SOMERSTON ASSET MANAGEMENT

SOMERSTON CORE EQUITY FUND

INVESTMENT LETTER AS AT 30 JUNE 2025

Portfolio Objectives: To grow capital over the medium term by investing in a concentrated portfolio of high quality companies and to outperform global equities over the economic cycle.

Strategy: We use a fundamental bottom-up approach to identify attractive investment opportunities. We have a 5-year investment horizon. We focus our investments in 15 to 25 high quality companies. We invest in companies that demonstrate strong governance, high profitability, low capital intensity, strong economic moats, and low business risk. We invest globally, without sector/geographic restrictions.

Performance: The Core Equity Fund (US1 class) rose +3.6% in the month and rose by +10.5% over the last three months. The reference index rose by +3.7% during the month and rose by +9.2% over the last three months.

Performance US1 (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017				1.2	5.4	-0.2	0.4	-0.1	1.9	1.8	-1.8	2.1	**10.9**
2018	6.2	-4.6	-1.9	0.4	1.2	1.2	4.3	1.3	0.4	-8.5	2.7	-9.0	**-7.2**
2019	6.2	4.2	3.3	3.8	-4.0	5.7	0.6	0.8	-1.6	1.3	5.1	2.5	**31.1**
2020	0.9	-7.3	-14.3	12.5	5.8	2.6	4.4	5.5	-3.4	-3.8	9.7	2.9	**13.0**
2021	-0.6	1.7	3.3	5.0	0.2	3.4	3.1	2.2	-5.1	6.3	-1.6	2.9	**22.2**
2022	-8.3	-4.8	4.4	-9.4	-0.2	-8.8	10.4	-4.5	-8.6	6.6	4.7	-4.8	**-23.1**
2023	2.2	-3.8	5.3	1.8	-1.6	4.7	3.7	-1.1	-5.5	-2.8	8.9	4.6	**17.0**
2024	2.6	3.3	1.6	-4.2	4.0	2.1	0.3	3.3	0.8	-3.5	2.5	-2.1	**10.8**
2025	4.8	-1.9	-7.2	-0.7	7.4	3.6							**5.4**

Total return since March 2017: 95.5%

Geographical Allocation

Region	**% Fund**
North America	67.6%
Europe	26.9%
Cash and Equivalents	5.5%

Sector Allocation

Sector	**% Fund**
Information Technology	29.5%
Health Care	15.1%
Consumer Discretionary	13.2%
Communication Services	10.4%
Financials	10.0%
Industrials	8.8%
Consumer Staples	7.5%
Cash and Equivalents	5.5%

Top Ten Holdings

Name	**% Fund**
Microsoft Corp	6.2%
Synopsys Inc	6.2%
Meta Platforms Inc	6.2%
Amazon.com Inc	5.8%
Nvidia Corp	4.8%
Intuit Inc	4.8%
ASML Holding NV-NY Reg SHS	4.8%
IDEXX Laboratories Inc	4.6%
Alphabet Inc	4.2%
Visa	3.9%
Total for Top Ten	**51.6%**

This factsheet shows the performance of Somerson's “Core Equity Strategy” from 31 March 2017 to 30 September 2023 then the Somerston Core Equity Fund from its launch on 02 October 2023.

GB1 Class Performance: The Core Equity Fund (GB1 class) rose by +3.5% in the month and rose by +10.4% over the last three months.

Performance GB1 (%)													
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Year**
2017				1.2	5.4	-0.2	0.4	-0.1	1.9	1.8	-1.8	2.1	**10.9**
2018	6.2	-4.6	-1.9	0.4	1.2	1.2	4.3	1.3	0.4	-8.5	2.7	-9.0	**-7.2**
2019	6.2	4.2	3.3	3.8	-4.0	5.7	0.6	0.8	-1.6	1.3	5.1	2.5	**31.1**
2020	0.9	-7.3	-14.3	12.5	5.8	2.6	4.4	5.5	-3.4	-3.8	9.7	2.9	**13.0**
2021	-0.6	1.7	3.3	5.0	0.2	3.4	3.1	2.2	-5.1	6.3	-1.6	2.9	**22.2**
2022	-8.3	-4.8	4.4	-9.4	-0.2	-8.8	10.4	-4.5	-8.6	6.6	4.7	-4.8	**-23.1**
2023	2.2	-3.8	5.3	1.8	-1.6	4.7	3.7	-1.1	-5.5	-2.8	8.9	4.6	**17.0**
2024	2.6	3.3	7.4	-4.2	3.9	2.0	0.3	3.0	0.7	-3.6	2.5	-2.2	**9.9**
2025	4.8	-1.9	-7.0	-0.8	7.5	3.5							**5.5**

Total return since March 2017: 94.2%

The GB class launched May 2024, prior performance is based on the US1 Class.

Commentary

We are pleased to report that the Somerston Core Equity Fund (US1 Class) delivered a robust +10.5% return for the second quarter of 2025, and +5.4% for the half year.

Global equity markets in Q2 2025 navigated a complex landscape shaped by macroeconomic and geopolitical headwinds. U.S. tariffs continued to create uncertainty, impacting supply chains and prompting conservative guidance from companies across industries, from semiconductors to consumer goods. The rapid adoption of AI technologies remained a double-edged sword, offering growth opportunities for innovators while posing competitive threats to several incumbents. Against this backdrop, the portfolio's focus on diversified, high-quality businesses enabled us to perform well.

