

SOMERSTON MULTI ASSET FUND

INVESTMENT LETTER No.33 AS AT 30 SEPTEMBER 2025

Portfolio Objectives: To maximise risk adjusted returns through a diversified portfolio across global equities, bonds, commodities and alternative strategies.

Strategy: We adjust asset class exposure tactically and strategically to align with market cycles.

Performance: The Somerston Multi Asset Fund (US1 class) rose by +1.3% in the month and rose by +2.3% over the last three months. Our composite reference index rose by +2.4% in the month and rose by +5.4% over the last three months.

Performance (%) US Class

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017				0.9	2.7	-0.9	0.6	0.6	-0.5	0.6	-1.2	1.9	4.5
2018	4.8	-3.7	-1.0	-1.0	0.8	-0.2	0.9	0.3	0.0	-2.3	1.8	-0.4	-0.2
2019	1.1	-0.6	2.8	1.3	-1.8	5.6	0.7	0.6	-0.6	2.1	2.8	3.3	18.5
2020	-0.3	-5.9	-8.5	6.9	2.4	1.8	7.4	3.1	-2.2	-1.0	5.2	5.2	13.6
2021	-0.3	0.8	-0.1	2.3	2.5	-0.2	2.2	0.5	-5.1	5.2	-1.7	3.2	9.3
2022	-5.9	-1.1	2.6	-3.5	-1.4	-4.1	4.3	-3.8	-4.9	1.3	3.7	-1.5	-14.0
2023	2.5	-4.0	2.9	1.1	-1.3	2.0	2.5	-1.2	-2.5	-0.6	6.3	4.7	12.6
2024	0.0	1.2	3.2	-1.9	3.6	0.4	0.8	2.0	1.3	-3.7	0.9	-2.3	5.4
2025	3.7	-0.1	-1.1	2.2	2.6	2.0	-0.6	1.6	1.3				12.0

Total return since inception 63.3%

Top Ten Equity Holdings

Name	% Fund
Amazon.com Inc	2.8%
Alphabet Inc	2.6%
Intuit Inc	2.4%
Meta Platforms Inc	2.2%
Mastercard Inc	2.2%
ASML Holding NV-NY Reg SHS	1.9%
Nvidia Corp	1.9%
Microsoft Corp	1.8%
Unilever PLC	1.8%
Veeva Systems Inc	1.6%
Total for Top Ten	21.2%

Currency Allocation

USD	101.2%
JPY	4.0%
NOK	2.3%
GBP	-7.4%
Total	100.0%

Asset Allocation

	Long	Short	Net
Core Equity	37.6%		37.6% ↓
Technology Equities	5.8%		5.8% ↓
Emerging Market Equities	4.3%		4.3% ↓
Energy Equities	1.9%		1.9% ↑
Equity Long Short	8.0%	-8.7%	-0.8% ↓
Equities	57.6%	-8.7%	48.9% ↓
Inflation Linked Bonds	21.7%		21.7% ↓
Bonds	21.7%		21.7% ↓
Gold Bullion	5.7%		5.7% ↑
Gold Royalty	2.8%		2.8% ↑
Brent Oil	1.4%		1.4% ↓
Commodities	9.9%		9.9% ↓
Volatility and CTA	13.4%		13.4% ↑
Bitcoin & Blockchain	2.7%		2.7% ↑
Total All Assets	105.2%	-8.7%	96.5%

Performance shows the 0 Class until the fee structure was changed in May 2024 when the 1 class has been adopted.

