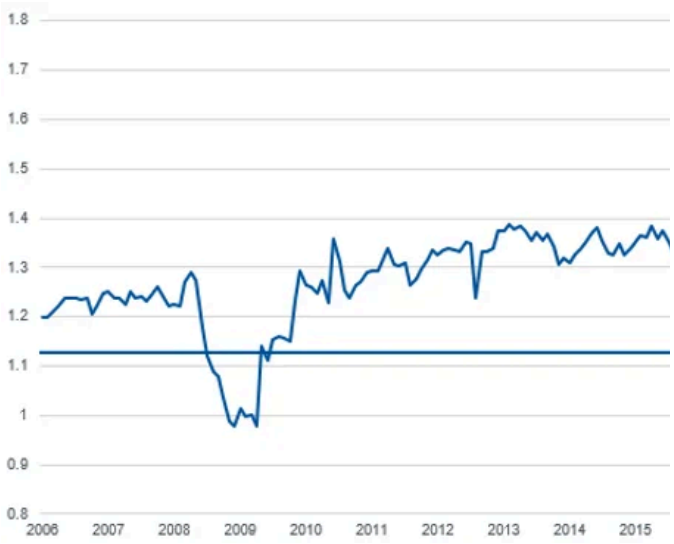
Source: Morningstar

Past performance is not a reliable indicator of future results

The AI-driven market environment has proved challenging for the Lazard Global Quality Growth strategy, given its focus on company fundamentals rather than market themes, alongside the diversified range of return drivers within the portfolio. However, we believe the strategy's characteristics could prove valuable in a different market environment. For example, we think the managers' emphasis on low capital intensity, recurring demand, and sustainable competitive advantages could provide resilience during periods of slower economic growth and/or tighter financial conditions. Furthermore, any slowdown in the AI theme could prompt investors to consider other areas of the market, including high-quality companies.

The managers also point to the aggregate relative price-to-earnings ratio of their holdings versus the MSCI ACWI, which, as the chart below shows, currently stands at levels last seen during the global financial crisis. They therefore argue that the portfolio currently offers a rare valuation opportunity, with scope for a potential re-rating.

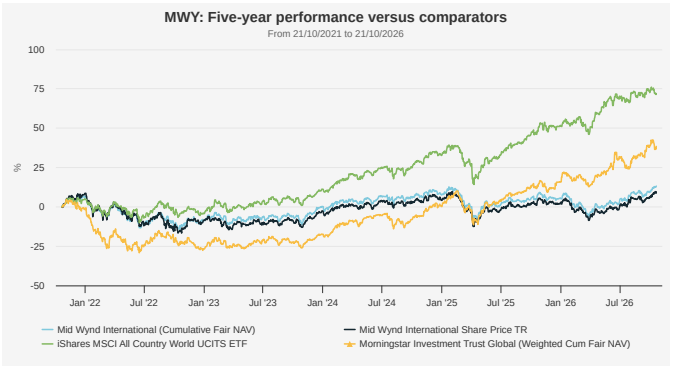
RELATIVE VALUATIONS OF MWY'S CURRENT HOLDINGS VS MSCI ACWI



Source: Lazard, MSCI, FactSet, as of 30/06/2026

The chart below shows MWY's five-year performance, although it is worth noting that the trust was run by the previous investment manager before October 2023. Over this period, MWY generated NAV and share price TRs of 13.2% and 9.4%, respectively, which compare with returns of 71.1% for the MSCI ACWI and 38.4% for the Morningstar Investment Trust Global sector.

FIVE-YEAR PERFORMANCE



Source: Morningstar

Past performance is not a reliable indicator of future results

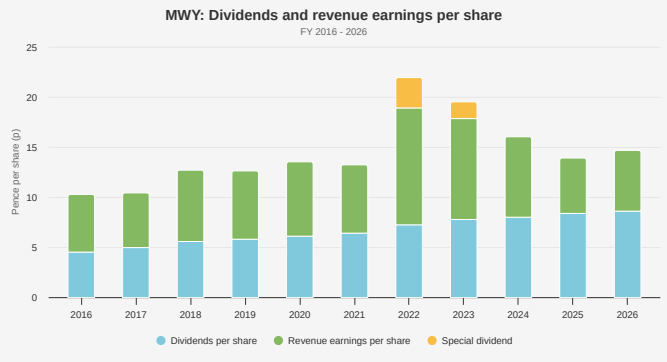
Dividend

The primary focus of the trust is to deliver capital growth, with the management team focusing on high-quality companies that typically reinvest their cash flows into the business to support long-term growth rather than distributing dividends.

However, MWY pays a dividend, typically distributing it in two instalments each financial year, and aims to grow it over time. In fact, the trust is part of the AIC's next generation of dividend heroes – a group of investment trusts that have increased their dividends annually for at least ten years but fewer than 20 – having raised its dividend for 14 consecutive years. MWY's dividend for FY 2026 amounts to 8.60p, representing a c. 3% year-on-year increase and equating to a historic dividend yield of 1.1%.

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DPS & RPS



Source: Lazard Asset Management
Past performance is not a reliable indicator of future results

Although revenue earnings per share increased by c. 9% year-on-year, they do not fully cover the dividend per share to be paid to investors in FY 2026. As such, the board will draw on its revenue reserves. Following payment of the final dividend on 06/11/2026, we estimate that revenue reserves will stand at £2.8m, sufficient to cover 1.2x the total dividend paid in FY 2026. In addition, the trust has access to a £242.1m special reserve, which may be used to pay dividends and fund share buybacks. We therefore believe the board is in a strong position to continue increasing the dividend.

