SOMERSTON ASSET MANAGEMENT

SOMERSTON CORE EQUITY FUND

INVESTMENT LETTER AS AT 30 JUNE 2026

Portfolio Objectives: To grow capital over the medium term by investing in a concentrated portfolio of high quality companies and to outperform global equities 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 15 to 25 high quality companies. We invest in companies that demonstrate strong governance, high profitability, low capital intensity, strong economic moats, and low business risk. We invest globally, without sector/geographic restrictions.

Performance: The Core Equity Fund (US1 class) fell by -1.8% in the month and rose by +7.3% over the last three months. The reference index rose by +0.5% during the month and by +13.6% over the last three months.

Rolling Performance

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year
US1	-1.8%	7.3%	-7.6%	-5.2%	19.1%	7.0%
GB1	-1.8%	7.1%	-8.0%	-5.8%	17.7%	5.7%

** The GB class launched May 2024, prior performance is based on the US1 Class.*

Geographical Allocation

Region	% Fund
North America	76.2%
Europe	19.1%
South America	2.0%
Cash & Equivalents	2.7%

Sector Allocation

Sector	% Fund
Information Technology	25.7%
Health Care	16.0%
Communication Services	15.0%
Consumer Discretionary	14.0%
Industrials	13.8%
Consumer Staples	7.8%
Financials	5.1%
Cash & Equivalents	2.7%

Top Ten Holdings

Name	% Fund
Alphabet Inc	8.7%
Amazon.Com Inc	7.0%
Nvidia Corp	6.6%
Apple Inc	5.4%
Mastercard Inc	5.1%
Stryker Corp	4.8%
Meta Platforms Inc	4.7%
Kerry Group Plc	4.6%
Microsoft Corp	4.3%
Broadcom Inc	3.8%
Total for Top Ten	**55.1%**

This factsheet shows the performance of Somerston's “Core Equity Strategy” from 31 March 2017 to 30 September 2023 then the Somerston Core Equity Fund from its launch on 02 October 2023.

Performance US1 (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017				1.2	5.4	-0.2	0.4	-0.1	1.9	1.8	-1.8	2.1	**10.9**
2018	6.2	-4.6	-1.9	0.4	1.2	1.2	4.3	1.3	0.4	-8.5	2.7	-9.0	**-7.2**
2019	6.2	4.2	3.3	3.8	-4.0	5.7	0.6	0.8	-1.6	1.3	5.1	2.5	**31.1**
2020	0.9	-7.3	-14.3	12.5	5.8	2.6	4.4	5.5	-3.4	-3.8	9.7	2.9	**13.0**
2021	-0.6	1.7	3.3	5.0	0.2	3.4	3.1	2.2	-5.1	6.3	-1.6	2.9	**22.2**
2022	-8.3	-4.8	4.4	-9.4	-0.2	-8.8	10.4	-4.5	-8.6	6.6	4.7	-4.8	**-23.1**
2023	2.2	-3.8	5.3	1.8	-1.6	4.7	3.7	-1.1	-5.5	-2.8	8.9	4.6	**17.0**
2024	2.6	3.3	1.6	-4.2	4.0	2.1	0.3	3.3	0.8	-3.5	2.5	-2.1	**10.8**
2025	4.8	-1.9	-7.2	-0.7	7.4	3.6	0.4	1.4	0.1	2.3	-1.4	-0.3	**8.1**
2026	-1.4	-4.3	-8.7	8.7	0.5	-1.8							**-7.6**

