

SOMERSTON MANAGED GROWTH FUND

INVESTMENT LETTER AS AT 31 MARCH 2026

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 (US1 Class) fell by -5.3% in the month and by -5.2% over the last three months.

Rolling Performance

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year
US1	-5.3%	-5.2%	-5.2%			
GB1	-5.4%	-5.3%	-5.3%			

Top Ten Equity Holdings

<u>Name</u>	<u>% Fund</u>
Nvidia Corp	2.3%
Amazon.com Inc	2.2%
Alphabet Inc	2.2%
Meta Platforms Inc	1.7%
Microsoft Corp	1.4%
Apple Inc	1.3%
ASML Holding NV-NY Reg Shs	1.0%
Stryker Corp	0.9%
Mastercard Inc	0.9%
Advanced Micro Devices	0.8%
Total for Top Ten	14.8%

Currency Allocation

USD	92.4%
GBP	3.8%
EUR	2.7%
SEK	0.6%
CHF	0.5%
Total	100.0%

Asset Allocation

<u>Name</u>	<u>% Long</u>	<u>% Short</u>	<u>Net %</u>	
Quality Equities	27.1%		27.1%	↑
Technology Equities	10.0%		10.0%	↑
Resources	7.0%		7.0%	↓
Value	7.0%		7.0%	↓
Emerging Markets	6.8%		6.8%	↓
Small Caps	5.5%	-3.0%	2.5%	↓
Equity Long/Short	4.9%	-3.7%	1.2%	↑
Europe		-4.7%	-4.7%	↑
Equities	68.3%	-11.4%	56.9%	↓
Gold Bullion Derivatives	3.9%		3.9%	↑
Commodities	3.9%		3.9%	↑
Volatility and CTA	15.9%		15.9%	↑
Total All Assets	88.1%	-11.4%	76.7%	↓

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

Performance (%) (US0 Class)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2025												-1.3	-1.3
2026	1.5	-1.4	-5.3										-5.2

Total return since inception -6.5%

Performance (%) (GB0 Class)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2025												-1.4	-1.4
2026	1.5	-1.4	-5.4										-5.3

