

Long Term Global Growth Q1 investment update

April 2025

Investment analyst Doug Jack and investment specialist Stewart Hogg give an update on the Long Term Global Growth Strategy covering Q1 2025.

Your capital is at risk. Past performance is not a guide to future returns.

Stewart Hogg (SH): Welcome to the Long Term Global Growth quarterly update for Q1 2025. My name is Stewart Hogg, a client director in the team, and today I have investment analyst Doug Jack with me. Welcome, Doug.

Doug Jack (DJ): Hi, Stewart.

SH: Now, as a reminder, Long Term Global Growth is a concentrated portfolio of high-growth companies that aims to embrace the asymmetry of equity returns over the very long term.

Now, it's been an eventful start to the year. Around the world, there have been increased trade tensions as a result of tariffs being imposed on imports going into the US. Chinese company DeepSeek created an AI model, which impacted a lot of US tech valuations. And there have been a number of other events that have added to market uncertainty. So an incredible amount to digest. Doug, do you have any high-level comments on the current market environment?

DJ: In short, no. It's something that the team tries not to focus too much on. You said in your introduction, we're focused on the asymmetry of equity returns. And that means that the day-to-day is dominated by hunting for those outliers that really make up the asymmetry of the equity markets.

SH: Sounds good. So maybe let's move on to recent activity in the portfolio. And actually, you know, there's been quite a bit of activity over the last quarter. The average holding period of long-term global growth is around eight to 10 years, but there have been three complete sales and one new purchase over the quarter.

And a couple of those recent sales have actually been longstanding holdings in electric car company Tesla and also the pharmaceutical company Moderna. So maybe moving to Tesla to begin with, Doug, what was the rationale for the sale?

DJ: Sure. I think the rationale was fairly simple, but it's worth going over some history to try and understand the team's thinking on this.

We first bought shares in Tesla in 2013 for clients. And the thesis there was about electric cars becoming more prominent. But a very important feature of that was Elon Musk and what he was able to bring to that company as its leader.

We started selling in 2021 partly because of headwinds in the core business. There was a bit of demand pressure. There was also new competitive pressure that I hadn't experienced in the past. And more and more of the opportunity for us was driven by nascent things such as autonomous vehicles, humanoid robots and energy storage.

But we were sort of comfortable with still holding it and betting on those nascent opportunities as long as Musk was still there. And I think the fairly simple point that we want to drive home is that we don't think Musk is paying attention as much as he needs to be for those nascent opportunities to work and provide the extreme upside that we're looking for. So that's the rationale.

SH: Okay. And maybe just to summarise, when we ultimately sold this year, the holding period return for our clients that first invested back in 2013 was around 80x, and we've actually redistributed around 25 per cent of the weight of the portfolio from Tesla over the last 10-plus years. So it really is a huge success story.

Maybe moving over to Moderna and the rationale for that sale.

DJ: Sure. Again, the context here is important. We had a thesis about Moderna that was centred around this idea of what could its success after the pandemic mean for opportunities in respiratory and oncology opportunities.

We thought that there would be, I guess, continuing revenues from endemic Covid that would help fund other parts of the business. But unfortunately, that hasn't come to pass. And some of the commercial execution in those opportunities outside of the Covid vaccine hasn't really worked out as well as we had hoped.

What this has meant is that the company has burnt through that cash pile that it built up during Covid at a quicker rate than we would have expected. And that's meant that the R&D that's going into funding some of those longer-term opportunities is beginning to be cut.

For us, what that means is just that the probability-adjusted upside of those extreme returns is reducing. And so we think that whilst the existence of that extreme upside is still there, we don't think it's appropriate for us to own this for clients, given that the probability is quite diminished now.

SH: That makes a lot of sense. Well, maybe just moving on to some of your recent work in the team, Doug. I know you've been spending a bit of time over the last few months delving into the world of the semiconductor supply chain. Could you talk a little bit about that work? And also, have there been any conclusions drawn from that work by the team just in the past few months?

DJ: Sure. It's worth emphasising that I'm not a specialist, no one on the team is. We're all generalists. But through owning shares in companies like NVIDIA and ASML, we were aware that there were great companies in the semiconductor supply chain with very strong growth opportunities ahead of them, all of that being supercharged by AI.

So, we decided as a team to take a look at the semiconductor supply chain and see if there were any opportunities that we'd obviously missed and maybe reassess some of our probabilities of other holdings. The output of that work was essentially to do a full 10Q as part of our process on Taiwan Semiconductor and also a review of AMD.

The conclusion has been that our conviction in AMD is lessened, so we've decided to sell. But we have decided to buy shares in TSMC for the strategy.

SH: That's great to hear. OK, well, maybe in summary then, I think there's been a lot of market uncertainty over the last couple of quarters, but we still stay rooted very much on the long-term thesis of the investment cases we're attracted to.

There's been a bit of an uptick in activity for the portfolio. We have made three complete sales. Obviously, we mentioned Tesla and also Moderna there. We've added TSMC to the portfolio, which has been partly funded by AMD.

So, that leaves me to say thanks for joining us and we hope to see you next time.

Long Term Global Growth

Annual past performance to 31 March each year (net%)

	2021	2022	2023	2024	2025
Long Term Global Growth Composite	104.4	-18.1	-18.1	26.2	7.7
MSCI ACWI Index	55.3	7.7	-7.0	23.8	7.6

Annualised returns to 31 March 2025 (net%)

	1 year	5 years	10 years
Long Term Global Growth Composite	7.7	13.3	14.2
MSCI ACWI Index	7.6	15.7	9.4

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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