



# SOMERSTON TECHNOLOGY FUND

INVESTMENT LETTER No.18 AS AT 30 JUNE 2025

**Portfolio Objectives:** To grow capital over the medium term by investing in a concentrated portfolio of high growth companies and to outperform our reference index 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 20-30 high growth companies.

**Performance:** The Somerston Technology Fund (US1 Class) rose by +8.0% during the month and rose by +28.4% over the last three months. Our reference index rose by +7.2% during the month and rose by +21.3% over the last three months.

## Performance (%) (US1 Class)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2017</b>	6.1	3.9	4.2	4.5	7.7	-1.5	5.8	3.2	-0.1	8.5	3.8	-0.8	<b>55.1</b>
<b>2018</b>	12.3	-1.4	-4.1	1.0	8.0	-0.1	0.0	8.9	-1.8	-12.3	1.3	-7.5	<b>1.7</b>
<b>2019</b>	12.0	2.9	5.6	6.3	-8.0	8.2	4.1	-3.8	-1.8	3.1	6.1	3.8	<b>43.6</b>
<b>2020</b>	6.2	-3.8	-6.6	18.2	9.6	10.0	9.1	8.5	-6.2	-0.7	9.6	5.5	<b>73.4</b>
<b>2021</b>	-0.2	1.6	-6.5	8.8	-3.6	11.6	1.0	5.7	-7.9	6.2	-1.5	-5.0	<b>8.5</b>
<b>2022</b>	-13.8	-5.5	2.2	-20.2	-6.1	-11.2	13.8	-6.9	-13.0	2.1	4.9	-10.0	<b>-50.8</b>
<b>2023</b>	16.7	0.3	11.9	-1.1	13.2	4.6	6.5	-3.3	-6.3	-2.0	16.1	4.8	<b>76.6</b>
<b>2024</b>	6.0	7.8	0.8	-5.0	6.8	8.5	-5.3	3.4	2.6	0.0	6.3	-1.8	<b>33.0</b>
<b>2025</b>	6.3	-5.4	-9.9	3.9	14.4	8.0							<b>16.3</b>

Total return since 2017: 472.8%

## Geographical Allocation

Region	% Fund
North America	81.3%
South America	8.7%
Europe	5.7%
Cash and Equivalents	4.3%

## Sector Allocation

Sector	% Fund
Information Technology	51.8%
Consumer Discretionary	22.3%
Communication Services	17.4%
Health Care	2.3%
Financials	2.0%
Cash and Equivalents	4.3%

## Top Ten Holdings

Name	% Fund
Nvidia Corp	12.4%
Amazon.com Inc	9.6%
Meta Platforms Inc	8.9%
MercadoLibre Inc	8.7%
Alphabet Inc	5.7%
Microsoft Corp	5.2%
Advanced Micro Devices	3.9%
ASML Holding NV-NY Reg Shs	3.8%
Zscaler Inc	3.6%
Duolingo	3.3%
<b>Total for Top Ten</b>	<b>65.3%</b>

This factsheet shows the performance of Somerston's "Technology Equity Strategy" from 31 December 2014 to 30 November 2020 then the Somerston Technology Fund from its launch on 01 December 2020.

**GB1 Class Performance:** The Somerston Technology Fund (GB1 Class) rose by +7.9% during the month and rose by +28.1% over the last three months.

#### Performance (%) (GB1 Class)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2017</b>	6.1	3.9	4.2	4.5	7.7	-1.5	5.8	3.2	-0.1	8.5	3.8	-0.8	<b>55.1</b>
<b>2018</b>	12.3	-1.4	-4.1	1.0	8.0	-0.1	0.0	8.9	-1.8	-12.3	1.3	-7.5	<b>1.7</b>
<b>2019</b>	12.0	2.9	5.6	6.3	-8.0	8.2	4.1	-3.8	-1.8	3.1	6.1	3.8	<b>43.6</b>
<b>2020</b>	6.2	-3.8	-6.6	18.2	9.6	10.0	9.1	8.5	-6.2	-0.7	9.6	5.5	<b>73.4</b>
<b>2021</b>	-0.2	1.6	-6.5	8.8	-3.6	11.6	1.0	5.7	-7.9	6.2	-1.5	-5.0	<b>8.5</b>
<b>2022</b>	-13.8	-5.5	2.2	-20.2	-6.1	-11.2	13.8	-6.9	-13.0	2.1	4.9	-10.0	<b>-50.8</b>
<b>2023</b>	16.7	0.4	11.4	-1.2	13.3	4.4	6.3	-3.4	-6.5	-2.0	15.8	4.8	<b>74.2</b>
<b>2024</b>	6.0	7.8	0.8	-5.1	6.7	8.5	-5.2	3.3	2.5	0.0	6.4	-1.9	<b>32.6</b>
<b>2025</b>	6.4	-5.3	-9.7	3.7	14.5	7.9							<b>16.6</b>