Portfolio Leaders

Halma is a global group of companies that develop and manufacture products focused on safety, health, and environmental solutions, including fire detection, water quality monitoring, and medical equipment. We initiated a position in April after a substantial fall in its share price offered a rare valuation entry point and since then, it has delivered an exceptional +35.6% return (in local currency). The company's strong full-year 2025 results, marked by double-digit revenue and EBIT growth, underscored its robust fundamentals. Organic expansion in the Safety and Environmental & Analysis sectors, driven by photonics demand from a hyperscaler technology customer was a key driver. Halma's decentralised structure and focus on non-discretionary end markets provided stability. Managements guidance for upper single-digit organic revenue growth and a strong acquisition pipeline further bolsters our confidence in Halma's long-term growth trajectory.

Nvidia's +45.8% gain in the quarter reflects its continued dominance in AI computing, despite near-term challenges. The latest earnings report exceeded expectations, driven by robust demand for the Blackwell architecture, which accounted for nearly 70% of data centre revenue. Hyperscalers, such as Microsoft, are deploying Blackwell GPUs at scale, with inference demand surging (e.g., Microsoft processed over 100 trillion tokens in the latest quarter). While export controls to China resulted in a $2.5billion revenue hit and a $4.5 billion inventory write-down, managements guidance for margin recovery to the mid-70% range by year-end and potential upside from export-compliant products mitigate these headwinds. Nvidia's leadership in AI infrastructure positions it as a core holding for capturing secular growth.

Global online travel company, **Booking Holdings** rose +36.4% since we initiated the position in early April, bolstered by a solid Q1 performance and resilient global travel trends. The key metric of 'Room Nights Booked' on the platform exceeded expectations, and management issued strong Q2 guidance, reflecting stable demand. The company, which is diversified across geographies and budgets, was resilient to U.S. travel weaknesses, as shifts in destinations (e.g., from the U.S. to Mexico) had minimal impact. Booking's highly efficient marketing, where each pound spent on digital advertising generates a greater value of gross bookings, underpins its competitive strength, supported by effective customer acquisition and retention strategies. Its ability to attract hoteliers to the platform during downturns and capitalise on stable high-end travel demand supports our conviction in its long-term value.

Portfolio Laggards

We had been reducing our **Apple** holding over the past 12 months, however the stub of the position declined -18.3% before we fully disposed of it early in the quarter. Weakness has been driven by several factors; a significant decline in iPhone sales, particularly in China, where market share dropped to 15%; high tariffs on Chinese imports impacting profit margins; ongoing tariff risk; scepticism about the slow rollout of AI features, especially for the iPhone 16; lofty valuation; and the expectation of a significant negative impact from the ruling against Alphabet for paying Apple to be the default iPhone browser. Despite strong services growth, these challenges, combined with global economic uncertainty and increased competition, have pressured the stock.

Thermo Fisher fell -18.5% during the quarter, reflecting continued lacklustre spend on research and development and capped budgets, particularly at a state and government level. Despite a solid Q1 with 1% organic growth (above expectations of +0.2%), the company lowered its full-year guidance from 3-4% to 1-3% due to tariff-related costs and softer demand in certain segments, particularly Lab Products. Management plans to recoup three-quarters of tariff impacts through customer surcharges and supply chain relocations, but near-term uncertainty pressured the stock. We remain confident in Thermo Fishers long-term fundamentals, given its broad portfolio and outperformance relative to peers. Its valuation is close to a ten-year low and consider the risk/reward trade off attractive.

LVMH declined -22.2% following a disappointing Q1 sales update, with revenue down -3.0% organically against consensus expectations of +1.1%. Weakness in Wines & Spirits (-9.0%) and Fashion & Leather Goods (-5.0%) was especially notable, stemming from softer demand in China and the U.S., exacerbated by tough prior-year comparisons. The Wine and Spirit segment has followed the weakness reported by other spirit companies such as Diageo and Pernod Ricard. It is the most cyclical part of LVMH's business, but the recent declines are at an extreme relative to its own history. While Louis Vuitton and Dior showed resilience through innovation, broader market challenges and currency effects weighed on sentiment. In many cases, LVMH's brands have prevailed over decades or even centuries of expansion and contraction. Its premium brand portfolio and stable performance in Europe provide a foundation for recovery yet its valuation assumes these headwinds are going to continue.

Activity

During Q2, we initiated positions in Hermès, Halma, Booking Holdings, Copart, and Stryker, reflecting our focus on high-quality businesses with durable competitive advantages. Hermès unrivalled position in luxury goods, with strong demand for leather goods and limited tariff exposure, aligns with our strategy for resilient growth. Copart's leadership in online vehicle auctions and Stryker's innovation in medical devices further diversify our portfolio. We rotated out of Constellation Brands into Kerry Group, seeking stronger fundamentals in the food and beverage sector amid weak consumer pressures on Constellation's beer business. Additionally, we closed positions in Apple and Oracle.

Comments

Looking ahead, we anticipate continued volatility in global equity markets as tariff policies and geopolitical tensions evolve. However, we believe the Somerston Core Equity Fund is well-positioned for this environment. Our focus on companies with strong fundamentals with exposure to secular trends, provides a balanced portfolio capable of weathering near-term uncertainties while capturing long-term growth.

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