SOMERSTON
ASSET MANAGEMENT

SOMERSTON TECHNOLOGY 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 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 -0.6% during the month and rose by 43.9% over the last three months. Our reference index fell by -6.6% during the month and rose by 13.2% over the last three months.

Rolling Performance

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year
US1	-0.6%	43.9%	23.7%	22.5%	118.1%	61.0%
GB1	-0.7%	43.5%	23.1%	21.8%	115.1%	57.9%

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

Geographical Allocation

Region	% Fund
North America	86.1%
Asia ex Japan	5.0%
Europe	4.0%
South America	1.5%
Cash and Equivalents	3.4%

Sector Allocation

Sector	% Fund
Information Technology	66.7%
Communication Services	15.1%
Consumer Discretionary	11.5%
Industrials	1.7%
Health Care	1.1%
Financials	0.6%
Cash and Equivalents	3.4%

Top Ten Holdings

Name	% Fund
Nvidia Corp	10.0%
Amazon.Com Inc	8.9%
Alphabet Inc	8.2%
Advanced Micro Devices	7.4%
Meta Platforms Inc	6.8%
Arm Holdings	5.5%
Broadcom Inc	5.3%
Apple Inc	4.8%
Microsoft Corp	4.5%
Astera Labs Inc	4.3%
Total for Top Ten	**65.8%**

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.

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**
2026	-0.2	-10.3	-3.9	22.0	18.7	-0.6							**23.7**

Total return since 2017: 601.8%

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**
2026	-0.3	-10.4	-4.0	21.5	18.9	-0.7							**23.1**

Total return since 2017: 588.0%

** 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 -14.0% in the first quarter of 2026.

In the second quarter, markets began to look through much of the geopolitical disruption that weighed on equities in Q1, and technology stocks rebounded sharply in April and May. This strength was supported by an impressive earnings season and continued evidence that demand for AI infrastructure remains exceptionally strong, boosting confidence in the sustainability of the hyperscaler capital spending cycle. The rally remained relatively narrow, however, and the clearest beneficiaries were companies exposed to AI hardware, semiconductors, memory, networking and data-centre infrastructure. This was reflected in the fund's performance for the quarter, with all five of the top performers being semiconductor companies (as discussed in more detail below).

News flow during the quarter provided incremental evidence that demand for AI remains favourable. First, token usage continues to scale rapidly. Google announced that it is now processing 3.2 quadrillion tokens per month, up 7x from a year ago. While token growth is an imperfect measure of monetisation, it is a useful indicator of underlying AI usage and compute demand. One important driver of increased token usage is the acceleration of AI agents, where AI systems do not simply answer questions but take on multi-step tasks.

Second, revenue growth at leading AI labs continues to accelerate. Anthropic reported that its annualised revenue run-rate crossed $47bn in May, up from approximately $9bn at the end of 2025. Leaked OpenAI financials also suggest extremely strong growth throughout 2025, with reporting indicating that revenue reached around $13bn in 2025. Both figures support the view that AI demand is increasingly translating into real revenue. Both companies have begun the process of preparing for an IPO, though OpenAI has suggested this may be delayed until next year.

Third, demand for processing power remains strong. Reported rental pricing for Nvidia's B200 chips has increased over 20% year-to-date, suggesting that demand for cutting-edge compute remains supply-constrained. Importantly, we are also seeing strong rental prices for non-cutting-edge chips such as Nvidia's H100 and A100. This matters because it indicates that the infrastructure cycle is not being driven by speculative orders alone; there remains strong demand for available capacity.

However, there were also reasons for caution. While the magnitude of hyperscaler capital spending supported AI hardware companies in the quarter, it naturally rasied questions about the return on investment (ROI) of this spend and these came to the fore in June. Earlier this year, Moody's flagged that the top five US hyperscalers, Amazon, Alphabet, Microsoft, Meta and Oracle, had accumulated $662bn in future data centre lease commitments which have not yet commenced and therefore are not represented on their balance sheets. This is in addition to substantial operating and finance lease obligations already recognised on balance sheet. The implication is that reported capex likely understates the full scale of the capital being committed to AI infrastructure, while headline returns on invested capital may flatter returns if the economic asset base is understated.

In addition, to fund these commitments, hyperscalers have eaten into their free cash flow. While cash piles remain strong, the significant spending has caused many of the hyperscalers to tap the debt markets. In addition, Alphabet raised $85bn in equity to fund its spending. The focus on capital spending has started to crowd out buybacks, with the hyperscalers effectively stopping their share repurchases in recent months.

