



SOMERSTON MANAGED GROWTH FUND

INVESTMENT LETTER AS AT 31 DECEMBER 2025

Portfolio Objectives: The Fund seeks to grow capital over the medium term by predominantly investing in global equities and managing risks through tactical allocation and portfolio construction.

Strategy: The main focus of strategy is to deliver attractive total returns through investment in global equities. Where the manager considers the manifestation of risk likely, risks may be reduced materially.

Performance: The Somerston Managed Growth Fund (USO Class) fell by 1.3% in the month.

Performance (%) (USO Class)												
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2025											-1.3	-1.3

Total return since inception -1.3%

Top Ten Equity Holdings	
Name	% Fund
Amazon.com Inc	4.6%
Alphabet Inc	4.2%
Nvidia Corp	4.1%
Microsoft Corp	3.8%
Meta Platforms Inc	3.4%
Intuit Inc	2.7%
MercadoLibre Inc	2.6%
Mastercard Inc	2.0%
Bookings Holdings Inc	1.8%
ASML Holding NV	1.8%
Total for Top Ten	31.0%

Asset Allocation			
Name	% Long	% Short	Net %
Core Equity	40.1%		40.1%
Technology Equities	19.4%	-2.9%	16.5%
Quality Equities	13.0%		13.0%
Emerging Markets	7.7%		7.7%
Resources	5.0%		5.0%
Equity Long Short	14.6%	-11.0%	3.6%
Equities	99.8%	-13.9%	85.9%
Volatility and CTA	13.6%		13.6%
Total All Assets	113.4%	-13.9%	99.5%

Currency Allocation	
USD	94.5%
GBP	3.8%
EUR	1.7%
Total	100.0%

Performance calculations for the month are based on estimates and will be subject to change.

Performance: The Somerston Managed Growth Fund (GBO Class) fell by 1.4% in the month.

Performance (%) (GBO Class)												
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2025											-1.4	-1.4

Total return since inception -1.4%

Commentary

The fund was officially launched on 1st December. We extend our sincere appreciation to everyone whose efforts made this achievement possible.

Western governments are managing persistent fiscal deficits, which escalate annually as government spending persistently dwarfs tax revenues. While not an explicit policy, 'independent' central banks are effectively assisting governments by partly monetising government debts. This activity increases the monetary base (currently expanding at a rate of approximately 8% per year) and deflates the value of fiat currencies. To maintain the real value of wealth, portfolio returns must, at a minimum, match the expansion of the monetary base.

We believe that investors seeking to preserve the real value of their wealth will be required to assume a greater level of risk than they may currently find comfortable. This is a profound problem. On the one hand, investors' willingness to increase risk is often inflexible yet their desire to maintain and grow their wealth in real terms is a vital as ever.

Traditional portfolios solve for risk by employing a strategic allocation to lower-risk assets such as bonds and cash equivalents which, while smoothing returns, their inclusion is likely to detract from maximising the real value of a portfolio.

We note from our analysis that periods of pronounced volatility that investors have a strong desire to be protected from are rare, occurring every few years. Yet, conventional portfolio strategies hedge against such risks continuously.

The Somerston Managed Growth Fund adopts a differentiated strategy to address the challenge of both preserving and enhancing real wealth while mitigating these unpalatable periods of excessive volatility. The fund seeks to maintain high levels of exposure to equities which offer higher prospective returns than cash or bonds, but when the manager considers risks are likely to manifest, the strategy will substantially reduce risk. As outlined in our accompanying correspondence, we do not currently view the present environment as warranting such concerns.

Furthermore, unlike traditional portfolios that mitigate volatility by introducing diversification with lower volatility assets, the Somerston Managed Growth Fund selectively pursues diversification through allocating to assets which are both volatile and have negative correlation with equities. These assets may provide substantial upside during adverse market conditions. Although we maintain a constructive outlook for the markets, we have incorporated several genuine diversification strategies which presently appear attractively valued.

For further details regarding our holdings, we invite you to review our [Christmas Letter](#), [Core Equity Letter](#) and [Technology Letter](#).

Somerston Investment Team

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