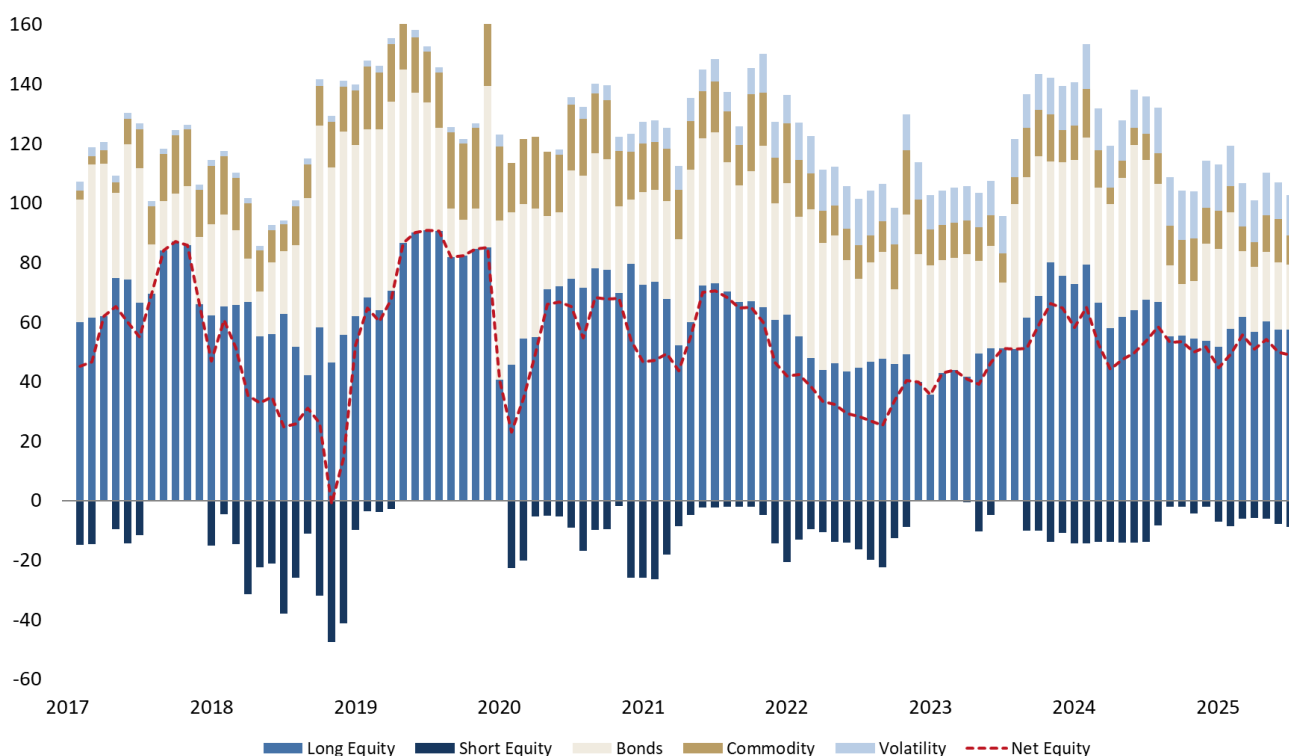
GB Class Performance: The Somerston Multi Asset Fund (GB1 class) rose by +1.2% in the month and rose by +2.1% over the last three months.