Total return since March 2017: 85.2%

Performance GB1 (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017				1.2	5.4	-0.2	0.4	-0.1	1.9	1.8	-1.8	2.1	**10.9**
2018	6.2	-4.6	-1.9	0.4	1.2	1.2	4.3	1.3	0.4	-8.5	2.7	-9.0	**-7.2**
2019	6.2	4.2	3.3	3.8	-4.0	5.7	0.6	0.8	-1.6	1.3	5.1	2.5	**31.1**
2020	0.9	-7.3	-14.3	12.5	5.8	2.6	4.4	5.5	-3.4	-3.8	9.7	2.9	**13.0**
2021	-0.6	1.7	3.3	5.0	0.2	3.4	3.1	2.2	-5.1	6.3	-1.6	2.9	**22.2**
2022	-8.3	-4.8	4.4	-9.4	-0.2	-8.8	10.4	-4.5	-8.6	6.6	4.7	-4.8	**-23.1**
2023	2.2	-3.8	5.3	1.8	-1.6	4.7	3.7	-1.1	-5.5	-2.8	8.9	4.6	**17.0**
2024	2.6	3.3	7.4	-4.2	3.9	2.0	0.3	3.0	0.7	-3.6	2.5	-2.2	**9.9**
2025	4.8	-1.9	-7.0	-0.8	7.5	3.5	0.4	1.4	0.1	2.3	-1.5	-0.3	**8.0**
2026	-1.4	-4.4	-8.9	8.6	0.5	-1.8							**-8.0**

Total return since March 2017: 82.9%

** The GB class launched May 2024, prior performance is based on the US1 Class.*

Commentary

The Somerston Core Equity Fund (US1 class) rose by +7.3% over the second quarter of 2026. We unpack the attributors and detractors of performance below. Following a difficult first quarter, equity markets recovered sharply during April and May as corporate earnings reassured investors that the AI investment cycle remained intact. However, the recovery remained narrow and volatile. Renewed geopolitical tensions, supply chain disruption, uncertainty over the path of interest rates and a late-quarter reversal in technology shares served as a reminder that valuations and the prospective return on elevated capital expenditure remain as critical as ever.

Within this environment, our portfolio benefited from the decisive repositioning undertaken in Q1. Our reduced exposure to legacy software, combined with a rotation into companies with more tangible, near-term earnings visibility—capital goods, infrastructure, healthcare, and staples—provided meaningful diversification and helped cushion the portfolio against further software sector volatility. That said, the portfolio retains significant exposure to high-quality technology where we believe AI represents a net tailwind rather than a threat. Although the scale of expenditure remains unprecedented, customer demand continues to exceed available computing capacity, while adoption of AI applications and agents is beginning to create measurable revenue streams, this increases our confidence that the investment cycle is being supported by genuine demand rather than purely speculative expectations.

Our portfolio is positioned across several layers of the AI value chain. Nvidia, Broadcom, ASML and Synopsys provide the computing, networking, lithography and design tools required to build advanced AI systems. Alphabet, Amazon, Microsoft and Meta own the cloud platforms, consumer distribution and proprietary data through which these systems can be deployed and monetised. Eaton and EMCOR provide exposure to the physical infrastructure required to power, cool and construct increasingly complex data centres. This diversified exposure is deliberate: no single company is certain to capture all the economic value created by AI, but the scale and speed of the build-out should continue to benefit businesses that control scarce technology, capacity or infrastructure.

Despite the recovery in equity markets during the second quarter and the continued AI enthusiasm, many of our holdings trade at lower valuation multiples than they did at the beginning of the year extending the multiple compression we first highlighted in Q3 2025. In several cases, earnings expectations have remained stable or increased while share prices have failed to keep pace, resulting in meaningful multiple compression across the portfolio. This has not been confined to companies facing genuine disruption: it has also affected businesses delivering strong revenue growth, expanding margins and positive earnings revisions. Year-to-date aggregate full year earnings estimates for our holdings have risen c.13% while prices have decreased by c.3%, implying multiple compression across the portfolio of c.14%.

Portfolio Leaders

Broadcom was a new position during the quarter and a contributor to relative performance. The company has emerged as one of the most direct and defensible beneficiaries of the AI infrastructure build-out, through two distinct but complementary revenue streams. First, its custom AI accelerator business, designing and supplying application-specific semiconductors for hyperscaler customers including Alphabet and Meta which has grown at a pace that has consistently surprised even optimistic observers. As the largest technology companies seek to reduce their dependence on Nvidia by developing proprietary silicon. Second, through its VMware acquisition, Broadcom has grown into a major software provider which is now a meaningful contributor of recurring revenue. The combination of AI silicon and sticky infrastructure software gives Broadcom an earnings durability that the market is increasingly willing to pay for.