Total return since inception -6.6%

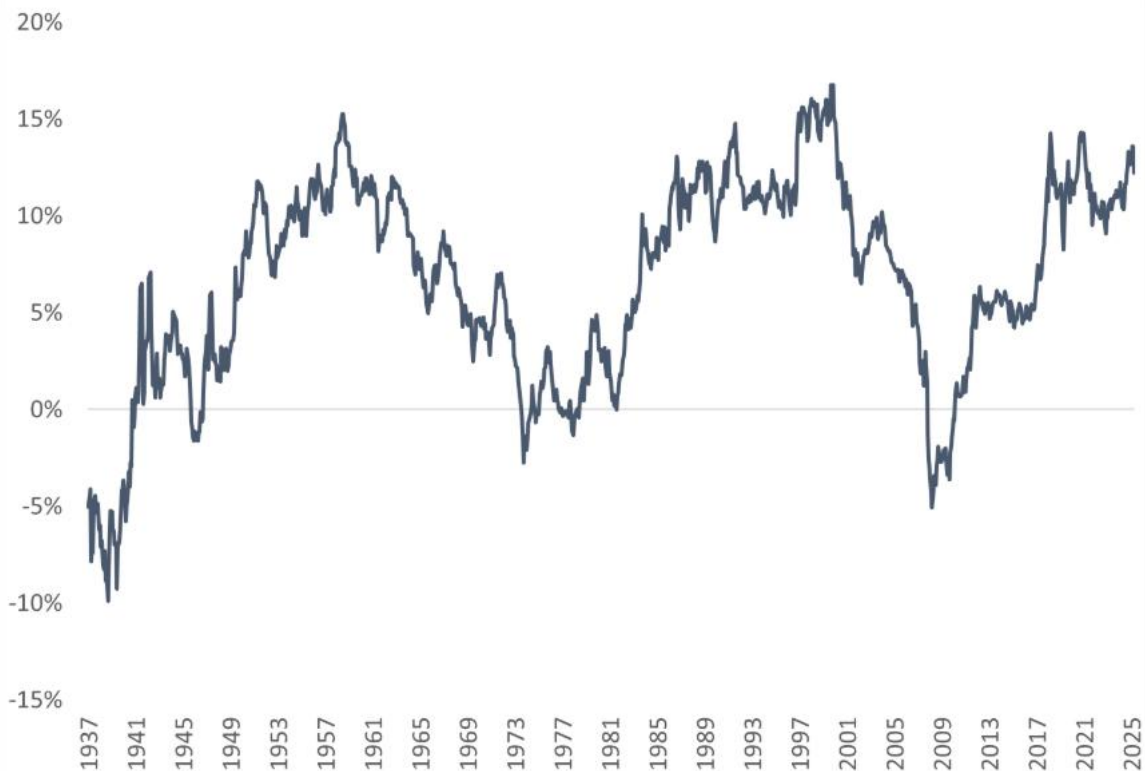
Commentary

The cadence of missile launches has materially slowed since the first week of the War in Iran, however the effective closure of the Strait of Hormuz is Iran’s greatest weapon. The consequences of sustained disruption of ships through the strait have such drastic global economic consequences that financial markets appear to be discounting it as a low possibility. For instance, credit spreads have risen only modestly; volatility has nudged higher but is far from levels we would expect and the general lack of a bid for defensive assets illustrates the overall apathy of a more adverse outcome. This is not the same attitude taken by the logistic container lines and Gulf Oil producers that are increasingly making alternative plans. Maersk are rerouting around Africa – a 20-day diversion; CMA are going through the Suez Canal adding weeks to their preferred routes; Saudi Arabia have mobilised their East-West Pipeline rerouting to the Red Sea; Abu Dhabi is using the Fujairah port to bypass Hormuz. These actions are costly and only a partial solution.

While the conflict in Iran has occupied financial headlines, the rapid rollout of AI functionality remains a matter of significant preoccupation. Despite a great deal of differentiation within the software sector, in contrast to the investment consensus, we do not see the fall in the price of software companies as an indiscriminate buying opportunity.

In recent publications, we expressed our view that the equity market was ‘mature’. Accordingly, we had already increased diversification in the multi asset portfolios, and we have been poised to *meaningfully* reduce risk when our models indicated it was timely to do so. As of this writing we have undertaken four reductions in the equity allocation in as many weeks.

Rolling 10-year returns from the S&P 500 have been elevated in recent years. Sustaining such high levels of return would be without historic precedent.



Source: Somerston, Bloomberg, Tailwind

Technology


The year commenced with SMGF holding near to 20% in our technology equity sleeve as AI use cases began to emerge. February then brought headlines of the AI Bubble and SaaS-mageddon, and although we still saw strength in the long term for the wider technology sector, we considered that the fall in software was not to be ignored. Within this area we were active on several holdings to limit downside risk. As we moved into March, developments in the Middle East steered us to reduce our equity exposure, and for SMGF this meant halving our exposure to technology equities.

Please read our [Technology Letter](#) to learn more about the current complexities of technology themed investing.

Quality Equity

This quarter saw a marked shift in considerations of “quality equity” as dual forces of the software sector and the macro environment weighed on returns.

Our concerns over the acceleration in AI resulted in us closing our software positions in Roper, Autodesk, S&P Global and Intuit. Our defence against the effects of the escalation in Iran however, has been harder to navigate. The prospect of rising energy costs, disjointed supply chains and the potential rise in inflation has urged us to increase our exposure to those companies with strong balance sheets, are more likely to withstand high costs and who are led by adaptive leadership.



Overall, we anticipate sustained volatility in this area due to future uncertainty and therefore have decreased our exposure to core equities, in favour of value and quality.

We invite you to read the [Core Equity Letter](#) for more details.

Emerging Markets

Last quarter, we highlighted the growing appeal of emerging markets amid a reversal in relative performance, a weakening US dollar, and their pivotal role in the global AI supply chain. These markets are home to several key hardware providers underpinning AI infrastructure, including Taiwan Semiconductor, SK Hynix and Samsung. In light of these supportive dynamics, we increased our allocation to emerging markets during the period.

The conflict in Iran has weighed particularly heavily on emerging markets, as many are net oil importers and therefore more exposed to rising energy prices. Combined with short-term US dollar strength and a broader risk-off backdrop, this has driven recent underperformance. We consider these factors temporary and do not see a breakdown in fundamentals.

Resources

We increased our allocation to the resources sector towards the end of February, reflecting improving fundamentals and heightened sensitivity to rising energy and commodity prices. As the quarter progressed and valuations adjusted alongside increased market volatility, we began to trim exposure toward the end of March, proactively locking in gains and managing risk.

Bonds

Against the backdrop of heightened market volatility during the quarter, driven by rising inflation concerns, energy price shocks and a sharp repricing at the long end of the bond market, we took steps to reduce overall portfolio risk. In doing so, we increased our exposure to bonds, focusing specifically on short dated US government securities. This segment of the market offers attractive yields whilst maintaining low duration exposure, providing greater capital stability at a time when longer dated bonds have been particularly vulnerable to interest rate volatility.

Volatility

The main area of opportunity has been in multi asset volatility, especially FX and commodities. Our holdings in Kohinoor Core and Kohinoor Carry Neutral Funds are both up over 10% month to date. However, credit volatility has been non-existent and equity volatility has been orderly. Whilst the gains have been helpful in a volatile market, the main purpose of these strategies is to benefit from a far larger negative surprise.



Summary

Our views are implemented in the multi asset funds according to their mandates.

In the Somerston Managed Growth Fund (“SMGF”) we continue to be underweight equities to reflect the maturing of the market. Within equities we have halved our holdings in technology, adding exposure to emerging markets, value equities and small caps; we own no credit but instead prefer short-dated US government bonds and long volatility strategies as the primary diversifiers.

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