The leaked OpenAI financials sharpen this concern. The report highlighted both sides of the AI debate: revenue growth appears to be extremely strong, but the costs of serving that demand remain very high. According to the numbers, OpenAI saw losses increase from $5bn in 2024 to around $39bn in 2025. The company's spending

becomes revenue for the semiconductor, memory, networking and cloud ecosystems, which helps explain the strength of many AI infrastructure stocks. But it also raises the key question for investors: if the model layer requires enormous and recurring compute investment, who ultimately earns the economic rent?

Overall, the quarter saw an exceptionally strong April and May, followed by a more volatile June. We continue to be encouraged by the underlying demand signals surrounding AI usage and are particularly positive on the demand for Agentic AI. As discussed in previous quarterly letters, we view Agentic AI as the critical step in unlocking the required ROI to justify these high levels of capex. However, we acknowledge that risks remain as the level of capital spending continues to increase. Question about ROI will increasingly come into focus as the previously asset-light hyperscalers continues to expand their balance sheets. Expectations remain high and the AI trade has performed strongly year-to-date. Headline valuation multiples are mixed with pockets of overvaluation among some data centre hardware stocks. Hyperscaler multiples look reasonable by historical standard, but we are cognisant that these valuation multiples are predicated on strong forward growth expectations. We see the risk reward payoff for technology stocks as relatively well balanced. The portfolio remains positioned toward the hardware side of the trade, though we continue to monitor the out-of-favour software segment.

Top Performers

- **AMD**: As discussed above, the quarter was characterised by continued growth in demand for AI agentic systems. Training and large-scale inference have historically been heavily GPU-intensive, but agentic systems require a broader mix of compute. Agents need to reason, call tools, retrieve data, interact with software, manage memory, execute code and coordinate multi-step workflows. As these workloads scale, the required CPU-to-GPU ratio is likely to rise, expanding the opportunity for high-performance server CPUs. AMD benefited from this shift in investor perception, as the market increasingly viewed agentic AI as a driver of demand for both CPUs and accelerators.
- **Arm**: Like AMD, Arm benefited from renewed enthusiasm for CPUs. Earlier this year, the company announced its own AGI CPU for agentic AI data-centre workloads, expanding beyond its traditional role as a provider of chip designs. Early demand signals are incredibly strong, and customer commitments doubled from $1bn to $2bn in just the six weeks from announcement to the earnings release.
- **Astera Labs**: Astera Labs continues to see very strong demand for its AI connectivity products. New products are showing good adoption and dramatically expanding the total addressable market by moving beyond its retimer franchise. The company's quarterly report in May reinforced the view that Astera is one of the cleanest pure-play beneficiaries of the increasing complexity of AI rack-scale connectivity, where higher bandwidth, lower latency and more sophisticated interconnect are becoming increasingly important.

Laggards

- **Zscaler**: Zscaler has been positioning itself as an AI beneficiary, as the proliferation of AI agents and machine identities should increase the complexity of enterprise security. However, a disappointing third-quarter report called this thesis into question in the near term, with investors focusing on slowing billings growth and the rise that AI-related demand may take longer to translate into visible revenue acceleration.
- **Shopify:** Uncertainty around how AI agents will affect the ecommerce landscape weighed on Shopify in recent months. The concern is that agentic shopping could weaken the direct relationship between merchants and storefront platforms if discovery and transaction activity increasingly move into AI interfaces. However, we continue to believe Shopify is well positioned. The company's progress on its own AI tools has been strong, and we believe its moat extends beyond just product discovery. Given its

scale, merchant ecosystem, payments infrastructure, our view is that Shopify's AI tools should be compelling to brands.

- **Coinbase**: The weak crypto market weighed on Coinbase in the quarter. There was much to like in the company's most recent earnings report, with management making a credible case that Coinbase is no longer just a spot crypto exchange, but a full-stack onchain financial platform spanning custody, liquidity, stablecoins, developer tools and agentic payments. However, the bear concerns remain clear: revenue is still highly sensitive to crypto prices and activity levels, fee compression is a risk, and the Everything Exchange products remain in their early stages.

Activity

During the quarter, we opened a new position in **Lumentum**. Lumentum is a leading supplier of optical and photonic components used in cloud networking, AI data-centre connectivity, telecom networks and industrial lasers. Its core investment case is that AI clusters require rapidly increasing amounts of high-speed, low-latency optical connectivity, and Lumentum is exposed through products such as optical transceivers, laser chops, indium phosphide components and optical circuit switching platforms.

We closed our positions in Oracle, IREN, Cipher and Amphenol and allocated the capital to higher-conviction positions.

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