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Jonny Greenhill: In times like these, when market commentators appear increasingly nervous, why are we in the Long Term Global Growth team so excited?

After all, we're bombarded by headlines every day on tariffs, looming economic headwinds in the US and elsewhere, and ongoing wars and geopolitical tensions, interest rates, job reports. And meanwhile, as many equity markets have reached record highs this quarter despite all that negative newsflow, many headlines now suggest that markets are in a delusional AI-fuelled frenzy – perhaps even a bubble.

So why are we positive?

Well firstly, the portfolio continues to behave as we expect it should, by virtue of us doing what we always do: investing in outlier companies. So despite the market highs this quarter, the portfolio performed *even better*. The year-to-date performance is now around 5 to 7 per cent ahead of the index, depending on what currency you look at.

Now our focus of course is on the much longer term: 5-10 years or more. And it's worth bearing in mind over that horizon, inevitably there are ups and downs, sometimes extreme. We know that short-term volatility is a core feature of those outlier which we invest. But stockpicking, patience, concentration, they explain how the strategy has outperformed the index by around 4 per cent per annum over the past 21 years, net of fees.

Now this gets even more interesting when we drill into the data to look at what has actually driven that outperformance.

If we look at the past few months just as an example, the leading contributors to returns have not been NVIDIA, not Amazon, not TSMC – in other words, not the obvious “AI stocks” that media headlines obsess over.

Instead, it's the names like AppLovin – the advertising platform for mobile apps – and Reddit – the social media platform.

And what's even more remarkable, is that while many market commentators are claiming that AI is all hype with no return on investment, these companies are already using AI to unlock tangible returns from their advertising businesses. Their top-lines are growing 70 to 80 per cent year on year, their margins are expanding, and Reddit has swung into profitability over the past quarter.

And they're not alone. There are many companies in this portfolio that are using AI to unlock growth – from battery production to music streaming, healthcare to warehouse automation, e-commerce to trucking. This is happening.

So what then about the elephant in the room, the big question of valuations right now?

Well, there's a whole range of opinions on the broader market, but let's look at the facts in this portfolio. Its exposure to exceptional growth is at a decade high, while its valuation premium (which you might expect to pay for such growth) is at a decade low. That makes for a very attractive combination for patient stockpickers.

And this is consistent with our focus on fundamentals, not fairytales.

So against this backdrop, what are we doing?

We're doing what we always do. We're doing the patient research, we're meeting companies, we're speaking to experts, and we're always calibrating our investment cases.

We've had recent conversations with Mark Zuckerberg at Meta and Sam Altman at OpenAI and really trying to understand the enormous capital being invested in AI, where there's a recognition that it's better to be investing early than too late in what could be the predominant technology of the next 20, 30 years or more.

We also spent time in China over the last few months, meeting with a whole bunch of different companies. One of which was CATL – the world's largest battery maker – and we toured their smart factory. And despite the headwinds for electric vehicles and energy storage systems in some parts of the Western world, it seems clear from our meetings and our research that the structural shift to electrification is still intact and very difficult to dislodge – and few companies are better positioned to benefit from that than CATL. And it keeps reinvesting in innovation and widening its lead. The new factory we saw produces batteries a third faster than industry average and unit costs are a third cheaper. So that gets really exciting when we think through our upside scenarios.

Now we always recognise that competition for capital remains intense and it's as intense as ever right now so we've been discussing a bunch of new ideas including companies in businesses as diverse as education, cybersecurity, public safety, and large language models. We look for these ideas wherever they may be – irrespective of geography or industry – in order to identify the world's leading growth companies. And one of them haven't even listed on public markets yet, but we want to get to know them early.

So if we take all of that together: the growth fundamentals in the portfolio remain exceptionally strong, the valuations are broadly undemanding. This is a portfolio of the most adaptable, innovative companies and management teams in the world. This combination presents us with fantastic opportunities. And our focus is the same as always, we're finding the few outliers, holding onto them over time, and holding them in size, because we know that is what generates long-term returns.

And this is why – even amid all the stuff we hear in markets just now – we remain so excited.

Long Term Global Growth

Annual past performance to 30 September each year (%)

	2021	2022	2023	2024	2025
Long Term Global Growth Composite (gross)	26.8	-48.4	20.7	40.0	32.1
Long Term Global Growth Composite (net)	25.9	-48.8	19.9	39.1	31.2
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
Long Term Global Growth Composite (gross)	32.1	7.9	19.0
Long Term Global Growth Composite (net)	31.2	7.1	18.2
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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