Performance (%) GB Class

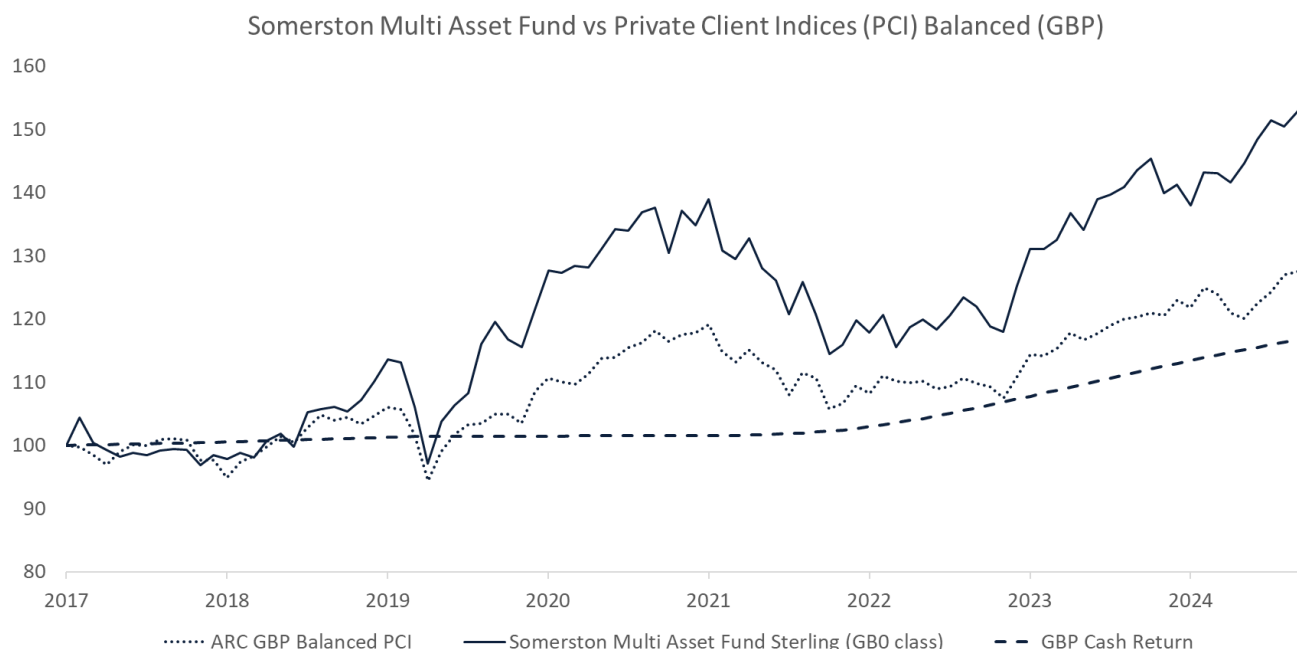
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017				0.8	2.6	-1.0	0.5	0.5	-0.7	0.5	-1.3	1.6	3.5
2018	4.4	-3.8	-1.1	-1.2	0.6	-0.3	0.8	0.1	-0.1	-2.4	1.6	-0.6	-2.2
2019	1.0	-0.8	2.7	1.1	-2.0	5.4	0.5	0.3	-0.7	1.7	2.7	3.2	16.1
2020	-0.4	-6.2	-8.5	6.9	2.5	1.8	7.2	3.1	-2.3	-1.0	5.1	5.1	12.4
2021	-0.3	0.8	-0.2	2.3	2.4	-0.2	2.2	0.5	-5.2	5.1	-1.7	3.1	8.8
2022	-5.9	-1.0	2.6	-3.6	-1.5	-4.3	4.2	-4.1	-5.2	1.3	3.4	-1.6	-15.2
2023	2.4	-4.2	2.7	1.0	-1.4	1.9	2.4	-1.2	-2.6	-0.7	6.2	4.6	11.2
2024	0.0	1.2	3.2	-2.0	3.6	0.5	0.8	1.8	1.2	-3.8	0.9	-2.4	4.8
2025	3.8	-0.1	-1.1	2.0	2.6	2.0	-0.7	1.6	1.2				11.8

Total return since inception 58.9%

Evolution of Asset Allocation for Somerston Multi Asset Fund



Performance since inception



Performance

The fund delivered a return of +2.4% for the third quarter of 2025 and +12.5% year to date. Key attributors and detractors to performance over the quarter relative to our reference point were as follows:

