



SOMERSTON TECHNOLOGY FUND

INVESTMENT LETTER AS AT 31 DECEMBER 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) fell by -3.7% during the month and fell by -4.5% over the last three months. Our reference index fell by -0.3% during the month and fell by -3.8% over the last three months.

Performance (%) (US1 Class)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	6.1	3.9	4.2	4.5	7.7	-1.5	5.8	3.2	-0.1	8.5	3.8	-0.8	55.1
2018	12.3	-1.4	-4.1	1.0	8.0	-0.1	0.0	8.9	-1.8	-12.3	1.3	-7.5	1.7
2019	12.0	2.9	5.6	6.3	-8.0	8.2	4.1	-3.8	-1.8	3.1	6.1	3.8	43.6
2020	6.2	-3.8	-6.6	18.2	9.6	10.0	9.1	8.5	-6.2	-0.7	9.6	5.5	73.4
2021	-0.2	1.6	-6.5	8.8	-3.6	11.6	1.0	5.7	-7.9	6.2	-1.5	-5.0	8.5
2022	-13.8	-5.5	2.2	-20.2	-6.1	-11.2	13.8	-6.9	-13.0	2.1	4.9	-10.0	-50.8
2023	16.7	0.3	11.9	-1.1	13.2	4.6	6.5	-3.3	-6.3	-2.0	16.1	4.8	76.6
2024	6.0	7.8	0.8	-5.0	6.8	8.5	-5.3	3.4	2.6	0.0	6.3	-1.8	33.0
2025	6.3	-5.4	-9.9	3.9	14.4	8.0	3.3	-2.8	3.3	8.3	-8.5	-3.7	15.1

Total return since 2017: 467.2%

Geographical Allocation	
Region	% Fund
North America	85.5%
South America	6.9%
Europe	5.5%
Asia ex Japan	0.6%
Cash and Equivalents	1.5%

Sector Allocation	
Sector	% Fund
Information Technology	56.2%
Consumer Discretionary	20.4%
Communication Services	16.7%
Financials	2.8%
Health Care	2.4%
Cash and Equivalents	1.5%

Top Ten Holdings	
Name	% Fund
Nvidia Corp	10.7%
Amazon.Com Inc	10.3%
Alphabet Inc	8.5%
Meta Platforms Inc	8.2%
Microsoft Corp	7.1%
Advanced Micro Devices	7.0%
Mercadolibre Inc	6.9%
Asml Holding Nv	3.7%
Snowflake Inc	3.5%
Duolingo	3.1%
Total for Top Ten	69.1%

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) fell by -3.6% during the month and fell by -4.6% over the last three months.

	Performance (%) (GB1 Class)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	6.1	3.9	4.2	4.5	7.7	-1.5	5.8	3.2	-0.1	8.5	3.8	-0.8	55.1
2018	12.3	-1.4	-4.1	1.0	8.0	-0.1	0.0	8.9	-1.8	-12.3	1.3	-7.5	1.7
2019	12.0	2.9	5.6	6.3	-8.0	8.2	4.1	-3.8	-1.8	3.1	6.1	3.8	43.6
2020	6.2	-3.8	-6.6	18.2	9.6	10.0	9.1	8.5	-6.2	-0.7	9.6	5.5	73.4
2021	-0.2	1.6	-6.5	8.8	-3.6	11.6	1.0	5.7	-7.9	6.2	-1.5	-5.0	8.5
2022	-13.8	-5.5	2.2	-20.2	-6.1	-11.2	13.8	-6.9	-13.0	2.1	4.9	-10.0	-50.8
2023	16.7	0.4	11.4	-1.2	13.3	4.4	6.3	-3.4	-6.5	-2.0	15.8	4.8	74.2
2024	6.0	7.8	0.8	-5.1	6.7	8.5	-5.2	3.3	2.5	0.0	6.4	-1.9	32.6
2025	6.4	-5.3	-9.7	3.7	14.5	7.9	3.4	-2.9	3.2	8.3	-8.6	-3.6	15.4

Total return since 2017: 458.9%

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

Commentary

The Technology Fund US1 Class fell by -4.5% in the fourth quarter of 2025 and rose +15.1% for the year.

Portfolio Leaders

Alphabet was the fund's top contributor during the quarter, gaining +28.8%, driven by robust advertising revenue and increasing recognition of its AI strategy. A key highlight was the release of Gemini 3, which introduced advanced reasoning and "agentic" capabilities that demonstrated leading performance in multimodal tasks relative to peers such as ChatGPT. Strategically, **Alphabet's** long-standing investment in Tensor Processing Unit (TPU) chips reached a new phase. Previously used primarily for highly specific internal workloads, TPUs are now a commercially viable product to be sold to third parties. During the quarter, Alphabet secured high-profile contracts to supply TPUs to **Meta**, **Anthropic** and **Fluidstack**—directly challenging **Nvidia's** dominance in the inference market and further validating **Alphabet's** investment in its proprietary hardware. We believe this quarter marked a turning point in investor perceptions. There is growing appreciation of **Alphabet's** end-to-end integration, which now spans custom silicon, large language models, cloud infrastructure, and AI-ready devices. This level of vertical integration represents a competitive advantage, with Alphabet benefitting from greater in-house control, while peers, such as OpenAI, remain more dependent on third-party providers.

