

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.

Michael Taylor: Let's start by addressing one big question. The outperformance of US markets has now been entrenched for so long, over 15 years, that it's started to feel like a law of nature. However, much market commentary is focused on asking whether this divergence may be about to reverse. We would like to reframe the question. What matters to us is not the aggregate level of valuations in any individual market, but the qualities and characteristics of the companies available to us on a global basis, wherever they happen to be listed. The question we're asking, therefore, is which few companies do we believe justify their current valuations thanks to the strength of their long-term fundamentals? Selectivity matters.

The growth of many US companies is, at least in part, the result of deeply entrenched advantages, well-established clusters of expertise, humming with innovation, unrivalled capital markets, and a cultural willingness to embrace risk-taking. These ingredients create uniquely fertile conditions for exceptional growth businesses to emerge and flourish. It is no surprise, therefore, that our restlessly ambitious hunt for growth leads us towards holding many US businesses.

We can see these qualities encapsulated when looking at performance over the quarter, where, overall, the portfolio was approximately in line with the benchmark. The top contributor over this short period was Applovin, the US-based advertising platform for mobile apps. Applovin's proprietary AI-powered recommendation engine, Axon, is turbocharging annual sales growth of over 70 per cent, alongside exceptional levels of profitability. With the shares having doubled over the quarter, the company has raced from founding only 13 years ago to one of the 60 largest listed companies in the world today.

We first took a holding in Aploven at the start of the year, and following this recent run-up, the focus is very much on ensuring that our insight and our view of the potential upside from here remains sufficiently differentiated.

If Applovin embodies a company from the higher growth end of our spectrum, then another of the top contributors over the quarter represents a company operating against a more cyclical backdrop. Medpace, a recent purchase, designs and conducts clinical trials on behalf of smaller biotechnology companies. As the funding environment for biotechs has become more challenged over recent years, the number of active clinical trials being conducted has fallen, causing Medpace's growth to slow. Behind this lull, however, the pace of radical innovation in drug discovery has continued, creating pent-up demand for Medpace's services. Hints that this recovery is starting to come through saw the shares move sharply higher over the quarter. This is likely just the start of a multi-year recovery. Durable growth without any drug-specific risk.

In addition to ensuring that growth across the portfolio is sufficiently attractive, broad-based and durable, we also focus on adaptability, ensuring that the companies in the portfolio can not just survive, but continue to thrive whatever the future may bring. This resilience takes two forms.

Firstly, the portfolio continues to show vastly superior financial characteristics to the index. It's more profitable, with higher returns on capital and far lower levels of indebtedness. But if these quantitative characteristics serve as a kind of insurance policy, it is the more subtle qualitative aspects of cultural resilience and flexibility that give us confidence that any such insurance payouts will be well spent.

For instance, my two colleagues spent a couple of hours with the senior management team at Brazilian challenger bank, Nubank, over the quarter. Having been concerned that Nu may be starting to morph into a more traditional bank, we came away highly encouraged by the willingness of the management to embrace a cultural reset. This process has revitalised the senior leadership team and proactively sharpened the focus on entrepreneurial dynamism across the organisation. With a deepening competitive edge and a superbly profitable operating model, Nubank remains exceptionally well placed to continue winning share across Latin America.

To pull all this together, the portfolio continues to deliver much higher levels of growth than the index, underpinned by both breadth and durability, while the aggregate financial characteristics of the portfolio reflect the high-quality nature of the select group of companies we choose to hold. Stretching the time horizon only slightly, performance over the last six months remains robustly ahead of the index, while the relative valuation premium of the portfolio sits at historic lows. These are conditions which give us great confidence in the potential for the portfolio to continue to compound these returns over the coming years.

Global Alpha*

Annual past performance to 30 September each year (%)

	2021	2022	2023	2024	2025
Global Alpha Composite (gross)	26.4	-34.8	16.3	31.2	16.5
Global Alpha Composite (net)	25.6	-35.2	15.5	30.4	15.8
MSCI ACWI Index	28.0	-20.3	21.4	32.3	17.8

Annualised returns to 30 September 2025 (%)

	1 year	5 years	10 years
Global Alpha Composite (gross)	16.5	7.9	12.3
Global Alpha Composite (net)	15.8	7.2	11.5
MSCI ACWI Index	17.8	14.1	12.5

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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*Including Global Alpha, Responsible Global Alpha, Global Alpha Paris Aligned and Responsible Global Alpha Paris Aligned strategies.

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