Management

The trust is co-managed by Louis Florentin-Lee, Barnaby Wilson, and Alistair Boyle of the Lazard Global Quality Growth strategy. Louis and Barnaby officially assumed responsibility for managing MWY in October 2023, and were joined by Alistair in September 2025.

Louis began working in the investment industry in 1996 and joined Lazard in 2004, where he currently is a managing director and portfolio manager/analyst on various global equity teams, international quality growth and US equity select. He was also co-portfolio manager/analyst for the Lazard European Explorer fund between 2004 and 2010. Prior to joining Lazard, Louis was an equity research analyst at Soros Funds Limited and Schroder Investment Management.

Barnaby joined the investment industry in 1998 and has been at Lazard since 1999. He is a managing director and portfolio manager/analyst on various global equity teams in addition to international quality growth. Prior to joining Lazard, he worked for Orbitex Investments as a research analyst.

Meanwhile, Alistair began working in the investment industry in 1996 at Deutsche Bank and also held roles in global equities at HSBC and JPMorgan. In addition, he was a co-founder of the independent global research firm Redburn Partners, where he was a partner for 17 years. Prior to joining Lazard, he also worked at Peel Hunt, where he established Retail Capital Markets, and later became a private investor and consultant to macro research firm Smith Market Insight.

They are supported by three other portfolio managers and analysts: Stephen Tong, Martin Flood, and Jessica Kittay. The team also benefit from the wealth of resources provided by more than 400 investment professionals based in over 20 countries across Lazard Asset Management.

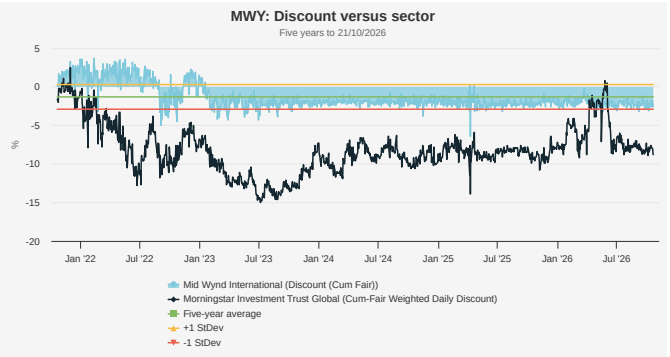
Discount

The board aims to maintain the trust's share price within 2% of NAV under normal market conditions and can use share issuance and buybacks for this purpose. Currently, the trust's discount stands at 2.4%.

During FY 2026 (ended 30/06/2026), the board continued its share buyback programme, repurchasing c. 32% of the shares in issue at the beginning of the period, with a further c. 8% having been bought back since the start of FY 2027. We note that the pace of share buybacks has been particularly elevated since 2023 – with the trust's market capitalisation having shrunk from £419m at the end of 2023 to £205m currently (a c. 51% reduction) – which we believe is unsustainable over the long term. Nevertheless, the buybacks have been effective in consistently maintaining a narrow discount, providing liquidity to shareholders and potentially helping to reduce the risk of activist investor involvement.

Looking ahead, we believe the trust could see more natural demand for its shares if market returns broaden beyond the AI theme. In particular, we think the low capital intensity, recurring demand, and sustainable competitive advantages of MWY's holdings could prove attractive in more challenging economic conditions. In addition, the trust's holdings are, in aggregate, trading at historically low relative P/E multiples versus the MSCI ACWI, which could present a compelling valuation opportunity.

DISCOUNT



Source: Morningstar
Past performance is not a reliable indicator of future results.

Charges

MWY's latest annual report (for the year ended 30/06/2026) states an ongoing charges ratio (OCR) of 0.62%, which compares with a simple average of 0.56% for the AIC Global sector. It is worth noting that the impact of the OCR is already reflected in the NAV and is not an additional cost deducted from the share price.

The trust's OCR includes an annual management fee calculated on market capitalisation, which we believe provides greater alignment between the managers' and shareholders' interests. Moreover, the management fee has been reduced for a period of 24 months, effective since 01/05/2026. This means that the new management fee arrangements only applied to the final two months of FY 2026 (i.e. May and June 2026), but will apply in full in the ongoing financial year.

As such, Lazard Asset Management now receives a fee of 0.32% of the trust's market capitalisation up to £250m, reducing to 0.304% on market capitalisation between £250m and £500m, and 0.256% on market capitalisation above £500m. With market capitalisation of £204.9m at the time of writing, this would equate to a management fee of 0.32%. Under the previous arrangements, the management fee would have been 0.40%.

In addition, MWY has changed its alternative investment fund manager (AIFM) from Juniper Partners Limited to Lazard Fund Managers Limited. Lazard will not charge an additional AIFM fee for this service, meaning that there will be a small cost benefit to the trust in the ongoing financial year.

ESG

The managers believe it is critical to understand ESG tailwinds and headwinds, especially in the context of a long-term investment strategy based on future financial productivity. Furthermore, they also believe that good governance means a company is more likely to be resilient over the long term.

Lazard integrates ESG considerations into the fundamental analysis conducted on every potential investee company. This involves focusing on how ESG opportunities and risks may affect a company's competitive advantages, the sustainability of its financial productivity, its reinvestment opportunities and its valuation. The proprietary ESG analysis is conducted by research analysts as part of their fundamental research, and the team also has access to in-house sustainability experts as well as to third-party data sources.

Morningstar has rated MWY as five out of five globes on its sustainability rating, with 100% of the portfolio covered as of 31/07/2026 and awarded the trust the 'low carbon' designation.

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