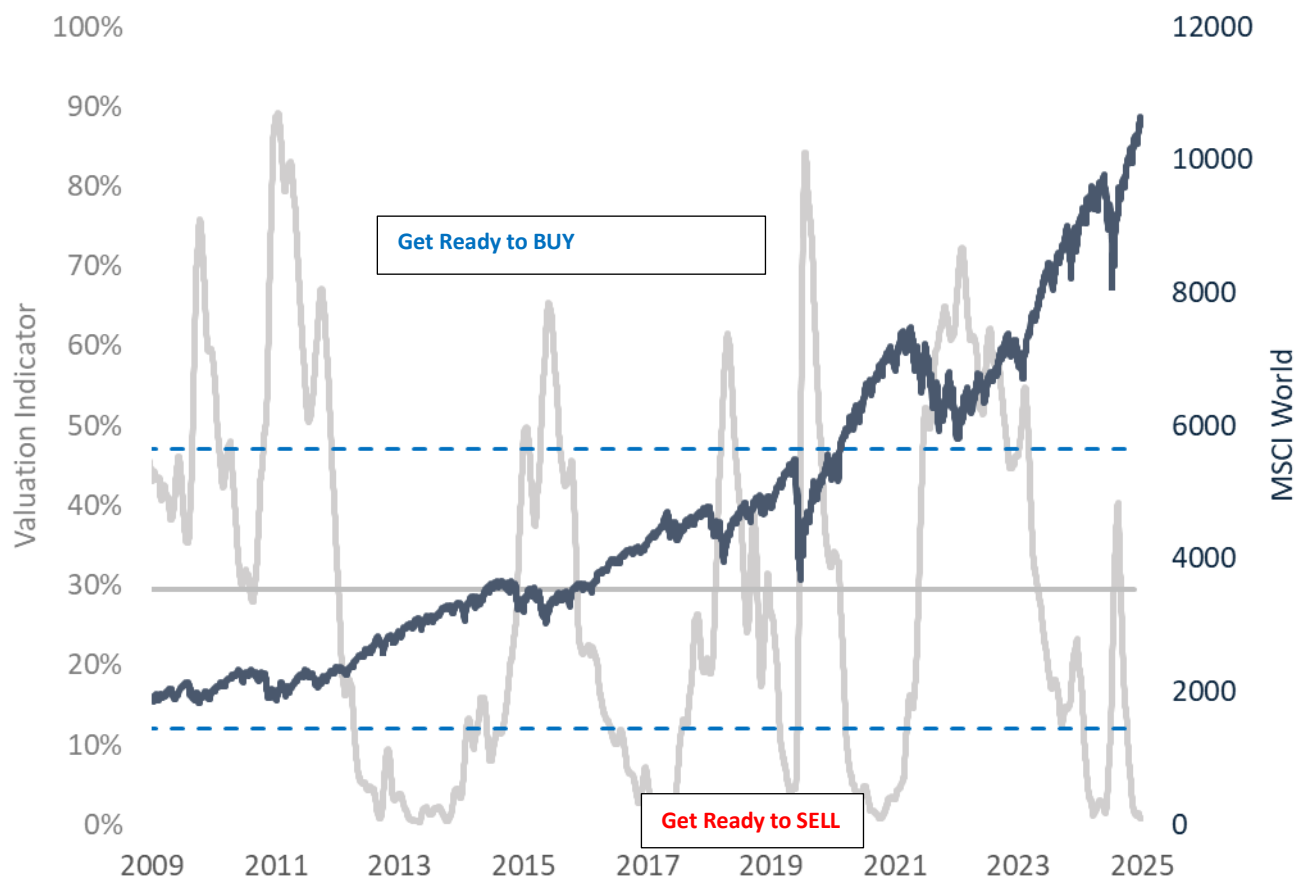
1. Underweight equity allocation -1.6%
2. Equity Selection -3.4%
3. Commodities and precious metals +1.9%
4. Long volatility +0.2%

Commentary

High stock prices, and a cascade of almost daily 'deal' announcements in the AI space naturally lead to concerns that the stock market is becoming unstable, rapidly deviating from fundamentals. As always, broad generalisations often mask important detail.

By our analysis, the market **as a whole** is looking expensive and consistent with prospective returns that are below average. Chart 1 illustrates this with our valuation composite for the MSCI World Equity Market, which is firmly in the 'get ready to sell' zone. Accordingly, we have 'attenuated' our equity allocation thresholds to lower levels. However, as you can read in our [Core Equity Letter](#), in contrast to the market as a whole, there are plenty of stocks that are delivering market beating growth rates yet have become cheaper in the last twelve months. In fact, over the medium term, we consider our Core Equity holdings are priced to deliver double-digit returns.