AMD delivered a strong quarter, capping an exceptional year for the company. The semiconductor designer reported a solid third-quarter result, beating estimates on the top and bottom line, with revenue up 35.6% year-on-year. The upside was once again led by the gaming segment, which continues to recover from a period of cyclical weakness. While an improvement in the gaming business is an important contributor to our investment case, the heart of our thesis is the growth opportunity for **AMD's** data centre business. Encouragingly, the segment also exceeded expectations—marking its largest quarterly beat since the onset of the AI boom. Strength was broad-based across both GPUs and CPUs, with EPYC processors, including the new 5th Gen EPYC Turin processor, continuing to gain share at Intel's expense. On the GPU side, **AMD** reiterated the strength of its

competitive position in the market, emphasising that "the world still needs more AI compute." In particular, we believe **AMD**'s inferencing capabilities and competitive total cost of ownership position the company well in the data centre market arena. As the importance of 'inference' rises relative to 'training', AMD's chip suite becomes more relevant to model builders seeking to develop scalable, seamless AI applications. We note that risks remain. Investor expectations are no longer as low a bar to clear as they were in 2024, and hyperscalers are increasingly seeking to commercialise their custom chips to challenge so-called 'merchant silicon'. Nevertheless, we continue to see AMD as well positioned to execute despite the more competitive industry backdrop.

Amazon delivered a strong quarter to end 2025, reporting revenue growth of 13.4%, beating expectations by 1.3%. Ahead of the results, investors had raised justified questions around Amazon's positioning in the AI hyperscaler race, particularly given the revenue inflection seen at **Microsoft** and **Alphabet**, which had appeared elusive for AWS. This quarter provided credible evidence that **Amazon** is regaining momentum. Amazon Web Services (AWS) saw growth accelerate to 20% year-on-year, its fastest pace since 2022. Other key indicators point to further upside, with the backlog rising to \$200 billion even excluding several contracts signed in October. Access to the performance and efficiency of the company's in-house Trainium chips are a key driver of the adoption from hyperscaler customers. Adoption continues to expand, led by Anthropic, which is training its Claude model on over 500,000 Trainium chips. Looking ahead, the rollout of Trainium3 in 2026 should further support growth and broaden the customer base, particularly as Amazon—like Alphabet—looks to commercialise these chips externally. Importantly, AWS also highlighted its increasing focus on Agentic AI. We continue to view 'AI Agents' as critical to unlocking the return on investment required to catalyse enterprise AI spending, and AWS's strategic focus here positions the company well for the next phase of AI adoption. Overall, it was a strong quarter that has helped dispel the narrative that Amazon is lagging in the AI hyperscaler market.

Portfolio Laggards

Duolingo had a weak end to the year, with shares selling off materially following the release of its third-quarter results. While the headline figures largely exceeded expectations, user growth disappointed, and fourth-quarter guidance suggests that this softness will persist in the near term. This has fuelled bear arguments that AI technologies such as LLM models and real-time translation tools are beginning to disrupt **Duolingo's** business model. Our working thesis remains that these concerns miss the primary driver of user engagement. The majority of **Duolingo** users are not learning languages purely for transactional translation purposes, but for enjoyment or employment reasons. Duolingo's competitive advantage lies in the engagement engine it has built to promote habit formation and behavioural stickiness. Management attributed the slowdown to a pullback in marketing spend following a more conservative social media strategy in recent months. We see merit in this explanation, though we acknowledge that the timing of the deceleration raises legitimate questions about the durability of growth, and, by extension, our investment case. A further risk is that the renewed focus on user growth could weigh on monetisation. This is true, though we note that **Duolingo's** attractive underlying economics - highlighted by a substantial free cash flow margin of above 50% and 'rule of 78' - provide the company with the means to pursue growth without financial strain. The release of new courses, such as music, maths and chess, demonstrate that the company's opportunity for growth remains significant.

Latin America's leading e-commerce and fintech platform, **Mercadolibre**, fell -13.8% during the quarter amid heightened competitive concerns, particularly as Amazon stepped up investment in the region. Beneath the share price volatility, however, fundamentals remained robust. **Mercadolibre** delivered another strong set of results, with net revenues up 39% year-on-year, marking its 26th consecutive quarter of above 30% growth, as continued fintech expansion and ongoing logistics investment bear fruit. Operating metrics reinforced the health of the ecosystem, with unique buyers up 26%, items sold up 39% and same- and next-day shipments up 28%. While elevated investment and a ramp in the credit portfolio are likely to pressure near-term margins, we

continue to focus on the core thesis: **MercadoLibre's** e-commerce and fintech flywheel is deepening engagement across shopping, payments, borrowing and investing. The long runway for digital commerce and financial inclusion in Latin America supports attractive medium- and long-term value creation.

Oracle has seen a sharp shift in investor perception over the course of 2025. While the share price recorded a headline-grabbing 36% one-day gain in September following the announcement of a major partnership with OpenAI, these gains were gradually unwound in the final quarter as management's guidance failed to meet elevated expectations. **Oracle's** infrastructure proposition vs. other hyperscalers remains materially differentiated, which we continue to find compelling. Indeed, even though infrastructure growth missed estimates, **Oracle** is clearly gaining share from peers. However, given that the quarterly miss likely reflects ongoing supply constraints, **Oracle** faces a period of elevated capital expenditure to expand capacity. While this dynamic remains constructive for the broader data centre supply chain, including Technology Fund holdings **Nvidia, AMD, Credo, and Astera Labs**, questions about how this investment will be funded remain front of mind for investors. **Oracle's** management reiterated its commitment to maintaining an investment-grade debt rating, but capital spending in the quarter was once again ahead of market expectations and is pressuring cash flow. Ultimately, timing is crucial; **Oracle** must accelerate the conversion of its substantial backlog into tangible revenue dollars to alleviate balance-sheet concerns and restore investor confidence.

Somerston Investment Team

Nick.Wakefield@somerston.com

Arthur.Castle@somerston.com

Emily.Brown@somerston.com

Investor relations: ir@somerston.com

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