ASML extended its gains from Q1, continuing to demonstrate why its position at the apex of the global semiconductor supply chain is so valuable. The relentless expansion of AI infrastructure demands ever more advanced chip capacity, and ASML's monopoly in High-NA EUV lithography makes it the indispensable enabler of that buildout. With a record order backlog and chipmakers racing to establish next-generation capacity for AI workloads, earnings visibility remains exceptional and multi-year in nature. In a market characterised by uncertainty, ASML's backlog-driven revenue profile is a rare and valuable attribute.

Bio-Techne was a meaningful contributor following the announcement that Merck has made an acquisition approach for the company. The offer reflects our investment case, that Bio-Techne's portfolio of high-quality proteins, antibodies, and analytical instruments occupies a critical and difficult-to-replicate position in the life sciences research workflow.

Portfolio Laggards

Stryker detracted from relative performance this quarter, a cyberattack in the first quarter disrupted operations and contributed to a revenue miss that triggered a sharp de-rating. Whilst the stock has partially recovered, the market has not yet fully restored the multiple, leaving Stryker trading at a discount to where its earnings trajectory would otherwise imply. Underlying EPS estimates have held up through this period, suggesting that the operational disruption was transient. We used the weakness as an opportunity to add to our position. Stryker's product portfolio across joint reconstruction, surgical equipment, and neurotechnology remains deeply embedded in hospital workflows, and we expect the de-rating to reverse as execution is re-established and the cyberattack episode recedes from investor focus.

Otis faced a challenging quarter with weakness concentrated in its new equipment segment, where residential and commercial construction activity in China and parts of Europe remained subdued and the outlook for the Middle East weighed on sentiment. The service segment which accounts for the majority of Otis's profit disappointed in the Q1 results due to margins which were weaker than expected as the company absorbed higher growth investment, an unfavourable mix and Middle-East related costs. We expect the headwinds to linger and closed our position.

PepsiCo continued to struggle with a difficult consumer environment. Volume declines in its North American beverages and convenient foods businesses persisted as lower-income consumers proved increasingly price-sensitive, and the weight loss drug narrative continued to cast a shadow over long-term snacking demand.

Activity
As noted above we closed our holding in Otis and opened a position in Broadcom.

We re-established a position in Synopsys. The share price weakness we observed reflected broader software sector sentiment rather than fundamental deterioration specific to Synopsys, whose Electronic Design Automation software is a critical tool in the design of the very AI chips driving industry investment. With AI accelerating the complexity of semiconductor design, we believe Synopsys is a direct and underappreciated beneficiary.

We also reinitiated a position in EssilorLuxottica following a significant de-rating that we considered disconnected from the fundamental quality of the business. As we have written previously, EssilorLuxottica occupies a structurally advantaged position at the intersection of vision care and consumer technology, with its deepening partnership with Meta around the Ray-Ban and Oakley smart glasses platforms representing a genuine and still early-stage growth opportunity. The de-rating provided an opportunity to re-enter a business we know well at a valuation that we think more than compensates for the near-term uncertainties.

We rotated our staples position from L'Oreal, Pepsico and Unilever to Walmart and Costco, whose operational excellence, and value proposition to the consumer becomes more, not less, compelling in an environment of persistent inflationary pressure. Costco's ability to grow its membership base and renew at high rates through cycles reflects a genuinely loyal customer relationship that is rare in retail.

Outlook

The setup for long-term returns, which we have highlighted consistently since mid-2025, continues to strengthen. The valuation compression endured by our portfolio over the past eighteen months has been painful, but it has extended rather than diminished the prospective opportunity. Earnings power across our holdings has continued to grow; it is price that has lagged. Our task, as it has always been, is to remain disciplined owners of exceptional businesses and allow compounding to do its work.

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