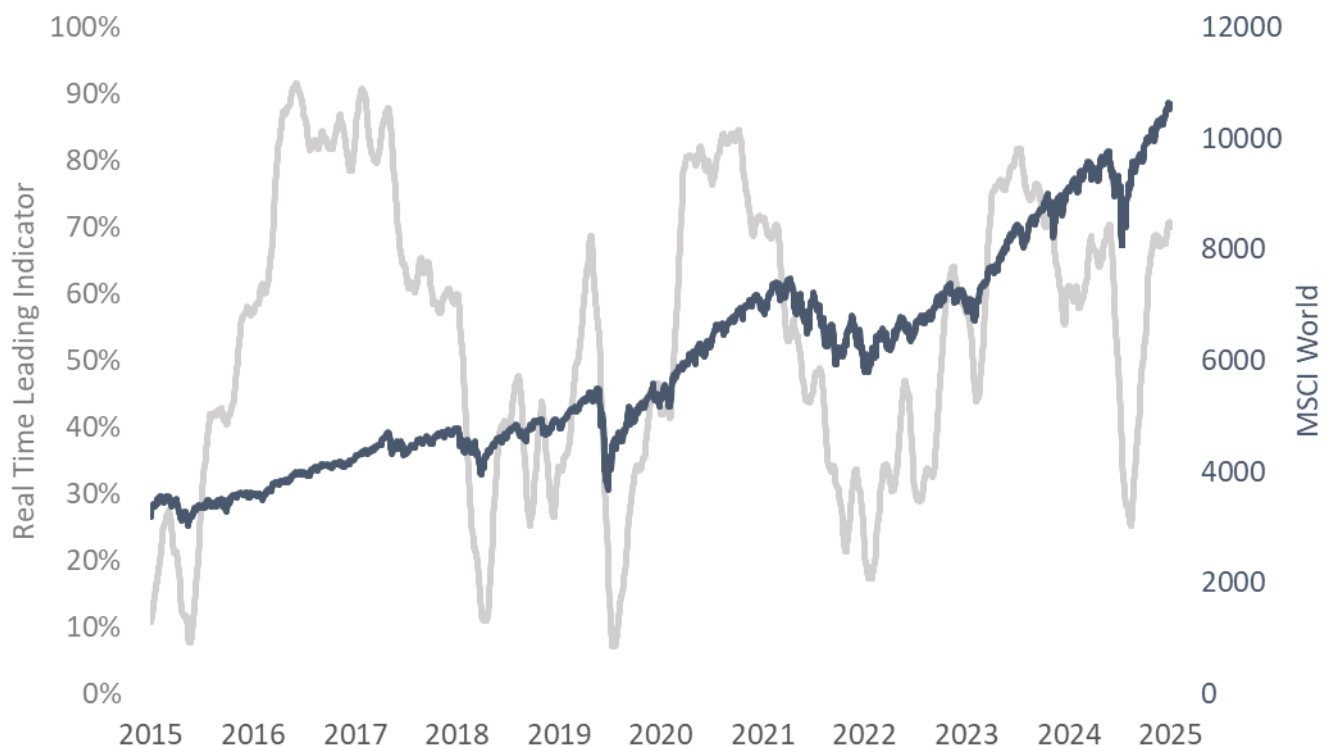
Chart 1 -The MSCI World Equity Index (Blue) vs our Valuation Composite (Grey). Valuation premiums are very small and suggest prospective returns are lower than average



Assets seldom fall under the pressure of valuation alone – they need several factors to conspire against them. The ‘market cycle’ and ‘global liquidity’ are perhaps two of the most important determinants for the near term.

In our last letter, we provocatively suggested that rather than the technology sector being pressured, we may see the real economy start to catch up to where the technology sector was. In many industries, that dynamic appears to be just beginning, with new orders starting to rise and inventories becoming depleted. However, more than ever, improvements are industry specific, and generalisations are becoming increasingly less useful. Nonetheless, Chart 2 shows our **Real Time Leading Indicator** (grey) pushing higher, a condition that rarely marks a top in asset prices. Moreover, global liquidity is similarly at ample levels.

Chart 2 – Real Time Leading Indicator (grey) vs MSCI World Equity Index (blue)



In summary, the trilogy of high valuations, a deterioration in the market cycle and diminishing global liquidity is not yet written. Accordingly, while wary of elevated risks, there is a reasonable probability that the seasonally bullish period will deliver some further green on our screens.

The risk on/off decision, while important, is only one aspect of strategy. Pleasingly, we are faced with an excellent opportunity set across asset classes:

1. US Inflation linked bonds offer a real yield of 1.75% with principal linked to CPI. These are amongst the best terms we have seen in the last twenty years. Not only do they assure us of an inflation beating return, but they will likely be one of the only assets to flourish if we ever see an inflationary contraction.
2. Volatility is generally compressed. Consequently, the cost of 'insuring' the left tail event risk is low.
3. The valuations of companies that are lower beta, and therefore more defensive in nature, are genuinely low and while we accept these companies are unlikely to shine in a cyclical up swing, the prospects of delivering positive returns, irrespective of market direction is reasonable.
4. We have delivered excellent returns from our commodity sleeve in recent years. Much of those returns have come from owning gold. In recent years, gold's move has largely been driven by Central Bank diversification of reserves. That trend is well underway, and it is now joined by retail participation. We maintain exposure to gold but in the Multi Asset Fund, we have moderated our exposure as increased

volatility tends to work in both directions. Moreover, the rising tide of global USD liquidity is causing correlations to increase and any loss of momentum in the liquidity complex may see stocks and gold fall at the same time.

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