Total return since 2017: 464.7%

\* The GB1 class launched in February 2023, performance prior to this date is from the US1 class

## Commentary

The Technology Fund US1 Class rose by +8.0% in the second quarter and +16.3% year to date.

The continued ascent of 'AI as a transformative force' was the defining theme of the quarter. Major U.S. technology companies, including Amazon, Microsoft, Google, and Meta, have committed over \$315 billion to capital expenditures in 2025, with a substantial portion directed toward AI infrastructure within datacentres. This investment surge dispelled earlier concerns that competition from far cheaper AI solutions from China, would curtail capital expenditures. Most recently, hyperscalers Microsoft and Amazon increased their spending forecasts, reinforcing their message about the long-term growth potential of AI. While not yet one of the big four hyperscalers, Oracle's CEO Larry Ellison noted that a customer has stated *'we'll take all the capacity you have, wherever it is'*. AI datacentre demand is unprecedented. Consequently, Nvidia's market capitalisation reached an all-time high (\$3.85trillion), driven by unrelenting demand for its datacentre AI solutions. These developments highlight the structural demand for AI compute, which is reshaping the technology landscape and creating opportunities across hardware and software. The importance of AI cannot be overstated.

## Portfolio Leaders

Security company **Zscaler** (+58.2%) delivered exceptional performance driven by the accelerating adoption of its cloud-native security platform and demand for "zero-trust" security solutions has surged. Zscaler's ability to deliver scalable, AI-driven cybersecurity solutions has positioned it as a leader in this space, with strong revenue growth and expanding market share fuelling its outperformance.

**Oracle** (+57.0%) stock soared due to its compelling advancements in cloud infrastructure and AI-driven enterprise solutions. The company's recent focus on high-performance computing for AI workloads, coupled with strategic partnerships, has bolstered its position in the AI market. Oracles long-term potential in this high-growth area continues to attract investor confidence, despite near-term competitive pressures.

**The Trade Desk** (+55.4%) is a global technology company that offers a platform using AI-driven tools to help brands and agencies efficiently buy and optimise digital advertising across various channels. It has benefited

from the ongoing shift to programmatic advertising and its leadership in the demand-side platform. Its AI-driven advertising tools have gained traction, particularly as brands prioritise data-driven marketing strategies.

### **Portfolio Laggards**

We had been reducing our **Apple** holding over the past 12 months, however the stub of the position declined - 12.5% 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; a lofty valuation; and the expectation of a significant negative impact from the Court 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.

**Salesforce** (-6.7%) faced challenges due to muted execution in its AI-driven customer relationship management offerings. While the company remains a leader in enterprise software, its valuation failed to justify near-term growth prospects, leading us to exit our position and reallocate capital to higher-growth opportunities.

**Tesla's** (-5.1%) performance was impacted by softening demand in the electric vehicle market, political associations and increased competition. Our recent investment in Tesla, took advantage of weakness and is predicated on the potential transformation that a broad roll out and adoption of autonomous vehicles would bring. So far, the trial of autonomous Teslas in Austin Texas appears to be received with mixed reports. We have a small position in Tesla and await more clarification.

### **Activity**

In Q2, we closed our positions in Apple and Salesforce, as their growth trajectories no longer aligned with our investment thesis. We redeployed capital into The Trade Desk and Tesla, reflecting our conviction in their long-term potential and compelling entry points.

### **Comments**

The technology sector continues to evolve at a rapid pace, with AI computing driving significant growth opportunities. The shift towards agentic AI, where systems autonomously handle complex tasks, is reshaping almost all industries. We endeavour to find companies which are well positioned to benefit from this trend at reasonable valuations.

### **Somerston Investment Team**

[Nick.Wakefield@somerston.com](mailto:Nick.Wakefield@somerston.com)

[Arthur.Castle@somerston.com](mailto:Arthur.Castle@somerston.com)

[Emily.Brown@somerston.com](mailto:Emily.Brown@somerston.com)

Investor relations: [ir@somerston.com](mailto:ir@somerston.com)

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