

Your capital is at risk. Past performance is not a guide to future returns. The following update is based on a representative portfolio. As such, stock examples may not be held in every client portfolio, and performance may differ.

Iain Campbell: The third quarter of 2025 was another testing period for the strategy with uneven industrial activity, weak consumer demand in several regions, and ongoing uncertainty about inflation and interest rates weighing on several of the holdings. Against this backdrop, the portfolio underperformed its benchmark. While this is disappointing, we remain confident in the resilience of our holdings and in our long-term approach.

Turning to Performance Attribution for the quarter – a common theme across several of the weaker performers during the quarter was consumer weakness.

The largest detractor to performance came from Shimano – a Japanese bicycle component business.

Shimano has been going through several quarters of inventory normalisation following the supernormal demand of the COVID period that led to panic over-ordering by bike manufacturers globally. While the inventory situation is improving for high-end components in the large European market in particular, this most recent quarter saw less progress being made in that return to normal, with weakness particularly marked in the China business. And given how long this inventory cycle has been, the market is particularly intolerant of an earnings miss and the share price was hit hard as a result.

AB InBev – the world largest brewer was another detractor of performance in the 3rd quarter. It delivered a slightly weaker than expected set of results as demand from the Brazilian and Chinese consumer came under pressure. However in this case these results followed on the back of a series of very strong results for several quarters and there was certainly nothing in the results which made us doubt the long-term thesis of growth driven by premiumisation, emerging market consumption growth and free cash flow generation.

And thirdly our Our holding in Sysmex also detracted from performance in this most recent quarter. Sysmex is a Japanese company that makes diagnostic machines primarily used in blood testing but also increasingly in advanced areas such as Alzheimers testing. It has also faced some headwinds as it navigates the post COVID environment and it has seen some challenges in the Chinese market related to healthcare payment reimbursement which led to disappointing earnings.

Together, these holdings reflect the challenges facing consumer and cyclical growth businesses in today's climate — areas where softer demand has become hard to avoid.

While near term weakness is frustrating it is part and parcel of long term patient growth investing and in several cases we are using this share price weakness to make additions to holdings where we believe the market is simply overreacting. Most recently we have made significant additions to the holding of Sysmex in the strategy.

In terms of contributors to performance in the 3rd quarter – several of these operate in the broadly defined tech space.

So the top contributor was CATL – the Chinese headquartered Electric Vehicle battery manufacturer. CATL delivered a decent set of results in the quarter but perhaps more important was the subsequent company announcements on new product development and international expansion. CATL as a stock is also becoming a bit better known after it listed on the HK market alongside its Chinese listing. We have long admired this company with its focus on scaling up and staying ahead in innovation and it is pleasing to see more of this reflected in the company valuation.

Our holding in TSMC was also a contributor to performance in the 3rd quarter. TSMC is the leading global semiconductor manufacturer and pivotal in the manufacture of AI and advanced chips. The tailwind of more investment in the most cutting edge semiconductors has been very positive and this came through in TSMC increasing its forecasts, ahead of what were already ambitious targets.

Finally Shopify – the online retail software business saw strong performance in the quarter – what has been really encouraging at Shopify is its ability to grow beyond the North American market and it was the traction in Europe that drove GMV growth this quarter. Shopify also launched an online checkout product for ChatGPT which was taken well by the market but more importantly demonstrates Shopify's ability to leverage its scale for innovation in order to stay ahead in a fast moving industry.

These companies are good examples of dominant well managed businesses operating in areas of the market with underlying structural growth themes. In this quarter that growth has centred around online, semis and tech but as you know we have similar strong businesses exposed to other structural growth themes such as the emerging consumer, ageing demographics and industrialisation.

It is predominantly in those other growth areas, these less in favour growth areas that we have been making additions in recent months – whether that is steadily adding to out of favour

healthcare companies such as Sysmex, Roche and Biomerieux or great growth industrials that are at a lower point in the cycle such as the Swiss construction chemicals business Sika.

Stepping back and looking at the asset class as a whole international equities look as attractively valued relative to the US as they have in many years. Many non-US companies combine higher returns on capital, lower leverage, and stronger exposure to secular growth themes than their US counterparts. While near-term cycles in manufacturing, healthcare and consumer goods remain weak, we see encouraging signs of underlying improvement and very attractive (sometimes decade low) valuation entry points for high quality growth businesses. These are the opportunities on offer for those prepared to take a long term view.

International All Cap

Annual past performance to 30 September each year (gross %)

	2021	2022	2023	2024	2025
ACWI ex US All Cap Composite	20.1	-39.2	13.3	26.2	6.0
MSCI ACWI ex US Index	24.4	-24.8	21.0	26.0	17.1
EAFE Plus All Cap Composite	17.8	-38.1	13.7	26.3	2.2
Developed EAFE All Cap Composite	21.3	-39.3	13.5	25.3	-0.1
MSCI EAFE Index	26.3	-24.7	26.3	25.4	15.6

Annualised returns to 30 September 2025 (gross %)

	1 year	5 years	10 years
ACWI ex US All Cap Composite	6.0	2.0	7.4
MSCI ACWI ex US Index	17.1	10.8	8.8
EAFE Plus All Cap Composite	2.2	1.4	6.7
Developed EAFE All Cap Composite	-0.1	0.9	6.1
MSCI EAFE Index	15.6	11.7	8.7

Annual past performance to 30 September each year (net %)

	2021	2022	2023	2024	2025
ACWI ex US All Cap Composite	19.4	-39.6	12.6	25.4	5.3
MSCI ACWI ex US Index	24.4	-24.8	21.0	26.0	17.1
EAFE Plus All Cap Composite	17.1	-38.5	13.0	25.6	1.6
Developed EAFE All Cap Composite	20.5	-39.6	12.8	24.5	-0.7
MSCI EAFE Index	26.3	-24.7	26.3	25.4	15.6

Annualised returns to 30 September 2025 (net %)

	1 year	5 years	10 years
ACWI ex US All Cap Composite	5.3	1.4	6.8
MSCI ACWI ex US Index	17.1	10.8	8.8
EAFE Plus All Cap Composite	1.6	0.8	6.0
Developed EAFE All Cap Composite	-0.7	0.3	5.5
MSCI EAFE Index	15.6	11.7	8.7

The International All Cap Strategy comprises three distinct variants. Overall, the variants are broadly similar, with the key difference being the degree of exposure to emerging markets listed holdings. Source: Revolution, MSCI. US dollars. Returns have been calculated by reducing the gross return by the highest annual management fee for the composite. 1 year figures are not annualised.

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